

SAIF POWER LIMITED

A Saif Group Company

**Condensed Interim
Financial Information**
For 3rd Quarter Ended
September 30, 2020

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Board of Directors

| | |
|-----------------------------|----------------------|
| Mrs. Hoor Yousafzai | Chairperson |
| Mr. Javed Saifullah Khan | Director |
| Mr. Osman Saifullah Khan | Director |
| Mr. Assad Saifullah Khan | Director |
| Ms. Jehannaz Saifullah Khan | Director |
| Mr. Rana Muhammad Shafi | Director |
| Mr. Naved Abid Khan | Independent Director |

Audit Committee

| | |
|--------------------------|----------|
| Mr. Naved Abid Khan | Chairman |
| Mr. Osman Saifullah Khan | Member |
| Mr. Rana Muhammad Shafi | Member |

Human Resource and Remuneration Committee

| | |
|--------------------------|----------|
| Mr. Naved Abid Khan | Chairman |
| Mrs. Hoor Yousafzai | Member |
| Mr. Assad Saifullah Khan | Member |

Management

Mr. Sohail H Hydari
Chief Executive Officer

Mr. Hammad Mahmood
Chief Financial Officer

Mr. Ghias Ul Hassan
GM Power Plant

Mr. Waseemullah
Company Secretary

Auditors

M/s KPMG Taseer Hadi & Co.
Chartered Accountants
State Life Building No. 6,
Jinnah Avenue, Islamabad.

Legal Advisors

M/s Cornelius, Lane & Mufti
Advocates & Solicitors

Registered/ Head Office

1st Floor, Kashmir Commercial Complex,
Fazal-ul-Haq Road Block E, Blue Area,
Islamabad, Pakistan.
Tel: +92-51-2271378-83
Fax: +92-51-2277670
Email: info.spl@saifgroup.com

Website

<http://www.saifpower.com>

Share Registrar

THK Associates (Private) Ltd. 1st Floor,
40-C, Block-6, P.E.C.H.S, Karachi 75400,
P.O Box. No: 8533
Tel: +92-21-111-000-322
Fax: +91-21-34168271
Email: secretariat@thk.com.pk
sfc@thk.com.pk

Banks & Financial Institutions

Allied Bank Limited
Albaraka Bank (Pakistan) Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank Limited
Faysal Bank Limited
First Habib Modaraba
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Summit Bank Limited
The Bank of Punjab
United Bank Limited

Plant Location

Chak 56/5L, Qadarabad,
Multan Road, District Sahiwal,
Punjab, Pakistan.

DIRECTORS' REPORT TO THE SHAREHOLDERS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

DEAR SHAREHOLDERS

The Board of Directors is pleased to present its review of Company's financial and operational performance on the condensed interim financial statements (standalone & consolidated) for the nine months ended September 30, 2020.

SUMMARY OF FINANCIAL PERFORMANCE

Turnover of the Company was Rs.7,476 million as compared to Rs 13,283 million for the same period last year. Dispatch level was 31.62% as compared to 53.61% during the last period. Net profit during the period was Rs. 1,955 million as against Rs. 2,699 million for the comparable period of 2019. Earnings per share (EPS) for the period is Rs. 5.06 (2019: Rs. 6.99).

PENDING ISSUES

In the case against M/s Sui Northern Gas Pipelines (SNGPL), after the arbitration award in Company's favour for an amount of Rs. 270.66 million (dispute amount of Rs. 239.68 million & related costs of Rs. 30.98 million), the Company filed a petition in the Civil Court Lahore to obtain the enforcement Decree in lieu of the Arbitration award. SNGPL had challenged the award both in civil court and in Lahore High Court (LHC). The LHC dismissed the petition of SNGPL. Supreme Court of Pakistan has also disposed-off the appeal. The Company has already adjusted the awarded amount as above against payables to SNGPL.

Last year, SNGPL had filed a suit for recovery of the adjusted amount before District Judge (Invested with Powers of the Gas Utility Court), Lahore including claim for markup amount of Rs. 136.14 million from the date of such adjustment. SNGPL has also filed a request for Arbitration before the London Court of International Arbitration (LCIA). In its submission to LCIA, SNGPL has claimed markup amount of Rs. 236.47 million from the date of such adjustment. The Company's position is that no amount is payable to SNGPL and in any case, LCIA Arbitration is the only competent forum to decide on this case.

In the case against Power Purchaser, the Arbitrator has awarded Rs. 477.56 million in Company's favour along with related costs. The Company has filed a petition in Lahore High Court for its enforcement. Power Purchaser has also challenged the partial final award and final award in Civil Court, Lahore, which is pending adjudication.

FINANCIAL HIGHLIGHTS-STANDALONE

| | Nine Months Ended September 30 | |
|--------------------|--------------------------------|--------|
| Particulars | 2020 | 2019 |
| |Rupees in Million..... | |
| Turnover | 7,476 | 13,283 |
| Operating Cost | 4,725 | 9,529 |
| Net Profit | 1,955 | 2,699 |
| Earnings per Share | 5.06 | 6.99 |

FINANCIAL HIGHLIGHTS-CONSOLIDATED

| | Nine Months Ended September 30 | |
|----------------|--------------------------------|--------|
| Particulars | 2020 | 2019 |
| |Rupees in Million..... | |
| Turnover | 7,476 | 13,283 |
| Operating Cost | 4,725 | 9,529 |
| Net Profit | 1,952 | 2,697 |

OPERATIONAL HIGHLIGHTS

| | | Nine Months Ended September 30 | |
|-------------------------|------|--------------------------------|-------|
| Particulars | Unit | 2020 | 2019 |
| Dispatch Level | % | 31.62 | 53.61 |
| Capacity made available | GWs | 1,294 | 1,304 |

CIRCULAR DEBT

Overdue receivables are Rs. 9.07 billion as compared to Rs. 8.60 billion at the end of same period last year. This is due to increase in circular debt. However, the Company still has adequate working capital lines to sustain the operations.

ACKNOWLEDGEMENTS

Directors of the Company would like to show their appreciation to its all stakeholders for their cooperation and support during the period.

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

On behalf of the Board,

Islamabad
October 27, 2020

Mrs. Hoor Yousafzai
(Chairperson)

مالی جھلکیاں - مختصم:

| 30 ستمبر کو ختم ہونے والے نو ماہ | | |
|----------------------------------|-------|--------------------|
| 2019ء | 2020ء | |
| روپے ملین میں | | |
| 13,283 | 7,476 | کاروبار |
| 9,529 | 4,725 | آپریٹنگ کے اخراجات |
| 2,697 | 1,952 | خالص منافع |

آپریٹنگ کی جھلکیاں:

| 30 ستمبر کو ختم ہونے والے نو ماہ | | |
|----------------------------------|-------|--------------|
| 2019ء | 2020ء | یونٹ |
| 53.61 | 31.62 | فیصد |
| 1,304 | 1,294 | گیرگادٹ آؤرز |

سرگرمی:

زائد المیعا وصولیاں 9.07 ملین روپے ہیں جو کہ پچھلے سال اسی مدت کے اختتام پر 8.60 ملین روپے تھے۔ یہ گردش قرضے میں اضافے کی وجہ سے ہوا ہے۔ تاہم کمپنی کے پاس انتظامات کو چلانے کے لیے مناسب سرمایہ موجود ہے۔

اظہار تشکر:

کمپنی کے ڈائریکٹرز اپنے تمام اسٹیک ہولڈرز کی تعریف کرنا چاہتے ہیں کہ انہوں نے سال کے اس دورانیے میں کمپنی کو اپنا تعاون اور حمایت پیش کی۔

ڈائریکٹرز کمپنی کی بہتر کارکردگی کے حوالے سے کمپنی کے ملازمین کی طرف سے مسلسل پیش کی گئی خدمات، وفاداری اور کوششوں کے لیے گہری تعریف کا اظہار کرنا چاہتے ہیں اور امید کرتے ہیں کہ وہ مستقبل میں بھی ایسا ہی کریں گے۔

بورڈ آف ڈائریکٹرز کی نیابت سے:

Ham Yusuf

مسز حور یوسف زئی
(چیئر پرسن)

اسلام آباد
27 اکتوبر 2020ء

بورڈ آف ڈائریکٹرز (BOD)، 30 ستمبر 2020ء کو ختم ہونے والے نو ماہ کے لیے (غیر متزلزل اور مختصم) مختص عبوری مالی بیانات پر کمپنی کی مالی اور آپریٹنگ کارکردگی کا ایک جامع جائزہ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

مالیاتی کارکردگی کا خلاصہ:

کمپنی کا کاروبار 7,476 ملین روپے رہا جو کہ گذشتہ سال کی اسی مدت کے لئے اس کے مقابلے میں 13,283 ملین روپے تھا۔ ترسیل کا لیول 31.62 فیصد رہا جو کہ گذشتہ سال اس کے مقابلے میں 53.61 فیصد تھا۔ مذکورہ عرصہ کے دوران آپ کی کمپنی کا خالص منافع 1,955 ملین روپے رہا جب کہ اس کے مقابلے میں سال 2019ء میں اتنے ہی عرصہ کے دوران یہ منافع 2,699 ملین روپے تھا۔ مذکورہ عرصہ کی فی شیئر آمدنی 5.06 روپے ہے (جو کہ 2019ء میں 6.99 روپے تھی)۔

ذمہ داریاں:

سوئی ناردرن گیس پائپ لائنز لمیٹڈ (SNGPL) کے خلاف مقدمہ میں، کمپنی کے حق میں 270.66 ملین روپے (239.68 ملین روپے کی تنازع رقم اور 30.98 ملین روپے کے متعلقہ اخراجات) کے ثالثی ایوارڈ کے بعد، کمپنی نے ثالثی ایوارڈ کے عوض قابل نفاذ حکم نامہ کے حصول کے لئے سول کورٹ لاہور میں ایک درخواست بھی درج کی ہے۔ SNGPL نے اس ایوارڈ کو سول کورٹ اور لاہور ہائی کورٹ دونوں میں چیلنج کیا۔ لاہور ہائی کورٹ نے SNGPL کی جانب سے دائر درخواست کو مسترد کر دیا۔ سپریم کورٹ آف پاکستان نے بھی اس اپیل کو خارج کر دیا۔ کمپنی نے سوئی ناردرن گیس پائپ لائنز کو قابل ادارہ کے معاملے میں یہ رقم پہلے ہی ایڈجسٹ کر دی ہے۔

گذشتہ سال، SNGPL نے ایڈجسٹ گئی رقم کی بازیابی کے لیے ڈسٹرکٹ جج (گیس یونٹیں کورٹ کے اختیارات کے حامل) کے سامنے مقدمہ دائر کیا ہے، جس میں اس ایڈجسٹمنٹ کی تاریخ سے 136.14 ملین روپے کی مارک اپ کی رقم کا دعویٰ بھی شامل ہے۔ SNGPL نے لندن عدالت برائے بین الاقوامی ثالثی (LCIA) کے سامنے ثالثی کی درخواست بھی دائر کی ہے۔ LCIA کو درخواست میں SNGPL نے اس ایڈجسٹمنٹ کی تاریخ سے 236.47 ملین روپے مارک اپ کی رقم کا دعویٰ کیا ہے۔ کمپنی کا موقف ہے کہ SNGPL کو کوئی رقم قابل ادائیگی نہیں ہے اور کسی بھی صورت میں LCIA ثالثی اس معاملے کا فیصلہ کرنے والا واحد قابل فورم ہے۔

