

NISHAT (CHUNIAN) LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 31 JANUARY 2022

		31 January 2022	30 June 2021			31 January 2022	30 June 2021
	Note	Rupees	Rupees		Note	Rupees	Rupees
EQUITY AND LIABILITIES				ASSETS			
SHARE CAPITAL AND RESERVES				NON-CURRENT ASSETS			
Authorized share capital	3	<u>4,200,000,000</u>	<u>4,200,000,000</u>	Fixed assets	13	19,354,958,393	17,224,473,737
Issued, subscribed and paid-up share capital	3	2,401,190,290	2,401,190,290	Right-of-use assets	14	88,883,196	107,398,163
Reserves	4	<u>20,795,787,708</u>	<u>16,594,945,741</u>	Intangible asset	15	632,033	278,170
Total equity		<u>23,196,977,998</u>	<u>18,996,136,031</u>	Long term investments	16	1,886,681,200	1,886,681,200
				Long term loans to employees	17	21,797,593	18,710,927
				Long term security deposits		<u>31,334,353</u>	<u>30,467,609</u>
						<u>21,384,286,768</u>	<u>19,268,009,806</u>
LIABILITIES				CURRENT ASSETS			
NON-CURRENT LIABILITIES				Stores, spare parts and loose tools	18	<u>2,438,431,549</u>	<u>1,729,136,103</u>
Long term financing	5	<u>10,072,732,737</u>	<u>6,402,802,708</u>	Stock-in-trade	19	<u>25,517,532,735</u>	<u>18,214,419,656</u>
Lease liabilities	6	<u>59,406,338</u>	<u>74,518,895</u>	Trade debts	20	<u>8,746,632,600</u>	<u>6,782,425,428</u>
Deferred liabilities	7	<u>562,822,992</u>	<u>191,412,367</u>	Loans and advances	21	<u>2,578,037,588</u>	<u>3,269,989,437</u>
		<u>10,694,962,067</u>	<u>6,668,733,970</u>	Short term prepayments		<u>55,006,110</u>	<u>44,440,439</u>
CURRENT LIABILITIES				Other receivables	22	<u>3,070,687,465</u>	<u>1,752,633,789</u>
Trade and other payables	8	<u>6,196,262,329</u>	<u>4,093,556,015</u>	Advance income tax - net	23	<u>146,476,101</u>	<u>278,858,017</u>
Accrued mark-up / profit	9	<u>253,373,642</u>	<u>271,720,913</u>	Short term investments	24	<u>223,370,407</u>	<u>157,494,433</u>
Short term borrowings	10	<u>21,521,500,797</u>	<u>18,897,913,417</u>	Cash and bank balances	25	<u>175,111,562</u>	<u>272,634,954</u>
Current portion of non-current liabilities	11	<u>2,415,266,057</u>	<u>2,792,063,629</u>			<u>42,951,286,117</u>	<u>32,502,032,256</u>
Unclaimed dividend		<u>57,229,995</u>	<u>49,918,087</u>				
		<u>30,443,632,820</u>	<u>26,105,172,061</u>				
Total liabilities		<u>41,138,594,887</u>	<u>32,773,906,031</u>				
CONTINGENCIES AND COMMITMENTS							
TOTAL EQUITY AND LIABILITIES	12	<u>64,335,572,885</u>	<u>51,770,042,062</u>	TOTAL ASSETS		<u>64,335,572,885</u>	<u>51,770,042,062</u>

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

Statement under section 232 of the Companies Act, 2017

These financial statements have been signed by two directors and chief financial officer instead of chief executive, one director and chief financial officer as the chief executive is not available for the time being in Pakistan.

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

NISHAT (CHUNIAN) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE SEVEN MONTHS PERIOD ENDED 31 JANUARY 2022

		Seven months period from 01 July 2021 to 31 January 2022 Rupees	Year ended 30 June 2021 Rupees
	Note		
REVENUE	26	36,241,890,207	49,283,753,375
COST OF SALES	27	(28,053,733,640)	(40,314,606,582)
GROSS PROFIT		8,188,156,567	8,969,146,793
DISTRIBUTION COST	28	(928,455,964)	(1,160,598,536)
ADMINISTRATIVE EXPENSES	29	(144,690,442)	(311,916,781)
OTHER EXPENSES	30	(354,570,648)	(340,448,157)
		(1,427,717,054)	(1,812,963,474)
		6,760,439,513	7,156,183,319
OTHER INCOME	31	248,558,591	864,014,535
PROFIT FROM OPERATIONS		7,008,998,104	8,020,197,854
FINANCE COST	32	(1,195,717,804)	(1,747,035,020)
PROFIT BEFORE TAXATION		5,813,280,300	6,273,162,834
TAXATION	33	(411,843,188)	(674,306,049)
PROFIT AFTER TAXATION		5,401,437,112	5,598,856,785
EARNINGS PER SHARE - BASIC AND DILUTED	34	22.49	23.32

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NISHAT (CHUNIAN) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE SEVEN MONTHS PERIOD ENDED 31 JANUARY 2022

	Seven months period from 01 July 2021 to 31 January 2022 Rupees	Year ended 30 June 2021 Rupees
PROFIT AFTER TAXATION	5,401,437,112	5,598,856,785
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the period / year	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD / YEAR	5,401,437,112	5,598,856,785

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NISHAT (CHUNIAN) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE SEVEN MONTHS PERIOD ENDED 31 JANUARY 2022

	SHARE CAPITAL	CAPITAL RESERVE	REVENUE RESERVES			TOTAL EQUITY
		Share premium	General reserve	Unappropriated profit	Total	
	----- Rupees -----					
Balance as at 30 June 2020	2,401,190,290	600,553,890	1,629,221,278	9,006,432,817	10,635,654,095	13,637,398,275
Transaction with owners:						
Final dividend for the year ended 30 June 2020 @ Rupees 1.00 per share	-	-	-	(240,119,029)	(240,119,029)	(240,119,029)
Profit for the year	-	-	-	5,598,856,785	5,598,856,785	5,598,856,785
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	5,598,856,785	5,598,856,785	5,598,856,785
Balance as at 30 June 2021	2,401,190,290	600,553,890	1,629,221,278	14,365,170,573	15,994,391,851	18,996,136,031
Transaction with owners:						
Final dividend for the year ended 30 June 2021 @ Rupees 5.00 per share	-	-	-	(1,200,595,145)	(1,200,595,145)	(1,200,595,145)
Profit for the period	-	-	-	5,401,437,112	5,401,437,112	5,401,437,112
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	5,401,437,112	5,401,437,112	5,401,437,112
Balance as at 31 January 2022	2,401,190,290	600,553,890	1,629,221,278	18,566,012,540	20,195,233,818	23,196,977,998

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NISHAT (CHUNIAN) LIMITED
STATEMENT OF CASH FLOWS
FOR THE SEVEN MONTHS PERIOD ENDED 31 JANUARY 2022

		Seven months period from 01 July 2021 to 31 January 2022	Year ended 30 June 2021
	Note	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	35	(550,088,499)	5,915,160,852
Net (increase) / decrease in long term security deposits		(866,744)	1,222,151
Finance cost paid		(1,115,939,581)	(1,878,533,131)
Workers' profit participation fund paid		(313,287,572)	(31,100,107)
Income tax paid		(279,461,272)	(325,774,547)
Net decrease / (increase) in long term loans to employees		6,430,235	(12,285,766)
Net cash (used in) / generated from operating activities		(2,253,213,433)	3,668,689,452
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(2,839,879,710)	(1,867,069,998)
Proceeds from disposal of operating fixed assets		24,459,035	68,579,715
Capital expenditure on intangible asset		(468,665)	(300,251)
Loans to subsidiary companies		-	(4,548,221,699)
Repayments of loans from subsidiary companies		-	4,548,221,699
Short term investments made		(64,000,000)	(120,000,000)
Interest received		4,640,135	12,065,549
Net cash used in investing activities		(2,875,249,205)	(1,906,724,985)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		5,525,589,385	4,308,932,735
Repayment of long term financing		(1,892,486,934)	(1,907,865,663)
Repayment of lease liabilities		(32,467,348)	(40,426,714)
Short term borrowings - net		2,623,587,380	(3,656,521,867)
Dividend paid		(1,193,283,237)	(240,915,306)
Net cash from / (used in) financing activities		5,030,939,246	(1,536,796,815)
Net (decrease) / increase in cash and cash equivalents		(97,523,392)	225,167,652
Cash and cash equivalents at the beginning of the period / year		272,634,954	47,467,302
Cash and cash equivalents at the end of the period / year		175,111,562	272,634,954

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NISHAT (CHUNIAN) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SEVEN MONTHS PERIOD ENDED 31 JANUARY 2022

1. THE COMPANY AND ITS OPERATIONS

1.1 Nishat (Chunian) Limited is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. Its registered office is situated at 31-Q, Gulberg II, Lahore. The Company is engaged in 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 and steam.

1.2 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 and 46 MW and 8 TPH process steam coal fired power generation project.	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, 3 rd Floor, Centaurus Mall, Islamabad.
The Linen Company (TLC) – V	Shop No. G-14, Ground Floor Ocean Mall, Clifton, Karachi.
The Linen Company (TLC) – VI	Plot No. HC-3, Block No. 4, KDA Scheme No. 5, Clifton Karachi.
The Linen Company (TLC) – VII	Shop 8, 1 st Floor, Boson Road, Multan.
The Linen Company (TLC) – VIII	Shop 14-B-1, Ground Floor, Mall of Lahore, Tufail Road, Lahore Cantt.

1.3 The Board of Directors of the Company in its meeting held on 21 February 2022 has approved the Scheme of Compromises, Arrangement and Reconstruction (Under Sections 279 to 283 and 285 of the Companies Act, 2017) amongst the Company and its members and Nishat Chunian Properties (Private) Limited and its members. As per the Scheme, the property (land measuring 08 Kanals -07 Marlas – 155 Sq. Ft. situated at Block-K, Gulberg-II, Lahore) is to be carved out from the Company and stand merged / amalgamated with, transferred to, vested in, and be assumed by Nishat Chunian Properties (Private) Limited as at the effective date of the Scheme, against issuance of shares by Nishat Chunian Properties (Private) Limited to the Company in accordance with the Scheme. Further, ordinary shares of Nishat Chunian Power Limited owned by the Company are to be transferred to the members of the Company. 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.

- 1.4 These are not the statutory financial statements of the Company and are prepared in connection with the Scheme of Compromises, Arrangement and Reconstruction under sections 279 to 283 and section 285 of the Companies Act, 2017 amongst the Company and its members and Nishat Chunian Properties (Private) Limited and its members.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

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

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

b) Accounting convention

These financial statements have been prepared under the historical cost convention except as otherwise stated in the respective accounting policies.

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

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made on each reporting date on inventories for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the inventory balances for any such declines.

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 (ECLs) 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.

Provisions

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

Contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on the judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the statement of financial position date.

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) Amendments to published approved accounting standards that are effective in current period and are relevant to the Company

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2021:

- IFRS 16 (Amendments) 'Leases';
- Interest Rate Benchmark Reform– Phase 2 which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 4 'Insurance Contracts' and IFRS 7 'Financial Instruments: Disclosures'.

The above-mentioned amendments to approved accounting standards did not have any impact on the amounts recognised in prior period and are not expected to significantly affect the current or future periods.

e) Amendments to published approved accounting standards that are effective in current period but not relevant to the Company

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2021 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.

f) 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 February 2022 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 01 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022:

- IFRS 9 'Financial Instruments' – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 'Leases' – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 'Leases' by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgement') effective for annual periods beginning on or after 01 January 2023. These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Earlier, IAS 1 states that an entity shall disclose its 'significant accounting policies' in their financial statements. These amendments shall assist the entities to disclose their 'material accounting policies' in their financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 'Income taxes') effective for annual periods beginning on or after 01 January 2023. These amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors') effective for annual periods beginning on or after 1 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

The International Accounting Standards Board (IASB) has published 'Reference to the Conceptual Framework (Amendments to IFRS 3)' with amendments to IFRS 3 'Business Combinations' that update an outdated reference in IFRS 3 without significantly changing its requirements. Effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2022. The amendments also add to IFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

The above amendments and improvements are likely to have no significant impact on the financial statements.

g) 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 February 2022 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. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

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 and power generation equipment, 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 13.1. 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. Depreciation on power generation equipment is charged to income on the straight-line method so as to write off the cost / depreciable amount of the power generation equipment over its estimated useful life at the rate given in Note 13.1. 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 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.

2.8 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.

2.9 Intangible assets

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

2.10 Ijarah transactions

Ijarah (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.

2.11 Investments and other financial assets

a) *Classification*

The Company classifies its financial assets in the following measurement categories:

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

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

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

b) *Measurement*

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

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

Debt instruments

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

Amortized cost

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

Fair value through other comprehensive income (FVTOCI)

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

Fair value through profit or loss (FVTPL)

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.

2.12 Financial liabilities – 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.

2.13 Impairment of financial assets

The Company recognizes loss allowances for ECLs on:

- Financial assets measured at amortized cost;
- Debt investments measured at FVOCI; and
- Contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The Company has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Company has established a matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVTOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

2.14 De-recognition of financial assets and financial liabilities

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.

2.15 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.

2.16 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'.

2.17 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.

2.18 Trade debts and other receivables

Trade debts are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

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

2.19 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.

2.20 Borrowings

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

2.21 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.

2.22 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.

2.23 Trade and other payables

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

2.24 Revenue recognition

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.

Processing services

The Company provides processing services to local customers. These services are sold separately and the Company's contract with the customer for services constitute a single performance obligation.

Revenue from services is recognized at the point in time, generally at the time of dispatch. There are no terms giving rise to variable consideration under the Company's contracts with its customers.

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.

Sale of electricity

Revenue from sale of electricity is recognized at the time of transmission.

Other revenue

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

2.25 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.

2.26 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.

2.27 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.

2.28 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.

2.29 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.

2.30 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.

2.31 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.

2.32 Earnings per share

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

2.33 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.

2.34 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.

2.35 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.

2.36 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.

2.37 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.

2.38 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.

2.39 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss over the expected lives of the related assets.

