



Interim Financial Information

Nine Months Ended March 31, 2022

(Unaudited)



**NISHAT
CHUNIAN**
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COMPANY INFORMATION

Board of Directors:

Mr. Shahzad Saleem (*Chief Executive*)
Mr. Farrukh Ifzal (*Chairman*)
Mrs. Nadia Bilal
Mr. Zain Shahzad
Mr. Aftab Ahmad Khan
Mr. Faisal Farid (*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. Danish Farooq

Mills:

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

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

Spinning 2, 3, 6, Weaving & 46 MW and
8 TPH process steam coal fired power generation
project 49th Kilometre,
Multan Road, Bhai Pheru, Tehsil Pattoki,
District Kasur.

Bankers to the Company:

Allied Bank Limited
Al Baraka Bank (Pakistan) Limited
Askari Bank 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
SAMBANK Limited
Soneri Bank Limited
The Bank of Punjab
United Bank Limited
MCB Islamic Bank Limited

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

Directors' Report

Dear Shareholders

The Board of Directors is pleased to announce the unaudited results of Nishat (Chunian) Limited ("the Company") for the nine months ended 31 March 2022.

Operating Financial Results

Sales clocked in at Rs. 47.21 billion as compared to Rs. 36.04 billion during the corresponding period of the previous fiscal year, registering an increase of 31%. Profit after tax of the Company for the period is 14.29% which stood at 8.91% in the corresponding period for the prior year, translating into EPS of Rs. 28.10 as compared to Rs. 13.38 in the same period last year.

Financial Highlights	For the nine months ended Mar 31	
	2022	2021
Sales (Rs.)	47,211,583,734	36,044,959,420
Gross Profit (Rs.)	10,533,001,334	5,411,550,021
Profit After Taxation (Rs.)	6,747,418,680	3,213,275,287
Gross Profit %	22.31%	15.01%
Profit After Taxation %	14.29%	8.91%
Earnings Per Share (Rs.)	28.10	13.38

Market Review and Future Prospects

This year is turning out to be a phenomenal one, especially for the spinning business, where we saw both the cotton prices and margins surpassing all expectations. Moreover, the switch of orders from China to South Asian countries, especially Pakistan, will have a long-term impact on Pakistan's textile industry. Value Added sector is facing the brunt of increasing yarn prices as the retailers are adjusting to the new realities gradually.

With the intensity of the pandemic receding, life is returning to normal worldwide, this has resulted in a demand push, resultantly pushing the commodity prices upward. This upward push of commodity prices has resulted in high inflation both domestically and internationally. This has resulted in costs going up for individuals as well as businesses, timely and orderly policy making will be required by Governments if we are to reign in this menace of inflation.

On the economic front, macro indicators will remain on the constant radar of every economist, with numbers like current account deficit, rupee devaluation, and high inflation rate, businessmen are expecting that high policy rate will maintain which will slow down the economy. Political instability is another factor that will weigh in the assessment of the economy in the short-term future.

Subsidiary Companies and Consolidated Financial Statements

The Company's portfolio of subsidiary companies includes Nishat Chunian Power Limited, Nishat Chunian USA Inc., and Nishat Chunian Properties (Private) Limited. 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 the company.

For and on behalf of the Board,

Chief Executive

Director

Date: 29th April 2022

مجلس نظامہ کی رپورٹ

محترم حصص یافتگان

مجلس نظامہ 31 مارچ 2022 کو ختم ہونے والی نو ماہی کے لئے نشاٹا (جو نیاں) لمیٹڈ ("کمپنی") کے غیر محاسب شدہ نتائج کا پرستار اعلان کرتا ہے۔

ایریٹنگ ایلیٹنیٹا نتائج

گزشتہ مالی سال کی اسی نو ماہی کے 36.04% کی نسبت اس سال کی نو ماہی میں فروخت 47.21% ارب ہے جو کہ 31 فیصد کا اضافہ ظاہر کر رہی ہے۔ اس نو ماہی میں کمپنی کا بعد از ٹیکس منافع 14.29% فیصد ہے جو کہ گزشتہ مالی سال کی اسی نو ماہی میں 8.91% فیصد تھا، جس سے فی حصص آمدنی گزشتہ مالی سال کی اسی نو ماہی کے مقابلے میں 28.10% روپے ہے۔

31 مارچ مختصر نو ماہی		مالیاتی جھلکیاں
2021	2022	
36,044,959,420	47,211,583,734	فروخت (روپے)
5,411,550,021	10,533,001,334	مجموعی منافع (روپے)
3,213,275,287	6,747,418,680	بعد از ٹیکس منافع (روپے)
15.01%	22.31%	مجموعی منافع (فیصد)
8.91%	14.29%	بعد از ٹیکس منافع (فیصد)
13.38	28.10	فی حصص آمدنی (روپے)

مارکیٹ کا جائزہ اور مستقبل کے امکانات

روٹی کی قیمت اور مارچن دونوں کے تمام توقعات سے بڑھنے کی بدولت یہ سال خاص طور پر کتنا کی (سپنگ) کے کاروبار کے لیے ایک غیر معمولی سال ثابت ہو رہا ہے۔ مزید یہ کہ چین سے جنوبی ایشیائی ممالک خاص طور پر پاکستان کو آرڈرز کی منتقلی سے کئی ٹیکسٹائل صنعت پر طویل مدتی اثرات مرتب ہوں گے۔ ویلیو ایڈڈ ٹیکسٹائل کے کئی قیمتوں میں اضافے کا سامنا ہے جس کی وجہ سے فروختوں کی تندرست نئی قیمتوں سے ہم آہنگی ہے۔

دہائی مرض کی شدت میں کمی کی وجہ سے دنیا بھر میں زندگی معمول پر آ رہی ہے، اس کے نتیجے میں اشیاء کی مانگ میں اضافہ ہوا ہے، اس مانگ میں اضافے کی وجہ سے اجناس کی قیمتیں بڑھ گئی ہیں۔ اجناس کی قیمتوں میں اس اضافے کے نتیجے میں کئی اور بین الاقوامی سطح پر مہنگائی میں اضافہ ہوا ہے۔ مہنگائی کی وجہ سے افراد کے ساتھ ساتھ کاروباری اداروں کے اخراجات بھی بڑھنے لگے ہیں، اگر ہمیں مہنگائی کے اس خطرے کا خاتمہ کرنا ہے تو حکومتوں کو بروقت اور منظم پالیسی سازی کی ضرورت ہوگی۔

معاشی محاذ پر، بینکر وائر ٹیکیز جیسا کہ کرنٹ اکاؤنٹ خسارہ روپے کی قدر میں کمی اور افراط زر کی بلند شرح ہر ماہ معاشیات کی نظر میں رہیں گے۔ کاروباری افراد پالیسی کی شرح بلند رہنے کی توقع کر رہے ہیں جس سے معیشت سست روٹی کا شکار رہے گی۔ اس کے علاوہ سیاسی عدم استحکام ایک اور عنصر ہے جو کہ مستقبل قریب میں معیشت پر اثر انداز ہوگا۔

ذیلی کمپنیاں اور اشتمال شدہ مالی بیانات

نشاٹا جو نیاں لمیٹڈ میں اس کی ذیلی کمپنیاں نشاٹا جو نیاں پاور لمیٹڈ، نشاٹا جو نیاں یو ایس اے اور نشاٹا جو نیاں پراپرٹیز (پرائیویٹ) لمیٹڈ شامل ہیں۔ لہذا، کمپنی نے بین الاقوامی مالیاتی رپورٹنگ معیارات اور کمپنی ایکٹ، 2017 کی الاودفات کے تقاضوں کے مطابق اپنی الگ الگ عبوری معلومات کے علاوہ اشتمال شدہ عبوری معلومات بھی منسلک کی ہیں۔

