



Interim Financial Information

Nine Months Ended March 31, 2021
(Unaudited)



NISHAT
CHUNIAN
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COMPANY INFORMATION

Board of Directors:

Mrs. Farhat Saleem (*Chairperson*)
Mr. Shahzad Saleem (*Chief Executive*)
Mr. Zain Shahzad
Mr. Aftab Ahmad Khan
Mr. Faisal Farid (*Independent*)
Mr. Farrukh Ifzal
Mr. Shoaib Ahmad Khan (*Retired on 16-04-2021*)
Mr. Muhammad Zahid Khan (*Independent*)

Audit Committee:

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

HR & Remuneration Committee:

Mr. Faisal Farid (*Chairman*)
Mr. Farrukh Ifzal (*Member*)
Mr. Muhammad Zahid Khan (*Member*)

CFO:

Mr. Babar Ali Khan

Company Secretary:

Ms. Samina Aslam

Head of Internal Audit:

Mr. Ahmad Bilal

Mills:

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

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

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

Bankers to the Company:

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

Auditors:

Riaz Ahmad & Company
Chartered Accountants

Registered & Head Office:

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

Share Registrar:

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

Director's Report

Dear Shareholders

The Board of Directors is pleased to announce the unaudited results of Nishat (Chunian) Limited ("the Company") for the nine months ended 31 March 2021.

Operating Financial Results

Sales clocked in at Rs. 36.04 billion as compared to Rs. 30.02 billion during the corresponding period of previous fiscal year, registering an increase of 20.05%. Profit after tax of the Company for the current nine months period is 8.91% which stood at 1.17% in the corresponding period for prior year, translating into EPS of Rs. 13.38 as compared to Rs. 1.47 in the same period last year.

| Financial Highlights | Nine months ended March 31 | | Increase / (Decrease) % |
|-----------------------------|----------------------------|----------------|-------------------------|
| | 2021 | 2020 | |
| Sales (Rs.) | 36,044,959,420 | 30,025,909,247 | 20.05% |
| Gross Profit (Rs.) | 5,411,550,021 | 3,647,049,385 | 48.38% |
| Profit After Taxation (Rs.) | 3,213,275,287 | 352,003,354 | 812.85% |
| Gross Profit % | 15.01% | 12.15% | |
| Profit After Tax % | 8.91% | 1.17% | |
| Earnings Per Share (Rs.) | 13.38 | 1.47 | |

Market Review and Future Prospects

Tenacity of COVID-19 persisted on worldwide scale during this period, whereas local economic environment remained tenuous, under these circumstances the textile sector displayed remarkable resilience by bouncing back in grand manner. The sales have picked up considerably and the profitability have taken giant stride and have increased eightfold as compared to same period last year, raising EPS to new highs. However, there are major challenges facing us down the road, the third wave of coronavirus is proving to be far more virulent and vaccination process is still lagging behind. Increase in power tariff from 7.5 US cent to 9 US cent with effect from 1st September 2020 is still in vogue; eroding the profitability. For current year, there has been a sizable decline in production of cotton, plunging down the projected output to 21 years' lowest for Pakistan, which have in turn pushed the cotton prices to all time high. Cotton is becoming expensive globally as well, we see an opportunity to settle this by subsequently transferring its impact onwards to the customers.

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

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

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

Subsidiary Companies and Consolidated Financial Statements

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

Acknowledgement

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

For and on behalf of the Board,

Chief Executive

Director

Date: 30th April 2021

Director's Report

محترم حصص داران،

بورڈ آف ڈائریکٹرز 31 مارچ 2021 کو اختتام شدہ نو ماہی کے لئے نشاط (چوناس) لمیٹڈ ("کمپنی") کے غیر نظر ثانی شدہ نتائج کا اعلان کرتے ہوئے خوشی محسوس کرتے ہیں۔

ایریٹنگ مالیاتی نتائج

گزشتہ مالی سال کی اسی نوامی کے نسبت اس سال کی نوامی میں وصولی 36.04 ارب ہے جو کہ 20.05 فیصد کا اضافہ ظاہر کر رہی ہے۔ اس نوامی میں کمپنی کا بعد از ٹیکس منافع 8.91 فیصد ہے جو کہ گزشتہ مالی سال کی اسی نوامی میں 1.17 فیصد تھا، جس سے فی شیئر آمدنی گزشتہ مالی سال کی اسی نوامی کے 1.47 روپے کے مقابلے میں 13.38 روپے بنتی ہے۔

| ماہانہ یا تریجیمائیلیاں | 31 مارچ کو اختتام شدہ نو ماہی | | اضافہ آگے فیصد |
|--------------------------|-------------------------------|----------------|-------------------|
| | 2020 | 2021 | |
| وصولی (روپے) | 30,025,909,247 | 36,044,959,420 | 20.05% |
| مجموعی منافع (روپے) | 3,647,049,385 | 5,411,550,021 | 48.38% |
| بعد از ٹیکس منافع (روپے) | 352,003,354 | 3,213,275,287 | 812.85% |
| مجموعی منافع (فیصد) | 12.15% | 15.01% | |
| بعد از ٹیکس منافع (فیصد) | 1.17% | 8.91% | |
| فی ٹیکسز آمدنی (روپے) | 1.47 | 13.38 | |

مارکیٹ کا جائزہ اور مستقبل کے امکانات

اس مدت کے دوران کوئڈ-19 کی شہرت پوری دنیا میں برقرار رہی، جبکہ مقامی معاشی باحمل بدل رہا، ان حالات میں نیکیاں کے شعبے نے شاندار طریقے سے مشکلات کا سامنا کرتے ہوئے متاثرین کی اعزاز میں واچس کی کمپنی کی وصولیوں میں خاطر خواہ اضافہ کیا ہے اور ہمارا جائزہ پچھلے سال کی اسی مدت کی نسبت فیڑی سے بڑھتے ہوئے آٹھ گنا بڑھ گیا جس کی نتیجے میں ای بی ایس سی کے بلینڈین پریسنگ کیا گیا ہے، تاہم یہاں میں سے سچے سچے درجہ میں گورڈ واٹر کی تبدیلی لہر پہلے سے نہیں زیادہ گین ثابت ہوئی ہے اور ایسا لگتا ہے کہ مستقبل میں عمل میں آئے پچھتے ہو گیا ہے۔ سچے سچے

2021ء سے پہلے کے نرخوں میں 17.5 فیصد کی کمی ہے اور 19 فیصد کی کمی تک موجود اضافہ منافع پر ختم کر رہا ہے۔ رواں سال میں، نیکیا کی پیداوار میں نمایاں واقع ہوئی ہے، جو کہ پاکستان کی پچھلے سال کی کم از کم ترین قیمتوں پر پیداوار ہے، اس کے نتیجے میں نیکیا کی کمپنی تازہ کی بلنڈین پریسنگ چل رہی ہیں۔ اس کے ساتھ ساتھ نیکیا کا عالمی سطح پر مہمہ جاتا رہا ہے۔ تاہم، ہمارے اہل اس کی کڑ

کوسٹا ریکا کی منتقلی کرکس کو اصل کرکس سے نوے فیصد کی کمی ہوئی ہے۔

پہلے ہی پھر میں کوئٹہ 19 کے ایک ڈان کے بعد ریشٹل ٹھکانے میں سے ویلیو ایڈ جیکسٹل پرنس کی ماگ میں اضافہ ہوا ہے، کیپٹن اس موقع سے پھر پورا فائدہ اٹھانے کے لئے اپنی پوری صلاحیت پر سے کھینچ کر کر رہی ہیں۔ یہی وجہ ہے کہ اس مدت کی برآمدات کافی خاندان ہیں۔ پانچویں برآمدی مارکیٹ کے تقسیم ہونے سے خریدار دوسری جگہوں پر فروخت کنندہ کو دریافت کر رہا ہے۔ جس سے مقامی درآمد کنندہ کے لئے نئے راہیں کھل رہی ہیں اور اب پاکستان جیسے ممالک کے لئے اس صورتحال سے پھر پورا فائدہ اٹھانے کا یہی دوسرا وقت ہے۔ مزید یہ کہ روٹی کی قیمت میں اضافے کی وجہ سے ”دھاگے کی قیمت میں اضافہ ہوا ہے اس سے قیمتی طور پر کتان (سپنڈ) اور پین کے مارجن میں اضافہ ہوگا۔

