



FIRST QUARTER REPORT

FOR THE PERIOD ENDED
SEPTEMBER 30, 2019



N I S H A T

NISHAT POWER LIMITED

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CORPORATE PROFILE

BOARD OF DIRECTORS

Mian Hassan Mansha	Chairman
Mr. Ghazanfar Hussain Mirza	Chief Executive
Mr. Ahmad Aqeel	
Mr. Yousuf Bashir	
Mr. Mahmood Akthar	
Mr. Shahzad Ahmad Malik	
Mr. Norez Abdullah	

AUDIT COMMITTEE

Mr. Ahmad Aqeel	Member/Chairman
Mr. Yousuf Bashir	Member
Mr. Shahzad Ahmad Malik	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mian Hassan Mansha	Member
Mr. Ahmad Aqeel	Member / Chairman
Mr. Ghazanfar Hussain Mirza	Member

CHIEF FINANCIAL OFFICER

Mr. Tanvir Khalid

COMPANY SECRETARY

Mr. Khalid Mahmood Chohan

BANKERS OF THE COMPANY

Habib Bank Limited
United Bank Limited
Allied Bank Limited
National Bank of Pakistan
Bank Alfalah Limited
Faysal Bank Limited
Askari Bank Limited
Habib Metropolitan Bank Limited
Soneri Bank Limited
Silk Bank Limited
Bank Islami Pakistan Limited
Meezan Bank Limited
Dubai Islamic Bank Pakistan Limited
Albaraka Bank Pakistan Limited
First Women Bank Limited
The Bank of Punjab
MCB Bank Limited
MCB Islamic Bank Limited
Pak Brunei Investment Co. Limited
The Bank of Khyber
Bank Al-Habib Ltd

AUDITORS

A. F. Ferguson & Co.
Chartered Accountants

LEGAL ADVISOR

Cornelius, Lane & Mufti
Advocates & Solicitors

REGISTERED OFFICE

53 - A, Lawrence Road, Lahore - Pakistan
UAN: 042-111-11-33-33

HEAD OFFICE

1-B, Aziz Avenue, Canal Bank,
Gulberg-V, Lahore - Pakistan
Tel: +92-42-35717090-96, 35717159-63
Fax: +92-42-35717239
Website: www.nishatpower.com

SHARE REGISTRAR

Hameed Majeed Associates (Pvt.) Ltd.
Financial & Management Consultants
H.M. House, 7-Bank Square, Lahore - Pakistan.
Tel: 042-37235081-2

PLANT

66-K.M, Multan Road, Jambar Kalan,
Tehsil Pattoki, District Kasur, Punjab - Pakistan.



DIRECTORS' REPORT

The Board of Directors of Nishat Power Limited (the Company) is pleased to present their report together with the Condensed Interim Financial Information for the period ended September 30, 2019.

FINANCIAL AND OPERATIONAL RESULTS:

During the period, the Company had turnover of Rs 4,953 million (September 2019: Rs 5,846 million), against operating cost of Rs 3,200 million (September 2019: Rs 4,569 million) resulting in a gross profit of Rs 1,752 million (September 2019: Rs 1,277 million). The Company earned profit before tax of Rs 1,338 million compared to Rs 984 million in the same period last year.

The current period's net profit after tax amounts to Rs 1,338 million resulting earnings per share of Rs 3.779 compared to profit after tax of Rs 984 million and earnings per share of Rs 2.779 in the same period last year.

Included in trade debts is an amount of Rs 816 million deducted by National Transmission & Dispatch Company Limited ('NTDCL') from the Capacity Purchase Price invoices. Please refer note 9 to this Condensed Interim Financial Information for further details. Based on the favourable Expert determination and Final Arbitration Award, management strongly feels that under the terms of the PPA and Implementation Agreement, the above amount is likely to be recovered by the company. Consequently, no provision for the above mentioned amount has been made in this condensed interim financial information.

NTDCL continues to default on its payment obligations. The Company took up the matter with NTDCL and Private Power & Infrastructure Board ('PPIB') by giving notices of default pursuant to provisions of Power Purchase Agreement and Implementation Agreement. Total receivables from NTDCL on September 30, 2019 stand at Rs 18,541 million (June 2019: Rs 16,045 million), out of which overdue receivables are Rs 14,438 million (June 2019: Rs 13,145 million).

