NISHAT

NISHAT POWER LIMITED

A NEW VISION FOR CONTINUED GROWTH

ANNUAL REPORT 2021

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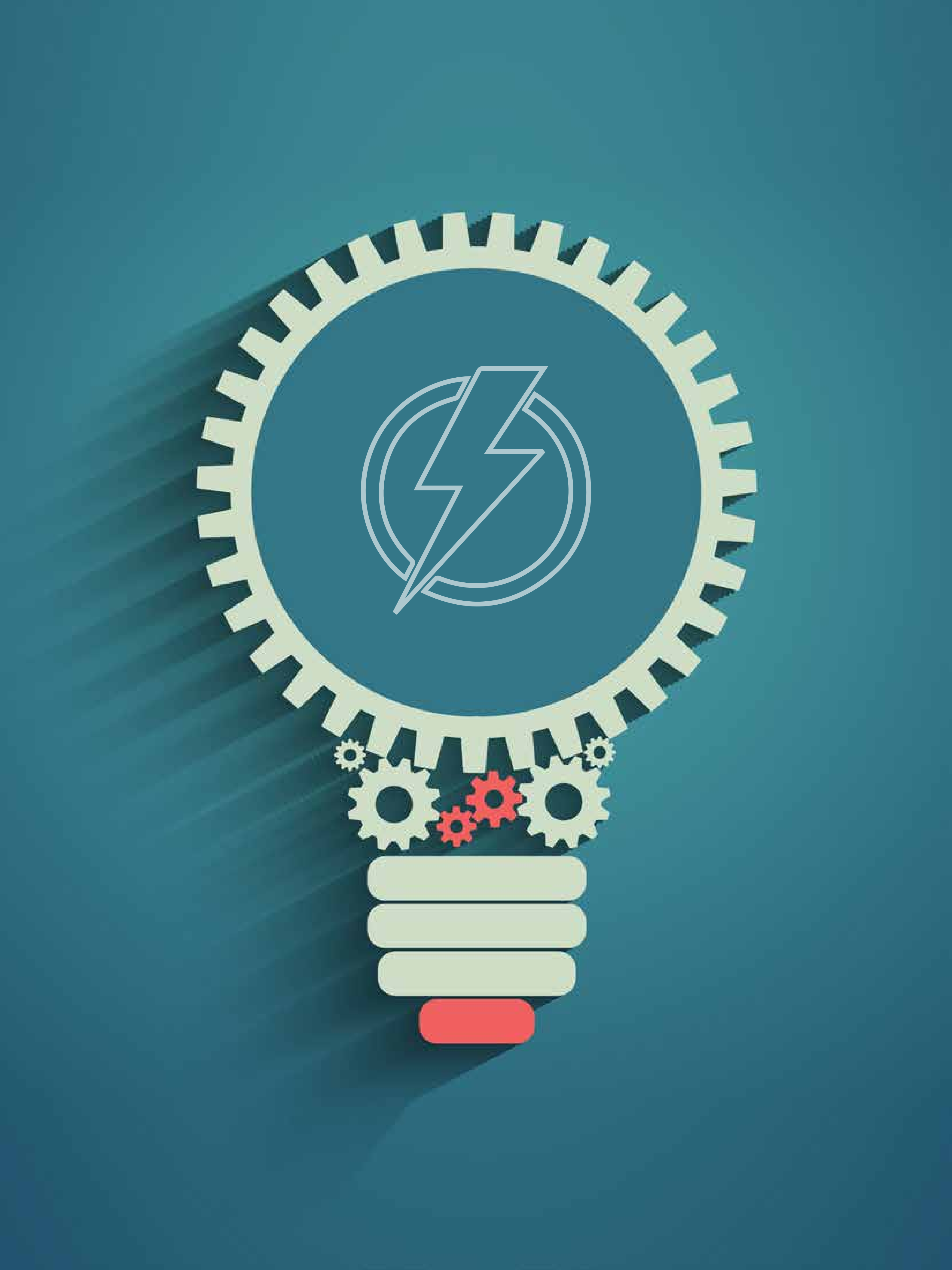

CORPORATE PROFILE

BOARD OF DIRECTORS

Mian Hassan Mansha ....Chairman
Mr. Ghazanfar Hussain Mirza ....Chief Executive
Mr. Ahmad Aqeel
Ms. Maleeha Humayun Bangash
Mr. Mahmood Akthar
Mr. Shahzad Ahmad Malik
Mr. Norez Abdullah

AUDIT COMMITTEE

Mr. Ahmad Aqeel..................Member / Chairman
Ms. Maleeha Humayun Bangash ....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
The Bank of Punjab
MCB Bank Limited
MCB Islamic Bank Limited
Pak Brunei Investment Co. Limited
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.

MISSION
STATEMENT

TO BECOME LEADING POWER PRODUCER WITH SYNERGY OF CORPORATE CULTURE AND VALUES THAT RESPECT COMMUNITY AND ALL OTHER STAKEHOLDERS

VISION
STATEMENT

ENLIGHTEN THE FUTURE THROUGH EXCELLENCE, COMMITMENT, INTEGRITY AND HONESTY

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Annual General Meeting of the Members of Nishat Power Limited (the "Company") will be held on October 27, 2021 (Wednesday) at 11:30 A.M. at Emporium Mall, The Nishat Hotel, Trade and Finance Centre Block, Near Expo Centre, Abdul Haq Road, Johar Town, Lahore to transact the following business:

1. To receive, consider and adopt the Annual Audited Un-Consolidated and Consolidated Financial Statements of the Company for the year ended June 30, 2021 with the Chairman Review, Directors' and Auditors' reports thereon.

2. To approve Final Cash Dividend @ 15% [i.e. Rs. 1.5/- (Rupees One and Fifty Paisas Only) Per Ordinary Share] as recommended by the Board of Directors for the year ended June 30, 2021.

3. To appoint statutory Auditors for the year ending June 30, 2022 and fix their remuneration.

4. SPECIAL BUSINESS:

   To consider and if deemed fit, to pass the following resolution as an ordinary resolution with or without modifications in terms of Section 183(3)(b) of the Companies Act, 2017 to approve the voluntary winding up of Lalpir Solar Power (Private) Limited, the Company's wholly owned subsidiary.

   "Resolved that approval of the shareholders of Nishat Power Limited (the "Company") be and is hereby accorded in terms of Section 183 of the Companies Act, 2017 (the "Act") and other applicable provisions of the law to voluntary wind up the wholly owned subsidiary of the Company, Lalpir Solar Power (Private) Limited, subject to and in accordance with the applicable requirements of the Act."

   "Resolved further that the Chief Executive Officer / the Chief Financial Officer / the Company Secretary of the Company be and are hereby singly empowered and authorized to do all acts, matters, deeds and things, take any or all necessary actions and to complete all the regulatory, legal and other formalities as may be necessary or incidental or expedient for the purpose of implementing the aforesaid special resolution."

   A Statement of Material Facts covering the above-mentioned Special Business, as required under Section 134(3) of the Companies Act, 2017 is annexed to the Notice of Meeting circulated to the shareholders.

BY ORDER OF THE BOARD

KHALID MAHMOOD CHOHAN
(Company Secretary)

LAHORE
September 16, 2021

NOTES:

BOOK CLOSURE NOTICE:-

The Ordinary Shares Transfer Books of the Company will remain closed from 20-10-2021 to 27-10-2021 (both days inclusive) for entitlement of 15% Final Cash Dividend [i.e. Rs. 1.5 (Rupees One and Fifty Paisas Only) Per Ordinary Share] for the year ended June 30, 2021 and attending and voting at Annual General Meeting. Physical transfers/ CDS Transactions IDs received in order in all respect up to 1:00 p.m. on 19-10-2021 at Share Registrar, Hameed Majeed Associates (Pvt) Ltd, 7-Bank Square, Lahore, will be considered in time for entitlement of above said 15% Final Cash Dividend.

Proxies

A member eligible to attend and vote at this meeting may appoint another member his / her proxy to attend and vote instead of him/her. Proxies in order to be effective must reach the Company's registered office not less than 48 hours before the time for holding the meeting. Proxies of the Members through CDC shall be accompanied with attested copies of their CNIC. In case of corporate entity, the Board's Resolution/power of attorney with specimen signature shall be furnished along with proxy form to the Company. The shareholders through CDC are requested to bring original CNIC, Account Number and Participant Account Number to produce at the time of attending the meeting. The proxy shall produce his / her original valid CNIC or original passport at the time of meeting.

Shareholders are requested to immediately notify the Company of change in address, if any.

Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting

a. In case of Individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or, original Passport at the time of attending the Meeting.

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

B. For Appointing Proxies

a. In case of individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.

b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.

c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.

d. The proxy shall produce his original CNIC or original passport at the time of the Meeting.

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

Members are requested to timely notify any change in their addresses.

Deduction of Withholding Tax on Dividend

Pursuant to the provisions of the Finance Act, 2017 the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

-	Filer	7.50%
-	Non-Filer	15.00%

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

Deduction of Withholding Tax on Dividend in case of Joint Account Holders

All shareholders who hold shares jointly are requested to provide following information regarding shareholding proportions of Principal Shareholder and Joint-holder(s) in respect of shares held by them to Share Registrar, Hameed Majeed Associates (Pvt) Ltd., latest by October 20, 2021 otherwise each joint holder shall be assumed to have an equal number of shares.

Name of the Company		Nishat Power Limited
Folio No. / CDS A/C No.		
No. of Shares Held		
Principal	Name & CNIC	
Shareholder	Shareholding Proportion (No. of Shares)	
Joint	Name & CNIC	
Shareholder(s)	Shareholding Proportion (No. of Shares)	

Signature of Primary Shareholder________________________________

EXEMPTION OF WITHOLDING TAX:-

Withholding tax exemption from dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to Share Registrar, Hameed Majeed Associates (Pvt) Ltd, up to October 20, 2021.

SUBMISSION OF COPY OF CNIC (MANDATORY):

Individuals including all joint holders holding physical share certificates are requested to submit a copy of their valid CNIC to the Company or the Company's Share Registrar. All shareholders are once again requested to send a copy of their valid CNIC to our Share Registrar, Hameed Majeed Associates (Pvt) Ltd. The Shareholders while sending CNIC must quote their respective folio numbers and name of the Company.

ZAKAT DECLARATION (CZ-50)

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

MANDATORY PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE:

The provisions of Section 242 of the Companies Act, 2017 require the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Accordingly, the shareholders holding physical shares are requested to provide the following information to the Company's Share Registrar at the address given herein above. In the case of shares held in CDC, the same information should be provided directly to the CDS participants for updating and forwarding to the Company.

Folio No. / Investor Account Number / CDC Sub Account No.	
Title of Account	
IBAN Number	
Bank Name	
Branch	
Branch Address	
Mobile Number	
Name of Network (if ported)	
Email Address	

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Signature of Shareholder

Transmission of Annual Financial Statements through Email:

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 787 (I)/2014 dated September 8, 2014, those shareholders who desire to receive Annual Financial Statements in future through email instead of receiving the same by post are advised to give their formal consent along with their valid email address on a standard request form which is available at the Company's website i.e. www.nishatpower.com and send the form, duly signed by the shareholder, along with copy of his/her CNIC to the Company's Share Registrar M/s Hameed Majeed Associates (Pvt) Limited.

Circulation of Annual Reports through Digital Storage

Pursuant to the SECP's notification SRO 470(I) / 2016 dated 31st May, 2016 the Members of Nishat Power Limited had accorded their consent for transmission of annual reports including audited annual financial statements and other information contained therein of the Company through CD/DVD/USB instead of transmitting the same in hard copies. The shareholders who wish to receive hard copies of the aforesaid documents may send to the Company Secretary / Share registrar, the standard request form available on the Company's website and the Company will provide the aforesaid documents to the shareholders on demand, free of cost, within one week of such demand.

Unclaimed Dividend / Shares

Shareholders who could not collect their dividend/physical shares are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or shares, if any.

Conversion of Physical Shares into Book-entry Form:

SECP has issued a letter No. CSD/ED/Misc./2016-639-640 dated March 26, 2021 addressed to all listed companies referring their attention towards the provision of Section 72 of the Companies Act, 2017 (the Act) which requires to all the then existing companies to replace shares issued by them in physical form with shares to be issued in the Book-Entry-form within a period not exceeding four years from the date of the promulgation of the Act. In order to ensure full compliance with the provisions of aforesaid Section 72 and to be benefitted of the facility of holding shares in the Book-Entry-Form, the shareholders who still hold shares in physical form are requested to convert their shares in the Book-Entry-Form by contacting Share Registrar Office.

Video Conference Facility

In terms of the Companies Act, 2017, members residing in a city holding at least 10% of the total paid up share capital may demand the facility of video-link for participating in the annual general meeting. The request for video-link facility shall be received by the Share Registrar at the address given hereinabove at least 7 days prior to the date of the meeting on the Standard Form placed in the annual report which is also available on the website of the Company.

E-voting and Postal Ballot Facility

The shareholders will be allowed to exercise their right to vote through e-voting and postal ballot subject to Section 142 and 143 of the Companies Act, 2017 and Regulation 11 of the Companies (Postal Ballot) Regulations, 2018.

Video Link Facility for Meeting:-

In light of COVID-19 situation, the Securities and Exchange Commission of Pakistan ("SECP") has advised vide Circular No. 4 of 2021 dated 15 February, 2021 and Circular No. 6 of 2021 dated March 03, 2021 to provide participation of the members through electronic means. The members can attend the AGM via video link using smart phones/tablets/. To attend the meeting through video link, members and their proxies are requested to register themselves by providing the following information along with valid copy of Computerized National Identity Card (both sides)/passport, attested copy of board resolution / power of attorney (in case of corporate shareholders) through email at kchohan@nishatpower.com or smahmood@dgcement.com by October 22, 2021.

Name of Member/ Proxyholder	CNIC No.	Folio No. / CDC Account No.	Cell No. Whatsapp No.	Email ID

STATEMENT OF MATERIAL FACTS
UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017.

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting (the "Meeting" or "AGM") of Nishat Power Limited (the "Company") scheduled to be held on October 27, 2021.

Lalpir Solar Power (Private) Limited (the "Subsidiary") is a wholly-owned subsidiary of the Company. The Subsidiary was incorporated as a private limited Company on 19 November 2015. The principal activity of the Subsidiary is to build, own, operate and maintain or invest in a Solar PV Power Project having gross capacity upto 20 MWp.

The Subsidiary achieved various milestones like approval of feasibility study, No Objection Certificate (NOC) from Environmental Protection Agency (EPA), approval of Grid Interconnection Study (GIS) from Multan Electric Power Company Limited (MEPCO) and from National Transmission & Despatch Co. Ltd. (NTDCL). Further, consent for purchasing power from the project has also been provided by MEPCO. Generation License No. SPGL/26/2018 has been granted by National Electric Power Regulatory Authority (NEPRA) to the Company for its 11.120 MW Solar PV Power Project located at Mauza Verar, Sipra Mehmood Kot, District Muzaffargarh, in the province of Punjab, pursuant to Section 14(B) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 / Amendment Act, 2018. However, the upfront solar tariff announced by NEPRA expired on 30 June 2016.

The management of the Subsidiary continuously tried its best to get Power Acquisition Request and Consent to Procure Power from Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) so that development of the project can be moved forward. However, CPPA-G informed the Subsidiary that Ministry of Energy has conveyed the Cabinet Committee on Energy (CCOE) decision to CPPA-G that 145 projects had been approved by the Cabinet for necessary action. The CPPA-G stated that power project of the Subsidiary is not included in the list of 145 projects. Therefore, CPPA-G is of the view that request of the Subsidiary for Power Acquisition Consent cannot be entertained.

Subsequently, Alternate Energy Development Board (AEDB) informed that Solar PV Power Project of the Subsidiary is placed under category III of the amended decision of the Cabinet Committee on Energy (CCoE). All category III projects are allowed by the CCoE to proceed ahead, subject to becoming successful in the competitive bidding process to be undertaken by AEDB, based on the quantum ascertained for each technology by Indicative Generation Capacity Expansion Plan (IGCEP) by NTDCL.

However, no such competitive bidding process undertaken, even the IGCEP not finalized till to-date. The response of CPPA-G and AEDB have made the Solar PV Power Project of the Subsidiary more complicated. Subsequent to the year ended June 30, 2021, based upon the above given facts and on the request of the Subsidiary, NEPRA has cancelled the Generation License of the Subsidiary.

Accordingly, the Board of Directors of the Company, subject to the provisions of Section 183 of the Companies Act, 2017 and all other applicable provisions of the law, decided that the Subsidiary be wound up voluntary. This decision was taken by the Board purely on commercial considerations and the Subsidiary will be wound up voluntary in accordance with the applicable provisions of the law and regulatory framework.

On June 30, 2021, cost of investment in subsidiary is PKR 1,000,000. Its book value is PKR (972,733)/-.

Subsequent to the year end, the paid up capital was enhanced to PKR 2,750,000/- divided into 275,000 ordinary shares of PKR 10 each, all shares are held by the Company.

The Directors of the Company have no personal interest, directly or indirectly, in above business as they are representatives of holding Company.

CHAIRMAN'S REVIEW

I am pleased to present the annual report of the Company for the year ended 30 June, 2021 to our valued shareholders. Significant aspects of performance of your Company have been shared with you during the course of the financial year 2020-21.

After being elected in August 2020, the current Board of Directors has completed first year of its term. I would like to appreciate overall performance of the Board during this term despite challenges of COVID-19 pandemic and its economic impact. They have provided strategic directions to the management and always remained available for guidance.

I would like to appreciate the trust and support forwarded by our stakeholders which helped the Company to post earnings per share of Rs 7.57 in current year as compared to Rs 13.76 last year. As you know the reason that on June 30, 2020 the Company managed to repay the whole long term loan to banks. Since, debt servicing was a part of the tariff, therefore, during the year the Capacity Purchase Price Revenue reduced from Rs 5,305 million to Rs 2,639 million.

The Board has formed various Committees, like Audit Committee and Human Resource Committee. Through Audit Committee the Board, reviewed the internal controls and financial statements and ensured that the accounts fairly represent the financial position of the Company. While the HR Committee overviews the HR policy framework and recommends selection and compensation of senior management team.

To evaluate the performance of the Board and its Committees, the Board has put in place mechanism for annual evaluation of the performance of the Board of Directors. Accordingly, the Board has completed its annual self-evaluation for the year 2021 and I am pleased to report that the overall performance benchmarked on the basis of set criteria remained satisfactory.

Further, I am pleased to inform that the composition of the Board depicts reasonable balance of executive and non-executive Directors including independent Directors, which possess the requisite skills, core competencies and industry knowledge to lead the Company, whereby all Board members are aware of the high level of ethical and professional standards laid down in our Vision & Mission Statements of the Company.

The Board reviews the quality and appropriateness of financial statements of the Company, reporting and transparency of disclosures, Company's accounting policies, corporate objective plans, budgets and other reports. The Board has also framed the Code of Conduct which defines requisite behavior and has been disseminated throughout the Company. Adequate controls and robust systems are in place to ensure effective control environment so compliance of best policies of Corporate Governance are achieved.

In the end, I would like to extend my gratitude to outgoing Board members and am satisfied with the Board's overall performance and their effective role in achieving the Company's objectives.

CHAIRMAN
Lahore: September 16, 2021

چیئرمین کی جائزہ رپورٹ

30 جون، 2021 کو ختم ہونے والے سال کے لیے، میں کمپنی کی سالانہ رپورٹ اپنے قابل قدر حصص یافتگان کے سامنے پیش کرتے ہوئے مسرت محسوس کر رہا ہوں۔ مالی سال 2020-21 کے دوران آپ کی کمپنی کی کارکردگی کے اہم پہلو آپ کے ساتھ شیئر کیے جا رہے ہیں۔

اگست 2020 میں منتخب ہونے والے، موجودہ بورڈ آف ڈائریکٹرز نے اپنا پہلا سال مکمل کیا ہے۔ میں اس مدت کے دوران کووڈ 19 وبائی بیماری کے چیلنجوں اور معاشی اثرات کے باوجود بورڈ کی مجموعی کارکردگی کو سراہتا ہوں۔ انہوں نے انتظامیہ کو اسٹریٹجک ہدایات فراہم کیں اور رہنمائی کے لیے ہمیشہ دستیاب رہے۔

میں اپنے اسٹیک ہولڈرز کے بہت زیادہ اعتماد اور تعاون کو سراہتا ہوں، جس نے کمپنی کو گذشتہ سال 7.57 روپے کے مقابلے رواں سال میں 13.76 روپے فی حصص آمدنی درج کرنے میں مدد دی۔ کیونکہ 30 جون 2020 کے دوران، کمپنی بینکوں کو پورا طویل مدتی قرض ادا کرنے میں کامیاب رہی۔ چونکہ، قرض کی خدمت محصولات کا ایک حصہ تھا، لہٰذا، سال کے دوران کپیسٹی پرچیز پرائس محصولات 5,305 ملین روپے سے کم ہو کر 2,639 ملین روپے ہو گئے۔

بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی اور ہیومن ریسورس کمیٹی جیسی مختلف کمیٹیاں تشکیل دی ہیں۔ آڈٹ کمیٹی کے ذریعے بورڈ، اندرونی کنٹرولز اور مالی حسابات کا جائزہ لیتا ہے اور اس بات کو یقینی بناتا ہے کہ اکاؤنٹس کمپنی کی مالی حیثیت کی منصفانہ نمائندگی کرتے ہیں، جبکہ، ایچ آر کمیٹی ایچ آر پالیسی کے فریم ورک کا جائزہ لیتی ہے اور سینئر مینجمنٹ ٹیم کے انتخاب اور معاوضے کی سفارش کرتی ہے۔

بورڈ اور اس کی کمیٹیوں کی کارکردگی کا جائزہ لینے کے لیے بورڈ نے بورڈ آف ڈائریکٹرز کی کارکردگی کی سالانہ تشخیص کے لیے ایک میکانزم ترتیب دیا ہے۔ اس کے مطابق، بورڈ نے سال 2021 کے لیے اپنی سالانہ خود تشخیص مکمل کر لی ہے اور مجھے یہ بتاتے ہوئے خوشی ہے کہ مقرر کردہ معیارات کی بنیاد پر مجموعی کارکردگی کا معیار اطمینان بخش رہا۔

مزید یہ کہ مجھے یہ بھی بتاتے ہوئے خوشی ہو رہی ہے کہ بورڈ کی تشکیل میں ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کا معقول توازن رکھا گیا ہے۔ جن میں آزاد ڈائریکٹرز بھی شامل ہیں، جو کمپنی کی قیادت کے لیے مطلوبہ مہارت، بنیادی قابلیت اور صنعت کا علم رکھتے ہیں، جہاں تمام بورڈ ممبران ہمارے وژن اور مشن کے بیانات میں بیان کردہ اعلیٰ سطح کے اخلاقی اور پیشہ ورانہ معیارات سے واقف ہیں۔

بورڈ کمپنی کے مالیاتی حسابات، رپورٹنگ اور انکشافات کی شفافیت، کمپنی کی اکاؤنٹنگ پالیسیوں، کارپوریٹ مقصد کے منصوبوں، بجٹ اور دیگر رپورٹس کے معیار اور موزونیت کا جائزہ لیتا ہے۔ بورڈ نے ضابطہ اخلاق بھی وضع کیا ہے جو مطلوبہ رویہ کی وضاحت کرتا ہے اور اسے پوری کمپنی میں پھیلایا گیا ہے۔ مؤثر کنٹرول ماحول کو یقینی بنانے کے لیے موزوں کنٹرول اور مضبوط نظام موجود ہیں لہٰذا کارپوریٹ گورننس کی بہترین پالیسیوں کی تعمیل حاصل کی جاتی ہے۔

آخر میں، ہم بورڈ کی مجموعی کارکردگی اور کمپنی کے مقاصد کے حصول میں اس کے مؤثر کردار سے خوش ہیں۔

چیئرمین

لاہور: 16 ستمبر 2021

DIRECTORS' REPORT

The Board of Directors of Nishat Power Limited (The Company) is pleased to present Annual Report with the Audited Financial Statements of the Company together with Auditors' Report thereon for the financial year ended June 30, 2021.

PRINCIPAL ACTIVITY:

The principal activity of the Company is to build, own, operate and maintain a fuel fired power plant based on Reciprocating Engine Technology having gross capacity of 200MW in Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan.

FINANCIAL RESULTS:

The Company had turnover of Rs 11,433 million (2020: Rs 11,738 million) during the year against operating cost of Rs 7,989 million (2020: Rs 5,391 million) resulting in a gross profit of Rs 3,443 million (2020: Rs 6,348 million). The main reason of decrease in profits is attributable to repayment of long term financing to the consortium of banks ('LTF') in year 2020. As the LTF was repaid from the annual debt service component, which was part of the agreed Capacity Purchase Price (CPP) tariff, there has been corresponding reduction in the CPP revenue. The current year's net profit after tax amounts to Rs 2,681 million resulting earnings per share of Rs 7.57 compared to previous year's profit after tax of Rs 4,871 million and earnings per share of Rs 13.76.

The Power Purchaser continues to default on its payment obligations. The Company took up the matter with the Power Purchaser and Private Power & Infrastructure Board ('PPIB') by giving notices of default pursuant to provisions of Power Purchase Agreement and Implementation Agreement. The Company is facing the risk of increased receivables due to overall challenge of circular debt plaguing the power sector of Pakistan. For other risks being faced by the Company, please refer to note 35 of the annexed financial statements.

Total receivables from Power Purchaser on June 30, 2021 stand at Rs 19,699 million, out of which overdue receivables are Rs 14,678 million.

OPERATIONS AND SIGNIFICANT EVENTS:

On August 13, 2020, the Company had entered into Memorandum of Understanding ("MoU") with "the Committee for negotiations with Independent Private Power Producers" (the committee for negotiation was notified by Government of Pakistan on June 03, 2020) and had voluntarily agreed to alter certain contractual arrangements for the sustainability of the power sector. The said MoU was signed upon request of the Government of Pakistan in the larger national interest. However, the terms of the MoU had to be approved by National Electric Power Regulatory Authority (the "NEPRA/Authority"), Federal Cabinet and Board of Directors of the Company and was not to be construed as an alteration or amendment to the Power Purchase Agreement or Implementation Agreement. Subsequently, to convert the MoU into a binding agreement between the concerned parties, the Government of Pakistan constituted the Implementation Committee through its notification dated October 07, 2020.

During the year under review, after several rounds of discussion with Implementation Committee, the Company and the Central Power Purchasing Agency (Guarantee) Limited (the "Power Purchaser/CPPA-G") dated February 12, 2021 have signed i) Master Agreement and ii) the Amendment to the Power Purchase Agreement (the "PPA Amendment"). Furthermore, the following amendments were also signed pursuant to Master Agreement i.e. iii) Novation to the Power Purchase Agreement with National Transmission and Dispatch Company Limited (the "NTDC"), CPPA-G and the Company, wherein CPPA-G irrevocably accepts and assumes all NTDC's rights, obligations and liabilities as Power Purchaser; iv) Amendment Agreement to Implementation Agreement between the Islamic Republic of Pakistan (the "GOP") and the Company and v) the Amendment Agreement to the Guarantee between GOP and the Company.

On February 17, 2021, pursuant to Master Agreement, the Power Purchaser and the Company developed and submitted to NEPRA, tariff adjustment application to prospectively reduce ROE and ROEDC components, i.e. 17% per annum in PKR on NEPRA approved equity at Commercial Operations Date for RoE and

RoEDC calculated at USD/PKR exchange rate of PKR 148/USD, with no future USD indexation. However, the existing RoE and RoEDC, together with the applicable indexations, shall continue to be applied until the date, the applicable exchange rate under the present tariff reaches PKR 168/ USD1 (i.e., the date of the signing of the MoU), whereupon the revised RoE and RoEDC shall apply for the remainder of the term of the PPA. On March 03, 2021 NEPRA conducted joint hearing for IPPs of 2002 Power Policy, on the above stated tariff adjustment application. On April 02, 2021 NEPRA issued decision in line with above stated tariff adjustment application of the company and also for IPPs of 2002 Power Policy.

As per the Master Agreement, after notification of the above stated revised tariff determination by GOP and payment of first instalment by Power Purchaser, under the Master Agreement, and till revised tariff effective date (i.e. when last instalment under the below payment mechanism has been paid to the Company), the Company shall, subject to resolution of the outstanding LCIA Award, commence giving discount in future invoices consistent with the notified tariff and Master Agreement. From and after the revised tariff effective date, billing and invoicing shall be as per the notified revised tariff. However, revised tariff determination has not yet been notified by GOP and first installment has also not yet been paid by the Power Purchaser. Additionally, the applicable exchange rate did not reach PKR 168/ USD1 during the year, consequently, in context of above stated discount, there has been no impact on revenue and receivables during the year.

As per the Master Agreement with CPPA-G, in order to get the payment of its overdue receivables as on November 30, 2020 amounting to Rs 14,252.802 million, the Company has voluntarily agreed that after payment of first installment; i) starting from financial year 2021-22, any future savings in fuel, subject to certain conditions stipulated in the Master Agreement, shall be shared between CPPA-G and the company on a sliding scale ratio ranging from 70:30 to 40:60 for any efficiency above NEPRA determined benchmark; ii) starting from financial year 2021-22, any future savings in Operations & Maintenance ('O&M') shall be shared 50:50, subject to certain conditions stipulated in the Master Agreement;

In addition to above, CPPA-G and the Company has agreed that when competitive trading arrangement is implemented and becomes fully operational, then as per the terms in the generation license the Company will convert its PPA to take and pay basis;

Further, as per the PPA Amendment with CPPA-G, the delayed payment rate as referred in note 17.1 of these unconsolidated financial statements has been amended to (a) for the first sixty (60) days, KIBOR plus two percent per annum, compounded semi-annually; (b) for any period thereafter sixty (60) days, KIBOR plus four-point five percent per annum, each compounded semi-annually. However, this shall come into effect after NEPRA approves the adjustment in tariff and its terms strictly per the scope of Tariff Adjustment Application and CPPA-G has paid the two installments as mentioned above in respect of long outstanding acknowledged receivables;

The payment of receivables is an integral part of the Master & PPA Amendment Agreement and that the total outstanding overdue amount on 30th November 2020 will be paid in two instalments, with 40% upon notification of tariff determination by NEPRA (comprising 1/3rd cash and 2/3rd financial instruments of PIBs and Sukuks) and the remaining 60% payable six (6) months thereafter through the same method as that of the first instalment. The parties agree that above mechanism will be followed without affecting the right of the Company to receive late payment interest under the PPA as amended.

We would also like to draw your attention to note 17.2 to these unconsolidated financial statements which refers to amicable resolution of the capacity revenue dispute involving Rs 816.033 million for the period ('disputed period') in which the plant was not fully available for power generation due to non-availability of fuel owing to non-payment by CPPA-G. Pursuant to the PPA Amendment Agreement, the disputed period has been treated as an Other Force Majeure Event ('OFME') under the PPA. The OFME period has commenced on June 9, 2021 and will end on August 15, 2021, consequently, the term of PPA has been extended by 68 days, till August 15, 2035. The accounting implications of the same have been detailed under note 3.3 and note 17.2 to these unconsolidated financial statements

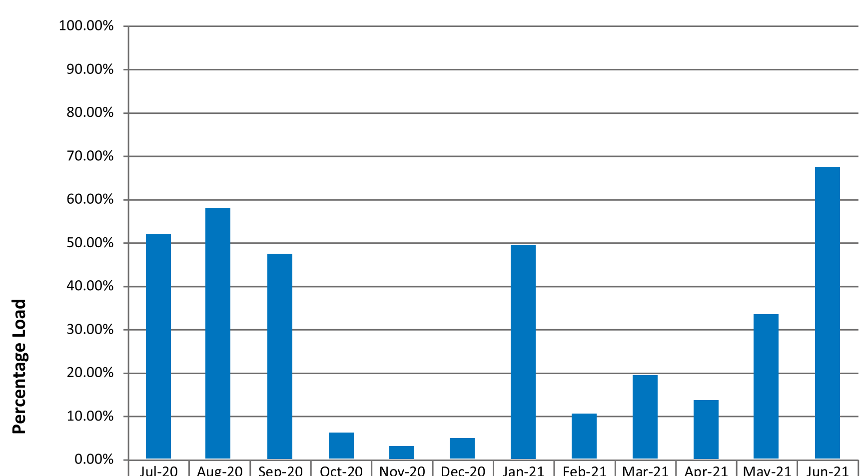
We would also like to draw your attention to note 1.1 to these unconsolidated financial statements which refers to delayed payment charges on outstanding delayed payment invoices. Pursuant to the Master Agreement, Power Purchaser shall ensure that all invoices shall follow the PPA's mandated "First In First Out" ('FIFO') payment principle at the time of payment, and as long as this principle is followed by Power Purchaser, in relation to past and future payments, the company in consideration thereof has agreed to forgo and waive all of its claims of delayed payment charges on delayed payment invoices. However, this will have no impact on the existing revenue and receivables of the company, as the company has not recognized the income and corresponding receivable for the said amounts on prudence basis.

