

NISHAT MILLS LIMITED



SECY/STOCKEXC/

February 26, 2021

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, 2020**

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 PUCARS un audited accounts for the half year ended December 31, 2020.

Thanking you,

Yours truly,


KHALID MAHMOOD CHOHAN
COMPANY SECRETARY

HEAD OFFICE

: 7-MAIN GULBERG, LAHORE PAKISTAN.UAN:111 33 22 00 TEL: 92-42-35716351-9 FAX:92-42-35716350 E-MAIL: nishat@nishatmills.com

REGISTERED OFFICE & SHARES DEPT : NISHAT HOUSE, 53-A, LAWRENCE ROAD, LAHORE - PAKISTAN PH : (042) 36367812-15 TLX : 47523 NISHAT PK, FAX : (042) 36367414



Nishat Mills Limited

Interim Financial Report for the Half Year Ended
December 31, 2020

CONTENTS

Nishat Mills Limited

| | |
|--|----|
| Company Information..... | 02 |
| Directors' Report | 04 |
| Independent Auditors' Review Report to the Members on Unconsolidated Condensed Interim Financial Statements | 09 |
| Unconsolidated Condensed Interim Statement of Financial Position..... | 12 |
| Unconsolidated Condensed Interim Statement of Profit or Loss..... | 14 |
| Unconsolidated Condensed Interim Statement of Comprehensive Income..... | 15 |
| Unconsolidated Condensed Interim Statement of Changes in Equity | 16 |
| Unconsolidated Condensed Interim Statement of Cash Flows..... | 17 |
| Selected Notes to the Unconsolidated Condensed Interim Financial Statements | 18 |

Nishat Mills Limited and its Subsidiary Companies

| | |
|--|----|
| Consolidated Condensed Interim Statement of Financial Position | 34 |
| Consolidated Condensed Interim Statement of Profit or Loss | 36 |
| Consolidated Condensed Interim Statement of Comprehensive Income | 37 |
| Consolidated Condensed Interim Statement of Changes in Equity | 38 |
| Consolidated Condensed Interim Statement of Cash Flows | 39 |
| Selected Notes to the Consolidated Condensed Interim Financial Statements | 40 |
| Directors' Report in Urdu | 64 |

COMPANY INFORMATION

Board of Directors

Mian Umer Mansha
Chief Executive Officer

Mian Hassan Mansha
Chairman

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

Audit Committee

Mrs. Mehak Adil
Chairperson / Member

Syed Zahid Hussain
Member

Mr. Mahmood Akhtar
Member

Human Resource & Remuneration (HR & R) Committee

Mrs. Sara Aqeel
Chairperson / Member

Mian Umer Mansha
Member

Mr. Mahmood Akhtar
Member

Chief Financial Officer

Mr. Muhammad Azam

Company Secretary

Mr. Khalid Mahmood Chohan

Auditors

Riaz Ahmad & Company
Chartered Accountants

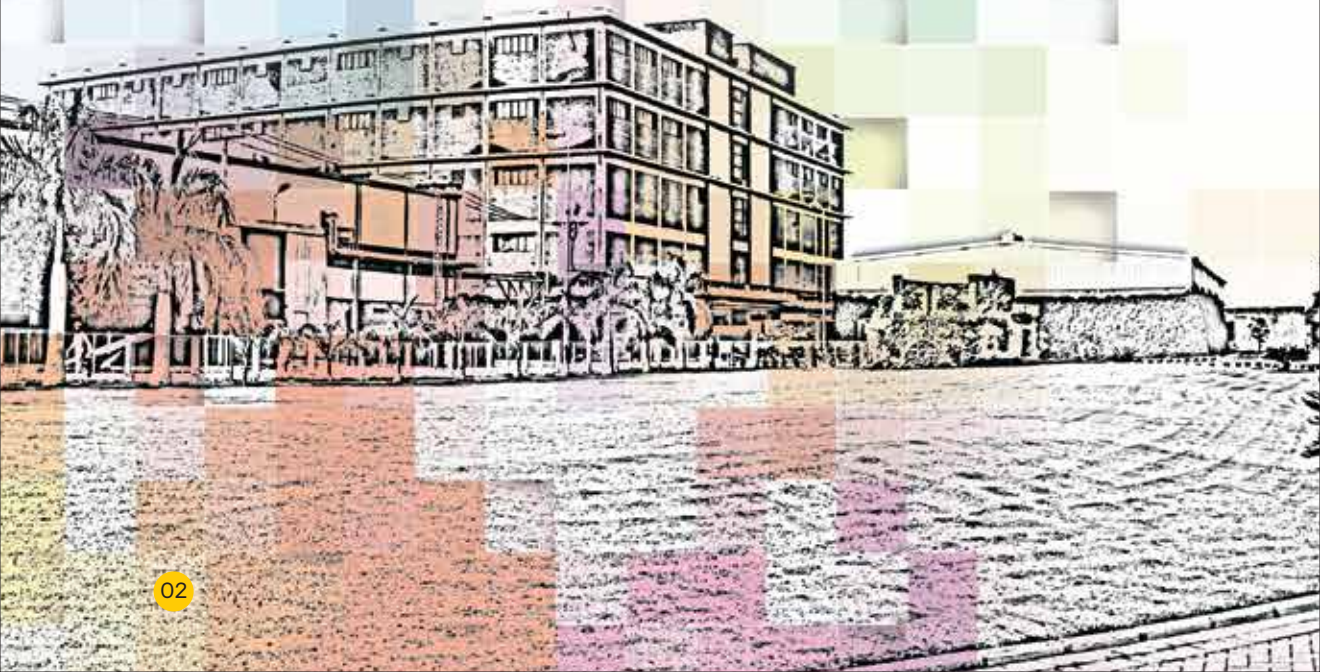
Legal Advisor

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

Bankers to the Company

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

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



Mills

Spinning units, Yarn Dyeing & Power plant

Nishatabad, Faisalabad.

Spinning units & Power plant

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

Spinning units & Power plant

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

Weaving units & Power plant

12 K.M. Faisalabad Road,
Sheikhpura.

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

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

Terry Unit

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

Apparel Unit

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

Registered office

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

Shares Registrar

THK Associates (Private) Limited

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

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

Tel: 042-35781682

Head Office

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

Liaison Office

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



Directors' Report

Directors of Nishat Mills Limited ("the Company") are pleased to present the Directors' Report for the half year ended 31 December 2020.

Operating Financial Results

Gross profit of the Company decreased by Rs. 256.925 million (6.37%) in the current half year ended 31 December 2020 as compared to the corresponding half of the last year despite steady topline. The main reason was unprecedented rise in raw material cost and adverse impact of coronavirus pandemic. Management of the Company took measures to lessen the effects of these unfavorable economic circumstances which were the cause of reduction in distribution and finance cost by Rs. 83.741 million and Rs. 38.666 million respectively. Another significant contributor was dividend income amounting to Rs. 767.788 million which is an evidence of robust investment portfolio of the Company.

| Financial Highlights | Half Year Ended 31 December | | Increase / (decrease) % |
|------------------------------|-----------------------------|------------|----------------------------|
| | 2020 | 2019 | |
| Revenue (Rs. '000') | 33,135,777 | 32,867,687 | 0.82 |
| Gross Profit (Rs. '000') | 3,775,182 | 4,032,107 | (6.37) |
| Profit after tax (Rs. '000') | 1,773,515 | 1,891,326 | (6.23) |
| Gross Profit (%) | 11.39 | 12.27 | |
| Profit after tax (%) | 5.35 | 5.75 | |
| Earnings per share – (Rs.) | 5.04 | 5.38 | |

General Market Review and Future Prospects

First half of the financial year was very challenging for world economy because second wave of coronavirus, once again, led to lockdowns and restrictions across the world. It slowed down the demand for textile products world over which adversely affected export-oriented units. However, demand for low value-added textiles, subsequently, revived in Pakistan mainly because of lockdowns in other textile producing countries and US trade issues with China. Because of surge in demand of low value-added textiles, drop in cotton production and ban on import of cotton from India, cotton lint prices touched Rs.10,300 per maund level which made availability of raw material at low cost difficult for value added sectors.

In addition to timely lifting of lockdown by authorities in Pakistan which gave a head start to textile industry over its competitors in other countries, State Bank of Pakistan announced to provide long term loan at concessionary interest rate for setting up new industrial units under the Temporary Economic Refinance Facility (TERF). This will create opportunities for textile sector to invest in new technologies for sustainable growth.

Segment Analysis

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

Spinning

Cotton prices witnessed an unprecedented rise due to shortage of cotton output in Pakistan and bullish trend in international market due to increase in demand of cotton. Cotton market dynamics were as per the

anticipation of management; therefore, the Company timely procured its raw material to meet its production needs for the financial year 2020-21.

At the start of the half year, while local and international cotton prices were continuously rising, but yarn prices in export market were not moving at the same pace. Ban on cotton yarn import from India compelled local fabric market to buy cotton yarn from local spinners. This gave rapid hike to yarn prices in local market. Yarn prices in international market also improved later in the period under review.

| Yarn | Half Year Ended 31 December | | Increase / (Decrease) | |
|--------------------|-----------------------------|-----------|-----------------------|---------|
| | 2020 | 2019 | Value | % age |
| Sale – (kgs '000') | 9,984 | 10,376 | (392) | (3.78) |
| Rate / kg | 369.70 | 410.12 | (40.42) | (9.86) |
| Sale – (Rs. '000') | 3,691,133 | 4,255,393 | (564,260) | (13.26) |

China was the only main international yarn market which was actively working during 1st half of the financial year, whereas markets in Korea, Malaysia, Japan, Taiwan, Vietnam, Bangladesh remained silent under severe impact of COVID-19. The Company has started to produce recycled yarn in its efforts to discharge its CSR respectively. Anticipating increasing demand of recycled yarn, the Company has planned to increase its production in near future. The Company has also finalized to invest in a new open-end yarn unit.

Weaving

The performance of Weaving Division remained steady during the first half of the financial year 2020-21. Sale of greige cloth for fashion fabric was the low performing business because big fashion brands suffered huge decline in sales resulting in low demand for raw fabric in this category. Workwear greige cloth business picked up somewhat after a sluggish demand in the first quarter. Sales of technical greige cloth comprising of abrasives and sun protection articles remained steady. On the contrary, home textile business flourished because people in Europe remaining inside their homes owing to the pandemic.

Since the trend of sales growth to home textile sector is expected to continue, the management is planning to invest in a new wider width unit comprising of 130 looms in Bhikki. At Lahore, another plan is underway to replace 24 narrow width looms with wider width looms. This investment will give us more flexibility and options to produce greige fabric for both home textile / women wear lawn business.

| Grey Cloth | Half Year Ended 31 December | | Increase / (Decrease) | |
|-----------------------|-----------------------------|-----------|-----------------------|--------|
| | 2020 | 2019 | Value | % age |
| Sale – (meters '000') | 44,426 | 41,174 | 3,252 | 7.90 |
| Rate / meter | 176.98 | 183.44 | (6.46) | (3.52) |
| Sale – (Rs. '000') | 7,862,492 | 7,552,959 | 309,533 | 4.10 |

Dyeing

All businesses suffered due to Covid-19 outbreak, but fashion apparel industry was hit extremely hard. Financial results, announced by renowned fashion brands in U.S and Europe, reflected the huge losses in revenue. Most of the brands either reduced or cancelled already placed orders during this period.

Branded fashion apparel is designed for wearing in functions, social gatherings or offices. There was a major shift in purchasing priorities of people since most of the them worked from home and avoided social get-togethers as the pandemic re-intensified due to which sales of fashion apparel continued to shrink. Moreover, people working from home tend to buy more bed-sheets, casual wear, lounge wear and towels instead of fashion apparel.

Despite all these challenges and in such unprecedented tough business environment, Dyeing Division has performed relatively well. Sale of the Division decreased by 32.17% during the half year as compared to the corresponding half year.

| Processed Cloth | Half Year Ended 31 December | | Increase / (Decrease) | |
|-----------------------|-----------------------------|-----------|-----------------------|---------|
| | 2020 | 2019 | Value | % age |
| Sale – (meters '000') | 15,748 | 22,633 | (6,885) | (30.42) |
| Rate / meter | 358.37 | 367.64 | (9.27) | (2.52) |
| Sale – (Rs. '000') | 5,643,613 | 8,320,835 | (2,677,222) | (32.17) |

We are anticipating more challenges in second half of the current fiscal year. Besides significant drop in business, skyrocketing raw material cost and appreciation of Pak Rupee against U.S. Dollar is posing serious threat to survival and viability of value-added segments of textile sector.

Home Textile

As a result of restrictions imposed by governments and authorities all across the world, people had to work from home or stay at home. Therefore, demand for home textile products increased significantly during the first half of the financial year 2020-21. Home Textile Division of the Company saw unprecedented increase in orders; sales of its products took a sharp upwards trend with strong orders inflow that stretched entire production pipeline. Sales increased by 31.95% in the current half year as compared to the corresponding half year.

| Processed Cloth and Made-ups | Half Year Ended 31 December | | Increase / (Decrease) | |
|------------------------------|-----------------------------|-----------|-----------------------|-------|
| | 2020 | 2019 | Value | % age |
| Sale – (meters '000') | 16,825 | 13,048 | 3,777 | 28.95 |
| Rate / meter | 448.18 | 437.98 | 10.20 | 2.33 |
| Sale – (Rs. '000') | 7,540,695 | 5,714,741 | 1,825,954 | 31.95 |

Terry unit with production capacity of 10 ton per day was commissioned into production and it is showing promising results. The Division had to work at full capacity throughout the half year. Thus, management is planning to increase its production capacity of bedding and terry towels owing to increasing demand.

Garments

Garments Division resiliently handled the challenges emerged due to outbreak of Covid-19 pandemic. Believing it a time to adapt, management re-evaluated its operations and processes and successfully implemented improvements which are evident from improved financial results. Sales of the Division increased by 13.85% in the current half year as compared to the corresponding half year.

| Garments | Half Year Ended 31 December | | Increase / (Decrease) | |
|-------------------------|-----------------------------|-----------|-----------------------|---------|
| | 2020 | 2019 | Value | % age |
| Sale – (garments '000') | 3,743 | 2,782 | 961 | 34.54 |
| Rate / garment | 927.09 | 1,095.65 | (168.56) | (15.38) |
| Sale – (Rs. '000') | 3,470,100 | 3,048,090 | 422,010 | 13.85 |

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

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

Power Generation

The Company is committed to invest in environmentally friendly energy projects to reduce its carbon footprint. While existing solar power generation capacity is 4.34 MW, installation of 3.85 MW solar power plant at Spinning Division, Ferozwatwan is underway. Further, management has also finalized the plan for acquisition of 3.53 MW solar power plant for Weaving Division, Bhikki. As energy requirements of Garments Division are expected to increase due to anticipated rise in production, a plan is under consideration to acquire a 2.5 MW gas engine with waste heat recovery boiler and air compressor.

