

NISHAT POWER LIMITED



SECY/STOCKEXC/

February 23, 2021.

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

SUB: **SUBMISSION OF HALF YEARY ACCOUNTS
FOR THE PERIOD ENDED DECEMBER 31, 2020**

Dear Sir,

In compliance with the provisions of Section 237 of the Companies Act 2017, read with PSX Notice No. PSX/N-4207 dated July 13, 2018 and PSX/N-4952 dated August 29, 2018, we are pleased to submit electronically through PUCAR un audited accounts for the half year ended December 31, 2020.

Thanking you,

Yours truly,


KHALID MAHMOOD CHOCHAN
COMPANY SECRETARY

HEAD OFFICE

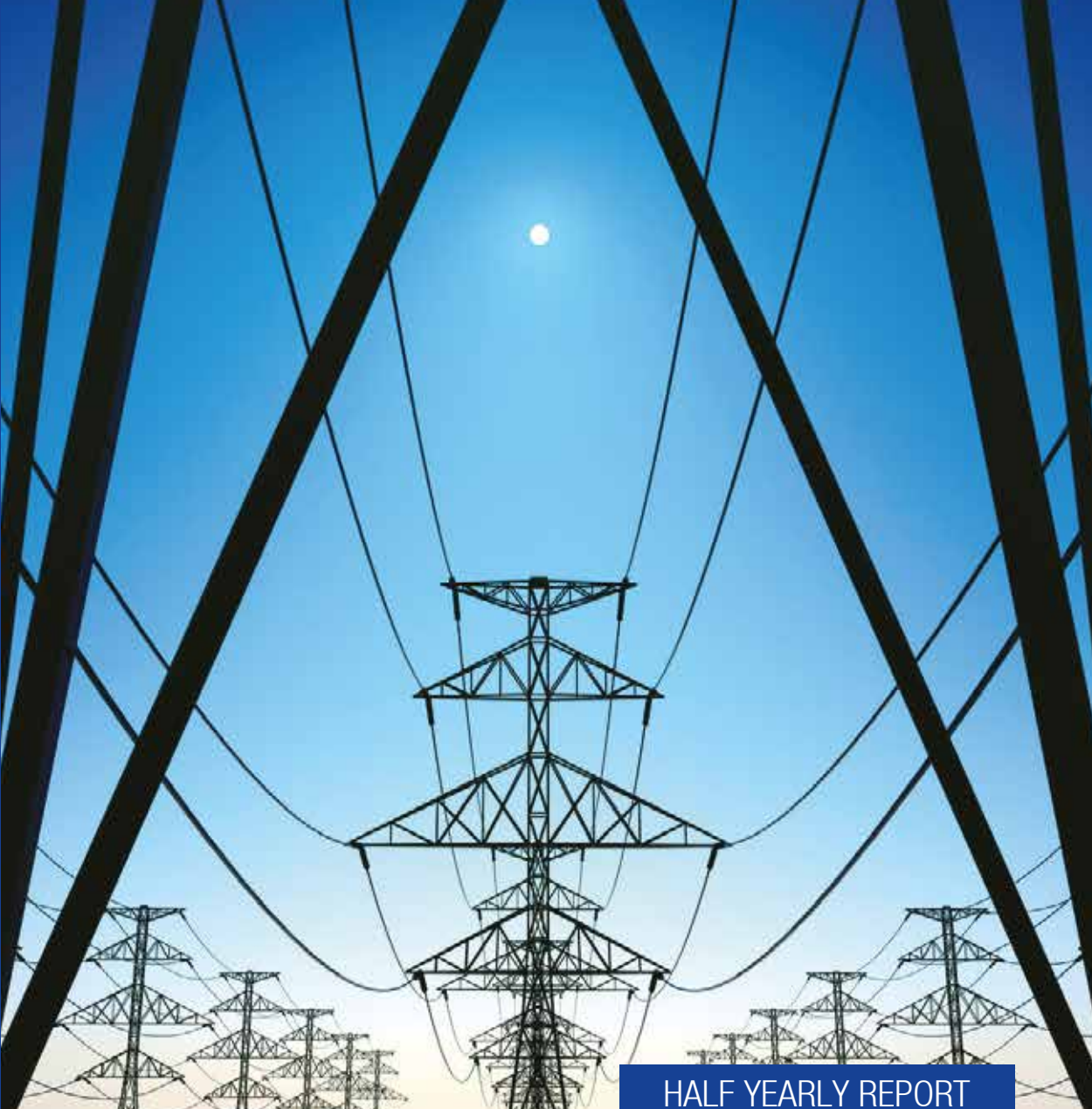
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REGISTERED OFFICE

