

# NISHAT MILLS LIMITED



SECY/STOCKEXC/

February 26, 2020

The General Manager,  
Pakistan Stock Exchange Limited,  
Stock Exchange Building,  
Stock Exchange Road,  
KARACHI.

SUB: **SUBMISSION OF HALF YEARY ACCOUNTS  
FOR THE PERIOD ENDED DECEMBER 31, 2019**

Dear Sir,

In compliance with the provisions of Section 237 of the Companies Act, 2017, read with PSX Notice No. PSX/N-4207 dated July 13, 2018 and PSX/N-4952 dated August 29, 2018, we are pleased to submit electronically through PUCAR un\_audited accounts for the half year ended December 31, 2019.

Thanking you,

Yours truly,

  
**KHALID MAHMOOD CHOCHAN**  
**COMPANY SECRETARY**



Nishat Mills Limited

# Interim Financial Report of Nishat Mills Limited for the half year ended December 31, 2019



**Accelerating  
focussed growth**

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# Company Information

## Board of Directors

Mian Umer Mansha  
*Chief Executive Officer*

Mian Hassan Mansha  
*Chairman*

Syed Zahid Hussain  
Mr. Mahmood Akhtar  
Mr. Farid Noor Ali Fazal  
Mr. Ghazanfar Husain Mirza  
Mr. Maqsood Ahmad

## Audit Committee

Syed Zahid Hussain  
*Chairman / Member*

Mr. Mahmood Akhtar  
*Member*

Mr. Farid Noor Ali Fazal  
*Member*

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

Syed Zahid Hussain  
*Chairman / Member*

Mian Umer Mansha  
*Member*

Mr. Mahmood Akhtar  
*Member*

**Chief Financial Officer**  
Mr. Muhammad Azam

## Company Secretary

Mr. Khalid Mahmood Chohan

## Auditors

Riaz Ahmad & Company  
Chartered Accountants

## Legal Advisor

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

## Bankers to the Company

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

## Mills

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

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

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

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

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

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

## Stitching unit

21 K.M. Ferozepur Road, Lahore.

## Terry Unit

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

## Apparel Unit

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

## Registered office

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

## Shares Registrar

THK Associates (Private) Limited

## Head Office, Karachi

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

## Branch Office, Lahore

Siddique Trade Centre,  
Office No. PL-29, PL Floor,  
72 Main Boulevard Gulberg 2,  
Lahore.  
Tel: 042-35781682

## Head Office

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

## Liaison Office

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

## Directors' Report

Directors of Nishat Mills Limited ("the Company") are pleased to present the Directors' Report for the half year ended 31 December 2019.

### Operating Financial Results

Gross profit of the Company increased by Rs. 270.788 million (7.20%) in the current half year as compared to corresponding half of the last year. The main reason for increase in gross profit was increase in revenue by 7.01%. However, profit after tax decreased by Rs.1,272.239 million in the current half year as compared to the corresponding half of the last year mainly due to decrease in other income by Rs. 1,224.606 million as a result of decrease in dividend income and foreign exchange gain.

Financial Highlights	Half Year Ended 31 December		Increase / (decrease) %
	2019	2018	
Revenue (Rs. '000')	32,867,687	30,714,488	7.01
Gross Profit (Rs. '000')	4,032,107	3,761,319	7.20
Profit after tax (Rs. '000')	1,891,326	3,163,565	(40.22)
Gross Profit (%)	12.27	12.25	
Profit after tax (%)	5.75	10.30	
Earnings per share – (Rs.)	5.38	9.00	

### General Market Review and Future Prospects

Textile sector performed slightly better during the first half of the financial year 2019-20 as compared to the corresponding half of the last financial year, but the growth was still lower than actual potential of the sector. Particularly value-added segments could not perform better due to economic slowdown in the country, global stagnation of demand and increased cost of doing business.

Shortage of cotton, trade suspension with India and global economic slowdown are the major challenges currently faced by the textile industry because these have increased cost of doing business and reduced the competitive ability of Pakistani textile manufacturers.

### Segment Analysis

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

#### Spinning

Profitability of the Spinning division improved during the current half year as compared to the corresponding half year despite continuous reduction in the demand and prices of cotton yarn in international market. Local market dynamics were quite supportive. The remaining half of the financial year is expected to be difficult due to global economic slowdown. However, Pak-China Free Trade Agreement will provide some relief.



Yarn	Half Year Ended 31 December		Increase / (Decrease)	
	2019	2018	Value	% age
Sale – (kgs '000')	10,376	13,470	(3,094)	(22.97)
Rate / kg	410.12	373.72	36.40	9.74
Sale – (Rs. '000')	4,255,393	5,034,041	(778,648)	(15.47)

Shortage of local cotton output is the biggest challenge for the spinners who have to compete with each other to buy cotton to cover their needs for coming year. The Company has started to replenish its cotton stock from both local and foreign sources. We are trying to make the best available price mix with the combination of local and imported cotton.

### Weaving

Exports of greige cloth remained subdued during the first half of financial year 2019-20. US-China trade dispute, Brexit and general economic slowdown negatively affected export business. However, both narrow and wider width cloth business remained good in local market.

Grey Cloth	Half Year Ended 31 December		Increase / (Decrease)	
	2019	2018	Value	% age
Sale – (meters '000')	41,174	41,117	57	0.14
Rate / meter	183.44	174.27	9.17	5.26
Sale – (Rs. '000')	7,552,959	7,165,513	387,446	5.41

Demand for wider width cloth business is growing, therefore, the Division has planned to add a new weaving shed with 132 wider width looms. These looms will be commissioned into production during second quarter of FY 2020-21.

Our strategy, as always, is to focus on product and market diversification. The Company is hopeful to further increase polyester based technical fabric business in the financial year 2019-20. The Division has also developed its business in recycled polyester and organic cotton in line with our policy for environmental protection and sustainability.

### Dyeing

The Division performed well in the first half of current fiscal year despite slow start in first quarter due to improved performance in the second quarter. We have already sold our capacities till March 2020 and are quite hopeful that we will be able to register positive performance in the last half of the fiscal year as well.

Processed Cloth	Half Year Ended 31 December		Increase / (Decrease)	
	2019	2018	Value	% age
Sale – (meters '000')	22,633	24,122	(1,489)	(6.17)
Rate / meter	367.64	320.35	47.29	14.76
Sale – (Rs. '000')	8,320,835	7,727,543	593,292	7.68

Rising cost of production and trade suspension with India are the biggest challenges for the Division which may adversely affect the sale in the remaining part of the financial year 2019-20. We are taking all possible measures to mitigate the impact of these challenges.

### Home Textile

Financial year 2019-20 started on a positive note having strong orders inflow and stretched production plan for Home Textile Division. Our production capacities for bed-linen are already booked for the next quarter. We expect this momentum will continue during remaining of the year as well. US-China trade issues and uncertainties regarding new tariffs made Pakistani companies more relevant to American buyers who wanted uninterrupted supplies. The Home Textile Division remained a preferred choice due to the breadth of its product categories and capability to produce large volumes with premium quality.

Processed Cloth and Made-ups	Half Year Ended 31 December		Increase / (Decrease)	
	2019	2018	Value	% age
Sale – (meters '000')	13,048	13,248	(200)	(1.51)
Rate / meter	437.98	370.44	67.54	18.23
Sale – (Rs. '000')	5,714,741	4,907,645	807,096	16.45

The Company is planning to establish a towel manufacturing unit with project cost of approximately Rs. 1.5 billion which is the last missing link in our Home Textile product mix. First phase of our Towel section is expected to be operational by June 2020 that will give a massive support to enhance export sales volume in the following years. Initial capacity of the project will be 10 Tons per day.

### Garments

Financial results of the Division significantly improved during the current half year ended 31 December 2019 as compared to corresponding half of the last year. Evolution in fashion industry is pivot in formulation of marketing and customer management strategies of the Division. The management of the Division in pursuance of mission of the Company has adopted all contemporary techniques to conceive customers' aspiration in real essence so that the same may be translated in the best quality products as per modern trends.

Garments	Half Year Ended 31 December		Increase / (Decrease)	
	2019	2018	Value	% age
Sale – (garments '000')	2,782	2,475	307	12.40
Rate / garment	1,095.65	857.87	237.78	27.72
Sale – (Rs. '000')	3,048,090	2,123,240	924,850	43.56

The Division has also revamped its customer management processes due to which response time to customers' queries and accuracy in the forecast of product demand has improved. Now the management is able to make quick decisions in accordance with the needs of customers which would foster sustainable relationship.

### Power Generation

The Company completed another environmentally friendly project by commissioning a 3 MW Wartsila Solar Power Plant at Sahianwala, Faisalabad during November 2019. The plans to acquire two more Solar Power Plants for Power Divisions located at Bhikki and Ferozwatwan are under process.

The project of 3.2 MW Steam Turbine for power plant located at Lahore has also commissioned in December 2019. This turbine generates electricity from high pressure / temperature steam produced by 9MW coal power plant before this steam is transferred at low pressure / temperature to production halls of Dyeing and Home Textile Divisions. Completion of this project has provided additional benefit from high pressure / temperature of steam which was previously wasted as steam at low pressure / temperature is required in fabric dyeing and finishing process.

### Subsidiary Companies and Consolidated Financial Statements

Nishat Power Limited, Nishat Linen (Private) Limited, Nishat Hospitality (Private) Limited, Nishat Commodities (Private) Limited, Lalpir Solar Power (Private) Limited, Nishat USA Inc., Nishat Linen Trading LLC, Nishat International FZE, Nishat Global China Company Limited, Nishat UK (Private) Limited (dissolved on 23 July 2019) and Concepts Garments and Textile Trading FZE (dissolved on 26 December 2019) form portfolio of subsidiary companies of the Company. Therefore, the Company has annexed consolidated condensed interim financial statements in addition to its separate condensed interim financial statements, in accordance with the requirements of International Financial Reporting Standards.

### Composition of Board of Directors

#### Total number of Directors:

a)	Male	7
b)	Female	0

#### Composition

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



## Committees of the Board

### Audit Committee of the Board:

#### Sr. No. Name of Directors

1	Syed Zahid Hussain	Chairman / Member
2	Mr. Mahmood Akhtar	Member
3	Mr. Farid Noor Ali Fazal	Member

### Human Resource and Remuneration Committee:

#### Sr. No. Name of Directors

1	Syed Zahid Hussain	Chairman / Member
2	Mian Umer Mansha	Member
3	Mr. Mahmood Akhtar	Member

### Directors' Remuneration

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

- The Company shall not pay remuneration to its non-executive directors including independent directors except for meeting fee for attending meetings of the 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.

### Acknowledgement

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

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



**Mian Umer Mansha**  
Chief Executive Officer

14 February 2020  
Lahore



**Maqsood Ahmed**  
Director

# Independent Auditor's Review Report

To the members of Nishat Mills Limited

## Report on review of Unconsolidated Condensed Interim Financial Statements

### Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of NISHAT MILLS LIMITED as at 31 December 2019 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the unconsolidated condensed interim financial statements for the half year then ended (here-in-after referred to as the "unconsolidated condensed interim financial statements"). Management is responsible for the preparation and presentation of these unconsolidated condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated condensed interim financial statements based on our review. The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income for the quarters ended 31 December 2019 and 31 December 2018 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 2019.

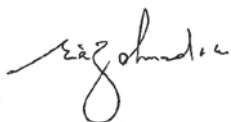
### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of unconsolidated condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Mubashar Mehmood.



