ANNUAL REPORT 2020

Nishat Chunian Limited

BRIEF PROFILE

2016 Diversified into Retail Business
The Linen Company (TLC)

2015 Diversified into Cinema Business
NC Entertainment Private Limited

2014 46 MW Coal Based Power Plant

2013 Established a subsidiary company in USA

2013 2 Spinning Mills acquired & a new Spinning Mill started

2010 IPP commercial operations

2006 Diversified into Home Textiles

2005 Acquisition of 2 Spinning Mills & 5th Spinning Mill Started

2000 2nd Spinning Mill started production

1998 Diversified into Weaving

1991 1st Spinning Mill Setup

CONTENTS

COMPANY INFORMATION

Board of Directors:
Mrs. Farhat Saleeem *(Chairperson)*
Mr. Shahzad Saleem *(Chief Executive)*
Mr. Zain Shahzad
Mr. Aftab Ahmad Khan
Mr. Faisal Farid
Mr. Farrukh Ifzal
Mr. Shoaib Ahmad Khan *(Independent)*
Mr. Muhammad Zahid Khan *(Independent)*

Audit Committee:
Mr. Muhammad Zahid Khan *(Chairman)*
Mr. Farrukh Ifzal *(Member)*
Mr. Aftab Ahmad Khan *(Member)*

HR & Remuneration Committee:
Mr. Faisal Farid *(Chairman)*
Mr. Farrukh Ifzal *(Member)*
Mr. Muhammad Zahid Khan *(Member)*

CFO:
Mr. Babar Ali Khan

Company Secretary:
Ms. Samina Aslam

Head of Internal Audit:
Mr. Ahmad Bilal

Mills:
Spinning 1, 4, 5, 7 & 8
49th Kilometre, Multan Road,
Bhai Pheru, Tehsil Chunian,
District Kasur.

Dyeing & Printing
4th Kilometre, Manga Road,
Raiwind.

Spinning 2, 3, 6 & Weaving
49th Kilometre, Multan Road,
Kamogal, Tehsil Pattoki,
District Kasur.

Bankers to the Company:
Allied Bank Limited
Askari Bank Limited
Al Barka Bank (Pakistan) Limited
Bank Alfalah Limited
Bank Al Habib Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Industrial and Commercial Bank of China (ICBC)
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Pak Kuwait Investment Company (Private) Limited
Standard Chartered Bank Pakistan Limited
SAMBA Bank Limited
Soneri Bank Limited
The Bank of Punjab
United Bank Limited
MCB Islamic Bank Ltd.

Auditors:
Riaz Ahmad & Company
Chartered Accountants

Registered & Head Office:
31-Q, Gulberg-II,
Lahore, Pakistan.
Phone : 042-35761730-39
Fax : 042-35878696-97
Web : www.nishat.net

Share Registrar:
Hameed Majeed Associates (Pvt) Limited
1st Floor, H.M. House
7-Bank Square, Lahore
Ph: 042-37235081-2 Fax: 042-37358817

Notice is hereby given that 31st Annual General Meeting of the Shareholders of Nishat (Chunian) Limited (the "Company") will be held on 28th October 2020 at 11:00 A.M. at Registered Office, 31-Q, Gulberg – II, Lahore to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the last General Meeting held on April 30, 2020.
2. To receive, consider and adopt audited unconsolidated and consolidated financial statements of the Company for the year ended 30 June 2020 together with Directors' Auditors' reports thereon and Chairman's Review.
3. To consider and approve the payment of a final cash dividend (i.e. Rs. 1 per ordinary share) as recommended by the Board of Directors.
4. To appoint auditors and to fix their remuneration. The members are hereby notified that the Audit Committee and the Board of Directors have recommended the name of retiring auditors M/s Riaz Ahmad & Company, Chartered Accountants, for reappointment as auditors of the Company

SPECIAL BUSINESS:

To consider and, if deemed fit, pass a Special Resolution, as proposed in the statement of material facts annexed with this Notice sent to the members, pursuant to the provisions of Section 199 of the Companies Act, 2017 to authorize investment of PKR 1.00 Billion by way of loans / advances to Nishat Chunian Power Limited, a subsidiary company.

(Attached to this Notice is a statement of material facts covering the above-mentioned special business and draft special resolutions, as required under Section 134(3) of the Companies Act, 2017).

By order of the Board
Samina Aslam
Company Secretary

Lahore
Dated: October 06, 2020

NOTES:

1. Closure of Share Transfer Books

For attending AGM:

The Share Transfer Books of the Company will remain closed from 21-10-2020 to 28-10-2020 (both days inclusive). Transfers Physical / CDS received at the share registrar of the Company M/s Hameed Majeed Associates (Pvt) Ltd., H.M. House, 7-Bank Square, Lahore upto Close of office timings on 20-10-2020 will be treated in time for the purpose of attending the meeting and entitlement of dividend.

For entitlement of Final Cash Dividend:

The Share Transfer Books of the Company will remain closed from 21-10-2020 to 28-10-2020 (both days inclusive) for entitlement of 10% Final Cash Dividend i.e. Rs.1 per share. Transfers Physical / CDS received at the share registrar of the Company M/s Hameed Majeed Associates (Pvt) Ltd., H.M. House, 7-Bank Square, Lahore upto Close of office timings on 20-10-2020 will be treated for above entitlement.

2. Participation in the Annual General Meeting

A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote on his/her behalf. The instrument appointing proxy must be received at the Registered Office of the Company duly stamped and signed not later than 48 hours before the meeting.

CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting:

(i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

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

B. For Appointing Proxies:

(i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.

(ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC Numbers shall be mentioned on the form.

(iii) Attested copies of CNIC or Passport of the beneficial owners and the proxy shall be furnished with the proxy form.

(iv)The proxy shall produce his / her original CNIC or original Passport at the time of the meeting.

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

3. CNIC / NTN Number on Dividend Warrant (Mandatory)

Individual members who have not yet submitted a copy to their valid Computerized National Identity Card (CNIC) to the Company are once again requested to send a copy of their valid CNIC at the earliest to the office of Share Registrar of the Company, M/s Hameed Majeed Associates (Pvt) Ltd., H.M. House, 7-Bank Square, Lahore. The Dividend Warrant(s) should also bear the Computerized National Identity Card (CNIC) Number of the registered shareholder or the authorized person, except in case of minor(s) and corporate shareholder(s).

Henceforth, issuance of dividend warrant(s) will be subject to submission of CNIC (individuals) / NTN (corporate entities) by shareholders.

4. Deduction of Income Tax from Dividend under Section 150 the Income Tax Ordinance, 2001 (Mandatory)

(i) Pursuant to the provisions of the Finance Act 2020 the rates of deduction of income tax from dividend payments under the Income Tax Ordinance as follows:

- Filer 15%
- Non-Filer 30%

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

(ii) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer status of Principal shareholder as well as joint-holder (s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Company Name	Folio/CDs Account#	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC#	Shareholding Proportion (No. of Shares)	Name and CNIC#	Shareholding Proportion (No. of Shares)

The required information must reach our Share Registrar within 10 days of this notice; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

(iii) For any query/problem/information, the investors may contact our share registrar M/s. Hameed Majeed Associates (Pvt) Ltd., H.M. House 7-Bank Square, The Mall, Lahore at phone 042-37235081-2 or email at shares@ hmaconsultants.com

(iv) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to our share registrar M/s. Hameed Majeed Associates (Pvt) Ltd. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.
(v) Withholding tax exemption from dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to our Share Registrar M/s. Hameed Majeed Associates (Pvt) Ltd. upto October 30, 2020

5. Zakat will be deducted from the dividends at source under the Zakat & Usher Laws and will be deposited within the prescribed period with the relevant authority. Any shareholder who want to claim exemption shall submit your Zakat declarations under Zakat and Usher Ordinance, 1980 & Rule 4 of Zakat (Deduction & Refund) Rules, 1981 on prescribed Form CZ-50, to our Share Registrar M/s. Hameed Majeed Associates (Pvt) Ltd otherwise no exemption will be granted. The Shareholders while sending the Zakat Declarations as the case may be, must quote company name and their respective Folio Numbers / CDC Account Numbers. Zakat Declarations received before first of Shaaban are entitled.

6. Payment of Cash Dividend Electronically

In accordance with the provisions of section 242 of the Companies Act, 2017, dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders.

All shareholders are requested to provide the details of their bank mandate specifying:

(i) Title of Account:____
(ii) IBAN number :____
(iii) Bank Name :____
(iv) Branch Code, Name & Addresss:__________________________
(v) Signature of Shareholder:_________________________________

To the Company's Share Registrar M/s Hameed Majeed Associates (Pvt) Ltd. Shareholders who hold shares with Participants/ Central Depository Company of Pakistan (CDC) are advised to provide the bank mandate details as mentioned above, to the concerned Participant / CDC.

If they so desired the shareholders have the option to seek the dividend mandate by using the standardized "Dividend Mandate Form" available on Company's website http://www.nishat.net.

7. Circulation of Annual reports through Digital Storage

The shareholders of Nishat (Chunian) Limited in its 27th AGM of the Company had accorded their consent for transmission of annual reports including audited annual accounts, notices of AGM and other information contained therein of the Company through a CD/DVD/USB instead of transmitting the same in hard copies. The shareholders who wish to receive hard copies of the aforesaid documents may send to the Company Secretary / Share registrar, the standard request form provided in the annual report and is also available on the Company's website and the Company will provide the aforesaid documents to the shareholders on demand, free of cost, within one week of such demand. The shareholders who also intend to receive the annual report including the notice of meetings via email are requested to provide their written consent on the standard request form provided in the annual report and also available on the Company's website.

8. Video Conference Facility

Pursuant to the provisions of the Companies Act, 2017, the shareholders residing in a city other than Lahore, and holding at least 10% of the total paid up share capital may demand the Company to provide the facility of video-link for participating in the meeting. The demand for video-link facility shall be received by the Share Registrar at the address given hereinabove at least 7 days prior to the date of the meeting on the Standard Form provided in the annual report and also available on the company's website: www.nishat.net

9. Change of Address

Members are requested to notify any change in their addresses immediately. Shareholders are requested to provide above mentioned information/documents to (i) respective Central Depository System (CDS) Participants and (ii) in case of physical securities to the Share Registrar of the Company.

10. Coronavirus Contingency Planning for Annual General Meeting of Shareholders

Due to current COVID-19 situation, the Government has suspended large public gatherings at one place. Additionally, the Securities and Exchange Commission of Pakistan ("SECP") in terms of its Circular No.5 of 2020 issued on March 17, 2020 and Pakistan Stock Exchange Limited ("PSX") through its notice Ref: PSX/N-372 dated March 19, 2020 has advised companies to modify their usual planning for general meetings for the safety and well-being of shareholders and the public at large. Considering the SECP's directives, the Company intends to convene this AGM with minimal physical interaction of shareholders while ensuring compliance with the quorum requirements and requests the members to consolidate their attendance and voting at the AGM through proxies

Accordingly, the Company has made arrangements to ensure that all participants, including shareholders, can now participate in the AGM proceedings via video link. Those members who are willing to attend and participate in the AGM are requested to register themselves by sending an email along with following particulars and valid copy of both sides of Computerized National Identity Card (CNIC) at ‘matif@nishat.net’ with subject of ‘Registration for AGM’ not less than 48 hours before the time of the meeting:

Name of Shareholder	CNIC No.	Folio No./CDC Account No.	Cell No.	Email Address

Members who will be registered, after necessary verification as per the above requirement, will be provided a password protected video link by the Company via email. The said link will remain open from 10:30 a.m. on the date of AGM till the end of the meeting. Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address ‘matif@nishat.net’.

Members are therefore, encouraged to attend the AGM through video link or by consolidating their attendance through proxies.

11. The Company has placed the audited unconsolidated and consolidated financial statements for the year ended June 30, 2020 along with Auditors and Directors Reports thereon, Chairman’s Review and notice of meeting on its website: www.nishat.net

STATEMENT UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017
REGARDING SPECIAL BUSINESS:

Background Information

Nishat Chunian Power Limited (NCPL) is a public limited company incorporated in the year 2007, formed under the Power Policy 2002 as an Independent Power Producer (IPP). It is a subsidiary of Nishat Chunian Limited (the “Company”). It is currently listed on Pakistan Stock Exchange 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. NCPL has a chronic problem with its trade debt balances which fluctuate routinely due to delay in payments from the NTDC. This creates liquidity problems for NCPL due to which it needs funds to meet its working capital requirements. The management of the Company is proposing to invest its funds by extending loans/advances of PKR 1.00 Billion to NCPL at the markup rate of 3 month KIBOR plus 200 bps which shall not be less than the KIBOR for the relevant period or borrowing cost of the Company whichever is higher for a period of one year from the date of disbursement. Payment of markup shall be on quarterly basis. The purpose of the investment is to support the operations of subsidiary which provides stable stream of income for the Company.

Due Diligence

The directors have, as required by the Regulations, carried out the required due diligence for the proposed investment for which the shareholders’ consent by special resolution set out below is required under Section 199 of the Companies Act, 2017. The Due Diligence Report as approved by the Board will be available for inspection of the members in the annual general meeting.

Interest of the Investee Company, its sponsors and Directors in the Company

As required by Regulation 4(1) of the Regulations, it is declared that:

1. The investee company, NCPL, holds no shares in Nishat Chunian Limited and has no interest in the Company except Common Directorship.

2. The sponsors / Directors of the investee company hold the following shares in Nishat Chunian Limited:

Names	**No of Shares**
Mrs. Farhat Saleem	5,915,838
Mr. Shahzad Saleem	54,860,632
Mrs. Ayesha Shahzad	238,448
Mr. Zain Shahzad	1,035,500
Mr. Farrukh Ifzal	500

Audited Financial Statements of Nishat Chunian Power Limited

As required by Regulation 5 of the Regulations, the latest financial statements of the Investee Company as at 30 June 2020 and last interim financial statements shall be made available for the inspection of the members at the Annual General Meeting.

SPECIAL RESOLUTIONS:

It is proposed that the following Resolution be considered and passed as a Special Resolution, with or without modification:

"RESOLVED that approval of the members of Nishat Chunian Limited (the "Company") be and is hereby accorded in terms of Section 199 of the Companies Act, 2017 to make investment of up to PKR 1.00 Billion (Rupees One Billion Only) from time to time in Nishat Chunian Power Limited ("NCPL"), a subsidiary of the Company, by way of loans and advances, as and when required by NCPL, at the rate of 3 months KIBOR + 200 bps provided that the rate of return shall not be less than KIBOR for the relevant period or borrowing cost of the investing company, whichever is higher and that such loans and / or advances shall be repayable within one year from the date of disbursement and as per other terms and conditions disclosed to the members.

FURTHER RESOLVED that the above said resolution shall be valid for 1 (one) year and Chief Financial Officer and Company Secretary of the Company be and are hereby jointly empowered and authorized to undertake the decision of said investment as and when deemed appropriate and necessary in the best interest of the Company and its shareholders and to take all steps and actions necessary, incidental and ancillary including execution of any and all documents and agreements as may be required in this regard and to do all acts, matters, deeds and things as may be necessary or expedient for the purpose of giving effect to the spirit and intent of the special resolution for making investment from time to time".

Further Information

As required by the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012 (the "Regulations") the following further information is provided:

<table>
<tr><th>Ref. No.</th><th>Requirement</th><th>Information</th></tr>
<tr><td>I</td><td>Name of associated company</td><td>Nishat Chunian Power Limited ("NCPL")</td></tr>
<tr><td>Ii</td><td>Basis of Relationship</td><td>NCPL is a subsidiary company.</td></tr>
<tr><td>Iii</td><td>Earnings / (Loss) per share for the last three years</td><td><table><tr><th>Year</th><th>Earning / (Loss) per share Rs.</th></tr><tr><td>2020</td><td>12.54</td></tr><tr><td>2019</td><td>9.30</td></tr><tr><td>2018</td><td>9.27</td></tr></table></td></tr>
<tr><td>Iv</td><td>Break-up value per share, based on last audited financial statements</td><td>PKR 51.63</td></tr>
<tr><td>V</td><td>Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements</td><td>Audited Financial Statements for the year ended June 30, 2020 showed:<table><tr><th>Balance Sheet:</th><th>Rs. in '000'</th></tr><tr><td>Asset</td><td></td></tr><tr><td>Non-Current Assets</td><td>10,574,636</td></tr><tr><td>Current Assets</td><td>20,376,070</td></tr><tr><td>Total Assets</td><td>30,950,706</td></tr><tr><td>Liabilities</td><td></td></tr><tr><td>Long term</td><td>730,267</td></tr><tr><td>Short Term</td><td>11,254,499</td></tr><tr><td>Total Liabilities</td><td>11,984,766</td></tr></table></td></tr>
</table>

			Profit & loss: Sales 13,022,871 Gross Profit 6,755,752 Gross Profit Ratio 52% Net Profit after tax 4,605,770 Net Profit after tax Ratio 35% EPS 12.54
Vi	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely		Not Applicable
	i	Description of the project and its history since conceptualization	Not Applicable
	ii	Starting date and expected date of completion of work	Not Applicable
	iii	Time by which such project shall become commercially operational	Not Applicable
	iv	Expected time by which the project shall start paying return on investment.	Not Applicable
	v	Funds invested or to be invested by the promoters, sponsors associated company or associated undertaking distinguishing between cash and non-cash amounts.	Not Applicable
(B) General Disclosures:			
(i)	Maximum amount of investment to be made		Up to PKR 1.00 Billion (Rupees One Billion Only).
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment		The investment is explained in detail in the background information hereinabove. This will support the operations of the subsidiary. The Company will earn income from the investment.
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:		Internal cash generation
	i	Justification for investment through borrowings	Not Applicable
	ii	Detail of collateral, guarantees provided and assets pledged for obtaining such funds	Not Applicable
	iii	Cost of benefit analysis	Not Applicable
(iv)	Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment		No agreement has so far been entered into with NCPL for the proposed investments. Agreement will be executed before extending the loan on the basis of the terms and conditions as approved by the shareholders.
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associates company or associated undertaking or the transaction under consideration:		The directors, sponsors, majority shareholders and their relatives have no interest in this company except to the extent of their shareholdings, if any/directorships. NCPL is not a member of NCL. Its directors are nominees of NCL.

(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information /justification for any impairment or write offs	The shareholders have approved investment of PKR 1.00 Billion in their meeting held on October 28, 2019. The said investment has been repaid with markup as per terms and conditions approved by the shareholders. There is no write offs/impairment.
1(c) Additional disclosure regarding investment in the form of Working Capital Loan		
(i)	Category-wise amount of investment	PKR 1.00 Billion as loans/advances
(i)	average borrowing cost of the investing company, the Karachi inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah complaint products and rate of return unfunded facilities, as the case may be, for the relevant period.	Average Borrowing Cost 13.29% per annum for the period ended 30 June 2020. 3 month KIBOR for the relevant period.
(ii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company	3 months KIBOR plus 2%
(iii)	Particulars of collateral or security to be obtained in relation to the proposed investment	No security to be obtained as NCPL is a subsidiary.
(iv)	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	Not Applicable
(v)	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking	Repayment of principal will be made within one year of the approval by the shareholders while payment of markup due will be made on monthly basis

CHAIRPERSON'S REVIEW

Nishat (Chunian) Limited ("the Company") derives its strategic direction from its Board of Directors ("the Board) which is undoubtedly its core strength. The composition of the Board is eight-member directors who are well adapt with prevailing industry norms and are equipped with competence and skills desirable to run the business efficiently. In such testing times when businesses have been hard hit and operational sustainability becomes a challenge due to COVID-19 pandemic, while the management stands empathetic with its stakeholders and society at large, the wise and appropriate strategic guidance of those charged with governance is looked upon. I am very pleased to state that without a doubt, the directors have discharged their duties with utmost diligence and as a result of their tireless efforts, the company has been able to hold its industry position efficiently. Further on, the guidelines for Listed Companies (Code of Corporate Governance) Regulations, 2019, along with stipulations enlisted within the Companies Act, 2017 with respect to the board, directors and their commitiees have been complied with.

Mr. Muhammad Ali Zeb resigned as director of the company on 29th June, 2020 and was replaced by Mr. Faisal Farid, appointed on 3rd September, 2020.

The performance of board, which is reviewed and assessed against a sophisticated criterion, was found to be adequate based on the latest evaluation. Key highlights of the board's achievements are as follows:

- Clearly understanding the vision, mission and values of the company while ensuring compliance to these at all levels.
- Devising strategic plans and key decisions that are aligned to the interests of the company and its stakeholders
- Continuously reviewing business performance and affairs while taking into consideration, key findings of internal and external auditors as well as independent consultants (as and where applicable)
- Maintaining a diverse mix of executive and non-executive directors including independent directors, while ensuring commensurate engagement in key decision making
- Evaluation of material investment decisions
- Upholding and maintaining effective control environment and best corporate governance practices

While leading the board, I will ensure that all its members are commitied to serving the company with the same zeal, while taking into consideration, all material facts, information and circumstances in a manner that maximizes value for the company in all spheres. The confidence and support of stakeholders in the management of the company is worth mentioning, nonetheless, the continued support and efforts of our employees, that mean a great deal to us and I am seizing this opportunity to thank all on behalf of the board.

The existing board is due to be re-elected as it will complete its tenure in the coming year in April, 2021.

Mrs. Farhat Saleem
Chairperson
Date: October 02, 2020
Lahore

Growing Ingeniously


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DIRECTOR'S REPORT

The Directors of your Company have the pleasure of presenting the financial results of your Company which include both, separate and consolidated audited financial statements for the fiscal year ended June 30, 2020.

OVERVIEW

Financial year 2019-20 was a difficult year due to the COVID-19 pandemic as overall business environment remained highly challenging. Resultantly net sales decreased to Rs. 35.66 billion in 2020 from Rs. 39.34 billion in 2019. However, the Company still managed to remain profitable by continuing its operations by implementing effective work from home protocols, whereas plant remained operational by following SOPs issued by government.

Keeping up with its profitable track record, the Company is declaring a profit after tax of 0.7% of sales as compared to 8.1% last year. The decrease in profitability was mainly due to COVID-19 pandemic and consequent lockdowns worldwide which badly disrupted the overall supply chain and forced to stop the factory production for a while.

On a consolidated basis, the Company achieved gross turnover of PKR 49.58 billion which is 9.8% lower as compared to last year's turnover of PKR 54.98 billion.

YEAR AT A GLANCE

Revenue: Rs. 35.66 Billion (-9.33%)
Profit from Operations Rs. 3.37 Billion (-42.35%)
Net Profit for the Year Rs. 0.265 Billion (-91.62%)

Financial Highlights	For the Year Ended	
	2020	**2019**
Sales (Rs.)	35,666,860,338	39,337,640,505
Gross Profit (Rs.)	4,204,386,583	4,887,512,561
Profit After Taxation (Rs.)	265,369,380	3,167,591,540
Gross Profit %	11.8%	12.4%
Profit After Taxation %	0.7%	8.1%
Earnings Per Share (Rs.)	1.11	13.19

PROFITABILITY

Revenue earned during this year was Rs. 35.66 billion, down by 9.33% from last year whereas the gross profits and net profits in this year decreased from 12.4% and 8.1% to 11.8% and 0.7% respectively over the last year. The decrease in revenue and net profits of the Company was mainly due to COVID-19 pandemic and resulting lockdowns in our global markets, whereas USA & China trade rift also affected the overall export market specially for spinning.

APPROPRIATIONS

The Board of Directors of the Company have proposed to pay Rs. 1 per ordinary share cash dividend in its meeting held on October 2, 2020.

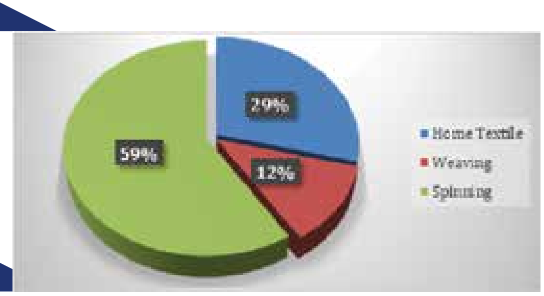
INVESTMENTS

Considerable investments were made during the year in different textile segments for capacity enhancement and improvement in operational efficiency. A summarized overview is given below:

Business Segment	Machinery Added	Investment (PKR in million)
Spinning	• 4 AUTOMATIC CONER WINDERS	139.3
	• 5 CONTAMINATION SORTER VISION SHIELD	77.3
	• 2 CONTAMINATION SORTER TS-SCAN	31.5
	• 1 SIMPLEX ROVING FRAME	27.2
	• Others	43.3
	Total	**318.6**
Weaving	• 48 Looms	441.7
	• 1 Sizing Machine	113.4
	• 1 Inspection Line	15.7
	• 1 Warper Machine	14.7
	• 1 Humidity Plant	12.7
	• Others	14.3
	Total	**612.5**
Home Textiles	• 3 Digital Printing Machines	322.6
	• 250 Juke Lock Stitch Auto Machines	29.8
	• 2 Curing Machines	14.8
	• 2 Singeing Burners	11.6
	• Others	33.3
	Total	**412.1**

SEGMENT WISE REVENUE

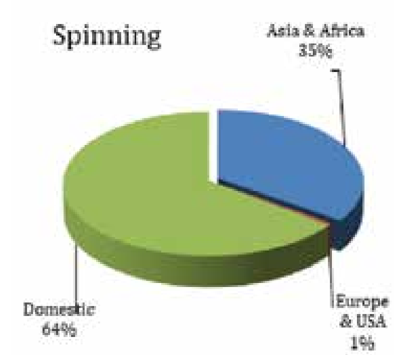
Spinning still remains the main stream of revenue generation for the Company, whereas Home textile division has maintained its market share despite of challenging business environment due to COVID-19 pandemic.



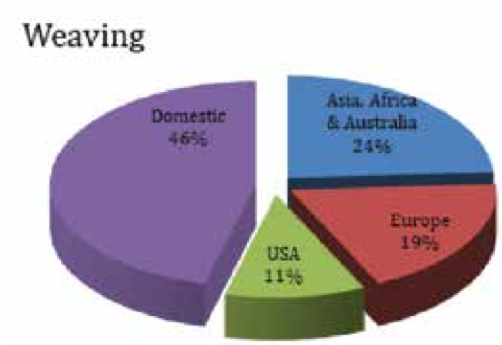
SPINNING

This year was full of challenges, it comes without a surprise that sales declined as the economic downturn due to pandemic hit the globe, major impact being translated in the fourth quarter with revenue declining to almost half of where it stood in corresponding quarter of prior year, overall sales are down by 11%, year-over-year to PKR 20.9 billion (PKR 23.6 billion in 2019).

While local cotton prices continued to hike due to extended rainy season, exports were not very lucrative despite devaluation of rupee. With China holding its spot as lead target export market, demand for cotton remained pretty sluggish following the Chinese spring festival before which yarn stocks had already been replenished, while the effect of ongoing trade war between China and US seemed to have even intensified by the impact of COVID-19 as markets and factories were forced to shut down. Although prices for local yarn improved in first half, due to increased uncertainty prevalent in the second half of fiscal year, domestic prices also registered an overall declining trend. Such testing times compelled the plant into shutting down during the countrywide lockdown imposed by government, which is otherwise operational throughout the year. Resultantly, any improvement in profits remained out of question.



WEAVING

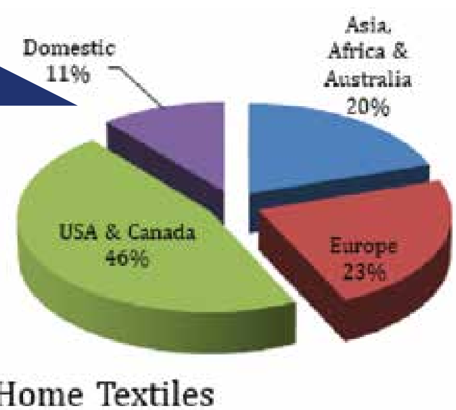


Weaving division took a serious toll due to onset of COVID pandemic as both its top line and bottom line contracted. Orders from Both local and international value-added sector started to dry up as early as new calendar year started. However, despite such stringent economic condition, the management was able to close the year with a profit.

Going forward, the management foresees a positive outlook and is of the view that as the value-added sector opens up gradually, the margins and volumes will improve as well. During the year company invested heavily in fixed assets. This comprises of Looms and Sizing machines, which will add further depth to the weaving business, which will enable the management to attract potential customers.

HOME TEXTILES

Despite severe economic slump caused by COVID, The division was able to increase the sales level slightly, as revenue for the year was 2.1% higher as compared to the previous year.
During second half of the year, there was Lockdown of International and National markets due to Global Pandemic. Initially, the division suffered a decline in sales, however, with resumption of economy, there was a considerable improvement in business activity as upward trend was seen in sales both in terms of volume and value. This reflects the market potential of made-ups business in future.
Furthermore, during the year, the capacity of printing department was expanded with installation of 3 Digital Printing Machines. Besides this, 300 latest state of the art Stitching machines with autolock/overlock specifications has been put into use. This has helped in enhancing the Stitching production efficiency.



The Linen Company (TLC) has opened two new shops in Karachi and Lahore each, taking the total retail outlets tally to six. Due to overwhelming response from customers, TLC has planned to increase its retail base by opening more shops in other cities of the country. In February 2020, TLC has established separate online base named as “E-Shop” for customers throughout the country, this increased the online sales by four times as compared to last year.

SUBSIDIARY COMPANIES

The Company has also annexed its consolidated financial statements along with separate financial statements in accordance with the requirements of International Financial Reporting Standards and Companies Act, 2017. The group results comprise of financial statements of Nishat (Chunian) Limited ("the Holding Company"), Nishat Chunian Power Limited (NCPL), Nishat Chunian USA Inc. and NC Electric Company Limited.

Financial Highlights	2020	2019
	(Rupees in million)	
Turnover	49,580	54,988
Gross Profit	11,096	10,279
Profit before taxation	4,570	6,114
Taxation	44	535
Profit after taxatio	4,126	5,578
Earnings per share (basic & diluted) – Rupees	7.75	16.26

Following is a brief description of all subsidiary companies of Nishat Chunian Limited:

Nishat Chunian Power Limited, incorporated under the Companies Ordinance, 1984 on 23 February, 2007, is established with the objective of setting up power generation project having gross capacity of 200MW under a 25 year 'take or pay' agreement with National Transmission & Dispatch Company Limited (NTDCL). NCPL started its operations on July 21, 2010. The Company has been listed on Karachi, Islamabad and Lahore Stock Exchanges (now, Pakistan Stock Exchange). Nishat (Chunian) Limited currently owns and controls 51.07% shares of Nishat Chunian Power Limited. The Directors' Report giving a commentary on the performance of NCPL for the year ended 30 June 2018 has been presented separately.

Nishat Chunian USA Inc. is a foreign subsidiary incorporated under the Business Corporation Laws of the State of New York. It is a wholly owned subsidiary incorporated with a principle objective of liaising with Holding Company's marketing department providing access, information and other services relating to USA Market and to import home textile products and distribute them to local retailers in USA.

Amalgamation of NC Electric Company Limited and Nishat Chunian Ltd,

In accordance with the Scheme of Compromises, Arrangements and Reconstruction under sections 279 to 283 read with section 285 of the Companies Act, 2017 for amalgamation / merger between Nishat (Chunian) Limited and its members and NC Electric Company Limited and its members ("the Scheme") approved by the shareholders of Nishat (Chunian) Limited and shareholders of NC Electric Company Limited on 31 March 2020 and sanctioned by the Honourable Lahore High Court, Lahore vide its order dated 24 June 2020 and filed with the Registrar of Companies on 20 July 2020, with effect from 30 June 2020, the entire undertaking and business of NC Electric Company Limited with all the property, assets, rights, liabilities and obligations of every description stand merged / amalgamated into Nishat (Chunian) Limited against set-off of the equity investment against issued, subscribed and paid-up share capital of NC Electric Company Limited by Nishat (Chunian) Limited.

FUTURE OUTLOOK, CHALLENGES & OPPORTUNITIES

To diversify its retail network under the Company's brand name TLC (The Linen Company) launch of further outlets are planned in the major cities across the country. A major outlet was opened in Karachi during the year, while recently a new outlet has been opened at Emporium mall Lahore. Currently TLC is operating through 7 retail outlets across the country, moreover e-commerce facility has been revamped to capture the maximum market share.

In home textile division, the capacity of printing department was expended with installation of 3 digital printing machines. Beside this, 300 latest state of the art stitching machines with auto lock specification has been put into use. This has helped in enhancing the stitching production efficiency. On the other hand, management has made major investment in the weaving division which will allow further diversification in the production line allowing new markets to be tapped, further back process has also been revamped to increase the efficiency.

In spinning, as we are now adapting the new normal, we are gauging an improvement in operations in near future. The rising demand for yarn is enabling improvement in prices besides volumetric growth. While the US-China trade war is hampering the demand for yarn from Chinese market, this is bringing by potential for increased demand from all over the globe as businesses are tapping new alternatives within the Asian market. It is safe to say that we can aim at improved business prospects in the coming days.

Pakistan have been presented with a unique opportunity to fill in the space created in textile value added sector caused by the rift in China-USA trade relationships. Many international buyers are looking towards countries like Pakistan to fill in this gap and many local companies are quick to cease the opportunity. This will increase the demand of local produced yarn and greige fabric along with its margins.

The COVID-19 pandemic affected the entire corporate sector and caused severe financial stress for most of the businesses including textile business. However, timely response from government in form of massive stimulus package, slashing policy rate by almost half and offering subsidised salary refinance package mitigated the impact of COVID-19 outbreak to some extent. Beyond their positive impacts in short term, these measures are expected to support the post COVID-19 economic recovery as well. Further ease of lockdown across the globe will also help to revive the business. Moreover, the payment of long pending sales tax refunds during the financial crunch was a commendable feat on part of the government.

Though the macro indicators have started to improve largely due to strict fiscal and monetary measures taken by government however, the tuff times are far from over as inflation rate for the last 2 to 3 months has been clocked in at 8% - 9%, if not controlled this could result in the increase of policy rate which could seriously hamper the expansion of large scale manufacturing. Further, it is high time that the policy makers start thinking long term so that businesses can plan over long term horizons. Both sales tax and income tax refunds remain a major headache for business in Pakistan as huge amounts accumulate with the FBR with no certainty regarding their payments.

RISK MANAGEMENT

We understand that exposure to risk is inevitable to any business that seeks to grow and compete in the industry. The company is exposed to a variety of financial risks: market risk (including currency risk, interest rate risk), credit risk and liquidity risk. This necessitates the establishment of a rigorous system of risk management, which entails developing internal controls to identify, assess, monitor and manage risks related to the company's activities. We aim to continually improve our understanding of the risk/reward ratio in various situations and reduce the risks to acceptable levels.

We do this by promoting a culture of anticipating risk and its mitigation, across the organization. The company has implemented various standard operating procedures to manage risks. These are periodically reviewed by management to avoid obsolescence and are updated with evolving circumstances. The board oversees the compliance of said procedures. We believe in embedding risk management into the ethos of the business, with an awareness instilled in employees at all levels. The presence of risk management policies is balanced by our encouragement and facilitation of enterprise and innovation.

INTERNAL FINANCIAL CONTROLS

At NCL we have a system of internal financial controls which is both rigorous and dynamic. The risk management and internal control processes are designed to safeguard the company's assets, detect and prevent fraud and to ensure compliance with all legal/statutory requirements. The internal controls are regularly reviewed and monitored by the Internal Audit function which is outsourced to a reputable audit firm which carries out periodic audits and reports its findings to the management, highlighting possible areas of improvement. The internal audit function has a strong focus on prevention of any loopholes in the internal control system. The Internal Audit function ensures that the internal controls address and/or mitigate emerging risks being faced by the company.

The Board is fully aware of its responsibilities regarding the establishment and management of an effective and efficient internal control system. The board directly oversees the periodic review and proper implementation of the suggestions put forth by the Internal Audit function. As a result of this, the implementation of internal controls is ensured and a high degree of reliance is placed on their functionality.

ENVIRONMENTAL IMPACTS

The company gives due consideration to the impact of our activities on the environment and aspires to contribute to the well-being of society.

Energy Conservation

Apart from making efforts to generate energy from efficient sources, the company is also engaged in exploring ways to conserve energy. In this aspect we have installed LED lights at our mills and plants to save energy, moreover training sessions are also conducted for employees to promote energy conservation.

Environment Protection

We constantly review the proposals made by the government in respect of environmental protection and ensure their implementation. We operate a waste water treatment plant to protect the environment from the hazardous impacts of our industrial processes. The Company also operates a caustic recovery plant to recover caustic from waste water and also aim to use ecofriendly dyes & chemicals to lower the pollution load over our waste streams. Moreover, online emission monitoring system is being installed at coal power plant.

Occupational Safety and Health

We carry out regular health and safety awareness programs and occasionally organize free medical camps as well. Furthermore, regular fumigation is carried out at premises of all manufacturing facilities by using fogging machines to prevent diseases like dengue and Coronavirus.

During the COVID-19 pandemic, we have ensured strict adherence to the SOPs instituted by the government. Masks and sanitizers have been available at all our production facilities to ensure the health and well-being of our employees. Social distancing norms have been implemented and strictly followed throughout the pandemic.

The Company maintains firefighting equipment and vehicles at all of its manufacturing facilities. Regular fire drills are held and employees are provided with basic training to prepare them for any unfortunate situation.

CORPORATE SOCIAL RESPONSIBILITY

Management strongly believes in social welfare and community service, and endeavors to make it a integral part of our company's culture. We add substantially to the national exchequer through the payment of various taxes, duties and levies and our export earnings contribute considerably in stabilizing the country's foreign exchange position as the Company is counted among the top exporters of the country.

We are an equal opportunity employer and are unbiased to gender, class, ethnicity and religion as we believe in the culture of meritocracy. We provide our employees with a work environment that is healthy, safe and conducive to continuous learning.

The Company is also investing in ecofriendly technologies by installing advances water treatment plants at home textile division. Furthermore, the water used at spinning and weaving mills is provided to the local farmers free of cost. To deal with the issue of ash on sustainable basis the Company is planning to install a brick manufacturing plant that will manufacture bricks by using residual ash from coal power plant. The coal power plant will be equipped with state of the art online emission monitoring system to ensure that the emissions comply with the international and local standards.

As part of its philanthropic endeavors, the company donates to a school which provides quality education to underprivileged at a nominal fee. Moreover, the sponsors of the company along with other philanthropists is in the process of setting up a state-of-the art, not for profit, Saleem Memorial Trust Hospital (SMTH). This 350-bed hospital which is being constructed on 39 kanals of land will provide subsidized medical treatment to the underprivileged. The partial section of the hospital would be opened by coming year.

During the testing times of lockdown caused by COVID-19 the management remained committed to its employees and not a single employee was let go.

STATEMENT OF COMPLIANCE

The requirements of the Code of Corporate Governance as set out by the Pakistan Stock Exchange in its listing regulations have been adopted by the Company and have been duly complied with, a statement to this effect is annexed to the report.

STATEMENT OF VALUE ADDITION & DISTRIBUTION

	Rs. In Millions
Wealth Generated	
Total Revenue and other income	36,120
Bought in Material and services	(28,548)
	7,572
Wealth Distribution	
To Government & Society	
Employee remuneration	2,907
Donation	4
Tax, WPPF & WWF	488
To providers of Finance	
Finance Cost	2,661
Dividend	600
Retained for reinvestment and future growth	
Depreciation & amortization	912
	7,572

CORPORATE GOVERNANCE

During the year your company remained compliant with the Code of Corporate Governance requirements except as mentioned above.

Composition of Board of Directors:
The diverse mix of gender, knowledge, expertise and skill sets of the members enhances the effectiveness of our Board. Our Board composition represents the interests of all categories of shareholders and it consists of:

Total number of Directors:
- Male 7
- Female 1

Composition
The composition of Board is as follows:

a) Independent Directors: **02** as named hereunder:
i. Mr. Shoaib Ahmad Khan
ii. Mr. Muhammad Zahid Khan

b) Non-Executive Directors: **04** as named hereunder:
i. Mrs. Farhat Saleem (Chairperson)
ii. Mr. Aftab Ahmad Khan
iii. Mr. Faisal Farid
iv. Mr. Farrukh Ifzal

c) Executive Director: **02** as named hereunder:
i. Mr. Shahzad Saleem (Chief Executive)
ii. Mr. Zain Shahzad

Board of Directors' Meetings:
During the year under review eight (8) meetings were held. Attendance by each director is as follows:

Name of Directors	No. of Meetings
Mrs. Farhat Saleem (Chairperson)	0
Mr. Shahzad Saleem (Chief Executive)	8
Mr. Zain Shahzad	4
Mr. Aftab Ahmad Khan	8
Mr. Farrukh Ifzal	8
Mr. Muhammad Zahid Khan	8
Mr. Shoaib Ahmad Khan	7
Mr. Faisal Farid (Appointed on 03-09-2020)	0
Mr. Muhammad Ali Zeb (Resigned on 29-06-2020)	5

Director's Remuneration
The remuneration of Directors and fee for attending Board meeting is determined by an approved policy in accordance with Companies Act 2017 & the listed Companies (Code of Corporate Governance) Regulations 2017.

Audit Committee
The audit committee is performing its duties in line with its terms of reference as determined by the Board of Directors. Composition of the Audit Committee is as follows:

Mr. Muhammad Zahid Khan	Chairman
Mr. Farrukh Ifzal	Member
Mr. Aftab Ahmad Khan	Member

HR & Remuneration Committee
In compliance with the Code, the Board of Directors of your Company have established a HR & R Committee. Composition of the HR & R committee is as follows:

Mr. Faisal Farid	Chairman
Mr. Farrukh Ifzal	Member
Mr. Muhammad Zahid Khan	Member

Pattern of Shareholding
Pattern of shareholding as on June 30, 2020 is annexed.

Acknowledgment
The board places on record its profound gratitude for its valued shareholders, banks, financial institutions and customers, whose cooperation, continued support and patronage have enabled the company to strive for constant improvement. During the period under review, relations between the management and employees remained cordial and we wish to place on record our appreciation for the dedication, perseverance and diligence of the staff and workers of the company.

For and on behalf of the Board,

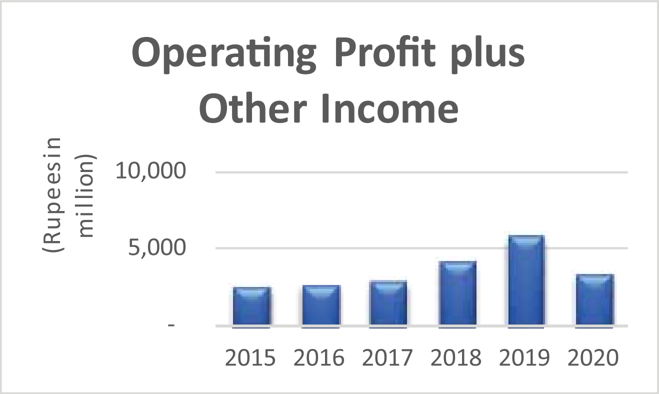
Chief Executive

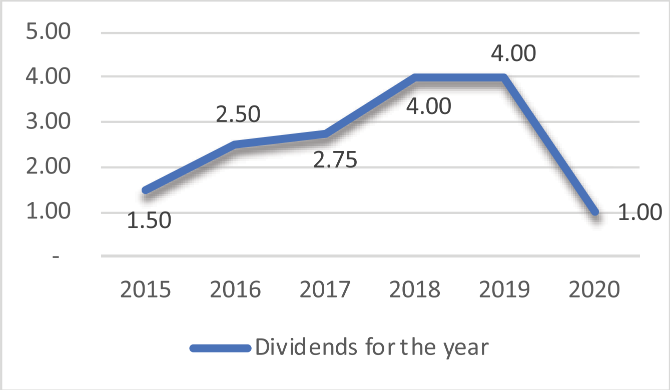
Director

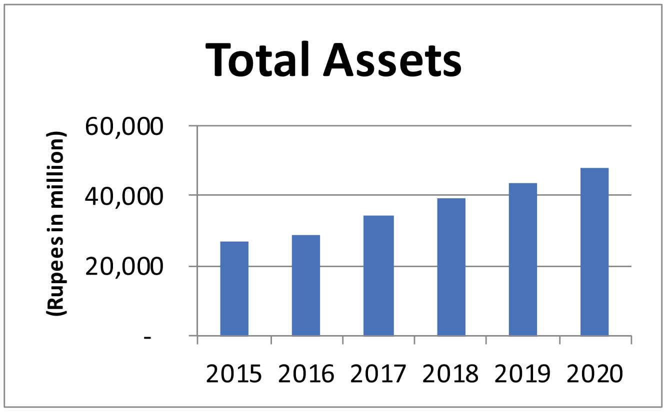
Date: October 02, 2020
Lahore.

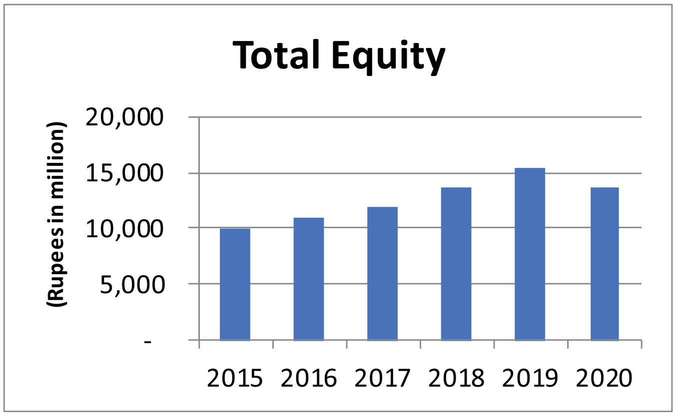
FINANCIAL HIGHLIGHTS

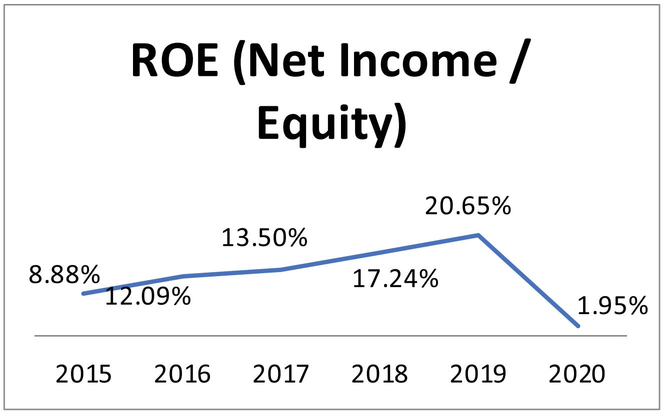
Year	2015	2016	2017	2018	2019	2020
			(Rupees in thousand)			
Net Sales	23,780,455	25,799,122	29,815,994	35,560,396	39,337,641	35,666,860
Gross Profit	1,956,775	2,455,518	2,899,793	4,271,344	4,887,513	4,204,387
Distribution, Admin and Other Expenses	940,051	1,003,589	1,148,822	1,259,755	1,496,010	1,288,344
Operating Profit plus Other Income	2,497,253	2,642,648	2,873,374	4,143,471	5,845,942	3,370,053
Finance Cost	1,353,886	1,029,629	1,094,723	1,383,365	2,177,576	2,660,856
Profit After Tax	800,420	1,328,775	1,621,332	2,363,084	3,167,592	265,369
Current Assets	14,794,557	15,975,281	18,707,295	24,808,457	29,043,475	29,157,860
Total Assets	26,959,844	28,883,996	34,622,603	39,393,599	43,507,943	47,750,604
Current Liabilities	14,084,317	15,817,604	18,311,946	20,926,883	24,512,069	28,036,168
Total Equity	9,969,626	10,987,197	12,007,975	13,710,449	15,338,438	13,637,398
Cash Flows:						
Net Cash generated from /(used in) Operating Activities	319,654	(479,208)	(649,757)	(2,288,612)	197,793	1,582,303
Net Cash generated from/(used in) Investing Activities	166,018	(374,500)	(3,865,054)	666,819	(597,348)	(2,717,247)
Net Cash generated from /(used in) Financing Activities	465,557	(67,092)	4,510,693	1,653,688	340,839	1,161,100
Earnings Per Share						
Basic	4.00	5.59	6.75	9.84	13.19	1.11
Diluted	4.00	5.59	6.75	9.84	13.19	1.11
Dividends for the year	1.50	2.50	2.75	4.00	4.00	1.00
Dividend Payout Ratio	0.38	0.45	0.41	0.41	0.30	0.90
Financial Measures:						
ROE (Net Income / Equity)	8.88%	12.09%	13.50%	17.24%	20.65%	1.95%
ROI (Net Income / Assets)	3.0%	4.6%	4.7%	6.0%	7.3%	0.6%
Shareholders' Equity Ratio (Equity / Assets)	37%	38%	35%	35%	35%	29%
Net Debt Equity Ratio (% age)	30%	19%	35%	35%	23%	45%
Interest Coverage Ratio (times)	1.84	2.57	2.62	3.00	2.68	1.27
P/E ratio (Price per share / EPS)	9.19	6.34	7.60	4.83	2.66	29.37
Dividend Yield Ratio (Cash dividend / Net Income)	0.38	0.45	0.41	0.41	0.30	0.90
Common Stock						
Number of shares outstanding at year end	200,184,630	240,221,556	240,221,556	240,221,556	240,221,556	240,119,029
Break up value	49.80	45.74	49.99	57.07	63.85	56.79
Share price as on 30 June	36.73	35.42	51.32	47.48	35.02	32.45

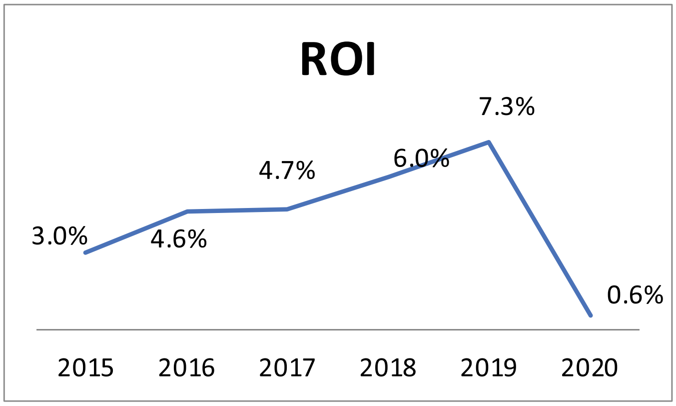

Operating Profit plus Other Income
(Rupees in million)
10,000
5,000
-
2015
2016
2017
2018
2019
2020

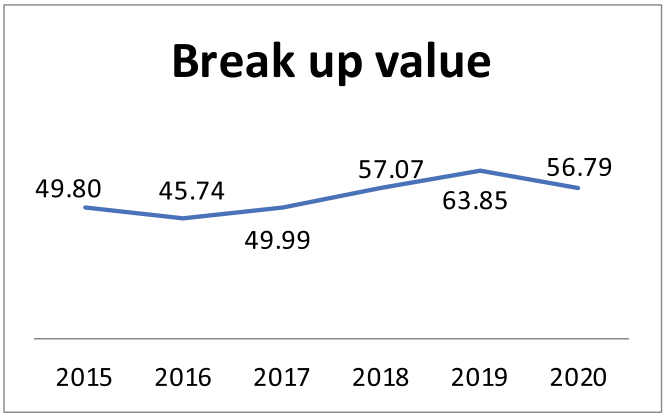

5.00
4.00
3.00
2.00
1.00
-
1.50
2.50
2.75
4.00
4.00
1.00
2015
2016
2017
2018
2019
2020
Dividends for the year

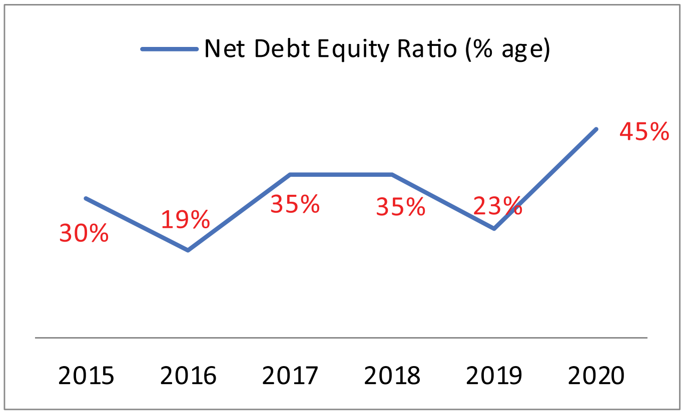

Total Assets
(Rupees in million)
60,000
40,000
20,000
-
2015
2016
2017
2018
2019
2020


Total Equity
(Rupees in million)
20,000
15,000
10,000
5,000
-
2015
2016
2017
2018
2019
2020


ROE (Net Income / Equity)
8.88%
12.09%
13.50%
17.24%
20.65%
1.95%
2015
2016
2017
2018
2019
2020


ROI
3.0%
4.6%
4.7%
6.0%
7.3%
0.6%
2015
2016
2017
2018
2019
2020


Break up value
49.80
45.74
49.99
57.07
63.85
56.79
2015
2016
2017
2018
2019
2020


Net Debt Equity Ratio (% age)
30%
19%
35%
35%
23%
45%
2015
2016
2017
2018
2019
2020

STATEMENT OF COMPLIANCE

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

Name of company: Nishat (Chunian) Limited

Year ending: June 30, 2020

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

1. The total number of Directors are eight (8) as per the following:

a. Male: 7
b. Female: 1

2. The composition of the Board is as follows:

Category	Names
Independent Directors	Mr. Shoaib Ahmad Khan Mr. Muhammad Zahid Khan
Non-Executive Directors	Mrs. Farhat Saleem Mr. Aftab Ahmad Khan Mr. Farrukh Ifzal Mr. Faisal Farid (appointed as Director 03 September 2020 in place of Mr. Muhammad Ali Zeb who resigned on 29 June 2020)
Executive Directors	Mr. Shahzad Saleem (Chief Executive Officer) Mr. Zain Shahzad

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

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

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

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

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

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

9. The Board has arranged Directors' Training program for the following:

Name of Director
Mr. Farrukh Ifzal

Following Directors meet the exemption criteria of minimum of 14 years of education and 15 years of experience on the Boards of listed companies, hence are exempt from Directors' training program:

Names of Directors
Mrs. Farhat Saleem Mr. Shahzad Saleem Mr. Aftab Ahmad Khan

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

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

a) **Audit Committee**

Names	Designation held
Mr. Muhammad Zahid Khan	Chairman
Mr. Farrukh Ifzal	Member
Mr. Aftab Ahmad Khan	Member

b) **HR and Remuneration Committee**

Names	Designation held
Mr. Faisal Farid	Chairman
Mr. Farrukh Ifzal	Member
Mr. Muhammad Zahid Khan	Member

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

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

    a) Audit Committee

    Four quarterly meetings were held during the financial year ended June 30, 2020.

    b) HR and Remuneration Committee

    Two meetings of HR and Remuneration Committee were held during the financial year ended June 30, 2020.