The plant operated at optimal efficiency and dispatched 197 GWh (September 2019: 316 GWh) of electricity to its customer NTDCL during the period, with 45.73% (September 2019: 73.37%) average capacity factor.

COMPOSITION OF BOARD:

Total number of Directors:	
(a) Male	7
(b) Female:	0
Composition:	
(i) Independent Directors	2
(ii) Other Non-executive Directors	3
(iii) Executive Directors	2

COMMITTEES OF THE BOARD:

Audit Committee of the Board:

Sr. #	Name of Directors
1	Mr. Ahmad Aqeel (Chairman)
2	Mr. Yousuf Bashir
3	Mr. Shahzad Ahmad Malik

Human Resource and Remuneration Committee:

Sr. #	Name of Directors
1	Mr. Ahmad Aqeel (Chairman)
2	Mian Hassan Mansha
3	Mr. Ghazanfar Hussain Mirza

DIRECTORS' REMUNERATION:

The company only pays meeting fee in terms of remuneration to its non-executive and independent directors. Aggregate amount of remuneration paid to executive and non-executive directors have been disclosed in note 13 of the annexed condensed interim financial information.

ACKNOWLEDGEMENTS

We wish to place on record our gratitude towards Company employees for their commitment towards progress of the Company.

For and on behalf of Board of Directors



Chief Executive Officer
Lahore: October 23, 2019


Director

مجلس نظماء کی رپورٹ:

نشاط پاور لمیٹڈ (کمپنی) کی مجلس نظماء 30 ستمبر 2019 تختہ مدت کے لئے منجمد عبوری مالیاتی گوشوارے کی رپورٹ پیش کرتی ہے۔

مالیاتی اور کاروباری نتائج:

حالیہ مدت کے دوران کمپنی کو 3,200 ملین روپے (ستمبر 2018: 4,569 ملین روپے) کی آپریٹنگ لاگت کے عوض 4,953 ملین روپے (ستمبر 2018 : 5,846 ملین روپے) کی وصولیاں ہوئیں تھیں، جس کے نتیجے میں 1,752 ملین روپے (ستمبر 2018 : 1,277 ملین روپے) کا مجموعی منافع ہوا ہے۔ کمپنی نے گزشتہ سال اسی مدت میں 984 ملین روپے کے مقابلے میں 1,338 ملین روپے قبل از ٹیکس منافع کمایا ہے۔

گزشتہ سال کی اسی مدت میں 2,779 روپے فی حصص آمدن اور 984 ملین روپے قبل از ٹیکس منافع کے مترادف موجودہ مدت میں 3,779 روپے فی حصص آمدن اور 1,338 ملین روپے قبل از ٹیکس خالص منافع ہوا ہے۔

تجارتی قرضوں میں نیشنل ٹرانسمیشن اینڈ ڈسپینچ کمپنی لمیٹڈ (NTDCL) کی طرف سے کپسٹی پر چیز پرائس میں منہا کردہ 816 ملین روپے کی رقم شامل ہے۔ مزید تفصیلات کے لیے ان منجمد عبوری مالیاتی گوشوارے کا نوٹ 9 ملاحظہ کریں۔ کمپنی کے قانونی وکیل کے مشورہ، ایکسپرسٹ کے تعین اور آرہٹریشن ایوارڈ کے مطابق، انتظامیہ محسوس کرتی ہے کہ PPA اور امپلی منٹیشن معاہدہ کی شرائط کے تحت ایسی رقوم کی واپسی کا امکان ہے۔ چنانچہ اس عبوری مالیاتی گوشوارے میں مذکورہ بالا رقم کے لئے کوئی گنجائش نہیں رکھی گئی ہے۔

NTDCL اپنی ادائیگی کی ذمہ داریوں پر مسلسل نادہندگی پر کاربند ہے۔ کمپنی نے بجلی کی خریداری کے معاہدے اور Implementation Agreement کے تحت NTDCL اور پرائیویٹ پاور اینڈ انفراسٹرکچر بورڈ ('پی پی آئی بی') کے ہاں معاملہ اجاگر کیا ہے۔ 30 ستمبر 2019 کو NTDCL سے کل وصولی 18,541 ملین روپے (جون 2019: 16,045 ملین روپے) ہے، جن میں سے 14,438 ملین روپے (جون 2019: 13,145 ملین روپے) وصولی واجب الادا اور خارج المیعاد ہیں۔