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

POWER STATIONS

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



HALF YEARLY REPORT

FOR THE HALF YEAR ENDED
DECEMBER 31, 2020



N I S H A T

NISHAT POWER LIMITED

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CORPORATE PROFILE

BOARD OF DIRECTORS

Mian Hassan Mansha	Chairman
Mr. Ghazanfar Hussain Mirza	Chief Executive
Mr. Ahmad Aqeel	
Ms. Maleeha Humayun Bangash	
Mr. Mahmood Akthar	
Mr. Shahzad Ahmad Malik	
Mr. Norez Abdullah	

AUDIT COMMITTEE

Mr. Ahmad Aqeel	Member/Chairman
Ms. Maleeha Humayun Bangash	Member
Mr. Shahzad Ahmad Malik	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

CHIEF FINANCIAL OFFICER

Mr. Tanvir Khalid

COMPANY SECRETARY

Mr. Khalid Mahmood Chohan

BANKERS OF THE COMPANY

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

AUDITORS

A. F. Ferguson & Co.
Chartered Accountants

LEGAL ADVISOR

Cornelius, Lane & Mufti
Advocates & Solicitors

REGISTERED OFFICE

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

HEAD OFFICE

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

SHARE REGISTRAR

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

PLANT

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

DIRECTORS' REPORT

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

FINANCIAL AND OPERATIONAL RESULTS:

During the period, the Company had turnover of Rs 5,407 million (December 2019: Rs 7,262 million), against operating cost of Rs 3,616 million (December 2019: Rs 3,925 million) resulting in a gross profit of Rs 1,791 million (December 2019: Rs 3,337 million). The Company earned profit before tax of Rs 1,467 million compared to Rs 2,497 million in the same period last year.

The current period's net profit after tax amounts to Rs 1,467 million resulting earnings per share of Rs 4.14 compared to profit after tax of Rs 2,497 million and earnings per share of Rs 7.05 in the same period last year.

During the period under review, the Company, at the request of the Government of Pakistan, in the larger national interest, voluntarily agreed to alter certain contractual arrangements for the sustainability of the power sector, therefore, to alter the existing contractual arrangements with the Power Purchaser, on August 13, 2020, the Company entered into Memorandum of Understanding ("MoU") with "the Committee for negotiations with Independent Private Power Producers" earlier notified by Government of Pakistan on June 03, 2020. However, the terms of the MoU had to be approved by NEPRA, Federal Cabinet and Board of Directors of the Company and was not to be construed as an alteration or amendment to the Power Purchase Agreement or Implementation Agreement.

To convert the MoU into a binding agreement between the concerned parties, the Government of Pakistan constituted the Implementation Committee through its notification dated October 07, 2020. Accordingly, after several rounds of discussion, subsequent to period under review, the Company and the Central Power Purchasing Agency (Guarantee) Limited (the "Power Purchaser/ CPPA") have signed and approved "Master Agreement", "PPA Amendment Agreement" and other agreements pursuant to these agreements.

The terms of Master Agreement and PPA Amendment Agreement are i) the Power Purchase Agreement was entered into between NTDC and the Company, now the Parties along with NTDC, have agreed to enter into a novation agreement, and CPPA irrevocably accepts and assumes all NTDC's rights, obligations and liabilities; ii) starting from financial year 2021-22, share savings under fuel and O&M with the Power Purchaser; iii) appointment of independent consultant to conduct one time detailed heat rate test in order to ensure that the actual efficiency matches the efficiency reported in the most recent annual financial statement ; iv) prospectively reduce ROE and ROEDC components, i.e. 17% per annum in PKR on NEPRA approved equity at Commercial Operations Date for RoE and RoEDC calculated at USD/PKR exchange rate of PKR 148/USD, with no future USD indexation. However, the existing RoE and RoEDC, together with the applicable indexations, shall continue to be applied until the date the applicable exchange rate under the present tariff reaches PKR 168/USD1 (i.e., the date of the signing of the MoU), whereupon the revised RoE and RoEDC shall apply for the remainder of the term of the PPA. v) when competitive trading arrangement is implemented and becomes fully operational, then as per the terms in the generation license the company will convert its PPA to take and pay basis; vi) forego and waive all of its claims of late payment interest on late payment interest invoices considering Power Purchaser follows the PPA mandated FIFO payment principle in relation to past and future payments; vii) any invoice remains overdue, reduce the delayed payment rate to KIBOR plus two percent for the first 60 days compounded semi-annually and for any period thereafter, KIBOR plus four-point five percent per annum, each compounded semi-annually viii) replenish the fuel stock at the Complex as per the PPA; and ix) with respect to LCIA Award relating to withheld Capacity Payments, the company will recover the withheld Capacity through settlement and withdraw enforcement proceedings in Lahore High Court and forgo amounts of Pre and Post LCIA award interest and cost as awarded under LCIA Award.