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

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the company;

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

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

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

Sr. No.	Requirement	Explanation of Non-Compliance	Regulation Number
1	**Nomination Committee** The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	Currently, the Board has not constituted a separate nomination committee and the functions are being performed by the human resource and remuneration committee. The Board shall consider to constitute nomination committee when required.	29
2	**Risk Management Committee** The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	Currently, the Board has not constituted a risk management committee and senior officers of the Company perform the requisite functions and apprise the Board accordingly. The Board shall consider to constitute risk management committee when required.	30
3	**Disclosure of significant policies on website** The Company may post key elements of its significant policies, brief synopsis of terms of reference of the Board's committees on its website and key elements of the directors' remuneration policy.	Although these are well circulated among the relevant employees and directors, the Board shall consider posting such policies and synopsis on its website in near future.	35
4	**Responsibilities of the Board and its members** The Board is responsible for adoption of corporate governance practices by the company.	Non-mandatory provisions of the Regulations are partially complied. The company is deliberating on full compliance with all the provisions of the Regulations.	10(1)

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

FARHAT SALEEM
Chairperson

October 02, 2020
Lahore

REVIEW REPORT TO THE MEMBERS

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Nishat (Chunian) Limited (the Company) for the year ended 30 June 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2020.

RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: October 02, 2020

INDEPENDENT AUDITOR'S REPORT

To the members of Nishat (Chunian) Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Nishat (Chunian) Limited (the Company), which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1.	**Inventory existence and valuation** Inventory existence and valuation Inventory as at 30 June 2020 amounted to Rupees 20,922.291 million and represented a material position in the statement of financial position, break up of which is as follows: - Stores, spare parts and loose tools amounting to Rupees 934.214 million - Stock-in-trade amounting to Rupees 19,988.077 million	Our procedures over existence and valuation of inventory included, but were not limited to: • To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management; • For a sample of inventory items, re-performed

<table>
<tr><th>Sr. No.</th><th>Key audit matters</th><th>How the matter was addressed in our audit</th></tr>
<tr><td></td><td>The business is characterized by high volume serial production and the valuation and existence of inventories are significant to the business. Therefore, considered as one of the key audit matters.

Inventories are stated at lower of cost and net realizable value. Cost is determined as per accounting policy disclosed in Note 2.16 to the financial statements.

At year end, the valuation of inventory is reviewed by management and the cost of inventory is reduced where inventory is forecast to be sold below cost.

Useable stores, spares parts and loose tools and raw materials are valued at weighted average cost, whereas, costing of work-in-process and finished goods is considered to carry more significant risk as the cost of material, labor and manufacturing overheads is allocated on the basis of complex formulas and involves management judgment.

The determination of whether inventory will be realised for a value less than cost requires management to exercise judgement and apply assumptions. Management undertake the following procedures for determining the level of write down required:

• Use inventory ageing reports together with historical trends to estimate the likely future saleability of slow moving and older inventory items.
• Perform a line-by-line analysis of remaining inventory to ensure it is stated at the lower of cost and net realisable value and a specific write down is recognized, if required.

For further information on inventory, refer to the following:

- Summary of significant accounting policies, Inventories note 2.16 to the financial statements.
- Stores, spare parts and loose tools note 17 and stock-in-trade note 18 to the financial statements.</td><td>the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets;
• We tested that the ageing report used by management correctly aged inventory items by agreeing a sample of aged inventory items to the last recorded invoice;
• On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any;
• We assessed the percentage write down applied to older inventory with reference to historic inventory write downs and recoveries on slow moving inventory;
• In the context of our testing of the calculation, we analysed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs;
• We also made enquires of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.</td></tr>
<tr><td>2.</td><td>Revenue recognition

The Company recognized net revenue of Rupees 35,666.860 million for the year ended 30 June 2020.

We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</td><td>Our procedures included, but were not limited to:

• We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue;
• We compared a sample of revenue transac-</td></tr>
</table>

<table>
<tr><th>Sr. No.</th><th>Key audit matters</th><th>How the matters were addressed in our audit</th></tr>
<tr><td></td><td>For further information, refer to the following:

- Summary of significant accounting policies, Revenue from contracts with customers note 2.23 to the financial statements.
- Revenue note 25 to the financial statements.</td><td>tions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents;
• We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period;
• We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 ‘Revenue from Contracts with Customers’;
• We compared the details of a sample of journal entries posted to revenue accounts during the year, which met certain specific risk-based criteria, with the relevant underlying documentation;
• We also considered the appropriateness of disclosures in the financial statements.</td></tr>
<tr><td>3.</td><td>Capital expenditures

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

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

For further information, refer to the following:

- Summary of significant accounting policies, Property, plant, equipment and depreciation note 2.6 to the financial statements.
- Fixed assets note 12 to the financial statements.</td><td>Our procedures included, but were not limited to:

• We tested operating effectiveness of controls in place over the property, plant and equipment cycle including the controls over whether costs incurred on activities is capital or operating in nature;
• We evaluated the appropriateness of capitalization policies and depreciation rates;
• We performed tests of details on costs capitalized; and
• We verified the accuracy of management’s calculation used for the impairment testing.</td></tr>
</table>

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: October 02, 2020

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	3	4,200,000,000	3,000,000,000
Issued, subscribed and paid-up share capital	3	2,401,190,290	2,402,215,560
Reserves	4	11,236,207,985	12,936,222,882
Total equity		13,637,398,275	15,338,438,442
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	6,005,068,426	3,657,436,300
Lease liabilities	6	71,968,923	-
		6,077,037,349	3,657,436,300
CURRENT LIABILITIES			
Trade and other payables	7	4,455,680,126	2,842,610,390
Accrued mark-up / profit	8	463,028,006	431,379,587
Short term borrowings	9	22,554,435,284	20,091,978,160
Current portion of non-current liabilities	10	512,310,173	1,093,798,900
Unclaimed dividend		50,714,364	52,301,675
		28,036,167,953	24,512,068,712
Total liabilities		34,113,205,302	28,169,505,012
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		47,750,603,577	43,507,943,454

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

CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	12	16,569,284,419	11,112,476,842
Right-of-use assets	13	93,072,385	-
Intangible asset	14	110,318	669,454
Long term investments	15	1,886,681,200	3,309,286,040
Long term loans to employees	16	11,905,910	15,916,295
Long term security deposits		31,689,760	26,120,190
		18,592,743,992	14,464,468,821
CURRENT ASSETS			
Stores, spare parts and loose tools	17	934,214,456	752,354,029
Stock-in-trade	18	19,988,076,994	15,721,247,262
Trade debts	19	4,686,630,353	6,426,369,277
Loans and advances	20	1,106,668,001	2,361,354,660
Short term prepayments		45,835,883	9,339,730
Other receivables	21	2,305,811,963	3,582,338,309
Accrued interest	22	5,321,600	152,055,594
Short term investments	23	37,833,033	20,687,395
Cash and bank balances	24	47,467,302	17,728,377
		29,157,859,585	29,043,474,633
TOTAL ASSETS		47,750,603,577	43,507,943,454

CHIEF FINANCIAL OFFICER

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
REVENUE	25	35,666,860,338	39,337,640,505
COST OF SALES	26	(31,462,473,755)	(34,450,127,944)
GROSS PROFIT		4,204,386,583	4,887,512,561
DISTRIBUTION COST	27	(869,064,344)	(944,021,613)
ADMINISTRATIVE EXPENSES	28	(324,246,078)	(278,123,593)
OTHER EXPENSES	29	(95,033,845)	(273,865,080)
		(1,288,344,267)	(1,496,010,286)
		2,916,042,316	3,391,502,275
OTHER INCOME	30	454,010,211	2,454,439,930
PROFIT FROM OPERATIONS		3,370,052,527	5,845,942,205
FINANCE COST	31	(2,660,855,936)	(2,177,576,149)
PROFIT BEFORE TAXATION		709,196,591	3,668,366,056
TAXATION	32	(443,827,211)	(500,774,516)
PROFIT AFTER TAXATION		265,369,380	3,167,591,540
EARNINGS PER SHARE - BASIC AND DILUTED	33	1.11	13.19

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2020

	2020 Rupees	2019 Rupees
PROFIT AFTER TAXATION	265,369,380	3,167,591,540
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	265,369,380	3,167,591,540

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

CHIEF EXECUTIVE DIRECTOR CHIEF FINANCIAL OFFICER

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	34	4,543,812,553	2,490,020,970
Net increase in long term security deposits		(5,569,570)	(2,472,750)
Finance cost paid		(2,683,448,970)	(1,957,292,244)
Income tax paid		(276,289,686)	(329,536,085)
Net decrease / (increase) in long term loans to employees		3,798,270	(2,927,322)
Net cash generated from operating activities		1,582,302,597	197,792,569
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(1,699,375,399)	(682,912,942)
Capital expenditure on intangible asset		-	-
Proceeds from sale of shares of subsidiary company		-	322,000,000
Proceeds from disposal of operating fixed assets		55,059,447	3,125,264
Loans to subsidiary companies		(13,022,797,207)	(10,435,298,011)
Repayments of loans from subsidiary companies		11,731,991,948	9,670,897,136
Dividend received from subsidiary company		173,303,295	483,247,075
Interest received		44,570,680	41,593,245
Net cash used in investing activities		(2,717,247,236)	(597,348,233)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		1,115,640,000	-
Repayment of long term financing		(1,017,056,675)	(1,422,023,900)
Repayment of lease liabilities		(21,917,766)	-
Payment for ordinary shares bought back		(3,485,918)	-
Short term borrowings - net		1,689,805,188	3,069,986,304
Dividends paid		(601,884,884)	(1,307,123,217)
Net cash from financing activities		1,161,099,945	340,839,187
Net increase / (decrease) in cash and cash equivalents		26,155,306	(58,716,477)
Cash and cash equivalents at the beginning of the year		17,728,377	76,444,854
Transfer upon amalgamation		3,583,619	-
Cash and cash equivalents at the end of the year		47,467,302	17,728,377

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

CHIEF EXECUTIVE DIRECTOR CHIEF FINANCIAL OFFICER

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2020

	SHARE CAPITAL	CAPITAL RESERVE	REVENUE RESERVES			TOTAL EQUITY
		Share premium	General reserve	Unappropriated profit	Total	
	------------	------------	------------	Rupees	------------	------------
Balance as at 01 July 2018	2,402,215,560	600,553,890	1,629,221,278	8,860,074,732	10,489,296,010	13,492,065,460
Transactions with owners:						
Final dividend for the year ended 30 June 2018 @ Rupees 4.00 per ordinary share	-	-	-	(960,886,224)	(960,886,224)	(960,886,224)
Interim dividend for the year ended 30 June 2019 @ Rupees 1.50 per ordinary share	-	-	-	(360,332,334)	(360,332,334)	(360,332,334)
	-	-	-	(1,321,218,558)	(1,321,218,558)	(1,321,218,558)
Profit for the year	-	-	-	3,167,591,540	3,167,591,540	3,167,591,540
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	3,167,591,540	3,167,591,540	3,167,591,540
Balance as at 30 June 2019	2,402,215,560	600,553,890	1,629,221,278	10,706,447,714	12,335,668,992	15,338,438,442
Transactions with owners:						
Buy-back of ordinary shares	(1,025,270)	-	-	(2,460,648)	(2,460,648)	(3,485,918)
Final dividend for the year ended 30 June 2019 @ Rupees 2.50 per share	-	-	-	(600,297,573)	(600,297,573)	(600,297,573)
	(1,025,270)	-	-	(602,758,221)	(602,758,221)	(603,783,491)
Profit for the year	-	-	-	265,369,380	265,369,380	265,369,380
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	265,369,380	265,369,380	265,369,380
Transfer upon amalgamation (Note 1.3 and 1.4)	-	-	-	(1,362,626,056)	(1,362,626,056)	(1,362,626,056)
Balance as at 30 June 2020	2,401,190,290	600,553,890	1,629,221,278	9,006,432,817	10,635,654,095	13,637,398,275

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

1. THE COMPANY AND ITS OPERATIONS

1.1 Nishat (Chunian) 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 31-Q, Gulberg II, Lahore. The Company is engaged in business of spinning, weaving, dyeing, printing, stitching, processing, doubling, sizing, buying, selling and otherwise dealing in yarn, fabrics and made-ups made from raw cotton, synthetic fibre and cloth and to generate, accumulate, distribute, supply and sell electricity and steam.

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

Sr. No.	Business units and office	Address
	Manufacturing units:	
1	Spinning Units 1, 4, 5, 7 and 8 and 46 MW and 8 TPH process steam coal fired power generation project.	49th Kilometre, Multan Road, Bhai Pheru, Tehsil Chunian, District Kasur.
2	Spinning Units 2, 3, 6 and Weaving.	49th Kilometre, Multan Road, Kamogal, Tehsil Pattoki, District Kasur.
3	Dyeing, Printing and Stitching.	4th Kilometre, Manga Road, Raiwind.
4	**Office**	31-Q, 31-C-Q and 10-N, Gulberg-II, Lahore, Pakistan.
5	**Retail stores**	
6	The Linen Company (TLC) – I	Outlet No. 9-10, 2nd Floor Gulberg Galleria Mall, Lahore.
7	The Linen Company (TLC) – II	Shop No. 008, 2nd Floor, Packages Mall, Lahore.
8	The Linen Company (TLC) – III	Outlet No. 21-22, Lower Ground Floor, WTC Giga Mall, DHA Phase 2, Islamabad.
9	The Linen Company (TLC) – IV	Shop No. 45, 3rd Floor, Centaurus Mall, Islamabad.
10	The Linen Company (TLC) – V	Shop No. G-14, Ground Floor Ocean Mall, Clifton, Karachi.
11	The Linen Company (TLC) – VI	Plot No. HC-3, Block No. 4, KDA Scheme No. 5, Clifton Karachi.

1.3 Scheme of Compromises, Arrangements and Reconstruction

In accordance with the Scheme of Compromises, Arrangements and Reconstruction under sections 279 to 283 read with section 285 of the Companies Act, 2017 for amalgamation / merger between Nishat (Chunian) Limited and its members and NC Electric Company Limited and its members (“the Scheme”) approved by the shareholders of Nishat (Chunian) Limited and shareholders of NC Electric Company Limited on 31 March 2020 and sanctioned by the Honourable Lahore High Court, Lahore vide its order dated 24 June 2020 and filed with the Registrar of Companies on 20 July 2020, with effect from 30 June 2020, the entire undertaking and business of NC Electric Company Limited with all the property, assets, rights, liabilities and obligations of every description stand merged / amalgamated into Nishat (Chunian) Limited against set-off of the equity investment against issued, subscribed and paid-up share capital of NC Electric Company Limited by Nishat (Chunian) Limited and NC Electric Company Limited stands dissolved without winding up, without any further act or deed or documents being required to be executed, registered or filed in respect of such transfer, vesting, assumption and / or dissolution. As per sanctioned order dated 24 June 2020 of the Honourable Lahore High Court, Lahore, the Scheme has become effective from 30 June 2020. The Scheme has ensured and effected the merger / amalgamation of NC Electric Company Limited into Nishat (Chunian) Limited through the transfer and vesting in Nishat (Chunian) Limited of the undertaking and business of NC Electric Company Limited together with all the property, assets, rights and liabilities and obligations of every description of NC Electric Company Limited. As NC Electric Company Limited was the wholly-owned subsidiary of Nishat (Chunian) Limited, the issued, subscribed and paid-up share capital appearing in the books of NC Electric Company Limited has been set off against the respective investment appearing in the books of Nishat (Chunian) Limited. Each of the assets and liabilities as per the financial statements of NC Electric Company Limited as on 30 June 2020, formed the assets and/or liabilities of corresponding nature in the books of Nishat (Chunian) Limited. Likewise, the accumulated losses of NC Electric Company Limited as on 30 June 2020 constitute as reserve of a corresponding nature of Nishat (Chunian) Limited.

1.4 Since the amalgamation of NC Electric Company Limited with the Company is the business combination of entities under common control, the merger has been accounted for as a common control transaction and predecessor accounting has been applied. Under predecessor accounting, the acquired net assets of NC Electric Company Limited are included in the financial statements of the Company at the same carrying values as recorded in NC Electric Company Limited's separate financial statements as at 30 June 2020. The accumulated loss on amalgamation of net assets of NC Electric Company Limited at the date of transaction is included in unappropriated profit. All inter-company balances stand eliminated as at 30 June 2020 without any fund movement. NC Electric Company Limited stand dissolved without winding up. The statement of financial position of NC Electric Company Limited is consolidated prospectively from the date of amalgamation.

1.5 These financial statements are the separate financial statements of the Company. Consolidated financial statements of the Company are prepared separately. Details of the Company's investment in subsidiaries are stated in note 15 to these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

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

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

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

b) Accounting convention

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

c) Critical accounting estimates and judgments

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

Financial instruments – fair value

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

Useful lives, patterns of economic benefits and impairments

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

Inventories

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

Accumulating compensated absences

The provision for accumulating compensated absences is made on the basis of accumulated leave balance on account of employees.

Income tax

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

Allowance for expected credit losses

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

Provisions

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

Impairment of investments in subsidiaries

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

Revenue from contracts with customers involving sale of goods

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

d) Standard, interpretations and amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following standard, interpretation and amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2019:

- IFRS 16 'Leases'
- IFRS 9 (Amendments) 'Financial Instruments'

- IFRIC 23 ‘Uncertainty over Income Tax Treatments’
- IASB’s Annual Improvements to IFRSs: 2015 – 2017 Cycle

The Company had to change its accounting policies and make certain adjustments without restating prior year results following the adoption of IFRS 16. These are disclosed in note 2.7 to these financial statements. Most of the other amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

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

There are other standard and amendments to published standards that are mandatory for accounting period beginning on or after 01 July 2019 but are considered not to be relevant or do not have any significant impact on the Company’s financial statements and are therefore not detailed in these financial statements.

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

Following amendments to existing standards have been published and are mandatory for the Company’s accounting periods beginning on or after 01 July 2020 or later periods:

Amendments to IAS 1 ‘Presentation of Financial Statements’ and IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’ (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing general purpose financial statements in accordance with IFRS.

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework. The new Framework: reintroduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefits–this lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS standard and does not override any standard, so nothing will change in the short term. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRS. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 1 January 2020 for preparers that develop an accounting policy based on the Framework.

Amendment to IFRS 3 ‘Business Combinations’ – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The International Accounting Standards Board (IASB) has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

Interest Rate Benchmark Reform which amended IFRS 9 ‘Financial Instruments’, IAS 39 ‘Financial Instruments: Recognition and Measurement’ and IFRS 7 ‘Financial Instruments: Disclosures’ is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform.

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

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

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

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022:

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

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

The above amendments and improvements do not have a material impact on the financial statements.

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

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

2.2 Employee benefit

The main features of the schemes operated by the Company for its employees are as follows:

Provident fund

There is an approved contributory provident fund for employees of the Company. Equal monthly contributions are made both by the employees and the Company to the fund in accordance with the fund rules. The Company's contributions to the fund are charged to income currently.

Accumulating compensated absences

The Company provides for accumulating compensated absences, when the employees render service that increase their entitlement to future compensated absences.

2.3 Taxation

Current

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

Deferred

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

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

2.4 Functional and presentation currency

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

2.5 Foreign currency transactions and translation

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

2.6 Property, plant, equipment and depreciation

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and any identified impairment loss. Cost in relation to certain property, plant and equipment signifies historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to working condition. Freehold land and capital work-in-progress are stated at cost less any identified impairment loss.

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

Depreciation

Depreciation on all operating fixed assets, other than standby generators, is charged to income on the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 12.1. Depreciation on additions is charged from the month in which the assets are available for use upto the month prior to disposal. Depreciation on standby generators is charged on the basis of number of hours used. The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

De-recognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognized.

2.7 IFRS 16 "Leases"

The Company has adopted IFRS 16 from 01 July 2019. The standard replaces IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognized in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognized lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17, as the operating expense is now replaced by interest expense and depreciation in the statement of profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

IFRS 16 has been adopted using the modified retrospective approach and as such the comparatives have not been restated. The impacts of adoption as at 01 July 2019 are as follows:

	Rupees
Right-of-use assets increased by	51,494,737
Lease liability increased by	51,494,737

Right-of-use assets

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

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

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

Lease liabilities

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

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

2.8 Intangible asset

Intangible assets, which are non-monetary assets without physical substance, are recognized at cost, which comprise purchase price, non-refundable purchase taxes and other directly attributable expenditures relating to their implementation and customization. After initial recognition, an intangible asset is carried at cost less accumulated amortization and impairment losses, if any. Intangible assets are amortized from the month, when these assets are available for use, using the straight line method, whereby the cost of the intangible asset is amortized over its estimated useful life over which economic benefits are expected to flow to the Company. The useful life and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

2.9 Ijarah transactions

Ujrah (lease) payments are recognized as expenses in statement of profit or loss on a straight-line basis over the Ijarah term unless another systematic basis is representative of the time pattern of the user's benefit even if the payments are not on that basis.

2.10 Investments and other financial assets

a) Classification

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

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

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

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

b) Measurement

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

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

Debt instruments

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

Amortized cost

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

Fair value through other comprehensive income (FVTOCI)

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

Fair value through profit or loss (FVTPL)

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

Equity instruments

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

Fair value through other comprehensive income (FVTOCI)

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

Fair value through profit or loss

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

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

2.11 Financial liabilities – classification and measurement

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

2.12 Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.13 De-recognition of financial assets and financial liabilities

a) Financial assets

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

b) Financial liabilities

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

2.14 Offsetting of financial instruments

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

2.15 Investment in subsidiaries

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

2.16 Inventories

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

Stores, spare parts and loose tools

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

Stock-in-trade

Cost of raw materials is measured using the weighted average cost formula.

Cost of work-in-process and finished goods comprise cost of direct material, labour and appropriate manufacturing overheads. Cost of goods purchased for resale is based on first-in-first-out (FIFO) cost formula.

Materials-in-transit are stated at cost comprising invoice values plus other charges paid thereon. Waste stock is valued at net realizable value.

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

2.17 Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts over due by 365 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

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

2.18 Non-current assets (or disposal groups) held for sale

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

2.19 Borrowings

Financing and borrowings are initially recognized at fair value of the consideration received, net of transaction costs. They are subsequently measured at amortized cost using the effective interest method.

2.20 Borrowing cost

Borrowing costs are recognized as expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of cost of that asset.

2.21 Share capital

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

2.22 Trade and other payables

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

2.23 Revenue from contracts with customers

i) Revenue recognition

Sale of goods

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

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

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

Dividend

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

Other revenue

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

ii) Contract assets

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

iii) Customer acquisition costs

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

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

iv) Customer fulfilment costs

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

v) Right of return assets

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

vi) Contract liabilities

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

vii) Refund liabilities

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

2.24 Provisions

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

2.25 Earnings per share

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

2.26 Contingent assets

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

2.27 Contingent liabilities

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

2.28 Impairment of non-financial assets

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

2.29 Derivative financial instruments

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

2.30 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at book value which approximates their fair value. For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts, other short term highly liquid instruments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.31 Segment reporting

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

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

The Company has following reportable business segments. Spinning – Zone 1, 2 and 3 (Producing different quality of yarn using natural and artificial fibres), Weaving – Unit 1 and 2 (Producing different quality of greige fabric using yarn), Processing and Home Textile (Processing greige fabric for production of printed and dyed fabric and manufacturing of home textile articles) and Power Generation (Generating and distributing power).

Transaction among the business segments are recorded at arm's length prices using admissible valuation methods. Inter segment sales and purchases are eliminated from the total.

2.32 Government grants

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

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

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

2.33 Dividend and other appropriations

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

3 SHARE CAPITAL

3.1 AUTHORIZED SHARE CAPITAL

2020	2019		2020	2019
(Number of shares)			Rupees	Rupees
400,000,000	280,000,000	Ordinary shares of Rupees 10 each	4,000,000,000	2,800,000,000
20,000,000	20,000,000	Preference shares of Rupees 10 each	200,000,000	200,000,000
420,000,000	300,000,000		4,200,000,000	3,000,000,000

3.1.1 The authorized share capital of NC Electric Company Limited of Rupees 1,200,000,000 (120,000,000 ordinary shares) stands merged / amalgamated into the authorized share capital of the Company on 30 June 2020 (Note 1.3).

3.2 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2020	2019		2020	2019
(Number of shares)			Rupees	Rupees
134,655,321	134,757,848	Ordinary shares of Rupees 10 each fully paid in cash	1,346,553,210	1,347,578,480
104,239,443	104,239,443	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	1,042,394,430	1,042,394,430
1,224,265	1,224,265	Ordinary shares of Rupees 10 each issued as fully paid for consideration other than cash to members of Umer Fabrics Limited as per the Scheme of Arrangement as approved by the Honourable Lahore High Court.	12,242,650	12,242,650
240,119,029	240,221,556		2,401,190,290	2,402,215,560

3.2.1 Movement during the year:

240,221,556	240,221,556	At 01 July	2,402,215,560	2,402,215,560
(102,527)	-	Buy-back of ordinary shares of Rupees 10 each (Note 3.2.2)	(1,025,270)	-
240,119,029	240,221,556		2,401,190,290	2,402,215,560

3.2.2 During the year ended 30 June 2020, the Company purchased and cancelled 102,527 ordinary shares. The buy-back and cancellation were approved by shareholders at their extra ordinary general held on 31 August 2019. The ordinary shares were acquired at a price of Rupees 34 per ordinary share.

	2020	2019
	(Number of shares)	
3.2.3 Ordinary shares of the Company held by companies that are related parties:		
Nishat Mills Limited	32,689,338	32,689,338
D.G. Khan Cement Company Limited	7,274,602	7,274,602
Adamjee Life Assurance Company Limited	-	2,202,500
	39,963,940	42,166,440

4. RESERVES	2020 Rupees	2019 Rupees
Composition of reserves is as follows:		
Capital reserve		
Share premium (Note 4.1)	600,553,890	600,553,890
Revenue reserves		
General reserve	1,629,221,278	1,629,221,278
Unappropriated profit	9,006,432,817	10,706,447,714
	10,635,654,095	12,335,668,992
	11,236,207,985	12,936,222,882

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

5. LONG TERM FINANCING

From banking companies / financial institutions - secured

	2020 Rupees	2019 Rupees
Long term loans (Note 5.1)		
- MCB Bank Limited *	639,499,563	235,468,750
- Others	5,088,591,320	4,140,766,450
	5,728,090,883	4,376,235,200
Long term musharaka (Note 5.2)	761,111,112	375,000,000
	6,489,201,995	4,751,235,200
Less: Current portion shown under current liabilities (Note 10)		
Long term loans:		
- MCB Bank Limited *	5,031,250	30,062,500
- Others	454,102,319	963,736,400
	459,133,569	993,798,900
Long term musharaka	25,000,000	100,000,000
	484,133,569	1,093,798,900
	6,005,068,426	3,657,436,300

* MCB Bank Limited ceased to be a related party with effect from 30 June 2020.

5.1 **Long term loans**

LENDER	2020	2019	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE
	Rupees	Rupees				
From MCB Bank Limited:						
MCB Bank Limited	140,000,000	160,000,000	SBP rate for LTFF + 1.00%	Sixteen equal half yearly instalments commenced on 25 July 2019 and ending on 13 February 2028. (Note 5.6)	-	Quarterly
MCB Bank Limited	65,406,250	75,468,750	SBP rate for LTFF + 1.00%	Sixteen equal half yearly instalments commenced on 22 June 2019 and ending on 22 December 2027. (Note 5.6)	-	Quarterly
MCB Bank Limited	259,600,000	-	SBP rate for LTFF+ 1.25%	Ten equal semi annual instalments commenced on 18 October 2017 and ending on 18 April 2023. (Note 5.6)	-	Quarterly
MCB Bank Limited	174,493,313	-	6-month KIBOR + 0.90%	Ten equal semi annual instalments commenced on 29 September 2017 and ending on 01 April 2023. (Note 5.6)	Half yearly	Half yearly
	639,499,563	235,468,750				
From others:						
Allied Bank Limited	1,929,500	9,647,500	SBP rate for LTFF + 1.00%	Sixteen equal quarterly instalments commenced on 22 October 2016 and ending on 22 July 2020.	-	Quarterly
Allied Bank Limited	18,000,000	54,000,000	SBP rate for LTFF + 1.00%	Sixteen equal quarterly instalments commenced on 07 January 2017 and ending on 10 October 2020.	-	Quarterly
Allied Bank Limited	19,375,000	58,125,000	SBP rate for LTFF + 1.00%	Sixteen equal quarterly instalments commenced on 20 January 2017 and ending on 20 October 2020.	-	Quarterly
Allied Bank Limited	13,149,000	30,681,000	SBP rate for LTFF + 1.00%	Sixteen equal quarterly instalments commenced on 11 May 2017 and ending on 11 February 2021.	-	Quarterly
Allied Bank Limited	190,937,500	220,312,500	SBP rate for LTFF + 1.00%	Thirty two equal quarterly instalments commenced on 24 February 2019 and ending on 24 November 2026.	-	Quarterly
Allied Bank Limited	111,121,875	127,584,375	SBP rate for LTFF + 1.00%	Thirty two equal quarterly instalments commenced on 18 April 2019 and ending on 18 January 2027.	-	Quarterly
Allied Bank Limited	329,906,250	378,781,250	SBP rate for LTFF + 1.00%	Thirty two equal quarterly instalments commenced on 19 April 2019 and ending on 19 January 2027.	-	Quarterly
Allied Bank Limited	80,662,500	92,612,500	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 21 May 2017 and ending on 21 February 2027.	-	Quarterly
Allied Bank Limited	103,075,000	117,800,000	SBP rate for LTFF + 1.00%	Thirty two equal quarterly instalments commencing on 03 July 2019 and ending on 03 April 2027.	-	Quarterly
Allied Bank Limited	300,000,000	-	3-month KIBOR + 1.00%	Thirty two equal quarterly instalments commencing on 06 December 2021 and ending on 27 August 2029.	Quarterly	Quarterly
Allied Bank Limited	166,666,670	-	SBP rate for LTFF+ 1.00%	Nine equal semi annual instalments commenced on 29 August 2017 and ending on 26 August 2022. (Note 5.6)	-	Quarterly
Askari Bank Limited	35,000,000	87,500,000	3-month KIBOR + 0.70%	Twenty equal quarterly instalments commenced on 08 December 2015 and ending on 08 September 2021. (Note 5.6)	Quarterly	Quarterly

LENDER	2020	2019	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE
	Rupees	Rupees				
Askari Bank Limited	112,050,000	124,500,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 02 February 2017 and ending on 02 November 2027. (Note 5.6)	-	Quarterly
Askari Bank Limited	13,500,000	15,000,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 04 February 2017 and ending on 04 November 2027. (Note 5.6)	-	Quarterly
Askari Bank Limited	101,250,000	112,500,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 08 March 2017 and ending on 08 December 2027. (Note 5.6)	-	Quarterly
Askari Bank Limited	93,520,000	103,540,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 22 June 2017 and ending on 22 March 2028. (Note 5.6)	-	Quarterly
Askari Bank Limited	4,495,000	4,960,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 12 September 2017 and ending on 13 June 2028. (Note 5.6)	-	Quarterly
Askari Bank Limited	40,600,000	46,200,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 04 October 2017 and ending on 04 July 2028. (Note 5.6)	-	Quarterly
Askari Bank Limited	14,717,500	16,747,500	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 04 October 2017 and ending on 04 July 2028. (Note 5.6)	-	Quarterly
Askari Bank Limited	14,500,000	16,000,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 26 August 2017 and ending on 26 May 2028. (Note 5.6)	-	Quarterly
Askari Bank Limited	85,405,000	94,240,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 26 August 2017 and ending on 26 May 2028. (Note 5.6)	-	Quarterly
Askari Bank Limited	4,171,650	4,603,200	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 26 August 2017 and ending on 26 May 2028. (Note 5.6)	-	Quarterly
Askari Bank Limited	171,100,000	188,800,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 26 August 2017 and ending on 26 May 2028. (Note 5.6)	-	Quarterly
Askari Bank Limited	365,640,000	-	3-month KIBOR + 0.75%	Forty equal quarterly instalments commenced on 12 May 2020 and ending on 12 February 2031. (Note 5.6)	Quarterly	Quarterly
Pak Kuwait Investment Company (Private) Limited	13,994,000	24,491,000	SBP rate for LTFF + 0.75%	Eighteen equal quarterly instalments commenced on 22 November 2016 and ending on 22 February 2022. (Note 5.6)	-	Quarterly
The Bank of Punjab	200,000,000	300,000,000	3-month KIBOR + 0.75%	Ten equal half yearly instalments commenced on 30 September 2017 and ending on 30 March 2023. (Note 5.6)	Quarterly	Quarterly
Habib Bank Limited	1,000,000,000	1,400,000,000	3-month KIBOR + 0.50%	Ten equal half yearly instalments commenced on 27 March 2018 and ending 23 September 2023. (Note 5.6)	Quarterly	Quarterly
Habib Bank Limited (Note 5.5)	250,000,000	-	3-month KIBOR + 1.00%	Eight equal quarterly instalments commencing from 01 January 2021 and ending on 01 October 2022.	Quarterly	Quarterly
Habib Bank Limited	577,512,375	-	6-month KIBOR + 0.90%	Nine equal semi annual instalments commenced on 03 November 2017 and ending on 02 November 2022. (Note 5.6)	Half yearly	Quarterly
Soneri Bank Limited	262,062,500	290,140,625	SBP rate for LTFF + 1.00%	Thirty two equal quarterly instalments commenced on 14 June 2019 and ending on 14 March 2028. (Note 5.6)	-	Quarterly

LENDER	2020	2019	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE
	Rupees	Rupees				
Soneri Bank Limited	194,250,000	222,000,000	SBP rate for LTFF + 1.00%	Thirty two equal quarterly instalments commenced on 06 July 2019 and ending on 06 April 2028. (Note 5.6)	-	Quarterly
Soneri Bank Limited	200,000,000	-	3-month KIBOR + 1.25%	Sixteen equal quarterly instalments commencing on 01 April 2021 and ending on 01 January 2025.	Quarterly	Quarterly
	5,088,591,320	4,140,766,450				
	5,728,090,883	4,376,235,200				

5.2 Long term musharaka

LENDER	2020	2019	RATE OF PROFIT PER ANNUM	NUMBER OF INSTALLMENTS	PROFIT REPRICING	PROFIT PAYABLE
	Rupees	Rupees				
Faysal Bank Limited	300,000,000	375,000,000	3-month KIBOR + 0.70%	Twenty equal quarterly instalments commenced on 21 May 2018 and ending on 21 November 2024. (Note 5.6)	Quarterly	Quarterly
Dubai Islamic Bank Pakistan Limited	225,000,000	-	6 months KIBOR + 0.85%	Ten equal semi annual instalments commenced on 14 April 2017 and ending on 13 October 2022. (Note 5.6)	Half yearly	Half yearly
Al Baraka Bank (Pakistan) Limited	236,111,112	-	6 months KIBOR + 0.85%	Ten equal semi annual instalments commenced on 31 August 2017 and ending on 25 July 2023. (Note 5.6)	Half yearly	Half yearly
	761,111,112	375,000,000				

5.3 Long term loans are secured by first joint pari passu hypothecation and equitable mortgage on all present and future fixed assets of the Company to the extent of Rupees 14,618.28 million (2019: Rupees 9,950.58 million).

5.4 Long term musharaka are secured by first joint pari passu hypothecation and equitable mortgage on all present and future fixed assets of the Company to the extent of Rupees 3,250.67 million (2019: Rupees 666.67 million).

5.5 During the year, this long term finance did not carry rate of interest of State Bank of Pakistan refinance scheme for payment of wages and salaries. Hence, does not contain any element of government grant.

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

		2020 Rupees	2019 Rupees
6.	**LEASE LIABILITIES**		
	Total lease liabilities	100,145,527	-
	Less: Current portion shown under current liabilities (Note 10)	28,176,604	-
		71,968,923	-

		2020 Rupees	2019 Rupees
6.1	**Reconciliation of lease liabilities**		
	Opening balance	-	-
	Add: Adjustment on adoption of IFRS 16 on 01 July 2019	51,494,737	-
	Add: Additions during the year	70,568,556	-
	Add: Interest accrued on lease liabilities	9,684,288	-
	Less: Payments during the year	(31,602,054)	-
	Closing balance	100,145,527	-
	Less: Current portion shown under non-current liabilities (Note 10)	28,176,604	-
	Non-current portion	71,968,923	-

6.2 Implicit rate against lease liabilities ranges from 11.10% to 13.97% per annum.

		2020 Rupees	2019 Rupees
7.	**TRADE AND OTHER PAYABLES**		
	Creditors (Note 7.1)	1,990,086,996	1,073,409,851
	Accrued liabilities	1,881,125,737	1,415,362,883
	Advances from customers - unsecured	162,833,389	112,499,908
	Securities from contractors - interest free and repayable on completion of contracts (Note 7.2)	4,141,800	4,291,800
	Security deposits from customers - interest free (Note 7.2)	10,300,000	-
	Retention money	5,387,891	221,639
	Income tax deducted at source	23,021,018	12,874,420
	Fair value of forward exchange contracts	302,749,353	18,467,940
	Workers' profit participation fund (Note 7.3)	29,990,964	173,467,708
	Workers' welfare fund (Note 7.5)	14,473,400	-
	Others	31,569,578	32,014,241
		4,455,680,126	2,842,610,390

7.1 These include amount due to following related party:

	2020 Rupees	2019 Rupees
Adamjee Insurance Company Limited (Note 7.4)	432,498	724,420

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

		2020 Rupees	2019 Rupees
7.3	**Workers' profit participation fund**		
	Balance as at 01 July	173,467,708	106,879,305
	Less: Adjustment on adoption of IFRS 15 01 July 2018	-	(11,215,546)
		173,467,708	95,663,759
	Add: Interest for the year (Note 31)	5,396,815	7,076,497
	Add: Allocation for the year (Note 29)	29,990,964	173,467,708
		208,855,487	276,207,964
	Less : Payments during the year	178,864,523	102,740,256
	Balance as at 30 June	29,990,964	173,467,708

7.3.1 The Company retains workers' profit participation fund for its business operations till the date of allocation to workers. Interest is paid at prescribed rate under the Companies Profits (Workers' Participation) Act, 1968 on funds utilized by the Company till the date of allocation to workers.

7.4 Adamjee Insurance Company Limited ceased to be a related party on 30 June 2020.

		2020 Rupees	2019 Rupees
7.5	**Workers' welfare fund**		
	Allocation for the year (Note 29)	14,473,400	-
8.	**ACCRUED MARK-UP / PROFIT**		
	Long term financing		
	- MCB Bank Limited	7,701,607	1,795,912
	- Others	110,515,312	73,665,653
		118,216,919	75,461,565
	Short term borrowings		
	- MCB Bank Limited	3,608,552	-
	- Others	341,202,535	355,918,022
		344,811,087	355,918,022
		463,028,006	431,379,587
9.	**SHORT TERM BORROWINGS**		
	From banking companies - secured		
	Short term running finances (Notes 9.1 and 9.2)		
	- MCB Bank Limited	450,000,000	10,396,890
	- Others	6,912,297,776	3,598,081,270
		7,362,297,776	3,608,478,160
	Export finances - Preshipment / SBP refinance (Notes 9.1 and 9.3)	10,162,627,812	8,093,500,000
	Other short term finances (Notes 9.1 and 9.4)	4,778,983,174	8,390,000,000
	Murabaha finance (Note 9.6)	250,526,522	-
		22,554,435,284	20,091,978,160

9.1 These finances are obtained from banking companies under mark-up arrangements and are secured by hypothecation of all present and future current assets of the Company and lien on export bills to the extent of Rupees 41,959 million (2019: Rupees 37,294 million) and ranking charge on all present and future current assets of the Company to the extent of Rupees 667.667 million (2019: Rupees 1,132.667 million). These form part of total credit facilities of Rupees 31,315 million (2019: Rupees 28,065 million).

9.2 The rates of mark-up range from 8.83% to 15.06% (2019: 7.02% to 14.05%) per annum on the balance outstanding.

9.3 The rates of mark-up on Pak Rupee finances and US Dollar finances range from 2.25% to 14.65% (2019: 2.25% to 13.56%) per annum and 2.00% to 4.00% (2019: 3.00% to 3.30%) per annum respectively on the balance outstanding.

9.4 The rates of mark-up range from 7.89% to 14.57% (2019: 6.14% to 13.25%) per annum on the balance outstanding.

9.5 Finances from MCB Bank Limited have been utilized for working capital purposes.

9.6 Murabaha facility available from commercial banks amounted to Rupees 600 million (2019: Rupees 600 million). The amount utilized as at 30 June 2020 was Rupees 250.527 million (2019: Rupees 365 million). The facility is secured against joint pari passu hypothecation charge of Rupees 400 million on all present and future current assets of the Company. The rate of profit range from 8.62% to 14.59% (2019: 6.81% to 14.00%) per annum on the balance outstanding.

	2020 Rupees	2019 Rupees
10. CURRENT PORTION OF NON-CURRENT LIABILITIES		
Current portion of long term financing (Note 5)	484,133,569	1,093,798,900
Current portion of lease liabilities (Note 6)	28,176,604	-
	512,310,173	1,093,798,900

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

11.1.1 The Company preferred appeal against the Government of Punjab in the Honourable Lahore High Court, Lahore against imposition of electricity duty on internal generation and the writ petition has been accepted. However, Government of Punjab has moved to the Honourable Supreme Court of Pakistan against the order of Honourable Lahore High Court, Lahore. The Company has fully provided its liability in respect of electricity duty on internal generation. As at the reporting date, an amount of Rupees 74.284 million (2019: Rupees 72.009 million) is payable on this account but the management of the Company is confident that payment of electricity duty will not be required.

11.1.2 The Collectorate of Customs (Export) has issued show cause notices with the intention to reject the duty draw back claims aggregating to Rupees 9.482 million on blended grey fabrics exported under Duty and Tax Remission Rules for Export (DTRE) scheme. The department is of the view that the Company has not submitted Appendix-1 as per Rule 297-A of the above referred scheme. The Company considers that since it has taken benefit of remission of sales tax only, it is entitled to full duty draw back and filed appeal before Appellate Tribunal Inland Revenue (ATIR), Karachi Bench which was decided against the Company. The Company also applied to Federal Board of Revenue (FBR) to constitute Alternate Dispute Resolution Committee (ADRC) in terms of section 195C of the Customs Act, 1969 to settle the dispute. ADRC vide its order dated 16 April 2008 has recommended the case in favour of the Company and forwarded the case to FBR. However, FBR has not accepted the recommendations of ADRC. The Company has filed appeal before the Honourable High Court of Sindh on 07 December 2013 against the order of ATIR. The appeal is pending decision.

11.1.3 The Company impugned selection of its tax affairs for audit in terms of section 177 of the Income Tax Ordinance, 2001 for tax year 2009 in Honourable Lahore High Court, Lahore through writ petition. After dismissal of writ petition by the Honourable Lahore High Court, Lahore, the tax department has completed the audit of tax year 2009 of income tax affairs of the Company and Deputy Commissioner Inland Revenue (DCIR) has passed an order under sections 122(1)/122(5) of the Income Tax Ordinance, 2001 creating a tax demand of Rupees 6.773 million. The Company filed appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] against the decision of DCIR wherein the appeal has been decided partially in favour of the Company. Being aggrieved, the Company has filed an appeal before Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication. No provision against this demand has been made in these financial statements as the Company is hopeful of a favourable outcome of of appeal based on the opinion of the tax advisor.

11.1.4 As a result of withholding tax audit for the tax year 2006, DCIR has raised a demand of Rupees 41.849 million under sections 161 and 205 of the Income Tax Ordinance, 2001. The Company's appeal before ATIR was successful. The Commissioner Inland Revenue has filed appeal before Honorable Lahore High Court, Lahore against the order of ATIR, where the case is pending. No provision against this demand has been made in these financial statements as the Company is hopeful of a favourable outcome of appeal based on the opinion of the tax advisor.

11.1.5 The Company is in appeal before ATIR as its appeal before CIR(A) against the order of Additional Commissioner Inland Revenue (ACIR) was unsuccessful. ACIR has passed an order under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2011 whereby a demand of Rupees 6.822 million has been raised. No provision against the demand has been made in these financial statements as the Company is hopeful of a favourable outcome of appeal based on opinion of the tax advisor.

11.1.6 The Deputy Collector (Refund – Gold) by order dated 16 May 2007 rejected the input tax claim of the Company, for the month of June 2005, amounting to Rupees 1.604 million incurred in zero rated local supplies of textile and articles thereof on the grounds that the input tax claim is in contravention of SRO 992(I)/2005 which states that no registered person engaged in the export of specified goods (including textile and articles thereof) shall, either through zero-rating or otherwise, be entitled to deduct or reclaim input tax paid in respect of stocks of such goods acquired up to 05 June 2005, if not used for the purpose of exports made up to the 31 December 2005. The appeal of the Company before ATIR was successful and input tax claim of the Company is expected to be processed after necessary verification in this regard. Pending the outcome of verification no provision for inadmissible input tax has been recognized in these financial statements.

11.1.7 The DCIR through an order under section 161/205 of the Income Tax Ordinance, 2001 created a demand of Rupees 147.745 million for tax year 2012 on account of alleged non-deduction of income tax on payments against the heads commission to selling agents on exports and export marketing expenses. Being aggrieved, the Company filed an appeal before CIR(A), who vide order dated 09 June 2016 accepted the stance of the Company and deleted the demand related to commission to selling agents on exports, whereas, with respect to export marketing expenses, CIR(A) remanded back the case to DCIR. However, the Company has filed appeal before ATIR which is pending for fixation. Based on grounds and facts, the appeal is likely to be decided in favour of the Company. The demand created under section 161/205 of the Income Tax Ordinance, 2001 of tax year 2012 amounting to Rupees 147.745 million by DCIR was subsequently reduced to Rupees 165,593 through appeal effect order issued by DCIR.

11.1.8 The Company filed appeal before CIR(A) against the order of ACIR. ACIR passed an order under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2012 whereby a demand of Rupees 125.162 million has been raised. CIR(A) vide order dated 29 June 2016 has deleted some of the additions made by ACIR. Being aggrieved by the order of CIR(A), the Company as well as the tax department have preferred appeals before the ATIR which are pending adjudication. No provision against this demand has been made in these financial statements as the Company is hopeful for a favourable outcome of appeal based on the opinion of the tax advisor.

11.1.9 The Company filed appeal before CIR(A) against the order of ACIR. ACIR passed an order under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2010 whereby a demand of Rupees 142.956 million has been raised. CIR(A) vide order dated 28 October 2016 has deleted some of the additions made by ACIR. Being aggrieved by the order of CIR(A), the Company as well as the tax department have preferred appeals before the ATIR which are pending adjudication. No provision against this demand has been made in these financial statements as the Company is hopeful for a favourable outcome of appeal based on the opinion of the tax advisor.

11.1.10 The Deputy Commissioner Inland Revenue passed an order under sections 161/205 of the Income Tax Ordinance, 2001 creating a demand of Rupees 19.073 million for the tax year 2014. The Company preferred an appeal against this order before CIR(A). The CIR(A) adjudicated that impugned order is unsustainable and remanded back the matter to taxation officer for consideration of legal grounds and merits of the case. The Company has also filed an appeal before ATIR against the order of CIR(A). The proceedings before both forums are pending for adjudication. No provision against this demand has been made in these financial statements as the Company is confident of favorable outcome of its appeals.

11.1.11 Through show cause notice, the Collector of Customs, Karachi raised demand of Rupees 23.585 million on the grounds that the Company was not entitled for exemption of sales tax and facility of reduced rate of income tax on 13 consignments of cotton imported during the period from April 2013 to April 2014. The vires of show cause notice were challenged in Honorable Sindh High Court at Karachi from where stay was granted with the direction to the Collector that he will not pass final order pursuant to the impugned show cause notice particularly in respect of advance income tax till next date of hearing. In spite of the categorical orders of the Honorable High Court, the Collector passed order, creating the demand of the aforesaid amount. Appeal against the said order filed in ATIR, Karachi has been dismissed. Custom reference application has been filed in Sindh High Court, Karachi against the order of ATIR. There is sufficient case law on the subject and there is every likelihood that case will be decided in favour of the Company.

11.1.12 The Company is contesting sales tax demands / rejections of sales tax by taxation authorities amounting to Rupees 59.756 million at various forums. These demands have been raised on account of various issues, like refund of sales tax on purchases of furnace oil and diesel, non-provision of documents against certain refund processing system objections and supplies made to certain parties. No provision against the aforesaid demands has been made in these financial statements as the management is confident of favourable outcome of its appeals based on advice of the legal counsel. The name of the Company was selected by the FBR through balloting for audit of its sales tax record of tax year 2014. Writ petition against the selection was filed and in pursuance of Court's order, the record was submitted to the assessing officer. Based on the audit, Deputy Commissioner has issued a show cause notice on account of alleged discrepancies/observations noted during audit to the tune of Rupees 7.480 million.