**RIAZ AHMAD & COMPANY**  
Chartered Accountants

Lahore  
14 February 2020

Unconsolidated Condensed Interim  
**Financial Statements of Nishat Mills Limited**  
For the half year ended 31 December 2019

# Unconsolidated Condensed Interim Statement of Financial Position

As at 31 December 2019

	Note	Un-audited 31 December 2019 (Rupees in thousand)	Audited 30 June 2019
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
1,100,000,000 (30 June 2019: 1,100,000,000) ordinary shares of Rupees 10 each		11,000,000	11,000,000
<b>Issued, subscribed and paid-up share capital</b>			
351,599,848 (30 June 2019: 351,599,848) ordinary shares of Rupees 10 each		3,515,999	3,515,999
<b>Reserves</b>		69,558,631	63,099,271
<b>Total equity</b>		73,074,630	66,615,270
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing - secured	4	5,571,787	5,259,927
Deferred income tax liability		215,440	215,440
		5,787,227	5,475,367
<b>CURRENT LIABILITIES</b>			
Trade and other payables		8,692,004	8,359,680
Accrued mark-up		212,852	235,337
Short term borrowings		21,862,606	17,982,262
Current portion of long term financing		1,866,230	1,784,470
Unclaimed dividend		93,714	93,006
		32,727,406	28,454,755
<b>TOTAL LIABILITIES</b>		38,514,633	33,930,122
<b>CONTINGENCIES AND COMMITMENTS</b>	5		
<b>TOTAL EQUITY AND LIABILITIES</b>		111,589,263	100,545,392

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



CHIEF EXECUTIVE OFFICER

	Note	Un-audited 31 December 2019 (Rupees in thousand)	Audited 30 June 2019
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	29,546,770	28,968,219
Investment properties		457,746	459,974
Long term investments		40,927,160	34,930,333
Long term loans		273,933	275,246
Long term deposits		103,523	114,360
		71,309,132	64,748,132
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		2,951,193	3,102,988
Stock in trade		17,507,106	17,008,459
Trade debts		4,638,280	4,711,061
Loans and advances		11,284,909	8,040,700
Short term deposits and prepayments		54,484	74,969
Other receivables		3,709,234	2,253,678
Accrued interest		38,046	28,780
Cash and bank balances		96,879	576,625
		40,280,131	35,797,260
<b>TOTAL ASSETS</b>		<b>111,589,263</b>	<b>100,545,392</b>



DIRECTOR



CHIEF FINANCIAL OFFICER

## Unconsolidated Condensed Interim Statement of Profit or Loss

For the half year ended 31 December 2019 (Un-audited)

		Half year ended		Quarter ended	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
	Note	(Rupees in thousand)			
REVENUE		32,867,687	30,714,488	16,934,557	16,036,107
COST OF SALES	7	(28,835,580)	(26,953,169)	(15,059,732)	(14,145,083)
GROSS PROFIT		4,032,107	3,761,319	1,874,825	1,891,024
DISTRIBUTION COST		(1,501,016)	(1,368,198)	(762,700)	(740,606)
ADMINISTRATIVE EXPENSES		(628,239)	(555,062)	(321,577)	(286,992)
OTHER EXPENSES		(250,754)	(180,071)	(35,497)	(123,179)
		(2,380,009)	(2,103,331)	(1,119,774)	(1,150,777)
		1,652,098	1,657,988	755,051	740,247
OTHER INCOME		1,413,939	2,638,545	817,222	2,127,276
PROFIT FROM OPERATIONS		3,066,037	4,296,533	1,572,273	2,867,523
FINANCE COST		(647,711)	(656,968)	(323,649)	(444,549)
PROFIT BEFORE TAXATION		2,418,326	3,639,565	1,248,624	2,422,974
TAXATION		(527,000)	(476,000)	(281,000)	(323,000)
PROFIT AFTER TAXATION		1,891,326	3,163,565	967,624	2,099,974
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	8	5.38	9.00	2.75	5.97

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



# Unconsolidated Condensed Interim Statement of Comprehensive Income

For the half year ended 31 December 2019 (Un-audited)

	Half year ended		Quarter ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	(Rupees in thousand)			
<b>PROFIT AFTER TAXATION</b>	1,891,326	3,163,565	967,624	2,099,974
<b>OTHER COMPREHENSIVE INCOME / (LOSS)</b>				
Items that will not be reclassified to profit or loss:				
Surplus / (deficit) arising on remeasurement of investments at fair value through other comprehensive income	5,974,433	(7,352,886)	8,010,201	(5,005,739)
Deferred income tax relating to this item	-	352,711	-	352,711
	5,974,433	(7,000,175)	8,010,201	(4,653,028)
Items that may be reclassified subsequently to profit or loss	-	-	-	-
<b>Other comprehensive income / (loss) for the period - net of tax</b>	5,974,433	(7,000,175)	8,010,201	(4,653,028)
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD</b>	7,865,759	(3,836,610)	8,977,825	(2,553,054)

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

# Unconsolidated Condensed Interim Statement of Changes in Equity

For the half year ended 31 December 2019 (Un-audited)

	Share Capital	Reserves						Total	Total Equity	
		Capital Reserves			Revenue Reserves					
		Premium on Issue of Right Shares	Fair Value Reserve AFS Investments	Fair Value Reserve FVTOCI Investments	Sub Total	General Reserve	Unappropriated Profit			Sub Total
(Rupees in thousand)										
	3,515,999	5,499,530	24,242,741	-	29,742,271	38,352,028	4,102,847	42,454,875	72,197,146	75,713,145
Balance as at 30 June 2018 - (audited)	-	-	(24,242,741)	24,242,741	-	-	(5,269)	(5,269)	(5,269)	(5,269)
Adjustment on adoption of IFRS 9	-	-	-	-	-	-	(65,267)	(65,267)	(65,267)	(65,267)
Adjustment on adoption of IFRS 15	3,515,999	5,499,530	-	24,242,741	29,742,271	38,352,028	4,032,311	42,384,339	72,126,610	75,642,609
Adjusted total equity as at 01 July 2018										
Transaction with owners - Final dividend for the year ended 30 June 2018 @ Rupees 4.75 per share	-	-	-	-	-	-	(1,670,099)	(1,670,099)	(1,670,099)	(1,670,099)
Transferred to general reserve	-	-	-	-	-	2,427,000	(2,427,000)	-	-	-
Profit for the period	-	-	-	-	-	-	3,163,565	3,163,565	3,163,565	3,163,565
Other comprehensive loss for the period	-	-	-	(7,000,175)	(7,000,175)	-	-	-	(7,000,175)	(7,000,175)
Total comprehensive loss for the period	-	-	-	(7,000,175)	(7,000,175)	-	3,163,565	3,163,565	(3,836,610)	(3,836,610)
Balance as at 31 December 2018 - (un-audited)	3,515,999	5,499,530	-	17,242,566	22,742,096	40,779,028	3,098,777	43,877,805	66,619,901	70,135,900
Profit for the period	-	-	-	-	-	-	2,695,483	2,695,483	2,695,483	2,695,483
Other comprehensive loss for the period	-	-	-	(6,216,113)	(6,216,113)	-	-	-	(6,216,113)	(6,216,113)
Total comprehensive loss for the period	-	-	-	(6,216,113)	(6,216,113)	-	2,695,483	2,695,483	(3,520,630)	(3,520,630)
Balance as at 30 June 2019 - (audited)	3,515,999	5,499,530	-	11,026,453	16,525,983	40,779,028	5,794,260	46,573,288	63,099,271	66,615,270
Transaction with owners - Final dividend for the year ended 30 June 2019 @ Rupees 4.00 per share	-	-	-	-	-	-	(1,406,399)	(1,406,399)	(1,406,399)	(1,406,399)
Transferred to general reserve	-	-	-	-	-	4,386,000	(4,386,000)	-	-	-
Profit for the period	-	-	-	-	-	-	1,891,326	1,891,326	1,891,326	1,891,326
Other comprehensive income for the period	-	-	-	5,974,433	5,974,433	-	-	-	5,974,433	5,974,433
Total comprehensive income for the period	-	-	-	5,974,433	5,974,433	-	1,891,326	1,891,326	7,865,759	7,865,759
Balance as at 31 December 2019 - (un-audited)	3,515,999	5,499,530	-	17,000,886	22,500,416	45,165,028	1,893,187	47,058,215	69,558,631	73,074,630

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

# Unconsolidated Condensed Interim Statement of Cash Flows

For the half year ended 31 December 2019 (Un-audited)

	Note	Half year ended 31 December 2019 (Rupees in thousand)	31 December 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from / (used in) operations</b>	9	2,570,143	(5,219,478)
Finance cost paid		(670,196)	(558,631)
Income tax paid		(493,685)	(182,302)
Net exchange difference on forward exchange contracts received		20,979	5,147
Net (increase) / decrease in long term loans to employees		(12,343)	10,408
Net decrease / (increase) in long term deposits		10,837	(17,089)
<b>Net cash generated from / (used in) operating activities</b>		1,425,735	(5,961,945)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(1,966,068)	(1,980,754)
Proceeds from sale of property, plant and equipment		51,659	64,347
Investments made		(582,000)	(180,000)
Loans and advances to subsidiary companies		(25,265,347)	(18,743,796)
Repayment of loans from subsidiary companies		21,906,688	13,440,641
Interest received		131,226	102,329
Dividends received		950,088	1,716,840
<b>Net cash used in investing activities</b>		(4,773,754)	(5,580,393)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		1,212,929	1,184,753
Repayment of long term financing		(819,309)	(1,087,520)
Short term borrowings - net		3,880,344	13,214,536
Dividend paid		(1,405,691)	(1,650,663)
<b>Net cash from financing activities</b>		2,868,273	11,661,106
<b>Net (decrease) / increase in cash and cash equivalents</b>		(479,746)	118,768
<b>Cash and cash equivalents at the beginning of the period</b>		576,625	104,827
<b>Cash and cash equivalents at the end of the period</b>		96,879	223,595

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

## Selected Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended 31 December 2019 (Un-audited)

### 1 THE COMPANY AND ITS OPERATIONS

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

### 2 BASIS OF PREPARATION

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2** These unconsolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2019. These unconsolidated condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Section 237 of the Companies Act, 2017.

### 3 ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these unconsolidated condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2019. The Company has adopted IFRS 16 from 01 July 2019. The new standard eliminates the classification of leases as either operating leases or finance leases and instead introduces a single lessee accounting model. IFRS 16 is not applicable on short-term leases and leases of low-value assets. The Company has only short-term operating leases, hence, the adoption of IFRS 16 does not have any impact on the amounts recognized in prior periods and is not expected to significantly affect the current or future periods.

#### 3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these unconsolidated condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of these unconsolidated condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2019.

	Un-audited 31 December 2019 (Rupees in thousand)	Audited 30 June 2019
<b>4 LONG TERM FINANCING - SECURED</b>		
Opening balance	7,044,397	7,335,739
Add: Obtained during the period / year	1,212,929	1,870,497
Less: Repaid during the period / year	(819,309)	(2,161,839)
	7,438,017	7,044,397
Less: Current portion shown under current liabilities	(1,866,230)	(1,784,470)
	5,571,787	5,259,927

## 5 CONTINGENCIES AND COMMITMENTS

### a) Contingencies

- i) Guarantees of Rupees 2,535.316 million (30 June 2019: Rupees 2,255.144 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, Government of Punjab against fulfillment of sales orders and to the bank of Hyundai Nishat Motor (Private) Limited ("the associated company") to secure financial assistance to the associated company.
- ii) Post dated cheques of Rupees 7,348.894 million (30 June 2019: Rupees 6,695.544 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) On 24 July 2015, the Company has challenged, before Honourable Lahore High Court, Lahore, the vires of clauses (h) and (i) to sub-section (1) of section 8 of the Sales Tax Act, 1990 whereby claim of input sales tax in respect of building materials, electrical and gas appliances, pipes, fittings, wires, cables and ordinary electrical fittings and sanitary fittings have been disallowed. The Honourable Lahore High Court, Lahore on 24 October 2019 has passed order against the Company and the Company being aggrieved with the order has preferred Intra Court Appeal before the Honourable Lahore High Court, Lahore. The Company has claimed input sales tax amounting to Rupees 112.919 million (30 June 2019: Rupees 106.312 million) paid on such goods in its respective monthly sales tax returns. The management, based on advice of the legal counsel, is confident of favorable outcome of its appeal.