حالیہ مدت کے دوران پلانٹ زیادہ سے زیادہ باکفایت کارکردگی پر چلایا گیا اور اپنے صارف NTDCL کو اوسط 45.73 فیصد صلاحیت کے ساتھ 197 GWh بجلی ترسیل کی گئی۔

بورڈ کی ترتیب:

ڈائریکٹرز کی کل تعداد

7	(a) مرد
0	(b) عورت

ترتیب

2	(i) آزاد ڈائریکٹرز
3	(ii) دیگر نان ایگزیکٹو
2	(iii) ایگزیکٹو

بورڈ کی کمیٹیاں

بورڈ کی آڈٹ کمیٹی

نمبر شمار	نام ڈائریکٹر
1	جناب احمد عقیل (آزاد ڈائریکٹر) چیئر مین
2	جناب یوسف بشیر (آزاد ڈائریکٹر)
3	جناب شہزاد احمد ملک (نان ایگزیکٹو ڈائریکٹر)

ہیومن ریسورس اینڈ ریمنٹیشن کمیٹی:

نمبر شمار	نام ڈائریکٹر
1	جناب احمد عقیل (آزاد ڈائریکٹر) چیئر مین
2	میاں حسن منشا (نان ایگزیکٹو ڈائریکٹر)
3	جناب غضنفر حسین مرزا (ایگزیکٹو ڈائریکٹر)


ڈائریکٹرز کا مشاہرہ:

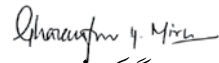
کمپنی اپنے نان ایگزیکٹو ڈائریکٹرز سمیت آزاد ڈائریکٹرز کو اجلاس فیس کے علاوہ مشاہرہ ادا نہیں کرتی ہے۔ ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز ادا کئے گئے مشاہرہ کی مجموعی رقم منسلکہ مالی حسابات کے نوٹ 13 میں منکشف کی گئی ہے۔

اظہار تشکر

بورڈ کمپنی کی افرادی قوت کی کوششوں کی تعریف کرتا ہے۔

برائے اور مخائب بورڈ آف ڈائریکٹرز


ڈائریکٹر


چیئر ایگزیکٹو آفیسر

لاہور: 23 اکتوبر، 2019ء

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Un-audited) AS AT SEPTEMBER 30, 2019

	Note	Un-audited September 30, 2019 (Rupees in thousand)	Audited June 30, 2019
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised share capital 500,000,000 (June 30, 2019: 500,000,000) ordinary shares of Rs 10 each		5,000,000	5,000,000
Issued, subscribed and paid up share capital 354,088,500 (June 30, 2019: 354,088,500) ordinary shares of Rs 10 each		3,540,885	3,540,885
Capital reserve	4	3,153,633	3,153,633
Revenue reserve: Un-appropriated profits		13,752,199	12,414,201
		20,446,717	19,108,719
NON-CURRENT LIABILITY			
Long term financing - secured	5	-	654,638
CURRENT LIABILITIES			
Current portion of long term financing - secured	5	2,477,018	2,385,532
Short term borrowings - secured		6,357,200	6,420,312
Trade and other payables		312,183	261,601
Unclaimed dividend		19,181	21,666
Accrued markup		338,814	233,908
		9,504,396	9,323,019
CONTINGENCIES AND COMMITMENTS			
	6		
		29,951,113	29,086,376

The annexed notes 1 to 14 form an integral part of this unconsolidated condensed interim financial information.