2.40 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

3.1 AUTHORIZED SHARE CAPITAL

31 January 2022 (Number of shares)	30 June 2021		31 January 2022 Rupees	30 June 2021 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	Preference shares of Rupees 10 each	200,000,000	200,000,000
<u>420,000,000</u>	<u>420,000,000</u>		<u>4,200,000,000</u>	<u>4,200,000,000</u>

3.2 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

31 January 2022 (Number of shares)	30 June 2021		31 January 2022 Rupees	30 June 2021 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
<u>240,119,029</u>	<u>240,119,029</u>		<u>2,401,190,290</u>	<u>2,401,190,290</u>

3.2.1 Ordinary shares of the Company held by companies that are related parties:

Nishat Mills Limited	32,689,338	32,689,338
D.G. Khan Cement Company Limited	7,274,602	7,274,602
	<u>39,963,940</u>	<u>39,963,940</u>
	31 January 2022	30 June 2021
	Rupees	Rupees

4. RESERVES

Composition of reserves is as follows:

Capital reserve

Share premium (Note 4.1)	600,553,890	600,553,890
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Revenue reserves

General reserve	1,629,221,278	1,629,221,278
Unappropriated profit	18,566,012,540	14,365,170,573
	<u>20,195,233,818</u>	<u>15,994,391,851</u>
	<u>20,795,787,708</u>	<u>16,594,945,741</u>

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

Long term loans (Note 5.1)	10,389,977,694	6,667,686,097
Long term musharaka (Note 5.2)	1,500,635,419	2,043,285,722
	<u>11,890,613,113</u>	<u>8,710,971,819</u>
Less: Current portion shown under current liabilities (Note 11)		
Long term loans	(1,569,235,512)	(1,762,511,319)
Long term musharaka	(248,644,864)	(545,657,792)
	<u>(1,817,880,376)</u>	<u>(2,308,169,111)</u>
	<u>10,072,732,737</u>	<u>6,402,802,708</u>

5.1 Long term loans

LENDER	31 January 2022	30 June 2021	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE
	Rupees	Rupees				
MCB Bank Limited	130,000,000	140,000,000	SBP rate for LTFF + 1.00%	Sixteen equal half yearly instalments commenced on 13 August 2019 and ending on 13 February 2028. (Note 5.5)	-	Quarterly
MCB Bank Limited	55,343,750	60,375,000	SBP rate for LTFF + 1.00%	Sixteen equal half yearly instalments commenced on 22 June 2019 and ending on 22 June 2027. (Note 5.5)	-	Quarterly
MCB Bank Limited	194,700,000	259,600,000	SBP rate for LTFF+ 1.25%	Ten equal half yearly instalments commenced on 18 October 2017 and ending on 18 April 2023. (Note 5.5)	-	Quarterly
MCB Bank Limited	-	174,485,050	6-month KIBOR + 0.90%	Ten equal half yearly instalments commenced on 29 September 2017 and ended on 02 September 2021. (Note 5.5)	Half yearly	Half yearly
MCB Bank Limited	2,000,000,000	-	3-month KIBOR + 0.2%	Twenty equal quarterly instalments commencing on 11 February 2024 and ending on 11 November 2028.	Quarterly	Quarterly
Allied Bank Limited	-	18,000,000	SBP rate for LTFF + 1.00%	Sixteen equal quarterly instalments commenced on 07 January 2017 and ended on 10 October 2021. (Note 5.5)	-	Quarterly
Allied Bank Limited	-	19,375,000	SBP rate for LTFF + 1.00%	Sixteen equal quarterly instalments commenced on 20 January 2017 and ended on 20 October 2021. (Note 5.5)	-	Quarterly
Allied Bank Limited	4,383,000	13,149,000	SBP rate for LTFF + 1.00%	Sixteen equal quarterly instalments commenced on 11 May 2017 and ending on 11 February 2022. (Note 5.5)	-	Quarterly
Allied Bank Limited	176,250,000	190,937,500	SBP rate for LTFF + 1.00%	Thirty two equal quarterly instalments commenced on 24 February 2019 and ending on 24 November 2027. (Note 5.5)	-	Quarterly
Allied Bank Limited	98,775,000	111,121,875	SBP rate for LTFF + 1.00%	Thirty two equal quarterly instalments commenced on 18 April 2019 and ending on 18 January 2028. (Note 5.5)	-	Quarterly
Allied Bank Limited	293,250,000	329,906,250	SBP rate for LTFF + 1.00%	Thirty two equal quarterly instalments commenced on 19 April 2019 and ending on 19 January 2028. (Note 5.5)	-	Quarterly
Allied Bank Limited	74,687,500	80,662,500	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 21 May 2017 and ending on 21 February 2028. (Note 5.5)	-	Quarterly
Allied Bank Limited	92,031,250	103,075,000	SBP rate for LTFF + 1.00%	Thirty two equal quarterly instalments commenced on 03 July 2019 and ending on 03 April 2028. (Note 5.5)	-	Quarterly
Allied Bank Limited	61,642,000	61,642,000	SBP rate for LTFF + 1.00%	Thirty two equal quarterly instalments commencing on 01 December 2022 and ending on 01 September 2030.	-	Quarterly
Allied Bank Limited	104,692,000	104,692,000	SBP rate for LTFF+ 1.00%	Thirty two equal quarterly instalments commencing on 01 December 2022 and ending on 01 September 2030.	-	Quarterly
Allied Bank Limited	18,778,300	18,778,300	SBP rate for LTFF+ 1.00%	Thirty two equal quarterly instalments commencing on 01 December 2022 and ending on 01 September 2030.	-	Quarterly
Allied Bank Limited	32,005,000	32,005,000	SBP rate for LTFF+ 1.00%	Thirty two equal quarterly instalments commencing on 01 December 2022 and ending on 01 September 2030.	-	Quarterly
Allied Bank Limited	14,971,000	14,971,000	SBP rate for LTFF+ 1.00%	Thirty two equal quarterly instalments commencing on 01 December 2022 and ending on 01 September 2030.	-	Quarterly
Allied Bank Limited	67,911,620	67,911,620	SBP rate for LTFF+ 1.00%	Thirty two equal quarterly instalments commencing on 01 December 2022 and ending on 01 September 2030.	-	Quarterly
Allied Bank Limited	111,111,115	166,666,670	SBP rate for LTFF+ 1.00%	Nine equal half yearly instalments commenced on 25 August 2017 and ending on 26 August 2022. (Note 5.5)	-	Quarterly
Allied Bank Limited	1,000,000,000	1,000,000,000	3-month KIBOR + 0.18%	Sixteen equal quarterly instalments commencing on 30 September 2022 and ending on 30 June 2026.	Quarterly	Quarterly
Askari Bank Limited	-	17,500,000	3-month KIBOR + 0.70%	Twenty equal quarterly instalments commenced on 08 December 2015 and ended on 08 September 2021. (Note 5.5)	Quarterly	Quarterly

LENDER	31 January 2022	30 June 2021	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE
	Rupees	Rupees				
Askari Bank Limited	99,600,000	107,900,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 02 February 2017 and ending on 02 November 2027. (Note 5.5)	-	Quarterly
Askari Bank Limited	12,000,000	13,000,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 04 February 2017 and ending on 04 November 2027. (Note 5.5)	-	Quarterly
Askari Bank Limited	90,000,000	97,500,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 08 March 2017 and ending on 08 December 2027. (Note 5.5)	-	Quarterly
Askari Bank Limited	83,500,000	90,180,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 22 June 2017 and ending on 22 March 2028. (Note 5.5)	-	Quarterly
Askari Bank Limited	4,030,000	4,340,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 12 September 2017 and ending on 13 June 2028. (Note 5.5)	-	Quarterly
Askari Bank Limited	36,400,000	40,600,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 04 October 2017 and ending on 04 July 2028. (Note 5.5)	-	Quarterly
Askari Bank Limited	13,000,000	14,000,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 26 August 2017 and ending on 26 May 2028. (Note 5.5)	-	Quarterly
Askari Bank Limited	76,570,000	82,460,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 26 August 2017 and ending on 26 May 2028. (Note 5.5)	-	Quarterly
Askari Bank Limited	3,740,100	4,027,800	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 26 August 2017 and ending on 26 May 2028. (Note 5.5)	-	Quarterly
Askari Bank Limited	13,195,000	14,717,500	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 04 October 2017 and ending on 04 July 2028. (Note 5.5)	-	Quarterly
Askari Bank Limited	153,400,000	165,200,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 26 August 2017 and ending on 26 May 2028. (Note 5.5)	-	Quarterly
Askari Bank Limited	301,653,000	319,935,000	SBP rate for LTFF + 1.00%	Forty equal quarterly instalments commenced on 12 May 2021 and ending on 12 February 2031. (Note 5.5)	-	Quarterly
Bank Alfalah Limited (Note 5.8)	83,917,876	81,771,338	SBP rate for TERF + 2.00%	One hundred and twenty eight unequal instalments commencing on 26 August 2023 and ending on 30 June 2031.	-	Quarterly
Bank Alfalah Limited (Note 5.8)	873,305,015	-	SBP rate for TERF + 2.00%	Three hundred and eighty four unequal instalments commencing on 28 October 2023 and ending on 14 January 2032.	-	Quarterly
Pak Kuwait Investment Company (Private) Limited	3,497,000	10,495,000	SBP rate for LTFF + 0.75%	Eighteen equal quarterly instalments commenced on 22 November 2016 and ending on 22 February 2022. (Note 5.5)	-	Quarterly
Pak Kuwait Investment Company (Private) Limited	271,704,850	271,704,850	SBP rate for LTFF + 1.00%	Twenty equal quarterly instalments commencing on 05 January 2023 and ending on 05 October 2027.	-	Quarterly
Pak Kuwait Investment Company (Private) Limited	14,417,950	14,417,950	SBP rate for LTFF + 1.00%	Thirty two equal quarterly instalments commencing on 05 January 2023 and ending on 04 October 2030.	-	Quarterly
The Bank of Punjab	-	200,000,000	3-month KIBOR + 0.75%	Ten equal half yearly instalments commenced on 30 September 2017 and ended on 02 September 2021. (Note 5.5)	Quarterly	Quarterly
Habib Bank Limited	800,000,000	1,000,000,000	3-month KIBOR + 0.50%	Ten equal half yearly instalments commenced on 27 March 2018 and ending on 23 September 2027. (Note 5.5)	Quarterly	Quarterly
Habib Bank Limited	288,756,189	433,134,283	6-month KIBOR + 0.90%	Nine equal half yearly instalments commenced on 02 November 2017 and ending on 02 November 2022. (Note 5.5)	Half yearly	Quarterly
Habib Bank Limited (Note 5.6)	136,910,067	270,495,486	SBP rate for refinance scheme for payment of salaries and wages + 1.00%	Eight equal quarterly instalments commenced on 01 January 2021 and ending on 01 October 2022.	-	Quarterly

LENDER	31 January 2022	30 June 2021	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE
	Rupees	Rupees				
Soneri Bank Limited	233,984,375	252,703,125	SBP rate for LTFF + 1.00%	Thirty two equal quarterly instalments commenced on 08 June 2019 and ending on 08 March 2028. (Note 5.5)	-	Quarterly
Soneri Bank Limited	173,437,500	194,250,000	SBP rate for LTFF + 1.00%	Thirty two equal quarterly instalments commenced on 06 July 2019 and ending on 06 April 2028. (Note 5.5)	-	Quarterly
United Bank Limited	2,000,000,000	-	1-month KIBOR + 0.25%	Twenty four equal quarterly instalments commencing on 31 March 2024 and ending on 31 December 2029.	Monthly	Quarterly
United Bank Limited (Note 5.8)	92,427,237	-	SBP rate for TERF + 1.25%	Sixty four unequal instalments commencing on 08 October 2023 and ending on 08 December 2031.	-	Quarterly
	<u>10,389,977,694</u>	<u>6,667,686,097</u>				

5.2 Long term musharaka

Dubai Islamic Bank Pakistan Limited	-	225,000,000	6 months KIBOR + 0.85%	Ten equal half yearly instalments commenced on 14 April 2017 and ended on 02 July 2021.	Half yearly	Half yearly
Meezan Bank Limited	261,069,782	261,134,784	SBP rate for LTFF + 2.00%	Thirty two equal quarterly instalments commencing on 24 March 2023 and ending on 24 December 2030.	-	Quarterly
Meezan Bank Limited (Note 5.9)	376,873,178	359,758,240	SBP rate for ITERF + 2.75%	One hundred and twenty eight unequal instalments commencing on 30 March 2023 and ending on 28 May 2031	-	Quarterly
Meezan Bank Limited	6,638,000	6,638,000	SBP rate for LTFF + 2.00%	Thirty two equal quarterly instalments commencing on 30 March 2023 and ending on 30 December 2030.	-	Quarterly
Meezan Bank Limited	16,634,400	16,634,400	SBP rate for LTFF + 2.00%	Thirty two equal quarterly instalments commencing on 30 March 2023 and ending on 30 December 2030.	-	Quarterly
Meezan Bank Limited	11,972,100	11,972,100	SBP rate for LTFF + 2.00%	Thirty two equal quarterly instalments commencing on 30 March 2023 and ending on 30 December 2030.	-	Quarterly
Meezan Bank Limited	68,445,600	68,445,600	SBP rate for LTFF + 2.00%	Thirty two equal quarterly instalments commencing on 30 March 2023 and ending on 30 December 2030.	-	Quarterly
Meezan Bank Limited	14,260,000	14,260,000	SBP rate for LTFF + 2.00%	Thirty two equal quarterly instalments commencing on 30 March 2023 and ending on 30 December 2030.	-	Quarterly
Meezan Bank Limited	113,834,700	113,834,700	SBP rate for LTFF + 2.00%	Thirty two equal quarterly instalments commencing on 30 March 2023 and ending on 30 December 2030.	-	Quarterly
Meezan Bank Limited	197,652,000	197,652,000	SBP rate for LTFF + 2.00%	Thirty two equal quarterly instalments commencing on 17 September 2023 and ending on 17 June 2031.	-	Quarterly
Meezan Bank Limited	52,998,400	-	SBP rate for LTFF + 1.50%	Thirty two equal quarterly instalments commencing on 27 October 2023 and ending on 27 July 2031.	-	Quarterly
MCB Islamic Bank Limited (Note 5.9)	131,612,395	127,670,049	SBP rate for ITERF + 1.50%	Sixty four unequal instalments commencing on 06 August 2023 and ending on 25 May 2031.	-	Quarterly
Faysal Bank Limited (Note 5.7)	240,968,679	353,981,414	SBP rate for Islamic refinance scheme for payment of salaries and wages + 1.00%	Eight equal quarterly instalments commenced on 30 March 2021 and ending on 30 December 2022.	-	Quarterly
Faysal Bank Limited (Note 5.7)	7,676,185	11,304,435	SBP rate for Islamic refinance scheme for payment of salaries and wages + 1.25%	Eight equal quarterly instalments commenced on 30 March 2021 and ending on 30 December 2022.	-	Quarterly
Faysal Bank Limited	-	275,000,000	3-month KIBOR + 0.70%	Twenty equal quarterly instalments commenced on 21 May 2018 and ended on 15 July 2021.	Quarterly	Quarterly

LENDER	31 January 2022	30 June 2021	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE
	Rupees	Rupees				
	1,500,635,419	2,043,285,722				

- 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 21,199.914 million (30 June 2021: Rupees 18,533.254 million).
- 5.4** Long term musharaka are secured by first joint pari passu hypothecation and equitable mortgage on all present and future fixed assets of the Company to the extent of Rupees 3,787.667 million (30 June 2021: Rupees 3,820.596 million).
- 5.5** Repayment period includes deferment of repayment of principal loan amount by one year in accordance with the State Bank of Pakistan BPRD Circular Letter No. 13 of 2020 dated 26 March 2020.
- 5.6** These loans are obtained by the Company under SBP refinance scheme for payment of salaries and wages . These are recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment is recognized at discount rates ranging from 7.92% to 8.03% per annum.
- 5.7** These loans are obtained by the Company under SBP Islamic refinance scheme for payment of salaries and wages . These are recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment is recognized at discount rates ranging from 7.45% to 8.30% per annum.
- 5.8** These loans are obtained by the Company under SBP Temporary Economic Refinance Facility (TERF). These are recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment is recognized at discount rates ranging from 8.23% to 12.08% per annum (30 June 2021: 8.38% to 8.41% per annum).
- 5.9** These loans are obtained by the Company under SBP Islamic Temporary Economic Refinance Facility (ITERF). These are recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment is recognized at discount rates ranging from 8.04% to 8.47% per annum (30 June 2021: 8.04% to 8.47% per annum.)

