



**Interim Financial Information**  
Half Year Ended December 31, 2020  
(Unaudited)



**NISHAT  
CHUNIAN**  
L T D .



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## COMPANY INFORMATION

### Board of Directors:

Mrs. Farhat Saleem (*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 Baraka 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, Lahor  
Ph: 042-37235081-2 Fax: 042-37358817

# Director's Report

## Dear Shareholders

The Board of Directors is pleased to announce the unaudited results of Nishat (Chunian) Limited ("the Company") for the half year ended 31 December 2020.

## Operating Financial Results

Sales clocked in at Rs. 23.86 billion as compared to Rs. 20.03 billion during the corresponding period of previous fiscal year, registering an increase of 19.16%. Profit after tax of the Company for the current half year is 5.67% which stood at 2.61% in the corresponding period for prior year, translating into EPS of Rs. 5.64 as compared to RS. 2.17 in the same period last year.

Financial Highlights	Half Year ended December 31		Increase / Decrease %
	2020	2019	
Sales (Rs.)	23,865,945,286	20,027,844,460	19.16%
Gross Profit (Rs.)	2,754,287,363	2,545,654,983	8.20%
Profit After Taxation (Rs.)	1,354,014,397	522,185,921	159.30%
Gross Profit %	11.54%	12.71%	
Profit After Tax %	5.67%	2.61%	
Earnings Per Share (Rs.)	5.64	2.17	

## Market Review and Future Prospects

Tenacity of COVID-19 persisted on worldwide scale during this period, and local economic environment remained tenuous, under these circumstances the textile sector displayed remarkable resilience by bouncing back in grand manner. The Company not only achieved pre-COVID sales level but also surpassed it by around 19%, as a result the profitability has more than doubled, increasing the EPS significantly. However, there are major challenges encompassing us down the road, the second wave of coronavirus is far from over and vaccination process seems to be lagging behind. Increase in power tariff from 7.5 US cent to 9 US cent with effect from 1st September 2020 is still in vogue eroding the profitability. For current year, there has been a sizable decline in production of cotton, plunging down the projected output to 21 years' lowest for Pakistan, which have in turn pushed the cotton prices to all time high. Cotton is becoming expensive globally as well, we see an opportunity to settle this by subsequently transferring its impact onwards to the customers.

As glut of demand for value added textile business has come forth with retail sector opening up worldwide post COVID-19 lockdown, companies are already operating at full capacity to grasp this opportunity as exports for this period are already quite impressive. Chinese export market continued to split as buyers are looking to explore vendors elsewhere, which is opening new avenues for local players and the time is ripe for countries like Pakistan to take full benefit of the scenario.

The management plans to take full advantage of discounted loan schemes offered by the Government, as it has planned major BMR and expansion in all three business lines of the Company. Further, the management has recently started operating its newly installed Jacquard Looms to bring in further diversity in the weaving production line.

"The Linen Company (TLC)", has recently opened a new shop in Multan, taking the total retail outlets tally to eight, besides a separate online base named as "E-Shop" for customers throughout the country.

## Subsidiary Companies and Consolidated Financial Statements

The Company's portfolio of subsidiary companies includes Nishat Chunian Power Limited, Nishat Chunian USA Inc. Therefore, the Company has annexed consolidated condensed interim financial information in addition to its separate condensed interim financial information, in accordance with the requirements of International Financial Reporting Standards and applicable provisions of the Company Act, 2017.

## Acknowledgement

The Directors wish to express their appreciation to the dedicated employees who continue to play a pivotal role in the operations of company.

For and on behalf of the Board,

Chief Executive

Director

Date: 25th February 2021

## Director's Report

محترم حصص داران،  
بورڈ آف ڈائریکٹرز 31 دسمبر 2020 کو ختم ہونے والی ششماہی کے لئے نشاط (چونیاں) لمیٹڈ ("کمپنی") کے غیر نظر ثانی شدہ نتائج کا اعلان کرتے ہوئے خوش محسوس کرتے ہیں۔

ایریٹنگ مالیاتی نتائج  
گزشتہ مالی سال کی اسی ششماہی کے 20.03 ارب کی نسبت اس سال کی ششماہی میں وصولی 23.86 ارب ہے جو کے 19.16 فیصد کا اضافہ ظاہر کر رہی ہے۔ اس ششماہی میں کمپنی کا بعد از ٹیکس منافع 5.67 فیصد ہے جو کہ گزشتہ مالی سال کی اسی ششماہی میں 2.61 فیصد تھا، جس سے فی شیئر آمدنی گزشتہ مالی سال کی اسی ششماہی کے مقابلے میں 5.64 روپے تکلیفی ہے۔

مالیاتی جھلکیاں	31 دسمبر ختم شدہ ششماہی	
	2020	2019
وصولی (روپے)	23,865,945,286	20,027,844,460
جموئی منافع (روپے)	2,754,287,363	2,545,654,983
بعد از ٹیکس منافع (روپے)	1,354,014,397	522,185,921
جموئی منافع (فیصد)	11.54%	12.71%
بعد از ٹیکس منافع (فیصد)	5.67%	2.61%
فی شیئر آمدنی (روپے)	5.64	2.17

### مارکیٹ کا جائزہ اور مستقبل کے امکانات

اس ششماہی کے دوران کوویڈ-19 کی شدت پوری دنیا میں برقرار رہی، اور مقامی معاشی ماحول بدحال رہا، ان حالات میں ٹیکسٹائل کے شعبے نے شاندار طریقے سے مشکلات کا سامنا کرتے ہوئے متاثر کن انداز میں واپسی کی۔ کمپنی نے نہ صرف کوویڈ سے پہلے والی وصولی کی سطح کو حاصل کیا بلکہ اس کو تقریباً 19 فیصد سے عبور بھی کر لیا، اس کے نتیجے میں ہمارا منافع، ای این ایس کو نمایاں انداز میں بڑھاتے ہوئے، دو گنے سے بھی بڑھ گیا۔ تاہم، یہاں ہمیں بڑے چیلنجز درپیش ہیں، کورونا وائرس کی دوسری لہر ابھی ختم ہونے سے بہت دور ہے اور ایسا لگتا ہے کہ ڈیسینیشن کا عمل بہت پیچھے رہ گیا ہے۔ یکم ستمبر 2020ء سے تکلی کے نرخوں میں 7.5 امریکی سینٹ سے 19 امریکی سینٹ تک موجود اضافہ منافع کو ختم کر رہا ہے۔ رواں سال میں، کمپنی کی پیداوار میں نمایاں کمی واقع ہوئی ہے، جو کہ پاکستان کی پچھلے 21 سال کی کم ترین توقع پیداوار ہے، اس کے نتیجے میں کمپنی کی قیمتیں تاریخ کی بلند ترین سطح پر چلی گئی ہیں۔ اس کے ساتھ ساتھ کمپنی کی عالمی سطح پر بھی مہنگا ہوتا جا رہا ہے۔ تاہم، ہم بعد میں اس کے اثر کو صارفین تک منتقل کر کے اس کو حل کرنے کا ایک موقع دیکھ رہے ہیں۔

دنیا بھر میں کوویڈ-19 کے لاک ڈاؤن کے بعد ریٹیل سیکٹر کھلنے کی وجہ سے ویلیو ایڈڈ ٹیکسٹائل برنس کی مانگ میں اضافہ ہوا ہے، جس کی وجہ سے کمپنی اپنی پوری صلاحیت پر کام کر رہی ہیں تاکہ اس موقع سے بھرپور فائدہ اٹھائیں۔ یہی وجہ ہے کہ اس ششماہی کی برآمدات کافی شاندار ہیں۔ چائینیز برآمدی مارکیٹ کے تقسیم ہونے سے خریدار دوسری غیر استعمال شدہ مارکیٹ کو دریافت کر رہا ہے، جس سے مقامی انڈسٹری کے لئے نئی راہیں کھل رہی ہیں اور اب وقت آ گیا ہے کہ پاکستان جیسے ممالک اس صورتحال کا بھرپور فائدہ اٹھائیں۔

