

ANNUAL REPORT 2020



Nishat Churian Power Ltd



# BRIEF PROFILE

2007

Incorporated as a  
public limited company

2009

Listed on  
KSE & LSE

2010

Started commercial  
operations

2011

First year of  
profitable operations





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# COMPANY INFORMATION

## **BOARD OF DIRECTORS:**

Mrs. Farhat Saleem  
Chairperson  
Mr. Shahzad Saleem (Resigned Jun 29, 2020)  
Director  
Ms. Ayesha Shehzad  
Director  
Mr. Farrukh Ifzal  
Chief Executive Officer  
Mr. Syed Tariq Ali (Nominee Allied Bank Limited)  
Director  
Mr. Aftab Ahmad Khan  
Director  
Mr. Muhammad Azam  
Director  
Mr. Muhammad Ashraf  
Director  
Mr. Shabbir Ahmad (Deceased May 22, 2020)  
Director  
Mr. Babar Ali Khan (Appointed on Aug 10, 2020)  
Director  
Mr. Rehmat Naveed Elahi (Appointed on Aug 10, 2020)  
Director

## **AUDIT COMMITTEE AND HR & R COMMITTEE:**

Mr. Muhammad Azam  
Chairman  
Mr. Aftab Ahmad Khan  
Director  
Mr. Shabbir Ahmad/Mr. Rehmat Naveed Elahi (Appointed  
on Aug 10, 2020)  
Director

## **CHIEF EXECUTIVE OFFICER:**

Mr. Farrukh Ifzal

## **CHIEF FINANCIAL OFFICER:**

Mr. Muhammad Bilal

## **COMPANY SECRETARY:**

Mr. Syed Tasawar Hussain

## **BANKERS TO THE COMPANY:**

Al Baraka Bank (Pakistan) Limited  
Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
BankIslami Pakistan Limited  
Dubai Islamic Bank Pakistan Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
MCB Islamic Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Pak Oman Investment Company Limited  
Sindh Bank Limited  
Summit Bank Limited  
The Bank of Punjab

**AUDITORS:**

Riaz Ahmad & Co.  
Chartered Accountants

**LEGAL ADVISERS:**

Ahmad & Pansota  
Advocates & Solicitors

**REGISTERED & HEAD OFFICE:**

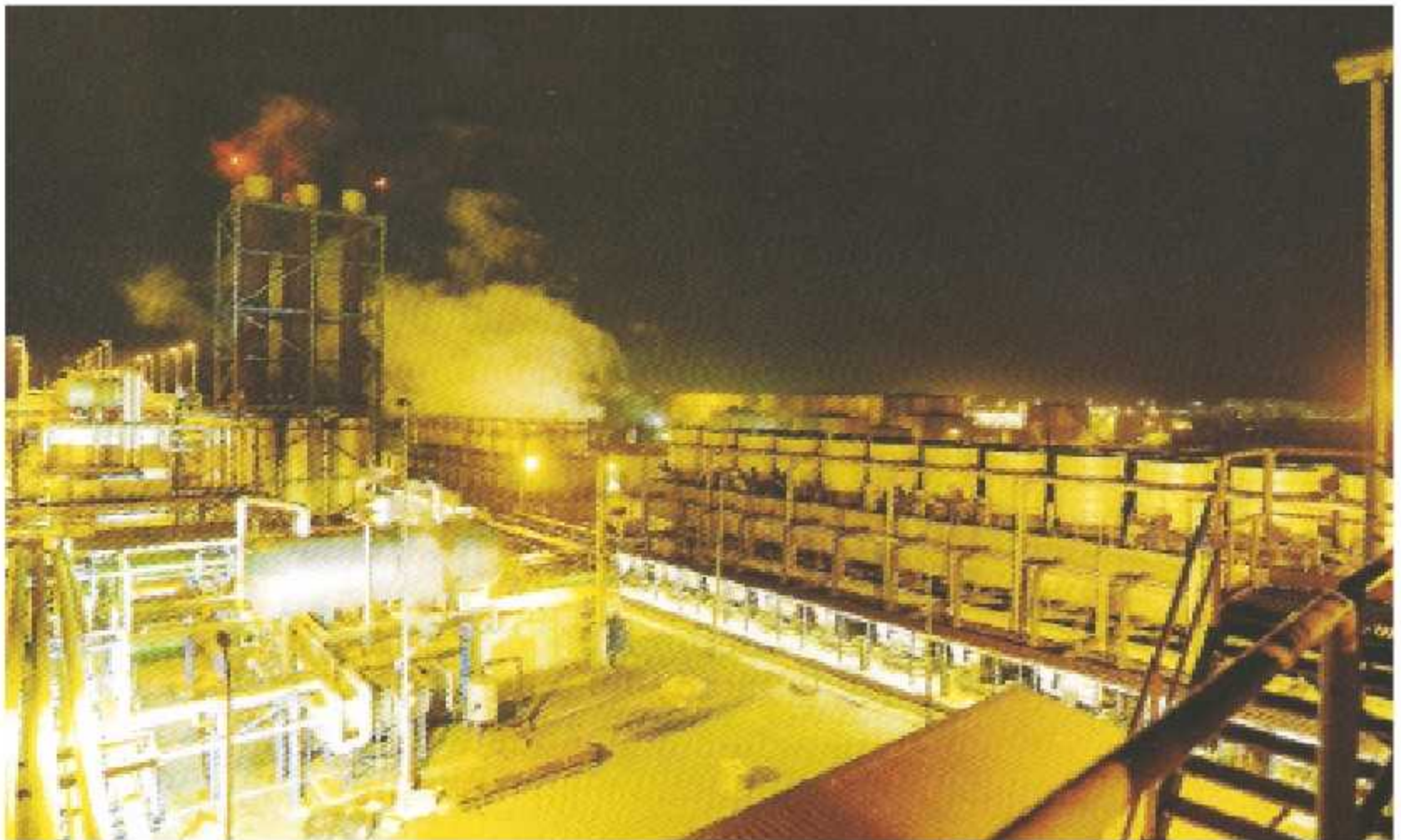
31-Q, Gulberg II,  
Lahore, Pakistan.  
Ph: 042-35761730  
Fax: 042-35878696-97  
[www.nishat.net](http://www.nishat.net)

**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.





# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 13th Annual General Meeting of the Shareholders of Nishat Chunian Power Limited (the "Company") will be held on 23rd October 2020 at 10:00 AM at Registered Office, 31-Q, Gulberg – II, Lahore to transact the following business:

## ORDINARY BUSINESS:

1. To confirm the minutes of the 12th Annual General Meeting held on October 28, 2019.
2. To receive, consider and adopt audited financial statements of the Company for the year ended June 30, 2020 together with Chairperson Review, Directors' and Auditors' reports thereon.
3. To appoint auditors for the year ending June 30, 2021, and to fix their remuneration. The present Auditors M/s Riaz Ahmad & Company, Chartered Accountants, retire and being eligible offer themselves for reappointment.
4. To elect eight (8) Directors of the Company, as fixed by the Board of Directors, for the next term of three years, in accordance with the provisions of Section 159 of the Companies Act 2017, in place of following retiring Directors.

- |                         |                            |
|-------------------------|----------------------------|
| 1. Mrs. Farhat Saleem   | 2. Mr. Syed Tariq Ali      |
| 3. Mr. Aftab Ahmad Khan | 4. Mr. Muhammad Azam       |
| 5. Ms. Ayesha Shahzad   | 6. Mr. Muhammad Ashraf     |
| 7. Mr. Babar Ali Khan   | 8. Mr. Rehmat Naveed Elahi |

A Statement of Material Facts as required under Section 166(3) of the Companies Act, 2017 concerning the manner of selection of Independent Directors is annexed to the notice of meeting circulated to the members of the Company.

5. To transact any other business with the permission of the Chair.

**By order of the Board**

**Lahore**  
**Dated: October 01, 2020**

**Syed Tasawar Hussain**  
**Company Secretary**



## NOTES:

### 1. Closure of Share Transfer Books

The Share Transfer Books of the Company will remain closed from October 17, 2020, to October 23, 2020 (both days inclusive). Transfers received in order at the office of Share Registrar, M/s. Hameed Majeed Associates (Pvt) Ltd., H.M. House 7-Bank Square, The Mall, Lahore by the close of business on October 16, 2020, will be considered in time to determine the entitlement to attend and vote at the Meeting.

### 2. Participation in the Annual General Meeting

A member eligible to attend and vote at this meeting may appoint any other member as a proxy to attend and vote in the meeting. The proxy must be received at the Registered Office of the Company duly stamped and signed not later than 48 hours before the time for holding the meeting.

CDC Account Holders will further have to follow the under mentioned guidelines as laid by the Securities and Exchange Commission of Pakistan.

#### A. For Attending the Meeting:

- (i.) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- (ii.) In the case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

#### B. For Appointing Proxies:

- (i.) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- (ii.) The proxy form shall be witnessed by two persons whose names, addresses, and CNIC Numbers shall be mentioned on the form.
- (iii.) Attested copies of CNIC or Passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (iv.) The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.
- (v.) In the case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

### 3. Video Conference Facility

- (i.) 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 a 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.
- (ii.) In compliance with the guidelines issued by the Securities & Exchange Commission of Pakistan vide circulars No. 5 of 2020 and circular No. 20 of 2020, the company has arranged a video link facility for shareholders to participate in the meeting through their smartphones or computer devices from their homes or any convenient location after completing meeting attendance formalities. Shareholders interested in attending the meeting through video link are requested to register by submitting their following particulars at the Company Secretary's email (tasawar@nishat.net) not later than 48 hours before the time for holding the meeting. The link to participate in the meeting will be sent to the shareholders on the email address provided by them. Shareholders are requested to fill the particulars as per the below table:

Name of Shareholder	CNIC No.	Folio / CDC Account No.	No. of Share held	Cell No.	Email address

The login facility will be opened at 10:00 a.m. on 23rd October 2020 enabling the participants to join the proceedings. Shareholders can also provide their comments/suggestions via email: tasawar@nishat.net for the agenda items proposed to be conducted in the meeting in the same manner as it is to be discussed in the meeting, and later shall be made part of the minutes of the meeting.



The purpose of the aforementioned arrangements is to ensure maximum participation of the shareholders in the meeting through an online facility.

#### **4. Circulation of Annual reports through Digital Storage**

Pursuant to the SECP's notification S.R.O 471(I)/2016 dated 31st May 2016, the shareholders of Nishat Chunian Power Limited in its 9th AGM of the Company had accorded their consent for the transmission of annual reports including audited annual accounts, notices of AGM, and other information contained therein of the Company through a CD/DVD/USB instead of transmitting the same in hard copies. The shareholders who wish to receive hard copies of the aforesaid documents may send to the Company Secretary / Share registrar, the standard request form provided in the annual report and is also available on the Company's website and the Company will provide the aforesaid documents to the shareholders on demand, free of cost, within one week of such demand. The shareholders who also intend to receive the annual report including the notice of meetings via email are requested to provide their written consent on the standard request form provided in the annual report and also available on the Company's website.

#### **5. Unclaimed Dividend**

In compliance with Section 244 of the Companies Act, 2017 unclaimed dividends of the shareholders, who for any reason, could not claim their dividend, if any, are advised to contact our Share Registrar M/s. Hameed Majeed Associates (Pvt) Ltd., H.M. House 7-Bank Square, The Mall, Lahore, to collect/enquire about their unclaimed dividend, if any.

#### **6. Submission of Copy of CNIC (Mandatory)**

Individuals including all joint holders holding physical share certificates are requested to submit a copy of their valid CNIC to the Company or the Company's Share Registrar. All shareholders are once again requested to send a copy of their valid CNIC to our Share Registrar, Hameed Majeed Associates (Pvt) Ltd, 7-Bank Square, Lahore. The Shareholders while sending CNIC must quote their respective folio numbers and name of the Company.

#### **7. Change of Address**

Members are requested to notify any change in their addresses immediately. Shareholders are requested to provide above mentioned information/documents to (i) respective Central Depository System (CDS) Participants and (ii) in case of physical securities to the Share Registrar of the Company.

#### **8. Statement of Material Facts Under Section 166(3) Of The Companies Act, 2017**

Section 166 of the Companies Act 2017 provides that a statement of material facts is annexed to the notice of the general meeting called for the election of directors which shall indicate the justification for choosing the appointee for appointment as an independent director. The Company is required to have at least two or one third members of the board, whichever is higher as independent directors on its board in accordance with the Listed Companies (Code of Corporate Governance) Regulations, 2019.

The Company shall ensure that the Independent Directors will be elected in accordance with the procedures for the election of directors laid down in Section 159 of the Companies Act, 2017. Once the contestants file their consent to offer themselves for elections as an independent director, the Company shall ensure that:

- Names of these contestants are included in the data bank maintained by the Pakistan Institute of Corporate Governance (PICG) as authorized by SECP and
- These contestants meet the independence criteria as mentioned in Section 166(2) of the Companies Act, 2017 and
- The experience, competencies, and skills of the contestants shall be assessed.

نشاط چوینیاں پاور لمیٹڈ۔

اطلاع سالانہ اجلاس عام۔

بذریعہ نوٹس ہذا نشاط چوینیاں پاور لمیٹڈ ("کمپنی") کے شیئر ہولڈرز کی 13 ویں سالانہ اجلاس عام 23 اکتوبر، 2020 کو صبح 10 بجے رجسٹرڈ آفس، Q-31، گلبرگ-II، لاہور میں ہوگی۔ مندرجہ ذیل امور طے پائیں گے:

عام امور:

(1) 28 اکتوبر، 2019 کو منعقدہ 12 ویں سالانہ جنرل میٹنگ کے منٹس کی تصدیق کرنا۔

(2) 30 جون 2020 کو ختم ہوئے سال کے لئے کمپنی کے آڈٹ شدہ مالی حسابات اور ان پر ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی موصولی ان پر غور کرنا اور اپنانے کے لئے منظوری دینا۔

(3) 30 جون 2021 کو ختم ہونے والے سال کے لئے آڈیٹرز کی تقرری اور ان کا معاوضہ طے کرنا۔ موجودہ آڈیٹرز میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو کر اہل ہونے کے بعد خود کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔

(4) کمپنی ایکٹ 2017 کے سیکشن 159 کے مطابق، ریٹائر ہونے والے مندرجہ ذیل ڈائریکٹرز کی جگہ پر کمپنی کے بورڈ آف ڈائریکٹرز کے طے کردہ آٹھ ڈائریکٹرز کا اگلے تین سال کے لیے الیکشن۔

1- محترمہ فرحت سلیم 2- جناب سید طارق علی 3- جناب آفتاب احمد خان 4- جناب محمد اعظم 5- محترمہ عائشہ شہزاد 6- جناب محمد اشرف 7- جناب بابر علی خان 8- جناب رحمت نوید الہی

کمپنیز ایکٹ کے سیکشن (3) 166 کے تحت انڈیپنڈنٹ ڈائریکٹرز کے انتخاب کے متعلق کمپنی کے ممبران کی آگاہی کے لیے مادی حقائق کا بیان اس نوٹس کے ساتھ منسلک ہے۔

(5) چیئرمین کی اجازت سے کسی دوسرے امر کا طے کرنا۔

بحکم بورڈ۔

لاہور

سید تصور حسین

کمپنی سکریٹری

مورخہ: 01 اکتوبر، 2020



## 1. حصص منتقلی کی کتابوں کی بندش۔

کمپنی کی حصص منتقلی کی کتابیں 17 اکتوبر 2020 سے 23 اکتوبر 2020 تک (دونوں دن شامل) بند رہے گی۔ مادی منتقلیاں شیئرز رجسٹرار کے دفتر میسرز حمید مجید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ ہاؤس 7- بینک اسکوائر، دی مال، لاہور پر 16 اکتوبر 2020 کو کاروبار کے اختتام پر حقدار کا تعین کرنے اور اجلاس میں شرکت اور ووٹ ڈالنے کے لئے بروقت تصور ہوں گی۔

## 2. سالانہ عام اجلاس میں شرکت۔

اس اجلاس میں شرکت اور ووٹ ڈالنے کا اہل ممبر اجلاس میں شرکت اور ووٹ ڈالنے کے لئے کسی دوسرے ممبر کو پراکسی کے طور پر مقرر کر سکتا ہے۔ پراکسی (ممبر اور دستخط شدہ) کمپنی کے رجسٹرڈ آفس پر 48 گھنٹے قبل موصول ہونا ضروری ہے۔

سی ڈی سی اکاؤنٹ ہولڈرز کو مزید سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جاری کردہ ہدایات پر عمل کرنا ہوگا۔

## A. میٹنگ میں شرکت کے لئے:

- افراد کی صورت میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور/یا وہ شخص جس کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن کی تفصیلات ضابطے کے مطابق اپ لوڈ کی جاتی ہیں، وہ اجلاس میں شرکت کے وقت اپنی شناخت (کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ) کی تصدیق کرے گی۔
- کارپوریٹ اینٹینٹی کی صورت میں، اجلاس کے وقت بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی برائے نامزد شخص کے نمونہ کے دستخط کے ساتھ پیش کیا جائے گا (جب تک کہ یہ پہلے فراہم نہیں کیا گیا ہو)۔

## B. پراکسی تقرری کے لئے:

- افراد کی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا وہ شخص جس کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن کی تفصیلات ضابطے کے مطابق اپ لوڈ کی جاتی ہیں، مندرجہ بالا ضرورت کے مطابق پراکسی فارم جمع کروائیں۔
- پراکسی فارم کا مشاہدہ دو افراد کریں گے جن کے نام، پتے اور CNIC نمبرز کا فارم پر ذکر کیا جائے گا۔
- اینٹینٹل اونر کی سی این آئی سی یا پاسپورٹ کی تصدیق شدہ کاپیاں اور پراکسی فارم کے ساتھ پیش کی جائیں گی۔
- ملاقات کے وقت پراکسی اپنا اصلی CNIC یا اصل پاسپورٹ مہیا کرے گی۔
- کارپوریٹ اینٹینٹی کی صورت میں، بورڈ آف ڈائریکٹرز کی ریزولوشن/پاور آف اٹارنی کے ساتھ نمونہ کے دستخط موجود ہوں گے (جب تک کہ یہ پہلے فراہم نہیں کیا جاتا ہے) کمپنی کے ساتھ پراکسی فارم بھی جمع کیا جائے گا۔

## 3. ویڈیو کانفرنس کی سہولت۔

- کمپنیز ایکٹ، 2017 کے مطابق، شہر میں رہنے والے ممبران جو کم سے کم 10 فیصد حصص رکھتے ہیں، سالانہ عام اجلاس میں شرکت کے لئے ویڈیو لنک کی سہولت کا مطالبہ کر سکتے ہیں۔ ویڈیو لنک سہولت کے لئے درخواست شیئرز رجسٹرار کے ذریعہ اجلاس کے تاریخ سے کم از کم 7 دن پہلے یہاں دیئے گئے پتے پر موصول ہوگی۔

(ii)۔ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے 2020 کے سرکلر نمبر 5 اور سرکلر 20 کے تحت جاری کردہ رہنمائی کی تعمیل میں، کمپنی نے شیئر ہولڈرز کو اجلاس کی کارروائی میں شرکت کے لیے اپنے سمارٹ فونز یا کمپیوٹر آلات کے ذریعے اپنے گھروں یا کسی بھی مناسب جگہ سے حاضری کے تقاضے پورے کرنے کے بعد میٹنگ میں شرکت کے لیے ویڈیولنک کی سہولت کا اہتمام کیا ہے۔ ویڈیولنک کے ذریعے سے اجلاس میں شرکت کے خواہشمند حصص داران سے درخواست کی جاتی ہے کہ وہ اجلاس کے منعقد ہونے سے 48 گھنٹے قبل کمپنی سیکریٹری کے ای میل ایڈریس (tasawar@nishat.net) پر اپنی مندرجہ ذیل تفصیلات جمع کروائیں۔ اجلاس میں شریک ہونے کا لنک شیئر ہولڈرز کو ان کے فراہم کردہ ای میل ایڈریس پر ارسال کر دیا جائے گا۔