	31 January 2022 Rupees	30 June 2021 Rupees
6. LEASE LIABILITIES		
Total lease liabilities	105,309,727	120,881,507
Less: Current portion shown under current liabilities (Note 11)	(45,903,389)	(46,362,612)
	<u>59,406,338</u>	<u>74,518,895</u>
6.1 Reconciliation of lease liabilities		
Opening balance	120,881,507	100,145,527
Add: Additions during the period / year	15,153,502	61,162,694
Add: Interest accrued on lease liabilities (Note 32)	6,817,787	12,057,781
Less: Impact of lease termination	(5,075,721)	-
Less: Payments during the period / year	(32,467,348)	(52,484,495)
Closing balance	<u>105,309,727</u>	<u>120,881,507</u>
6.2 Maturity analysis of lease liabilities is as follows:		
Upto 6 months	26,261,979	28,070,945
6-12 months	25,600,202	28,174,408
1-2 years	33,454,348	38,665,927
More than 2 years	32,285,195	45,294,327
	<u>117,601,724</u>	<u>140,205,607</u>
Less: Future finance cost	(12,291,997)	(19,324,100)
Present value of lease liabilities	<u>105,309,727</u>	<u>120,881,507</u>
6.3 Amounts recognised in the statement of profit or loss		
Interest accrued during the period / year	<u>6,817,787</u>	<u>12,057,781</u>
6.4 Implicit rate against lease liabilities ranges from 7.01% to 13.97% (30 June 2021: 7.01% to 13.97%) per annum.		
7 DEFERRED LIABILITIES		
Gas Infrastructure Development Cess (GIDC) payable (Note 7.1)	-	52,920,380
Deferred income - Government grant (Note 7.2)	562,822,992	138,491,987
	<u>562,822,992</u>	<u>191,412,367</u>
7.1 Gas Infrastructure Development Cess (GIDC) Payable		
Opening balance	438,359,078	450,332,761
Add: Adjustment due to impact of IFRS 9 (Note 32)	9,600,241	25,501,528
Less: Payments made during the period / year	-	(37,475,211)
Closing balance	<u>447,959,319</u>	<u>438,359,078</u>
Less: Current portion shown under current liabilities (Note 11)	(447,959,319)	(385,438,698)
	<u>-</u>	<u>52,920,380</u>
7.1.1 This represents Gas Infrastructure Development Cess (GIDC) that was levied through GIDC Act, 2015. During the year ended 30 June 2021, Honourable Supreme Court of Pakistan upheld the GIDC Act, 2015 to be constitutional and intra vires. The Company has filed a review petition in Honourable Sindh High Court, Karachi which is pending adjudication. GIDC payable has been recognized at amortized cost in accordance with IFRS 9.		

	31 January 2022 Rupees	30 June 2021 Rupees
7.2 Deferred income - Government grant		
Opening balance	190,585,195	-
Government grant recognized during the period / year	515,414,516	239,106,229
Less: Amortized during the period / year (Note 31)	(39,653,746)	(48,521,034)
	666,345,965	190,585,195
Less: Current portion shown under current liabilities (Note 11)	(103,522,973)	(52,093,208)
	<u>562,822,992</u>	<u>138,491,987</u>

- 7.2.1** The State Bank of Pakistan (SBP), through its Circular No. 01 and 02 of 2020 dated 17 March 2020 and Circular No. 09 of 2020 dated 08 May 2020 introduced a Temporary Economic Refinance Facility (TERF) and Islamic Temporary Economic Refinance Facility (ITERF) for setting of new industrial units and for undertaking Balancing, Modernization and Replacement and / or expansion of projects / businesses and through Circular No. 06 of 2020 dated 10 April 2020 introduced a Refinance Scheme for payment of wages and salaries to the workers and employees of business concerns. These refinances were available through Banks / DFIs. One of the key feature of these refinance facilities is that borrowers can obtain loan at mark-up rates that are below normal lending rates. As per International Accounting Standard (IAS) 20 'Accounting for Government Grants and Disclosure of Government Assistance', the benefit of a Government loan at a below-market rate of interest is treated as a Government grant. The Company has obtained these loans as disclosed in note 5 to the financial statements. In accordance with IFRS 9 'Financial Instruments', loans obtained under the refinance facilities were initially recognized at fair value which is the present value of loans proceeds received, discounted using prevailing market rates of interest for a similar instrument. Hence, the benefit of the below-market rate of interest has been measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. This benefit is accounted for and presented as deferred grant in accordance with IAS 20. The grant is being amortized in the statement of profit or loss, in line with the recognition of interest expense the grant is compensating. There are no unfulfilled conditions or contingencies attached to this grant.

	31 January 2022 Rupees	30 June 2021 Rupees
8. TRADE AND OTHER PAYABLES		
Creditors (Note 8.1)	3,520,589,167	1,646,861,865
Sindh infrastructure cess payable (Note 8.2)	596,007,065	447,386,865
Accrued liabilities	1,325,131,128	1,354,872,717
Contract liabilities - unsecured (Note 8.3)	224,828,244	209,468,561
Securities from contractors - interest free and repayable on completion of contracts (Note 8.4)	4,486,800	4,386,800
Retention money	22,924,284	2,556,142
Income tax deducted at source	23,530,446	26,640,874
Fair value of forward exchange contracts	17,194,511	-
Derivative financial instruments (Note 8.5)	1,388,137	3,884,821
Workers' profit participation fund (Note 8.6)	320,965,530	308,123,188
Workers' welfare fund (Note 8.7)	72,913,932	35,061,596
Others	66,303,085	54,312,586
	<u>6,196,262,329</u>	<u>4,093,556,015</u>

- 8.1.** These include Rupees 14.911 million (30 June 2021: Rupees 14.360) due to Nishat Mills Limited - related party.

8.2 This represents provision for infrastructure cess imposed by the Province of Sindh through Sindh Finance Act, 1994 and its subsequent versions including the final version i.e. Sindh Development and Maintenance of Infrastructure Cess Act, 2017. The Company filed writ petition in Honourable Sindh High Court, Karachi whereby stay was granted and directions were given to provide bank guarantees in favor of Director Excise and Taxation, Karachi. The Honourable Sindh High Court, Karachi passed order dated 04 June 2021 against the Company and directed that bank guarantees should be encashed. Being aggrieved by the order, the Company along with others filed petitions for leave to appeal before Honourable Supreme Court of Pakistan against the Sindh High Court's judgment in relation to Sindh infrastructure development cess. On 01 September 2021, after hearing the petitioners, the Honourable Supreme Court dictated the order in open court granting leave to appeal to the petitioners and restraining the Sindh Government from encashing the bank guarantees furnished in pursuance of the interim orders passed by the Sindh High Court. The Honourable Supreme Court also direct the release of future consignments subject to furnishing of bank guarantees for the disputed amount.

8.3. These include Rupees 0.168 million (30 June 2021: Rupees 0.218 million) due to Nishat Mills Limited - related party.

8.4 These deposits were utilized for the purpose of business in accordance with the terms of written agreements with contractors and customers.

8.5 This represents Pak Rupees denominated interest rate swap the Company entered into with two commercial banks. Under the terms of the Pak Rupees denominated interest rate swap arrangement, the Company pays fixed interest to the arranging banks on the notional Pak Rupees amount for the purposes of the Pak Rupees denominated interest rate swap and receives three months KIBOR floating rate interest from the arranging banks on the Rupee amount. There has been no transfer of liability under the arrangement, only the nature of the interest payment has changed. The Pak Rupees denominated interest rate swap outstanding as at 31 January 2022 has been marked to market and the resulting gain has been recognized in the statement of profit or loss.

	31 January 2022 Rupees	30 June 2021 Rupees
8.6 Workers' profit participation fund		
Opening balance	308,123,188	29,990,964
Add: Interest for the period / year (Note 32)	19,754,107	1,109,143
Add: Provision for the period / year (Note 30)	306,375,807	308,123,188
	<u>634,253,102</u>	<u>339,223,295</u>
Less : Payments during the period / year	(313,287,572)	(31,100,107)
Closing balance	<u>320,965,530</u>	<u>308,123,188</u>

8.6.1 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 Profits (Workers Participation) Act, 1968 on funds utilized by the Company till the date of allocation to workers.

	31 January 2022 Rupees	30 June 2021 Rupees
8.7 Workers' welfare fund		
Opening balance	35,061,596	14,473,400
Add: Provision for the period / year (Note 30)	37,852,336	20,588,196
Closing balance	<u>72,913,932</u>	<u>35,061,596</u>

	31 January 2022 Rupees	30 June 2021 Rupees
9. ACCRUED MARK-UP / PROFIT		
Long term financing	101,027,109	86,334,999
Short term borrowings	152,346,533	185,385,914
	<u>253,373,642</u>	<u>271,720,913</u>

10. SHORT TERM BORROWINGS

From banking companies - secured

Short term running finances (Notes 10.1 and 10.2)	6,190,853,929	687,759,100
Export finances - Preshipment / SBP refinance (Notes 10.1 and 10.3)	5,883,800,999	11,088,894,368
Other short term finances (Notes 10.1 and 10.4)	9,400,000,000	6,867,000,000
Murabaha finance (Note 10.1 and 10.5)	46,845,869	254,259,949
	<u>21,521,500,797</u>	<u>18,897,913,417</u>

- 10.1** These finances are obtained from banking companies under mark-up / profit arrangements and are secured by hypothecation of all present and future current assets of the Company to the extent of Rupees 46,660 million (30 June 2021: Rupees 40,959 million) and ranking charge on all present and future current assets of the Company to the extent of Rupees Nil (30 June 2021: Rupees 5,667.333 million). These form part of total credit facilities of Rupees 32,995 million (30 June 2021: Rupees 35,175 million).
- 10.2** The rates of mark-up range from 7.70% to 11.54% (30 June 2021: 7.50% to 9.53%) per annum on the balance outstanding.
- 10.3** The rates of mark-up on Pak Rupee finances range from 2.25% to 8.84% (30 June 2021: 2.25% to 13.45%) per annum on the balance outstanding.
- 10.4** The rates of mark-up range from 7.54% to 11.06% (30 June 2021: 7.55% to 9.45%) per annum on the balance outstanding.
- 10.5** The rate of profit ranged from 7.60% to 10.74% (30 June 2021: 8.62% to 11.69%) per annum on the balance outstanding.

	31 January 2022 Rupees	30 June 2021 Rupees
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11. CURRENT PORTION OF NON-CURRENT LIABILITIES

Long term financing (Note 5)	1,817,880,376	2,308,169,111
Lease liabilities (Note 6)	45,903,389	46,362,612
Gas Infrastructure Development Cess (GIDC) Payable (Note 7.1)	447,959,319	385,438,698
Deferred income - Government grant (Note 7.2)	103,522,973	52,093,208
	<u>2,415,266,057</u>	<u>2,792,063,629</u>

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

- 12.1.1** 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 121.970 million is payable on this account but the management of the Company is confident that payment of electricity duty will not be required.

- 12.1.2** 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.
- 12.1.3** 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 filed appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] against the decision of DCIR wherein the appeal has been decided partially in favour of the Company. Being aggrieved, the Company has filed an appeal before Appellate Tribunal Inland Revenue (ATIR) 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.
- 12.1.4** As a result of withholding tax audit for the tax year 2006, DCIR has raised a demand of Rupees 14.596 million under sections 161 and 205 of the Income Tax Ordinance, 2001. The Company's appeal before ATIR was successful. The Commissioner Inland Revenue has filed appeal before Honourable Lahore High Court, Lahore against the order of ATIR, where the case is pending. 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.
- 12.1.5** An appeal effect order was issued in response to the order passed by ATIR in proceedings initiated under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2011, whereby, the income tax refunds originally accruing to the Company were reduced to Rupees 39.305 million from Rupees 137.801 million. Additionally, the income tax refunds of Rupees 6.822 million adjusted against the income tax demand originally created by ACIR in the instant proceedings, were also restored. In response to the appeal effect order, an appeal has been filed before CIR(A) contesting the reduction of income tax refunds. The outcome of the said appeal is expected to be in favour of the Company.
- 12.1.6** 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.
- 12.1.7** The DCIR 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 DCIR. 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.
- 12.1.8** 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.

- 12.1.9** 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.
- 12.1.10** 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 favourable outcome of its appeals.
- 12.1.11** 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 Honourable 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 Honourable 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.
- 12.1.12** The Company is contesting demands of sales tax along with default surcharge and penalty under the Sales Tax Act, 1990 by taxation authorities amounting to Rupees 616.240 million at various forums. These demands have been raised on account of various issues. 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.
- 12.1.13** Being aggrieved, the Company is in appeal before ATIR against the order of CIR(A). ACIR 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.
- 12.1.14** The DCIR issued a show cause notice dated 12 April 2019 under section 177(1) of the Income Tax Ordinance, 2001 for providing certain record and documents for tax year 2013. In response thereto, various replies were submitted with the DCIR. In response to submissions of the Company, the DCIR issued an audit report u/s 177(6) of the Income Tax Ordinance, 2001 and then passed an order under sections 122(4)/122(5)/214C of the Income Tax Ordinance, 2001 creating a demand of Rupees 277.772 million. Being aggrieved with the order passed by the DCIR, an appeal has been filed before CIR(A)-I. CIR(A)-I vide order dated 07 November 2019 ordered remand back proceedings in the said proceedings. Subsequently, a notice under sections 124/122(4)/122(5)/214C of the Income Tax Ordinance, 2001, was issued dated 02 April 2020. However, the proceedings were adjourned indefinitely owing to the lockdown in the country amid the COVID-19 outbreak. The proceedings will be re-initiated by the concerned DCIR by issuing a fresh notice. However, based on facts of the case, the aforesaid proceedings are likely to culminate in the favour of the Company.

- 12.1.15** 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, which was decided in favour of the Company on 19 February 2020. Appeal has been filed by the tax department before Honourable Lahore High Court, Lahore against the order of ATIR.
- 12.1.16** 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) 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, which was decided in favour of the Company on 19 February 2020. Appeal has been filed by the tax department before Honourable Lahore High Court, Lahore against the order of ATIR.
- 12.1.17** 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 86.417 million paid on packing material in its respective monthly sales tax returns. The management, based on advice of the legal counsel, is confident of favourable outcome of its appeal.
- 12.1.18** In case of NC Electric Company Limited [now Nishat (Chunian) Limited] proceedings were initiated by the Deputy Commissioner Inland Revenue (DCIR) under section 235/161/205 of the Income Tax Ordinance, 2001 for the tax year 2017, which eventually culminated in proceedings being remanded back to the concerned DCIR by the Commissioner Inland Revenue, Appeals-II (CIR, A-II). Subsequently, a remand back notice under section 124/161/205 of the Income Tax Ordinance, 2001 was issued by the concerned DCIR. In response to the aforesaid notice, a reply was submitted with concerned DCIR. The DCIR in response to submissions, passed an order under section 124/235/161 dated 29 June 2019 creating a demand to the tune of Rupees 5,698,691. Being aggrieved with the order passed by the DCIR, an appeal has been filed before CIR, A-II. Furthermore, hearing of the same was duly conducted and CIR, A-II once again passed an order of remand back proceedings. Being aggrieved with the order passed by the CIR, A-II, an appeal has been filed before Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication. Based on the facts of the case, the appeal is likely to be decided in favour of the Company. Subsequently, a notice dated 31 August 2020 reinitiating the proceedings was issued. The said notice was duly responded to. However, the order is yet to be passed.
- 12.1.19** ACIR issued a notice dated 11 December 2019 under section 122(9) of the Income Tax Ordinance, 2001 directing the Company to submit clarifications, records and documents with respect to certain treatments meted out in the income tax return for the tax year 2014. In response to the aforementioned notice, various replies were submitted with the ACIR. The subject proceedings culminated in the ACIR passing an order under section 122(5A) of the Income Tax Ordinance, 2001 creating an income tax demand to the tune of Rupees 189.375 million. In response to the order passed by the ACIR, an appeal was filed before the CIR(A) who vide his order dated 24 January 2022 waived the tax demand created by CIR(A) and further granted partial relief by allowing a tax refund of Rupees 84.990 million. The Company being aggrieved with the decision, filed an appeal before Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication. Based on the facts of the case, the appeal is likely to be decided in favour of the Company.