The payment of receivables is an integral part of the Master & PPA Amendment Agreement and that the total outstanding overdue amount on 30th November 2020 will be paid in two instalments, with 40% (within 30 days of signing of Master Agreement) and upon notification of tariff determination by NEPRA (comprising 1/3rd cash and 2/3rd financial instruments of PIBs

and Sukuks) and the remaining 60% payable six (6) months thereafter through the same method as that of the first instalment. The parties agree that above mechanism will be followed without affecting the right of the Company to receive late payment interest under the PPA as amended.

After notification of the revised tariff determination in line with the tariff adjustment application and payment of first instalment under the Master Agreement, and till revised tariff effective date (i.e. when last instalment under the above payment mechanism has been paid to the Company), the parties agree that the Company shall, subject to resolution of the outstanding LCIA Award, commence giving discount in future invoices consistent with the notified tariff and this Agreement. From and after the revised tariff effective date, billing and invoicing shall be as per the revised tariff. Power Purchaser shall ensure that the revised tariff determined by NEPRA is in accordance with the tariff adjustment application.

The Power Purchaser will also assist and support the Company in tax issues with Federal Board of Revenue for early and positive resolution of all ongoing cases;

The resolution of the dispute as to alleged savings in tariff components as, inter alia, alleged in the report dated 16th March 2020, will be done through arbitration whereby a tribunal of 3 Arbitrator shall be constituted.

The above arrangements have been approved by the Board of Directors of the Company, subject to payment of receivables as per terms of the Master and PPA Amendment Agreement and other regulatory approvals.

We would like to draw your attention to note 9 to this Condensed Interim Financial Information which refers to an amount of Rs 816 million (included in trade debts) deducted by NTDC from the Capacity Purchase Price invoices. The management strongly feels that, based on the favourable Expert determination, Final Arbitration Award, and approved Master and PPA Amendment Agreement, the above amount is likely to be recovered by the company. Consequently, no provision for the above mentioned amount has been made in this condensed interim financial information.

We would like to draw your attention to note 7 to this Condensed Interim Financial Information which refers to delayed payment charges on outstanding delayed payment invoices, not acknowledged by NTDC. On prudence basis, the company has not recognized the income and corresponding receivable in these financial statements due to its uncertainty on account of pendency of enforcement proceedings of the final award, Master and PPA Amendment Agreement.

Total receivables from NTDC including WPPF and WWF on December 31, 2020 stand at Rs 18,038 million (June 2020: Rs 18,782 million), out of which overdue receivables are Rs 16,486 million (June 2020: Rs 15,801 million).

The plant operated at optimal efficiency and dispatched 247 GWh (December 2019: 223 GWh) of electricity to its customer NTDC during the period, with 28.60% (December 2019: 25.81%) average capacity factor.