انتظامیہ حکومت کی پیش کردہ رعایتی قرضوں کی اسکیموں کا بھرپور فائدہ اٹھانے کا ارادہ رکھتی ہے، اسلئے اس نے کمپنی کے تینوں کاروباری خطوط میں بڑے پیمانے پر پی ایم آر آ اور توسیع کی منصوبہ بندی کی ہے۔ مزید برآں، انتظامیہ نے حال ہی میں اپنی نئی نصاب کردہ جیکوہ لومز استعمال کرنا شروع کی ہیں تاکہ بانی، ایویگٹ کی پیداواری لائن میں مزید جدت لاسکے۔  
"لیٹن کمپنی (ٹی این ایس)" نے ملتان میں ایک نئی دکان کھولی ہے جس کے بعد اس کی ریٹیل دکانوں کی تعداد 88 ہو گئی ہے۔ اس کے علاوہ پورے ملک کے صارفین کے لیے "ای شاپ" کے نام سے ایک آن لائن سٹور بھی موجود ہے۔

### ذیلی کمپنیاں اور اشتہال شدہ مالی بیانات

نشاط چونیاں پاور لمیٹڈ اور نشاط چونیاں پاور ایس اے کمپنی کی ذیلی کمپنیاں ہیں۔ لہذا، کمپنی نے بین الاقوامی مالیاتی رپورٹنگ معیارات اور کمپنی ایکٹ 2017 کی لاگو تفہات کے تقاضوں کے مطابق اپنی الگ الگ عبوری معلومات کے علاوہ اشتہال شدہ عبوری معلومات بھی منسلک کی ہیں۔

### اظہار تشکر

ڈائریکٹرز کمپنی کے صفائی ملازمین کے ساتھ اظہار تشکر کرنا چاہتے ہیں جو کمپنی کی کاروباریوں میں اہم کردار ادا کر رہے ہیں۔

### مخائب بورڈ

### چیف ایگزیکٹو

### ڈائریکٹر

تاریخ: 25 فروری، 2021

# INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Nishat (Chunian) Limited

## Report on review of Unconsolidated Condensed Interim Financial Statements

### Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of NISHAT (CHUNIAN) LIMITED as at 31 December 2020 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the unconsolidated condensed interim financial statements for the half year then ended (here-in-after referred to as the "unconsolidated condensed interim financial statements"). Management is responsible for the preparation and presentation of these unconsolidated condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated condensed interim financial statements based on our review. The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income for the quarters ended 31 December 2020 and 31 December 2019 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 2020.

### Scope of Review

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

### Conclusion

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

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

### RIAZ AHMAD & COMPANY

Chartered Accountants

Lahore

Date: 25 February 2021.

# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	Un-audited 31 December 2020 Rupees	Audited 30 June 2020 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital		4,200,000,000	4,200,000,000
Issued, subscribed and paid-up share capital		2,401,190,290	2,401,190,290
Reserves		12,350,103,353	11,236,207,985
<b>Total equity</b>		<b>14,751,293,643</b>	<b>13,637,398,275</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	4	6,128,461,483	6,005,068,426
Lease liabilities	5	71,855,696	71,968,923
Deferred liabilities		172,751,754	-
		6,373,068,933	6,077,037,349
<b>CURRENT LIABILITIES</b>			
Trade and other payables		4,087,227,070	4,455,680,126
Accrued mark-up / profit		311,056,006	463,028,006
Short term borrowings		23,404,647,138	22,554,435,284
Current portion of non-current liabilities		1,977,776,675	512,310,173
Unclaimed dividend		53,476,382	50,714,364
		29,834,183,271	28,036,167,953
<b>Total liabilities</b>		<b>36,207,252,204</b>	<b>34,113,205,302</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	6		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>50,958,545,847</b>	<b>47,750,603,577</b>

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

\_\_\_\_\_  
CHIEF EXECUTIVE

\_\_\_\_\_  
DIRECTOR



## UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	Un-audited 31 December 2020 Rupees	Audited 30 June 2020 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	7	16,595,914,923	16,569,284,419
Right-of-use assets	8	103,000,910	93,072,385
Intangible asset	9	-	110,318
Long term investments		1,886,681,200	1,886,681,200
Long term loans to employees		18,007,630	11,905,910
Long term security deposits		31,351,595	31,689,760
		18,634,956,258	18,592,743,992
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		1,542,063,579	934,214,456
Stock-in-trade		18,779,169,921	19,988,076,994
Trade debts		6,098,633,658	4,686,630,353
Loans and advances		3,218,004,843	1,106,668,001
Short term prepayments		47,781,957	45,835,883
Other receivables		2,535,407,942	2,305,811,963
Accrued interest		264,606	5,321,600
Short term investments		37,892,015	37,833,033
Cash and bank balances		64,371,068	47,467,302
		32,323,589,589	29,157,859,585
<b>TOTAL ASSETS</b>		50,958,545,847	47,750,603,577

CHIEF FINANCIAL OFFICER

Nishat Chunian Limited

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# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Note	Half Year Ended		Quarter Ended	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
----- Rupees -----					
REVENUE		23,865,945,286	20,027,844,460	11,926,435,088	10,479,290,785
COST OF SALES	10	(21,111,657,923)	(17,482,189,477)	(10,447,759,170)	(9,129,290,260)
GROSS PROFIT		2,754,287,363	2,545,654,983	1,478,675,918	1,350,000,525
DISTRIBUTION COST		(562,420,969)	(465,728,745)	(279,721,348)	(238,321,283)
ADMINISTRATIVE EXPENSES		(125,026,843)	(173,934,618)	(56,869,210)	(96,336,858)
OTHER EXPENSES		(83,413,065)	(72,208,169)	(41,457,863)	(4,876,330)
		(770,860,877)	(711,871,532)	(378,048,421)	(339,534,471)
		1,983,426,486	1,833,783,451	1,100,627,497	1,010,466,054
OTHER INCOME		548,617,115	219,626,563	342,262,689	131,085,935
PROFIT FROM OPERATIONS		2,532,043,601	2,053,410,014	1,442,890,186	1,141,551,989
FINANCE COST		(886,184,261)	(1,276,823,390)	(427,176,319)	(657,933,762)
PROFIT BEFORE TAXATION		1,645,859,340	776,586,624	1,015,713,867	483,618,227
TAXATION		(291,844,943)	(254,400,703)	(142,011,159)	(134,699,578)
PROFIT AFTER TAXATION		1,354,014,397	522,185,921	873,702,708	348,918,649
EARNINGS PER SHARE - BASIC AND DILUTED		5.64	2.17	3.64	1.45

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

## UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Half Year Ended		Quarter Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	----- Rupees -----			
PROFIT AFTER TAXATION	1,354,014,397	522,185,921	873,702,708	348,918,649
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 period	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>1,354,014,397</b>	<b>522,185,921</b>	<b>873,702,708</b>	<b>348,918,649</b>

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

\_\_\_\_\_  
CHIEF EXECUTIVE

\_\_\_\_\_  
DIRECTOR

\_\_\_\_\_  
CHIEF FINANCIAL OFFICER

## UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

		Half Year Ended	
Note	31 December 2020	31 December 2019	
		Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
	<b>Cash generated from operations</b>	438,014,201	288,612,747
	Finance cost paid	(1,008,481,364)	(1,221,335,368)
	Income tax paid	(137,062,322)	(124,160,940)
	Net (increase) / decrease in long term loans to employees	(9,938,177)	2,333,829
	Net increase / (decrease) in long term security deposits	338,165	(941,155)
	<b>Net cash used in operating activities</b>	(717,129,497)	(1,055,490,887)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
	Capital expenditure on property, plant and equipment	(623,837,844)	(727,114,496)
	Proceeds from disposal of operating fixed assets	35,586,692	12,162,829
	Loans to subsidiary companies	(1,397,000,000)	(6,722,704,698)
	Repayment of loans from subsidiary companies	817,000,000	4,916,448,430
	Interest received	7,576,902	19,684,442
	<b>Net cash used in investing activities</b>	(1,160,674,250)	(2,501,523,493)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
	Proceeds from long term financing	1,879,972,261	366,334,000
	Repayment of long term financing	(573,703,948)	(546,899,450)
	Repayment of lease liabilities	(24,415,643)	(13,383,876)
	Payment for ordinary shares bought-back	-	(3,485,918)
	Short term borrowings - net	850,211,854	4,393,482,720
	Dividend paid	(237,357,011)	(600,175,017)
	<b>Net cash generated from financing activities</b>	1,894,707,513	3,595,872,459
	<b>Net increase in cash and cash equivalents</b>	16,903,766	38,858,079
	<b>Cash and cash equivalents at the beginning of the period</b>	47,467,302	17,728,377
	<b>Cash and cash equivalents at the end of the period</b>	64,371,068	56,586,456