- 12.1.20** ACIR issued a notice dated 11 December 2019 under section 122(9) of the Income Tax Ordinance, 2001 directing the Company to submit certain records and documents with respect to certain treatments meted out in the annual income tax return for the tax year 2015. In response thereof, various replies were submitted with the ACIR. The subject proceedings culminated in the learned ACIR passing an order under section 122(5A) of the Income Tax Ordinance, 2001 creating a tax demand to the tune of Rupees 417.208 million. In response to the order passed by the ACIR, an appeal has been filed before the CIR (A). Based on the facts of the case, it is likely that the said proceedings will culminate in the Company's favour.
- 12.1.21** DCIR initiated post sales tax refunds audit proceedings for tax periods October 2015 to June 2017 under rule 36 of the Sales Tax Rules, 2006 read with section 38 of the Sales Tax Act, 1990. In response to the notice issued by the DCIR, various replies were submitted. The said proceedings culminated in the learned DCIR passing an order under section 11 of the Sales Tax Act, 1990 creating a sales tax demand to the tune of Rupees 89.828 million. In response to the order passed by the DCIR, an appeal was filed before the CIR(A), who vide his order dated 06 January 2022 passed an order against the Company. The Company being aggrieved with the decision, filed an appeal before ATIR against the impugned order. Based on the facts of the case, it is likely that the proceedings will culminate in the Company's favour.
- 12.1.22** Proceedings under section 161/205 of the Income Tax Ordinance, 2001 were initiated by DCIR for tax year 2015, which eventually culminated in the DCIR's order under section 161/205 of the Income Tax Ordinance, 2001 dated 29 April 2021 raising a tax demand to the tune of Rupees 105.480 million. In response to the aforesaid order, appeal has been preferred before CIR(A-1), the outcome of which is expected to be in favour of the Company.
- 12.1.23** Proceedings under section 161/205 of the Income Tax Ordinance, 2001 were initiated by DCIR for tax year 2016, which eventually culminated in the DCIR's order under section 161/205 of the Income Tax Ordinance, 2001 dated 28 May 2021 raising a tax demand to the tune of Rupees 77.349 million. In response to the aforesaid order, appeal has been preferred before CIR(A-1), the outcome of which is expected to be in favour of the Company.
- 12.1.24** DCIR initiated post sales tax refunds audit proceedings for tax periods July 2017 to June 2019 under Rule 36 of the Sales Tax Rules, 2006 read with section 38 of the Sales Tax Act, 1990. In response to the notice issued by the DCIR, various replies were submitted. The said proceedings culminated in the learned DCIR passing an order under section 38 of the Sales Tax Act, 1990 creating a sales tax demand to the tune of Rupees 914.309 million. In response to the order passed by the DCIR, an appeal has been filed before the CIR(A). Based on the facts of the case, it is likely that the proceedings will culminate in the Company's favour.
- 12.1.25** Through show cause notice, DCIR raised a demand of Rupees 24.512 million under section 8 of the Sales Tax Act, 1990 for the tax periods July 2016 to June 2018. In response thereto, various replies were submitted with the DCIR. In response to submissions of the Company, the DCIR passed an order dated 30 June 2019 under section 8 of the Sales Tax Act, 1990 creating a demand of Rupees 24.512 million along with default surcharge and penalty. Being aggrieved with the order passed by the DCIR, an appeal was filed before CIR(A)-I who vide his order dated 10 December 2019 upheld the assessment order made by DCIR. Subsequently, an appeal was filed before ATIR who vide its order dated 05 August 2021 rejected the appeal of the Company. Subsequently, the Company has filed an application before ATIR for reconsideration of the said order. Based on grounds and facts, Company is hopeful for a favourable outcome of the appeal.
- 12.1.26** Guarantees of Rupees 1,010.200 million (30 June 2021: Rupees 858.017 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited against purchase of furnace oil, Lahore Electric Supply Company against electricity connections, Director Excise and Taxation, Karachi against infrastructure cess, Chairman Punjab Revenue Authority, Lahore against infrastructure cess, Collector, Model Customs Collectorate, Karachi against import, Director Pakistan Central Cotton Committee against cotton cess and Nazir, Honourable High Court, Sindh against the notification in accordance with section 8 of OGRA Ordinance 2002 regarding system gas tariff on industrial and captive units.

12.1.27 Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 6,144.735 million (30 June 2021: Rupees 4,715.577 million) on imported material availed on the basis of consumption and export plans. In the event the documents of exports are not provided on due dates, cheque issued as security shall be encashable. Further, post dated cheques of Rupees 153.227 million (30 June 2021: Rupees 139.031 million) have been issued to Lahore Electric Supply Company Limited against disputed amount of tariff adjustments and post dated cheques of Rupees 156.532 million (30 June 2021: Rupees 156.532 million) have been issued to Sui Northern Gas Pipelines Limited against gas infrastructure development cess and captive vs industrial tariff case.

12.2 Commitments

12.2.1 Letters of credit for capital expenditure amounting to Rupees 2,702.381 million (30 June 2021: Rupees 4,480.769 million).

12.2.2 Letters of credit other than for capital expenditure amounting to Rupees 1,419.047 million (30 June 2021: Rupees 447.610 million).

12.2.3 Outstanding foreign currency forward contracts of Rupees 1,618.902 million (30 June 2021: Rupees 10,106.645 million).

	31 January 2022	30 June 2021
	Rupees	Rupees
13. FIXED ASSETS		
Property, plant and equipment:		
Operating fixed assets (Note 13.1)	16,514,405,261	16,443,267,692
Capital work-in-progress (Note 13.2)	2,840,553,132	781,206,045
	<u>19,354,958,393</u>	<u>17,224,473,737</u>

13.1 Reconciliations of carrying amount of operating fixed assets at the beginning and at the end of the period / year is as follows:

Description	Freehold land	Buildings on freehold land	Plant and machinery	Power generation equipment	Standby generators	Electric installations	Factory equipment	Furniture, fixture and equipment	Office equipment	Motor vehicles	Total
Rupees											
At 30 June 2020											
Cost	1,129,912,377	4,684,593,813	15,799,460,909	3,836,756,300	973,118,733	709,225,095	267,690,114	158,898,112	106,519,180	228,216,911	27,894,391,544
Accumulated depreciation	-	(1,637,198,246)	(8,080,123,923)	(452,949,508)	(667,955,122)	(371,237,403)	(167,820,587)	(80,648,098)	(48,279,240)	(105,598,744)	(11,611,810,871)
Net book value	1,129,912,377	3,047,395,567	7,719,336,986	3,383,806,792	305,163,611	337,987,692	99,869,527	78,250,014	58,239,940	122,618,167	16,282,580,673
Year ended 30 June 2021											
Opening net book value	1,129,912,377	3,047,395,567	7,719,336,986	3,383,806,792	305,163,611	337,987,692	99,869,527	78,250,014	58,239,940	122,618,167	16,282,580,673
Additions	148,447,680	174,957,639	795,014,196	77,339,958	-	36,876,414	47,704,274	35,252,365	19,014,338	37,960,835	1,372,567,699
Disposals:											
Cost	-	-	(137,624,198)	-	-	-	-	(173,579)	(1,719,975)	(30,890,574)	(170,408,326)
Accumulated depreciation	-	-	97,839,294	-	-	-	-	75,074	573,698	19,977,979	118,466,045
	-	-	(39,784,904)	-	-	-	-	(98,505)	(1,146,277)	(10,912,595)	(51,942,281)
Adjustment:											
Cost	-	-	(116,922,119)	116,922,119	-	-	-	-	-	-	-
Accumulated depreciation	-	-	73,420,820	(73,420,820)	-	-	-	-	-	-	-
	-	-	(43,501,299)	43,501,299	-	-	-	-	-	-	-
Depreciation	-	(155,426,128)	(759,357,872)	(152,338,508)	(1,319,619)	(35,253,998)	(12,335,603)	(12,751,391)	(6,835,719)	(24,319,561)	(1,159,938,399)
Closing net book value	1,278,360,057	3,066,927,078	7,671,707,107	3,352,309,541	303,843,992	339,610,108	135,238,198	100,652,483	69,272,282	125,346,846	16,443,267,692
At 30 June 2021											
Cost	1,278,360,057	4,859,551,452	16,339,928,788	4,031,018,377	973,118,733	746,101,509	315,394,388	193,976,898	123,813,543	235,287,172	29,096,550,917
Accumulated depreciation	-	(1,792,624,374)	(8,668,221,681)	(678,708,836)	(669,274,741)	(406,491,401)	(180,156,190)	(93,324,415)	(54,541,261)	(109,940,326)	(12,653,283,225)
Net book value	1,278,360,057	3,066,927,078	7,671,707,107	3,352,309,541	303,843,992	339,610,108	135,238,198	100,652,483	69,272,282	125,346,846	16,443,267,692
Period ended 31 January 2022											
Opening net book value	1,278,360,057	3,066,927,078	7,671,707,107	3,352,309,541	303,843,992	339,610,108	135,238,198	100,652,483	69,272,282	125,346,846	16,443,267,692
Additions	66,012,223	113,701,452	314,683,705	16,536,454	5,792,688	165,918,292	14,542,512	24,945,663	11,127,767	47,271,867	780,532,623
Disposals:											
Cost	-	-	(23,108,615)	-	-	-	-	(1,595,066)	(1,008,066)	(18,588,868)	(44,300,615)
Accumulated depreciation	-	-	20,080,422	-	-	-	-	945,066	340,322	10,100,975	31,466,785
	-	-	(3,028,193)	-	-	-	-	(650,000)	(667,744)	(8,487,893)	(12,833,830)
Asset written off:											
Cost	-	(11,821,201)	-	(14,550,000)	-	-	-	-	-	-	(26,371,201)
Accumulated depreciation	-	3,525,584	-	7,590,762	-	-	-	-	-	-	11,116,346
	-	(8,295,617)	-	(6,959,238)	-	-	-	-	-	-	(15,254,855)
Adjustment:											
Cost	-	-	(183,306,729)	252,469,168	72,982,741	(142,145,180)	-	(34,600)	34,600	-	-
Accumulated depreciation	-	-	128,443,757	(80,824,252)	(55,772,456)	8,152,951	-	20,856	(20,856)	-	-
	-	-	(54,862,972)	171,644,916	17,210,285	(133,992,229)	-	(13,744)	13,744	-	-
Depreciation	-	(91,745,333)	(434,508,639)	(90,240,909)	(2,202,832)	(25,094,939)	(8,206,368)	(8,506,161)	(4,523,769)	(16,277,419)	(681,306,369)
Closing net book value	1,344,372,280	3,080,587,580	7,493,991,008	3,443,290,764	324,644,133	346,441,232	141,574,342	116,428,241	75,222,280	147,853,401	16,514,405,261
At 31 January 2022											
Cost	1,344,372,280	4,961,431,703	16,448,197,149	4,285,473,999	1,051,894,162	769,874,621	329,936,900	217,292,895	133,967,844	263,970,171	29,806,411,724
Accumulated depreciation	-	(1,880,844,123)	(8,954,206,141)	(842,183,235)	(727,250,029)	(423,433,389)	(188,362,558)	(100,864,654)	(58,745,564)	(116,116,770)	(13,292,006,463)
Net book value	1,344,372,280	3,080,587,580	7,493,991,008	3,443,290,764	324,644,133	346,441,232	141,574,342	116,428,241	75,222,280	147,853,401	16,514,405,261
Annual rate of depreciation (%)		5	10	4	Number of hours used	10	10	10	10	20	

13.1.1 Detail of operating fixed assets, exceeding the book value of Rupees 500,000, disposed of / written off 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 -----								
Plant and machinery								
Drawing Frame	4	11,415,715	(10,306,848)	1,108,867	1,127,080	18,213	Negotiation	Mubahsar Brothers, Faisalabad
Drawing Frame	2	6,500,000	(5,367,954)	1,132,046	1,673,540	541,494	Negotiation	Mubahsar Brothers, Faisalabad
Drawing Frame	2	5,192,900	(4,405,620)	787,280	3,073,850	2,286,570	Negotiation	Mubahsar Brothers, Faisalabad
Motor vehicles								
Honda City LE-17-2761	1	1,576,930	(1,017,373)	559,557	645,911	86,354	Company Policy	Qaiser Saeed, Company's employee, Jhang
Honda Civic LEC 16-3977	1	2,081,500	(1,382,379)	699,121	2,170,000	1,470,879	Negotiation	Wasim Akhtar, Kasoor
Honda City LEB-13-6579	1	1,575,000	(616,854)	958,146	1,575,000	616,854	Negotiation	Ali Asif, Lahore
Suzuki Swift RB-828 model 2011	1	1,100,000	(135,850)	964,150	1,100,000	135,850	Negotiation	Usman Waseem, Lahore
Toyota Corolla LED-17-215	1	2,700,000	(713,640)	1,986,360	2,700,000	713,640	Company Policy	Babar Ali Khan, Company's employee, Lahore
Honda Civic LEB-17-6214	1	2,660,165	(1,671,875)	988,290	3,207,783	2,219,493	Negotiation	Sabir Ilahi, Lahore
Furniture, fixture and equipment								
Emporium Mall Retail Store Works	1	1,595,066	(945,066)	650,000	650,000	-	Negotiation	Bonanza Garments Industries (Private) Limited, Karachi.
Power generation equipment								
Rice Husk Boiler Complete	2	14,550,000	(7,590,762)	6,959,238	-	(6,959,238)	Written Off	
Buildings on freehold land								
Erection of two boilers	1	11,821,201	(3,525,584)	8,295,617	-	(8,295,617)	Written Off	
Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000		7,903,339	(4,903,326)	3,000,013	6,535,871	3,535,858		
		<u>70,671,816</u>	<u>(42,583,131)</u>	<u>28,088,685</u>	<u>24,459,035</u>	<u>(3,629,650)</u>		

	31 January 2022 Rupees	30 June 2021 Rupees
13.1.2 The depreciation charge for the period / year has been allocated as follows:		
Cost of sales (Note 27)	672,651,120	1,144,747,414
Administrative expenses (Note 29)	8,655,249	15,190,985
	<u>681,306,369</u>	<u>1,159,938,399</u>

13.1.3 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.	61.45
Spinning Units 2, 3, 6 and Weaving	49th Kilometre, Multan Road, Bhai Pheru, Tehsil Pattoki, District Kasur.	124.70
Coal fired electric power generation project	49th Kilometre, Multan Road, Bhai Pheru, Tehsil Chunian, District Kasur.	33.89
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
		<u>256.84</u>