COMPOSITION OF BOARD:

Total number of Directors:	
(a) Male	6
(b) Female:	1
Composition:	
(i) Independent Directors	2
(ii) Other Non-executive Directors	4
(iii) Executive Directors	1

COMMITTEES OF THE BOARD:

Audit Committee of the Board:

Sr. #	Name of Directors
1	Mr. Ahmad Aqeel (Chairman)
2	Ms. Maleeha Humayun Bangash
3	Mr. Shahzad Ahmad Malik

Human Resource and Remuneration Committee:

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

DIRECTORS' REMUNERATION:

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

ACKNOWLEDGEMENTS

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

For and on behalf of Board of Directors



Chief Executive Officer

Lahore: February 12, 2021



Director

مجلس نظام کی رپورٹ:

نشاط پاور لمیٹڈ (کمپنی) کی مجلس نظام 31 دسمبر 2020 کو ختم ہونے والی ششماہی کے لئے کمپنی کی منجملہ عبوری مالی معلومات معیاری رپورٹ پیش کرتے ہوئے خوش محسوس کرتی ہے۔

مالیاتی اور آپریشنل نتائج:

کمپنی کو حالیہ مدت کے دوران 3,616 ملین روپے (دسمبر 2019: 3,925 ملین روپے) کی آپریٹنگ لاگت کے عوض 5,047 ملین روپے (دسمبر 2019: 7,262 ملین روپے) آمدنی ہوئی، جس کے نتیجے میں 1,791 ملین روپے (دسمبر 2019: 3,337 ملین روپے) کا مجموعی منافع ہوا ہے۔ کمپنی نے قبل از ٹیکس منافع گزشتہ سال کی اسی مدت کے قبل از ٹیکس منافع 2,497 ملین روپے کے مقابلہ میں 1,467 ملین روپے کم کیا ہے۔

موجودہ مدت کا بعد از ٹیکس خالص منافع گزشتہ سال کی اسی مدت کے بعد از ٹیکس منافع 2,497 ملین روپے اور 7.05 روپے فی حصص آمدنی کے مقابلہ میں 1,467 ملین روپے اور 4.14 روپے فی حصص آمدنی رہا ہے۔

زیر جائزہ مدت کے دوران، کمپنی نے حکومت پاکستان کی درخواست پر، وسیع قومی مفاد میں، پاور سیکٹر کے استحکام کے لئے طے شدہ معاہدوں میں چند تبدیلیوں کے لئے رضا کارانہ اتفاق کیا ہے، اس لئے 13 اگست 2020 کو بجلی کے خریدار کے ساتھ موجودہ معاہدوں میں تبدیلی کے لئے، کمپنی 03 جون 2020 کو حکومت پاکستان کی طرف سے جاری کردہ "مذاکراتی کمیٹی برائے نجی بجلی بنانے والی کمپنیز" کے ساتھ "مفاہمت کی یادداشت" ("MoU") میں شامل ہوئی۔ تاہم MoU کی شرائط کو نبھانے، وفاقی کامینڈ اور کمپنی کے بورڈ آف ڈائریکٹرز سے منظور ہونا تھا اور اسے بجلی کی خریداری کے معاہدے یا معاہدے کے نفاذ میں تبدیلی یا ترمیم خیال نہیں کیا جانا چاہئے تھا۔

متعلقہ فریقین کے مابین مفاہمت کی یادداشت کو معاہدہ میں تبدیل کرنے کے لئے، حکومت پاکستان نے اپنے نوٹیفکیشن 07 اکتوبر 2020ء کے ذریعے عمل درآمد کی کمیٹی تشکیل دی۔ اس کے مطابق، متعدد مذاکرات کے بعد، زیر جائزہ مدت کے بعد، کمپنی اور سینٹرل پاور پرچیزنگ ایجنسی (گارنٹی) لمیٹڈ ("پاور پرچیزر/سی پی پی اے") نے "ماسٹر معاہدہ" اور "پی پی اے ترمیمی معاہدہ" اور ان معاہدوں کے تحت دیگر معاہدوں پر دستخط اور منظوری دی۔