11.1.13 Being aggrieved, the Company is in appeal before ATIR against the order of CIR(A). The ACIR has passed an order under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2013 whereby a demand of Rupees 27.845 million has been raised. The appeal before CIR(A) has been decided and some matters have been decided in favour of the Company. No provision against this demand has been made in these financial statements as the Company is hopeful for a favourable outcome of appeal based on the opinion of the tax advisor.

11.1.14 The DCIR issued a show cause notice dated 12 April 2019 under section 177(1) of the Income Tax Ordinance, 2001 for providing certain record and documents for tax year 2013. In response thereto, various replies were submitted with the DCIR. In response to submissions of the Company, the DCIR issued an audit report u/s 177(6) of the Income Tax Ordinance, 2001 and then passed an order under sections 122(4)/122(5)/214C of the Income Tax Ordinance, 2001 creating a demand of Rupees 277.772 million. Being aggrieved with the order passed by the DCIR, an appeal has been filed before CIR(A)-I. CIR(A)-I vide order dated 07 November 2019 ordered remand back proceedings in the said proceedings. Subsequently, a notice under sections 124/122(4)/122(5)/214C of the Income Tax Ordinance, 2001, was issued dated 02 April 2020. However, the proceedings were adjourned indefinitely owing to the lockdown in the country amid the COVID-19 outbreak. The proceedings will be re-initiated by the concerned DCIR by issuing a fresh notice. However, based on facts of the case, the aforesaid proceedings are likely to culminate in the favour of the Company.

11.1.15 The DCIR issued a show cause notice dated 20 March 2019 under section 161(1A) of the Income Tax Ordinance, 2001 for tax year 2017, wherein, the Company was required to explain the taxes deducted against payments amounting to Rupees 133.361 million made on account of commission to selling agents. In response thereto, a reply dated 28 March 2019 was submitted with the DCIR. The DCIR without considering the arguments put forth by the Company passed an order dated 05 April 2019 raising a demand of Rupees 13.982 million. Being aggrieved with the order passed by the DCIR, an appeal was filed before CIR(A)-I which culminated in an order under section 129(1)(b) read with section 161(1A) of Income Tax Ordinance, 2001 dated 27 June 2019, wherein, the stance of the DCIR was upheld. Being aggrieved with the order passed by the CIR(A)-I, an appeal was filed before ATIR, which was decided in favour of the Company on 19 February 2020. To-date, the Company has not received any intimation of appeal filed by the tax department before Honourable Lahore High Court, Lahore against the order of ATIR.

11.1.16 The DCIR issued a show cause notice dated 20 March 2019 under section 161(1A) of the Income Tax Ordinance, 2001 for tax year 2018, wherein, the Company was required to explain the taxes deducted against payments amounting to Rupees 213.382 million made on account of commission to selling agents. In response thereto, a reply dated 28 March 2019 was submitted with the DCIR. The DCIR without considering the arguments put forth by the taxpayer, passed an order dated 05 April 2019 raising a demand to the tune of Rupees 15.130 million. Being aggrieved with the order passed by DCIR, an appeal was filed before CIR(A)-I which culminated in an order under section 129(1)(b) rear with section 161(1A) of Income Tax Ordinance, 2001 dated 27 June 2019, wherein, the stance of the DCIR was upheld. Being aggrieved with the order passed by the CIR(A)-I, an appeal was filed before ATIR, which was decided in favour of the Company on 19 February 2020. To-date, the Company has not received any intimation of appeal filed by the tax department before Honourable Lahore High Court, Lahore against the order of ATIR.

11.1.17 The Company has challenged, before Honourable Lahore High Court, Lahore, the vires of first proviso to sub-clause (x) of clause (4) of SRO 491(1)/2016 dated 30 June 2016 issued under sections 3 and 4 read with sections 8 and 71 of the Sales Tax Act, 1990 whereby through amendment in the earlier SRO 1125(I)/2011 dated 31 December 2011 adjustment of input sales tax on packing material of all sorts has been disallowed. The learned single judge of Honourable Lahore High Court has dismissed the writ petition of the Company, therefore intra court appeal has been filed. The Company has claimed input sales tax amounting to Rupees 178.417 million paid on packing material in its respective monthly sales tax returns. The management, based on advice of the legal counsel, is confident of favorable outcome of its appeal.

11.1.18 In case of NC Electric Company Limited [now Nishat (Chunian) Limited] proceedings were initiated by the Deputy Commissioner Inland Revenue (DCIR) under section 235/161/205 of the Income Tax Ordinance, 2001 for the tax year 2017, which eventually culminated in proceedings being remanded back to the concerned DCIR by the Commissioner Inland Revenue, Appeals-II (CIR, A-II). Subsequently, a remand back notice under section 124/161/205 of the Income Tax Ordinance, 2001 was issued by the concerned DCIR. In response to the aforesaid notice, a reply was submitted with concerned DCIR. The DCIR in response to submissions, passed an order under section 124/235/161 dated 29 June 2019 creating a demand to the tune of Rupees 5,698,691. Being aggrieved with the order passed by the DCIR, an appeal has been filled before CIR, A-II. Furthermore, hearing of the same was duly conducted and CIR, A-II once again passed an order of remand back proceedings. Being aggrieved with the order passed by the CIR, A-II, an appeal has been filed before Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication. Based on the facts of the case, the appeal is likely to be decided in favour of the Company.

11.1.19 Guarantees of Rupees 782.085 million (2019: Rupees 671.040 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited against purchase of furnace oil, Lahore Electric Supply Company against electricity connections, Director Excise and Taxation, Karachi against infrastructure cess, Chairman Punjab Revenue Authority, Lahore against infrastructure cess, Director Pakistan Central Cotton Committee against cotton cess, and Nazir, Honourable High Court, Sindh against the notification in accordance with section 8 of OGRA Ordinance 2002, regarding system gas tariff on industrial and captive units.

11.1.20 Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 4,756.109 million (2019: Rupees 3,544.173 million) on imported material availed on the basis of consumption and export plans. In the event the documents of exports are not provided on due dates, cheque issued as security shall be encashable. Further, post dated cheques of Rupees 226.434 million have been issued to Lahore Electric Supply Company Limited against disputed amount of tariff adjustments.

11.2 Commitments

11.2.1 Letters of credit other than for capital expenditure amounting to Rupees 407.110 million (2019: Rupees 545.153 million).

11.2.2 Outstanding foreign currency forward contracts of Rupees 7,248.326 million (2019: Rupees 288.140 million).

12. FIXED ASSETS

	2020 Rupees	2019 Rupees
Property, plant and equipment:		
Operating fixed assets (Note 12.1)	16,282,580,673	10,820,177,910
Capital work-in-progress (Note 12.2)	286,703,746	292,298,932
	16,569,284,419	11,112,476,842

12.1 Reconciliations of carrying amounts of operating fixed assets at the beginning and at the end of the year are as follows:

Description	Operating fixed assets									
	Freehold land	Buildings on freehold land	Plant and machinery	Standby generators	Electric installations	Factory equipment	Furniture, fixture and equipment	Office equipment	Motor vehicles	Total
	Rupees									
At 30 June 2018										
Cost	727,062,419	3,276,648,163	14,329,957,402	969,773,435	662,824,559	270,975,867	133,451,060	97,540,666	122,492,715	20,590,726,286
Accumulated depreciation	-	(1,288,643,885)	(6,749,245,945)	(658,936,846)	(297,742,001)	(149,625,558)	(59,880,947)	(43,050,665)	(56,425,167)	(9,303,551,014)
Net book value	727,062,419	1,988,004,278	7,580,711,457	310,836,589	365,082,558	121,350,309	73,570,113	54,490,001	66,067,548	11,287,175,272
Year ended 30 June 2019										
Opening net book value	727,062,419	1,988,004,278	7,580,711,457	310,836,589	365,082,558	121,350,309	73,570,113	54,490,001	66,067,548	11,287,175,272
Additions	74,560,360	1,033,681	296,874,577	2,718,947	16,870,148	4,277,001	24,093,317	9,144,505	33,509,712	463,082,248
Disposals:										
Cost	-	-	(2,642,702)	-	-	-	-	(925,080)	(3,178,470)	(6,746,252)
Accumulated depreciation	-	-	2,278,395	-	-	-	-	163,922	1,294,996	3,737,313
	-	-	(364,307)	-	-	-	-	(761,158)	(1,883,474)	(3,008,939)
Depreciation	-	(99,438,978)	(743,161,962)	(2,970,777)	(37,279,026)	(12,382,495)	(11,245,415)	(5,889,659)	(14,702,359)	(927,070,671)
Closing net book value	801,622,779	1,889,598,981	7,134,059,765	310,584,759	344,673,680	113,244,815	86,418,015	56,983,689	82,991,427	10,820,177,910
At 30 June 2019										
Cost	801,622,779	3,277,681,844	14,624,189,277	972,492,382	679,694,707	275,252,868	157,544,377	105,760,091	152,823,957	21,047,062,282
Accumulated depreciation	-	(1,388,082,863)	(7,490,129,512)	(661,907,623)	(335,021,027)	(162,008,053)	(71,126,362)	(48,776,402)	(69,832,530)	(10,226,884,372)
Net book value	801,622,779	1,889,598,981	7,134,059,765	310,584,759	344,673,680	113,244,815	86,418,015	56,983,689	82,991,427	10,820,177,910
Year ended 30 June 2020										
Opening net book value	801,622,779	1,889,598,981	7,134,059,765	310,584,759	344,673,680	113,244,815	86,418,015	56,983,689	82,991,427	10,820,177,910
Additions	215,991,523	43,683,483	1,344,165,642	626,351	25,012,910	1,703,707	7,079,835	11,912,266	54,894,868	1,705,070,585
Disposals:										
Cost	-	-	(166,478,717)	-	(400,000)	-	(3,749,529)	(8,926,908)	(9,695,355)	(189,250,509)
Accumulated depreciation	-	-	133,981,487	-	13,333	-	149,659	4,615,626	6,602,327	145,362,432
	-	-	(32,497,230)	-	(386,667)	-	(3,599,870)	(4,311,282)	(3,093,028)	(43,888,077)
Assets written off:										
Cost	-	-	(2,415,293)	-	(377,500)	(9,266,461)	(2,337,411)	(4,078,590)	(43,069)	(18,518,324)
Accumulated depreciation	-	-	1,546,116	-	175,342	5,311,816	1,531,093	2,379,035	35,481	10,978,883
	-	-	(869,177)	-	(202,158)	(3,954,645)	(806,318)	(1,699,555)	(7,588)	(7,539,441)
Transfer upon amalgamation:										
Cost	112,298,075	1,363,228,486	3,836,756,300	-	5,294,978	-	360,840	1,852,321	30,236,510	5,350,027,510
Accumulated depreciation	-	(153,850,829)	(452,949,508)	-	(401,781)	-	(136,693)	(426,983)	(21,673,392)	(629,439,186)
	112,298,075	1,209,377,657	3,383,806,792	-	4,893,197	-	224,147	1,425,338	8,563,118	4,720,588,324
Depreciation	-	(95,264,554)	(725,522,014)	(6,047,499)	(36,003,270)	(11,124,350)	(11,065,795)	(6,070,516)	(20,730,630)	(911,828,628)
Closing net book value	1,129,912,377	3,047,395,567	11,103,143,778	305,163,611	337,987,692	99,869,527	78,250,014	58,239,940	122,618,167	16,282,580,673
At 30 June 2020										
Cost	1,129,912,377	4,684,593,813	19,636,217,209	973,118,733	709,225,095	267,690,114	158,898,112	106,519,180	228,216,911	27,894,391,544
Accumulated depreciation	-	(1,637,198,246)	(8,533,073,431)	(667,955,122)	(371,237,403)	(167,820,587)	(80,648,098)	(48,279,240)	(105,598,744)	(11,611,810,871)
Net book value	1,129,912,377	3,047,395,567	11,103,143,778	305,163,611	337,987,692	99,869,527	78,250,014	58,239,940	122,618,167	16,282,580,673
Annual rate of depreciation (%)		5	4 - 10	Number of hours used	10	10	10	10	20	

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

Description	Qty	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchaser
		Rupees						
Plant and machinery								
Twister, Muratec / Japan 363	8	20,140,064	(18,430,998)	1,709,066	2,900,000	1,190,934	Negotiation	Rustam Towel (Private) Limited, Lahore
Picanol Air Jet 380 cm Omni Plus	4	14,391,164	(11,504,562)	2,886,602	3,800,000	913,398	Negotiation	Yousaf Weaving Mills Limited, Pattoki
Picanol Air Jet 380 cm Omni Plus	8	28,782,328	(23,009,125)	5,773,203	7,600,000	1,826,797	Negotiation	Yousaf Weaving Mills Limited, Pattoki
Toyota Jet-710 340 cm	1	3,226,800	(2,512,446)	714,354	950,000	235,646	Negotiation	Qamar Fabrics (Private) Limited, Lahore
Toyota Jet-710 340 cm	8	25,814,400	(20,099,568)	5,714,832	7,600,000	1,885,168	Negotiation	Qamar Fabrics (Private) Limited, Lahore
Toyota Jet-710 340 cm	5	16,134,000	(12,820,596)	3,313,404	4,750,000	1,436,596	Negotiation	Qamar Fabrics (Private) Limited, Lahore
Sizing Machine	1	44,425,731	(33,618,391)	10,807,340	13,000,000	2,192,660	Negotiation	Yousaf Weaving Mills Limited, Pattoki
Warping Machine	1	13,564,230	(11,985,801)	1,578,429	2,000,000	421,571	Negotiation	Yousaf Weaving Mills Limited, Pattoki
Factory equipment								
Titan universal strength tester	1	2,322,621	(438,394)	1,884,227	-	(1,884,227)	Written off	-
Motor vehicles								
Hyundai Shehzore LES-14-2469	1	1,667,268	(1,139,859)	527,409	1,600,000	1,072,591	Negotiation	Mr. Rehan Sabri, Lahore
Honda Civic LE-14-1265	1	2,211,726	(1,404,988)	806,738	1,975,000	1,168,262	Negotiation	Ms. Naila Asad, Lahore
Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000		35,088,501	(19,376,587)	15,711,914	8,884,447	(6,827,467)		
		207,768,833	(156,341,315)	51,427,518	55,059,447	3,631,929		

	2020 Rupees	2019 Rupees
12.1.2 The depreciation charge for the year has been allocated as follows:		
Cost of sales (Note 26)	899,464,915	920,054,208
Administrative expenses (Note 28)	12,363,713	7,016,463
	911,828,628	927,070,671

12.1.3 Particulars of immovable fixed assets are as follows:

Manufacturing units and office	Address	Area of land Acres
Manufacturing units:		
Spinning Units 1,4,5,7 and 8	49th Kilometre, Multan Road, Bhai Pheru, Tehsil Chunian, District Kasur	45.83
Spinning Units 2,3,6 and Weaving	49th Kilometre, Multan Road, Kamogal, Tehsil Pattoki, District Kasur.	65.20
Coal fired electric power generation project	49th Kilometre, Multan Road, Bhai Pheru, Tehsil Chunian, District Kasur	29.35
Dyeing, Printing and Stitching	4th Kilometre, Manga Road, Raiwind.	34.78
Office	31-Q, 31-C-Q, 35-K and 10-N, Gulberg-II, Lahore.	2.02
		177.18

	2020 Rupees	2019 Rupees
12.2 Capital work-in-progress		
Civil works on freehold land	93,594,675	1,387,630
Plant and machinery	7,142,001	-
Electric installations	753,855	-
Mobilization advances	8,058,617	9,779,869
Advances for capital expenditures	177,154,598	281,131,433
	286,703,746	292,298,932

	Buildings Rupees
13. RIGHT-OF-USE ASSETS	
Net carrying amount as at 01 July 2019	51,494,737
Net carrying amount as at 30 June 2020	93,072,385
Depreciation expense for the year ended 30 June 2020 (Note 27)	28,990,908
Additions during the year ended 30 June 2020	70,568,556

13.1 Lease of buildings

The Company obtained buildings on lease for its retail outlets. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease periods range from two to five years.

13.2 There is no impairment of right-of-use assets.

	Rupees	Rupees
14. INTANGIBLE ASSET		
Balance as at 01 July	669,454	1,228,590
Amortization during the year (Notes 14.2 and 28)	(559,136)	(559,136)
As at 30 June	110,318	669,454
14.1 Cost as at 30 June	21,867,813	21,867,812
Accumulated amortization	(21,757,495)	(21,198,358)
Net book value as at 30 June	110,318	669,454

14.2 Amortization on intangible asset amounting to Rupees 0.559 million (2019: Rupees 0.559 million) has been allocated to administrative expenses.

14.3 Intangible asset - computer software has been amortized at the rate of 30% per annum.

	2020 Rupees	2019 Rupees
15. LONG TERM INVESTMENTS		
Debt instruments (Note 15.1)	-	222,604,840
Equity instruments (Note 15.2)	1,886,681,200	3,086,681,200
	1,886,681,200	3,309,286,040
15.1 Debt instruments		
At amortized cost		
Sales tax refund bonds (Note 15.1.1)		
Nil (2019: 2,209) bonds of Rupees 100,000 each	-	220,900,000
Add: Accrued interest (Note 30)	-	1,704,840
	-	222,604,840

15.1.1 These represented investment in sales tax refund bonds having maturity period of 3 years issued by FBR Refund Settlement Company Limited under Section 67A of Sales Tax Act, 1990 against sales tax refund payment orders issued in favour of the Company. These bonds were carried at amortized cost using effective interest at the rate of 9.14% per annum.

	2020 Rupees	2019 Rupees
15.2 Equity instruments		
Subsidiary companies		
Nishat Chunian Power Limited - quoted (Note 15.3) 187,585,820 (2019: 187,585,820) fully paid ordinary shares of Rupees 10 each. Equity held 51.07% (2019: 51.07%)	1,875,858,200	1,875,858,200
Nishat Chunian USA Inc. - unquoted 10 (2019: 10) fully paid shares with no par value per share Equity held 100% (2019: 100%)	10,823,000	10,823,000
NC Electric Company Limited - unquoted (Note 15.4) Nil (2019: 120,000,000) fully paid ordinary shares of Rupees 10 each Equity held Nil (2019: 100%)	-	1,200,000,000
	1,886,681,200	3,086,681,200

15.3 The Company has pledged 187,354,914 (2019: 187,354,914) ordinary shares to lenders of Nishat Chunian Power Limited for the purpose of securing finance.

15.4 NC Electric Company Limited was amalgamated with the Company on 30 June 2020 (Note 2.3).

	2020 Rupees	2019 Rupees
16. LONG TERM LOANS TO EMPLOYEES		
Considered good:		
Executives (Notes 16.1 and 16.2)	10,260,980	12,660,518
Other employees (Note 16.2)	5,681,082	7,079,814
	15,942,062	19,740,332
Less: Current portion shown under current assets (Note 20)		
Executives	3,178,541	2,370,262
Other employees	857,611	1,453,775
	4,036,152	3,824,037
	11,905,910	15,916,295

16.1 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 12.430 million (2019: Rupees 13.052 million).

16.2 These represent motor vehicle loans and house building loans to executives and employees, payable in 36 to 48 and 96 monthly instalments respectively. Interest on long term loans ranged from 7.51% to 14.63% (2019: 7.27% to 13.79%) per annum while some loans are interest free. Motor vehicle loans are secured against registration of cars in the name of the Company, whereas house building loans are secured against balance standing to the credit of employee in the provident fund trust account.

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

	2020 Rupees	2019 Rupees
17. STORES, SPARE PARTS AND LOOSE TOOLS		
Stores	432,928,659	360,980,969
Spare parts	463,317,837	333,498,032
Loose tools	37,967,960	57,875,028
	934,214,456	752,354,029
18. STOCK-IN-TRADE		
Raw materials	14,582,884,203	12,083,225,896
Work-in-process	1,131,081,567	1,039,191,965
Finished goods (Note 18.3)	4,098,769,328	2,538,481,385
Waste	175,341,896	60,348,016
	19,988,076,994	15,721,247,262

18.1 Stock-in-trade of Rupees 282.578 million (2019: Rupees 122.130 million) is being carried at net realizable value.

18.2 This includes stock of Rupees 8.519 million (2019: Rupees 47.004 million) sent to outside parties for processing.

18.3 Finished goods include stock in transit of Rupees 1,260.884 million (2019: Rupees 808.954 million).

	2020 Rupees	2019 Rupees
19. TRADE DEBTS		
Considered good:		
Secured:		
- Others	2,120,155,349	4,507,707,034
Unsecured:		
- Related parties (Notes 19.1 and 19.2)	1,095,584,059	1,174,333,129
- Others	1,470,902,213	749,379,019
	2,566,486,272	1,923,712,148
Less: Allowance for expected credit losses (Note 19.5)	(11,268)	(5,049,905)
	4,686,630,353	6,426,369,277

19.1 This represents amounts due from following related parties:

	2020 Rupees	2019 Rupees
Nishat Chunian USA Inc. - subsidiary company	879,865,266	1,065,307,467
Nishat Mills Limited - related party	215,718,793	109,025,662
	1,095,584,059	1,174,333,129

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

	2020 Rupees	2019 Rupees
Nishat Chunian USA Inc. - subsidiary company	879,865,266	1,065,307,467
Nishat Mills Limited - related party	215,718,793	109,025,662

19.3 As at 30 June 2020, trade debts due from other than related parties of Rupees 272.666 million (2019: Rupees 236.484 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The age analysis of these trade debts is as follows:

	2020 Rupees	2019 Rupees
Upto 1 month	245,299,088	64,550,298
1 to 6 months	23,887,804	35,696,260
More than 6 months	3,478,841	136,237,854
	272,665,733	236,484,412

19.4 As at 30 June 2020, trade debts due from related parties amounting to Rupees 613.515 million (2019: Rupees 383.740 million) were past due but not impaired. The age analysis of these trade debts is as follows:

	2020 Rupees	2019 Rupees
Upto 1 month	241,990,950	247,357,625
1 to 6 months	371,523,683	136,382,192
More than 6 months	-	-
	613,514,633	383,739,817

19.5 Allowance for expected credit losses

	2020 Rupees	2019 Rupees
Opening balance	5,049,905	-
Add: Recognized as on 01 July 2018	-	5,288,510
Add: Reversal during the year (Note 29)	(5,038,637)	(238,605)
Closing balance	11,268	5,049,905

20. LOANS AND ADVANCES

Considered good:

	2020 Rupees	2019 Rupees
Employees - interest free:		
- Executives	5,179,356	9,379,723
- Other employees	4,152,486	2,461,505
	9,331,842	11,841,228
Current portion of long term loans to employees (Note 16)	4,036,152	3,824,037
Advances to suppliers (Note 20.1)	1,056,914,355	1,017,250,859
Short term loan to subsidiary company (Note 20.2)	-	1,272,569,696
Advances to contractors	1,500,723	903,498
Letters of credit	34,884,929	54,965,342
	1,106,668,001	2,361,354,660

20.1 These include advances amounting to Rupees 4.057 million (2019: Rupees 0.656 million) to D.G. Khan Cement Company Limited - related party and Rupees 4.525 million (2019: Rupees 1.044 million) to Adamjee Insurance Company Limited (ceased to be a related party with effect from 30 June 2020). These are neither past due nor impaired.

20.1.1 The maximum aggregate amount of advances to related parties at the end of any month during the year was as follows:

	2020 Rupees	2019 Rupees
D. G. Khan Cement Company Limited	5,148,795	656,083
Adamjee Insurance Company Limited	6,864,765	12,865,998

20.2 This represented amount due from NC Electric Company Limited (amalgamated with the Company on 30 June 2020).

20.2.1 Return on these loans was 3 months KIBOR + 2% or weighted average borrowing cost of the Company, whichever was higher and these loans were repayable within one year from the date of disbursement. These were neither past due nor impaired.

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

	2020 Rupees	2019 Rupees
Nishat Chunian Power Limited	1,000,000,000	2,050,000,000
NC Electric Company Limited	-	1,272,569,696
NC Entertainment (Private) Limited	-	31,450,000

21. OTHER RECEIVABLES

	2020 Rupees	2019 Rupees
Considered good:		
Sales tax recoverable	1,379,038,615	1,923,182,944
Advance income tax - net	627,389,520	723,167,479
Export rebate and claims	29,116,697	60,472,402
Duty drawback receivable	28,111,091	388,495,290
Dividend receivable from Nishat Chunian Power Limited - subsidiary company	-	173,303,295
Due from NC Electric Company Limited - subsidiary company (Note 21.1)	-	173,902,058
Insurance claim receivable (Note 21.2)	63,315,421	3,225,000
Receivable from employees' provident fund trust (Note 21.3)	11,438,626	48,269,963
Miscellaneous	167,401,993	88,319,878
	2,305,811,963	3,582,338,309

21.1 It was in the ordinary course of business.

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

	2020 Rupees	2019 Rupees
NC Electric Company Limited	-	173,902,058

21.1.2 The ageing analysis of this receivable was as follows:

	2020 Rupees	2019 Rupees
Upto 1 month	-	1,007,984
1 to 6 months	-	3,924,201
More than 6 months	-	168,969,873
	-	173,902,058

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

	2020 Rupees	2019 Rupees
Adamjee Insurance Company Limited	6,864,765	61,460,801

21.3 The maximum aggregate amount receivable from employees' provident fund trust at the end of any month during the year was as follows:

	2020 Rupees	2019 Rupees
Nishat (Chunian) Limited - Employees Provident Fund	57,732,921	53,329,092

	2020 Rupees	2019 Rupees

22. ACCRUED INTEREST

On short term loans to:		
Nishat Chunian Power Limited - subsidiary company	5,321,600	-
NC Electric Company Limited - subsidiary company	-	152,055,594
	5,321,600	152,055,594

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

Nishat Chunian Power Limited	5,216,600	2,057,582
NC Electric Company Limited	-	152,055,594
NC Entertainment (Private) Limited	-	27,931,225

22.2 As at 30 June 2020, accrued interest of Rupees 5.217 million (2019: Rupees 152.056 million) was past due but not impaired. The ageing analysis of this accrued interest is as follows:

	2020 Rupees	2019 Rupees
Upto 1 month	-	30,407,982
1 to 6 months	5,216,600	51,183,276
More than 6 months	-	70,464,336
	5,216,600	152,055,594

23. SHORT TERM INVESTMENTS

At amortized cost		
Term deposit receipts (Note 23.1)	36,160,226	20,660,226
Add: Accrued interest	1,672,807	27,169
	37,833,033	20,687,395

23.1 These represent deposits under lien with the banks of the Company against bank guarantees of the same amount issued by the bank to Sui Northern Gas Pipelines Limited and Director, Excise and Taxation, Karachi against gas connections and disputed amount of infrastructure cess. Interest on term deposit receipts ranges from 3.62% to 13.00% (2019: 3.40% to 12.00%) per annum. The maturity period of these term deposit receipts is 12 months.

	2020 Rupees	2019 Rupees

24. CASH AND BANK BALANCES

Cash with banks:		
On saving accounts (Note 24.1)		
Including US$ 31,803 (2019: US$ 14,482)	5,713,672	2,375,121
On current accounts		
Including US$ 20,371 (2019: US$ 32,091)	39,273,536	11,629,282
	44,987,208	14,004,403
Cash in hand	2,480,094	3,723,974
	47,467,302	17,728,377

24.1 Rate of profit on saving accounts was 0.08% to 13.00% (2019: 0.15%) per annum.

24.2 Included in cash with banks are Rupees 13.784 million (2019: Rupees 2.343 million) with MCB Bank Limited.

	2020 Rupees	2019 Rupees
25. REVENUE		
Export sales	18,823,841,683	19,471,414,677
Local sales (Note 25.1)	16,257,157,574	19,393,562,524
Processing income	426,622,593	315,107,202
Export rebate	35,031,425	41,331,090
Duty drawback	124,207,063	116,225,012
	35,666,860,338	39,337,640,505
25.1 Local sales		
Sales (Note 25.1.1)	19,060,707,291	19,416,371,556
Less: Sales tax	2,803,549,717	22,809,032
	16,257,157,574	19,393,562,524

25.1.1 Local sales includes waste sales of Rupees 1,072.831 million (2019: Rupees 1,090.913 million).

26. COST OF SALES

	2020 Rupees	2019 Rupees
Raw materials consumed (Note 26.1)	24,008,434,819	24,977,051,290
Packing materials consumed	950,858,921	923,523,073
Stores, spare parts and loose tools consumed	572,848,736	1,240,985,576
Processing charges	96,302,191	396,891,327
Salaries, wages and other benefits (Note 26.2)	2,616,810,127	2,363,341,717
Fuel and power	3,485,857,589	3,609,586,036
Insurance	59,121,070	49,923,416
Postage and telephone	894,102	816,291
Travelling and conveyance	1,812,164	2,620,220
Vehicles' running and maintenance	30,290,445	26,244,380
Entertainment	9,772,657	8,592,043
Depreciation on operating fixed assets (Note 12.1.2)	899,464,915	920,054,208
Repair and maintenance	434,386,008	364,869,498
Other factory overheads	62,791,436	61,120,736
	33,229,645,180	34,945,619,811
Work-in-process		
Opening stock	1,039,191,965	902,207,503
Closing stock	(1,131,081,567)	(1,039,191,965)
	(91,889,602)	(136,984,462)
Cost of goods manufactured	33,137,755,578	34,808,635,349
Finished goods and waste - opening stocks		
Finished goods	2,538,481,385	2,133,406,564
Waste	60,348,016	106,915,432
	2,598,829,401	2,240,321,996
	35,736,584,979	37,048,957,345
Finished goods and waste - closing stocks		
Finished goods	(4,098,769,328)	(2,538,481,385)
Waste	(175,341,896)	(60,348,016)
	(4,274,111,224)	(2,598,829,401)
	31,462,473,755	34,450,127,944

		2020 Rupees	2019 Rupees
26.1	**Raw materials consumed**		
	Opening stock	12,083,225,896	8,313,291,820
	Add: Purchased during the year	26,508,093,126	28,746,985,366
		38,591,319,022	37,060,277,186
	Less: Closing stock	14,582,884,203	12,083,225,896
		24,008,434,819	24,977,051,290

26.2 Salaries, wages and other benefits include Rupees 21.739 million (2019: Rupees 19.345 million) and Rupees 62.595 million (2019: Rupees 46.370 million) in respect of accumulating compensated absences and provident fund contribution by the Company respectively.

		2020 Rupees	2019 Rupees
27.	**DISTRIBUTION COST**		
	Salaries and other benefits (Note 27.1)	123,369,753	117,008,047
	Ocean freight	124,155,266	118,569,960
	Freight and octroi	96,732,861	113,580,904
	Local marketing expenses	4,855,245	13,593,448
	Forwarding and other expenses	83,090,456	188,755,243
	Export marketing expenses	176,858,965	140,986,208
	Commission to selling agents	206,275,820	214,648,294
	Rent, rates and taxes	5,846,971	21,719,135
	Printing and stationery	118,737	23,388
	Travelling and conveyance	1,244,443	2,132,383
	Postage and telephone	2,174,087	513,422
	Legal and professional	4,099,495	2,936,961
	Repair and maintenance	3,996,772	6,878,945
	Electricity and sui gas	2,407,799	2,084,305
	Entertainment	196,041	309,397
	Depreciation on right-of-use assets (Note 13)	28,990,908	-
	Miscellaneous	4,650,725	281,573
		869,064,344	944,021,613

27.1 Salaries and other benefits include Rupees 3.080 million (2019: Rupees 1.052 million) and Rupees 5.043 million (2019: Rupees 4.846 million) in respect of accumulating compensated absences and provident fund contribution by the Company respectively.

		2020	2019
28.	**ADMINISTRATIVE EXPENSES**		
	Salaries and other benefits (Note 28.1)	166,767,816	135,899,358
	Printing and stationery	5,474,153	5,001,468
	Vehicles' running and maintenance - net	3,046,307	1,636,129
	Travelling and conveyance	51,210,412	60,978,489
	Postage and telephone - net	4,484,028	3,129,015
	Fee and subscription	4,305,249	5,864,559
	Legal and professional	37,371,418	18,832,579
	Auditor's remuneration (Note 28.2)	3,843,173	2,672,800
	Electricity and sui gas - net	5,625,508	3,366,298
	Insurance	3,199,265	2,526,414
	Repair and maintenance - net	13,366,272	22,877,034
	Entertainment	9,218,553	5,568,376
	Depreciation on operating fixed assets (Note 12.1.2)	12,363,713	7,016,463
	Amortization on intangible asset (Note 14)	559,136	559,136
	Miscellaneous - net	3,411,075	2,195,475
		324,246,078	278,123,593

28.1 Salaries and other benefits include Rupees 1.327 million (2019: Rupees 0.673 million) and Rupees 4.744 million (2019: Rupees 3.965 million) in respect of accumulating compensated absences and provident fund contribution by the Company respectively.

		2020 Rupees	2019 Rupees
28.2	**Auditor's remuneration**		
	Audit fee	1,947,000	1,770,000
	Special audit fee	857,164	-
	Half yearly review	643,500	600,800
	Certification fees	125,000	125,000
	Reimbursable expenses	270,509	177,000
		3,843,173	2,672,800
29.	**OTHER EXPENSES**		
	Workers' profit participation fund (Note 7.3)	29,990,964	173,467,708
	Workers' welfare fund (Note 7.5)	14,473,400	-
	Donations (Note 29.1)	3,695,356	100,635,977
	Net exchange loss	50,207,922	-
	Reversal of allowance for expected credit losses (Note 19.5)	(5,038,637)	(238,605)
	Impact of derecognition of financial instrument carried at amortized cost	1,704,840	-
		95,033,845	273,865,080

29.1 Donations

These include donations amounting to Rupees 2.775 million (2019: Rupees 0.00425 million) to Mian Muhammad Yahya Trust, 31-Q, Gulberg II, Lahore in which Mr. Shahzad Saleem, Chief Executive, Mr. Aftab Ahmad Khan, Director and Mrs. Farhat Saleem, Director are trustees and Rupees Nil (2019: Rupees 100.012 million) to Saleem Memorial Trust Hospital, 31-Q, Gulberg II, Lahore in which Mr. Shahzad Saleem, Chief Executive, Mrs. Farhat Saleem, Director and Mr. Faisal Farid, Director are directors.

		2020 Rupees	2019 Rupees
30.	**OTHER INCOME**		
	Income from financial assets		
	Return on bank deposits	27,939,690	1,273,024
	Net exchange gain	-	1,382,125,541
	Interest income on sales tax refund bonds (Note 15.1)	-	1,704,840
	Income from investment in subsidiary companies		
	Dividend income from Nishat Chunian Power Limited	-	656,550,370
	Gain on sale of shares of NC Entertainment (Private) Limited - former subsidiary company	-	222,000,000
	Income from loans to subsidiary companies		
	Interest income on short term loans	351,455,880	125,655,125
	Income from non-financial assets		
	Gain on disposal of operating fixed assets (Note 12.1.1)	3,631,929	116,326
	Credit balances written back	21,574	2,103,084
	Sale of scrap	62,491,880	57,238,782
	Interest on total agreed consideration on disposal of investment in NC Entertainment (Private) Limited - former subsidiary company	-	5,441,654
	Miscellaneous	8,469,258	231,184
		454,010,211	2,454,439,930

		2020 Rupees	2019 Rupees
31.	**FINANCE COST**		
	Mark-up / profit on:		
	- long term loans	322,015,397	310,700,942
	- long term musharaka	45,031,565	42,145,630
	- short term running finances	796,793,576	473,433,833
	- export finances - Preshipment / SBP refinances	648,753,390	472,113,791
	- short term finances - others	738,612,397	757,921,060
	Interest expense on lease liabilities	9,684,288	-
	Interest on workers' profit participation fund (Note 7.3)	5,396,815	7,076,497
	Bank charges and commission	94,568,508	114,184,396
		2,660,855,936	2,177,576,149
32.	**TAXATION**		
	Current (Note 32.1)	443,827,211	500,774,516

32.1 Provision for current taxation represents minimum tax on local sales, final tax on export sales and tax on income from other sources at applicable rates. Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate has not been presented, being impracticable.

		2020 Rupees	2019 Rupees
32.2	**Deferred income tax asset**		
	The asset for deferred income tax originated due to timing differences relating to:		
	Taxable temporary differences		
	Accelerated tax depreciation	(827,728,143)	(512,869,400)
	Amortization on intangible asset	(14,817)	(100,458)
		(827,742,960)	(512,969,858)
	Deductible temporary differences		
	Available tax losses	1,027,199,613	842,702,427
	Lease liabilities	2,051,211	-
	Minimum tax carry forward	668,866,531	178,755,016
		1,698,117,355	1,021,457,443
	Deferred income tax asset	870,374,395	508,487,585
	Deferred income tax asset not recognized in these financial statements	(870,374,395)	(508,487,585)
	Deferred income tax asset recognized in these financial statements	-	-

32.2.1 Deferred income tax asset of Rupees 870.374 million (2019: Rupees 508.488 million) has not been recognized in these financial statements as the Company's management believes that sufficient taxable profits will not be probably available in foreseeable future, hence, the temporary differences may not reverse.

32.3 The Company has carry forwardable tax losses of Rupees 3,542 million (2019: Rupees 2,906 million).

	2020	2019
33. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit after taxation attributable to ordinary shareholders (Rupees)	265,369,380	3,167,591,540
Weighted average number of ordinary shares outstanding during the year (Number)	240,148,723	240,221,556
Basic earnings per share (Rupees)	1.11	13.19

33.1 There is no dilutive effect on basic earnings per share for the year ended 30 June 2020 and 30 June 2019 as the Company has no potential ordinary shares as on 30 June 2020 and 30 June 2019.

	2020 Rupees	2019 Rupees
34. CASH GENERATED FROM OPERATIONS		
Profit before taxation	709,196,591	3,668,366,056
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	911,828,628	927,070,671
Amortization on intangible asset	559,136	559,136
Depreciation on right-of-use assets	28,990,908	-
Gain on sale of shares of former subsidiary company	-	(222,000,000)
Gain on disposal of operating fixed assets	(3,631,929)	(116,326)
Impact of derecognition of financial instrument carried at amortized cost	1,704,840	-
Dividend income	-	(656,550,370)
Finance cost	2,660,855,936	2,177,576,149
Return on bank deposits	(27,939,690)	(1,273,024)
Net exchange loss / (gain)	50,207,922	(1,382,125,541)
Interest income on short term loans to subsidiary companies	(351,455,880)	(125,655,125)
Interest income on sales tax refund bonds	-	(1,704,840)
Interest on total agreed consideration on disposal of investment in NC Entertainment (Private) Limited - former subsidiary company	-	(5,441,654)
Credit balances written back	(21,574)	(2,103,084)
Reversal of allowance for expected credit losses	(5,038,637)	(238,605)
Working capital changes (Note 34.1)	568,556,302	(1,886,342,473)
	4,543,812,553	2,490,020,970

	2020 Rupees	2019 Rupees
34.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(138,517,547)	(65,610,707)
Stock-in-trade	(3,596,138,210)	(4,265,425,943)
Trade debts	1,711,481,469	1,842,508,055
Loans and advances	47,466,235	269,274,247
Short term prepayments	803,040	(5,885,852)
Other receivables	1,199,002,418	(278,535,030)
	(775,902,595)	(2,503,675,230)
Increase in trade and other payables	1,344,458,897	617,332,757
	568,556,302	(1,886,342,473)

34.2 Reconciliation of movement of liabilities to cash flows arising from financing activities:

	2020				
	Liabilities from financing activities				Total
	Long term financing	Lease liabilities	Short term borrowings	Unclaimed dividend	
	---Rupees---				
Balance as at 01 July 2019	4,751,235,200	-	20,091,978,160	52,301,675	24,895,515,035
Financing / borrowings obtained	1,115,640,000	-	-	-	1,115,640,000
Lease liabilities recognised during the year	-	122,063,293	-	-	122,063,293
Repayment of financing / borrowings	(1,017,056,675)	-	-	-	(1,017,056,675)
Repayment of lease liabilities	-	(21,917,766)	-	-	(21,917,766)
Short term borrowings - net	-	-	1,689,805,188		1,689,805,188
Transfer upon amalgamation	1,639,383,470	-	772,651,936	-	2,412,035,406
Dividend declared	-	-	-	600,297,573	600,297,573
Dividend paid	-	-	-	(601,884,884)	(601,884,884)
Balance as at 30 June 2020	6,489,201,995	100,145,527	22,554,435,284	50,714,364	29,194,497,170

	2019			
	Liabilities from financing activities			Total
	Long term financing	Short term borrowings	Unclaimed dividend	
	---Rupees---			
Balance as at 01 July 2018	6,173,259,100	17,021,991,856	38,206,334	23,233,457,290
Repayment of financing / borrowings	(1,422,023,900)	-	-	(1,422,023,900)
Short term borrowings - net	-	3,069,986,304	-	3,069,986,304
Dividend declared	-	-	1,321,218,558	1,321,218,558
Dividend paid	-	-	(1,307,123,217)	(1,307,123,217)
Balance as at 30 June 2019	4,751,235,200	20,091,978,160	52,301,675	24,895,515,035

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Aggregate amount charged in the financial statements for the year for remuneration including certain benefits to the chief executive, directors and executives of the Company is as follows:

	Chief Executive		Directors		Executives	
	2020	2019	2020	2019	2020	2019
	------------------------- Rupees -------------------------					
Managerial remuneration	21,731,872	21,280,683	3,600,000	3,600,000	85,440,000	62,100,000
Contribution to provident fund	-	-	299,880	299,880	7,117,152	5,172,930
House rent	8,692,749	8,512,273	1,440,000	1,440,000	34,176,000	24,840,000
Utilities	2,173,187	2,128,068	360,000	360,000	8,544,000	6,210,000
Others	3,731,872	4,921,024	-	-	11,391,621	15,405,681
	36,329,680	36,842,048	5,699,880	5,699,880	146,668,773	113,728,611
Number of persons	**1**	**1**	**1**	**1**	**45**	**32**

35.1 The Company provides to chief executive, directors and certain executives with free use of Company maintained cars and residential telephones.

35.2 Aggregate amount charged in these financial statements for meeting fee to seven (2019: eight) directors was Rupees 920,000 (2019: Rupees 440,000).

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

36. TRANSACTIONS WITH RELATED PARTIES

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

	2020 Rupees	2019 Rupees
Subsidiary companies		
Common facilities cost charged	20,100,000	19,200,000
Dividend income	-	656,550,370
Sale of goods	1,044,841,250	1,673,965,762
Purchase of electricity and steam	1,809,368,806	3,167,397,135
Interest income on loans	351,455,880	125,655,125
Short term loans made	13,022,797,207	10,435,298,011
Repayment / adjustment of short term loans made	11,731,991,948	9,670,897,136
Associated undertakings		
Mark up on borrowings	10,223,728	8,275,777
Long term loans repaid	30,062,500	5,031,250
Short term loans obtained	450,000,000	422,135
Short term loans repaid	-	410,920,537
Insurance premium paid	72,526,862	76,873,704
Insurance claims received	-	64,011,347
Other related parties		
Purchase of goods	178,060,189	29,074,940
Sale of goods	2,704,919,060	2,482,930,242
Dividend paid	103,156,100	228,305,420
Company's contribution to employees' provident fund trust	72,598,555	55,180,153
Interest on employees' provident fund	146,846	-

36.1 Detail of compensation to key management personnel comprising of chief executive officer, directors and executives is disclosed in (Note 35)

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

Name of the related party	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the financial year	Percentage of shareholding
Nishat Chunian Power Limited	Subsidiary company	Yes	51.47
Nishat Chunian USA Inc.	Wholly owned subsidiary company	Yes	100
Nishat Mills Limited	Shareholding	Yes	None
D.G. Khan Cement Company Limited	Shareholding	Yes	None
MCB Bank Limited	Common directorship*	Yes	None
Saleem Memorial Trust Hospital	Common directorship	No	None
Adamjee Insurance Company Limited	Common directorship*	Yes	None
Adamjee Life Assurance Company Limited	Common directorship*	No	None
Pakgen Power Limited	Common directorship	No	None
Mian Muhammad Yahya Trust	Common trusteeship	Yes	None
Lalpir Solar Power (Private) Limited	Common directorship	No	None
Nishat Energy Limited	Common directorship	No	None
MCB Islamic Bank Limited	Common directorship	No	None
Nishat Papers Products Company Limited	Common directorship	No	None
Nishat (Aziz Avenue) Hotel and Properties	Common directorship	No	None
Nishat (Gulberg) Hotel and Properties Limited	Common directorship	No	None
Nishat (Raiwind) Hotel and properties Limited	Common directorship	No	None
MCB Financial Services Limited	Common directorship	No	None
Hyundai Nishat Motor (Private) Limited	Common directorship	No	None
Nishat Hotels and Properties Limited	Common directorship	No	None
Nishat (Chunian) Limited - Employees Provident Fund	Post-employment benefit plan	Yes	None

* Ceased to be related party as at 30 June 2020 as Mr. Muhammad Ali Zeb resigned from the board of directors of the Company on 29 June 2020.

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

Name of company	Country of incorporation	Basis of association	Percentage of shareholding
Nishat Chunian USA Inc.	USA	Wholly owned subsidiary company	100

36.4 As on 30 June 2020, disclosures relating to investment made in foreign company are as follows:

Name of the company	Jurisdiction	Beneficial owner	Amount of investment			Terms and conditions of investment / advance	Amount of returns received	Litigations against investee company	Default / breach relating to foreign company	Gain / (loss) on disposal of foreign investment
			Made during the year ended 30 June	Rupees	Foreign currency					
Long term investments:										
Nishat Chunian USA Inc.	USA	Nishat (Chunian) Limited	2013	10,823,000	USD 110,000	Investment in shares of subsidiary company	None	None	None	Not applicable

36.5 As on 30 June 2019, disclosures relating to investment made in foreign company are as follows:

Name of the company	Jurisdiction	Beneficial owner	Amount of investment			Terms and conditions of investment / advance	Amount of returns received	Litigations against investee company	Default / breach relating to foreign company	Gain / (loss) on disposal of foreign investment
			Made during the year ended 30 June	Rupees	Foreign currency					
Long term investments:										
Nishat Chunian USA Inc.	USA	Nishat (Chunian) Limited	2013	10,823,000	USD 110,000	Investment in shares of subsidiary company	None	None	None	Not applicable

37. NUMBER OF EMPLOYEES

	2020	2019
Number of employees as on 30 June	6,141	6,007
Average number of employees during the year	6,231	6,220

38. SEGMENT INFORMATION

	Spinning						Weaving				Processing and Home Textile		Power Generation		Elimination of inter-segment transactions		Total - Company	
	Zone - 1		Zone - 2		Zone - 3		Unit - 1		Unit - 2									
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	-Rupees																	
Sales																		
External:																		
- Export	7,384,453,240	6,544,926,861	-	3,585,633	-	711,738,260	-	231,388,061	2,282,149,386	2,564,694,651	9,157,239,057	9,415,081,211	-	-	-	-	18,823,841,683	19,471,414,677
- Local	388,655,435	879,715,835	6,546,986,260	5,823,994,605	6,609,120,490	9,698,848,742	1,850,710,314	2,273,943,912	96,090,673	325,535,506	338,208,824	391,523,923	-	-	-	-	15,829,771,996	19,393,562,523
- Export rebate and duty drawback	14,449,454	-	-	-	-	-	-	-	611,533	1,231,638	144,177,501	156,324,464	-	-	-	-	159,238,488	157,556,102
- Others	-	-	673,230	265,500	-	-	2,285,039	568,140	-	-	851,049,902	314,273,563	-	-	-	-	854,008,171	315,107,203
	7,787,558,129	7,424,642,696	6,547,659,490	5,827,845,738	6,609,120,490	10,410,587,002	1,852,995,353	2,505,900,113	2,378,851,592	2,891,461,795	10,490,675,284	10,277,203,161	-	-	-	-	35,666,860,338	39,337,640,505
Inter-segment	-	229,697,514	1,573,738,283	1,007,800,402	2,160,174,552	1,462,940,659	557,805,249	5,441,169,108	4,361,529,122	-	-	-	2,952,066,312	3,020,515,488	(11,605,313,518)	(11,162,123,171)	-	-
	7,787,558,129	7,654,340,210	8,121,397,773	6,835,646,140	8,769,295,042	11,873,527,661	2,410,800,602	7,947,069,221	6,740,380,714	2,891,461,795	10,490,675,284	10,277,203,161	2,952,066,312	3,020,515,488	(11,605,313,518)	(11,162,123,171)	35,666,860,338	39,337,640,505
Cost of sales	(6,940,236,080)	(6,726,041,137)	(7,397,849,356)	(6,088,618,372)	(7,811,578,087)	(10,738,612,705)	(2,175,730,295)	(7,388,850,953)	(6,647,932,392)	(2,657,771,561)	(9,134,738,078)	(8,995,895,953)	(2,959,722,985)	(3,016,460,434)	11,605,313,518	11,162,123,171	(31,462,473,755)	(34,450,127,944)
Gross profit / (loss)	847,322,049	928,299,073	723,548,417	747,027,768	957,716,955	1,134,914,956	235,070,307	558,218,268	92,448,322	233,690,234	1,355,937,206	1,281,307,208	(7,656,673)	4,055,054	-	-	4,204,386,583	4,887,512,561
Distribution cost	(141,644,958)	(125,641,754)	(39,728,278)	(56,152,715)	(68,819,195)	(90,686,392)	(97,632,961)	(100,949,630)	(38,397,037)	(42,261,144)	(482,841,915)	(528,329,978)	-	-	-	-	(869,064,344)	(944,021,613)
Administrative expenses	(59,851,926)	(45,023,655)	(40,907,704)	(30,889,291)	(58,769,539)	(49,913,504)	(45,528,325)	(41,401,081)	(17,905,355)	(17,331,981)	(101,283,229)	(93,564,081)	-	-	-	-	(324,246,078)	(278,123,593)
	(201,496,884)	(170,665,409)	(80,635,982)	(87,042,006)	(127,588,734)	(140,599,896)	(143,161,286)	(142,350,711)	(56,302,392)	(59,593,125)	(584,125,144)	(621,894,059)	-	-	-	-	(1,193,310,422)	(1,222,145,206)
Profit / (loss) before taxation and unallocated income and expenses	645,825,165	757,633,664	642,912,435	659,985,762	830,128,221	994,315,060	91,909,021	415,867,557	36,145,930	174,097,109	771,812,062	659,413,149	(7,656,673)	4,055,054	-	-	3,011,076,161	3,665,367,355
Unallocated income and expenses																		
Other expenses																	(95,033,845)	(273,865,080)
Other income																	454,010,211	2,454,439,930
Finance cost																	(2,660,855,936)	(2,177,576,149)
Taxation																	(443,827,211)	(500,774,516)
Profit after taxation																	265,369,380	3,167,591,540

38.1 Reconciliation of reportable segment assets and liabilities

	Spinning						Weaving				Processing and Home Textile		Power Generation		Total - Company	
	Zone - 1		Zone - 2		Zone - 3		Unit - 1		Unit - 2							
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	Rupees															
Total assets for reportable segments	6,378,804,213	5,796,050,374	7,796,316,260	7,084,061,568	9,450,080,315	8,586,741,295	1,062,016,713	3,472,236,683	2,969,302,797	1,453,603,100	9,154,175,125	6,093,660,854	6,196,841,985	1,964,682,284	43,007,537,408	34,451,036,158
Unallocated assets:																
Long term investments															1,886,681,200	3,309,286,040
Other receivables															2,305,811,963	3,582,338,309
Short term investments															37,833,033	20,687,395
Cash and bank balances															47,467,302	17,728,377
Other corporate assets															465,272,671	2,126,867,175
Total assets as per statement of financial position															47,750,603,577	43,507,943,454
Total liabilities for reportable segments	426,721,747	216,855,786	521,548,802	265,045,960	632,180,366	321,267,830	123,918,525	151,202,138	346,465,003	63,298,650	1,591,054,821	1,112,511,384	742,110,837	371,589,632	4,384,000,101	2,501,771,380
Unallocated liabilities:																
Long term financing															6,489,201,995	4,751,235,200
Accrued mark-up															463,028,006	431,379,587
Short term borrowings															22,554,435,284	20,091,978,160
Other corporate liabilities															222,539,916	393,140,685
Total liabilities as per statement of financial position															34,113,205,302	28,169,505,012

38.2 Geographical information

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

	2020 Rupees	2019 Rupees
Europe	6,454,247,258	4,655,808,998
Asia, Africa and Australia	10,630,524,896	9,927,496,475
United States of America, Canada and South America	1,898,308,017	5,045,665,306
Pakistan	16,683,780,167	19,708,669,726
	35,666,860,338	39,337,640,505

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

38.4 Revenue from major customers

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

38.5 Based on the judgment made by the management printing, dyeing and home textile operating segments of the Company have been aggregated into a single operating segment namely 'Processing and Home Textile' as these segments have similar economic characteristics in respect of nature of the products, nature of production process, type of customers, method of distribution and nature of regulatory environment.