	31 January 2022 Rupees	30 June 2021 Rupees
13.2 Capital work-in-progress		
Civil works on freehold land	407,186,585	39,387,755
Plant and machinery	701,957,503	129,958,001
Electric installations	-	753,855
Mobilization advances	83,802,444	87,643,981
Advances for capital expenditures	1,647,606,600	523,462,453
	<u>2,840,553,132</u>	<u>781,206,045</u>

13.3 Movement in capital work in progress

	Civil works on freehold land	Plant and machinery	Electric installations	Mobilization advances
	----- Rupees -----			
As at 30 June 2020	93,594,675	7,142,001	753,855	8,058,617
Add: Additions during the year	31,646,438	405,946,752	-	125,078,192
Add / (less): Adjusted during the year	89,104,281	511,883,444	-	(45,492,828)
Less: Transferred to operating fixed assets during the year	(174,957,639)	(795,014,196)	-	-
As at 30 June 2021	39,387,755	129,958,001	753,855	87,643,981
Add: Additions during the period	582,056,321	744,319,212	-	179,097,680

Add / (less): Adjusted during the period	(167,737,117)	(7,641,001)	-	(182,939,217)
Less: Transferred to operating fixed assets during the period	(46,520,374)	(164,678,709)	(753,855)	-
As at 31 January 2022	407,186,585	701,957,503	-	83,802,444
			31 January 2022 Rupees	30 June 2021 Rupees
14 RIGHT-OF-USE ASSETS				
Opening balance			107,398,163	93,072,385
Add: Additions during the period / year			15,153,502	61,162,694
Less: Impact of lease termination			(4,665,709)	-
Less: Depreciation for the period / year (Note 28)			(29,002,760)	(46,836,916)
Closing balance			<u>88,883,196</u>	<u>107,398,163</u>
14.1 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 seven years.				
14.2	There is no impairment of right-of-use assets.			
			31 January 2022 Rupees	30 June 2021 Rupees
15 INTANGIBLE ASSET				
Opening balance			278,170	110,318
Addition during the period / year			468,665	300,251
Less: Amortization during the period / year (Notes 15.2 and 29)			(114,802)	(132,399)
Closing balance			<u>632,033</u>	<u>278,170</u>
15.1	Cost		22,541,927	22,168,063
	Accumulated amortization		(21,909,894)	(21,889,893)
	Net book value		<u>632,033</u>	<u>278,170</u>
15.2	Amortization on intangible asset amounting to Rupees 0.115 million (30 June 2021: Rupees 0.132 million) has been allocated to administrative expenses.			
15.3	Intangible asset - computer software has been amortized at the rate of 30% per annum.			
15.4	This includes intangible asset of Rupees 21.773 million (30 June 2021: Rupees 20.007 million) which is fully amortized.			
			31 January 2022 Rupees	30 June 2021 Rupees
16 LONG TERM INVESTMENTS				
	Equity instruments (Note 16.1)		<u>1,886,681,200</u>	<u>1,886,681,200</u>
16.1 Equity instruments				
	Subsidiary companies - at cost			
	Nishat Chunian Power Limited - quoted (Note 16.2)			
	187,585,820 (30 June 2021: 187,585,820) fully paid ordinary shares of Rupees 10 each. Equity held 51.07% (30 June 2021: 51.07%)		1,875,858,200	1,875,858,200

Nishat Chunian USA Inc. - unquoted

10 (30 June 2021: 10) fully paid shares with no par value per share

Equity held 100% (30 June 2021: 100%)

10,823,000	10,823,000
<u>1,886,681,200</u>	<u>1,886,681,200</u>

16.2 The Company has pledged Nil (30 June 2021: 187,354,914) ordinary shares to lenders of Nishat Chunian Power Limited for the purpose of securing finance.

16.3 Nishat Chunian Properties (Private) Limited is a private limited company incorporated in Pakistan under the Companies Act, 2017 on 31 January 2022. Nishat Chunian Properties (Private) Limited is a wholly-owned subsidiary of the Company. As at the reporting date, bank account of Nishat Chunian Properties (Private) Limited was not open, hence the Company has not deposited subscription money amounting to Rupees 100,000 (10,000 ordinary shares of Rupees 10 each).

	31 January 2022 Rupees	30 June 2021 Rupees
17. LONG TERM LOANS TO EMPLOYEES		
Considered good:		
Executives (Notes 17.2 and 17.3)	15,724,711	15,546,659
Other employees (Note 17.3)	<u>15,705,817</u>	<u>12,681,169</u>
	31,430,528	28,227,828
Less: Current portion shown under current assets (Note 21)		
Executives	(5,142,118)	(5,323,385)
Other employees	<u>(4,490,817)</u>	<u>(4,193,516)</u>
	<u>(9,632,935)</u>	<u>(9,516,901)</u>
	<u>21,797,593</u>	<u>18,710,927</u>

17.1 Reconciliation of carrying amount of loans to executives:

Opening balance	15,546,659	10,260,980
Add: Disbursements during the period / year	6,270,000	14,435,000
Less: Repayments during the period / year	<u>6,091,948</u>	<u>9,149,321</u>
Closing balance	<u>15,724,711</u>	<u>15,546,659</u>

17.2 Maximum aggregate balance due from executives at the end of any month during the period was Rupees 16.756 million (30 June 2021: Rupees 18.914 million).

17.3 These represent motor vehicle loans and house building loans to executives and employees, payable in 24 to 60 and 96 monthly instalments respectively. Interest on long term loans ranged from 4.18% to 11.38% (30 June 2021: 8.43% to 9.00%) 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.

17.4 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 January 2022 Rupees	30 June 2021 Rupees
18. STORES, SPARE PARTS AND LOOSE TOOLS		
Stores	1,868,295,050	1,204,384,251
Spare parts	511,581,642	479,479,803
Loose tools	58,554,857	45,272,049
	<u>2,438,431,549</u>	<u>1,729,136,103</u>
19. STOCK-IN-TRADE		
Raw materials	17,990,550,135	12,544,593,834
Work-in-process (Note 19.2)	2,031,487,144	2,081,215,813
Finished goods (Note 19.3)	5,096,779,627	3,511,748,772
Waste	398,715,829	76,861,237
	<u>25,517,532,735</u>	<u>18,214,419,656</u>
19.1	Stock-in-trade of Rupees 437.915 million (30 June 2021: Rupees 152.551 million) is being carried at net realizable value.	
19.2	This includes stock of Rupees 253.745 million (30 June 2021: Rupees 170.819 million) sent to outside parties for processing.	
19.3	Finished goods include stock in transit of Rupees 1,070.219 million (30 June 2021: Rupees 971.128 million).	
	31 January 2022 Rupees	30 June 2021 Rupees
20. TRADE DEBTS		
Considered good:		
Secured:		
- Others	6,687,291,338	4,669,634,370
Unsecured:		
- Related parties (Notes 20.3 and 20.4)	363,564,930	726,913,433
- Others	1,699,489,785	1,392,652,149
	<u>8,750,346,053</u>	<u>6,789,199,952</u>
Less: Allowance for expected credit losses (Note 20.7)	<u>(3,713,453)</u>	<u>(6,774,524)</u>
	<u>8,746,632,600</u>	<u>6,782,425,428</u>
20.1. Types of counterparties		
Export		
Corporate	5,171,895,886	4,192,769,241
Other	-	478,058,753
	<u>5,171,895,886</u>	<u>4,670,827,994</u>
Local		
Corporate	3,527,029,468	2,022,072,618
Other	51,420,699	96,299,340
	<u>3,578,450,167</u>	<u>2,118,371,958</u>
	<u>8,750,346,053</u>	<u>6,789,199,952</u>

20.2. Foreign jurisdictions of trade debts

Europe	1,018,406,058	1,457,944,821
Asia, Africa and Australia	3,390,153,878	2,239,801,443
United States of America and Canada	763,335,950	973,081,730
	<u>5,171,895,886</u>	<u>4,670,827,994</u>

20.3 This represents amounts due from following related parties:

Nishat Chunian USA Inc. - subsidiary company	113,825,532	567,472,442
Nishat Mills Limited - related party	217,403,157	159,440,991
Sweave Inc. - related party	32,336,241	-
	<u>363,564,930</u>	<u>726,913,433</u>

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

Nishat Chunian USA Inc. - subsidiary company	<u>525,871,026</u>	<u>1,087,915,819</u>
Nishat Mills Limited - related party	<u>264,474,479</u>	<u>217,719,719</u>
Sweave Inc. - related party	<u>31,485,036</u>	<u>-</u>

20.5 Trade debts due from other than related parties of Rupees 773.525 million (30 June 2021: Rupees 242.905 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 January 2022 Rupees	30 June 2021 Rupees
Upto 1 month	766,380,275	235,439,543
1 to 6 months	6,683,370	1,793,892
More than 6 months	461,810	5,671,297
	<u>773,525,455</u>	<u>242,904,732</u>

20.6 Trade debts due from related parties amounting to Rupees 292.940 million (30 June 2021: Rupees 662.903 million) were past due but not impaired. The age analysis of these trade debts is as follows:

	31 January 2022 Rupees	30 June 2021 Rupees
Upto 1 month	244,196,615	183,481,653
1 to 6 months	48,743,693	465,496,882
More than 6 months	-	13,924,558
	<u>292,940,308</u>	<u>662,903,093</u>

20.7 Allowance for expected credit losses

Opening balance	6,774,524	11,268
Add: Recognized during the period / year (Note 30)	-	6,763,256
Less: Reversal during the period / year (Note 31)	(3,061,071)	-
Closing balance	<u>3,713,453</u>	<u>6,774,524</u>

21. LOANS AND ADVANCES

Considered good:

Employees - interest free:

- Executives	6,152,086	2,017,663
- Other employees	8,969,261	7,547,322
	<u>15,121,347</u>	<u>9,564,985</u>

Current portion of long term loans to employees (Note 17)

Advances to suppliers (Note 21.1)

Advances to contractors

Letters of credit

9,632,935	9,516,901
2,536,938,047	3,113,744,719
2,821,714	1,156,837
13,523,545	136,005,995
<u>2,578,037,588</u>	<u>3,269,989,437</u>

21.1 These include advances amounting to Rupees 2.186 million (30 June 2021: Rupees 3.075 million) to D.G. Khan Cement Company Limited - related party. These are neither past due nor impaired.

21.1.1 The maximum aggregate amount of advances to related party at the end of any month during the period was as follows:

	31 January 2022	30 June 2021
	Rupees	Rupees
D. G. Khan Cement Company Limited	<u>9,964,366</u>	<u>3,074,592</u>

22. OTHER RECEIVABLES

Considered good:

Sales tax recoverable	2,530,232,789	1,103,161,149
Export rebate and claims	27,025,258	45,157,621
Duty drawback receivable	355,382,081	376,202,146
Fair value of forward exchange contracts	-	56,576,881
Insurance claim receivable	451,990	7,364,430
Receivable from employees' provident fund trust (Note 22.1)	103,208,072	101,101,822
Miscellaneous	54,387,275	63,069,740
	<u>3,070,687,465</u>	<u>1,752,633,789</u>

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

	31 January 2022	30 June 2021
	Rupees	Rupees
Nishat (Chunian) Limited - Employees Provident Fund	<u>103,208,072</u>	<u>107,396,402</u>

23. ADVANCE INCOME TAX - NET

Advance income tax	558,319,289	953,164,066
Provision for taxation	(411,843,188)	(674,306,049)
	<u>146,476,101</u>	<u>278,858,017</u>

24. SHORT TERM INVESTMENTS**At amortized cost**

Term deposit receipts (Note 24.1)	220,160,226	156,160,226
Add: Accrued interest	3,210,181	1,334,207
	<u>223,370,407</u>	<u>157,494,433</u>

- 24.1** These represent deposits under lien with the banks of the Company against bank guarantees of the same amount issued by the bank to Sui Northern Gas Pipelines Limited against gas connections and Director, Excise and Taxation, Karachi against disputed amount of infrastructure cess. Interest on term deposit receipts ranges from 6.17% to 8.50% (30 June 2021: 4.78% to 13.00%) per annum. The maturity period of these term deposit receipts is 1 and 12 months (30 June 2021: 6 and 12 months)

	31 January 2022	30 June 2021
	Rupees	Rupees
25. CASH AND BANK BALANCES		
Cash with banks:		
On saving accounts (Note 25.1)		
Including US\$ 11,798 (30 June 2021: US\$ 15,230)	2,133,073	2,499,493
On current accounts		
Including US\$ 166,072 (30 June 2021: US\$ 45,998)	164,965,363	266,506,411
	<u>167,098,436</u>	<u>269,005,904</u>
Cash in hand	8,013,126	3,629,050
	<u>175,111,562</u>	<u>272,634,954</u>

- 25.1** Rate of profit on saving accounts ranges from 3.00% to 8.25% (30 June 2021: 2.75% to 5.50%) per annum.

	Seven months	Year ended 30
	period from 01	June 2021
	July 2021 to 31	
	January 2022	
	Rupees	Rupees
26. REVENUE		
Revenue from contracts with customers:		
- Export sales	17,054,501,840	26,306,479,135
- Local sales (Note 26.1)	19,045,838,203	22,334,166,990
- Processing income	91,803,736	202,587,634
	<u>36,192,143,779</u>	<u>48,843,233,759</u>
Export rebate	49,746,428	66,351,147
Duty drawback	-	374,168,469
	<u>36,241,890,207</u>	<u>49,283,753,375</u>

26.1 Local sales

Sales	22,281,070,389	26,243,643,686
Less: Sales tax	<u>3,235,232,186</u>	<u>3,909,476,696</u>
	<u><u>19,045,838,203</u></u>	<u><u>22,334,166,990</u></u>

26.1.1 Local sales includes waste sales of Rupees 591.004 million (30 June 2021: Rupees 1,399.001 million).

26.2 The amount of Rupees 168.409 million included in contract liabilities (Note 8) at 30 June 2021 has been recognized as revenue during the seven months period ended 31 January 2022 (30 June 2021: Rupees 140.649 million).

