

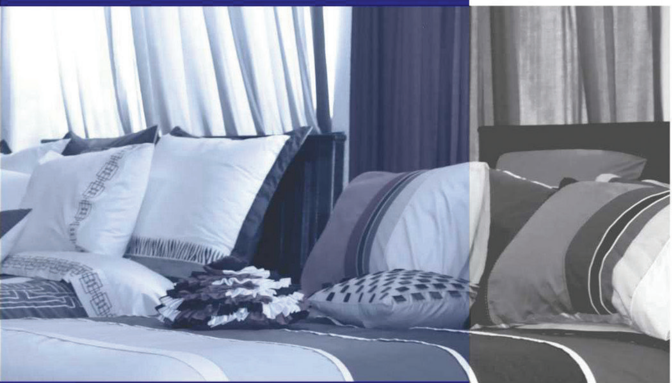

Interim Financial Information
Half Year Ended December 31, 2019
(Audited)

Nishat Chunian Limited

CONTENTS

COMPANY INFORMATION

Board of Directors:
Mrs. Farhat Saleem *(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 Baraka Bank (Pakistan) Limited
Bank Alfalah Limited
Bank Al Habib Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Industrial and Commercial Bank of China (ICBC)
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Pak Kuwait Investment Company (Private) Limited
Standard Chartered Bank Pakistan Limited
SAMBA Bank Limited
Soneri Bank Limited
The Bank of Punjab
United Bank Limited
MCB Islamic Bank Ltd.

Auditors:

Riaz Ahmad & Company
Chartered Accountants

Registered & Head Office:

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

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

NOTICE OF EXTRA ORDINARY GENERAL MEETING

Notice is hereby given that pursuant to the order of Honourable Lahore High Court, Lahore dated February 17, 2020 passed in C.O. No. 9141 of 2020 an Extra Ordinary General Meeting (hereinafter the **'EOGM'**) of Nishat (Chunian) Limited (hereinafter the **'Company'** or **'NCL'**) will be held on Tuesday, March 31, 2020 at 10:30 am, at registered office, 31-Q Gulberg II, Lahore to transact following business:

Special Business:
"To consider and if thought fit, to agree, approve and adopt Scheme of Compromises, Arrangements and Reconstruction (the 'Scheme') between Nishat (Chunian) Limited and its Members and its wholly owned subsidiary, NC Electric Company Limited (hereinafter **'NCECL'**) and its Members by passing or otherwise, the following resolution, with or without modification(s), addition(s) or deletion(s):

RESOLVED THAT subject to sanction by the Honourable Lahore High Court, Lahore the Scheme of Compromises, Arrangement and Reconstruction (the "Scheme") under Sections 279 to 283 and 285 read with other applicable provisions of the Companies Act, 2017 for the amalgamation/merger between Nishat (Chunian) Limited (the 'Company') and NC Electric Company Limited (Wholly owned subsidiary) approved by the Board of Directors and placed before the members of the Company, be and is hereby approved, agreed and adopted subject to any modification(s), addition(s) and deletion(s) as may be required or imposed by the Securities and Exchange Commission of Pakistan and/or the Honorable Lahore High Court, Lahore and subject to fulfillment of all requisite legal requirements.

RESOLVED FURTHER THAT, Mr. Farrukh Afzal – Director and / or Mr. Babar Ali Khan - CFO of the Company be and is hereby authorized singly / jointly on behalf of Nishat (Chunian) Limited to take or cause to be taken any or all acts, deeds and things as may be considered necessary or appropriate for implementation of the Scheme and all actions necessary for implementation and completion of the Scheme."

Chairpersons of the meeting,

Mr. Bakhtayar Mehmood Malik
Advocate
Amir Alam Khan & Associates
3rd Floor Silver Star House,
Bank Square, The Mall, Lahore

Mr. Muhammad Haris Naeem
Advocate
Naeem Law Associates
Suite No.11-12, Second Floor,
Al-Majeed Centre, 1-Mozang Road, Lahore

Ms. Samina Aslam
Company Secretary

March 10, 2020

Notes:

1. The Statement under Section 281 of Companies Act, 2017 (hereinafter the “Act”) read with the statement of material facts under Section 134(3) of the Act (hereinafter the ‘Statement’) setting forth, inter alia, the terms of compromises, arrangements and reconstruction and explaining its effect, along with a copy of the Scheme of Compromises, Arrangements and Reconstruction (hereinafter the “Scheme”) are being circulated along with the notice of EOGM to the Members and other person(s) entitled to receive notice of EOGM and the supplement Audited Financial Accounts for the period ended December 31, 2019 are available on CD and are attached with this notice.

2. Copies of the Scheme and the Statement can also be obtained, free of charge, from the Registered Office of the Company located at 31-Q, Gulberg II, Lahore during usual business hours by the members and other persons entitled to attend the EOGM by making application addressed to the Company Secretary, Nishat (Chunian) Limited, 31-Q, Gulberg II, Lahore.

3. Copies of the Scheme, the Statement, the latest annual/quarterly Audited Financial Statements of the Company along with all published or otherwise required Financial Statements of all prior periods of the Company along with copies of its Memorandum and Articles of Association and other related information/documents have been kept at the registered office of the Company which can be inspected during business hours on any working day from the date of publication of this notice till the conclusion of the EOGM by the members and other persons entitled to attend the EOGM. In case of any difficulty, the same should be brought immediately to the notice of the mentioned Chairperson.

4. Notice of EOGM along with the Statement, the Scheme and the latest annual / half yearly Audited Financial Statements have also been placed on website of the Company.

5. The Share Transfer Books of the Company will remain closed from March 24, 2020 to March 31, 2020 (both days inclusive). Transfers received in order at the office of Share Registrar at M/s Hameed Majeed Associate (Pvt) Limited, H.M. House, 7-Bank Square, Lahore before the close of business on March 20, 2020 will be treated in time for the purpose of attending and voting at meeting.

6. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend, speak and vote on his/her behalf. Proxies in order to be effective must be received at the registered office of the Company not later than 48 hours before the time for holding the EOGM. Proxy form is being sent to members along with notice of EOGM.

7. Members are requested to notify immediately changes, if any, in their registered address to share registrar.

8. A member, who has deposited his/her shares in Central Depository Company of Pakistan Limited, must bring his/her Participant ID number and account/sub account number along with original CNIC or NICOP or passport at the time of attending meeting. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of EOGM.

Appointment of Proxies:

1. 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.
2. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
3. Attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
4. The proxy shall produce his original CNIC or original passport at the time of EOGM.
5. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures shall be submitted (unless it has been provided earlier with proxy form to the Company).
6. Pursuant to the provisions of the Act, the shareholders residing in a city 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 EOGM. The demand for video-link facility shall be received by the Company Secretary at the Registered Office of Nishat (Chunian) Limited, 31-Q, Gulberg II, Lahore at least seven (7) days prior to the date of EOGM on the Standard Request Form which is available on the Company's website.

Statement to the Members of the Company under SECTIONS 281(1)(a) And 134(3) of the Companies Act, 2017

This statement set out the material facts concerning the special business to be transacted at the EOGM and the terms of the Scheme of Compromises, Arrangements and Reconstruction (hereinafter the 'Scheme') and explains its effect including the interests of the Directors / Chief Executive of the Company and the effect of the Scheme on those interests in so far as it is different from the effect on the like interest of other persons and other ancillary information.

In Company Original No. 9141 of 2020 of High Court of Lahore has been petitioned under sections 279 to 283 read with section 285 of Companies Act, 2017 the Honourable Court has directed inter alia the extraordinary meetings of the members of the Nishat (Chunian) Limited and NC Electric Company Limited be convened for presenting the proposed scheme to the shareholders of the companies for approval of the same or otherwise under the supervision of the Chairmen appointed by the Honourable Court.

A copy of Scheme has been enclosed with the Notice of EOGM circulated to the members. A copy of the same can be obtained from the Registered Office of the Company, free of charge during usual business hours. The notice issued and published in the newspapers is for convening the special meeting of the members as directed by the Honourable Court for the purpose of presenting the proposed Scheme to the members and passing inter alia of the resolution approving or otherwise the scheme by a majority representing three-forth in value of the issued ordinary shares held by the members as are present in person or by proxy and voting at the EOGM.

The Scheme:
The principal object of this Scheme is to ensure and effect the merger/amalgamation of NCECL (wholly-owned subsidiary of NCL) into NCL through the transfer and vesting in NCL of the undertaking and business of NCECL together with all the property, Assets, Rights and Liabilities and obligations of every description of NCECL against set-off of the equity investment against issued, subscribed and paid-up share capital of NCECL by NCL and the dissolution of NCECL without winding up, without any further act or deed or documents being required to be executed, registered or filed in respect of such transfer, vesting, assumption and/or dissolution (the “Amalgamation”).

Approval of the Scheme:
The Board of Directors of the Company has approved the Scheme between Nishat (Chunian) Limited and NC Electric Company Limited. The resolution specified in the notice of EOGM has to be passed by majority representing three-fourth in value of the issued shares held by the shareholders present in person or by proxy and voting at the EOGM. Notice of EOGM along with Statement under 281(1)(a) read with section 134(3) of the Act, is being presented to members of the Company for considering, agreeing and approving the Scheme. The sanctioning of the Scheme and the making of other appropriate orders in connection therewith will be considered by the Honourable Court after the members have approved the Scheme.

Filing of the Scheme:
A copy of the Scheme has been filed with the registrar, Company Registration office, Securities and Exchange Commission of Pakistan, Lahore.

Proposed Terms of the Scheme:
All the Directors / Chief Executive of Nishat (Chunian) Limited are interested to the extent of their respective shareholdings that are held by them in Nishat (Chunian) Limited and NC Electric Company Limited. The directors who are performing full time executive functions are also interested to the extent of remunerations, benefits and allowances as per respective policies of Nishat (Chunian) Limited and NC Electric Company limited.

The effect of the Scheme on the interest of Directors/CEO does not differ from its effect on the like interests of other members except as stated herein or under the Scheme.

Effective date:
The Scheme although operative from the Effective Date i.e. 01 July, 2020 shall take effect finally upon and from the completion date as defined in Article 14 of the Scheme.

Benefits of the Scheme:
The Scheme would allow the business being managed and carried out in a more effective and efficient manner, thus benefiting the members of the Company.

Report adopted by the Board of Directors as to effect of compromise on each class of members:
The Company has only one class of members. The effect of the Scheme on the interests of Directors/CEO of the Company does not differ from the effect on the like interest of other members except as stated herein and under the Scheme and that the directors of Nishat (Chunian) Limited (the 'Company') and NC Electric Company Limited and the directors/ Chief Executive performing full time executive functions are also interested to the extent of remunerations, benefits and allowances as per respective policies of Nishat (Chunian) Limited (the 'Company') and NC Electric Company Limited, therefore, they may be regarded as interested to that extent in the Scheme concerning the said Companies.

Financial Statements:
Audited Financial Statements of the Company for the period ended 31 December 2019 are attached herewith. Copy of the same and previous audited / interim unaudited/reviewed Financial statements of the Company will be available at Registered Office, 31-Q, Gulberg II, Lahore during normal business hours.

Interest of directors/Chief Executive:
All the directors of the Company are interested to the extent of their respective shareholdings (as mentioned herein) and shareholding(s) of associated companies/related parties that are held by them in Nishat (Chunian) Limited (the 'Company') and NC Electric Company Limited and the directors/Chief Executive performing full time executive functions are also interested to the extent of remunerations, benefits and allowances as per respective policies of Nishat (Chunian) Limited (the 'Company') and NC Electric Company Limited.

Shareholding of Directors:

Nishat (Chunian) Limited		
Sr. No.	**Name of Director**	**Share-holding**
1	Mrs. Farhat Saleem	2.46%
2	Mr. Shahzad Saleem	22.85%
3	Mr. Zain Shahzad	0.43%
4	Mr. Aftab Ahmad Khan	-
5	Mr. Muhammad Zahid Khan	-
6	Mr. Farrukh Ifzal	0.00%
7	Mr. Muhammad Ali Zeb	-
8	Mr. Shoaib Ahmad Khan	-

NC Electric Company Limited		
Sr. No.	**Name of Director**	**Share-holding**
1	Mr. Farrukh Ifzal	Nominee
2	Mr. Muhammad Ashraf	Nominee
3	Mr. Mustaqeem Talish	Nominee

SCHEME FOR COMPROMISES, ARRANGEMENTS AND RECONSTRUCTION UNDER SECTIONS 279 TO 283 READ WITH SECTION 285 OF THE COMPANIES ACT, 2017 FOR AMALGAMATION/MERGER BETWEEN

NISHAT (CHUNIAN) LIMITED AND ITS MEMBERS

AND

NC ELECTRIC COMPANY LIMITED AND ITS MEMBERS

ARTICLE 1
DEFINITIONS

In this Scheme unless the subject or context otherwise requires the following expressions shall bear the meanings specified against them as are mentioned herein below:

"**Act**" shall mean the Companies Act, 2017.

"Amalgamation" shall have the same meaning as prescribed thereto in Article 4 of this Scheme;

"Assets" mean assets, properties and rights of every description and kind (whether present or future, actual or contingent, tangible or intangible) and includes properties held on trust and benefit of securities obtained from Customers, benefits, powers, rights, authorities, privileges, contracts, Government consents, tax refunds / credits, tax exemptions, sanctions and authorizations, including all registrations, licences, no objection certificates / letters, permits, entitlements, sanctions, permissions and benefits relating to the business / company, all trademarks, patents, copyrights, licences, liberties, secret processes, know-how, good-will and confidential information belonging / pertaining to a company. Without in any way limiting or prejudicing the generality of the foregoing, it is hereby clarified that the Assets shall include: (i) all properties, immovable and movable, real, corporeal or incorporeal, in possession or reversion, present or contingent of whatsoever nature and wheresoever situated belonging to a company; (ii) all plant, machinery, equipment, furniture and fixtures, computer hardware and software, software applications and licences, motor vehicles, office equipment, appliances, and accessories, spare parts and tools; (iii) all choses-in-action, instruments, decretal amounts, bank and other accounts, cash balances, reserve funds, revenue balances, investments, loans, advances, guarantees, deposits, prepayments, receivables, book debts, trade debts and all other rights and interest in and arising out of such property in the ownership, possession, power or control of a company, whether legal or beneficial, whether within or out of Pakistan, and all books of accounts, registers, records and all other documents of whatever nature relating thereto; (iv) all the connections and facilities for telecommunications, electricity, gas and other installations, owned by, leased or licensed to a company (including related deposits); and (v) the Contingent Claims, tax credits and refunds / carry forward losses and proceeds realized from the Liquidation of the Contingent Claims;

"Claim" means claim, counter-claim, demand or cause of action and includes a Contingent Claim;

"**Commission**" shall mean the Securities and Exchange Commission of Pakistan as constituted under the Securities and Exchange Commission of Pakistan Act, 1997.

"**Companies**" shall mean Nishat (Chunian) Limited and NC Electric Company Limited.

"**Completion Date**" shall mean the day on which the Undertaking and whole Assets and liabilities along with all paraphernalia of NCECL are merged and consequently are vested into NCL by way of the order pursuant to sections 279 to 283 read with section 285(8) of the Act or any date thereafter as may be mutually agreed by and between the Companies.

"Contingent Claims" means any potential Claim that a company may have against any person prior to the Effective Date which may not be disclosed or reflected as part of its Assets on its books or records;

"Contract" means any contracts, agreements, deeds, instruments, letters or undertakings of every description, creating any obligations enforceable against the parties, including any finance agreements;

"**Court**" refers to the Forum which is exercising powers pursuant to sections 279 to 283 read with section 285 of the Act along with SRO No. 840(I)/2017 dated 24.08.2017; presently the Honourable Lahore High Court, Lahore.

"Customer" means any person having entered into a transaction, arrangement or other dealing with a company;

"**Effective Date**" shall mean the date on which this Scheme of Compromises, Arrangements and Reconstruction shall become operative i.e. 1st July, 2020, or such other date approved/sanctioned by **(i)** the members of the Companies or **(ii)** the Honourable Court.

"**Encumbrances**" shall mean any and all liens, charges, mortgages, pledges, hypothecations, assignments by way of security, security interests, claims and other encumbrances of whatever nature.

"existing" means existing, outstanding or in force immediately prior to the Effective Date;

"**Order Date**" shall mean the date whereby this Scheme of Compromises, Arrangements and Reconstruction is sanctioned by the Honourable Court.

"**NCL**" shall mean Nishat (Chunian) Limited, a company incorporated in Pakistan having its registered office at 31-Q, Gulberg-II, Lahore.

"**NCECL**" shall mean NC Electric Company Limited, a company incorporated in Pakistan, having its registered office at 31-Q, Gulberg-II, Lahore.

"**Rights and Liabilities**" shall mean all rights and liabilities, interest and/or duties and benefits or obligations of every kind, actual and contingent whether arising or payable under any agreement, statute, law or otherwise and whether pertaining to any Assets or otherwise and all Encumbrances and the term "**Rights**" and "**Liabilities**" are used interchangeably and / or in conjunction with each other;

"**Scheme**" shall mean this Scheme in its present form and/or with any modifications thereof or additions thereto as approved by the Members of the Companies and/or the Honourable Court.

"Security" or **"Securities"** means interest, right or title in and to any and all mortgages or charges (whether legal or equitable), debentures, bill of exchange, promissory note, guarantee, lien, pledge (whether actual or constructive), hypothecation, assignment by way of security, right of set-off, undertaking or other means of securing payment or discharge of any liabilities and obligations;

"**Tax**" shall mean all present and future taxes, including income tax, sales tax, stamp duties, octroi, customs or excise duty, registration charges, levies, deductions, imposts, and any other charges and withholdings whatsoever, together with any interest, mark-up or penalties payable in connection with any failure to pay or delay in paying any of the above.