حصص یافتگان سے گزارش ہے کہ وہ نیچے دیئے گئے جدول کے مطابق تفصیلات کو پر کریں:

نمبر شمار	شیئر ہولڈر کا نام	CNIC نمبر	فولیو نمبر	ICDC کاؤنٹ نمبر	شیئرز کی تعداد	موبائل نمبر	ای میل ایڈریس

لاگ ان کی سہولت 23 اکتوبر 2020 کو صبح 10 بجے کھولی جائے گی جو شرکاء کو کارروائی میں شمولیت کے قابل بنائے گی۔ حصص یافتگان بذریعہ ای میل پروپوزڈ ایجنڈا کے متعلق اپنے تاثرات / تجاویز ویسے ہی فراہم کر سکتے ہیں: tasawar@nishat.net جیسا کہ اجلاس میں رائے دی جاتی ہے اور بعد میں ان کو میٹنگ کے منٹس کا حصہ بنایا جاتا ہے۔

مذکورہ انتظامات کا مقصد آن لائن سہولت کے ذریعے اجلاس میں شیئر ہولڈرز کی زیادہ سے زیادہ شرکت کو یقینی بنانا ہے۔

#### 4. ڈیجیٹل اسٹوریج کے ذریعہ سالانہ رپورٹس کی گردش۔

ایس ای سی پی کے نوٹیفکیشن ایس آر او 471 (1) / 2016 مورخہ 31 مئی، 2016 کے مطابق، کمپنی کے 9 ویں اے جی ایم میں نشاط چونیاس پاور لمیٹڈ کے حصص داروں نے آڈٹ شدہ سالانہ اکاؤنٹس، اے جی ایم کے نوٹس سمیت سالانہ رپورٹس کی ترسیل کے لئے اپنی رضامندی ظاہر کی تھی۔ دیگر معلومات ہارڈ کاپیوں میں اس کو منتقل کرنے کے بجائے سی ڈی / ڈی وی ڈی / یو ایس بی کے ذریعے کمپنی میں شامل ہیں۔ مذکورہ دستاویزات کی ہارڈ کاپیاں وصول کرنا چاہتے ہیں وہ حصص یافتگان کمپنی سیکریٹری / شیئر رجسٹرار کو بھیج سکتے ہیں، سالانہ رپورٹ میں فراہم کردہ معیاری درخواست فارم اور یہ کمپنی کی ویب سائٹ پر بھی دستیاب ہے اور کمپنی مذکورہ دستاویزات حصص یافتگان کو فراہم کرے گی۔ ایسی مانگ کے ایک ہفتہ کے اندر، بلا معاوضہ مطالبہ پر فراہم کرے گی۔ جو حصص یافتگان سالانہ رپورٹ وصول کرنے کا ارادہ رکھتے ہیں وہ بھی شامل ہیں جن میں ای میل کے ذریعے اجلاسوں کے نوٹس شامل ہیں ان سے درخواست کی جاتی ہے کہ وہ سالانہ رپورٹ میں فراہم کردہ معیاری درخواست فارم پر اپنی تحریری رضامندی فراہم کریں اور کمپنی کی ویب سائٹ پر بھی دستیاب ہوں۔

#### 5. دعویٰ دار منافع

کمپنیز ایکٹ، 2017 کے سیکشن 244 کی تعمیل میں، حصص یافتگان کے بلا دعویٰ منافع، جو کسی بھی وجہ سے، اپنے منافع کا دعویٰ نہیں کر سکتے ہیں، اگر کوئی ہو تو، ہمارے شیئر رجسٹرار میسرز۔ حمید مجید ایسوسی ایٹس (پرائیوٹ) لمیٹڈ، H.M. ہاؤس 7- بینک اسکوائر، دی مال، لاہور، سے رابطہ کرنے کا مشورہ دیا جاتا ہے۔

#### 6. شناختی کارڈ کی کاپی جمع کروانا (لازمی)

فزیکل شیئر سٹوکیٹس دیکھنے والے تمام افراد بشمول مشترکہ ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنی CNIC کی ایک کاپی کمپنی یا کمپنی کے شیئر رجسٹرار کو پیش کریں۔ تمام حصص یافتگان سے ایک بار پھر درخواست کی گئی ہے کہ وہ اپنی CNIC کی کاپی ہمارے شیئر رجسٹرار، حمید مجید ایسوسی ایٹس (پرائیوٹ) لمیٹڈ، 7- بینک اسکوائر، لاہور کو بھیجیں۔ سی این آئی سی بھیجتے وقت حصص یافتگان کو اپنے متعلقہ فولیو نمبر اور کمپنی کا نام درج کرنا ضروری ہے۔

## 7. پتے کی تبدیلی

ممبران سے گزارش ہے کہ وہ اپنے پتے میں کوئی تبدیلی فوری طور پر مطلع کریں۔ حصص یافتگان سے درخواست کی گئی ہے کہ وہ مندرجہ بالا معلومات/ دستاویزات (i) متعلقہ سنٹرل ڈپازٹری نظام (سی ڈی ایس) کے شرکاء کو فراہم کریں اور (ii) مادی سیکورٹیز کی صورت میں کمپنی کے سینٹر رجسٹر ارا کو مہیا کریں۔

## 8۔ کمپنیز ایکٹ، 2017 کی دفعہ 166 (3) کے تحت مادی حقائق کا بیان

کمپنیز ایکٹ 2017 کا سیکشن 166 یہ فراہم کرتا ہے کہ مادی حقائق کا بیان عام اجلاس کے نوٹس سے منسلک کیا گیا ہے جس کا مقصد ڈائریکٹرز کے انتخاب کے متعلق ہو جو آزاد ڈائریکٹرز کے طور پر تقرری کے لئے انتخاب کرنے کے جواز کی نشاندہی کرے گا۔ اسلڈ کمپنیوں (کارپوریٹ گورننس کا ضابطہ) ریگولیشنز، 2019 کے مطابق کمپنی کو کم از کم دو یا ایک تہائی ممبران آزاد ڈائریکٹرز، جو بھی زیادہ ہوں، رکھنے کی ضرورت ہے۔

کمپنی اس بات کو یقینی بنائے گی کہ کمپنیوں کے ایکٹ، 2017 کی دفعہ 159 میں درج کردہ ڈائریکٹرز کے انتخاب کے طریقہ کار کے مطابق آزاد ڈائریکٹرز کا انتخاب کیا جائے گا۔ ایک دفعہ جب آزاد ڈائریکٹرز کی حیثیت سے انتخابات کے لیے خود کو پیش کرنے کے لئے اپنی رضامندی جمع کروائیں گے تو کمپنی اس بات کو یقینی بنائے گی کہ:

- ان مد مقابلوں کے نام پاکستان انسٹیٹ آف کارپوریٹ گورننس (پی آئی سی جی) جو کہ ایس ای سی پی کا اختیار شدہ ادارہ ہے کے زیر انتظام ڈیٹا بینک میں شامل ہیں۔ اور
- یہ مد مقابل آزادی کے معیار پر پورا اترتے ہیں جیسا کہ کمپنیز ایکٹ، 2017 کے سیکشن 166 (2) میں بتایا گیا ہے۔ اور
- مقابلہ کرنے والوں کا تجربہ، صلاحیتوں اور قابلیت کا اندازہ کیا جائے گا۔





## CHAIRPERSON'S REVIEW REPORT

Nishat Chunian Power Limited (NCPL) has completed the tenth year of its twenty-five-year Power Purchase Agreement with the National Transmission and Dispatch Company / Central Power Purchasing Agency Guarantee Limited and was able to achieve this success with solid performance and results.

The Company, like the rest of the world, faced a challenging year due to the novel Coronavirus pandemic and the resulting economic slowdown. Governments, around the globe, started closing down economies through lockdowns as a means to control the spread of the virus. The company faced that period diligently. The power Sector was exempted from the lockdown in the country and the company remained equipped with the relevant staff to ensure the availability of the power plant for power generation.

The Government of Pakistan ('GOP'), launched an Economic Relief Package in a bid to stimulate the economy and to provide relief to the citizens by deferring the collection of electricity bills. This resulted in the company facing a further slow down on trade debt recovery. However, the GOP, through Power Holding Company, successfully issued a SUKUK II of Rupees Two Hundred Billion on the Pakistan Stock Exchange. The Company received Rs 1,576 million from this SUKUK II, which helped it partly getting over the liquidity crunch.

The board played a pivotal role in the Company's success by ensuring a diligent governance framework for the effective and prudent management of business matters. Board is always keen to implement improvements in the light of global best practices. Board ensured that adequate policies are in place that enhances the professional standards and corporate values. The board rooted a corporate culture that promotes sincerity among the Board, senior management, and other employees.

The board comprises members with vast experience and diversified knowledge that led to an effective decision-making process. The Board together with its committees was fully involved in the planning process and in developing the vision for the Company.

The board of directors met four times during the year to review the overall performance, appraise financial results, and overall effectiveness of the role played by the board in achieving the company's objectives. Meeting agendas and supporting papers were received in a timely manner for the Board meetings.

On behalf of the Board, I wish to acknowledge the contribution of all our employees in the success of the company.

**Mrs. Farhat Saleem**  
Chairperson

## چیمبر پرسن کی جائزہ رپورٹ

تشدد چھڑایاں اور لیجنڈ (این سی پی ایل) نے میٹس ٹرانسمیشن اینڈ ڈسٹریبیوٹن کمپنی اسٹرنل پاور پر چڑھ چکا۔ ایجنسی گارنٹی لیجنڈ کے ساتھ اپنے بچیس سالہ بجلی خریدے معاہدے کے دسویں سال کو مکمل کیا ہے اور انھوں نے کارکردگی اور نتائج کے ساتھ یہ کامیابی حاصل کرنے میں کامیاب رہا ہے۔

اس کمپنی کو بھی پوری دنیا کی طرح، ناول کروہنا وائرس وائی تیاری اور اس کے نتیجے میں معاشی ست روی کی وجہ سے ایک مشکل سال کا سامنا کرنا پڑا۔ پوری دنیا میں حکومتوں نے، وائرس کے پھیلاؤ پر قابو پانے کے لیے لاک ڈاؤن کے ذریعے معیشتوں کو بند کرنا شروع کر دیا۔ کمپنی نے پوری تندی کے ساتھ اس مدت میں کام کیا۔ ملک میں بجلی کے شعبے کو لاک ڈاؤن سے مستثنیٰ قرار دیا گیا تھا اور کمپنی مختلف محکمے سمیت اس مدت میں موجود رہی اور بجلی پیدا کرنے کے لیے پاور پلانٹ کی دستیابی کو یقینی بنانے لگا۔

حکومت پاکستان (این سی او پی) نے معاشی استحکام اور بجلی کے بلوں کی وصولی کو یقینی کر کے شہریوں کو راحت فراہم کرنے کے لیے اقتصادی ریلیف پیکج کا آغاز کیا۔ اس کے نتیجے میں کمپنی کو تجارتی قرضوں کی بازیابی میں مزید سست روی کا سامنا کرنا پڑا۔ تاہم، حکومت پاکستان نے، پاور ہولڈنگ کمپنی کے توسط سے، پاکستان اسٹاک ایکسچینج میں کامیابی کے ساتھ دو سو ملین روپے کا سسٹم 11 جاری کیا۔ کمپنی کو اس سوک 11 سے 1.576 ملین روپے ملے، جس نے اس کو جزوی طور پر لیکویڈیٹی بحران سے نکلنے میں مدد فراہم ملی۔ کاروباری معاملات کے موثر اور جتنا نظام کے لیے متعدد گوش فریم ورک کو یقینی بناتے ہوئے بورڈ نے کمپنی کی کامیابی میں اہم کردار ادا کیا۔ بورڈ ہمیشہ عالمی بہترین طریقوں کی روشنی میں بہترینوں کو نافذ کرنے کا خواہشمند ہے۔ بورڈ نے اس بات کو یقینی بنایا کہ مناسب پالیسیاں موجود ہیں جو پیشہ ورانہ معیارات اور کارپوریٹ اقدار کو بڑھاتی ہیں۔ بورڈ نے کارپوریٹ گورننس کو بڑھاتا رکھا اور بورڈ، سسٹمز، سسٹمز، اور دوسرے ملازمین کے مابین اخلاص کو فروغ دیتا ہے۔

بورڈ جن ممبران پر مشتمل ہے ان میں وسیع تجربہ اور متنوع علم موجود ہے جس کے نتیجے میں فیصلہ سازی کا ایک مؤثر عمل ہوتا ہے۔ بورڈ اپنی کمیٹیوں کے ساتھ مل کر منصوبہ بندی کے عمل میں اور کمپنی کے لئے ویژن کو فروغ دینے میں پوری طرح شامل تھا۔

بورڈ آف ڈائریکٹرز نے سال کے دوران مجموعی کارکردگی کا جائزہ لینے، مالیاتی نتائج کی تفتیش اور بورڈ کے ذریعہ کمپنی کے مقاصد کے حصول میں ادا کردہ کردار کی مجموعی تاثیر ماپنے کے لئے چار بار ملاقات کی۔ بورڈ کے اجلاسوں کے لئے میٹنگ ایجنڈے اور معاون کاغذات بروقت وصول کیے گئے۔

بورڈ کی جانب سے، میں کمپنی کی کامیابی میں ہمارے تمام ملازمین کی شراکت کو تسلیم کرنا چاہتی ہوں۔

محترمہ فرحت سلیم  
چیمبر پرسن





# DIRECTORS' REPORT



## DEAR SHAREHOLDER

The Board is pleased to present financial statements for the year ending on June 30, 2020. During the fiscal year, 2020 turnover was PKR 13.02 billion (2019: PKR 15.02 billion) with an after-tax profit of PKR 4.61 billion (2019: PKR 3.41 billion) and an Earning Per Share (EPS) of PKR 12.54 (2019: PKR 9.30).

## PROFITABILITY

Revenue of the company has declined, mainly due to lower demand from Power Purchaser. During the year ended June 30, 2020, the capacity factor of the plant was 20.43% (2019: 34.98%) with the availability factor of 92.61% (2019: 95.44%). During the year Company dispatched 351,228 MWH (2019: 599,739 MWH) to Power Purchaser.

The long-term loan of the company was for a period of ten (10) years from the Commercial Operations Date (July 21, 2010) and the tariff structure was such that principal payments were being received as part of the revenue during this period. Therefore, our profits for the first ten years were overstated in compliance with the accounting standards. In the current year, profit after tax includes PKR 2.61 billion in respect of long-term loan repayment. We anticipate a drop in the profits from the financial year 2021 and onwards.

The thermal efficiency and O&M cost component in our tariff are levelized over a 25-year period. As maintenance costs in the initial years are low, therefore our profit will be higher than the average over the remaining life of the project. Therefore, we expect reduced profitability in later years due to plant aging and higher maintenance costs.

Receivables impact the profitability of the company as under the Power Purchase Agreement (PPA) the Power Purchaser's default in making timely payments of the invoices entitles the company to Delay Payment mark-up. The Power Purchaser is in continuous default of making timely payment and the receivables of the company have surged to huge numbers causing the Delay Payment revenue and net profit of the company to increase.

## CIRCULAR DEBT

Circular debt has always been a major issue for companies operating in the power sector. Liquidity management remained challenging during the year. As of June 30, 2020, our total receivables from Power Purchaser have amplified to PKR 19.00 billion, out of which PKR 15.17 billion were overdue which includes delayed payment invoices unpaid since August 2014.

The Power Purchaser has consistently failed to make timely payments 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 Energy (Power Division) through Private Power & Infrastructure Board (PPIB) by giving notices of default pursuant to provisions of Power Purchase and Implementation Agreements.

## DEFERMENT OF REPAYMENT OF PRINCIPAL LONG TERM FINANCING

Pursuant to State Bank of Pakistan BPRD Circular Letter No. 13 of 2020 dated 26 March 2020 Company applied for the deferment of repayment of principal long term financing. The lenders have subsequently sanctioned deferment of repayment of principal long term loans amount by one year. However, under the Implementation Agreement signed with the Government of Pakistan, the Company is required to submit to PPIB a revised schedule or term sheet setting forth the revised repayment schedule and any other material modification relating to repayment obligations, not less than thirty (30) days prior to the execution of such amendment



or modification. Subsequent to the reporting period, the Company is in correspondence with PPIB in this regard and the Company may proceed with execution of the deferment agreement. For further details please refer note number 5.5 of the accompanying financial statements.

## RISK MANAGEMENT

Financial risks to the company are mostly catered for in the tariff. Apart from liquidity risk (circular debt), the other major financial risk the company is exposed to is the interest rate. Any fluctuation in the interest rate can impact the profits of the company. As part of risk management, the company has designed and implemented adequate internal financial controls, manual as well as automated, that is communicated to staff via various policies and procedural guidelines. The Board of Directors ensures that sufficient and adequate internal control exists in the company. These controls are also periodically monitored by our Internal Audit Function.

## PENDING ISSUES

An amount of PKR 966 million relating to the capacity purchase price is not acknowledged by the power purchaser during 2012 as the plant was not fully available for power generation. However, the sole reason for this under-utilization of plant capacity was the non-availability of fuel owing to non-payment by the power purchaser.

The Company maintains the view that this amount should be payable by the power purchaser. However, as part of the settlement with the GOP, the IPPs withdrew their case from the Supreme Court of Pakistan and decided to resolve the issue through the dispute resolution mechanism under the PPA and therefore Power Purchaser and the IPPs appointed Justice Sair Ali as the expert for mediation on this issue. The expert gave his determination whereby the aforesaid amount was determined to be payable to the company by Power Purchaser. However, the Government of Pakistan (GOP) through the Private Power Infrastructure Board (PPIB) filed a suit in the Civil Court, Lahore, and obtained a stay order against the decision of the expert. The stay order was challenged in District Court Lahore where it was vacated.

Under the terms of PPA, the company had filed a petition for arbitration in The London Court of International Arbitration ('LCIA'), whereby an arbitrator was appointed, and proceedings were carried out. The Arbitrator declared his Final Award whereby he ordered the power purchaser to pay the amount according to the expert determination, pre-award

interest, costs of proceedings and LCIA fees, damages due to the breach of the arbitration agreement, and interest till the date of settlement of these amounts. The power purchaser challenged the Final Award in the Commercial Court of England which was later withdrawn. NCPL, thereafter, filed an application before LHC for implementation of the Final Award that is pending adjudication. The Commercial Court of England also issued an injunction abstaining the power purchaser from taking any steps outside England against Partial Final Award/Final Award. The power purchaser has sought permission to file an appeal before the Court of Appeals, London, which was rejected.

The external auditor has highlighted this point in the Emphasis of Matter paragraph in their report, further details are provided in note number 18.2 of the accompanying financial statements.

On July 29, 2017, the company instituted arbitration proceedings against Power Purchaser/Government of Pakistan by filing a Request for Arbitration ('RFA') with the London Court of International Arbitration ('LCIA') (the 'Arbitration Proceedings') for disallowing delayed payment charges on delayed payment invoices and other deductions made from delay payment invoices. The company believes it is entitled to claim delayed payment charges on delayed payments receivable from Power Purchaser as per terms of the PPA and the other deductions made by Power Purchaser. Objections were raised on the maintainability of the Arbitration under the PPA by the Power Purchaser, which was rejected by the Arbitrator through its Final Partial Award. Hearings on merits were held in London and Partial Final Award was issued in favor of the company and directed Power Purchaser and GOP to jointly and severally pay the company delayed payment charges on delayed payment invoices and other deductions made from delay payment invoices along with the interest and cost of arbitration. Power Purchaser has filed a civil suit against the Arbitration Awards in the Court of the Senior Civil Judge, Lahore, and is pending adjudication. The amounts under this arbitration including costs and interest till the date of Final Partial Award is PKR 2,455 million.

The external auditor has also highlighted this point in the Emphasis of Matter paragraph in their report, further details are provided in note number 12.1.2 of the accompanying financial statements.





## CORPORATE SOCIAL RESPONSIBILITY

The Company along with its sponsors and other philanthropists are in the process of setting up a state-of-the-art, not for profit hospital, Saleem Memorial Trust Hospital (SMTH). This 350-bed hospital which is being constructed on 39 kanals of land will provide subsidized medical treatment to the underprivileged. The company also donates as per the requirement to a school, located at Phool Nagar, that provides quality education at a nominal fee.

