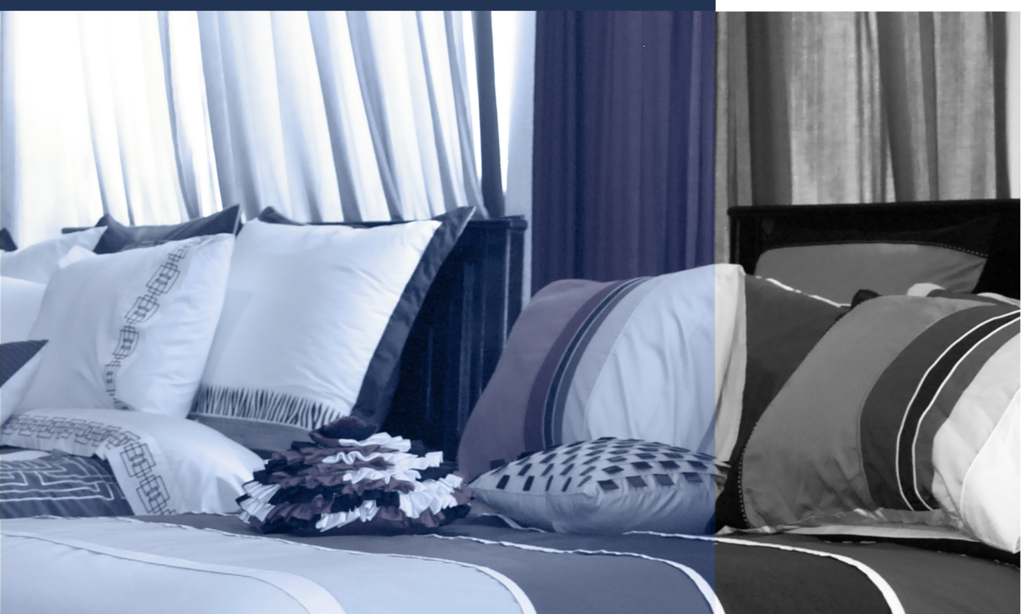


# ANNUAL REPORT 2019

Nishat Chunian Limited

# BRIEF PROFILE

| | |
|---|---|
| 2016 | Diversification into Retail Business<br>The Linen Company (TLC) |
| 2015 | Diversified into Cinema Business<br>NC Entertainment Private Limited |
| 2014 | 46 MW Coal Based Power Plant |
| 2013 | Established a subsidiary company in USA |
| 2013 | 2 Spinning Mills acquired & a new spinning mill started |
| 2010 | IPP commercial operations |
| 2006 | Diversified into Home Textiles |
| 2005 | Acquisition of 2 spinning Mills & 5th Spinning Mill Started |
| 2000 | 2nd Spinning mill started production |
| 1998 | Diversified into Weaving |
| 1991 | 1st Spinning Mill Setup |

# CONTENTS

# COMPANY INFORMATION

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

**Audit Committee:**
Mr. Shoaib Ahmad Khan *(Chairman)*
Mr. Farrukh Ifzal *(Member)*
Mr. Muhammad Ali Zeb *(Member)*

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

**CFO:**
Mr. Babar Ali Khan

**Company Secretary:**
Ms. Samina Aslam

**Head of Internal Audit:**
Mr. Ahmad Bilal

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

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

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

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

**Auditors:**
Riaz Ahmad & Company
Chartered Accountants

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

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

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 30th Annual General Meeting of the Shareholders of Nishat (Chunian) Limited (the "Company") will be held on 28th October 2019 at 10:30 A.M. at Registered Office, 31-Q, Gulberg – II, Lahore to transact the following business:

## ORDINARY BUSINESS:

1. To confirm the minutes of the last General Meeting held on August 31, 2019.
2. To receive, consider and adopt audited unconsolidated and consolidated financial statements of the Company for the year ended 30 June 2019 together with Directors' and Auditors' reports thereon and Chairman's Review.
3. To consider and approve the payment of a final cash dividend @25% (i.e. Rs.2.50 per ordinary share) as recommended by the Board of Directors. This is in addition to Interim Dividend(s) already paid to Rs.1.50 per ordinary share i.e.15%.
4. To appoint auditors and to fix their remuneration. The members are hereby notified that the Audit Committee and the Board of Directors have recommended the name of retiring auditors M/s Riaz Ahmad & Company, Chartered Accountants, for reappointment as auditors of the Company

**SPECIAL BUSINESS:**

5. To consider and, if deemed fit, pass a Special Resolution, as proposed in the statement of material facts annexed with this Notice sent to the members, pursuant to the provisions of Section 199 of the Companies Act, 2017 to authorize investment of PKR 1.00 Billion by way of loans / advances to Nishat Chunian Power Limited, a subsidiary company.
   (Attached to this Notice is a statement of material facts covering the above-mentioned special business and draft special resolutions, as required under Section 134(3) of the Companies Act, 2017).

**By order of the Board**
**Samina Aslam**
**Company Secretary**

**Lahore**
**Dated: October 04, 2019**

**NOTES:**

**1. Closure of Share Transfer Books**

**For attending AGM:**

The Share Transfer Books of the Company will remain closed from 21-10-2019 to 28-10-2019 (both days inclusive). Transfers Physical / CDS received at the share registrar of the Company M/s Hameed Majeed Associates (Pvt) Ltd., H.M. House, 7-Bank Square, Lahore upto Close of office timings on 19-10-2019 will be treated in time for the purpose of attending the meeting.

**For entitlement of Final Cash Dividend:**

The Share Transfer Books of the Company will remain closed from 02-11-2019 to 08-11-2019 (both days inclusive) for entitlement of 25% Final Cash Dividend i.e. Rs.2.50 per share. Transfers Physical / CDS received at the share registrar of the Company M/s Hameed Majeed Associates (Pvt) Ltd., H.M. House, 7-Bank Square, Lahore upto Close of office timings on 01-11-2019 will be treated for above entitlement.

**2. Participation in the Annual General Meeting**

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

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

**A. For Attending the Meeting:**

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

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

**B. For Appointing Proxies:**

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

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

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

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

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

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

As has already been notified from time to time, the Securities and Exchange Commission of Pakistan (SECP) vide Notification S.R.O. 19(I)/2014 dated 10th January 2014 read with Notification S.R.O. 831(1)/2012 dated July 5, 2012 required that the Dividend Warrant(s) should also bear the Computerized National Identity Card (CNIC) Number of the registered shareholder or the authorized person, except in case of minor(s) and corporate shareholder(s).

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

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

(i) Pursuant to the provisions of the Finance Act 2019 the rates of deduction of income tax from dividend payments under the Income Tax Ordinance as follows:

- Filer 15%
- Non-Filer 30%

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

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

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

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

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

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

(iv) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to our share registrar M/s. Hameed Majeed Associates (Pvt) Ltd. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

(v) Withholding tax exemption from dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to our Share Registrar M/s. Hameed Majeed Associates (Pvt) Ltd. upto November 01, 2019

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

**6. Payment of Cash Dividend Electronically**

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

All shareholders are requested to provide the details of their bank mandate specifying:
(i) Title of Account:____________________________________________
(ii) IBAN number :____________________________________________
(iii) Bank Name :____________________________________________
(iv) Branch Code, Name & Addresss:_____________________________
(V) Signature of Shareholder:___________________________________

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

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

**7. Circulation of Annual reports through Digital Storage**

Pursuant to the SECP's notification S.R.O 471(I)/2016 dated 31st May, 2016, the shareholders of Nishat (Chunian) Limited in its 27th AGM of the Company had accorded their consent for transmission of annual reports including audited annual accounts, notices of AGM and other information contained therein of the Company through a CD/DVD/USB instead of transmitting the same in hard copies. The shareholders who wish to receive hard copies of the aforesaid documents may send to the Company Secretary / Share registrar, the standard request form provided in the annual report and is also available on the Company's website and the Company will provide the aforesaid documents to the shareholders on demand, free of cost, within one week of such demand. The shareholders who also intend to receive the annual report including the notice of meetings via email are requested to provide their written consent on the standard request form provided in the annual report and also available on the Company's website. http://www.nishat.net

**8. Video Conference Facility**

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

**9. Change of Address**

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

10. The Company has placed the audited unconsolidated and consolidated financial statements for the year ended June 30, 2019 along with Auditors and Directors Reports thereon, Chairman's Review and notice of meeting on its website: www.nishat.net

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

**Background Information**

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

**Due Diligence**

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

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

As required by Regulation 4(1) of the Regulations 2012 (the "Regulations"), it is declared that:

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

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

| Names | No of Shares |
|---|---|
| Mrs. Farhat Saleem | 5,895,838 |
| Mr. Shahzad Saleem | 54,860,632 |
| Mrs. Ayesha Shahzad | 238,448 |
| Mr. Zain Shahzad | 1,035,500 |
| Mr. Farrukh Ifzal | 500 |

**Audited Financial Statements of Nishat Chunian Power Limited**

As required by Regulation 5 of the Regulations, the latest financial statements of the Investee Company as at 30 June 2019 and last interim financial statements shall be made available for the inspection of the members at the Annual General Meeting.

**SPECIAL RESOLUTIONS:**

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

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

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

**Further Information**

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

<table>
<tr><td>Ref. No.</td><td>Requirement</td><td>Information</td></tr>
<tr><td>I</td><td>Name of associated company</td><td>Nishat Chunian Power Limited ("NCPL")</td></tr>
<tr><td>Ii</td><td>Basis of Relationship</td><td>NCPL is a subsidiary company.</td></tr>
<tr><td>Iii</td><td>Earnings / (Loss) per share for the last three years</td><td><table><tr><td>Year</td><td>Earning / (Loss) per share Rs.</td></tr><tr><td>2019</td><td>9.30</td></tr><tr><td>2018</td><td>9.27</td></tr><tr><td>2017</td><td>8.17</td></tr></table></td></tr>
<tr><td>Iv</td><td>Break-up value per share, based on last audited financial statements</td><td>PKR 39.09</td></tr>
<tr><td>V</td><td>Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements</td><td>Audited Financial Statements for the year ended June 30, 2019 showed:<table><tr><td>Balance Sheet:</td><td>Rs. in Billions</td></tr><tr><td>Asset</td><td></td></tr><tr><td>Fixed Assets</td><td>11,497,764</td></tr><tr><td>Current Assets</td><td>18,072,999</td></tr><tr><td>Total Assets</td><td>29,570,763</td></tr><tr><td>Liabilities</td><td></td></tr><tr><td>Long term</td><td>716,184</td></tr><tr><td>Short Term</td><td>14,494,409</td></tr></table></td></tr>
</table>

| | | | |
|---|---|---|---|
| | | | Total Liabilities 15,210,593<br><br>Profit & loss:<br>Sales 15,021,084<br><br>Gross Profit 5,075,633<br>Gross Profit Ratio 2.96<br>Net Profit after tax 3,416,558<br>Net Profit after Tax Ratio 0.23<br>EPS 9.30 |
| Vi | In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely | | Not Applicable |
| | i | Description of the project and its history since conceptualization | Not Applicable |
| | ii | Starting date and expected date of completion of work | Not Applicable |
| | iii | Time by which such project shall become commercially operational | Not Applicable |
| | iv | Expected time by which the project shall start paying return on investment. | Not Applicable |
| | v | Funds invested or to be invested by the promoters, sponsors associated company or associated undertaking distinguishing between cash and non-cash amounts. | Not Applicable |
| (B) General Disclosures: | | | |
| (i) | Maximum amount of investment to be made | | Up to PKR 1.00 Billion (Rupees One Billion Only). |
| (ii) | Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment | | The investment is explained in detail in the background information hereinabove. This will support the operations of the subsidiary. The Company will earn income from the investment. |
| (iii) | Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds: | | Internal cash generation |
| | i | Justification for investment through borrowings | Not Applicable |
| | ii | Detail of collateral, guarantees provided and assets pledged for obtaining such funds | Not Applicable |
| | iii | Cost of benefit analysis | Not Applicable |
| (iv) | Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment | | No agreement has so far been entered into with NCPL for the proposed investments. Agreement will be executed before extending the loan on the basis of the terms and conditions as approved by the shareholders. |
| (v) | Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associates company or associated undertaking or | | The directors, sponsors, majority shareholders and their relatives have no interest in this company except to the extent of their shareholdings, if any/directorships. |

| | | |
|---|---|---|
| | the transaction under consideration: | NCPL is not a member of NCL. Its directors are nominees of NCL. |
| (vi) | In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information /justification for any impairment or write offs | The shareholders have approved investment of PKR 3.00 Billion in their meeting held on December 26, 2014. The said investment has been repaid with markup as per terms and conditions approved by the shareholders. There is no write offs/impairment. |
| 1(c ) Additional disclosure regarding investment in the form of Working Capital Loan | | |
| (i) | Category-wise amount of investment | PKR 1.00 Billion as loans/advances |
| (i) | average borrowing cost of the investing company, the Karachi inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah complaint products and rate of return unfunded facilities, as the case may be, for the relevant period. | Average Borrowing Cost 9.84% per annum for the period ended 30 June 2019.<br>3 month KIBOR for the relevant period. |
| (ii) | Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company | 3 months KIBOR plus 2% |
| (iii) | Particulars of collateral or security to be obtained in relation to the proposed investment | No security to be obtained as NCPL is a subsidiary. |
| (iv) | If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable | Not Applicable |
| (v) | Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking | Repayment of principal will be made within one year of the approval by the shareholders while payment of markup due will be made on monthly basis |

# CHAIRPERSON'S REVIEW

Nishat Chunian Limited complies with all requirements set out in the Companies Act, 2017 and the listed companies (code of corporate governance) regulations, 2017 with respect to the composition, procedures and meetings of the board of directors and its committees. Further as required under the code of corporate governance, an annual evaluation of the board of directors is carried out to assess their overall performance and for this purpose, a comprehensive criterion has been developed. The overall assessment is satisfactory based on the following integral elements, which have a direct bearing on the board's role in achieving company's objectives:

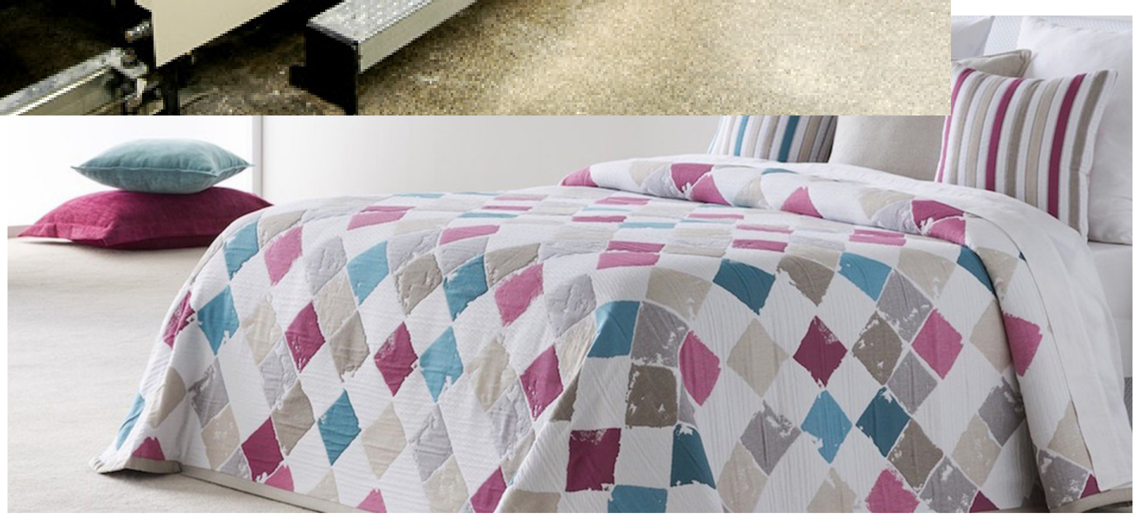
- Vision, mission and values: The board members are aligned with the Company's vision, mission and values and encourage them. The board also revisits the vision and mission statement frequently.
- Engagement in strategic planning: The board has a clear understanding of the stakeholders (shareholders, customers, employees, vendors, society at large) whom the Company serves. The board has a strategic vision of how the organization should evolve over the next three to five years. Further, the board sets annual goals and targets for the management in all major performance areas.
- Diligence: The board members diligently performed their duties and thoroughly reviewed, discussed and approved business strategies, corporate objectives, plans, budgets, financial statements and other reports. It received clear and succinct agendas and supporting written material in sufficient time prior to board and committee meetings. The board met frequently enough to adequately discharge its responsibilities.
- Monitoring business activities: The board remained updated with respect to achievement of company's objectives, goals, strategies and financial performance through regular presentations by the management, internal and external auditors and other independent consultants. The board provided appropriate direction and oversight on a timely basis.
- Diversity and mix: The board members effectively bring the diversity to the board and constitute a mix of independent and non-executive directors. The non-executive and independent directors were equally involved in important board decisions.
- Governance and control environment: The board has effectively set the tone at the top, by putting in place a transparent and robust system of governance. This is reflected by setting up an effective control environment, compliance with best practices of Corporate Governance and by promoting ethical and fair behavior across the Company.

**Mrs. Farhat Saleem**
**Chairperson**

**Lahore**
**Date: October 04, 2019**


# Growing Ingeniously


OMNI
PICANOL



# DIRECTOR'S REPORT

The Directors of your Company have the pleasure of presenting to you the financial results of your Company which include both, separate and consolidated audited financial statements for the fiscal year ended June 30, 2019.

## OVERVIEW

The Company's operations remained profitable as net sales rose to Rs. 39.34 billion in 2019 from Rs. 35.56 billion in 2018. The driving force behind increase in sales was spinning and home textile divisions, whose sales have increased by 12.5% and 15.5% respectively.

Keeping up with its profitable track record, the Company is declaring a profit after tax of 8.1% of sales as compared to 6.6% last year. The increase in profitability can be attributed to a number of factors, chief among them are; increased margin of spinning business, dividend income and devaluation of rupee. Management firmly believes that results can be further improved by committing to efficient cost management, BMR, better tax planning and making prudent investment strategies.

On a consolidated basis, the Company achieved gross turnover of PKR 54.98 billion which is 3.7% higher as compared to last year's turnover of PKR 53.03 billion.

## YEAR AT A GLANCE

Revenue: Rs. 39.34 Billion (+10.6%)
Profit from Operations Rs. 5.84 Billion (+41.1%)
Net Profit for the Year Rs. 3.16 Billion (+34.04%)

| Financial Highlights | For the Year Ended | |
|---|---|---|
| | 2019 | 2018 |
| Sales (Rs.) | 39,337,640,505 | 35,560,396,444 |
| Gross Profit (Rs.) | 4,887,512,561 | 4,285,466,431 |
| Profit After Taxation (Rs.) | 3,167,591,540 | 2,363,083,847 |
| Gross Profit % | 12.4% | 12.1% |
| Profit After Taxation % | 8.1% | 6.6% |
| Earnings Per Share (Rs.) | 13.19 | 9.84 |

# PROFITABILITY

Revenue earned during this year was Rs. 39.34 billion, up by 10.6% from last year. The spinning and home textile divisions contributed significantly towards this increase, by expanding local market share and capitalizing on currency devaluation respectively. The gross profits and net profits in this year increased from 12.1% and 6.6% to 12.4% and 8.1% respectively over the last year.

# APPROPRIATIONS

The Board of Directors of the Company have proposed to pay Rs. 2.5 per ordinary share cash dividend in its meeting held on October 4, 2019.

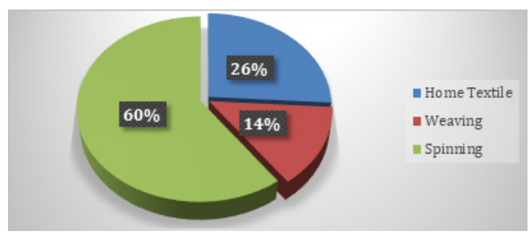
# INVESTMENTS

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

| Business Segment | Machinery Added | Investment (PKR in million) |
|---|---|---|
| Spinning | • 5 Dual core attachments for ring machines<br>• 6 Drawing Machines<br>• Others | 36.9<br>38.6<br>78.5 |
| Weaving | • 1 Automatic drawing machine<br>• Others | 73.7<br>21.8 |
| Home Textiles | • 2 Embroidery machines<br>• Others | 27.2<br>19.9 |

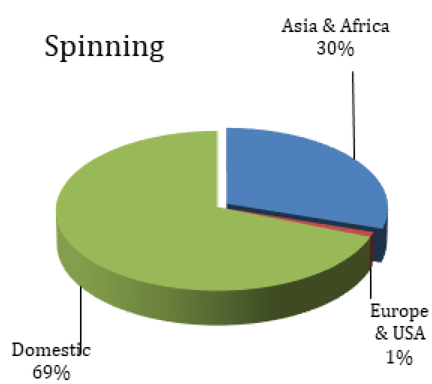
# SEGMENT WISE REVENUE

Spinning still remains the main stream of revenue generation for the Company, whereas Home textile division has also shown tremendous growth in terms of revenue.

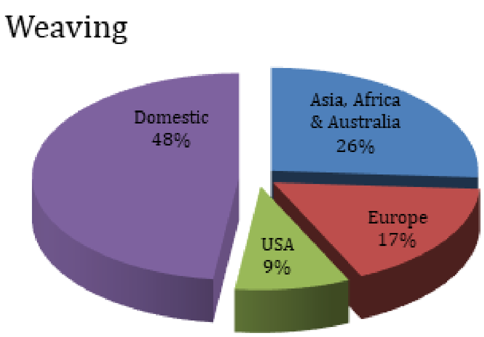



# SPINNING

Spinning division broke all its benchmarks in terms of revenue as it registered sales of PKR 23.6 billion, up by 12.5% as compared to last year. Although exports declined by 17% due to ongoing trade war between China and USA, the 37% increase in domestic sales was not only able to set off this decline but also resulted in net increase in revenue by PKR 2.6 billion, however; currency devaluation remained a major factor in pushing the yarn prices in local market. Cotton prices remained high as compared to last year on account of extended rainy season, however the Company was able to absorb the price increase by transferring the impact of rise in raw material to its customers.



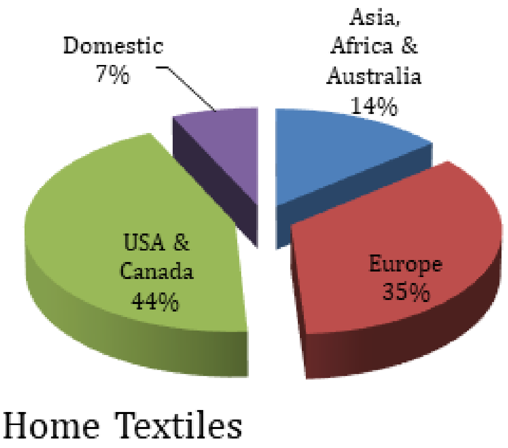
# WEAVING




During the year under review, net sales have decreased by 4% as compared to last year. However, this decrease is mainly caused in house sales of greige fabric, which has increased by almost 1.2 Billion. The withdrawal of duty drawback has negatively impacted the export of weaving sector. On the local front the Company was able to increase sales by 14.7% as compared to last year.

# HOME TEXTILES

During the year under review, total sales have increased by 15.53% as compared to last year. Major increase was noted in exports, which have increased by 15% in 2019 as compared to 2018. The driving factor in this regard was devaluation of local currency that rendered local products being more competitive internationally. Moreover, local sales of home textile have also increased due to opening of two new branches of 'The Linen Company' (TLC) in Karachi and Islamabad.



# SUBSIDIARY COMPANIES

The Company has also annexed its consolidated financial statements along with separate financial statements in accordance with the requirements of International Financial Reporting Standards and Companies Act, 2017. The group results comprise of financial statements of Nishat (Chunian) Limited ("the Holding Company"), Nishat Chunian Power Limited (NCPL), Nishat Chunian USA Inc., NC Electric Company Limited and NC Entertainment Pvt Limited (till 20th Nov).

| Financial Highlights | 2019 | 2018 |
|---|---|---|
| | (Rupees in million) | |
| Turnover | 54,988 | 53,033 |
| Gross Profit | 10,279 | 9,287 |
| Profit before taxation | 6,114 | 5,841 |
| Taxation | 535 | 369 |
| Profit after taxation | 5,578 | 5,471 |
| Earnings per share (basic & diluted) – Rupees | 16.26 | 15.84 |

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

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

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

**NC Electric Company Limited,** incorporated under the Companies Ordinance, 1984 on 18th April, 2014, is established with the objective of setting up coal-based power plant of gross capacity of 46 MW. The plant had successfully started its commercial operations in last fiscal year which helped Nishat (Chunian) Limited (the holding company) to optimize their fuel and electricity cost.

**NC Entertainment Pvt Limited,** In order to concentrate on the core business of the Company, the board of directors of the Company in their meeting held on 24 July 2018 and subsequently the shareholders of the Company in their Extra Ordinary General Meeting held on 20 August 2018 approved the sale of NC Entertainment (Private) Limited - wholly owned subsidiary company, to the highest bidder (Mr. Shahmir Yahya, a related party at that time). Total agreed consideration received on disposal of investment in subsidiary company was Rupees 322 million.

# FUTURE OUTLOOK, CHALLENGES & OPPORTUNITIES

To diversify its retail network under the Company's brand name TLC (The Linen Company) launch of further outlets are planned in the major cities across the country. A major outlet was opened in Karachi during the year, while recently a new outlet has been opened at Packages mall Lahore. In home textile division, embroidery machines are being added to enhance capacity and reduce production costs and time. The company is fully committed to automate the conventional processes to reduce dependency on manpower.

We foresee next financial years will be challenging due to uncertain economic conditions in the country and slowdown in growth of global economies. Based on the macro indicators since the last year and the economic outlook of the country as issued by various entities including state bank of Pakistan the future looks far from promising. The withdrawal of SRO 1125 and resultant imposition of sales tax on entire textile chain has dramatically impacted the industry, if the promise of timely sales tax refunds is not materialised the export sector will face serious working capital implications. For the time being the export-oriented sector is facing technical challenges in processing the sales tax refunds, hopefully the government will address the challenges as highlighted by different stakeholders at various occasions.

The interest rates have almost doubled since the last year, as a result; the bottom line of all businesses have impacted significantly. Further, it will remain a great challenge for the industry to expand its capacities at current interest rates. If the whole episode of increased interest rates is not addressed in short to medium term the policy would be counter productive in the efforts to increase exports.

However, the current scenario is not all gloomy as the most recent macro indicators have started to show optimistic trend, further the decision of government to supply energy to export oriented sectors at subsidized rates is commendable and shows commitment of the administration to boost exports. The management is fully committed to look for opportunities amid all the uncertainties and will capitalise if opportunity arise. As one of the leading textile company of the country, the Company is in a position to avail and exploit a number of opportunities like regionally diversified customer base, vertical integration, abundant supply of cotton and bulk man power.

# CORPORATE SOCIAL RESPONSIBILITY

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

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

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

As part of its philanthropic endeavors, the company donates to a school which provides quality education to underprivileged at a nominal fee. Moreover, the sponsors of the company along with other philanthropists is in the process of setting up a state-of-the art, not for profit, Saleem Memorial Trust Hospital (SMTH). This 350-bed hospital which is being constructed on 39 kanals of land will provide subsidized medical treatment to the underprivileged. The partial section of the hospital would be opened by June 2020.

# RISK MANAGEMENT

Taking risk is important to remain competitive and ensure sustainable success. The company's overall risk management program focuses on the unpredictability factor of the industry, economy in general and of business in specific and seeks to minimize the potential adverse effects on the profitability. Currently the Company is vulnerable to business risks like fluctuation in raw material prices and export demand orders. The company also provides principles for overall financial risk management including credit, interest rate risk, currency risk and liquidity risk. As part of risk management, the company has designed adequate internal controls and standard operating procedures that are communicated to staff via various policies and procedural guidelines. These controls are also periodically reviewed by management and internal audit function.

# INTERNAL FINANCIAL CONTROLS

At Nishat Chunian Limited we have a robust internal control and risk management system. The risk management and internal control processes are designed to safeguard the company's assets and to appropriately address and/or mitigate emerging risks being faced by the company. The company has an internal audit department which is outsourced to a reputable audit firm which carries out periodical audits and presents reports to the management highlighting loopholes and suggesting areas of improvement. It is ensured by the top management that these suggestions are implemented properly and reviewed periodically. The Board is fully aware of its responsibilities for establishing and managing an efficient and effective internal control system. Thus, these controls are properly implemented and reliance can be placed on their functionality.

# ENVIRONMENTAL IMPACTS

The company regularly takes initiatives towards the improvement of environment and well-being of society.

**Energy Conservation**

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

**Environment Protection**

We have a waste water treatment plant to protect the environment from the hazardous impacts of our industrial processes. We are constantly reviewing and implementing the proposals made by the government in respect of environmental protection. The company has also installed caustic recovery plant to recover caustic from waste water. We also use ecofriendly dyes & chemicals that have less pollution load over our waste streams.

**Occupational Safety and Health**

We carry out regular health and safety awareness programs and occasionally organizes free medical camps as well. Further, regular fumigation is carried out at premises of all manufacturing facilities by using fogging machines to prevent diseases like dengue. The Company has also provided firefighting equipment and vehicles at all of its manufacturing facilities.

# STATEMENT OF COMPLIANCE

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

# STATEMENT OF VALUE ADDITION & DISTRIBUTION

| | Rs. In Millions |
|---|---|
| **Wealth Generated** | |
| Total Revenue and other income | 41,792 |
| Bought in Material and services | (32,129) |
| | **9,663** |
| **Wealth Distribution** | |
| **To Government & Society** | |
| Employee remuneration | 2,616 |
| Donation | 100 |
| Tax & WPPF | 674 |
| **To providers of Finance** | |
| Finance Cost | 2,178 |
| Dividend | 1,321 |
| **Retained for reinvestment and future growth** | |
| Depreciation, amortization and retained profit | 2,774 |
| | **9,663** |

# CORPORATE GOVERNANCE

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

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

**Total number of Directors:**

- Male 7
- Female 1

**Composition**
The composition of Board is as follows:

a) Independent Directors: **02** as named hereunder:

i. Mr. Shoaib Ahmad Khan
ii. Mr. Muhammad Zahid Khan

b) Non-Executive Directors: **04** as named hereunder:

i. Mrs. Farhat Saleem (Chairperson)
ii. Mr. Aftab Ahmad Khan
iii. Mr. Muhammad Ali Zeb
iv. Mr. Farrukh Ifzal

c) Executive Director: **02** as named hereunder:

i. Mr. Shahzad Saleem (Chief Executive)
ii. Mr. Zain Shahzad

**Board of Directors' Meetings:**
During the year under review four (4) meetings were held. Attendance by each director is as follows:

| Name of Directors | No. of Meetings |
|---|---|
| Mrs. Farhat Saleem (Chairperson) | 0 |
| Mr. Shahzad Saleem (Chief Executive) | 4 |
| Mr. Zain Shahzad | 1 |
| Mr. Aftab Ahmad Khan | 3 |
| Mr. Farrukh Ifzal | 4 |
| Mr. Muhammad Ali Zeb | 3 |
| Mr. Shoaib Ahmad Khan | 4 |
| Mr. Muhammad Zahid Khan (Appointed on 13-12-2018) | 2 |
| Mrs. Sonia Karim (Resigned on 10-10-2018) | 1 |

**Director's Remuneration**

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

**Audit Committee**

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

| | |
|---|---|
| Mr. Shoaib Ahmad Khan | Chairman |
| Mr. Farrukh Ifzal | Member |
| Mr. Muhammad Ali Zeb | Member |

**HR & Remuneration Committee**

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

| | |
|---|---|
| Mr. Shoaib Ahmad Khan | Chairperson |
| Mr. Farrukh Ifzal | Member |
| Mr. Muhammad Zahid Khan | Member |

**Pattern of Shareholding**

Pattern of shareholding as on June 30, 2019 is annexed.

**Acknowledgment**

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

For and on behalf of the Board,

Chief Executive

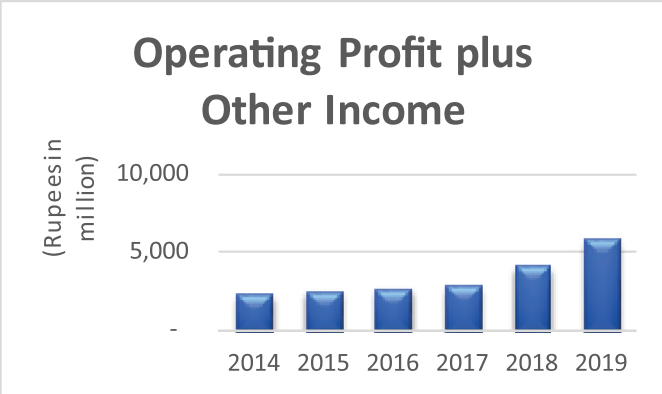
Director

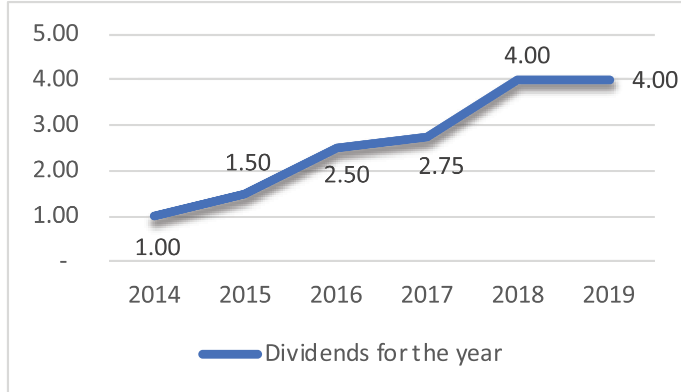
Date: October 04, 2019

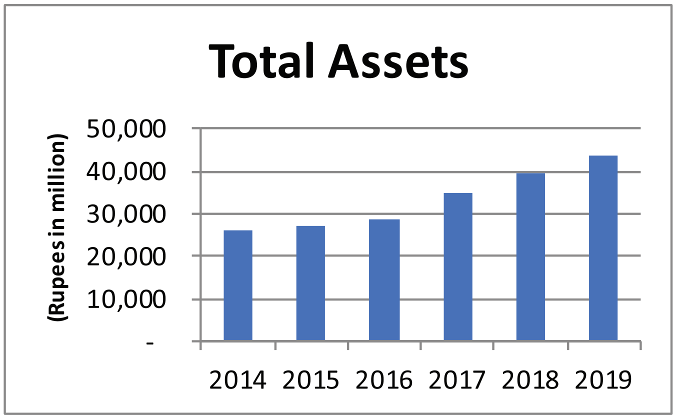
Lahore.

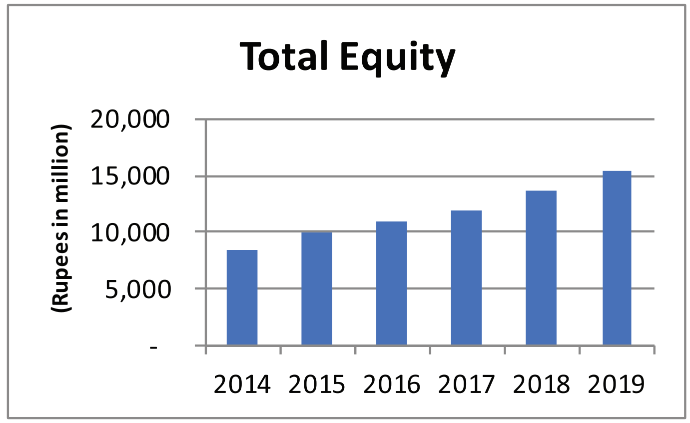
# FINANCIAL HIGHLIGHTS

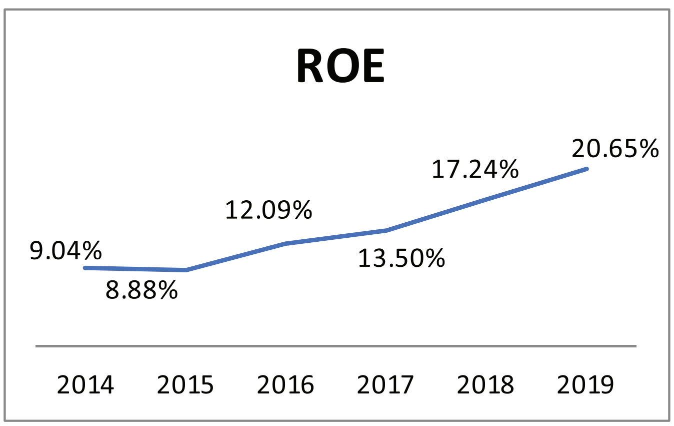
| Year | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|
| | | | (Rupees in thousand) | | | |
| Net Sales | 22,799,758 | 23,780,455 | 25,799,122 | 29,815,994 | 35,560,396 | 39,337,641 |
| Gross Profit | 1,380,613 | 1,956,775 | 2,455,518 | 2,899,793 | 4,271,344 | 4,887,513 |
| Distribution, Admin and Other Expenses | 892,998 | 940,051 | 1,003,589 | 1,148,822 | 1,259,755 | 1,496,010 |
| Operating Profit plus Other Income | 2,302,894 | 2,497,253 | 2,642,648 | 2,873,374 | 4,143,471 | 5,845,942 |
| Finance Cost | 1,375,292 | 1,353,886 | 1,029,629 | 1,094,723 | 1,383,365 | 2,177,576 |
| Net Income | 761,297 | 800,420 | 1,328,775 | 1,621,332 | 2,363,084 | 3,167,592 |
| Current Assets | 14,548,838 | 14,794,557 | 15,975,281 | 18,707,295 | 24,808,457 | 29,043,475 |
| Total Assets | 25,940,962 | 26,959,844 | 28,883,996 | 34,622,603 | 39,393,599 | 43,507,943 |
| Current Liabilities | 12,801,084 | 14,084,317 | 15,817,604 | 18,311,946 | 20,926,883 | 24,512,069 |
| Total Equity | 8,417,596 | 9,969,626 | 10,987,197 | 12,007,975 | 13,710,449 | 15,338,438 |
| Cash Flows: | | | | | | |
| Net Cash generated from /(used in) Operating Activities | (2,457,485) | 319,654 | (479,208) | (649,757) | (2,288,612) | 197,793 |
| Net Cash generated from/(used in) Investing Activities | (933,413) | 166,018 | (374,500) | (3,865,054) | 666,819 | (597,348) |
| Net Cash generated from /(used in) Financing Activities | 3,149,899 | 465,557 | (67,092) | 4,510,693 | 1,653,688 | 340,839 |
| **Earnings Per Share** | | | | | | |
| Basic | 3.80 | 4.00 | 5.59 | 6.75 | 9.84 | 13.19 |
| Diluted | 3.80 | 4.00 | 5.59 | 6.75 | 9.84 | 13.19 |
| Dividends for the year | 1.00 | 1.50 | 2.50 | 2.75 | 4.00 | 4.00 |
| Dividend Payout Ratio | 0.26 | 0.38 | 0.45 | 0.41 | 0.41 | 0.30 |
| **Financial Measures:** | | | | | | |
| ROE (Net Income / Equity) | 9.04% | 8.88% | 12.09% | 13.50% | 17.24% | 20.65% |
| ROI (Net Income / Assets) | 2.9% | 3.0% | 4.6% | 4.7% | 6.0% | 7.3% |
| Shareholders' Equity Ratio (Equity / Assets) | 32% | 37% | 38% | 35% | 35% | 35% |
| Net Debt Equity Ratio (% age) | 56% | 30% | 19% | 35% | 35% | 23% |
| Interest Coverage Ratio (times) | 1.67 | 1.84 | 2.57 | 2.62 | 3.00 | 2.68 |
| P/E ratio (Price per share / EPS) | 11.16 | 9.19 | 6.34 | 7.60 | 4.83 | 2.66 |
| Dividend Yield Ratio (Cash dividend / Net Income) | 0.26 | 0.38 | 0.45 | 0.41 | 0.41 | 0.30 |
| **Common Stock** | | | | | | |
| Number of shares outstanding at year end | 200,184,630 | 200,184,630 | 240,221,556 | 240,221,556 | 240,221,556 | 240,221,556 |
| Break up value | 42.05 | 49.80 | 45.74 | 49.99 | 57.07 | 63.85 |
| Share price as on 30 June | 42.39 | 36.73 | 35.42 | 51.32 | 47.48 | 35.02 |

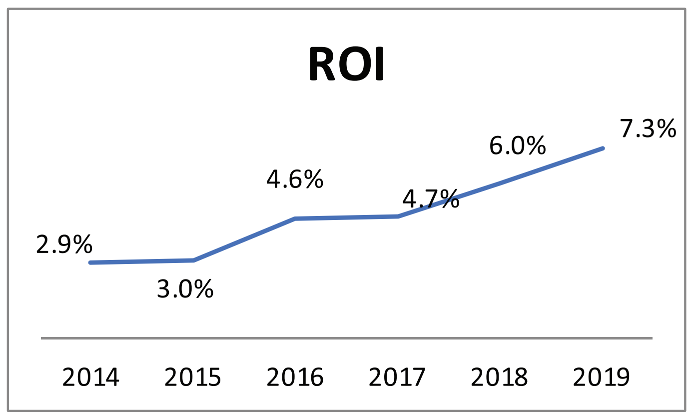

Operating Profit plus Other Income
(Rupees in million)
10,000
5,000
-
2014 2015 2016 2017 2018 2019

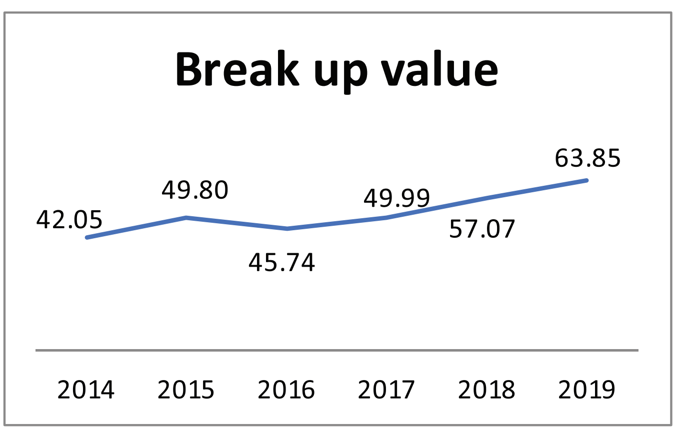

5.00
4.00
3.00
2.00
1.00
-
1.00
1.50
2.50
2.75
4.00
4.00
2014 2015 2016 2017 2018 2019
Dividends for the year

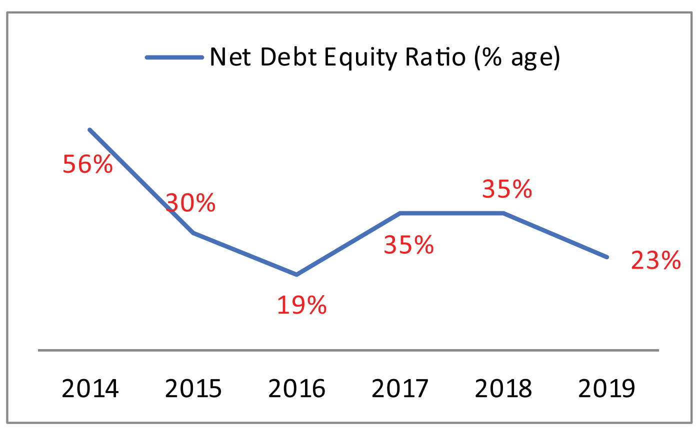

Total Assets
(Rupees in million)
50,000
40,000
30,000
20,000
10,000
-
2014 2015 2016 2017 2018 2019


Total Equity
(Rupees in million)
20,000
15,000
10,000
5,000
-
2014 2015 2016 2017 2018 2019


ROE
9.04%
8.88%
12.09%
13.50%
17.24%
20.65%
2014 2015 2016 2017 2018 2019


ROI
2.9%
3.0%
4.6%
4.7%
6.0%
7.3%
2014 2015 2016 2017 2018 2019


Break up value
42.05
49.80
45.74
49.99
57.07
63.85
2014 2015 2016 2017 2018 2019


Net Debt Equity Ratio (% age)
56%
30%
19%
35%
35%
23%
2014 2015 2016 2017 2018 2019

# STATEMENT OF COMPLIANCE

## with Listed Companies (Code of Corporate Governance) Regulations, 2017

Name of company: Nishat (Chunian) Limited

Year ending: June 30, 2019

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

1. The total number of directors are Eight (8) as per the following:

| | | |
|---|---|---|
| a. | Male: | 7 |
| b. | Female: | 1 |

2. The composition of board is as follows:

a) Independent Directors
Mr. Shoaib Ahmad Khan
Mr. Muhammad Zahid Khan

b) Other Non-executive Directors
Mrs. Farhat Saleem, Chairperson
Mr. Muhammad Ali Zeb
Mr. Aftab Ahmad Khan
Mr. Farrukh Ifzal

c) Executive Directors
Mr. Shahzad Saleem, Chief Executive
Mr. Zain Shahzad

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company.

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

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

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

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

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

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

a) Non-executive Directors
Mr. Farrukh Ifzal
Mr. Muhammad Ali Zeb

Following directors are exempted from Directors' Training Program and the Company has obtained exemption from SECP:

Executive Director
Mr. Shahzad Saleem, Chief Executive
Non-executive Director
Mr. Aftab Ahmad Khan

Following director is exempted from Directors' Training Program and the Company is pursuing exemption from SECP:

Non-executive Director
Mrs. Farhat Saleem, Chairperson

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

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

**a) Audit Committee**
Mr. Shoaib Ahmad Khan (Independent Director and Chairman of Board's Audit Committee)

Mr. Farrukh Ifzal (Non-Executive Director and Member of Board's Audit Committee)
Mr. Muhammad Ali Zeb (Non-Executive Director and Member of Board's Audit Committee)

**b) HR and Remuneration Committee**
Mr. Shoaib Ahmad Khan (Independent Director and Chairman of Board's HR&R Committee)
Mr. Muhammad Zahid Khan (Independent Director and Member of Board's HR&R Committee)
Mr. Farrukh Ifzal (Non-Executive Director and Member of Board's HR&R Committee)

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

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

**a) Audit Committee:**
Four quarterly meetings were held during the financial year ended June 30, 2019

**b) HR and Remuneration Committee**
One Meeting of HR and Remuneration Committee was held during the financial year ended June 30, 2019.

15. The board has outsourced the internal audit function to M/s KPMG Taseer Hadi & Co., Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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

18. We confirm that all other requirements of the Regulations have been complied with.

**Mrs. FARHAT SALEEM**
**Chairperson**

**Lahore**
**Date: October 04, 2019**

# REVIEW REPORT TO THE MEMBERS

## Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Nishat (Chunian) Limited (the Company) for the year ended 30 June 2019 in accordance with the requirements of regulation 40 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2019.