پاور خریدار کے خلاف مقدمہ میں، ثالثی نے کمپنی کے حق میں متعلقہ اخراجات کے ساتھ ساتھ 477.56 ملین روپے ایوارڈ کیے ہیں۔ کمپنی نے اس کے نفاذ کے لئے لاہور ہائی کورٹ میں درخواست دی ہے۔ پاور خریدار نے جزوی فائل ایوارڈ اور فائل ایوارڈ کو سول کورٹ لاہور میں بھی چیلنج کیا جس کا فیصلہ زیر التواء ہے۔

مالی جھلکیاں - غیر متزلزل:

| 30 ستمبر کو ختم ہونے والے نو ماہ | | |
|----------------------------------|-------|--------------------|
| 2019ء | 2020ء | |
| روپے ملین میں | | |
| 13,283 | 7,476 | کاروبار |
| 9,529 | 4,725 | آپریٹنگ کے اخراجات |
| 2,699 | 1,955 | خالص منافع |
| 6.99 | 5.06 | فی شیئر آمدنی |

Condensed Interim Unconsolidated Financial Statements

For 3rd Quarter Ended
September 30, 2020

SAIF POWER LIMITED

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2020

| | Note | Un-audited September 30, 2020 | Audited December 31, 2019 |
|--|------|-------------------------------------|---------------------------------|
| | | (Rupees) | |
| Share Capital and Reserves | | | |
| Share capital | 4 | 3,864,717,790 | 3,864,717,790 |
| Unappropriated profit - revenue reserve | | 11,641,891,357 | 10,943,280,351 |
| Total equity | | 15,506,609,147 | 14,807,998,141 |
| Liabilities | | | |
| Long term financing | 5 | - | - |
| Sub-ordinated loan | 6 | 621,758,377 | 714,425,109 |
| Lease liabilities | 7 | 41,614,578 | 44,006,839 |
| Non-current liabilities | | 663,372,955 | 758,431,948 |
| Trade and other payables | | 1,039,902,252 | 2,026,701,229 |
| Short term borrowings | 8 | 7,040,126,405 | 5,260,383,317 |
| Current portion of non-current liabilities | | 443,362,048 | 1,155,704,363 |
| Markup accrued | 9 | 632,104,365 | 695,660,585 |
| Unclaimed dividend | | 13,243,983 | 15,465,337 |
| Current liabilities | | 9,168,739,053 | 9,153,914,831 |
| Total liabilities | | 9,832,112,008 | 9,912,346,779 |
| Total equity and liabilities | | 25,338,721,155 | 24,720,344,920 |
| Contingencies and commitments | 10 | | |
| Assets | | | |
| Property, plant and equipment | 11 | 12,419,589,026 | 12,799,939,113 |
| Right of use assets | 12 | 51,707,198 | 52,997,400 |
| Investment in subsidiary | 13 | 777,232,150 | 738,404,190 |
| Long term deposits | | 5,146,160 | 4,372,660 |
| Non-current assets | | 13,253,674,534 | 13,595,713,363 |
| Advance income tax | | 10,723,908 | 14,602,800 |
| Stock in trade - HSD | | 162,692,302 | 133,035,854 |
| Trade debts | 14 | 11,136,954,074 | 9,650,652,780 |
| Other receivables | 15 | 562,762,979 | 1,164,439,454 |
| Advances | 16 | 89,742,310 | 98,224,239 |
| Trade deposits and short term prepayments | 17 | 118,933,674 | 63,005,356 |
| Bank balances | 18 | 3,237,374 | 671,074 |
| Current assets | | 12,085,046,621 | 11,124,631,557 |
| Total assets | | 25,338,721,155 | 24,720,344,920 |

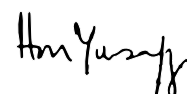
The annexed notes 1 to 25 form an integral part of these condensed interim unconsolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Director

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

FOR NINE MONTHS ENDED SEPTEMBER 30, 2020

| | | Three months ended | | Nine months ended | |
|--|------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | September 30, 2020 | September 30, 2019 | September 30, 2020 | September 30, 2019 |
| | Note | (Rupees) | | | |
| Turnover - net | 19 | 3,158,356,386 | 5,601,982,511 | 7,475,966,459 | 13,283,579,222 |
| Cost of sales | 20 | (2,504,480,439) | (4,261,757,238) | (4,725,341,298) | (9,529,785,852) |
| Gross profit | | 653,875,947 | 1,340,225,273 | 2,750,625,161 | 3,753,793,370 |
| Other income | | 282,977 | 101,507 | 501,644 | 1,573,262 |
| Administrative expenses | | (37,323,467) | (43,152,505) | (118,764,998) | (119,087,931) |
| Finance cost | 21 | (116,979,197) | (253,837,417) | (677,722,519) | (936,692,513) |
| Profit for the period | | 499,856,260 | 1,043,336,858 | 1,954,639,288 | 2,699,586,188 |
| Earnings per share - basic and diluted | | 1.29 | 2.70 | 5.06 | 6.99 |

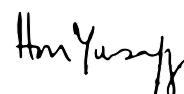
The annexed notes 1 to 25 form an integral part of these condensed interim unconsolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Director

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR NINE MONTHS ENDED SEPTEMBER 30, 2020

| | Three months ended | | Nine months ended | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2020 | September 30, 2019 | September 30, 2020 | September 30, 2019 |
| | (Rupees) | | | |
| Profit for the period | 499,856,260 | 1,043,336,858 | 1,954,639,288 | 2,699,586,188 |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive income for the period | 499,856,260 | 1,043,336,858 | 1,954,639,288 | 2,699,586,188 |


The annexed notes 1 to 25 form an integral part of these condensed interim unconsolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Director

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR NINE MONTHS ENDED SEPTEMBER 30, 2020

| | | September 30, 2020 | September 30, 2019 |
|---|------|-----------------------|-----------------------|
| | Note | (Rupees) | |
| Cash flows from operating activities | | | |
| Profit for the period | | 1,954,639,288 | 2,699,586,188 |
| <i>Adjustments for:</i> | | | |
| Provision for staff retirement benefits - gratuity | | 6,735,247 | 7,084,541 |
| Depreciation | 11 | 456,805,036 | 450,508,738 |
| Depreciation - Right of use assets | 12 | 9,376,125 | - |
| Finance cost | 21 | 677,722,519 | 936,692,513 |
| Gain on disposal of property, plant and equipment | | (498,449) | (226,485) |
| Profit on deposit accounts | | (3,195) | (1,008,969) |
| Return on investments | | - | (236,301) |
| | | 3,104,776,571 | 4,092,400,225 |
| Changes in: | | | |
| Stock in trade | | (29,656,448) | 54,466 |
| Trade debts | | (1,486,301,294) | (2,363,883,812) |
| Other receivable | | 601,676,475 | 77,975,107 |
| Advances | | 8,481,929 | (1,571,945) |
| Trade deposits and prepayments | | (55,928,318) | (59,450,530) |
| Trade and other payables | | (984,259,129) | 364,204,735 |
| <i>Cash generated from operating activities</i> | | 1,158,789,786 | 2,109,728,246 |
| Income taxes recovered/ (paid) | | 3,878,892 | (270,612) |
| Finance cost paid | | (741,278,739) | (765,834,379) |
| Staff retirement benefits paid | | (9,275,095) | (16,314,930) |
| Net cash generated from operating activities | | 412,114,844 | 1,327,308,325 |
| Cash flows from investing activities | | | |
| Acquisition of property, plant and equipment | 11 | (443,216) | (9,581,242) |
| Acquisition of right of use assets | | (463,948) | - |
| Increase in long term deposits | | (773,500) | (790,350) |
| Proceeds from sale of property, plant and equipment | | 1,240,856 | 555,549 |
| Investment in subsidiary | 13 | (38,827,960) | (91,100,000) |
| Profit on deposit accounts | | 3,195 | 1,008,969 |
| Return on investments - receipt | | - | 236,301 |
| Net cash used in investing activities | | (39,264,573) | (99,670,773) |
| Cash flows from financing activities | | | |
| Repayment of long term financing | | (884,563,847) | (1,179,114,085) |
| Dividend paid | | (1,258,249,636) | (502,335,922) |
| Short term borrowings - net | | 1,779,743,088 | 698,531,849 |
| Lease liabilities (assumed)/ paid | | (7,213,576) | 5,378,735 |
| Net cash used in financing activities | | (370,283,971) | (977,539,423) |
| Net increase in cash and cash equivalents | | 2,566,300 | 250,098,129 |
| Cash and cash equivalents at beginning of the period | | 671,074 | 295,242 |
| Cash and cash equivalents at end of the period | | 3,237,374 | 250,393,371 |

The annexed notes 1 to 25 form an integral part of these condensed interim unconsolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Director

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR NINE MONTHS ENDED SEPTEMBER 30, 2020

| | Share capital | Unappropriated profit-revenue reserve (Rupees) | Total equity |
|--|---------------|---|-----------------|
| Balance as at January 01, 2019 (Audited) | 3,864,717,790 | 8,182,507,613 | 12,047,225,403 |
| Profit for the period | - | 2,699,586,188 | 2,699,586,188 |
| Other comprehensive income | - | - | - |
| Total comprehensive income for the period | - | 2,699,586,188 | 2,699,586,188 |
| Final dividend 2018@ Rs. 1.30 per share | - | (502,413,313) | (502,413,313) |
| Balance as at September 30, 2019 (Un-audited) | 3,864,717,790 | 10,379,680,488 | 14,244,398,278 |
| Balance as at January 01, 2020 (Audited) | 3,864,717,790 | 10,943,280,351 | 14,807,998,141 |
| Profit for the period | - | 1,954,639,288 | 1,954,639,288 |
| Other comprehensive income for the period | - | - | - |
| Total comprehensive income for the period | - | 1,954,639,288 | 1,954,639,288 |
| Final dividend 2019@ Rs. 2 per share | - | (772,938,558) | (772,938,558) |
| Interim dividend 2020@ Rs. 1.25 per share | - | (483,089,724) | (483,089,724) |
| | - | (1,256,028,282) | (1,256,028,282) |
| Balance as at September 30, 2020 (Un-audited) | 3,864,717,790 | 11,641,891,357 | 15,506,609,147 |

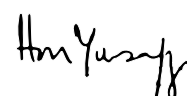
The annexed notes 1 to 25 form an integral part of these condensed interim unconsolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Director

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR NINE MONTHS ENDED SEPTEMBER 30, 2020

1 REPORTING ENTITY

Saif Power Limited ("the Company") was incorporated in Pakistan on November 11, 2004 as a public limited company under the repealed Companies Ordinance, 1984 (which has now been replaced by the Companies Act, 2017) and commenced operations from April 30, 2010. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The principal activities of the Company are to own, operate and maintain a combined cycle power plant having nameplate capacity of 225 MW (ISO) and sell the electricity to National Transmission and Dispatch Company (NTDC). The Company is a subsidiary of Saif Holdings Limited ("the Holding Company") with shareholding of 51.04% (December 31, 2019: 51.04%) ordinary shares.