The company is keen on preserving the environment and nature. For this purpose, our power plant is equipped with machinery to ensure that the National Environmental Quality Standards are always complied with. The Company has also taken an initiative towards plantation and has planted trees inside the power plant premises and the surrounding vicinity.

## DIVIDENDS

The company's ability to pay dividends depends on the recoverability of the receivables from Power Purchaser. The Power Purchaser consistently failed to make timely payments to the Company, consequently, our receivables have amplified to PKR 19.00 billion with short term borrowings at PKR 9.70 billion. Since the company could not realize enough receivables, therefore, is unable to pay dividends to its shareholders in this financial year. Furthermore, Company has applied deferment of repayment of the principal long-term financing amount by one year in accordance with the State Bank of Pakistan BPRD Circular Letter No. 13 of 2020 dated 26 March 2020. The terms of the deferment also restrict the company to pay dividends during the deferment period.

## FUTURE OUTLOOK

The company has entered into a 25-year PPA, wherein the roles, responsibilities, and entitlements of the parties have been established. However, on June 03, 2020, the Government of Pakistan constituted The Committee for negotiations with Independent Private Power Producers ("IPPs"). The IPPs representing the 2002 Power Policy projects, including the Company had several rounds of discussions. Thereafter on 13 August 2020, the Company in the larger national interest signed a Memorandum of Understanding ("MoU"). The terms of this MoU are subject to the approval of the National Electric Power Regulatory Authority, Federal Cabinet, and the Company's Board of Directors and other necessary corporate approvals, and thereafter formal agreements would be signed in this respect. The terms of the MoU will impact the future profitability of the company as concessions are being provided.

## AUDITORS

The retiring auditors' M/s Riaz Ahmad & Co. Chartered Accountants, being eligible, offered themselves for re-appointment. The Audit Committee has recommended their re-appointment as auditors of the Company for the year 2020-21.



# BOARD OF DIRECTORS AND ITS COMMITTEES

During the year under review, Four (4) meetings were held. Attendance and composition of the board are as follows:

## DIRECTORS ON THE BOARD

Name of Director	Category	Committee	Attendance
Mrs. Farhat Saleem	Non-Executive	-	1
Mr. Shahzad Saleem (Resigned)	Executive	-	4
Mr. Syed Tariq Ali	Non-Executive	-	4
Mr. Aftab Ahmad Khan	Non-Executive	Audit and HR&R	4
Mr. Muhammad Azam	Independent	Audit and HR&R	4
Mrs. Ayesha Shahzad	Non-Executive	-	1
Mr. Farrukh Ifzal	Executive	-	4
Mr. Shabir Ahmed (Deceased)	Non-Executive	Audit and HR&R	4
Mr. Muhammad Ashraf	Non-Executive	-	4

## DIRECTORS RESIGNED DURING THE PERIOD

Name of Director	Category	Committee	Attendance
Mr. Shahzad Saleem (Resigned: June 29, 2020)	Executive	-	4
Mr. Shabbir Ahmad (Deceased: May 22, 2020)	Non-Executive	Audit and HR&R	4

The company has 2 females and 5 male directors as on June 30, 2020, with 2 casual vacancies that are filled subsequently on August 10, 2020.

## DIRECTOR'S REMUNERATION

The company does not pay remuneration to its non-executive directors including independent directors except for meeting fees which are determined by the Board as per the Companies Act 2017 & the listed Companies (Code of Corporate Governance) Regulations 2019.

The aggregate amount of remuneration paid to executive and non-executive directors have been disclosed in note 29 of the annexed financial statements.

## ELECTION OF DIRECTORS

Election of directors is scheduled for October 23, 2020, in an Annual General Meeting, after which the latest composition of the board and chairman/chief executive roles of the board and committees as than elected by the directors will be disclosed in subsequent annual reports.

## PATTERN OF SHAREHOLDING

The pattern of shareholding as of June 30, 2020, is annexed with the Annual Report.



## ACKNOWLEDGEMENT

The Directors would take this opportunity to thank our valued shareholders who have trust in our Company and also like to express their deep appreciation for the services, loyalty, and efforts rendered by the employees of the Company and hope that they will continue to do so in the future.

Chief Executive Officer

Director



## مجلس نظماء رپورٹ

### محترم حصص داران،

بورڈ 30 جون، 2020 کو ختم ہونے والے سال کے لئے مالی بیانات پیش کرنے پر خوش ہے۔ مالی سال کے دوران، وصولی 13.02 ارب (2019: 15.02 ارب)، ٹیکس کے بعد منافع 4.61 ارب (2019: 3.41 ارب) اور فی شیئر آمدنی 12.54 (2019: 9.30) ہے۔

### منافع

بجلی کی خریداری کی طلب کم ہونے کی وجہ سے کمپنی کے محصول میں کمی آئی ہے۔ 30 جون، 2020 کو ختم ہونے والے سال کے دوران، پلانٹ کی صلاحیت کا عنصر 20.43% (2019: 34.98%) تھا جس کی موجودگی کا عنصر 92.61% (2019: 95.44%) تھا۔ سال کے دوران کمپنی نے 351،228 میگا واٹ (599،739: 2019) میگا واٹ) پاور خریداری کو بیچا۔ کمپنی کا طویل مدتی قرض کمرشل آپریشنز کی تاریخ (21 جولائی، 2010) سے دس (10) سال کی مدت کے لئے تھا اور محصولات کا ڈھانچا اس طرح تھا کہ اس عرصے کے دوران محصولات کے حصے کے طور پر اصل ادائیگیاں وصول کی جارہی تھیں۔ لہذا، اکاؤنٹنگ سٹینڈرڈ کے مطابق ہمارے ابتدائی دس سالوں میں ہمارا منافع کو بڑھا ہوا تھا۔ موجودہ سال میں، ٹیکس کے بعد منافع میں طویل مدتی قرض کی ادائیگی کے سلسلے میں 2.61 ارب شامل ہیں۔ ہم مالی سال 2021 اور اس کے بعد کے منافع میں کمی کی توقع کرتے ہیں۔

ہمارے ٹیرف میں تھرمل کارکردگی اور O&M لاگت کا جزو 25 سال کے عرصے میں برابر کیا جاتا ہے۔ چونکہ ابتدائی سالوں میں دیکھ بھال کے اخراجات کم ہیں، لہذا ہمارا منافع منصوبے کی باقی زندگی کے اوسط سے زیادہ ہوگا۔ لہذا، ہم پلانٹ کی عمر بڑھنے اور دیکھ بھال کے زیادہ اخراجات کی وجہ سے بعد کے سالوں میں کم منافع کی توقع کرتے ہیں۔

کمپنی کے منافع پر وصولی اثر انداز ہوتی ہیں جیسا کہ پاور خریداری معاہدے (پی پی اے) کے تحت انوائس کی بروقت ادائیگی کرنے میں پاور خریداری کا ڈیفالٹ کمپنی کو تاخیر سے متعلق ادائیگی کے سود کا اہل بناتا ہے۔ پاور خریداری بروقت ادائیگی کرنے میں مستقل ڈیفالٹ میں ہے اور کمپنی کے وصول کنندگان میں بڑی تعداد میں اضافہ ہوا ہے جس کی وجہ سے کمپنی کی تاخیر سے متعلق ادائیگی کی آمدنی اور نتیجے میں خالص منافع میں اضافہ ہوا ہے۔

### گردشی قرضے

سرکلر ڈیٹ بجلی کے شعبے میں کام کرنے والی کمپنیوں کے لئے ہمیشہ ایک اہم مسئلہ رہا ہے۔ سال کے دوران لیکویڈیٹی مینجمنٹ چیلنج رہا۔ 30 جون، 2020 تک، پاور خریداری سے ہمارے وصول کردہ قابل وصولات 19.00 ارب ہو چکے ہیں، جن میں سے 15.17 ارب واجب الدا ہے جس میں اگست 2014 سے تاخیر سے ادائیگی کے انوائس بلا معاوضہ شامل ہیں۔

پاور خریداری مسلسل کمپنی کو بروقت ادائیگی کرنے میں ناکام رہا ہے۔ یہ معاملہ اس حد تک نازک ہو گیا ہے کہ اس سے کمپنی کے اپنے وعدوں کو بروقت پورا کرنے کی اہلیت متاثر ہو رہی ہے۔ کمپنی طے شدہ ڈیفالٹ نوٹسز کے ذریعے اس معاملے کو مسلسل نہ صرف بجلی خریداری بلکہ وزارت توانائی (پاور ڈویژن) اور انفراسٹرکچر بورڈ (پی پی آئی بی) کے ساتھ اٹھائے ہوئے ہے۔



## پرنسپل طویل مدتی فنانسنگ کی ادائیگی کا موخر

اسٹیٹ بینک آف پاکستان بی پی آر ڈی سرکلر نمبر 13 مورخہ 26 مارچ 2020 کے مطابق کمپنی نے پرنسپل طویل مدتی فنانسنگ کی ادائیگی موخر کرنے کے لئے درخواست دی۔ قرض دہندگان نے طویل مدتی قرضوں کی اصل رقم ایک سال تک ادائیگی کے التوا کی منظوری دے دی ہے۔ تاہم، حکومت پاکستان کے ساتھ دستخط کیے گئے نفاذ کے معاہدے کے تحت، کمپنی کو تیس دن میں بی پی آر ڈی کے پاس ترمیم شدہ شیڈول یا معاہدہ ترتیب دینے کی ضرورت ہے۔ رپورٹنگ کی مدت کے بعد، کمپنی اس سلسلے میں بی پی آر ڈی کے ساتھ خط و کتابت میں ہے اور کمپنی موخر معاہدے پر عمل درآمد کے ساتھ آگے بڑھ سکتی ہے۔ مزید تفصیلات کے لئے براہ کرم مالیاتی بیانات کے ساتھ نوٹ نمبر 5.5 دیکھیں۔

## رسک مینجمنٹ

کمپنی کو ہونے والے مالی خطرات زیادہ تر عیر میں پورے کیے جاتے ہیں۔ لیکویڈیٹی رسک (سرکلر ڈیٹ) کے علاوہ، کمپنی کو جو دیگر بڑے مالی خطرہ لاحق ہے اس میں سود کی شرح ہے۔ سود کی شرح میں کوئی اتار چڑھاؤ کمپنی کے منافع کو متاثر کر سکتا ہے۔ رسک مینجمنٹ کے ایک حصے کے طور پر، کمپنی نے مناسب داخلی مالیاتی کنٹرول، دستی اور خود کار طریقے سے، ڈیزائن کیا ہے اور اس پر عمل درآمد کیا ہے، جو مختلف پالیسیوں اور طریقہ کار کے رہنما خطوط کے ذریعہ عمل کو بتایا جاتا ہے۔ بورڈ آف ڈائریکٹرز اس بات کو یقینی بناتا ہے کہ کمپنی میں مناسب اندرونی کنٹرول موجود ہے۔ یہ کنٹرول ہمارے اندرونی آڈٹ فنکشن کے ذریعہ وقتاً فوقتاً بھی مانیٹر کیے جاتے ہیں۔

## زیر التواء مسائل

بجلی خریداری کی طرف سے 2012 کے دوران صلاحیت کی خریداری کی قیمت سے متعلق پی کے آر 966 ملین کی رقم کا اعتراف نہیں کیا گیا ہے کیونکہ بجلی پیدا کرنے کے لئے یہ پلانٹ مکمل طور پر دستیاب نہیں تھا۔ تاہم، پلانٹ کی صلاحیت کے اس کم استعمال کی واحد وجہ بجلی خریداری کی طرف سے ادائیگی نہ کرنے کی وجہ سے ایندھن کی عدم فراہمی تھی۔ کمپنی کا موقف ہے کہ یہ رقم بجلی خریدار کے ذریعہ قابل ادائیگی ہونی چاہئے۔ تاہم، جی او پی کے ساتھ تصفیہ کے ایک حصے کے طور پر، آئی پی پیز نے اپنا معاملہ سپریم کورٹ آف پاکستان سے واپس لے لیا اور اس مسئلے کو پی اے کے تحت تنازعات کے حل کے میکانزم کے ذریعے حل کرنے کا فیصلہ کیا اور اسی وجہ سے پاور خریدار اور آئی پی پیز نے جنٹلس سائر علی کو ماہر مقرر کیا۔ اس مسئلے پر ثالثی کے لئے ماہر نے اپنا فیصلہ دیا جس کے تحت مذکورہ رقم پاور خریدار کے ذریعہ کمپنی کو ادائیگی کرنے کا حکم دیا گیا تھا۔ تاہم، حکومت پاکستان (جی او پی) نے پرائیویٹ پاور انفراسٹرکچر بورڈ (پی پی آئی بی) کے توسط سے سول کورٹ، لاہور میں مقدمہ دائر کیا، اور اس ماہر کے فیصلے کے خلاف حکم امتناعی حاصل کیا۔ اس حکم نامے کو ڈسٹرکٹ کورٹ لاہور میں چیلنج کیا گیا تھا جہاں اسے خارج کر دیا گیا تھا۔

پی پی اے کی شرائط کے تحت، کمپنی نے لندن کورٹ آف انٹرنیشنل ثالثی (ایل سی آئی اے) میں ثالثی کے لئے درخواست دائر کی تھی، جس کے تحت ایک ثالث مقرر کیا گیا تھا، اور کارروائی عمل میں لائی گئی تھی۔ ثالث نے اپنے حتمی ایوارڈ کا اعلان کیا جس کے تحت اس نے بجلی خریدار کو ثالث کی معین کردہ رقم، پری ایوارڈ سود، کارروائی کے اخراجات اور ایل سی آئی اے کی فیس، ثالثی معاہدے کی خلاف ورزی کی وجہ سے ہر جانے اور اس تاریخ تک سود کی رقم ادا کرنے کا حکم دیا۔ ان رقم کا تصفیہ، بجلی خریدار نے انگلینڈ کی کمرشل عدالت میں فائل ایوارڈ کو چیلنج کیا جو بعد میں واپس لے لیا گیا۔ اس کے بعد، این سی پی ایل نے حتمی ایوارڈ کے نفاذ کے لئے ایل سی آئی اے کے سامنے درخواست دائر کی جو فیصلہ زیر التوا ہے۔ انگلینڈ کی کمرشل عدالت نے بجلی کے خریدار کو جزوی فائل ایوارڈ / فائل ایوارڈ کے خلاف انگلینڈ سے باہر کوئی اقدام اٹھانے سے پرہیز کرنے کا حکم نامہ بھی جاری کیا۔ بجلی خریدار نے لندن آف ایبل لندن کے سامنے اپیل دائر کرنے کی

اجازت مانگی ہے جسے مسترد کر دیا گیا۔

بیرونی آڈیٹر نے اپنی رپورٹ میں معاملہ پیراگراف کے ذریعے اس نکتے پر روشنی ڈالی ہے، مزید تفصیلات اس کے ساتھ آنے والے مالی بیانات کے نوٹ نمبر 18.2 میں فراہم کی گئی ہیں۔

29 جولائی، 2017 کو، کمپنی نے بجلی کی خریدار/حکومت پاکستان کے خلاف ثالثی کی درخواست ('آر ایف اے') لندن کورٹ آف انٹرنیشنل ثالثی ('ایل سی آئی اے') میں دائر کی جس میں تاخیر سے ادائیگی کے انوائس اور تاخیر سے ادائیگی کے انوائس سے کی جانے والی دیگر کٹوتیوں کو نامنظور کرنے کے لئے ثالثی کی کارروائی کا آغاز کیا۔ تاخیر سے ادائیگی کے انوائس اور تاخیر سے ادائیگی کے انوائس سے کی جانے والی دیگر کٹوتیوں پر ادائیگی پر کمپنی کا خیال ہے کہ وہ پی پی اے کی شرائط کے مطابق پاور خریدار سے وصول شدہ تاخیر سے ادائیگیوں پر تاخیر سے ادائیگی کے چار جز کا دعویٰ کرنے کا حقدار ہے اور پاور خریدار کے ذریعہ کی گئی دیگر کٹوتیوں کا۔ پاور خریدار نے پی پی اے کے ذریعہ ثالثی کو برقرار رکھنے پر اعتراضات اٹھائے ثالث نے اپنے آخری جزوی ایوارڈ کے ذریعے مسترد کر دیا تھا۔ میرٹ پر سماعت لندن میں ہوئی اور جزوی حتمی ایوارڈ کمپنی کے حق میں جاری کیا گیا اور پاور خریدار اور حکومت پاکستان کو حکم دیا گیا کہ مشترکہ طور پر اور کمپنی کو تاخیر سے ادائیگی کے انوائس اور اس انوائس پر ہونے والی دیگر کٹوتیوں پر ادائیگی کی جائے گی۔ پاور خریدار نے سینئر سول جج، لاہور کی عدالت میں ثالثی ایوارڈ کے خلاف سول مقدمہ دائر کیا ہے، اور اس کا فیصلہ التوا میں ہے۔ حتمی جزوی ایوارڈ کی تاریخ تک اس ثالثی کے تحت رقم جس میں اخراجات اور سود شامل ہے 2،455 ملین ہے۔

بیرونی آڈیٹر نے اپنی رپورٹ میں معاملہ پیراگراف کے ذریعے اس نکتے پر روشنی ڈالی ہے، مزید تفصیلات اس کے ساتھ ہونے والے مالی بیانات کے نوٹ نمبر 12.1.2 میں فراہم کی گئی ہیں۔

## کارپوریٹ سماجی ذمہ داری

کمپنی معداس کے اسپانسرز اور دیگر مختیر حضرات غیر منافع بخش جدید، سلیم میموریل ٹرسٹ ہسپتال (SMTH) قائم کر رہا ہے۔ یہ 350 بستر کا ہسپتال جو 39 کنال کے رقبہ پر تعمیر کیا جا رہا ہے، غیر مراعات یافتہ کو ایک مثالی رعایتی طبی علاج فراہم کرے گا۔ موجودہ سال کے دوران کمپنی نے پھولنگٹر میں واقع ایک سکول کو بھی عطیہ دیا ہے جو معمولی فیس میں معیاری تعلیم فراہم کرتا ہے۔

کمپنی ماحول اور فطرت کو تحفظ فراہم کرنے میں گہری دلچسپی رکھتی ہے۔ اس مقصد کے لئے ہمارے پاور پلانٹ ایسی مشینری سے لیس ہیں جو قومی ماحولیاتی معیارات پر عمل کو یقینی بناتی ہیں۔ کمپنی نے شجرکاری کے بھی اقدامات کئے ہیں اور پاور پلانٹ کے احاطے میں اور ارد گرد پودے لگائے ہیں۔

## تصرفات

کمپنی کی جانب سے منافع کی ادائیگی کرنے کی اہلیت کا انحصار پاور خریدار سے وصول شدہ اشیا کی وصولی پر ہے۔ پاور خریدار کمپنی کو بروقت ادائیگی کرنے میں مستقل طور پر ناکام رہا، اس کے نتیجے میں، ہمارے وصول کنندگان 19.00 ارب اور مختصر مدت کے ادھار 9.70 ارب پر پہنچ چکے ہیں۔ چونکہ کمپنی وصولیاں نہیں کر سکی، لہذا، اس مالی سال میں اپنے حصص یافتگان کو منافع ادا کرنے سے قاصر ہے۔ مزید برآں، کمپنی نے اسٹیٹ بینک آف پاکستان بی پی آر ڈی سرکلر نمبر 13 مورخہ 26 مارچ 2020 کے مطابق، ایک سال کے لئے طویل مدتی فنانسنگ کی اصل رقم کی ادائیگی کے التوا کا اطلاق کیا ہے۔ التوا کی شرائط بھی کمپنی کو محدود کردیتی ہیں التوا کی مدت کے لئے منافع ادا کریں۔