ماسٹر معاہدہ اور پی پی اے ترمیمی معاہدے کی شرائط یہ ہیں: (i) بجلی کی خریداری کا معاہدہ این ٹی ڈی سی اور کمپنی کے مابین ہوا، اب این ٹی ڈی سی کے ساتھ فریقین نے تجدیدی معاہدوں پر اتفاق کیا، اور سی پی پی اے نے حتمی طور پر این ٹی ڈی سی کے تمام حقوق، ذمہ داریوں اور واجبات کو قبول کیا ہے۔ (ii) مالی سال 2021-22 سے شروع، پاور خریدار کے ساتھ ایندھن اور O&M کے تحت کی بچت شرائط (iii) ایک بار تفصیلی ہیٹ شرح کے ٹیسٹ کے لئے آزاد مشیر کی تقرری تاکہ یہ یقینی بنایا جاسکے کہ اصل کارکردگی حالیہ سالانہ مالی حسابات میں موصولہ کارکردگی سے مطابقت رکھتی ہے۔ (iv) مستقبل میں ROED اور ROED کے اجزاء کو کم کرنا، یعنی پاکستانی روپے 148 / امریکی ڈالر کی شرح تبادلہ کے لحاظ سے ROED اور ROEDC کے لئے کمرشل آپریشنز تاریخ پر پھر کی منظور شدہ ایکویٹی پر پاکستانی روپے میں 17 فیصد سالانہ کمی، جس میں مستقبل کی امریکی ڈالر کی قیمت کا کوئی تخمینہ نہیں ہے۔ تاہم، موجودہ RoED اور RoEDC، قابل اطلاق کمی کے ساتھ، اس وقت تک لاگور ہیں گے جب تک موجودہ محصولات کے تحت قابل

اطلاق شرح تبادلہ پاکستانی روپے 168 / امریکی ڈالر (یعنی، مفاہمت نامہ پر دستخط کی تاریخ) تک نہ آجائے۔ جبکہ نظر ثانی شدہ RoE اور RoEDC پی پی اے کی میعاد کی باقی مدت کے لئے لاگور ہیں گے۔ (v) جب مسابقتی تجارتی انتظام نافذ ہو جائے اور مکمل طور پر آپریشنل ہو جائے، تب جزییشن لائسنس کی شرائط کے مطابق کمپنی اپنے پی پی اے کو بدلنے اور ادائیگی کی بنیاد تبدیل کرے گی۔ (vi) دیر سے ادائیگی کے سود کی انوائس پر تاخیری ادائیگی کے تمام دعوے معاف کرنا اس کے مد نظر پاور پر چیزر پی پی اے کے مطابق گزشتہ اور مستقبل کی ادائیگیاں FIFO طریقے کار سے کرے گی۔ (vii) کسی بھی رسید کی وجہ سے الادا رقم جو باقی رہ جاتی ہے، ابتدائی 60 دن کے لئے سی سالانہ کمپاؤنڈ بشمول KIBOR سے ادائیگی کی شرح دو فیصد تک کم کرنا اور اس کے بعد کسی بھی مدت کے لئے، بشمول KIBOR 4.5 فیصد سالانہ، ہر ایک کمپاؤنڈ سی سالانہ (viii) پی پی اے کے مطابق کمپلیکس میں فیڈل اسٹاک دوبارہ بھرتا۔ اور (ix) رو کی گئی کمپنی ادائیگیوں سے متعلق ایل سی آئی اے ایوارڈ کے سلسلے میں، کمپنی لاہور ہائیکورٹ میں تصفیہ عمل کے ذریعے رو کی گئی کمپنی وصولی کرے گی اور ایل سی آئی اے ایوارڈ کے تحت دیئے جانے والے پری اور پوسٹ ایل سی آئی اے ایوارڈ سود اور لاگت چھوڑ دے گی۔

قابل وصولیوں کی ادائیگی ماسٹر اور پی پی اے ترمیمی معاہدہ کا لازمی حصہ ہے اور یہ کہ 30 نومبر 2020 کو کل بقایا زائد المیعا دہ رقم نہرا کی طرف سے معین ٹیرف کے نوٹیفکیشن پر اور 40% (ماسٹر ایگریمنٹ کے دستخط ہونے کے 30 دنوں کے اندر) کے ساتھ دوا قسط میں ادا کی جائے گی (بر مشتمل 1/3rd نقد اور 2/3rd فنانسل انسٹرومنٹس PIBs اور سکوٹ) اور اس کے چھ (6) ماہ بعد بقایا 60% قابل ادا رقم پہلی قسط کے طریقہ کے ذریعے ادا کی جائے گی۔ فریقین اتفاق کیا کہ وہ ترمیم کے مطابق PPA کے تحت تاخیری ادائیگی سود کی وصولی کے لئے کمپنی کے حق کو متاثر کئے بغیر طریقے کار پر عمل کریں گے۔