## Selected Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended 31 December 2019 (Un-audited)

- iv) On 13 January 2020, Power Division, Ministry of Energy, Government of Pakistan through a letter directed for forthwith billing to industrial electricity consumers belonging to the export-oriented sectors of financial cost surcharge, Neelum-Jhelum surcharge, taxes, fixed charges and positive fuel adjustment. By way of the aforesaid letter, it was clarified that concessionary rate of 7.5 cents / KWh for industrial electricity consumers belonging to the export oriented sectors notified through SRO 12(I)/2019 dated 01 January 2019 was only limited to the extent of schedule of tariff notified through SROs 1 to 10 dated 01 January 2019 and SRO 11(I)/2010 dated 01 January 2010 for K-Electric, as amended from time to time. Hence, billing of aforesaid charges to industrial electricity consumers has started. The Company, based on advice of the legal counsel, has not recognized such charges amounting to Rupees 104.185 million in these condensed interim financial statements as there exist meritorious grounds to defend the Company's stance.

### b) Commitments

- i) Contracts for capital expenditure are approximately of Rupees 2,228.321 million (30 June 2019: Rupees 970.420 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 2,783.903 million (30 June 2019: Rupees 874.187 million).
- iii) Outstanding foreign currency forward contracts of Rupees 4,354.774 million (30 June 2019: Rupees 463.868 million).

## 6 PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited 31 December 2019 (Rupees in thousand)	Audited 30 June 2019
Operating fixed assets - owned	6.1	28,406,294	28,450,899
Capital work-in-progress	6.2	1,140,476	517,320
		29,546,770	28,968,219
<b>6.1 Operating fixed assets - Owned</b>			
Opening book value		28,450,899	26,026,033
Add: Cost of additions during the period / year	6.1.1	1,349,863	5,194,332
		29,800,762	31,220,365
Less: Book value of deletions during the period / year	6.1.2	(43,856)	(113,648)
Less: Book value of assets written off during the year		-	(14,513)
		29,756,906	31,092,204
Less: Depreciation charged during the period / year		(1,350,612)	(2,641,305)
		28,406,294	28,450,899



	Un-audited 31 December 2019 (Rupees in thousand)	Audited 30 June 2019
<b>6.1.1 Cost of additions</b>		
Freehold land	9,729	681,669
Buildings on freehold land	43,707	1,149,589
Plant and machinery	1,167,070	3,188,288
Electric installations	6,079	26,873
Factory equipment	1,616	16,458
Furniture, fixtures and office equipment	14,636	26,937
Computer equipment	10,137	13,669
Vehicles	96,889	90,849
	1,349,863	5,194,332
<b>6.1.2 Book value of deletions</b>		
Buildings on freehold land	998	2,594
Plant and machinery	20,657	85,480
Electric installations	573	2,607
Factory equipment	-	144
Furniture, fixtures and office equipment	-	55
Computer equipment	677	269
Vehicles	20,951	22,499
	43,856	113,648
<b>6.2 Capital work-in-progress</b>		
Buildings on freehold land	268,984	86,916
Plant and machinery	798,286	369,312
Electric installations	-	1,163
Unallocated expenses	44,541	21,881
Letters of credit against machinery	3,452	1,159
Advances against purchase of land	13,667	23,658
Advances against furniture, fixtures and office equipment	1,028	1,948
Advances against purchase of vehicles	10,518	11,283
	1,140,476	517,320

## Selected Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended 31 December 2019 (Un-audited)

	Half year ended		Quarter ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
(Rupees in thousand)				
<b>7 COST OF SALES</b>				
Raw materials consumed	17,219,045	16,817,266	9,103,169	9,119,197
Processing charges	179,501	102,426	108,152	51,441
Salaries, wages and other benefits	3,306,159	2,829,915	1,631,877	1,423,635
Stores, spare parts and loose tools consumed	3,753,891	2,918,505	2,026,969	1,601,569
Packing materials consumed	701,493	608,393	374,869	330,959
Repair and maintenance	197,094	142,296	100,107	72,097
Fuel and power	3,457,683	3,355,212	1,753,661	1,628,898
Insurance	24,499	23,409	12,196	11,704
Other factory overheads	321,351	271,211	164,934	135,514
Depreciation	1,296,324	1,229,633	652,982	624,737
	30,457,040	28,298,266	15,928,916	14,999,751
Work-in-process				
Opening stock	2,015,512	2,022,712	2,129,956	2,056,449
Closing stock	(2,182,193)	(2,264,837)	(2,182,193)	(2,264,837)
	(166,681)	(242,125)	(52,237)	(208,388)
Cost of goods manufactured	30,290,359	28,056,141	15,876,679	14,791,363
Finished goods				
Opening stock	3,857,431	3,541,232	4,495,263	3,997,924
Closing stock	(5,312,210)	(4,644,204)	(5,312,210)	(4,644,204)
	(1,454,779)	(1,102,972)	(816,947)	(646,280)
	28,835,580	26,953,169	15,059,732	14,145,083

	Half year ended	
	31 December 2019	31 December 2018
<b>8 EARNINGS PER SHARE - BASIC AND DILUTED</b>		
There is no dilutive effect on the basic earnings per share which is based on:		
Profit attributable to ordinary shareholders (Rupees in thousand)	1,891,326	3,163,565
Weighted average number of ordinary shares (Numbers)	351,599,848	351,599,848
Earnings per share (Rupees)	5.38	9.00

		Half year ended	
		31 December 2019	31 December 2018
Note		(Rupees in thousand)	
9	CASH GENERATED FROM OPERATIONS		
	Profit before taxation	2,418,326	3,639,565
	Adjustments for non-cash charges and other items:		
	Depreciation	1,345,889	1,276,524
	Gain on sale of property, plant and equipment	(7,803)	(3,612)
	Dividend income	(950,088)	(1,716,840)
	Allowance for expected credit losses	227	-
	Impact of de-recognition of financial instrument carried at amortized cost	31,858	-
	Net exchange loss / (gain)	54,085	(628,286)
	Interest income on loans and advances to subsidiary companies	(141,314)	(138,380)
	Interest income on sales tax refund bonds	(27,752)	-
	Finance cost	647,711	656,968
	Working capital changes	9.1 (800,996)	(8,305,417)
		2,570,143	(5,219,478)
9.1	Working capital changes		
	(Increase) / decrease in current assets:		
	- Stores, spare parts and loose tools	151,795	(720,482)
	- Stock in trade	(498,647)	(9,118,252)
	- Trade debts	(79,535)	358,245
	- Loans and advances	94,791	(154,118)
	- Short term deposits and prepayments	20,485	(4,335)
	- Other receivables	(807,317)	(303,059)
		(1,118,428)	(9,942,001)
	Increase in trade and other payables	317,432	1,636,584
		(800,996)	(8,305,417)

## Selected Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended 31 December 2019 (Un-audited)

### 10 SEGMENT INFORMATION

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

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

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

### 10.3 Reconciliation of reportable segment assets and liabilities

The Group of these elements includes extensions / DMS

## Selected Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended 31 December 2019 (Un-audited)

### 11 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

#### i) Fair value hierarchy

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

#### Recurring fair value measurements At 31 December 2019 - Un-audited

Level 1	Level 2	Level 3	Total
---------	---------	---------	-------

(Rupees in thousand)

<b>Financial assets</b>				
Fair value through other comprehensive income	33,213,208	-	3,181,950	36,395,158
Derivative financial assets	-	92,875	-	92,875
<b>Total financial assets</b>	<b>33,213,208</b>	<b>92,875</b>	<b>3,181,950</b>	<b>36,488,033</b>
<b>Financial liabilities</b>				
Derivative financial liabilities	-	22,475	-	22,475
<b>Total financial liabilities</b>	<b>-</b>	<b>22,475</b>	<b>-</b>	<b>22,475</b>

#### Recurring fair value measurements At 30 June 2019 - Audited

Level 1	Level 2	Level 3	Total
---------	---------	---------	-------

(Rupees in thousand)

<b>Financial assets</b>				
Fair value through other comprehensive income	27,238,774	-	3,004,950	30,243,724
Derivative financial assets	-	958	-	958
<b>Total financial assets</b>	<b>27,238,774</b>	<b>958</b>	<b>3,004,950</b>	<b>30,244,682</b>
<b>Financial liabilities</b>				
Derivative financial liabilities	-	7,583	-	7,583
<b>Total financial liabilities</b>	<b>-</b>	<b>7,583</b>	<b>-</b>	<b>7,583</b>

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

There were no transfers between levels 1 and 2 for recurring fair value measurements during the half year ended 31 December 2019. Further there was no transfer out of level 3 measurements.

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

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

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



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

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

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

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

The following table presents the changes in level 3 items for the period ended 31 December 2019:

		Unlisted equity securities (Rupees in thousand)
<b>Balance as on 30 June 2018 - Audited</b>		4,228,528
Less: Deficit recognized in other comprehensive income		(1,749,227)
<b>Balance as on 31 December 2018 - Unaudited</b>		2,479,301
Add: Investment made during the period		29,609
Less: Deficit recognized in other comprehensive income		(163,960)
<b>Balance as on 30 June 2019 - Audited</b>		2,344,950
Add: Surplus recognized in other comprehensive income		-
<b>Balance as on 31 December 2019 - Unaudited</b>		2,344,950

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

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

Description	Fair value at		Unobservable inputs	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
	31 December 2019	30 June 2019			
	31 December 2019				
(Rupees in thousand)					
Fair value through other comprehensive income					
Nishat Paper Products Company Limited	168,231	168,231	Revenue growth factor	9.55%	Increase / decrease in revenue growth factor by 0.05% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees + 72.481 million / - 63.639 million.
			Risk adjusted discount rate	15.34%	
Nishat Dairy (Private) Limited	481,800	481,800	Terminal growth factor	4%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees + 60.000 million / - 46.200 million.
			Risk adjusted discount rate	18.70%	
Security General Insurance Company Limited	676,364	676,364	Net premium revenue growth factor	8.66%	Increase / decrease in net premium revenue growth factor by 0.05% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees + 32.519 million / - 29.656 million.
			Risk adjusted discount rate	22.08%	
Nishat Hotels and Properties Limited	1,018,555	1,018,555	Terminal growth factor	4%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees + 386.400 million / - 271.664 million.
			Risk adjusted discount rate	14.82%	

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

## Selected Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended 31 December 2019 (Un-audited)

### 12 TRANSACTIONS WITH RELATED PARTIES

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

#### i) Transactions

	Half year ended		Quarter ended	
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
	(Rupees in thousand)			
<b>Subsidiary companies</b>				
Investment made	405,000	-	175,000	-
Short term loans made	25,265,347	18,743,796	16,616,828	9,319,802
Repayment of short term loans made	21,906,688	13,440,641	13,107,037	7,028,364
Interest income	141,314	138,380	74,486	105,077
Rental income	29,729	27,255	15,155	13,756
Dividend income	-	270,949	-	270,949
Purchase of goods and services	200,603	234,230	143,417	164,140
Sale of goods and services	3,884,217	3,347,313	2,135,154	1,692,321
<b>Associated companies</b>				
Investment made	177,000	180,000	177,000	120,000
Purchase of goods and services	18,915	34,834	12,568	23,109
Sale of operating fixed assets	819	1,453	-	1,453
Sale of goods and services	8,761	10,422	4,805	10,330
Rental income	628	628	314	314
Dividend income	867,365	1,314,481	489,738	962,420
Dividend paid	121,487	143,886	121,487	143,886
Insurance premium paid	89,337	69,681	51,746	29,910
Insurance claims received	27,129	16,024	15,310	10,692
Finance cost	6,950	4,853	3,514	2,473
<b>Other related parties</b>				
Dividend income	81,723	130,757	81,723	130,757
Purchase of goods and services	1,434,560	1,264,853	817,941	783,113
Sale of goods and services	148,128	18,334	43,759	12,000
Company's contribution to provident fund trust	122,267	112,755	62,417	57,482
Remuneration paid to Chief Executive Officer, Director and Executives	476,048	408,917	230,154	231,469