انتظامیہ حکومت کی پیش کردہ سرکاری قرضوں کی ایکسچوجیو پر پھر فائدہ اٹھانے کا ارادہ رکھتے ہیں، ایسکے اس نے کمپنی کے تینوں کاروباری خطوط میں بڑے پیمانے پر پی ایم آر اور توسیع کی منصوبہ بندی کی ہے۔ مزید برآں، انتظامیہ نے حال ہی میں انجینئرنگ نصب کردہ کچھ دیگر لوازمات استعمال کرنا شروع کی ہیں تاکہ بنائی ہوئی لوگ کی پیداواری لاٹھیں میں مزید جدت لاسکے۔

یٹین کمپنی (ٹی ایل سی) نے ملتان میں ایک نئی دکان کھولی ہے جس کے بعد اس کی ریٹیل دکانوں کی تعداد 8 ہو گئی ہے۔ اس کے علاوہ پورے ملک کے صارفین کے لیے ای شاپ کے نام سے ایک آن لائن سٹور بھی موجود ہے۔

ذیلی کمپنیاں اور اشتمال شدہ مالی بیانات

لگ لگ مہموری معلومت کے علاوہ اشتہال شدہ عبوری معلومت بھی منسلک کی جس۔

اظہار تشکر

ڈائریکٹر کمپنی کے محنتی ملازمین کے ساتھ اظہار تشکر کرنا چاہتے ہیں جو کمپنی کی کارروائیوں میں اہم کردار ادا کر رہے ہیں۔

منحائب پورٹ

چیف ایگزیکٹو

بتاریخ: 30 ابریل، 2021

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

| | Note | Un-audited March 31, 2021 Rupees | Audited June 30, 2020 Rupees |
|--|------|---|---------------------------------------|
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorized share capital | 5 | 4,200,000,000 | 4,200,000,000 |
| Issued, subscribed and paid-up share capital | 6 | 2,401,190,290 | 2,401,190,290 |
| Reserves | | 14,209,364,243 | 11,236,207,985 |
| Total equity | | 16,610,554,533 | 13,637,398,275 |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| Long term financing | 7 | 5,534,921,245 | 6,005,068,426 |
| Lease Liabilities | 8 | 62,218,276 | 71,968,923 |
| Deferred Liabilities | | 92,402,350 | - |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 4,955,125,663 | 4,455,680,126 |
| Unclaimed Dividend | | 53,530,991 | 50,714,364 |
| Accrued mark-up | | 333,675,779 | 463,028,006 |
| Short term borrowings | 9 | 22,436,401,210 | 22,554,435,284 |
| Current portion of non-current liabilities | | 2,529,137,817 | 512,310,173 |
| | | 30,307,871,460 | 28,036,167,953 |
| Total liabilities | | 35,997,413,331 | 34,113,205,302 |
| CONTINGENCIES AND COMMITMENTS | 10 | | |
| TOTAL EQUITY AND LIABILITIES | | 52,607,967,864 | 47,750,603,577 |

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

CHIEF EXECUTIVE

DIRECTOR

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2021

| | Note | Un-audited March 31, 2021 Rupees | Audited June 30, 2020 Rupees |
|-------------------------------------|------|---|---------------------------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Fixed assets | 11 | 16,465,444,196 | 16,569,284,419 |
| Right-of-use assets | 12 | 91,054,211 | 93,072,385 |
| Intangible assets | 13 | 117,988 | 110,318 |
| Long term investments | | 1,886,681,200 | 1,886,681,200 |
| Long term loans to employees | | 17,798,655 | 11,905,910 |
| Long term security deposits | | 31,621,485 | 31,689,760 |
| | | 18,492,717,735 | 18,592,743,992 |
| CURRENT ASSETS | | | |
| Stores, spare parts and loose tools | | 1,679,043,285 | 934,214,456 |
| Stock-in-trade | | 17,850,928,681 | 19,988,076,994 |
| Trade debts | | 6,811,530,594 | 4,686,630,353 |
| Loans and advances | | 4,774,342,344 | 1,106,668,001 |
| Short term prepayments | | 26,521,997 | 45,835,883 |
| Other receivables | | 2,860,718,274 | 2,305,811,963 |
| Accrued Interest | | 2,376,820 | 5,321,600 |
| Short term investments | | 37,120,555 | 37,833,033 |
| Cash and bank balances | | 72,667,579 | 47,467,302 |
| | | 34,115,250,129 | 29,157,859,585 |
| TOTAL ASSETS | | 52,607,967,864 | 47,750,603,577 |

CHIEF FINANCIAL OFFICER

Nishat Chunian Limited

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

FOR THE NINE MONTHS ENDED MARCH 31, 2021

| | Note | Nine Months Ended | | Quarter Ended | |
|----------------------------|-----------------|-------------------|-------------------|-------------------|-------------------|
| | | March 31, 2021 | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| | | Rupees | | | |
| SALES | 14 | 36,044,959,420 | 30,025,909,247 | 12,179,014,134 | 9,998,064,787 |
| COST OF SALES | | (30,633,409,399) | (26,378,859,862) | (9,521,751,476) | (8,896,670,385) |
| GROSS PROFIT | | 5,411,550,021 | 3,647,049,385 | 2,657,262,658 | 1,101,394,402 |
| DISTRIBUTION COST | | (860,365,710) | (668,725,619) | (297,944,741) | (202,996,874) |
| ADMINISTRATIVE EXPENSES | | (189,638,659) | (262,023,894) | (64,611,816) | (88,089,276) |
| OTHER OPERATING EXPENSES | | (187,676,552) | (279,853,233) | (104,263,487) | (207,645,064) |
| | | (1,237,680,921) | (1,210,602,746) | (466,820,044) | (498,731,214) |
| | | 4,173,869,100 | 2,436,446,639 | 2,190,442,614 | 602,663,188 |
| OTHER OPERATING INCOME | | 822,203,065 | 317,353,014 | 273,585,950 | 97,726,451 |
| PROFIT FROM OPERATIONS | | 4,996,072,165 | 2,753,799,653 | 2,464,028,564 | 700,389,639 |
| FINANCE COST | (1,341,816,223) | (2,033,589,015) | (455,631,962) | (756,765,625) | |
| PROFIT BEFORE TAXATION | 3,654,255,942 | 720,210,638 | 2,008,396,602 | (56,375,986) | |
| TAXATION | (440,980,655) | (368,207,284) | (149,135,712) | (113,806,581) | |
| PROFIT AFTER TAXATION | 3,213,275,287 | 352,003,354 | 1,859,260,890 | (170,182,567) | |
| EARNINGS PER SHARE - BASIC | | | | | |
| AND DILUTED | | 13.38 | 1.47 | 7.74 | (0.71) |

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

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

FOR THE NINE MONTHS ENDED MARCH 31, 2021

| | Ninth Months Ended | | Quarter Ended | |
|---|--------------------|-------------------|-------------------|-------------------|
| | March 31, 2021 | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| | Rupees | | | |
| PROFIT AFTER TAXATION | 3,213,275,287 | 352,003,354 | 1,859,260,890 | (170,182,567) |
| OTHER COMPREHENSIVE INCOME | - | - | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 3,213,275,287 | 352,003,354 | 1,859,260,890 | (170,182,567) |