26.3 Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition:

Description	Spinning		Weaving		Processing and Home Textile		Power Generation		Total	
	Seven months period from 01 July 2021 to 31 January 2022	Year ended 30 June 2021	Seven months period from 01 July 2021 to 31 January 2022	Year ended 30 June 2021	Seven months period from 01 July 2021 to 31 January 2022	Year ended 30 June 2021	Seven months period from 01 July 2021 to 31 January 2022	Year ended 30 June 2021	Seven months period from 01 July 2021 to 31 January 2022	Year ended 30 June 2021
----- Rupees -----										
Region										
Europe	174,975,159	128,982,007	169,199,485	415,157,533	4,844,422,884	6,265,656,877	-	-	5,188,597,528	6,809,796,417
United States of America and Canada	-	9,929,376	157,792,865	275,776,934	3,014,811,935	5,379,363,230	-	-	3,172,604,800	5,665,069,540
Asia, Africa, Australia	6,185,660,806	10,217,428,244	364,874,541	668,580,177	2,142,764,165	2,945,604,757	-	-	8,693,299,512	13,831,613,178
Pakistan	14,741,615,319	17,209,572,300	3,209,240,320	3,132,571,642	906,221,770	1,709,392,579	188,760,794	282,630,469	19,045,838,203	22,334,166,990
Processing Income	1,363,660	1,000,580	23,784,592	1,231,451	66,655,484	200,355,603	-	-	91,803,736	202,587,634
Rebate	-	-	156,626	404,605	49,589,802	65,946,542	-	-	49,746,428	66,351,147
Duty drawback	-	-	-	-	-	374,168,469	-	-	-	374,168,469
	21,103,614,944	27,566,912,507	3,925,048,429	4,493,722,342	11,024,466,040	16,940,488,057	188,760,794	282,630,469	36,241,890,207	49,283,753,375
Timing of revenue recognition										
Products and services transferred at a point in time	21,103,614,944	27,566,912,507	3,925,048,429	4,493,722,342	11,024,466,040	16,940,488,057	188,760,794	282,630,469	36,241,890,207	49,283,753,375
Products and services transferred over time	-	-	-	-	-	-	-	-	-	-
	21,103,614,944	27,566,912,507	3,925,048,429	4,493,722,342	11,024,466,040	16,940,488,057	188,760,794	282,630,469	36,241,890,207	49,283,753,375
Major products / service lines										
Yarn	20,603,818,757	26,321,048,054	67,796,499	56,378,168	328,087,155	1,129,292,905	-	-	20,999,702,411	27,506,719,127
Comber Noil	499,796,187	1,245,864,453	33,439,448	-	57,352,387	-	-	-	590,588,022	1,245,864,453
Grey Cloth	-	-	3,800,027,890	4,437,344,174	-	-	-	-	3,800,027,890	4,437,344,174
Process Cloth	-	-	23,784,592	-	1,437,215,348	2,664,975,748	-	-	1,460,999,940	2,664,975,748
Made Ups	-	-	-	-	9,201,811,150	12,937,574,106	-	-	9,201,811,150	12,937,574,106
Bed Sheets	-	-	-	-	-	208,645,298	-	-	-	208,645,298
Electricity	-	-	-	-	-	-	188,760,794	282,630,469	188,760,794	282,630,469
	21,103,614,944	27,566,912,507	3,925,048,429	4,493,722,342	11,024,466,040	16,940,488,057	188,760,794	282,630,469	36,241,890,207	49,283,753,375

26.4 Revenue is recognised at point in time as per the terms and conditions of underlying contracts with customers.

	Seven months period from 01 July 2021 to 31 January 2022	Year ended 30 June 2021
	Rupees	Rupees
27. COST OF SALES		
Raw materials consumed (Note 27.1)	22,410,191,473	29,952,711,409
Packing materials consumed	988,800,515	1,488,636,510
Stores, spare parts and loose tools consumed	570,018,280	773,427,430
Processing charges	238,356,024	183,820,280
Salaries, wages and other benefits (Note 27.2)	1,928,204,764	2,926,350,242
Fuel and power	2,612,484,829	3,387,268,587
Insurance	68,653,230	96,410,295
Postage and telephone	425,628	798,986
Travelling and conveyance	6,316,899	5,181,257
Vehicles' running and maintenance	19,933,571	31,549,842
Entertainment	8,753,373	13,430,831
Depreciation on operating fixed assets (Note 13.1.2)	672,651,120	1,144,747,414
Repair and maintenance	317,729,033	456,592,898
Other factory overheads	68,371,679	118,313,632
	<u>29,910,890,418</u>	<u>40,579,239,613</u>
Work-in-process		
Add: Opening stock	2,081,215,813	1,131,081,567
Less: Closing stock	(2,031,487,144)	(2,081,215,813)
	<u>49,728,669</u>	<u>(950,134,246)</u>
Cost of goods manufactured	<u>29,960,619,087</u>	<u>39,629,105,367</u>
Add: Finished goods and waste - opening stocks		
Finished goods	3,511,748,772	4,098,769,328
Waste	76,861,237	175,341,896
	<u>3,588,610,009</u>	<u>4,274,111,224</u>
	<u>33,549,229,096</u>	<u>43,903,216,591</u>
Less: Finished goods and waste - closing stocks		
Finished goods	(5,096,779,627)	(3,511,748,772)
Waste	(398,715,829)	(76,861,237)
	<u>(5,495,495,456)</u>	<u>(3,588,610,009)</u>
	<u>28,053,733,640</u>	<u>40,314,606,582</u>
27.1 Raw materials consumed		
Opening stock	12,544,593,834	13,912,192,681
Add: Purchased during the year	<u>27,856,147,774</u>	<u>28,585,112,562</u>
	<u>40,400,741,608</u>	<u>42,497,305,243</u>
Less: Closing stock	<u>(17,990,550,135)</u>	<u>(12,544,593,834)</u>
	<u>22,410,191,473</u>	<u>29,952,711,409</u>

- 27.2** Salaries, wages and other benefits include Rupees 19.926 million (30 June 2021: Rupees 28.016 million) and Rupees 54.177 million (30 June 2021: Rupees 74.613 million) in respect of accumulating compensated absences and provident fund contribution by the Company respectively.

	Seven months period from 01 July 2021 to 31 January 2022	Year ended 30 June 2021
	Rupees	Rupees
28. DISTRIBUTION COST		
Salaries and other benefits (Note 28.1)	117,881,603	146,527,940
Ocean freight	236,067,134	246,204,997
Freight and octroi	100,072,380	141,776,492
Local marketing expenses	6,344,166	7,860,993
Forwarding and other expenses	81,627,000	118,683,032
Export marketing expenses	140,804,162	145,232,053
Commission to selling agents	195,599,217	275,398,591
Rent, rates and taxes	8,041,177	10,739,077
Printing and stationery	73,743	234,930
Travelling and conveyance	585,709	1,654,928
Postage and telephone	4,744,534	7,697,497
Legal and professional	1,463,089	2,738,945
Repair and maintenance	532,136	1,766,550
Electricity and sui gas	2,483,173	3,214,758
Entertainment	837,609	1,077,372
Depreciation on right-of-use assets (Note 14)	29,002,760	46,836,916
Miscellaneous	2,296,372	2,953,465
	<u>928,455,964</u>	<u>1,160,598,536</u>

- 28.1** Salaries and other benefits include Rupees 0.750 million (30 June 2021: Rupees 2.554 million) and Rupees 4.045 million (30 June 2021: Rupees 6.242 million) in respect of accumulating compensated absences and provident fund contribution by the Company respectively.

	Seven months period from 01 July 2021 to 31 January 2022	Year ended 30 June 2021
	Rupees	Rupees
29. ADMINISTRATIVE EXPENSES		
Salaries and other benefits - net (Note 29.1)	85,748,311	215,507,925
Printing and stationery	3,810,156	4,324,540
Vehicles' running and maintenance - net	1,104,847	1,264,909
Travelling and conveyance	5,776,824	8,225,912
Postage and telephone - net	2,868,301	3,877,735
Fee and subscription	3,398,496	8,203,875
Legal and professional	12,451,613	17,964,350
Auditor's remuneration (Note 29.2)	2,448,966	3,583,339
Electricity and sui gas - net	1,358,962	3,333,634
Insurance	2,287,267	3,510,852
Repair and maintenance - net	7,813,281	19,537,422
Entertainment	3,945,711	4,870,280

Depreciation on operating fixed assets (Note 13.1.2)	8,655,249	15,190,985
Amortization on intangible asset (Note 15)	114,802	132,399
Miscellaneous - net	2,907,656	2,388,624
	<u>144,690,442</u>	<u>311,916,781</u>

- 29.1** Salaries and other benefits include Rupees 0.524 million (30 June 2021: Rupees 0.388 million) and Rupees 2.912 million (30 June 2021: Rupees 4.168 million) in respect of accumulating compensated absences and provident fund contribution by the Company respectively.

	Seven months period from 01 July 2021 to 31 January 2022	Year ended 30 June 2021
	Rupees	Rupees
29.2 Auditor's remuneration		
Statutory audit fee	-	2,420,048
Special audit fee	1,411,695	-
Half yearly review	778,635	707,850
Certification fees	-	220,317
Reimbursable expenses	258,636	235,124
	<u>2,448,966</u>	<u>3,583,339</u>

30. OTHER EXPENSES

Workers' profit participation fund (Note 8.6)	306,375,807	308,123,188
Workers' welfare fund (Note 8.7)	37,852,336	20,588,196
Donations (Note 30.1)	6,712,855	4,973,517
Loss on disposal of operating fixed assets - net (Note 13.1.1)	3,629,650	-
Allowance for expected credit losses (Note 20.7)	-	6,763,256
	<u>354,570,648</u>	<u>340,448,157</u>

- 30.1** These include donations amounting to Rupees 2.693 million (30 June 2021: Rupees 4.354 million) to Mian Muhammad Yahya Trust, 31-Q, Gulberg II, Lahore in which Mr. Shahzad Saleem, Chief Executive and Mr. Aftab Ahmad Khan, Director are trustees.

	Seven months period from 01 July 2021 to 31 January 2022	Year ended 30 June 2021
	Rupees	Rupees
31. OTHER INCOME		
Income from financial assets		
Return on bank deposits	6,516,109	3,345,675
Net exchange gain	87,909,760	619,260,238
Reversal of allowance for expected credit losses (Note 20.7)	3,061,071	-
Income from loans to subsidiary company		
Interest income on short term loans	-	3,059,674
Income from non-financial assets and others		

Gain on disposal of operating fixed assets - net	-	16,637,434
Scrap sales	95,883,824	121,199,616
Amortization of deferred income - Government grant (Note 7.2)	39,653,746	48,521,034
Gain on initial recognition of GIDC payable at amortized cost	-	38,282,637
Gain on termination of leases	410,012	-
Miscellaneous	15,124,069	13,708,227
	<u>248,558,591</u>	<u>864,014,535</u>

Seven months period from 01 July 2021 to 31 January 2022	Year ended 30 June 2021
Rupees	Rupees

32. FINANCE COST

Mark-up / profit on:

- long term loans	276,850,208	421,951,555
- long term musharaka	54,975,402	24,050,548
- short term running finances	206,427,660	333,418,391
- export finances - Preshipment / SBP refinances	176,389,079	386,284,259
- short term finances - others	358,752,816	405,660,334
Adjustment due to impact of IFRS 9 on GIDC (Note 7.1)	9,600,241	25,501,528
Interest expense on lease liabilities (Note 6.1)	6,817,787	12,057,781
Interest on workers' profit participation fund (Note 8.6)	19,754,107	1,109,143
Bank charges and commission	86,150,504	137,001,481
	<u>1,195,717,804</u>	<u>1,747,035,020</u>

33. TAXATION

Current	<u>411,843,188</u>	<u>674,306,049</u>
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Seven months period from 01 July 2021 to 31 January 2022	Year ended 30 June 2021
Rupees	Rupees

33.1 Reconciliation between tax expense and accounting profit

Accounting profit before taxation	<u>5,813,280,300</u>	<u>6,273,162,834</u>
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Applicable tax rate	29%	29%
Tax on accounting profit	1,685,851,287	1,819,217,222
Tax effect on final tax regime income taxed at a lower rate	(392,697,277)	(858,994,474)
Tax effect of alternative corporate tax	-	(285,916,699)
Tax effect on minimum tax	(881,310,822)	-
	411,843,188	674,306,049

31 January 2022
Rupees

30 June 2021
Rupees

33.2 Deferred income tax asset

The asset for deferred income tax originated due to timing differences relating to:

Taxable temporary differences

Accelerated tax depreciation	(751,931,104)	(883,593,304)
Amortization on intangible asset	(70,566)	(37,465)
Right-of-use assets	(25,776,127)	(31,145,467)
	(777,777,797)	(914,776,236)

Deductible temporary differences

Available tax losses	102,154,767	648,065,077
Lease liabilities	30,539,821	35,055,637
Allowance for expected credit losses	1,076,902	515,726
Alternative corporate tax carry forward	65,179,342	65,179,342
Minimum tax carry forward	603,598,738	679,302,990

Deferred income tax asset

Deferred income tax asset not recognized in these financial statements

Deferred income tax asset recognized in these financial statements

802,549,570	1,428,118,772
24,771,773	513,342,536
(24,771,773)	(513,342,536)
-	-

33.2.1 Deferred income tax asset of Rupees 24.772 million (30 June 2021: Rupees 513.343 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.

33.2.2 The gross movement in net deferred income tax asset recognised in these financial statements during the period / year is as follows:

Opening balance	-	-
(Charged) / credited to other comprehensive income	-	-
(Credited) / charged to statement of profit or loss	-	-
Closing balance	-	-

Accounting year to which the tax loss relates	Amount of unused tax loss	Accounting year in which tax loss will expire
Tax losses related to un-absorbed tax depreciation		
	Rupees	
2020	311,584,958	Unlimited
2019	40,672,858	Unlimited
	<u>352,257,816</u>	

Accounting year to which minimum tax relates	Amount of minimum tax	Accounting year in which minimum tax will expire
	Rupees	
2021	41,321,199	2026
2020	251,194,081	2025
2019	243,135,016	2024
2018	67,948,442	2023
	<u>603,598,738</u>	

Accounting year to which alternative corporate tax relates	Amount of alternative corporate tax	Accounting year in which alternative corporate tax will expire
	Rupees	
2021	65,179,342	2031

Seven months period from 01 July 2021 to 31 January 2022

Year ended 30 June 2021

34. EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation attributable to ordinary shareholders (Rupees)	<u>5,401,437,112</u>	<u>5,598,856,785</u>
Weighted average number of ordinary shares outstanding during the year (Number)	<u>240,119,029</u>	<u>240,119,029</u>
Basic earnings per share (Rupees)	<u>22.49</u>	<u>23.32</u>

34.1 There is no dilutive effect on basic earnings per share for the period / year ended 31 January 2022 and 30 June 2021 respectively as the Company has no potential ordinary shares as on 31 January 2022 and 30 June 2021.