**RIAZ AHMAD & COMPANY**
**Chartered Accountants**

**Lahore**
**Date: October 04, 2019**

# INDEPENDENT AUDITOR'S REPORT

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

**Opinion**

We have audited the annexed financial statements of Nishat (Chunian) Limited (the Company), which comprise the statement of financial position as at 30 June 2019, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2019 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

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

**Key Audit Matters**

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

| Sr. No. | Key audit matters | How the matter was addressed in our audit |
|---|---|---|
| 1. | **Inventory existence and valuation**<br>Inventory as at 30 June 2019 amounted to Rupees 16,473.601 million and represented a material position in the statement of financial position, break up of which is as follows:<br><br>- Stores, spare parts and loose tools amounting to Rupees 752.354 million<br>- Stock-in-trade amounting to Rupees 15,721.247 million<br><br>The business is characterized by high volume serial production and the valuation and existence of in- | Our procedures over existence and valuation of inventory included, but were not limited to:<br><br>• To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management.<br>• For a sample of inventory items, re-performed the weighted average cost calculation and |

| Sr. No. | Key audit matters | How the matter was addressed in our audit |
|---|---|---|
| | ventories are significant to the business. Therefore, considered as one of the key audit matters.<br><br>Inventories are stated at lower of cost and net realizable value. Cost is determined as per accounting policy disclosed in Note 2.11 to the financial statements.<br><br>At year end, the valuation of inventory is reviewed by management and the cost of inventory is reduced where inventory is forecast to be sold below cost.<br><br>Useable stores, spares parts and loose tools and raw materials are valued at weighted average cost, whereas, costing of work-in-process and finished goods is considered to carry more significant risk as the cost of material, labor and manufacturing overheads is allocated on the basis of complex formulas and involves management judgment.<br><br>The determination of whether inventory will be realised for a value less than cost requires management to exercise judgement and apply assumptions. Management undertake the following procedures for determining the level of write down required:<br><br>• Use inventory ageing reports together with historical trends to estimate the likely future saleability of slow moving and older inventory items.<br>• Perform a line-by-line analysis of remaining inventory to ensure it is stated at the lower of cost and net realisable value and a specific write down is recognized, if required.<br><br>For further information on inventory, refer to the following:<br><br>- Summary of significant accounting policies, Inventories note 2.11 to the financial statements.<br>- Stores, spare parts and loose tools note 15 and stock-in-trade note 16 to the financial statements. | compared the weighted average cost appearing on valuation sheets.<br>• We tested that the ageing report used by management correctly aged inventory items by agreeing a sample of aged inventory items to the last recorded invoice.<br>• On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any.<br>• We assessed the percentage write down applied to older inventory with reference to historic inventory write downs and recoveries on slow moving inventory.<br>• In the context of our testing of the calculation, we analysed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs.<br>• We also made enquires of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required. |
| **2.** | **Revenue recognition**<br><br>The Company recognized net revenue of Rupees 39,337.641 million for the year ended 30 June 2019.<br><br>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicator of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.<br><br>For further information, refer to the following:<br><br>- Summary of significant accounting policies, Revenue from contracts with customers note 2.18 to the financial statements. | Our procedures included, but were not limited to:<br>• We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue;<br>• We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents;<br>• We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period; |

| Sr. No. | Key audit matters | How the matters were addressed in our audit |
|---|---|---|
| | - Revenue note 23 to the financial statements. | • We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'; and<br>• We compared the details of a sample of journal entries posted to revenue accounts during the year, which met certain specific risk-based criteria, with the relevant underlying documentation.<br><br>We also considered the appropriateness of disclosures in the financial statements. |

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Report on Other Legal and Regulatory Requirements**

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

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

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

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

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

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

**RIAZ AHMAD & COMPANY**
**Chartered Accountants**

**Lahore**
**Date: October 04, 2019**

# STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019

| | Note | 2019 Rupees | 2018 Rupees |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **SHARE CAPITAL AND RESERVES** | | | |
| Authorized share capital | 3 | 3,000,000,000 | 3,000,000,000 |
| Issued, subscribed and paid-up share capital | 3 | 2,402,215,560 | 2,402,215,560 |
| Reserves | 4 | 12,936,222,882 | 11,308,233,791 |
| **Total equity** | | 15,338,438,442 | 13,710,449,351 |
| **LIABILITIES** | | | |
| **NON-CURRENT LIABILITIES** | | | |
| Long term financing | 5 | 3,657,436,300 | 4,756,266,450 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 6 | 2,842,610,390 | 2,238,596,263 |
| Accrued mark-up | 7 | 431,379,587 | 211,095,682 |
| Short term borrowings | 8 | 20,091,978,160 | 17,021,991,856 |
| Current portion of non-current liabilities | 9 | 1,093,798,900 | 1,416,992,650 |
| Unclaimed dividend | | 52,301,675 | 38,206,334 |
| | | 24,512,068,712 | 20,926,882,785 |
| **Total liabilities** | | 28,169,505,012 | 25,683,149,235 |
| **CONTINGENCIES AND COMMITMENTS** | 10 | | |
| **TOTAL EQUITY AND LIABILITIES** | | 43,507,943,454 | 39,393,598,586 |

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

CHIEF EXECUTIVE

DIRECTOR

# STATEMENT OF FINANCIAL POSITION

**AS AT JUNE 30, 2019**

| | Note | 2019 Rupees | 2018 Rupees |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Fixed assets | 11 | 11,112,476,842 | 11,359,643,510 |
| Intangible asset | 12 | 669,454 | 1,228,590 |
| Long term investments | 13 | 3,309,286,040 | 3,186,681,200 |
| Long term loans to employees | 14 | 15,916,295 | 13,940,372 |
| Long term security deposits | | 26,120,190 | 23,647,440 |
| | | 14,464,468,821 | 14,585,141,112 |
| **CURRENT ASSETS** | | | |
| Stores, spare parts and loose tools | 15 | 752,354,029 | 686,743,322 |
| Stock-in-trade | 16 | 15,721,247,262 | 10,447,356,778 |
| Trade debts | 17 | 6,426,369,277 | 8,124,577,164 |
| Loans and advances | 18 | 2,361,354,660 | 1,865,276,632 |
| Short term prepayments | | 9,339,730 | 3,453,878 |
| Other receivables | 19 | 3,582,338,309 | 3,522,638,415 |
| Accrued interest | 20 | 152,055,594 | 60,317,256 |
| Short term investments | 21 | 20,687,395 | 21,649,175 |
| Cash and bank balances | 22 | 17,728,377 | 76,444,854 |
| | | 29,043,474,633 | 24,808,457,474 |
| **TOTAL ASSETS** | | 43,507,943,454 | 39,393,598,586 |

CHIEF FINANCIAL OFFICER

# STATEMENT OF PROFIT OR LOSS

**FOR THE YEAR ENDED JUNE 30, 2019**

| | Note | 2019 Rupees | 2018 Rupees |
|---|---|---|---|
| REVENUE | 23 | 39,337,640,505 | 35,560,396,444 |
| COST OF SALES | 24 | (34,450,127,944) | (31,289,052,624) |
| GROSS PROFIT | | 4,887,512,561 | 4,271,343,820 |
| DISTRIBUTION COST | 25 | (944,021,613) | (908,398,202) |
| ADMINISTRATIVE EXPENSES | 26 | (278,123,593) | (222,242,176) |
| OTHER EXPENSES | 27 | (273,865,080) | (129,114,178) |
| | | (1,496,010,286) | (1,259,754,556) |
| | | 3,391,502,275 | 3,011,589,264 |
| OTHER INCOME | 28 | 2,454,439,930 | 1,131,881,730 |
| PROFIT FROM OPERATIONS | | 5,845,942,205 | 4,143,470,994 |
| FINANCE COST | 29 | (2,177,576,149) | (1,383,364,854) |
| PROFIT BEFORE TAXATION | | 3,668,366,056 | 2,760,106,140 |
| TAXATION | 30 | (500,774,516) | (397,022,293) |
| PROFIT AFTER TAXATION | | 3,167,591,540 | 2,363,083,847 |
| EARNINGS PER SHARE - BASIC AND DILUTED | 31 | 13.19 | 9.84 |

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

CHIEF EXECUTIVE    DIRECTOR    CHIEF FINANCIAL OFFICER

# STATEMENT OF COMPREHENSIVE INCOME

**FOR THE YEAR ENDED JUNE 30, 2019**

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| PROFIT AFTER TAXATION | 3,167,591,540 | 2,363,083,847 |
| OTHER COMPREHENSIVE INCOME | | |
| Items that will not be reclassified to profit or loss | - | - |
| Items that may be reclassified subsequently to profit or loss | - | - |
| Other comprehensive income for the year | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | 3,167,591,540 | 2,363,083,847 |

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2019

| | Note | 2019 Rupees | 2018 Rupees |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Cash generated from / (utilized in) operations** | 32 | 2,490,020,970 | (674,431,916) |
| Net increase in long term security deposits | | (2,472,750) | (1,413,000) |
| Finance cost paid | | (1,957,292,244) | (1,366,506,328) |
| Income tax paid | | (329,536,085) | (248,139,633) |
| Net (increase) / decrease in long term loans to employees | | (2,927,322) | 1,879,296 |
| **Net cash generated from / (used in) operating activities** | | 197,792,569 | (2,288,611,581) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Capital expenditure on property, plant and equipment | | (682,912,942) | (435,249,966) |
| Capital expenditure on intangible asset | | - | (257,650) |
| Proceeds from sale of shares of subsidiary company | | 322,000,000 | - |
| Proceeds from disposal of operating fixed assets | | 3,125,264 | 23,708,387 |
| Loans to subsidiary companies | | (10,435,298,011) | (4,977,239,955) |
| Repayments of loans from subsidiary companies | | 9,670,897,136 | 5,831,045,869 |
| Dividend received from subsidiary company | | 483,247,075 | 187,585,820 |
| Interest received | | 41,593,245 | 37,226,612 |
| **Net cash (used in) / generated from investing activities** | | (597,348,233) | 666,819,117 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from long term financing | | - | 2,076,300,000 |
| Repayment of long term financing | | (1,422,023,900) | (1,554,703,900) |
| Short term borrowings - net | | 3,069,986,304 | 1,785,205,207 |
| Dividends paid | | (1,307,123,217) | (653,113,350) |
| **Net cash from financing activities** | | 340,839,187 | 1,653,687,957 |
| **Net (decrease) / increase in cash and cash equivalents** | | (58,716,477) | 31,895,493 |
| **Cash and cash equivalents at the beginning of the year** | | 76,444,854 | 44,549,361 |
| **Cash and cash equivalents at the end of the year** | | 17,728,377 | 76,444,854 |

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

CHIEF EXECUTIVE DIRECTOR CHIEF FINANCIAL OFFICER

# STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED JUNE 30, 2019

| | SHARE CAPITAL | CAPITAL RESERVE | REVENUE RESERVES | | | TOTAL EQUITY |
|---|---|---|---|---|---|---|
| | | Share premium | General reserve | Unappropriated profit | Total | |
| | Rupees | | | | | |
| **Balance as at 30 June 2017** | 2,402,215,560 | 600,553,890 | 1,629,221,278 | 7,375,984,055 | 9,005,205,333 | 12,007,974,783 |
| Transaction with owners: | | | | | | |
| Final dividend for the year ended 30 June 2017 @ Rupees 2.75 per ordinary share | - | - | - | (660,609,279) | (660,609,279) | (660,609,279) |
| Profit for the year | - | - | - | 2,363,083,847 | 2,363,083,847 | 2,363,083,847 |
| Other comprehensive income for the year | - | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | 2,363,083,847 | 2,363,083,847 | 2,363,083,847 |
| **Balance as at 30 June 2018** | 2,402,215,560 | 600,553,890 | 1,629,221,278 | 9,078,458,623 | 10,707,679,901 | 13,710,449,351 |
| Adjustment on adoption of IFRS 9 (Note 2.9) | - | - | - | (5,288,510) | (5,288,510) | (5,288,510) |
| Adjustment on adoption of IFRS 15 (Note 2.18) | - | - | - | (213,095,381) | (213,095,381) | (213,095,381) |
| **Adjusted total equity as at 01 July 2018** | 2,402,215,560 | 600,553,890 | 1,629,221,278 | 8,860,074,732 | 10,489,296,010 | 13,492,065,460 |
| Transactions with owners: | | | | | | |
| Final dividend for the year ended 30 June 2018 @ Rupees 4.00 per ordinary share | - | - | - | (960,886,224) | (960,886,224) | (960,886,224) |
| Interim dividend for the year ended 30 June 2019 @ Rupees 1.50 per ordinary | - | - | - | (360,332,334) | (360,332,334) | (360,332,334) |
| | - | - | - | (1,321,218,558) | (1,321,218,558) | (1,321,218,558) |
| Profit for the year | - | - | - | 3,167,591,540 | 3,167,591,540 | 3,167,591,540 |
| Other comprehensive income for the year | - | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | 3,167,591,540 | 3,167,591,540 | 3,167,591,540 |
| **Balance as at 30 June 2019** | 2,402,215,560 | 600,553,890 | 1,629,221,278 | 10,706,447,714 | 12,335,668,992 | 15,338,438,442 |

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

**1. THE COMPANY AND ITS OPERATIONS**

**1.1** Nishat (Chunian) Limited is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. Its registered office is situated at 31-Q, Gulberg II, Lahore. The Company is engaged in business of spinning, weaving, dyeing, printing, stitching, processing, doubling, sizing, buying, selling and otherwise dealing in yarn, fabrics and made-ups made from raw cotton, synthetic fibre and cloth and to generate, accumulate, distribute, supply and sell electricity.

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

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

**1.3** These financial statements are the separate financial statements of the Company. Consolidated financial statements of the Company are prepared separately. Details of the Company's investment in subsidiaries are stated in note 13 to these financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**2.1 Basis of preparation**

**a) Statement of compliance**

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

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

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

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

## b) Accounting convention

These financial statements have been prepared under the historical cost convention except for the certain financial instruments carried at fair value.

## c) Critical accounting estimates and judgments

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

**Financial instruments – fair value**

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

**Useful lives, patterns of economic benefits and impairments**

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

**Inventories**

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

**Accumulating compensated absences**

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

**Income tax**

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

**Allowance for expected credit losses**

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

**Impairment of investments in subsidiaries**

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

**Revenue from contracts with customers involving sale of goods**

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

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

Following standards, interpretations and amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2018:

- IFRS 9 'Financial Instruments'
- IFRS 15 'Revenue from Contracts with Customers'
- IFRS 15 (Amendments), 'Revenue from Contracts with Customers
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'
- Annual Improvements to IFRSs: 2014 – 2016 Cycle

The Company had to change its accounting policies and make certain adjustments without restating prior year results following the adoption of IFRS 9 and IFRS 15. These are disclosed in note 2.9 and note 2.18. Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**e) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant to the Company**

Following standards, interpretations and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2019 or later periods:

IFRS 16 'Lease' (effective for annual periods beginning on or after 01 January 2019). IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16 approach to lessor accounting substantially unchanged from its predecessor, IAS 17 'Leases'. IFRS 16 replaces IAS 17, IFRIC 4 'Determining Whether an Arrangement Contains a Lease', SIC-15 'Operating Leases–Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

Amendments to IFRS 9 (effective for annual periods beginning on or after 01 January 2019) clarify that for the purpose of assessing whether a prepayment feature meets the solely payments of principal and interest ('SPPI') condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. The amendments are not likely to have significant impact on the Company's financial statements.

IAS 28 (Amendments) 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 01 January 2019). The IASB has clarified that IFRS 9, including its impairment requirements, applies to long-term interests. Furthermore, in applying IFRS 9 to long-term interests, an entity does not take into account adjustments to their carrying amount required by IAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28). The amendments are not likely to have significant impact on the Company's financial statements.
IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019). The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'. It specifically considers: whether tax treatments should be considered collectively; assumptions for taxation authorities' examinations; the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and the effect of changes in facts and circumstances. The interpretation is not expected to have a material impact on the Company's financial statements.

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 (deferred indefinitely) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 'Business Combinations'); require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves. The management of the Company is in the process of evaluating the impacts of the aforesaid amendments on the Company's financial statements.

Amendments to IFRS 3 'Business Combinations' (effective for annual periods beginning on or after 01 January 2020). The International Accounting Standards Board (IASB) has issued 'Definition of Business' aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

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

On 12 December 2017, IASB issued Annual Improvements to IFRSs: 2015 – 2017 Cycle, incorporating amendments to four IFRSs more specifically in IFRS 3 'Business Combinations', IFRS 11 'Joint Arrangements', IAS 12 'Income Taxes' and IAS 23 'Borrowing Costs'. The amendments are effective for annual periods beginning on or after 01 January 2019. The amendments have no significant impact on the Company's financial statements and have therefore not been analyzed in detail.

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

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

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

## 2.2 Employee benefit

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

### Provident fund

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

**Accumulating compensated absences**

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

## 2.3 Taxation

**Current**

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

**Deferred**

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

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

## 2.4 Functional and presentation currency

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

## 2.5 Foreign currency transactions and translation

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

## 2.6 Property, plant, equipment and depreciation

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

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

**Depreciation**

Depreciation on all operating fixed assets, other than standby generators, is charged to income on the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 11.1. Depreciation on additions is charged from the month in which the assets are available for use upto the month prior to disposal. Depreciation on standby generators is charged on the basis of number of hours used. The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Previously, depreciation on standby generators was charged on reducing balance method. However, during the year, the Company's management carried out a comprehensive review of the pattern of consumption of economic benefits of the operating fixed assets. Now, the Company charges depreciation on standby generators on the basis of number of hours used. Such a change has been accounted for as a change in an accounting estimate in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Had there been no change in the accounting estimate, the profit after taxation for the year ended 30 June 2019 would have been lower by Rupees 27.846 million and carrying value of operating fixed assets as at that date would have been lower by the same amount.

**De-recognition**

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

### 2.7 Intangible asset

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

### 2.8 Ijarah transactions

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

### 2.9 IFRS 9 "Financial instruments"

The Company has adopted IFRS 9 "Financial Instruments" from 01 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the Company makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the Company's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the Company. New impairment requirements use an 'expected credit loss' ('ECL') model to recognize an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The Company has adopted IFRS 9 without restating the prior year results. Key changes in accounting policies resulting from application of IFRS 9 are as follows:

**i) Recognition of financial instruments**

The Company initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

**ii) Classification and measurement of financial instruments**

IFRS 9 largely retains the existing requirements in IAS 39 "Financial Instruments: Recognition and Measurement" for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortized cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

**Investments and other financial assets**

**a) *Classification***

From 01 July 2018, the Company classifies its financial assets in the following measurement categories:

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

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

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

**b) *Measurement***

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

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

**Debt instruments**

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

**Amortized cost**

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

**Fair value through other comprehensive income (FVTOCI)**

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

**Fair value through profit or loss**

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

**Equity instruments**

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

**Fair value through other comprehensive income (FVTOCI)**

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

**Fair value through profit or loss**

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

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

**Financial liabilities**

**a) Classification and measurement**

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

**iii) Impairment of financial assets**

From 01 July 2018, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

**iv) De-recognition**

**a) Financial assets**

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

**b) Financial liabilities**

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

**v) Offsetting of financial instruments**

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

**vi) Hedge accounting**

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these financial statements as there is no hedge activity carried on by the Company during the year ended 30 June 2019.

**vii) Impacts of adoption of IFRS 9 on these financial statements as on 01 July 2018**

On 01 July 2018, the Company's management has assessed which business models apply to the financial assets held by the Company at the date of initial application of IFRS 9 (01 July 2018) and has classified its financial instruments into appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

**Financial assets (01 July 2018)**

| | Trade debts categorized as | |
|---|---|---|
| | Loans and receivables | Amortised cost |
| | ----------- Rupees --- ------- | |
| Opening balance (before reclassification) | 8,124,577,164 | - |
| Reclassification of trade debts | (8,124,577,164) | 8,124,577,164 |
| Recognition of expected credit losses on trade debts | - | (5,288,510) |
| Opening balance (after reclassification) | - | 8,119,288,654 |

The impact of these changes on the Company's reserves and equity is as follows:

**Reserves and equity (01 July 2018**

| | Effect on un-appropriated profit | Effect on total equity |
|---|---|---|
| | ----------- Rupees --- ------- | |
| Opening balance (before reclassification) | 9,078,458,623 | 13,710,449,351 |
| Adjustment on adoption of IFRS 9 due to recognition of expected life time credit losses on trade debts | (5,288,510) | (5,288,510) |
| Opening balance (after reclassification) | 9,073,170,113 | 13,705,160,841 |

**Reclassifications of financial instruments on adoption of IFRS 9**

As on 01 July 2018, the classification and measurement of financial instruments of the Company were as follows:

| | Measurement category | | Carrying amounts | | |
|---|---|---|---|---|---|
| | Original | New | Original | New | Difference |
| | (IAS 39) | (IFRS 9) | Rupees | | |
| **Non-current financial assets** | | | | | |
| Long term loans to employees | Loans and receivables | Amortised cost | 16,813,010 | 16,813,010 | - |
| Long term security deposits | Loans and receivables | Amortised cost | 23,647,440 | 23,647,440 | - |
| **Current financial assets** | | | | | |
| Trade debts | Loans and receivables | Amortised cost | 8,124,577,164 | 8,119,288,654 | (5,288,510) |
| Loans and advances | Loans and receivables | Amortised cost | 515,390,587 | 515,390,587 | - |
| Other receivables | Loans and receivables | Amortised cost | 340,470,982 | 340,470,982 | - |
| Accrued interest | Loans and receivables | Amortised cost | 60,317,256 | 60,317,256 | - |
| Short term investments | Amortised cost | Amortised cost | 21,649,175 | 21,649,175 | - |
| Cash and bank balances | Loans and receivables | Amortised cost | 76,444,854 | 76,444,854 | - |
| **Non-current financial liabilities** | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Long term financing | Amortised cost | Amortised cost | 4,756,266,450 | 4,756,266,450 | - |
| **Current financial liabilities** | | | | | |
| Trade and other payables | Amortised cost | Amortised cost | 2,050,238,119 | 2,050,238,119 | - |
| Accrued mark-up | Amortised cost | Amortised cost | 211,095,682 | 211,095,682 | - |
| Short term borrowings | Amortised cost | Amortised cost | 17,021,991,856 | 17,021,991,856 | - |
| Current portion of long term financing | Amortised cost | Amortised cost | 1,416,992,650 | 1,416,992,650 | - |
| Unclaimed dividend | Amortised cost | Amortised cost | 38,206,334 | 38,206,334 | - |

### 2.10 Investment in subsidiaries

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

### 2.11 Inventories

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

**Stores, spare parts and loose tools**

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

**Stock-in-trade**

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

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

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

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

### 2.12 Trade and other receivables

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

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

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

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

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

### 2.14 Borrowings

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

### 2.15 Borrowing cost

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

### 2.16 Share capital

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

### 2.17 Trade and other payables

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

### 2.18 Revenue from contracts with customers

The Company has adopted IFRS 15 from 01 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in Company's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the Company's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The Company has adopted IFRS 15 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results. Key changes in accounting policies resulting from application of IFRS 15 are as follows:

#### i) Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

**Sale of goods**

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

**Rendering of services**

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

**Interest**

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

**Dividend**

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

**Other revenue**

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

**ii) Contract assets**

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

**iii) Customer acquisition costs**

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

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

**iv) Customer fulfilment costs**

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

**v) Right of return assets**

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

### vi) Contract liabilities

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

### vii) Refund liabilities

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

### viii) Impacts of adoption of IFRS 15 on these financial statements as on 01 July 2018

The following adjustments were made to the amounts recognized in the financial statements at 01 July 2018:

| Statement of financial position | 30 June 2018 Reported | Adjustment | 01 July 2018 Restated |
|---|---|---|---|
| | ----------- Rupees --- ------- | | |
| **Current assets** | | | |
| Stock in trade | 10,447,356,778 | 1,008,464,541 | 11,455,821,319 |
| Trade debts | 8,124,577,164 | (1,232,775,468) | 6,891,801,696 |
| **Current liabilities** | | | |
| Trade and other payables | 2,238,596,263 | (11,215,546) | 2,227,380,717 |
| **Equity** | | | |
| Reserves | 11,308,233,791 | (213,095,381) | 11,095,138,410 |

### 2.19 Provisions

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

### 2.20 Earnings per share

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

### 2.21 Contingent assets

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

### 2.22 Contingent liabilities

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

### 2.23 Impairment of non-financial assets

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

### 2.24 Derivative financial instruments

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

### 2.25 Cash and cash equivalents

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

### 2.26 Segment reporting

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

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

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

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

### 2.27 Government grants

Government grants are recognized when there is reasonable assurance that entity will comply with the conditions attached to it and grant will be received.

### 2.28 Dividend and other appropriations

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

## 3 SHARE CAPITAL

### AUTHORIZED SHARE CAPITAL

| 2019 | 2018 | | 2019 | 2018 |
|---|---|---|---|---|
| (Number of shares) | | | Rupees | Rupees |
| 280,000,000 | 280,000,000 | Ordinary shares of Rupees 10 each | 2,800,000,000 | 2,800,000,000 |
| 20,000,000 | 20,000,000 | Preference shares of Rupees 10 each | 200,000,000 | 200,000,000 |
| 300,000,000 | 300,000,000 | | 3,000,000,000 | 3,000,000,000 |

### ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

| 2019 | 2018 | | 2019 | 2018 |
|---|---|---|---|---|
| (Number of shares) | | | Rupees | Rupees |
| 134,757,848 | 134,757,848 | Ordinary shares of Rupees 10 each fully paid in cash | 1,347,578,480 | 1,347,578,480 |
| 104,239,443 | 104,239,443 | Ordinary shares of Rupees 10 each issued as fully paid bonus shares | 1,042,394,430 | 1,042,394,430 |
| 1,224,265 | 1,224,265 | Ordinary shares of Rupees 10 each issued as fully paid for consideration other than cash to members of Umer Fabrics Limited as per the Scheme of Arrangement as approved by the Honourable Lahore | 12,242,650 | 12,242,650 |
| 240,221,556 | 240,221,556 | | 2,402,215,560 | 2,402,215,560 |

| | 2019 | 2018 |
|---|---|---|
| | (Number of shares) | |
| **3.1 Ordinary shares of the Company held by companies that are related parties:** | | |
| Nishat Mills Limited | 32,689,338 | 32,689,338 |
| D.G. Khan Cement Company Limited | 7,274,602 | 7,274,602 |
| Adamjee Life Assurance Company Limited | 2,202,500 | 1,300,000 |
| | 42,166,440 | 41,263,940 |

## 4. RESERVES

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| **Composition of reserves is as follows:** | | |
| **Capital reserve** | | |
| Share premium (Note 4.1) | 600,553,890 | 600,553,890 |
| **Revenue reserves** | | |
| General reserve | 1,629,221,278 | 1,629,221,278 |
| Unappropriated profit | 10,706,447,714 | 9,078,458,623 |
| | 12,335,668,992 | 10,707,679,901 |
| | 12,936,222,882 | 11,308,233,791 |

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

## 5. LONG TERM FINANCING

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| **From banking companies / financial institutions - secured** | | |
| Long term loans (Note 5.1) | | |
| - MCB Bank Limited - associated company | 235,468,750 | 240,500,000 |
| - Others | 4,140,766,450 | 5,457,759,100 |
| | 4,376,235,200 | 5,698,259,100 |
| Long term musharaka (Note 5.2) | 375,000,000 | 475,000,000 |
| | 4,751,235,200 | 6,173,259,100 |
| Less: Current portion shown under current liabilities (Note 9) | | |
| Long term loans: | | |
| - MCB Bank Limited - associated company | 30,062,500 | - |
| - Others | 963,736,400 | 1,316,992,650 |
| | 993,798,900 | 1,316,992,650 |
| Long term musharaka | 100,000,000 | 100,000,000 |
| | 1,093,798,900 | 1,416,992,650 |
| | 3,657,436,300 | 4,756,266,450 |

5.1 **Long term loans**

| LENDER | 2019 | 2018 | RATE OF INTEREST PER ANNUM | NUMBER OF INSTALLMENTS | INTEREST REPRICING | INTEREST PAYABLE |
|---|---|---|---|---|---|---|
| | Rupees | Rupees | | | | |
| **From MCB Bank Limited - associated company:** | | | | | | |
| MCB Bank Limited | 160,000,000 | 160,000,000 | SBP rate for LTFF + 1.00% | Sixteen equal half yearly instalments commencing on 25 July 2019 and ending on 25 January 2027. | - | Quarterly |
| MCB Bank Limited | 75,468,750 | 80,500,000 | SBP rate for LTFF + 1.00% | Sixteen equal half yearly instalments commenced on 22 June 2019 and ending on 22 December 2026. | - | Quarterly |
| | 235,468,750 | 240,500,000 | | | | |
| **From others:** | | | | | | |
| Standard Chartered Bank (Pakistan) Limited | - | 187,500,000 | 3-month KIBOR + 0.75% | Sixteen equal quarterly instalments commenced on 04 May 2015 and ended on 04 February 2019. | Quarterly | Quarterly |
| Allied Bank Limited | 9,647,500 | 17,365,500 | SBP rate for LTFF + 1.00% | Sixteen equal quarterly instalments commenced on 22 October 2016 and ending on 22 July 2020. | - | Quarterly |
| Allied Bank Limited | 54,000,000 | 90,000,000 | SBP rate for LTFF + 1.00% | Sixteen equal quarterly instalments commenced on 07 January 2017 and ending on 10 October 2020. | - | Quarterly |
| Allied Bank Limited | 58,125,000 | 96,875,000 | SBP rate for LTFF + 1.00% | Sixteen equal quarterly instalments commenced on 20 January 2017 and ending on 20 October 2020. | - | Quarterly |
| Allied Bank Limited | 30,681,000 | 48,213,000 | SBP rate for LTFF + 1.00% | Sixteen equal quarterly instalments commenced on 11 May 2017 and ending on 11 February 2021. | - | Quarterly |
| Allied Bank Limited | 220,312,500 | 235,000,000 | SBP rate for LTFF + 1.00% | Thirty two equal quarterly instalments commenced on 24 February 2019 and ending on 24 November 2026. | - | Quarterly |
| Allied Bank Limited | 127,584,375 | 131,700,000 | SBP rate for LTFF + 1.00% | Thirty two equal quarterly instalments commenced on 18 April 2019 and ending on 18 January 2027. | - | Quarterly |
| Allied Bank Limited | 378,781,250 | 391,000,000 | SBP rate for LTFF + 1.00% | Thirty two equal quarterly instalments commenced on 19 April 2019 and ending on 19 January 2027. | - | Quarterly |
| Allied Bank Limited | 92,612,500 | 104,562,500 | SBP rate for LTFF + 1.00% | Forty equal quarterly instalments commenced on 21 May 2017 and ending on 21 February 2027. | - | Quarterly |
| Allied Bank Limited | 117,800,000 | 117,800,000 | SBP rate for LTFF + 1.00% | Thirty two equal quarterly instalments commencing on 03 July 2019 and ending on 03 April 2027. | - | Quarterly |
| Askari Bank Limited | 87,500,000 | 157,500,000 | 3-month KIBOR + 0.70% | Twenty equal quarterly instalments commenced on 08 December 2015 and ending on 08 September 2020. | Quarterly | Quarterly |
| Askari Bank Limited | 124,500,000 | 141,100,000 | SBP rate for LTFF + 1.00% | Forty equal quarterly instalments commenced on 02 February 2017 and ending on 02 November 2026. | - | Quarterly |
| Askari Bank Limited | 15,000,000 | 17,000,000 | SBP rate for LTFF + 1.00% | Forty equal quarterly instalments commenced on 04 February 2017 and ending on 04 November 2026. | - | Quarterly |
| Askari Bank Limited | 112,500,000 | 127,500,000 | SBP rate for LTFF + 1.00% | Forty equal quarterly instalments commenced on 08 March 2017 and ending on 08 December 2026. | - | Quarterly |
| Askari Bank Limited | 103,540,000 | 116,900,000 | SBP rate for LTFF + 1.00% | Forty equal quarterly instalments commenced on 22 June 2017 and ending on 22 March 2027. | - | Quarterly |
| Askari Bank Limited | 4,960,000 | 5,580,000 | SBP rate for LTFF + 1.00% | Forty equal quarterly instalments commenced on 12 September 2017 and ending on 12 June 2027. | - | Quarterly |

| LENDER | 2019 | 2018 | RATE OF INTEREST PER ANNUM | NUMBER OF INSTALLMENTS | INTEREST REPRICING | INTEREST PAYABLE |
|---|---|---|---|---|---|---|
| | Rupees | Rupees | | | | |
| Askari Bank Limited | 46,200,000 | 51,800,000 | SBP rate for LTFF + 1.00% | Forty equal quarterly instalments commenced on 04 October 2017 and ending on 04 July 2027. | - | Quarterly |
| Askari Bank Limited | 16,747,500 | 18,777,500 | SBP rate for LTFF + 1.00% | Forty equal quarterly instalments commenced on 04 October 2017 and ending on 04 July 2027. | - | Quarterly |
| Askari Bank Limited | 16,000,000 | 18,000,000 | SBP rate for LTFF + 1.00% | Forty equal quarterly instalments commenced on 26 August 2017 and ending on 26 May 2027. | - | Quarterly |
| Askari Bank Limited | 94,240,000 | 106,020,000 | SBP rate for LTFF + 1.00% | Forty equal quarterly instalments commenced on 26 August 2017 and ending on 26 May 2027. | - | Quarterly |
| Askari Bank Limited | 4,603,200 | 5,178,600 | SBP rate for LTFF + 1.00% | Forty equal quarterly instalments commenced on 26 August 2017 and ending on 26 May 2027. | - | Quarterly |
| Askari Bank Limited | 188,800,000 | 212,400,000 | SBP rate for LTFF + 1.00% | Forty equal quarterly instalments commenced on 26 August 2017 and ending on 26 May 2027. | - | Quarterly |
| Pak Kuwait Investment Company (Private) Limited | 24,491,000 | 38,487,000 | SBP rate for LTFF + 0.75% | Eighteen equal quarterly instalments commenced on 22 November 2016 and ending on 22 February 2021. | - | Quarterly |
| The Bank of Punjab | 300,000,000 | 400,000,000 | 3-month KIBOR + 0.75% | Ten equal half yearly instalments commenced on 30 September 2017 and ending on 30 March 2022. | Quarterly | Quarterly |
| Habib Bank Limited | 1,400,000,000 | 1,800,000,000 | 3-month KIBOR + 0.50% | Ten equal half yearly instalments commenced on 27 March 2018 and ending 27 September 2022. | Quarterly | Quarterly |
| Soneri Bank Limited | 290,140,625 | 299,500,000 | SBP rate for LTFF + 1.00% | Thirty two equal quarterly instalments commenced on 14 June 2019 and ending on 14 March 2027. | - | Quarterly |
| Soneri Bank Limited | 222,000,000 | 222,000,000 | SBP rate for LTFF + 1.00% | Thirty two equal quarterly instalments commencing on 06 July 2019 and ending on 06 April 2027. | - | Quarterly |
| **Syndicated term finance** | | | | | | |
| Allied Bank Limited | - | 220,000,000 | 3-month KIBOR + 1% | Ten equal half yearly instalments commenced on 27 December 2014 and ended on 27 June 2019. | Quarterly | Quarterly |
| Habib Bank Limited | - | 60,000,000 | 3-month KIBOR + 1% | Ten equal half yearly instalments commenced on 27 December 2014 and ended on 27 June 2019. | Quarterly | Quarterly |
| Habib Metropolitan Bank Limited | - | 20,000,000 | 3-month KIBOR + 1% | Ten equal half yearly instalments commenced on 27 December 2014 and ended on 27 June 2019. | Quarterly | Quarterly |
| | - | 300,000,000 | | | | |
| | 4,140,766,450 | 5,457,759,100 | | | | |
| | 4,376,235,200 | 5,698,259,100 | | | | |

**5.2 Long term musharaka**

| LENDER | 2019 | 2018 | RATE OF PROFIT PER ANNUM | NUMBER OF INSTALLMENTS | PROFIT REPRICING | PROFIT PAYABLE |
|---|---|---|---|---|---|---|
| | Rupees | Rupees | | | | |
| Faysal Bank Limited | 375,000,000 | 475,000,000 | 3-month KIBOR + 0.70% | Twenty equal quarterly instalments commenced on 21 May 2018 and ending on 21 February 2023. | Quarterly | Quarterly |
| | 375,000,000 | 475,000,000 | | | | |

**5.3** Long term loans are secured by first joint pari passu hypothecation and equitable mortgage on all present and future fixed assets of the Company to the extent of Rupees 9,950.58 million (2018: Rupees 9,230.58 million).

**5.4** Long term musharaka are secured by first joint pari passu hypothecation and equitable mortgage on all present and future fixed assets of the Company to the extent of Rupees 666.67 million (2018: Rupees 720 million).

| | | 2019 Rupees | 2018 Rupees |
|---|---|---|---|
| **6.** | **TRADE AND OTHER PAYABLES** | | |
| | Creditors (Note 6.1) | 1,073,409,851 | 881,574,246 |
| | Accrued liabilities | 1,415,362,883 | 1,144,356,860 |
| | Advances from customers | 112,499,908 | 72,570,280 |
| | Securities from contractors - interest free and repayable on completion of contracts (Note 6.2) | 4,291,800 | 3,628,300 |
| | Retention money | 221,639 | 429,946 |
| | Income tax deducted at source | 12,874,420 | 8,908,559 |
| | Fair value of forward exchange contracts | 18,467,940 | - |
| | Workers' profit participation fund (Note 6.3) | 173,467,708 | 106,879,305 |
| | Others | 32,014,241 | 20,248,767 |
| | | 2,842,610,390 | 2,238,596,263 |

**6.1** These include amount due to following related party:

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| Adamjee Insurance Company Limited | 724,420 | 925,877 |

**6.2** These deposits have been utilized for the purpose of business in accordance with the terms of written agreements with contractors.

**6.3 Workers' profit participation fund**

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| Balance as at 01 July | 106,879,305 | 72,494,888 |
| Less: Adjustment on adoption of IFRS 15 | (11,215,546) | - |
| | 95,663,759 | 72,494,888 |
| Add: Interest for the year (Note 29) | 7,076,497 | 12,821,913 |
| Add: Allocation for the year (Note 27) | 173,467,708 | 106,879,305 |
| | 276,207,964 | 192,196,106 |
| Less : Payments during the year | 102,740,256 | 85,316,801 |
| Balance as at 30 June | 173,467,708 | 106,879,305 |

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

| | | 2019 Rupees | 2018 Rupees |
|---|---|---|---|
| **7.** | **ACCRUED MARK-UP** | | |
| | Long term financing | | |
| | - MCB Bank Limited - associated company | 1,795,912 | 1,798,809 |
| | - Others | 73,665,653 | 67,623,410 |
| | | 75,461,565 | 69,422,219 |
| | Short term borrowings | | |
| | - MCB Bank Limited - associated company | - | 2,024,052 |
| | - Others | 355,918,022 | 139,649,411 |
| | | 355,918,022 | 141,673,463 |
| | | 431,379,587 | 211,095,682 |

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| **8. SHORT TERM BORROWINGS** | | |
| **From banking companies - secured** | | |
| Short term running finances (Notes 8.1 and 8.2) | | |
| - MCB Bank Limited - associated company | 10,396,890 | 1,151,049,431 |
| - Others | 3,598,081,270 | 1,136,683,425 |
| | 3,608,478,160 | 2,287,732,856 |
| Export finances - Preshipment / SBP refinance (Notes 8.1 and 8.3) | | |
| - MCB Bank Limited - associated company | - | 400,839,000 |
| - Others | 8,093,500,000 | 7,150,000,000 |
| | 8,093,500,000 | 7,550,839,000 |
| Other short term finances (Notes 8.1 and 8.4) | 8,390,000,000 | 7,183,420,000 |
| | 20,091,978,160 | 17,021,991,856 |

**8.1** These finances are obtained from banking companies under mark-up arrangements and are secured by hypothecation of all present and future current assets of the Company and lien on export bills to the extent of Rupees 37,294 million (2018: Rupees 32,096 million) and ranking charge on all present and future current assets of the Company to the extent of Rupees 1,132.667 million (2018: Rupees 4,786 million). These form part of total credit facilities of Rupees 28,065 million (2018: Rupees 26,765 million).

**8.2** The rates of mark-up range from 7.02% to 14.05% (2018: 6.25% to 7.67%) per annum on the balance outstanding.

**8.3** The rates of mark-up on Pak Rupee finances and US Dollar finances range from 2.25% to 13.56% (2018: 2.25% to 6.89%) per annum and 3.00% to 3.30% (2018: 1.55% to 2%) per annum respectively on the balance outstanding.

**8.4** The rates of mark-up range from 6.14% to 13.25% (2018: 6.08% to 7.13%) per annum on the balance outstanding.

**8.5** Finances from MCB Bank Limited - associated company have been utilized for working capital purposes.

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| **9. CURRENT PORTION OF NON-CURRENT LIABILITIES** | | |
| Current portion of long term financing (Note 5) | 1,093,798,900 | 1,416,992,650 |

## 10. CONTINGENCIES AND COMMITMENTS

### 10.1 Contingencies

**10.1.1** The Company preferred appeal against the Government of Punjab in the Honourable Lahore High Court, Lahore against imposition of electricity duty on internal generation and the writ petition has been accepted. However, Government of Punjab has moved to the Honourable Supreme Court of Pakistan against the order of Honourable Lahore High Court, Lahore. The Company has fully provided its liability in respect of electricity duty on internal generation. As at the reporting date, an amount of Rupees 72.009 million (2018: Rupees 69.963 million) is payable on this account but the management of the Company is confident that payment of electricity duty will not be required.

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

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

**10.1.4** As a result of withholding tax audit for the tax year 2006, DCIR has raised a demand of Rupees 32.156 million under sections 161 and 205 of the Income Tax Ordinance, 2001. The Company's appeal before ATIR was successful. The Company also challenged the initiation of proceedings, under section 161 and 205 of the Income Tax Ordinance, 2001 pertaining to tax years 2007, 2008, 2009, 2010, 2011 and 2012 in the Honourable Lahore High Court, Lahore through a writ petition. The Honourable Lahore High Court, Lahore directed the Tax Department to issue notice for reconciliation and in case default is established only then action under section 205 of the Income Tax Ordinance, 2001 can be taken. The Company also filed intra court appeals to the Honourable Lahore High Court, Lahore, which were dismissed. Against this dismissal, appeal has been filed before the Supreme Court of Pakistan which is pending adjudication. The management of the Company believes that the favourable outcome of its appeal before ATIR, in respect of tax year 2006 on same issues, will dispose of the initiation of these proceedings. In respect of tax year 2012, the case has been decided at departmental level as stated in Note 10.1.7, hence appeal filed before the Supreme Court of Pakistan in respect of tax year 2012 shall be withdrawn shortly.

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

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

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

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

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

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

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

**10.1.12** The Company is contesting sales tax demands / rejections of sales tax by taxation authorities amounting to Rupees 7.098 million at various forums. These demands have been raised on account of various issues, like refund of sales tax on purchases of furnace oil and diesel, non-provision of documents against certain refund processing system objections and supplies made to certain parties. No provision against the aforesaid demands has been made in these financial statements as the management is confident of favourable outcome of its appeals based on advice of the legal counsel. The name of the Company was selected by the FBR through balloting for audit of its sales tax record of tax year 2014. Writ petition against the selection was filed and in pursuance of Court's order, the record was submitted to the assessing officer. Based on the audit, Deputy Commissioner has issued a show cause notice on account of alleged discrepancies/observations noted during audit to the tune of Rupees 7.480 million. The Company has challenged the vires of show cause notice in Lahore High Court, Lahore and expects favourable outcome of the matter, hence no provision has been recognized in these financial statements.

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

**10.1.14** The DCIR issued a show cause notice dated 12 April 2019 under section 177(1) of the Income Tax Ordinance, 2001 for providing certain record and documents for tax year 2013. In response thereto, various replies were submitted with the DCIR. In response to submissions of the Company, the DCIR issued an audit report u/s 177(6) of the Income Tax Ordinance, 2001 and then passed an order under sections 122(4)/122(5)/214C of the Income Tax Ordinance, 2001 creating a demand of Rupees 277.772 million. Being aggrieved with the order passed by the DCIR, an appeal has been filed before CIR(A)-I which is pending for fixation. However, the outcome of the appeal is expected to be decided in favour of the Company.

**10.1.15** The DCIR issued a show cause notice dated 20 March 2019 under section 161(1A) of the Income Tax Ordinance, 2001 for tax year 2017, wherein, the Company was required to explain the taxes deducted against payments amounting to Rupees 133.361 million made on account of commission to selling agents. In response thereto, a reply dated 28 March 2019 was submitted with the DCIR. The DCIR without considering the arguments put forth by the Company passed an order dated 05 April 2019 raising a demand of Rupees 13.982 million. Being aggrieved with the order passed by the DCIR, an appeal was filed before CIR(A)-I which culminated in an order under section 129(1)(b) read with section 161(1A) of Income Tax Ordinance, 2001 dated 27 June 2019, wherein, the stance of the DCIR was upheld. Being aggrieved with the order passed by the CIR(A)-I, an appeal was filed before ATIR, the outcome of which is expected to be decided in favour of the Company.

**10.1.16** The DCIR issued a show cause notice dated 20 March 2019 under section 161(1A) of the Income Tax Ordinance, 2001 for tax year 2018, wherein, the Company was required to explain the taxes deducted against payments amounting to Rupees 213.382 million made on account of commission to selling agents. In response thereto, a reply dated 28 March 2019 was submitted with the DCIR. The DCIR without considering the arguments put forth by the taxpayer, passed an order dated 05 April 2019 raising a demand to the tune of Rupees 15.130 million. Being aggrieved with the order passed by DCIR, an appeal was filed before CIR(A)-I which culminated in an order under section 129(1)(b) rear with section 161(1A) of Income Tax Ordinance, 2001 dated 27 June 2019, wherein, the stance of the DCIR was upheld. Being aggrieved with the order passed by the CIR(A)-I, an appeal was filed before ATIR, the outcome of which is expected to be decided in favour of the Company.

**10.1.17** The Company has challenged, before Honourable Lahore High Court, Lahore, the vires of first proviso to sub-clause (x) of clause (4) of SRO 491(1)/2016 dated 30 June 2016 issued under sections 3 and 4 read with sections 8 and 71 of the Sales Tax Act, 1990 whereby through amendment in the earlier SRO 1125(I)/2011 dated 31 December 2011 adjustment of input sales tax on packing material of all sorts has been disallowed. The learned single judge of Honourable Lahore High Court has dismissed the writ petition of the Company, therefore intra court appeal has been filed. The Company has claimed input sales tax amounting to Rupees 178.417 million (2018: Rupees 178.417 million) paid on packing material in its respective monthly sales tax returns. The management, based on advice of the legal counsel, is confident of favorable outcome of its appeal.

**10.1.18** Guarantees of Rupees 671.040 million (2018: Rupees 609.109 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.

**10.1.19** Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 3,544.173 million (2018: Rupees 3,234.598 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.

**10.1.20** The Company has issued cross corporate guarantees of Rupees 12.295 billion (2018: Rupees 14.520 billion) on behalf of NC Electric Company Limited - wholly-owned subsidiary company to secure the obligations of subsidiary company towards its lenders.