2 BASIS OF PREPARATION

These condensed interim unconsolidated financial statements of the Company for nine months ended September 30, 2020 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

The disclosures in these condensed interim unconsolidated financial statements do not include the information reported in annual financial statements and should therefore be read in conjunction with the financial statements of the Company for the year ended December 31, 2019.

These condensed interim unconsolidated financial statements are separate financial statements of the Company in which investment in subsidiary has been accounted for at cost less accumulated impairment loss, if any.

These condensed interim unconsolidated financial statements are unaudited and are being submitted to the members as required under Section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange.

2.1 Exemptions from application of IFRS 9 "Financial Instruments" and IFRS 16 "Leases".

Through S.R.O 985(1)/2019 dated September 2, 2019 the Securities and Exchange Commission of Pakistan (SECP) has exempted applicability of IFRS-9 in respect of debts due from Government of Pakistan to power supply chain companies for a limited period of three years i.e. till June 30, 2021. Accordingly, the management believes that requirements of IFRS-9 relating to expected credit loss on its trade debts are not applicable to the Company.

Further, control of the Company's plant due to purchase of total output by NTDC and other arrangement under the Power Purchase Agreement (PPA) was classified as a lease under IFRIC 4 "Determining whether an Arrangement Contains a Lease" which due to exemption available to the Company were not accounted for as a lease in prior years. After applicability of IFRS-16, the Company's arrangement with NTDC falls under the definition of a lease as defined in IFRS-16, however, the SECP through S.R.O 986(1)/2019 dated September 2, 2019 has extended the earlier exemption from IFRIC-4 to all companies, which have entered into power purchase arrangements before January 01, 2019. The Company signed its Power Purchase Agreement with NTDC on April 30, 2007, accordingly, requirement of lease accounting relating to the Company's arrangement with NTDC are not applicable to the Company.

3 SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

The accounting policies and the methods of computations adopted in the preparation of these condensed interim unconsolidated financial statements are consistent with those followed in the preparation of the Company's audited financial statements for the year ended December 31, 2019 except for changes described below. The changes in accounting policies are also expected to be reflected in the Company's financial statements as at and for the year ending December 31, 2020.

3.1 Standards, interpretations and amendments to published approved accounting standards that became effective

- (a) On September 26, 2019 the IASB issued 'Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)' as a first reaction to the potential effects the IBOR reform could have on financial reporting. The amendments are effective for annual reporting periods beginning on or after January 01, 2020.
- (b) On October 22, 2018 the IASB issued 'Definition of a Business (Amendments to IFRS 3)' aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments are effective for business

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR NINE MONTHS ENDED SEPTEMBER 30, 2020

combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 01, 2020.

- (c) On October 31, 2018 the IASB issued 'Definition of Material (Amendments to IAS 1 and IAS 8)' to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards themselves. The amendments are effective annual reporting periods beginning on or after January 01, 2020.

3.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after January 01, 2020 and earlier application is permitted; however, the Company has not early adopted any of the forthcoming new or amended standards in preparing these condensed unconsolidated interim financial statements.

| | Un-audited September 30, 2020 | Audited December 31, 2019 |
|---|-------------------------------------|---------------------------------|
| | (Rupees) | |
| 4 SHARE CAPITAL | | |
| 4.1 Authorized share capital | | |
| 405,000,000 (December 31, 2019: 405,000,000) ordinary shares of Rs.10 each | 4,050,000,000 | 4,050,000,000 |
| 4.2 Issued, subscribed and paid-up capital | | |
| 386,471,779 (December 31, 2019: 386,471,779) ordinary shares of Rs.10 each fully paid in cash | 3,864,717,790 | 3,864,717,790 |
| 4.3 Saif Holdings Limited ("the Holding Company") holds 197,272,619 i.e. 51.04% shares (December 31, 2019: 197,272,619 i.e. 51.04%) ordinary shares of Rs.10 each at the reporting date. Further, 13,502 (December 31, 2019: 16,002) and 100 (December 31, 2019: 100) ordinary shares of Rs. 10 each are held by directors and a related party respectively. Orastar Limited held 66,022,504 (December 31, 2019: 66,022,504) ordinary shares of the Company. | | |

| | Un-audited September 30, 2020 | Audited December 31, 2019 |
|--|-------------------------------------|---------------------------------|
| | (Rupees) | |
| 5 LONG TERM FINANCING | | |
| Balance at January 01 | 788,379,612 | 2,975,180,137 |
| Repayment during the period/ year | (788,379,612) | (2,186,800,525) |
| Current portion of long term financing | - | 788,379,612 |
| Balance at September 30/ December 31 | - | (788,379,612) |

- 5.1 The Company has paid last installment of long term loan on March 31, 2020. Terms and conditions of all long term facilities are same as disclosed in financial statements for the year ended December 31, 2019.

| | Un-audited September 30, 2020 | Audited December 31, 2019 |
|--|-------------------------------------|---------------------------------|
| | (Rupees) | |
| 6 SUB-ORDINATED LOAN - UNSECURED | | |
| Balance at January 01 | 1,071,637,650 | 959,541,656 |
| Exchange loss capitalised | 76,754,140 | 112,095,994 |
| Repayment during the period/ year | (96,184,235) | - |
| 6.1 Current portion of subordinated loan | 1,052,207,555 | 1,071,637,650 |
| 6.2 Balance at September 30/ December 31 | (430,449,178) | (357,212,541) |
| | 621,758,377 | 714,425,109 |

- 6.1 Terms and conditions of the above loan are same as disclosed in financial statements for the year ended December 31, 2019.

- 6.2 This includes Rs. 239.14 million which is due but unpaid as of September 30, 2020.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR NINE MONTHS ENDED SEPTEMBER 30, 2020

| | | Un-audited September 30, 2020 | Audited December 31, 2019 |
|--|------|-------------------------------------|---------------------------------|
| | | (Rupees) | |
| 7 LEASE LIABILITIES | | | |
| Lease liabilities | | 54,527,448 | 54,119,049 |
| Less: Current portion | | (12,912,870) | (10,112,210) |
| Long term portion | | 41,614,578 | 44,006,839 |
| Movement of lease liabilities under IFRS 16 is as follows: | | | |
| Balance at January 01 | | 54,119,049 | 51,883,160 |
| New lease liabilities | | 7,621,975 | 11,191,914 |
| Interest | | 4,054,098 | 5,857,956 |
| Payments during the period/ year | | (11,267,674) | (14,813,981) |
| Balance at September 30/ December 31 | | 54,527,448 | 54,119,049 |
| Current portion of lease liabilities | | (12,912,870) | (10,112,210) |
| Non-Current Portion of Lease Liabilities | | 41,614,578 | 44,006,839 |
| 8 SHORT TERM BORROWINGS | Note | | |
| Working capital facilities - secured | 8.1 | 4,561,820,087 | 2,510,937,336 |
| Short term musharakah facilities - secured | 8.2 | 2,478,306,318 | 2,749,445,981 |
| | | 7,040,126,405 | 5,260,383,317 |

8.1 The Company has obtained working capital facilities amounting to Rs. 8.63 billion (December 31, 2019: Rs. 8.63 billion) from several commercial banks for meeting the working capital requirements, expiring on various dates during 2020. The facilities are secured by way of mortgage charge on fuel stocks inventory and energy payment receivables up to Rs. 12.24 billion (December 31, 2019: Rs. 13.24 billion) and subordinated / ranking charge on all present and future fixed assets and properties of the Company for an amount of Rs. 0.92 billion (December 31, 2019: Rs. 0.99 billion).

8.2 The Company has obtained short term Islamic finance facilities from Islamic banks subject to a maximum limit of Rs. 4.8 billion (December 31, 2019: Rs. 4.05 billion). The facilities are secured by pari passu / ranking charge on fuel stock and energy purchase price receivables of the Company up to Rs. 6.36 billion (December 31, 2019: Rs. 5.36 billion) and subordinated / ranking charge on all present and future fixed assets and properties of the Company up to Rs. 0.72 billion (December 31, 2019: Rs. 0.65 billion).

| | | Un-audited September 30, 2020 | Audited December 31, 2019 |
|--------------------------------|--|-------------------------------------|---------------------------------|
| | | (Rupees) | |
| 9 MARKUP ACCRUED | | | |
| Markup on long term financing | | - | 51,332,385 |
| Markup on short term financing | | 137,264,457 | 199,897,090 |
| Markup on sub-ordinated loan | | 494,839,908 | 444,431,110 |
| | | 632,104,365 | 695,660,585 |

10 CONTINGENCIES AND COMMITMENTS

All contingencies and commitments are same as those disclosed in financial statements for the year ended December 31, 2019 except that the contingent liability in respect of Sui Northern Gas Pipelines Limited (SNGPL)'s claim on account of late payment by the Company against SNGPL's invoices of Regasified Liquefied Natural Gas (RLNG) has increased to Rs. 99.34 million (December 31, 2019: Rs. 95.99 million).

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR NINE MONTHS ENDED SEPTEMBER 30, 2020

| | Un-audited September 30, 2020 | Audited December 31, 2019 |
|---|-------------------------------------|---------------------------------|
| (Rupees) | | |
| 11 PROPERTY, PLANT AND EQUIPMENT | | |
| Balance at January 01 | 12,799,939,113 | 13,294,424,176 |
| Recognition of right-of-use asset on initial application of IFRS 16 | - | (10,695,029) |
| Additions during the period/ year | 443,216 | 1,070,172,702 |
| Net book value of assets disposed off | (742,407) | (641,685) |
| Net book value of asset derecognised | - | (1,067,194,098) |
| Depreciation for the period/ year | (456,805,036) | (598,222,947) |
| Capitalization of exchange loss | 76,754,140 | 112,095,994 |
| Balance at September 30/ December 31 | 12,419,589,026 | 12,799,939,113 |
| 12 RIGHT OF USE ASSETS | | |
| COST | | |
| Balance at January 1 | 69,694,214 | 57,961,491 |
| Additions | 8,085,923 | 11,732,723 |
| Balance at September 30/ December 31 | 77,780,137 | 69,694,214 |
| DEPRECIATION | | |
| Balance at January 01 | 16,696,814 | 6,429,293 |
| Charge for the period/ year | 9,376,125 | 10,267,521 |
| Balance at September 30/ December 31 | 26,072,939 | 16,696,814 |
| Carrying amount | 51,707,198 | 52,997,400 |
| Rate of depreciation per annum (%) | 10% to 20% | 10% to 20% |
| 13 INVESTMENT IN SUBSIDIARY | | |
| Shares of Saif Cement Limited | 774,413,290 | 734,904,190 |
| Share deposit money | 2,818,860 | 3,500,000 |
| | 777,232,150 | 738,404,190 |

13.1 This represents equity investment in Saif Cement Limited ("SCL"). SCL is setting up a cement manufacturing plant in Saidulwali Village, Paharpur, Dera Ismail Khan, Khyber Pakhtunkhwa (KP). The Company, during the period, acquired additional 3,950,910 fully paid ordinary shares of Rs. 10 each and paid share deposit money of Rs. 2.82 million as advance for issuance of shares. The Company holds 96.32% of the issued share capital of SCL as at September 30, 2020.

| | Un-audited September 30, 2020 | Audited December 31, 2019 |
|---|-------------------------------------|---------------------------------|
| (Rupees) | | |
| 14 TRADE DEBTS | | |
| | Note | |
| National Transmission and Dispatch Company (NTDC) | 14.1 | 11,136,954,074 |
| | | 9,650,652,780 |

14.1 Trade debts include an overdue amount of Rs 9.07 billion (December 31, 2019: Rs. 7.67 billion) on account of circular debt. The Company considers this amount to be fully recoverable because this is secured by way of guarantee issued by the Government of Pakistan (GoP) under the Implementation Agreement (IA). Additionally, trade debts are subject to markup on delayed payments under PPA at the rate of KIBOR + 4.5% per annum except RLNG fuel invoices which are subject to markup of KIBOR+2% for first 30 days and after 30 days markup will be KIBOR+4.5%. GoP is committed, hence continuously pursuing for satisfactory settlement of debt issue.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR NINE MONTHS ENDED SEPTEMBER 30, 2020

14.2 Included in trade debts is an amount of Rs. 477.56 million (December 31, 2019: Rs. 477.56 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-utilisation of plant capacity was non-availability of fuel owing to non-payment by NTDC.

The Company along with other Independent Power Producers (IPPs) agreed with NTDC to resolve the dispute through dispute resolution mechanism (appointment of expert) under the PPA. In his decision the expert in August 2015 determined that the amount mentioned above is payable to the Company and accordingly the Company has claimed the said amount from NTDC. Since NTDC did not conform to requirements of PPA relating to Expert decision within 30 days, the IPPs went to London Court of International Arbitration (LCIA).

Sole arbitrator appointed by LCIA issued a partial final award on June 08, 2017 wherein it was inter alia held that the expert determination is final and binding. Thereafter, a final award was issued by the sole arbitrator on October 29, 2017 pursuant to which NTDC was ordered to pay Rs. 477.56 million along with cost of proceedings, interest from the date of expert determination till payment by NTDC, after Arbitrator decision, to the Company. The Company filed petitions before Lahore High Court for enforcement of partial final award and final award on June 17, 2017 and November 30, 2017 respectively, which proceedings are pending till date. NTDC has also challenged the partial final award and final award in Civil Court, Lahore.

14.3 During year ended December 31, 2016 an amount of Rs. 239.68 million relating to capacity purchase price not acknowledged by NTDC was adjusted by the Company against payable to SNGPL pursuant to award in favour of the Company for the whole amount by the London Court of International Arbitration (Arbitrator). SNGPL disputed the adjustment/set off amount of Award in the Lahore High Court, however, the court dismissed such petition of SNGPL. Thereafter, SNGPL filed appeal before the Supreme Court of Pakistan, which disposed off the appeal by stating that the judgement of the Lahore High Court, to the extent it decides on merits, the question of the Company's right to set off is set aside (without prejudice to the rights of the parties). SNGPL also challenged the award in Civil Court, Lahore, on April 21, 2016 which is pending adjudication. On June 07, 2016 the Company filed a petition in the Civil Court Lahore to obtain a Decree in lieu of the arbitration award and also adjusted an amount of Rs. 270.66 million (inclusive of the aforementioned amount of Rs. 239.68 million) from payable to SNGPL as such amount was allowed by the LCIA in its award. SNGPL has filed suit for recovery before District Judge, Lahore (Invested with Powers of the Gas Utility Court) on March 01, 2019 against this adjustment including a claim for markup from the date of such adjustment and also has filed a request for Arbitration before LCIA on March 22, 2019. In its submission to LCIA on March 06, 2020, SNGPL has claimed adjusted amount of Rs. 270.66 million and markup amount of Rs. 236.47 million from the date of such adjustment. The Company's position is that no amount is payable to SNGPL and in any case, LCIA Arbitration is the only competent forum to decide on this case.

| | Un-audited September 30, 2020 | Audited December 31, 2019 |
|--|-------------------------------------|---------------------------------|
| | (Rupees) | |
| 15 OTHER RECEIVABLES | | |
| Workers' Profit Participation Fund (WPPF) receivable | 431,776,612 | 334,044,648 |
| Insurance claim receivable | - | 785,753,372 |
| Sales tax receivable - net | 129,680,158 | 27,741,941 |
| Other receivables | 1,306,209 | 16,899,493 |
| | 562,762,979 | 1,164,439,454 |
| 16 ADVANCES - considered good | | |
| Advances to supplier | 89,325,993 | 97,456,918 |
| Advances to employees | 416,317 | 767,321 |
| | 89,742,310 | 98,224,239 |
| 17 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS | | |
| Prepayments | 117,100,674 | 61,172,356 |
| Security deposit | 1,833,000 | 1,833,000 |
| | 118,933,674 | 63,005,356 |
| 18 BANK BALANCES | | |
| Cash at bank: | | |
| Current accounts | | |
| Local currency | 2,906,822 | 366,950 |
| Deposit accounts | | |
| Foreign currency | 330,552 | 304,124 |
| | 3,237,374 | 671,074 |

18.1 This represents an amount of USD 1,965 (December 31, 2019: USD 1,964) in US Dollar deposit account.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR NINE MONTHS ENDED SEPTEMBER 30, 2020

| | Un-audited Three months ended September 30, 2020 | | Un-audited Nine months ended September 30, 2020 | |
|--|---|-----------------------|--|-----------------------|
| | | September 30, 2019 | | September 30, 2019 |
| 19 TURNOVER - NET | (Rupees) | | | |
| Gross Energy Purchase Price | 2,549,699,057 | 4,701,646,459 | 4,241,833,863 | 10,240,675,914 |
| Less: Sales tax | (370,469,095) | (683,145,212) | (616,334,835) | (1,487,961,457) |
| | 2,179,229,962 | 4,018,501,247 | 3,625,499,028 | 8,752,714,457 |
| Capacity Purchase Price | 979,126,424 | 1,583,481,264 | 3,850,467,431 | 4,530,864,765 |
| | 3,158,356,386 | 5,601,982,511 | 7,475,966,459 | 13,283,579,222 |
| 20 COST OF SALES | | | | |
| Raw material consumed | 1,987,073,780 | 3,735,380,311 | 3,310,773,684 | 8,146,403,601 |
| Operation and maintenance | 288,181,245 | 305,984,566 | 730,930,778 | 743,372,552 |
| Salaries and other benefits | 14,405,000 | 15,067,209 | 47,577,227 | 49,038,511 |
| Electricity charges | 10,996,599 | 3,257,736 | 37,483,336 | 19,871,196 |
| Insurance expense | 51,267,698 | 51,827,914 | 141,283,555 | 122,141,588 |
| Depreciation | 151,828,043 | 149,321,620 | 455,360,808 | 445,803,336 |
| Office expenses | 303,143 | 400,822 | 895,497 | 1,150,600 |
| Travelling, conveyance and entertainment | 410,533 | 468,236 | 973,209 | 1,294,404 |
| Repair and maintenance | 3,369 | 31,922 | 21,269 | 639,275 |
| Communication | 11,029 | 16,902 | 41,935 | 70,789 |
| | 2,504,480,439 | 4,261,757,238 | 4,725,341,298 | 9,529,785,852 |
| 21 FINANCE COST | | | | |
| Markup on short term borrowings | 134,880,383 | 214,847,703 | 491,100,398 | 540,634,415 |
| Markup on long term financing | - | 72,533,908 | 26,696,717 | 249,577,592 |
| Markup on sub-ordinated loan | 8,791,310 | 14,666,200 | 34,213,700 | 43,017,077 |
| Guarantee commission and arrangement fee | 3,249,999 | 6,749,999 | 9,749,998 | 13,249,997 |
| Markup on lease liabilities | 1,202,220 | 503,316 | 4,054,098 | 1,164,912 |
| Bank charges | 134,696 | 136,076 | 322,026 | 338,889 |
| Exchange loss/ (gain) - net | (31,279,411) | (55,599,785) | 111,585,582 | 88,709,631 |
| | 116,979,197 | 253,837,417 | 677,722,519 | 936,692,513 |

22 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

Fair value measurement

Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR NINE MONTHS ENDED SEPTEMBER 30, 2020

A. Accounting classifications and fair values

22.1 The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

| | | Carrying Amount | | | Fair value | | | |
|--|------|-----------------|----------------|----------------|------------|---------|---------|-------|
| | | Amortised cost | Amortised cost | Total | Level 1 | Level 2 | Level 3 | Total |
| SEPTEMBER 30, 2020 | Note | (Rupees) | | | | | | |
| Financial assets measured at fair value | | - | - | - | - | - | - | - |
| Financial assets not measured at fair value | 22.2 | | | | | | | |
| Long term deposits | | 5,146,160 | - | 5,146,160 | - | - | - | - |
| Trade debts | | 11,136,954,074 | - | 11,136,954,074 | - | - | - | - |
| Other receivables | 22.3 | 433,082,821 | - | 433,082,821 | - | - | - | - |
| Advances to employees | | 416,317 | - | 416,317 | - | - | - | - |
| Security deposits | | 1,833,000 | - | 1,833,000 | - | - | - | - |
| Bank balances | | 3,237,374 | - | 3,237,374 | - | - | - | - |
| Total | | 11,580,669,746 | - | 11,580,669,746 | - | - | - | - |
| Financial liabilities not measured at fair value | 22.2 | | | | | | | |
| Long term financing | | - | - | - | - | - | - | - |
| Sub-ordinated loan | | - | 1,052,207,555 | 1,052,207,555 | - | - | - | - |
| Lease liabilities | | - | 54,527,448 | 54,527,448 | - | - | - | - |
| Trade and other payables | 22.4 | - | 1,037,855,165 | 1,037,855,165 | - | - | - | - |
| Short term borrowings | | - | 7,040,126,405 | 7,040,126,405 | - | - | - | - |
| Markup accrued | | - | 632,104,365 | 632,104,365 | - | - | - | - |
| Unclaimed dividend | | - | 13,243,983 | 13,243,983 | - | - | - | - |
| Total | | - | 9,830,064,921 | 9,830,064,921 | - | - | - | - |
| December 31, 2019 | | | | | | | | |
| Financial assets measured at fair value | | - | - | - | - | - | - | - |
| Financial assets not measured at fair value | 22.2 | | | | | | | |
| Long term deposits | | 4,372,660 | - | 4,372,660 | - | - | - | - |
| Trade debts | | 9,650,652,780 | - | 9,650,652,780 | - | - | - | - |
| Other receivables | 22.3 | 1,136,697,513 | - | 1,136,697,513 | - | - | - | - |
| Advances to employees | | 767,321 | - | 767,321 | - | - | - | - |
| Security deposits | | 1,833,000 | - | 1,833,000 | - | - | - | - |
| Bank balances | | 671,074 | - | 671,074 | - | - | - | - |
| Total | | 10,794,994,348 | - | 10,794,994,348 | - | - | - | - |
| Financial liabilities not measured at fair value | 22.2 | | | | | | | |
| Long term financing | | - | 788,379,612 | 788,379,612 | - | - | - | - |
| Sub-ordinated loan | | - | 1,071,637,650 | 1,071,637,650 | - | - | - | - |
| Lease liabilities | | - | 54,119,049 | 54,119,049 | - | - | - | - |
| Trade and other payables | 22.4 | - | 2,024,416,209 | 2,024,416,209 | - | - | - | - |
| Short term borrowings | | - | 5,260,383,317 | 5,260,383,317 | - | - | - | - |
| Markup accrued | | - | 695,660,585 | 695,660,585 | - | - | - | - |
| Unclaimed dividend | | - | 15,465,337 | 15,465,337 | - | - | - | - |
| Total | | - | 9,910,061,759 | 9,910,061,759 | - | - | - | - |

