



Nishat Mills Limited

ANNUAL REPORT

**2023**

**STRONG TODAY  
BRIGHT TOMORROW**

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## 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. Farid Noor Ali Fazal  
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  
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, Denim Unit & 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

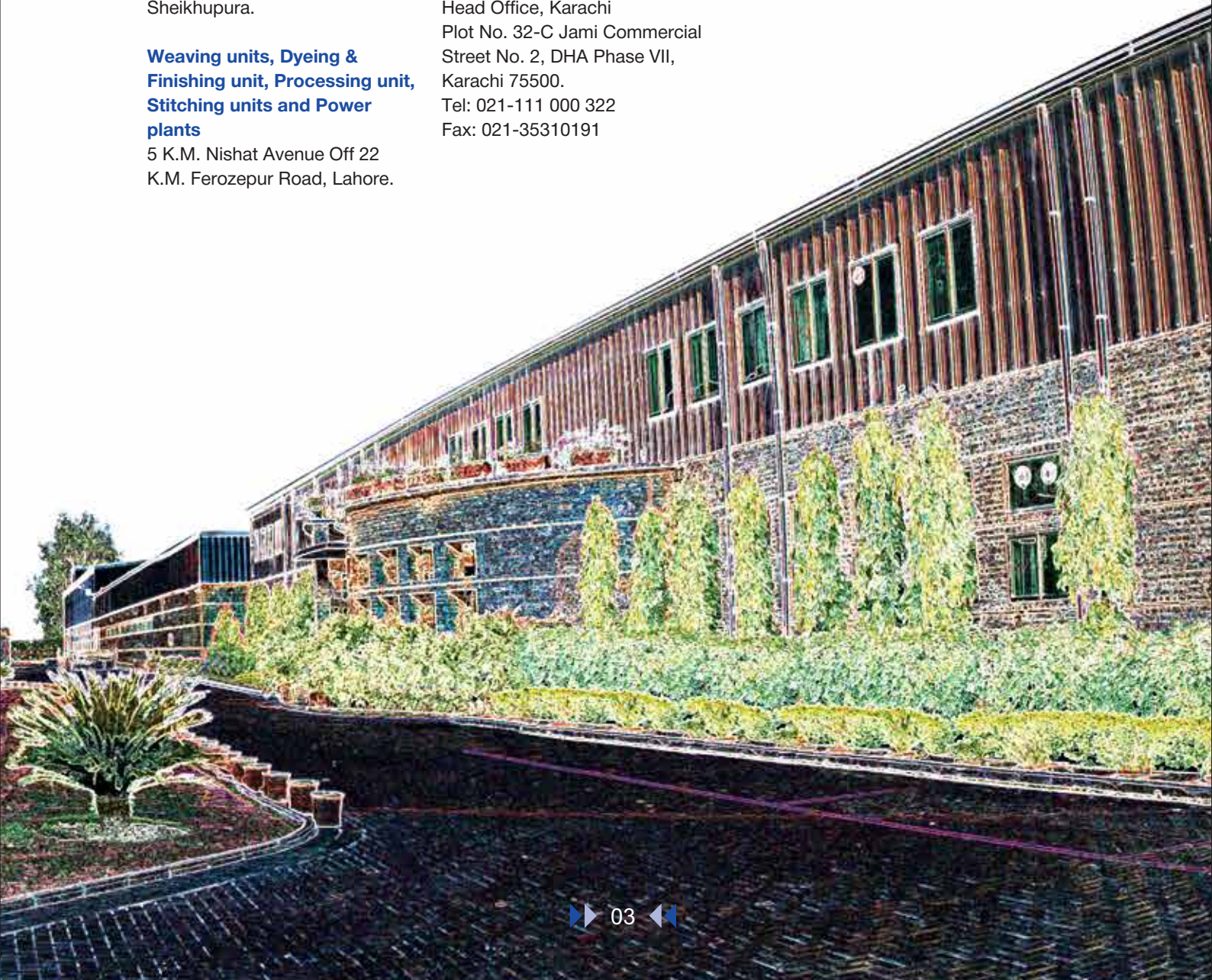
Branch Office, Lahore  
Office No. 309, 3rd Floor,  
North Tower, LSE building,  
19-Sharah-e-Aiwan-e-Iqbal  
Lahore.  
Tel: 042-36302044

### 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, Hyundai Nishat Motor (Private) Limited, Nishat Paper Products Company Limited and Nishat Developers (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 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:

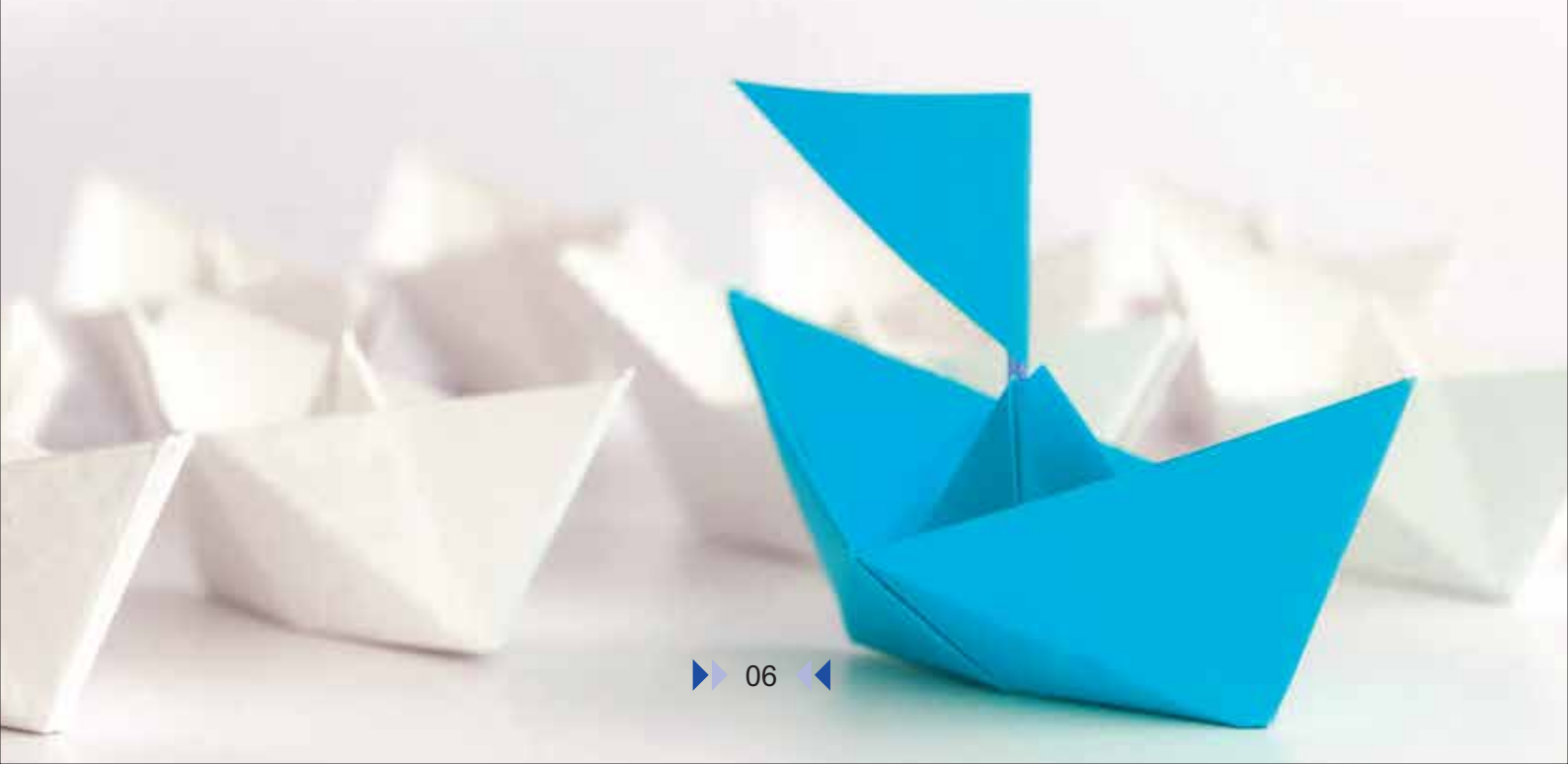
To be and remain industry lead by safeguarding stakeholders' interest, serving community and playing a meaningful role in the economy of Pakistan.

## 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
<b>Novelty</b>	Be Open to Newness	Nishat is open to innovation & creativity at organization level, systems level and individual level.
<b>Integrity</b>	Be Honest	Nishat operates through lawful means and fulfils its legal, moral and ethical responsibilities.
<b>Sustainability</b>	Be Sensitive to Environment	Nishat ensures best use of environmental resources by adopting benchmark process and bringing continuous improvement in the same.
<b>Humbleness</b>	Be Empathic	Nishat encourages culture of mutual respect, support and develops congenial environment for people at workplace.
<b>Accountability</b>	Be Responsible	Nishat believes in 'participative decision making' and assures that everyone should take responsibility for all decisions at all levels.
<b>Trust</b>	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 delighted to extend my heartfelt congratulations to our esteemed shareholders, the dedicated Board of Directors (the "Board"), our exceptional management team, and our hardworking employees for the remarkable achievement of the Company. In the fiscal year ended on June 30, 2023, we have achieved the highest profit of Rs. 12.166 billion in our Company's history. This extraordinary success is even more commendable when considering the challenging global economic conditions, soaring input costs, and the burden of expensive borrowings that we navigated with resilience and determination.

Furthermore, in this crucial election year, we held the Election of the Board of Directors on March 31, 2023. Acknowledging the effective leadership provided by the outgoing Board, our shareholders made the wise decision to re-elect all the members of the previous Board. This reaffirms our commitment to a diverse and experienced Board, ensuring that the strategic direction of the Company remains in capable hands. With their guidance and expertise, we are confident that the Company will continue on its path of sustained long-term growth.

The prospects for Fiscal Year 2023-24 present tough challenges that demand our attention. These challenges encompass a diminished demand for textile products in international markets, a slowdown in global economic growth, a surge in inflation rates, the persistent rise in energy cost, the volatility of raw material prices, intensified competition from regional counterparts such as India, Bangladesh, Sri Lanka, and Vietnam. However, I trust in the unwavering commitment of our esteemed Board. It is my hope that they will continue to steer the Company with resolute leadership during these difficult times, building upon the successes of the previous year and guiding us toward a prosperous future.



**Mian Hassan Mansha**  
Chairman

Lahore  
26 September 2023



# 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 2023 along with the financial statements and auditors' report thereon.**

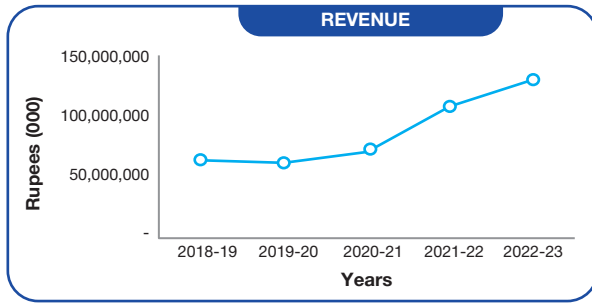
## Financial Performance

The company delivered outstanding performance in the 2022-23 financial year, even in the face of numerous challenges, including a global economic slowdown, elevated raw material costs, expensive energy, volatile currency fluctuations, and higher government taxation. Profit after tax increased by Rs. 1.854 billion from Rs. 10.312 billion in the last financial year ended 30 June 2022 to Rs. 12.166 billion in the current year.

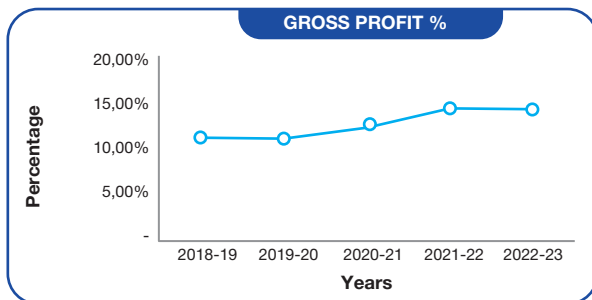
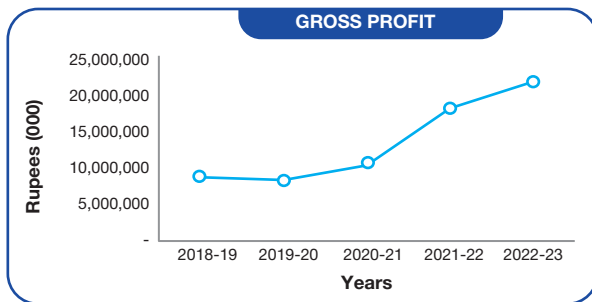
Following are the key highlights (Un-consolidated):

Financial highlights	2023 Rupees (000)	2022 Rupees (000)
Revenue	141,756,469	115,768,065
Gross Profit	21,078,842	17,335,571
EBITDA	25,885,473	18,358,269
Depreciation	3,551,422	3,290,619
Finance Cost	6,927,609	2,160,365
Dividend Income	4,510,937	3,328,797
Profit before Tax	15,406,442	12,907,285
Profit after Tax	12,166,022	10,311,674

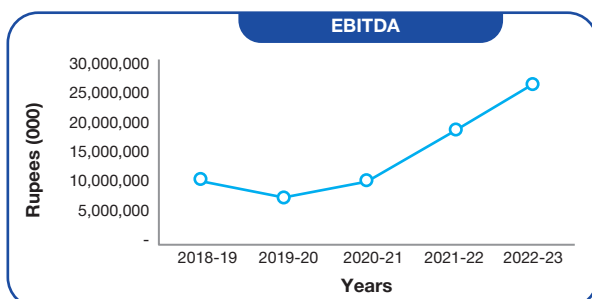
Revenue has increased to a historic high of Rs. 141.756 billion in the current year, marking a substantial increase of Rs. 25.988 billion (22.45%) as compared to the topline of Rs. 115.768 billion in the corresponding last year. This remarkable growth can be attributed to significant boosts in both export and local sales. An overview of the last five years shows an upward trend in revenue with an impressive increase of 123.24%.



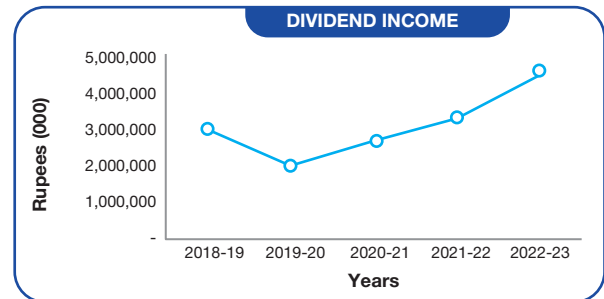
Gross profit increased by Rs. 3.743 billion (21.59%) from Rs. 17.336 billion in the comparable last year to Rs. 21.079 billion in the current year. The gross profit to sales percentage remained steady at 14.87% despite the unprecedented increase in raw material and energy costs.



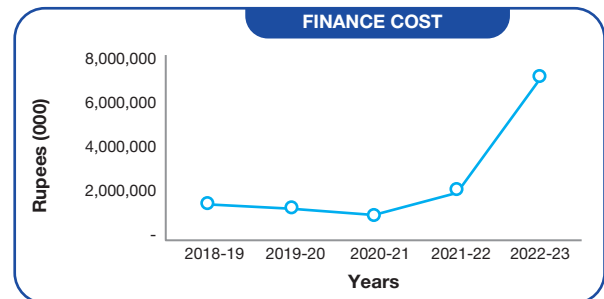
EBITDA shown a remarkable growth of Rs. 7.527 billion (41%) reaching to Rs. 25.885 billion in the current year ended 30 June 2023 from Rs. 18.358 billion recorded in the corresponding last year. This substantial increase is primarily attributable to improved cash flows from operations and a significant contribution from other income.



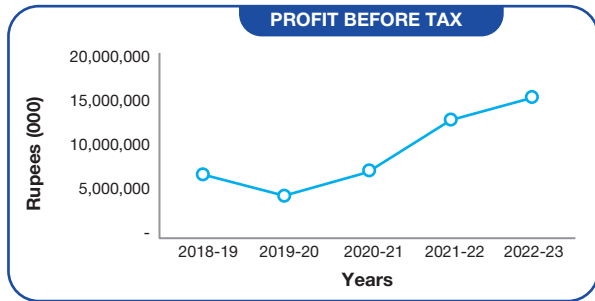
Other income has recorded a significant increase of Rs. 4.631 billion (83.13%) from Rs. 5.571 billion in the corresponding previous year to Rs. 10.202 billion in the current year. This extraordinary growth serves as a testament to the effectiveness of our investment policy, which has consistently contributed significantly to our profitability throughout the history of the Company. Dividend income saw an increase of Rs. 1.182 billion. Additionally, the company recorded a gain of Rs. 460.187 million on initial recognition of ordinary shares of Nishat Chunian Power Limited transferred to the Company under Scheme of Compromises, Arrangement and Reconstruction amongst Nishat (Chunian) Limited and its members. Furthermore, other income witnessed an uptick due to a rise in interest income by Rs. 2.007 billion on working capital loan to Nishat Linen (Private) Limited, the wholly-owned subsidiary.



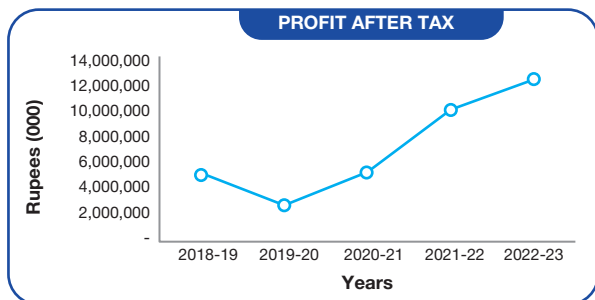
Finance cost increased by massive Rs. 4.768 billion (220.74%) in the current year due to increase in average borrowing cost and short-term loans which were obtained to finance increased working capital requirements.



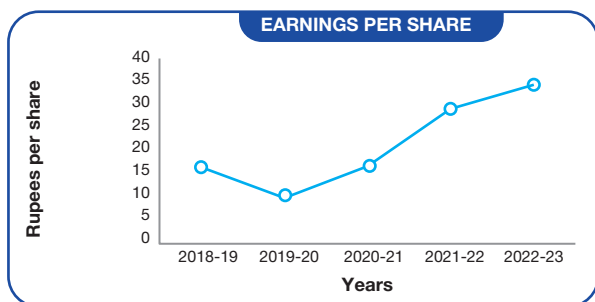
Profit before tax of the Company increased by Rs. 2.499 billion (19.36%) from Rs. 12.907 billion in the corresponding last year to Rs. 15.406 billion in the current year. The main reasons were unprecedented revenue growth, efficient cost management, healthy contribution from other income despite huge increase in finance cost.



Profit after tax of the Company increased by Rs. 1.854 billion (17.98%) from Rs. 10.312 billion in the corresponding last year to Rs.12.166 billion in the current year. However, profit after tax to sales percentage remain steady 8.58% in comparison to profit after tax percentage of 8.91% in the corresponding last year.

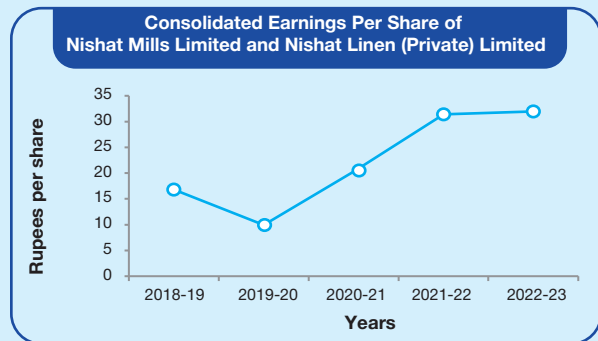


Earnings per share (EPS) recorded a remarkable increase of Rs. 5.27 (17.97%) over the last year. It increased to Rs. 34.60 per share in the current year as compared to Rs. 29.33 per share in the corresponding last year.

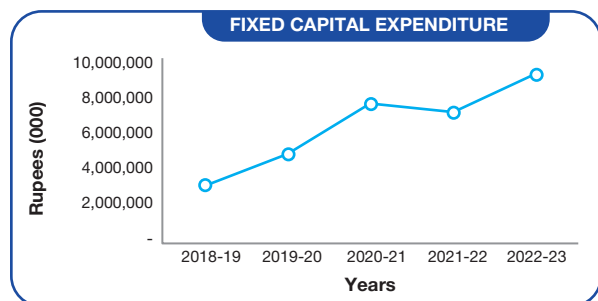


Nishat Group (“the Group”) is one of the largest and leading business houses in Pakistan. It operates in 12 major sectors of national economy. The Group has 2 textile companies in Pakistan: Nishat Mills Limited and Nishat Linen (Private) Limited. Nishat Mills Limited is the parent company while Nishat 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. Consolidated

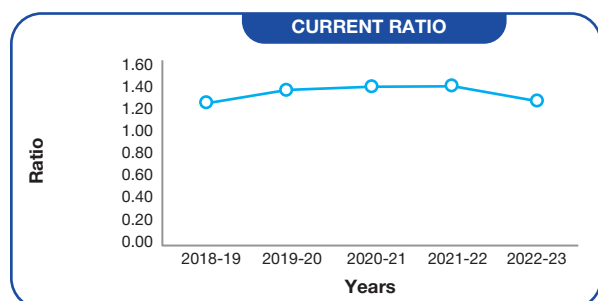
Earnings per Share (EPS) was Rs. 31.96 per share in the current year as compared to Rs. 31.41 per share during the corresponding last year.

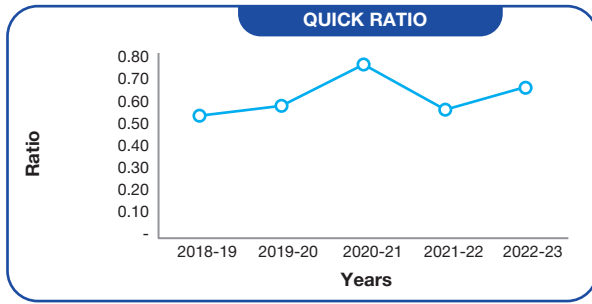


The Company has been consistent in incurring fixed capital expenditures in accordance with its BMR policy as shown by the last 5 year’s trend. The objective is to sustain and enhance revenue generating capacity of the Company. During the financial year 2022-23, the Company spent Rs. 9.101 billion on CAPEX which is Rs. 1.898 billion (26.35%) above the amount spent during the last financial year.



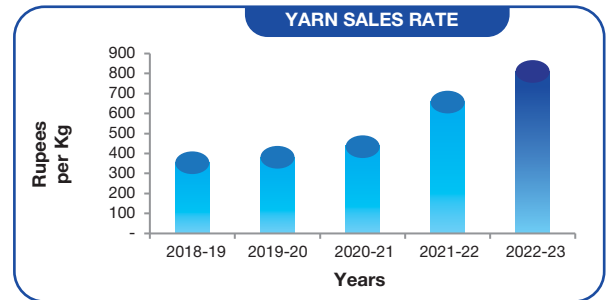
The Company’s liquidity and short-term financial position remained steady in the current year despite numerous working capital management challenges in the face of rising raw material cost and hike in interest rate. Our current and quick ratio stayed at 1.28 and 0.67 respectively as compared to 1.39 and 0.57 respectively in the previous year. It is a clear evidence of prudent working capital management under the current adverse economic dynamics.





### Appropriations

The Board of Directors of the Company has recommended 50% cash dividend (2022: 40%) and transferring of Rupees 10,408 million (2022: Rupees 8,906 million) to general reserve.



### SEGMENT ANALYSIS

#### Spinning

The global recession, high inflation and currency fluctuations adversely affected the Pakistani textile industry especially during the first three quarters of financial year 2022-23 when yarn demand remained extremely sluggish especially in export market. The yarn prices saw only slight improvement in the fourth quarter. The company devised a strategy to prioritize sales in the local market while maintaining a consistent share in export market.

Despite the significant depreciation of PKR against USD, the Company struggled to compete on price in the export market due to high production cost, particularly against yarn prices from India, Vietnam, and Indonesia.

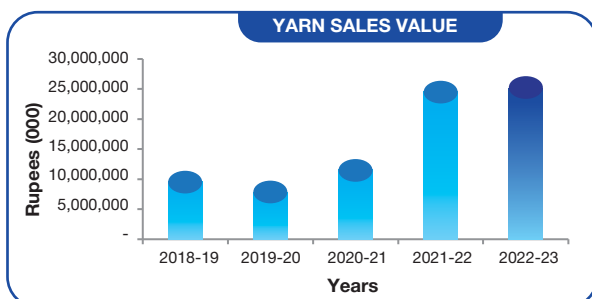
High raw material cost was the major issue during the financial year. Local raw cotton prices remained high due to a short output of cotton as a result of devastating floods. However, international cotton prices were low due to fears of recession and political instability. The Company procured raw cotton in bulk to meet its annual raw cotton requirement with a mix of local and imported cotton.

#### Weaving

The financial year 2022-23 saw an increase of 25.29% in grey cloth sales which significantly contributed in the growth of operational profit for the weaving division. The division achieved this growth despite a sluggish export market and rising energy costs in Europe. Most of our European customers had abundant and expensive inventories as they overbought in the previous year due to logistical issues and a disrupted supply chain. Domestic market which is a significant part of our business remained slow throughout the financial year.

Despite the significant increase in cost of doing business, the Division was able to end the financial year on a high note. This was due to the diversification of our product portfolio and customer base in the export market. Booking long-term export orders for workwear and technical fabrics definitely helped us to capitalize on the exchange rate gain as a result of rapid depreciation of PKR against USD.

Growing awareness of environmental concerns is driving the textile industry towards sustainable practices. The Division is following this trend and most of our business now involves sustainable products.





### Home Textile and Terry

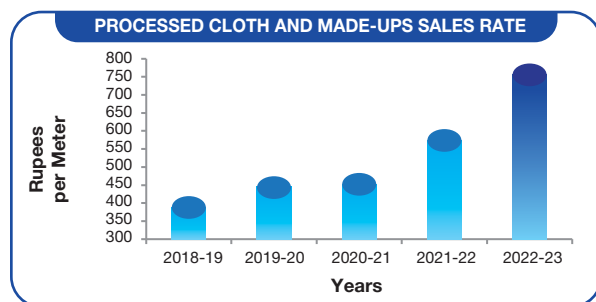
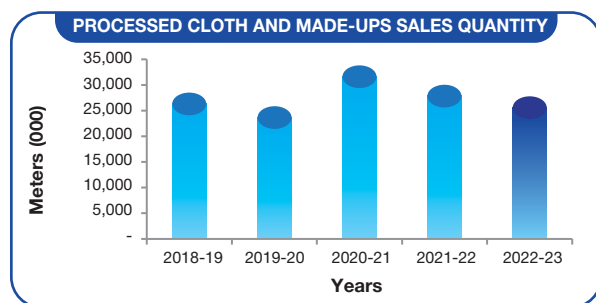
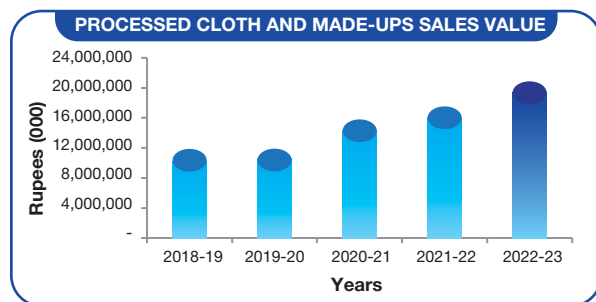
Made-ups and processed cloth sales of Home Textile Division increased by Rs. 3.360 billion (20.93%) during the current financial year as compared to the corresponding last financial year. Towel and bath sales have also increased by Rs. 4.016 billion (139.81%).

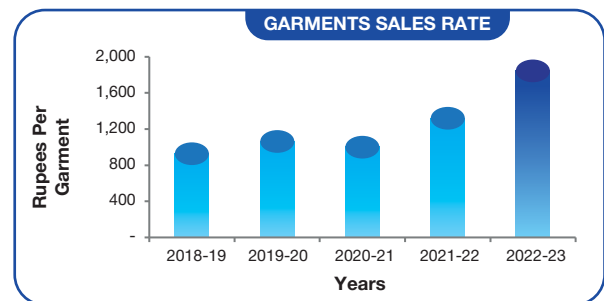
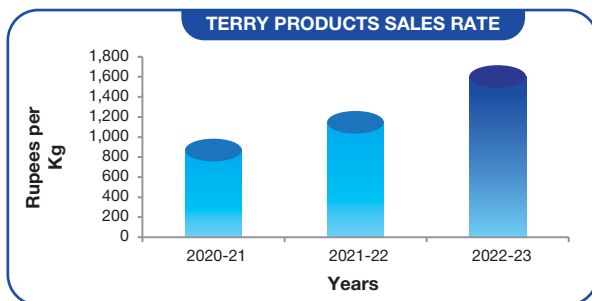
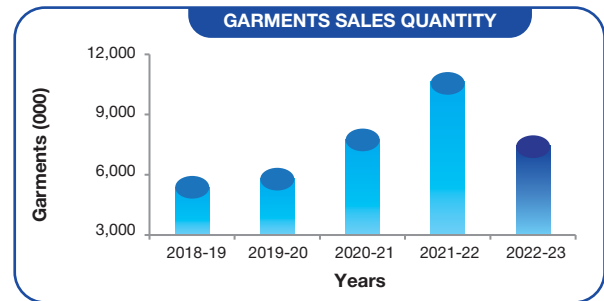
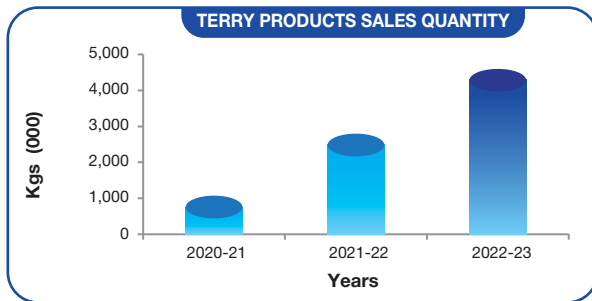
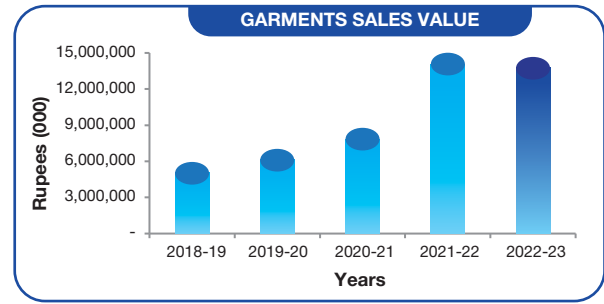
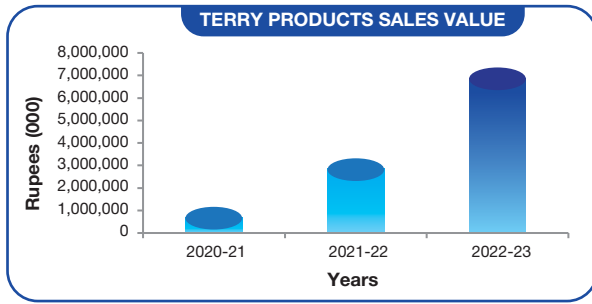
The Division has displayed remarkable resilience by maintaining a steady order pipeline and keeping capacity utilization rates high despite the prevailing economic and financial challenges. This accomplishment is an evidence of the Division's commitment to excellence and efficiency. We are confident that our exceptional product quality, longstanding reputation, and professional approach will position us as a preferred choice for any orders related to our product categories in Pakistan.

### Dyeing

The Dyeing Division achieved exceptional performance during the fiscal year 2022-23, reaching full production capacity and recording its highest-ever profits since its establishment. Finished fabric sales of the division increased by Rs. 9.862 billion (46.27%) in the current year as compared to the corresponding last year.

The Division devised a proactive strategy to address challenge of rising costs which included procurement of raw materials in advance for all our core programs.





## Garments

Despite the challenges faced by the textile sector in Pakistan due to the global recession, the Division sustained its profitability during the financial year 2022-23. The demand for non-denim products grew strongly, but the demand for denim products decreased.

We have proactively implemented measures to improve our operational efficiency and overall business performance in order to address the current and anticipated challenges in the coming year. As part of our growth strategy, we are committed to expanding our customer base by entering new regions and introducing a diverse product line to boost revenue. We are confident that these strategic efforts will help us achieve continued success in the upcoming year.

In addition to these growth initiatives, we are also committed to reducing costs by focusing on proactive inventory management and energy savings. By taking these steps, we are confident that we can continue to be a profitable and sustainable business in the years to come.

## Power Generation

The company faced enormous difficulties in managing its energy costs. The unprecedented rise in the prices of furnace oil, gas, and coal negatively affected its profitability. The Government of Pakistan discontinued the subsidy on electricity for export-oriented industries. As a result, the company had to pay the NEPRA-notified tariff rate from March 1, 2023, instead of the subsidized rate of Rs. 19.99 per unit that was provided from October 1, 2022, onward to support the textile sector and other export-oriented industries. Additionally, the subsidized rate of RLNG (Regasified Liquefied Natural Gas) increased substantially from USD 6.5 per mmbtu (million metric British thermal units) to USD 9 per mmbtu, as determined by the Government of Pakistan. This dollar-denominated rate also caused an increase in energy costs due to the steady fall of the Pakistani rupee against the US dollar throughout the year.

The company carefully devised its strategies for energy management and explored a number of options to continue producing quality products in order to sustain its share in the national exchequer.

During the financial year, it acquired and commissioned new multi-fuel and energy-efficient Wartsila engines for its Spinning and Garments divisions. It also commissioned projects of 9.86 MW solar plants during the year, while 2.562 MW solar projects are under installation phase. These initiatives resulted in cost reduction and profitability enhancement.

## RISKS AND OPPORTUNITIES

Like any other business enterprise, Nishat Mills Limited takes calculated risks and seeks out opportunities to enhance its profitability and growth. Each risk and opportunity is carefully evaluated before any decision is made, and decisions are only made if the opportunities outweigh the risks.

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

### STRATEGIC RISKS

The Company operates in a competitive environment where innovation and quality are essential. Strategic risk is mitigated through continuous research and development and the persistent introduction of new technologies under the BMR. This risk is the most critical of all risks. Heads of all business divisions meet regularly to develop an integrated approach to addressing both international and local risks.

### BUSINESS RISKS

The Company faces a number of following business risks:

#### Cotton Supply and Price

The supply and price of cotton are influenced by natural factors and the demand dynamics of both local and international cotton markets. The risk of cotton shortages and price fluctuations is a constant concern. The company mitigates this risk by procuring large quantities of cotton at the start of the harvesting season in order to secure a favorable price and quantity mix.

#### Export Demand and Price

The company operates primarily in the export market and is exposed to risks such as pandemics, competition, and fluctuations in international demand for our products. To mitigate these risks, we have adopted several strategies, including establishing robust customer relationships, expanding our customer base, creating innovative

products that maintain high quality standards, and ensuring timely deliveries to our customers.

### Energy Availability and Cost

The continuously increasing cost of energy and the looming threat of energy shortages pose a significant challenge to our capacity to manufacture products up to the high standards expected by our valued customers. If left unaddressed, these risks can make us less competitive in international markets.

To mitigate the risk of rising energy costs, the company has diversified its energy sources, incorporating coal, furnace oil, biomass, diesel, and solar energy. Additionally, energy conservation measures have been implemented across all of the company's manufacturing facilities.

Similarly, to reduce the risk of energy shortages, the company has taken proactive steps by installing power plants for electricity generation at all its locations and securing electricity connections from WAPDA.

### FINANCIAL RISKS

The Company's Board of Directors holds the responsibility for formulating financial risk management policies, which are then executed by the Finance Department. The Company faces several financial risks:

#### Currency Risk:

The Company is exposed to currency risk stemming from various currency exposures, primarily related to the United States Dollar (USD), Arab Emirates Dirham (AED), Euro, Japanese Yen (JPY), and Swiss Franc (CHF). The Company's foreign exchange risk exposure is confined to its bank balances and amounts receivable/payable from/to foreign entities.

#### Interest Rate Risk:

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

#### Credit Risk:

The Company's credit exposure is mainly linked to

its trade debts. This risk is mitigated by the fact that the majority of our customers have a strong financial standing and we maintain long-standing business relationships with all of them. We do not anticipate non-performance by our customers; thus, credit risk remains minimal.

#### Liquidity Risk:

Liquidity risk is minimized due to the availability of sufficient funds through committed credit facilities from banks and financial institutions.

#### Capital Risk:

In managing capital, our objective is to safeguard the Company's ability to continue as a going concern, providing returns for shareholders and benefits to other stakeholders, while maintaining an optimal capital structure to reduce the cost of capital. The Company maintains a balanced capital structure, and we monitor it based on the gearing ratio.

### OPPORTUNITIES

As the leading textile company in the country, our organization is well-positioned to seize and capitalize on numerous opportunities. Here is a 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

The financial year 2022-23 proved to be an exceptionally challenging year for Pakistan's textile sector, as it grappled with a substantial decline of 14.63 % in textile exports from USD 19.329 billion in the preceding financial year 2021-22 to USD 16.501 billion in the current year. This decline in Pakistan's textile exports can be attributed to a large number of factors.

The textile industry hit hard by flood damages that resulted in significant losses for the cotton sector which provides half of the industry's essential cotton input. The global economic slowdown also led to a reduced demand for Pakistani textile products in the international markets.

Furthermore, higher policy rate, increased energy charges, and restrictions on the import of raw materials and machinery placed substantial obstacles in the path of the industry making nearly impossible to operate and engage in export activities. The narrowing gap between the policy rate and subsidized financing rates, such as those offered through the Export Financing Scheme and Long-Term Financing Facility, has restricted the availability of capital to the industry. These factors collectively contributed to the adverse conditions facing Pakistan's textile sector.

It is crucial to highlight that Pakistan's manufacturing sector primarily relies on textiles and has the most extended production chain within the country. Textile products consistently maintain a substantial share of approximately 59.53 % of national exports. The challenges confronting the textile sector demand prompt and comprehensive attention to ensure the sustainable and enduring growth of Pakistan's economy.

### 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 111 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.

## CORPORATE SOCIAL RESPONSIBILITY

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

### Energy Conservation

High energy costs are a significant challenge for our competitiveness, especially against regional competitors like India and Bangladesh. Apart from diversifying energy sources, the Company has taken many steps to conserve energy such as replacement of tube lights with LED light, rewind motors with energy efficient motors and clutch motors with servo motors. The Company has also adopted and promoted practices for conservation of energy among its employees and other stakeholders. Our strategy centers on establishing Key Performance Indicators (KPIs) and annual targets for reducing energy usage and greenhouse gas emissions. This proactive approach helps us continuously enhance energy efficiency, reducing costs and environmental impact.

Furthermore, our Garments Division has launched initiatives like the "Green Team Energy Campaign" to minimize our ecological footprint. This program

engages our employees in sustainable practices related to energy, water, paper, and waste, not only reducing our environmental impact but also educating our workforce on these vital directives.

### Environment Protection

Environment protection is one of the top priorities of the Company. The Company has taken a number of initiatives to reduce its carbon footprint such as installation of solar power plants, plantation of trees, establishment of effluent water treatment plants and waste recycling facilities at all its mills. Currently, 14.2 MW of electricity is generated from solar power plants and projects of 2.562 MW are under acquisition and installation phase. Besides this, the Company has collaborated with organizations like Science Based Targets initiative, Green Office, Alliance for Water Stewardship etc.

### Community Welfare Schemes

The company is actively involved in numerous community welfare initiatives, demonstrating our commitment to social responsibility. We have dedicated our resources, including time, funding, and staff, to various projects such as road construction, repair, and maintenance near our production facilities. Additionally, we have undertaken the construction and upkeep of mosques within our premises as part of our engagement with the local community.

In terms of healthcare, the company has organized medical camps focusing on diseases like malaria, typhoid, dengue, eye ailments, and polio vaccinations. These camps serve our workers, their families, and the neighboring public residing near our manufacturing facilities. Moreover, we have established dispensaries at our mills, staffed by qualified doctors and equipped with ambulances, to provide accessible healthcare services to our employees and the local community.

### Equal Opportunity Employer

The company being an equal opportunity employer provides employment on merit irrespective of gender, religion, and ethnicity. We actively seek to employ and support the career growth of women and individuals with physical challenges. Women play a prominent and leadership role in our manufacturing facilities. Additionally, our stitching segment has a designated area specifically dedicated to training and integrating individuals with special needs into our workforce.

### Occupational Safety and Health

The Company prioritizes the safety and well-being of its employees as per international standards. Our commitment includes maintaining a professional team of firefighters on our payroll, ensuring a rapid 2-minute response time in case of a fire incident at our production facilities.



At all our production sites, we've established dispensaries staffed by full-time doctors and equipped with ambulance services. To safeguard against dengue outbreaks, we conduct regular fumigation in production halls and workers' colonies. Furthermore, we arrange vaccinations for contagious diseases for our workers and provide polio vaccinations for their children residing in the workers' colonies. The Company also offers healthy food at subsidized rates at its manufacturing facilities to ensure well-being of employees.

### Consumer Protection Measures

The company has obtained international certifications like Customs-Trade Partnership Against Terrorism (C-TPAT), Oeko Tex Standards 100, SA-8000, WRAP and SEDEX to showcase that it takes responsibility for consumer protection right from procurement of raw material to production processes and supply chain until our goods reach to the consumers.

## 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)	3
4	** Mr. Farid Noor Ali Fazal (Member)	1

\* Mr. Mahmood Akhtar resigned as member Audit Committee.

\*\* Mr. Farid Noor Ali Fazal appointed as member Audit Committee in place of Mr. Mahmood Akhtar.

### 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, eight 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)	8
2	Mian Hassan Mansha (Chairman)	6
3	Syed Zahid Hussain	8
4	Mr. Mahmood Akhtar	8
5	Mr. Farid Noor Ali Fazal	8
6	Mrs. Sara Aqeel	8
7	Mrs. Mehak Adil	6

## Directors' Statement

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

1. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of account of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance.
8. Value of investments in respect of retirement benefits fund: Provident Fund: 30th June, 2023: Rs. 4,612.500 million Un-audited, (2022: Rs. 4,572.669 million Audited).

## Transactions with related parties

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

1. Further equity investment up to Rs. 1,080,000,000 (Rupees One Billion Eighty Million Only) in Hyundai Nishat Motor (Pvt) Limited (HNMPL), an associated company, to earn dividend and prospective capital gains.
2. Investment up to Rs. 25 Billion in the form of loan and advances in Nishat Linen (Private)

Limited, a wholly owned subsidiary of the Company, in accordance with our investment policy to earn higher interest rate as compared to other investment opportunities available to the Company.

3. Further equity investment of up to PKR 875,000,000 (Rupees Eight Hundred Seventy-Five Million Only) in Pakgen Power Limited (PKGP), an associated company, to earn dividend and prospective capital gains.
4. Further equity investment of up to PKR 300,000,000 (Rupees Three Hundred Million Only) in Lalpir Power Limited (LPL), an associated company, to earn dividend and prospective capital gains.
5. Acquisition of 100% of the issued share capital (along with transfer of complete management control) of WERNERFELT A/S, a Denmark based company.
6. Further equity investment of up to Rs. 1,050,000,000 in Nishat Sutas Dairy Limited, an associated company, to earn dividend and prospective capital gains.
7. Further equity investment of Rs. 2,989,320,870 in Nishat Linen (Private) Limited, a wholly owned subsidiary of the Company, to earn dividend and prospective capital gains.

## Auditors

Riaz Ahmad & Company, Chartered Accountants, the current auditors, will retire upon the conclusion of the Company's Annual General Meeting. They are eligible and have expressed their willingness to be reappointed for the fiscal year ending on June 30, 2024. In line with the recommendation of the Audit Committee, the Board of Directors has proposed the reappointment of Riaz Ahmad & Company, Chartered Accountants, for approval by shareholders at the upcoming Annual General Meeting.

## SUBSEQUENT EVENTS

The Board of Directors of the Company has proposed a cash dividend of Rupees 5 per share in their meeting held on 26 September 2023.

No other material changes and commitments affecting the financial position of the Company occurred between 30 June 2023 and 26 September 2023.

## FUTURE PROSPECTS

The textile industry will continue to face ongoing challenges in the forthcoming fiscal year 2023-24. These obstacles include a global economic deceleration, a shortage of capital, escalating energy costs, delay in sales tax refunds, deferred sales tax payments and non-payment of duty drawback of taxes. Despite these formidable obstacles, we maintain an optimistic outlook because the Company has a diverse range of product mix and customer base.

In accordance with our commitment to diversification and innovation, the Company is embarking on the establishment of new Denim and Workwear units. In a meeting held on January 20, 2023, the Board of Directors unanimously approved the acquisition of 100% of the issued share capital, along with complete management control, of WERNERFELT A/S, a Denmark based company. However, it is contingent upon the execution of definitive agreements between the involved parties and obtaining the requisite regulatory approvals.

## 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.

For and on behalf of the Board of Directors.



**Mian Umer Mansha**  
Chief Executive Officer

Lahore  
26 September 2023

## 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.

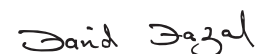
Refer to note 38 of financial statements of the Company for remuneration of Chief Executive Officer and Directors of the Company.

## PATTERN OF SHAREHOLDING

A statement of the pattern of shareholding as at June 30, 2023, 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.



