NISHAT POWER LIMITED

NISHAT GROUP

SECY/STOCKEXC/

October 3, 2019

The General Manager,
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
KARACHI.

SUB: **SUBMISSION OF ANNUAL AUDITED ACCOUNTS FOR THE PERIOD ENDED JUNE 30, 2019**

Dear Sir,

In compliance with the provisions of Section 237 of the Companies Act 2017, read with PSX Notice No. PSX/N-4207 dated July 13, 2018 and PSX/N-4952 dated August 29, 2018, we are pleased to upload through PUCAR Annual Audited Accounts of the Company for the year ended June 30, 2019.

Further please find attached Statement of Free Float of Shares duly signed by the Chief Executive Officer and Company Secretary of the Company along with Independent Reasonable Assurance Report on Statement of Free Float of Shares dated September 30, 2019 issued by A. F. Ferguson & Co., Chartered Accountants, the external auditors of the Company.

Thanking you,

Yours truly,

KHALID MAHMOOD CHOHAN
COMPANY SECRETARY

HEAD OFFICE : 1.B, AZIZ AVENUE, CANAL BANK, GULBERG V, LAHORE. TEL: +92-42-35717090-96, 35717159-63, FAX: 92-42-35717239 Email: nishat@nishatpower.com, Website: www.nishatpower.com
REGISTERED OFFICE : NISHAT HOUSE, 53/A, LAWRENCE ROAD, LAHORE. TEL: 111-113-333 FAX: +92-42-36367414
POWER PLANT : 66 Km, Lahore - Multan Road, On BS Link Canal Near Jambar Kalan, Tehsil Pattoki, District Kasur. Tel: 92-42-35260118-9, 049-4388271-80

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INDEPENDENT REASONABLE ASSURANCE REPORT ON STATEMENT OF FREE FLOAT OF SHARES

To the Chief Executive of Nishat Power Limited

1. Introduction

We have been engaged to perform a reasonable assurance engagement on the annexed Statement of Free Float of Shares (the 'Statement') of Nishat Power Limited ('the Company') as of September 30, 2018, December 31, 2018, March 31, 2019 and June 30, 2019.

2. Applicable criteria

The criteria against which the Statement is assessed is Regulation No. 5.7.2(c) (ii) of Pakistan Stock Exchange Limited Regulations ('PSX Regulations') which requires every listed Company/ modaraba/mutual fund to submit directly to Pakistan Stock Exchange Limited ('PSX') an annual Free-Float Certificate duly verified by the auditor along with the annual audited accounts as prescribed under regulation 5.6.4(a) of the PSX Regulations.

3. Management's responsibility for the Statement

Management is responsible for the preparation of the Statement as of September 30, 2018, December 31, 2018, March 31, 2019 and June 30, 2019 in accordance with the applicable criteria. This responsibility includes maintaining adequate records and internal controls as determined necessary to enable the preparation of the Statement such that it is free from material misstatement, whether due to fraud or error.

4. Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 "Quality Control for firms that perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

5. Our responsibility and summary of the work performed

Our responsibility is to carry out an independent reasonable assurance engagement and to express an opinion as to whether the Statement is prepared in accordance with the applicable criteria, based on the procedures we have performed and the evidence we have obtained.

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
23-C, Aziz Avenue, Canal Bank, Gulberg-V, P.O.Box 39, Lahore-54660, Pakistan
Tel: +92 (42) 3571 5868-71 / 3577 5747-50 Fax: +92 (42) 3577 5754 www.pwc.com/pk

We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), 'Assurance Engagements other than audits or reviews of historical financial statements' (ISAE 3000) (Revised) issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable level of assurance about whether the Statement is free from material misstatement.

A reasonable assurance engagement in accordance with ISAE 3000 (Revised) involves performing procedures to obtain evidence about the free float of shares and related information in the Statement. The nature, timing and extent of procedures selected depend on the practitioner's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error, in the Statement. In making those risk assessments, we considered internal control relevant to the Company's preparation of the Statement. A reasonable assurance engagement also includes assessing the applicable criteria used and significant estimates made by management, as well as, evaluating the overall presentation of the Statement.

We have carried out the procedures considered necessary for the purpose of providing reasonable assurance on the Statement. Our assurance procedures performed included verification of information in the Statement with the underlying data and record comprising of Central Depository Company statements, forms submitted by the Company with Securities & Exchange Commission of Pakistan relating to its pattern of shareholding and other related information. Verification that the computation of free float of shares is in accordance with the PSX regulation also forms part of our assurance procedures.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

6. Basis of Qualified Opinion

As at June 30, 2019, 723,500 shares held by The Bank of Punjab, an entity controlled by Government of the Punjab, are appearing as Free Float shares rather than being presented as Government Holdings.

7. Qualified Opinion

In our opinion, except for the effect of non-compliance described in the Basis of Qualified Opinion section of our report, the Statement as of September 30, 2018, December 31, 2018, March 31, 2019 and June 30, 2019 is prepared, in all material respects, in accordance with the PSX Regulations.

8. Restriction on use and distribution

This report is issued in relation to the requirements as stipulated under Regulation No 5.7.2(c)(ii) of the PSX Regulations and is not to be used or distributed for any other purpose. This report is restricted to the facts stated herein and the attachments.

AFerguson & C.

A.F. Ferguson & Co.
Chartered Accountants
Lahore
Date: September 30, 2019

ANNUAL REPORT 2019

NISHAT

NISHAT POWER LIMITED

CONTENTS

CORPORATE PROFILE

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

CHIEF FINANCIAL OFFICER

Mr. Tanvir Khalid

COMPANY SECRETARY

Mr. Khalid Mahmood Chohan

BANKERS OF THE COMPANY

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

AUDITORS	A. F. Ferguson & Co. Chartered Accountants
LEGAL ADVISOR	Cornelius, Lane & Mufti Advocates & Solicitors
REGISTERED OFFICE	53 - A, Lawrence Road, Lahore - Pakistan UAN: 042-111-11-33-33
HEAD OFFICE	1-B, Aziz Avenue, Canal Bank, Gulberg-V, Lahore - Pakistan Tel: +92-42-35717090-96, 35717159-63 Fax: +92-42-35717239 Website: www.nishatpower.com
SHARE REGISTRAR	Hameed Majeed Associates (Pvt.) Ltd. Financial & Management Consultants H.M. House, 7-Bank Square, Lahore - Pakistan. Tel: 042-37235081-2
PLANT	66-K.M, Multan Road, Jambar Kalan, Tehsil Pattoki, District Kasur, Punjab - Pakistan.

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 26, 2019 (Saturday) 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, 2019 with the Chairman Review, Directors' and Auditors' reports thereon.

2. To appoint statutory Auditors for the year ending June 30, 2020 and fix their remuneration.

BY ORDER OF THE BOARD

LAHORE
September 18, 2019

KHALID MAHMOOD CHOHAN
(Company Secretary)

NOTES:

BOOK CLOSURE NOTICE:-

The Ordinary Shares Transfer Books of the Company will remain closed from 19-10-2019 to 26-10-2019 (both days inclusive) for 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 18-10-2019 at Share Registrar, Hameed Majeed Associates (Pvt) Ltd, 7-Bank Square, Lahore, will be considered in time for attending of meeting.

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.

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

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 said 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. Please note that giving email address for receiving of Annual Financial Statements instead of receiving the same by post is optional, in case you do not wish to avail this facility please ignore this notice, Financial Statements will be sent in compact disk to the registered address of the shareholders.

UNCLAIMED DIVIDEND / SHARES

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

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.

Statement Under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

Name of Investee Company	**Lalpir Solar Power (Pvt) Limited (LSPL)**
Total Investment Approved:	Equity investment upto Rupees 278.460 million was approved by members in Annual General Meeting on October 26, 2018.
Amount of Investment Made to date:	Nil
Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time:	In previous financial year, LSPL has obtained the approval from NTDCL for Grid Interconnection Study. During the year, the NEPRA has given generation license to LSPL. Subsequently, LSPL applied to Central Power Purchasing Agency (CPPA) for consent to Purchase Power from this project called, Power Acquisition Request (PAR). Once the PAR is given, LSPL shall apply for the tariff as per policy announced by the government.
Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:	At the time of approval, as per available latest audited financial statements for the year ended June 30, 2018, the basic loss per share was Rs.1.63 and breakup value per share was Rs. 1.73. As per latest available annual audited financial statements for the year ended June 30, 2019 the basic profit per share is Rs. 1.45 and breakup value per share is Rs.3.18.

CHAIRMAN'S REVIEW

With gratitude, I would like to appreciate the trust and support forwarded by our stakeholders which helped the Company to post earnings per share of Rs 10.65 in current year as compared to Rs 9.07 last year.

The composition of the Board of Directors reflects mix of varied backgrounds and rich experience in the fields of business, finance and banking.

The Board provides strategic direction and is always available for guidance to the management. The Board approves the budget and ensures that a competent and energetic team is in position to achieve the goals set and ensures compliance of all regulatory requirements by the Management. The Board has developed a risk management framework after identification of risks and mitigating measures specific to the Company.

The Board is ably assisted by its Committees, where Audit Committee reviews the financial statements and ensures that the accounts fairly represent the financial position of the Company by ensuring effectiveness of internal controls, while, the HR Committee overviews HR policy framework and recommends selection and compensation of senior management team.

Summarizing my review, I am pleased with the Board's overall performance and their effective role played in achieving the Company's objectives.

CHAIRMAN
Lahore: September 18, 2019

چیئرمین کی جائزہ رپورٹ

میں اپنے اسٹیک ہولڈرز کا مشکور و ممنون ہوں اور ان کی تعریف کرنا چاہتا ہوں، جن کے تعاون اور اعتماد کی بدولت کمپنی نے موجودہ مالی سال میں گزشتہ مالی سال 9.07 روپے فی شیئر کے مقابلہ میں 10.65 روپے فی شیئر آمدنی حاصل کی۔

بورڈ آف ڈائریکٹرز کی تشکیل مختلف پس منظر کا امتزاج اور کاروبار، مالیات اور بینکاری کے شعبوں میں بھرپور تجربہ کی عکاسی کرتی ہے۔

بورڈ اسٹریٹجک سمت فراہم کرتا ہے اور انتظامیہ کی رہنمائی کے لئے ہمہ وقت دستیاب ہوتا ہے۔ بورڈ بجٹ کی منظوری دیتا ہے اور اس بات کو یقینی بناتا ہے کہ ایک قابل اور متحرک ٹیم مقررہ اہداف کو حاصل کرنے کی پوزیشن میں ہے اور انتظامیہ کے ذریعہ تمام قانونی تقاضوں کی تعمیل کو یقینی بناتا ہے۔ بورڈ نے کمپنی سے متعلق خطرات کی نشاندہی اور ان سے متعلق اقدامات کے بعد ایک رسک مینجمنٹ فریم ورک تیار کیا ہے۔

بورڈ کی کمیٹیاں بورڈ کی مدد کرتی ہیں، جہاں آڈٹ کمیٹی مالی حسابات کا جائزہ لیتی ہے اور اس بات کو یقینی بناتی ہے کہ اکاؤنٹس اندرونی کنٹرولز کی موثرگی کو یقینی بناتے ہوئے 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۔

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

چیئرمین

لاہور: 18 ستمبر 2019

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, 2019.

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 15,582 million (2018: Rs 16,929 million) during the year against operating cost of Rs 10,584 million (2018: Rs 12,707 million) resulting in a gross profit of Rs 4,998 million (2018: Rs 4,222 million). The current year's net profit after tax amounts to Rs 3,770 million resulting earnings per share of Rs 10.65 compared to previous year's profit after tax of Rs 3,211 million and earnings per share of Rs 9.07.

We would like to draw your attention to emphasis of matter paragraph of the independent auditors' report to the members which refers to an amount of Rs 816 million (2018: Rs 816 million) relating to capacity purchase price, included in trade debts, not acknowledged by National Transmission and Despatch Company Limited ('NTDCL'). Further details are mentioned in note 17.2 of the annexed financial statements. Based on the favourable Expert determination and International Arbitration Award, management strongly feels that under the terms of the PPA and Implementation Agreement, the above amount is likely to be recovered by the company. Consequently, no provision for the above mentioned amount has been made in these financial statements.

NTDCL continues to default on its payment obligations. The Company took up the matter with NTDCL and Private Power & Infrastructure Board ('PPIB') by giving notices of default pursuant to provisions of Power Purchase Agreement and Implementation Agreement. The Company is facing the risk of increased receivables due to overall challenge of circular debt plaguing the Power Sector operating in Pakistan. For other risks being faced by the Company, please refer to note 36 of the annexed financial statements.

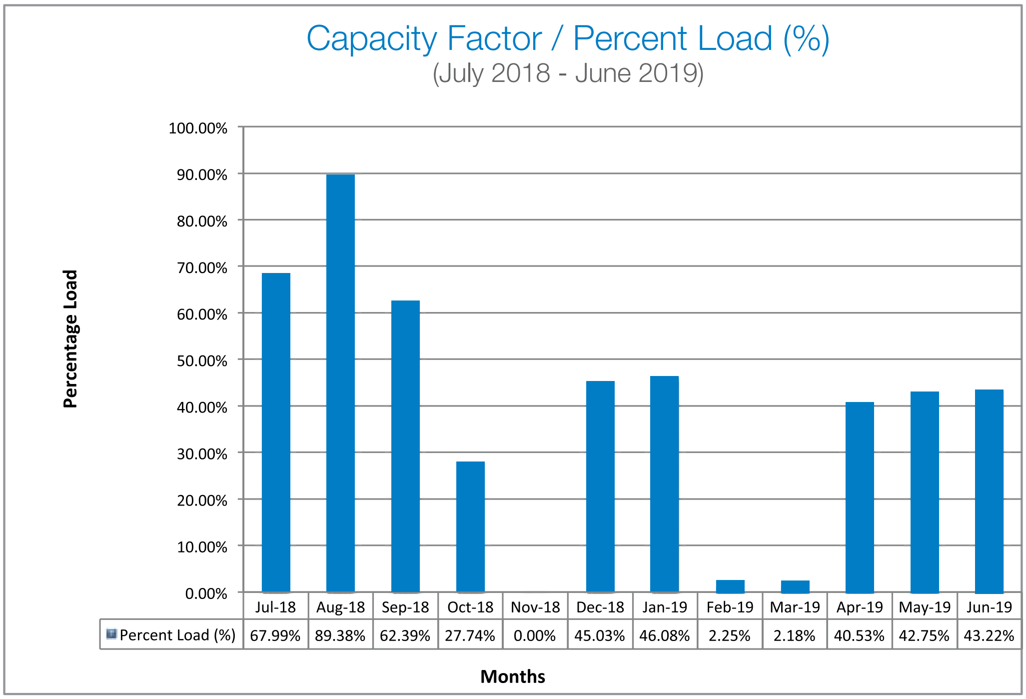
Total receivables from NTDCL on June 30, 2019 stand at Rs 16,045 million, out of which overdue receivables are Rs 13,145 million.

OPERATIONS AND SIGNIFICANT EVENTS:

During the period, NEPRA has issued a notice to the company, showing the intention of revising tariff of the company by taking suo motto action. In the notice, NEPRA has claimed that company has been earning abnormal profits during the past years, which are in excess of the tariff determined for the company. The Company has challenged the authority of NEPRA for revising tariff, in the Islamabad High Court, which is pending adjudication.

Operational results:

The plant operated at an optimal efficiency with 39.46% (2018: 68.27%) average capacity factor and dispatched 675 GWh (2018: 1,171 GWh) of electricity to NTDCL during the year.



KEY OPERATING AND FINANCIAL DATA:

Financial year ending June 30,	2019	2018
	(Rupees in Millions)	
Turnover	15,582	16,929
Net Profit	3,770	3,211
Total non-current assets	10,007	10,660
Issued, subscribed and paid up capital	3,541	3,541
Long term financing	3,040	5,092
Short term financing	6,420	4,579
Generation (MWh)	675,106	1,171,192
Earnings per share-basic and diluted (Rs.)	10.646	9.07
Share prices (Market value rupees per share)	27.54	29.64

Due to increased power generation capacity of the country, the Company's capacity utilization factor has seen some falling trend i.e. from 68% of previous year to 39% in this year. However, the management believes that NTDC would still need to run our 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) has expired on June 30, 2016. In previous financial year, LSPPL has obtained the approval from NTDCL for Grid Interconnection Study. During the year, the NEPRA has given generation license to LSPPL.

Subsequently, LSPPL applied to Central Power Purchasing Agency (CPPA) for consent to Purchase Power from this project called, Power Acquisition Request (PAR). Once the PAR is given, LSPPL shall apply for the tariff as per policy announced by the government.

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 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, 2019 is Rs 159.247 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	Mr. Yousuf Bashir	(Member)	4

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

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)	3
2	Mr. Khalid Qadeer Qureshi	(Died on February 24, 2019)	2
3	Mr. Ahmad Aqeel		4
4	Mr. Mahmood Akhtar		3
5	**Mr. Ghazanfar Hussain Mirza (Chief Executive)		4
6	Mr. Shahzad Ahmad Malik		4
7	Mr. Yousuf Bashir		4
8	*Mr. Norez Abdullah		1

*Mr. Norez Abdullah appointed as Director in place of Mr. Khalid Qadeer Qureshi with effect from March 05, 2019.