39. PLANT CAPACITY AND ACTUAL PRODUCTION

	2020	2019
Spinning		
Number of spindles installed	222,708	222,708
Number of spindles worked	196,222	213,659
Capacity after conversion into 20/1 count (Kgs.)	73,548,828	79,402,488
Actual production of yarn after conversion into 20/1 count (Kgs.)	72,461,901	78,236,935

Under utilization of available capacity was due to normal maintenance and time lost in shifting of coarser counts to finer counts and vice versa.

	2020	2019
Weaving		
Number of looms installed	379	363
Number of looms worked	373	363
Capacity after conversion into 50 picks - square yards	244,492,844	296,981,425
Actual production after conversion into 50 picks - square yards	211,262,191	251,830,349

Under utilization of available capacity was due to the following reasons:
- change of articles required
- higher count and cover factor
- due to normal maintenance

	2020	2019
Power plant		
Number of engines installed	17	17
Number of engines worked	17	17
Process steam and coal fired power generation plant (46 MW)	1	-
Generation capacity (KWh)	748,836,000	343,830,000
Actual generation (KWh)	245,549,636	42,054,960

Under utilization of available capacity was due to normal maintenance and demand.

	2020	2019
Dyeing		
Number of thermosol dyeing machines	1	1
Number of stenters machines	4	4
Capacity in meters	36,500,000	36,500,000
Actual processing of fabrics - meters	30,339,338	30,038,558

Under utilization of available capacity was due to normal maintenance and demand.

	2020	2019
Printing		
Number of printing machines	1	1
Capacity in meters	9,125,000	7,825,000
Actual processing of fabrics - meters	6,534,206	6,679,011

Under utilization of available capacity was due to normal maintenance and demand.

	2020	2019
Digital printing		
Number of printing machines	5	2
Capacity in meters	9,125,000	3,650,000
Actual processing of fabrics - meters	3,221,600	1,451,740

Stitching

The plant capacity of this division is indeterminable due to multi product plant involving varying run length of order lots.

40. FINANCIAL RISK MANAGEMENT

40.1 Financial risk factors

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

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

(a) Market risk

(i) Currency risk

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

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD) and Euro. Currently, the Company's foreign exchange risk exposure is restricted to bank balances, and the amounts receivable / payable from / to the foreign entities. The Company uses forward exchange contracts to hedge its foreign currency risk, when considered appropriate. The Company's exposure to currency risk was as follows:

	2020	2019
Cash at banks - USD	52,174	46,573
Trade debts - USD	25,631,737	30,239,376
Trade debts - EURO	1,916,556	629,120
Trade and other payables - USD	(432,967)	(7,718,853)
Trade and other payables - EURO	(44,334)	(1,172,826)
Short term borrowings - USD	(153,802)	(3,000,000)
Accrued mark-up - USD	(13,172)	(6,131)
Net exposure - USD	25,083,970	19,560,965
Net exposure - EURO	1,872,222	(543,706)

The following significant exchange rates were applied during the year:

	2020	2019
Rupees per US Dollar		
Average rate	158.82	137.29
Reporting date rate	168.05	164.00
Rupees per EURO		
Average rate	175.53	156.63
Reporting date rate	188.61	186.37

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD and Euro with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 212.434 million (2019: Rupees 147.567 million) respectively higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

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

(iii) Interest rate risk

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

The Company's interest rate risk arises mainly from long term financing, short term borrowings, investments at amortized cost and short term loans to subsidiary companies. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk. Borrowings obtained at fixed rate expose the Company to fair value interest rate risk.

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

	2020 Rupees	2019 Rupees
Fixed rate instruments		
Financial liabilities		
Long term financing	2,625,445,195	2,588,735,200
Short term borrowings	6,216,743,000	3,300,000,000
	8,842,188,195	5,888,735,200
Financial assets		
Sales tax refund bonds	-	220,900,000
Long term loans to employees	9,347,366	8,650,588
Net exposure	(8,832,840,829)	(6,100,984,612)
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	5,713,672	2,375,121
Short term loans to subsidiary companies	-	1,272,569,696
Short term investments	36,160,226	20,660,226
	41,873,898	1,295,605,043
Financial liabilities		
Long term financing	3,863,756,800	2,162,500,000
Short term borrowings	16,337,692,284	16,791,978,160
	20,201,449,084	18,954,478,160
Net exposure	(20,159,575,186)	(17,658,873,117)

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 189.580 million (2019: Rupees 167.759 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of assets and liabilities outstanding at reporting dates were outstanding for the whole year.

(b) Credit risk

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

	2020 Rupees	2019 Rupees
Long term security deposits	31,689,760	26,120,190
Trade debts	4,686,630,353	6,426,369,277
Loans and advances	25,273,904	1,304,151,256
Other receivables	230,717,414	438,750,231
Investments	37,833,033	243,292,235
Accrued interest	5,321,600	152,055,594
Bank balances	44,987,208	14,004,403
	5,062,453,272	8,604,743,186

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

	Rating			2020	2019
	Short Term	Long term	Agency	Rupees	Rupees
Banks					
Al Baraka Bank (Pakistan) Limited	A-1	A	PACRA	1,728,262	370,656
Allied Bank Limited	A1+	AAA	PACRA	179,974	-
Bank Alfalah Limited	A-1+	AA+	PACRA	1,978,728	1,928,392
Bank Al-Habib Limited	A-1+	AA+	PACRA	5,381,967	639,864
Dubai Islamic Bank (Pakistan) Limited	AA	A-1+	JCR-VIS	851,421	121,316
Faysal Bank Limited	A-1+	AA	PACRA	45,037	50,005
Habib Bank Limited	A-1+	AAA	JCR-VIS	7,970,566	1,892,143
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	12,320,001	-
Industrial and Commercial Bank of China Limited	P-1	A1	Moody’s	345,374	2,334
JS Bank Limited	A-1+	AA-	PACRA	-	570,723
MCB Bank Limited	A-1+	AAA	PACRA	10,059,501	2,343,199
Meezan Bank Limited	A-1+	AA+	JCR-VIS	968,495	1,928,594
National Bank of Pakistan	A-1+	AAA	PACRA	52	1,042,408
Samba Bank Limited	A-1	AA	JCR-VIS	-	34,436
Standard Chartered Bank (Pakistan) Limited	A-1+	AAA	PACRA	247,245	241,287
The Bank of Punjab	A-1+	AA	PACRA	1,477	48
United Bank Limited	A-1+	AAA	JCR-VIS	2,909,108	2,838,998
				44,987,208	14,004,403
Investments					
FBR Refund Settlement Company Limited - sales tax refund bonds		Unknown		-	222,604,840
BankIslami Pakistan Limited	A1	A+	PACRA	20,660,226	20,660,226
Dubai Islamic Bank Pakistan Limited	A-1+	AA	JCR-VIS	15,500,000	-
				81,147,434	257,269,469

The Company's exposure to credit risk and allowance for expected credit losses related to trade debts is disclosed in Note 19.

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

(c) Liquidity risk

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

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2020, the Company had Rupees 9,361 million (2019: Rupees 7,972 million) available borrowing limits from financial institutions and Rupees 47.467 million (2019: Rupees 17.728 million) cash and bank balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2020:

	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 Year	More than 2 Years
	Rupees					
Non-derivative financial liabilities:						
Long term financing	6,489,201,995	7,561,071,312	320,124,274	595,811,495	2,297,218,485	4,347,917,058
Lease liabilities	100,145,527	122,243,042	19,329,064	19,729,639	34,413,124	48,771,215
Short term borrowings	22,554,435,284	26,046,325,847	15,937,261,829	10,109,064,018	-	-
Trade and other payables	3,922,612,002	3,922,612,002	3,922,612,002	-	-	-
Unclaimed dividend	50,714,364	50,714,364	50,714,364	-	-	-
Accrued mark-up / profit	463,028,006	463,028,006	463,028,006	-	-	-
	33,580,137,178	38,165,994,573	20,713,069,539	10,724,605,152	2,331,631,609	4,396,688,273

Contractual maturities of financial liabilities as at 30 June 2019:

	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 Year	More than 2 Years
	------------------------------ Rupees ------------------------------					
Non-derivative financial liabilities:						
Long term financing	4,751,235,200	5,473,845,410	736,173,701	696,158,919	1,171,095,876	2,870,416,914
Short term borrowings	20,091,978,160	25,354,025,552	17,361,656,366	7,992,369,186	-	-
Trade and other payables	2,525,300,414	2,525,300,414	2,525,300,414	-	-	-
Unclaimed dividend	52,301,675	52,301,675	52,301,675	-	-	-
Accrued mark-up / profit	431,379,587	431,379,587	431,379,587	-	-	-
	27,852,195,036	33,836,852,638	21,106,811,743	8,688,528,105	1,171,095,876	2,870,416,914

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at reporting date. The rates of interest / mark up have been disclosed in note 5, note 6 and note 9 to these financial statements.

40.2 Financial instruments by categories

Assets as per statement of financial position

	Amortized cost	
	2020	2019
	Rupees	Rupees
Long term security deposits	31,689,760	26,120,190
Trade debts	4,686,630,353	6,426,369,277
Loans and advances	25,273,904	1,304,151,256
Other receivables	230,717,414	438,750,231
Investments	37,833,033	243,292,235
Accrued interest	5,321,600	152,055,594
Cash and bank balances	47,467,302	17,728,377
	5,064,933,366	8,608,467,160

	2020		2019	
	At amortized cost	FVTPL	At amortized cost	FVTPL
		Rupees	Rupees	Rupees
Liabilities as per statement of financial position				
Long term financing	6,489,201,995	-	4,751,235,200	-
Accrued mark-up / profit	463,028,006	-	431,379,587	-
Short term borrowings	22,554,435,284	-	20,091,978,160	-
Unclaimed dividend	50,714,364	-	52,301,675	-
Trade and other payables	3,922,612,002	302,749,353	2,525,300,414	18,467,940
	33,479,991,651	302,749,353	27,852,195,036	18,467,940

40.3 Offsetting financial assets and financial liabilities

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

41. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing and short term borrowings obtained by the Company as referred to in note 5, note 6 and note 8 respectively. Total capital employed includes 'total equity' as shown in the statement of financial position plus 'borrowings'. The Company's strategy was to maintain a gearing ratio of 65% debt and 35% equity (2019: 65% debt and 35% equity). In accordance with the terms of agreement with the lenders of long term finances in connection with deferment of principal amount for twelve months, there is restriction on distribution of dividends by the Company during the relief period.

		2020	2019
Borrowings	Rupees	29,043,637,279	24,843,212,360
Total equity	Rupees	13,637,398,275	15,338,438,442
Total capital employed	Rupees	42,681,035,554	40,181,650,802
Gearing ratio	Percentage	68.05	61.83

The increase in gearing ratio is due to increase in borrowings of the Company.

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

Recurring fair value measurements At 30 June 2020	Level 1	Level 2	Level 3	Total
	---------------------------- Rupees --------------------------			
Financial liabilities				
Derivative financial liabilities	-	302,749,353	-	302,749,353
Total financial liabilities	-	302,749,353	-	302,749,353

Recurring fair value measurements At 30 June 2019	Level 1	Level 2	Level 3	Total
	---------------------------- Rupees --------------------------			
Financial liabilities				
Derivative financial liabilities	-	18,467,940	-	18,467,940
Total financial liabilities	-	18,467,940	-	18,467,940

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 in and out of level 3 measurements.

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

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

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

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

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include the use of quoted market prices or dealer quotes for similar instruments.

43. UNUTILIZED CREDIT FACILITIES

The Company has total credit facilities amounting to Rupees 31,915 million (2019: Rupees 28,065 million) out of which Rupees 9,361 million (2019: Rupees 7,972 million) remained unutilized at the end of the year.

44. EVENTS AFTER THE REPORTING PERIOD

44.1 The Board of Directors of the Company at their meeting held on October 02, 2020 has proposed cash dividend of Rupees 1 per ordinary share (2019: Rupees 2.50 per ordinary share) in respect of the year ended 30 June 2020. However, this event has been considered as non-adjusting events under IAS 10 'Events after the Reporting Period' and has not been recognized in these financial statements.

45. PROVIDENT FUND

As at the reporting date, the Nishat (Chunian) Limited - Employees Provident Fund is in the process of regularizing its investments in accordance with section 218 of the Companies Act, 2017 and the rules formulated for this purpose in terms of SRO 731(I)/2018 issued by Securities and Exchange Commission of Pakistan on 06 June 2018 which allows transition period of three years for bringing the Employees Provident Fund Trust in conformity with the requirements of rules.

46. IMPACT OF COVID-19 (CORONA VIRUS)

The pandemic of COVID-19 that rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On 23 March 2020, the Government of the Punjab and the Government of Sindh announced a temporary lock down as a measure to reduce the spread of the COVID–19. Complying with the lockdown, the Company temporarily suspended its operations. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company resumed its operations and took all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowdown in economic activity. The lockdown caused disruptions in supply chain including supply of goods to the customers resulting in a decline in sales. Subsequent to the year ended 30 June 2020, due to significant reduction in outbreak, demand for the Company’s goods is fast reverting back to normal levels. Due to this, management has assessed the accounting implications of these developments on these financial statements, including but not limited to the following areas:

- expected credit losses under IFRS 9 ‘Financial Instruments’;

- the impairment of tangible assets under IAS 36 ‘Impairment of Assets’;

- the net realisable value of inventory under IAS 2, ‘Inventories’;

- provisions and contingent liabilities under IAS 37 Provisions, Contingent Liabilities and Contingent Assets’; and

- going concern assumption used for the preparation of these financial statements.

According to management’s assessment, there is no significant accounting impact of the effects of COVID-19 in these financial statements.

47. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 02, 2020 by the Board of Directors of the Company.

48. CORRESPONDING FIGURES

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

49. GENERAL

Figures have been rounded off to nearest of Rupee.

CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2020

Number of ShareHolders	Shareholding		Total Number of Shares Held	Percentage of Total Capital
	From	To		
2496	1	100	51,922	0.02
1217	101	500	381,052	0.16
920	501	1000	764,426	0.32
1390	1001	5000	3,926,509	1.64
412	5001	10000	3,209,335	1.34
132	10001	15000	1,673,921	0.70
71	15001	20000	1,300,644	0.54
58	20001	25000	1,331,166	0.55
43	25001	30000	1,217,390	0.51
18	30001	35000	587,752	0.24
30	35001	40000	1,152,049	0.48
10	40001	45000	434,317	0.18
27	45001	50000	1,330,010	0.55
13	50001	55000	687,397	0.29
23	55001	60000	1,347,654	0.56
3	60001	65000	186,381	0.08
15	65001	70000	1,017,806	0.42
10	70001	75000	728,930	0.30
6	75001	80000	470,382	0.20
2	80001	85000	166,500	0.07
6	85001	90000	532,002	0.22
5	90001	95000	464,047	0.19
16	95001	100000	1,595,723	0.66
3	100001	105000	309,620	0.13
3	105001	110000	321,500	0.13
2	110001	115000	229,000	0.10
1	115001	120000	120,000	0.05
4	120001	125000	497,000	0.21
2	125001	130000	260,000	0.11
4	130001	135000	527,076	0.22
2	135001	140000	273,398	0.11
1	140001	145000	142,000	0.06
5	145001	150000	750,000	0.31
2	150001	155000	302,500	0.13
1	165001	170000	168,002	0.07
3	170001	175000	519,000	0.22
4	180001	185000	731,356	0.30
1	185001	190000	188,000	0.08
1	190001	195000	192,000	0.08
6	195001	200000	1,200,000	0.50
3	200001	205000	605,694	0.25

Number of ShareHolders	Shareholding		Total Number of Shares Held	Percentage of Total Capital
	From	To		
1	205001	210000	205,500	0.09
3	215001	220000	657,000	0.27
2	225001	230000	456,000	0.19
1	230001	235000	233,500	0.10
1	245001	250000	247,200	0.10
1	250001	255000	251,000	0.10
1	260001	265000	261,770	0.11
1	270001	275000	275,000	0.11
2	280001	285000	565,000	0.24
2	295001	300000	600,000	0.25
1	310001	315000	310,500	0.13
1	320001	325000	325,000	0.14
1	335001	340000	338,000	0.14
2	345001	350000	700,000	0.29
1	365001	370000	365,550	0.15
1	370001	375000	373,500	0.16
1	380001	385000	384,000	0.16
1	395001	400000	400,000	0.17
1	405001	410000	408,500	0.17
2	495001	500000	1,000,000	0.42
1	515001	520000	519,500	0.22
1	610001	615000	613,500	0.26
1	625001	630000	629,406	0.26
1	630001	635000	634,000	0.26
1	640001	645000	640,603	0.27
1	660001	665000	660,500	0.28
1	675001	680000	675,500	0.28
1	690001	695000	690,716	0.29
1	725001	730000	728,000	0.30
1	745001	750000	750,000	0.31
1	795001	800000	800,000	0.33
1	865001	870000	869,500	0.36
1	910001	915000	915,000	0.38
1	930001	935000	932,000	0.39
1	985001	990000	985,450	0.41
2	995001	1000000	2,000,000	0.83
1	1035001	1040000	1,035,500	0.43
1	1060001	1065000	1,062,000	0.44
1	1065001	1070000	1,069,250	0.45
1	1220001	1225000	1,225,000	0.51
1	1295001	1300000	1,300,000	0.54

Number of ShareHolders	Shareholding		Total Number of Shares Held	Percentage of Total Capital
	From	To		
1	1310001	1315000	1,314,000	0.55
1	1535001	1540000	1,536,758	0.64
1	1625001	1630000	1,629,603	0.68
1	1750001	1755000	1,752,500	0.73
1	1920001	1925000	1,924,000	0.80
1	1945001	1950000	1,947,800	0.81
1	2455001	2460000	2,458,014	1.02
1	2515001	2520000	2,515,016	1.05
1	3225001	3230000	3,229,633	1.35
1	3420001	3425000	3,421,974	1.43
1	3505001	3510000	3,505,500	1.46
1	5135001	5140000	5,139,064	2.14
1	5370001	5375000	5,371,868	2.24
1	5640001	5645000	5,644,999	2.35
1	5805001	5810000	5,807,791	2.42
1	6700001	6705000	6,705,000	2.79
1	8000001	8005000	8,005,000	3.33
1	8180001	8185000	8,180,719	3.41
1	8340001	8345000	8,343,914	3.47
1	11820001	11825000	11,822,562	4.92
1	15145001	15150000	15,150,000	6.31
1	20865001	20870000	20,866,776	8.69
1	54860001	54865000	54,860,632	22.85
7,043	<------Total------>		240,119,029	100.00

AS AT JUNE 30, 2020

NISHAT (CHUNIAN) LIMITED
CATEGORIES OF SHAREHOLDERS
AS ON JUNE 30, 2020

	CATEGORIES OF SHAREHOLDERS	NO. OF SHAREHOLDERS	TOTAL SHARES HELD	PERCENTAGE
A)	Directors/Chief Executive Officer and their spouse and minor Children			
	Mr. Shahzad Saleem	1	54,860,632	22.85
	Mrs. Farhat Saleem	3	5,915,838	2.46
	Mr. Zain Shahzad	1	1,035,500	0.43
	Mr. Farrukh Ifzal	1	500	0.00
	Spouse:			
	Mrs. Ayesha Shahzad w/o Mr. Shahzad Saleem	2	238,448	0.10
	TOTAL: -	8	62,050,918	25.84
B)	Executives			
	N/A	-	-	0.00
C)	Associated Companies, Undertakings and related parties	4	39,963,940	16.64
D)	Public Sectors Companies & Corporations	-	-	
E)	NIT and IDBP (ICP UNIT)	4	5,617	0.00
F)	Banks, Development Financial Institutions & Non-Banking Financial Institutions	23	26,038,250	10.84
H)	Insurance Companies	6	3,282,214	1.37
I)	Modarabas & Mutual Funds	27	12,290,180	5.12
J)	*Shareholding 5% or more	*2	87,549,970	36.46
K)	Joint Stock Companies	104	5,611,730	2.34
L)	Others	56	12,140,786	5.06
M)	General Public	6,811	79,770,894	32.79
	TOTAL: -	7,043	240,119,029	100.00

*** Shareholders having 5% or above shares exist in other categories therefore not included in total.**

Shareholding Detail of 5% or more

Name of Shareholder	Shares held	%
MR. SHAHZAD SALEEM	54,860,632	22.85
NISHAT MILLS LIMITED	32,689,338	13.61
TOTAL :-	**87,549,970**	**36.46**

INFORMATION UNDER CLAUSE XIX(j) OF THE CODE OF CORPORATE GOVERNANCE

All trade in the Company's shares, carried out by its Directors , CEO ,CFO, Company Secretary and their spouses and minor children during the year July 01, 2019 to June 30, 2020:

	Out Gift Out / Sale	In Gift in / Purchase
Mrs. Farhat Saleem	(Gift out) 6,500,000	(Pur) 20,000
Mr. Shahzad Saleem	Nil	(Gift in) 6,500,000
Mr. Zain Shahzad	Nil	(Pur) 35,000

NISHAT (CHUNIAN) LIMITED
AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

30 June 2020

INDEPENDENT AUDITOR'S REPORT

To the members of Nishat (Chunian) Limited

Opinion

We have audited the annexed consolidated financial statements of Nishat (Chunian) Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 June 2020, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 13.2 and Note 21.7 to the consolidated financial statements, which describe the matters relating to litigations with National Transmission and Despatch Company Limited (NTDC) on account of recoverability of delayed payment charges and capacity revenue respectively. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Following are the Key audit matters:

Sr. No.	Key audit matters	How the matters were addressed in our audit
1.	**Inventory existence and valuation** Inventory of the textile business of the Group represented a material position in the consolidated statement of financial position. The textile business is characterized by high volumes and the valuation and existence of inventories are significant to the business. Therefore, considered as one of the key audit matters. Inventories are stated at lower of cost and net realizable value. Cost is determined as per accounting policy disclosed in Note 2.14 to the consolidated financial statements. At year end, the valuation of inventory is reviewed by management and the cost of inventory is reduced where inventory is forecast to be sold below cost.	Our procedures over existence and valuation of inventory included, but were not limited to: • To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management; • For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets; • We tested that the ageing report used by management correctly aged inventory items by agreeing a sample of aged inventory items to the last

Sr. No.	Key audit matters	How the matters were addressed in our audit
	Useable stores, spares parts and loose tools and raw materials are valued at weighted average cost, whereas, costing of work-in-process and finished goods is considered to carry more significant risk as the cost of material, labor and manufacturing overheads is allocated on the basis of complex formulas and involves management judgment. The determination of whether inventory will be realised for a value less than cost requires management to exercise judgement and apply assumptions. Management undertake the following procedures for determining the level of write down required: • Use inventory ageing reports together with historical trends to estimate the likely future saleability of slow moving and older inventory items. • Perform a line-by-line analysis of remaining inventory to ensure it is stated at the lower of cost and net realisable value and a specific write down is recognized, if required. For further information on inventory, refer to the following: - Summary of significant accounting policies, Inventories note 2.14 to the consolidated financial statements. - Stores, spare parts and loose tools note 19 and stock-in-trade note 20 to the consolidated financial statements.	recorded invoice; • On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any; • We assessed the percentage write down applied to older inventory with reference to historic inventory write downs and recoveries on slow moving inventory; • In the context of our testing of the calculation, we analysed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs; • We also made enquires of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.
2.	**Revenue recognition** We identified recognition of revenue of textile business of the Group as a key audit matter because revenue is one of the key performance indicators and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets. For further information, refer to the following: - Summary of significant accounting policies, Revenue from contracts with customers note 2.20 to the consolidated financial statements. - Revenue note 27 to the consolidated financial statements.	Our procedures included, but were not limited to: • We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue; • We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents; • We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period; • We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 ‘Revenue from Contracts with Customers’; • We compared the details of a sample of journal entries posted to revenue accounts during the year, which met certain specific risk-based criteria, with the relevant underlying documentation; • We also considered the appropriateness of disclosures in the consolidated financial statements.

Sr. No.	Key audit matters	How the matters were addressed in our audit
3.	**Capital expenditures** The textile business of the Group is investing significant amounts in its operations and there are a number of areas where man¬agement judgement impacts the carrying value of property, plant and equipment and its respective depreciation profile. These include among other the decision to capitalize or expense costs; and review of useful life of the assets including the impact of changes in the Group's strategy. We focused on this area since the amounts have a signif¬icant impact on the financial position of the Group and there is significant management judgment required that has significant impact on the reporting of the financial position for the Group. Therefore, considered as one of the key audit matters. For further information, refer to the following: - Summary of significant accounting policies, Fixed assets - property, plant, equipment and deprecation note 2.5 to the consolidated financial statements. - Fixed assets note 14 to the consolidated financial statements.	Our procedures included, but were not limited to: • We tested operating effectiveness of controls in place over the property, plant and equipment cycle including the controls over whether costs incurred on activities is capi¬tal or operating in nature; • We evaluated the appropriateness of capitalization policies and depreciation rates; • We performed tests of details on costs capitalized; • We verified the accuracy of management's calculation used for the impairment testing.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore
Date: October 02, 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	3	4,200,000,000	3,000,000,000
Issued, subscribed and paid-up share capital	4	2,401,190,290	2,402,215,560
Reserves	5	19,297,416,671	18,039,573,965
Equity attributable to equity holders of the Holding Company		21,698,606,961	20,441,789,525
Non-controlling interest		9,284,188,987	7,018,945,192
Total equity		30,982,795,948	27,460,734,717
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	6	6,733,616,426	5,818,617,415
Lease liabilities	7	71,968,923	-
Deferred income	8	1,719,000	-
		6,807,304,349	5,818,617,415
CURRENT LIABILITIES			
Trade and other payables	9	5,098,724,753	4,064,670,697
Accrued mark-up / profit	10	835,368,006	930,241,729
Short term borrowings	11	32,275,703,713	31,443,299,687
Unclaimed dividend		69,654,364	183,500,761
Current portion of non-current liabilities	12	1,072,013,173	4,615,738,167
		39,351,464,009	41,237,451,041
Total liabilities		46,158,768,358	47,056,068,456
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		77,141,564,306	74,516,803,173

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

CHIEF EXECUTIVE

DIRECTOR

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	14	27,231,469,046	27,401,662,686
Right-of-use assets	15	93,072,385	-
Intangible assets	16	4,327,318	9,199,454
Long term investment	17	-	222,604,840
Long term loans to employees	18	14,352,910	18,964,295
Long term security deposits		31,789,760	26,225,190
		27,375,011,419	27,678,656,465
CURRENT ASSETS			
Stores, spare parts and loose tools	19	1,604,913,456	1,640,861,089
Stock-in-trade	20	20,729,196,003	18,074,711,590
Trade debts	21	23,134,992,082	21,008,395,745
Loans and advances	22	1,219,024,001	1,585,514,548
Short term deposits and prepayments	23	57,125,380	40,015,342
Other receivables	24	2,928,701,963	4,275,802,264
Short term investments	25	37,833,033	31,242,590
Cash and bank balances	26	54,766,969	181,603,540
		49,766,552,887	46,838,146,708
TOTAL ASSETS		77,141,564,306	74,516,803,173

CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
REVENUE	27	49,580,084,590	54,988,471,178
COST OF SALES	28	(38,483,777,544)	(44,708,960,782)
GROSS PROFIT		11,096,307,046	10,279,510,396
DISTRIBUTION COST	29	(1,046,144,279)	(1,006,899,746)
ADMINISTRATIVE EXPENSES	30	(516,530,406)	(536,380,341)
OTHER EXPENSES	31	(109,593,156)	(502,086,236)
		(1,672,267,841)	(2,045,366,323)
		9,424,039,205	8,234,144,073
OTHER INCOME	32	137,902,045	1,710,316,148
PROFIT FROM OPERATIONS		9,561,941,250	9,944,460,221
FINANCE COST	33	(4,991,661,943)	(3,830,831,920)
PROFIT BEFORE TAXATION		4,570,279,307	6,113,628,301
TAXATION	34	(444,320,532)	(535,162,099)
PROFIT AFTER TAXATION		4,125,958,775	5,578,466,202
PROFIT ATTRIBUTABLE TO:			
EQUITY HOLDERS OF THE HOLDING COMPANY		1,860,714,980	3,906,991,453
NON-CONTROLLING INTEREST		2,265,243,795	1,671,474,749
		4,125,958,775	5,578,466,202
EARNINGS PER SHARE - BASIC AND DILUTED	35	7.75	16.26

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

CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2020

	2020 Rupees	2019 Rupees
PROFIT AFTER TAXATION	4,125,958,775	5,578,466,202
OTHER COMPREHENSIVE LOSS		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss:		
Exchange difference on translation of foreign operations	(114,053)	(7,462,476)
Other comprehensive loss for the year	(114,053)	(7,462,476)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	4,125,844,722	5,571,003,726
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
EQUITY HOLDERS OF THE HOLDING COMPANY	1,860,600,927	3,899,528,977
NON-CONTROLLING INTEREST	2,265,243,795	1,671,474,749
	4,125,844,722	5,571,003,726

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

CHIEF EXECUTIVE　　DIRECTOR　　CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2020 Rupees	2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	9,465,295,033	5,684,900,886
Net increase in long term security deposits		(5,564,570)	(2,472,750)
Finance cost paid		(5,086,427,666)	(3,468,383,922)
Income tax paid		(290,144,373)	(346,019,099)
Net decrease / (increase) in long term loans to employees		4,406,270	(1,770,467)
Net cash generated from operating activities		4,087,564,694	1,866,254,648
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(2,013,821,248)	(1,666,780,479)
Investment made		(5,000,000)	(222,604,840)
Proceeds from sale of operating fixed assets		331,475,447	9,679,755
Proceeds from sale of shares of NC Entertainment (Private) Limited - net		-	301,983,650
Interest received		35,385,804	8,211,958
Net cash used in investing activities		(1,651,959,997)	(1,569,509,956)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		1,132,865,000	-
Repayment of long term financing		(3,788,048,587)	(4,547,217,165)
Repayment of lease liabilities		(21,917,766)	-
Short term borrowings - net		832,404,026	6,007,858,957
Payment for ordinary shares bought back		(3,485,918)	-
Dividend paid to non-controlling interest		-	(629,163,917)
Dividends paid		(714,143,970)	(1,191,423,131)
Net cash used in financing activities		(2,562,327,215)	(359,945,256)
Net decrease in cash and cash equivalents		(126,722,518)	(63,200,564)
Impact of exchange translation		(114,053)	(7,462,476)
Cash and cash equivalents at the beginning of the year		181,603,540	252,266,580
Cash and cash equivalents at the end of the year		54,766,969	181,603,540

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

CHIEF EXECUTIVE　　　DIRECTOR　　　CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2020

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY								NON-CONTROLLING INTEREST	TOTAL EQUITY
	SHARE CAPITAL	CAPITAL RESERVES		REVENUE RESERVES			TOTAL RESERVES	SHAREHOLDERS' EQUITY		
		Exchange translation reserve	Share premium	General reserve	Unappropriated profit	Total				
	Rupees									
Balance as at 01 July 2018	2,402,215,560	(6,678,937)	600,553,890	1,629,221,278	13,238,167,315	14,867,388,593	15,461,263,546	17,863,479,106	5,976,634,360	23,840,113,466
Transactions with owners:										
Final dividend for the year ended 30 June 2018 @ Rupees 4 per ordinary share	-	-	-	-	(960,886,224)	(960,886,224)	(960,886,224)	(960,886,224)	-	(960,886,224)
Interim dividend for the year ended 30 June 2019 @ Rupees 1.50 per ordinary share	-	-	-	-	(360,332,334)	(360,332,334)	(360,332,334)	(360,332,334)	-	(360,332,334)
Dividend to non-controlling interest	-	-	-	-	-	-	-	-	(629,163,917)	(629,163,917)
	-	-	-	-	(1,321,218,558)	(1,321,218,558)	(1,321,218,558)	(1,321,218,558)	(629,163,917)	(1,950,382,475)
Profit for the year	-	-	-	-	3,906,991,453	3,906,991,453	3,906,991,453	3,906,991,453	1,671,474,749	5,578,466,202
Other comprehensive loss for the year	-	(7,462,476)	-	-	-	-	(7,462,476)	(7,462,476)	-	(7,462,476)
Total comprehensive income for the year	-	(7,462,476)	-	-	3,906,991,453	3,906,991,453	3,899,528,977	3,899,528,977	1,671,474,749	5,571,003,726
Balance as at 30 June 2019	2,402,215,560	(14,141,413)	600,553,890	1,629,221,278	15,823,940,210	17,453,161,488	18,039,573,965	20,441,789,525	7,018,945,192	27,460,734,717
Transactions with owners:										
Buy-back of ordinary shares	(1,025,270)	-	-	-	(2,460,648)	(2,460,648)	(2,460,648)	(3,485,918)	-	(3,485,918)
Final dividend for the year ended 30 June 2019 @ Rupees 2.50 per share	-	-	-	-	(600,297,573)	(600,297,573)	(600,297,573)	(600,297,573)	-	(600,297,573)
	(1,025,270)	-	-	-	(602,758,221)	(602,758,221)	(602,758,221)	(603,783,491)	-	(603,783,491)
Profit for the year	-	-	-	-	1,860,714,980	1,860,714,980	1,860,714,980	1,860,714,980	2,265,243,795	4,125,958,775
Other comprehensive loss for the year	-	(114,053)	-	-	-	-	(114,053)	(114,053)	-	(114,053)
Total comprehensive income for the year	-	(114,053)	-	-	1,860,714,980	1,860,714,980	1,860,600,927	1,860,600,927	2,265,243,795	4,125,844,722
Balance as at 30 June 2020	2,401,190,290	(14,255,466)	600,553,890	1,629,221,278	17,081,896,969	18,711,118,247	19,297,416,671	21,698,606,961	9,284,188,987	30,982,795,948

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

1. THE GROUP AND ITS OPERATIONS

1.1 The Group consists of:

Holding Company

- Nishat (Chunian) Limited

Subsidiary Companies

- Nishat Chunian Power Limited
- Nishat Chunian USA Inc.

Nishat (Chunian) Limited

Nishat (Chunian) Limited (the Holding Company) is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. Its registered office is situated at 31-Q, Gulberg II, Lahore. The Holding Company is engaged in business of spinning, weaving, dyeing, printing, stitching, processing, doubling, sizing, buying, selling and otherwise dealing in yarn, fabrics and made-ups made from raw cotton, synthetic fibre and cloth and to generate, accumulate, distribute, supply and sell electricity.

Nishat Chunian Power Limited

Nishat Chunian Power Limited is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and listed on the Pakistan Stock Exchange Limited. The principal activity of Nishat Chunian Power Limited is to build, own, operate and maintain a fuel fired power station having gross capacity of 200 MW and net capacity of 195.722 MW at Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan. Its registered office is situated at 31-Q, Gulberg II, Lahore. Nishat Chunian Power Limited has commenced commercial operations from 21 July 2010 and the twenty five years term of the Power Purchase Agreement (PPA) with National Transmission and Despatch Company Limited (NTDCL) starts from this date. Ownership interest held by non-controlling interests in Nishat Chunian Power Limited is 48.93% (2018: 48.93%).

Nishat Chunian USA Inc.

Nishat Chunian USA Inc. is a foreign subsidiary incorporated under the Business Corporation Laws of the State of New York. The registered office of Nishat Chunian USA Inc. is situated at 230 Fifth Avenue, Suite 1406, New York, NY 10001, USA. The principal business of the Nishat Chunian USA Inc. is to import home textile products and distribute to local retailers.

1.2 Scheme of Compromises, Arrangements and Reconstruction

In accordance with the Scheme of Compromises, Arrangements and Reconstruction under sections 279 to 283 read with section 285 of the Companies Act, 2017 for amalgamation / merger between Nishat (Chunian) Limited and its members and NC Electric Company Limited and its members (the Scheme) approved by the shareholders of Nishat (Chunian) Limited and shareholders of NC Electric Company Limited on 31 March 2020 and sanctioned by the Honourable Lahore High Court, Lahore vide its order dated 24 June 2020 and filed with the Registrar of Companies on 20 July 2020, with effect from 30 June 2020, the entire undertaking and business of NC Electric Company Limited with all the property, assets, rights, liabilities and obligations of every description stand merged / amalgamated into Nishat (Chunian) Limited against set-off of the equity investment against issued, subscribed and paid-up share capital of NC Electric Company Limited by Nishat (Chunian) Limited and NC Electric Company Limited stands dissolved without winding up, without any further act or deed or documents being required to be executed, registered or filed in respect of such transfer, vesting, assumption and / or dissolution. As per sanctioned order dated 24 June 2020 of the Honourable Lahore High Court, Lahore, the Scheme has become effective from 30 June 2020. The Scheme has ensured and effected the merger / amalgamation of NC Electric Company Limited into Nishat (Chunian) Limited through the transfer and vesting in Nishat (Chunian) Limited of the undertaking and business of NC Electric Company Limited together with all the property, assets, rights and liabilities and obligations of every description of NC Electric Company Limited. As NC Electric Company Limited was the wholly-owned subsidiary of Nishat (Chunian) Limited, the issued, subscribed and paid-up share capital appearing in the books of NC Electric Company Limited has been set off against the respective investment appearing in the books of Nishat (Chunian) Limited. Each of the assets and liabilities as per the financial statements of NC Electric Company Limited as on 30 June 2020, formed the assets and/or liabilities of corresponding nature in the books of Nishat (Chunian) Limited. Likewise, the accumulated losses of NC Electric Company Limited as on 30 June 2020 constitute as reserve of a corresponding nature of Nishat (Chunian) Limited.

1.3 Since the amalgamation of NC Electric Company Limited with the Holding Company is the business combination of entities under common control, the merger has been accounted for as a common control transaction and predecessor accounting has been applied. Under predecessor accounting, the acquired net assets of NC Electric Company Limited are included in the unconsolidated financial statements of the Holding Company at the same carrying values as recorded in NC Electric Company Limited's separate financial statements as at 30 June 2020. The accumulated loss on amalgamation of net assets of NC Electric Company Limited at the date of transaction is included in unappropriated profit. All inter-company balances stand eliminated as at 30 June 2020 without any fund movement. NC Electric Company Limited stand dissolved without winding up. The statement of financial position of NC Electric Company Limited is consolidated prospectively from the date of amalgamation.

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

Business units and office	**Address**
Manufacturing units:	
Spinning Units 1, 4, 5, 7 and 8 and 46 MW and 8 TPH process steam coal fired power generation project.	49th Kilometre, Multan Road, Bhai Pheru, Tehsil Chunian, District Kasur.
Spinning Units 2, 3, 6 and Weaving	49th Kilometre, Multan Road, Kamogal, Tehsil Pattoki, District Kasur.
Dyeing, Printing and Stitching.	4th Kilometre, Manga Road, Raiwind.
Power Plant	Jamber Kalan, Tehsil Pattoki, District Kasur.
Office – Pakistan	31-Q, 31-C-Q, 35-K and 10-N, Gulberg-II, Lahore.
Office - USA	230 Fifth Avenue, Suite 1406, New York, NY 10001.
Retail stores	
The Linen Company (TLC) – I	Outlet No 9-10, 2nd Floor, Gulberg Galleria Mall, Lahore
The Linen Company (TLC) – II	Shop No. 008, 2nd Floor, Packages Mall, Lahore
The Linen Company (TLC) – III	Outlet No. 21-22, Lower Ground Floor, WTC Giga Mall, DHA Phase 2, Islamabad
The Linen Company (TLC) – IV	Shop No. 45, 3rd Floor, Centaurus Mall, Islamabad
The Linen Company (TLC) – V	Shop No. G-14, Ground Floor Ocean Mall, Clifton, Karachi
The Linen Company (TLC) – VI	Plot No. HC-3, Block No. 4, KDA Scheme No. 5, Clifton Karachi.

1.5 Significant restrictions

Cash and bank balances held in foreign country are subject to local exchange control regulations. These regulations provide for restrictions on exporting capital from these countries, other than through normal dividends. The carrying amount of these assets included within the consolidated financial statements to which these restrictions apply is Rupees 4.954 million (2019: Rupees 13.233 million).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

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

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

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

b) Accounting convention

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

c) Critical accounting estimates and judgments

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

Financial instruments – fair value

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

Useful lives, patterns of economic benefits and impairments

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

Inventories

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

Accumulating compensated absences

The provision for accumulating compensated absences is made by the Holding Company on the basis of accumulated leave balance on account of employees.

Income tax

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

Allowance for expected credit losses

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

Provisions

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

Revenue from contracts with customers involving sale of goods

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

d) Standard, interpretation and amendments to published approved accounting standards that are effective in current year and are relevant to the Group

Following standard, interpretation and amendments to published approved accounting standards are mandatory for the Group's accounting periods beginning on or after 01 July 2019:

- IFRS 16 'Leases'
- IFRS 9 (Amendments) 'Financial Instruments'
- IFRIC 23 'Uncertainty over Income Tax Treatments'
- IASB's Annual Improvements to IFRSs: 2015 – 2017 Cycle

The Group had to change its accounting policies and make certain adjustments without restating prior year results following the adoption of IFRS 16. These are disclosed in note 2.8 to these consolidated financial statements. Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

e) Standard and amendments to published approved accounting standards that are effective in current year but not relevant to the Group

There are other standard and amendments to published standards that are mandatory for accounting period beginning on or after 01 July 2019 but are considered not to be relevant or do not have any significant impact on the Group's financial statements and are therefore not detailed in these consolidated financial statements.

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

Following amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 01 July 2020 or later periods:
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 01 January 2020). The amendments

are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing general purpose financial statements in accordance with IFRS.

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework. The new Framework: reintroduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefits–this lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS standard and does not override any standard, so nothing will change in the short term. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRS. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 1 January 2020 for preparers that develop an accounting policy based on the Framework.

Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The International Accounting Standards Board (IASB) has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past consolidated financial statements.

Interest Rate Benchmark Reform which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. An entity shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform.

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

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

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

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

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

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

The above amendments and improvements do not have a material impact on the consolidated financial statements.

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

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

2.2 Consolidation

a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.
The assets and liabilities of the subsidiary companies have been consolidated on a line by line basis and the carrying value of investments held by the Holding Company is eliminated against the Holding Company's share in paid up capital of the subsidiary companies.

Intra group balances and transactions have been eliminated.

Non-controlling interest is that part of net results of the operations and of net assets of the subsidiary companies attributable to interest which is not owned by the Holding Company. Non-controlling interest is presented as a separate item in the consolidated financial statements.

b) Translation of the financial statements of foreign subsidiary

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

2.3 Taxation

Current

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

The profits and gains of Nishat Chunian Power Limited – Subsidiary Company from electric power generation are exempt from tax under clause (132), Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the conditions and limitations provided therein. The aforesaid Subsidiary Company is also exempt from minimum tax on turnover (sale of electricity) under clause 11A(v), Part IV of the Second Schedule to the Income Tax Ordinance, 2001. However, full provision is made in the consolidated statement of profit or loss on income from sources not covered under the above clause at current rates of taxation after taking into account, tax credits and rebates available, if any.

Provision for income tax on the income of foreign subsidiary – Nishat Chunian USA Inc. is computed in accordance with the tax legislation in force in the country where the income is taxable.

Deferred

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

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

Nishat Chunian Power Limited - Subsidiary Company has not made provision for deferred tax as the management believes that the temporary differences will not reverse in the foreseeable future due to the fact that the profits and gains derived from electric power generation are exempt from tax subject to the conditions and limitations provided for in terms of clause (132), Part I of the Second Schedule to the Income Tax Ordinance, 2001.

2.4 Employee benefits

The main features of the schemes operated are as follows:

Provident fund

The Holding Company and Nishat Chunian Power Limited – Subsidiary Company operate funded provident fund schemes covering all permanent employees. Equal monthly contributions are made both by the employees and the employers' to funds in accordance with the funds' rules. The employers' contributions to the funds are charged to income currently.

Accumulating compensated absences

The Holding Company provides for accumulating compensated absences, when the employees render service that increase their entitlement to future compensated absences.

2.5 Fixed assets

Property, plant, equipment and depreciation

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and any identified impairment loss. Cost in relation to certain property, plant and equipment signifies historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to working condition. Freehold land and capital work-in-progress are stated at cost less any identified impairment loss.

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

Depreciation

Depreciation on all operating fixed assets, other than standby generators, is charged to income on the reducing balance method, except in case of Nishat Chunian Power Limited - Subsidiary Company and Nishat Chunian USA Inc. – Subsidiary Company, where this accounting estimate is based on straight line method, so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 14.1. Depreciation on standby generators is charged on the basis of number of hours used. Depreciation on additions is charged from the month in which the assets are available for use upto the month prior to disposal. Depreciation on standby generators is charged on the basis of number of hours used. The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Derecognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the consolidated statement of profit or loss in the year the asset is derecognized.

2.6 Intangible assets

Intangible assets, which are non-monetary assets without physical substance, are recognized at cost, which comprise purchase price, non-refundable purchase taxes and other directly attributable expenditures relating to their implementation and customization. After initial recognition, an intangible asset is carried at cost less accumulated amortization and impairment losses, if any. Intangible assets are amortized from the month when these assets are available for use, using the straight line method, whereby the cost of the intangible asset is amortized over its estimated useful life over which economic benefits are expected to flow to the Group. The useful life and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

2.7 Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain. Goodwill is not amortised but is reviewed for impairment at least annually.

2.8 IFRS 16 "Leases"

The Group has adopted IFRS 16 from 01 July 2019. The standard replaces IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognized in the consolidated statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognized lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17, as the operating expense is now replaced by interest expense and depreciation in the consolidated statement of profit or loss. For classification within the consolidated statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

IFRS 16 has been adopted using the modified retrospective approach and as such the comparatives have not been restated. The impacts of adoption as at 01 July 2019 are as follows:

	Rupees
Right-of-use assets increased by	51,494,737
Lease liability increased by	51,494,737

Right-of-use assets

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

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

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

Lease liabilities

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

The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

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

Nishat Chunian Power Limited - Subsidiary Company has a Power Purchase Agreement (PPA) with its sole customer, National Transmission and Despatch Company Limited (NTDC) for twenty-five years which commenced from 21 July 2010. SECP through SRO 986(I)/2019 dated 02 September 2019, has granted exemption from the requirements of IFRS 16 to all companies to the extent of their power purchase agreements executed before 01 January 2019. Therefore, IFRS 16 will not have any impact on the consolidated financial statements to the extent of power purchase agreement of Nishat Chunian Power Limited - Subsidiary Company.

Under IFRS 16, the consideration required to be made by the lessee for the right to use the asset is to be accounted for as a finance lease. Nishat Chunian Power Limited - Subsidiary Company's power plant's control due to purchase of total output by NTDC appears to fall under the scope of finance lease under IFRS 16. Consequently, if Nishat Chunian Power Limited - Subsidiary Company was to follow IFRS 16 with respect to its power purchase agreement, the effect on these consolidated financial statements would be as follows:

	2020 Rupees	2019 Rupees
De-recognition of property, plant and equipment	(10,347,142,000)	(11,167,862,000)
De-recognition of trade debts	(5,318,786,000)	(5,880,475,000)
Recognition of lease debtor	9,305,809,000	12,567,265,000
Decrease in un-appropriated profit at the beginning of the year	(4,481,072,000)	(2,379,012,000)
Decrease in profit for the year	(1,879,048,000)	(2,102,060,000)
Decrease in un-appropriated profit at the end of the year	(6,360,120,000)	(4,481,072,000)

2.9 Investments and other financial assets

a) Classification

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

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

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

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

b) Measurement

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

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

Debt instruments

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

Amortized cost

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

Fair value through other comprehensive income (FVTOCI)

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

Fair value through profit or loss (FVTPL)

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

Equity instruments

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

Fair value through other comprehensive income (FVTOCI)

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

Fair value through profit or loss

Changes in the fair value of equity investments at fair value through profit or loss are recognised in other income /

(other expenses) in the consolidated statement of profit or loss as applicable.

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

2.10 Financial liabilities – Classification and measurement

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

2.11 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts other than those due from the Government of Pakistan and other receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.12 De-recognition of financial assets and financial liabilities

a) Financial assets

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

b) Financial liabilities

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

2.13 Offsetting of financial instruments

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

2.14 Inventories

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

Stores, spare parts and loose tools

Usable stores, spares parts, loose tools are valued principally at weighted average cost, while items considered obsolete are carried at nil value. Items-in-transit are valued at cost comprising invoice value plus other charges paid thereon.

Stock-in-trade

Cost of raw materials is measured using the weighted average cost formula.

Cost of work-in-process and finished goods comprise cost of direct material, labour and appropriate manufacturing overheads. Cost of goods purchased for resale is based on first-in-first-out (FIFO) cost formula.

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

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

2.15 Foreign currencies

These consolidated financial statements are presented in Pak Rupees, which is the Group's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the reporting date, while the transactions in foreign currencies (except the results of foreign operation which are translated to Pak Rupees at the average rate of exchange for the year) during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses are recorded in the consolidated statement of profit or loss.

2.16 Borrowings

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

2.17 Trade debts and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts over due by 365 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

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

However, in respect of companies holding financial assets due from the Government of Pakistan, SECP through SRO 985(I)/2019 dated 02 September 2019 has notified that the requirements contained in IFRS 9 with respect to application of expected credit losses method shall not be applicable till 30 June 2021 and that such companies shall follow relevant requirements of IAS 39 in respect of above referred financial assets during the exemption period.

2.18 Trade and other payables

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

2.19 Borrowing cost

Borrowing costs are recognized as expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of cost of that asset.

2.20 Revenue from contracts with customers

i) Revenue recognition

Sale of goods

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

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

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

Sale of electricity

Revenue from the sale of electricity to NTDC, the sole customer of Nishat Chunian Power Limited – Subsidiary Company, is recorded on the following basis:

Capacity revenue is recognized based on the capacity made available to NTDC; and Energy revenue is recognized based on the Net Electrical Output (NEO) delivered to NTDC.

Capacity and Energy revenue is recognized based on the rates determined under the mechanism laid down in the Power Purchase Agreement.

Other revenue

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

ii) Contract assets

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

iii) Customer acquisition costs

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

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

iv) Customer fulfilment costs

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

v) Right of return assets

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

vi) Contract liabilities

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

vii) Refund liabilities

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

2.21 Share capital

Ordinary shares and irredeemable preference shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

2.22 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated statement of financial position at book value which approximates their fair value. For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts, other short term highly liquid instruments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.23 Derivative financial instruments

Derivative that do not qualify for hedge accounting are recognized in the consolidated statement of financial position at estimated fair value with corresponding effect to consolidated statement of profit or loss. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

2.24 Provisions

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

2.25 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment.

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

2.26 Contingent assets

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

2.27 Contingent liabilities

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

2.28 Segment reporting

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

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

The Group has following reportable business segments. Spinning – Zone 1, 2 and 3 (Producing different quality of yarn using natural and artificial fibers), Weaving – Unit 1 and 2 (Producing different quality of greige fabric using yarn), Processing and Home Textile (Processing greige fabric for production of printed and dyed fabric and manufacturing of home textile articles) and Power Generation (Generating, transmitting and distributing power).

Transaction among the business segments are recorded at arm's length prices using admissible valuation methods. Inter segment sales and purchases are eliminated from the total.