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

\_\_\_\_\_  
CHIEF EXECUTIVE

\_\_\_\_\_  
DIRECTOR

\_\_\_\_\_  
CHIEF FINANCIAL OFFICER

# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	CAPITAL RESERVE		REVENUE RESERVES		TOTAL RESERVES	TOTAL EQUITY	
	SHARE CAPITAL	Share premium	General reserve	Un-appropriated profit			
				Sub - total			
Rupees							
Balance as at 30 June 2019 (Audited)	2,402,215,560	600,553,890	1,629,221,278	10,706,447,714	12,335,568,992	15,538,438,442	
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 2.5 per share	(1,025,270)	-	-	(600,297,573)	(600,297,573)	(600,297,573)	
				(602,758,221)	(602,758,221)	(603,763,491)	
Profit for the half year ended 31 December 2019	-	-	-	522,185,921	522,185,921	522,185,921	
Other comprehensive income for the half year ended 31 December 2019	-	-	-	-	-	-	
Total comprehensive income for the half year ended 31 December 2019	-	-	-	522,185,921	522,185,921	522,185,921	
Balance as at 31 December 2019 (Un-audited)	2,401,190,290	600,553,890	1,629,221,278	10,625,975,414	12,855,096,692	15,256,840,872	
Loss for the half year ended 30 June 2020	-	-	-	(256,816,541)	(256,816,541)	(256,816,541)	
Other comprehensive income for the half year ended 30 June 2020	-	-	-	(256,816,541)	(256,816,541)	(256,816,541)	
Total comprehensive loss for the half year ended 30 June 2020	-	-	-	(1,362,626,056)	(1,362,626,056)	(1,362,626,056)	
Transfer upon amalgamation	-	-	-	9,006,432,817	9,006,432,817	9,006,432,817	
Balance as at 30 June 2020 (Audited)	2,401,190,290	600,553,890	1,629,221,278	10,635,654,095	11,236,207,985	13,637,398,275	
Transaction with owners - Final dividend for the year ended 30 June 2020 @ Rupees 1.00 per share	-	-	-	(240,119,029)	(240,119,029)	(240,119,029)	
Profit for the half year ended 31 December 2020	-	-	-	1,354,014,397	1,354,014,397	1,354,014,397	
Other comprehensive income for the half year ended 31 December 2020	-	-	-	-	-	-	
Total comprehensive income for the half year ended 31 December 2020	-	-	-	1,354,014,397	1,354,014,397	1,354,014,397	
Balance as at 31 December 2020 (Un-audited)	2,401,190,290	600,553,890	1,629,221,278	10,120,328,185	11,749,549,463	14,751,293,643	

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

**1. THE COMPANY AND ITS OPERATIONS**

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

**2. BASIS OF PREPARATION**

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

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

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

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

**3. ACCOUNTING POLICIES**

The accounting policies and methods of computations adopted for the preparation of these unconsolidated condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2020 except for the changes in accounting policies as stated in note 3.2 to these unconsolidated condensed interim financial statements.

**3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of these unconsolidated condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying

## SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

	<b>Un-audited 31 December 2020 Rupees</b>	<b>Audited 30 June 2020 Rupees</b>
<b>4. LONG TERM FINANCING</b>		
<b>From banking companies / financial institutions - secured</b>		
Long term loans (Note 4.1)	5,564,572,593	5,268,957,314
Long term musharaka (Note 4.2)	563,888,890	736,111,112
	6,128,461,483	6,005,068,426
<b>4.1 Long term loans</b>		
Opening balance	5,728,090,883	6,027,031,024
Add: Obtained during the period / year	1,879,972,261	1,124,999,375
Add: Adjustment due to impact of IFRS-9 during the period / year	23,458,996	-
	7,631,522,140	7,152,030,399
Less: Repayments during the period / year	573,703,948	1,423,939,516
Less: Deferred income - Government grant (Note 4.1.1)	79,161,223	-
	6,978,656,969	5,728,090,883
Less: Current portion shown under current liabilities	1,414,084,376	459,133,569
	5,564,572,593	5,268,957,314

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

## SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Un-audited 31 December 2020 Rupees	Audited 30 June 2020 Rupees
<b>4.2 Long term musharaka</b>		
Opening balance	761,111,112	1,080,555,556
Less: Repayments during the period / year	-	319,444,444
Closing balance	761,111,112	761,111,112
Less: Current portion shown under current liabilities	197,222,222	25,000,000
	<u>563,888,890</u>	<u>736,111,112</u>
<b>5. LEASE LIABILITIES</b>		
<b>Total lease liabilities</b>	114,101,592	100,145,527
Less: Current portion shown under current liabilities	42,245,896	28,176,604
	<u>71,855,696</u>	<u>71,968,923</u>
<b>5.1 Reconciliation of lease liabilities</b>		
Opening balance	100,145,527	-
Add: Adjustment on adoption of IFRS 16 on 01 July 2019	-	51,494,737
Add: Additions during the period / year	32,155,807	70,568,556
Add: Interest accrued on lease liabilities	6,215,901	9,684,288
Less: Payments during the period / year	(24,415,643)	(31,602,054)
Closing balance	114,101,592	100,145,527
Less: Current portion shown under non-current liabilities	42,245,896	28,176,604
Non-current portion	<u>71,855,696</u>	<u>71,968,923</u>

**5.2** Implicit rate against lease liabilities ranges from 7.01% to 13.97% (30 June 2020: 11.10% to 13.97%) per annum.

## **6. CONTINGENCIES AND COMMITMENTS**

### **6.1 Contingencies**

There is no significant change in the status of contingencies as disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2020 except for the following:



## SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

- i) Additional Commissioner Inland Revenue (ACIR) passed an order under section 122(5A) of the Income Tax Ordinance, 2001 creating an income tax demand to the tune of Rupees 189.375 million. No provision against this demand has been made in these unconsolidated condensed interim financial statements as the Company is hopeful for a favourable outcome of appeal based on the opinion of the tax advisor.
- ii) Guarantees of Rupees 756.671 million (30 June 2020: Rupees 782.085 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.
- iii) Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 3,651.977 million (30 June 2020: Rupees 4,756.109 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.

### 6.2 Commitments

- i) Letters of credit other than for capital expenditure are amounting to Rupees 723.119 million (30 June 2020: Rupees 407.110 million).
- ii) Outstanding foreign currency forward contracts of Rupees 5,485.611 million (30 June 2020: Rupees 7,248.326 million).

### 7. FIXED ASSETS

Property, plant and equipment:

	Un-audited 31 December 2020 Rupees	Audited 30 June 2020 Rupees
Operating fixed assets (Note 7.1)	15,920,527,520	16,282,580,673
Capital work-in-progress (Note 7.2)	675,387,403	286,703,746
	16,595,914,923	16,569,284,419

## SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	<b>Un-audited 31 December 2020 Rupees</b>	<b>Audited 30 June 2020 Rupees</b>
<b>7.1 Operating fixed assets</b>		
Opening net book value	16,282,580,673	10,820,177,910
Add: Cost of additions during the period / year (Note 7.1.1)	235,154,187	1,705,070,585
Less: Book value of deletions during the period / year (Note 7.1.2)	33,631,084	43,888,077
Less: Book value of assets written off during the period / year (Note 7.1.3)	-	7,539,441
Add: Book value of assets transferred upon amalgamation during the period / year (Note 7.1.4)	-	4,720,588,324
Less: Depreciation charged during the period / year	563,576,256	911,828,628
Closing net book value	<u>15,920,527,520</u>	<u>16,282,580,673</u>
<b>7.1.1 Cost of additions during the period / year</b>		
Freehold land	23,828,011	215,991,523
Buildings on freehold land	7,791,629	43,683,483
Plant and machinery	114,007,613	1,344,165,642
Standby generators	-	626,351
Power generation equipment	28,897,877	-
Electric installations	11,636,701	25,012,910
Factory equipment	6,118,249	1,703,707
Furniture, fixture and equipment	16,939,952	7,079,835
Office equipment	7,863,085	11,912,266
Motor vehicles	18,071,070	54,894,868
	<u>235,154,187</u>	<u>1,705,070,585</u>
<b>7.1.2 Book value of deletions during the period / year</b>		
<b>Cost of deletions</b>		
Plant and machinery	70,746,228	166,478,717
Electric installations	-	400,000
Furniture, fixture and equipment	173,579	3,749,529
Office equipment	842,475	8,926,908
Motor vehicles	30,785,574	9,695,355
	<u>102,547,856</u>	<u>189,250,509</u>
Less: Accumulated depreciation	68,916,772	145,362,432
Book value of deletions during the period / year	<u>33,631,084</u>	<u>43,888,077</u>

## SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Un-audited 31 December 2020 Rupees	Audited 30 June 2020 Rupees
<b>7.1.3 Book value of assets written off during the period / year</b>		
<b>Cost</b>		
Plant and machinery	-	2,415,293
Factory equipment	-	9,266,461
Electric installations	-	377,500
Furniture, fixture and equipment	-	2,337,411
Office equipment	-	4,078,590
Motor vehicles	-	43,069
	-	18,518,324
Less: Accumulated depreciation	-	10,978,883
Book value of assets written off during the period / year	-	7,539,441
<b>7.1.4 Book value of assets transfer upon amalgamation during the period / year</b>		
<b>Cost of assets</b>		
Freehold land	-	112,298,075
Buildings on freehold land	-	1,363,228,486
Plant and machinery	-	3,836,756,300
Electric installations	-	5,294,978
Furniture, fixture and equipment	-	360,840
Office equipment	-	1,852,321
Motor vehicles	-	30,236,510
	-	5,350,027,510
Less: Accumulated depreciation	-	629,439,186
Book value of deletions during the period / year	-	4,720,588,324
<b>7.2 Capital work-in-progress</b>		
Civil works on freehold land	95,390,237	93,594,675
Plant and machinery	22,137,165	7,142,001
Electric installations	753,855	753,855
Advances for capital expenditures	543,939,806	177,154,598
Mobilization advances	13,166,340	8,058,617
	675,387,403	286,703,746

## SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

<b>Buildings</b>
<b>Rupees</b>

### 8. RIGHT-OF-USE ASSETS

Net carrying amount as at 01 July 2020	93,072,385
Net carrying amount as at 31 December 2020	103,000,910
Depreciation expense for the period ended 31 December 2020	22,227,282
Additions during the period ended 31 December 2020	32,155,807

#### 8.1 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.

8.2 There is no impairment against right-of-use asset.

### 9. INTANGIBLE ASSET

	<b>Un-audited 31 December 2020 Rupees</b>	<b>Audited 30 June 2020 Rupees</b>
Opening net book value	110,318	669,454
Less: Amortization charged during the period / year	(110,318)	(559,136)
Closing net book value	-	110,318

## SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Un-audited			
	Half Year Ended		Quarter Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	----- Rupees -----			
<b>10. COST OF SALES</b>				
Raw materials consumed	15,011,923,807	13,240,211,544	8,178,009,911	6,640,522,459
Packing materials consumed	688,145,316	485,263,061	377,587,694	255,519,273
Stores, spare parts and loose tools consumed	354,389,657	319,702,584	190,431,410	161,362,081
Processing charges	85,214,657	89,516,555	63,375,175	15,177,258
Salaries, wages and other benefits	1,426,411,572	1,331,338,735	713,450,410	659,217,625
Fuel and power	1,710,073,884	1,959,782,210	838,930,657	899,337,038
Insurance	49,500,509	30,808,764	25,872,860	15,914,693
Postage and telephone	439,797	462,379	221,370	224,333
Travelling and conveyance	2,470,665	961,555	1,479,945	426,651
Vehicles' running and maintenance	15,186,733	19,516,850	7,837,940	8,311,674
Entertainment	7,202,642	5,278,369	2,651,353	2,360,461
Depreciation on operating fixed assets	556,287,399	429,186,352	279,776,518	214,832,711
Repair and maintenance	222,592,596	228,621,763	111,130,550	117,408,503
Other factory overheads	72,117,075	36,232,772	46,515,862	(11,089,554)
	<b>20,201,956,309</b>	<b>18,176,883,493</b>	<b>10,837,271,655</b>	<b>8,979,525,206</b>
Work-in-process:				
Opening stock	1,131,081,567	1,039,191,965	1,036,234,752	1,330,971,429
Closing stock	(1,436,695,649)	(1,220,706,264)	(1,436,695,649)	(1,220,706,264)
	<b>(305,614,082)</b>	<b>(181,514,299)</b>	<b>(400,460,897)</b>	<b>110,265,165</b>
Cost of goods manufactured	<b>19,896,342,227</b>	<b>17,995,369,194</b>	<b>10,436,810,758</b>	<b>9,089,790,371</b>
Finished goods and waste - opening stocks:				
Finished goods	4,098,769,328	2,538,481,385	2,988,218,760	3,049,583,422
Waste	175,341,896	60,348,016	81,525,180	101,925,585
	<b>4,274,111,224</b>	<b>2,598,829,401</b>	<b>3,069,743,940</b>	<b>3,151,509,007</b>
	<b>24,170,453,451</b>	<b>20,594,198,595</b>	<b>13,506,554,698</b>	<b>12,241,299,378</b>
Finished goods and waste - closing stocks:				
Finished goods	(2,968,543,974)	(2,999,577,503)	(2,968,543,974)	(2,999,577,503)
Waste	(90,251,554)	(112,431,615)	(90,251,554)	(112,431,615)
	<b>(3,058,795,528)</b>	<b>(3,112,009,118)</b>	<b>(3,058,795,528)</b>	<b>(3,112,009,118)</b>
	<b>21,111,657,923</b>	<b>17,482,189,477</b>	<b>10,447,759,170</b>	<b>9,129,290,260</b>

## SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Half Year Ended	
	31 December 2020	31 December 2019
	Rupees	Rupees
<b>11. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	1,645,859,340	776,586,624
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	563,576,256	433,380,577
Amortization on intangible asset	110,318	279,568
Depreciation on right-of-use assets	22,227,282	12,383,202
(Gain) / loss on sale of property, plant and equipment	(1,955,608)	2,924,604
Impact of derecognition of financial instrument carried at amortized cost	-	1,704,840
Interest income on loans to subsidiary companies	(353,405)	(173,770,414)
Return on bank deposits	(2,225,485)	(6,584,046)
Allowance / (reversal) for expected credit losses	36,322	(4,030,467)
Finance cost	886,184,261	1,276,823,390
Gain on remeasurement of deferred liability	(38,282,637)	-
Amortization of deferred income - Government grant	(20,209,587)	-
Working capital changes (Note 11.1)	(2,616,952,856)	(2,031,085,131)
	438,014,201	288,612,747
<b>11.1 Working capital changes</b>		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(607,849,123)	(123,699,350)
Stock-in-trade	1,208,907,073	(3,348,163,434)
Trade debts	(1,412,039,627)	624,638,964
Loans and advances	(1,527,500,385)	(148,309,974)
Short term prepayments	(1,946,074)	(21,516,531)
Other receivables	(384,378,600)	75,724,899
	(2,724,806,736)	(2,941,325,426)
Increase in current liabilities:		
Trade and other payables	107,853,880	910,240,295
	(2,616,952,856)	(2,031,085,131)
<b>12. SEGMENT INFORMATION</b>		
<b>12.1</b>	The Company has following reportable operating segments. The following summary describes the operation in each of the Company's reportable segments:	
Spinning - Zone 1, 2 and 3:	Production of different quality of yarn using natural and artificial fibers.	
Weaving - Unit 1 and 2:	Production of different qualities of greige fabric using yarn.	
Processing and Home Textile:	Processing grey fabric for production of printed and dyed fabric and manufacturing of home textile articles.	
Power Generation:	Generation and distribution of power.	

# SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Zone-1		Zone-2		Zone-3		Weaving		Processing and Home Textile		Power Generation		Elimination of inter-segment transactions		Total - Company																																																																																																																																																																																																																																																																																																								
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19																																																																																																																																																																																																																																																																																																							
<b>Sales</b>																	- Export	3,261,652,844	4,695,206,930			662,720,869		630,866,221	1,125,604,654	4,452,377,860	5,877,747,867	527,504,381				14,408,482,124		- Local	69,409,214	799,474,839	3,867,913,700	1,140,595,936	3,49,885,157	71,303,609	201,193,445	201,193,445	587,747,867	587,747,867				13,629,625,261	13,629,625,261	14,408,482,124	- Insurance income			64,200	49,220	359,730		320,726		891,981,391	891,981,391					939,205,171	939,205,171	- Export income on sale of goods					606,451				15,946,391	15,946,391					1,845,294	77,296,665		4,991,122,100	5,494,681,139	4,095,189,752	3,868,522,220	4,399,305,369	2,864,782,951	1,944,420,778	1,441,543,311	6,292,429,709	5,352,304,381	527,504,381			23,893,842,266	23,027,844,460		<b>Inter-segment</b>									2,864,205,329	3,572,651,715	1,086,887,465	1,864,378,958	6,084,638,348	6,913,028,497	23,029,842,266	23,027,844,460	- From Zone-1	4,991,122,100	5,494,681,139	4,095,189,752	3,868,522,220	4,399,305,369	2,864,782,951	1,944,420,778	1,441,543,311	11,448,648,915	10,833,337	179,497,896	1,086,887,465	1,864,378,958	6,084,638,348	6,913,028,497	23,029,842,266	- From Zone-2																		- From Zone-3																		- From Weaving																		- From Processing and Home Textile																		- From Power Generation																		<b>Cost of sales</b>	10,52,22,886	15,27,07,282	143,656,574	424,672,282	762,933,897	31,842,625	30,132,648	10,793,332	12,822,899	1,090,222,201	204,154,962	24,614,927	17,122,362	1,01,70,919	2,742,627,261	2,456,647,683		<b>Depreciation</b>	(10,67,67,84)	(9,27,72,52)	(3,199,442)	(3,151,600)	(8,499,865)	(33,799,813)	(6,511,378)	(6,433,393)	(9,193,323)	(29,341,277)	(7,027,883)	-	-	(59,420,899)	(66,728,146)		<b>Administrative expenses</b>	(2,19,29,26)	(1,82,70,26)	(1,42,82,70)	(1,23,29,26)	(2,07,82,31)	(6,632,153)	(2,529,373)	(2,091,638)	(8,338,333)	(8,739,968)	(7,027,883)	-	-	(1,32,000,883)	(73,884,618)		<b>Finance cost</b>	(1,14,29,36)	(1,14,29,36)	(1,14,29,36)	(1,14,29,36)	(1,14,29,36)	(1,14,29,36)	(1,14,29,36)	(1,14,29,36)	(1,14,29,36)	(1,14,29,36)	(1,14,29,36)	-	-	(67,497,478)	(9,000,000)		<b>Income and expenses</b>	(971,598,946)	40,084,132	384,457,487	379,108,305	710,780,860	680,631,242	206,902,736	13,667,178	4,900,509	733,988,074	492,251,961	227,439,295	17,122,362	2,068,838,551	1,908,991,820	
- Export	3,261,652,844	4,695,206,930			662,720,869		630,866,221	1,125,604,654	4,452,377,860	5,877,747,867	527,504,381				14,408,482,124																																																																																																																																																																																																																																																																																																								
- Local	69,409,214	799,474,839	3,867,913,700	1,140,595,936	3,49,885,157	71,303,609	201,193,445	201,193,445	587,747,867	587,747,867				13,629,625,261	13,629,625,261	14,408,482,124																																																																																																																																																																																																																																																																																																							
- Insurance income			64,200	49,220	359,730		320,726		891,981,391	891,981,391					939,205,171	939,205,171																																																																																																																																																																																																																																																																																																							
- Export income on sale of goods					606,451				15,946,391	15,946,391					1,845,294	77,296,665																																																																																																																																																																																																																																																																																																							
	4,991,122,100	5,494,681,139	4,095,189,752	3,868,522,220	4,399,305,369	2,864,782,951	1,944,420,778	1,441,543,311	6,292,429,709	5,352,304,381	527,504,381			23,893,842,266	23,027,844,460																																																																																																																																																																																																																																																																																																								
<b>Inter-segment</b>									2,864,205,329	3,572,651,715	1,086,887,465	1,864,378,958	6,084,638,348	6,913,028,497	23,029,842,266	23,027,844,460																																																																																																																																																																																																																																																																																																							
- From Zone-1	4,991,122,100	5,494,681,139	4,095,189,752	3,868,522,220	4,399,305,369	2,864,782,951	1,944,420,778	1,441,543,311	11,448,648,915	10,833,337	179,497,896	1,086,887,465	1,864,378,958	6,084,638,348	6,913,028,497	23,029,842,266																																																																																																																																																																																																																																																																																																							
- From Zone-2																																																																																																																																																																																																																																																																																																																							
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- From Power Generation																																																																																																																																																																																																																																																																																																																							
<b>Cost of sales</b>	10,52,22,886	15,27,07,282	143,656,574	424,672,282	762,933,897	31,842,625	30,132,648	10,793,332	12,822,899	1,090,222,201	204,154,962	24,614,927	17,122,362	1,01,70,919	2,742,627,261	2,456,647,683																																																																																																																																																																																																																																																																																																							
<b>Depreciation</b>	(10,67,67,84)	(9,27,72,52)	(3,199,442)	(3,151,600)	(8,499,865)	(33,799,813)	(6,511,378)	(6,433,393)	(9,193,323)	(29,341,277)	(7,027,883)	-	-	(59,420,899)	(66,728,146)																																																																																																																																																																																																																																																																																																								
<b>Administrative expenses</b>	(2,19,29,26)	(1,82,70,26)	(1,42,82,70)	(1,23,29,26)	(2,07,82,31)	(6,632,153)	(2,529,373)	(2,091,638)	(8,338,333)	(8,739,968)	(7,027,883)	-	-	(1,32,000,883)	(73,884,618)																																																																																																																																																																																																																																																																																																								
<b>Finance cost</b>	(1,14,29,36)	(1,14,29,36)	(1,14,29,36)	(1,14,29,36)	(1,14,29,36)	(1,14,29,36)	(1,14,29,36)	(1,14,29,36)	(1,14,29,36)	(1,14,29,36)	(1,14,29,36)	-	-	(67,497,478)	(9,000,000)																																																																																																																																																																																																																																																																																																								
<b>Income and expenses</b>	(971,598,946)	40,084,132	384,457,487	379,108,305	710,780,860	680,631,242	206,902,736	13,667,178	4,900,509	733,988,074	492,251,961	227,439,295	17,122,362	2,068,838,551	1,908,991,820																																																																																																																																																																																																																																																																																																								

Unallocated income and expenses  
Other expenses  
Other income  
Finance cost  
Profit after taxation

12.3 Reconciliation of comparable segment assets and liabilities

	Zone-1		Zone-2		Zone-3		Weaving		Processing and Home Textile		Power Generation		Total - Company		
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19	
<b>Total assets for comparable segments</b>	6,68,098,835	62,78,84,123	8,146,182,454	7,786,376,260	9,460,983,319	1,61,12,12,777	1,02,01,973	2,609,82,218	2,396,32,737	10,395,488,345	9,154,73,123	6,157,411,221	6,198,844,398	46,460,07,078	43,007,337,429
<b>Non-current assets</b>															
- Long term investments															
- Other receivables															
- Short term investments															
- Cash and bank balances															
<b>Total assets as per accounts debit for condensed interim statement of financial position</b>	6,68,098,835	62,78,84,123	8,146,182,454	7,786,376,260	9,460,983,319	1,61,12,12,777	1,02,01,973	2,609,82,218	2,396,32,737	10,395,488,345	9,154,73,123	6,157,411,221	6,198,844,398	46,460,07,078	43,007,337,429
<b>Total liabilities for comparable segments</b>	48,648,693	493,271,747	97,253,362	557,548,807	699,909,256	632,032,398	95,763,239	433,919,525	239,151,153	1,571,189,660	1,559,656,861	497,199,114	761,143,837	1,526,020,990	4,361,058,071
<b>Unallocated liabilities:</b>															
- Long term financing															
- Accrued work up															
- Other corporate liabilities															
<b>Total liabilities as per accounts debit for condensed interim statement of financial position</b>	48,648,693	493,271,747	97,253,362	557,548,807	699,909,256	632,032,398	95,763,239	433,919,525	239,151,153	1,571,189,660	1,559,656,861	497,199,114	761,143,837	1,526,020,990	4,361,058,071

Unallocated assets  
Long term investments  
Other receivables  
Short term investments  
Cash and bank balances  
Total assets as per accounts debit for condensed interim statement of financial position  
Total liabilities for comparable segments  
Unallocated liabilities:  
Long term financing  
Accrued work up  
Other corporate liabilities  
Total liabilities as per accounts debit for condensed interim statement of financial position

12.2 SEGMENT INFORMATION

## SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

### 13. 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 this unconsolidated condensed interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements At 31 December 2020	Level 1	Level 2	Level 3	Total
..... Rupees .....				