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

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

FOR THE NINE MONTHS ENDED MARCH 31, 2021

| | Note | Nine Months Ended | |
|---|------|-------------------|-------------------|
| | | March 31, 2021 | March 31, 2020 |
| | | Rupees | Rupees |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations | 15 | 2,376,743,423 | 899,704,726 |
| Net decrease/(increase) in long term security deposits | | 68,275 | (6,158,305) |
| Net (increase)/decrease in long term loans to employees | | (5,892,745) | 3,423,529 |
| Finance cost paid | | (1,428,485,837) | (1,906,023,655) |
| Income tax paid | | (228,883,217) | (212,383,543) |
| Net cash generated from / (used in) operating activities | | 713,549,899 | (1,221,437,248) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Capital expenditure on property, plant and equipment | | (801,327,874) | (1,351,198,632) |
| Capital expenditure on intangible assets | | (123,501) | - |
| Proceeds from disposal of operating fixed assets | | 62,009,714 | 36,266,799 |
| Proceeds from long term investments | | - | 220,900,000 |
| Loans and advances to subsidiary companies | | (3,561,221,699) | (10,544,357,205) |
| Repayment of loans from subsidiary companies | | 2,793,541,699 | 8,876,482,000 |
| Interest income received from subsidiary companies | | 5,410,399 | 17,331,773 |
| Short term investments made | | 712,478 | (2,000,701,316) |
| Profit on bank deposits received | | 2,373,309 | 7,258,356 |
| Net cash used in investing activities | | (1,498,625,475) | (4,738,018,225) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from long term financing | | 2,483,278,231 | 865,640,000 |
| Repayment of long term financing | | (1,279,742,225) | (947,833,550) |
| Repayment of lease liabilities | | (37,923,677) | (20,530,515) |
| Payment for ordinary shares bought-back | | - | (3,485,918) |
| Short term borrowings - net | | (118,034,074) | 6,686,737,889 |
| Dividend paid | | (237,302,402) | (601,884,883) |
| Net cash generated from financing activities | | 810,275,853 | 5,978,643,023 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 25,200,277 | 19,187,550 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | | 47,467,302 | 17,728,377 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | | 72,667,579 | 36,915,927 |

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

FOR THE NINE MONTHS ENDED MARCH 31, 2021

CHIEF FINANCIAL OFFICER

DIRECTOR

CHIEF EXECUTIVE

FOR THE NINE MONTHS ENDED MARCH 31, 2021

1. THE COMPANY AND ITS OPERATIONS

Nishat (Chunian) Limited ("the Company") is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 and is listed on the 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, fabric and made-ups made from raw cotton, synthetic fiber and cloth and to generate, accumulate, distribute, supply and sell electricity.

2. BASIS OF PREPARATION

These condensed unconsolidated interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and Provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed. This unconsolidated condensed interim financial information should be read in conjunction with the preceding audited annual published financial statements of the Company for the year ended 30 June 2020.

3. ACCOUNTING POLICIES

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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

FOR THE NINE MONTHS ENDED MARCH 31, 2021

5. AUTHORIZED SHARE CAPITAL

| Un-audited March 31, 2021 (Number of shares) | Audited June 30, 2020 | | Un-audited March 31, 2021 Rupees | Audited June 30, 2020 Rupees |
|---|-----------------------------|--|---|---------------------------------------|
| 400,000,000 | 400,000,000 | Ordinary shares of Rupees 10 each | 4,000,000,000 | 4,000,000,000 |
| 20,000,000 | 20,000,000 | 15 % non-voting cumulative convertible preference shares of Rupees 10 each | 200,000,000 | 200,000,000 |
| 420,000,000 | 420,000,000 | | 4,200,000,000 | 4,200,000,000 |

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

6. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

| Un-audited March 31, 2021 (Number of shares) | Audited June 30, 2020 | | Un-audited March 31, 2021 Rupees | Audited June 30, 2020 Rupees |
|---|-----------------------------|--|---|---------------------------------------|
| 134,655,321 | 134,655,321 | Ordinary shares of Rupees 10 each fully paid in cash | 1,346,553,210 | 1,346,553,210 |
| 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 | 240,119,029 | | 2,401,190,290 | 2,401,190,290 |

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

FOR THE NINE MONTHS ENDED MARCH 31, 2021

| | Un-audited March 31, 2021 Rupees | Audited June 30, 2020 Rupees |
|--|---|---------------------------------------|
| 7. LONG TERM FINANCING | | |
| From Banking Companies / financial institutions -Secured | | |
| Long Term Loans | 7,346,984,399 | 5,728,090,883 |
| Long Term Musharaka | 300,000,000 | 761,111,112 |
| | 7,646,984,399 | 6,489,201,995 |
| Less: Current portion shown under current liabilities | 2,112,063,154 | 484,133,569 |
| Non-current portion | 5,534,921,245 | 6,005,068,426 |
| 8. LEASE LIABILITIES | | |
| Total lease liabilities | 103,652,649 | 100,145,527 |
| Less: Current portion shown under current liabilities | 41,434,373 | 28,176,604 |
| | 62,218,276 | 71,968,923 |
| 9. SHORT TERM BORROWINGS | | |
| Short term running finances | 4,840,911,916 | 7,362,297,776 |
| Export finances - Preshipment/SBP refinance | 11,974,760,639 | 10,162,627,812 |
| Other short term finances | 5,620,728,655 | 5,029,509,696 |
| | 22,436,401,210 | 22,554,435,284 |
| 10 CONTINGENCIES AND COMMITMENTS | | |
| Contingencies | | |
| There is no significant change in the status of contingencies as disclosed in the preceding audited annual financial statements of the Company for the year ended 30 June 2020 except for the following: | | |
| i) | Guarantees of Rupees 806.047 million (30 June 2020: Rupees 782.085 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited against purchase of furnace oil, Lahore Electric Supply Company Limited | |

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

FOR THE NINE MONTHS ENDED MARCH 31, 2021

against electricity connection, Director Excise and Taxation, Karachi against infrastructure cess, Chairman Punjab Revenue Authority, Lahore against infrastructure cess, Director Pakistan Central Cotton Committee against cotton cess, and Nazir, Honourable High Court, Sindh against the notification in accordance with section 8 of OGRA Ordinance 2002, regarding system gas tariff on industrial and captive units.

- ii) Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 4,232.75 million (30 June 2020: Rupees 4,756.109 million) on imported material availed on the basis of consumption and export plans. In the event the documents of exports are not provided on due dates, cheque issued as security shall be encashable.

Commitments

- i) Letters of credit other than for capital expenditure are Rupees 5,578.573 million (30 June 2020: Rupees 407.110 million).
- ii) Outstanding foreign currency forward contracts of Rupees 8,669.910 million (30 June 2020: Rupees 7,248.326 million).

| | Un-audited March 31, 2021 Rupees | Audited June 30, 2020 Rupees |
|---|---|---------------------------------------|
| 11. FIXED ASSETS | | |
| Property, plant and equipment | | |
| Operating fixed assets (Note 11.1) | 16,355,271,654 | 16,282,580,673 |
| Capital work in progress (Note 11.2) | 110,172,542 | 286,703,746 |
| | <u>16,465,444,196</u> | <u>16,569,284,419</u> |
| 11.1 Operating Assets | | |
| Opening book value | 16,282,580,673 | 10,820,177,910 |
| Additions during the period / year (11.1.1) | 977,859,081 | 1,705,070,585 |
| | <u>17,260,439,754</u> | <u>12,525,248,495</u> |
| Book value of deletions during the period / year (11.1.2) | 46,936,447 | 51,427,518 |
| Assets transferred upon amalgamation during the year (11.1.3) | - | 4,720,588,324 |
| Less: Depreciation charged during the period / year | 858,231,653 | 911,828,628 |
| Closing book value | <u>16,355,271,654</u> | <u>16,282,580,673</u> |