## مستقبل کا جائزہ

کمپنی نے 25 سالہ پی پی اے کیا ہے، جس میں فریقین کے کردار، ذمہ داریوں اور استحقاق کو قائم کیا گیا ہے۔ تاہم، 03 جون، 2020 کو، حکومت پاکستان نے آزادانہ بجلی پروڈیوسروں ("آئی پی پی") کے ساتھ مذاکرات کے لئے کمیٹی تشکیل دی۔ کمپنی سمیت 2002 کے پاور پالیسی منصوبوں کی نمائندگی کرنے والے آئی پی پیز میں متعدد بحثیں ہوئیں۔ اس کے بعد 13 اگست 2020 کو، کمپنی نے بڑے قومی مفاد میں مفاہمت کی یادداشت پر دستخط کیے۔ اس ایم او یو کی شرائط نیشنل الیکٹرک پاور ریگولیٹری اتھارٹی، وفاقی کابینہ، اور کمپنی کے بورڈ آف ڈائریکٹرز اور دیگر ضروری کارپوریٹ منظور یوں کی منظوری سے مشروط ہیں، اور اس کے بعد اس سلسلے میں باضابطہ معاہدوں پر دستخط کیے جائیں گے۔ ایم او یو کی شرائط کمپنی کے مستقبل کے منافع کو متاثر کرے گی کیوں کہ مراعات دی جا رہی ہیں۔

## آڈیٹرز

ریٹائرڈ آڈیٹرز میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، اہل ہونے کی بناء پر دوبارہ تقرری کے لئے خود کو پیش کرتے ہیں۔ آڈٹ کمیٹی نے سال 2020-21 کے لئے کمپنی کے آڈیٹر کی حیثیت سے ان کی دوبارہ تقرری کی منظوری دی ہے۔

## بورڈ آف ڈائریکٹرز اور اسکی کمیٹیاں

زیر جائزہ سال کے دوران چار (4) اجلاس منعقد ہوئے۔ بورڈ کی حاضری اور ترتیب حسب ذیل ہے:

### بورڈ پر ڈائریکٹرز

نام ڈائریکٹر	کمپنی	کیٹگری	تعداد حاضری
محترمہ فرحت سلیم	-	نان ایگزیکٹو	1
جناب شہزاد سلیم (مستعفی)	-	ایگزیکٹو	4
جناب سید طارق علی	-	نان ایگزیکٹو	4
جناب آفتاب احمد خان	آڈٹ اینڈ HR&R	نان ایگزیکٹو	4
جناب محمد اعظم	آڈٹ اینڈ HR&R	نان ایگزیکٹو	4
محترمہ عائشہ شہزاد	-	نان ایگزیکٹو	1
جناب فرخ افضل	-	ایگزیکٹو	4
جناب شبیر احمد (مرحوم)	آڈٹ اینڈ HR&R	نان ایگزیکٹو	4
جناب محمد اشرف	-	نان ایگزیکٹو	4

اس مدت میں ریٹائر ہونے والے ڈائریکٹر کے نام درج ذیل ہیں



نام ڈائریکٹر	کیٹگری	کمپنی	تعداد حاضری
جناب شہزاد سلیم (مستعفی): (29 جون 2020)	ایگزیکٹو		4
جناب شبیر احمد (مرحوم): (22 مئی 2020)	نان ایگزیکٹو		4

30 جون 2020 پر کمپنی میں 2 خاتون اور 5 مرد ڈائریکٹرز ہیں اور 2 خالی نشستیں ہیں جن پر بعد میں تعیناتی کی گئی ہے۔

### ڈائریکٹرز کا مشاہرہ

کمپنی اپنے غیر ایگزیکٹو ڈائریکٹرز کو آزاد ڈائریکٹرز سمیت معاوضے کی ادائیگی نہیں کرتی ہے سوائے اس ملاقات کے فیسوں کے جو بورڈ کے ذریعہ کمپنیز ایکٹ 2017 اور درج کمپنیوں (کارپوریٹ گورننس) ریگولیشنز 2019 کے مطابق طے کی جاتی ہے۔

ایگزیکٹو اور غیر ایگزیکٹو ڈائریکٹرز کو ادا کی جانے والی اجرت کی مجموعی رقم منسلک مالیاتی بیانات کے نوٹ 29 میں ظاہر کی گئی ہے۔

### ڈائریکٹرز کا انتخاب

ڈائریکٹرز کے انتخاب کا انعقاد 23 اکتوبر، 2020ء کو، سالانہ عام اجلاس میں ہوگا، جس کے بعد بورڈ اور کمیٹیوں کے چیئرمین / چیف ایگزیکٹو کی تازہ ترین تشکیل ڈائریکٹرز کے منتخب کردہ انتخاب بعد کی سالانہ رپورٹوں میں ظاہر کی جائیں گی۔

### نمونہ حصص داری

30 جون 2020 کے مطابق نمونہ حصص داری سالانہ رپورٹ کے ہمراہ منسلک کیا گیا ہے۔

### اظہار تشکر

ڈائریکٹرز اس موقع پر ہمارے قابل قدر شیئر ہولڈرز کا شکریہ ادا کریں گے جو ہماری کمپنی پر بھروسہ رکھتے ہیں اور کمپنی کے ملازمین کی خدمات، وفاداری، اور کوششوں کے لیے ان سے اظہار تشکر کرنا چاہتے ہیں اور امید کرتے ہیں کہ وہ اس کام کو مستقبل میں جاری رکھیں گے۔

ڈائریکٹر

چیف ایگزیکٹو

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# FINANCIAL HIGHLIGHTS

Rupees in Millions

	2014/15	2015/16	2016/17
<b>Result of Operations</b>			
Net Sales	22,575	13,854	16,148
Gross Profit	5,126	4,194	4,320
Operating Income	4,975	3,975	4,091
Financial Charges	(1,884)	(1,219)	(1,093)
Tax (Taxation) / Reversal	-	-	1
Net Income	3,090	2,756	3,000
<b>Financial Position at Year-end:</b>			
Capital	3,673	3,673	3,673
Accumulated profit	3,710	3,619	5,517
Net Worth	7,383	7,293	9,190
Fixed Assets	13,387	12,815	12,000
Long Term Deposits & Advances	11	9	5
Current Assets	10,849	8,857	11,809
Total Assets	24,247	21,681	23,814
Long Term Liabilities	9,172	7,507	5,574
Current Liabilities	7,692	6,881	9,050
Net Interest-Bearing Debt	15,946	13,272	13,901
Per Share Net Income	8.41	7.50	8.17
Cash Dividends	7.50	7.75	3.00
Dividend payout ratio	89%	103%	37%
<b>Financial Measures</b>			
ROE	41.86%	37.80%	32.64%
Shareholders' Equity Ratio	30.45%	33.64%	38.59%
Net Debt Equity Ratio (times)	2.16	1.82	1.51
Current Ratio	1.41	1.29	1.30
<b>Common Stock</b>			
Number of Shares Outstanding at Year-End	367,346,939	367,346,939	367,346,939

# FINANCIAL HIGHLIGHTS

	2017/18	2018/19	2019/20
<b>Result of Operations</b>			
Net Sales	16,594	15,021	13,023
Gross Profit	4,640	5,076	6,756
Operating Income	4,453	4,759	6,640
Financial Charges	(1,046)	1,342	2,034
Tax (Taxation) / Reversal	-	-	-
Net Income	3,406	3,417	4,606
<b>Financial Position at Year-end:</b>			
Capital	3,673	3,673	3,673
Accumulated profit	8,556	10,687	15,292
Net Worth	12,229	14,360	18,966
Fixed Assets	11,387	11,495	10,572
Long Term Deposits & Advances	4	3	3
Current Assets	15,015	18,073	20,376
Total Assets	26,406	29,571	30,951
Long Term Liabilities	3,327	716	730
Current Liabilities	10,850	14,494	11,254
Net Interest-Bearing Debt	13,230	14,094	10,993
Per Share Net Income	9.27	9.30	12.54
Cash Dividends	1.00	2.00	-
Dividend payout ratio	11%	22%	0%
<b>Financial Measures</b>			
ROE	27.85%	23.79%	24.28%
Shareholders' Equity Ratio	46.31%	48.56%	61.28%
Net Debt Equity Ratio (times)	1.08	0.98	0.58
Current Ratio	1.38	1.25	1.81
<b>Common Stock</b>			
Number of Shares Outstanding at Year-End	367,346,939	367,346,939	367,346,939



# STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS 2019

## NISHAT CHUNIAN POWER LIMITED YEAR ENDING JUNE 30, 2020

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

1. The total number of Directors are nine (9) as per the following:
  - a. Male: 7
  - b. Female: 2
2. The composition of board is as follows:

Category	Names
Independent Director	Mr. Muhammad Azam
Non-Executive Directors	Ms. Farhat Saleem Mr. Aftab Ahmad Khan Mr. Muhammad Ashraf Syed Tariq Ali Ms. Ayesha Shahzad Mr. Babar Ali Khan (appointed as Director in place of Mr. Shahzad Saleem (resigned) on 10 August 2020) Mr. Rehmat Naveed Elahi (appointed as Director in place of Mr. Shabbir Ahmad (deceased) on 10 August 2020)
Executive Director	Mr. Farrukh Ifzal (Chief Executive Officer)

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this company; by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations;
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;
9. Ms. Farhat Saleem meets the exemption criteria of minimum of 14 years of education and 15 years of experience on the Boards of listed companies, hence is exempt from Directors' Training program. Further, the

Board has arranged Directors' Training program for the following:

<b>Names of Directors</b>
Mr. Farrukh Ifzal Mr. Aftab Ahmad Khan Mr. Muhammad Azam

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

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

**a) Audit Committee**

<b>Names</b>	<b>Designation held</b>
Mr. Muhammad Azam	Chairman
Mr. Aftab Ahmad Khan	Member
Mr. Rehmat Naveed Elahi	Member

**b) HR and Remuneration Committee**

<b>Names</b>	<b>Designation held</b>
Mr. Muhammad Azam	Chairman
Mr. Aftab Ahmad Khan	Member
Mr. Rehmat Naveed Elahi	Member

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, 2020.

**b) HR and Remuneration Committee**

Two meetings of HR and Remuneration Committee were held during the financial year ended June 30, 2020.

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

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the company;

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

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

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



Sr. No.	Requirement	Explanation of Non-Compliance	Regulation Number
1	<b>Nomination Committee</b> The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	Currently, the Board has not constituted a separate nomination committee and the functions are being performed by the human resource and remuneration committee. The Board shall consider to constitute nomination committee when required.	29
2	<b>Risk Management Committee</b> The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	Currently, the Board has not constituted a risk management committee and senior officers of the Company perform the requisite functions and apprise the Board accordingly. The Board shall consider to constitute risk management committee when required.	30
3	<b>Disclosure of significant policies on website</b> The Company may post key elements of its significant policies, brief synopsis of terms of reference of the Board's committees on its website and key elements of the directors' remuneration policy.	Although these are well circulated among the relevant employees and directors, the Board shall consider posting such policies and synopsis on its website in near future.	35
4	<b>Responsibilities of the Board and its members</b> The Board is responsible for adoption of corporate governance practices by the company.	Non-mandatory provisions of the Regulations are partially complied. The company is deliberating on full compliance with all the provisions of the Regulations.	10(1)

20. There is currently one independent director who possess the requisite competencies, skills, knowledge and experience to discharge and execute his duties competently, as per applicable laws and regulations. As per regulation 6 of the Regulations, each listed company shall have at least two or one third members of the Board, whichever is higher, as independent directors. However, for the purpose of electing independent director, the Board shall be reconstituted not later than expiry of its current term. The election of Board of Directors of the Company is due on October 23, 2020 and compliance shall be made.

**MRS. FARHAT SALEEM**  
Chairperson

September 24, 2020  
Lahore



# INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF NISHAT CHUNIAN POWER LIMITED

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

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We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Nishat Chunian Power Limited (the Company) for the year ended 30 June 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Au-

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2020.

**RIAZ AHMAD & COMPANY**  
**Chartered Accountants**

**Lahore**

**Date: September 24, 2020**

# INDEPENDENT AUDITOR'S REPORT

To the members of Nishat Chunian Power Limited  
Report on the Audit of the Financial Statements

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## Opinion

We have audited the annexed financial statements of Nishat Chunian Power Limited (the Company), which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the 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 statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the 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 30 June 2020 and of the profit, 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 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 notes 12.1.2 and 18.2 to the financial statements which describe the matter relating to litigations with National Transmission and Despatch Company Limited on account of recoverability of delayed payment charges and capacity revenue respectively. Our opinion is not modified in respect of these matters.

## Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the 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 Financial Statements and Auditor's Report Thereon**

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

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the 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 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 statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the 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) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

#### **Other Matter**

The financial statements for the year ended 30 June 2019 were audited by another firm of Chartered Accountants whose auditor's report dated 30 September 2019 expressed un-modified opinion.

The engagement partner on the audit resulting in this independent auditor's report is Mubashar Mehmood.

**RIAZ AHMAD & COMPANY**

**Chartered Accountants**

**Lahore**

**Date: September 24, 2020**

**NISHAT CHUNIAN POWER LIMITED**  
**STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2020**

	Note	2020 (Rupees in thousand)	2019
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital 385,000,000 (2019: 385,000,000) ordinary shares of Rupees 10 each		<u>3,850,000</u>	<u>3,850,000</u>
Issued, subscribed and paid-up share capital	3	3,673,469	3,673,469
Revenue reserve - un-appropriated profit	4	<u>15,292,471</u>	<u>10,686,701</u>
<b>Total equity</b>		<u>18,965,940</u>	<u>14,360,170</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing - secured	5	<u>728,548</u>	<u>716,184</u>
Deferred income	6	<u>1,719</u>	<u>-</u>
		730,267	716,184
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	<u>593,183</u>	<u>382,449</u>
Accrued mark-up / profit	8	<u>377,662</u>	<u>415,160</u>
Short term loan from holding company - unsecured	9	<u>-</u>	<u>-</u>
Short term borrowings	10	<u>9,705,011</u>	<u>10,767,661</u>
Current portion of long term financing	5	<u>559,703</u>	<u>2,610,585</u>
Unclaimed dividend	11	<u>18,940</u>	<u>318,554</u>
		<u>11,254,499</u>	<u>14,494,409</u>
<b>TOTAL LIABILITIES</b>		<u>11,984,766</u>	<u>15,210,593</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	12	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>30,950,706</u>	<u>29,570,763</u>

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

**CHIEF EXECUTIVE**

**CHIEF FINANCIAL OFFICER**

		2020	2019
	Note	(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	10,567,872	11,486,081
Intangible assets	14	4,217	8,530
Long term loans to employees	15	2,447	3,048
Long term security deposits		100	105
		10,574,636	11,497,764
CURRENT ASSETS			
Stores and spares	16	468,803	562,217
Inventories	17	153,368	1,076,755
Trade debts	18	19,006,151	15,430,602
Loans, advances, deposits, prepayments and other receivables	19	697,322	814,584
Income tax receivable		48,080	42,425
Bank balances	20	2,346	146,416
		20,376,070	18,072,999
TOTAL ASSETS		30,950,706	29,570,763

**DIRECTOR**



**NISHAT CHUNIAN POWER LIMITED****STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2020**

	Note	2020 (Rupees in thousand)	2019
Sales	21	13,022,871	15,021,084
Cost of Sales	22	(6,267,119)	(9,945,451)
<b>Gross Profit</b>		<b>6,755,752</b>	<b>5,075,633</b>
Administrative Expenses	23	(144,121)	(201,314)
Other Expenses	24	(3,194)	(228,258)
Other Income	25	31,613	112,565
<b>Profit From Operations</b>		<b>6,640,050</b>	<b>4,758,626</b>
Finance Cost	26	(2,034,280)	(1,342,068)
<b>Profit Before Taxation</b>		<b>4,605,770</b>	<b>3,416,558</b>
Taxation	27	-	-
<b>Profit After Taxation</b>		<b>4,605,770</b>	<b>3,416,558</b>
Earnings Per Share - Basic And Diluted (Rupees)	28	12.54	9.30

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

**NISHAT CHUNIAN POWER LIMITED****STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2020**

	<b>2020</b>	<b>2019</b>
	<b>(Rupees in thousand)</b>	
<b>Profit After Taxation</b>	4,605,770	3,416,558
<b>Other Comprehensive Income</b>		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss	-	-
	-	-
<b>Total Comprehensive Income For The Year</b>	<u>4,605,770</u>	<u>3,416,558</u>

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

**CHIEF EXECUTIVE****DIRECTOR****CHIEF FINANCIAL OFFICER**

**NISHAT CHUNIAN POWER LIMITED**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2020**

	Share Capital	Revenue reserve: Un-appropriated profits (Rupees in thousand)	Total Equity
<b>Balance as at June 30, 2018</b>	<b>3,673,469</b>	<b>8,555,857</b>	<b>12,229,326</b>
Transactions with owners:			
Final dividend for the year ended June 30, 2018 @ Rupees 1.50 per share	-	(551,020)	(551,020)
Interim dividend for the quarter ended December 31, 2018 @ Rupee 1.00 per share	-	(367,347)	(367,347)
Interim dividend for the quarter ended March 31, 2019 @ Rupee 1.00 per share	-	(367,347)	(367,347)
	-	(1,285,714)	(1,285,714)
Profit for the year	-	3,416,558	3,416,558
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	3,416,558	3,416,558
<b>Balance as at June 30, 2019</b>	<b>3,673,469</b>	<b>10,686,701</b>	<b>14,360,170</b>
Profit for the year	-	4,605,770	4,605,770
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	4,605,770	4,605,770
<b>Balance as at June 30, 2020</b>	<b>3,673,469</b>	<b>15,292,471</b>	<b>18,965,940</b>

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER



# NISHAT CHUNIAN POWER LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 (Rupees in thousand)	2019
<b>Cash Flows From Operating Activities</b>			
<b>Cash generated from operations</b>	29	5,141,322	2,607,485
Finance cost paid		(2,071,619)	(1,222,142)
Net decrease in long term loans to employees		608	947
Income tax paid		(5,655)	(27,464)
Decrease in long term security deposits		5	-
Retirement benefits paid		(6,455)	(8,290)
Profit on bank deposits received		9,476	2,966
<b>Net cash generated from operating activities</b>		<b>3,067,682</b>	<b>1,353,502</b>
<b>Cash Flows From Investing Activities</b>			
Capital expenditure on property, plant and equipment		(89,054)	(1,194,073)
Proceeds from disposal of property, plant and equipment		276,416	6,520
<b>Net cash from / (used in) investing activities</b>		<b>187,362</b>	<b>(1,187,553)</b>
<b>Cash Flows From Financing Activities</b>			
Proceeds from long term financing		17,225	-
Repayment of long term financing		(2,054,075)	(2,246,839)
Short term loans obtained from holding company		8,996,618	5,480,000
Repayment of short term loans from holding company		(8,996,618)	(5,480,000)
Dividend paid		(299,614)	(982,659)
<b>Net cash used in financing activities</b>		<b>(2,336,464)</b>	<b>(3,229,498)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>918,580</b>	<b>(3,063,549)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>(10,621,245)</b>	<b>(7,557,696)</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>(9,702,665)</b>	<b>(10,621,245)</b>
<b>Cash And Cash Equivalents</b>			
Bank balances		2,346	146,416
Short term borrowings		(9,705,011)	(10,767,661)
		<b>(9,702,665)</b>	<b>(10,621,245)</b>

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

# NISHAT CHUNIAN POWER LIMITED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### 1. THE COMPANY AND ITS OPERATIONS

Nishat Chunian Power Limited ('the Company') is a public Company limited by shares incorporated in Pakistan on 23 February 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 21 July 2010.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

#### 2.1 Basis of preparation

##### a) Statement of compliance

These 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:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

##### b) Accounting convention

These financial statements have been prepared on historical cost basis, except as otherwise stated in respective accounting policies.

##### c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

##### Taxation

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws and the decisions by appellate authorities on certain issues in the past.

##### Useful lives, pattern of economic benefits and impairment

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of the assets for possible impairments on an annual basis. If such indication exists assets recoverable amount is estimated in order to determine the extent of impairment loss, if any. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.



**d) Standard, interpretation and amendments to published approved accounting standards that are effective in current year and are relevant to the Company**

Following standard, interpretation and amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2019:

- IFRS 16 'Leases'
- IFRS 9 (Amendments) 'Financial Instruments'
- IFRIC 23 'Uncertainty over Income Tax Treatments'
- IASB's Annual Improvements to IFRSs: 2015 – 2017 Cycle

The above mentioned accounting standards did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**e) Standard and amendments to published approved accounting standards that are effective in current year but not relevant to the Company**

There are other standard and amendments to published standards that are mandatory for accounting period beginning on or after 01 July 2019 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

**f) Amendments to published approved accounting standards that are not yet effective but relevant to the Company**

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2020 or later periods:

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing general purpose financial statements in accordance with IFRS.

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework. The new Framework: reintroduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefits—this lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS standard and does not override any standard, so nothing will change in the short term. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRS. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 1 January 2020 for preparers that develop an accounting policy based on the Framework.

Interest Rate Benchmark Reform which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate



benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform.

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 1 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarify what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

- IFRS 9 'Financial Instruments' – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 'Leases' – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 'Leases' by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.



The above amendments and improvements do not have a material impact on the financial statements.

**g) Standards and amendments to published approved accounting standards that are not yet effective and not considered relevant to the Company**

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2020 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

**2.2 Property, plant and equipment**

**2.2.1 Operating fixed assets**

Operating fixed assets, except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. Residual values and estimated useful lives are reviewed at each reporting date, with the effect of changes in estimate accounted for on prospective basis.

Depreciation on operating fixed assets, other than identifiable capital spares in plant and machinery, is charged to 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. Depreciation on additions is charged for the full month in which the asset is available for use and on deletion up to the month immediately preceding the deletion.

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 and other comprehensive income during the period in which they are incurred.

An item of operating fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. 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.

**2.2.2 Capital work-in-progress**

Capital work-in-progress is stated at cost less identified impairment losses, if any. 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.

**2.2.3 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.

**2.2.4 Intangible assets**

Intangible assets, which are non-monetary assets without physical substance, are recognized at cost, which comprise purchase price, non-refundable purchase taxes and other directly attributable expenditures relating to their implementation and customization. After initial recognition, an intangible asset is carried at cost less accumulated amortization and impairment losses, if any. Intangible assets are amortized from the month, when these assets are available for use, using the straight line method, whereby the cost of the intangible asset is amortized over its estimated useful



life over which economic benefits are expected to flow to the Company. The useful life and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

### 2.3 IFRS 16 "Leases"

The Company has adopted IFRS 16 from 01 July 2019. The standard replaces IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognized in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognized lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17, as the operating expense is now replaced by interest expense and depreciation in the statement of profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The adoption of IFRS 16 has no financial impact on the financial statements of the Company.

#### **Exemption from requirements of IFRS 16 to the extent of Power Purchase Agreement (PPA)**

The Securities and Exchange Commission of Pakistan (SECP) vide SRO 986(I)/2019 dated 02 September 2019 has granted exemption from the requirements of IFRS 16 'Leases' to all companies, which have entered into power purchase agreements before 01 January 2019. Therefore, the Company is not required to account for the portion of its Power Purchase Agreement (PPA) with National Transmission and Dispatch Company Limited ('NTDC') as a lease under IFRS 16 'Leases'. However, if the Company followed IFRS 16, the effect on the financial statements would be as follows:

	2020 (Rupees in thousand)	2019
De-recognition of property, plant and equipment	<u>(10,347,142)</u>	<u>(11,167,862)</u>
Recognition of lease debtor	<u>9,305,809</u>	<u>12,567,265</u>
De-recognition of trade debts	<u>(5,318,786)</u>	<u>(5,880,475)</u>
Decrease in un-appropriated profit at the beginning of the year	(4,481,072)	(2,379,012)
Decrease in profit for the year	<u>(1,879,048)</u>	<u>(2,102,060)</u>
Decrease in un-appropriated profit at the end of the year	<u>(6,360,120)</u>	<u>(4,481,072)</u>

#### **Right-of-use assets**

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.



The Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to income as incurred.

#### **Lease liabilities**

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use asset, or to statement of profit or loss if the carrying amount of the right-of-use asset is fully written down.

## **2.4 Investments and other Financial assets**

### **a) Classification**

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized 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 other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, 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. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

### **b) 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, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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



**Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

**Fair value through other comprehensive income (FVTOCI)**

Financial 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 FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment 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 other comprehensive income is reclassified from equity to profit or loss and recognised in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income / (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

**Fair value through profit or loss (FVTPL)**

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

**Equity instruments**

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

**Fair value through other comprehensive income (FVTOCI)**

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

**Fair value through profit or loss (FVTPL)**

Changes in the fair value of equity investments at fair value through profit or loss are recognised in other income / (other expenses) in the statement of profit or loss and as applicable.

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.

**2.5 Financial liabilities – Classification and measurement**

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and



foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

## **2.6 Impairment of Financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For receivables other than those due from the Government of Pakistan, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

## **2.7 De-recognition of Financial assets and Financial liabilities**

### **a) Financial assets**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

### **b) Financial liabilities**

The Company derecognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

## **2.8 Offsetting of Financial instruments**

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

## **2.9 Functional and presentation currency**

Items included in the 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. Figures are rounded off to the nearest thousands of Pak Rupees.

## **2.10 Foreign currency transactions and translation**

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at 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 charged or credited to statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

## **2.11 Employee benefits**

### **Short term obligations**

Liabilities for wages and salaries including non-monetary benefits 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.



### **Defined contribution plan**

The Company operates a contributory provident fund scheme covering all regular employees. Equal monthly contributions are made by the Company and employees to the fund at the rate of 8.33% of basic salary of employees.

#### **2.12 Inventories**

Inventories except for those in transit and furnace oil 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. Furnace oil is valued at lower of cost based on First-In First-Out (FIFO) method and net realizable value.

Net realizable value is determined on the basis of estimated selling price in the ordinary course of business less estimated cost of completion and the estimated cost necessary to make the sale. Provision for obsolete and slow moving inventories is made based on management's estimate.

#### **2.13 Stores and spares**

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

#### **2.14 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 obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

#### **2.15 Contingent assets**

Contingent assets are disclosed when the Company has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization becomes certain.

#### **2.16 Contingent liabilities**

Contingent liability is disclosed when the Company has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the financial statements.

#### **2.17 Taxation**

##### **2.17.1 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 clause at current rates of taxation after taking into account, tax credits and rebates available, if any.

#### **2.17.2 Deferred**

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets 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 utilized.

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 reporting date. Deferred tax is charged or credited in the profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax has not been provided in these financial statements as the management believes that the temporary differences will not reverse in the foreseeable future due to the fact that the Company remains exempt from taxation under clause 132 of Part I and clause 11A of Part IV of Second Schedule to the Income Tax Ordinance, 2001.

#### **2.18 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

#### **2.19 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. Finance costs are accounted for on an accrual basis and are reported under accrued finance cost to the extent of the amount remaining unpaid.

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 reporting date.

#### **2.20 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.

#### **2.21 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. SECP through SRO 985(I)/2019 dated 02 September 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 30 June 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 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 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 profit or loss.

#### **2.22 Trade debts**

Trade debts are amounts due from NTDC/CPPA-G in the ordinary course of business. 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.

#### **2.23 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.

#### **2.24 Trade and other payables**

Liabilities for trade and other amounts payable are initially recognized at fair value which is normally the transaction cost.

#### **2.25 Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which assets carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the profit or loss.

#### **2.26 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.

## 2.27 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of fixed assets are included in non-current liabilities as deferred income and are credited to profit or loss over the expected lives of the related assets.

## 2.28 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

## 2.29 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

# 3 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2020	2019		2020	2019
(Number of shares)			(Rupees in thousand)	
		Ordinary shares of Rupees 10		
		each fully paid-up in cash		
<u>367,346,939</u>	<u>367,346,939</u>		<u>3,673,469</u>	<u>3,673,469</u>

3.1 187,585,820 (2019: 187,585,820) ordinary shares of the Company are held by Nishat (Chunian)

## 3.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure and makes adjustments to it in the light of changes in economic conditions, 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 notes 5, 9 and 10 to these financial statements, less bank balances as disclosed in note 20 to these financial statements. Total capital employed includes equity as shown in the statement of financial position, plus net borrowings.

	2020	2019
	(Rupees in thousand)	
Long term financing (Note 5)	1,288,251	3,326,769
Short term borrowings (Note 9 and 10)	9,705,011	10,767,661
Less: bank balances (Note 20)	2,346	146,416
Net borrowings	10,990,916	13,948,014
Equity	18,965,940	14,360,170
Capital and net borrowings	29,956,856	28,308,184
Gearing ratio	36.69%	49.27%

In accordance with the terms of agreement with the lenders of long term finances (as referred to in note 5 to these 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.

#### 4 REVENUE RESERVE

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.

	2020	2019
	(Rupees in thousand)	

#### 5 LONG TERM FINANCING - SECURED

##### 5.1 From banking companies

Senior facility (Note 5.3 and 5.5 )	1,126,820	2,676,419
Term finance facility (Note 5.4 and 5.5 )	145,874	650,350
Loan under SBP Refinance Scheme (Note 5.6 )	15,557	-
	1,288,251	3,326,769
Less: Current portion shown under current liabilities	(559,703)	(2,610,585)
	728,548	716,184



	2020	2019
	(Rupees in thousand)	
<b>5.2</b> The reconciliation of carrying amounts is as follows:		
Balance as at 01 July	3,326,769	5,573,608
Add: Obtained during the year	15,557	-
Less: Repayments during the year	(2,054,075)	(2,246,839)
	1,288,251	3,326,769
Less: Current portion shown under current liabilities	(559,703)	(2,610,585)
Balance as at 30 June	728,548	716,184

### 5.3 Senior facility

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

National Bank of Pakistan	193,964	460,701
Habib Bank Limited	259,758	616,974
Allied Bank Limited	259,758	616,974
United Bank Limited	259,758	616,974
Faysal Bank Limited	117,103	278,142
Summit Bank Limited	15,200	36,121
Sindh Bank Limited	21,279	50,533
	1,126,820	2,676,419
Less: Current portion shown under current liabilities	556,510	2,106,108
	570,310	570,311

### 5.4 Term finance facility

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

National Bank of Pakistan	25,110	111,947
Habib Bank Limited	33,627	149,920
Allied Bank Limited	33,627	149,920
United Bank Limited	33,627	149,920
Faysal Bank Limited	19,883	88,643
	145,874	650,350
Less: Current portion shown under current liabilities	-	504,477
	145,874	145,873

- 5.5** This represents long term financing obtained from a consortium of banks led by United 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 exclusive charge on immovable property, mortgage of project receivables (excluding energy payment receivables), hypothecation of all present and future assets and all properties of the Company (excluding working capital hypothecated property), lien over project bank accounts and pledge of shares held by the holding company in Nishat Chunian 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 ranges from 14.22% to 16.85% (2019: 9.92% to 13.99%) per annum. The loan is repayable in forty unequal quarterly installments commenced on 01 October 2010 and ending on 01 July 2021. The lenders have sanctioned deferment of repayment of principal long term financing amount by one year in accordance with the State Bank of Pakistan BPRD Circular Letter No. 13 of 2020 dated 26 March 2020. Pursuant to the Implementation Agreement, the Company is required to submit to Private Power & Infrastructure Board (PPIB) a revised schedule or term sheet setting forth the revised repayment schedule and any other material modification relating to repayment obligations, not less than thirty (30) days prior to execution of such amendment or modification. Subsequent to the reporting period, the Company has corresponded with PPIB in this regard and as per legal opinion of the Company's lawyer, the Company may proceed with execution of the deferment agreement. Consequently, the long term financing presented in these financial statements is based on revised repayment terms.



- 5.6** These term finance facilities, aggregating to Rupees 17.225 million are obtained by the Company under SBP refinance scheme for payment of wages and salaries to workers and employees of business concerns. These are secured against hypothecation charge on the present and future current assets of the Company, including fuel stocks, inventories and energy price payment receivables from NTDC and demand promissory notes by the Company. These finance facilities are payable in 8 equal quarterly installments commencing from 31 January 2021 and ending on 31 October 2022. Mark-up is payable quarterly at the rate of SBP refinance rate plus 3.00% per annum. These loans are recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustments are recognized at discount rates of 11.15% and 11.18% per annum.

**2020**                      **2019**  
**(Rupees in thousand)**

**6 DEFERRED INCOME - GOVERNMENT GRANT**

Recognized during the year	1,827	-
Amortized during the year (Note 25)	(108)	-
	<u>1,719</u>	<u>-</u>

- 6.1** The State Bank of Pakistan (SBP), through its Circular No. 06 of 2020 dated 10 April 2020 has introduced a temporary refinance scheme for payment of wages and salaries to the workers and employees of business concerns (the Refinance Scheme). The refinance scheme is funded by SBP. Borrowers can obtain loans from the banks and ease their cash flow constraints to avoid layoffs. One of the key feature of the refinance scheme is that borrowers can obtain loan at mark-up rates that are below normal lending rates. As per International Accounting Standard (IAS) 20 'Accounting for Government Grants and Disclosure of Government Assistance, the benefit of a Government loan at a below-market rate of interest is treated as a Government Grant. The Company has obtained this loan as disclosed in note 5 to the financial statements. In accordance with IFRS 9 'Financial Instruments' loan obtained under the refinance scheme was initially recognised at its fair value which is the present value of loan proceeds received, discounted using prevailing market rates of interest for a similar instrument. Hence, the benefit of the below-market rate of interest has been measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. This benefit is accounted for and presented as deferred grant in accordance with IAS 20. The grant is being amortised in the statement of profit or loss, in line with the recognition of interest expense the grant is compensating.

**2020**                      **2019**  
**(Rupees in thousand)**

**7 TRADE AND OTHER PAYABLES**

Creditors	60,468	173,956
Accrued liabilities	34,930	33,277
Workers' profit participation fund payable (Note 7.1)	401,142	170,853
Workers' welfare fund (Note 7.2)	92,115	-
Income tax deducted at source	1,064	743
Payable to employees provident fund trust	2,019	-
Others	1,445	3,620
	<u>593,183</u>	<u>382,449</u>



	2020	2019
	(Rupees in thousand)	
<b>7.1 Workers' profit participation fund payable</b>		
Balance as at 01 July	170,853	170,344
Allocation for the year (Note 19.1)	230,289	170,828
Payments made during the year	-	(170,319)
Balance as at 30 June	401,142	170,853

**7.2 Workers' welfare fund**

Provision for the year	92,115	-
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**8 ACCRUED MARK-UP / PROFIT**

Long term financing - secured	45,018	116,427
Short term borrowings - secured	327,322	298,673
Short term loan from holding company - unsecured	5,322	60
	377,662	415,160

**9 SHORT TERM LOAN FROM HOLDING COMPANY - UNSECURED**

This represented short term loan from holding company to meet the working capital requirements of the Company. This carries mark-up at the rate of three months KIBOR or borrowing cost of the holding company, whichever is higher. The effective rate of mark-up charged during the year on outstanding balance was 13.22% to 15.85% (2019: 12.86%) per annum. The reconciliation of the carrying amount is as follows:

	2020	2019
	(Rupees in thousand)	
Opening balance	-	-
Add: Received during the year	8,996,618	5,680,000
	8,996,618	5,680,000
Less: Repaid during the year	8,996,618	5,680,000
	-	-

**10 SHORT TERM BORROWINGS**

**From banking companies and financial institution - Secured**

Running finances (Note 10.1)	6,306,349	2,439,211
Money market loans (Note 10.2)	-	4,288,803
Term finance (Note 10.3)	500,000	-
Running musharakah and murabaha (Note 10.4)	2,898,662	4,039,647
	9,705,011	10,767,661

- 10.1** These running finance facilities are obtained from commercial banks under mark-up arrangements amounting to Rupees 6,416.667 million (2019: Rupees 7,250 million). These facilities are available at mark-up rates ranging from one month to six months KIBOR plus 0.15% to 2% (2019: six months KIBOR plus 0.15% to 2%) per annum, payable quarterly. These facilities are secured against first joint pari passu hypothecation charge on the present and future current assets of the Company including fuel stocks, inventories and energy price payment receivables from NTDC. The mark-up rate charged during the year on the outstanding balance ranges from 9.33% to 15.84% (2019: 7.08% to 13.80%) per annum.

- 10.2** These loans are available to the Company as a sub-facility to the running finance facilities at mark-up rates ranging from one month to six months KIBOR plus 0.05% to 0.50% (2019: six months KIBOR plus 0.05% to 0.50%) per annum. These loans are secured against first joint pari passu hypothecation charge on the present and future current assets of the Company comprising of fuel stocks, inventories and energy price payment receivables from NTDC. The mark-up rate charged during the year on the outstanding balance ranges from 10.81% to 14.16% (2019: 7.12% to 13.12%) per annum.
- 10.3** This facility is obtained from a financial institution under mark-up arrangement amounting to Rupees 500 million (2019: Rupees Nil). This facility is secured against first joint pari passu charge on current assets of the Company including fuel stocks, inventories and energy price payment receivables from NTDC. It carries mark-up at the rate of three months KIBOR plus 2% (2019: Nil), payable on quarterly basis. The mark-up rate charged during the year on the outstanding balance ranges from 13.19% to 15.35% (2019: Nil) per annum.

These murabaha and musharaka facilities are obtained from Islamic banks aggregating to Rupees 6,400 million (2019: Rupees 5,500 million) at profit rates ranging from one month to six months KIBOR plus 0.1% to 2.5% (2019: six months KIBOR plus 0.1% to 1%) per annum. Profit on murabaha is payable at the maturity of the respective murabaha transaction, whereas, the profit on

- 10.4** musharaka is payable quarterly on the balance outstanding. The facilities are secured against first joint pari passu hypothecation charge on the present and future current assets of the Company comprising of fuel stocks, inventories and energy price payment receivables from NTDC. The profit rate charged during the year on the outstanding balance ranges from 9.33% to 14.86% (2019: 7.03% to 13.30%) per annum.

## **11 UNCLAIMED DIVIDEND**

As at the reporting date, the Company is in the process of complying with the provision of section 244 of the Companies Act, 2017.

## **12 CONTINGENCIES AND COMMITMENTS**

### **12.1 Contingencies**

#### **12.1.1 Contingent liabilities:**

i) Assistant Commissioner Inland Revenue ('ACIR') has raised a demand of Rupees 1,161.548 million through its order dated 28 November 2013 by disallowing input sales tax for the tax periods from July 2010 to June 2012. Such amount was disallowed on the grounds that the revenue derived by the Company on account of 'capacity purchase price' was against a non-taxable supply and thus, the entire amount of 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 purchase price' admissible to the Company.

Against the aforesaid order, the Company preferred an appeal on 10 December 2013 before the Commissioner Inland Revenue (Appeals) ['CIR(A)'] who vacated the ACIR's order on the issue regarding apportionment of input sales tax. However, CIR(A) did not adjudicate upon the Company's other grounds of appeal. Consequently, the Company preferred an appeal on 17 March 2014 before the Appellate Tribunal Inland Revenue ('ATIR') on the issues not adjudicated upon by the CIR(A) and the Federal Board of Revenue ('tax department') also preferred an appeal on 08 May 2014 before the ATIR against the CIR(A)'s order. The ATIR decided the case in favour of the Company on 11 September 2018. However, the tax department has filed a sales tax reference with Honourable Lahore High Court against the decision which is pending adjudication.



Furthermore, the Deputy Commissioner Inland Revenue ('DCIR') issued a show cause notice on 12 November 2014 whereby intentions were shown to raise a sales tax demand of Rupees 1,093.262 million by disallowing input sales tax claimed by the Company for the tax periods from July 2010 to June 2012 on similar grounds as explained above. The Company agitated the initiation of such proceedings through institution of a writ petition before the Honourable Lahore High Court, Lahore on 23 July 2015. The Honourable Lahore High Court disposed off the petition in the Company's favour through its order dated 31 October 2016, by stating that there is no supply being made against capacity purchase price, hence, there is no existence of an "exempt supply". Accordingly, the Company is free to reclaim or deduct input tax under the relevant provisions of Sales Tax Act, 1990. However, the tax department filed a review petition before the Honourable Lahore High Court on 09 January 2017 and an appeal before the Honourable Supreme Court of Pakistan on 24 November 2017 against the aforementioned Honourable Lahore High Court's order, both of which are pending adjudication.