We would further like to draw your attention to the note 11.1.1 (iv) to the annexed unconsolidated financial statements, which refers to the matter of alleged savings. During the year, the Company under the Master Agreement as referred above, agreed that the said dispute will be resolved through arbitration under the Arbitration Submission Agreement between the company and GoP.

Operational results:

The plant operated at an optimal efficiency with 30.59% (2020: 16.18%) average capacity factor and dispatched 523 GWh (2020: 278 GWh) of electricity to the Power Purchaser during the year.

Capacity Factor / Percent Load (%)
(July 2020 - June 2021)



	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21
Percent Load (%)	51.84%	58.12%	47.44%	6.16%	2.97%	4.85%	49.37%	10.55%	19.37%	13.61%	33.60%	67.58%

Months

KEY OPERATING AND FINANCIAL DATA:

Financial year ended June 30,	2021	2020 restated
	(Rupees in Million)	
Turnover	11,433	11,738
Net Profit	2,681	4,871
Total non-current assets	8,828	9,395
Issued, subscribed and paid up capital	3,541	3,541
Long term financing	111	74
Short term financing	3,642	4,751
Generation (MWh)	523,402	277,541
Earnings per share-basic and diluted (Rs.)	7.572	13.755
Share prices (Market value rupees per share)	19.65	22.65

Due to increased power generation requirement, the Company's capacity utilization factor has seen recovery i.e. from 16% of previous year to 31% in this year. Further, the management believes that Power Purchaser would still need to run power plant, due to the unique technological advantage of RFO based eleven ("11") Reciprocating Engines and one ("01") Steam Turbine, which can produce power during peak hours round the year, at a very short notice period.

Lalpir Solar Power (Pvt) Limited

In the financial year 2016, the Company incorporated a wholly owned subsidiary, Lalpir Solar Power (Private) Limited ('LSPPL'), since then the Company has taken up 100,000 shares of the LSPPL. The principal activity of LSPPL is to build, own, operate and maintain or invest in a solar power project having gross capacity upto 20 MWp with net estimated generation capacity of upto approx. 19 MWp. The project site is located at Mehmood Kot, District Muzaffar Garh, Multan. The Company achieved various milestones like approval of Feasibility Study, No Objection Certificate ('NOC') from Environment Protection Agency (EPA) and approval of Grid Interconnection study from Multan Electric Power Company (MEPCO). However, the upfront solar tariff announced by National Electric Power Regulatory Authority (NEPRA) had expired on June 30, 2016. Meanwhile LSPPL had also obtained the approval from NTDCL for Grid Interconnection Study, and generation license from NEPRA in year 2018.

The management of LSPPL continuously tried its best to get Power Acquisition Request and Consent to Procure Power from Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) so that development of the project can be moved forward. However, CPPA-G informed LSPPL that Ministry of Energy has conveyed the Cabinet Committee on Energy (CCOE) decision to CPPA-G that 145 projects had been approved by the Cabinet for necessary action. The CPPA-G stated that power project of LSPPL is not included in the list of 145 projects. Therefore, CPPA-G is of the view that request of LSPPL for Power Acquisition Consent cannot be entertained.

Subsequently, Alternate Energy Development Board (AEDB) informed that Solar PV Power Project of LSPPL is placed under category III of the amended decision of the Cabinet Committee on Energy (CCoE). All category III projects are allowed by the CCoE to proceed ahead, subject to becoming successful in the competitive bidding process to be undertaken by AEDB, based on the quantum ascertained for each technology by Indicative Generation Capacity Expansion Plan (IGCEP) by NTDCL. However, no such competitive bidding process undertaken, even the IGCEP not finalized till to-date. The response of CPPA-G and AEDB have made the Solar PV Power Project of LSPPL more complicated.

Accordingly, there does not seem to be any commercial justification to retain this company and incur costs thereon. Therefore, the Board of Directors of the Company has decided to voluntary winding up the Subsidiary LSPPL, subject to the approval of shareholders through special resolution. The Subsidiary will be wound up voluntary in accordance with the requirement of the Companies Act, 2017. Therefore, financial accounts of LSPPL for year 2021 have been prepared on non-going concern basis.

INTERNAL AUDIT AND CONTROL:

The Board has set up an independent audit function headed by a qualified person reporting to the Audit Committee. The scope of internal auditing within the Company is clearly defined which broadly involves review and evaluation of its' internal control system.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The company adheres to maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

ENVIRONMENTAL PROTECTION MEASURES

Environmental monitoring for Emissions from Diesel Generators and testing of waste water is conducted on periodic basis for compliance of National Environmental Quality Standards (NEQS).

CORPORATE SOCIAL RESPONSIBILITY

During the period under review, the Company has identified the opportunities for development and uplifting the living standards of the local community near its plant e.g. provision of clean water, renovations of public amnesties and plantation of trees. The Company is also very keen towards national initiatives for development of tourism in the country and during the year under review, the Company participated as silver sponsor to the event 'Islamabad Tourism Festival 2021'.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

The Company Management is fully cognizant of its responsibility as recognized by the Companies Act, 2017 provisions and Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan (SECP). The following comments are acknowledgement of Company's commitment to high standards of Corporate Governance and continuous improvement.

- The financial statements, prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon Company's ability to continue as going concern.
- All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. The directors were apprised of their duties and responsibilities through orientation courses.
- Value of investments in respect of retirement benefits fund:

  Provident Fund: June 30, 2021 is Rs 311.701 million

ATTENDANCE OF MEMBERS IN AUDIT COMMITTEE MEETINGS

During the year under review, Four Audit Committee Meetings were held, attendance position was as under:

Sr. #	Name of Member		# of Meetings Attended
1	Mr. Ahmad Aqeel	(Member/Chairman)	4
2	Mr. Shahzad Ahmad Malik	(Member)	4
3	Ms.Maleeha Humayun Bangash	(Member)*	3
4	Mr. Yousuf Bashir (Retired)	(Member)*	1

Audit Committee was reconstituted on August 24, 2020 after Election of Directors held on August 22, 2020 and Ms. Maleeha Humayun Bangash appointed as Member in place of Mr. Yousuf Bashir.

ATTENDENCE OF MEMBERS IN HR COMMITTEE

During the year under review One Human Resource & Remuneration (HR&R) Committee meeting was held, attendance position was as under:

Sr. #	Name of Member		# of Meetings Attended
1	Mr. Hassan Mansha	(Member)	1
2	Mr. Ghazanfar Hussain Mirza	(Member)	1
3	Mr. Ahmad Aqeel	(Member/Chairman)	1

Human Resource & Remuneration (HR&R) Committee was reconstituted on August 24, 2020 after Election of Directors held on August 22, 2020

ATTENDENCE OF DIRECTORS IN BOD MEETINGS

During the year under review, four Board of Directors Meetings were held, attendance position was as under:

Sr. #	Name of Directors	# of Meetings Attended
1	Mian Hassan Mansha (Chairman)	4
2	Mr. Ahmad Aqeel	4
3	Mr. Mahmood Akhtar	4
4	Mr. Ghazanfar Hussain Mirza (Chief Executive)	4
5	Mr. Shahzad Ahmad Malik	4
6	Mr. Norez Abdullah	4
7	Ms. Maleeha Humayun Bangash*	3
8	Mr. Yousuf Bashir (Retired)*	1

Mr. Yousuf Bashir retired on August 22,2020 and Ms. Maleeha Humayun Bangash Elected as Director in his place in Election of Directors held on August 22, 2020

LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

The Company has complied with the requirements of the Code regarding number of directorships and the composition of the board consequent to the election of directors on August 22, 2020.

The Board lays great emphasis on adding and practicing good Corporate Governance, with a view to achieve transparency in its operations, so as to boost stakeholders' confidence.

NAME OF DIRECTORS OF THE COMPANY:

Following persons served as directors of the company during the financial year 2021.

Sr. #	Name of Directors
1	Mr. Ahmad Aqeel
2	Ms. Maleeha Humayun Bangash *
3	Mian Hassan Mansha
4	Mr. Shahzad Ahmad Malik
5	Mr. Norez Abdullah
6	Mr. Ghazanfar Hussain Mirza
7	Mr. Mahmood Akhtar
8	Mr. Yousuf Bashir (Retired)*

* Mr. Yousuf Bashir retired on August 22,2020 and Ms. Maleeha Humayun Bangash Elected as Director in his place in Election of Directors held on August 22, 2020

COMPOSITION OF BOARD:

Total number of Directors:	
(a) Male	6
(b) Female:	1
Composition:	
(i) Independent Directors	2
(ii) Other Non-executive Directors	4
(iii) Executive Directors	1

COMMITTEES OF THE BOARD:

Audit Committee of the Board:

Sr. #	Name of Directors
1	Mr. Ahmad Aqeel (Independent Director) – Chairman
2	Maleeha Humayun Bangash (Independent Director)
3	Mr. Shahzad Ahmad Malik (Non-Executive Director)

Human Resource and Remuneration Committee:

Sr. #	Name of Directors
1	Mr. Ahmad Aqeel – (Independent Director) - Chairman
2	Mian Hassan Mansha (Non-Executive Director)
3	Mr. Ghazanfar Husain Mirza (Executive Director)

DIRECTORS' REMUNERATION:

The company does not pay remuneration to its non-executive directors including independent directors except for meeting fee. Aggregate amount of remuneration paid to executive and non-executive directors have been disclosed in note 30 of the annexed financial statements.

ELECTION OF DIRECTORS AND COMPOSITION OF THE BOARD AND COMMITTEES:

Election of directors were held on August 22, 2020 in an Annual General Meeting, after which latest composition of the board and chairman/chief executive roles of the board and committees as than elected by the directors has been disclosed.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE:

The company has fully complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. A statement to this effect is annexed with this report.

PATTERN OF SHAREHOLDING:

The statement of pattern of shareholding as on June 30, 2021 is enclosed.

TRADING IN THE SHARES OF THE COMPANY:

Any trade in the shares of the listed Company, carried out by its directors, executives and their spouses and minor children during the year ended June 30, 2021 is annexed to this report.

RELATED PARTIES:

The transactions between the related parties were carried out on the basis of arm's length prices. The Company has fully complied with the best practices on transfer pricing as contained Act and Code.

CHAIRMAN'S REVIEW

The accompanied Chairman's review deals with overall performance of the board and effectiveness of the role played by the board in achieving the Company's objectives. The directors endorse the contents of the review.

MAINTENANCE RESERVE:

The Directors considers that the maintenance reserve of Rs. 3.15 billion created out of retained earnings of the Company in previous years, is sufficient to account for major repair and maintenances expenses, hence no change has been made in current year.

APPROPRIATIONS:

The Directors are pleased to recommend a final cash dividend of Rs.1.5 per share. The total dividend to be approved by the shareholders at the Annual General Meeting on October 27, 2021 will be Rs.1.5 per share i.e. 15% amounting to Rs. 531.133 million for the year ended June 30, 2021.

AUDITORS:

The present auditors M/s A. F. Ferguson, Chartered Accountants retire and being eligible, offer themselves for re-appointment for the year 2021-22. The Audit Committee of the Board has recommended the reappointment of the retiring auditors.

ACKNOWLEDGEMENT:

The Board of Directors appreciates all its stakeholders for their trust and continued support to the Company. The Board also recognizes the contribution made by a very dedicated team of professionals and engineers who served the Company with enthusiasm, and hope that the same spirit of devotion shall remain intact in the future ahead to the Company.

CHIEF EXECUTIVE OFFICER
Lahore: September 16, 2021

DIRECTOR

مجلس نظماء کی رپورٹ

نشاط پاور لمیٹڈ (کمپنی) کی مجلس نظماء 30 جون 2021 کو ختم ہونے والے مالی سال کے لئے کمپنی کے نظر ثانی کیے ہوئے مالیاتی گوشوارے کی سالانہ رپورٹ معہ اس پر آڈیٹر کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتی ہے۔

بنیادی سرگرمی:

کمپنی کی بنیادی سرگرمی جمبر کلاں تحصیل چونی، ضلع قصور، پنجاب، پاکستان میں 200 میگاواٹ کی مجموعی صلاحیت کا حامل انجن ٹیکنالوجی پر مبنی ایندھن سے چلنے والا ذاتی پاور پلانٹ کی تعمیر، چلانا اور برقرار رکھنا ہے۔

مالیاتی نتائج:

کمپنی کو سال کے دوران 7,989 ملین روپے (2020: 5,391 ملین روپے) کی آپریٹنگ لاگت کے عوض 11,433 ملین روپے (2020 : 11,738 ملین روپے) وصولیاں ہوئیں تھیں، جس کے نتیجہ میں 3,443 ملین روپے (2020: 6,348 ملین روپے) کا مجموعی منافع ہوا ہے۔ منافع میں کمی کی بڑی وجہ سال 2020 میں کنسورشیم آف بینکس کو طویل مدتی قرض ('LTF') کی واپس ادائیگی ہے۔ کیونکہ LTF سالانہ ڈیبٹ سروس کمپونٹ سے ادا کیا گیا تھا، جو کہ متعلقہ کپیسٹی پرچیز پرائس (CPP) ٹیرف کا حصہ تھا، CPP آمدنی میں اس کی کمی ہوگئی۔ موجودہ سال کا بعد از ٹیکس خالص منافع گزشتہ سال کے بعد از ٹیکس منافع 4,871 ملین روپے اور 13.76 روپے فی شیئر آمدنی کے مقابلہ میں 2,681 ملین روپے اور 7.57 روپے فی شیئر آمدنی رہا ہے۔

پاور پرچیزر اپنی ادائیگی کی ذمہ داریوں پر مسلسل نادہندگی پر کاربند ہے۔ کمپنی نے بجلی کی خریداری کے معاہدے اور Implementation Agreement کے تحت پاور پرچیزر اور پرائیویٹ پاور اینڈ انفراسٹرکچر بورڈ ('پی پی آئی بی') کے ہاں معاملہ اجاگر کیا ہے۔ پاکستان میں بجلی پیدا کرنے کے شعبے کو گردشی قرضہ کی دشواری درپیش ہے جس وجہ سے کمپنی کو بڑھتے ہوئے زائد المعیاد واجب وصولیوں کے خطرہ کا سامنا ہے۔ کمپنی کو لاحق دیگر خطروں کے لیے براہ کرم ان مالیاتی گوشوارے کا نوٹ 35 ملاحظہ فرمائیں۔
30 جون 2021 کو بجلی کے خریدار سے کل واجب وصولی 19,699 ملین روپے ہے، جن میں سے 14,678 ملین روپے کی واجب الوصول رقم زائد المعیاد ہے۔

آپریشنز اور اہم واقعات:

13 اگست، 2020 کو، کمپنی "آزاد پرائیویٹ پاور پروڈیوسرز کے ساتھ مذاکراتی کمیٹی" (حکومت پاکستان نے 03 جون 2020 کو مذاکراتی کمیٹی کا اعلان کیا تھا) کے ساتھ ایک مفاہمتی یادداشت ("MoU") میں شامل ہوئی اور بجلی کے شعبے کے استحکام کے لئے کچھ کنٹریکچوئل انتظامات کے ردوبدل پر رضاکارانہ اتفاق کیا تھا۔ مذکورہ MoU پر وسیع قومی مفاد میں حکومت پاکستان کی درخواست پر دستخط کیے گئے تھے۔ تاہم MoU کی شرائط کو نیشنل الیکٹرک پاور ریگولیٹری اتھارٹی (نیپرا اتھارٹی)، وفاقی کابینہ اور کمپنی کے بورڈ آف ڈائریکٹرز سے منظور کیا جانا تھا اور اسے بجلی کی خریداری کے معاہدے یا معاہدے کے نفاذ میں تبدیلی یا ترمیم خیال نہیں کیا جانا چاہئے تھا۔ اس کے بعد، متعلقہ فریقوں کے مابین مفاہمت کی یادداشت کو ایک بائنڈنگ معاہدہ میں تبدیل کرنے کے لئے، حکومت پاکستان نے اپنے نوٹیفیکیشن 07 اکتوبر 2020ء کے ذریعے عمل درآمد کی کمیٹی تشکیل دی۔

زیر جائزہ سال کے دوران، عملدرآمد کمیٹی، کمپنی اور سنٹرل پاور پرچیزنگ ایجنسی (گارنٹی) لمیٹڈ ("پاور پرچیزر/سی پی پی اے-جی") کے ساتھ متعدد مذاکرات کے بعد، مورخہ 12 فروری 2021 کو i) ۔ماسٹر معاہدہ" اور ii)۔ پاور پرچیز ایگریمنٹ میں ترمیم ("پی پی اے ترمیم") معاہدوں پر دستخط کیے گئے۔ مزید برآں، ماسٹر معاہدہ کی پیروی میں درج ذیل ترمیمات پر بھی دستخط کیے گئے یعنی iii)۔ نیشنل ٹرانسمیشن اینڈ ڈسپیچ کمپنی لمیٹڈ ("NTDC")، CPPA-G اور کمپنی کے ساتھ بجلی کی خریداری معاہدہ کی تبدیلی، جس میں CPPA-G قطعی طور پر NTDC کے تمام حقوق، فرائض اور ذمہ داریوں کو پاور خریدار کے طور پر قبول اور فرض کرتا ہے۔ iv) اسلامی جمہوریہ پاکستان ("GOP") اور کمپنی کے درمیان عمل درآمد کے معاہدے میں ترمیمی معاہدہ اور v) GOP اور کمپنی کے مابین گارنٹی سے متعلق ترمیمی معاہدہ۔

ماسٹر معاہدے کے تحت، 17 فروری 2021 کو، پاور خریدار اور کمپنی نے نیپرا کو، RoE اور RoEDC کے اجزا کو مستقبل میں کم کرنے کے لئے ٹیرف ایڈجسٹمنٹ کی درخواست جمع کرائی، یعنی مستقبل کے امریکی ڈالر کسی اشاریہ کے بغیر امریکی ڈالر/روپیہ کی شرح تبادلہ کو 148 پاکستانی روپے/امریکی ڈالر کے حساب سے RoE اور RoEDC کے لئے کمرشل آپریشن تاریخ تک نیپرا کی منظور شدہ ایکوئٹی پر پاکستانی روپیہ میں 17% سالانہ کی درخواست جمع کروائی۔ تاہم، موجودہ RoE اور RoEDC، قابل اطلاق اشاریہ سازی کے ساتھ،

اس تاریخ تک لاگو ہوتے رہیں گے، موجودہ نرخ کے تحت قابل اطلاق تبادلہ کی شرح 168 / فی امریکی ڈالر (یعنی، مفاہمت نامہ پر دستخط کرنے کی تاریخ) تک پہنچ جائے گی۔ نظر ثانی شدہ RoE اور RoEDC پی پی اے کی باقی مدت کے لئے اپلائی ہوگی۔ 03 مارچ، 2021 کو نیپرا نے مذکورہ بالا ٹیرف ایڈجسٹمنٹ درخواست پر، 2002 پاور پالیسی کے آئی پی پیز کے لئے مشترکہ سماعت کی۔ 02 اپریل 2021 کو نیپرا نے کمپنی کی مذکورہ بالا ٹیرف ایڈجسٹمنٹ کی درخواست کے مطابق اور 2002 پاور پالیسی کے آئی پی پیز کے لئے بھی فیصلہ جاری کیا۔

اب ماسٹر معاہدے کے تحت حکومت پاکستان کی طرف سے نظر ثانی شدہ ٹیرف کے تعین اور پاور خریدار کے ذریعے پہلی قسط کی ادائیگی کے نوٹیفکیشن کے بعد، اور ترمیم شدہ ٹیرف مؤثر تاریخ تک (یعنی جب کمپنی کو ادائیگی کے طریقہ کار کے تحت آخری قسط ادا کر دی گئی ہو)، کمپنی بقایا ایل سی آئی اے ایوارڈ کے حل ہونے تک، آئندہ انوائس میں اعلان کردہ ٹیرف اور ماسٹر معاہدے کے مطابق رعایت دینا شروع کردے گی۔ نظر ثانی شدہ ٹیرف کی مؤثر تاریخ سے اور اس کے بعد، بلنگ اور انوائسنگ نظر ثانی شدہ ٹیرف کے مطابق ہوگی۔ تاہم، ترمیم شدہ نرخوں کے تعین کا ابھی تک GoP کی طرف سے اعلان نہیں کیا گیا اور نہ ہی پاور پرچیزر نے ابھی تک پہلی قسط ادا کی ہے۔ اس کے علاوہ، قابل اطلاق شرح تبادلہ سال کے دوران PKR 168/USD تک نہیں پہنچی، جس کے بعد، مذکورہ بالا ڈسکاؤنٹ کے context میں، سال کے دوران محصولات اور قابل وصولیوں پر کوئی اثر نہیں ہوا ہے۔

CPPA-G کے ساتھ ماسٹر معاہدہ کے مطابق، 30 نومبر 2020 کو 14,252.802 ملین روپے کی بقایا وصولیوں کی ادائیگی حاصل کرنے کے لیے، کمپنی نے رضاکارانہ طور پر اتفاق کیا کہ پہلی قسط کی ادائیگی کے بعد۔ i) مالی سال 22-2021 سے شروع، ایندھن میں مستقبل کی کوئی بچت، جو کہ ماسٹر معاہدے میں طے شدہ کچھ شرائط کے تحت، نیپرا کے مقرر کردہ معیار کے اوپر کسی بھی کارکردگی کے لیے CPPA-G اور کمپنی کے درمیان 70:30 سے 60:40 کے سلائیڈنگ سکیل تناسب پر شیئر کی جائے گی۔ ii) مالی سال 22-2021 سے شروع، آپریشنز اور مینٹیننس ('O&M') میں مستقبل کی کوئی بچت، جو کہ ماسٹر معاہدے میں طے شدہ کچھ شرائط کے تحت 50:50 شیئر کی جائے گی۔

مذکورہ بالا کے علاوہ، CPPA-G اور کمپنی نے اس بات پر اتفاق کیا کہ جب مسابقتی تجارتی انتظامات پر عملدرآمد اور مکمل طور پر آپریشنل ہو جائے گا، تب جنریشن لائسنس کی شرائط کے مطابق کمپنی اپنے PPA کو ٹیک اینڈ پے کی بنیاد پر تبدیل کردے گی۔

مزید یہ کہ CPPA-G کے ساتھ PPA ترمیم کے مطابق، ان غیر مجموعی مالیاتی حسابات کے نوٹ 17.1 میں بیان کردہ تاخیر سے ادائیگی کی شرح کو (a) پہلے ساٹھ (60) دنوں کے لیے، KIBOR پلس دو فیصد فی اینم، کمپاؤنڈ ڈ سیمی سالانہ؛ (b) ان ساٹھ (60) دنوں کے بعد کسی بھی مدت کے لیے KIBOR پلس چار اعشاریہ پانچ فیصد سالانہ، ہر ایک کمپاؤنڈڈ سیمی سالانہ میں تبدیل کر دیا گیا ہے۔ تاہم، یہ نیپرا کی جانب سے ٹیرف میں ایڈجسٹمنٹ کی منظوری کے بعد اور ٹیرف ایڈجسٹمنٹ اپیلی کیشن کے دائرہ کار کے مطابق اس کی شرائط تحت سے نافذ العمل ہوں گی اور CPPA-G نے طویل مدتی بقایا تسلیم شدہ وصولیوں کے حوالے سے مذکورہ بالا دو قسطیں ادا کر دی ہیں۔

قابل وصولیوں کی ادائیگی ماسٹر اور پی پی اے ترمیمی معاہدہ کا لازمی حصہ ہے اور یہ کہ 30 نومبر 2020 کو کل بقایا زائد المیعاد رقم نیپرا کی طرف سے معین ٹیرف کے نوٹیفکیشن پر 40% کے ساتھ دو اقساط میں ادا کی جائے گی (بر مشتمل 1/3rd نقد اور 2/3rd فنانشل انسٹرومنٹس آف PIBs اور Sukuks) اور اس کے چھ (6) ماہ بعد بقایا 60% قابل ادا رقم پہلی قسط کے طریقہ کے ذریعے ادا کی جائے گی۔ فریقین نے اتفاق کیا کہ وہ ترمیم کے مطابق PPA کے تحت تاخیری ادائیگی سود کی وصولی کے لئے کمپنی کے حق کو متاثر کئے بغیر بالا طریقہ کار پر عمل کریں گے۔

ہم آپ کی توجہ ان غیر مجمد مالی حسابات کے نوٹ 17.2 پر بھی مبذول کروانا چاہتے ہیں جس میں مدت ('متنازعہ مدت') جس میں CPPA-G کی عدم ادائیگی کے باعث ایندھن کی عدم دستیابی کی وجہ سے پلانٹ بجلی کی پیداوار کے لیے مکمل طور پر دستیاب نہیں تھا کے لیے 816.033 ملین روپے کپیسٹی ریونیو تنازعہ کے خوشگوار حل کا حوالہ دیا گیا ہے۔ پی پی اے ترمیمی معاہدے کے مطابق، متنازعہ مدت کو پی پی اے کے تحت دیگر فورس میجور ایونٹ ('OFME') کے طور پر سمجھا گیا ہے۔ OFME کی مدت 9 جون 2021 کو شروع ہوئی ہے اور 15 اگست 2021 کو ختم ہوگی، اس کے بعد PPA کی مدت 68 دن بڑھا کر 15 اگست 2035 تک کر دی گئی ہے۔ اکاؤنٹنگ مضمرات کو ان غیر مجمد مالی حسابات کے نوٹ 3.3 اور نوٹ 17.2 تفصیلی بیان کیا گیا ہے۔

ہم آپ کی توجہ ان غیر مجمد مالی حسابات کے نوٹ 1.1 پر مبذول کروانا چاہتے ہیں جو کہ بقایا تاخیر سے ادائیگی کی انوائس پر تاخیر سے ادائیگی کے چارجز کا حوالہ دیتا ہے۔ ماسٹر معاہدے کے

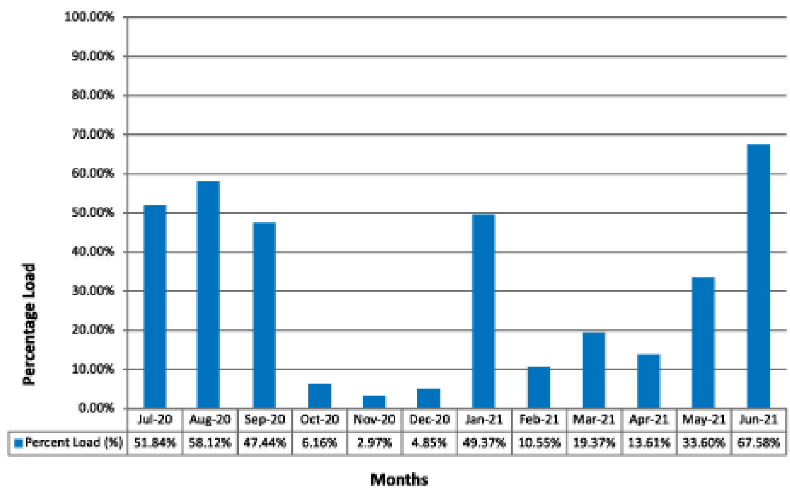
مطابق، پاور خریدار اس بات کو یقینی بنائے گا کہ تمام انوائسز ادائیگی کے وقت پی پی اے کے لازمی "فرسٹ ان فرسٹ آؤٹ" ('FIFO') ادائیگی کے اصول پر عمل کریں گی، اور ماضی اور مستقبل کی ادائیگیوں کے سلسلے میں، جب تک خریدار اس اصول پر عمل پیرا رہا، کمپنی اس پر غور کر رہی ہے کہ تاخیر سے ادائیگی کے انوائس پر تاخیر سے ادائیگی کے چارجز کے اپنے تمام دعوؤں کو چھوڑ اور معاف کر دے۔ تاہم، اس سے کمپنی کی موجودہ آمدنی اور وصولی پر کوئی اثر نہیں پڑے گا، کیونکہ کمپنی نے مذکورہ رقم کے لیے آمدنی اور متعلقہ وصولی کو سمجھداری کی بنیاد پر تسلیم نہیں کیا ہے۔

ہم مزید آپ کی توجہ لف شدہ غیر منجمد مالی حسابات کے نوٹ 11.11 پر مبذول کروانا چاہتے ہیں، جو کہ مبینہ بچت کا معاملہ ہے۔ سال کے دوران، مذکورہ بالا ماسٹر معاہدے کے تحت کمپنی نے اتفاق کیا کہ مذکورہ تنازعہ کو ثالثی کے ذریعے کمپنی اور GoP کے درمیان ثالثی جمع کرانے کے معاہدے کے مطابق حل کیا جائے گا۔

کاروباری نتائج:

سال کے دوران پلانٹ زیادہ سے زیادہ با کفایت کارکردگی پر چلایا گیا اور پاور پرچیزر کو اوسط 30.59 فیصد (2020: 16.18 فیصد) صلاحیت کے ساتھ 523GWh (2020: 278GWh) بجلی ترسیل کی گئی۔

Capacity Factor / Percent Load (%)
(July 2020 - June 2021)



کلیدی آپریٹنگ اور مالی اعداد و شمار:

روپے ملین میں

2020	2021	30 جون کو مختتمہ مالی سال
11,738	11,433	آمدنی
4,871	2,681	خالص منافع
9,395	8,828	کل نان کرنٹ اثاثہ جات
3,541	3,541	اجراء، سبسکرائبڈ اور ادا شدہ سرمایہ
74	111	طویل مدتی فنانسنگ
4,751	3,642	قلیل مدتی فنانسنگ
277,541	523,402	جنریشن (MWh)
13.755	7.572	آمدنی فی حصص-بنیادی اور کم ہوا (روپے)
22.65	19.65	شیئر آمدنی (مارکیٹ ویلیو روپے فی شیئر)

بجلی پیدا کرنے کی ضروریات بڑھ جانے کی وجہ سے، کمپنی کی صلاحیت کا استعمال زیادہ ہوا یعنی گزشتہ سال کے 16 فیصد سے بڑھ کر اس سال میں 31 فیصد ہوا۔ مزید برآں، مینجمنٹ کا خیال ہے کہ پاور پرچیزر کو اب بھی ہمارے پاور پلانٹ کو چلانے کی ضرورت ہوگی، کیونکہ کمپنی کو RFO کی بنیاد پر گیارہ ("11") انجن اور ایک ("01") بھاپ ٹربائن کا منفرد تکنیکی فائدہ ہے، وہ یہ کہ ہم ان اوقات میں جب بجلی کی طلب انتہا کو چھوتی ہے، ہم بہت ہی مختصر نوٹس پر بجلی مہیا کر سکتے ہیں۔