## ii) Period end balances

	Subsidiary companies	As at 31 December 2019		Total
		Associated companies (Rupees in thousand)	Other related parties	
Trade and other payables	66,682	10,183	111,683	188,548
Accrued markup	-	3,488	-	3,488
Short term borrowings	-	241,447	-	241,447
Long term loans	-	-	139,436	139,436
Trade debts	359,473	2,284	-	361,757
Loans and advances	10,500,296	-	57,075	10,557,371
Accrued interest	38,046	-	-	38,046
Cash and bank balances	-	2,607	335	2,942

	Subsidiary companies	As at 30 June 2019 (Audited)		Total
		Associated companies (Rupees in thousand)	Other related parties	
Trade and other payables	23,309	50,548	51,768	125,625
Accrued markup	-	2,779	-	2,779
Short term borrowings	-	120,307	-	120,307
Long term loans	-	-	131,762	131,762
Trade debts	378,871	-	-	378,871
Loans and advances	7,144,060	-	43,772	7,187,832
Accrued interest	27,958	-	-	27,958
Cash and bank balances	-	2,871	1,331	4,202

## 13 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2019.

## 14 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were approved by the Board of Directors and authorized for issue on 14 February 2020.

## 15 CORRESPONDING FIGURES

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

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

## 16 GENERAL

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



Consolidated Condensed Interim

**Financial Statements of Nishat Mills Limited  
and its Subsidiaries**

For the half year ended 31 December 2019

# Consolidated Condensed Interim Statement of Financial Position

As at 31 December 2019

	Note	Un-audited 31 December 2019 (Rupees in thousand)	Audited 30 June 2019
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
1,100,000,000 (30 June 2019: 1,100,000,000) ordinary shares of Rupees 10 each		11,000,000	11,000,000
<b>Issued, subscribed and paid-up share capital</b>			
351,599,848 (30 June 2019: 351,599,848) ordinary shares of Rupees 10 each		3,515,999	3,515,999
<b>Reserves</b>		95,967,357	89,745,467
<b>Equity attributable to equity holders of the Holding Company</b>		99,483,356	93,261,466
<b>Non-controlling interest</b>		10,584,120	9,361,028
<b>Total equity</b>		110,067,476	102,622,494
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing - secured	5	5,573,546	5,915,226
Long term security deposit		233,360	217,030
Retirement benefit obligation		17,407	17,857
Deferred liability - accumulating compensated absences		1,381	2,321
Deferred income tax liability		2,398,430	2,399,735
		8,224,124	8,552,169
<b>CURRENT LIABILITIES</b>			
Trade and other payables		10,418,685	9,449,179
Accrued mark-up		530,361	469,245
Short term borrowings		28,014,628	24,402,574
Current portion of non-current liabilities		3,759,612	4,170,795
Unclaimed dividend		113,299	114,673
		42,836,585	38,606,466
<b>TOTAL LIABILITIES</b>		51,060,709	47,158,635
<b>CONTINGENCIES AND COMMITMENTS</b>	6		
<b>TOTAL EQUITY AND LIABILITIES</b>		161,128,185	149,781,129

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



CHIEF EXECUTIVE OFFICER



	Note	Un-audited 31 December 2019 (Rupees in thousand)	Audited 30 June 2019
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	42,231,822	41,697,384
Intangible assets		2,011	3,739
Long term investments		55,403,162	51,348,430
Long term loans		328,391	323,476
Long term deposits		227,577	213,901
		98,192,963	93,586,930
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		3,696,241	3,908,091
Stock-in-trade		27,296,664	24,368,886
Trade debts		25,092,857	21,795,191
Loans and advances		1,232,850	1,433,533
Short term deposits and prepayments		436,326	321,890
Other receivables		4,324,021	3,143,324
Accrued interest		1,528	2,862
Cash and bank balances		854,735	1,220,422
		62,935,222	56,194,199
<b>TOTAL ASSETS</b>		<b>161,128,185</b>	<b>149,781,129</b>



DIRECTOR



CHIEF FINANCIAL OFFICER

## Consolidated Condensed Interim Statement of Profit or Loss

For the half year ended 31 December 2019 (Un-audited)

	Note	Half year ended		Quarter ended	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
		(Rupees in thousand)			
REVENUE		49,919,501	46,694,014	24,442,115	23,001,699
COST OF SALES	8	(40,121,114)	(38,799,428)	(19,805,014)	(18,914,728)
GROSS PROFIT		9,798,387	7,894,586	4,637,101	4,086,971
DISTRIBUTION COST		(3,218,096)	(2,740,904)	(1,669,975)	(1,508,450)
ADMINISTRATIVE EXPENSES		(1,051,218)	(892,815)	(548,594)	(459,286)
OTHER EXPENSES		(278,086)	(179,363)	(40,431)	(121,990)
		(4,547,400)	(3,813,082)	(2,259,000)	(2,089,726)
		5,250,987	4,081,504	2,378,101	1,997,245
OTHER INCOME		1,122,438	1,662,846	601,071	1,162,790
PROFIT FROM OPERATIONS		6,373,425	5,744,350	2,979,172	3,160,035
FINANCE COST		(1,344,488)	(1,127,110)	(670,848)	(684,317)
		5,028,937	4,617,240	2,308,324	2,475,718
SHARE OF PROFIT FROM ASSOCIATES		428,261	750,265	546,708	560,487
PROFIT BEFORE TAXATION		5,457,198	5,367,505	2,855,032	3,036,205
TAXATION		(706,468)	(624,685)	(401,942)	(381,828)
PROFIT AFTER TAXATION		4,750,730	4,742,820	2,453,090	2,654,377
SHARE OF PROFIT ATTRIBUTABLE TO:					
EQUITY HOLDERS OF HOLDING COMPANY		3,527,638	3,812,674	1,885,484	2,206,240
NON-CONTROLLING INTEREST		1,223,092	930,146	567,606	448,137
		4,750,730	4,742,820	2,453,090	2,654,377
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	9	10.03	10.84	5.36	6.27

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

# Consolidated Condensed Interim Statement of Comprehensive Income


For the half year ended 31 December 2019 (Un-audited)

	Half year ended		Quarter ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	(Rupees in thousand)			
<b>PROFIT AFTER TAXATION</b>	4,750,730	4,742,820	2,453,090	2,654,377
<b>OTHER COMPREHENSIVE INCOME / (LOSS)</b>				
Items that will not be reclassified to profit or loss:				
Surplus / (Deficit) arising on remeasurement of investments at fair value through other comprehensive income	2,945,605	(543,937)	3,431,701	(965,734)
Share of other comprehensive income / (loss) of associates	1,191,546	(795,179)	1,506,872	(877,738)
Deferred income tax relating to deficit on investments at fair value through other comprehensive income	-	62,935	-	62,935
	4,137,151	(1,276,181)	4,938,573	(1,780,537)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(36,500)	57,257	(5,109)	47,946
Other comprehensive income / (loss) for the period - net of tax	4,100,651	(1,218,924)	4,933,464	(1,732,591)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	8,851,381	3,523,896	7,386,554	921,786
<b>SHARE OF TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Equity holders of holding company	7,628,289	2,593,750	6,818,948	473,649
Non-controlling interest	1,223,092	930,146	567,606	448,137
	8,851,381	3,523,896	7,386,554	921,786

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

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

Interim Financial Information  
for the half year ended December 31, 2019

# Consolidated Condensed Interim Statement of Changes in Equity

For the half year ended 31 December 2019 (Un-audited)

Attributable to Equity Holders of the Holding Company												
Share Capital	Premium on Issue of Right Shares	Fair Value Reserve AFS Investments	Fair Value Reserve FYTOCI Investments	Capital Reserves			Revenue Reserves			Non-controlling Interest	Total Equity	
				Exchange Translation Reserve	Statutory Reserve	Capital Redemption Reserve Fund	Sub Total	General Reserve	Unappropriated Profit			Sub Total
(Rupees in thousand)												
3,515,999	5,499,530	14,243,195	-	60,174	835	111,002	19,914,736	60,755,882	7,414,048	68,169,930	8,034,658	99,635,323
		(14,243,195)	14,243,195	-	-	-	-	-	(30,687)	(30,687)	-	(30,687)
-	-	-	-	-	-	-	-	-	(58,502)	(58,502)	(58,502)	(58,502)
3,515,999	5,499,530	-	14,243,195	60,174	835	111,002	19,914,736	60,755,882	7,324,659	68,080,741	8,034,658	99,546,134
		-	-	-	-	-	-	-	(1,670,099)	(1,670,099)	-	(1,670,099)
		-	-	-	-	-	-	-	-	-	(260,184)	(260,184)
		-	-	57,257	-	-	(1,218,924)	-	3,812,674	3,812,674	930,146	4,742,820
		-	(1,276,181)	-	-	-	(1,218,924)	-	(1,218,924)	(1,218,924)	-	(1,218,924)
		-	(1,276,181)	57,257	-	-	(1,218,924)	-	3,812,674	2,593,750	930,146	3,523,986
3,515,999	5,499,530	-	12,967,014	117,431	835	111,002	18,695,812	66,372,882	3,850,434	70,223,316	92,435,127	8,704,620
		-	-	-	-	-	-	-	-	-	(260,183)	(260,183)
		-	-	-	-	-	-	-	3,993,683	3,993,683	916,591	4,910,274
		-	(3,239,966)	101,737	-	-	(3,138,229)	-	(29,115)	(3,167,344)	-	(3,167,344)
		-	(3,239,966)	101,737	-	-	(3,138,229)	-	3,964,568	3,964,568	826,339	916,591
3,515,999	5,499,530	-	9,727,048	219,168	835	111,002	15,557,583	66,372,882	7,815,002	74,187,884	93,261,466	102,622,494
		-	-	-	-	-	-	-	(1,406,399)	(1,406,399)	(1,406,399)	(1,406,399)
		-	-	-	-	-	-	6,399,000	(6,399,000)	-	-	-
		-	-	-	-	-	-	-	3,527,638	3,527,638	1,223,092	4,750,730
		-	4,137,151	(36,500)	-	-	4,100,651	-	4,100,651	4,100,651	-	4,100,651
		-	4,137,151	(36,500)	-	-	4,100,651	-	3,527,638	7,628,289	1,223,092	8,851,381
3,515,999	5,499,530	-	13,864,199	182,668	835	111,002	19,658,234	72,771,882	3,537,241	76,309,123	95,867,357	10,584,120
		-	-	-	-	-	-	-	-	-	10,584,120	110,067,476

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

# Consolidated Condensed Interim Statement of Cash Flows

For the half year ended 31 December 2019 (Un-audited)

		Half year ended	
		31 December 2019	31 December 2018
	Note	(Rupees in thousand)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from / (used in) operations</b>	10	1,663,393	(8,035,422)
Finance cost paid		(1,283,372)	(1,000,189)
Income tax paid		(681,496)	(321,263)
Long term security deposits received		16,330	2,470
Net exchange difference on forward exchange contracts received		20,979	5,147
Net (decrease) / increase in retirement benefit obligation		(1,390)	971
Net increase in long term loans to employees		(21,168)	(2,854)
Net increase in long term deposits		(13,676)	(20,459)
<b>Net cash used in operating activities</b>		(300,400)	(9,371,599)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(2,400,436)	(2,368,686)
Proceeds from sale of property, plant and equipment		53,647	65,606
Dividends received		950,088	1,445,891
Interest received		103,945	1,714
Investments made		(186,500)	(195,000)
<b>Net cash used in investing activities</b>		(1,479,256)	(1,050,475)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		1,214,740	1,184,972
Repayment of long term financing		(1,967,603)	(2,075,262)
Exchange differences on translation of net investments in foreign subsidiaries		(36,500)	57,257
Short term borrowings - net		3,612,054	13,145,564
Dividend paid		(1,408,722)	(1,908,851)
<b>Net cash generated from financing activities</b>		1,413,969	10,403,680
<b>Net decrease in cash and cash equivalents</b>		(365,687)	(18,394)
<b>Cash and cash equivalents at the beginning of the period</b>		1,220,422	831,688
<b>Cash and cash equivalents at the end of the period</b>		854,735	813,294

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

Interim Financial Information  
for the half year ended December 31, 2019

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Accelerating  
focussed growth

## Selected Notes to the Consolidated Condensed Interim Financial Statements

For the half year ended 31 December 2019 (Un-audited)

### 1 THE GROUP AND ITS OPERATIONS

The Group consists of:

#### Holding Company

-Nishat Mills Limited

#### Subsidiary Companies

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

#### NISHAT MILLS LIMITED

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

#### NISHAT POWER LIMITED

Nishat Power Limited is a public limited Company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. The Company is a subsidiary of Nishat Mills Limited. The principal activity of the Company is to build, own, operate and maintain a fuel fired power station having gross capacity of 200 MW ISO in Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan. Its registered office is situated at 53-A, Lawrence Road, Lahore. Ownership interest held by non-controlling interests in Nishat Power Limited is 48.99% (30 June 2019: 48.99%).

#### NISHAT LINEN (PRIVATE) LIMITED

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

#### NISHAT HOSPITALITY (PRIVATE) LIMITED

Nishat Hospitality (Private) Limited, a wholly owned subsidiary of Nishat Mills Limited, is a private limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (Now

Companies Act, 2017) on 01 July 2011. The registered office of Nishat Hospitality (Private) Limited is situated at 1-B Aziz Avenue, Canal Bank, Gulberg-V, Lahore. The principal activity of the Company is to carry on the business of hotels, cafes, restaurants and lodging or apartment houses, bakers and confectioners in Pakistan and outside Pakistan.

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

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

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

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

#### **NISHAT INTERNATIONAL FZE**

Nishat International FZE is incorporated as free zone establishment with limited liability in accordance with the Law No. 9 of 1992 and Licensed by the Registrar of Jabel 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, Jabel Ali Free Zone, Dubai. The principal business of the Company is trading in textile and related products.

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

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

#### **NISHAT UK (PRIVATE) LIMITED**

Nishat UK (Private) Limited is a private limited Company incorporated in England and Wales on 8 June 2015. 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 UK (Private) Limited is sale of textile and related products in England and Wales through retail outlets and wholesale operations. The registered office of Nishat UK (Private) Limited is situated at 71 Queen Victoria Street, London EC4V 4BE. The management of Nishat International FZE, pursuant to resolution of board of directors of Nishat Mills Limited dated 26 February 2019, decided to liquidate Nishat UK (Private) Limited as Nishat UK (Private)

## Selected Notes to the Consolidated Condensed Interim Financial Statements

For the half year ended 31 December 2019 (Un-audited)

Limited never commenced its primary operations, therefore, Nishat UK (Private) Limited's financial statements have been prepared using the non-going concern basis of accounting. No adjustments to the assets or liabilities of Nishat UK (Private) Limited was considered necessary and Nishat UK (Private) Limited was dissolved on 23 July 2019.

### 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 objects of the Company are to carry on the business of trading of commodities including fuels, coals, building material in any form or shape manufactured, semi-manufactured, raw materials and their import and sale in Pakistan.

### LALPIR SOLAR POWER (PRIVATE) LIMITED

Lalpir Solar Power (Private) Limited is a private limited Company incorporated in Pakistan on 19 November 2015 under the Companies Ordinance, 1984 (Now Companies Act, 2017). It is a wholly owned subsidiary of Nishat Power limited which is a subsidiary of Nishat Mills Limited. Its registered office is situated at 53-A, Lawrence Road, Lahore. The principal activity of the Company is to build, own, operate and maintain or invest in a solar power project having gross capacity upto 20 MWp with net estimated generation capacity of approximate 19 MWp. The Company achieved various milestones like approval of feasibility study, No Objection Certificate (NOC) from Environmental Protection Agency (EPA), approval of Grid Interconnection Study (GIS) from Multan Electric Power Company Limited (MEPCO) and has obtained the approval (NOC) from NTDCL for GIS. Further, consent for purchasing power from the project and power evacuation certificate have also been provided by MEPCO and NTDC respectively. Generation Licence No. SPGL/26/2018 has been granted by National Electric Power Regulatory Authority (NEPRA) to the Company for its 11.120 MW Solar Power Plant located at Mauza Verar, Sipra Mehmood Kot, District Muzaffargarh, in the province of Punjab, pursuant to Section 14(B) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 / Amendment Act, 2018. The upfront solar tariff announced by NEPRA expired on 30 June 2016. However, the Company will now pursue with Power Acquisition Request (PAR) pending at Central Power Purchasing Agency (Guarantee) Limited and after getting required consents for Energy Purchase Agreement, the management shall try to get suitable tariff through new regime of competitive bidding, recently announced by NEPRA or as amended from time to time.

### CONCEPT GARMENTS AND TEXTILE TRADING FZE

Concept Garments and Textile Trading FZE is incorporated as a free zone establishment with limited liability in accordance with the Law No. 9 of 1992 and licensed by the Registrar of Jabel Ali Free Zone Authority. It is wholly owned subsidiary of Nishat International FZE which is a wholly owned subsidiary of Nishat Mills Limited. Date of incorporation of the Company was 11 October 2016. The registered office of Concept Garments and Textile Trading FZE is situated at Jabel Ali Free Zone, Dubai. The principal business of the Company is trading in readymade garments and textile products. The management of Nishat International FZE, pursuant to resolution of board of directors of Nishat Mills Limited dated 26 April 2019, has decided to liquidate Concept Garments and Textile Trading FZE as Concept Garments and Textile Trading FZE do not intend to carry further operations, therefore Concept Garments and Textile Trading FZE's financial statements have been prepared using the non-going concern basis of accounting. It was dissolved on 26 December 2019.



## 2 BASIS OF PREPARATION

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2** These consolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Group for the year ended 30 June 2019. These consolidated condensed interim financial statements are un-audited and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Section 237 of the Companies Act, 2017.

## 3 ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these consolidated condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Group for the year ended 30 June 2019. The Group has adopted IFRS 16 from 01 July 2019. The new standard eliminates the classification of leases as either operating leases or finance leases and instead introduces a single lessee accounting model. IFRS 16 is not applicable on short-term leases and leases of low-value assets. Further, as per SRO 431(I)/2007 dated 22 May 2007, the Securities and Exchange Commission of Pakistan directed that the Islamic Financial Accounting Standard 2 (IFAS 2), issued by the Institute of Chartered Accountants of Pakistan, shall be followed in regard to the financial statements by companies while accounting for Ijarah (Lease) transactions as defined in IFAS 2. As stated in Note 2.1 (statement of compliance), 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. Therefore, the Group is not required to account for operating leases (Ijarah) under IFRS 16 'Leases'. Hence, the adoption of IFRS 16 does not have any impact on the amounts recognized in prior periods and is not expected to significantly affect the current or future periods.

## Selected Notes to the Consolidated Condensed Interim Financial Statements

For the half year ended 31 December 2019 (Un-audited)

### 4 CONSOLIDATION

#### a) Subsidiaries

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

#### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these consolidated condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of these consolidated condensed interim financial statements, the significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2019.

	Un-audited 31 December 2019 (Rupees in thousand)	Audited 30 June 2019
<b>5 LONG TERM FINANCING - SECURED</b>		
Opening balance	10,086,021	12,429,612
Add: Obtained during the period / year	1,214,817	1,870,498
Less: Repaid during the period / year	(1,967,603)	(4,214,625)
(Less) / Add: Currency translation	(77)	536
	9,333,158	10,086,021
Less: Current portion shown under current liabilities	(3,759,612)	(4,170,795)
	5,573,546	5,915,226

#### 6 CONTINGENCIES AND COMMITMENTS

##### a) Contingencies

- i) Guarantees of Rupees 2,535.316 million (30 June 2019: Rupees 2,255.144 million) are given by the banks of Nishat Mills Limited - Holding Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited and Pakistan State Oil Limited against purchase of furnace oil, Director Excise and Taxation, Karachi against infrastructure cess, Chairman Punjab Revenue Authority, Lahore against infrastructure cess, Government of Punjab against fulfillment of sales orders and to the bank of Hyundai Nishat Motor (Private) Limited ("the associated company") to secure financial assistance to the associated company.
- ii) Post dated cheques of Rupees 7,348.894 million (30 June 2019: Rupees 6,695.544 million) are issued by Nishat Mills Limited - Holding Company to customs authorities in respect of duties on imported items availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.

## Selected Notes to the Consolidated Condensed Interim Financial Statements

For the half year ended 31 December 2019 (Un-audited)

- iii) On 24 July 2015, the Holding Company has challenged, before Honourable Lahore High Court, Lahore, the vires of clauses (h) and (i) to sub-section (1) of section 8 of the Sales Tax Act, 1990 whereby claim of input sales tax in respect of building materials, electrical and gas appliances, pipes, fittings, wires, cables and ordinary electrical fittings and sanitary fittings have been disallowed. The Honourable Lahore High Court, Lahore on 24 October 2019 has passed order against the Holding Company and the Holding Company being aggrieved with the order has preferred Intra Court Appeal before the Honourable Lahore High Court, Lahore. The Holding Company has claimed input sales tax amounting to Rupees 112.919 million (30 June 2019: Rupees 106.312 million) paid on such goods in its respective monthly sales tax returns. The management of the Holding Company, based on advice of the legal counsel, is confident of favorable outcome of its appeal.
- iv) On 13 January 2020, Power Division, Ministry of Energy, Government of Pakistan through a letter directed for forthwith billing to industrial electricity consumers belonging to the export-oriented sectors of financial cost surcharge, Neelum-Jhelum surcharge, taxes, fixed charges and positive fuel adjustment. By way of the aforesaid letter, it was clarified that concessionary rate of 7.5 cents / KWh for industrial electricity consumers belonging to the export oriented sectors notified through SRO 12(I)/2019 dated 01 January 2019 was only limited to the extent of schedule of tariff notified through SROs 1 to 10 dated 01 January 2019 and SRO 11(I)/2010 dated 01 January 2010 for K-Electric, as amended from time to time. Hence, billing of aforesaid charges to industrial electricity consumers has started. The Holding Company, based on advice of the legal counsel, has not recognized such charges amounting to Rupees 104.185 million in these consolidated condensed interim financial statements as there exist meritorious grounds to defend the Holding Company's stance.
- v) Holding Company's share in contingencies of associates accounted for under equity method is Rupees 6,437 million (30 June 2019: Rupees 6,346 million).
- vi) A sales tax demand of Rs 1,218.132 million was raised against Nishat Power Limited - Subsidiary Company through order dated December 11, 2013, passed by the Assistant Commissioner Inland Revenue ('ACIR') disallowing input sales tax for the tax periods of July 2010 through June 2012. The disallowance was primarily made on the grounds that since revenue derived by the Subsidiary Company on account of 'capacity revenue' was not chargeable to sales tax, input sales tax claimed by the Subsidiary Company was required to be apportioned with only the input sales tax attributable to other revenue stream i.e. 'energy revenue' admissible to the Subsidiary Company. Upon appeal before Commissioner Inland Revenue (Appeals) ['CIR(A)'], such issue was decided in Subsidiary Company's favour, however, certain other issues agitated by the Subsidiary Company were not adjudicated. Both the Subsidiary Company and department have filed appeals against the order of CIR(A) before Appellate Tribunal Inland Revenue ('ATIR'), which are pending adjudication.