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

FOR THE NINE MONTHS ENDED MARCH 31, 2021

| | Un-audited March 31, 2021 Rupees | Audited June 30, 2020 Rupees |
|---|---|---------------------------------------|
| 11.1.1 Cost of additions during the period / year | | |
| Land | 148,447,680 | 215,991,523 |
| Building on freehold land | 130,908,190 | 43,683,483 |
| Power generation equipments | 59,052,744 | - |
| Plant and machinery | 520,840,577 | 1,344,791,993 |
| Electric installations | 17,250,466 | 25,012,910 |
| Factory equipment | 42,225,392 | 1,703,707 |
| Furniture and fixtures | 23,680,942 | 7,079,835 |
| Office equipment | 14,537,020 | 11,912,266 |
| Motor vehicles | 20,916,070 | 54,894,868 |
| | 977,859,081 | 1,705,070,585 |
| 11.1.2 Book Value of deletions during the period / year | | |
| Plant and machinery | 127,544,152 | 168,894,010 |
| Electric installations | - | 777,500 |
| Factory equipment | - | 9,266,461 |
| Furniture and fixtures | 173,579 | 6,086,940 |
| Office equipment | 1,294,475 | 13,005,498 |
| Motor vehicles | 30,890,574 | 9,738,424 |
| Total Cost of Deletions | 159,902,780 | 207,768,833 |
| Less: Accumulated Depreciation | (112,966,333) | (156,341,315) |
| | 46,936,447 | 51,427,518 |
| 11.1.3 Assets transferred upon amalgamation during the period / year | | |
| Land | - | 112,298,075 |
| Building on freehold land | - | 1,363,228,486 |
| Plant and machinery | - | 3,836,756,300 |
| Electric installations | - | 5,294,978 |
| Factory equipment | - | - |
| Furniture and fixtures | - | 360,840 |
| Office equipment | - | 1,852,321 |
| Motor vehicles | - | 30,236,510 |
| Total cost of assets transferred | - | 5,350,027,510 |
| Less: Accumulated Depreciation | - | (629,439,186) |
| | - | 4,720,588,324 |

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

FOR THE NINE MONTHS ENDED MARCH 31, 2021

| | Un-audited March 31, 2021 Rupees | Audited June 30, 2020 Rupees |
|--------------------------------------|---|---------------------------------------|
| 11.2 Capital work-in-progress | | |
| Civil works on freehold land | 19,989,869 | 1,387,630 |
| Mobilization advances | 46,832,627 | 9,779,869 |
| Plant & Machinery installation | 7,142,001 | - |
| Advances for capital expenditures | 36,208,045 | 281,131,433 |
| | <u>110,172,542</u> | <u>292,298,932</u> |
| | | Buildings |
| | | Rupees |

12. RIGHT-OF-USE ASSETS

| | |
|---|------------|
| Net carrying amount as at 01 July 2020 | 93,072,385 |
| Net carrying amount as at 31 March 2021 | 91,054,211 |
| Depreciation expense for the period ended 31 March 2021 | 34,173,981 |
| Addition during the period ended 31 March 2021 | 32,155,807 |

12.1 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.

| | Un-audited March 31, 2021 Rupees | Audited June 30, 2020 Rupees |
|---|---|---------------------------------------|
| 13. INTANGIBLE ASSET | | |
| Computer software | <u>117,988</u> | <u>110,318</u> |
| 13.1 Intangible asset - Computer software | | |
| Opening book value | 110,318 | 669,454 |
| Add: Cost of additions during the period / year | 123,501 | - |
| Less: Amortization charged during the period / year | 115,831 | 559,136 |
| Closing book value | <u>117,988</u> | <u>110,318</u> |

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

FOR THE NINE MONTHS ENDED MARCH 31, 2021

| Un-audited | | | | |
|--|-------------------|-------------------|-------------------|-------------------|
| | Nine Months Ended | | Quarter Ended | |
| | March 31, 2021 | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| | Rupees | | | |
| 14. COST OF SALES | | | | |
| Raw material consumed | 22,140,804,957 | 19,694,568,139 | 7,128,881,150 | 6,454,356,595 |
| Packing materials consumed | 1,084,886,844 | 717,768,657 | 396,741,528 | 232,505,596 |
| Stores, spare parts and loose tools | 578,325,849 | 458,695,890 | 223,936,192 | 138,993,306 |
| Commercial Processing Stitching etc. | 125,176,058 | 94,235,027 | 39,961,401 | 4,718,472 |
| Salaries, wages and other benefits | 2,160,831,315 | 2,000,557,273 | 734,419,743 | 669,218,538 |
| Fuel and power | 2,509,361,056 | 2,806,588,648 | 799,287,172 | 846,806,438 |
| Insurance | 73,201,143 | 43,956,670 | 23,700,634 | 13,147,906 |
| Postage and telephone | 631,903 | 710,907 | 192,106 | 248,528 |
| Travelling and conveyance | 3,524,361 | 1,649,512 | 1,053,696 | 687,957 |
| Vehicles running and maintenance | 23,882,415 | 26,333,036 | 8,695,682 | 6,816,186 |
| Entertainment | 9,363,823 | 7,219,939 | 2,161,181 | 1,941,570 |
| Depreciation | 847,096,895 | 656,502,883 | 290,809,496 | 227,316,531 |
| Repair and maintenance | 339,102,696 | 314,590,917 | 116,510,100 | 85,969,154 |
| Other factory overheads | 90,340,007 | 49,369,245 | 18,222,932 | 13,136,473 |
| | 29,986,529,322 | 26,872,746,743 | 9,784,573,013 | 8,695,863,250 |
| Work-in-process | | | | |
| Opening stock | 1,131,081,567 | 1,039,191,965 | 1,436,695,649 | 1,220,706,264 |
| Closing stock | (1,556,277,828) | (915,919,048) | (1,556,277,828) | (915,919,048) |
| | (425,196,261) | 123,272,917 | (119,582,179) | 304,787,216 |
| Cost of goods manufactured | 29,561,333,061 | 26,996,019,660 | 9,664,990,834 | 9,000,650,466 |
| Finished goods and waste-opening stocks | | | | |
| Finished goods | 4,098,769,328 | 2,538,481,385 | 2,968,543,974 | 2,999,577,503 |
| Waste | 175,341,896 | 60,348,016 | 90,251,554 | 112,431,615 |
| | 4,274,111,224 | 2,598,829,401 | 3,058,795,528 | 3,112,009,118 |
| | 33,835,444,285 | 29,594,849,061 | 12,723,786,362 | 12,112,659,584 |
| Finished goods and waste-closing stocks | | | | |
| Finished goods | (3,114,004,044) | (3,080,354,137) | (3,114,004,044) | (3,080,354,137) |
| Waste | (88,030,842) | (135,635,062) | (88,030,842) | (135,635,062) |
| | (3,202,034,886) | (3,215,989,199) | (3,202,034,886) | (3,215,989,199) |
| Cost of goods sold | 30,633,409,399 | 26,378,859,862 | 9,521,751,476 | 8,896,670,385 |