CHIEF EXECUTIVE

Note Un-audited September 30, 2019 Audited June 30, 2019
(Rupees in thousand)

ASSETS

NON-CURRENT ASSETS

Fixed assets	7	9,817,515	10,005,584
Long term investments	8	1,000	1,000
Long term loans and advances		-	6
		9,818,515	10,006,590

CURRENT ASSETS

Stores, spares and loose tools		695,403	757,521
Inventories		421,421	1,719,399
Trade debts	9	18,110,752	15,643,517
Advances, deposits, prepayments and other receivables		851,112	904,445
Income tax receivable		35,353	34,128
Cash and bank balances		18,557	20,776
		20,132,598	19,079,786
		29,951,113	29,086,376


CHIEF FINANCIAL OFFICER


DIRECTOR

**UNCONSOLIDATED CONDENSED INTERIM
STATEMENT OF PROFIT OR LOSS (Un-audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019**

	Note	Quarter ended	
		September 30, 2019	September 30, 2018
(Rupees in thousand)			
Sales		4,952,515	5,846,191
Cost of sales	10	(3,200,175)	(4,569,478)
Gross profit		1,752,340	1,276,713
Administrative expenses		(75,536)	(71,670)
Other expenses		-	(1,366)
Other income		233	1,821
Finance cost		(339,039)	(221,608)
Profit before taxation		1,337,998	983,890
Taxation		-	-
Profit for the period		1,337,998	983,890
Earnings per share - basic and diluted (in Rupees)		3.779	2.779

The annexed notes 1 to 14 form an integral part of this unconsolidated condensed interim financial information.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

**UNCONSOLIDATED CONDENSED INTERIM
STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019**

	Quarter ended	
	September 30, 2019	September 30, 2018
	(Rupees in thousand)	
Profit for the period	1,337,998	983,890
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss</i>	-	-
<i>Items that will not be reclassified subsequently to profit or loss</i>	-	-
	-	-
Total comprehensive income for the period	1,337,998	983,890

The annexed notes 1 to 14 form an integral part of this unconsolidated condensed interim financial information.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Note	Quarter ended	
		September 30, 2019	September 30, 2018
(Rupees in thousand)			
Cash flows from operating activities			
Cash generated from/(used in) operations	11	881,977	(316,968)
Finance cost paid		(234,133)	(195,480)
Income tax paid		(1,225)	(933)
Long term loans and advances - net		6	72
Retirement benefits paid		(6,499)	(5,330)
Net cash inflow/(outflow) from operating activities		640,126	(518,639)
Cash flows from investing activities			
Purchase of fixed assets		(16,314)	(130,389)
Proceeds from disposal of operating fixed assets		1,425	36
Profit on bank deposits received		1,750	866
Net cash outflow from investing activities		(13,139)	(129,487)
Cash flows from financing activities			
Repayment of long term financing		(563,152)	(484,451)
Dividend paid		(2,942)	(19)
Net cash outflow from financing activities		(566,094)	(484,470)
Net increase in cash and cash equivalents		60,893	(1,132,596)
Cash and cash equivalents at the beginning of the period		(6,399,536)	(4,438,586)
Cash and cash equivalents at the end of the period	12	(6,338,643)	(5,571,182)

The annexed notes 1 to 14 form an integral part of this unconsolidated condensed interim financial information.


CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER


DIRECTOR

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Share capital	Capital reserve: Maintenance reserve	Revenue reserve: Un-appropriated profits	Total
	(Rupees in thousand)			
Balance as on June 30, 2018 (audited)	3,540,885	-	12,860,551	16,401,436
Profit for the period	-	-	983,890	983,890
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	983,890	983,890
Total contributions by and distributions to owners of the company recognised directly in equity	-	-	-	-
Balance as on September 30, 2018 (un-audited)	3,540,885	-	13,844,441	17,385,326
Balance as on June 30, 2019 (audited)	3,540,885	3,153,633	12,414,201	19,108,719
Profit for the period	-	-	1,337,998	1,337,998
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	1,337,998	1,337,998
Total contributions by and distributions to owners of the company recognised directly in equity	-	-	-	-
Balance as on September 30, 2019 (un-audited)	3,540,885	3,153,633	13,752,199	20,446,717

The annexed notes 1 to 14 form an integral part of this unconsolidated condensed interim financial information.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

SELECTED NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

1. THE COMPANY AND ITS ACTIVITIES

Nishat Power Limited (the 'company') is a public company limited by shares incorporated in Pakistan on February 23, 2007 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The company is a subsidiary of Nishat Mills Limited, Pakistan. The company's ordinary shares are listed on the Pakistan Stock Exchange Limited.