Subsequently, the above explained issue was taken up by department for tax periods of July 2009 to June 2013 (involving input sales tax of Rs 1,722.811 million), however, the Subsidiary Company assailed the underlying proceedings before Lahore High Court ('LHC') directly and in this respect, through order dated October 31, 2016, LHC accepted the Subsidiary Company's stance and annulled the proceedings. The department has challenged the decision of LHC before Supreme Court of Pakistan and has also preferred an Intra Court Appeal against such order which are pending adjudication.

Similarly, for financial year 2014, Subsidiary Company's case was selected for 'audit' and such issue again formed the core of audit proceedings (involving input sales tax of Rs 596.091 million). Subsidiary Company challenged the jurisdiction in respect of audit proceedings before LHC and while LHC directed the management to join the subject proceedings, department was debarred from passing the adjudication order. During the year 2019, LHC has dismissed the petition in favour of the department, by allowing the department to complete the audit proceedings that are pending completion.

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

- vii) During the year 2019, the Commissioner Inland Revenue has raised a demand of Rs 179.046 million against Nishat Power Limited - Subsidiary Company through his order dated April 16, 2019, mainly on account of input tax claimed on inadmissible expenses in sales tax return for the tax periods of July 2014 to June 2017 and sales tax default on account of suppression of sales related to tax period June 2016. The Subsidiary Company filed application for grant of stay before the ATIR against recovery of the aforesaid demand that was duly granted. Further, the Subsidiary Company has filed appeals before CIR(A) and ATIR against the order which is pending adjudication. Management of the Subsidiary Company has strong grounds to believe that the case will be decided in Subsidiary Company's favour. Therefore, no provision has been made on this account in this consolidated condensed interim financial information.
- viii) During the year 2019, National Electric Power Regulatory Authority (NEPRA) issued a show cause notice dated February 13, 2019, to Nishat Power Limited - Subsidiary Company along with other Independent Power Producers to provide rationale of abnormal profits earned since commercial operation date (COD) that eventually led to initiation of proceedings against the Subsidiary Company by NEPRA on March 18, 2019. The Subsidiary Company has challenged the authority of NEPRA to take suo moto action before the Islamabad High Court (IHC) wherein IHC has provided interim relief by suspending the suo moto proceedings. The case is currently pending adjudication before IHC. Management of the Subsidiary Company is confident that based on the facts and law, there will be no adverse implications for the Subsidiary Company.
- ix) The banks have issued the following on behalf of Nishat Power Limited - Subsidiary Company:
  - a) Letter of guarantee of Rupees 11 million (30 June 2019: Rupees 11 million) in favour of Director Excise and Taxation, Karachi, under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess.
  - b) Letters of guarantee of Rupees 100 million (30 June 2019: Rupees 100 million) in favour of fuel suppliers.
  - c) Letter of guarantee of Rupees 1.5 million (30 June 2019: Rupees 1.5 million) in favour of Punjab Revenue Authority, Lahore.
- x) Guarantees of Rupees 89.350 million (30 June 2019: Rupees 89.350 million) are given by the banks of Nishat Linen (Private) Limited - Subsidiary Company to Director Excise and

## Selected Notes to the Consolidated Condensed Interim Financial Statements

For the half year ended 31 December 2019 (Un-audited)

Taxation, Karachi against infrastructure cess, Chairman Punjab Revenue Authority, Lahore against infrastructure cess and Collectors of Customs against import consignments.

- xii) Through orders, the deemed assessments for tax years 2016, 2015, 2014, 2013 and 2012 were amended by Additional Commissioner Inland Revenue (ACIR) and Commissioner Inland Revenue (CIR) under section 122(5A) of the Income Tax Ordinance, 2001. Nishat Linen (Private) Limited - Subsidiary Company's appeals before Commissioner Inland Revenue [CIR(A)] were successful except for the legal issue of treating the Subsidiary Company as a manufacturer with relation to toll-manufactured goods. Appeals on this point have been filed before the Appellate Tribunal Inland Revenue which are pending adjudication. The Subsidiary Company is confident of favorable outcome of its appeals based on advice of the tax advisor and has carry forward minimum tax paid in tax years 2016, 2015 and 2014.
- xiii) Through notice dated 25 January 2018, issued by the Deputy Commissioner Inland Revenue (DCIR) under sections 161/205 of the Ordinance, Nishat Linen (Private) Limited - Subsidiary Company had been called upon to demonstrate its compliance with various withholding provisions of the Income Tax Ordinance, 2001. The subject proceedings have been finalized through order dated 03 August 2018, whereby, aggregate default amounting to Rupees 2.551 million has been adjudged against the Subsidiary Company. The Subsidiary Company's appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] was successful except for the legal issue amounting to Rupees 1.419 million. Appeal on this point has been filed before the Appellate Tribunal Inland Revenue which is pending adjudication. The Subsidiary Company is confident of favorable outcome of its appeal based on advice of the tax advisor.
- xiii) Bank guarantee of Rupees 1.9 million (30 June 2019: Rupees 1.9 million) is given by the bank of Nishat Commodities (Private) Limited - Subsidiary Company in favour of Director, Excise and Taxation to cover the disputed amount of infrastructure cess.

### b) Contingent asset

On August 07, 2017, Nishat Power Limited - Subsidiary Company instituted arbitration proceedings against NTDC/Government of Pakistan by filing a Request for Arbitration ('RFA') with the London Court of International Arbitration ('LCIA') (the 'Arbitration Proceedings') for disallowing an amount of Rs 1,084.748 million relating to delayed payment charges on outstanding delayed payment invoices. The Subsidiary Company believes it is entitled to claim delayed payment charges on outstanding delayed payments receivables from NTDC as per terms of the PPA. However, NTDC has denied this liability and objected on the maintainability of the Arbitration Proceedings, terming it against the PPA and refused to pay delayed payment charges on outstanding delayed payments receivables.

The LCIA appointed a sole Arbitrator and a hearing was also held in March 2018. During the year 2019, the Arbitrator has issued Partial Final Award in which he has rejected the NTDC's objection to the maintainability of the Arbitration Proceedings.

While the Arbitration Proceedings on merits of the case are underway, the Subsidiary Company has submitted the Partial Final Award before LHC and obtained interim relief from honourable LHC, whereby, LHC has restrained NTDC from taking steps for delaying the arbitration proceedings and challenging the award in Civil Courts of Pakistan. As the above amount is

disputed, therefore, on prudence basis, the Subsidiary Company has not recognised the income and corresponding asset for such amount in this consolidated condensed interim financial information.

**c) Commitments**

- i) Contracts for capital expenditure of the Group are approximately of Rupees 2,249.589 million (30 June 2019: Rupees 1,005.666 million).
- ii) Letters of credit other than for capital expenditure of the Group are of Rupees 2,940.419 million (30 June 2019: Rupees 1,040.985 million).
- iii) Outstanding foreign currency forward contracts of Rupees 4,354.774 million (30 June 2019: Rupees 463.868 million)
- iv) The amount of future payments under operating lease and the period in which these payments will become due from Nishat Power Limited - Subsidiary Company are as follows:

	Note	Un-audited 31 December 2019 (Rupees in thousand)	Audited 30 June 2019
Not later than one year		3,894	3,894
<b>7 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets - owned	7.1	40,489,900	40,835,226
Capital work in progress	7.2	1,640,460	687,957
Major spare parts and standby equipments		101,462	174,201
		42,231,822	41,697,384
<b>7.1 Operating fixed assets - Owned</b>			
Opening book value		40,835,226	38,812,949
Add: Cost of additions during the period / year	7.1.1	1,534,087	5,886,104
		42,369,313	44,699,053
Less: Book value of deletions during the period / year	7.1.2	(45,321)	(226,463)
Less: Book value of assets written off during the year		-	(14,910)
		42,323,992	44,457,680
Less: Depreciation charged for the period / year		(1,827,628)	(3,655,960)
(Less) / Add: Currency translation		(6,464)	33,506
		40,489,900	40,835,226

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For the half year ended 31 December 2019 (Un-audited)

	Un-audited 31 December 2019 (Rupees in thousand)	Audited 30 June 2019
<b>7.1.1 Cost of additions</b>		
Freehold land	9,729	681,669
Buildings on freehold land	46,614	1,395,389
Plant and machinery	1,278,447	3,364,189
Electric installations	17,186	48,267
Factory equipment	3,151	16,645
Furniture, fixtures and office equipment	42,787	140,689
Computer equipment	23,036	31,198
Vehicles	113,121	208,058
Kitchen equipment and crockery items	16	-
	<b>1,534,087</b>	<b>5,886,104</b>
<b>7.1.2 Book value of deletions</b>		
Buildings on freehold land	998	2,594
Plant and machinery	21,344	194,541
Electric installations	573	2,607
Factory equipment	-	144
Furniture, fixtures and office equipment	-	542
Computer equipment	677	462
Vehicles	21,729	24,987
Kitchen equipment and crockery items	-	586
	<b>45,321</b>	<b>226,463</b>
<b>7.2 Capital work-in-progress</b>		
Buildings on freehold land	599,674	199,825
Plant and machinery	825,724	376,033
Electric installations	53,993	38,103
Unallocated expenses	49,728	27,069
Letters of credit against machinery	6,547	1,159
Advance against purchase of land	34,978	23,658
Advances against furniture and office equipment	52,445	8,776
Advances against vehicles	17,371	13,334
	<b>1,640,460</b>	<b>687,957</b>



	Half year ended		Quarter ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	(Rupees in thousand)			
<b>8 COST OF SALES</b>				
Raw materials consumed	26,746,266	27,171,530	13,205,680	13,250,729
Processing charges	378,126	187,818	163,397	73,103
Salaries, wages and other benefits	3,744,850	3,258,394	1,865,485	1,628,389
Stores, spare parts and loose tools consumed	3,889,109	3,123,588	2,062,014	1,705,841
Packing materials consumed	774,510	674,954	420,411	370,412
Repair and maintenance	232,011	174,893	113,818	91,180
Fuel and power	3,481,806	3,380,093	1,769,691	1,640,623
Insurance	162,776	132,428	81,225	67,567
Royalty	3,734	6,652	3,734	3,685
Other factory overheads	436,363	384,605	240,135	196,476
Depreciation and amortization	1,709,444	1,727,565	842,041	849,070
	41,558,995	40,222,520	20,767,631	19,877,075
Work-in-process				
Opening stock	2,218,560	2,517,792	2,380,194	2,633,108
Closing stock	(2,301,385)	(2,984,643)	(2,301,385)	(2,984,643)
	(82,825)	(466,851)	78,809	(351,535)
Cost of goods manufactured	41,476,170	39,755,669	20,846,440	19,525,540
Finished goods				
Opening stock	6,909,811	5,807,366	7,223,441	6,152,795
Closing stock	(8,264,867)	(6,763,607)	(8,264,867)	(6,763,607)
	(1,355,056)	(956,241)	(1,041,426)	(610,812)
	40,121,114	38,799,428	19,805,014	18,914,728

## Selected Notes to the Consolidated Condensed Interim Financial Statements

For the half year ended 31 December 2019 (Un-audited)

