



N I S H A T

NISHAT POWER LIMITED

THIRD QUARTERLY REPORT

FOR THE PERIOD ENDED MARCH 31

2023



DELIVERING GROWTH AND EXCELLENCE



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Nishat Power Limited

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CORPORATE PROFILE

BOARD OF DIRECTORS

Mian Hassan ManshaChairman
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 BangashMember
Mr. Shahzad Ahmad MalikMember

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mian Hassan ManshaMember
Mr. Ahmad Aqeel.....Member / Chairman
Mr. Ghazanfar Hussain MirzaMember

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

Riaz Ahmad & Co.
Chartered Accountants

LEGAL ADVISOR

Cornelius, Lane & Mufti
Advocates & Solicitors

REGISTERED OFFICE

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

HEAD OFFICE

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

SHARE REGISTRAR

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

PLANT

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

DIRECTORS' REPORT

The Board of Directors of Nishat Power Limited (The Company) is pleased to present their report together with the Condensed Interim Financial Information for the period ended March 31, 2023.

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:

During the period the Company had turnover of Rs 17,159 million (March 2022: Rs 14,304 million) against operating cost of Rs 13,892 million (March 2022: Rs 11,152 million) resulting in a gross profit of Rs 3,267 million (March 2022: Rs 3,151 million). The current period's net profit after tax amounts to Rs 2,875 million resulting earnings per share of Rs 8.12 compared to previous period's profit after tax of Rs 2,800 million and earnings per share of Rs 7.91.

During the period, the State Bank of Pakistan ('SBP') issued various directions whereby certain restrictions were imposed on imports of spare parts and consumable items due to scarcity of foreign exchange and difficult economic condition in the country. The Company has raised the matter with Power Purchaser and Private Power & Infrastructure Board ('PPIB') for resolution, however the Company continues to face challenges of timely availability of the required foreign exchange for import of parts for maintenances.

The Power Purchaser continues to default on its payment obligations. The Company took up the matter with the PPIB by giving notices of default pursuant to provisions of Power Purchase Agreement and Implementation Agreement.

Total receivables from Power Purchaser on March 31, 2023 stand at Rs 16,346 million (June 30, 2022: Rs 12,067 million), out of which overdue receivables are Rs 12,573 million (June 30, 2022: Rs 8,013 million).

OPERATIONS RESULTS:

The plant operated at an optimal efficiency with 28.68% (March 2022: 40.31%) average capacity factor and dispatched 368 GWh (March 2022: 518 GWh) of electricity to the Power Purchaser during the period.

COMPOSITION OF BOARD:

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

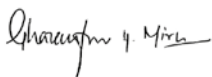
DIRECTORS' REMUNERATION:

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 12 of the annexed condensed interim financial statements.

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.

For and on behalf of Board of Directors



Chief Executive Officer

Lahore: April 28, 2023



Director

مجلس نظام کی رپورٹ:

نشاط پاورلیٹنڈ (کمپنی) کی مجلس نظام 31 مارچ 2023 کو ختم ہونے والی مدت کے لئے کمپنی کی مجموعی مالی معلومات معائنہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتی ہے۔

بنیادی سرگرمی:

کمپنی کی بنیادی سرگرمی جبر کلاں تحصیل چوکی، ضلع قصور، پنجاب، پاکستان میں 200 میگا واٹ کی مجموعی صلاحیت کا حامل انجن ٹیکنالوجی پر مبنی ایندھن سے چلنے والا ذاتی پاور پلانٹ کی تعمیر، چلاؤ اور برقرار رکھنا ہے۔

مالیاتی اور آپریشنل نتائج:

کمپنی کو مدت کے دوران 13,892 ملین روپے (مارچ 2022: 11,152 ملین روپے) کی آپریٹنگ لاگت کے عوض 17,159 ملین روپے (مارچ 2022: 14,304 ملین روپے) آمدنی ہوئی، جس کے نتیجے میں 3,267 ملین روپے (مارچ 2022: 3,151 ملین روپے) کا مجموعی منافع ہوا ہے۔ موجودہ مدت کا بعد از ٹیکس خالص منافع گزشتہ سال کی اسی مدت کے بعد از ٹیکس منافع 2,800 ملین روپے اور 7.91 روپے فی شیئر آمدنی کے مقابلہ میں 2,875 ملین روپے اور 8.12 روپے فی شیئر آمدنی رہا ہے۔

اس عرصے کے دوران، اسٹیٹ بینک آف پاکستان (‘SBP’) نے مختلف ہدایات جاری کیں جن کے تحت غیر ملکی زرمبادلہ کی کمی اور ملک میں مشکل معاشی حالت کی وجہ سے اسپتیر پائرس اور قابل استعمال اشیاء کی درآمد پر کچھ پابندیاں عائد کی گئیں۔ کمپنی نے اس معاملے کو پاور پراجیکٹ پر ایندھن پاور اینڈ انفراسٹرکچر بورڈ (PPIB) کے ساتھ حل کے لیے اٹھایا ہے، تاہم کمپنی کو پلانٹ کی دیکھ بھال کے لیے پوزوں کی درآمد کے لیے مطلوبہ زرمبادلہ کی بروقت دستیابی کے چیلنجز کا سامنا ہے۔

پاور پراجیکٹ اپنی ادائیگی کی ذمہ داریوں پر مسلسل نادہندگی پر کاربند ہے۔ کمپنی نے بجلی کی خریداری کے معاہدے اور Implementation Agreement کے تحت پاور پراجیکٹ اور پرائیویٹ پاور اینڈ انفراسٹرکچر بورڈ (‘پی پی آئی بی’) کے ہاں معاملہ اچا کر کیا ہے۔

31 مارچ 2023 کو پاور پراجیکٹ سے کل واجب وصولی 16,346 ملین روپے (30 جون 2022: 12,067 ملین روپے) ہے، جن میں سے 12,573 ملین روپے (30 جون 2022: 8,013 ملین روپے) کی واجب الوصول رقم زائد المیعاد ہے۔

کاروباری نتائج:

مدت کے دوران پلانٹ زیادہ سے زیادہ پاکفایت کارکردگی پر چلایا گیا اور پاور پراجیکٹ کو اوسط کچنی عنصر 28.68 فیصد (مارچ 2022 40.31 فیصد) صلاحیت کے ساتھ 368 GWh (مارچ 2022: 518 GWh) بجلی ترسیل کی گئی۔

بورڈ کی ترتیب:

ڈائریکٹرز کی کل تعداد

6	(a) مرد
1	(b) عورت
ترتیب	
2	(i) آزاد ڈائریکٹرز
4	(ii) دیگر نان ایگزیکٹو ڈائریکٹرز
1	(iii) ایگزیکٹو ڈائریکٹرز

بورڈ کی کمیٹیاں
بورڈ کی آڈٹ کمیٹی:

نمبر شمار	نام ڈائریکٹر
1	جناب احمد عقیل (آزاد ڈائریکٹر) چیئر مین
2	ملیمہ ہمایوں بگٹس (آزاد ڈائریکٹر)
3	جناب شہزاد احمد ملک (نان ایگزیکٹو ڈائریکٹر)

پیومن ریسورس اینڈ ریسٹریشن کمیٹی:

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

ڈائریکٹرز کا مشاہرہ:

کمیٹی راز آزاد ڈائریکٹرز سمیت اپنے نان ایگزیکٹو ڈائریکٹر کو اجلاس فیس کے علاوہ مشاہرہ ادا نہیں کرتی ہے۔ ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کو ادا کئے گئے مشاہرہ کی مجموعی رقم منسلکہ غیر منقولہ منجملہ عبوری مالی حسابات کے نوٹ 12 میں منکشف کی گئی ہے۔

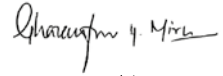
اتکھار تشکر:

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

برائے اور منجانب ڈائریکٹرز



ڈائریکٹر



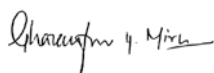
چیف ایگزیکٹو

لاہور: 28 اپریل 2023ء

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Un-audited) AS AT MARCH 31, 2023

	Note	Un-audited March 31, 2023 (Rupees in thousand)	Audited June 30, 2022
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 500,000,000 (June 30, 2022: 500,000,000) ordinary shares of Rs 10 each		5,000,000	5,000,000
Issued, subscribed and paid up share capital 354,088,500 (June 30, 2022: 354,088,500)			
ordinary shares of Rs 10 each		3,540,885	3,540,885
Capital reserve		2,914,136	3,153,633
Revenue reserve: Un-appropriated profits		22,212,074	21,399,042
TOTAL EQUITY		28,667,095	28,093,560
LIABILITIES			
NON-CURRENT LIABILITY			
Long term financing - secured	4	-	-
CURRENT LIABILITIES			
Trade and other payables		720,808	648,853
Short term borrowings - secured		1,236,434	4,487,946
Accrued mark-up		21,810	82,884
Current portion of long term financing - secured	4	-	36,903
Unclaimed dividend		24,034	20,144
		2,003,086	5,276,730
CONTINGENCIES AND COMMITMENTS			
	5	30,670,181	33,370,290

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


CHIEF EXECUTIVE

Note	Un-audited March 31, 2023 (Rupees in thousand)	Audited June 30, 2022
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ASSETS

NON-CURRENT ASSETS

Fixed assets	6	8,388,426	8,503,711
Long term investment	7	-	-
Long term loans		6,448	1,228
		<u>8,394,874</u>	<u>8,504,939</u>

CURRENT ASSETS

Stores, spares and loose tools		1,061,755	891,851
Inventories		2,236,224	4,172,155
Trade debts	8	15,624,416	11,533,456
Advances, deposits, prepayments and other receivables		1,339,167	1,976,426
Advance income tax - net of provision for taxation		56,821	50,624
Short term investments		43,110	5,733,711
Cash and bank balances		1,913,814	507,128
		<u>22,275,307</u>	<u>24,865,351</u>
		<u>30,670,181</u>	<u>33,370,290</u>



DIRECTOR


CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited) FOR THE NINE-MONTH AND QUARTER ENDED MARCH 31, 2023

		Nine-month period ended		Quarter ended	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Note		(Rupees in thousand)		(Rupees in thousand)	
Revenue from contract with customer		17,159,042	14,303,697	3,469,176	4,432,701
Cost of sales	9	(13,892,303)	(11,152,406)	(2,508,974)	(3,188,837)
Gross profit		3,266,739	3,151,291	960,202	1,243,864
Administrative expenses		(280,000)	(236,357)	(98,685)	(83,519)
Other expenses		(125,863)	(37,361)	(55,193)	(34,781)
		(405,863)	(273,718)	(153,878)	(118,300)
Other income		2,860,876	2,877,573	806,324	1,125,564
		97,676	74,400	48,800	22,512
Profit from operations		2,958,552	2,951,973	855,124	1,148,076
Finance cost		(83,093)	(151,810)	(23,306)	(7,561)
Profit before taxation		2,875,459	2,800,163	831,818	1,140,515
Taxation		(349)	-	(41)	-
Profit after taxation		2,875,110	2,800,163	831,777	1,140,515
Earnings per share - basic and diluted (in Rupees)		8.120	7.908	2.349	3.221

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited) FOR THE NINE-MONTH AND QUARTER ENDED MARCH 31, 2023

	Nine-month period ended		Quarter ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	(Rupees in thousand)		(Rupees in thousand)	
Profit after taxation	2,875,110	2,800,163	831,777	1,140,515
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
	-	-	-	-
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	2,875,110	2,800,163	831,777	1,140,515

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


CHIEF EXECUTIVE



DIRECTOR


CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited) FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2023

	Share capital	Capital reserve: Maintenance reserve	Revenue reserve: Un-appropriated profits	Total equity
	(Rupees in thousand)			
Balance as at June 30, 2021 - audited	3,540,885	3,153,633	19,315,746	26,010,264
Transactions with owners:				
Final dividend for the year ended 30 June, 2021 @ Rupees 1.5 per share	-	-	(531,133)	(531,133)
Interim dividend for the half year ended 31 December, 2022 @ Rupees 2.0 per share	-	-	(708,177)	(708,177)
	-	-	(1,239,310)	(1,239,310)
Profit for the period	-	-	2,800,163	2,800,163
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	2,800,163	2,800,163
Balance as at 31 March , 2022 (un-audited)	3,540,885	3,153,633	20,876,599	27,571,117
Transactions with owners:	-	-	-	-
Profit for the period	-	-	522,443	522,443
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	522,443	522,443
Balance as on 30 June, 2022 - audited	3,540,885	3,153,633	21,399,042	28,093,560
Transactions with owners :				
Final dividend for the year ended June 30, 2022				
Final dividend for the year ended 30 June, 2022 @ Rupees 2.5 per share	-	-	(885,221)	(885,221)
Interim dividend for the quarter ended 30 September, 2022 @ Rupees 2.0 per share	-	-	(708,177)	(708,177)
Interim dividend for the half year ended 31 December , 2022 @ Rupees 2.0 per share	-	-	(708,177)	(708,177)
	-	-	(2,301,575)	(2,301,575)
Profit for the period	-	-	2,875,110	2,875,110
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	2,875,110	2,875,110
Transfer of maintenance reserve	-	(239,497)	239,497	-
Balance as at 31 March, 2023 (un-audited)	3,540,885	2,914,136	22,212,074	28,667,095

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited) FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2023

		Nine Months Period Ended	
	Note	March 31, 2023	March 31, 2022
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	10	1,951,980	5,624,886
Finance cost paid		(144,167)	(215,292)
Income tax paid		(6,546)	(7,162)
Long term loans - net		(5,220)	1,020
Retirement benefits paid		(23,468)	(21,493)
Net cash generated from operating activities		1,772,579	5,381,959
Cash flows from investing activities			
Capital expenditure on operating fixed assets		(437,965)	(132,372)
Investment made in subsidiary company		-	(1,750)
Purchase of short term investments		(48,610)	(5,700,721)
Proceeds from sale of short term investments		5,668,741	5,667,927
Proceeds from disposal of operating fixed assets		239	43,458
Profit on bank deposits received		37,802	17,201
Net cash generated from/(used in) investing activities		5,220,207	(106,257)
Cash flows from financing activities			
Repayment of long term finances		(36,903)	(55,354)
Dividend paid		(2,297,685)	(1,236,549)
Net cash used in financing activities		(2,334,588)	(1,291,903)
Net increase in cash and cash equivalents		4,658,198	3,983,799
Cash and cash equivalents at the beginning of the period		(3,980,818)	(3,239,461)
Cash and cash equivalents at the end of the period	11	677,380	744,338

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE NINE-MONTH PERIOD AND QUARTER ENDED MARCH 31, 2023

1. THE COMPANY AND ITS OPERATIONS

- 1.1 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.
- 1.2 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 09 June 2010. On 12 February 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, whereby the Agreement Year that was ending on 8 June 2021 was extended by sixty eight (68) days to 15 August 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 15 August 2035.

2. BASIS OF PREPARATION

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

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

- 2.2 These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2022. These condensed interim financial statements are un-audited and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Section 237 of the Companies Act, 2017.

These condensed interim financial statements are prepared in Pak Rupees, which is the functional currency of the Company.

3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these condensed interim financial statements are same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2022.

3.1. Critical accounting estimates and judgments

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

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2022.

	Un-audited March 31, 2023 (Rupees in thousand)	Audited June 30, 2022
4. LONG TERM FINANCING - SECURED		
Opening balance	36,903	110,708
Less: Repayments during the period/year	(36,903)	(73,805)
	-	36,903
Less: Current portion shown under current liabilities	-	(36,903)
	-	-

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

There is no significant change in contingencies i.e. (contingent liabilities) from the preceding annual published financial statements of the Company for the year ended June 30, 2022, except for:

- (i) On 28 April 2022, National Electric Power Regulatory Authority (NEPRA) issued a notice of hearing to all the RFO based IPPs under the 2002 Power Policy regarding application of highest lab tested Calorific Value (CV) for calculation of CV adjustment instead of average CV as per existing mechanism. The Company vide its letter dated 16 May 2022 replied to NEPRA to refrain from re-initiating the subject proceedings which has already been finalized and implemented by NEPRA vide its letter dated 01 September 2021. Contrary to the reply of the Company, NEPRA held its hearing on 17 May 2022 and verbally directed to the Company to provide its comments in 15 days failing which the proceedings would be concluded on ex-parte basis. Against the directions of NEPRA, the Company filed a petition in Honourable Lahore High Court, Lahore (LHC) on 06 June 2022, for restraining NEPRA to take any adverse action in this regard, which is pending adjudication. LHC vide its interim order dated 06 June 2022, suspended the impugned notice of hearing. On 18 November 2022, NEPRA determined that although CV adjustment is computed on the basis of average of two CV results, the said CV adjustment shall be subject to the final outcome of the suit pending before LHC. The management based on the advice of its legal counsel, has strong grounds to believe that the case will be decided in favour of the Company. Further, its financial impact cannot be reasonably estimated at this stage, therefore, no provision has been made in these condensed interim financial statements.
- (ii) On 16 March 2020, Committee for the Power Sector Audit, Circular Debt Resolution and Future Roadmap constituted by Ministry of Energy 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. The Company rejected such claims, and discussions were made with Government of Pakistan ("GoP") to resolve the dispute. On 12 February 2021, the Company and CPPA-G have signed 'Master Agreement' and 'PPA Amendment

Agreement' wherein it has been agreed that the abovementioned dispute will be resolved through arbitration under the 'Arbitration Submission Agreement' between the Company and GoP. On 15 June 2022, the Company and GoP have signed the Arbitration Submission Agreement. During the period ended 31 March 2023, Arbitration Tribunal has been constituted under the terms of 'Arbitration Submission Agreement'. Management believes that there are strong grounds that the matter will ultimately be decided in Company's favour. Furthermore, its financial impact cannot be reasonably estimated at this stage, hence, no provision in this respect has been made in these condensed interim financial statements.

- (iii) The banks have issued the following on behalf of the Company:
- (a) Letter of guarantee of Rs 11.5 million (June 2022: Rs 11.5 million) and Rs 18.4 million (June 2022: 6.9 million) in favour of Director Excise and Taxation, Karachi, under directions of Sindh High Court and Supreme Court of Pakistan respectively, in respect of suit filed for levy of infrastructure cess.
- (b) Letters of guarantee of Rs 500 million (June 2022: Rs 500 million) in favour of fuel supplier.
- (c) Letter of guarantee of Rs 1.5 million (June 2022: Rs 1.5 million) in favour of Punjab Revenue Authority, Lahore.
- (d) Letter of guarantee of Rs. Nil (30 June 2022: Rs. 1 million) in favour of Collector of Customs, Lahore and Rs. 31.61 million (30 June 2022: Rs. 31.61 million) in favour of Collector of Customs, Karachi under directions of Lahore High Court and Sindh High Court, in respect of suit filed for concessionary rate of duty under Customs Act, 1969.

5.2 Commitments

- (i) Letters of credit and contracts for other than capital expenditure aggregating to Rs 597.206 million (June 2022: Rs. 135.41 million).

Un-audited Audited
March 31, June 30,
2023 2022
(Rupees in thousand)

6. FIXED ASSETS

Property, plant and equipment:

Operating fixed assets	note 6.1	8,287,899	8,087,216
Capital work-in-progress	note 6.3	1,955	6,686
Major spare parts and standby equipment		98,572	409,809

8,388,426 8,503,711

6.1 Operating fixed assets

Opening net book value		8,087,216	8,732,332
Add: Cost of additions during the period / year	note 6.2	753,980	130,692
Less: Book value of disposals / derecognitions during the period / year		(211)	(5,694)
Less: Depreciation charged during the period / year		(553,086)	(770,114)
Closing net book value		8,287,899	8,087,216

	Un-audited March 31, 2023 (Rupees in thousand)	Audited June 30, 2022
6.2 Cost of additions		
Freehold land	-	98,146
Buildings and roads on freehold land	-	525
Plant and machinery	734,003	9,395
Computer equipment	5,755	2,864
Furniture and fixtures	480	320
Office equipment	653	1,027
Vehicles	13,089	18,415
	<u>753,980</u>	<u>130,692</u>
6.3 Capital work-in-progress		
Civil works	1,955	1,624
Advances against purchase of vehicle	-	5,062
	<u>1,955</u>	<u>6,686</u>
7. LONG TERM INVESTMENTS		
7.1 Investment in Nishat Energy Limited		
250,000 (June 30, 2022: 250,000) fully paid ordinary shares of Rs 10 each [Equity held 25% (June 30, 2022: 25%)] - Cost	-	-
	<u>-</u>	<u>-</u>

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.

	Un-audited March 31, 2023 (Rupees in thousand)	Audited June 30, 2022
8. TRADE DEBTS		
Other than related parties - considered good	<u>15,624,416</u>	<u>11,533,456</u>

'These represent trade receivables from CPPA-G and are considered good. These are secured by a guarantee from the Government of Pakistan (GOP) under the Implementation Agreement and are in the normal course of business and interest free, however, delayed payment mark-up at the rate of three months KIBOR plus 2.00% per annum for first sixty days and three months KIBOR plus 4.50% per annum after first sixty days, each compounded semi-annually, is charged in case the amounts are not paid within due dates. The rate of delayed payment mark-up charged during the period on outstanding amounts ranged from 16.70% to 23.94% (30 June 2022: 11.53% to 19.49%) per annum.

Prior to signing of 'Master Agreement' and 'PPA Amendment Agreement' an amount of Rupees 816.033 million was included in trade debts in previous years relating to capacity

revenue not acknowledged by NTDC/CPPA-G and the Company had contested it at various forums including arbitration in the London Court of International Arbitration ('LCIA').

On 29 October 2017, the Arbitrator declared his Final Award whereby he ordered NTDC/CPPA-G to pay certain amounts to the Company. Thereafter, on 29 November 2017, Company filed an application before Lahore High Court for implementation/enforcement of Final Award that is pending adjudication.

On 12 February 2021, as part of the PPA Amendment Agreement as referred to in note 1.2 to these condensed interim financial statements, the CPPA-G and the Company settled the dispute through the extension period of 68 days treated as "Other Force Majeure Event" ('OFME') 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. Further, subject to fulfilment 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, Lahore.

Pursuant to the provisions of PPA Amendment Agreement as mentioned above, out of the recognized receivable of Rupees 816.033 million, the Company assessed that amount aggregating Rupees 141.470 million was no longer recoverable and therefore written off during the financial year ended 30 June 2021. Remaining amount of Rupees 674.563 million had been duly verified by CPPA-G and received by the Company.

The Company and CPPA-G are in the process of withdrawal of the enforcement proceedings.

	Un-audited Nine month period ended		Un-audited Quarter ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	(Rupees in thousand)		(Rupees in thousand)	
9. COST OF SALES				
Raw materials consumed	11,977,128	9,967,541	1,769,543	2,786,933
Salaries and other benefits	243,702	217,025	86,138	77,286
Repairs and maintenance	26,343	15,575	5,607	3,244
Stores, spares and loose tools consumed	711,326	124,611	340,478	50,829
Electricity consumed				
in-house	48,555	27,315	20,134	11,628
Insurance	271,849	210,131	90,843	70,451
Travelling and conveyance	32,108	19,085	11,420	6,961
Printing and stationery	1,191	596	541	181
Postage and telephone	588	488	164	165
Vehicle running expenses	6,993	3,668	2,459	1,200
Entertainment	1,884	1,651	880	256
Depreciation on fixed assets	506,496	519,661	159,103	165,632
Fee and subscription	3,949	3,632	1,244	1,010
Miscellaneous	60,191	41,427	20,420	13,061
	13,892,304	11,152,406	2,508,974	3,188,837

10. CASH GENERATED FROM OPERATIONS

	Un-audited Nine month period ended	
	March 31, 2023	March 31, 2022
	(Rupees in thousand)	
Profit before taxation	2,875,459	2,800,163
Adjustment for non-cash charges and other items:		
Depreciation on operating fixed assets	553,039	566,029
Profit on bank deposits	(41,556)	(17,274)
Exchange loss	55,193	818
Interest on short term investment	(3,887)	-
Finance cost	83,093	151,810
Provision for employee retirement benefits	23,468	21,493
Impairment loss on investment in subsidiary	-	1,750
Gain on disposal of operating fixed assets	(28)	(38,875)
Loss on sale of short term investments	70,470	32,793
Operating profit before working capital changes	3,615,251	3,518,707
Effect on cash flow due to working capital changes:		
Decrease / (increase) in current assets		
Stores, spares and loose tools	(169,904)	(10,407)
Inventories	1,935,931	(1,111,075)
Trade debts	(4,090,960)	3,551,982
Advances, deposits, prepayments and other receivables	644,900	(177,681)
	(1,680,033)	2,252,819
(Decrease) / increase in current liabilities		
Trade and other payables	16,762	(146,640)
	(1,663,271)	2,106,179
	1,951,978	5,624,886
11. CASH AND CASH EQUIVALENTS		
Cash and bank balances	1,913,814	744,338
Short term borrowings - secured	(1,236,434)	-
	677,380	744,338

12. 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. Details of transactions with related parties are as follows:

		Nine month period ended		Quarter ended	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Relationship with the Company	Nature of transactions	(Rupees in thousand)			
i. Holding company	Dividends paid	1,174,114	632,215	361,266	361,266
ii. Entities on the basis of common directorship	Purchases of goods and services	97,099	65,885	32,741	22,654
	Rental expense	864	6,920	-	1,328
	Insurance premium	270,141	209,098	90,032	70,246
iii. Group entity	Interest on deposit accounts	42,146	17,200	23,076	16,932
	Insurance premium	6,577	5,087	2,197	2,093
iv. Post employment benefit plan	Expense charged in respect of Retirement benefit plan	23,468	21,494	7,899	7,197
v. Key management personnel	Remuneration	24,607	23,192	11,747	11,046

	Un-audited March 31, 2023	Audited June 30, 2022
(Rupees in thousand)		
Period end balances		
Payable to related parties		
- Companies on basis of common directorship	853	91
- Group entity	-	3,133
Bank deposits with related parties		
- Group entity	662,383	505,564
Receivable from related parties		
- Companies on basis of common directorship	4,304	29,322
- Group entity	8,353	-

13. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Certain financial assets and financial liabilities are not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts. Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these condensed interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company classifies its financial instruments into the following three levels. However, as at the reporting date, the Company has no such type of financial instruments which are required to be grouped into these levels. These levels are explained as under:

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

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

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

14. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2022.

15. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on 28 April 2023 by the Board of Directors of the Company.

16. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position and the condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of the preceding financial year, whereas, the condensed

interim statement of profit or loss, the condensed interim statement of comprehensive income and the condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

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

17. GENERAL

Figures have been rounded off to the nearest thousand of Rupees, unless otherwise stated.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER





N I S H A T

NISHAT POWER LIMITED

53-A, Lawrence Road, Lahore.

Fax: 042-36367414 UAN: 042-111-11-33-33