Seven months period from 01 July 2021 to 31 January 2022

Year ended 30 June 2021

35. CASH (USED IN) / GENERATED FROM OPERATIONS

Profit before taxation	5,813,280,300	6,273,162,834
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	681,306,369	1,159,938,399
Amortization on intangible asset	114,802	132,399
Depreciation on right-of-use assets	29,002,760	46,836,916
Loss / (gain) on disposal of operating fixed assets - net	3,629,650	(16,637,434)
Finance cost	1,195,717,804	1,747,035,020
Return on bank deposits	(6,516,109)	(3,345,675)
Net exchange gain	(87,909,760)	(619,260,238)

Interest income on short term loans to subsidiary company	-	(3,059,674)
Amortization of deferred income - Government grant	(39,653,746)	(48,521,034)
Gain on initial recognition of GIDC payable at amortized cost	-	(38,282,637)
(Reversal) / charge of allowance for expected credit losses	(3,061,071)	6,763,256
Gain on termination of leases	(410,012)	-
Provision for workers' profit participation fund	306,375,807	308,123,188
Provision for workers' welfare fund	37,852,336	20,588,196
Working capital changes (Note 35.1)	<u>(8,479,817,629)</u>	<u>(2,918,312,664)</u>
	<u>(550,088,499)</u>	<u>5,915,160,852</u>

35.1 Working capital changes

(Increase) / decrease in current assets:

Stores, spare parts and loose tools	(709,295,446)	(124,230,125)
Stock-in-trade	(7,303,113,079)	1,102,965,816
Trade debts	(1,961,146,101)	(1,483,298,093)
Loans and advances	682,434,948	(2,157,840,687)
Short term prepayments	(10,565,671)	1,395,444
Other receivables	<u>(1,230,143,916)</u>	<u>(74,211,346)</u>
	<u>(10,531,829,265)</u>	<u>(2,735,218,991)</u>
Increase / (decrease) in trade and other payables	2,052,011,636	(183,093,673)
	<u>(8,479,817,629)</u>	<u>(2,918,312,664)</u>

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

31 January 2022				
Liabilities from financing activities				
Long term financing	Lease liabilities	Short term borrowings	Unclaimed dividend	
-----Rupees-----				
Balance as at 01 July 2021	8,710,971,819	120,881,507	18,897,913,417	49,918,087
Financing / borrowings obtained	5,525,589,385	-	-	-
Lease liabilities recognised during the period	-	15,153,502	-	-
Repayment of financing / borrowings	(1,892,486,934)	-	-	-
Repayment of lease liabilities	-	(32,467,348)	-	-
Short term borrowings - net	-	-	2,623,587,380	-
Dividend declared	-	-	-	1,200,595,145
Dividend paid	-	-	-	(1,193,283,237)
Other changes - non-cash movement	(453,461,157)	1,742,066	-	-
Balance as at 31 January 2022	<u>11,890,613,113</u>	<u>105,309,727</u>	<u>21,521,500,797</u>	<u>57,229,995</u>

30 June 2021				
Liabilities from financing activities				
Long term financing	Lease liabilities	Short term borrowings	Unclaimed dividend	
-----Rupees-----				
Balance as at 01 July 2020	6,489,201,995	100,145,527	22,554,435,284	50,714,364
Financing / borrowings obtained	4,308,932,735	-	-	-
Lease liabilities recognised during the year	-	61,162,694	-	-
Repayment of financing / borrowings	(1,907,865,663)	-	-	-
Repayment of lease liabilities	-	(40,426,714)	-	-
Short term borrowings - net	-	-	(3,656,521,867)	-
Dividend declared	-	-	-	240,119,029
Dividend paid	-	-	-	(240,915,306)
Other changes - non-cash movement	(179,297,248)	-	-	-
Balance as at 30 June 2021	<u>8,710,971,819</u>	<u>120,881,507</u>	<u>18,897,913,417</u>	<u>49,918,087</u>

36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Director		Executives	
	Seven months period from 01 July 2021 to 31 January 2022	Year ended 30 June 2021	Seven months period from 01 July 2021 to 31 January 2022	Year ended 30 June 2021	Seven months period from 01 July 2021 to 31 January 2022	Year ended 30 June 2021
	----- Rupees -----					
Managerial remuneration	16,461,396	21,731,872	1,715,200	4,000,000	64,285,376	88,257,419
Contribution to provident fund	-	-	142,876	333,200	5,354,972	7,351,843
House rent	6,584,558	8,692,749	686,080	1,600,000	25,714,151	35,302,968
Utilities	1,646,140	2,173,187	171,520	400,000	6,428,538	8,825,742
Others	-	-	1,535,307	300,015	22,404,775	9,768,175
	<u>24,692,094</u>	<u>32,597,808</u>	<u>4,250,983</u>	<u>6,633,215</u>	<u>124,187,812</u>	<u>149,506,147</u>
Number of persons	1	1	1	1	56	46

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

36.2 Aggregate amount charged in these financial statements for meeting fee to seven (30 June 2021: seven) directors was Rupees 240,000 (30 June 2021: Rupees 460,000).

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

37. 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:

	Seven months period from 01 July 2021 to 31 January 2022	Year ended 30 June 2021
	Rupees	Rupees
Subsidiary companies		
Common facilities cost charged	11,550,000	19,800,000
Sale of goods	248,170,562	1,514,518,825
Interest income on loans	-	3,059,674
Short term loans made	-	4,548,221,699
Repayment / adjustment of short term loans made	-	4,548,221,699
Other related parties		
Purchase of goods	244,892,156	493,833,716
Sale of goods	3,066,856,994	2,078,165,714
Dividend paid	199,819,700	39,963,940
Company's contribution to employees' provident fund trust	61,134,458	85,023,187

37.1 Detail of compensation to key management personnel comprising of chief executive officer, directors and executives is disclosed in (Note 36).

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

Name of the related party	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the period	Percentage of shareholding
Nishat Chunian Power Limited	Subsidiary company	Yes	51.07
Nishat Chunian USA Inc.	Wholly owned subsidiary company	Yes	100
Sweave Inc.	Wholly owned subsidiary of Nishat Chunian USA Inc.	Yes	100
Nishat Chunian Properties (Private) Limited	Wholly owned subsidiary company	No	100
Nishat Mills Limited	Shareholding	Yes	None
D.G. Khan Cement Company Limited	Shareholding	Yes	None
Saleem Memorial Trust Hospital	Common directorship	No	None
Pakgen Power Limited	Common directorship	No	None
Mian Muhammad Yahya Trust	Common trusteeship	Yes	None
Lalpir Solar Power (Private) Limited	Common directorship	No	None
Nishat Energy Limited	Common directorship	No	None
Nishat Papers Products Company Limited	Common directorship	No	None
Nishat (Aziz Avenue) Hotels and Properties Limited	Common directorship	No	None
Nishat (Raiwind) Hotels and Properties Limited	Common directorship	No	None
Nishat Hotels and Properties Limited	Common directorship	No	None
Nishat Hospitality (Private) Limited	Common directorship	No	None
National Investment Trust Limited	Common directorship	No	None
Imperial Textile Mills Limited	Common directorship	No	None
Maxim Agri (Private) Limited	Common directorship	No	None
Security General Insurance Company Limited	Common directorship	No	None
Nishat (Chunian) Limited - Employees Provident Fund	Post-employment benefit plan	Yes	None

37.3 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
Sweave Inc.	USA	Wholly owned subsidiary of Nishat Chunian USA Inc.	100
Nishat Chunian USA Inc.	USA	Wholly owned subsidiary company	100

37.4 As on 31 Jan 2022, 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 investment:

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
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37.5 As on 30 June 2021, 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 investment:

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
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38. NUMBER OF EMPLOYEES

Number of employees as on 31 January / 30 June

Average number of employees during the period / year

31 January 2022	30 June 2021
7,726	7,384
7,680	7,425

39. SEGMENT INFORMATION

	Spinning						Weaving				Processing and Home Textile		Power Generation		Elimination of inter-segment transactions		Total - Company	
	Zone - 1		Zone - 2		Zone - 3		Unit - 1		Unit - 2									
	Seven months period from 01 July 2021 to 31 January 2022	Year ended 30 June 2021	Seven months period from 01 July 2021 to 31 January 2022	Year ended 30 June 2021	Seven months period from 01 July 2021 to 31 January 2022	Year ended 30 June 2021	Seven months period from 01 July 2021 to 31 January 2022	Year ended 30 June 2021	Seven months period from 01 July 2021 to 31 January 2022	Year ended 30 June 2021	Seven months period from 01 July 2021 to 31 January 2022	Year ended 30 June 2021	Seven months period from 01 July 2021 to 31 January 2022	Year ended 30 June 2021	Seven months period from 01 July 2021 to 31 January 2022	Year ended 30 June 2021		
	-----Rupees-----																	
External:																		
- Export	6,360,635,965	9,124,454,157		-	-	1,231,884,925	-	-	691,866,891	1,359,514,642	10,001,998,984	14,590,625,411	-	-	-	-	17,054,501,840	26,306,479,135
- Local	579,159,660	926,437,120	8,114,066,671	7,965,097,319	6,048,388,988	8,318,038,406	2,306,394,665	3,001,969,278	902,845,654	130,602,363	906,221,770	580,099,102	188,760,795	282,630,470	-	-	19,045,838,203	21,204,874,058
- Export rebate and duty drawback	-	-	-	-	-	-	-	-	156,626	404,605	49,589,802	440,115,011	-	-	-	-	49,746,428	440,519,616
- Others	-	-	1,363,660	1,000,580	-	-	23,784,592	1,231,451	-	-	66,655,484	1,329,648,535	-	-	-	-	91,803,736	1,331,880,566
	6,939,795,625	10,050,891,277	8,115,430,331	7,966,097,899	6,048,388,988	9,549,923,331	2,330,179,257	3,003,200,729	1,594,869,171	1,490,521,610	11,024,466,040	16,940,488,059	188,760,795	282,630,470	-	-	36,241,890,207	49,283,753,375
Inter-segment	-	-	1,716,984,530	1,549,259,425	1,628,222,629	3,234,781,734	982,721,371	774,169,346	3,273,195,118	6,278,656,921	-	-	2,183,391,581	3,315,638,635	(9,784,515,229)	(15,152,506,061)	-	-
	6,939,795,625	10,050,891,277	9,832,414,861	9,515,357,324	7,676,611,617	12,784,705,065	3,312,900,628	3,777,370,075	4,868,064,289	7,769,178,531	11,024,466,040	16,940,488,059	2,372,152,376	3,598,269,105	(9,784,515,229)	(15,152,506,061)	36,241,890,207	49,283,753,375
Cost of sales	(4,872,965,052)	(8,456,408,886)	(8,073,042,986)	(7,878,732,300)	(5,269,804,069)	(10,757,604,279)	(2,959,364,305)	(3,414,100,321)	(4,348,568,612)	(7,022,016,478)	(9,936,888,896)	(14,820,277,848)	(2,377,614,949)	(3,117,972,531)	9,784,515,229	15,152,506,061	(28,053,733,640)	(40,314,606,582)
Gross profit / (loss)	2,066,830,573	1,594,482,391	1,759,371,875	1,636,625,024	2,406,807,548	2,027,100,786	353,536,323	363,269,754	519,495,677	747,162,053	1,087,577,144	2,120,210,211	(5,462,573)	480,296,574	-	-	8,188,156,567	8,969,146,793
Distribution cost	(200,310,360)	(245,722,270)	(38,411,736)	(56,597,411)	(92,336,555)	(132,587,658)	(22,039,237)	(23,139,567)	(32,385,040)	(47,592,748)	(542,973,036)	(654,958,882)	-	-	-	-	(928,455,964)	(1,160,598,536)
Administrative expenses	(28,414,807)	(95,118,491)	(15,955,276)	(28,003,041)	(25,711,724)	(43,198,291)	(9,146,063)	(14,304,563)	(13,439,468)	(29,421,184)	(44,018,669)	(86,289,337)	(8,004,435)	(15,581,874)	-	-	(144,690,442)	(311,916,781)
	(228,725,167)	(340,840,761)	(54,367,012)	(84,600,452)	(118,048,279)	(175,785,949)	(31,185,300)	(37,444,130)	(45,824,508)	(77,013,932)	(586,991,705)	(741,248,219)	(8,004,435)	(15,581,874)	-	-	(1,073,146,406)	(1,472,515,317)
Profit / (loss) before taxation and unallocated income and expenses	1,838,105,406	1,253,641,630	1,705,004,863	1,552,024,572	2,288,759,269	1,851,314,837	322,351,023	325,825,624	473,671,169	670,148,121	500,585,439	1,378,961,992	(13,467,008)	464,714,700	-	-	7,115,010,161	7,496,631,476
Unallocated income and expenses																		
Other expenses																	(354,570,648)	(340,448,157)
Other income																	248,558,591	864,014,535
Finance cost																	(1,195,717,804)	(1,747,035,020)
Taxation																	(411,843,188)	(674,306,049)
Profit after taxation																	5,401,437,112	5,598,856,785

39.1 Reconciliation of reportable segment assets and liabilities

	Spinning						Weaving				Processing and Home Textile		Power Generation		Total - Company	
	Zone - 1		Zone - 2		Zone - 3		Unit - 1		Unit - 2		31 January 2022	30 June 2021	31 January 2022	30 June 2021	31 January 2022	30 June 2021
	31 January 2022	30 June 2021	31 January 2022	30 June 2021	31 January 2022	30 June 2021	31 January 2022	30 June 2021	31 January 2022	30 June 2021						
	-----Rupees-----															
Total assets for reportable segments	8,383,813,548	6,025,496,706	10,246,883,225	7,364,495,974	12,420,464,515	8,926,661,787	2,548,275,145	1,578,966,146	3,487,951,605	3,247,568,982	14,384,660,558	13,284,322,949	6,271,925,617	6,024,717,320	57,743,974,213	46,452,229,864
Unallocated assets:																
Long term investments															1,886,681,200	1,886,681,200
Other receivables															3,070,687,465	1,752,633,789
Short term investments															223,370,407	157,494,433
Cash and bank balances															175,111,562	272,634,964
Other corporate assets															1,235,748,038	1,248,367,822
Total assets as per statement of financial position															64,335,572,885	51,770,042,062
Total liabilities for reportable segments	263,379,780	398,760,746	321,908,620	487,374,245	390,192,267	590,756,661	137,583,296	151,764,603	188,317,137	312,144,765	936,016,612	1,676,565,626	234,796,256	354,999,506	2,472,193,968	3,972,366,152
Unallocated liabilities:																
Long term financing															11,890,613,113	8,710,971,819
Accrued mark-up															253,373,642	271,720,913
Short term borrowings															21,521,500,797	18,897,913,417
Other corporate liabilities															5,000,913,367	920,933,730
Total liabilities as per statement of financial position															41,138,594,887	32,773,906,031

39.2 Geographical information

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

	Seven months period from 01 July 2021 to 31 January 2022	Year ended 30 June 2021
Rupees	Rupees	
Europe	5,188,597,528	6,809,796,417
United States of America, Canada and South America	3,172,604,800	5,665,069,540
Asia, Africa and Australia	8,693,299,512	13,831,613,178
Duty drawback and rebate	49,746,428	440,519,616
Pakistan	19,137,641,939	22,536,754,624
	36,241,890,207	49,283,753,375

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

39.4 Revenue from major customers

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

39.5 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 January
2022** **30 June 2021**

40. PLANT CAPACITY AND ACTUAL PRODUCTION

Spinning

Number of spindles installed	223,668	223,668
Number of spindles worked	209,739	211,567
Capacity after conversion into 20/1 count (Kgs.)	47,154,511	80,813,152
Actual production of yarn after conversion into 20/1 count (Kgs.)	46,457,647	79,449,352

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

Weaving

Number of looms installed	379	379
Number of looms worked	379	379
Capacity after conversion into 50 picks - square yards	158,611,545	345,597,351
Actual production after conversion into 50 picks - square yards	142,915,800	300,663,935

Under utilization of available capacity was due to the following reasons:

- change of articles required
- higher count and cover factor
- due to normal maintenance

Power plant

Number of engines installed	19	17
Number of engines worked	19	17
Generation capacity (KWh)	420,807,158	747,894,000
Actual generation (KWh)	176,950,722	323,400,200

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

Dyeing

Number of thermosol dyeing machines	1	1
Number of stenters machines	4	4
Capacity in meters	21,291,667	36,500,000
Actual processing of fabrics - meters	19,768,087	36,256,326

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

Printing

Number of printing machines	1	1
Capacity in meters	6,300,000	10,800,000
Actual processing of fabrics - meters	5,515,984	9,711,359

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

Digital printing

Number of printing machines	5	5
Capacity in meters	5,322,917	9,125,000
Actual processing of fabrics - meters	1,566,546	3,698,556