اطہار تشکر

نظامہ کمپنی کے پُر خلوص ملازمین کے ساتھ اطہار تشکر کرنا چاہتے ہیں جو کمپنی کی کاروائیوں میں اہم کردار ادا کر رہے ہیں۔

منجانب مجلس نظامہ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 29 اپریل، 2022

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Note	Un-audited March 31, 2022 Rupees	Audited June 30, 2021 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
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		21,421,412,189	16,594,945,741
Total equity		23,822,602,479	18,996,136,031
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	4	10,511,295,068	6,402,802,708
Lease Liabilities		65,466,162	74,518,895
Deferred Liabilities		771,355,261	191,412,367
		11,348,116,491	6,668,733,970
CURRENT LIABILITIES			
Trade and other payables		6,839,948,886	4,093,556,015
Unclaimed Dividend		63,951,285	49,918,087
Accrued mark-up / Profit		377,633,346	271,720,913
Short term borrowings		18,779,447,751	18,897,913,417
Current portion of non-current liabilities		2,407,021,449	2,792,063,629
		28,468,002,717	26,105,172,061
Total liabilities		39,816,119,208	32,773,906,031
CONTINGENCIES AND COMMITMENTS	5		
TOTAL EQUITY AND LIABILITIES		63,638,721,687	51,770,042,062

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

CHIEF EXECUTIVE

DIRECTOR

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2022

	Note	Un-audited March 31, 2022 Rupees	Audited June 30, 2021 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	6	20,478,432,049	17,224,473,737
Right-of-use assets		91,055,240	107,398,163
Intangible assets	7	707,003	278,170
Long term investments		1,886,781,200	1,886,681,200
Long term loans to employees		23,201,504	18,710,927
Long term security deposits		31,514,353	30,467,609
		22,511,691,349	19,268,009,806
CURRENT ASSETS			
Stores, spare parts and loose tools		3,093,922,336	1,729,136,103
Stock-in-trade		23,115,427,109	18,214,419,656
Trade debts		9,042,563,703	6,782,425,428
Loans and advances		2,671,762,002	3,269,989,437
Short term prepayments		41,422,237	44,440,439
Other receivables		2,645,250,390	1,752,633,789
Short term investments		234,095,844	157,494,433
Cash and bank balances		175,688,721	272,634,954
Advance income tax - net		106,897,996	278,858,017
		41,127,030,338	32,502,032,256
TOTAL ASSETS		63,638,721,687	51,770,042,062

CHIEF FINANCIAL OFFICER

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

FOR THE NINE MONTHS ENDED MARCH 31, 2022

	Note	Nine Months Ended		Quarter Ended	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
----- Rupees -----					
SALES	8	47,211,583,734	36,044,959,420	16,177,036,760	12,179,014,134
COST OF SALES	9	(36,678,582,400)	(30,633,409,399)	(12,642,226,813)	(9,521,751,476)
GROSS PROFIT		10,533,001,334	5,411,550,021	3,534,809,947	2,657,262,658
DISTRIBUTION COST		(1,198,144,654)	(860,365,710)	(411,913,863)	(297,944,741)
ADMINISTRATIVE EXPENSES		(210,128,733)	(189,638,659)	(90,107,594)	(64,611,816)
OTHER OPERATING EXPENSES		(563,855,819)	(187,676,552)	(271,720,477)	(104,263,487)
		(1,972,129,206)	(1,237,680,921)	(773,741,934)	(466,820,044)
		8,560,872,128	4,173,869,100	2,761,068,013	2,190,442,614
OTHER OPERATING INCOME		335,007,463	822,203,065	114,211,301	273,585,950
PROFIT FROM OPERATIONS		8,895,879,591	4,996,072,165	2,875,279,314	2,464,028,564
FINANCE COST		(1,612,225,749)	(1,341,816,223)	(656,295,584)	(455,631,962)
PROFIT BEFORE TAXATION		7,283,653,842	3,654,255,942	2,218,983,730	2,008,396,602
TAXATION		(536,235,162)	(440,980,655)	(180,790,956)	(149,135,712)
PROFIT AFTER TAXATION		6,747,418,680	3,213,275,287	2,038,192,774	1,859,260,890
EARNINGS PER SHARE - BASIC AND DILUTED		28.10	13.38	8.49	7.74

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

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

FOR THE NINE MONTHS ENDED MARCH 31, 2022

	Ninth Months Ended		Quarter Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
 Rupees			
PROFIT AFTER TAXATION	6,747,418,680	3,213,275,287	2,038,192,774	1,859,260,890
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	6,747,418,680	3,213,275,287	2,038,192,774	1,859,260,890

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

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

FOR THE NINE MONTHS ENDED MARCH 31, 2022

		Un-audited	
		Nine Months Ended	
Note	March 31, 2022	March 31, 2021	
		Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
	Cash generated from operations	10 3,675,374,180	2,376,743,423
	Net (increase)/decrease in long term security deposits	(1,046,744)	68,275
	Net (increase)/decrease in long term loans to employees	(4,490,577)	(5,892,745)
	Finance cost paid	(1,428,043,417)	(1,428,485,837)
	Income tax paid	(364,275,141)	(228,883,217)
	Net cash generated from / (used in) operating activities	1,877,518,301	713,549,899
CASH FLOWS FROM INVESTING ACTIVITIES			
	Capital expenditure on property, plant and equipment	(4,357,747,614)	(801,327,874)
	Capital expenditure on intangible assets	(591,165)	(123,501)
	Proceeds from disposal of operating fixed assets	222,280,343	62,009,714
	Loans and advances to subsidiary companies	-	(3,561,221,699)
	Repayment of loans from subsidiary companies	-	2,793,541,699
	Investment in subsidiary companies	(100,000)	-
	Interest income received from subsidiary companies	-	5,410,399
	Short term investments made	(76,601,411)	712,478
	Profit on bank deposits received	9,495,064	2,373,309
	Net cash generated from / (used in) investing activities	(4,203,264,783)	(1,498,625,475)
CASH FLOWS FROM FINANCING ACTIVITIES			
	Proceeds from long term financing	6,032,407,264	2,483,278,231
	Repayment of long term financing	(1,735,717,807)	(1,279,742,225)
	Repayment of lease liabilities	(42,504,507)	(37,923,677)
	Short term borrowings - net	(118,465,666)	(118,034,074)
	Dividend paid	(1,906,919,035)	(237,302,402)
	Net cash generated from / (used in) financing activities	2,228,800,249	810,275,853
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(96,946,233)	25,200,277
	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	272,634,954	47,467,302
	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	175,688,721	72,667,579