**Farid Noor Ali Fazal**  
Director

# FINANCIAL HIGHLIGHTS

Rupees in thousand

	2023	2022	2021	2020	2019	2018	
<b>Summarized Statement of Financial Position</b>							
<b>Non-Current Assets</b>							
Property, Plant and Equipment	45,265,066	39,766,323	35,926,594	31,292,722	28,968,219	28,180,049	
Long Term Investments	38,642,705	35,720,224	48,620,695	37,979,074	34,930,333	44,757,279	
Other Non-Current Assets	910,050	1,044,696	1,104,867	865,591	849,580	756,020	
<b>Current Assets</b>							
Stores, Spares and Loose Tools	5,955,945	3,999,710	2,605,602	2,256,569	3,102,988	1,714,031	
Stock in Trade	34,801,627	31,826,616	17,972,691	20,753,543	17,008,459	12,243,652	
Short Term Investments	-	-	-	-	-	2,581,520	
Other Current Assets	44,710,317	25,177,008	24,881,925	17,513,415	15,685,813	12,503,482	
<b>Total Assets</b>	<b>170,285,710</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>	
Shareholders' Equity	89,764,119	79,200,943	85,747,779	71,427,860	66,615,270	75,713,145	
<b>Non-Current liabilities</b>							
Long Term Financing	11,898,220	12,284,112	11,577,915	9,222,781	5,259,927	5,190,839	
Deferred Liabilities	1,805,841	2,191,059	1,055,992	302,672	215,440	571,833	
<b>Current Liabilities</b>							
Short Term Borrowings	45,753,793	26,730,048	18,718,262	19,329,768	17,982,262	12,507,590	
Current Portion of Non-Current Liabilities	4,142,057	4,302,449	4,206,123	703,032	1,784,470	2,144,900	
Other Current Liabilities	16,921,680	12,825,966	9,806,303	9,674,801	8,688,023	6,607,726	
<b>Total Equity and Liabilities</b>	<b>170,285,710</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>Statement of Profit or Loss</b>							
Revenue	141,756,469	115,768,065	71,431,010	60,904,096	63,499,029	53,729,124	
Gross Profit	21,078,842	17,335,571	9,317,855	7,276,126	7,656,601	5,550,446	
EBITDA	25,885,473	18,358,269	11,137,991	8,719,892	11,211,441	8,395,775	
Other Income	10,201,578	5,571,415	3,750,188	3,032,390	5,158,380	4,102,639	
Profit Before Tax	15,406,442	12,907,285	7,070,502	4,479,284	6,897,048	4,957,127	
Profit After Tax	12,166,022	10,311,674	5,922,470	3,506,284	5,859,048	4,097,127	
<b>Cash Flows</b>							
Cash Flow from Operating Activities	1,438,490	(10,669,883)	5,722,435	1,560,005	905,102	2,153,808	
Cash Flow from Investing Activities	(16,141,363)	(1,787,869)	(3,378,461)	(4,828,502)	(3,957,796)	1,851,315	
Cash Flow from Financing Activities	16,963,072	7,277,134	2,800,130	2,820,113	3,524,492	(3,944,241)	
Changes in Cash & Cash Equivalents	2,260,199	5,187,138	5,144,104	(448,384)	471,798	60,882	
Cash and Cash Equivalent - Year End	2,410,566	91,727	5,272,345	128,241	576,625	104,827	
<b>Ratios</b>							
<b>Profitability Ratios</b>							
Gross profit	%	14.87	14.97	13.04	11.95	12.06	10.33
EBITDA to sales	%	18.26	15.86	15.59	14.32	17.66	15.63
Pre tax Profit	%	10.87	11.15	9.90	7.35	10.86	9.23
After tax Profit	%	8.58	8.91	8.29	5.76	9.23	7.63
Return on Equity	%	14.40	12.50	7.54	5.08	8.23	4.98
Return on Capital Employed	%	22.66	15.69	9.26	7.82	11.16	6.75
Operating Leverage Ratio		2.15	1.31	2.24	7.38	2.42	0.03

		2023	2022	2021	2020	2019	2018
<b>Liquidity Ratios</b>							
Current Ratio		1.28	1.39	1.39	1.36	1.26	1.37
Quick Ratio		0.67	0.57	0.76	0.59	0.55	0.71
Cash to Current Liabilities	Times	0.04	0.00	0.16	0.00	0.02	0.00
Cash Flows from Operations to Sales	Times	0.01	(0.09)	0.08	0.03	0.01	0.04
<b>Activity / Turnover Ratios</b>							
Inventory Turnover Ratio	Times	3.62	3.95	3.21	2.84	3.82	3.86
No. of Days in Inventory	Days	100.83	92.41	113.71	128.87	95.55	94.56
Debtors Turnover Ratio	Times	12.03	13.69	13.19	13.54	14.53	17.12
No. of Days in Receivables	Days	30.34	26.66	27.67	27.03	25.12	21.32
Creditors Turnover Ratio	Times	5.75	6.08	3.75	3.49	4.39	4.46
No. of Days in Creditors	Days	63.48	60.03	97.33	104.87	83.14	81.84
Operating Cycle	Days	67.69	59.04	44.05	51.03	37.53	34.04
Total Assets Turnover Ratio	Times	0.83	0.84	0.54	0.55	0.63	0.52
Fixed Assets turnover Ratio	Times	3.13	2.91	1.99	1.95	2.19	1.91
<b>Investment / Market Ratios</b>							
Earnings Per Share	Rs.	34.60	29.33	16.84	9.97	16.66	11.65
Price Earning Ratio	Times	1.64	2.52	5.54	7.82	5.60	12.10
Dividend Yield Ratio	%	8.81	5.41	4.29	5.13	4.29	3.37
Dividend Payout Ratio	%	14.45	13.64	23.75	40.12	24.01	40.77
Dividend Cover Ratio	Times	6.92	7.33	4.21	2.49	4.17	2.45
Dividend Per Share	Rs.	5.00	4.00	4.00	4.00	4.00	4.75
Break-up Value	Rs.	255.30	225.26	243.88	203.15	189.46	215.34
Proposed Dividend	%	50.00	40.00	40.00	40.00	40.00	47.50
<b>Market value per share</b>							
Closing	Rs.	56.77	73.91	93.30	78.01	93.34	140.92
High	Rs.	80.45	101.20	124.89	119.75	153.73	171.56
Low	Rs.	49.40	68.50	79.73	53.00	91.69	130.03
<b>Capital Structure Ratios</b>							
Financial Leverage Ratio	%	68.84	53.09	38.83	40.96	37.57	26.21
Weighted Average Cost of Debt	%	13.18	5.73	3.93	5.54	7.44	4.75
Debt to Equity Ratio	%	13.25	15.51	13.50	12.91	7.90	6.86
Interest Cover Ratio	Times	3.22	6.97	6.75	3.98	5.13	5.99
Gearing Ratio	%	40.77	34.68	27.97	29.06	27.31	20.77
<b>Production machines</b>							
No. of Spindles		303,048	303,048	263,832	262,035	247,968	238,032
No. of Looms		931	959	814	790	790	794
No. of Thermosole Dyeing Machines		6	5	5	5	5	5
No. of Rotary Printing Machines		4	4	4	4	4	4
No. of Digital Printing Machines		11	11	10	10	9	8
No. of Stitching Machines		5,931	4,713	4,489	3,592	4,149	4,239

# STATEMENT OF COMPLIANCE

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

**Name of company** : Nishat Mills Limited  
**Year ended** : June 30, 2023

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, 2023.

**b) HR and Remuneration Committee:**

One Meeting of HR and Remuneration Committee was held during the financial year ended June 30, 2023.

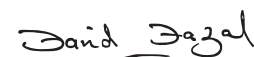
15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating 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>Directors' Training</b> Companies are encouraged to arrange training for at least one head of department every year under the Directors' Training Program from July 2022.	The company has planned to arrange Directors' Training Program certification for head of department in next few years.	19(3)
7	<b>Representation of Minority shareholders</b> The minority members as a class shall be facilitated by the Board to contest election of directors by proxy solicitation.	No one intended to contest election as director representing minority shareholders.	5
8	<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  
26 September 2023

# 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 2023 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 2023.



**RIAZ AHMAD & COMPANY**

Chartered Accountants

Lahore

30 September 2023

UDIN: CR202310168dxt17zeXs

# 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 25, 2023 (Wednesday) at 11:30 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, 2023 together with the Chairman’s Review, Directors’ and Auditors’ reports thereon.

In accordance with Section 223 of the Companies Act, 2017, and pursuant to S.R.O. 389(I)/2023 dated March 21, 2023, the financial statements of the Company have been uploaded on the website of the Company which can be downloaded from the following weblink and QR enabled code:

<https://nishatmillsltd.com/financial-information/>



Scan QR Code for  
Annual Report 2023

2. To approve Final Cash Dividend @ 50% [i.e. Rs. 5 (Rupees Five Only) per Ordinary Share as recommended by the Board of Directors.
3. To appoint statutory Auditors for the year 2023-24 and fix their remuneration.
4. **Special Business:**
  - a) **To ratify and approve transactions conducted with the Related Parties during the year ended June 30, 2023 by passing the following special resolution with or without modification:**

**Resolved** that the Related Party Transactions disclosed in the Annual Audited Financial Statements for the year ended June 30, 2023 as approved by the Board of Directors of Nishat Mills Limited (“the Company”) be and are hereby ratified, approved and confirmed in all respects.

- b) **To authorize the Board of Directors of the Company to approve transactions with the Related Parties during the financial year ending on June 30, 2024 by passing the following special resolution with or without modification:**

**Resolved** that the Board of Directors of Nishat Mills Limited (“the Company”) be and is hereby authorized to approve the transactions to be conducted with the related parties during the financial year ending on June 30, 2024 and these transactions shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting for their ratification.

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 26, 2023

**NOTES:**

**BOOK CLOSURE NOTICE:**

The Ordinary Shares Transfer Books of the Company will remain closed from 18-10-2023 to 25-10-2023 (**both days inclusive**) for entitlement of **50% Final Cash Dividend [i.e. Rs. 5/- (Rupees Five Only) Per Ordinary Share]** for the year ended June 30, 2023 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 17-10-2023 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, 3<sup>rd</sup> Floor, North Tower, LSE Building, 19-Shahrah-e-Aiwan-e-Iqbal, Lahore shall be considered in time for entitlement of above said 50% 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:

- Filler	15%
- Non-Filler	30%

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

**Deduction of Withholding Tax on Dividend in case of Joint Account Holders:**

All shareholders who hold shares jointly are requested to provide following information regarding shareholding proportions of Principal Shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar THK Associates (Private) Limited latest by October 17, 2023, 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		
<b>Principal Shareholder</b>	Name & CNIC	
	Shareholding Proportion (No. of Shares)	
<b>Joint Shareholder(s)</b>	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 17, 2023.

**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 \_\_\_\_\_

**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 18, 2023.

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.

#### **E-VOTING AND POSTAL BALLOT FACILITY**

##### **Polling on Special Business Resolutions:**

The members are hereby notified that pursuant to Companies (Postal Ballot) Regulations, 2018 ("the Regulations") amended through Notification dated December 05, 2022, issued by the Securities and Exchange Commission of Pakistan ("SECP"), SECP has directed all the listed companies to provide the right to vote through electronic voting facility and voting by post to the members on all businesses classified as special business.

Accordingly, members of Nishat Mills Limited (the "Company") will be allowed to exercise their right to vote through electronic voting facility or voting by post for the special business in its forthcoming Annual General Meeting to be held on Wednesday, October 25, 2023, at 11:30 AM, in accordance with the requirements and subject to the conditions contained in the aforesaid Regulations.

##### **Procedure for E-Voting:**

- I. Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company by the close of business on October 19, 2023.
- II. The web address, login details, and password, will be communicated to members via email. The security codes will be communicated to members through SMS from the web portal of CDC Share Registrar Services Limited (being the e-voting service provider).



- III. Identity of the Members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
- IV. E-Voting lines will start from October 20, 2023, 09:00 a.m. and shall close on October 24, 2023 at 5:00 p.m. Members can cast their votes any time during this period. Once the vote on a resolution is cast by a Member, he / she shall not be allowed to change it subsequently.

**Procedure for Voting Through Postal Ballot:**

The members shall ensure that duly filled and signed ballot paper, along with copy of Computerized National Identity Card (CNIC), should reach the Chairman of the meeting through post on the Company's registered address Nishat House 53-A, Lawrence Road, Lahore, Pakistan or email at chairman@nishatmills.com one day before the Annual General Meeting on October 24, 2023 up to 5:00 p.m. The signature on the ballot paper shall match the signature on CNIC.

This postal Poll paper is also available for download from the website of the Company at www.nishatmillsLtd.com or use the same as attached to this Notice and published in newspapers.

Please note that in case of any dispute in voting including the casting of more than one vote, the Chairman shall be the deciding authority.

**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 25, 2023.

**a) Item No. 4(a)**

**Approval of transactions conducted with the Related Parties during the year ended June 30, 2023**

Following transactions carried out with associated companies/related parties have been approved by the Board as recommended by the Audit Committee on a quarterly basis pursuant to provisions of applicable laws. However, as majority of Company Directors were interested in certain related party transactions due to their common directorship and holding of shares in the associated companies/related parties, the Board has recommended for placement of the same before the shareholders of the Company in general meeting for ratification/approval.

	<b>2023</b>	<b>2022</b>
	<b>(Rupees in Thousand)</b>	
<b>Subsidiary companies</b>		
Dividend income	1,227,921	713,287
Purchase of goods and services	924,134	861,747
Sale of goods and services	11,486,615	11,620,166
Interest income	2,733,307	726,411
Rental income	93,466	85,102
Short term loan given	64,595,706	49,623,420
Repayment of short-term loan	53,142,137	52,561,226

	2023	2022
	(Rupees in Thousand)	
<b>Associated companies</b>		
Investment made	3,014,221	1,276,249
Purchase of goods and services	21,824	127,340
Sale of goods and services	41,943	60,224
Interest income	7,472	65,249
Rental income	7,490	6,888
Purchase of operating fixed assets	90,084	80,072
Dividend income	2,886,099	2,346,600
Dividend paid	123,372	123,047
Insurance premium paid	277,966	173,748
Insurance claims received	86,425	48,587
Finance cost	67,978	19,983
<b>Other related parties</b>		
Dividend income	255,376	-
Dividend paid	354,670	354,670
Contribution to employees provident fund	428,820	332,385

All these related party transactions during the mentioned period were executed at Arm's Length Price in a fair and transparent manner and there was no departure from the guidelines mentioned in the Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018 and Code of Corporate Governance for such transactions.

Pursuant to the above, these transactions have to be approved/ratified by the shareholders in the General Meeting.

**b) Item No. 4(b)**

**To authorize the Board of Directors of the Company to approve transactions with the Related Parties during the financial year ending on June 30, 2024**

The Company shall be conducting transactions with its related parties during the year ending June 30, 2024 on an arm's length basis as per approved policy with respect to transactions with related parties' in the normal course of business. The majority of Directors are interested in certain transactions due to their relationship with the Company. In order to promote the transparent business practices, the Board of Directors has to be authorized to approve all transactions with the related parties from time to time during the year ending June 30, 2024 and the same will be placed before the Shareholders in the next AGM for their ratification / approval.

The Directors, Sponsors, majority shareholders and their relatives are not interested, directly or indirectly, in the above businesses except to the extent of shares that are held by them in the Company.

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

Name of Investee Company	Total Investment Approved	Amount of Investment Made to date	Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time	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>Hyundai Nishat Motor (Private) Limited</b>	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.	Guarantees/ Stand by Letter(s) of Credit (SBLC) of up to Rs. 1,432.680 million have been issued against this approval to date.	Seven 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.	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, 2022 the basic earnings per share was Rs. 0.28 and breakup value per share was Rs. 16.15. As per latest available un-audited financial statements for the half year ended June 30, 2023 the basic earnings per share is Rs. 1.38 and breakup value per share is Rs. 9.97.
<b>Nishat Sutas Dairy Limited</b>	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	Investment of Rupees 2,087.874 million has been made against this approval to date.	Partial investment has been made in investee company.	At the time of approval, as per latest available audited financial statements for the year ended December 31, 2022 the basic loss per share was Rs. 2.45 and breakup value

	a period of four (4) years by members in EOGM held on 03 March 2022 which was further enhanced up to Rs. 3,000 million for a period of four (4) years by members in EOGM held on 19 June 2023.			per share was Rs. 6.69. As per latest available un-audited financial statements for the half year ended June 30, 2023 the basic loss per share is Rs. 1.98 and breakup value per share is Rs. 6.73.
<b>Nishat Sutas Dairy Limited</b>	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.	Corporate guarantees of up to Rs. 1,750 million have been issued against this approval to date.	Two corporate guarantees from different banks have been extended after the approval. Further guarantees will be arranged on requirement of investee company.	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, 2022 the basic loss per share is Rs. 2.45 and breakup value per share is Rs. 6.69. As per latest available un-audited financial statements for the half year ended June 30, 2023 the basic loss per share is Rs. 1.98 and breakup value per share is Rs. 6.73.
<b>Pakgen Power Limited</b>	Equity investment up to Rupees 875 million for the period of three (3) years was approved by members in EOGM held on November 28, 2022.	Investment of Rupees 332.834 million has been made against this approval to date.	Partial investment has been made in investee company.	At the time of approval, as per latest audited financial statements for the year ended December 31, 2021 the basic Earnings per Share was Rs. 2.82 and breakup value per share was Rs. 60.64. As per latest available audited financial

				statements for the year ended December 31, 2022 the basic earnings per share is Rs. 8.43 and breakup value per share is Rs. 67.59. As per latest available un-audited financial statements for the half year ended June 30, 2023 the basic earning per share is Rs. 9.37 and breakup value per share is Rs. 74.95.
<b>Lalpir Power Limited</b>	Equity investment up to Rupees 300 million for the period of three (3) years was approved by members in EOGM held on November 28, 2022.	Investment of Rupees 7.924 million has been made against this approval to date	Partial investment has been made in investee company.	At the time of approval, as per latest audited financial statements for the year ended December 31, 2021 the basic Loss per Share was Rs. 2.12 and breakup value per share was Rs. 41.00. As per latest available audited financial statements for the year ended December 31, 2022 the basic earnings per share is Rs. 7.13 and breakup value per share is Rs. 46.65. As per latest available un-audited financial statements for the half year ended June 30, 2023 the basic earning per share is Rs. 5.78 and breakup value per share is Rs. 50.43.

The background of the cover features a close-up of a hand using a calculator. A semi-transparent globe is overlaid on the right side of the image. In the top left corner, there is a graphic consisting of three concentric blue circles with a white percentage sign (%) in the center. The overall color scheme is dominated by shades of blue and teal.

Financial Statements of  
**Nishat Mills Limited**  
for the year ended June 30, 2023

# 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 2023, 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 2023 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 2023 amounted to Rupees 40,757.572 million, break up of which is as follows:</p> <ul style="list-style-type: none"> <li>- Stores, spare parts and loose tools Rupees 5,955.945 million</li> <li>- Stock-in-trade Rupees 34,801.627 million</li> </ul> <p>Inventory is measured at the lower of cost and net realizable value.</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>We identified existence and valuation of inventory as a key audit matter due to its size, representing 23.93% of the total assets of the Company as at 30 June 2023, 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 19 and Stock-in-trade note 20 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 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 15.14% 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 2023 are valued by an independent professional valuer. With reference to the valuation, management estimated the fair value of the investments at Rupees 8,321.102 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 16 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 14 to the financial statements.</li> </ul>	<ul style="list-style-type: none"> <li>• 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>
4.	<p><b>Revenue recognition</b></p> <p>The Company recognized net revenue of Rupees 141,756.469 million for the year ended 30 June 2023.</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

30 September 2023

UDIN: AR202310168qUfHadg6C

## Statement of Financial Position

As at June 30, 2023

	Note	2023 (Rupees in thousand)	2022
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
1,100,000,000 (2022: 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	86,248,120	75,684,944
<b>Total equity</b>		89,764,119	79,200,943
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing - secured	5	11,898,220	12,284,112
Deferred liabilities	6	1,805,841	2,191,059
		13,704,061	14,475,171
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	13,969,278	11,997,292
Accrued mark-up	8	1,831,194	376,723
Short term borrowings	9	45,753,793	26,730,048
Current portion of non-current liabilities	10	4,142,057	4,302,449
Unclaimed dividend	11	108,247	101,928
Taxation - net	12	1,012,961	350,023
		66,817,530	43,858,463
<b>TOTAL LIABILITIES</b>		80,521,591	58,333,634
<b>CONTINGENCIES AND COMMITMENTS</b>	13		
<b>TOTAL EQUITY AND LIABILITIES</b>		170,285,710	137,534,577

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



CHIEF EXECUTIVE OFFICER

	Note	2023 (Rupees in thousand)	2022
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14	45,265,066	39,766,323
Investment properties	15	471,091	475,077
Long term investments	16	38,642,705	35,720,224
Long term loans	17	285,639	392,423
Long term deposits	18	153,320	177,196
		84,817,821	76,531,243
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	19	5,955,945	3,999,710
Stock-in-trade	20	34,801,627	31,826,616
Trade debts	21	13,208,722	10,366,408
Loans and advances	22	17,347,672	4,800,356
Short term deposits and prepayments	23	227,942	137,383
Other receivables	24	11,242,564	9,401,466
Accrued interest	25	272,851	379,668
Cash and bank balances	26	2,410,566	91,727
		85,467,889	61,003,334
<b>TOTAL ASSETS</b>		<b>170,285,710</b>	<b>137,534,577</b>

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

## Statement of Profit or Loss

For the year ended June 30, 2023

	Note	2023 (Rupees in thousand)	2022
REVENUE	27	141,756,469	115,768,065
COST OF SALES	28	(120,677,627)	(98,432,494)
GROSS PROFIT		21,078,842	17,335,571
DISTRIBUTION COST	29	(6,238,030)	(5,665,953)
ADMINISTRATIVE EXPENSES	30	(2,150,503)	(1,671,369)
OTHER EXPENSES	31	(557,836)	(502,014)
		(8,946,369)	(7,839,336)
		12,132,473	9,496,235
OTHER INCOME	32	10,201,578	5,571,415
PROFIT FROM OPERATIONS		22,334,051	15,067,650
FINANCE COST	33	(6,927,609)	(2,160,365)
PROFIT BEFORE TAXATION		15,406,442	12,907,285
TAXATION	34	(3,240,420)	(2,595,611)
PROFIT AFTER TAXATION		12,166,022	10,311,674
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	35	34.60	29.33

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

*Umm Masrha*

CHIEF EXECUTIVE OFFICER

*Said Iqbal*

DIRECTOR

*[Signature]*

CHIEF FINANCIAL OFFICER

## Statement of Comprehensive Income

For the year ended June 30, 2023

	2023	2022
	(Rupees in thousand)	
<b>PROFIT AFTER TAXATION</b>	12,166,022	10,311,674
<b>OTHER COMPREHENSIVE LOSS</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Deficit arising on remeasurement of investments at fair value through other comprehensive income	(567,001)	(14,218,053)
Deferred income tax relating to this item	370,554	(1,234,058)
	(196,447)	(15,452,111)
<b>Items that may be reclassified subsequently to profit or loss</b>	-	-
Other comprehensive loss for the year - net of tax	(196,447)	(15,452,111)
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR</b>	11,969,575	(5,140,437)

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, 2023

(Rupees in thousand)

Share Capital	Reserves					Total Equity		
	Capital Reserves		Revenue Reserves				Total	
	Premium on Issue of Right Shares	Fair value reserve FVTOCI investments	Sub Total	General Reserve	Unappropriated Profit			Sub Total
3,515,999	5,499,530	23,543,006	29,042,536	47,266,028	5,923,216	53,189,244	82,231,780	85,747,779
-	-	-	-	-	(1,406,399)	(1,406,399)	(1,406,399)	(1,406,399)
-	-	-	-	4,516,000	(4,516,000)	-	-	-
-	-	-	-	-	10,311,674	10,311,674	10,311,674	10,311,674
-	-	(15,452,111)	(15,452,111)	-	-	-	(15,452,111)	(15,452,111)
-	-	(15,452,111)	(15,452,111)	-	10,311,674	10,311,674	(5,140,437)	(5,140,437)
3,515,999	5,499,530	8,090,895	13,590,425	51,782,028	10,312,491	62,094,519	75,684,944	79,200,943
-	-	-	-	-	(1,406,399)	(1,406,399)	(1,406,399)	(1,406,399)
-	-	-	-	8,906,000	(8,906,000)	-	-	-
-	-	-	-	-	12,166,022	12,166,022	12,166,022	12,166,022
-	-	(196,447)	(196,447)	-	-	-	(196,447)	(196,447)
-	-	(196,447)	(196,447)	-	12,166,022	12,166,022	11,969,575	11,969,575
3,515,999	5,499,530	7,894,448	13,393,978	60,688,028	12,166,114	72,854,142	86,248,120	89,764,119

**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**

Transaction with owners - Final dividend for the year ended 30 June 2022 @ Rupees 4.00 per share  
 Transferred to general reserve  
 Profit for the year  
 Other comprehensive loss for the year  
 Total comprehensive income for the year

**Balance as at 30 June 2023**

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, 2023

	Note	2023 (Rupees in thousand)	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from / (used in) operations</b>	36	9,321,514	(7,159,237)
Finance cost paid		(5,472,365)	(1,943,928)
Income tax - net		(2,577,482)	(1,673,281)
Exchange gain on forward exchange contracts received		18,954	20,793
Net decrease in long term loans		123,993	99,462
Net decrease / (increase) in long term deposits		23,876	(20,212)
<b>Net cash generated from / (used in) operating activities</b>		1,438,490	(10,676,403)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(9,100,816)	(7,203,463)
Proceeds from sale of property, plant and equipment		73,789	102,188
Investments made		(3,014,221)	(1,317,582)
Loan to Nishat Linen (Private) Limited - subsidiary company		(64,595,706)	(49,623,420)
Repayment of loan by Nishat Linen (Private) Limited - subsidiary company		53,142,137	52,561,226
Interest received		2,842,517	364,385
Dividends received		4,510,937	3,328,797
<b>Net cash used in investing activities</b>		(16,141,363)	(1,787,869)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		2,476,845	3,707,601
Repayment of long term financing		(3,038,566)	(3,040,165)
Short term borrowings - net		18,924,873	8,011,786
Dividend paid		(1,400,080)	(1,402,088)
<b>Net cash from financing activities</b>		16,963,072	7,277,134
<b>Net increase / (decrease) in cash and cash equivalents</b>		2,260,199	(5,187,138)
<b>Net foreign exchange difference on translating cash and bank balances</b>		58,640	6,520
<b>Cash and cash equivalents at the beginning of the year</b>		91,727	5,272,345
<b>Cash and cash equivalents at the end of the year</b>		2,410,566	91,727

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, 2023

### 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, 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, Denim Unit 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 16 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, 2023

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 2022:

- Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before Intended Use'.
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts – Cost of Fulfilling a Contract amends IAS 1 'Presentation of Financial Statements'.
- Annual improvements to IFRS standards 2018-2020 which amended IFRS 9 'Financial Instruments' and IFRS 16 'Leases'.
- 'Reference to the Conceptual Framework (Amendments to IFRS 3)' published by the International Accounting Standards Board (IASB) with amendments to IFRS 3 'Business Combinations'.

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 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.

### 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 2023 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'.

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.

On 31 October 2022, the IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are effective for reporting periods beginning on or after 1 January 2024.

On 22 September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for annual periods beginning on or after 1 January 2024.

On 25 May 2023, the IASB issued 'Suppliers Finance Arrangements (Amendments to IAS 7 and IFRS 7)' to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangement. The amendments are effective for reporting period beginning on or after 1 January 2024.

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 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 2023 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

## Notes to the Financial Statements

For the year ended June 30, 2023

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 14.1. 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 less accumulated depreciation and accumulated impairment losses (if any). Cost comprises of the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

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

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

## **2.9 Lease liabilities**

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's



## Notes to the Financial Statements

For the year ended June 30, 2023

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.

## **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:

## Notes to the Financial Statements

For the year ended June 30, 2023

- 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:

### 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.

## Notes to the Financial Statements

For the year ended June 30, 2023

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 and subsequently measured at amortized cost using the effective interest rate method.

### 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.

## **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.

## Notes to the Financial Statements

For the year ended June 30, 2023

### 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, solar and biomass).

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

### **2.40 Government grants**

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

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

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



## Notes to the Financial Statements

For the year ended June 30, 2023

### 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

2023 (Number of Shares)	2022		Note	2023 (Rupees in thousand)	2022
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:

	2023 (Number of Shares)	2022
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	51,815	231,815
Nishat (Aziz Avenue) Hotels and Properties Limited	342,500	342,500
Nishat Real Estates Development Company (Private) Limited	127,000	127,000
	30,813,093	30,993,093

	Note	2023 (Rupees in thousand)	2022
<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	7,894,448	8,090,895
		13,393,978	13,590,425
<b>Revenue reserves</b>			
General reserve		60,688,028	51,782,028
Unappropriated profit		12,166,114	10,312,491
		72,854,142	62,094,519
		86,248,120	75,684,944

**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	2023 (Rupees in thousand)	2022
Balance as at 01 July		10,223,922	24,441,975
Fair value adjustment during the year		(567,001)	(14,218,053)
		9,656,921	10,223,922
Less: Deferred income tax liability		(1,762,473)	(2,133,027)
Balance as at 30 June		7,894,448	8,090,895

## 5 LONG TERM FINANCING - SECURED

Long term loans	5.1	13,480,127	13,565,813
Long term musharika	5.2	1,304,383	1,754,912
		14,784,510	15,320,725
Less: Current portion shown under current liabilities	10	(2,886,290)	(3,036,613)
		11,898,220	12,284,112

## Notes to the Financial Statements

For the year ended June 30, 2023

Lender	2023	2022	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

Allied Bank Limited	174,644	371,805	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	350,861	543,054	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	498,735	688,122	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	155,901	200,444	SBP rate for LTFF + 0.35%	Sixty unequal installments commenced on 24 January 2022 and ending on 28 October 2026.	- Quarterly	
	370,807	480,062	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).
	55,000	75,000	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	
	581,708	755,506				

Lender	2023	2022	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
(Rupees in thousand)							
Allied Bank Limited	-	246,620	SBP rate for refinance scheme for payment of salaries and wages + 0.50%	Twenty four unequal installments commenced on 01 January 2021 and ended on 16 November 2022 (Note 5.4).	-	Quarterly	
Allied Bank Limited	94,872	-	SBP rate for financing power plants using renewable energy + 4.00%	Thirty nine installments commenced on 03 February 2023 and ending on 03 August 2032.	-	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).
Allied Bank Limited	472,254	-	3 Month offer KIBOR + 0.75%	Four hundred and seventeen unequal installments commencing on 28 January 2025 and ending on 26 June 2033.	Quarterly	Quarterly	
	163,604	-	3 Month offer KIBOR + 1.00%	Thirty two equal quarterly installments commencing on 18 April 2025 and ending on 18 January 2033.	Quarterly	Quarterly	
	635,858	-					
Askari Bank Limited	240,621	301,187	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	49,208	136,196	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	102,902	212,650	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	56,182	112,364	SBP rate for LTFF + 0.35%	Twenty equal quarterly installments commenced on 31 August 2018 and ending on 30 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.

## Notes to the Financial Statements

For the year ended June 30, 2023

Lender	2023	2022	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
(Rupees in thousand)							
Bank Alfalah Limited	144,265	187,278	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	676,120	838,420	SBP rate for TERF + 1.00%	Sixty unequal installments commenced on 28 August 2022 and ending on 15 July 2027 (Note 5.6).	-	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	39,719	79,438	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 400 million on all present and future plant and machinery in respect of which the Company has already created exclusive charges in the favour of existing creditors).
Faysal Bank Limited	148,181	207,453	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 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	34,785	229,844	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 4,084 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).
Habib Bank Limited	1,817,072	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	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).
Habib Bank Limited	371,149	519,726	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).
	89,986	141,406	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	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).
	461,135	661,132					

Lender	2023	2022	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
(Rupees in thousand)							
Habib Bank Limited	1,500,000	-	3 Month offer KIBOR + 0.75%	Thirty two quarterly installments commencing on 28 December 2024 and ending on 28 September 2032.	Quarterly	Quarterly	
Habib Metropolitan Bank Limited	612,812	804,684	SBP rate for LTFF + 0.65%	One hundred and twenty unequal installments commenced on 24 September 2021 and ending on 07 September 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	973,693	967,524	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 (excluding plant and machinery in respect of which the Company has created exclusive charges in favour of its existing creditors).
National Bank of Pakistan	-	17,275	SBP rate for LTFF + 0.50%	One hundred and twenty unequal installments commenced on 12 April 2017 and ended on 05 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	800,000	SBP rate for TERF + 1.50%	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).
Pak Brunei Investment Company Limited	68,342	128,314	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.

## Notes to the Financial Statements

For the year ended June 30, 2023

Lender	2023	2022	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
(Rupees in thousand)							
Pakistan Kuwait Investment Company (Private) Limited	-	9,677	SBP rate for LTFF + 1.00%	One hundred and sixty unequal installments commenced on 11 June 2016 and ended 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.
	1,369	8,079	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).
	1,369	17,756					
Pakistan Kuwait Investment Company (Private) Limited	709,149	875,525	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	SBP rate for LTFF + 0.50%	One hundred and sixty unequal installments commenced on 30 January 2017 and ended 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	2,207,894	2,202,202	SBP Rate for TERF + 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 Company.

Lender	2023	2022	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
(Rupees in thousand)							
Pakistan Kuwait Investment Company (Private) Limited	500,000	309,550	SBP rate for LTFF + 0.90%	Three hundred and ten unequal installments commencing on 29 July 2024 and ending on 21 July 2022.	-	Quarterly	First pari passu 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%		Quarterly	Quarterly	
	500,000	310,980					
	13,480,127	13,565,813					

## 5.2 Long term musharika

Faysal Bank Limited	-	243,782	SBP rate for islamic refinance scheme for payment of salaries and wages + 0.50%	Eight equal quarterly installments commenced on 30 March 2021 and ended 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	823,595	1,005,729	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).
	480,788	505,401	SBP rate for islamic renewable energy financing scheme + 0.70%	One hundred unequal installments commenced on 07 July 2022 and ending on 06 July 2028.	-	Quarterly	
	1,304,383	1,511,130					
	1,304,383	1,754,912					
	14,784,510	15,320,725					



## Notes to the Financial Statements

For the year ended June 30, 2023

- 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 was recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment was 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 was recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment was 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.
- 5.7** Effective rate of markup charged during the year on these financing ranged from 2.25% to 23.10% (2022: 2.25% to 15.94%) per annum.

	Note	2023 (Rupees in thousand)	2022
<b>6 DEFERRED LIABILITIES</b>			
Deferred income tax	6.1	1,762,473	2,133,027
Gas Infrastructure Development Cess (GIDC) payable	6.2	-	-
Deferred income - Government grant	6.3	43,368	58,032
		1,805,841	2,191,059

- 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	2023 (Rupees in thousand)	2022
Opening balance		1,240,330	1,204,234
Add: Adjustment due to impact of IFRS 9	33	773	36,096
		1,241,103	1,240,330
Less: Current portion shown under current liabilities	10	(1,241,103)	(1,240,330)
		-	-

- 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	2023 (Rupees in thousand)	2022
<b>6.3 Deferred income - Government grant</b>			
Opening balance		83,538	160,002
Add: Government grant recognized during the year		-	5,406
Less: Amortized during the year		(25,506)	(81,870)
		58,032	83,538
Less: Current portion shown under current liabilities	10	(14,664)	(25,506)
		43,368	58,032

**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. Loans under Refinance Scheme for payment of wages and salaries to workers have been repaid during the year ended 30 June 2023. 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 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 was 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	2023 (Rupees in thousand)	2022
<b>7 TRADE AND OTHER PAYABLES</b>			
Creditors	7.1	8,460,924	7,729,234
Sindh infrastructure cess payable	7.2	1,266,035	834,947
Accrued liabilities		1,692,237	1,851,768
Contract liabilities - unsecured	7.1	1,730,996	944,335
Securities from contractors - Interest free and repayable on completion of contracts	7.3	24,440	16,196
Retention money payable		156,873	110,565
Payable to Employees' Provident Fund Trust		40,948	-
Income tax deducted at source		1,080	886
Fair value of forward exchange contracts		18,292	9,595
Workers' profit participation fund	7.4	563,295	488,783
Workers' welfare fund	7.5	14,158	10,983
		13,969,278	11,997,292

## Notes to the Financial Statements

For the year ended June 30, 2023

	2023	2022
	(Rupees in thousand)	
<b>7.1 These include amounts due to following related parties:</b>		
<b>Creditors</b>		
Nishat Linen (Private) Limited - subsidiary company	32,153	164,031
Nishat USA Inc. - subsidiary company	3,757	9,129
Hyundai Nishat Motor (Private) Limited - associated company	119	52
D.G. Khan Cement Company Limited - associated company	-	2,520
Security General Insurance Company Limited - associated company	34,451	38,978
Adamjee Insurance Company Limited - associated company	36,194	28,435
Adamjee Life Assurance Company Limited - associated company	751	-
	107,425	243,145
<b>Contract liabilities - unsecured</b>		
Nishat Hotels and Properties Limited - associated company	236	2
<b>7.2 Sindh infrastructure cess payable</b>		
Balance as at 01 July	834,947	614,314
Add: Provision made during the year	431,088	220,633
Balance as at 30 June	1,266,035	834,947

**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	2023 (Rupees in thousand)	2022
<b>7.4 Workers' profit participation fund</b>			
Balance as on 01 July		488,783	318,505
Add: Provision for the year	31	548,758	483,116
Add: Interest for the year	33	14,537	6,673
		1,052,078	808,294
Less: Payments during the year		(488,783)	(319,511)
Balance as on 30 June		563,295	488,783

**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.

<b>7.5 Workers welfare fund</b>			
Balance as on 01 July		10,983	5,093
Add: Provision for the year	31	3,175	5,890
Balance as on 30 June		14,158	10,983

## 8 ACCRUED MARK-UP

Long term financing		203,826	98,826
Short term borrowings	8.1	1,627,368	277,897
		1,831,194	376,723

**8.1** This includes mark-up of Rupees 23.414 million (2022: Rupees 6.044 million) payable to MCB Bank Limited - associated company.

	Note	2023 (Rupees in thousand)	2022
<b>9 SHORT TERM BORROWINGS</b>			
<b>From banking companies and development financial institution - secured</b>			
State Bank of Pakistan (SBP) refinance	9.1, 9.2 & 9.3	21,409,980	21,474,683
Other short term finances	9.1 & 9.4	5,612,000	3,681,692
Temporary bank overdrafts	9.1, 9.2 & 9.5	14,731,813	1,573,673
<b>From other</b>			
Privately placed sukuks	9.6	4,000,000	-
		45,753,793	26,730,048

## Notes to the Financial Statements

For the year ended June 30, 2023

- 9.1** These finances are obtained from banking companies and development financial institution under mark up arrangements and are secured against joint pari passu hypothecation charge on all present and future current assets and other instruments. Markup is payable quarterly or at maturity. In certain short term borrowings, total mark up is deducted at the time of disbursement.
- 9.2** These finances includes balance of short term borrowings of Rupees 680.858 million (2022: 928.127 million) payable to MCB Bank Limited – associated company, which has been utilized for working capital requirements.
- 9.3** The rates of mark up range from 0.94% to 18.00% (2022: 1.00% to 10.49%) per annum during the year on the balance outstanding.
- 9.4** The rates of mark up range from 14.16% to 22.49% (2022: 7.80% to 14.41%) per annum during the year on the balance outstanding.
- 9.5** The rates of mark up range from 11.94% to 23.19% (2022: 7.47% to 15.31%) per annum during the year on the balance outstanding.
- 9.6** These represent privately placed, unsecured, non-convertible and shariah compliant short term sukus having maturity period of 6 months and carrying profit at the rate of 3 months KIBOR plus 0.90% per annum. The rate of mark up ranges from 16.66% to 22.95% per annum.

	Note	2023 (Rupees in thousand)	2022
<b>10 CURRENT PORTION OF NON-CURRENT LIABILITIES</b>			
Current portion of long term financing - secured	5	2,886,290	3,036,613
Current portion of GIDC payable	6.2	1,241,103	1,240,330
Current portion of deferred income - Government grant	6.3	14,664	25,506
		4,142,057	4,302,449
<b>11 UNCLAIMED DIVIDEND</b>			
		108,247	101,928
<b>12 TAXATION - NET</b>			
Provision for taxation		3,379,074	2,595,611
Less: Advance income tax		(2,366,113)	(2,245,588)
		1,012,961	350,023

### 13 CONTINGENCIES AND COMMITMENTS

**a) Contingencies**

- i)** Guarantees of Rupees 5,766.720 million (2022: Rupees 4,045.687 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), The President of Islamic Republic of Pakistan through the Controller of Military Accounts (Defence Purchase), Airport Security Force,

Director General (Purchase and Disposal) WAPDA Sunny View Lahore, Provincial Police Officer, Office of Inspector General of Police KPK and Inspector General of Punjab Police against fulfillment of sales orders, High Court of Sindh, Karachi against the matter of importation of LED lights, Faisalabad Electric Supply Company Limited (FESCO) against installation of grid station 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 666.667 million (2022: Rupees 1,173.333 million), Rupees Nil (2022: Rupees 41.60 million) and Rupees 1,750 million (2022: Rupees 1,750 million) 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 41,132.481 million (2022: Rupees 13,356.688 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 (2022: 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, post dated cheques of Rupees 2.140 million (2022: Rupees 2.140 million) are issued 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 and post dated cheque of Rupees 697.461 million is issued to Federal Board of Revenue (FBR) in pursuance of order of Lahore High Court, Lahore in the matter of super tax.

#### b) Commitments

- i) Contracts for capital expenditure are approximately of Rupees 6,767.974 million (2022: Rupees 2,277.395 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 3,201.029 million (2022: Rupees 2,788.575 million).
- iii) Outstanding foreign currency forward contracts of Rupees 838.241 million (2022: Rupees 1,332.998 million).
- iv) Commitment arising from short-term leases recognized on a straight-line basis as expense under the practical expedients applied by the Company with respect to IFRS 16. The amount of future payments under these leases and the period in which these payments will become due are as follows:

	Note	2023 (Rupees in thousand)	2022
Not later than one year		133,101	153,786
<b>14 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	14.1	38,987,142	34,938,589
Capital work-in-progress	14.2	6,277,924	4,827,734
		45,265,066	39,766,323

## Notes to the Financial Statements

For the year ended June 30, 2023

### 14.1 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 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)	(629)	(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>Year ended 30 June 2023</b>									
Opening 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
Additions	22,285	1,628,418	5,504,890	126,262	37,886	50,044	37,394	245,957	7,653,136
Disposals:									
Cost	-	-	(80,143)	-	-	-	(1,946)	(97,585)	(179,674)
Accumulated depreciation	-	-	67,154	-	-	-	1,480	56,403	125,037
	-	-	(12,989)	-	-	-	(466)	(41,182)	(54,637)
Depreciation charge	-	(683,295)	(2,612,931)	(58,874)	(22,659)	(35,914)	(23,156)	(113,117)	(3,549,946)
Closing net book value	1,835,027	7,564,394	27,694,215	645,012	231,007	342,672	74,438	600,377	38,987,142
<b>At 30 June 2023</b>									
Cost	1,835,027	15,065,400	53,050,952	1,442,883	554,433	698,956	339,159	1,070,887	74,057,697
Accumulated depreciation	-	(7,501,006)	(25,356,737)	(797,871)	(323,426)	(356,284)	(264,721)	(470,510)	(35,070,555)
Net book value	1,835,027	7,564,394	27,694,215	645,012	231,007	342,672	74,438	600,377	38,987,142
<b>Annual rate of depreciation (%)</b>	-	10	10	10	10	10	30	20	

## 14.1.1 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>								
Cooper Turbo Compressor With Dryer	2	19,700	15,701	3,999	1,542	(2,457)	Negotiation	Rafique Textile Corporation, Samundari.
Cooper Turbo Dryer	1	5,571	4,254	1,317	458	(859)	Negotiation	Rafique Textile Corporation, Samundari.
Emerging Machine	1	10,020	9,051	969	940	(29)	Negotiation	Mr. M. Aalam, Gujranwala.
Emerging Machine	2	18,104	16,083	2,021	1,880	(141)	Negotiation	Mr. M. Aslam, Gujranwala.
Emerging Machine	1	6,042	5,478	564	940	376	Negotiation	Mr. M. Aslam, Gujranwala.
Chiller Direct Fire	1	17,621	13,964	3,657	6,410	2,753	Negotiation	Zam Zam Textallion, Faisalabad.
		77,058	64,531	12,527	12,170	(357)		
<b>Vehicles</b>								
Toyota Corolla LEF-18-6916	1	1,964	1,148	816	1,111	295	Company's policy	Mr. Nishat Haroon, Company's Employee, Lahore.
Honda Civic LEB-18A-2608	1	2,692	1,532	1,160	1,592	432	Company's policy	Mr. Muhammad Saqib, Company's Employee, Lahore.
Honda City LEB-18A-4942	1	1,919	1,083	826	1,107	281	Company's policy	Mr. Shahid Hussain, Company's Employee, Faisalabad.
Honda City LEB-18A-2609	1	1,919	1,106	813	1,099	286	Company's policy	Mr. Tasnim Haider Gull, Company's Employee, Lahore.
Suzuki Cultus LEC-18-4753	1	1,277	755	522	708	186	Company's policy	Mr. Muhammad Zain, Company's Employee, Lahore.
Suzuki Cultus LEC-18-1797	1	1,277	763	514	704	190	Company's policy	Mr. Muhammad Asim Shanzad, Company's Employee, Lahore.
Toyota Corolla LE-18A-6622	1	1,973	1,163	810	1,099	289	Company's policy	Mr. Abdul Majid Qureshi, Company's Employee, Lahore.
Suzuki Cultus LEC-17A-2384	1	1,277	769	508	691	183	Company's policy	Mr. Shoab Jaffar, Company's Employee, Chiniot.
Honda Civic LEB-17A-5616	1	2,440	1,508	932	1,300	368	Company's policy	Mr. Muhammad Adil Ghani, Company's Employee, Lahore.
Honda Civic LE-19A-4102	1	2,608	1,154	1,454	2,130	676	Negotiation	Mr. Zahid Javaid, Ex-Company's Employee, Lahore.
Toyota Corolla LEA-17A-6675	1	1,418	879	539	756	217	Company's policy	Mr. Tanveer Maalik, Company's Employee, Abbottabad.
Honda City LEA-18-5690	1	1,367	823	544	740	196	Company's policy	Mr. Aqeel Rizvi, Company's Employee, Lahore.
Honda Civic LEE-18-1199	1	2,593	1,509	1,084	1,102	18	Company's policy	Mr. Muhammad Shuaib, Company's Employee, Lahore.
Toyota Corolla LEA-17A-1842	1	1,441	909	532	769	237	Company's policy	Mr. Usman Mannan Malik, Company's Employee, Lahore.
Honda City LEA-18A-4375	1	1,479	856	623	838	215	Company's policy	Mr. Naveed Arshad, Company's Employee, Lahore.
Suzuki Cultus LEF-18-3117	1	1,277	752	525	705	180	Company's policy	Mr. Tahir Yasir, Company's Employee, Lahore.
Suzuki Cultus ACV-344	1	1,816	518	1,298	1,762	464	Negotiation	Mr. Sohail Ahmad, Lahore.
Toyota Corolla LEB-20-2378	1	2,099	853	1,246	1,732	486	Negotiation	Mr. Gaiser Bashir, Lahore.
Toyota Corolla AFJ-159	1	3,735	608	3,127	3,256	129	Negotiation	Mr. Abdul Qadir Khan, Lahore.
Honda City LEB-17A-2970	1	1,366	853	513	729	216	Company's policy	Mr. Nasseer Ahmad, Company's Employee, Faisalabad.
Toyota Corolla LEB-19-1751	1	2,525	1,415	1,110	1,490	380	Company's policy	Mr. Naeem Mukaddam, Company's Employee, Lahore.
Toyota Corolla LEB-19-1749	1	3,344	1,632	1,712	2,338	626	Negotiation	Mr. Wadood Ahmed, Chiniot.
Honda City LEB-18-9334	1	1,444	827	617	832	215	Company's policy	Muhammad Umar Haider, Company's Employee, Jhang.
Suzuki Swift LEB-17A-3607	1	1,411	872	539	753	214	Company's policy	Mr. Zia Ullah, Company's Employee, Gujranwala.
Toyota Corolla LEE-18-2139	1	2,092	1,213	879	1,196	317	Company's policy	Mr. Ayub Ahmad, Company's Employee, Lahore.
Suzuki Swift LE-17A-2852	1	1,363	859	504	728	224	Company's policy	Mr. Zameer Haider, Company's Employee, Lahore.
Honda City LEB-18-4301	1	1,444	841	603	858	255	Negotiation	Mr. Jawad Qazi, Ex-Company's Employee, Abbottabad.
Honda Civic LEB-17A-3604	1	2,440	1,516	924	1,420	496	Company's policy	Miss Wajeeha Khalid, Company's Employee, Lahore.
Suzuki Swift LEB-17A-1835	1	1,412	892	520	753	233	Company's policy	Mr. Rana Ehtasham Gul, Company's Employee, Faisalabad.
Suzuki Swift LEB-18-8320	1	1,408	855	553	750	197	Company's policy	Mr. Bashir Ahmad, Company's Employee, Lahore.
Suzuki Swift AKD-461	1	2,555	412	2,143	2,600	457	Insurance Claim	Security General Insurance Company Limited, associated company, Lahore.
Honda City LEA-18A-1582	1	1,279	726	553	742	189	Company's policy	Mr. Yasir Mansoor Usmani, Company's Employee, Lahore.
Suzuki Swift LEC-18-8632	1	1,409	826	583	791	208	Company's policy	Syed Asif Abbas, Company's Employee, Lahore.
Honda City LEB-19-697	1	1,633	915	718	970	252	Company's policy	Mr. Arfan Nazir, Company's Employee, Lahore.
Honda Civic LEE-19-6116	1	2,533	1,420	1,113	1,484	371	Company's policy	Mr. Muhammad Akram Malik, Company's Employee, Lahore.
		66,229	34,772	31,457	41,635	10,178		
		36,387	25,734	10,653	19,984	9,331		
		179,674	125,037	54,637	73,789	19,152		

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, 2023

	Note	2023 (Rupees in thousand)	2022
<b>14.1.2 Depreciation charge for the year has been allocated as follows:</b>			
Cost of sales	28	3,430,083	3,189,400
Distribution cost	29	17,055	12,553
Administrative expenses	30	100,298	84,237
Capital work-in-progress		2,510	209
		<b>3,549,946</b>	<b>3,286,399</b>

**14.1.3 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.	86.43
Spinning units and Power plant	Plot No. 172-180 & 188-197, M-3 Industrial City, Sahianwala and FIEDMIC, 2 K.M., Jhumra Chiniot Road, Chak Jhumra, Faisalabad.	96.34
Spinning units and Power plant	20 K.M., Sheikhpura Road, Feroze Wattwan.	67.12
Weaving units, Denim unit and Power plant	12 K.M., Faisalabad Road, Sheikhpura	87.48
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.	118.64
Terry unit	7 K.M., Nishat Avenue, Off 22 K.M., Ferozepur Road, Lahore.	12.54
Apparel unit	2 K.M., Nishat Avenue, Off 22 K.M., Ferozepur Road, Lahore.	14.33
<b>Office</b>	7-Main Gulberg, Lahore.	1.12
		<b>484.00</b>

## 14.2 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 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
Add: Additions during the year	11,422	4,173,198	3,941,469	253,842	36,292	187,771	62,697	8,666,691
Less: Transferred to operating fixed assets during the year	(11,633)	(1,622,418)	(5,177,672)	(126,262)	(36,403)	(242,039)	(74)	(7,216,501)
<b>At 30 June 2023</b>	942	4,207,963	1,733,664	220,082	7,724	34,164	73,385	6,277,924

**14.2.1** Vehicles include advance of Rupees 19.851 million (2022: Rupees 6.414 million) given to Hyundai Nishat Motor (Private) Limited - associated company.

**14.2.2** Borrowing cost amounting to Rupees 71.905 million (2022: Rupees 14.756 million) has been capitalized during the year. The effective rate of borrowing cost capitalized during the year ranging from 6.00% to 22.83% (2022: 1.85% to 8.70%) per annum.

## Notes to the Financial Statements

For the year ended June 30, 2023

### 15 INVESTMENT PROPERTIES

	Note	Land	Buildings	Total
(Rupees in thousand)				
<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
<b>Year ended 30 June 2023</b>				
Opening net book value		435,213	39,864	475,077
Depreciation charge	31	-	(3,986)	(3,986)
Closing net book value		435,213	35,878	471,091
<b>At 30 June 2023</b>				
Cost		435,213	274,444	709,657
Accumulated depreciation		-	(238,566)	(238,566)
Net book value		435,213	35,878	471,091

**15.1** Depreciation at the rate of 10 percent per annum on buildings amounting to Rupees 3.986 million (2022: Rupees 4.429 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 7,528.289 million (2022: Rupees 5,388.378 million). Forced sale value of investment properties as on the reporting date is Rupees 6,022.631 million (2022: Rupees 4,322.320 million). The valuation has been carried out by an independent valuer.

**15.2** Land and buildings having book value of Rupees 328.643 million (2022: Rupees 328.643 million) and Rupees 25.179 million (2022: Rupees 27.977 million) respectively have been given on operating lease to Nishat Hospitality (Private) Limited - subsidiary company.

**15.3** Land having book value of Rupees 99.693 million (2022: Rupees 99.693 million) has been given on operating lease to Nishat Linen (Private) Limited - subsidiary company.

**15.4** Land and buildings having book value of Rupees 0.006 million (2022: Rupees 0.006 million) and Rupees 6.810 million (2022: Rupees 7.567 million) respectively have been given on operating lease to Hyundai Nishat Motor (Private) Limited - associated company.

**15.5** 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	2023 (Rupees in thousand)	2022
<b>16 LONG TERM INVESTMENTS</b>			
Equity instruments	16.1	38,642,705	35,720,224
<b>16.1 Equity instruments</b>			
<b>Subsidiary companies</b>			
Nishat Power Limited - quoted 180,632,955 (2022: 180,632,955) fully paid ordinary shares of Rupees 10 each. Equity held 51.01% (2022: 51.01%)		1,806,329	1,806,329
Nishat USA Inc. - unquoted 200 (2022: 200) fully paid shares with no par value per share. Equity held 100% (2022: 100%)	40	3,547	3,547
Nishat Linen (Private) Limited - unquoted 1,067,913 (2022: 1,067,913) fully paid ordinary shares of Rupees 10 each. Equity held 100% (2022: 100%)	16.1.1	261,603	261,603
Nishat Linen Trading LLC - unquoted 4,900 (2022: 4,900) fully paid shares of UAE Dirhams 1,000 each.	16.1.2 & 40	259,403	259,403
Nishat Hospitality (Private) Limited - unquoted 169,999,901 (2022: 169,999,901) fully paid ordinary shares of Rupees 10 each. Equity held 100% (2022: 100%)		1,699,999	1,699,999
Nishat International FZE - unquoted 18 (2022: 18) fully paid shares of UAE Dirhams 1,000,000 each. Equity held 100% (2022: 100%)	40	492,042	492,042
Advance for purchase of shares		9,070	9,070
		501,112	501,112
Nishat Commodities (Private) Limited - unquoted 1,000 (2022: 1,000) fully paid ordinary shares of Rupees 10 each. Equity held 100% (2022: 100%)	16.1.3	10	10

## Notes to the Financial Statements

For the year ended June 30, 2023

	Note	2023 (Rupees in thousand)	2022
<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 (2022: 137,574,201) fully paid ordinary shares of Rupees 10 each. Equity held 31.40% (2022: 31.40%)		3,418,145	3,418,145
Nishat Paper Products Company Limited - unquoted 11,634,199 (2022: 11,634,199) fully paid ordinary shares of Rupees 10 each. Equity held 25% (2022: 25%)	16.1.4	106,802	106,802
Lalpir Power Limited - quoted 109,882,555 (2022: 109,393,555) fully paid ordinary shares of Rupees 10 each. Equity held 28.93% (2022: 28.80%)		1,648,231	1,640,306
Pakgen Power Limited - quoted 112,548,228 (2022: 102,524,728) fully paid ordinary shares of Rupees 10 each. Equity held 30.25% (2022: 27.55%)		1,605,028	1,272,194
Nishat Dairy (Private) Limited - unquoted 60,000,000 (2022: 60,000,000) fully paid ordinary shares of Rupees 10 each. Equity held 12.24% (2022: 12.24%)	16.1.5	496,200	496,200
Nishat Energy Limited - unquoted 250,000 (2022: 250,000) fully paid ordinary shares of Rupees 10 each. Equity held 25% (2022: 25%)	16.1.6	-	-
Nishat Hotels and Properties Limited - unquoted 74,022,917 (2022: 74,022,917) fully paid ordinary shares of Rupees 10 each. Equity held 6.08% (2022: 6.08%)	16.1.7	740,229	740,229
Hyundai Nishat Motor (Private) Limited - unquoted 234,747,600 (2022: 113,847,600) fully paid ordinary shares of Rupees 10 each. Equity held 12% (2022: 12%)	16.1.8 & 16.1.9	2,347,476	1,138,476
Security General Insurance Company Limited - unquoted 10,226,244 (2022: 10,226,244) fully paid ordinary shares of Rupees 10 each. Equity held 15.02% (2022: 15.02%)	16.1.10	11,188	11,188
Nishat Sutas Dairy Limited - unquoted 208,787,400 (2022: 144,254,900) fully paid ordinary shares of Rupees 10 each. Equity held 48.27% (2022: 47.53%)	16.1.11	2,087,874	1,442,549

	Note	2023 (Rupees in thousand)	2022
<b>Equity instruments</b>			
<b>Fair value through other comprehensive income</b>			
<b>Associated companies (others)</b>			
MCB Bank Limited - quoted	16.1.12		
95,125,651 (2022: 88,015,291) fully paid ordinary shares of Rupees 10 each. Equity held 8.03% (2022: 7.43%)		11,042,473	10,208,262
Adamjee Insurance Company Limited - quoted			
102,809 (2022: 102,809) fully paid ordinary shares of Rupees 10 each. Equity held 0.03% (2022: 0.03%)		2,116	2,116
<b>Equity instruments</b>			
<b>Fair value through other comprehensive income</b>			
<b>Related party</b>			
Nishat Chunian Power Limited - quoted	16.1.13		
25,537,571 (2022: Nil) fully paid ordinary shares of Rupees 10 each. Equity held 6.95% (2022: Nil)		460,187	-
<b>Others</b>			
Nishat (Chunian) Limited - quoted			
32,689,338 (2022: 32,689,338) fully paid ordinary shares of Rupees 10 each. Equity held 13.61% (2022: 13.61%)		378,955	378,955
Alhamra Islamic Stock Fund - quoted			
1,121,410 (2022: 1,121,410) units.		3,135	3,135
United Bank Limited - quoted			
353,000 (2022: 353,000) fully paid ordinary shares of Rupees 10 each. Equity held 0.03% (2022: 0.03%)		41,333	41,333
Pakistan Petroleum Limited - quoted			
599,998 (2022: 599,998) fully paid ordinary shares of Rupees 10 each. Equity held 0.02% (2022: 0.02%)		64,409	64,409
		28,985,784	25,496,302
Add: Fair value adjustment		9,656,921	10,223,922
		38,642,705	35,720,224

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

**16.1.2** The Company is also the beneficial owner of remaining 5,100 (2022: 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.

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

**16.1.4** Fair value per ordinary share of Nishat Paper Products Company Limited is determined at Rupees 14.70 (2022: Rupees 53.38) by an independent valuer using present value technique.

## Notes to the Financial Statements

For the year ended June 30, 2023

- 16.1.5** Fair value per ordinary share of Nishat Dairy (Private) Limited is determined at Rupees 8.07 (2022: Rupees 8.09) by an independent valuer using present value technique.
- 16.1.6** Investment in Nishat Energy Limited has been fully provided during the year ended 30 June 2017, being no more a going concern.
- 16.1.7** Fair value per ordinary share of Nishat Hotels and Properties Limited is determined at Rupees 19.16 (2022: Rupees 18.44) by an independent valuer using present value technique.
- 16.1.8** Investment in Hyundai Nishat Motor (Private) Limited includes 4 shares held in the name of nominee directors of the Company.
- 16.1.9** Fair value per ordinary share of Hyundai Nishat Motor (Private) Limited is determined at Rupees 19.67 (2022: Rupees 25.15) by an independent valuer using present value technique.
- 16.1.10** Fair value per ordinary share of Security General Insurance Company Limited is determined at Rupees 36.70 (2022: Rupees 36.40) by an independent valuer using present value technique.
- 16.1.11** Fair value per ordinary share of Nishat Sutas Dairy Limited is determined at Rupees 6.01 (2022: Rupees 8.39) by an independent valuer using present value technique.
- 16.1.12** The Company has 95,125,651 shares in MCB Bank Limited. The Company can sale, transfer, pledge, mortgage or encumber these shares with prior written approval of the State Bank of Pakistan, However, out of total shareholding, 7,110,300 shares are blocked in account of Central Depository Company of Pakistan Limited.
- 16.1.13** 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, on 18 August 2022, received 25,537,571 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	2023 (Rupees in thousand)	2022
<b>17 LONG TERM LOANS</b>			
<b>Considered good:</b>			
Executives - secured	17.1 & 17.2	303,752	347,014
Other employees - secured	17.2	98,704	179,435
		402,456	526,449
Less: Current portion shown under current assets	22		
Executives		81,746	79,990
Other employees		35,071	54,036
		116,817	134,026
		285,639	392,423

- 17.1** Maximum aggregate balance due from executives at the end of any month during the year was Rupees 424.409 million (2022: Rupees 427.599 million).

**17.2** 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% (2022: 0% to 4%) per annum on the balance outstanding.

**17.3** 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	2023 (Rupees in thousand)	2022
<b>18 LONG TERM DEPOSITS</b>			
Security deposits		153,320	177,196
<b>19 STORES, SPARE PARTS AND LOOSE TOOLS</b>			
Stores	19.1	4,349,213	3,017,601
Spare parts		1,602,034	978,635
Loose tools		8,720	7,615
		5,959,967	4,003,851
Less: Provision for slow moving, obsolete and damaged store items	19.2	(4,022)	(4,141)
		5,955,945	3,999,710

**19.1** These include stores in transit of Rupees 548.272 million (2022: Rupees 312.373 million).

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

	Note	2023 (Rupees in thousand)	2022
Balance as on 01 July		4,141	4,141
Less: Provision reversed during the year	32	(119)	-
Balance as on 30 June		4,022	4,141

<b>20 STOCK-IN-TRADE</b>			
Raw materials	20.2	16,416,286	17,605,016
Work-in-process	20.3	7,994,358	6,049,041
Finished goods	20.4	10,390,983	8,172,559
		34,801,627	31,826,616

**20.1** Stock-in-trade of Rupees 858.745 million (2022: Rupees 623.782 million) is being carried at net realizable value.

**20.2** Raw materials include stock in transit of Rupees 273.873 million (2022: Rupees 341.113 million).

**20.3** This includes stock of Rupees 461.585 million (2022: Rupees 22.763 million) sent to outside parties for processing. Further, work in process includes stock in transit of Rupees 111.284 million (2022: Rupees 62.975 million).

**20.4** Finished goods include stock in transit of Rupees 2,773.563 million (2022: Rupees 2,482.320 million).

**20.5** The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 7.918 million (2022: Rupees 7.447 million).



## Notes to the Financial Statements

For the year ended June 30, 2023

	Note	2023 (Rupees in thousand)	2022
<b>21 TRADE DEBTS</b>			
<b>Considered good:</b>			
Secured (against letters of credit)		2,680,135	1,502,050
Unsecured:			
- Related parties	21.3 & 21.4	522,116	482,412
- Others		10,027,411	8,402,077
		13,229,662	10,386,539
Less: Allowance for expected credit losses	21.5	(20,940)	(20,131)
		13,208,722	10,366,408
<b>21.1 Foreign jurisdictions of trade debts</b>			
Europe		3,025,757	2,215,597
Asia, Africa and Australia		3,093,198	1,474,995
America		1,427,368	2,250,331
		7,546,323	5,940,923
<b>21.2 Types of counterparties</b>			
<b>Export</b>			
Corporate		7,083,664	5,734,469
Others		462,659	206,454
		7,546,323	5,940,923
<b>Local</b>			
Corporate		4,534,237	3,627,203
Others		1,149,102	818,413
		5,683,339	4,445,616
		13,229,662	10,386,539
<b>21.3</b> This represents amounts due from following related parties. These are neither past due nor impaired:			
		2023	2022
		(Rupees in thousand)	
Nishat Linen (Private) Limited - subsidiary company		314,196	299,576
Hyundai Nishat Motor (Private) Limited - associated company		1,628	1,494
MCB Bank Limited - associated company		17	-
Nishat Dairy (Private) Limited - associated company		-	165
Nishat Sutas Dairy Limited - associated company		273	-
Nishat International FZE - subsidiary company		206,002	181,177
		522,116	482,412

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

	Note	2023 (Rupees in thousand)	2022
D.G. Khan Cement Company Limited - associated company		60	73
Nishat Commodities (Private) Limited - subsidiary company		-	5
Nishat Linen (Private) Limited - subsidiary company		1,388,286	1,986,209
Nishat Hotels and Properties (Private) Limited - associated company		-	5,726
Hyundai Nishat Motor (Private) Limited - associated company		4,128	3,837
MCB Bank Limited - associated company		26	7
Nishat Dairy (Private) Limited - associated company		165	165
Nishat Sutas Dairy Limited - associated company		340	-
Nishat International FZE - subsidiary company		378,193	237,032
<b>21.5 Allowance for expected credit losses</b>			
Balance as at 01 July		20,131	15,660
Add: Recognized during the year	31	809	4,471
Balance as at 30 June		20,940	20,131
<b>22 LOANS AND ADVANCES</b>			
<b>Considered good:</b>			
Employees - interest free:			
- Executives		12,244	5,045
- Other employees		8,475	9,762
		20,719	14,807
Current portion of long term loans	17	116,817	134,026
Advances to suppliers	22.1	254,831	91,266
Letters of credit		7,662	3,264
Receivable from Employees' Provident Fund Trust		-	63,075
Others	22.1	16,947,643	4,493,918
		17,347,672	4,800,356
<b>Considered doubtful:</b>			
Others		108	108
Less: Provision for doubtful		108	108
		-	-
		17,347,672	4,800,356

## Notes to the Financial Statements

For the year ended June 30, 2023

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

	Note	2023 (Rupees in thousand)	2022
<b>Advances to suppliers</b>			
Nishat International FZE - subsidiary company		187	-
D.G. Khan Cement Company Limited - associated company		4	-
		191	-
<b>Other</b>			
Nishat Linen (Private) Limited - subsidiary company	22.1.1	15,817,747	4,364,178
Nishat Hotels and Properties Limited - associated company		-	44
		15,817,747	4,364,222

**22.1.1** This represents unsecured advance for a period of one year and carries mark-up at the rate ranging from 14.30% to 21.70% (2022: 7.51% to 14.31%) per annum. This is neither past due nor impaired.

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

	Note	2023 (Rupees in thousand)	2022
Nishat Linen (Private) Limited - subsidiary company		21,651,131	11,946,636
Nishat International FZE - subsidiary company		1,046	-
D.G. Khan Cement Company Limited - associated company		4	-
Nishat Hotels and Properties Limited - associated company		-	44

### 23 SHORT TERM DEPOSITS AND PREPAYMENTS

Deposits	66,998	486
Prepayments	160,944	136,897
	227,942	137,383

### 24 OTHER RECEIVABLES

**Considered good:**

Export rebate and claims	362,719	211,245
Duty draw back	375,218	363,950
Sales tax refundable	10,460,713	8,723,044
Fair value of forward exchange contracts	31	57,518
Miscellaneous receivables	43,883	45,709
	11,242,564	9,401,466

### 25 ACCRUED INTEREST

On short term loans and advances to:

Nishat Linen (Private) Limited - subsidiary company	25.1	270,458	379,668
Profit receivable on bank deposits		2,393	-
		272,851	379,668

- 25.1** 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 as follows:

	Note	2023 (Rupees in thousand)	2022
Nishat Linen (Private) Limited - subsidiary company		620,018	379,668
<b>26 CASH AND BANK BALANCES</b>			
<b>With banks:</b>			
On current accounts	26.1 & 26.2		
Including US\$ 3,897,249 (2022: US\$ 201,284)		1,308,557	61,245
Term deposit receipts	26.3	1,040,000	-
On PLS saving accounts	26.4		
Including US\$ 117 (2022: US\$ 117)		34	24
		2,348,591	61,269
<b>Cash in hand (Including US\$ 4,100)</b>		61,975	30,458
		2,410,566	91,727

**26.1** Cash at banks includes balance of Rupees 166.030 million (2022: Rupees 5.707 million) with MCB Bank Limited - associated company.

**26.2** Cash at banks includes balance of Rupees 128.647 million (2022: Rupees 0.166 million) with MCB Islamic Bank Limited - related party.

**26.3** These represent term deposit receipts of Rupees 1,040 million (2022: Rupees Nil) with maturity period of 1 month and carry profit at the rate of 16.00% to 21.00% (2022: 6.80% to 12.85%) per annum.

**26.4** Rate of profit on bank deposits ranges from 12.30% to 15.50% (2022: 5.50% to 8.25%) per annum.

	Note	2023 (Rupees in thousand)	2022
<b>27 REVENUE</b>			
Revenue from contracts with customers:			
-Export sales		93,324,590	75,102,165
-Local sales	27.1	40,769,711	33,229,903
-Processing income	27.2	7,175,353	7,024,143
		141,269,654	115,356,211
Export rebate and duty drawback		486,815	411,854
		141,756,469	115,768,065
<b>27.1 Local sales</b>			
Sales	27.1.1	47,276,406	38,339,466
Less: Sales tax		(6,506,695)	(5,109,563)
		40,769,711	33,229,903
<b>27.1.1</b> These include sales of Rupees 20,016.976 million (2022: Rupees 17,374.452 million) made to direct exporters against standard purchase orders (SPOs). Further, local sales include waste sales of Rupees 3,089.230 million (2022: Rupees 2,275.065 million).			
<b>27.2 Processing income</b>			
Sales		8,475,386	8,218,247
Less: Sales tax		(1,300,033)	(1,194,104)
		7,175,353	7,024,143

# Notes to the Financial Statements

For the year ended June 30, 2023

**27.3** The amount of Rupees 780.032 million included in contract liabilities (Note 7) at 30 June 2022 has been recognised as revenue in 2023 (2022: Rupees 1,011.840 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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	(Rupees in thousand)													
<b>Region</b>														
Europe	922,447	390,084	18,981,664	16,614,625	522,237	552,632	19,712,262	12,403,036	3,139,333	5,088,722	-	-	43,277,943	35,049,099
America	418,313	597,876	7,48,875	919,817	10,247	8,091	4,014,809	3,818,558	10,347,342	8,565,632	-	-	15,539,566	13,910,074
Asia, Africa, Australia	6,407,094	7,120,649	4,206,386	2,232,982	22,072,951	14,952,303	2,061,436	1,718,549	246,009	530,363	-	-	34,993,876	26,554,846
Pakistan	22,644,632	21,935,924	10,704,321	7,957,145	9,415,760	6,453,778	4,690,119	3,599,171	392,183	203,971	98,049	104,057	47,945,064	40,254,046
	30,392,486	30,044,533	34,641,246	27,724,569	32,021,195	21,966,804	30,478,626	21,539,414	14,124,867	14,388,688	98,049	104,057	141,756,469	115,768,065
<b>Timing of revenue recognition</b>														
Products and services transferred at a point in time	30,392,486	30,044,533	34,641,246	27,724,569	32,021,195	21,966,804	30,478,626	21,539,414	14,124,867	14,388,688	98,049	104,057	141,756,469	115,768,065
Products and services transferred over time	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	30,392,486	30,044,533	34,641,246	27,724,569	32,021,195	21,966,804	30,478,626	21,539,414	14,124,867	14,388,688	98,049	104,057	141,756,469	115,768,065
<b>Major products / service lines</b>														
Yarn	30,392,486	29,872,172	-	-	-	-	-	-	-	-	-	-	30,392,486	29,872,172
Comber Nail	-	172,361	-	-	-	-	-	-	-	-	-	-	-	172,361
Grey Cloth	-	-	34,641,246	27,724,569	-	-	-	-	-	-	-	-	34,641,246	27,724,569
Process Cloth	-	-	-	-	32,021,195	21,966,804	-	18,246,639	-	-	-	-	32,021,195	21,966,804
Made Ups	-	-	-	-	-	-	22,919,778	-	-	-	-	-	22,919,778	18,246,639
Garments	-	-	-	-	-	-	7,558,848	3,292,775	14,124,867	14,388,688	-	-	14,124,867	14,388,688
Towels and Bath Robes	-	-	-	-	-	-	-	-	-	-	-	-	7,558,848	3,292,775
Electricity	-	-	-	-	-	-	-	-	-	-	98,049	104,057	98,049	104,057
	30,392,486	30,044,533	34,641,246	27,724,569	32,021,195	21,966,804	30,478,626	21,539,414	14,124,867	14,388,688	98,049	104,057	141,756,469	115,768,065

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

	Note	2023 (Rupees in thousand)	2022
<b>28 COST OF SALES</b>			
Raw materials consumed	28.1	74,675,570	65,677,833
Processing charges		364,425	551,930
Salaries, wages and other benefits	28.2	10,712,442	9,372,340
Stores, spare parts and loose tools consumed		12,763,741	10,268,232
Packing materials consumed		2,939,724	2,395,964
Repair and maintenance		803,955	664,796
Fuel and power		17,705,139	10,904,476
Insurance		83,670	65,222
Other factory overheads	28.3	1,362,619	874,965
Depreciation	14.1.2	3,430,083	3,189,400
		124,841,368	103,965,158
Work-in-process			
Opening stock		6,049,041	2,814,471
Closing stock		(7,994,358)	(6,049,041)
		(1,945,317)	(3,234,570)
Cost of goods manufactured		122,896,051	100,730,588
Finished goods			
Opening stock		8,172,559	5,874,465
Closing stock		(10,390,983)	(8,172,559)
		(2,218,424)	(2,298,094)
		120,677,627	98,432,494
<b>28.1 Raw materials consumed</b>			
Opening stock		17,605,016	9,283,755
Add: Purchased during the year		73,486,840	73,999,094
		91,091,856	83,282,849
Less: Closing stock		(16,416,286)	(17,605,016)
		74,675,570	65,677,833

**28.2** Salaries, wages and other benefits include provident fund contribution of Rupees 328.174 million (2022: Rupees 249.758 million) by the Company.

**28.3** This includes Rupees 101.273 million (2022: Rupees 119.902 million) in respect of short term leases.

## Notes to the Financial Statements

For the year ended June 30, 2023

	Note	2023 (Rupees in thousand)	2022
<b>29 DISTRIBUTION COST</b>			
Salaries and other benefits	29.1	822,832	660,687
Outward freight and handling		3,097,027	3,400,952
Commission to selling agents		1,369,145	1,055,201
Royalty	29.2	10,256	10,038
Fuel cost		234,713	195,346
Travelling and conveyance		266,914	110,053
Rent, rates and taxes	29.3	31,258	8,387
Postage and telephone		161,652	109,904
Insurance		42,523	26,336
Vehicles' running		40,926	25,375
Entertainment		17,167	10,652
Printing and stationery		21,477	11,947
Repair and maintenance		26,868	24,724
Fee and subscription		78,217	3,798
Depreciation	14.1.2	17,055	12,553
		6,238,030	5,665,953

**29.1** Salaries and other benefits include provident fund contribution of Rupees 39.403 million (2022: Rupees 33.096 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	2023	2022
		Related / Other	(Rupees in thousand)	
American and Efirid LLC	22 American Street, Mount Holly, North Carolina, 28120.	Other	8,397	10,172
Circular Systems S.P.C.	719 S. Los Angeles St. # 924, Los Angeles, California 90014, United States of America.	Other	-	266
			8,397	10,438

**29.3** This includes Rupees 29.155 million (2022: Rupees 8.387 million) in respect of short term leases.

	Note	2023 (Rupees in thousand)	2022
<b>30 ADMINISTRATIVE EXPENSES</b>			
Salaries and other benefits	30.1	1,505,782	1,218,581
Vehicles' running		103,473	66,759
Travelling and conveyance		78,139	40,430
Rent, rates and taxes	30.2	3,189	3,694
Insurance		9,823	10,204
Entertainment		67,187	44,316
Legal and professional		74,887	27,918
Auditor's remuneration	30.3	7,809	7,011
Advertisement		1,641	792
Postage and telephone		22,956	19,893
Electricity and gas		1,992	11,948
Printing and stationery		44,356	28,812
Repair and maintenance		56,561	52,329
Fee and subscription		15,511	9,863
Depreciation	14.1.2	100,298	84,237
Miscellaneous		56,899	44,582
		2,150,503	1,671,369

**30.1** Salaries and other benefits include provident fund contribution of Rupees 59.259 million (2022: Rupees 49.285 million) by the Company.

**30.2** This includes Rupees 2.673 million (2022: Rupees 2.626 million) in respect of short term leases.

	Note	2023 (Rupees in thousand)	2022
<b>30.3 Auditor's remuneration</b>			
Audit fee		6,114	5,558
Half yearly review		1,280	1,163
Other certifications		178	75
Reimbursable expenses		237	215
		7,809	7,011
<b>31 OTHER EXPENSES</b>			
Workers' profit participation fund	7.4	548,758	483,116
Workers' welfare fund	7.5	3,175	5,890
Allowance for expected credit losses	21.5	809	4,471
Depreciation on investment properties	15	3,986	4,429
Donations	31.1 & 31.2	1,108	4,108
		557,836	502,014

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

Pakistan Textile Council	31.3	-	3,750
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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	2023 (Rupees in thousand)	2022
<b>32 OTHER INCOME</b>			
<b>Income from financial assets</b>			
Dividend income	32.1	4,510,937	3,328,797
Gain on initial recognition of ordinary shares transferred under Scheme of Compromises, Arrangement and Reconstruction	16.1.13	460,187	-
Profit on deposits with banks		150,213	69,952
Net exchange gain		1,565,133	830,015
Interest income on loan to subsidiary company		2,733,307	726,411
Gain on initial recognition of investment at FVTOCI		15,074	-
Credit balances written back		47,187	-
Interest income on loans to employees		4,306	8,593
		9,486,344	4,963,768
<b>Income from non-financial assets</b>			
Gain on sale of property, plant and equipment		19,152	24,644
Scrap sales		493,972	399,381
Rental income		201,991	183,622
Reversal of provision for slow moving, obsolete and damaged store items	19.2	119	-
		715,234	607,647
		10,201,578	5,571,415



## Notes to the Financial Statements

For the year ended June 30, 2023

	Note	2023 (Rupees in thousand)	2022
<b>32.1 Dividend income</b>			
<b>From related party / associated companies / subsidiary companies</b>			
Nishat Chunian Power Limited - related party		255,376	-
Nishat International FZE - subsidiary company		11,050	8,309
D.G. Khan Cement Company Limited - associated company		137,574	137,574
MCB Bank Limited - associated company		1,933,645	1,716,298
Adamjee Insurance Company Limited - associated company		308	308
Security General Insurance Company Limited - associated company		51,131	51,131
Nishat Paper Products Company Limited - associated company		11,634	17,452
Pakgen Power Limited - associated company		367,951	205,050
Nishat Commodities (Private) Limited - subsidiary company		40	30,000
Nishat Linen (Private) Limited - subsidiary company		42,717	42,717
Nishat USA Inc. - subsidiary company		-	46
Lalpir Power Limited - associated company		383,856	218,787
Nishat Power Limited - subsidiary company		1,174,114	632,215
		4,369,396	3,059,887
<b>Others</b>			
United Bank Limited		9,884	5,295
Nishat (Chunian) Limited		130,757	261,515
Pakistan Petroleum Limited		900	2,100
		4,510,937	3,328,797
<b>33 FINANCE COST</b>			
<b>Mark-up on:</b>			
Long term financing		534,701	358,191
Short term borrowings		5,822,526	1,420,709
Interest on workers' profit participation fund	7.4	14,537	6,673
Adjustment due to impact of IFRS 9 on GIDC	6.2	773	36,096
Bank charges and commission		555,072	338,696
		6,927,609	2,160,365
<b>34 TAXATION</b>			
Current:			
For the year		3,379,074	2,595,611
Prior year		(138,654)	-
		3,240,420	2,595,611

**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.

	2023	2022
	(Rupees in thousand)	
<b>34.3 Reconciliation between tax expense and accounting profit</b>		
Accounting profit before taxation	15,406,442	12,907,285
Applicable tax rate	29%	29%
Tax on accounting profit	4,467,868	3,743,113
Tax effect of dividend income taxed at a lower rate	(859,555)	(545,235)
Tax effect of change in prior year's tax	(138,654)	-
Tax effect of final tax regime income taxed at a lower rate	(1,174,162)	(1,284,227)
Tax effect of income that are not considered in determining taxable liability	(141,176)	(119,437)
Tax effect of super tax	1,086,099	801,397
	3,240,420	2,595,611

### 35 EARNINGS PER SHARE - BASIC AND DILUTED

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

		2023	2022
Profit attributable to ordinary shareholders	(Rupees in thousand)	12,166,022	10,311,674
Weighted average number of ordinary shares	(Numbers)	351,599,848	351,599,848
Earnings per share	(Rupees)	34.60	29.33

	Note	2023	2022
		(Rupees in thousand)	
<b>36 CASH GENERATED FROM / (USED IN) OPERATIONS</b>			
<b>Profit before taxation</b>		15,406,442	12,907,285
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation		3,551,422	3,290,619
Gain on sale of property, plant and equipment		(19,152)	(24,644)
Dividend income		(4,510,937)	(3,328,797)
Gain on initial recognition of ordinary shares transferred under Scheme of Compromises, Arrangement and Reconstruction amongst Nishat (Chunian) Limited and its members		(460,187)	-
Allowance for expected credit losses		809	4,471
Net exchange gain		(1,565,133)	(830,015)
Interest income on loans and advances to subsidiary company		(2,733,307)	(726,411)
Gain on initial recognition of investment at FVTOCI		(15,074)	-
Credit balances written back		(47,187)	-
Finance cost		6,927,609	2,160,365
Reversal of provision for slow moving, obsolete and damaged store items		(119)	-
Working capital changes	36.1	(7,213,672)	(20,612,110)
		9,321,514	(7,159,237)

## Notes to the Financial Statements

For the year ended June 30, 2023

	2023	2022
	(Rupees in thousand)	
<b>36.1 Working capital changes</b>		
(Increase) / decrease in current assets:		
- Stores, spare parts and loose tools	(1,956,116)	(1,394,108)
- Stock-in-trade	(2,975,011)	(13,853,925)
- Trade debts	(1,188,905)	(3,115,605)
- Loans and advances	(1,110,956)	(86,071)
- Short term deposits and prepayments	(90,559)	(56,555)
- Other receivables	(1,900,978)	(4,638,668)
	(9,222,525)	(23,144,932)
Increase in trade and other payables	2,008,853	2,532,822
	(7,213,672)	(20,612,110)

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

	2023			
	Liabilities from financing activities			Total
	Long term financing	Short term borrowings	Unclaimed dividend	
	( Rupees in thousand )			
<b>Balance as at 30 June 2022</b>	15,320,725	26,730,048	101,928	42,152,701
Long term financing obtained	2,476,845	-	-	2,476,845
Repayment of long term financing	(3,038,566)	-	-	(3,038,566)
Short term borrowings - net	-	18,924,873	-	18,924,873
Dividend declared	-	-	1,406,399	1,406,399
Dividend paid	-	-	(1,400,080)	(1,400,080)
Other changes - non-cash movement	25,506	98,872	-	124,378
<b>Balance as at 30 June 2023</b>	14,784,510	45,753,793	108,247	60,646,550

	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

	2023	2022
	(Rupees in thousand)	
<b>36.3 Non-cash financing activities</b>		
Other changes - non-cash movement	124,378	76,464

### 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 2023 of Rupees 5 per share (2022: Rupees 4 per share) at their meeting held on 26 September 2023. The Board of Directors also proposed to transfer Rupees 10,408 million (2022: Rupees 8,906 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	
	2023	2022	2023	2022
	( Rupees in thousand )			
<b>Managerial remuneration</b>	59,464	43,703	1,174,761	883,652
<b>Allowances</b>				
Cost of living allowance	-	-	1,465	1,226
House rent	18,871	15,726	285,211	228,328
Conveyance	-	-	848	1,014
Medical	4,718	3,932	92,884	75,131
Utilities	10,843	-	121,177	98,795
Special allowance	-	-	1,002	830
<b>Contribution to provident fund trust</b>	-	-	91,210	72,462
<b>Leave encashment</b>	-	-	21,103	24,217
	93,896	63,361	1,789,661	1,385,655
<b>Number of persons</b>	1	1	397	326

**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 (2022: five directors) was Rupees 2.080 million (2022: Rupees 1.490 million).

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

## Notes to the Financial Statements

For the year ended June 30, 2023

### 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:

	2023	2022
	(Rupees in thousand)	
<b>Subsidiary companies</b>		
Dividend income	1,227,921	713,287
Purchase of goods and services	924,134	861,747
Sale of goods and services	11,486,615	11,620,166
Interest income	2,733,307	726,411
Rental income	93,466	85,102
Short term loan given	64,595,706	49,623,420
Repayment of short term loan	53,142,137	52,561,226
<b>Associated companies</b>		
Investment made	3,014,221	1,276,249
Purchase of goods and services	21,824	127,340
Sale of goods and services	41,943	60,224
Interest income	7,472	65,249
Rental income	7,490	6,888
Purchase of operating fixed assets	90,084	80,072
Dividend income	2,886,099	2,346,600
Dividend paid	123,372	123,047
Insurance premium paid	277,966	173,748
Insurance claims received	86,425	48,587
Finance cost	67,978	19,983
<b>Other related parties</b>		
Dividend income	255,376	-
Dividend paid	354,670	354,670
Company's contribution to provident fund trust	428,820	332,385

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

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

Name of the related party	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the financial year ended		Percentage of shareholding
		2023	2022	
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	No	Yes	12.24
Nishat Sutas Dairy Limited	Common directorship and shareholding	Yes	Yes	48.27
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	Yes	None
Security General Insurance Company Limited	Common directorship and shareholding	Yes	Yes	15.02
Nishat Commodities (Private) Limited	Wholly owned subsidiary company	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	30.25
Lalpir Power Limited	Common directorship and shareholding	Yes	Yes	28.93
Nishat Paper Products Company Limited	Common directorship and shareholding	Yes	Yes	25
Nishat Linen (Private) Limited	Wholly owned subsidiary company	Yes	Yes	100
Nishat Linen Trading LLC	Wholly owned subsidiary company	No	No	100
Nishat International FZE	Wholly owned subsidiary company	Yes	Yes	100
China Guangzhou Nishat Global Co., Ltd.	Wholly owned subsidiary of Nishat International FZE (subsidiary company)	No	No	100
Pakistan Aviators and Aviation (Private) Limited	Common directorship	No	Yes	None
Nishat Developers (Private) Limited	Common directorship	No	No	None
Nishat Real Estates Development Company (Private) Limited	Common directorship	Yes	Yes	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	8.03
MCB Islamic Bank Limited	Wholly owned subsidiary of associated company	No	No	None
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	Yes	No	6.95
Sanifa Agri Services Limited	Associate of wholly owned subsidiary company	No	Yes	None
Nishat Mills Employees Provident Fund Trust	Post-employment benefit plan	Yes	Yes	None
Golf View Land (Private) Limited	Spouse of chief executive officer of the Company is director in Golf View Land (Private) Limited	No	No	None
Emporium Properties (Private) Limited	Spouse of director of the Company is director in Emporium Properties (Private) Limited	No	No	None
Mr. Mian Umer Mansha	Chief Executive Officer	Yes	Yes	None
Mr. Mian Hassan Mansha	Chairman	Yes	Yes	None
Mr. Farid Noor Ali Fazal	Director	Yes	Yes	None
Mr. Mahmood Akhtar	Director	Yes	Yes	None
Mr. Syed Zahid Hussain	Director	Yes	Yes	None
Mrs. Sara Aqeel	Director	Yes	Yes	None
Mrs. Mehak Adil	Director	Yes	Yes	None

## Notes to the Financial Statements

For the year ended June 30, 2023

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

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

40 As on 30 June 2023, 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	26,939	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



## Notes to the Financial Statements

For the year ended June 30, 2023

40.1 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	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

### 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

	2023	2022
Number of employees as on 30 June	21,975	24,086
Average number of employees during the year	22,694	22,935

43 SEGMENT INFORMATION

	Spinning		Weaving		Dyeing		Home Textile and Terry		Garments		Power Generation		Elimination of inter-segment transactions		Total - Company	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenue from contracts with customers																
External	30,392,486	30,044,533	34,641,246	27,724,569	32,021,195	21,966,804	30,475,626	21,539,414	14,124,867	14,385,688	86,049	104,057	-	-	141,756,489	115,765,085
Intersegment	15,897,031	9,234,007	22,712,169	17,342,160	2,164,922	1,675,038	428,324	289,887	2,127	683	18,061,431	11,379,528	(59,266,004)	(39,921,313)	-	-
Cost of sales	46,289,517	39,278,540	57,353,415	45,086,729	34,186,117	23,641,842	30,906,950	21,829,301	14,126,994	14,389,381	18,159,480	11,483,585	(59,266,004)	(39,921,313)	141,756,489	115,765,085
Gross profit	(43,775,530)	(32,760,844)	(50,920,064)	(39,928,448)	(28,037,587)	(21,661,673)	(27,051,951)	(20,360,528)	(12,018,857)	(12,189,367)	(16,139,642)	(11,432,947)	59,266,004	39,921,313	(120,677,827)	(98,432,494)
Distribution cost	2,515,987	6,517,896	6,433,351	5,138,281	6,148,530	1,980,169	3,854,999	1,448,773	2,108,137	2,200,014	19,838	50,638	-	-	21,078,842	17,335,571
Administrative expenses	(654,011)	(616,851)	(1,540,506)	(1,739,272)	(1,218,335)	(1,098,249)	(1,935,026)	(1,347,789)	(890,107)	(863,792)	(45)	-	-	-	(6,238,030)	(5,665,953)
Profit / (loss) before taxation and unallocated income and expenses	(549,638)	(454,933)	(451,483)	(532,662)	(305,757)	(216,261)	(444,137)	(357,864)	(323,163)	(229,017)	(76,295)	(60,630)	-	-	(2,150,500)	(1,671,389)
Taxation	(1,203,679)	(1,071,786)	(1,891,969)	(2,091,934)	(1,524,092)	(1,314,510)	(2,379,163)	(1,705,653)	(1,213,270)	(1,092,809)	(76,340)	(80,630)	-	-	(6,388,653)	(7,337,322)
Profit after taxation	1,310,308	5,445,910	4,441,382	3,046,347	4,624,438	665,659	1,475,836	(256,880)	894,867	1,107,205	(56,502)	(9,992)	-	-	12,690,309	9,998,249
Unallocated income and expenses:																
Other expenses																
Other income																
Finance cost																
Taxation																
Profit after taxation																
Unallocated income and expenses:																
Other expenses																
Other income																
Finance cost																
Taxation																
Profit after taxation																

43.1 Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Dyeing		Home Textile and Terry		Garments		Power Generation		Total - Company	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Total assets for reportable segments	25,664,344	25,388,886	16,429,296	13,984,643	18,842,412	13,436,658	20,845,741	16,471,284	8,571,547	9,529,041	10,881,716	8,061,122	101,235,086	86,871,084
Unallocated assets:														
Long term investments														
Other receivables														
Cash and bank balances														
Other corporate assets														
Total assets as per statement of financial position	2,275,945	2,306,434	2,629,358	1,933,567	1,617,530	1,402,605	2,637,067	1,505,588	805,316	1,153,996	2,134,075	1,920,781	12,099,291	10,222,971
Total liabilities for reportable segments														
Unallocated liabilities:														
Deferred liabilities														
Other corporate liabilities														
Total liabilities as per statement of financial position														

## Notes to the Financial Statements

For the year ended June 30, 2023

### 43.2 Geographical information

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

	2023	2022
	(Rupees in thousand)	
Europe	43,277,943	35,049,099
America	15,539,586	13,910,074
Asia, Africa and Australia	34,993,876	26,554,846
Pakistan	47,945,064	40,254,046
	141,756,469	115,768,065

**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.

		2023	2022
		(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 (2022: 1,095 shifts)	(Kgs.)	106,804	98,973
Actual production converted to 20s count based on 3 shifts per day for 1,095 shifts (2022: 1,095 shifts)	(Kgs.)	86,731	85,580
<b>Weaving</b>			
100% plant capacity at 50 picks based on 3 shifts per day for 1,095 shifts (2022: 1,095 shifts)	(Sq.Mtr.)	374,347	365,620
Actual production converted to 50 picks based on 3 shifts per day for 1,095 shifts (2022: 1,095 shifts)	(Sq.Mtr.)	349,035	347,818
<b>Dyeing and Finishing</b>			
Production capacity for 3 shifts per day for 1,095 shifts (2022: 1,095 shifts)	(Mtr.)	56,400	56,400
Actual production on 3 shifts per day for 1,095 shifts (2022: 1,095 shifts)	(Mtr.)	50,205	51,567
<b>Power Plant</b>			
Generation capacity	(MWH)	1,291	1,242
Actual generation	(MWH)	396	431

### Processing, Stitching, Apparel and Terry

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

#### 44.1 Reason for low production

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

### 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), Great British Pound (GBP) and Swiss Franc (CHF). Currently, the Company's foreign exchange risk exposure is restricted to cash and bank balances and the amounts receivable / payable from / to the foreign entities. The Company's exposure to currency risk was as follows:

	2023	2022
Cash at banks - USD	3,897,366	201,401
Cash in hand - USD	4,100	-
Trade debts - USD	23,284,641	65,215,681
Trade debts - Euro	1,077,701	4,467,763
Trade debts - AED	141,700	3,288,143
Trade debts - GBP	34,646	-
Trade and other payables - USD	(1,111,978)	(1,705,526)
Trade and other payables - Euro	(235,656)	(52,213)
Trade and other payables - JPY	(440,140)	(2,370,216)
Trade and other payables - CHF	-	(17,977)
Net exposure - USD	26,074,129	63,711,556
Net exposure - Euro	842,045	4,415,550
Net exposure - AED	141,700	3,288,143
Net exposure - GBP	34,646	-
Net exposure - JPY	(440,140)	(2,370,216)
Net exposure - CHF	-	(17,977)

## Notes to the Financial Statements

For the year ended June 30, 2023

The following significant exchange rates were applied during the year:

	2023	2022
<b>Rupees per US Dollar</b>		
Average rate	256.81	179.29
Reporting date rate	287.50	202.50
<b>Rupees per Euro</b>		
Average rate	270.98	199.13
Reporting date rate	313.00	212.00
<b>Rupees per AED</b>		
Average rate	71.04	48.85
Reporting date rate	79.00	55.10
<b>Rupees per JPY</b>		
Average rate	2.04	1.51
Reporting date rate	2.18	1.49
<b>Rupees per GBP</b>		
Average rate	312.76	-
Reporting date rate	366.00	-
<b>Rupees per CHF</b>		
Average rate	272.36	190.59
Reporting date rate	323.37	210.24

### Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, Euro, AED, GBP, JPY and CHF with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 329.387 million (2022: Rupees 593.004 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 comprehensive income (fair value reserve)	
	2023 (Rupees in thousand)	2022 (Rupees in thousand)
PSX (5% increase)	1,119,570	1,018,953
PSX (5% decrease)	(1,119,570)	(1,018,953)

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

**iii) Interest rate risk**

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

The Company's interest rate risk arises from long term financing, short term borrowings, bank balances in saving accounts, 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:

	2023	2022
	(Rupees in thousand)	
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
Term deposit receipts	1,040,000	-
Loans to employees	66,807	165,109
<b>Financial liabilities</b>		
Long term financing	12,648,652	15,319,295
Short term borrowings	21,409,980	21,474,683
<b>Floating rate instruments</b>		
<b>Financial assets</b>		
Bank balances - saving accounts	34	24
Loan to subsidiary company	15,817,747	4,364,178
<b>Financial liabilities</b>		
Long term financing	2,135,858	1,430
Short term borrowings	24,343,813	5,255,365

**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 155.535 million (2022: Rupees 8.480 million) lower / higher, 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:

	2023	2022
	(Rupees in thousand)	
Long term investments	34,110,702	31,188,221
Loans and advances	17,370,818	5,035,174
Deposits	220,318	177,682
Trade debts	13,208,722	10,366,408
Other receivables	43,914	103,227
Accrued interest	272,851	379,668
Bank balances	2,348,591	61,269
	67,575,916	47,311,649

## Notes to the Financial Statements

For the year ended June 30, 2023

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			2023	2022
	Short term	Long term	Agency	(Rupees in thousand)	
<b>Banks</b>					
National Bank of Pakistan	A-1+	AAA	VIS	4,331	409
Allied Bank Limited	A1+	AAA	PACRA	46,896	31
Askari Bank Limited	A1+	AA+	PACRA	61	51
Bank Alfalah Limited	A1+	AA+	PACRA	3,763	917
Faysal Bank Limited	A1+	AA	PACRA	56,563	3,262
Habib Bank Limited	A-1+	AAA	VIS	223,878	17,460
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	12,130	1,288
MCB Bank Limited	A1+	AAA	PACRA	166,030	5,707
Samba Bank Limited	A-1	AA	VIS	19	13
Silk Bank Limited	A-2	A-	VIS	1,055,852	68
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	159,981	1,097
United Bank Limited	A-1+	AAA	VIS	168,192	4,723
Al-Baraka Bank (Pakistan) Limited	A-1	A+	VIS	264	264
Bank Islami Pakistan Limited	AA-	A1	PACRA	5,330	394
Meezan Bank Limited	A-1+	AAA	VIS	130,365	21,812
Dubai Islamic Bank Pakistan Limited	A-1+	AA	VIS	90,447	594
The Bank of Punjab	A1+	AA+	PACRA	3,552	686
Soneri Bank Limited	A1+	AA-	PACRA	256	158
Summit Bank Limited	A-3	BBB-	VIS	-	2
Industrial and Commercial Bank of China	P-1	A-2	Moody's	31	6
MCB Islamic Bank Limited	A1	A	PACRA	128,647	166
Bank Al-Habib Limited	A1+	AAA	PACRA	91,848	1,928
Citi Bank N.A	P-1	Aa3	Moody's	155	233
				2,348,591	61,269
<b>Long term investments</b>					
Adamjee Insurance Company Limited	AA++		PACRA	2,327	3,245
Security General Insurance Company Limited	AA+		VIS	375,303	372,235
Alhamra Islamic Stock Fund	AA-		PACRA	10,115	10,205
Nishat (Chunian) Limited	A-2	A-	VIS	663,594	1,464,155
Nishat (Chunian) Power Limited	A-2	A+	VIS	426,477	-
MCB Bank Limited	A1+	AAA	PACRA	10,889,033	10,824,120
Pakistan Petroleum Limited	Unknown		-	35,484	40,506
D.G. Khan Cement Company Limited	A1+	AA-	PACRA	7,057,557	8,598,388
Pakgen Power Limited	A1	AA	PACRA	5,020,776	1,895,682
Lalpir Power Limited	A1	AA	PACRA	1,642,744	1,394,768
United Bank Limited	A-1+	AAA	VIS	41,493	39,934
Nishat Paper Products Company Limited	A1	A	PACRA	171,023	621,034
Nishat Hotels and Properties Limited	A2	A-	PACRA	1,418,279	1,364,983
Hyundai Nishat Motor (Private) Limited	A1	A+	PACRA	4,617,485	2,863,267
Nishat Dairy (Private) Limited	Unknown		-	484,200	485,400
Nishat Sutas Dairy Limited	Unknown		-	1,254,812	1,210,299
				34,110,702	31,188,221
				36,459,293	31,249,490

The Company's exposure to credit risk and allowance for expected credit losses related to trade debts is disclosed in Note 21.