"**Undertaking**" of NCECL shall mean the entire undertakings of NCECL as at the Effective Date including all Assets, properties, rights, privileges, powers, bank accounts, leave and licenses including but not limited to Generation Licence No.SGC/115/2016 issued by the National Electric Power Regulatory Authority and all or any other assets, properties, rights, privileges, powers, contracts etc. of NCECL.

Without prejudice to the generality of the above and any overlap with the definition of Assets as defined above, Undertaking of NCECL shall include all rights, powers, authorities, privileges, contracts, benefits of Government consents, sanctions and authorizations, licenses, liberties and all properties, immovable and movable, real, corporeal or incorporeal, in possession or reversion, present or contingent of whatsoever nature and wheresoever situated, including in particular land, building, plant and machinery, furniture and fixture, tools and equipment, electric and gas installation, assets subject to finance lease, intangible fixed assets, investments, security deposit, advances, deposits, other receivables including tax credits and refunds, cash in hand, bank balances, stores and spares, stock in trade, telephones, emails, faxes, trade debts, unappropriated profit/loss and all other authorities, business operation, rights or interests in or arising out of such property as may belong to or be in the possession or claim of NCECL on the Effective Date and all books of account and documents relating thereto and shall be deemed to include all debts, finance lease, liabilities, credits, accrued and other liabilities, actual or potential third party claims against NCECL, if any, taxation and loans, duties and obligations of NCECL of whatever kind, including liabilities for payment of gratuity, provident fund or compensation in the event of retrenchment.

The headings and marginal notes are inserted for convenience and shall not affect the construction of the Scheme.

ARTICLE 2
CORPORATE INFORMATION

a. **NISHAT (CHUNIAN) LIMITED**

Board of Directors

Mr. Shahzad Saleem	:	Director / Chief Executive Officer
Mrs. Farhat Saleem	:	Director
Mr. Zain Shahzad	:	Director
Mr. Aftab Ahmad Khan	:	Director
Mr. Muhammad Zahid Khan	:	Director
Mr. Farrukh Ifzal	:	Director
Mr. Muhammad Ali Zeb	:	Director
Mr. Shoaib Ahmad Khan	:	Director
Ms. Samina Aslam	:	Company Secretary
Mr. Babar Ali Khan	:	Chief Financial Officer
Registered Office	:	31-Q, Gulberg-II, Lahore

b. **NC ELECTRIC COMPANY LIMITED**

Board of Directors

Mr. Farrukh Ifzal	:	Director / Chief Executive Officer

Mr. Muhammad Ashraf	:	Director
Mr. Mustaqeem Talish	:	Director
Mr. Ahmad Bilal	:	Company Secretary
Mr. Babar Ali Khan	:	Chief Financial Officer
Registered Office	:	31-Q, Gulberg-II, Lahore

c. The directors of NCL are expected to continue as the directors after the Amalgamation/Completion Date, subject to compliance with the applicable laws and/or their ceasing to be directors in the meantime due to any reason(s) and appointments being made to the vacancies thus created.

d. The directors of NCECL shall cease to hold office as directors without any rights to any compensation for loss of office upon the dissolution of NCECL in accordance with the provisions of this Scheme.

e. All the directors of NCL and NCECL have interest in the Amalgamation to the extent of their respective directorships and shareholdings in the said companies (to the extent applicable). The effect of this Scheme on the interest of these directors does not differ from the respective interests of the shareholders of each company.

ARTICLE 3
SHARE CAPITAL

a. The authorized share capital of NCL is Rs. 3,000,000,000/- divided into 300,000,000/- ordinary shares of Rs. 10/- each and its paid-up capital is Rs. 2,401,190,290/- divided into 240,119,029/- ordinary shares of Rs. 10/- each.

b. The authorized share capital of NCECL is Rs. 1,200,000,000/- divided into 120,000,000/- ordinary shares of Rs. 10/- each and its paid-up capital is Rs. 1,200,000,000/- divided into 120,000,000/- ordinary shares of Rs. 10/- each.

ARTICLE 4
OBJECT OF THIS SCHEME

a. The principal object of this Scheme is to ensure and effect the merger/amalgamation of NCECL (wholly-owned subsidiary of NCL) into NCL through the transfer and vesting in NCL of the Undertaking and business of NCECL together with all the property, Assets, Rights and

Liabilities and obligations of every description of NCECL against set-off of the equity investment against issued, subscribed and paid-up share capital of NCECL by NCL and the dissolution of NCECL without winding up without any further act or deed or documents being required to be executed, registered or filed in respect of such transfer, vesting, assumption and/or dissolution (the "**Amalgamation**").

ARTICLE 5
AMALGAMATION

a. The Undertaking of NCECL as of the Completion Date and with effect from the Effective Date shall without any further act, instrument or deed, stand transferred to and be vested or deemed to have been transferred to or vested in NCL.

b. The transfer/vesting as aforesaid shall be subject to the existing charges/hypothecation/mortgages/Securities, if any, as may be subsisting and agreed to be created over or in respect of the said Assets or any part thereof, provided however, any reference in any security documents or arrangements to which NCECL is a party wherein the assets of NCECL have been or are offered or agreed to be offered as security for any financial assistance or obligations, shall be construed as reference only to the Assets pertaining to the undertaking of NCECL and are vested in NCL by virtue of this Scheme to the end and intent that such Securities, mortgages and charges shall not extend or be deemed to extend to any of the assets of NCL, unless specially agreed to by NCL and any Customer of NCECL may only raise a Claim against such assets of NCECL that have been vested in NCL by virtue of this Scheme, PROVIDED ALWAYS that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by or available to NCECL which shall vest in NCL on approval of this Scheme by the Court and that NCL shall not be obliged to create any further or additional security therefore after the approval of this Scheme as aforesaid or otherwise.

c. In respect of such assets of NCECL as are movable in nature or are otherwise capable of transfer by manual/physical delivery or by endorsement and delivery, the same shall be so vested in NCL as the latter's integral part. The amount lying with the Banks to the credit of NCECL, shall become the property of NCL.

d. All the liabilities of NCECL as of the Completion Date and with effect from the Effective Date shall without any further act, instrument or deed, stand transferred to and be vested in NCL so as to become the debts, liabilities, duties and obligations of NCL and further that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen, in order to give effect to the provisions of this clause.

e. The transfer and vesting of the Undertaking of NCECL under this Article and the continuance of legal proceedings by NCL hereof shall not affect any transactions or proceedings already concluded by NCECL in the ordinary course of business and after the Effective Date and upon the passing / approval of this Scheme and subject to the terms hereof the Sales Tax Registration of NCECL shall stand cancelled.

f. The execution of this Scheme shall not: (i) constitute any assignment, transfer, devolution, conveyance, alienation, parting with possession, or other disposition under any law for the time being in force; (ii) give rise to any forfeiture; (iii) invalidate or discharge any Contract or Security; and (iv) give rise to any right of first refusal or pre-emptive right that any person may have in respect of any investment made by such person in NCL and / or NCECL.

g. Upon the passing / approval of this Scheme, as of the Effective Date, the terms of this Scheme shall be binding on NCL and NCECL, and also on all the respective shareholders of NCL and NCECL, Government authorities and functionaries, the Customers of each of NCL and NCECL, the creditors of the companies and on any other person having any right or liability in relation to either of them.

ARTICLE 6
CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

a. As of the Completion Date (but with effect from the Effective Date), NCL shall undertake, pay, satisfy, discharge, perform and fulfill all debts, liabilities, contracts, engagements and obligations whatsoever of NCECL and all contracts, deeds, bonds, agreements, powers of attorney, grants of legal representation and all other instruments of whatever kind subsisting or having effect immediately before the Effective Date to which NCECL may be a party or which shall be in favour of NCECL as they were before the Effective Date may be enforced or acted upon as fully and effectively as if instead of NCECL, NCL had been a party thereto or as if the same had been issued by or in favour of NCL, PROVIDED ALWAYS that the existing creditors of NCL and NCECL respectively having charges over the land, building, machinery and other fixed assets of the Companies shall continue to retain their security interests over the land, building, machinery and other fixed assets respectively charged in their favour.

b. All agreements entered into by NCECL with its respective bankers, agents etc. if any, shall continue to be in full force and effect and may be enforced by or against NCL.

ARTICLE 7
LEGAL PROCEEDINGS

a. All causes, suits, appeals, petitions/revisions or other judicial, quasi-judicial and/or administrative proceedings of whatever nature by or against NCECL which shall be pending on the Effective Date in or before any court, tribunal forum or other authority will be continued, prosecuted and enforced in the same manner and to the same extent as they would or might have been continued, prosecuted and enforced by or against NCECL as if this Scheme had not been made, by or against NCL; the same shall not abate, be discontinued or be in any way prejudiced or affected by the provisions of this Scheme.

b. Where by virtue of this Scheme any right, Claim or Liability of NCECL becomes a right, Claim or Liability of NCL as of the Completion Date but with effect from the Effective Date, NCL shall have the same rights, claims, powers and remedies (and in particular the same rights, Claims and powers as to taking or resisting legal proceedings or making or resisting applications to any authority) for ascertaining, perfecting or enforcing that right, Claim or Liability as if it had at all times been a right, Claim or Liability of NCL.

c. Any judgment or award obtained by or against NCECL, and not fully satisfied before the Effective Date / Completion Date shall at that time, to the extent to which it is enforceable by or against NCECL, become enforceable by or against NCL.

ARTICLE 8
CONDUCT OF BUSINESS BY NCL AND NCECL TILL COMPLETION DATE

a. With effect from the Effective Date and up till the Completion Date NCECL shall carry on and be deemed to carry on all its business and activities and stand possessed of its properties and assets for and on account of and in trust for NCL and all the profits accruing to NCECL or losses arising or incurred by it shall, for all purposes be treated as the profits or losses of NCL.

b. NCECL hereby undertakes to carry on its business until the Completion Date with reasonable diligence, business prudence and shall not except in the ordinary course of business or without the prior written consent of NCL, alienate, charge, mortgage, encumber or otherwise deal with or dispose of its Undertaking or any part thereof.

ARTICLE 9
TRANSFER OF STAFF, WORKMEN AND EMPLOYEES

a. On and from the Completion Date (but with effect from the Effective Date), every officer, workman or other employee of NCECL shall become an officer, workman or employee as the case may be of NCL on the basis that his services have not been interrupted by the vesting of the Undertaking of NCECL into NCL under this Scheme and on the same remunerations and other conditions of service, rights and privileges as to provident fund and gratuity, if any, and other matters as were applicable to him before the Effective Date.

ARTICLE 10
BASIS OF AMALGAMATION AND RECONSTRUCTION

a. As NCECL is the wholly-owned subsidiary of NCL the issued, subscribed and paid-up share capital appearing in the books of NCECL will be set off against the respective investments appearing in the books of NCL. Each of the assets and liabilities of NCECL as per the accounts as on the Effective Date, will form the assets and/or liabilities of corresponding nature in the books of NCL. Likewise, the unappropriated profits/losses of NCECL as on the Effective Date shall constitute as reserves of a corresponding nature of NCL. As the shares of NCECL will be set off against the investments of NCL, therefore all share certificates of NCECL shall stand cancelled.

b. All members whose names shall appear in the Register of Members of NCECL upon the occurrence of the Completion Date, and as of the Effective Date, shall surrender their share certificates in view of cancellation thereof to NCL.

ARTICLE 11
MODIFICATIONS / AMENDMENTS TO THE SCHEME

a. NCL and NCECL by their respective Directors may assent to any modification or amendment to the Scheme or agree to any terms and/or conditions which the Court and/or any other authorities under the law may deem fit to direct to impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and/or carrying out the Scheme and do all acts, deeds and things as may be necessary, desirable or expedient for putting the Scheme into effect.

b. For the purpose of giving effect to the Scheme or to any modification thereof, the Directors of NCL are hereby authorized to give such directions and/or to take such steps as may be necessary or desirable including any directions for settling any question or doubt or difficulty whatsoever that may arise.

ARTICLE 12
EXPENSES CONNECTED WITH THE SCHEME

a. All costs, charges and expenses of NCECL and NCL respectively in relation to or in connection with the Scheme and carrying out and implementing/completing the terms and provisions of the Scheme and/or incidental to the completion of merger/amalgamation of the said Undertaking of NCECL in pursuance of the Scheme shall be borne and paid solely by NCL.

ARTICLE 13
SCHEME CONDITIONAL ON APPROVAL / SANCTIONS

a. The Scheme is conditional on and subject to:

   i. Approval of the Scheme by the requisite majority of the respective members of such classes of persons of NCECL and NCL as may be directed by the Honourable Court.

   ii. Requisite resolution(s) under the applicable provisions of the Act, being passed by the shareholders of NCECL and NCL for any of the matters provided for or relating to the Scheme as may be necessary or desirable.

   iii. Any other sanctions or approvals of the appropriate authorities concerned, as may be necessary and appropriate by the respective board of directors of NCECL and NCL, being obtained and granted in respect of and of the matters for which such sanction or approval is required.

ARTICLE 14
COMPLETION DATE OF SCHEME

a. The Scheme although operative from the Effective Date shall take effect finally upon and from the date on which the last of the aforesaid sanctions or approvals or orders shall have been obtained and such date shall be the Completion Date for the purpose of the Scheme.

ARTICLE 15
DISSOLUTION OF NCECL

a. Subject to an order being made by the Court under the relevant provisions of the Act, NCECL shall without winding-up stand dissolved from the date on which all assets and liabilities of NCECL are appropriated and the issued, subscribed and paid-up share capital of NCECL shall stand cancelled as referred afore.

ARTICLE 16
EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS

a. In the event of any of the said sanctions and approvals not being obtained and/or the Scheme not being sanctioned by the Court and/or the order(s) not being passed as aforesaid on or before 31-12-2020 or within such further period or periods as may be agreed upon between NCECL and NCL through their respective board of directors, the Scheme shall become null and void and each party shall bear and pay its respective costs, charges and expenses for and/or in connection with the Scheme.

ARTICLE 17
APPLICATION TO THE COURT

NCL and NCECL shall with all reasonable dispatch make applications to the Court for sanctioning the Scheme.

For **Nishat (Chunian) Limited**

Director / CFO

For **NC Electric Company Limited**

Director

Dated: 27-01-2020

DIRECTOR'S REPORT

Dear Shareholders

The Board of Directors is pleased to announce the unaudited results of Nishat (Chunian) Limited ("the Company") for the half year ended on December 31, 2019.

Operating Financial Results

Sales clocked in at Rs. 20.03 billion as compared to Rs. 19.32 billion during the corresponding period of previous fiscal year, registering an increase of 3.66%. Export of yarn and value-added sector drove this increase. Profit after tax of the Company for the first half year is 2.61%.

Financial Highlights	Half Year ended December 31		Increase / Decrease %
	2019	2018	
Sales (Rs.)	20,027,844,460	19,320,340,709	3.66%
Gross Profit (Rs.)	2,545,654,983	2,584,597,136	-1.51%
Profit After Taxation (Rs.)	522,185,921	2,018,075,923	-74.12%
Gross Profit %	12.71%	13.38%	
Profit After Tax %	2.61%	10.45%	
Earnings Per Share (Rs.)	2.17	8.40	

Market Review and Future Prospects

During the year the industry faced a broad spectrum of challenges which includes skyrocketing interest rates and inflation which is a major impediment in the growth. Further problems such as uncertainty of electricity prices, China USA trade wars, poor cotton crop and recent pandemic of corona virus has further deteriorated the overall capacity. If the current situation persists the local industry will be tested to the limits. However, the situation in China presents an opportunity for local industry to fill in the vacuum, further the government decision to provide additional discounted loans to value added export sectors is commendable. If the contention of electricity prices and sales tax refunds is not amicably resolved it will further deteriorate the situation.

Despite all this, the management has very recently added new digital printing machines to its value-added business. Further, the management has decided to replace a sizeable number of looms to bring in more diversity in the weaving production line. In addition to this the management recurrently visits different textile units across the world in order to bring in latest management, technological and cost cutting ideas.

"The Linen Company (TLC)", is already successfully running 5 outlets in 4 major cities and further looking to expand its retail network by opening two more outlets in coming month.

Subsidiary Companies and Consolidated Financial Statements

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

Acknowledgement

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

For and on behalf of the Board,

______________ __________

Chief Executive Director

Date: February 27, 2020

To the members of Nishat (Chunian) Limited

Opinion

We have audited the financial statements of Nishat (Chunian) Limited (the Company), which comprise the statement of financial position as at 31 December 2019, and statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the half year then ended in accordance with approved accounting 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 Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Following are the Key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1.	**Inventory existence and valuation** Inventory as at 31 December 2019 amounted to Rupees 19,945.464 million and represented a material position in the statement of financial position, break up of which is as follows: - Stores, spare parts and loose tools amounting to Rupees 876.053 million - Stock-in-trade amounting to Rupees 19,069.411 million The business is characterized by high volume serial production and the valuation and existence of inventories are significant to the business. Therefore, considered as one of the key audit matters. Inventories are stated at lower of cost and net realizable value. Cost is determined as per accounting policy disclosed in Note 2.12 to the financial statements. At period end, the valuation of inventory is reviewed by management and the cost of inventory is reduced where inventory is forecast to be sold below cost.	Our procedures over existence and valuation of inventory included, but were not limited to: • To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management. • For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets. • We tested that the ageing report used by management correctly aged inventory items by agreeing a sample of aged inventory items to the last recorded invoice. • On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any.