The principal activity of the company is to build, own, operate and maintain a fuel fired power station having gross capacity of 200 MW in Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan. The address of the registered office of the company is 53-A, Lawrence Road, Lahore. The company has a Power Purchase Agreement ('PPA') with its sole customer, National Transmission and Despatch company Limited ('NTDC') for twenty five years which commenced from June 09, 2010.

This unconsolidated condensed interim financial information is the separate condensed interim financial information of the company in which investment in subsidiary has been accounted for at cost less accumulated impairment losses, if any.

2. BASIS OF PREPARATION

2.1 Statement of compliance

This unconsolidated condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

- i) International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- ii) Provisions of and directives issued under the Companies Act, 2017 ('Act').

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information does not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2019. Selected explanatory notes are included to explain events and transactions that are significant to and understanding of the changes in the company's financial position and performance since the last financial statements.

2.2 Initial application of standards, amendments or interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the company's unconsolidated financial statements covering annual periods, beginning on or after the following dates:

2.2.1 Standards, amendments and interpretations to approved accounting standards that are effective in current year

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 1, 2019 but are considered not to be relevant or to have any significant effect on the company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in this unconsolidated condensed interim financial information, except for the following:

- IFRS 9, 'Financial Instruments', this standard was notified by the Securities and Exchange Commission of Pakistan ('SECP') to be effective for annual periods ending on or after June 30, 2019. This standard replaces guidance in International Accounting Standard ('IAS') 39, 'Financial Instruments: Recognition and Measurement'. It includes requirements on the classification and measurement of financial assets and liabilities. It also includes an expected credit losses model that replaces the current incurred loss impairment model. However, in respect of companies holding financial assets due from the Government of Pakistan, SECP through SRO 985(I)/2019 dated September 2, 2019 has notified that the requirements contained in IFRS 9 with respect to application of Expected Credit Losses method shall not be applicable till June 30, 2021 and that such companies shall follow relevant requirements of IAS 39 in respect of above referred financial assets during the exemption period.

-Amendments to IAS 1 and IAS 8 on the definition of material: (effective for periods beginning on or after July 1, 2019). These amendments to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information. It is unlikely that these amendments will have any significant impact on the company's unconsolidated condensed interim financial information.

- Amendment to IFRS 9, Financial instruments', on prepayment features with negative compensation and modification of financial liabilities: (effective for periods beginning on or after July 1, 2019). This amendment confirmed two points: (1) that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and (2) that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. It is unlikely that this amendment will have any significant impact on the company's unconsolidated condensed interim financial information.

2.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and/or have not been early adopted by the company

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the company's accounting periods beginning on or after July 1, 2019, but are considered not to be relevant or to have any significant effect on the company's operations and are, therefore, not detailed in this unconsolidated condensed interim financial information, except for the following:

- IFRS 16, 'Leases': this standard has been notified by the SECP to be effective for annual periods beginning on or after January 1, 2019. This standard replaces the current guidance in IAS 17, 'Leases' and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on statement of financial position) and an operating lease (off statement of financial position). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees.

SECP through SRO 986(I)/2019 dated September 2, 2019 has granted exemption from the requirements of IFRS 16 to all companies that have executed their power purchase agreements before January 1, 2019. Therefore, the standard will not have any impact on the company's unconsolidated condensed interim financial information.

3. BASIS OF MEASUREMENT

3.1 This unconsolidated condensed interim financial information has been prepared under the historical cost convention.

3.2 Critical accounting estimates and judgements

The preparation of the condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements for the year ended June 30, 2019.

4. This represents maintenance reserve set aside from retained earnings for the purpose of meeting repair and maintenance costs associated with major maintenance of the plant in coming years. The reserve is not available for distribution of profits through dividend and will be utilized on actual occurrence of expenditure.

Un-audited September 30, 2019	Audited June 30, 2019
(Rupees in thousand)	

5. LONG TERM FINANCING - SECURED

The reconciliation of the carrying amount is as follows:

Opening balance	3,040,170	5,092,325
Less: Repayments during the period/year	563,152	2,052,155
	2,477,018	3,040,170
Less: Current portion shown under current liabilities	2,477,018	2,385,532
	-	654,638

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

Contingent liabilities:

(i) There is no significant change in contingencies from the preceding annual published financial statements of the company for the year ended June 30, 2019.