#### Financial assets

Derivative financial assets	-	105,666,566	-	105,666,566
<b>Total financial assets</b>	<b>-</b>	<b>105,666,566</b>	<b>-</b>	<b>105,666,566</b>

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
<b>Total financial liabilities</b>	<b>-</b>	<b>302,749,353</b>	<b>-</b>	<b>302,749,353</b>

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

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

The Company'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 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.



## SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

### (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.

### 14. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise subsidiary companies, associated undertakings, other related parties, key management personnel and post employment benefit plan. The Company in the normal course of business carries out transactions with various related parties. Details of transactions with related parties are as follows:

#### i. Transactions

	Un-audited			
	Half Year Ended		Quarter Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	..... Rupees .....			
<b>Subsidiary companies</b>				
Sale of goods	850,502,671	586,084,501	495,711,813	251,287,128
Purchase of electricity and steam	-	877,242,412	-	825,545,858
Common facilities cost charged	9,900,000	9,600,000	4,950,000	4,800,000
Disbursements of loans	1,397,000,000	6,722,704,698	1,047,000,000	3,944,632,698
Repayments of loans	817,000,000	4,916,448,430	467,000,000	4,053,871,876
Interest income	353,405	173,770,414	264,853	102,804,663
<b>Associated undertakings</b>				
Mark up on borrowings	-	3,538,636	-	1,742,722
Long term loans repaid	-	15,031,250	-	5,031,250
Short term loans repaid	-	10,396,890	-	-
Insurance premium paid	-	52,031,109	-	19,462,460
Insurance claims received	-	5,398,231	-	1,476,181
Dividend paid	-	3,246,250	-	3,246,250
Donations paid	2,763,517	1,304,000	560,000	794,000
<b>Other related parties</b>				
Purchase of goods	79,287,931	146,563,311	69,947,646	64,100,167
Sale of goods	1,257,620,281	1,428,518,676	482,849,964	811,126,116
Dividend paid	39,963,940	99,909,850	39,963,940	99,909,850
Contribution to employee's provident fund trust	82,040,122	65,217,634	39,920,518	36,020,256
Remuneration of key management personnel and executives	86,511,879	78,824,184	43,255,940	39,412,092

## SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

ii. **Period end balances**

As at 31 December 2020 (Un-audited)			
Subsidiary companies	Associated companies	Other related parties	Total
..... Rupees .....			
Long term investments	1,886,681,200	-	1,886,681,200
Trade debts	862,497,838	-	903,268,911
Loans and advances	580,000,000	544,966	580,544,966
Other receivables	-	84,987,174	84,987,174
Accrued interest	264,606	-	264,606

As at 30 June 2020 (Audited)			
Subsidiary companies	Associated companies	Other related parties	Total
..... Rupees .....			
Long term investments	1,886,681,200	-	1,886,681,200
Trade debts	879,865,266	215,718,793	1,095,584,059
Loans and advances	-	4,056,512	8,581,512
Other receivables	-	11,438,626	11,438,626
Accrued interest	5,321,600	-	5,321,600

### 15. FINANCIAL RISK MANAGEMENT

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

### 16. CORRESPONDING FIGURES

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

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

### 17. DATE OF AUTHORIZATION FOR ISSUE

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

\_\_\_\_\_  
CHIEF EXECUTIVE

\_\_\_\_\_  
DIRECTOR

\_\_\_\_\_  
CHIEF FINANCIAL OFFICER

**NISHAT (CHUNIAN) LIMITED AND  
ITS SUBSIDIARY COMPANIES**

**CONSOLIDATED CONDENSED  
INTERIM FINANCIAL INFORMATION**

**HALF YEAR ENDED DECEMBER 31,  
2020 (UN-AUDITED)**

# CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Un-audited 31 December 2020	Audited 30 June 2020
Note	Rupees	Rupees
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized share capital	4,200,000,000	4,200,000,000
Issued, subscribed and paid-up share capital	2,401,190,290	2,401,190,290
Reserves	21,088,129,378	19,297,416,671
Equity attributable to equity holders of the Holding Company	23,489,319,668	21,698,606,961
Non-controlling interest	9,981,624,975	9,284,188,987
Total equity	33,470,944,643	30,982,795,948
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Long term financing	6,162,042,485	6,733,616,426
Lease liabilities	71,855,696	71,968,923
Deferred Liabilities	173,776,754	1,719,000
	6,407,674,935	6,807,304,349
<b>CURRENT LIABILITIES</b>		
Trade and other payables	4,767,052,217	5,098,724,753
Unclaimed dividend	72,237,382	69,654,364
Accrued mark-up	566,557,811	835,368,006
Short term borrowings	33,696,839,537	32,275,703,713
Current portion of non-current liabilities	2,012,381,674	1,072,013,173
	41,115,068,621	39,351,464,009
<b>Total liabilities</b>	47,522,743,556	46,158,768,358
<b>CONTINGENCIES AND COMMITMENTS</b>	5	
<b>TOTAL EQUITY AND LIABILITIES</b>	80,993,688,199	77,141,564,306

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

CHIEF EXECUTIVE

DIRECTOR

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

Note	Un-audited 31 December 2020 Rupees	Audited 30 June 2020 Rupees
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Fixed assets	27,044,685,511	27,231,469,046
Intangible assets	2,176,000	4,327,318
Right-of-use assets	103,000,910	93,072,385
Long term loans to employees	20,072,443	14,352,910
Long term security deposits	31,451,595	31,789,760
	27,201,386,459	27,375,011,419
<b>CURRENT ASSETS</b>		
Stores, spare parts and loose tools	1,995,194,580	1,604,913,456
Stock-in-trade	20,922,753,747	20,729,196,003
Trade debts	24,500,806,805	23,134,992,082
Loans and advances	2,599,258,040	1,219,024,001
Short term deposits and prepayments	178,082,308	57,125,380
Other receivables	3,489,790,215	2,928,701,963
Short term investments	37,892,014	37,833,033
Cash and bank balances	68,524,031	54,766,969
	53,792,301,740	49,766,552,887
<b>TOTAL ASSETS</b>	<b>80,993,688,199</b>	<b>77,141,564,306</b>

CHIEF FINANCIAL OFFICER

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Half Year Ended		Quarter Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	----- Rupees -----			
SALES	29,753,463,789	28,268,942,148	13,275,347,792	13,007,765,550
COST OF SALES	(24,990,837,973)	(22,373,783,229)	(11,061,657,126)	(9,921,282,589)
GROSS PROFIT	4,762,625,816	5,895,158,919	2,213,690,666	3,086,482,961
DISTRIBUTION COST	(636,442,785)	(559,053,494)	(313,268,024)	(283,173,633)
ADMINISTRATIVE EXPENSES	(204,589,010)	(275,459,042)	(98,303,059)	(146,282,728)
OTHER OPERATING EXPENSES	(83,413,065)	(72,807,169)	(41,457,863)	(4,286,525)
	(924,444,860)	(907,319,705)	(453,028,946)	(433,742,886)
	3,838,180,956	4,987,839,214	1,760,661,720	2,652,740,075
OTHER OPERATING INCOME	565,077,710	68,829,462	345,060,836	38,493,006
PROFIT FROM OPERATIONS	4,403,258,666	5,056,668,676	2,105,722,556	2,691,233,081
FINANCE COST	(1,383,239,651)	(2,565,703,173)	(675,760,441)	(1,327,805,427)
PROFIT BEFORE TAXATION	3,020,019,015	2,490,965,503	1,429,962,115	1,363,427,654
TAXATION	(292,123,894)	(254,663,092)	(142,290,110)	(134,961,967)
PROFIT AFTER TAXATION	2,727,895,121	2,236,302,411	1,287,672,005	1,228,465,687
PROFIT ATTRIBUTABLE TO:				
EQUITY HOLDERS OF THE HOLDING COMPANY	2,030,459,133	1,209,823,917	1,059,759,490	724,513,599
NON-CONTROLLING INTEREST	697,435,988	1,026,478,494	227,912,515	503,952,088
	2,727,895,121	2,236,302,411	1,287,672,005	1,228,465,687
EARNINGS PER SHARE - BASIC & DILUTED	8.46	5.04	4.41	3.02