ماسٹر معاہدے کے تحت ٹیرف ایڈجسٹمنٹ اپیلی کیشن اور پہلی قسط کی ادائیگی کے مطابق نظر ثانی شدہ ٹیرف تعین کے نوٹیفکیشن کے بعد، اور نظر ثانی شدہ ٹیرف کی موثر تاریخ تک (یعنی جب کمپنی کو ادائیگی کے بالا طریقہ کار کے تحت آخری قسط ادا کر دی جائے گی)، فریقین اتفاق کرتے ہیں کہ کمپنی، بقایا ایل سی آئی اے ایوارڈ کی قرارداد، مستقبل کی انوائس میں نوٹیفائیڈ ٹیرف اور اس معاہدے کے مطابق رعایت دینا شروع کر دے گی۔ نظر ثانی شدہ ٹیرف کی موثر تاریخ سے اور اس کے بعد، بلنگ اور انوائسنگ نظر ثانی شدہ ٹیرف کے مطابق ہوگی۔ پاور پر چیزر اس بات کو یقینی بنائے گا کہ نہرا کے ذریعے طے کردہ نظر ثانی شدہ محصولات ٹیرف ایڈجسٹمنٹ اپیلی کیشن کے مطابق ہیں۔

پاور خریدار فیڈرل بورڈ آف ریونیو کے ہاں جاری تمام کیسز کے جلد اور مثبت حل کے لئے ٹیکس کے معاملات میں کمپنی کی مدد اور معاونت کرے گا۔

ٹیرف اجزاء میں متنازعہ مبینہ چھت کے معاملے پر، جیسے کہ 16 مارچ 2020 کی رپورٹ میں مبینہ طور پر، بیان کیا گیا ہے، ثالثی کے ذریعہ حل کیا جائے گا جس کے لئے 3 ثالثوں کا ایک ٹریبونل تشکیل دیا جائے گا۔

ماسٹر اور پی پی اے ترمیمی معاہدے کی شرائط اور دیگر ریگولیٹری منظور یوں کے مطابق وصولیوں کی ادائیگی کے حوالہ سے کمپنی کے بورڈ آف ڈائریکٹرز نے مذکورہ بالا انتظامات کی منظوری دے دی ہے۔

ہم مہبران کی توجہ اس منجمد عبوری مالی گوشوارہ کے نوٹ 9 پر مبذول کرانا چاہیں گے جس میں نیشنل ٹرانسمیشن اینڈ ڈسپچنگ کمپنی لمیٹڈ (

'NTDCL' کی طرف سے، کپیسٹی پرچیز پرائس سے منہا کردہ 816 ملین روپے کی رقم شامل ہے۔ ایکسپٹ کے تعین، حتمی ثالثی ایوارڈز اور منظور شدہ ماسٹر اور پی پی اے ترمیمی معاہدوں کی بنیاد پر، انتظامیہ محسوس کرتی ہے کہ کمپنی کو ایسی رقم کی واپسی کا قوی امکان ہے۔ چنانچہ اس مجموعی عبوری مالیاتی گوشوارے میں مذکورہ بالا رقم کے لئے کوئی گنجائش نہیں رکھی گئی ہے۔

ہم ممبران کی توجہ اس منہج عبوری مالی گوشوارہ کے نوٹ 7 پر مبذول کرانا چاہیں گے جس میں بقایا تاخیری ادائیگی انوائسز پر تاخیری ادائیگی کے چار جز NTDCL نے تسلیم نہیں کئے ہیں۔ حکمت کی بنیاد پر، حتمی ایوارڈ، ماسٹر اور پی پی اے ترمیمی معاہدے پر عمل درآمد کرنے کے باعث کمپنی کی غیر یقینی صورتحال کی وجہ سے کمپنی نے ان مالی گوشواروں میں انکم اور اس سے قابل وصولیوں کو شامل نہیں کیا ہے۔

31 دسمبر 2020 کو WPPF اور WWF سمیت NTDCL سے کل واجب وصولی 18,038 ملین روپے (جون 2020: 18,782 ملین روپے) ہے، جن میں سے 16,486 ملین روپے (جون 2020: 15,801 ملین روپے) کی واجب الوصول رقم زائد المیعاد ہے۔

اس مدت کے دوران پلانٹ زیادہ سے زیادہ باکفایت کارکردگی پر چلایا گیا اور اپنے صارف NTDCL کو اوسط 28.60 فیصد (دسمبر 2019: 25.81 فیصد) اوسط صلاحیت کے ساتھ 247GWh (دسمبر 2019: 223GWh) بجلی ترسیل کی گئی۔