Sr. No.	Key audit matters	How the matter was addressed in our audit
	Useable stores, spares parts and loose tools and raw materials are valued at weighted average cost, whereas, costing of work-in-process and finished goods is considered to carry more significant risk as the cost of material, labor and manufacturing overheads is allocated on the basis of complex formulas and involves management judgment. The determination of whether inventory will be realised for a value less than cost requires management to exercise judgement and apply assumptions. Management undertake the following procedures for determining the level of write down required: • Use inventory ageing reports together with historical trends to estimate the likely future saleability of slow moving and older inventory items. • Perform a line-by-line analysis of remaining inventory to ensure it is stated at the lower of cost and net realisable value and a specific write down is recognized, if required. For further information on inventory, refer to the following: - Summary of significant accounting policies, Inventories note 2.12 to the financial statements. - Stores, spare parts and loose tools note 17 and stock-in-trade note 18 to the financial statements.	• We assessed the percentage write down applied to older inventory with reference to historic inventory write downs and recoveries on slow moving inventory. • In the context of our testing of the calculation, we analysed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs. • We also made enquires of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.
2.	**Revenue recognition** The Company recognized net revenue of Rupees 20,027.844 million for the half year ended 31 December 2019. 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. For further information, refer to the following: - Summary of significant accounting policies, Revenue from contracts with customers note 2.19 to the financial statements. - Revenue note 25 to the financial statements.	Our procedures included, but were not limited to: • We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue; • We compared a sample of revenue transactions recorded during the period with sales orders, sales invoices, delivery documents and other relevant underlying documents; • We compared a sample of revenue transactions recorded around the period-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 • We compared the details of a sample of journal entries posted to revenue accounts during the period, which met certain specific risk-based criteria, with the relevant underlying documentation. We also considered the appropriateness of disclosures in the financial statements.

Other Matters

The figures of the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period ended 31 December 2018 are un-audited.

These are not the statutory financial statements of the Company and are prepared in connection with the Scheme for Compromises, Arrangements and Reconstruction under sections 279 to 283 read with section 285 of the Companies Act, 2017 for amalgamation / merger between Nishat (Chunian) Limited and its members and NC Electric Company Limited and its members. Accordingly, our report should not be used for any other purpose.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with approved accounting standards as applicable in Pakistan, 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.

Those charged with governance 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 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, 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 those charged with governance 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 those charged with governance 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 those charged with governance, 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.

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

RIAZ AHMAD & COMPANY
Chartered Accountants

LAHORE

Date: February 27, 2020

INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	31 December 2019 Rupees	30 June 2019 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	2,401,190,290	2,402,215,560
Reserves	4	12,855,650,582	12,936,222,882
Total equity		15,256,840,872	15,338,438,442
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	3,496,300,350	3,657,436,300
Lease liabilities	6	52,153,836	-
		3,548,454,186	3,657,436,300
CURRENT LIABILITIES			
Trade and other payables	7	3,752,850,685	2,842,610,390
Accrued mark-up / profit	8	482,390,601	431,379,587
Short term borrowings	9	24,485,460,880	20,091,978,160
Current portion of non-current liabilities	10	1,092,778,472	1,093,798,900
Unclaimed dividend		52,424,231	52,301,675
		29,865,904,869	24,512,068,712
Total liabilities		33,414,359,055	28,169,505,012
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		48,671,199,927	43,507,943,454

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

CHIEF EXECUTIVE

DIRECTOR

AS AT 31 DECEMBER 2019

	Note	31 December 2019 Rupees	30 June 2019 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	12	11,391,123,328	11,112,476,842
Right-of-use assets	13	67,086,574	-
Intangible asset	14	389,886	669,454
Long term investments	15	3,086,681,200	3,309,286,040
Long term loans to employees	16	13,112,944	15,916,295
Long term security deposits		27,061,345	26,120,190
		14,585,455,277	14,464,468,821
CURRENT ASSETS			
Stores, spare parts and loose tools	17	876,053,379	752,354,029
Stock-in-trade	18	19,069,410,696	15,721,247,262
Trade debts	19	5,805,760,780	6,426,369,277
Loans and advances	20	4,316,390,424	2,361,354,660
Short term prepayments		30,856,261	9,339,730
Other receivables	21	3,597,273,647	3,582,338,309
Accrued interest	22	312,443,727	152,055,594
Short term investments	23	20,969,280	20,687,395
Cash and bank balances	24	56,586,456	17,728,377
		34,085,744,650	29,043,474,633
TOTAL ASSETS		48,671,199,927	43,507,943,454

CHIEF FINANCIAL OFFICER

INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Note	31 December 2019 Rupees	Un-audited 31 December 2018 Rupees
REVENUE	25	20,027,844,460	19,320,340,709
COST OF SALES	26	(17,482,189,477)	(16,735,743,573)
GROSS PROFIT		2,545,654,983	2,584,597,136
DISTRIBUTION COST	27	(465,728,745)	(478,766,021)
ADMINISTRATIVE EXPENSES	28	(173,934,618)	(129,050,548)
OTHER EXPENSES	29	(72,208,169)	(106,740,833)
		(711,871,532)	(714,557,402)
		1,833,783,451	1,870,039,734
OTHER INCOME	30	219,626,563	1,308,395,587
PROFIT FROM OPERATIONS		2,053,410,014	3,178,435,321
FINANCE COST	31	(1,276,823,390)	(879,736,044)
PROFIT BEFORE TAXATION		776,586,624	2,298,699,277
TAXATION	32	(254,400,703)	(280,623,354)
PROFIT AFTER TAXATION		522,185,921	2,018,075,923
EARNINGS PER SHARE - BASIC AND DILUTED	33	2.17	8.40

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

CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER

INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	31 December 2019 Rupees	Un-audited 31 December 2018 Rupees
PROFIT AFTER TAXATION	522,185,921	2,018,075,923
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 PERIOD	522,185,921	2,018,075,923

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

CHIEF EXECUTIVE DIRECTOR CHIEF FINANCIAL OFFICER

INTERIM STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Note	31 December 2019 Rupees	Un-audited 31 December 2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (utilized in) operations	34	288,612,747	(2,715,547,219)
Finance cost paid		(1,221,335,368)	(736,775,343)
Income tax paid		(124,160,940)	(174,608,365)
Net increase in long term security deposits		(941,155)	(299,972,750)
Net decrease in long term loans to employees		2,333,829	1,012,600
Net cash used in operating activities		(1,055,490,887)	(3,925,891,077)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(727,114,496)	(354,952,962)
Proceeds from sale of shares of subsidiary company		-	322,000,000
Proceeds from disposal of operating fixed assets		12,162,829	851,813
Loans to subsidiary companies		(6,722,704,698)	(2,507,248,555)
Repayments of loans from subsidiary companies		4,916,448,430	2,205,248,187
Dividend received from subsidiary company		-	281,378,730
Interest received		19,684,442	34,695,657
Net cash used in investing activities		(2,501,523,493)	(18,027,130)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		366,334,000	-
Repayment of long term financing		(546,899,450)	(719,555,700)
Repayment of lease liabilities		(13,383,876)	-
Payment for ordinary shares bought-back		(3,485,918)	-
Short term borrowings - net		4,393,482,720	5,558,113,677
Dividend paid		(600,175,017)	(948,946,647)
Net cash from financing activities		3,595,872,459	3,889,611,330
Net increase / (decrease) in cash and cash equivalents		38,858,079	(54,306,877)
Cash and cash equivalents at the beginning of the period		17,728,377	76,444,854
Cash and cash equivalents at the end of the period		56,586,456	22,137,977

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

CHIEF EXECUTIVE   DIRECTOR   CHIEF FINANCIAL OFFICER

INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	SHARE CAPITAL	CAPITAL RESERVE	REVENUE RESERVES			TOTAL RESERVES	TOTAL EQUITY
		Share premium	General reserve	Un-appropriated profit	Sub - total		
	Rupees						
Balance as at 30 June 2018 (Audited)	2,402,215,560	600,553,890	1,629,221,278	9,078,458,623	10,707,679,901	11,308,233,791	13,710,449,351
Adjustment on adoption of IFRS 9	-	-	-	(5,288,510)	(5,288,510)	(5,288,510)	(5,288,510)
Adjustment on adoption of IFRS 15	-	-	-	(213,095,381)	(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	11,089,849,900	13,492,065,460
Transaction with owners:							
Final dividend for the year ended 30 June 2018 @ Rupees 4 per share	-	-	-	(960,886,224)	(960,886,224)	(960,886,224)	(960,886,224)
Profit for the half year ended 31 December 2018	-	-	-	2,018,075,923	2,018,075,923	2,018,075,923	2,018,075,923
Other comprehensive income for the half year ended 31 December 2018	-	-	-	-	-	-	-
Total comprehensive income for the half year ended 31 December 2018	-	-	-	2,018,075,923	2,018,075,923	2,018,075,923	2,018,075,923
Balance as at 31 December 2018 (Un-audited)	2,402,215,560	600,553,890	1,629,221,278	9,917,264,431	11,546,485,709	12,147,039,599	14,549,255,159
Transaction with owners:							
Interim dividend for the year ended 30 June 2019 @ Rupees 1.50 per share	-	-	-	(360,332,334)	(360,332,334)	(360,332,334)	(360,332,334)
Profit for the half year ended 30 June 2019	-	-	-	1,149,515,617	1,149,515,617	1,149,515,617	1,149,515,617
Other comprehensive income for the half year ended 30 June 2019	-	-	-	-	-	-	-
Total comprehensive income for the half year ended 30 June 2019	-	-	-	1,149,515,617	1,149,515,617	1,149,515,617	1,149,515,617
Balance as at 30 June 2019 (Audited)	2,402,215,560	600,553,890	1,629,221,278	10,706,447,714	12,335,668,992	12,936,222,882	15,338,438,442
Transactions with owners:							
Buy-back of ordinary shares	(1,025,270)	-	-	(2,460,648)	(2,460,648)	(2,460,648)	(3,485,918)
Final dividend for the year ended 30 June 2019 @ Rupees 2.50 per share	-	-	-	(600,297,573)	(600,297,573)	(600,297,573)	(600,297,573)
	(1,025,270)	-	-	(602,758,221)	(602,758,221)	(602,758,221)	(603,783,491)
Profit for the half year ended 31 December 2019	-	-	-	522,185,921	522,185,921	522,185,921	522,185,921
Other comprehensive income for the half year ended 31 December 2019	-	-	-	-	-	-	-
Total comprehensive income for the half year ended 31 December 2019	-	-	-	522,185,921	522,185,921	522,185,921	522,185,921
Balance as at 31 December 2019 (Audited)	2,401,190,290	600,553,890	1,629,221,278	10,625,875,414	12,255,096,692	12,855,650,582	15,256,840,872

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 The board of directors of Nishat (Chunian) Limited at their meeting held on 27 January 2020 have approved the Scheme for Compromises, Arrangements and Reconstruction (the "Scheme") under Sections 279 to 283 read with section 285 of the Companies Act, 2017 for amalgamation / merger between Nishat (Chunian) Limited and its Members and NC Electric Company Limited and its Members, with effect from the Effective Date, subject to obtaining all requisite permissions / approvals and sanction of the Scheme by the Honorable Lahore High Court, Lahore.

The principal object of this Scheme is to ensure and effect the merger / amalgamation of NC Electric Company Limited [NCECL] (wholly-owned subsidiary of NCL) into Nishat (Chunian) Limited [NCL] through the transfer and vesting in NCL of the undertaking and business of NCECL together with all the property, assets, rights and liabilities and obligations of every description of NCECL. As NCECL is the wholly-owned subsidiary of NCL, the issued, subscribed and paid-up share capital appearing in the books of NCECL will be set off against the respective investment appearing in the books of NCL. Each of the assets and liabilities of NCECL as per the financial statements as on the Effective Date, will form the assets and/or liabilities of corresponding nature in the books of NCL. Likewise, the accumulated losses of NCECL as on the Effective Date shall constitute as reserve of a corresponding nature of NCL. All inter-company balances shall stand eliminated as at the Effective Date without any fund movement. NCECL shall stand dissolved without winding up.

As of the date of authorization for issue of these financial statements, necessary legal and corporate formalities are being fulfilled and are expected to be completed shortly.

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

Business units and office	Address
Manufacturing units:	
Spinning Units 1, 4, 5, 7 and 8.	49th Kilometre, Multan Road, Bhai Pheru, Tehsil Chunian, District Kasur.
Spinning Units 2, 3, 6 and Weaving.	49th Kilometre, Multan Road, Kamogal, Tehsil Pattoki, District Kasur.
Dyeing, Printing and Stitching.	4th Kilometre, Manga Road, Raiwind.
Office	31-Q, 31-C-Q, 35-K and 10-N, Gulberg-II, Lahore.
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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods 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) Standard, interpretation and amendments to published approved accounting standards that are effective in current period and are relevant to the Company

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

- IFRS 16 'Leases'
- IFRS 9 (Amendments), 'Financial Instruments'
- IAS 28 (Amendments) 'Investments in Associates and Joint Ventures'
- IFRIC 23 'Uncertainty over Income Tax Treatments'
- IASB's 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 Company had to change its accounting policies and make certain adjustments without restating prior period results following the adoption of IFRS 16. These are disclosed in note 2.7. Other amendments and interpretation 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) Amendments to published approved accounting standards that are not yet effective but relevant to the Company

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

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 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 January 2020 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Employee benefit

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

Provident fund

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

Accumulating compensated absences

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

2.3 Taxation

Current

Provision for current tax is based on the taxable income for the period 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 period if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous periods arising from assessments framed during the period for such periods.

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 period end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

2.6 Property, plant, equipment and depreciation

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

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

Depreciation

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

De-recognition

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

2.7 IFRS 16 "Leases"

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

Impact of adoption

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

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

Right-of-use assets

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

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

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

Lease liabilities

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

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

2.8 Intangible asset

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

2.9 Ijarah transactions

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

2.10 Financial instruments

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

The Company classifies and measures its financial instruments in accordance with the requirements of IFRS 9 which have been explained as follows:

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 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 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.

2.11 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'.

2.12 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.

2.13 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.

2.14 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.

2.15 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.

2.16 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.

2.17 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.

2.18 Trade and other payables

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

2.19 Revenue from contracts with customers

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.

2.20 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.

2.21 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 period.

2.22 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.

2.23 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.

2.24 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.

2.25 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.

2.26 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.

2.27 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.

2.28 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.

2.29 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

31 December 2019	30 June 2019		31 December 2019	30 June 2019
(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

31 December 2019	30 June 2019		31 December 2019	30 June 2019
(Number of shares)			Rupees	Rupees
134,655,321	134,757,848	Ordinary shares of Rupees 10 each fully paid in cash	1,346,553,210	1,347,578,480
104,239,443	104,239,443	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	1,042,394,430	1,042,394,430
1,224,265	1,224,265	Ordinary shares of Rupees 10 each issued as fully paid for consideration other than cash to members of Umer Fabrics Limited as per the Scheme of Arrangement as approved by the Honourable Lahore High Court, Lahore	12,242,650	12,242,650
240,119,029	240,221,556		2,401,190,290	2,402,215,560

3.1 Movement during the period / year:

240,221,556	240,221,556	At 01 July	2,401,190,290	2,402,215,560
(102,527)	-	Buy-back of ordinary shares of Rupees 10 each	(1,025,270)	-
240,119,029	240,221,556	Closing balance	2,400,165,020	2,402,215,560

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

	31 December 2019	30 June 2019
	(Number of shares)	
3.1 Ordinary shares of the Company held by companies that are related		
Nishat Mills Limited	32,689,338	32,689,338
D.G. Khan Cement Company Limited	7,274,602	7,274,602
Adamjee Life Assurance Company Limited	-	2,202,500
	39,963,940	42,166,440

	31 December 2019 Rupees	30 June 2019 Rupees
4. RESERVES		
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
Un-appropriated profit	10,625,875,414	10,706,447,714
	12,255,096,692	12,335,668,992
	12,855,650,582	12,936,222,882

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

5. LONG TERM FINANCING

From banking companies / financial institutions - secured

	31 December 2019 Rupees	30 June 2019 Rupees
Long term loans (Note 5.1)		
- MCB Bank Limited - associated company	220,437,500	235,468,750
- Others	4,025,232,250	4,140,766,450
	4,245,669,750	4,376,235,200
Long term musharaka (Note 5.2)	325,000,000	375,000,000
	4,570,669,750	4,751,235,200
Less: Current portion shown under current liabilities (Note 10)		
Long term loans:		
- MCB Bank Limited - associated company	30,062,500	30,062,500
- Others	944,306,900	963,736,400
	974,369,400	993,798,900
Long term musharaka	100,000,000	100,000,000
	1,074,369,400	1,093,798,900
	3,496,300,350	3,657,436,300