**10.2 Commitments**

**10.2.1** Letters of credit other than for capital expenditure amounting to Rupees 545.153 million (2018: Rupees 1,265.473 million)

**10.2.2** Outstanding foreign currency forward contracts of Rupees 288.140 million (2018: Rupees 418.294 million).

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| **11. FIXED ASSETS** | | |
| Property, plant and equipment: | | |
| Operating fixed assets (Note 11.1) | 10,820,177,910 | 11,287,175,272 |
| Capital work-in-progress (Note 11.2) | 292,298,932 | 72,468,238 |
| | 11,112,476,842 | 11,359,643,510 |

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

| Description | Operating fixed assets | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Freehold land | Buildings on freehold land | Plant and machinery | Standby generators | Electric installations | Factory equipment | Furniture, fixture and equipment | Office equipment | Motor vehicles | Total |
| | Rupees | | | | | | | | | |
| **At 30 June 2017** | | | | | | | | | | |
| Cost | 716,256,019 | 3,184,940,259 | 14,035,697,824 | 964,154,094 | 638,397,387 | 259,307,346 | 110,267,221 | 87,372,493 | 129,373,817 | 20,125,766,460 |
| Accumulated depreciation | - | (1,185,792,302) | (6,053,211,631) | (625,753,971) | (258,522,680) | (136,561,541) | (50,432,580) | (37,726,993) | (58,707,458) | (8,406,709,156) |
| Net book value | 716,256,019 | 1,999,147,957 | 7,982,486,193 | 338,400,123 | 379,874,707 | 122,745,805 | 59,834,641 | 49,645,500 | 70,666,359 | 11,719,057,304 |
| **Year ended 30 June 2018** | | | | | | | | | | |
| Opening net book value | 716,256,019 | 1,999,147,957 | 7,982,486,193 | 338,400,123 | 379,874,707 | 122,745,805 | 59,834,641 | 49,645,500 | 70,666,359 | 11,719,057,304 |
| Additions | 10,806,400 | 91,707,904 | 416,070,429 | 5,619,341 | 24,437,172 | 11,668,521 | 23,803,595 | 11,322,593 | 20,556,708 | 615,992,663 |
| Disposals: | | | | | | | | | | |
| Cost | - | - | (121,810,851) | - | (10,000) | - | (619,756) | (1,154,420) | (27,437,810) | (151,032,837) |
| Accumulated depreciation | - | - | 87,423,033 | - | 7,641 | - | 508,652 | 366,576 | 16,903,675 | 105,209,577 |
| | - | - | (34,387,818) | - | (2,359) | - | (111,104) | (787,844) | (10,534,135) | (45,823,260) |
| Depreciation | - | (102,851,583) | (783,457,347) | (33,182,875) | (39,226,962) | (13,064,017) | (9,957,019) | (5,690,248) | (14,621,384) | (1,002,051,435) |
| Closing net book value | 727,062,419 | 1,988,004,278 | 7,580,711,457 | 310,836,589 | 365,082,558 | 121,350,309 | 73,570,113 | 54,490,001 | 66,067,548 | 11,287,175,272 |
| **At 30 June 2018** | | | | | | | | | | |
| Cost | 727,062,419 | 3,276,648,163 | 14,329,957,402 | 969,773,435 | 662,824,559 | 270,975,867 | 133,451,060 | 97,540,666 | 122,492,715 | 20,590,726,286 |
| Accumulated depreciation | - | (1,288,643,885) | (6,749,245,945) | (658,936,846) | (297,742,001) | (149,625,558) | (59,880,947) | (43,050,665) | (56,425,167) | (9,303,551,014) |
| Net book value | 727,062,419 | 1,988,004,278 | 7,580,711,457 | 310,836,589 | 365,082,558 | 121,350,309 | 73,570,113 | 54,490,001 | 66,067,548 | 11,287,175,272 |
| **Year ended 30 June 2019** | | | | | | | | | | |
| Opening net book value | 727,062,419 | 1,988,004,278 | 7,580,711,457 | 310,836,589 | 365,082,558 | 121,350,309 | 73,570,113 | 54,490,001 | 66,067,548 | 11,287,175,272 |
| Additions | 74,560,360 | 1,033,681 | 296,874,577 | 2,718,947 | 16,870,148 | 4,277,001 | 24,093,317 | 9,144,505 | 33,509,712 | 463,082,248 |
| Disposals: | | | | | | | | | | |
| Cost | - | - | (2,642,702) | - | - | - | - | (925,080) | (3,178,470) | (6,746,252) |
| Accumulated depreciation | - | - | 2,278,395 | - | | | | 163,922 | 1,294,996 | 3,737,313 |
| | - | - | (364,307) | - | - | - | - | (761,158) | (1,883,474) | (3,008,939) |
| Depreciation | - | (99,438,978) | (743,161,962) | (2,970,777) | (37,279,026) | (12,382,495) | (11,245,415) | (5,889,659) | (14,702,359) | (927,070,671) |
| Closing net book value | 801,622,779 | 1,889,598,981 | 7,134,059,765 | 310,584,759 | 344,673,680 | 113,244,815 | 86,418,015 | 56,983,689 | 82,991,427 | 10,820,177,910 |
| **At 30 June 2019** | | | | | | | | | | |
| Cost | 801,622,779 | 3,277,681,844 | 14,624,189,277 | 972,492,382 | 679,694,707 | 275,252,868 | 157,544,377 | 105,760,091 | 152,823,957 | 21,047,062,282 |
| Accumulated depreciation | - | (1,388,082,863) | (7,490,129,512) | (661,907,623) | (335,021,027) | (162,008,053) | (71,126,362) | (48,776,402) | (69,832,530) | (10,226,884,372) |
| Net book value | 801,622,779 | 1,889,598,981 | 7,134,059,765 | 310,584,759 | 344,673,680 | 113,244,815 | 86,418,015 | 56,983,689 | 82,991,427 | 10,820,177,910 |
| **Annual rate of depreciation (%)** | | 5 | 10 | Number of hours used | 10 | 10 | 10 | 10 | 20 | |

**11.1.1** Detail of operating fixed assets, exceeding the book value of Rupees 500,000, disposed of during the year is as follows:

| Description | Qty | Cost | Accumulated depreciation | Net book value | Sale proceeds | Gain | Mode of disposal | Particulars of purchaser |
|---|---|---|---|---|---|---|---|---|
| | | ------- | ------- | Rupees | ------- | ------- | | |
| **Motor vehicles** | | | | | | | | |
| Cultus VXL LEH-17-5836 | 1 | 1,417,010 | (393,378) | 1,023,632 | 1,042,720 | 19,088 | Company's policy | Mr. Imran Raza (Ex-employee), Lahore |
| **Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000** | | 5,329,240 | (3,343,934) | 1,985,307 | 2,082,544 | 97,238 | | |
| | | 6,746,250 | (3,737,312) | 3,008,939 | 3,125,264 | 116,326 | | |

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| **11.1.2** The depreciation charge for the year has been allocated as follows: | | |
| Cost of sales (Note 24) | 920,054,208 | 995,439,652 |
| Administrative expenses (Note 26) | 7,016,463 | 6,611,783 |
| | 927,070,671 | 1,002,051,435 |

**11.1.3** Particulars of immovable fixed assets are as follows:

| Manufacturing units and office | Address | Area of land |
|---|---|---|
| | | Acres |
| **Manufacturing units** | | |
| Spinning Units 1,4,5,7 and 8 | 49th Kilometre, Multan Road, Bhai Pheru, Tehsil Chunian, District Kasur | 45.83 |
| Spinning Units 2,3,6 and Weaving | 49th Kilometre, Multan Road, Kamogal, Tehsil Pattoki, District Kasur. | 65.20 |
| Dyeing, Printing and Stitching | 4th Kilometre, Manga Road, Raiwind. | 34.78 |
| **Office** | 31-Q, 31-C-Q, 35-K and 10-N, Gulberg-II, Lahore. | 2.02 |
| | | 147.83 |

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| **11.2 Capital work-in-progress** | | |
| Civil works on freehold land | 1,387,630 | 2,210 |
| Mobilization advances | 9,779,869 | 137,500 |
| Letters of credit | - | 39,324 |
| Advances for capital expenditures | 281,131,433 | 72,289,204 |
| | 292,298,932 | 72,468,238 |

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| **12 INTANGIBLE ASSET** | | |
| Balance as at 01 July | 1,228,590 | 2,688,540 |
| Addition during the year | - | 257,650 |
| Amortization during the year (Note 12.2) | (559,136) | (1,717,600) |
| As at 30 June | 669,454 | 1,228,590 |
| **12.1** Cost as at 30 June | 21,867,812 | 21,867,812 |
| Accumulated amortization | (21,198,358) | (20,639,222) |
| Net book value as at 30 June | 669,454 | 1,228,590 |

**12.2** Amortization on intangible asset amounting to Rupees 0.559 million (2018: Rupees 1.718 million) has been allocated to administrative expenses.

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

| | | 2019 Rupees | 2018 Rupees |
|---|---|---|---|
| **13** | **LONG TERM INVESTMENTS** | | |
| | Debt instruments (Note 13.1) | 222,604,840 | - |
| | Equity instruments (Note 13.2) | 3,086,681,200 | 3,186,681,200 |
| | | 3,309,286,040 | 3,186,681,200 |
| **13.1** | **Debt instruments** | | |
| | **At amortized cost** | | |
| | Sales tax refund bonds (Note 13.1.1) | | |
| | 2,209 (2018: Nil) bonds of Rupees 100,000 each | 220,900,000 | - |
| | Add: Accrued interest (Note 28) | 1,704,840 | - |
| | | 222,604,840 | - |

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

| | | 2019 Rupees | 2018 Rupees |
|---|---|---|---|
| **13.2** | **Equity instruments** | | |
| | **Subsidiary companies** | | |
| | Nishat Chunian Power Limited - quoted (Note 13.3) | | |
| | 187,585,820 (2018: 187,585,820) fully paid ordinary shares of Rupees 10 each. Equity held 51.07% (2018: 51.07%) | 1,875,858,200 | 1,875,858,200 |
| | Nishat Chunian USA Inc. - unquoted | | |
| | 10 (2018: 10) fully paid shares with no par value per share Equity held 100% (2018: 100%) | 10,823,000 | 10,823,000 |
| | NC Electric Company Limited - unquoted (Note 13.4) | | |
| | 120,000,000 (2018: 120,000,000) fully paid ordinary shares of Rupees 10 each Equity held 100% (2018: 100%) | 1,200,000,000 | 1,200,000,000 |
| | NC Entertainment (Private) Limited - unquoted (Note 13.5) | | |
| | Nil (2018: 10,000,000) fully paid ordinary shares of Rupees 10 each Equity held Nil (2018: 100%) | - | 100,000,000 |
| | | 3,086,681,200 | 3,186,681,200 |

**13.3** The Company has pledged 187,354,914 (2018: 187,354,914) ordinary shares to lenders of Nishat Chunian Power Limited for the purpose of securing finance.

**13.4** 3 ordinary shares of NC Electric Company Limited are in the name of directors nominated by the Company.

**13.5** In order to concentrate on the core business of the Company, the board of directors of the Company in their meeting held on 24 July 2018 and subsequently the shareholders of the Company in their Extra Ordinary General Meeting held on 20 August 2018 approved the sale of NC Entertainment (Private) Limited - wholly owned subsidiary company, to the highest bidder (Mr. Shahmir Yahya, a related party at that time). Total agreed consideration received on disposal of investment in subsidiary company was Rupees 322 million.

| | | 2019 Rupees | 2018 Rupees |
|---|---|---|---|
| **14.** | **LONG TERM LOANS TO EMPLOYEES** | | |
| | **Considered good:** | | |
| | Executives (Notes 14.1 and 14.2) | 12,660,518 | 12,469,463 |
| | Other employees (Note 14.2) | 7,079,814 | 4,343,547 |
| | | 19,740,332 | 16,813,010 |
| | Less: Current portion shown under current assets (Note 18) | | |
| | Executives | 2,370,262 | 2,278,227 |
| | Other employees | 1,453,775 | 594,411 |
| | | 3,824,037 | 2,872,638 |
| | | 15,916,295 | 13,940,372 |

**14.1** Maximum aggregate balance due from executives at the end of any month during the year was Rupees 13.052 million (2018: Rupees 18.066 million).

**14.2** These represent motor vehicle loans and house building loans to executives and employees, payable in 36 to 48 and 96 monthly instalments respectively. Interest on long term loans ranged from 7.27% to 13.79% (2018: 5.00% to 7.91%) per annum while some loans are interest free. Motor vehicle loans are secured against registration of cars in the name of the Company, whereas house building loans are secured against balance standing to the credit of employee in the provident fund trust account.

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

| | 2019<br>Rupees | 2018<br>Rupees |
|---|---|---|
| **15. STORES, SPARE PARTS AND LOOSE TOOLS** | | |
| Stores | 360,980,969 | 362,151,590 |
| Spare parts | 333,498,032 | 272,408,584 |
| Loose tools | 57,875,028 | 52,183,148 |
| | 752,354,029 | 686,743,322 |
| **16. STOCK-IN-TRADE** | | |
| Raw materials | 12,083,225,896 | 8,313,291,820 |
| Work-in-process | 1,039,191,965 | 902,207,503 |
| Finished goods | 2,538,481,385 | 1,124,942,023 |
| Waste | 60,348,016 | 106,915,432 |
| | 15,721,247,262 | 10,447,356,778 |

**16.1** Stock-in-trade of Rupees 122.130 million (2018: Rupees 245.976 million) is being carried at net realizable value.

**16.2** This includes stock of Rupees 47.004 million (2018: Rupees 29.635 million) sent to outside parties for processing.

**16.3** Finished goods include stock in transit of Rupees 808.954 million (2018: Rupees Nil).

| | 2019<br>Rupees | 2018<br>Rupees |
|---|---|---|
| **17. TRADE DEBTS** | | |
| **Considered good:** | | |
| Secured: | | |
| - Others | 4,507,665,384 | 6,560,173,418 |
| Unsecured: | | |
| - Related parties (Notes 17.1 and 17.2) | 1,174,374,779 | 851,269,251 |
| - Others | 749,379,019 | 713,134,495 |
| | 1,923,753,798 | 1,564,403,746 |
| Less: Allowance for expected credit losses (Note 17.5) | (5,049,905) | - |
| | 6,426,369,277 | 8,124,577,164 |

| | 2019 Rupees | 2018 Rupees |
|---|---|---|

**17.1** This represents amounts due from following related parties:

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| Nishat Chunian USA Inc. - subsidiary company | 1,065,307,467 | 811,797,986 |
| Nishat Chunian Electric Company Limited - subsidiary company | 41,650 | - |
| Nishat Mills Limited - related party | 109,025,662 | 39,471,265 |
| | 1,174,374,779 | 851,269,251 |

**17.2** The maximum aggregate amount receivable from related parties at the end of any month during the year was as

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| Nishat Chunian USA Inc. - subsidiary company | 1,065,307,467 | 811,797,986 |
| Nishat Chunian Electric Company Limited - subsidiary company | 41,650 | - |
| Nishat Mills Limited - related party | 109,025,662 | 111,242,504 |

**17.3** As at 30 June 2019, trade debts due from other than related parties of Rupees 236.484 million (2018: Rupees 97.271 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The age analysis of these trade debts is as follows:

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| Upto 1 month | 64,550,298 | 75,236,313 |
| 1 to 6 months | 35,696,260 | 20,464,444 |
| More than 6 months | 136,237,854 | 1,570,085 |
| | 236,484,412 | 97,270,842 |

**17.4** As at 30 June 2019, trade debts due from related parties amounting to Rupees 383.740 million (2018: Rupees 6.622 million) were past due but not impaired. The age analysis of these trade debts is as follows:

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| Upto 1 month | 247,357,625 | 6,622,459 |
| 1 to 6 months | 136,382,192 | - |
| More than 6 months | - | - |
| | 383,739,817 | 6,622,459 |

**17.5** **Allowance for expected credit losses**

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| Opening balance | - | - |
| Add: Recognized as on 01 July 2018 | 5,288,510 | - |
| Add: Reversal during the year (Note 27) | (238,605) | - |
| Closing balance | 5,049,905 | - |

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| **18. LOANS AND ADVANCES** | | |
| **Considered good:** | | |
| Employees - interest free: | | |
| - Executives | 9,379,723 | 3,086,340 |
| - Other employees | 2,461,505 | 4,135,427 |
| | 11,841,228 | 7,221,767 |
| Current portion of long term loans to employees (Note 14) | 3,824,037 | 2,872,638 |
| Advances to suppliers (Note 18.1) | 1,017,250,859 | 1,020,949,629 |
| Short term loans to subsidiary companies (Note 18.2) | 1,272,569,696 | 508,168,820 |
| Advances to contractors | 903,498 | 677,006 |
| Letters of credit | 54,965,342 | 325,386,772 |
| | 2,361,354,660 | 1,865,276,632 |

**18.1** These include advances amounting to Rupees 0.656 million (2018: Rupees Nil) to D.G. Khan Cement Company Limited - related party and Rupees 1.044 million (2018: Rupees 2.003 million) to Adamjee Insurance Company Limited - associated company. These are neither past due nor impaired.

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

| | | |
|---|---|---|
| D. G. Khan Cement Company Limited | 656,083 | 485,614 |
| Adamjee Insurance Company Limited | 12,865,998 | 4,758,980 |

**18.2** These represent amounts due from following subsidiary companies:

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| NC Electric Company Limited (Note 18.2.1) | 1,272,569,696 | 448,338,227 |
| NC Entertainment (Private) Limited (Note 18.2.1) | - | 59,830,593 |
| | 1,272,569,696 | 508,168,820 |

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

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

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| Nishat Chunian Power Limited | 2,050,000,000 | 400,000,000 |
| NC Electric Company Limited | 1,272,569,696 | 502,400,646 |
| NC Entertainment (Private) Limited | 31,450,000 | 446,277,423 |

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| **19. OTHER RECEIVABLES** | | |
| **Considered good:** | | |
| Sales tax recoverable | 1,923,182,944 | 1,404,097,105 |
| Advance income tax - net | 723,167,479 | 894,405,910 |
| Export rebate and claims | 60,472,402 | 66,171,247 |
| Duty drawback receivable | 388,495,290 | 773,195,151 |
| Fair value of forward exchange contracts | - | 8,493,361 |
| Dividend receivable from Nishat Chunian Power Limited - subsidiary company | 173,303,295 | - |
| Due from NC Electric Company Limited - subsidiary company (Note 19.1) | 173,902,058 | 162,119,504 |
| Insurance claim receivable (Note 19.2) | 3,225,000 | 77,192,605 |
| Receivable from employees' provident fund trust (Note 19.3) | 48,269,963 | 44,298,020 |
| Miscellaneous | 88,319,878 | 92,665,512 |
| | 3,582,338,309 | 3,522,638,415 |

**19.1** It is in the ordinary course of business.

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

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| NC Electric Company Limited | 173,902,058 | 162,119,504 |

**19.1.2** The ageing analysis of this receivable is as follows:

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| Upto 1 month | 1,007,984 | 1,923,525 |
| 1 to 6 months | 3,924,201 | 11,080,344 |
| More than 6 months | 168,969,873 | 149,115,635 |
| | 173,902,058 | 162,119,504 |

**19.2** It includes Rupees Nil (2018: Rupees 48.519 million) receivable from Adamjee Insurance Company Limited - associated company. It is neither past due nor impaired.

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

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| Adamjee Insurance Company Limited - associated company | 61,460,801 | 75,430,412 |

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

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| Nishat (Chunain) Limited - Employees Provident Fund | 53,329,092 | 51,815,842 |

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| **20. ACCRUED INTEREST** | | |
| On short term loans to: | | |
| NC Electric Company Limited - subsidiary company | 152,055,594 | 33,082,811 |
| NC Entertainment (Private) Limited - subsidiary company | - | 27,234,445 |
| | 152,055,594 | 60,317,256 |

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

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| Nishat Chunian Power Limited | 2,057,582 | 178,849 |
| NC Electric Company Limited | 152,055,594 | 33,082,811 |
| NC Entertainment (Private) Limited | 27,931,225 | 42,793,767 |

**20.2** As at 30 June 2019, accrued interest of Rupees 152.056 million (2018: Rupees 49.204 million) was past due but not impaired. The ageing analysis of this accrued interest is as follows:

| | | |
|---|---|---|
| Upto 1 month | 30,407,982 | - |
| 1 to 6 months | 51,183,276 | 20,575,839 |
| More than 6 months | 70,464,336 | 28,627,871 |
| | 152,055,594 | 49,203,710 |

## 21. SHORT TERM INVESTMENTS

| | | |
|---|---|---|
| **At amortized cost** | | |
| Term deposit receipts (Note 21.1) | 20,660,226 | 20,660,226 |
| Add: Accrued interest | 27,169 | 988,949 |
| | 20,687,395 | 21,649,175 |

**21.1** These represent deposits under lien with the bank of the Company against bank guarantees of the same amount issued by the bank to Sui Northern Gas Pipelines Limited against gas connections. Interest on term deposit receipts ranges from 3.40% to 12.00% (2018: 5.35% to 5.40%) per annum. The maturity period of these term deposit receipts is 6 months.

## 22. CASH AND BANK BALANCES

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| **Cash with banks:** | | |
| On saving accounts (Note 22.1) | | |
| Including US$ 14,482 (2018: US$ 14,464) | 2,375,121 | 1,755,880 |
| On current accounts | | |
| Including US$ 32,091 (2018: US$ 81,629) | 11,629,282 | 71,149,757 |
| | 14,004,403 | 72,905,637 |
| **Cash in hand** | 3,723,974 | 3,539,217 |
| | 17,728,377 | 76,444,854 |

**22.1** Rate of profit on saving accounts was 0.15% (2018: 3.75% to 4.50%) per annum.

**22.2** Included in cash with banks are Rupees 2.343 million (2018: Rupees 18.578 million) with MCB Bank Limited - associated company.

## 23. REVENUE

| | | |
|---|---|---|
| Export sales (Note 23.1) | 19,471,414,677 | 20,044,767,534 |
| Local sales (Note 23.2) | 19,393,562,524 | 14,474,941,854 |
| Processing income | 315,107,202 | 298,465,790 |
| Export rebate | 41,331,090 | 36,725,636 |
| Duty drawback | 116,225,012 | 705,495,630 |
| | 39,337,640,505 | 35,560,396,444 |

**23.1** Export sales includes waste sales of Rupees Nil (2018: Rupees 5.908 million).

| | | 2019 Rupees | 2018 Rupees |
|---|---|---|---|
| **23.2** | **Local sales** | | |
| | Sales (Note 23.2.1) | 19,416,371,556 | 14,487,485,174 |
| | Less: Sales tax | 22,809,032 | 12,543,320 |
| | | 19,393,562,524 | 14,474,941,854 |

**23.2.1** Local sales includes waste sales of Rupees 1,090.913 million (2018: Rupees 957.844 million).

## 24. COST OF SALES

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| Raw materials consumed (Note 24.1) | 24,977,051,290 | 22,062,016,901 |
| Packing materials consumed | 923,523,073 | 929,256,432 |
| Stores, spare parts and loose tools consumed | 1,240,985,576 | 1,045,779,001 |
| Processing charges | 396,891,327 | 415,688,173 |
| Salaries, wages and other benefits (Note 24.2) | 2,363,341,717 | 2,406,958,235 |
| Fuel and power | 3,609,586,036 | 3,266,258,933 |
| Insurance | 49,923,416 | 37,746,401 |
| Postage and telephone | 816,291 | 734,763 |
| Travelling and conveyance | 2,620,220 | 2,987,985 |
| Vehicles' running and maintenance | 26,244,380 | 27,686,394 |
| Entertainment | 8,592,043 | 9,215,023 |
| Depreciation on operating fixed assets (Note 11.1.2) | 920,054,208 | 995,439,652 |
| Repair and maintenance | 364,869,498 | 340,735,302 |
| Other factory overheads | 61,120,736 | 63,503,531 |
| | 34,945,619,811 | 31,604,006,726 |
| Work-in-process | | |
| Opening stock | 902,207,503 | 681,950,465 |
| Closing stock | (1,039,191,965) | (902,207,503) |
| | (136,984,462) | (220,257,038) |
| Cost of goods manufactured | 34,808,635,349 | 31,383,749,688 |
| Finished goods and waste - opening stocks | | |
| Finished goods (Note 24.3) | 2,133,406,564 | 1,058,655,750 |
| Waste | 106,915,432 | 78,504,641 |
| | 2,240,321,996 | 1,137,160,391 |
| | 37,048,957,345 | 32,520,910,079 |
| Finished goods and waste - closing stocks | | |
| Finished goods | (2,538,481,385) | (1,124,942,023) |
| Waste | (60,348,016) | (106,915,432) |
| | (2,598,829,401) | (1,231,857,455) |
| | 34,450,127,944 | 31,289,052,624 |

### 24.1 Raw materials consumed

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| Opening stock | 8,313,291,820 | 6,831,007,143 |
| Add: Purchased during the year | 28,746,985,366 | 23,644,678,967 |
| | 37,060,277,186 | 30,475,686,110 |
| Less: Loss of cotton due to fire | - | 100,377,389 |
| Less: Closing stock | 12,083,225,896 | 8,313,291,820 |
| | 24,977,051,290 | 22,062,016,901 |

**24.2** Salaries, wages and other benefits include Rupees 19.345 million (2018: Rupees 21.958 million) and Rupees 46.370 million (2018: Rupees 42.141 million) in respect of accumulating compensated absences and provident fund contribution by the Company respectively.

**24.3** This includes the impact of adjustment on adoption of IFRS 15 amounting to Rupees 1,008.465 million.

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| **25. DISTRIBUTION COST** | | |
| Salaries and other benefits (Note 25.1) | 117,008,047 | 100,650,733 |
| Ocean freight | 118,569,960 | 147,469,280 |
| Freight and octroi | 127,174,352 | 122,991,035 |
| Forwarding and other expenses | 188,755,243 | 154,792,008 |
| Export marketing expenses | 140,986,208 | 142,214,145 |
| Commission to selling agents | 214,648,294 | 213,381,741 |
| Rent, rates and taxes | 21,719,135 | 11,965,560 |
| Printing and stationery | 23,388 | 4,170 |
| Travelling and conveyance | 2,132,383 | 1,643,249 |
| Postage and telephone | 513,422 | 408,629 |
| Legal and professional | 2,936,961 | 2,946,561 |
| Repair and maintenance | 6,878,945 | 4,754,051 |
| Electricity and sui gas | 2,084,305 | 1,364,901 |
| Entertainment | 309,397 | 322,387 |
| Miscellaneous | 281,573 | 3,489,752 |
| | 944,021,613 | 908,398,202 |

**25.1** Salaries and other benefits include Rupees 1.052 million (2018: Rupees 3.145 million) and Rupees 4.846 million (2018: Rupees 4.444 million) in respect of accumulating compensated absences and provident fund contribution by the Company respectively.

**26. ADMINISTRATIVE EXPENSES**

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| Salaries and other benefits (Note 26.1) | 135,899,358 | 107,316,146 |
| Printing and stationery | 5,001,468 | 4,499,527 |
| Vehicles' running and maintenance - net | 1,636,129 | 2,452,947 |
| Travelling and conveyance | 60,978,489 | 47,622,072 |
| Postage and telephone - net | 3,129,015 | 4,063,711 |
| Fee and subscription | 5,864,559 | 7,650,774 |
| Legal and professional | 18,832,579 | 14,241,254 |
| Auditor's remuneration (Note 26.2) | 2,672,800 | 2,527,000 |
| Electricity and sui gas - net | 3,366,298 | 2,211,058 |
| Insurance | 2,526,414 | 2,492,695 |
| Repair and maintenance - net | 22,877,034 | 12,071,414 |
| Entertainment | 5,568,376 | 4,399,421 |
| Depreciation on operating fixed assets (Note 11.1.2) | 7,016,463 | 6,611,783 |
| Amortization on intangible asset (Note 12) | 559,136 | 1,717,600 |
| Miscellaneous - net | 2,195,475 | 2,364,774 |
| | 278,123,593 | 222,242,176 |

**26.1** Salaries and other benefits include Rupees 0.673 million (2018: Rupees 3.427 million) and Rupees 3.965 million (2018: Rupees 3.785 million) in respect of accumulating compensated absences and provident fund contribution by the Company respectively.

**26.2 Auditor's remuneration**

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| Audit fee | 1,770,000 | 1,700,000 |
| Half yearly review | 600,800 | 525,000 |
| Certification fees | 125,000 | 125,000 |
| Reimbursable expenses | 177,000 | 177,000 |
| | 2,672,800 | 2,527,000 |

| | | 2019 Rupees | 2018 Rupees |
|---|---|---|---|
| **27.** | **OTHER EXPENSES** | | |
| | Workers' profit participation fund (Note 6.3) | 173,467,708 | 106,879,305 |
| | Donations (Note 27.1) | 100,635,977 | 120,000 |
| | Reversal of allowance for expected credit losses (Note 17.5) | (238,605) | - |
| | Loss on disposal of operating fixed assets | - | 22,114,873 |
| | | 273,865,080 | 129,114,178 |

**27.1 Donations**

These include donations amounting to Rupees 0.00425 million (2018: Rupees Nil) to Mian Muhammad Yahya Trust, 31-Q, Gulberg II, Lahore in which Mr. Shahzad Saleem, Chief Executive, Mr. Aftab Ahmad Khan, Director and Mrs. Farhat Saleem, Director are trustees and Rupees 100.012 million (2018: Rupees Nil) to Saleem Memorial Trust Hospital, 31-Q, Gulberg II, Lahore in which Mr. Shahzad Saleem, Chief Executive and Mrs. Farhat Saleem, Director are directors.

| | | 2019 Rupees | 2018 Rupees |
|---|---|---|---|
| **28.** | **OTHER INCOME** | | |
| | **Income from financial assets** | | |
| | Return on bank deposits | 1,273,024 | 1,043,978 |
| | Net exchange gain | 1,382,125,541 | 779,705,584 |
| | Interest income on sales tax refund bonds | 1,704,840 | - |
| | **Income from investment in subsidiary companies** | | |
| | Dividend income from Nishat Chunian Power Limited | 656,550,370 | 187,585,820 |
| | Gain on sale of shares of NC Entertainment (Private) Limited - subsidiary company | 222,000,000 | - |
| | **Income from loans to subsidiary companies** | | |
| | Interest income on short term loans | 125,655,125 | 91,898,693 |
| | **Income from non-financial assets** | | |
| | Gain on disposal of operating fixed assets (Note 11.1.1) | 116,326 | - |
| | Credit balances written back | 2,103,084 | 417,222 |
| | Sale of scrap | 57,238,782 | 56,055,429 |
| | Gain on insurance claim of stock-in-trade written off due to fire | - | 14,122,611 |
| | Interest on total agreed consideration on disposal of investment in NC Entertainment (Private) Limited - subsidiary company | 5,441,654 | - |
| | Miscellaneous | 231,184 | 1,052,393 |
| | | 2,454,439,930 | 1,131,881,730 |
| **29.** | **FINANCE COST** | | |
| | **Mark-up on:** | | |
| | - long term loans | 310,700,942 | 314,176,801 |
| | - long term musharaka | 42,145,630 | 37,171,056 |
| | - short term running finances | 473,433,833 | 213,257,432 |
| | - export finances - Preshipment / SBP refinances | 472,113,791 | 199,947,250 |
| | - short term finances - others | 757,921,060 | 471,662,810 |
| | Interest on workers' profit participation fund (Note 6.3) | 7,076,497 | 12,821,913 |
| | Bank charges and commission | 114,184,396 | 134,327,592 |
| | | 2,177,576,149 | 1,383,364,854 |

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| **30. TAXATION** | | |
| Current (Note 30.1) | 500,774,516 | 397,022,293 |

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

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| **30.2 Deferred income tax asset** | | |
| The asset for deferred income tax originated due to timing differences relating to: | | |
| **Taxable temporary differences** | | |
| Accelerated tax depreciation | (512,869,400) | (356,553,374) |
| Amortization on intangible asset | (100,458) | (300,608) |
| | (512,969,858) | (356,853,982) |
| **Deductible temporary differences** | | |
| Available tax losses | 842,702,427 | 1,021,986,894 |
| Minimum tax carry forward | 178,755,016 | - |
| | 1,021,457,443 | 1,021,986,894 |
| **Deferred income tax asset** | 508,487,585 | 665,132,912 |
| **Deferred income tax asset not recognized in these financial statements** | (508,487,585) | (665,132,912) |
| **Deferred income tax asset recognized in these financial statements** | - | - |

**30.2.1** Deferred income tax asset of Rupees 508.488 million (2018: Rupees 665.133 million) has not been recognized in these financial statements as the Company's management believes that sufficient taxable profits will not be probably available in foreseeable future, hence, the temporary differences may not reverse.

**30.3** The Company has carry forwardable tax losses of Rupees 2,906 million (2018: Rupees 3,524 million).

| | 2019 | 2018 |
|---|---|---|
| **31. EARNINGS PER SHARE - BASIC AND DILUTED** | | |
| Profit after taxation attributable to ordinary shareholders (Rupees) | 3,167,591,540 | 2,363,083,847 |
| Weighted average number of ordinary shares outstanding during the year | 240,221,556 | 240,221,556 |
| Basic earnings per share (Rupees) | 13.19 | 9.84 |

**31.1** There is no dilutive effect on basic earnings per share for the year ended 30 June 2019 and 30 June 2018 as the Company has no potential ordinary shares as on 30 June 2019 and 30 June 2018.

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| **32. CASH GENERATED FROM / (UTILIZED IN) OPERATIONS** | | |
| Profit before taxation | 3,668,366,056 | 2,760,106,140 |
| **Adjustments for non-cash charges and other items:** | | |
| Depreciation on operating fixed assets | 927,070,671 | 1,002,051,435 |
| Amortization on intangible asset | 559,136 | 1,717,600 |
| Gain on sale of shares of subsidiary company | (222,000,000) | - |
| (Gain) / loss on disposal of operating fixed assets | (116,326) | 22,114,873 |
| Dividend income | (656,550,370) | (187,585,820) |
| Finance cost | 2,177,576,149 | 1,383,364,854 |
| Return on bank deposits | (1,273,024) | (1,043,978) |
| Interest income on short term loans to subsidiary companies | (125,655,125) | (91,898,693) |
| Interest income on sales tax refund bonds | (1,704,840) | |
| Interest on total agreed consideration on disposal of investment in NC Entertainment (Private) Limited - subsidiary company | (5,441,654) | - |
| Credit balances written back | (2,103,084) | (417,222) |
| Reversal of allowance for expected credit losses (Note 17.5) | (238,605) | - |
| Working capital changes (Note 32.1) | (3,268,468,014) | (5,562,841,105) |
| | 2,490,020,970 | (674,431,916) |

**32.1 Working capital changes**

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| (Increase) / decrease in current assets: | | |
| Stores, spare parts and loose tools | (65,610,707) | (106,678,604) |
| Stock-in-trade | (4,265,425,943) | (1,797,238,779) |
| Trade debts | 460,382,514 | (2,951,244,532) |
| Loans and advances | 269,274,247 | (513,315,798) |
| Short term prepayments | (5,885,852) | 4,637,139 |
| Other receivables | (278,535,030) | (936,783,209) |
| | (3,885,800,771) | (6,300,623,783) |
| Increase in trade and other payables | 617,332,757 | 737,782,678 |
| | (3,268,468,014) | (5,562,841,105) |

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

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

## 33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

| | Chief Executive | | Directors | | Executives | |
|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | | | ---------------------------- Rupees ---------------------------- | | | |
| Managerial remuneration | 21,280,683 | 7,300,000 | 3,600,000 | - | 62,100,000 | 55,683,472 |
| Contribution to provident fund | - | - | 299,880 | - | 5,172,930 | 4,638,433 |
| House rent | 8,512,273 | 2,920,000 | 1,440,000 | - | 24,840,000 | 22,273,389 |
| Utilities | 2,128,068 | 730,000 | 360,000 | - | 6,210,000 | 5,568,347 |
| Others | 4,921,024 | 2,326,601 | - | - | 15,405,681 | 6,630,813 |
| | 36,842,048 | 13,276,601 | 5,699,880 | - | 113,728,611 | 94,794,454 |
| **Number of persons** | **1** | **1** | **1** | **-** | **32** | **29** |

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

**33.2** Aggregate amount charged in these financial statements for meeting fee to eight (2018: eight) directors was Rupees 440,000 (2018: Rupees 340,000).

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

## 34. TRANSACTIONS WITH RELATED PARTIES

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

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| **Subsidiary companies** | | |
| Common facilities cost charged | 19,200,000 | 19,200,000 |
| Dividend income | 656,550,370 | 187,585,820 |
| Sale of goods | 1,673,965,762 | 1,241,538,772 |
| Purchase of electricity and steam | 3,167,397,135 | 2,862,208,988 |
| Issue of shares by subsidiary companies against advance for purchase of shares | - | 1,299,496,000 |
| Advance for purchase of shares of subsidiary companies transferred to shot term loans and other receivable | - | 715,549,313 |
| Interest income | 125,655,125 | 91,898,693 |
| Short term loans made | 10,435,298,011 | 5,555,722,451 |
| Repayment / adjustment of short term loans made | 9,670,897,136 | 5,831,045,869 |
| Common area maintenance charges | - | 3,294,200 |
| **Associated undertakings** | | |
| Mark up on borrowings | 8,275,777 | 22,180,251 |
| Long term loans repaid | 5,031,250 | - |
| Short term loans obtained | 422,135 | 3,424,558,481 |
| Short term loans repaid | 410,920,537 | 3,543,044,395 |
| Insurance premium paid | 76,873,704 | 52,847,578 |
| Insurance claims received | 64,011,347 | 44,393,990 |
| **Other related parties** | | |
| Purchase of goods | 29,074,940 | 8,969,951 |
| Sale of goods | 2,482,930,242 | 1,780,323,001 |
| Dividend paid | 228,305,420 | 113,475,835 |
| Company's contribution to employees' provident fund trust | 55,180,153 | 50,369,376 |

**34.1** Detail of compensation to key management personnel comprising of chief executive officer, directors and executives is disclosed in (Note 33)

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

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

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

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

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

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

**34.5** As on 30 June 2018, disclosures relating to investment made in foreign company are as follows:

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

| | 2019 | 2018 |
|---|---|---|
| **35 NUMBER OF EMPLOYEES** | | |
| Number of employees as on 30 June | 6,007 | 6,175 |
| Average number of employees during the year | 6,220 | 6,248 |

## 36. SEGMENT INFORMATION

| | Spinning | | | | | | Weaving | | | | Processing and Home Textile | | Power Generation | | Elimination of inter-segment transactions | | Total - Company | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Zone - 1 | | Zone - 2 | | Zone - 3 | | Unit - 1 | | Unit - 2 | | | | | | | | | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | --------------------- Rupees --------------------- | | | | | | | | | | | | | | | | | |
| Sales | | | | | | | | | | | | | | | | | | |
| - Export | 6,544,926,861 | 5,513,721,391 | 3,585,633 | 933,560,146 | 711,738,260 | 2,648,603,969 | 231,388,061 | - | 2,565,926,289 | 3,364,613,526 | 9,571,405,675 | 8,326,489,768 | - | - | - | - | 19,628,970,779 | 20,786,988,800 |
| - Local | 879,715,835 | 1,114,240,319 | 5,824,260,105 | 5,468,024,206 | 9,698,848,742 | 5,355,057,035 | 2,274,512,052 | 2,096,736,432 | 325,535,506 | 170,013,206 | 705,797,486 | 569,336,446 | - | - | - | - | 19,708,669,726 | 14,773,407,644 |
| | 7,424,642,696 | 6,627,961,710 | 5,827,845,738 | 6,401,584,352 | 10,410,587,002 | 8,003,661,004 | 2,505,900,113 | 2,096,736,432 | 2,891,461,795 | 3,534,626,732 | 10,277,203,161 | 8,895,826,214 | - | - | - | - | 39,337,640,505 | 35,560,396,444 |
| Inter-segment | 229,697,514 | 339,741,212 | 1,007,800,402 | 785,707,298 | 1,462,940,659 | 1,063,267,588 | 5,441,169,108 | 4,226,026,282 | - | - | 5,277,726,306 | 4,605,800,741 | 3,020,515,488 | 2,756,339,556 | (16,439,849,477) | (13,776,882,677) | - | - |
| | 7,654,340,210 | 6,967,702,922 | 6,835,646,140 | 7,187,291,650 | 11,873,527,661 | 9,066,928,592 | 7,947,069,221 | 6,322,762,714 | 2,891,461,795 | 3,534,626,732 | 15,554,929,467 | 13,501,626,955 | 3,020,515,488 | 2,756,339,556 | (16,439,849,477) | (13,776,882,677) | 39,337,640,505 | 35,560,396,444 |
| Cost of sales | (6,726,041,137) | (6,099,110,592) | (6,088,618,372) | (6,291,325,438) | (10,738,612,705) | (7,936,647,248) | (7,388,850,953) | (6,003,241,232) | (2,657,771,561) | (3,356,003,996) | (14,273,622,259) | (12,635,864,057) | (3,016,460,434) | (2,743,742,738) | 16,439,849,477 | 13,776,882,677 | (34,450,127,944) | (31,289,052,624) |
| Gross profit | 928,299,073 | 868,592,330 | 747,027,768 | 895,966,212 | 1,134,914,956 | 1,130,281,344 | 558,218,268 | 319,521,482 | 233,690,234 | 178,622,736 | 1,281,307,208 | 865,762,898 | 4,055,054 | 12,596,818 | - | - | 4,887,512,561 | 4,271,343,820 |
| Distribution cost | (125,641,754) | (84,419,943) | (56,152,715) | (87,080,457) | (90,686,392) | (109,853,937) | (100,949,630) | (97,172,238) | (42,261,144) | (54,322,392) | (528,329,978) | (475,549,235) | - | - | - | - | (944,021,613) | (908,398,202) |
| Administrative expenses | (45,023,655) | (30,468,371) | (30,889,291) | (31,428,589) | (49,913,504) | (39,647,865) | (41,401,081) | (30,909,604) | (17,331,981) | (17,279,458) | (93,564,081) | (72,508,289) | - | - | - | - | (278,123,593) | (222,242,176) |
| | (170,665,409) | (114,888,314) | (87,042,006) | (118,509,046) | (140,599,896) | (149,501,802) | (142,350,711) | (128,081,842) | (59,593,125) | (71,601,850) | (621,894,059) | (548,057,524) | - | - | - | - | (1,222,145,206) | (1,130,640,378) |
| Profit before taxation and unallocated income and expenses | 757,633,664 | 753,704,016 | 659,985,762 | 777,457,166 | 994,315,060 | 980,779,542 | 415,867,557 | 191,439,640 | 174,097,109 | 107,020,886 | 659,413,149 | 317,705,374 | 4,055,054 | 12,596,818 | - | - | 3,665,367,355 | 3,140,703,442 |
| Unallocated income and expenses | | | | | | | | | | | | | | | | | | |
| Other expenses | | | | | | | | | | | | | | | | | (273,865,080) | (129,114,178) |
| Other income | | | | | | | | | | | | | | | | | 2,454,439,930 | 1,131,881,730 |
| Finance cost | | | | | | | | | | | | | | | | | (2,177,576,149) | (1,383,364,854) |
| Taxation | | | | | | | | | | | | | | | | | (500,774,516) | (397,022,293) |
| Profit after taxation | | | | | | | | | | | | | | | | | 3,167,591,540 | 2,363,083,847 |

### 36.1 Reconciliation of reportable segment assets and liabilities

| | Spinning | | | | | | Weaving | | | | Processing and Home Textile | | Power Generation | | Total - Company | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Zone - 1 | | Zone - 2 | | Zone - 3 | | Unit - 1 | | Unit - 2 | | | | | | | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | --------------------- Rupees --------------------- | | | | | | | | | | | | | | | |
| **Total assets for reportable segments** | 5,796,050,374 | 4,791,339,137 | 7,084,061,568 | 5,856,081,167 | 8,586,741,295 | 7,098,280,203 | 3,472,236,683 | 3,648,412,131 | 1,453,603,100 | 665,508,402 | 6,093,660,854 | 7,398,669,445 | 1,964,682,284 | 1,930,215,818 | 34,451,036,158 | 31,388,506,303 |
| **Unallocated assets:** | | | | | | | | | | | | | | | | |
| Long term investments | | | | | | | | | | | | | | | 3,309,286,040 | 3,186,681,200 |
| Other receivables | | | | | | | | | | | | | | | 3,582,338,309 | 3,522,638,415 |
| Short term investments | | | | | | | | | | | | | | | 20,687,395 | 21,649,175 |
| Cash and bank balances | | | | | | | | | | | | | | | 17,728,377 | 76,444,854 |
| Other corporate assets | | | | | | | | | | | | | | | 2,126,867,175 | 1,197,678,639 |
| **Total assets as per statement of financial position** | | | | | | | | | | | | | | | 43,507,943,454 | 39,393,598,586 |
| **Total liabilities for reportable segments** | 216,855,786 | 113,068,028 | 265,045,960 | 138,194,257 | 321,267,830 | 167,508,190 | 151,202,138 | 181,814,877 | 63,298,650 | 101,640,336 | 1,112,511,384 | 967,188,195 | 371,589,632 | 383,772,367 | 2,501,771,380 | 2,053,186,250 |
| **Unallocated liabilities:** | | | | | | | | | | | | | | | | |
| Long term financing | | | | | | | | | | | | | | | 4,751,235,200 | 6,173,259,100 |
| Accrued mark-up | | | | | | | | | | | | | | | 431,379,587 | 211,095,682 |
| Short term borrowings | | | | | | | | | | | | | | | 20,091,978,160 | 17,021,991,856 |
| Other corporate liabilities | | | | | | | | | | | | | | | 393,140,685 | 223,616,347 |
| **Total liabilities as per statement of financial position** | | | | | | | | | | | | | | | 28,169,505,012 | 25,683,149,235 |

### 36.2 Geographical information

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

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| Europe | 4,655,808,998 | 5,168,848,681 |
| Asia, Africa and Australia | 9,927,496,475 | 10,996,909,477 |
| United States of America, Canada and South America | 5,045,665,306 | 4,621,230,642 |
| Pakistan | 19,708,669,726 | 14,773,407,644 |
| | 39,337,640,505 | 35,560,396,444 |

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

### 36.4 Revenue from major customers

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

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

## 37. PLANT CAPACITY AND ACTUAL PRODUCTION

| | 2019 | 2018 |
|---|---|---|
| **Spinning** | | |
| Number of spindles installed | 222,708 | 222,708 |
| Number of spindles worked | 213,659 | 213,012 |
| Capacity after conversion into 20/1 count (Kgs.) | 79,402,488 | 78,969,801 |
| Actual production of yarn after conversion into 20/1 count (Kgs.) | 78,236,935 | 77,802,760 |

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

| | 2019 | 2018 |
|---|---|---|
| **Weaving** | | |
| Number of looms installed | 363 | 363 |
| Number of looms worked | 363 | 363 |
| Capacity after conversion into 50 picks - square yards | 296,981,425 | 282,370,503 |
| Actual production after conversion into 50 picks - square yards | 251,830,349 | 240,664,380 |

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

| | 2019 | 2018 |
|---|---|---|
| **Power plant** | | |
| Number of engines installed | 17 | 17 |
| Number of engines worked | 17 | 17 |
| Generation capacity (KWh) | 343,830,000 | 343,830,000 |
| Actual generation (KWh) | 42,054,960 | 41,954,708 |

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

| | 2019 | 2018 |
|---|---|---|
| **Dyeing** | | |
| Number of thermosol dyeing machines | 1 | 1 |
| Number of stenters machines | 4 | 4 |
| Capacity in meters | 36,500,000 | 36,500,000 |
| Actual processing of fabrics - meters | 30,038,558 | 29,769,648 |

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

| | 2019 | 2018 |
|---|---|---|
| **Printing** | | |
| Number of printing machines | 1 | 1 |
| Capacity in meters | 7,825,000 | 7,825,000 |
| Actual processing of fabrics - meters | 6,679,011 | 7,368,944 |

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

| | 2019 | 2018 |
|---|---|---|
| **Digital printing** | | |
| Number of printing machines | 2 | 2 |
| Capacity in meters | 3,650,000 | 3,650,000 |
| Actual processing of fabrics - meters | 1,451,740 | 796,820 |

**Stitching**

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

## 38. FINANCIAL RISK MANAGEMENT

### 38.1 Financial risk factors

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

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

**(a) Market risk**

**(i) Currency risk**

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

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

| | 2019 | 2018 |
|---|---|---|
| Cash at banks - USD | 46,573 | 96,093 |
| Trade debts - USD | 30,239,376 | 55,701,534 |
| Trade debts - EURO | 629,120 | 2,084,946 |
| Trade and other payables - USD | (7,718,853) | (963,224) |
| Trade and other payables - EURO | (1,172,826) | (122,857) |
| Short term borrowings - USD | 3,000,000 | - |
| Accrued mark-up - USD | 6,131 | - |
| Net exposure - USD | 25,573,227 | 54,834,403 |
| Net exposure - EURO | (543,706) | 1,962,089 |

The following significant exchange rates were applied during the year:

| | 2019 | 2018 |
|---|---|---|
| **Rupees per US Dollar** | | |
| Average rate | 137.29 | 110.43 |
| Reporting date rate | 164.00 | 121.40 |
| **Rupees per EURO** | | |
| Average rate | 156.63 | 131.89 |
| Reporting date rate | 186.37 | 141.33 |

**Sensitivity analysis**

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD and Euro with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 194.402 million (2018: Rupees 325.846 million) respectively higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

**(ii) Other price risk**

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

**(iii) Interest rate risk**

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

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

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

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| **Fixed rate instruments** | | |
| **Financial liabilities** | | |
| Long term financing | 2,588,735,200 | 2,853,259,100 |
| Short term borrowings | 3,300,000,000 | 3,700,839,000 |
| | 5,888,735,200 | 6,554,098,100 |
| **Financial assets** | | |
| Sales tax refund bonds | 222,604,840 | - |
| Long term loans to employees | 8,650,588 | 8,674,680 |
| **Net exposure** | (6,102,689,452) | (6,545,423,420) |
| **Floating rate instruments** | | |
| **Financial assets** | | |
| Bank balances - saving accounts | 2,375,121 | 1,755,880 |
| Short term loans to subsidiary companies | 1,272,569,696 | 508,168,820 |
| Short term investments | 20,660,226 | 20,660,226 |
| | 1,295,605,043 | 530,584,926 |
| **Financial liabilities** | | |
| Long term financing | 2,162,500,000 | 3,320,000,000 |
| Short term borrowings | 16,791,978,160 | 13,321,152,856 |
| | 18,954,478,160 | 16,641,152,856 |
| **Net exposure** | (17,658,873,117) | (16,110,567,930) |

**Fair value sensitivity analysis for fixed rate instruments**

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

**Cash flow sensitivity analysis for variable rate instruments**

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 167.759 million (2018: Rupees 153.050 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of assets and liabilities outstanding at reporting dates were outstanding for the whole year.