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

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CHIEF EXECUTIVE

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DIRECTOR

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CHIEF FINANCIAL OFFICER

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Half Year Ended		Quarter Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	----- Rupees -----			
PROFIT AFTER TAXATION	2,727,895,121	2,236,302,411	1,287,672,005	1,228,465,687
OTHER COMPREHENSIVE INCOME	372,603	(1,252,959)	634,167	(195,412)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>2,728,267,724</b>	<b>2,235,049,452</b>	<b>1,288,306,172</b>	<b>1,228,270,275</b>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
EQUITY HOLDERS OF THE HOLDING COMPANY	2,030,831,736	1,208,570,958	1,060,393,657	724,318,187
NON-CONTROLLING INTEREST	697,435,988	1,026,478,494	227,912,515	503,952,088
	<b>2,728,267,724</b>	<b>2,235,049,452</b>	<b>1,288,306,172</b>	<b>1,228,270,275</b>

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

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CHIEF EXECUTIVE

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DIRECTOR

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CHIEF FINANCIAL OFFICER

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

		Half Year Ended	
Note	31 December 2020	31 December 2019	
		Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
	<b>Cash generated from operations</b>	6 1,342,146,712	527,603,186
	Net decrease / (increase) in long term security deposits	338,165	(936,155)
	Net (increase) / decrease in long term loans to employees	(5,719,533)	3,356,351
	Net decrease in long term investment	-	220,900,000
	Finance cost paid	(1,652,049,846)	(2,337,621,405)
	Income tax paid	(137,062,323)	(124,160,938)
	<b>Net cash generated from operating activities</b>	<b>(452,346,825)</b>	<b>(1,710,858,961)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
	Capital expenditure on property, plant and equipment	(825,289,804)	(1,081,683,866)
	Proceeds from sale of property, plant and equipment	39,407,692	288,501,829
	Short term investments made	(58,981)	(471,139)
	Profit on bank deposits received	3,844,485	10,741,356
	<b>Net cash used in investing activities</b>	<b>(782,096,608)</b>	<b>(782,911,820)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
	Proceeds from long term financing	1,934,862,671	366,334,000
	Repayment of long term financing	(1,846,397,948)	(2,233,927,583)
	Short term borrowings - net	1,421,135,824	5,023,247,665
	Repayment of lease liabilities	(24,415,644)	(13,383,876)
	Payment for ordinary shares bought-back	-	(3,485,918)
	Dividend paid	(237,357,011)	(600,175,016)
	<b>Net cash generated from financing activities</b>	<b>1,247,827,892</b>	<b>2,538,609,272</b>
	<b>Net increase in cash and cash equivalents</b>	<b>13,384,459</b>	<b>44,838,491</b>
	<b>Impact of exchange translation</b>	<b>372,603</b>	<b>(1,252,959)</b>
	<b>Cash and cash equivalents at the beginning of the period</b>	<b>54,766,969</b>	<b>181,603,540</b>
	<b>Cash and cash equivalents at the end of the period</b>	<b>68,524,031</b>	<b>225,189,072</b>

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

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CHIEF EXECUTIVE

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DIRECTOR

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CHIEF FINANCIAL OFFICER



# CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Attributable to Equity Holders of the Holding Company						Non-controlling Interest	Total Equity
	Capital Reserve		Revenue Reserves		Shareholders Equity	Total		
	Share Capital	Exchange Translation Reserve	Share Premium	General reserve				
<b>Balance as at June 30, 2019 - (audited)</b>	2,402,215,560	(14,141,413)	6,000,553,880	1,629,221,278	15,823,940,210	17,453,161,488	20,441,789,525	27,460,734,717
Total comprehensive income for the half year ended December 31, 2019	-	(1,252,659)	-	-	1,209,823,918	1,209,823,918	1,208,570,959	2,235,049,453
Buy-back of ordinary shares	(1,025,270)	-	-	-	(2,460,648)	(2,460,648)	(3,485,918)	(3,485,918)
Final dividend for the year ended 30 June 2019 @ Rs. 2.50 Ordinary share	-	-	-	-	(600,297,573)	(600,297,573)	(600,297,573)	(600,297,573)
<b>Balance as at December 31, 2019 - (un-audited)</b>	2,401,190,290	(15,394,372)	6,000,553,880	1,629,221,278	16,431,005,907	18,060,227,185	21,046,576,993	23,092,000,679
Total comprehensive income for the half year ended June 30, 2020	-	1,138,906	-	-	650,891,063	650,891,063	652,029,989	1,890,795,270
<b>Balance as at June 30, 2020 - (audited)</b>	2,401,190,290	(14,255,466)	6,000,553,880	1,629,221,278	17,081,896,969	18,711,118,247	21,698,006,981	30,982,795,946
Total comprehensive income for the half year ended December 31, 2020	-	372,603	-	-	2,030,459,133	2,030,459,133	2,030,431,736	2,728,467,724
Final dividend for the year ended 30 June 2020 @ Rs. 1 Ordinary share	-	-	-	-	(240,119,029)	(240,119,029)	(240,119,029)	(240,119,029)
<b>Balance as at December 31, 2020 - (un-audited)</b>	2,401,190,290	(13,882,863)	6,000,553,880	1,629,221,278	18,872,237,073	20,501,458,351	23,489,319,668	33,470,944,643

The annexed notes form an integral part of this consolidated condensed interim financial information.

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

## **1. GROUP INFORMATION**

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 the Pakistan Stock Exchange Limited. It's 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, cloth and to generate, accumulate, distribute, supply and sell electricity.

### **Nishat Chunian Power Limited**

Nishat Chunian Power Limited ("the Subsidiary Company") 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 (Guarantee) Limited. The principal activity of the Subsidiary Company 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. The Subsidiary Company 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 starts from this date.

### **Nishat Chunian USA Incorporation**

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.

## **2. BASIS OF PREPARATION**

This consolidated condensed interim financial information is un-audited and is being submitted to shareholders as required by directives issued under the Companies Act, 2017. These consolidated condensed interim financial statements of the Group for the quarter ended 30 September 2019 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. This consolidated condensed interim financial information should be read in conjunction with the audited annual published financial statements of the Group for the year ended 30 June 2020.

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

**3. ACCOUNTING POLICIES**

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

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

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

**5. CONTINGENCIES AND COMMITMENTS****Holding Company****Contingencies**

There is no significant change in the status of contingencies as disclosed in the preceding audited annual financial statements of the Company for the year ended 30 June 2020 except for the following:

- i) Additional Commissioner Inland Revenue (ACIR) passed an order under section 122(5A) of the Income Tax Ordinance, 2001 creating an income tax demand to the tune of Rupees 189.375 million. No provision against this demand has been made in these unconsolidated condensed interim financial statements as the Company is hopeful for a favourable outcome of appeal based on the opinion of the tax advisor.
- ii) Guarantees of Rupees 756.671 million (30 June 2020: Rupees 782.085 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 Limited against electricity connection, 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.
- iii) Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 3,651.977 million (30 June 2020: Rupees 4,756.109 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.

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

**Commitments**

- i) Letters of credit other than for capital expenditure are Rupees 723.119 million (30 June 2020: Rupees 407.110 million).
- ii) Outstanding foreign currency forward contracts of Rupees 5,485.611 million (30 June 2020: Rupees 7,248.326 million).