5.1 **Long term loans**

LENDER	31 December 2019 Rupees	30 June 2019 Rupees	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE
From MCB Bank Limited - associated company:						
MCB Bank Limited	150,000,000	160,000,000	SBP rate for LTFF + 1.00%	Sixteen equal half yearly instalments commenced on 13 August 2019 and ending on 13 February 2027.	-	Quarterly
MCB Bank Limited	70,437,500	75,468,750	SBP rate for LTFF + 1.00%	Sixteen equal half yearly instalments commenced on 22 June 2019 and ending on 22 December 2026.	-	Quarterly
	220,437,500	235,468,750				
From others:						
Allied Bank Limited	5,788,500	9,647,500	SBP rate for LTFF + 1.00%	Sixteen equal quarterly instalments commenced on 22 October 2016 and ending on 22 July 2020.	-	Quarterly
Allied Bank Limited	36,000,000	54,000,000	SBP rate for LTFF + 1.00%	Sixteen equal quarterly instalments commenced on 07 January 2017 and ending on 10 October 2020.	-	Quarterly
Allied Bank Limited	38,750,000	58,125,000	SBP rate for LTFF + 1.00%	Sixteen equal quarterly instalments commenced on 20 January 2017 and ending on 20 October 2020.	-	Quarterly
Allied Bank Limited	21,915,000	30,681,000	SBP rate for LTFF + 1.00%	Sixteen equal quarterly instalments commenced on 11 May 2017 and ending on 11 February 2021.	-	Quarterly
Allied Bank Limited	205,625,000	220,312,500	SBP rate for LTFF + 1.00%	Thirty two equal quarterly instalments commenced on 24 February 2019 and ending on 24 November 2026.	-	Quarterly
Allied Bank Limited	119,353,125	127,584,375	SBP rate for LTFF + 1.00%	Thirty two equal quarterly instalments commenced on 18 April 2019 and ending on 18 January 2027.	-	Quarterly
Allied Bank Limited	354,343,750	378,781,250	SBP rate for LTFF + 1.00%	Thirty two equal quarterly instalments commenced on 19 April 2019 and ending on 19 January 2027.	-	Quarterly
Allied Bank Limited	86,637,500	92,612,500	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 21 May 2017 and ending on 21 February 2027.	-	Quarterly
Allied Bank Limited	110,437,500	117,800,000	SBP rate for LTFF + 1.00%	Thirty two equal quarterly instalments commencing on 03 July 2019 and ending on 03 April 2027.	-	Quarterly

Allied Bank Limited	166,334,000	-	3-month KIBOR + 1.00%	Thirty two equal quarterly instalments commencing on 19 January 2022 and ending on 19 October 2029.	Quarterly	Quarterly
Askari Bank Limited	52,500,000	87,500,000	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	116,200,000	124,500,000	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	14,000,000	15,000,000	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	105,000,000	112,500,000	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	96,860,000	103,540,000	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	4,650,000	4,960,000	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	43,400,000	46,200,000	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	15,732,500	16,747,500	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	15,000,000	16,000,000	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	88,350,000	94,240,000	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	4,315,500	4,603,200	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	177,000,000	188,800,000	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	17,493,000	24,491,000	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	250,000,000	300,000,000	3-month KIBOR + 0.75%	Ten equal half yearly instalments commenced on 30 September 2017 and ending on 30 March 2022.	Quarterly	Quarterly
Habib Bank Limited	1,200,000,000	1,400,000,000	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	271,421,875	290,140,625	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	208,125,000	222,000,000	SBP rate for LTFF + 1.00%	Thirty two equal quarterly instalments commenced on 06 July 2019 and ending on 06 April 2027.	-	Quarterly
Soneri Bank Limited	200,000,000	-	3-month KIBOR + 1.25%	Sixteen equal quarterly instalments commencing on 12 April 2021 and ending on 12 December 2024.	Quarterly	Quarterly
	4,025,232,250	4,140,766,450				
	4,245,669,750	4,376,235,200				

5.2 Long term musharaka

LENDER	31 December 2019	30 June 2019	RATE OF PROFIT PER ANNUM	NUMBER OF INSTALLMENTS	PROFIT REPRICING	PROFIT PAYABLE
	Rupees	Rupees				
Faysal Bank Limited	325,000,000	375,000,000	3-month KIBOR + 0.70%	Twenty equal quarterly instalments commenced on 21 May 2018 and ending on 21 February 2023.	Quarterly	Quarterly
	325,000,000	375,000,000				

5.3 Long term loans are secured by first joint pari passu hypothecation and equitable mortgage on all present and future fixed assets of the Company to the extent of Rupees 9,950.58 million (30 June 2019: Rupees 9,950.58 million) and ranking charge on all present and future current assets of the Company to the extent of Rupees 800.34 million (30 June 2019: Rupees Nil).

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 (30 June 2019: Rupees 666.67 million).

		31 December 2019 Rupees	30 June 2019 Rupees
6.	**LEASE LIABILITIES**		
	Total lease liabilities	70,562,908	-
	Less: Current portion shown under current liabilities (Note 10)	18,409,072	-
		52,153,836	-

6.1 The interest expense on lease liabilities for the period is Rupees 4.477 million. The total cash outflow for leases for the half year ended 31 December 2019 amounted to Rupees 13.384 million.

6.2 Implicit rate against lease liabilities is 13.97% per annum.

7. TRADE AND OTHER PAYABLES

	31 December 2019 Rupees	30 June 2019 Rupees
Creditors (Note 7.1)	1,931,485,107	1,073,409,851
Accrued liabilities	1,595,838,415	1,415,362,883
Advances from customers	112,797,988	112,499,908
Securities from contractors - interest free and repayable on completion of contracts (Note 7.2)	4,671,800	4,291,800
Retention money	3,176,590	221,639
Income tax deducted at source	21,349,035	12,874,420
Fair value of forward exchange contracts	-	18,467,940
Workers' profit participation fund (Note 7.3)	37,924,531	173,467,708
Workers' welfare fund	15,848,707	-
Others	29,758,512	32,014,241
	3,752,850,685	2,842,610,390

7.1 These include amount due to following related party:

Adamjee Insurance Company Limited	13,044,794	724,420

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

7.3 Workers' profit participation fund

Balance as at 01 July	173,467,708	106,879,305
Less: Adjustment on adoption of IFRS 15	-	(11,215,546)
	173,467,708	95,663,759
Add: Interest for the period / year (Note 31)	5,396,815	7,076,497
Add: Allocation for the period / year (Note 29)	37,924,531	173,467,708
	216,789,054	276,207,964
Less : Payments during the period / year	(178,864,523)	(102,740,256)
Closing balance	37,924,531	173,467,708

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

		31 December 2019 Rupees	30 June 2019 Rupees
8.	**ACCRUED MARK-UP**		
	Long term financing		
	- MCB Bank Limited - associated company	1,701,190	1,795,912
	- Others	78,732,337	73,665,653
		80,433,527	75,461,565
	Short term borrowings		
	- Others	401,957,074	355,918,022
		401,957,074	355,918,022
		482,390,601	431,379,587
9.	**SHORT TERM BORROWINGS**		
	From banking companies - secured		
	Short term running finances (Notes 9.1 and 9.2)		
	- MCB Bank Limited - associated company	-	10,396,890
	- Others	8,502,835,751	3,598,081,270
		8,502,835,751	3,608,478,160
	Export finances - Preshipment / SBP refinance (Notes 9.1 and 9.3)		
	- Others	11,632,625,129	8,093,500,000
		11,632,625,129	8,093,500,000
	Other short term finances (Notes 9.1 and 9.4)	4,350,000,000	8,390,000,000
		24,485,460,880	20,091,978,160

9.1 These finances are obtained from banking companies under mark-up arrangements and are secured by hypothecation of all present and future current assets of the Company and lien on export bills to the extent of Rupees 37,294 million (30 June 2019: Rupees 37,294 million) and ranking charge on all present and future current assets of the Company to the extent of Rupees 2,650 million (30 June 2019: Rupees 1,132.667 million). These form part of total credit facilities of Rupees 29,640 million (30 June 2019: Rupees 28,065 million).

9.2 The rates of mark-up range from 11.63% to 15.06% (30 June 2019: 7.02% to 14.05%) per annum on the balance outstanding.

9.3 The rates of mark-up on Pak Rupee finances and US Dollar finances range from 2.25% to 14.65% (30 June 2019: 2.25% to 13.56%) per annum and 2.68% to 3.90% (30 June 2019: 3.00% to 3.30%) per annum respectively on the balance outstanding.

9.4 The rates of mark-up range from 11.41% to 14.20% (30 June 2019: 6.14% to 13.25%) per annum on the balance outstanding.

9.5 Finances from MCB Bank Limited - associated company were utilized for working capital purposes.

		31 December 2019 Rupees	30 June 2019 Rupees
10.	**CURRENT PORTION OF NON-CURRENT LIABILITIES**		
	Current portion of long term financing (Note 5)	1,074,369,400	1,093,798,900
	Current portion of lease liabilities (Note 6)	18,409,072	-
		1,092,778,472	1,093,798,900

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

11.1.1 The Company preferred appeal against the Government of Punjab in the Honourable Lahore High Court, Lahore against imposition of electricity duty on internal generation and the writ petition has been accepted. However, Government of Punjab has moved to the Honourable Supreme Court of Pakistan against the order of Honourable Lahore High Court, Lahore. The Company has fully provided its liability in respect of electricity duty on internal generation. As at the reporting date, an amount of Rupees 73.232 million (30 June 2019: Rupees 72.009 million) is payable on this account but the management of the Company is confident that payment of electricity duty will not be required.

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

11.1.3 The Company impugned selection of its tax affairs for audit in terms of section 177 of the Income Tax Ordinance, 2001 for tax year 2009 in Honourable Lahore High Court, Lahore through writ petition. After dismissal of writ petition by the Honourable Lahore High Court, Lahore, the tax department has completed the audit of tax year 2009 of income tax affairs of the Company and Deputy Commissioner Inland Revenue (DCIR) has passed an order under sections 122(1)/122(5) of the Income Tax Ordinance, 2001 creating a tax demand of Rupees 6.773 million. The Company 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.

11.1.4 As a result of withholding tax audit for the tax year 2006, DCIR has raised a demand of Rupees 41.849 million under sections 161 and 205 of the Income Tax Ordinance, 2001. The Company's appeal before ATIR was successful. Against the order of ATIR, CIR has filed appeal before the Honourable Lahore High Court, Lahore, which is pending adjudication. 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 11.1.7, hence appeal filed before the Supreme Court of Pakistan in respect of tax year 2012 shall be withdrawn shortly.

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

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

11.1.7 The 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.

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

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

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

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

11.1.12 The Company is contesting sales tax demands / rejections of sales tax by taxation authorities amounting to Rupees 84.868 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 expects favourable outcome of the matter, hence no provision has been recognized in these financial statements.

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

11.1.14 The DCIR issued a show cause notice dated 12 April 2019 under section 177(1) of the Income Tax Ordinance, 2001 for providing certain record and documents for tax year 2013. In response thereto, various replies were submitted with the DCIR. In response to submissions of the Company, the DCIR issued an audit report u/s 177(6) of the Income Tax Ordinance, 2001 and then passed an order under sections 122(4)/122(5)/214C of the Income Tax Ordinance, 2001 creating a demand of Rupees 277.772 million. Being aggrieved with the order passed by the DCIR, an appeal was filed before CIR(A)-I. CIR(A)-I vide order dated 07 November 2019 ordered a remand back proceedings in the said proceedings. However, no further proceedings have been initiated till date.

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

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

11.1.17 The Company has challenged, before Honourable Lahore High Court, Lahore, the vires of first proviso to sub-clause (x) of clause (4) of SRO 491(1)/2016 dated 30 June 2016 issued under sections 3 and 4 read with sections 8 and 71 of the Sales Tax Act, 1990 whereby through amendment in the earlier SRO 1125(I)/2011 dated 31 December 2011 adjustment of input sales tax on packing material of all sorts has been disallowed. The learned single judge of Honourable Lahore High Court has dismissed the writ petition of the Company, therefore intra court appeal has been filed. The Company has claimed input sales tax amounting to Rupees 178.417 million (30 June 2019: Rupees 178.417 million) paid on packing material in its respective monthly sales tax returns. The management, based on advice of the legal counsel, is confident of favorable outcome of its appeal.

11.1.18 Guarantees of Rupees 433.741 million (30 June 2019: Rupees 671.040 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited against purchase of furnace oil, Lahore Electric Supply Company against electricity connections, Director Excise and Taxation, Karachi against infrastructure cess, Chairman Punjab Revenue Authority, Lahore against infrastructure cess, Director Pakistan Central Cotton Committee against cotton cess, and Nazir, Honourable High Court, Sindh against the notification in accordance with section 8 of OGRA Ordinance 2002, regarding system gas tariff on industrial and captive units.

11.1.19 Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 4,020.689 million (30 June 2019: Rupees 3,544.173 million) on imported material availed on the basis of consumption and export plans. In the event the documents of exports are not provided on due dates, cheque issued as security shall be encashable.

11.1.20 The Company has issued cross corporate guarantees of Rupees 12.295 billion (30 June 2019: Rupees 12.295 billion) on behalf of NC Electric Company Limited - wholly-owned subsidiary company to secure the obligations of subsidiary company towards its lenders.

11.1.21 On 13 January 2020, Power Division, Ministry of Energy, Government of Pakistan through a letter directed for forthwith billing to industrial electricity consumers belonging to the export-oriented sectors of financial cost surcharge, Neelum-Jhelum surcharge, taxes, fixed charges and positive fuel adjustment. By way of the aforesaid letter, it was clarified that concessionary rate of 7.5 cents / KWh for industrial electricity consumers belonging to the export oriented sectors notified through SRO 12(I)/2019 dated 01 January 2019 was only limited to the extent of schedule of tariff notified through SROs 1 to 10 dated 01 January 2019 and SRO 11(I)/2010 dated 01 January 2010 for K-Electric, as amended from time to time. Hence, billing of aforesaid charges to industrial electricity consumers has started. The Company, based on advice of the legal counsel, has not recognized such charges amounting to Rupees 158.808 million in these financial statements as there exist meritorious grounds to defend the Company's stance.

11.2 Commitments

11.2.1 Letters of credit other than for capital expenditure amounting to Rupees 410.490 million (30 June 2019: Rupees 545.153 million).

11.2.2 Outstanding foreign currency forward contracts of Rupees 6,888.454 million (30 June 2019: Rupees 288.140 million).

12. FIXED ASSETS

	31 December 2019 Rupees	30 June 2019 Rupees
Property, plant and equipment:		
Operating fixed assets (Note 12.1)	10,894,455,577	10,820,177,910
Capital work-in-progress (Note 12.2)	496,667,751	292,298,932
	11,391,123,328	11,112,476,842

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

Description	Operating fixed assets									
	Freehold land	Buildings on freehold land	Plant and machinery	Standby generators	Electric installations	Factory equipment	Furniture, fixture and equipment	Office equipment	Motor vehicles	Total
	Rupees									
At 30 June 2018										
Cost	727,062,419	3,276,648,163	14,329,957,402	969,773,435	662,824,559	270,975,867	133,451,060	97,540,666	122,492,715	20,590,726,286
Accumulated depreciation	-	(1,288,643,885)	(6,749,245,945)	(658,936,846)	(297,742,001)	(149,625,558)	(59,880,947)	(43,050,665)	(56,425,167)	(9,303,551,014)
Net book value	727,062,419	1,988,004,278	7,580,711,457	310,836,589	365,082,558	121,350,309	73,570,113	54,490,001	66,067,548	11,287,175,272
Year ended 30 June 2019										
Opening net book value	727,062,419	1,988,004,278	7,580,711,457	310,836,589	365,082,558	121,350,309	73,570,113	54,490,001	66,067,548	11,287,175,272
Additions	74,560,360	1,033,681	296,874,577	2,718,947	16,870,148	4,277,001	24,093,317	9,144,505	33,509,712	463,082,248
Disposals:										
Cost	-	-	(2,642,702)	-	-	-	-	(925,080)	(3,178,470)	(6,746,252)
Accumulated depreciation	-	-	2,278,395	-	-	-	-	163,922	1,294,996	3,737,313
	-	-	(364,307)	-	-	-	-	(761,158)	(1,883,474)	(3,008,939)
Depreciation	-	(99,438,978)	(743,161,962)	(2,970,777)	(37,279,026)	(12,382,495)	(11,245,415)	(5,889,659)	(14,702,359)	(927,070,671)
Closing net book value	801,622,779	1,889,598,981	7,134,059,765	310,584,759	344,673,680	113,244,815	86,418,015	56,983,689	82,991,427	10,820,177,910
At 30 June 2019										
Cost	801,622,779	3,277,681,844	14,624,189,277	972,492,382	679,694,707	275,252,868	157,544,377	105,760,091	152,823,957	21,047,062,282
Accumulated depreciation	-	(1,388,082,863)	(7,490,129,512)	(661,907,623)	(335,021,027)	(162,008,053)	(71,126,362)	(48,776,402)	(69,832,530)	(10,226,884,372)
Net book value	801,622,779	1,889,598,981	7,134,059,765	310,584,759	344,673,680	113,244,815	86,418,015	56,983,689	82,991,427	10,820,177,910
Period ended 31 December 2019										
Opening net book value	801,622,779	1,889,598,981	7,134,059,765	310,584,759	344,673,680	113,244,815	86,418,015	56,983,689	82,991,427	10,820,177,910
Additions	215,991,523	4,509,123	225,972,734	626,351	17,328,955	1,129,937	1,672,275	5,146,601	50,368,178	522,745,677
Disposals:										
Cost	-	-	-	-	(400,000)	-	(3,749,529)	(639,304)	(9,695,355)	(14,484,188)
Accumulated depreciation	-	-	-	-	13,333	-	149,659	170,878	6,602,327	6,936,197
	-	-	-	-	(386,667)	-	(3,599,870)	(468,426)	(3,093,028)	(7,547,991)
Assets written off:										
Cost	-	-	(2,415,293)	-	(377,500)	(9,266,461)	(2,337,411)	(4,078,590)	(43,069)	(18,518,324)
Accumulated depreciation	-	-	1,546,116	-	175,342	5,311,816	1,531,092	2,379,035	35,481	10,978,882
	-	-	(869,177)	-	(202,158)	(3,954,645)	(806,319)	(1,699,555)	(7,588)	(7,539,442)
Depreciation	-	(47,258,763)	(342,849,081)	(3,110,438)	(17,731,750)	(5,581,036)	(5,451,907)	(2,965,978)	(8,431,624)	(433,380,577)
Closing net book value	1,017,614,302	1,846,849,341	7,016,314,241	308,100,672	343,682,060	104,839,071	78,232,194	56,996,331	121,827,365	10,894,455,577
At 31 December 2019										
Cost	1,017,614,302	3,282,190,967	14,847,746,718	973,118,733	696,246,162	267,116,344	153,129,712	106,188,798	193,453,711	21,536,805,447
Accumulated depreciation	-	(1,435,341,626)	(7,831,432,477)	(665,018,061)	(352,564,102)	(162,277,273)	(74,897,518)	(49,192,467)	(71,626,346)	(10,642,349,870)
Net book value	1,017,614,302	1,846,849,341	7,016,314,241	308,100,672	343,682,060	104,839,071	78,232,194	56,996,331	121,827,365	10,894,455,577
Annual rate of depreciation (%)		5	10	Number of hours used	10	10	10	10	20	