**(b) Credit risk**

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

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| Long term security deposits | 26,120,190 | 23,647,440 |
| Trade debts | 6,426,369,277 | 8,124,577,164 |
| Loans and advances | 1,304,151,256 | 532,203,597 |
| Other receivables | 438,750,231 | 340,470,982 |
| Investments | 243,292,235 | 21,649,175 |
| Accrued interest | 152,055,594 | 60,317,256 |
| Bank balances | 14,004,403 | 72,905,637 |
| | 8,604,743,186 | 9,175,771,251 |

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

| | Rating | | | 2019 | 2018 |
|---|---|---|---|---|---|
| | Short Term | Long term | Agency | Rupees | Rupees |
| **Banks** | | | | | |
| Al Baraka Bank (Pakistan) Limited | A-1 | A | PACRA | 370,656 | 634,655 |
| Bank Alfalah Limited | A-1+ | AA+ | PACRA | 1,928,392 | 1,425,527 |
| Bank Al-Habib Limited | A-1+ | AA+ | PACRA | 639,864 | 4,744,155 |
| Dubai Islamic Bank (Pakistan) Limited | A-1+ | AA | JCR-VIS | 121,316 | 447,226 |
| Faysal Bank Limited | A-1+ | AA | PACRA | 50,005 | 8,826,290 |
| Habib Bank Limited | A-1+ | AAA | JCR-VIS | 1,892,143 | 25,625,494 |
| Industrial and Commercial Bank of China Limited | P-1 | A1 | Moody's | 2,334 | 2,334 |
| JS Bank Limited | A-1+ | AA- | PACRA | 570,723 | |
| MCB Bank Limited | A-1+ | AAA | PACRA | 2,343,199 | 18,577,753 |
| Meezan Bank Limited | A-1+ | AA+ | JCR-VIS | 1,928,594 | 8,416,590 |
| National Bank of Pakistan | A-1+ | AAA | PACRA | 1,042,408 | 147,356 |
| Samba Bank Limited | A-1 | AA | JCR-VIS | 34,436 | 1,778,095 |
| Standard Chartered Bank (Pakistan) Limited | A-1+ | AAA | PACRA | 241,287 | 178,611 |
| The Bank of Punjab | A-1+ | AA | PACRA | 48 | - |
| United Bank Limited | A-1+ | AAA | JCR-VIS | 2,838,998 | 2,101,551 |
| | | | | 14,004,403 | 72,905,637 |
| **Investments** | | | | | |
| FBR Refund Settlement Company Limited - sales tax refund bonds | | Unknown | | 222,604,840 | - |
| BankIslami Pakistan Limited | A1 | A+ | PACRA | 20,660,226 | 21,649,175 |
| | | | | 257,269,469 | 94,554,812 |

The Company's exposure to credit risk and allowance for expected credit losses related to trade debts is disclosed in Note 17.

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

**(c) Liquidity risk**

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

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2019, the Company had Rupees 7,972 million (2018: Rupees 9,743 million) available borrowing limits from financial institutions and Rupees 17.728 million (2018: Rupees 76.445 million) cash and bank balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2019:

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

Contractual maturities of financial liabilities as at 30 June 2018:

| | Carrying Amount | Contractual cash flows | 6 months or less | 6-12 months | 1-2 Year | More than 2 Years |
|---|---|---|---|---|---|---|
| | ------------- | ------------- | ------------- Rupees | ------------- | ------------- | ------------- |
| **Non-derivative financial liabilities:** | | | | | | |
| Long term financing | 6,173,259,100 | 7,005,982,758 | 1,036,761,188 | 859,626,657 | 1,258,400,688 | 3,851,194,225 |
| Short term borrowings | 17,021,991,856 | 17,257,378,329 | 14,895,365,571 | 2,362,012,758 | - | - |
| Trade and other payables | 2,050,238,119 | 2,050,238,119 | 2,050,238,119 | - | - | - |
| Unclaimed dividend | 38,206,334 | 38,206,334 | 38,206,334 | - | - | - |
| Accrued mark-up | 211,095,682 | 211,095,682 | 211,095,682 | - | - | - |
| | 25,494,791,091 | 26,562,901,222 | 18,231,666,894 | 3,221,639,415 | 1,258,400,688 | 3,851,194,225 |

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at reporting date. The rates of interest / mark up have been disclosed in note 5 and note 8 to these financial statements.

**38.2 Financial instruments by categories**

**Assets as per statement of financial position**

| | 2019 | 2018 | 2018 |
|---|---|---|---|
| | Amortized cost | Loans and receivables | FVTPL |
| | Rupees | Rupees | Rupees |
| Long term security deposits | 26,120,190 | 23,647,440 | - |
| Trade debts | 6,426,369,277 | 8,124,577,164 | - |
| Loans and advances | 1,304,151,256 | 532,203,597 | - |
| Other receivables | 438,750,231 | 331,977,621 | 8,493,361 |
| Investments | 243,292,235 | 21,649,175 | - |
| Accrued interest | 152,055,594 | 60,317,256 | - |
| Cash and bank balances | 17,728,377 | 76,444,854 | - |
| | 8,608,467,160 | 9,170,817,107 | 8,493,361 |

| | 2019 | 2019 | 2018 |
|---|---|---|---|
| | At amortized cost | FVTPL | At amortized cost |
| | Rupees | Rupees | Rupees |
| **Liabilities as per statement of financial position** | | | |
| Long term financing | 4,751,235,200 | - | 6,173,259,100 |
| Accrued mark-up | 431,379,587 | - | 211,095,682 |
| Short term borrowings | 20,091,978,160 | - | 17,021,991,856 |
| Unclaimed dividend | 52,301,675 | - | 38,206,334 |
| Trade and other payables | 2,525,300,414 | 18,467,940 | 2,050,238,119 |
| | 27,852,195,036 | 18,467,940 | 25,494,791,091 |

**38.3 Offsetting financial assets and financial liabilities**

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

**39. CAPITAL RISK MANAGEMENT**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing and short term borrowings obtained by the Company as referred to in note 5 and note 8 respectively. Total capital employed includes 'total equity' as shown in the statement of financial position plus 'borrowings'. The Company's strategy was to maintain a gearing ratio of 65% debt and 35% equity (2018: 65% debt and 35% equity).

| | | 2019 | 2018 |
|---|---|---|---|
| Borrowings | Rupees | 24,843,213,360 | 23,195,250,956 |
| Total equity | Rupees | 15,338,438,442 | 13,710,449,351 |
| Total capital employed | Rupees | 40,181,651,802 | 36,905,700,307 |
| Gearing ratio | Percentage | 61.83 | 62.85 |

There is no significant change in gearing ratio.

## 40 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

### (i) Fair value hierarchy

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

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

| Recurring fair value measurements<br>At 30 June 2018 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | ----------------------------- Rupees | --------------------------- | | |
| **Financial assets** | | | | |
| Derivative financial assets | - | 8,493,361 | - | 8,493,361 |
| **Total financial assets** | - | 8,493,361 | - | 8,493,361 |

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

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

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

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

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

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

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

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

## 41. UNUTILIZED CREDIT FACILITIES

The Company has total credit facilities amounting to Rupees 28,065 million (2018: Rupees 26,765 million) out of which Rupees 7,972 million (2018: Rupees 9,743 million) remained unutilized at the end of the year.

## 42. EVENTS AFTER THE REPORTING PERIOD

**42.1** The Board of Directors of the Company at their meeting held on October 04, 2019 has proposed cash dividend of Rupees 2.5 per ordinary share (2018: Rupees 4.00 per ordinary share) in respect of the year ended 30 June 2019. However, this event has been considered as non-adjusting events under IAS 10 'Events after the Reporting Period' and has not been recognized in these financial statements.

**42.2** Under Section 5A of the Income Tax Ordinance, 2001, a tax shall be imposed at the rate of 5% of accounting profit before tax of the Company if it does not distribute at least 20% of its after tax profit for the year within six months of the end of the year ended 30 June 2019 through cash. The requisite cash dividend has been proposed by the Board of Directors of the Company in their meeting held October 04, 2019 and will be distributed within the prescribed time limit. Therefore, the recognition of any income tax liability in this respect is not considered necessary.

**42.3** The members of the Company in their extra ordinary general meeting held on 31 August 2019 have approved to purchase / buy-back upto a maximum of 32 million (13.32%) issued ordinary shares of the face value of Rupees 10 each of the Company at purchase price of Rupees 32 per share.

## 43. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 04, 2019 by the Board of Directors of the Company.

## 44. PROVIDENT FUND

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

## 45. CORRESPONDING FIGURES

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

## 46. GENERAL

Figures have been rounded off to nearest of Rupee.

| CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER |
|---|---|---|

# PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2019

| Number of ShareHolders | Shareholding | | Total Number of Shares Held | Percentage of Total Capital |
|---|---|---|---|---|
| | From | To | | |
| 2498 | 1 | 100 | 52,926 | 0.02 |
| 1259 | 101 | 500 | 399,789 | 0.17 |
| 913 | 501 | 1000 | 753,779 | 0.31 |
| 1453 | 1001 | 5000 | 4,084,154 | 1.70 |
| 435 | 5001 | 10000 | 3,409,513 | 1.42 |
| 141 | 10001 | 15000 | 1,814,120 | 0.76 |
| 96 | 15001 | 20000 | 1,763,775 | 0.73 |
| 65 | 20001 | 25000 | 1,538,454 | 0.64 |
| 54 | 25001 | 30000 | 1,541,933 | 0.64 |
| 27 | 30001 | 35000 | 889,352 | 0.37 |
| 28 | 35001 | 40000 | 1,066,237 | 0.44 |
| 23 | 40001 | 45000 | 996,026 | 0.41 |
| 32 | 45001 | 50000 | 1,552,503 | 0.65 |
| 12 | 50001 | 55000 | 629,117 | 0.26 |
| 21 | 55001 | 60000 | 1,233,782 | 0.51 |
| 7 | 60001 | 65000 | 443,381 | 0.18 |
| 13 | 65001 | 70000 | 893,806 | 0.37 |
| 12 | 70001 | 75000 | 881,912 | 0.37 |
| 1 | 75001 | 80000 | 76,900 | 0.03 |
| 7 | 80001 | 85000 | 579,520 | 0.24 |
| 5 | 85001 | 90000 | 436,455 | 0.18 |
| 5 | 90001 | 95000 | 467,336 | 0.19 |
| 17 | 95001 | 100000 | 1,695,723 | 0.71 |
| 7 | 100001 | 105000 | 717,000 | 0.30 |
| 3 | 105001 | 110000 | 322,000 | 0.13 |
| 2 | 110001 | 115000 | 226,000 | 0.09 |
| 1 | 115001 | 120000 | 120,000 | 0.05 |
| 4 | 120001 | 125000 | 499,500 | 0.21 |
| 3 | 125001 | 130000 | 387,500 | 0.16 |
| 6 | 130001 | 135000 | 796,896 | 0.33 |
| 5 | 135001 | 140000 | 680,700 | 0.28 |
| 2 | 140001 | 145000 | 289,000 | 0.12 |
| 8 | 145001 | 150000 | 1,193,000 | 0.50 |
| 1 | 150001 | 155000 | 152,002 | 0.06 |
| 3 | 155001 | 160000 | 478,000 | 0.20 |
| 1 | 160001 | 165000 | 161,000 | 0.07 |
| 1 | 170001 | 175000 | 172,000 | 0.07 |
| 4 | 180001 | 185000 | 733,356 | 0.31 |
| 1 | 185001 | 190000 | 190,000 | 0.08 |
| 1 | 190001 | 195000 | 194,000 | 0.08 |
| 8 | 195001 | 200000 | 1,597,500 | 0.67 |
| 1 | 200001 | 205000 | 201,194 | 0.08 |

| Number of ShareHolders | Shareholding | | Total Number of Shares Held | Percentage of Total Capital |
|---|---|---|---|---|
| | From | To | | |
| 2 | 205001 | 210000 | 414,000 | 0.17 |
| 2 | 210001 | 215000 | 425,500 | 0.18 |
| 1 | 215001 | 220000 | 218,500 | 0.09 |
| 1 | 220001 | 225000 | 225,000 | 0.09 |
| 1 | 225001 | 230000 | 226,000 | 0.09 |
| 2 | 230001 | 235000 | 466,500 | 0.19 |
| 2 | 245001 | 250000 | 497,200 | 0.21 |
| 1 | 250001 | 255000 | 251,000 | 0.10 |
| 2 | 260001 | 265000 | 525,770 | 0.22 |
| 1 | 275001 | 280000 | 275,500 | 0.11 |
| 2 | 280001 | 285000 | 561,800 | 0.23 |
| 1 | 285001 | 290000 | 286,000 | 0.12 |
| 2 | 295001 | 300000 | 600,000 | 0.25 |
| 1 | 305001 | 310000 | 310,000 | 0.13 |
| 1 | 315001 | 320000 | 315,550 | 0.13 |
| 1 | 320001 | 325000 | 323,000 | 0.13 |
| 1 | 335001 | 340000 | 338,000 | 0.14 |
| 2 | 345001 | 350000 | 700,000 | 0.29 |
| 1 | 350001 | 355000 | 353,500 | 0.15 |
| 1 | 355001 | 360000 | 360,000 | 0.15 |
| 1 | 380001 | 385000 | 385,000 | 0.16 |
| 2 | 395001 | 400000 | 800,000 | 0.33 |
| 1 | 400001 | 405000 | 401,500 | 0.17 |
| 1 | 410001 | 415000 | 414,500 | 0.17 |
| 1 | 425001 | 430000 | 427,500 | 0.18 |
| 1 | 610001 | 615000 | 614,000 | 0.26 |
| 1 | 625001 | 630000 | 629,406 | 0.26 |
| 1 | 640001 | 645000 | 640,603 | 0.27 |
| 1 | 660001 | 665000 | 660,500 | 0.27 |
| 1 | 690001 | 695000 | 690,716 | 0.29 |
| 3 | 745001 | 750000 | 2,250,000 | 0.94 |
| 2 | 765001 | 770000 | 1,539,500 | 0.64 |
| 1 | 800001 | 805000 | 802,500 | 0.33 |
| 1 | 865001 | 870000 | 865,500 | 0.36 |
| 1 | 900001 | 905000 | 905,000 | 0.38 |
| 1 | 940001 | 945000 | 943,000 | 0.39 |
| 1 | 985001 | 990000 | 985,450 | 0.41 |
| 2 | 995001 | 1000000 | 2,000,000 | 0.83 |
| 1 | 1000001 | 1005000 | 1,000,500 | 0.42 |
| 1 | 1070001 | 1075000 | 1,073,500 | 0.45 |
| 2 | 1080001 | 1085000 | 2,170,000 | 0.90 |
| 1 | 1085001 | 1090000 | 1,089,000 | 0.45 |

| Number of ShareHolders | Shareholding | | Total Number of Shares Held | Percentage of Total Capital |
|---|---|---|---|---|
| | From | To | | |
| 1 | 1125001 | 1130000 | 1,130,000 | 0.47 |
| 1 | 1245001 | 1250000 | 1,250,000 | 0.52 |
| 2 | 1295001 | 1300000 | 2,600,000 | 1.08 |
| 1 | 1460001 | 1465000 | 1,464,000 | 0.61 |
| 1 | 1535001 | 1540000 | 1,536,758 | 0.64 |
| 1 | 1550001 | 1555000 | 1,554,750 | 0.65 |
| 1 | 1625001 | 1630000 | 1,629,603 | 0.68 |
| 1 | 2455001 | 2460000 | 2,458,014 | 1.02 |
| 1 | 2515001 | 2520000 | 2,515,016 | 1.05 |
| 1 | 2760001 | 2765000 | 2,761,500 | 1.15 |
| 1 | 3225001 | 3230000 | 3,229,633 | 1.34 |
| 1 | 3420001 | 3425000 | 3,421,974 | 1.42 |
| 1 | 4210001 | 4215000 | 4,213,300 | 1.75 |
| 1 | 4970001 | 4975000 | 4,973,500 | 2.07 |
| 1 | 5135001 | 5140000 | 5,139,064 | 2.14 |
| 1 | 5520001 | 5525000 | 5,521,868 | 2.30 |
| 1 | 5640001 | 5645000 | 5,644,999 | 2.35 |
| 1 | 5650001 | 5655000 | 5,651,500 | 2.35 |
| 1 | 5805001 | 5810000 | 5,807,791 | 2.42 |
| 1 | 6585001 | 6590000 | 6,588,047 | 2.74 |
| 1 | 8180001 | 8185000 | 8,180,719 | 3.41 |
| 1 | 8280001 | 8285000 | 8,284,000 | 3.45 |
| 1 | 8340001 | 8345000 | 8,343,914 | 3.47 |
| 1 | 11820001 | 11825000 | 11,822,562 | 4.92 |
| 1 | 20865001 | 20870000 | 20,866,776 | 8.69 |
| 1 | 48360001 | 48365000 | 48,360,632 | 20.13 |
| 7,269 | <------Total------> | | 240,221,556 | 100.00 |

AS AT JUNE 30, 2019

**NISHAT (CHUNIAN) LIMITED**
**CATEGORIES OF SHAREHOLDERS**
**AS ON JUNE 30, 2019**

| | CATEGORIES OF SHAREHOLDERS | NO. OF SHAREHOLDERS | TOTAL SHARES HELD | PERCENTAGE |
|---|---|---|---|---|
| A) | Directors/Chief Executive Officer and their spouse and minor Children | | | |
| | Mr. Shahzad Saleem | 1 | 48,360,632 | 20.13 |
| | Mrs. Farhat Saleem | 2 | 12,395,838 | 5.16 |
| | Mr. Zain Shahzad | 1 | 1,000,500 | 0.42 |
| | Mr. Farrukh Ifzal | 1 | 500 | 0.00 |
| | Spouse: | | | |
| | Mrs. Ayesha Shahzad w/o Mr. Shahzad Saleem | 2 | 238,448 | 0.10 |
| | TOTAL: - | 6 | 61,995,918 | 25.81 |
| B) | Executives | | | |
| | N/A | - | - | 0.00 |
| C) | Associated Companies, Undertakings and related parties | 4 | 39,963,940 | 16.64 |
| D) | Public Sectors Companies & Corporations | - | - | |
| E) | NIT and IDBP (ICP UNIT) | 4 | 5,617 | 0.00 |
| F) | Banks, Development Financial Institutions & Non-Banking Financial Institutions | 28 | 18,114,000 | 7.54 |
| H) | Insurance Companies | 9 | 5,508,214 | 2.29 |
| I) | Modarabas & Mutual Funds | 33 | 16,670,680 | 6.94 |
| J) | *Shareholding 5% or more | *3 | 93,445,808 | 38.90 |
| K) | Joint Stock Companies | 128 | 9,031,457 | 3.76 |
| L) | Others | 59 | 9,642,469 | 4.01 |
| M) | General Public | 6,998 | 79,290,161 | 33.01 |
| | TOTAL: - | 7,269 | 240,221,956 | 100.00 |

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

**Shareholding Detail of 5% or more**

| Name of Shareholder | Shares held | % |
|---|---|---|
| MRS. FARHAT SALEEM | 12,395,838 | 5.16 |
| MR. SHAHZAD SALEEM | 48,360,632 | 20.13 |
| NISHAT MILLS LIMITED | 32,689,338 | 13.61 |
| **TOTAL :-** | **93,445,808** | **38.90** |

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

**All trade in the Company's shares, carried out by its Directors , CEO ,CFO, Company Secretary and their spouses and minor children during the year July 01, 2018 to June 30, 2019:**

| | Sale | Purchase/ Gift in |
|---|---|---|
| Mrs. Farhat Saleem | Nil | (Gift in ) 6480176 |
| Mr. Shahzad Saleem | Nil | 20,440,478 |
| Mr. Zain Shahzad | Nil | 1,000,000 |

NISHAT (CHUNIAN) LIMITED
AND ITS SUBSIDIARY COMPANIES

# CONSOLIDATED FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

30 JUNE 2019

**To the members of Nishat (Chunian) Limited**

## Opinion

We have audited the annexed consolidated financial statements of Nishat (Chunian) Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

## Basis for Opinion

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

## Emphasis of Matter

We draw attention to Note 20.5 to the consolidated financial statements, which describes the matter regarding recoverability of certain trade debts. Our opinion is not modified in respect of this matter.

## Key Audit Matters

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

Following are the Key audit matters:

| Sr. No. | Key audit matters | How the matters were addressed in our audit |
|---|---|---|
| 1. | **Inventory existence and valuation**<br>Inventory of the textile business of the Group represented a material position in the consolidated statement of financial position.<br><br>The textile business is characterized by high volumes and the valuation and existence of inventories are significant to the business. Therefore, considered as one of the key audit matters.<br><br>Inventories are stated at lower of cost and net | Our procedures over existence and valuation of inventory included, but were not limited to:<br><br>• To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management. |

| Sr. No. | Key audit matters | How the matters were addressed in our audit |
|---|---|---|
| | realizable value. Cost is determined as per accounting policy disclosed in Note 2.9 to the consolidated financial statements.<br><br>At year end, the valuation of inventory is reviewed by management and the cost of inventory is reduced where inventory is forecast to be sold below cost.<br><br>Useable stores, spares parts and loose tools and raw materials are valued at weighted average cost, whereas, costing of work-in-process and finished goods is considered to carry more significant risk as the cost of material, labor and manufacturing overheads is allocated on the basis of complex formulas and involves management judgment.<br><br>The determination of whether inventory will be realised for a value less than cost requires management to exercise judgement and apply assumptions. Management undertake the following procedures for determining the level of write down required:<br><br>• Use inventory ageing reports together with historical trends to estimate the likely future saleability of slow moving and older inventory items.<br>• Perform a line-by-line analysis of remaining inventory to ensure it is stated at the lower of cost and net realisable value and a specific write down is recognized, if required.<br><br>For further information on inventory, refer to the following:<br><br>- Summary of significant accounting policies, Inventories note 2.9 to the consolidated financial statements.<br>- Stores, spare parts and loose tools note 18 and stock-in-trade note 19 to the consolidated financial statements. | • For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets.<br>• We tested that the ageing report used by management correctly aged inventory items by agreeing a sample of aged inventory items to the last recorded invoice.<br>• On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any.<br>• We assessed the percentage write down applied to older inventory with reference to historic inventory write downs and recoveries on slow moving inventory.<br>• In the context of our testing of the calculation, we analysed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs.<br>• We also made enquires of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required. |
| 2. | **Revenue recognition**<br><br>We identified recognition of revenue of textile business of the Group as a key audit matter because revenue is one of the key performance indicator and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.<br><br>For further information, refer to the following:<br><br>- Summary of significant accounting policies, Revenue from contracts with customers note 2.15 to the financial statements.<br>- Revenue note 26 to the financial statements. | Our procedures included, but were not limited to:<br>• We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue;<br>• We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents;<br>• We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period; |

| Sr. No. | Key audit matters | How the matters were addressed in our audit |
|---|---|---|
| | | • We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'; and<br>• We compared the details of a sample of journal entries posted to revenue accounts during the year, which met certain specific risk-based criteria, with the relevant underlying documentation.<br><br>We also considered the appropriateness of disclosures in the consolidated financial statements. |

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**RIAZ AHMAD & COMPANY**
**Chartered Accountants**

**Lahore**
**Date: October 04, 2019**

**AS AT JUNE 30, 2019**

| | Note | 2019 Rupees | 2018 Rupees |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **SHARE CAPITAL AND RESERVES** | | | |
| Authorized share capital | 3 | 3,000,000,000 | 3,000,000,000 |
| Issued, subscribed and paid-up share capital | 4 | 2,402,215,560 | 2,402,215,560 |
| Reserves | 5 | 18,039,573,965 | 15,679,647,437 |
| Equity attributable to equity holders of the Holding Company | | 20,441,789,525 | 18,081,862,997 |
| Non-controlling interest | | 7,018,945,192 | 5,976,634,360 |
| **Total equity** | | 27,460,734,717 | 24,058,497,357 |
| **LIABILITIES** | | | |
| **NON-CURRENT LIABILITIES** | | | |
| Long term financing | 6 | 5,818,617,415 | 10,481,386,830 |
| Deferred revenue | 7 | - | 2,972,000 |
| | | 5,818,617,415 | 10,484,358,830 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 9 | 4,064,627,697 | 3,178,485,746 |
| Accrued mark-up / profit | 10 | 930,241,729 | 570,404,272 |
| Short term borrowings | 11 | 31,443,299,687 | 25,510,180,650 |
| Unclaimed dividend | | 183,500,761 | 53,705,334 |
| Current portion of non-current liabilities | 12 | 4,615,738,167 | 4,675,185,917 |
| | | 41,237,408,041 | 33,987,961,919 |
| **Total liabilities** | | 47,056,025,456 | 44,472,320,749 |
| **CONTINGENCIES AND COMMITMENTS** | 13 | | |
| **TOTAL EQUITY AND LIABILITIES** | | 74,516,760,173 | 68,530,818,106 |

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

CHIEF EXECUTIVE

DIRECTOR

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**AS AT JUNE 30, 2019**

| | Note | 2019 Rupees | 2018 Rupees |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Fixed assets | 14 | 27,401,662,686 | 28,359,395,549 |
| Intangible assets | 15 | 9,199,454 | 19,714,770 |
| Long term investment | 16 | 222,604,840 | - |
| Long term loans to employees | 17 | 18,964,295 | 17,897,227 |
| Long term security deposits | | 26,225,190 | 23,752,440 |
| Deferred income tax asset | 8 | - | 8,793,557 |
| | | 27,678,656,465 | 28,429,553,543 |
| **CURRENT ASSETS** | | | |
| Stores, spare parts and loose tools | 18 | 1,640,861,089 | 1,364,302,917 |
| Stock-in-trade | 19 | 18,074,711,590 | 12,756,423,851 |
| Trade debts | 20 | 21,008,395,745 | 19,204,333,280 |
| Loans and advances | 21 | 1,585,514,548 | 1,619,392,876 |
| Short term deposits and prepayments | 22 | 40,015,342 | 30,497,543 |
| Other receivables | 23 | 4,275,759,264 | 4,841,867,825 |
| Short term investments | 24 | 31,242,590 | 32,179,691 |
| Cash and bank balances | 25 | 181,603,540 | 252,266,580 |
| | | 46,838,103,708 | 40,101,264,563 |
| **TOTAL ASSETS** | | 74,516,760,173 | 68,530,818,106 |

CHIEF FINANCIAL OFFICER

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

**FOR THE YEAR ENDED JUNE 30, 2019**

| | Note | 2019 Rupees | 2018 Rupees |
|---|---|---|---|
| REVENUE | 26 | 54,988,471,178 | 53,033,447,870 |
| COST OF SALES | 27 | (44,708,960,782) | (43,746,611,007) |
| GROSS PROFIT | | 10,279,510,396 | 9,286,836,863 |
| DISTRIBUTION COST | 28 | (1,006,899,746) | (968,232,967) |
| ADMINISTRATIVE EXPENSES | 29 | (536,380,341) | (483,225,873) |
| OTHER EXPENSES | 30 | (502,086,236) | (170,755,814) |
| | | (2,045,366,323) | (1,622,214,654) |
| | | 8,234,144,073 | 7,664,622,209 |
| OTHER INCOME | 31 | 1,710,316,148 | 888,130,215 |
| PROFIT FROM OPERATIONS | | 9,944,460,221 | 8,552,752,424 |
| FINANCE COST | 32 | (3,830,831,920) | (2,712,197,173) |
| PROFIT BEFORE TAXATION | | 6,113,628,301 | 5,840,555,251 |
| TAXATION | 33 | (535,162,099) | (369,490,920) |
| PROFIT AFTER TAXATION | | 5,578,466,202 | 5,471,064,331 |
| PROFIT ATTRIBUTABLE TO: | | | |
| EQUITY HOLDERS OF THE HOLDING COMPANY | | 3,906,991,453 | 3,804,150,810 |
| NON-CONTROLLING INTEREST | | 1,671,474,749 | 1,666,913,521 |
| | | 5,578,466,202 | 5,471,064,331 |
| EARNINGS PER SHARE - BASIC AND DILUTED | 34 | 16.26 | 15.84 |

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

CHIEF EXECUTIVE DIRECTOR CHIEF FINANCIAL OFFICER

**FOR THE YEAR ENDED JUNE 30, 2019**

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| PROFIT AFTER TAXATION | 5,578,466,202 | 5,471,064,331 |
| OTHER COMPREHENSIVE LOSS | | |
| Items that will not be reclassified to profit or loss | - | - |
| Items that may be reclassified subsequently to profit or loss: | | |
| Exchange difference on translation of foreign operations | (7,462,476) | (5,642,933) |
| Other comprehensive loss for the year | (7,462,476) | (5,642,933) |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | 5,571,003,726 | 5,465,421,398 |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | |
| EQUITY HOLDERS OF THE HOLDING COMPANY | 3,899,528,977 | 3,798,507,877 |
| NON-CONTROLLING INTEREST | 1,671,474,749 | 1,666,913,521 |
| | 5,571,003,726 | 5,465,421,398 |

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

CHIEF EXECUTIVE DIRECTOR CHIEF FINANCIAL OFFICER

# CONSOLIDATED STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED JUNE 30, 2019**

| | Note | 2019 Rupees | 2018 Rupees |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Cash generated from operations** | 35 | 5,685,103,886 | 3,151,577,483 |
| Net increase in long term security deposits | | (2,472,750) | (1,413,000) |
| Finance cost paid | | (3,468,383,922) | (2,648,590,445) |
| Income tax paid | | (346,019,099) | (259,472,863) |
| Net (increase) / decrease in long term loans to employees | | (1,770,467) | 2,822,296 |
| **Net cash generated from operating activities** | | 1,866,457,648 | 244,923,471 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Capital expenditure on property, plant and equipment | | (1,666,780,479) | (950,075,988) |
| Capital expenditure on intangible assets | | - | (3,480,645) |
| Investment made | | (222,604,840) | - |
| Proceeds from sale of operating fixed assets | | 9,679,755 | 49,975,387 |
| Proceeds from sale of shares of Subsidiary Company - net | | 301,983,650 | - |
| Interest received | | 8,008,958 | 3,650,313 |
| **Net cash used in investing activities** | | (1,569,712,956) | (899,930,933) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from long term financing | | - | 2,276,300,000 |
| Repayment of long term financing | | (4,547,217,165) | (4,813,391,722) |
| Short term borrowings - net | | 6,007,858,957 | 4,035,423,732 |
| Dividend paid to non-controlling interest | | (629,163,917) | (179,761,119) |
| Dividends paid | | (1,191,423,131) | (652,708,350) |
| **Net cash (used in) / generated from financing activities** | | (359,945,256) | 665,862,541 |
| **Net (decrease) / increase in cash and cash equivalents** | | (63,200,564) | 10,855,079 |
| **Impact of exchange translation** | | (7,462,476) | (5,642,933) |
| **Cash and cash equivalents at the beginning of the year** | | 252,266,580 | 247,054,434 |
| **Cash and cash equivalents at the end of the year** | | 181,603,540 | 252,266,580 |

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

CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER

# CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

## FOR THE YEAR ENDED JUNE 30, 2019

| | ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY | | | | | | | | NON-CONTROLLING INTEREST | TOTAL EQUITY |
|---|---|---|---|---|---|---|---|---|---|---|
| | SHARE CAPITAL | CAPITAL RESERVES | | REVENUE RESERVES | | | TOTAL RESERVES | SHAREHOLDERS' EQUITY | | |
| | | Exchange translation reserve | Share premium | General reserve | Unappropriated profit | Total | | | | |
| | | Rupees | | | | | | | | |
| **Balance as at 30 June 2017** | 2,402,215,560 | (1,036,004) | 600,553,890 | 1,629,221,278 | 10,313,009,675 | 11,942,230,953 | 12,541,748,839 | 14,943,964,399 | 4,489,481,958 | 19,433,446,357 |
| Transactions with owners: | | | | | | | | | | |
| Final dividend for the year ended 30 June 2017 @ Rupees 2.75 per ordinary share | - | - | - | - | (660,609,279) | (660,609,279) | (660,609,279) | (660,609,279) | - | (660,609,279) |
| Dividend to non-controlling interest | - | - | - | - | - | - | - | - | (179,761,119) | (179,761,119) |
| | - | - | - | - | (660,609,279) | (660,609,279) | (660,609,279) | (660,609,279) | (179,761,119) | (840,370,398) |
| Profit for the year | - | - | - | - | 3,804,150,810 | 3,804,150,810 | 3,804,150,810 | 3,804,150,810 | 1,666,913,521 | 5,471,064,331 |
| Other comprehensive loss for the year | - | (5,642,933) | - | - | - | - | (5,642,933) | (5,642,933) | - | (5,642,933) |
| Total comprehensive income for the year | - | (5,642,933) | - | - | 3,804,150,810 | 3,804,150,810 | 3,798,507,877 | 3,798,507,877 | 1,666,913,521 | 5,465,421,398 |
| **Balance as at 30 June 2018** | 2,402,215,560 | (6,678,937) | 600,553,890 | 1,629,221,278 | 13,456,551,206 | 15,085,772,484 | 15,679,647,437 | 18,081,862,997 | 5,976,634,360 | 24,058,497,357 |
| Adjustment on adoption of IFRS 9 (Note 2.8) | - | - | - | - | (5,288,510) | (5,288,510) | (5,288,510) | (5,288,510) | - | (5,288,510) |
| Adjustment on adoption of IFRS 15 (Note 2.15) | - | - | - | - | (213,095,381) | (213,095,381) | (213,095,381) | (213,095,381) | - | (213,095,381) |
| **Adjusted total equity as at 01 July 2018** | 2,402,215,560 | (6,678,937) | 600,553,890 | 1,629,221,278 | 13,238,167,315 | 14,867,388,593 | 15,461,263,546 | 17,863,479,106 | 5,976,634,360 | 23,840,113,466 |
| Transactions with owners: | | | | | | | | | | |
| Final dividend for the year ended 30 June 2018 @ Rupees 4 per ordinary share | - | - | - | - | (960,886,224) | (960,886,224) | (960,886,224) | (960,886,224) | - | (960,886,224) |
| Interim dividend for the year ended 30 June 2019 @ Rupees 1.50 per ordinary share | - | - | - | - | (360,332,334) | (360,332,334) | (360,332,334) | (360,332,334) | - | (360,332,334) |
| Dividend to non-controlling interest | - | - | - | - | - | - | - | - | (629,163,917) | (629,163,917) |
| | - | - | - | - | (1,321,218,558) | (1,321,218,558) | (1,321,218,558) | (1,321,218,558) | (629,163,917) | (1,950,382,475) |
| Profit for the year | - | - | - | - | 3,906,991,453 | 3,906,991,453 | 3,906,991,453 | 3,906,991,453 | 1,671,474,749 | 5,578,466,202 |
| Other comprehensive loss for the year | - | (7,462,476) | - | - | - | - | (7,462,476) | (7,462,476) | - | (7,462,476) |
| Total comprehensive income for the year | - | (7,462,476) | - | - | 3,906,991,453 | 3,906,991,453 | 3,899,528,977 | 3,899,528,977 | 1,671,474,749 | 5,571,003,726 |
| **Balance as at 30 June 2019** | 2,402,215,560 | (14,141,413) | 600,553,890 | 1,629,221,278 | 15,823,940,210 | 17,453,161,488 | 18,039,573,965 | 20,441,789,525 | 7,018,945,192 | 27,460,734,717 |

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

## 1. THE GROUP AND ITS OPERATIONS

The Group consists of:

**Holding Company**

- Nishat (Chunian) Limited

**Subsidiary Companies**

- Nishat Chunian Power Limited
- Nishat Chunian USA Inc.
- NC Electric Company 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 is listed on Pakistan Stock Exchange Limited. Its registered office is situated at 31-Q, Gulberg II, Lahore. The Holding Company is engaged in business of spinning, weaving, dyeing, printing, stitching, processing, doubling, sizing, buying, selling and otherwise dealing in yarn, fabrics and made-ups made from raw cotton, synthetic fibre and cloth and to generate, accumulate, distribute, supply and sell electricity.

**Nishat Chunian Power Limited**

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

**Nishat Chunian USA Inc.**

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

**NC Electric Company Limited**

NC Electric Company Limited is a public limited company incorporated in Pakistan on 18 April 2014 under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017). NC Electric Company Limited is a wholly owned subsidiary of Nishat (Chunian) Limited. Its registered office is situated at 31-Q, Gulberg II, Lahore. The principal objects of NC Electric Company Limited are to develop, own and operate a 46 MW and 8 TPH process steam coal fired electric power generation project at 49 KM, Multan Road, near Bhai Phero, District Kasur. NC Electric Company Limited commenced commercial operations from 01 May 2017.

**Disposal of investment in shares of NC Entertainment (Private) Limited**

In order to concentrate on the core business, the board of directors of the Holding Company in their meeting held on 24 July 2018 and subsequently the shareholders of the Holding Company in their Extra Ordinary General Meeting held on 20 August 2018 approved the sale of NC Entertainment (Private) Limited - wholly owned subsidiary company, to the highest bidder (Mr. Shahmir Yahya, a related party at that time). Total agreed consideration received on disposal of investment in shares of subsidiary company was Rupees 322 million.

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

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

### 1.3 Significant restrictions

Cash and bank balances held in foreign country are subject to local exchange control regulations. These regulations provide for restrictions on exporting capital from these countries, other than through normal dividends. The carrying amount of these assets included within the consolidated financial statements to which these restrictions apply is Rupees 13.233 million (2018: Rupees 0.047 million).

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 2.1 Basis of preparation

### a) Statement of compliance

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

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

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

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

**b) Accounting convention**

These consolidated financial statements have been prepared under the historical cost convention except for the certain financial instruments carried at fair value.

**c) Critical accounting estimates and judgments**

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

**Financial instruments – fair value**

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

**Useful lives, patterns of economic benefits and impairments**

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

**Inventories**

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

**Accumulating compensated absences**

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

**Income tax**

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

**Allowance for expected credit losses**

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

**Revenue from contracts with customers involving sale of goods**

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

**d) Standards, interpretations and amendments to published approved accounting standards that are effective in current year and are relevant to the Group**

Following standards, interpretations and amendments to published approved accounting standards are mandatory for the Group's accounting periods beginning on or after 01 July 2018:

- IFRS 9 'Financial Instruments'
- IFRS 15 'Revenue from Contracts with Customers'
- IFRS 15 (Amendments), 'Revenue from Contracts with Customers
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'
- Annual Improvements to IFRSs: 2014 – 2016 Cycle

The Group had to change its accounting policies and make certain adjustments without restating prior year results following the adoption of IFRS 9 and IFRS 15. These are disclosed in note 2.8 and note 2.15. Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**e) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant to the Group**

Following standards, interpretations and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 01 July 2019 or later periods:

IFRS 16 'Leases' (effective for annual periods beginning on or after 01 January 2019). IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16 approach to lessor accounting substantially unchanged from its predecessor, IAS 17 'Leases'. IFRS 16 replaces IAS 17 'Leases', IFRIC 4 'Determining Whether an Arrangement Contains a Lease', SIC-15 'Operating Leases–Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The management of the Group is in the process of evaluating the impacts of the aforesaid standard on the Group's financial statements.

Amendments to IFRS 9 (effective for annual periods beginning on or after 01 January 2019) clarify that for the purpose of assessing whether a prepayment feature meets the solely payments of principal and interest ('SPPI') condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. The amendments are not likely to have significant impact on the Group's financial statements.

IAS 28 (Amendments) 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 01 January 2019). The IASB has clarified that IFRS 9, including its impairment requirements, applies to long-term interests. Furthermore, in applying IFRS 9 to long-term interests, an entity does not take into account adjustments to their carrying amount required by IAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28). The amendments are not likely to have significant impact on the Group's financial statements.
IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019). The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'. It specifically considers: whether tax treatments should be considered collectively; assumptions for taxation authorities' examinations; the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and the effect of changes in facts and circumstances. The interpretation is not expected to have a material impact on the Group's financial statements.

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 (deferred indefinitely) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 'Business Combinations'); require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves. The management of the Group is in the process of evaluating the impacts of the aforesaid amendments on the Group's financial statements.

Amendments to IFRS 3 'Business Combinations' (effective for annual periods beginning on or after 01 January 2020). The International Accounting Standards Board (IASB) has issued 'Definition of Business' aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past consolidated financial statements.

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

On 12 December 2017, IASB issued Annual Improvements to IFRSs: 2015 – 2017 Cycle, incorporating amendments to four IFRSs more specifically in IFRS 3 'Business Combinations', IFRS 11 'Joint Arrangements', IAS 12 'Income Taxes' and IAS 23 'Borrowing Costs'. The amendments are effective for annual periods beginning on or after 01 January 2019. The amendments have no significant impact on the Group's financial statements and have therefore not been analyzed in detail.

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

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

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

**g) Exemption from applicability of certain interpretations to standards**

Securities and Exchange Commission of Pakistan (SECP) through SRO 24(I)/2012 dated 16 January 2012, has exempted the application of International Financial Reporting Interpretations Committee (IFRIC) 4 'Determining whether an Arrangement contains a Lease' to all companies. However, the SECP made it mandatory to disclose the impact of the application of IFRIC 4 on the results of the companies. This interpretation provides guidance on determining whether arrangements that do not take the legal form of a lease should, nonetheless, be accounted for as a lease in accordance with International Accounting Standard (IAS) 17 'Leases'.

Consequently, Nishat Chunian Power Limited – Subsidiary Company is not required to account for a portion of its Power Purchase Agreement (PPA) with National Transmission and Dispatch Company Limited (NTDCL) as a lease under IAS 17 'Leases'. If the aforesaid Subsidiary Company were to follow IFRIC 4 and IAS 17, the effect on the consolidated financial statements would be as follows:

| | 2019<br>Rupees | 2018<br>Rupees |
|---|---|---|
| De-recognition of property, plant and equipment | (11,167,862,000) | (11,339,436,000) |
| De-recognition of trade debts | (5,880,475,000) | (2,777,269,000) |
| Recognition of lease debtor | 12,567,265,000 | 8,960,423,000 |
| Decrease in un-appropriated | | |
| profit at the beginning of the year | (2,379,012,000) | (1,028,916,000) |
| Decrease in profit for the year | (2,102,060,000) | (1,350,097,000) |
| Decrease in un-appropriated profit at the end of the year | (4,481,072,000) | (2,379,013,000) |

### 2.2 Consolidation

#### a) Subsidiaries

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

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

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

#### b) Translation of the financial statements of foreign subsidiary

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

### 2.3 Taxation

#### Current

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

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

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

**Deferred**

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

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

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

**2.4 Employee benefits**

The main features of the schemes operated are as follows:

**Provident fund**

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

**Accumulating compensated absences**

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

**2.5 Fixed assets**

**Property, plant, equipment and depreciation**

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

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

### Depreciation

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

Previously, depreciation on standby generators was charged on reducing balance method. However, during the year, the Group's management carried out a comprehensive review of the pattern of consumption of economic benefits of the operating fixed assets. Now, the Group charges depreciation on standby generators on the basis of number of hours used. Such a change has been accounted for as a change in an accounting estimate in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Had there been no change in the accounting estimate, the profit after taxation for the year ended 30 June 2019 would have been lower by Rupees 27.846 million and carrying value of operating fixed assets as at that date would have been lower by the same amount.

### Derecognition

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

### 2.6 Intangible assets

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

### 2.7 Goodwill

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

### 2.8 IFRS 9 "Financial instruments"

The Group has adopted IFRS 9 "Financial Instruments" from 01 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the Group makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the Group's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the Group. New impairment requirements use an 'expected credit loss' ('ECL') model to recognize an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The Group has adopted IFRS 9 without restating the prior year results. Key changes in accounting policies resulting from application of IFRS 9 are as follows:

**i) Recognition of financial instruments**

The Group initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

**ii) Classification and measurement of financial instruments**

IFRS 9 largely retains the existing requirements in IAS 39 "Financial Instruments: Recognition and Measurement" for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortized cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

**Investments and other financial assets**

***a) Classification***

From 01 July 2018, the Group classifies its financial assets in the following measurement categories:

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

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

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

***b) Measurement***

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

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

**Debt instruments**

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

**Amortized cost**

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

**Fair value through other comprehensive income (FVTOCI)**

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

**Fair value through profit or loss**

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

**Equity instruments**

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

**Fair value through other comprehensive income (FVTOCI)**

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

**Fair value through profit or loss**

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

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

**Financial liabilities**

**a) Classification and measurement**

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

**iii) Impairment of financial assets**

From 01 July 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

**iv) De-recognition**

**a) Financial assets**

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

**b) Financial liabilities**

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

**v) Offsetting of financial instruments**

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

**vi) Hedge accounting**

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these consolidated financial statements as there is no hedge activity carried on by the Group during the year ended 30 June 2019.

**vii) Impacts of adoption of IFRS 9 on these consolidated financial statements as on 01 July 2018**

On 01 July 2018, the Group's management has assessed which business models apply to the financial assets held by the Group at the date of initial application of IFRS 9 (01 July 2018) and has classified its financial instruments into appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

**Financial assets (01 July 2018)**

| | Trade debts categorized as | |
|---|---|---|
| | Loans and receivables | Amortised cost |
| | ----------- Rupees --- ------- | |
| Opening balance (before reclassification) | 19,204,333,280 | - |
| Reclassification of trade debts | (19,204,333,280) | 19,204,333,280 |
| Recognition of expected credit losses on trade debts | - | (5,288,510) |
| Opening balance (after reclassification) | - | 19,199,044,770 |

The impact of these changes on the Group's reserves and equity is as follows:

**Reserves and equity (01 July 2018)**

| | Effect on un-appropriated profit | Effect on total equity |
|---|---|---|
| | ----------- Rupees --- ------- | |
| Opening balance (before reclassification) | 13,456,551,206 | 24,058,497,357 |
| Adjustment on adoption of IFRS 9 due to recognition of expected life time credit losses on trade debts | (5,288,510) | (5,288,510) |
| Opening balance (after reclassification) | 13,451,262,696 | 24,053,208,847 |

**Reclassifications of financial instruments on adoption of IFRS 9**

As on 01 July 2018, the classification and measurement of financial instruments of the Group were as follows:

| | Measurement category | | Carrying amounts | | |
|---|---|---|---|---|---|
| | Original | New | Original | New | Difference |
| | (IAS 39) | (IFRS 9) | Rupees | | |
| **Non-current financial assets** | | | | | |
| Long term loans to employees | Loans and receivables | Amortised cost | 17,897,227 | 17,897,227 | - |
| Long term security deposits | Loans and receivables | Amortised cost | 23,752,440 | 23,752,440 | - |
| **Current financial assets** | | | | | |
| Trade debts | Loans and receivables | Amortised cost | 19,204,333,280 | 19,199,044,770 | (5,288,510) |
| Loans and advances | Loans and receivables | Amortised cost | 14,279,342 | 14,279,342 | - |
| Short term deposits | Loans and receivables | Amortised cost | 9,760,036 | 9,760,036 | - |
| Other receivables | Loans and receivables | Amortised cost | 999,427,153 | 999,427,153 | - |
| Short term investments | Amortised cost | Amortised cost | 32,179,691 | 32,179,691 | - |
| Cash and bank balances | Loans and receivables | Amortised cost | 252,266,580 | 252,266,580 | - |

| | | | | | |
|---|---|---|---|---|---|
| **Non-current financial liabilities** | | | | | |
| Long term financing | Amortised cost | Amortised cost | 10,481,386,830 | 10,481,386,830 | - |
| **Current financial liabilities** | | | | | |
| Trade and other payables | Amortised cost | Amortised cost | 2,813,085,399 | 2,813,085,399 | - |
| Accrued mark-up | Amortised cost | Amortised cost | 570,404,272 | 570,404,272 | - |
| Short term borrowings | Amortised cost | Amortised cost | 25,510,180,650 | 25,510,180,650 | - |
| Current portion of non-current liabilities | Amortised cost | Amortised cost | 4,675,185,917 | 4,675,185,917 | - |
| Unclaimed dividend | Amortised cost | Amortised cost | 53,705,334 | 53,705,334 | - |

## 2.9 Inventories

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

**Stores, spare parts and loose tools**

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

**Stock-in-trade**

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

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

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

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

## 2.10 Foreign currencies

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

## 2.11 Borrowings

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

## 2.12 Trade debts and other receivables

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

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

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

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

## 2.13 Trade and other payables

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

## 2.14 Borrowing cost

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

## 2.15 Revenue from contracts with customers

The Group has adopted IFRS 15 from 01 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in Group's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the Group's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The Group has adopted IFRS 15 by applying the modified retrospective approach according to which the Group is not required to restate the prior year results. Key changes in accounting policies resulting from application of IFRS 15 are as follows:

### i) Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the ‘expected value’ or ‘most likely amount’ method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

**Sale of goods**

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

**Rendering of services**

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

**Interest**

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

**Sale of electricity**

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

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

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

**Other revenue**

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

**ii) Contract assets**

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

**iii) Customer acquisition costs**

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

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

### iv) Customer fulfilment costs

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

### v) Right of return assets

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

### vi) Contract liabilities

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

### vii) Refund liabilities

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

### viii) Impacts of adoption of IFRS 15 on these consolidated financial statements as on 01 July 2018

The following adjustments were made to the amounts recognized in the consolidated financial statements at 01 July 2018:

- Stock in trade as at 01 July 2018 increased by Rupees 1,008,464,541.
- Trade debts as at 01 July 2018 decreased by Rupees 1,232,775,468.
- Trade and other payables as at 01 July 2018 decreased by Rupees 11,215,546.
- Reserves / Equity as at 01 July 2018 decreased by Rupees 213,095,381.