2.29 Ijarah transactions

Ujrah (lease) payments are recognized as expenses in consolidated statement of profit or loss on a straight-line basis over the Ijarah term unless another systematic basis is representative of the time pattern of the user's benefit even if the payments are not on that basis.

2.30 Government grants

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

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

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

2.31 Dividend to ordinary shareholders and other appropriations

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

2.32 Earnings per share

Earnings per share (EPS) is calculated by dividing the profit or loss attributable to ordinary shareholders of the Holding Company by the weighted average number of ordinary shares outstanding during the year.

3. SHARE CAPITAL

3.1 AUTHORIZED SHARE CAPITAL

2020	2019		2020	2019
(Number of shares)			Rupees	Rupees
400,000,000	280,000,000	Ordinary shares of Rupees 10 each	4,000,000,000	2,800,000,000
20,000,000	20,000,000	Preference shares of Rupees 10 each	200,000,000	200,000,000
420,000,000	300,000,000		4,200,000,000	3,000,000,000

3.1.1 The authorized share capital of NC Electric Company Limited of Rupees 1,200,000,000 (120,000,000 ordinary shares) stands merged / amalgamated into the authorized share capital of the Holding Company on 30 June 2020.

4. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2020	2019		2020	2019
(Number of shares)			Rupees	Rupees
134,655,321	134,757,848	Ordinary shares of Rupees 10 each fully paid in cash	1,346,553,210	1,347,578,480
104,239,443	104,239,443	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	1,042,394,430	1,042,394,430
1,224,265	1,224,265	Ordinary shares of Rupees 10 each issued as fully paid for consideration other than cash to members of Umer Fabrics Limited as per the Scheme of Arrangement as approved by the Honourable Lahore High Court.	12,242,650	12,242,650
240,119,029	240,221,556		2,401,190,290	2,402,215,560

4.1 Movement during the year:

240,221,556	240,221,556	At 01 July	2,402,215,560	2,402,215,560
(102,527)	-	Buy-back of ordinary shares of Rupees 10 each (Note 3.2.2)	(1,025,270)	-
240,119,029	240,221,556		2,401,190,290	2,402,215,560

4.1.1 During the year ended 30 June 2020, the Holding Company purchased and cancelled 102,527 ordinary shares. The buy-back and cancellation were approved by shareholders at their extra ordinary general held on 31 August 2019. The ordinary shares were acquired at a price of Rupees 34 per ordinary share.

		2020	2019
		(Number of shares)	
4.2	**Ordinary shares of the Holding Company held by companies that are related parties:**		
	Nishat Mills Limited	32,689,338	32,689,338
	D.G. Khan Cement Company Limited	7,274,602	7,274,602
	Adamjee Life Assurance Company Limited	-	2,202,500
		39,963,940	42,166,440

		2020 Rupees	2019 Rupees
5.	**RESERVES**		
	Composition of reserves is as follows:		
	Capital reserves		
	Exchange translation reserve [Note 2.2(b)]	(14,255,466)	(14,141,413)
	Share premium (Note 5.1)	600,553,890	600,553,890
		586,298,424	586,412,477
	Revenue reserves		
	General reserve	1,629,221,278	1,629,221,278
	Unappropriated profit	17,081,896,969	15,823,940,210
		18,711,118,247	17,453,161,488
		19,297,416,671	18,039,573,965

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

6. LONG TERM FINANCING

From banking companies / financial institutions - secured

	2020	2019
Long term loans (Note 6.1)		
- MCB Bank Limited *	639,499,563	886,596,325
- Others	6,376,842,320	8,467,203,701
	7,016,341,883	9,353,800,026
Long term musharaka (Note 6.2)	761,111,112	1,080,555,556
	7,777,452,995	10,434,355,582
Less: Current portion shown under current liabilities		
Long term loans:		
- MCB Bank Limited *	5,031,250	247,105,025
- Others	1,013,805,319	3,974,188,698
	1,018,836,569	4,221,293,723
Long term musharaka	25,000,000	394,444,444
	1,043,836,569	4,615,738,167
	6,733,616,426	5,818,617,415

* MCB Bank Limited ceased to be a related party with effect from 30 June 2020.

LENDER	2020	2019	RATE OF MARK-UP PER ANNUM	NUMBER OF INSTALMENTS	MARK-UP REPRICING	MARK-UP PAYABLE
	Rupees	Rupees				
6.1 Long term loans						
Nishat (Chunian) Limited - Holding Company (Note 6.3)						
From MCB Bank Limited:						
MCB Bank Limited	140,000,000	160,000,000	SBP rate for LTFF + 1.00%	Sixteen equal half yearly instalments commenced on 25 July 2019 and ending on 13 February 2028. (Note 6.8)	-	Quarterly
MCB Bank Limited	65,406,250	75,468,750	SBP rate for LTFF + 1.00%	Sixteen equal half yearly instalments commenced on 22 June 2019 and ending on 22 December 2027. (Note 6.8)	-	Quarterly
MCB Bank Limited	259,600,000	389,400,000	SBP rate for LTFF+ 1.25%	Ten equal semi annual instalments commenced on 18 October 2017 and ending on 18 April 2023. (Note 6.8)	-	Quarterly
MCB Bank Limited	174,493,313	261,727,575	6-month KIBOR + 0.90%	Ten equal semi annual instalments commenced on 29 September 2017 and ending on 01 April 2023. (Note 6.8)	Half yearly	Half yearly
	639,499,563	886,596,325				
From others:						
Allied Bank Limited	1,929,500	9,647,500	SBP rate for LTFF + 1.00%	Sixteen equal quarterly instalments commenced on 22 October 2016 and ending on 22 July 2020.	-	Quarterly
Allied Bank Limited	18,000,000	54,000,000	SBP rate for LTFF + 1.00%	Sixteen equal quarterly instalments commenced on 07 January 2017 and ending on 10 October 2020.	-	Quarterly
Allied Bank Limited	19,375,000	58,125,000	SBP rate for LTFF + 1.00%	Sixteen equal quarterly instalments commenced on 20 January 2017 and ending on 20 October 2020.	-	Quarterly
Allied Bank Limited	13,149,000	30,681,000	SBP rate for LTFF + 1.00%	Sixteen equal quarterly instalments commenced on 11 May 2017 and ending on 11 February 2021.	-	Quarterly
Allied Bank Limited	190,937,500	220,312,500	SBP rate for LTFF + 1.00%	Thirty two equal quarterly instalments commenced on 24 February 2019 and ending on 24 November 2026.	-	Quarterly
Allied Bank Limited	111,121,875	127,584,375	SBP rate for LTFF + 1.00%	Thirty two equal quarterly instalments commenced on 18 April 2019 and ending on 18 January 2027.	-	Quarterly
Allied Bank Limited	329,906,250	378,781,250	SBP rate for LTFF + 1.00%	Thirty two equal quarterly instalments commenced on 19 April 2019 and ending on 19 January 2027.	-	Quarterly

LENDER	2020	2019	RATE OF MARK-UP PER ANNUM	NUMBER OF INSTALMENTS	MARK-UP REPRICING	MARK-UP PAYABLE
	Rupees	Rupees				
Allied Bank Limited	80,662,500	92,612,500	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 21 May 2017 and ending on 21 February 2027.	-	Quarterly
Allied Bank Limited	103,075,000	117,800,000	SBP rate for LTFF + 1.00%	Thirty two equal quarterly instalments commencing on 03 July 2019 and ending on 03 April 2027.	-	Quarterly
Allied Bank Limited	300,000,000	-	3-month KIBOR + 1.00%	Thirty two equal quarterly instalments commencing on 06 December 2021 and ending on 27 August 2029.	Quarterly	Quarterly
Allied Bank Limited	166,666,670	277,777,780	SBP rate for LTFF+ 1.00%	Nine equal semi annual instalments commenced on 29 August 2017 and ending on 26 August 2022. (Note 6.8)	-	Quarterly
Askari Bank Limited	35,000,000	87,500,000	3-month KIBOR + 0.70%	Twenty equal quarterly instalments commenced on 08 December 2015 and ending on 08 September 2021. (Note	Quarterly	Quarterly
Askari Bank Limited	112,050,000	124,500,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 02 February 2017 and ending on 02 November 2027. (Note	-	Quarterly
Askari Bank Limited	13,500,000	15,000,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 04 February 2017 and ending on 04 November 2027. (Note	-	Quarterly
Askari Bank Limited	101,250,000	112,500,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 08 March 2017 and ending on 08 December 2027. (Note 6.8)	-	Quarterly
Askari Bank Limited	93,520,000	103,540,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 22 June 2017 and ending on 22 March 2028. (Note 6.8)	-	Quarterly
Askari Bank Limited	4,495,000	4,960,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 12 September 2017 and ending on 13 June 2028. (Note 6.8)	-	Quarterly
Askari Bank Limited	40,600,000	46,200,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 04 October 2017 and ending on 04 July 2028. (Note 6.8)	-	Quarterly
Askari Bank Limited	14,717,500	16,747,500	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 04 October 2017 and ending on 04 July 2028. (Note 6.8)	-	Quarterly
Askari Bank Limited	14,500,000	16,000,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 26 August 2017 and ending on 26 May 2028. (Note 6.8)	-	Quarterly
Askari Bank Limited	85,405,000	94,240,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 26 August 2017 and ending on 26 May 2028. (Note 6.8)	-	Quarterly
Askari Bank Limited	4,171,650	4,603,200	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 26 August 2017 and ending on 26 May 2028. (Note 6.8)	-	Quarterly
Askari Bank Limited	171,100,000	188,800,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 26 August 2017 and ending on 26 May 2028. (Note 6.8)	-	Quarterly

LENDER	2020	2019	RATE OF MARK-UP PER ANNUM	NUMBER OF INSTALMENTS	MARK-UP REPRICING	MARK-UP PAYABLE
	Rupees	Rupees				
Askari Bank Limited	365,640,000	-	3-month KIBOR + 0.75%	Forty equal quarterly instalments commenced on 12 May 2020 and ending on 12 February 2031. (Note 6.8)	Quarterly	Quarterly
Pak Kuwait Investment Company (Private) Limited	13,994,000	24,491,000	SBP rate for LTFF + 0.75%	Eighteen equal quarterly instalments commenced on 22 November 2016 and ending on 22 February 2022. (Note	-	Quarterly
The Bank of Punjab	200,000,000	300,000,000	3-month KIBOR + 0.75%	Ten equal half yearly instalments commenced on 30 September 2017 and ending on 30 March 2023. (Note 6.8)	Quarterly	Quarterly
Habib Bank Limited	1,000,000,000	1,400,000,000	3-month KIBOR + 0.50%	Ten equal half yearly instalments commenced on 27 March 2018 and ending 23 September 2023. (Note 6.8)	Quarterly	Quarterly
Habib Bank Limited (Note 6.5)	250,000,000	-	3-month KIBOR + 1.00%	Eight equal quarterly instalments commencing from 01 January 2021 and ending on 01 October 2022.	Quarterly	Quarterly
Habib Bank Limited	577,512,375	721,890,471	6-month KIBOR + 0.90%	Nine equal semi annual instalments commenced on 03 November 2017 and ending on 02 November 2022. (Note	Half yearly	Quarterly
Soneri Bank Limited	262,062,500	290,140,625	SBP rate for LTFF + 1.00%	Thirty two equal quarterly instalments commenced on 14 June 2019 and ending on 14 March 2028. (Note 6.8)	-	Quarterly
Soneri Bank Limited	194,250,000	222,000,000	SBP rate for LTFF + 1.00%	Thirty two equal quarterly instalments commenced on 06 July 2019 and ending on 06 April 2028. (Note 6.8)	-	Quarterly
Soneri Bank Limited	200,000,000	-	3-month KIBOR + 1.25%	Sixteen equal quarterly instalments commencing on 01 April 2021 and ending on 01 January 2025.	Quarterly	Quarterly
	5,088,591,320	5,140,434,701				
Nishat Chunian Power Limited - Subsidiary Company (Note 6.6)						
Senior facility	1,126,820,000	2,676,419,000	3-month KIBOR + 3.00%	Forty unequal quarterly instalments commenced on 01 October 2010 ending on 01 July 2021 (Note 6.8).	Quarterly	Quarterly
Term finance facility	145,874,000	650,350,000	3-month KIBOR + 3.00%	Forty unequal quarterly instalments commenced on 01 October 2010 ending on 01 July 2021 (Note 6.8).	Quarterly	Quarterly
Loan under SBP Refinance Scheme (Note 6.7)	15,557,000	-	SBP refinance rate + 3.00%	Eight equal quarterly instalments commencing on 31 January 2021 ending on 31 October 2022 (Note 6.8).	-	Quarterly
	1,288,251,000	3,326,769,000				
	7,016,341,883	9,353,800,026				

LENDER	2020	2019	RATE OF PROFIT PER ANNUM	NUMBER OF INSTALMENTS	PROFIT REPRICING	PROFIT PAYABLE
Long term musharaka						
Nishat (Chunian) Limited - Holding Company (Note 6.4)						
Faysal Bank Limited	300,000,000	375,000,000	3-month KIBOR + 0.70%	Twenty equal quarterly instalments commenced on 21 May 2018 and ending on 21 November 2024 (Note 6.8).	Quarterly	Quarterly
Dubai Islamic Bank Pakistan Limited	225,000,000	375,000,000	6 months KIBOR + 0.85%	Ten equal semi annual instalments commenced on 14 April 2017 and ending on 13 October 2022 (Note 6.8).	Half yearly	Half yearly
AlBaraka Bank (Pakistan) Limited	236,111,112	330,555,556	6 months KIBOR + 0.85%	Ten equal semi annual instalments commenced on 31 August 2017 and ending on 25 July 2023 (Note 6.8).	Half yearly	Quarterly
	761,111,112	1,080,555,556				

Long term loans are secured by first joint pari passu hypothecation and equitable mortgage on all present and future fixed assets of the Holding Company to the extent of Rupees 14,618.28 million (2019: Rupees 9,950.58 million).

Long term musharaka are secured by first joint pari passu hypothecation and equitable mortgage on all present and future fixed assets of the Holding Company to the extent of Rupees 3,250.67 million (2019: Rupees 666.67 million).

During the year, this long term finance did not carry rate of interest of State Bank of Pakistan refinance scheme for payment of wages and salaries. Hence, does not contain any element of government grant.

6.6 This represents long term financing obtained from a consortium of banks led by United Bank Limited (Agent Bank). The portion of long term financing from Faysal Bank Limited is on murabaha basis. The overall financing is secured against registered exclusive charge on immovable property, mortgage of project receivables (excluding energy payment receivables), hypothecation of all present and future assets and all properties of Nishat Chunian Power Limited - Subsidiary Company (excluding working capital hypothecated property), lien over project bank accounts and pledge of shares held by the Holding Company in Nishat Chunian Power Limited - Subsidiary Company. It carries mark-up at the rate of three months Karachi Inter-Bank Offered Rate (KIBOR) plus three percent per annum, payable on quarterly basis. The mark-up rate charged during the year on the outstanding balance ranges from 14.22% to 16.85% (2019: 9.92% to 13.99%) per annum. The loan is repayable in forty unequal quarterly installments commenced on 01 October 2010 and ending on 01 July 2021. The lenders have sanctioned deferment of repayment of principal long term financing amount by one year in accordance with the State Bank of Pakistan BPRD Circular Letter No. 13 of 2020 dated 26 March 2020. Pursuant to the Implementation Agreement, the Subsidiary Company is required to submit to Private Power & Infrastructure Board (PPIB) a revised schedule or term sheet setting forth the revised repayment schedule and any other material modification relating to repayment obligations, not less than thirty (30) days prior to execution of such amendment or modification. Subsequent to the reporting period, the Subsidiary Company has corresponded with PPIB in this regard and as per legal opinion of the Subsidiary Company's lawyer, the Subsidiary Company may proceed with execution of the deferment agreement. Consequently, the long term financing presented in these consolidated financial statements is based on revised repayment terms.

6.7 These term finance facilities, aggregating to Rupees 17.225 million are obtained by the Subsidiary Company under SBP refinance scheme for payment of wages and salaries to workers and employees of business concerns. These are secured against hypothecation charge on the present and future current assets of the Subsidiary Company, including fuel stocks, inventories and energy price payment receivables from NTDC and demand promissory notes by the Subsidiary Company. These finance facilities are payable in 8 equal quarterly installments commencing from 31 January 2021 and ending on 31 October 2022. Mark-up is payable quarterly at the rate of SBP refinance rate plus 3.00% per annum. These loans are recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustments are recognized at discount rates of 11.15% and 11.18% per annum.

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

		2020 Rupees	2019 Rupees
7.	**LEASE LIABILITIES**		
	Total lease liabilities	100,145,527	-
	Less: Current portion shown under current liabilities (Note 12)	28,176,604	-
		71,968,923	-
7.1	**Reconciliation of lease liabilities**		
	Opening balance	-	-
	Add: Adjustment on adoption of IFRS 16 on 01 July 2019	51,494,737	-
	Add: Additions during the year	70,568,556	-
	Add: Interest accrued on lease liabilities (Note 33)	9,684,288	-
	Less: Payments during the year	(31,602,054)	-
	Closing balance	100,145,527	-
	Less: Current portion shown under non-current liabilities (Note 12)	28,176,604	-
	Non-current portion	71,968,923	-

7.2 Implicit rate against lease liabilities ranges from 11.10% to 13.97% per annum.

		2020 Rupees	2019 Rupees
8.	**DEFERRED INCOME - GOVERNMENT GRANT**		
	Recognized during the year	1,827,000	-
	Amortized during the year (Note 32)	(108,000)	-
		1,719,000	-

8.1 The State Bank of Pakistan (SBP), through its Circular No. 06 of 2020 dated 10 April 2020 has introduced a temporary refinance scheme for payment of wages and salaries to the workers and employees of business concerns (the Refinance Scheme). The refinance scheme is funded by SBP. Borrowers can obtain loans from the banks and ease their cash flow constraints to avoid layoffs. One of the key feature of the refinance scheme is that borrowers can obtain loan at mark-up rates that are below normal lending rates. As per International Accounting Standard (IAS) 20 'Accounting for Government Grants and Disclosure of Government Assistance, the benefit of a Government loan at a below-market rate of interest is treated as a Government Grant. The Company has obtained this loan as disclosed in note 5 to the financial statements. In accordance with IFRS 9 'Financial Instruments' loan obtained under the refinance scheme was initially recognised at its fair value which is the present value of loan proceeds received, discounted using prevailing market rates of interest for a similar instrument. Hence, the benefit of the below-market rate of interest has been measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. This benefit is accounted for and presented as deferred grant in accordance with IAS 20. The grant is being amortised in the consolidated statement of profit or loss, in line with the recognition of interest expense the grant is compensating.

	2020 Rupees	2019 Rupees
9. TRADE AND OTHER PAYABLES		
Creditors (Note 9.1)	2,050,294,204	1,868,318,779
Accrued liabilities	1,966,178,156	1,610,141,411
Advances from customers	162,833,389	112,499,908
Securities from customers - interest free (Note 9.2)	10,300,000	19,286,374
Securities from contractors - interest free and repayable on completion of contracts (Note 9.2)	4,141,800	4,291,800
Retention money	5,387,891	230,639
Employees' provident fund payable	2,019,000	30,227,689
Income tax deducted at source	24,085,018	19,270,559
Fair value of forward exchange contracts	302,749,353	18,467,940
Workers' profit participation fund (Note 9.3)	431,132,964	344,320,708
Workers' welfare fund (Note 9.4)	106,588,400	-
Others	33,014,578	37,614,890
	5,098,724,753	4,064,670,697

9.1 It includes Rupees 0.432 million (2019: Rupees 0.724 million) due to a related party.

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

9.3 Workers' profit participation fund

	2020	2019
Balance as at 01 July	344,320,708	277,223,305
Less: Adjustment on adoption of IFRS 15 on 01 July 2018	-	(11,215,546)
	344,320,708	266,007,759
Add: Interest for the year (Note 33)	5,396,815	7,076,497
Add: Allocation for the year	260,279,964	344,295,708
	609,997,487	617,379,964
Less: Payments during the year	178,864,523	273,059,256
Balance as at 30 June	431,132,964	344,320,708

9.3.1 The Group retains workers' profit participation funds for their business operations till the date of allocation to workers. Interest is paid at prescribed rate under the Companies Profits (Workers' Participation) Act, 1968 on funds utilized by the Group till the date of allocation to workers.

	2020 Rupees	2019 Rupees
9.4 Workers' welfare fund		
Provision for the year	106,588,400	-

10. ACCRUED MARK-UP / PROFIT

	2020 Rupees	2019 Rupees
Long term financing		
- MCB Bank Limited	7,701,607	12,526,912
- Others	155,533,312	231,658,452
	163,234,919	244,185,364
Short term borrowings		
- MCB Bank Limited	3,608,552	-
- Others	668,524,535	686,056,365
	672,133,087	686,056,365
	835,368,006	930,241,729

11. SHORT TERM BORROWINGS

	2020 Rupees	2019 Rupees
From banking companies - secured		
Nishat (Chunian) Limited - Holding Company		
Short term running finances (Notes 11.1 and 11.2)		
- MCB Bank Limited (Note 11.5)	450,000,000	229,518,336
- Others	6,912,297,776	3,962,620,351
	7,362,297,776	4,192,138,687
Export finances - Preshipment / SBP refinance (Notes 11.1 and 11.3)	10,162,627,812	8,093,500,000
Other short term finances (Notes 11.1 and 11.4)	4,778,983,174	8,390,000,000
Murabaha finance (Note 11.6)	250,526,522	-
Nishat Chunian Power Limited - Subsidiary Company		
Running finances (Note 11.7)	6,306,349,000	2,927,914,000
Money market loans (Note 11.8)	-	4,300,000,000
Term finance (Note 11.9)	500,000,000	-
Murabaha facilities (Note 11.10)	2,898,662,000	3,539,747,000
Nishat Chunian USA Inc. - Subsidiary Company		
Revolving credit line (Note 11.11)	16,257,429	-
	32,275,703,713	31,443,299,687

11.1 These finances are obtained from banking companies under mark-up arrangements and are secured by hypothecation of all present and future current assets of the Holding Company and lien on export bills to the extent of Rupees 41,959 million (2019: Rupees 37,294 million) and ranking charge on all present and future current assets of the Holding Company to the extent of Rupees 667.667 million (2019: Rupees 1,132.667 million). These form part of total credit facilities of Rupees 31,315 million (2019: Rupees 28,065 million).

11.2 The rates of mark-up range from 8.83% to 15.06% (2019: 7.02% to 14.05%) per annum on the balance outstanding.

11.3 The rates of mark-up on Pak Rupee finances and US Dollar finances range from 2.25% to 14.65% (2019: 2.25% to 13.56%) per annum and 2.00% to 4.00% (2019: 3.00% to 3.30%) per annum respectively on the balance outstanding.

11.4 The rates of mark-up range from 7.89% to 14.57% (2019: 6.14% to 13.25%) per annum on the balance outstanding.

11.5 Finances from MCB Bank Limited have been utilized for working capital purposes.

11.6 Murabaha facility available from commercial banks amounted to Rupees 600 million (2019: Rupees 600 million). The amount utilized as at 30 June 2020 was Rupees 250.527 million (2019: Rupees 365 million). The facility is secured against joint pari passu hypothecation charge of Rupees 400 million on all present and future current assets of the Holding Company. The rate of mark-up range from 8.62% to 14.59% (2019: 6.81% to 14.00%) per annum on the balance outstanding.

11.7 These running finance facilities are obtained from commercial banks under mark-up arrangements amount to Rupees 6,416.667 million (2019: Rupees 7,250 million). Running finance facilities are available at mark-up rates ranging from one month to three months KIBOR plus 0.15% to 2% (2019: six months KIBOR plus 0.15% to 2%) per annum, payable quarterly. Running finance facilities are secured against first joint pari passu hypothecation charge on the present and future current assets of Nishat Chunian Power Limited - Subsidiary Company comprising of fuel stocks, inventories and energy price payment receivables from NTDC. The mark-up rate charged during the year on the outstanding balance ranges from 9.33% to 15.84% (2019: 7.08% to 13.80%) per annum.

11.8 Money market loans are available to Nishat Chunian Power Limited - Subsidiary Company as a sub-facility to the running finance facility at mark-up rates ranging from one month to six months KIBOR plus 0.05% to 0.50% (2019: six months KIBOR plus 0.05% to 0.50%) per annum. Money market loans are secured against first joint pari passu hypothecation charge on the present and future current assets of Nishat Chunian Power Limited - Subsidiary Company comprising of fuel stocks, inventories and energy price payment receivables from NTDC. The mark-up rate charged during the year on the outstanding balance ranges from 10.81% to 14.16% (2019: 7.12% to 13.12%) per annum.

11.9 Term finance facility is obtained from a financial institution under mark-up arrangement amounting to Rupees 500 million (2019: Rupees Nil). Term finance facility is secured against first joint pari passu charge on current assets of Nishat Chunian Power Limited - Subsidiary Company including fuel stocks, inventories and energy price payment receivables from NTDC. It carries mark-up at the rate of three months KIBOR plus 2% (2019: Nil), payable on quarterly basis. The mark-up rate charged during the year on the outstanding balance ranges from 13.19% to 15.35% (2019: Nil) per annum.

11.10 Murabaha and musharaka main facilities available from Islamic banks aggregate to Rupees 6,400 million (2019: Rupees 5,500 million) at mark-up rates ranging from one week to six months KIBOR plus 0.1% to 2.5% (2019: six months KIBOR plus 0.1% to 1%) per annum. Profit on murabaha is payable at the maturity of the respective murabaha transaction, whereas, the profit on musharaka is payable quarterly on the balance outstanding. The facilities are secured against first joint pari passu hypothecation charge on the present and future current assets of Nishat Chunian Power Limited - Subsidiary Company comprising of fuel stocks, inventories and energy price payment receivables from NTDC. The profit rate charged during the year on the outstanding balance ranges from 9.33% to 14.86% (2019: 7.03% to 13.30%) per annum.

11.11 Nishat Chunian USA Inc. - Subsidiary Company has a revolving credit pursuant to which it may borrow up to US Dollars 2,500,000 (Rupees 420.125 million) subject to borrowing base availability, bearing interest at prime rate plus 0.25% (5.25% at 30 June 2020). The borrowings base equals to 75% of the aggregate amount of all qualified accounts receivable, as defined. This note is collateralized by as first security interest in substantially all assets of the Nishat Chunian USA Inc. - Subsidiary Company and is guaranteed by the Holding Company.

	2020 Rupees	2019 Rupees
12. CURRENT PORTION OF NON-CURRENT LIABILITIES		
Long term financing (Note 6)	1,043,836,569	4,615,738,167
Lease liabilities (Note 7)	28,176,604	-
	1,072,013,173	4,615,738,167

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

13.1.1 The Holding Company preferred appeal against the Government of Punjab in the Honourable Lahore High Court, Lahore against imposition of electricity duty on internal generation and the writ petition has been accepted. However, Government of Punjab has moved to the Honourable Supreme Court of Pakistan against the order of Honourable Lahore High Court, Lahore. The Company has fully provided its liability in respect of electricity duty on internal generation. As at the reporting date, an amount of Rupees 74.284 million (2019: Rupees 72.009 million) is payable on this account but the management of the Company is confident that payment of electricity duty will not required.

13.1.2 The Collectorate of Customs (Export) has issued show cause notices with the intention to reject the duty draw back claims aggregating to Rupees 9.482 million on blended grey fabrics exported under Duty and Tax Remission Rules for Export (DTRE) scheme. The department is of the view that the Holding Company has not submitted Appendix-1 as per Rule 297-A of the above referred scheme. The Holding Company considers that since it has taken benefit of remission of sales tax only, it is entitled to full duty draw back and filed appeal before Appellate Tribunal Inland Revenue (ATIR), Karachi Bench which was decided against the Holding Company. The Holding Company also applied to Federal Board of Revenue (FBR) to constitute Alternate Dispute Resolution Committee (ADRC) in terms of section 195C of the Customs Act, 1969 to settle the dispute. ADRC vide its order dated 16 April 2008 has recommended the case in favour of the Holding Company and forwarded the case to FBR. However, FBR has not accepted the recommendations of ADRC. The Holding Company has filed appeal before the Honourable High Court of Sindh on 07 December 2013 against the order of ATIR. The appeal is pending decision.

13.1.3 The Holding Company impugned selection of its tax affairs for audit in terms of section 177 of the Income Tax Ordinance, 2001 for tax year 2009 in Honourable Lahore High Court, Lahore through writ petition. After dismissal of writ petition by the Honourable Lahore High Court, Lahore, the tax department has completed the audit of tax year 2009 of income tax affairs of the Holding Company and Deputy Commissioner Inland Revenue (DCIR) has passed an order under sections 122(1)/122(5) of the Income Tax Ordinance, 2001 creating a tax demand of Rupees 6.773 million. The Holding Company filed appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] against the decision of DCIR wherein the appeal has been decided in partially in favour of the Holding Company. Being aggrieved, the Holding Company has filed an appeal before Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication. No provision against this demand has been made in these consolidated financial statements as the Holding Company is hopeful of a favourable outcome of appeal based on the opinion of the tax advisor.

13.1.4 As a result of withholding tax audit for the tax year 2006, DCIR has raised a demand of Rupees 41.849 million under sections 161 and 205 of the Income Tax Ordinance, 2001. The Holding Company's appeal before ATIR was successful. The Commissioner Inland Revenue has filed appeal before Honorable Lahore High Court, Lahore against the order of ATIR, where the case is pending. No provision against this demand has been made in these consolidated financial statements as the Holding Company is hopeful of a favourable outcome of appeal based on the opinion of the tax advisor.

13.1.5 The Holding Company is in appeal before ATIR as its appeal before CIR(A) against the order of Additional Commissioner Inland Revenue (ACIR) was unsuccessful. ACIR has passed an order under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2011 whereby a demand of Rupees 6.822 million has been raised. No provision against the demand has been made in these consolidated financial statements as the Holding Company is hopeful of a favourable outcome of appeal based on opinion of the tax advisor.

13.1.6 The Deputy Collector (Refund – Gold) by order dated 16 May 2007 rejected the input tax claim of the Holding Company, for the month of June 2005, amounting to Rupees 1.604 million incurred in zero rated local supplies of textile and articles thereof on the grounds that the input tax claim is in contravention of SRO 992(I)/2005 which states that no registered person engaged in the export of specified goods (including textile and articles thereof) shall, either through zero-rating or otherwise, be entitled to deduct or reclaim input tax paid in respect of stocks of such goods acquired up to 05 June 2005, if not used for the purpose of exports made up to the 31 December 2005. The appeal of the Holding Company before ATIR was successful and input tax claim of the Holding Company is expected to be processed after necessary verification in this regard. Pending the outcome of verification no provision for inadmissible input tax has been recognized in these consolidated financial statements.

13.1.7 The DCIR through an order under section 161/205 of the Income Tax Ordinance, 2001 created a demand of Rupees 147.745 million for tax year 2012 on account of alleged non-deduction of income tax on payments against the heads commission to selling agents on exports and export marketing expenses. Being aggrieved, the Holding Company filed an appeal before CIR(A), who vide order dated 09 June 2016 accepted the stance of the Holding Company and deleted the demand related to commission to selling agents on exports, whereas, with respect to export marketing expenses, CIR(A) remanded back the case to DCIR. However, the Holding Company has filed appeal before ATIR which is pending for fixation. Based on grounds and facts, the appeal is likely to be decided in favour of the Holding Company. The demand created under section 161/205 of the Income Tax Ordinance, 2001 of tax year 2012 amounting to Rupees 147.745 million by DCIR was subsequently reduced to Rupees 165,593 through appeal effect order issued by DCIR.

13.1.8 The Holding Company filed appeal before CIR(A) against the order of ACIR. ACIR passed an order under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2012 whereby a demand of Rupees 125.162 million has been raised. CIR(A) vide order dated 29 June 2016 has deleted some of the additions made by ACIR. Being aggrieved by the order of CIR(A), the Holding Company as well as the tax department have preferred appeals before the ATIR which are pending adjudication. No provision against this demand has been made in these consolidated financial statements as the Holding Company is hopeful for a favourable outcome of appeal based on the opinion of the tax advisor.

13.1.9 The Holding Company filed appeal before CIR(A) against the order of ACIR. ACIR passed an order under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2010 whereby a demand of Rupees 142.956 million has been raised. CIR(A) vide order dated 28 October 2016 has deleted some of the additions made by ACIR. Being aggrieved by the order of CIR(A), the Holding Company as well as the tax department have preferred appeals before the ATIR which are pending adjudication. No provision against this demand has been made in these consolidated financial statements as the Holding Company is hopeful for a favourable outcome of appeal based on the opinion of the tax advisor.

13.1.10 The Deputy Commissioner Inland Revenue passed an order under sections 161/205 of the Income Tax Ordinance, 2001 creating a demand of Rupees 19.073 million for the tax year 2014. The Holding Company preferred an appeal against this order before CIR(A). The CIR(A) adjudicated that impugned order is unsustainable and remanded back the matter to taxation officer for consideration of legal grounds and merits of the case. The Holding Company has also filed an appeal before ATIR against the order of CIR(A). The proceedings before both forums are pending for adjudication. No provision against this demand has been made in these consolidated financial statements as the Holding Company is confident of favorable outcome of its appeals.

13.1.11 Through show cause notice, the Collector of Customs, Karachi raised demand of Rupees 23.585 million on the grounds that the Holding Company was not entitled for exemption of sales tax and facility of reduced rate of income tax on 13 consignments of cotton imported during the period from April 2013 to April 2014. The vires of show cause notice were challenged in Honorable Sindh High Court at Karachi from where stay was granted with the direction to the Collector that he will not pass final order pursuant to the impugned show cause notice particularly in respect of advance income tax till next date of hearing. In spite of the categorical orders of the Honorable High Court, the Collector passed order, creating the demand of the aforesaid amount. Appeal against the said order filed in ATIR, Karachi has been dismissed. Custom reference application has been filed in Sindh High Court, Karachi against the order of ATIR. There is sufficient case law on the subject and there is every likelihood that case will be decided in favour of the Holding Company.

13.1.12 The Holding Company is contesting sales tax demands / rejections of sales tax by taxation authorities amounting to Rupees 59.756 million at various forums. These demands have been raised on account of various issues, like refund of sales tax on purchases of furnace oil and diesel, non-provision of documents against certain refund processing system objections and supplies made to certain parties. No provision against the aforesaid demands has been made in these financial statements as the management is confident of favourable outcome of its appeals based on advice of the legal counsel. The name of the Holding Company was selected by the FBR through balloting for audit of its sales tax record of tax year 2014. Writ petition against the selection was filed and in pursuance of Court's order, the record was submitted to the assessing officer. Based on the audit, Deputy Commissioner has issued a show cause notice on account of alleged discrepancies/observations noted during audit to the tune of Rupees 7.480 million. The Holding Company expects favourable outcome of the matter, hence no provision has been recognized in these consolidated financial statements.

13.1.13 Being aggrieved, the Holding Company is in appeal before ATIR against the order of CIR(A). The ACIR has passed an order under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2013 whereby a demand of Rupees 27.845 million has been raised. The appeal before CIR(A) has been decided and some matters have been decided in favour of the Holding Company. No provision against this demand has been made in these consolidated financial statements as the Holding Company is hopeful for a favourable outcome of appeal based on the opinion of the tax advisor.

13.1.14 The DCIR issued a show cause notice dated 12 April 2019 under section 177(1) of the Income Tax Ordinance, 2001 for providing certain record and documents for tax year 2013. In response thereto, various replies were submitted with the DCIR. In response to submissions of the Holding Company, the DCIR issued an audit report u/s 177(6) of the Income Tax Ordinance, 2001 and then passed an order under sections 122(4)/122(5)/214C of the Income Tax Ordinance, 2001 creating a demand of Rupees 277.772 million. Being aggrieved with the order passed by the DCIR, an appeal has been filed before CIR(A)-I vide order dated 07 November 2019 ordered remand back proceedings in the said proceedings. Subsequently, a notice under sections 124/122(4)/122(5)/214C of the Income Tax Ordinance, 2001, was issued dated 02 April 2020. However, the proceedings were adjourned indefinitely owing to the lockdown in the country amid the COVID-19 outbreak. The proceedings will be re-initiated by the concerned DCIR by issuing a fresh notice. However, based on facts of the case, the aforesaid proceedings are likely to culminate in the favour of the Holding Company.

13.1.15 The DCIR issued a show cause notice dated 20 March 2019 under section 161(1A) of the Income Tax Ordinance, 2001 for tax year 2017, wherein, the Holding Company was required to explain the taxes deducted against payments amounting to Rupees 133.361 million made on account of commission to selling agents. In response thereto, a reply dated 28 March 2019 was submitted with the DCIR. The DCIR without considering the arguments put forth by the Holding Company passed an order dated 05 April 2019 raising a demand of Rupees 13.982 million. Being aggrieved with the order passed by the DCIR, an appeal was filed before CIR(A)-I which culminated in an order under section 129(1)(b) read with section 161(1A) of Income Tax Ordinance, 2001 dated 27 June 2019, wherein, the stance of the DCIR was upheld. Being aggrieved with the order passed by the CIR(A)-I, an appeal was filed before ATIR, which was decided in favour of the Holding Company on 19 February 2020. To-date, the Holding Company has not received any intimation of appeal filed by the tax department before Honorable Lahore High Court, Lahore against the order of ATIR.

13.1.16 The DCIR issued a show cause notice dated 20 March 2019 under section 161(1A) of the Income Tax Ordinance, 2001 for tax year 2018, wherein, the Holding Company was required to explain the taxes deducted against payments amounting to Rupees 213.382 million made on account of commission to selling agents. In response thereto, a reply dated 28 March 2019 was submitted with the DCIR. The DCIR without considering the arguments put forth by the taxpayer, passed an order dated 05 April 2019 raising a demand to the tune of Rupees 15.130 million. Being aggrieved with the order passed by DCIR, an appeal was filed before CIR(A)-I which culminated in an order under section 129(1)(b) rear with section 161(1A) of Income Tax Ordinance, 2001 dated 27 June 2019, wherein, the stance of the DCIR was upheld. Being aggrieved with the order passed by the CIR(A)-I, an appeal was filed before ATIR, which was decided in favour of the Holding Company on 19 February 2020. To-date, the Holding Company has not received any intimation of appeal filed by the tax department before Honourable Lahore High Court, Lahore against the order of ATIR.

13.1.17 The Holding Company has challenged, before Honourable Lahore High Court, Lahore, the vires of first proviso to sub-clause (x) of clause (4) of SRO 491(1)/2016 dated 30 June 2016 issued under sections 3 and 4 read with sections 8 and 71 of the Sales Tax Act, 1990 whereby through amendment in the earlier SRO 1125(I)/2011 dated 31 December 2011 adjustment of input sales tax on packing material of all sorts has been disallowed. The learned single judge of Honourable Lahore High Court has dismissed the writ petition of the Holding Company, therefore intra court appeal has been filed. The Holding Company has claimed input sales tax amounting to Rupees 178.417 million (2018: Rupees 178.417 million) paid on packing material in its respective monthly sales tax returns. The management, based on advice of the legal counsel, is confident of favorable outcome of its appeal.

13.1.18 In case of NC Electric Company Limited [now Nishat (Chunian) Limited - the Holding Company] proceedings were initiated by the Deputy Commissioner Inland Revenue (DCIR) under section 235/161/205 of the Income Tax Ordinance, 2001 for the tax year 2017, which eventually culminated in proceedings being remanded back to the concerned DCIR by the Commissioner Inland Revenue, Appeals-II (CIR, A-II). Subsequently, a remand back notice under section 124/161/205 of the Income Tax Ordinance, 2001 was issued by the concerned DCIR. In response to the aforesaid notice, a reply was submitted with concerned DCIR. The DCIR in response to submissions, passed an order under section 124/235/161 dated 29 June 2019 creating a demand to the tune of Rupees 5.699 million. Being aggrieved with the order passed by the DCIR, an appeal has been filled before CIR, A-II. Furthermore, hearing of the same was duly conducted and CIR, A-II once again passed an order of remand back proceedings. Being aggrieved with the order passed by the CIR, A-II, an appeal has been filed before Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication. Based on the facts of the case, the appeal is likely to be decided in favour of the Holding Company.

13.1.19 Guarantees of Rupees 782.085 million (2019: Rupees 671.040 million) are given by the banks of the Holding Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited against purchase of furnace oil, Lahore Electric Supply Company against electricity connections, Director Excise and Taxation, Karachi against infrastructure cess, Chairman Punjab Revenue Authority, Lahore against infrastructure cess, Director Pakistan Central Cotton Committee against cotton cess, and Nazir, Honourable High Court, Sindh against the notification in accordance with section 8 of OGRA Ordinance 2002, regarding system gas tariff on industrial and captive units.

13.1.20 Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 4,756.109 million (2019: Rupees 3,544.173 million) on imported material availed on the basis of consumption and export plans. In the event the documents of exports are not provided on due dates, cheque issued as security shall be encashable. Further, post dated cheques of Rupees 226.434 million have been issued to Lahore Electric Supply Company Limited against disputed amount of tariff adjustments.

13.1.21 Assistant Commissioner Inland Revenue ('ACIR') has raised a demand of Rupees 1,161.548 million through its order dated 28 November 2013 by disallowing input sales tax for the tax periods from July 2010 to June 2012. Such amount was disallowed on the grounds that the revenue derived by Nishat Chunian Power Limited - Subsidiary Company on account of 'capacity purchase price' was against a non-taxable supply and thus, the entire amount of input sales tax claimed by Nishat Chunian Power Limited - Subsidiary Company was required to be apportioned with only the input sales tax attributable to other revenue stream i.e. 'energy purchase price' admissible to Nishat Chunian Power Limited - Subsidiary Company.

Against the aforesaid order, the Company preferred an appeal on 10 December 2013 before the Commissioner Inland Revenue (Appeals) ['CIR(A)'] who vacated the ACIR's order on the issue regarding apportionment of input sales tax. However, CIR(A) did not adjudicate upon Nishat Chunian Power Limited - Subsidiary Company's other grounds of appeal. Consequently, Nishat Chunian Power Limited - Subsidiary Company preferred an appeal on 17 March 2014 before the Appellate Tribunal Inland Revenue ('ATIR') on the issues not adjudicated upon by the CIR(A) and the Federal Board of Revenue ('tax department') also preferred an appeal on 08 May 2014 before the ATIR against the CIR(A)'s order. The ATIR decided the case in favour of Nishat Chunian Power Limited - Subsidiary Company on 11 September 2018. However, the tax department has filed a sales tax reference with Honourable Lahore High Court against the decision which is pending adjudication.

Furthermore, the Deputy Commissioner Inland Revenue ('DCIR') issued a show cause notice on 12 November 2014 whereby intentions were shown to raise a sales tax demand of Rupees 1,093.262 million by disallowing input sales tax claimed by Nishat Chunian Power Limited - Subsidiary Company for the tax periods from July 2010 to June 2012 on similar grounds as explained above. Nishat Chunian Power Limited - Subsidiary Company agitated the initiation of such proceedings through institution of a writ petition before the Honourable Lahore High Court, Lahore on 23 July 2015. The Honourable Lahore High Court disposed off the petition in the Company's favour through its order dated 31 October 2016, by stating that there is no supply being made against capacity purchase price, hence, there is no existence of an "exempt supply". Accordingly, Nishat Chunian Power Limited - Subsidiary Company is free to reclaim or deduct input tax under the relevant provisions of Sales Tax Act, 1990. However, the tax department filed a review petition before the Honourable Lahore High Court on 09 January 2017 and an appeal before the Honourable Supreme Court of Pakistan on 24 November 2017 against the aforementioned Honourable Lahore High Court's order, both of which are pending adjudication.

For the period July 2013 to June 2014, Nishat Chunian Power Limited - Subsidiary Company's case was selected for audit by the tax department, which selection was objected to, on jurisdictional basis, by Nishat Chunian Power Limited - Subsidiary Company by way of filing a writ petition before the Honourable Lahore High Court on 20 November 2015. While, the Honourable Lahore High Court has allowed the tax department to proceed with audit proceedings, it has been directed that no adjudication order, consequent to conduct of audit, shall be passed after confronting the audit report. The audit proceedings were completed by the tax department during the financial year 2016 and audit report thereof was submitted to Nishat Chunian Power Limited - Subsidiary Company seeking explanations in regard to the issues raised therein. In the subject audit report, an aggregate amount of Rupees 631.769 million primarily including a disallowance of input sales tax of Rupees 622.263 million has been confronted on same grounds as explained above. The Honourable Lahore High Court through its order dated 9 January 2017 has allowed initiation of adjudication proceedings after issuance of audit report. On 17 May 2017, the DCIR issued a showcause notice as to why sales tax of the aforesaid amount of Rupees 631.769 million alongwith default surcharge should not be recovered from Nishat Chunian Power Limited - Subsidiary Company.

Nishat Chunian Power Limited - Subsidiary Company filed a representation in this regard with the Chairman, Federal Board of Revenue. The Chairman, Federal Board of Revenue disposed of the case on the grounds that it did not invoke any provision of section 7 of the FBR Act 2007 as no issue of misadministration is involved therein. Nishat Chunian Power Limited-Subsidiary Company then challenged the show cause notice before the Honourable Lahore High Court. The Honourable Lahore High Court declared on 9 November 2018 that the show cause notice was issued without having jurisdiction. No further notice has been received with regard to this case as of now.

13.1.22 During the year ended 30 June 2019, the Commissioner Inland Revenue ('CIR') has raised a demand of Rupees 104.977 million against Nishat Chunian Power Limited - Subsidiary Company through his order dated 16 April 2019, mainly on account of input tax claimed on inadmissible expenses in sales tax return for the various tax periods and sales tax default on account of suppression of sales related to various tax periods. Nishat Chunian Power Limited - Subsidiary Company filed application for grant of stay before the ATIR against recovery of the aforesaid demand that was duly granted. Further, Nishat Chunian Power Limited - Subsidiary Company has filed appeals before CIR(A) and ATIR against the order. The ATIR decided the case against Nishat Chunian Power Limited - Subsidiary Company vide its order dated 6 May 2020. Nishat Chunian Power Limited - Subsidiary Company has filed sales tax reference before the Honourable Lahore High Court, Lahore which is pending adjudication. Management has strong grounds to believe that the case will be decided in favour of Nishat Chunian Power Limited - Subsidiary Company. Therefore, no provision has been made in these consolidated financial statements.

13.1.23 An amendment order dated 31 August 2017 was issued by the DCIR under section 122 of the Income Tax Ordinance, 2001 for tax year 2014 whereby income tax of Rupees 191.536 million was levied on other income, interest on delayed payments from NTDC, minimum tax on capacity sales, scrap sales and sale proceeds of fixed assets' disposal, and WWF was also levied of Rupees 12.946 million. Against the aforesaid order, Nishat Chunian Power Limited - Subsidiary Company preferred an appeal on 25 September 2017 before the CIR(A) and the learned CIR(A) passed an order on 2 February 2018, declaring that the levy of income tax on interest on delayed payments from NTDC and minimum tax on capacity sales is not justified, while directing Nishat Chunian Power Limited - Subsidiary Company to pay income tax aggregating to Rupees 1.466 million on profit on debt, miscellaneous income, capital gain on disposal of securities, minimum tax on scrap sales and fixed assets' disposal and WWF of Rupees 4.552 million. Nishat Chunian Power Limited - Subsidiary Company and tax department both have filed appeals on 8 March 2018 and 26 March 2018 respectively, before the ATIR against the order of CIR(A) that are pending adjudication.

Further, another amendment order dated 15 December 2014 was issued by Additional Commissioner Inland Revenue under section 122 of the Income Tax Ordinance, 2001 for tax year 2013 whereby income tax of Rupees 25.340 million was levied on interest income and minimum tax on capacity sales and disallowed the tax credit under section 65B of the Income Tax Ordinance, 2001 amounting to Rupees 4.027 million. Against the aforesaid order, Nishat Chunian Power Limited - Subsidiary Company preferred an appeal before CIR(A) on 23 January 2015 and the learned CIR(A) passed an order on 03 April 2015, declaring that income tax on interest income and minimum tax on capacity sales is not justified, while upheld to disallow the tax credit under section 65B of the Income Tax Ordinance, 2001. Nishat Chunian Power Limited - Subsidiary Company and tax department both have filed appeals before the ATIR against the order of CIR(A) which is pending adjudication.

Furthermore, another amendment order dated 13 June 2018 was issued by the ACIR under section 122 of the Income Tax Ordinance, 2001 for tax year 2012 and subsequently, rectification order dated 27 June 2018 under section 221 of the Income Tax Ordinance, 2001 was issued whereby income tax of Rupees 50.063 million was levied mainly comprising minimum tax on capacity sales. Nishat Chunian Power Limited - Subsidiary Company filed an appeal on 26 July 2018 before the CIR(A) against the aforesaid orders. The CIR(A), through its order dated 12 September 2018, has decided the case in favour of Nishat Chunian Power Limited - Subsidiary Company. However, the tax department has filed an appeal before the ATIR against the order of the CIR(A) which is pending adjudication.

The management considers that there exist meritorious grounds to defend Nishat Chunian Power Limited - Subsidiary Company's stance and the ultimate decision from the appellate authorities would be in Nishat Chunian Power Limited - Subsidiary Company's favour. Consequently, no provision has been made in these consolidated financial statements for the abovementioned amounts aggregating Rupees 283.912 million.

13.1.24 For the period from July 2015 to June 2016, Nishat Chunian Power Limited - Subsidiary Company's case was selected for sales tax audit by the tax department. The tax department conducted the audit and the Deputy Commissioner Inland Revenue - Audit [DCIR (Audit)] issued the audit report on 18 September 2019 in which observations involving sales tax amounting to Rupees 530.207 million were raised and comments were sought thereon from the management of Nishat Chunian Power Limited - Subsidiary Company. The main observation was apportionment of sales tax which is already decided in favour of Nishat Chunian Power Limited - Subsidiary Company by the Honorable Lahore High Court, Lahore in the previous case. Nishat Chunian Power Limited - Subsidiary Company submitted detailed reply on all the observations. DCIR (Audit) has further issued a show cause notice to Nishat Chunian Power Limited - Subsidiary Company on 8 October 2019 with the same amount. Nishat Chunian Power Limited - Subsidiary Company submitted detailed reply of the show cause notice but DCIR (Audit) issued final order on 27 November 2019 involving sales tax amounting to Rupees 530.207 million. Nishat Chunian Power Limited - Subsidiary Company has filed an appeal before CIR(A) against the above mentioned order of the DCIR (Audit). The CIR(A) vide its order dated 4 March 2020 accepted the stance of Nishat Chunian Power Limited - Subsidiary Company on main observation of apportionment of sales tax and remanded back the case for rest of observations to DCIR (Audit) which is pending adjudication.

13.1.25 During the year ended 30 June 2019, National Electric Power Regulatory Authority (NEPRA) issued a letter dated 13 February 2019 to Nishat Chunian Power Limited - Subsidiary Company along with other Independent Power Producers to provide rationale of abnormal profits earned since Commercial Operations Date (COD). Nishat Chunian Power Limited - Subsidiary Company's request for extension to respond to the show cause notice was declined and NEPRA initiated suo moto proceedings against Nishat Chunian Power Limited - Subsidiary Company vide its letter dated 8 March 2019 and 20 May 2019 ('impugned letters'). Nishat Chunian Power Limited - Subsidiary Company filed suit in Islamabad High Court against NEPRA's initiation of suo moto proceedings on the grounds that initiation of these proceedings is without jurisdiction as legislature did not provide suo moto jurisdiction to NEPRA. On 21 May 2019, Islamabad High Court suspended the operation of the impugned letter and further provided the interim relief by suspending the suo moto proceedings and suit is still pending adjudication. Based on the facts and law, Nishat Chunian Power Limited - Subsidiary Company expects no outflow at this stage and consequently, no provision has been made in these consolidated financial statements.

13.1.26 Letter of guarantees of Rupees 19.152 million (2019: Rupees 20.978 million) are given by the banks of Nishat Chunian Power Limited - Subsidiary Company to Director, Excise and Taxation, Karachi under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess.