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

FOR THE NINE MONTHS ENDED MARCH 31, 2021

| Nine Months Ended | | |
|--|------------------------|------------------------|
| | March 31, 2021 | March 31, 2020 |
| | Rupees | Rupees |
| 15. CASH GENERATED FROM OPERATIONS | | |
| Profit before taxation | 3,654,255,942 | 720,210,638 |
| Adjustment for non cash charges and other items: | | |
| Depreciation on operating fixed assets | 858,231,653 | 664,736,074 |
| Amortization on intangible assets | 115,832 | 419,352 |
| Depreciation on right-of-use asset | 34,173,981 | 18,807,931 |
| Gain on sale of operating fixed assets | (15,073,270) | (4,477,123) |
| Interest income on loan to subsidiary company | (2,465,619) | (253,148,441) |
| Interest on bank deposits | (2,373,309) | (10,455,078) |
| Allowance / (Reversal) for expected credit losses | 36,322 | (4,030,467) |
| Finance cost | 1,341,816,223 | 2,033,589,015 |
| Gain on remeasurement of deferred liability | (38,282,637) | - |
| Amortization of deferred income - Government grant | (33,407,621) | - |
| Interest expense on sales tax refund bonds | - | 1,704,840 |
| Working capital changes (Note 15.1) | (3,420,284,074) | (2,267,652,015) |
| Cash generated from operations | 2,376,743,423 | 899,704,726 |
| 15.1 Working capital changes | | |
| (Increase) / decrease in current assets | | |
| - Stores, spare parts and loose tools | (744,828,829) | (52,663,033) |
| - Stock in trade | 2,137,148,313 | (1,291,546,127) |
| - Trade debts | (2,124,936,563) | 168,386,879 |
| - Loans and advances | (2,899,994,343) | (2,009,585,081) |
| - Short term deposits and prepayments | 19,313,886 | (16,046,827) |
| - Other receivables | (767,003,749) | 157,464,170 |
| Increase in current liabilities | | |
| - Trade and other payables | 960,017,211 | 776,338,004 |
| | (3,420,284,074) | (2,267,652,015) |

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

FOR THE NINE MONTHS ENDED MARCH 31, 2021

17. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

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

| Recurring fair value measurements At 31 March 2021 | Level 1 | Level 2 | Level 3 | Total |
|---|---------|---------|---------|-------|
| Rupees | | | | |

Financial assets

| | | | | |
|-------------------------------|---|-------------|---|-------------|
| Derivative financial assets | - | 437,692,695 | - | 437,692,695 |
| Total financial assets | - | 437,692,695 | - | 437,692,695 |

| Recurring fair value measurements At 30 June 2020 | Level 1 | Level 2 | Level 3 | Total |
|--|---------|---------|---------|-------|
| Rupees | | | | |

Financial liabilities

| | | | | |
|------------------------------------|---|-------------|---|-------------|
| Derivative financial liabilities | - | 302,749,353 | - | 302,749,353 |
| Total financial liabilities | - | 302,749,353 | - | 302,749,353 |

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

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

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

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

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

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

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

FOR THE NINE MONTHS ENDED MARCH 31, 2021

(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.

18. TRANSACTIONS WITH RELATED PARTIES

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

| | Un-audited Nine Months Ended March 31, 2021 Rupees | Un-audited Nine Months Ended March 31, 2020 Rupees |
|---|--|--|
| Subsidiary company | | |
| Sale of Goods | 1,279,497,139 | 764,160,981 |
| Purchase of electricity and steam | - | 1,737,316,455 |
| Common facilities cost charged | 14,850,000 | 14,850,000 |
| Disbursement of loans | 3,561,221,699 | 10,544,357,205 |
| Repayment of loans | 2,793,541,699 | 8,876,482,000 |
| Interest on loans | 2,465,619 | 253,148,441 |
| Associated company | | |
| Markup on borrowings | - | 5,239,828 |
| Long term loans repaid | - | 25,031,250 |
| Short term loans repaid | - | 10,396,890 |
| Insurance premium paid | - | 81,278,718 |
| Insurance claims received | - | 12,198,171 |
| Dividend paid | - | 3,246,250 |
| Donation paid | 3,843,517 | 2,780,356 |
| Other related parties | | |
| Purchase of goods | 227,985,896 | 168,826,366 |
| Sale of goods | 1,695,330,316 | 2,361,646,651 |
| Dividend paid | 39,963,940 | 99,909,850 |
| Contribution to employees' provident fund | 125,767,947 | 78,813,964 |
| Remuneration of key management personnel | 140,405,423 | 103,285,351 |

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

FOR THE NINE MONTHS ENDED MARCH 31, 2021

Period end balances

| As at 31 March 2021 (Un-audited) | | | | |
|----------------------------------|----------------------|----------------------|-----------------------|---------------|
| | Subsidiary Companies | Associated Companies | Other related parties | Total |
| | Rupees | | | |
| Long term investment | 1,886,681,200 | - | - | 1,886,681,200 |
| Trade debts | 674,468,397 | - | 105,569,025 | 780,037,422 |
| Loans and advances | 767,680,000 | - | 1,889,356 | 769,569,356 |
| Other receivables | - | - | 94,374,290 | 94,374,290 |
| Accrued Interest | 2,376,820 | - | - | 2,376,820 |

| As at 30 June 2020 (Audited) | | | | |
|------------------------------|----------------------|----------------------|-----------------------|---------------|
| | Subsidiary Companies | Associated Companies | Other related parties | Total |
| | Rupees | | | |
| Trade and other payables | - | 432,498 | - | 432,498 |
| Long term investment | 1,886,681,200 | - | - | 1,886,681,200 |
| Trade debts | 879,865,266 | - | 215,718,793 | 1,095,584,059 |
| Loans and advances | - | 4,525,000 | 4,056,512 | 8,581,512 |
| Other receivables | - | - | 11,438,626 | 11,438,626 |
| Accrued Interest | 5,321,600 | - | - | 5,321,600 |

19. FINANCIAL RISK MANAGEMENT

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

20. CORRESPONDING FIGURES

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

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

FOR THE NINE MONTHS ENDED MARCH 31, 2021

Corresponding figures have been rearranged / regrouped in view of Fourth Schedule to the Companies Act, 2017, wherever necessary for the purpose of comparison. However, no significant rearrangements / regroupings have been made.

21. DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on April 30, 2021.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

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

**CONSOLIDATED CONDENSED
INTERIM FINANCIAL INFORMATION**

**FOR THE NINE MONTHS ENDED
MARCH 31, 2021 (UN-AUDITED)**

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2021

| | Note | Un-audited March 31, 2021 Rupees | Audited June 30, 2020 Rupees |
|--|------|---|---------------------------------------|
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorized share capital | | 4,200,000,000 | 4,200,000,000 |
| Issued, subscribed and paid-up share capital | | 2,401,190,290 | 2,401,190,290 |
| Reserves | | 23,327,561,635 | 19,297,416,671 |
| Equity attributable to equity holders of the Holding Company | | 25,728,751,925 | 21,698,606,961 |
| Non-controlling interest | | 10,293,650,606 | 9,284,188,987 |
| Total equity | | 36,022,402,531 | 30,982,795,948 |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| Long term financing | | 5,560,340,245 | 6,733,616,426 |
| Lease liabilities | | 62,218,276 | 71,968,923 |
| Deferred Liabilities | | 92,934,350 | 1,719,000 |
| | | 5,715,492,871 | 6,807,304,349 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 5,668,008,712 | 5,098,724,753 |
| Unclaimed dividend | | 72,043,991 | 69,654,364 |
| Accrued mark-up | | 568,138,911 | 835,368,006 |
| Short term borrowings | | 32,873,795,666 | 32,275,703,713 |
| Current portion of non-current liabilities | | 2,563,739,817 | 1,072,013,173 |
| | | 41,745,727,097 | 39,351,464,009 |
| Total liabilities | | 47,461,219,968 | 46,158,768,358 |
| CONTINGENCIES AND COMMITMENTS | | | |
| TOTAL EQUITY AND LIABILITIES | | 83,483,622,499 | 77,141,564,306 |