Subsidiary Companies and Consolidated Financial Statements

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

Composition of Board of Directors

The composition of the Board is as follows:

Total number of Directors:

- | | | |
|----|--------|---|
| a) | Male | 5 |
| b) | Female | 2 |

Composition

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

Committees of the Board

Audit Committee of the Board:

| Sr. No. | Name of Directors | |
|---------|--------------------|----------------------|
| 1 | Mrs. Mehak Adil | Chairperson / Member |
| 2 | Syed Zahid Hussain | Member |
| 3 | Mr. Mahmood Akhtar | Member |

Human Resource and Remuneration Committee:

| Sr. No. | Name of Directors | |
|---------|--------------------|----------------------|
| 1 | Mrs. Sara Aqeel | Chairperson / Member |
| 2 | Mian Umer Mansha | Member |
| 3 | Mr. Mahmood Akhtar | Member |

Directors' Remuneration

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

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

Acknowledgement

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

For and on behalf of the Board of Directors



Mian Umer Mansha
Chief Executive Officer



Farid Noor Ali Fazal
Director

25 February 2021
Lahore

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 2020 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 2020 and 31 December 2019 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 2020.

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 Syed Mustafa Ali.



RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore
25 February 2021

A hand holding a gold pen points towards a calculator. A bar chart with white bars of varying heights is overlaid on the bottom half of the image. A red rectangular box contains white text.

Unconsolidated Condensed Interim
Financial Statements of

Nishat Mills Limited

For the half year ended 31 December 2020

Unconsolidated Condensed Interim Statement of Financial Position

As at 31 December 2020

| | Note | Un-audited 31 December 2020 (Rupees in thousand) | Audited 30 June 2020 |
|--|------|---|----------------------------|
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorized share capital | | | |
| 1,100,000,000 (30 June 2020: 1,100,000,000) ordinary shares of Rupees 10 each | | 11,000,000 | 11,000,000 |
| Issued, subscribed and paid-up share capital | | | |
| 351,599,848 (30 June 2020: 351,599,848) ordinary shares of Rupees 10 each | | 3,515,999 | 3,515,999 |
| Reserves | | 75,660,213 | 67,911,861 |
| Total equity | | 79,176,212 | 71,427,860 |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| Long term financing - secured | 5 | 9,125,897 | 9,222,781 |
| Deferred liabilities | | 751,304 | 302,672 |
| | | 9,877,201 | 9,525,453 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 7,950,950 | 9,357,977 |
| Accrued mark-up | | 207,343 | 226,228 |
| Short term borrowings | | 20,287,001 | 19,329,768 |
| Current portion of non-current liabilities | | 3,380,370 | 703,032 |
| Unclaimed dividend | | 98,164 | 90,596 |
| | | 31,923,828 | 29,707,601 |
| TOTAL LIABILITIES | | 41,801,029 | 39,233,054 |
| CONTINGENCIES AND COMMITMENTS | 6 | | |
| TOTAL EQUITY AND LIABILITIES | | 120,977,241 | 110,660,914 |

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



CHIEF EXECUTIVE OFFICER

| | Note | Un-audited 31 December 2020 (Rupees in thousand) | Audited 30 June 2020 |
|-------------------------------------|------|---|----------------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 7 | 31,054,444 | 31,292,722 |
| Investment properties | | 462,403 | 455,544 |
| Long term investments | | 45,593,825 | 37,979,074 |
| Long term loans | | 404,679 | 305,264 |
| Long term deposits | | 120,719 | 104,783 |
| | | 77,636,070 | 70,137,387 |
| CURRENT ASSETS | | | |
| Stores, spare parts and loose tools | | 2,814,080 | 2,256,569 |
| Stock in trade | | 17,402,530 | 20,753,543 |
| Trade debts | | 6,303,828 | 4,326,780 |
| Loans and advances | | 13,343,903 | 9,427,202 |
| Short term deposits and prepayments | | 42,626 | 67,629 |
| Other receivables | | 3,229,286 | 3,526,888 |
| Accrued interest | | 40,238 | 36,675 |
| Cash and bank balances | | 164,680 | 128,241 |
| | | 43,341,171 | 40,523,527 |
| TOTAL ASSETS | | 120,977,241 | 110,660,914 |

David Dazal

DIRECTOR



CHIEF FINANCIAL OFFICER

Unconsolidated Condensed Interim Statement of Profit or Loss


For the half year ended 31 December 2020 (Un-audited)

| | | Half year ended | | Quarter ended | |
|----------------------------|---|----------------------|---------------------|---------------------|---------------------|
| | | 31 December 2020 | 31 December 2019 | 31 December 2020 | 31 December 2019 |
| Note | | (Rupees in thousand) | | | |
| REVENUE | | 33,135,777 | 32,867,687 | 17,156,563 | 16,934,557 |
| COST OF SALES | 8 | (29,360,595) | (28,835,580) | (15,207,391) | (15,059,732) |
| GROSS PROFIT | | 3,775,182 | 4,032,107 | 1,949,172 | 1,874,825 |
| DISTRIBUTION COST | | (1,417,275) | (1,501,016) | (751,573) | (762,700) |
| ADMINISTRATIVE EXPENSES | | (651,825) | (628,239) | (327,287) | (321,577) |
| OTHER EXPENSES | | (174,636) | (250,754) | (96,132) | (35,497) |
| | | (2,243,736) | (2,380,009) | (1,174,992) | (1,119,774) |
| | | 1,531,446 | 1,652,098 | 774,180 | 755,051 |
| OTHER INCOME | | 1,270,114 | 1,413,939 | 596,475 | 817,222 |
| PROFIT FROM OPERATIONS | | 2,801,560 | 3,066,037 | 1,370,655 | 1,572,273 |
| FINANCE COST | | (609,045) | (647,711) | (310,486) | (323,649) |
| PROFIT BEFORE TAXATION | | 2,192,515 | 2,418,326 | 1,060,169 | 1,248,624 |
| TAXATION | | (419,000) | (527,000) | (233,000) | (281,000) |
| PROFIT AFTER TAXATION | | 1,773,515 | 1,891,326 | 827,169 | 967,624 |
| EARNINGS PER SHARE - BASIC | | | | | |
| AND DILUTED (RUPEES) | 9 | 5.04 | 5.38 | 2.35 | 2.75 |

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

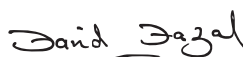
For the half year ended 31 December 2020 (Un-audited)

| | Half year ended | | Quarter ended | |
|--|----------------------|---------------------|---------------------|---------------------|
| | 31 December 2020 | 31 December 2019 | 31 December 2020 | 31 December 2019 |
| | (Rupees in thousand) | | | |
| PROFIT AFTER TAXATION | 1,773,515 | 1,891,326 | 827,169 | 967,624 |
| OTHER COMPREHENSIVE INCOME | | | | |
| Items that will not be reclassified to profit or loss: | | | | |
| Surplus arising on remeasurement of investments at fair value through other comprehensive income | 7,403,423 | 5,974,433 | 2,889,159 | 8,010,201 |
| Deferred income tax relating to this item | (22,187) | - | (16,403) | - |
| | 7,381,236 | 5,974,433 | 2,872,756 | 8,010,201 |
| Items that may be reclassified subsequently to profit or loss | - | - | - | - |
| Other comprehensive income for the period - net of tax | 7,381,236 | 5,974,433 | 2,872,756 | 8,010,201 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 9,154,751 | 7,865,759 | 3,699,925 | 8,977,825 |

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

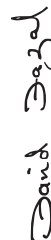
For the half year ended 31 December 2020 (Un-audited)

| | Share Capital | Reserves | | | | | | Total Equity |
|--|---------------|----------------------------------|--------------------------------------|-------------|------------------|-----------------------|-------------|--------------|
| | | Capital Reserves | | | Revenue Reserves | | | |
| | | Premium on Issue of Right Shares | Fair Value Reserve FYDCL Investments | Sub Total | General Reserve | Unappropriated Profit | Sub Total | |
| | | | | | | | | |
| (Rupees in thousand) | | | | | | | | |
| 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 | 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) |
| Transferred to general reserve | - | - | - | - | 4,386,000 | (4,386,000) | - | - |
| Profit for the period | - | - | - | - | - | 1,891,326 | 1,891,326 | 1,891,326 |
| Other comprehensive income for the period | - | - | 5,974,433 | 5,974,433 | - | - | - | 5,974,433 |
| Total comprehensive income for the period | - | - | 5,974,433 | 5,974,433 | - | 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 | 73,074,630 |
| Profit for the period | - | - | - | - | - | 1,614,958 | 1,614,958 | 1,614,958 |
| Other comprehensive loss for the period | - | - | (3,261,728) | (3,261,728) | - | - | - | (3,261,728) |
| Total comprehensive (loss) / income for the period | - | - | (3,261,728) | (3,261,728) | - | 1,614,958 | (1,646,770) | (1,646,770) |
| Balance as at 30 June 2020 - (audited) | 3,515,999 | 5,499,530 | 13,739,158 | 19,238,688 | 45,165,028 | 3,508,145 | 48,673,173 | 71,427,860 |
| Transaction with owners - Final dividend for the year ended 30 June 2020 @ Rupees 4.00 per share | - | - | - | - | - | (1,406,399) | (1,406,399) | (1,406,399) |
| Transferred to general reserve | - | - | - | - | 2,101,000 | (2,101,000) | - | - |
| Profit for the period | - | - | - | - | - | 1,773,515 | 1,773,515 | 1,773,515 |
| Other comprehensive income for the period | - | - | 7,381,236 | 7,381,236 | - | - | - | 7,381,236 |
| Total comprehensive income for the period | - | - | 7,381,236 | 7,381,236 | - | 1,773,515 | 7,381,236 | 9,154,751 |
| Balance as at 31 December 2020 - (un-audited) | 3,515,999 | 5,499,530 | 21,120,394 | 26,619,924 | 47,266,028 | 1,774,261 | 49,040,289 | 79,176,212 |

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 2020 (Un-audited)

| | | Half year ended | |
|--|------|----------------------|---------------------|
| | | 31 December 2020 | 31 December 2019 |
| | Note | (Rupees in thousand) | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations | 10 | 4,108,766 | 2,570,143 |
| Finance cost paid | | (592,026) | (670,196) |
| Income tax paid | | (360,512) | (493,685) |
| Net exchange difference on forward exchange contracts (paid) / received | | (4,313) | 20,979 |
| Net increase in long term loans | | (119,195) | (12,343) |
| Net (increase) / decrease in long term deposits | | (15,936) | 10,837 |
| Net cash generated from operating activities | | 3,016,784 | 1,425,735 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Capital expenditure on property, plant and equipment | | (1,152,064) | (1,966,068) |
| Proceeds from sale of property, plant and equipment | | 40,420 | 51,659 |
| Investments made | | (211,328) | (582,000) |
| Loans and advances to subsidiary companies | | (27,367,493) | (25,265,347) |
| Repayment of loans from subsidiary companies | | 23,465,099 | 21,906,688 |
| Interest received | | 134,630 | 131,226 |
| Dividends received | | 767,788 | 950,088 |
| Net cash used in investing activities | | (4,322,948) | (4,773,754) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from long term financing | | 1,814,108 | 1,212,929 |
| Repayment of long term financing | | (29,907) | (819,309) |
| Short term borrowings - net | | 957,233 | 3,880,344 |
| Dividend paid | | (1,398,831) | (1,405,691) |
| Net cash from financing activities | | 1,342,603 | 2,868,273 |
| Net increase / (decrease) in cash and cash equivalents | | 36,439 | (479,746) |
| Cash and cash equivalents at the beginning of the period | | 128,241 | 576,625 |
| Cash and cash equivalents at the end of the period | | 164,680 | 96,879 |

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 2020 (Un-audited)

1 THE COMPANY AND ITS OPERATIONS

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

2 BASIS OF PREPARATION

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

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

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

2.2 These unconsolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2020. These unconsolidated condensed interim financial statements are un-audited, 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 2020.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

During preparation of these unconsolidated condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2020.

| | Un-audited 31 December 2020 (Rupees in thousand) | Audited 30 June 2020 |
|--|---|----------------------------|
| Note | | |
| 5 LONG TERM FINANCING - SECURED | | |
| Opening balance | 9,925,813 | 7,044,397 |
| Add: Obtained during the period / year | 1,814,108 | 4,245,115 |
| Add: Adjustment due to impact of IFRS-9 during the period / year | 41,010 | - |
| | 11,780,931 | 11,289,512 |
| Less: Repaid during the period / year | (29,907) | (1,363,699) |
| Less: Deferred income - Government grant 5.1 | (167,469) | - |
| | 11,583,555 | 9,925,813 |
| Less: Current portion shown under current liabilities | (2,457,658) | (703,032) |
| | 9,125,897 | 9,222,781 |

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

6 CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i) Guarantees of Rupees 3,091.602 million (30 June 2020: Rupees 2,941.607 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited and Pakistan State Oil Limited against purchase of furnace oil, Director Excise and Taxation, Karachi against infrastructure cess, Chairman Punjab Revenue Authority, Lahore against infrastructure cess, Directorate of Cotton Cess Management against cotton cess, Collector of Customs against regulatory duty, Model Customs Collectorate Lahore against imported coal, State Bank of Pakistan against mark-up subsidy, Inspector General Frontier Corps KP (South) and The President of Islamic Republic of Pakistan through the Controller of Military Accounts (Defence Purchase) against fulfillment of sales orders, High Court of Sindh, Karachi against the matter of importation of LED lights and to the bank of Hyundai Nishat Motor (Private) Limited (associated company) to secure financial assistance to the associated company. Further, the Company has issued cross corporate guarantees of Rupees 1,173.333 million (30 June 2020: Rupees 266.667 million) and Rupees 41.60 million (30 June 2020: Rupees 16.2 million) on behalf of Nishat Linen (Private) Limited - wholly owned subsidiary company and Nishat Hospitality (Private) Limited - wholly owned subsidiary company

Selected Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended 31 December 2020 (Un-audited)

respectively to secure the obligations of subsidiary companies towards their lenders.

- ii) Post dated cheques of Rupees 9,608.313 million (30 June 2020: Rupees 8,223.314 million) are issued to customs authorities in respect of duties on imported items availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.

b) Commitments

- i) Contracts for capital expenditure are approximately of Rupees 5,908.820 million (30 June 2020: Rupees 297.715 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 2,524.010 million (30 June 2020: Rupees 2,146.440 million).
- iii) Outstanding foreign currency forward contracts of Rupees 4,237.510 million (30 June 2020: Rupees 389.348 million).