22.2 The Company has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

22.3 This excludes sales tax receivable.

22.4 This excludes withholding tax payable.

23 RELATED PARTY TRANSACTIONS AND BALANCES

The Company is subsidiary of Saif Holdings Limited ("the Holding Company"), therefore the Holding Company and all associated undertakings of the Holding Company are related parties of the Company. Other related parties comprise of directors, key management personnel, entities over which directors are able to exercise significant influence and major shareholders. Balances and other arrangements with Orastar Limited have been disclosed in note 4.3, 6 and 9 to these financial statements. Transactions and balances with related parties other than those disclosed elsewhere in these condensed interim unconsolidated financial statements are as follows:

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR NINE MONTHS ENDED SEPTEMBER 30, 2020

| | Un-audited Nine months ended | |
|---|--|--|
| | September 30, 2020 | September 30, 2019 |
| | (Rupees) | |
| Transactions with related parties | | |
| Saif Holdings Limited - the Holding Company (51.04% shareholding-common directorship) | | |
| Dividend | 641,136,012 | 256,454,405 |
| Saif Textile Limited - Associated Company (Common directorship) | | |
| Dividend | 325 | 130 |
| Akbar Kare Institution - Associated Company (Common directorship) | | |
| Donation made by the Company | 4,500,000 | 4,500,000 |
| Waddan Foundation - Associated Company (Common directorship) | | |
| Donation made by the Company | 370,000 | - |
| Key Management Personnel | | |
| Dividend to Directors | 43,882 | 20,802 |
| Directors' meeting fee | 650,000 | 140,000 |
| Remuneration including benefits and perquisites | 46,740,385 | 47,023,781 |
| Other Related Parties | | |
| Contribution to Saif Power Limited - Staff Gratuity Fund | 9,275,095 | 16,314,930 |
| | Un-audited September 30, 2020 | Audited December 31, 2019 |
| | (Rupees) | |
| Balances with related parties | | |
| Saif Holdings Limited - the Holding Company (51.04% shareholding-common directorship) | | |
| Support service fee payable | 221,525,725 | 221,525,725 |
| Other related parties | | |
| Payable to Saif Power Limited- Staff Gratuity Fund | 6,735,247 | 9,275,095 |

24 NON-ADJUSTING EVENT

Due to high cost of electricity in Pakistan, a committee was formed by Ministry of Energy (Power Division) under the directions of Prime Minister of Pakistan, to conduct historic analysis of the causes behind the issues faced by the sector. The committee submitted its report and another Committee for Negotiations was constituted by the Government of Pakistan. During the period the Company has executed a Memorandum of Understanding (MOU) with Committee for Negotiations. The main features of MOU pertain to sharing of any excess profit over ROE with NTDC, reduction in rate for late payment surcharge for first 60 days, fixation of rupee dollar parity for ROE indexation, implementation of Take and Pay Basis based on Competitive Trading Arrangement, payment mechanism of overdue trade receivables by NTDC and mechanism for resolution of other disputed matters with NTDC. The MOU is currently not legally binding and subject to approval by the Board of Directors of the Company, NEPRA, Federal Cabinet and other necessary corporate approvals.

25 DATE OF AUTHORISATION

These condensed interim unconsolidated financial statements were approved and authorized for issue by the Board of Directors in their meeting held on October 27, 2020.



Chief Financial Officer



Chief Executive Officer



Director

Condensed Interim Consolidated Financial Statements

For 3rd Quarter Ended
September 30, 2020

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2020

| | | Un-audited September 30, 2020 | Audited December 31, 2019 |
|---|------|-------------------------------------|---------------------------------|
| | Note | (Rupees) | |
| Share capital and reserves | | | |
| Share capital | 4 | 3,864,717,790 | 3,864,717,790 |
| Unappropriated profit - revenue reserve | | 11,635,356,217 | 10,939,558,934 |
| Equity attributable to the owners of the Company | | 15,500,074,007 | 14,804,276,724 |
| Non controlling interests | | 28,872,865 | 27,802,426 |
| Total equity | | 15,528,946,872 | 14,832,079,150 |
| Liabilities | | | |
| Long term financing | 5 | - | - |
| Sub-ordinated loan | 6 | 621,758,377 | 714,425,109 |
| Lease liabilities | 7 | 46,686,350 | 50,547,079 |
| Deferred liability - gratuity | | 1,603,000 | 2,962,420 |
| Non-current liabilities | | 670,047,727 | 767,934,608 |
| Trade and other payables | | 1,115,642,649 | 2,098,782,870 |
| Short term borrowings | 8 | 7,040,126,405 | 5,260,383,317 |
| Current portion of non-current liabilities | | 445,176,926 | 1,157,226,851 |
| Markup accrued | 9 | 632,104,365 | 695,660,585 |
| Unclaimed dividend | | 13,243,983 | 15,465,337 |
| Current liabilities | | 9,246,294,328 | 9,227,518,960 |
| Total liabilities | | 9,916,342,055 | 9,995,453,568 |
| Total equity and liabilities | | 25,445,288,927 | 24,827,532,718 |
| Contingencies and commitments | | | |
| | 10 | | |
| Assets | | | |
| Property, plant and equipment | 11 | 13,201,493,006 | 13,544,119,637 |
| Right of use assets | 12 | 58,694,416 | 61,518,397 |
| Project transaction costs | | 60,434,170 | 58,237,690 |
| Goodwill | | 11,530,918 | 11,530,918 |
| Long term deposits | | 5,146,160 | 4,372,660 |
| Non-current assets | | 13,337,298,670 | 13,679,779,302 |
| Advance income tax | | 20,325,991 | 24,118,484 |
| Stock in trade - HSD | | 162,692,302 | 133,035,854 |
| Trade debts | 13 | 11,136,954,074 | 9,650,652,780 |
| Other receivables | 14 | 562,762,979 | 1,164,439,454 |
| Advances | 15 | 89,742,310 | 98,349,239 |
| Trade deposits and short term prepayments | 16 | 118,933,674 | 63,005,356 |
| Bank balances | 17 | 16,578,927 | 14,152,249 |
| Current assets | | 12,107,990,257 | 11,147,753,416 |
| Total assets | | 25,445,288,927 | 24,827,532,718 |

The annexed notes 1 to 24 form an integral part of these condensed interim consolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

FOR NINE MONTHS ENDED SEPTEMBER 30, 2020

| | | Three months ended | | Nine months ended | |
|---------------------------------|------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | September 30, 2020 | September 30, 2019 | September 30, 2020 | September 30, 2019 |
| | Note | (Rupees) | | | |
| Turnover - net | 18 | 3,158,356,386 | 5,601,982,511 | 7,475,966,459 | 13,283,579,222 |
| Cost of sales | 19 | (2,504,480,439) | (4,261,757,238) | (4,725,341,298) | (9,529,785,852) |
| Gross profit | | 653,875,947 | 1,340,225,273 | 2,750,625,161 | 3,753,793,370 |
| Other income | | 438,275 | 412,250 | 1,184,685 | 2,401,874 |
| Administrative expenses | | (38,417,835) | (44,128,191) | (121,682,226) | (121,383,952) |
| Finance cost | 20 | (117,130,931) | (254,133,031) | (678,402,466) | (937,356,812) |
| Profit for the period | | 498,765,456 | 1,042,376,301 | 1,951,725,154 | 2,697,454,480 |
| Profit/ (loss) attributable to: | | | | | |
| - Owners of the Company | | 498,806,030 | 1,042,402,829 | 1,951,833,549 | 2,697,508,432 |
| - Non-controlling interests | | (40,574) | (26,528) | (108,395) | (53,952) |
| | | 498,765,456 | 1,042,376,301 | 1,951,725,154 | 2,697,454,480 |

The annexed notes 1 to 24 form an integral part of these condensed interim consolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR NINE MONTHS ENDED SEPTEMBER 30, 2020

| | Three months ended | | Nine months ended | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2020 | September 30, 2019 | September 30, 2020 | September 30, 2019 |
| | (Rupees) | | | |
| Profit for the period | 498,765,456 | 1,042,376,301 | 1,951,725,154 | 2,697,454,480 |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive income for the period | 498,765,456 | 1,042,376,301 | 1,951,725,154 | 2,697,454,480 |
| Total comprehensive income attributable to: | | | | |
| - Owners of the Company | 498,806,030 | 1,042,402,829 | 1,951,833,549 | 2,697,508,432 |
| - Non-controlling interests | (40,574) | (26,528) | (108,395) | (53,952) |
| | 498,765,456 | 1,042,376,301 | 1,951,725,154 | 2,697,454,480 |