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

CHIEF EXECUTIVE

DIRECTOR

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2021

| | Un-audited March 31, 2021 Rupees | Audited June 30, 2020 Rupees |
|-------------------------------------|---|---------------------------------------|
| ASSETS | | |
| NON-CURRENT ASSETS | | |
| Fixed assets | 26,720,449,531 | 27,231,469,046 |
| Intangible assets | 1,389,988 | 4,327,318 |
| Right-of-use assets | 91,054,211 | 93,072,385 |
| Long term loans to employees | 19,644,655 | 14,352,910 |
| Long term security deposits | 31,721,485 | 31,789,760 |
| | 26,864,259,870 | 27,375,011,419 |
| CURRENT ASSETS | | |
| Stores, spare parts and loose tools | 2,161,544,285 | 1,604,913,456 |
| Stock-in-trade | 19,104,004,463 | 20,729,196,003 |
| Trade debts | 27,074,691,423 | 23,134,992,082 |
| Loans and advances | 4,095,339,344 | 1,219,024,001 |
| Short term deposits and prepayments | 41,120,467 | 57,125,380 |
| Other receivables | 3,712,470,323 | 2,928,701,963 |
| Short term investments | 347,733,555 | 37,833,033 |
| Cash and bank balances | 82,458,769 | 54,766,969 |
| | 56,619,362,629 | 49,766,552,887 |
| TOTAL ASSETS | 83,483,622,499 | 77,141,564,306 |

CHIEF FINANCIAL OFFICER

Nishat Chunian Limited

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

FOR THE NINE MONTHS ENDED MARCH 31, 2021

| | Nine Months Ended | | Quarter Ended | |
|---------------------------------------|-------------------|------------------|------------------|------------------|
| | March 31, 2021 | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| | Rupees | | | |
| SALES | 44,807,511,364 | 41,450,913,388 | 15,054,047,575 | 13,181,971,240 |
| COST OF SALES | (36,385,778,110) | (32,490,090,061) | (11,394,940,137) | (10,116,306,832) |
| GROSS PROFIT | 8,421,733,254 | 8,960,823,327 | 3,659,107,438 | 3,065,664,408 |
| DISTRIBUTION COST | (963,233,451) | (841,937,100) | (326,790,666) | (282,883,606) |
| ADMINISTRATIVE EXPENSES | (311,037,673) | (409,455,745) | (106,448,663) | (133,996,703) |
| OTHER OPERATING EXPENSES | (187,676,552) | (282,748,233) | (104,263,487) | (209,941,064) |
| | (1,461,947,676) | (1,534,141,078) | (537,502,816) | (626,821,373) |
| | 6,959,785,578 | 7,426,682,249 | 3,121,604,622 | 2,438,843,035 |
| OTHER OPERATING INCOME | 847,257,446 | 94,357,453 | 282,179,736 | 25,527,991 |
| PROFIT FROM OPERATIONS | 7,807,043,024 | 7,521,039,702 | 3,403,784,358 | 2,464,371,026 |
| FINANCE COST | (2,084,364,017) | (3,905,864,658) | (701,124,366) | (1,340,161,485) |
| PROFIT BEFORE TAXATION | 5,722,679,007 | 3,615,175,044 | 2,702,659,992 | 1,124,209,541 |
| TAXATION | (441,256,600) | (368,469,672) | (149,132,706) | (113,806,580) |
| PROFIT AFTER TAXATION | 5,281,422,407 | 3,246,705,372 | 2,553,527,286 | 1,010,402,961 |
| PROFIT ATTRIBUTABLE TO: | | | | |
| EQUITY HOLDERS OF THE HOLDING COMPANY | 4,271,960,788 | 1,582,138,087 | 2,241,501,655 | 372,314,170 |
| NON-CONTROLLING INTEREST | 1,009,461,619 | 1,664,567,285 | 312,025,631 | 638,088,791 |
| | 5,281,422,407 | 3,246,705,372 | 2,553,527,286 | 1,010,402,961 |
| EARNINGS PER SHARE - BASIC & DILUTED | 17.79 | 6.59 | 9.33 | 1.55 |

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

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

FOR THE NINE MONTHS ENDED MARCH 31, 2021

| | Nine Months Ended | | Quarter Ended | |
|---|-------------------|-------------------|-------------------|-------------------|
| | March 31, 2021 | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| | Rupees | | | |
| PROFIT AFTER TAXATION | 5,281,422,407 | 3,246,705,372 | 2,553,527,286 | 1,010,402,961 |
| OTHER COMPREHENSIVE INCOME | (1,696,795) | (1,116,245) | (2,069,398) | 136,714 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | 5,279,725,612 | 3,245,589,127 | 2,551,457,888 | 1,010,539,675 |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | |
| EQUITY HOLDERS OF THE HOLDING COMPANY | 4,270,263,993 | 1,581,021,842 | 2,239,432,257 | 372,450,884 |
| NON-CONTROLLING INTEREST | 1,009,461,619 | 1,664,567,285 | 312,025,631 | 638,088,791 |
| | 5,279,725,612 | 3,245,589,127 | 2,551,457,888 | 1,010,539,675 |

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

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

FOR THE NINE MONTHS ENDED MARCH 31, 2021

| | | Nine Months Ended | |
|---|------|-------------------|-------------------|
| | Note | March 31, 2021 | March 31, 2020 |
| | | Rupees | Rupees |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations | 6 | 3,560,349,595 | 2,688,334,674 |
| Net decrease / (increase) in long term security deposits | | 68,275 | (6,153,305) |
| Net (increase) / decrease in long term loans to employees | | (5,291,745) | 3,909,529 |
| Net decrease in long term investment | | - | 220,900,000 |
| Finance cost paid | | (2,351,593,112) | (3,642,688,826) |
| Income tax paid | | (228,883,217) | (212,383,543) |
| Net cash generated from / (used in) operating activities | | 974,649,796 | (948,081,471) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Capital expenditure on property, plant and equipment | | (1,005,006,582) | (1,814,684,547) |
| Proceeds from sale of property, plant and equipment | | 65,853,714 | 312,663,799 |
| Short term investments made | | (309,900,522) | (2,004,087,290) |
| Profit on bank deposits received | | 8,171,309 | 19,317,958 |
| Net cash used in investing activities | | (1,240,882,081) | (3,486,790,081) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from long term financing | | 2,534,919,231 | 865,640,000 |
| Repayment of long term financing | | (2,561,737,225) | (3,402,057,460) |
| Short term borrowings - net | | 598,091,953 | 7,554,514,305 |
| Repayment of lease liabilities | | (37,923,677) | (20,530,515) |
| Payment for ordinary shares bought-back | | - | (3,485,918) |
| Dividend paid | | (237,729,402) | (601,884,883) |
| Net cash generated from financing activities | | 295,620,880 | 4,392,195,529 |
| Net increase / (decrease) in cash and cash equivalents | | 29,388,595 | (42,676,023) |
| Impact of exchange translation | | (1,696,795) | (1,116,245) |
| Cash and cash equivalents at the beginning of the period | | 54,766,969 | 181,603,540 |
| Cash and cash equivalents at the end of the period | | 82,458,769 | 137,811,272 |