### 2.16 Share capital

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

### 2.17 Cash and cash equivalents

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

### 2.18 Derivative financial instruments

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

## 2.19 Provisions

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

## 2.20 Impairment of non-financial assets

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

## 2.21 Segment reporting

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

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

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

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

## 2.22 Dividend to ordinary shareholders and other appropriations

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

### 2.23 Ijarah transactions

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

### 2.24 Government grants

Government grants are recognized when there is reasonable assurance that entity will comply with the conditions attached to it and grant will be received.

### 3. AUTHORIZED SHARE CAPITAL

| 2019 (Number of shares) | 2018 (Number of shares) | | 2019 Rupees | 2018 Rupees |
|---|---|---|---|---|
| 280,000,000 | 280,000,000 | Ordinary shares of Rupees 10 each | 2,800,000,000 | 2,800,000,000 |
| 20,000,000 | 20,000,000 | Preference shares of Rupees 10 each | 200,000,000 | 200,000,000 |
| 300,000,000 | 300,000,000 | | 3,000,000,000 | 3,000,000,000 |

### 4. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

| 2019 (Number of shares) | 2018 (Number of shares) | | 2019 Rupees | 2018 Rupees |
|---|---|---|---|---|
| 134,757,848 | 134,757,848 | Ordinary shares of Rupees 10 each fully paid in cash | 1,347,578,480 | 1,347,578,480 |
| 104,239,443 | 104,239,443 | Ordinary shares of Rupees 10 each issued as fully paid bonus shares | 1,042,394,430 | 1,042,394,430 |
| 1,224,265 | 1,224,265 | Ordinary shares of Rupees 10 each issued as fully paid for consideration other than cash to members of Umer Fabrics Limited as per the Scheme of Arrangement as approved by the Honourable Lahore High Court, Lahore | 12,242,650 | 12,242,650 |
| 240,221,556 | 240,221,556 | | 2,402,215,560 | 2,402,215,560 |

#### 4.1 Ordinary shares of the Holding Company held by companies that are related parties:

| | 2019 (Number of shares) | 2018 (Number of shares) |
|---|---|---|
| Nishat Mills Limited | 32,689,338 | 32,689,338 |
| D.G. Khan Cement Company Limited | 7,274,602 | 7,274,602 |
| Adamjee Life Assurance Company Limited | 2,202,500 | 1,300,000 |
| | 42,166,440 | 41,263,940 |

| | 2019<br>Rupees | 2018<br>Rupees |
|---|---|---|
| **5. RESERVES** | | |
| **Composition of reserves is as follows:** | | |
| **Capital reserves** | | |
| Exchange translation reserve [Note 2.2(b)] | (14,141,413) | (6,678,937) |
| Share premium (Note 5.1) | 600,553,890 | 600,553,890 |
| | 586,412,477 | 593,874,953 |
| **Revenue reserves** | | |
| General reserve | 1,629,221,278 | 1,629,221,278 |
| Unappropriated profit | 15,823,940,210 | 13,456,551,206 |
| | 17,453,161,488 | 15,085,772,484 |
| | 18,039,573,965 | 15,679,647,437 |

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

| | 2019<br>Rupees | 2018<br>Rupees |
|---|---|---|
| **6. LONG TERM FINANCING** | | |
| **From banking companies / financial institutions - secured** | | |
| Long term loans (Note 6.1) | | |
| - MCB Bank Limited - associated company | 886,596,325 | 1,108,670,100 |
| - Others | 8,467,203,701 | 12,630,902,647 |
| | 9,353,800,026 | 13,739,572,747 |
| Long term musharaka (Note 6.2) | 1,080,555,556 | 1,417,000,000 |
| | 10,434,355,582 | 15,156,572,747 |
| Less: Current portion shown under current liabilities | | |
| Long term loans: | | |
| - MCB Bank Limited - associated company | 247,105,025 | 217,042,525 |
| - Others | 3,974,188,698 | 4,063,698,948 |
| | 4,221,293,723 | 4,280,741,473 |
| Long term musharaka | 394,444,444 | 394,444,444 |
| | 4,615,738,167 | 4,675,185,917 |
| | 5,818,617,415 | 10,481,386,830 |

| LENDER | 2019 | 2018 | RATE OF MARK-UP PER ANNUM | NUMBER OF INSTALMENTS | MARK-UP REPRICING | MARK-UP PAYABLE |
|---|---|---|---|---|---|---|
| | Rupees | Rupees | | | | |
| **6.1 Long term loans** | | | | | | |
| **Nishat (Chunian) Limited - Holding Company (Note 6.3)** | | | | | | |
| **From MCB Bank Limited - associated company:** | | | | | | |
| MCB Bank Limited | 160,000,000 | 160,000,000 | SBP rate for LTFF + 1.00% | Sixteen equal half yearly instalments commencing on 25 July 2019 and ending on 25 January 2027. | - | Quarterly |
| MCB Bank Limited | 75,468,750 | 80,500,000 | SBP rate for LTFF + 1.00% | Sixteen equal half yearly instalments commenced on 22 June 2019 and ending on 22 December 2026. | - | Quarterly |
| | 235,468,750 | 240,500,000 | | | | |
| **From others:** | | | | | | |
| Standard Chartered Bank (Pakistan) Limited | - | 187,500,000 | 3-month KIBOR + 0.75% | Sixteen equal quarterly instalments commenced on 04 May 2015 and ended on 04 February 2019. | Quarterly | Quarterly |
| Allied Bank Limited | 9,647,500 | 17,365,500 | SBP rate for LTFF + 1.00% | Sixteen equal quarterly instalments commenced on 22 October 2016 and ending on 22 July 2020. | - | Quarterly |
| Allied Bank Limited | 54,000,000 | 90,000,000 | SBP rate for LTFF + 1.00% | Sixteen equal quarterly instalments commenced on 07 January 2017 and ending on 10 October 2020. | - | Quarterly |
| Allied Bank Limited | 58,125,000 | 96,875,000 | SBP rate for LTFF + 1.00% | Sixteen equal quarterly instalments commenced on 20 January 2017 and ending on 20 October 2020. | - | Quarterly |
| Allied Bank Limited | 30,681,000 | 48,213,000 | SBP rate for LTFF + 1.00% | Sixteen equal quarterly instalments commenced on 11 May 2017 and ending on 11 February 2021. | - | Quarterly |
| Allied Bank Limited | 220,312,500 | 235,000,000 | SBP rate for LTFF + 1.00% | Thirty two equal quarterly instalments commenced on 24 February 2019 and ending on 24 November 2026. | - | Quarterly |
| Allied Bank Limited | 127,584,375 | 131,700,000 | SBP rate for LTFF + 1.00% | Thirty two equal quarterly instalments commenced on 18 April 2019 and ending on 18 January 2027. | - | Quarterly |
| Allied Bank Limited | 378,781,250 | 391,000,000 | SBP rate for LTFF + 1.00% | Thirty two equal quarterly instalments commenced on 19 April 2019 and ending on 19 January 2027. | - | Quarterly |
| Allied Bank Limited | 92,612,500 | 104,562,500 | SBP rate for LTFF + 1.00% | Forty equal quarterly instalments commenced on 21 May 2017 and ending on 21 February 2027. | - | Quarterly |

| LENDER | 2019 | 2018 | RATE OF MARK-UP PER ANNUM | NUMBER OF INSTALMENTS | MARK-UP REPRICING | MARK-UP PAYABLE |
|---|---|---|---|---|---|---|
| Allied Bank Limited | 117,800,000 | 117,800,000 | SBP rate for LTFF + 1.00% | Thirty two equal quarterly instalments commencing on 03 July 2019 and ending on 03 April 2027. | - | Quarterly |
| Askari Bank Limited | 87,500,000 | 157,500,000 | 3-month KIBOR + 0.70% | Twenty equal quarterly instalments commenced on 08 December 2015 and ending on 08 September 2020. | Quarterly | Quarterly |
| Askari Bank Limited | 124,500,000 | 141,100,000 | SBP rate for LTFF + 1.00% | Forty equal quarterly instalments commenced on 02 February 2017 and ending on 02 November 2026. | - | Quarterly |
| Askari Bank Limited | 15,000,000 | 17,000,000 | SBP rate for LTFF + 1.00% | Forty equal quarterly instalments commenced on 04 February 2017 and ending on 04 November 2026. | - | Quarterly |
| Askari Bank Limited | 112,500,000 | 127,500,000 | SBP rate for LTFF + 1.00% | Forty equal quarterly instalments commenced on 08 March 2017 and ending on 08 December 2026. | - | Quarterly |
| Askari Bank Limited | 103,540,000 | 116,900,000 | SBP rate for LTFF + 1.00% | Forty equal quarterly instalments commenced on 22 June 2017 and ending on 22 March 2027. | - | Quarterly |
| Askari Bank Limited | 4,960,000 | 5,580,000 | SBP rate for LTFF + 1.00% | Forty equal quarterly instalments commenced on 12 September 2017 and ending on 12 June 2027. | - | Quarterly |
| Askari Bank Limited | 46,200,000 | 51,800,000 | SBP rate for LTFF + 1.00% | Forty equal quarterly instalments commenced on 04 October 2017 and ending on 04 July 2027. | - | Quarterly |
| Askari Bank Limited | 16,747,500 | 18,777,500 | SBP rate for LTFF + 1.00% | Forty equal quarterly instalments commenced on 04 October 2017 and ending on 04 July 2027. | - | Quarterly |
| Askari Bank Limited | 16,000,000 | 18,000,000 | SBP rate for LTFF + 1.00% | Forty equal quarterly instalments commenced on 26 August 2017 and ending on 26 May 2027. | - | Quarterly |
| Askari Bank Limited | 94,240,000 | 106,020,000 | SBP rate for LTFF + 1.00% | Forty equal quarterly instalments commenced on 26 August 2017 and ending on 26 May 2027. | - | Quarterly |
| Askari Bank Limited | 4,603,200 | 5,178,600 | SBP rate for LTFF + 1.00% | Forty equal quarterly instalments commenced on 26 August 2017 and ending on 26 May 2027. | - | Quarterly |
| Askari Bank Limited | 188,800,000 | 212,400,000 | SBP rate for LTFF + 1.00% | Forty equal quarterly instalments commenced on 26 August 2017 and ending on 26 May 2027. | - | Quarterly |
| Pak Kuwait Investment Company (Private) Limited | 24,491,000 | 38,487,000 | SBP rate for LTFF + 0.75% | Eighteen equal quarterly instalments commenced on 22 November 2016 and ending on 22 February 2021. | - | Quarterly |
| The Bank of Punjab | 300,000,000 | 400,000,000 | 3-month KIBOR + 0.75% | Ten equal half yearly instalments commenced on 30 September 2017 and ending on 30 March 2022. | Quarterly | Quarterly |
| Habib Bank Limited | 1,400,000,000 | 1,800,000,000 | 3-month KIBOR + 0.50% | Ten equal half yearly instalments commenced on 27 March 2018 and ending on 27 September 2022. | Quarterly | Quarterly |

| LENDER | 2019 | 2018 | RATE OF MARK-UP PER ANNUM | NUMBER OF INSTALMENTS | MARK-UP REPRICING | MARK-UP PAYABLE |
|---|---|---|---|---|---|---|
| Soneri Bank Limited | 290,140,625 | 299,500,000 | SBP rate for LTFF + 1.00% | Thirty two equal quarterly instalments commenced on 14 June 2019 and ending on 14 March 2027. | - | Quarterly |
| Soneri Bank Limited | 222,000,000 | 222,000,000 | SBP rate for LTFF + 1.00% | Thirty two equal quarterly instalments commencing on 06 July 2019 and ending on 06 April 2027. | - | Quarterly |
| **Syndicated term finance** | | | | | | |
| Allied Bank Limited | - | 220,000,000 | 3-month KIBOR + 1% | Ten equal half yearly instalments commenced on 27 December 2014 and ended on 27 June 2019. | Quarterly | Quarterly |
| Habib Bank Limited | - | 60,000,000 | 3-month KIBOR + 1% | Ten equal half yearly instalments commenced on 27 December 2014 and ended on 27 June 2019. | Quarterly | Quarterly |
| Habib Metropolitan Bank Limited | - | 20,000,000 | 3-month KIBOR + 1% | Ten equal half yearly instalments commenced on 27 December 2014 and ended on 27 June 2019. | Quarterly | Quarterly |
| | - | 300,000,000 | | | | |
| | 4,140,766,450 | 5,457,759,100 | | | | |
| **NC Electric Company Limited - Subsidiary Company (Notes 6.5 and 6.9)** | | | | | | |
| **From MCB Bank Limited - associated company:** | | | | | | |
| MCB Bank Limited | 389,400,000 | 519,200,000 | SBP rate for LTFF+ 1.25% | Ten equal semi annual instalments with grace period of two years | - | Quarterly |
| MCB Bank Limited | 261,727,575 | 348,970,100 | 6-month KIBOR + 0.90% | Ten equal semi annual instalments with grace period of two years | Half yearly | Half yearly |
| | 651,127,575 | 868,170,100 | | | | |
| **From others:** | | | | | | |
| Habib Bank Limited | 721,890,471 | 1,010,646,657 | 6-month KIBOR + 0.90% | Nine equal semi annual instalments with grace period of two years | Half yearly | Quarterly |
| Allied Bank Limited | 277,777,780 | 388,888,890 | SBP rate for LTFF+ 1.00% | Nine equal semi annual instalments with grace period of eighteen months | - | Quarterly |
| | 999,668,251 | 1,399,535,547 | | | | |

| LENDER | 2019 | 2018 | RATE OF MARK-UP PER ANNUM | NUMBER OF INSTALMENTS | MARK-UP REPRICING | MARK-UP PAYABLE |
|---|---|---|---|---|---|---|
| **Nishat Chunian Power Limited - Subsidiary Company (Note 6.6)** | | | | | | |
| Senior facility | 2,676,419,000 | 4,489,070,000 | 3-month KIBOR + 3% | Twenty five quarterly instalments ending on 01 July 2020. | Quarterly | Quarterly |
| Term finance facility | 650,350,000 | 1,084,538,000 | 3-month KIBOR + 3% | Twenty five quarterly instalments ending on 01 July 2020. | Quarterly | Quarterly |
| | 3,326,769,000 | 5,573,608,000 | | | | |
| **NC Entertainment (Private) Limited - former Subsidiary Company** | | | | | | |
| JS Bank Limited | - | 200,000,000 | 1-month KIBOR + 1.50% | Four equal quarterly instalments ending on June 2020 | - | Quarterly |
| | 9,353,800,026 | 13,739,572,747 | | | | |

**6.2 Long term musharaka**

| LENDER | 2019 | 2018 | RATE OF PROFIT PER ANNUM | NUMBER OF INSTALMENTS | PROFIT REPRICING | PROFIT PAYABLE |
|---|---|---|---|---|---|---|
| **Nishat (Chunian) Limited - Holding Company (Note 6.4)** | | | | | | |
| Faysal Bank Limited | 375,000,000 | 475,000,000 | 3-month KIBOR + 0.70% | Twenty equal quarterly instalments commenced on 21 May 2018 and ending on 21 February 2023. | Quarterly | Quarterly |
| | 375,000,000 | 475,000,000 | | | | |

| LENDER | 2019 | 2018 | RATE OF MARK-UP PER ANNUM | NUMBER OF INSTALMENTS | MARK-UP REPRICING | MARK-UP PAYABLE |
|---|---|---|---|---|---|---|
| **NC Electric Company Limited - Subsidiary Company (Notes 6.8 and 6.9)** | | | | | | |
| Dubai Islamic Bank Pakistan Limited | 375,000,000 | 517,000,000 | 6 months KIBOR + 0.85% | Ten equal semi annual instalments with grace period of two years | Half yearly | Half yearly |
| AlBaraka Bank (Pakistan) Limited | 330,555,556 | 425,000,000 | 6 months KIBOR + 0.85% | Ten equal semi annual instalments with grace period of two years | Half yearly | Quarterly |
| | 705,555,556 | 942,000,000 | | | | |
| | 1,080,555,556 | 1,417,000,000 | | | | |

**6.3** Long term loans are secured by first joint pari passu hypothecation and equitable mortgage on all present and future fixed assets of the Holding Company to the extent of Rupees 9,950.58 million (2018: Rupees 9,230.58 million).

**6.4** Long term musharaka are secured by first joint pari passu hypothecation and equitable mortgage on all present and future fixed assets of the Holding Company to the extent of Rupees 666.67 million (2018: Rupees 720 million).

**6.5** Long term loans from MCB Bank Limited and Habib Bank Limited are secured against first pari passu charge of Rupees 4,000 million over all present and future fixed assets of the NC Electric Company Limited - Subsidiary Company, cross corporate guarantee of Holding Company to MCB Bank Limited amounting to Rupees 1,500 million and cross corporate guarantee of Holding Company to Habib Bank Limited amounting to Rupees 2,000 million. Long term loan from Allied Bank Limited is secured against first pari passu charge of Rupees 667 million over all present and future fixed assets (including land and building) of the NC Electric Company Limited - Subsidiary Company and cross corporate guarantee of Holding Company amounting to Rupees 500 million.

**6.6** This represents long term financing obtained from a consortium of banks led by United Bank Limited (Agent Bank). The portion of long term financing from Faysal Bank Limited is on murabaha basis. The overall financing is secured against registered first joint pari passu charge on immovable property, mortgage of project receivables (excluding energy payment receivables), hypothecation of all present and future assets and all properties of Nishat Chunian Power Limited - Subsidiary Company (excluding working capital hypothecated property), lien over project bank accounts and pledge of shares held by the Holding Company in Nishat Chunian Power Limited - Subsidiary Company. It carries mark-up at the rate of three months Karachi Inter-Bank Offered Rate (KIBOR) plus three percent per annum, payable on quarterly basis. The mark-up rate charged during the year on the outstanding balance ranges from 9.92% to 13.99% (2018: 9.14% to 9.50%) per annum. As of 30 June 2019, the finance is repayable in five quarterly installments ending on July 01, 2020.

**6.7** In accordance with the terms of agreement with the lenders of long term finances to Nishat Chunian Power Limited - Subsidiary Company, there are certain restrictions on the distribution of dividends by Nishat Chunian Power Limited - Subsidiary Company.

**6.8** Long term musharaka from Dubai Islamic Bank Pakistan Limited is secured against first pari passu charge of Rupees 1,333 million over all present and future fixed assets (including land and building) of the NC Electric Company Limited - Subsidiary Company and cross corporate guarantee of Nishat (Chunian) Limited amounting to Rupees 375 million. Long term musharaka from Al Baraka Bank (Pakistan) Limited is secured against first pari passu charge of Rupees 1,000 million over all present and future fixed assets (including land and building) of the NC Electric Company Limited - Subsidiary Company and cross corporate guarantee of Nishat (Chunian) Limited amounting to Rupees 1,000 million.

**6.9** Total long term loans and long term musharaka facility to NC Electric Company Limited - Subsidiary Company amounts to Rupees 3.5 billion and Rupees 2 billion respectively. The effective mark-up rate charged during the year on the outstanding balance ranged from 4.00% to 12.14% (2018: 4.00% to 7.31% ) per annum.

## 7 DEFERRED REVENUE

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| Value of subsequent services | - | 3,715,000 |
| Amortized during the year | - | (743,000) |
| | - | 2,972,000 |

## 8 DEFERRED INCOME TAX (ASSET) / LIABILITY

The (asset) / liability for deferred income tax of the NC Entertainment (Private) Limited - former Subsidiary Company originated due to timing differences relating to:

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| **Taxable temporary difference** | | |
| Accelerated tax depreciation | - | 38,394,308 |
| **Deductible temporary differences** | | |
| Accelerated tax amortization on intangible assets | - | (156,448) |
| Available tax losses | - | (43,932,915) |
| Turnover tax | - | (2,293,796) |
| Excess of alternative corporate tax over corporate tax | - | (804,706) |
| **Deferred income tax asset** | - | (8,793,557) |

**8.1** Deferred income tax asset of Holding Company Rupees 508.488 million (2018: Rupees 665.133 million) has not been recognized in these consolidated financial statements as the Holding Company's management believes that sufficient taxable profits will not be probably available in foreseeable future, hence, the temporary differences may not reverse.

**8.2** The Holding Company has carry forwardable tax losses of Rupees 2,906 million (2018: Rupees 3,524

**8.3** For the purposes of current taxation of Nishat Chunian Power Limited - Subsidiary Company, the tax credit available for carry forward is estimated at Rupees 133.493 million (2018: Rupees 101.737 million). Management believes that the tax credit available for carry forward may not be utilized in the foreseeable future. Consequently, based on the prudence principle, deferred tax asset on tax credit available for carry forward has not been recognized in these consolidated financial statements.

**8.4** Nishat Chunian USA Inc. has net operating loss carry forwards (NOL) of approximately Rupees 33.620 million (2018: Rupees 38.362 million) which carry forward indefinitely, to reduce future federal and state taxable income, if any. The Subsidiary Company has not recognized deferred tax asset resulting from NOL of approximately Rupees 7.052 million (2018: Rupees 12.990 million) based on prudence principle.

| | 2019<br>Rupees | 2018<br>Rupees |
|---|---|---|
| **9. TRADE AND OTHER PAYABLES** | | |
| Creditors (Note 9.1) | 1,868,318,779 | 1,503,805,345 |
| Accrued liabilities | 1,610,141,411 | 1,260,097,267 |
| Advances from customers | 112,499,908 | 72,570,280 |
| Securities from customers - interest free (Note 9.2) | 19,286,374 | 9,187,150 |
| Securities from contractors - interest free and repayable on completion of contracts (Note 9.2) | 4,291,800 | 3,628,300 |
| Retention money | 230,639 | 438,946 |
| Employees' provident fund payable | 30,227,689 | - |
| Income tax deducted at source | 19,270,559 | 15,606,762 |
| Fair value of forward exchange contracts | 18,467,940 | - |
| Workers' profit participation fund (Note 9.3) | 344,277,708 | 277,223,305 |
| Others | 37,614,890 | 35,928,391 |
| | 4,064,627,697 | 3,178,485,746 |

**9.1** It includes Rupees 0.724 million (2018: Rupees 0.926 million) due to a related party.

**9.2** These deposits have been utilized for the purpose of business in accordance with the terms of written agreements with contractors.

| | 2019<br>Rupees | 2018<br>Rupees |
|---|---|---|
| **9.3 Workers' profit participation fund** | | |
| Balance as at 01 July | 277,223,305 | 222,483,001 |
| Less: Adjustment on adoption of IFRS 15 | (11,215,546) | - |
| | 266,007,759 | 222,483,001 |
| Add: Interest for the year (Note 32) | 7,076,497 | 12,821,913 |
| Add: Allocation for the year | 344,252,708 | 277,223,192 |
| | 617,336,964 | 512,528,106 |
| Less: Payments during the year | 273,059,256 | 235,304,801 |
| Balance as at 30 June | 344,277,708 | 277,223,305 |

**9.3.1** The Group retains workers' profit participation funds for their business operations till the date of allocation to workers. Interest is paid at prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds utilized by the Group till the date of allocation to workers.

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| **10. ACCRUED MARK-UP / PROFIT** | | |
| Long term financing | | |
| - MCB Bank Limited - associated company | 12,526,912 | 14,027,809 |
| - Others | 231,658,452 | 242,583,305 |
| | 244,185,364 | 256,611,114 |
| Short term borrowings | | |
| - MCB Bank Limited - associated company | - | 2,024,052 |
| - Others | 686,056,365 | 311,769,106 |
| | 686,056,365 | 313,793,158 |
| | 930,241,729 | 570,404,272 |

## 11. SHORT TERM BORROWINGS

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| **From banking companies - secured** | | |
| **Nishat (Chunian) Limited - Holding Company** | | |
| Short term running finances (Notes 11.1 and 11.2) | | |
| - MCB Bank Limited - associated company (Note 11.5) | 10,396,890 | 1,151,049,431 |
| - Others | 3,598,081,270 | 1,136,683,425 |
| | 3,608,478,160 | 2,287,732,856 |
| Export finances - Preshipment / SBP refinance (Notes 11.1 and 11.3) | | |
| - MCB Bank Limited - associated company (Note 11.5) | - | 400,839,000 |
| - Others | 8,093,500,000 | 7,150,000,000 |
| | 8,093,500,000 | 7,550,839,000 |
| Other short term finances (Notes 11.1 and 11.4) | 8,390,000,000 | 7,183,420,000 |
| **NC Electric Company Limited - Subsidiary Company (Notes 11.6 and 11.7)** | | |
| Short term running finances | 219,121,446 | 409,507,329 |
| Murabaha facilities | 364,539,081 | 299,999,904 |
| **Nishat Chunian USA Inc. - Subsidiary Company** | | |
| Revolving credit line (Note 11.8) | - | 43,939,273 |
| **Nishat Chunian Power Limited - Subsidiary Company** | | |
| Short term running finances (Note 11.9) | 2,927,914,000 | 37,742,000 |
| Money market loans (Note 11.10) | 4,300,000,000 | 6,070,000,000 |
| Murabaha facilities (Note 11.11) | 3,539,747,000 | 1,548,191,000 |
| **NC Entertainment (Private) Limited - former Subsidiary Company** | | |
| Short term borrowings / loans | - | 78,809,288 |
| | 31,443,299,687 | 25,510,180,650 |

**11.1** These finances are obtained from banking companies under mark-up arrangements and are secured by hypothecation of all present and future current assets of the Holding Company and lien on export bills to the extent of Rupees 37,294 million (2018: Rupees 32,096 million) and ranking charge on all present and future current assets of the Holding Company to the extent of Rupees 1,132.667 million (2018: Rupees 4,786 million). These form part of total credit facilities of Rupees 28,065 million (2018: Rupees 26,765 million).

**11.2** The rates of mark-up range from 7.02% to 14.05% (2018: 6.25% to 7.67%) per annum on the balance

**11.3** The rates of mark-up on Pak Rupee finances and US Dollar finances range from 2.25% to 13.56% (2018: 2.25% to 6.89%) per annum and 3.00% to 3.30% (2018: 1.55% to 2%) per annum respectively on the balance outstanding.

**11.4** The rates of mark-up range from 6.14% to 13.25% (2018: 6.08% to 7.13% ) per annum on the balance

**11.5** Finances from MCB Bank Limited - associated company have been utilized for working capital purposes.

**11.6** These running financing facilities are obtained from banking companies under mark-up arrangement and are secured against joint pari passu hypothecation charge of Rupees 1,000 million on all present and future current assets of NC Electric Company Limited - Subsidiary Company and cross corporate guarantee of Nishat (Chunian) Limited - Holding Company amounting to Rupees 1,320 million. Rates of mark-up range from 7.71% to 14.12% (2018: 7.67%) per annum on the balance outstanding. Further, murabaha facility available from a commercial bank amounted to Rupees 600 million (2018: Rupees 300 million). The amount utilized as at 30 June 2019 was Rupees 365 million (2018: Rupees 300 million). The facility is secured against joint pari passu hypothecation charge of Rupees 400 million on all present and future current assets of NC Electric Company Limited - Subsidiary Company and cross corporate guarantee of Nishat (Chunian) Limited - Holding Company amounting to Rupees 300 million. The rate of mark-up range from 6.81% to 14% per annum on the balance outstanding.

**11.7** These form part of total credit facilities (including for opening letters of credit and guarantees) of Rupees 1,525 million. The amount utilized by NC Electric Company Limited - Subsidiary Company as at 30 June 2019 was Rupees 583.660 million. The Holding Company has provided cross corporate guarantee of Rupees 5,300 million to MCB Bank Limited - related party against facility for issuance of letters of credit.

**11.8** Nishat Chunian USA Inc. - Subsidiary Company has a revolving credit pursuant to which it may borrow up to US Dollars 2,500,000 (Rupees 410 million) subject to borrowing base availability, bearing interest at prime rate plus 0.25% (5.25% at 30 June 2019). The borrowings base equals to 75% of the aggregate amount of all qualified accounts receivable, as defined. This note is collateralized by as first security interest in substantially all assets of the Nishat Chunian USA Inc. - Subsidiary Company and is guaranteed by the Holding Company.

**11.9** Running finance main facilities available from commercial banks under mark-up arrangements amount to Rupees 7,250 million (2018: Rupees 8,250 million). Running finance facilities are available at mark-up rates ranging from one month to three months KIBOR plus 0.15% to 2% per annum, payable quarterly. Running finance facilities are secured against first joint pari passu hypothecation charge on the present and future current assets of Nishat Chunian Power Limited - Subsidiary Company comprising of fuel stocks, inventories and energy price payment receivables from NTDC. The mark-up rate charged during the year on the outstanding balance ranges from 7.08% to 13.80% (2018: 6.29% to 8.50%) per annum.

**11.10** Money market loans are available to Nishat Chunian Power Limited - Subsidiary Company as a sub-facility to the running finance facility at mark-up rates ranging from one month to six months KIBOR plus 0.0% to 0.05% per annum. Money market loans are secured against first joint pari passu hypothecation charge on the present and future current assets of Nishat Chunian Power Limited - Subsidiary Company comprising of fuel stocks, inventories and energy price payment receivables from NTDC. The mark-up rate charged during the year on the outstanding balance ranges from 7.12% to 13.12% (2018: 6.14% to 7.08%) per annum.

**11.11** Murabaha and musharaka main facilities available from Islamic banks aggregate to Rupees 5,500 million (2018: Rupees 4,500 million) at mark-up rates ranging from one week to six months KIBOR plus 0.1% to 1% per annum. The amount utilised as at 30 June 2019, for musharaka facilities was Rupees 4,039.647 million (2018: Rupees 1,548.190 million). Mark-up on murabaha is payable at the maturity of the respective murabaha transaction, whereas, the mark-up on musharaka is payable quarterly on the balance outstanding. The facilities are secured against first joint pari passu hypothecation charge on the present and future current assets of Nishat Chunian Power Limited - Subsidiary Company comprising of fuel stocks, inventories and energy price payment receivables from NTDC. The mark-up rate charged during the year on the outstanding balance ranges from 7.03% to 13.30% (2018: 6.24% to 7.45%) per annum.

**11.12** The main facilities for opening letters of credit and guarantees aggregate to Rupees 1,411.032 million (2018: Rupees 1,411.032 million). The amount utilised at 30 June 2019, for letters of credit was Rupees 19.623 million (2018: Rupees 144.073 million) and for guarantees was Rupees 20.768 million (2018: Rupees 36.878 million). The aggregate facilities for opening letters of credit and guarantees are secured by ranking charge on the present and future current assets comprising of fuel stocks, inventories and energy price payment receivables from NTDC, counter guarantee, cash margin and lien over import documents.

| | 2019<br>Rupees | 2018<br>Rupees |
|---|---|---|
| **12. CURRENT PORTION OF NON-CURRENT LIABILITIES** | | |
| Long term financing (Note 6) | 4,615,738,167 | 4,675,185,917 |

## 13. CONTINGENCIES AND COMMITMENTS

### 13.1 Contingencies

**13.1.1** The Holding Company preferred appeal against the Government of Punjab in the Honorable Lahore High Court, Lahore against imposition of electricity duty on internal generation and the writ petition has been accepted. However, Government of Punjab has moved to the Honourable Supreme Court of Pakistan against the order of Honourable Lahore High Court, Lahore. The Holding Company has fully provided its liability in respect of electricity duty on internal generation. As at the reporting date, an amount of Rupees 72.009 million (2018: Rupees 69.963 million) is payable on this account but the management of the Holding Company is confident that payment of electricity duty will not be required.

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

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

**13.1.4** As a result of withholding tax audit for the tax year 2006, DCIR has raised a demand of Rupees 32.156 million under sections 161 and 205 of the Income Tax Ordinance, 2001. The Holding Company's appeal before ATIR was successful. The Holding Company also challenged the initiation of proceedings, under sections 161 and 205 of the Income Tax Ordinance, 2001 pertaining to tax years 2007, 2008, 2009, 2010, 2011 and 2012 in the Honourable Lahore High Court, Lahore through a writ petition. The Honourable Lahore High Court, Lahore directed the Tax Department to issue notice for reconciliation and in case default is established only then action under section 205 of the Income Tax Ordinance, 2001 can be taken. The Holding Company also filed intra court appeals to the Honourable Lahore High Court, Lahore, which were dismissed. Against this dismissal, appeal has been filed before the Supreme Court of Pakistan which is pending adjudication. The management of the Holding Company believes that the favourable outcome of its appeal before ATIR, in respect of tax year 2006 on same issues, will dispose of the initiation of these proceedings. In respect of tax year 2012, the case has been decided at departmental level as stated in Note 13.1.7, hence appeal filed before the Supreme Court of Pakistan in respect of tax year 2012 shall be withdrawn shortly.

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

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

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

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

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

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

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

**13.1.12** The Holding Company is contesting sales tax demands / rejections of sales tax by taxation authorities amounting to Rupees 7.098 million at various forums. These demands have been raised on account of various issues, like refund of sales tax on purchases of furnace oil and diesel, non-provision of documents against certain refund processing system objections and supplies made to certain parties. No provision against the aforesaid demands has been made in these consolidated financial statements as the management is confident of favourable outcome of its appeals based on advice of the legal counsel. The name of the Holding Company was selected by the FBR through balloting for audit of its sales tax record of tax year 2014. Writ petition against the selection was filed and in pursuance of Court's order, the record was submitted to the assessing officer. Based on the audit, Deputy Commissioner has issued a show cause notice on account of alleged discrepancies/observations noted during audit to the tune of Rupees 7.480 million. The Holding Company has challenged the vires of show cause notice in Lahore High Court, Lahore and expects favorable outcome of the matter, hence no provision has been recognized in these consolidated financial statements.

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

**13.1.14** The DCIR issued a show cause notice dated 12 April 2019 under section 177(1) of the Income Tax Ordinance, 2001 for providing certain record and documents for tax year 2013. In response thereto, various replies were submitted with the DCIR. In response to submissions of the Holding Company, the DCIR issued an audit report u/s 177(6) of the Income Tax Ordinance, 2001 and then passed an order under sections 122(4)/122(5)/214C of the Income Tax Ordinance, 2001 creating a demand of Rupees 277.772 million. Being aggrieved with the order passed by the DCIR, an appeal has been filed before CIR(A)-I which is pending for fixation. However, the outcome of the appeal is expected to be decided in favour of the Holding Company.

**13.1.15** The DCIR issued a show cause notice dated 20 March 2019 under section 161(1A) of the Income Tax Ordinance, 2001 for tax year 2017, wherein, the Holding Company was required to explain the taxes deducted against payments amounting to Rupees 133.361 million made on account of commission to selling agents. In response thereto, a reply dated 28 March 2019 was submitted with the DCIR. The DCIR without considering the arguments putforth by the Holding Company passed an order dated 05 April 2019 raising a demand of Rupees 13.982 million. Being aggrieved with the order passed by the DCIR, an appeal was filed before CIR(A)-I which culminated in an order under section 129(1)(b) read with section 161(1A) of Income Tax Ordinance, 2001 dated 27 June 2019, wherein, the stance of the DCIR was upheld. Being aggrieved with the order passed by the CIR(A)-I, an appeal was filed before ATIR, the outcome of which is expected to be decided in favour of the Holding Company.

**13.1.16** The DCIR issued a show cause notice dated 20 March 2019 under section 161(1A) of the Income Tax Ordinance, 2001 for tax year 2018, wherein, the Holding Company was required to explain the taxes deducted against payments amounting to Rupees 213.382 million made on account of commission to selling agents. In response thereto, a reply dated 28 March 2019 was submitted with the DCIR. The DCIR without considering the arguments putforth by the taxpayer, passed an order dated 05 April 2019 raising a demand to the tune of Rupees 15.130 million. Being aggrieved with the order passed by DCIR, an appeal was filed before CIR(A)-I which culminated in an order under section 129(1)(b) read with section 161(1A) of Income Tax Ordinance, 2001 dated 27 June 2019, wherein, the stance of the DCIR was upheld. Being aggrieved with the order passed by the CIR(A)-I, an appeal was filed before ATIR, the outcome of which is expected to be decided in favour of the Holding Company.

**13.1.17** The Holding Company has challenged, before Honourable Lahore High Court, Lahore, the vires of first proviso to sub-clause (x) of clause (4) of SRO 491(1)/2016 dated 30 June 2016 issued under sections 3 and 4 read with sections 8 and 71 of the Sales Tax Act, 1990 whereby through amendment in the earlier SRO 1125(I)/2011 dated 31 December 2011 adjustment of input sales tax on packing material of all sorts has been disallowed. The learned single judge of Honourable Lahore High Court has dismissed the writ petition of the Holding Company therefore intra court appeal has been filed. The Holding Company has claimed input sales tax amounting to Rupees 178.417 million (2018: Rupees 178.417 million) paid on packing material in its respective monthly sales tax returns. The management, based on advice of the legal counsel, is confident of favorable outcome of its appeal.

**13.1.18** Guarantees of Rupees 671.04 million (2018: Rupees 609.109 million) are given by the banks of the Holding Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited against purchase of furnace oil, Lahore Electric Supply Company against electricity connections, Director Excise and Taxation, Karachi against infrastructure cess, Chairman Punjab Revenue Authority, Lahore against infrastructure cess, Director Pakistan Central Cotton Committee against cotton cess, and Nazir, Honourable High Court, Sindh against the notification in accordance with section 8 of OGRA Ordinance 2002, regarding system gas tariff on industrial and captive units.

**13.1.19** Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 3,544.173 million (2018: Rupees 3,234.598 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.

**13.1.20** The Holding Company has issued cross corporate guarantees of Rupees 12.295 billion (2018: Rupees 14.520 billion) on behalf of NC Electric Company Limited - Subsidiary Company to secure the obligations of Subsidiary Company towards its lenders.

**13.1.21** During the financial year 2014, a sales tax demand of Rupees 1,161.548 million was raised against Nishat Chunian Power Limited - Subsidiary Company through order dated 28 November 2013, by the Assistant Commissioner Inland Revenue ('ACIR') by disallowing input sales tax for the tax periods from July 2010 to June 2012. Such amount was disallowed on the grounds that the revenue derived by Nishat Chunian Power Limited - Subsidiary Company on account of 'capacity purchase price' was against a non-taxable supply and thus, the entire amount of input sales tax claimed by the Nishat Chunian Power Limited - Subsidiary Company was required to be apportioned with only the input sales tax attributable to other revenue stream i.e. 'energy purchase price' admissible to Nishat Chunian Power Limited - Subsidiary Company. Against the aforesaid order, Nishat Chunian Power Limited - Subsidiary Company preferred an appeal dated 10 December 2013 before the Commissioner Inland Revenue (Appeals) ('CIR(A)') who vacated the ACIR's order on the issue regarding apportionment of input sales tax. However, the CIR(A) did not adjudicate upon Nishat Chunian Power Limited - Subsidiary Company's other grounds of appeal. Consequently, Nishat Chunian Power Limited - Subsidiary Company preferred an appeal on 17 March 2014 before the Appellate Tribunal Inland Revenue ('ATIR') on the issues not adjudicated upon by the CIR(A) and the Department also preferred a second appeal on 08 May 2014 before the ATIR against the CIR(A)'s order, both of which are pending adjudication. The ATIR decided the case in favour of Nishat Chunian Power Limited - Subsidiary Company on 11 September 2018. However, FBR has filed a sales tax reference with Lahore High Court ('LHC") against the decision of the ATIR. The matter is pending adjudication till date.

Furthermore, during the financial year 2015, the Deputy Commissioner Inland Revenue ('DCIR') issued a show cause notice dated 12 November 2014, whereby intentions were shown to raise a sales tax demand of Rupees 1,093.262 million by disallowing input sales tax claimed by Nishat Chunian Power Limited - Subsidiary Company for the tax periods from July 2010 to June 2012 on similar grounds as explained above. Nishat Chunian Power Limited - Subsidiary Company agitated the initiation of such proceedings through institution of a writ petition before the Lahore High Court ('LHC') on 23 July 2015. During the year 2017, LHC disposed off the petition in the Subsidiary Company's favour through its order dated 31 October 2016, by stating that there is no supply being made against capacity purchase price, hence, there is no existence of an "exempt supply". Accordingly, the Subsidiary Company is free to reclaim or deduct input tax under the relevant provisions of Sales Tax Act, 1990. However, the tax department filed a review petition before the LHC on 09 January 2017 and an appeal before the Supreme Court of Pakistan on 24 November 2017 against the aforementioned LHC's order, both of which are pending adjudication.

For the period July 2013 to June 2014, Subsidiary Company's case was selected for audit by 'Federal Board of Revenue' ('FBR'), which selection was objected to, on jurisdictional basis, by Subsidiary Company by way of filing a writ petition before LHC on 20 November 2015. While, LHC has allowed the 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 department during the financial year 2016 and audit report thereof was submitted to the Subsidiary Company seeking explanations in regard to the issues raised therein. In the subject audit report, an aggregate amount of Rupees 631.769 million primarily including a disallowance of input sales tax of Rupees 622.263 million has been confronted on same grounds as explained above. LHC through its order dated 09 January 2017 has allowed initiation of adjudication proceedings after issuance of audit report. On 17 May 2017, the DCIR issued a showcause notice as to why sales tax of the aforesaid amount of Rupees 631.769 million alongwith default surcharge should not be recovered from the Subsidiary Company. The Subsidiary Company has filed a representation in this regard with the Chairman, Federal Board of Revenue. The Chairman FBR disposed of the case on the grounds that it did not invoke any provision of Section 7 FBR Act 2007 as no issue of misadministration is involved therein. The Subsidiary Company then challenged the show cause notice before the Honourable Lahore High Court. The Lahore High Court declared on 09 November 2018 that the show cause was issued without having jurisdiction. No further notice has been received with regards to this case as at the year end 30 June 2019.

**13.1.22** During the last year, an amendment order dated 31 August 2017 was issued by the DCIR under section 122 of the Income Tax Ordinance, 2001 ('ITO') for Tax Year 2014 whereby income tax of Rupees 191.536 million was levied on other income, interest on delayed payments from NTDC, minimum tax on capacity sales, scrap sales and sale proceeds of fixed assets' disposal, and WWF was also levied of Rupees 12.946 million. Against the aforesaid order, Nishat Chunian Power Limited - Subsidiary Company preferred an appeal on 25 September 2017 before the CIR(A) and the learned CIR(A) passed an order on 02 February 2018, declaring that the levy of income tax on interest on delayed payments from NTDC and minimum tax on capacity sales is not justified, while directing the Subsidiary Company to pay income tax aggregating to Rupees 1.466 million on profit on debt, miscellaneous income, capital gain on disposal of securities, minimum tax on scrap sales and fixed assets' disposal, and WWF of Rupees 4.552 million. The Subsidiary Company and tax authority both have filed appeals on 08 March 2018 and 26 March 2018 respectively, before the ATIR against the order of CIR(A) that are pending adjudication.

Further, another amendment order dated 13 June 2018 was issued by the Additional Commissioner Inland Revenue under section 122 of the ITO for Tax Year 2012 and subsequently, rectification order dated 27 June 2018 under section 221 of the ITO was issued whereby income tax of Rupees 50.063 million was levied mainly comprising minimum tax on capacity sales. Subsequent to year end, the Subsidiary Company has filed an appeal on 26 July 2018 before the CIR(A) against the aforesaid orders, which is pending adjudication.

The management considers that there exist meritorious grounds to defend Nishat Chunian Power Limited - Subsidiary Company's stance and the ultimate decision from the appellate authorities would be in the Subsidiary Company's favour. Consequently, no provision has been made in these consolidated financial statements for the above mentioned amounts aggregating Rupees 254.545 million.

**13.1.23** Guarantees of Rupees 27.683 million (2018: Rupees 17.683 million) have been issued by banks of NC Electric Company Limited - Subsidiary Company in favour of Director, Excise and Taxation, Karachi against disputed amounts of infrastructure cess.

**13.1.24** The following has been issued by the bank on behalf of Nishat Chunian Power Limited - Subsidiary Company:

(a) Letter of guarantee of Rupees 20.978 million (2018: Rupees 18.942 million) in favour of Director, Excise and Taxation, Karachi under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess.

**13.1.25** Post dated cheques amounting to Rupees 8.230 million (2018: Rupees 8.230) have been issued by NC Electric Company Limited - Subsidiary Company in favour of Collector of Customs against disputed amount of tax on import of coal.

**13.1.26** A civil / construction work contractor has filed suit for recovery of Rupees 191.554 million as the amount of work done, Rupees 61.938 million as interest and Rupees 70 million as loss of opportunity in the Court of Civil Judge, Lahore. According to the scheme of the contracts, the entire civil / construction work was to be performed by the civil / construction work contractor. NC Electric Company Limited - Subsidiary Company was under obligation to make payment after verification of the work by the Engineering and Procurement Contractor (E&P Contractor). The E&P Contractor has not conducted verification of work and until and unless the verification was to be completed, the amounts of civil / construction work contractor are not to be released / paid, hence the suit is liable to be dismissed.

**13.2 Contingent asset**

On 29 July 2017, Nishat Chunian Power Limited - Subsidiary Company instituted arbitration proceedings against NTDC / Government of Pakistan by filing a Request for Arbitration ('RFA') with the London Court of International Arbitration ('LCIA') (the 'Arbitration Proceedings') for disallowing an amount of Rupees 1,161.535 million relating to delayed payment charges on outstanding delayed payment invoices. Nishat Chunian Power Limited - Subsidiary Company believes it is entitled to claim delayed payment charges on outstanding delayed payments receivables from NTDC as per terms of the PPA. However, NTDC has denied this liability and objected on the maintainability of the Arbitration Proceedings, terming it against the PPA and refused to pay delayed payment charges on outstanding delayed payments receivables.

The LCIA appointed a sole Arbitrator and hearings were also held on 19 February 2018 and 20 February 2018. On 16 April 2018, the Arbitrator has issued Partial Final Award in which he has rejected the NTDC's objection to the maintainability of the Arbitration Proceedings.

While the Arbitration Proceedings on merits of the case are underway, the Nishat Chunian Power Limited - Subsidiary Company has submitted the Partial Final Award before LHC and obtained interim relief from Honourable LHC, whereby, LHC has restrained NTDC from taking steps for delaying the arbitration proceedings and challenging the award in Civil Courts of Pakistan. As the above amount is disputed, therefore, on prudence basis, the Nishat Chunian Power Limited - Subsidiary Company has not recognized the income and corresponding asset for these amounts in these consolidated financial statements.

**13.3 Commitments:**

**13.3.1** Letters of credit other than for capital expenditure amounting to Rupees 879.094 million (2018: Rupees 1,506.921 million).