For the period July 2013 to June 2014, Company's case was selected for audit by the tax department, which selection was objected to, on jurisdictional basis, by Company by way of filing a writ petition before the Honourable Lahore High Court on 20 November 2015. While, the Honourable Lahore High Court has allowed the tax department to proceed with audit proceedings, it has been directed that no adjudication order, consequent to conduct of audit, shall be passed after confronting the audit report. The audit proceedings were completed by the tax department during the financial year 2016 and audit report thereof was submitted to the Company seeking explanations in regard to the issues raised therein. In the subject audit report, an aggregate amount of Rupees 631.769 million primarily including a disallowance of input sales tax of Rupees 622.263 million has been confronted on same grounds as explained above. The Honourable Lahore High Court through its order dated 9 January 2017 has allowed initiation of adjudication proceedings after issuance of audit report. On 17 May 2017, the DCIR issued a showcause notice as to why sales tax of the aforesaid amount of Rupees 631.769 million alongwith default surcharge should not be recovered from the Company. The Company filed a representation in this regard with the Chairman, Federal Board of Revenue. The Chairman, Federal Board of Revenue disposed of the case on the grounds that it did not invoke any provision of section 7 of the FBR Act 2007 as no issue of misadministration is involved therein. The Company then challenged the show cause notice before the Honourable Lahore High Court. The Honourable Lahore High Court declared on 9 November 2018 that the show cause notice was issued without having jurisdiction. No further notice has been received with regard to this case as of now.

ii) During the year ended 30 June 2019, the Commissioner Inland Revenue ('CIR') has raised a demand of Rupees 104.977 million against the Company through his order dated 16 April 2019, mainly on account of input tax claimed on inadmissible expenses in sales tax return for the various tax periods and sales tax default on account of suppression of sales related to various tax periods. 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. The ATIR decided the case against the Company vide its order dated 6 May 2020. The Company has filed sales tax reference before the Honourable Lahore High Court, Lahore which is pending adjudication. Management has strong grounds to believe that the case will be decided in favour of the Company. Therefore, no provision has been made in these financial statements.

iii) An amendment order dated 31 August 2017 was issued by the DCIR under section 122 of the Income Tax Ordinance, 2001 for tax year 2014 whereby income tax of Rupees 191.536 million was levied on other income, interest on delayed payments from NTDC, minimum tax on capacity sales, scrap sales and sale proceeds of fixed assets' disposal, and WWF was also levied of Rupees 12.946



million. Against the aforesaid order, the Company preferred an appeal on 25 September 2017 before the CIR(A) and the learned CIR(A) passed an order on 2 February 2018, declaring that the levy of income tax on interest on delayed payments from NTDC and minimum tax on capacity sales is not justified, while directing the Company to pay income tax aggregating to Rupees 1.466 million on profit on debt, miscellaneous income, capital gain on disposal of securities, minimum tax on scrap sales and fixed assets' disposal and WWF of Rupees 4.552 million. The Company and tax department both have filed appeals on 8 March 2018 and 26 March 2018 respectively, before the ATIR against the order of CIR(A) that are pending adjudication.

Further, another amendment order dated 15 December 2014 was issued by Additional Commissioner Inland Revenue under section 122 of the Income Tax Ordinance, 2001 for tax year 2013 whereby income tax of Rupees 25.340 million was levied on interest income and minimum tax on capacity sales and disallowed the tax credit under section 65B of the Income Tax Ordinance, 2001 amounting to Rupees 4.027 million. Against the aforesaid order, the Company preferred an appeal before CIR(A) on 23 January 2015 and the learned CIR(A) passed an order on 03 April 2015, declaring that income tax on interest income and minimum tax on capacity sales is not justified, while upheld to disallow the tax credit under section 65B of the Income Tax Ordinance, 2001. The Company and tax department both have filed appeals before the ATIR against the order of CIR(A) which is pending adjudication.

Furthermore, another amendment order dated 13 June 2018 was issued by the ACIR under section 122 of the Income Tax Ordinance, 2001 for tax year 2012 and subsequently, rectification order dated 27 June 2018 under section 221 of the Income Tax Ordinance, 2001 was issued whereby income tax of Rupees 50.063 million was levied mainly comprising minimum tax on capacity sales. The Company filed an appeal on 26 July 2018 before the CIR(A) against the aforesaid orders. The CIR(A), through its order dated 12 September 2018, has decided the case in favour of the Company. However, the tax department has filed an appeal before the ATIR against the order of the CIR(A) which is pending adjudication.

The management 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 for the abovementioned amounts aggregating Rupees 283.912 million.

iv) For the period from July 2015 to June 2016, the Company's case was selected for sales tax audit by the tax department. The tax department conducted the audit and the Deputy Commissioner Inland Revenue - Audit [DCIR (Audit)] issued the audit report on 18 September 2019 in which observations involving sales tax amounting to Rupees 530.207 million were raised and comments were sought thereon from the management of the Company. The main observation was apportionment of sales tax which is already decided in favour of the Company by the Honorable Lahore High Court, Lahore in the previous case. The Company submitted detailed reply on all the observations. DCIR (Audit) has further issued a show cause notice to the Company on 8 October 2019 with the same amount. The Company submitted detailed reply of the show cause notice but DCIR (Audit) issued final order on 27 November 2019 involving sales tax amounting to Rupees 530.207 million. The Company has filed an appeal before CIR(A) against the above mentioned order of the DCIR (Audit). The CIR(A) vide its order dated 4 March 2020 accepted the stance of the Company on main observation of apportionment of sales tax and remanded back the case for rest of observations to DCIR (Audit) which is pending adjudication.



v) During the year ended 30 June 2019, National Electric Power Regulatory Authority (NEPRA) issued a letter dated 13 February 2019 to the Company along with other Independent Power Producers to provide rationale of abnormal profits earned since Commercial Operations Date (COD). The Company's request for extension to respond to the show cause notice was declined and NEPRA initiated suo moto proceedings against the Company vide its letter dated 8 March 2019 and 20 May 2019 ('impugned letters'). The Company filed suit in Islamabad High Court against NEPRA's initiation of suo moto proceedings on the grounds that initiation of these proceedings is without jurisdiction as legislature did not provide suo moto jurisdiction to NEPRA. On 21 May 2019, Islamabad High Court suspended the operation of the impugned letter and further provided the interim relief by suspending the suo moto proceedings and suit is still pending adjudication. Based on the facts and law, the Company expects no outflow at this stage and consequently, no provision has been made in these financial statements.

vi) Letter of guarantees of Rupees 19.152 million (30 June 2019: Rupees 20.978 million) are given by the banks of the Company to Director, Excise and Taxation, Karachi under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess.

### 12.1.2 Contingent asset:

i) On 29 July 2017, the Company instituted arbitration proceedings against National Transmission and Despatch Company Limited (NTDC) / Government of Pakistan by filing a Request for Arbitration ('RFA') with the London Court of International Arbitration ('LCIA') (the 'Arbitration Proceedings') for disallowing delayed payment charges on outstanding delayed payment invoices and other deductions made from delayed payment invoices. The Company believes it is entitled to claim delayed payment charges on outstanding delayed payments receivable from NTDC as per terms of the PPA and the other deductions made by NTDC. 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 receivable.

The LCIA appointed a sole Arbitrator and hearings were also held on 19 and 20 February 2018. On 16 April 2018, the Arbitrator has issued Final Partial Award in which he has rejected the NTDC's objection to the maintainability of the Arbitration Proceedings. Aggrieved of the decision, NTDC filed a civil suit against the Final Partial Award in the Court of Senior Civil Judge, Lahore. The civil suit is pending adjudication.

Hearings on merits were held in London and Final Partial Award dated 22 April 2019 was issued on 25 July 2019 in favour of the Company. The Company filed an application seeking interest on the amount awarded to the Company and costs of the arbitration. However, on 23 August 2019, NTDC filed another civil suit in the Court of the Senior Civil Judge, Lahore against the Final Partial Award. The second civil suit is also pending adjudication.

On 12 September 2019, the Memorandum of Corrections to the Final Partial Award has been issued which corrected the Final Partial Award to the amount of Rupees 1,518.767 million.

On 28 October 2019, the Arbitrator declared his Final Award whereby he ordered NTDC to pay to the Company in addition to the amount determined in Final Partial Award: i) Rupees 332.402 million being interest on Final Partial Award; ii) Rupees 27.302 million as the costs awarded in the Award; iii) Rupees 7.675 million as the amount of the costs awarded in respect of Interim Award and iv) Interest at KIBOR plus 4.5% per annum compounded semi-annually from the date of Final Award until payment of these amounts by NTDC that works out to Rupees 569.233 million upto 30 June 2020.

	2020 (Rupees in thousand)	2019
<b>12.2 Commitments</b>		
Commitments in respect of other than capital expenditure	-	19,663
<b>13 PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets (Note 13.1)	10,364,069	11,188,998
Capital work-in-progress (Note 13.2)	1,907	3,157
Major spare parts and standby equipment (Note 13.3)	201,896	293,926
	<u>10,567,872</u>	<u>11,486,081</u>

**13** Reconciliation of carrying amounts of operating fixed assets at the beginning and at the end of the year is as follows:

Description	Freehold land	Buildings on freehold land	Plant and machinery	Electric installations	Computer equipment	Office equipment	Furniture and fixtures	Vehicles	TOTAL
At 30 June 2018									
Cost	71,017	194,974	17,714,622	4,510	17,351	37,530	1,009	69,292	18,110,305
Accumulated depreciation	-	(58,044)	(6,583,133)	(2,175)	(12,772)	(30,371)	(729)	(50,659)	(6,737,883)
Net book value	71,017	136,930	11,131,489	2,335	4,579	7,159	280	18,633	11,372,422
Year ended 30 June 2019									
Opening net book value	71,017	136,930	11,131,489	2,335	4,579	7,159	280	18,633	11,372,422
Additions	-	1,891	888,299	-	1,662	-	-	6,940	898,792
Disposals / derecognitions:									
Cost	-	-	(713,354)	-	(801)	-	-	(10,005)	(724,160)
Accumulated depreciation	-	-	713,354	-	590	-	-	9,402	723,346
	-	-	-	-	(211)	-	-	(603)	(814)
Depreciation charge for the year	-	(8,091)	(1,053,672)	(468)	(3,309)	(6,502)	(94)	(9,266)	(1,081,402)
Closing net book value	71,017	130,730	10,966,116	1,867	2,721	657	186	15,704	11,188,998
At 30 June 2019									
Cost	71,017	196,865	17,889,567	4,510	18,212	37,530	1,009	66,227	18,284,937
Accumulated depreciation	-	(66,135)	(6,923,451)	(2,643)	(15,491)	(36,873)	(823)	(50,523)	(7,095,939)
Net book value	71,017	130,730	10,966,116	1,867	2,721	657	186	15,704	11,188,998
Year ended 30 June 2020									
Opening net book value	71,017	130,730	10,966,116	1,867	2,721	657	186	15,704	11,188,998
Additions	-	-	178,046	-	766	-	-	3,604	182,416
Disposals / derecognitions:									
Cost	-	-	(512,670)	-	(2,637)	-	-	(8,277)	(523,584)
Accumulated depreciation	-	-	244,368	-	2,492	-	-	6,904	253,764
	-	-	(268,302)	-	(145)	-	-	(1,373)	(269,820)
Adjustments:									
Cost	-	(87)	-	-	-	-	-	-	(87)
Accumulated depreciation	-	8	-	-	-	449	-	-	457
	-	(79)	-	-	-	449	-	-	370
Depreciation charge for the year	-	(8,100)	(722,286)	(468)	(1,316)	(396)	(90)	(5,239)	(737,895)
Closing net book value	71,017	122,551	10,153,574	1,399	2,026	710	96	12,696	10,364,069
At 30 June 2020									
Cost	71,017	196,778	17,554,943	4,510	16,341	37,530	1,009	61,554	17,943,682
Accumulated depreciation	-	(74,227)	(7,401,369)	(3,111)	(14,315)	(36,820)	(913)	(48,858)	(7,579,613)
Net book value	71,017	122,551	10,153,574	1,399	2,026	710	96	12,696	10,364,069
Annual rate of depreciation (%)	-	4 to 10	4 to 25 and number of hours	10	30	10	10	20	



13.1.1 Detail of operating fixed assets exceeding book value of Rupees 500,000 disposed of during the year is as follows:

Particulars	Cost	Accumulated depreciation	Net book value	Consideration	Gain	Mode of disposal
Rupees in thousand						
<b>Plant and Machinery</b>						
Adamjee Insurance Company Limited	457,951	189,649	268,302	270,039	1,737	Insurance claim
<b>Vehicles</b>						
Sold to: Mr. Mubashar Mukhtar Butt, Lahore	2,000	1,033	967	2,000	1,033	Negotiation
Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000	63,633	63,082	551	4,377	3,826	
	<u>523,584</u>	<u>253,764</u>	<u>269,820</u>	<u>276,416</u>	<u>6,596</u>	

13.1.2 Particulars of immovable properties (i.e. land and buildings) are as follows:

Description	Address	Area of land	Covered area of buildings
Square meter			
Freehold land	Jambar kalan, Tehsil Pattoki, District Kasur, Punjab	99,527	19,782

13.1.3 Fixed assets having cost of Rupees 811.502 million (2019: Rupees 77.316 million) which are fully depreciated but still in the use of the Company.

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

	2020	2019
	(Rupees in thousand)	
Cost of sales (Note 22)	734,165	1,071,581
Administrative expenses (Note 23)	3,278	9,821
	<u>737,443</u>	<u>1,081,402</u>

## 13.2 Capital work-in-progress

Plant and machinery	<u>1,907</u>	<u>3,157</u>
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13.2.1 The reconciliation of the carrying amount is as follows:

Balance as at 01 July	3,157	1,801
Additions during the year	42,085	4,719
	<u>45,242</u>	<u>6,520</u>
Transfers during the year	(43,335)	(3,363)
Balance as at 30 June	<u>1,907</u>	<u>3,157</u>

## 13.3 Major spare parts and standby equipment

13.3.1 The reconciliation of the carrying amount is as follows:

Balance as at 01 July	293,926	-
Additions during the year	22,496	293,926
	<u>316,422</u>	<u>293,926</u>
Transferred to operating fixed assets	(114,526)	-
Charged to consumption	-	-
Balance as at 30 June	<u>201,896</u>	<u>293,926</u>

- 13.4** All property, plant and equipment of the Company is pledged as security for long term financing as disclosed in note 5 to these financial statements.

	2020 (Rupees in thousand)	2019
<b>14 INTANGIBLE ASSETS</b>		
Balance as at 01 July	8,530	12,843
Amortization during the year (Note 14.2)	(4,313)	(4,313)
Balance as at 30 June	4,217	8,530
Annual rate of amortization (%)	20%	20%
<b>14.1</b> Cost as at 30 June	23,952	23,952
Accumulated amortization	(19,735)	(15,422)
Net book value as at 30 June	4,217	8,530
<b>14.2</b> The amortization charge for the year has been allocated as follows:		
Cost of sales (Note 22)	3,613	3,613
Administrative expenses (Note 23)	700	700
	4,313	4,313
<b>14.3</b> All intangible assets of the Company are pledged as security for long term financing as disclosed in note 5 to these financial statements.		
<b>14.4</b> This include intangible asset having cost of Rupees 2.385 million (2019: Rupees 2.385 million) which is fully amortized.		

	2020 (Rupees in thousand)	2019
<b>15 LONG TERM LOANS TO EMPLOYEES</b>		
<b>Considered good:</b>		
Executives (Note 15.1)	3,177	3,785
Current portion shown under current assets (Note 19)	(730)	(737)
	2,447	3,048

- 15.1** Reconciliation of carrying amount of loans to chief executive officer and chief financial officer:

	2020 (Rupees in thousand)	2019
Balance as at 01 July	3,785	4,538
Add: Interest accrued during the year	241	184
	4,026	4,722
Less: Repaid during the year	849	937
Balance as at 30 June	3,177	3,785



- 15.1.1** Maximum aggregate balance due from chief executive officer and chief financial officer at the end of any month during the year was Rupees 3.376 million and Rupees 0.350 million (2019: Rupees 4.019 million and Rupees 0.515 million).
- 15.2** This represents house and car loans to chief executive officer and chief financial officer as per Company's policy and are recoverable within a period of four to ten years commencing from the date of disbursement through monthly deductions from salaries. The loan was sanctioned and disbursed to chief executive officer and chief financial officer in the previous years when they were not the Company's chief executive officer and chief financial officer. These carry interest at the rates ranging from 5.30% to 7.30% per annum (2019: 3.10% to 10.66% per annum). Such loans are secured against the accumulated provident fund balance of the relevant employee.
- 15.3** The fair value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' arising in respect of staff loans is not considered material and hence not recognized.

## **16 STORES AND SPARES**

- 16.1** These include stores in transit of Rupees 0.293 million (2019: Rupees 1.698 million). Most of the items of stores and spares are of interchangeable nature and can be used as machine spares or consumed as stores. Accordingly, it is not practicable to distinguish stores from spares until their actual usage.

	<b>2020</b>	<b>2019</b>
	<b>(Rupees in thousand)</b>	
<b>17 INVENTORIES</b>		
Furnace oil	135,215	1,060,251
Diesel	2,821	5,505
Lubricating oil	15,332	10,999
	<u>153,368</u>	<u>1,076,755</u>
<b>18 TRADE DEBTS</b>		
Other than related parties - considered good	<u>19,006,151</u>	<u>15,430,602</u>

- 18.1** These represent trade receivables from National Transmission and Despatch Company Limited (NTDC) and are considered good. These are secured by a guarantee from the Government of Pakistan (GOP) under the Implementation Agreement and are in the normal course of business and interest free, however, 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 year on outstanding amounts ranged from 10.64% to 18.42% (2019: 10.48% to 17.40%) per annum. Trade debts include unbilled receivables 1261.689 million (2019: Rupees 634.902 million).
- 18.2** Included in trade debts is an amount of Rupees 966.166 million relating to capacity purchase price 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 28 June 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 Honourable 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 25 January 2018, the Honourable Supreme Court of Pakistan 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 Rupees 966.166 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, 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 18 April 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 Honourable Lahore High Court in respect of the decision of the Civil Court, Lahore and the Honourable Lahore High Court passed an order in those proceedings. The Company challenged the Honourable Lahore High Court's order before the Division Bench of Honourable Lahore High Court, which decided the matter in favour of the Company through its order dated 31 May 2017 whereby, the aforementioned order of the Honourable Lahore High Court was suspended.

The Arbitrator, on 08 June 2017, declared his Final Partial 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 Final Partial Award, NTDC challenged the Arbitrator's decision in Lahore Civil Court ("Civil Case 2017"), which suspended the Final Partial Award on 10 July 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 12 August 2017. Along with challenging the Final Partial Award in Lahore Civil Court, NTDC also challenged the same, on 06 July 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 14 August 2017.



The District Judge, Lahore through its order dated 08 July 2017 set-aside the aforementioned orders of the Civil Judge, Lahore dated 18 April 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 Honorable Lahore High Court, which announced a favourable decision and suspended the proceedings of Civil Cases 2015 and 2016 till the final decision of Honorable Lahore High Court; and (ii) GOP / PPIB filed revision petitions in the Honorable Lahore High Court, which are currently pending adjudication.

On 29 October 2017, the Arbitrator declared his Final Award whereby he ordered NTDC to pay to the Company: i) Rupees 966.166 million pursuant to Expert's determination; ii) Rupees 224.229 million being Pre-award interest; iii) Rupees 9.203 million for breach of arbitration agreement; iv) Rupees 1.684 million and USD 612,311 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 semiannually from the date of Final Award until payment of these amounts by NTDC ("the Final Award") that works out to Rupees 420 million upto 30 June 2020.

On 24 November 2017, NTDC challenged the Final Award in Commercial Court of England. On 29 November 2017, the 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 06 July 2017 and 24 November 2017 filed before Commercial Court of England against the Company, pertaining to Final Partial Award and Final Award respectively.