**Subsidiary Company****Contingencies**

There are no significant changes in contingencies from the preceding annual published financial statements of the company for the year ended June 30, 2020, except for the following:

**Contingent liabilities:**

- i) For the period July 2013 to June 2014, Company's case was selected for audit by the Federal Board of Revenue ('tax department'), which selection was objected to, on jurisdictional basis, by 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 the 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 the grounds that the revenue derived by the Company on account of 'capacity purchase price' was against a non-taxable supply. 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 Deputy Commissioner Inland Revenue ('DCIR') issued a show cause notice as to why sales tax of the aforesaid amount of Rupees 631.769 million along with default surcharge should not be recovered from the Company. The 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 Federal Board of Revenue Act, 2007 as no issue of misadministration is involved therein. The Company then challenged the show cause notice before the Honourable Lahore High Court, Lahore. The Honourable Lahore High Court, Lahore declared on 9 November 2018 that the show cause notice was issued without having jurisdiction. The tax department filed appeal before Supreme Court of Pakistan. Subsequent to the reporting period, Honourable Supreme Court of Pakistan has decided the appeal in favour of tax department. On 21 January 2021, Assistant Commissioner Inland Revenue - Audit ('ACIR - Audit') has issued notice to the Company requiring to submit reply of the show cause notice. The Company is in the process of complying with the requirements of show cause notice. Management believes that there are strong grounds to believe that the case will be decided in favour of the Company. Therefore, no provision has been made in these condensed interim financial statements.
- ii) During the year ended 30 June 2019, the Commissioner Inland Revenue ('CIR') has raised a demand of Rupees 104.977 million against the Company through his order dated 16 April

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

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. The Company filed application for grant of stay before the Appellate Tribunal Inland Revenue ('ATIR') against recovery of the aforesaid demand that was duly granted. Further, the Company has filed appeals before Commissioner Inland Revenue (Appeals) ['CIR(A)'] and ATIR against the order. ATIR decided the case against the Company vide its order dated 6 May 2020. The Company has filed sales tax reference before the Honourable Lahore High Court, Lahore which is pending adjudication. Subsequent to the reporting period, the Honourable Lahore High Court, Lahore on an application of the Company provided interim relief by restricting tax department from taking any coercive action against the Company subject to furnishing of the bank guarantee of disputed amount. Therefore, no provision has been made in these condensed interim financial statements.

- iii) 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 CPPA-G, minimum tax on capacity sales, scrap sales, sale proceeds of fixed assets' disposal and WWF was also levied of Rupees 12.946 million. Against the aforesaid order, the 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 CPPA-G and minimum tax on capacity sales is not justified, while directing the 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. The 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). Subsequent to the reporting period, ATIR decided the case in favour of tax department and dismissed Company's appeal to grant relief. Further, all relieves granted by CIR(A) have been vacated and original order of DCIR has been upheld. The Company, being aggrieved by the ATIR's decision, filed income tax reference before the Honourable Lahore High Court, Lahore. The Honourable Lahore High Court, Lahore vide its order dated 25 January 2021 provided interim relief to the Company and suspended the order of ATIR subject to furnishing of the bank guarantee of disputed amount, and the case is pending adjudication. Management has strong grounds to believe that the case will be decided in favour of the Company. Therefore, no provision has been made in these condensed interim financial statements.
- iv) In March 2020, Committee for the Power Sector Audit, Circular Debt Resolution and Future Roadmap constituted by Ministry of Energy vide its notification No. IPP-01(12)/2017 dated 07 August 2019 issued a report, through which, it was alleged that savings were made by the Independent Power Producers ('IPPs'), including the Company, in the tariff components in violation of applicable Power Policies, tariff determined by National Electric Power Regulatory Authority ('NEPRA') and the relevant project agreements. The Company rejected such claims and discussions were made with the Government of Pakistan ('GoP') to resolve the dispute.

As mentioned in note 14.1, subsequent to the reporting period, Company and CPPA-G have signed ""Master Agreement"" and ""PPA Amendment Agreement"" wherein it has been agreed that the abovementioned dispute will be resolved through arbitration under the Arbitration Submission Agreement between the Company and GoP.

Management believes that there are strong grounds that the matter will ultimately be decided in Company's favour. Furthermore, its financial impact cannot be reasonably estimated at this

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

stage, hence, no provision in this respect has been made in these condensed interim financial statements.

- v) Guarantees of Rupees 19.167 million (30 June 2020: Rupees 19.152 million) are given by the banks of the Company to Director, Excise and Taxation, Karachi under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess.

**Contingent assets:**

"On 29 July 2017, the Company instituted arbitration proceedings against CPPA-G / 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. The Company believes it is entitled to claim delayed payment charges on outstanding delayed payments receivable from CPPA-G as per terms of the PPA and the other deductions made by CPPA-G. However, CPPA-G 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 CPPA-G's objection to the maintainability of the Arbitration Proceedings. Aggrieved of the decision, CPPA-G 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 the Company. The Company filed an application seeking interest on the amount awarded to the Company and costs of the arbitration. However, on 23 August 2019, CPPA-G 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 CPPA-G to pay to the 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 CPPA-G that works out to Rupees 850.673 million upto 31 December 2020.

As mentioned in note 14.1, subsequent to the reporting period, the Company and CPPA-G have signed "Master Agreement". Under this agreement, CPPA-G shall ensure that all invoices shall follow the power purchase agreement's mandated "First In First Out" ('FIFO') payment principle at the time of payment by the CPPA-G. As long as this principle is followed by CPPA-G in relation to past and future payments, the Company in consideration there of has agreed to forego and waive all of its claims of delayed payment charges on delayed payment invoices and it shall withdraw all such invoices. However, this will have no impact on the existing revenue and receivables of the Company, as the Company has not recognized the income and corresponding receivable for the said amount on the prudence basis.

## SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	<b>Un-audited Half year ended 31 December 2020</b>	<b>Audited Year ended 30 June 2020</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>Commitments</b>		
Letter of credit other than for capital expenditure:	40,476,121	-
	<b>Un-audited Half year ended 31 December 2020</b>	<b>Un-audited Half year ended 31 December 2019</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>6. CASH (USED IN) / GENERATED FROM OPERATIONS</b>		
<b>Profit before taxation</b>	3,020,019,015	2,490,965,503
Adjustment for non cash charges and other items:		
Provision for employee retirement	3,837,000	4,375,000
Depreciation on operating fixed assets	978,442,255	925,717,075
Amortization on intangible assets	2,151,319	2,436,568
Depreciation on right-of-use asset	22,227,282	12,383,204
(Gain) on sale of operating fixed assets	(5,776,608)	(3,594,396)
Interest expense on sales tax refund bonds	-	1,704,840
Interest on bank deposits	(3,844,485)	(10,741,356)
Allowance for expected credit losses	36,322	-
Gain on remeasurement of deferred liability	(38,282,637)	-
Amortization on deferred grant	(22,052,587)	-
Finance costs	1,383,239,651	2,565,703,173
<b>Cash flows from operating activities before working capital changes</b>	<b>5,339,996,527</b>	<b>5,988,949,611</b>
<b>(Increase) / decrease in current assets</b>		
- Stores, spare parts and loose tools	(390,281,124)	211,331,666
- Stock in trade	(193,557,744)	(2,187,839,224)
- Trade debts	(1,365,814,723)	(3,753,044,418)
- Loans and advances	(1,380,234,039)	(297,415,190)
- Short term deposits and prepayments	(120,956,928)	(136,952,490)
- Other receivables	(716,149,823)	(99,141,314)
<b>Increase in current liabilities</b>		
- Trade and other payables	169,144,566	801,714,545
	(3,997,849,815)	(5,461,346,425)
<b>Net cash generated from operations</b>	<b>1,342,146,712</b>	<b>527,603,186</b>

## SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

### 7. TRANSACTIONS WITH RELATED PARTIES

The 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:

	<b>Un-audited Half year ended 31 December 2020</b>	<b>Un-audited Half year ended 31 December 2019</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>Associated company</b>		
Insurance premium paid	-	128,499,440
Insurance claims received	-	5,398,231
Donation paid	2,763,517	1,749,000
<b>Other related parties</b>		
Purchase of goods	79,287,931	146,563,311
Sale of goods	1,257,620,281	1,428,518,676
Contribution to employees' provident fund	85,876,937	69,592,634
Dividend paid to related parties	39,963,940	99,909,850
Remuneration paid to key management personnel	120,151,999	132,229,184
	<b>Un-audited Half year ended 31 December 2020</b>	<b>Audited Year ended 30 June 2020</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>Period end balances</b>		
Due from related parties	40,771,073	215,718,793
Advance to related parties	544,966	4,056,512

### 8. CORRESPONDING FIGURES

Corresponding figures have been rearranged / regrouped wherever necessary for the purpose of comparison. However, no significant rearrangements / groupings have been made.

### 9. DATE OF AUTHORIZATION FOR ISSUE

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

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CHIEF EXECUTIVE

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DIRECTOR

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CHIEF FINANCIAL OFFICER



# INVESTORS' EDUCATION

In pursuance of SRO 924(1)/2015 dated September 9<sup>th</sup>, 2015 issued by the Securities and Exchange Commission of Pakistan (SECP), the following informational message has been reproduced to educate investors:

[www.jamapunji.pk](http://www.jamapunji.pk)



## Be aware, Be alert, Be safe

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\*Mobile apps are also available for download for android and ios devices









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