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 2023 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 2023 and 30 June 2022 was determined as follows:

#### At 30 June 2023

	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	0.00%	5,620,880	-	0%	7,545,910	-
Up to 30 days	5.42%	34,250	1,856	0.00%	-	-
31 to 60 days	28.53%	10,724	3,060	0.00%	-	-
61 to 90 days	47.99%	1,602	769	0.00%	-	-
91 to 180 days	70.09%	1,644	1,152	0.00%	-	-
181 to 360 days	73.92%	2,105	1,556	0.00%	-	-
Above 360 days	100.00%	12,134	12,134	100.00%	413	413
		5,683,339	20,527		7,546,323	413
Trade debts which are not subject to risk of default		-	-		-	-
<b>Total</b>		5,683,339	20,527		7,546,323	413

#### 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



## Notes to the Financial Statements

For the year ended June 30, 2023

### 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 2023, the Company had Rupees 37,738.864 million (2022: Rupees 37,915.102 million) available borrowing limits from financial institutions and Rupees 2,410.566 million (2022: Rupees 91.727 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 2023

	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	14,784,510	18,526,658	1,855,473	1,830,143	3,384,716	11,456,326
Trade and other payables	10,334,474	10,334,474	10,334,474	-	-	-
Unclaimed dividend	108,247	108,247	108,247	-	-	-
Short term borrowings	45,753,793	52,648,952	49,985,769	2,663,183	-	-
Accrued mark-up	1,831,194	1,831,194	1,831,194	-	-	-
<b>Derivative financial liabilities</b>						
Fair value of forward exchange contracts	18,292	18,292	18,292	-	-	-
	72,830,510	83,467,817	64,133,449	4,493,326	3,384,716	11,456,326

#### 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>						
Fair value of forward exchange contracts	9,595	9,595	9,595	-	-	-
	52,246,782	54,680,368	39,564,058	1,809,094	3,130,176	10,177,040

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

## 45.2 Financial instruments by categories

	FVTPL	Amortised cost	FVTOCI	Total
----- (Rupees in thousand) -----				
<b>As at 30 June 2023</b>				
<b>Assets as per statement of financial position</b>				
Long term investments	-	-	34,110,702	34,110,702
Loans and advances	-	17,370,818	-	17,370,818
Deposits	-	220,318	-	220,318
Trade debts	-	13,208,722	-	13,208,722
Other receivables	31	43,883	-	43,914
Accrued interest	-	272,851	-	272,851
Cash and bank balances	-	2,410,566	-	2,410,566
	31	33,527,158	34,110,702	67,637,891

	Amortized cost	FVTPL	Total
----- (Rupees in thousand) -----			
<b>Liabilities as per statement of financial position</b>			
Long term financing	14,784,510	-	14,784,510
Accrued mark-up	1,831,194	-	1,831,194
Short term borrowings	45,753,793	-	45,753,793
Trade and other payables	10,334,474	18,292	10,352,766
Unclaimed dividend	108,247	-	108,247
	72,812,218	18,292	72,830,510

	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

## Notes to the Financial Statements

For the year ended June 30, 2023

Amortized cost	FVTPL	Total
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----- (Rupees in thousand) -----

### 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	9,707,763	9,595	9,717,358
Unclaimed dividend	101,928	-	101,928
	52,237,187	9,595	52,246,782

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

2023		
Financial assets	Non-financial assets	Assets as per statement of financial position

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

### Assets

Long term investments	34,110,702	4,532,003	38,642,705
Loans and advances	17,370,818	262,493	17,633,311
Deposits and prepayments	220,318	160,944	381,262
Trade debts	13,208,722	-	13,208,722
Other receivables	43,914	11,198,650	11,242,564
Accrued interest	272,851	-	272,851
Cash and bank balances	2,410,566	-	2,410,566
	67,637,891	16,154,090	83,791,981

2023		
Financial liabilities	Non-financial liabilities	Liabilities as per statement of financial position

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

### Liabilities

Long term financing	14,784,510	-	14,784,510
Accrued mark-up	1,831,194	-	1,831,194
Short term borrowings	45,753,793	-	45,753,793
Trade and other payables	10,352,766	3,616,512	13,969,278
Unclaimed dividend	108,247	-	108,247
	72,830,510	3,616,512	76,447,022

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

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

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

<b>Liabilities</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	9,717,358	2,279,934	11,997,292
Unclaimed dividend	101,928	-	101,928
	52,246,782	2,279,934	54,526,716

#### 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.

## Notes to the Financial Statements

For the year ended June 30, 2023

		2023	2022
Borrowings	Rupees in thousand	60,538,303	42,050,773
Total equity	Rupees in thousand	89,764,119	79,200,943
Total capital employed	Rupees in thousand	150,302,422	121,251,716
Gearing ratio	Percentage	40.28	34.68

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 2023	Level 1	Level 2	Level 3	Total
----- (Rupees in thousand) -----				
<b>Financial assets</b>				
Fair value through other comprehensive income	25,789,600	-	8,321,102	34,110,702
Derivative financial assets	-	31	-	31
<b>Total financial assets</b>	25,789,600	31	8,321,102	34,110,733
<b>Financial liabilities</b>				
Derivative financial liabilities	-	18,292	-	18,292
<b>Total financial liabilities</b>	-	18,292	-	18,292

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

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 2023 and 30 June 2022:

	<b>Unlisted equity securities</b>
	(Rupees in thousand)
<b>Balance as at 30 June 2021</b>	7,603,461
Add: Investment made during the year	1,276,249
Less : Deficit recognized in other comprehensive income	(1,962,492)
<b>Balance as at 30 June 2022</b>	6,917,218
Add: Investment made during the year	1,854,325
Less : Deficit recognized in other comprehensive income	(450,441)
<b>Balance as at 30 June 2023</b>	8,321,102

#### 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.

## Notes to the Financial Statements

For the year ended June 30, 2023

Description	Fair value at		Unobservable inputs	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
	30 June 2023	30 June 2022		30 June 2023	
(Rupees in thousand)					
<b>Fair value through other comprehensive income</b>					
Nishat Paper Products Company Limited	171,023	621,034	Terminal growth factor	2.00%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +131.815 million / -102.846 million.
			Risk adjusted discount rate	18.17%	
Nishat Dairy (Private) Limited	484,200	485,400	Terminal growth factor	2.00%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +36.600 million / -30.000 million.
			Risk adjusted discount rate	22.49%	
Security General Insurance Company Limited	375,303	372,235	Terminal growth factor	2.00%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +34.053 million / -27.918 million.
			Risk adjusted discount rate	20.26%	
Nishat Hotels and Properties Limited	1,418,279	1,364,983	Terminal growth factor	2.00%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +245.756 million / -190.238 million.
			Risk adjusted discount rate	16.68%	
Hyundai Nishat Motor (Private) Limited	4,617,485	2,863,267	Terminal growth factor	2.00%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +366.206 million / -312.214 million.
			Risk adjusted discount rate	23.80%	
Nishat Sutas Dairy Limited	1,254,812	1,210,299	Terminal growth factor	2.00%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +325.708 million / -258.896 million.
			Risk adjusted discount rate	19.41%	

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

### Valuation processes

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

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

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

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

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

#### 47 FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

##### i) Fair value hierarchy

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

At 30 June 2023	Level 1	Level 2	Level 3	Total
----- (Rupees in thousand) -----				
Investment properties	-	7,528,289	-	7,528,289
<b>Total non-financial assets</b>	-	7,528,289	-	7,528,289

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

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 2023, the fair values of the investment properties have been determined by Al-Hadi Financial & Legal Consultants (an approved valuer).

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



## Notes to the Financial Statements

For the year ended June 30, 2023

### 48 DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

Description	Note	2023 (Rupees in thousand)	2022
<b>Loan / advances obtained as per Islamic mode:</b>			
Loans	5 and 9	13,748,795	7,394,470
Advances	7	1,730,996	944,335
<b>Shariah compliant bank deposits / bank balances</b>			
Bank balances	26	569,921	23,285
<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>		141,756,469	115,768,065
<b>Gain / (loss) or dividend earned from shariah compliant investments</b>			
Dividend income	32.1	1,145,657	139,674
Unrealized gain / (loss) on remeasurement of investments at FVTOCI		1,452,659	(7,635,954)
<b>Exchange gain earned</b>		1,741,635	735,015
<b>Mark-up paid on Islamic mode of financing</b>		890,620	231,647
<b>Profits earned or interest paid on any conventional loan / advance</b>			
Profit earned on loan to subsidiary company		2,733,307	726,411
Interest paid on loans		4,037,847	1,361,177
Profit earned on deposits with banks		150,213	69,952
Interest income on loans to employees		4,306	8,593
<b>Relationship with shariah compliant banks</b>			

Name	Relationship
Habib Bank Limited - Islamic Banking	Bank balance
Standard Chartered Bank (Pakistan) Limited (Saadiq Islamic Banking)	Bank balance
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)	Bank balance, 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 and short term borrowings

**49 UNUTILIZED CREDIT FACILITIES**

	Non-funded		Funded	
	2023	2022	2023	2022
----- (Rupees in thousand) -----				
Total facilities	15,031,000	14,070,000	104,991,000	86,341,000
Utilized at the end of the year	14,548,191	9,139,865	67,252,136	48,425,898
Unutilized at the end of the year	482,809	4,930,135	37,738,864	37,915,102

**50 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on 26 September 2023 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, 2023



## 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 2023. 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 2023 has been presented separately. It also includes a brief description of all the subsidiary companies of the Holding Company.

### Following are the key highlights (Consolidated):

Financial Highlights	Year ended 30 June	
	2023	2022
Revenue (Rs. '000')	193,676,352	165,697,007
Gross Profit (Rs. '000')	33,165,666	28,877,525
Profit after tax (Rs. '000')	13,299,322	13,932,528

For and on behalf of the Board of Directors



**Mian Umer Mansha**  
Chief Executive Officer

26 September 2023  
Lahore



**Farid Noor Ali Fazal**  
Director

# INDEPENDENT AUDITOR'S REPORT

## To the members of Nishat Mills Limited

### 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 2023, 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, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2023, 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 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 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 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.

#### 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 42,401.447 million (18.72% of total assets) as at 30 June 2023.</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</p>	<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:</li> </ul>

**Following are the key audit matters:**

Sr. No.	Key audit matters	How the matters were addressed in our audit
	<p>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>	<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> <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>
<p><b>2.</b></p>	<p><b>Assessment of control and significant influence on investments</b></p> <p>There is a risk that management has made an error in judgement or may have not fully considered all rules, facts and circumstances in assessing whether the Group has control or significant influence on its investments which may have significant consequences on the consolidated financial statements.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> <li>- Summary of significant accounting 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>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• We tested the design and implementation of key controls around the application of the accounting standards and evaluated the significant judgements that management exercised in determining whether the Group controls or have significant influence over the investee companies.</li> <li>• We reviewed documents to support any key judgments management has made in determining whether they control or have significant influence 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</li> </ul>

Sr. No.	Key audit matters	How the matters were addressed in our audit
		the consolidated financial statements and adequate disclosures have been made in the consolidated financial statements.
3.	<p><b>Inventory existence and valuation</b></p> <p>Inventory of the textile business of the Group as at 30 June 2023 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 24.85% of total assets of the Group as at 30 June 2023, 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 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 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>



Sr. No.	Key audit matters	How the matters were addressed in our audit
<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 depreciation 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 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 consolidated financial statements.</li> <li>- Revenue note 30 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 obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue.</li> <li>• We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents.</li> <li>• We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to</li> </ul>

Sr. No.	Key audit matters	How the matters were addressed in our audit
		<p>assess if the related revenue was recorded in the appropriate accounting period.</p> <ul style="list-style-type: none"> <li>We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'.</li> <li>We also considered the appropriateness of disclosures in the consolidated financial statements.</li> </ul>
6.	<p><b>Contingencies</b></p> <p>As disclosed in note 14(a)(xiv) to note 14(a)(xx) to the accompanying consolidated financial statements, Nishat Power Limited - Subsidiary Company has contingent liabilities in respect of various matters, which are pending adjudication before respective authorities and courts of law.</p> <p>Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules and regulations, and the probability of outcome and financial impact, if any, on Nishat Power Limited - Subsidiary Company for disclosure and recognition and measurement of any provisions that may be required against such contingencies in accordance with applicable financial reporting standards.</p> <p>Due to significance of amounts involved, uncertainties with respect to the outcome of matters and use of significant management judgments and estimates to assess the same including related financial impacts, we considered this as a key audit matter.</p> <p>For further information on contingencies, refer to the following:</p> <ul style="list-style-type: none"> <li>Summary of significant accounting policies, Contingent liabilities note 2.34 to the consolidated financial statements.</li> <li>Critical accounting estimates and judgements note 2.1(c).</li> <li>Contingencies note 14(a)(xiv) to note 14(a)(xx) to the consolidated financial statements.</li> </ul>	<p>Our audit procedures among others included obtaining an understanding of the process and controls on this area relevant to our audit. Further, we have:</p> <ul style="list-style-type: none"> <li>Obtained and reviewed detail of the pending matters and discussed the same with the Nishat Power Limited - Subsidiary Company's management.</li> <li>Reviewed the correspondence of the Nishat Power Limited - Subsidiary Company with the relevant authorities, tax and legal advisors, including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved.</li> <li>Obtained and reviewed confirmations from the Nishat Power Limited - Subsidiary Company's external tax and legal advisors for their views on the probable outcome of the pending tax cases and other contingencies.</li> <li>Involved internal tax professionals to assess reasonability of management's conclusions on such pending matters.</li> <li>Reviewed and evaluated the adequacy of disclosures made in respect of such contingencies in accordance with the requirements of the financial reporting standards as applicable in Pakistan.</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. We have nothing to report in this regard.

### **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

30 September 2023

UDIN: AR202310168rfBxAVdt7

## Consolidated Statement of Financial Position

As at June 30, 2023

	Note	2023 (Rupees in thousand)	2022
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
1,100,000,000 (2022: 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	118,011,073	109,678,786
<b>Equity attributable to equity holders of the Holding Company</b>		121,527,072	113,194,785
<b>Non-controlling interest</b>		14,639,269	13,762,616
<b>Total equity</b>		136,166,341	126,957,401
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	5	11,913,819	12,304,450
Lease liabilities	6	1,769,657	1,858,072
Long term security deposits	7	265,610	258,410
Retirement benefit obligation		54,852	35,747
Deferred liabilities	8	5,069,383	4,339,086
		19,073,321	18,795,765
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	17,464,024	14,820,644
Accrued mark-up	10	1,843,179	460,206
Short term borrowings	11	46,246,793	31,692,994
Current portion of non-current liabilities	12	4,919,417	5,175,398
Unclaimed dividend	13	130,485	122,072
Provision for taxation - net	24	652,879	-
		71,256,777	52,271,314
<b>TOTAL LIABILITIES</b>		90,330,098	71,067,079
<b>CONTINGENCIES AND COMMITMENTS</b>	14		
<b>TOTAL EQUITY AND LIABILITIES</b>		226,496,439	198,024,480

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



CHIEF EXECUTIVE OFFICER

	Note	2023 (Rupees in thousand)	2022
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	15	56,760,506	51,047,970
Intangible assets	16	-	-
Right-of-use assets	17	2,081,373	2,196,882
Long term investments	18	54,469,968	52,382,499
Long term loans	19	403,613	471,140
Long term deposits		323,729	310,461
		114,039,189	106,408,952
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	20	7,014,286	4,961,761
Stock-in-trade	21	51,487,576	43,167,440
Trade debts	22	28,573,197	23,326,877
Loans and advances	23	2,052,958	1,319,242
Advance income tax - net	24	-	175,731
Short term deposits and prepayments	25	471,727	352,165
Other receivables	26	13,667,116	10,815,393
Accrued interest	27	30,762	4,394
Short term investments	28	-	5,733,709
Cash and bank balances	29	9,159,628	1,758,816
		112,457,250	91,615,528
<b>TOTAL ASSETS</b>		<b>226,496,439</b>	<b>198,024,480</b>

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

## Consolidated Statement of Profit or Loss

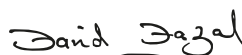
For the year ended June 30, 2023

	Note	2023	2022
(Rupees in thousand)			
REVENUE	30	193,676,352	165,697,007
COST OF SALES	31	(160,510,686)	(136,819,482)
GROSS PROFIT		33,165,666	28,877,525
DISTRIBUTION COST	32	(10,665,053)	(9,656,144)
ADMINISTRATIVE EXPENSES	33	(3,449,457)	(2,664,443)
OTHER EXPENSES	34	(725,182)	(770,544)
		(14,839,692)	(13,091,131)
		18,325,974	15,786,394
OTHER INCOME	35	5,899,329	3,588,208
PROFIT FROM OPERATIONS		24,225,303	19,374,602
FINANCE COST	36	(7,503,497)	(2,755,124)
		16,721,806	16,619,478
SHARE OF NET PROFIT OF ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD	18.2	1,206,373	1,667,447
PROFIT BEFORE TAXATION		17,928,179	18,286,925
TAXATION	37	(4,628,857)	(4,354,397)
PROFIT AFTER TAXATION		13,299,322	13,932,528
SHARE OF PROFIT ATTRIBUTABLE TO:			
EQUITY HOLDERS OF HOLDING COMPANY		11,295,127	12,304,783
NON-CONTROLLING INTEREST		2,004,195	1,627,745
		13,299,322	13,932,528
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	38	32.12	35.00

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, 2023

	2023	2022
	(Rupees in thousand)	
<b>PROFIT AFTER TAXATION</b>	13,299,322	13,932,528
<b>OTHER COMPREHENSIVE LOSS</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Remeasurement of retirement benefits of associates - net of tax	3,080	(19,273)
Deficit arising on remeasurement of investments at fair value through other comprehensive income	(1,608,043)	(3,439,620)
Share of deficit on remeasurement of investments at fair value through other comprehensive income of associates - net of tax	(499,018)	(1,893,890)
Deferred income tax relating to investments at fair value through other comprehensive income	171,910	(445,750)
	(1,932,071)	(5,798,533)
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translating foreign operations	375,630	164,204
Other comprehensive loss for the year - net of tax	(1,556,441)	(5,634,329)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	11,742,881	8,298,199
<b>SHARE OF TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>		
EQUITY HOLDERS OF HOLDING COMPANY	9,738,686	6,670,454
NON-CONTROLLING INTEREST	2,004,195	1,627,745
	11,742,881	8,298,199

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, 2023

	Attributable to Equity Holders of the Holding Company													Non-Controlling Interest	Total Equity
	Share Capital	Capital Reserves					Revenue Reserves				Total Reserves	Shareholders' Equity			
		Premium on issue of right shares	Fair value reserve FVTOCI investments	Exchange Translation Reserve	Statutory Reserve	Capital Redemption Reserve Fund	Maintenance Reserve	Sub Total	General Reserve	Unappropriated Profit			Sub Total		
3,515,999	5,499,530	9,020,528	186,757	4,182	111,002	1,608,668	16,430,667	76,053,214	11,930,850	87,984,064	104,414,731	107,930,730	12,741,966	120,672,696	
-	-	-	-	-	-	-	-	-	(1,406,399)	(1,406,399)	(1,406,399)	(1,406,399)	-	(1,406,399)	
-	-	-	-	-	-	-	-	10,524,000	(10,524,000)	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	(607,095)	(607,095)	
-	-	-	-	6,864	-	-	6,864	-	(6,864)	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	12,304,783	12,304,783	12,304,783	12,304,783	1,627,745	13,932,528	
-	-	(5,779,260)	164,204	-	-	-	(6,615,056)	-	(19,273)	(19,273)	(5,634,329)	(5,634,329)	-	(5,634,329)	
-	-	(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	
3,515,999	5,499,530	3,241,268	350,961	11,046	111,002	1,608,668	10,822,475	86,577,214	12,279,097	98,856,311	109,676,786	113,194,795	13,762,616	126,957,401	
-	-	-	-	-	-	-	-	-	(1,406,399)	(1,406,399)	(1,406,399)	(1,406,399)	-	(1,406,399)	
-	-	-	-	2,378	-	-	2,378	-	(2,378)	(2,378)	-	-	-	-	
-	-	-	-	-	-	-	-	10,872,000	(10,872,000)	-	-	-	-	-	
-	-	-	-	-	-	-	(263,805)	-	263,805	263,805	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	(1,127,542)	(1,127,542)	
-	-	-	-	-	-	-	-	-	11,295,127	11,295,127	11,295,127	11,295,127	2,004,195	13,299,322	
-	-	(1,935,151)	375,630	-	-	-	(1,559,521)	-	3,080	3,080	(1,556,441)	(1,556,441)	-	(1,556,441)	
-	-	(1,935,151)	375,630	-	-	-	(1,559,521)	-	11,298,207	11,298,207	9,738,686	9,738,686	2,004,195	11,742,881	
3,515,999	5,499,530	1,306,117	726,591	13,424	111,002	1,344,863	9,001,527	97,449,214	11,560,332	109,009,546	118,011,073	121,527,072	14,639,269	136,166,341	

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, 2023

Note	2023 (Rupees in thousand)	2022	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>	39	9,396,246	4,654,625
Finance cost paid		(6,119,751)	(2,528,391)
Income tax paid		(2,884,354)	(2,055,569)
Long term security deposits - net		7,200	(10,668)
Exchange gain on forward exchange contracts received		18,954	20,793
Net increase in retirement benefit obligation		18,474	11,053
Net decrease in long term loans		73,985	84,516
Net increase in long term deposits		(13,268)	(32,882)
<b>Net cash generated from operating activities</b>		497,486	143,477
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		86,168	151,497
Capital expenditure on property, plant and equipment		(10,365,402)	(7,790,487)
Dividends received		3,283,016	2,615,510
Investments made		(3,014,221)	(10,901,742)
Proceeds from sale of investments		5,663,239	3,767,658
Interest received		293,627	124,551
<b>Net cash used in investing activities</b>		(4,053,573)	(12,033,013)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		2,476,845	3,734,958
Repayment of long term financing		(3,172,144)	(3,300,234)
Repayment of lease liabilities		(810,343)	(656,013)
Exchange differences on translation of net investments in foreign subsidiaries		375,630	164,204
Short term borrowings - net		14,553,799	9,307,838
Dividend paid		(2,525,528)	(2,006,919)
<b>Net cash from financing activities</b>		10,898,259	7,243,834
<b>Net increase / (decrease) in cash and cash equivalents</b>		7,342,172	(4,645,702)
<b>Net foreign exchange difference on translating cash and bank balances</b>		58,640	6,520
<b>Cash and cash equivalents at the beginning of the year</b>		1,758,816	6,397,998
<b>Cash and cash equivalents at the end of the year</b>		9,159,628	1,758,816

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, 2023

### 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, denim unit 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	1st Floor, Karachi Chambers, Hasrat Mohani Road, Karachi.
10	Registered office	Nishat House, 53-A, Lawrence Road, Lahore.

### NISHAT POWER LIMITED

Nishat Power Limited is a public limited Company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. The Company is a subsidiary of Nishat Mills Limited. The principal activity of the Company is to build, own, operate and maintain a fuel fired power station having gross capacity of 200 MW 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% (2022: 48.99%).

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

Sr. No.	Business Units	Address
1	Registered office	53-A, Lawrence Road, Lahore.
2	Head office	1-B, Aziz Avenue, Canal Road, Gulberg V, Lahore.
3	Power station	Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab.

#### NISHAT LINEN (PRIVATE) LIMITED

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

Sr. No.	Business Units	Address
---------	----------------	---------

#### Manufacturing unit and office

1	Stitching Unit and office	21 K.M., Ferozepur Road, Lahore.
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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	Shop No. 1011, 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	Khayaban-e-Jami, Block 9, 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	Khokhar Chowk	Shop No. 469, Main Boulevard, Khokhar Chowk, Johar Town,

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

Sr. No.	Business Units	Address
		Lahore.
12	Link Road Model Town	Opposite Raja Sahib, Link Road Model Town, Lahore.
13	Sukkur	Shop No. 63, Ground Floor, Muslim Co-operative Housing Society, Military Road, Sukkur.
14	Shadman*	118-Shadman, Lahore.
15	FPS Chauburji	Fair Price Shop, Shop No. 2, Development Scheme, Chauburji, Lahore.
16	Gulshan Ravi	Factory Outlet, Shop No. 12-C, Main Boulevard, Gulshan Ravi, Lahore.
17	Thokar Niaz Baig	Factory Outlet, Ground Floor, 55th Avenue, Thokar Niaz Baig, Raiwind Road, Lahore.
18	E-Store	21 K.M., Ferozepur Road, Lahore.
19	Clifton	G.F2, Jamalistan Shopping Center, DC-1, Block 8, Clifton, Karachi.
20	Dolmen Clifton	D-3, 1st Floor, Dolmen City, Block 4, Scheme 5, Clifton, Karachi.
21	Dolmen Tariq Road	SF-21, 2nd Floor, Dolmen Mall, Block 3, P.E.C.H.S., Tariq Road, Karachi.
22	Wazirabad	G-58, Mohallah Hajipura, Sialkot Road, Wazirabad.
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	Shop No. 32-36, Awami Trade Center, Ground Floor, 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	Shop No. 04, Crystal Mall, Main Bosan Road, Multan.
38	Gulshan Market	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,

Sr. No.	Business Units	Address
41	D-Ground	Koh-e-Noor City, Jaranwala Road, Faisalabad.
42	Gulberg Road	1298/B, Chen One Road, Peoples Colony No. 1, Faisalabad.
43	The Boulevard Mall	Shop No. P-424, Jinnah Colony, Gulberg Road, Faisalabad.
44	Taj Shopping Center	Shop No. G-10, Ground Floor, The Boulevard Mall, Near Suzuki Burj Motors, East Canal Road, Faisalabad.
45	Fazal Centre	Shop No. 21-27, Ground Floor, Taj Shopping Center, (Near National Bank) Government Girls College Road, Satellite Town, Gujranwala.
46	Town Branch	Hall No. 5, Fazal Centre, G.T. Road, Rahwali Cantt., Gujranwala.
47	Cantt Branch	JB Tower, Opposite Gul Haji Plaza, Ground Floor, University Road, Peshawar.
48	Abdullah Mall	Shop No. 63-65 and 77-88, Deans Trade Center, Islamia Road Cantt, Peshawar.
49	Sialkot	Abdullah Mall, Ground Floor, Kutchery Road, Gujrat.
50	Bahawalpur	Shop No. 13-15, Liberty Market, Aziz Shaheed Road, (Near Silver Spoon Restaurant) Cantt, Sialkot.
51	Sargodha	Shop No. 2, Haqqi Centre, (Opposite Commissioner House) Adjacent to DIG House, Bahawalpur.
52	Abbottabad	Shop No. 39, Raas Tower, Qasim Park, Opposite MCB Bank, Main University Road, Sargodha.
53	Mardan	Mansehra Road, Near Frontiers Motors, Opposite Faysal Bank, Abbottabad.
54	Sahiwal	Afaq Centre, (Opposite Premier Sugar Mills) Nowshera Road, Mardan.
55	Swat	Shop No. 1, Near Pearl Marriage Hall, Opposite Educator School, Girls College Road, Sahiwal.
56	Mandi Bahauddin	Shop No. 01-08, City Center, Phase 3, G.T. Road, Qamber, Swat.
57	Jhelum	Shop No. G9, Ground Floor, Hakim Mall, Jail Road, Mandi Bahauddin.
58	Boulevard Mall	Deen Plaza, Civil Line Road, Jhelum.
59	Burewala*	First Floor, A-14, Boulevard Mall, Auto Bhan Road, S.I.T.E., Hyderabad.
60	Quetta	Opposite Imran Petroleum, Near Stadium Road, Multan Road, Burewala.
61	Muzaffarabad	Shop No. 1, Ground Floor, Millennium Mall, Gulistan Road, Quetta.
62	Sheikhupura	Shop No. 1, Ground Floor, Al-Rahim Plaza, Neelum Valley Road (Lower Plate), Muzaffarabad.
63	D.G. Khan	Nishat Mall, Nishat Chowk, Jinnah Park, Sheikhupura.
64	Rahim Yar Khan	Shop No. 32-33, Block No. 15, Traffic Chowk, Dera Ghazi Khan.
65	Lalamusa	5-Model Town, Near Town Hall, Opposite U Microfinance Bank, Rahim Yar Khan.
66	Fair Price Shop Sukheki	Ground Floor and First Floor, Near Bihari Colony, Opposite Madarasa Ghousia, G.T. Road, Lalamusa.
67	Wah Cantt	Nishat Dairy, 1 K.M., Off Kot Sarwar Interchange, Sukheki.
68	Kasur*	Shop No. 7-8, Lower Ground & Shop No. 7-8 Ground Floor, City Centre, Phase 2, New City, Wah Cantt.
		Chandani Chowk, Plaza No. 216, Near Bank Alfalah, Railway Road, Kasur.

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

Sr. No.	Business Units	Address
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 – Ingot Islamabad.	Shop No. 315, 3rd Floor, The Centaurus Mall, F-8,
73	WTC – Ingot*	Shop No. 25, Hyperstar Floor, Plot No. 1, Main G.T. Road, DHA Phase 2, Islamabad.
74	DMC – Ingot	D-3, 1st Floor, Dolmen City, Block 4, Scheme 5, Clifton, Karachi.
75	Emporium – Ingot	Ground Floor, G-43, Emporium Mall, Lahore.
76	Swarovski Centaurus	Plot No. 1, 1st Floor, The Centaurus Mall, Islamabad.
77	Packages – Ingot*	Shop No. 1065, First Floor, Packages Mall, Lahore
78	Crystal Mall – Ingot	Crystal Mall, Chungi No. 9, Bosan Road, Multan.
79	Sargodha – Ingot	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	Shop No. 160, 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.
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, Qureshi Plaza, Sector F-1, Kotli Road, Mirpur Azad Kashmir.
89	Okara	Shop No. 436, Tehsil Road, Near Press Club, Okara.
90	Hafizabad	Javed Iqbal Plaza, Vanike Road, Hafizabad.
91	Attock*	Kamra Road, Near Fuel Mart CNG Station, Attock.
92	Phalia	Shop No. 01, Mall of Phalia, 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	Shop No. 12, 2nd Floor, Dolmen Mall, Clifton, Karachi.
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, Giga Mall, DHA Phase 2, 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.

Sr. No.	Business Units	Address
106	Haripur	Akhtar Nawaz Plaza, Main Haripur Road, Haripur.
107	DHA Phase 3	Plaza No. 123, Y Block, DHA Phase 3, Lahore.
108	Bahria Town	Shop No. 64-B, Sector C, Opposite Grand Jamia Masjid, Bahria Town, Lahore.
109	PWD Islamabad	Shop No. 418, PWD Housing Society, Sector C, Main PWD Road, Islamabad.
110	Islamabad B-17	Plot No. 3, Capital Square Mall, Ground Floor, Block C, Multi Gardens Scheme, Islamabad.
111	Gujranwala Nazir Center	Shop No 2-4, Nazir Center, Opposite Toyota Motors, Chan Da Qila, G.T. Road, Gujranwala.
112	Gulshan Iqbal Karachi	Shop No. 14, Block 13-C, University Road, Near Ashfaq Memorial Hospital, Gulshan-e-Iqbal, Karachi.
113	Shalimar Link Road	Shop No. 13-B, Shalimar Link Road, Mughalpura, Lahore.
114	Alipur Chatha	Bahawal Plaza, Main Madina Chowk, Gujranwala Road, Alipur Chatha.
115	Zam Mall	Zam Zam Shopping Mall, Bypass Chowk, Lower Dir, Timergara, Khyber Pakhtunkhwa.
116	Kharian	New Al-Muqet Center, Shop No. 2 and 3, Block 3, G.T. Road Kharian.
117	Inglot Forum Mall	Inglot Shop No. 77, Ground Floor, Forum Mall, Karachi.
118	Capital Region	Plot No. 26 and 537, Jawa Industrial Estate Kahuta, Rawalpindi.
119	Korangi Industrial Area	Plot No. S-1, Survey No. 231, Sector 2, Korangi Industrial Area, Karachi.
120	Royal Enterprises	22 K.M., Ferozepur Road, Lahore.

\* These stores have been closed during the year.

#### NISHAT HOSPITALITY (PRIVATE) LIMITED

Nishat Hospitality (Private) Limited (the Company) was incorporated in Pakistan on 01 July 2011 as a private limited Company under the Companies Ordinance, 1984 (Now Companies Act, 2017). It is a wholly owned subsidiary of Nishat Mills Limited. The Company is engaged in the business of hotel, cafes, restaurants, bakers and confectioners. Geographical location and addresses of all business units are as follows:

Sr. No.	Business Units	Address
1	Hotel / principal place of business	8-A, 9-A and 28-A to 31-A, Mian Mehmood Ali Kasuri Road, Gulberg-III, Lahore.
2	Registered Office	1-B, Aziz Avenue, Canal Bank, Gulberg V, Lahore.
3	Warehouse	32-A, Mian Mehmood Ali Kasuri Road, Gulberg-III, Lahore.
4	Office	93, A-III, Gulberg-III, Lahore.

#### 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 230 5th Avenue, Suite 600, New York, NY 10001, U.S.A. The principal business of the Company is to provide marketing services to Nishat Mills Limited - Holding Company. Nishat Mills Limited acquired 100% shareholding of Nishat USA, Inc. on 01 October 2008.



## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

### 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	Address
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.
15	Dubai E – Store	Plot # Mo0741, Jebel Ali Free Zone, P.O Box no 114622 Dubai, United Arab Emirates.

\* This store has been closed during the year.

### NISHAT INTERNATIONAL FZE

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

### CHINA GUANGZHOU NISHAT GLOBAL CO., LTD.

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

### NISHAT COMMODITIES (PRIVATE) LIMITED

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

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) 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 680.761 million (2022: Rupees 953.348 million).

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 2.1 Basis of preparation

#### a) Statement of compliance

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

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

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

#### b) Accounting convention

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

#### c) Critical accounting estimates and judgments

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

#### Financial instruments – fair value

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

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

### 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.

### Lease term for lease liability and right-of-use asset

The Company applies judgment to determine the lease term for lease contracts in which it is a lessee. The judgement significantly affects the amount of lease liabilities and right-of-use assets recognized.

### 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 2022:

- Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before Intended Use'.
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts – Cost of Fulfilling a Contract amends IAS 1 'Presentation of Financial Statements'.
- Annual improvements to IFRS standards 2018-2020 which amended IFRS 9 'Financial Instruments' and IFRS 16 'Leases'.
- 'Reference to the Conceptual Framework (Amendments to IFRS 3)' published by the International Accounting Standards Board (IASB) with amendments to IFRS 3 'Business Combinations'.

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 Group**

There are 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.

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

Following amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 01 July 2023 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'.

Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

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.

On 31 October 2022, the IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are effective for reporting periods beginning on or after 1 January 2024.

On 22 September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for annual periods beginning on or after 1 January 2024.

On 25 May 2023, the IASB issued 'Suppliers Finance Arrangements (Amendments to IAS 7 and IFRS 7)' to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangement. The amendments are effective for reporting period beginning on or after 1 January 2024.

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 2023 but are considered not to be relevant or do not have any significant impact on the Group's financial statements and are therefore not detailed in these consolidated financial statements.

## 2.2 Consolidation

### a) Subsidiaries

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

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

Intragroup balances and transactions have been eliminated.

Non-controlling interests are that part of net results of the operations and of net assets of Subsidiary Companies attributable to interest which are not owned by the Holding Company. Non-controlling interests are presented as separate item in the consolidated financial statements.

### b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in equity method accounted for associates are tested for impairment in accordance with the provision of IAS 36 'Impairment of Assets'.

### c) Translation of the financial statements of foreign subsidiaries

The financial statements of foreign subsidiaries of which the functional currency is different from that used in preparing the Group's financial statements are translated in functional currency of the Group. Statement of financial position items are translated at the exchange rate at the reporting date and statement of profit or loss items are converted at the average rate for the period. Any resulting translation differences are recognized under exchange translation reserve in consolidated reserves.

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

### 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 11A 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 clause at current rates of taxation after taking into account, tax credits and rebates available, if any. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and considers whether it is probable that the taxation authority will accept an uncertain tax treatment. The Nishat Power Limited - Subsidiary Company measures its tax balance either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Provision for income tax on the income of foreign subsidiaries 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, 2023

### 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.

#### 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. Depreciation on identifiable capital spares in plant and machinery of Nishat Power Limited – Subsidiary Company is charged on the basis of number of hours used. 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, except in case of Nishat Power Limited – Subsidiary Company, where's full month depreciation is charged in the month in which the asset is available for use and on deletion up to the month immediately preceding the deletion. 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.

#### Major spare parts and stand-by equipment

Major spare parts and stand-by equipment qualify as property, plant and equipment when an entity expects to use them for more than one year. Transfers are made to relevant operating fixed assets category as and when such items are available for use.

### 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. 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

Intangible assets, which are non-monetary assets without physical substance, are recognized at cost, which comprise purchase price, non-refundable purchase taxes and other directly attributable expenditures relating to their implementation and customization. After initial recognition, an intangible asset is carried at cost less accumulated amortization and impairment losses, if any. Intangible assets are amortised using the straight line method over a period of five years. The useful life and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

## 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 less accumulated depreciation and accumulated impairment losses (if any). Cost comprises of 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

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

its power purchase agreement, the effect on these consolidated financial statements would be as follows:

	2023	2022
	(Rupees in thousand)	
De-recognition of property, plant and equipment	(7,933,334)	(7,918,485)
De-recognition of trade debts	(3,116,574)	(487,418)
Recognition of lease debtor	6,578,935	4,032,082
Decrease in un-appropriated profit at the beginning of the year	(4,373,821)	(4,853,815)
(Decrease) / increase in profit for the year	(135,681)	479,994
Decrease in un-appropriated profit at the end of the year	(4,509,502)	(4,373,821)

### 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

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in consolidated statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

### 2.14 Impairment of financial assets

#### a. Financial assets other than those due from Government of Pakistan

The Group recognizes loss allowances for ECLs on:

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

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

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

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

Financial assets due from the Government of Pakistan include trade debts and other receivables due from CPPA-G under the PPA that also includes accrued amounts. SECP through SRO 67(l)/2023 dated 20 January 2023 has notified that, in respect of companies holding financial assets due from the Government of Pakistan, the requirements contained in IFRS 9 with respect to application of Expected Credit Losses method shall not be applicable till financial year ending on or before 31 December 2024 and that such companies shall follow relevant requirements of IAS 39 in respect of above referred financial assets during the exemption period. Accordingly, the same continue to be reported as per the following accounting policy:

A provision for impairment is established when there is objective evidence that the Group will not be able to collect all the amount due according to the original terms of the receivable.

The Group assesses at the end of each reporting period whether there is objective evidence that the financial asset is impaired. The financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of profit or loss. When the financial asset is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the consolidated statement of profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of profit or loss.

### **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

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Group is recognized as a separate asset or liability.

### b) Financial liabilities

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

### 2.16 Offsetting of financial instruments

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

### 2.17 Inventories

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

#### Stores, spare parts and loose tools

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

#### Stock-in-trade

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

- i) For raw materials: Annual average basis.
- ii) For work-in-process and finished goods: Average manufacturing cost including a portion of production overheads.
- iii) For Nishat Power Limited – Subsidiary Company: Furnace oil is valued at first in first out method while weighted average method is used for remaining items.
- iv) For Nishat Hospitality (Private) Limited – Subsidiary Company: Raw material is valued at weighted average cost.

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 CPPA-G under the PPA that also includes accrued amounts. SECP through SRO 67(I)/2023 dated 20 January 2023 has notified that, in respect of companies holding financial assets due from the Government of Pakistan, the requirements contained in IFRS 9 with respect to application of Expected Credit Losses method shall not be applicable till financial year ending on or before 31 December 2024 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 and subsequently measured at amortized cost using the effective interest method.

### **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.



## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

### Sale of electricity

Revenue from the sale of electricity to CPPA-G, the sole customer of Nishat Power Limited – Subsidiary Company, 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 CPPA-G.

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 Nishat Hospitality (Private) Limited – Subsidiary Company. For each of the revenue streams, the Nishat Hospitality (Private) Limited – Subsidiary Company 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. In case of room rent, the performance obligation is satisfied at the point in time when control of room is transferred to the customer, which is mainly at the time of handing over of room key. There is no financing component involved. Discounts are offered to customers at the management's discretion. Room revenue is recognised on the rooms occupied on daily basis and after completing all other obligation related to the room. 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.

### Other revenue

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

#### 2.25 Contract assets

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

#### 2.26 Customer acquisition costs

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

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or

loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

### **2.27 Customer fulfilment costs**

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

### **2.28 Right of return assets**

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

### **2.29 Contract liabilities**

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

### **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

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

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.

### 2.39 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component 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 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 cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

There are 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, solar 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

2023 (Number of Shares)	2022	Note	2023 (Rupees in thousand)	2022
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
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	3.1	3,515,999	3,515,999

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

**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:

	Note	2023 (Number of Shares)	2022
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		51,815	231,815
Nishat (Aziz Avenue) Hotels and Properties Limited		342,500	342,500
Nishat Real Estates Development Company (Private) Limited		127,000	127,000
		30,813,093	30,993,093

#### 4 RESERVES

**Composition of reserves is as follows:**

##### Capital reserves

Premium on issue of right shares	4.1	5,499,530	5,499,530
Fair value reserve FVTOCI investments - net of deferred income tax	4.2	1,306,117	3,241,268
Exchange translation reserve	2.2(c)	726,591	350,961
Statutory reserve	4.3	13,424	11,046
Maintenance reserve	4.4	1,344,863	1,608,668
Capital redemption reserve fund	4.5	111,002	111,002
		9,001,527	10,822,475

##### Revenue reserves

General		97,449,214	86,577,214
Unappropriated profit		11,560,332	12,279,097
		109,009,546	98,856,311
		118,011,073	109,678,786

**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:

	2023	2022
	(Rupees in thousand)	
Balance as on 01 July	3,510,610	8,844,120
Fair value adjustment on investments held by the Holding Company	(1,608,043)	(3,439,620)
Share of fair value reserve of associates	(499,018)	(1,893,890)
	1,403,549	3,510,610
Add: Deferred income tax on equity investments	(97,432)	(269,342)
Balance as on 30 June	1,306,117	3,241,268

**4.3** As required by UAE Federal Law No. (2) of 2015 and the Articles of Association of Nishat Linen Trading LLC - Subsidiary Company, 5% (2022: 10%) of the profit for the year has to be transferred to a legal reserve until it is equivalent to 50% of paid-up capital of the Subsidiary Company. This reserve is not available for distribution.