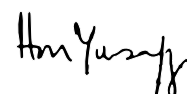
The annexed notes 1 to 24 form an integral part of these condensed interim consolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR NINE MONTHS ENDED SEPTEMBER 30, 2020

| | Note | September 30, 2020 | September 30, 2019 |
|--|------|-----------------------|-----------------------|
| | | (Rupees) | |
| Cash flows from operating activities | | | |
| Profit for the period | | 1,951,725,154 | 2,697,454,480 |
| <i>Adjustments for:</i> | | | |
| Provision for staff retirement benefits - gratuity | | 6,735,247 | 7,084,541 |
| Depreciation | 11 | 457,078,625 | 451,776,421 |
| Depreciation - Right of use assets | 12 | 10,909,904 | - |
| Finance cost | 20 | 678,402,466 | 937,356,812 |
| Gain on disposal of property, plant and equipment | | (498,449) | (226,485) |
| Profit on deposit accounts | | (3,195) | (1,009,038) |
| Return on investments | | (683,041) | (1,166,351) |
| | | 3,103,666,711 | 4,091,270,380 |
| Changes in: | | | |
| Stock in trade | | (29,656,448) | 54,466 |
| Trade debts | | (1,486,301,294) | (2,363,883,812) |
| Other receivable | | 601,676,475 | 77,966,210 |
| Advances | | 8,606,929 | (1,689,845) |
| Trade deposits and prepayments | | (55,928,318) | (59,450,530) |
| Trade and other payables | | (980,600,373) | 359,018,637 |
| <i>Cash generated from operating activities</i> | | 1,161,463,682 | 2,103,285,506 |
| Income taxes recovered/ (paid) | | 3,792,493 | (661,994) |
| Finance cost paid | | (741,958,686) | (766,498,678) |
| Deferred liability - gratuity | | (1,359,420) | - |
| Staff retirement benefits paid | | (9,275,095) | (16,314,930) |
| Net cash generated from operating activities | | 412,662,974 | 1,319,809,904 |
| Cash flows from investing activities | | | |
| Acquisition of property, plant and equipment | 11 | (38,440,261) | (89,170,545) |
| Acquisition of right of use assets | | (463,948) | - |
| Increase in long term deposits | | (773,500) | (790,350) |
| Proceeds from sale of property, plant and equipment | | 1,240,856 | 555,549 |
| Movement in Project Transaction cost | | (2,196,480) | (15,049,751) |
| Profit on deposit accounts | | 3,195 | 1,009,038 |
| Return on investments - receipt | | 683,041 | 1,166,351 |
| Net cash used in investing activities | | (39,947,097) | (102,279,708) |
| Cash flows from financing activities | | | |
| Repayment of long term financing | | (884,563,847) | (1,179,114,085) |
| Dividend paid | | (1,258,249,636) | (502,335,922) |
| Receipt against issuance of shares of the Subsidiary Company | | 1,170,850 | 27,876,910 |
| Short term borrowings - net | | 1,779,743,088 | 674,034,873 |
| Lease liabilities (assumed)/ paid | | (8,389,654) | 13,773,104 |
| Net cash used in financing activities | | (370,289,199) | (965,765,120) |
| Net decrease in cash and cash equivalents | | 2,426,678 | 251,765,076 |
| Cash and cash equivalents at beginning of the period | | 14,152,249 | 14,472,597 |
| Cash and cash equivalents at end of the period | | 16,578,927 | 266,237,673 |

The annexed notes 1 to 24 form an integral part of these condensed interim consolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR NINE MONTHS ENDED SEPTEMBER 30, 2020

| | Share capital | Unappropriated profit-revenue reserve | Non-Controlling interest | Total equity |
|--|---------------|---|-----------------------------|-----------------|
| | (Rupees) | | | |
| Balance as at January 01, 2019 (Audited) | 3,864,717,790 | 8,181,713,965 | 19,609 | 12,046,451,364 |
| Profit for the period | - | 2,697,508,432 | (53,952) | 2,697,454,480 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | - | 2,697,508,432 | (53,952) | 2,697,454,480 |
| Transaction with owners of the Company | | | | |
| Distributions | | | | |
| Final dividend 2018@ Rs. 1.30 per share | - | (502,413,313) | - | (502,413,313) |
| Changes in ownership interests | | | | |
| Consideration paid by NCI for acquisition of shares | - | - | 27,876,910 | 27,876,910 |
| Disposal of share to NCI without a change in control | - | 483,388 | (483,388) | - |
| Total changes in ownership interests | - | 483,388 | 27,393,522 | 27,876,910 |
| Total transactions with owners of the Company | - | (501,929,925) | 27,393,522 | (474,536,403) |
| Balance as at September 30, 2019 (Un-audited) | 3,864,717,790 | 10,377,292,472 | 27,359,179 | 14,269,369,441 |
| Balance as at January 01, 2020 (Audited) | 3,864,717,790 | 10,939,558,934 | 27,802,426 | 14,832,079,150 |
| Profit for the period | - | 1,951,833,549 | (108,395) | 1,951,725,154 |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive income for the period | - | 1,951,833,549 | (108,395) | 1,951,725,154 |
| Transaction with owners of the Company | | | | |
| Distributions | | | | |
| Final dividend 2019@ Rs. 2 per share | - | (772,938,558) | - | (772,938,558) |
| Interim dividend 2020@ Rs. 1.25 per share | - | (483,089,724) | - | (483,089,724) |
| | - | (1,256,028,282) | - | (1,256,028,282) |
| Changes in ownership interests | | | | |
| Consideration paid by NCI for acquisition of shares | - | - | 1,170,850 | 1,170,850 |
| Acquisition of NCI without a change in control | - | (7,984) | 7,984 | - |
| Total changes in ownership interests | - | (7,984) | 1,178,834 | 1,170,850 |
| Total transactions with owners of the Company | - | (1,256,036,266) | 1,178,834 | (1,254,857,432) |
| Balance as at September 30, 2020 (Un-audited) | 3,864,717,790 | 11,635,356,217 | 28,872,865 | 15,528,946,872 |

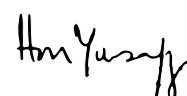
The annexed notes 1 to 24 form an integral part of these condensed interim consolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Director

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR NINE MONTHS ENDED SEPTEMBER 30, 2020

1 REPORTING ENTITY

Saif Power Limited ("the Company") was incorporated in Pakistan on November 11, 2004 as a public limited company under the repealed Companies Ordinance, 1984 (which has now been replaced by the Companies Act, 2017) and commenced operations from April 30, 2010. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The Company is a subsidiary of Saif Holdings Limited ("the Controlling Party") with shareholding of 51.04% (December 31, 2019: 51.04%) ordinary shares.

The Group consists of Saif Power Limited (the Company) and Saif Cement Limited.

The principal activities of the Company are to own, operate and maintain a combined cycle power plant having nameplate capacity of 225 MW (ISO) and sell the electricity to National Transmission and Dispatch Company (NTDC).

Subsidiary:

Saif Cement Limited (the Subsidiary Company) is a public limited company incorporated in Pakistan on January 13, 2017 under the repealed Companies Ordinance, 1984 (which has now been replaced by the Companies Act, 2017).

The Subsidiary Company is engaged in the construction of Greenfield Cement Production Plant of 6,500 tons per day clinker production line on an EPC Turnkey Contracting Basis near D.I. Khan, Khyber Pakhtunkhwa province. Thereafter, the principal business of the Subsidiary Company will be production and sale of cement.

2 BASIS OF PREPARATION

These condensed interim consolidated financial statements include the financial statements of the Company and its Subsidiary (collectively "the Group"). The financial statements of the Subsidiary are prepared for the same reporting period as the Holding Company, using consistent accounting policies.

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

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

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

The disclosures in these condensed interim consolidated financial statements do not include the information reported in annual financial statements and should therefore be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2019.

These condensed interim consolidated financial statements are unaudited and are being submitted to the members as required under Section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange.

2.1 Exemptions from application of IFRS 9 "Financial Instruments" and IFRS 16 "Leases"

Through S.R.O 985(1)/2019 dated September 2, 2019, the Securities and Exchange Commission of Pakistan (SECP) has exempted applicability of IFRS-9 in respect of debts due from Government of Pakistan to power supply chain companies for a limited period of three years i.e. till June 30, 2021. Accordingly, the management believes that requirements of IFRS-9 relating to expected credit loss on its trade debts are not applicable to the Company.

Further, control of the Company's plant due to purchase of total output by NTDC and other arrangement under the Power Purchase Agreement (PPA) was classified as a lease under IFRIC 4 "Determining whether an Arrangement Contains a Lease" which due to exemption available to the Company were not accounted for as a lease in prior years. After applicability of IFRS-16, the Company's arrangement with NTDC falls under the definition of a lease as defined in IFRS-16, however, the SECP through S.R.O 986(1)/2019 dated September 2, 2019 has extended the earlier exemption from IFRIC-4 to all companies, which have entered into power purchase arrangements before January 01, 2019. The Company signed its Power Purchase Agreement with NTDC on April 30, 2007, accordingly, requirement of lease accounting relating to the Company's arrangement with NTDC are not applicable to the Company.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR NINE MONTHS ENDED SEPTEMBER 30, 2020

3 SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

The accounting policies and the methods of computations adopted in the preparation of these condensed interim consolidated financial statements are consistent with those followed in the preparation of the audited financial statements for the year ended December 31, 2019 except for changes described below. The changes in accounting policies are also expected to be reflected in the Company's financial statements as at and for the year ending December 31, 2020.

3.1 Standards, interpretations and amendments to published approved accounting standards that became effective

- (a) On September 26, 2019 the IASB issued 'Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)' as a first reaction to the potential effects the IBOR reform could have on financial reporting. The amendments are effective for annual reporting periods beginning on or after January 01, 2020.
- (b) On October 22, 2018 the IASB issued 'Definition of a Business (Amendments to IFRS 3)' aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 01, 2020.
- (c) On October 31, 2018 the IASB issued 'Definition of Material (Amendments to IAS 1 and IAS 8)' to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards themselves. The amendments are effective annual reporting periods beginning on or after January 01, 2020.

3.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after January 01, 2020 and earlier application is permitted; however, the Company has not early adopted any of the forthcoming new or amended standards in preparing these condensed interim consolidated financial statements.

4 SHARE CAPITAL

4.1 Authorized share capital

405,000,000 (December 31, 2019: 405,000,000) ordinary shares of Rs.10 each

4.2 Issued, subscribed and paid-up capital

386,471,779 (December 31, 2019: 386,471,779) ordinary shares of Rs.10 each fully paid in cash

- 4.3 Saif Holdings Limited ("the Controlling Party") holds 197,272,619 i.e. 51.04% shares (December 31, 2019: 197,272,619 i.e. 51.04%) ordinary shares of Rs.10 each at the reporting date. Further, 13,502 (December 31, 2019: 16,002) and 100 (December 31, 2019: 100) ordinary shares of Rs. 10 each are held by directors and a related party respectively. Orastar Limited held 66,022,504 (December 31, 2019: 66,022,504) ordinary shares of the Company.

5 LONG TERM FINANCING

Balance at January 01

Repayment during the period/ year

Current portion of long term financing

Balance at September 30/ December 31

- 5.1 The Company has paid last instalment of long term loan on March 31, 2020. Terms and conditions of all long term facilities are same as disclosed in financial statements for the year ended December 31, 2019.

| Un-audited September 30, 2020 | Audited December 31, 2019 |
|-------------------------------------|---------------------------------|
| (Rupees) | |

| | | |
|----------------------|---------------|--|
| | | |
| 4,050,000,000 | 4,050,000,000 | |
| 3,864,717,790 | 3,864,717,790 | |

| Un-audited September 30, 2020 | Audited December 31, 2019 |
|-------------------------------------|---------------------------------|
| (Rupees) | |

| | | |
|----------------------|-----------------|--|
| 788,379,612 | 2,975,180,137 | |
| (788,379,612) | (2,186,800,525) | |
| - | 788,379,612 | |
| - | (788,379,612) | |
| - | - | |

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR NINE MONTHS ENDED SEPTEMBER 30, 2020

| | | Un-audited September 30, 2020 | Audited December 31, 2019 |
|---|-----|-------------------------------------|---------------------------------|
| | | (Rupees) | |
| 6 SUB-ORDINATED LOAN - UNSECURED | | | |
| Balance at January 01 | | 1,071,637,650 | 959,541,656 |
| Exchange loss capitalised | | 76,754,140 | 112,095,994 |
| Repayment during the period/ year | | (96,184,235) | - |
| | 6.1 | 1,052,207,555 | 1,071,637,650 |
| Current portion of subordinated loan | | (430,449,178) | (357,212,541) |
| Balance at September 30/ December 31 | | 621,758,377 | 714,425,109 |

6.1 Terms and conditions of the above loan are same as disclosed in financial statements for the year ended December 31, 2019.