**13.3.3** Outstanding foreign currency forward contracts of Rupees 288.140 million (2018: Rupees 418.294 million).

**13.3.5** The Nishat Chunian USA, Inc. - Subsidiary Company is obligated under an operating lease for its office which expires on 31 January 2021. Future minimum lease commitments under the non-cancellable lease, are approximately Rupees 19.993 million.

| | 2019<br>Rupees | 2018<br>Rupees |
|---|---|---|
| **14. FIXED ASSETS** | | |
| Property, plant and equipment: | | |
| Operating fixed assets (Note 14.1) | 27,075,527,443 | 28,285,126,311 |
| Capital work-in-progress (Note 14.2) | 326,135,243 | 74,269,238 |
| | 27,401,662,686 | 28,359,395,549 |

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

| Description | Operating fixed assets | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Freehold land | Buildings on freehold land | Plant and machinery | Standby generators | Electric installations | Factory equipment | Furniture, fixture and equipment | Office equipment | Motor vehicles | Total |
| | ----- | ----- | ----- | ----- | ----- | Rupees | ----- | ----- | ----- | ----- |
| **At 30 June 2017** | | | | | | | | | | |
| Cost | 900,509,733 | 4,644,759,818 | 36,473,018,031 | 964,154,094 | 641,011,426 | 259,307,346 | 114,881,574 | 146,846,606 | 248,855,870 | 44,393,344,498 |
| Accumulated depreciation | - | (1,244,004,444) | (12,315,652,945) | (625,753,971) | (260,337,446) | (136,561,541) | (54,753,373) | (71,613,070) | (113,160,682) | (14,821,837,472) |
| Net book value | 900,509,733 | 3,400,755,374 | 24,157,365,086 | 338,400,123 | 380,673,980 | 122,745,805 | 60,128,201 | 75,233,536 | 135,695,188 | 29,571,507,026 |
| **Year ended 30 June 2018** | | | | | | | | | | |
| Opening net book value | 900,509,733 | 3,400,755,374 | 24,157,365,086 | 338,400,123 | 380,673,980 | 122,745,805 | 60,128,201 | 75,233,536 | 135,695,188 | 29,571,507,026 |
| Additions | 10,806,400 | 95,344,611 | 903,667,842 | 5,619,341 | 31,058,022 | 11,668,521 | 24,071,435 | 16,703,349 | 34,957,164 | 1,133,896,685 |
| Disposals: | | | | | | | | | | |
| Cost | - | - | (780,777,458) | - | (10,000) | - | (619,756) | (1,799,420) | (59,304,810) | (842,511,444) |
| Accumulated depreciation | - | - | 735,181,471 | - | 7,641 | - | 508,652 | 669,576 | 32,234,675 | 768,602,015 |
| | - | - | (45,595,987) | - | (2,359) | - | (111,104) | (1,129,844) | (27,070,135) | (73,909,429) |
| Depreciation charge | - | (158,983,043) | (2,035,113,333) | (33,182,875) | (40,429,493) | (13,064,017) | (10,079,464) | (18,994,707) | (36,521,039) | (2,346,367,971) |
| Closing net book value | 911,316,133 | 3,337,116,942 | 22,980,323,608 | 310,836,589 | 371,300,150 | 121,350,309 | 74,009,068 | 71,812,334 | 107,061,178 | 28,285,126,311 |
| **At 30 June 2018** | | | | | | | | | | |
| Cost | 911,316,133 | 4,740,104,429 | 36,595,908,415 | 969,773,435 | 672,059,448 | 270,975,867 | 138,333,253 | 161,750,535 | 224,508,224 | 44,684,729,739 |
| Accumulated depreciation | - | (1,402,987,487) | (13,615,584,807) | (658,936,846) | (300,759,298) | (149,625,558) | (64,324,185) | (89,938,201) | (117,447,046) | (16,399,603,428) |
| Net book value | 911,316,133 | 3,337,116,942 | 22,980,323,608 | 310,836,589 | 371,300,150 | 121,350,309 | 74,009,068 | 71,812,334 | 107,061,178 | 28,285,126,311 |
| **Year ended 30 June 2019** | | | | | | | | | | |
| Opening net book value | 911,316,133 | 3,337,116,942 | 22,980,323,608 | 310,836,589 | 371,300,150 | 121,350,309 | 74,009,068 | 71,812,334 | 107,061,178 | 28,285,126,311 |
| Additions | 74,560,360 | 6,240,542 | 1,233,216,514 | 2,718,947 | 17,181,248 | 4,277,001 | 24,093,317 | 12,176,834 | 40,449,712 | 1,414,914,475 |
| Disposals: | | | | | | | | | | |
| Cost | - | - | (715,995,702) | - | - | - | - | (1,808,276) | (13,183,470) | (730,987,448) |
| Accumulated depreciation | - | - | 715,631,395 | - | - | - | - | 781,708 | 10,696,996 | 727,110,099 |
| | - | - | (364,307) | - | - | - | - | (1,026,568) | (2,486,474) | (3,877,349) |
| Derecognition of assets of Subsidiary Company: | | | | | | | | | | |
| Cost | - | - | (494,397,870) | - | (4,649,850) | - | - | (9,163,621) | (2,486,427) | (510,697,768) |
| Accumulated depreciation | - | - | 126,891,431 | - | 1,192,308 | - | - | 4,097,636 | 309,705 | 132,491,080 |
| | - | - | (367,506,439) | - | (3,457,542) | - | - | (5,065,985) | (2,176,722) | (378,206,688) |
| Depreciation charge | - | (155,736,902) | (1,975,533,266) | (2,970,777) | (38,167,264) | (12,382,495) | (11,390,305) | (16,349,937) | (29,898,360) | (2,242,429,306) |
| Closing net book value | 985,876,493 | 3,187,620,582 | 21,870,136,110 | 310,584,759 | 346,856,592 | 113,244,815 | 86,712,080 | 61,546,678 | 112,949,334 | 27,075,527,443 |
| **At 30 June 2019** | | | | | | | | | | |
| Cost | 985,876,493 | 4,746,344,971 | 36,618,731,357 | 972,492,382 | 684,590,846 | 275,252,868 | 162,426,570 | 162,955,472 | 249,288,039 | 44,857,958,998 |
| Accumulated depreciation | - | (1,558,724,389) | (14,748,595,247) | (661,907,623) | (337,734,254) | (162,008,053) | (75,714,490) | (101,408,794) | (136,338,705) | (17,782,431,555) |
| Net book value | 985,876,493 | 3,187,620,582 | 21,870,136,110 | 310,584,759 | 346,856,592 | 113,244,815 | 86,712,080 | 61,546,678 | 112,949,334 | 27,075,527,443 |
| **Annual rate of depreciation (%)** | | 4 - 10 | 4 - 15 and number of hours used | Number of hours used | 10 - 20 | 10 | 10 - 20 | 10 - 33 | 20 | |

**14.1.1** Detail of operating fixed assets, exceeding the book value of Rupees 500,000, disposed of during the year is as follows:

| Description | Qty | Cost | Accumulated depreciation | Net book value | Sale proceeds | Gain / (loss) | Mode of disposal | Particulars of purchasers |
|---|---|---|---|---|---|---|---|---|
| | | ------------ | ------------ | Rupees | ------------ | ------------ | | |
| **Motor vehicles** | | | | | | | | |
| Cultus VXL LEH-17-5836 | 1 | 1,417,010 | (393,378) | 1,023,632 | 1,042,720 | 19,088 | Group's policy | Mr. Imran Raza (Ex-employee), Lahore |
| **Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000** | | 729,570,436 | (726,716,720) | 2,853,716 | 8,637,035 | 5,783,319 | | |
| | | 730,987,446 | (727,110,098) | 3,877,348 | 9,679,755 | 5,802,407 | | |

| | 2019<br>Rupees | 2018<br>Rupees |
|---|---|---|
| **14.1.2** The depreciation charge for the year has been allocated as follows: | | |
| Cost of sales (Note 27) | 2,224,505,816 | 2,320,370,231 |
| Administrative expenses (Note 29) | 17,923,490 | 25,997,740 |
| | 2,242,429,306 | 2,346,367,971 |

**14.1.3** Particulars of immovable fixed assets are as follows:

| Manufacturing units and office | Address | Area of land |
|---|---|---|
| | | **Acres** |
| **Nishat (Chunian) Limited - Holding Company** | | |
| **Manufacturing units** | | |
| Spinning Units 1,4,5,7 and 8 | 49th Kilometer, Multan Road, Bhai Pheru, Tehsil Chunian, District Kasur. | 45.83 |
| Spinning Units 2,3,6 and Weaving | 49th Kilometer, Multan Road, Kamogal, Tehsil Pattoki, District Kasur. | 65.20 |
| Dyeing, Printing and Stitching | 4th Kilometer, Manga Road, Raiwind. | 34.78 |
| **Office** | 31-Q, 31-C-Q, 35-K and 10-N, Gulberg-II, Lahore. | 2.02 |
| **NC Electric Company Limited - Subsidiary Company** | | |
| Coal fired electric power generation project | 49th Kilometer, Multan Road, Bhai Pheru, Tehsil Chunian, District Kasur. | 29.35 |
| **Nishat Chunian Power Limited - Subsidiary Company** | | |
| Freehold land | Jamber Kalan, Tehsil Pattoki, District Kasur. | 24.59 |

| | 2019<br>Rupees | 2018<br>Rupees |
|---|---|---|
| **14.2 Capital work-in-progress** | | |
| Civil works on freehold land | 5,429,275 | 1,803,210 |
| Plant and machinery | 1,440,400 | - |
| Mobilization advance | 9,779,869 | 137,500 |
| Letters of credit | - | 39,324 |
| Advances for capital expenditure | 309,485,699 | 72,289,204 |
| | 326,135,243 | 74,269,238 |

## 15. INTANGIBLE ASSETS

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| Balance as at 01 July | 19,714,770 | 23,471,181 |
| Addition during the year | - | 3,480,645 |
| Amortization during the year | (5,513,305) | (7,237,056) |
| Derecognition of asset of Subsidiary Company | (5,002,001) | - |
| As at 30 June | 9,199,464 | 19,714,770 |
| | | |
| Cost as at 30 June | 52,669,448 | 52,669,448 |
| Accumulated amortization | (38,467,983) | (32,954,678) |
| Derecognition of asset of Subsidiary Company: | | |
| Cost | (6,849,636) | - |
| Accumulated amortization | 1,847,625 | - |
| | (5,002,011) | - |
| Net book value as at 30 June | 9,199,454 | 19,714,770 |

**15.1** Amortization on intangible assets amounting to Rupees 3.993 million (2018: Rupees 4.460 million) and Rupees 1.520 million (2018: Rupees 2.777 million) has been allocated to cost of sales and administrative expenses, respectively.

**15.2** Intangible assets have been amortized at the rates ranging from 20% - 30% per annum.

## 16. LONG TERM INVESTMENT

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| **Debt instrument** | | |
| **At amortized cost** | | |
| Sales tax refund bonds (Note 16.1) | | |
| 2,209 (2018: Nil) bonds of Rupees 100,000 each | 220,900,000 | - |
| Add: Accrued interest (Note 31) | 1,704,840 | - |
| | 222,604,840 | - |

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

## 17. LONG TERM LOANS TO EMPLOYEES

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| **Considered good:** | | |
| Executives (Note 17.2) | 16,082,518 | 16,440,318 |
| Other employees (Note 17.2) | 7,442,814 | 5,314,547 |
| | 23,525,332 | 21,754,865 |
| Less: Current portion shown under current assets (Note 21) | | |
| Executives | 3,107,262 | 2,929,227 |
| Other employees | 1,453,775 | 928,411 |
| | 4,561,037 | 3,857,638 |
| | 18,964,295 | 17,897,227 |

**17.1** Maximum aggregate balance due from executives at the end of any month during the year was Rupees 17.071 million (2018: Rupees 22.994 million).

**17.2** These represent motor vehicle loans and house building loans to executives and employees, payable in 36 to 48, 96 monthly instalments respectively. Interest on long term loans ranged from 3.1% to 13.79% (2018: 3.1% to 10.66%) per annum while some loans are interest free. Motor vehicle loans are secured against registration of motor vehicles in the name of the respective Group Company, whereas house building loans are secured against balance standing to the credit of employee in the provident fund trust account.

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| **18. STORES, SPARE PARTS AND LOOSE TOOLS** | | |
| Stores (Note 18.1) | 1,249,488,029 | 1,039,711,185 |
| Spare parts | 333,498,032 | 272,408,584 |
| Loose tools | 57,875,028 | 52,183,148 |
| | 1,640,861,089 | 1,364,302,917 |

**18.1** Most of the items of stores and spares of Nishat Chunian Power Limited - Subsidiary Company and NC Electric Company Limited - Subsidiary Company are of interchangeable nature and can be used as machine spares or consumed as stores. Accordingly, it is not practicable to distinguish stores from spares until their actual usage. Moreover, stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| **19. STOCK-IN-TRADE** | | |
| Raw materials | 13,398,132,698 | 9,958,948,023 |
| Work-in-process | 1,039,191,965 | 902,207,503 |
| Finished goods | 3,577,038,911 | 1,788,352,893 |
| Waste | 60,348,016 | 106,915,432 |
| | 18,074,711,590 | 12,756,423,851 |

**19.1** Stock-in-trade of Rupees 122.130 million (2018: Rupees 245.976 million) is being carried at net realizable value.

**19.2** This includes stock of Rupees 47.004 million (2018: Rupees 29.635 million) sent to outside parties for processing.

**19.3** Finished goods include stock in transit of Rupees 808.954 million (2018: Rupees Nil).

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| **20. TRADE DEBTS** | | |
| **Considered good:** | | |
| Secured (Note 20.5) | | |
| - Others | 19,957,518,537 | 18,291,242,460 |
| Unsecured | | |
| - Nishat Mills Limited - related party | 109,025,662 | 39,471,265 |
| - Others | 946,901,451 | 873,619,555 |
| | 1,055,927,113 | 913,090,820 |
| Less: Allowance for expected credit losses (Note 20.4) | (5,049,905) | - |
| | 21,008,395,745 | 19,204,333,280 |

**20.1** The maximum aggregate amount receivable from related party at the end of any month during the year was as

| | | |
|---|---|---|
| Nishat Mills Limited - related party | 109,025,662 | 111,242,504 |

**20.2** As at 30 June 2019, trade debts of Rupees 11,780.817 million (2018: Rupees 7,605.748 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The age analysis of these trade debts is as follows:

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| Upto 1 month | 1,300,783,648 | 1,718,607,838 |
| 1 to 6 months | 5,269,987,449 | 4,546,371,883 |
| More than 6 months | 5,210,046,020 | 1,340,767,977 |
| | 11,780,817,117 | 7,605,747,698 |

**20.3** As at 30 June 2018, trade debts due from related party amounting to Rupees 33.707 million (2018: Rupees Nil) were past due but not impaired. The age analysis of these trade debts is as follows:

| | | |
|---|---|---|
| Upto 1 month | 33,707,017 | - |
| 1 to 6 months | - | - |
| More than 6 months | - | - |
| | 33,707,017 | - |

**20.4 Allowance for expected credit losses**

| | | |
|---|---|---|
| Opening balance | - | - |
| Add: Recongnized as on 01 July 2018 | 5,288,510 | - |
| Add: Reversal during the year (Note 30) | (238,605) | - |
| Closing balance | 5,049,905 | - |

**20.5** Included in trade debts is an amount of Rupees 966.166 million relating to capacity purchase price not acknowledged by NTDC as the plant of Nishat Chunian Power Limited - Subsidiary Company was not fully available for power generation. However, the sole reason of this under-utilization of plant capacity was non-availability of fuel owing to non-payment by NTDC.

Since management considers that the primary reason for claiming these payments is that plant was available, however, could not generate electricity due to non-payment by NTDC, therefore, management believes that Nishat Chunian Power Limited - Subsidiary Company cannot be penalized in the form of payment deductions due to NTDC's default of making timely payments under the PPA. Hence, Nishat Chunian Power Limited - Subsidiary Company had taken up this issue at appropriate forums. On 28 June 2013, Nishat Chunian Power Limited - Subsidiary Company entered into a Memorandum of Understanding ('MoU') for cooperation on extension of credit terms with NTDC whereby it was agreed that the constitutional petition filed by Nishat Chunian Power Limited - Subsidiary Company before the Supreme Court of Pakistan on the above mentioned issue would be withdrawn unconditionally and it would be resolved through the dispute resolution mechanism under the PPA. Accordingly, as per terms of the MoU, Nishat Chunian Power Limited - Subsidiary Company applied for withdrawal of the aforesaid petition in 2013 and on 25 January 2018, the Supreme Court disposed off the petitions filed before it. During the financial year 2014, Nishat Chunian Power Limited - Subsidiary Company in consultation with NTDC, appointed an Expert for dispute resolution under the PPA.

During the financial year 2016, the Expert gave his determination whereby the aforesaid amount was determined to be payable to Nishat Chunian Power Limited - Subsidiary Company by NTDC. Pursuant to the Expert's determination, the Subsidiary Company demanded the payment of the aforesaid amount of Rupees 966.166 million from NTDC that has not yet been paid by NTDC. Nishat Chunian Power Limited - Subsidiary Company filed a request for arbitration in the London Court of International Arbitration ('LCIA'), whereby an Arbitrator was appointed. In October 2015, the Government of Pakistan ('GOP') through Private Power & Infrastructure Board ('PPIB') filed a case in the court of Senior Civil Judge, ("Civil Case 2015"), Lahore, against the aforementioned decision of the Expert, praying it to be illegal, which is pending adjudication.

Consequently, invitation to participate in arbitration was issued to the PPIB / GOP. PPIB filed separate Civil Suit before the Civil Judge, Lahore, seeking inter alia that the parties should be restrained from participating in the arbitration proceedings in the LCIA ("Civil Case 2016"). Nishat Chunian Power Limited - Subsidiary Company filed applications in the Civil Court where Nishat Chunian Power Limited - Subsidiary Company prayed that the Civil Court, Lahore lacks the jurisdiction in respect of the cases filed by PPIB. In respect of the aforementioned applications, through its orders dated 18 April 2017, the Civil Court, Lahore rejected Nishat Chunian Power Limited - Subsidiary Company's pray and granted the pray of PPIB whereby, the court accepted PPIB's applications for interim relief in 2015 and 2016 civil suits. Being aggrieved, Nishat Chunian Power Limited - Subsidiary Company challenged before the Additional District Judge, Lahore against the aforementioned orders of the Civil Court and continued to take part in the arbitration proceedings. Furthermore, in response to Nishat Chunian Power Limited - Subsidiary Company's continued participation in the arbitration proceedings, PPIB filed contempt petition before Lahore High Court (LHC) in respect of the decision of the Civil Court, Lahore and the LHC passed an order in those proceedings. Nishat Chunian Power Limited - Subsidiary Company challenged the LHC's order before the Division Bench of LHC, which decided the matter in favour of Nishat Chunian Power Limited - Subsidiary Company through its order dated 31 May 2017 whereby, the aforementioned order of the LHC was suspended.

The Arbitrator, on 08 June 2017, declared his Partial Final Award and decided the matter principally in Nishat Chunian Power Limited - Subsidiary Company's favour and declared that the above mentioned Expert's determination is final and binding on all parties ("Final Partial Award"). Aggrieved by the Partial Final Award, NTDC challenged the Arbitrator's decision in Lahore Civil Court ("Civil Case 2017"), which suspended the Final Partial Award on 10 July 2017. In response to this decision of Civil Court, the Nishat Chunian Power Limited - Subsidiary Company filed a revision petition in District Court and the District Court ("District Case 2017") while granting interim relief to the Nishat Chunian Power Limited - Subsidiary Company, suspended the Civil Court's order on 12 August 2017. Alongwith challenging the Final Partial Award in Lahore Civil Court, NTDC also challenged the same, on 06 July 2017, in Commercial Court of England. As per advice of foreign legal counsel, Nishat Chunian Power Limited - Subsidiary Company also filed a case for anti suit injunction in Commercial Court of England against NTDC on 14 August 2017. The District Judge, Lahore through its order dated 08 July 2017 set-aside the aforementioned orders of the Civil Judge, Lahore dated 18 April 2017 and accepted Nishat Chunian Power Limited - Subsidiary Company's appeals but dismissed the Nishat Chunian Power Limited - Subsidiary Company's revision petitions concerning the issue of jurisdiction. Aggrieved by this decision, (i) Nishat Chunian Power Limited - Subsidiary Company filed writ petitions before the LHC, which announced a favourable decision and suspended the proceedings of Civil Cases 2015 and 2016 till the final decision of LHC; and (ii) GOP / PPIB filed revision petitions in the LHC, which are currently pending adjudication.

On 29 October 2017, the Arbitrator declared his Final Award whereby he ordered NTDC to pay to Nishat Chunian Power Limited - Subsidiary Company: i) Rupees 966.166 million pursuant to Expert's determination; ii) Rupees 224.229 million being Pre award interest; iii) Rupees 9.203 million for breach of arbitration agreement; iv) Rupees 1.684 million and USD 612,311 for the Nishat Chunian Power Limited - Subsidiary Company's cost of proceedings; v) GBP 30,157 for Nishat Chunian Power Limited - Subsidiary Company's LCIA cost of arbitration and vi) Interest at KIBOR + 4.5% compounded semiannually from the date of Final Award until payment of these amounts by NTDC ("the Final Award") that works out to Rupees 242.761 million upto 30 June 2019.

On 24 November 2017, NTDC challenged the Final Award in Commercial Court of England. On 29 November 2017, Nishat Chunian Power Limited - Subsidiary Company filed an application before LHC for implementation of Final Award that is also pending adjudication. During the hearing held in December 2017 in London, NTDC withdrew its petitions dated 06 July 2017 and 24 November 2017 filed before Commercial Court of England against Nishat Chunian Power Limited - Subsidiary Company, pertaining to Partial Final Award and Final Award respectively. On 04 May 2018, Commercial Court of England issued a favourable decision in the case of anti suit injunction, thereby preventing NTDC from pursuing case in Pakistan Civil Courts against Partial Final Award / Final Award and taking any steps outside England to set aside Partial Final Award / Final Award issued by the Arbitrator. Aggrieved by this decision, NTDC has sought permission to file an appeal before the Court of Appeals, London, which was rejected by the Court on 04 October 2018.

Based on the favourable Expert's determination and Arbitration Award, management strongly feels that under the terms of the PPA and Implementation Agreement, the above amount of Rupees 966.166 million is likely to be recovered by Nishat Chunian Power Limited - Subsidiary Company. Consequently, no provision for this amount has been made in these consolidated financial statements. Further, on prudence basis, Nishat Chunian Power Limited - Subsidiary Company has not recognised the abovementioned amounts in these consolidated financial statements for Pre-award interest, breach of arbitration agreement, Nishat Chunian Power Limited - Subsidiary Company cost of proceedings, Nishat Chunian Power Limited - Subsidiary Company's LCIA cost of arbitration and interest thereon on all these amounts as per Final Award due to its uncertainty since it is pending adjudication as mentioned above. Such amounts as per Final Award would be recognized when it attains finality and it is certain.

| | | 2019 Rupees | 2018 Rupees |
|---|---|---|---|
| **21.** | **LOANS AND ADVANCES** | | |
| | **Considered good:** | | |
| | Employees - interest free: | | |
| | - Executives | 9,379,723 | 3,822,340 |
| | - Other employees | 3,432,697 | 6,599,364 |
| | | 12,812,420 | 10,421,704 |
| | Current portion of long term loans to employees (Note 17) | 4,561,037 | 3,857,638 |
| | Advances to suppliers (Note 21.1) | 1,512,272,251 | 1,274,877,213 |
| | Advances to contractors | 903,498 | 677,006 |
| | Letters of credit | 54,965,342 | 329,559,315 |
| | | 1,585,514,548 | 1,619,392,876 |

**21.1** It includes advances amounting to Rupees 0.656 million (2018: Rupees Nil) to D.G. Khan Cement Company Limited - related party and Rupees 1.044 million (2018: Rupees 2.003 million) to Adamjee Insurance Company Limited - associated company. These are neither past due nor impaired.

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

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| D.G. Khan Cement Company Limited | 656,083 | 485,614 |
| Adamjee Insurance Company Limited | 12,865,998 | 4,758,980 |

| | | 2019 Rupees | 2018 Rupees |
|---|---|---|---|
| **22.** | **SHORT TERM DEPOSITS AND PREPAYMENTS** | | |
| | Deposits | 10,138,180 | 9,760,036 |
| | Prepayments | 29,877,162 | 20,737,507 |
| | | 40,015,342 | 30,497,543 |
| **23.** | **OTHER RECEIVABLES** | | |
| | **Considered good:** | | |
| | Sales tax recoverable | 2,445,614,553 | 1,993,551,429 |
| | Advance income tax - net | 829,645,679 | 988,852,174 |
| | Export rebate and claims | 60,472,402 | 66,171,247 |
| | Duty drawback receivable | 388,495,290 | 773,195,151 |
| | Receivable from employees' provident fund trust | 48,269,963 | 20,670,671 |
| | Claim recoverable from NTDCL for pass through item - Workers' profit participation fund (Note 23.1) | 386,264,000 | 726,930,000 |
| | Fair value of forward exchange contracts | - | 8,493,361 |
| | Insurance claim receivable (Note 23.2) | 3,277,000 | 150,562,605 |
| | Miscellaneous | 113,720,377 | 113,441,187 |
| | | 4,275,759,264 | 4,841,867,825 |
| **23.1** | **Workers' profit participation fund** | | |
| | Balance as at 01 July | 726,930,000 | 670,289,573 |
| | Add: Provision for the year | 170,785,000 | 170,319,000 |
| | Less: Amount received during the year | 511,451,000 | 113,678,573 |
| | Balance as at 30 June | 386,264,000 | 726,930,000 |

**23.1.1** Under section 9.3(a) of the Power Purchase Agreement (PPA) with NTDCL, payments to Workers' Profit Participation Fund by Nishat Chunian Power Limited - Subsidiary Company are recoverable from NTDCL as pass through item.

**23.2** It includes Rupees Nil (2018: Rupees 48.519 million) receivable from Adamjee Insurance Company Limited - associated company. It is neither past due nor impaired.

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

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| Adamjee Insurance Company Limited - associated company | 61,460,801 | 75,430,412 |

## 24. SHORT TERM INVESTMENTS

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| **At amortized cost** | | |
| Term deposit receipts (Note 24.1) | 31,160,226 | 31,160,226 |
| Add: Accrued interest | 82,364 | 1,019,465 |
| | 31,242,590 | 32,179,691 |

**24.1** These represent deposits under lien with the bank of the Group against bank guarantees of the same amount issued by the bank to Sui Northern Gas Pipelines Limited against gas connections and Director, Excise and Taxation, Karachi against disputed amount of infrastructure cess. Interest on term deposit receipts ranges from 3.12% to 12.00% (2018: 3.11% to 5.40%) per annum. The maturity period of these term deposit receipts is from six months to one year.

## 25. CASH AND BANK BALANCES

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| **Cash with banks:** | | |
| On saving accounts (Note 25.1) Including US$ 14,482 (2018: US$ 14,464) | 146,471,536 | 114,019,358 |
| On current accounts (Note 25.2) Including US$ 32,091 (2018: US$ 81,629) | 30,756,350 | 131,410,269 |
| | 177,227,886 | 245,429,627 |
| **Cash in hand** | 4,375,654 | 6,836,953 |
| | 181,603,540 | 252,266,580 |

**25.1** Rate of profit on saving accounts ranges from 0.15% to 10.30% (2018: 1.94% to 5.10% ) per annum.

**25.2** Included in cash with banks are Rupees 12.379 million (2018: Rupees 51.471 million) with MCB Bank Limited - associated company.

## 26. REVENUE

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| Export sales (Note 26.1) | 17,797,448,915 | 18,737,289,468 |
| Local sales (Note 26.2 and Note 26.3) | 36,718,358,959 | 33,255,471,346 |
| Processing income | 315,107,202 | 298,465,790 |
| Export rebate | 41,331,090 | 36,725,636 |
| Duty drawback | 116,225,012 | 705,495,630 |
| | 54,988,471,178 | 53,033,447,870 |

**26.1** Export sales includes waste sales of Rupees Nil (2018: Rupees 5.908 million).

| | | 2019 Rupees | 2018 Rupees |
|---|---|---|---|
| **26.2** | **Local sales** | | |
| | Sales | 39,131,447,085 | 35,926,229,643 |
| | Less: Sales tax | 2,050,964,759 | 2,415,140,016 |
| | Less: Advance income tax u/s 235 of the Income Tax Ordinance, 2001 | 7,501,375 | 3,193,632 |
| | Less: Discount | 354,621,992 | 252,424,649 |
| | | 36,718,358,959 | 33,255,471,346 |

**26.3** Local sales includes waste sales of Rupees 1,090.913 million (2018: Rupees 957.844 million).

## 27. COST OF SALES

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| Raw materials consumed | 35,981,697,502 | 34,713,563,721 |
| Packing materials consumed | 923,523,073 | 929,256,432 |
| Operations and maintenance | 3,737,953 | 478,543 |
| Stores, spare parts and loose tools consumed | 1,483,828,824 | 1,255,390,452 |
| Processing charges | 396,891,327 | 415,688,173 |
| Salaries, wages and other benefits (Note 27.1) | 2,637,726,752 | 2,687,737,818 |
| Fuel and power | 907,490,916 | 828,474,893 |
| Fee and subscription | 4,857,897 | 12,732,478 |
| Insurance | 285,097,310 | 220,041,354 |
| Postage and telephone | 13,420,502 | 14,291,872 |
| Travelling and conveyance | 29,914,803 | 31,985,159 |
| Vehicles' running and maintenance | 28,122,094 | 28,773,617 |
| Common area maintenance charges | 30,498,300 | 75,519,646 |
| Lease rentals | 46,644,062 | 111,453,682 |
| Entertainment | 8,654,043 | 9,653,023 |
| Electricity consumed in-house | 19,508,477 | 17,627,285 |
| Amortization on intangible assets (Note 15.1) | 3,993,025 | 4,459,866 |
| Depreciation on operating fixed assets (Note 14.1.2) | 2,224,505,816 | 2,320,370,231 |
| Repair and maintenance | 435,360,255 | 418,487,016 |
| Other factory overheads (Note 27.2) | 114,126,345 | 118,777,519 |
| | 45,579,599,276 | 44,214,762,780 |
| Work-in-process | | |
| Opening stock | 902,207,503 | 681,950,465 |
| Closing stock | (1,039,191,965) | (902,207,503) |
| | (136,984,462) | (220,257,038) |
| Cost of goods manufactured | 45,442,614,814 | 43,994,505,742 |
| Finished goods and waste - opening stocks | | |
| Finished goods | 2,796,817,463 | 1,568,868,949 |
| Waste | 106,915,432 | 78,504,641 |
| | 2,903,732,895 | 1,647,373,590 |
| | 48,346,347,709 | 45,641,879,332 |
| Finished goods and waste - closing stocks | | |
| Finished goods | (3,577,038,911) | (1,788,352,893) |
| Waste | (60,348,016) | (106,915,432) |
| | (3,637,386,927) | (1,895,268,325) |
| | 44,708,960,782 | 43,746,611,007 |

**27.1** Salaries, wages and other benefits include Rupees 19.345 million (2018: Rupees 21.958 million) and Rupees 57.193 million (2018: Rupees 48.295 million) in respect of accumulating compensated absences and provident funds contributions by the Group respectively.

**27.2** This includes wages of contractual employees of Rupees 3.056 million (2018: Rupees 4.029 million).

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| **28. DISTRIBUTION COST** | | |
| Salaries and other benefits (Note 28.1) | 117,008,047 | 100,650,733 |
| Ocean freight | 118,569,960 | 147,469,280 |
| Freight and octroi | 190,052,486 | 186,120,001 |
| Forwarding and other expenses | 188,755,243 | 154,792,008 |
| Export marketing expenses | 140,986,208 | 142,214,145 |
| Commission to selling agents | 214,648,294 | 213,381,741 |
| Rent, rates and taxes | 21,719,135 | 11,965,560 |
| Printing and stationery | 23,388 | 4,170 |
| Travelling and conveyance | 2,132,383 | 1,643,249 |
| Postage and telephone | 513,422 | 408,629 |
| Legal and professional | 2,936,961 | 2,946,561 |
| Repair and maintenance | 6,878,945 | 4,754,051 |
| Electricity and sui gas | 2,084,305 | 1,364,901 |
| Entertainment | 309,397 | 322,387 |
| Miscellaneous | 281,572 | 195,551 |
| | 1,006,899,746 | 968,232,967 |

**28.1** Salaries and other benefits include Rupees 1.052 million (2018: Rupees 3.145 million) and Rupees 4.846 million (2018: Rupees 4.444 million) in respect of accumulating compensated absences and provident funds contributions by the Group respectively.

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| **29. ADMINISTRATIVE EXPENSES** | | |
| Salaries and other benefits (Note 29.1) | 276,004,271 | 211,436,065 |
| Printing and stationery | 5,965,065 | 6,830,319 |
| Vehicles' running and maintenance | 3,248,129 | 3,762,947 |
| Travelling and conveyance | 76,518,663 | 58,123,005 |
| Postage and telephone | 5,113,353 | 6,558,704 |
| Fee and subscription | 10,861,254 | 11,344,504 |
| Legal and professional (Note 29.2) | 72,644,331 | 94,814,915 |
| Electricity and sui gas | 3,366,298 | 2,211,058 |
| Insurance | 3,603,595 | 7,389,543 |
| Repair and maintenance | 24,800,329 | 15,747,595 |
| Entertainment | 7,002,363 | 8,234,971 |
| Depreciation on operating fixed assets (Note 14.1.2) | 17,923,490 | 25,997,740 |
| Amortization on intangible assets (Note 15.1) | 1,520,280 | 2,777,190 |
| Miscellaneous | 27,808,920 | 27,997,317 |
| | 536,380,341 | 483,225,873 |

**29.1** Salaries and other benefits include Rupees 0.673 million (2018: Rupees 3.427 million) and Rupees 6.560 million (2018: Rupees 6.291 million) in respect of accumulating compensated absences and provident fund contribution by the Group respectively.

**29.2** Legal and professional charges include the following in respect of auditors' remuneration for:

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| **Riaz Ahmad & Company** | | |
| Audit fee | 2,262,500 | 2,192,500 |
| Half yearly review | 600,800 | 525,000 |
| Certification fees | 125,000 | 125,000 |
| Reimbursable expenses | 184,500 | 184,500 |
| | 3,172,800 | 3,027,000 |
| **A. F. Ferguson & Co.** | | |
| Audit fee | 1,600,000 | 1,565,000 |
| Half yearly review | 852,000 | 875,000 |
| Tax services | 242,000 | 1,175,000 |
| Certifications required by various regulations | 189,000 | 239,000 |
| Reimbursable expenses | - | 223,000 |
| | 2,883,000 | 4,077,000 |
| **Riaz Ahmad, Saqib, Gohar & Company** | | |
| Audit fee | 100,000 | 250,000 |
| | 6,155,800 | 7,354,000 |

## 30. OTHER EXPENSES

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| Workers' profit participation fund | 173,467,708 | 106,879,304 |
| Donations (Note 30.1) | 304,178,977 | 5,202,000 |
| Trade debts written off | - | 24,034,468 |
| Exchange loss | 22,678,000 | 8,635,000 |
| Loss on disposal of operating fixed assets | - | 23,934,042 |
| Reversal of allowance for expected credit losses (Note 20.4) | (238,605) | - |
| Miscellaneous | 2,000,156 | 2,071,000 |
| | 502,086,236 | 170,755,814 |

### 30.1 Donations

Following is the interest of the directors of the Group in the donees:

| Donee | Directors of the Group Companies | Interest in donee | 2019 Rupees | 2018 Rupees |
|---|---|---|---|---|
| Mian Muhammad Yahya Trust | Mr. Shahzad Saleem | Trustee | | |
| 31-Q, Gulberg II, Lahore | Mrs. Farhat Saleem | Trustee | 3,047,250 | 5,082,000 |
| Saleem Memorial Trust Hospital | Mr. Shahzad Saleem | Director | | |
| 31-Q, Gulberg II, Lahore | Mrs. Farhat Saleem | Director | 300,011,727 | - |
| | | | 303,058,977 | 5,082,000 |

## 31. OTHER INCOME

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| **Income from financial assets** | | |
| Return on bank deposits | 5,367,017 | 3,535,844 |
| Mark up on loans to executives | 203,000 | 218,000 |
| Gain on derivative financial instruments | - | 1,077,000 |
| Interest on sales tax refund bonds (Note 16) | 1,704,840 | - |
| Gain on sale of shares of Subsidiary Company | 146,218,763 | - |
| Net exchange gain | 1,382,182,305 | 779,705,200 |
| **Income from non-financial assets** | | |
| Gain on sale of operating fixed assets (Note 14.1.1) | 5,802,407 | - |
| Gain on insurance claim of stock-in-trade written off due to fire | - | 14,122,611 |
| Insurance claim | 78,539,000 | - |
| Sale of scrap | 81,748,782 | 85,918,429 |
| Credit balances written back | 2,103,084 | 417,222 |
| Miscellaneous | 6,446,950 | 3,135,909 |
| | 1,710,316,148 | 888,130,215 |

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| **32. FINANCE COST** | | |
| Mark-up on: | | |
| - long term loans | 1,038,869,419 | 1,139,447,406 |
| - long term musharaka | 42,145,630 | 37,171,056 |
| - short term running finances | 1,315,313,916 | 678,301,917 |
| - export finances - Preshipment / SBP refinances | 472,113,791 | 199,947,250 |
| - short term finances | 832,357,556 | 501,582,386 |
| Interest on employees' provident fund | 3,301,557 | 1,180,978 |
| Interest on workers' profit participation fund (Note 9.3) | 7,076,497 | 12,821,913 |
| Bank charges and commission | 119,653,554 | 141,744,267 |
| | 3,830,831,920 | 2,712,197,173 |

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| **33. TAXATION** | | |
| Current (Note 33.1) | 522,753,349 | 407,024,047 |
| Prior year adjustment | 3,405,698 | 948,274 |
| Deferred | 9,003,052 | (38,481,401) |
| | 535,162,099 | 369,490,920 |

**33.1** Provision for current taxation represents minimum tax on local sales except electricity sales, final tax on export sales, super tax on the Holding Company and tax on income from other sources at applicable rates. Provision for current taxation relating to Nishat Chunian USA Inc. is as per applicable laws of USA. Reconciliation of tax expense and product of accounting profit multiplied by applicable tax rate has not been presented, being impracticable.

| | 2019 | 2018 |
|---|---|---|
| **34. EARNINGS PER SHARE - BASIC AND DILUTED** | | |
| Profit after taxation attributable to shareholders of the Holding Company (Rupees) | 3,906,991,453 | 3,804,150,810 |
| Weighted average number of ordinary shares outstanding during the year (Number) | 240,221,556 | 240,221,556 |
| Basic earnings per share (Rupees) | 16.26 | 15.84 |

**34.1** There is no dilutive effect on basic earnings per share for the year ended 30 June 2019 and 30 June 2018 as the Company has no potential ordinary shares as on 30 June 2019 and 30 June 2018.

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| **35. CASH GENERATED FROM OPERATIONS** | | |
| Profit before taxation | 6,113,628,301 | 5,840,555,251 |
| **Adjustments for non-cash charges and other items:** | | |
| Depreciation on operating fixed assets | 2,242,429,306 | 2,346,367,971 |
| Amortization on intangible assets | 5,513,305 | 7,237,056 |
| (Gain) / loss on sale of property, plant and equipment | (5,802,407) | 23,934,042 |
| Finance cost | 3,830,831,920 | 2,712,197,173 |
| Return on bank deposits | (5,367,017) | (3,535,844) |
| Interest on sales tax refund bonds | (1,704,840) | - |
| Gain on disposal of investment in Subsidiary Company | (146,218,763) | - |
| Credit balances written back | (2,103,084) | (417,222) |
| Reversal of allowance for expected credit losses (Note 20.4) | (238,605) | - |
| Working capital changes (Note 35.1) | (6,345,864,230) | (7,774,760,944) |
| | 5,685,103,886 | 3,151,577,483 |

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| **35.1 Working capital changes** | | |
| (Increase) / decrease in current assets: | | |
| Stores, spare parts and loose tools | (282,978,189) | (149,483,717) |
| Stock-in-trade | (4,321,212,660) | (2,665,006,839) |
| Trade debts | (3,043,959,424) | (5,287,572,350) |
| Loans and advances | 24,065,028 | (298,625,778) |
| Short term deposits and prepayments | (46,917,203) | 1,602,031 |
| Other receivables | 370,081,661 | (410,192,379) |
| | (7,300,920,787) | (8,809,279,032) |
| Increase in trade and other payables | 955,056,557 | 1,034,518,088 |
| | (6,345,864,230) | (7,774,760,944) |

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

| | Liabilities from financing activities | | | Total |
|---|---|---|---|---|
| | Long term financing | Short term borrowings | Unclaimed dividend | |
| | ------------------------- Rupees ------------------------- | | | |
| Balance as at 01 July 2018 | 15,156,572,747 | 25,510,180,650 | 53,705,334 | 40,720,458,731 |
| Financing / borrowings obtained | - | - | - | - |
| Derecognition on disposal of investment in Subsidiary Company | (175,000,000) | (74,739,920) | - | (249,739,920) |
| Repayment of financing / borrowings | (4,547,217,165) | - | - | (4,547,217,165) |
| Short term borrowings - net | - | 6,007,858,957 | - | 6,007,858,957 |
| Dividend declared | - | - | 1,321,218,558 | 1,321,218,558 |
| Dividend paid | - | - | (1,191,423,131) | (1,191,423,131) |
| | 10,434,355,582 | 31,443,299,687 | 183,500,761 | 42,061,156,030 |

## 36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

| | Chief Executive | | Directors | | Executives | |
|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | ---------- Rupees ---------- | | | | | |
| Managerial remuneration | 21,280,683 | 7,300,000 | 3,600,000 | - | 62,100,000 | 55,683,472 |
| Contribution to provident fund | - | - | 299,880 | - | 5,172,930 | 4,638,433 |
| House rent | 8,512,273 | 2,920,000 | 1,440,000 | - | 24,840,000 | 22,273,389 |
| Utilities | 2,128,068 | 730,000 | 360,000 | - | 6,210,000 | 5,568,347 |
| Others | 4,921,024 | 2,326,601 | - | - | 15,405,681 | 6,630,813 |
| | 36,842,048 | 13,276,601 | 5,699,880 | - | 113,728,611 | 94,794,454 |
| **Number of persons** | **1** | **1** | **1** | **-** | **32** | **29** |

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

**36.2** Aggregate amount charged in these consolidated financial statements for meeting fee to eight (2018: eight) directors of the Holding Company was Rupees 440,000 (2018: Rupees 340,000).

**36.3** No remuneration was paid to non-executive directors of the Holding Company.

## 37. TRANSACTIONS WITH RELATED PARTIES

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

| | 2019<br>Rupees | 2018<br>Rupees |
|---|---|---|
| **Associated undertakings** | | |
| Mark up on borrowings | 55,083,835 | 76,009,772 |
| Insurance premium paid | 100,911,084 | 106,677,099 |
| Insurance claims received | 64,011,347 | 49,193,990 |
| Long term loans repaid | 5,031,250 | - |
| Short term loans obtained | 422,135 | 3,424,558,481 |
| Short term loans repaid | 410,920,537 | 3,543,044,395 |
| **Other related parties** | | |
| Purchase of goods | 29,074,940 | 8,969,951 |
| Sales of goods | 2,482,930,242 | 1,780,323,001 |
| Dividend paid | 228,305,420 | 113,475,835 |

**37.1** Detail of compensation to key management personnel comprising of chief executive officer, directors and executives is disclosed in Note 36.

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

| Name of the related party | Basis of relationship | Transactions entered or agreements and / or arrangements in place during the financial year | Percentage of shareholding |
|---|---|---|---|
| Nishat Mills Limited | Share holding | Yes | None |
| D.G. Khan Cement Company Limited | Share holding | Yes | None |
| MCB Bank Limited | Common directorship | Yes | None |
| Saleem Memorial Trust Hospital | Common directorship | Yes | None |
| Adamjee Insurance Company Limited | Common directorship | Yes | None |
| Adamjee Life Assurance Company Limited | Common directorship | Yes | None |
| Pakgen Power Limited | Common directorship | No | None |
| Mian Muhammad Yahya Trust | Common directorship | No | None |
| Lalpir Solar Power (Private) Limited | Common directorship | No | None |
| Nishat Energy Limited | Common directorship | No | None |
| MCB Islamic Bank Limited | Common directorship | No | None |
| Nishat Papers Products Company Limited | Common directorship | No | None |
| Nishat (Aziz Avenue) Hotel and Properties Limited | Common directorship | No | None |
| Nishat (Gulberg) Hotel and Properties Limited | Common directorship | No | None |
| Nishat (Raiwind) Hotel and properties Limited | Common directorship | No | None |
| MCB Financial Services Limited | Common directorship | No | None |
| Hyundai Nishat Motor (Private) Limited | Common directorship | No | None |
| Nishat Hotels and Properties Limited | Common directorship | No | None |
| Provident Funds | Post-employment benefit plans | Yes | None |

## 38 PROVIDENT FUND

**Nishat (Chunain) Limited - Holding Company**

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

**Nishat Chunian Power Limited - Subsidiary Company**

The investments by the provident fund in collective investment schemes, listed equity and debt securities have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

## 39. NUMBER OF EMPLOYEES

| | 2019 | 2018 |
|---|---|---|
| Number of employees as on 30 June | 6,312 | 6,598 |
| Average number of employees during the year | 6,534 | 6,666 |

## 40. SEGMENT INFORMATION

| | Spinning | | | | | | Weaving | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Zone - 1 | | Zone - 2 | | Zone - 3 | | Unit - 1 | | Unit - 2 | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | Rupees | | | | | | | | | |
| Sales | | | | | | | | | | |
| - Export | 6,544,926,861 | 5,513,721,391 | 3,585,633 | 933,560,146 | 711,738,260 | 2,648,603,969 | 231,388,061 | - | 2,565,926,289 | 3,364,613,526 |
| - Local | 879,715,835 | 1,114,240,319 | 5,824,260,105 | 5,468,024,206 | 9,698,848,742 | 5,355,057,035 | 2,274,512,052 | 2,096,736,432 | 325,535,506 | 170,013,206 |
| | 7,424,642,696 | 6,627,961,710 | 5,827,845,738 | 6,401,584,352 | 10,410,587,002 | 8,003,661,004 | 2,505,900,113 | 2,096,736,432 | 2,891,461,795 | 3,534,626,732 |
| Inter-segment | 229,697,514 | 339,741,212 | 1,007,800,402 | 785,707,298 | 1,462,940,659 | 1,063,267,588 | 5,441,169,108 | 4,226,026,282 | - | - |
| | 7,654,340,210 | 6,967,702,922 | 6,835,646,140 | 7,187,291,650 | 11,873,527,661 | 9,066,928,592 | 7,947,069,221 | 6,322,762,714 | 2,891,461,795 | 3,534,626,732 |
| Cost of sales | (6,726,041,137) | (6,099,110,592) | (6,088,618,372) | (6,291,325,438) | (10,738,612,705) | (7,936,647,248) | (7,388,850,953) | (6,003,241,232) | (2,657,771,561) | (3,356,003,996) |
| Gross profit | 928,299,073 | 868,592,330 | 747,027,768 | 895,966,212 | 1,134,914,956 | 1,130,281,344 | 558,218,268 | 319,521,482 | 233,690,234 | 178,622,736 |
| Distribution cost | (125,641,754) | (84,419,943) | (56,152,715) | (87,080,457) | (90,686,392) | (109,853,937) | (100,949,630) | (97,172,238) | (42,261,144) | (54,322,392) |
| Administrative expenses | (45,023,655) | (30,468,371) | (30,889,291) | (31,428,589) | (49,913,504) | (39,647,865) | (41,401,081) | (30,909,604) | (17,331,981) | (17,279,458) |
| | (170,665,409) | (114,888,314) | (87,042,006) | (118,509,046) | (140,599,896) | (149,501,802) | (142,350,711) | (128,081,842) | (59,593,125) | (71,601,850) |
| Profit before taxation and unallocated income and expenses | 757,633,664 | 753,704,016 | 659,985,762 | 777,457,166 | 994,315,060 | 980,779,542 | 415,867,557 | 191,439,640 | 174,097,109 | 107,020,886 |

| | Processing and Home Textile | | Power Generation | | Entertainment | | Elimination of inter-segment transactions | | Total - Group | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | Rupees | | | | | | | | | |
| Sales | | | | | | | | | | |
| - Export | 7,897,439,913 | 8,227,414,726 | - | - | - | - | - | - | 17,955,005,017 | 20,687,913,758 |
| - Local | 2,436,372,121 | 569,336,445 | 15,286,057,152 | 17,071,085,467 | 308,164,648 | 501,041,002 | - | - | 37,033,466,161 | 32,345,534,112 |
| | 10,333,812,034 | 8,796,751,171 | 15,286,057,152 | 17,071,085,467 | 308,164,648 | 501,041,002 | - | - | 54,988,471,178 | 53,033,447,870 |
| Inter-segment | 6,951,733,718 | 5,913,278,807 | 5,992,707,328 | 2,756,339,556 | - | - | (21,086,048,729) | (15,084,360,743) | - | - |
| | 17,285,545,752 | 14,710,029,978 | 21,278,764,480 | 19,827,425,023 | 308,164,648 | 501,041,002 | (21,086,048,729) | (15,084,360,743) | 54,988,471,178 | 53,033,447,870 |
| Cost of sales | (15,856,552,302) | (13,782,136,546) | (16,175,858,085) | (15,006,817,828) | (162,662,746) | (355,688,870) | 21,086,048,729 | 15,084,360,743 | (44,708,919,132) | (43,746,611,007) |
| Gross profit | 1,428,993,450 | 927,893,432 | 5,102,906,395 | 4,820,607,195 | 145,501,902 | 145,352,132 | - | - | 10,279,552,046 | 9,286,836,863 |
| Distribution cost | (591,208,111) | (538,678,200) | - | - | - | - | - | 3,294,200 | (1,006,899,746) | (968,232,967) |
| Administrative expenses | (132,243,616) | (92,599,481) | (209,294,027) | (213,415,914) | (10,283,186) | (27,476,591) | - | - | (536,380,341) | (483,225,873) |
| | (723,451,727) | (631,277,681) | (209,294,027) | (213,415,914) | (10,283,186) | (27,476,591) | - | 3,294,200 | (1,543,280,087) | (1,451,458,840) |
| Profit before taxation and unallocated income and expenses | 705,541,723 | 296,615,751 | 4,893,612,368 | 4,607,191,281 | 135,218,716 | 117,875,541 | - | 3,294,200 | 8,736,271,959 | 7,835,378,023 |
| Unallocated income and expenses | | | | | | | | | | |
| Other expenses | | | | | | | | | (502,086,236) | (170,755,814) |
| Other income | | | | | | | | | 1,710,316,148 | 888,130,215 |
| Finance cost | | | | | | | | | (3,830,831,920) | (2,712,197,173) |
| Taxation | | | | | | | | | (535,162,099) | (369,490,920) |
| Profit after taxation | | | | | | | | | 5,578,507,852 | 5,471,064,331 |

### 40.1 Reconciliation of reportable segment assets and liabilities

| | Spinning | | | | | | Weaving | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Zone - 1 | | Zone - 2 | | Zone - 3 | | Unit - 1 | | Unit - 2 | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | Rupees | | | | | | | | | |
| **Total assets for reportable segments** | 5,796,050,374 | 4,791,339,137 | 7,084,061,568 | 5,856,081,167 | 8,586,741,295 | 7,098,280,203 | 3,472,236,683 | 3,648,412,131 | 1,453,603,100 | 665,508,402 |
| **Total liabilities for reportable segments** | 216,855,786 | 113,068,028 | 265,045,960 | 138,194,257 | 321,267,830 | 167,508,190 | 151,202,138 | 181,814,877 | 63,298,650 | 101,640,336 |

| | Processing and Home Textile | | Power Generation | | Entertainment | | Total - Group | |
|---|---|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | Rupees | | | | | | | |
| **Total assets for reportable segments** | 7,359,434,994 | 8,218,895,543 | 36,203,259,451 | 34,198,675,436 | - | - | 69,955,387,465 | 64,477,192,019 |
| **Unallocated assets:** | | | | | | | | |
| Long term investment | | | | | | | 222,604,840 | - |
| Other receivables | | | | | | | 3,582,338,309 | 3,522,638,415 |
| Short term investments | | | | | | | 20,687,395 | 21,649,175 |
| Cash and bank balances | | | | | | | 17,728,377 | 76,444,854 |
| Other corporate assets | | | | | | | 732,065,406 | 432,893,643 |
| **Total assets as per consolidated statement of financial position** | | | | | | | 74,530,811,792 | 68,530,818,106 |
| **Total liabilities for reportable segments** | 1,151,242,772 | 1,025,044,749 | 18,162,607,295 | 19,445,850,398 | - | - | 20,331,520,431 | 21,173,120,835 |
| **Unallocated liabilities:** | | | | | | | | |
| Long term financing | | | | | | | 4,751,235,200 | 6,173,259,100 |
| Accrued mark-up | | | | | | | 431,379,587 | 211,095,682 |
| Short term borrowings | | | | | | | 20,091,978,160 | 17,021,991,856 |
| Other corporate liabilities | | | | | | | 1,463,963,697 | (107,146,724) |
| **Total liabilities as per consolidated statement of financial position** | | | | | | | 47,070,077,075 | 44,472,320,749 |

### 40.2 Geographical information

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

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| Europe | 4,655,808,998 | 5,168,848,681 |
| Asia, Africa and Australia | 9,927,496,475 | 10,996,909,477 |
| United States of America, Canada and South America | 3,371,699,544 | 4,522,155,600 |
| Pakistan | 37,033,466,161 | 32,345,534,112 |
| | 54,988,471,178 | 53,033,447,870 |

### 40.3 Almost all of the non-current assets of the Group as at reporting dates are located and operating in Pakistan.

### 40.4 Revenue from major customers

Nishat Chunian Power Limited - Subsidiary Company sells electricity only to NTDCL. The Holding Company earns revenue from a large mix of customers.

| | 2019 | 2018 |
|---|---|---|
| **41. PLANT CAPACITY AND ACTUAL PRODUCTION** | | |
| **Nishat (Chunian) Limited - Holding Company** | | |
| **Spinning** | | |
| Number of spindles installed | 222,708 | 222,708 |
| Number of spindles worked | 213,659 | 213,012 |
| Capacity after conversion into 20/1 count (Kgs.) | 79,402,488 | 78,969,801 |
| Actual production of yarn after conversion into 20/1 count (Kgs.) | 78,236,935 | 77,802,760 |

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

| | 2019 | 2018 |
|---|---|---|
| **Weaving** | | |
| Number of looms installed | 363 | 363 |
| Number of looms worked | 363 | 363 |
| Capacity after conversion into 50 picks - square yards | 296,981,425 | 282,370,503 |
| Actual production after conversion into 50 picks - square yards | 25,180,349 | 240,664,380 |

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

| | 2019 | 2018 |
|---|---|---|
| **Power plant** | | |
| Number of engines installed | 17 | 17 |
| Number of engines worked | 17 | 17 |
| Generation capacity (KWh) | 343,830,000 | 343,830,000 |
| Actual generation (KWh) | 42,054,960 | 41,594,708 |

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

| | 2019 | 2018 |
|---|---|---|
| **Dyeing** | | |
| Number of thermosol dyeing machines | 1 | 1 |
| Number of stenters machines | 4 | 4 |
| Capacity in meters | 36,500,000 | 36,500,000 |
| Actual processing of fabrics - meters | 30,038,558 | 29,769,648 |

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

| | 2019 | 2018 |
|---|---|---|
| **Printing** | | |
| Number of printing machines | 1 | 1 |
| Capacity in meters | 7,825,000 | 7,825,000 |
| Actual processing of fabrics - meters | 6,679,011 | 7,368,944 |

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

| | 2019 | 2018 |
|---|---|---|
| **Digital Printing** | | |
| Number of printing machines | 2 | 2 |
| Capacity in meters | 3,650,000 | 3,650,000 |
| Actual processing of fabrics - meters | 1,451,740 | 796,820 |

**Stitching**

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

| | 2019 | 2018 |
|---|---|---|
| **Nishat Chunian Power Limited - Subsidiary Company** | | |
| Installed capacity [based on 8,760 hours (2018: 8,760) hours] - MWH | 1,714,525 | 1,714,525 |
| Actual energy delivered - MWH | 599,735 | 1,099,666 |

Output produced by plant is dependent on the load demanded by NTDCL and plant availability.

| | 2019 | 2018 |
|---|---|---|
| **NC Electric Company Limited - Subsidiary Company** | | |
| Installed capacity (based on 8760 hours) (MWH) | 402,960 | 402,960 |
| Actual energy delivered (MWH) | 288,572 | 280,531 |

Output produced by the plant is majorly dependent on the load demanded by the Holding Company.