13.1.27 Proceedings were initiated by the Deputy Commissioner Inland Revenue (DCIR) under section 235/161/205 of the Income Tax Ordinance, 2001 for the tax year 2017, which eventually culminated in proceedings being remanded back to the concerned DCIR by the Commissioner Inland Revenue, Appeals-II (CIR, A-II). Subsequently, a remand back notice under section 124/161/205 of the Income Tax Ordinance, 2001 was issued by the concerned DCIR. In response to the aforesaid notice, a reply was submitted with concerned DCIR. The DCIR in response to submissions, passed an order under section 124/235/161 dated 29 June 2019 creating a demand to the tune of Rupees 5,698,691. Being aggrieved with the order passed by the DCIR, an appeal has been filled before CIR, A-II. Furthermore, hearing of the same was duly conducted and CIR, A-II once again passed an order of remand back proceedings. Being aggrieved with the order passed by the CIR, A-II, an appeal has been filed before Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication. Based on the facts of the case, the appeal is likely to be decided in favour of the Company.

13.2 Contingent asset

On 29 July 2017, Nishat Chunian Power Limited - Subsidiary Company instituted arbitration proceedings against National Transmission and Despatch Company Limited (NTDC) / Government of Pakistan by filing a Request for Arbitration ('RFA') with the London Court of International Arbitration ('LCIA') (the 'Arbitration Proceedings') for disallowing delayed payment charges on outstanding delayed payment invoices and other deductions made from delayed payment invoices. Nishat Chunian Power Limited - Subsidiary Company believes it is entitled to claim delayed payment charges on outstanding delayed payments receivable from NTDC as per terms of the PPA and the other deductions made by NTDC. 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 receivable.

The LCIA appointed a sole Arbitrator and hearings were also held on 19 and 20 February 2018. On 16 April 2018, the Arbitrator has issued Final Partial Award in which he has rejected the NTDC's objection to the maintainability of the Arbitration Proceedings. Aggrieved of the decision, NTDC filed a civil suit against the Final Partial Award in the Court of Senior Civil Judge, Lahore. The civil suit is pending adjudication.

Hearings on merits were held in London and Final Partial Award dated 22 April 2019 was issued on 25 July 2019 in favour of Nishat Chunian Power Limited - Subsidiary Company. Nishat Chunian Power Limited - Subsidiary Company filed an application seeking interest on the amount awarded to Nishat Chunian Power Limited - Subsidiary Company and costs of the arbitration. However, on 23 August 2019, NTDC filed another civil suit in the Court of the Senior Civil Judge, Lahore against the Final Partial Award. The second civil suit is also pending adjudication.

On 12 September 2019, the Memorandum of Corrections to the Final Partial Award has been issued which corrected the Final Partial Award to the amount of Rupees 1,518.767 million.

On 28 October 2019, the Arbitrator declared his Final Award whereby he ordered NTDC to pay to Nishat Chunian Power Limited - Subsidiary Company in addition to the amount determined in Final Partial Award: i) Rupees 332.402 million being interest on Final Partial Award; ii) Rupees 27.302 million as the costs awarded in the Award; iii) Rupees 7.675 million as the amount of the costs awarded in respect of Interim Award and iv) Interest at KIBOR plus 4.5% per annum compounded semi-annually from the date of Final Award until payment of these amounts by NTDC that works out to Rupees 569.233 million upto 30 June 2020.

13.3 Commitments:

13.3.1 Letters of credit other than for capital expenditure amounting to Rupees 407.110 million (2019: Rupees 879.094 million).

13.3.2 Outstanding foreign currency forward contracts of Rupees 7,248.326 million (2019: Rupees 288.140 million).

14. FIXED ASSETS

	2020 Rupees	2019 Rupees
Property, plant and equipment:		
Operating fixed assets (Note 14.1)	26,942,858,300	27,075,527,443
Capital work-in-progress (Note 14.2)	288,610,746	326,135,243
	27,231,469,046	27,401,662,686

14.1 Reconciliations of carrying amounts of operating fixed assets at the beginning and at the end of the year are as follows:

Description	Operating fixed assets									
	Freehold land	Buildings on freehold land	Plant and machinery	Standby generators	Electric installations	Factory equipment	Furniture, fixture and equipment	Office equipment	Motor vehicles	Total
	Rupees									
At 30 June 2018										
Cost	911,316,133	4,740,104,429	36,595,908,415	969,773,435	672,059,448	270,975,867	138,333,253	161,750,535	224,508,224	44,684,729,739
Accumulated depreciation	-	(1,402,987,487)	(13,615,584,807)	(658,936,846)	(300,759,298)	(149,625,558)	(64,324,185)	(89,938,201)	(117,447,046)	(16,399,603,428)
Net book value	911,316,133	3,337,116,942	22,980,323,608	310,836,589	371,300,150	121,350,309	74,009,068	71,812,334	107,061,178	28,285,126,311
Year ended 30 June 2019										
Opening net book value	911,316,133	3,337,116,942	22,980,323,608	310,836,589	371,300,150	121,350,309	74,009,068	71,812,334	107,061,178	28,285,126,311
Additions	74,560,360	6,240,542	1,233,216,514	2,718,947	17,181,248	4,277,001	24,093,317	12,176,834	40,449,712	1,414,914,475
Disposals:										
Cost	-	-	(715,995,702)	-	-	-	-	(1,808,276)	(13,183,470)	(730,987,448)
Accumulated depreciation	-	-	715,631,395	-	-	-	-	781,708	10,696,996	727,110,099
	-	-	(364,307)	-	-	-	-	(1,026,568)	(2,486,474)	(3,877,349)
Derecognition of assets of Subsidiary Company:										
Cost	-	-	(494,397,870)	-	(4,649,850)	-	-	(9,163,621)	(2,486,427)	(510,697,768)
Accumulated depreciation	-	-	126,891,431	-	1,192,308	-	-	4,097,636	309,705	132,491,080
	-	-	(367,506,439)	-	(3,457,542)	-	-	(5,065,985)	(2,176,722)	(378,206,688)
Depreciation charge	-	(155,736,902)	(1,975,533,266)	(2,970,777)	(38,167,264)	(12,382,495)	(11,390,305)	(16,349,937)	(29,898,360)	(2,242,429,306)
Closing net book value	985,876,493	3,187,620,582	21,870,136,110	310,584,759	346,856,592	113,244,815	86,712,080	61,546,678	112,949,334	27,075,527,443
At 30 June 2019										
Cost	985,876,493	4,746,344,971	37,113,129,227	972,492,382	689,240,696	275,252,868	162,426,570	172,119,093	251,774,466	45,368,656,766
Accumulated depreciation	-	(1,558,724,389)	(15,242,993,117)	(661,907,623)	(342,384,104)	(162,008,053)	(75,714,490)	(110,572,415)	(138,825,132)	(18,293,129,323)
Net book value	985,876,493	3,187,620,582	21,870,136,110	310,584,759	346,856,592	113,244,815	86,712,080	61,546,678	112,949,334	27,075,527,443
Year ended 30 June 2020										
Opening net book value	985,876,493	3,187,620,582	21,870,136,110	310,584,759	346,856,592	113,244,815	86,712,080	61,546,678	112,949,334	27,075,527,443
Additions	215,991,523	138,294,759	1,586,141,298	626,351	29,921,788	2,469,707	7,172,835	12,310,616	58,498,868	2,051,427,745
Disposals:										
Cost	-	-	(679,148,717)	-	(400,000)	(2,637,000)	(3,749,529)	(8,926,908)	(17,972,355)	(712,834,509)
Accumulated depreciation	-	-	378,349,487	-	13,333	2,492,000	149,659	4,615,626	13,506,327	399,126,432
	-	-	(300,799,230)	-	(386,667)	(145,000)	(3,599,870)	(4,311,282)	(4,466,028)	(313,708,077)
Assets written off:										
Cost	-	-	(2,415,293)	-	(377,500)	(9,266,461)	(2,337,411)	(4,078,590)	(43,069)	(18,518,324)
Accumulated depreciation	-	-	1,546,116	-	175,342	5,311,816	1,531,093	2,379,035	35,481	10,978,883
	-	-	(869,177)	-	(202,158)	(3,954,645)	(806,318)	(1,699,555)	(7,588)	(7,539,441)
Adjustments										
Cost	-	(87,000)	-	-	-	-	-	-	-	(87,000)
Accumulated depreciation	-	8,000	-	-	-	-	-	449,000	-	457,000
	-	(79,000)	-	-	-	-	-	449,000	-	370,000
Depreciation charge	-	(152,854,754)	(1,605,572,532)	(6,047,499)	(36,803,590)	(12,440,350)	(11,216,153)	(6,624,925)	(31,659,567)	(1,863,219,370)
Closing net book value	1,201,868,016	3,172,981,587	21,549,036,469	305,163,611	339,385,965	99,174,527	78,262,574	61,670,532	135,315,019	26,942,858,300
At 30 June 2020										
Cost	1,201,868,016	4,884,552,730	38,017,706,515	973,118,733	718,384,984	265,819,114	163,512,465	171,424,211	292,257,910	46,688,644,678
Accumulated depreciation	-	(1,711,571,143)	(16,468,670,046)	(667,955,122)	(378,999,019)	(166,644,587)	(85,249,891)	(109,753,679)	(156,942,891)	(19,745,786,378)
Net book value	1,201,868,016	3,172,981,587	21,549,036,469	305,163,611	339,385,965	99,174,527	78,262,574	61,670,532	135,315,019	26,942,858,300
Annual rate of depreciation (%)		4 - 10	4 - 25 and number of hours used	Number of hours used	10	10	10	10 - 30	20	

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

Description	Qty	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchasers
		------------	------------	Rupees	------------	------------		
Plant and machinery								
Twister, Muratec / Japan 363	8	20,140,064	(18,430,998)	1,709,066	2,900,000	1,190,934	Negotiation	Rustam Towel (Private) Limited, Lahore
Picanol Air Jet 380 cm Omni Plus	4	14,391,164	(11,504,562)	2,886,602	3,800,000	913,398	Negotiation	Yousaf Weaving Mills Limited, Pattoki
Picanol Air Jet 380 cm Omni Plus	8	28,782,328	(23,009,125)	5,773,203	7,600,000	1,826,797	Negotiation	Yousaf Weaving Mills Limited, Pattoki
Toyota Jat-710 340 cm	1	3,226,800	(2,512,446)	714,354	950,000	235,646	Negotiation	Qamar Fabrics (Private) Limited, Lahore
Toyota Jat-710 340 cm	8	25,814,400	(20,099,568)	5,714,832	7,600,000	1,885,168	Negotiation	Qamar Fabrics (Private) Limited, Lahore
Toyota Jat-710 340 cm	5	16,134,000	(12,820,596)	3,313,404	4,750,000	1,436,596	Negotiation	Qamar Fabrics (Private) Limited, Lahore
Sizing Machine	1	44,425,731	(33,618,391)	10,807,340	13,000,000	2,192,660	Negotiation	Yousaf Weaving Mills Limited, Pattoki
Warping Machine	1	13,564,230	(11,985,801)	1,578,429	2,000,000	421,571	Negotiation	Yousaf Weaving Mills Limited, Pattoki
STG Rotor and Spare Parts	1	457,951,000	(189,649,000)	268,302,000	270,039,000	1,737,000	Insurance claim	Adamjee Insurance Company Limited
Factory equipment								
Titan universal strength tester	1	2,322,621	(438,394)	1,884,227	-	(1,884,227)	Written off	-
Motor vehicles								
Hyundai Shehzore LES-14-2469	1	1,667,268	(1,139,859)	527,409	1,600,000	1,072,591	Negotiation	Mr. Rehan Sabri, Lahore
Honda Civic LE-14-1265	1	2,211,726	(1,404,988)	806,738	1,975,000	1,168,262	Negotiation	Ms. Naila Asad, Lahore
Honda Civic LE-15-236	1	2,000,000	(1,033,000)	967,000	2,000,000	1,033,000	Negotiation	Mr. Mubashar Mukhtar Butt, Lahore
Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000		98,721,501	(82,458,587)	16,262,914	13,261,447	(3,001,467)		
		731,352,833	(410,105,315)	321,247,518	331,475,447	10,227,929		

	2020 Rupees	2019 Rupees
14.1.2 The depreciation charge for the year has been allocated as follows:		
Cost of sales (Note 28)	1,847,125,657	2,224,505,816
Administrative expenses (Note 30)	15,641,713	17,923,490
	1,862,767,370	2,242,429,306

14.1.3 Particulars of immovable fixed assets are as follows:

Manufacturing units and office	Address	Area of land Acres
Nishat (Chunian) Limited - Holding Company		
Manufacturing units		
Spinning Units 1,4,5,7 and 8	49th Kilometer, Multan Road, Bhai Pheru, Tehsil Chunian, District Kasur.	45.83
Coal fired electric power generation project	49th Kilometer, Multan Road, Bhai Pheru, Tehsil Chunian, District Kasur.	29.35
Spinning Units 2,3,6 and Weaving	49th Kilometer, Multan Road, Kamogal, Tehsil Pattoki, District Kasur.	65.20
Dyeing, Printing and Stitching	4th Kilometer, Manga Road, Raiwind.	34.78
Office	31-Q, 31-C-Q, 35-K and 10-N, Gulberg-II, Lahore.	2.02
Nishat Chunian Power Limited - Subsidiary Company		
Power plant	Jamber Kalan, Tehsil Pattoki, District Kasur.	24.59

	2020 Rupees	2019 Rupees
14.2 Capital work-in-progress		
Civil works on freehold land	93,594,675	5,429,275
Plant and machinery	9,049,001	1,440,400
Electric installations	753,855	-
Mobilization advance	8,058,617	9,779,869
Advances for capital expenditures	177,154,598	309,485,699
	288,610,746	326,135,243

	Buildings Rupees
15. RIGHT-OF-USE ASSETS	
Net carrying amount as at 01 July 2019	51,494,737
Net carrying amount as at 30 June 2020	93,072,385
Depreciation expense for the year ended 30 June 2020 (Note 29)	28,990,908
Addition during the year ended 30 June 2020	70,568,556

15.1 Lease of buildings

The Holding Company obtained buildings on lease for its retail outlets. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease periods range from two to five years.

15.2 There is no impairment of right-of-use assets.

	2020 Rupees	2019 Rupees
16. INTANGIBLE ASSETS		
Balance as at 01 July	9,199,454	19,714,770
Amortization during the year (Note 16.1)	(4,872,136)	(5,513,305)
Derecognition of asset of Subsidiary Company	-	(5,002,001)
As at 30 June	4,327,318	9,199,464
Cost as at 30 June	45,819,813	52,669,448
Accumulated amortization	(41,492,495)	(38,467,983)
Derecognition of asset of Subsidiary Company:		
Cost	-	(6,849,636)
Accumulated amortization	-	1,847,625
	-	(5,002,011)
Net book value as at 30 June	4,327,318	9,199,454

16.1 Amortization on intangible assets amounting to Rupees 3.613 million (2019: Rupees 3.993 million) and Rupees 1.259 million (2019: Rupees 1.520 million) has been allocated to cost of sales and administrative expenses, respectively.

16.2 Intangible assets have been amortized at the rates ranging from 20% - 30% per annum.

	2020 Rupees	2019 Rupees
17. LONG TERM INVESTMENT		
Debt instrument		
At amortized cost		
Sales tax refund bonds (Note 17.1)		
Nil (2019: 2,209) bonds of Rupees 100,000 each	-	220,900,000
Add: Accrued interest	-	1,704,840
	-	222,604,840

17.1 These represented investment in sales tax refund bonds having maturity period of three years issued by FBR Refund Settlement Company Limited under Section 67A of Sales Tax Act, 1990 against sales tax refund payment orders issued in favour of the Holding Company. These bonds were carried at amortized cost using effective interest at the rate of 9.14% per annum.

	2020 Rupees	2019 Rupees
18. LONG TERM LOANS TO EMPLOYEES		
Considered good:		
Executives (Note 18.2)	13,437,980	16,082,518
Other employees (Note 18.2)	5,681,082	7,442,814
	19,119,062	23,525,332
Less: Current portion shown under current assets (Note 22)		
Executives	3,908,541	3,107,262
Other employees	857,611	1,453,775
	4,766,152	4,561,037
	14,352,910	18,964,295

18.1 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 16.156 million (2019: Rupees 17.586 million).

18.2 These represent motor vehicle loans and house building loans to executives and employees, payable in 36 to 48, 96 monthly instalments respectively. Interest on long term loans ranged from 5.30% to 14.63% (2019: 3.10% to 13.79%) per annum while some loans are interest free. Motor vehicle loans are secured against registration of motor vehicles in the name of the respective Group Company, whereas house building loans are secured against balance standing to the credit of employee in the provident fund trust account.

	2020 Rupees	2019 Rupees
19. STORES, SPARE PARTS AND LOOSE TOOLS		
Stores	1,103,627,659	1,249,488,029
Spare parts	463,317,837	333,498,032
Loose tools	37,967,960	57,875,028
	1,604,913,456	1,640,861,089

19.1 Most of the items of stores and spares of Nishat Chunian Power Limited - Subsidiary Company are of interchangeable nature and can be used as machine spares or consumed as stores. Accordingly, it is not practicable to distinguish stores from spares until their actual usage. Moreover, stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

	2020 Rupees	2019 Rupees
20. STOCK-IN-TRADE		
Raw materials	14,736,252,203	13,398,132,698
Work-in-process	1,131,081,567	1,039,191,965
Finished goods (Note 20.3)	4,686,520,337	3,577,038,911
Waste	175,341,896	60,348,016
	20,729,196,003	18,074,711,590

20.1 Stock-in-trade of Rupees 282.578 million (2019: Rupees 122.130 million) is being carried at net realizable value.

20.2 This includes stock of Rupees 8.519 million (2019: Rupees 47.004 million) sent to outside parties for processing.

20.3 Finished goods include stock in transit of Rupees 1,260.884 million (2019: Rupees 808.954 million).

	2020 Rupees	2019 Rupees
21. TRADE DEBTS		
Considered good:		
Secured (Notes 21.6 and 21.7)		
- Others	21,126,306,349	19,957,518,537
Unsecured		
- Nishat Mills Limited - related party	215,718,793	109,025,662
- Others	1,792,978,208	946,901,451
	2,008,697,001	1,055,927,113
Less: Allowance for expected credit losses (Note 21.4)	(11,268)	(5,049,905)
	23,134,992,082	21,008,395,745

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

Nishat Mills Limited - related party	215,718,793	109,025,662

21.2 As at 30 June 2020, trade debts of Rupees 15,446.277 million (2019: Rupees 11,780.817 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The age analysis of these trade debts is as follows:

	2020 Rupees	2019 Rupees
Upto 1 month	724,892,088	1,300,783,648
1 to 6 months	4,304,624,804	5,269,987,449
More than 6 months	10,416,759,841	5,210,046,020
	15,446,276,733	11,780,817,117

21.3 As at 30 June 2020, trade debts due from related party amounting to Rupees 139.991 million (2019: Rupees 33.707 million) were past due but not impaired. The age analysis of these trade debts is as follows:

Upto 1 month	131,425,840	33,707,017
1 to 6 months	8,565,288	-
More than 6 months	-	-
	139,991,128	33,707,017

21.4 Allowance for expected credit losses

Opening balance	5,049,905	-
Add: Recognized as on 01 July	-	5,288,510
Add: Reversal during the year (Note 31)	(5,038,637)	(238,605)
Closing balance	11,268	5,049,905

21.5 Trade debt of Rupees 11.900 million (2019: Rupees Nil) was impaired and written off during the year. The aging of the trade debt was more than one year. The trade debt does not include amount due from related parties.

21.6 These include trade receivables from National Transmission and Despatch Company Limited (NTDC) and are considered good. These are secured by a guarantee from the Government of Pakistan (GOP) under the Implementation Agreement and are in the normal course of business and interest free, however, a delayed payment mark-up at the rate of three months KIBOR plus 4.5% is charged in case the amounts are not paid within due dates. The rate of delayed payment mark-up charged during the year on outstanding amounts ranged from 10.64% to 18.42% (2019: 10.48% to 17.40%) per annum. Trade debts include unbilled receivables of Rupees 1261.689 million (2019: Rupees 634.902 million).

21.7 Included in trade debts is an amount of Rupees 966.166 million relating to capacity purchase price not acknowledged by NTDC as the plant of Nishat Chunian Power Limited - Subsidiary Company was not fully available for power generation. However, the sole reason of this under-utilization of plant capacity was non-availability of fuel owing to non-payment by NTDC.

Since management considers that the primary reason for claiming these payments is that plant was available, however, could not generate electricity due to non-payment by NTDC, therefore, management believes that Nishat Chunian Power Limited - Subsidiary Company cannot be penalized in the form of payment deductions due to NTDC's default of making timely payments under the PPA. Hence, Nishat Chunian Power Limited - Subsidiary Company had taken up this issue at appropriate forums.

On 28 June 2013, Nishat Chunian Power Limited - Subsidiary Company entered into a Memorandum of Understanding ('MoU') for cooperation on extension of credit terms with NTDC whereby it was agreed that the constitutional petition filed by Nishat Chunian Power Limited - Subsidiary Company before the Supreme Court of Pakistan on the above mentioned issue would be withdrawn unconditionally and it would be resolved through the dispute resolution mechanism under the PPA. Accordingly, as per terms of the MoU, Nishat Chunian Power Limited - Subsidiary Company applied for withdrawal of the aforesaid petition in 2013 and on 25 January 2018, the Supreme Court disposed off the petitions filed before it. During the financial year 2014, Nishat Chunian Power Limited - Subsidiary Company in consultation with NTDC, appointed an Expert for dispute resolution under the PPA.

During the financial year 2016, the Expert gave his determination whereby the aforesaid amount was determined to be payable to Nishat Chunian Power Limited - Subsidiary Company by NTDC. Pursuant to the Expert's determination, the Subsidiary Company demanded the payment of the aforesaid amount of Rupees 966.166 million from NTDC that has not yet been paid by NTDC. Nishat Chunian Power Limited - Subsidiary Company filed a request for arbitration in the London Court of International Arbitration ('LCIA'), whereby an Arbitrator was appointed.

In October 2015, the Government of Pakistan ('GOP') through Private Power & Infrastructure Board ('PPIB') filed a case in the court of Senior Civil Judge, ("Civil Case 2015"), Lahore, against the aforementioned decision of the Expert, praying it to be illegal, which is pending adjudication.

Consequently, invitation to participate in arbitration was issued to the PPIB / GOP. PPIB filed separate Civil Suit before the Civil Judge, Lahore, seeking inter alia that the parties should be restrained from participating in the arbitration proceedings in the LCIA ("Civil Case 2016"). Nishat Chunian Power Limited - Subsidiary Company filed applications in the Civil Court where Nishat Chunian Power Limited - Subsidiary Company prayed that the Civil Court, Lahore lacks the jurisdiction in respect of the cases filed by PPIB. In respect of the aforementioned applications, through its orders dated 18 April 2017, the Civil Court, Lahore rejected Nishat Chunian Power Limited - Subsidiary Company's pray and granted the pray of PPIB whereby, the court accepted PPIB's applications for interim relief in 2015 and 2016 civil suits. Being aggrieved, Nishat Chunian Power Limited - Subsidiary Company challenged before the Additional District Judge, Lahore against the aforementioned orders of the Civil Court and continued to take part in the arbitration proceedings. Furthermore, in response to Nishat Chunian Power Limited - Subsidiary Company's continued participation in the arbitration proceedings, PPIB filed contempt petition before Honourable Lahore High Court in respect of the decision of the Civil Court, Lahore and the Honourable Lahore High Court passed an order in those proceedings. Nishat Chunian Power Limited - Subsidiary Company challenged the Honourable Lahore High Court's order before the Division Bench of Honourable Lahore High Court, which decided the matter in favour of Nishat Chunian Power Limited - Subsidiary Company through its order dated 31 May 2017 whereby, the aforementioned order of the Honourable Lahore High Court was suspended.

The Arbitrator, on 08 June 2017, declared his Partial Final Award and decided the matter principally in Nishat Chunian Power Limited - Subsidiary Company's favour and declared that the above mentioned Expert's determination is final and binding on all parties ("Final Partial Award"). Aggrieved by the Partial Final Award, NTDC challenged the Arbitrator's decision in Lahore Civil Court ("Civil Case 2017"), which suspended the Final Partial Award on 10 July 2017. In response to this decision of Civil Court, the Nishat Chunian Power Limited - Subsidiary Company filed a revision petition in District Court and the District Court ("District Case 2017") while granting interim relief to the Nishat Chunian Power Limited - Subsidiary Company, suspended the Civil Court's order on 12 August 2017. Alongwith challenging the Final Partial Award in Lahore Civil Court, NTDC also challenged the same, on 06 July 2017, in Commercial Court of England. As per advice of foreign legal counsel, Nishat Chunian Power Limited - Subsidiary Company also filed a case for anti suit injunction in Commercial Court of England against NTDC on 14 August 2017.

The District Judge, Lahore through its order dated 08 July 2017 set-aside the aforementioned orders of the Civil Judge, Lahore dated 18 April 2017 and accepted Nishat Chunian Power Limited - Subsidiary Company's appeals but dismissed the Nishat Chunian Power Limited - Subsidiary Company's revision petitions concerning the issue of jurisdiction. Aggrieved by this decision, (i) Nishat Chunian Power Limited - Subsidiary Company filed writ petitions before the Honourable Lahore High Court, which announced a favourable decision and suspended the proceedings of Civil Cases 2015 and 2016 till the final decision of Honourable Lahore High Court; and (ii) GOP / PPIB filed revision petitions in the Honourable Lahore High Court, which are currently pending adjudication.

On 29 October 2017, the Arbitrator declared his Final Award whereby he ordered NTDC to pay to Nishat Chunian Power Limited - Subsidiary Company: i) Rupees 966.166 million pursuant to Expert's determination; ii) Rupees 224.229 million being Pre award interest; iii) Rupees 9.203 million for breach of arbitration agreement; iv) Rupees 1.684 million and USD 612,311 for the Nishat Chunian Power Limited - Subsidiary Company's cost of proceedings; v) GBP 30,157 for Nishat Chunian Power Limited - Subsidiary Company's LCIA cost of arbitration and vi) Interest at KIBOR + 4.5% compounded semi-annually from the date of Final Award until payment of these amounts by NTDC ("the Final Award") that works out to Rupees 420.000 million upto 30 June 2020.

On 24 November 2017, NTDC challenged the Final Award in Commercial Court of England. On 29 November 2017, Nishat Chunian Power Limited - Subsidiary Company filed an application before LHC for implementation of Final Award that is also pending adjudication. During the hearing held in December 2017 in London, NTDC withdrew its petitions dated 06 July 2017 and 24 November 2017 filed before Commercial Court of England against Nishat Chunian Power Limited - Subsidiary Company, pertaining to Partial Final Award and Final Award respectively.

On 04 May 2018, Commercial Court of England issued a favourable decision in the case of anti suit injunction, thereby preventing NTDC from pursuing case in Pakistan Civil Courts against Partial Final Award / Final Award and taking any steps outside England to set aside Partial Final Award / Final Award issued by the Arbitrator. Aggrieved by this decision, NTDC had sought permission to file an appeal before the Court of Appeals, London, which was rejected by the Court on 04 October 2018.

Based on the favourable Expert's determination and Arbitration Award, management strongly feels that under the terms of the PPA and Implementation Agreement, the above amount of Rupees 966.166 million is likely to be recovered by Nishat Chunian Power Limited - Subsidiary Company. Consequently, no provision for this amount has been made in these consolidated financial statements.

Further, on prudence basis, Nishat Chunian Power Limited - Subsidiary Company has not recognised the abovementioned amounts in these consolidated financial statements for Pre-award interest, breach of arbitration agreement, Nishat Chunian Power Limited - Subsidiary Company cost of proceedings, Nishat Chunian Power Limited - Subsidiary Company's LCIA cost of arbitration and interest thereon on all these amounts as per Final Award due to its uncertainty since it is pending adjudication as mentioned above. Such amounts as per Final Award would be recognized when it attains finality and it is certain.

	2020 Rupees	2019 Rupees
22. LOANS AND ADVANCES		
Considered good:		
Employees - interest free:		
- Executives	5,179,356	9,379,723
- Other employees	4,152,486	3,432,697
	9,331,842	12,812,420
Current portion of long term loans to employees (Note 18)	4,766,152	4,561,037
Advances to suppliers (Note 22.1)	1,168,540,355	1,512,272,251
Advances to contractors	1,500,723	903,498
Letters of credit	34,884,929	54,965,342
	1,219,024,001	1,585,514,548

22.1 It includes advances amounting to Rupees 4.057 million (2019: Rupees 0.656 million) to D.G. Khan Cement Company Limited - related party and Rupees 4.525 million (2019: Rupees 1.044 million) to Adamjee Insurance Company Limited (ceased to be a related party with effect from 30 June 2020). These are neither past due nor impaired.

22.1.1 The maximum aggregate amount of advances to related parties at the end of any month during the year was as follows:

	2020 Rupees	2019 Rupees
D.G. Khan Cement Company Limited	5,148,795	656,083
Adamjee Insurance Company Limited	6,864,765	12,865,998

23. SHORT TERM DEPOSITS AND PREPAYMENTS

Deposits	10,165,497	10,138,180
Prepayments	46,959,883	29,877,162
	57,125,380	40,015,342

24. OTHER RECEIVABLES

	2020 Rupees	2019 Rupees
Considered good:		
Sales tax recoverable	1,460,014,615	2,445,614,553
Advance income tax - net	675,469,520	829,645,679
Export rebate and claims	29,116,697	60,472,402
Duty drawback receivable	28,111,091	388,495,290
Receivable from employees' provident fund trust	11,438,626	48,269,963
Recoverable from NTDC as pass through item:		
Workers' profit participation fund (Note 24.1)	401,142,000	386,307,000
Workers' welfare fund (Note 24.2)	92,115,000	-
Insurance claim receivable (Note 24.3)	63,315,421	3,277,000
Miscellaneous	167,978,993	113,720,377
	2,928,701,963	4,275,802,264

24.1 Workers' profit participation fund

Balance as at 01 July	386,307,000	726,930,000
Add: Provision for the year	230,289,000	170,828,000
Less: Amount received during the year	215,454,000	511,451,000
Balance as at 30 June	401,142,000	386,307,000

24.2 Workers' welfare fund

Provision for the year	92,115,000	-

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

Adamjee Insurance Company Limited	63,315,421	61,460,801

25. SHORT TERM INVESTMENTS

At amortized cost		
Term deposit receipts (Note 25.1)	36,160,226	31,160,226
Add: Accrued interest	1,672,807	82,364
	37,833,033	31,242,590

25.1 These represent deposits under lien with the banks of the Group against bank guarantees of the same amount issued by the bank to Sui Northern Gas Pipelines Limited against gas connections and Director, Excise and Taxation, Karachi against disputed amount of infrastructure cess. Interest on term deposit receipts ranges from 3.62% to 13.00% (2019: 3.12% to 12.00%) per annum. The maturity period of these term deposit receipts is twelve months.

26. CASH AND BANK BALANCES

	2020 Rupees	2019 Rupees
Cash with banks:		
On saving accounts (Note 26.1) Including US$ 31,803 (2019: US$ 14,482)	6,964,672	146,471,536
On current accounts (Note 26.2) Including US$ 20,371 (2019: US$ 32,091)	45,322,203	30,756,350
	52,286,875	177,227,886
Cash in hand	2,480,094	4,375,654
	54,766,969	181,603,540

26.1 Rate of profit on saving accounts ranges from 0.08% to 13.00% (2019: 0.15% to 10.30%) per annum.

26.2 Included in cash with banks are Rupees 13.783 million (2019: Rupees 12.379 million) with MCB Bank Limited.

27. REVENUE

	2020 Rupees	2019 Rupees
Export sales	17,779,000,433	17,797,448,915
Local sales (Note 27.1 and Note 27.2)	31,215,223,076	36,718,358,959
Processing income	426,622,593	315,107,202
Export rebate	35,031,425	41,331,090
Duty drawback	124,207,063	116,225,012
	49,580,084,590	54,988,471,178

27.1 Local sales

	2020 Rupees	2019 Rupees
Sales	35,474,839,703	39,131,447,085
Less: Sales tax	4,032,419,718	2,050,964,759
Less: Advance income tax u/s 235 of the Income Tax Ordinance, 2001	4,695,926	7,501,375
Less: Discount	222,500,983	354,621,992
	31,215,223,076	36,718,358,959

27.2 Local sales includes waste sales of Rupees 1,072.831 million (2019: Rupees 1,090.913 million).

28. COST OF SALES

	2020 Rupees	2019 Rupees
Raw materials consumed	30,393,780,147	35,981,697,502
Packing materials consumed	950,858,921	923,523,073
Operations and maintenance	-	3,737,953
Stores, spare parts and loose tools consumed	744,916,605	1,483,828,824
Processing charges	96,302,191	396,891,327
Salaries, wages and other benefits (Note 28.1)	2,866,835,784	2,637,726,752
Fuel and power	1,861,219,913	907,490,916
Fee and subscription	4,914,272	4,857,897
Insurance	334,301,144	285,097,310
Postage and telephone	4,601,499	13,420,502
Travelling and conveyance	23,410,867	29,914,803
Vehicles' running and maintenance	32,281,550	28,122,094
Common area maintenance charges	-	30,498,300
Lease rentals	-	46,644,062

Entertainment	9,875,657	8,654,043
Electricity consumed in-house	35,656,447	19,508,477
Amortization on intangible assets (Note 16.1)	3,613,000	3,993,025
Depreciation on operating fixed assets (Note 14.1.2)	1,847,125,657	2,224,505,816
Repair and maintenance	492,937,777	435,360,255
Other factory overheads	97,511,021	114,126,345
	39,800,142,452	45,579,599,276
Work-in-process		
Opening stock	1,039,191,965	902,207,503
Closing stock	(1,131,081,567)	(1,039,191,965)
	(91,889,602)	(136,984,462)
Cost of goods manufactured	39,708,252,850	45,442,614,814
Finished goods and waste - opening stocks		
Finished goods	3,577,038,911	2,796,817,463
Waste	60,348,016	106,915,432
	3,637,386,927	2,903,732,895
	43,345,639,777	48,346,347,709
Finished goods and waste - closing stocks		
Finished goods	(4,686,520,337)	(3,577,038,911)
Waste	(175,341,896)	(60,348,016)
	(4,861,862,233)	(3,637,386,927)
	38,483,777,544	44,708,960,782

28.1 Salaries, wages and other benefits include Rupees 21.739 million (2019: Rupees 19.345 million) and Rupees 72.995 million (2019: Rupees 57.193 million) in respect of accumulating compensated absences and provident funds contributions by the Group respectively.

	2020 Rupees	2019 Rupees
29. DISTRIBUTION COST		
Salaries and other benefits (Note 29.1)	123,369,753	117,008,047
Ocean freight	124,155,266	118,569,960
Freight and octroi	235,267,224	176,459,038
Forwarding and other expenses	83,090,456	188,755,243
Local marketing expenses	7,237,545	13,593,448
Export marketing expenses	176,858,965	140,986,208
Commission to selling agents	206,275,820	214,648,294
Rent, rates and taxes	42,010,243	21,719,135
Printing and stationery	118,737	23,388
Travelling and conveyance	1,244,443	2,132,383
Postage and telephone	2,174,087	513,422
Legal and professional	4,099,495	2,936,961
Repair and maintenance	3,996,772	6,878,945
Electricity and sui gas	2,407,799	2,084,305
Entertainment	196,041	309,397
Depreciation on right-of-use assets (Note 15)	28,990,908	-
Miscellaneous	4,650,725	281,572
	1,046,144,279	1,006,899,746

29.1 Salaries and other benefits include Rupees 3.080 million (2019: Rupees 1.052 million) and Rupees 5.043 million (2019: Rupees 4.846 million) in respect of accumulating compensated absences and provident funds contributions by the Group respectively.

	2020 Rupees	2019 Rupees
30. ADMINISTRATIVE EXPENSES		
Salaries and other benefits (Note 30.1)	280,772,722	276,004,271
Printing and stationery	5,857,798	5,965,065
Vehicles' running and maintenance	5,764,307	3,248,129
Travelling and conveyance	56,386,818	76,518,663
Postage and telephone	5,991,028	5,113,353
Fee and subscription	9,657,605	10,861,254
Legal and professional (Note 30.2)	55,522,661	72,644,331
Electricity and sui gas	5,625,508	3,366,298
Insurance	7,162,886	3,603,595
Repair and maintenance	13,390,272	24,800,329
Entertainment	13,741,380	7,002,363
Advertisement	121,000	-
Depreciation on operating fixed assets (Note 14.1.2)	15,641,713	17,923,490
Amortization on intangible assets (Note 16.1)	1,259,136	1,520,280
Miscellaneous	39,635,572	27,808,920
	516,530,406	536,380,341

30.1 Salaries and other benefits include Rupees 1.327 million (2019: Rupees 0.673 million) and Rupees 6.942 million (2019: Rupees 6.560 million) in respect of accumulating compensated absences and provident fund contribution by the Group respectively.

30.2 Legal and professional charges include the following in respect of auditors' remuneration for:

	2020 Rupees	2019 Rupees
Riaz Ahmad & Company		
Audit fee	4,114,500	2,262,500
Special audit fee	1,057,164	-
Half yearly review	1,518,500	600,800
Certification fees	280,000	125,000
Reimbursable expenses	449,009	184,500
	7,419,173	3,172,800
A. F. Ferguson & Co.		
Audit fee	-	1,675,000
Half yearly review	-	875,000
Tax services	-	231,000
Certifications required by various regulations	-	155,000
Reimbursable expenses	-	171,000
	-	3,107,000
Riaz Ahmad, Saqib, Gohar & Company		
Audit fee	-	100,000
	7,419,173	6,379,800

	2020 Rupees	2019 Rupees
31. OTHER EXPENSES		
Workers' profit participation fund	29,990,964	173,467,708
Workers' welfare fund	14,473,400	-
Donations (Note 31.1)	4,140,356	304,178,977
Impact of derecognition of financial instrument carried at amortized cost	1,704,840	-
Trade debt written off	11,900,456	-
Exchange loss	51,803,777	22,678,000
Reversal of allowance for expected credit losses (Note 21.4)	(5,038,637)	(238,605)
Miscellaneous	618,000	2,000,156
	109,593,156	502,086,236

31.1 Donations

Following is the interest of the directors of the Group in the donees:

Donee	Directors of the Group Companies	Interest in donee		
Mian Muhammad Yahya Trust	Mr. Shahzad Saleem	Trustee		
31-Q, Gulberg II, Lahore	Mrs. Farhat Saleem	Trustee	3,220,000	3,047,250
Saleem Memorial Trust Hospital	Mr. Shahzad Saleem	Director		
31-Q, Gulberg II, Lahore	Mrs. Farhat Saleem	Director		
	Mr. Faisal Farid	Director	-	300,011,727
			3,220,000	303,058,977

32. OTHER INCOME

Income from financial assets		
Return on bank deposits	38,440,087	5,367,017
Mark up on loans to executives	241,000	203,000
Interest on sales tax refund bonds (Note 17)	-	1,740,840
Gain on sale of shares of NC Entertainment (Private) Limited	-	146,218,763
Net exchange gain	-	1,382,182,305
Income from non-financial assets		
Gain on sale of operating fixed assets (Note 14.1.1)	10,227,929	5,802,407
Insurance claim	421,000	78,539,000
Sale of scrap	79,452,447	81,748,782
Amotization of deferred grant (Note 8)	108,000	-
Credit balances written back	21,574	2,103,084
Miscellaneous	8,990,008	6,446,950
	137,902,045	1,710,352,148

33. FINANCE COST

	2020 Rupees	2019 Rupees
Mark-up on:		
- long term loans	870,416,936	1,038,869,419
- long term musharaka	45,031,565	42,145,630
- short term running finances	2,571,486,150	1,315,313,916
- export finances - Preshipment / SBP refinances	648,753,390	472,113,791
- short term finances	738,612,397	832,357,556
Interest expense on lease liabilities (Note 7.1)	9,684,288	-
Interest on employees' provident fund	4,493,734	3,301,557
Interest on workers' profit participation fund (Note 9.3)	5,396,815	7,076,497
Bank charges and commission	97,786,668	119,653,554
	4,991,661,943	3,830,831,920

	2020 Rupees	2019 Rupees
34. TAXATION		
Current (Note 34.1)	444,320,532	522,753,349
Prior year adjustment	-	3,405,698
Deferred	-	9,003,052
	444,320,532	535,162,099

34.1 Provision for current taxation represents minimum tax on local sales except electricity sales, final tax on export sales and tax on income from other sources at applicable rates. Provision for current taxation relating to Nishat Chunian USA Inc. is as per applicable laws of USA. Reconciliation of tax expense and product of accounting profit multiplied by applicable tax rate has not been presented, being impracticable.

34.2 Deferred income tax asset of Holding Company of Rupees 870.374 million (2019: Rupees 508.488 million) has not been recognized in these consolidated financial statements as the Holding Company's management believes that sufficient taxable profits will not be probably available in foreseeable future, hence, the temporary differences may not reverse.

34.3 The Holding Company has carry forwardable tax losses of Rupees 3,542 million (2019: Rupees 2,906 million)

34.4 For the purposes of current taxation of Nishat Chunian Power Limited - Subsidiary Company, the tax credit available for carry forward is estimated at Rupees 86.730 million (2019: Rupees 133.493 million). Management believes that the tax credit available for carry forward may not be utilized in the foreseeable future. Consequently, based on the prudence principle, deferred tax asset on tax credit available for carry forward has not been recognized in these consolidated financial statements.

34.5 Nishat Chunian USA Inc. has net operating loss carry forwards (NOL) of approximately Rupees 33.946 million (2019: Rupees 33.620 million) which carry forward indefinitely, to reduce future federal and state taxable income, if any. The Subsidiary Company has not recognized deferred tax asset resulting from NOL of approximately Rupees 7.058 million (2019: Rupees 7.052 million) based on prudence principle.

	2020	2019
35. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit after taxation attributable to shareholders of the Holding Company (Rupees)	1,860,714,980	3,906,991,453
Weighted average number of ordinary shares outstanding during the year (Number)	240,148,723	240,221,556
Basic earnings per share (Rupees)	7.75	16.26

35.1 There is no dilutive effect on basic earnings per share for the year ended 30 June 2020 and 30 June 2019 as the Company has no potential ordinary shares as on 30 June 2020 and 30 June 2019.

	2020 Rupees	2019 Rupees
36. CASH GENERATED FROM OPERATIONS		
Profit before taxation	4,570,279,307	6,113,628,301
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	1,862,767,370	2,242,429,306
Depreciation on right-of-use assets	28,990,908	-
Amortization on intangible assets	4,872,136	5,513,305
Gain on sale of property, plant and equipment	(10,227,929)	(5,802,407)
Finance cost	4,991,661,943	3,830,831,920
Return on bank deposits	(38,440,087)	(5,367,017)
Mark up on loans to executives	(241,000)	(203,000)
Interest on sales tax refund bonds	-	(1,704,840)
Impact of derecognition of financial instrument carried at amortized cost	1,704,840	-
Gain on disposal of investment in NC Entertainment (Private) Limited	-	(146,218,763)
Amortization of deferred grant	(108,000)	-
Credit balances written back	(21,574)	(2,103,084)
Trade debt written off	11,900,456	-
Exchange loss	51,803,777	22,678,000
Reversal of allowance for expected credit losses (Note 21.4)	(5,038,637)	(238,605)
Working capital changes (Note 36.1)	(2,004,608,477)	(6,368,542,230)
	9,465,295,033	5,684,900,886

36.1 Working capital changes

	2020 Rupees	2019 Rupees
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	35,947,633	(282,978,189)
Stock-in-trade	(2,654,484,413)	(4,321,212,660)
Trade debts	(2,185,261,933)	(3,066,637,424)
Loans and advances	366,695,662	24,065,028
Short term deposits and prepayments	(17,110,038)	(46,917,203)
Other receivables	1,415,528,982	370,081,661
	(3,038,684,107)	(7,323,598,787)
Increase in trade and other payables	1,034,075,630	955,056,557
	(2,004,608,477)	(6,368,542,230)

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

	2020				
	Liabilities from financing activities				Total
	Long term financing	Lease liabilities	Short term borrowings	Unclaimed dividend	
	---Rupees---				
Balance as at 01 July 2019	10,434,355,582	-	31,443,299,687	183,500,761	42,061,156,030
Financing / borrowings obtained	1,131,146,000	-	-	-	1,131,146,000
Lease liabilities recognised during the year	-	51,494,737	-	-	51,494,737
Addition in lease liabilities during the year	-	70,568,556	-	-	70,568,556
Repayment of financing / borrowings	(3,788,048,587)	-	-	-	(3,788,048,587)
Repayment of lease liabilities	-	(21,917,766)	-	-	(21,917,766)
Short term borrowings - net	-	-	832,404,026		832,404,026
Dividend declared	-	-	-	600,297,573	600,297,573
Dividend paid	-	-	-	(714,143,970)	(714,143,970)
Balance as at 30 June 2020	7,777,452,995	100,145,527	32,275,703,713	69,654,364	40,222,956,599

	2019			
	Liabilities from financing activities			Total
	Long term financing	Short term borrowings	Unclaimed dividend	
	---Rupees---			
Balance as at 01 July 2018	15,156,572,747	25,510,180,650	53,705,334	40,720,458,731
Financing / borrowings obtained	-	-	-	-
Derecognition on disposal of investment	-	-	-	-
in NC Entertainment (Private) Limited	(175,000,000)	(74,739,920)	-	(249,739,920)
Repayment of financing / borrowings	(4,547,217,165)	-	-	(4,547,217,165)
Short term borrowings - net	-	6,007,858,957	-	6,007,858,957
Dividend declared	-	-	1,321,218,558	1,321,218,558
Dividend paid	-	-	(1,191,423,131)	(1,191,423,131)
	10,434,355,582	31,443,299,687	183,500,761	42,061,156,030

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Aggregate amount charged in these consolidated financial statements for the year for remuneration including certain benefits to the chief executive, directors and executives of the Holding Company is as follows:

	Chief Executive		Directors		Executives	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
	---------- Rupees ----------					
Managerial remuneration	21,731,872	21,280,683	3,600,000	3,600,000	85,440,000	62,100,000
Contribution to provident fund	-	-	299,880	299,800	7,117,152	5,172,930
House rent	8,692,749	8,512,273	1,440,000	1,440,000	34,176,000	24,840,000
Utilities	2,173,187	2,128,068	360,000	360,000	8,544,000	6,210,000
Others	3,731,872	4,921,024	-	-	11,391,621	15,405,681
	36,329,680	36,842,048	5,699,880	5,699,800	146,668,773	113,728,611
Number of persons	**1**	**1**	**1**	**1**	**45**	**32**

37.1 The Holding Company provides to chief executive, directors and certain executives with free use of Holding Company maintained cars and residential telephones.

37.2 Aggregate amount charged in these consolidated financial statements for meeting fee to seven (2019: eight) directors of the Holding Company was Rupees 920,000 (2019: Rupees 440,000).

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

38. TRANSACTIONS WITH RELATED PARTIES

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

	2020 Rupees	2019 Rupees
Associated undertakings		
Mark up on borrowings	53,368,175	55,083,835
Insurance premium paid	399,285,463	100,911,084
Insurance claims received	276,472,000	64,011,347
Long term loans repaid	30,062,500	5,031,250
Short term loans obtained	450,000,000	422,135
Short term loans repaid	-	410,920,537
Other related parties		
Purchase of goods	178,060,189	29,074,940
Sales of goods	2,704,919,060	2,482,930,242
Dividend paid	103,156,100	228,305,420
Company's contribution to employees' provident fund trust	85,206,596	68,427,041
Interest on employees' provident fund	4,493,734	3,301,557

38.1 Detail of compensation to key management personnel comprising of chief executive officer, directors and executives is disclosed in Note 37.

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

Name of the related party	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the financial year	Percentage of shareholding
Nishat Mills Limited	Shareholding	Yes	None
D.G. Khan Cement Company Limited	Shareholding	Yes	None
MCB Bank Limited	Common directorship*	Yes	None
Saleem Memorial Trust Hospital	Common directorship	Yes	None
Adamjee Insurance Company Limited	Common directorship*	Yes	None
Adamjee Life Assurance Company Limited	Common directorship*	Yes	None
Pakgen Power Limited	Common directorship	No	None
Mian Muhammad Yahya Trust	Common directorship	No	None
Lalpir Solar Power (Private) Limited	Common directorship	No	None
Nishat Energy Limited	Common directorship	No	None
MCB Islamic Bank Limited	Common directorship	No	None
Nishat Papers Products Company Limited	Common directorship	No	None
Nishat (Aziz Avenue) Hotel and Properties Limited	Common directorship	No	None
Nishat (Gulberg) Hotel and Properties Limited	Common directorship	No	None
Nishat (Raiwind) Hotel and properties Limited	Common directorship	No	None
MCB Financial Services Limited	Common directorship	No	None
Hyundai Nishat Motor (Private) Limited	Common directorship	No	None
Nishat Hotels and Properties Limited	Common directorship	No	None
Provident Funds	Post-employment benefit plans	Yes	None

* Ceased to be related party as at 30 June 2020 as Mr. Muhammad Ali Zeb resigned from the board of directors of the Company on 29 June 2020.

39. PROVIDENT FUND

Nishat (Chunain) Limited - Holding Company

As at the reporting date, the Nishat (Chunian) Limited - Employees Provident Fund is in the process of regularizing its investments in accordance with section 218 of the Companies Act, 2017 and the rules formulated for this purpose in terms of SRO 731(I)/2018 issued by Securities and Exchange Commission of Pakistan on 06 June 2018 which allows transition period of three years for bringing the Employees Provident Fund Trust in conformity with the requirements of rules.