**4.4** This represents maintenance reserve set aside from retained earnings of Nishat Power Limited - Subsidiary Company for the purpose of meeting repair and maintenance costs associated with major maintenance of the plant of Nishat Power Limited - Subsidiary Company. The reserve is utilized on actual occurrence of expenditure.

**4.5** An equity accounted associate created the fund for redemption of preference shares. The preference shares were redeemed during the year ended 30 June 2007.

	Note	2023	2022
		(Rupees in thousand)	
<b>5 LONG TERM FINANCING</b>			
<b>From banking companies - secured</b>			
Long term loans	5.1	13,498,415	13,594,803
Long term musharika	5.2	1,304,383	1,875,027
Motor vehicles' loans	5.8	3,484	3,801
		14,806,282	15,473,631
Less: Current portion shown under current liabilities	12	(2,892,463)	(3,169,181)
		11,913,819	12,304,450

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

Lender	2023	2022	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	174,644	371,805	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	350,861	543,054	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	498,735	688,122	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 Holding Company has already created exclusive charges in the favour of its existing creditors).
Allied Bank Limited	155,901	200,444	SBP rate for LTFF + 0.35%	Sixty unequal installments commenced on 24 January 2022 and ending on 28 October 2026.	-	Quarterly	
	370,807	480,062	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 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).
	55,000	75,000	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	
	581,708	755,506					

Lender	2023	2022	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
(Rupees in thousand)							
Bank Alfalah Limited	49,208	136,196	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	102,902	212,650	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	
Allied Bank Limited	-	246,620	SBP rate for refinance scheme for payment of salaries and wages + 0.50%	Twenty four unequal installments commenced on 01 January 2021 and ended on 16 November 2022 (Note 5.4).	-	Quarterly	
Allied Bank Limited	94,872	-	SBP rate for financing power plants using renewable energy + 4.00%	Thirty nine installments commenced on 03 February 2023 and ending on 03 August 2032.	-	Quarterly	
Allied Bank Limited	472,254	-	3 Month offer KIBOR + 0.75%	Four hundred and seventeen unequal installments commencing on 28 January 2025 and ending on 26 June 2033.	Quarterly	Quarterly	
Allied Bank Limited	163,604	-	3 Month offer KIBOR + 1.00%	Thirty two equal quarterly installments commencing on 18 April 2025 and ending on 18 January 2033.	Quarterly	Quarterly	
	635,858	-					
Askari Bank Limited	240,621	301,187	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.



## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

Lender	2023	2022	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
(Rupees in thousand)							
Bank Alfalah Limited	56,182	112,364	SBP rate for LTFF + 0.35%	Twenty equal quarterly installments commenced on 31 August 2018 and ending on 30 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	144,265	187,278	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	676,120	838,420	SBP rate for TERF + 1.00%	Sixty unequal installments commenced on 28 August 2022 and ending on 15 July 2027 (Note 5.6).	- Quarterly		
Faysal Bank Limited	39,719	79,438	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	148,181	207,453	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).
Habib Bank Limited	34,785	229,844	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	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	371,149	519,726	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

Lender	2023	2022	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
(Rupees in thousand)							
	89,986	141,406	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	(excluding plant and machinery in respect of which the Holding Company has already created exclusive charges in the favour of its existing creditors).
	461,135	661,132					
Habib Bank Limited	1,500,000	-	3 Month offer KIBOR + 0.75%	Thirty two quarterly installments commencing on 28 December 2024 and ending on 28 September 2032.	Quarterly	Quarterly	
Habib Metropolitan Bank Limited	612,812	804,684	SBP rate for LTFF + 0.65%	One hundred and twenty unequal installments commenced on 24 September 2021 and ending on 07 September 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	973,693	967,524	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 (excluding plant and machinery in respect of which the Holding Company has created exclusive charges in favour of its existing creditors).
National Bank of Pakistan	-	17,275	SBP rate for LTFF + 0.50%	One hundred and twenty unequal installments commenced on 12 April 2017 and ended on 05 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	800,000	SBP rate for TERF + 1.50%	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 all present and future plant and machinery (excluding plant and machinery which is under exclusive charges in favour of creditors).
Pak Brunei Investment Company Limited	68,342	128,314	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.

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

Lender	2023	2022	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
(Rupees in thousand)							
Pakistan Kuwait Investment Company (Private) Limited	-	9,677	SBP rate for LTFF + 1.00%	One hundred and sixty unequal installments commenced on 11 June 2016 and ended 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.
	1,369	8,079	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).
	1,369	17,756					
Pakistan Kuwait Investment Company (Private) Limited	709,149	875,525	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	SBP rate for LTFF + 0.50%	One hundred and sixty unequal installments commenced on 30 January 2017 and ended 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	2,207,894	2,202,202	SBP Rate for TERF + 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.

Lender	2023	2022	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
(Rupees in thousand)							
Pakistan Kuwait Investment Company (Private) Limited	500,000	309,550	SBP rate for LTFF + 0.90%	Three hundred and ten unequal installments commencing on 29 July 2024 and ending on 21 July 2032.	-	Quarterly	First pari passu 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%		Quarterly	Quarterly	
	500,000	310,980					

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

Faysal Bank Limited	-	6,400	SBP rate for refinance scheme for payment of salaries and wages + 0.5%	Eight equal installments commenced on 31 March 2021 and ended on 29 December 2022 (Note 5.4).	-	Quarterly	Cross corporate guarantee of Rupees 41,600 million of the Holding Company.
	-	6,400					

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

Allied Bank Limited	18,288	22,590	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.
	18,288	22,590					
	13,498,415	13,594,803					

## 5.2 Long term musharika

#### Nishat Mills Limited - Holding Company

Faysal Bank Limited	-	243,782	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	823,595	1,005,729	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).
	480,788	505,401	SBP rate for islamic renewable energy financing scheme + 0.70%	One hundred unequal installments commenced on 07 July 2022 and ending on 06 July 2028.	-	Quarterly	
	1,304,383	1,511,130					

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

Lender	2023	2022	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	SBP rate for Islamic refinance scheme for payment of salaries and wages + 0.5%	Eight equal quarterly installments commenced on 30 March 2021 and ended on 30 December 2022 (Note 5.5).	-	Quarterly	Cross corporate guarantee of Rupees 506.667 million of the Holding Company.
	-	83,212					

### Nishat Power Limited - Subsidiary Company

Faysal Bank Limited	-	36,903	SBP rate for refinance scheme for payment of salaries and wages + 0.5% to 0.75%	Eight equal installments commenced on 30 March 2021 and ended on 30 December 2022.	-	Quarterly	First pari passu charge over all the present and future fuel stock / inventory and energy revenue receivables of Nishat Power Limited - Subsidiary Company.
	-	36,903					
	1,304,383	1,875,027					

- 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 Holding Company under SBP Refinance Scheme for payment of salaries and wages . This was recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment was recognized at discount rates ranged from 6.87% to 8.08% per annum.
- 5.5** This long term musharika was obtained by the Group under SBP Islamic Refinance Scheme for payment of salaries and wages. This was recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment was recognized at discount rates ranged from 7.44% to 8.44% per annum.
- 5.6** These loans are obtained by the Holding Company under SBP Temporary Economic Refinance Facility (TERF). These are recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment is recognized at discount rates ranging from 2.34% to 2.60% per annum.
- 5.7** Effective rate of markup charged during the year on these financing ranges from 2.25% to 23.10% (2022: 2.25% to 15.94%) per annum.
- 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% (2022: 4.00%) per annum repayable in 48 monthly installments.

	Note	2023 (Rupees in thousand)	2022
<b>6 LEASE LIABILITIES</b>			
Total lease liabilities		2,540,844	2,596,010
Less: Current portion shown under current liabilities	12	(771,187)	(737,938)
		1,769,657	1,858,072
<b>6.1 Reconciliation of lease liabilities</b>			
Balance as on 01 July		2,596,010	2,049,784
Add: Additions during the year		421,828	199,140
Add: Interest accrued on lease liabilities	36	293,550	260,035
Add: Impact of lease modifications / renewals		261,566	965,049
Less: Impact of rent concessions		-	(28,478)
Less: Impact of lease termination		(65,196)	(16,477)
Less: Payments during the period		(1,103,893)	(916,048)
Add: Currency retranslation		136,979	83,005
Balance as on 30 June		2,540,844	2,596,010
<b>6.2 Maturity analysis of lease liabilities is as follows:</b>			
Upto 6 months		543,755	487,848
6-12 months		496,570	457,890
1-2 year		958,981	790,817
More than 2 years		1,149,337	1,399,353
		3,148,643	3,135,908
Less: Future finance cost		(607,799)	(539,898)
Present value of finance lease liabilities		2,540,844	2,596,010

**6.3** Implicit rate against lease liabilities ranges from 7.71% to 23.08% (2022: 7.71% to 16.59%) 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	2023 (Rupees in thousand)	2022
<b>8. DEFERRED LIABILITIES</b>			
Deferred income tax	8.1	5,021,242	4,277,259
Gas Infrastructure Development Cess (GIDC) payable	8.2	-	-
Deferred income - Government grant	8.3	43,369	58,034
Accumulating compensated absences		4,772	3,793
		5,069,383	4,339,086

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

	Note	2023 (Rupees in thousand)	2022
<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		5,938,840	4,275,441
Right-of-use assets		650,747	610,537
Equity investments at FVTOCI		97,432	269,342
Accelerated tax depreciation	8.1.3	190,293	168,331
		6,877,312	5,323,651
<b>Deductible temporary difference on:</b>			
Turnover tax carried forward	8.1.4	(435,371)	-
Lease liabilities		(839,635)	(745,018)
Accumulating compensated absences	8.1.5	(1,384)	(1,100)
Unabsorbed tax depreciation	8.1.6	(215,583)	(198,621)
Expected credit loss against debtors		(13,619)	(8,274)
Expected credit loss against other advances		(66,140)	(40,095)
Business loss	8.1.4	(284,338)	-
Others		-	(53,284)
		(1,856,070)	(1,046,392)
		5,021,242	4,277,259

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

	2023			
	Opening Balance	Recognised in consolidated statement of profit or loss	Recognised in other comprehensive income	Closing Balance
	Rupees in thousand			
<b>Taxable temporary differences on:</b>				
Investments in associates under equity method	4,275,441	1,663,399	-	5,938,840
Right-of-use assets	610,537	40,210	-	650,747
Equity investments at FVTOCI	269,342	-	(171,910)	97,432
Accelerated tax depreciation	168,331	21,962	-	190,293
<b>Deductible temporary difference on:</b>				
Turnover tax carried forward	-	(435,371)	-	(435,371)
Lease liabilities	(745,018)	(94,617)	-	(839,635)
Accumulating compensated absences	(1,100)	(284)	-	(1,384)
Unabsorbed tax depreciation	(198,621)	(16,962)	-	(215,583)
Expected credit loss against debtors	(8,274)	(5,345)	-	(13,619)
Expected credit loss against other advances	(40,095)	(26,045)	-	(66,140)
Business loss	-	(284,338)	-	(284,338)
Others	(53,284)	53,284	-	-
	4,277,259	915,893	(171,910)	5,021,242

2022			
Opening Balance	Recognised in consolidated statement of profit or loss	Recognised in other comprehensive income	Closing Balance

Rupees in thousand

**Taxable temporary differences on:**

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
Equity investments at FVTOCI	(176,408)	-	445,750	269,342
Accelerated tax depreciation	148,554	19,777	-	168,331

**Deductible temporary difference on:**

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)
Expected credit loss against debtors	-	(8,274)	-	(8,274)
Expected credit loss against other advances	-	(40,095)	-	(40,095)
Others	(35,227)	(18,057)	-	(53,284)
	2,411,249	1,420,260	445,750	4,277,259

**8.1.2** Deductible temporary differences are considered to the extent that the realization of related tax benefits is probable from reversal of existing taxable temporary differences and future taxable profits. Provision for deferred tax on temporary differences other than relating to unrealized gain on remeasurement of investments at FVTOCI of the Holding Company was not considered necessary as it is chargeable to tax under section 169 of the Income Tax Ordinance, 2001. Temporary differences of Nishat Power Limited - Subsidiary Company are not expected to reverse in the foreseeable future due to the fact that the profits and gains derived from electric power generation are exempt from tax. Nishat Hospitality (Private) Limited - Subsidiary Company has not recognised deferred tax assets of Rupees 14.065 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** These relate to Nishat Linen (Private) Limited - Subsidiary Company.

**8.1.5** This relates to Nishat Hospitality (Private) Limited - Subsidiary Company.

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

	Note	2023 (Rupees in thousand)	2022
<b>8.2 Gas Infrastructure Development Cess (GIDC) Payable</b>			
Opening balance		1,240,330	1,204,234
Add: Adjustment due to impact of IFRS 9	36	773	36,096
Balance as on 30 June		1,241,103	1,240,330
Less: Current portion shown under current liabilities	12	(1,241,103)	(1,240,330)
		-	-



## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

- 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	2023 (Rupees in thousand)	2022
<b>8.3</b>	<b>Deferred income - Government grant</b>		
Opening balance		85,983	176,589
Add: Government grant recognized during the year		-	5,406
Less: Amortized during the year		(27,950)	(96,012)
		58,033	85,983
Less: Current portion shown under current liabilities	12	(14,664)	(27,949)
		43,369	58,034

- 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. Loans under Refinance Scheme for payment of wages and salaries to workers have been repaid during the year ended 30 June 2023. These refinances were available through Banks / DFIs. One of the key feature of these refinance facilities was 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 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 was measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. This benefit is accounted for and presented as deferred grant in accordance with IAS 20. The grant is being amortized in the consolidated statement of profit or loss, in line with the recognition of interest expense the grant is compensating. There are no unfulfilled conditions or contingencies attached to this grant.

	Note	2023 (Rupees in thousand)	2022
<b>9 TRADE AND OTHER PAYABLES</b>			
Creditors	9.1	10,746,083	9,150,427
Sindh infrastructure cess payable	9.2	1,377,808	931,309
Accrued liabilities		1,966,220	2,290,307
Contract liabilities - unsecured	9.1	1,860,485	1,088,619
Securities from contractors - interest free and repayable on completion of contracts	9.3	26,456	20,107
Retention money payable		156,978	110,670
Income tax deducted at source		1,080	886
Payable to employees provident fund trust		52,873	3,826
Royalty and other payable		131,582	79,042
Fair value of forward exchange contracts		18,292	9,595
Workers' profit participation fund	9.4	807,907	875,495
Workers' welfare fund	9.5	318,260	260,361
		17,464,024	14,820,644
<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
Security General Insurance Company Limited - associated company		41,895	45,880
Adamjee Insurance Company Limited - associated company		49,787	37,010
Adamjee Life Assurance Company Limited - associated company		751	3,133
Hyundai Nishat Motors (Private) Limited - associated company		178	143
Nishat Dairy (Private) Limited - associated company		1,617	587
Nishat Hotels and Properties Limited - associated company		5,077	1,675
Pakistan Aviators and Aviation (Private) Limited - associated company		1,045	-
		100,350	90,948
<b>Contract liabilities - unsecured</b>			
Nishat Hotels and Properties Limited - associated company		236	2
<b>9.2 Sindh infrastructure cess payable</b>			
Balance as on 01 July		931,309	674,951
Add: Provision made during the year		446,499	256,358
Balance as on 30 June		1,377,808	931,309

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

**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, Nishat Hospitality (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.

	Note	2023 (Rupees in thousand)	2022
<b>9.4 Workers' profit participation fund</b>			
Balance as on 01 July		875,495	967,594
Add: Provision for the year		753,712	719,709
Add: Interest for the year	36	66,067	23,137
Add: Adjustment against prior years		-	702
		1,695,274	1,711,142
Less: Payments made during the year		(887,367)	(835,647)
		807,907	875,495

**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>9.5 Workers' Welfare Fund</b>			
Balance as on 01 July		260,361	185,601
Add: Provision for the year		87,818	102,015
		348,179	287,616
Less: Payments made during the year		(29,919)	(27,255)
Balance as on 30 June		318,260	260,361

### 10 ACCRUED MARK-UP

Long term financing		203,965	99,240
Short term borrowings	10.1	1,639,214	360,966
		1,843,179	460,206

- 10.1** This includes markup of Rupees 23.414 million (2022: Rupees 6.044 million) payable to MCB Bank Limited - associated company.

	Note	2023 (Rupees in thousand)	2022
<b>11 SHORT TERM BORROWINGS</b>			
<b>Nishat Mills Limited - Holding Company</b>			
<b>From banking companies and development financial institution - secured</b>			
State Bank of Pakistan (SBP) refinance	11.1, 11.2 & 11.3	21,409,980	21,474,683
Other short term finances	11.1 & 11.4	5,612,000	3,681,692
Temporary bank overdrafts	11.1, 11.2 & 11.5	14,731,813	1,573,673
<b>From other</b>			
Privately placed sukus	11.6	4,000,000	-
		45,753,793	26,730,048
<b>Nishat Power Limited - Subsidiary Company</b>			
<b>From banking companies - secured</b>			
Running finances	11.7	-	899,443
Running musharaka finances	11.8	-	2,838,503
Term finances	11.9	-	750,000
		-	4,487,946
<b>Nishat Linen (Private) Limited - Subsidiary Company</b>			
<b>From banking company - secured</b>			
Temporary bank overdrafts	11.11 & 11.12	-	-
Other short term finances	11.11 & 11.13	493,000	475,000
		493,000	475,000
		46,246,793	31,692,994

- 11.1** These finances are obtained from banking companies and development financial institution under mark up arrangements and are secured against joint pari passu hypothecation charge on all present and future current assets and other instruments. Markup is payable quarterly or at maturity. In certain short term borrowings, total mark up is deducted at the time of disbursement.
- 11.2** These finances includes balance of short term borrowings of Rupees 680.858 million (2022: Rupees 928.127 million) payable to MCB Bank Limited – associated company, which has been utilized for working capital requirements.
- 11.3** The rates of mark up range from 0.94% to 18.00% (2022: 1.00% to 10.49%) per annum during the year on the balance outstanding.
- 11.4** The rates of mark up range from 14.16% to 22.49% (2022: 7.80% to 14.41%) per annum during the year on the balance outstanding.

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

- 11.5** The rates of mark up range from 11.94% to 23.19% (2022: 7.47% to 15.31%) per annum during the year on the balance outstanding.
- 11.6** These represent privately placed, unsecured, non-convertible and shariah compliant short term sukuk having maturity period of 6 months and carrying profit at the rate of 3 months KIBOR plus 0.90% per annum. The rate of mark up ranges from 16.66% to 22.95% per annum.
- 11.7** These running finance facilities obtained from banking companies under mark-up arrangements aggregated to Rupees 5,101.520 million (2022: Rupees 5,600.940 million). These facilities are available at mark-up rates ranging from one month to three months KIBOR plus 0.5% to 2.0% (2022: one month to three months KIBOR plus 0.25% to 2.5%) per annum payable quarterly. These facilities are secured against first joint pari passu hypothecation charge on present and future current assets of Nishat Power Limited - Subsidiary Company including fuel stock, inventory and energy price payments receivable from CPPA-G. The mark-up rate charged during the year on the outstanding balance ranged from 13.89% to 23.98% (2022: 7.70% to 14.81%) per annum.
- 11.8** These running musharaka facilities obtained from banking companies under profit arrangements aggregated to Rupees 4,450 million (2022: Rupees 5,000 million). These facilities are available at profit rates ranging from one month to three months KIBOR plus 0.2% to 0.5% (2022: one month to three months KIBOR plus 0.2% to 1.5%) per annum payable quarterly. These facilities are secured against first joint pari passu hypothecation charge on present and future current assets of Nishat Power Limited - Subsidiary Company including fuel stock, inventory and energy price payments receivable from CPPA-G. The profit rate charged during the year on the outstanding balance ranged from 12.09% to 22.48% (2022: 7.65% to 15.49%) per annum.
- 11.9** These term finance facilities are utilized from banking companies as sub-limits of running finance facilities (note 11.7) under mark-up arrangements aggregating to Rupees 3,101.520 million (2022: Rupees 3,600.940 million). These facilities are secured against first joint pari passu charge on present and future current assets of Nishat Power Limited - Subsidiary Company including fuel stock, inventory and energy price payments receivable from CPPA -G. These facilities have been availed during the year at mark-up rates of one month KIBOR plus 0.05% to 0.60% (2022: one week to six months KIBOR plus 0.05% to 0.60%) payable at the maturity of respective transaction. The mark-up rate charged during the year on the outstanding balance ranged from 14.46% to 16.45% (2022: 7.54% to 14.99%) per annum.
- 11.10** The main facilities of Nishat Power Limited - Subsidiary Company for letters of credit and guarantee aggregate to Rupees 1,750 million (2022: Rupees 750 million). The amount utilised at 30 June 2023, for letters of credit was Rupees 407.370 million (2022: Rupees 135.41 million) and for letters of guarantee was Rupees 567.01 million (2022: Rupees 552.51 million). The aggregate facilities for letters of credit and guarantee are secured by charge on present and future current assets including fuel stocks/inventory of the Company and by lien over import documents.
- 11.11** These finances are obtained from Allied Bank Limited under mark up arrangements and are secured against first pari passu hypothecation charge over all present and future current assets of the Nishat Linen (Private) Limited - Subsidiary Company and corporate guarantee of Nishat Mills Limited - Holding Company. Markup is payable quarterly or at maturity.
- 11.12** The rates of mark up charged ranged from 16.41% to 23.23% (2022: 8.70% to 13.20%) per annum during the year on the balance outstanding.
- 11.13** The rates of mark up charged ranged from 13.90% to 21.74% (2022: 13.90%) per annum during the year on the balance outstanding.

	Note	2023 (Rupees in thousand)	2022
<b>12 CURRENT PORTION OF NON-CURRENT LIABILITIES</b>			
Current portion of long term financing	5	2,892,463	3,169,181
Current portion of lease liabilities	6	771,187	737,938
Current portion of GIDC payable	8.2	1,241,103	1,240,330
Current portion of deferred income - Government grant	8.3	14,664	27,949
		4,919,417	5,175,398
<b>13 UNCLAIMED DIVIDEND</b>			
		130,485	122,072

**14 CONTINGENCIES AND COMMITMENTS****a) Contingencies**

- i) Guarantees of Rupees 5,766.720 million (2022: Rupees 4,045.687 million) are given by the banks of the Holding Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited and Pakistan State Oil Limited against purchase of furnace oil, Director Excise and Taxation, Karachi against infrastructure cess, Chairman Punjab Revenue Authority, Lahore against infrastructure cess, Directorate of Cotton Cess Management against cotton cess, Collector of Customs against regulatory duty, Inspector General Frontier Corps KP (South), The President of Islamic Republic of Pakistan through the Controller of Military Accounts (Defence Purchase), Airport Security Force, Director General (Purchase and Disposal) WAPDA Sunny View Lahore, Provincial Police Officer, Office of Inspector General of Police KPK and Inspector General of Punjab Police against fulfilment of sales orders, High Court of Sindh, Karachi against the matter of importation of LED lights, Faisalabad Electric Supply Company Limited (FESCO) against installation of grid station 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 666.667 million (2022: Rupees 1,173.333 million), Rupees Nil (2022: Rupees 41.60 million) and Rupees 1,750 million (2022: Rupees 1,750 million) 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 41,132.481 million (2022: Rupees 13,356.688 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 (2022: 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, post dated cheques of Rupees 2.140 million (2022: Rupees 2.140 million) are issued 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 and post dated cheque of Rupees 697.461 million is issued to Federal Board of Revenue (FBR) in pursuance of order of Lahore High Court, Lahore in the matter of super tax.
- iv) Holding Company's share in contingencies of associates accounted for under equity method is Rupees 9,066.250 million (2022: Rupees 10,446.560 million).

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

- v) Bank guarantee of Rupees 1.900 million (2022: 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.
- vi) Deputy Commissioner Inland Revenue (DCIR) passed order against Nishat Commodities (Private) Limited - Subsidiary Company under Sections 161 and 205 under the Income Tax Ordinance, 2001 and raised a demand of Rupees 2.549 million (including default surcharge of Rupees 1.116 million) in respect of non deduction of withholding tax at source against various payments for the tax year 2017. Being aggrieved, Nishat Commodities (Private) Limited - Subsidiary Company has filed an appeal which is pending for adjudication. Based on the advice of the legal counsel, Nishat Commodities (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) Guarantees of Rupees 167.350 million (2022: Rupees 157.350 million) are given by Nishat Linen (Private) Limited - Subsidiary Company to Director Excise and Taxation, Karachi against infrastructure cess, Chairman Punjab Revenue Authority, Lahore against infrastructure cess and Collectors of Customs against import consignments.
- viii) The deemed assessment for the tax year 2017 of Nishat Linen (Private) Limited - Subsidiary Company 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, 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 Nishat Linen (Private) Limited - Subsidiary Company. Against the order of CIR(A), both 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.
- ix) Proceedings under section 122 of the Income Tax Ordinance, 2001 for the tax year 2014 against Nishat Hospitality (Private) Limited - Subsidiary Company were initiated by Deputy Commissioner Inland Revenue (DCIR), who vide order dated 31 October 2017, raised a demand of Rupees 2.172 million in respect minimum tax under section 113 on account of disallowances in the light of sections 111 and 174 of the Income Tax Ordinance, 2001 and disallowed income tax refund amounting to Rupees 14.141 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 and remanded back the remaining points to DCIR for fresh consideration. Consequently, Nishat Hospitality (Private) Limited - Subsidiary Company has preferred an appeal against the order of CIR(A) to the extent of points confirmed by CIR(A) before the Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication.

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 14.141 million under section 148 of the Income Tax Ordinance, 2001. Nishat Hospitality (Private) Limited - Subsidiary Company feeling aggrieved by the order, filed a rectification application before the CIR(A). The CIR(A) through order dated 28 January 2022 upheld the treatment of the assessing officer of disallowing adjustment of income tax deducted under section 148 of the Income Tax Ordinance, 2001. Nishat Hospitality (Private) Limited - Subsidiary Company has preferred an appeal against the aforementioned appellate order before the ATIR which is pending for adjudication.

In compliance with the remand-back directions of CIR(A), contained in appellate order dated 13 February 2020, the learned DCIR passed an appeal effect order dated 30 May 2023 under section 124 of the Income Tax Ordinance, 2001 and increasing the earlier income tax refund of Rupees 474,557 to Rupees 771,633. Against this order, Nishat Hospitality (Private) Limited - Subsidiary Company has filed an appeal before CIR(A) which is not fixed for hearing till date.

Based on the view of its legal counsel, the management of Nishat Hospitality (Private) Limited - Subsidiary Company is confident of the favourable resolution of this matter.

- x) Proceedings under section 122 of the Income Tax Ordinance, 2001 for the tax year 2015 were initiated by Deputy Commissioner Inland Revenue (DCIR) against Nishat Hospitality (Private) Limited - Subsidiary Company, who vide order dated 27 December 2018, disallowed certain expenses amounting to Rupees 100.117 million under section 174 of the Income Tax Ordinance, 2001 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) vide 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 of the Income Tax Ordinance, 2001 has been remanded back to the DCIR for re-examination in the light of evidence provided by Nishat Hospitality (Private) Limited - Subsidiary Company. Nishat Hospitality (Private) Limited - Subsidiary Company further preferred an appeal against the said order before the Appellate Tribunal Inland Revenue which was decided in favour of Nishat Hospitality (Private) Limited - Subsidiary Company. Against the order of Appellate Tribunal Inland Revenue, the department has filed an appeal before Honourable Lahore High Court, Lahore which is pending for adjudication. Based on the view of its legal counsel, the management of Nishat Hospitality (Private) Limited - Subsidiary Company is confident of the favourable resolution of this matter.
- xi) The Deputy Commissioner Inland Revenue (DCIR) passed order against Nishat Hospitality (Private) Limited - Subsidiary Company under section 161/205 of the Income Tax Ordinance, 2001 for non-deduction of withholding income tax for the tax year 2017 and raised demand of Rupees 13.615 million. Being aggrieved, Nishat Hospitality (Private) Limited - Subsidiary Company has filed an appeal before Commissioner Inland Revenue Appeals [CIR(A)]. Subsequent to reporting period, the CIR(A) has set-aside the order, thereby, vacating the impugned tax demand, with directions to the assessing officer to re-consider the matter. Based on the view of its legal counsel, the management of Nishat Hospitality (Private) Limited - Subsidiary Company is confident of the favourable resolution of this matter.
- xii) The Deputy Commissioner Inland Revenue (DCIR) passed order under section 161/205 of the Income Tax Ordinance, 2001 against Nishat Hospitality (Private) Limited - Subsidiary Company for the tax year 2019 and raised demand of Rupees 3.459 million (including default surcharge of Rupees 0.284 million). Being aggrieved, Nishat Hospitality (Private) Limited - Subsidiary Company has filed an appeal before Commissioner Inland Revenue Appeals [CIR(A)] who vide order dated 10 October 2022 has set-aside the order, thereby, vacating the impugned tax demand, with directions to the assessing officer to re-consider the matter. Nishat Hospitality (Private) Limited - Subsidiary Company has further challenged the order passed by CIR(A) before Appellate Tribunal Inland Revenue (ATIR) on the grounds that the impugned assessment should have been annulled without any directions for re-consideration. The appeal is pending for adjudication. Based on the view of its legal counsel, the management of Nishat Hospitality (Private) Limited - Subsidiary Company is confident of the favourable resolution of this matter.
- xiii) Guarantee of Rupees 1.270 million (2022: Rupees 1.270 million) is given by the bank of Nishat Hospitality (Private) Limited - Subsidiary Company in favour of Director, Excise and Taxation, Karachi under direction of Sindh High Court in respect of levy of infrastructure cess.



## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

- xiv)** On 19 August 2014, the department raised a demand of Rupees 1,722.811 million against Nishat Power Limited - Subsidiary Company relating to apportionment of input sales tax under section 8 of the Sales Tax Act, 1990 for tax years 2010 to 2013. The disallowance was primarily made on the grounds that since revenue derived by Nishat Power Limited - Subsidiary Company on account of 'capacity revenue' was not chargeable to sales tax, input sales tax claimed by Nishat Power Limited - Subsidiary Company was required to be apportioned with only the input sales tax attributable to other revenue stream i.e. 'energy revenue' admissible to Nishat Power Limited - Subsidiary Company. Nishat Power Limited - Subsidiary Company assailed the underlying proceedings before Honourable Lahore High Court, Lahore ('LHC') directly and in this respect, vide order dated 31 October 2016, LHC accepted Nishat Power Limited - 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.

In respect of tax periods from July 2016 to June 2017, Nishat Power Limited - Subsidiary Company's case was selected for 'audit' involving input sales tax amounting to Rupees 541.091 million, on the same grounds as explained above and Rupees 49.774 million on other matters. Being aggrieved, Nishat Power Limited - Subsidiary Company filed an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)]. On 25 February 2022, CIR(A) passed an order and provided partial relief to the Nishat Power Limited - Subsidiary Company. Being aggrieved with the order of CIR(A), Nishat Power Limited - Subsidiary Company preferred an appeal before Appellate Tribunal Inland Revenue (ATIR) who vide order dated 15 April 2022 decided the matter in favour of Nishat Power Limited - Subsidiary Company. Against the order of CIR(A), the department has also filed an appeal in ATIR which is pending adjudication.

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

- xv)** On 16 April 2019, the Commissioner Inland Revenue (CIR) through an order raised a demand of Rupees 179.046 million against Nishat Power Limited - Subsidiary Company, mainly on account of input sales tax claimed on inadmissible expenses in sales tax return for the tax periods of July 2014 to June 2017 and sales tax default on account of suppression of sales related to tax period of June 2016. Being aggrieved with the order of CIR, Nishat Power Limited - Subsidiary Company filed an appeal before CIR(A). On 07 May 2020, the CIR(A) declared that the admissible forum of appeal against the order of CIR is ATIR. Nishat Power Limited - Subsidiary Company filed application for grant of stay before the ATIR against recovery of the aforesaid demand that was duly granted on 28 January 2021. Further, Nishat Power Limited - Subsidiary Company has filed appeal before ATIR against the order of CIR which is pending adjudication. Management has strong grounds to believe that the case will be decided in Nishat Power Limited - Subsidiary Company's favour. Therefore, no provision has been made in these consolidated financial statements.

- xvi)** On 27 February 2015, Additional Commissioner Inland Revenue (ACIR) created a demand of Rupees 282.377 million against Nishat Power Limited - Subsidiary Company for tax year 2013 under section 122(5A) of the Income Tax Ordinance, 2001. Aggrieved with the order of the ACIR, Nishat Power Limited - Subsidiary Company preferred an appeal before CIR(A) who granted partial relief to Nishat Power Limited - Subsidiary Company, while upheld the decision of ACIR in certain matters aggregating to Rupees 31.355 million inter-alia on tax credit claimed by Nishat Power Limited - Subsidiary Company under section 65B of the Income Tax Ordinance, 2001. Nishat Power Limited - Subsidiary Company and tax department filed appeals before ATIR against the order of CIR(A). On 02 November 2017, ATIR restated the demand to Rupees 14.072 million. Aggrieved with the order of ATIR, Nishat Power Limited - Subsidiary Company and tax department have filed appeals before Honourable Lahore High Court, Lahore which are pending for adjudication. Management has strong grounds to believe that the case will be decided in Nishat Power Limited -

Subsidiary Company's favour. Therefore, no provision has been made in these consolidated financial statements.

- xvii)** On 13 February 2019, National Electric Power Regulatory Authority ('NEPRA') issued a show cause notice 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 Nishat Power Limited - Subsidiary Company by NEPRA on 18 March 2019. Nishat Power Limited - 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 Nishat Power Limited - Subsidiary Company. Therefore, no provision has been made in these consolidated financial statements.
- xviii)** 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. Nishat Power Limited - 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 'Master Agreement', agreed that the abovementioned dispute will be resolved through arbitration under the 'Arbitration Submission Agreement' between Nishat Power Limited - Subsidiary Company and GoP. On 15 June 2022, Nishat Power Limited - Subsidiary Company and the GoP signed the 'Arbitration Submission Agreement'. During the year ended 30 June 2023, Arbitration Tribunal has been constituted under the terms of 'Arbitration Submission Agreement', however formal adaptation of mutually agreed Terms of Reference is still pending. Management believes that there are strong grounds that the matter will ultimately be decided in Nishat Power Limited - Subsidiary Company's favour. 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.
- xix)** On 28 April 2022, National Electric Power Regulatory Authority ('NEPRA') issued a notice of hearing to all the RFO based IPPs under the 2002 Power Policy regarding application of highest lab tested Calorific Value (CV) for calculation of CV adjustment instead of average CV as per existing mechanism. Nishat Power Limited - Subsidiary Company vide its letter dated 16 May 2022 replied to NEPRA to refrain from re-initiating the subject proceedings which has already been finalized and implemented by NEPRA vide its letter dated 01 September 2021. Contrary to the reply of the Nishat Power Limited - Subsidiary Company, NEPRA held its hearing on 17 May 2022 and verbally directed to Nishat Power Limited - Subsidiary Company to provide its comments in 15 days failing which the proceedings would be concluded on ex-parte basis. Against the directions of NEPRA, Nishat Power Limited - Subsidiary Company filed a petition in Honourable Lahore High Court, Lahore (LHC) on 06 June 2022, for restraining NEPRA to take any adverse action in this regard, which is pending adjudication. LHC vide its interim order dated 06 June 2022, suspended the impugned notice of hearing. On 18 November 2022, NEPRA determined that although CV adjustment is computed on the basis of average of two CV results, the said CV adjustment shall be subject to the final outcome of the suit pending before LHC. The management based on the advice of its legal counsel, has strong grounds to believe that the case will be decided in favour of Nishat Power Limited - Subsidiary Company. Further, its financial impact cannot be reasonably estimated at this stage, therefore, no provision has been made in these consolidated financial statements.

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

- xx)** The banks have issued the following on behalf of Nishat Power Limited - Subsidiary Company:
- a)** Guarantees of Rupees 11.5 million (2022: Rupees 11.5 million) and Rupees 22.4 million (2022: Rupees 6.9 million) are given by the bank of Nishat Power Limited - Subsidiary Company in favour of Director Excise and Taxation, Karachi, under directions of Sindh High Court and Supreme Court of Pakistan respectively, in respect of suit filed for levy of infrastructure cess.
  - b)** Guarantee of Rupees 500 million (2022: Rupees 500 million) is given by the bank of Nishat Power Limited - Subsidiary Company in favour of Pakistan State Oil against purchase of fuel.
  - c)** Guarantee of Rupees 1.5 million (2022: Rupees 1.5 million) is given by the bank of Nishat Power Limited - Subsidiary Company in favour of Punjab Revenue Authority, Lahore under the direction of Honourable Lahore High Court, Lahore in respect of suit filed for levy of infrastructure cess.
  - d)** Guarantees of Rupees Nil (2022: Rupees 1 million) in favour of Collector of Customs, Lahore and Rupees 31.61 million (2022: Rupees 31.61 million) are given by the banks of Nishat Power Limited - Subsidiary Company 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.
- xxi)** Post dated cheques amounting to Rupees Nil (2022: Rupees 13.43 million) were issued by Nishat Power Limited - Subsidiary Company in favour of Collector of Customs, Lahore on orders of Lahore High Court with respect to differential custom duties case.

### b) Commitments

- i)** Contracts for capital expenditure of the Group are approximately of Rupees 6,767.974 million (2022: Rupees 2,277.395 million).
- ii)** Letters of credit other than for capital expenditure of the Group are of Rupees 3,734.104 million (2022: Rupees 2,973.904 million).
- iii)** Outstanding foreign currency forward contracts of the Group are Rupees 838.241 million (2022: Rupees 1,332.998 million).
- iv)** This represents commitment recognized on a straight-line basis as expense under the practical expedients applied by the Group with respect to IFRS 16. The amount of future payments under this lease and the period in which these payments will become due are as follows:

	Note	2023 (Rupees in thousand)	2022
Not later than one year		133,302	154,105
Later than one year and not later than five years		-	201
		133,302	154,306
<b>15 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	15.1	49,980,400	45,766,365
Capital work in progress	15.2	6,359,839	4,859,326
Major spare parts and standby equipment	15.3	420,267	422,279
		56,760,506	51,047,970

15.1 OPERATING FIXED ASSETS

	Freehold land	Buildings	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 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
Currency retranslation	-	(22,190)	-	-	-	(1,556)	(873)	(1,535)	-	(26,156)
Accumulated depreciation	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
Currency retranslation	-	(7,530,540)	(28,946,976)	(854,520)	(285,461)	(561,278)	(365,532)	(557,589)	(28,143)	(39,130,039)
Accumulated impairment	-	(7,513,990)	(28,946,976)	(854,520)	(285,461)	(560,481)	(364,718)	(556,378)	(28,143)	(39,110,667)
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	-	-	1,791	7,404	114,143	-	332,820
Depreciation charge	-	-	(41,358)	-	-	(3,000)	(1,339)	(41,923)	-	(87,620)
Currency retranslation	-	(837,977)	(3,109,953)	(75,039)	(24,820)	(67,759)	(40,656)	(167,354)	(1,212)	(4,324,770)
Closing 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	532,459	1,349,362	515,385	1,368,602	33,696	89,006,222
Currency retranslation	-	101,390	6,189	-	-	6,189	418	2,487	-	110,484
Accumulated depreciation	2,788,581	16,239,647	64,534,194	1,745,686	532,459	1,355,551	515,803	1,371,089	33,696	89,116,706
Currency retranslation	-	(8,351,967)	(31,847,447)	(929,559)	(310,281)	(626,449)	(397,970)	(609,589)	(29,355)	(43,102,617)
Accumulated impairment	-	(8,432,852)	(31,847,447)	(929,559)	(310,281)	(630,007)	(398,251)	(609,988)	(29,355)	(43,187,740)
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>Year ended 30 June 2023</b>										
Opening 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
Additions	179,845	1,630,448	6,288,875	143,416	37,886	125,868	87,364	336,659	1,804	8,832,165
Disposals:										
Cost	-	-	(804,674)	-	-	(27)	(4,670)	(121,137)	-	(930,508)
Accumulated depreciation	-	-	791,685	-	-	4,118	(552)	72,094	-	867,924
Depreciation charge	-	(847,218)	(12,989)	-	-	(79,368)	(46,407)	(49,043)	-	(62,584)
Currency retranslation	-	23,705	(3,304,119)	(84,068)	(23,593)	4,624	375	(200,113)	(975)	(4,587,861)
Closing net book value	2,968,426	8,613,730	35,495,913	875,475	236,471	776,668	156,332	852,215	5,170	49,980,400
<b>At 30 June 2023</b>										
Cost	2,968,426	17,870,095	70,018,395	1,889,102	570,345	1,481,392	598,497	1,586,611	35,500	97,018,363
Currency retranslation	-	195,843	70,018,395	5,471	12,056	11,875	5,471	12,056	-	225,245
Accumulated depreciation	2,968,426	18,065,938	70,018,395	1,889,102	570,345	1,493,267	603,968	1,598,667	35,500	97,243,608
Currency retranslation	-	(9,280,070)	(34,359,881)	(1,013,627)	(333,874)	(709,348)	(442,540)	(738,007)	(30,330)	(46,907,677)
Accumulated impairment	-	(172,138)	(34,359,881)	(1,013,627)	(333,874)	(7,251)	(5,096)	(8,445)	-	(192,950)
Net book value	2,968,426	8,613,730	35,495,913	875,475	236,471	776,668	156,332	852,215	5,170	49,980,400
Annual rate of depreciation (%)	-	3.94-10	3.94-10.00 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, 2023

**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>								
Cooper Turbo Compressor With Dryer	2	19,700	15,701	3,999	1,542	(2,457)	Negotiation	Rafique Textile Corporation, Samundari.
Cooper Turbo Dryer	1	5,571	4,254	1,317	458	(859)	Negotiation	Rafique Textile Corporation, Samundari.
Emerging Machine	1	10,020	9,051	969	1,880	(29)	Negotiation	Mr. M. Aslam, Gujranwala.
Emerging Machine	2	18,104	16,083	2,021	1,880	(141)	Negotiation	Mr. M. Aslam, Gujranwala.
Emerging Machine	1	6,042	5,478	564	940	376	Negotiation	Mr. M. Aslam, Gujranwala.
Chiller Direct Fire	1	17,621	13,964	3,657	6,410	2,753	Negotiation	Zam Zam Textation, Faisalabad.
		77,058	64,531	12,527	12,170	(357)		
<b>Vehicles</b>								
Toyota Corolla LEF-18-6916	1	1,964	1,148	816	1,111	295	Company's policy	Mr. Nishat Haroon, Company's Employee, Lahore.
Honda Civic LEB-18A-2608	1	2,692	1,532	1,160	1,592	432	Company's policy	Mr. Muhammad Sadiq, Company's Employee, Lahore.
Honda City LEB-18A-4942	1	1,919	1,093	826	1,107	281	Company's policy	Mr. Shahid Hussain, Company's Employee, Faisalabad.
Honda City LEB-18A-2609	1	1,919	1,106	813	1,099	286	Company's policy	Mr. Tashim Haider Gul, Company's Employee, Lahore.
Suzuki Cultus LEC-18-4753	1	1,277	755	522	708	186	Company's policy	Mr. Muhammad Zain, Company's Employee, Lahore.
Suzuki Cultus LEC-18-1797	1	1,277	763	514	704	190	Company's policy	Mr. Muhammad Asim Shaizad, Company's Employee, Lahore.
Toyota Corolla LE-18A-6622	1	1,973	1,163	810	1,099	288	Company's policy	Mr. Abdul Majid Qureshi, Company's Employee, Lahore.
Suzuki Cultus LEC-17A-2384	1	1,277	769	508	691	183	Company's policy	Mr. Shoaib Jafar, Company's Employee, Chiniot.
Honda Civic LEB-17A-5616	1	2,440	1,508	932	1,300	368	Company's policy	Mr. Muhammad Adil Ghani, Company's Employee, Lahore.
Honda Civic LE-19A-4102	1	2,608	1,154	1,454	2,130	676	Negotiation	Mr. Zahid Javadi, Company's Ex-Employee, Lahore.
Toyota Corolla LEA-17A-6675	1	2,418	879	1,539	756	217	Company's policy	Mr. Tanveer Maalik, Company's Employee, Abbottabad.
Honda City LEA-18-5690	1	1,367	823	544	740	196	Company's policy	Mr. Adeel Rizvi, Company's Employee, Lahore.
Honda Civic LEE-18-1199	1	2,593	1,509	1,084	1,102	18	Company's policy	Mr. Muhammad Shuaib, Company's Employee, Lahore.
Toyota Corolla LEA-17A-1842	1	1,441	909	532	769	237	Company's policy	Mr. Usman Mannan Malik, Company's Employee, Lahore.
Honda City LEA-18A-4375	1	1,479	856	623	838	215	Company's policy	Mr. Naveed Arshad, Company's Employee, Lahore.
Suzuki Cultus LEB-18-3117	1	1,277	752	525	705	180	Company's policy	Mr. Tahir Yasir, Company's Employee, Faisalabad.
Suzuki Cultus ACV-344	1	1,816	518	1,298	1,762	464	Negotiation	Mr. Sohail Ahmad, Lahore.
Toyota Corolla LEB-20-2378	1	2,099	853	1,246	1,732	486	Negotiation	Mr. Qaiser Bashir, Lahore.
Toyota Corolla AF-J-159	1	3,735	608	3,127	3,256	129	Negotiation	Mr. Abdul Qadir Khan, Lahore.
Honda City LEB-17A-2970	1	1,366	853	513	729	236	Company's policy	Mr. Naseer Ahmad, Company's Employee, Faisalabad.
Toyota Corolla LEF-19-1751	1	2,525	1,415	1,110	1,430	360	Company's policy	Mr. Naeem Mukaddam, Company's Employee, Lahore.
Toyota Corolla LEF-19-1749	1	3,344	1,632	1,712	2,338	626	Negotiation	Mr. Wadood Ahmed, Chiniot.
Honda City LEF-18-9334	1	1,444	827	617	832	215	Company's policy	Mr. Muhammad Umar Haider, Company's Employee, Jhang.
Suzuki Swift LEB-17A-3607	1	1,411	872	539	763	214	Company's policy	Mr. Zia Ullah, Company's Employee, Gujranwala.
Toyota Corolla LEE-18-2139	1	2,092	1,213	879	1,196	317	Company's policy	Mr. Ayub Ahmad, Company's Employee, Lahore.
Suzuki Swift LE-17A-2652	1	1,363	859	504	728	224	Company's policy	Mr. Zameer Haider, Company's Employee, Lahore.
Honda City LEF-18-4301	1	1,444	841	603	858	255	Negotiation	Mr. Jawad Qazi, Company's Ex-Employee, Abbottabad.
Honda Civic LEB-17A-3604	1	2,440	1,516	924	1,420	496	Company's policy	Ms. Wajeeta Khalid, Company's Employee, Lahore.
Suzuki Swift LEB-17A-1835	1	1,412	892	520	753	233	Company's policy	Mr. Rana Ehtasham Gul, Company's Employee, Faisalabad.
Suzuki Swift LEB-18-8320	1	1,408	855	553	750	197	Company's policy	Mr. Bashir Ahmad, Company's Employee, Lahore.
Suzuki Swift AKD-461	1	2,555	412	2,143	2,600	457	Insurance Claim	Security General Insurance Company Limited - associated company, Lahore.
Honda City LEA-18A-1582	1	1,279	726	553	742	189	Company's policy	Mr. Yasir Mansoor Usmani, Company's Employee, Lahore.
Suzuki Swift LEC-18-6632	1	1,409	826	583	791	208	Company's policy	Mr. Syed Asif Abbas, Company's Employee, Lahore.
Honda City LEF-19-697	1	1,633	915	718	970	252	Company's policy	Mr. Arfan Nazir, Company's Employee, Lahore.
Honda Civic LEE-19-6116	1	2,533	1,420	1,113	1,484	371	Company's policy	Mr. Muhammad Akram Malik, Company's Employee, Lahore.
Suzuki Swift LEB-17A-1019	1	1,412	867	545	753	208	Company's policy	Mr. Bilal Ala Ud Din, Company's Employee, Lahore.
Toyota Corolla LEH-18-2987	1	1,989	1,178	811	1,103	292	Company's policy	Miss Uroq Yasir, Company's Employee, Lahore.
Suzuki Cultus LEH-18-7655	1	1,297	767	530	721	191	Company's policy	Mr. Hassan Tariq, Company's Employee, Faisalabad.
Honda Civic LE-19-6002	1	2,989	1,658	1,331	1,817	486	Company's policy	Mr. Tahir Hussain, Company's Employee, Lahore.
Toyota Corolla LEH-19-2983	1	2,525	1,222	1,303	1,759	456	Company's policy	Mr. Zeeshan Riaz, Company's employee, Lahore.
		76,441	40,464	35,977	47,788	11,811		
		777,009	762,929	14,080	26,210	12,130		
		930,508	867,924	62,584	86,168	23,584		

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

	Note	2023 (Rupees in thousand)	2022
<b>15.1.2 Depreciation charge for the year has been allocated as follows:</b>			
Cost of sales	31	4,267,883	4,047,071
Distribution cost	32	58,777	57,678
Administrative expenses	33	258,691	219,812
Capital work-in-progress		2,510	209
		4,587,861	4,324,770

**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.	86.43
Spinning units and Power plant	Plot No. 172-180 & 188-197, M-3 Industrial City, Sahianwala and FIEDMC, 2 K.M., Jhumra Chiniot Road, Chak Jhumra, Faisalabad.	96.34
Spinning units and Power plant	20 K.M., Sheikhpura Road, Feroze Wattwan.	67.12
Weaving units, Denim unit and Power plant	12 K.M., Faisalabad Road, Sheikhpura.	87.48
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.	118.64
Terry unit	7 K.M., Nishat Avenue Off 22 K.M., Ferozepur Road, Lahore.	12.54
Apparel unit	2 K.M., Nishat Avenue Off 22 K.M., Ferozepur Road, Lahore.	14.33
Office	7-Main Gulberg, Lahore.	1.12
NL Tower (Retail Outlet)	5/A-3 Gulberg, Lahore.	0.25
Commercial Plot	20-A-III, Gulberg, Lahore.	0.05
Commercial Plot	C-43-47, Lake City, Lahore.	0.05
Power Plant - Nishat Power Limited - Subsidiary Company	Jamber Kalan, Tehsil Pattoki, District Kasur.	34.07
Commercial plot (Site for head office)	Plot No. 7, Block Q, Phase 8C, Defence Housing Authority, Lahore.	0.16
Office	93-A-III, Gulberg III, Lahore.	0.41
Factory land	21 K.M., Ferozepur Road, Lahore.	4.21
Commercial building	Mian Mehmood Kasuri Road, Gulberg III, Lahore.	0.76
Factory land and building	Nishatabad, Faisalabad.	5.50
		529.46

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

### 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 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
Add: Additions during the year	12,972	4,173,452	3,945,491	253,842	43,918	264,305	63,687	8,757,667
Less: Transferred to operating fixed assets during the year	(13,183)	(1,622,418)	(5,180,855)	(127,235)	(43,455)	(265,857)	(2,864)	(7,255,867)
Less: Charged to profit or loss during the year	-	(696)	(24)	(567)	-	-	-	(1,287)
<b>At 30 June 2023</b>	942	4,211,920	1,731,972	218,542	8,831	109,629	78,003	6,359,839

**15.2.1** Advance for purchase of vehicles includes advance of Rupees 19.851 million (2022: Rupees 6.414 million) given to Hyundai Nishat Motor (Private) Limited - associated company.