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

Description	Qty	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchaser
		------------	------------	Rupees	------------	------------		
Factory equipment								
Titan universal strength tester	1	2,322,621	(438,394)	1,884,227	-	(1,884,227)	Written off	-
Motor vehicles								
Hyundai Shehzore LES-14-2469	1	1,667,268	(1,139,859)	527,409	1,600,000	1,072,591	Negotiation	Mr. Rehan Sabri, Lahore
Honda Civic LE-14-1265	1	2,211,726	(1,404,988)	806,738	1,975,000	1,168,262	Negotiation	Ms. Naila Asad, Lahore
Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000		26,800,897	(14,931,838)	11,869,059	8,587,829	(3,281,230)		
		33,002,512	(17,915,079)	15,087,433	12,162,829	(2,924,604)		

		Audited 31 December 2019 Rupees	Un-audited 31 December 2018 Rupees
12.1.2	The depreciation charge for the period has been allocated as follows:		
	Cost of sales (Note 26)	429,186,352	455,126,772
	Administrative expenses (Note 28)	4,194,225	3,279,253
		433,380,577	458,406,025

12.1.3 Particulars of immovable fixed assets are as follows:

Manufacturing units and office	Address	Area of land
		Acres
Manufacturing units		
Spinning Units 1,4,5,7 and 8	49th Kilometre, Multan Road, Bhai Pheru, Tehsil Chunian, District Kasur	45.83
Spinning Units 2, 3, 6 and Weaving	49th Kilometre, Multan Road, Kamogal, Tehsil Pattoki, District Kasur.	65.20
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

		31 December 2019 Rupees	30 June 2019 Rupees
12.2	**Capital work-in-progress**		
	Civil works on freehold land	81,717,698	1,387,630
	Plant and machinery	98,796,500	-
	Electric installations	663,855	-
	Mobilization advances	8,849,947	9,779,869
	Advances for capital expenditures	306,639,751	281,131,433
		496,667,751	292,298,932

		Buildings Rupees
13	**RIGHT-OF-USE ASSETS**	
	Net carrying amount as at 01 July 2019	51,494,737
	Net carrying amount as at 31 December 2019	67,086,574
	Depreciation expense for the period ended 31 December 2019 (Note 27)	12,383,202
	Addition during the period ended 31 December 2019	27,975,039

13.1 Lease of buildings

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

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

		31 December 2019 Rupees	30 June 2019 Rupees
14	**INTANGIBLE ASSET**		
	Balance as at the beginning of the period / year	669,454	1,228,590
	Amortization during the period / year (Note 14.2)	(279,568)	(559,136)
	Balance as at the end of the period / year	389,886	669,454
14.1	Cost as at end of the period / year	21,867,813	21,867,812
	Accumulated amortization	(21,477,927)	(21,198,358)
	Net book value at the end of the period / year	389,886	669,454

14.2 Amortization on intangible asset amounting to Rupees 0.280 million (31 December 2018: Rupees 0.280 million) has been allocated to administrative expenses.

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

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

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

		31 December 2019 Rupees	30 June 2019 Rupees
15.2	**Equity instruments**		
	Subsidiary companies		
	Nishat Chunian Power Limited - quoted (Note 15.3) 187,585,820 (30 June 2019: 187,585,820) fully paid ordinary shares of Rupees 10 each. Equity held 51.07% (30 June 2019: 51.07%)	1,875,858,200	1,875,858,200
	Nishat Chunian USA Inc. - unquoted 10 (30 June 2019: 10) fully paid shares with no par value per share Equity held 100% (30 June 2019:	10,823,000	10,823,000
	NC Electric Company Limited - unquoted (Note 15.4) 120,000,000 (30 June 2019: 120,000,000) fully paid ordinary shares of Rupees 10 each. Equity held 100% (30 June 2019: 100%)	1,200,000,000	1,200,000,000
		3,086,681,200	3,086,681,200

15.3 The Company has pledged 187,354,914 (30 June 2019: 187,354,914) ordinary shares to lenders of Nishat Chunian Power Limited for the purpose of securing finance.

15.4 3 ordinary shares of NC Electric Company Limited are in the name of directors nominated by the Company.

	31 December 2019 Rupees	30 June 2019 Rupees
16. LONG TERM LOANS TO EMPLOYEES		
Considered good:		
Executives (Notes 16.1 and 16.2)	11,356,375	12,660,518
Other employees (Note 16.2)	6,050,128	7,079,814
	17,406,503	19,740,332
Less: Current portion shown under current assets (Note 20)		
Executives	3,439,389	2,370,262
Other employees	854,170	1,453,775
	4,293,559	3,824,037
	13,112,944	15,916,295

16.1 Maximum aggregate balance due from executives at the end of any month during the period / year was Rupees 12.436 million (30 June 2019: Rupees 13.052 million).

16.2 These represent motor vehicle loans and house building loans to executives and employees, payable in 36 to 48 and 96 monthly instalments respectively. Interest on long term loans ranged from 11.56% to 14.54% (30 June 2019: 7.27% to 13.79%) per annum while some loans are interest free. Motor vehicle loans are secured against registration of cars in the name of the Company, whereas house building loans are secured against balance standing to the credit of employee in the provident fund trust account.

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

	31 December 2019 Rupees	30 June 2019 Rupees
17. STORES, SPARE PARTS AND LOOSE TOOLS		
Stores	479,583,805	360,980,969
Spare parts	358,597,076	333,498,032
Loose tools	37,872,498	57,875,028
	876,053,379	752,354,029
18. STOCK-IN-TRADE		
Raw materials	14,736,695,314	12,083,225,896
Work-in-process	1,220,706,264	1,039,191,965
Finished goods	2,999,577,503	2,538,481,385
Waste	112,431,615	60,348,016
	19,069,410,696	15,721,247,262

18.1 Stock-in-trade of Rupees 199.079 million (30 June 2019: Rupees 122.130 million) is being carried at net realizable value.

18.2 This includes stock of Rupees 0.381 million (30 June 2019: Rupees 47.004 million) sent to outside parties for processing.

18.3 Finished goods include stock in transit of Rupees 886.907 million (30 June 2019: Rupees 808.954 million).

	31 December 2019 Rupees	30 June 2019 Rupees
19. TRADE DEBTS		
Considered good:		
Secured:		
- Others	3,320,591,943	4,507,665,384
Unsecured:		
- Related parties (Notes 19.1 and 19.2)	839,025,481	1,174,374,779
- Others	1,647,162,794	749,379,019
	2,486,188,275	1,923,753,798
Less: Allowance for expected credit losses (Note 19.5)	(1,019,438)	(5,049,905)
	5,805,760,780	6,426,369,277

19.1 This represents amounts due from following related parties:

Nishat Chunian USA Inc. - subsidiary company	687,295,955	1,065,307,467
NC Electric Company Limited - subsidiary company	41,650	41,650
Nishat Mills Limited - related party	151,687,876	109,025,662
	839,025,481	1,174,374,779

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

	31 December 2019 Rupees	30 June 2019 Rupees
Nishat Chunian USA Inc. - subsidiary company	855,274,537	1,065,307,467
NC Electric Company Limited - subsidiary company	41,650	41,650
Nishat Mills Limited - related party	151,687,876	109,025,662

19.3 As at 31 December 2019, trade debts due from other than related parties of Rupees 17.642 million (30 June 2019: Rupees 236.484 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The age analysis of these trade debts is as follows:

	31 December 2019 Rupees	30 June 2019 Rupees
Upto 1 month	3,076,759	64,550,298
1 to 6 months	13,242,046	35,696,260
More than 6 months	1,323,052	136,237,854
	17,641,857	236,484,412

19.4 As at 31 December 2019, trade debts due from related parties amounting to Rupees 69.621 million (30 June 2019: Rupees 383.740 million) were past due but not impaired. The age analysis of these trade debts is as follows:

	31 December 2019 Rupees	30 June 2019 Rupees
Upto 1 month	68,462,058	247,357,625
1 to 6 months	1,048,624	136,382,192
More than 6 months	110,143	-
	69,620,825	383,739,817

19.5 Allowance for expected credit losses

	31 December 2019 Rupees	30 June 2019 Rupees
Opening balance	5,049,905	-
Add: Recognized as on 01 July 2018	-	5,288,510
Less: Reversal during the period / year (Note 29)	(4,030,467)	(238,605)
Closing balance	1,019,438	5,049,905

20. LOANS AND ADVANCES

	31 December 2019 Rupees	30 June 2019 Rupees
Considered good:		
Employees - interest free:		
- Executives	10,134,571	9,379,723
- Other employees	4,068,405	2,461,505
	14,202,976	11,841,228
Current portion of long term loans to employees (Note 16)	4,293,559	3,824,037
Advances to suppliers (Note 20.1)	1,151,163,211	1,017,250,859
Short term loans to subsidiary companies (Note 20.2)	3,078,825,964	1,272,569,696
Advances to contractors	910,187	903,498
Letters of credit	66,994,527	54,965,342
	4,316,390,424	2,361,354,660

20.1 These include advances amounting to Rupees 2.950 million (30 June 2019: Rupees 0.656 million) to D.G. Khan Cement Company Limited - related party and Rupees 7.127 million (30 June 2019: Rupees 1.004 million) to Adamjee Insurance Company Limited - associated company. These are neither past due nor impaired.

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

	31 December 2019 Rupees	30 June 2019 Rupees
D. G. Khan Cement Company Limited	4,944,113	656,083
Adamjee Insurance Company Limited	24,293,372	12,865,998

20.2 These represent amounts due from following subsidiary companies:

	31 December 2019 Rupees	30 June 2019 Rupees
Nishat Chunian Power Limited (Note 20.2.1)	1,000,000,000	-
NC Electric Company Limited (Note 20.2.1)	2,078,825,964	1,272,569,696
	3,078,825,964	1,272,569,696

20.2.1 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.

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

	31 December 2019 Rupees	30 June 2019 Rupees
Nishat Chunian Power Limited	1,000,750,000	2,050,000,000
NC Electric Company Limited	2,188,065,142	1,272,569,696
NC Entertainment (Private) Limited	-	31,450,000

21. OTHER RECEIVABLES

	31 December 2019 Rupees	30 June 2019 Rupees
Considered good:		
Sales tax recoverable	1,968,883,552	1,923,182,944
Advance income tax - net	592,927,716	723,167,479
Export rebate and claims	70,523,156	60,472,402
Duty drawback receivable	373,375,854	388,495,290
Fair value of forward exchange contracts	111,786,719	-
Dividend receivable from Nishat Chunian Power Limited - subsidiary company	-	173,303,295
Due from NC Electric Company Limited - subsidiary company (Note 21.1)	240,188,600	173,902,058
Insurance claim receivable (Note 21.2)	103,829	3,225,000
Receivable from employees' provident fund trust (Note 21.3)	55,376,580	48,269,963
Miscellaneous	184,107,641	88,319,878
	3,597,273,647	3,582,338,309

21.1 It is in the ordinary course of business.

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

	31 December 2019 Rupees	30 June 2019 Rupees
NC Electric Company Limited	240,188,600	173,902,058

	31 December 2019 Rupees	30 June 2019 Rupees
21.1.2 The ageing analysis of this receivable is as follows:		
Upto 1 month	2,007,174	1,007,984
1 to 6 months	64,279,367	3,924,201
More than 6 months	173,902,059	168,969,873
	240,188,600	173,902,058

21.2 It includes Rupees Nil (30 June 2019: Rupees Nil) receivable from Adamjee Insurance Company Limited - associated company. It is neither past due nor impaired.

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

	31 December 2019 Rupees	30 June 2019 Rupees
Adamjee Insurance Company Limited - associated company	40,498,314	61,460,801

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

Nishat (Chunain) Limited - Employees Provident Fund	55,376,580	53,329,092

22. ACCRUED INTEREST

On short term loans to:		
NC Electric Company Limited - subsidiary company	308,151,429	152,055,594
Nishat Chunian Power Limited - subsidiary company	4,292,298	-
	312,443,727	152,055,594

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

	31 December 2019 Rupees	30 June 2019 Rupees
Nishat Chunian Power Limited	14,344,700	2,057,582
NC Electric Company Limited	308,151,429	152,055,594
NC Entertainment (Private) Limited	-	27,931,225

22.2 As at 31 December 2019, accrued interest of Rupees 312.444 million (30 June 2019: Rupees 152.056 million) was past due but not impaired. The ageing analysis of this accrued interest is as follows:

Upto 1 month	44,879,114	30,407,982
1 to 6 months	115,509,018	51,183,276
More than 6 months	152,055,594	70,464,336
	312,443,726	152,055,594

	31 December 2019 Rupees	30 June 2019 Rupees
23. SHORT TERM INVESTMENTS		
At amortized cost		
Term deposit receipts (Note 23.1)	20,660,226	20,660,226
Add: Accrued interest	309,054	27,169
	20,969,280	20,687,395

23.1 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 is 12.00% (30 June 2019: 3.40% to 12.00%) per annum. The maturity period of these term deposit receipts is 6 months.

	31 December 2019 Rupees	30 June 2019 Rupees
24. CASH AND BANK BALANCES		
Cash with banks:		
On saving accounts (Note 24.1) Including US$ 14,494 (30 June 2019: US$ 14,482)	2,259,353	2,375,121
On current accounts Including US$ 52,514 (30 June 2019: US$ 32,091)	41,422,977	11,629,282
	43,682,330	14,004,403
Cash in hand	12,904,126	3,723,974
	56,586,456	17,728,377

24.1 Rate of profit on saving accounts ranges from 4.50% to 11.25% (30 June 2019: 0.15%) per annum.

24.2 Included in cash with banks are Rupees 6.736 million (30 June 2019: Rupees 2.343 million) with MCB Bank Limited - associated company.

	Audited 31 December 2019 Rupees	Un-audited 31 December 2018 Rupees
25. REVENUE		
Export sales (Note 25.1)	10,406,821,574	9,777,374,108
Local sales (Note 25.2)	9,293,705,176	9,341,919,689
Processing income	250,051,644	129,319,340
Export rebate	19,997,303	19,017,471
Duty drawback	57,268,763	52,710,101
	20,027,844,460	19,320,340,709

25.1 Export sales includes waste sales of Rupees Nil (31 December 2018: Rupees Nil).

25.2 **Local sales**

Sales (Note 25.2.1)	10,890,382,104	9,353,054,896
Less: Sales tax	1,596,676,928	11,135,207
	9,293,705,176	9,341,919,689

25.2.1 Local sales includes waste sales of Rupees 538.557 million (31 December 2018: Rupees 493.108 million).

	Audited 31 December 2019 Rupees	Un-audited 31 December 2018 Rupees
26. COST OF SALES		
Raw materials consumed (Note 26.1)	13,240,211,544	12,216,925,302
Packing materials consumed	485,263,061	437,917,020
Stores, spare parts and loose tools consumed	319,702,584	574,466,831
Processing charges	89,516,555	243,597,371
Salaries, wages and other benefits (Note 26.2)	1,331,338,735	1,164,926,233
Fuel and power	1,959,782,210	1,782,375,553
Insurance	30,808,764	22,213,070
Postage and telephone	462,379	453,260
Travelling and conveyance	961,555	1,565,462
Vehicles' running and maintenance	19,516,850	13,830,208
Entertainment	5,278,369	3,933,679
Depreciation on operating fixed assets (Note 12.1.2)	429,186,352	455,126,772
Repair and maintenance	228,621,763	172,901,236
Other factory overheads	36,232,772	27,787,708
	18,176,883,493	17,118,019,705
Work-in-process		
Opening stock	1,039,191,965	902,207,503
Closing stock	(1,220,706,264)	(1,149,206,912)
	(181,514,299)	(246,999,409)
Cost of goods manufactured	17,995,369,194	16,871,020,296
Finished goods and waste - opening stocks		
Finished goods	2,538,481,385	2,133,406,564
Waste	60,348,016	106,915,432
	2,598,829,401	2,240,321,996
	20,594,198,595	19,111,342,292
Finished goods and waste - closing stocks		
Finished goods	(2,999,577,503)	(2,315,676,648)
Waste	(112,431,615)	(59,922,071)
	(3,112,009,118)	(2,375,598,719)
	17,482,189,477	16,735,743,573
26.1 Raw materials consumed		
Opening stock	12,083,225,896	8,313,291,820
Add: Purchased during the period / year	15,893,680,962	19,221,670,966
	27,976,906,858	27,534,962,786
Less: Closing stock	14,736,695,314	15,318,037,484
	13,240,211,544	12,216,925,302

26.2 Salaries, wages and other benefits include Rupees 9.848 million (31 December 2018: Rupees 8.345 million) and Rupees 27.695 million (31 December 2018: Rupees 22.995 million) in respect of accumulating compensated absences and provident fund contribution by the Company respectively.