7 PROPERTY, PLANT AND EQUIPMENT

| | Note | Un-audited 31 December 2020 (Rupees in thousand) | Audited 30 June 2020 |
|---|-------|---|----------------------------|
| Operating fixed assets - owned | 7.1 | 29,799,736 | 28,834,861 |
| Capital work-in-progress | 7.2 | 1,254,708 | 2,457,861 |
| | | 31,054,444 | 31,292,722 |
| 7.1 Operating fixed assets - Owned | | | |
| Opening book value | | 28,834,861 | 28,450,899 |
| Add: Cost of additions during the period / year | 7.1.1 | 2,365,331 | 3,209,005 |
| | | 31,200,192 | 31,659,904 |
| Less: Book value of assets transferred to investment properties | | (9,261) | - |
| Less: Book value of deletions during the period / year | 7.1.2 | (29,651) | (73,736) |
| | | 31,161,280 | 31,586,168 |
| Less: Depreciation charged during the period / year | | (1,361,544) | (2,751,307) |
| | | 29,799,736 | 28,834,861 |

| | Un-audited 31 December 2020 (Rupees in thousand) | Audited 30 June 2020 |
|---|---|----------------------------|
| 7.1.1 Cost of additions | | |
| Freehold land | 5,867 | 26,823 |
| Buildings on freehold land | 390,448 | 393,818 |
| Plant and machinery | 1,840,329 | 2,582,793 |
| Electric installations | 21,963 | 10,379 |
| Factory equipment | 7,211 | 5,686 |
| Furniture, fixtures and office equipment | 13,027 | 18,699 |
| Computer equipment | 9,187 | 24,577 |
| Vehicles | 77,299 | 146,230 |
| | 2,365,331 | 3,209,005 |
| 7.1.2 Book value of deletions | | |
| Buildings on freehold land | - | 998 |
| Plant and machinery | 16,579 | 43,446 |
| Electric installations | - | 574 |
| Furniture, fixtures and office equipment | - | 147 |
| Computer equipment | 176 | 708 |
| Vehicles | 12,896 | 27,863 |
| | 29,651 | 73,736 |
| 7.2 Capital work-in-progress | | |
| Buildings on freehold land | 335,507 | 295,961 |
| Plant and machinery | 839,612 | 2,026,844 |
| Electric installations | 909 | - |
| Unallocated expenses | - | 97,296 |
| Letters of credit against machinery | 6,637 | 8 |
| Advances against purchase of land | 26,493 | 29,447 |
| Advances against furniture, fixtures and office equipment | 13,631 | 2,046 |
| Advances against purchase of vehicles | 31,919 | 6,259 |
| | 1,254,708 | 2,457,861 |

Selected Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended 31 December 2020 (Un-audited)

| | Half year ended | | Quarter ended | |
|--|----------------------|---------------------|---------------------|---------------------|
| | 31 December 2020 | 31 December 2019 | 31 December 2020 | 31 December 2019 |
| (Rupees in thousand) | | | | |
| 8 COST OF SALES | | | | |
| Raw materials consumed | 15,698,888 | 17,219,045 | 8,477,302 | 9,103,169 |
| Processing charges | 177,979 | 179,501 | 91,716 | 108,152 |
| Salaries, wages and other benefits | 3,411,879 | 3,306,159 | 1,753,432 | 1,631,877 |
| Stores, spare parts and loose tools consumed | 3,441,818 | 3,753,891 | 1,919,694 | 2,026,969 |
| Packing materials consumed | 824,760 | 701,493 | 437,791 | 374,869 |
| Repair and maintenance | 211,930 | 197,094 | 112,095 | 100,107 |
| Fuel and power | 3,003,303 | 3,457,683 | 1,521,151 | 1,753,661 |
| Insurance | 21,530 | 24,499 | 10,977 | 12,196 |
| Other factory overheads | 250,831 | 321,351 | 131,694 | 164,934 |
| Depreciation | 1,313,033 | 1,296,324 | 660,494 | 652,982 |
| | 28,355,951 | 30,457,040 | 15,116,346 | 15,928,916 |
| Work-in-process | | | | |
| Opening stock | 2,032,268 | 2,015,512 | 2,163,479 | 2,129,956 |
| Closing stock | (2,283,358) | (2,182,193) | (2,283,358) | (2,182,193) |
| | (251,090) | (166,681) | (119,879) | (52,237) |
| Cost of goods manufactured | 28,104,861 | 30,290,359 | 14,996,467 | 15,876,679 |
| Finished goods | | | | |
| Opening stock | 5,899,507 | 3,857,431 | 4,854,697 | 4,495,263 |
| Closing stock | (4,643,773) | (5,312,210) | (4,643,773) | (5,312,210) |
| | 1,255,734 | (1,454,779) | 210,924 | (816,947) |
| | 29,360,595 | 28,835,580 | 15,207,391 | 15,059,732 |
| | | | | |
| Half year ended | | | | |
| 31 December 2020 31 December 2019 | | | | |
| 9 EARNINGS PER SHARE - BASIC AND DILUTED | | | | |
| There is no dilutive effect on the basic earnings per share which is based on: | | | | |
| Profit attributable to ordinary shareholders | (Rupees in thousand) | | 1,773,515 | 1,891,326 |
| Weighted average number of ordinary shares | (Numbers) | | 351,599,848 | 351,599,848 |
| Earnings per share | (Rupees) | | 5.04 | 5.38 |

| | | Half year ended | |
|--|------|----------------------|---------------------|
| | | 31 December 2020 | 31 December 2019 |
| | Note | (Rupees in thousand) | |
| 10 CASH GENERATED FROM OPERATIONS | | | |
| Profit before taxation | | 2,192,515 | 2,418,326 |
| Adjustments for non-cash charges and other items: | | | |
| Depreciation | | 1,353,832 | 1,345,889 |
| Gain on sale of property, plant and equipment | | (10,769) | (7,803) |
| Dividend income | | (767,788) | (950,088) |
| Allowance for expected credit losses | | (1,282) | 227 |
| Impact of de-recognition of financial instrument carried at amortized cost | | - | 31,858 |
| Net exchange loss | | 74,703 | 54,085 |
| Interest income on loans and advances to subsidiary companies | | (138,209) | (141,314) |
| Interest income on sales tax refund bonds | | - | (27,752) |
| Finance cost | | 609,045 | 647,711 |
| Reversal of provision for slow moving, obsolete and damaged store items | | (13) | - |
| Gain on remeasurement of deferred liability | | (110,431) | - |
| Working capital changes | 10.1 | 907,163 | (800,996) |
| | | 4,108,766 | 2,570,143 |
| 10.1 Working capital changes | | | |
| (Increase) / decrease in current assets: | | | |
| - Stores, spare parts and loose tools | | (557,498) | 151,795 |
| - Stock in trade | | 3,351,013 | (498,647) |
| - Trade debts | | (2,045,604) | (79,535) |
| - Loans and advances | | (53,015) | 94,791 |
| - Short term deposits and prepayments | | 25,003 | 20,485 |
| - Other receivables | | 333,680 | (807,317) |
| | | 1,053,579 | (1,118,428) |
| (Decrease) / Increase in trade and other payables | | (146,416) | 317,432 |
| | | 907,163 | (800,996) |

Selected Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended 31 December 2020 (Un-audited)

11 SEGMENT INFORMATION

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

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

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

11.3 Reconciliation of reportable segment assets and liabilities

* Figures of these segments include extension / BMR.

Selected Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended 31 December 2020 (Un-audited)

12 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

i) Fair value hierarchy

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

| Recurring fair value measurements At 31 December 2020 - Un-audited | Level 1 | Level 2 | Level 3 | Total |
|---|------------|---------|-----------|------------|
| (Rupees in thousand) | | | | |
| Financial assets | | | | |
| Fair value through other comprehensive income | 36,939,166 | - | 4,122,655 | 41,061,821 |
| Derivative financial assets | - | 36,407 | - | 36,407 |
| Total financial assets | 36,939,166 | 36,407 | 4,122,655 | 41,098,228 |
| Financial liabilities | | | | |
| Derivative financial liabilities | - | 42,820 | - | 42,820 |
| Total financial liabilities | - | 42,820 | - | 42,820 |

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

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

There were no transfers between levels 1 and 2 for recurring fair value measurements during the half year ended 31 December 2020. Further there was no transfer out of level 3 measurements.

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

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

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

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

ii) Valuation techniques used to determine fair values

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

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

The following table presents the changes in level 3 items for the year ended 30 June 2020 and for the period ended 31 December 2020:

| | | Unlisted equity securities (Rupees in thousand) |
|---|--|--|
| Balance as on 30 June 2019 - Audited | | 3,004,950 |
| Add: Surplus recognized in other comprehensive income | | - |
| Balance as on 31 December 2019 - Unaudited | | 3,004,950 |
| Add: Investment made during the period | | 403,300 |
| Add: Surplus recognized in other comprehensive income | | 401,068 |
| Balance as on 30 June 2020 - Audited | | 3,809,318 |
| Add: Investment made during the period | | 211,328 |
| Add: Surplus recognized in other comprehensive income | | 102,009 |
| Balance as on 31 December 2020 - Unaudited | | 4,122,655 |

iv) Valuation inputs and relationships to fair value

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

| Description | Fair value at | | Unobservable inputs | Range of inputs (probability-weighted average) | Relationship of unobservable inputs to fair value |
|-------------|----------------------|--------------|---------------------|--|---|
| | 31 December 2020 | 30 June 2020 | | 31 December 2020 | |
| | (Rupees in thousand) | | | | |

Fair value through other comprehensive income

| | | | | | |
|--|-----------|-----------|-----------------------------|--------|--|
| Nishat Paper Products Company Limited | 549,483 | 549,483 | Terminal growth factor | 2.00% | Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +165.089 million / - 120.647 million. |
| | | | Risk adjusted discount rate | 14.25% | |
| Nishat Dairy (Private) Limited | 375,600 | 375,600 | Terminal growth factor | 2.00% | Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees + 55.800 million / - 40.800 million. |
| | | | Risk adjusted discount rate | 14.43% | |
| Security General Insurance Company Limited | 590,975 | 590,975 | Terminal growth factor | 2.00% | Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +108.296 million / - 77.208 million. |
| | | | Risk adjusted discount rate | 13.37% | |
| Nishat Hotels and Properties Limited | 1,088,137 | 1,032,620 | Terminal growth factor | 2.00% | Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees + 595.144 million / - 336.804 million. |
| | | | Risk adjusted discount rate | 9.01% | |
| Hyundai Nishat Motor (Private) Limited | 1,352,160 | 1,094,340 | Terminal growth factor | 2.00% | Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees + 421.165 million / - 309.224 million. |
| | | | Risk adjusted discount rate | 14.87% | |

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

Selected Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended 31 December 2020 (Un-audited)

13 TRANSACTIONS WITH RELATED PARTIES

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

i) Transactions

| | Half year ended | | Quarter ended | |
|---|----------------------|-------------|---------------|-------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2020 | 2019 | 2020 | 2019 |
| | (Rupees in thousand) | | | |
| Subsidiary companies | | | | |
| Dividend income | 231,991 | - | 51,358 | - |
| Investment made | - | 405,000 | - | 175,000 |
| Short term loans made | 27,367,493 | 25,265,347 | 17,748,227 | 16,616,828 |
| Repayment of short term loans made | 23,465,099 | 21,906,688 | 13,080,451 | 13,107,037 |
| Interest income | 138,209 | 141,314 | 78,574 | 74,486 |
| Rental income | 37,714 | 29,729 | 19,024 | 15,155 |
| Sale of goods and services | 4,386,335 | 3,884,217 | 2,141,895 | 2,135,154 |
| Purchase of goods and services | 300,622 | 200,603 | 191,194 | 143,417 |
| Associated companies | | | | |
| Investment made | 211,328 | 177,000 | 90,442 | 177,000 |
| Purchase of goods and services | 21,044 | 18,915 | 10,000 | 12,568 |
| Sale of goods and services | 23,913 | 8,761 | 5,692 | 4,805 |
| Purchase of operating fixed assets | 12,129 | - | 6,517 | - |
| Sale of operating fixed assets | - | 819 | - | - |
| Rental income | 2,687 | 628 | 1,531 | 314 |
| Dividend income | 502,508 | 867,365 | 212,046 | 489,738 |
| Dividend paid | 122,105 | 121,487 | 122,105 | 121,487 |
| Insurance premium paid | 82,662 | 89,337 | 32,046 | 51,746 |
| Insurance claims received | 35,872 | 27,129 | 24,918 | 15,310 |
| Interest income | 2,131 | - | 1,270 | - |
| Finance cost | 4,332 | 6,950 | 2,486 | 3,514 |
| Other related parties | | | | |
| Dividend income | 32,689 | 81,723 | 32,689 | 81,723 |
| Purchase of goods and services | 1,268,531 | 1,434,560 | 479,864 | 817,941 |
| Sale of goods and services | 90,435 | 148,128 | 74,036 | 43,759 |
| Company's contribution to provident fund trust | 124,931 | 122,267 | 61,864 | 62,417 |
| Remuneration paid to Chief Executive Officer, Director and Executives | 528,380 | 476,048 | 248,907 | 230,154 |

ii) Period end balances

| | As at 31 December 2020 | | | |
|-------------------------------|------------------------|------------|---------------|------------|
| | Subsidiary | Associated | Other related | Total |
| | companies | companies | parties | |
| | (Rupees in thousand) | | | |
| Trade and other payables | 67,916 | 35,147 | 22,303 | 125,366 |
| Accrued markup | - | 2,391 | - | 2,391 |
| Short term borrowings | - | 157,420 | - | 157,420 |
| Property, plant and equipment | - | 1,500 | - | 1,500 |
| Long term loans | - | - | 243,476 | 243,476 |
| Trade debts | 400,145 | 1,915 | - | 402,060 |
| Loans and advances | 12,455,941 | - | 75,112 | 12,531,053 |
| Accrued interest | 40,238 | - | - | 40,238 |
| Cash and bank balances | - | 92,921 | 132 | 93,053 |

| | As at 30 June 2020 (Audited) | | | |
|--------------------------|------------------------------|------------|---------------|-----------|
| | Subsidiary | Associated | Other related | Total |
| | companies | companies | parties | |
| | (Rupees in thousand) | | | |
| Trade and other payables | 106,865 | 50,315 | 173,798 | 330,978 |
| Accrued markup | - | 2,803 | - | 2,803 |
| Short term borrowings | - | 76,206 | - | 76,206 |
| Long term loans | - | - | 166,802 | 166,802 |
| Trade debts | 552,119 | 2,147 | - | 554,266 |
| Loans and advances | 8,553,542 | - | 59,934 | 8,613,476 |
| Accrued interest | 36,659 | - | - | 36,659 |
| Cash and bank balances | - | 3,649 | 74 | 3,723 |

14 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2020.