		Half year ended	
		31 December 2019	31 December 2018
<b>9 EARNINGS PER SHARE - BASIC AND DILUTED</b>			
There is no dilutive effect on the basic earnings per share which is based on:			
Profit attributable to ordinary shareholders of Holding Company	(Rupees in thousand)	3,527,638	3,812,674
Weighted average number of ordinary shares of Holding Company	(Numbers)	351,599,848	351,599,848
Earnings per share	(Rupees)	10.03	10.84

		Half year ended	
		31 December 2019	31 December 2018
		(Rupees in thousand)	
		Note	
<b>10 CASH GENERATED FROM OPERATIONS</b>			
<b>Profit before taxation</b>		5,457,198	5,367,505
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation and amortization		1,822,405	1,819,441
Gain on sale of property, plant and equipment		(8,326)	(3,507)
Dividend income		(812,514)	(861,201)
Allowance for expected credit losses		227	-
Impact of de-recognition of financial instrument carried at amortized cost		31,858	-
Profit on deposits with banks		(101,662)	(1,140)
Share of profit from associates		(428,261)	(750,265)
Net exchange loss / (gain)		54,814	(627,497)
Interest income on sales tax refund bonds		(27,752)	-
Finance cost		1,344,488	1,127,110
Working capital changes	10.1	(5,669,082)	(14,105,868)
		1,663,393	(8,035,422)

### 10.1 Working capital changes

(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		211,850	(593,055)
- Stock in trade		(2,927,778)	(12,169,379)
- Trade debts		(3,450,711)	(2,248,751)
- Loans and advances		190,426	(677,587)
- Short term deposits and prepayments		(114,436)	(148,795)
- Other receivables		(533,280)	11,201
		(6,623,929)	(15,826,366)
Increase in trade and other payables		954,847	1,720,498
		(5,669,082)	(14,105,868)

## 11 SEGMENT INFORMATION

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

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

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

Spring										Weaving				Home Textile *				Terry		Garments		Power Generation		Hotel		Elimination of Inter-segment transaction		Total * Group																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
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## 12 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

### i) Fair value hierarchy

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

Recurring fair value measurements At 31 December 2019 - Un-audited	Level 1	Level 2	Level 3	Total
(Rupees in thousand)				
<b>Financial assets</b>				
Investments at fair value through other comprehensive income	19,530,018	-	676,364	20,206,382
Derivative financial assets	-	92,875	-	92,875
<b>Total financial assets</b>	19,530,018	92,875	676,364	20,299,257
<b>Financial liabilities</b>				
Derivative financial liabilities	-	22,475	-	22,475
<b>Total financial liabilities</b>	-	22,475	-	22,475

Recurring fair value measurements At 30 June 2019 - Audited	Level 1	Level 2	Level 3	Total
(Rupees in thousand)				
<b>Financial assets</b>				
Investments at fair value through other comprehensive income	16,584,412	-	676,364	17,260,776
Derivative financial assets	-	958	-	958
<b>Total financial assets</b>	16,584,412	958	676,364	17,261,734
<b>Financial liabilities</b>				
Derivative financial liabilities	-	7,583	-	7,583
<b>Total financial liabilities</b>	-	7,583	-	7,583

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 half year ended 31 December 2019. Further there was no transfer in and 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 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 Group is the current bid price. These instruments are included in level 1.

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

## Selected Notes to the Consolidated Condensed Interim Financial Statements

For the half year ended 31 December 2019 (Un-audited)

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

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

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

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

The following table presents the changes in level 3 items for the period ended 31 December 2019:

		Unlisted equity securities (Rupees in thousand)
Balance as on 30 June 2018 - Audited		924,043
Less: Deficit recognized in other comprehensive income		(189,594)
Balance as on 31 December 2018 - Un-audited		734,449
Less: Deficit recognized in other comprehensive income		(58,085)
Balance as on 30 June 2019 - Audited		676,364
Less: Deficit recognized in other comprehensive income		-
Balance as on 31 December 2019 - Un-audited		676,364

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

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

Description	Fair value at		Unobservable inputs	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
	31 December 2019	30 June 2019		31 December 2019	
	(Rupees in thousand)				
Fair value through other comprehensive income					
Security General Insurance Company Limited	676,364	676,364	Net premium revenue growth factor	8.66%	Increase / decrease in net premium revenue growth factor by 0.05% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +32.519 million / - 29.656 million.
			Risk adjusted discount rate	22.08%	

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

### 13 TRANSACTIONS WITH RELATED PARTIES

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

#### i) Transactions

	Half year ended		Quarter ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	(Rupees in thousand)			
<b>Associated companies</b>				
Investment made	186,500	180,000	177,000	120,000
Short term loans made	45,000	-	45,000	-
Purchase of goods and services	96,954	92,545	49,516	50,434
Sharing of expenses	4,864	-	4,450	-
Sale of operating fixed assets	819	1,453	-	1,453
Sale of goods and services	63,739	22,032	41,599	20,784
Rental income	628	628	314	314
Rent paid	40,013	36,925	20,026	18,472
Dividend paid	121,487	143,886	121,487	143,886
Insurance premium paid	238,924	184,716	126,582	87,629
Insurance claims received	30,012	17,855	17,462	11,709
Interest income	1,239	1,034	1,077	629
Finance cost	20,565	14,443	12,002	7,922
<b>Other related parties</b>				
Purchase of goods and services	1,601,880	1,292,509	965,147	804,668
Sale of goods and services	225,664	18,693	76,390	12,248
Finance cost	487	366	317	259
Group's contribution to provident fund trust	155,834	140,815	80,050	72,044
Remuneration paid to Chief Executive Officer, Director and Executives of the Holding Company	476,048	408,917	230,154	231,469

## Selected Notes to the Consolidated Condensed Interim Financial Statements

For the half year ended 31 December 2019 (Un-audited)

ii) Period end balances	As at 31 December 2019		
	Associated companies	Other related parties	Total
	(Rupees in thousand)		
Trade and other payables	45,016	144,158	189,174
Accrued markup	3,488	-	3,488
Short term borrowings	241,447	-	241,447
Long term loans	-	158,021	158,021
Trade debts	17,149	17,400	34,549
Loans and advances	46,302	60,311	106,613
Other receivables	6,111	-	6,111
Accrued interest	923	-	923
Cash and bank balances	135,822	842	136,664

	As at 30 June 2019 (Audited)		
	Associated companies	Other related parties	Total
	(Rupees in thousand)		
Trade and other payables	76,315	49,156	125,471
Accrued markup	2,779	-	2,779
Short term borrowings	120,307	-	120,307
Long term loans	-	150,901	150,901
Trade debts	3,382	15,344	18,726
Loans and advances	-	47,416	47,416
Accrued interest	674	-	674
Cash and bank balances	45,759	1,544	47,303

### 14 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2019.

### 15 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial information were approved by the Board of Directors and authorized for issue on 14 February 2020.

### 16 CORRESPONDING FIGURES

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



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

## 17 GENERAL

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

ہیومن ریسورس اور مشاہرہ (HR&R) کمیٹی:

نمبر شمار	نام ڈائریکٹرز
1	سید زاہد حسین (چیئرمین / رکن)
2	میاں عمر منشا (رکن)
3	جناب محمود اختر (رکن)

#### ڈائریکٹرز کا مشاہرہ۔

بورڈ آف ڈائریکٹرز نے ڈائریکٹرز کے معاوضہ کی پالیسی کی منظوری دی ہے۔  
پالیسی کی بنیادی خصوصیات مندرجہ ذیل ہیں:

- ☆ کمیٹی بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کی فیس کے سوائے آزاد ڈائریکٹرز سمیت اپنے نان ایگزیکٹو ڈائریکٹرز کو معاوضہ ادا نہیں کرے گی۔
- ☆ کمیٹی بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے سلسلے میں ڈائریکٹرز کے سفر اور رہائش کے اخراجات ادا کرے گی۔
- ☆ بورڈ آف ڈائریکٹرز وقتاً فوقتاً، ڈائریکٹرز معاوضہ پالیسی کا جائزہ اور اس کی منظوری دیں گے۔

#### اظہار تشکر

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

#### منجانب بورڈ آف ڈائریکٹرز



مقصود احمد

ڈائریکٹر



میاں عمر منشا

چیف ایگزیکٹو آفیسر

14 فروری 2020ء

لاہور

ڈویژن ہڈانے اپنے کسٹمر منجھٹ عوامل کو از سر نو ترتیب دیا جس کے باعث صارفین سے رابطے کے وقت اور مصنوعات کی طلب کی پیش گوئی میں درستگی کے شعبوں میں بہتری آئی ہے۔ اب انتظامیہ پائیدار تعلقات کے فروغ کے حصول کیلئے صارفین کی ضروریات کے مطابق فوری فیصلے کرنے کے قابل ہے۔

### پاور جنریشن

کمپنی نے نومبر 2019 کے دوران ساہیانوالا، فیصل آباد میں 3 میگا واٹ کا وارنسیلا سولر پاور پلانٹ لگا کر ایک اور ماحول دوست منصوبہ مکمل کیا۔ بجلی اور فیروز واٹوں میں واقع پاور ڈویژنوں کے لئے مزید دو سولر پاور پلانٹس حاصل کرنے کے منصوبے زیر عمل ہیں۔

لاہور میں واقع پاور پلانٹ کے لئے 3.2 میگا واٹ کے سٹیم ٹربائن کی تنصیب کا منصوبہ بھی دسمبر 2019 میں مکمل ہو گیا ہے۔ یہ ٹربائن کونکہ سے چلنے والے 9 میگا واٹ بجلی گھر سے پیدا ہونے والی ہائی پریشر / درجہ حرارت کی بھاپ کو کم پریشر / درجہ حرارت پر منتقل کر کے ڈانگ اور ہوم ٹیکسٹائل ڈویژنوں کے پروڈکشن ہالوں میں بھیجی ہے۔ اس پروجیکٹ کی تکمیل نے پہلے ضائع ہو جانے والی بھاپ کے ہائی پریشر / درجہ حرارت کو قابل استعمال بنا کر اضافی فائدہ حاصل کیا ہے، کیونکہ ڈانگ اور اختتامی عوامل میں کم پریشر / درجہ حرارت پر بھاپ کی ضرورت ہوتی ہے۔

### ذیلی کمپنیاں اور کنسولیڈیٹڈ مالی گوشوارے

نشاط پاور لمیٹڈ، نشاط لینن (پرائیویٹ) لمیٹڈ، نشاط ہاسٹیلٹی (پرائیویٹ) لمیٹڈ، نشاط کموڈیٹیز (پرائیویٹ) لمیٹڈ، لال پیر سولر پاور (پرائیویٹ) لمیٹڈ، نشاط یو ایس اے انکارپوریٹڈ، نشاط لینن ٹریڈنگ LLC، نشاط انٹرنیشنل FZE، نشاط گلوبل چائنہ کمپنی لمیٹڈ، نشاط UK (پرائیویٹ) لمیٹڈ (23 جولائی 2019 اختتام شدہ) اور کنسپٹ گارمنٹس اینڈ ٹیکسٹائل ٹریڈنگ FZE (26 دسمبر 2019 اختتام شدہ) کمپنی کی ذیلی کمپنیوں کی رپورٹ فلیو میں شامل ہیں۔ لہذا، کمپنی نے انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز کی ضروریات کے مطابق اپنی سپرٹ کنڈنسڈ عبوری مالیاتی معلومات کے علاوہ کنسولیڈیٹڈ کنڈنسڈ عبوری مالیاتی معلومات منسلک کی ہیں۔

### بورڈ کی تشکیل:

#### ڈائریکٹرز کی کل تعداد

7	(ا) مرد
0	(ب) خاتون
	تشکیل
1	(i) آزاد ڈائریکٹر
4	(ii) نان ایگزیکٹو ڈائریکٹر
2	(iii) ایگزیکٹو ڈائریکٹر

### بورڈ کی کمیٹیاں:

#### بورڈ کی آڈٹ کمیٹی:

نمبر شمار	نام ڈائریکٹرز
1	سید زاہد حسین (چیرمین / رکن)
2	جناب محمود اختر (رکن)
3	جناب فرید نور علی فضل (رکن)

اضافہ/(کمی)		31 دسمبر کو اختتام شدہ ششماہی		پروسیسڈ کلاٹھ
فیصد	قدر	2018	2019	
(6.17)	(1,489)	24,122	22,633	فروخت- (میٹرز '000)
14.76	47.29	320.35	367.64	قیمت فی میٹر
7.68	593,292	7,727,543	8,320,835	فروخت- ('000 روپے)

پیداوار لاگت میں اضافہ اور بھارت کے ساتھ تجارت کی معطلی ڈویژن کے لئے سب سے بڑا چیلنج ہے جو مالی سال 20-2019 کے باقی حصے میں فروخت پر منفی اثر ڈال سکتا ہے۔ ہم ان چیلنجوں کے اثرات کو کم کرنے کے لئے ہر ممکن اقدامات اٹھا رہے ہیں۔

### ہوم ٹیکسٹائل

مالی سال 20-2019 کا مثبت آغاز ہوا جس میں ہوم ٹیکسٹائل ڈویژن کے لئے مستحکم آرڈرز کی وصولی اور وسیع پروڈکشن پلان شامل ہیں۔ بیڈ لینن کے لئے ہماری پیداواری صلاحیتیں اگلی سہ ماہی کے لئے پہلے ہی بک ہو چکی ہیں اور ہم توقع کرتے ہیں کہ یہ رفتار سال کے باقی حصے میں بھی جاری رہے گی۔ امریکہ جین تجارتی امور اور نئے نرخوں کے بارے میں غیر یقینی صورتحال نے پاکستانی کمپنیوں کو بلا تھقل فراہمی کے خواہاں امریکی خریداروں کے ساتھ مزید منسلک کر دیا ہے۔ ہوم ٹیکسٹائل ڈویژن اپنی مصنوعات کی اقسام کی وسعت اور بہترین معیار کے ساتھ بڑی مقدار میں پیداوار کی صلاحیت کے باعث ترجیحی انتخاب رہا۔

اضافہ/(کمی)		31 دسمبر کو اختتام شدہ ششماہی		پروسیسڈ کلاٹھ اینڈ میڈ ایپس
فیصد	قدر	2018	2019	
(1.51)	(200)	13,248	13,048	فروخت- (میٹرز '000)
18.23	67.54	370.44	437.98	قیمت فی میٹر
16.45	807,096	4,907,645	5,714,741	فروخت- ('000 روپے)

ڈویژن ہڈانے تقریباً 1.5 ارب روپے لاگت سے تولیہ تیار کرنے کا پونٹ قائم کرنے کی منصوبہ بندی کی ہے جو ہمارے ہوم ٹیکسٹائل پروڈکٹ کے مجموعے میں آخری بچ جانے والی کڑی ہے۔ ہمارے تولیہ سیکشن کا پہلا فیروزہ جون 2020 تک آپریشنل ہونے کی امید ہے جو اگلے سالوں میں برآمدی فروخت کے حجم میں اضافے کے لئے بڑے پیمانے پر مدد فراہم کرے گا۔ اس منصوبے کی ابتدائی گنجائش 10 ٹن یومیہ ہوگی۔

### گارمنٹس

ڈویژن کے مالی نتائج میں گذشتہ سال کی اسی ششماہی کے مقابلے میں 31 دسمبر 2019 کو ختم ہونے والی ششماہی کے دوران نمایاں بہتری آئی۔ ڈویژن کی مارکیٹنگ اور کسٹمر میجمنٹ کی حکمت عملی تیار کرنے میں فیشن انڈسٹری کا ارتقاء بنیادی محرک ہے۔ کمپنی کے مشن کی تعمیل میں ڈویژن ہڈا کی انتظامیہ نے صارفین کی خواہش کو حقیقی معنوں میں تصور کرنے کے لئے ہم عصری ٹیکنیکوں کو اپنایا تاکہ جدید رجحانات کے مطابق بہترین معیار کی مصنوعات تیار کی جاسکیں۔

اضافہ/(کمی)		31 دسمبر کو اختتام شدہ ششماہی		گارمنٹس
فیصد	قدر	2018	2019	
12.40	307	2,475	2,782	فروخت- (گارمنٹس '000)
27.72	237.78	857.87	1,095.65	قیمت فی گارمنٹ
43.56	924,850	2,123,240	3,048,090	فروخت- ('000 روپے)

پاک چین آزاد تجارتی معاہدہ کچھ ریلیف فراہم کرے گا۔

یارن	31 دسمبر کو اختتام شدہ ششماہی		اضافہ/(کمی)	
	2018	2019	قدر	فیصد
فروخت - (کلوگرام '000)	13,470	10,376	(3,094)	(22.97)
قیمت فی کلو	373.72	410.12	36.40	9.74
فروخت - ('000 روپے)	5,034,041	4,255,393	(778,648)	(15.47)

اپنی ضروریات پوری کرنے کیلئے سپرنز کے لئے سب سے بڑا چیلنج مقامی کپاس کی قلت ہے جس کی وجہ سے آنے والے سال کی روٹی خریدنے میں ایک دوسرے کے ساتھ مقابلہ کرنا پڑتا ہے۔ کمپنی نے روٹی کے اپنے شاک کو مقامی اور غیر ملکی دونوں ذرائع سے پورا کرنا شروع کر دیا ہے۔ مقامی اور برآمد شدہ روٹی کے امتزاج کے ساتھ قیمتوں کا بہترین کس دستیاب بنانا کمپنی کی کوشش ہے۔

### ویونگ

مالی سال 2019-20 کی پہلی ششماہی کے دوران گریٹ کپڑے کی برآمدات کم رہیں۔ امریکہ چین تجارتی تنازعہ، بریگزٹ اور عمومی اقتصادی سست روی نے برآمدی کاروبار پر منفی اثرات ڈالے ہیں۔ تاہم، دونوں تنگ اور وسیع چوڑائی والے کپڑے کے کاروبار مقامی مارکیٹ میں اچھے رہے۔

گرے کلاتھ	31 دسمبر کو اختتام شدہ ششماہی		اضافہ/(کمی)	
	2018	2019	قدر	فیصد
فروخت - (میٹر '000)	41,117	41,174	57	0.14
قیمت فی میٹر	174.27	183.44	9.17	5.26
فروخت - ('000 روپے)	7,165,513	7,552,959	387,446	5.41

وسیع چوڑائی والے کپڑے کے کاروبار کی طلب بہتر ہو رہی ہے، اس لئے ڈویژن ہڈانے 132 وسیع چوڑائی کی لومر کے ساتھ ایک نئے ویونگ شید کا اضافہ کرنے کی منصوبہ بندی کی ہے۔ یہ لومر کو مالی سال 2020-21 کی دوسری سہ ماہی کے دوران پیداوار شروع کر دیں گی۔

ہمیشہ کی طرح ہماری حکمت عملی مصنوعات اور مارکیٹ کی تنوع پر توجہ مرکوز کرتا ہے۔ کمپنی پر امید ہے کہ مالی سال 2019-20 میں پلینیسٹر پر مبنی تکنیکی فیبرک کے کاروبار میں مزید اضافہ ہوگا۔ ڈویژن ہڈانے ماحولیاتی تحفظ اور پائیداری کیلئے ہماری پالیسی کے مطابق ری سائیکلڈ پلینیسٹر اور نامیاتی کپاس میں بھی اپنے کاروبار کو ترقی دی ہے۔

### ڈانگ

ڈویژن نے پہلی سہ ماہی میں سست آغاز کے باوجود رواں مالی سال کی پہلی ششماہی میں اچھی کارکردگی کا مظاہرہ کیا کیونکہ دوسری سہ ماہی میں کارکردگی میں بہتری آئی۔ ہم نے اپنی پیداواری صلاحیتیں مارچ 2020 تک پہلے ہی فروخت کر دی ہیں اور کافی پر امید ہیں کہ رواں مالی سال کی آخری ششماہی میں بھی مثبت کارکردگی کا اندراج کر سکیں گے۔

نشاٹ ملز لمیٹڈ ("کمپنی") کے ڈائریکٹرز 31 دسمبر 2019ء کو اختتام شدہ ششماہی کیلئے ڈائریکٹرز رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

### آپریٹنگ مالی نتائج

گزشتہ سال کی اسی ششماہی کے مقابل موجودہ ششماہی کے دوران کمپنی کا مجموعی منافع 270.788 ملین روپے (7.20%) بڑھا ہے۔ مجموعی منافع میں اضافہ کی بنیادی وجہ آمدنی (ریونیو) میں 7.01% کی شرح سے اضافہ ہے۔ تاہم گزشتہ سال کی اسی ششماہی کے مقابل موجودہ ششماہی میں بعد از ٹیکس منافع میں 1,272.239 ملین روپے کی کمی ہوئی ہے جس کی بنیادی وجہ دیگر آمدنی میں 1,224.606 ملین روپے کی کمی ہے جو کہ ڈیویڈنڈ آمدنی اور غیر ملکی زرمبادلہ کے لین دین میں نفع کی وجہ سے ہے۔

مالی جھلکیاں	31 دسمبر کو اختتام شدہ ششماہی		اضافہ / (کمی) فیصد
	2018	2019	
آمدنی (روپے '000)	30,714,488	32,867,687	7.01
مجموعی منافع (روپے '000)	3,761,319	4,032,107	7.20
بعد از ٹیکس منافع (روپے '000)	3,163,565	1,891,326	(40.22)
مجموعی منافع (فیصد)	12.25	12.27	
بعد از ٹیکس منافع (فیصد)	10.30	5.75	
منافع فی حصص - (روپے)	9.00	5.38	

### عام مارکیٹ کا جائزہ اور مستقبل کے امکانات

ٹیکسٹائل کے شعبے نے مالی سال 2019-20 کی پہلی ششماہی کے دوران سابقہ مالی سال کی اسی ششماہی کے مقابل قدرے بہتر کارکردگی کا مظاہرہ کیا ہے لیکن تاحال ترقی کی شرح اس شعبے کی اصل استعداد سے کم ہے۔ بالخصوص ویلیو ایڈڈ شعبے ملک میں اقتصادی سست روی، طلب کے عالمی جمود اور کاروبار کرنے کے اخراجات میں اضافے کی وجہ سے بہتر کارکردگی کا مظاہرہ نہیں کر سکے۔

اس وقت ٹیکسٹائل کی صنعت کو درپیش بڑے چیلنجز میں کپاس کی قلت، بھارت کے ساتھ تجارت کی معطلی اور عالمی اقتصادی سست روی شامل ہیں کیونکہ ان کی وجہ سے کاروبار کرنے کے اخراجات میں اضافہ ہوا ہے اور پاکستانی ٹیکسٹائل مینوفیکچررز کی مسابقتی صلاحیت کم ہو گئی ہے۔

### شعبہ دار تجزیہ

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

### سپننگ

عالمی مارکیٹ میں کپاس (یارن) کی طلب اور قیمتوں میں مسلسل کمی کے باوجود گزشتہ سال کی اسی ششماہی کے مقابل رواں ششماہی میں سپننگ کے شعبہ کے منافع میں بہتری آئی ہے۔ مقامی مارکیٹ کے محرکات کافی مددگار رہے۔ عالمی معاشی سست روی کے باعث موجودہ مالی سال کی بقیہ ششماہی میں مشکلات متوقع ہیں۔ تاہم،



**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)