## 42. INTERESTS IN OTHER ENTITIES

### 42.1 Non-controlling interests (NCI)

Set out below is summarised financial information for Nishat Chunian Power Limited - Subsidiary Company that has non-controlling interests that are material to the Group. The amounts disclosed for Subsidiary Company are before inter-company eliminations.

| | 2019<br>Rupees | 2018<br>Rupees |
|---|---|---|
| **Summarised balance sheet** | | |
| Current assets | 18,366,882,000 | 15,014,916,000 |
| Current liabilities | 14,495,218,000 | 10,849,987,000 |
| Current net assets | 3,871,664,000 | 4,164,929,000 |
| Non-current assets | 11,203,838,000 | 11,391,166,000 |
| Non-current liabilities | 716,184,000 | 3,326,769,000 |
| Non-current net assets | 10,487,654,000 | 8,064,397,000 |
| Net assets | 14,359,318,000 | 12,229,326,000 |
| Accumulated non-controlling interest | 7,018,945,192 | 5,976,634,360 |
| **Summarised statement of comprehensive income** | | |
| Revenue | 15,021,084,000 | 16,594,018,000 |
| Profit for the year | 3,415,706,000 | 3,406,385,000 |
| Other comprehensive income | - | - |
| Total comprehensive income | 3,415,706,000 | 3,406,385,000 |
| Profit allocated to non-controlling interest | 1,671,474,749 | 166,913,521 |
| Dividend to non-controlling interest | 629,163,917 | 179,761,119 |
| **Summarised cash flows** | | |
| Cash flows from operating activities | 1,359,665,000 | 1,474,442,000 |
| Cash flows from investing activities | (890,661,000) | (453,354,000) |
| Cash flows from financing activities | (3,532,553,000) | (2,651,125,000) |
| Net decrease in cash and cash equivalents | (3,063,549,000) | (1,630,037,000) |

## 43. FINANCIAL RISK MANAGEMENT

### 43.1 Financial risk factors

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

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

### (a) Market risk

#### (i) Currency risk

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

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

| | 2019 | 2018 |
|---|---|---|
| Cash at banks - USD | 46,573 | 96,093 |
| Trade debts - USD | 30,239,376 | 55,701,534 |
| Trade debts - EURO | 629,120 | 2,084,946 |
| Trade and other payables - USD | (7,718,853) | (963,224) |
| Trade and other payables - EURO | (1,172,826) | (122,857) |
| Short term borrowings - USD | (3,000,000) | - |
| Accrued mark-up - USD | (6,131) | - |
| Net exposure - USD | 19,560,965 | 54,834,403 |
| Net exposure - EURO | (543,706) | 1,962,089 |

The following significant exchange rates were applied during the year:

| | 2019 | 2018 |
|---|---|---|
| **Rupees per US Dollar** | | |
| Average rate | 137.29 | 110.43 |
| Reporting date rate | 164.00 | 121.40 |
| **Rupees per EURO** | | |
| Average rate | 156.63 | 131.89 |
| Reporting date rate | 186.37 | 141.33 |

**Sensitivity analysis**

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD and Euro with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 147.567 million (2018: Rupees 325.846 million) higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

**(ii) Other price risk**

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

**(iii) Interest rate risk**

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

The Group has no significant interest-bearing assets except long term loans to employees, sales tax refund bonds, overdue trade debts of Nishat Chunian Power Limited - Subsidiary Company and bank balances in saving and deposit accounts. The Group's interest rate risk mainly arises from long term financing and short term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rate expose the Group to fair value interest rate risk.

At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:

| | 2019<br>Rupees | 2018<br>Rupees |
|---|---|---|
| **Fixed rate instruments** | | |
| **Financial liabilities** | | |
| Long term financing | 3,255,912,980 | 3,761,347,990 |
| Short term borrowings | 3,300,000,000 | 3,700,839,000 |
| | 6,555,912,980 | 7,462,186,990 |
| **Financial assets** | | |
| Long term loans to employees | 8,650,588 | 8,674,680 |
| Long term investment | 222,604,840 | - |
| Bank balances - saving accounts | 143,887,000 | 97,084,000 |
| | 375,142,428 | 105,758,680 |
| **Net exposure** | (6,180,770,552) | (7,356,428,310) |

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| **Floating rate instruments** | | |
| **Financial assets** | | |
| Trade debts - over due | 8,197,800,000 | 5,433,697,000 |
| WPPF receivable from NTDC - overdue | 215,454,000 | 556,586,000 |
| Bank balances - saving accounts | 2,584,536 | 12,760,252 |
| Short term investments | 31,160,226 | 31,190,742 |
| | 8,446,998,762 | 6,034,233,994 |
| **Financial liabilities** | | |
| Long term financing | 7,178,442,602 | 11,395,224,757 |
| Short term borrowings | 29,415,869,382 | 21,809,341,650 |
| | 36,594,311,984 | 33,204,566,407 |
| **Net exposure** | (28,147,313,222) | (27,170,332,413) |

**Fair value sensitivity analysis for fixed rate instruments**

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

**Cash flow sensitivity analysis for variable rate instruments**

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 271.170 million (2018: Rupees 258.118 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities outstanding at reporting dates were outstanding for the whole year.

**(b) Credit risk**

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

| | 2019 Rupees | 2018 Rupees |
|---|---|---|
| Deposits | 36,363,370 | 33,512,476 |
| Trade debts | 21,008,395,745 | 19,204,333,280 |
| Loans and advances | 36,337,752 | 32,176,569 |
| Investments | 253,847,430 | 32,179,691 |
| Other receivables | 503,261,377 | 999,427,153 |
| Bank balances | 177,227,886 | 245,429,627 |
| | 22,015,433,560 | 20,547,058,796 |

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

| | Rating | | | 2019 | 2018 |
|---|---|---|---|---|---|
| | Short Term | Long term | Agency | Rupees | Rupees |
| **Banks** | | | | | |
| Al Baraka Bank (Pakistan) Limited | A-1 | A | PACRA | 920,411 | 996,143 |
| Askari Bank Limited | A1+ | AA+ | PACRA | 310,000 | 26,000 |
| Allied Bank Limited | A-1+ | AAA | PACRA | 180,899 | 59,588 |
| Bank Alfalah Limited | A-1+ | AA+ | PACRA | 1,931,392 | 1,717,527 |
| Bank Al-Habib Limited | A-1+ | AA+ | PACRA | 639,864 | 4,744,155 |
| Dubai Islamic Bank (Pakistan) Limited | A-1+ | AA | JCR-VIS | 563,849 | 1,657,960 |
| Faysal Bank Limited | A-1+ | AA | PACRA | 50,005 | 8,826,290 |
| Habib Bank Limited | A-1+ | AAA | JCR-VIS | 3,634,208 | 54,831,814 |
| JS Bank Limited | A-1+ | AA- | PACRA | 756,258 | - |
| MCB Bank Limited | A-1+ | AAA | PACRA | 4,611,191 | 51,470,762 |
| Meezan Bank Limited | A-1+ | AA+ | JCR-VIS | 2,004,974 | 15,234,827 |
| National Bank of Pakistan | A-1+ | AAA | PACRA | 1,438,408 | 97,515,356 |
| Samba Bank Limited | A-1 | AA | JCR-VIS | 34,436 | 1,778,095 |
| Standard Chartered Bank (Pakistan) Limited | A-1+ | AAA | PACRA | 241,287 | 178,611 |
| The Bank of Punjab | A-1+ | AA | PACRA | 48 | - |
| United Bank Limited | A-1+ | AAA | JCR-VIS | 146,674,998 | 2,141,551 |
| Industrial and Commercial Bank of China Limited | P-1 | A1 | Moody's | 2,334 | 2,334 |
| Soneri Bank Limited | A1+ | AA - | PACRA | - | 4,201,875 |
| JPMorgan Chase Bank, N.A. | | Not available | | 29,028 | 21,488 |
| Habib American Bank | | Not available | | 13,204,296 | 25,251 |
| | | | | 177,227,886 | 245,429,627 |
| **Short term investments** | | | | | |
| BankIslami Pakistan Limited | A1 | A+ | PACRA | 20,687,395 | 21,649,175 |
| Dubai Islamic Bank (Pakistan) Limited | A-1+ | AA | JCR-VIS | 10,555,195 | 10,530,516 |
| | | | | 31,242,590 | 32,179,691 |
| **Long term investment** | | | | | |
| FBR Refund Settlement Company Limited - sales tax refund bonds | | Unknown | | 222,604,840 | - |
| **Trade debts - NTDCL** | | Not available | | 3,933,439,000 | 4,254,679,000 |
| | | | | 4,364,514,316 | 4,532,288,318 |

The Group's exposure to credit risk and allowance for expected credit losses related to trade debts is disclosed in Note 20.

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

**(c) Liquidity risk**

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

The Group manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2019, the Group had Rupees 8,913 million (2018: Rupees 13,880 million) available borrowing limits from financial institutions and Rupees 181.604 million (2018: Rupees 252.267 million) cash and bank balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2019:

| | Carrying Amount | Contractual cash flows | 6 month or less | 6-12 month | 1-2 Year | More than 2 Years |
|---|---|---|---|---|---|---|
| | Rupees | | | | | |
| **Non-derivative financial liabilities:** | | | | | | |
| Long term financing | 10,434,355,582 | 11,450,031,171 | 1,233,293,170 | 3,863,507,695 | 2,843,222,583 | 3,510,007,723 |
| Short term borrowings | 31,443,299,687 | 38,206,872,334 | 17,483,794,739 | 20,723,077,595 | - | - |
| Trade and other payables | 3,539,883,893 | 3,539,883,893 | 3,539,883,893 | - | - | - |
| Unclaimed dividend | 183,500,761 | 183,500,761 | 183,500,761 | - | - | - |
| Accrued mark-up / profit | 930,241,729 | 930,241,729 | 930,241,729 | - | - | - |
| | 46,531,281,652 | 54,310,529,888 | 23,370,714,292 | 24,586,585,290 | 2,843,222,583 | 3,510,007,723 |

Contractual maturities of financial liabilities as at 30 June 2018:

| | Carrying Amount | Contractual cash flows | 6 months or less | 6-12 months | 1-2 Year | More than 2 Years |
|---|---|---|---|---|---|---|
| | Rupees | | | | | |
| **Non-derivative financial liabilities:** | | | | | | |
| Long term financing | 15,156,572,747 | 16,356,048,087 | 1,788,551,868 | 3,922,304,884 | 2,299,167,183 | 8,346,024,152 |
| Short term borrowings | 25,510,180,650 | 26,311,559,988 | 14,939,468,466 | 11,372,091,522 | - | - |
| Trade and other payables | 2,813,085,399 | 2,813,085,399 | 2,813,085,399 | - | - | - |
| Unclaimed dividend | 53,705,334 | 53,705,334 | 53,705,334 | - | - | - |
| Accrued mark-up / profit | 570,404,272 | 570,404,272 | 570,404,272 | - | - | - |
| | 44,103,948,402 | 46,104,803,080 | 20,165,215,339 | 15,294,396,406 | 2,299,167,183 | 8,346,024,152 |

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at reporting date. The rates of interest / mark up have been disclosed in note 6 and note 11 to these consolidated financial statements.

**43.2 Financial instruments by categories**

**Assets as per consolidated statement of financial position**

| | 2019 | 2018 | | |
|---|---|---|---|---|
| | At amortized cost | At amortized cost | Loans and receivables | At FVTPL |
| | Rupees | -Rupees- | | |
| Deposits | 36,363,370 | 33,512,476 | - | - |
| Trade debts | 21,008,395,745 | 19,204,333,280 | - | - |
| Loans and advances | 36,337,752 | 32,176,569 | - | - |
| Investments | 253,847,430 | - | 32,179,691 | - |
| Other receivables | 503,261,377 | 990,933,792 | - | 8,493,361 |
| Cash and bank balances | 181,603,540 | 252,266,580 | - | - |
| | 22,019,809,214 | 20,513,222,697 | 32,179,691 | 8,493,361 |

| | 2019 | | 2018 |
|---|---|---|---|
| | At amortized cost | At FVTPL | At amortized cost |
| | -Rupees- | | Rupees |
| **Liabilities as per consolidated statement of financial position** | | | |
| Long term financing | 10,434,355,582 | - | 15,156,572,747 |
| Accrued mark-up / profit | 930,241,729 | - | 570,404,272 |
| Short term borrowings | 31,443,299,687 | - | 25,510,180,650 |
| Unclaimed dividend | 183,500,761 | - | 53,705,334 |
| Trade and other payables | 3,539,883,893 | 18,467,940 | 2,813,085,399 |
| | 46,531,281,652 | 18,467,940 | 44,103,948,402 |

**43.3 Offsetting financial assets and financial liabilities**

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

## 44. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Group monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing and short term borrowings obtained by the Group as referred to in note 6 and note 11 respectively. Total capital employed includes 'total equity' as shown in the consolidated statement of financial position plus 'borrowings'.

| | | 2019 | 2018 |
|---|---|---|---|
| Borrowings | Rupees | 41,877,655,269 | 40,666,753,397 |
| Total equity | Rupees | 27,460,734,717 | 24,058,497,357 |
| Total capital employed | Rupees | 69,338,389,986 | 64,725,250,754 |
| Gearing ratio | Percentage | 60.40 | 62.83 |

## 45. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

### (i) Fair value hierarchy

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

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

| Recurring fair value measurements At 30 June 2018 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | ---------------------------- Rupees | | -------------------------- | |
| **Financial assets** | | | | |
| Derivative financial assets | - | 8,493,361 | - | 8,493,361 |
| **Total financial assets** | - | 8,493,361 | - | 8,493,361 |

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

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

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

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

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

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

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

## 46. UNUTILIZED CREDIT FACILITIES

The Group has total credit facilities amounting to Rupees 29,590 million (2018: Rupees 40,005 million) out of which Rupees 8,913 million (2018: Rupees 13,880 million) remained unutilized at the end of the year.

## 47. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Holding Company at their meeting held on October 04, 2019 has proposed cash dividend of Rupees 2.5 per ordinary share (2018: Rupees 4 per ordinary share) in respect of the year ended 30 June 2019. However, this event has been considered as non-adjusting event under IAS 10 'Events after the Reporting Period' and has not been recognized in these consolidated financial statements.

Under Section 5A of the Income Tax Ordinance, 2001, a tax shall be imposed at the rate of 5% of accounting profit before tax of the Holding Company if it does not distribute at least 20% of its after tax profit for the year within six months of the end of the year ended 30 June 2019 through cash. The requisite cash dividend has been proposed by the Board of Directors of the Holding Company in their meeting held on October 04, 2019 and will be distributed within the prescribed time limit. Therefore, the recognition of any income tax liability in this respect is not considered necessary.

The members of the Holding Company in their extra ordinary general meeting held on 31 August 2019 have approved to purchase / buy-back upto a maximum of 32 million (13.32%) issued ordinary shares of the face value of Rupees 10 each of the Holding Company at purchase price of Rupees 32 per share.

## 48. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on October 04, 2019 by the Board of Directors of the Holding Company.

## 49. CORRESPONDING FIGURES

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

## 50. GENERAL

Figures have been rounded off to nearest of Rupee.

CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER

# PROXY FORM

The Company Secretary,
Nishat (Chunian) Limited
31-Q, Gulberg-II,
Lahore.

I / We ______________________ Of ____________________________ being a member(s) of Nishat (Chunian) Limited, and a holder of _____________ Ordinary shares as per Share Register Folio No. _____________ (in case of Central Depository System Account Holder A/c No. _________ Participant I.D. No. ______) hereby appoint ______________________ of _____________________ another member of the Company as per Register Folio No. ________________ or (failing him / her _____________________________ of _________________________ another member of the Company) as my / our Proxy to attend and vote for me / us and on my / our behalf at 30th Annual General Meeting of the Company, will be held on October 28, 2019 (Monday) at 10:30 a.m at the Head Office of the Company 31-Q, Gulberg II, Lahore and at any adjournment thereof.

As witness my hand this ____________ day of _______________ 2019 signed by the said __________________________________________________________ in presence of ______________________________________________________________________

Witness Signature

Signature

| |
|---|
| Affix Rs. 5/-<br>Revenue<br>Stamp |

Notes:

1. Proxies, in order to be effective, must be received at the company's Registered Office / Head Office not less than 48 hours before the meeting duly stamped, singed and witnessed.

2. Signature must agree with the specimen signature registered with the Company.

**NISHAT (CHUNIAN) LIMITED**

**CONSENT FORM FOR ELECTRONIC TRANSMISSION OF ANNUAL REPORT AND NOTICE OF AGM**

M/s HAMEED MAJEED ASSOCIATES (PVT) LIMITED
H.M. House, 7-Bank Square,
The Mall, Lahore

Subject: CONSENT FORM FOR ELECTRONIC TRANSMISSION OF ANNUAL REPORT AND NOTICE OF AGM

Dear Sirs,

I/we, being the shareholder(s) of NISHAT (CHUNIAN) LIMITED ("Company"), do hereby consent and authorize the Company for electronic transmission of the Audited Annual Financial Statements of the Company along with Notice of Annual General Meeting via the Email provided herein below and further undertake to promptly notify the Company of any change in my Email address.

I understand that the transmission of Annual Audited Financial Statements of the Company along with Notice of Annual General Meeting via the Email shall meet the requirements as mentioned under the provisions of Companies Act, 2017.

| | |
|---|---|
| Name of Shareholder(s): | |
| Fathers / Husband Name: | |
| CNIC: | |
| NTN: | |
| Fathers / Husband Name: | |
| E-mail address: | |
| Telephone: | |
| Mailing Address: | |

Date: ______________________

Signature: (In case of corporate shareholders, the authorized signatory must sign)

## STANDARD REQUEST FORM FOR HARD COPIES OF ANNUAL AUDITED ACCOUNTS

1. Name of Member: ______________________________________________________

2. CNIC/Passport Number: ___________________________________________________

3. Participant ID / Folio No/Sub A/C: ____________________________________________

8. Registered Address: _____________________________________________________

_________________________________________________________________________

I/We hereby request you to provide me/us a hard copy of the Annual Report of NISHAT (CHUNIAN) LIMITED for the year ended June 30, ______at my above mentioned registered address instead of CD/DVD/USB. I undertake to intimate any change in the above information through revised Standard Request Form.

Note:

This Standard Request Form may be sent at either of the following addresses of the Company Secretary or Independent Share Registrar of the Company:

Company Secretary,

NISHAT (CHUNIAN) LIMITED
31-Q, Gulberg II, Lahore
Email: samina@nishat.net

Chief Executive,

M/s HAMEED MAJEED ASSOCIATES (PVT) LIMITED
H.M. House, 7-Bank Square,
The Mall, Lahore

In case a member prefers to receive hard copies for all the future annual audited accounts, then such preference shall be communicated to the company in writing.

# E-DIVIDEND FORM (DIVIDEND PAYMENT THROUGH ELECTRONIC MODE)

**The Company Secretary/Share Registrar,**

I/We, ___________________________, holding CNIC No. ______________________, being the registered shareholder of the company under folio no. ___________________, state that pursuant the relevant provisions of Section 242 of the Companies Act, 2017 pertaining to dividend payments by listed companies, the below mentioned information relating to my Bank Account for receipt of current and future cash dividends through electronic mode directly into my bank account are true and correct and I will intimate the changes, if any in the above-mentioned information to the company and the concerned Share Registrar as soon as these occur through revised E-Dividend Form.

| | |
|---|---|
| Title of Bank Account | |
| Bank Account Number | |
| IBAN Number | |
| Bank's Name | |
| Branch Name and Address | |
| Cell Number of Shareholder | |
| Landline number of Shareholder | |
| Email of Shareholder | |

In case of CDC shareholding, I hereby also undertake that I shall update the above information of my bank account in the Central Depository System through respective participant

Date: _____________

Member's Signature

Note:

This Standard Request Form may be sent at either of the following addresses of the Company Secretary or Independent Share Registrar of the Company:

Company Secretary

NISHAT (CHUNIAN) LIMITED
31-Q, Gulberg II, Lahore
Email: samina@nishat.net

Chief Executive,

M/s HAMEED MAJEED ASSOCIATES (PVT) LIMITED
H.M. House, 7-Bank Square,
The Mall, Lahore

## FORM FOR VIDEO CONFERENCE FACILITY

**The Company Secretary/Share Registrar,**

I/we,____________________________, of ______________________, being the registered shareholder(s) of the company under Folio No(s). ___________________/ CDC Participant ID No.___ and Sub Account No.___ CDC Investor Account ID No., and holder of ___________ Ordinary Shares, hereby request for video conference facility at _________________ for the Annual General Meeting of the Company to be held on $28^{th}$ October, 2019.

Date: _________________ Member's Signature

Note:

This Standard Request Form may be sent at either of the following addresses of the Company Secretary or Independent Share Registrar of the Company:

Company Secretary,

NISHAT (CHUNIAN) LIMITED
31-Q, Gulberg II, Lahore
Email: samina@nishat.net

Chief Executive,

M/s HAMEED MAJEED ASSOCIATES (PVT) LIMITED
H.M. House, 7-Bank Square,
The Mall, Lahore

# پراکسی فارم (مختار نامہ)

کمپنی سیکرٹری

**نشاط (چونیاں) لمیٹڈ**

31-Q، گلبرگ II، لاہور

میں / ہم________________________________________

ساکن________________________________________

بحیثیت رکن نشاط (چونیاں) لمیٹڈ اور حامل__________ عام حصص بمطابق شیئر رجسٹر فولیو نمبر________________

(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر__________ پارٹیسپنٹ آئی ڈی نمبر__________)

بذریعہ ہذا

محترم / محترمہ________________ ساکن________________

جو کمپنی کا ممبر ہے بمطابق شیئر رجسٹر فولیو نمبر - - - - - - - - - - - - - - یا (اسکی غیر موجودگی میں محترم / محترمہ - - - - - - - - - - - - - - - -

ساکن________________ جو کمپنی کا ممبر ہے بمطابق شیئر رجسٹر فولیو نمبر________________ کو

مورخہ 28 اکتوبر 2019ء کو کمپنی کے صدر دفتر 31-Q، گلبرگ II، لاہور میں منعقد ہونے والے کمپنی کے 30 ویں سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، شرکت کرنے کے لئے اپنا / ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔

بطور گواہ میرے دستخط.................. آج بروز.................. بتاریخ........... 2019ء

دستخط گواہ................................... دستخط گواہ...................................

5 روپے کا رسیدی

ٹکٹ چسپاں کریں

**نوٹ:**

1۔ پراکسیاں تانکہ موثر ہوسکیں کمپنی کے رجسٹرڈ دفتر / صدر دفتر میں باقاعدہ مہر، دستخط اور گواہی شدہ اجلاس سے کم از کم 48 گھنٹے قبل پہنچ جانی چاہئیں۔

2۔ دستخط کمپنی کے ہاں رجسٹرڈ نمونہ دستخطوں کے مطابق ہونے چاہئیں

# نشاط (چونیاں) لمیٹڈ

## اطلاع سالانہ اجلاسِ عام

بذریعہ ہذا مطلع کیا جاتا ہے کہ نشاط (چونیاں) لمیٹڈ (دی "کمپنی") کے حصص داران کا 30واں سالانہ اجلاسِ عام بمقام رجسٹرڈ دفتر Q-31، گلبرگ۔II، لاہور پر 28 اکتوبر 2019ء کو صبح 09:30 بجے درج ذیل امور کی انجام دہی کیلئے منعقد ہوگا۔

**عام امور:**

1۔ 31 اگست 2019ء کو منعقدہ گزشتہ سالانہ اجلاسِ عام کی کارروائی کی توثیق کرنا۔

2۔ 30 جون 2019ء کو مختتمہ سال کیلئے کمپنی کے نظرثانی شدہ غیر اشتمال شدہ اور اشتمال شدہ مالی حسابات مع ان پر ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، غور و خوض اور منظوری دینا۔

3۔ بورڈ آف ڈائریکٹرز کی سفارش کے مطابق حتمی نقد منافع منقسمہ بشرح 25% (یعنی 2.50 روپے فی شیئر) کی ادائیگی پر غور و خوض اور منظوری دینا۔ یہ پہلے ادا شدہ 1.50 روپے فی عام شیئر یعنی 15 فیصد کے عبوری منافع منقسمہ کے علاوہ ہے۔

4۔ محاسب کا تقرر اور اُن کے مشاہرہ کا تعین کرنا۔ ارکان کو مطلع کیا جاتا ہے کہ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے ریٹائرڈ محاسب میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائرڈ کی کمپنی کے محاسب کے طور پر دوبارہ تقرری کی منظوری دی ہے۔

**خصوصی امور:**

5۔ کمپنیز ایکٹ 2017 کی دفعہ 199 کی پرویژنز کے مطابق، ارکان کو ارسال کئے گئے نوٹس ہذا کے ساتھ لف مادی حقائق کے بیان میں جیسا تجویز کیا گیا ہنشاط پاور لمیٹڈ، ایک ذیلی کمپنی میں قرضوں / پیشگیوں کے طریقے سے 1.00 بلین روپے کی اتھرائز سرمایہ کاری پر غور و خوض اور اگر بہتر خیال کیا گیا تو خصوصی قرارداد کو پاس کرنا۔

(نوٹس ہذا کے ساتھ لف شدہ مادی حقائق کا بیان کمپنیز ایکٹ 2017 کی دفعہ (3) 134 کے تحت مطلوب، مذکورہ بالا خصوصی امور اور خصوصی قراردادوں کے ڈرافٹ کا احاطہ کرتا ہے)

لاہور

مورخہ: 04 اکتوبر 2019ء

**بحکم بورڈ**

ثمینہ اسلم

**کمپنی سیکرٹری**

**نوٹس:**

1۔ حصص منتقلی کتابوں کی بندش

AGM میں شرکت کے لئے

کمپنی کی حصص منتقلی کتابیں از 21-10-2019 تا 28-10-2019 (بشمول ہر دو ایام) کے لئے بند رہیں گی۔ مادی منتقلیاں / سی ڈی ایس، کمپنی کے شیئر رجسٹرار، میسرز حمید مجید ایسوی ایٹ (پرائیویٹ) لمیٹڈ، ایچ ایم ہاؤس، 7۔ بینک سکوائر، لاہور پر 19-10-2019 کو کاروبار کے اختتام تک موصول ہونے والی اجلاس میں شرکت کے مقصد کیلئے بروقت تصور ہونگی۔

**حتمی نقد منافع کے استحقاق کیلئے:**

کمپنی کی حصص منتقلی کتابیں از 02-11-2019 تا 08-11-2019 (بشمول ہر دو ایام) 25 فیصد حتمی نقد منافع منقسمہ یعنی 2.50 روپے فی شیئر کے استحقاق کے لئے بند رہیں گی۔ مادی منتقلیاں / سی ڈی ایس، کمپنی کے شیئر رجسٹرار، میسرز حمید مجید ایسوی ایٹ (پرائیویٹ) لمیٹڈ، ایچ ایم ہاؤس، 7۔ بینک سکوائر، لاہور پر 01-11-2019 کو کاروبار کے اختتام تک موصول ہونے والی مذکورہ بالا استحقاق کے لئے بروقت تصور ہونگی۔

2۔ سالانہ اجلاس عام میں شرکت

اجلاس ہذا میں شرکت اور ووٹ دینے کا اہل ممبر اجلاس میں شرکت اور ووٹ دینے کیلئے اپنی بجائے شرکت اور ووٹ دینے کیلئے کسی دیگر ممبر کو اپنا پراکسی مقرر کر سکتا ہے۔ پراکسی تقرری کے آلات باقاعدہ مہر اور دستخط شدہ کمپنی کے رجسٹرڈ دفتر پر اجلاس کے انعقاد کے وقت سے کم از کم 48 گھنٹے قبل لازماً موصول ہو جانے چاہئیں۔

سی ڈی سی اکاؤنٹ ہولڈرز کو مزید برآں سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان سے جاری شدہ سرکلر نمبر 1 مورخہ 26 جنوری 2000 میں دی گئی درج ذیل گائیڈ لائنز کی پیروی کرنا ہوگی۔

A۔ اجلاس میں شرکت کیلئے:

i)۔ بصورت افراد، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا شخص جن کی سیکیورٹیز گروپ اکاؤنٹ میں ہیں اور اُن کی رجسٹریشن تفصیلات، ریگولیشنز کے مطابق اپ لوڈ ہیں، کو اجلاس میں شرکت کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ دکھا کر اپنی شناخت ثابت کرنا ہوگی۔

(ii)۔ بصورت کارپوریٹ اینٹٹی، بورڈ آف ڈائریکٹرز کی قرارداد/ مختار نامہ معہ نامزد کے نمونہ دستخط اجلاس کے وقت مہیا کرنا ہونگے (اگر پہلے مہیا نہیں کیے گئے)۔

## B پراکسیز تقرری کیلئے:

(i)۔ بصورت افراد، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا شخص جن کی سیکیورٹیز گروپ اکاؤنٹ میں ہیں اور اُن کی رجسٹریشن تفصیلات، ریگولیشنز کے مطابق اپ لوڈ ہیں، کو بالا ریکوائرمنٹ کے مطابق پراکسی فارم جمع کرانا ہوگا۔

(ii)۔ پراکسی فارم، دو (2) افراد جن کے نام، پتے اور CNIC نمبرز فارم پر مذکور ہونگے، سے گواہی شدہ ہونگے۔

(iii) بینیفشل اونرز اور پراکسی کے CNIC یا پاسپورٹ کی مصدقہ نقول، پراکسی فارم کے ہمراہ جمع کرانا ہونگی۔

(iv)۔ پراکسی، اجلاس کے وقت اپنا اصل CNIC یا اصل پاسپورٹ مہیا کرے گا/گی۔

(v)۔ بصورت کارپوریٹ اینٹٹی، بورڈ آف ڈائریکٹرز قرارداد/ مختار نامہ معہ نمونہ دستخط، کمپنی کو پراکسی فارم کے ہمراہ جمع کرانا ہوگا (اگر پہلے مہیا نہیں کیے)۔

3۔ ڈیویڈینڈ وارنٹس پر CNIC/NTN نمبر (لازمی)

سیکورٹیز اینڈ ایکسچینج کمیشن پاکستان (SECP) نے بروئے اپنے نوٹیفکیشن SRO 19(1)/2014 مورخہ 10 جنوری 2014 معہ نوٹیفکیشن SRO 831(1)/2012 مورخہ 5 جولائی 2012 کے مطابق وقتاً فوقتاً پہلے ہی مطلع کیا ہے کہ ڈیویڈینڈ وارنٹس پر نابالغ اور کارپوریٹ حصص داران کے سوائے رجسٹرڈ حصص دار یا با اختیار شخص کے کمپیوٹرائزڈ شناختی کارڈ (CNIC) نمبر بھی درج ہونے چاہئیں۔

لہٰذا، ڈیویڈینڈ وارنٹس کا اجراء حصص داران کی طرف سے CNIC (انفرادی)/ NTN (کارپوریٹ اینٹٹیز) کے جمع کرانے کے حوالہ سے ہوگا۔

4۔ انکم ٹیکس آرڈیننس 2001 کی دفعہ 150 کے تحت ڈیویڈینڈ سے انکم ٹیکس کی ڈیڈکشن (لازمی)

(i)۔ فنانس ایکٹ 2019 کی پرویژنز کی پیروی میں ڈیویڈینڈ ادائیگیوں سے انکم ٹیکس کی ڈیڈکشن کی شرح انکم ٹیکس آرڈیننس کے تحت پر درج ذیل ہیں:

| | |
|---|---|
| فائلرز | 15% |
| نان فائلرز | 30% |

تمام حصص داران سے درخواست ہے کہ ایف بی آر کی ویب سائٹ پر مہیا ایکٹو ٹیکس پیئرز فہرست (ATL) میں اپنا سٹیٹس چیک کریں اور اگر درکار ہو، ٹیکس ڈیڈکشن کی کم شرح سے مستفید ہونے کے لئے ATL میں اپنے نام کا اندراج کرانے کے لئے ضروری اقدامات اُٹھائیں۔

(ii)۔ مزید برآں، فیڈرل بورڈ آف ریونیو (ایف بی آر) کی وضاحت کے مطابق بصورت مشترکہ اکاؤنٹ ہر ایک جوائنٹ ہولڈر سے انکے شیئر ہولڈنگ تناسب کی بنیاد پر اصل شیئر ہولڈر اور جوائنٹ ہولڈر کے طور پر فائلر یا نان فائلر الگ الگ، ود ہولڈنگ ٹیکس کا تعین کیا جائیگا اس حوالہ سے تمام حصص داران جو مشترکہ حصص رکھتے ہیں سے التماس ہے کہ اپنے ملکیتی حصص کی بابت اصل شیئر ہولڈر اور جوائنٹ ہولڈر کا شیئر ہولڈنگ تناسب درج ذیل کے مطابق تحریری صورت میں ہمارے شیئر رجسٹرار کو مہیا کریں۔

| کمپنی کا نام | فولیو / سی ڈی ایس اکاؤنٹ نمبر | کل حصص | اصل حصص دار | | مشترکہ حصص دار | |
|---|---|---|---|---|---|---|
| | | | نام اور CNIC نمبر | شیئر ہولڈنگ تناسب (حصص کی تعداد) | نام اور CNIC نمبر | شیئر ہولڈنگ تناسب (حصص کی تعداد) |

مطلوبہ معلومات ہمارے شیئر رجسٹرار کو نوٹس ہذا کے 10 یوم کے اندر پہنچ جانی چاہئیں بصورت دیگر یہ تصور کرلیا جائے گا کہ اصل شیئر ہولڈر اور جوائنٹ ہولڈر شیئرز کی مساوی تعداد کا مالک ہے۔

(iii) ۔ کسی تفتیش/ مسئلہ/ معلومات کے لئے سرمایہ کار ہمارے شیئر رجسٹرار، میسرز حمید مجید ایسوسی ایٹ (پرائیویٹ) لمیٹڈ، ایچ ایم ہاؤس، 7۔ بینک سکوائر، لاہور فون: 2-042-37235081 یا ای میل shares@hmaconsultants.com: پر رابطہ فرمائیں۔

iv۔ سی ڈی سی اکاؤنٹس کے حامل کارپوریٹ شیئر ہولڈرز کو اپنے متعلقہ پارٹیسپنٹس کے ہاں اپنے قومی ٹیکس نمبر (NTN) اپ ڈیٹ رکھنا چاہئے جبکہ کارپوریٹ مادی حصص داران کو اپنے NTN سرٹیفکیٹ کی کاپی

ہمارے شیئرز رجسٹرار میسرز حمید مجید ایسوی ایٹ (پرائیویٹ) لمیٹڈ کوارسال کرنی چاہئے۔ NTN یا NTN سرٹیفکیٹس جو بھی صورت ہوارسال کرتے وقت حصص داران کو کمپنی کا نام اوراپنے متعلقہ فولیو نمبر لازماً تحریر کرنے چاہئیں۔

v۔ ڈیویڈینڈ آمدنی سے ودہولڈنگ ٹیکس ایگزیمپشن کی صرف اس صورت میں اجازت دی جائے گی۔ کہ ٹیکس ایگزیمپشن سرٹیفکیشن کی کاپی یکم نومبر 2019 تک ہمارے شیئرز رجسٹرار میسرز حمید مجید ایسوی ایٹس (پرائیویٹ) لمیٹڈ کو دستیاب ہو۔

5۔ زکوۃ، زکوۃ اورعشر قوانین کے تحت سورس پر ڈیویڈینڈز سے منہا کی جائے گی اور متعلقہ اتھارٹی کے ہاں مجوزہ مدت کے اندر جمع کرائی جائے گی۔ کوئی شیئر ہولڈرز جو ایگزیمپشن کلیم کرنا چاہتا ہو زکوۃ اورعشر آرڈیننس 1980 اور زکوۃ (ڈیڈکشن اینڈ ری فنڈ) رولز 1980ء کے رول 4 کے تحت اپنی زکوۃ ڈیکلریشنز CZ-50 فارم میں ہمارے شیئرز رجسٹرار میسرز حمید مجید ایسوی ایٹس (پرائیویٹ) لمیٹڈ کو جمع کرائیں، بصورت دیگر ایگزیمپشن نہیں دی جائے گی۔ حصص یافتگان زکوۃ ڈیکلریشن جو بھی صورت ہو، ارسال کرتے ہوئے کمپنی کا نام اور اپنے متعلقہ فولیو نمبرز/سی ڈی سی اکاؤنٹ نمبر لازماً تحریر کریں۔ یکم شعبان سے قبل موصول ہونے والی زکوۃ ڈیکلیریشن استحقاق کی اہل ہیں۔

6۔ نقد منافع منقسمہ کی الیکٹرونیکلی ادائیگی

کمپنیز ایکٹ 2017ء کے سیکشن 242 پروویژنز کے مطابق، نقد منافع منقسمہ کا لین دین فقط الیکٹرانک موڈ کے ذریعہ براہ راست حقدار حصص داران کی طرف سے منسوب بینک اکاؤنٹ میں کیا جائے گا۔

تمام حصص داران سے التماس ہے کہ اپنے بینک مینڈیٹ سپیسیفائنگ تفصیلات:

(i) عنوان اکاؤنٹ-----------------------------------------------

(ii)IBAN نمبر-----------------------------------------------

(iii) بینک کا نام-----------------------------------------------

(iv) برانچ کا نام، کوڈ اور پتہ -----------------------------------------------

(v) حصص دار کے دستخط -----------------------------------------------

کمپنی کے شیئر رجسٹرار میسرز حمید مجید ایسوی ایٹس (پرائیویٹ) لمیٹڈ کو مہیا کریں۔ حصص داران جو حصص پارٹیسپینٹس/سنٹرل ڈیپازٹری کمپنی پاکستان (CDC) کے ہاں حصص رکھتے ہیں سے درخواست ہے کہ مذکورہ بالا بینک مینڈیٹ تفصیلات متعلقہ پارٹیسپنٹ/سی ڈی سی کو مہیا کریں۔

7۔ ڈیجیٹل سٹوریج کے ذریعے سالانہ رپورٹس کی ترسیل

SECP کے نوٹیفکیشن SRO 471(1)/2016 مورخہ 31 مئی 2016 کی پیروی میں نشاط (چونیاں) لمیٹڈ کے حصص داران کمپنی کے 27ویں AGM میں سالانہ رپورٹس بشمول تنقیح شدہ سالانہ حسابات، AGM کے نوٹسز اور کمپنی کی دیگر معلومات ہارڈ کاپیوں میں ترسیل کی بجائے سی ڈی /ڈی وی ڈی /یو ایس بی کے ذریعے ترسیل کیلئے اپنی رضامندی کی منظوری دے چکے ہیں۔ حصص داران جو مذکورہ بالا دستاویزات کی ہارڈ کاپیاں وصول کرنا چاہتے ہوں کمپنی سیکرٹری/شیئرز رجسٹرار کو سالانہ رپورٹ میں مہیا شدہ اور کمپنی کی ویب سائٹ پر بھی دستیاب معیاری درخواست فارم ارسال کریں اور کمپنی حصص داران کو مطالبہ پر مذکورہ بالا دستاویزات ایسی طلب کے ایک ہفتے کے اندر مفت مہیا کرے گی۔ حصص داران جو سالانہ رپورٹ بشمول اجلاس کے نوٹسز بذریعہ ای میل بھی وصول کرنا چاہتے ہوں سے درخواست ہے کہ سالانہ رپورٹ میں مہیا شدہ اور کمپنی کی ویب سائٹ پر بھی دستیاب معیاری درخواست فارم پر اپنی تحریری رضامندی فراہم کریں۔

8۔ وڈیو کانفرنس سہولت

کمپنیز ایکٹ کی پروویژنز کی پیروی میں، کمپنی کے کل پیڈ اپ کیپٹل کے کم از کم 10% کے مالک لاہور کے علاوہ شہر میں سکونتی ارکان کمپنی سے اجلاس میں شرکت کے لئے وڈیو لنک کی سہولت مہیا کرنے کا مطالبہ کر سکتے ہیں۔ وڈیو لنک سہولت کا مطالبہ مذکورہ بالا پتہ پر شیئرز رجسٹرار کے ذریعے سالانہ رپورٹ میں مہیا شدہ اور کمپنی کی ویب سائٹ پر بھی دستیاب معیاری درخواست فارم پر اجلاس کی تاریخ سے کم از کم 7 یوم قبل وصول کیا جائے گا۔

9۔ پتہ کی تبدیلی

ممبران سے التماس ہے کہ اپنے پتہ میں کسی تبدیلی سے فی الفور مطلع فرمائیں۔ حصص داران سے التماس ہے کہ مذکورہ بالا معلومات/دستاویزات (i) متعلقہ سنٹرل ڈیپازٹری سسٹم (CDS) پارٹیسپنٹس اور (ii) مادی سیکورٹیز کی صورت میں کمپنی کے شیئر رجسٹرار کو مہیا کریں۔

10۔ کمپنی 30 جون 2018 مختتمہ سال کے لئے نظر ثانی شدہ مالی حسابات معہ آڈیٹرز اور ڈائریکٹرز کی رپورٹس اپنی ویب سائٹ: www.nishat.net پر رکھ چکی ہے۔

## کمپنیز ایکٹ، 2017 کے سیکشن (3)134 کے تحت بیان بابتہ خصوصی امور

### پس منظر کی معلومات

نشاط چونیاں پاور لمیٹڈ (این سی پی ایل) ایک پبلک لمیٹڈ کمپنی ہے جو سال 2007 میں پاور پالیسی 2002 کے تحت بطور آزاد پاور پروڈیوسر (آئی پی پی) کی حیثیت سے تشکیل دی گئی ہے۔ یہ نشاط چونیاں لمیٹڈ ("کمپنی") کا ذیلی ادارہ ہے۔ فی الحال یہ پاکستان اسٹاک ایکسچینج لمیٹڈ میں درج ہے۔ اس کمپنی کی اصل سرگرمی 200 میگاواٹ کی مجموعی گنجائش رکھنے والے فیول فائر پاور اسٹیشن کی تعمیر، ملکیت، چلانا اور برقرار رکھنا