15 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were approved by the Board of Directors and authorized for issue on 25 February 2021.

Selected Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended 31 December 2020 (Un-audited)

16 DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

| | Un-audited 31 December 2020 (Rupees in thousand) | Audited 30 June 2020 (Rupees in thousand) |
|---|---|--|
| Description | | |
| Loan / advances obtained as per Islamic mode: | | |
| Loans | 9,844,973 | 4,754,667 |
| Advances | 770,994 | 956,879 |
| Shariah compliant bank deposits / bank balances | | |
| Bank balances | 2,943 | 4,336 |
| | Half year ended | Half year ended |
| | 31 December | 31 December |
| | 2020 | 2019 |
| | (Rupees in thousand) | (Rupees in thousand) |
| Profit earned from shariah compliant bank deposits / bank balances | | |
| Profit on deposits with banks | - | - |
| Revenue earned from shariah compliant business | 33,135,777 | 32,867,687 |
| Gain or dividend earned from shariah complaint investments | | |
| Dividend income | 600 | 138,574 |
| Unrealized gain on remeasurement of investment at FVTOCI | 4,026,175 | 2,449,260 |
| Exchange loss earned | (89,750) | (183,643) |
| Mark-up paid on Islamic mode of financing | 93,721 | 265,825 |
| Profits earned or interest paid on any conventional loan / advance | | |
| Profit earned on loans to subsidiary companies | 138,209 | 141,313 |
| Interest paid on loans | 367,790 | 247,264 |
| Profit earned on deposits with banks | 75,549 | 97,112 |
| Relationship with shariah compliant banks | | |
| Name | Relationship | |
| Habib Bank Limited | Bank balance and long term financing | |
| Standard Chartered Bank (Pakistan) Limited | Bank balance, short term borrowings and long term financing | |
| Al-Baraka Bank (Pakistan) Limited | Bank balance | |
| Bank Islami Pakistan Limited | Bank balance and short term borrowings | |
| Meezan Bank Limited | Bank balance, short term borrowings and long term financing | |
| Dubai Islamic Bank Pakistan Limited | Bank balance long term financing | |
| MCB Islamic Bank Limited | Bank balance | |
| Faysal Bank Limited (Barkat Islami) | Short term borrowings | |
| The Bank of Punjab (Taqwa Islamic Banking) | Short term borrowings | |

17 CORRESPONDING FIGURES

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

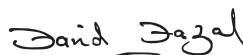
Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made.

18 GENERAL

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

A hand holding a red pen is writing on a notepad. In the foreground, a calculator is visible with fingers resting on the keys. The background is a blurred desk with a white cup.

Consolidated Condensed Interim
Financial Statements of

**Nishat Mills Limited
and its Subsidiaries**

For the half year ended 31 December 2020

Consolidated Condensed Interim Statement of Financial Position

As at 31 December 2020


| | Note | Un-audited 31 December 2020 (Rupees in thousand) | Audited 30 June 2020 |
|--|------|---|----------------------------|
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorized share capital | | | |
| 1,100,000,000 (30 June 2020: 1,100,000,000) ordinary shares of Rupees 10 each | | 11,000,000 | 11,000,000 |
| Issued, subscribed and paid-up share capital | | | |
| 351,599,848 (30 June 2020: 351,599,848) ordinary shares of Rupees 10 each | | 3,515,999 | 3,515,999 |
| Reserves | | 97,994,545 | 92,836,718 |
| Equity attributable to equity holders of the Holding Company | | 101,510,544 | 96,352,717 |
| Non-controlling interest | | 12,154,207 | 11,606,574 |
| Total equity | | 113,664,751 | 107,959,291 |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| Long term financing - secured | 6 | 9,379,112 | 9,372,451 |
| Lease liabilities | | 1,610,263 | 1,765,873 |
| Long term security deposits | | 244,310 | 271,133 |
| Retirement benefit obligation | | 21,061 | 19,466 |
| Deferred liability - accumulating compensated absences | | 765 | 1,540 |
| Deferred liabilities | | 2,559,089 | 1,973,011 |
| | | 13,814,600 | 13,403,474 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 10,161,339 | 11,184,265 |
| Accrued mark-up | | 294,390 | 395,513 |
| Short term borrowings | | 24,465,970 | 24,080,517 |
| Current portion of non-current liabilities | | 4,331,737 | 1,263,901 |
| Unclaimed dividend | | 116,145 | 111,267 |
| | | 39,369,581 | 37,035,463 |
| TOTAL LIABILITIES | | 53,184,181 | 50,438,937 |
| CONTINGENCIES AND COMMITMENTS | 7 | | |
| TOTAL EQUITY AND LIABILITIES | | 166,848,932 | 158,398,228 |

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



CHIEF EXECUTIVE OFFICER

| | Note | Un-audited 31 December 2020 (Rupees in thousand) | Audited 30 June 2020 |
|-------------------------------------|------|---|----------------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 8 | 43,094,762 | 43,724,143 |
| Intangible assets | | 503 | 1,259 |
| Right-of-use assets | | 1,898,109 | 2,030,736 |
| Long term investments | | 54,594,341 | 50,115,435 |
| Long term loans | | 465,918 | 361,635 |
| Long term deposits | | 241,963 | 225,882 |
| | | 100,295,596 | 96,459,090 |
| CURRENT ASSETS | | | |
| Stores, spare parts and loose tools | | 3,512,859 | 2,979,540 |
| Stock-in-trade | | 30,550,345 | 28,367,135 |
| Trade debts | | 25,757,916 | 23,604,593 |
| Loans and advances | | 1,196,559 | 1,372,497 |
| Short term deposits and prepayments | | 270,597 | 184,401 |
| Other receivables | | 4,334,550 | 4,652,267 |
| Accrued interest | | 2,473 | 2,301 |
| Short term investment | | 18,697 | 17,677 |
| Cash and bank balances | | 909,340 | 758,727 |
| | | 66,553,336 | 61,939,138 |
| TOTAL ASSETS | | 166,848,932 | 158,398,228 |


DIRECTOR


CHIEF FINANCIAL OFFICER

Consolidated Condensed Interim Statement of Profit or Loss

For the half year ended 31 December 2020 (Un-audited)

| | Note | Half year ended | | Quarter ended | |
|--|------|----------------------|---------------------|---------------------|---------------------|
| | | 31 December 2020 | 31 December 2019 | 31 December 2020 | 31 December 2019 |
| | | (Rupees in thousand) | | | |
| REVENUE | | 50,045,866 | 49,919,501 | 24,490,919 | 24,442,115 |
| COST OF SALES | 9 | (41,810,326) | (40,121,114) | (20,264,090) | (19,805,014) |
| GROSS PROFIT | | 8,235,540 | 9,798,387 | 4,226,829 | 4,637,101 |
| DISTRIBUTION COST | | (3,174,360) | (3,218,096) | (1,727,888) | (1,669,975) |
| ADMINISTRATIVE EXPENSES | | (1,055,235) | (1,051,218) | (532,464) | (548,594) |
| OTHER EXPENSES | | (197,025) | (278,086) | (115,261) | (40,431) |
| | | (4,426,620) | (4,547,400) | (2,375,613) | (2,259,000) |
| | | 3,808,920 | 5,250,987 | 1,851,216 | 2,378,101 |
| OTHER INCOME | | 523,002 | 1,122,438 | 365,604 | 601,071 |
| PROFIT FROM OPERATIONS | | 4,331,922 | 6,373,425 | 2,216,820 | 2,979,172 |
| FINANCE COST | | (973,422) | (1,344,488) | (487,956) | (670,848) |
| | | 3,358,500 | 5,028,937 | 1,728,864 | 2,308,324 |
| SHARE OF PROFIT FROM ASSOCIATES | | 1,295,185 | 428,261 | 939,283 | 546,708 |
| PROFIT BEFORE TAXATION | | 4,653,685 | 5,457,198 | 2,668,147 | 2,855,032 |
| TAXATION | | (788,766) | (706,468) | (494,299) | (401,942) |
| PROFIT AFTER TAXATION | | 3,864,919 | 4,750,730 | 2,173,848 | 2,453,090 |
| SHARE OF PROFIT ATTRIBUTABLE TO: | | | | | |
| EQUITY HOLDERS OF HOLDING COMPANY | | 3,143,830 | 3,527,638 | 1,906,434 | 1,885,484 |
| NON-CONTROLLING INTEREST | | 721,089 | 1,223,092 | 267,414 | 567,606 |
| | | 3,864,919 | 4,750,730 | 2,173,848 | 2,453,090 |
| EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES) | 10 | 8.94 | 10.03 | 5.42 | 5.36 |

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 2020 (Un-audited)

| | Half year ended | | Quarter ended | |
|--|----------------------|---------------------|---------------------|---------------------|
| | 31 December 2020 | 31 December 2019 | 31 December 2020 | 31 December 2019 |
| | (Rupees in thousand) | | | |
| PROFIT AFTER TAXATION | 3,864,919 | 4,750,730 | 2,173,848 | 2,453,090 |
| OTHER COMPREHENSIVE INCOME | | | | |
| Items that will not be reclassified to profit or loss: | | | | |
| Remeasurement of retirement benefits - net of tax | 1,792 | - | 1,792 | - |
| Surplus arising on remeasurement of investments at fair value through other comprehensive income | 2,363,150 | 2,945,605 | 1,096,482 | 3,431,701 |
| Share of other comprehensive income of associates | 1,084,265 | 1,191,546 | 398,833 | 1,506,872 |
| | 3,449,207 | 4,137,151 | 1,497,107 | 4,938,573 |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Exchange differences on translating foreign operations | (28,811) | (36,500) | (20,835) | (5,109) |
| Other comprehensive income for the period - net of tax | 3,420,396 | 4,100,651 | 1,476,272 | 4,933,464 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 7,285,315 | 8,851,381 | 3,650,120 | 7,386,554 |
| SHARE OF TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | |
| Equity holders of holding company | 6,564,226 | 7,628,289 | 3,382,706 | 6,818,948 |
| Non-controlling interest | 721,089 | 1,223,092 | 267,414 | 567,606 |
| | 7,285,315 | 8,851,381 | 3,650,120 | 7,386,554 |

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

| Attributable to Equity Holders of the Holding Company | | | | | | | | | | | | | | Non-controlling Interest | Total Equity |
|---|----------------------------------|---------------------------------------|------------------------------|-------------------|---------------------------------|---------------------|-------------|----------------|----------------------|-----------------|-----------------------|-------------|------------|--------------------------|--------------|
| Share Capital | Premium on Issue of Right Shares | Capital Reserves | | | Revenue Reserves | | | Total Reserves | Shareholders' Equity | | | | | | |
| | | Fair Value Reserve FY2020 Investments | Exchange Translation Reserve | Statutory Reserve | Capital Redemption Reserve Fund | Maintenance Reserve | Sub Total | | | General Reserve | Unappropriated Profit | Sub Total | | | |
| (Rupees in thousand) | | | | | | | | | | | | | | | |
| 3,515,999 | 5,499,330 | 9,727,048 | 219,168 | 835 | 111,002 | 1,608,668 | 17,166,251 | 64,764,214 | 7,815,002 | 72,579,216 | 89,745,467 | 99,251,466 | 9,961,028 | 102,622,494 | |
| Balance as at 30 June 2019 - (Audited) | | | | | | | | | | | | | | | |
| Transaction with owners - Final dividend for the year ended 30 June 2019 @ Rupees 4.00 per share transferred to general reserve | | | | | | | | | | | | | | | |
| - | - | - | - | - | - | - | - | - | (1,406,399) | (1,406,399) | (1,406,399) | (1,406,399) | - | (1,406,399) | |
| - | - | - | - | - | - | - | - | - | 3,527,638 | 3,527,638 | 3,527,638 | 3,527,638 | 1,223,082 | 4,750,730 | |
| - | - | 4,137,151 | (36,500) | - | - | - | 4,100,651 | - | 4,100,651 | 4,100,651 | 4,100,651 | - | 4,100,651 | 4,100,651 | |
| - | - | 4,137,151 | (36,500) | - | - | - | 4,100,651 | - | 3,527,638 | 3,527,638 | 7,628,289 | 7,628,289 | 1,223,082 | 8,851,381 | |
| 3,515,999 | 5,499,330 | 13,864,199 | 182,668 | 835 | 111,002 | 1,608,668 | 21,266,902 | 71,163,214 | 3,537,241 | 74,700,455 | 95,967,357 | 99,468,356 | 10,984,120 | 110,067,476 | |
| Balance as at 31 December 2019 - (Un-Audited) | | | | | | | | | | | | | | | |
| Transaction with owners - Dividend relating to year 2019 paid to non-controlling interest | | | | | | | | | | | | | | | |
| - | - | - | - | - | - | - | - | - | - | - | - | - | (173,456) | (173,456) | |
| - | - | - | - | - | - | - | - | - | 2,825,115 | 2,825,115 | 2,825,115 | 2,825,115 | 1,195,910 | 4,021,025 | |
| - | - | (5,933,535) | 41,991 | - | - | - | (5,891,544) | - | 2,140 | 5,889,404 | (5,889,404) | (5,889,404) | - | (5,889,404) | |
| - | - | (5,933,535) | 41,991 | - | - | - | (5,891,544) | - | 2,827,255 | 2,827,255 | (3,064,289) | (3,064,289) | 1,195,910 | (1,868,379) | |
| - | - | - | - | - | - | - | - | - | (66,350) | (66,350) | (66,350) | (66,350) | - | (66,350) | |
| 3,515,999 | 5,499,330 | 7,930,664 | 224,659 | 835 | 111,002 | 1,608,668 | 15,375,338 | 71,163,214 | 6,298,146 | 77,461,380 | 92,836,718 | 96,332,717 | 11,606,574 | 107,959,291 | |
| Balance as at 30 June 2020 - (Audited) | | | | | | | | | | | | | | | |
| Transaction with owners - Final dividend for the year ended 30 June 2020 @ Rupees 4.00 per share transferred to general reserve | | | | | | | | | | | | | | | |
| - | - | - | - | - | - | - | - | - | (1,406,399) | (1,406,399) | (1,406,399) | (1,406,399) | - | (1,406,399) | |
| - | - | - | - | - | - | - | - | - | - | - | - | - | (173,456) | (173,456) | |
| - | - | 3,447,415 | (28,811) | - | - | - | 3,418,604 | - | 1,792 | 3,420,396 | 3,420,396 | 3,420,396 | 721,089 | 3,864,919 | |
| - | - | 3,447,415 | (28,811) | - | - | - | 3,418,604 | - | 3,145,622 | 3,145,622 | 6,564,226 | 6,564,226 | 721,089 | 7,285,315 | |
| 3,515,999 | 5,499,330 | 11,379,079 | 195,848 | 835 | 111,002 | 1,608,668 | 18,793,962 | 76,053,214 | 3,147,369 | 79,200,583 | 97,994,942 | 101,510,544 | 12,154,207 | 113,664,751 | |
| Balance as at 31 December 2020 - (Un-audited) | | | | | | | | | | | | | | | |