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

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

FOR THE NINE MONTHS ENDED MARCH 31, 2021

| | Attributable to Equity Holders of the Holding Company | | | | | | Non-controlling Interest | Total Equity |
|---|---|-----------------------------|---------------|------------------|------------------------|---------------------|--------------------------|----------------|
| | Share Capital | Capital Reserve | | Revenue Reserves | | Shareholders Equity | | |
| | | Exchange Transition Reserve | Share Premium | General reserve | Un-appropriated profit | | | |
| Balance as at June 30, 2019 - (audited) | 2,402,215,560 | (14,141,413) | 600,553,890 | 1,629,221,278 | 15,823,940,210 | 17,453,161,488 | 20,441,789,525 | 27,460,734,717 |
| Total comprehensive income for the nine months ended March 31, 2020 | - | (1,116,245) | - | - | 1,582,138,087 | 1,582,138,087 | 1,581,021,842 | 3,245,589,127 |
| Buy-back of ordinary shares | (1,025,270) | - | - | - | (2,460,648) | (2,460,648) | (3,485,918) | (3,485,918) |
| Final dividend for the year ended 30 June 2019 @ Rs. 2.50/ Ordinary share | - | - | - | - | (600,297,573) | (600,297,573) | - | (600,297,573) |
| Balance as at March 31, 2020 - (un-audited) | 2,401,190,290 | (15,257,658) | 600,553,890 | 1,629,221,278 | 16,803,320,076 | 18,432,541,354 | 21,419,027,876 | 30,102,540,354 |
| Total comprehensive income for the quarter ended June 30, 2020 | - | 1,002,192 | - | - | 278,576,893 | 278,576,893 | 278,579,085 | 880,255,594 |
| Balance as at June 30, 2020 - (audited) | 2,401,190,290 | (14,255,466) | 600,553,890 | 1,629,221,278 | 17,081,896,969 | 18,711,118,247 | 21,698,606,961 | 30,982,795,948 |
| Total comprehensive income for the nine months ended March 31, 2021 | - | (1,696,795) | - | - | 4,271,960,788 | 4,271,960,788 | 4,270,263,993 | 5,279,725,612 |
| Final dividend for the year ended 30 June 2020 @ Rs. 1/ Ordinary share | - | - | - | - | (240,119,029) | (240,119,029) | (240,119,029) | (240,119,029) |
| Balance as at March 31, 2021 - (un-audited) | 2,401,190,290 | (15,952,261) | 600,553,890 | 1,629,221,278 | 21,113,738,728 | 22,742,960,006 | 25,728,751,925 | 36,022,402,531 |

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

FOR THE NINE MONTHS ENDED MARCH 31, 2021

1. GROUP INFORMATION

The Group consists of:

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

Nishat (Chunian) Limited

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

Nishat Chunian Power Limited

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

Nishat Chunian USA Incorporation

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

2. BASIS OF PREPARATION

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

FOR THE NINE MONTHS ENDED MARCH 31, 2021

3. ACCOUNTING POLICIES

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

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

- i) Guarantees of Rupees 806.047 million (30 June 2020: Rupees 782.085 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited against purchase of furnace oil, Lahore Electric Supply Company Limited against electricity connection, Director Excise and Taxation, Karachi against infrastructure cess, Chairman Punjab Revenue Authority, Lahore against infrastructure cess, Director Pakistan Central Cotton Committee against cotton cess, and Nazir, Honourable High Court, Sindh against the notification in accordance with section 8 of OGRA Ordinance 2002, regarding system gas tariff on industrial and captive units.
- ii) Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 4,232.75 million (30 June 2020: Rupees 4,756.109 million) on imported material availed on the basis of consumption and export plans. In the event the documents of exports are not provided on due dates, cheque issued as security shall be encashable.

Commitments

- i) Letters of credit other than for capital expenditure are Rupees 5,578.573 million (30 June 2020: Rupees 407.110 million).

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

FOR THE NINE MONTHS ENDED MARCH 31, 2021

- ii) Outstanding foreign currency forward contracts of Rupees 8,669.910 million (30 June 2020: Rupees 7,248.326 million).

Subsidiary Company

Contingencies

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

Contingent liabilities:

- i) For the period July 2013 to June 2014, Company's case was selected for audit by the Federal Board of Revenue ('tax department'), which selection was objected to, on jurisdictional basis, by Company by way of filing a writ petition before the Honourable Lahore High Court on November 20, 2015. 'While, the Honourable Lahore High Court has allowed the tax department to proceed with audit proceedings, it has been directed that no adjudication order, consequent to conduct of audit, shall be passed after confronting the audit report.

The audit proceedings were completed by the tax department during the financial year 2016 and audit report thereof was submitted to the Company seeking explanations in regard to the issues raised therein. In the subject audit report, an aggregate amount of Rupees 631.769 million primarily including a disallowance of input sales tax of Rupees 622.263 million has been confronted on the grounds that the revenue derived by the Company on account of 'capacity purchase price' was against a non-taxable supply. The Honourable Lahore High Court through its order dated January 9, 2017 has allowed initiation of adjudication proceedings after issuance of audit report.

On May 17, 2017, the Deputy Commissioner Inland Revenue ('DCIR') issued a show cause notice as to why sales tax of the aforesaid amount of Rupees 631.769 million along with default surcharge should not be recovered from the Company. The Company filed a representation in this regard with the Chairman, Federal Board of Revenue. The Chairman, Federal Board of Revenue disposed of the case on the grounds that it did not invoke any provision of section 7 of the Federal Board of Revenue Act, 2007 as no issue of misadministration is involved therein. The Company then challenged the show cause notice before the Honourable Lahore High Court, Lahore. The Honourable Lahore High Court, Lahore declared on November 9, 2018 that the show cause notice was issued without having jurisdiction. The tax department filed appeal before Supreme Court of Pakistan. Subsequent to the reporting period, Honourable Supreme Court of Pakistan has decided the appeal in favour of tax department. On January 21, 2021, Assistant Commissioner Inland Revenue - Audit ('ACIR - Audit') has issued notice to the Company requiring to submit reply of the show cause notice.

The Company has complied with the requirements of show cause notice. Management believes that there are strong grounds to believe that the case will be decided in favour of the Company. Therefore, no provision has been made in these condensed interim financial statements.

- ii) During the year ended June 30, 2019, the Commissioner Inland Revenue ('CIR') has raised a

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

FOR THE NINE MONTHS ENDED MARCH 31, 2021

demand of Rupees 104.977 million against the Company through his order dated April 16, 2019, mainly on account of input tax claimed on inadmissible expenses in sales tax return for the various tax periods and sales tax default on account of suppression of sales related to various tax periods. The Company filed application for grant of stay before the Appellate Tribunal Inland Revenue ('ATIR') against recovery of the aforesaid demand that was duly granted. Further, the Company has filed appeals before Commissioner Inland Revenue (Appeals) ['CIR(A)'] and ATIR against the order. ATIR decided the case against the Company vide its order dated May 6, 2020. The Company, being aggrieved by the ATIR's decision, filed sales tax reference before the Honourable Lahore High Court, Lahore. The Honourable Lahore High Court, Lahore vide its order dated January 26, 2021 provided interim relief to the Company by restricting tax department from taking any coercive action against the Company subject to furnishing of the bank guarantee of disputed amount, which was duly provided and the case is pending adjudication. Management has strong grounds to believe that the case will be decided in favour of the Company. Therefore, no provision has been made in these condensed interim financial statements.

- iii) An amendment order dated August 31, 2017 was issued by the DCIR under section 122 of the Income Tax Ordinance, 2001 for tax year 2014 whereby income tax of Rupees 191.536 million was levied on other income, interest on delayed payments from CPPA-G, minimum tax on capacity sales, scrap sales, sale proceeds of fixed assets' disposal and WWF was also levied of Rupees 12.946 million. Against the aforesaid order, the Company filed an appeal on September 25, 2017 before the CIR(A) and the learned CIR(A) passed an order on February 2, 2018, declaring that the levy of income tax on interest on delayed payments from CPPA-G and minimum tax on capacity sales is not justified, while directing the Company to pay income tax aggregating to Rupees 1.466 million on profit on debt, miscellaneous income, capital gain on disposal of securities, minimum tax on scrap sales and fixed assets' disposal and WWF of Rupees 4.552 million. 'The Company and tax department both filed appeals on March 8, 2018 and March 26, 2018 respectively, before the ATIR against the order of CIR(A). During the current period, ATIR decided the case in favour of tax department and dismissed Company's appeal to grant relief. Further, all relieves granted by CIR(A) have been vacated and original order of DCIR has been upheld. The Company, being aggrieved by the ATIR's decision, filed income tax reference before the Honourable Lahore High Court, Lahore. The Honourable Lahore High Court, Lahore vide its order dated January 25, 2021 provided interim relief to the Company by suspending the order of ATIR subject to furnishing of the bank guarantee of disputed amount, which was duly provided and the case is pending adjudication. Management has strong grounds to believe that the case will be decided in favour of the Company. Therefore, no provision has been made in these condensed interim financial statements.
- iv) In March 2020, Committee for the Power Sector Audit, Circular Debt Resolution and Future Roadmap constituted by Ministry of Energy vide its notification No. IPP-01(12)/2017 dated August 7, 2019 finalised a report, through which, it was alleged that savings were made by the Independent Power Producers ('IPPs'), including the Company, in the tariff components in violation of applicable Power Policies, tariff determined by National Electric Power Regulatory Authority ('NEPRA') and the relevant project agreements.