لال پیر سولر پاور (پرائیویٹ) لمیٹڈ

مالی سال 2016 سے کمپنی ایک مکمل ملکیتی ذیلی کمپنی، لال پیر سولر پاور (پرائیویٹ) لمیٹڈ ('LSPPL') رکھتی ہے، اور اس کے 100,000 حصص کی مالک ہے۔ LSPPL کی بنیادی سرگرمی ایک اندازے کے مطابق 19 MWp بجلی پیدا کرنے کی صلاحیت کے ساتھ 20 MWp تک کی مجموعی صلاحیت کے حامل شمسی توانائی کے منصوبے میں سرمایہ کاری یا ذاتی تعمیر، چلانا اور برقرار رکھنا ہوگی۔ منصوبے کی سائٹ محمود کوٹ، ضلع مظفر گڑھ، ملتان میں واقع ہے۔ کمپنی نے ممکنہ مطالعہ کی منظوری، ماحولیاتی تحفظ ایجنسی (EPA) سے کوئی اعتراض نہیں کا سرٹیفکیٹ ('این او سی') اور ملتان الیکٹرک پاور کمپنی (میپکو) سے گرڈ انٹرکنکشن مطالعہ کی منظوری کی طرح کے مختلف سنگ میلوں کو حاصل کیا۔ دریں اثناء، نیشنل الیکٹرک پاور ریگولیٹری اتھارٹی (NEPRA) کی طرف سے اعلان کردہ اپ فرنٹ شمسی ٹیرف 30 جون 2016 کو ختم ہو چکا ہے۔ اسی اثناء میں LSPPL نے NTDCL سے گرڈ انٹرکنکشن مطالعہ کی منظوری اور سال 2018 میں، نیپرا سے جنریشن لائسنس حاصل کیا۔

LSPPL کی انتظامیہ نے سنٹرل پاور پرچیزنگ ایجنسی (گارنٹی) لمیٹڈ (CPPA-G) سے پاور ایکوزیشن درخواست اور بجلی خریدنے کی رضامندی حاصل کرنے کے لئے مسلسل اپنی بہترین کوششیں کی ہیں تاکہ منصوبہ ڈویلپمنٹ کو آگے بڑھایا جا سکے۔ تاہم، CPPA-G نے LSPPL کو مطلع کیا کہ وزارت توانائی نے CPPA-G کو توانائی کی کابینہ کمیٹی (CCoE) کا فیصلہ پہنچایا ہے کہ ضروری ایکشن کے لئے کابینہ کی طرف سے 145 منصوبے منظور کیے گئے تھے۔ CPPC-G نے مطلع کیا کہ LSPPL کا پاور منصوبہ 145 منصوبوں کی فہرست میں شامل نہیں ہے۔ لہٰذا، CPPA-G کا نظریہ ہے کہ پاور ایکوزیشن رضامندی کے لئے LSPPL کی درخواست قبول نہیں کی جا سکتی ہے۔

اس کے بعد، متبادل توانائی ترقیاتی بورڈ (اے ای ڈی بی) نے بتایا کہ LSPPL کا سولر پی وی پاور پروجیکٹ کابینہ کمیٹی برائے توانائی (CCoE) کے ترمیم شدہ فیصلے کیٹگری III کے تحت رکھا گیا ہے۔ NTDCL کی طرف سے انڈیکیٹیو جنریشن کیپیسٹی توسیعی پلان (IGCEP) کی طرف سے ہر ٹیکنالوجی کے لیے طے شدہ کوانٹم کی بنیاد پر، AEDB کی طرف سے لینے کے لئے مسابقتی بولی کے عمل میں کامیاب ہونے کے حوالہ سے، CCoE کی طرف سے تمام کیٹگری III کے پروجیکٹس کو آگے بڑھانے کی اجازت ہے۔ تاہم، ایسی کوئی مسابقتی بولی لگانے کا عمل شروع نہیں کیا گیا، یہاں تک کہ IGCEP نے آج تک حتمی شکل نہیں دی۔ CPPA-G اور AEDB کے ردعمل نے LSPPL کے سولر PV پاور پروجیکٹ کو مزید پیچیدہ بنا دیا ہے۔

اس کے مطابق، اس کمپنی کو برقرار رکھنے اور اس پر اخراجات اٹھانے کا کوئی تجارتی جواز نہیں لگتا ہے۔ لہذا، کمپنی کے بورڈ آف ڈائریکٹرز نے خصوصی قرارداد کے ذریعے حصص یافتگان کی منظوری سے مشروط LSPPL کو رضاکارانہ طور پر ختم کرنے کا فیصلہ کیا ہے۔ ذیلی ادارہ کمپنیز ایکٹ، 2017 کی ضرورت کے مطابق رضاکارانہ طور پر ختم ہو جائے گا۔ اس لیے سال 2021 کے لیے LSPPL کے مالیاتی حسابات غیر گوئنگ کنسرن بنیاد پر تیار کیے گئے ہیں۔

اندرونی آڈٹ اور کنٹرول:

بورڈ نے آڈٹ کمیٹی کو رپورٹنگ کے لئے ایک تعلیم یافتہ شخص کی سربراہی میں ایک آزاد آڈٹ قائم کیا ہے۔ کمپنی کے اندر اندرونی آڈیٹنگ کا دائرہ کار واضح طور پر بیان کیا جاتا ہے جو اندرونی کنٹرول کے نظام کا جائزہ اور تشخیص کرتا ہے۔

اندرونی مالیاتی کنٹرولوں کا استعمال:

کمپنی کے اثاثوں کی حفاظت اور دھوکہ دہی اور دیگر غیر قانونی کاموں؛ مناسب اکاؤنٹنگ پالیسیوں کا انتخاب اور اطلاق؛ مناسب اور محتاط فیصلہ اور تخمینہ سازی ؛ مناسب داخلی مالیاتی کنٹرولز کے ڈیزائن، عملدرآمد اور بحالی، جو اکاؤنٹنگ کے ریکارڈ کی درستگی اور تکمیل کو یقینی بنانے کے لئے مؤثر طریقے سے کام کر رہے ہیں، مالی حسابات جو حقیقی اور منصفانہ نظریہ فراہم کرنے والے اور مواد کی غلطی، چاہے دھوکہ دہی یا غلطی کی وجہ سے ہو، سے پاک کی تیاری اور پیش کرنے سے متعلقہ کی روک تھام اور پتہ لگانے کے لئے ایکٹ کی دفعات کے مطابق مناسب اکاؤنٹنگ ریکارڈز کی بحالی پر عمل کرتی ہے۔

ماحولیاتی تحفظ کے اقدامات:

ڈیزل جنریٹرز اور گندے پانی کے ٹیسٹنگ سے اخراج کے لئے ماحولیاتی نگرانی نیشنل انوائرمنٹل کوالٹی سٹینڈرڈز (NEQS) کی تعمیل کے لئے متواتر بنیاد پر کی جاتی ہے۔

کارپوریٹ سماجی ذمہ داری

زیرجائزہ مدت کے دوران، کمپنی نے اپنے پلانٹ کے قریب مقامی کمیونٹی کے معیارِزندگی کو بہتر بنانے اور ترقی کے مواقعوں کی نشاندہی کی ہے مثلاً صاف پانی کی فراہمی، عوامی سہولیات کی تزئین و آرائش اور درخت لگانا۔ کمپنی ملک میں سیاحت کی ترقی کے لیے قومی اقدامات کی بھی بہت خواہش مند ہے اور زیرجائزہ سال کے دوران کمپنی نے 'اسلام آباد ٹورازم فیسٹیول 2021' میں سلور اسپانسر کے طور پر شرکت کی۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

کمپنی مینجمنٹ اپنی ذمہ داری سے مکمل طور پر واقف ہے جیسا کہ کمپنیز ایکٹ 2017 کی دفعات اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کی طرف سے جاری کوڈ آف کارپوریٹ گورننس میں بتایا گیا ہے۔ مندرجہ ذیل تبصرے کارپوریٹ گورننس اور مسلسل بہتری میں اعلیٰ معیار کے لئے کمپنی کی کاوشوں کا ثبوت ہیں۔

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکوئٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے، اور کسی بھی انحراف کا موزوں انکشاف اور وضاحت کی گئی ہے۔
- اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- کمپنی کے گوئنگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- بورڈ کے تمام ڈائریکٹرز کارپوریٹ باڈیز کے ڈائریکٹرز کے طور پر اپنے فرائض اور ذمہ داریوں سے بخوبی واقف ہیں۔ ڈائریکٹرز کو اورینٹیشن کورسز کے ذریعے ان کے فرائض اور ذمہ داریوں کے بارے میں آگاہ کیا گیا تھا۔
- ریٹائرمنٹ بینیفٹس فنڈ کی مد میں سرمایہ کاری کی قدر:

  پراویڈینٹ فنڈ: 30 جون 2021 کو 311.701 ملین روپے ہے۔

آڈٹ کمیٹی کے اجلاسوں میں ارکان کی شمولیت

زیرجائزہ سال کے دوران، آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے، حاضری کی پوزیشن حسب ذیل ہے:

نمبرشمار	نام رکن	عہدہ	تعداد حاضری
1	جناب احمد عقیل	(ممبر/چیئرمین)	4
2	جناب شہزاد احمد ملک	(ممبر)	4
3	محترمہ ملیحہ ہمایوں بنگش	(ممبر)*	3
4	جناب یوسف بشیر (ریٹائرڈ)	(ممبر)*	1

* 22 اگست 2020 کو منعقدہ ڈائریکٹرز کے انتخاب کے بعد 24 اگست 2020 کو آڈٹ کمیٹی کو دوبارہ تشکیل دیا گیا اور جناب یوسف بشیر کی جگہ محترمہ ملیحہ ہمایوں بنگش کو بطور ڈائریکٹر مقرر کیا گیا۔

ایچ آر کمیٹی کے اجلاس میں ارکان کی شمولیت

زیرجائزہ سال کے دوران ہیومن ریسورس اینڈ ریمنریشن (ایچ آر اینڈ آر) کمیٹی کا ایک اجلاس منعقد ہوا، حاضری کی پوزیشن حسب ذیل ہے:

نمبرشمار	نام رکن	عہدہ	تعداد حاضری
1	جناب حسن منشا	(ممبر)	1
2	جناب غضنفر حسین مرزا	(ممبر)	1
3	جناب احمد عقیل	(ممبر/چیئرمین)	1

22 اگست 2020 کو منعقدہ ڈائریکٹرز کے انتخاب کے بعد ہیومن ریسورس اینڈ ریمنریشن (ایچ آر اینڈ آر) کمیٹی کو 24 اگست 2020 کو دوبارہ تشکیل دیا گیا۔

بورڈ آف ڈائریکٹرز کے اجلاس میں ڈائریکٹرز کی شمولیت

زیر جائزہ سال کے دوران، بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے، حاضری کی پوزیشن حسب ذیل ہے:

نمبر شمار	نام ڈائریکٹر	عہدہ	تعداد حاضری
1	میاں حسن منشا	(چیئرمین)	4
2	جناب احمد عقیل		4
3	جناب محمود اختر		4
4	جناب غضنفر حسین مرزا	(چیف ایگزیکٹو)	4
5	جناب شہزاد احمد ملک		4
6	جناب نوریز عبداللہ		4
7	محترمہ ملیحہ ہمایوں بنگش*		3
8	جناب یوسف بشیر (ریٹائرڈ)*		1

* 22 اگست 2020 کو جناب یوسف بشیر ریٹائر ہوگئے اور منعقدہ ڈائریکٹرز کے انتخاب میں ان کی جگہ محترمہ ملیحہ ہمایوں بنگش کو بطور ڈائریکٹر منتخب کیا گیا۔

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019

کمپنی نے 22 اگست 2020 کو ڈائریکٹرز کے انتخاب کے لئے ڈائریکٹرشپس کی تعداد اور بورڈ کی ترتیب کے سلسلے میں کوڈ کے تقاضوں کی تعمیل کی ہے۔

بورڈ نے اسٹیک ہولڈرز کے اعتماد کو فروغ دینے کے لئے، اپنے آپریشنز میں شفافیت کے حصول کے مدنظر، اچھے کارپوریٹ گورننس کو شامل اور عملدرآمد پر بہت زور دیا ہے۔

کمپنی کے ڈائریکٹرز کے نام:

مالی سال 2021 کے دوران، مندرجہ ذیل افراد نے کمپنی کے ڈائریکٹرز کی حیثیت سے خدمات سرانجام دی ہیں:

نمبر شمار	نام ڈائریکٹر
1	جناب احمد عقیل
2	محترمہ ملیحہ ہمایوں بنگش*
3	میاں حسن منشاء
4	جناب شہزاد احمد ملک
5	جناب نوریز عبداللہ
6	جناب غضنفر حسین مرزا
7	جناب محمود اختر
8	جناب یوسف بشیر (ریٹائرڈ)

* 22 اگست 2020 کو جناب یوسف بشیر ریٹائر ہوگئے اور منعقدہ ڈائریکٹرز کے انتخاب میں ان کی جگہ محترمہ ملیحہ ہمایوں بنگش کو بطور ڈائریکٹر منتخب کیا گیا۔

بورڈ کی ترتیب:

ڈائریکٹرز کی کل تعداد

(a) مرد	6
(b) عورت	1

ترتیب

(i) آزاد ڈائریکٹرز	2
(ii) دیگر نان ایگزیکٹو	4
(iii) ایگزیکٹو	1

بورڈ کی کمیٹیاں

بورڈ کی آڈٹ کمیٹی

نمبر شمار	نام ڈائریکٹر
1	جناب احمد عقیل (آزاد ڈائریکٹر) چیئرمین
2	ملیحہ ہمایوں بنگش (آزاد ڈائریکٹر)
3	جناب شہزاد احمد ملک (نان ایگزیکٹو ڈائریکٹر)

ہیومن ریسورس اینڈ ریمنریشن کمیٹی:

نمبر شمار	نام ڈائریکٹر
1	جناب احمد عقیل (آزاد ڈائریکٹر) چیئرمین
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 کیے گئے مشاہرہ کی مجموعی رقم منسلکہ مالی حسابات کے نوٹ 30 میں منکشف کی گئی ہے۔

ڈائریکٹرز کا انتخاب اور بورڈ اور کمیٹیوں کی ترتیب:

ڈائریکٹروں کا انتخاب 22 اگست، 2020 کو سالانہ جنرل اجلاس عام میں کیا گیا، جس کے بعد نیا بورڈ ترتیب دیا گیا اور ڈائریکٹرز کی طرف سے منتخب بورڈ اور کمیٹی کے چیئرمین / چیف ایگزیکٹو کے کردار سالانہ رپورٹ میں منکشف کیے گئے ہیں۔

کوڈ آف کارپوریٹ گورننس کی تعمیل کا بیان:

کمپنی نے لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی ضروریات کے مطابق مکمل طور پر عمل کیا ہے۔ اس اثر کا بیان رپورٹ ہذا کے ساتھ منسلک کیا گیا ہے۔

حصص داری کا نمونہ:

بمطابق 30 جون 2021 نمونہء حصص داری کا بیان منسلک ہے۔

کمپنی کے حصص میں ٹریڈنگ:

30 جون 2021 کو ختم ہونے والے سال کے دوران ڈائریکٹرز، ایگزیکٹوز اوران کے زوج اور نابالغ بچوں کی طرف سے لسٹڈ کمپنی کے حصص میں کی گئی تمام تجارت اس سالانہ رپورٹ کے ہمراہ منسلک ہے۔

متعلقہ پارٹیاں:

متعلقہ پارٹیوں کے درمیان لین دین بے قابو قیمتوں کے موازنہ کے طریقہ کار کے مطابق قابل رسائی قیمتیں مقرر کر کے کیا گیا۔ کمپنی ایکٹ اور کوڈ میں موجود منتقلی پرائسنگ کے بہترین طریقوں پرعمل پیرا ہے۔

چیئرمین کا جائزہ

چیئرمین کا جائزہ بورڈ کی مجموعی کارکردگی اور کمپنی کے مقاصد کے حصول میں بورڈ کے مؤثر کردار سے متعلق ہے۔ ڈائریکٹرز جائزہ کے مواد کی تصدیق کرتے ہیں۔

مینٹی نینس کے لئے مختص رقم:

ڈائریکٹرز کا خیال ہے کہ پچھلے برسوں میں کمپنی کی برقرار آمدنی میں سے مینٹی نینس کیلئے 3.15 بلین روپے مختص کئے گئے، جو کہ اہم مرمت اور دیکھ بھال کے اخراجات کے لیے کافی ہیں، اس لیے موجودہ سال میں کوئی تبدیلی نہیں کی گئی۔

تصرفات:

ڈائریکٹر 1.5 روپے فی شیئر کے حتمی نقد منافع کی سفارش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ 30 جون 2021 کو ختم ہونے والے سال کے لئے کل منافع منقسمہ 27 اکتوبر 2021 کو منعقدہ سالانہ اجلاس عام میں شیئر ہولڈرز کی طرف سے منظور کیے جانے والا کل منافع 1.5 فی شیئر ہوگا یعنی 15 فیصد 531.133 ملین روپے ہوگی۔

محاسب:

موجودہ محاسب میسرز اے ایف فرگوسن، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں اور انہوں نے اہل ہونے کی بناء پر سال 22-2021 کے لئے دوبارہ تعیناتی کے لئے خود کو پیش کیا ہے بورڈ کی آڈٹ کمیٹی نے ریٹائر ہونے والے محاسب کی دوبارہ تقرری کی سفارش کی ہے۔

اظہار تشکر:

بورڈ آف ڈائریکٹرز کمپنی کے تمام اسٹیک ہولڈرز کے اعتماد اور مسلسل حمایت کا شکریہ ادا کرتا ہے، بورڈ ماہرین اور انجینئرز کی ایک بہت ہی سرشار ٹیم کے حصہ کو تسلیم کرتا ہے جس نے جوش و خروش سے کمپنی کی خدمت کی، اور امید کرتا ہے کہ مستقبل میں کمپنی کے لئے یہی جذبہ برقرار رکھیں گے۔

ڈائریکٹر

چیف ایگزیکٹو

لاہور: 16 ستمبر 2021ء

PATTERN OF HOLDINGS

OF THE SHARES HELD BY THE SHAREHOLDERS
OF NISHAT POWER LIMITED AS AT JUNE 30, 2021

NUMBER OF SHAREHOLDERS	SHAREHOLDING FROM	TO	TOTAL NUMBER OF SHARES HELD	PERCENTAGE OF TOTAL CAPITAL
263	1 -	100	5,914	0.00
1252	101 -	500	607,091	0.17
463	501 -	1000	452,782	0.13
804	1001 -	5000	2,358,307	0.67
307	5001 -	10000	2,581,155	0.73
85	10001 -	15000	1,123,042	0.32
84	15001 -	20000	1,575,820	0.45
77	20001 -	25000	1,819,232	0.51
33	25001 -	30000	958,127	0.27
22	30001 -	35000	728,142	0.21
16	35001 -	40000	611,500	0.17
10	40001 -	45000	422,640	0.12
38	45001 -	50000	1,878,950	0.53
7	50001 -	55000	371,000	0.10
12	55001 -	60000	699,000	0.20
5	60001 -	65000	321,000	0.09
9	65001 -	70000	613,500	0.17
11	70001 -	75000	809,000	0.23
12	75001 -	80000	938,204	0.26
5	80001 -	85000	415,500	0.12
10	85001 -	90000	878,001	0.25
1	90001 -	95000	95,000	0.03
23	95001 -	100000	2,297,000	0.65
2	100001 -	105000	206,000	0.06
4	105001 -	110000	431,500	0.12
4	110001 -	115000	453,000	0.13
2	115001 -	120000	237,195	0.07
3	120001 -	125000	371,500	0.10
2	125001 -	130000	259,500	0.07
2	130001 -	135000	269,000	0.08
6	135001 -	140000	824,780	0.23
6	140001 -	145000	856,000	0.24
7	145001 -	150000	1,048,500	0.30
4	155001 -	160000	630,819	0.18
4	160001 -	165000	646,154	0.18
4	170001 -	175000	695,000	0.20
3	180001 -	185000	554,000	0.16
2	185001 -	190000	378,500	0.11
3	195001 -	200000	600,000	0.17
2	200001 -	205000	408,500	0.12
1	205001 -	210000	210,000	0.06
1	210001 -	215000	211,000	0.06
1	215001 -	220000	220,000	0.06
1	220001 -	225000	225,000	0.06
2	230001 -	235000	466,000	0.13
1	235001 -	240000	236,000	0.07
1	240001 -	245000	240,500	0.07
3	245001 -	250000	746,000	0.21
1	265001 -	270000	267,500	0.08
1	270001 -	275000	275,000	0.08
1	285001 -	290000	289,000	0.08
1	310001 -	315000	314,000	0.09
1	315001 -	320000	320,000	0.09
1	320001 -	325000	324,235	0.09
1	330001 -	335000	333,000	0.09
1	335001 -	340000	339,500	0.10

NUMBER OF SHAREHOLDERS	SHAREHOLDING FROM	TO	TOTAL NUMBER OF SHARES HELD	PERCENTAGE OF TOTAL CAPITAL
2	345001 -	350000	700,000	0.20
1	355001 -	360000	356,000	0.10
1	365001 -	370000	366,744	0.10
2	395001 -	400000	800,000	0.23
1	405001 -	410000	410,000	0.12
1	415001 -	420000	418,500	0.12
1	445001 -	450000	450,000	0.13
1	450001 -	455000	451,000	0.13
6	495001 -	500000	3,000,000	0.85
5	515001 -	520000	2,597,000	0.73
1	520001 -	525000	525,000	0.15
1	530001 -	535000	533,500	0.15
1	545001 -	550000	549,000	0.16
1	585001 -	590000	587,500	0.17
1	590001 -	595000	590,554	0.17
2	600001 -	605000	1,208,500	0.34
1	675001 -	680000	676,500	0.19
1	680001 -	685000	683,000	0.19
2	745001 -	750000	1,500,000	0.42
1	750001 -	755000	751,000	0.21
1	845001 -	850000	850,000	0.24
3	880001 -	885000	2,654,547	0.75
1	920001 -	925000	923,500	0.26
1	965001 -	970000	969,000	0.27
1	985001 -	990000	988,500	0.28
1	995001 -	1000000	1,000,000	0.28
1	1000001 -	1005000	1,001,627	0.28
1	1045001 -	1050000	1,046,957	0.30
1	1050001 -	1055000	1,050,500	0.30
2	1195001 -	1200000	2,400,000	0.68
1	1230001 -	1235000	1,234,000	0.35
1	1245001 -	1250000	1,250,000	0.35
2	1495001 -	1500000	3,000,000	0.85
1	1540001 -	1545000	1,541,500	0.44
1	1630001 -	1635000	1,633,000	0.46
1	1720001 -	1725000	1,725,000	0.49
1	1845001 -	1850000	1,847,000	0.52
2	1900001 -	1905000	3,803,000	1.07
1	1945001 -	1950000	1,950,000	0.55
1	1995001 -	2000000	2,000,000	0.56
1	2545001 -	2550000	2,549,500	0.72
1	2795001 -	2800000	2,798,168	0.79
1	3030001 -	3035000	3,031,000	0.86
1	3825001 -	3830000	3,826,488	1.08
1	3840001 -	3845000	3,840,500	1.08
1	3995001 -	4000000	4,000,000	1.13
1	4120001 -	4125000	4,124,500	1.16
1	4475001 -	4480000	4,478,245	1.26
1	4595001 -	4600000	4,598,500	1.30
2	4995001 -	5000000	10,000,000	2.82
1	5470001 -	5475000	5,471,925	1.55
1	8315001 -	8320000	8,316,000	2.35
1	29995001 -	30000000	30,000,000	8.47
1	180585001 -	180590000	180,585,155	51.00
3,701			354,088,500	100.00

Categories of Shareholders as at June 30th, 2021

Sr. #	Categories	Shares Held	Percentage
1	Directors, Chief Executive Officer, and their spouse and Minor Children	4,001	0.0011
2	Associates Companies, Undertkaings and related parties	180,632,955	51.0135
3	NIT and ICP	Nil	Nil
4	Banks, Development Financial Institutions, Non Banking Financial Institutions	49,483,500	13.9749
5	Insurance Companies	5,092,988	1.4383
6	Modarabas and Mutual Funds	9,027,000	2.5494
7	Shareholders holding 10% or more	180,632,955	51.0135
8	General Public		
	a. Local	86,128,662	24.3240
	b. Foreign	192,000	0.0542
9	Others	23,527,394	6.6445

CATEGORIES OF SHAREHOLDERS
AS ON JUNE 30, 2021

Categories of Shareholders	Shares Held	Percentage
Associated Companies, Undertaking and Related Parties		
NISHAT MILLS LIMITED	47,800	0.0135
NISHAT MILLS LIMITED	180,585,155	51.0000
	180,632,955	51.0135
Mutual Funds		
CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	137,500	0.0388
CDC - TRUSTEE GOLDEN ARROW STOCK FUND	1,633,000	0.4612
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1,950,000	0.5507
CDC - TRUSTEE NBP STOCK FUND	35,000	0.0099
CDC - TRUSTEE AKD OPPORTUNITY FUND	3,031,000	0.8560
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	605,000	0.1709
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	63,500	0.0179
CDC - TRUSTEE JS LARGE CAP. FUND	289,000	0.0816
MCBFSL - TRUSTEE JS VALUE FUND	314,000	0.0887
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	969,000	0.2737
	9,027,000	2.5494
Directors and their spouses and Minor Children		
MIAN HASSAN MANSHA	1	0.0000
NOREZ ABDULLAH	500	0.0001
MR. SHAHZAD AHMAD MALIK	500	0.0001
MALEEHA HUMAYUN BANGASH	500	0.0001
GHAZANFAR HUSAIN MIRZA	1,000	0.0003
MAHMOOD AKHTAR	1,000	0.0003
AHMAD AQEEL	500	0.0001
	4,001	0.0011
Executives	Nil	Nil
Public Sector Companies and Corporations		
Joint Stock Companies	15,402,969	4.3500
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds		
Banks, DFIs and NBFIs	49,483,500	13.9749
Insurance Companies	5,092,988	1.4383
Pension Funds/ Provident Funds etc.	1,686,000	0.4762
Trusts/Foundation etc.	6,438,425	1.8183
	62,700,913	17.7077
Shareholders holding 5% or more voting rights:		
NISHAT MILLS LIMITED	180,632,955	51.0135
ALLIED BANK LIMITED	30,000,000	8.4725
	210,632,955	59.4860

INFORMATION UNDER LISTING REGULATION NO. 5.6.1(D)) OF PSX RULE BOOK AS ON JUNE 30, 2021

There are no trading in shares of the Company, carried out by its Directors, Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary, Other Employees and their spouses and minor children during the year July 01, 2020 to June 30, 2021.

For the purpose of this clause, Board of directors have set threshold for Other Employees, which includes all of the employees covered under any of the following categories:

i) Employees at General Manager position and above,

ii) Employees from Finance Department, Accounts Department, Internal Audit Department and Corporate Department

iii) Any employee receiving annual gross salary of Rs. 3 million or above.

STATEMENT OF COMPLIANCE

WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of company : Nishat Power Limited
Year ending : June 30, 2021

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

1. The total number of directors are Seven (7) as per the following:

a. Male: 6
b. Female: 1

2. The composition of board is as follows:

Independent Director	Mr. Ahmad Aqeel Ms. Maleeha Humayun Bangash
Non-executive Director	Mian Hassan Mansha Mr. Mahmood Akhtar Mr. Shahzad Ahmad Malik Mr. Norez Abdullah
Executive Directors	Mr. Ghazanfar Hussain Mirza

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

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

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;

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

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

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

9. The following Directors have either obtained certificate of Directors' Training Program or are exempted from the requirement of Directors' Training Program as per the Listed Companies (Code of Corporate Governance) Regulations, 2019:

   Mr. Ahmad Aqeel
   Mr. Ghazanfar Hussain Mirza
   Mr. Mahmood Akhtar
   Mr. Shahzad Ahmad Malik
   Ms. Maleeha Humayun Bangash

While Mian Hassan Mansha and Mr. Norez Abdullah will undertake the Directors Training Program within stipulated time

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;

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

    a) Audit Committee

    1. Mr. Ahmad Aqeel (Independent Director) – Chairman
    2. Ms. Maleeha Humayun Bangash (Independent Director)
    3. Mr. Shahzad Ahmad Malik (Non-Executive Director)

    b) HR and Remuneration Committee

    1. Mr. Ahmad Aqeel – (Independent Director) - Chairman
    2. Mian Hassan Mansha (Non-Executive Director)
    3. Mr. Ghazanfar Hussain Mirza (Executive Director)

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

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

    a) Audit Committee:

    Four quarterly meetings were held during the financial year ended June 30, 2021

    b) HR and Remuneration Committee

    One Meetings of HR and Remuneration Committee was held during the financial year ended June 30, 2021.

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

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

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with; and

a. In respect of regulation 6(1), the Company believes that it has sufficient impartiality & is able to exercise independence in decision making within the Board and hence, does not require to roundup the fraction to 3 independent directors.

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Sr. No.	Requirement	Explanation for Non-Compliance	Reg. No.
1	Representation of Minority shareholders: The minority members as a class shall be facilitated by the Board to contest election of directors by proxy solicitation.	No one has intended to contest election as director representing minority shareholders.	5
2	Responsibilities of the Board and its members: Adoption of the corporate governance practices.	Non-mandatory provisions of the CCG Regulations are partially complied.	10(1)
3	Nomination Committee: The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	Currently, the board has not constituted a separate Nomination Committee and the functions are being performed by the Human Resource & Remuneration Committee.	29(1)
4	Risk Management Committee: The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	Currently, the board has not constituted a RMC and the Company's Risk Manager performs the requisite functions and apprises the board accordingly.	30(1)

Ghazanfar H. Mirza

(Ghazanfar Hussain Mirza)
Director/CEO

(Mian Hassan Mansha)
Director/Chairman

Lahore: September 16, 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF NISHAT POWER LIMITED

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Nishat Power Limited for the year ended June 30, 2021 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021.

Afferguson & Co.

A.F.Ferguson & Co.
Chartered Accountants

Place: Lahore

Date: September 16, 2021

FINANCIAL STATEMENTS

For the year ended June 30, 2021

INDEPENDENT AUDITOR'S REPORT

To the members of Nishat Power Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Nishat Power Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2021, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit or loss, unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matter

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

Following is the Key Audit Matter:

S. No.	Key audit matter	How the matter was addressed in our audit
1	**Master Agreement and PPA Amendment Agreement** *[Refer notes 1.1 and 17.2 to the unconsolidated financial statements]* On February 12, 2021, the Company signed the Amendment to the Power Purchase Agreement (PPA) and Master Agreement (the Agreements) with the Central Power Purchasing Agency (Guarantee) Limited (CPPA-G/Power Purchaser) whereby settlements relating to capacity revenue dispute and its receivable have been made. The settlement resulted in an impairment of Rs 141.474 million. Further, pursuant to the PPA Amendment Agreement, the existing term of Power Purchase Agreement (PPA) of twenty-five years has been extended by 68 days. The Company in consideration also agreed to forgo certain amounts under the Final Award. Further, subject to the terms of the PPA Amendment Agreement, the Company agreed to forgo its right to late payment interest on late payment interest invoices. Signing of the above-mentioned Agreements is a significant event during the year and the evaluation of its impact involves significant management judgement, therefore, we considered this as a key audit matter.	Our audit procedures, amongst others, included the following: i) assessed whether the revenue and related trade debts / receivables have been recognised in accordance with the applicable accounting policies of the Company; ii) obtained and assessed details of the Agreements and discussed the same with the Company's management; iii) inspected the minutes of the meetings of Board of Directors and Audit Committees during the year ended June 30, 2021; iv) checked that the invoices raised by the Company during the year are in accordance with the requirements of PPA and the aforesaid Agreements; v) circularized confirmation of trade debts receivables to CPPA-G; vi) assessed the adequacy of impairment in relation to the disputed capacity receivables; and vii) assessed adequacy of the accounting treatment and related disclosures made in the unconsolidated financial statements, with regards to applicable accounting and reporting standards.

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Amer Raza Mir.

Afferguson & Co.