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

Uma Marsh

CHIEF EXECUTIVE OFFICER

Paul
Denzel

DIRECTOR



CHIEF FINANCIAL OFFICER

Consolidated Condensed Interim Statement of Cash Flows


For the half year ended 31 December 2020 (Un-audited)

| | | Half year ended | |
|--|------|----------------------|---------------------|
| | | 31 December 2020 | 31 December 2019 |
| | Note | (Rupees in thousand) | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations | 11 | 1,883,647 | 1,663,393 |
| Finance cost paid | | (1,037,935) | (1,283,372) |
| Income tax paid | | (521,437) | (681,496) |
| Long term security deposits (paid) / received | | (26,823) | 16,330 |
| Net exchange difference on forward exchange contracts (paid) / received | | (4,313) | 20,979 |
| Net increase / (decrease) in retirement benefit obligation | | 820 | (1,390) |
| Net increase in long term loans | | (127,047) | (21,168) |
| Net increase in long term deposits | | (16,081) | (13,676) |
| Net cash generated from / (used in) operating activities | | 150,831 | (300,400) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Capital expenditure on property, plant and equipment | | (1,298,689) | (2,400,436) |
| Proceeds from sale of property, plant and equipment | | 228,915 | 53,647 |
| Dividends received | | 535,797 | 950,088 |
| Interest received | | 83,827 | 103,945 |
| Proceeds from sale of investments | | 17,990 | - |
| Investments made | | (229,672) | (186,500) |
| Net cash used in investing activities | | (661,832) | (1,479,256) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from long term financing | | 2,136,930 | 1,214,740 |
| Repayment of long term financing | | (45,418) | (1,967,603) |
| Repayment of lease liabilities | | (211,513) | - |
| Exchange differences on translation of net investments in foreign subsidiaries | | (28,811) | (36,500) |
| Short term borrowings - net | | 385,453 | 3,612,054 |
| Dividend paid | | (1,575,027) | (1,408,722) |
| Net cash from financing activities | | 661,614 | 1,413,969 |
| Net increase / (decrease) in cash and cash equivalents | | 150,613 | (365,687) |
| Cash and cash equivalents at the beginning of the period | | 758,727 | 1,220,422 |
| Cash and cash equivalents at the end of the period | | 909,340 | 854,735 |

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

Selected Notes to the Consolidated Condensed Interim Financial Statements

For the half year ended 31 December 2020 (Un-audited)

1 THE GROUP AND ITS OPERATIONS

The Group consists of:

Holding Company

-Nishat Mills Limited

Subsidiary Companies

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

NISHAT MILLS LIMITED

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

NISHAT POWER LIMITED

Nishat Power Limited is a public limited Company incorporated in Pakistan under the Companies Ordinance, 1984 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. The Company is a subsidiary of Nishat Mills Limited. The principal activity of the Company is to build, own, operate and maintain a fuel fired power station having gross capacity of 200 MW ISO in Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan. Its registered office is situated at 53-A, Lawrence Road, Lahore. Ownership interest held by non-controlling interests in Nishat Power Limited is 48.99% (30 June 2020: 48.99%).

NISHAT LINEN (PRIVATE) LIMITED

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

NISHAT HOSPITALITY (PRIVATE) LIMITED

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

houses, bakers and confectioners in Pakistan and outside Pakistan.

NISHAT USA, INC.

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

NISHAT LINEN TRADING LLC

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

NISHAT INTERNATIONAL FZE

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

NISHAT GLOBAL CHINA COMPANY LIMITED

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

NISHAT COMMODITIES (PRIVATE) LIMITED

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

LALPIR SOLAR POWER (PRIVATE) LIMITED

Lalpir Solar Power (Private) Limited is a private limited Company incorporated in Pakistan on 19 November 2015 under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017). It is a wholly owned subsidiary of Nishat Power Limited which is a subsidiary of Nishat Mills Limited. Its registered office is situated at 53-A, Lawrence Road, Lahore. The principal activity of the Company is

Selected Notes to the Consolidated Condensed Interim Financial Statements

For the half year ended 31 December 2020 (Un-audited)

to build, own, operate and maintain or invest in a solar PV power project having gross capacity upto 20 MWp. The Company achieved various milestones like approval of feasibility study, No Objection Certificate (NOC) from Environmental Protection Agency (EPA), approval of Grid Interconnection Study (GIS) from Multan Electric Power Company Limited (MEPCO) and from National Transmission and Despatch Company Limited (NTDCL). Further, consent for purchasing power from the project have also been provided by MEPCO. Generation Licence No. SPGL/26/2018 has been granted by National Electric Power Regulatory Authority (NEPRA) to the Company for its 11.120 MW Solar PV Power Project located at Mauza Verar, Sipra Mehmood Kot, District Muzaffargarh, in the province of Punjab, pursuant to Section 14(B) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 / Amendment Act, 2018. The upfront solar tariff announced by NEPRA expired on 30 June 2016.

The management of the Company continuously tried its best to get Power Acquisition Request and Consent to Procure Power from Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) so that development of the project can be moved forward. However, CPPA-G informed the Company that Ministry of Energy has conveyed the Cabinet Committee on Energy (CCOE) decision to CPPA-G and further sent a list of 145 projects as approved by the Cabinet for necessary action. The CPPA-G stated that power project of the Company is not included in the list of 145 projects, therefore, CPPA-G is of the view that request of the Company cannot be entertained. Furthermore, during the year Alternate Energy Development Board (AEDB) informed that Solar PV Power Project of the Company is placed under category III of the decision of the Cabinet Committee on Energy (CCoE). All category-III projects are allowed by the CCoE to proceed ahead subject to becoming successful in the competitive bidding process to be undertaken by AEDB, based on the quantum ascertained for each technology by Indicative Generation Capacity Expansion Plan (IGCEP) by NTDCL.

The management understands that to-date, no such competitive bidding process has been undertaken even the IGCEP has not been finalized to-date. The response of CPPA-G and AEDB have made the Solar PV Power Project of the Company more complicated. Hence, voluntary winding up of the Company under the Companies Act, 2017 is being considered. In view of the aforesaid reasons, the Company is not considered a going concern.

2 BASIS OF PREPARATION

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

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

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

- 2.2** These consolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Group for the year ended 30 June 2020. These consolidated condensed interim financial statements are un-audited and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Section 237 of the Companies Act, 2017.

3 ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these consolidated condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Group for the year ended 30 June 2020.

4 CONSOLIDATION

a) Subsidiaries

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

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

Intragroup balances and transactions have been eliminated.

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

b) Associates

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

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

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

Selected Notes to the Consolidated Condensed Interim Financial Statements

For the half year ended 31 December 2020 (Un-audited)

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

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

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

During preparation of these consolidated condensed interim financial statements, the significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2020.

| | Note | Un-audited 31 December 2020 (Rupees in thousand) | Audited 30 June 2020 |
|--|------|---|----------------------------|
| 6 LONG TERM FINANCING - SECURED | | | |
| Opening balance | | 10,136,154 | 10,086,021 |
| Add: Obtained during the period / year | | 2,137,061 | 4,454,967 |
| Add: Adjustment due to impact of IFRS-9 during the period / year | | 50,530 | - |
| | | 12,323,745 | 14,540,988 |
| Less: Repaid during the period / year | | (45,418) | (4,404,876) |
| Less: Deferred income - Government grant | 6.1 | (201,153) | - |
| (Less) / Add: Currency translation | | (131) | 42 |
| | | 12,077,043 | 10,136,154 |
| Less: Current portion shown under current liabilities | | (2,697,931) | (763,703) |
| | | 9,379,112 | 9,372,451 |

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

7 CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i) Guarantees of Rupees 3,091.602 million (30 June 2020: Rupees 2,941.607 million) are given by the banks of Nishat Mills Limited - Holding Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited and Pakistan State Oil Limited against purchase of furnace oil, Director Excise and Taxation, Karachi against infrastructure cess, Chairman Punjab Revenue Authority, Lahore against infrastructure cess, Directorate of Cotton Cess Management against cotton cess, Collector of Customs against regulatory duty, Model Customs Collectorate Lahore against imported coal, State Bank of Pakistan against mark-up subsidy, Inspector General Frontier Corps KP (South) and The President of Islamic Republic of Pakistan through the Controller of Military Accounts (Defence Purchase) against fulfillment of sales orders, High Court of Sindh, Karachi against the matter of importation of LED lights and to the bank of Hyundai Nishat Motor (Private) Limited (associated company) to secure financial assistance to the associated company. Further, the Holding Company has issued cross corporate guarantees of Rupees 1,173.333 million (30 June 2020: Rupees 266.667 million) and Rupees 41.60 million (30 June 2020: Rupees 16.2 million) on behalf of Nishat Linen (Private) Limited - wholly owned subsidiary company and Nishat Hospitality (Private) Limited - wholly owned subsidiary company respectively to secure the obligations of subsidiary companies towards their lenders.
- ii) Post dated cheques of Rupees 9,608.313 million (30 June 2020: Rupees 8,223.314 million) are issued by Nishat Mills Limited - Holding Company to customs authorities in respect of duties on imported items availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.
- iii) Holding Company's share in contingencies of associates accounted for under equity method is Rupees 3,871 million (30 June 2020: Rupees 5,203 million).
- iv) In financial year 2014, a sales tax demand of Rupees 1,218.132 million was raised against Nishat Power Limited - Subsidiary Company through order dated 11 December 2013, passed by the Assistant Commissioner Inland Revenue ('ACIR') disallowing input sales tax for the tax periods of July 2010 through June 2012. The disallowance was primarily made on the grounds that since revenue derived by the Subsidiary Company on account of 'capacity revenue' was not chargeable to sales tax, input sales tax claimed by the Subsidiary Company was required to be apportioned with only the input sales tax attributable to other revenue stream i.e. 'energy revenue' admissible to the Subsidiary Company. Upon appeal before Commissioner Inland Revenue (Appeals) ['CIR(A)'], such issue was decided in Subsidiary Company's favour, however, certain other issues agitated by the Subsidiary Company were not adjudicated. Both the Subsidiary Company and department have filed appeals against the order of CIR(A) before Appellate Tribunal Inland Revenue ('ATIR'), which have not been adjudicated.

Subsequently, the above explained issue was taken up by department for tax periods of July 2009 to June 2013 (involving input sales tax of Rupees 1,722.811 million), however, the Subsidiary Company assailed the underlying proceedings before Lahore High Court ('LHC') directly and in this respect, through order dated 31 October 2016, LHC accepted

Selected Notes to the Consolidated Condensed Interim Financial Statements

For the half year ended 31 December 2020 (Un-audited)

the Subsidiary Company's stance and annulled the proceedings. The department has challenged the decision of LHC before Supreme Court of Pakistan and has also preferred an Intra Court Appeal against such order which are pending adjudication.

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

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

- v) During the year 2019, the Commissioner Inland Revenue has raised a demand of Rupees 179.046 million against Nishat Power Limited - Subsidiary Company through his order dated April 16, 2019, mainly on account of input tax claimed on inadmissible expenses in sales tax return for the tax periods of July 2014 to June 2017 and sales tax default on account of suppression of sales related to tax period June 2016. The Subsidiary Company filed application for grant of stay before the ATIR against recovery of the aforesaid demand that was duly granted. Further, the Subsidiary Company has filed appeals before CIR(A) and ATIR against the order which is pending adjudication. Management has strong grounds to believe that the case will be decided in Subsidiary Company's favour. Therefore, no provision has been made on this account in these consolidated financial statements.
- vi) During the year 2019, National Electric Power Regulatory Authority (NEPRA) issued a show cause notice dated February 13, 2019, to Nishat Power Limited – Subsidiary Company along with other Independent Power Producers to provide rationale of abnormal profits earned since commercial operation date (COD) that eventually led to initiation of proceedings against the Subsidiary Company by NEPRA on March 18, 2019. The Subsidiary Company has challenged the authority of NEPRA to take suo moto action before the Islamabad High Court (IHC) wherein IHC has provided interim relief by suspending the suo moto proceedings. The case is currently pending adjudication before IHC. Management of the Subsidiary Company is confident that based on the facts and law, there will be no adverse implications for the Subsidiary Company.
- vii) On March 16, 2020, Government of Pakistan ('GoP') issued a report, through which, it was alleged that savings were made by the Independent Power Producers ('IPPs'), including Nishat Power Limited – Subsidiary Company, in the tariff components in violation of applicable GoP Policies, tariff determined by National Electric Power Regulatory Authority ('NEPRA') and the relevant Project Agreements. The Subsidiary Company rejected such claims, and discussions were made with the GoP to resolve the dispute.

Subsequent to period end, the Subsidiary Company and the Central Power Purchasing Agency (Guarantee) Limited (CPPA) have initialed a "Master Agreement" and a "PPA Amendment Agreement" wherein it has been agreed that the abovementioned dispute

will be resolved through arbitration under the Arbitration Submission Agreement between the Subsidiary Company and GoP. These agreements will be effective when signed by the Board of Directors of the Subsidiary Company and CPPA after all regulatory approvals have been obtained.

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

- viii)** The banks have issued the following on behalf of Nishat Power Limited - Subsidiary Company:
- a)** Letter of guarantee of Rupees 11.50 million (30 June 2020: Rupees 11.50 million) in favour of Director Excise and Taxation, Karachi, under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess.
 - b)** Letters of guarantee of Rupees 100 million (30 June 2020: Rupees 100 million) in favour of fuel suppliers.
 - c)** Letter of guarantee of Rupees 1.5 million (30 June 2020: Rupees 1.5 million) in favour of Punjab Revenue Authority, Lahore.
- ix)** Guarantees of Rupees 100.350 million (30 June 2020: Rupees 100.350 million) are given by Nishat Linen (Private) Limited - Subsidiary Company to Director Excise and Taxation, Karachi against infrastructure cess, Chairman Punjab Revenue Authority, Lahore against infrastructure cess and Collectors of Customs against import consignments.
- x)** Through orders, the deemed assessments for tax years 2016, 2015, 2014, 2013 and 2012 were amended by Additional Commissioner Inland Revenue (ACIR) and Commissioner Inland Revenue (CIR) under section 122(5A) of the Income Tax Ordinance, 2001. Nishat Linen (Private) Limited - Subsidiary Company's appeals before Commissioner Inland Revenue (Appeals) [CIR(A)] were successful except for the legal issue of treating the Subsidiary Company as a manufacturer with relation to toll-manufactured goods. Appeals on this point have been filed before the Appellate Tribunal Inland Revenue which are pending adjudication. The Subsidiary Company is confident of favorable outcome of its appeals based on advice of the tax advisor and has carry forward minimum tax paid in tax years 2016, 2015 and 2014.
- xi)** Through notice dated 25 January 2018, issued by the Deputy Commissioner Inland Revenue (DCIR) under sections 161/205 of the Ordinance, Nishat Linen (Private) Limited - Subsidiary Company had been called upon to demonstrate its compliance with various withholding provisions of the Income Tax Ordinance, 2001. The subject proceedings have been finalized through order dated 03 August 2018, whereby, aggregate default amounting to Rupees 2.551 million has been adjudged against the Subsidiary Company. The Subsidiary Company's appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] was successful except for the legal issue amounting to Rupees 1.419 million. Appeal on this point has been filed before the Appellate Tribunal Inland Revenue which is pending adjudication. The Subsidiary Company is confident of favorable outcome of its appeal based on advice of the tax advisor.