**Mr. Ghazanfar Hussain Mirza appointed as Chairman Board of Directors in place of Mr. Khalid Qadeer Qureshi with effect from March 05, 2019.

**Mr. Ghazanfar Hussain Mirza appointed as Chief Executive in place of Mian Hassan Mansha with effect from April 27, 2019.

***Mian Hassan Mansha appointed as Chairman Board of Directors in place of Mr. Ghazanfar Hussain Mirza with effect from April 27, 2019.

LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

The new Code of Corporate Governance has marked a number of changes to bring local companies governance in line with the global norms. The company have taken initiatives to implement amendments in the new Code. Number of Directorships and composition of the board has been linked with the restructuring of the Board at the time of next election of Directors.

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 2019.

Sr. #	Name of Directors
1	Mr. Ahmad Aqeel
2	Mr. Yousuf Bashir
3	Mian Hassan Mansha
4	Mr. Shahzad Ahmad Malik
5	Mr. Norez Abdullah
6	Mr. Ghazanfar Hussain Mirza
7	Mr. Mahmood Akhtar

COMPOSITION OF BOARD:

Total number of Directors:

(a)	Male	7
(b)	Female:	0

Composition:

(i)	Independent Directors	2
(ii)	Other Non-executive Directors	3
(iii)	Executive Directors	2

COMMITTEES OF THE BOARD:

Audit Committee of the Board:

Sr. #	Name of Directors
1	Mr. Ahmad Aqeel (Independent Director) – Chairman
2	Mr. Yousuf Bashir (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 Hussain 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 31 of the annexed financial statements.

ELECTION OF DIRECTORS AND COMPOSITION OF THE BOARD AND COMMITTEES:

Election of directors was held on August 22, 2017 in an Extra Ordinary General Meeting, after which latest composition of the board and chairman/chief executive roles of the board and committees as elected by the directors in their meeting held on August 29, 2017 was as follows:

Board of Directors:

Sr. #	Name of Directors	
1	Mian Hassan Mansha	(Chief Executive)
2	Mr. Khalid Qadeer Qureshi	(Chairman)
3	Mr. Mahmood Akhtar	
4	Mr. Shahzad Ahmad Malik	
5	Mr. Ahmad Aqeel	
6	Mr. Ghazanfar Hussain Mirza	
7	Mr. Yousuf Bashir	

Audit Committee of the Board:

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

Human Resource and Remuneration Committee:

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

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, 2017. A statement to this effect is annexed with this report.

PATTERN OF SHAREHOLDING:

The statement of pattern of shareholding as on June 30, 2019 is enclosed.

TRADING IN THE SHARES OF THE COMPANY:

All trades 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, 2019 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 in Act and Code.

CHAIRMAN'S REVIEW

The accompanied Chairman's review deals with the performance of the company for the year ended June 30, 2019 and future outlook. The directors endorse the contents of the review.

MAINTENANCE RESERVE:

The Directors are pleased to inform that a maintenance reserve of Rs. 3.1 Billion is being created out of Retained earnings of the Company. The main purpose of this reserve is to account for major repair and maintenances expenses.

AUDITORS:

The present auditors M/s A. F. Ferguson, Chartered Accountants retire and being eligible, offer themselves for re-appointment for the year 2019-20. 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
September 18, 2019

DIRECTOR

مجلس نظماء کی رپورٹ

نشاط پاور لمیٹڈ (کمپنی) کی مجلس نظماء 30 جون 2019 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 پتوکی، 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، چلانا اور برقرار رکھنا ہے۔

مالیاتی نتائج:

کمپنی کو سال کے دوران 10,584 ملین روپے (2018: 12,707 ملین روپے) کی آپریٹنگ لاگت کے عوض 15,582 ملین روپے (2018: 16,929 ملین روپے) وصولیاں ہوئیں تھیں، جس کے نتیجہ میں 4,998 ملین روپے (2018: 4,222 ملین روپے) کا مجموعی منافع ہوا ہے۔ موجودہ سال کا بعد از ٹیکس خالص منافع گزشتہ سال کے بعد از ٹیکس منافع 3,211 ملین روپے اور 9.07 روپے فی شیئر آمدنی کے مقابلہ میں 3,770 ملین روپے اور 10.65 روپے فی شیئر آمدنی رہا ہے۔
ہم ممبران کی توجہ محاسب کی رپورٹ کے آخری پیراگراف پر مبذول کرانا چاہیں گے جس میں نیشنل ٹرانسمیشن اینڈ ڈسپیچ کمپنی لمیٹڈ ('NTDCL') کی طرف سے غیر تسلیم شدہ تجارتی قرضے، کپیسٹی پرچیز پرائس سے منہا کردہ 816 ملین روپے (2018: 816 ملین روپے) کی رقم شامل ہے۔ مزید تفصیلات کے لئے ان مالیاتی گوشوارے کا نوٹ 17.2 ملاحظہ فرمائیں۔ کمپنی کے قانونی وکیل کے مشورہ، ماہر ایڈوائزرز اور ایکسپرٹ کے تعین کے مطابق، انتظامیہ محسوس کرتی ہے کہ ایسی رقوم کی واپسی کا امکان ہے۔ چنانچہ اس مجموعی مالیاتی گوشوارے میں مذکورہ بالا رقم کے لئے کوئی گنجائش نہیں رکھی گئی ہے۔
NTDCL اپنی ادائیگی کی ذمہ داریوں پر مسلسل نادہندگی پر کاربند ہے۔ کمپنی نے بجلی کی خریداری کے معاہدے اور Implementation Agreement کے تحت NTDCL اور پرائیویٹ پاور اینڈ انفراسٹرکچر بورڈ ('پی پی آئی بی') کے ہاں معاملہ اجاگر کیا ہے۔ پاکستان میں بجلی پیدا کرنے کے شعبے 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 36 ملاحظہ فرمائیں۔

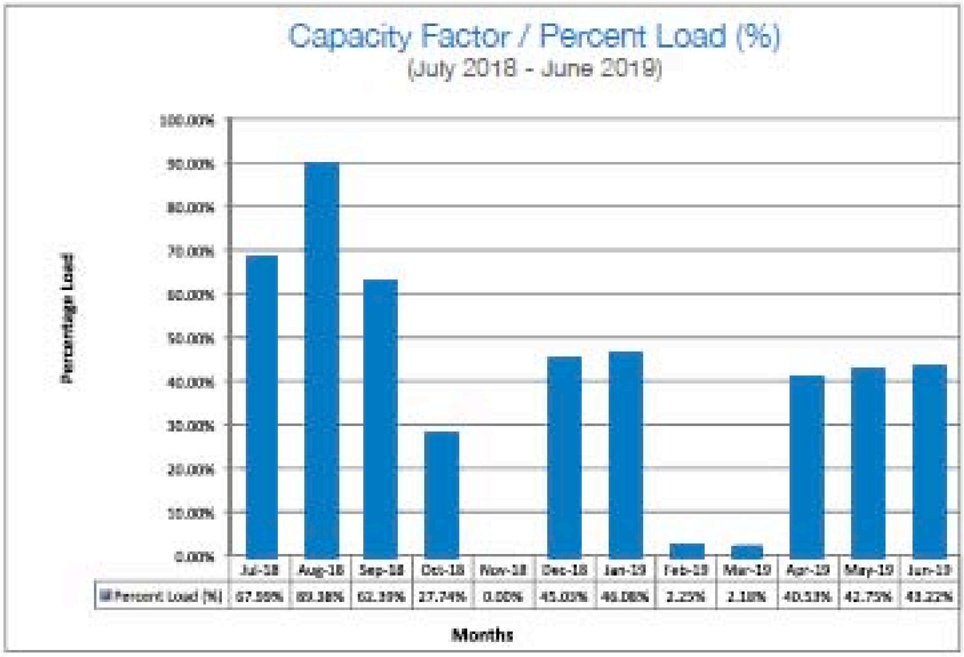
30 جون 2019 کو NTDCL سے کل واجب وصولی 16,045 ملین روپے ہے، جن میں سے 13,145 ملین روپے کی واجب الوصول رقم زائد المیعاد ہے۔

آپریشنز اور اہم واقعات:

سال کے دوران، نیپرا نے کمپنی کو ایک نوٹس جاری کیا ہے، جس میں از خود کارروائی کے ذریعے کمپنی کے محصولات میں ترمیم کرنے کا ارادہ ظاہر کیا گیا ہے۔ نوٹس میں، نیپرا نے دعویٰ کیا ہے کہ کمپنی گذشتہ برسوں کے دوران غیر معمولی منافع کماتی رہی ہے، جو کمپنی کے طے شدہ محصولات سے زیادہ ہے۔ کمپنی نے محصولات پر نظر ثانی کے نیپرا کے اختیار کو اسلام آباد ہائیکورٹ میں چیلنج کیا ہے، جس کا فیصلہ زیر التواء ہے۔

کاروباری نتائج:

سال کے دوران پلانٹ زیادہ سے زیادہ باکفایت کارکردگی پر چلایا گیا اور اپنے صارف NTDCL کو اوسط 39.46 فیصد (2018: 68.27 فیصد) صلاحیت کے ساتھ 675GWh (2018: 1,171GWh) بجلی ترسیل کی گئی۔



کلیدی آپریٹنگ اور مالی اعداد و شمار:

روپے ملین میں

30 جون کو ختتمہ مالی سال	2019	2018
آمدنی	15,582	16,929
خالص منافع	3,770	3,211
کل نان کرنٹ اثاثہ جات	10,007	10,660
اجراء، سبسکرائبڈ اور ادا شدہ سرمایہ	3,541	3,541
طویل مدتی فنانسنگ	3,040	5,092
قلیل مدتی فنانسنگ	6,420	4,579
جنریشن (MWh)	675,106	1,171,192
فی شیئر آمدنی - بنیادی اور معتدل (روپے)	10,646	9,070
حصص کی قیمتیں (مارکیٹ قدر روپے فی شیئر)	27.54	29.64

ملک کی بجلی پیدا کرنے کی صلاحیت بڑھ جانے کی وجہ سے، کمپنی کی صلاحیت کا استعمال کم ہوا یعنی گزشتہ سال کے 68 فیصد سے کم ہو کر اس سال میں 39 فیصد ہوا۔ تاہم، مینجمنٹ کا خیال ہے کہ این ٹی ڈی سی 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۔ گزشتہ مالی سال کے دوران LSPPL نے NTDCL سے گرڈ انٹرکنکشن مطالعہ کی منظوری حاصل کی۔ سال کے دوران، نیپرا نے LSPPL کو جنریشن لائسنس دے دیا ہے۔

بعد ازاں، LSPPL نے سنٹرل پاور پرچیزنگ ایجنسی (CPPA) کو پاور ایکوزیشن ریکوئسٹ (PAR) سے بجلی کی خریداری کی رضامندی کی درخواست کی ہے۔ PAR مل جانے کے بعد، LSPPL حکومت کی اعلان کردہ پالیسی کے مطابق ٹیرف کے لئے درخواست گزارے گی۔

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 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 مؤثر 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:

پراویڈنٹ فنڈ: 30 جون 2019 کو 159,247 ملین روپے ہے۔

آڈٹ کمیٹی کے اجلاسوں میں ارکان کی شمولیت

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

نمبر شمار	نام رکن	عہدہ	تعداد حاضری
1	جناب احمد عقیل	(ممبر/چیئرمین)	4
2	جناب شہزاد احمد ملک	(ممبر)	4
3	جناب یوسف بشیر	(ممبر)	4

ایچ آر کمیٹی کے اجلاس میں ارکان کی شمولیت

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

نمبر شمار	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

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)	3
2	جناب خالد قدیر قریشی		2
3	جناب احمد عقیل		4
4	جناب محمود اختر		3
5	**جناب غضنفر حسین مرزا	(چیف ایگزیکٹو)	4
6	جناب شہزاد احمد ملک		4
7	جناب یوسف بشیر		4
8	**جناب نوریز عبداللہ		1

*جناب نوریز عبداللہ کو 05 مارچ، 2019 سے جناب خالد قدیر قریشی کی جگہ ڈائریکٹر مقرر کیا گیا۔

**جناب غضنفر حسین مرزا کو 05 مارچ 2019 سے جناب خالد قدیر قریشی کی جگہ چیئرمین بورڈ آف ڈائریکٹرز مقرر کیا گیا۔

**جناب غضنفر حسین مرزا 27 اپریل، 2019 سے میاں حسن منشا کی جگہ چیف ایگزیکٹو مقرر ہوئے۔

***میاں حسن منشا 27 اپریل 2019 سے جناب غضنفر حسین مرزا کی جگہ چیئرمین بورڈ آف ڈائریکٹرز مقرر ہوئے۔

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2017

نئے کوڈ آف کارپوریٹ گورننس نے عالمی معیار کے مطابق مقامی کمپنیز گورننس میں کئی تبدیلیاں لانے کی نشاندہی کی ہے۔ کمپنی نئے کوڈ میں اصلاحات نافذ کرنے کے لئے بنیادی اقدامات کئے ہیں۔ ڈائریکٹرشپس کی تعداد اور بورڈ کی ترتیب ڈائریکٹرز کے اگلے انتخاب کے وقت بورڈ کی دوبارہ تشکیل سے منسلک کی گئی 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 2019 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	جناب یوسف بشیر
3	میاں حسن منشاء
4	جناب شہزاد احمد ملک
5	جناب نوریز عبداللہ
6	جناب غضنفر حسین مرزا
7	جناب محمود اختر

بورڈ کی ترتیب:

ڈائریکٹرز کی کل تعداد

(a) مرد 7

(b) عورت 0

ترتیب

(i) آزاد ڈائریکٹرز 2

(ii) دیگر نان ایگزیکٹو 3

(iii) ایگزیکٹو 2

بورڈ کی کمیٹیاں

بورڈ کی آڈٹ کمیٹی

نمبر شمار	نام ڈائریکٹر
1	جناب احمد عقیل (آزاد ڈائریکٹر) چیئرمین
2	جناب یوسف بشیر (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 بشمول آزاد ڈائریکٹرز کو اجلاس فیس کے علاوہ مشاہرہ ادا نہیں کرتی ہے۔ ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کو ادا کیے گئے مشاہرہ کی مجموعی رقم منسلکہ مالی حسابات کے نوٹ 31 میں منکشف کی گئی ہے۔

ڈائریکٹرز کا انتخاب اور بورڈ اور کمیٹیوں کی ترتیب:

22 اگست، 2017 کو غیر معمولی جنرل اجلاس میں ڈائریکٹروں کا انتخاب کیا گیا، جس کے بعد حالیہ بورڈ ترتیب دیا گیا اور 29 اگست، 2017 کو منعقد ہونے والے اجلاس میں ڈائریکٹرز کی طرف سے منتخب بورڈ اور کمیٹی کے چیئرمین / چیف ایگزیکٹو کردار مندرجہ ذیل ہیں۔

بورڈ آف ڈائریکٹرز:

نمبر شمار	نام ڈائریکٹر
1	میاں حسن منشا (چیف ایگزیکٹو)
2	جناب خالد قدیر قریشی (چیئرمین)
3	جناب محمود اختر
4	جناب شہزاد احمد ملک
5	جناب احمد عقیل
6	جناب غضنفر حسین مرزا
7	جناب یوسف بشیر

بورڈ کی آڈٹ کمیٹی:

نمبر شمار	نام ڈائریکٹر
1	جناب یوسف بشیر
2	جناب شہزاد احمد ملک (چیئرمین)
3	جناب احمد عقیل

ہیومن ریسورس اینڈ ریمنریشن کمیٹی:

نمبر شمار	نام ڈائریکٹر
1	میاں حسن منشا
2	جناب احمد عقیل
3	جناب غضنفر حسین مرزا (چیئرمین)

کوڈ آف کارپوریٹ گورننس کی تعمیل کا بیان:

کمپنی نے لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 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 2019 نمونہ حصص داری کا بیان منسلک ہے۔

کمپنی کے حصص میں ٹریڈنگ:

30 جون 2019 کو ختم ہونے والے سال کے دوران ڈائریکٹرز، ایگزیکٹوز اور ان 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 پاکستان میں سٹاک ایکسچینج کی لسٹنگ کے ضابطے میں موجود منتقلی پرائسنگ کے بہترین طریقوں پر عمل پیرا ہے۔

چیئرمین کا جائزہ

30 جون، 2019 کو ختم ہونے والے سال کے لئے کمپنی کی کارکردگی کے امور کا چیئرمین کی طرف سے جائزہ لیا گیا ہے۔ ڈائریکٹرز جائزہ کے مواد کی تصدیق کرتے ہیں۔

مینٹی نینس کے لئے مختص رقم:

ڈائریکٹرز یہ بتاتے ہوئے خوش ہیں کہ کمپنی کی محفوظ آمدنی میں 3.1 بلین روپے میجر مینٹیننس کے لئے مختص کئے گئے ہیں۔ اس ریزرو کا بنیادی مقصد اہم مرمت اور مینٹیننس اخراجات کو پورا کرنا ہے۔

محاسب:

موجودہ محاسب میسرز اے ایف فرگوسن، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں اور انہوں نے اہل ہونے کی بناء پر سال 20-2019 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: 18 ستمبر 2019ء

PATTERN OF HOLDINGS

OF THE SHARES HELD BY THE SHAREHOLDERS OF NISHAT POWER LIMITED AS AT JUNE 30, 2019

NUMBER OF SHAREHOLDERS	SHAREHOLDING FROM		SHAREHOLDING TO	TOTAL NUMBER OF SHARES HELD	PERCENTAGE OF TOTAL CAPITAL
262	1	-	100	5,812	0.00
1236	101	-	500	599,658	0.17
416	501	-	1000	403,117	0.11
607	1001	-	5000	1,730,354	0.49
250	5001	-	10000	2,091,322	0.59
79	10001	-	15000	1,053,923	0.30
51	15001	-	20000	940,320	0.27
47	20001	-	25000	1,114,300	0.31
31	25001	-	30000	900,476	0.25
18	30001	-	35000	604,142	0.17
18	35001	-	40000	693,500	0.20
10	40001	-	45000	431,500	0.12
32	45001	-	50000	1,585,950	0.45
1	50001	-	55000	52,500	0.01
12	55001	-	60000	696,500	0.20
7	60001	-	65000	446,204	0.13
10	65001	-	70000	682,000	0.19
13	70001	-	75000	959,240	0.27
11	75001	-	80000	861,500	0.24
8	80001	-	85000	665,500	0.19
4	85001	-	90000	350,500	0.10
3	90001	-	95000	283,394	0.08
22	95001	-	100000	2,193,127	0.62
1	100001	-	105000	105,000	0.03
1	105001	-	110000	110,000	0.03
1	110001	-	115000	114,500	0.03
3	115001	-	120000	358,000	0.10
5	120001	-	125000	618,500	0.17
2	125001	-	130000	259,500	0.07
3	130001	-	135000	404,500	0.11
3	135001	-	140000	411,501	0.12
4	140001	-	145000	568,997	0.16
3	145001	-	150000	449,500	0.13
5	155001	-	160000	787,319	0.22
2	160001	-	165000	322,154	0.09
2	165001	-	170000	335,500	0.09
3	170001	-	175000	518,500	0.15
2	180001	-	185000	370,000	0.10
3	185001	-	190000	564,500	0.16
4	195001	-	200000	800,000	0.23
1	200001	-	205000	205,000	0.06
1	205001	-	210000	210,000	0.06
1	210001	-	215000	210,280	0.06
1	215001	-	220000	220,000	0.06
2	220001	-	225000	449,500	0.13
1	230001	-	235000	233,000	0.07
3	245001	-	250000	747,000	0.21
1	250001	-	255000	255,000	0.07
1	265001	-	270000	267,500	0.08
1	270001	-	275000	272,000	0.08
1	295001	-	300000	300,000	0.08
1	315001	-	320000	320,000	0.09
1	395001	-	400000	400,000	0.11
1	400001	-	405000	403,000	0.11

NUMBER OF SHAREHOLDERS	SHAREHOLDING FROM		SHAREHOLDING TO	TOTAL NUMBER OF SHARES HELD	PERCENTAGE OF TOTAL CAPITAL
1	450001	-	455000	451,000	0.13
1	490001	-	495000	490,554	0.14
6	495001	-	500000	3,000,000	0.85
1	500001	-	505000	503,500	0.14
5	515001	-	520000	2,597,000	0.73
1	555001	-	560000	555,500	0.16
1	595001	-	600000	600,000	0.17
1	675001	-	680000	676,500	0.19
2	680001	-	685000	1,368,000	0.39
1	695001	-	700000	700,000	0.20
1	715001	-	720000	716,744	0.20
1	720001	-	725000	723,500	0.20
1	750001	-	755000	751,000	0.21
1	870001	-	875000	875,000	0.25
1	910001	-	915000	914,500	0.26
1	920001	-	925000	923,500	0.26
1	995001	-	1000000	1,000,000	0.28
1	1045001	-	1050000	1,050,000	0.30
1	1095001	-	1100000	1,099,047	0.31
1	1195001	-	1200000	1,200,000	0.34
1	1295001	-	1300000	1,300,000	0.37
1	1320001	-	1325000	1,321,627	0.37
1	1380001	-	1385000	1,380,457	0.39
3	1495001	-	1500000	4,500,000	1.27
1	1530001	-	1535000	1,531,500	0.43
1	1595001	-	1600000	1,600,000	0.45
1	1845001	-	1850000	1,847,000	0.52
1	1900001	-	1905000	1,902,000	0.54
1	2295001	-	2300000	2,300,000	0.65
1	2795001	-	2800000	2,798,168	0.79
1	3825001	-	3830000	3,826,488	1.08
1	4120001	-	4125000	4,124,500	1.16
1	4155001	-	4160000	4,158,245	1.17
1	4635001	-	4640000	4,636,000	1.31
1	4935001	-	4940000	4,936,500	1.39
2	4995001	-	5000000	10,000,000	2.82
1	5340001	-	5345000	5,340,500	1.51
1	7380001	-	7385000	7,380,500	2.08
1	12085001	-	12090000	12,089,425	3.41
1	15395001	-	15400000	15,400,000	4.35
1	29995001	-	30000000	30,000,000	8.47
1	180585001	-	180590000	180,585,155	51.00
3,267				354,088,500	100.00

Categories of Shareholders as at June 30, 2019

Sr. #	Categories	Shares Held	Percentage
1	Directors, Chief Executive Officer, and their spouse and Minor Children	4,501	0.0013
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	53,527,000	15.1169
5	Insurance Companies	5,364,988	1.5152
6	Modarabas and Mutual Funds	683,000	0.1929
7	Shareholders holding 10% or more	180,632,955	51.0135
8	General Public		
	a. Local	86,375,762	24.3938
	b. Foreign	10,500	0.0030
9	Others	27,489,794	7.7635

CATEGORIES OF SHAREHOLDERS
AS ON JUNE 30, 2019

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		
MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	75,000	0.0212
MC FSL - TRUSTEE JS GROWTH FUND	224,500	0.0634
M C F S L-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	43,500	0.0123
CDC - TRUSTEE NAFA ISLAMIC ENERGY FUND	122,000	0.0345
MCBFSL-TRUSTEE ABL ISLAMIC ASSET ALLOCATION FUND	20,000	0.0056
CDC - TRUSTEE LAKSON EQUITY FUND	2,500	0.0007
MCBFSL - TRUSTEE AKD ISLAMIC STOCK FUND	72,500	0.0205
CDC - TRUSTEE ASKARI EQUITY FUND	73,000	0.0206
CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	25,000	0.0071
MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	25,000	0.0071
	683,000	0.1929
Directors and their spouses and Minor Children		
MIAN HASSAN MANSHA	1	0.0000
MR. AHMAD AQEEL	500	0.0001
MR. YOUSUF BASHIR	1,000	0.0003
MR. MAHMOOD AKHTAR	1,000	0.0003
MR. SHAHZAD AHMAD MALIK	500	0.0001
MR. GHAZANFAR HUSAIN MIRZA	1,000	0.0003
MR. NOREZ ABDULLAH	500	0.0001
	4,501	0.0013
Executives	Nil	Nil
Public Sector Companies and Corporations		
Joint Stock Companies	12,500,369	3.5303
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds		
Banks, DFIs and NBFIs	53,527,000	15.1169
Insurance Companies	5,364,988	1.5152
Pension Funds/ Providend Funds etc.	1,751,500	0.4947
Trusts/Foundation etc.	13,237,925	3.7386
	73,881,413	20.8653
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, 2019

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, 2018 to June 30, 2019.

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, 2017

Name of company : Nishat Power Limited
Year ended : June 30, 2019

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: 7
   b. Female: 0

2. The composition of board is as follows:

a)	Independent Director	Mr. Ahmad Aqeel Mr. Yousuf Bashir
b)	Other Non-executive Director	Mian Hassan Mansha Mr. Shahzad Ahmad Malik Mr. Norez Abdullah
c)	Executive Directors	Mr. Ghazanfar Hussain Mirza Mr. Mahmood Akhtar

3. The directors have confirmed that none of them is serving as a director on more than five 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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by 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 board.

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

9. The Board has arranged Directors' Training program for the following:

a)	Independent Director	Mr. Ahmad Aqeel
b)	Other Non-executive Director	Mr. Shahzad Ahmad Malik
c)	Executive Directors	Mr. Ghazanfar Hussain Mirza Mr. Mahmood Akhtar

10. The board has approved appointment of CFO, 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. CFO and CEO 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. Mr. Yousuf Bashir (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, 2019

b) HR and Remuneration Committee

One Meetings of HR and Remuneration Committee was held during the financial year ended June 30, 2019.

15. The board has set up an effective internal audit function which is considered suitably qualified, experienced for the purpose and 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 ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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 other requirements of the Regulations have been complied with.

Lahore
Dated: September 18, 2019

(MIAN HASSAN MANSHA)
CHAIRMAN

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, 2019, and the unconsolidated statement of profit or loss, 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, 2019 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.

Emphasis of Matter

We draw attention to note 18.2 to the annexed unconsolidated financial statements, which describes the matter regarding recoverability of certain trade debts. Our opinion is not modified in respect of this matter.

Key Audit Matters

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.

We have determined that there are no key audit matters to communicate in our report.

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 judgment 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 and other 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 Khurram Akbar Khan.

A.F.Ferguson & Co.
Chartered Accountants

Lahore:
Date: September 18, 2019

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, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Nishat Power Limited for the year ended June 30, 2019 in accordance with the requirements of regulation 40 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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, 2019.

A.F. Ferguson & Co.
Chartered Accountants

Lahore: September 18, 2019

Engagement Partner: Khurram Akbar Khan

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019	2018
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 500,000,000 (2018: 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 (2018: 354,088,500) ordinary shares of Rs 10 each	5	3,540,885	3,540,885
Capital reserve	6	3,153,633	-
Revenue reserve: Un-appropriated profits	7	12,414,201	12,860,551
		19,108,719	16,401,436
NON-CURRENT LIABILITY			
Long term financing - secured	8	654,638	3,040,170
CURRENT LIABILITIES			
Current portion of long term financing - secured	8	2,385,532	2,052,155
Short term borrowings - secured	9	6,420,312	4,578,891
Trade and other payables	10	261,601	637,586
Unclaimed dividend		21,666	15,001
Accrued markup	11	233,908	182,486
		9,323,019	7,466,119
CONTINGENCIES AND COMMITMENTS	12		
		29,086,376	26,907,725

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

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

"In case of any discrepancy on the Company's website, the auditors shall only be responsible in respect of the information contained in the hard copies of the audited financial statements available at the Company's registered office."

	Note	2019	2018
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	13	10,005,584	10,658,095
Long term investments	14	1,000	1,000
Long term loans and advances	15	6	231
		10,006,590	10,659,326
CURRENT ASSETS			
Stores, spares and loose tools	16	757,521	924,777
Inventories	17	1,719,399	1,569,339
Trade debts	18	15,643,517	12,328,941
Advances, deposits, prepayments and other receivables	19	904,445	1,254,999
Income tax receivable		34,128	30,038
Cash and bank balances	20	20,776	140,305
		19,079,786	16,248,399
		29,086,376	26,907,725

DIRECTOR

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		(Rupees in thousand)	
Sales	21	15,581,918	16,929,085
Cost of sales	22	(10,584,021)	(12,707,336)
Gross profit		4,997,897	4,221,749
Administrative expenses	23	(274,123)	(320,434)
Other expenses	24	(15,884)	(2,770)
Other income	25	7,305	51,033
Finance cost	26	(945,646)	(737,319)
Share of loss of associate		-	(843)
Profit before taxation		3,769,549	3,211,416
Taxation	27	-	-
Profit for the year		3,769,549	3,211,416
Earnings per share - basic and diluted (in Rupees)	28	10.646	9.070

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, 2019

	2019	2018
	(Rupees in thousand)	
Profit for the year	3,769,549	3,211,416
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	3,769,549	3,211,416

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, 2019

	Note	2019	2018
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	29	2,250,308	679,630
Finance cost paid		(894,223)	(740,014)
Income tax paid		(4,090)	(5,256)
Long term loans and advances - net		225	2,563
Retirement benefits paid		(21,543)	(19,827)
Net cash inflow/(outflow) from operating activities		1,330,677	(82,904)
Cash flows from investing activities			
Purchase of fixed assets		(280,720)	(249,501)
Proceeds from disposal of operating fixed assets		93,395	1,101
Investment in equity securities of subsidiary		-	(500)
Profit on bank deposits received		4,950	2,605
Net cash outflow from investing activities		(182,375)	(246,295)
Cash flows from financing activities			
Repayment of long term financing		(2,052,155)	(1,765,368)
Dividend paid		(1,057,097)	(707,643)
Net cash outflow from financing activities		(3,109,252)	(2,473,011)
Net decrease in cash and cash equivalents		(1,960,950)	(2,802,210)
Cash and cash equivalents at the beginning of the year		(4,438,586)	(1,636,376)
Cash and cash equivalents at the end of the year	30	(6,399,536)	(4,438,586)

Refer note 8 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, 2019

	Share capital	Capital reserve: Maintenance reserve	Revenue reserve: Un-appropriated profit	Total
	(Rupees in thousand)			
Balance as on July 01, 2017	3,540,885	-	10,357,312	13,898,197
Profit for the year	-	-	3,211,416	3,211,416
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	3,211,416	3,211,416
Dividend to equity holders of the company:				
Final dividend for the year ended June 30, 2017 @ Rupees 2 per share	-	-	(708,177)	(708,177)
Total contributions by and distributions to owners of the company recognised directly in equity	-	-	(708,177)	(708,177)
Capital Reserve	-	-	-	-
Balance as on June 30, 2018	3,540,885	-	12,860,551	16,401,436
Profit for the year	-	-	3,769,549	3,769,549
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	3,769,549	3,769,549
Dividend to equity holders of the company:				
Final dividend for the year ended June 30, 2018 @ Rupees 1.5 per share	-	-	(531,133)	(531,133)
Interim dividend for the quarter ended March 31, 2019 @ Rupees 1.5 per share	-	-	(531,133)	(531,133)
Total contributions by and distributions to owners of the company recognised directly in equity	-	-	(1,062,266)	(1,062,266)
Transfer to maintenance reserve	-	3,153,633	(3,153,633)	-
Balance as on June 30, 2019	3,540,885	3,153,633	12,414,201	19,108,719

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

CHIEF EXECUTIVE　　　CHIEF FINANCIAL OFFICER　　　DIRECTOR

1. THE COMPANY AND ITS ACTIVITIES

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

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

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.

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 ('Act').

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 interpretation to existing standards

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

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

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 1, 2018 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, except for the following:

(a) IFRS 9, 'Financial Instruments'

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

- classification and measurement of all financial assets except investments in subsidiary and associate that are accounted for in accordance with IAS 27 'Separate financial statements' and IAS 28 'Investments in Associates and Joint Ventures' respectively; and

- recognition of loss allowance for financial assets other than the financial assets due from the Government of Pakistan and investments in subsidiary and associate.

In respect of application of IFRS 9, the company has adopted modified retrospective approach as permitted by this standard, according to which the company is not required to restate the prior period results. The adoption of IFRS 9 has not resulted in any impact on the opening balance of un-appropriated profit. In respect of classification of financial assets, the company's management has assessed which business models apply to the financial assets held by the company and has classified its financial instruments into the appropriate IFRS 9 categories (i.e. mainly financial assets previously classified as 'loans and receivables' have now been classified as 'amortised cost').

(b) IFRS 15, 'Revenue from Contracts with Customers'

This standard was notified by the SECP to be effective for annual periods beginning on or after July 1, 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the unconsolidated financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, 'Revenue', and IAS 11, 'Construction contracts', and related interpretations.

The company has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognise the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of un-appropriated profit in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any impact on the revenue recognition policy of the company and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of un-appropriated profit in the period of initial application is nil. Therefore, the comparative information has not been restated and continues to be reported under the previous accounting policy.

2.2.2 Exemption from applicability of certain interpretations to standards

The SECP through SRO 24(I)/2012 dated January 16, 2012 has granted exemption from the application of International Financial Reporting Interpretations Committee ('IFRIC') 4, 'Determining whether an Arrangement contains a Lease', and IFRIC 12, 'Service Concession Arrangements', to all companies. However, the SECP made it mandatory to disclose the impact of the application of IFRIC 4 or IFRIC 12 on the results of the companies.

Under IFRIC 4, 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 under IAS 17, 'Leases'. The company's power plant's control due to purchase of total output by NTDC appears to fall under the scope of IFRIC 4. Consequently, if the company were to follow IFRIC 4 and IAS 17, the effect on the unconsolidated financial statements would be as follows:

	2019	2018
	(Rupees in thousand)	
De-recognition of property, plant and equipment	(9,635,568)	(10,334,566)
De-recognition of trade debts	(5,510,129)	(2,740,321)
Recognition of lease debtor	11,556,096	10,928,786
Decrease in un-appropriated profit at the beginning of the year	(2,146,101)	(1,154,414)
Decrease in profit for the year	(1,443,500)	(991,687)
Decrease in un-appropriated profit at the end of the year	(3,589,601)	(2,146,101)

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

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

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

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

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

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

This note provides an overview of the area that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to the estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the unconsolidated financial statements.

a) Useful lives and residual values of fixed assets

The company reviews the useful lives of fixed assets on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of fixed assets with a corresponding effect on the depreciation charge and impairment.

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.

4. 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, unless otherwise stated.

4.1 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, tax credits and rebates available, if any.

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.

4.2 Property, plant and equipment

4.2.1 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 13.1 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 residual value of its operating fixed assets as at June 30, 2019, has not required any adjustment as its impact is considered insignificant.

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 4.4).

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.

4.2.2 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.

4.2.3 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.

4.3 Intangible assets

Expenditure incurred to acquire computer software has been 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 4.4).

4.4 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.

4.5 Leases

The company is the lessee:

4.5.1 Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit on a straight line basis over the lease term.

4.6 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.

4.7 Inventories

Inventories except for those in transit are valued principally at lower of weighted average cost and net realizable value. Materials 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. Provision is made in the unconsolidated financial statements for obsolete and slow moving inventories based on management's estimate.

4.8 Investments

Investments intended to be held for less than twelve months from the statement of financial position 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.

4.8.1 Investment in equity instruments of subsidiaries

Investment in subsidiary company 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.

4.8.2 Investment in equity instruments of associates

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.

4.9 Financial assets

4.9.1 Classification

From July 1, 2018, the company classifies its financial assets other than investments in 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.

4.9.2 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.

4.9.3 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, except for delayed payment markup on amounts due under the PPA which is included in revenue. 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 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.

4.9.4 Impairment of financial assets other than those due from the Government of Pakistan

From July 1, 2018, the company assesses on a forward-looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

4.10 Accounting policies applied until June 30, 2018

The company has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the company's previous accounting policy.

Classification

Until June 30, 2018, the company classified its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and held to maturity. The classification depended on the purpose for which the financial assets were acquired. Management determined the classification of its financial assets at the time of initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss were the financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Derivatives were also categorized as held for trading unless they were designated as hedges. A financial asset was classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category were classified as current assets if expected to be settled within twelve months, otherwise, they were classified as non-current.

b) Loans and receivables

Loans and receivables were non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They were included in current assets, except for maturities greater than twelve months after the statement of financial position date, which were classified as non-current assets. Loans and receivables comprised of trade debts, advances, deposits, other receivables and cash and cash equivalents in the statement of financial position.

c) Available-for-sale financial assets

Available-for-sale financial assets were non-derivatives that were either designated in this category or not classified in any of the other categories. They were included in non-current assets unless management intends to dispose of the investments within twelve months from the statement of financial position date.

d) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity were classified as held to maturity and were stated at amortized cost.

Recognition and measurement

All financial assets were recognized at the time when the company became a party to the contractual provisions of the instrument. Regular purchases and sales of investments were recognized on trade-date – the date on which the company committed to purchase or sell the asset. Financial assets were initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss were initially recognized at fair value and transaction costs were expensed in the statement of profit or loss. Financial assets were derecognized when the rights to receive cash flows from the assets expired or had been transferred and the company had transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss were subsequently carried at fair value. For investments having quoted price in active market, the quoted price represented the fair value. In other cases, fair value was measured using appropriate valuation methodology and where fair value could not be measured reliably, these were carried at cost. Loans and receivables and held to maturity investments were carried at amortized cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the ‘financial assets at fair value through profit or loss’ category were presented in the statement of profit or loss in the period in which they arose. Dividend income from financial assets at fair value through profit and loss was recognized in the statement of profit or loss as part of other income when the company’s right to receive payments was established.

Changes in the fair value of securities classified as available-for-sale were recognized in other comprehensive income. When securities classified as available-for-sale were sold or impaired, the accumulated fair value adjustments recognized in equity were included in the statement of profit or loss as gains and losses from investment securities. Interest on available-for-sale securities calculated using the effective interest method was recognized in the statement of profit or loss. Dividends on available-for-sale equity instruments were recognized in the statement of profit or loss when the company's right to receive payments was established.

The company assessed at each reporting date whether there was objective evidence that a financial asset or a group of financial assets was impaired. If any such evidence existed for available-for-sale financial assets, the cumulative loss was removed from equity and recognized in the statement of profit or loss. Impairment losses recognized in the statement of profit or loss on equity instruments were not reversed through the statement of profit or loss.

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 include trade debts and other receivables due from NTDC/Central Power Purchasing Agency (Guarantee) Limited ('CPPA-G) under the PPA that also includes accrued amounts. As referred to in note 2.2.1(a) to these unconsolidated financial statements, SECP through SRO 985(I)/2019 dated September 2, 2019 has notified that, in respect of companies holding financial assets due from the Government of Pakistan, the requirements contained in IFRS 9 with respect to application of Expected Credit Losses method shall not be applicable till June 30, 2021 and that such companies shall follow relevant requirements of IAS 39 in respect of above referred financial assets during the exemption period. Accordingly, the same continue to be reported as per the following accounting policy:

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 NTDC/CPPA-G in the ordinary course of business. They are generally due for settlement as referred to in note 4.22 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 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.

4.16 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.

4.17 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 recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

4.18 Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

4.19 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, bank overdrafts, running finance under mark-up arrangements and short term loans which form an integral part of the company's cash management.

4.20 Borrowings

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

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date.

4.21 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.

4.22 Revenue recognition

Revenue shall be recognised when (or as) the entity 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 NTDC, the sole customer of the company, is recorded on the following basis:

- Capacity revenue is recognised based on the capacity made available to NTDC; and

- Energy revenue is recognised based on the Net Electrical Output (NEO) delivered to NTDC.

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

Delayed payment markup 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 NTDC.

4.23 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 Pak Rupees using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss.

4.24 Dividend

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

4.25 Contingent liabilities

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.

5. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

This represents 354,088,500 (2018: 354,088,500) ordinary shares of Rs 10 each fully paid in cash. 180,632,955 (2018: 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. In accordance with the terms of agreement with the lenders of long term finances, there are certain restrictions on the distribution of dividends by the company.

8. LONG TERM FINANCING - SECURED

	2019	2018
	(Rupees in thousand)	
The reconciliation of the carrying amount is as follows:		
Opening balance	5,092,325	6,857,693
Less: Repayments during the year	2,052,155	1,765,368
	3,040,170	5,092,325
Less: Current portion shown under current liabilities	2,385,532	2,052,155
	654,638	3,040,170

Long term financing under mark-up arrangement obtained from following banks:

	2019	2018
	(Rupees in thousand)	
Lender		
National Bank of Pakistan	527,628	883,784
Habib Bank Limited	703,568	1,178,486
Allied Bank Limited	703,568	1,178,486
United Bank Limited	691,030	1,157,485
Faysal Bank Limited	414,376	694,084
	3,040,170	5,092,325
Less: Current portion shown under current liabilities	2,385,532	2,052,155
	654,638	3,040,170

8.1 This represents long term financing obtained from a consortium of banks led by Habib Bank Limited (Agent Bank). The portion of long term financing from Faysal Bank Limited is on murabaha basis. The overall financing is secured against registered first joint pari passu charge on immovable property, mortgage of project receivables, hypothecation of all present and future assets and all properties of the company (excluding the mortgaged immovable property and mortgaged energy payment receivables), lien over project bank accounts and pledge of shares held by the holding company in Nishat Power Limited. It carries mark-up at the rate of three months Karachi Inter-Bank Offered Rate (KIBOR) plus three percent per annum, payable on quarterly basis. The mark-up rate charged during the year on the outstanding balance ranged from 9.92% to 13.99% (2018: 9.12% to 9.50%) per annum. The finance is repayable in five quarterly instalments ending on July 01, 2020.

		2019	2018
		(Rupees in thousand)	

9. SHORT TERM BORROWINGS - SECURED

Short term borrowings under mark-up arrangements obtained as under:

		2019	2018
Running finances	- note 9.1	5,220,315	2,774,392
Term finances	- note 9.2	1,199,997	1,804,499
		6,420,312	4,578,891

9.1 Running finances

The total running finance and running musharka main facilities obtained from various commercial banks under mark-up arrangements aggregate Rs 7,201.520 million (2018: Rs 6,651.520 million). Such facilities have been obtained at mark-up rates ranging from three months KIBOR plus 0.25% to 2% per annum, payable quarterly, on the balance outstanding. The aggregate facilities are secured against charge on present and future fuel stock/inventory and present and future energy purchase price receivables. The mark-up rate charged during the year on the outstanding balance ranged from 7.18% to 12.99% (2018: 6.39% to 8.43%) per annum. Various sub facilities comprising money market loans and letters of guarantee have also been utilized under the aforementioned main facilities.

9.2 Term finances

The total murabaha and term finance main facilities obtained from various commercial banks under mark-up arrangements aggregate Rs 2,650 million (2018: Rs 2,450 million). Such facilities have been obtained at mark-up rates ranging from one week to six months KIBOR plus 0.05% to 1.25%, payable at the maturity of the respective murabaha transaction/term finance facility. The aggregate facilities are secured against first pari passu charge on current assets comprising of fuel stocks/inventory. The mark-up rate charged during the year on the outstanding balance ranged from 6.41% to 13.75% (2018: 6.45% to 7.43%) per annum. Various sub facilities comprising running musharka and running finance have also been utilized under the aforementioned main facilities.

9.3 Letters of credit and guarantee

The main facilities for opening letters of credit and guarantee aggregate Rs 500 million (2018: Rs 800 million). The amount utilised at June 30, 2019, for letters of credit was Rs 19.740 million (2018: Rs 140.210 million) and for letters of guarantee was Rs 112.500 million (2018: Rs 202.984 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.

		2019	2018
		(Rupees in thousand)	

10. TRADE AND OTHER PAYABLES

		2019	2018
Creditors	- note 10.1	62,937	469,811
Payable to contractors		3,457	3,495
Workers' profit participation fund	- note 10.2	188,477	160,571
Withholding tax payable		-	652
Other accrued liabilities		6,730	3,057
		261,601	637,586

		2019	2018
		(Rupees in thousand)	
10.1	Includes amounts due to the following related parties:		
	Security General Insurance Company Limited	552	-
	Adamjee Insurance Company Limited	6,291	5,289
	D.G. Khan Cement Company Limited	184	-
		7,027	5,289

10.2 Workers' Profit Participation Fund

		2019	2018
Opening balance		160,571	144,186
Provision for the year	- note 19.1	188,477	160,571
		349,048	304,757
Less: Payments made during the year		160,571	144,186
Closing balance		188,477	160,571

10.3 Workers' Welfare Fund (WWF') has not been provided for in these unconsolidated financial statements based on the advice of the company's legal consultant. However, in case the company pays WWF, the same is recoverable from NTDC as a pass through item under section 9.3(a) of the PPA.

11. ACCRUED MARKUP

	2019	2018
	(Rupees in thousand)	
Accrued mark-up / interest on:		
Long term financing - secured	105,994	120,733
Short term borrowings - secured	127,914	61,753
	233,908	182,486

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

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, LHC has dismissed the petition in favour of the department, by allowing the department to complete the audit proceedings that are pending completion.

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) During the year, the Commissioner Inland Revenue has raised a demand of Rs 179.046 million against the company through his order dated April 16, 2019, mainly on account of input tax claimed on inadmissible expenses in sales tax return for the 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 is 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) During the year, National Electric Power Regulatory Authority (NEPRA) issued a show cause notice dated February 13, 2019, 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 has challanged the authority of NEPRA to take suo moto action before the Islamabad High Court (IHC) wherein IHC has 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) The banks have issued the following on behalf of the company:

(a) Letter of guarantee of Rs 11 million (2018: Rs 11 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 100 million (2018: Rs 190.484 million) in favour of fuel suppliers.

(c) Letter of guarantee of Rs 1.5 million (2018: Rs 1.5 million) in favour of Punjab Revenue Authority, Lahore.

Contingent asset:

(i) 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. The company believes it is entitled to claim delayed payment charges on outstanding delayed payments receivables from NTDC as per terms of the PPA. However, NTDC has denied this liability and objected on the maintainability of the Arbitration Proceedings, terming it against the PPA and refused to pay delayed payment charges on outstanding delayed payments receivables.

The LCIA appointed a sole Arbitrator and a hearing was also held in March 2018. During the year, the Arbitrator has issued Partial Final Award in which he has rejected the NTDC's objection to the maintainability of the Arbitration Proceedings.

While the Arbitration Proceedings on merits of the case are underway, the company has submitted the Partial Final Award before LHC and obtained interim relief from honourable LHC, whereby, LHC has restrained NTDC from taking steps for delaying the arbitration proceedings and challenging the award in Civil Courts of Pakistan. As the above amount is disputed, therefore, on prudence basis, the company has not recognised the income and corresponding asset for such amount in these unconsolidated financial statements.

12.2 Commitments

(i) Letters of credit and contracts for other than capital expenditure aggregating Rs 19.548 million (2018: Rs 140.210 million).

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

		2019	2018
		(Rupees in thousand)	
Not later than one year		3,894	3,894

13. FIXED ASSETS

		2019	2018
Property, plant and equipment:			
Operating fixed assets	- note 13.1	9,809,491	10,449,604
Capital work-in-progress	- note 13.2	21,726	14,284
Major spare parts and standby equipment	- note 13.3	171,600	189,932
		10,002,817	10,653,820
Intangible asset:			
Computer software	- note 13.4	2,767	4,275
		10,005,584	10,658,095

13.1 Operating fixed assets

	Freehold land - note 13.1.2	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, 2017	80,686	198,172	16,879,372	40,909	661	27,150	10,162	51,013	114,259	17,402,384
Additions during the year	-	-	118,222	-	-	3,137	1,287	3,929	9,355	135,930
Disposals during the year - note 13.1.4	-	-	(51,734)	-	-	(669)	-	-	(6,589)	(58,992)
Balance as at June 30, 2018	80,686	198,172	16,945,860	40,909	661	29,618	11,449	54,942	117,025	17,479,322
Balance as at July 01, 2018	80,686	198,172	16,945,860	40,909	661	29,618	11,449	54,942	117,025	17,479,322
Additions during the year	-	17,161	172,420	-	383	3,014	522	145	97,965	291,611
Disposals during the year - note 13.1.4	-	-	(468,705)	-	-	(1,734)	-	(2,735)	-	(473,174)
Balance as at June 30, 2019	80,686	215,333	16,649,575	40,909	1,044	30,898	11,971	52,352	214,990	17,297,759
DEPRECIATION AND IMPAIRMENT										
Balance as at July 01, 2017	-	54,062	5,952,613	25,064	450	18,182	4,707	21,880	34,694	6,111,652
Depreciation charge for the year	-	7,982	927,350	4,091	59	7,872	996	4,868	22,792	976,010
Disposals during the year	-	-	(51,734)	-	-	(669)	-	-	(5,541)	(57,944)
Balance as at June 30, 2018	-	62,044	6,828,229	29,155	509	25,385	5,703	26,748	51,945	7,029,718
Balance as at July 01, 2018	-	62,044	6,828,229	29,155	509	25,385	5,703	26,748	51,945	7,029,718
Depreciation charge for the year	-	8,415	773,401	4,091	54	2,703	1,190	5,322	29,134	824,310
Disposals during the year	-	-	(361,940)	-	-	(1,573)	-	(2,248)	-	(365,761)
Balance as at June 30, 2019	-	70,459	7,239,690	33,246	563	26,515	6,893	29,822	81,079	7,488,267
Book value as at June 30, 2018	80,686	136,128	10,117,631	11,754	152	4,233	5,746	28,194	65,080	10,449,604
Book value as at June 30, 2019	80,686	144,874	9,409,885	7,663	481	4,384	5,077	22,531	133,911	9,809,491
Annual depreciation rate %	-	4 to 5.24	4 to 5.85 and number of hours used	10	10	33	10	10	20	

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

13.1.2 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.

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

		2019	2018
		(Rupees in thousand)	
Cost of sales	- note 22	789,939	947,831
Administrative expenses	- note 23	34,371	28,179
		824,310	976,010

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

		2019	2018
		(Rupees in thousand)	

13.2 Capital work-in-progress

	2019	2018
Plant and machinery	-	5,512
Civil works	21,725	7,772
Advances against purchase of vehicles	-	1,000
	21,725	14,284
The reconciliation of the carrying amount is as follows:		
Opening balance	14,284	-
Additions during the year	39,319	109,743
	53,603	109,743
Transfers during the year	(22,835)	(95,459)
Charged to profit	(9,042)	-
Closing balance	21,726	14,284

13.3 Major spare parts and standby equipment

	2019	2018
Opening balance	189,932	90,645
Additions during the year	84,391	122,194
Reclassified from stores, spares and loose tools	70,007	-
	344,330	212,839
Transfers during the year	(172,730)	(22,907)
Closing balance	171,600	189,932

13.4 Intangible asset

Computer software

		2019	2018
Cost			
Opening balance		7,542	7,542
Addition during the year		-	-
Closing balance		7,542	7,542
Amortization			
Opening balance		(3,267)	(1,759)
Charge for the year	- note 22	(1,508)	(1,508)
Closing balance		(4,775)	(3,267)
Book value		2,767	4,275
Annual amortization rate		20%	20%

13.5 All property, plant and equipment and intangible asset of the company are pledged as security for long term financing as disclosed in note 8 to these unconsolidated financial statements.

		2019	2018
		(Rupees in thousand)	

14. LONG TERM INVESTMENTS

		2019	2018
Investment in associate	- note 14.1	-	-
Investment in subsidiary	- note 14.2	1,000	1,000
		1,000	1,000

14.1 Related party - Associate
Unquoted:
Nishat Energy Limited

	2019	2018
250,000 (2018: 250,000) fully paid ordinary shares of Rs 10 each [Equity held 25% (2018: 25%)] - Cost	2,500	2,500

The company directly holds 25% ordinary shares in Nishat Energy Limited ('NEL'). 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.

14.2 Subsidiary
Unquoted:
Lalpir Solar Power (Private) Limited

	2019	2018
	(Rupees in thousand)	
100,000 (2018: 50,000) fully paid ordinary shares of Rs 10 each [Equity held 100% (2018 : 100%)] - Cost	1,000	1,000

The company directly holds 100% shares in its wholly owned subsidiary, Lalpir Solar Power (Private) Limited ('LSPPL'). LSPPL is a private company limited by shares incorporated in Pakistan to build, own, operate and maintain or invest in a solar power project. The address of the registered office of LSPPL is 1-B, Aziz Avenue, Canal Bank, Gulberg V, Lahore.

15. LONG TERM LOANS AND ADVANCES

		2019	2018
		(Rupees in thousand)	
Loans to employees - considered good		229	752
Less: Current portion shown under current assets	- note 19	(223)	(521)
		6	231

This represents interest free motor vehicle 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.

		2019	2018
		(Rupees in thousand)	
16.	STORES, SPARES AND LOOSE TOOLS		
	Stores	10,694	8,579
	Spares [including in transit Rs 2.642 million (2018: Rs 4.680 million)]	732,634	901,164
	Loose tools	14,193	15,034
		757,521	924,777

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

		2019	2018
		(Rupees in thousand)	
17.	INVENTORIES		
	Furnace oil	1,688,656	1,553,946
	Diesel	4,515	2,166
	Lubricating oil	26,228	13,227
		1,719,399	1,569,339

18. TRADE DEBTS

18.1 These represent trade receivables from NTDC 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 ranges from 10.57% to 17.47% (2018: 10.57% to 14.66%) per annum. Trade debts include unbilled receivables of Rs 652.678 million (2018: Rs 340.666 million).

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

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

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

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

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

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

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

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

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

On October 29, 2017, the Arbitrator declared his Final Award whereby he ordered NTDC to pay to the company: i) Rs 816.033 million pursuant to Expert's determination; ii) Rs 189.385 million being Pre award interest; iii) Rs 9.203 million for breach of arbitration agreement; iv) Rs 1.684 million and USD 612,310 for the company's cost of proceedings; v) GBP 30,157 for company's LCIA cost of Arbitration and vi) Interest at KIBOR + 4.5% compounded semi-annually from the date of Final Award until payment of these amounts by NTDC ("the Final Award") that works out to Rs 205.870 million up to June 30, 2019.

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

On May 4, 2018, Commercial Court of England issued a favourable decision in the case of anti suit injunction, thereby preventing NTDC from pursuing case in Pakistan Civil Courts against Partial Final Award/Final Award and taking any steps outside England to set aside Partial Final Award/Final Award issued by the Arbitrator. Aggrieved by this decision, NTDC had sought permission to file an appeal before the Court of Appeals, London, which was rejected by the Court on October 04, 2018.

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

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

		2019	2018
		(Rupees in thousand)	

19. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances - considered good:			
- To employees		395	16,694
- To suppliers		743	3,404
Current portion of long term loans - considered good	- note 15	223	521
Balances with statutory authorities:			
- Customs duty recoverable		4	12
- Sales tax		458,530	497,662
Claims recoverable from NTDC for pass through items:			
- Workers' Profit Participation Fund	- notes 19.1 and 19.2	401,225	718,290
Interest receivable	- note 19.3	1,654	1,034
Security deposits and bank guarantee margins		7,612	6,522
Prepayments		5,738	6,186
Other receivables	- note 19.4	28,321	4,674
		904,445	1,254,999

19.1 Workers' Profit Participation Fund

Opening balance		718,291	567,720
Accrued for the year	- note 10.2	188,477	160,571
		906,768	728,291
Less: Amount received during the year		505,543	10,000
Closing balance		401,225	718,291

19.2 Under section 9.3(a) of the PPA with NTDC, payments to Workers' Profit Participation Fund are recoverable from NTDC as a pass through item.

19.3 Includes an amount due from MCB Bank Limited, a related party amounting to Rs 0.674 million (2018: Rs 0.469 million).

19.4 Includes an amount due from Lalpir Solar Power (Private) Limited, a related party amounting to Rs 4.373 million (2018: Rs 4.373 million).

19.5 The maximum aggregate amount due from Lalpir Solar Power (Private) Limited, a related party at the end of any month during the year was Rs 4.373 million (2018: Rs 4.373 million).

19.6 The maximum aggregate amount due from MCB Bank Limited, a related party at the end of any month during the year was Rs 1.654 million (2018: Rs 1.034 million).

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20. CASH AND BANK BALANCES

		2019	2018
		(Rupees in thousand)	
Cash at bank:			
- On saving accounts	- note 20.1	19,430	135,355
- On current accounts		549	4,224
	- note 20.2	19,979	139,579
Cash in hand		797	726
		20,776	140,305

20.1 Profit on balances in saving accounts ranges from 3.11% to 10.50% (2018: 3.00% to 4.75%) per annum.

20.2 Cash at bank includes Rs 17.359 million (2018: Rs 23.448 million) in MCB Bank Limited, a related party.

21. SALES

	2019	2018
	(Rupees in thousand)	
Energy revenue	11,240,901	14,066,981
Less: Sales tax	1,644,765	2,054,816
	9,596,136	12,012,165
Capacity revenue	4,791,511	4,217,339
Delayed payment markup	1,194,271	699,581
	15,581,918	16,929,085

22. COST OF SALES

		2019	2018
		(Rupees in thousand)	
Raw materials consumed		8,801,876	10,882,284
Salaries and other benefits	- note 22.1	277,238	234,372
Repairs and maintenance		39,123	21,847
Stores, spares and loose tools consumed	- note 22.2	357,039	372,965
Electricity consumed in-house		23,213	4,245
Insurance	- note 22.3	211,016	168,296
Travelling and conveyance		24,035	20,185
Printing and stationery		805	702
Postage and telephone		661	628
Vehicle running expenses		3,094	2,178
Entertainment		1,920	1,819
Depreciation on operating fixed assets	- note 13.1.3	789,939	947,831
Amortization of intangible asset	- note 13.4	1,508	1,508
Fee and subscription		3,923	4,184
Miscellaneous	- note 22.4	48,631	44,292
		10,584,021	12,707,336

22.1 Salaries and other benefits include Rs 15.573 million (2018: Rs 14.104 million) in respect of provident fund contribution by the company.

22.2 This includes goods of Rs 0.301 million (2018: Rs 2.261 million) purchased from D.G. Khan Cement Company Limited, a related party.

22.3 This includes amount of Rs 206.873 million (2018: Rs 163.6 million) charged by Security General Insurance Company Limited, a related party, in respect of insurance of the company's assets.

22.4 This includes wages of contractual employees aggregating Rs 30.752 million (2018: Rs 27.698 million).

23. ADMINISTRATIVE EXPENSES

		2019	2018
		(Rupees in thousand)	
Salaries and other benefits	- note 23.1	124,094	106,734
Travelling and conveyance	- note 23.2	66,481	55,995
Entertainment		1,154	1,222
Rent, rates and taxes	- note 23.3	12,561	12,661
Printing and stationery		729	1,033
Postage and telephone		1,269	1,166
Vehicle running expenses		5,756	5,250
Legal and professional charges	- note 23.4	10,346	89,563
Insurance	- note 23.5	4,838	3,765
Advertisement		179	960
Fee and subscription		3,226	3,939
Depreciation on operating fixed assets	- note 13.1.3	34,371	28,179
Miscellaneous		9,119	9,967
		274,123	320,434

23.1 Salaries and other benefits include Rs 5.970 million (2018: Rs 5.723 million) in respect of provident fund contribution by the company.

23.2 Includes Rs 58.403 million (2018: Rs 47.061 million) in respect of aviation services from Pakistan Aviators and Aviation (Private) Limited, a related party.

23.3 Includes operating lease rentals of Rs 12.461 million (2018: Rs 12.461 million) in respect of property leased from Nishat (Aziz Avenue) Hotels and Properties Limited, a related party.

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

	2019	2018
	(Rupees in thousand)	
Statutory audit fee	1,675	1,565
Half yearly review	875	875
Tax services	985	861
Certifications required by various regulations	264	167
Reimbursement of expenses	149	194
	3,948	3,662

23.5 This represents insurance services obtained from following related parties:

	2019	2018
Adamjee Life Assurance Company Limited	432	506
Security General Insurance Company Limited	3,246	2,581
	3,678	3,087

24. OTHER EXPENSES

	2019	2018
Exchange loss	1,366	2,770
Donations	500	-
Loss on disposal of operating fixed assets	14,018	-
	15,884	2,770

25. OTHER INCOME

	2019	2018
Profit on bank deposits	4,074	2,548
Gain on disposal of operating fixed assets	-	53
Scrap sales	3,231	4,845
Insurance receipts against business interruption loss	-	43,587
	7,305	51,033

26. FINANCE COST

	2019 (Rupees in thousand)	2018
Interest / mark-up on:		
- Long term financing - secured	458,528	533,774
- Short term borrowings - secured	482,561	201,149
Financing fee and bank charges	4,557	2,396
	945,646	737,319

27. TAXATION

	2019	2018
Current:		
- For the year	-	-
- Prior years	-	-
	-	-

27.1 Relationship between tax expense and accounting profit

	2019	2018
Profit before taxation	3,769,549	3,211,416
Tax at the applicable rate of 29% (2018: 30%)	1,093,169	963,424
Tax effect of amounts that are:		
Exempt as referred to in note 4.1	(1,091,988)	(962,660)
Allowable as tax credit	(1,181)	(764)
	-	-

27.2 For the purposes of current taxation, the tax credit available for carry forward is estimated at Rs 25.387 million (2018: Rs 84.722 million). As explained in note 4.1, management believes that the tax credit available for carry forward may not be utilized in the foreseeable future. Consequently, on prudence basis, deferred tax asset on tax credit available for carry forward has not been recognized in these unconsolidated financial statements. Tax credit would expire as follows:

Accounting year to which tax credit relates	Amount of tax credit (Rupees in thousand)	Accounting year in which tax credit will expire
2018	8,145	2020
2019	17,242	2021
	25,387	

28. EARNINGS PER SHARE

28.1 Basic earnings per share

		2019	2018
Net profit for the year	Rupees	3,769,549,000	3,211,416,000
Weighted average number of ordinary shares	Number	354,088,500	354,088,500
Earnings per share	Rupees	10.646	9.070

28.2 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, 2019 and June 30, 2018 which would have any effect on the earnings per share if the option to convert is exercised.

29. CASH GENERATED FROM OPERATIONS

		2019	2018
		(Rupees in thousand)	
Profit before taxation		3,769,549	3,211,416
Adjustment for non cash charges and other items:			
Depreciation on operating fixed assets	- note 13.1.3	824,310	976,010
Amortization on intangible assets	- note 13.4	1,508	1,508
Profit on bank deposits		(4,074)	(2,548)
Finance cost		945,646	737,319
Provision for employee retirement benefits		21,543	19,827
Loss/(gain) on disposal of operating fixed assets		14,018	(53)
Share of loss of associate		-	843
Profit before working capital changes		5,572,500	4,944,322
Effect on cash flow due to working capital changes:			
Decrease/(increase) in current assets			
Stores, spares and loose tools		167,255	(262,485)
Inventories		(150,060)	(593,780)
Trade debts		(3,314,576)	(3,384,501)
Advances, deposits, prepayments and other receivables		351,174	(152,433)
		(2,946,207)	(4,393,199)
Increase/(decrease) in current liabilities			
Trade and other payables		(382,650)	127,973
Unclaimed dividend		6,665	534
		(375,985)	128,507
		(3,322,192)	(4,264,692)
		2,250,308	679,630

		2019	2018
		(Rupees in thousand)	

30. CASH AND CASH EQUIVALENTS

		2019	2018
Cash and bank balances	- note 20	20,776	140,305
Short term borrowings - secured	- note 9	(6,420,312)	(4,578,891)
		(6,399,536)	(4,438,586)

31. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

31.1 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	
	2019	2018	2019	2018	2019	2018	2019	2018
	(Rupees in thousand)							
Short term employee benefits								
Managerial remuneration	15,867	14,490	7,568	7,140	-	-	113,281	105,773
Medical allowance and reimbursement	324	1,449	762	740	-	-	15,682	13,702
Bonus	5,472	2,530	2,696	1,235	-	-	34,712	15,224
Overtime	-	-	-	-	-	-	3,075	-
Leave encashment	-	-	420	397	-	-	6,974	5,487
	21,663	18,469	11,446	9,512	-	-	173,724	140,186
Meeting fee	-	-	-	-	775	1,075	-	-
Post employment benefits								
Contribution to provident fund	324	-	757	714	-	-	11,328	10,577
	21,987	18,469	12,203	10,226	775	1,075	185,052	150,763
Number of persons	1*	1	1	1	5	5	47	43

* Mr. Ghazanfar Hussain Mirza was appointed as the Chief Executive in place of Mr. Hassan Mansha on April 27, 2019.

31.2 The executive director, a non-executive director and certain executives are provided with company maintained vehicles.

32. TRANSACTIONS WITH RELATED PARTIES

The related parties include the holding company, subsidiaries and associates of the holding company, subsidiary, associate, related parties on the basis of common directorship, key management personnel of the company and its holding company and post employment benefit plan (Provident Fund). Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) of that company. The company in the normal course of business carries out transactions with various related parties. 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		2019	2018
			(Rupees in thousand)	
(i) Holding company	Dividends paid		541,899	361,266
(ii) Other related parties	Purchase of services		901	-
(iii) Key Management Personnel	Remuneration	- note 32.1	34,965	29,770
	Dividends paid		12	8

32.1 This represents remuneration of the Chief Executive and Directors that is presented in the remuneration disclosed in note 31 to these unconsolidated financial statements.

32.2 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	%age of shareholding of 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
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. Yousuf Bashir	Director	0.0003%
Mr. Shahzad Ahmad Malik	Director	0.0001%
Mr. Ghazanfar Hussain Mirza	Chief Executive	0.0003%
Mr. Mahmood Akhtar	Director	0.0003%

33. CAPACITY AND PRODUCTION

	2019 MWH	2018 MWH
Installed capacity [based on 8,760 hours (2018: 8,760 hours)]	1,710,872	1,710,872
Actual energy delivered	675,103	1,171,192

Output produced by the plant is dependent on the load demanded by NTDC and plant availability.

34. NUMBER OF EMPLOYEES

	2019	2018
Total number of employees as at June 30	218	217
Average number of employees during the year	218	217

35. 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.

36. FINANCIAL RISK MANAGEMENT

36.1 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 Board of Directors (the Board). The Board provides 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. All treasury related transactions are carried out within the parameters of these policies.

(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 not exposed to any significant currency risk.

(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:

		2019	2018
		(Rupees in thousand)	
Fixed rate instruments			
Financial assets			
Bank balances - saving accounts	- note 20	19,430	135,355
Financial liabilities		-	-
Net exposure		19,430	135,355
Floating rate instruments			
Financial assets			
Trade debts - overdue		9,020,734	5,782,071
WPPF receivable from NTDC - overdue		198,076	557,719
		9,218,810	6,339,790
Financial liabilities			
Long term financing - secured		(3,040,170)	(5,092,325)
Short term borrowings - secured		(6,420,312)	(4,578,891)
		(9,460,482)	(9,671,216)
Net exposure		(241,672)	(3,331,426)

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 44.204 million (2018: Rs 13.837 million) lower / higher, mainly as a result of higher / lower interest expense 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.

(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:

	2019	2018
	(Rupees in thousand)	
Long term loans and advances	6	231
Trade debts	15,643,517	12,328,941
Advances, deposits and other receivables	439,035	731,041
Bank balances	19,979	139,579
	16,102,537	13,199,792
As of June 30, age analysis of trade debts was as follows:		
Neither past due nor impaired	3,513,017	4,130,532
Past due but not impaired:		
- 1 to 30 days	1,252,398	1,850,964
- 31 to 90 days	1,196,102	2,798,729
- 91 to 180 days	3,643,063	1,872,619
- 181 to 365 days	4,009,833	188,868
- above 365 days	2,029,104	1,487,229
	12,130,500	8,198,409
	15,643,517	12,328,941

(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	2019	2018
	Short term	Long term	Agency	(Rupees in thousand)	
NTDC	Not available			3,513,017	4,130,532
Al-Baraka Bank (Pakistan) Limited	A-1	A+	JCR-VIS	1	4
Allied Bank Limited	A1+	AAA	PACRA	25	168
Askari Bank Limited	A1+	AA+	PACRA	14	11
Bank Alfalah Limited	A1+	AA+	PACRA	5	5
Bank Islami Pakistan Limited	A1	A+	PACRA	1	3
Habib Bank Limited	A-1+	AAA	JCR-VIS	569	449
MCB Bank Limited	A1+	AAA	PACRA	17,358	23,448
MCB Islamic Bank Limited	A1+	A	PACRA	17	-
National Bank of Pakistan	A1+	AAA	PACRA	23	113,016
The Bank of Punjab	A1+	AA	PACRA	12	13
Burj Bank Limited	A-1	A+	JCR-VIS	2	2
The Bank of Khyber	A1	A	PACRA	5	-
Faysal Bank Limited	A1+	AA	PACRA	3	-
Dubai Islamic Bank Pakistan Limited	A-1	AA-	JCR-VIS	1	-
United Bank Limited	A-1+	AAA	JCR-VIS	1,943	2,460
				3,532,996	4,270,111

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.

The company's approach to managing liquidity is to ensure that, as far as possible, it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable loss or risking damage to the company's reputation.

The following are the contractual maturities of financial liabilities as at June 30, 2019.

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Long term financing	3,040,170	2,385,532	654,638	-
Short term borrowings	6,420,312	6,420,312	-	-
Unclaimed dividend	21,666	21,666		
Trade and other payables	73,124	73,124	-	-
Accrued markup	233,908	233,908	-	-
	9,789,180	9,134,542	654,638	-

The following are the contractual maturities of financial liabilities as at June 30, 2018.

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Long term financing	5,092,325	2,052,155	3,040,170	-
Short term borrowings	4,578,891	4,578,891	-	-
Unclaimed dividend	15,001	15,001		
Trade and other payables	474,798	474,798	-	-
Accrued markup	182,486	182,486	-	-
	10,343,501	7,303,331	3,040,170	-

36.2 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.

36.3 Financial instruments by categories

	Financial assets at amortised cost	Loans and receivables
	2019	2018
	(Rupees in thousand)	
Assets as per statement of financial position		
Long term loans and advances	229	752
Trade debts	15,643,517	12,328,941
Advances, deposits and other receivables	438,812	730,520
Cash and bank balances	20,776	140,305
	16,103,334	13,200,518

	Financial liabilities at amortised cost	
	2019	2018
	(Rupees in thousand)	
Liabilities as per statement of financial position		
Long term financing	3,040,170	5,092,325
Short term borrowings	6,420,312	4,578,891
Trade and other payables	73,124	474,798
Unclaimed dividend	21,666	15,001
Accrued markup	233,908	182,486
	9,789,180	10,343,501

36.4 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.

36.5 Capital management

The company's objectives when managing capital are to safeguard company's ability to continue as a going concern in order to provide returns for shareholders and lenders 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 borrowings divided by total capital employed. Net borrowings are calculated as total borrowings including current and non-current borrowings as disclosed in note 9 to these financial statements less cash and cash equivalents as disclosed in note 30 to these financial statements. Total capital employed includes equity as shown in the statement of financial position, plus net borrowings.

The gearing ratio as at June 30, 2019 and June 30, 2018 is as follows:

		2019	2018
		(Rupees in thousand)	
Borrowings - note 9		3,040,170	5,092,325
Less: Cash and cash equivalents - note 30		(6,399,536)	(4,438,586)
Net borrowings		9,439,706	9,530,911
Total equity		19,108,719	16,401,436
Total capital employed		28,548,425	25,932,347
Gearing ratio	Percentage	33.07	36.75

In accordance with the terms of agreement with the lenders of long term finances (as discussed in note 8 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.

37. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on September 18, 2019 by the Board of Directors of the company.

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 except for 'delayed payment markup' of Rs 699.581 million previously included in 'energy revenue' and 'capacity revenue', now separately presented under Sales as per the requirements of IFRS 15.

CHIEF EXECUTIVE	CHIEF FINANCIAL OFFICER	DIRECTOR

Consolidated Financial Statements

for the Year Ended June 30, 2019

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, 2019.

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) has expired on June 30, 2016. In previous financial year, LSPPL has obtained the approval from NTDCL for Grid Interconnection Study. During the year, the NEPRA has given generation license to LSPPL.

Subsequently, LSPPL applied to Central Power Purchasing Agency (CPPA) for consent to Purchase Power from this project called, Power Acquisition Request (PAR). Once the PAR is given, LSPPL shall apply for the tariff as per policy announced by the government.

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 2019-20.

ACKNOWLEDGEMENT:

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

CHIEF EXECUTIVE OFFICER
September 18, 2019

DIRECTOR

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, 2019, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and 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.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2019, 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.

Emphasis of Matter

We draw attention to note 18.2 to the annexed consolidated financial statements, which describes the matter regarding recoverability of certain trade debts. Our opinion is not modified in respect of this matter.

Key Audit Matters

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.

We have determined that there are no key audit matters to communicate in our report.

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 consolidated and unconsolidated 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 the 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 Companies Act, 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.

The Board of Directors is 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 judgment 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 Group'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.

Other Matter

The comparative information as at, and for the year ended June 30, 2018 has not been audited.

The engagement partner on the audit resulting in this independent auditor's report is Khurram Akbar Khan.

A.F. Ferguson & Co.
Chartered Accountants

Lahore:
Date: September 18, 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	Audited 2019	Un-audited 2018
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 500,000,000 (2018: 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 (2018: 354,088,500) ordinary shares of Rs 10 each	5	3,540,885	3,540,885
Capital reserve	6	3,153,633	-
Revenue reserve: Un-appropriated profits	7	12,413,549	12,859,724
Attributable to owners of the parent		19,108,067	16,400,609
NON-CURRENT LIABILITY			
Long term financing - secured	8	654,638	3,040,170
CURRENT LIABILITIES			
Current portion of long term financing - secured	8	2,385,532	2,052,155
Short term borrowings - secured	9	6,420,312	4,578,891
Trade and other payables	10	261,684	637,913
Unclaimed dividend		21,666	15,001
Accrued markup	11	233,908	182,486
		9,323,102	7,466,446
CONTINGENCIES AND COMMITMENTS	12		
		29,085,807	26,907,225

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

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

	Note	Audited 2019	Un-audited 2018
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	13	10,010,357	10,662,869
Investment accounted for under equity method	14	-	-
Long term loans and advances	15	6	231
		10,010,363	10,663,100
CURRENT ASSETS			
Stores, spares and loose tools	16	757,521	924,777
Inventories	17	1,719,399	1,569,339
Trade debts	18	15,643,517	12,328,941
Advances, deposits, prepayments and other receivables	19	900,072	1,250,625
Income tax receivable		34,138	30,048
Cash and bank balances	20	20,797	140,395
		19,075,444	16,244,125
		29,085,807	26,907,225

DIRECTOR

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	Audited 2019	Un-audited 2018
		(Rupees in thousand)	
Sales	21	15,581,918	16,929,085
Cost of sales	22	(10,584,021)	(12,707,336)
Gross profit		4,997,897	4,221,749
Administrative expenses	23	(274,201)	(320,567)
Other expenses	24	(15,884)	(2,770)
Other income	25	7,558	51,044
Finance cost	26	(945,646)	(737,319)
Share of loss of associate		-	(843)
Profit before taxation		3,769,724	3,211,294
Taxation	27	-	-
Profit for the year		3,769,724	3,211,294
Earnings per share - basic and diluted (in Rupees)	28	10.646	9.069
Profit attributable to owners of the parent		3,769,724	3,211,294

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, 2019

	Audited 2019	Un-audited 2018
	(Rupees in thousand)	
Profit for the year	3,769,724	3,211,294
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	3,769,724	3,211,294
Attributable to owners of the parent	3,769,724	3,211,294

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, 2019

	Note	Audited 2019	Un-audited 2018
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	29	2,249,985	679,559
Finance cost paid		(894,223)	(740,014)
Income tax paid		(4,090)	(5,261)
Long term loans and advances - net		225	2,563
Retirement benefits paid		(21,543)	(19,827)
Net cash inflow/(outflow) from operating activities		1,330,354	(82,980)
Cash flows from investing activities			
Purchase of fixed assets		(280,719)	(249,901)
Proceeds from disposal of operating fixed assets		93,395	1,101
Profit on bank deposits received		5,203	2,616
Net cash outflow from investing activities		(182,121)	(246,184)
Cash flows from financing activities			
Repayment of long term financing		(2,052,155)	(1,765,368)
Dividend paid		(1,057,097)	(707,643)
Net cash outflow from financing activities		(3,109,252)	(2,473,011)
Net decrease in cash and cash equivalents		(1,961,019)	(2,802,175)
Cash and cash equivalents at the beginning of the year		(4,438,496)	(1,636,321)
Cash and cash equivalents at the end of the year	30	(6,399,515)	(4,438,496)

Refer note 8 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, 2019

	Attributable to owners of the parent			
	Share capital	Capital reserve: Maintenance reserve	Revenue reserve: Un-appropriated profit	Total
	(Rupees in thousand)			
Balance as on July 01, 2017 (un-audited)	3,540,885	-	10,356,607	13,897,492
Profit for the year (un-audited)	-	-	3,211,294	3,211,294
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	3,211,294	3,211,294
Dividend to equity holders of the parent:				
Final dividend for the year ended June 30, 2017 @ Rupees 2 per share	-	-	(708,177)	(708,177)
Total contributions by and distributions to owners of the parent recognised directly in equity	-	-	(708,177)	(708,177)
Balance as on June 30, 2018 (un-audited)	3,540,885	-	12,859,724	16,400,609
Profit for the year	-	-	3,769,724	3,769,724
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	3,769,724	3,769,724
Dividend to equity holders of the parent:				
Final dividend for the year ended June 30, 2018 @ Rupees 1.5 per share	-	-	(531,133)	(531,133)
Interim dividend for the quarter ended March 31, 2019 @ Rupees 1.5 per share	-	-	(531,133)	(531,133)
Total contributions by and distributions to owners of the parent recognised directly in equity	-	-	(1,062,266)	(1,062,266)
Transfer to maintenance reserve	-	3,153,633	(3,153,633)	-
Balance as on June 30, 2019 (audited)	3,540,885	3,153,633	12,413,549	19,108,067

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

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

1. THE COMPANY 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 Companies Act, 2017, hereinafter may be referred to as the 'Act').It is a subsidiary of Nishat Mills Limited, Pakistan. 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 parent company has a Power Purchase Agreement ('PPA') with its sole customer, National Transmission and Despatch company Limited ('NTDC') for twenty five years which commenced from June 09, 2010.

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 is to build, own, operate and maintain or invest in a solar power project having gross capacity upto 20 MW. The project site is located at Mehmood Kot, District Muzaffargarh. During the year, subsidiary has obtained the approval (NOC) from NTDC for Grid Interconnection Study. Meanwhile, the upfront solar tariff announced by National Electric Power Regulatory Authority ('NEPRA') had already expired on June 30, 2016. However, the subsidiary will now pursue with Power Acquisition Request (PAR) pending at the Central Power Purchasing Agency (Guarantee) Limited and after getting required consents for Energy Purchase Agreement, the management shall try to get suitable tariff through new regime of competitive bidding, recently announced by NEPRA or as amended from time to time.

Subsequent to the reporting date, the subsidiary has received Generation License from NEPRA for its solar power plant.

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.

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 ('Act').

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 interpretation 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 approved accounting standards that are effective in current year

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 1, 2018 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, except for the following:

(a) IFRS 9, 'Financial Instruments'

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

- classification and measurement of all financial assets except investments associate that is accounted for in accordance with IAS 28 'Investments in Associates and Joint Ventures' respectively; and

- recognition of loss allowance for financial assets other than the financial assets due from the Government of Pakistan and investment in associate.

In respect of application of IFRS 9, the group has adopted modified retrospective approach as permitted by this standard, according to which the group is not required to restate the prior period results. The adoption of IFRS 9 has not resulted in any impact on the opening balance of un-appropriated profit. In respect of classification of financial assets, the group's management has assessed which business models apply to the financial assets held by the group and has classified its financial instruments into the appropriate IFRS 9 categories (i.e. mainly financial assets previously classified as 'loans and receivables' have now been classified as 'amortised cost').

(b) IFRS 15, 'Revenue from Contracts with Customers'

This standard was notified by the SECP to be effective for annual periods beginning on or after July 1, 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the consolidated financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, 'Revenue', and IAS 11, 'Construction contracts', and related interpretations.

The group has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognise the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of un-appropriated profit in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any impact on the revenue recognition policy of the group and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of un-appropriated profit in the period of initial application is nil. Therefore, the comparative information has not been restated and continues to be reported under the previous accounting policy.

2.2.2 Exemption from applicability of certain interpretations to standards

The SECP through SRO 24(I)/2012 dated January 16, 2012 has granted exemption from the application of International Financial Reporting Interpretations Committee ('IFRIC') 4, 'Determining whether an Arrangement contains a Lease', and IFRIC 12, 'Service Concession Arrangements', to all companies. However, the SECP made it mandatory to disclose the impact of the application of IFRIC 4 or IFRIC 12 on the results of the companies.

Under IFRIC 4, 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 under IAS 17, 'Leases'. The group's power plant's control due to purchase of total output by NTDC appears to fall under the scope of IFRIC 4. Consequently, if the group were to follow IFRIC 4 and IAS 17, the effect on the consolidated financial statements would be as follows:

	Audited 2019	Un-audited 2018
	(Rupees in thousand)	
De-recognition of property, plant and equipment	(9,635,568)	(10,334,566)
De-recognition of trade debts	(5,510,129)	(2,740,321)
Recognition of lease debtor	11,556,096	10,928,786
Decrease in un-appropriated profit at the beginning of the year	(2,146,101)	(1,154,414)
Decrease in profit for the year	(1,443,500)	(991,687)
Decrease in un-appropriated profit at the end of the year	(3,589,601)	(2,146,101)

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

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

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

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

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

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

This note provides an overview of the area that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to the estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the consolidated financial statements.

a) Useful lives and residual values of fixed assets

The group reviews the useful lives of fixed assets on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of fixed assets with a corresponding effect on the depreciation charge and impairment.

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.

4. 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, unless otherwise stated.

4.1 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.

4.2 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, tax credits and rebates available, if any.

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.

4.3 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 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 13.1 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 residual value of its operating fixed assets as at June 30, 2019, has not required any adjustment as its impact is considered insignificant.

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 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.

4.3.2 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 has been 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 group is the lessee:

4.6.1 Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit on a straight line basis over the lease term.

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 reporting date while items considered obsolete are carried at nil value.

4.8 Inventories

Inventories except for those in transit are valued principally at lower of weighted average cost and net realizable value. Materials 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. Provision is made in the consolidated financial statements for obsolete and slow moving inventories based on management's estimate.

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 associates

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.

4.10 Financial assets

4.10.1 Classification

From July 1, 2018, the group classifies its financial assets other than investment in 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.

4.10.2 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.

4.10.3 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 except for delayed payment markup on amounts due under the PPA. 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 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.

4.10.4 Impairment of financial assets other than those due from the Government of Pakistan

From July 1, 2018, the group assesses on a forward-looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

4.11 Accounting policies applied until June 30, 2018

The group has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the group's previous accounting policy.

Classification

Until June 30, 2018, the group classified its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and held to maturity. The classification depended on the purpose for which the financial assets were acquired. Management determined the classification of its financial assets at the time of initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss were the financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Derivatives were also categorized as held for trading unless they were designated as hedges. A financial asset was classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category were classified as current assets if expected to be settled within twelve months, otherwise, they were classified as non-current.

b) Loans and receivables

Loans and receivables were non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They were included in current assets, except for maturities greater than twelve months after the statement of financial position date, which were classified as non-current assets. Loans and receivables comprised of trade debts, advances, deposits, other receivables and cash and cash equivalents in the consolidated statement of financial position.

c) Available-for-sale financial assets

Available-for-sale financial assets were non-derivatives that were either designated in this category or not classified in any of the other categories. They were included in non-current assets unless management intends to dispose of the investments within twelve months from the statement of financial position date.

d) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity were classified as held to maturity and were stated at amortized cost.

Recognition and measurement

All financial assets were recognized at the time when the group became a party to the contractual provisions of the instrument. Regular purchases and sales of investments were recognized on trade-date – the date on which the group committed to purchase or sell the asset. Financial assets were initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss were initially recognized at fair value and transaction costs were expensed in the consolidated statement of profit or loss.

Financial assets were derecognized when the rights to receive cash flows from the assets expired or had been transferred and the group had transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss were subsequently carried at fair value. For investments having quoted price in active market, the quoted price represented the fair value. In other cases, fair value was measured using appropriate valuation methodology and where fair value could not be measured reliably, these were carried at cost. Loans and receivables and held to maturity investments were carried at amortized cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the ‘financial assets at fair value through profit or loss’ category were presented in the consolidated statement of profit or loss in the period in which they arose. Dividend income from financial assets at fair value through profit and loss was recognized in the consolidated statement of profit or loss as part of other income when the group’s right to receive payments was established.

Changes in the fair value of securities classified as available-for-sale were recognized in other comprehensive income. When securities classified as available-for-sale were sold or impaired, the accumulated fair value adjustments recognized in equity were included in the consolidated statement of profit or loss as gains and losses from investment securities. Interest on available-for-sale securities calculated using the effective interest method was recognized in the consolidated statement of profit or loss. Dividends on available-for-sale equity instruments were recognized in the consolidated statement of profit or loss when the group’s right to receive payments was established.

The group assessed at each reporting date whether there was objective evidence that a financial asset or a group of financial assets was impaired. If any such evidence existed for available-for-sale financial assets, the cumulative loss was removed from equity and recognized in the consolidated statement of profit or loss. Impairment losses recognized in the consolidated statement of profit or loss on equity instruments were not reversed through the consolidated statement of profit or loss.

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 include trade debts and other receivables due from NTDC/Central Power Purchasing Agency (Guarantee) Limited ('CPPA-G) under the PPA that also includes accrued amounts. As referred to in note 2.2.1(a) to these consolidated financial statements, SECP through SRO 985(I)/2019 dated September 2, 2019 has notified that, in respect of companies holding financial assets due from the Government of Pakistan, the requirements contained in IFRS 9 with respect to application of Expected Credit Losses method shall not be applicable till June 30, 2021 and that such companies shall follow relevant requirements of IAS 39 in respect of above referred financial assets during the exemption period. Accordingly, the same continue to be reported as per the following accounting policy:

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 NTDC/CPPA 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 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 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 group 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 recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

4.19 Provisions

Provisions are recognized when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

4.20 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, bank overdrafts, running finance under mark-up arrangements and short term loans which form an integral part of the group’s cash management.

4.21 Borrowings

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

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date.

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 entity 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 NTDC, the sole customer of the group, is recorded on the following basis:

- Capacity revenue is recognised based on the capacity made available to NTDC; and
- Energy revenue is recognised based on the Net Electrical Output (NEO) delivered to NTDC.

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

Delayed payment markup 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 NTDC.

4.24 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 Pak Rupees using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss.

4.25 Dividend

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

4.26 Contingent liabilities

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.

5. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

This represents 354,088,500 (2018: 354,088,500) ordinary shares of Rs 10 each fully paid in cash. 180,632,955 (2018: 180,632,955) ordinary shares 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. In accordance with the terms of agreement with the lenders of long term finances, there are certain restrictions on the distribution of dividends.

8. LONG TERM FINANCING - SECURED

	Audited 2019	Un-audited 2018
	(Rupees in thousand)	
The reconciliation of the carrying amount is as follows:		
Opening balance	5,092,325	6,857,693
Less: Repayments during the year	2,052,155	1,765,368
	3,040,170	5,092,325
Less: Current portion shown under current liabilities	2,385,532	2,052,155
	654,638	3,040,170

Long term financing under mark-up arrangement obtained from following banks:

Lender	Audited 2019	Un-audited 2018
	(Rupees in thousand)	
National Bank of Pakistan	527,628	883,784
Habib Bank Limited	703,568	1,178,486
Allied Bank Limited	703,568	1,178,486
United Bank Limited	691,030	1,157,485
Faysal Bank Limited	414,376	694,084
	3,040,170	5,092,325
Less: Current portion shown under current liabilities	2,385,532	2,052,155
	654,638	3,040,170

8.1 This represents long term financing obtained from a consortium of banks led by Habib Bank Limited (Agent Bank). The portion of long term financing from Faysal Bank Limited is on murabaha basis. The overall financing is secured against registered first joint pari passu charge on immovable property, mortgage of project receivables, hypothecation of all present and future assets and all properties of the group (excluding the mortgaged immovable property and mortgaged energy payment receivables), lien over project bank accounts and pledge of shares held by the holding company in the parent company. It carries mark-up at the rate of three months Karachi Inter-Bank Offered Rate (KIBOR) plus three percent per annum, payable on quarterly basis. The mark-up rate charged during the year on the outstanding balance ranged from 9.92% to 13.99% (2018: 9.12% to 9.50%) per annum. The finance is repayable in five quarterly instalments ending on July 01, 2020.

		Audited 2019	Un-audited 2018
		(Rupees in thousand)	

9. SHORT TERM BORROWINGS - SECURED

Short term borrowings under mark-up arrangements obtained as under:

Running finances	- note 9.1	5,220,315	2,774,392
Term finances	- note 9.2	1,199,997	1,804,499
		6,420,312	4,578,891

9.1 Running finances

The total running finance and running musharka main facilities obtained from various commercial banks under mark-up arrangements aggregate Rs 7,201.520 million (2018: Rs 6,651.520 million). Such facilities have been obtained at mark-up rates ranging from three months KIBOR plus 0.25% to 2% per annum, payable quarterly, on the balance outstanding. The aggregate facilities are secured against charge on present and future fuel stock/inventory and present and future energy purchse price receivables. The mark-up rate charged during the year on the outstanding balance ranged from 7.18% to 12.99% (2018: 6.39% to 8.43%) per annum. Various sub facilities comprising money market loans and letters of guarantee have also been utilized under the aforementioned main facilities.

9.2 Term finances

The total murabaha and term finance main facilities obtained from various commercial banks under mark-up arrangements aggregate Rs 2,650 million (2018: Rs 2,450 million). Such facilities have been obtained at mark-up rates ranging from one week to six months KIBOR plus 0.05% to 1.25%, payable at the maturity of the respective murabaha transaction/term finance facility. The aggregate facilities are secured against first pari passu charge on current assets comprising of fuel stocks/inventory. The mark-up rate charged during the year on the outstanding balance ranged from 6.41% to 13.75% (2018: 6.45% to 7.43%) per annum. Various sub facilities comprising running musharka and running finance have also been utilized under the aforementioned main facilities.

9.3 Letters of credit and guarantee

The main facilities for opening letters of credit and guarantee aggregate Rs 500 million (2018: Rs 800 million). The amount utilised at June 30, 2019, for letters of credit was Rs 19.740 million (2018: Rs 140.210 million) and for letters of guarantee was Rs 112.500 million (2018: Rs 202.984 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.

		Audited 2019	Un-audited 2018
		(Rupees in thousand)	

10. TRADE AND OTHER PAYABLES

Creditors	- note 10.1	62,937	469,811
Payable to contractors		3,457	3,495
Workers' profit participation fund	- note 10.2	188,477	160,571
Withholding tax payable		-	652
Other accrued liabilities		6,813	3,384
		261,684	637,913

		Audited 2019	Un-audited 2018
		(Rupees in thousand)	

10.1 Includes amounts due to following related parties:

		Audited 2019	Un-audited 2018
Security General Insurance Company Limited		552	-
Adamjee Insurance Company Limited		6,291	5,289
D.G. Khan Cement Company Limited		184	-
		7,027	5,289

10.2 Workers' Profit Participation Fund

		Audited 2019	Un-audited 2018
Opening balance		160,571	144,186
Provision for the year	- note 19.1	188,477	160,571
		349,048	304,757
Less: Payments made during the year		160,571	144,186
Closing balance		188,477	160,571

10.3 Workers' Welfare Fund (WWF') has not been provided for in these consolidated financial statements based on the advice of the group's legal consultant. However, in case the group pays WWF, the same is recoverable from NTDC as a pass through item under section 9.3(a) of the PPA.

11. ACCRUED MARKUP

Accrued mark-up / interest on:

	Audited 2019	Un-audited 2018
	(Rupees in thousand)	
Long term financing - secured	105,994	120,733
Short term borrowings - secured	127,914	61,753
	233,908	182,486

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

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, LHC has dismissed the petition in favour of the department, by allowing the department to complete the audit proceedings that are pending completion.

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) During the year, the Commissioner Inland Revenue has raised a demand of Rs 179.046 million against the group through his order dated April 16, 2019, 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 is 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) During the year, NEPRA issued a show cause notice dated February 13, 2019, 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 has challenged the authority of NEPRA to take suo moto action before the Islamabad High Court (IHC) wherein IHC has 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) The banks have issued the following on behalf of the group:

(a) Letter of guarantee of Rs 11 million (2018: Rs 11 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 100 million (2018: Rs 190.484 million) in favour of fuel suppliers.

(c) Letter of guarantee of Rs 1.5 million (2018: Rs 1.5 million) in favour of Punjab Revenue Authority, Lahore.

Contingent asset:

(i) 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. The group believes it is entitled to claim delayed payment charges on outstanding delayed payments receivables from NTDC as per terms of the PPA. However, NTDC has denied this liability and objected on the maintainability of the Arbitration Proceedings, terming it against the PPA and refused to pay delayed payment charges on outstanding delayed payments receivables.

The LCIA appointed a sole Arbitrator and a hearing was also held in March 2018. During the year, the Arbitrator has issued Partial Final Award in which he has rejected the NTDC's objection to the maintainability of the Arbitration Proceedings.

While the Arbitration Proceedings on merits of the case are underway, the group has submitted the Partial Final Award before LHC and obtained interim relief from honourable LHC, whereby, LHC has restrained NTDC from taking steps for delaying the arbitration proceedings and challenging the award in Civil Courts of Pakistan. As the above amount is disputed, therefore, on prudence basis, the group has not recognised the income and corresponding asset for such amount in these consolidated financial statements.

12.2 Commitments

(i) Letters of credit and contracts for other than capital expenditure aggregating Rs 19.548 million (2018: Rs 140.210 million).

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

		Audited 2019	Un-audited 2018
		(Rupees in thousand)	
Not later than one year		3,894	3,894

13. FIXED ASSETS

Property, plant and equipment:			
Operating fixed assets	- note 13.1	9,809,491	10,449,604
Capital work-in-progress	- note 13.2	26,499	19,058
Major spare parts and standby equipment	- note 13.3	171,600	189,932
		10,007,590	10,658,594
Intangible asset:			
Computer software	- note 13.4	2,767	4,275
		10,010,357	10,662,869

13.1 Operating fixed assets

(Rupees in thousand)

	Freehold land - note 13.1.2	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	Total
COST										
Balance as at July 01, 2017 (Un-audited)	80,686	198,172	16,879,372	40,909	661	27,150	10,162	51,013	114,259	17,402,384
Additions during the year	-	-	118,222	-	-	3,137	1,287	3,929	9,355	135,930
Disposals during the year - note 13.1.4	-	-	(51,734)	-	-	(669)	-	-	(6,589)	(58,992)
Balance as at June 30, 2018 (Un-audited)	80,686	198,172	16,945,860	40,909	661	29,618	11,449	54,942	117,025	17,479,322
Balance as at July 01, 2018 (Un-audited)	80,686	198,172	16,945,860	40,909	661	29,618	11,449	54,942	117,025	17,479,322
Additions during the year	-	17,161	172,420	-	383	3,014	522	145	97,965	291,611
Disposals during the year - note 13.1.4	-	-	(468,705)	-	-	(1,734)	-	(2,735)	-	(473,174)
Balance as at June 30, 2019	80,686	215,333	16,649,575	40,909	1,044	30,898	11,971	52,352	214,990	17,297,759
DEPRECIATION AND IMPAIRMENT										
Balance as at July 01, 2017 (Un-audited)	-	54,062	5,952,613	25,064	450	18,182	4,707	21,880	34,694	6,111,652
Depreciation charge for the year	-	7,982	927,350	4,091	59	7,872	996	4,868	22,792	976,010
Disposals during the year	-	-	(51,734)	-	-	(669)	-	-	(5,541)	(57,944)
Balance as at June 30, 2018 (Un-audited)	-	62,044	6,828,229	29,155	509	25,385	5,703	26,748	51,945	7,029,718
Balance as at July 01, 2018 (Un-audited)	-	62,044	6,828,229	29,155	509	25,385	5,703	26,748	51,945	7,029,718
Depreciation charge for the year	-	8,415	773,401	4,091	54	2,703	1,190	5,322	29,134	824,310
Disposals during the year	-	-	(361,940)	-	-	(1,573)	-	(2,248)	-	(365,761)
Balance as at June 30, 2019	-	70,459	7,239,690	33,246	563	26,515	6,893	29,822	81,079	7,488,267
Book value as at June 30, 2018 (Un-audited)	80,686	136,128	10,117,631	11,754	152	4,233	5,746	28,194	65,080	10,449,604
Book value as at June 30, 2019	80,686	144,874	9,409,885	7,663	481	4,384	5,077	22,531	133,911	9,809,491
Annual depreciation rate %	-	4 to 5.24	4 to 5.85 and number of hours used	10	10	33	10	10	20	

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

13.1.2 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.

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

		Audited 2019	Un-audited 2018
		(Rupees in thousand)	
Cost of sales	- note 22	789,939	947,831
Administrative expenses	- note 23	34,371	28,179
		824,310	976,010

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

	Audited 2019	Un-audited 2018
	(Rupees in thousand)	

13.2 Capital work-in-progress

Plant and machinery	3,547	9,059
Civil works	22,951	8,998
Advances against purchase of vehicles	-	1,000
	26,498	19,057

The reconciliation of the carrying amount is as follows:

Opening balance	19,058	-
Additions during the year	39,319	114,517
	58,377	114,517
Transfers during the year	(22,836)	(95,459)
Charged to profit	(9,042)	-
Closing balance	26,499	19,058

13.3 Major spare parts and standby equipment

Opening balance	189,932	90,645
Additions during the year	84,391	122,194
Reclassified from stores, spares and loose tools	70,007	-
	344,330	212,839
Transfers during the year	(172,730)	(22,907)
Closing balance	171,600	189,932

13.4 Intangible asset

Computer software

Cost			
Opening balance		7,542	7,542
Addition during the year		-	-
Closing balance		7,542	7,542
Amortization			
Opening balance		(3,267)	(1,759)
Charge for the year	- note 22	(1,508)	(1,508)
Closing balance		(4,775)	(3,267)
Book value		2,767	4,275
Annual amortization rate		20%	20%

13.5 All property, plant and equipment and intangible asset of the group are pledged as security for long term financing as disclosed in note 8 to these consolidated financial statements.

		Audited 2019	Un-audited 2018
		(Rupees in thousand)	
14. INVESTMENT ACCOUNTED FOR UNDER EQUITY METHOD			
Investment in associate	- note 14.1	-	-

14.1 Related party - Associate			
Unquoted:			
Nishat Energy Limited			
250,000 (2018: 250,000) fully paid ordinary shares of Rs 10 each [Equity held 25% (2018: 25%)] - Cost		2,500	2,500

The group directly holds 25% ordinary shares in NEL. NEL is no longer considered a going concern by its management and hence, the investment is fully impaired.

		Audited 2019	Un-audited 2018
		(Rupees in thousand)	
15. LONG TERM LOANS AND ADVANCES			
Loans to employees - considered good		229	752
Less: Current portion shown under current assets	- note 19	(223)	(521)
		6	231

This represents interest free motor vehicle 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 group 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.

	Audited 2019	Un-audited 2018
	(Rupees in thousand)	

16. STORES, SPARES AND LOOSE TOOLS

Stores	10,694	8,579
Spares [including in transit Rs 2.642 million (2018: Rs 4.680 million)]	732,634	901,164
Loose tools	14,193	15,034
	757,521	924,777

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

	Audited 2019	Un-audited 2018
	(Rupees in thousand)	

17. INVENTORIES

Furnace oil	1,688,656	1,553,946
Diesel	4,515	2,166
Lubricating oil	26,228	13,227
	1,719,399	1,569,339

18. TRADE DEBTS

18.1 These represent trade receivables from NTDC 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 ranges from 10.57% to 17.47% (2018: 10.57% to 14.66%) per annum. Trade debts include unbilled receivables of Rs 652.678 million (2018: Rs 340.666 million).

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

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

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

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

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

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

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

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

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

On October 29, 2017, the Arbitrator declared his Final Award whereby he ordered NTDC to pay to the 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 for the group's cost of proceedings; v) GBP 30,157 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 ("the Final Award") that works out to Rs 205.870 million up to June 30, 2019.

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

On May 4, 2018, Commercial Court of England issued a favourable decision in the case of anti suit injunction, thereby preventing NTDC from pursuing case in Pakistan Civil Courts against Partial Final Award/Final Award and taking any steps outside England to set aside Partial Final Award/Final Award issued by the Arbitrator. Aggrieved by this decision, NTDC had sought permission to file an appeal before the Court of Appeals, London, which was rejected by the Court on October 04, 2018.

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

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

19. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

		Audited 2019	Un-audited 2018
		(Rupees in thousand)	
Advances - considered good:			
- To employees		395	16,693
- To suppliers		743	3,404
Current portion of long term loans - considered good	- note 15	223	521
Balances with statutory authorities:			
- Customs duty recoverable		4	12
- Sales tax		458,530	497,662
Claims recoverable from NTDC for pass through items:			
- Workers' Profit Participation Fund	- notes 19.1 and 19.2	401,225	718,290
Interest receivable	- note 19.3	1,655	1,035
Security deposits and bank guarantee margins		7,612	6,522
Prepayments		5,738	6,186
Other receivables	- note 19.4	23,947	300
		900,072	1,250,625

		Audited 2019	Un-audited 2018
		(Rupees in thousand)	

19.1 Workers' Profit Participation Fund

Opening balance		718,291	567,720
Accrued for the year	- note 10.2	188,477	160,571
		906,768	728,291
Less: Amount received during the year		505,543	10,000
Closing balance		401,225	718,291

19.2 Under section 9.3(a) of the PPA with NTDC, payments to Workers' Profit Participation Fund are recoverable from NTDC as a pass through item.