A.F.Ferguson & Co.
Chartered Accountants

Lahore:
Date: September 16, 2021

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	June 30, 2021	June 30, 2020 (Restated)	July 1, 2019 (Restated)
			(Rupees in thousand)	
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorised share capital 500,000,000 (June 30, 2020: 500,000,000) (July 1, 2019: 500,000,000) ordinary shares of Rs 10 each		5,000,000	5,000,000	5,000,000
Issued, subscribed and paid up share capital 354,088,500 (June 30, 2020: 354,088,500) (July 1, 2019 : 354,088,500) ordinary shares of Rs 10 each	5	3,540,885	3,540,885	3,540,885
Capital reserve	6	3,153,633	3,153,633	3,153,633
Revenue reserve: Un-appropriated profits		19,315,746	16,988,701	12,472,205
		26,010,264	23,683,219	19,166,723
NON-CURRENT LIABILITY				
Long term financing - secured	7	36,903	55,367	654,638
CURRENT LIABILITIES				
Current portion of long term financing - secured	7	73,805	18,456	2,385,532
Short term borrowings - secured	8	3,642,052	4,750,749	6,420,312
Trade and other payables	9	932,750	610,322	264,501
Unclaimed dividend		17,880	20,671	21,666
Accrued mark-up	10	72,403	169,091	233,908
		4,738,890	5,569,289	9,325,919
CONTINGENCIES AND COMMITMENTS	11			
		30,786,057	29,307,875	29,147,280

The annexed notes 1 to 38 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

	Note	June 30, 2021	June 30, 2020 (Restated)	July 1, 2019 (Restated)
			(Rupees in thousand)	
ASSETS				
NON-CURRENT ASSETS				
Fixed assets	12	8,826,575	9,392,029	10,005,584
Long term investments	13	-	-	1,000
Long term loans and advances	14	1,461	3,000	6
		8,828,036	9,395,029	10,006,590
CURRENT ASSETS				
Stores, spares and loose tools	15	656,989	672,235	757,521
Inventories	16	649,107	156,343	1,777,403
Trade debts	17	18,964,182	18,232,531	15,643,517
Advances, deposits, prepayments and other receivables	18	1,242,287	790,543	907,345
Income tax receivable		42,865	38,683	34,128
Short term investment		-	17,677	-
Cash and bank balances	19	402,591	4,834	20,776
		21,958,021	19,912,846	19,140,690
		30,786,057	29,307,875	29,147,280

DIRECTOR

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020 (Restated)
		(Rupees in thousand)	
Revenue	20	11,432,571	11,738,487
Cost of sales	21	(7,989,362)	(5,390,640)
Gross profit		3,443,209	6,347,847
Administrative expenses	22	(302,223)	(336,641)
Other expenses	23	(162,717)	(5,373)
Other income	24	42,065	7,283
Finance cost	25	(339,200)	(1,142,531)
Profit before taxation		2,681,134	4,870,585
Taxation	26	-	-
Profit for the year		2,681,134	4,870,585
Earnings per share - basic and diluted (in Rupees)	27	7.572	13.755

The annexed notes 1 to 38 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE | CHIEF FINANCIAL OFFICER | DIRECTOR

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020 (Restated)
	(Rupees in thousand)	
Profit for the year	2,681,134	4,870,585
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss	-	-
Items that will not be reclassified subsequently to profit or loss	-	-
	-	-
Total comprehensive income for the year	2,681,134	4,870,585

The annexed notes 1 to 38 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE | CHIEF FINANCIAL OFFICER | DIRECTOR

UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	28	2,393,862	6,314,548
Finance cost paid		(435,888)	(1,207,348)
Income tax paid		(4,182)	(4,555)
Long term loans and advances - net		1,539	(2,994)
Retirement benefits paid		(26,544)	(25,761)
Net cash inflow from operating activities		1,928,787	5,073,890
Cash flows from investing activities			
Purchase of fixed assets		(163,170)	(87,309)
Purchase of short term investments		(18,344)	(17,677)
Proceeds from sale of short term investments		36,979	-
Proceeds from disposal of operating fixed assets		37,488	3,027
Profit on bank deposits received		1,521	5,487
Net cash outflow from investing activities		(105,526)	(96,472)
Cash flows from financing activities			
Proceeds from long term finances	7	76,937	73,823
Repayment of long term finances	7	(40,052)	(3,040,170)
Dividend paid		(353,692)	(357,450)
Net cash outflow from financing activities		(316,807)	(3,323,797)
Net increase in cash and cash equivalents		1,506,454	1,653,621
Cash and cash equivalents at the beginning of the year		(4,745,915)	(6,399,536)
Cash and cash equivalents at the end of the year	29	(3,239,461)	(4,745,915)

Refer note 7 for reconciliation of liabilities arising from financing activities.

The annexed notes 1 to 38 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE   CHIEF FINANCIAL OFFICER   DIRECTOR

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

	Share capital	Capital reserve: Maintenance reserve	Revenue reserve: Un-appropriated profit	Total
	(Rupees in thousand)			
Balance as on July 01, 2019 as previously reported	3,540,885	3,153,633	12,414,201	19,108,719
Effect of change in accounting policy - note 4.1	-	-	58,004	58,004
Balance as on July 01, 2019 - restated	3,540,885	3,153,633	12,472,205	19,166,723
Profit for the year - restated	-	-	4,870,585	4,870,585
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	4,870,585	4,870,585
Dividend to equity holders of the company:				
Interim dividend for the half year ended December 31, 2019 @ Rupee 1 per share	-	-	(354,089)	(354,089)
Total contributions by and distributions to owners of the company recognised directly in equity	-	-	(354,089)	(354,089)
Balance as on June 30, 2020 - restated	3,540,885	3,153,633	16,988,701	23,683,219
Profit for the year	-	-	2,681,134	2,681,134
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	2,681,134	2,681,134
Dividend to equity holders of the company:				
Final dividend for the year ended June 30, 2020 @ Rupee 1 per share	-	-	(354,089)	(354,089)
Total contributions by and distributions to owners of the company recognised directly in equity	-	-	(354,089)	(354,089)
Balance as on June 30, 2021	3,540,885	3,153,633	19,315,746	26,010,264

The annexed notes 1 to 38 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE | CHIEF FINANCIAL OFFICER | DIRECTOR

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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, the Companies Act, 2017). The company is a subsidiary of Nishat Mills Limited. 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 address of the head office of the company is 1-B, Aziz Avenue, Canal Road, Gulberg V, Lahore. The company had 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. During the year on February 12, 2021, the company entered into a Novation Agreement to the PPA with NTDC and Central Power Purchasing Agency (Guarantee) Limited ('CPPA-G' and also referred to as the 'Power Purchaser'), whereby, NTDC irrevocably transferred all of its rights, obligations and liabilities under the PPA to CPPA-G and thereafter, NTDC ceased to be a party to the PPA, and CPPA-G became a party to the PPA in place of NTDC. Further, on the same day, the company entered into the PPA Amendment Agreement, as referred to in note 1.1 below, whereby the current Agreement Year that was ending on June 8, 2021 was extended by sixty eight (68) days to August 15, 2021. Therefore, the existing term of the PPA Agreement has been extended by sixty eight days to twenty five years and sixty eight days ending on August 15, 2035.

These unconsolidated financial statements are the separate financial statements of the company in which investment in subsidiary has been accounted for at cost less accumulated impairment losses, if any.

1.1 Significant events during the period

Master Agreement and Power Purchase Amendment Agreement

The company in the larger national interest and sustainability of the power sector, voluntarily agreed to alter its existing contractual arrangements with the CPPA-G for the sale and purchase of electricity. In this respect, the company entered into a "Master Agreement" and a "PPA Amendment Agreement" (hereinafter referred to as the 'Agreements') on February 12, 2021. Under these Agreements, the company and CPPA-G have primarily agreed on the following matters that are subject to fulfilment of certain terms and conditions mentioned in the Agreements:

- Mechanism of settlement of long outstanding acknowledged receivables as at November 30, 2020 aggregating to Rs 14,252.802 million, in two installments;

- Discounts in tariff components i.e. Return on Equity (ROE) including Return on Equity During Construction (RoEDC) shall be changed to 17% per annum in Pak Rupee (PKR) calculated at PKR/USD exchange rate of PKR 148/USD, with no future USD indexation. However, the existing ROE and RoEDC, together with applicable indexation, shall continue to be applied until the date when the applicable exchange rate under the present tariff reaches PKR 168/USD, whereupon the revised RoE and RoEDC shall become applicable for reminder of the term of the PPA. The revised tariff will be effective subject to notification by Government of Pakistan (‘GoP’) and payment of first installment by CPPA-G;

- Any future savings in fuel, subject to certain conditions stipulated in the Master Agreement, shall be shared between CPPA-G and the company on a sliding scale ratio ranging from 70:30 to 40:60 for any efficiency above NEPRA determined benchmark. Furthermore, any future savings in Operations & Maintenance (‘O&M’) shall be shared 50:50, subject to certain conditions stipulated in the Master Agreement;

- Delayed payment rate’ as referred in note 17.1 of these unconsolidated financial statements has been amended to (a) for the first sixty (60) days, KIBOR plus two percent per annum, compounded semi-annually; (b) for any period thereafter sixty (60) days, KIBOR plus four-point five percent per annum, each compounded semi-annually. However, this shall come into effect after NEPRA approves the adjustment in tariff and its terms strictly per the scope of Tariff Adjustment Application and CPPA-G has paid the two installments as mentioned above in respect of long outstanding acknowledged receivables;

- Conversion of the PPA to ‘Take and Pay Basis’ when competitive trading arrangement is implemented and becomes fully operational, as per terms stipulated in the Generation License;

- On August 07, 2017, the company instituted arbitration proceedings against NTDC/ Government of Pakistan by filing a Request for Arbitration (‘RFA’) with the London Court of International Arbitration (‘LCIA’) (the ‘Arbitration Proceedings’) for disallowing an amount of Rs 1,084.748 million relating to delayed payment charges on outstanding delayed payment invoices. In July 2020, a Final Award was given in favour of the company, whereby, the Arbitrator accepted company’s request and directed NTDC/ CPPA-G to pay to the company (i) interest at the Delayed Payment Rate (DPR) on Delayed Payment (DP) invoices, which is estimated at Rs 1,620.95 million up to June 30, 2021 and may vary as per legal advice (ii) DP invoices submitted pursuant to section 9.6 of the PPA consistent with the first-in-first-out principle (iii) pay legal costs in the sum of Rs 12,771,207 (iv) hearing expenses in the sum of GBP 17,393 (equivalent to Rs 3.802 million) and (v) Arbitration cost in the sum of GBP 44,136 (equivalent to Rs 9.647 million).

During the year on January 5, 2021, CPPA-G filed a suit in Civil Court, Lahore, to set aside the Final Award issued by LCIA. Meanwhile, the company also filed the Final Award for enforcement and implementation in Lahore High Court on January 13, 2021. Both the civil suit by CPPA-G and the enforcement application by the Company are pending adjudication.

However, under the Master Agreement, the CPPA-G has agreed to ensure that all present and future invoices shall follow the PPA’s mandated FIFO payment principle. As long as this principle is followed by the CPPA-G in relation to past and future payments, the company in consideration thereof has agreed to forgo and waive all of its claims of delayed payment charges on delayed payment invoices and it shall withdraw all such invoices. However, this will have no impact on the existing revenue and receivables of the company, as the company has not recognized the income and corresponding receivable for the said amounts on prudence basis.

- Amicable resolution of the capacity revenue dispute involving Rs 816.033 million for the period (‘disputed period’) in which the plant was not fully available for power generation due to non-availability of fuel owing to non-payment by CPPA-G. Pursuant to the PPA Amendment Agreement, the disputed period has been treated as an Other Force Majeure Event ('OFME') under the PPA. The OFME period has commenced on June 9, 2021 and will end on August 15, 2021, consequently, the term of PPA has been extended by 68 days, till August 15, 2035. The accounting implications of the same have been detailed under note 17.2 and note 3.3 to these unconsolidated financial statements.

Further, the management has also assessed the accounting implications of the above mentioned developments in relation to the impairment of cash generating unit ('CGU') comprising of tangible and intangible assets under IAS 36, 'Impairment of assets'. However, according to management's assessment, there is no impact on these unconsolidated financial statements.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These unconsolidated 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:

i) International Financial Reporting Standards ('IFRS') 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.

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

2.2 Initial application of standards, amendments or interpretations 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 existing standards that are effective in current year

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 1, 2020 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 these unconsolidated financial statements.

2.2.2 Exemption from applicability of certain standards

(a) Securities and Exchange Commission of Pakistan ('SECP') through SRO 986(I)/2019 dated September 2, 2019 has granted exemption from the requirements of IFRS 16 'Leases' to all companies to the extent of their power purchase agreements executed before January 1, 2019. Therefore, the standard will not have any impact on the company's unconsolidated financial statements to the extent of its PPA. For the remaining leases, the company has assessed that the application of this standard does not have any material impact on these unconsolidated financial statements.

Under IFRS 16, the consideration required to be made by the lessee for the right to use the asset is to be accounted for as a finance lease. The company's power plant's control due to purchase of total output by CPPA-G appears to fall under the scope of finance lease under IFRS 16. Consequently, if the company were to follow IFRS 16 with respect to its PPA, the effect on the unconsolidated financial statements would be as follows:

	2021	2020
	(Rupees in thousand)	
De-recognition of property, plant and equipment	(8,467,959)	(9,125,477)
De-recognition of trade debts	(7,134,685)	(6,065,265)
Recognition of lease debtor	10,748,829	9,738,063
Decrease in un-appropriated profits at the beginning of the year	(5,452,679)	(3,589,601)
Increase/(decrease) in profit for the year	598,864	(1,863,078)
Decrease in un-appropriated profits at the end of the year	(4,853,815)	(5,452,679)

(b) In respect of companies holding financial assets due from the Government of Pakistan ('GoP'), SECP through SRO 1177(I)/2021 dated September 13, 2021, partially modified its previous SRO 985(I)/2019 dated September 02, 2019 and notified that the requirements contained in IFRS 9 with respect to application of Expected Credit Losses (ECL) method shall not be applicable till June 30, 2022 and that such companies shall follow relevant requirements of International Accounting Standard ('IAS') 39 in respect of above referred financial assets during the exemption period. Accordingly, the company has not followed the requirements of IFRS 9 with respect to application of Expected Credit Losses in respect of trade debts and other receivables due from CPPA-G.

2.2.3 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 accounting standards and interpretations that are mandatory for the company's accounting periods beginning on or after July 1, 2021, but are considered not to be relevant or to have any significant effect on the company's operations and are, therefore, not detailed in these unconsolidated financial statements, except for the following:

a) Classification of liabilities - Amendment to IAS 1: (effective for annual period beginning on July 1, 2021)

The IASB issued a narrow-scope amendment to IAS 1, 'Presentation of Financial Statements', to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

In particular, the amendments clarify:

- liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendment no longer refers to unconditional rights;

- the assessment determines whether a right exists, but it does not consider whether the entity will exercise the right. So, management's expectations do not affect the classification;

- the right to defer only exists if the entity complies with any relevant conditions at the reporting date. A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date; and

- Settlement is defined as the extinguishment of a liability with cash, other economic resources or an entity's own equity instruments.

The company has assessed that the impact of this amendment is not expected to have any impact on these unconsolidated financial statements.

b) Amendments to IFRS 7, IFRS 4 and IFRS 16 for interest rate benchmark (IBOR) reform (effective for annual period beginning on July 1, 2021) - Phase 2

The IASB has issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 that address issues arising during the reform of benchmark interest rates including the replacement of one benchmark rate with an alternative one. The IASB tackled the changes in the following two phases:

- Phase 1 amended specific hedge accounting requirements where uncertainty could arise in the run-up to transition; and

- Phase 2 addressed potential financial reporting issues that may arise when IBORs are either reformed or replaced.

These amendments include the following:

- Accounting for changes in the basis for determining contractual cash flows of a financial asset or financial liability as a result of IBOR reform;
- Hedge accounting requirements; and
- Disclosures.

The company is yet to assess the impact of these amendments on these unconsolidated financial statements.

c) Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies (effective for annual period beginning on July 1, 2023)

The IASB has issued narrow-scope amendments to IFRS Standards.

The amendments will help companies:

- improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements; and

- distinguish changes in accounting estimates from changes in accounting policies.

The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies.

The company is yet to assess the impact of these amendments on its unconsolidated financial statements.

d) As referred to in note 2.2.2 (b), the requirements contained in IFRS 9 with respect to application of ECL method on financial assets due from the GoP will not be applicable till June 30, 2022. The company has, however, assessed the impact of ECL in respect of such financial assets and it considers that it is not material with respect to these unconsolidated financial statements.

3. BASIS OF MEASUREMENT

3.1 These unconsolidated financial statements have been prepared under the historical cost convention.

3.2 Critical accounting estimates and judgements

The preparation of unconsolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the company's accounting policies, however, there were no areas that involved a higher degree of judgement or complexity, or any items which are more likely to be materially adjusted due to the estimates and assumptions turning out to be wrong.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.

3.3 Change in accounting estimate

During the year, the existing term of the PPA was extended by a period of sixty eight days as an 'Other Force Majeure Event', as referred to in note 1.1 to these unconsolidated financial statements, thereby resulting in an increase in useful lives of buildings and roads on freehold land and plant and machinery by similar number of days. Such a change in useful lives has been accounted for as a change in an accounting estimate in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. The effect of this change in the accounting estimate on the profit before taxation for the year ended June 30, 2021, carrying amount of operating fixed assets as at that date and future profits before taxation is not material, hence, has not been detailed in these unconsolidated financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all years presented, except for the change in accounting policy as explained in note 4.1.

4.1 Change in accounting policy

During the year, the company has changed its accounting policy for valuation of furnace oil inventory. As per the new policy, furnace oil is valued on First In First Out ('FIFO') cost basis whereas previously, it was valued on weighted average cost basis. The accounting policy has been revised as the new policy is more in line with the basis adopted by National Electric Power Regulatory Authority ('NEPRA') for determination of fuel cost component of the company's tariff. Hence, the new policy provides more relevant information because it results in a consistent measurement of furnace oil inventory.

The change in accounting policy has been applied retrospectively and the comparative information has been restated in accordance with the treatment specified in IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

Effects of re-statement are as follows:

	July 1, 2019		
	As previously reported	Restated	Restatement
	(Rupees in thousand)		
Effect on statement of financial position:			
Assets			
Inventories	1,719,399	1,777,403	58,004
Advances, deposits, prepayments and other receivables	904,445	907,345	2,900
Liabilities			
Trade and other payables	261,601	264,501	2,900
Reserves			
Revenue reserve: Un-appropriated profits	12,414,201	12,472,205	58,004

	June 30, 2020		
	As previously reported	Restated	Restatement
	(Rupees in thousand)		
Effect on statement of profit or loss:			
Cost of sales	5,318,630	5,390,640	72,010
Effect on statement of financial position:			
Assets			
Inventories	170,349	156,343	(14,006)
Advances, deposits, prepayments and other receivables	792,684	790,543	(2,141)
Liabilities			
Trade and other payables	612,463	610,322	(2,141)
Reserves			
Revenue reserve: Un-appropriated profits	17,002,707	16,988,701	(14,006)
Earnings per share - basic and diluted (in Rupees)	13.959	13.755	(0.20)

Further, the effect of this change on the current year is as follows:

	June 30, 2021		
	Had there been no change in policy	After change in policy	Difference
	(Rupees in thousand)		
Effect on statement of profit or loss:			
Cost of sales	8,048,965	7,989,362	(59,603)
Effect on statement of financial position:			
Assets			
Inventories	603,113	649,107	45,994
Advances, deposits, prepayments and other receivables	1,240,255	1,242,287	2,032
Liabilities			
Trade and other payables	930,718	932,750	2,032
Reserves			
Revenue reserve: Un-appropriated profits	19,270,149	19,315,746	45,597
Earnings per share - basic and diluted (in Rupees)	7.40	7.572	0.172

The impact on the statement of cash flows for the year in the current as well as the prior years only relates to the changes in profit before tax, certain adjustments to reconcile profit before tax to net cash flows from operating activities, and working capital adjustments. However, there was no impact on the net cash flows from operating activities. The cash flows from investing and financing activities were not affected.

4.2 Taxation

Income tax comprises current and deferred tax. Income tax is recognised in the statement of profit or loss except to the extent that relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current

The profits and gains of the company derived from electric power generation are exempt from tax in terms of clause 132 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the conditions and limitations provided therein.

Under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, the company is also exempt from levy of minimum tax on ‘turnover’ under section 113 of the Income Tax Ordinance, 2001. However, full provision is made in the statement of profit or loss on income from sources not covered under the above clauses at current rates of taxation after taking into account deductible allowances, tax credits, and rebates available, if any. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that the taxation authority will accept an uncertain tax treatment. The company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the unconsolidated financial statements and the corresponding tax bases used in the computation of the taxable profit. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised 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 utilised.

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 statement of financial position date. Deferred tax is charged or credited in the statement of profit or loss, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

Deferred tax has not been provided in these unconsolidated financial statements as the company's management believes that the temporary differences will not reverse in the foreseeable future due to the fact that the profits and gains of the company derived from electric power generation are exempt from tax subject to the conditions and limitations provided for in terms of clause (132) of Part I of the Second Schedule to the Income Tax Ordinance, 2001.

4.3 Property, plant and equipment

4.3.1 Operating fixed assets

Operating fixed assets are stated at historical cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation on operating fixed assets, other than identifiable capital spares in plant and machinery, is charged to the statement of profit or loss on the straight line method so as to write off the cost of an asset over its estimated useful life at the annual rates mentioned in note 12.1 after taking into account their residual values. Depreciation on identifiable capital spares in plant and machinery is charged on the basis of number of hours used.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The company's estimate of the useful life of its operating fixed assets as at June 30, 2021, has required adjustment as referred to in note 3.3, however, its impact is not material and therefore, has not been detailed in these unconsolidated financial statements.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 4.5).

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 the cost of the item can be measured reliably. All other repair and maintenance costs are included in the statement of profit or loss during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset, represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

4.3.2 Capital work-in-progress

Capital work-in-progress is 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.

4.3.3 Major spare parts and standby equipment

Major spare parts and stand-by equipment qualify as property, plant and equipment when an entity expects to use them for more than one year. Transfers are made to relevant operating fixed assets category as and when such items are available for use.

4.4 Intangible assets

Expenditure incurred to acquire computer software is capitalised as an intangible asset and stated at cost less accumulated amortisation and any identified impairment loss. Intangible assets are amortised using the straight line method over a period of five years.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 4.5).

4.5 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

4.6 Leases

The company is the lessee.

At inception of a contract, the company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, 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 include fixed payments, variable lease payments that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if the company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

4.7 Stores, spares and loose tools

Stores, spares and loose tools are valued principally at weighted average cost except for items in transit which are stated at invoice value plus other charges paid thereon till the statement of financial position date while items considered obsolete are carried at nil value.

4.8 Inventories

Inventories, except for that in transit, is valued principally at lower of cost and net realizable value. Cost is determined using First in First Out method for Furnace oil while weighted average method is used for the remaining items. Inventories in transit are stated at cost comprising invoice value plus other charges paid thereon.

Net realizable value is determined on the basis of estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. If the expected net realisable value is lower than the carrying amount, a write-down is recognised for the amount by which the carrying amount exceeds its net realisable value.

4.9 Investments

Investments intended to be held for less than twelve months from the reporting date or to be sold to raise operating capital, are included in current assets. All other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

4.9.1 Investment in equity instruments of subsidiary

Investment in equity instruments of subsidiary is measured at cost as per the requirements of IAS-27 "Separate Financial Statements". However, at subsequent reporting dates, the company reviews the carrying amount of the investment and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. If any such indication exists, the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognised as an expense in the statement of profit or loss.

4.9.2 Investment in equity instruments of associate

Associates are all entities over which the company has significant influence but not control. Investment in equity instruments of associates are accounted for using the equity method of accounting and are initially recognised at cost. The company's investment in associates includes goodwill (net of any accumulated impairment loss) identified on the acquisition. The company's share of its associates' post-acquisition profits or losses is recognised in the statement of profit or loss, and its share of post acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of investment. When the company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the company and its associates are eliminated to the extent of company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

At each reporting date, the company reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognised as expense in the statement of profit or loss. Impairment losses recognised in the statement of profit or loss on equity instruments are not reversed through the statement of profit or loss.

4.10 Financial assets

4.10.1 Classification

The company classifies its financial assets other than investments in equity instruments of subsidiary and associate in the following measurement categories:

- those to be measured subsequently at fair value [either through other comprehensive income ('OCI') or through profit or loss], and
- those to be measured at amortised 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 OCI. For investments in equity instruments that are not held for trading, 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 (FVOCI).

The company reclassifies debt investments when and only when its business model for managing those assets changes.

4.10.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

4.10.3 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 (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments 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:

i) Amortised cost: 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. Impairment losses are presented as separate line item in the statement of profit or loss.

ii) FVOCI: 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 FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or 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 OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method. Impairment expenses are presented as separate line item in the statement of profit or loss.

iii) FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

Equity instruments

The company subsequently measures all equity investments except for investments in equity instruments of subsidiary and associate at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. 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.

Changes in the fair value of financial assets at FVPL are recognised in the statement of profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

4.10.4 Impairment of financial assets other than those due from the Government of Pakistan and investment in equity instruments

The company assesses on a forward-looking basis, the expected credit losses ('ECL') associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The company applies general 3-stage approach for loans, deposits and other receivables and bank balances i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

Following are the financial assets that are subject to the ECL model:

- Long term loans;
- Loans, deposits and other receivables;
- Short term investment; and
- Bank balances.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Loss allowances are forward looking, based on 12 month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

Expected credit losses are a probability weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. In the absence of a change in credit rating, allowances are recognised when there is reduction in the net present value of expected cash flows. On a significant increase in credit risk, allowances are recognised without a change in the expected cash flows, although typically expected cash flows do also change; and expected credit losses are rebased from 12 month to lifetime expectations.

The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the company compares the risk of a default occurring on the instrument as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are considered while assessing credit risk:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;
- actual or expected significant changes in the operating results of the counterparty;
- significant increase in credit risk on other financial instruments of the same counterparty; and
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees, if applicable.

The company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the company, in full (without taking into account any collaterals held by the company).

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of borrowers; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The company recognises an impairment gain or loss in the statement of profit or loss for financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

The company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of counterparty's sources of income or assets to generate sufficient future cash flows to repay the amount. The company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

4.11 Financial liabilities

Financial liabilities are recognised at the time when the company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed on profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in profit or loss.

4.12 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated financial statements only when there is a legally enforceable right to set off the recognised amount and the company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.13 Financial assets due from the Government of Pakistan

Financial assets due from the Government of Pakistan includes trade debts, contract assets and other receivables due from CPPA-G under the PPA that also includes accrued amounts. The company follows relevant requirements of IAS 39 in respect of impairment of these financial assets due to the exemption available in respect of IFRS 9 till June 30, 2022 as stated in note 2.2.2 (b).

A provision for impairment is established when there is objective evidence that the company will not be able to collect all the amount due according to the original terms of the receivable.

The company assesses at the end of each reporting period whether there is objective evidence that the financial asset is impaired. The financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of profit or loss. When the financial asset is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the statement of profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of profit or loss.

4.14 Trade debts

Trade debts are amounts due from CPPA-G in the ordinary course of business. They are generally due for settlement as referred to in note 4.23 and therefore are all classified as current. Trade debts are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The company holds the trade debts with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less provision for impairment.

4.15 Contract asset and contract liability

A contract asset is recognised for the company's right to consideration in exchange for goods or services that it has transferred to a customer. If the company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the company presents the amount as a contract asset, excluding any amounts presented as a receivable.

A contract liability is recognised for the company's obligation to transfer goods or services to a customer for which the company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration, or the Company has a right to an amount of consideration that is unconditional (i.e. a receivable), before the company transfers a good or service to the customer, the entity shall present the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

4.16 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

4.17 Employee benefits

(i) Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leaves that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(ii) Post employment benefit - Defined contribution plan (Provident Fund)

There is an approved defined contributory provident fund for all employees. Equal monthly contributions are made both by the company and employees to the fund at the rate of 10 percent of the basic salary subject to completion of minimum qualifying period of service as determined under the rules of the fund.

4.18 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. Trade and other payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

4.19 Provisions

Provisions for legal claims and make good obligations are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

4.20 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position. Book overdrafts are shown within trade and other payables in current liabilities.

4.21 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

4.22 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in statement of profit or loss in the period in which they are incurred.

4.23 Revenue recognition

Revenue shall be recognised when (or as) the company satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset and thus has the ability to direct the use and obtain the benefits from the good or service.

Revenue from the sale of electricity to CPPA-G, the sole customer of the company, is recorded on the following basis:

- Capacity Purchase Price revenue is recognised over time, based on the capacity made available to CPPA-G, at rates as specified under the PPA with CPPA-G, as amended from time to time; and

- Energy Purchase Price revenue is recognised at a ‘point in time’, as and when the Net Electrical Output (NEO) are delivered to CPPA-G.

Capacity and Energy revenue is recognised based on the rates determined under the mechanism laid down in the PPA.

Delayed payment mark-up on amounts due under the PPA is accrued on a time proportion basis by reference to the amount outstanding and the applicable rate of return under the PPA.

Invoices are generally raised on a monthly basis and are due after 30 days from acknowledgement by CPPA-G.

4.24 Finance income

Finance income comprises interest income on funds invested (financial assets), dividend income, gain on disposal of financial assets and changes in fair value of investments. Interest income is recognized as it accrues in profit or loss, using effective interest method. Dividend income is recognized in profit or loss on the date that the company's right to receive payment is established.

4.25 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the unconsolidated 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.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

4.26 Dividend

Dividend distribution to the company's members is recognised as a liability in the period in which the dividends are approved.

4.27 Contingent liabilities and assets

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company; or

- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized. A contingent liability is disclosed unless the possibility of an outflow is remote.

Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognised. An asset remains contingent until such time as the inflow of economic benefits becomes virtually certain. When it becomes virtually certain that an inflow of economic benefits will arise, the asset and the related income is recognised in the financial statements in the period in which the change occurs (that is, when the future event occurs and confirms the asset's existence or, if earlier, when it becomes virtually certain that the future event will confirm the asset's existence and it is virtually certain that the asset will be realised).

Contingent liabilities and assets are generally estimated using:

- The single most likely outcome; or

- A weighted average of all the possible outcomes (the 'expected value' method). This is likely to be the most appropriate method for a large population of similar claims, but can also be applied to a single obligation with various possible outcomes.

4.28 Rounding off amounts

All amounts presented in these unconsolidated financial statements and notes have been rounded off to the nearest thousand Rupees unless otherwise stated.

5. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

This represents 354,088,500 (2020: 354,088,500) ordinary shares of Rs 10 each fully paid in cash. 180,632,955 (2020: 180,632,955) ordinary shares of the company are held by Nishat Mills Limited, the holding company.

6. 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.