On 04 May 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 04 October 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 Rupees 966.166 million is likely to be recovered by the Company. Consequently, no provision for this amount has been made in these financial statements.

Further, on prudence basis, 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 collectability is certain.

	2020 (Rupees in thousand)	2019
<b>18.3 As at 30 June, age analysis of trade debts is as follows:</b>		
Neither past due nor impaired	3,832,540	3,933,439
Past due but not impaired:		
- 1 to 30 days	479,593	1,215,418
- 31 to 90 days	1,568,892	843,168
- 91 to 180 days	2,711,845	4,389,329
- 181 to 365 days	7,706,905	3,170,670
- Above 365 days	2,706,376	1,878,578
	15,173,611	11,497,163
	19,006,151	15,430,602

	2020	2019
	(Rupees in thousand)	
<b>19 LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>		
Current maturity of long term loans to employees (Note 15)	730	737
Advances to suppliers - unsecured and considered good	111,626	38,855
Sales tax receivable	80,976	378,397
Security deposit	9,032	9,032
Prepayments	1,124	146
Insurance claim receivable	-	52
Recoverable from NTDC as pass through item:		
Workers' profit participation fund (Note 19.1)	401,142	386,307
Workers' welfare fund (Note 19.2)	92,115	-
Others	577	1,058
	<u>697,322</u>	<u>814,584</u>
<b>19.1 Workers' profit participation fund</b>		
Balance as at 01 July	386,307	726,930
Allocation for the year (Note 7.1)	230,289	170,828
	<u>616,596</u>	<u>897,758</u>
Amount received during the year	(215,454)	(509,653)
Reversed against payable	-	(1,798)
	<u>(215,454)</u>	<u>(511,451)</u>
Balance as at 30 June	<u>401,142</u>	<u>386,307</u>
<b>19.2 Workers' welfare fund</b>		
Provision for the year	<u>92,115</u>	<u>-</u>
<b>20 BANK BALANCES</b>		
Cash with banks on:		
Saving accounts (Note 20.1)	1,251	143,887
Current accounts	1,095	2,529
	<u>2,346</u>	<u>146,416</u>
<b>20.1</b> Saving accounts carry profit at the rates ranging from 6.5% to 11.25% (2019: 4.36% to 10.30%) per annum.		
	2020	2019
	(Rupees in thousand)	
<b>21 Sales</b>		
Energy revenue	6,422,928	10,372,388
Less: Sales tax	(937,223)	(1,507,748)
	<u>5,485,705</u>	<u>8,864,640</u>
Capacity revenue	5,503,514	5,063,990
Delayed payment mark-up	2,033,652	1,092,454
	<u>13,022,871</u>	<u>15,021,084</u>



		<b>2020</b>	<b>2019</b>
		<b>(Rupees in thousand)</b>	
<b>22</b>	<b>Cost of Sales</b>		
	Raw material consumed	4,907,341	8,187,008
	Salaries and other benefits (Note 22.1)	144,369	144,492
	Stores and spares consumed	143,388	223,009
	Electricity consumed in-house	19,614	15,673
	Insurance	248,999	215,815
	Travelling and conveyance	19,306	19,662
	Postage and telephone	3,604	3,280
	Repair and maintenance	26,487	44,507
	Entertainment	103	62
	Depreciation on operating fixed assets (Note 13.1.5)	734,165	1,071,581
	Amortization on intangible assets (Note 14.2)	3,613	3,613
	Fee and subscription	3,375	3,279
	Miscellaneous	12,755	13,470
		<u>6,267,119</u>	<u>9,945,451</u>

**22.1** Salaries and other benefits include Rupees 6.384 million (2019: Rupees 6.042 million) in respect of provident fund contribution by the Company.

		<b>2020</b>	<b>2019</b>
		<b>(Rupees in thousand)</b>	
<b>23</b>	<b>Administrative Expenses</b>		
	Salaries and other benefits (Note 23.1)	88,394	92,985
	Travelling and conveyance	5,115	15,540
	Entertainment	2,264	1,071
	Common facilities cost (Note 23.2)	18,900	18,000
	Printing and stationery	381	484
	Postage and telephone	1,507	1,433
	Insurance	677	548
	Vehicle running expenses	2,718	1,612
	Repairs and maintenance	24	67
	Legal and professional	9,179	46,794
	Auditor's remuneration (Note 23.3)	2,876	3,107
	Advertisement	121	84
	Fee and subscription	5,240	4,964
	Depreciation on operating fixed assets (Note 13.1.5)	3,278	9,821
	Amortization on intangible assets (Note 14.2)	700	700
	Miscellaneous	2,747	4,104
		<u>144,121</u>	<u>201,314</u>

**23.1** Salaries and other benefits include Rupees 2.090 million (2019: Rupees 2.248 million) in respect of provident fund contribution by the Company.

**23.2** The amount represents common facilities cost charged to the Company by Nishat (Chunian) Limited

		<b>2020</b>	<b>2019</b>
		<b>(Rupees in thousand)</b>	
<b>23.3</b>	<b>Auditor's remuneration</b>		
	Statutory audit	1,675	1,675
	Half yearly review	875	875
	Tax services	-	231
	Certifications required by various regulations	155	155
	Out of pocket expenses	171	171
		<u>2,876</u>	<u>3,107</u>

		2020 (Rupees in thousand)	2019
<b>24 Other Expenses</b>			
Exchange loss		2,131	22,678
Donations (Note 24.1)		445	203,543
Miscellaneous		618	2,037
Workers' profit participation fund (Note 24.2)		-	-
Workers' welfare fund (Note 24.3)		-	-
		<u>3,194</u>	<u>228,258</u>

**24.1** This includes donations in which the interest of the directors in the donees is as follows:

Name of donee	Directors of the Company	Interest in donee		
Mian Muhammad Yahya Trust	Mr. Shahzad Saleem* and Mrs. Farhat Saleem	Trustees	445	3,043
Saleem Memorial Trust Hospital	Mr. Shahzad Saleem* and Mrs. Farhat Saleem	Directors	-	200,000
			<u>445</u>	<u>203,043</u>

\*Mr. Shahzad Saleem has resigned from board of directors of the Company on 29 June 2020.

**24.2 Workers' profit participation fund**

Allocation for workers' profit participation fund (Note 7.1)	230,289	170,828
Allocation to workers' profit participation fund recoverable from NTDC	<u>(230,289)</u>	<u>(170,828)</u>
	<u>-</u>	<u>-</u>

**24.3 Workers' welfare fund**

Allocation for workers' welfare fund (Note 7.2)	92,115	-
Allocation to workers' welfare fund recoverable from NTDC (Note 19.2)	<u>(92,115)</u>	<u>-</u>
	<u>-</u>	<u>-</u>

**25 Other Income**

**Income from financial assets:**

Profit on saving bank accounts	9,476	2,966
Interest on loans to employees	241	203

**Income from non-financial assets:**

Gain on disposal of operating fixed assets (Note 13.1.1)	6,596	5,707
Amortization of deferred grant (Note 6)	108	-
Insurance claim	421	78,539
Scrap sales	14,771	24,510
Miscellaneous	-	640
	<u>31,613</u>	<u>112,565</u>



	2020 (Rupees in thousand)	2019
<b>26 Finance Cost</b>		
Mark-up / profit on:		
Long term financing - secured	335,974	501,537
Short term borrowings - secured	1,672,292	831,109
Short term loan from holding company - unsecured	23,320	5,986
Bank charges and commission	2,694	3,436
	<u>2,034,280</u>	<u>1,342,068</u>

## 27 TAXATION

Provision for taxation has not been made in these financial statements as the total income of the Company except other income is exempt from levy of income tax under Clause 132 of Part I and Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. No provision for taxation is required against other income due to availability of tax credits. The numerical reconciliation between the average tax rate and the applicable tax rate has not been presented in these financial statements being impracticable.

	2020	2019
<b>28 EARNINGS PER SHARE - BASIC AND DILUTED</b>		
There is no dilutive effect on the basic earnings per share which is based on:		
Profit attributable to ordinary shareholders (Rupees in thousand)	<u>4,605,770</u>	<u>3,416,558</u>
Weighted average number of shares (Number)	<u>367,346,939</u>	<u>367,346,939</u>
Earnings per share - basic (Rupees)	<u>12.54</u>	<u>9.30</u>

	2020 (Rupees in thousand)	2019
<b>29 CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	4,605,770	3,416,558
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation on operating fixed assets	737,443	1,081,402
Amortization on intangible assets	4,313	4,313
Amortization of deferred grant	(108)	-
Profit on saving bank accounts	(9,476)	(2,966)
Finance cost	2,034,280	1,342,068
Exchange loss	2,131	22,678
Provision for employee retirement benefit	8,474	8,290
Gain on disposal of property, plant and equipment	(6,596)	(5,707)
Cash flows generated from operating activities before working	<u>7,376,231</u>	<u>5,866,636</u>

**2020**                      **2019**  
**(Rupees in thousand)**

**Working capital changes**

(Increase) / decrease in current assets:

Stores and spares	93,414	86,527
Inventories	923,387	260,428
Trade debts	(3,575,549)	(3,724,485)
Advances, deposits, prepayments and other receivables	117,255	395,090
	(2,441,493)	(2,982,440)
Increase / (decrease) in trade and other payables	206,584	(276,711)
	<u>5,141,322</u>	<u>2,607,485</u>

**29.1** There are no non-cash investing and financing activities during the year.

**29.2** Reconciliation of movement of liabilities to cash flows arising from financing activities

	<b>2020</b>		
	<b>Liabilities from financing activities</b>		
	<b>Long term financing</b>	<b>Unclaimed dividend</b>	<b>Total</b>
	<b>(Rupees in thousand)</b>		
Balance as at 01 July 2019	3,326,769	318,554	3,645,323
Borrowings obtained	17,276	-	17,276
Repayment of financing / borrowings	(2,054,075)	-	(2,054,075)
Dividend paid	-	(299,614)	(299,614)
Balance as at 30 June 2020	<u>1,289,970</u>	<u>18,940</u>	<u>1,308,910</u>

	<b>2019</b>		
	<b>Liabilities from financing activities</b>		
	<b>Long term financing</b>	<b>Unclaimed dividend</b>	<b>Total</b>
	<b>(Rupees in thousand)</b>		
Balance as at 01 July 2018	5,573,608	15,499	5,589,107
Repayment of financing / borrowings	(2,246,839)	-	(2,246,839)
Dividend declared	-	1,285,714	1,285,714
Dividend paid	-	(982,659)	(982,659)
Balance as at 30 June 2019	<u>3,326,769</u>	<u>318,554</u>	<u>3,645,323</u>



### 30 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration including all benefits to Chief Executive, Directors and Executives of the Company is as follows:

	Chief Executive Officer		Executive Director*		Non-executive Directors		Executives	
	2020	2019	2020	2019	2020	2019	2020	2019
(RUPEES IN THOUSAND)								
Managerial remuneration	4,804	22,537	27,142	4,371	-	-	32,808	38,133
Bonus	1,360	-	-	-	-	-	9,042	6,739
<b>Allowances</b>								
Housing rent	1,922	9,015	13,571	1,749	-	-	13,004	15,206
Medical expenses	480	2,254	-	437	-	-	3,400	3,802
Leave encashment	113	-	-	-	-	-	2,651	2,899
Meeting fee	80	40	80	-	440	340	-	-
<b>Contribution to provident fund trust</b>	377	-	-	-	-	-	2,733	3,213
	9,136	33,846	40,793	6,557	440	340	63,638	69,992
<b>Number of persons</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>7</b>	<b>7</b>	<b>16</b>	<b>20</b>

\* Mr. Shahzad Saleem, executive director of the Company, has resigned from the board of directors on 29 June 2020.

## 31 TRANSACTIONS WITH RELATED PARTIES

The related parties include the holding company, associates of the holding company, related parties on the basis of common directorship, key management personnel of the Company and its holding company and post employment benefit plan (Provident Fund). Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of that company. The Company in the normal course of business carries out transactions with various related parties. Details of transactions with related parties, except for remuneration to key management personnel as discussed in note 30, are as follows:

		2020	2019
		(Rupees in thousand)	
<b>i)</b>	<b>Nature of relationship</b>	<b>Nature of transactions</b>	
	<b>Holding company</b>		
	Nishat (Chunian) Limited	Dividend paid	- 656,550
		Common facilities cost	18,900 18,000
		Reimbursement of expenses	5,730 11,537
		Disbursement of loans	8,996,618 5,680,000
		Repayment of loans	8,996,618 5,680,000
		Mark-up on loans	23,320 5,986
	<b>Associated undertakings</b>		
	Saleem Memorial Trust Hospital	Donations paid	- 200,000
	Mian Muhammad Yahya Trust	Donations paid	445 3,043
	Adamjee Insurance Company Limited	Insurance claim received	276,472 149,142
		Insurance premium paid	286,435 249,683
	<b>Key management personnel</b>		
	Directors	Dividend paid	- 677,977
	Chief executive officer and chief financial officer	Repayment of long term loans	608 790
		Mark-up on long term loans	241 147
	<b>Post employment benefit plan</b>	Company's contribution to provident fund trust	8,484 8,465

**31.1** 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 the related party	Basis of relationship	Transaction entered or agreement and / or arrangement in place during the financial year	Percentage of shareholding
---------------------------	-----------------------	--	----------------------------

Nishat (Chunian) Limited	Holding company	Yes	None
Saleem Memorial Trust Hospital	Common directorship	No	None
Mian Muhammad Yahya Trust	Common trusteeship	Yes	None

Name of the related party	Basis of relationship	Transaction entered or agreement and / or arrangement in place during the financial year	Percentage of shareholding
---------------------------	-----------------------	--	----------------------------

MCB Bank Limited	Related party of holding company*	Yes	None
Adamjee Insurance Company Limited	Related party of holding company*	Yes	None
Adamjee Life Assurance Company Limited	Related party of holding company*	Yes	None
Nishat Chunian Power Limited - Employees Provident Fund	Post-employment benefit plan	Yes	None

\* Ceased to be related party as at 30 June 2020 as Mr. Muhammad Ali Zeb resigned from the board of directors of the holding company on 29 June 2020.

### 32 NUMBER OF EMPLOYEES

	2020	2019
Number of employees as on 30 June	166	177
Average number of employees during the year	172	180

### 33 CAPACITY AND PRODUCTION

	2020 MWH	2019 MWH
Installed capacity [based on 8,784 hours (2019: 8,760 hours)]	1,719,222	1,714,525
Actual energy delivered	351,228	599,739

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

## 34 FINANCIAL RISK MANAGEMENT

### 34.1 Financial risk factors

The Company's activities expose it 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 programmed focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors (the Board). The Company's finance department evaluates and hedges financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity 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 exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Great Britain Pound (GBP) and Euro. As on reporting date, the Company's foreign exchange risk exposure is restricted to payables only. The Company's exposure to currency risk was as follows:

	2020	2019
Trade and other payables		
- USD	(6,520)	(11,237)
- GBP	(7,268)	(12,268)
- Euro	(88,359)	(4,594)
Net exposure - USD	(6,520)	(11,237)
Net exposure - GBP	(7,268)	(12,268)
Net exposure - Euro	(88,359)	(4,594)

The following significant exchange rates were applicable during the year:

##### **Rupees per US Dollar**

Average rate	159.30	137.29
Reporting date rate	168.75	164.00

##### **Rupees per GBP**

Average rate	200.38	195.10
Reporting date rate	207.68	207.92

##### **Rupees per Euro**

Average rate	176.35	156.63
Reporting date rate	189.73	186.37

##### **Sensitivity analysis**

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, GBP and EURO with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 0.969 million (2019: Rupees 0.262 million) respectively lower / higher, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. The sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.



## (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 securities 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

This 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's interest rate risk arises from bank balances in saving accounts, past due trade debts, loan from holding company, long-term financing and short-term borrowings. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments, if any, at fixed rate expose the Company to fair value interest rate risk.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was as

	2020	2019
	(Rupees in thousand)	
<b>Fixed rate instruments</b>		
<b>Financial liabilities</b>		
Loan under SBP Refinance Scheme	17,225	-
<b>Floating rate instruments</b>		
<b>Financial assets</b>		
Bank balances - saving accounts	1,251	143,879
Trade debts - past due	10,928,228	9,006,240
	10,929,479	9,150,119
<b>Financial liabilities</b>		
Long term financing	(1,272,694)	(3,326,769)
Short term borrowings	(9,705,011)	(10,767,661)
	(10,977,705)	(14,094,430)
<b>Net exposure</b>	(48,226)	(4,944,311)

## 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 reporting date would not affect profit or loss of the Company.

## Cash flow sensitivity analysis for variable rate instruments

If interest rates at the reporting date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 0.482 million (2019: Rupees 49.443 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of assets and liabilities outstanding at reporting dates were outstanding for the whole year.

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

	2020 (Rupees in thousand)	2019 (Rupees in thousand)
Loans to employees	3,177	3,785
Long term security deposits	9,132	9,137
Trade debts	19,006,151	15,430,602
Advances and other receivables	493,834	387,417
Bank balances	2,346	146,416
	<u>19,514,640</u>	<u>15,977,357</u>

Age analysis of trade debts as at reporting date is given in Note 18.3.

The credit quality of 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			2020 (Rupees in thousand)	2019 (Rupees in thousand)
	Short Term	Long term	Agency		
<b>NTDC</b>		Not available		3,832,540	3,933,439
<b>Banks</b>					
Al-Baraka Bank (Pakistan) Limited	A+	A-1	JCR-VIS	18	21
Askari Bank Limited	A1+	AA+	PACRA	576	310
Bank Alfalah Limited	A1+	AA+	PACRA	20	3
Habib Bank Limited	A-1+	AAA	JCR-VIS	6	6
MCB Bank Limited	A1+	AAA	JCR-VIS	905	1,773
National Bank of Pakistan	A1+	AAA	JCR-VIS	180	397
Dubai Islamic Bank Pakistan Limited	A-1+	AA	JCR-VIS	3	71
Faysal Bank Limited	A-1+	AA	JCR-VIS	29	-
Meezan Bank Limited	-	AA	JCR-VIS	9	-
United Bank Limited	A-1+	AAA	JCR-VIS	600	143,835
				<u>2,346</u>	<u>146,416</u>
				<u>3,834,886</u>	<u>4,079,855</u>

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 the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As 30 June 2020, the Company had Rupees 3,633.887 million (2019: Rupees 1,982.339 million) available borrowing limits from financial institutions, Rupees 1,000 million (2019: Rupees 1,000 million) available borrowing limit from holding company [Nishat (Chunian) Limited] and Rupees 2.346 million (2019: Rupees 146.415 million) bank balances to meet the short-term funding requirements due to delay in payments by NTDC. Management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including mark-up / profit payments. The amounts disclosed in the table are undiscounted cash

Contractual maturities of financial liabilities as at 30 June 2020:



	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
(Rupees in thousand)						
<b>Non-derivative financial liabilities:</b>						
Long term financing	1,288,251	1,407,049	66,031	611,579	725,084	4,355
Trade and other payables	96,843	96,843	96,843	-	-	-
Accrued mark-up / profit	377,662	377,662	377,662	-	-	-
Unclaimed dividend	18,940	18,940	18,940	-	-	-
Short term borrowings	9,705,011	10,194,877	3,787,786	6,407,091	-	-
	<u>11,486,707</u>	<u>12,095,371</u>	<u>4,347,262</u>	<u>7,018,670</u>	<u>725,084</u>	<u>4,355</u>

Contractual maturities of financial liabilities as at 30 June 2019:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 Years	More than 2 Years
(Rupees in thousand )						
<b>Non-derivative financial liabilities:</b>						
Long term financing	3,326,769	4,077,132	1,699,017	1,609,615	768,500	-
Trade and other payables	210,853	210,853	-	-	-	-
Accrued mark-up / profit	415,160	415,160	-	-	-	-
Unclaimed dividend	318,554	318,554	-	-	-	-
Short term borrowings	10,767,661	11,232,995	6,608,326	4,624,669	-	-
	<u>15,038,997</u>	<u>16,254,694</u>	<u>8,307,343</u>	<u>6,234,284</u>	<u>768,500</u>	<u>-</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30 June. The rates of mark-up / profit have been disclosed in note 5, note 9 and note 10 to these financial statements.