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

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

FOR THE NINE MONTHS ENDED MARCH 31, 2022

	CAPITAL RESERVE		REVENUE RESERVES			TOTAL RESERVES	TOTAL EQUITY
	ORDINARY SHARE CAPITAL	Share premium	General reserve	Un-appropriated profit			
				Total			
Rupees							
Balance as at 30 June 2020 - (Audited)	2,401,190,290	600,553,890	1,629,221,278	9,006,432,817	10,635,654,095	11,236,207,985	13,637,398,275
Transactions with owners:							
Final dividend for the year ended 30 June 2020 @ Rupees 1 per ordinary share	-	-	-	(240,119,029)	(240,119,029)	(240,119,029)	(240,119,029)
Profit for the nine months ended 31 March 2021	-	-	-	3,213,275,287	3,213,275,287	3,213,275,287	3,213,275,287
Other comprehensive income for the nine months ended 31 March 2021	-	-	-	-	-	-	-
Total comprehensive income for the nine months ended 31 March 2021	-	-	-	3,213,275,287	3,213,275,287	3,213,275,287	3,213,275,287
Balance as at 31 March 2021 - (Un-audited)	2,401,190,290	600,553,890	1,629,221,278	11,979,689,075	13,608,810,353	14,209,364,243	16,810,554,533
Profit for the quarter ended 30 June 2021	-	-	-	2,385,581,498	2,385,581,498	2,385,581,498	2,385,581,498
Other comprehensive income for the quarter ended 30 June 2021	-	-	-	-	-	-	-
Total comprehensive income for the quarter ended 30 June 2021	-	-	-	2,385,581,498	2,385,581,498	2,385,581,498	2,385,581,498
Balance as at 30 June 2021 (Audited)	2,401,190,290	600,553,890	1,629,221,278	14,365,170,573	15,994,391,851	16,594,945,741	18,996,136,031
Transactions with owners:							
Final dividend for the year ended 30 June 2021 @ Rupees 5 per ordinary share	-	-	-	(1,200,595,145)	(1,200,595,145)	(1,200,595,145)	(1,200,595,145)
Interim dividend for the year ended 30 June 2022 @ Rupees 3 per ordinary share	-	-	-	(720,357,087)	(720,357,087)	(720,357,087)	(720,357,087)
Other comprehensive income for the nine months ended 31 March 2022	-	-	-	(1,920,952,232)	(1,920,952,232)	(1,920,952,232)	(1,920,952,232)
Profit for the nine months ended 31 March 2022	-	-	-	6,747,418,680	6,747,418,680	6,747,418,680	6,747,418,680
Other comprehensive income for the nine months ended 31 March 2022	-	-	-	-	-	-	-
Total comprehensive income for the nine months ended 31 March 2022	-	-	-	6,747,418,680	6,747,418,680	6,747,418,680	6,747,418,680
Balance as at 31 March 2022 - (Un-audited)	2,401,190,290	600,553,890	1,629,221,278	19,191,637,021	20,820,858,299	21,421,412,189	23,822,602,479

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

FOR THE NINE MONTHS ENDED MARCH 31, 2022

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 condensed unconsolidated 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 2021. These unconsolidated condensed interim financial statements are un-audited.

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 2021.

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this unconsolidated 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 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 this unconsolidated condensed interim financial information, the significant judgments made by the management in applying the Company's accounting

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

FOR THE NINE MONTHS ENDED MARCH 31, 2022

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 2021.

	Un-audited March 31, 2022 Rupees	Audited June 30, 2021 Rupees
4. LONG TERM FINANCING		
From Banking Companies / financial institutions - Secured		
Long Term Loans	10,831,420,290	6,667,686,097
Long Term Musharaka	1,462,056,826	2,043,285,722
	<u>12,293,477,115</u>	<u>8,710,971,819</u>
Less: Current portion shown under current liabilities		
Long Term Loans	(1,594,789,111)	(2,058,169,111)
Long Term Musharaka	(187,392,936)	(250,000,000)
	<u>(1,782,182,047)</u>	<u>(2,308,169,111)</u>
Non-current portion	<u>10,511,295,068</u>	<u>6,402,802,708</u>

5. CONTINGENCIES AND COMMITMENTS

5.1 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 2021 except for the following:

- i) Guarantees of Rupees 1,050.200 million (30 June 2021: Rupees 858.017 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, Collector, Model Customs Collectorate, Karachi against import, 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.
- ii) Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 6,650.687 million (30 June 2021: Rupees 4,715.577 million) on imported material availed on the basis of consumption and export plans. In the event the documents of exports

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

FOR THE NINE MONTHS ENDED MARCH 31, 2022

are not provided on due dates, cheque issued as security shall be encashable. Further, post dated cheques of Rupees 164.745 million (30 June 2021: Rupees 139.031 million) have been issued to Lahore Electric Supply Company Limited against disputed amount of tariff adjustments and post dated cheques of Rupees 156.532 million (30 June 2021: Rupees 156.532 million) have been issued to Sui Northern Gas Pipelines Limited against gas infrastructure development cess and captive vs industrial tariff case.

5.2 Commitments

- i) Letters of credit for capital expenditure amounting to Rupees Nil (30 June 2021: 4,480.769 million).
- ii) Letters of credit other than for capital expenditure amounting to Rupees 672.240 million (30 June 2021: Rupees 447.610 million).
- iii) Outstanding foreign currency forward contracts of Rupees 5,776.729 million (30 June 2021: Rupees 10,106.645 million).

	Un-audited March 31, 2022 Rupees	Audited June 30, 2021 Rupees
6. FIXED ASSETS		
Property, plant and equipment		
Operating fixed assets (Note 6.1)	16,433,968,740	16,443,267,692
Capital work in progress (Note 6.2)	4,044,463,309	781,206,045
	<u>20,478,432,049</u>	<u>17,224,473,737</u>
6.1 Operating Assets		
Opening book value	16,443,267,692	16,282,580,673
Additions during the period / year (6.1.1)	1,094,495,299	1,372,567,699
	17,537,762,991	17,655,148,372
Less: Book value of deletions during the period / year (6.1.2)	225,218,140	51,942,281
Less: Depreciation charged during the period / year	878,576,111	1,159,938,399
Closing book value	<u>16,433,968,740</u>	<u>16,443,267,692</u>

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

FOR THE NINE MONTHS ENDED MARCH 31, 2022

	Un-audited March 31, 2022 Rupees	Audited June 30, 2021 Rupees
6.1.1 Cost of additions during the period / year		
Land	63,812,223	148,447,680
Building on freehold land	140,765,271	174,957,639
Power generation equipment	192,711,445	77,339,958
Plant and machinery	382,865,026	795,014,196
Electric installations	185,855,107	36,876,414
Factory equipment	16,278,624	47,704,274
Furniture and fixtures	38,445,571	35,252,365
Office equipment	14,007,175	19,014,338
Motor vehicles	59,754,857	37,960,835
	1,094,495,299	1,372,567,699
6.1.2 Book Value of deletions during the period / year		
Building on freehold land	11,831,415	-
Power generation equipment	14,550,000	-
Plant and machinery	206,415,345	137,624,198
Electric installations	142,145,180	-
Furniture and fixtures	9,896,694	173,579
Office equipment	1,302,366	1,719,975
Motor vehicles	23,429,593	30,890,574
Total Cost of Deletions	409,570,593	170,408,326
Less: Accumulated Depreciation	(184,352,453)	(118,466,045)
	225,218,140	51,942,281
6.2 Capital work-in-progress		
Civil works on freehold land	488,390,484	39,387,755
Plant & Machinery	921,266,863	129,958,001
Electric installations	-	753,855
Mobilization advances	114,471,996	87,643,981
Advances for capital expenditures	2,520,333,966	523,462,453
	4,044,463,309	781,206,045
7. INTANGIBLE ASSET		
Opening book value	278,170	110,318
Add: Cost of additions during the period / year	591,165	300,251
Less: Amortization charged during the period / year	162,332	132,399
Closing book value	707,003	278,170

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

FOR THE NINE MONTHS ENDED MARCH 31, 2022

8 REBATE

8.1 In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major products and service line, according to revenue recognition.