7. LONG TERM FINANCING - SECURED

This represents long term financing facility (running musharaka facility) availed from Faysal Bank Limited (through its Islamic Banking Division) as a Participating Financial Institution under State Bank of Pakistan's (SBP) Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns ('Refinance Scheme'). The total facility available amounts to Rs 156.469 million. The financing is secured against pari passu charge over all the present and future fuel stock/inventory and energy revenue receivables. It carries mark-up at the rate of SBP Profit Rate under the Refinance Scheme plus 0.5% to 0.75% per annum, payable on quarterly basis.The base rate applicable during the year is SBP rate which was zero, hence, the mark-up rate charged during the year on the outstanding balance ranged from 0.5% to 0.75% (2020: 0.5%) per annum. The remaining principal amount is repayable in 6 equal quarterly instalments till December 2022. This facility has not been initially recognised at fair value in accordance with IFRS 9 and resultantly, the government grant in accordance with IAS 20 has also not been booked, as the effect is not considered material in respect of these unconsolidated financial statements. The reconciliation of carrying amount is as follows:

		2021	2020
		(Rupees in thousand)	
Opening balance		73,823	-
Loan disbursements during the year		76,937	73,823
Less: Repayments during the year		40,052	-
		110,708	73,823
Less: Current portion shown under current liabilities		73,805	18,456
		36,903	55,367

8. SHORT TERM BORROWINGS - SECURED

		2021	2020
Short term borrowings under mark-up arrangements obtained as under:			
Running finances	- note 8.1	3,192,052	4,750,749
Term finances	- note 8.2	450,000	-
		3,642,052	4,750,749

8.1 Running finances

The total running finance and running musharka main facilities obtained from various commercial banks under mark-up arrangements aggregate Rs 10,251.52 million (2020: Rs 10,251.52 million). Such facilities have been obtained at mark-up rates ranging from one month to three months KIBOR plus 0.2% to 2% per annum, payable quarterly, on the balance outstanding. The aggregate facilities are secured against charge on present and future current assets. The mark-up rate charged during the year on the outstanding balance ranged from 7.46% to 12.19% (2020: 8.86% to 15.85%) per annum. Various sub facilities comprising money market loans and letters of guarantee have also been utilized under the aforementioned main facilities.

8.2 Term finances

The total murabaha, term finance/money market main and sub-limit facilities obtained from various commercial banks under mark-up arrangements aggregate Rs 1,400 million (2020: Rs 1,650 million). Such facilities have been obtained at mark-up rates ranging from one week to six months KIBOR plus 0.10% to 0.40%, payable at the maturity of the respective murabaha transaction/term finance facility. The aggregate facilities are secured against charge on present and future current assets. The mark-up rate charged during the year on the outstanding balance ranged from 7.55% to 7.72% (2020: 11% to 13.81%) per annum.

8.3 Letters of credit and guarantee

The main facilities for opening letters of credit and guarantee aggregate Rs 750 million (2020: Rs 500 million). The amount utilised at June 30, 2021, for letters of credit was Rs 2.33 million (2020: Nil) and for letters of guarantee was Rs 613 million (2020: Rs 113 million). The aggregate facilities for opening letters of credit and guarantee are secured by charge on present and future current assets including fuel stocks/inventory of the company and by lien over import documents.

9. TRADE AND OTHER PAYABLES

		2021	2020 (Restated)
		(Rupees in thousand)	
Creditors	- note 9.1	196,934	68,560
Payable to contractors		5,234	2,521
Workers' Profit Participation Fund	- note 9.2	568,963	434,907
Workers' Welfare Fund	- note 9.3	151,035	97,412
Other accrued liabilities		10,584	6,922
		932,750	610,322

	2021	2020
	(Rupees in thousand)	

9.1 Includes amounts due to the following related parties:

	2021	2020
Security General Insurance Company Limited	-	422
Hyundai Nishat Motor (Private) Limited	59	-
Adamjee Insurance Company Limited	2,741	5,542
	2,800	5,964

	2021	2020 (Restated)
	(Rupees in thousand)	

9.2 Workers' Profit Participation Fund

	2021	2020 (Restated)
Opening balance	434,907	191,377
Provision for the year	134,056	243,530
	568,963	434,907
Less: Payments made during the year	-	-
Closing balance	568,963	434,907

9.3 Workers' Welfare Fund

	2021	2020 (Restated)
Opening balance	97,412	-
Provision for the year	53,622	97,412
Closing balance	151,034	97,412

10. ACCRUED MARK-UP

	2021	2020 (Restated)
Accrued mark-up / interest on:		
Long term financing - secured	-	30
Short term borrowings - secured	72,403	169,061
	72,403	169,091

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

11.1.1 Contingent liabilities:

(i) A sales tax demand of Rs 1,218.132 million was raised against the company through order dated December 11, 2013, passed by the Assistant Commissioner Inland Revenue ('ACIR') disallowing input sales tax for the tax periods of July 2010 through June 2012. The disallowance was primarily made on the grounds that since revenue derived by the company on account of 'capacity revenue' was not chargeable to sales tax, input sales tax claimed by the company was required to be apportioned with only the input sales tax attributable to other revenue stream i.e. 'energy revenue' admissible to the company. Upon appeal before Commissioner Inland Revenue (Appeals) ['CIR(A)'], such issue was decided in company's favour, however, certain other issues agitated by the company were not adjudicated. Both the company and department have filed appeals against the order of CIR(A) before Appellate Tribunal Inland Revenue ('ATIR'), which are pending adjudication.

Subsequently, the above explained issue was taken up by department for tax periods of July 2009 to June 2013 (involving input sales tax of Rs 1,722.811 million), however, the company assailed the underlying proceedings before Lahore High Court ('LHC') directly and in this respect, through order dated October 31, 2016, LHC accepted the company's stance and annulled the proceedings. The department has challenged the decision of LHC before Supreme Court of Pakistan and has also preferred an Intra Court Appeal against such order which are pending adjudication.

Similarly, for financial year 2014, company's case was selected for 'audit' and such issue again formed the core of audit proceedings (involving input sales tax of Rs 596.091 million). Company challenged the jurisdiction in respect of audit proceedings before LHC and while LHC directed the management to join the subject proceedings, department was debarred from passing the adjudication order. During the year 2019, LHC dismissed the petition in favour of the department, by allowing the department to complete the audit proceedings that are pending completion. During the year on January 26, 2021, the department raised demand against such proceedings, however, company obtained interim relief from Appellate Tribunal Inland Revenue by applying stay against such demand. The matter is currently pending adjudication.

Similarly, during the year in respect of tax periods July 2016 to June 2017, company's case was selected for 'audit' and such issue again formed the core of audit proceedings (involving input sales tax of Rs 541.486 million). The proceedings are underway, however, matter is currently pending adjudication before ACIR.

Since the issue has already been decided in company's favour on merits by LHC and based on advice of the company's legal counsel, no provision on these accounts have been made in these unconsolidated financial statements.

(ii) On April 16, 2019, the Commissioner Inland Revenue through an order raised a demand of Rs 179.046 million against the company, mainly on account of input tax claimed on inadmissible expenses in sales tax return for the tax periods of July 2014 to June 2017 and sales tax default on account of suppression of sales related to tax period June 2016. The company filed application for grant of stay before the ATIR against recovery of the aforesaid demand that was duly granted. Further, the company has filed appeals before CIR(A) and ATIR against the order which are pending adjudication. Management has strong grounds to believe that the case will be decided in company's favour. Therefore, no provision has been made on this account in these unconsolidated financial statements.

(iii) On February 13, 2019, National Electric Power Regulatory Authority ('NEPRA') issued a show cause to the company along with other Independent Power Producers to provide rationale of abnormal profits earned since commercial operation date (COD) that eventually led to initiation of proceedings against the company by NEPRA on March 18, 2019. The company challenged the authority of NEPRA to take suo moto action before the Islamabad High Court (IHC) wherein, on April 1, 2019, IHC provided interim relief by suspending the suo moto proceedings. The case is currently pending adjudication before IHC. Management is confident that based on the facts and law, there will be no adverse implications for the company.

(iv) On March 16, 2020, Government of Pakistan ('GoP') issued a report through which it was alleged that savings were made by the Independent Power Producers ('IPPs'), including the company, in the tariff components in violation of applicable GoP Policies, tariff determined by National Electric Power Regulatory Authority ('NEPRA') and the relevant Project Agreements. The company rejected such claims, and discussions were made with the GoP to resolve the dispute.

During the year on February 12, 2021, the company under the Agreements as referred in note 1.1, agreed that the abovementioned dispute will be resolved through arbitration under the Arbitration Submission Agreement between the company and GoP.

Management believes that there are strong grounds that the matter will ultimately be decided in company's favor. Furthermore, its financial impact cannot be reasonably estimated at this stage, hence, no provision in this respect has been made in these unconsolidated financial statements.

(v) The banks have issued the following on behalf of the company:

(a) Letter of guarantee of Rs 11.5 million (2020: Rs 11.5 million) in favour of Director Excise and Taxation, Karachi, under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess.
(b) Letters of guarantee of Rs 600 million (2020: Rs 100 million) in favour of fuel suppliers.
(c) Letter of guarantee of Rs 1.5 million (2020: Rs 1.5 million) in favour of Punjab Revenue Authority, Lahore.

11.2 Commitments:

(i) Letters of credit and contracts for other than capital expenditure aggregating Rs 2.327 million (2020: Nil).

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

	2021	2020
	(Rupees in thousand)	
Not later than one year	3,894	3,894

12. FIXED ASSETS

		2021	2020
Property, plant and equipment:			
Operating fixed assets	- note 12.1	8,732,332	9,259,765
Capital work-in-progress	- note 12.2	579	35,952
Major spare parts and standby equipment	- note 12.3	93,664	95,053
		8,826,575	9,390,770
Intangible asset:			
Computer software	- note 12.4	-	1,259
		8,826,575	9,392,029

12 .1 Operating fixed assets

	Freehold land - note 12.1.2	Buildings and roads on freehold land	Plant and machinery	Improve-ments on leasehold property	Electric installa-tions	Computer equipment	Furniture and fixtures	Office equipment	Vehicles	(Rupees in thousand) Total
COST										
Balance as at July 01, 2019	80,686	215,333	16,649,575	40,909	1,044	30,898	11,971	52,352	214,990	17,297,758
Additions during the year	-	24,808	108,649	-	-	4,374	1,180	394	10,232	149,637
Disposals during the year - note 12.1.4	-	-	(129,946)	-	-	(1,555)	-	-	(5,323)	(136,824)
Balance as at June 30, 2020	80,686	240,141	16,628,278	40,909	1,044	33,717	13,151	52,746	219,899	17,310,571
Balance as at July 01, 2020	80,686	240,141	16,628,278	40,909	1,044	33,717	13,151	52,746	219,899	17,310,571
Additions during the year	-	-	3,043	-	-	2,905	69	829	193,086	199,932
Disposals during the year - note 12.1.4	-	-	(1,249)	-	-	(1,499)	-	-	(56,044)	(58,792)
Balance as at June 30, 2021	80,686	240,141	16,630,073	40,909	1,044	35,123	13,220	53,575	356,941	17,451,711
DEPRECIATION AND IMPAIRMENT										
Balance as at July 01, 2019	-	70,459	7,239,690	33,246	563	26,522	6,893	29,822	81,079	7,488,274
Depreciation charge for the year	-	8,845	634,703	4,091	89	2,639	1,182	5,226	41,219	697,994
Disposals during the year- note 12.1.4	-	-	(129,945)	-	-	(1,555)	-	-	(3,962)	(135,462)
Balance as at June 30, 2020	-	79,304	7,744,448	37,337	652	27,606	8,075	35,048	118,336	8,050,806
Balance as at July 01, 2020	-	79,304	7,744,448	37,337	652	27,606	8,075	35,048	118,336	8,050,806
Depreciation charge for the year		10,607	646,933	3,206	89	3,407	1,189	5,207	54,239	724,877
Disposals during the year- note 12.1.4	-	-	(1,249)	-	-	(1,209)	-	-	(53,846)	(56,304)
Balance as at June 30, 2021	-	89,911	8,390,132	40,543	741	29,804	9,264	40,255	118,729	8,719,379
Book value as at June 30, 2020	80,686	160,837	8,883,830	3,572	392	6,111	5,076	17,698	101,563	9,259,765
Book value as at June 30, 2021	80,686	150,230	8,239,940	366	303	5,320	3,957	13,321	238,212	8,732,332
Annual depreciation rate %	-	3.99 to 6.63	4 to 7.10 and number of hours used	10	10	33	10	10	20	

12.1.1 Improvements on leasehold property represents costs of improvement incurred on property owned by Nishat (Aziz Avenue) Hotels and Properties Limited, a related party.

12.1.2 Freehold land represents 137,879 square meters of land situated at Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, out of which approximately 85,407 square meters represents covered area.

12.1.3 The depreciation charge for the year has been allocated as follows:

		2021	2020
		(Rupees in thousand)	
Cost of sales	- note 21	666,545	651,161
Administrative expenses	- note 22	58,332	46,833
		724,877	697,994

12.1.4 The aggregate book value of sale of operating fixed assets during the current and previous year was below Rs 5 million.

		2021	2020
		(Rupees in thousand)	

12.2 Capital work-in-progress

This represents the following:

		2021	2020
Civil works		579	952
Advances against purchase of vehicle		-	35,000
	- note 12.2.1	579	35,952

12.2.1 The reconciliation of the carrying amount is as follows:

	2021	2020
Opening balance	35,952	21,726
Additions during the year	24,184	45,841
	60,136	67,567
Transfers during the year	(59,294)	(31,505)
Charged to profit	(263)	(110)
Closing balance	579	35,952

12.3 Major spare parts and standby equipment

The reconciliation of the carrying amount is as follows:

	2021	2020
Opening balance	95,053	171,600
Additions during the year	-	29,910
	95,053	201,510
Transfers during the year	(1,389)	(106,457)
Closing balance	93,664	95,053

12.4 Intangible asset

Computer software

		2021	2020
Cost			
Opening balance		7,542	7,542
Addition during the year		-	-
Closing balance		7,542	7,542
Amortization			
Opening balance		(6,283)	(4,775)
Charge for the year	- note 21	(1,259)	(1,508)
Closing balance		(7,542)	(6,283)
Book value		0	1,259
Annual amortization rate		20%	20%

The amortization charge for the year has been recognised in cost of sales.

13. LONG TERM INVESTMENTS

13.1 Investment in Nishat Energy Limited

The company directly holds 250,000 fully paid ordinary shares of Rs 10 each, in its associate, Nishat Energy Limited ('NEL'), representing its 25% equity. NEL is an unquoted public company limited by shares incorporated in Pakistan to build, own, operate and maintain a coal fired power station. The address of the registered office of NEL is 1-B, Aziz Avenue, Canal Bank, Gulberg V, Lahore. NEL is no longer considered a going concern by its management and hence, the investment is fully impaired.

13.2 Investment in Lalpir Solar Power (Private) Limited

The company directly holds 100,000 fully paid ordinary shares of Rs 10 each, in its wholly owned subsidiary, Lalpir Solar Power (Private) Limited ('LSPPL'), representing 100% of its equity. 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. LSPPL is no longer considered a going concern by its management and hence, the investment is fully impaired.

14. LONG TERM LOANS AND ADVANCES

		2021	2020
		(Rupees in thousand)	
Loans to employees - considered good		4,401	6,606
Less: Current portion shown under current assets	- note 18	(2,940)	(3,606)
		1,461	3,000

This represents interest free loans given to employees, receivable in maximum 60 monthly instalments in accordance with the company's policy. These loans are secured against registration of cars in the joint name of the company and the employee and against the accumulated provident fund balance of the relevant employee. These loans have not been carried at amortised cost as the effect of discounting is not considered material.

15. STORES, SPARES AND LOOSE TOOLS

	2021	2020
	(Rupees in thousand)	
Stores	7,012	8,228
Spares [including in transit Rs 2.421 million (2020: Rs 0.063 million)]	640,608	654,048
Loose tools	9,369	9,959
	656,989	672,235

15.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

16. INVENTORIES

	2021	2020 (Restated)
	(Rupees in thousand)	
Furnace oil	623,599	140,224
Diesel	1,978	5,450
Lubricating oil	23,530	10,668
	649,107	156,343

17. TRADE DEBTS

17.1 These represent trade receivables from CPPA-G and are considered good. These are secured by a guarantee from the Government of Pakistan under the Implementation Agreement and are in the normal course of business and interest free, however, a delayed payment mark-up at the rate of three months KIBOR plus 4.5% per annum is charged in case the amounts are not paid within due dates. The rate of delayed payment mark-up charged during the year on outstanding amounts ranged from 11.53% to 18.42% (2020: 10.64% to 18.42%) per annum. Trade debts include unbilled receivables of Rs 3,533.134 million (2020: Rs 2,740.517 million).

17.2 Prior to the signing of the Agreements, as referred to in note 1.1 to these unconsolidated financial statements, an amount of Rs 816.033 million was included in trade debts relating to capacity revenue not acknowledged by NTDC/CPPA-G 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/CPPA-G.

Since management considered that the primary reason for claiming these payments was that plant was available, however, it could not generate electricity due to non-payment by NTDC/CPPA-G, therefore, management believed that company cannot be penalized in the form of payment deductions due to NTDC/CPPA-G's default of making timely payments under the PPA. Hence, the company took up this issue in consultation with NTDC/CPPA-G and appointed an Expert for dispute resolution under the PPA.

On August 15, 2015, the Expert gave his determination whereby the aforesaid amount was determined to be payable to the company by NTDC/CPPA-G. Pursuant to the Expert's determination, the company demanded the payment of the aforesaid amount of Rs 816.033 million from NTDC/CPPA-G. The company filed a request for arbitration in the London Court of International Arbitration ('LCIA'), whereby an Arbitrator was appointed.

On October 29, 2017, the Arbitrator declared his Final Award whereby he ordered NTDC/CPPA-G 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 (equivalent to Rs 96.623 million) for the company's cost of proceedings; v) GBP 30,157 (equivalent to Rs 6.592 million) 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/CPPA-G ("the Final Award") that works out to Rs 504.044 million up to June 30, 2021. Thereafter, on November 29, 2017, company filed an application before Lahore High Court for implementation/enforcement of Final Award that is pending adjudication. On prudence basis, the amounts other than the principal of Rs 816.033 million were not recognised in these unconsolidated financial statements.

On February 12, 2021, as part of the PPA Amendment Agreement as referred to in note 1.1, the CPPA-G and the company acknowledged that the dispute relating to withheld capacity payments of Rs 816.033 million, which was awarded by the London Court of International Arbitration, has now been settled through the extended disputed period of 68 days which shall be treated as an "Other Force Majeure Event" under the PPA. Further, CPPA-G agreed to make certain payments to the company, subject to certain terms, as compensation of the withheld capacity payments. In return, the company agreed to forgo certain amounts declared under the Final Award as enumerated above. Further, subject to fulfillment of certain conditions, the company and CPPA-G agreed to file a joint application before the Lahore High Court for the withdrawal of the enforcement proceedings before the Honorable Lahore High Court.

Pursuant to the provisions of PPA Amendment Agreement as mentioned above, out of the recongized receivable of Rs 816.033 million, the company has assessed that amounts aggregating Rs 141.47 million are no longer recoverable and therefore, such amounts have been written off during the year in other expenses as referred to in note 23. On account of the remaining receivable, amounts aggregating Rs 328.691 million have been duly verified by the CPPA-G for the year.

18. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

		2021	2020 (Restated)
		(Rupees in thousand)	
Advances:			
- To employees		1,728	2,096
- To suppliers		290,197	50,562
Current portion of long term loans - considered good	- note 14	2,940	3,606
Balances with statutory authorities:			
- Customs duty recoverable		13	20
- Sales tax		206,163	179,529
Claims recoverable from NTDC/Power Purchaser for pass through items:			
- Workers' Profit Participation Fund	- notes 18.1 and 18.3	583,636	449,579
- Workers' Welfare Fund	- notes 18.2 and 18.3	151,035	97,412
Interest receivable		-	759
Security deposits and bank guarantee margins		175	175
Prepayments	- note 18.4	4,990	5,406
Other receivables		1,410	1,399
		1,242,287	790,543

18.1 Workers' Profit Participation Fund

The reconciliation of the carrying amount is as follows:

		2021	2020
Opening balance		449,579	404,125
Accrued for the year	- note 9.2	134,057	243,530
		583,636	647,655
Less: Amount received during the year		-	198,076
Closing balance		583,636	449,579

		2021	2020 (Restated)
		(Rupees in thousand)	

18.2 Workers' Welfare Fund

The reconciliation of the carrying amount is as follows:

		2021	2020
Opening balance		97,412	-
Accrued for the year	- note 9.3	53,622	97,412
Closing balance		151,034	97,412

18.3 Under section 9.3(a) of the PPA with CPPA-G, payments to Workers' Profit Participation Fund and Workers' Welfare Fund are recoverable from CPPA-G as a pass through item.

18.4 Incudes an amount prepaid to Adamjee Insurance Company Limited on account of insurance amounting to Rs 4.9 million (2020: Rs 5.405 million).

19. CASH AND BANK BALANCES

		2021	2020
		(Rupees in thousand)	
Cash at bank:			
- On saving accounts	- note 19.1	1,699	3,912
- On current accounts		638	701
- Payorder in hand		400,000	-
	- note 19.2	402,337	4,613
Cash in hand		254	221
		402,591	4,834

19.1 Profit on balances in saving accounts remained 5.50% (2020: 6.29% to 11.39%) per annum.

19.2 Cash at bank includes Rs 1.642 million (2020: Rs 3.594 million) in MCB Bank Limited, a related party.

20. REVENUE

	2021	2020
	(Rupees in thousand)	
Energy Purchase Price revenue	8,518,949	5,137,587
Less: Sales tax	1,237,796	749,420
	7,281,153	4,388,167
Capacity Purchase Price revenue	2,638,707	5,304,605
Delayed payment mark-up	1,512,711	2,045,715
	11,432,571	11,738,487

		2021	2020 Restated
		(Rupees in thousand)	

21. COST OF SALES

		2021	2020
Raw materials consumed		6,483,062	3,911,239
Salaries and other benefits	- note 21.1	284,636	250,428
Repairs and maintenance		10,289	20,711
Stores, spares and loose tools consumed		137,355	171,901
Electricity consumed in-house		37,958	37,888
Insurance	- note 21.2	287,979	267,809
Travelling and conveyance		22,429	23,903
Printing and stationery		741	644
Postage and telephone		723	657
Vehicle running expenses		3,806	3,785
Entertainment		1,345	1,922
Depreciation on operating fixed assets	- note 12.1.3	666,545	651,161
Amortization of intangible asset	- note 12.4	1,259	1,508
Fee and subscription		3,974	3,805
Miscellaneous	- note 21.3	47,261	43,279
		7,989,362	5,390,640

21.1 Salaries and other benefits include Rs 19.126 million (2020: Rs 17.977 million) in respect of provident fund contribution by the company.

21.2 This includes insurance expense charged by the following related parties:

	2021	2020
	(Rupees in thousand)	
Security General Insurance Company Limited	283,962	263,495
Adamjee Insurance Company Limited	4,068	3,285
Adamjee Life Assurance Company Limited	(51)	1,029
	287,979	267,809

21.3 This includes wages of contractual employees aggregating Rs 27.630 million (2020: Rs 27.569 million).

		2021	2020
		(Rupees in thousand)	

22. ADMINISTRATIVE EXPENSES

		2021	2020
Salaries and other benefits	- note 22.1	109,612	126,123
Travelling and conveyance	- note 22.2	80,443	82,156
Entertainment		1,303	727
Rent, rates and taxes	- note 22.3	12,561	12,561
Printing and stationery		1,095	1,056
Postage and telephone		688	1,005
Vehicle running expenses		5,500	6,463
Legal and professional charges	- note 22.4	10,442	38,085
Insurance	- note 22.5	4,774	4,856
Advertisement		248	144
Fee and subscription		3,482	5,512
Depreciation on operating fixed assets	- note 12.1.3	58,332	46,833
Miscellaneous		13,743	11,120
		302,223	336,641

22.1 Salaries and other benefits include Rs 7.418 million (2020: Rs 7.784 million) in respect of provident fund contribution by the company.

22.2 Includes Rs 72.112 million (2020: Rs 72.248 million) in respect of aviation services from Pakistan Aviators and Aviation (Private) Limited, a related party.

22.3 Includes operating lease rentals of Rs 12.461 million (2020: Rs 12.461 million) in respect of property leased from Nishat (Aziz Avenue) Hotels and Properties Limited, a related party.

22.4 Legal and professional charges include the following in respect of auditors' remuneration (excluding sales tax) for:

		2021	2020
		(Rupees in thousand)	
Statutory audit fee		1,760	1,725
Half yearly review		892	875
Tax services		835	220
Certifications required by various regulations		155	155
Reimbursement of expenses		57	188
		3,699	3,163

22.5 This includes insurance expense charged by the following related parties:

		2021	2020
Adamjee Life Assurance Company Limited		(22)	435
Adamjee Insurance Company Limited		1,531	1,282
Security General Insurance Company Limited		3,265	3,139
		4,774	4,856

23. OTHER EXPENSES

		2021	2020
Receivable from subsidiary written off		-	4,373
Receivables written off	- note 23.1	162,717	-
Impairment loss on investment in subsidiary		-	1,000
		162,717	5,373

23.1 This includes unacknowledged capacity receivables of Rs 141.474 million (2020: Nil) written off during the year as referred to in note 17.2.

24. OTHER INCOME

		2021	2020
Profit on bank deposits	- note 24.1	3,950	2,226
Interest on short term investment		958	79
Exchange gain		1,679	427
Gain on disposal of operating fixed assets		35,000	1,665
Scrap sales		478	2,886
		42,065	7,283

24.1 Includes interest income of Rs 3.510 million (2020: Rs 1.380 million) in respect of bank deposits with MCB Bank Limited, a related party.

		2021	2020
		(Rupees in thousand)	

25. FINANCE COST

	2021	2020
Interest / mark-up on:		
- Long term financing - secured	788	256,615
- Short term borrowings - secured	337,590	882,791
Financing fee and bank charges	822	3,125
	339,200	1,142,531

26. TAXATION

	2021	2020
Current:		
- For the year	-	-
- Prior years	-	-
	-	-

26.1 Relationship between tax expense and accounting profit

	2021	2020
Profit before taxation	2,681,134	4,870,585
Tax at the applicable rate of 29% (2020: 29%)	777,530	1,412,471
Tax effect of amounts that are:		
Exempt as referred to in note 4.2	(776,106)	(1,411,802)
Allowable as tax credit	(1,424)	(669)
	-	-

27. EARNINGS PER SHARE

27.1 Basic earnings per share

		2021	2020
Net profit for the year	Rupees	2,681,134,000	4,870,585,000
Weighted average number of ordinary shares	Number	354,088,500	354,088,500
Earnings per share	Rupees	7.572	13.755

27.2 Diluted earnings per share

A diluted earnings per share has not been presented as the company does not have any convertible instruments in issue as at June 30, 2021 and June 30, 2020 which would have any effect on the earnings per share if the option to convert is exercised.

28. CASH GENERATED FROM OPERATIONS

		2021	2020 Restated
		(Rupees in thousand)	
Profit before taxation		2,681,134	4,870,585
Adjustment for non-cash charges and other items:			
Depreciation on operating fixed assets	- note 12.1.3	724,877	697,994
Amortization on intangible assets	- note 12.4	1,259	1,508
Profit on bank deposits		(3,950)	(2,226)
Interest on short term investment		(958)	-
Finance cost		339,200	1,142,531
Provision for employee retirement benefits		26,544	25,761
Impairment loss on investment in subsidiary		-	1,000
Receivable from subsidiary written off		-	4,373
Receivables from CPPA-G written off		(162,717)	-
Gain on disposal of operating fixed assets		(35,000)	(1,665)
Profit before working capital changes		3,570,389	6,739,861
Effect on cash flow due to working capital changes:			
Decrease/(increase) in current assets			
Stores, spares and loose tools		15,246	85,286
Inventories		(492,764)	1,621,060
Trade debts		(568,934)	(2,589,014)
Advances, deposits, prepayments and other receivables		(452,503)	111,534
		(1,498,955)	(771,134)
Increase/(decrease) in current liabilities			
Trade and other payables		322,428	345,821
		(1,176,527)	(425,313)
		2,393,862	6,314,548

29. CASH AND CASH EQUIVALENTS

		2021	2020 Restated
Cash and bank balances	- note 19	402,591	4,834
Short term borrowings - secured	- note 8	(3,642,052)	(4,750,749)
		(3,239,461)	(4,745,915)

30. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Executive Director		Non - Executive Directors		Executives	
	2021	2020	2021	2020	2021	2020	2021	2020
	(Rupees in thousand)							
Short term employee benefits								
Managerial remuneration	20,034	20,034	-	5,147	-	-	164,847	153,172
Medical allowance and reimbursement	355	155	-	-	-	-	5,031	4,129
Bonus	5,009	5,009	-	-	-	-	14,161	11,599
Overtime	-	-	-	-	-	-	3,299	2,151
Leave encashment	759	759	-	446	-	-	11,137	8,189
	26,157	25,957	-	5,593	-	-	198,475	179,240
Meeting fee	-	-	-	-	800	725	-	-
Post employment benefits								
Contribution to provident fund	1,821	1,821	-	468	-	-	14,986	13,932
	27,978	27,778	-	6,061	800	725	213,461	193,172
Number of persons	1	1	Nil*	Nil*	5	5	72	55

*Mr Mahmood Akhtar was no longer an executive director from January 1, 2020. Further, Chief Executive is also an Executive Director in the both years presented.

30.2 One non-executive director and certain executives are provided with company maintained vehicle.

31. TRANSACTIONS WITH RELATED PARTIES

The related parties include the holding company, subsidiaries and associates of the holding company, subsidiary and associate of the company, 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. Amounts due from and to related parties are shown under receivables and payables. Significant related party transactions have been disclosed in respective notes in these unconsolidated financial statements other than the following:

Relationship with the company	Nature of transactions		2021	2020
			(Rupees in thousand)	
(i) Holding company	Dividends paid		180,633	180,633
(ii) Other related parties	Purchase of services		1,823	200
	Purchase of goods		19,793	-
(iii) Key Management Personnel	Remuneration	- note 31.1	28,778	34,564
	Dividends paid		4	4

31.1 This includes remuneration of the Chief Executive and other directors that is presented in the remuneration disclosed in note 30 to these unconsolidated financial statements.

31.2 The related parties with whom the company had entered into transactions or had arrangements/ agreements in place during the year have been disclosed below along with their basis of relationship:

Name of related party	Relationship	Aggregate % of shareholding in the company
Nishat Mills Limited	Holding company	51.01%
Security General Insurance Company Limited	Common directorship	N/A
D.G. Khan Cement Company Limited	Common directorship	N/A
Pakistan Aviators and Aviation (Private) Limited	Common directorship	N/A
Nishat (Aziz Avenue) Hotels and Properties Limited	Common directorship	N/A
Nishat Hotels and Properties Limited	Common directorship	N/A
Hyundai Nishat Motor (Private) Limited	Common directorship	N/A
Adamjee Insurance Company Limited	Associate of holding company	0.26%
MCB Bank Limited	Associate of holding company	N/A
Adamjee Life Assurance Company Limited	Associate of holding company	0.01%
Lalpir Solar Power (Private) Limited	Subsidiary	N/A
Nishat Energy Limited	Associate	N/A
Mr. Hassan Mansha	Director	0.0000%
Mr. Norez Abdullah	Director	0.0001%
Mr. Ahmad Aqeel	Director	0.0001%
Mr. Yousaf Bashir	Director	0.0003%
Mr. Shahzad Ahmad Malik	Director	0.0000%
Mr. Ghazanfar Hussain Mirza	Chief Executive	0.0003%
Mr. Mahmood Akhtar	Director	0.0003%

32. CAPACITY AND PRODUCTION

	2021 MWH	2020 MWH
Installed capacity [based on 8,760 hours (2020: 8,784 hours)]	1,710,872	1,715,559
Actual energy delivered	523,403	277,541

Output produced by the plant is dependent on the load demanded by CPPA-G and plant availability.

		2021	2020
33.	NUMBER OF EMPLOYEES		
	Total number of employees as at June 30	205	209
	Average number of employees during the year	207	214

34. DISCLOSURE RELATING TO PROVIDENT FUND

The investments by the provident fund in collective investment schemes, listed equity and debt securities have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

35. FINANCIAL RISK MANAGEMENT

35.1 Financial risk factors

The company is exposed 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 program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the company's finance department under policies approved by the Board of Directors ('BOD'). The company's finance department evaluates and hedges financial risks based on principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity, provided by the BOD. All treasury related transactions are carried out within the parameters of these policies.

The company's overall risk management procedures to minimise the potential adverse effects of financial market on the company's performance are as follows:

(a) Market risk

(i) Currency risk

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

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD) and British Pound (GBP). Currently, the company's foreign exchange risk exposure is restricted to bank balances, amounts payable to foreign entities. However, the impact is not material, hence, it is not being detailed in these unconsolidated financial statements.