		Audited 31 December 2019 Rupees	Un-audited 31 December 2018 Rupees
27.	**DISTRIBUTION COST**		
	Salaries and other benefits (Note 27.1)	60,513,748	66,274,219
	Ocean freight	66,954,995	65,558,051
	Freight and octroi	50,197,239	57,764,171
	Local marketing expenses	4,328,870	8,216,053
	Forwarding and other expenses	47,681,713	84,593,147
	Export marketing expenses	95,572,988	69,649,304
	Commission to selling agents	119,463,823	110,541,715
	Rent, rates and taxes	910,375	9,015,030
	Printing and stationery	22,515	12,853
	Travelling and conveyance	572,898	1,270,068
	Postage and telephone	340,678	208,383
	Legal and professional	1,119,949	1,423,141
	Repair and maintenance	3,412,573	2,956,038
	Electricity and sui gas	1,446,600	989,989
	Entertainment	118,445	166,244
	Depreciation on right-of-use asset (Note 13)	12,383,202	-
	Miscellaneous	688,134	127,615
		465,728,745	478,766,021

27.1 Salaries and other benefits include Rupees 3.017 million (31 December 2018: Rupees 3.325 million) and Rupees 2.001 million (31 December 2018: Rupees 2.341 million) in respect of accumulating compensated absences and provident fund contribution by the Company respectively.

28.	**ADMINISTRATIVE EXPENSES**		
	Salaries and other benefits (Note 28.1)	78,118,256	56,916,521
	Printing and stationery	3,206,343	2,689,053
	Vehicles' running and maintenance - net	2,341,208	509,190
	Travelling and conveyance	37,334,842	32,154,082
	Postage and telephone - net	2,327,337	1,786,375
	Fee and subscription	3,214,594	3,835,563
	Legal and professional	21,979,315	11,897,493
	Auditor's remuneration (Note 28.2)	1,574,300	-
	Electricity and sui gas - net	3,129,573	531,203
	Insurance	1,527,770	1,293,811
	Repair and maintenance - net	6,590,910	8,246,434
	Entertainment	4,600,683	2,433,402
	Depreciation on operating fixed assets (Note 12.1.2)	4,194,225	3,279,253
	Amortization on intangible asset	279,568	279,568
	Miscellaneous - net	3,515,694	3,198,600
		173,934,618	129,050,548

28.1 Salaries and other benefits include Rupees 3.439 million (31 December 2018: Rupees 2.924 million) and Rupees 2.820 million (31 December 2018: Rupees 2.140 million) in respect of accumulating compensated absences and provident fund contribution by the Company respectively.

28.2	**Auditor's remuneration**		
	Audit fee	885,000	-
	Half yearly review	600,800	-
	Reimbursable expenses	88,500	-
		1,574,300	-

	Audited 31 December 2019 Rupees	Un-audited 31 December 2018 Rupees
29. OTHER EXPENSES		
Workers' profit participation fund (Note 7.3)	37,924,531	106,282,136
Workers' welfare fund	15,848,707	
Credit balances written back	-	394,447
Donations (Note 29.1)	1,364,000	64,250
Impact of derecognition of financial instrument carried at amortized cost	1,704,840	
Reversal of allowance for expected credit losses (Note 19.5)	(4,030,467)	-
Loss on disposal of operating fixed assets (Note 12.1.1)	2,924,604	-
Net exchange loss	16,471,954	-
	72,208,169	106,740,833

29.1 Donations

These include donations amounting to Rupees 1.304 million (31 December 2018: Rupees 0.004 million) to Mian Muhammad Yahya Trust, 31-Q, Gulberg II, Lahore in which Mr. Shahzad Saleem, Chief Executive, Mr. Aftab Ahmad Khan, Director and Mrs. Farhat Saleem, Director are trustees and Rupees Nil (31 December 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.

30. OTHER INCOME		
Income from financial assets		
Return on bank deposits	6,584,046	292,839
Net exchange gain	-	739,632,175
Income from investment in subsidiary companies		
Dividend income from Nishat Chunian Power Limited	-	281,378,730
Gain on sale of shares of NC Entertainment (Private) Limited - former subsidiary company	-	222,000,000
Income from loans to subsidiary companies		
Interest income on short term loans	173,770,414	28,153,788
Income from non-financial assets		
Gain on disposal of operating fixed assets	-	91,925
Sale of scrap	37,914,867	31,281,042
Income on total agreed consideration on disposal of NC Entertainment (Private) Limited - former subsidiary company	-	5,441,654
Miscellaneous	1,357,236	123,434
	219,626,563	1,308,395,587
31. FINANCE COST		
Mark-up on:		
- long term loans	157,019,729	171,920,577
- long term musharaka	25,196,548	-
- short term running finances	292,052,593	159,248,198
- export finances - Preshipment / SBP refinances	331,570,525	198,264,459
- short term finances - others	414,375,613	274,486,876
Interest expense on lease liabilities	4,477,008	-
Interest on workers' profit participation fund (Note 7.3)	5,396,815	14,388,878
Bank charges and commission	46,734,559	61,427,056
	1,276,823,390	879,736,044

		Audited 31 December 2019 Rupees	Un-audited 31 December 2018 Rupees
32.	**TAXATION**		
	Current (Note 32.1)	254,400,703	280,623,354

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

		31 December 2019 Rupees	30 June 2019 Rupees
32.2	**Deferred income tax asset**		
	The asset for deferred income tax originated due to timing differences relating to:		
	Taxable temporary differences		
	Accelerated tax depreciation	(512,656,080)	(512,869,400)
	Amortization on intangible asset	(54,696)	(100,458)
		(512,710,776)	(512,969,858)
	Deductible temporary differences		
	Available tax losses	882,184,262	842,702,427
	Minimum tax carry forward	322,480,091	178,755,016
		1,204,664,353	1,021,457,443
	Deferred income tax asset	691,953,577	508,487,585
	Deferred income tax asset not recognized in these financial statements	(691,953,577)	(508,487,585)
	Deferred income tax asset recognized in these financial statements	-	-

32.2.1 Deferred income tax asset of Rupees 691.954 million (30 June 2019: Rupees 508.488 million) has not been recognized in these financial statements as the Company's management believes that sufficient taxable profits will not be probably available in foreseeable future, hence, the temporary differences may not reverse.

32.3 The Company has carry forwardable tax losses of Rupees 3,042 million (30 June 2019: Rupees 2,906 million).

		Audited 31 December 2019	Un-audited 31 December 2018
33.	**EARNINGS PER SHARE - BASIC AND DILUTED**		
	Profit after taxation attributable to ordinary shareholders (Rupees)	522,185,921	2,018,075,923
	Weighted average number of ordinary shares outstanding during the period (Number)	240,119,029	240,221,556
	Basic earnings per share (Rupees)	2.17	8.40

33.1 There is no dilutive effect on basic earnings per share for the period ended 31 December 2019 and 31 December 2018 as the Company has no potential ordinary shares as on 31 December 2019 and 31 December 2018.

	Audited 31 December 2019 Rupees	Un-audited 31 December 2018 Rupees
34. CASH GENERATED FROM / (UTILIZED IN) OPERATIONS		
Profit before taxation	776,586,624	2,298,699,277
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	433,380,577	458,406,025
Amortization on intangible asset	279,568	279,568
Depreciation on right-of-use asset	12,383,202	
Gain on sale of shares of subsidiary company	-	(222,000,000)
Loss / (gain) on disposal of operating fixed assets	2,924,604	(91,925)
Impact of derecognition of financial instrument carried at amortized cost	1,704,840	-
Dividend income	-	(281,378,730)
Finance cost	1,276,823,390	879,736,044
Return on bank deposits	(6,584,046)	(292,839)
Interest income on short term loans to subsidiary companies	(173,770,414)	(33,595,442)
Reversal of allowance for expected credit losses (Note 17.5)	(4,030,467)	-
Working capital changes (Note 34.1)	(2,031,085,131)	(5,815,309,197)
	288,612,747	(2,715,547,219)
34.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(123,699,350)	(110,477,873)
Stock-in-trade	(3,348,163,434)	(7,387,021,796)
Trade debts	624,638,964	1,931,155,662
Loans and advances	(148,309,974)	(971,652,582)
Short term prepayments	(21,516,531)	(27,482,151)
Other receivables	75,724,899	(272,328,772)
	(2,941,325,426)	(6,837,807,512)
Increase in trade and other payables	910,240,295	1,022,498,315
	(2,031,085,131)	(5,815,309,197)

34.2 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 2019	4,751,235,200	20,091,978,160	52,301,675	24,895,515,035
Financing / borrowings obtained	366,334,000	-	-	366,334,000
Repayment of financing / borrowings	(546,899,450)	-	-	(546,899,450)
Short term borrowings - net	-	4,393,482,720	-	4,393,482,720
Dividend declared	-	-	600,297,573	600,297,573
Dividend paid	-	-	(600,175,017)	(600,175,017)
Balance as at 31 December 2019	4,570,669,750	24,485,460,880	52,424,231	29,108,554,861

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors		Executives	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
			------------------------- Rupees -------------------------			
Managerial remuneration	10,865,936	10,531,936	1,800,000	300,000	33,472,000	33,610,000
Contribution to provident fund	-	2,297,902	-	-	1,640,677	2,799,713
House rent	4,346,374	4,212,774	720,000	120,000	13,388,800	13,444,000
Utilities	1,086,594	1,053,194	180,000	30,000	3,347,200	3,361,000
Others	-	-	-	-	7,976,603	16,614,405
	16,298,904	18,095,806	2,700,000	450,000	59,825,280	69,829,118
Number of persons	**1**	**1**	**1**	**1**	**33**	**36**

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

35.2 Aggregate amount charged in these financial statements for meeting fee to seven (31 December 2018: seven) directors was Rupees 620,000 (31 December 2018: Rupees 320,000).

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

36. TRANSACTIONS WITH RELATED PARTIES

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

	31 December 2019 Rupees	31 December 2018 Rupees
Subsidiary companies		
Common facilities cost charged	9,600,000	9,600,000
Dividend income	-	281,378,730
Sale of goods	586,084,501	684,604,634
Purchase of electricity and steam	877,242,412	1,520,917,594
Interest income	173,770,414	28,153,788
Short term loans made	6,722,704,698	2,507,248,555
Repayment / adjustment of short term loans made	4,916,448,430	2,205,248,187
Associated undertakings		
Mark up on borrowings	3,538,636	6,701,133
Long term loans repaid	15,031,250	-
Short term loans obtained	-	3,810,206
Short term loans repaid	10,396,890	414,237,167
Insurance premium paid	52,031,109	51,237,126
Insurance claims received	5,398,231	57,271,206
Dividend paid	3,246,250	5,200,000
Donations paid	1,304,000	4,250
Other related parties		
Purchase of goods	146,563,311	18,333,854
Sale of goods	1,428,518,676	1,266,512,259
Dividend paid	99,909,850	159,855,760
Proceeds from sale of investment in subsidiary company	-	322,000,000
Interest received on deferred payments against sale of investment in subsidiary company	-	5,441,654
Company's contribution to employees' provident fund trust	65,217,634	52,931,006
Remuneration of key management personnel and executives	78,824,184	88,374,924

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

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

Name of the related party	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the financial period	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
Adamjee Insurance Company Limited	Common directorship	Yes	None
Adamjee Life Assurance Company Limited	Common directorship	Yes	None
Mian Muhammad Yahya Trust	Common directorship	Yes	None
Saleem Memorial Trust Hospital	Common directorship	No	None
Pakgen Power Limited	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

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

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

36.4 As on 31 December 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 period ended 31 December	Rupees	Foreign currency					
Long term investments:										
Nishat Chunian USA Inc.	USA	Nishat (Chunian) Limited	2013	10,823,000	USD 110,000	Investment in shares of subsidiary company	None	None	None	Not applicable

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

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

	31 December 2019 Rupees	30 June 2019 Rupees
37 NUMBER OF EMPLOYEES		
Number of employees as on the reporting date	6,346	6,007
Average number of employees during the period / year	6,354	6,220

38. SEGMENT INFORMATION

	Spinning						Weaving				Processing and Home Textile		Power Generation		Elimination of inter-segment transactions		Total - Company	
	Zone - 1 (1,5)		Zone - 2 (4,7,8)		Zone - 3 (2,3,6)		Unit - 1 (1,2)		Unit - 2 (3,4,5)									
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	-Rupees																	
Sales																		
- Export	4,665,509,060	2,397,354,264	-	357,595,012	-	1,269,021,737	-	-	1,125,933,733	1,585,277,527	4,692,644,847	4,239,853,140	-	-	-	-	10,484,087,640	9,849,101,680
- Local	759,474,539	562,342,358	3,868,522,220	3,540,883,069	2,956,787,951	4,028,372,591	1,141,154,331	863,154,114	208,158,445	189,472,854	609,659,334	287,014,043	-	-	-	-	9,543,756,820	9,471,239,029
	5,424,983,599	2,959,696,622	3,868,522,220	3,898,478,081	2,956,787,951	5,297,394,328	1,141,154,331	863,154,114	1,334,092,178	1,774,750,381	5,302,304,181	4,526,867,183	-	-	-	-	20,027,844,460	19,320,340,709
Inter-segment	228,916,637	135,292,291	506,071,672	348,530,620	1,266,742,261	566,055,981	2,542,427,224	2,785,520,624	-	-	3,578,053,710	2,355,141,102	1,688,297,993	1,493,893,408	(9,810,509,497)	(7,684,434,026)	-	-
	5,653,900,236	3,094,988,913	4,374,593,892	4,247,008,701	4,223,530,212	5,863,450,309	3,683,581,555	3,648,674,738	1,334,092,178	1,774,750,381	8,880,357,891	6,882,008,285	1,688,297,993	1,493,893,408	(9,810,509,497)	(7,684,434,026)	20,027,844,460	19,320,340,709
Cost of sales	(5,141,827,344)	(2,659,102,275)	(3,954,162,610)	(3,730,665,974)	(3,521,648,187)	(5,074,114,291)	(3,592,662,222)	(3,417,817,397)	(1,301,163,689)	(1,662,459,157)	(8,085,204,547)	(6,384,588,487)	(1,696,030,375)	(1,491,430,018)	9,810,509,497	7,684,434,026	(17,482,189,477)	(16,735,743,573)
Gross profit / (loss)	512,072,892	435,886,638	420,431,282	516,342,727	701,882,025	789,336,018	90,919,333	230,857,341	32,928,489	112,291,224	795,153,344	497,419,798	(7,732,382)	2,463,390	-	-	2,545,654,983	2,584,597,136
Distribution cost	(97,247,325)	(65,026,938)	(13,516,630)	(29,763,246)	(30,578,613)	(51,643,083)	(54,353,583)	(24,896,929)	(19,685,377)	(51,191,129)	(250,347,217)	(256,244,696)	-	-	-	-	(465,728,745)	(478,766,021)
Administrative expenses	(14,201,240)	(21,571,133)	(27,814,347)	(13,540,085)	(40,628,180)	(22,821,126)	(23,298,572)	(19,118,209)	(8,438,103)	(9,299,280)	(59,554,176)	(42,700,715)	-	-	-	-	(173,934,618)	(129,050,548)
	(111,448,565)	(86,598,071)	(41,330,977)	(43,303,331)	(71,206,793)	(74,464,209)	(77,652,155)	(44,015,138)	(28,123,480)	(60,490,409)	(309,901,393)	(298,945,411)	-	-	-	-	(639,663,363)	(607,816,569)
Profit / (loss) before taxation and unallocated income and expenses	400,624,327	349,288,567	379,100,305	473,039,396	630,675,232	714,871,809	13,267,178	186,842,203	4,805,009	51,800,815	485,251,951	198,474,387	(7,732,382)	2,463,390	-	-	1,905,991,620	1,976,780,567
Unallocated income and expenses																		
Other expenses																	(72,208,169)	(106,740,833)
Other income																	219,626,563	1,308,395,587
Finance cost																	(1,276,823,390)	(879,736,044)
Taxation																	(254,400,703)	(280,623,354)
Profit after taxation																	522,185,921	2,018,075,923

38.1 Reconciliation of reportable segment assets and liabilities

	Spinning						Weaving				Processing and Home Textile		Power Generation		Total - Company	
	Zone - 1 (1,5)		Zone - 2 (4,7,8)		Zone - 3 (2,3,6)		Unit - 1 (1,5)		Unit - 2 (3,4,5)							
	31 December 2019	30 June 2019	31 December 2019	30 June 2019	31 December 2019	30 June 2019	31 December 2019	30 June 2019	31 December 2019	30 June 2019	31 December 2019	30 June 2019	31 December 2019	30 June 2019	31 December 2019	30 June 2019
	----------- Rupees -----------															
Total assets for reportable segments	6,669,796,936	5,796,050,374	8,151,974,033	7,084,061,568	9,881,180,646	8,586,741,295	3,376,310,041	3,472,236,683	1,222,806,865	1,453,603,100	6,190,170,855	6,093,660,854	2,261,437,910	1,964,682,284	37,753,677,286	34,451,036,158
Unallocated assets:																
Long term investments															3,086,681,200	3,309,286,040
Other receivables															3,597,273,647	3,582,338,309
Short term investments															20,969,280	20,687,395
Cash and bank balances															56,586,456	17,728,377
Other corporate assets															4,156,012,058	2,126,867,175
Total assets as per statement of financial position															48,671,199,927	43,507,943,454
Total liabilities for reportable segments	376,795,956	216,855,786	460,528,390	265,045,960	558,216,230	321,267,830	340,265,837	151,202,138	123,234,951	63,298,650	1,190,511,864	1,112,511,384	472,587,642	371,589,632	3,522,140,870	2,501,771,380
Unallocated liabilities:																
Long term financing															4,570,669,750	4,751,235,200
Accrued mark-up															482,390,601	431,379,587
Short term borrowings															24,485,460,880	20,091,978,160
Other corporate liabilities															353,696,954	393,140,685
Total liabilities as per statement of financial position															33,414,359,055	28,169,505,012