Description	Spring			Wintering			Processing and Home Feeds						Power Generation						Total	
	NINE MONTHS ENDED		QUARTER ENDED	NINE MONTHS ENDED		QUARTER ENDED	NINE MONTHS ENDED		QUARTER ENDED	NINE MONTHS ENDED		QUARTER ENDED	NINE MONTHS ENDED		QUARTER ENDED	NINE MONTHS ENDED		QUARTER ENDED		
	31 March 2022	31 March 2021	31 March 2022	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021			
Rebate																				
Europe	1,44,70,765	82,28,330	16,39,737	38,20,534	203,65,144	57,48,735	67,55,739	4,65,05,525	12,51,637	1,62,02,889						5,00,00,700	5,12,55,529	63,73,639	1,07,28,475	
United States and Rest of Canada																				
Asia, Africa, Australia	8,23,68,088	7,85,07,788	2,89,97,717	3,08,67,939	4,65,25,026	285,24,003	69,28,276	6,92,233,006	4,39,93,114	1,43,186,430						6,25,61,941	4,00,00,937	3,40,23,012	1,51,76,241	
Pakistan	19,42,08,911	12,18,89,511	8,89,52,133	3,98,45,439	4,30,77,517	2,07,69,476	1,77,17,527	1,07,08,886	1,28,667,201	29,70,269	54,836,384					19,64,78,000	10,37,83,682	3,194,422	3,70,10,521	
Processing name	1,70,800	862,330	9,930	52,500	31,77,419	48,201	11,02,875	15,91,943	68,77,137	57,06,234	229,61,809	277,594,674	423,85,104	100,08,573	26,728,283	16,26,005	15,91,239	75,00,772	57,17,734	
Related																				
Dairy/stock																				
	27,99,04,172	20,02,02,269	3,80,89,638	7,04,96,151	5,39,40,694	3,17,934,228	2,12,79,633	1,99,774,909	12,97,25,039	4,14,42,645	39,14,210	229,61,809	277,594,674	423,85,104	100,08,573	47,21,183,174	30,04,95,620	16,177,04,306	13,79,04,474	
	27,99,04,172	20,02,02,269	3,80,89,638	7,04,96,151	5,39,40,694	3,17,934,228	2,12,79,633	1,99,774,909	12,97,25,039	4,14,42,645	39,14,210	229,61,809	277,594,674	423,85,104	100,08,573	47,21,183,174	30,04,95,620	16,177,04,306	13,79,04,474	
	27,99,04,172	20,02,02,269	3,80,89,638	7,04,96,151	5,39,40,694	3,17,934,228	2,12,79,633	1,99,774,909	12,97,25,039	4,14,42,645	39,14,210	229,61,809	277,594,674	423,85,104	100,08,573	47,21,183,174	30,04,95,620	16,177,04,306	13,79,04,474	
	27,99,04,172	20,02,02,269	3,80,89,638	7,04,96,151	5,39,40,694	3,17,934,228	2,12,79,633	1,99,774,909	12,97,25,039	4,14,42,645	39,14,210	229,61,809	277,594,674	423,85,104	100,08,573	47,21,183,174	30,04,95,620	16,177,04,306	13,79,04,474	
	27,99,04,172	20,02,02,269	3,80,89,638	7,04,96,151	5,39,40,694	3,17,934,228	2,12,79,633	1,99,774,909	12,97,25,039	4,14,42,645	39,14,210	229,61,809	277,594,674	423,85,104	100,08,573	47,21,183,174	30,04,95,620	16,177,04,306	13,79,04,474	
	27,99,04,172	20,02,02,269	3,80,89,638	7,04,96,151	5,39,40,694	3,17,934,228	2,12,79,633	1,99,774,909	12,97,25,039	4,14,42,645	39,14,210	229,61,809	277,594,674	423,85,104	100,08,573	47,21,183,174	30,04,95,620	16,177,04,306	13,79,04,474	
	27,99,04,172	20,02,02,269	3,80,89,638	7,04,96,151	5,39,40,694	3,17,934,228	2,12,79,633	1,99,774,909	12,97,25,039	4,14,42,645	39,14,210	229,61,809	277,594,674	423,85,104	100,08,573	47,21,183,174	30,04,95,620	16,177,04,306	13,79,04,474	
	27,99,04,172	20,02,02,269	3,80,89,638	7,04,96,151	5,39,40,694	3,17,934,228	2,12,79,633	1,99,774,909	12,97,25,039	4,14,42,645	39,14,210	229,61,809	277,594,674	423,85,104	100,08,573	47,21,183,174	30,04,95,620	16,177,04,306	13,79,04,474	
	27,99,04,172	20,02,02,269	3,80,89,638	7,04,96,151	5,39,40,694	3,17,934,228	2,12,79,633	1,99,774,909	12,97,25,039	4,14,42,645	39,14,210	229,61,809	277,594,674	423,85,104	100,08,573	47,21,183,174	30,04,95,620	16,177,04,306	13,79,04,474	
	27,99,04,172	20,02,02,269	3,80,89,638	7,04,96,151	5,39,40,694	3,17,934,228	2,12,79,633	1,99,774,909	12,97,25,039	4,14,42,645	39,14,210	229,61,809	277,594,674	423,85,104	100,08,573	47,21,183,174	30,04,95,620	16,177,04,306	13,79,04,474	
	27,99,04,172	20,02,02,269	3,80,89,638	7,04,96,151	5,39,40,694	3,17,934,228	2,12,79,633	1,99,774,909	12,97,25,039	4,14,42,645	39,14,210	229,61,809	277,594,674	423,85,104	100,08,573	47,21,183,174	30,04,95,620	16,177,04,306	13,79,04,474	
	27,99,04,172	20,02,02,269	3,80,89,638	7,04,96,151	5,39,40,694	3,17,934,228	2,12,79,633	1,99,774,909	12,97,25,039	4,14,42,645	39,14,210	229,61,809	277,594,674	423,85,104	100,08,573	47,21,183,174	30,04,95,620	16,177,04,306	13,79,04,474	
	27,99,04,172	20,02,02,269	3,80,89,638	7,04,96,151	5,39,40,694	3,17,934,228	2,12,79,633	1,99,774,909	12,97,25,039	4,14,42,645	39,14,210	229,61,809	277,594,674	423,85,104	100,08,573	47,21,183,174	30,04,95,620	16,177,04,306	13,79,04,474	
	27,99,04,172	20,02,02,269	3,80,89,638	7,04,96,151	5,39,40,694	3,17,934,228	2,12,79,633	1,99,774,909	12,97,25,039	4,14,42,645	39,14,210	229,61,809	277,594,674	423,85,104	100,08,573	47,21,183,174	30,04,95,620	16,177,04,306	13,79,04,474	
	27,99,04,172	20,02,02,269	3,80,89,638	7,04,96,151	5,39,40,694	3,17,934,228	2,12,79,633	1,99,774,909	12,97,25,039	4,14,42,645	39,14,210	229,61,809	277,594,674	423,85,104	100,08,573	47,21,183,174	30,04,95,620	16,177,04,306	13,79,04,474	
	27,99,04,172	20,02,02,269	3,80,89,638	7,04,96,151	5,39,40,694	3,17,934,228	2,12,79,633	1,99,774,909	12,97,25,039	4,14,42,645	39,14,210	229,61,809	277,594,674	423,85,104	100,08,573	47,21,183,174	30,04,95,620	16,177,04,306	13,79,04,474	
	27,99,04,172	20,02,02,269	3,80,89,638	7,04,96,151	5,39,40,694	3,17,934,228	2,12,79,633	1,99,774,909	12,97,25,039	4,14,42,645	39,14,210	229,61,809	277,594,674	423,85,104	100,08,573	47,21,183,174	30,04,95,620	16,177,04,306	13,79,04,474	
	27,99,04,172	20,02,02,269	3,80,89,638	7,04,96,151	5,39,40,694	3,17,934,228	2,12,79,633	1,99,774,909	12,97,25,039	4,14,42,645	39,14,210	229,61,809	277,594,674	423,85,104	100,08,573	47,21,183,174	30,04,95,620	16,177,04,306	13,79,04,474	
	27,99,04,172	20,02,02,269	3,80,89,638	7,04,96,151	5,39,40,694	3,17,934,228	2,12,79,633	1,99,774,909	12,97,25,039	4,14,42,645	39,14,210	229,61,809	277,594,674	423,85,104	100,08,573	47,21,183,174	30,04,95,620	16,177,04,306	13,79,04,474	
	27,99,04,172	20,02,02,269	3,80,89,638	7,04,96,151	5,39,40,694	3,17,934,228	2,12,79,633	1,99,774,909	12,97,25,039	4,14,42,645	39,14,210	229,61,809	277,594,674	423,85,104	100,08,573	47,21,183,174	30,04,95,620	16,177,04,306	13,79,04,474	
	27,99,04,172	20,02,02,269	3,80,89,638	7,04,96,151	5,39,40,694	3,17,934,228	2,12,79,633	1,99,774,909	12,97,25,039	4,14,42,645	39,14,210	229,61,809	277,594,674	423,85,104	100,08,573	47,21,183,174	30,04,95,620	16,177,04,306	13,79,04,474	
	27,99,04,172	20,02,02,269	3,80,89,638	7,04,96,151	5,39,40,694	3,17,934,228	2,12,79,633	1,99,774,909	12,97,25,039	4,14,42,645	39,14,210	229,61,809	277,594,674	423,85,104	100,08,573	47,21,183,174	30,04,95,620	16,177,04,306	13,79,04,474	
	27,99,04,172	20,02,02,269	3,80,89,638	7,04,96,151	5,39,40,694	3,17,934,228	2,12,79,633	1,99,774,909	12,97,25,039	4,14,42,645	39,14,210	229,61,809	277,594,674	423,85,104	100,08,573	47,21,183,174	30,04,95,620	16,177,04,306	13,79,04,474	
	27,99,04,172	20,02,02,269	3,80,89,638	7,04,96,151	5,39,40,694	3,17,934,228	2,12,79,633	1,99,774,909	12,97,25,039	4,14,42,645	39,14,210	229,61,809	277,594,674	423,85,104	100,08,573	47,21,183,174	30,04,95,620	16,177,04,306	13,79,04,474	
	27,99,04,172	20,02,02,269	3,80,89,638	7,04,96,151	5,39,40,694	3,17,934,228	2,12,79,633	1,99,774,909	12,97,25,039	4,14,42,645	39,14,210	229,61,809	277,594,674	423,85,104	100,08,573	47,21,183,174	30,04,95,620	16,177,04,306	13,79,04,474	
	27,99,04,172	20,02,02,269	3,80,89,638	7,04,96,151	5,39,40,694	3,17,934,228	2,12,79,633	1,99,774,909	12,97,25,039	4,14,42,645	39,14,210	229,61,809	277,594,674	423,85,104	100,08,573	47,21,183,174	30,04,95,620	16,177,04,306	13,79,04,474	
	27,99,04,172	20,02,02,269	3,80,89,638	7,04,96,151	5,39,40,694	3,17,934,228	2,12,79,633	1,99,774,909	12,97,25,039	4,14,42,645	39,14,210	229,61,809	277,594,674	423,85,104	100,08,573	47,21,183,174	30,04,95,620	16,177,04,306	13,79,04,474	
	27,99,04,172	20,02,02,269	3,80,89,638	7,04,96,151	5,39,40,694	3,17,934,228	2,12,79,633	1,99,774,909	12,97,25,039	4,14,42,645	39,14,210	229,61,809	277,594,674	423,85,104	100,08,573	47,21,183,174	30,04,95,620	16,177,04,306	13,79,04,474	
	27,99,04,172	20,02,02,269	3,80,89,638	7,04,96,151	5,39,40,694	3,17,934,228	2,12,79,633	1,99,774,909	12,97,25,039	4,14,42,645	39,14,210	229,61,809	277,594,674	423,85,104	100,08,573	47,21,183,174	30,04,95,620	16,177,04,306	13,79,04,474	
	27,99,04,172	20,02,02,269	3,80,89,638	7,04,96,151	5,39,40,694	3,17,934,228	2,12,79,633	1,99,774,909	12,97,25,039	4,14										