6.2 This includes Rs. 239.14 million which is due but unpaid as of September 30, 2020.

| | | Un-audited September 30, 2020 | Audited December 31, 2019 |
|--|------|-------------------------------------|---------------------------------|
| | | (Rupees) | |
| 7 LEASE LIABILITIES | Note | | |
| Lease liabilities | | 61,414,098 | 62,181,777 |
| Less: Current portion | | (14,727,748) | (11,634,698) |
| Long term portion | | 46,686,350 | 50,547,079 |
| Movement of lease liabilities under IFRS 16 is as follows: | | | |
| Balance at January 01 | | 62,181,777 | 51,883,160 |
| New lease liabilities | | 7,621,975 | 21,417,110 |
| Interest | | 4,734,045 | 6,844,743 |
| Payments during the period/ year | | (13,123,699) | (17,963,236) |
| Balance at September 30/ December 31 | | 61,414,098 | 62,181,777 |
| Current portion of lease liabilities | | (14,727,748) | (11,634,698) |
| Non-Current Portion of Lease Liabilities | | 46,686,350 | 50,547,079 |

| | | | |
|--|------|---------------|---------------|
| 8 SHORT TERM BORROWINGS | Note | | |
| Working capital facilities - secured | 8.1 | 4,561,820,087 | 2,510,937,336 |
| Short term musharakah facilities - secured | 8.2 | 2,478,306,318 | 2,749,445,981 |
| | | 7,040,126,405 | 5,260,383,317 |

8.1 The Company has obtained working capital facilities amounting to Rs. 8.63 billion (December 31, 2019: Rs. 8.63 billion) from several commercial banks for meeting the working capital requirements, expiring on various dates during 2020. The facilities are secured by way of mortgage charge on fuel stocks inventory and energy payment receivables up to Rs. 12.24 billion (December 31, 2019: Rs. 13.24 billion) and subordinated / ranking charge on all present and future fixed assets and properties of the Company for an amount of Rs. 0.92 billion (December 31, 2019: Rs. 0.99 billion).

8.2 The Company has obtained short term Islamic finance facilities from Islamic banks subject to a maximum limit of Rs. 4.8 billion (December 31, 2019: Rs. 4.05 billion). The facilities are secured by pari passu / ranking charge on fuel stock and energy purchase price receivables of the Company up to Rs. 6.36 billion (December 31, 2019: Rs. 5.36 billion) and subordinated / ranking charge on all present and future fixed assets and properties of the Company up to Rs. 0.72 billion (December 31, 2019: Rs. 0.65 billion).

| | | Un-audited September 30, 2020 | Audited December 31, 2019 |
|--------------------------------|--|-------------------------------------|---------------------------------|
| | | (Rupees) | |
| 9 MARKUP ACCRUED | | | |
| Markup on long term financing | | - | 51,332,385 |
| Markup on short term financing | | 137,264,457 | 199,897,090 |
| Markup on sub-ordinated loan | | 494,839,908 | 444,431,110 |
| | | 632,104,365 | 695,660,585 |

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR NINE MONTHS ENDED SEPTEMBER 30, 2020

10 CONTINGENCIES AND COMMITMENTS

All contingencies and commitments are same as those disclosed in financial statements for the year ended December 31, 2019 except that the contingent liability in respect of Sui Northern Gas Pipelines Limited (SNGPL)'s claim on account of late payment by the Company against SNGPL's invoices of Regasified Liquefied Natural Gas (RLNG) has increased to Rs. 99.34 million (December 31, 2019: Rs. 95.99 million).

11 PROPERTY, PLANT AND EQUIPMENT

| | Un-audited September 30, 2020 | Audited December 31, 2019 |
|---|-------------------------------------|---------------------------------|
| | (Rupees) | |
| Balance at January 01 | 13,544,119,637 | 13,945,393,792 |
| Recognition of right-of-use asset on initial application of IFRS 16 | - | (10,695,029) |
| Additions during the period/ year | 38,440,261 | 1,163,699,793 |
| Net book value of assets disposed off | (742,407) | (641,685) |
| Net book value of asset derecognised | - | (1,067,194,098) |
| Depreciation for the period/ year | (457,078,625) | (598,539,130) |
| Capitalization of exchange loss | 76,754,140 | 112,095,994 |
| Balance at September 30/ December 31 | 13,201,493,006 | 13,544,119,637 |

12 RIGHT OF USE ASSETS

COST

| | | |
|--------------------------------------|------------|------------|
| Balance at January 1 | 79,919,410 | 57,961,491 |
| Additions | 8,085,923 | 21,957,919 |
| Disposals | - | - |
| Balance at September 30/ December 31 | 88,005,333 | 79,919,410 |

DEPRECIATION

| | | |
|--------------------------------------|------------|------------|
| Balance at January 01 | 18,401,013 | 6,429,293 |
| Charge for the period/ year | 10,909,904 | 11,971,720 |
| Disposals | - | - |
| Balance at September 30/ December 31 | 29,310,917 | 18,401,013 |

Carrying amount

| | | |
|------------------------------------|------------|------------|
| Rate of depreciation per annum (%) | 10% to 20% | 10% to 20% |
|------------------------------------|------------|------------|

13 TRADE DEBTS

| | | | |
|---|------|----------------|---------------|
| National Transmission and Dispatch Company (NTDC) | 13.1 | 11,136,954,074 | 9,650,652,780 |
|---|------|----------------|---------------|

13.1 Trade debts include an overdue amount of Rs 9.07 billion (December 31, 2019: Rs. 7.67 billion) on account of circular debt. The Company considers this amount to be fully recoverable because this is secured by way of guarantee issued by the Government of Pakistan (GoP) under the Implementation Agreement (IA). Additionally, trade debts are subject to markup on delayed payments under PPA at the rate of KIBOR + 4.5% per annum except RLNG fuel invoices which are subject to markup of KIBOR+2% for first 30 days and after 30 days markup will be KIBOR+4.5%. GoP is committed, hence continuously pursuing for satisfactory settlement of debt issue.

13.2 Included in trade debts is an amount of Rs. 477.56 million (December 31, 2019: Rs. 477.56 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-utilisation of plant capacity was non-availability of fuel owing to non-payment by NTDC.

The Company along with other Independent Power Producers (IPPs) agreed with NTDC to resolve the dispute through dispute resolution mechanism (appointment of expert) under the PPA. In his decision the expert in August 2015 determined that the amount mentioned above is payable to the Company and accordingly the Company has claimed the said amount from NTDC. Since NTDC did not conform to requirements of PPA relating to Expert decision within 30 days, the IPPs went to London Court of International Arbitration (LCIA).

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR NINE MONTHS ENDED SEPTEMBER 30, 2020

Sole arbitrator appointed by LCIA issued a partial final award on June 08, 2017 wherein it was inter alia held that the expert determination is final and binding. Thereafter, a final award was issued by the sole arbitrator on October 29, 2017 pursuant to which NTDC was ordered to pay Rs. 477.56 million along with cost of proceedings, interest from the date of expert determination till payment by NTDC, after Arbitrator decision, to the Company. The Company filed petitions before Lahore High Court for enforcement of partial final award and final award on June 17, 2017 and November 30, 2017 respectively, which proceedings are pending till date. NTDC has also challenged the partial final award and final award in Civil Court, Lahore.

- 13.3** During year ended December 31, 2016 an amount of Rs. 239.68 million relating to capacity purchase price not acknowledged by NTDC was adjusted by the Company against payable to SNGPL pursuant to award in favour of the Company for the whole amount by the London Court of International Arbitration (Arbitrator). SNGPL disputed the adjustment/set off amount of Award in the Lahore High Court, however, the court dismissed such petition of SNGPL. Thereafter, SNGPL filed appeal before the Supreme Court of Pakistan, which disposed off the appeal by stating that the judgement of the Lahore High Court, to the extent it decides on merits, the question of the Company's right to set off is set aside (without prejudice to the rights of the parties). SNGPL also challenged the award in Civil Court, Lahore, on April 21, 2016 which is pending adjudication. On June 07, 2016 the Company filed a petition in the Civil Court Lahore to obtain a Decree in lieu of the arbitration award and also adjusted an amount of Rs. 270.66 million (inclusive of the aforementioned amount of Rs. 239.68 million) from payable to SNGPL as such amount was allowed by the LCIA in its award. SNGPL has filed suit for recovery before District Judge, Lahore (Invested with Powers of the Gas Utility Court) on March 01, 2019 against this adjustment including a claim for markup from the date of such adjustment and also has filed a request for Arbitration before LCIA on March 22, 2019. In its submission to LCIA on March 06, 2020, SNGPL has claimed adjusted amount of Rs. 270.66 million and markup amount of Rs. 236.47 million from the date of such adjustment. The Company's position is that no amount is payable to SNGPL and in any case, LCIA Arbitration is the only competent forum to decide on this case.

| | | Un-audited September 30, 2020 | Audited December 31, 2019 |
|--|------|-------------------------------------|-------------------------------------|
| | Note | (Rupees) | |
| 14 OTHER RECEIVABLES | | | |
| Workers' Profit Participation Fund (WPPF) receivable | | 431,776,612 | 334,044,648 |
| Insurance claim receivable | | - | 785,753,372 |
| Sales tax receivable - net | | 129,680,158 | 27,741,941 |
| Other receivables | | 1,306,209 | 16,899,493 |
| | | 562,762,979 | 1,164,439,454 |
| 15 ADVANCES - considered good | | | |
| Advances to supplier | | 89,325,993 | 97,456,918 |
| Advances to employees | | 416,317 | 892,321 |
| | | 89,742,310 | 98,349,239 |
| 16 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS | | | |
| Prepayments | | 117,100,674 | 61,172,356 |
| Security deposit | | 1,833,000 | 1,833,000 |
| | | 118,933,674 | 63,005,356 |
| | | Un-audited September 30, 2020 | Un-audited September 30, 2019 |
| 17 CASH AND BANK BALANCES | | (Rupees) | |
| Cash in hand | | 35,300 | 140,230 |
| Cash at bank: | | | |
| Current accounts | | | |
| Local currency | | 5,685,783 | 2,876,939 |
| Deposit accounts | | | |
| Foreign currency | 17.1 | 330,552 | 304,124 |
| Short term investment | | 10,527,292 | 10,830,956 |
| | | 16,578,927 | 14,152,249 |