38.2 Geographical information

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

	31 December 2019 Rupees	31 December 2018 Rupees
Europe	2,486,727,915	2,336,115,161
Asia, Africa and Australia	5,302,404,505	4,981,255,681
United States of America, Canada and South America	2,694,955,220	2,531,730,838
Pakistan	9,543,756,820	9,471,239,029
	20,027,844,460	19,320,340,709

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

38.4 Revenue from major customers

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

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

	31 December 2019 Rupees	30 June 2019 Rupees
39. PLANT CAPACITY AND ACTUAL PRODUCTION		
Spinning		
Number of spindles installed	222,708	222,708
Number of spindles worked	213,659	213,659
Capacity after conversion into 20/1 count (Kgs.)	40,501,233	79,402,488
Actual production of yarn after conversion into 20/1 count (Kgs.)	39,902,695	78,236,935

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

	31 December 2019	30 June 2019
Weaving		
Number of looms installed	363	363
Number of looms worked	363	363
Capacity after conversion into 50 picks - square yards	132,586,542	296,981,425
Actual production after conversion into 50 picks - square yards	114,797,848	251,830,349

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

	31 December 2019	30 June 2019
Power plant		
Number of engines installed	17	17
Number of engines worked	17	17
Generation capacity (KWh)	157,899,000	343,830,000
Actual generation (KWh)	43,517,775	42,054,960

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

	31 December 2019	30 June 2019
Dyeing		
Number of thermosol dyeing machines	1	1
Number of stenters machines	4	4
Capacity in meters	18,250,000	36,500,000
Actual processing of fabrics - meters	15,002,665	30,038,558

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

	31 December 2019	30 June 2019
Printing		
Number of printing machines	1	1
Capacity in meters	3,912,500	7,825,000
Actual processing of fabrics - meters	2,968,825	6,679,011

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

	31 December 2019	30 June 2019
Digital printing		
Number of printing machines	2	2
Capacity in meters	2,737,500	3,650,000
Actual processing of fabrics - meters	1,221,610	1,451,740

Stitching

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

40. FINANCIAL RISK MANAGEMENT

40.1 Financial risk factors

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

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

(a) Market risk

(i) Currency risk

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

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

	31 December 2019	30 June 2019
Cash at banks - USD	67,008	46,573
Trade debts - USD	33,476,072	30,239,376
Trade debts - EURO	1,046,535	629,120
Trade and other payables - USD	(5,098,277)	(7,718,853)
Trade and other payables - EURO	(1,686,576)	(1,172,826)
Short term borrowings - USD	20,581,767	3,000,000
Accrued mark-up - USD	165,989	6,131
Net exposure - USD	49,192,559	25,573,227
Net exposure - EURO	(640,041)	(543,706)

The following significant exchange rates were applied during the period/year:

	31 December 2019	30 June 2019
Rupees per US Dollar		
Average rate	156.48	110.43
Reporting date rate	154.85	121.40
Rupees per EURO		
Average rate	163.42	131.89
Reporting date rate	173.48	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 period / year would have been Rupees 349.424 million (30 June 2019: Rupees 194.402 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 period / year end exposure does not reflect the exposure during the period / 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:

	31 December 2019 Rupees	30 June 2019 Rupees
Fixed rate instruments		
Financial liabilities		
Long term financing	2,376,835,750	2,588,735,200
Short term borrowings	4,216,000,000	3,300,000,000
	6,592,835,750	5,888,735,200
Financial assets		
Sales tax refund bonds	-	222,604,840
Long term loans to employees	10,181,269	12,498,717
Net exposure	(6,582,654,481)	(6,098,841,323)
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	2,259,353	2,375,121
Short term loans to subsidiary companies	3,078,825,964	1,272,569,696
Short term investments	20,660,226	20,660,226
	3,101,745,543	1,295,605,043
Financial liabilities		
Long term financing	2,193,834,000	2,162,500,000
Short term borrowings	20,269,460,880	16,791,978,160
	22,463,294,880	18,954,478,160
Net exposure	(19,361,549,337)	(17,658,873,117)

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the period / year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the period / year would have been Rupees 183.935 million (30 June 2019: Rupees 167.759 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of assets and liabilities outstanding at reporting dates were outstanding for the whole period / 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:

	31 December 2019 Rupees	30 June 2019 Rupees
Long term security deposits	27,061,345	26,120,190
Trade debts	5,805,760,780	6,426,369,277
Loans and advances	3,110,435,443	1,304,151,256
Other receivables	536,186,789	438,750,231
Investments	20,969,280	243,292,235
Accrued interest	312,443,727	152,055,594
Bank balances	43,682,330	14,004,403
	9,856,539,694	8,604,743,186

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

	Rating			31 December 2019	30 June 2019
	Short Term	Long term	Agency	Rupees	Rupees
Banks					
Al Baraka Bank (Pakistan) Limited	A-1	A	PACRA	1,004,656	370,656
Bank Alfalah Limited	A-1+	AA+	PACRA	1,822,060	1,928,392
Bank Al-Habib Limited	A-1+	AA+	PACRA	89,269	639,864
Dubai Islamic Bank (Pakistan) Limited	A-1+	AA	JCR-VIS	43,200	121,316
Faysal Bank Limited	A-1+	AA	PACRA	65,637	50,005
Habib Bank Limited	A-1+	AAA	JCR-VIS	11,439,821	1,892,143
Industrial and Commercial Bank of China Limited	P-1	A1	Moody's	374,812	2,334
JS Bank Limited	A-1+	AA-	PACRA	-	570,723
MCB Bank Limited	A-1+	AAA	PACRA	6,672,369	2,343,199
Meezan Bank Limited	A-1+	AA+	JCR-VIS	4,983,553	1,928,594
National Bank of Pakistan	A-1+	AAA	PACRA	52	1,042,408
Samba Bank Limited	A-1	AA	JCR-VIS	-	34,436
Standard Chartered Bank (Pakistan) Limited	A-1+	AAA	PACRA	227,825	241,287
The Bank of Punjab	A-1+	AA	PACRA	14,278,473	48
United Bank Limited	A-1+	AAA	JCR-VIS	2,680,603	2,838,998
				43,682,330	14,004,403
Investments					
FBR Refund Settlement Company Limited - sales tax refund bonds		Unknown		-	222,604,840
BankIslami Pakistan Limited	A-1	A+	PACRA	20,660,226	20,660,226
				64,342,556	257,269,469

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

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

(c) Liquidity risk

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

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2019, the Company had Rupees 5,155 million (30 June 2019: Rupees 7,972 million) available borrowing limits from financial institutions and Rupees 56.586 million (30 June 2019: Rupees 17.728 million) cash and bank balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 31 December 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	4,570,669,750	5,299,084,244	726,422,693	631,824,947	1,115,943,963	2,824,892,641
Short term borrowings	24,485,460,880	25,023,755,352	16,328,609,105	8,695,146,247	-	-
Trade and other payables	3,564,930,424	3,564,930,424	3,564,930,424	-	-	-
Unclaimed dividend	52,424,231	52,424,231	52,424,231	-	-	-
Accrued mark-up	482,390,601	482,390,601	482,390,601	-	-	-
	33,155,875,886	34,422,584,852	21,154,777,054	9,326,971,194	1,115,943,963	2,824,892,641

Contractual maturities of financial liabilities as at 30 June 2019:

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

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

40.2 Financial instruments by categories

Assets as per statement of financial position

	31 December 2019		30 June 2019
	Amortized cost	FVTPL	Amortized cost
	Rupees	Rupees	Rupees
Long term security deposits	27,061,345	-	23,647,440
Trade debts	5,805,760,780	-	8,124,577,164
Loans and advances	3,110,435,443	-	532,203,597
Other receivables	424,400,070	111,786,719	438,750,231
Investments	20,969,280	-	21,649,175
Accrued interest	312,443,727	-	152,055,594
Cash and bank balances	56,586,456	-	76,444,854
	9,757,657,101	111,786,719	9,369,328,055

	31 December 2019	30 June 2019	
	Amortized cost	Amortized cost	FVTPL
	Rupees	Rupees	Rupees
Liabilities as per statement of financial position			
Long term financing	4,570,669,750	4,751,235,200	-
Accrued mark-up	482,390,601	431,379,587	-
Short term borrowings	24,485,460,880	20,091,978,160	-
Unclaimed dividend	52,424,231	52,301,675	-
Trade and other payables	3,564,930,424	2,525,300,414	18,467,940
	33,155,875,886	27,852,195,036	18,467,940

40.3 Offsetting financial assets and financial liabilities

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

41. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing and short term borrowings obtained by the Company as referred to in note 5 and note 9 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 (30 June 2019: 65% debt and 35% equity).

		31 December 2019	30 June 2019
Borrowings	Rupees	29,056,130,630	24,843,213,360
Total equity	Rupees	15,256,840,872	15,338,438,442
Total capital employed	Rupees	44,312,971,502	40,181,651,802
Gearing ratio	Percentage	65.57	61.83

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

42 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

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

Recurring fair value measurements At 31 December 2019	Level 1	Level 2	Level 3	Total
	-----------------------------	Rupees	---------------------------	
Financial assets				
Derivative financial assets	-	111,786,719	-	111,786,719
Total financial assets	-	111,786,719	-	111,786,719

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

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

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

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

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

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

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

(ii) Valuation techniques used to determine fair values

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

43. UNUTILIZED CREDIT FACILITIES

The Company has total credit facilities amounting to Rupees 29,640 million (30 June 2019: Rupees 28,065 million) out of which Rupees 5,155 million (30 June 2019: Rupees 7,972 million) remained unutilized at the end of the period / year.

44. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on February 27, 2020 by the Board of Directors of the Company.

45. PROVIDENT FUND

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

46. CORRESPONDING FIGURES

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

47. 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 Extra Ordinary General Meeting (EOGM) of the Company, will be held on 31st March 2020 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 ________ 2020 signed by the said________________________ in presence of _____________________________

Signature

Affix Rs. 5/-

Witness
Signature

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.

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 31 مارچ 2020ء کو کمپنی کے صدر دفتر Q-31، 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.......... 2020ء

دستخط گواہ.................................. دستخط گواہ..................................

نوٹ:

1۔ پراکسیاں تا نکہ موثر ہو سکیں 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

31 دسمبر 2019 کوختم ہونے والی مدت کے لئے کمپنی کے نظر ثانی شدہ مالی گوشوارے منسلک ہیں۔
کمپنی کے اسی اور گزشتہ نظر ثانی شدہ/عبوری غیر نظر ثانی شدہ/دوبارہ جائزہ شدہ مالیاتی گوشواروں کی کاپیاں عام کاروباری اوقات کے دوران رجسٹرڈ دفتر، 31-Q، گلبرگ II، لاہور میں دستیاب ہونگی۔

ڈائریکٹرز/چیف ایگزیکٹو کی دلچسپی:

کمپنی کے تمام ڈائریکٹرز اپنی متعلقہ شیئر ہولڈنگز (جیسے یہاں ذکر کیا گیا ہے) اور شریک کمپنیوں/متعلقہ پارٹیوں کی حصص داری جو وہ نشاط (چونیاں) لمیٹڈ ("کمپنی") اور NC الیکٹرک کمپنی لمیٹڈ میں رکھتے ہیں کی حد تک دلچسپی رکھتے ہیں اور ڈائریکٹرز/چیف ایگزیکٹو کل وقتی ایگزیکٹو فرائض انجام دینے والے نشاط (چونیاں) لمیٹڈ ("کمپنی") اور NC الیکٹرک کمپنی لمیٹڈ کی متعلقہ پالیسیوں کے مطابق معاوضے، فوائد اور الاؤنس کی حد تک بھی دلچسپی رکھتے ہیں۔

ڈائریکٹرز کی شیئر ہولڈنگ:

نشاط (چونیاں) لمیٹڈ		
نمبر شمار	نام ڈائریکٹر	شیئر ہولڈنگ
1	محترمہ فرحت سلیم	2.46%
2	جناب شہزاد سلیم	22.85%
3	جناب زین شہزاد	0.43%
4	جناب آفتاب احمد خان	-
5	جناب محمد زاہد خان	-
6	جناب فرخ افضال	0.00%
7	جناب محمد علی زیب	-
8	جناب شعیب احمد خان	

NC الیکٹرک کمپنی لمیٹڈ		
نمبر شمار	نام ڈائریکٹر	شیئر ہولڈنگ
1	جناب فرخ افضال	نامزدہ
2	جناب محمد اشرف	نامزدہ
3	جناب مستقیم نالش	نامزدہ

پراکسیز کی تقرری:

1۔ بصورت افراد، اکاؤنٹ ہولڈراور/یا سب اکاؤنٹ ہولڈراور/افراد جن کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن تفصیلات ریگولیشنو کے مطابق اپ لوڈ ہیں، کو پراکسی فارم جمع کرانا ہوگا۔

2۔ پراکسی فارم، دو (2) افراد جن کے نام، پتے اور CNIC نمبرز فارم پر مذکور ہونگے، سے گواہی شدہ ہونگے۔

3۔ بینیفشل اونرز اور پراکسی کے CNIC یا پاسپورٹ کی مصدقہ نقول، پراکسی فارم کے ہمراہ جمع کرانا ہونگی۔

4۔ پراکسی، EOGM کے وقت اپنا اصل CNIC یا اصل پاسپورٹ مہیا کرے گا۔

5۔ بصورت کارپوریٹ انیٹٹی، بورڈ آف ڈائریکٹرز قرارداد/مختارنامہ مع نمونہ دستخط جمع کرانا ہوگا (اگر پراکسی فارم کے ہمراہ کمپنی کو پہلے مہیا نہیں کئے)۔

6۔ ایکٹ کی پرویژنز کی پیروی میں، کمپنی کے کل پیڈ اپ شیئر کیپٹل کے کم از کم 10% کے مالک لاہور کے علاوہ شہر میں سکونتی ارکان EOGM میں شرکت کے لئے کمپنی سے وڈیولنک سہولت مہیا کرنے کا مطالبہ کرسکتے ہیں۔ وڈیولنک سہولت کے لئے مطالبہ کمپنی کی ویب سائٹ پر بھی رکھے گئے معیاری فارمیٹ میں کمپنی سیکرٹری نشاط (چونیاں) لمیٹڈ کے رجسٹرڈ دفتر، 31-Q، گلبرگ II، لاہور میں EOGM کی تاریخ سے کم از کم سات (7) یوم قبل وصول کریں گے۔

کمپنیز ایکٹ 2017 کی دفعات 281(1)(a) اور 134(4) کے تحت کمپنی کے ارکان کو بیان

بیان ہذا EOGM میں انجام دیئے جانے والے خصوصی امور سے متعلق مادی حقائق کا بیان اور سمجھوتوں، انتظامات اور تعمیر نو کی اسکیم (یہاں 'اسکیم') کی شرائط کی نشاندہی کی گئی ہے اور اس کے اثر سمیت ڈائریکٹرز/چیف ایگزیکٹو کے مفادات کی وضاحت کرتا ہے اور کمپنی اور اس اسکیم کا ان مفادات پر اب تک جو اثر ہے وہ دوسرے افراد کی دلچسپی اور دیگر ذیلی معلومات جیسے اثر سے مختلف ہے۔

کمپنی کی لاہور عدالت عالیہ میں اصل درخواست نمبر 9141 آف 2020 کمپنیز ایکٹ 2017 کی دفعات 279 تا 283 ملاکر پڑھیں دفعہ 285 کے تحت دائر کی گئی ہے، معزز عدالت نے نشاط (چونیاں) لمیٹڈ اور NC الیکٹرک کمپنی لمیٹڈ کے ارکان کا اشتراکیہ غیر معمولی اجلاس بلانے کی ہدایت کی جو معزز عدالت کی طرف سے مقرر چیئرمین کے زیر نگرانی منظوری یا بصورت دیگر کے لئے کمپنیوں کے حصص داران کو مجوزہ اسکیم پیش کرنے کے لئے طلب کیا جائے۔

اسکیم کی کاپی ارکان کو EOGM نوٹس کے ساتھ منسلک ارسال کردی گئی ہے۔ اسکیم کی کاپی کمپنی کے رجسٹرڈ دفتر سے معمول کے اوقات کار کے دوران مفت حاصل کی جاسکتی ہے۔ معزز عدالت کی ہدایت کے مطابق نوٹس ارکان کا خصوصی اجلاس بلانے کے لئے جاری اور اخبار میں شائع کیا گیا ہے جو ارکان کو مجوزہ اسکیم پیش اور EOGM میں ووٹنگ اور اصالتاً یا پراکسی کے ذریعے حاضر یا ارکان کے ملکیتی عام حصص کی قیمت میں تین چوتھائی کی نمائندگی کرنے والے ارکان کے ذریعے قرارداد کی منظوری یا پاس کرنے کے مقصد کے لئے بلایا گیا ہے۔

اسکیم:

اس اسکیم کا بنیادی مقصد NCECL (NCL کی مکمل ملکیتی ذیلی کمپنی) کو NCL میں ضم یا انضمام کو NCECL کے انڈرٹیکنگ اور کاروبار کے NCL میں منتقلی اور ویسٹنگ کے ذریعے NCL کی طرف سے NCECL کے جاری شدہ، سبسکرائب اور پیڈ اپ شیئر کیپٹل کے عوض ایکویٹی سرمایہ کاری کے خاتمہ کے عوض NCECL کے ہر کاروبار کی تمام املاک، اثاثوں، حقوق اور واجب ادائیگیوں اور ذمہ داریوں کے ساتھ اور وائنڈنگ اپ کے بغیر، مزید کسی عمل یا کام کے بغیر NCECL کی تحلیل یا ایسی منتقلی، ویسٹنگ، ہنر وضم اور/یا تحلیل (انضمام) کی بابت انجام دہی کے لئے درکار دستاویزات رجسٹریا داخل کرنے کو یقینی بنانا ہے۔