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

FOR THE NINE MONTHS ENDED MARCH 31, 2022

	Un-audited			
	Nine Months Ended		Quarter Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	----- Rupees -----			
9. COST OF SALES				
Raw material consumed	28,830,734,440	22,140,804,957	9,776,588,665	7,128,881,150
Packing materials consumed	1,195,151,263	1,084,886,844	346,022,273	396,741,528
Stores, spare parts and loose tools	723,585,152	578,325,849	229,023,658	223,936,192
Processing charges	264,350,566	125,176,058	45,793,795	39,961,401
Salaries, wages and other benefits	2,454,988,944	2,160,831,315	801,886,078	734,419,743
Fuel and power	3,390,222,078	2,509,361,056	1,173,105,525	799,287,172
Insurance	89,231,227	73,201,143	30,973,586	23,700,634
Postage and telephone	560,348	631,903	198,895	192,106
Travelling and conveyance	7,130,083	3,524,361	1,532,847	1,053,696
Vehicles' running and maintenance	26,110,540	23,882,415	9,273,484	8,695,682
Entertainment	10,599,671	9,363,823	2,966,476	2,161,181
Depreciation on operating fixed assets	867,149,292	847,096,895	291,382,973	290,809,496
Repair and maintenance	407,471,954	339,102,696	141,512,616	116,510,100
Other factory overheads	82,372,216	90,340,007	25,687,672	18,222,932
	38,349,657,774	29,986,529,322	12,875,948,543	9,784,573,013
Work-in-process				
Opening stock	2,081,215,813	1,131,081,567	2,294,924,012	1,436,695,649
Closing stock	(2,198,758,694)	(1,556,277,828)	(2,198,758,694)	(1,556,277,828)
	(117,542,881)	(425,196,261)	96,165,318	(119,582,179)
Cost of goods manufactured	38,232,114,893	29,561,333,061	12,972,113,861	9,664,990,834
Finished goods and waste-opening stocks				
Finished goods	3,511,748,772	4,098,769,328	4,515,327,051	2,968,543,974
Waste	76,861,237	175,341,896	296,928,403	90,251,554
	3,588,610,009	4,274,111,224	4,812,255,454	3,058,795,528
	41,820,724,902	33,835,444,285	17,784,369,315	12,723,786,362
Finished goods and waste-closing stocks				
Finished goods	(4,781,464,208)	(3,114,004,044)	(4,781,464,208)	(3,114,004,044)
Waste	(360,678,294)	(88,030,842)	(360,678,294)	(88,030,842)
	(5,142,142,502)	(3,202,034,886)	(5,142,142,502)	(3,202,034,886)
Cost of goods sold	36,678,582,400	30,633,409,399	12,642,226,813	9,521,751,476