The Company rejected such claims and discussions were made with the Government of Pakistan ('GoP') to resolve the dispute. As mentioned in Note 14, Company and CPPA-G have signed 'Master Agreement' and 'PPA Amendment Agreement' wherein it has been agreed that the abovementioned dispute will be resolved through arbitration under the Arbitration Submission Agreement between the Company and GoP. Management believes that there are

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

FOR THE NINE MONTHS ENDED MARCH 31, 2021

strong grounds that the matter will ultimately be decided in Company's favour. Furthermore, its financial impact cannot be reasonably estimated at this stage, hence, no provision in this respect has been made in these condensed interim financial statements.

- v) Guarantees of Rupees 20.967 million (June 30, 2020: Rupees 19.152 million) are given by the banks of the Company to Director, Excise and Taxation, Karachi under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess.

Contingent assets:

On July 29, 2017, the Company instituted arbitration proceedings against CPPA-G / Government of Pakistan by filing a Request for Arbitration ('RFA') with the London Court of International Arbitration ('LCIA') (the 'Arbitration Proceedings') for disallowing delayed payment charges on outstanding delayed payment invoices and other deductions made from delayed payment invoices. The Company believes it is entitled to claim delayed payment charges on outstanding delayed payments receivable from CPPA-G as per terms of the PPA and the other deductions made by CPPA-G. However, CPPA-G has denied this liability and objected on the maintainability of the arbitration proceedings, terming it against the PPA and refused to pay delayed payment charges on outstanding delayed payments receivable.

The LCIA appointed a sole Arbitrator and hearings were also held on February 19 and 20, 2018. On April 16, 2018, the Arbitrator has issued Final Partial Award in which he has rejected the CPPA-G's objection to the maintainability of the Arbitration Proceedings. Aggrieved of the decision, CPPA-G filed a civil suit against the Final Partial Award in the Court of Senior Civil Judge, Lahore. The civil suit is pending adjudication.

Hearings on merits were held in London and Final Partial Award dated April 22, 2019 was issued on July 25, 2019 in favour of the Company. The Company filed an application seeking interest on the amount awarded to the Company and costs of the arbitration. However, on August 23, 2019, CPPA-G filed another civil suit in the Court of the Senior Civil Judge, Lahore against the Final Partial Award. The second civil suit is also pending adjudication. 'On September 12, 2019, the Memorandum of Corrections to the Final Partial Award has been issued which corrected the Final Partial Award to the amount of Rupees 1,518.767 million.

On October 28, 2019, the Arbitrator declared his Final Award whereby he ordered CPPA-G to pay to the Company in addition to the amount determined in Final Partial Award: i) Rupees 332.402 million being interest on Final Partial Award; ii) Rupees 27.302 million as the costs awarded in the Award; iii) Rupees 7.675 million as the amount of the costs awarded in respect of Interim Award; and iv) Interest at KIBOR plus 4.5% per annum compounded semi-annually from the date of Final Award until payment of these amounts by CPPA-G that works out to Rupees 974.032 million upto March 31, 2021.

As mentioned in Note 14, The Company and CPPA-G have signed 'Master Agreement'. Under this agreement, CPPA-G shall ensure that all invoices shall follow the power purchase agreement's mandated 'First In First Out' ('FIFO') payment principle at the time of payment by the CPPA-G. As long as this principle is followed by CPPA-G in relation to past and future payments, the Company in consideration there of has agreed to forego and waive all of its claims of delayed payment charges on delayed payment invoices and it shall withdraw all such invoices. However, this will have no impact on the existing revenue and receivables of the Company, as the Company has not recognized the income and corresponding receivable for the said amount on the prudence basis.

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

FOR THE NINE MONTHS ENDED MARCH 31, 2021

Commitments

Letter of credit other than for capital expenditure:

6. CASH (USED IN) / GENERATED FROM OPERATIONS

Profit before taxation

Adjustment for non cash charges and other items:

Provision for employee retirement

Depreciation on operating fixed assets

Amortization on intangible assets

Depreciation on right-of-use asset

(Gain) on sale of operating fixed assets

Interest expense on sales tax refund bonds

Interest on bank deposits

Allowance for expected credit losses

Gain on remeasurement of deferred liability

Amortization on deferred grant

Finance costs

Cash flows from operating activities before working capital changes

(Increase) / decrease in current assets

- Stores, spare parts and loose tools

- Stock in trade

- Trade debts

- Loans and advances

- Short term deposits and prepayments

- Other receivables

Increase in current liabilities

- Trade and other payables

Net cash generated from operations

| Un-audited Nine months ended March 31, 2021 | Audited Year ended June 30, 2020 |
|--|--|
| Rupees | Rupees |
| 9,686,121 | - |
| Un-audited Nine months ended March 31, 2021 | Un-audited Nine months ended March 31, 2020 |
| Rupees | Rupees |
| 5,722,679,007 | 3,615,175,044 |
| 5,852,000 | 6,458,000 |
| 1,469,089,653 | 1,386,582,225 |
| 3,058,832 | 3,654,352 |
| 34,173,981 | 18,807,931 |
| (18,917,270) | (11,058,123) |
| - | 1,704,840 |
| (8,171,309) | (19,317,958) |
| 36,322 | - |
| (38,282,637) | - |
| (36,331,621) | - |
| 2,084,364,017 | 3,905,864,658 |
| 9,217,550,975 | 8,907,870,969 |
| (556,630,829) | 337,195,930 |
| 1,625,191,540 | (376,899,894) |
| (3,939,699,341) | (4,918,457,627) |
| (2,876,315,343) | (1,941,580,120) |
| 16,004,913 | (63,010,221) |
| (996,141,743) | 211,336,672 |
| 1,070,389,423 | 531,878,965 |
| (5,657,201,380) | (6,219,536,295) |
| 3,560,349,595 | 2,688,334,674 |

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

FOR THE NINE MONTHS ENDED MARCH 31, 2021

7. TRANSACTIONS WITH RELATED PARTIES

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

| | Un-audited Nine months ended March 31, 2021 Rupees | Un-audited Nine months ended March 31, 2020 Rupees |
|---|---|--|
| Associated company | | |
| Insurance premium paid | - | 369,728,434 |
| Insurance claims received | - | 288,617,786 |
| Dividend paid | - | 3,246,250 |
| Donation paid | 3,843,517 | 3,225,356 |
| Other related parties | | |
| Purchase of goods | 227,985,896 | 168,826,366 |
| Sale of goods | 1,695,330,316 | 2,361,646,651 |
| Contribution to employees' provident fund | 131,618,070 | 85,271,964 |
| Dividend paid to related parties | 39,963,940 | 99,909,850 |
| Remuneration paid to key management personnel | 186,492,543 | 170,878,351 |
| | Un-audited Nine months ended March 31, 2021 Rupees | Audited Year ended June 30, 2020 Rupees |
| Period end balances | | |
| Due from related parties | 105,569,025 | 215,718,793 |
| Advance to related parties | 1,889,356 | 4,056,512 |

8. CORRESPONDING FIGURES

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

9. DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were approved and authorized for issue on April 30, 2021 by the Board of Directors.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

INVESTORS' EDUCATION

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

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31-Q, Gulberg II, Lahore 54660, Pakistan
Tel: +92 42 3576 1730, Fax: +92 42 3587 8696
Email: info@nishat.net
www.nishat.net
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