6.2 Commitments

(i) Letters of credit and contracts for other than capital expenditure aggregating Rs 27.786 million (June 30, 2019: Rs 19.548 million).

- (ii) The amount of future payments under non-cancellable operating lease and the period in which these payments will become due are as follows:

	Un-audited September 30, 2019 (Rupees in thousand)	Audited June 30, 2019
Not later than one year	3,894	3,894
7. FIXED ASSETS		
Property, plant and equipment:		
Operating fixed assets	9,692,992	9,809,491
Capital work-in-progress	21,259	21,726
Major spare parts and standby equipment	100,874	171,600
	9,815,125	10,002,817
Intangible asset:		
Computer software	2,390	2,767
	9,817,515	10,005,584
7.1 Operating fixed assets		
Opening book value	9,809,491	10,449,604
Additions during the period/year	- Note 7.1.1 87,506	291,610
Book value of deletions during the period/year	(1,425)	(107,413)
Depreciation charged during the period/year	(202,580)	(824,310)
Closing book value	9,692,992	9,809,491
7.1.1 Additions during the period / year		
Buildings and roads on freehold land	1,346	17,161
Plant and machinery	85,614	172,420
Electric installations	-	383
Computer equipment	424	3,014
Furniture and fixtures	56	522
Office equipment	66	145
Vehicles	-	97,965
	87,506	291,610

		Un-audited September 30, 2019 (Rupees in thousand)	Audited June 30, 2019
8. Long term investments			
Investment in subsidiary	- note 8.1	1,000	1,000
		<u>1,000</u>	<u>1,000</u>
8.1			
Subsidiary			
Unquoted:			
Lalpir Solar Power (Private) Limited			
100,000 (June 30, 2019: 100,000) fully paid ordinary shares of Rs 10 each [Equity held 100% (June 30, 2019: 100%)] - Cost		1,000	1,000

The company directly holds 100% shares in its wholly owned subsidiary, Lalpir Solar Power (Private) Limited ('LSPPL'). LSPPL is a private company limited by shares incorporated in Pakistan to build, own, operate and maintain or invest in a solar power project. The address of the registered office of LSPPL is 53-A, Lawrence Road, Lahore.

9. TRADE DEBTS - SECURED

Included in trade debts is an amount of Rs 816.033 million relating to capacity revenue not acknowledged by NTDC as the plant was not fully available for power generation. However, the sole reason of this under-utilization of plant capacity was non-availability of fuel owing to non-payment by NTDC.

Since management considers that the primary reason for claiming these payments is that plant was available, however, could not generate electricity due to non-payment by NTDC, therefore, management believes that company cannot be penalized in the form of payment deductions due to NTDC's default of making timely payments under the PPA. Hence, the company had taken up this issue at appropriate forums.

On June 28, 2013, the company entered into a Memorandum of Understanding ('MoU') for cooperation on extension of credit terms with NTDC whereby it was agreed that the constitutional petition filed by the company before the Supreme Court of Pakistan on the abovementioned issue would be withdrawn unconditionally and it would be resolved through the dispute resolution mechanism under the PPA. Accordingly, as per terms of the MoU, the company applied for withdrawal of the aforesaid petition in 2013 and on January 25, 2018, the Supreme Court disposed off the petitions filed before it. During the financial year 2014, the company in consultation with NTDC, appointed an Expert for dispute resolution under the PPA.

During the financial year 2016, the Expert gave his determination whereby the aforesaid amount was determined to be payable to the company by NTDC. Pursuant to the Expert's determination, the company demanded the payment of the aforesaid amount of Rs 816.033 million from NTDC that has not yet been paid by NTDC. The company filed a request for arbitration in the London Court of International Arbitration ('LCIA'), whereby an Arbitrator was appointed.

In October 2015, the Government of Pakistan ('GOP') through Private Power & Infrastructure Board ('PPIB') filed a case in the court of Senior Civil Judge, ("Civil Case 2015"), Lahore, against the aforementioned decision of the Expert, praying it to be illegal, which is pending adjudication.