- 17.1** This represents an amount of USD 1,965 (December 31, 2019: USD 1,964) in US Dollar deposit account.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR NINE MONTHS ENDED SEPTEMBER 30, 2020

| | Un-audited Three months ended | | Un-audited Nine months ended | |
|--|----------------------------------|-----------------------|---------------------------------|-----------------------|
| | September 30, 2020 | September 30, 2019 | September 30, 2020 | September 30, 2019 |
| 18 TURNOVER - NET | (Rupees) | | | |
| Gross Energy Purchase Price | 2,549,699,057 | 4,701,646,459 | 4,241,833,863 | 10,240,675,914 |
| Less: Sales tax | (370,469,095) | (683,145,212) | (616,334,835) | (1,487,961,457) |
| | <u>2,179,229,962</u> | <u>4,018,501,247</u> | <u>3,625,499,028</u> | <u>8,752,714,457</u> |
| Capacity Purchase Price | 979,126,424 | 1,583,481,264 | 3,850,467,431 | 4,530,864,765 |
| | <u>3,158,356,386</u> | <u>5,601,982,511</u> | <u>7,475,966,459</u> | <u>13,283,579,222</u> |
| 19 COST OF SALES | | | | |
| Raw material consumed | 1,987,073,780 | 3,735,380,311 | 3,310,773,684 | 8,146,403,601 |
| Operation and maintenance | 288,181,245 | 305,984,566 | 730,930,778 | 743,372,552 |
| Salaries and other benefits | 14,405,000 | 15,067,209 | 47,577,227 | 49,038,511 |
| Electricity charges | 10,996,599 | 3,257,736 | 37,483,336 | 19,871,196 |
| Insurance expense | 51,267,698 | 51,827,914 | 141,283,555 | 122,141,588 |
| Depreciation | 151,828,043 | 149,321,620 | 455,360,808 | 445,803,336 |
| Office expenses | 303,143 | 400,822 | 895,497 | 1,150,600 |
| Travelling, conveyance and entertainment | 410,533 | 468,236 | 973,209 | 1,294,404 |
| Repair and maintenance | 3,369 | 31,922 | 21,269 | 639,275 |
| Communication | 11,029 | 16,902 | 41,935 | 70,789 |
| | <u>2,504,480,439</u> | <u>4,261,757,238</u> | <u>4,725,341,298</u> | <u>9,529,785,852</u> |
| 20 FINANCE COST | | | | |
| Markup on short term borrowings | 134,880,383 | 214,847,703 | 491,100,398 | 540,634,415 |
| Markup on long term financing | - | 72,533,908 | 26,696,717 | 249,577,592 |
| Markup on sub-ordinated loan | 8,791,310 | 14,666,200 | 34,213,700 | 43,017,077 |
| Guarantee commission and arrangement fee | 3,249,999 | 6,749,999 | 9,749,998 | 13,249,997 |
| Markup on lease liabilities | 1,353,954 | 798,930 | 4,734,045 | 1,829,211 |
| Bank charges | 134,696 | 136,076 | 322,026 | 338,889 |
| Exchange loss - net | (31,279,411) | (55,599,785) | 111,585,582 | 88,709,631 |
| | <u>117,130,931</u> | <u>254,133,031</u> | <u>678,402,466</u> | <u>937,356,812</u> |

21 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

Fair value measurement

Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Group is current bid price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR NINE MONTHS ENDED SEPTEMBER 30, 2020

A. Accounting classifications and fair values

21.1 The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

| The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. | | | | | | | | |
|---|------|-----------------|----------------|----------------|------------|---------|---------|-------|
| | | Carrying Amount | | | Fair value | | | |
| | Note | Amortised cost | Amortised cost | Total | Level 1 | Level 2 | Level 3 | Total |
| <u>SEPTEMBER 30, 2020</u> (Rupees) | | | | | | | | |
| Financial assets measured at fair value | | - | - | - | - | - | - | - |
| Financial assets not measured at fair value | | 21.2 | | | | | | |
| Long term deposits | | 5,146,160 | - | 5,146,160 | - | - | - | - |
| Trade debts | | 11,136,954,074 | - | 11,136,954,074 | - | - | - | - |
| Other receivables | 21.3 | 433,082,821 | - | 433,082,821 | - | - | - | - |
| Advances to employees | | 416,317 | - | 416,317 | - | - | - | - |
| Security deposits | | 1,833,000 | - | 1,833,000 | - | - | - | - |
| Bank balances | | 16,578,927 | - | 16,578,927 | - | - | - | - |
| Total | | 11,594,011,299 | - | 11,594,011,299 | - | - | - | - |
| Financial liabilities not measured at fair value | | 21.2 | | | | | | |
| Long term financing | | - | - | - | - | - | - | - |
| Sub-ordinated loan | | - | 1,052,207,555 | 1,052,207,555 | - | - | - | - |
| Lease liabilities | | - | 61,414,098 | 61,414,098 | - | - | - | - |
| Deferred liability - gratuity | | - | 1,603,000 | 1,603,000 | - | - | - | - |
| Trade and other payables | 21.4 | - | 1,113,549,814 | 1,113,549,814 | - | - | - | - |
| Short term borrowings | | - | 7,040,126,405 | 7,040,126,405 | - | - | - | - |
| Markup accrued | | - | 632,104,365 | 632,104,365 | - | - | - | - |
| Unclaimed dividend | | - | 13,243,983 | 13,243,983 | - | - | - | - |
| Total | | - | 9,914,249,220 | 9,914,249,220 | - | - | - | - |

December 31, 2019

| | | | | | | | | |
|---|------|-----------------------|----------------------|-----------------------|----------|----------|----------|----------|
| Financial assets measured at fair value | | - | - | - | - | - | - | - |
| Financial assets not measured at fair value | 21.2 | | | | | | | |
| Long term deposits | | 4,372,660 | - | 4,372,660 | - | - | - | - |
| Trade debts | | 9,650,652,780 | - | 9,650,652,780 | - | - | - | - |
| Other receivables | 21.3 | 1,136,697,513 | - | 1,136,697,513 | - | - | - | - |
| Advances to employees | | 892,321 | - | 892,321 | - | - | - | - |
| Security deposits | | 1,833,000 | - | 1,833,000 | - | - | - | - |
| Bank balances | | 14,152,249 | - | 14,152,249 | - | - | - | - |
| Total | | 10,808,600,523 | - | 10,808,600,523 | - | - | - | - |
| Financial liabilities not measured at fair value | 21.2 | | | | | | | |
| Long term financing | | - | 788,379,612 | 788,379,612 | - | - | - | - |
| Sub-ordinated loan | | - | 1,071,637,650 | 1,071,637,650 | - | - | - | - |
| Lease liabilities | | - | 62,181,777 | 62,181,777 | - | - | - | - |
| Deferred liability - gratuity | | - | 2,962,420 | 2,962,420 | - | - | - | - |
| Trade and other payables | 21.4 | - | 2,096,217,289 | 2,096,217,289 | - | - | - | - |
| Short term borrowings | | - | 5,260,383,317 | 5,260,383,317 | - | - | - | - |
| Markup accrued | | - | 695,660,585 | 695,660,585 | - | - | - | - |
| Unclaimed dividend | | - | 15,465,337 | 15,465,337 | - | - | - | - |
| Total | | - | 9,992,887,987 | 9,992,887,987 | - | - | - | - |

21.2 The Group has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

21.3 This excludes sales tax receivable.

21.4 This excludes withholding tax payable.

22 RELATED PARTY TRANSACTIONS

The Company is subsidiary of Saif Holdings Limited ("the Controlling Party"), therefore the Controlling Party, the Subsidiary Company and all associated undertakings of the Controlling Party are related parties of the Group. Other related parties comprise of directors, key management personnel, entities over which directors are able to exercise significant influence and major shareholders. Balances and other arrangements with Orastar Limited have been disclosed in note 4.3, 6 and 9 to the financial statements. Transactions and balances with related parties other than those disclosed elsewhere in these condensed interim consolidated financial statements are as follows:

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR NINE MONTHS ENDED SEPTEMBER 30, 2020

Transactions with related parties

Saif Holdings Limited - the Holding Company (51.04% shareholding-common directorship)

Dividend
Issuance of share capital against cash by Saif Cement Limited

Saif Textile Limited - Associated Company (Common directorship)

Dividend

JSK Feeds Limited - Associated Company (Common directorship)

Expenses incurred on behalf of Saif Cement Limited

Akbar Kare Institution - Associated Company (Common directorship)

Donation made by the Company

Waddan Foundation - Associated Company (Common directorship)

Donation made by the Company

Key Management Personnel

Dividend to Directors
Directors' meeting fee
Remuneration including benefits and perquisites

Other Related Parties

Contribution to Saif Power Limited - Staff Gratuity Fund

| Un-audited Nine months ended | |
|---------------------------------|-----------------------|
| September 30, 2020 | September 30, 2019 |
| (Rupees) | |
| 641,136,012 | 256,454,405 |
| 1,084,060 | 25,859,500 |
| 325 | 130 |
| - | 712,797 |
| 4,500,000 | 4,500,000 |
| 370,000 | - |
| 43,882 | 20,802 |
| 650,000 | 140,000 |
| 46,740,385 | 32,735,561 |
| 9,275,095 | 16,314,930 |

Balances with related parties

Saif Holdings Limited - the Holding Company (51.04% shareholding-common directorship)

Support service fee payable

JSK Feeds Limited - Associated Company (Common directorship)

Payable against expenses incurred on behalf of Saif Cement Limited

Other related parties

Payable to Saif Power Limited- Staff Gratuity Fund

| Un-audited September 30, 2020 | Audited December 31, 2019 |
|-------------------------------------|---------------------------------|
| (Rupees) | |
| 221,525,725 | 221,525,725 |
| 350,000 | 350,000 |
| 6,735,247 | 9,275,095 |

23 NON-ADJUSTING EVENT

Due to high cost of electricity in Pakistan, a committee was formed by Ministry of Energy (Power Division) under the directions of Prime Minister of Pakistan, to conduct historic analysis of the causes behind the issues faced by the sector. The committee submitted its report and another Committee for Negotiations was constituted by the Government of Pakistan. During the period the Company has executed a Memorandum of Understanding (MOU) with Committee for Negotiations. The main features of MOU pertain to sharing of any excess profit over ROE with NTDC, reduction in rate for late payment surcharge for first 60 days, fixation of rupee dollar parity for ROE indexation, implementation of Take and Pay Basis based on Competitive Trading Arrangement, payment mechanism of overdue trade receivables by NTDC and mechanism for resolution of other disputed matters with NTDC. The MOU is currently not legally binding and subject to approval by the Board of Directors of the Company, NEPRA, Federal Cabinet and other necessary corporate approvals.

24 DATE OF AUTHORISATION

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors in their meeting held on October 27, 2020.



Chief Financial Officer



Chief Executive Officer



Director



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