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

FOR THE NINE MONTHS ENDED MARCH 31, 2022

	Nine Months Ended	
	March 31, 2022	March 31, 2021
	Rupees	Rupees
10. CASH GENERATED FROM OPERATIONS		
Profit before taxation	7,283,653,842	3,654,255,942
Adjustment for non cash charges and other items:		
Depreciation on operating fixed assets	878,576,111	858,231,653
Amortization on intangible assets	162,332	115,832
Depreciation on right-of-use asset	36,876,896	34,173,981
(Gain)/Loss on sale of operating fixed assets	2,937,797	(15,073,270)
Interest income on loan to subsidiary company	-	(2,465,619)
Interest on bank deposits	(9,500,012)	(2,373,309)
Allowance / (Reversal) for expected credit losses	(2,905,835)	36,322
Finance cost	1,612,225,749	1,341,816,223
Gain on remeasurement of deferred liability	-	(38,282,637)
Amortization of deferred income - Government grant	(58,648,481)	(33,407,621)
Working capital changes (Note 15.1)	(6,068,004,219)	(3,420,284,074)
Cash generated from operations	3,675,374,180	2,376,743,423
10.1 Working capital changes		
(Increase) / decrease in current assets		
- Stores, spare parts and loose tools	(1,364,786,233)	(744,828,829)
- Stock in trade	(4,901,007,453)	2,137,148,313
- Trade debts	(2,257,232,440)	(2,124,936,563)
- Loans and advances	598,227,435	(2,899,994,343)
- Short term deposits and prepayments	3,018,202	19,313,886
- Other receivables	(892,616,601)	(767,003,749)
Increase / (decrease) in current liabilities		
- Trade and other payables	2,746,392,871	960,017,211
	(6,068,004,219)	(3,420,284,074)
11. SEGMENT INFORMATION		
11.1 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 NINE MONTHS ENDED MARCH 31, 2022

12. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in this unconsolidated condensed interim financial information. 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 March 2022	Level 1	Level 2	Level 3	Total
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..... Rupees

Financial assets

Derivative financial assets	-	879,617	-	879,617
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Total financial assets	-	879,617	-	879,617
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Financial liabilities

Derivative financial liabilities	-	176,611,029	-	176,611,029
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Total financial liabilities	-	176,611,029	-	176,611,029
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Recurring fair value measurements At 30 June 2021	Level 1	Level 2	Level 3	Total
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..... Rupees

Financial assets

Derivative financial assets	-	56,576,881	-	56,576,881
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Total financial assets	-	56,576,881	-	56,576,881
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Financial liabilities

Derivative financial liabilities	-	3,884,821	-	3,884,821
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Total financial liabilities	-	3,884,821	-	3,884,821
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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 available-for-sale 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,

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

FOR THE NINE MONTHS ENDED MARCH 31, 2022

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.

13. TRANSACTIONS WITH RELATED PARTIES

The 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:

i. Transactions

	Un-audited			
	Nine Months Ended		Quarter Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	----- Rupees -----			
Subsidiary companies				
Sale of Goods to Subsidiary Company	258,509,037	1,279,497,139	13,152,014	428,994,468
Common facilities cost charged	14,850,000	14,850,000	4,950,000	4,950,000
Investment made	100,000	-	100,000	-
Disbursements of loans	-	3,561,221,699	-	2,164,221,699
Repayments of loans	-	2,793,541,699	-	1,976,541,699
Interest income on loans	-	2,465,619	-	2,112,214
Associated undertakings				
Donations paid	129,126,955	3,843,517	126,924,100	1,080,000
Other related parties				
Contribution to employees' provident fund trust	158,401,902	125,767,947	54,289,834	43,727,825
Remuneration of key management personnel	192,359,867	140,405,423	58,552,670	53,893,544

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

FOR THE NINE MONTHS ENDED MARCH 31, 2022

ii. Period end balances

As at 31 March 2022 (Un-audited)				
	Subsidiary Companies	Associated Companies	Other related parties	Total
 Rupees			
Long term investment	1,886,781,200	-	-	1,886,781,200
Trade debts	127,856,101	-	-	127,856,101
Other receivables	223,685	-	113,272,261	121,570,554

As at 30 June 2021 (Audited)				
	Subsidiary Companies	Associated Companies	Other related parties	Total
 Rupees			
Long term investment	1,886,681,200	-	-	1,886,681,200
Trade debts	567,472,442	-	-	567,472,442
Other receivables	-	-	101,101,822	101,101,822

14. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2021.

15. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 'Interim Financial Reporting', the unconsolidated condensed interim balance sheet 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 profit and loss account, unconsolidated condensed interim statement of comprehensive income and unconsolidated condensed interim cashflow statement have been compared with the balances of comparable period of immediately preceding financial year.

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

16. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were approved by the Board of Directors and authorized for issue on April 29, 2022.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

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

**CONSOLIDATED CONDENSED
INTERIM FINANCIAL INFORMATION**

**FOR THE NINE MONTHS ENDED
MARCH 31, 2022 (UN-AUDITED)**

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2022

Note	Un-audited March 31, 2022 Rupees	Audited June 30, 2021 Rupees
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
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	31,745,553,180	25,950,193,923
Equity attributable to equity holders of the Holding Company	34,146,743,470	28,351,384,213
Non-controlling interest	11,444,927,966	10,513,606,578
Total equity	45,591,671,436	38,864,990,791
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term financing	10,511,295,068	6,419,912,708
Lease liabilities	65,466,162	74,518,895
Deferred Liabilities	771,355,261	191,593,367
	11,348,116,491	6,686,024,970
CURRENT LIABILITIES		
Trade and other payables	8,122,250,492	5,405,062,409
Unclaimed dividend	81,012,285	68,194,087
Accrued mark-up / Profit	513,103,346	514,554,913
Short term borrowings	24,693,957,751	29,084,279,595
Current portion of non-current liabilities	2,432,972,449	2,826,678,629
	35,843,296,323	37,898,769,633
Total liabilities	47,191,412,814	44,584,794,603
CONTINGENCIES AND COMMITMENTS	5	
TOTAL EQUITY AND LIABILITIES	92,783,084,250	83,449,785,394

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 MARCH 31, 2022

	Un-audited March 31, 2022	Audited June 30, 2021
	Rupees	Rupees
ASSETS		
NON-CURRENT ASSETS		
Fixed assets	30,253,332,682	27,148,148,365
Intangible assets	707,003	882,170
Right-of-use assets	91,055,240	107,398,163
Long term loans to employees	24,344,504	20,446,927
Long term security deposits	31,614,353	30,567,609
	30,401,053,782	27,307,443,234
CURRENT ASSETS		
Stores, spare parts and loose tools	3,569,712,336	2,350,924,103
Stock-in-trade	24,230,733,143	19,491,127,966
Trade debts	26,559,294,538	26,987,823,812
Loans and advances	3,360,111,060	3,329,960,437
Short term deposits and prepayments	62,955,899	57,652,439
Advance income tax - net	164,207,996	331,760,017
Other receivables	3,511,716,390	2,549,893,788
Short term investments	589,636,844	469,425,433
Cash and bank balances	333,662,262	573,774,165
	62,382,030,468	56,142,342,160
TOTAL ASSETS	92,783,084,250	83,449,785,394