The following significant exchange rates have been applied:

	Average rate		Year-end spot rate	
	2021	2020	2021	2020
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
USD 1	159.808	158.788	157.80	168.25
GBP 1	216.276	199.580	218.58	207.05

(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 instruments traded in the market. The company is not exposed to equity price risk since there are no investments in equity instruments traded in the market at the reporting date. The company is also not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

(iii) Interest rate risk

Interest rate risk 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 has no significant long-term interest-bearing assets. The company's interest rate risk arises from borrowings. Borrowings obtained at variable rates expose the company to cash flow interest rate risk.

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

		2021	2020
		(Rupees in thousand)	
Fixed rate instruments			
Financial assets			
Bank balances - saving accounts	- note 19	1,699	3,912
Financial liabilities			
Long term financing - secured		(110,708)	(73,823)
Net exposure		(109,009)	(69,911)
Floating rate instruments			
Financial assets			
Trade debts - overdue		11,802,542	11,020,051
Financial liabilities			
Short term borrowings - secured		(3,642,052)	(4,750,749)
Net exposure		8,160,490	6,269,302

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 statement of financial position date would not affect profit or loss of the company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates on variable rate financial instruments, at the year end date, fluctuates by 1% higher / lower with all other variables held constant, post tax profit for the year would have been Rs 81.605 million (2020: Rs 62.693 million) higher/lower, mainly as a result of higher/ lower net interest income on floating rate instruments.

(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. Credit risk mainly arises from deposits with banks, trade and other receivables.

The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of these credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2021	2020
	(Rupees in thousand)	
Long term loans and advances	1,461	3,000
Trade debts	18,964,182	18,232,531
Short term investment	-	17,677
Deposits and other receivables	739,196	552,930
Bank balances	402,337	4,613
	20,107,176	18,810,751
As of June 30, age analysis of trade debts was as follows:		
Neither past due nor impaired	4,286,511	3,247,110
Past due but not impaired:		
- 1 to 30 days	510,680	459,440
- 31 to 90 days	1,942,602	1,222,209
- 91 to 180 days	1,531,016	2,130,789
- 181 to 365 days	6,922,791	8,359,780
- above 365 days	3,770,582	2,813,203
	14,677,671	14,985,421
	18,964,182	18,232,531

(ii) Credit quality of financial assets

The credit quality of major 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		Rating	2021	2020
	Short term	Long term	Agency	(Rupees in thousand)	
CPPA-G	Not available			4,286,511	3,247,110
Treasury Bills - Government of Pakistan	Not available			-	17,598
Al-Baraka Bank (Pakistan) Limited	A-1	A	JCR-VIS	-	1
Allied Bank Limited	A-1+	AAA	PACRA	15	14
Askari Bank Limited	A-1+	AA+	PACRA	15	14
Bank Alfalah Limited	A-1+	AA+	PACRA	6	6
Bank Islami Pakistan Limited	A-1	A+	PACRA	1	2
Burj Bank Limited	A-1	A+	JCR-VIS	1	2
Dubai Islamic Bank Pakistan Limited	A-1	AA	JCR-VIS	-	-
Faysal Bank Limited	A-1+	AA	PACRA	-	28
First Women Bank Limited	A-2	A-	PACRA	-	-
Habib Bank Limited	A-1+	AAA	JCR-VIS	538	586
MCB Bank Limited	A-1+	AAA	PACRA	401,642	3,594
MCB Islamic Bank Limited	A-1+	AAA	PACRA	17	156
National Bank of Pakistan	A-1+	AAA	PACRA	5	15
Meezan Bank Limited	A-1+	AAA	JCR-VIS	5	-
The Bank of Punjab	A-1+	AA	PACRA	12	13
The Bank of Khyber	A-1	A	PACRA	-	-
United Bank Limited	A-1+	AAA	JCR-VIS	80	182
				4,688,848	3,269,321

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

(c) Liquidity risk

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

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the Company's businesses, the Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

Management monitors the forecasts of the company's cash and cash equivalents (note 29) on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the company. The company's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring reporting date liquidity ratios against internal and external regulatory requirements, and maintaining debt financing plans.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

	Less than one year	One to five years	More than five years	Total contractual cashflows	Carrying amount
	(Rupees in thousand)				
At June 30, 2021					
Long term financing	73,805	36,903	-	110,708	110,708
Short term borrowings	3,642,052	-	-	3,642,052	3,642,052
Unclaimed dividend	17,880	-	-	17,880	17,880
Trade and other payables	212,752	-	-	212,752	212,752
Accrued mark-up	72,403	-	-	72,403	72,403
	4,018,892	36,903	-	4,055,795	4,055,795

	Less than one year	One to five years	More than five years	Total contractual cashflows	Carrying amount
	(Rupees in thousand)				
At June 30, 2020					
Long term financing	18,456	55,367	-	73,823	73,823
Short term borrowings	4,750,749	-	-	4,750,749	4,750,749
Unclaimed dividend	20,671	-	-	20,671	20,671
Trade and other payables	78,003	-	-	78,003	78,003
Accrued mark-up	169,091	-	-	169,091	169,091
	5,036,970	55,367	-	5,092,337	5,092,337

35.2 Fair value estimation

The carrying values of all financial assets and liabilities reflected in the unconsolidated financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

35.3 Financial instruments by categories

	Financial assets at amortised cost	
	2021	2020
	(Rupees in thousand)	
Assets as per statement of financial position		
Long term loans and advances	4,401	6,606
Trade debts	18,964,182	18,232,531
Short term investment	-	17,677
Deposits and other receivables	739,196	552,930
Cash and bank balances	402,591	4,834
	20,110,370	18,814,578

	Financial liabilities at amortised cost	
	2021	2020
	(Rupees in thousand)	
Liabilities as per statement of financial position		
Long term financing	110,708	73,823
Short term borrowings	3,642,052	4,750,749
Trade and other payables	212,752	78,003
Unclaimed dividend	17,880	20,671
Accrued mark-up	72,403	169,091
	4,055,795	5,092,337

35.4 Financial assets and financial liabilities subject to offsetting

There are no significant financial assets and financial liabilities that are subject to offsetting, enforceable master netting arrangements and similar agreements.

35.5 Capital 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.

The company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders or issue new shares.

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 net debt divided by total equity (as shown in statement of financial position). Net debt is calculated as non-current borrowings these financial statements less cash and cash equivalents.

The gearing ratio is as follows:

		2021	2020
		(Rupees in thousand)	
Non-current borrowings - note 7		110,708	73,823
Less: Cash and cash equivalents - note 29		(3,239,461)	(4,745,915)
Net debt		3,350,169	4,819,738
Total equity		26,010,264	23,683,219
Gearing ratio	Percentage	13%	20%

In accordance with the terms of agreement with the lenders of long term finances (as discussed in note 7 to these unconsolidated financial statements), the company is required to comply with certain financial covenants in respect of capital requirements which the company has complied with throughout the reporting period.

36. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on 16 September 2021 by the Board of Directors of the company.

37. EVENT AFTER THE REPORTING DATE

The Board of Directors have proposed a final cash dividend for the year ended June 30, 2021 of Rs 1.5 per share, amounting to Rs 531.133 million at their meeting held on September 16, 2021 for approval of the members at the Annual General Meeting to be held on October 27, 2021. These unconsolidated financial statements do not include the effect of the above dividend which will be accounted for in the period in which it is approved.

38. CORRESPONDING FIGURES

Corresponding figures have been reclassified wherever necessary to reflect better presentation of events and transactions for the purpose of comparison, however, no significant reclassifications have been made.

CHIEF EXECUTIVE	CHIEF FINANCIAL OFFICER	DIRECTOR

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

DIRECTORS' REPORT ON CONSOLIDATED ACCOUNTS

The Board of Directors of Nishat Power Limited (The Company) is pleased to present Consolidated Annual Report with the Consolidated Audited Financial Statements of the Company together with Auditors' Report thereon for the financial year ended June 30, 2021.

PRINCIPAL ACTIVITY OF SUBSIDIARY COMPANY AND BRIEF OVER ITS OPERATIONS

In the financial year 2016, the Company incorporated a wholly owned subsidiary, Lalpir Solar Power (Private) Limited ('LSPPL'), since then the Company has taken up 100,000 shares of the LSPPL. The principal activity of LSPPL is to build, own, operate and maintain or invest in a solar power project having gross capacity upto 20 MWp with net estimated generation capacity of upto approx. 19 MWp. The project site is located at Mehmood Kot, District Muzaffar Garh, Multan. The Company achieved various milestones like approval of Feasibility Study, No Objection Certificate ('NOC') from Environment Protection Agency (EPA) and approval of Grid Interconnection study from Multan Electric Power Company (MEPCO). However, the upfront solar tariff announced by National Electric Power Regulatory Authority (NEPRA) had expired on June 30, 2016. Meanwhile LSPPL had also obtained the approval from NTDCL for Grid Interconnection Study, and generation license from NEPRA in year 2018.

The management of LSPPL continuously tried its best to get Power Acquisition Request and Consent to Procure Power from Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) so that development of the project can be moved forward. However, CPPA-G informed LSPPL that Ministry of Energy has conveyed the Cabinet Committee on Energy (CCOE) decision to CPPA-G that 145 projects had been approved by the Cabinet for necessary action. The CPPA-G stated that power project of LSPPL is not included in the list of 145 projects. Therefore, CPPA-G is of the view that request of LSPPL for Power Acquisition Consent cannot be entertained.

Subsequently, Alternate Energy Development Board (AEDB) informed that Solar PV Power Project of LSPPL is placed under category III of the amended decision of the Cabinet Committee on Energy (CCoE). All category III projects are allowed by the CCoE to proceed ahead, subject to becoming successful in the competitive bidding process to be undertaken by AEDB, based on the quantum ascertained for each technology by Indicative Generation Capacity Expansion Plan (IGCEP) by NTDCL. However, no such competitive bidding process undertaken, even the IGCEP not finalized till to-date. The response of CPPA-G and AEDB have made the Solar PV Power Project of LSPPL more complicated.

Accordingly, there does not seem to be any commercial justification to retain this company and incur costs thereon. Therefore, the Board of Directors of the Company has decided to voluntary winding up the Subsidiary LSPPL, subject to the approval of shareholders through special resolution. The Subsidiary will be wound up voluntary in accordance with the requirement of the Companies Act, 2017. Therefore, financial accounts of LSPPL for year 2021 have been prepared on non-going concern basis.

AUDITORS:

The present auditors of LSPPL M/s Riaz Ahmad & Co. Chartered Accountants retire and being eligible, offer themselves for re-appointment for the year 2021-22.

ACKNOWLEDGEMENT:

The Board of Directors appreciates all its stakeholders for their trust and continued support to the Company.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

Lahore: September 16, 2021

مجلس نظماء کی رپورٹ consolidated مالیاتی گوشوارے

نشاط پاور لمیٹڈ (کمپنی) کی مجلس نظماء 30 جون 2021 کو ختم ہونے والے مالی سال کے لئے کمپنی کے نظرثانی کئے ہوئے consolidated مالیاتی گوشوارے کی سالانہ رپورٹ معہ اس پر آڈیٹر کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتی ہے۔

لال پیر سولر پاور (پرائیویٹ) لمیٹڈ

مالی سال 2016 سے کمپنی ایک مکمل ملکیتی ذیلی کمپنی، لال پیر سولر پاور (پرائیویٹ) لمیٹڈ ('LSPPL') رکھتی ہے، اور اس کے 100,000 حصص کی مالک ہے۔ LSPPL کی بنیادی سرگرمی ایک اندازے کے مطابق 19 MWp بجلی پیدا کرنے کی صلاحیت کے ساتھ 20 MWp تک کی مجموعی صلاحیت کے حامل شمسی توانائی کے منصوبے میں سرمایہ کاری یا ذاتی تعمیر، چلانا اور برقرار رکھنا ہوگی۔ منصوبے کی سائٹ محمود کوٹ، ضلع مظفر گڑھ، ملتان میں واقع ہے۔ کمپنی نے ممکنہ مطالعہ کی منظوری، ماحولیاتی تحفظ ایجنسی (EPA) سے کوئی اعتراض نہیں کا سرٹیفکیٹ (''این او سی'') اور ملتان الیکٹرک پاور کمپنی (میپکو) سے گرڈ انٹرکنکشن مطالعہ کی منظوری کی طرح کے مختلف سنگ میلوں کو حاصل کیا۔ دریں اثناء، نیشنل الیکٹرک پاور ریگولیٹری اتھارٹی (NEPRA) کی طرف سے اعلان کردہ اپ فرنٹ شمسی ٹیرف 30 جون 2016 کو ختم ہو چکا ہے۔ اسی اثناء میں LSPPL نے NTDCL سے گرڈ انٹرکنکشن مطالعہ کی منظوری اور سال 2018 میں نیپرا سے جنریشن لائسنس حاصل کیا۔

LSPPL کی انتظامیہ نے سنٹرل پاور پرچیزنگ ایجنسی (گارنٹی) لمیٹڈ (CPPA-G) سے پاور ایکوزیشن درخواست اور بجلی خریدنے کی رضامندی حاصل کرنے کے لئے مسلسل اپنی بہترین کوششیں کی ہیں تاکہ منصوبہ ڈویلپمنٹ کو آگے بڑھایا جا سکے۔ تاہم، CPPA-G نے LSPPL کو مطلع کیا کہ وزارت توانائی نے CPPA-G کو توانائی کی کابینہ کمیٹی (CCoE) کا فیصلہ پہنچایا ہے کہ ضروری ایکشن کے لئے کابینہ کی طرف سے 145 منصوبے منظور کئے گئے تھے۔ CPPC-G نے مطلع کیا کہ LSPPL کا پاور منصوبہ 145 منصوبوں کی فہرست میں شامل نہیں ہے۔ لہٰذا، CPPA-G کا نظریہ ہے کہ پاور ایکوزیشن رضامندی کے لئے LSPPL کی درخواست قبول نہیں کی جا سکتی ہے۔

اس کے بعد، متبادل توانائی ترقیاتی بورڈ (اے ای ڈی بی) نے بتایا کہ LSPPL کا سولر پی وی پاور پروجیکٹ کابینہ کمیٹی برائے توانائی (CCoE) کے ترمیم شدہ فیصلے کیٹگری III کے تحت رکھا گیا ہے۔ NTDCL کی طرف سے انڈیکیٹو جنریشن کیپسٹی توسیعی پلان (IGCEP) کی طرف سے ہر ٹیکنالوجی کے لیے طے شدہ کوٹہ کی بنیاد پر، AEDB کی طرف سے لینے کے لئے مسابقتی بولی کے عمل میں کامیاب ہونے کے حوالے سے، CCoE کی طرف سے تمام کیٹگری III کے پروجیکٹس کو آگے بڑھانے کی اجازت ہے۔ تاہم، ایسی کوئی مسابقتی بولی لگانے کا عمل شروع نہیں کیا گیا، یہاں تک کہ IGCEP نے آج تک حتمی شکل نہیں دی۔ CPPA-G اور AEDB کے ردعمل نے LSPPL کے سولر PV پاور پروجیکٹ کو مزید پیچیدہ بنا دیا ہے۔

اس کے مطابق، اس کمپنی کو برقرار رکھنے اور اس پر اخراجات اٹھانے کا کوئی تجارتی جواز نہیں لگتا ہے۔ لہٰذا، کمپنی کے بورڈ آف ڈائریکٹرز نے خصوصی قرارداد کے ذریعے حصص یافتگان کی منظوری سے مشروط LSPPL کو رضاکارانہ طور پر ختم کرنے کا فیصلہ کیا ہے۔ ذیلی ادارہ کمپنیز ایکٹ، 2017 کی ضرورت کے مطابق رضاکارانہ طور پر ختم ہو جائے گا۔ اس لیے سال 2021 کے لیے LSPPL کے مالیاتی حسابات غیر گوئنگ کنسرن بنیاد پر تیار کئے گئے ہیں۔

محاسب:

موجودہ محاسب میسرز Riaz Ahmad & Co، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں اور انہوں نے اہل ہونے کی بناء پر سال 22-2021 کے لئے دوبارہ تعیناتی کے لئے خود کو پیش کیا ہے۔ بورڈ کی آڈٹ کمیٹی نے ریٹائر ہونے والے محاسب کی دوبارہ تقرری کی سفارش کی ہے۔

اظہار تشکر:

بورڈ آف ڈائریکٹرز کمپنی کے تمام اسٹیک ہولڈرز کے اعتماد اور مسلسل حمایت کا شکریہ ادا کرتا ہے۔

چیف ایگزیکٹو	ڈائریکٹر

لاہور: 16 ستمبر 2021ء

INDEPENDENT AUDITOR'S REPORT

To the members of Nishat Power Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Nishat Power Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at June 30, 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matter

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

Following is the Key Audit Matter:

S. No.	Key audit matter	How the matter was addressed in our audit
1	**Master Agreement and PPA Amendment Agreement** *[Refer notes 1.1 and 17.2 to the consolidated financial statements]* On February 12, 2021, the Group signed the Amendment to the Power Purchase Agreement (PPA) and Master Agreement (the Agreements) with the Central Power Purchasing Agency (Guarantee) Limited (CPPA-G/Power Purchaser) whereby settlements relating to capacity revenue dispute and its receivable have been made. The settlement resulted in an impairment of Rs 141.474 million. Further, pursuant to the PPA Amendment Agreement, the existing term of Power Purchase Agreement (PPA) of twenty-five years has been extended by 68 days. The Group in consideration also agreed to forgo certain amounts under the Final Award. Further, subject to the terms of the PPA Amendment Agreement, the Group agreed to forgo its right to late payment interest on late payment interest invoices. Signing of the above-mentioned Agreements is a significant event during the year and the evaluation of its impact involves significant management judgement, therefore, we considered this as a key audit matter.	Our audit procedures, amongst others, included the following: i) assessed whether the revenue and related trade debts / receivables have been recognised in accordance with the applicable accounting policies of the Group; ii) obtained and assessed details of the Agreements and discussed the same with the Group's management; iii) inspected the minutes of the meetings of Board of Directors and Audit Committees during the year ended June 30, 2021; iv) checked that the invoices raised by the Group during the year are in accordance with the requirements of PPA and the aforesaid Agreements; v) circularized confirmation of trade debts receivables to CPPA-G; vi) assessed the adequacy of impairment in relation to the disputed capacity receivables; and vii) assessed adequacy of the accounting treatment and related disclosures made in the consolidated financial statements, with regards to applicable accounting and reporting standards.

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Amer Raza Mir.

Afferguson & Co.

A.F.Ferguson & Co.
Chartered Accountants

Lahore:
Date: September 16, 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	June 30, 2021	June 30, 2020 (Restated)	July 1, 2019 (Restated)
			(Rupees in thousand)	
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorised share capital 500,000,000 (June 30, 2020: 500,000,000) (July 1, 2019: 500,000,000) ordinary shares of Rs 10 each		5,000,000	5,000,000	5,000,000
Issued, subscribed and paid up share capital 354,088,500 (June 30, 2020: 354,088,500) (July 1, 2019 : 354,088,500) ordinary shares of Rs 10 each	5	3,540,885	3,540,885	3,540,885
Capital reserve	6	3,153,633	3,153,633	3,153,633
Revenue reserve: Un-appropriated profits		19,314,803	16,988,573	12,471,554
		26,009,321	23,683,091	19,166,072
NON-CURRENT LIABILITY				
Long term financing - secured	7	36,903	55,367	654,638
CURRENT LIABILITIES				
Current portion of long term financing - secured	7	73,805	18,456	2,385,532
Short term borrowings - secured	8	3,642,052	4,750,749	6,420,312
Trade and other payables	9	933,704	610,473	264,584
Unclaimed dividend		17,880	20,671	21,666
Accrued mark-up	10	72,403	169,091	233,908
		4,739,844	5,569,440	9,326,002
CONTINGENCIES AND COMMITMENTS	11			
		30,786,068	29,307,898	29,146,712

The annexed notes 1 to 38 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

	Note	June 30, 2021	June 30, 2020 (Restated)	July 1, 2019 (Restated)
			(Rupees in thousand)	
ASSETS				
NON-CURRENT ASSETS				
Fixed assets	12	8,826,575	9,392,029	10,010,358
Investment accounted for under equity method	13	-	-	-
Long term loans and advances	14	1,461	3,000	6
		8,828,036	9,395,029	10,010,364
CURRENT ASSETS				
Stores, spares and loose tools	15	656,989	672,235	757,521
Inventories	16	649,107	156,343	1,777,403
Trade debts	17	18,964,182	18,232,531	15,643,517
Advances, deposits, prepayments and other receivables	18	1,242,287	790,543	902,971
Income tax receivable		42,876	38,694	34,139
Short term investment		-	17,677	-
Cash and bank balances	19	402,591	4,846	20,797
		21,958,032	19,912,869	19,136,348
		30,786,068	29,307,898	29,146,712

DIRECTOR

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020 (Restated)
		(Rupees in thousand)	
Revenue	20	11,432,571	11,738,487
Cost of sales	21	(7,989,362)	(5,390,640)
Gross profit		3,443,209	6,347,847
Administrative expenses	22	(302,310)	(336,719)
Other expenses	23	(162,717)	(4,774)
Other income	24	42,066	7,285
Finance cost	25	(339,200)	(1,142,531)
Profit before taxation		2,681,048	4,871,108
Taxation	26	(729)	-
Profit for the year		2,680,319	4,871,108
Profit attributable to owners of the parent		2,680,319	4,871,108
Earnings per share - basic and diluted (in Rupees)	27	7.570	13.757

The annexed notes 1 to 38 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE CHIEF FINANCIAL OFFICER DIRECTOR

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020 (Restated)
	(Rupees in thousand)	
Profit for the year	2,680,319	4,871,108
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss	-	-
Items that will not be reclassified subsequently to profit or loss	-	-
	-	-
Total comprehensive income for the year	2,680,319	4,871,108
Attributable to owners of the parent	2,680,319	4,871,108

The annexed notes 1 to 38 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	28	2,393,848	6,314,537
Finance cost paid		(435,888)	(1,207,348)
Income tax paid		(4,182)	(4,555)
Long term loans and advances - net		1,539	(2,994)
Retirement benefits paid		(26,544)	(25,761)
Net cash inflow from operating activities		1,928,773	5,073,879
Cash flows from investing activities			
Purchase of fixed assets		(163,170)	(87,309)
Purchase of short term investments		(18,344)	(17,677)
Proceeds from sale of short term investments		36,979	-
Proceeds from disposal of operating fixed assets		37,488	3,027
Profit on bank deposits received		1,523	5,489
Net cash outflow from investing activities		(105,524)	(96,470)
Cash flows from financing activities			
Proceeds from long term finances	7	76,937	73,823
Repayment of long term finances	7	(40,052)	(3,040,170)
Dividend paid		(353,692)	(357,450)
Net cash outflow from financing activities		(316,807)	(3,323,797)
Net increase in cash and cash equivalents		1,506,442	1,653,612
Cash and cash equivalents at the beginning of the year		(4,745,903)	(6,399,515)
Cash and cash equivalents at the end of the year	29	(3,239,461)	(4,745,903)

Refer note 7 for reconciliation of liabilities arising from financing activities.

The annexed notes 1 to 38 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE | CHIEF FINANCIAL OFFICER | DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

	Share capital	Capital reserve: Maintenance reserve	Revenue reserve: Un-appropriated profit	Total
	(Rupees in thousand)			
Balance as on July 01, 2019 as previously reported	3,540,885	3,153,633	12,413,550	19,108,068
Effect of change in accounting policy - note 4.1	-	-	58,004	58,004
Balance as on July 01, 2019 - restated	3,540,885	3,153,633	12,471,554	19,166,072
Profit for the year - restated	-	-	4,871,108	4,871,108
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	4,871,108	4,871,108
Dividend to equity holders of the parent:				
Interim dividend for the half year ended December 31, 2019 @ Rupee 1 per share	-	-	(354,089)	(354,089)
Total contributions by and distributions to owners of the parent recognised directly in equity	-	-	(354,089)	(354,089)
Balance as on June 30, 2020 - restated	3,540,885	3,153,633	16,988,573	23,683,091
Profit for the year	-	-	2,680,319	2,680,319
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	2,680,319	2,680,319
Dividend to equity holders of the parent:				
Final dividend for the year ended June 30, 2020 @ Rupee 1 per share	-	-	(354,089)	(354,089)
Total contributions by and distributions to owners of the parent recognised directly in equity	-	-	(354,089)	(354,089)
Balance as on June 30, 2021	3,540,885	3,153,633	19,314,803	26,009,321

The annexed notes 1 to 38 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1. THE GROUP AND ITS ACTIVITIES

The group comprises of Nishat Power Limited (the 'parent company') and Lalpir Solar Power (Private) Limited (the 'subsidiary').

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

The principal activity of the parent 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 parent company is 53-A, Lawrence Road, Lahore. The address of the head office of the parent company is 1-B, Aziz Avenue, Canal Road, Gulberg V, Lahore. The parent company had 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. During the year on February 12, 2021, the parent company entered into a Novation Agreement to the PPA with NTDC and Central Power Purchasing Agency (Guarantee) Limited ('CPPA-G' and also referred to as the 'Power Purchaser'), whereby, NTDC irrevocably transferred all of its rights, obligations and liabilities under the PPA to CPPA-G and thereafter, NTDC ceased to be a party to the PPA, and CPPA-G became a party to the PPA in place of NTDC. Further, on the same day, the parent company entered into the PPA Amendment Agreement, as referred to in note 1.1 below, whereby the current Agreement Year that was ending on June 8, 2021 was extended by sixty eight (68) days to August 15, 2021. Therefore, the existing term of the PPA Agreement has been extended by sixty eight days to twenty five years and sixty eight days ending on August 15, 2035.

The subsidiary was incorporated in Pakistan on November 19, 2015 as a private company limited by shares. It is a wholly owned subsidiary of Nishat Power Limited. The registered office of the subsidiary is situated at 53-A, Lawrence Road, Lahore. The principal activity of the subsidiary was to build, own, operate and maintain or invest in a solar power project having gross capacity upto 20 MW.

The management continuously tried its best to get Power Acquisition Request and Consent to Procure Power from Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) so that development of the solar power project can be moved forward. However, CPPA-G informed that Ministry of Energy has conveyed the Cabinet Committee on Energy (CCoE) decision to CPPA-G and further sent a list of 145 projects as approved by the Cabinet for necessary action. The CPPA-G stated that this solar power project is not included in the list of 145 projects, therefore, CPPA-G is of the view that the request cannot be entertained. Furthermore, during the prior year, Alternate Energy Development Board (AEDB) informed that the Solar PV Power Project is placed under category III of the decision of the CCoE to proceed ahead subject to becoming successful in the competitive bidding process to be undertaken by AEDB, based on the quantum ascertained for each technology by Indicative Generation Capacity Expansion Plan (IGCEP) by NTDC.

The management understands that to-date, no such competitive bidding process has been undertaken. The response of CPPA-G and AEDB have made this project more complicated.

During the year, on request of the group, the Letter of Intent had been cancelled by AEDB. Subsequent to year end, on request of the Company, NEPRA has cancelled the Generation License of the Company. Hence, voluntary winding up of the subsidiary under the Companies Act, 2017 is being considered. In the view of the aforesaid reasons, the subsidiary is not considered a going concern.

The parent company has an associate, Nishat Energy Limited ('NEL). The parent company directly holds 25% ordinary shares in NEL, which is an unquoted public company limited by shares incorporated in Pakistan to build, own, operate and maintain a coal fired power station. The address of the registered office of NEL is 1-B, Aziz Avenue, Canal Bank, Gulberg V, Lahore.

1.1 Significant events during the period

Master Agreement and Power Purchase Amendment Agreement

The group in the larger national interest and sustainability of the power sector, voluntarily agreed to alter its existing contractual arrangements with the CPPA-G for the sale and purchase of electricity. In this respect, the group entered into a "Master Agreement" and a "PPA Amendment Agreement" (hereinafter referred to as the 'Agreements') on February 12, 2021. Under these Agreements, the group and CPPA-G have primarily agreed on the following matters that are subject to fulfilment of certain terms and conditions mentioned in the Agreements:

- Mechanism of settlement of long outstanding acknowledged receivables as at November 30, 2020 aggregating to Rs 14,252.802 million, in two installments;

- Discounts in tariff components i.e. Return on Equity (ROE) including Return on Equity During Construction (RoEDC) shall be changed to 17% per annum in Pak Rupee (PKR) calculated at PKR/USD exchange rate of PKR 148/USD, with no future USD indexation. However, the existing ROE and RoEDC, together with applicable indexation, shall continue to be applied until the date when the applicable exchange rate under the present tariff reaches PKR 168/USD, whereupon the revised RoE and RoEDC shall become applicable for reminder of the term of the PPA. The revised tariff will be effective subject to notification by Government of Pakistan ('GoP') and payment of first installment by CPPA-G;

- Any future savings in fuel, subject to certain conditions stipulated in the Master Agreement, shall be shared between CPPA-G and the group on a sliding scale ratio ranging from 70:30 to 40:60 for any efficiency above NEPRA determined benchmark. Furthermore, any future savings in Operations & Maintenance ('O&M') shall be shared 50:50, subject to certain conditions stipulated in the Master Agreement;

- 'Delayed payment rate' as referred in note 17.1 of these consolidated financial statements has been amended to (a) for the first sixty (60) days, KIBOR plus two percent per annum, compounded semi-annually; (b) for any period thereafter sixty (60) days, KIBOR plus four-point five percent per annum, each compounded semi-annually. However, this shall come into effect after NEPRA approves the adjustment in tariff and its terms strictly per the scope of Tariff Adjustment Application and CPPA-G has paid the two installments as mentioned above in respect of long outstanding acknowledged receivables;

- Conversion of the PPA to 'Take and Pay Basis' when competitive trading arrangement is implemented and becomes fully operational, as per terms stipulated in the Generation License;

- On August 07, 2017, the group instituted arbitration proceedings against NTDC/ Government of Pakistan by filing a Request for Arbitration ('RFA') with the London Court of International Arbitration ('LCIA') (the 'Arbitration Proceedings') for disallowing an amount of Rs 1,084.748 million relating to delayed payment charges on outstanding delayed payment invoices. In July 2020, a Final Award was given in favour of the group, whereby, the Arbitrator accepted group's request and directed NTDC/CPPA-G to pay to the group (i) interest at the Delayed Payment Rate (DPR) on Delayed Payment (DP) invoices, which is estimated at Rs 1,620.95 million up to June 30, 2021 and may vary as per legal advice (ii) DP invoices submitted pursuant to section 9.6 of the PPA consistent with the first-in-first-out principle (iii) pay legal costs in the sum of Rs 12,771,207 (iv) hearing expenses in the sum of GBP 17,393 (equivalent to Rs 3.802 million) and (v) Arbitration cost in the sum of GBP 44,136 (equivalent to Rs 9.647 million).

During the year on January 5, 2021, CPPA-G filed a suit in Civil Court, Lahore, to set aside the Final Award issued by LCIA. Meanwhile, the group also filed the Final Award for enforcement and implementation in Lahore High Court on January 13, 2021. Both the civil suit by CPPA-G and the enforcement application by the group are pending adjudication.

However, under the Master Agreement, the CPPA-G has agreed to ensure that all present and future invoices shall follow the PPA's mandated FIFO payment principle. As long as this principle is followed by the CPPA-G in relation to past and future payments, the group in consideration thereof has agreed to forgo and waive all of its claims of delayed payment charges on delayed payment invoices and it shall withdraw all such invoices. However, this will have no impact on the existing revenue and receivables of the group, as the group has not recognized the income and corresponding receivable for the said amounts on prudence basis.

- Amicable resolution of the capacity revenue dispute involving Rs 816.033 million for the period ('disputed period') in which the plant was not fully available for power generation due to non-availability of fuel owing to non-payment by CPPA-G. Pursuant to the PPA Amendment Agreement, the disputed period has been treated as an Other Force Majeure Event ('OFME') under the PPA. The OFME period has commenced on June 9, 2021 and will end on August 15, 2021, consequently, the term of PPA has been extended by 68 days, till August 15, 2035. The accounting implications of the same have been detailed under note 17.2 and note 3.3 to these consolidated financial statements.

Further, the management has also assessed the accounting implications of the above mentioned developments in relation to the impairment of cash generating unit ('CGU') comprising of tangible and intangible assets under IAS 36, 'Impairment of assets'. However, according to management's assessment, there is no impact on these consolidated financial statements.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

i) International Financial Reporting Standards ('IFRS') 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.

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

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

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

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

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 1, 2020 but are considered not to be relevant or to have any significant effect on the group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these consolidated financial statements.

2.2.2 Exemption from applicability of certain standards

(a) Securities and Exchange Commission of Pakistan ('SECP') through SRO 986(I)/2019 dated September 2, 2019 granted exemption from the requirements of IFRS 16 'Leases' to all companies to the extent of their power purchase agreements executed before January 1, 2019. Therefore, the standard will not have any impact on the group's consolidated financial statements to the extent of its PPA. For the remaining leases, the group has assessed that the application of this standard does not have any material impact on these consolidated financial statements.

Under IFRS 16, the consideration required to be made by the lessee for the right to use the asset is to be accounted for as a finance lease. The group's power plant's control due to purchase of total output by CPPA-G appears to fall under the scope of finance lease under IFRS 16. Consequently, if the group were to follow IFRS 16 with respect to its PPA, the effect on the consolidated financial statements would be as follows:

	2021	2020
	(Rupees in thousand)	
De-recognition of property, plant and equipment	(8,467,959)	(9,125,477)
De-recognition of trade debts	(7,134,685)	(6,065,265)
Recognition of lease debtor	10,748,829	9,738,063
Decrease in un-appropriated profits at the beginning of the year	(5,452,679)	(3,589,601)
Increase/(decrease) in profit for the year	598,864	(1,863,078)
Decrease in un-appropriated profits at the end of the year	(4,853,815)	(5,452,679)

(b) In respect of companies holding financial assets due from the Government of Pakistan ('GoP'), SECP through SRO 1177(I)/2021 dated September 13, 2021, partially modified its previous SRO 985(I)/2019 dated September 02, 2019 and notified that the requirements contained in IFRS 9 with respect to application of Expected Credit Losses (ECL) method shall not be applicable till June 30, 2022 and that such companies shall follow relevant requirements of International Accounting Standard ('IAS') 39 in respect of above referred financial assets during the exemption period. Accordingly, the group has not followed the requirements of IFRS 9 with respect to application of Expected Credit Losses in respect of trade debts and other receivables due from CPPA-G.

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

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the group's accounting periods beginning on or after July 1, 2021, but are considered not to be relevant or to have any significant effect on the group's operations and are, therefore, not detailed in these consolidated financial statements, except for the following:

a) Classification of liabilities - Amendment to IAS 1: (effective for annual period beginning on July 1, 2021)

The IASB issued a narrow-scope amendment to IAS 1, 'Presentation of Financial Statements', to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

In particular, the amendments clarify:

- liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendment no longer refers to unconditional rights;

- the assessment determines whether a right exists, but it does not consider whether the entity will exercise the right. So, management's expectations do not affect the classification;

- the right to defer only exists if the entity complies with any relevant conditions at the reporting date. A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date; and

- Settlement is defined as the extinguishment of a liability with cash, other economic resources or an entity's own equity instruments.

The group has assessed that the impact of this amendment is not expected to have any impact on these consolidated financial statements.

b) Amendments to IFRS 7, IFRS 4 and IFRS 16 for interest rate benchmark (IBOR) reform (effective for annual period beginning on July 1, 2021) - Phase 2

The IASB has issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 that address issues arising during the reform of benchmark interest rates including the replacement of one benchmark rate with an alternative one. The IASB tackled the changes in the following two phases:

- Phase 1 amended specific hedge accounting requirements where uncertainty could arise in the run-up to transition; and

- Phase 2 addressed potential financial reporting issues that may arise when IBORs are either reformed or replaced.

These amendments include the following:

- Accounting for changes in the basis for determining contractual cash flows of a financial asset or financial liability as a result of IBOR reform;
- Hedge accounting requirements; and
- Disclosures.

The group is yet to assess the impact of these amendments on these consolidated financial statements.

c) Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies (effective for annual period beginning on July 1, 2023)

The IASB has issued narrow-scope amendments to IFRS Standards.

The amendments will help companies:

- improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements; and

- distinguish changes in accounting estimates from changes in accounting policies.

The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies.

The group is yet to assess the impact of these amendments on its consolidated financial statements.

d) As referred to in note 2.2.2 (b), the requirements contained in IFRS 9 with respect to application of ECL method on financial assets due from the GoP will not be applicable till June 30, 2022. The group has, however, assessed the impact of ECL in respect of such financial assets and it considers that it is not material with respect to these unconsolidated financial statements.

3. BASIS OF MEASUREMENT

3.1 These consolidated financial statements have been prepared under the historical cost convention.

3.2 Critical accounting estimates and judgements

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies, however, there were no areas that involved a higher degree of judgement or complexity, or any items which are more likely to be materially adjusted due to the estimates and assumptions turning out to be wrong.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the group and that are believed to be reasonable under the circumstances.

3.3 CHANGE IN ACCOUNTING ESTIMATE

During the year, the existing term of the PPA was extended by a period of sixty eight days as an 'Other Force Majeure Event', as referred to in note 1.1 to these consolidated financial statements, thereby resulting in an increase in useful lives of buildings and roads on freehold land and plant and machinery by similar number of days. Such a change in useful lives has been accounted for as a change in an accounting estimate in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. The effect of this change in the accounting estimate on the profit before taxation for the year ended June 30, 2021, carrying amount of operating fixed assets as at that date and future profits before taxation is not material, hence, has not been detailed in these consolidated financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, except for the change in accounting policy as explained in note 4.1.

4.1 Change in accounting policy

During the year, the group has changed its accounting policy for valuation of furnace oil inventory. As per the new policy, furnace oil is valued on First In First Out ('FIFO') cost basis whereas previously, it was valued on weighted average cost basis. The accounting policy has been revised as the new policy is more in line with the basis adopted by National Electric Power Regulatory Authority ('NEPRA') for determination of fuel cost component of the group's tariff. Hence, the new policy provides more relevant information because it results in a consistent measurement of furnace oil inventory.

The change in accounting policy has been applied retrospectively and the comparative information has been restated in accordance with the treatment specified in IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

Effects of re-statement are as follows:

	July 1, 2019		
	As previously reported	Restated	Restatement
	(Rupees in thousand)		
Effect on consolidated statement of financial position:			
Assets			
Inventories	1,719,399	1,777,403	58,004
Advances, deposits, prepayments and other receivables	900,071	902,971	2,900
Liabilities			
Trade and other payables	261,684	264,584	2,900
Reserves			
Revenue reserve: Un-appropriated profits	12,413,550	12,471,554	58,004

	June 30, 2020		
	As previously reported	Restated	Restatement
	(Rupees in thousand)		
Effect on consolidated statement of profit or loss:			
Cost of sales	5,318,630	5,390,640	72,010
Effect on consolidated statement of financial position:			
Assets			
Inventories	170,349	156,343	(14,006)
Advances, deposits, prepayments and other receivables	792,683	790,543	(2,140)
Liabilities			
Trade and other payables	612,613	610,473	(2,140)
Reserves			
Revenue reserve: Un-appropriated profits	17,002,579	16,988,573	(14,006)
Earnings per share - basic and diluted (in Rupees)	13.960	13.757	(0.20)

Further, the effect of this change on the current year is as follows:

	June 30, 2021		
	Had there been no change in policy	After change in policy	Difference
	(Rupees in thousand)		
Effect on consolidated statement of profit or loss:			
Cost of sales	8,048,965	7,989,362	(59,603)
Effect on consolidated statement of financial position:			
Assets			
Inventories	603,113	649,107	45,994
Advances, deposits, prepayments and other receivables	1,240,255	1,242,287	2,032
Liabilities			
Trade and other payables	931,672	933,704	2,032
Reserves			
Revenue reserve: Un-appropriated profits	19,269,206	19,314,803	45,597
Earnings per share - basic and diluted (in Rupees)	7.403	7.570	0.167

The impact on the consolidated statement of cash flows for the year in the current as well as the prior years only relates to the changes in profit before tax, certain adjustments to reconcile profit before tax to net cash flows from operating activities, and working capital adjustments. However, there was no impact on the net cash flows from operating activities. The cash flows from investing and financing activities were not affected.

4.2 Principles of consolidation

a) Subsidiaries

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

The acquisition method of accounting is used to account for business combinations by the group. The acquisition method of accounting is used for all business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquired business and the equity interests issued by the group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in consolidated statement of profit or loss or as a change to consolidated statement of comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss as a bargain purchase.

Where the settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present values as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. A change in ownership interests results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

c) Disposal of subsidiaries

When the group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in consolidated statement of profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in consolidated statement of comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in consolidated statement of comprehensive income are reclassified to consolidated statement of profit or loss.

d) Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognized at cost. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group’s share of the post-acquisition profits or losses of the investee in profit or loss, and the group’s share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment. The group’s investment includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to consolidated statement of profit or loss where appropriate.

When the group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit/(loss) of associates in the consolidated statement of profit or loss.

Profits and losses resulting from upstream and downstream transactions between the group and its associate are recognised in the group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Dilution gains and losses arising in investments in associates are recognised in the consolidated statement of profit or loss.

4.3 Taxation

Income tax comprises current and deferred tax. Income tax is recognised in the consolidated statement of profit or loss except to the extent that relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current

The profits and gains of the group derived from electric power generation are exempt from tax in terms of clause 132 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the conditions and limitations provided therein.

Under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, the group is also exempt from levy of minimum tax on 'turnover' under section 113 of the Income Tax Ordinance, 2001. However, full provision is made in the consolidated statement of profit or loss on income from sources not covered under the above clauses at current rates of taxation after taking into account deductible allowances, tax credits, and rebates available, if any. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that the taxation authority will accept an uncertain tax treatment. The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of the taxable profit. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised 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 utilised.

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 statement of financial position date. Deferred tax is charged or credited in the consolidated statement of profit or loss, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

Deferred tax has not been provided in these consolidated financial statements as the group's management believes that the temporary differences will not reverse in the foreseeable future due to the fact that the profits and gains of the group derived from electric power generation are exempt from tax subject to the conditions and limitations provided for in terms of clause (132) of Part I of the Second Schedule to the Income Tax Ordinance, 2001.

4.4 Property, plant and equipment

4.4.1 Operating fixed assets

Operating fixed assets are stated at historical cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation on operating fixed assets, other than identifiable capital spares in plant and machinery, is charged to the consolidated statement of profit or loss on the straight line method so as to write off the cost of an asset over its estimated useful life at the annual rates mentioned in note 12.1 after taking into account their residual values. Depreciation on identifiable capital spares in plant and machinery is charged on the basis of number of hours used.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The group's estimate of the useful life of its operating fixed assets as at June 30, 2021, has required adjustment as referred to in note 3.3, however, its impact is not material and therefore, has not been detailed in these consolidated financial statements.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 4.6).

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

The gain or loss on disposal or retirement of an asset, represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

4.4.2 Capital work-in-progress

Capital work-in-progress is 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.

4.4.3 Major spare parts and standby equipment

Major spare parts and stand-by equipment qualify as property, plant and equipment when an entity expects to use them for more than one year. Transfers are made to relevant operating fixed assets category as and when such items are available for use.

4.5 Intangible assets

Expenditure incurred to acquire computer software is capitalised as an intangible asset and stated at cost less accumulated amortisation and any identified impairment loss. Intangible assets are amortised using the straight line method over a period of five years.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 4.6).

4.6 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

4.7 Leases

The group is the lessee.

At inception of a contract, the group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the group's incremental borrowing rate.

Lease payments include fixed payments, variable lease payments that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the group is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the group's estimate of the amount expected to be payable under a residual value guarantee, or if the group changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the consolidated statement of profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

4.8 Stores, spares and loose tools

Stores, spares and loose tools are valued principally at weighted average cost except for items in transit which are stated at invoice value plus other charges paid thereon till the statement of financial position date while items considered obsolete are carried at nil value.

4.9 Inventories

Inventories, except for that in transit, is valued principally at lower of cost and net realizable value. Cost is determined using First in First Out method for Furnace oil while weighted average method is used for the remaining items. Inventories in transit are stated at cost comprising invoice value plus other charges paid thereon.

Net realizable value is determined on the basis of estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. If the expected net realisable value is lower than the carrying amount, a write-down is recognised for the amount by which the carrying amount exceeds its net realisable value.

4.10 Investments

Investments intended to be held for less than twelve months from the reporting date or to be sold to raise operating capital, are included in current assets. All other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

4.10.1 Investment in equity instruments of associate

Investment in equity instruments of associates are accounted for using equity method of accounting as fully explained in note 4.1 (d) to these consolidated financial statements.

4.11 Financial assets

4.11.1 Classification

The group classifies its financial assets other than investments in equity instruments of subsidiary and associate in the following measurement categories:

- those to be measured subsequently at fair value [either through other comprehensive income ('OCI') or through profit or loss], and

- those to be measured at amortised cost.

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The group reclassifies debt investments when and only when its business model for managing those assets changes.

4.11.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

4.11.3 Measurement

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

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

Debt instruments

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

i) Amortised cost: 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. Impairment losses are presented as separate line item in the consolidated statement of profit or loss.

ii) FVOCI: 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 FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or 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 OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method. Impairment expenses are presented as separate line item in the consolidated statement of profit or loss.

iii) FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

Equity instruments

The group subsequently measures all equity investments except for investments in equity instruments of subsidiary and associate at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in the consolidated statement of profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

4.11.4 Impairment of financial assets other than those due from the Government of Pakistan and investment in equity instruments

The group assesses on a forward-looking basis, the expected credit losses ('ECL') associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The group applies general 3-stage approach for loans, deposits and other receivables and bank balances i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

Following are the financial assets that are subject to the ECL model:

- Long term loans;
- Loans, deposits and other receivables;
- Short term investment; and
- Bank balances.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Loss allowances are forward looking, based on 12 month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

Expected credit losses are a probability weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. In the absence of a change in credit rating, allowances are recognised when there is reduction in the net present value of expected cash flows. On a significant increase in credit risk, allowances are recognised without a change in the expected cash flows, although typically expected cash flows do also change; and expected credit losses are rebased from 12 month to lifetime expectations.

The group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the group compares the risk of a default occurring on the instrument as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are considered while assessing credit risk:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;
- actual or expected significant changes in the operating results of the counterparty;
- significant increase in credit risk on other financial instruments of the same counterparty; and
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees, if applicable.

The group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the group, in full (without taking into account any collaterals held by the group).

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of borrowers; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The group recognises an impairment gain or loss in the consolidated statement of profit or loss for financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

The group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of counterparty's sources of income or assets to generate sufficient future cash flows to repay the amount. The group may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

4.12 Financial liabilities

Financial liabilities are recognised at the time when the group becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed on profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in profit or loss.

4.13 Offsetting of financial assets and financial liabilities

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

4.14 Financial assets due from the Government of Pakistan

Financial assets due from the Government of Pakistan includes trade debts, contract assets and other receivables due from CPPA-G under the PPA that also includes accrued amounts. The group follows relevant requirements of IAS 39 in respect of impairment of these financial assets due to the exemption available in respect of IFRS 9 till June 30, 2022 as stated in note 2.2.2 (b).

A provision for impairment is established when there is objective evidence that the group will not be able to collect all the amount due according to the original terms of the receivable.

The group assesses at the end of each reporting period whether there is objective evidence that the financial asset is impaired. The financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of profit or loss. When the financial asset is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the statement of profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of profit or loss.

4.15 Trade debts

Trade debts are amounts due from CPPA-G in the ordinary course of business. They are generally due for settlement as referred to in note 4.24 to these consolidated financial statements and therefore are all classified as current. Trade debts are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade debts with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less provision for impairment.

4.16 Contract asset and contract liability

A contract asset is recognised for the group's right to consideration in exchange for goods or services that it has transferred to a customer. If the group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the group presents the amount as a contract asset, excluding any amounts presented as a receivable.

A contract liability is recognised for the group's obligation to transfer goods or services to a customer for which the group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration, or the group has a right to an amount of consideration that is unconditional (i.e. a receivable), before the group transfers a good or service to the customer, the entity shall present the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

4.17 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

4.18 Employee benefits

(i) Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leaves that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(ii) Post employment benefit - Defined contribution plan (Provident Fund)

There is an approved defined contributory provident fund for all employees of the parent company. Equal monthly contributions are made both by the parent company and employees to the fund at the rate of 10 percent of the basic salary subject to completion of minimum qualifying period of service as determined under the rules of the fund.

4.19 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. Trade and other payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

4.20 Provisions

Provisions for legal claims and make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

4.21 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position. Book overdrafts are shown within trade and other payables in current liabilities.

4.22 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

4.23 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in consolidated statement of profit or loss in the period in which they are incurred.

4.24 Revenue recognition

Revenue shall be recognised when (or as) the group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset and thus has the ability to direct the use and obtain the benefits from the good or service.

Revenue from the sale of electricity to CPPA-G, the sole customer of the group, is recorded on the following basis:

- Capacity Purchase Price revenue is recognised over time, based on the capacity made available to CPPA-G, at rates as specified under the PPA with CPPA-G, as amended from time to time; and

- Energy Purchase Price revenue is recognised at a ‘point in time’, as and when the Net Electrical Output (NEO) are delivered to CPPA-G.

Capacity and Energy revenue is recognised based on the rates determined under the mechanism laid down in the PPA.

Delayed payment mark-up on amounts due under the PPA is accrued on a time proportion basis by reference to the amount outstanding and the applicable rate of return under the PPA.

Invoices are generally raised on a monthly basis and are due after 30 days from acknowledgement by CPPA-G.

4.25 Finance income

Finance income comprises interest income on funds invested (financial assets), dividend income, gain on disposal of financial assets and changes in fair value of investments. Interest income is recognized as it accrues in profit or loss, using effective interest method. Dividend income is recognized in profit or loss on the date that the group's right to receive payment is established.

4.26 Foreign currency transactions and translation

a) Functional and presentation currency

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

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

4.27 Dividend

Dividend distribution to the group's members is recognised as a liability in the period in which the dividends are approved.

4.28 Contingent liabilities and assets

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the group; or

- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized. A contingent liability is disclosed unless the possibility of an outflow is remote.

Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognised. An asset remains contingent until such time as the inflow of economic benefits becomes virtually certain. When it becomes virtually certain that an inflow of economic benefits will arise, the asset and the related income is recognised in the financial statements in the period in which the change occurs (that is, when the future event occurs and confirms the asset's existence or, if earlier, when it becomes virtually certain that the future event will confirm the asset's existence and it is virtually certain that the asset will be realised).

Contingent liabilities and assets are generally estimated using:

- The single most likely outcome; or

- A weighted average of all the possible outcomes (the 'expected value' method). This is likely to be the most appropriate method for a large population of similar claims, but can also be applied to a single obligation with various possible outcomes.

4.29 Rounding off amounts

All amounts presented in these consolidated financial statements and notes have been rounded off to the nearest thousand Rupees unless otherwise stated.

5. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

This represents 354,088,500 (2020: 354,088,500) ordinary shares of Rs 10 each fully paid in cash. 180,632,955 (2020: 180,632,955) ordinary shares of the company are held by Nishat Mills Limited, the holding company.

6. 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.

7. LONG TERM FINANCING - SECURED

This represents long term financing facility (running musharaka facility) availed from Faysal Bank Limited (through its Islamic Banking Division) as a Participating Financial Institution under State Bank of Pakistan's (SBP) Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns ('Refinance Scheme'). The total facility available amounts to Rs 156.469 million. The financing is secured against pari passu charge over all the present and future fuel stock/inventory and energy revenue receivables. It carries mark-up at the rate of SBP Profit Rate under the Refinance Scheme plus 0.5% to 0.75% per annum, payable on quarterly basis. The base rate applicable during the year is SBP rate which was zero, hence, the mark-up rate charged during the year on the outstanding balance ranged from 0.5% to 0.75% (2020: 0.5%) per annum. The remaining principal amount is repayable in 6 equal quarterly instalments till December 2022. This facility has not been initially recognised at fair value in accordance with IFRS 9 and resultantly, the government grant in accordance with IAS 20 has also not been booked, as the effect is not considered material in respect of these consolidated financial statements. The reconciliation of carrying amount is as follows:

		2021	2020
		(Rupees in thousand)	
Opening balance		73,823	-
Loan disbursements during the year		76,937	73,823
Less: Repayments during the year		40,052	-
		110,708	73,823
Less: Current portion shown under current liabilities		73,805	18,456
		36,903	55,367

8. SHORT TERM BORROWINGS - SECURED

		2021	2020
Short term borrowings under mark-up arrangements obtained as under:			
Running finances	- note 8.1	3,192,052	4,750,749
Term finances	- note 8.2	450,000	-
		3,642,052	4,750,749

8.1 Running finances

The total running finance and running musharka main facilities obtained from various commercial banks under mark-up arrangements aggregate Rs 10,251.52 million (2020: Rs 10,251.52 million). Such facilities have been obtained at mark-up rates ranging from one month to three months KIBOR plus 0.2% to 2% per annum, payable quarterly, on the balance outstanding. The aggregate facilities are secured against charge on present and future current assets. The mark-up rate charged during the year on the outstanding balance ranged from 7.46% to 12.19% (2020: 8.86% to 15.85%) per annum. Various sub facilities comprising money market loans and letters of guarantee have also been utilized under the aforementioned main facilities.

8.2 Term finances

The total murabaha, term finance/money market main and sub-limit facilities obtained from various commercial banks under mark-up arrangements aggregate Rs 1,400 million (2020: Rs 1,650 million). Such facilities have been obtained at mark-up rates ranging from one week to six months KIBOR plus 0.10% to 0.40%, payable at the maturity of the respective murabaha transaction/term finance facility. The aggregate facilities are secured against charge on present and future current assets. The mark-up rate charged during the year on the outstanding balance ranged from 7.55% to 7.72% (2020: 11% to 13.81%) per annum.

8.3 Letters of credit and guarantee

The main facilities for opening letters of credit and guarantee aggregate Rs 750 million (2020: Rs 500 million). The amount utilised at June 30, 2021, for letters of credit was Rs 2.33 million (2020: Nil) and for letters of guarantee was Rs 613 million (2020: Rs 113 million). The aggregate facilities for opening letters of credit and guarantee are secured by charge on present and future current assets including fuel stocks/inventory and by lien over import documents.

		2021	2020 (Restated)
		(Rupees in thousand)	

9. TRADE AND OTHER PAYABLES

Creditors	- note 9.1	196,934	68,560
Payable to contractors		5,234	2,521
Workers' Profit Participation Fund	- note 9.2	568,963	434,907
Workers' Welfare Fund	- note 9.3	151,035	97,412
Other accrued liabilities		11,538	7,073
		933,704	610,473

	2021	2020
	(Rupees in thousand)	

9.1 Includes amounts due to the following related parties:

Security General Insurance Company Limited	-	422
Hyundai Nishat Motor (Private) Limited	59	-
Adamjee Insurance Company Limited	2,741	5,542
	2,800	5,964

	2021	2020 (Restated)
	(Rupees in thousand)	

9.2 Workers' Profit Participation Fund

The reconciliation of carrying amount is as follows:

Opening balance	434,907	191,377
Provision for the year	134,056	243,530
	568,963	434,907
Less: Payments made during the year	-	-
Closing balance	568,963	434,907

9.3 Workers' Welfare Fund

The reconciliation of carrying amount is as follows:

Opening balance	97,412	-
Provision for the year	53,623	97,412
Closing balance	151,035	97,412

10. ACCRUED MARK-UP

Accrued mark-up / interest on:		
Long term financing - secured	-	30
Short term borrowings - secured	72,403	169,061
	72,403	169,091

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

11.1.1 Contingent liabilities:

(i) A sales tax demand of Rs 1,218.132 million was raised against the group through order dated December 11, 2013, passed by the Assistant Commissioner Inland Revenue (‘ACIR’) disallowing input sales tax for the tax periods of July 2010 through June 2012. The disallowance was primarily made on the grounds that since revenue derived by the group on account of ‘capacity revenue’ was not chargeable to sales tax, input sales tax claimed by the group was required to be apportioned with only the input sales tax attributable to other revenue stream i.e. ‘energy revenue’ admissible to the group. Upon appeal before Commissioner Inland Revenue (Appeals) [‘CIR(A)’], such issue was decided in group’s favour, however, certain other issues agitated by the group were not adjudicated. Both the group and department have filed appeals against the order of CIR(A) before Appellate Tribunal Inland Revenue (‘ATIR’), which are pending adjudication.

Subsequently, the above explained issue was taken up by department for tax periods of July 2009 to June 2013 (involving input sales tax of Rs 1,722.811 million), however, the group assailed the underlying proceedings before Lahore High Court (‘LHC’) directly and in this respect, through order dated October 31, 2016, LHC accepted the group’s stance and annulled the proceedings. The department has challenged the decision of LHC before Supreme Court of Pakistan and has also preferred an Intra Court Appeal against such order which are pending adjudication.

Similarly, for financial year 2014, group’s case was selected for ‘audit’ and such issue again formed the core of audit proceedings (involving input sales tax of Rs 596.091 million). Group challenged the jurisdiction in respect of audit proceedings before LHC and while LHC directed the management to join the subject proceedings, department was debarred from passing the adjudication order. During the year 2019, LHC dismissed the petition in favour of the department, by allowing the department to complete the audit proceedings that are pending completion. During the year on January 26, 2021, the department raised demand against such proceedings, however, group obtained interim relief from Appellate Tribunal Inland Revenue by applying stay against such demand. The matter is currently pending adjudication.

Similarly, during the year in respect of tax periods July 2016 to June 2017, group’s case was selected for ‘audit’ and such issue again formed the core of audit proceedings (involving input sales tax of Rs 541.486 million). The proceedings are underway, however, matter is currently pending adjudication before ACIR.

Since the issue has already been decided in group’s favour on merits by LHC and based on advice of the group’s legal counsel, no provision on these accounts have been made in these consolidated financial statements.

(ii) On April 16, 2019, the Commissioner Inland Revenue through an order raised a demand of Rs 179.046 million against the group, mainly on account of input tax claimed on inadmissible expenses in sales tax return for the tax periods of July 2014 to June 2017 and sales tax default on account of suppression of sales related to tax period June 2016. The group filed application for grant of stay before the ATIR against recovery of the aforesaid demand that was duly granted. Further, the group has filed appeals before CIR(A) and ATIR against the order which are pending adjudication. Management has strong grounds to believe that the case will be decided in group’s favour. Therefore, no provision has been made on this account in these consolidated financial statements.

(iii) On February 13, 2019, National Electric Power Regulatory Authority (‘NEPRA’) issued a show cause to the group along with other Independent Power Producers to provide rationale of abnormal profits earned since commercial operation date (COD) that eventually led to initiation of proceedings against the group by NEPRA on March 18, 2019. The group challenged the authority of NEPRA to take suo moto action before the Islamabad High Court (IHC) wherein, on April 1, 2019, IHC provided interim relief by suspending the suo moto proceedings. The case is currently pending adjudication before IHC. Management is confident that based on the facts and law, there will be no adverse implications for the group.

(iv) On March 16, 2020, Government of Pakistan ('GoP') issued a report through which it was alleged that savings were made by the Independent Power Producers ('IPPs'), including the group, in the tariff components in violation of applicable GoP Policies, tariff determined by National Electric Power Regulatory Authority ('NEPRA') and the relevant Project Agreements. The group rejected such claims, and discussions were made with the GoP to resolve the dispute.

During the year on February 12, 2021, the group under the Agreements as referred in note 1.1, agreed that the abovementioned dispute will be resolved through arbitration under the Arbitration Submission Agreement between the group and GoP.

Management believes that there are strong grounds that the matter will ultimately be decided in group's favor. Furthermore, its financial impact cannot be reasonably estimated at this stage, hence, no provision in this respect has been made in these consolidated financial statements.

(v) The banks have issued the following on behalf of the group:

(a) Letter of guarantee of Rs 11.5 million (2020: Rs 11.5 million) in favour of Director Excise and Taxation, Karachi, under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess.

(b) Letters of guarantee of Rs 600 million (2020: Rs 100 million) in favour of fuel suppliers.

(c) Letter of guarantee of Rs 1.5 million (2020: Rs 1.5 million) in favour of Punjab Revenue Authority, Lahore.

11.2 Commitments

(i) Letters of credit and contracts for other than capital expenditure aggregating Rs 2.327 million (2020: Nil).

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

		2021	2020
		(Rupees in thousand)	
Not later than one year		3,894	3,894

12. FIXED ASSETS

		2021	2020
Property, plant and equipment:			
Operating fixed assets	- note 12.1	8,732,332	9,259,765
Capital work-in-progress	- note 12.2	579	35,952
Major spare parts and standby equipment	- note 12.3	93,664	95,053
		8,826,575	9,390,770
Intangible asset:			
Computer software	- note 12.4	-	1,259
		8,826,575	9,392,029

12 .1 Operating fixed assets

	Freehold land - note 12.1.2	Buildings and roads on freehold land	Plant and machinery	Improve-ments on leasehold property	Electric installa-tions	Computer equipment	Furniture and fixtures	Office equipment	Vehicles	(Rupees in thousand) Total
COST										
Balance as at July 01, 2019	80,686	215,333	16,649,575	40,909	1,044	30,898	11,971	52,352	214,990	17,297,758
Additions during the year	-	24,808	108,649	-	-	4,374	1,180	394	10,232	149,637
Disposals during the year - note 12.1.4	-	-	(129,946)	-	-	(1,555)	-	-	(5,323)	(136,824)
Balance as at June 30, 2020	80,686	240,141	16,628,278	40,909	1,044	33,717	13,151	52,746	219,899	17,310,571
Balance as at July 01, 2020	80,686	240,141	16,628,278	40,909	1,044	33,717	13,151	52,746	219,899	17,310,571
Additions during the year	-	-	3,043	-	-	2,905	69	829	193,086	199,932
Disposals during the year - note 12.1.4	-	-	(1,249)	-	-	(1,499)	-	-	(56,044)	(58,792)
Balance as at June 30, 2021	80,686	240,141	16,630,072	40,909	1,044	35,123	13,220	53,575	356,941	17,451,711
DEPRECIATION AND IMPAIRMENT										
Balance as at July 01, 2019	-	70,459	7,239,690	33,246	563	26,522	6,893	29,822	81,079	7,488,274
Depreciation charge for the year	-	8,845	634,703	4,091	89	2,639	1,182	5,226	41,219	697,994
Disposals during the year- note 12.1.4	-	-	(129,945)	-	-	(1,555)	-	-	(3,962)	(135,462)
Balance as at June 30, 2020	-	79,304	7,744,448	37,337	652	27,606	8,075	35,048	118,336	8,050,806
Balance as at July 01, 2020	-	79,304	7,744,448	37,337	652	27,606	8,075	35,048	118,336	8,050,806
Depreciation charge for the year		10,607	646,933	3,206	89	3,407	1,189	5,207	54,239	724,877
Disposals during the year- note 12.1.4	-	-	(1,249)	-	-	(1,209)	-	-	(53,846)	(56,304)
Balance as at June 30, 2021	-	89,911	8,390,132	40,543	741	29,804	9,264	40,255	118,729	8,719,379
Book value as at June 30, 2020	80,686	160,837	8,883,830	3,572	392	6,111	5,076	17,698	101,563	9,259,765
Book value as at June 30, 2021	80,686	150,230	8,239,940	366	303	5,320	3,957	13,321	238,212	8,732,332
Annual depreciation rate %	-	3.99 to 6.63	4 to 7.10 and number of hours used	10	10	33	10	10	20	

12.1.1 Improvements on leasehold property represents costs of improvement incurred on property owned by Nishat (Aziz Avenue) Hotels and Properties Limited, a related party.