Consequently, invitation to participate in arbitration was issued to the PPIB/GOP. PPIB filed separate Civil Suit before the Civil Judge, Lahore, seeking inter alia that the parties should be restrained from participating in the arbitration proceedings in the LCIA ("Civil Case 2016"). The company filed applications in the Civil Court where the company prayed that the Civil Court, Lahore lacks the jurisdiction in respect of the cases filed by PPIB. In respect of the aforementioned applications, through its orders dated April 18, 2017, the Civil Court, Lahore rejected company's pray and granted the pray of PPIB whereby, the court accepted PPIB's applications for interim relief in 2015 and 2016 Civil Suits. Being aggrieved, the company challenged before the Additional District Judge, Lahore against the aforementioned orders of the Civil Court and continued to take part in the arbitration proceedings. Furthermore, in response to the company's continued participation in the arbitration proceedings, PPIB filed contempt petition before Lahore High Court ("LHC") in respect of the decision of the Civil Court, Lahore and the LHC passed an order in those proceedings. The Company challenged the LHC's order before the Division Bench of LHC, which decided the matter in favour of the company through its order dated May 31, 2017 whereby, the aforementioned order of the LHC was suspended.

The Arbitrator, on June 08, 2017, declared his Partial Final Award and decided the matter principally in company's favour and declared that the above mentioned Expert's determination is final and binding on all parties ("Final Partial Award").

Aggrieved by the Partial Final Award, NTDC challenged the Arbitrator's decision in Lahore Civil Court ("Civil Case 2017"), which suspended the Final Partial Award on July 10, 2017. In response to this decision of Civil Court, the company filed a revision petition in District Court and the District Court ("District Case 2017") while granting interim relief to the company, suspended the Civil Court's order on August 12, 2017. Along with challenging the Final Partial Award in Lahore Civil Court, NTDC also challenged the same, on July 06, 2017, in Commercial Court of England. As per advice of foreign legal counsel, the company also filed a case for anti suit injunction in Commercial Court of England against NTDC on August 14, 2017.

The District Judge, Lahore through his order dated July 8, 2017 set-aside the aforementioned orders of the Civil Judge, Lahore dated April 18, 2017 and accepted company's appeals but dismissed the company's revision petitions concerning the issue of jurisdiction. Aggrieved by this decision, (i) the company filed writ petitions before the LHC, which announced a favourable decision and suspended the proceedings of Civil Cases 2015 and 2016 till the final decision of LHC; and (ii) GOP/PPIB filed revision petitions in the LHC, which are currently pending adjudication.

On October 29, 2017, the Arbitrator declared his Final Award whereby he ordered NTDC to pay to the company: i) Rs 816.033 million pursuant to Expert's determination; ii) Rs 189.385 million being Pre award interest; iii) Rs 9.203 million for breach of arbitration agreement; iv) Rs 1.684 million and USD 612,310 for the company's cost of proceedings; v) GBP 30,157 for company's LCIA cost of Arbitration and vi) Interest at KIBOR + 4.5% compounded semi-annually from the date of Final Award until payment of these amounts by NTDC ("the Final Award") that works out to Rs 239.899 million up to September 30, 2019.

On November 24, 2017, NTDC challenged the Final Award in Commercial Court of England. On November 29, 2017, company filed an application before Lahore High Court for implementation of Final Award that is also pending adjudication. During the hearing held in December 2017 in London, NTDC withdrew its petitions dated July 06, 2017 and November 24, 2017 filed before Commercial Court of England against the company, pertaining to Partial Final Award and Final Award respectively.

On May 4, 2018, Commercial Court of England issued a favourable decision in the case of anti suit injunction, thereby preventing NTDC from pursuing case in Pakistan Civil Courts against Partial Final Award/Final Award and taking any steps outside England to set aside

Partial Final Award/Final Award issued by the Arbitrator. Aggrieved by this decision, NTDC had sought permission to file an appeal before the Court of Appeals, London, which was rejected by the Court on October 04, 2018.

Based on the favourable Expert's determination and Arbitration Award, management strongly feels that under the terms of the PPA and Implementation Agreement, the above amount of Rs 816.033 million is likely to be recovered by the company. Consequently, no provision for this amount has been made in this unconsolidated condensed interim financial information.

Further, being prudent, the company has not recognised the abovementioned amounts in this condensed interim financial information for Pre-award interest, breach of arbitration agreement, company's cost of proceedings, company's LCIA cost of Arbitration and interest thereon on all these amounts as per Final Award due to its uncertainty since it is pending adjudication as mentioned above. Such amounts as per Final Award would be recognized when it attains finality and its collectibility is certain.

	Un-audited Quarter ended	
	September 30, 2019	September 30, 2018
	(Rupees in thousand)	
10. COST OF SALES		
Raw materials consumed	2,744,188	4,063,592
Salaries and other benefits	60,174	82,206
Repairs and maintenance	14,138	6,098
Stores, spares and loose tools consumed	99,593	100,349
Electricity consumed in-house	3,360	1,202
Insurance	67,536	51,498
Travelling and conveyance	5,798	6,091
Printing and stationery	205	181
Postage and telephone	156	198
Vehicle running expenses	1,140	558
Entertainment	42	1,037
Depreciation on operating fixed assets	190,760	242,731
Amortization of intangible asset	377	377
Fee and subscription	1,141	1,017
Miscellaneous	11,567	12,343
	3,200,175	4,569,478

	Un-audited Quarter ended	
	September 30, 2019	September 30, 2018
(Rupees in thousand)		
11. CASH GENERATED FROM/(USED IN) OPERATIONS		
Profit before taxation	1,337,998	983,890
Adjustment for non cash charges and other items:		
Depreciation on operating fixed assets	202,581	249,569
Amortization on intangible assets	377	377
Profit on bank deposits	(173)	(192)
Finance cost	339,039	221,608
Provision for employee retirement benefits	6,499	5,330
Profit before working capital changes	1,886,321	1,460,582
Effect on cash flow due to working capital changes:		
Decrease/(increase) in current assets		
Stores, spares and loose tools	62,118	99,545
Inventories	1,297,978	64,069
Trade debts	(2,467,235)	(1,973,227)
Advances, deposits, prepayments and other receivables	52,213	259,998
	(1,054,926)	(1,549,615)
Increase/(decrease) in current liabilities		
Trade and other payables	53,067	(228,264)
Unclaimed dividend	(2,485)	329
	50,582	(227,935)
	(1,004,344)	(1,777,550)
	881,977	(316,968)
12. CASH AND CASH EQUIVALENTS		
Cash and bank balances	18,557	42,044
Short term borrowings - secured	(6,357,200)	(5,613,226)
	(6,338,643)	(5,571,182)

13. TRANSACTIONS WITH RELATED PARTIES

The related parties include the holding company, subsidiaries and associates of the holding company, subsidiary, associate, related parties on the basis of common directorship, key management personnel of the company and its holding company and post employment benefit plan (Provident Fund). Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) of that company. The company in the normal course of business carries out transactions with various related parties. Significant related party transactions during the period are as below:

Relationship with the company	Nature of transactions	Un-audited Quarter ended	
		September 30, 2019 (Rupees in thousand)	September 30, 2018 (Rupees in thousand)
i. Entities on the basis of common directorship	Purchases of goods and services	17,280	13,519
	Rental expense	3,115	3,115
	Insurance premium	67,247	52,722
ii. Group entity	Interest on deposit accounts	162	405
	Insurance Premium	1,736	-
iii. Post employment benefit plan	Expense charged in respect of retirement benefit plan	6,499	5,330
iv. Key management personnel	Salaries and other employee benefits	9,309	10,696
Period end balances			
Payable to related parties			
- Companies on basis of common directorship		-	736
- Group entity		6,291	-
Bank deposits with related parties			
- Group entity		16,911	17,359
Receivable from related parties			
- Subsidiary		4,373	4,373
- Group entity		526	6,965
- Entities on the basis of common directorship		2,128	-

14. DATE OF AUTHORISATION FOR ISSUE

This unconsolidated condensed interim financial information was authorised for issue on October 23, 2019 by the Board of Directors of the company.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR



N I S H A T

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