Nishat Chunian Power Limited - Subsidiary Company

The investments by the provident fund in collective investment schemes, listed equity and debt securities have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

40. NUMBER OF EMPLOYEES

	2020	2019
Number of employees as on 30 June	6,307	6,312
Average number of employees during the year	6,522	6,534

41. SEGMENT INFORMATION

	Spinning						Weaving				Processing and Home Textile		Power Generation		Entertainment		Elimination of inter-segment transactions		Total - Group	
	Zone - 1		Zone - 2		Zone - 3		Unit - 1		Unit - 2											
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	-------------------------Rupees-------------------------																			
Sales																				
External:																				
- Export	7,384,453,240	6,544,926,861	-	3,585,633	-	711,738,260	-	231,388,061	2,282,149,386	2,564,694,651	8,112,397,807	7,741,115,449	-	-	-	-	-	-	17,779,000,433	17,797,448,915
- Local	388,655,435	879,715,835	6,546,986,260	5,823,994,605	6,609,120,490	9,698,848,742	1,850,710,314	2,273,943,912	96,090,673	325,535,506	2,182,470,133	2,122,098,558	13,113,804,193	15,286,057,152	-	308,164,648	-	-	30,787,837,498	36,718,358,958
- Export rebate and duty drawback	14,449,454	-	-	-	-	-	-	-	611,533	1,231,638	144,177,501	156,324,464	-	-	-	-	-	-	159,238,488	157,556,102
- Others	-	-	673,230	265,500	-	-	2,285,039	568,140	-	-	851,049,902	314,273,563	-	-	-	-	-	-	854,008,171	315,107,203
	7,787,558,129	7,424,642,696	6,547,659,490	5,827,845,738	6,609,120,490	10,410,587,002	1,852,995,353	2,505,900,113	2,378,851,592	2,891,461,795	11,290,095,343	10,333,812,034	13,113,804,193	15,286,057,152	-	308,164,648	-	-	49,580,084,590	54,988,471,178
Inter-segment	-	229,697,514	1,573,738,283	1,007,800,402	2,160,174,552	1,462,940,659	557,805,249	5,441,169,108	4,361,529,122	-	1,044,841,250	1,674,007,412	4,576,703,988	5,992,707,328	-	-	(14,274,792,444)	(15,808,322,423)	-	-
	7,787,558,129	7,654,340,210	8,121,397,773	6,835,646,140	8,769,295,042	11,873,527,661	2,410,800,602	7,947,069,221	6,740,380,714	2,891,461,795	12,334,936,593	12,007,819,446	17,690,508,181	21,278,764,480	-	308,164,648	(14,274,792,444)	(15,808,322,423)	49,580,084,590	54,988,471,178
Cost of sales	(6,940,236,080)	(6,726,041,137)	(7,397,849,356)	(6,088,618,372)	(7,811,578,087)	(10,738,612,705)	(2,175,730,295)	(7,388,850,953)	(6,647,932,392)	(2,657,771,561)	(10,725,682,953)	(10,578,825,996)	(11,059,560,825)	(16,175,899,735)	-	(162,662,746)	14,274,792,444	15,808,322,423	(38,483,777,544)	(44,708,960,782)
Gross profit	847,322,049	928,299,073	723,548,417	747,027,768	957,716,955	1,134,914,956	235,070,307	558,218,268	92,448,322	233,690,234	1,609,253,640	1,428,993,450	6,630,947,356	5,102,864,745	-	145,501,902	-	-	11,096,307,046	10,279,510,396
Distribution cost	(141,644,958)	(125,641,754)	(39,728,278)	(56,152,715)	(68,819,195)	(90,686,392)	(97,632,961)	(100,949,630)	(38,397,037)	(42,261,144)	(659,921,850)	(591,208,111)	-	-	-	-	-	-	(1,046,144,279)	(1,006,899,746)
Administrative expenses	(59,851,926)	(45,023,655)	(40,907,704)	(30,889,291)	(58,769,539)	(49,913,504)	(45,528,325)	(41,401,081)	(17,905,355)	(17,331,981)	(144,917,620)	(132,243,616)	(148,649,937)	(209,294,027)	-	(10,283,186)	-	-	(516,530,406)	(536,380,341)
	(201,496,884)	(170,665,409)	(80,635,982)	(87,042,006)	(127,588,734)	(140,599,896)	(143,161,286)	(142,350,711)	(56,302,392)	(59,593,125)	(804,839,470)	(723,451,727)	(148,649,937)	(209,294,027)	-	(10,283,186)	-	-	(1,562,674,685)	(1,543,280,087)
Profit before taxation and unallocated income and expenses	645,825,165	757,633,664	642,912,435	659,985,762	830,128,221	994,315,060	91,909,021	415,867,557	36,145,930	174,097,109	804,414,170	705,541,723	6,482,297,419	4,893,570,718	-	135,218,716	-	-	9,533,632,361	8,736,230,309
Unallocated income and expenses																				
Other expenses																			(109,593,156)	(502,086,236)
Other income																			137,902,045	1,710,316,148
Finance cost																			(4,991,661,943)	(3,830,831,920)
Taxation																			(444,320,532)	(535,162,099)
Profit after taxation																			4,125,958,775	5,578,466,202

41.1 Reconciliation of reportable segment assets and liabilities

	Spinning						Weaving				Processing and Home Textile		Power Generation		Entertainment		Total - Group	
	Zone - 1		Zone - 2		Zone - 3		Unit - 1		Unit - 2									
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	-------------------------Rupees-------------------------																	
Total assets for reportable segments	6,378,804,213	5,796,050,374	7,796,316,260	7,084,061,568	9,450,080,315	8,586,741,295	1,062,016,713	3,472,236,683	2,969,302,797	1,453,603,100	9,206,780,062	7,359,434,994	36,818,362,161	35,306,325,285	-	-	73,681,662,521	69,058,453,299
Unallocated assets:																		
Long term investment																	-	222,604,840
Other receivables																	2,928,701,963	4,275,802,264
Short term investments																	37,833,033	31,242,590
Cash and bank balances																	54,766,969	181,603,540
Other corporate assets																	438,599,820	747,096,640
Total assets as per consolidated statement of financial position																	77,141,564,306	74,516,803,173
Total liabilities for reportable segments	426,721,747	216,855,786	521,548,802	265,045,960	632,180,366	321,267,830	123,918,525	151,202,138	346,465,003	63,298,650	1,641,177,240	1,005,919,583	1,355,952,837	1,704,370,745	-	-	5,047,964,520	3,727,960,692
Unallocated liabilities:																		
Long term financing																	7,777,452,995	10,434,355,582
Accrued mark-up																	835,368,006	930,241,729
Short term borrowings																	32,275,703,713	31,443,299,687
Other corporate liabilities																	222,279,124	520,210,766
Total liabilities as per consolidated statement of financial position																	46,158,768,358	47,056,068,456

41.2 Geographical information

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

	2020 Rupees	2019 Rupees
Europe	6,454,247,258	4,655,808,998
Asia, Africa and Australia	10,630,524,896	9,927,496,475
United States of America, Canada and South America	853,466,767	3,371,699,544
Pakistan	31,641,845,669	37,033,466,161
	49,580,084,590	54,988,471,178

41.3 Almost all non-current assets of the Group as at reporting dates are located and operating in Pakistan.

41.4 Revenue from major customers

Nishat Chunian Power Limited - Subsidiary Company sells electricity only to NTDCL. The Holding Company earns revenue from a large mix of customers.

	2020	2019
42. PLANT CAPACITY AND ACTUAL PRODUCTION		
Nishat (Chunian) Limited - Holding Company		
Spinning		
Number of spindles installed	222,708	222,708
Number of spindles worked	196,222	213,659
Capacity after conversion into 20/1 count (Kgs.)	73,548,828	79,402,488
Actual production of yarn after conversion into 20/1 count (Kgs.)	72,461,901	78,236,935

Under utilization of available capacity was due to normal maintenance and time lost in shifting of coarser counts to finer counts and

	2020	2019
Weaving		
Number of looms installed	379	363
Number of looms worked	373	363
Capacity after conversion into 50 picks - square yards	244,492,844	296,981,425
Actual production after conversion into 50 picks - square yards	211,262,191	251,830,349

Under utilization of available capacity was due to the following reasons:
- change of articles required
- higher count and cover factor
- due to normal maintenance

	2020	2019
Power plant		
Number of engines installed	17	17
Number of engines worked	17	17
Process steam and coal fired power generation plant (46 MW)	1	1
Generation capacity (KWh)	748,836,000	746,790,000
Actual generation (KWh)	245,549,636	330,626,960

Under utilization of available capacity was due to normal maintenance and demand.

	2020	2019
Dyeing		
Number of thermosol dyeing machines	1	1
Number of stenters machines	4	4
Capacity in meters	36,500,000	36,500,000
Actual processing of fabrics - meters	30,339,338	30,038,558

Under utilization of available capacity was due to normal maintenance and demand.

	2020	2019
Printing		
Number of printing machines	1	1
Capacity in meters	9,125,000	7,825,000
Actual processing of fabrics - meters	6,534,206	6,679,011

Under utilization of available capacity was due to normal maintenance and demand.

	2020	2019
Digital Printing		
Number of printing machines	5	2
Capacity in meters	9,125,000	3,650,000
Actual processing of fabrics - meters	3,221,600	1,451,740

Stitching

The plant capacity of this division is indeterminable due to multi product plant involving varying run length of order lots.

	2020	2019
Nishat Chunian Power Limited - Subsidiary Company		
Installed capacity [based on 8,784 hours (2019: 8,760 hours)] - MWH	1,719,222	1,714,525
Actual energy delivered - MWH	351,228	599,735

Output produced by plant is dependent on the load demanded by NTDCL and plant availability.

43. INTERESTS IN OTHER ENTITIES

43.1 Non-controlling interests (NCI)

Set out below is summarised financial information for Nishat Chunian Power Limited - Subsidiary Company that has non-controlling interests that are material to the Group. The amounts disclosed for Subsidiary Company are before inter-company eliminations.

	2020 Rupees	2019 Rupees
Summarised balance sheet		
Current assets	20,376,070,000	18,072,999,000
Current liabilities	11,254,499,000	14,494,409,000
Current net assets	9,121,571,000	3,578,590,000
Non-current assets	10,574,636,000	11,497,764,000
Non-current liabilities	730,267,000	716,184,000
Non-current net assets	9,844,369,000	10,781,580,000
Net assets	18,965,940,000	14,360,170,000
Accumulated non-controlling interest	9,284,188,987	7,018,945,192
Summarised statement of comprehensive income		
Revenue	13,022,871,000	15,021,084,000
Profit for the year	4,605,770,000	3,416,558,000
Other comprehensive income	-	-
Total comprehensive income	4,605,770,000	3,416,558,000
Profit allocated to non-controlling interest	2,265,243,795	1,671,474,749
Dividend to non-controlling interest	-	629,163,917
Summarised cash flows		
Cash flows from operating activities	3,067,682,000	1,353,502,000
Cash flows from investing activities	187,362,000	(1,187,553,000)
Cash flows from financing activities	(2,336,464,000)	(3,229,498,000)
Net increase / (decrease) in cash and cash equivalents	918,580,000	(3,063,549,000)

44. FINANCIAL RISK MANAGEMENT

44.1 Financial risk factors

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

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

(a) Market risk

(i) Currency risk

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

The Group is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD) and Euro. Currently, the Group's foreign exchange risk exposure is restricted to bank balances, borrowings and the amounts receivable / payable from / to the foreign entities. The Group uses forward exchange contracts to hedge its foreign currency risk, when considered appropriate. The Group's exposure to currency risk was as follows:

	2020	2019
Cash at banks - USD	52,174	46,573
Trade debts - USD	25,631,737	30,239,376
Trade debts - EURO	1,916,556	629,120
Trade and other payables - USD	(439,487)	(7,730,090)
Trade and other payables - EURO	(132,693)	(1,177,420)
Trade and other payables - GBP	(7,268)	(12,268)
Short term borrowings - USD	(153,802)	(3,000,000)
Accrued mark-up - USD	(13,172)	(6,131)
Net exposure - USD	25,077,450	19,549,728
Net exposure - EURO	1,783,863	(548,300)
Net exposure - GBP	(7,268)	(12,268)

The following significant exchange rates were applied during the year:

	2020	2019
Rupees per US Dollar		
Average rate	158.82	137.29
Reporting date rate	168.05	164.00
Rupees per EURO		
Average rate	175.53	156.63
Reporting date rate	188.61	186.37
Rupees per GBP		
Average rate	200.38	156.63
Reporting date rate	207.68	186.37

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD and Euro with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 211.538 million (2019: Rupees 147.330 million) higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

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

(iii) Interest rate risk

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

The Group has no significant interest-bearing assets except long term loans to employees, overdue trade debts of Nishat Chunian Power Limited - Subsidiary Company and bank balances in saving and deposit accounts. The Group's interest rate risk mainly arises from long term financing and short term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rate expose the Group to fair value interest rate risk.

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

	2020 Rupees	2019 Rupees
Fixed rate instruments		
Financial liabilities		
Long term financing	2,641,002,195	3,255,912,980
Short term borrowings	6,216,743,000	3,300,000,000
	8,857,745,195	6,555,912,980
Financial assets		
Long term loans to employees	9,347,366	8,650,588
Long term investment	-	220,900,000
	9,347,366	229,550,588
Net exposure	(8,848,397,829)	(6,326,362,392)
Floating rate instruments		
Financial assets		
Trade debts - over due	10,928,228,000	9,006,240,000
Bank balances - saving accounts	6,964,672	146,471,536
Short term investments	36,160,226	31,160,226
	10,971,352,898	9,183,871,762
Financial liabilities		
Long term financing	5,136,450,800	7,178,442,602
Short term borrowings	26,058,960,713	28,143,299,687
	31,195,411,513	35,321,742,289
Net exposure	(20,224,058,615)	(26,137,870,527)

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 188.084 million (2019: Rupees 248.310 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities outstanding at reporting dates were outstanding for the whole year.

(b) Credit risk

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

	2020 Rupees	2019 Rupees
Deposits	41,955,257	36,363,370
Trade debts	23,134,992,082	21,008,395,745
Loans and advances	28,450,904	36,337,752
Investments	37,833,033	253,847,430
Other receivables	724,551,414	503,304,377
Bank balances	52,286,875	177,227,886
	24,020,069,565	22,015,476,560

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

	Rating			2020	2019
	Short Term	Long term	Agency	Rupees	Rupees
Banks					
Al Baraka Bank (Pakistan) Limited	A-1	A	PACRA	1,746,262	920,411
Askari Bank Limited	A1+	AA+	PACRA	576,000	310,000
Allied Bank Limited	A-1+	AAA	PACRA	179,974	180,899
Bank Alfalah Limited	A-1+	AA+	PACRA	1,998,728	1,931,392
Bank Al-Habib Limited	A-1+	AA+	PACRA	5,381,967	639,864
Dubai Islamic Bank (Pakistan) Limited	A-1+	AA	JCR-VIS	854,421	563,849
Faysal Bank Limited	A-1+	AA	PACRA	74,037	50,005
Habib Bank Limited	A-1+	AAA	JCR-VIS	7,976,566	3,634,208
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	12,320,001	-
JS Bank Limited	A-1+	AA-	PACRA	-	756,258
MCB Bank Limited	A-1+	AAA	PACRA	10,964,501	4,611,191
Meezan Bank Limited	A-1+	AA+	JCR-VIS	977,495	2,004,974
National Bank of Pakistan	A-1+	AAA	PACRA	180,052	1,438,408
Samba Bank Limited	A-1	AA	JCR-VIS	-	34,436
Standard Chartered Bank (Pakistan) Limited	A-1+	AAA	PACRA	247,245	241,287
The Bank of Punjab	A-1+	AA	PACRA	1,477	48
United Bank Limited	A-1+	AAA	JCR-VIS	3,509,108	146,674,998
Industrial and Commercial Bank of China Limited	P-1	A1	Moody's	345,374	2,334
JPMorgan Chase Bank, N.A.		Not available		29,785	29,028
Habib American Bank		Not available		4,923,882	13,204,296
				52,286,875	177,227,886
Short term investments					
Bank Islami Pakistan Limited	A1	A+	PACRA	37,833,033	20,687,395
Dubai Islamic Bank (Pakistan) Limited	A-1+	AA	JCR-VIS	-	10,555,195
				37,833,033	31,242,590
Long term investment					
FBR Refund Settlement Company Limited - sales tax refund bonds	Unknown			-	220,900,000
Trade debts - NTDCL		Not available		3,832,540,000	3,933,439,000
				3,922,659,908	4,362,809,476

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

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

(c) Liquidity risk

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

The Group manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2020, the Group had Rupees 12,995 million (2019: Rupees 10,895 million) available borrowing limits from financial institutions and Rupees 54.767 million (2019: Rupees 181.604 million) cash and bank balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2020:

	Carrying Amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	Rupees					
Non-derivative financial liabilities:						
Long term financing	7,777,452,995	8,968,120,312	386,155,274	1,207,390,495	3,022,302,485	4,352,272,058
Lease liabilities	100,145,527	122,243,042	19,329,064	19,729,639	34,413,124	48,771,215
Short term borrowings	32,275,703,713	36,241,202,847	19,725,047,829	16,516,155,018	-	-
Trade and other payables	4,069,316,629	4,069,316,629	4,069,316,629	-	-	-
Unclaimed dividend	69,654,364	69,654,364	69,654,364	-	-	-
Accrued mark-up / profit	835,368,006	835,368,006	835,368,006	-	-	-
	45,127,641,234	50,305,905,200	25,104,871,166	17,743,275,152	3,056,715,609	4,401,043,273

Contractual maturities of financial liabilities as at 30 June 2019:

	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 Year	More than 2 Years
	-------------	-------------	-------------	Rupees	-------------	-------------
Non-derivative financial liabilities:						
Long term financing	10,434,355,582	11,450,031,171	1,233,293,170	3,863,507,695	2,843,222,583	3,510,007,723
Short term borrowings	31,443,299,687	38,206,872,334	17,483,794,739	20,723,077,595	-	-
Trade and other payables	3,539,883,893	3,539,883,893	3,539,883,893	-	-	-
Unclaimed dividend	183,500,761	183,500,761	183,500,761	-	-	-
Accrued mark-up / profit	930,241,729	930,241,729	930,241,729	-	-	-
	46,531,281,652	54,310,529,888	23,370,714,292	24,586,585,290	2,843,222,583	3,510,007,723

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at reporting date. The rates of interest / mark up have been disclosed in note 6, note 7 and note 11 to these financial statements.

44.2 Financial instruments by categories

Assets as per consolidated statement of financial position

	2020	2019
	At amortized cost	
	-------Rupees-	------
Deposits	41,955,257	36,363,370
Trade debts	23,134,992,082	21,008,395,745
Loans and advances	28,450,904	36,337,752
Investments	37,833,033	253,847,430
Other receivables	724,551,414	503,304,377
Cash and bank balances	54,766,969	181,603,540
	24,022,549,659	22,019,852,214

	2020		2019	
	At amortized cost	At FVTPL	At amortized cost	At FVTPL
	----------	-------Rupees-	----------	----------
Liabilities as per consolidated statement of financial position				
Long term financing	7,777,452,995	-	10,434,355,582	-
Lease liabilities	100,145,527	-	-	-
Accrued mark-up / profit	835,368,006	-	930,241,729	-
Short term borrowings	32,275,703,713	-	31,443,299,687	-
Unclaimed dividend	69,654,364	-	183,500,761	-
Trade and other payables	4,069,316,629	302,749,353	3,521,415,953	18,467,940
	45,127,641,234	302,749,353	46,512,813,712	18,467,940

44.3 Offsetting financial assets and financial liabilities

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

45. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Group monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing and short term borrowings obtained by the Group as referred to in note 6 and note 11 respectively. Total capital employed includes 'total equity' as shown in the consolidated statement of financial position plus 'borrowings'. In accordance with the terms of agreement with the lenders of long term finances in connection with deferment of principal amount for twelve months, there is restriction on distribution of dividends by the Group during the relief period.

		2020	2019
Borrowings	Rupees	40,053,156,708	41,877,655,269
Total equity	Rupees	30,982,795,948	27,460,734,717
Total capital employed	Rupees	71,035,952,656	69,338,389,986
Gearing ratio	Percentage	56.38	60.40

46. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

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

Recurring fair value measurements At 30 June 2020	Level 1	Level 2	Level 3	Total
	---------------------------- Rupees --------------------------			
Financial liabilities				
Derivative financial liabilities	-	302,749,353	-	302,749,353
Total financial liabilities	-	302,749,353	-	302,749,353

Recurring fair value measurements At 30 June 2019	Level 1	Level 2	Level 3	Total
	---------------------------- Rupees --------------------------			
Financial liabilities				
Derivative financial liabilities	-	18,467,940	-	18,467,940
Total financial liabilities	-	18,467,940	-	18,467,940

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 in and out of level 3 measurements.

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

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

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

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.

Specific valuation techniques used to value financial instruments include the use of quoted market prices or dealer quotes for similar instruments.

47. UNUTILIZED CREDIT FACILITIES

The Group has total credit facilities amounting to Rupees 45,271 million (2019: Rupees 42,340 million) out of which Rupees 12,995 million (2019: Rupees 10,895 million) remained unutilized at the end of the year.

48. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Holding Company at their meeting held on October 02, 2020 has proposed cash dividend of Rupees 1 per ordinary share (2019: Rupees 2.50 per ordinary share) in respect of the year ended 30 June 2020. However, this event has been considered as non-adjusting event under IAS 10 'Events after the Reporting Period' and has not been recognized in these consolidated financial statements.

49. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on October 02, 2020 by the Board of Directors of the Holding Company.

50. CORRESPONDING FIGURES

Corresponding figures have been rearranged / regrouped wherever necessary for the purpose of comparison. However, no significant rearrangements / regroupings have been made in these consolidated financial statements.

51. GENERAL

Figures have been rounded off to nearest of Rupee.

CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER

PROXY FORM

I/We ____

of ____

being a member of Nishat (Chunian) Limited hereby appoint ____

____

of ____

or failing him/her ____

of ____

member(s) of the Company, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on October 28, 2020 (Wednesday) at 11:00 A.M. at 31-Q, Gulberg-II, Lahore.

as witness may hand this _______________ day of ______ 2020

Signed by the said member _____________________________

In presence of ____

Please affix
revenue stamp
Rs.50/-

Signature (s) of Member(s)

Signature of witness………………………………

Name ………………………………………………

…………………………………………………………

CNIC#....................……………………………

Signature of witness………………………………

Name ………………………………………………

…………………………………………………………

CNIC#....................……………………………

Please quote:

Folio#	Shares held	CDC A/C No.

Important: This instrument appointing a proxy, duly completed, must be received at the Registered Office of the Company at 31-Q, Gulberg-II, Lahore not later than 48 hours before the time of holding the general meeting

NISHAT (CHUNIAN) LIMITED
CONSENT FORM FOR ELECTRONIC TRANSMISSION OF ANNUAL REPORT AND NOTICE OF AGM

M/s HAMEED MAJEED ASSOCIATES (PVT) LIMITED
H.M. House, 7-Bank Square,
The Mall, Lahore

Subject: CONSENT FORM FOR ELECTRONIC TRANSMISSION OF ANNUAL REPORT AND NOTICE OF AGM

Dear Sirs,

I/we, being the shareholder(s) of NISHAT (CHUNIAN) LIMITED ("Company"), do hereby consent and authorize the Company for electronic transmission of the Audited Annual Financial Statements of the Company along with Notice of Annual General Meeting via the Email provided herein below and further undertake to promptly notify the Company of any change in my Email address.

I understand that the transmission of Annual Audited Financial Statements of the Company along with Notice of Annual General Meeting via the Email shall meet the requirements as mentioned under the provisions of Companies Act, 2017.

Name of Shareholder(s):	
Fathers / Husband Name:	
CNIC:	
NTN:	
Fathers / Husband Name:	
E-mail address:	
Telephone:	
Mailing Address:	

Date: ______________________

Signature: (In case of corporate shareholders, the authorized signatory must sign)

STANDARD REQUEST FORM FOR HARD COPIES OF ANNUAL AUDITED ACCOUNTS

1. Name of Member: ____

2. CNIC/Passport Number: ____

3. Participant ID / Folio No/Sub A/C: ____

8. Registered Address: ____

____

I/We hereby request you to provide me/us a hard copy of the Annual Report of NISHAT (CHUNIAN) LIMITED for the year ended June 30, ______at my above mentioned registered address instead of CD/DVD/USB. I undertake to intimate any change in the above information through revised Standard Request Form.

Note:

This Standard Request Form may be sent at either of the following addresses of the Company Secretary or Independent Share Registrar of the Company:

Company Secretary,

NISHAT (CHUNIAN) LIMITED
31-Q, Gulberg II, Lahore
Email: samina@nishat.net

Chief Executive,

M/s HAMEED MAJEED ASSOCIATES (PVT) LIMITED
H.M. House, 7-Bank Square,
The Mall, Lahore

In case a member prefers to receive hard copies for all the future annual audited accounts, then such preference shall be communicated to the company in writing.

NISHAT (CHUNIAN) LIMITED
E-DIVIDEND FORM (DIVIDEND PAYMENT THROUGH ELECTRONIC MODE)

The Company Secretary/Share Registrar,

I/We, ___________________________, holding CNIC No. ______________________, being the registered shareholder of the company under folio no. ___________________, state that pursuant the relevant provisions of Section 242 of the Companies Act, 2017 pertaining to dividend payments by listed companies, the below mentioned information relating to my Bank Account for receipt of current and future cash dividends through electronic mode directly into my bank account are true and correct and I will intimate the changes, if any in the above-mentioned information to the company and the concerned Share Registrar as soon as these occur through revised E-Dividend Form.

Title of Bank Account	
Bank Account Number	
IBAN Number	
Bank's Name	
Branch Name and Address	
Cell Number of Shareholder	
Landline number of Shareholder	
Email of Shareholder	

In case of CDC shareholding, I hereby also undertake that I shall update the above information of my bank account in the Central Depository System through respective participant

Date: _____________

Member's Signature

Note:

This Standard Request Form may be sent at either of the following addresses of the Company Secretary or Independent Share Registrar of the Company:

Company Secretary

NISHAT (CHUNIAN) LIMITED
31-Q, Gulberg II, Lahore
Email: samina@nishat.net

Chief Executive,

M/s HAMEED MAJEED ASSOCIATES (PVT) LIMITED
H.M. House, 7-Bank Square,
The Mall, Lahore

The Company Secretary/Share Registrar,

I/we,___________________________, of ______________________, being the registered shareholder(s) of the company under Folio No(s). ___________________/ CDC Participant ID No.___ and Sub Account No.___ CDC Investor Account ID No., and holder of ___________ Ordinary Shares, hereby request for video conference facility at _________________ for the Annual General Meeting of the Company to be held on 28th October, 2020.

Date: _________________

Member's Signature

Note:

This Standard Request Form may be sent at either of the following addresses of the Company Secretary or Independent Share Registrar of the Company:

Company Secretary,

NISHAT (CHUNIAN) LIMITED
31-Q, Gulberg II, Lahore
Email: samina@nishat.net

Chief Executive,

M/s HAMEED MAJEED ASSOCIATES (PVT) LIMITED
H.M. House, 7-Bank Square,
The Mall, Lahore

پراکسی فارم (مختار نامہ)

کمپنی سیکرٹری
نشاط (چونیاں) لمیٹڈ
31-Q، گلبرگ II، لاہور

میں / ہم ______________________________
ساکن ______________________________
بحیثیت رکن نشاط (چونیاں) لمیٹڈ اور حامل __________ عام حصص بمطابق شیئر رجسٹر فولیو نمبر __________
(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر __________ پارٹیسپنٹ آئی ڈی نمبر __________)
بذریعہ ہذا
محترم/محترمہ __________ ساکن __________
جو کمپنی کا ممبر ہے بمطابق شیئر رجسٹر فولیو نمبر ------------ یا (اسکی غیر موجودگی میں محترم/محترمہ ------------
ساکن __________ جو کمپنی کا ممبر ہے بمطابق شیئر رجسٹر فولیو نمبر __________ کو
مورخہ 28 اکتوبر 2020ء کو کمپنی کے صدر دفتر 31-Q، گلبرگ II، لاہور میں منعقد ہونے والے کمپنی کے 31 ویں سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، شرکت کرنے کے لئے اپنا / ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔
بطور گواہ میرے دستخط.................. آج بروز.................. بتاریخ........... 2020ء

دستخط گواہ.................................. دستخط گواہ..................................

5 روپے کا رسیدی
ٹکٹ چسپاں کریں

نوٹ:

1۔ پراکسیاں تا نکہ موثر ہوسکیں کمپنی کے رجسٹرڈ دفتر/ صدر دفتر میں باقاعدہ مہر، دستخط اور گواہی شدہ اجلاس سے کم از کم 48 گھنٹے قبل پہنچ جانی چاہئیں۔
2۔ دستخط کمپنی کے ہاں رجسٹرڈ نمونہ دستخطوں کے مطابق ہونے چاہئیں

نشاط (چونیاں) لمیٹڈ

اطلاع سالانہ اجلاسِ عام

بذریعہ ہذا مطلع کیا جاتا ہے کہ نشاط (چونیاں) لمیٹڈ (دی "کمپنی") کے حصص داران کا 31واں سالانہ اجلاسِ عام بمقام رجسٹرڈ دفتر Q-31، گلبرگ-II، لاہور پر 28 اکتوبر 2020ء کو صبح 11:00 بجے درج ذیل امور کی انجام دہی کیلئے منعقد ہوگا۔

عام امور:

1۔ 30 اپریل 2020ء کو منعقدہ گزشتہ سالانہ اجلاسِ عام کی کارروائی کی توثیق کرنا۔

2۔ 30 جون 2020ء مختتمہ سال کیلئے کمپنی کے نظرثانی شدہ غیر اشتمال شدہ اور اشتمال شدہ مالی حسابات معہ ان پر ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، غور وخوض اور منظوری دینا۔

3۔ بورڈ آف ڈائریکٹرز کی سفارش کے مطابق حتمی نقد منافع منقسمہ (یعنی 1 روپے فی شیئر) کی ادائیگی پر غور وخوض اور منظوری دینا۔

4۔ محاسب کا تقرر اور اُن کے مشاہرہ کا تعین کرنا۔ ارکان کو مطلع کیا جاتا ہے کہ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے ریٹائرڈ محاسب میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائرڈ کی کمپنی کے محاسب کے طور پر دوبارہ تقرری کی منظوری دی ہے۔

خصوصی امور:

5۔ کمپنیز ایکٹ 2017 کی دفعہ 199 کی پروویژنز کے مطابق، ارکان کو ارسال کئے گئے نوٹس ہذا کے ساتھ لف مادی حقائق کے بیان میں جیسا تجویز کیا گیا، نشاط چونیاں پاور لمیٹڈ، ایک ذیلی کمپنی میں قرضوں/ پیشگیوں کے طریقے سے 1.00 بلین روپے کی اتھرائز سرمایہ کاری پر غور وخوض اور اگر بہتر خیال کیا گیا تو خصوصی قرارداد کو پاس کرنا۔

(نوٹس ہذا کے ساتھ لف شدہ مادی حقائق کا بیان کمپنیز ایکٹ 2017 کی دفعہ 134(3) کے تحت مطلوبہ، مذکورہ بالا خصوصی امور اور خصوصی قراردادوں کے ڈرافٹ کا احاطہ کرتا ہے)

لاہور

مورخہ: 06 اکتوبر 2020ء

بحکم بورڈ

ثمینہ اسلم

کمپنی سیکرٹری

نوٹ:

1۔ حصص منتقلی کتابوں کی بندش

AGM میں شرکت کے لئے

کمپنی کی حصص منتقلی کتابیں از 21-10-2020 تا 28-10-2020 (بشمول ہر دو ایام) کے لئے بند رہیں گی۔ مادی منتقلیاں/ سی ڈی ایس، کمپنی کے شیئر رجسٹرار، میسرز حمید مجید ایسوسی ایٹ (پرائیویٹ) لمیٹڈ، ایچ ایم ہاؤس، 7- بینک سکوائر، لاہور پر 20-10-2020 کو کاروبار کے اختتام تک موصول ہونے والی اجلاس میں شرکت کے مقصد کیلئے بروقت تصور ہونگی۔

حتمی نقد منافع کے استحقاق کیلئے:

کمپنی کی حصص منتقلی کتابیں از 21-10-2020 تا 28-10-2020 (بشمول ہر دو ایام) 10 فیصد حتمی نقد منافع منقسمہ یعنی 1 روپے فی شیئر کے استحقاق کے لئے بند رہیں گی۔ مادی منتقلیاں/ سی ڈی ایس، کمپنی کے شیئر رجسٹرار، میسرز حمید مجید ایسوسی ایٹ (پرائیویٹ) لمیٹڈ، ایچ ایم ہاؤس، 7- بینک سکوائر، لاہور پر 20-10-2020 کو کاروبار کے اختتام تک موصول ہونے والی مذکورہ بالا استحقاق کے لئے بروقت تصور ہونگی۔

2۔ سالانہ اجلاس عام میں شرکت

اجلاس ہذا میں شرکت اور ووٹ دینے کا اہل ممبر اجلاس میں شرکت اور ووٹ دینے کیلئے اپنی بجائے شرکت اور ووٹ دینے کیلئے کسی دیگر ممبر کو اپنا پراکسی مقرر کرسکتا ہے۔ پراکسی تقرری کے آلات باقاعدہ مہر اور دستخط شدہ کمپنی کے رجسٹرڈ دفتر پر اجلاس کے انعقاد کے وقت سے کم از کم 48 گھنٹے قبل لازماً موصول ہو جانے چاہئیں۔

سی ڈی سی اکاؤنٹ ہولڈرز کو مزید برآں سکیورٹیز اینڈ ایکسچینج کمشن آف پاکستان سے جاری شدہ سرکلر نمبر 1 مورخہ 26 جنوری 2000 میں دی گئی درج ذیل گائیڈ لائنز کی پیروی کرنا ہوگی۔

A۔ اجلاس میں شرکت کیلئے:

i)۔ بصورت افراد، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/ یا شخص جن کی سکیورٹیز گروپ اکاؤنٹ میں ہیں اور اُنکی رجسٹریشن تفصیلات، ریگولیشنز کے مطابق اپ لوڈ ہیں، کو اجلاس میں شرکت کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ دکھا کر اپنی شناخت ثابت کرنا ہوگی۔

ii)۔ بصورت کارپوریٹ اینٹٹی، بورڈ آف ڈائریکٹرز کی قرارداد/ مختارنامہ معہ نامزد کے نمونہ دستخط اجلاس کے وقت مہیا کرنا ہونگے (اگر پہلے مہیا نہیں کئے گئے)۔

B۔ پراکسیز تقرری کیلئے:

(i)۔ بصورت افراد، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/ یا شخص جن کی سکیورٹیز گروپ اکاؤنٹ میں ہیں اور اُنکی رجسٹریشن تفصیلات، ریگولیشنز کے مطابق اپ لوڈ ہیں، کو بالا ریکوائرمنٹ کے مطابق پراکسی فارم جمع کرانا ہوگا۔

(ii)۔ پراکسی فارم، دو (2) افراد جن کے نام، پتے اور CNIC نمبرز فارم پر مذکور ہونگے، سے گواہی شدہ ہونگے۔

(iii)۔ بینیفیشل اونرز اور پراکسی کے CNIC یا پاسپورٹ کی مصدقہ نقول، پراکسی فارم کے ہمراہ جمع کرانا ہونگی۔

(iv)۔ پراکسی، اجلاس کے وقت اپنا اصل CNIC یا اصل پاسپورٹ مہیا کرے گا/ گی۔

(v)۔ بصورت کارپوریٹ اینٹٹی، بورڈ آف ڈائریکٹرز قرارداد/ مختارنامہ معہ نمونہ دستخط، کمپنی کو پراکسی فارم کے ہمراہ جمع کرانا ہوگا (اگر پہلے مہیا نہیں کئے)۔

3۔ ڈیویڈینڈ وارنٹس پر CNIC/NTN نمبر (لازمی)

سیکورٹیز اینڈ ایکسچینج کمیشن پاکستان (SECP) نے بروئے اپنے نوٹیفکیشن SRO 19(1)/2014 مورخہ 10 جنوری 2014 معہ نوٹیفکیشن SRO 831(1)/2012 مورخہ 5 جولائی 2012 کے مطابق وقتاً فوقتاً پہلے ہی مطلع کیا ہے کہ ڈیویڈینڈ وارنٹس پر نابالغ اور کارپوریٹ حصص داران کے سوائے رجسٹرڈ حصص دار یا بااختیار شخص کے کمپیوٹرائزڈ شناختی کارڈ (CNIC) نمبر

بھی درج ہونے چاہئیں۔

لہٰذا، ڈیویڈینڈ وارنٹس کا اجراء حصص داران کی طرف سے CNIC (انفرادی) / NTN (کارپوریٹ اینٹیٹیز) کے جمع کرانے کے حوالے سے ہوگا۔

4۔ انکم ٹیکس آرڈیننس 2001 کی دفعہ 150 کے تحت ڈیویڈینڈ سے انکم ٹیکس کی ڈیڈکشن (لازمی)

(i)۔ فنانس ایکٹ 2017 کی پروویژنز کی پیروی میں ڈیویڈینڈ ادائیگیوں سے انکم ٹیکس کی ڈیڈکشن کی شرح انکم ٹیکس آرڈیننس کے تحت پر درج ذیل ہیں:

فائلرز	15%
نان فائلرز	30%

تمام حصص داران سے درخواست ہے کہ ایف بی آر کی ویب سائٹ پر مہیا ایکٹو ٹیکس پیئرز فہرست (ATL) میں اپنا سٹیٹس چیک کریں اور اگر درکار ہو، ٹیکس ڈیڈکشن کی کم شرح سے مستفید ہونے کے لئے ATL میں اپنے نام کا اندراج کرانے کے لئے ضروری اقدامات اُٹھائیں۔

(ii)۔ مزید برآں، فیڈرل بورڈ آف ریونیو (ایف بی آر) کی وضاحت کے مطابق بصورت مشترکہ اکاؤنٹ ہر ایک جوائنٹ ہولڈر سے انکے شیئر ہولڈنگ تناسب کی بنیاد پر اصل شیئر ہولڈر اور جوائنٹ ہولڈر کے طور یا تو فائلر یا نان فائلر الگ الگ ود ہولڈنگ ٹیکس کا تعین کیا جائیگا اس حوالہ سے تمام حصص داران جو مشترکہ حصص رکھتے ہیں سے التماس ہے کہ اپنے ملکیتی حصص کی بابت اصل شیئر ہولڈر اور جوائنٹ ہولڈر کا شیئر ہولڈنگ تناسب درج ذیل کے مطابق تحریری صورت میں ہمارے شیئر رجسٹرار کو مہیا کریں۔

کمپنی کا نام	فولیو / سی ڈی ایس اکاؤنٹ نمبر	کل حصص	اصل حصص دار		مشترکہ حصص دار	
			نام اور CNIC نمبر	شیئر ہولڈنگ تناسب (حصص کی تعداد)	نام اور CNIC نمبر	شیئر ہولڈنگ تناسب (حصص کی تعداد)

مطلوبہ معلومات ہمارے شیئر رجسٹرار کو نوٹس ہذا کے 10 یوم کے اندر پہنچ جانی چاہئیں بصورت دیگر یہ تصور کرلیا جائے گا کہ اصل شیئر ہولڈر اور جوائنٹ ہولڈر شیئرز کی مساوی تعداد کا مالک ہے۔

(iii)۔ کسی تفتیش / مسئلہ / معلومات کے لئے سرمایہ کار ہمارے شیئر رجسٹرار، میسرز حمید مجید ایسوسی ایٹ (پرائیویٹ) لمیٹڈ، ایچ ایم ہاؤس، 7۔ بینک سکوائر، لاہور فون: 2-042-37235081 یا ای میل: shares@hmaconsultants.com پر رابطہ فرمائیں۔

iv۔ سی ڈی سی اکاؤنٹس کے حامل کارپوریٹ شیئر ہولڈرز کو اپنے متعلقہ پارٹیسپنٹس کے ہاں اپنے قومی ٹیکس نمبر (NTN) اپ ڈیٹ رکھنا چاہئے جبکہ کارپوریٹ مادی حصص داران کو اپنے NTN سرٹیفکیٹ کی کاپی ہمارے شیئر رجسٹرار، میسرز حمید مجید ایسوسی ایٹ (پرائیویٹ) لمیٹڈ کو ارسال کرنی چاہئے۔ NTN یا NTN سرٹیفکیٹس جو بھی صورت ہو ارسال کرتے وقت حصص داران کو کمپنی کا نام اور اپنے متعلقہ فولیو نمبر لازماً تحریر کرنے چاہئیں۔

v۔ ڈیویڈینڈ آمدنی سے ود ہولڈنگ ٹیکس ایگزیمپشن کی صرف اس صورت میں اجازت دی جائے گی۔ کہ ٹیکس ایگزیمپشن سرٹیفکیشن کی کاپی یکم نومبر 2019 تک ہمارے شیئر رجسٹرار میسرز حمید مجید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو دستیاب ہو۔

5۔ زکوٰۃ، زکوٰۃ اور عشر قوانین کے تحت سورس پر ڈیویڈینڈز سے منہا کی جائے گی اور متعلقہ اتھارٹی کے ہاں مجوزہ مدت کے اندر جمع کرائی جائے گی۔ کوئی شیئر ہولڈرز جو ایگزیمپشن کلیم کرنا چاہتا ہو زکوٰۃ اور عشر آرڈیننس 1980ء اور زکوٰۃ (ڈیڈکشن اینڈ ری فنڈ) رولز 1980ء کے رول 4 کے تحت اپنی زکوٰۃ ڈیکلریشنز CZ-50 فارم میں ہمارے شیئر رجسٹرار، میسرز، حمید مجید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، کو جمع کرائیں، بصورت دیگر ایگزیمپشن نہیں دی جائے گی۔ حصص یافتگان زکوٰۃ ڈیکلریشن جو بھی صورت ہو، ارسال کرتے ہوئے کمپنی کا نام اور اپنے متعلقہ فولیو نمبرز / سی ڈی سی اکاؤنٹ نمبرز لازماً تحریر کریں۔ یکم شعبان سے قبل موصول ہونے والی زکوٰۃ ڈیکلیریشن استحقاق کی اہل ہیں۔

6۔ نقد منافع منقسمہ کی الیکٹرونیکلی ادائیگی

کمپنیز ایکٹ 2017ء کے سیکشن 242 پروویژنز کے مطابق، نقد منافع منقسمہ کا لین دین فقط الیکٹرانک موڈ کے ذریعہ براہ راست حقدار حصص داران کی طرف سے منسوب بینک اکاؤنٹ میں کیا جائے گا۔ تمام حصص داران سے التماس ہے کہ اپنے بینک مینڈیٹ سپیسیفائنگ تفصیلات:

(i) عنوان اکاؤنٹ---

(ii) IBAN نمبر---

(iii) بینک کا نام---

(iv) برانچ کا نام، کوڈ اور پتہ ---

(v) حصص دار کے دستخط ---

کمپنی کے شیئر رجسٹرار میسرز حمید مجید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو مہیا کریں۔ حصص داران جو حصص پارٹیسپنٹس / سنٹرل ڈیپازٹری کمپنی پاکستان (CDC) کے ہاں حصص رکھتے ہیں سے درخواست ہے کہ مذکورہ بالا بینک مینڈیٹ تفصیلات متعلقہ پارٹیسپنٹ / سی ڈی سی کو مہیا کریں۔

7۔ ڈیجیٹل سٹوریج کے ذریعے سالانہ رپورٹس کی ترسیل

SECP کے نوٹیفکیشن SRO 471(1)/2016 مورخہ 31 مئی 2016 کی پیروی میں نشاط (چونیاں) لمیٹڈ کے حصص داران کمپنی کے 27 ویں AGM میں سالانہ رپورٹس بشمول تنقیح شدہ سالانہ حسابات، AGM کے نوٹسز اور کمپنی کی دیگر معلومات ہارڈ کاپیوں میں ترسیل کی بجائے سی ڈی / ڈی وی ڈی / یو ایس بی کے ذریعے ترسیل کیلئے اپنی رضامندی کی منظوری دے چکے ہیں۔ حصص داران جو مذکورہ بالا دستاویزات کی ہارڈ کاپیاں وصول کرنا چاہتے ہوں کمپنی سیکرٹری / شیئر رجسٹرار کو سالانہ رپورٹ میں مہیا شدہ اور کمپنی کی ویب سائٹ پر بھی دستیاب معیاری درخواست فارم ارسال کریں اور کمپنی حصص داران کو مطالبہ پر مذکورہ بالا دستاویزات ایسی طلب کے ایک ہفتہ کے اندر مفت مہیا کرے گی۔ حصص داران جو سالانہ رپورٹ بشمول اجلاس کے نوٹسز بذریعہ ای میل بھی وصول کرنا چاہتے ہوں سے درخواست ہے کہ سالانہ رپورٹ میں مہیا شدہ اور کمپنی کی ویب سائٹ پر بھی دستیاب معیاری درخواست فارم پر اپنی تحریری رضامندی فراہم کریں۔

8۔ وڈیو کانفرنس سہولت

کمپنیز ایکٹ کی پروویژنز کی پیروی میں، کمپنی کے کل پیڈ اپ کیپٹل کے کم از کم 10% کے مالک لاہور کے علاوہ شہر میں سکونتی ارکان کمپنی سے اجلاس میں شرکت کے لئے وڈیولنک کی سہولت مہیا کرنے کا مطالبہ کرسکتے ہیں۔ وڈیولنک سہولت کا مطالبہ مذکورہ بالا پتہ پر شیئر رجسٹرار کے ذریعے سالانہ رپورٹ میں مہیا شدہ اور کمپنی کی ویب سائٹ پر بھی دستیاب معیاری درخواست فارم پر اجلاس کی تاریخ سے کم از کم 7 یوم قبل وصول کیا جائے گا۔

9۔ پتہ کی تبدیلی

ممبران سے التماس ہے کہ اپنے پتہ میں کسی تبدیلی سے فی الفور مطلع فرمائیں۔ حصص داران سے التماس ہے کہ مذکورہ بالا معلومات/دستاویزات (i) متعلقہ سنٹرل ڈیپازٹری سسٹم (CDS) پارٹیسپنٹس اور (ii) مادی سیکورٹیز کی صورت میں کمپنی کے شیئر رجسٹرار کو مہیا کریں۔

10۔ حصص داروں کے سالانہ اجلاس عام کے لئے کورونا وائرس ہنگامی منصوبہ بندی

کووڈ 19 کے حالات کی وجہ سے، حکومت نے ایک مقام پر بڑے عوامی اجتماعات پر پابندی عائد کی ہے۔ اس کے علاوہ، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے مورخہ 17 مارچ 2020 کو جاری کردہ اپنے سرکلر نمبر 5 کی شرائط میں اور پاکستان اسٹاک ایکسچینج لمیٹڈ (PSX) نے اپنے نوٹس ریفرنس PSX/N-372 مورخہ 19 مارچ 2020 کے ذریعے کمپنیوں کو حصص داران اور عوام الناس کی حفاظت اور بھلائی کی خاطر اجلاس عام کی اپنی معمول کی منصوبہ بندی تبدیل کرنے کی ہدایت کی ہے۔

SECP کی ہدایات پر غور کرتے ہوئے، کمپنی اس AGM کو قورم ضروریات کی تعمیل کو یقینی بناتے ہوئے حصص داران کی کم از کم مادی انٹریکشن کا ارادہ رکھتی ہے اور ارکان سے درخواست کرتی ہے کہ AGM میں اپنی حاضری اور ووٹنگ پراکسیز کے ذریعے کنسولیڈیٹ کریں۔

لہذا، کمپنی نے اس بابت یقینی انتظامات کئے ہیں کہ تمام پارٹیسپنٹس، بشمول حصص داران AGM کارروائی میں وڈیولنک کے ذریعے شرکت کرسکتے ہیں۔ جو ممبران جو سالانہ اجلاس عام میں شرکت کے خواہاں ہیں ان سے درخواست کی جاتی ہے کہ وہ اپنی درج ذیل معلومات ای میل آئی ڈی: matif@nishat.net پر سبجیکٹ "رجسٹریشن برائے AGM" معہ کارآمد کمپیوٹرائزڈ قومی شناختی کارڈ CNIC (دونوں اطراف) کی کاپی اجلاس سے کم از کم 48 گھنٹے قبل ارسال کریں:

نام حصص دار	CNIC نمبر	فولیو نمبر / CDC اکاؤنٹ نمبر	موبائل نمبر	ای میل ایڈریس

حصص داران جو بالا ضروریات کے مطابق ضروری توثیق کے بعد رجسٹرڈ ہوں گے کو کمپنی ای میل کے ذریعے پاسورڈ پروٹیکٹڈ وڈیولنک فراہم کرے گی۔ مذکورہ لنک AGM کی تاریخ کو صبح 10:30 بجے سے اجلاس کے اختتام تک کھلا رہے گا۔ حصص داران AGM کے ایجنڈا آئٹمز کے لئے اپنی آراء اور استفسارات بھی matif@nishat.net پر فراہم کرسکتے ہیں۔

چنانچہ ممبران کی AGM میں وڈیولنک کے ذریعے شرکت یا پراکسیز کے ذریعے اپنی حاضری کو کنسولیڈیٹ کرنے کی ترغیب دی جاتی ہے۔

11۔ کمپنی 30 جون 2020 مختتمہ سال کے لئے نظرثانی شدہ مالی حسابات معہ ان پر آڈیٹرز اور ڈائریکٹرز کی رپورٹس اپنی ویب سائٹ: www.nishat.net پر رکھ چکی ہے۔

خصوصی کاروبار سے متعلق کمپنیز ایکٹ، 2017 کی دفعہ (3)134 کے تحت بیان:

پس منظر کی معلومات

نشاط چونیاں پاور لمیٹڈ (این سی پی ایل) ایک پبلک لمیٹڈ کمپنی ہے جو سال 2007 میں پاور پالیسی 2002 کے تحت بطور آزاد پاور پروڈیوسر (آئی پی پی) قائم کی گئی ہے۔ یہ نشاط چونیاں لمیٹڈ ("کمپنی") کا ذیلی ادارہ ہے۔ اس وقت یہ پاکستان اسٹاک ایکسچینج لمیٹڈ میں درج ہے۔ اس کمپنی کی اصل سرگرمی 200 میگاواٹ کی مجموعی گنجائش کے حامل فیول فائر پاور اسٹیشن کی تعمیر، چلانا اور برقرار رکھنا ہے۔ این سی پی ایل کو اپنے تجارتی قرضوں میں توازن کا مسئلہ درپیش ہے کیونکہ این ٹی ڈی سی کی طرف سے ادائیگیوں میں تاخیر کی وجہ سے معمول کے مطابق اتار چڑھاؤ آتا رہتا ہے۔ جس سے این سی پی ایل میں لیکویڈیٹی کی پریشانی پیدا ہوتی ہے جس وجہ سے اسے اپنے ورکنگ سرمایہ کی ضروریات کو پورا کرنے کے لئے فنڈز کی ضرورت ہے۔ کمپنی کی انتظامیہ نے NCPL میں 1.00 بلین کے قرضوں/ایڈوانس کی 3 ماہ KIBOR کے علاوہ 200 بی پی ایس کی مارک اپ شرح پر توسیع کرکے اپنے فنڈز کی سرمایہ کاری کرنے کی تجویز دی ہے جو متعلقہ مدت یا کمپنی کی قرض قیمت جو قرض لینے کی تاریخ سے ایک سال کی مدت میں زیادہ ہو کے لئے KIBOR سے کم نہیں ہوگی۔ مارک اپ کی ادائیگی سہ ماہی بنیاد پر ہوگی۔ اس سرمایہ کاری کا مقصد ماتحت ادارہ کے آپریشنز کی حمایت کرنا ہے جو کمپنی کو مستقل آمدنی فراہم کرتا ہے۔

مستعدی

ڈائریکٹرز نے ضوابط کے مطابق، مجوزہ سرمایہ کاری کے لئے مطلوبہ ضروری کارروائی کی ہے جس کے لئے کمپنیز ایکٹ، 2017 کی دفعہ 199 کے تحت خصوصی قرارداد کے ذریعے حصص داران کی رضامندی لازمی ہے۔ بورڈ کی طرف سے مستعدی رپورٹ سالانہ عام اجلاس میں ممبروں کے معائنے کے لئے دستیاب ہوگی۔

کمپنی میں سرمایہ کار کمپنی، اس کے سپانسرز اور ڈائریکٹرز کی دلچسپی

ضابطہ (1)4 کے تقاضے کے مطابق، یہ اعلان کیا جاتا ہے کہ:

1۔ سرمایہ کار کمپنی، این سی پی ایل، نشاط چونیاں لمیٹڈ میں کوئی حصص نہیں رکھتی ہے اور مشترکہ ڈائریکٹرشپ کے علاوہ اس کمپنی میں کوئی دلچسپی نہیں ہے۔

2۔ سرمایہ کار کمپنی کے سپانسرز/ڈائریکٹرز نشاط چونیاں لمیٹڈ میں درج ذیل حصص رکھتے ہیں۔

نام	حصص کی تعداد
محترمہ فرحت سلیم	5,915,838
جناب شہزاد سلیم	54,860,632
محترمہ عائشہ شہزاد	238,448
جناب زین شہزاد	1,035,500
جناب فرخ افضال	500

نشاط چونیاں پاور لمیٹڈ کے آڈٹ شدہ مالیاتی گوشوارے

ضابطہ 5 کی ضرورت کے مطابق، 30 جون 2020 کو سرمایہ کار کمپنی کے حالیہ مالیاتی گوشوارے اور گزشتہ عبوری مالی حسابات سالانہ اجلاس عام میں ممبروں کے معائنے کے لئے دستیاب ہوں گے۔

خصوصی قراردادیں:

تجویز دی گئی ہے کہ مندرجہ ذیل قرارداد کو معہ یا بغیر کسی ترمیم کے ساتھ خصوصی قرارداد تصور اور منظور کیا جائے۔