CHIEF FINANCIAL OFFICER

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

FOR THE NINE MONTHS ENDED MARCH 31, 2022

	Nine Months Ended		Quarter Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	----- Rupees -----			
SALES	63,374,479,378	44,807,511,364	21,982,768,683	15,054,047,575
COST OF SALES	(50,101,603,557)	(36,385,778,110)	(17,541,674,310)	(11,394,940,137)
GROSS PROFIT	13,272,875,821	8,421,733,254	4,441,094,373	3,659,107,438
DISTRIBUTION COST	(1,294,880,725)	(963,233,451)	(418,494,133)	(326,790,666)
ADMINISTRATIVE EXPENSES	(363,701,005)	(311,037,673)	(139,064,617)	(106,448,663)
OTHER OPERATING EXPENSES	(613,336,819)	(187,676,552)	(268,141,477)	(104,263,487)
	(2,271,918,549)	(1,461,947,676)	(825,700,227)	(537,502,816)
	11,000,957,272	6,959,785,578	3,615,394,146	3,121,604,622
OTHER OPERATING INCOME	426,887,463	847,257,446	148,969,301	282,179,736
PROFIT FROM OPERATIONS	11,427,844,735	7,807,043,024	3,764,363,447	3,403,784,358
FINANCE COST	(2,242,720,226)	(2,084,364,017)	(814,108,685)	(701,124,366)
PROFIT BEFORE TAXATION	9,185,124,509	5,722,679,007	2,950,254,762	2,702,659,992
TAXATION	(536,595,232)	(441,256,600)	(177,868,064)	(149,132,706)
PROFIT AFTER TAXATION	8,648,529,277	5,281,422,407	2,772,386,698	2,553,527,286
PROFIT ATTRIBUTABLE TO:				
EQUITY HOLDERS OF THE HOLDING COMPANY	7,717,207,889	4,271,960,788	2,410,034,604	2,241,501,655
NON-CONTROLLING INTEREST	931,321,388	1,009,461,619	362,352,094	312,025,631
	8,648,529,277	5,281,422,407	2,772,386,698	2,553,527,286
EARNINGS PER SHARE - BASIC & DILUTED	32.14	17.79	10.04	9.33

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

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

FOR THE NINE MONTHS ENDED MARCH 31, 2022

	Nine Months Ended		Quarter Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	----- Rupees -----			
PROFIT AFTER TAXATION	8,648,529,277	5,281,422,407	2,772,386,698	2,553,527,286
OTHER COMPREHENSIVE INCOME	(896,400)	(1,696,795)	(574,828)	(2,069,398)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>8,647,632,877</u>	<u>5,279,725,612</u>	<u>2,771,811,870</u>	<u>2,551,457,888</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
EQUITY HOLDERS OF THE HOLDING COMPANY	7,716,311,489	4,270,263,993	2,409,459,776	2,239,432,257
NON-CONTROLLING INTEREST	931,321,388	1,009,461,619	362,352,094	312,025,631
	<u>8,647,632,877</u>	<u>5,279,725,612</u>	<u>2,771,811,870</u>	<u>2,551,457,888</u>

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

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

FOR THE NINE MONTHS ENDED MARCH 31, 2022

		Nine Months Ended	
Note	March 31, 2022	March 31, 2021	
		Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
	Cash generated from operations	9,093,606,041	3,560,349,595
	Net (increase) / decrease in long term security deposits	(1,046,744)	68,275
	Net (increase) / decrease in long term loans to employees	(3,897,577)	(5,291,745)
	Retirement benefits paid	(6,162,000)	-
	Finance cost paid	(2,155,878,417)	(2,351,593,112)
	Income tax paid	(368,683,141)	(228,883,217)
	Net cash generated from / (used in) operating activities	6,557,938,162	974,649,796
CASH FLOWS FROM INVESTING ACTIVITIES			
	Capital expenditure on property, plant and equipment	(4,887,310,568)	(1,005,006,582)
	Capital expenditure on intangible assets	(591,165)	-
	Proceeds from sale of property, plant and equipment	248,796,343	65,853,714
	Short term investments made	(103,374,411)	(309,900,522)
	Profit on bank deposits received	11,322,064	8,171,309
	Net cash generated from / (used in) investing activities	(4,731,157,737)	(1,240,882,081)
CASH FLOWS FROM FINANCING ACTIVITIES			
	Proceeds from long term financing	6,032,407,264	2,534,919,231
	Repayment of long term financing	(1,757,442,807)	(2,561,737,225)
	Short term borrowings - net	(4,390,321,844)	598,091,953
	Repayment of lease liabilities	(42,504,507)	(37,923,677)
	Dividend paid to non-controlling interest	(1,215,000)	-
	Dividend paid equity holders of the Holding Company	(1,906,919,035)	(237,729,402)
	Net cash generated from / (used in) financing activities	(2,065,995,929)	295,620,880
	Net increase / (decrease) in cash and cash equivalents	(239,215,503)	29,388,595
	Impact of exchange translation	(896,400)	(1,696,795)
	Cash and cash equivalents at the beginning of the period	573,774,165	54,766,969
	Cash and cash equivalents at the end of the period	333,662,262	82,458,769

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

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

FOR THE NINE MONTHS ENDED MARCH 31, 2022

	Attributable to Equity Holders of the Holding Company						Non-controlling Interest	Total Equity
	Share Capital	Capital Reserve		Revenue Reserves		Shareholders Equity		
		Exchange Translation Reserve	Share Premium	General reserve	Un-appropriated profit			
Balance as at June 30, 2020 - (audited)	2,401,190,290	(14,255,466)	6,00,553,880	1,629,221,278	17,081,896,969	18,711,118,247	21,698,606,961	30,982,795,948
Total comprehensive income for the nine months ended March 31, 2021	-	(1,696,795)	-	-	4,271,960,788	4,271,960,788	4,270,363,993	5,279,725,612
Final dividend for the year ended 30 June 2020 @ Rs. 17 Ordinary share	-	-	-	(240,119,029)	(240,119,029)	(240,119,029)	(240,119,029)	(240,119,029)
Balance as at March 31, 2021 - (un-audited)	2,401,190,290	(15,952,261)	6,00,553,880	1,629,221,278	21,113,738,728	22,742,960,006	25,728,751,925	36,022,402,531
Total comprehensive income for quarter ended June 30, 2021	-	37,399,634	-	-	2,585,232,654	2,585,232,654	2,622,632,288	2,842,588,260
Balance as at June 30, 2021 - (audited)	2,401,190,290	21,447,373	6,00,553,880	1,629,221,278	3,698,971,382	25,326,192,660	28,351,384,213	36,864,990,791
Total comprehensive income for the nine months ended March 31, 2022	-	(896,400)	-	-	7,717,207,889	7,717,207,889	7,716,311,489	8,647,632,877
Final dividend for the year ended 30 June 2021 @ Rs. 57 Ordinary share	-	-	-	-	(1,200,595,145)	(1,200,595,145)	(1,200,595,145)	(1,200,595,145)
Interim dividend for the year ended 30 June 2022 @ Rs. 37 Ordinary share	-	-	-	-	(720,357,087)	(720,357,087)	(720,357,087)	(720,357,087)
Balance as at March 31, 2022 - (un-audited)	2,401,190,290	20,550,973	6,00,553,880	1,629,221,278	29,495,227,039	31,124,448,317	34,146,743,470	45,591,671,436

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

FOR THE NINE MONTHS ENDED MARCH 31, 2022

1. GROUP INFORMATION

The Group consists of:

Holding Company	-	Nishat (Chunian) Limited
Subsidiary Companies	-	Nishat Chunian Power Limited Nishat Chunian USA Inc. Nishat Chunian Properties (Private) Limited

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 listed on Pakistan Stock Exchange Limited. Its registered office is situated at 31-Q, Gulberg II, Lahore. The Holding 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.

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 (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.

Nishat Chunian Properties (Private) Limited

Nishat Chunian Properties (Private) Limited is a private limited Company incorporated in Pakistan on 31st January 2022, under the Companies Act, 2017. The principal activity of the

FOR THE NINE MONTHS ENDED MARCH 31, 2022

company is marketing and development of all types of real estate including developed or undeveloped land, housing or commercial projects including commercial markets or multistoried buildings (for commercial or residential purposes), shopping centres, restaurants, hotels, recreational facilities etc. Its registered office is situated at 31-Q, Gulberg II, Lahore.

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 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 2021.

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 2021.

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 2021.

5. CONTINGENCIES AND COMMITMENTS

Contingencies

There is no significant change in the status of contingencies as disclosed in the preceding

FOR THE NINE MONTHS ENDED MARCH 31, 2022

annual audited financial statements of the Group for the year ended 30 June 2021 except for the following:

Holding Company

- i) Guarantees of Rupees 1,050.200 million (30 June 2021: Rupees 858.017 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, Collector, Model Customs Collectorate, Karachi against import, 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.
- ii) Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 6,650.687 million (30 June 2021: Rupees 4,715.577 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 164.745 million (30 June 2021: Rupees 139.031 million) have been issued to Lahore Electric Supply Company Limited against disputed amount of tariff adjustments and post dated cheques of Rupees 156.532 million (30 June 2021: Rupees 156.532 million) have been issued to Sui Northern Gas Pipelines Limited against gas infrastructure development cess and captive vs industrial tariff case.

Subsidiary Company - Nishat Chunian Power Limited

- i) Assistant Commissioner Inland Revenue ('ACIR') has raised a demand of Rupees 1,161.548 million through its order dated November 28, 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 the Company on account of 'capacity purchase price' was against a non-taxable supply and thus, the entire amount of input sales tax claimed by the Company was required to be apportioned with only the input sales tax attributable to other revenue stream i.e. 'energy purchase price' admissible to the Company.

Against the aforesaid order, the Company preferred an appeal on December 10, 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 the Company's other grounds of appeal. Consequently, the Company preferred an appeal on March 17, 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 May 8, 2014 before the ATIR against the CIR(A)'s order. The ATIR decided the case in favour of the Company on September 11, 2018. However, the tax

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department has filed a sales tax reference with Honourable Lahore High Court against the decision. The Honourable Lahore High Court, Lahore ('LHC') set aside the ATIR's judgment and remanded back the case. The company being aggrieved is in the process to file the leave for application before the Honourable Supreme Court of Pakistan. Since the LHC, in an other petition, has decided the case of apportionment in the favour of the Company, therefore 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) For the period July 2013 to June 2014, Company's case was selected for audit by the tax department, which selection was objected to, on jurisdictional basis, by Company by way of filing a writ petition before the LHC on November 20, 2015. While, the LHC 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. Such amount was disallowed on the grounds that the revenue derived by the Company on account of 'capacity purchase price' was against a non-taxable supply and thus, the entire amount of input sales tax claimed by the Company was required to be apportioned with only the input sales tax attributable to other revenue stream i.e. 'energy purchase price' admissible to the Company. The LHC through its order dated 9 January 2017 has allowed initiation of adjudication proceedings after issuance of audit report.
- iii) On 19 April 2021, DCIR issued show cause notice to the Company involving Rupees 223.773 million on account of input sales tax on capacity purchase price claimed by the Company for the period from July 2017 to January 2021. The Company challenged the jurisdiction of DCIR to issue show cause notice before the Honourable Lahore High Court, Lahore. On 31 May 2021, the Honourable Lahore High Court, Lahore directed the Company to file the reply of show cause notice issued by DCIR and ordered the DCIR to first determine the jurisdiction as raised by the Company. The Company filed its reply to show cause notice to DCIR. DCIR determined its jurisdiction to be lawful. On 03 August 2021, the DCIR passed an order where by a demand of Rupees 223.773 million was raised against the Company. Against the aforesaid order of DCIR, the Company preferred an appeal before CIR(A). In its order dated 10 November 2021, CIR(A) remanded back the case to DCIR. Since the CIR(A) remanded back the case without hearing the merits therefore the Company has also filed an appeal before Appellate Tribunal Inland Revenue that is pending adjudication. The management based on the advice of its legal council, 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 alleged that savings were made by the

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

FOR THE NINE MONTHS ENDED MARCH 31, 2022

Independent Power Producers ('IPPs'), including the Company, in the tariff components. On February 11, 2021, the Company and CPPA-G have signed ""Master Agreement"" and ""PPA Amendment Agreement"" as detailed in note 1.3 to these condensed interim financial statements wherein it has been agreed that the abovementioned dispute will be resolved through arbitration under the 'Arbitration Submission Agreement' between the Company and GoP. On November 15, 2021, the Company has authorized GoP/CPPA-G to retain Rupees 8,360 million of its receivables until the Arbitration Tribunal renders the Award which shall be final and binding.

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

- v) Guarantees of Rupees 337.867 million (30 June 2021: Rupees 328.227 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, Federal Board of Revenue and Punjab Revenue Authority in respect of stay granted by various Courts of Pakistan pertaining to pending tax cases.

Commitments

- i) Letters of credit for capital expenditure amounting to Rupees Nil (30 June 2021: 4,480.769 million).
- ii) Letters of credit other than for capital expenditure amounting to Rupees 949.189 million (30 June 2021: Rupees 530.855 million).
- iii) Outstanding foreign currency forward contracts of Rupees 5,776.729 million (30 June 2021: Rupees 10,106.645 million).

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

FOR THE NINE MONTHS ENDED MARCH 31, 2022

	Un-audited Nine months ended March 31, 2022 Rupees	Un-audited Nine months ended March 31, 2021 Rupees
6. CASH (USED IN) / GENERATED FROM OPERATIONS		
Profit before taxation	9,185,124,509	5,722,679,007
Adjustment for non cash charges and other items:		
Provision for employee retirement	6,162,000	5,852,000
Depreciation on operating fixed assets	1,556,856,111	1,469,089,653
Amortization on intangible assets	764,332	3,058,832
Depreciation on right-of-use asset	36,876,896	34,173,981
Loss / (Gain) on sale of operating fixed assets	(23,526,203)	(18,917,270)
(Reversal of allowance) / allowance for expected credit losses	(2,905,835)	36,322
Interest on bank deposits	(28,164,012)	(8,171,309)
Gain on remeasurement of deferred liability	-	(38,282,637)
Amortization on deferred grant	(60,613,481)	(36,331,621)
Finance costs	2,242,720,226	2,084,364,017
Cash flows from operating activities before working capital changes	12,913,294,543	9,217,550,975
(Increase) / decrease in current assets		
- Stores, spare parts and loose tools	(1,218,788,233)	(556,630,829)
- Stock in trade	(4,739,605,177)	1,625,191,540
- Trade debts	428,529,274	(3,939,699,341)
- Loans and advances	(30,150,623)	(2,876,315,343)
- Short term deposits and prepayments	(5,303,460)	16,004,913
- Other receivables	(971,558,366)	(996,141,743)
Increase / (decrease) in current liabilities		
- Trade and other payables	2,717,188,083	1,070,389,423
	(3,819,688,502)	(5,657,201,380)
Net cash generated from operations	9,093,606,041	3,560,349,595

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

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

FOR THE NINE MONTHS ENDED MARCH 31, 2022

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:

i) Transactions

	Un-audited			
	Nine Months Ended		Quarter Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	----- Rupees -----			
Associated undertakings				
Donation paid	191,626,955	3,843,517	126,924,100	1,080,000
Other related parties				
Contribution to employees' provident fund	164,563,902	131,617,947	56,447,834	45,740,825
Remuneration paid to key management personnel	289,246,867	216,345,423	91,014,670	76,510,544

ii) Period end balances

	Un-audited As at March 31, 2022	Audited As at June 30, 2021
	Rupees	Rupees
Other related parties		
Other receivables	113,272,261	101,101,822

8. CORRESPONDING FIGURES

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

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

9. DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were approved and authorized for issue on April 29, 2022 by the Board of Directors.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

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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