### 34.2 Offsetting financial assets and financial liabilities

As on reporting date, recognized financial instruments are not subject to off setting as there are no enforceable master netting arrangements and similar agreements.

#### Financial assets at amortized cost

2020      2019  
(Rupees in thousand)

### 34.3 Financial instruments by categories

#### Assets as per statement of financial position

Loans to employees	3,177	3,785
Security deposit	9,132	9,137
Trade debts	19,006,151	15,430,602
Advances and other receivables	493,834	387,417
Bank balances	2,346	146,416
	<u>19,514,640</u>	<u>15,977,357</u>

#### Financial liabilities at amortized cost

#### Liabilities as per statement of financial position

Long term financing	1,288,251	3,326,769
Trade and other payables	96,843	210,853
Accrued mark-up / profit	377,662	415,160
Unclaimed dividend	18,940	318,554
Short term borrowings	9,705,011	10,767,661
	<u>11,486,707</u>	<u>15,038,997</u>

### 35 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

#### (i) Fair value hierarchy

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

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

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

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

### 36 UNUTILIZED CREDIT FACILITIES

	Non-funded		Funded	
	2020	2019	2020	2019
	(Rupees in thousand)		(Rupees in thousand)	
Total facilities	1,611,032	1,611,032	13,356,123	12,750,000
Utilized at the end of the year	-	40,641	9,722,236	10,767,661
Unutilized at the end of the year	<u>1,611,032</u>	<u>1,570,391</u>	<u>3,633,887</u>	<u>1,982,339</u>

### 37 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.

### 38 SEGMENT INFORMATION

These financial statements have been prepared on the basis of single reportable segment. Revenue from sale of electricity relates to NTDC, the Company's sole customer in Pakistan. All non-current assets of the Company as at reporting date are located in Pakistan.

### 39 IMPACTS OF COVID - 19

The World Health Organization has declared COVID-19 (the virus) a global pandemic. With the growing number of cases in Pakistan, the Government of Pakistan has provided directions to take measures to respond to the virus. While the virus has impacted the global economy, the Company's operations and financial results have not been materially impacted, since all the revenue is receivable from NTDC (see note 18.1). The Company does not foresee any adverse impact on its operations and financial results in future.



#### **40 EVENTS AFTER THE REPORTING PERIOD**

The Committee for negotiations with Independent Private Power Producers (“IPPs”), notified by Government of Pakistan vide notification number F.No.IPPs- 1(12)/2019-20 dated 03 June 2020 (the “Committee”) and the IPPs representing the 2002 Power Policy projects, including the Company had several rounds of discussions. Thereafter on 13 August 2020, the Company in the larger national interest, voluntarily agreed to alter its existing contractual arrangements to the extent of, and strictly with respect to, the matters listed under the Memorandum of Understanding (“MoU”). The terms of this MoU are subject to the approval of National Electric Power Regulatory Authority, Federal Cabinet and IPPs’ Board of Directors and other necessary corporate approvals.

#### **41 CORRESPONDING FIGURES**

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

#### **42 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on **September 24, 2020** by the Board of Directors of the Company.

#### **43 GENERAL**

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

**CHIEF EXECUTIVE**

**DIRECTOR**

**CHIEF FINANCIAL OFFICER**

**NISHAT CHUNIAN POWER LIMITED**  
**PATTERN OF SHAREHOLDING**  
**AS ON JUNE 30TH, 2020**

<b>Number of ShareHolders</b>	<b>Shareholdings</b>			<b>Total Number of Shares Held</b>	<b>Percentage of Total Capital</b>
<b>From</b>		<b>To</b>			
235	1	-	100	5,279	0%
708	101	-	500	341,018	0%
426	501	-	1000	418,034	0%
911	1001	-	5000	2,772,913	1%
367	5001	-	10000	3,054,016	1%
146	10001	-	15000	1,902,791	1%
121	15001	-	20000	2,238,897	1%
91	20001	-	25000	2,179,718	1%
51	25001	-	30000	1,481,177	0%
32	30001	-	35000	1,051,000	0%
21	35001	-	40000	805,753	0%
24	40001	-	45000	1,032,600	0%
51	45001	-	50000	2,530,000	1%
14	50001	-	55000	739,501	0%
11	55001	-	60000	646,340	0%
8	60001	-	65000	503,530	0%
10	65001	-	70000	677,000	0%
11	70001	-	75000	807,000	0%
5	75001	-	80000	391,000	0%
6	80001	-	85000	499,000	0%
6	85001	-	90000	527,500	0%
6	90001	-	95000	556,000	0%
19	95001	-	100000	1,891,500	1%
8	100001	-	105000	820,595	0%
1	105001	-	110000	106,500	0%
3	110001	-	115000	339,500	0%
3	115001	-	120000	355,000	0%
4	120001	-	125000	492,000	0%
3	125001	-	130000	384,900	0%
6	130001	-	135000	801,851	0%
4	135001	-	140000	550,511	0%
1	140001	-	145000	144,000	0%
6	145001	-	150000	895,500	0%
1	150001	-	155000	152,000	0%



**NISHAT CHUNIAN POWER LIMITED**  
**PATTERN OF SHAREHOLDING**  
**AS ON JUNE 30TH, 2020**

<b>Number of ShareHolders</b>	<b>Shareholdings</b>		<b>Total Number of Shares Held</b>	<b>Percentage of Total Capital</b>
<b>From</b>	<b>To</b>			
3	155001	- 160000	471,500	0%
2	160001	- 165000	325,054	0%
4	165001	- 170000	674,050	0%
2	170001	- 175000	345,500	0%
2	180001	- 185000	366,000	0%
2	185001	- 190000	377,500	0%
4	190001	- 195000	772,401	0%
8	195001	- 200000	1,598,000	0%
1	205001	- 210000	208,000	0%
1	210001	- 215000	215,000	0%
1	215001	- 220000	219,500	0%
1	220001	- 225000	220,500	0%
3	230001	- 235000	697,500	0%
6	245001	- 250000	1,491,085	0%
3	270001	- 275000	825,000	0%
1	275001	- 280000	279,571	0%
1	285001	- 290000	290,000	0%
1	290001	- 295000	294,000	0%
4	295001	- 300000	1,195,500	0%
2	300001	- 305000	602,500	0%
1	305001	- 310000	308,693	0%
1	320001	- 325000	324,500	0%
1	340001	- 345000	344,000	0%
1	350001	- 355000	351,000	0%
1	365001	- 370000	366,000	0%
1	375001	- 380000	380,000	0%
1	380001	- 385000	385,000	0%
1	385001	- 390000	389,000	0%
8	395001	- 400000	3,197,500	1%
1	400001	- 405000	405,000	0%
1	420001	- 425000	425,000	0%
1	425001	- 430000	428,000	0%
2	450001	- 455000	903,539	0%
2	470001	- 475000	942,000	0%

**NISHAT CHUNIAN POWER LIMITED**  
**PATTERN OF SHAREHOLDING**  
**AS ON JUNE 30TH, 2020**

<b>Number of ShareHolders</b>	<b>Shareholdings</b>		<b>Total Number of Shares Held</b>	<b>Percentage of Total Capital</b>
<b>From</b>	<b>To</b>			
1	490001	- 495000	493,000	0%
5	495001	- 500000	2,500,000	1%
1	520001	- 525000	521,000	0%
1	540001	- 545000	544,000	0%
1	575001	- 580000	580,000	0%
2	595001	- 600000	1,200,000	0%
1	605001	- 610000	609,000	0%
1	615001	- 620000	619,000	0%
1	755001	- 760000	760,000	0%
1	795001	- 800000	800,000	0%
1	805001	- 810000	810,000	0%
1	815001	- 820000	817,500	0%
1	865001	- 870000	870,000	0%
1	995001	- 1000000	1,000,000	0%
1	1000001	- 1005000	1,001,000	0%
1	1185001	- 1190000	1,190,000	0%
1	1245001	- 1250000	1,250,000	0%
1	1365001	- 1370000	1,367,000	0%
1	1395001	- 1400000	1,400,000	0%
1	1585001	- 1590000	1,589,000	0%
1	1895001	- 1900000	1,900,000	1%
1	2285001	- 2290000	2,288,000	1%
1	2320001	- 2325000	2,322,000	1%
1	3055001	- 3060000	3,057,500	1%
1	3095001	- 3100000	3,100,000	1%
1	3150001	- 3155000	3,155,000	1%
1	3340001	- 3345000	3,341,500	1%
1	5095001	- 5100000	5,100,000	1%
1	5570001	- 5575000	5,573,500	2%
1	5730001	- 5735000	5,731,000	2%
1	5990001	- 5995000	5,990,500	2%
1	6860001	- 6865000	6,862,000	2%
1	13465001	- 13470000	13,469,302	4%
1	15235001	- 15240000	15,239,000	4%
1	29995001	- 30000000	30,000,000	8%
1	187585001	- 187590000	187,585,820	51%
<b>3,436</b>			<b>367,346,939</b>	<b>100%</b>



**NISHAT CHUNIAN POWER LIMITED**  
**CATEGORIES OF SHAREHOLDERS**  
**AS ON JUNE 30, 2020**

<b>Categories of Shareholders</b>	<b>No. of Shareholder</b>	<b>Shares Held</b>	<b>Percentage</b>
<b>1 <u>Directors, Chief Executive officer and their Spouse and Minor Children</u></b>			
Muhammad Ashraf	1	1	0.00%
Muhammad Azam	1	500	0.00%
Aftab Ahmad Khan	1	1	0.00%
Ayesha Shahzad	1	50,000	0.01%
Farhat Saleem	1	137,511	0.04%
Syed Tariq Ali (Nominee Director Allied Bank Ltd.)	-	-	0.00%
Farrukh Ifzal (CEO)	-	-	0.00%
	<b>5</b>	<b>188,013</b>	<b>0.05%</b>
<b>2 <u>Associated Companies, Undertaking and Related Parties</u></b>			
Nishat (Chunian) Limited	1	187,585,820	51.07%
Trustee-Nishat (Chunian) Ltd-Employees Provident Fund Trust	1	200,000	0.05%
Trustees Nishat Chunian Power Ltd. Emp. Provident Fund Trust	1	50,000	0.01%
	<b>3</b>	<b>187,835,820</b>	<b>51.13%</b>
<b>3 <u>NIT &amp; ICP</u></b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>4 <u>Banks, Development Financial Institutions, Non Banking Financial Institutions</u></b>	<b>14</b>	<b>92,179,619</b>	<b>25.09%</b>
<b>5 <u>Insurance Companies</u></b>	<b>7</b>	<b>2,392,500</b>	<b>0.65%</b>
<b>6 <u>Modarabas &amp; Mutual Funds</u></b>	<b>13</b>	<b>4,283,374</b>	<b>1.17%</b>
<b>7 <u>General Public</u></b>			
Local	3,321	70,878,570	19.29%
Foreign	4	944,000	0.26%
	<b>3,325</b>	<b>71,822,570</b>	<b>19.55%</b>
<b>8 <u>Others</u></b>	<b>69</b>	<b>8,645,043</b>	<b>2.35%</b>
<b>Total</b>	<b>3,436</b>	<b>367,346,939</b>	<b>100%</b>

*Please note that only Nishat (Chunian) Limited holds 10% or more shares in the Company.*

**Shareholding 5% or more votings rights**

<b><u>Name of Shareholder</u></b>	<b><u>Shares Held</u></b>	<b><u>Percentage</u></b>
Nishat (Chunian) Limited	187,585,820	51.07%
Allied Bank Limited	30,000,000	8.17%

**NISHAT CHUNIAN POWER LIMITED**  
**PROXY FORM**

The Company Secretary,  
Nishat Chunian Power Limited 31-Q,  
Gulberg II, Lahore.

I/We

\_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ being a member(s) of Nishat Chunian Power Limited, and a holder of \_\_\_\_\_  
Ordinary shares as per Share Register Folio No. \_\_\_\_\_ (in case of  
Central Depository System Account Holder A/c No. \_\_\_\_\_ Participant I.D. No.  
\_\_\_\_\_) hereby appoint \_\_\_\_\_ of  
\_\_\_\_\_ another member of the Company as per Share Register Folio No.  
\_\_\_\_\_ (or failing him / her \_\_\_\_\_ of  
\_\_\_\_\_ another member of the Company) as my / our Proxy to attend and vote  
for me / us and on my / our behalf at Annual General Meeting of the Company, to be held on  
October 23, 2020 (Friday) at 10.00 a.m. at the Registered Office of the Company (31-Q,  
Gulberg II, Lahore) and at any adjournment thereof.

As witness my hand this \_\_\_\_\_ day of \_\_\_\_\_ 2020 signed by the  
said \_\_\_\_\_ in \_\_\_\_\_ presence of  
\_\_\_\_\_

Witness

Signature

Signature

Affix Rs. 5/- Revenue  
Stamp

**Notes:**

1. Proxies, in order to be effective, must be received at the company's Registered Office / Head Office not less than 48 hours before the meeting duly stamped, signed and witnessed.
2. Signature must agree with the specimen signature registered with the Company.



ٹکٹا چوٹیاں پاور لٹلٹ

پراگسی فارم (ٹکٹا رنامہ)

تکلی بکری

ٹکٹا چوٹیاں پاور لٹلٹ

31-Q گلبرگ 11 اور۔

میں اہم

ساکن

بہشت رک ٹکٹا چوٹیاں پاور لٹلٹ اور مالک ----- عام حصص مطابق فلیو نمبر ----- (بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر  
----- پانچویں آئی ڈی نمبر -----) پذیر یہ پذیر مانتہ ----- ساکن -----  
تکلی کا دیگر رک مطابق شیئر رجسٹر فلیو نمبر ----- (پراگسی فیروموجی میں ----- ساکن -----

جوزہ گورڈ تکلی کا حصص دار مورخہ 23 اکتوبر 2020ء بروز جمعہ صبح 10 بجے

کو اپنے / ہمارے نمایندہ پر۔

رجسٹر دفتر: 31-Q گلبرگ 11 اور میں

منعقد ہونے والے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے یا حق برادری کر کے کسی بھی اثوار کی صورت میں اپنا / ہمارا بطور مالک (پراگسی) مقرر کرتا ہوں / کرتے ہیں۔  
آج بروز تاریخ 2020ء کو میرے / ہمارے دستخط اور گواہوں کی تصدیق سے جاری ہوا۔

گواہان

دستخط:

دستخط:

### اہم نوٹ:

- 1۔ یہ اگسیاں تاکہ مؤثر ہو سکیں، بیا کا دوسرہ دستخط اور گواہی شدہ تکلی کے رجسٹر دفتر / صدر دفتر میں اجلاس منعقد ہونے سے کم از کم 48 (اتالیس) گھنٹے قبل لازماً وصول ہو چانی چاہئیں۔
- 2۔ دستخط لازماً تکلی کے پاس رجسٹرڈ نمونہ دستخطوں کے مطابق ہونے چاہئیں۔

**NISHAT CHUNIAN POWER LIMITED****CONSENT FORM FOR ELECTRONIC TRANSMISSION OF ANNUAL REPORT AND NOTICE OF AGM**

M/s HAMEED MAJEED ASSOCIATES (PVT) LIMITED

H.M. House, 7-Bank Square,

The Mall, Lahore

Subject: CONSENT FORM FOR ELECTRONIC TRANSMISSION OF ANNUAL REPORT AND NOTICE OF AGM

Dear Sirs,

I/we, being the shareholder(s) of Nishat Chunian Power Limited ("Company"), do hereby consent and authorize the Company for electronic transmission of the Audited Annual Financial Statements of the Company along with Notice of Annual General Meeting via the Email provided herein below and further undertake to promptly notify the Company of any change in my Email address.

I understand that the transmission of Annual Audited Financial Statements of the Company along with Notice of Annual General Meeting via the Email shall meet the requirements as mentioned under the provisions of Companies Act, 2017.

Name of Shareholder(s):	
Fathers / Husband Name:	
CNIC:	
NTN:	
Fathers / Husband Name:	
E-mail address:	
Telephone:	
Mailing Address:	

Date: \_\_\_\_\_

Signature: (In case of corporate shareholders, the authorized signatory must sign)



**NISHAT CHUNIAN POWER LIMITED**  
**STANDARD REQUEST FORM FOR HARD COPIES OF ANNUAL AUDITED ACCOUNTS**

1. Name of Member: \_\_\_\_\_
2. CNIC/Passport Number: \_\_\_\_\_
3. Participant ID / Folio No/Sub A/C: \_\_\_\_\_
8. Registered Address: \_\_\_\_\_
- \_\_\_\_\_

I/We hereby request you to provide me/us a hard copy of the Annual Report of Nishat Chunian Power Limited for the year ended June 30, 2020 at my above mentioned registered address instead of CD/DVD/USB. I undertake to intimate any change in the above information through revised Standard Request Form.

Note:

This Standard Request Form may be sent at either of the following addresses of the Company Secretary or Independent Share Registrar of the Company:

Company Secretary,

NISHAT CHUNIAN POWER LIMITED  
31-Q, Gulberg II, Lahore  
Email: [tasawar@nishat.net](mailto:tasawar@nishat.net)

Chief Executive,

M/s HAMEED MAJEED ASSOCIATES (PVT) LIMITED  
H.M. House, 7-Bank Square,  
The Mall, Lahore

In case a member prefers to receive hard copies for all the future annual audited accounts, then such preference shall be communicated to the company in writing.

**NISHAT CHUNIAN POWER LIMITED**  
**E-DIVIDEND FORM (DIVIDEND PAYMENT THROUGH ELECTRONIC MODE)**

**The Company Secretary/Share Registrar,**

I/We, \_\_\_\_\_, holding CNIC No. \_\_\_\_\_, being the registered shareholder of the company under folio no. \_\_\_\_\_, state that pursuant the relevant provisions of Section 242 of the Companies Act, 2017 pertaining to dividend payments by listed companies, the below mentioned information relating to my Bank Account for receipt of current and future cash dividends through electronic mode directly into my bank account are true and correct and I will intimate the changes, if any in the above-mentioned information to the company and the concerned Share Registrar as soon as these occur through revised E-Dividend Form.

Title of Bank Account	
Bank Account Number	
IBAN Number	
Bank's Name	
Branch Name and Address	
Cell Number of Shareholder	
Landline number of Shareholder	
Email of Shareholder	

In case of CDC shareholding, I hereby also undertake that I shall update the above information of my bank account in the Central Depository System through respective participant

Date: \_\_\_\_\_

Member's Signature

Note:

This Standard Request Form may be sent at either of the following addresses of the Company Secretary or Independent Share Registrar of the Company:

Company Secretary

NISHAT CHUNIAN POWER LIMITED  
31-Q, Gulberg II, Lahore  
Email: [tasawar@nishat.net](mailto:tasawar@nishat.net)

Chief Executive,

M/s HAMEED MAJEED ASSOCIATES (PVT) LIMITED  
H.M. House, 7-Bank Square,  
The Mall, Lahore



**NISHAT CHUNIAN POWER LIMITED  
FORM FOR VIDEO CONFERENCE FACILITY**

**The Company Secretary/Share Registrar,**

I/we, \_\_\_\_\_, of \_\_\_\_\_, being the registered shareholder(s) of the company under Folio No(s). \_\_\_\_\_/ CDC Participant ID No.\_\_\_\_ and Sub Account No.\_\_\_\_ CDC Investor Account ID No., and holder of \_\_\_\_\_ Ordinary Shares, hereby request for video conference facility at \_\_\_\_\_ for the Annual General Meeting of the Company to be held on 23<sup>rd</sup> October, 2020.

Date: \_\_\_\_\_

Member's Signature

**Note:**

This Standard Request Form may be sent at either of the following addresses of the Company Secretary or Independent Share Registrar of the Company:

Company Secretary,

NISHAT CHUNIAN POWER LIMITED  
31-Q, Gulberg II, Lahore  
Email: [tasawar@nishat.net](mailto:tasawar@nishat.net)

Chief Executive,

M/s HAMEED MAJEED ASSOCIATES (PVT) LIMITED  
H.M. House, 7-Bank Square,  
The Mall, Lahore



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