19.3 Includes an amount due from MCB Bank Limited, a related party amounting to Rs 0.674 million (2018: Rs 0.469 million).

19.4 The maximum aggregate amount due from MCB Bank Limited, a related party at the end of any month during the year was Rs 1.655 million (2018: Rs 1.035 million).

		Audited 2019	Un-audited 2018
		(Rupees in thousand)	

20. CASH AND BANK BALANCES

Cash at bank:			
- On saving accounts	- note 20.1	19,451	135,445
- On current accounts		549	4,224
	- note 20.2	20,000	139,669
Cash in hand		797	726
		20,797	140,395

20.1 Profit on balances in saving accounts ranges from 3.11% to 10.50% (2018: 3.00% to 4.75%) per annum.

20.2 Cash at bank includes Rs 17.359 million (2018: Rs 23.448 million) in MCB Bank Limited, a related party.

	Audited 2019	Un-audited 2018
	(Rupees in thousand)	

21. SALES

Energy revenue	11,240,901	14,066,981
Less: Sales tax	1,644,765	2,054,816
	9,596,136	12,012,165
Capacity revenue	4,791,511	4,217,339
Delayed payment markup	1,194,271	699,581
	15,581,918	16,929,085

		Audited 2019	Un-audited 2018
		(Rupees in thousand)	

22. COST OF SALES

Raw materials consumed		8,801,876	10,882,284
Salaries and other benefits	- note 22.1	277,238	234,372
Repairs and maintenance		39,123	21,847
Stores, spares and loose tools consumed	- note 22.2	357,039	372,965
Electricity consumed in-house		23,213	4,245
Insurance	- note 22.3	211,016	168,296
Travelling and conveyance		24,035	20,185
Printing and stationery		805	702
Postage and telephone		661	628
Vehicle running expenses		3,094	2,178
Entertainment		1,920	1,819
Depreciation on operating fixed assets	- note 13.1.3	789,939	947,831
Amortization of intangible asset	- note 13.4	1,508	1,508
Fee and subscription		3,923	4,184
Miscellaneous	- note 22.4	48,631	44,292
		10,584,021	12,707,336

22.1 Salaries and other benefits include Rs 15.573 million (2018: Rs 14.104 million) in respect of provident fund contribution by the group.

22.2 This includes goods of Rs 0.301 million (2018: Rs 2.261 million) purchased from D.G. Khan Cement Company Limited, a related party.

22.3 This includes amount of Rs 206.873 million (2018: Rs 163.6 million) charged by Security General Insurance Company Limited, a related party, in respect of insurance of the group's assets.

22.4 This includes wages of contractual employees aggregating Rs 30.752 million (2018: Rs 27.698 million).

		Audited 2019	Un-audited 2018
		(Rupees in thousand)	

23. ADMINISTRATIVE EXPENSES

Salaries and other benefits	- note 23.1	124,094	106,734
Travelling and conveyance	- note 23.2	66,481	55,995
Entertainment		1,154	1,222
Rent, rates and taxes	- note 23.3	12,561	12,661
Printing and stationery		729	1,033
Postage and telephone		1,269	1,166
Vehicle running expenses		5,756	5,250
Legal and professional charges	- note 23.4	10,424	89,696
Insurance	- note 23.5	4,838	3,765
Advertisement		179	960
Fee and subscription		3,226	3,939
Depreciation on operating fixed assets	- note 13.1.3	34,371	28,179
Miscellaneous		9,119	9,967
		274,201	320,567

23.1 Salaries and other benefits include Rs 5.970 million (2018: Rs 5.723 million) in respect of provident fund contribution by the group.

23.2 Includes Rs 58.403 million (2018: Rs 47.061 million) in respect of aviation services from Pakistan Aviators and Aviation (Private) Limited, a related party.

23.3 Includes operating lease rentals of Rs 12.461 million (2018: Rs 12.461 million) in respect of property leased from Nishat (Aziz Avenue) Hotels and Properties Limited, a related party.

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

	Audited 2019	Un-audited 2018
	(Rupees in thousand)	
Statutory audit fee	1,753	1,643
Half yearly review	875	875
Tax services	985	861
Certifications required by various regulations	264	167
Reimbursement of expenses	149	249
	4,026	3,795

23.5 This represents insurance services obtained from following related parties:

	Audited 2019	Un-audited 2018
Adamjee Life Assurance Company Limited	432	506
Security General Insurance Company Limited	3,246	2,581
	3,678	3,087

24. OTHER EXPENSES

	Audited 2019	Un-audited 2018
Exchange loss	1,366	2,770
Donations	500	-
Loss on disposal of operating fixed assets	14,018	-
	15,884	2,770

25. OTHER INCOME

	Audited 2019	Un-audited 2018
Profit on bank deposits	4,327	2,559
Gain on disposal of operating fixed assets	-	53
Scrap sales	3,231	4,845
Insurance receipts against business interruption loss	-	43,587
	7,558	51,044

	Audited 2019	Un-audited 2018
	(Rupees in thousand)	

26. FINANCE COST

Interest / mark-up on:		
- Long term financing - secured	458,528	533,774
- Short term borrowings - secured	482,561	201,149
Financing fee and bank charges	4,557	2,396
	945,646	737,319

27. TAXATION

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

27.1 Relationship between tax expense and accounting profit

Profit before taxation	3,769,724	3,211,294
Tax at the applicable rate of 29% (2018: 30%)	1,093,220	963,387
Tax effect of amounts that are:		
Exempt as referred to in note 4.2	(1,091,966)	(962,621)
Allowable as tax credit	(1,254)	(766)
	-	-

27.2 For the purposes of current taxation, the tax credit available for carry forward is estimated at Rs 25.387 million (2018: Rs 84.722 million). As explained in note 4.2, management believes that the tax credit available for carry forward may not be utilized in the foreseeable future. Consequently, on prudence basis, deferred tax asset on tax credit available for carry forward has not been recognized in these consolidated financial statements. Tax credit would expire as follows:

Accounting year to which tax credit relates	Amount of tax credit (Rupees in thousand)	Accounting year in which tax credit will expire
2018	8,145	2020
2019	17,242	2021
	25,387	

28. EARNINGS PER SHARE

28.1 Basic earnings per share

		Audited 2019	Un-audited 2018
Profit for the year - attributable to equity holders of the parent	Rupees	3,769,724,000	3,211,294,000
Weighted average number of ordinary shares	Number	354,088,500	354,088,500
Earnings per share	Rupees	10.646	9.069

28.2 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, 2019 and June 30, 2018 which would have any effect on the earnings per share if the option to convert is exercised.

29. CASH GENERATED FROM OPERATIONS

	Audited 2019 (Rupees in thousand)	Un-audited 2018 (Rupees in thousand)
Profit before taxation	3,769,724	3,211,294
Adjustment for non cash charges and other items:		
Depreciation on operating fixed assets - note 13.1.3	824,310	976,010
Amortization on intangible assets - note 13.4	1,508	1,508
Profit on bank deposits	(4,327)	(2,559)
Finance cost	945,646	737,319
Provision for employee retirement benefits	21,543	19,827
Loss/(gain) on disposal of operating fixed assets	14,018	(53)
Share of loss of associate	-	843
Profit before working capital changes	5,572,422	4,944,189
Effect on cash flow due to working capital changes:		
Decrease/(increase) in current assets		
Stores, spares and loose tools	167,255	(262,485)
Inventories	(150,060)	(593,780)
Trade debts	(3,314,576)	(3,384,501)
Advances, deposits, prepayments and other receivables	351,173	(152,433)
	(2,946,208)	(4,393,199)
Increase/(decrease) in current liabilities		
Trade and other payables	(382,894)	128,035
Unclaimed dividend	6,665	534
	(376,229)	128,569
	(3,322,437)	(4,264,630)
	2,249,985	679,559

		Audited 2019	Un-audited 2018
		(Rupees in thousand)	

30. CASH AND CASH EQUIVALENTS

Cash and bank balances	- note 20	20,797	140,395
Short term borrowings - secured	- note 9	(6,420,312)	(4,578,891)
		(6,399,515)	(4,438,496)

31. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Executive Director		Non Executive Directors		Executives	
	2019	2018	2019	2018	2019	2018	2019	2018
	(Rupees in thousand)							
Short term employee benefits								
Managerial remuneration	15,867	7,568	14,490	7,140	-	-	113,281	7,568
Medical allowance and reimbursement	324	762	1,449	740	-	-	15,682	762
Bonus	5,472	2,696	2,530	1,235	-	-	34,712	2,696
Overtime	-	-	-	-	-	-	3,075	-
Leave encashment	-	420	-	397	-	-	6,974	420
	21,663	11,446	18,469	9,512	-	-	173,724	11,446
Meeting fee	-	-	-	-	775	1,075	-	-
Post employment benefits								
Contribution to provident fund	324	757	-	714	-	-	11,328	757
	21,987	12,203	18,469	10,226	775	1,075	185,052	12,203
Number of persons	1*	1	1	1	5	5	47	43

* Mr. Ghazanfar Hussain Mirza was appointed as the Chief Executive in place of Mr. Hassan Mansha on April 27, 2019.

31.2 The executive director, a non-executive director and certain executives are provided with company maintained vehicles.

32. TRANSACTIONS WITH RELATED PARTIES

The related parties include the holding company, the associate, 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 company	Nature of transactions		Audited 2019	Un-audited 2018
			(Rupees in thousand)	
(i) Holding company	Dividends paid		541,899	361,266
(ii) Other related parties	Purchase of services		901	-
(iii) Key Management Personnel	Remuneration	- note 32.1	41,231	23,504
	Dividends paid		12	8

32.1 This represents remuneration of the Chief Executive and Directors that is presented in the remuneration disclosed in note 31 to these consolidated financial statements.

32.2 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	%age of shareholding of 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
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. Yousuf Bashir	Director	0.0003%
Mr. Shahzad Ahmad Malik	Director	0.0001%
Mr. Ghazanfar Hussain Mirza	Chief Executive	0.0003%
Mr. Mahmood Akhtar	Director	0.0003%

33. CAPACITY AND PRODUCTION

	Audited 2019 MWH	Un-audited 2018 MWH
Installed capacity [based on 8,760 hours (2018: 8,760 hours)]	1,710,872	1,710,872
Actual energy delivered	675,103	1,171,192

Output produced by the plant is dependent on the load demanded by NTDC and plant availability.

	Audited 2019	Un-audited 2018
34. NUMBER OF EMPLOYEES		
Total number of employees as at June 30	218	217
Average number of employees during the year	218	217

35. 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.

36. FINANCIAL RISK MANAGEMENT

36.1 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 Board of Directors (the Board). The Board provides 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. All treasury related transactions are carried out within the parameters of these policies.

(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 not exposed to any significant currency risk.

(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:

		Audited 2019	Un-audited 2018
		(Rupees in thousand)	
Fixed rate instruments			
Financial assets			
Bank balances - saving accounts	- note 20	19,451	135,445
Financial liabilities		-	-
Net exposure		19,451	135,445
Floating rate instruments			
Financial assets			
Trade debts - overdue		9,020,734	5,782,071
WPPF receivable from NTDC - overdue		198,076	557,719
		9,218,810	6,339,790
Financial liabilities			
Long term financing - secured		(3,040,170)	(5,092,325)
Short term borrowings - secured		(6,420,312)	(4,578,891)
		(9,460,482)	(9,671,216)
Net exposure		(241,672)	(3,331,426)

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 44.204 million (2018: Rs 13.837 million) lower / higher, mainly as a result of higher / lower interest expense 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.

(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:

	Audited 2019	Un-audited 2018
	(Rupees in thousand)	
Long term loans and advances	6	231
Trade debts	15,643,517	12,328,941
Advances, deposits and other receivables	434,662	726,668
Bank balances	20,000	139,669
	16,098,185	13,195,509
As of June 30, age analysis of trade debts was as follows:		
Neither past due nor impaired	3,513,017	4,130,532
Past due but not impaired:		
- 1 to 30 days	1,252,398	1,850,964
- 31 to 90 days	1,196,102	2,798,729
- 91 to 180 days	3,643,063	1,872,619
- 181 to 365 days	4,009,833	188,868
- above 365 days	2,029,104	1,487,229
	12,130,500	8,198,409
	15,643,517	12,328,941

(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	Audited 2019	Un-audited 2018
	Short term	Long term	Agency	(Rupees in thousand)	
NTDC	Not available			3,513,017	4,130,532
Al-Baraka Bank (Pakistan) Limited	A-1	A+	JCR-VIS	1	4
Allied Bank Limited	A1+	AAA	PACRA	25	168
Askari Bank Limited	A1+	AA+	PACRA	14	11
Bank Alfalah Limited	A1+	AA+	PACRA	5	5
Bank Islami Pakistan Limited	A1	A+	PACRA	1	3
Habib Bank Limited	A-1+	AAA	JCR-VIS	569	449
MCB Bank Limited	A1+	AAA	PACRA	17,379	23,538
MCB Islamic Bank Limited	A1+	A	PACRA	17	-
National Bank of Pakistan	A1+	AAA	PACRA	23	113,016
The Bank of Punjab	A1+	AA	PACRA	12	13
Burj Bank Limited	A-1	A+	JCR-VIS	2	2
The Bank of Khyber	A1	A	PACRA	5	-
Faysal Bank Limited	A1+	AA	PACRA	3	-
Dubai Islamic Bank Pakistan Limited	A-1	AA-	JCR-VIS	1	-
United Bank Limited	A-1+	AAA	JCR-VIS	1,943	2,460
				3,533,017	4,270,201

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.

The group's approach to managing liquidity is to ensure that, as far as possible, it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable loss or risking damage to the group's reputation.

The following are the contractual maturities of financial liabilities as at June 30, 2019.

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Long term financing	3,040,170	2,385,532	654,638	-
Short term borrowings	6,420,312	6,420,312	-	-
Unclaimed dividend	21,666	21,666		
Trade and other payables	73,207	73,207	-	-
Accrued markup	233,908	233,908	-	-
	9,789,263	9,134,625	654,638	-

The following are the contractual maturities of financial liabilities as at June 30, 2018 (Un-audited).

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Long term financing	5,092,325	2,052,155	3,040,170	-
Short term borrowings	4,578,891	4,578,891	-	-
Unclaimed dividend	15,001	15,001		
Trade and other payables	474,798	474,798	-	-
Accrued markup	182,486	182,486	-	-
	10,343,501	7,303,331	3,040,170	-

36.2 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.

36.3 Financial instruments by categories

	Financial assets at amortised cost	Loans and receivables
	Audited 2019	Un-audited 2018
	(Rupees in thousand)	
Assets as per statement of financial position		
Long term loans and advances	229	752
Trade debts	15,643,517	12,328,941
Advances, deposits and other receivables	434,439	730,520
Cash and bank balances	20,797	140,395
	16,098,982	13,200,608

	Financial liabilities at amortised cost	
	Audited 2019	Un-audited 2018
	(Rupees in thousand)	
Liabilities as per statement of financial position		
Long term financing	3,040,170	5,092,325
Short term borrowings	6,420,312	4,578,891
Trade and other payables	73,207	474,798
Unclaimed dividend	21,666	15,001
Accrued markup	233,908	182,486
	9,789,263	10,343,501

36.4 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.

36.5 Capital management

The group's objectives when managing capital are to safeguard group's ability to continue as a going concern in order to provide returns for shareholders and lenders 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 borrowings divided by total capital employed. Net borrowings are calculated as total borrowings including current and non-current borrowings as disclosed in note 9 to these financial statements less cash and cash equivalents as disclosed in note 30 to these financial statements. Total capital employed includes equity as shown in the statement of financial position, plus net borrowings.

The gearing ratio as at June 30, 2019 and June 30, 2018 is as follows:

		Audited	Un-audited
		2019	2018
		(Rupees in thousand)	
Borrowings - note 9		3,040,170	5,092,325
Less: Cash and cash equivalents - note 30		(6,399,515)	(4,438,496)
Net borrowings		9,439,685	9,530,821
Total equity		19,108,067	16,400,609
Total capital employed		28,547,752	25,931,430
Gearing ratio	Percentage	33.07	36.75

In accordance with the terms of agreement with the lenders of long term finances (as discussed in note 8 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.

37. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on September 18, 2019 by the Board of Directors.

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 except for 'delayed payment markup' of Rs 699.581 million previously included in 'energy revenue' and 'capacity revenue', now separately presented under Sales as per the requirements of IFRS 15.

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 26, 2019 (Saturday) 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______________ 2019.

Revenue Stamp of Rs. 5/-

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 26 اکتوبر 2019 بروز ہفتہ صبح 11:30 بجے

بمقام: ایمپوریم مال، دی نشاط ہوٹل، ٹریڈ اینڈ فنانس سنٹر بلاک، 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 .... 2017 کو میرے / ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

گواہان

1۔

دستخط: __________

نام: __________

پتہ: __________

____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: __________

2۔

دستخط: __________

نام: __________

پتہ: __________

____

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.

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NISHAT

Nishat POWER LIMITED

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