Selected Notes to the Consolidated Condensed Interim Financial Statements

For the half year ended 31 December 2020 (Un-audited)

- xii) Bank guarantee of Rupees 1.9 million (30 June 2020: Rupees 1.9 million) is given by the bank of Nishat Commodities (Private) Limited - Subsidiary Company in favour of Director, Excise and Taxation to cover the disputed amount of infrastructure cess.

b) Contingent asset

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

The LCIA appointed a sole Arbitrator and a hearing was also held in March 2018. During the year 2020, the Arbitrator has issued Partial Final Award in which he has rejected the NTDC's objection to the maintainability of the Arbitration Proceedings.

While the Arbitration Proceedings on merits of the case are underway, Subsidiary Company has submitted the Partial Final Award before LHC and obtained interim relief from honorable LHC, whereby, LHC has restrained NTDC from taking steps for delaying the arbitration proceedings and challenging the award in Civil Courts of Pakistan. As the above amount is disputed, therefore, on prudence basis, the Subsidiary Company has not accounted for these amounts as receivable in these consolidated condensed interim financial statements.

In April 2019, a final hearing was held and final decision was given in July 2020, in favour of the Subsidiary Company. According to the final award, Arbitrator has accepted Subsidiary Company's request and directed NTDC to pay (i) interest at the Delayed Payment Rate (DPR) on Delayed Payment (DP) invoices, which is estimated at Rupees 1,422 million upto 30 June 2020 and may vary as per legal advice (ii) DP invoices submitted pursuant to Section 9.6 of the PPA in consistent with the first-in-first-out principle (iii) pay legal costs in the sum of Rupees 12,771,207 (iv) hearing expenses in the sum of GBP 17,393 and (v) Arbitration cost in the sum of GBP 44,136.

The Subsidiary Company has filed the final award in Lahore High Court for enforcement. Furthermore, as mentioned in note 7 (a) vii), the Subsidiary Company is also in the process of signing of "Master Agreement" entered into with CPPA after necessary approvals are in place. Under this agreement, CPPA shall ensure that all invoices shall follow the Power Purchase Agreement's mandated "First In First Out" ('FIFO') payment principle at the time of payment by the CPPA. As long as this principle is followed by the CPPA in relation to past and future payments, the Subsidiary Company in consideration thereof has agreed to forego and waive all of its claims of delayed payment charges on delayed payment invoices and it shall withdraw all such invoices. However, this will have no impact on the existing revenue and receivables of the Subsidiary Company, as the Subsidiary Company has not recognized the income and corresponding receivable for the said amounts on prudence basis.

c) Commitments

- i) Contracts for capital expenditure of the Group are approximately of Rupees 5,908.820 million (30 June 2020: Rupees 322.818 million).
- ii) Letters of credit other than for capital expenditure of the Group are of Rupees 2,689.357 million (30 June 2020: Rupees 2,381.289 million).
- iii) Outstanding foreign currency forward contracts of Rupees 4,237.510 million (30 June 2020: Rupees 389.348 million).
- iv) The amount of future payments under operating lease and the period in which these payments will become due from Nishat Power Limited - Subsidiary Company are as follows:

| | Note | Un-audited 31 December 2020 (Rupees in thousand) | Audited 30 June 2020 |
|--|-------|---|----------------------------|
| Not later than one year | | 3,894 | 3,894 |
| 8 PROPERTY, PLANT AND EQUIPMENT | | | |
| Operating fixed assets - owned | 8.1 | 41,640,343 | 41,076,157 |
| Capital work in progress | 8.2 | 1,350,379 | 2,542,740 |
| Major spare parts and standby equipment | | 104,040 | 105,246 |
| | | 43,094,762 | 43,724,143 |
| 8.1 Operating fixed assets - Owned | | | |
| Opening book value | | 41,076,157 | 40,835,226 |
| Add: Cost of additions during the period / year | 8.1.1 | 2,523,091 | 4,016,514 |
| | | 43,599,248 | 44,851,740 |
| Less: Book value of deletions during the period / year | 8.1.2 | (101,798) | (76,998) |
| | | 43,497,450 | 44,774,742 |
| Less: Depreciation charged for the period / year | | (1,851,568) | (3,700,508) |
| (Less) / Add: Currency translation | | (5,539) | 1,923 |
| | | 41,640,343 | 41,076,157 |

Selected Notes to the Consolidated Condensed Interim Financial Statements

For the half year ended 31 December 2020 (Un-audited)

| | Un-audited 31 December 2020 | Audited 30 June 2020 |
|---|--|-------------------------------------|
| | (Rupees in thousand) | |
| 8.1.1 Cost of additions | | |
| Freehold land | 6,187 | 26,823 |
| Buildings on freehold land | 410,602 | 722,042 |
| Plant and machinery | 1,844,366 | 2,725,766 |
| Electric installations | 25,361 | 133,747 |
| Factory equipment | 7,227 | 10,344 |
| Furniture, fixtures and office equipment | 23,282 | 160,117 |
| Computer equipment | 15,666 | 59,401 |
| Vehicles | 190,400 | 177,140 |
| Kitchen equipment and crockery items | - | 1,134 |
| | 2,523,091 | 4,016,514 |
| 8.1.2 Book value of deletions | | |
| Freehold land | 46,041 | - |
| Buildings on freehold land | 20,656 | 998 |
| Plant and machinery | 16,579 | 44,132 |
| Electric installations | - | 574 |
| Furniture, fixtures and office equipment | 257 | 147 |
| Computer equipment | 370 | 708 |
| Vehicles | 17,895 | 30,439 |
| | 101,798 | 76,998 |
| 8.2 Capital work-in-progress | | |
| Buildings on freehold land | 374,563 | 320,429 |
| Plant and machinery | 844,413 | 2,030,943 |
| Electric installations | 3,079 | - |
| Unallocated expenses | - | 102,070 |
| Letters of credit against machinery | 6,637 | 8 |
| Advance against purchase of land | 47,804 | 50,758 |
| Advances against furniture and office equipment | 15,277 | 2,046 |
| Advances against vehicles | 58,606 | 41,259 |
| | 1,350,379 | 2,547,513 |
| Less: Impairment loss | - | (4,773) |
| | 1,350,379 | 2,542,740 |

| | Half year ended | | Quarter ended | |
|--|----------------------|---------------------|---------------------|---------------------|
| | 31 December 2020 | 31 December 2019 | 31 December 2020 | 31 December 2019 |
| | (Rupees in thousand) | | | |
| 9 COST OF SALES | | | | |
| Raw materials consumed | 26,153,805 | 26,746,266 | 12,423,561 | 13,205,680 |
| Processing charges | 362,206 | 378,126 | 192,878 | 163,397 |
| Salaries, wages and other benefits | 3,875,512 | 3,744,850 | 1,989,928 | 1,865,485 |
| Stores, spare parts and loose tools consumed | 3,501,097 | 3,889,109 | 1,945,805 | 2,062,014 |
| Packing materials consumed | 882,726 | 774,510 | 472,282 | 420,411 |
| Repair and maintenance | 230,955 | 232,011 | 123,625 | 113,818 |
| Fuel and power | 3,031,388 | 3,481,806 | 1,535,783 | 1,769,691 |
| Insurance | 169,426 | 162,776 | 85,012 | 81,225 |
| Royalty | 5,394 | 3,734 | 3,416 | 3,734 |
| Other factory overheads | 349,635 | 436,363 | 192,069 | 240,135 |
| Depreciation and amortization | 1,726,707 | 1,709,444 | 849,517 | 842,041 |
| | 40,288,851 | 41,558,995 | 19,813,876 | 20,767,631 |
| Work-in-process | | | | |
| Opening stock | 2,244,439 | 2,218,560 | 2,375,526 | 2,380,194 |
| Closing stock | (2,555,569) | (2,301,385) | (2,555,569) | (2,301,385) |
| | (311,130) | (82,825) | (180,043) | 78,809 |
| Cost of goods manufactured | 39,977,721 | 41,476,170 | 19,633,833 | 20,846,440 |
| Finished goods | | | | |
| Opening stock | 9,393,252 | 6,909,811 | 8,190,904 | 7,223,441 |
| Closing stock | (7,560,647) | (8,264,867) | (7,560,647) | (8,264,867) |
| | 1,832,605 | (1,355,056) | 630,257 | (1,041,426) |
| | 41,810,326 | 40,121,114 | 20,264,090 | 19,805,014 |

Selected Notes to the Consolidated Condensed Interim Financial Statements

For the half year ended 31 December 2020 (Un-audited)

| | | Half year ended | |
|--|----------------------|---------------------|---------------------|
| | | 31 December 2020 | 31 December 2019 |
| 10 EARNINGS PER SHARE - BASIC AND DILUTED | | | |
| 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) | 3,143,830 | 3,527,638 |
| Weighted average number of ordinary shares of Holding Company | (Numbers) | 351,599,848 | 351,599,848 |
| Earnings per share | (Rupees) | 8.94 | 10.03 |

| | | Half year ended | |
|--|------|----------------------|---------------------|
| | | 31 December 2020 | 31 December 2019 |
| | Note | (Rupees in thousand) | |
| 11 CASH GENERATED FROM OPERATIONS | | | |
| Profit before taxation | | 4,653,685 | 5,457,198 |
| Adjustments for non-cash charges and other items: | | | |
| Depreciation and amortization | | 2,208,641 | 1,822,405 |
| Gain on sale of property, plant and equipment | | (127,117) | (8,326) |
| Dividend income | | (58,983) | (812,514) |
| Allowance for expected credit losses | | (1,283) | 227 |
| Impact of de-recognition of financial instrument carried at amortized cost | | - | 31,858 |
| Profit on deposits with banks | | (84,615) | (101,662) |
| Share of profit from associates | | (1,295,185) | (428,261) |
| Net exchange loss | | 76,951 | 54,814 |
| Interest income on sales tax refund bonds | | - | (27,752) |
| Finance cost | | 973,422 | 1,344,488 |
| Reversal of provision for slow moving, obsolete and damaged store items | | (13) | - |
| Gain on remeasurement of deferred liability | | (110,431) | - |
| Working capital changes | 11.1 | (4,351,425) | (5,669,082) |
| | | 1,883,647 | 1,663,393 |

11.1 Working capital changes

| | | | |
|--|--|-------------|-------------|
| (Increase) / decrease in current assets: | | | |
| - Stores, spare parts and loose tools | | (533,306) | 211,850 |
| - Stock in trade | | (2,183,210) | (2,927,778) |
| - Trade debts | | (2,224,126) | (3,450,711) |
| - Loans and advances | | 83,948 | 190,426 |
| - Short term deposits and prepayments | | (86,196) | (114,436) |
| - Other receivables | | 353,779 | (533,280) |
| | | (4,589,111) | (6,623,929) |
| Increase in trade and other payables | | 237,686 | 954,847 |
| | | (4,351,425) | (5,669,082) |

12 SEGMENT INFORMATION

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

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

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

Selected Notes to the Consolidated Condensed Interim Financial Statements

For the half year ended 31 December 2020 (Un-audited)

| | Spinning | | | | Weaving | | | | Dyeing * | | | | Home Textile and Bath | | | | Garments | | | | Power Generation | | | | Held | | | | Elimination of Inter-segment transactions | | | | Total - Group | | | |
|---|--------------|-------------|------------------|-------------|-------------|-------------|-----------|-----------|-------------|-------------|-------------|-------------|-----------------------|-------------|-------------|-------------|------------------|-------------|-------------|-------------|---|-------------|---------------|-------------|-----------------|-------------|-----------------|-------------|---|-------------|-----------------|-------------|-----------------|-------------|-----------|--|
| | Faisalabad-1 | | Feroze Wadwan II | | Labore | | Bhaki | | Labore * | | Dyeing * | | Home Textile + Terry | | Garments | | Power Generation | | Held | | Elimination of Inter-segment transactions | | Total - Group | | Half year ended | | Half year ended | | Half year ended | | Half year ended | | Half year ended | | | |
| | Dec 2020 | Dec 2019 | Dec 2020 | Dec 2019 | Dec 2020 | Dec 2019 | Dec 2020 | Dec 2019 | Dec 2020 | Dec 2019 | Dec 2020 | Dec 2019 | Dec 2020 | Dec 2019 | Dec 2020 | Dec 2019 | Dec 2020 | Dec 2019 | Dec 2020 | Dec 2019 | Dec 2020 | Dec 2019 | Dec 2020 | Dec 2019 | Dec 2020 | Dec 2019 | Dec 2020 | Dec 2019 | Dec 2020 | Dec 2019 | Dec 2020 | Dec 2019 | Dec 2020 | Dec 2019 | Dec 2020 | |
| Revenue | 90,257 | 1,397,035 | 1,70,364 | 2,024,717 | 65,944 | 72,203 | 19,856 | 50,955 | 295,088 | 667,458 | 753,025 | 27,150 | 18,263 | 24,301 | 783,446 | 1,47,077 | 3,32,086 | 2,47,360 | 2,904 | 596,425 | 423,775 | 1,80,985 | 3,34,554 | 2,801 | 19,921 | 12,417 | 68,600 | 12,417 | 68,600 | 12,417 | 68,600 | 12,417 | 68,600 | 12,417 | 68,600 | |
| Cost of sales | 4,384,083 | 4,571,944 | 2,157,607 | 2,371,809 | 2,781,103 | 2,986,803 | 64,430 | 133,654 | 1,045,935 | 1,045,935 | 1,045,935 | 1,045,935 | 1,045,935 | 1,045,935 | 1,045,935 | 1,045,935 | 1,045,935 | 1,045,935 | 1,045,935 | 1,045,935 | 1,045,935 | 1,045,935 | 1,045,935 | 1,045,935 | 1,045,935 | 1,045,935 | 1,045,935 | 1,045,935 | 1,045,935 | 1,045,935 | 1,045,935 | 1,045,935 | 1,045,935 | 1,045,935 | 1,045,935 | |
| Gross profit / (loss) | (4,384,083) | (2,874,909) | (487,243) | (1,347,092) | (2,715,659) | (2,914,598) | (45,574) | (106,504) | (750,847) | (378,477) | (292,910) | (1,018,785) | (1,027,672) | (1,021,634) | (262,489) | (762,468) | (723,849) | (723,575) | (723,935) | (449,514) | (712,158) | (712,950) | (712,950) | (712,950) | (712,950) | (712,950) | (712,950) | (712,950) | (712,950) | (712,950) | (712,950) | (712,950) | (712,950) | (712,950) | | |
| Operating expenses | (182,568) | (92,555) | (49,820) | (118,491) | (3,046) | (8,046) | (3,046) | (3,046) | (142,453) | (142,453) | (142,453) | (142,453) | (142,453) | (142,453) | (142,453) | (142,453) | (142,453) | (142,453) | (142,453) | (142,453) | (142,453) | (142,453) | (142,453) | (142,453) | (142,453) | (142,453) | (142,453) | (142,453) | (142,453) | (142,453) | (142,453) | (142,453) | (142,453) | (142,453) | (142,453) | |
| Profit / (loss) before taxation and financial | 96,371 | 1,141,713 | 271,384 | 2,659,224 | (2,723,603) | (2,923,144) | (48,620) | (110,000) | 52,472 | (47,320) | 596,530 | 401,329 | 244,344 | 89,160 | 137,451 | 383,441 | 98,132 | 98,132 | 98,132 | 98,132 | 98,132 | 98,132 | 98,132 | 98,132 | 98,132 | 98,132 | 98,132 | 98,132 | 98,132 | 98,132 | 98,132 | 98,132 | 98,132 | 98,132 | 98,132 | |
| Income tax expense | (19,823) | (71,088) | (32,102) | (1,224,088) | (973,42) | (3,344,88) | 1,295,166 | (78,468) | (3,864,419) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | | |
| Profit / (loss) after taxation and financial | 76,548 | 1,070,625 | 239,282 | 1,435,136 | (2,816,995) | (3,267,994) | 1,590,458 | (32,188) | (4,156,868) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | (4,702,750) | | |
| Other income | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Other expense | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Finance cost | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Share of profit/loss associates | - | - | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Reconciliation of comparable segment assets and liabilities