اسکیم کی منظوری:

کمپنی کے بورڈ آف ڈائریکٹرز نے نشاط (چونیاں) لمیٹڈ اور NC الیکٹرک کمپنی لمیٹڈ کے درمیان اسکیم کی منظوری دے دی ہے۔ EOGM نوٹس میں بیان کردہ قرارداد EOGM میں اصالتاً یا بذریعہ پراکسی اور ووٹنگ میں حاضر حصص داران کے ملکیتی جاری شدہ حصص کی مالیت میں تین چوتھائی نمائندگی کرنے والی اکثریت کی طرف سے پاس کی جانی چاہئے۔ EOGM نوٹس مع ایکٹ کی دفعہ 134(3) ملاکر پڑھیں 281(1)(a) کے تحت بیان کمپنی کے ارکان کو اسکیم پر غور، اتفاق اور منظوری کے لئے پیش کیا جارہا ہے۔ ارکان کی طرف سے اسکیم کی منظوری کے بعد اس اسکیم کی منظوری اور اس کے ساتھ دیگر مناسب احکامات کے بارے میں معزز عدالت غور کرے گی۔

اسکیم کی فائلنگ:

اسکیم کی کاپی رجسٹرار، کمپنی رجسٹریشن دفتر، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، لاہور کے ہاں دائر کردی گئی ہے۔

اسکیم کی مجوزہ شرائط:

نشاط (چونیاں) لمیٹڈ کے تمام ڈائریکٹرز/چیف ایگزیکٹو اپنی متعلقہ حصص داری جو وہ نشاط (چونیاں) لمیٹڈ اور NC الیکٹرک کمپنی لمیٹڈ میں رکھتے ہیں کی حد تک دلچسپی رکھتے ہیں۔ جو ڈائریکٹرز کل وقتی ایگزیکٹو کے فرائض انجام دے رہے ہیں وہ نشاط (چونیاں) لمیٹڈ اور NC الیکٹرک کمپنی لمیٹڈ کی متعلقہ پالیسیوں کے مطابق معاوضے، فوائد اور الاؤنسز کی حد تک بھی دلچسپی رکھتے ہیں۔

ڈائریکٹرز/سی ای او کی دلچسپی پر اس سکیم کا اثر دوسرے ارکان کے مفادات پر اس کے اثر سے مختلف نہیں ہے سوائے اس کے کہ جو یہاں یا سکیم کے تحت بیان کیا گیا ہے۔

مؤثر تاریخ:

اگرچہ اسکیم موثر تاریخ یعنی یکم جولائی، 2020 سے حتمی مؤثر ہوا سکیم کے آرٹیکل 18 میں وضاحت کے مطابق تکمیل تاریخ سے نافذ ہوگی۔

اسکیم کے فوائد:

اسکیم سے کاروبار کو زیادہ مؤثر اور مؤثر انداز میں سنبھالنے اور چلانے کی اجازت ہوگی، لہٰذا کمپنی کے ارکان کو فائدہ پہنچے گا۔

بورڈ آف ڈائریکٹرز کی منظور کردہ رپورٹ جس کا ہر طبقے کے ارکان پر سمجھوتہ کا اثر ہے:

کمپنی کے ارکان کی صرف ایک کلاس ہے۔ کمپنی کے ڈائریکٹرز/سی ای او کے مفادات پر اس سکیم کا اثر دیگر ارکان مفاد پر اس کے اثرات سے مختلف نہیں ہے سوائے اس کے کہ جو یہاں اور اسکیم کے تحت بیان کیا گیا ہے اور یہ کہ نشاط (چونیاں) لمیٹڈ ("کمپنی") اور NC الیکٹرک کمپنی لمیٹڈ کے ڈائریکٹرز اور کل وقتی ایگزیکٹو فرائض انجام دینے والے ڈائریکٹرز/چیف ایگزیکٹو نشاط (چونیاں) لمیٹڈ ("کمپنی") اور NC الیکٹرک کمپنی لمیٹڈ کی متعلقہ پالیسیوں کے مطابق معاوضے، فوائد اور الاؤنس کی حد تک بھی دلچسپی رکھتے ہیں، لہٰذا، ان کمپنیوں سے متعلق اسکیم میں ان کی اس حد تک دلچسپی سمجھی جاسکتی ہے۔

مالیاتی گوشوارے:

نشاط (چونیاں) لمیٹڈ

اطلاع غیر معمولی اجلاسِ عام

بذریعہ ہذا مطلع کیا جاتا ہے کہ سی او نمبر 9141 آف 2020 میں پاس کردہ معزز لاہور عدالت عالیہ، لاہور کے حکم مورخہ 17 فروری 2020 کی پیروی میں نشاط (چونیاں) لمیٹڈ (یہاں 'کمپنی' یا 'NCL') کا غیر معمولی اجلاسِ عام (یہاں 'EOGM') بمقام رجسٹرڈ دفتر Q-31، گلبرگ II، لاہور پر بروز منگل 31 مارچ 2020ء کو صبح 10:30 بجے درج ذیل امور کی انجام دہی کیلئے منعقد ہوگا۔

خصوصی امور:

"غوروخوض اور اگر بہتر خیال کیا گیا تو، درج ذیل قرارداد کو معہ یا بغیر ترمیم، اضافہ یا خاتمہ پاس یا بصورت دیگر کے ذریعے نشاط (چونیاں) لمیٹڈ اور اس کے ارکان اور اس کی مکمل ملکیتی کمپنی، NC الیکٹرک کمپنی لمیٹڈ (یہاں 'NCECL') اور اس کے ارکان کے مابین سمجھوتوں، انتظامات اور تعمیر نو (اسکیم') سے اتفاق، منظور کرنا یا منظوری دینا:

قرار پایا کہ معزز لاہور عدالت عالیہ، لاہور کی منظوری اور دفعہ 279 تا 283 اور 285 ملا کر پڑھیں کمپنیز ایکٹ 2017 کی قابل اطلاق دیگر پروویژنز کے تحت سمجھوتہ، انتظامات اور تعمیر نو ("سکیم") کی سکیم کے حوالہ سے نشاط (چونیاں) لمیٹڈ ("کمپنی") اور NC الیکٹرک کمپنی لمیٹڈ (مکمل ملکیتی کمپنی) کے مابین انضمام/ادغام کے لئے بورڈ آف ڈائریکٹرز کی طرف سے منظوری اور کمپنی کے ارکان کے روبرو رکھی گئی ہے اور سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور/یا معزز لاہور عدالت عالیہ، لاہور کی طرف سے مطلوبہ جو بھی ہوں یا عائد کردہ کسی ترمیم، اضافے اور خاتمہ کے ساتھ اور تمام مطلوبہ قانونی تقاضوں کے مطابق بذریعہ ہذا منظوری، اتفاق اور منظوری دی جاتی ہے۔

مزید قرار پایا کہ، جناب فرخ افضل - ڈائریکٹر اور/یا جناب بابر علی خان - کمپنی کے سی ایف او ہیں اور بذریعہ ہذا نشاط (چونیاں) لمیٹڈ کی جانب سے اسکیم پر عمل درآمد اور اسکیم کے نفاذ اور تکمیل کے لئے تمام ضروری اقدامات کے لئے جو وہ ضروری، موزوں اور مناسب خیال کریں عوامل، کام اور چیزیں کرنے کے واحد/مشترکہ مجاز ہیں۔

اجلاس کے چیئرپرسن،

جناب بختیار محمود ملک

ایڈووکیٹ

امیر عالم خان اینڈ ایسوسی ایٹس

تیسری منزل سلور اسٹار ہاؤس،

بینک اسکوائر، دی مال، لاہور

جناب محمد حارث نعیم

ایڈووکیٹ

نعیم لا ایسوسی ایٹس

سائٹ نمبر 12-11، دوسری منزل،

الجید سنٹر، 1-مزنگ روڈ، لاہور

ثمینہ اسلم

کمپنی سیکرٹری

مورخہ 10 مارچ 2020ء

نوٹ:

1۔ کمپنیز ایکٹ، 2017 (یہاں 'ایکٹ') کی دفعہ 281 کے تحت بیان ملا کر پڑھیں ایکٹ (یہاں 'سٹیٹمنٹ') کی دفعہ (3)134 کے تحت مادی حقائق کا بیان سمجھوتوں، انتظامات اور تعمیر نو کی سیٹنگ فورتھ، انٹر آلیہ، شرائط اور اس کے اثر کو واضح کرنے کے ساتھ ساتھ، سمجھوتوں، انتظامات اور تعمیر نو کی اسکیم (یہاں "اسکیم") کی کاپی ارکان اور EOGM نوٹس موصول کرنے کے اہل ارکان اور دیگر افراد کو EOGM نوٹس کے ہمراہ ارسال کی جارہی ہیں اور 31 دسمبر 2019 کو ختم ہونے والی مدت کے لئے سپلیمنٹ نظر ثانی شدہ مالیاتی اکاؤنٹس سی ڈی پر دستیاب ہیں۔

2۔ کمپنی کے رجسٹرڈ دفتر بواقع Q-31، گلبرگ II، لاہور سے، اسکیم اور بیان کی کاپیاں بلا معاوضہ معمول کے اوقات کار کے دوران EOGM میں شرکت کے اہل ارکان اور دیگر افراد کمپنی سیکرٹری، نشاط (چونیاں) لمیٹڈ، Q-31 گلبرگ II، لاہور کو درخواست دے کر حاصل بھی کر سکتے ہیں۔

3۔ اسکیم، بیان، کمپنی کے حالیہ سالانہ/سہ ماہی نظر ثانی شدہ مالی حسابات کے ساتھ ساتھ کمپنی کے تمام سابقہ ادوار کے شائع شدہ یا بصورت دیگر ضروری مالی حسابات کی کاپیاں معہ میمورنڈم اینڈ آرٹیکلز آف ایسوسی ایشن کی کاپیاں اور دیگر متعلقہ معلومات/دستاویزات کمپنی کے رجسٹرڈ آفس میں رکھی گئی ہیں جو EOGM میں شرکت کے اہل ارکان اور دیگر افراد کاروباری اوقات میں نوٹس ہذا کی اشاعت کی تاریخ سے EOGM کے اختتام تک ملاحظہ کر سکتے ہیں۔ کسی بھی مشکل کی صورت میں، فوری طور پر مذکورہ چیئرپرسن کو مطلع کیا جائے۔

4۔ EOGM نوٹس معہ بیان، اسکیم اور کمپنی کے حالیہ سالانہ/ششماہی نظر ثانی شدہ مالی حسابات کمپنی کی ویب سائٹ پر بھی رکھ دیئے گئے ہیں۔

5۔ کمپنی کی حصص منتقلی کتابیں از 24 مارچ 2020 تا 31 مارچ 2020ء (بشمول ہر دو ایام) بند رہیں گی۔ منتقلیاں کمپنی کے دفتر شیئر رجسٹرار، میسرز حمید مجید ایسوی ایٹ (پرائیویٹ) لمیٹڈ، ایچ ایم ہاؤس، 7۔ بینک سکوائر، لاہور پر 20 مارچ 2020ء کو کاروبار کے اختتام تک موصول ہونے والی اجلاس عام میں شرکت اور ووٹ دینے کے مقصد کے لئے بروقت تصور ہونگی۔

6۔ اجلاس ہذا میں شرکت اور ووٹ دینے کا اہل ممبر اجلاس میں شرکت اور ووٹ دینے کیلئے اپنی بجائے شرکت، تقریر اور ووٹ دینے کیلئے کسی دیگر ممبر کو اپنا پراکسی مقرر کر سکتا ہے۔ پراکسیاں تا کہ موثر ہوسکیں کمپنی کے رجسٹرڈ دفتر پر EOGM کے انعقاد کے وقت سے کم از کم 48 گھنٹے قبل لازماً موصول ہو جانی چاہئیں۔ پراکسی فارم EOGM نوٹس کے ہمراہ ارکان کو ارسال کیا جارہا ہے۔

7۔ ارکان سے التماس ہے کہ اپنے رجسٹرڈ پتہ میں تبدیلی، اگر کوئی ہو، فی الفور شیئر رجسٹرار کو مطلع کریں۔

8۔ ارکان جو اپنے حصص سنٹرل ڈیپازٹری کمپنی پاکستان لمیٹڈ میں جمع کرا چکے ہیں، اجلاس میں شرکت کے وقت اپنے پارٹیسپنٹ آئی ڈی نمبر اور اکاؤنٹ/سب اکاؤنٹ نمبر معہ اصل CNIC یا NICOP یا پاسپورٹ لازماً ہمراہ لائیں۔ بصورت کارپوریٹ اینٹٹی، بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ معہ نامزدہ کے نمونہ دستخط EOGM کے وقت فراہم کرنا ہونگے (اگر پہلے مہیا نہیں کئے)۔

محترم حصص یافتگان

بورڈ آف ڈائریکٹرز 31 دسمبر 2019 کوختم ہونے والی ششماہی کے لئے نشاط (چونیاں) لمیٹڈ (" کمپنی") کے غیرنظر ثانی شدہ نتائج کا اعلان کرتے ہوئے خوشی محسوس کرتا ہے۔

آپریٹنگ مالیاتی نتائج

گذشتہ مالی سال کی اسی ششماہی کے دوران 19.32 بلین روپے کے مقابلےاس ششماہی کے دوران حاصل ہونے والی آمدنی 20.03 بلین روپے ہے، جو 3.66 فیصد کا اضافہ ظاہر کررہی ہے۔ یہ اضافہ بنیادی طور پر یارن کی برآمد اور ویلیوایڈڈ ڈسیکٹر کا مرہون منت ہے۔ موجودہ ششماہی کے لئے کمپنی کا بعدازٹیکس منافع 2.61 فیصد ہے۔

مالی جھلکیاں	31 دسمبر مختتمہ ششماہی		فیصد اضافہ / کمی
	2019	2018	
فروخت (روپے)	20,027,844,460	19,320,340,709	3.66 فیصد
مجموعی منافع (روپے)	2,545,654,983	2,584,597,136	-1.51 فیصد
بعدازٹیکس منافع (روپے)	522,185,921	2,018,075,923	-74.12 فیصد
مجموعی منافع فیصد	12.71 فیصد	13.38 فیصد	
بعدازٹیکس منافع فیصد	2.61 فیصد	10.45 فیصد	
فی شیئرآمدن (روپے)	2.17	8.40	

مارکیٹ کا جائزہ اور مستقبل کے امکانات

سال کے دوران صنعت کو بہت سی مشکلات کا سامنا کرنا پڑا جس میں زیادہ شرح سود اور افراط زر شامل ہیں جو ترقی میں ایک بڑی رکاوٹ ہے۔ بجلی کی قیمتوں کی غیر یقینی صورتحال، چین امریکہ تجارتی جنگ، روئی کی کم فصل اور کرونا وائرس کی حالیہ وبائی بیماری جیسے مزید مسائل نے مجموعی صلاحیت کو مزید بگاڑ دیا ہے۔ اگر موجودہ صورتحال برقرار رہی تو مقامی صنعت کی بہت زیادہ آزمائش ہوگی۔ تاہم، چین کی صورتحال مقامی صنعت کے لئے خلا کو پُر کرنے کا ایک موقع پیش کرتی ہے، اس کے علاوہ ویلیوایڈڈ برآمدی شعبوں کو زیادہ رعایتی قرضوں کی فراہمی کا حکومتی فیصلہ قابل ستائش ہے۔ اگر بجلی کی قیمتوں اور سیلز ٹیکس کی واپسی کے تنازعہ کو خوش اسلوبی سے حل نہ کیا گیا تو صورتحال مزید خراب ہوجائے گی۔

ان سب کے باوجود، انتظامیہ نے حال ہی میں اپنے ویلیوایڈڈ بزنس میں نئی ڈیجیٹل پرنٹنگ مشینیں شامل کی ہیں۔ مزید برآں، انتظامیہ نے ویونگ پروڈکشن لائن میں مزید جدت لانے کے لئے بڑی تعداد میں لومز کو تبدیل کرنے کا فیصلہ کیا ہے۔ اس کے علاوہ جدید، فنی اور اخراجات کو کم کرنے کے انتظامات کے لئے انتظامیہ دنیا بھر میں مختلف ٹیکسٹائل یونٹوں کا متواتر دورہ کرتی رہتی ہے۔

"دی لینن کمپنی (TLC)" پہلے ہی 4 اہم شہروں میں 5 آوٹ لیٹس چلا رہا ہے اور اگلے مہینہ میں مزید دو (2) سٹور کھول کر ریٹیل نیٹ ورک کو مزید فروغ دینے کا ارادہ رکھتی ہے۔

ذیلی کمپنیاں اور اشتمال شدہ مالیاتی حسابات

نشاط چونیاں پاور لمیٹڈ، NC الیکٹرک کمپنی لمیٹڈ، نشاط چونیاں یوایس اے انکارپوریٹڈ کمپنی کی ذیلی کمپنیاں ہیں۔ لہذا، کمپنی نے بین الاقوامی مالیاتی رپورٹنگ معیارات کی ضروریات اور کمپنیز ایکٹ 2017ء کی قابل اطلاق دفعات کے مطابق اپنی الگ الگ منجمد عبوری مالی معلومات کے علاوہ میں اشتمال شدہ منجمد عبوری مالیاتی معلومات منسلک کی ہیں۔

اظہار تشکر

ڈائریکٹرز سرشار ملازمین کا شکریہ ادا کرتے ہیں جو کمپنی کی کارروائیوں میں اہم کردار ادا کررہے ہیں۔

منجانب بورڈ

چیف ایگزیکٹو

ڈائریکٹر

27 فروری 2020ء

INVESTORS' EDUCATION

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

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