''قرار پایا کہ نشاط چونیاں لمیٹڈ ("کمپنی") کے ممبروں کی منظوری ہے اور بذریعہ ہذا کمپنیز ایکٹ، 2017 کی دفعہ 199 کے تحت 1.00 بلین روپے (صرف ایک بلین روپے) تک کمپنی کے ذیلی ادارہ نشاط چونیاں پاور لمیٹڈ ("این سی پی ایل") میں وقتاً فوقتاً قرضوں اور ایڈوانس کے ذریعہ، اور جب این سی پی ایل کو ضرورت ہو تو، 3 ماہ کے KIBOR+200 بی پی ایس کی شرح پر سرمایہ کاری کی جائے گی واضح کیا جاتا ہے کہ واپسی کی شرح متعلقہ مدت یا سرمایہ کار کمپنی کی قرضہ کی قیمت جو بھی زیادہ ہو کے لئے KIBOR سے کم نہ ہو اور اس طرح کے قرض اور/ یا ایڈوانس کی فراہمی کی تاریخ سے ایک سال کے اندر اور ممبروں کو انکشاف کردہ دیگر شرائط وضوابط کے مطابق ادائیگی ہوگی۔

مزید قرار پایا کہ مذکورہ قرارداد 1 (ایک) سال کے لئے کارآمد ہوگی اور جو کمپنی کا چیف فنانشل آفیسر اور کمپنی سیکرٹری ہے اور بذریعہ ہذا جب کہا جائے اور جب مناسب اور ضروری خیال کیا جائے کمپنی اور اس کے حصص یافتگان کے بہترین مفاد میں مذکورہ سرمایہ کاری کا فیصلہ کرنے اور اس سلسلے میں مطلوب کسی بھی دستاویزات اور معاہدوں پر عمل درآمد اور تمام کاروائیوں، معاملات، اعمال اور چیزیں جو ہو سکتی ہیں اس میں شامل ہونے والے تمام ضروری اقدامات اور، واقعاتی اور ذیلی وقتاً فوقتاً سرمایہ کاری کرنے کے لئے خصوصی قرارداد کے جذبے اور ارادے کو عملی جامہ پہنانے کے مقصد کے لئے ضروری یا مفید ہوں کے مشترکہ اور واحد مجاز ہیں۔

مزید معلومات

کمپنیز (شریک کمپنیوں یا شریک انڈرٹیکنگز میں سرمایہ کاری) ریگولیشنز 2012 (ریگولیشنز) کے تحت درکار درج ذیل مزید معلومات فراہم کی گئی ہیں۔

حوالہ نمبر	ریکوائرمنٹ	معلومات
i	نام شریک کمپنی	نشاط چونیاں پاور لمیٹڈ ("NCPL")
ii	تعلق کی بنیاد	NCPL ایک ذیلی کمپنی ہے
iii	گذشتہ تین سالوں کی آمدنی / (نقصان) فی شیئر	سال — آمدنی/ (نقصان) فی شیئر (روپے) 2020 — 12.54 2019 — 9.30 2018 — 9.27
iv	گزشتہ نظرثانی شدہ مالی حسابات پر مبنی، بریک اپ ویلیو فی شیئر	51.63 روپے
v	حالیہ مالی حسابات کی بنیاد پر منافع اور نقصانات کے حسابات اور مالی حیثیت کے حسابات کی اہم آئٹمز سمیت مالی حالت	30 جون 2020 مختتمہ سال کے لئے نظرثانی شدہ مالیاتی گوشوارے ظاہر کرتے ہیں: بیلنس شیٹ — '000' روپے اثاثے غیر موجود اثاثے — 10,574,636 موجودہ اثاثے — 20,376,070 کل اثاثے — 30,950,706 واجبات طویل مدتی — 730,267 مختصر مدتی — 11,254,499 کل واجبات — 11,984,766 نفع اور نقصان فروخت — 13,022,871 مجموعی منافع — 6,755,752 مجموعی منافع تناسب — 52% بعد از ٹیکس خالص منافع — 4,605,770 بعد از ٹیکس خالص منافع تناسب — 35% فی شیئر آمدنی — 12.54
vi	شریک کمپنی یا شریک انڈرٹیکنگز کے منصوبہ جس نے آپریشنز کا آغاز نہیں کیا کے سلسلہ میں سرمایہ کاری کی صورت میں، درج ذیل مزید معلومات، بنامی:	کوئی نہیں
	I۔ منصوبہ کی تفصیل اور Conceptualization سے اسکی ہسٹری	کوئی نہیں
	II۔ کام کی تاریخ آغاز اور تکمیل کی متوقع تاریخ	کوئی نہیں۔
	III۔ مدت جس میں ایسا منصوبہ تجارتی پیداوار دینا شروع کر دے گا	کوئی نہیں۔
	IV۔ متوقع مدت جس میں منصوبہ سرمایہ کاری پر منافع دینا شروع کر دے گا	کوئی نہیں۔

	V۔ پروموٹرز، اسپانسرز، شریک کمپنی یا شریک انڈر ٹیکنگز کی طرف سے لگائے گئے فنڈز یا کی جانے والی سرمایہ کاری پر نقد اور غیر نقد رقوم کے درمیان فرق	کوئی نہیں۔
	(B) عام وضاحت	
i	کی جانے والی سرمایہ کاری کی زیادہ سے زیادہ رقم	1.00 بلین پاکستانی روپے (ایک بلین روپے صرف)
ii	مقصد، ایسی سرمایہ کاری سے سرمایہ کار کمپنی اور اس کے ارکان کو حاصل ہونے والے فوائد اور سرمایہ کاری کی مدت	سرمایہ کاری کی تفصیلی وضاحت مذکورہ بالا بیکگراونڈ معلومات میں کی گئی ہے۔ یہ ذیلی کمپنی کے آپریشنز کی مددگار ہوگی۔ سرمایہ کار کمپنی کو سرمایہ کاری سے آمدنی حاصل ہوگی۔
iii	سرمایہ کاری کے لئے استعمال ہونے والے فنڈز کے ذرائع اور جہاں ادھار لیے گئے فنڈز استعمال کرنے کا ارادہ ہے	انٹرنل کیش کی پیدائش
	I۔ قرضہ کے ذریعے سرمایہ کاری کے لئے جسٹیفکیشن	کوئی نہیں
	II۔ ایسے فنڈز کے حصول کے لئے کولیٹرل، مہیا کردہ گارنٹیوں اور پلجڈ اثاثوں کی تفصیل	کوئی نہیں
	III۔ فائدہ کے تجزیہ کی لاگت	کوئی نہیں
iv	تجویز کردہ سرمایہ کاری کی بابت شریک کمپنی یا شریک انڈر ٹیکنگ کے ساتھ معاہدات، اگر کوئی ہوں، کی نمایاں خصوصیات	مجوزہ سرمایہ کاری کے لئے NCPL کے ساتھ کوئی معاہدہ نہیں کیا گیا ہے۔ حصص داران کی منظور کردہ شرائط وضوابط کی بنیاد پر قرضہ کی توسیع سے قبل معاہدہ کیا جائے گا۔
v	شریک کمپنی یا شریک انڈر ٹیکنگ یا زیر غور لین دین میں ڈائریکٹر، سپانسرز، اکثریتی حصص داران اور ان کے رشتہ داروں اگر کوئی ہو، کی بالواسطہ یا بلاواسطہ دلچسپی	ڈائریکٹر، سپانسرز، اکثریتی حصص داران اور ان کے رشتہ دار اس کمپنی میں اپنی شیئر ہولڈنگ، اگر کوئی / ڈائریکٹر شپ ہو، کی حد تک کے سوائے کوئی دلچسپی نہیں رکھتے ہیں۔ NCPL، این سی ایل کی رکن نہیں ہے۔ اسکے ڈائریکٹرز NCL کے نامزد کردہ ہیں۔
vi	شریک کمپنی یا شریک انڈر ٹیکنگ میں پہلے سے کی گئی کسی سرمایہ کاری کی صورت میں، کسی خرابی یا تحریری مکمل معلومات / جسٹیفکیشن سمیت ایسی سرمایہ کاری کی کارکردگی کا جائزہ	حصص داران نے 28 اکتوبر 2019 کو منعقدہ اپنے اجلاس میں 1.00 بلین روپے کی سرمایہ کاری کی منظوری دی ہے۔ مذکورہ سرمایہ کاری حصص داران کی منظور کردہ شرائط وضوابط کے مطابق مارک اپ کے ساتھ واپس ادا کردی گئی ہے۔

(c) 1 ورکنگ کیپٹل کی صورت میں سرمایہ کاری کی بابت اضافی وضاحت

i	کیٹگری وائز سرمایہ کاری کی رقم	1.00 بلین روپے بطور قرضہ / پیشگی
ii	سرمایہ کار کمپنی کی اوسط قرضہ کی لاگت، متعلقہ مدت کے لئے کراچی انٹر بینک نے شرح (KIBOR)، شریعہ کمپلینٹ مصنوعات کیلئے ریٹرن کی شرح، اور ریٹرن غیر فنڈ ڈ سہولیات کی شرح، جو بھی صورت ہو، متعلقہ مدت کے لئے پیشکش کردہ	30 جون 2020 کو ختم ہونے والے سال کے لئے کمپنی کی موجودہ اوسط قرضہ کی لاگت 13.29% سالانہ تھی۔ متعلقہ مدت کے لئے 3 ماہ KIBOR
iii	سرمایہ کار کمپنی کی طرف سے وصول کی جانے والی سود، مارک اپ، منافع، فیس یا کمیشن وغیرہ کی شرح	3 ماہ KIBOR پلس 2%
iv	اگر سرمایہ کاری تبدیلی کی خصوصیت رکھتی ہے یعنی یہ سیکورٹیز میں تبدیلی کے قابل ہے، یہ حقیقت معہ شرائط وضوابط بشمول کنورشن فارمولا، حالات جس میں کنورشن ہوسکتی ہے اور مدت جب کنورشن کی جاسکتی ہے۔	قابل اطلاق نہیں
v	شریک کمپنی یا شریک انڈر ٹیکنگ کو دیئے گئے قرضوں یا پیشگیوں کی واپس ادائیگی کا شیڈول اور شرائط و ضوابط	حصص داران کی منظوری کے مطابق اصل رقم کی ادائیگی ایک سال کے اندر جبکہ مارک اپ کی ادائیگی باقاعدہ ماہانہ بنیاد پر کی جائے گی۔

مجلس نظماء کی رپورٹ

آپ کی کمپنی کے ڈائریکٹر 30 جون 2020 کو ختم ہونے والے سال کے لئے آپ کی کمپنی کے مالی نتائج جس میں واحد اور مجموعی نظرثانی شدہ مالی حسابات دونوں شامل ہیں آپ کو پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

جائزہ

COVID-19 وبائی بیماری کے باعث مالی سال 20-2019 ایک مشکل ترین سال تھا کیونکہ مجموعی طور پر کاروباری ماحول انتہائی چیلنجنگ رہا۔ اس کے نتیجے سال 2020 میں خالص فروخت 35.66 بلین رہی جو کہ سال 2019 میں 39.34 بلین روپے تھی۔ تاہم، کمپنی ہوم پروٹوکول سے موثر کام پر عمل درآمد کر کے اپنے کاروبار کو جاری رکھ کر منافع بخش رہنے میں کامیاب رہی، جبکہ حکومت کے جاری کردہ ایس او پیز کی پیروی کرتے ہوئے پلانٹ آپریشنل رہے ہیں۔

اپنے منافع بخش ٹریک ریکارڈ کو برقرار رکھتے ہوئے کمپنی نے گذشتہ سال 8.1 فیصد کے مقابلے میں بعد از ٹیکس منافع 0.7 فیصد کا اعلان کیا ہے۔ منافع میں بنیادی طور پر کمی کوویڈ 19 وبائی بیماری اور دنیا بھر میں لاک ڈاؤن کی وجہ سے ہوئی جس نے مجموعی طور پر سپلائی چین کو بری طرح متاثر اور فیکٹری کی پیداوار کو مختصر عرصہ کے لئے روکنے پر مجبور کیا۔

مستحکم بنیاد پر، کمپنی نے 49.58 بلین کا مجموعی ٹرن اوور حاصل کیا جو گذشتہ سال کے 54.98 بلین روپے کے ٹرن اوور کے مقابلہ میں 9.8 فیصد کم ہے۔

سال ایک نظر میں

آمدنی: 35.66 بلین روپے (9.33- فیصد)

کاروبار سے منافع: 3.37 بلین روپے (42.35- فیصد)

سال کا خالص منافع: 0.265 بلین روپے (91.62- فیصد)

مالی جھلکیاں	مختتمہ سال 2020	مختتمہ سال 2019
فروخت (روپے)	35,666,860,338	39,337,640,505
مجموعی منافع (روپے)	4,204,386,583	4,887,512,561
بعد از ٹیکس منافع (روپے)	265,369,380	3,167,591,540
مجموعی منافع فیصد	11.8%	12.4%
بعد از ٹیکس منافع فیصد	0.7%	8.1%
فی شیئر آمدنی (روپے)	1.11	13.19

منافع

اس سال کے دوران حاصل ہونے والی آمدنی 35.66 بلین روپے گذشتہ سال سے 9.33 فیصد کم رہی جبکہ اس سال کے مجموعی منافع اور خالص منافع میں گذشتہ سال کے مقابلے میں بالترتیب 12.4 فیصد اور 8.1 فیصد سے 11.8 فیصد اور 0.7 فیصد کی کمی واقع ہوئی۔ کمپنی کے محصول اور خالص منافع میں کمی بنیادی طور پر کوویڈ 19 وبائی بیماری اور اس کے باعث ہماری عالمی منڈیوں میں لاک ڈاؤن کی وجہ سے ہوئی ہے جبکہ امریکہ اور چین کی تجارتی جنگ نے مجموعی طور پر برآمدی مارکیٹ خاص طور پر سپننگ بھی متاثر ہوئی ہے۔

تصرفات

کمپنی کی مجلس نظماء نے 2 اکتوبر 2020ء کو منعقدہ اپنے اجلاس میں نقد منافع منقسمہ 1 روپے فی عام شیئر ادا کرنے کی تجویز دی ہے۔

سرمایہ کاری

سال کے دوران آپریشنل کارکردگی کی صلاحیت میں اضافہ اور بہتر بنانے کے لئے ٹیکسٹائل کے مختلف شعبوں میں اہم سرمایہ کاری کی تھی۔ مختصر جائزہ حسبِ ذیل ہے:

کاروبار کا شعبہ	مشینری کا اضافہ	سرمایہ کاری (روپے ملین میں)
سپننگ	•4 آٹو میٹک کونر ونڈرز	139.3
	• 5 کنٹامینیشن سورٹروژن شیلڈ	77.3
	2. نٹامینیشن ہدہ سورٹرٹی ایس۔ سکین	31.5
	1. سمپلیکس رونگ فریم	27.2
	•دیگرز	43.3
	ٹوٹل	318.6
ویونگ	• 48 لومز	441.7
	•1 سزنگ مشین	113.4
	•1 انسپکشن مشین	15.7
	•1 وارپر مشین	14.7
	•1 ہیومیڈٹی پلانٹ	12.7
	•دیگرز	14.3
	ٹوٹل	612.5
ہوم ٹیکسٹائل	• 3 ڈیجیٹل پرنٹنگ مشینز	322.6
	•250 جوک لاک سلائی آٹو مشینز	29.8
	•2 کیورنگ مشینز	14.8
	•2 سنگنگ برنرز	11.6
	• دیگرز	33.3
	ٹوٹل	412.1

شعبہ وار آمدنی

سپننگ اب بھی کمپنی کے لئے آمدنی پیدا کرنے کا مرکزی دھارہ بنی ہوئی ہے، جبکہ COVID-19 وبائی بیماری کی وجہ سے کاروبار کے چیلینجنگ ماحول کے باوجود ہوم ٹیکسٹائل ڈویژن نے اپنا مارکیٹ شیئر برقرار رکھا ہے۔

سپننگ

یہ سال مشکلات سے بھرپور تھا، یہ حیرت کی بات نہیں ہے کہ وبائی بیماری کے باعث معاشی بدحالی کی وجہ سے فروخت میں کمی ہوئی ہے، چوتھی سہ ماہی میں اس زیادہ اثرات مرتب ہوئے جب آمدنی کم ہو کر گزشتہ سال کی اسی سہ ماہی کی فروخت سے نصف رہ گئی۔ مجموعی طور پر فروخت 11 فیصد کم ہو کر، سالانہ 20.9 بلین روپے (2019 میں 23.6 بلین روپے) رہ گئی ہے۔

جبکہ زیادہ بارشوں کی وجہ سے کپاس کی مقامی قیمتوں میں اضافہ جاری ہے،لیکن روپے کی قدر میں کمی کے باوجود برآمدات زیادہ منافع بخش نہیں تھیں۔چین نے موسم بہار کے اہم تہوار کے طور پر اپنی جگہ برقرار رکھنے کے بعد،چینی موسم بہار کے تہوار کے بعد روئی کی طلب میں کافی حد تک کمی رہی جس سے پہلے ہی سوت کا ذخیرہ بھر چکا تھا، جبکہ چین اور امریکہ کے مابین جاری تجارتی جنگ کا اثر اس اثر سے بھی زیادہ شدت اختیار کر گیا ہے۔ COVID-19 کی وجہ سے بازار اور کارخانے بند کرنے پر مجبور ہو گئے ہیں۔اگرچہ مقامی یارن کی قیمتوں میں پہلی ششماہی میں بہتری آئی ہے،لیکن مالی سال کے دوسرے نصف حصے میں عدم استحکام کی وجہ سے،مقامی قیمتوں میں بھی مجموعی طور پر زوال کا رجحان ریکارڈ کیا گیا۔اس طرح کے آزمائشی اوقات نے حکومت کی طرف سے عائد کردہ ملک گیر لاک ڈاؤن کے دوران پلانٹ کو بند کرنے پر مجبور کر دیا، جو بصورت دیگر سال بھر چلتا ہے۔نتیجہ کے طور پر،منافع میں کسی قسم کی بہتری سوالیہ نشان نہیں رہی۔

ویونگ

COVID-19 وبائی بیماری کے آغاز کے سبب ویونگ ڈویژن کو سنگین لاحق ہوئے اس کی بالائی لائن اور زیریں لائن دونوں آپس میں مل گئیں۔ نئے اور کیلنڈر سال کے آغاز کے ساتھ ہی مقامی اور بین الاقوامی سطح کے دونوں ملکوں کے آرڈرز کم ہونے لگے۔تاہم،اتنی سخت معاشی حالت کے باوجود،انتظامیہ سال کا اختتام منافع کے ساتھ کرنے میں کامیاب رہی۔

آگے بڑھتے ہوئے،انتظامیہ ایک مثبت نقطہ نظر کی پیش گوئی کرتی ہے اور اس کا خیال ہے کہ جیسے ہی ویلیو ایڈڈ سیکٹر بتدریج کھلتا ہے،مارجن اور حجم میں بھی بہتری آئے گی۔سال کے دوران کمپنی نے مقررہ اثاثوں میں بہت زیادہ سرمایہ کاری کی جو لومز اور سیزنگ مشینوں پر مشتمل ہے،جس سے ویونگ کے کاروبار میں مزید اضافہ اور انتظامیہ کو ممکنہ گاہکوں کو اپنی طرف راغب کرنے کے قابل بنائے گا۔

ہوم ٹیکسٹائل

کووڈ کی وجہ سے شدید معاشی بدحالی کے باوجود، ڈویژن فروخت کی سطح میں قدرے اضافہ کرنے میں کامیاب رہا، کیونکہ پچھلے سال کے مقابلہ میں اس سال کی آمدنی 2.1 فیصد زیادہ تھی۔

سال کے دوسرے نصف حصے کے دوران، عالمی وبائی بیماری کی وجہ سے بین الاقوامی اور قومی مارکیٹوں میں لاک ڈاؤن تھا۔ابتدائی طور پر،اس ڈویژن کو فروخت میں کمی کا سامنا کرنا پڑا،تاہم،معیشت کی بحالی کے ساتھ،کاروباری سرگرمیوں میں خاطر خواہ بہتری دیکھنے میں آئی کیونکہ حجم اور قیمت دونوں کے لحاظ سے فروخت میں اضافہ کا رجحان دیکھا گیا۔ یہ مستقبل میں میڈ-اپس کے کاروبار کی مارکیٹ صلاحیت کو ظاہر کرتا ہے۔

مزید برآں،سال کے دوران، 3 ڈیجیٹل پرنٹنگ مشینوں کی تنصیب کے ساتھ پرنٹنگ ڈیپارٹمنٹ کی گنجائش کو بڑھایا گیا۔اس کے علاوہ، آٹو لوک/ اوورلاک تصریحات والی 300 جدید ترین سِلائی مشینیں استعمال میں لائی گئیں۔اس نے سلائی کی پیداوار کی استعداد کار کو بڑھانے میں مدد کی ہے۔

لینن کمپنی (ٹی ایل سی) نے کراچی اور لاہور میں دو نئی دوکانیں کھول رکھی ہیں،جس سے کل خوردہ دکانوں کی تعداد چھ ہوگئی ہے۔صارفین کے زبردست ردعمل کی وجہ سے،ٹی ایل سی نے ملک کے دوسرے شہروں میں مزید دکانیں کھول کر اپنا خوردہ اڈہ بڑھانے کا منصوبہ بنایا ہے۔فروری 2020 میں، ٹی ایل سی نے ملک بھر کے صارفین کے لئے "ای شاپ" کے نام سے ایک علیحدہ آن لائن بیس قائم کی ہے، پچھلے سال کے مقابلے میں آن لائن فروخت میں چار گنا اضافہ ہوا۔

ذیلی کمپنیاں

کمپنی نے بین الاقوامی رپورٹنگ معیارات اور کمپنیز ایکٹ 2017 کی ضروریات کے مطابق مجموعی مالی حسابات کے ساتھ ساتھ الگ مالی حسابات بھی منسلک کئے ہیں۔گروپ نتائج میں نشاط (چونیاں) لمیٹڈ (ہولڈنگ کمپنی)، نشاط چونیاں پاور لمیٹڈ (NCPL)، نشاط چونیاں یو ایس اے انکارپوریٹڈ، این سی الیکٹرک کمپنی لمیٹڈ مالی حسابات شامل ہیں۔

مالی جھلکیاں	2020 (روپے ملین میں)	2019 (روپے ملین میں)
کل آمدنی	49,580	54,988
مجموعی منافع	11,096	10,279
ٹیکس سے پہلے منافع	4,570	6,114
ٹیکسیشن	444	535

ٹیکس کے بعد منافع	4,126	5,578
فی شیئر آمدنی (بنیادی اور معتدل)۔روپے	7.75	16.26

نشاط چونیاں لمیٹڈ کی تمام ذیلی کمپنیوں کی مختصر تفصیل حسب ذیل ہے:

نشاط چونیاں پاور لمیٹڈ ، 23 فروری 2007 کمپنیز آرڈیننس 1984 کے تحت انکارپوریٹڈ نیشنل ٹرانسمیشن اینڈ ڈسپیچ کمپنی لمیٹڈ (NTDCL) کے ساتھ 25 سالہ "ٹیک یا پے" کے تحت 200 میگاواٹ کی مجموعی صلاحیت کے حامل بجلی پیدا کرنے کا منصوبہ قائم کرنے کے مقصد کے ساتھ قائم ہوئی۔NCPL نے 21 جولائی 2010 کو اپنے آپریشنز کا آغاز کیا۔ کمپنی کراچی، اسلام آباد اور لاہور اسٹاک ایکسچینجز (اب، پاکستان اسٹاک ایکسچینج) میں درج ہے۔نشاط (چونیاں) لمیٹڈ فی الحال نشاط پاور لمیٹڈ کے 51.07% شیئرز پر کنٹرول رکھتی ہے۔30 جون 2018 کو ختم ہونے والے سال کے لئے NCPL کی کارکردگی پر تفصیلی ڈائریکٹرز رپورٹ الگ پیش کی گئی ہے۔

نشاط چونیاں یو ایس اے انکارپوریٹڈ، بزنس کارپوریشن لاز آف دی سٹیٹ آف نیو یارک کے تحت غیر ملکی ذیلی انکارپوریٹڈ ہے۔ یہ امریکی مارکیٹ سے متعلقہ رسائی، معلومات اور دیگر خدمات مہیا کرنے اور امریکہ میں مقامی ریٹیلرز کو ہوم ٹیکسٹائل مصنوعات درآمد اور تقسیم کرنے والی ہولڈنگ کمپنی کے مارکیٹنگ ڈیپارٹمنٹ کے ساتھ رابطہ کرنے کے بنیادی مقصد کے ساتھ مکمل ملکیتی ذیلی انکارپوریٹڈ ہے۔

این سی الیکٹرک کمپنی لمیٹڈ اور نشاط چونیاں لمیٹڈ کا انضمام

نشاط (چونیاں) لمیٹڈ اور اس کے ممبران اور این سی الیکٹرک کمپنی لمیٹڈ اور اس کے ممبران ("اسکیم") کے درمیان اتحاد/ انضمام کے لئے کمپنیز ایکٹ 2017 کی دفعہ 279 تا 283 ملا کر پڑھیں دفعہ 285 کے تحت سمجھوتوں، انتظامات اور تعمیر نو کی اسکیم کے مطابق نشاط (چونیاں) لمیٹڈ کے حصص یافتگان اور این سی الیکٹرک کمپنی لمیٹڈ کے حصص یافتگان کی طرف سے 31 مارچ 2020 کو منظوری دی گئی اور معزز لاہور ہائیکورٹ، لاہور نے اپنے 24 جون 2020 کے حکم کے تحت اجازت دی اور رجسٹرار آف کمپنیز کے ہاں 20 جولائی 2020 کو اندراج کرایا گیا کہ، 30 جون 2020 سے، این سی الیکٹرک کمپنی لمیٹڈ کے تمام انڈرٹیکنگ اور کاروبار ہمراہ تمام جائیداد، اثاثے، حقوق، واجبات اور ذمہ داریوں کے ساتھ نشاط (چونیاں) میں ضم کر دیا گیا، این سی الیکٹرک کمپنی لمیٹڈ کے جاری، خریداری شدہ اور پیڈ اپ شیئر کیپیٹل کے مقابل ایکویٹی سرمایہ کاری کی ادائیگی نشاط (چونیاں) لمیٹڈ کرے گی۔

مستقبل کا نقطہ نظر، مشکلات اور مواقع

کمپنی کے برانڈ نام TLC (دی لینن کمپنی) سے پورے ملک کے بڑے شہروں میں مزید خوردہ آؤٹ لٹس کھولنے کی منصوبہ بندی جاری ہے۔ایک بڑی آؤٹ لٹ سال کے دوران کراچی میں کھولی گئی ہے، جبکہ حال ہی میں ایمپوریم مال لاہور میں ایک نئی آؤٹ لٹ کا افتتاح کیا گیا ہے۔اس وقت TLC پورے ملک میں 7 خوردہ آؤٹ لٹس چلا رہی ہے۔اس کے علاوہ زیادہ سے زیادہ مارکیٹ شیئر حاصل کرنے کے لئے ای کامرس سہولت کا بھی آغاز کیا گیا ہے۔

ہوم ٹیکسٹائل ڈویژن میں، 3 ڈیجیٹل پرنٹنگ مشینوں کی تنصیب کے ساتھ پرنٹنگ ڈیپارٹمنٹ کی گنجائش کو بڑھایا گیا۔اس کے علاوہ، آٹو لوک/ اوورلاک تصریحات والی 300 جدید ترین سٹچنگ مشینیں استعمال میں لائی گئیں۔اس نے سلائی کی پیداوار کی استعداد کار کو بڑھانے میں مدد کی ہے۔دوسری طرف، انتظامیہ نے ویونگ ڈویژن میں اہم سرمایہ کاری کی ہے جو نئی مارکیٹوں کو ٹیپ کرنے کے ساتھ پروڈکشن لائن میں مزید تنوع لائے گی، کارکردگی کو بڑھانے کے لئے مزید بیک پروسیس کو بھی بہتر بنایا گیا ہے۔

سپننگ میں، جیسے کہ اب ہم نئے معمول کو اختیار کر رہے ہیں، ہم مستقبل قریب میں آپریشنوں میں بہتری کا انداز دلگا رہے ہیں۔ یارن کی بڑھتی ہوئی طلب سے حجمی نمو کے علاوہ قیمتوں میں بہتری آ رہی ہے۔ اگرچہ امریکہ چین تجارتی جنگ چینی مارکیٹ سے یارن کی طلب میں رکاوٹ ہے، اس سے پوری دنیا سے طلب میں اضافے کا امکان پیدا ہو رہا ہے کیونکہ کاروبار ایشین منڈی کے اندر نئے متبادلات کو استعمال کر رہے ہیں۔ یہ کہنا بجا ہے کہ ہم آنے والے دنوں میں بہتر کاروباری امکانات حاصل کر سکتے ہیں۔

چین امریکہ تجارتی تعلقات میں پائے جانے والے تناؤ نے پاکستان کو ٹیکسٹائل ویلیو ایڈڈ سیکٹر میں پیدا ہونے والے خلاء کو پُر کرنے کا منفرد موقع پیش کیا ہے۔ بہت سارے بین الاقوامی خریدار اس خلا کو پُر کرنے کے لئے پاکستان جیسے ممالک کی طرف دیکھ رہے ہیں اور بہت ساری مقامی کمپنیاں تیزی سے اس موقع کو حاصل کر رہی ہیں۔اس سے مقامی تیار کردہ یارن اور گرے کپڑے کی طلب کے ساتھ اس کے مارجن میں بھی اضافہ ہوگا۔

COVID-19 وبائی بیماری نے پورے کارپوریٹ سیکٹر کو متاثر کیا اور ٹیکسٹائل کے کاروبار سمیت بیشتر کاروباروں کے شدید مالی دباؤ کا باعث بنا۔ تاہم، بڑے پیمانے پر حکومت کی طرف سے محرک پیکج کی شکل میں بروقت ردعمل، پالیسی شرح کو تقریباً نصف تک کم کرنا اور سبسیڈائزڈ ڈیلر ریفنانس پیکیج کی پیش کش نے کوویڈ 19 وباء کے اثرات کو کسی حد تک کم کر دیا۔ قلیل مدت میں ان کے مثبت اثرات سے بالاتر، ان اقدامات سے COVID-19 کے بعد بھی معاشی بحالی کی توقع کی جارہی ہے۔ دنیا بھر میں لاک ڈاؤن میں مزید نرمی سے بھی کاروبار کی بحالی میں مدد ملے گی۔ مزید یہ کہ مالی بحران کے دوران طویل مدت سے زیر التواء سیلز ٹیکس رقوم کی واپسی حکومت کا ایک قابل ستائش کارنامہ تھا۔

اگرچہ حکومت کی جانب سے سخت مالی اور مالیاتی اقدامات کی وجہ سے اقتصادی اشاروں میں بڑے پیمانے پر بہتری آنا شروع ہوگئی ہے، تاہم مشکل دور ابھی ختم نہیں ہوا ہے کیونکہ گذشتہ 2 سے 3 ماہ کے دوران افراط زر کی شرح 8 فیصد سے 9 فیصد تک محدود ہے۔ پالیسی شرح میں اضافہ ہوسکتا ہے جو بڑے پیمانے پر مینوفیکچرنگ کی توسیع کو سنجیدگی سے روک سکتا ہے۔ مزید برآں، وقت کی اہم ضرورت ہے کہ پالیسی ساز طویل مدت کے لئے سوچنا شروع کریں تاکہ کاروبار طویل مدتی افق پر منصوبہ بندی کرسکیں۔ پاکستان میں کاروبار کے لئے سیلز ٹیکس اور انکم ٹیکس دونوں کی واپسی ایک بڑی دردسر بنی ہوئی ہے کیونکہ ایف بی آر کے پاس ان کی ادائیگیوں کے بارے میں کوئی یقین نہیں ہے۔

کارپوریٹ سماجی ذمہ داری

سماجی بہبود اور کمیونٹی کی خدمت ہمارے وژن کا لازمی حصہ ہے۔ ہم مختلف ٹیکسز، ڈیوٹیز اور لیویز کی ادائیگی کے ذریعے قومی خزانے میں نہ صرف قابل ذکر اضافہ کرتے ہیں بلکہ ہماری برآمدات کی آمدنی ملک کی غیر ملکی زرمبادلہ کی پوزیشن کو مستحکم کرنے میں کافی اہم کردار ادا کرتی ہے۔ ہم اپنے ملازمین کو کام کا ماحول فراہم کرنے کے لئے مصروف عمل ہیں جو صحت مند، محفوظ اور مسلسل سیکھنے کے لئے موزوں ہو۔ کمپنی نسلی گروہوں، ثقافتوں اور جنس سے قطع نظر مسلسل لوگوں کو روزگار فراہم کررہی ہے۔ ہمیں ایک مساوی مواقع آجر ہونے پر فخر ہے۔

کمپنی ہوم ٹیکسٹائل ڈویژن میں ایڈوانس واٹر ٹریٹمنٹ پلانٹ لگا کر ماحول دوست ٹیکنالوجی میں بھی سرمایہ کاری کررہی ہے۔ مزید برآں، سپننگ اور ویونگ ملز میں استعمال شدہ پانی مقامی کاشتکاروں کو بلا معاوضہ فراہم کیا جاتا ہے۔ مستحکم بنیاد پر راکھ کے مسئلے سے نمٹنے کے لئے کمپنی ایک اینٹیں بنانے کا پلانٹ لگانے کا منصوبہ بنارہی ہے جو کول پاور پلانٹ کی راکھ استعمال کرکے اینٹیں تیار کرے گی۔

رفاہی کوششوں میں، کمپنی ایک اسکول کو عطیہ کرتی ہے، اسکول برائے نام فیس پر اعلیٰ معیار کی تعلیم فراہم کرتا ہے۔ مذکورہ بالا کے علاوہ، کمپنی معہ اس کے اسپانسرز اور دیگر مخیّر حضرات غیر منافع بخش جدید، سلیم میموریل ٹرسٹ ہسپتال (SMTH) قائم کرنے کے پراسیس میں ہیں۔ یہ 350 بستر کا ہسپتال جو 39 کنال کے رقبہ پر تعمیر کیا جارہا ہے، غیر مراعات یافتہ کو ایک مثالی رعایتی طبی علاج فراہم کرے گا۔ ہسپتال کا جزوی سیکشن آئندہ سال تک کھول دیا جائے گا۔

COVID-19 کے باعث لاک ڈاؤن کے ٹیسٹنگ ادوار کے دوران انتظامیہ اپنے ملازمین کے ساتھ پُرعزم رہی اور کوئی واحد ملازم بھی اس کا شکار نہیں ہوا۔

خطرات اور غیر یقینی صورتحال

ہم سمجھتے ہیں کہ کسی بھی ایسے کاروبار کے لئے جو خطرہ کی نمائش ناگزیر ہے جو انڈسٹری میں ترقی اور مسابقت کا خواہاں ہے۔ کمپنی کو متعدد مالی خطرات لاحق ہیں: مارکیٹ کا خطرہ (کرنسی کا خطرہ، سود کی شرح خطرہ سمیت)، کریڈٹ رسک اور لیکویڈیٹی رسک۔ اس کے لئے رسک مینجمنٹ کے ایک سخت سسٹم کے قیام کی ضرورت ہے، جس میں کمپنی کی سرگرمیوں سے متعلق خطرات کی شناخت، تشخیص، نگرانی اور ان کا انتظام کرنے کے لئے داخلی کنٹرول تیار کرنا ہوتا ہے۔ ہم مختلف حالات میں خطرہ/انعام کے تناسب کے بارے میں اپنی فہم کو مستقل طور پر بہتر بنانا اور خطرات کو قابل قبول سطح تک کم کرنا چاہتے ہیں۔

ہم یہ کام پورے تنظیم میں، متوقع خطرے اور اس کے تخفیف کے کلچر کو فروغ دے کر کرتے ہیں۔ کمپنی نے خطرات کے انتظام کے مختلف معیاری آپریٹنگ طریقہ کار نافذ کیا ہے۔ متروکہ ہونے سے بچنے کے لئے انتظامیہ کے ذریعہ وقتاً فوقتاً ان کا جائزہ لیا جاتا ہے اور اس کو جدید حالات کے ساتھ اپ ڈیٹ کیا جاتا ہے۔ بورڈ نے کہا کہ طریقہ کار کی تعمیل کی نگرانی کرتا ہے۔ ہم ہر سطح پر ملازمین میں بیداری پیدا کرنے کے ساتھ، کاروبار کی اخلاقیات میں رسک مینجمنٹ کو سرایت کرنے میں یقین رکھتے ہیں۔ خطرہ انتظامیہ کی پالیسیوں کی موجودگی ہماری حوصلہ افزائی اور انٹرپرائز اور جدت کی سہولت سے متوازن ہے۔

داخلی مالیاتی کنٹرول

نشاط (چونیاں) لمیٹڈ میں ہمارا مضبوط داخلی کنٹرول اور رسک مینجمنٹ نظام ہے۔ رسک مینجمنٹ اور داخلی کنٹرول کے عوامل کو کمپنی کی اثاثوں کی حفاظت اور کمپنی کو درپیش بڑھتے ہوئے خطرات سے مناسب طریقے سے نمٹنے اور/یا کم کرنے کے لئے تیار کئے گئے ہیں۔ کمپنی میں ایک انٹرنل آڈٹ ڈیپارٹمنٹ ہے جو ایک معروف آڈٹ فرم کو دیا گیا ہے جو مقررہ وقت پر آڈٹ اور مینجمنٹ کو رپورٹ پیش کرتا ہے۔

رپورٹس نہ صرف کمی یا لوپ ہولز پیش کرتی ہیں بلکہ موجودہ نظام میں بہتری کی تجاویز بھی دیتی ہیں۔ بورڈ ایک کارگر اور مؤثر انٹرنل کنٹرول سسٹم کو قائم اور منظم کرنے کے لئے اپنی ذمہ داریوں سے مکمل طور پر آگاہ ہے۔ اس لئے داخلی مالیاتی کنٹرول کو مناسب طریقے سے لاگو کر رہے ہیں اور انحصار اس کی مناسب فعالیت پر رکھا جا سکتا ہے۔

ماحولیاتی اثرات

کمپنی باقاعدگی سے ماحول اور معاشرے کی فلاح و بہبود کو بہتر بنانے کے اقدامات کرتی ہے۔

توانائی کی بچت

سستے اور موثر ذرائع سے بجلی پیدا کرنے کی کوششوں کے علاوہ، کمپنی بجلی بچانے کے طریقوں کو تلاش اور استحصال کرنے میں بھی مصروف ہے۔ اس کے علاوہ، بجلی کے ذرائع کو محفوظ اور بچانے کے لئے ان ہاؤس انرجی کنزرویشن آڈٹ کی سفارشات کی بنیاد پر ہم نے LED لائٹس نصب کی ہیں، اس کے علاوہ، ملازمین میں توانائی کی بچت کو فروغ دینے کے لئے ٹریننگ سیشن کا بھی انعقاد کیا ہے۔

ماحولیاتی تحفظ

ہم مسلسل ماحولیاتی تحفظ کے سلسلے میں حکومت کی طرف سے دی جانے والی تجویز کا جائزہ اور عمل درآمد کر رہے ہیں۔ ہم نے اپنے انڈسٹریل پروسیس کے خطرناک اثرات سے ماحول کو محفوظ بنانے کے لئے ای ویسٹ واٹر ٹریٹمنٹ پلانٹ قائم کیا ہے۔ کمپنی نے ویسٹ واٹر سے کاسٹک نکالنے کے لئے کاسٹک ریکوری پلانٹ نصب کیا ہے۔ ہم ماحول دوست ڈائیز اور کیمیکل استعمال کرتے ہیں جو ہمارے فضلہ کے ذخائر پر کم آلودگی کا بوجھ رکھتے ہیں۔ اس کے علاوہ، آن لائن ایمشن مانیٹرنگ سسٹم کول پاور پلانٹ میں نصب کیا جا رہا ہے۔

پیشہ ورانہ حفاظت اور صحت

ہم صحت اور حفاظت سے متعلق آگاہی کے باقاعدہ پروگرام چلاتے ہیں اور کبھی کبھار مفت میڈیکل کیمپوں کا بھی اہتمام کرتے ہیں۔ مزید برآں، ڈینگی اور کورونا وائرس جیسی بیماریوں سے بچنے کے لئے فورگنگ مشینوں کا استعمال کر کے تمام مینوفیکچرنگ سہولیات کے احاطے میں باقاعدگی سے فیومیگیشن کی جاتی ہے۔

کوویڈ 19 وبائی بیماری کے دوران، ہم نے حکومت کی طرف سے جاری کردہ ایس او پیز پر سختی سے عمل پیرا ہونا یقینی بنایا ہے۔ ہمارے ملازمین کی صحت اور تندرستی کو یقینی بنانے کے لئے ماسک اور سینیٹائزر ہماری تمام تر پیداواری سہولیات پر دستیاب ہیں۔ وبائی بیماری میں معاشرتی فاصلہ کے اصولوں کا نفاذ اور سختی سے عمل کیا گیا ہے۔

کمپنی اپنی تمام تر مینوفیکچرنگ سہولیات پر فائر فائٹنگ آلات اور گاڑیاں برقرار رکھتی ہے۔ باقاعدگی سے آگ بجھانے کی مشقیں کی جاتی ہیں اور ملازمین کو کسی بھی حادثہ سے بچنے کے لئے انہیں بنیادی تربیت فراہم کی جاتی ہے۔ ہم صحت اور حفاظت سے متعلق آگاہی کے باقاعدہ پروگرام چلاتے ہیں اور کبھی کبھار مفت میڈیکل کیمپوں کا بھی اہتمام کرتے ہیں۔ مزید برآں، ڈینگی جیسی بیماریوں سے بچنے کے لئے فوگنگ مشینوں کا استعمال کر کے مینوفیکچرنگ کی تمام سہولیات کے احاطے میں باقاعدگی سے دھواں اٹھائے جاتے ہیں۔ کمپنی نے اپنی مینوفیکچرنگ کی تمام سہولیات پر فائر فائٹنگ کا سامان اور گاڑیاں بھی فراہم کیں۔

تعمیل کا بیان

کمپنی نے، پاکستان اسٹاک ایکسچینج لمیٹڈ کے لسٹنگ ضابطے میں شامل کوڈ آف کارپوریٹ گورننس کی ضروریات پر عمل اور باقاعدہ تعمیل کی ہے، اس اثر کا بیان رپورٹ سے منسلک ہے۔

ویلیو ایڈیشن اور تقسیم کا بیان

	روپے ملین میں
پیدا کردہ دولت	
کل وصولی اور دیگر آمدنی	36,120
مال اور خدمات میں خرید	(28,548)
	7,572
دولت کی تقسیم	

حکومت اور معاشرہ کو

ملازمین کی تنخواہ	2,907
عطیہ	4
ٹیکس اور WPPF	488
سرمایہ فراہم کنندگان کو	
مالی لاگت	2,661
منافع منقسمہ	600
سرمایہ کاری اور مستقبل کی ترقی کے لئے محفوظ	
فرسودگی، کساد بازاری اور محفوظ منافع	912
	7,572

کارپوریٹ گورننس

سال کے دوران آپ کی کمپنی کارپوریٹ گورننس کے ضابطہ اخلاق کی ضروریات پر عمل پیرا رہی ہے۔

بورڈ آف ڈائریکٹرز کی تشکیل:

ارکان کی صنف، علم، مہارت اور مہارت کے متنوع مرکب ہمارے بورڈ کی مؤثریت میں اضافہ کرتی ہے۔ ہمارے بورڈ کی تشکیل حصص داران کے تمام اقسام کے مفادات کی نمائندگی کرتی ہے اور یہ مشتمل ہے:

ڈائریکٹرز کی کل تعداد

مرد	7
خاتون	1

ترتیب

بورڈ کی ترتیب مندرجہ ذیل ہے:

a) آزاد ڈائریکٹر: 02، نام درج ذیل ہیں:

i۔ جناب شعیب احمد خان

ii۔ جناب محمد زاہد خان

b) دیگر نان ایگزیکٹو ڈائریکٹرز: 04، نام درج ذیل ہیں:

i۔ محترمہ فرحت سلیم، چیئرپرسن

ii۔ جناب آفتاب احمد خان

iii۔ جناب فیصل فرید

iv۔ جناب فرخ افضال

a) ۔ ایگزیکٹوڈائریکٹر: 02، نام درج ذیل ہیں:

i ۔ جناب شہزادسلیم (چیف ایگزیکٹو)

ii ۔ جناب زین شہزاد

بورڈ آف ڈائریکٹرز کے اجلاس:

زیر جائزہ سال کے دوران چار (8) اجلاس منعقد ہوئے۔ ہر ایک ڈائریکٹر کی حاضری حسب ذیل ہے:

نام ڈائریکٹرز	تعداد حاضری
محترمہ فرحت سلیم (چیئرپرسن)	0
جناب شہزادسلیم (چیف ایگزیکٹو)	8
جناب زین شہزاد	4
جناب آفتاب احمد خان	8
جناب فرخ افضال	8
جناب محمد زاہد خان	8
جناب شعیب احمد خان	7
جناب فیصل فرید (03 ستمبر 2020 کو مقرر ہوئے)	0
جناب محمد علی زیب (29 جون 2020 کو مستعفی ہو گئیں)	5

ڈائریکٹرز کا مشاہرہ

ڈائریکٹرز کا مشاہرہ اور بورڈ کے اجلاس کی فیس کا تعین کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 کے مطابق منظور شدہ پالیسی کے ذریعے کیا گیا ہے۔

آڈٹ کمیٹی

آڈٹ کمیٹی، بورڈ آف ڈائریکٹرز کی طرف سے مقررہ ریفرنس کی شرائط کے مطابق اپنے فرائض انجام دے رہی ہے۔ آڈٹ کمیٹی کی تشکیل درج ذیل ہے:

جناب محمد زاہد خان	چیئرمین
جناب فرخ افضال	ممبر
جناب آفتاب احمد خان	ممبر

HR& معاوضہ کمیٹی

ضابطہ کی تعمیل میں، کمپنی کے بورڈ آف ڈائریکٹرز نے ایک HR & R کمیٹی قائم کی ہے۔ HR & R کمیٹی کی تشکیل درج ذیل ہے:

جناب فیصل فرید	چیئرمین
جناب فرخ افضال	ممبر

جناب محمد زاہد خان	ممبر

نمونہءحصص داری

30 جون 2020ء کے مطابق نمونہءحصہ داری منسلک ہے۔

اظہارتشکر

بورڈ اپنے قابل قدر حصص دار، بینکوں، مالیاتی ادارے اور کسٹمرز کا شکر گزار ہے، جن کے تعاون، مسلسل حمایت اور تحفظ نے کمپنی کو مسلسل بہتری کی طرف گامزن کیا ہے۔ زیرِ جائزہ مدت کے دوران، مینجمنٹ اور ملازمین کے درمیان تعلقات ہموار رہے ہیں اور ہم کمپنی کے ملازمین اور کارکنوں کی لگن اور سخت محنت کا بھی شکریہ ادا کرنا چاہتے ہیں۔

منجانب بورڈ

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چیف ایگزیکٹو	ڈائریکٹر

لاہور: 02 اکتوبر 2020ء

چیئرپرسن کی جائزہ رپورٹ

نشاط (چونیاں) لمیٹڈ ("کمپنی") اپنی حکمت عملی کی راہنمائی اپنے بورڈ آف ڈائریکٹرز ("بورڈ") سے حاصل کرتی ہے جو بلاشبہ اس کی بنیادی قوت ہے۔ بورڈ آٹھ رکنی ڈائریکٹر پر مشتمل ہے جو انڈسٹری کے مروجہ اصولوں سے بخوبی آگاہ ہیں اور کاروبار کو موثر انداز میں چلانے کے لئے ضروری اہلیت اور صلاحیتوں سے آراستہ ہیں۔ ایسے آزمائشی اوقات میں جب کاروبار سخت متاثر ہوا ہو اور COVID-19 وبائی بیماری کی وجہ سے آپریشنل استحکام ایک چیلنج بن جاتا ہے، جبکہ انتظامیہ بڑے پیانے پر اپنے اسٹیک ہولڈرز اور معاشرے کے ساتھ، قائدین کی دانشمندانہ صلاحیت اور مناسب حکمت عملی پر غور کرتے ہوئے ہمدردی کا مظاہرہ کرتی ہے۔ مجھے یہ بتاتے ہوئے بہت خوشی ہورہی ہے کہ بلاشبہ، ڈائریکٹرز نے پوری تندہی سے اپنے فرائض سرانجام دیئے ہیں اور ان کی انتھک کوششوں کے نتیجے میں، کمپنی اپنی صنعت کی پوزیشن کو موثر انداز میں سنبھالنے میں کامیاب رہی ہے۔ مزید یہ کہ، بورڈ، ڈائریکٹرز اور ان کی کمیٹیوں کے سلسلے میں کمپنیز ایکٹ، 2017 کے مروجہ ضوابط کے ساتھ ساتھ، لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے رہنما اصولوں کی تعمیل کی گئی ہے۔

جناب محمد علی زیب نے 29 جون، 2020 کو کمپنی کے ڈائریکٹر کے عہدے سے استعفیٰ دے دیا اور 3 ستمبر، 2020 کو ان کی جگہ جناب فیصل فرید کو مقرر کیا گیا۔

بورڈ کی کارکردگی، جس کا پیچیدہ معیار کے مطابق جائزہ اور تشخیص کی جاتی ہے، اس کو تازہ ترین تشخیص کی بنیاد پر موزوں پایا گیا۔ بورڈ کی کامیابیوں کی اہم جھلکیاں درج ذیل ہیں:

کمپنی کے وژن، مشن اور اقدار کو واضح طور پر سمجھنا اور ان کی تعمیل کو ہر سطح پر یقینی بنانا۔

اسٹریٹجک منصوبوں اور کلیدی فیصلوں کو وضع کرنا جو کمپنی اور اس کے اسٹیک ہولڈرز کے مفادات کے مطابق ہوں۔

کاروباری کارکردگی اور معاملات کا مستقل جائزہ لیتے ہوئے کلیدی داخلی اور بیرونی آڈیٹرز اور آزاد مشیروں (جب اور جہاں بھی قابل اطلاق) کی تلاش کرنا۔

آزاد ڈائریکٹرز سمیت ایگزیکٹو اور غیر ایگزیکٹو ڈائریکٹرز کے متنوع مرکب کو برقرار رکھنا، جبکہ کلیدی فیصلے کرنے میں مناسب مشغولیت کو یقینی بنانا۔

مادی سرمایہ کاری کے فیصلوں کا اندازہ

موثر کنٹرول ماحول اور کارپوریٹ گورننس کے بہترین طریقوں کی تائید اور حفاظت کرنا۔

بورڈ کی رہنمائی کرتے ہوئے، میں اس بات کا یقین دلاؤں گی کہ تمام ممبران مادی حقائق، معلومات اور حالات کو مدنظر رکھتے ہوئے ایک ہی جوش کے ساتھ کمپنی کی خدمت کے لئے پرعزم ہیں کہ تمام شعبوں میں کمپنی کی قدر کو زیادہ سے زیادہ بنائیں۔ کمپنی کے نظم و نسق میں اسٹیک ہولڈرز کا اعتماد اور تعاون قابل ذکر ہے، بہرحال، ہمارے ملازمین کی مسلسل حمایت اور کوششیں ہمارے لئے بہت اہم ہیں اور میں اس موقع پر بورڈ کی طرف سے ان سب کا شکریہ ادا کرتی ہوں۔

موجودہ بورڈ دوبارہ منتخب کیا جاتا ہے کیونکہ ان کے اقتدار کی مدت آئندہ سال اپریل، 2021 میں پوری ہوگی۔

محترمہ فرحت سلیم

چیئرپرسن

تاریخ: 02 اکتوبر، 2020

INVESTORS' EDUCATION

In pursuance of SRO 924(1)/2015 dated September 9th, 2015 issued by the Securities and Exchange Commission of Pakistan (SECP), the following informational message has been reproduced to educate investors:

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