



INTERIM FINANCIAL STATEMENTS
QUARTER ENDED SEPTEMBER 30, 2019
(UNAUDITED)



| Nishat Chunian Power Ltd

CONTENTS

03	Company Information
04	Director Review Report
06	Condensed Interim Statement of Financial Position
08	Condensed Interim Statement of Profit or Loss Account
09	Condensed Interim Statement of Comprehensive Income
10	Condensed Interim Statement of Changes in Equity
11	Condensed Interim Statement of Cash Flows
12	Notes to the Condensed Interim Financial Information

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

COMPANY INFORMATION

Board of Directors:

Mrs. Farhat Saleem

Chairperson

Mr. Shahzad Saleem

Director

Ms. Ayesha Shahzad

Director

Mr. Farrukh Ifzal

Chief Executive Officer

Mr. Syed Tariq Ali

Director

Mr. Aftab Ahmad Khan

Director

Mr. Muhammad Azam

Director

Mr. Muhammad Ashraf

Director

Mr. Shabbir Ahmad

Director

AUDIT COMMITTEE AND HR & R COMMITTEE:

Mr. Muhammad Azam

Chairman

Mr. Aftab Ahmad Khan

Director

Mr. Shabbir Ahmad

Director

CHIEF EXECUTIVE OFFICER:

Mr. Farrukh Ifzal

CHIEF FINANCIAL OFFICER:

Mr. Muhammad Bilal

COMPANY SECRETARY:

Mr. Syed Tasawar Hussain

BANKERS TO THE COMPANY:

Allied Bank Limited

Askari Bank Limited

Habib Bank Limited

MCB Bank Limited

United Bank Limited

National Bank of Pakistan

Faysal Bank Limited

Summit Bank Limited

Sindh Bank Limited

Bank Alfalah Limited

Habib Metropolitan Bank Limited

Al Baraka Bank (Pakistan) Limited

Meezan Bank Limited

The Bank of Punjab

Dubai Islamic Bank Pakistan Limited

AUDITORS:

Riaz Ahmad & Company

Chartered Accountants

LEGAL ADVISERS:

Raja Muhammad Akram & Co.

Advocates & Legal Consultants

Cornelius Lane & Mufti

Advocates & Solicitors

REGISTERED & HEAD OFFICE:

31-Q, Gulberg II,

Lahore, Pakistan.

Ph: 042-35761730

Fax: 042-35878696-97

www.nishat.net

SHARE REGISTRAR:

Hameed Majeed Associates (Pvt) Limited

1st Floor, H.M. House

7-Bank Square, Lahore

Ph: 042 37235081-2

Fax: 042 37358817

PLANT:

66-Km, Multan Raod, Pattoki

Kasur.

DIRECTOR'S REVIEW REPORT

FOR THE QUARTER ENDED SEPTEMBER 30, 2019

Dear Shareholders,

The Board is pleased to present condensed interim un-audited financial information of the company for the quarter ended September 30, 2019. For the quarter turnover was PKR 5.42 billion (2018: PKR 5.16 billion) with an after-tax profit of PKR 1.06 billion (2018: PKR 0.897 billion) and an Earning Per Share (EPS) of PKR 2.91 (2018: PKR 2.44).

Circular Debt

Circular debt continues to be an issue and risk for companies operating in the power sector. Liquidity management remained challenging during the period. As of September 30, 2019, our total receivables from Power Purchaser have amplified to PKR 19.55 billion, out of which PKR 11.15 billion were overdue.

The Power Purchaser has consistently failed to make payments on time to the company. This matter has become critical enough that it is affecting the ability of the company to meet its commitments on time. The company continues to take up the matter of overdue receivables not only with Power Purchaser but also with the Ministry of Water and Power through Private Power & Infrastructure Board (PPIB) by giving notices of default pursuant to provisions of Power Purchase and Implementation Agreements.

Trade debts include an amount of Rs 966.166 million relating to capacity purchase price not acknowledged by NTDC. Please refer to note 18 of Annual Financial Statements for year ended June 30, 2019 for further details.

During the quarter ended September 30, 2019, availability of the plant was 71.57% with a capacity factor of 53.43%.

Acknowledgement

The Directors would also like to express their deep appreciation for the services, loyalty, and effort rendered by the employees of the Company and hope that they will continue to do so in the future.

Dated: October 29, 2019
Lahore

Chief Executive Officer

Director

DIRECTOR'S REVIEW REPORT

FOR THE QUARTER ENDED SEPTEMBER 30, 2019

مجلس نظامی کی رپورٹ

محترم حصص داران،

بورڈ 30 ستمبر، 2019 کو ختم ہونے والی سہ ماہی کے لئے کمپنی کی غیر محاسب شدہ عبوری مالی معلومات پیش کرنے پر خوش ہے۔ سہ ماہی کے لیے کل وصولی 5.42 ارب (2018: 5.16 ارب) بعد از ٹیکس منافع 1.06 ارب (2018: 0.897 ارب) اور نیٹ شیئر ہمدنی 2.91 روپے (2018: 2.44) تھی۔

گردشی قرضے

گردشی قرضے بجلی کے شعبے میں کام کرنے والی کمپنیوں کے لئے ایک مسئلہ اور خطرہ ہے۔ سہ ماہی کے دوران سیالیت کے اختلالات ایک مسئلہ رہے ہیں۔ 30 ستمبر، 2019 تک، پاور خریدار سے ہمارے وصول کردہ قابل حصول 19.55 بلین تک بڑھ گئے ہیں، جن میں سے 11.15 ارب کی واجب الادا رقم زائد المعاملہ ہے۔

بجلی خریدار مسلسل کمپنی کو وقت پر ادائیگی کرنے میں ناکام رہا ہے۔ یہ معاملہ اس حد تک نازک ہو گیا ہے کہ اس سے کمپنی کی اپنے وعدوں کو بروقت پورا کرنے کی صلاحیت متاثر ہو رہی ہے۔ کمپنی واجب الادا رقم کا معاملہ نہ صرف پاور خریدار بلکہ وزارت پانی و بجلی پر زیریہ PPIB سے بھی بڑے ریونیوٹس اٹھائے ہوئے ہے۔

تجارتی قرض میں شامل ہے 966.166 بلین روپے کی رقم جو کیسٹی پر چھو پر اس سے متعلق ہے جس کا این ٹی ڈی سی نے اعتراف نہیں کیا۔ مزید تفصیلات کے لئے براہ کرم سالانہ مالی بیانات سال 2019 کے 18 نمبر نوٹ کو دیکھیں۔

30 ستمبر، 2019 کو ختم ہونے والی سہ ماہی کے دوران، پلانٹ کی دستیابی 71.57% تھی جس کی گنجائش منحصر 53.43% ہے۔

اعتراف

ڈائریکٹر ز خدمات، وفا داری، اور کمپنی کے ملازمین کی طرف سے کی گئی کوششوں کے لئے ان کی گہری تعریف کا اظہار کرتے ہیں اور امید کرتے ہیں کہ آئندہ بھی وہ یہ کام جاری رکھیں گے۔

تاریخ: 29 اکتوبر، 2019، لاہور

ڈائریکٹر

چیف ایگزیکٹو

NISHAT CHUNIAN POWER LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

AS AT SEPTEMBER 30, 2019

		Un-Audited September 30, 2019	Audited June 30, 2019
		Rupees in thousand	
	NOTE		
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
385,000,000 (30 June 2019: 385,000,000)			
Ordinary shares of Rupees 10 each		3,850,000	3,850,000
Issued, subscribed and paid up share capital			
367,346,939 (30th June 2019: 367,346,939)			
Ordinary shares of Rs 10 each		3,673,469	3,673,469
Unappropriated profit		11,754,606	10,686,701
		15,428,075	14,360,170
NON-CURRENT LIABILITIES			
Long term financing-Secured	5	-	716,184
CURRENT LIABILITIES			
Current portion of long term financing - Secured	5	2,710,374	2,610,585
Short term borrowings-secured		12,908,421	10,767,661
Short term loan from holding company - Unsecured		1,000,000	-
Trade and other payables		577,266	382,449
Accrued finance cost		504,124	415,160
Unclaimed dividends		19,280	318,554
		17,719,465	14,494,409
CONTINGENCIES AND COMMITMENTS			
	6	-	-
TOTAL EQUITY AND LIABILITIES			
		33,147,540	29,570,763

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

Chief Executive

Director

CFO

NISHAT CHUNIAN POWER LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

AS AT SEPTEMBER 30, 2019

Un-Audited
September
30, 2019
Rupees in thousand

Audited
June 30,
2019

NOTE

ASSETS

NON-CURRENT ASSETS

Property, plant and equipment	7	11,267,149	11,486,081
Intangible assets		7,451	8,530
Long term loans to employees		2,868	3,048
Long term security deposits		105	105
		11,277,573	11,497,764

CURRENT ASSETS

Stores and spares		506,505	562,217
Inventories		220,989	1,076,755
Trade debts	8	19,398,599	15,430,602
Advances, deposits, prepayments, & other receivables		830,128	814,584
Income tax receivable		43,703	42,425
Cash and bank balances		870,043	146,416
		21,869,967	18,072,999

TOTAL ASSETS

33,147,540	29,570,763
-------------------	-------------------

Chief Executive

Director

CFO

NISHAT CHUNIAN POWER LIMITED
CONDENSED INTERIM PROFIT OR LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2019

		Quarter Ended	
		September 30, 2019 Un-audited	September 30, 2018 Un-audited
	Note	Rupees in thousand	
Sales		5,426,037	5,161,137
Cost of Sales	9	(3,784,187)	(3,944,814)
Gross profit		1,641,850	1,216,323
Administrative expenses		(38,780)	(37,693)
Other expenses		(408)	(1,907)
Other income		12,639	7,538
Finance cost		(547,395)	(286,852)
Profit before taxation		1,067,906	897,409
Taxation		-	-
Profit for the year		1,067,906	897,409
Earnings per share - basic and diluted (in Rupees)	10	2.91	2.44

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

Chief Executive

Director

CFO

NISHAT CHUNIAN POWER LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Quarter Ended	
	September 30, 2019	September 30, 2018
	Un-audited	Un-audited
	Rupees in thousand	
Profit for the period	1,067,906	897,409
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 period	<u>1,067,906</u>	<u>897,409</u>

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

Chief Executive

Director

CFO

NISHAT CHUNIAN POWER LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Share Capital	Revenue reserve: Un- appropriated profit	Total
	Rupees in thousand		
Balance as at July 01, 2018 (Audited)	3,673,469	8,555,858	12,229,327
Profit for the quarter	-	897,409	897,409
Other comprehensive income for the quarter	-	-	-
Total comprehensive income for the quarter	-	897,409	897,409
Balance as at September 30, 2018 (Un-Audited)	-	897,409	897,409
Balance as at July 01, 2019 (Audited)	3,673,469	10,686,702	14,360,171
Profit for the quarter	-	1,067,906	1,067,906
Other comprehensive income for the quarter	-	-	-
Total comprehensive income for the quarter	-	1,067,906	1,067,906
Balance as at September 30, 2019 (Un-Audited)	3,673,469	11,754,606	15,428,075

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

Chief Executive

Director

CFO

NISHAT CHUNIAN POWER LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Note	Quarter Ended	
		September	September
		30, 2019	30, 2018
		Un-audited	Un-audited
		Rupees in thousand	
Cash flows from operating activities	11	(1,011,156)	215,224
Retirement benefits paid		(2,251)	(2,047)
Finance cost paid		(458,431)	(322,688)
Taxes paid		(1,278)	(1,992)
Net decrease in long term loans to executives		180	213
		(461,780)	(326,514)
Net cash generated from / (used in) operating activities		(1,472,936)	(111,289)
Cash flows from investing activities			
Payments against purchase of Property, plant and equipment - net		(31,516)	(170,471)
Proceeds from sale of property, plant and equipment		2,694	20
Profit on bank deposits received		294	390
Net cash used in investing activities		(28,528)	(170,061)
Cash flows from financing activities			
Repayment of long term financing		(616,395)	(530,509)
Receipt of short term loans from holding company		1,509,450	250,000
Repayment of short term loans from holding company		(509,450)	(250,000)
Dividend paid		(299,274)	-
Net Cash used in financing activities		84,331	(530,509)
Net decrease in cash and cash equivalents		(1,417,133)	(811,860)
Cash and cash equivalents at the beginning of the Quarter		(10,621,245)	(7,557,696)
Cash and cash equivalents at the end of the Quarter	12	(12,038,378)	(8,369,555)

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

Chief Executive

Director

CFO

FOR THE QUARTER ENDED SEPTEMBER 30, 2019

1. The Company and its activities

Nishat Chunian 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 (Chunian) Limited. The company's ordinary shares are listed on the Pakistan Stock Exchange Limited.

The principal activity of the company is to build, own, operate and maintain a fuel fired power station having gross capacity of 200 MW and net capacity of 195,722 MW at Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan. The address of the registered office of the company is 31-Q, Gulberg II, Lahore. The company has a Power Purchase Agreement ('PPA') with its sole customer, National Transmission and Dispatch Company Limited ('NTDC') for twenty five years which commenced from July 21, 2010.

2. Basis of preparation

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

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

Where provisions of and directives issued under the Companies Act, 2017 differ from the IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed. This condensed interim financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the annual financial statement for the year ended June 30, 2019.

3. Significant accounting policies

3.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the company for the year ended June 30, 2019.

3.2 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the Company's condensed interim financial statements covering annual periods, beginning on or after the following dates.

3.2.1 Standards, amendments and interpretations to approved accounting standards that are effective in the current period

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 1, 2019 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

3.2.2 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 companies having 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 condensed interim financial statements.

FOR THE QUARTER ENDED SEPTEMBER 30, 2019

4. Accounting estimates

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

	Un-audited September 30, 2019	Audited June 30, 2019
	(Rupees in thousand)	
5. Long term financing-Secured		
Senior facility	2,179,136	2,676,419
Term finance facility	531,238	650,350
	2,710,374	3,326,769
Less: Current portion shown under current liabilities	2,710,374	2,610,585
	-	716,184

6. Contingencies And Commitments

6.1 Contingencies

Contingent Liability

There are no significant changes in contingencies from the preceding annual published financial statements of the company for the year ended June 30, 2019, except for the following:

For the period July 2015 to June 16 the company's case was selected for sales tax audit. The department conducted the audit and the DCIR-Audit 9, Zone-II, Large Taxpayers Unit, Lahore issued the audit report dated 18th September, 2019 in which observations involving sales tax amounting to Rs. 530,206,824/- was raised and comments were sought thereon. The main observation was apportionment of sales tax that is already decided in favour of the Company by the Honorable Lahore High Court, Lahore in the previous case. The company submitted the detailed reply on all the observations. The DCIR-Audit further issued a show cause notice dated 8th October, 2019 with the same amount without taking into consideration the reply of the audit report.

The management of the company considers that there exist meritorious grounds to defend the company's stance and the ultimate decision from the appellate authorities would be in the company's favour. Consequently, no provision has been made in these financial statements.

6.2 Commitments

Letters of credit and contracts other than for capital expenditure aggregate to Rs 19.393 million (2019: Rs 19.663 million).

	Un-audited September 30, 2019	Audited June 30, 2019
	(Rupees in thousand)	
7. Property, plant and equipment:		
Fixed assets		
Operating fixed assets	10,976,693	11,188,998
Capital work-in-progress	40,890	3,157
	11,017,583	11,192,155
Major spare parts and standby equipment	249,566	293,926
	11,267,149	11,486,081

FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Un-audited September 30, 2019	Audited June 30, 2019
	(Rupees in thousand)	
7.1 Operating fixed assets		
Opening written down value	11,188,998	11,372,422
Add: Additions during the period/year	38,143	898,791
Less: Disposals during the period/year (at net book value)	411	813
Less: Depreciation charged during the period/year	250,037	1,081,402
	<u>10,976,693</u>	<u>11,188,998</u>

7.1.1 Following is the detail of additions during the quarter/year

Buildings on freehold land	-	1,891
Plant & machinery	34,154	888,298
Computer equipment	385	1,662
Vehicles	3,604	6,940
	<u>38,143</u>	<u>898,791</u>

8. Trade Debts

8.1 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% is charged in case the amounts are not paid within due dates. The rate of delayed payment mark-up charged during the period on outstanding amounts ranged from 10.64% to 18.42% per annum

Included in trade debts is an amount of Rs 966.166 million relating to capacity purchase price not acknowledged by NTDC. There are no significant changes in proceedings of this case from the preceding annual published financial statements of the company for the year ended June 30, 2019.

	Un-audited Quarter Ended	
	September 30, 2019	September 30, 2018
	Rupees in thousand	
9. Cost of Sales		
Raw material consumed	3,361,226	3,502,731
Salaries and other benefits	35,592	34,586
Store, spares and loose tools consumed	53,905	55,999
Electricity consumed in - house	590	886
Insurance	58,792	45,956
Travelling and conveyance	6,488	5,086
Postage and telephone	899	753
Repair & Maintenance	9,929	10,783
Entertainment	69	19
Depreciation on operating fixed assets	248,941	280,418
Amortization	903	903
Fee & Subscription	3,375	3,023
Miscellaneous	3,478	3,671
	<u>3,784,187</u>	<u>3,944,814</u>

10. Basic and Diluted earnings per share

Net profit for the period (Rupees in thousand)	1,067,906	897,409
Weighted average number of ordinary	367,346,939	367,346,939
Earnings per share (Rupees)	2.91	2.44

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2019

		Un-audited Quarter Ended	
		September 30, 2019	September 30, 2018
		Rupees in thousand	
11. Cash (Used In) / Generated From Operations			
Profit before taxation		1,067,906	897,409
Adjustments for non cash charges and other items:			
Depreciation on operating fixed assets		250,037	283,510
Amortization on intangible asset		1,078	1,078
Loss/(gain) on disposal of fixed assets		(2,283)	(20)
Profit on bank deposits		(294)	(390)
Provision for employee retirement benefits		2,076	2,047
Finance Cost		547,395	286,852
Profit before working capital changes		1,865,915	1,470,487
Effect on cash flow due to working capital changes:			
Decrease / (increase) in current assets :			
Stores and Spare parts		55,712	(81,561)
Stock-in-trade		855,766	(15,825)
Trade debts		(3,967,997)	(1,556,225)
Loans and advances & other receivables		(15,369)	199,472
		(3,071,888)	(1,454,139)
Increase / (decrease) in current liability:			
Trade and other payables		194,817	198,875
		(2,877,071)	(1,255,263)
		(1,011,156)	215,224
12. Cash And Cash Equivalents			
Cash and bank balances		870,043	102,660
Short term borrowings - secured		(12,908,421)	(8,472,215)
		(12,038,378)	(8,369,555)
13. Transactions with related parties			
Relationship with the Company	Nature of transactions		
(i) Holding Company	Common facilities cost	4500	4500
	Reimbursement of expenses	92	1,483
	Disbursement of loans	1,509,450	250,000
	Repayment of loans	509,450	250,000
	Mark up on loans	13,382	68
(ii) Associated Undertakings	Donations	445	1,167
(iii) Key management personnel	Salaries and other employee benefits	28,414	16,677
(iv) Post employment benefit plan	Expense charged in respect of retirement benefit plan	2,076	2,047

All transactions with related parties have been carried out on commercial terms and conditions.

Period / year end balances	Un-audited September 30, 2019	Audited June 30, 2019
	(Rupees in thousand)	
Short term loan from holding company - Unsecured	1,000,000	-
Accrued Markup on Short term loan from holding company	13,382	60

FOR THE QUARTER ENDED SEPTEMBER 30, 2019

14. Date of authorization for issue

This condensed interim financial information was authorized for issue on 29 October 2019 by the Board of Directors of the company.

15. Corresponding figures

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position has been compared with the balances of annual audited financial statements of preceding financial year; whereas, the condensed interim profit or loss accounts, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been reclassified wherever necessary to reflect better presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. No significant reclassifications have been made.

Chief Executive

Director

CFO



31-Q, Gulberg II, Lahore 54660, Pakistan
Tel: +92 42 3576 1730, Fax: +92 42 3587 8696
Email: info@nishat.net
www.nishat.net
www.facebook.com/NishatChunianGroup