Stitching

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

41. FINANCIAL RISK MANAGEMENT

41.1 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), Euro and Great British Pound (GBP). 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 January 2022	30 June 2021
Cash at banks - USD	177,870	61,228
Trade debts - USD	34,776,432	28,316,239
Trade debts - EURO	1,511,070	1,895,597
Trade debts - GBP	215,392	1,188,591
Trade and other payables - USD	(697,496)	(733,711)
Trade and other payables - EURO	(2,645)	(31,727)
Short term borrowings - USD	-	(9,766,626)
Accrued mark-up - USD	-	(29,556)
Net exposure - USD	34,256,806	17,847,574
Net exposure - EURO	1,508,425	1,863,870
Net exposure - GBP	215,392	1,188,591

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

Rupees per US Dollar

Average rate	176.74	159.81
Reporting date rate	176.55	157.80

Rupees per EURO

Average rate	197.35	191.29
Reporting date rate	198.47	188.12

Rupees per GBP

Average rate	237.18	216.28
Reporting date rate	237.63	218.58

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, Euro and GBP with all other variables held constant, the impact on profit after taxation for the period / year would have been Rupees 303.933 million (30 June 2021: Rupees 161.059 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 and investments at amortized cost. 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 January 2022 Rupees	30 June 2021 Rupees
Fixed rate instruments		
Financial liabilities		
Long term financing	5,801,856,924	5,385,852,486
Short term borrowings	5,883,801,000	9,211,091,253
	<u>11,685,657,924</u>	<u>14,596,943,739</u>
Financial assets		
Long term loans to employees	26,907,219	23,335,096
Short term investments	220,160,226	156,160,226
	<u>247,067,445</u>	<u>179,495,322</u>
Net exposure	<u>(11,438,590,479)</u>	<u>(14,417,448,417)</u>
Floating rate instruments		
Financial assets		
Long term loans to employees	4,523,309	4,892,732
Bank balances - saving accounts	2,133,073	2,499,493
	<u>6,656,382</u>	<u>7,392,225</u>
Financial liabilities		
Long term financing	6,088,756,189	3,325,119,333
Short term borrowings	15,637,699,797	9,686,822,164
	<u>21,726,455,986</u>	<u>13,011,941,497</u>
Net exposure	<u>(21,719,799,604)</u>	<u>(13,004,549,272)</u>

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the period / year would have been Rupees 206.338 million (30 June 2021: Rupees 123.543 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 January 2022	30 June 2021
	Rupees	Rupees
Long term security deposits	31,334,353	30,467,609
Trade debts	8,746,632,600	6,782,425,428
Loans and advances	46,551,875	37,792,813
Other receivables	54,839,265	127,011,051
Short term investments	223,370,407	157,494,433
Bank balances	167,098,436	269,005,904
	<u>9,269,826,936</u>	<u>7,404,197,238</u>

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 January 2022	30 June 2021
	Short Term	Long term	Agency	Rupees	Rupees
Banks					
Al Baraka Bank (Pakistan) Limited	A1	A	PACRA	1,659,254	1,700,637
Allied Bank Limited	A1+	AAA	PACRA	38,882	-
Bank Alfalah Limited	A1+	AA+	PACRA	7,244,463	1,864,919
Bank Al-Habib Limited	A1+	AAA	PACRA	509,754	1,539,169
Dubai Islamic Bank (Pakistan) Limited	A1+	AA	VIS	1,353,647	1,209,643
Faysal Bank Limited	A1+	AA	PACRA	250,750	18,279
Habib Bank Limited	A1+	AAA	VIS	65,204,913	8,903,614
Industrial and Commercial Bank of China Limited	F1+	A	Moody's	118,049	331,804
JS Bank Limited	A1+	AA-	PACRA	220,320	511,336
MCB Bank Limited	AAA	AAA	PACRA	67,064,828	47,806,453
Meezan Bank Limited	A+	AAA	VIS	17,876,267	200,741,507
National Bank of Pakistan	A+	AAA	PACRA	158,984	402,530
Samba Bank Limited	A1	AA	JCR-VIS	-	112,820
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	259,751	232,724
The Bank of Punjab	A1+	AA+	PACRA	1,085,129	892,221
United Bank Limited	A1+	AAA	VIS	3,056,250	2,738,248
BankIslami Pakistan Limited	A1	A+	PACRA	997,195	-
				167,098,436	269,005,904
Investments					
BankIslami Pakistan Limited	A1	A+	PACRA	20,660,226	21,351,808
Dubai Islamic Bank (Pakistan) Limited	A-1+	AA	VIS	15,500,000	15,971,666
The Bank of Punjab	A1+	AA+	PACRA	160,000,000	120,170,959
Faysal Bank Limited	A1+	AA	PACRA	24,000,000	-
				387,258,662	426,500,337

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.

Trade debts

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade debts.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. These trade receivables are netted off with the collateral obtained from these customers to calculate the net exposure towards these customers. The Company has concluded that the expected loss rates for trade debts against local sales are different from the expected loss rates for trade debts against export sales.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 January 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the Gross Domestic Product, Unemployment, Interest and the Inflation Index of the country in which it majorly sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 January 2022 and 30 June 2021 was determined as follows:

At 31 January 2022

	Local sales			Export sales		
	Expected loss rate	Trade debts	Loss allowance	Expected loss rate	Trade debts	Loss allowance
	%	(Rupees)		%	(Rupees)	
Not past due	0.00%	2,804,924,712	-	0.00%	5,171,895,886	-
Up to 30 days	0.19%	766,380,275	1,433,424	0.00%	-	-
31 to 60 days	0.25%	956,854	2,356	0.00%	-	-
61 to 90 days	12.42%	409,790	50,884	0.00%	-	-
91 to 180 days	33.20%	5,316,726	1,764,979	0.00%	-	-
181 to 360 days	46.14%	-	-	0.00%	-	-
Above 360 days	100.00%	461,810	461,810	100.00%	-	-
		3,578,450,167	3,713,453		5,171,895,886	-
Trade debts which are not subject to risk of default		-	-		-	-
Total		3,578,450,167	3,713,453		5,171,895,886	-

At 30 June 2021

Local sales				Export sales		
Expected loss rate	Trade debts	Loss allowance		Expected loss rate	Trade debts	Loss allowance
%	(Rupees)			%	(Rupees)	
Not past due	0.00%	1,880,463,384	-	0.00%	4,665,831,836	-
Up to 30 days	0.32%	235,439,543	761,727	0.00%	-	-
31 to 60 days	0.41%	26,360	109	0.00%	-	-
61 to 90 days	15.22%	101,869	15,504	0.00%	-	-
91 to 180 days	37.50%	1,665,663	624,699	0.00%	-	-
181 to 360 days	45.33%	546,544	247,732	0.00%	-	-
Above 360 days	100.00%	128,595	128,595	100.00%	4,996,158	4,996,158
		2,118,371,958	1,778,366		4,670,827,994	4,996,158
Trade debts which are not subject to risk of default		-	-		-	-
Total		2,118,371,958	1,778,366		4,670,827,994	4,996,158

(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 31 January 2022, the Company had Rupees 11,473 million (30 June 2021: Rupees 16,277 million) available borrowing limits from financial institutions and Rupees 175.112 million (30 June 2021: Rupees 272.635 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 January 2022:

Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 Years	More than 2 Years
----- R u p e e s -----					

Non-derivative financial liabilities:

Long term financing	11,890,613,113	15,446,252,833	2,948,742,052	1,522,700,330	2,441,469,183	8,533,341,268
Lease liabilities	105,309,727	117,601,724	26,261,979	25,600,202	33,454,348	32,285,195
Short term borrowings	21,521,500,797	21,935,789,687	21,442,656,221	493,133,466	-	-
Trade and other payables	4,939,434,464	4,939,434,464	4,939,434,464	-	-	-
Unclaimed dividend	57,229,995	57,229,995	57,229,995	-	-	-
Accrued mark-up / profit	253,373,642	253,373,642	253,373,642	-	-	-
Derivative financial liabilities	18,582,648	18,582,648	18,582,648	-	-	-
	38,786,044,386	42,768,264,993	29,686,281,001	2,041,433,998	2,474,923,531	8,565,626,463

Contractual maturities of financial liabilities as at 30 June 2021:

Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 Years	More than 2 Years
----- R u p e e s -----					

Non-derivative financial liabilities:

Long term financing	8,710,971,819	9,909,177,133	1,349,118,967	1,201,219,646	2,279,668,685	5,079,169,835
Lease liabilities	120,881,507	140,205,607	28,070,945	28,174,408	38,665,927	45,294,327
Short term borrowings	18,897,913,417	19,261,698,250	18,900,855,415	360,842,835	-	-
Trade and other payables	3,062,990,110	3,062,990,110	3,062,990,110	-	-	-
Unclaimed dividend	49,918,087	49,918,087	49,918,087	-	-	-
Accrued mark-up / profit	271,720,913	271,720,913	271,720,913	-	-	-
Derivative financial liabilities	3,884,821	3,884,821	3,884,821	-	-	-
	31,118,280,674	32,699,594,921	23,666,559,258	1,590,236,889	2,318,334,612	5,124,464,162

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, note 6 and note 10 to these financial statements.

41.2 Financial instruments by categories

Assets as per statement of financial position

	31 January 2022	30 June 2021	
	At amortized cost	At amortized cost	FVTPL
	Rupees	Rupees	Rupees
Long term security deposits	31,334,353	30,467,609	-
Trade debts	8,746,632,600	6,782,425,428	-
Loans and advances	46,551,875	37,792,813	-
Other receivables	54,839,265	70,434,170	56,576,881
Short term investments	223,370,407	157,494,433	-
Cash and bank balances	175,111,562	272,634,954	-
	<u>9,277,840,062</u>	<u>7,351,249,407</u>	<u>56,576,881</u>

31 January 2022		30 June 2021	
At amortized cost	FVTPL	At amortized cost	FVTPL
Rupees	Rupees	Rupees	Rupees

Liabilities as per statement of financial position

Long term financing	11,890,613,113	-	8,710,971,819	-
Lease liabilities	105,309,727	-	120,881,507	-
Trade and other payables	4,939,434,464	18,582,648	3,062,990,110	3,884,821
Accrued mark-up / profit	253,373,642	-	271,720,913	-
Short term borrowings	21,521,500,797	-	18,897,913,417	-
Unclaimed dividend	57,229,995	-	49,918,087	-
	<u>38,767,461,738</u>	<u>18,582,648</u>	<u>31,114,395,853</u>	<u>3,884,821</u>

41.3 Reconciliation to the line items presented in the statement of financial position is as follows:

	31 January 2022		
	Financial assets	Non-financial assets	Assets as per statement of financial position
	Rupees	Rupees	Rupees
Assets			
Long term security deposits	31,334,353	-	31,334,353
Trade debts	8,746,632,600	-	8,746,632,600
Loans and advances	46,551,875	2,553,283,306	2,599,835,181
Other receivables	54,839,265	3,015,848,200	3,070,687,465
Short term investments	223,370,407	-	223,370,407
Cash and bank balances	175,111,562	-	175,111,562
	<u>9,277,840,062</u>	<u>5,569,131,506</u>	<u>14,846,971,568</u>

	31 January 2022		
	Financial liabilities	Non-financial liabilities	Liabilities as per statement of financial position
	Rupees	Rupees	Rupees
Liabilities			
Long term financing	11,890,613,113	-	11,890,613,113
Lease liabilities	105,309,727	-	105,309,727
Trade and other payables	4,958,017,112	1,238,245,217	6,196,262,329
Accrued mark-up	253,373,642	-	253,373,642

Short term borrowings	21,521,500,797	-	21,521,500,797
Unclaimed dividend	57,229,995	-	57,229,995
	<u>38,786,044,386</u>	<u>1,238,245,217</u>	<u>40,024,289,603</u>

Assets

30 June 2021			
	Financial assets	Non-financial assets	Assets as per statement of financial position
	Rupees	Rupees	Rupees
Long term security deposits	30,467,609	-	30,467,609
Trade debts	6,782,425,428	-	6,782,425,428
Loans and advances	37,792,813	3,250,907,551	3,288,700,364
Other receivables	127,011,051	1,625,622,738	1,752,633,789
Short term investments	157,494,433	-	157,494,433
Cash and bank balances	272,634,954	-	272,634,954
	<u>7,407,826,288</u>	<u>4,876,530,289</u>	<u>12,284,356,577</u>

Liabilities

30 June 2021			
	Financial liabilities	Non-financial liabilities	Liabilities as per statement of financial position
	Rupees	Rupees	Rupees
Long term financing	8,710,971,819	-	8,710,971,819
Lease liabilities	120,881,507	-	120,881,507
Trade and other payables	3,066,874,931	1,026,681,084	4,093,556,015
Accrued mark-up	271,720,913	-	271,720,913
Short term borrowings	18,897,913,417	-	18,897,913,417
Unclaimed dividend	49,918,087	-	49,918,087
	<u>31,118,280,674</u>	<u>1,026,681,084</u>	<u>32,144,961,758</u>

41.4 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.

42. 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 10 respectively. Total capital employed includes 'total equity' as shown in the statement of financial position plus 'borrowings'.

		31 January 2022	30 June 2021
Borrowings	Rupees	34,078,459,875	27,799,470,431
Total equity	Rupees	23,196,977,998	18,996,136,031
Total capital employed	Rupees	<u>57,275,437,873</u>	<u>46,795,606,462</u>
Gearing ratio	Percentage	<u>59.50</u>	<u>59.41</u>

43. 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 January 2022	Level 1	Level 2	Level 3	Total
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----- Rupees -----

Financial liabilities

Derivative financial liabilities	-	18,582,648	-	18,582,648
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Total financial liabilities	-	18,582,648	-	18,582,648
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Recurring fair value measurements At 30 June 2021	Level 1	Level 2	Level 3	Total
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----- Rupees -----

Financial assets

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

Derivative financial liabilities	-	3,884,821	-	3,884,821
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Total financial liabilities	-	3,884,821	-	3,884,821
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The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

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

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

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

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

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

(ii) Valuation techniques used to determine fair values

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

44. UNUTILIZED CREDIT FACILITIES

	Non-funded		Funded	
	2022	2021	2022	2021
	----- Rupees -----			
Total facilities	19,276,000,000	18,060,000,000	32,995,000,000	35,175,000,000
Utilized at the end of the year	5,131,628,000	6,268,537,030	21,521,500,797	18,897,913,417
Unutilized at the end of the year	14,144,372,000	11,791,462,970	11,473,499,203	16,277,086,583

45. EVENTS AFTER THE REPORTING PERIOD

- 45.1** The Board of Directors of the Company has declared an interim dividend of Rupees 3 per ordinary share at their meeting held on 21 February 2022. These financial statements do not include the effect of the above interim dividend which will be accounted for in the period in which it is declared.

46. PROVIDENT FUND

As at the reporting date, 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 regulations formulated for this purpose by Securities and Exchange Commission of Pakistan.

47. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on March 18, 2022 by the Board of Directors of the Company.

48. CORRESPONDING FIGURES

Corresponding figures of statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows and related notes thereof relate to the year ended 30 June 2021, hence are not comparable.

49. GENERAL

Figures have been rounded off to nearest of Rupee.

50. STATEMENT UNDER SECTION 232 OF THE COMPANIES ACT, 2017

These financial statements have been signed by two directors and chief financial officer instead of chief executive, one director and chief financial officer as the chief executive is not available for the time being in Pakistan.

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER