

NISHAT POWER LIMITED



SECY/STOCKEXC/

April 29, 2020

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

SUB: **SUBMISSION OF 3RD QUARTER ACCOUNTS
FOR THE PERIOD ENDED MARCH 31, 2020**

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 submit electronically through PUCAR un audited accounts for the 3rd Quarter ended March 31, 2020.

Thanking you,

Yours truly,


KHALID MAHMOOD CHOCHAN
COMPANY SECRETARY

HEAD OFFICE

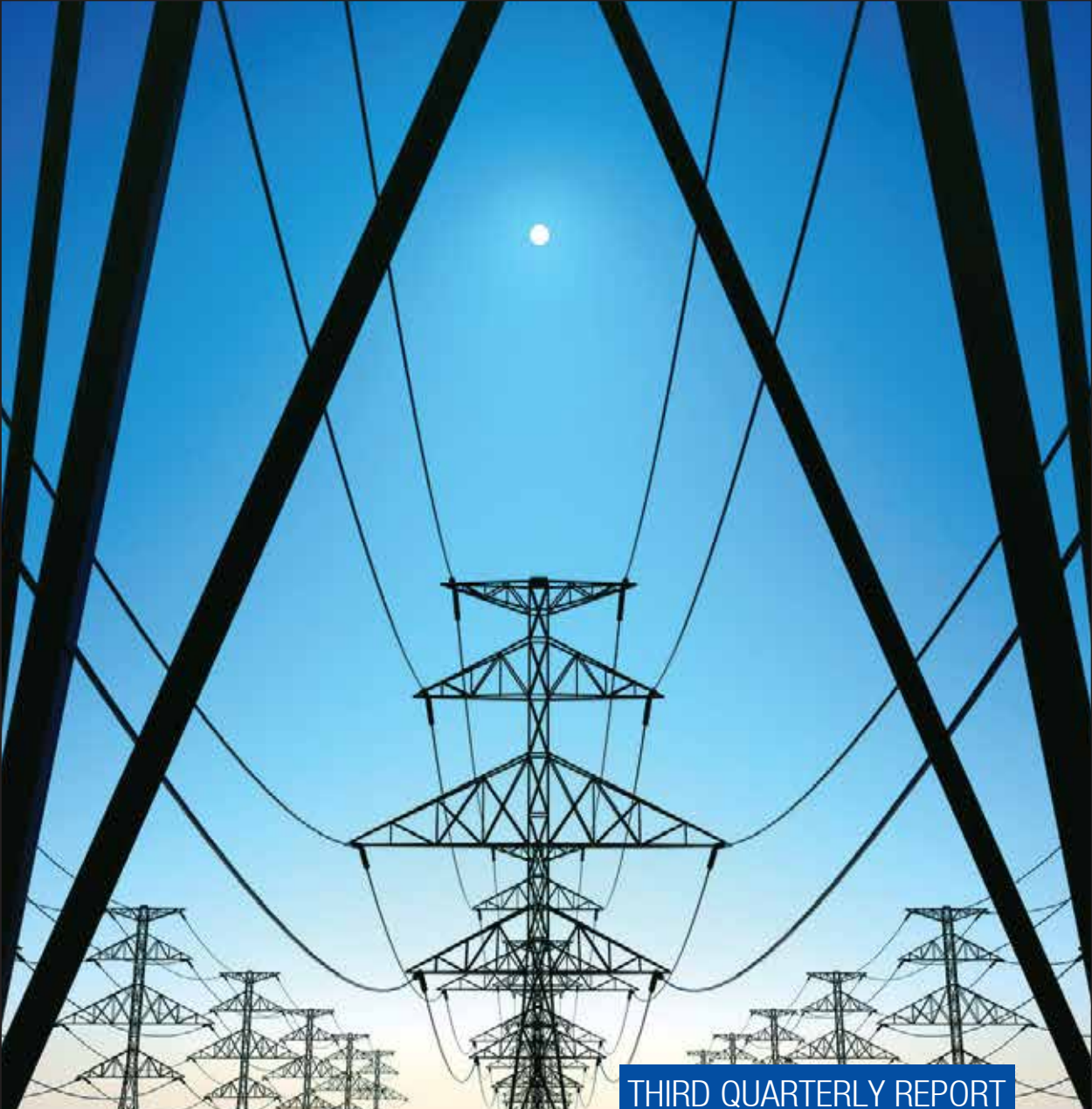
: 1-B, AZIZ AVENUE, CANAL BANK, GULBERG V, LAHORE. TEL: +92-42-35717090-96, 35717159-63, FAX: +92-42-35717239, Email: nishat@nishatpower.com, Website: www.nishatpower.com

REGISTERED OFFICE

: NISHAT HOUSE, 53/A, LAWRENCE ROAD, LAHORE. TEL: 111-113-333 FAX: +92-42-36367414

POWER STATIONS

: 66 Km, Lahore - Multan Road, On BS Link Canal Near Jambar Kalan, Tehsil Pattoki, District Kasur. Tel: 92-42-35260118-9, 049-4388271-80



THIRD QUARTERLY REPORT

FOR THE PERIOD ENDED
MARCH 31, 2020



N I S H A T

NISHAT POWER LIMITED

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CORPORATE PROFILE

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

CHIEF FINANCIAL OFFICER

Mr. Tanvir Khalid

COMPANY SECRETARY

Mr. Khalid Mahmood Chohan

BANKERS OF THE COMPANY

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

AUDITORS

A. F. Ferguson & Co.
Chartered Accountants

LEGAL ADVISOR

Cornelius, Lane & Mufti
Advocates & Solicitors

REGISTERED OFFICE

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

HEAD OFFICE

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

SHARE REGISTRAR

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

PLANT

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

DIRECTORS' REPORT

The Board of Directors of Nishat Power Limited (the Company) is pleased to present their report together with the Condensed Interim Financial Statements for the period ended March 31, 2020.

FINANCIAL AND OPERATIONAL RESULTS:

During the period, the Company had turnover of Rs 9,460 million (March 2019: Rs 11,579 million), against operating cost of Rs 4,485 million (March 2019: Rs 7,758 million) resulting in a gross profit of Rs 4,975 million (March 2019: Rs 3,820 million). The Company earned profit before tax of Rs 3,784 million compared to Rs 2,932 million in the same period last year.

The current period's net profit after tax amounts to Rs 3,784 million resulting earnings per share of Rs 10.69 compared to profit after tax of Rs 2,932 million and earnings per share of Rs 8.28 in the same period last year.

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

NTDCL continues to default on its payment obligations. The Company took up the matter with NTDCL and Private Power & Infrastructure Board ('PPIB') by giving notices of default pursuant to provisions of Power Purchase Agreement and Implementation Agreement. Total receivables from NTDCL including WPPF on March 31, 2020 stand at Rs 19,437 million (June 2019: Rs 16,045 million), out of which overdue receivables are Rs 17,307 million (June 2019: Rs 13,145 million).

The plant operated at optimal efficiency and dispatched 239 GWh (March 2019: 495 GWh) of electricity to its customer NTDCL during the period, with 18.53% (March 2019: 38.56%) average capacity factor.

COMPOSITION OF BOARD:

Total number of Directors:	
(a) Male	7
(b) Female:	0
Composition:	
(i) Independent Directors	2
(ii) Other Non-executive Directors	4
(iii) Executive Directors	1

COMMITTEES OF THE BOARD:

Audit Committee of the Board:

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

Human Resource and Remuneration Committee:

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

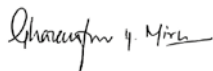
DIRECTORS' REMUNERATION:

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

ACKNOWLEDGEMENTS

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

For and on behalf of Board of Directors



Chief Executive Officer

Lahore: April 27, 2020



Director

مجلس نظاماء کی رپورٹ:

نشاط پاور لمیٹڈ (کمپنی) کی مجلس نظاماء 31 مارچ 2020 مختتمہ مدت کے لئے عبوری مالیاتی گوشوارے کی رپورٹ پیش کرتی ہے۔

مالیاتی اور کاروباری نتائج:

حالیہ مدت کے دوران کمپنی کو 4,485 ملین روپے (مارچ 2019: 7,758 ملین روپے) کی آپریٹنگ لاگت کے عوض 9,460 ملین روپے (مارچ 2019 : 11,579 ملین روپے) کی وصولیاں ہوئیں ہیں، جس کے نتیجے میں 4,975 ملین روپے (مارچ 2019: 3,820 ملین روپے) کا مجموعی منافع ہوا ہے۔ کمپنی نے گزشتہ سال اسی مدت میں 2,932 ملین روپے کے مقابلے میں 3,784 ملین روپے قبل از ٹیکس منافع کمایا ہے۔

گزشتہ سال کی اسی مدت میں 8.28 روپے فی حصص آمدن اور 2,932 ملین روپے بعد از ٹیکس منافع کے مترادف 10.69 روپے فی حصص آمدن اور 3,784 ملین روپے بعد از ٹیکس خالص منافع ہوا ہے۔

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

NTDCL اپنی ادائیگی کی ذمہ داریوں پر مسلسل نادہندگی پر کاربند ہے۔ کمپنی نے بجلی کی خریداری کے معاہدے اور Implementation Agreement کے تحت NTDCL اور پرائیویٹ پاور اینڈ انفراسٹرکچر بورڈ ('پی پی آئی بی') کے ہاں معاملہ اجاگر کیا ہے۔ 31 مارچ 2020 کو NTDCL سے کل وصولی 19,437 ملین روپے (جون 2019: 16,045 ملین روپے) ہے، جن میں سے 17,307 ملین روپے (جون 2019: 13,145 ملین روپے) وصولی واجب الادا اور خارج المعیاد ہیں۔

حالیہ مدت کے دوران پلانٹ زیادہ سے زیادہ باکفایت کارکردگی پر چلایا گیا اور اپنے صارف NTDCL کو اوسط 18.53 فیصد (مارچ 2019: 38.56 فیصد) صلاحیت کے ساتھ 239GWh (مارچ 2019: 495GWh) بجلی ترسیل کی گئی۔

بورڈ کی ترتیب:

ڈائریکٹرز کی کل تعداد

7 (a) مرد

0 عورت

ترتیب

2 (i) آزاد ڈائریکٹرز

4 (ii) دیگر نان ایگزیکٹو

1 (iii) ایگزیکٹو

بورڈ کی کمیٹیاں

بورڈ کی آڈٹ کمیٹی

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

ہیومن ریسورس اینڈ ریمنٹیشن کمیٹی:

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

ڈائریکٹرز کا مشاہرہ:

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

ظہار تشکر

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

برائے اور مضامین بورڈ آف ڈائریکٹرز

Shauqat Ali Mirza

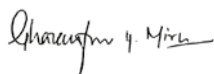
چیف ایگزیکٹو آفیسر

لاہور: 27 اپریل 2020ء

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Un-audited) AS AT MARCH 31, 2020

	Note	Un-audited March 31, 2020 (Rupees in thousand)	Audited June 30, 2019
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised share capital 500,000,000 (June 30, 2019: 500,000,000) ordinary shares of Rs 10 each		5,000,000	5,000,000
Issued, subscribed and paid up share capital 354,088,500 (June 30, 2019: 354,088,500) ordinary shares of Rs 10 each	5	3,540,885	3,540,885
Capital reserve		3,153,633	3,153,633
Revenue reserve: Un-appropriated profits	7	15,844,489	12,414,201
		22,539,007	19,108,719
NON-CURRENT LIABILITY			
Long term financing - secured	6	-	654,638
CURRENT LIABILITIES			
Current portion of long term financing - secured	6	1,285,096	2,385,532
Short term borrowings - secured		6,051,660	6,420,312
Trade and other payables		414,291	261,601
Unclaimed dividend		20,743	21,666
Accrued markup		272,053	233,908
		8,043,843	9,323,019
CONTINGENCIES AND COMMITMENTS			
	7	30,582,850	29,086,376

The annexed notes 1 to 15 form an integral part of this unconsolidated condensed interim financial statements.



CHIEF EXECUTIVE

Note	Un-audited March 31, 2020	Audited June 30, 2019
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(Rupees in thousand)

ASSETS

NON-CURRENT ASSETS

Fixed assets	8	9,559,375	10,005,584
Long term investments		1,000	1,000
Long term loans and advances		4,000	6
		<u>9,564,375</u>	<u>10,006,590</u>

CURRENT ASSETS

Stores, spares and loose tools		679,007	757,521
Inventories		564,248	1,719,399
Trade debts	9	19,044,989	15,643,517
Advances, deposits, prepayments and other receivables		671,929	904,445
Income tax receivable		37,444	34,128
Cash and bank balances		20,858	20,776
		<u>21,018,475</u>	<u>19,079,786</u>
		<u><u>30,582,850</u></u>	<u><u>29,086,376</u></u>



CHIEF FINANCIAL OFFICER


DIRECTOR

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited) FOR THE QUARTER AND PERIOD ENDED MARCH 31, 2020

	Note	Quarter ended		Period ended	
		March 31, 2020 (Rupees in thousand)	March 31, 2019 (Rupees in thousand)	March 31, 2020 (Rupees in thousand)	March 31, 2019 (Rupees in thousand)
Sales		2,198,274	2,661,091	9,460,433	11,578,661
Cost of sales	10	(560,590)	(1,318,013)	(4,485,588)	(7,758,295)
Gross profit		1,637,684	1,343,078	4,974,845	3,820,366
Administrative expenses		(72,310)	(62,341)	(248,677)	(193,933)
Other expenses		-	-	-	(2,295)
Other income		1,094	1,996	4,726	6,625
Finance cost		(278,708)	(250,503)	(946,517)	(698,521)
Profit before taxation		1,287,760	1,032,230	3,784,377	2,932,242
Taxation		-	-	-	-
Profit for the period		1,287,760	1,032,230	3,784,377	2,932,242
Earnings per share - basic and diluted (in Rupees)		3.64	2.92	10.69	8.28

The annexed notes 1 to 15 form an integral part of this unconsolidated condensed interim financial statements.


CHIEF EXECUTIVE

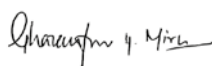

CHIEF FINANCIAL OFFICER


DIRECTOR

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited) FOR THE QUARTER AND PERIOD ENDED MARCH 31, 2020

	Quarter ended		Period ended	
	March 31, 2020 (Rupees in thousand)	March 31, 2019 (Rupees in thousand)	March 31, 2020 (Rupees in thousand)	March 31, 2019 (Rupees in thousand)
Profit for the period	1,287,760	1,032,230	3,784,377	2,932,242
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	1,287,760	1,032,230	3,784,377	2,932,242

The annexed notes 1 to 15 form an integral part of this unconsolidated condensed interim financial statements.


CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER


DIRECTOR

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited) FOR THE PERIOD ENDED MARCH 31, 2020

		Period ended	
	Note	March 31, 2020 (Rupees in thousand)	March 31, 2019
Cash flows from operating activities			
Cash generated from operations	11	3,496,237	4,583,160
Finance cost paid		(908,372)	(631,602)
Income tax paid		(3,316)	(3,025)
Long term loans and advances - net		(3,994)	198
Retirement benefits paid		(19,407)	(15,931)
Net cash inflow from operating activities		2,561,148	3,932,800
Cash flows from investing activities			
Purchase of fixed assets		(85,640)	(268,205)
Proceeds from disposal of operating fixed assets		1,389	62
Profit on bank deposits received		2,872	2,681
Net cash outflow from investing activities		(81,379)	(265,462)
Cash flows from financing activities			
Repayment of long term financing		(1,755,074)	(1,509,803)
Dividend paid		(355,961)	(529,853)
Net cash outflow from financing activities		(2,111,035)	(2,039,656)
Net increase in cash and cash equivalents		368,734	1,627,682
Cash and cash equivalents at the beginning of the period		(6,399,536)	(4,438,586)
Cash and cash equivalents at the end of the period	12	(6,030,802)	(2,810,904)

The annexed notes 1 to 15 form an integral part of this unconsolidated condensed interim financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited) FOR THE PERIOD ENDED MARCH 31, 2020

	Share capital	Capital reserve: Maintenance reserve	Revenue reserve: Un-appropriated profits	Total
	(Rupees in thousand)			
Balance as on July 01, 2018 (audited)	3,540,885	-	12,860,551	16,401,436
Profit for the period	-	-	2,932,242	2,932,242
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	2,932,242	2,932,242
Total contributions by and distributions to owners of the company recognised directly in equity				
Final dividend for the year ended June 30, 2018 @ Rupees 1.5 per share	-	-	(531,133)	(531,133)
Balance as on March 31, 2019 (un-audited)	3,540,885	-	15,261,660	18,802,545
Balance as on July 01, 2019 (audited)	3,540,885	3,153,633	12,414,201	19,108,719
Profit for the period	-	-	3,784,377	3,784,377
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	3,784,377	3,784,377
Total contributions by and distributions to owners of the company recognised directly in equity				
Interim dividend for the half year ended December 31, 2019 @ Rupee 1 per share	-	-	(354,089)	(354,089)
Balance as on March 31, 2020 (un-audited)	3,540,885	3,153,633	15,844,489	22,539,007

The annexed notes 1 to 15 form an integral part of this unconsolidated condensed interim financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE PERIOD ENDED MARCH 31, 2020

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. 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.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and the methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements 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 except for the adoption of new and amended standards as set out below:

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 financial statements covering annual periods, beginning on or after the following dates:

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

Certain standards, amendments and interpretations to 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 unconsolidated 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 accounting standards and interpretations that are mandatory for the company's accounting periods beginning on or after July 1, 2020 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 condensed interim financial statements.

4. ACCOUNTING ESTIMATES

The preparation of the unconsolidated condensed interim financial statements 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 these unconsolidated condensed interim financial statements, 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.

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The unconsolidated condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the company's annual financial statements as at June 30, 2019.

There have been no changes in the risk management department since year end or in any risk management policies.

5.2 Fair value estimation

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

During the period, there were no significant changes in the business or economic circumstances that affect the fair value of the company's financial assets and financial liabilities. Furthermore, there were no reclassifications of financial assets.

	Un-audited March 31, 2019 (Rupees in thousand)	Audited June 30, 2019
6. LONG TERM FINANCING - SECURED		
The reconciliation of the carrying amount is as follows:		
Opening balance	3,040,170	5,092,325
Less: Repayments during the period/year	1,755,074	2,052,155
	1,285,096	3,040,170
Less: Current portion shown under current liabilities	1,285,096	2,385,532
	-	654,638

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

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

7.2 Commitments

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

	Un-audited March 31, 2020 (Rupees in thousand)	Audited June 30, 2019
8. FIXED ASSETS		
Property, plant and equipment:		
Operating fixed assets - note 8.1	9,405,679	9,809,491
Capital work-in-progress	57,009	21,726
Major spare parts and standby equipment	95,053	171,600
	9,557,741	10,002,817
Intangible asset:		
Computer software	1,634	2,767
	9,559,375	10,005,584
8.1 Operating fixed assets		
Opening book value	9,809,491	10,449,604
Additions during the period/year - note 8.1.1	126,905	291,610
Book value of deletions during the period/year	(1,361)	(107,413)
Depreciation charged for the period/year	(529,356)	(824,310)
Closing book value	9,405,679	9,809,491

Un-audited
March 31,
2020
(Rupees in thousand)

Audited
June 30,
2019

8.1.1 Additions during the period / year

Buildings and roads on freehold land	3,625	17,161
Plant and machinery	108,649	172,420
Electric installations	-	383
Computer equipment	3,458	3,014
Furniture and fixtures	1,180	522
Office equipment	114	145
Vehicles	9,879	97,965
	<u>126,905</u>	<u>291,610</u>

9. 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 ('PIIB') 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 PIIB/GOP. PIIB 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 310.650 million up to March 31, 2020.

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 condensed interim financial statements.

Further, being prudent, the company has not recognised the abovementioned amounts in these unconsolidated condensed interim 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 collectability is certain.

	Un-audited Quarter ended		Un-audited Period ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	(Rupees in thousand)		(Rupees in thousand)	
10. COST OF SALES				
Raw materials consumed	221,165	894,390	3,337,336	6,386,053
Salaries and other benefits	67,314	58,219	185,428	193,682
Repairs and maintenance	2,004	17,996	20,073	33,690
Stores, spares and loose tools consumed	25,875	91,961	160,123	296,310
Electricity consumed				
in-house	11,385	9,244	27,016	17,189
Insurance	66,947	52,576	201,451	158,279
Travelling and conveyance	5,940	5,894	17,900	18,045
Printing and stationery	178	187	540	644
Postage and telephone	206	146	531	531
Vehicle running expenses	1,044	783	3,183	2,198
Entertainment	736	24	1,347	1,607
Depreciation on operating fixed assets	146,649	172,546	493,512	608,155
Amortization of intangible asset	377	377	1,131	1,131
Fee and subscription	823	985	2,851	2,952
Miscellaneous	9,947	12,685	33,166	37,829
	<u>560,590</u>	<u>1,318,013</u>	<u>4,485,588</u>	<u>7,758,295</u>

	Un-audited Period ended	
	March 31, 2020	March 31, 2019
	(Rupees in thousand)	
11. CASH GENERATED FROM OPERATIONS		
Profit before taxation	3,784,377	2,932,242
Adjustment for non cash charges and other items:		
Depreciation on operating fixed assets	529,357	630,695
Amortization on intangible assets	1,131	1,131
Profit on bank deposits	(1,472)	(3,394)
Finance cost	946,517	698,521
Provision for employee retirement benefits	19,407	15,918
Loss/(gain) on disposal of operating fixed assets	(28)	554
Profit before working capital changes	5,279,289	4,275,667
Effect on cash flow due to working capital changes:		
Decrease/(increase) in current assets		
Stores, spares and loose tools	78,514	156,934
Inventories	1,155,151	480,137
Trade debts	(3,401,472)	18,046
Advances, deposits, prepayments and other receivables	232,065	78,295
	(1,935,742)	733,412
Increase/(decrease) in current liabilities		
Trade and other payables	153,613	(428,021)
Unclaimed dividend	(923)	2,102
	152,690	(425,919)
	(1,783,052)	307,493
	3,496,237	4,583,160
12. CASH AND CASH EQUIVALENTS		
Cash and bank balances	20,858	19,376
Short term borrowings - secured	(6,051,660)	(2,830,280)
	(6,030,802)	(2,810,904)

13. TRANSACTIONS WITH RELATED PARTIES

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

Relationship with the company	Nature of transactions	Un-audited Period ended	
		March 31, 2020 (Rupees in thousand)	March 31, 2019 (Rupees in thousand)
i. Holding company	Dividends paid	180,633	270,949
ii. Entities on the basis of common directorship	Purchases of goods and services	53,682	43,046
	Rental expense	9,346	9,346
	Insurance premium	200,200	157,767
iii. Group entity	Interest on deposit accounts	2,227	1,412
	Insurance premium	4,095	3,070
iv. Post employment benefit plan	Expense charged in respect of retirement benefit plan	19,407	15,918
v. Key management personnel	Remuneration	28,307	24,449
Period end balances		Un-audited March 31, 2020 (Rupees in thousand)	Audited June 30, 2019 (Rupees in thousand)
Payable to related parties			
- Companies on basis of common directorship		-	737
- Group entity		6,291	6,291
Bank deposits with related parties			
- Group entity		19,011	17,359
Receivable from related parties			
- Subsidiary		4,373	4,373
- Group entity		974	674
- Entities on the basis of common directorship		651	-

14. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on April 27, 2020 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 financial position has been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, 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.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

Consolidated Condensed Interim Financial Information

for the Period Ended March 31, 2020

DIRECTORS' REPORT ON CONSOLIDATED ACCOUNTS

The Board of Directors of Nishat Power Limited (The Company) is pleased to present Consolidated Condensed Interim Financial Statement for the period ended March 31, 2020.

PRINCIPAL ACTIVITY OF SUBSIDIARY COMPANY AND BRIEF OVER ITS OPERATIONS

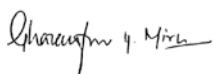
In the financial year 2016, the Company incorporated a wholly owned subsidiary, Lalpir Solar Power (Private) Limited ('LSPPL'), since then the Company has taken up 100,000 shares of the LSPPL. The principal activity of LSPPL is to build, own, operate and maintain or invest in a solar power project having 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.

Later, 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.

ACKNOWLEDGEMENT:

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

For and on behalf of Board of Directors



Chief Executive Officer

Lahore: April 27, 2020

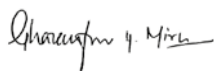


Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Un-audited) AS AT MARCH 31, 2020

	Note	Un-audited March 31, 2020 (Rupees in thousand)	Audited June 30, 2019
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised share capital 500,000,000 (June 30, 2019: 500,000,000) ordinary shares of Rs 10 each		5,000,000	5,000,000
Issued, subscribed and paid up share capital 354,088,500 (June 30, 2019: 354,088,500) ordinary shares of Rs 10 each	5	3,540,885	3,540,885
Capital reserve		3,153,633	3,153,633
Revenue reserve: Un-appropriated profits	7	15,843,836	12,413,549
		22,538,354	19,108,067
NON-CURRENT LIABILITY			
Long term financing - secured	6	-	654,638
CURRENT LIABILITIES			
Current portion of long term financing - secured	6	1,285,096	2,385,532
Short term borrowings - secured		6,051,660	6,420,312
Trade and other payables		414,337	261,684
Unclaimed dividend		20,743	21,666
Accrued markup		272,053	233,908
		8,043,889	9,323,102
CONTINGENCIES AND COMMITMENTS			
	7	30,582,243	29,085,807

The annexed notes 1 to 15 form an integral part of this consolidated condensed interim financial statements.


CHIEF EXECUTIVE

Note	Un-audited March 31, 2020 (Rupees in thousand)	Audited June 30, 2019
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ASSETS

NON-CURRENT ASSETS

Fixed assets	8	9,564,148	10,010,357
Long term investments		-	-
Long term loans and advances		4,000	6
		9,568,148	10,010,363

CURRENT ASSETS

Stores, spares and loose tools		679,007	757,521
Inventories		564,248	1,719,399
Trade debts	9	19,044,989	15,643,517
Advances, deposits, prepayments and other receivables		667,556	900,072
Income tax receivable		37,425	34,138
Cash and bank balances		20,870	20,797
		21,014,095	19,075,444
		30,582,243	29,085,807



CHIEF FINANCIAL OFFICER


DIRECTOR

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited) FOR THE QUARTER AND PERIOD ENDED MARCH 31, 2020

	Note	Quarter ended		Period ended	
		March 31, 2020 (Rupees in thousand)	March 31, 2019 (Rupees in thousand)	March 31, 2020 (Rupees in thousand)	March 31, 2019 (Rupees in thousand)
Sales		2,198,274	2,661,091	9,460,433	11,578,661
Cost of sales	10	(560,590)	(1,318,013)	(4,485,588)	(7,758,295)
Gross profit		1,637,684	1,343,078	4,974,845	3,820,366
Administrative expenses		(72,309)	(62,341)	(248,679)	(193,935)
Other expenses		-	-	-	(2,295)
Other income		1,094	1,996	4,727	6,628
Finance cost		(278,708)	(250,503)	(946,517)	(698,521)
Profit before taxation		1,287,761	1,032,230	3,784,376	2,932,243
Taxation		-	-	-	-
Profit for the period		1,287,761	1,032,230	3,784,376	2,932,243
Earnings per share - basic and diluted (in Rupees)		3.64	2.92	10.69	8.28

The annexed notes 1 to 15 form an integral part of this consolidated condensed interim financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited) FOR THE QUARTER AND PERIOD ENDED MARCH 31, 2020

	Quarter ended		Period ended	
	March 31, 2020 (Rupees in thousand)	March 31, 2019 (Rupees in thousand)	March 31, 2020 (Rupees in thousand)	March 31, 2019 (Rupees in thousand)
Profit for the period	1,287,761	1,032,230	3,784,376	2,932,243
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	1,287,761	1,032,230	3,784,376	2,932,243

The annexed notes 1 to 15 form an integral part of this consolidated condensed interim financial statements.


CHIEF EXECUTIVE

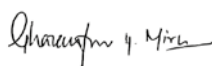

CHIEF FINANCIAL OFFICER


DIRECTOR

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited) FOR THE PERIOD ENDED MARCH 31, 2020

		Period ended	
	Note	March 31, 2020 (Rupees in thousand)	March 31, 2019
Cash flows from operating activities			
Cash generated from operations	11	3,496,199	4,583,161
Finance cost paid		(908,372)	(631,602)
Income tax paid		(3,287)	(3,025)
Long term loans and advances - net		(3,994)	198
Retirement benefits paid		(19,407)	(15,931)
Net cash inflow from operating activities		2,561,139	3,932,801
Cash flows from investing activities			
Purchase of fixed assets		(85,619)	(268,205)
Proceeds from disposal of operating fixed assets		1,389	62
Profit on bank deposits received		2,872	2,681
Net cash outflow from investing activities		(81,358)	(265,462)
Cash flows from financing activities			
Repayment of long term financing		(1,755,074)	(1,509,803)
Dividend paid		(355,961)	(529,853)
Net cash outflow from financing activities		(2,111,035)	(2,039,656)
Net increase in cash and cash equivalents		368,746	1,627,683
Cash and cash equivalents at the beginning of the period		(6,399,536)	(4,438,586)
Cash and cash equivalents at the end of the period	12	(6,030,790)	(2,810,903)

The annexed notes 1 to 15 form an integral part of this consolidated condensed interim financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited) FOR THE PERIOD ENDED MARCH 31, 2020

	Share capital	Capital reserve: Maintenance reserve	Revenue reserve: Un-appropriated profits	Total
	(Rupees in thousand)			
Balance as on July 01, 2018 (audited)	3,540,885	-	12,859,724	16,400,609
Profit for the period	-	-	2,932,243	2,932,243
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	2,932,243	2,932,243
Total contributions by and distributions to owners of the company recognised directly in equity				
Final dividend for the year ended June 30, 2018 @ Rupees 1.5 per share	-	-	(531,133)	(531,133)
Balance as on March 31, 2019 (un-audited)	3,540,885	-	15,260,834	18,801,719
Balance as on July 01, 2019 (audited)	3,540,885	3,153,633	12,413,549	19,108,067
Profit for the period	-	-	3,784,376	3,784,376
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	3,784,376	3,784,376
Total contributions by and distributions to owners of the company recognised directly in equity				
Interim dividend for the half year ended December 31, 2019 @ Rupee 1 per share	-	-	(354,089)	(354,089)
Balance as on March 31, 2020 (un-audited)	3,540,885	3,153,633	15,843,836	22,538,354

The annexed notes 1 to 15 form an integral part of this consolidated condensed interim financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE PERIOD ENDED MARCH 31, 2020

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.

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

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

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

The company is required to issue consolidated condensed interim financial statements along with its consolidated condensed interim financial statements in accordance with the requirements of accounting and reporting standards as applicable in Pakistan. Consolidated condensed interim financial statements are prepared separately.

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and the methods of computation adopted in the preparation of these consolidated condensed interim financial statements 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 except for the adoption of new and amended standards as set out below:

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 financial statements covering annual periods, beginning on or after the following dates:

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

Certain standards, amendments and interpretations to 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 consolidated 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 accounting standards and interpretations that are mandatory for the company's accounting periods beginning on or after July 1, 2020 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 consolidated condensed interim financial statements.

4. ACCOUNTING ESTIMATES

The preparation of the consolidated condensed interim financial statements 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 these consolidated condensed interim financial statements, 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.

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The consolidated condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the company's annual financial statements as at June 30, 2019.

There have been no changes in the risk management department since year end or in any risk management policies.

5.2 Fair value estimation

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

During the period, there were no significant changes in the business or economic circumstances that affect the fair value of the company's financial assets and financial liabilities. Furthermore, there were no reclassifications of financial assets.

6. LONG TERM FINANCING - SECURED

The reconciliation of the carrying amount is as follows:

	Un-audited March 31, 2019 (Rupees in thousand)	Audited June 30, 2019
Opening balance	3,040,170	5,092,325
Less: Repayments during the period/year	1,755,074	2,052,155
	1,285,096	3,040,170
Less: Current portion shown under current liabilities	1,285,096	2,385,532
	-	654,638

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

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

7.2 Commitments

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

		Un-audited March 31, 2020 (Rupees in thousand)	Audited June 30, 2019
8. FIXED ASSETS			
Property, plant and equipment:			
Operating fixed assets	- note 8.1	9,405,679	9,809,491
Capital work-in-progress		61,782	26,500
Major spare parts and standby equipment		95,053	171,600
		9,562,514	10,002,817
Intangible asset:			
Computer software		1,634	2,767
		9,564,148	10,005,584
8.1 Operating fixed assets			
Opening book value		9,809,491	10,449,604
Additions during the period/year	- note 8.1.1	126,905	291,610
Book value of deletions during the period/year		(1,361)	(107,413)
Depreciation charged for the period/year		(529,356)	(824,310)
Closing book value		9,405,679	9,809,491
8.1.1 Additions during the period / year			
Buildings and roads on freehold land		3,625	17,161
Plant and machinery		108,649	172,420
Electric installations		-	383
Computer equipment		3,458	3,014
Furniture and fixtures		1,180	522
Office equipment		114	145
Vehicles		9,879	97,965
		126,905	291,610

9. 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 310.650 million up to March 31, 2020.

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 consolidated condensed interim financial statements.

Further, being prudent, the company has not recognised the abovementioned amounts in these consolidated condensed interim 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 collectability is certain.

	Un-audited Quarter ended		Un-audited Period ended	
	March 31, 2020 (Rupees in thousand)	March 31, 2019	March 31, 2020 (Rupees in thousand)	March 31, 2019
10. COST OF SALES				
Raw materials consumed	221,165	894,390	3,337,336	6,386,053
Salaries and other benefits	67,314	58,219	185,428	193,682
Repairs and maintenance	2,004	17,996	20,073	33,690
Stores, spares and loose tools consumed	25,875	91,961	160,123	296,310
Electricity consumed in-house	11,385	9,244	27,016	17,189
Insurance	66,947	52,576	201,451	158,279
Travelling and conveyance	5,940	5,894	17,900	18,045
Printing and stationery	178	187	540	644
Postage and telephone	206	146	531	531
Vehicle running expenses	1,044	783	3,183	2,198
Entertainment	736	24	1,347	1,607
Depreciation on operating fixed assets	146,649	172,546	493,512	608,155
Amortization of intangible asset	377	377	1,131	1,131
Fee and subscription	823	985	2,851	2,952
Miscellaneous	9,947	12,685	33,166	37,829
	560,590	1,318,013	4,485,588	7,758,295

	Un-audited Period ended	
	March 31, 2020	March 31, 2019
	(Rupees in thousand)	
11. CASH GENERATED FROM OPERATIONS		
Profit before taxation	3,784,376	2,932,243
Adjustment for non cash charges and other items:		
Depreciation on operating fixed assets	529,357	630,695
Amortization on intangible assets	1,131	1,131
Profit on bank deposits	(1,472)	(3,394)
Finance cost	946,517	698,521
Provision for employee retirement benefits	19,407	15,918
Loss/(gain) on disposal of operating fixed assets	(28)	554
Profit before working capital changes	5,279,288	4,275,668
Effect on cash flow due to working capital changes:		
Decrease/(increase) in current assets		
Stores, spares and loose tools	78,514	156,934
Inventories	1,155,151	480,137
Trade debts	(3,401,472)	18,046
Advances, deposits, prepayments and other receivables	232,065	78,295
	(1,935,742)	733,412
Increase/(decrease) in current liabilities		
Trade and other payables	153,576	(428,021)
Unclaimed dividend	(923)	2,102
	152,653	(425,919)
	(1,783,089)	307,493
	3,496,199	4,583,161
12. CASH AND CASH EQUIVALENTS		
Cash and bank balances	20,870	19,376
Short term borrowings - secured	(6,051,660)	(2,830,280)
	(6,030,790)	(2,810,904)

13. TRANSACTIONS WITH RELATED PARTIES

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


Relationship with the company	Nature of transactions	Un-audited Period ended	
		March 31, 2020 (Rupees in thousand)	March 31, 2019 (Rupees in thousand)
i. Holding company	Dividends paid	180,633	270,949
ii. Entities on the basis of common directorship	Purchases of goods and services	53,682	43,046
	Rental expense	9,346	9,346
	Insurance premium	200,200	157,767
iii. Group entity	Interest on deposit accounts	2,227	1,412
	Insurance premium	4,095	3,070
iv. Post employment benefit plan	Expense charged in respect of retirement benefit plan	19,407	15,918
v. Key management personnel	Remuneration	28,307	24,449
Period end balances		Un-audited March 31, 2020 (Rupees in thousand)	Audited June 30, 2019 (Rupees in thousand)
Payable to related parties			
- Companies on basis of common directorship		-	737
- Group entity		6,291	6,291
Bank deposits with related parties			
- Group entity		19,011	17,359
Receivable from related parties			
- Group entity		974	674
- Entities on the basis of common directorship		651	-

14. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on April 27, 2020 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 financial position has been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, 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.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR



N I S H A T

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