**15.2.2** Borrowing cost amounting to Rupees 71.905 million (2022: Rupees 14.756 million) has been capitalized during the year. The effective rate of borrowing cost capitalized during the year ranged from 6.00% to 22.83% (2022: 1.85% to 8.70%) per annum.

	2023	2022
	(Rupees in thousand)	
<b>15.3 Major spare parts and standby equipment</b>		
Opening balance	422,279	104,397
Add: Additions during the year	738,672	334,355
	1,160,951	438,752
Less: Transferred during the year	(740,684)	(16,473)
Closing balance	420,267	422,279
<b>16 INTANGIBLE ASSETS - COMPUTER SOFTWARE</b>		
Cost as at 30 June	7,542	7,542
Accumulated amortization	(7,542)	(7,542)
Net book value as at 30 June	-	-

**16.1** Intangible assets having cost of Rupees 7.542 million are fully amortised 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 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
Add: Additions during the year	134,071	287,757	421,828
Add: Impact of lease modifications / renewals	-	261,566	261,566
Less: Impact of lease termination	-	(53,538)	(53,538)
Less: Depreciation for the year	(12,346)	(874,929)	(887,275)
Add: Currency retranslation	16,665	125,245	141,910
<b>Balance as at 30 June 2023</b>	145,365	1,936,008	2,081,373

### Lease of land

Nishat International FZE - Subsidiary Company obtained land on lease for warehouse purpose. Lease period is 10 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 ten years.



## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

	Note	2023 (Rupees in thousand)	2022
<b>17.1 Depreciation charge for the year has been allocated as follows:</b>			
Cost of sales	31	20,307	-
Distribution cost	32	854,622	770,308
Administrative expenses	33	12,346	7,402
		887,275	777,710
<b>18 LONG TERM INVESTMENTS</b>			
Equity instruments	18.1	54,469,968	52,382,499
<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 (2022: 137,574,201) fully paid ordinary shares of Rupees 10 each. Equity held 31.40% (2022: 31.40%)		20,767,709	22,565,622
Lalpir Power Limited - quoted 109,882,555 (2022: 109,393,555) fully paid ordinary Rupees 10 each. Equity held 28.93% (2022: 28.80%)		5,542,074	4,899,163
Pakgen Power Limited - quoted 112,548,228 (2022: 102,524,728) fully paid ordinary shares of Rupees 10 each. Equity held 30.25% (2022: 27.55%)		8,436,714	6,600,600
Nishat Paper Products Company Limited - unquoted 11,634,199 (2022: 11,634,199) fully paid ordinary shares of Rupees 10 each. Equity held 25% (2022: 25%)		492,309	554,222
Nishat Dairy (Private) Limited - unquoted 60,000,000 (2022: 60,000,000) fully paid ordinary shares of Rupees 10 each. Equity held 12.24% (2022: 12.24%)		388,374	328,216
Hyundai Nishat Motor (Private) Limited - unquoted 234,747,600 (2022: 113,847,600) fully paid ordinary shares of Rupees 10 each. Equity held 12% (2022: 12%)	18.1.1	2,341,273	1,030,261
Sanifa Agri Services Limited - unquoted 11,591,600 (2022: 11,591,600) fully paid ordinary shares of Rupees 10 each. Equity held 33.12% (2022: 33.12%)	18.1.2	-	-
Nishat Hotels and Properties Limited - unquoted 74,022,917 (2022: 74,022,917) fully paid ordinary shares of Rupees 10 each. Equity held 6.08% (2022: 6.08%)		633,601	617,091
Nishat Sutas Dairy Limited - unquoted 208,787,400 (2022: 144,254,900) fully paid ordinary shares of Rupees 10 each. Equity held 48.27% (2022: 47.53%)		1,512,160	1,189,878
Security General Insurance Company Limited - unquoted 10,226,244 (2022: 10,226,244) fully paid ordinary shares of Rupees 10 each. Equity held 15.02% (2022: 15.02%)		2,287,233	2,215,280
Equity investments accounted for under equity method		42,401,447	40,000,333

	Note	2023 (Rupees in thousand)	2022
<b>Equity instruments</b>			
<b>Fair value through other comprehensive income</b>			
<b>Associated companies (Others)</b>			
Adamjee Insurance Company Limited - quoted 102,809 (2022: 102,809) fully paid ordinary shares of Rupees 10 each. Equity held 0.03% (2022: 0.03%)		2,116	2,116
MCB Bank Limited - quoted 95,125,651 (2022: 88,015,291) fully paid ordinary shares of Rupees 10 each. Equity held 8.03% (2022: 7.43%)	18.1.3	13,685,295	12,851,084
		13,687,411	12,853,200
<b>Related party</b>			
Nishat Chunian Power Limited - quoted 25,537,571 (2022: Nil) fully paid ordinary shares of Rupees 10 each. Equity held 6.95% (2022: Nil)	18.1.4	460,187	-
<b>Others</b>			
Alhamra Islamic Stock Fund - quoted 1,121,410 (2022: 1,121,410) units.		3,135	3,135
United Bank Limited - quoted 353,000 (2022: 353,000) fully paid ordinary shares of Rupees 10 each. Equity held 0.03% (2022: 0.03%)		41,333	41,333
Nishat (Chunian) Limited - quoted 32,689,338 (2022: 32,689,338) fully paid ordinary shares of Rupees 10 each. Equity held 13.61% (2022: 13.61%)		378,955	378,955
Pakistan Petroleum Limited - quoted 599,998 (2022: 599,998) fully paid ordinary shares of Rupees 10 each. Equity held 0.02% (2022: 0.02%)		64,409	64,409
		487,832	487,832
		14,635,430	13,341,032
Less: Fair value adjustment		(2,566,909)	(958,866)
Equity investments classified at fair value through other comprehensive income		12,068,521	12,382,166
		54,469,968	52,382,499

- 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 (2022: 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** The Holding Company has 95,125,651 shares in MCB Bank Limited. The Holding Company can sale, transfer, pledge, mortgage or encumber these shares with prior written approval of the State Bank of Pakistan, However, out of total shareholding, 7,110,300 shares are blocked in account of Central Depository Company of Pakistan Limited.
- 18.1.4** 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, on 18 August 2022, received 25,537,571 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	2023 (Rupees in thousand)	2022
<b>19 LONG TERM LOANS</b>			
Considered good:			
Executives - secured	19.1 & 19.2	374,877	388,995
Other employees - secured	19.2	178,260	238,127
		553,137	627,122
Less: Current portion shown under current assets	23		
Executives		92,263	85,901
Other employees		57,261	70,081
		149,524	155,982
		403,613	471,140

**19.1** Maximum aggregate balance due from executives at the end of any month during the year was Rupees 495.648 million (2022: Rupees 469.580 million).

**19.2** These represent house construction, general purpose 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 relevant employees 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 relevant employees. These are recoverable in equal monthly installments. Interest charged during the year ranged from 0% to 4% (2022: 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	2023 (Rupees in thousand)	2022
Stores		4,418,729	3,069,511
Spare parts		2,579,051	1,879,347
Loose tools		20,528	17,044
		7,018,308	4,965,902
Less: Provision for slow moving, obsolete and damaged store items	20.2	(4,022)	(4,141)
		7,014,286	4,961,761

**20.1** This includes stores and spares in transit of Rupees 559.622 million (2022: Rupees 314.474 million).

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

Balance as on 01 July		4,141	4,141
Less: Provision reversed during the year	35	(119)	-
Balance as on 30 June		4,022	4,141

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

	Note	2023 (Rupees in thousand)	2022
<b>21 STOCK IN TRADE</b>			
Raw materials	21.2	27,851,768	24,309,799
Work in process	21.3	8,640,996	6,364,578
Finished goods	21.4 & 21.6	15,015,877	12,514,128
Less: Provision for slow moving and obsolete stocks		(21,065)	(21,065)
		14,994,812	12,493,063
		51,487,576	43,167,440

**21.1** Stock-in-trade of Rupees 1,001.617 million (2022: Rupees 807.814 million) is being carried at net realizable value.

**21.2** Raw materials include stock in transit of Rupees 273.873 million (2022: Rupees 341.113 million).

**21.3** This includes stock of Rupees 461.585 million (2022: Rupees 22.763 million) sent to outside parties for processing. Further, work in process includes stock in transit of Rupees 111.284 million (2022: Rupees 62.975 million).

**21.4** Finished goods includes stock in transit of Rupees 2,859.215 million (2022: Rupees 3,194.415 million).

**21.5** The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 8.236 million (2022: Rupees 8.876 million).

**21.6** Finished goods include stock of Rupees 813.544 million (2022: Rupees 707.640 million) which is in the possession of stockists of Nishat Linen (Private) Limited - Subsidiary Company.

	Note	2023 (Rupees in thousand)	2022
<b>22 TRADE DEBTS</b>			
<b>Considered good:</b>			
Secured		2,680,135	13,035,506
Unsecured:			
- Related parties	22.1, 22.2 & 22.3	25,732	5,117
- Other	22.4 & 22.5	25,923,191	10,331,617
		28,629,058	23,372,240
<b>Considered doubtful:</b>			
Others		32,045	-
Less: Written off against expected credit losses	22.6	(1,290)	-
Less: Written off during the year	34	(30,755)	-
Less: Allowance for expected credit losses	22.6	(55,861)	(45,363)
		(55,861)	(45,363)
		28,573,197	23,326,877

	2023	2022
	(Rupees in thousand)	
<b>Types of counterparties</b>		
<b>Export</b>		
Corporate	6,556,225	5,734,469
Other	116,265	206,454
	6,672,490	5,940,923
<b>Local</b>		
Corporate	20,053,844	16,164,787
Other	1,902,724	1,266,530
	21,956,568	17,431,317
	28,629,058	23,372,240

**22.1 These represent amounts due from following related parties:**

Adamjee Insurance Company Limited - associated company	299	-
Hyundai Nishat Motor (Private) Limited - associated company	1,628	1,630
Adamjee Life Assurance Company Limited - associated company	-	37
Nishat Hotels and Properties Limited - associated company	22,146	-
MCB Bank Limited - associated company	178	1,359
MCB Islamic Bank Limited - related party	1,169	1,565
Nishat Dairy (Private) Limited - associated company	-	166
Nishat Sutas Dairy Limited - associated company	273	360
Pakistan Aviators and Aviation (Private) Limited - related party	39	-
	25,732	5,117

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

	2023	2022
	(Rupees in thousand)	
Adamjee Insurance Company Limited - associated company	631	134
Hyundai Nishat Motor (Private) Limited - associated company	4,405	3,973
Adamjee Life Assurance Company Limited - associated company	-	37
Nishat Hotels and Properties Limited - associated company	22,146	7,085
MCB Bank Limited - associated company	1,757	7
MCB Islamic Bank Limited - related party	1,565	1,359
Nishat Dairy (Private) Limited - associated company	165	166
D.G. Khan Cement Company Limited - associated company	80	73
Nishat Sutas Dairy Limited - associated company	340	360
Pakistan Aviators and Aviation (Private) Limited - related party	39	-

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

- 22.3** As at 30 June 2023, trade debts due from related parties amounting to Rupees 0.202 million (2022: Rupees 2.006 million) were past due but not impaired. The age analysis of these trade debts is as follows:

	2023	2022
	(Rupees in thousand)	
Upto 90 days	108	-
91 to 180 days	-	2,004
181 to 270 days	-	2
271 to 365 days	94	-
	202	2,006

- 22.4** This includes trade receivables of Nishat Power Limited - Subsidiary Company of Rupees 14,152.106 million (2022: Rupees 11,533.456 million) receivables from CPPA-G and are considered good. These are secured by a guarantee from the Government of Pakistan under the Implementation Agreement and are in the normal course of business and interest free, however, delayed payment mark-up at the rate of three months KIBOR plus 2.00% per annum for first sixty days and three months KIBOR plus 4.50% per annum after first sixty days, each compounded semi-annually, 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 16.70% to 26.58% (2022: 11.53% to 19.49%) per annum. Trade debts include unbilled receivables of Rupees 6,079.987 million (2022: Rupees 4,574.509 million).

- 22.5** An amount of Rupees 816.033 million pertaining to Nishat Power Limited - Subsidiary Company was included in trade debts in previous years relating to capacity revenue not acknowledged by NTDC/CPPA-G. Resolution of the matter was fully explained in note 22.6 to the preceding published annual audited consolidated financial statements for the year ended 30 June 2022. During the year ended 30 June 2023, Nishat Power Limited - Subsidiary Company and CPPA-G have jointly made submissions before the Honourable Lahore High Court for the withdrawal of the enforcement proceedings. Resultantly, on 12 January 2023, the Honourable Lahore High Court has allowed Nishat Power Limited - Subsidiary Company and CPPA-G to withdraw the enforcement proceedings.

	2023	2022
Note	(Rupees in thousand)	
<b>22.6 Allowance for expected credit losses</b>		
Opening balance	45,363	28,237
Less: Balance adjusted against trade debts written off	(1,290)	-
Add: Recognised during the year	11,788	17,126
	34	
	55,861	45,363

	Note	2023 (Rupees in thousand)	2022
<b>23 LOANS AND ADVANCES</b>			
<b>Considered good:</b>			
Employees - interest free:			
– Executives		12,244	5,045
– Other employees		24,281	24,294
		36,525	29,339
Current portion of long term loans	19	149,524	155,982
Advances to suppliers	23.1 & 23.2	555,319	647,745
Letters of credit		36,882	3,321
Other advances	23.2	1,274,708	482,855
		2,052,958	1,319,242
<b>Considered doubtful:</b>			
Advance to Sanifa Agri Services Limited - associated company	23.3	164,970	121,500
Others		108	108
Less: Expected credit loss against doubtful advances	23.4	(165,078)	(121,608)
		-	-
		2,052,958	1,319,242

**23.1 Advances to suppliers**

Considered good		555,319	647,745
Considered doubtful		28	-
Less: Provision for doubtful advances	34	(28)	-
		-	-
		555,319	647,745

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

	2023 (Rupees in thousand)	2022
<b>Advances to suppliers</b>		
Security General Insurance Company Limited - associated company	-	300
Adamjee Insurance Company Limited - associated company	31	-
D.G. Khan Cement Company Limited - associated company	4	-
<b>Other advances</b>		
Hyundai Nishat Motor (Private) Limited - associated company	97	-
Nishat Hotels and Properties Limited - associated company	-	44

**23.3** 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 13.39% to 18.56% (2022: 8.95% to 13.39%) per annum. The maximum aggregate amount advanced to associated company at the end of any month during the year was Rupees 164.970 million (2022: Rupees 180.600 million).



## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

	Note	2023 (Rupees in thousand)	2022
<b>23.4 Expected credit loss against doubtful advances</b>			
Opening balance		121,608	108
Add: Recognised during the year	34	43,470	121,500
		165,078	121,608
<b>24 (PROVISION FOR TAXATION) / ADVANCE INCOME TAX - NET</b>			
Advance income tax		3,201,259	3,108,415
Provision for taxation		(3,854,138)	(2,932,684)
		(652,879)	175,731
<b>25 SHORT TERM DEPOSITS AND PREPAYMENTS</b>			
Deposits		216,931	144,746
Prepayments		254,796	207,419
		471,727	352,165
<b>26 OTHER RECEIVABLES</b>			
<b>Considered good:</b>			
Export rebate and claims		362,719	211,880
Duty drawback		375,218	363,950
Excise duty receivable	26.1	-	2,461
Sales tax refundable	26.2	12,173,632	9,471,711
Fair value of forward exchange contracts		31	57,518
Recoverable from CPPA-G as pass through items:			
Workers' profit participation fund receivable	26.3	366,543	315,609
Workers' welfare fund receivable	26.4	299,475	217,494
Private Power and Infrastructure Board's fee		11,912	-
Receivable from employees' provident fund trust		-	63,081
Miscellaneous receivables	26.5	77,586	111,689
		13,667,116	10,815,393
<b>26.1 Excise duty receivable</b>			
Excise duty receivable		3,313	2,461
Less: Provision for doubtful receivable	34	(3,313)	-
		-	2,461

**26.2** This includes sales tax claimable by Nishat Hospitality (Private) Limited - Subsidiary Company from Federal Board of Revenue ('FBR') of Rupees 4.390 million (2022: Rupees 4.390 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 Nishat Hospitality (Private) Limited - Subsidiary Company's tax consultant is 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.

	Note	2023 (Rupees in thousand)	2022
<b>26.3 Workers' profit participation fund</b>			
Opening balance		315,609	583,636
Allocation for the year		204,954	166,149
Adjustment against prior years		-	702
		520,563	750,487
Amount received during the year		(144,565)	(434,878)
Written off during the year	34	(9,455)	-
Closing balance		366,543	315,609
<b>26.4 Workers' welfare fund</b>			
Opening balance		217,494	151,035
Allocation for the year		81,981	66,459
Closing balance		299,475	217,494
<b>26.5</b> These include amounts due from following related parties. These are neither past due nor impaired:			
	Note	2023 (Rupees in thousand)	2022
Security General Insurance Company Limited - associated company		4,303	23,732
Nishat Hotels and Properties Limited - associated company		3	-
<b>27. ACCRUED INTEREST</b>			
Accrued interest	27.1	30,762	4,394
<b>27.1</b> This includes interest receivable from following related parties. These are neither past due nor impaired.			
	Note	2023 (Rupees in thousand)	2022
Sanifa Agri Services Limited - associated company		-	4,089
MCB Bank Limited - associated company		28,018	-
<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
			32,610
<b>At fair value through profit or loss (FVTPL)</b>			
Pakistan Investment Bonds	28.3 & 28.5	-	2,850,550
Government Ijara Sukuk	28.4 & 28.5	-	2,850,549
		-	5,701,099
		-	5,733,709

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

- 28.1** This represented Riba Free Certificates with maturity ranged from 3 months to 6 months and carried profit rates ranged from 5.75% to 9.73% (2022: 4.42%) per annum.
- 28.2** This represented term deposit receipts with maturity of 6 months having maturity date of 13 December 2022 and carried profit at 14.5% per annum.
- 28.3** This represented investment in Pakistan Investment Bonds (PIBs) having face value of Rupees Nil (2022: Rupees 2,836 million). Profit was receivable on half yearly basis, with coupon rate of annualized weighted average yield of 6 months T-bills + 0.70% per annum. These PIB's have been encashed during the year ended 30 June 2023.
- 28.4** This represented investment in Government of Pakistan Ijarah Sukuk Bonds (GISs) having face value of Rupees Nil (2022: Rupees 2,784.50 million). Profit was receivable on half yearly basis, with coupon rate of average yield of 6 months T-bills. These GISs' have been encashed during the year ended 30 June 2023.
- 28.5** These investments were classified as FVTPL due to the managements' intention to sell them.

	Note	2023 (Rupees in thousand)	2022
<b>29. CASH AND BANK BALANCES</b>			
<b>With banks:</b>			
On current accounts			
Including US\$ 3,912,718 (2022: US\$ 223,486) and UAE Dirhams 8,114,305 (2022: UAE Dirhams 16,893,110)		2,030,504	1,042,880
Term deposit receipts	29.3	2,755,510	-
On PLS saving accounts	29.4		
Including US\$ 117 (2022: US\$ 117)		2,264,655	656,260
Pay order in hand		2,000,000	-
		9,050,669	1,699,140
<b>Cash in hand</b>			
Including US\$ 5,600 (2022: Nil) and UAE Dirhams 447,236 (2022: UAE Dirhams 327,454)		108,959	59,676
		9,159,628	1,758,816

- 29.1** Cash at banks includes balance of Rupees 2,158.102 million (2022: Rupees 1,343.317 million) with MCB Bank Limited - associated company.
- 29.2** Cash at banks includes balance of Rupees 1,547.204 million (2022: Rupees 0.227 million) with MCB Islamic Bank Limited - related party.
- 29.3** These represent term deposits with maturity period of 1 month and carry profit rates ranging from 3.25% to 21.00% (2022: 6.80% to 12.85%) per annum.

**29.4** Rate of profit on bank deposits ranges from 12.25% to 19.55% (2022: 1.25% to 13.25%) per annum.

	Note	2023 (Rupees in thousand)	2022
<b>30 REVENUE</b>			
Revenue from contracts with customers:			
- Export sales		95,375,396	75,857,818
- Local sales	30.1	96,744,572	88,706,402
- Processing income	30.2	1,069,569	720,933
		193,189,537	165,285,153
Export rebate and duty draw back		486,815	411,854
		193,676,352	165,697,007
<b>30.1 Local sales</b>			
Sales	30.1.1	112,049,497	104,646,544
Less: Sales tax		(11,617,542)	(13,278,558)
Less: Discount		(3,687,383)	(2,661,584)
		96,744,572	88,706,402

**30.1.1** These include waste sale of Rupees 4,176.477 million (2022: Rupees 3,157.189 million).

		2023 (Rupees in thousand)	2022
<b>30.2 Processing Income</b>			
Sales		1,313,417	843,492
Less: Sales tax		(243,848)	(122,559)
		1,069,569	720,933

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

30.3 The amount of Rupees 880.065 million included in contract liabilities (Note 9) at 30 June 2022 has been recognised as revenue in 2023 (2022: Rupees 1,055.300 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		
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	
	(Rupees in thousand)																		
<b>Region</b>																			
Europe	922,447	390,084	18,981,664	16,614,626	522,237	552,631	19,816,058	11,827,779	3,139,333	5,086,722	-	-	-	-	-	-	43,381,739	34,473,842	
America	418,313	597,876	748,875	919,817	10,247	8,091	4,014,809	3,816,658	10,347,342	8,666,634	-	-	-	-	-	-	15,539,586	13,910,076	
Asia, Africa, Australia	6,407,093	7,120,649	4,206,386	2,532,982	21,990,238	14,952,303	4,091,161	3,049,457	246,008	530,363	-	-	-	-	-	-	36,940,886	27,885,754	
Pakistan	39,799,143	37,218,588	8,331,626	6,441,604	9,368,287	6,453,778	16,103,482	14,801,128	392,185	203,971	23,167,012	23,787,131	523,200	412,475	129,206	108,660	97,814,141	89,427,335	
	47,546,996	45,327,197	32,268,551	26,209,029	31,891,009	21,966,803	44,025,510	33,497,022	14,124,868	14,388,690	23,167,012	23,787,131	523,200	412,475	129,206	108,660	193,676,352	165,697,007	
<b>Timing of revenue recognition</b>																			
Products and services transferred at a point in time	47,546,996	45,327,197	32,268,551	26,209,029	31,891,009	21,966,803	44,025,510	33,497,022	14,124,868	14,388,690	19,676,002	20,887,359	523,200	412,475	120,303	105,101	190,176,439	162,893,676	
Products and services transferred over time	-	-	-	-	-	-	-	-	-	-	3,491,010	2,799,772	-	-	8,903	3,559	3,499,913	2,803,331	
	47,546,996	45,327,197	32,268,551	26,209,029	31,891,009	21,966,803	44,025,510	33,497,022	14,124,868	14,388,690	23,167,012	23,787,131	523,200	412,475	129,206	108,660	193,676,352	165,697,007	
<b>Major products / service lines</b>																			
Yarn	46,868,988	44,665,046	-	-	-	-	-	-	-	-	-	-	-	-	-	-	46,868,988	44,665,046	
Comber Nali	-	172,361	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	172,361	-
Grey Cloth	-	-	32,268,551	26,209,029	-	-	-	23,116	-	-	-	-	-	-	-	-	32,268,551	26,232,145	
Processed Cloth	-	-	-	-	31,891,009	21,966,803	11,608,394	8,217,991	-	-	-	-	-	-	-	-	43,499,403	30,184,794	
Cosmetics	-	-	-	-	-	-	147,807	170,621	-	-	-	-	-	-	-	-	147,807	170,621	
Waste	678,008	489,790	-	-	-	-	203,247	173,984	-	-	-	-	-	-	-	-	881,255	663,774	
Others	-	-	-	-	-	-	174,486	37,482	-	-	-	-	-	-	-	-	174,486	37,482	
Made Ups	-	-	-	-	-	-	24,332,729	21,563,836	-	-	-	-	-	-	-	-	24,332,729	21,563,836	
Garments	-	-	-	-	-	-	-	-	14,124,868	14,388,690	-	-	-	-	-	-	14,124,868	14,388,690	
Towels and Bath Robe	-	-	-	-	-	-	7,559,847	3,289,992	-	-	-	-	-	-	-	-	7,559,847	3,289,992	
Electricity	-	-	-	-	-	-	-	-	-	-	23,167,012	23,787,131	-	-	-	-	23,167,012	23,787,131	
Room Rental Services	-	-	-	-	-	-	-	-	-	-	-	-	523,200	412,475	-	-	523,200	412,475	
Other Hotel Ancillary Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	129,206	108,660	129,206	108,660	
	47,546,996	45,327,197	32,268,551	26,209,029	31,891,009	21,966,803	44,025,510	33,497,022	14,124,868	14,388,690	23,167,012	23,787,131	523,200	412,475	129,206	108,660	193,676,352	165,697,007	

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

	Note	2023 (Rupees in thousand)	2022
<b>31 COST OF SALES</b>			
Raw materials consumed		109,526,419	100,860,999
Processing charges		1,395,262	1,220,083
Salaries, wages and other benefits	31.1	12,346,713	10,587,611
Stores, spare parts and loose tools consumed		13,557,173	10,475,455
Packing materials consumed		3,187,309	2,555,698
Repair and maintenance		954,535	743,088
Fuel and power		17,856,532	11,003,340
Insurance		454,543	353,409
Depreciation on operating fixed assets	15.1.2	4,267,883	4,047,071
Depreciation on right-of-use assets	17.1	20,307	-
Other factory overheads	31.2	1,722,177	1,165,184
		165,288,853	143,011,938
<b>Work-in-process</b>			
Opening stock		6,364,578	3,044,441
Closing stock		(8,640,996)	(6,364,578)
		(2,276,418)	(3,320,137)
Cost of goods manufactured		163,012,435	139,691,801
<b>Finished goods</b>			
Opening stock		12,514,128	9,641,809
Closing stock		(15,015,877)	(12,514,128)
		(2,501,749)	(2,872,319)
		160,510,686	136,819,482

**31.1** Salaries, wages and other benefits include provident fund contribution of Rupees 384.194 million (2022: Rupees 293.380 million) and Rupees 0.838 million (2022: Rupees 1.25 million) in respect of provision for compensated absences.

**31.2** This includes Rupees 101.273 million (2022: Rupees 119.902 million) in respect of short term leases.

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

	Note	2023 (Rupees in thousand)	2022
<b>32 DISTRIBUTION COST</b>			
Salaries and other benefits	32.1	1,527,449	1,250,237
Outward freight and shop handling		3,666,110	4,090,177
Sales promotion		1,412,933	1,127,679
Commission to selling agents		1,369,145	1,055,201
Royalty	32.2	112,511	105,506
Fuel cost		234,713	195,346
Travelling and conveyance		311,104	134,186
Rent, rates and taxes	32.3	58,302	22,396
Postage and telephone		165,989	114,640
Insurance		51,877	35,466
Vehicles' running		47,201	29,513
Entertainment		39,436	26,609
Advertisement		313,906	281,185
Electricity and gas		238,942	148,898
Printing and stationery		26,394	14,296
Repair and maintenance		97,195	191,481
Fee and subscription		78,447	5,342
Depreciation on operating fixed assets	15.1.2	58,777	57,678
Depreciation on right-of-use assets	17.1	854,622	770,308
		10,665,053	9,656,144

**32.1** Salaries and other benefits include provident fund contribution of Rupees 66.248 million (2022: Rupees 54.745 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	2023	2022
		Related / Other	(Rupees in thousand)	
American and Efird LLC	22 American Street, Mount Holly, North Carolina, 28120.	Other	105,914	106,944
Circular Systems S.P.C.	719 S. Los Angeles St. No. 924, Los Angeles, California 90014, United States of America.	Other	-	266

**32.3** This includes Rupees 29.155 million (2022: Rupees 8.387 million) in respect of short term leases.

	Note	2023 (Rupees in thousand)	2022
<b>33 ADMINISTRATIVE EXPENSES</b>			
Salaries and other benefits	33.1	2,193,571	1,733,113
Vehicles' running		126,049	79,401
Travelling and conveyance		297,152	191,222
Rent, rates and taxes	33.2	58,583	52,296
Insurance		27,485	22,591
Entertainment		75,589	49,779
Legal and professional		101,353	47,154
Auditors' remuneration	33.3	18,978	22,636
Advertisement		2,234	1,165
Postage and telephone		41,378	37,120
Electricity and gas		23,557	26,612
Printing and stationery		49,660	32,639
Repair and maintenance		67,790	60,159
Fee and subscription		25,443	23,093
Depreciation on operating fixed assets	15.1.2	258,691	219,812
Depreciation on right-of-use assets	17.1	12,346	7,402
Miscellaneous		69,598	58,249
		3,449,457	2,664,443

**33.1** Salaries and other benefits include provident fund contribution of Rupees 76.956 million (2022: Rupees 66.225 million), Rupees 0.772 million (2022: Rupee 2.290 million) in respect of provision for compensated absences and Rupees 8.588 million (2022: Rupees Nil) in respect of retirement benefit - gratuity.

**33.2** This include Rupees 2.992 million (2022: Rupees 2.916 million) in respect of short term leases.

	2023 (Rupees in thousand)	2022
<b>33.3 Auditors' remuneration</b>		
<b>Riaz Ahmad and Company</b>		
Audit fee	10,106	6,520
Half yearly review	2,293	1,163
Other certifications	420	155
Reimbursable expenses	522	215
	13,341	8,053
<b>A.F. Ferguson and Company</b>		
Statutory audit fee	-	2,847
Half yearly review	-	937
Tax services	-	5,327
Other certification services	-	162
Reimbursable expenses	-	290
	-	9,563
<b>Crowe Mak</b>		
Audit fee	5,637	5,020
	18,978	22,636



## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

	Note	2023 (Rupees in thousand)	2022
<b>34 OTHER EXPENSES</b>			
Workers' profit participation fund		548,758	553,560
Workers' welfare fund		5,837	35,559
Trade debts written off	22	30,755	-
Allowance for expected credit loss against trade debts	22.6	11,788	17,126
Provision for doubtful advances to suppliers	23.1	28	-
Expected credit loss against doubtful advances	23.4	43,470	121,500
Provision for doubtful excise duty receivable	26.1	3,313	-
Workers' profit participation fund receivable written off	26.3	9,455	-
Impairment loss on receivable		-	1,750
Donations	34.1 & 34.2	1,308	8,256
Loss on disposal of short term investments		70,470	32,793
		725,182	770,544

**34.1** The name of donee to whom donation amount exceeded Rupees 1 million (2022: Rupees 1 million) is as follows:

Pakistan Textile Council	34.3	-	3,750
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	2023 (Rupees in thousand)	2022
<b>35 OTHER INCOME</b>			
<b>Income from financial assets</b>			
Dividend income	35.1	2,330,870	1,985,516
Gain on initial recognition of ordinary shares transferred under Scheme of Compromises, Arrangement and Reconstruction	18.1.4	460,187	-
Profit on deposits with banks		302,005	100,297
Net exchange gain		1,512,949	794,863
Interest income on advance to associated company		17,990	14,989
Gain on initial recognition of investment at FVTOCI		15,074	-
Credit balances written back		47,187	-
Others		21,800	39,824
		4,708,062	2,935,489
<b>Income from non-financial assets</b>			
Gain on sale of property, plant and equipment		23,584	63,877
Scrap sales		553,817	442,294
Rental income		130,040	116,819
Rent concessions		-	28,478
Gain on termination of leases		11,658	1,251
Reversal of provision for slow moving, obsolete and damaged store items	20.2	119	-
Insurance claim		24,278	-
Bargain purchase on acquisition of further shares in investee companies	18.2	447,741	-
Others		30	-
		1,191,267	652,719
		5,899,329	3,588,208

	Note	2023 (Rupees in thousand)	2022
<b>35.1 Dividend income</b>			
<b>From related party / associated companies</b>			
MCB Bank Limited - associated company		1,933,645	1,716,298
Nishat Chunian Power Limited - related party		255,376	-
Adamjee Insurance Company Limited - associated company		308	308
		2,189,329	1,716,606
<b>Others</b>			
Pakistan Petroleum Limited		900	2,100
Nishat (Chunian) Limited		130,757	261,515
United Bank Limited		9,884	5,295
		141,541	268,910
		2,330,870	1,985,516
<b>36 FINANCE COST</b>			
Mark-up on:			
Long term financing		535,800	361,889
Short term borrowings		5,952,890	1,657,047
Lease liabilities	6.1	293,550	260,035
Interest on workers' profit participation fund	9.4	66,067	23,137
Adjustment due to impact of IFRS 9 on GIDC	8.2	773	36,096
Bank charges and commission		654,417	416,920
		7,503,497	2,755,124
<b>37 TAXATION</b>			
Current - for the year		3,854,228	2,932,684
Deferred		915,893	1,420,260
Prior year adjustment		(141,264)	1,453
		4,628,857	4,354,397
<b>38 EARNINGS PER SHARE - BASIC AND DILUTED</b>			
There is no dilutive effect on the basic earnings per share which is based on:			
		2023	2022
Profit attributable to ordinary shareholders of Holding Company	(Rupees in thousand)	11,295,127	12,304,783
Weighted average number of ordinary shares of Holding Company	(Numbers)	351,599,848	351,599,848
Earnings per share	(Rupees)	32.12	35.00

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

	Note	2023 (Rupees in thousand)	2022
<b>39 CASH GENERATED FROM OPERATIONS</b>			
<b>Profit before taxation</b>		17,928,179	18,286,925
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation on operating fixed assets		4,585,351	4,324,561
Depreciation on right-of-use assets		887,275	777,710
Workers' profit participation fund receivable written off		9,455	-
Provision for doubtful excise duty receivable		3,313	-
Reversal of provision for slow moving, obsolete and damaged store items		(119)	-
Trade debts written off		30,755	-
Provision for doubtful advances to suppliers		28	-
Allowance for expected credit loss against trade debts		11,788	17,126
Impairment loss on receivable		-	1,750
Expected credit loss against doubtful advances		43,470	121,500
Loss on disposal of short term investments		70,470	32,793
Gain on initial recognition of investment at FVTOCI		(15,074)	-
Gain on initial recognition of ordinary shares transferred under Scheme of Compromises, Arrangement and Reconstruction		(460,187)	-
Net exchange gain		(1,512,949)	(794,863)
Gain on sale of property, plant and equipment		(23,584)	(63,877)
Dividend income		(2,330,870)	(1,985,516)
Profit on deposits with banks		(302,005)	(100,297)
Interest income on advance to associated company		(17,990)	(14,989)
Share of profit from associates		(1,206,373)	(1,667,447)
Bargain purchase on acquisition of further shares in investee companies		(447,741)	-
Provision for accumulated compensated absences		1,610	3,540
Credit balances written back		(47,187)	-
Finance cost		7,503,497	2,755,124
Rent concessions		-	(28,478)
Gain on termination of leases		(11,658)	(1,251)
Working capital changes	39.1	(15,303,208)	(17,009,686)
		9,396,246	4,654,625
<b>39.1 Working capital changes</b>			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		(2,052,406)	(1,654,047)
- Stock in trade		(8,320,136)	(17,372,432)
- Trade debts		(3,787,324)	4,438,061
- Loans and advances		(783,672)	(373,774)
- Short term deposits and prepayments		(119,562)	(160,494)
- Other receivables		(2,921,978)	(5,336,942)
		(17,985,078)	(20,459,628)
Increase in trade and other payables		2,681,870	3,449,942
		(15,303,208)	(17,009,686)

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

	2023					
	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 2022</b>	15,473,631	2,596,010	31,692,994	122,072	350,961	50,235,668
Lease liabilities recognized	-	421,828	-	-	-	421,828
Repayment of lease liabilities	-	(810,343)	-	-	-	(810,343)
Financing obtained	2,476,845	-	-	-	-	2,476,845
Repayment of financing	(3,172,144)	-	-	-	-	(3,172,144)
Dividend declared	-	-	-	2,533,941	-	2,533,941
Dividend paid	-	-	-	(2,525,528)	-	(2,525,528)
Short term borrowings - net	-	-	14,553,799	-	-	14,553,799
Exchange differences on translation of net investments in subsidiary companies	-	-	-	-	375,630	375,630
Deferred income - Government grant	27,950	-	-	-	-	27,950
Impact of lease modifications / renewals	-	261,566	-	-	-	261,566
Impact of lease termination	-	(65,196)	-	-	-	(65,196)
Currency retranslation	-	136,979	-	-	-	136,979
<b>Balance as at 30 June 2023</b>	<b>14,806,282</b>	<b>2,540,844</b>	<b>46,246,793</b>	<b>130,485</b>	<b>726,591</b>	<b>64,450,995</b>

	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	-	(656,013)	-	-	-	(656,013)
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
Deferred income - Government grant	90,606	-	-	-	-	90,606
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>

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

	2023	2022
	(Rupees in thousand)	
<b>39.3 Non-cash financing activities</b>		
Lease liabilities recognized	421,828	199,140
Exchange differences on translation of net investments in subsidiary companies	375,630	164,204
Deferred income - Government grant	27,950	90,606
Impact of lease modifications / renewals	261,566	965,049
Impact of rent concessions	-	(28,478)
Impact of lease termination	(65,196)	(16,477)
Currency retranslation	136,979	83,005

### 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 2023 of Rupees 5.00 per share (2022: Rupees 4.00 per share) at their meeting held on 26 September 2023. The Board of Directors also proposed to transfer Rupees 9,802 million (2022: Rupees 10,872 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, DIRECTORS 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	
	2023	2022	2023	2022
	(Rupees in thousand)			
<b>Managerial remuneration</b>	59,464	43,703	1,174,761	883,652
<b>Allowances</b>				
Cost of living allowance	-	-	1,465	1,226
House rent	18,871	15,726	285,211	228,328
Conveyance	-	-	848	1,014
Medical	4,718	3,932	92,884	75,131
Utilities	10,843	-	121,177	98,795
Special allowance	-	-	1,002	830
Contribution to provident fund trust	-	-	91,210	72,462
Leave encashment	-	-	21,103	24,217
	93,896	63,361	1,789,661	1,385,655
Number of persons	1	1	397	326

**41.1** Chief Executive Officer and certain executives of the Holding Company are provided with Company maintained vehicles and certain executives are also provided with free housing facility along with utilities.

**41.2** Aggregate amount charged in these consolidated financial statements for meeting fee to five directors (2022: five directors) of the Holding Company was Rupees 2.080 million (2022: 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:

	2023	2022
	(Rupees in thousand)	
<b>Associated companies</b>		
Investment made	3,014,221	1,326,249
Short term loans made	43,470	76,300
Purchase of goods and services	37,356	257,488
Repayment of short term loans	-	59,100
Sharing of expenses	-	1,369
Sale of goods and services	90,566	94,081
Rental income	7,490	6,888
Purchase of operating fixed assets	103,320	85,074
Rent paid	91,121	90,005
Dividend income	1,933,953	1,716,606
Dividend paid	123,372	123,047
Insurance premium paid	335,257	481,879
Interest income	34,759	101,796
Insurance claims received	109,324	117,169
Profit on term deposit receipt	-	625
Finance cost	67,978	19,983
Commission paid	52,677	29,684
<b>Other related parties</b>		
Dividend Income	255,376	-
Purchase of goods and services	108,044	5,496,954
Sale of goods and services	11,179	283,546
Group's contribution to provident fund trust	529,382	412,589

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

- 42.1** Detail of compensation to key management personnel comprising of chief executive officer, directors and executives is disclosed in note 41.
- 42.2** Following are the related parties with whom the 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
		2023	2022	
Nishat Agriculture Farming (Private) Limited	Common directorship	No	No	None
Nishat Dairy (Private) Limited	Common directorship and shareholding	No	Yes	12.24
Nishat Sutas Dairy Limited	Common directorship and shareholding	Yes	Yes	48.27
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	Yes	None
Security General Insurance Company Limited	Common directorship and shareholding	Yes	Yes	15.02
Nishat Energy Limited	Shareholding	No	No	37.75
Pakgen Power Limited	Common directorship and shareholding	Yes	Yes	30.25
Lalpir Power Limited	Common directorship and shareholding	Yes	Yes	28.93
Nishat Paper Products Company Limited	Common directorship and shareholding	Yes	Yes	25.00
Pakistan Aviators and Aviation (Private) Limited	Common directorship	No	Yes	None
Nishat Developers (Private) Limited	Common directorship	No	No	None
Nishat Real Estates Development Company (Private) Limited	Common directorship	Yes	Yes	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	8.03
MCB Islamic Bank Limited	Wholly owned subsidiary of associated company	Yes	Yes	None
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	Yes	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 in Golf View Land (Private) Limited	No	No	None
Emporium Properties (Private) Limited	Spouse of director of the Holding Company is Director in Emporium Properties (Private) Limited	No	No	None
Employees Provident Fund Trusts	Post-employment benefit plans	Yes	Yes	None
Mr. Mian Umer Mansha	Chief Executive Officer of the Holding Company	Yes	Yes	None
Mr. Mian Hassan Mansha	Chairman of the Holding Company	Yes	Yes	None
Mr. Farid Noor Ali Fazal	Director of the Holding Company	Yes	Yes	None
Mr. Mahmood Akhtar	Director of the Holding Company	Yes	Yes	None
Mr. Syed Zahid Hussain	Director of the Holding Company	Yes	Yes	None
Mrs. Sara Aqeel	Director of the Holding Company	Yes	Yes	None
Mrs. Mehak Adil	Director of the Holding Company	Yes	Yes	None

## 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

Investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the regulations formulated for this purpose by Securities and exchange commission of Pakistan.

	2023	2022
<b>44 NUMBER OF EMPLOYEES</b>		
Number of employees as on 30 June	26,359	27,760
Average number of employees during the year	26,761	26,423



## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

		2023	2022
		(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 (2022: 1,095 shifts)	(Kgs.)	106,804	98,973
Actual production converted to 20s count based on 3 shifts per day for 1,095 shifts (2022: 1,095 shifts)	(Kgs.)	86,731	85,580
<b>Weaving</b>			
100% plant capacity at 50 picks based on 3 shifts per day for 1,095 shifts (2022: 1,095 shifts)	(Sq. Mtr)	374,347	365,620
Actual production converted to 50 picks based on 3 shifts per day for 1,095 shifts (2022: 1,095 shifts)	(Sq. Mtr)	349,035	347,818
<b>Dyeing and Finishing</b>			
Production capacity for 3 shifts per day for 1,095 shifts (2022: 1,095 shifts)	(Mtr)	56,400	56,400
Actual production on 3 shifts per day for 1,095 shifts (2022: 1,095 shifts)	(Mtr)	50,205	51,567
<b>Power Plant</b>			
Generation capacity	MWH	1,291	1,242
Actual generation	MWH	396	431
<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 (2022: 8,760 hours)]	MWH	1,711	1,711
Actual energy delivered	MWH	538	794
<b>c) Subsidiary Company - Nishat Hospitality (Private) Limited</b>		<b>Total rooms available</b>	
Nishat suites - average occupancy (percentage)		75	81
Total rooms available during the year (number)		87	87

### 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 power purchaser and plant availability.

46 SEGMENT INFORMATION

	Spinning		Weaving		Dyeing		Home Textile and Terry		Garments		Power Generation		Hotel		Elimination of inter-segment transactions		Total - Group	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenue	47,546,996	45,327,197	32,268,651	26,209,029	31,891,009	21,966,603	44,025,510	33,497,022	14,124,668	14,388,690	23,167,012	23,797,131	652,406	521,135	-	-	193,676,352	165,697,007
External Intersegment	15,897,031	9,244,674	22,712,169	18,857,701	2,164,922	1,725,633	428,324	291,649	2,127	693	18,061,431	11,379,528	-	-	(59,266,004)	(41,498,878)	-	-
Cost of sales	63,444,027	54,571,871	54,980,720	45,866,730	34,055,931	23,692,436	44,453,694	33,789,871	14,126,995	14,389,383	41,228,443	35,186,659	652,406	521,135	(59,266,004)	(41,498,878)	193,676,352	165,697,007
Gross profit	(61,222,297)	(45,462,160)	(60,920,064)	(38,412,907)	(26,037,597)	(21,661,197)	(30,501,968)	(29,025,628)	(12,018,657)	(12,189,388)	(36,135,282)	(31,242,258)	(441,035)	(365,745)	99,266,004	41,498,878)	(160,510,686)	(136,919,462)
Distribution cost	(999,145)	(970,239)	(1,540,606)	(1,739,272)	(1,155,524)	(1,098,248)	(6,080,039)	(4,984,338)	(889,795)	(863,792)	(44)	-	-	-	-	-	(33,166,666)	28,877,525
Administrative expenses	(552,494)	(458,731)	(451,483)	(352,662)	(305,071)	(216,261)	(1,267,661)	(949,250)	(323,183)	(229,017)	(476,866)	(395,718)	(72,719)	(62,894)	-	-	(3,449,457)	(2,664,443)
Profit / (loss) before taxation and unallocated income and expenses	(1,551,638)	(1,429,024)	(1,991,989)	(2,091,394)	(1,460,995)	(1,314,510)	(7,347,700)	(5,933,748)	(1,212,568)	(1,092,809)	(476,910)	(395,718)	(72,719)	(62,894)	-	-	(14,114,510)	(12,320,587)
Income and expenses	670,091	7,721,046	2,068,667	4,361,889	4,557,749	716,253	6,604,966	(1,170,745)	895,180	1,107,206	4,116,251	3,528,703	134,652	92,886	-	-	19,051,196	16,556,938
Unallocated income and expenses:																		
Other expenses																		(725,182)
Other income																		5,899,329
Finance cost																		7,503,497
Share of net profit of associates accounted for using the equity method																		(2,755,124)
Taxation																		1,206,373
Profit after taxation																		1,667,447
																		(4,628,857)
																		13,299,322

46.1 Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Dyeing		Home Textile and Terry		Garments		Power Generation		Hotel		Elimination of inter-segment transactions		Total - Group	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Total assets for reportable segments	34,703,014	29,055,215	16,429,296	13,984,643	18,842,412	13,436,058	14,446,602	24,989,263	8,571,547	9,529,041	37,497,275	8,098,646	1,304,106	1,820,648	-	-	131,794,252	100,903,514
Unallocated assets:																		
Long term investments																		54,469,968
Short term investments																		52,382,499
Other receivables																		5,733,709
Cash and bank balances																		13,667,116
Other corporate assets																		10,815,393
Total assets as per statement of financial position																		9,159,628
Total liabilities for reportable segments																		17,405,475
Unallocated liabilities:																		26,430,549
Deferred liabilities																		228,486,439
Other corporate liabilities																		186,024,480
Total liabilities as per statement of financial position																		17,651,366
Geographical information																		14,616,837
The Group's revenue from external customers by geographical location is detailed below:																		5,069,383
																		67,609,349
																		52,111,156
																		90,330,098
																		71,067,079

46.2 Revenue from major customers

	2023	2022
Europe	43,981,738	34,473,842
America	15,599,586	13,910,076
Asia, Africa, Australia	38,840,986	27,686,754
Pakistan	97,814,111	66,427,355
	195,676,352	165,597,007

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

Nisat 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.

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

### 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 interest that is material to the Group. The amount disclosed for Subsidiary Company are before inter-company eliminations.

	2023	2022
	(Rupees in thousand)	
<b>Summarised statement of financial position</b>		
Current assets	22,800,303	24,865,351
Current liabilities	1,498,601	5,276,730
Net current assets	21,301,702	19,588,621
Non-current assets	8,581,312	8,504,939
Non-current liabilities	-	-
Net non-current assets	8,581,312	8,504,939
Net assets	29,883,014	28,093,560
Accumulated non-controlling interest	14,639,269	13,762,616
<b>Summarised statement of comprehensive income</b>		
Revenue	23,068,964	23,684,340
Profit for the year	4,091,029	3,322,606
Other comprehensive income	-	-
Total comprehensive income	4,091,029	3,322,606
Profit allocated to non-controlling interest	2,004,195	1,627,745
Dividend paid to non-controlling interest	1,127,542	607,095
<b>Summarised cash flows</b>		
Cash flows from operating activities	6,137,620	6,722,297
Cash from / (used in) investing activities	4,940,295	(6,152,924)
Cash used in financing activities	(2,336,384)	(1,310,851)
Net increase / (decrease) in cash and cash equivalents	8,741,531	(741,478)

## 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), British pound sterling (GBP) and Chinese yuan renminbi (CNY). Currently, the Group's foreign exchange risk exposure is restricted to cash and bank balances and the amounts receivable / payable from / to the foreign entities. The Group's exposure to currency risk was as follows:

	2023	2022
Cash in hand and at banks - USD	3,918,435	223,603
Cash in hand and at banks - AED	8,561,541	17,220,564
Trade debts - USD	23,298,176	65,262,261
Trade debts - AED	2,601,484	10,244,433
Trade debts - Euro	1,077,701	4,467,763
Trade debts - GBP	34,646	-
Trade and other payables - USD	(2,099,783)	(2,151,639)
Trade and other payables - AED	(3,349,637)	(2,327,092)
Trade and other payables - Euro	(235,656)	(735,806)
Trade and other payables - JPY	(440,140)	(2,370,216)
Trade and other payables - CHF	-	(17,977)
Trade and other payables - CNY	(28,935)	(54,597)
Net exposure - USD	25,116,828	63,334,225
Net exposure - AED	7,813,388	25,137,905
Net exposure - Euro	842,045	3,731,957
Net exposure - JPY	(440,140)	(2,370,216)
Net exposure - CHF	-	(17,977)
Net exposure - CNY	(28,935)	(54,597)
Net exposure - GBP	34,646	-

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

	2023	2022
The following significant exchange rates were applied during the year:		
<b>Rupees per US Dollar</b>		
Average rate	256.81	179.29
Reporting date rate	287.50	202.50
<b>Rupees per Euro</b>		
Average rate	270.98	199.13
Reporting date rate	313.00	212.00
<b>Rupees per AED</b>		
Average rate	71.04	48.85
Reporting date rate	79.00	55.10
<b>Rupees per JPY</b>		
Average rate	2.04	1.51
Reporting date rate	2.18	1.49
<b>Rupees per CHF</b>		
Average rate	272.36	190.59
Reporting date rate	323.37	210.24
<b>Rupees per CNY</b>		
Average rate	36.16	28.04
Reporting date rate	40.01	31.50
<b>Rupees per GBP</b>		
Average rate	312.76	-
Reporting date rate	366.00	-

### Sensitivity Analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, Euro, AED, JPY, CHF, GBP and CNY with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 405.623 million (2022: Rupees 749.621 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 since it does not hold any financial instrument based on commodity prices.

### 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 comprehensive income (fair value reserve)	
	2023	2022
	(Rupees in thousand)	
PSX (5% increase)	505,659	519,622
PSX (5% decrease)	(505,659)	(519,622)

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

**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, overdue 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:

	2023	2022
	(Rupees in thousand)	
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
Short term investments	-	5,733,709
Loans to employees	66,807	165,109
Term deposit receipts	2,755,510	-
Trade debts - overdue	7,910,721	3,967,436
<b>Financial liabilities</b>		
Long term financing	12,670,424	15,472,201
Short term borrowings	21,409,980	21,474,683
<b>Floating rate instruments</b>		
<b>Financial assets</b>		
Bank balances - saving accounts	2,264,655	656,260
Advance to Sanifa Agri Services Limited - associated company	-	-
<b>Financial liabilities</b>		
Long term financing	2,135,858	1,430
Short term borrowings	24,836,813	10,218,311

**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 247.080 million (2022: Rupees 95.635 million) lower / higher mainly as a result of higher / lower interest expense / income 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:

Long term investments	12,068,521	12,382,166
Loans and advances	1,864,370	1,139,316
Deposits	540,660	455,207
Trade debts	28,573,197	23,326,877
Other receivables	77,617	169,207
Accrued interest	30,762	4,394
Short term investments	-	5,733,709
Bank balances	9,050,669	1,699,140
	52,205,796	44,910,016

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

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			2023	2022
	Short term	Long term	Agency	(Rupees in thousand)	
<b>Banks</b>					
National Bank of Pakistan	A-1+	AAA	VIS	2,005,255	1,317
Allied Bank Limited	A1+	AAA	PACRA	47,223	64
Askari Bank Limited	A1+	AA+	PACRA	155	77
Bank Alfalah Limited	A1+	AA+	PACRA	28,607	12,849
Faysal Bank Limited	A1+	AA	PACRA	56,586	7,535
Habib Bank Limited	A-1+	AAA	VIS	225,144	18,448
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	12,599	1,408
JS Bank Limited	A1+	AA-	PACRA	-	-
MCB Bank Limited	A1+	AAA	PACRA	3,027,102	1,426,573
Samba Bank Limited	A-1+	AA	VIS	19	14
Silk Bank Limited	A-2	A-	VIS	1,055,852	68
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	190,008	36,562
United Bank Limited	A-1+	AAA	VIS	168,209	4,894
Al Baraka Bank (Pakistan) Limited	A-1+	A+	VIS	264	264
Citi Bank N.A.	P-1	Aa3	Moody's	155	288
Bank Islami Pakistan Limited	AA-	A1	PACRA	5,339	403
Meezan Bank Limited	A-1+	AAA	VIS	130,485	21,852
Dubai Islamic Bank Pakistan Limited	A-1+	AA	VIS	90,460	596
The Bank of Punjab	A1+	AA+	PACRA	4,268	701
Soneri Bank Limited	A1+	AA-	PACRA	46,951	169
Summit Bank Limited	A-3	BBB-	VIS	-	2
Industrial and Commercial Bank of China	P-1	A-2	Moody's	45,526	6
MCB Islamic Bank Limited	A1	A	PACRA	1,547,205	245
HAB Bank		Unknown	-	4,447	4,496
Bank of China	P-1	A1	Moody's	51,616	23,864
Habib Bank AG Zurich, UAE		Unknown	-	215,137	55,912
ICBC Standard Bank	P-2	A3	Moody's	-	78,395
Bank Al-Habib Limited	A1+	AAA	PACRA	92,052	2,133
Burj Bank Limited		Unknown	VIS	-	-
The Bank of Khyber	A1	A+	PACRA	5	5
				9,050,669	1,699,140
<b>Investments</b>					
Adamjee Insurance Company Limited		AA+	PACRA	2,327	3,245
Alhamra Islamic Stock Fund		AA-	PACRA	10,115	10,205
Nishat (Chunian) Limited	A-2	A-	VIS	663,593	1,464,156
Nishat Chunian Power Limited	A-2	A+	VIS	426,477	-
United Bank Limited	A-1+	AAA	VIS	41,493	39,934
MCB Bank Limited	A1+	AAA	PACRA	10,889,032	10,824,120
Pakistan Petroleum Limited		Unknown	-	35,484	40,506
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
				12,068,521	18,115,875
				21,119,190	19,815,015

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 2023 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 2023, the Group had Rupees 37,738.864 million (2022: Rupees 54,727.266 million) available borrowing / financing limits from financial institutions and Rupees 9,159.628 million (2022: Rupees 1,758.816 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 2023:

	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	14,806,282	16,823,325	2,063,973	1,428,597	3,138,385	10,192,370
Long term security deposits	265,610	265,610	265,610	-	-	258,410
Trade and other payables	13,027,319	11,650,553	11,650,553	-	-	-
Lease liabilities	2,540,844	3,148,643	543,755	496,570	958,981	1,149,337
Unclaimed dividend	130,485	130,485	130,485	-	-	-
Short term borrowings	46,246,793	52,755,389	50,039,425	2,715,964	-	-
Accrued mark-up	1,843,179	1,843,179	1,843,179	-	-	-
<b>Derivative financial liabilities</b>						
Fair value of forward exchange contracts	18,292	18,292	18,292	-	-	-
	78,878,804	86,635,476	66,555,272	4,641,131	4,097,366	11,600,117



## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

### 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	-	-	-
Lease liabilities	2,596,010	3,135,908	487,848	457,890	790,817	1,399,353
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>						
Fair value of forward exchange contracts	9,595	9,595	9,595	-	-	-
	62,263,471	65,589,234	47,540,790	2,271,171	3,927,825	11,849,448

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 2023</b>				
<b>Assets as per consolidated statement of financial position</b>				
Long term investments	-	-	12,068,521	12,068,521
Loans and advances	-	1,864,370	-	1,864,370
Deposits	-	540,660	-	540,660
Trade debts	-	28,573,197	-	28,573,197
Other receivables	31	77,586	-	77,617
Accrued interest	-	30,762	-	30,762
Cash and bank balances	-	9,159,628	-	9,159,628
	31	40,246,203	12,068,521	52,314,755

	FVTPL	Amortized cost	Total
----- (Rupees in thousand) -----			
<b>Liabilities as per consolidated statement of financial position</b>			
Long term financing	-	14,806,282	14,806,282
Long term security deposits	-	265,610	265,610
Trade and other payables	18,292	13,027,319	13,045,611
Short term borrowings	-	46,246,793	46,246,793
Lease liabilities	-	2,540,844	2,540,844
Unclaimed dividend	-	130,485	130,485
Accrued mark-up	-	1,843,179	1,843,179
	18,292	78,860,512	78,878,804

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

**As at 30 June 2022****Assets as per consolidated statement of financial position**

Long term 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	111,689	-	169,207
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	26,828,909	12,382,166	44,969,692

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

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

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
Lease liabilities	-	2,596,010	2,596,010
Unclaimed dividend	-	122,072	122,072
Accrued mark-up	-	460,206	460,206
	9,595	62,253,876	62,263,471

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

2023		
Financial assets	Non-financial assets	Assets as per consolidated statement of financial position

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

<b>Assets</b>			
Long term investments	12,068,521	42,401,447	54,469,968
Loans and advances	1,864,370	592,201	2,456,571
Deposits and prepayments	540,660	254,796	795,456
Trade debts	28,573,197	-	28,573,197
Other receivables	77,617	13,589,499	13,667,116
Accrued interest	30,762	-	30,762
Cash and bank balances	9,159,628	-	9,159,628
	52,314,755	56,837,943	109,152,698

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

2023		
Financial liabilities	Non-financial liabilities	Liabilities as per consolidated statement of financial position

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

<b>Liabilities</b>			
Long term financing	14,806,282	-	14,806,282
Long term security deposits	265,610	-	265,610
Trade and other payables	13,045,611	4,418,413	17,464,024
Short term borrowings	46,246,793	-	46,246,793
Lease liabilities	2,540,844	-	2,540,844
Unclaimed dividend	130,485	-	130,485
Accrued mark-up	1,843,179	-	1,843,179
	78,878,804	4,418,413	83,297,217

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

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

<b>Assets</b>			
Long term 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	169,207	10,643,725	10,812,932
Accrued interest	4,394	-	4,394
Short term investments	5,733,709	-	5,733,709
Cash and bank balances	1,758,816	-	1,758,816
	44,969,692	51,502,543	96,472,235

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
Lease liabilities	2,596,010	-	2,596,010
Unclaimed dividend	122,072	-	122,072
Accrued mark-up	460,206	-	460,206
	62,263,471	3,160,496	65,423,967

## 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 and 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'.

		2023	2022
Borrowings	Rupees in thousand	61,053,075	47,166,625
Total equity	Rupees in thousand	136,166,341	126,957,401
Total capital employed	Rupees in thousand	197,219,416	174,124,026
Gearing ratio	Percentage	30.96	27.09

## 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 2023	Level 1	Level 2	Level 3	Total
----- (Rupees in thousand) -----				
<b>Financial assets</b>				
Fair value through other comprehensive income	12,068,521	-	-	12,068,521
Derivative financial assets	-	31	-	31
<b>Total financial assets</b>	12,068,521	31	-	12,068,552
<b>Financial liabilities</b>				
Derivative financial liabilities	-	18,292	-	18,292
<b>Total financial liabilities</b>	-	18,292	-	18,292

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

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

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.

**51 UNUTILIZED CREDIT FACILITIES**

	Non-funded		Funded	
	2023	2022	2023	2022
----- (Rupees in thousand) -----				
Total facilities	15,031,000	15,750,000	104,991,000	112,846,940
Utilized at the end of the year	14,548,191	9,985,135	67,252,136	58,119,674
Unutilized at the end of the year	482,809	5,764,865	37,738,864	54,727,266

**52 DATE OF AUTHORIZATION FOR ISSUE**

These consolidated financial statements were authorized for issue on 26 September 2023 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, 2023

Number of Shareholders	Having shares		Shares Held	Percentage
	From	To		
4,826	1	100	174,811	0.05
4,368	101	500	1,173,758	0.33
1,520	501	1,000	1,230,001	0.35
1,890	1,001	5,000	4,829,913	1.37
456	5,001	10,000	3,500,108	1.00
182	10,001	15,000	2,304,000	0.66
122	15,001	20,000	2,216,364	0.63
69	20,001	25,000	1,620,779	0.46
51	25,001	30,000	1,453,440	0.41
38	30,001	35,000	1,252,038	0.36
31	35,001	40,000	1,191,345	0.34
13	40,001	45,000	565,350	0.16
26	45,001	50,000	1,278,594	0.36
17	50,001	55,000	895,120	0.25
9	55,001	60,000	524,683	0.15
9	60,001	65,000	578,598	0.16
4	65,001	70,000	274,500	0.08
15	70,001	75,000	1,092,934	0.31
9	75,001	80,000	709,179	0.20
8	80,001	85,000	661,849	0.19
3	85,001	90,000	266,738	0.08
4	90,001	95,000	367,041	0.10
17	95,001	100,000	1,687,600	0.48
4	100,001	105,000	407,650	0.12
6	105,001	110,000	649,925	0.18
5	110,001	115,000	563,594	0.16
3	115,001	120,000	353,742	0.10
3	120,001	125,000	367,406	0.10
7	125,001	130,000	897,955	0.26
3	130,001	135,000	396,950	0.11
4	135,001	140,000	554,503	0.16
4	140,001	145,000	570,224	0.16
8	145,001	150,000	1,187,772	0.34
1	150,001	155,000	151,806	0.04
3	155,001	160,000	475,320	0.14
1	160,001	165,000	160,555	0.05
1	165,001	170,000	165,200	0.05
4	170,001	175,000	694,100	0.20
2	175,001	180,000	354,615	0.10
1	180,001	185,000	185,000	0.05
1	190,001	195,000	195,000	0.06
4	195,001	200,000	798,500	0.23
1	200,001	205,000	201,062	0.06
1	205,001	210,000	207,000	0.06
1	210,001	215,000	215,000	0.06
2	215,001	220,000	437,974	0.12
1	225,001	230,000	225,500	0.06
1	230,001	235,000	233,401	0.07
2	235,001	240,000	475,818	0.14
3	240,001	245,000	728,683	0.21

Number of Shareholders	Having shares		Shares Held	Percentage
	From	To		
5	245,001	250,000	1,248,630	0.36
2	250,001	255,000	506,667	0.14
1	265,001	270,000	268,000	0.08
1	270,001	275,000	271,400	0.08
2	275,001	280,000	559,500	0.16
1	280,001	285,000	281,060	0.08
1	290,001	295,000	293,849	0.08
1	295,001	300,000	300,000	0.09
2	305,001	310,000	612,592	0.17
1	310,001	315,000	313,170	0.09
1	320,001	325,000	324,189	0.09
1	330,001	335,000	333,000	0.09
1	335,001	340,000	335,906	0.10
1	340,001	345,000	342,500	0.10
1	345,001	350,000	350,000	0.10
3	365,001	370,000	1,099,716	0.31
1	370,001	375,000	372,000	0.11
1	385,001	390,000	388,800	0.11
3	390,001	395,000	1,179,491	0.34
1	395,001	400,000	400,000	0.11
1	410,001	415,000	412,316	0.12
1	420,001	425,000	420,134	0.12
1	435,001	440,000	440,000	0.13
1	445,001	450,000	450,000	0.13
2	455,001	460,000	915,524	0.26
2	495,001	500,000	1,000,000	0.28
1	515,001	520,000	519,934	0.15
1	545,001	550,000	545,054	0.16
1	550,001	555,000	553,500	0.16
1	555,001	560,000	555,950	0.16
1	595,001	600,000	600,000	0.17
1	620,001	625,000	620,020	0.18
1	645,001	650,000	650,000	0.18
2	660,001	665,000	1,329,296	0.38
1	670,001	675,000	675,000	0.19
1	680,001	685,000	684,595	0.19
1	690,001	695,000	690,828	0.20
1	720,001	725,000	723,400	0.21
1	795,001	800,000	800,000	0.23
1	800,001	805,000	805,000	0.23
1	865,001	870,000	867,871	0.25
1	900,001	905,000	904,645	0.26
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	1,120,001	1,125,000	1,125,000	0.32
1	1,155,001	1,160,000	1,158,900	0.33
1	1,195,001	1,200,000	1,200,000	0.34
1	1,280,001	1,285,000	1,280,427	0.36
1	1,310,001	1,315,000	1,310,500	0.37



## Pattern of Holding

of the Shares held by the Shareholders of Nishat Mills Limited as at June 30, 2023

Number of Shareholders	Having shares		Shares Held	Percentage
	From	To		
1	1,375,001	1,380,000	1,380,000	0.39
1	1,395,001	1,400,000	1,400,000	0.40
1	1,405,001	1,410,000	1,405,527	0.40
1	1,450,001	1,455,000	1,451,500	0.41
1	1,455,001	1,460,000	1,459,849	0.42
1	1,645,001	1,650,000	1,650,000	0.47
1	1,720,001	1,725,000	1,720,500	0.49
1	1,745,001	1,750,000	1,750,000	0.50
1	1,795,001	1,800,000	1,800,000	0.51
1	1,905,001	1,910,000	1,905,301	0.54
1	1,915,001	1,920,000	1,919,980	0.55
1	1,920,001	1,925,000	1,921,841	0.55
1	1,980,001	1,985,000	1,980,981	0.56
1	2,005,001	2,010,000	2,009,775	0.57
1	2,255,001	2,260,000	2,258,386	0.64
1	2,735,001	2,740,000	2,739,133	0.78
1	2,935,001	2,940,000	2,939,871	0.84
1	3,335,001	3,340,000	3,338,999	0.95
1	3,495,001	3,500,000	3,500,000	1.00
1	3,570,001	3,575,000	3,575,000	1.02
1	4,770,001	4,775,000	4,775,000	1.36
1	4,880,001	4,885,000	4,885,000	1.39
1	5,345,001	5,350,000	5,348,531	1.52
1	5,385,001	5,390,000	5,387,676	1.53
1	8,645,001	8,650,000	8,645,752	2.46
1	9,865,001	9,870,000	9,869,800	2.81
1	10,300,001	10,305,000	10,303,698	2.93
1	10,695,001	10,700,000	10,699,447	3.04
1	26,245,001	26,250,000	26,248,841	7.47
1	29,225,001	29,230,000	29,228,216	8.31
1	29,570,001	29,575,000	29,571,909	8.41
1	44,290,001	44,295,000	44,292,572	12.60
1	44,370,001	44,375,000	44,372,016	12.62
<b>13,861</b>	<b>Total</b>		<b>351,599,848</b>	<b>100</b>

Sr. Categories of Shareholders No.	Shares Held	Percentage
1. DIRECTORS, CEO, THEIR SPOUSE AND MINOR CHILDREN	88,667,588	25.22
2. ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES	30,813,093	8.76
3. NIT AND ICP	85,203	0.02
4. Banks Development Financial Institutions, Non banking Financial Institutions	13,507,009	3.84
5. Insurance Companies	1,518,012	0.43
6. Modarabas And Mutual Funds	14,943,669	4.25
7. Shares Holders Holding 5% or Above	177,714,710	50.54
8. General Public		
Local	114,699,423	32.62
Foreign	5,425,632	1.54
9. Others		
Foreign Companies	10,647,802	3.03
Investment Companies	1,792,408	0.51
Joint Stock Companies	28,003,960	7.96
Provident / Pension Funds And Miscellaneous	5,093,460	1.45
Govt Holding	36,402,589	10.35

## Information Under Listing Regulation No. 5.19.11 (X) of Pakistan Stock Exchange Limited Rule Book as on June 30, 2023

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	51,815	0.01
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 LIMITED	110	-
SAFEWAY MUTUAL FUND LIMITED	13	-
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	805,000	0.23
CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	450,000	0.13
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1,459,849	0.42
CDC - TRUSTEE ALFALAH GHP VALUE FUND	49,000	0.01
CDC - TRUSTEE AKD INDEX TRACKER FUND	39,972	0.01
CDC - TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	219,399	0.06
CDC - TRUSTEE MEEZAN ISLAMIC FUND	141,824	0.04
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	545,054	0.16
CDC - TRUSTEE NBP STOCK FUND	1,980,981	0.56
CDC - TRUSTEE NBP BALANCED FUND	116,500	0.03
CDC - TRUSTEE APF-EQUITY SUB FUND	103,000	0.03
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	254,167	0.07
CDC - TRUSTEE NBP ISLAMIC SARMAYA IZAFI FUND	170,400	0.05
CDC - TRUSTEE APIF - EQUITY SUB FUND	101,150	0.03
CDC - TRUSTEE ALFALAH GHP STOCK FUND	110,083	0.03
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	77,719	0.02
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1,921,841	0.55
CDC - TRUSTEE ABL STOCK FUND	215,000	0.06
CDC - TRUSTEE NBP SARMAYA IZAFI FUND	79,700	0.02
CDC - TRUSTEE KSE MEEZAN INDEX FUND	519,934	0.15
MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	100,000	0.03
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	30,000	0.01
CDC - TRUSTEE AWT ISLAMIC STOCK FUND	32,000	0.01
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	3,338,999	0.95
CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	5,000	0.00
CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	11,000	0.00
CDC - TRUSTEE NBP ISLAMIC STOCK FUND	238,318	0.07
CDC - TRUSTEE AWT STOCK FUND	28,000	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 AL AMEEN ISLAMIC DEDICATED EQUITY FUND	9,000	0.00
CDC - TRUSTEE FAYSAL MTS FUND - MT	146,464	0.04
MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	11,000	0.00
CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	11,526	0.00
CDC - TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND	114,100	0.03
CDC - TRUSTEE NIT ASSET ALLOCATION FUND	50,000	0.01
CDC - TRUSTEE HBL INCOME FUND - MT	130,450	0.04
CDC - TRUSTEE ALFALAH CONSUMER INDEX EXCHANGE TRADED FUND	44,299	0.01
CDC - TRUSTEE ALFALAH GHP DEDICATED EQUITY FUND	8,625	0.00
CDC - TRUSTEE HBL FINANCIAL SECTOR INCOME FUND PLAN I - MT	555,950	0.16
CDC - TRUSTEE PAK-QATAR ISLAMIC STOCK FUND	139,200	0.04
PRUDENTIAL STOCKS FUND LTD (03360)	23,500	0.01

## Information Under Listing Regulation No. 5.19.11 (X) of Pakistan Stock Exchange Limited Rule Book as on June 30, 2023

Sr. No.	Categories of Shareholders	Shares Held	Percentage
<b>III) DIRECTORS, CEO, THEIR SPOUSE AND MINOR CHILDREN</b>			
1.	MIAN UMER MANSHA DIRECTOR / CHIEF EXECUTIVE OFFICER	44,292,572	12.60
2.	MIAN HASSAN MANSHA DIRECTOR / CHAIRMAN	44,372,016	12.62
3.	MR. MAHMOOD AKHTAR DIRECTOR	500	0.00
4.	MR. FARID NOOR ALI FAZAL DIRECTOR	500	0.00
5.	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	28,003,960	7.96
<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 ASSOCIATED COMPANY COMPANY LIMITED	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	1,792,406	0.51
2.	INSURANCE COMPANIES	1,518,012	0.43
3.	FINANCIAL INSTITUTIONS	13,507,009	3.84
4.	MODARABAS COMPANIES	155,942	0.04
5.	PENSION / PROVIDENT FUNDS	5,093,460	1.45

### INFORMATION UNDER LISTING REGULATION NO. 5.19.11 (XII) OF PAKISTAN STOCK EXCHANGE LIMITED RULE BOOK AS ON JUNE 30, 2023

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 2023 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 ہاسپلیٹی (پرائیویٹ) لمیٹڈ، نشاط یو ایس اے انکارپوریٹڈ، نشاط لینن ٹریڈنگ ایل ایل سی، نشاط انٹرنیشنل ایف زیڈ ای، چائنا گوانگ ڈونشاط 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 2023 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۔

مندرجہ ذیل کنسولیڈیٹڈ کھاتوں کی اہم جھلکیاں ہیں:

مالی جھلکیاں	2023 روپے (000)	2022 روپے (000)
آمدنی	193,676,352	165,697,007
مجموعی منافع	33,165,666	28,877,525
بعد از ٹیکس منافع	13,299,322	13,932,528

منجانب بورڈ آف ڈائریکٹرز

David Iqbal

فرید نور علی فضل  
ڈائریکٹر

Umm Mansha

میما عمر نشا  
چیف ایگزیکٹو آفیسر

لاہور

26 ستمبر 2023

## ڈائریکٹرز کی رپورٹ

تنوع اور اختراع کے لیے ہمارے عزم کے مطابق، کمپنی نے ڈینم اور ورک ویز پینٹس کے قیام کا آغاز کر رہی ہے۔ 20 جنوری 2023 کو ہونے والی میٹنگ میں بورڈ آف ڈائریکٹرز نے متفقہ طور پر ڈنمارک کی ایک کمپنی A/S WERNERFELT کے 100% جاری کردہ حصص کیپٹل کے مکمل انتظامی کنٹرول کے حصول کی منظوری دی۔ تاہم، یہ متعلقہ فریقوں کے درمیان قطعی معاہدوں پر عمل درآمد اور مطلوبہ ریگولیٹری منظوری حاصل کرنے پر منحصر ہے۔

### داخلی مالی کنٹرولز کی مہارت

کمپنی نے اپنے اثاثوں کی حفاظت، دھوکہ دہی کو روکنے اور ان کا پتہ لگانے اور تمام قانونی تقاضوں کی تعمیل کو یقینی بنانے کے لئے اندرونی اور مالی کنٹرول کا ایک موثر نظام قائم کیا ہے۔ اندرونی کنٹرول ڈھانچے کا باقاعدگی سے جائزہ لیا جاتا ہے اور بورڈ کے قائم کردہ داخلی آڈٹ کے ذریعہ نگرانی کی جاتی ہے۔ آڈٹ کمیٹی اپنے Terms of reference کے مطابق سہ ماہی کے حساب سے اندرونی کنٹرول سسٹم کا جائزہ لیتی ہے۔

### ڈائریکٹرز کا مشاہرہ

- بورڈ آف ڈائریکٹرز نے ڈائریکٹرز کی معاوضہ پالیسی کی منظوری دے دی ہے۔ پالیسی کی بنیادی خصوصیات مندرجہ ذیل ہیں۔
- \* کمپنی اپنے نان ایگزیکٹو ڈائریکٹرز سمیت آزاد ڈائریکٹرز کو بورڈ اور کمیٹیوں کے اجلاسوں میں شرکت کی فیس کے علاوہ معاوضہ ادا نہیں کرے گی۔
  - \* کمپنی بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے سلسلے میں ڈائریکٹرز کے سفر اور رہائش کے اخراجات کا معاوضہ یا ان کے اخراجات ادا کرے گی۔
  - \* ڈائریکٹرز کی معاوضہ پالیسی کا وقتاً فوقتاً جائزہ لیا جائے گا اور بورڈ آف ڈائریکٹرز کے ذریعہ اس کی منظوری دی جائے گی۔

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

### شیمز ہولڈنگ کا مراسلہ

30 جون 2023 تک شیمز ہولڈنگ کا بیان، جسے رپورٹنگ فریم ورک کے تحت ظاہر کرنا ضروری ہے، اس رپورٹ سے منسلک ہے۔

### اظہار تشکر

ڈائریکٹرز کمپنی کے لئے ننگن کے ساتھ کوششوں کے لئے ملازمین کے شکرگزار ہیں۔

منجانب بورڈ آف ڈائریکٹرز

David Ezzal

فرید نور علی فضل  
ڈائریکٹر

Umm masha

میاں عمر شفا  
چیف ایگزیکٹو آفیسر

لاہور

26 ستمبر 2023

- 7- کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی رخصتی نہیں ہوئی ہے۔
- 8- ریٹائرمنٹ بینیفٹ فنڈ کے سلسلے میں سرمایہ کاری کی قیمت: پروویڈنٹ فنڈ: 30 جون، 2023 کو ان آڈٹ شدہ 4,612,500 ملین روپے، (2022 میں 4,572,669 ملین روپے آڈٹ شدہ)۔

### متعلقہ فریقوں کے ساتھ لین دین

کمپنی نے لسٹنگ ریگولیشن آف پاکستان سٹاک ایکسچینج اوپینینز (متعلقہ پارٹی ٹرانزیکشنز اور متعلقہ ریکارڈوں کی بحالی) ریگولیشنز، 2018 کے تحت متعلقہ فریقین کے ساتھ تمام لین دین کے دوران ٹرانسفر پرائسنگ کے بہترین طریقوں کی مکمل طور پر تعمیل کی ہے۔

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

- 1- ڈیویڈنڈ اور ممکنہ منافع کمانے کے لیے ہیونڈائی نشاٹ موٹر (پرائیویٹ) لمیٹڈ، ایک منسلک کمپنی، میں Rs. 1,080,000,000 (صرف ایک ارب اور آٹھ کروڑ روپے) تک کی مزید ایکویٹی سرمایہ کاری کرنا۔
- 2- ہماری سرمایہ کاری کی پالیسی کے مطابق کمپنی کو دستیاب دیگر سرمایہ کاری کے مواقع کے مقابلے میں زیادہ شرح سود حاصل کرنے کے لیے نشاٹ لینن (پرائیویٹ) لمیٹڈ، کمپنی کی ایک مکمل ملکیتی ذیلی کمپنی، میں 25 بلین روپے تک کی قرض اور ایڈوانسز کی شکل میں سرمایہ کاری کرنا۔
- 3- ڈیویڈنڈ اور ممکنہ منافع کمانے کے لیے پاکجن پاور لمیٹڈ، ایک منسلک کمپنی، میں Rs. 875,000,000 (صرف ستاسی کروڑ اور پچاس لاکھ روپے) تک کی مزید ایکویٹی سرمایہ کاری کرنا۔
- 3- ڈیویڈنڈ اور ممکنہ منافع کمانے کے لیے لال پیر پاور لمیٹڈ، ایک منسلک کمپنی، میں Rs. 300,000,000 (صرف تیس کروڑ روپے) تک کی مزید ایکویٹی سرمایہ کاری کرنا۔
- 5- ڈنمارک کی ایک کمپنی A/S WERNERFELT کے جاری کردہ 100% شیئر کیپٹل (مکمل انتظامی کنٹرول کی منتقلی کے ساتھ) کا حصول۔
- 6- ڈیویڈنڈ اور ممکنہ منافع کمانے کے لیے نشاٹ سوتاس ڈیری لمیٹڈ، ایک منسلک کمپنی، میں Rs. 1,050,000,000 (صرف ایک ارب اور پانچ کروڑ روپے) تک کی مزید ایکویٹی سرمایہ کاری کرنا۔
- 6- ڈیویڈنڈ اور ممکنہ منافع کمانے کے لیے نشاٹ لینن (پرائیویٹ) لمیٹڈ، ایک منسلک کمپنی، میں Rs. 2,989,320,870 تک کی مزید ایکویٹی سرمایہ کاری کرنا۔

### آڈیٹرز

ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، موجودہ آڈیٹرز، کمپنی کی سالانہ جنرل میٹنگ کے اختتام پر ریٹائر ہو جائیں گے۔ وہ اہل ہیں اور انہوں نے 30 جون 2024 کو ختم ہونے والے مالی سال کے لیے دوبارہ تعیناتی کے لیے اپنی رضامندی ظاہر کی ہے۔ آڈٹ کمیٹی کی سفارشات کے مطابق، بورڈ آف ڈائریکٹرز نے ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی تجویز آئندہ سالانہ جنرل میٹنگ میں شیئر ہولڈرز کی منظوری کے لیے پیش کی ہے۔

### ضمنی واقعات

26 ستمبر 2023 کو ہونے والی میٹنگ میں کمپنی کے بورڈ آف ڈائریکٹرز نے 51 روپے فی شیئر نقد ڈیویڈنڈ دینے کی سفارش کی ہے۔ اس کے علاوہ 30 جون 2023 اور 26 ستمبر 2023 کے مابین کمپنی کی مالی حیثیت کو متاثر کرنے والی مادی تبدیلیاں اور وعدے نہیں ہوئے۔

### مستقبل کے امکانات

ٹیکسٹائل کی صنعت کو آئندہ مالی سال 2023-24 میں پہلے سے جاری چیلنجز کا سامنا کرنا پڑے گا۔ ان رکاوٹوں میں عالمی اقتصادی تنزلی، سرمائے کی کمی، توانائی کے بڑھتے ہوئے اخراجات، سٹیلنگس ریٹینڈز میں تاخیر، سٹیلنگس کی موخر ادائیگی اور ٹیکس کی ڈیوٹی ڈرایک کی عدم ادائیگی شامل ہیں۔ ان زبردست رکاوٹوں کے باوجود، ہم ایک پرامید نقطہ نظر کو برقرار رکھتے ہیں کیونکہ کمپنی کے پاس پروڈکٹ کس اور کسٹمرز کی متنوع رینج ہے۔

## ڈائریکٹرز کی رپورٹ (جاری ہے)

\*جناب محمود اختر نے آڈٹ کمیٹی کی رکنیت سے استعفیٰ دے دیا۔  
\*\*جناب فرید نور فضل کو آڈٹ کمیٹی کا ممبر مقرر کر دیا گیا۔

### 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۔ زیرِ نگرانی 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 منشا (رکن)	1
2	مسز سارہ عقیل (رکن / چیئر پرسن)	1
3	جناب محمود اختر (رکن)	1

### بورڈ آف ڈائریکٹرز کے اجلاس

زیرِ جائزہ سال کے دوران، کمیٹی میں بورڈ آف ڈائریکٹرز کے آٹھ اجلاس پاکستان میں ہوئے اور حاضری کی پوزیشن اس طرح تھی:

نمبر شمار	ڈائریکٹر کا نام	شرکت کردہ اجلاس کی تعداد
1	میاں عمر منشا (چیف ایگزیکٹو آفیسر)	8
2	میاں حسن منشا (چیئر مین)	6
3	سید زاہد حسین	8
4	جناب محمود اختر	8
5	جناب فرید نور علی فضل	8
6	مسز سارہ عقیل	8
7	مسز مہک عادل	6

### ڈائریکٹرز کا بیان

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

- 1- کمیٹی 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- کمیٹی 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 محاسب 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- کمیٹی کے کام جاری رکھنے کی اہلیت پر کوئی شبہات نہیں ہیں۔



### مساوی مواقع فراہم کرنے والا آجر

کمپنی ایک مساوی مواقع فراہم کرنے والا آجر ہونے کے ناطے جنس، مذہب اور نسل سے قطع نظر میرٹ پر ملازمت فراہم کرتی ہے۔ ہم خواتین اور جسمانی چیلنجوں سے دوچار افراد کی ملازمت اور کیریئر کی ترقی کو میرٹ پر مدد دیتے ہیں۔ خواتین ہماری مینوفیکچرنگ سہولیات میں نمایاں اور قائدانہ کردار ادا کرتی ہیں۔ مزید برآں، ہمارے سلائی کرنے والے طبقے میں ایک مخصوص حصہ ہے جو خاص طور پر خصوصی افراد کو ہماری افرادی قوت میں تربیت اور انضمام کے لیے وقف ہے۔

### پیشہ ورانہ حفاظت اور صحت

کمپنی بین الاقوامی معیارات کے مطابق اپنے ملازمین کی حفاظت اور بہبود کو ترجیح دیتی ہے۔ ہماری عزمیں ہمارے پے رول پر فائز فائٹرز کی ایک پیشہ ور ٹیم کو برقرار رکھنا، ہماری پیداواری سہولیات میں آگ لگنے کے واقعے کی صورت میں 2 منٹ کے تیز رد عمل کو یقینی بنانا شامل ہے۔

اپنی تمام پروڈکشن سائٹس پر، ہم نے ڈیپنسریاں قائم کی ہیں جن کا عملہ کل وقتی ڈاکٹروں پر مشتمل ہے اور ایبوی لینس تیار کھڑی ہیں۔ ڈینگی کے پھیلاؤ سے بچاؤ کے لیے، ہم پروڈکشن ہالز اور ورکرز کالونیوں میں باقاعدگی سے فیکو میکیشن کرتے ہیں۔ مزید برآں، ہم اپنے کارکنوں کے لیے متعدد بیماریوں کے لیے ویکسینیشن کا انتظام کرتے ہیں اور ورکرز کالونیوں میں رہنے والے ان کے بچوں کو پولیو کے قطرے پلاتے ہیں۔ کمپنی ملازمین کی فلاح و بہبود کو یقینی بنانے کے لیے اپنی مینوفیکچرنگ سہولیات پر رعایتی نرخوں پر صحت بخش خوراک بھی پیش کرتی ہے۔

### صارفین کے تحفظ کے اقدامات

کمپنی نے بین الاقوامی سرٹیفیکیشن جیسے کسٹمز ٹریڈ پارٹنرشپ اگینسٹ میرازم (TPAT-C)، WRAP، SA-8000، Oeko Tex Standards-100 اور SEDEX حاصل کیے ہیں جو یہ ظاہر کرتا ہے کہ وہ خام مال کی خریداری سے لے کر پیداواری عمل تک صارفین کے تحفظ کی ذمہ داری لیتی ہے جب تک ہمارا سامان صارفین تک نہ پہنچ جائے۔

### کارپوریٹ گورننس

#### بہترین کارپوریٹ طرز عمل

ڈائریکٹرز اچھی کارپوریٹ گورننس کے پابند ہیں اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 اور رول بک آف پاکستان سٹاک ایکچینج کے تمام تقاضوں کی تعمیل کرتے ہیں۔

کوڈ آف کارپوریٹ گورننس ریگولیشنز، 2019 کی تعمیل کا بیان منسلک ہے۔

### بورڈ کمیٹیاں

#### آڈٹ کمیٹی

آڈٹ کمیٹی بورڈ آف ڈائریکٹرز کی طے کردہ شرائط کے مطابق اپنے فرائض سرانجام دے رہی ہے۔ زیر فور 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 ایگزیکٹو)	3
2	سید زاہد حسین (رکن)	4
3	* جناب محمود اختر (رکن)	3

## ڈائریکٹرز کی رپورٹ (جاری ہے)

ماحت ادارہ ہے۔ ماتحت ادارہ کا بنیادی کاروبار تھوک فروشی، کمیشن ایجنسی (نیلامی کو چھوڑ کر)، ٹیکسٹائل مصنوعات 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 انکارپورٹڈ

ماحت 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۔

### کارپوریٹ سماجی ذمہ داری

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

### توانائی کا تحفظ

توانائی کی زیادہ قیمتیں ہماری مسابقت کے لیے ایک اہم چیلنج ہیں، خاص طور پر ہندوستان اور بنگلہ دیش جیسے علاقائی حریفوں کے خلاف۔ توانائی کے ذرائع کو متنوع بنانے کے علاوہ، کمپنی نے توانائی کے تحفظ کے لیے بہت سے اقدامات کیے ہیں جیسے کہ ایل ای ڈی لائٹ کے ساتھ ٹیوب لائٹس کی تبدیلی، توانائی کی بچت والی موٹروں کے ساتھ ری وائڈ موٹرز اور سرور موٹرز کے ساتھ کلچ موٹرز۔ کمپنی نے اپنے ملازمین اور دیگر اسٹیک ہولڈرز کے درمیان توانائی کے تحفظ کے لیے طریقوں کو بھی اپنایا اور فروغ دیا ہے۔ ہماری حکمت عملی توانائی کے استعمال اور گرین ہاؤس گیسوں کے اخراج کو کم کرنے کے کلیدی کارکردگی کے اشارے (KPIs) اور سالانہ اہداف کے قیام پر مرکوز ہے۔ یہ فعال نقطہ نظر ہمیں توانائی کی کارکردگی کو مسلسل بڑھانے، اخراجات اور ماحولیاتی اثرات کو کم کرنے میں مدد کرتا ہے۔

مزید برآں، ہمارے گارنٹس ڈویژن نے ہمارے ماحولیاتی اثرات کو کم سے کم کرنے کے لیے "گرین ٹیم انرجی کمپن" جیسے اقدامات شروع کیے ہیں۔ یہ پروگرام ہمارے ملازمین کو توانائی، پانی، کاغذ اور فضلہ سے متعلق پائیدار طریقوں میں مشغول کرتا ہے، جو نہ صرف ہمارے ماحولیاتی اثرات کو کم کرتا ہے بلکہ ہماری افرادی قوت کو ان اہم ہدایات پر تعلیم بھی دیتا ہے۔

### ماحولیاتی حفاظت

ماحولیاتی تحفظ کمپنی کی اولین ترجیحات میں سے ایک ہے۔ کمپنی نے اپنے کاربن فوٹ پرنٹ کو کم کرنے کے لیے بہت سے اقدامات کیے ہیں جیسے کہ شیشی توانائی کے پائپس کی تنصیب، درخت لگانا، گندے پانی کو صاف کرنے والے پائپس کا قیام اور اپنی تمام ملوں میں فضلہ کوری سائیکلنگ کی سہولیات۔ اس وقت سولر پاور پائپس سے 14.2 میگا واٹ بجلی پیدا ہوتی ہے اور 2.562 میگا واٹ کے سولر پاور منصوبے حصول اور تنصیب کے مراحل میں ہیں۔ اس کے علاوہ، کمپنی نے سائنس بیڈ ٹارگٹس ایشیو، گرین آفس، الائنس فار وائٹ اسٹیورڈ شپ وغیرہ جیسی تنظیموں کے ساتھ تعاون کیا ہے۔

### کیونٹی ویلفیئر سیمین

کمپنی سماجی فلاح و بہبود کے تئیں ہماری وابستگی کو ظاہر کرتے ہوئے متعدد کمیونٹی ویلفیئر اقدامات میں سرگرم عمل ہے۔ ہم نے اپنے وسائل بشمول وقت، فنڈنگ اور عملہ کو اپنی پیداواری سہولیات کے قریب سڑک کی تعمیر، مرمت اور دیکھ بھال جیسے مختلف منصوبوں کے لیے وقف کر دیا ہے۔ مزید برآں، ہم نے مقامی کمیونٹی کے ساتھ اپنے تعلق کے طور پر اپنے احاطے میں مساجد کی تعمیر اور دیکھ بھال کا کام کیا ہے۔

صحت کی دیکھ بھال کے معاملے میں، کمپنی نے طبریا، ٹائیفائیڈ، ڈینگی، آنکھوں کی بیماریوں، اور پولیو ویکسین جیسی بیماریوں پر توجہ مرکوز کرتے ہوئے میڈیکل کیسپس کا انعقاد کیا ہے۔ یہ کیسپ ہمارے کارکنوں، ان کے خاندانوں اور ہماری میڈیو فیکیٹرنگ سہولیات کے قریب رہنے والے ہمسایہ عوام کی خدمت کرتے ہیں۔ مزید برآں، ہم نے اپنے ملازمین اور مقامی کمیونٹی کو قابل رسائی صحت کی دیکھ بھال کی خدمات فراہم کرنے کے لیے اپنی ملوں میں ڈسپنسریاں قائم کی ہیں، جو مستند ڈاکٹرز اور ایبویٹس سے لیس ہیں۔

## سسڈیری کمپنیاں

کمپنی نے بین الاقوامی مالیاتی رپورٹنگ معیارات اوکٹینیز 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 پتوکی، ضلع قصور، پنجاب، پاکستان میں ایندھن سے چلنے والے 200 میگا واٹ پاور سٹیشن کی تعمیر کرے، اس کو استعمال میں لائے اور اس کی دیکھ بھال ہے۔ ماتحت ادارہ نے اپنی کمرشل پیداوار کا آغاز 09 جون 2010 کو کیا۔

### 2- نشاط لینن (پرائیویٹ) لمیٹڈ

یہ کمپنی کا مکمل ملکیتی ماتحت ادارہ ہے۔ ماتحت ادارہ کے مقاصد ٹیکسٹائل اور دیگر مصنوعات کی فروخت کے لئے ریٹیل دکانوں کو چلانے اور ٹیکسٹائل کی مینوفیکچرنگ سہولیات میں ٹیکسٹائل کی اشیاء تیار کر کے فروخت کرنا ہیں۔ ذیلی ادارہ نے اپنی کارروائی جولائی 2011 میں شروع کی تھی اور اس وقت پاکستان میں ای اسٹورز سمیت 111 ریٹیل شاہس کام کر رہی ہیں۔

### 3- نشاط پمپٹری (پرائیویٹ) لمیٹڈ

یہ کمپنی کا مکمل ملکیتی ماتحت ادارہ ہے۔ ماتحت کمپنی کا مقصد ملک بھر میں ہونٹوں کا سلسلہ چلانا ہے۔ اس وقت وہ "دی نشاط سینٹ جیمز ہونٹ" کے نام سے بین الاقوامی معیار پر لاہور میں ایک فوراسٹار ہونٹ چلا رہا ہے۔ ماتحت ادارہ نے 01 مارچ 2014 کو اپنی کارروائیاں شروع کیں۔

### 4- نشاط کموڈٹیز (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۔

### 5- نشاط لینن ٹریڈنگ ایل ایل سی

نشاط لینن ٹریڈنگ ایل ایل سی، متحدہ عرب امارات میں قائم ایک لمیٹڈ لیمیٹڈ کمپنی ہے۔ یہ کمپنی کا مکمل ملکیتی ماتحت ادارہ ہے۔ ذیلی ادارہ بنیادی طور پر ٹیکسٹائل مصنوعات جیسے کمبل، تولیے، کپڑے، ریڈی میڈ گارمنٹس، گارمنٹس کے لوازمات اور چمڑے کی مصنوعات کی تجارت کے ساتھ ساتھ متحدہ عرب امارات میں ریٹیل آؤٹ لیس 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 ریٹیل 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 جبل علی فری زون، دبئی میں اسے فری زون اسٹیبلشمنٹ لمیٹڈ لیمیٹڈ کمپنی کے طور پر قائم کیا گیا تھا۔ اس کو 07 فروری، 2013 کو ایف زیڈ ای کے رجسٹر میں درج کیا گیا ہے۔ سسڈیری کمپنی کی بنیادی سرگرمی ٹیکسٹائل کی مصنوعات جیسے کمبل، تولیے اور کپڑے، ریڈی میڈ گارمنٹس، گارمنٹس کے لوازمات اور چمڑے کی مصنوعات جیسے جوتے، پنڈ بیگ اور اس طرح کی تمام ذیلی تجارت کرنا ہے۔

### 7- چائنہ گوانگ ڈونشٹاٹ گلوبل کمپنی لمیٹڈ

چائنہ گوانگ ڈونشٹاٹ گلوبل کمپنی لمیٹڈ جمہوریہ چین کی غیر ملکی سرمایہ دارانہ کاروباری اداروں کے متعلقہ قوانین و ضوابط کے مطابق غیر ملکی سرمایہ کاری کمرشل انٹرنیشنل "FICE" کے نام سے چین کے گوانگ ڈونشٹاٹ یوسوس میں انکارپوریٹڈ ہے۔ چائنہ گوانگ ڈونشٹاٹ گلوبل کمپنی لمیٹڈ نشاط انٹرنیشنل ایف زیڈ ای کا مکمل ملکیتی ماتحت ادارہ ہے، جو نشاط ملز لمیٹڈ کی مکمل ملکیت میں

## ڈائریکٹرز کی رپورٹ (جاری ہے)

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

### لیکویڈیٹی کا خطرہ

یہ بینکوں اور مالیاتی اداروں کی طرف سے عہد کردہ کریڈٹ سہولیات کے ذریعہ فنڈز کی فراہمی کی وجہ 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 لیے سرمایہ کاری کے ڈھانچے کو برقرار رکھنے کے ساتھ کمپنی کی حیثیت اور صلاحیت کو برقرار رکھا جائے۔ ہم گریڈنگ 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 درج ذیل ہے:
- \* دنیا بھر میں علاقائی طور پر متنوع کسٹمر بیس برآمدی فروخت کے لیے پائیدار نمونہ فراہم کرتا ہے اور طلب کو پیدا کرنے کا محرک ہے۔
  - \* متنوع پراڈکٹ پورٹ فولیو دنیا بھر میں ٹیکسٹائل کے خرید داروں 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

مالی سال 2022-23 پاکستان کے ٹیکسٹائل سیکٹر کے لیے ایک غیر معمولی طور پر چیلنجنگ سال ثابت ہوا، کیونکہ ٹیکسٹائل کی برآمدات میں 14.63 فیصد کمی نمایاں کی کا سامنا ہوا جو گزشتہ مالی سال 2021-22 میں 19.329 بلین امریکی ڈالر سے موجودہ 16.501 بلین ڈالر تک پہنچ گئیں۔ پاکستان کی ٹیکسٹائل برآمدات میں ہونے والی اس کمی کی وجہ بہت سے عوامل ہیں۔

کپاس کے شعبے کو سیلاب سے ہونے والے نقصانات سے شدید نقصان پہنچا، جو ٹیکسٹائل کی صنعت کو کپاس کی نصف ضروری پیداوار فراہم کرتا ہے، جس کے نتیجے میں ٹیکسٹائل کی صنعت کو نمایاں نقصان پہنچا۔ عالمی اقتصادی سست روی کے باعث بین الاقوامی منڈیوں میں پاکستانی ٹیکسٹائل مصنوعات کی مانگ میں بھی کمی آئی۔

مزید برآں، پالیسی کی زیادہ شرح، توانائی کے بڑھتی ہوئی لاگت، اور خام مال اور مشینری کی درآمد پر پابندیوں نے صنعت کی راہ میں کافی رکاوٹیں کھڑی کیں اور برآمدی سرگرمیوں کو چلانے اور اس میں مشغول ہونا تقریباً ناممکن بنا دیا۔ پالیسی کی شرح اور رعایتی فنڈنگ کی شرحوں کے درمیان کم فرق، جیسا کہ ایکسپورٹ فنڈنگ اسکیم اور طویل مدتی فنڈنگ سہولت، نے صنعت کے لیے سرمائے کی دستیابی کو محدود کر دیا ہے۔ ان عوامل نے مجموعی طور پر پاکستان کے ٹیکسٹائل سیکٹر کو درپیش منفی حالات میں اہم کردار ادا کیا۔

اس بات کو اجاگر کرنا بہت ضروری ہے کہ پاکستان کا مینوفیکچرنگ سیکٹر بنیادی طور پر ٹیکسٹائل پر انحصار کرتا ہے اور ملک کے اندر سب سے زیادہ وسیع پیداواری سلسلہ رکھتا ہے۔ ٹیکسٹائل مصنوعات مستقل طور پر قومی برآمدات میں تقریباً 59.53 فیصد تک کا حصہ برقرار رکھتی ہیں۔ ٹیکسٹائل سیکٹر کو درپیش چیلنجز پاکستان کی معیشت کی پائیدار اور پائیدار ترقی کو یقینی بنانے کے لیے فوری اور جامع توجہ کے متقاضی ہیں۔

## کاروباری خطرات

کمپنی کو درج ذیل کاروباری خطرات کا سامنا ہے:

### کپاس کی قیمت اور سپلائی

کپاس کی قیمت اور سپلائی انٹرنیشنل اور مقامی منڈی میں قدرتی عوامل، طلب اور حرکیات سے متاثر ہوتی ہے۔ کپاس کی قلت اور قیمتوں میں اتار چڑھاؤ کا خطرہ مسلسل توجہ طلب ہے۔ اس خطرے کو کم کرنے کے لیے کمپنی کپاس کی کٹائی کے سیزن کے آغاز میں بڑی مقدار میں کپاس کی خریداری کر کے قیمت اور مقدار کا بہتر مرکب بنالیتی ہے۔

### برآمدات کی طلب اور قیمت

کمپنی بنیادی طور پر برآمداتی مارکیٹ میں کام کرتی ہے اور وبائی امراض، مقابلہ اور بین الاقوامی کرنسی میں اتار چڑھاؤ اور انٹرنیشنل مارکیٹ میں مصنوعات کی مانگ جیسے خطرات سے دوچار ہے۔ ان خطرات کو کم کرنے کے لیے ہم نے کئی حکمت عملی اپنائی ہیں جیسے کہ کسٹمرز کے ساتھ مضبوط تعلق قائم کرنا، کسٹمرز کو بڑھانا، نئے تخلیقی پروڈکٹ بنانا ان کی ہائی کوالٹی کو برقرار کرنا اور کسٹمرز تک وقت پر پہنچانا شامل ہیں۔

### توانائی کی دستیابی اور لاگت

توانائی کی مسلسل بڑھتی ہوئی قیمت اور قلت بڑھتے ہوئے خطرات ہیں جو ہماری مینوفیکچرنگ کی صلاحیت کے لیے اہم چیلنج ہے کیونکہ قابل قدر کسٹمرز کو ہماری طرف سے اعلیٰ معیاری مصنوعات متوقع ہوتی ہیں۔ اگر اس پر توجہ نہ دی گئی تو ہمیں یہ خطرات بین الاقوامی مارکیٹ میں کم مسابقتی بنا سکتے ہیں۔

توانائی کی لاگت کے بڑھتے ہوئے خطرات کو کم کرنے کے لیے کمپنی نے اپنی توانائی کے ذرائع کو متنوع بنایا ہے جس میں کونک، فرنس آئل، بائیو ماس، ڈیزل اور شمسی توانائی شامل ہیں۔

مزید برآں، توانائی کی بچت اور توانائی کی قلت کے خطرے کو کم کرنے کے لیے کمپنی نے تمام مقامات پر بجلی کے پلانٹ لگائے ہیں اور اوپن اسے بجلی کے کنکشن حاصل کیے ہیں۔

### مالی خطرات

کمپنی کے بورڈ آف ڈائریکٹرز مالی رسک مینجمنٹ کی پالیسیاں مرتب کرنے کے لیے ذمہ دار ہیں، جو کمپنی کے محکمہ خزانہ کے ذریعے نافذ کی جاتی ہیں۔ 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۔ کرنسی کا خطرہ، بنیادی طور پر کمپنی کے بینکوں میں رقوم اور بیرون ملک سے وصولی ادا کردہ رقوم پر مشتمل ہے۔

### شرح سود کا خطرہ

کمپنی کی شرح سود کا خطرہ طویل مدتی فنانسنگ، قلیل مدتی قرضوں، ماتحت کمپنیوں کو قرض اور ایڈوانس، ٹرم ڈیپوزٹ ریٹ اور سیونگ اکاؤنٹ کے بینک بیلنس سے پیدا ہوتا ہے۔ مقررہ شرح پر مالیاتی آلات کمپنی کو فیور و بلیو شرح سود کے خطرے سے دوچار کر دیتے ہیں۔

### قرض کا خطرہ

کمپنی کے کریڈٹ رسک اور خرابی کے نقصانات کا وجود اس کے تجارتی قرضوں سے منسلک ہے۔ اس خطرے کو اس حقیقت سے کم کیا جاسکتا ہے کہ ہمارے بیشتر صارفین کی مالی حیثیت

## ڈائریکٹرز کی رپورٹ (جاری ہے)

### گامتنش

پاکستان میں ٹیکسٹائل سیکٹر کو عالمی کساد بازاری اور دیگر درپیش چیلنجز کے باوجود، ڈویژن نے مالی سال 2022-23 کے دوران اپنے منافع کو برقرار رکھا۔ نان ڈینم مصنوعات کی مانگ میں تیزی رہی لیکن ڈینم مصنوعات کی مانگ میں کمی ہوئی۔

آنے والے سال میں موجودہ اور متوقع چیلنجوں سے نمٹنے کے لیے ہم نے اپنی آپریشنل کارکردگی اور مجموعی کاروباری صلاحیت کو بہتر بنانے کے لیے اقدامات کا نفاذ کیا ہے۔ اپنی ترقی کی حکمت عملی کے ایک حصے کے طور پر، ہم نئے خطوں میں جا کر اور متنوع مصنوعات کی لائن متعارف کروا کر اپنے کسٹمر بیس کو بڑھانے کے لیے پرعزم ہیں تاکہ آمدنی بڑھے۔ ہمیں یقین ہے کہ یہ اسٹریٹجک کوششیں ہمیں آنے والے سال میں مسلسل کامیابی حاصل کرنے میں مدد کریں گی۔

ترقی کے ان اقدامات کے علاوہ، ہم فعال انوینٹری مینجمنٹ اور توانائی کی بچت پر توجہ دے کر لاگت کو کم کرنے کے لیے بھی پرعزم ہیں۔ ان اقدامات کے بعد ہمیں یقین ہے کہ ہم آنے والے سالوں میں ایک منافع بخش اور پائیدار کاروبار بن جائیں گے۔

### پاور جنریشن

کمپنی کو اپنی توانائی کی لاگت کا انتظام کرنے میں بہت زیادہ مشکلات کا سامنا کرنا پڑا۔ فرانس آئل، گیس اور کولے کی قیمتوں میں غیر معمولی اضافے نے اس کے منافع کو منفی طور پر متاثر کیا۔ حکومت پاکستان نے برآمدی صنعتوں کے لیے بجلی پر سبسڈی ختم کر دی۔ نتیجے کے طور پر، کمپنی کو سبسڈی والی قیمت کی بجائے یکم مارچ 2023 سے سبھرا کی طرف سے نوٹیفائیڈ ٹیرف کی قیمت ادا کرنی پڑی۔ سبسڈی والی قیمت 19.99 روپے فی یونٹ تھی جو کہ یکم اکتوبر 2022 سے ٹیکسٹائل سیکٹر اور دیگر برآمدی صنعتوں کی مدد کے لیے نافذ کی گئی تھی۔ مزید برآں، RLNG (ریگولیشنڈ لیویڈ نیفا ٹیڈ نیچرل گیس) کی رعایتی شرح 16.5 امریکی ڈالر فی ایم ایم بی ٹی (ملین میٹرک برٹش تھرمل یونٹ) سے بڑھ کر 9 امریکی ڈالر فی ایم ایم بی ٹی ہو گئی، جیسا کہ حکومت پاکستان نے طے کیا ہے۔ سال بھر میں امریکی ڈالر کے مقابلے پاکستانی روپے کی مسلسل گراؤ کی وجہ سے ڈالر میں طے کی گئی قیمت توانائی کی لاگت میں مزید اضافے کا باعث بنی۔

کمپنی نے توانائی کے انتظام کے لیے اپنی حکمت عملیوں کو احتیاط سے وضع کیا تاکہ قومی خزانے میں اپنا حصہ برقرار رکھنے کے لیے معیاری مصنوعات کی پیداوار جاری رکھنے کے لیے توانائی کے متنوع ذرائع حاصل کیے جاسکیں۔ مالی سال کے دوران، اس نے اپنے اسپننگ اور گارمنٹس ڈویژنز کے لیے نئے کثیر ایندھن اور توانائی کی بچت والے وارٹسلا انجن حاصل کیے ہیں۔ اس نے سال کے دوران 9.86 میگا واٹ کے سولر پلائٹس کے منصوبے مکمل کیے، جبکہ 2.562 میگا واٹ کے سولر پرائیکٹس تنصیب کے مرحلے میں ہیں۔ ان اقدامات کے نتیجے میں لاگت میں کمی اور منافع میں اضافہ ہوا۔

### خطرات اور مواقع

نشاط ملز لمیٹڈ کسی دوسرے کاروباری ادارے کی طرح منافع اور ترقی کی تلاش میں سوچ سمجھ کر خطرات لیتا ہے کوئی بھی فیصلہ کرنے سے پہلے ہر خطرے اور موقع کا بغور جائزہ لیا جاتا ہے فیصلہ اسی صورت میں ہوتا ہے اگر مواقع خطرات سے زیادہ ہوں۔

خطرات کو کم کرنے کے لیے حکمت عملی کا خلاصہ درج ذیل ہے:

### اسٹریٹجک خطرے

کمپنی مسابقتی ماحول میں کام کرتی ہے جہاں جدت اور معیار ضروری ہیں۔ BMR کے تحت مسلسل تحقیق، ترقی اور نئی ٹیکنالوجیز متعارف کروانے کے اسٹریٹجک خطرے کو کم کیا جاتا ہے۔ یہ خطرہ تمام خطرات سے اہم ہے۔ تمام کاروباری ڈویژن کے سربراہان باقاعدگی سے مل کر بین الاقوامی اور مقامی خطرات کو حل کرنے کے لئے ایک مربوط نقطہ نظر تیار کرتے ہیں۔

USD کے مقابلے میں PKR کی قدر میں نمایاں کمی کے باوجود، کچھ زیادہ پیداواری لاگت کی وجہ سے، خاص طور پر بھارت، ویتنام اور انڈونیشیا سے، سوت کی قیمتوں کے مقابلے میں برآمدی منڈی میں قیمت کا مقابلہ کرنے کے لیے جدوجہد کرنا پڑی۔

مالی سال کے دوران خام مال کی زیادہ قیمت ایک بڑا مسئلہ تھا۔ تاہم، کن سیلاب کے نتیجے میں روٹی کی کمی پیداوار کی وجہ سے مقامی خام کپاس کی قیمتیں بلند رہیں۔ تاہم، کساد بازاری اور سیاسی عدم استحکام کے خدشات کے باعث بین الاقوامی کپاس کی قیمتیں کم تھیں۔ کمپنی نے مقامی اور درآمد شدہ کپاس کے آمیزے کے ساتھ اپنی سالانہ خام کپاس کی ضرورت کو پورا کرنے کے لیے بڑی تعداد میں خام روٹی خریدی۔

### بٹائی (Weaving)

مالی سال 2022-23 میں گرتج کپڑے کی فروخت میں 25.29 فیصد کا اضافہ دیکھا گیا، جس نے یونگ ڈویژن کے آپریشنل منافع میں نمایاں اضافہ کیا۔ ڈویژن نے ست برآمدی منڈی اور یورپ میں توانائی کی بڑھتی قیمتوں کے باوجود یہ ترقی حاصل کی۔ ہمارے بیشتر یورپی صارفین کے پاس وافر اور مہنگا اسٹاک تھا کیونکہ انہوں نے گزشتہ سال لاجسٹک مسائل اور سپلائی چین میں خلل کی وجہ سے ضرورت سے زیادہ خریداری کی تھی۔ ملکی مارکیٹ جو ہمارے کاروبار کا ایک اہم حصہ ہے پورے مالی سال میں مست رہی۔

کاروبار کرنے کی لاگت میں نمایاں اضافے کے باوجود، ڈویژن مالی سال کا اختتام شاندار انداز میں کرنے میں کامیاب رہی۔ یہ برآمدی منڈی میں ہمارے پروڈکٹ پورٹ فولیو اور کسٹمر بیس کے تنوع کی وجہ سے تھا۔ ورک ویئر اور ٹیکنیکی کپڑوں کے لیے طویل مدتی برآمدی آرڈرز کی بنگلہ دہی نے یقینی طور پر امریکی ڈالر کے مقابلے میں PKR کی تیزی سے گراؤ کے نتیجے میں شرح مبادلہ کے منافع سے فائدہ اٹھانے میں ہماری مدد کی۔

ماحولیاتی تبدیلی کے خدشات کے بارے میں بڑھتی ہوئی بیداری ٹیکسٹائل کی صنعت کو پائیدار طریقوں کی طرف لے جا رہی ہے۔ ڈویژن اس رجحان کی پیروی کر رہی ہے اور اب ہمارے زیادہ تر کاروبار میں پائیدار مصنوعات شامل ہیں۔

### رنگائی (Dyeing)

ڈائنگ ڈویژن نے مالی سال 2022-23 کے دوران مکمل پیداواری صلاحیت تک پہنچ کر اور اپنے قیام کے بعد سے اب تک کا سب سے زیادہ منافع ریکارڈ کر کے غیر معمولی کارکردگی کا مظاہرہ کیا۔ ڈویژن کی تیار شدہ فہرک کی فروخت میں پچھلے سال کے مقابلے میں 9.862 بلین روپے (46.27%) کا اضافہ ہوا۔

ڈویژن نے بڑھتے ہوئے اخراجات کے چیلنج سے نمٹنے کے لیے ایک فعال حکمت عملی وضع کی جس میں ہمارے تمام بنیادی پروگراموں کے لیے پیٹنٹنگی خام مال کی خریداری شامل تھی۔

### گھریلو ٹیکسٹائل اور ٹیری (Home Textile and Terry)

30 جون 2023 کو ختم ہونے والے مالی سال میں ہوم ٹیکسٹائل ڈویژن کے پروسیس کلاتھ اور تیار کردہ کپڑے کی فروخت میں 3.360 بلین روپے (20.93%) کا اضافہ کی ہوا۔ ٹائل اور باتھ کی فروخت میں بھی 4.016 بلین (139.81%) اضافہ ہوا۔

مالی سال میں مالیاتی اور اقتصادی چیلنجز کے باوجود ڈویژن نے اپنے مستحکم آرڈر پائپ لائن اور صلاحیتوں کے استعمال کو برقرار رکھا۔ ڈویژن کی یہ کامیابی اس کے عزم کارکردگی اور برتری کا ثبوت دیتا ہے۔ ہمیں یقین ہے کہ ہماری مصنوعات کا معیار، دیرینہ ساکھ، اور پیشہ ورانہ طرز عمل ہمیں کسی بھی آرڈر کے لیے ایک ترجیحی انتخاب کے طور پر، ان مصنوعات کے لیے جن کو پاکستان میں ہم پیدا کرتے ہیں، موقع دے گا۔

## ڈائریکٹرز کی رپورٹ (جاری ہے)

موجودہ سال میں مالیاتی لاگت میں 4.768 بلین روپے (220.74%) کا بڑا اضافہ ہوا جس کی وجہ قرض کی اوسط لاگت میں اضافہ اور قلیل مدتی قرضے ہیں جو ورکنگ کپیکل کی بڑھتی ہوئی ضروریات کو پورا کرنے کے لیے حاصل کیے گئے تھے۔

قبل از ٹیکس منافع 2.499 بلین روپے (19.36%) کے اضافہ کے ساتھ 15.406 بلین روپے پر پہنچ گیا جو کہ گزشتہ سال 12.907 بلین روپے تھا۔ مالی لاگت میں افراط کے باوجود قبل از ٹیکس منافع اضافے کی بنیادی وجہ آمدنی میں اضافہ، لاگت کا موثر انتظام، دیگر آمدنی میں اچھا اضافہ ہے۔

کمپنی کا بعد از ٹیکس منافع 1.854 بلین روپے (17.98%) کے اضافے کے ساتھ 12.166 بلین روپے پر پہنچ گیا جو کہ پچھلے سال 10.311 بلین روپے تھا۔ فروخت کے ساتھ بعد از ٹیکس منافع کا شرح تناسب مستحکم رہا جو کہ پچھلے سال 8.91% تھا اور اس سال 8.58% ہے۔

گزشتہ سال کے مقابلے میں فی حصص آمدنی (EPS) میں 5.27 روپے (17.98%) کا اضافہ ریکارڈ ہوا۔ اس سال 34.60 روپے فی حصص ہے جو کہ پچھلے سال 29.33 روپے فی حصص تھی۔

نشاط گروپ ("گروپ") پاکستان کے سب سے بڑے اور معروف کاروباری گھرانوں میں سے ایک ہے۔ یہ قومی معیشت کے 12 بڑے شعبوں میں کام کرتا ہے۔ گروپ کی پاکستان میں 2 ٹیکسٹائل کمپنیاں ہیں: نشاط ملز لمیٹڈ اور نشاط لینن (پرائیویٹ) لمیٹڈ۔ نشاط ملز لمیٹڈ بنیادی کمپنی ہے جبکہ نشاط لینن (پرائیویٹ) لمیٹڈ اس کی مکمل ملکیتی ذیلی کمپنی ہے۔ ذیلی ادارے کے بنیادی مقاصد ٹیکسٹائل اور دیگر مصنوعات کی فروخت کے لیے رئیل آؤٹ لیس کو چلانا اور ٹیکسٹائل کے مصنوعات کی اپنی اور باہر مینوفیکچرنگ سہولیات میں پروسیڈنگ کر کے ٹیکسٹائل مصنوعات کو فروخت کرنا ہے۔ کنسولیدیشنڈ ارننگ فی شیئر (EPS) موجودہ سال میں 31.96 روپے فی حصص تھی جو گزشتہ سال اسی دورے میں 31.41 روپے فی حصص تھی۔

کمپنی اپنی BMR پالیسی کے مطابق مستقل فکسڈ کپیکل کے لیے خرچ کر رہی ہے جیسا کہ پچھلے 5 سال کے رجحان سے ظاہر ہوتا ہے۔ جس کا بنیادی مقصد آمدنی کو برقرار رکھنے کی استطاعت کو قائم رکھنا اور بڑھانا ہے۔ مالی سال 2022-23 کے دوران، کمپنی نے CAPEX پر 9.101 بلین روپے خرچ کیے جو گزشتہ مالی سال کے دوران خرچ کی گئی رقم سے 1.897 بلین روپے (26.34%) زیادہ ہیں۔

کمپنی کی لیکویڈیٹی اور قلیل مدتی مالیاتی پوزیشن مستحکم رہی حالانکہ ورکنگ کپیکل مینجمنٹ کے متعدد چیلنجز جیسا کہ خام مال کی بڑھتی ہوئی قیمت اور شرح سود میں اضافہ کا سامنا رہا۔ کرنٹ اور کونٹک تناسب 1.28 اور 0.67 پر پچھلے سال کی کرنٹ اور کونٹک تناسب 1.39 اور 0.57 کی طرح مستحکم رہے۔ یہ موجودہ منفی معاشی حرکیات کو مد نظر رکھتے ہوئے ایک سمجھدار ورکنگ کپیکل مینجمنٹ کا واضح ثبوت ہے۔

### تخصیصات (Appropriations)

کمپنی کے بورڈ آف ڈائریکٹرز نے 50% نقد ڈیویڈنڈ (2022: 40%) اور 10,408 ملین روپے (2022: 8,906 ملین روپے) کی عام ریزرو میں منتقل کرنے کی سفارش کی ہے۔

### سپننگ رپورٹنگ

#### کٹائی (Spinning)

پاکستانی ٹیکسٹائل انڈسٹری کو مالی سال 2022-23 کی پہلی تین ماہیوں کے دوران عالمی کساد بازاری، بلند افراط زر اور کرنسی کے اتار چڑھاؤ نے بری طرح متاثر کیا برآمدی منڈی کی طلب انتہائی سست رہی۔ چوتھی سہ ماہی میں دھاگے کی قیمتوں میں معمولی بہتری دیکھی گئی۔ کمپنی نے ایکسپورٹ مارکیٹ میں مستقل حصہ برقرار رکھتے ہوئے مقامی مارکیٹ میں فروخت کو ترجیح دینے کی حکمت عملی وضع کی۔



## ڈائریکٹرز کی رپورٹ

### ڈائریکٹرز کی رپورٹ

نشاط ملز لمیٹڈ (کمپنی) کے ڈائریکٹرز 30 جون 2023 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

30 جون 2023 کو ختم ہونے والے مالی سال 2022-23 میں کمپنی نے شاندار کارکردگی پیش کی۔ مالی سال میں بے شمار چیلنجوں بشمول عالمی اقتصادی ست روی، مہنگے خام مال، مہنگی توانائی، کرنسی کے اتار چڑھاؤ، اور اعلیٰ سرکاری ٹیکس کے باوجود بعد از ٹیکس منافع میں 1.854 بلین روپے کا اضافہ ہوا، جس سے بعد از ٹیکس منافع 30 جون 2022 پر ختم ہونے والے گزشتہ مالی سال میں 10.312 بلین روپے سے بڑھ کر 30 جون 2023 کو ختم ہونے والے موجودہ سال میں 12.166 بلین روپے ہو گیا۔ مندرجہ ذیل افسولٹیڈ ہڈ کھاتوں کی اہم جھلکیاں ہیں:

مالی جھلکیاں	2023 روپے (000)	2022 روپے (000)
آمدنی	141,756,469	115,768,065
مجموعی منافع	21,078,842	17,335,571
EBITDA	25,885,473	18,358,269
فرسودگی (Depreciation)	3,551,422	3,290,619
مالی لاگت	6,927,609	2,160,365
ڈیویڈنڈ آمدنی	4,510,937	3,328,797
قبل از ٹیکس منافع	15,406,442	12,907,285
بعد از ٹیکس منافع	12,166,022	10,311,674

ٹوٹل آمدنی 25.988 بلین روپے (22.45%) کے اضافے کے ساتھ اس سال 141.756 بلین روپے یعنی تاریخ کی بلند ترین سطح پر پہنچ گئی۔ یہ گزشتہ سال اسی دورانیہ کی ٹاپ لائن 115.768 بلین روپے کے مقابلے میں قابل ذکر اضافہ ہے جو کہ برآمدات اور مقامی فروخت دونوں کے نمایاں اضافے سے منسوب ہے۔ پچھلے پانچ سالوں کا جائزہ، آمدنی میں 123.24% کے متاثر کن اضافے کے رجحان کو ظاہر کرتا ہے۔

30 جون 2023 میں مجموعی منافع 3.743 بلین روپے (21.59%) کے اضافے کے ساتھ 21.079 بلین روپے ہو گیا، جو کہ پچھلے سال 17.336 بلین روپے تھا۔ خام مال اور توانائی کی قیمتوں میں غیر معمولی اضافے کے باوجود مجموعی منافع فروخت کے تناسب سے 14.87 فیصد پر مستحکم رہا۔

EBITDA نے غیر معمولی نمو دکھائی اور 7.527 بلین (41%) کے اضافے سے 30 جون 2023 کو ختم ہونے والے موجودہ سال میں 25.885 بلین روپے تک پہنچ گیا جو کہ گزشتہ سال کے اسی عرصے میں 18.358 بلین روپے تھا۔ یہ خاطر خواہ اضافہ بنیادی طور پر بہتر آپریشنل کیش فلوا اور نمایاں دیگر آمدنی سے منسوب ہے۔

دیگر آمدنی 4.631 بلین روپے (83.13%) کے نمایاں اضافے کے ساتھ 10.202 بلین روپے ریکارڈ ہوئی جو گزشتہ سال 5.571 بلین روپے تھی یہ غیر معمولی اضافہ ہماری موثر سرمایہ کاری پالیسی کا ثبوت ہے، جس نے کمپنی کی تاریخ میں منافع میں لگا تار حصہ ڈالا ہے، ڈیویڈنڈ کی آمدنی میں 1.182 بلین روپے کا اضافہ ہوا اس کے علاوہ، کمپنی کو نشاط (چونیاں) لمیٹڈ اور اس کے ممبران کے درمیان سمجھوتوں، انتظام اور تعمیر نو کے منصوبے کے تحت ابتدائی طور پر 460.187 بلین روپے کا منافع ہوا۔ اس کے علاوہ نشاط لینن (پرائیویٹ) لمیٹڈ، ایک مکمل ذیلی کمپنی، کو دیے گئے ورکنگ کپٹیل لون پر منافع میں 2.007 بلین روپے کا اضافہ ہوا۔

**NISHAT MILLS LIMITED****BALLOT PAPER FOR VOTING THROUGH POST**

For voting through post for the Special Business at the Annual General Meeting of Nishat Mills Limited to be held on (Wednesday) October 25, 2023 at 11:30 AM (PST) at Emporium Mall, the Nishat Hotel, Trade and Finance Centre Block, Near Expo Centre, Abdul Haq Road, Johar Town, Lahore.

Designated email address of the Chairman at which the duly filled in ballot paper may be sent: chairman@nishatmills.com .

Name of shareholder/joint shareholder(s):	
Registered Address:	
Folio No. / CDC Participant / Investor ID with sub-account No.	
Number of shares held	
CNIC, NICOP/Passport No. (In case of foreigner) <i>(Copy to be attached)</i>	
Additional Information and enclosures (In case of representative of body corporates, corporations and Federal Government)	
Name of Authorized Signatory:	
CNIC, NICOP/Passport No. (In case of foreigner) of Authorized Signatory - <i>(Copy to be attached)</i>	

I/we hereby exercise my/our vote in respect of the following special resolutions through postal ballot by giving my/our assent or dissent to the following resolutions by placing tick (✓) mark in the appropriate box below:

**Special Resolutions****Agenda Item 4(a)**

**To ratify and approve transactions conducted with the Related Parties during the year ended June 30, 2023 by passing the following special resolution with or without modification:**

**Resolved** that the Related Party Transactions disclosed in the Annual Audited Financial Statements for the year ended June 30, 2023 as approved by the Board of Directors of Nishat Mills Limited ("the Company") be and are hereby ratified, approved and confirmed in all respects.

**Agenda Item 4(b)**

**To authorize the Board of Directors of the Company to approve transactions with the Related Parties during the financial year ending on June 30, 2024 by passing the following special resolution with or without modification:**

**Resolved** that the Board of Directors of Nishat Mills Limited ("the Company") be and is hereby authorized to approve the transactions to be conducted with the related parties during the financial year ending on June 30, 2024 and these transactions shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting for their ratification.

I/we hereby exercise my/our vote in respect of above mentioned special resolutions through postal ballot by conveying my/our assent or dissent to the said resolutions by placing tick (✓) mark in the appropriate box below:

Sr. No.	Nature and Description of resolutions	I/We assent to the Resolutions (FOR)	I/We dissent to the Resolutions (AGAINST)
1.	<b>Special Resolution as per the Agenda Item No. 4(a) (as given above)</b>		
2.	<b>Special Resolution as per the Agenda Item No. 4(b) (as given above)</b>		

\_\_\_\_\_  
 Shareholder / Proxy holder Signature/Authorized Signatory  
 (In case of corporate entity, please affix company stamp)

Place: \_\_\_\_\_

Date: \_\_\_\_\_

**NOTES:**

1. Duly filled postal ballots should be sent to the Chairman at Nishat House, 53-A, Lawrence Road, Lahore or through email at: chairman@nishatmills.com.
2. Copy of CNIC, NICOP/Passport (In case of foreigner) should be enclosed with the postal ballot form.
3. Postal Ballot form should reach the Chairman of the Meeting on or before October 24, 2023 up to 5:00 p.m. Any Postal Ballot received after this time/date, will not be considered for voting.
4. In case of a representative of a body corporate, corporation or Federal Government, the Ballot Paper form must be accompanied by a copy of the CNIC of an authorized person, an attested copy of Board Resolution / Power of Attorney / Authorization Letter etc., in accordance with Section(s) 138 or 139 of the Companies Act, 2017 as applicable. In the case of foreign body corporate etc., all documents must be attested by the Consul General of Pakistan having jurisdiction over the member.
5. Signature on postal ballot should match with signature on CNIC, NICOP/Passport (In case of foreigner).
6. Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written ballot paper will be rejected.

میں/ ہم مندرجہ بالا خصوصی قراردادوں کے سلسلے میں پوسٹل بیلٹ کے ذریعے اپنا/ اپنے ووٹ استعمال کرتے ہیں اور ذیل میں مناسب باکس میں ٹک (✓) کا نشان لگا کر درج ذیل قراردادوں پر اپنی رضامندی یا اختلاف رائے دیتے ہیں:

نمبر شمار	قراردادوں کی نوعیت اور تفصیل	میں/ ہم قراردادوں پر رضامند ہیں (FOR)	میں/ ہم قراردادوں کے خلاف ہیں (AGAINST)
1-	ایجنڈا آئٹم نمبر 4(a) کے مطابق قرارداد (مذکورہ بالا)		
2-	ایجنڈا آئٹم نمبر 4(b) کے مطابق قرارداد (مذکورہ بالا)		

شیر ہولڈرز کے دستخط/ پراسی ہولڈرز دستخط/ مجاز دستخط کنندہ  
(کارپوریٹ ادارے کی صورت میں، براہ کرم کمپنی کا مہر لگا دیں)

مقام: \_\_\_\_\_ تاریخ: \_\_\_\_\_

نوٹس:

- صحیح طریقے سے پُر شدہ پوسٹل بیلٹ چیئر مین کو-53 لارنس روڈ، لاہور، یا chairman@nishatmills.com پر ای میل بھیجنا چاہیے۔
- NICOP، CNIC / پاسپورٹ کی کاپی (غیر ملکی کی صورت میں) پوسٹل بیلٹ فارم کے ساتھ منسلک ہونی چاہیے۔
- پوسٹل بیلٹ فارم 24 اکتوبر 2023ء شام 5:00 بجے کو یا اس سے پہلے صدر اجلاس تک پہنچ جانے چاہئیں۔ اس تاریخ / وقت کے بعد موصول ہونے والا کوئی بھی پوسٹل بیلٹ ووٹنگ کے لیے قبول نہیں کیا جائے گا۔
- باڈی کارپوریٹ، کارپوریشن یا وفاقی حکومت کے نمائندے کی صورت میں، بیلٹ پیپر فارم کے ساتھ کسی بااختیار شخص کے CNIC کی کاپی، بورڈ ریزولوشن / پاور آف اٹارنی / اتھارٹی لیٹر وغیرہ کی تصدیق شدہ کاپی کے ساتھ ہونا ضروری ہے کمپنیز ایکٹ 2017 کے سیکشن (ز) 138 یا 139 کے مطابق جیسا کہ قابل اطلاق ہے۔ غیر ملکی باڈی کارپوریٹ وغیرہ کے معاملے میں، تمام دستاویزات کو قوت واصل جزل آف پاکستان سے تصدیق شدہ ہونا چاہیے جو ممبر پر دائرہ اختیار رکھتا ہو۔
- پوسٹل بیلٹ پر دستخط NICOP، CNIC / پاسپورٹ (غیر ملکی کی صورت میں) کے دستخط سے مماثل ہونا چاہئے۔
- ناکمل، بغیر دستخط شدہ، غلط، کاٹ کر لکھا ہوا، پھٹا ہوا، مسخ شدہ، دوبارہ لکھا ہوا بیلٹ پیپر مسترد کر دیا جائے گا۔

**NISHAT MILLS LIMITED**



**نشاط ملز لمیٹڈ**

ڈاک کے ذریعے دو ٹک کے لیے بیلٹ پیپر

بروز بدھ، 25 اکتوبر 2023 کو صبح 11:30 بجے ایچو ریم مال، نشاط ہوٹل، ٹریڈ اینڈ فنانس سنٹر بلاک، نزد ایکسپو سنٹر، عبدالحق روڈ، جوہر ٹاؤن، لاہور، پر منعقد ہونے والے نشاط ملز لمیٹڈ کے غیر معمولی اجلاس عام میں خصوصی کاروبار کے لیے پوسٹ کے ذریعے انتخاب کے لیے۔

چیئرمین کا نامزد کردہ ای میل ایڈریس جس پر صحیح طریقے سے پُر شدہ بیلٹ پیپر بھیجا جاسکتا ہے۔

	شیئرز ہولڈر/مشتز کہ شیئرز ہولڈرز کا نام
	رجسٹرڈ ایڈریس
	فولیو نمبر / سی ڈی سی پاریٹی پوسٹ / انویسٹمنٹ / سی ڈی سی مع سب اکاؤنٹ نمبر
	ملکیتی حصص کی تعداد
	NICOP, CNIC / پاسپورٹ نمبر (بصورت غیر ملکی) (کاپی منسلک ہو)
	اضافی معلومات اور وضاحتیں (باڈی کارپوریٹ، کارپوریشن اور وفاقی حکومت کے نمائندہ کی صورت میں)
	مجاز دستخط کنندہ کا نام:
	مجاز دستخط کنندہ کا NICOP, CNIC / پاسپورٹ نمبر (بصورت غیر ملکی) (کاپی منسلک ہو)

میں/ ہم مندرجہ ذیل خصوصی قراردادوں کے سلسلے میں پوسٹل بیلٹ کے ذریعے اپنا/ اپنے ووٹ استعمال کرتے ہیں اور ذیل میں مناسب باکس میں ٹک (/) کا نشان لگا کر درج ذیل قراردادوں پر اپنی رضامندی یا اختلاف رائے دیتے ہیں:

**خصوصی قراردادیں**

**ایجنڈا آئٹم 4(a)**

30 جون 2023 کو ختم ہونے والے سال کے دوران متعلقہ فریقوں کے ساتھ کیے گئے لین دین کی توثیق اور منظوری کے لیے درج ذیل خصوصی قرارداد کو ترمیم کے ساتھ یا اس کے بغیر منظور کرنا:

قرار پایا ہے کہ 30 جون 2023 کو ختم ہونے والے مالی سال کے دوران کی گئی متعلقہ پارٹی ٹرانزیکشنز، جن کو نشاط ملز لمیٹڈ ("کمپنی") کے بورڈ آف ڈائریکٹرز نے منظور کیا تھا، کی ہر لحاظ سے توثیق، منظوری اور تصدیق کی جارہی ہے۔

**ایجنڈا آئٹم 4(b)**

کمپنی کے بورڈ آف ڈائریکٹرز 30 جون 2024 کو ختم ہونے والے سال کے دوران متعلقہ فریقوں کے ساتھ کیے گئے لین دین کی توثیق اور منظوری کے لیے اجازت دینے کے لیے درج ذیل خصوصی قرارداد کو ترمیم کے ساتھ یا اس کے بغیر منظور کرنا:

قرار پایا ہے کہ نشاط ملز لمیٹڈ ("کمپنی") کا بورڈ آف ڈائریکٹرز 30 جون 2024 کو ختم ہونے والے مالی سال کے دوران متعلقہ فریقوں کے ساتھ کیے جانے والے لین دین کی منظوری دینے کا مجاز ہے اور اس لین دین کو شیئرز ہولڈرز کی منظوری سمجھا جائے گا اور اگلی سالانہ جنرل میٹنگ میں حصص یافتگان کے سامنے ان کی توثیق کے لیے پیش کیا جائے گا۔

## 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 25, 2023 (Wednesday) at 11:30 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 \_\_\_\_\_ 2023

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 مسماۃ \_\_\_\_\_ ساکن \_\_\_\_\_ ضلع \_\_\_\_\_

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

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 ۲۵ اکتوبر ۲۰۲۳ء (بدھ) بوقت صبح 11:30 بجے امپوریم مال، دی نشاط ہوٹل، ٹریڈ اینڈ فنانس سنٹر بلاک، نزد ایکسپو سنٹر، عبدالحق روڈ، جوہر ٹاؤن، لاہور میں منعقد ہو رہا ہے میں بول سکے اور ووٹ ڈال سکے۔

پچاس روپے کی ریونیو سٹیپ  
چسپاں کریں

دستخط بتاریخ \_\_\_\_\_ دن \_\_\_\_\_ 2023ء

گواہ کوائف

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

گواہ کوائف

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

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

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

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



**AFFIX  
CORRECT  
POSTAGE**

The Company Secretary

**NISHAT MILLS LIMITED**

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





**REGISTERED OFFICE:**

Nishat House, 53-A, Lawrence Road, Lahore

Tel: 042-36360154, 042-111 113 333

[nishat@nishatmills.com](mailto:nishat@nishatmills.com)

[www.nishatmillsltd.com](http://www.nishatmillsltd.com)