ہے۔این سی پی ایل کو این ٹی ڈی سی سے ادائیگیوں میں تاخیر کی وجہ سے معمول کے مطابق اتار چڑھاؤ کی وجہ سے اپنے تجارتی قرضوں میں توازن کا ایک طویل عرصہ سے مسئلہ درپیش ہے۔اس سے این سی پی ایل کے لئے لیکویڈیٹی مسائل پیدا ہوئے ہیں جس کی وجہ سے اسے اپنے ورکنگ سرمایہ کی ضروریات کو پورا کرنے کے لئے فنڈز کی ضرورت ہوتی ہے۔کمپنی کی انتظامیہ PKR 1.00 بلین کے قرضوں/ایڈوانس کو 3ماہ کے KIBORعلاوہ 200بی پی ایس کے مارک اپ ریٹ پر توسیع کر کے اپنے فنڈز میں سرمایہ کاری کرنے کی تجویز کر رہی ہے جو متعلقہ مدت یا قرض لینے کی لاگت کے لئے KIBOR سے کم نہیں ہوگی۔جو بھی تقسیم کی تاریخ سے ایک سال کی مدت کے لئے زیادہ ہے۔مارک اپ کی ادائیگی سہ ماہی بنیاد پر ہوگی۔اس سرمایہ کاری کا مقصد ماتحت ادارہ کی کارروائیوں کی حمایت کرنا ہے جو کمپنی کو مستقل آمدنی فراہم کرتا ہے۔

**مستعدی**

ڈائریکٹرز نے ضوابط کے مطابق مجوزہ سرمایہ کاری کے لئے مطلوبہ کاروائی کی ہے جس کے لئے کمپنیز ایکٹ 2017 کی دفعہ 199 کے تحت خصوصی قرارداد کے ذریعے شیئر داران کی رضامندی ضروری ہے۔بورڈ کی منظور شدہ ڈیوڈیلی جنس رپورٹ سالانہ اجلاس عام میں ممبروں کے معائنے کے لئے دستیاب ہوگی۔

**انویسٹی کمپنی، کمپنی میں اس کے اسپانسرز اور ڈائریکٹرز کی دلچسپی**

جیسا کہ ریگولیشنز 2012 ("ریگولیشنز") کے ریگولیشن 4(1) کے تحت درکار ہے، یہ اعلان کیا جاتا ہے کہ:

1۔سرمایہ کار کمپنی، این سی پی ایل نشاط چونیاں لمیٹڈ میں کوئی حصص نہیں رکھتی ہے اور مشترکہ ڈائریکٹرشپ کے سوائے کمپنی میں کوئی دلچسپی نہیں رکھتی ہے۔

2۔ سرمایہ کار کمپنی کے اسپانسرز/ڈائریکٹرز نشاط چونیاں لمیٹڈ میں درج ذیل حصص رکھتے ہیں۔

| نام | حصص کی تعداد |
|---|---|
| محترمہ فرحت سلیم | 5,895,838 |
| جناب شہزاد سلیم | 54,860,632 |
| محترمہ عائشہ شہزاد | 238,448 |
| جناب زین شہزاد | 1,035,500 |
| جناب فرخ فضل | 500 |

**نشاط چونیاں پاور لمیٹڈ کے آڈٹ شدہ مالیاتی حسابات**

ریگولیشنز 5 کے ریگولیشن 5 کے مطابق، 30 جون 2019 کو انویسٹی کمپنی کے حالیہ مالی حسابات اور گزشتہ عبوری مالی حسابات سالانہ اجلاس عام میں ممبروں کے معائنے کے لئے دستیاب ہوں گے۔

**خصوصی قرارداد**

تجویز کیا گیا ہے کہ مندرجہ ذیل قرارداد کو مع یا بغیر کسی ترمیم کے بطور خصوصی قرارداد پاس کرنے پر غور وخوض کیا جائے:

"قرار پایا کہ نشاط چونیاں لمیٹڈ ("کمپنی") کے ممبروں کی منظوری ہو اور بذریعہ ہذا اس کے مطابق کمپنیز ایکٹ، 2017 کے سیکشن 199 کے تحت نشاط پاور لمیٹڈ (NCPL)، کمپنی کے ایک ذیلی ادارہ میں قرضوں/پیشگیوں کے ذریعے وقتاً فوقتاً اور جب NCPL کو درکار ہو، 3ماہ کے KIBOR +200بی پی ایس کی شرح پر 1.00 بلین روپے تک (صرف ایک ارب روپے) کی سرمایہ کاری کی جائے جس کی واپسی کی شرح سرمایہ کار کمپنی کی متعلقہ مدت یا ادھار لاگت کے لئے KIBOR سے کم نہ ہوں، جو بھی زیادہ ہو اور اس طرح کے قرض اور/یا ایڈوانس کی فراہمی کی تاریخ سے ایک سال کے اندر اور ممبروں کو انکشاف کردہ دیگر شرائط وضوابط کے مطابق ادائیگی ہوگی۔

مزید قرار پایا کہ مذکورہ بالا قرارداد 1 (ایک) سال کے لئے کارآمد ہوگی اور کمپنی کے چیف ایگزیکٹو اور کمپنی سیکریٹری ذریعہ ہذا با اختیار اور مجاز ہوگا کہ جب وہ مناسب اور ضروری سمجھے تو اس سرمایہ کاری کا فیصلہ کرے۔ کمپنی اور اس کے حصص یافتگان کی دلچسپی اور اس ضمن میں مطلوبہ کسی بھی طرح سے اور تمام دستاویزات اور معاہدوں پر عمل درآمد اور ضروری اقدامات، معاملات، اعمال اور چیزیں کرنا بشمول یا وقتاً فوقتاً سرمایہ کاری کرنے کے لئے خصوصی قرارداد کے جذبے اور نیت کو عملی جامہ پہنانے کے مقصد کے لئے ضروری اقدامات کرنا"۔

**<u>کمپنیز (شریک کمپنیوں یا شریک انڈرٹیکنگز میں سرمایہ کاری) ریگولیشنز 2012 (ریگولیشنز) کے تقاضا کے مطابق</u> درج ذیل مزید معلومات مہیا کی جا رہی ہیں:**

| ریفرنس نمبر | ضروریات | معلومات |
|---|---|---|
| i | نام شریک کمپنی یا شریک انڈرٹیکنگز | نشاط چونیاں پاور لمیٹڈ (NCPL) |
| ii | تعلق کی بنیاد | NCPLایک ذیلی کمپنی ہے۔ |

| | | |
|---|---|---|
| iii | گذشتہ تین سالوں کی آمدنی/(نقصان) فی شیئر | سال — آمدنی فی شیئر (روپے)<br>2019 — 9.30<br>2018 — 9.27<br>2017 — 8.17 |
| iv | گزشتہ نظر ثانی شدہ مالی حسابات پر مبنی، بریک اپ ویلیو فی شیئر | 39.09 پاکستانی روپے |
| v | حالیہ مالی حسابات کی بنیاد پر منافع اور نقصانات کے حسابات اور مالی حیثیت کے حسابات کی اہم آئٹمز سمیت مالی حالت | 30 جون 2019 مختتمہ سال کے لئے نظر ثانی شدہ مالی حسابات<br>بیلنس شیٹ: — روپے ملین میں<br>اثاثے<br>فکسڈ اثاثے — 11,497,764 روپے<br>موجودہ اثاثے — 18,072,999 روپے<br>**کل اثاثے — 29,570,763** روپے<br>**کل موجودہ واجبات-('000 روپے)**<br>طویل مدتی — 716,184 روپے<br>مختصر مدتی — 14,494,409 روپے<br>کل واجبات — 15,210,593<br>نفع ونقصان<br>فروخت — 15,021,084<br>مجموعی منافع — 5,075,633<br>مجموعی منافع تناسب — 2.96<br>ٹیکس کے بعد خالص منافع — 3,416,558 روپے<br>ٹیکس کے بعد خالص منافع تناسب — 0.23<br>فی شیئر آمدنی — 9.30 |
| vi | شریک کمپنی یا شریک انڈرٹیکنگ کے منصوبہ جس نے آپریشنز کا آغاز نہیں کیا کے سلسلہ میں سرمایہ کاری کی صورت میں، درج ذیل مزید معلومات، بتائی: | کوئی نہیں |
| | I۔منصوبہ کی تفصیل اور Conceptualization سے اسکی ہسٹری | کوئی نہیں |
| | II۔کام کی تاریخ آغاز اور تکمیل کی متوقع تاریخ | کوئی نہیں۔ |
| | III۔مدت جس میں ایسا منصوبہ تجارتی پیداوار دینا شروع کر دے گا | کوئی نہیں۔ |
| | IV۔متوقع مدت جس میں منصوبہ سرمایہ کاری پر منافع دینا شروع کر دے گا | کوئی نہیں۔ |
| | V۔پروموٹرز، اسپانسرز، شریک کمپنی یا شریک انڈرٹیکنگ کی طرف سے لگائے گئے فنڈز یا کی جانے والی سرمایہ کاری پر نقد اور غیر نقد رقوم کے درمیان فرق | کوئی نہیں۔ |

| | | |
|---|---|---|
| | (B)عام وضاحت | |
| i | زیادہ سے زیادہ رقم اگر سرمایہ کاری کی گئی | 1,000,000,000/- پاکستانی روپے (ایک بلین روپے صرف ) |
| ii | مقصد، ایسی سرمایہ کاری سے سرمایہ کار کمپنی اور اس کے ارکان کو حاصل ہونے والے فوائد اور سرمایہ کاری کی مدت | سرمایہ کاری کی تفصیل پس منظر معلومات میں وضاحت سے بیان کی گئی ہے۔ یہ ذیلی کمپنی کے آپریشنز میں معاون ہوگی۔ کمپنی اپنے اضافی فنڈز کی سرمایہ کاری سے آمدنی کمائے گی۔ |
| iii | سرمایہ کاری کے لئے استعمال ہونے والے فنڈز کے ذرائع اور جہاں ادھار لیے گئے فنڈ ز استعمال کرنے کا ارادہ ہے | داخلی کیش جنریشن |
| | I۔ قرضہ کے ذریعے سرمایہ کاری کے لئے جسٹیفکیشن | کوئی نہیں |
| | II۔ ایسے فنڈز کے حصول کے لئے کولیٹرل، مہیا کردہ گارنٹیوں اور رہنجد اثاثوں کی تفصیل | کوئی نہیں |
| | III۔ مفاد کے تجزیہ کی لاگت | کوئی نہیں |
| iv | تجویز کردہ سرمایہ کاری کی بابت شریک کمپنی یا شریک انڈرٹیکنگ کے ساتھ معاہدات، اگر کوئی ہوں، کی نمایاں خصوصیات | NCPL کے ساتھ مجوزہ سرمایہ کاری کے لئے کوئی معاہدہ نہیں کیا ہے۔ حصص داران کی طرف سے منظور شدہ شرائط وضوابط کی بنیاد پر قرضہ کی توسیع سے قبل معاہدہ کیا جائے گا۔ |
| v | شریک کمپنی یا شریک انڈرٹیکنگ یا زیرغور لین دین میں ڈائریکٹرز، سپانسرز، اکثریتی حصص داران اور ان کے رشتہ داروں اگر کوئی ہو، کی بالواسطہ یا بلاواسطہ دلچسپی | ڈائریکٹرز، سپانسرز، اکثریتی حصص داران اور ان کے رشتہ داران کمپنی میں ماسوائے اپنے شیئر ہولڈنگ، اگر کوئی / ڈائریکٹرشپ کی حد تک کے سوائے کوئی دلچسپی نہیں رکھتے ہیں NCPL این سی پی ایل کی ممبر نہیں ہے۔ اس کے ڈائریکٹرز NCL کے ملازمگان نہیں ہیں۔ |
| vi | شریک کمپنی یا شریک انڈرٹیکنگ میں پہلے سے کی گئی کسی سرمایہ کاری کی صورت میں، کسی خرابی یا تحریری کمل معلومات / جسٹیفکیشن سمیت ایسی سرمایہ کاری کی کارکردگی کا جائزہ | حصص داران نے 26 دسمبر 2014 کو منعقدہ اپنے اجلاس میں 3.00 بلین پاکستانی روپیہ کی سرمایہ کاری کی منظوری دی ہے۔ مذکورہ سرمایہ کاری حصص داران کی طرف سے منظور کردہ شرائط وضوابط کے مطابق مارک اپ کے ساتھ واپس ادا کردی گئی۔ لہٰذا کوئی امپیئرمنٹ/write offs نہیں ہے۔ |
| | | |
| (c) قرضہ / پیشگی کی صورت میں سرمایہ کاری کی بابت اضافی وضاحت | | |
| i | کیٹگری وائز سرمایہ کاری کی رقم | 1,000,000,000 پاکستانی روپے (ایک بلین روپے صرف ) بطور قرضوں / پیشگیوں |
| ii | سرمایہ کار کمپنی کی اوسط قرضہ کی لاگت، متعلقہ مدت کے لئے کراچی انٹر بینک نے شرح (KIBOR)، شریعہ کمپلائنٹ مصنوعات کیلئے ریٹرن کی شرح، اور ریٹرن غیر فنڈ ڈ سہولیات کی شرح، جو بھی صورت ہو، متعلقہ مدت کے لئے پیشکش کردہ | 30 جون 2019 کو ختم ہونے والی مدت کے لئے کمپنی کی موجودہ اوسط قرضہ کی لاگت 9.84% تھی۔<br>3 ماہ KIBOR برائے متعلقہ مدت |
| iii | سرمایہ کار کمپنی کی طرف سے وصول کیا جانے والی سود، مارک اپ، منافع، فیس یا کمیشن وغیرہ کی شرح | 3 ماہ KIBOR+2% |
| iv | مجوزہ سرمایہ کاری کے سلسلہ میں حاصل کی گئی کولیٹرل یا سیکورٹی کے کوائف | کوئی گارنٹی حاصل نہیں کی گئی کیونکہ NCPL ایک ذیلی کمپنی ہے۔ |
| v | اگر سرمایہ کاری تبدیلی کی خصوصیت رکھتی ہے یعنی یہ سیکورٹیز میں تبدیلی کے قابل ہے، یہ حقیقت معہ شرائط وضوابط بشمول کنورژن فارمولا، حالات جس میں کنورژن ہو سکتی ہے اور مدت جب کنورژن کی جاسکتی ہے۔ | قابل اطلاق نہیں |

| | | |
|---|---|---|
| vi | شریک کمپنی یا شریک انڈرٹیکنگ کو دیئے گئے قرضوں یا پیشگیوں کی واپس ادائیگی کا شیڈول اور شرائط وضوابط | اصل رقم کی ادائیگی ایک سال کے اندر مع سود کی ادائیگی با قاعدہ ماہانہ بنیاد پر کی جائے گی۔ |

# مجلس نظماء کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2019 کو ختم ہونے والے سال کے لئے آپ کی کمپنی کے مالی نتائج جس میں واحد اور مجموعی نظر ثانی شدہ مالی حسابات دونوں شامل ہیں آپ کو پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

## جائزہ

کمپنی کی کارروائیاں مالی سال کے دوران منافع بخش رہیں کیونکہ خالص فروخت 2018 میں 35.56 بلین روپے سے 2019 میں 39.34 بلین روپے تک بڑھ گئی۔فروخت میں اضافہ کے پیچھے ڈرائیونگ فورس سپننگ ڈویژن تھی، جس کی فروخت بالترتیب 12.5% سے بڑھ کر 15.5% تک زیادہ ہوئی۔

اپنے منافع بخش ٹریک ریکارڈ کو دیکھتے ہوئے کمپنی نے گزشتہ سال 6.6% کے مقابلے اس سال فروخت کا 8.1% بعد از ٹیکس منافع کا اعلان کر رہی ہے۔منافع میں اضافہ کئی عوامل سے منسوب کیا جاسکتا ہے جن میں سے چند اہم: سپننگ کاروبار کا زیادہ منافع، ڈیویڈینڈ آمدنی اور روپیہ کی قدر میں کمی ہیں۔انتظامیہ کو پختہ یقین ہے کہ نتائج انتظامی اخراجات پر موثر کنٹرول، بی ایم آر، بہتر ٹیکس منصوبہ بندی اور محتاط سرمایہ کاری حکمت عملیاں تیار کر کے مزید بہتر بنائے جاسکتے ہیں۔

مجموعی بنیاد پر، کمپنی نے 54.98 بلین روپے کی مجموعی آمدنی حاصل کی جو گزشتہ سال کی 53.03 بلین روپے کی آمدنی کے مقابلے 3.7% زیادہ ہے۔

## سال ایک نظر میں

آمدنی: 39.34 بلین روپے (پلس 10.6 فیصد)

کاروبار سے منافع: 5.84 بلین روپے (پلس 41.1 فیصد)

سال کا خالص منافع: 3.16 بلین روپے (پلس 34.04 فیصد)

| مالی جھلکیاں | مختتمہ سال 2018 | مختتمہ سال 2017 |
|---|---|---|
| فروخت (روپے) | 39,337,640,505 | 35,560,396,444 |
| مجموعی منافع (روپے) | 4,887,512,561 | 4,285,466,431 |
| بعد از ٹیکس منافع (روپے) | 3,167,591,540 | 2,363,083,847 |
| مجموعی منافع فیصد | 12.4% | 12.15% |
| بعد از ٹیکس منافع فیصد | 8.1% | 6.6% |
| فی شیئر آمدنی (روپے) | 13.19 | 9.84 |

## منافع

اس سال کے دوران حاصل ہونے والی آمدنی 39.34 بلین روپے، جو گزشتہ سال سے 10.6 فیصد زیادہ تھی۔بہتر مارجن دستیاب ہونے کی وجہ سے سپننگ ڈویژن نے مقامی مارکیٹ کے حصہ میں اضافہ اور کرنسی کی قدر میں کمی پر سرمایہ کاری کر کے اس اضافہ میں نمایاں کردار ادا کیا ہے۔اس عرصہ کے لئے مجموعی منافع اور خالص منافع گذشتہ سال کے مقابلے بالترتیب 12.1 فیصد اور 6.6 فیصد سے بڑھ کر 12.4 فیصد اور 8.1 فیصد تک بنیادی طور پر سپننگ کاروبار میں زیادہ مارجنز، ڈیوٹی ڈرا بیک واپسی اور روپیہ کی قدر میں کمی کی وجہ سے زیادہ ہوا ہے۔

## تصرفات

کمپنی کی مجلس نظماء نے 4 اکتوبر 2019 کو منعقدہ اپنے اجلاس میں نقد منافع منقسمہ 2.5 روپے فی عام شیئر ادا کرنے کی تجویز دی ہے۔

## سرمایہ کاری

سال کے دوران اہم سرمایہ کاری میں اضافہ آپریشنل کارکردگی کی صلاحیت میں اضافہ اور بہتر بنانے کے لئے ٹیکسٹائل کے مختلف شعبوں میں کیا گیا تھا۔ مختصر جائزہ حسب ذیل ہے:

| کاروبار کا شعبہ | مشینری کا اضافہ | سرمایہ کاری (روپے ملین میں) |
|---|---|---|
| سپننگ | • 5 ڈبل کور انچھٹ برائے رنگ مشینیں | 36.9 |
| | • 6 ڈرائنگ مشینیں | 38.6 |
| | • دیگرز | 78.5 |
| ویونگ | • 1 خودکار ڈرائنگ مشین | 73.7 |
| | • دیگرز | 21.8 |
| ہوم ٹیکسٹائل | • 2 ایمبرائیڈری مشینیں | 27.2 |
| | • دیگرز | 19.9 |

## شعبہ وار آمدنی

سپننگ NCL کے لئے اہم آمدنی پیدا کرنے والا کاروبار ہے، جبکہ ہوم ٹیکسٹائل نے بھی آمدنی کے لحاظ سے شاندار نمو ظاہر کی ہے۔

### سپننگ

منافع کے لحاظ سے سپننگ ڈویژن نے اپنے بینچ مارک کے تمام ریکارڈ توڑ دیئے کیونکہ اس نے گزشتہ سال کے مقابلے 12.5% تک زیادہ، 23.6 بلین روپے کی فروخت درج کرائی ہے۔ اگرچہ چین اور امریکہ کے مابین جاری تجارتی جنگ کی وجہ سے برآمدات 17% تک کم ہوئی، مقامی فروخت میں 37% اضافہ نے نہ صرف اس کمی کو پورا کیا بلکہ اس کے نتیجے خالص آمدنی میں 2.6 بلین روپے تک اضافہ ہوا، مقامی مارکیٹ میں یارن کی قیمتوں کو کم کرنے میں کرنسی کی قدر میں کمی ایک اہم عنصر رہا۔ وسیع برساتی سیزن کے لحاظ سے گزشتہ سال کے مقابلے کپاس کی قیمت زیادہ رہی، تاہم کمپنی قیمت میں اضافہ کے اثرات کو اپنے صارفین تک خام مال میں منتقل کرنے کے قابل تھی۔

### ویونگ

زیر جائزہ سال کے دوران خالص فروخت گزشتہ سال کے مقابلے میں 4 فیصد تک کم ہو گئی۔ تاہم، یہ کمی بنیادی طور پر گرے کپڑے کی مقامی فروخت کی وجہ سے ہوئی، جو تقریباً 1.2 بلین تک زیادہ ہوئی۔ ڈیوٹی ڈرا بیک کی واپسی نے ویونگ سیکٹر کی برآمدات کو شدید متاثر کیا ہے۔ مقامی محاذ پر کمپنی گزشتہ سال کے مقابلے فروخت 14.7 فیصد تک بڑھانے کے قابل تھی۔

### ہوم ٹیکسٹائل

زیر جائزہ سال کے دوران، کل فروخت گذشتہ سال کے مقابلے 15.53 فیصد تک بڑھ گئی۔ اہم اضافہ برآمدات میں دیکھا گیا، جو 2018 کے مقابلے 2019 میں 15 فیصد تک زیادہ ہوئی۔ اس سلسلہ میں محرک عنصر مقامی کرنسی کی قدر میں کمی تھی جس نے مقامی مصنوعات کو مزید بین الاقوامی مسابقتی بنا دیا۔ اس کے علاوہ، کراچی اور اسلام آباد میں "دی لینن کمپنی" (TLC) کی دو نئی برانچوں کے افتتاح کی بدولت ہوم ٹیکسٹائل کی مقامی فروخت بھی زیادہ ہو گئی۔

## ذیلی کمپنیاں

کمپنی نے بین الاقوامی رپورٹنگ معیارات اور کمپنیز ایکٹ 2017 کی ضروریات کے مطابق مجموعی مالی حسابات کے ساتھ ساتھ الگ مالی حسابات بھی منسلک کئے ہیں۔ گروپ نتائج میں نشاط (چونیاں) لمیٹڈ (ہولڈنگ کمپنی)، نشاط چونیاں پاور لمیٹڈ (NCPL)، نشاط چونیاں یو ایس اے انکارپوریٹڈ، این سی الیکٹرک کمپنی لمیٹڈ اور این سی انٹرٹینمنٹ (پرائیویٹ) لمیٹڈ (20 نومبر تک) کے مالی حسابات شامل ہیں۔

| مالی جھلکیاں | 2019 (روپے ملین میں) | 2018 (روپے ملین میں) |
|---|---|---|
| کل آمدنی | 54,988 | 53,033 |
| مجموعی منافع | 10,279 | 9,287 |
| ٹیکس سے پہلے منافع | 6,114 | 5,841 |
| ٹیکسیشن | 535 | 369 |
| ٹیکس کے بعد منافع | 5,578 | 5,471 |
| فی شیئر آمدنی (بنیادی اور مستحل) ۔ روپے | 16.26 | 15.84 |

نشاط چونیاں لمیٹڈ کی تمام ذیلی کمپنیوں کی مختصر تفصیل حسب ذیل ہے:

نشاط چونیاں پاور لمیٹڈ، 23 فروری 2007 کمپنیز آرڈیننس 1984 کے تحت انکارپوریٹڈ نیشنل ٹرانسمیشن اینڈ ڈسپیچ کمپنی لمیٹڈ (NTDCL) کے ساتھ 25 سالہ "ٹیک یا پے" کے تحت 200 میگاواٹ کی مجموعی صلاحیت کے حامل بجلی پیدا کرنے کا منصوبہ قائم کرنے کے مقصد کے ساتھ قائم ہوئی۔ NCPL نے 21 جولائی 2010 کو اپنے آپریشنز کا آغاز کیا۔ کمپنی کراچی، اسلام آباد اور لاہور اسٹاک ایکسچینج (اب، پاکستان اسٹاک ایکسچینج) میں درج ہے۔ نشاط (چونیاں) لمیٹڈ فی الحال نشاط پاور لمیٹڈ کے %51.07 شیئرز کنٹرول رکھتی ہے۔ 30 جون 2019 کو ختم ہونے والے سال کے لئے NCPL کی کارکردگی پر تفصیلی ڈائریکٹرز رپورٹ الگ پیش کی گئی ہے۔

**نشاط چونیاں یو ایس اے انکارپوریٹڈ**، بزنس کارپوریشن لاز آف دی سٹیٹ آف نیو یارک کے تحت غیر ملکی ذیلی انکارپوریٹڈ ہے۔ یہ امریکی مارکیٹ سے متعلق رسائی، معلومات اور دیگر خدمات مہیا کرنے اور امریکہ میں مقامی ریٹیلرز کو ہوم ٹیکسٹائل مصنوعات درآمد اور تقسیم کرنے والی ہولڈنگ کمپنی کے مارکیٹنگ ڈیپارٹمنٹ کے ساتھ رابطہ کرنے کے بنیادی مقصد کے ساتھ مکمل ملکیتی ذیلی انکارپوریٹڈ ہے۔

**این سی الیکٹرک کمپنی لمیٹڈ**، 18 اپریل 2014 کمپنیز آرڈیننس 1984 کے تحت انکارپوریٹڈ، 46 میگاواٹ کی مجموعی صلاحیت کے کول بیسڈ پاور پلانٹ قائم کرنے کے مقصد کے ساتھ قائم ہوئی۔ پلانٹ نے گزشتہ مالی سال میں کامیابی سے اپنے تجارتی آپریشنز کر دیئے تھے جس نے ایندھن اور بجلی کے اخراجات کم کرنے میں نشاط (چونیاں) لمیٹڈ (ہولڈنگ کمپنی) کی مدد کی۔

**این سی انٹرٹینمنٹ (پرائیویٹ) لمیٹڈ** کمپنی کے بنیادی کاروبار پر توجہ مرکوز کرنے کے لئے، کمپنی کے بورڈ آف ڈائریکٹرز نے 24 جولائی 2018 کو اپنے اجلاس میں اور اس کے بعد کمپنی کے حصص یافتگان نے 20 اگست 2018 کو منعقدہ اپنے غیر معمولی عام اجلاس میں این سی انٹرٹینمنٹ (پرائیویٹ) لمیٹڈ۔ مکمل ملکیتی ذیلی کمپنی سب سے زیادہ بولی دہندہ (جناب شاہ میر یحییٰ، اس وقت ایک متعلقہ فریق) کو فروخت کرنے کی منظوری دے دی ہے۔ ذیلی کمپنی میں سرمایہ کاری کے ڈسپوزل سے موصولہ مجموعی رقم 322 ملین روپے پر اتفاق کیا گیا۔

## مستقبل کا نقطہ نظر، مشکلات اور مواقع

کمپنی کے برانڈ نام TLC (دی لینن کمپنی) سے پورے ملک کے بڑے شہروں میں مزید خوردہ آؤٹ لیٹس کھولنے کی منصوبہ بندی جاری ہے۔ ایک بڑی آؤٹ لٹ سال کے دوران کراچی میں کھولی گئی ہے، جبکہ حال ہی میں پیکیجز مال لاہور میں ایک نئی آؤٹ لٹ کا افتتاح کیا گیا ہے۔ ہوم ٹیکسٹائل ڈویژن میں، صلاحیت بڑھانے اور پیداواری اخراجات کو کم اور وقت بچانے کے لئے ایمبرائیڈری مشینوں کا اضافہ کیا جا رہا ہے۔ کمپنی افرادی قوت پر انحصار کو کم کرنے کے لئے روایتی پراسیس کو مکمل طور پر خودکار بنانے کے لئے پُرعزم ہے۔

ہم پیش گوئی کرتے ہیں کہ ملک میں غیر یقینی معاشی حالات اور عالمی معیشت کی نمو میں کمی کی وجہ سے آئندہ مالی سال چیلنجنگ ہوگا۔ گزشتہ سال سے میکرو اشارے اور اسٹیٹ بینک آف پاکستان سمیت

مختلف اسٹیک ہولڈرز کی طرف سے جاری شدہ ملک کے معاشی نقطہ نظر کی بنیاد پر مستقبل کے نقطہ نظر کا وعدہ بہت دور کی بات ہے۔ ایس آر او 1125 کی واپسی اور اس کے نتیجے میں پوری ٹیکسٹائل چین پر سیلز ٹیکس کے نفاذ نے ڈرامائی انداز سے صنعت کو متاثر کیا ہے، اگر بروقت سیلز ٹیکس کی واپسی کا وعدہ پورا نہیں ہوا تو برآمدی شعبے کو ورکنگ کیپٹل کے سنگین مضمرات کا سامنا کرنا پڑے گا۔ اس وقت برآمد پر مبنی شعبے کو سیلز ٹیکس کی واپسی کے عمل میں تکنیکی چیلنجوں کا سامنا ہے، امید ہے کہ حکومت مختلف مواقع پر مختلف اسٹیک ہولڈرز کی طرف سے واضح کردہ چیلنجوں کا ازالہ کرے گی۔

سود کی شرحیں گزشتہ سال سے تقریباً دگنی ہو چکی ہیں جس کے نتیجے میں تمام کاروباری اداروں کی نچلی لائن نمایاں طور پر متاثر ہوئی ہے۔ مزید یہ کہ انڈسٹری کے لئے موجودہ شرح سود پر اپنی صلاحیتوں کو بڑھانا ایک بہت بڑا چیلنج رہے گا۔ اگر شرح سود میں تمام اضافے کو مختصر سے درمیانی مدت میں کم نہیں کیا گیا تو یہ پالیسی برآمدات میں اضافے کی کوششوں میں نقصان دہ ثابت ہوگی۔

تاہم، موجودہ منظرنامہ بالکل تاریک نہیں ہے کیونکہ حال ہی میں میکرو اشاروں نے امید افزا رجحان ظاہر کرنا شروع کر دیا ہے، اس کے علاوہ برآمد پر مبنی سیکٹرز کا عاقی نرخوں پر بجلی فراہم کرنے کا حکومتی فیصلہ قابل تحسین ہے اور برآمدات کو فروغ دینے کے لئے انتظامیہ کے عزم کو ظاہر کرتا ہے۔ انتظامیہ تمام غیر یقینی صورتحال کے مابین مواقع کی تلاش کے لئے پوری طرح پرعزم ہے اور اگر موقع پیدا ہوتا ہے تو اس سے بھرپور فائدہ اُٹھائے گی۔ ملک کی ایک ممتاز ٹیکسٹائل کمپنی کی حیثیت سے، کمپنی اس پوزیشن میں ہے کہ وہ متعدد مواقع سے مستفید ہو سکے اور علاقائی متنوع کسٹمر بیس، عمودی انضمام، کپاس کی وافر فراہمی اور بلاک فرادی قوت جیسے کئی مواقعوں سے فائدہ اٹھا سکے۔

## کارپوریٹ سماجی ذمہ داری

سماجی بہبود اور کمیونٹی کی خدمت ہمارے وژن کا لازمی حصہ ہے۔ ہم مختلف ٹیکسز، ڈیوٹیز اور لیویز کی ادائیگی کے ذریعے قومی خزانے میں نہ صرف قابل ذکر اضافہ کرتے ہیں بلکہ ہماری برآمدات کی آمدنی ملک کی غیر ملکی زرمبادلہ کی پوزیشن کو مستحکم کرنے میں کافی اہم کردار ادا کرتی ہے۔ ہم اپنے ملازمین کو کام کا ماحول فراہم کرنے کے لئے مصروف عمل ہیں جو صحت مند، محفوظ اور مسلسل سیکھنے کے لئے موزوں ہو۔ کمپنی نسلی گروہوں، ثقافتوں اور جنس سے قطع نظر مسلسل لوگوں کو روزگار فراہم کر رہی ہے۔ ہمیں ایک مساوی مواقع آجر ہونے پر فخر ہے۔

کمپنی ہوم ٹیکسٹائل ڈویژن میں ایڈوانس واٹر ٹریٹمنٹ پلانٹ لگا کر ماحول دوست ٹیکنالوجی میں بھی سرمایہ کاری کر رہی ہے۔ مزید برآں، سپننگ اور ویونگ ملز میں استعمال شدہ پانی مقامی کاشتکاروں کو بلا معاوضہ فراہم کیا جاتا ہے۔ مستحکم بنیاد پر راکھ کے مسئلے سے نمٹنے کے لئے کمپنی ایک اینٹیں بنانے کا پلانٹ لگانے کا منصوبہ بنا رہی ہے جو کول پاور پلانٹ کی راکھ استعمال کر کے اینٹیں تیار کرے گی۔

رفاہی کوششوں میں، کمپنی ایک اسکول کو عطیہ کرتی ہے، اسکول برائے نام فیس پر اعلیٰ معیار کی تعلیم فراہم کرتا ہے۔ مذکورہ بالا کے علاوہ، کمپنی مع اس کے اسپانسرز اور دیگر مخیر حضرات غیر منافع بخش جدید، سلیم میموریل ٹرسٹ ہسپتال (SMTH) قائم کرنے کے پراسس میں ہیں۔ یہ 350 بستر کا ہسپتال جو 39 کنال کے رقبہ پر تعمیر کیا جا رہا ہے، غیر مراعات یافتہ کو ایک مثالی رعایتی طبی علاج فراہم کرے گا۔ ہسپتال کا جزوی سیکشن جون 2020 تک کھول دیا جائے گا۔

## خطرات اور غیر یقینی صورتحال

مسابقتی رہنے اور مستحکم کامیابی کو یقینی بنانے کے لئے خطرات مول لینا ضروری ہے۔ کمپنی کا مجموعی رسک مینجمنٹ پروگرام انڈسٹری، عام طور پر معیشت اور مخصوص کاروبار کے غیر متوقع عنصر پر توجہ مرکوز کرتا ہے اور منافع پر ممکنہ منفی اثرات کو کم کرنے کی کوشش کرتا ہے۔ اس وقت کمپنی خام مال کی قیمتوں میں اتار چڑھاؤ اور برآمدات طلب آرڈرز جیسے کاروباری خطرات کا سامنا کر رہی ہے۔ کمپنی تمام رسک مینجمنٹ کے ساتھ ساتھ مخصوص شعبوں مثلاً کریڈٹ، انٹریسٹ ریٹ رسک، کرنسی رسک اور لیکویڈیٹی رسک کا احاطہ کرنے والی پالیسیوں کے لئے اصول فراہم کرتی ہے۔ رسک مینجمنٹ کے ایک حصے کے طور پر، کمپنی نے مناسب داخلی کنٹرول اور معیاری آپریٹنگ طریقہ کار تیار کئے ہیں جو مختلف پالیسیوں اور باضابطہ گائیڈ لائنز کے ذریعے کارکنوں تک پہنچائے گئے ہیں۔ ان کنٹرولز کا انتظامیہ اور اندرونی آڈٹ فنکشن کے ذریعے باقاعدگی سے جائزہ لیا جاتا ہے۔

## داخلی مالیاتی کنٹرول

نشاط (چونیاں) لمیٹڈ میں ہمارا مضبوط داخلی کنٹرول اور رسک مینجمنٹ نظام ہے۔ رسک مینجمنٹ اور داخلی کنٹرول کے عوامل کو کمپنی کی اثاثوں کی حفاظت اور کمپنی کو درپیش بڑھتے ہوئے خطرات سے مناسب طریقے سے نمٹنے اور/یا کم کرنے کے لئے تیار کئے گئے ہیں۔ کمپنی میں ایک انٹرنل آڈٹ ڈیپارٹمنٹ ہے جو ایک معروف آڈٹ فرم کو دیا گیا ہے جو مقررہ وقت پر آڈٹ اور مینجمنٹ کو رپورٹ پیش کرتا ہے۔ رپورٹس نہ صرف کمی یا لوپ ہولز پیش کرتی ہیں بلکہ موجودہ نظام میں بہتری کی تجاویز بھی دیتی ہیں۔ بورڈ ایک کارگر اور موثر انٹرنل کنٹرول سسٹم کو قائم اور منظم کرنے کے لئے اپنی ذمہ داریوں سے مکمل طور پر آگاہ ہے۔

اس لئے داخلی مالیاتی کنٹرول کو مناسب طریقے سے لاگو کر رہے ہیں اور انحصار اس کی مناسب فعالیت پر رکھا جا سکتا ہے۔

### ماحولیاتی اثرات

کمپنی باقاعدگی سے ماحول اور معاشرے کی فلاح و بہبود کو بہتر بنانے کے اقدامات کرتی ہے۔

### توانائی کی بچت

سستے اور موثر ذرائع سے بجلی پیدا کرنے کی کوششوں کے علاوہ، کمپنی بجلی بچانے کے طریقوں کو تلاش اور استحصال کرنے میں بھی مصروف ہے۔ اس کے علاوہ، بجلی کے ذرائع کو محفوظ اور بچانے کے لئے ان ہاؤس انرجی کنزرویشن آڈٹ کی سفارشات کی بنیاد پر ہم نے LED لائٹس نصب کی ہیں، اس کے علاوہ، ملازمین میں توانائی کی بچت کو فروغ دینے کے لئے ٹریننگ سیشن کا بھی انعقاد کیا ہے۔

### ماحولیاتی تحفظ

ہم نے اپنے انڈسٹریل پروسیس کے خطرناک اثرات سے ماحول کو محفوظ بنانے کے لئے ای ویسٹ واٹر ٹریٹمنٹ پلانٹ قائم کیا ہے۔

ہم مسلسل ماحولیاتی تحفظ کے سلسلے میں حکومت کی طرف سے دی جانے والی تجویز کا جائزہ اور عمل درآمد کر رہے ہیں۔ کمپنی نے ویسٹ واٹر سے کاسٹک نکالنے کے لئے کاسٹک ریکوری پلانٹ نصب کیا ہے۔ ہم ماحول دوست ڈائیز اور کیمیکل استعمال کرتے ہیں جو ہمارے فضلہ کے ذخائر پر کم آلودگی کا بوجھ رکھتے ہیں۔

### پیشہ ورانہ حفاظت اور صحت

ہم باقاعدہ صحت اور حفاظت کے بارے میں آگاہی پروگرام کا انعقاد کرتے ہیں۔ اس کے علاوہ ڈینگی جیسی بیماریوں سے بچاؤ کے لئے فوگنگ مشینوں کے ذریعے تمام مینوفیکچرنگ سہولیات کے پریمسو میں باقاعدہ فیومیگیشن کی جاتی ہے۔ کمپنی نے اپنی تمام مینوفیکچرنگ کی سہولیات میں فائر فائٹنگ سازوسامان اور گاڑیاں بھی فراہم کی ہیں۔

### تعمیل کا بیان

کمپنی نے، پاکستان اسٹاک ایکسچینج لمیٹڈ کے لسٹنگ ضابطے میں شامل کوڈ آف کارپوریٹ گورننس کی ضروریات پر عمل اور باقاعدہ تعمیل کی ہے، اس اثر کا بیان رپورٹ سے منسلک ہے۔

### ویلیو ایڈیشن اور تقسیم کا بیان

| | روپے ملین میں |
|---|---|
| **پیدا کردہ دولت** | |
| کل وصولی اور دیگر آمدنی | 41,792 |
| مال اور خدمات میں خرید | (32,129) |
| | **9,663** |
| **دولت کی تقسیم** | |
| **حکومت اور معاشرہ کو** | |
| ملازمین کی تنخواہ | 2,616 |
| عطیہ | 100 |
| ٹیکس اور WPPF | 674 |
| **سرمایہ فراہم کنندگان کو** | |
| مالی لاگت | 2,178 |

| | |
|---|---|
| منافع منقسمہ | 1,321 |

**سرمایہ کاری اور مستقبل کی ترقی کے لئے محفوظ**

| | |
|---|---|
| فرسودگی، کسادبازاری اور محفوظ منافع | 2,774 |
| | **9,663** |

## کارپوریٹ گورنس

سال کے دوران آپ کی کمپنی کارپوریٹ گورنس کے ضابطہ اخلاق کی ضروریات پر عمل پیرا رہی ہے۔

**بورڈ آف ڈائریکٹرز کی تشکیل:**

ارکان کی صنف، علم، مہارت اور مہارت کے متنوع مرکب ہمارے بورڈ کی مؤثریت میں اضافہ کرتی ہے۔ ہمارے بورڈ کی تشکیل حصص داران کے تمام اقسام کے مفادات کی نمائندگی کرتی ہے اور یہ مشتمل ہے:

**ڈائریکٹرز کی کل تعداد**

| | |
|---|---|
| مرد | 7 |
| خاتون | 1 |

**ترتیب**

بورڈ کی ترتیب مندرجہ ذیل ہے:

a) آزاد ڈائریکٹر: 02

i۔ جناب شعیب احمد خان

ii۔ جناب محمد زاہد خان

b) دیگر نان ایگزیکٹو ڈائریکٹرز: 04

i۔ محترمہ فرحت سلیم، چیئرپرسن

ii۔ جناب آفتاب احمد خان

iii۔ جناب محمد علی زیب

iv۔ جناب فرخ افضال

c) ایگزیکٹو ڈائریکٹر: 02

i۔ جناب شہزاد سلیم (چیف ایگزیکٹو)

ii۔ جناب زین شہزاد

**بورڈ آف ڈائریکٹرز کے اجلاس:**

زیر جائزہ سال کے دوران چار (4) اجلاس منعقد ہوئے۔ ہر ایک ڈائریکٹر کی حاضری حسب ذیل ہے:

| نام ڈائریکٹرز | تعداد حاضری |
|---|---|

| | |
|---|---|
| محترمہ فرحت سلیم (چیئرپرسن) | 0 |
| جناب شہزاد سلیم (چیف ایگزیکٹو) | 4 |
| جناب زین شہزاد | 1 |
| جناب آفتاب احمد خان | 3 |
| جناب فرخ افضال | 4 |
| جناب محمد علی زیب | 3 |
| جناب شعیب احمد خان | 4 |
| جناب محمد زاہد خان (13 دسمبر 2018 کو مقرر ہوئے) | 2 |
| محترمہ سونیا کریم (10 اکتوبر 2018 کو مستعفی ہوگئیں) | 1 |

## ڈائریکٹرز کا مشاہرہ

ڈائریکٹرز کا مشاہرہ اور بورڈ کے اجلاس کی فیس کا تعین کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 کے مطابق منظور شدہ پالیسی کے ذریعے کیا گیا ہے۔

## آڈٹ کمیٹی

آڈٹ کمیٹی، بورڈ آف ڈائریکٹرز کی طرف سے مقررہ ریفرنس کی شرائط کے مطابق اپنے فرائض انجام دے رہی ہے۔ آڈٹ کمیٹی کی تشکیل درج ذیل ہے:

| | |
|---|---|
| جناب شعیب احمد خان | چیئرمین |
| جناب فرخ افضال | ممبر |
| جناب محمد علی زیب | ممبر |

## HR& معاوضہ کمیٹی

ضابطہ کی تعمیل میں، کمپنی کے بورڈ آف ڈائریکٹرز نے ایک HR & R کمیٹی قائم کی ہے۔ HR & R کمیٹی کی تشکیل درج ذیل ہے:

| | |
|---|---|
| جناب شعیب احمد خان | چیئرمین |
| جناب فرخ افضال | ممبر |
| جناب محمد زاہد خان | ممبر |

## نمونہ حصص داری

30 جون 2019ء کے مطابق نمونہ حصہ داری منسلک ہے۔

**اظہارِ تشکر**

بورڈ اپنے قابل قدر حصص دار، بینکوں، مالیاتی ادارے اور کسٹمرز کا شکر گزار ہے، جن کے تعاون، مسلسل حمایت اور تحفظ نے کمپنی کو مسلسل بہتری کی طرف گامزن کیا ہے۔ زیرِ جائزہ مدت کے دوران، مینجمنٹ اور ملازمین کے درمیان تعلقات ہموار رہے ہیں اور ہم کمپنی کے ملازمین اور کارکنوں کی لگن اور سخت محنت کا بھی شکریہ ادا کرنا چاہتے ہیں۔

**منجانب بورڈ**

| | |
|---|---|
| ----------------- | ----------------- |
| چیف ایگزیکٹو | ڈائریکٹر |

**لاہور: 04 اکتوبر 2019ء**

## چیئرپرسن کی جائزہ رپورٹ

نشاط چونیاں لمیٹڈ بورڈ آف ڈائریکٹرز اوراس کی کمیٹیوں کی تشکیل، طریقہ کاراوراجلاسوں کے سلسلے میں کمپنیز ایکٹ، 2017 اورلسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2017 میں طے شدہ تمام تقاضوں کی تعمیل کرتی ہے۔اس کے علاوہ، کارپوریٹ گورننس کے ضابطہ اخلاق کے تحت، بورڈ آف ڈائریکٹرز کی سالانہ تشخیص کی جاتی ہے تاکہ ان کی مجموعی کارکردگی کا اندازہ لگایا جاسکے اوراس مقصد کے لئے، ایک جامع معیار تیار کیا گیا ہے۔مجموعی طور پر تشخیص مندرجہ ذیل لازمی عناصر کی بنیاد پر اطمینان بخش ہے، جس کا کمپنی کے مقاصد کے حصول میں بورڈ کے کردار پر براہ راست اثر پڑا ہے۔

– وژن، مشن اوراقدار: بورڈ کے ارکان کمپنی کے نقطہ نظر، مشن اوراقدار کے ساتھ منسلک ہیں اوراس کی حوصلہ افزائی کرتے ہیں۔بورڈ اکثر نقطہ نظراور مشن بیان پر نظر ثانی بھی کرتے رہتے ہیں۔

–اسٹریٹجک منصوبہ بندی میں مصروفیت: بورڈ اسٹیک ہولڈرز (حصص دار، گاہکوں، ملازمین، وینڈرز، بڑے پیمانے پر سوسائٹی) کو واضح سمجھتے ہے جن کی کمپنی خدمت کرتی ہے۔بورڈ میں ایک اسٹریٹجک نقطہ نظر ہے کہ اگلے تین سے پانچ سالوں میں تنظیم کس طرح بتدریج ترقی کرے گی۔اس کے علاوہ بورڈ نے تمام اہم کارکردگی کے شعبے میں مینجمنٹ کے لئے سالانہ مقاصد اوراہداف مقرر کیے ہیں۔

– تندہی: بورڈ کے ممبران نے اپنے فرائض کو تندہی سے انجام دیا ہے اوراچھی طرح سے تجزیہ، تبادلہ خیال کیا اور کاروباری حکمت عملی، کارپوریٹ مقاصد، منصوبوں، بجٹ، مالی حسابات اور دیگر رپورٹیں منظور کیں۔اس نے بورڈ اور کمیٹی کے اجلاسوں کے لئے کافی قبل از موزوں وقت اور مستحکم ایجنڈے اورمعاون تحریری موادفراہم کیا ہے۔بورڈ نے اپنی ذمہ داریوں کو مناسب طریقے سے انجام دینے کیلئے کئی اجلاس کئے ہیں۔

– کاروباری سرگرمیوں کی نگرانی: بورڈ کو کمپنی کے مقاصد، اہداف، حکمت عملی اور مالیاتی کارکردگی کی بابت اندرونی اور بیرونی آڈیٹر اور دیگر آزادمشیران کی طرف سے باقاعدہ نمائندگی کے ذریعہ کامیابی کے ساتھ اپ ڈیٹ کیا گیا۔بورڈ کو بروقت بنیاد پر مناسب سمت اوراوورسائٹ فراہم کی گئی۔

– تنوع اورمکس: بورڈ کے ارکان نے مؤثر طریقے سے بورڈ میں تنوع اورآزاد اور نان ایگزیکٹوڈائریکٹروں کا موازنہ کیا۔نان ایگزیکٹو اورآزاد ڈائریکٹرز بورڈ کے اہم فیصلوں میں مساوی شامل تھے۔

– گورننس اورکنٹرول کا ماحول: بورڈ نے مؤثر طریقے سے گورننس کا شفاف اورمضبوط نظام قائم کر کے ایک مؤثر طرز کی مثال قائم کی ہے۔اس سے کارپوریٹ گورننس کے بہترین طریقوں پر عملدرآمد اور کمپنی میں اخلاقیات اورمنصفانہ رویے کو فروغ دینے کی طرف ایک موثر کنٹرول ماحول کی عکاسی ظاہر ہوتی ہے۔

**مسز فرحت سلیم**

**چیئرپرسن**

**تاریخ: 04 اکتوبر، 2019**

# 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:

31-Q, Gulberg II, Lahore 54660, Pakistan
Tel: +92 42 3576 1730, Fax: +92 42 3587 8696
Email: info@nishat.net
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