12.1.2 Freehold land represents 137,879 square meters of land situated at Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, out of which approximately 85,407 square meters represents covered area.

12.1.3 The depreciation charge for the year has been allocated as follows:

		2021	2020
		(Rupees in thousand)	
Cost of sales	- note 21	666,545	651,161
Administrative expenses	- note 22	58,332	46,833
		724,877	697,994

12.1.4 The aggregate book value of sale of operating fixed assets during the current and previous year was below Rs 5 million.

		2021	2020
		(Rupees in thousand)	

12.2 Capital work-in-progress

		2021	2020
This represents the following:			
Civil works		579	952
Advances against purchase of vehicle		-	35,000
	- note 12.2.1	579	35,952
The reconciliation of the carrying amount is as follows:			
Opening balance		35,952	26,500
Additions during the year		24,184	45,841
		60,136	72,341
Transfers during the year		(59,294)	(31,505)
Charged to profit		(263)	(110)
Impairment loss	- note 12.2.1	-	(4,774)
Closing balance		579	35,952

12.2.1 This relates to the solar power project due to the reasons mentioned in note 1 to these consolidated financial statements.

12.3 Major spare parts and standby equipment

The reconciliation of the carrying amount is as follows:

	2021	2020
Opening balance	95,053	171,600
Additions during the year	-	29,910
	95,053	201,510
Transfers during the year	(1,389)	(106,457)
Closing balance	93,664	95,053

12.4 Intangible asset

Computer software

		2021	2020
Cost			
Opening balance		7,542	7,542
Addition during the year		-	-
Closing balance		7,542	7,542
Amortization			
Opening balance		(6,283)	(4,775)
Charge for the year	- note 21	(1,259)	(1,508)
Closing balance		(7,542)	(6,283)
Book value		0	1,259
Annual amortization rate		20%	20%

The amortization charge for the year has been recognised in cost of sales.

13. LONG TERM INVESTMENTS - NISHAT ENERGY LIMITED

The group directly holds 250,000 fully paid ordinary shares of Rs 10 each, in its associate, Nishat Energy Limited ('NEL'), representing its 25% equity. NEL is an unquoted public company limited by shares incorporated in Pakistan to build, own, operate and maintain a coal fired power station. The address of the registered office of NEL is 1-B, Aziz Avenue, Canal Bank, Gulberg V, Lahore. NEL is no longer considered a going concern by its management and hence, the investment is fully impaired.

14. LONG TERM LOANS AND ADVANCES

		2021	2020
		(Rupees in thousand)	
Loans to employees - considered good		4,401	6,606
Less: Current portion shown under current assets	- note 18	(2,940)	(3,606)
		1,461	3,000

This represents interest free loans given to employees, receivable in maximum 60 monthly instalments in accordance with the group's policy. These loans are secured against registration of cars in the joint name of the parent company and the employee and against the accumulated provident fund balance of the relevant employee. These loans have not been carried at amortised cost as the effect of discounting is not considered material.

15. STORES, SPARES AND LOOSE TOOLS

	2021	2020
	(Rupees in thousand)	
Stores	7,012	8,228
Spares [including in transit Rs 2.421 million (2020: Rs 0.063 million)]	640,608	654,048
Loose tools	9,369	9,959
	656,989	672,235

15.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

16. INVENTORIES

	2021	2020 (Restated)
	(Rupees in thousand)	
Furnace oil	623,599	140,224
Diesel	1,978	5,450
Lubricating oil	23,530	10,668
	649,107	156,343

17. TRADE DEBTS

17.1 These represent trade receivables from CPPA-G and are considered good. These are secured by a guarantee from the Government of Pakistan under the Implementation Agreement and are in the normal course of business and interest free, however, a delayed payment mark-up at the rate of three months KIBOR plus 4.5% per annum is charged in case the amounts are not paid within due dates. The rate of delayed payment mark-up charged during the year on outstanding amounts ranged from 11.53% to 18.42% (2020: 10.64% to 18.42%) per annum. Trade debts include unbilled receivables of Rs 3,533.134 million (2020: Rs 2,740.517 million).

17.2 Prior to the signing of the Agreements, as referred to in note 1.1 to these consolidated financial statements, an amount of Rs 816.033 million was included in trade debts relating to capacity revenue not acknowledged by NTDC/CPPA-G 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/CPPA-G.

Since management considered that the primary reason for claiming these payments was that plant was available, however, it could not generate electricity due to non-payment by NTDC/CPPA-G, therefore, management believed that group cannot be penalized in the form of payment deductions due to NTDC/CPPA-G's default of making timely payments under the PPA. Hence, the group took up this issue in consultation with NTDC/CPPA-G and appointed an Expert for dispute resolution under the PPA.

On August 15, 2015, the Expert gave his determination whereby the aforesaid amount was determined to be payable to the group by NTDC/CPPA-G. Pursuant to the Expert's determination, the group demanded the payment of the aforesaid amount of Rs 816.033 million from NTDC/CPPA-G. The group filed a request for arbitration in the London Court of International Arbitration ('LCIA'), whereby an Arbitrator was appointed.

On October 29, 2017, the Arbitrator declared his Final Award whereby he ordered NTDC/CPPA-G to pay to the group: 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 (equivalent to Rs 96.623 million) for the group's cost of proceedings; v) GBP 30,157 (equivalent to Rs 6.592 million) for group'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/CPPA-G ("the Final Award") that works out to Rs 504.044 million up to June 30, 2021. Thereafter, on November 29, 2017, group filed an application before Lahore High Court for implementation/enforcement of Final Award that is pending adjudication. On prudence basis, the amounts other than the principal of Rs 816.033 million were not recognised in these consolidated financial statements.

On February 12, 2021, as part of the PPA Amendment Agreement as referred to in note 1.1, the CPPA-G and the group acknowledged that the dispute relating to withheld capacity payments of Rs 816.033 million, which was awarded by the London Court of International Arbitration, has now been settled through the extended disputed period of 68 days which shall be treated as an "Other Force Majeure Event" under the PPA. Further, CPPA-G agreed to make certain payments to the group, subject to certain terms, as compensation of the withheld capacity payments. In return, the group agreed to forgo certain amounts declared under the Final Award as enumerated above. Further, subject to fulfillment of certain conditions, the group and

CPPA-G agreed to file a joint application before the Lahore High Court for the withdrawal of the enforcement proceedings before the Honorable Lahore High Court.

Pursuant to the provisions of PPA Amendment Agreement as mentioned above, out of the recongized receivable of Rs 816.033 million, the group has assessed that amounts aggregating Rs 141.47 million are no longer recoverable and therefore, such amounts have been written off during the year in other expenses as referred to in note 23. On account of the remaining receivable, amounts aggregating Rs 328.691 million have been duly verified by the CPPA-G for the year.

18. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

		2021	2020
		(Rupees in thousand)	
Advances:			
- To employees		1,728	2,096
- To suppliers		290,197	50,562
Current portion of long term loans - considered good	- note 14	2,940	3,606
Balances with statutory authorities:			
- Customs duty recoverable		13	20
- Sales tax		206,163	179,529
Claims recoverable from NTDC/Power Purchaser for pass through items:			
- Workers' Profit Participation Fund	- notes 18.1 and 18.3	583,636	449,579
- Workers' Welfare Fund	- notes 18.2 and 18.3	151,035	97,412
Interest receivable		-	759
Security deposits and bank guarantee margins		175	175
Prepayments	- note 18.4	4,990	5,406
Other receivables		1,410	1,399
		1,242,287	790,543

18.1 Workers' Profit Participation Fund

The reconciliation of the carrying amount is as follows:

		2021	2020 (Restated)
		(Rupees in thousand)	
Opening balance		449,579	404,125
Accrued for the year	- note 9.2	134,057	243,530
		583,635	647,655
Less: Amount received during the year		-	198,076
Closing balance		583,635	449,579

		2021	2020 (Restated)
		(Rupees in thousand)	

18.2 Workers' Welfare Fund

The reconciliation of the carrying amount is as follows:

		2021	2020
Opening balance		97,412	-
Accrued for the year	- note 9.3	53,623	97,412
Closing balance		151,035	97,412

18.3 Under section 9.3(a) of the PPA with CPPA-G, payments to Workers' Profit Participation Fund and Workers' Welfare Fund are recoverable from CPPA-G as a pass through item.

18.4 Incudes an amount prepaid to Adamjee Insurance Company Limited on account of insurance amounting to Rs 4.9 million (2020: Rs 5.405 million).

19. CASH AND BANK BALANCES

		2021	2020
		(Rupees in thousand)	
Cash at bank:			
- On saving accounts	- note 19.1	1,699	3,924
- On current accounts		638	701
- Payorder in hand		400,000	-
	- note 19.2	402,337	4,625
Cash in hand		254	221
		402,591	4,846

19.1 Profit on balances in saving accounts remained 5.50% (2020: 6.29% to 11.39%) per annum.

19.2 Cash at bank includes Rs 1.788 million (2020: Rs 3.606 million) in MCB Bank Limited, a related party.

20. REVENUE

	2021	2020
	(Rupees in thousand)	
Energy Purchase Price revenue	8,518,949	5,137,587
Less: Sales tax	1,237,796	749,420
	7,281,153	4,388,167
Capacity Purchase Price revenue	2,638,707	5,304,605
Delayed payment mark-up	1,512,711	2,045,715
	11,432,571	11,738,487

		2021	2020
		(Rupees in thousand)	

21. COST OF SALES

		2021	2020
Raw materials consumed		6,483,062	3,911,239
Salaries and other benefits	- note 21.1	284,636	250,428
Repairs and maintenance		10,289	20,711
Stores, spares and loose tools consumed		137,355	171,901
Electricity consumed in-house		37,958	37,888
Insurance	- note 21.2	287,979	267,809
Travelling and conveyance		22,429	23,903
Printing and stationery		741	644
Postage and telephone		723	657
Vehicle running expenses		3,806	3,785
Entertainment		1,345	1,922
Depreciation on operating fixed assets	- note 12.1.3	666,545	651,161
Amortization of intangible asset	- note 12.4	1,259	1,508
Fee and subscription		3,974	3,805
Miscellaneous	- note 21.3	47,261	43,279
		7,989,362	5,390,640

21.1 Salaries and other benefits include Rs 19.126 million (2020: Rs 17.977 million) in respect of provident fund contribution by the group.

21.2 This includes insurance expense charged by the following related parties:

	2021	2020
	(Rupees in thousand)	
Security General Insurance Company Limited	283,962	263,495
Adamjee Insurance Company Limited	4,068	3,285
Adamjee Life Assurance Company Limited	(51)	1,029
	287,979	267,809

21.3 This includes wages of contractual employees aggregating Rs 27.630 million (2020: Rs 27.569 million).

		2021	2020
		(Rupees in thousand)	

22. ADMINISTRATIVE EXPENSES

		2021	2020
Salaries and other benefits	- note 22.1	109,612	126,123
Travelling and conveyance	- note 22.2	80,443	82,156
Entertainment		1,303	727
Rent, rates and taxes	- note 22.3	12,561	12,561
Printing and stationery		1,095	1,056
Postage and telephone		688	1,005
Vehicle running expenses		5,500	6,463
Legal and professional charges	- note 22.4	10,517	38,160
Insurance	- note 22.5	4,774	4,856
Advertisement		248	144
Fee and subscription		3,495	5,515
Depreciation on operating fixed assets	- note 12.1.3	58,332	46,833
Miscellaneous		13,742	11,120
		302,310	336,719

22.1 Salaries and other benefits include Rs 7.418 million (2020: Rs 7.784 million) in respect of provident fund contribution by the group.

22.2 Includes Rs 72.112 million (2020: Rs 72.248 million) in respect of aviation services from Pakistan Aviators and Aviation (Private) Limited, a related party.

22.3 Includes operating lease rentals of Rs 12.461 million (2020: Rs 12.461 million) in respect of property leased from Nishat (Aziz Avenue) Hotels and Properties Limited, a related party.

22.4 Legal and professional charges include the following in respect of auditors' remuneration (excluding sales tax) for:

	2021	2020
	(Rupees in thousand)	
Statutory audit fee	1,835	1,800
Half yearly review	892	875
Tax services	835	220
Certifications required by various regulations	155	155
Reimbursement of expenses	57	188
	3,774	3,238

22.5 This includes insurance expense charged by the following related parties:

	2021	2020
Adamjee Life Assurance Company Limited	(22)	435
Adamjee Insurance Company Limited	1,531	1,282
Security General Insurance Company Limited	3,265	3,139
	4,774	4,856

23. OTHER EXPENSES

		2021	2020
Receivables written off	- note 23.1	162,717	-
Impairment loss on capital work-in-progress	- note 12.1.2	-	4,774
		162,717	4,774

23.1 This includes unacknowledged capacity receivables of Rs 141.474 million (2020: Nil) written off during the year as referred to in note 17.2.

24. OTHER INCOME

		2021	2020
Profit on bank deposits	- note 24.1	3,951	2,228
Interest on short term investment		958	79
Exchange gain		1,679	427
Gain on disposal of operating fixed assets		35,000	1,665
Scrap sales		478	2,886
		42,066	7,285

24.1 Includes interest income of Rs 3.511 million (2020: Rs 1.381 million) in respect of bank deposits with MCB Bank Limited, a related party.

	2021	2020
	(Rupees in thousand)	

25. FINANCE COST

	2021	2020
Interest / mark-up on:		
- Long term financing - secured	788	256,615
- Short term borrowings - secured	337,590	882,791
Financing fee and bank charges	822	3,125
	339,200	1,142,531

26. TAXATION

	2021	2020
Current:		
- For the year	729	-
- Prior years	-	-
	729	-

26.1 Relationship between tax expense and accounting profit

	2021	2020
Profit before taxation	2,681,048	4,871,108
Tax at the applicable rate of 29% (2020: 29%)	777,505	1,412,622
Tax effect of amounts that are:		
Exempt as referred to in note 4.2	(776,810)	(1,411,953)
Allowable as tax credit	(1,424)	(669)
	(729)	-

27. EARNINGS PER SHARE

27.1 Basic earnings per share

		2021	2020 (Restated)
Profit for the year	Rupees	2,680,319,000	4,871,108,000
Weighted average number of ordinary shares	Number	354,088,500	354,088,500
Earnings per share	Rupees	7.570	13.757

27.2 Diluted earnings per share

A diluted earnings per share has not been presented as the group does not have any convertible instruments in issue as at June 30, 2021 and June 30, 2020 which would have any effect on the earnings per share if the option to convert is exercised.

		2021	2020
		(Rupees in thousand)	

28. CASH GENERATED FROM OPERATIONS

		2021	2020
Profit before taxation		2,681,048	4,871,108
Adjustment for non-cash charges and other items:			
Depreciation on operating fixed assets	- note 12.1.3	724,877	697,994
Impairment loss on capital work-in-progress		-	4,774
Amortization on intangible assets	- note 12.4	1,259	1,508
Profit on bank deposits		(3,952)	(2,228)
Interest on short term investment		(958)	-
Finance cost		339,200	1,142,531
Provision for employee retirement benefits		26,544	25,761
Receivables from CPPA-G written off		(162,717)	-
Gain on disposal of operating fixed assets		(35,000)	(1,665)
Profit before working capital changes		3,570,301	6,739,783
Effect on cash flow due to working capital changes:			
Decrease/(increase) in current assets			
Stores, spares and loose tools		15,246	85,286
Inventories		(492,764)	1,621,060
Trade debts		(568,934)	(2,589,014)
Advances, deposits, prepayments and other receivables		(452,503)	111,534
		(1,498,955)	(771,134)
Increase in current liabilities			
Trade and other payables		322,502	345,888
		(1,176,453)	(425,246)
		2,393,848	6,314,537

29. CASH AND CASH EQUIVALENTS

		2021	2020
Cash and bank balances	- note 19	402,591	4,846
Short term borrowings - secured	- note 8	(3,642,052)	(4,750,749)
		(3,239,461)	(4,745,903)

30. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Executive Director		Non - Executive Directors		Executives	
	2021	2020	2021	2020	2021	2020	2021	2020
	(Rupees in thousand)							
Short term employee benefits								
Managerial remuneration	20,034	20,034	-	5,147	-	-	164,847	153,172
Medical allowance and reimbursement	355	155	-	-	-	-	5,031	4,129
Bonus	5,009	5,009	-	-	-	-	14,161	11,599
Overtime	-	-	-	-	-	-	3,299	2,151
Leave encashment	759	759	-	446	-	-	11,137	8,189
	26,157	25,957	-	5,593	-	-	198,475	179,240
Meeting fee	-	-	-	-	800	725	-	-
Post employment benefits								
Contribution to provident fund	1,821	1,821	-	468	-	-	14,986	13,932
	27,978	27,778	-	6,061	800	725	213,461	193,172
Number of persons	1	1	Nil*	Nil*	5	5	72	55

*Mr Mahmood Akhtar was no longer an executive director from January 1, 2020. Further, Chief Executive is also an Executive Director in the both years presented.

30.2 One non-executive director and certain executives are provided with company maintained vehicle.

31. TRANSACTIONS WITH RELATED PARTIES

The related parties include the holding company, subsidiaries and associates of the holding company, related parties on the basis of common directorship, key management personnel 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 group, directly or indirectly, including any director (whether executive or otherwise) of that group. The group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Significant related party transactions have been disclosed in respective notes in these consolidated financial statements other than the following:

Relationship with the group	Nature of transactions		2021 (Rupees in thousand)	2020
(i) Holding company	Dividends paid		180,633	180,633
(ii) Other related parties	Purchase of services		1,823	200
	Purchase of goods		19,793	-
(iii) Key Management Personnel	Remuneration	- note 31.1	28,778	34,564
	Dividends paid		4	4

31.1 This includes remuneration of the Chief Executive and other directors that is presented in the remuneration disclosed in note 30 to these consolidated financial statements.

31.2 The related parties with whom the group had entered into transactions or had arrangements/ agreements in place during the year have been disclosed below along with their basis of relationship:

Name of related party	Relationship	Aggregate % of shareholding in the company
Nishat Mills Limited	Holding company	51.01%
Security General Insurance Company Limited	Common directorship	N/A
D.G. Khan Cement Company Limited	Common directorship	N/A
Pakistan Aviators and Aviation (Private) Limited	Common directorship	N/A
Nishat (Aziz Avenue) Hotels and Properties Limited	Common directorship	N/A
Nishat Hotels and Properties Limited	Common directorship	N/A
Hyundai Nishat Motor (Private) Limited	Common directorship	N/A
Adamjee Insurance Company Limited	Associate of holding company	0.26%
MCB Bank Limited	Associate of holding company	N/A
Adamjee Life Assurance Company Limited	Associate of holding company	0.01%
Nishat Energy Limited	Associate	N/A
Mr. Hassan Mansha	Director	0.0000%
Mr. Norez Abdullah	Director	0.0001%
Mr. Ahmad Aqeel	Director	0.0001%
Mr. Yousaf Bashir	Director	0.0003%
Mr. Shahzad Ahmad Malik	Director	0.0000%
Mr. Ghazanfar Hussain Mirza	Chief Executive	0.0003%
Mr. Mahmood Akhtar	Director	0.0003%

32. CAPACITY AND PRODUCTION

	2021 MWH	2020 MWH
Installed capacity [based on 8,760 hours (2020: 8,784 hours)]	1,710,872	1,715,559
Actual energy delivered	523,403	277,541

Output produced by the plant is dependent on the load demanded by CPPA-G and plant availability.

		2021	2020
33.	**NUMBER OF EMPLOYEES**		
	Total number of employees as at June 30	205	209
	Average number of employees during the year	207	214

34. DISCLOSURE RELATING TO PROVIDENT FUND

The investments by the provident fund in collective investment schemes, listed equity and debt securities have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

35. FINANCIAL RISK MANAGEMENT

35.1 Financial risk factors

The group is exposed to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the group's finance department under policies approved by the Board of Directors ('BOD'). The group's finance department evaluates and hedges financial risks based on principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity, provided by the BOD. All treasury related transactions are carried out within the parameters of these policies.

The group's overall risk management procedures to minimise the potential adverse effects of financial market on the group's performance are as follows:

(a) Market risk

(i) Currency risk

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

The group is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD) and British Pound (GBP). Currently, the group's foreign exchange risk exposure is restricted to bank balances, amounts payable to foreign entities. However, the impact is not material, hence, it is not being detailed in these consolidated financial statements.

The following significant exchange rates have been applied:

	Average rate		Year-end spot rate	
	2021	2020	2021	2020
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
USD 1	159.808	158.788	157.80	168.25
GBP 1	216.276	199.580	218.58	207.05

(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 instruments traded in the market. The group is not exposed to equity price risk since there are no investments in equity instruments traded in the market at the reporting date. The group is also not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

(iii) Interest rate risk

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

The group has no significant long-term interest-bearing assets. The group's interest rate risk arises from borrowings. Borrowings obtained at variable rates expose the group to cash flow interest rate risk.

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

		2021	2020
		(Rupees in thousand)	
Fixed rate instruments			
Financial assets			
Bank balances - saving accounts	- note 19	1,699	3,924
Financial liabilities			
Long term financing - secured		(110,708)	(73,823)
Net exposure		(109,009)	(69,899)
Floating rate instruments			
Financial assets			
Trade debts - overdue		11,802,542	11,020,051
Financial liabilities			
Short term borrowings - secured		(3,642,052)	(4,750,749)
Net exposure		8,160,490	6,269,302

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates on variable rate financial instruments, at the year end date, fluctuates by 1% higher / lower with all other variables held constant, post tax profit for the year would have been Rs 81.605 million (2020: Rs 62.693 million) higher/lower, mainly as a result of higher/ lower net interest income on floating rate instruments.

(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. Credit risk mainly arises from deposits with banks, trade and other receivables.

The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of these credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2021	2020
	(Rupees in thousand)	
Long term loans and advances	1,461	3,000
Trade debts	18,964,182	18,232,531
Short term investment	-	17,677
Deposits and other receivables	739,195	552,930
Bank balances	402,337	4,625
	20,107,176	18,810,763
As of June 30, age analysis of trade debts was as follows:		
Neither past due nor impaired	4,286,511	3,247,110
Past due but not impaired:		
- 1 to 30 days	510,680	459,440
- 31 to 90 days	1,942,602	1,222,209
- 91 to 180 days	1,531,016	2,130,789
- 181 to 365 days	6,922,791	8,359,780
- above 365 days	3,770,582	2,813,203
	14,677,671	14,985,421
	18,964,182	18,232,531

(ii) Credit quality of financial assets

The credit quality of major 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		Rating	2021	2020
	Short term	Long term	Agency	(Rupees in thousand)	
Treasury Bills - Government of Pakistan	Not available			-	17,598
Al-Baraka Bank (Pakistan) Limited	A-1	A	JCR-VIS	-	1
Allied Bank Limited	A-1+	AAA	PACRA	15	14
Askari Bank Limited	A-1+	AA+	PACRA	15	14
Bank Alfalah Limited	A-1+	AA+	PACRA	6	6
Bank Islami Pakistan Limited	A-1	A+	PACRA	1	2
Burj Bank Limited	A-1	A+	JCR-VIS	1	2
Dubai Islamic Bank Pakistan Limited	A-1	AA	JCR-VIS	-	-
Faysal Bank Limited	A-1+	AA	PACRA	-	28
First Women Bank Limited	A-2	A-	PACRA	-	-
Habib Bank Limited	A-1+	AAA	JCR-VIS	538	586
MCB Bank Limited	A-1+	AAA	PACRA	401,642	3,594
MCB Islamic Bank Limited	A-1+	AAA	PACRA	17	156
National Bank of Pakistan	A-1+	AAA	PACRA	5	15
Meezan Bank Limited	A-1+	AAA	JCR-VIS	5	-
The Bank of Punjab	A-1+	AA	PACRA	12	13
The Bank of Khyber	A-1	A	PACRA	-	-
United Bank Limited	A-1+	AAA	JCR-VIS	80	182
				402,337	22,211

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

(c) Liquidity risk

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

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the group's businesses, the group manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

Management monitors the forecasts of the group's cash and cash equivalents (note 29) on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the group. The group's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring reporting date liquidity ratios against internal and external regulatory requirements, and maintaining debt financing plans.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

	Less than one year	One to five years	More than five years	Total contractual cashflows	Carrying amount
	(Rupees in thousand)				
At June 30, 2021					
Long term financing	73,805	36,903	-	110,708	110,708
Short term borrowings	3,642,052	-	-	3,642,052	3,642,052
Unclaimed dividend	17,880	-	-	17,880	17,880
Trade and other payables	213,706	-	-	213,706	213,706
Accrued mark-up	72,403	-	-	72,403	72,403
	4,019,846	36,903	-	4,056,749	4,056,749

	Less than one year	One to five years	More than five years	Total contractual cashflows	Carrying amount
	(Rupees in thousand)				
At June 30, 2020					
Long term financing	18,456	55,367	-	73,823	73,823
Short term borrowings	4,750,749	-	-	4,750,749	4,750,749
Unclaimed dividend	20,671	-	-	20,671	20,671
Trade and other payables	78,154	-	-	78,154	78,154
Accrued mark-up	169,091	-	-	169,091	169,091
	5,037,121	55,367	-	5,092,488	5,092,488

35.2 Fair value estimation

The carrying values of all financial assets and liabilities reflected in the consolidated financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

35.3 Financial instruments by categories

	Financial assets at amortised cost	
	2021	2020
	(Rupees in thousand)	
Assets as per statement of financial position		
Long term loans and advances	4,401	6,606
Trade debts	18,964,182	18,232,531
Short term investment	-	17,677
Deposits and other receivables	739,196	552,930
Cash and bank balances	402,591	4,846
	20,110,370	18,814,590

	Financial liabilities at amortised cost	
	2021	2020
	(Rupees in thousand)	
Liabilities as per statement of financial position		
Long term financing	110,708	73,823
Short term borrowings	3,642,052	4,750,749
Trade and other payables	213,706	78,154
Unclaimed dividend	17,880	20,671
Accrued mark-up	72,403	169,091
	4,056,749	5,092,488

35.4 Financial assets and financial liabilities subject to offsetting

There are no significant financial assets and financial liabilities that are subject to offsetting, enforceable master netting arrangements and similar agreements.

35.5 Capital management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders or issue new shares.

Consistent with others in the industry and the requirements of the lenders, the group monitors the capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total equity (as shown in statement of financial position). Net debt is calculated as non-current borrowings these consolidated financial statements less cash and cash equivalents.

The gearing ratio is as follows:

		2021	2020
		(Rupees in thousand)	
Non-current borrowings - note 7		110,708	73,823
Less: Cash and cash equivalents - note 29		(3,239,461)	(4,745,903)
Net debt		3,350,169	4,819,726
Total equity		26,009,321	23,683,091
Gearing ratio	Percentage	13%	20%

In accordance with the terms of agreement with the lenders of long term finances (as discussed in note 7 to these consolidated financial statements), the group is required to comply with certain financial covenants in respect of capital requirements which the group has complied with throughout the reporting period.

36. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on 16 September 2021 by the Board of Directors.

37. EVENT AFTER THE REPORTING DATE

The Board of Directors have proposed a final cash dividend for the year ended June 30, 2021 of Rs 1.5 per share, amounting to Rs 531.133 million at their meeting held on September 16, 2021 for approval of the members at the Annual General Meeting to be held on October 27, 2021. These consolidated financial statements do not include the effect of the above dividend which will be accounted for in the period in which it is approved.

38. CORRESPONDING FIGURES

Corresponding figures have been reclassified wherever necessary to reflect better presentation of events and transactions for the purpose of comparison, however, no significant reclassifications have been made.

CHIEF EXECUTIVE | CHIEF FINANCIAL OFFICER | DIRECTOR

FORM OF PROXY

I/We, ____

of ______________________ CDC A/C NO. / FOLIO NO. ______________________

being a shareholder of the Nishat Power Limited (The Company) do hereby appoint.

Mr./Miss/Ms. ____

of ______________________ CDC A/C NO. / FOLIO NO. ______________________

and or failing him/her ______________________ of ______________________

who is/are also a shareholder of the said Company, as my/our proxy in my/our absence and to vote for me/us at the Annual General Meeting of the Company to be held on October 27, 2021 (Wednesday) at 11:30 A.M. at Emporium Mall, The Nishat Hotel, Trade and Finance Centre Block, Near Expo Centre, Abdul Haq Road, Johar Town, Lahore, and at any adjournment thereof in the same manner as I/we myself/ourselves would vote if personally present at such meeting.

As witness my/our hands in this day of______________ 2021.

Revenue Stamp of Rs. 50/-

Signature ______________________________

Address ______________________________

____

CNIC No. ______________________________

No. of shares held ______________________

Witness:-

Name ______________________________

Address ______________________________

____

CNIC No. ______________________________

IMPORTANT:

a. This instrument appointing a proxy, duly completed, must be received at the registered Office of the Company at Nishat House, 53-A, Lawrence Road, Lahore not later than 48 hours before the time of holding the Annual General Meeting. For Appointing Proxies.

b. Attested copies of the CNIC or the passport of beneficial owners shall be furnished with the proxy form.

c. The proxy shall produce his original CNIC or original passport at the time of the Meeting.

d. In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished along with proxy form to the Company.

AFFIX

CORRECT

POSTAGE

The Company Secretary

NISHAT POWER LIMITED
Nishat House,
53 - A, Lawrence Road, Lahore.

پراکسی فارم (مختارنامہ)

میں/ہم ________________________________

کا/کے ________________________________

بحیثیت رکن نشاط پاور لمیٹڈ (دی کمپنی) سی ڈی سی اکاؤنٹ نمبر/ فولیو نمبر ____________ بذریعہ ہذا

محترم/محترمہ ____________ کا/کی ____________ سی ڈی سی اکاؤنٹ نمبر/ فولیو نمبر ____________

یا اسکی غیر موجودگی میں ____________ کا/کے ____________

جو مذکورہ کمپنی کا حصص دار بھی ہے

کو اپنے/ ہمارے ایماء پر ____________ **مورخہ 27 اکتوبر 2021ء بروز بدھ صبح 11:30 بجے**

بمقام: ____________ **امپوریم مال، دی نشاط ہوٹل، ٹریڈ اینڈ فنانس سنٹر، نزد ایکسپو سنٹر، عبدالحق روڈ، جوہر ٹاؤن، لاہور پر**

منعقد ہونے والے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا/ ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں/ کرتے ہیں۔

آج بروز .... بتاریخ .... **2021**ء کو میرے/ ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

گواہان

1۔	2۔
دستخط: ____________	دستخط: ____________
نام: ____________	نام: ____________
پتہ: ____________	پتہ: ____________
____________	____________
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ____________	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ____________

اہم نوٹ:

a۔ پراکسی کی تقرری کے آلات، باقاعدہ مکمل شدہ، کمپنی کے رجسٹرڈ دفتر، نشاط ہاؤس، A-53، لارنس روڈ لاہور میں سالانہ اجلاس منعقد ہونے سے کم از کم 48 (اڑتالیس) گھنٹے قبل پراکسیز مقرر کرنے کے لئے لازماً وصول ہو جانے چاہئیں۔

b۔ بینفیشل اونرز کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول، پراکسی فارم (مختارنامہ) کے ہمراہ جمع کرانا ہوگی۔

c۔ پراکسی اجلاس کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ مہیا کرے گا۔

d۔ بصورت کارپوریٹ اینٹٹی، بورڈ کی قرارداد/ مختارنامہ معہ پراکسی ہولڈر کے دستخط پراکسی فارم (مختارنامہ) کے ہمراہ کمپنی میں جمع کرانا ہوگا۔

AFFIX

CORRECT

POSTAGE

The Company Secretary

NISHAT POWER LIMITED
Nishat House,
53 - A, Lawrence Road, Lahore.

NISHAT

NISHAT POWER LIMITED

53-A, Lawrence Road, Lahore.
Fax: 042-36367414 UAN: 042-111-11-33-33