123

| | Spinning | | | | | | | | | | | | Weaving | | | | | | | | | | | | Dyeing * | | | | | | | | | | | | Home Textile and Bath | | | | Garments | | | | Power Generation | | | | Hotel | | | | Total - Group | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|----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| | Faisalabad-1 | | | | Faisalabad-2 | | | | Feroze Wadwan II | | | | Labore | | | | Bhaki | | | | Labore * | | | | Dyeing * | | | | Home Textile + Terry | | | | Garments | | | | Power Generation | | | | Hotel | | | | Total - Group | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 | Audited June-2020 | Un-audited Dec-2019 | Audited June-2019 | Un-audited Dec-2020 |

* Figures of these segments include minority interests.

13 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

i) Fair value hierarchy

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

| Recurring fair value measurements At 31 December 2020 - Un-audited | Level 1 | Level 2 | Level 3 | Total |
|---|------------|---------|---------|------------|
| (Rupees in thousand) | | | | |
| Financial assets | | | | |
| Fair value through other comprehensive income | 17,753,749 | - | 590,974 | 18,344,723 |
| Derivative financial assets | - | 36,407 | - | 36,407 |
| Total financial assets | 17,753,749 | 36,407 | 590,974 | 18,381,130 |
| Financial liabilities | | | | |
| Derivative financial liabilities | - | 42,820 | - | 42,820 |
| Total financial liabilities | - | 42,820 | - | 42,820 |

| Recurring fair value measurements At 30 June 2020 - Audited | Level 1 | Level 2 | Level 3 | Total |
|--|------------|---------|---------|------------|
| (Rupees in thousand) | | | | |
| Financial assets | | | | |
| Fair value through other comprehensive income | 15,390,599 | - | 590,974 | 15,981,573 |
| Derivative financial assets | - | 345 | - | 345 |
| Total financial assets | 15,390,599 | 345 | 590,974 | 15,981,918 |
| Financial liabilities | | | | |
| Derivative financial liabilities | - | 6,206 | - | 6,206 |
| Total financial liabilities | - | 6,206 | - | 6,206 |

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

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

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

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

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

Selected Notes to the Consolidated Condensed Interim Financial Statements

For the half year ended 31 December 2020 (Un-audited)

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

ii) Valuation techniques used to determine fair values

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

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

The following table presents the changes in level 3 items for the year ended 30 June 2020 and for the period ended 31 December 2020:

| | | Unlisted equity securities (Rupees in thousand) |
|--|--|--|
| Balance as on 30 June 2019 - Audited | | 676,364 |
| Less: Deficit recognized in other comprehensive income | | - |
| Balance as on 31 December 2019 - Unaudited | | 676,364 |
| Less: Deficit recognized in other comprehensive income | | (85,389) |
| Balance as on 30 June 2020 - Audited | | 590,975 |
| Add: Surplus recognized in other comprehensive income | | - |
| Balance as on 31 December 2020 - Unaudited | | 590,975 |

iv) Valuation inputs and relationships to fair value

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

| Description | Fair value at | | Unobservable inputs | Range of inputs (probability-weighted average) | Relationship of unobservable inputs to fair value |
|--|----------------------|--------------|-----------------------------|--|---|
| | 31 December 2020 | 30 June 2020 | | 31 December 2020 | |
| | (Rupees in thousand) | | | | |
| Investment: | | | | | |
| Security General Insurance Company Limited | 590,975 | 590,975 | Terminal growth factor | 2.00% | Increase / decrease in net premium revenue growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +108.296 million / - 77.208 million. |
| | | | Risk adjusted discount rate | 13.37% | |

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

14 TRANSACTIONS WITH RELATED PARTIES

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

i) Transactions

| | Half year ended | | Quarter ended | |
|--|----------------------|---------------------|---------------------|---------------------|
| | 31 December 2020 | 31 December 2019 | 31 December 2020 | 31 December 2019 |
| | (Rupees in thousand) | | | |
| Associated companies | | | | |
| Investment made | 211,328 | 186,500 | 90,442 | 177,000 |
| Short term loans made | 51,300 | 45,000 | 35,000 | 45,000 |
| Repayment of short term loans made | 10,000 | - | - | - |
| Purchase of goods and services | 171,244 | 96,954 | 121,378 | 49,516 |
| Sharing of expenses | 6,760 | 4,864 | 2,708 | 4,450 |
| Sale of goods and services | 25,942 | 63,739 | 7,081 | 41,599 |
| Purchase of operating fixed assets | 12,129 | - | 6,517 | - |
| Sale of operating fixed assets | 270 | 819 | - | - |
| Rental income | 2,687 | 628 | 1,531 | 314 |
| Rent paid | 40,500 | 40,013 | 21,965 | 20,026 |
| Dividend Paid | 122,105 | 121,487 | 122,105 | 121,487 |
| Insurance premium paid | 254,159 | 238,924 | 115,314 | 126,582 |
| Insurance claims received | 44,682 | 30,012 | 28,238 | 17,462 |
| Interest income | 6,279 | 1,239 | 3,470 | 1,077 |
| Finance cost | 15,646 | 20,565 | 9,026 | 12,002 |
| Other related parties | | | | |
| Purchase of goods and services | 1,387,568 | 1,601,880 | 535,888 | 965,147 |
| Sale of goods and services | 289,589 | 225,664 | 158,459 | 76,390 |
| Finance cost | 327 | 487 | 95 | 317 |
| Group's contribution to provident fund trust | 160,440 | 155,834 | 79,241 | 80,050 |
| Remuneration paid to Chief Executive Officer, Director and Executives of the Holding Company | 528,380 | 476,048 | 248,907 | 230,154 |

ii) Period end balances

| | As at 31 December 2020 | | |
|-------------------------------|------------------------|-----------------------|---------|
| | Associated companies | Other related parties | Total |
| | (Rupees in thousand) | | |
| Trade and other payables | 76,261 | 36,934 | 113,195 |
| Accrued markup | 2,391 | - | 2,391 |
| Short term borrowings | 157,420 | - | 157,420 |
| Long term loans | - | 265,365 | 265,365 |
| Property, plant and equipment | 14,242 | - | 14,242 |
| Trade debts | 11,057 | 7,418 | 18,475 |
| Loans and advances | 88,303 | 79,645 | 167,948 |
| Accrued interest | 2,368 | - | 2,368 |
| Cash and bank balances | 149,977 | 870 | 150,847 |

Selected Notes to the Consolidated Condensed Interim Financial Statements

For the half year ended 31 December 2020 (Un-audited)

| | As at 30 June 2020 (Audited) | | |
|--------------------------|------------------------------|---------------|---------|
| | Associated | Other related | Total |
| | companies | parties | |
| | (Rupees in thousand) | | |
| Trade and other payables | 100,314 | 194,584 | 294,898 |
| Accrued markup | 2,803 | - | 2,803 |
| Short term borrowings | 76,206 | - | 76,206 |
| Long term loans | - | 190,069 | 190,069 |
| Trade debts | 7,538 | 40,586 | 48,124 |
| Loans and advances | - | 64,011 | 64,011 |
| Accrued interest | 1,526 | - | 1,526 |
| Cash and bank balances | 31,700 | 77 | 31,777 |

15 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2020.

16 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial information were approved by the Board of Directors and authorized for issue on 25 February 2021.

17 CORRESPONDING FIGURES

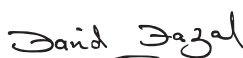
In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the consolidated condensed interim statement of financial position and consolidated condensed interim statement of changes in equity have been compared with the balances of annual audited consolidated financial statements of preceding financial year, whereas, the consolidated condensed interim statement of profit or loss, consolidated condensed interim statement of comprehensive income and consolidated condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year. Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangement have been made.

18 GENERAL

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

ڈائریکٹرز کا مشاہرہ

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

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

اظہار تشکر

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

منجانب بورڈ آف ڈائریکٹرز

David Sagal

فرید نور علی فضل
ڈائریکٹر

Uma Mashta

میاں عمر منشا
چیف ایگزیکٹو آفیسر

25 فروری 2021ء

لاہور

توقعات میں اضافے کے باعث توقع کی جارہی ہے کہ ڈویژن کی اترجی ضروریات بھی بڑھیں گی۔ اس لیے 2.5MW گیس انجن ہماویسٹ ہیٹ ریکوری بواکس اور ایئر کپریٹر کے حصول کا پلان بھی زیر غور ہے۔

معنی ادارے اور سیکجا معاشی شیڈول:

نشاط پاور لمیٹڈ، نشاط لینن (پرائیویٹ) لمیٹڈ، نشاط ہاسٹیلٹی (پرائیویٹ) لمیٹڈ، نشاط کمونٹییز (پرائیویٹ) لمیٹڈ، لال پیر سولر پاور (پرائیویٹ) لمیٹڈ، نشاط یو ایس اے انکارپوریتڈ، نشاط لینن ٹریڈنگ ایل ایل سی، نشاط انٹرنیشنل FZE اور نشاط گلوبل چائنا کمپنی لمیٹڈ کمپنی کے معنی ادارے ہیں۔ اس لیے کمپنی نے انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز کی مطابقت سے علیحدہ جامع فائنل اسٹیٹمنٹس کے ساتھ، سیکجا جامع فائنل اسٹیٹمنٹس کو بھی منسلک کر دیا ہے۔

بورڈ آف ڈائریکٹرز کی ساخت:

بورڈ آف ڈائریکٹرز کی ساخت درج ذیل ہے:

| ڈائریکٹرز کی کل تعداد | |
|-----------------------|-----------------------------|
| 5 | (ا) مرد |
| 2 | (ب) خواتین |
| | تفصیل |
| 2 | (i) آزاد ڈائریکٹرز |
| 4 | (ii) نان ایگزیکٹو ڈائریکٹرز |
| 1 | (iii) ایگزیکٹو ڈائریکٹر |

بورڈ کی کمیٹیاں:

بورڈ کی آڈٹ کمیٹی:

| نمبر شمار | نام ڈائریکٹرز |
|-----------|--------------------------------|
| 1 | مسز مہک عادل (چیئر پرسن / رکن) |
| 2 | سید زاہد حسین (رکن) |
| 3 | جناب محمود اختر (رکن) |

ہیومن ریسورس اور مشاہرہ (HR&R) کمیٹی:

| نمبر شمار | نام ڈائریکٹرز |
|-----------|---------------------------------|
| 1 | مسز سارہ عقیل (چیئر پرسن / رکن) |
| 2 | میاں عمر نشاط (رکن) |
| 3 | جناب محمود اختر (رکن) |

سال کی سیل میں پچھلے نصف سال کے مقابلے میں 31.95% اضافہ ہوا۔

| پر سید گلا تھا اینڈ میڈ ایس | 31 دسمبر کو اختتام شدہ ششماہی | | اضافہ/(کمی) | |
|-----------------------------|-------------------------------|-----------|-------------|-------|
| | 2019 | 2020 | قدر | فیصد |
| قروخت - (میٹرز 1000) | 13,048 | 16,825 | 3,777 | 28.95 |
| قیمت فی میٹر | 437.98 | 448.18 | 10.20 | 2.33 |
| قروخت - (1000 روپے) | 5,714,741 | 7,540,695 | 1,825,954 | 31.95 |

میری یونٹ جو کہ ڈسٹن یومیہ پیداوار کی استطاعت رکھتا ہے اس نے پروڈکشن شروع کر دی ہے اور نتائج حوصلہ افزا ہیں۔ ڈویژن نے نصف سال کے دوران اپنی مکمل استطاعت پر کام کیا۔ مانگ میں اضافے کے باعث اس مینجمنٹ کا ارادہ ہے کہ اس یونٹ کی بیڈنگ اور ٹولوں کی پروڈکشن صلاحیت مزید بڑھادی جائے۔

گارمنٹس:

گارمنٹس ڈویژن نے Covid-19 کی وبا کے باعث آنے والی مشکلات کا قوی مقابلہ کیا ہے۔ اس بات کا ادراک کرتے ہوئے کہ نئے حالات کے ساتھ مطابقت پیدا کرنے کی ضرورت ہے، مینجمنٹ نے اپنے طریقہ کار پر نظر ثانی کی ہے اور کامیابی سے اصلاحات رائج کی ہیں جس کا ثبوت فنانسل نتائج کی بہتری میں نظر آ رہا ہے۔ ڈویژن کی سیل میں مطابقتی نصف سال کی نسبت موجودہ نصف سال میں 13.85% اضافہ ہوا ہے۔

| گارمنٹس | 31 دسمبر کو اختتام شدہ ششماہی | | اضافہ/(کمی) | |
|------------------------|-------------------------------|-----------|-------------|---------|
| | 2019 | 2020 | قدر | فیصد |
| قروخت - (گارمنٹس 1000) | 2,782 | 3,743 | 961 | 34.54 |
| قیمت فی گارمنٹ | 1,095.65 | 927.09 | (168.56) | (15.38) |
| قروخت - (1000 روپے) | 3,048,090 | 3,470,100 | 422,010 | 13.85 |

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

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

پاور جنریشن:

کمپنی ماحول دوست انرجی پراجیکٹس میں سرمایہ کاری کرنے کے لئے پرعزم ہے تاکہ اس کے کاربن فوٹ پرنٹس میں کمی آ سکے۔ سورج سے بجلی پیدا کرنے کی موجودہ صلاحیت 4.34MW ہے، جبکہ سینگ ڈویژن فیروز ٹوئاس میں 3.85MW کا سولر پاور پلانٹ زیر تنصیب ہے۔ علاوہ ازیں مینجمنٹ نے ویلیو چین میں 3.53MW سولر پاور پلانٹ کے حصول کے منصوبے کو حتمی شکل دے دی ہے۔ گارمنٹس ڈویژن سے پیداواری

| مگرے کلاتھ | 31 دسمبر کو اختتام شدہ ششماہی | | اضافہ / (کمی) | |
|----------------------|-------------------------------|-----------|---------------|--------|
| | 2020 | 2019 | قدر | فیصد |
| فروخت - (میٹرز 1000) | 44,426 | 41,174 | 3,252 | 7.90 |
| قیمت فی میٹر | 176.98 | 183.44 | (6.46) | (3.52) |
| فروخت - (1000 روپے) | 7,862,492 | 7,552,959 | 309,533 | 4.10 |

رنگائی (Dyeing):

Covid-19 کی وبا کے باعث تمام برنس منفی طور پر متاثر ہوئے ہیں لیکن فیشن ملبوسات کی انڈسٹری سب سے بری طرح متاثر ہوئی۔ امریکہ اور یورپ کے مشہور فیشن برانڈز کے معاشی نتائج میں آمدنی میں بے تحاشا گھٹانے کی عکاسی نظر آئی۔ بہت سے برانڈز نے اس عرصے میں یا تو پہلے سے کیے گئے آرڈرز میں کمی کردی یا آرڈرز حتمی طور پر ختم ہی کر دیے۔

برانڈڈ فیشن ملبوسات فیکشنر، سماجی سرگرمیوں یا دفاتر میں پہننے کے لیے ڈیزائن کیے جاتے ہیں۔ لوگوں کی خریدنے کی ترجیحات میں بہت بڑی تبدیلی آئی کیونکہ زیادہ تر لوگ گھروں سے کام کر رہے تھے اور لوگ وبا میں شدت آنے کے بعد سماجی سرگرمیوں سے بھی پہلو تہی کر رہے تھے جس کے باعث فیشن کی سیل واضح طور پر کم ہوتی گئی۔ اس کے علاوہ گھروں سے کام کرنے والے لوگوں نے زیادہ توجہ بستر کی چادروں، عام پہننے کے ملبوسات، گھریلو ملبوسات اور تولیوں کی خریداری پر کی نہ کہ فیشن ملبوسات پر۔

ان ساری تبدیلیوں اور ایسے ان دیکھے کاروباری حالات کے باوجود رنگائی یعنی ڈائنگ ڈویژن نے قدرے بہتر کارکردگی دکھائی ہے۔ اس ڈویژن کی سیل میں پچھلے نصف سال کی نسبت اس نصف سال میں 32.17% کمی آئی۔

| پروسیسڈ کلاتھ | 31 دسمبر کو اختتام شدہ ششماہی | | اضافہ / (کمی) | |
|----------------------|-------------------------------|-----------|---------------|---------|
| | 2020 | 2019 | قدر | فیصد |
| فروخت - (میٹرز 1000) | 15,748 | 22,633 | (6,885) | (30.42) |
| قیمت فی میٹر | 358.37 | 367.64 | (9.27) | (2.52) |
| فروخت - (1000 روپے) | 5,643,613 | 8,320,835 | (2,677,222) | (32.17) |

معاشی سال کے دوسرے حصے میں ہمیں زیادہ چیلنجری توقع ہے۔ کاروبار میں واضح طور پر کمی، خام مال کی آسمان کو چھوتی ہوئی قیمتوں اور ڈالر کے مقابلے میں روپے کی قدر میں کمی کے باعث ٹیکسٹائل شعبے کے ولیویائیڈ حصوں کو قائم رہنے اور پہننے کے لیے سنگین خطرہ لاحق ہے۔

گھریلو ٹیکسٹائل (Hometextile):

دنیا بھر میں حکومتوں کی لگائی گئی پابندیوں کے باعث لوگوں کو گھر میں رہ کر کام کرنا تھا یا گھر پر رہنا تھا۔ اس لیے سال 2020-21 کے پہلے نصف میں گھریلو ٹیکسٹائل مصنوعات کی مانگ میں واضح طور پر تیزی آئی۔ کپڑوں کی ہوم ٹیکسٹائل ڈویژن نے آرڈرز میں بے شمار بڑھاوا دیکھا۔ اس کی مصنوعات کی سیل میں اونچائی کی طرف تیز رجحان دیکھنے کو ملا۔ آرڈرز کی مضبوط آمد کے باعث یہ سلسلہ تمام پروڈکشن پائپ لائنز تک پھیل گیا۔ موجودہ نصف

کٹائی (Spinning):

پاکستان میں کپاس کی پیداوار کی کمی اور انٹرنیشنل مارکیٹ میں قیمتیں بڑھنے کے رجحان کے باعث کپاس کی قیمت میں بے تحاشا تیزی دیکھی گئی۔ کپاس مارکیٹ کے محرکات مینجمنٹ کی توقع کے مطابق تھے؛ اس لیے کمپنی نے سال 2020 تا 2021 کی پیداواری ضروریات کو مد نظر رکھتے ہوئے بروقت اپنے خام مال کا حصول ممکن بنایا۔

نصف سال کی ابتدا پر جبکہ ملکی اور غیر ملکی کپاس کی قیمتیں مسلسل بڑھ رہی تھیں لیکن یارن کی قیمتیں برآمدی مارکیٹ میں اس رفتار سے نہیں بڑھ رہی تھیں۔ انڈیا سے کپاس درآمد کرنے کی پابندی نے مقامی کپڑا بنانے کی مارکیٹ کو مجبور کیا کہ وہ مقامی سوت کاٹنے والوں سے کپاس خریدیں۔ اس کے باعث مقامی مارکیٹ میں کپاس کی قیمت تیزی سے بڑھ گئی۔ بعد میں انٹرنیشنل مارکیٹ میں یارن کی قیمت بھی زیر چارہ مدت میں بڑھ گئی۔

| یارن | 31 دسمبر کو اختتام شدہ ششماہی | | اضافہ (کئی) | |
|------------------------|-------------------------------|-----------|-------------|---------|
| | 2020 | 2019 | قدر | نہجہ |
| قروخت - (کلوگرام 1000) | 9,984 | 10,376 | (392) | (3.78) |
| قیمت فی کلوگرام | 369.70 | 410.12 | (40.42) | (9.86) |
| قروخت - (1000 روپے) | 3,691,133 | 4,255,393 | (564,260) | (13.26) |

معاشی سال کے پہلے نصف میں چائنا، انڈونیشیا، بھارت اور پاکستان کی مارکیٹ تھی جو کہ فعال طریقے سے کام کر رہی تھی۔ جبکہ کوریا، ملائیشیا، جاپان، تائیوان، ویتنام، اور بنگلہ دیش کی مارکیٹ کروٹاؤ اثرات کے شدید اثرات کے باعث خاموش رہیں۔ کمپنی نے اپنی کارپوریٹ سوشل ریسپانسیبلٹی کو مد نظر رکھتے ہوئے دی سائیکلڈ یارن کی پیداوار شروع کر دی ہے۔ دی سائیکلڈ یارن کی پیداوار میں متوقع مطالبے کے پیش نظر کمپنی نے مستقبل قریب میں اس کی پیداوار بڑھانے کا ارادہ کیا ہے۔ کمپنی نے یہ بھی حتمی فیصلہ کیا ہے کہ وہ ایک open-end یارن کے یونٹ میں سرمایہ کاری کریں گے۔

بائی (Weaving):

ویونگ و ویٹن کی کارکردگی معاشی سال 2020-21 کے پہلے نصف میں مستحکم رہی۔ فیشن کپڑے کے لیے کورے کپڑے کی سیل کم منافع بخش برنس مہا کیونکہ بڑے فیشن برانڈز کو سیل میں بے حد کمی کا سامنا تھا جس کے باعث اس قسم کے خام کپڑے کی سیل میں کمی دیکھی گئی۔ پہلی چوتھائی میں سست رفتار طلب کے بعد ورک ویر (work wear) کورے کپڑے کا برنس اسی چوتھائی میں نسبتاً بہتر ہوا۔ تکنیکی کورا کپڑا جو کہ کھر درے اور سورج سے بچاؤ والی مصنوعات پر مشتمل ہیں، ان کی سیل مستحکم رہی۔ اس کے برعکس ہوم ٹیکسٹائل کا برنس یورپ میں رہنے والے لوگوں کی طلب سے بہتر ہوا چونکہ لوگوں کو وبا کے باعث گھروں میں رہنا تھا۔

ہوم ٹیکسٹائل سیکٹر کو سیل میں اضافے کا رجحان جاری رہنے کا امکان ہے اس لیے مینجمنٹ پلان کر رہی ہے کہ بجلی میں 130 بڑی چوڑائی والی لومز میں سرمایہ کاری کی جائے۔ لاہور میں 24 نگ چوڑائی والی لومز کو نئی زیادہ چوڑائی والی لومز میں تبدیل کرنے کا منصوبہ چل رہا ہے۔ یہ انویسٹمنٹ ہمیں زیادہ ٹک اور مواقع فراہم کرے گی کہ ہم ہوم ٹیکسٹائل اور خواتین کے پہننے والی لان کے برنس کے لیے کورا کپڑا بنائیں۔

ڈائریکٹرز کی رپورٹ:

نشاط ملز لمیٹڈ (کمپنی) کے ڈائریکٹرز بخوشی پیش کر رہے ہیں ڈائریکٹرز کی نصف سالہ رپورٹ جو کہ 31 دسمبر 2020 کو اختتام پذیر ہوا۔

آپریٹنگ مالی نتائج:

موجودہ نصف سال جو کہ 31 دسمبر 2020 کو اختتام پذیر ہوا اس کے اعداد و شمار کا گزشتہ سال کے اسی حصے سے موازنہ کریں تو اس میں کمپنی کا کل منافع مستحکم ٹاپ لائن کے باوجود 256.925 ملین روپے (6.37%) سے کم ہوا۔ اس کی بنیادی وجوہات خام مال کی قیمت میں بے تحاشہ اضافہ اور کروٹاؤ انٹرس کی وبا کے منفی اثرات ہیں۔ کمپنی مینجمنٹ نے ان منفی معاشی اثرات کی کمی کے لیے اقدامات کیے جن کے باعث تقسیم (Distribution) اور مالیات کی لاگت میں ہلتریب 83.741 ملین روپے اور 38.666 ملین روپے کی توقع ہوئی ہے۔ ایک اور اہم حصہ دار ڈیویڈنڈ آمدنی کی صورت میں تھا جو کہ 767.788 ملین روپے کی مقدار پر پہنچی یہ کمپنی کی مضبوط سرمایہ کاری کا ثبوت ہے۔

| مالی جھلکیاں | 31 دسمبر کو اختتام شدہ ششماہی | | اضافہ / (کمی) فیصد |
|-------------------------------|-------------------------------|------------|--------------------|
| | 2019 | 2020 | |
| آمدنی (روپے '000) | 32,867,687 | 33,135,777 | 0.82 |
| مجموعی منافع (روپے '000) | 4,032,107 | 3,775,182 | (6.37) |
| بعد از ٹیکس منافع (روپے '000) | 1,891,326 | 1,773,515 | (6.23) |
| مجموعی منافع (فیصد) | 12.27 | 11.39 | |
| بعد از ٹیکس منافع (فیصد) | 5.75 | 5.35 | |
| منافع فی حصص - (روپے) | 5.38 | 5.04 | |

مارکیٹ کا عمومی جائزہ اور مستقبل کے امکانات:

معاشی سال کا پہلا حصہ دنیا بھر کی اکانومی کے لیے بے حد دشوار کن تھا کیوں کہ کروٹاؤ انٹرس کی دوسری لہر کے باعث ایک مرتبہ پھر لاک ڈاؤن اور پابندیاں لگ چکی تھیں۔ جس کے باعث دنیا بھر میں ٹیکسٹائل مصنوعات کی طلب بے حد کم ہو گئی تھی جس کی وجہ سے برآمد کنندگان بری طرح متاثر ہوئے۔ البتہ آگے چل کر پاکستان میں کم ویلیو ایڈڈ ٹیکسٹائل کی طلب دوبارہ سے اجاگر ہوئی۔ جس کی بڑی وجوہات دوسرے ٹیکسٹائل پیدا کرنے والے ممالک میں لاک ڈاؤن اور امریکا کے چائنا کے ساتھ تجارتی مسائل ہیں۔ کم ویلیو ایڈڈ ٹیکسٹائل مصنوعات کی طلب میں اضافے، کپاس کی پیداوار میں کمی، اور انڈیا سے کپاس درآمد کرنے کی پابندی کے باعث روٹی کی قیمت 10,300 روپے فی من کی حد تک پہنچ گئی، جس کے باعث ویلیو ایڈڈ شعبے کے لیے کم قیمت پر خام مال کی دستیابی کو ممکن بنانا مشکل ہو گیا۔

پاکستان میں بروقت لاک ڈاؤن کے اختتام کے باعث ٹیکسٹائل انڈسٹری کو اپنے مقابل ملکوں کی انڈسٹری سے جلد رجوعات کا موقع ملا نیز یہ کہ اسٹیٹ بینک آف پاکستان نے مراعاتی شرح سود پر طویل مدتی قرض کا اعلان کیا تاکہ ٹیپری اکنامک ری فنانس فیسیٹی (TERF) کی زیر نگرانی نئے انڈسٹریل یونٹس کی ابتدا ہو سکے۔ اس کے باعث ٹیکسٹائل سیکٹر کو مواقع ملیں گے کہ نئی ٹیکنالوجی میں سرمایہ کاری کر کے دیر پا ترقی حاصل کی جاسکے۔

طبعیاتی تجزیہ:

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



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