بورڈ کی ترتیب:

ڈائریکٹرز کی کل تعداد

(a) مرد 6

(b) عورت 1

ترتیب

(i) آزاد ڈائریکٹرز 2

(ii) دیگر نان ایگزیکٹو ڈائریکٹرز 4

(iii) ایگزیکٹو ڈائریکٹرز 1

بورڈ کی کمیٹیاں

بورڈ کی آڈٹ کمیٹی

نمبر شمار	نام ڈائریکٹر
1	جناب احمد عقیل چیئرمین
2	محترمہ ملیحہ ہمایوں بنگش
3	جناب شہزاد احمد ملک

ہیومن ریسورس اینڈ ریکرٹیشن کمیٹی:

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

ڈائریکٹرز کا مشاہرہ:

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


اظہار تشکر:

ہم کمپنی کے ملازمین کی جانب سے کمپنی کی ترقی کے عزم پر ان کا شکریہ ادا کرتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز



ڈائریکٹر



چیف ایگزیکٹو

لاہور: 12 فروری 2021ء

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF NISHAT POWER LIMITED REPORT ON REVIEW OF UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Nishat Power Limited as at December 31, 2020 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows and notes to the unconsolidated financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated financial statements based on our review. The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income for the three-month periods ended December 31, 2019 and 2020 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended December 31, 2020.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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

Emphasis of matter

Without qualifying our conclusion, we draw attention to notes 7.1.2 and 9 to the accompanying unconsolidated interim financial statements, which describe matters relating to litigations with National Transmission and Despatch Company Limited on account of recoverability of delayed payment charges and capacity revenue respectively.

A. F. Ferguson & Co.
Chartered Accountants,

Lahore

Date: February 12, 2021

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

	Note	Un-audited December 31, 2020 (Rupees in thousand)	Audited June 30, 2020
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EQUITY AND LIABILITIES

SHARE CAPITAL AND RESERVES

Authorised share capital 500,000,000 (June 30, 2020: 500,000,000) ordinary shares of Rs 10 each		5,000,000	5,000,000
Issued, subscribed and paid up share capital 354,088,500 (June 30, 2020: 354,088,500) ordinary shares of Rs 10 each		3,540,885	3,540,885
Capital reserve		3,153,633	3,153,633
Revenue reserve: Un-appropriated profits		18,115,177	17,002,707
		24,809,695	23,697,225

NON-CURRENT LIABILITY

Long term financing - secured	6	73,805	55,367
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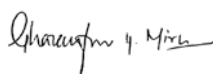
CURRENT LIABILITIES

Current portion of long term financing - secured	6	73,805	18,456
Short term borrowings - secured		3,954,178	4,750,749
Trade and other payables		910,886	612,463
Unclaimed dividend		17,981	20,671
Accrued markup		86,262	169,091
		5,043,112	5,571,430

CONTINGENCIES AND COMMITMENTS

	7	29,926,612	29,324,022
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The annexed notes 1 to 16 form an integral part of these unconsolidated condensed interim financial statements.



CHIEF EXECUTIVE

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

NON-CURRENT ASSETS

Fixed assets	8	9,126,127	9,392,029
Long term investments		-	-
Long term loans and advances		2,332	3,000
		9,128,459	9,395,029

CURRENT ASSETS

Stores, spares and loose tools		651,896	672,235
Inventories		1,561,507	170,349
Trade debts	9	17,391,719	18,232,531
Advances, deposits, prepayments and other receivables		1,093,905	792,684
Income tax receivable		41,564	38,683
Short term investment		18,697	17,677
Cash and bank balances		38,865	4,834
		20,798,153	19,928,993
		29,926,612	29,324,022



CHIEF FINANCIAL OFFICER


DIRECTOR

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited) FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED DECEMBER 31, 2020

	Note	Three-month period ended		Six-month period ended	
		December 31, 2020 (Rupees in thousand)	December 31, 2019 (Rupees in thousand)	December 31, 2020 (Rupees in thousand)	December 31, 2019 (Rupees in thousand)
Sales		1,289,971	2,309,644	5,407,073	7,262,159
Cost of sales	10	(591,402)	(724,823)	(3,616,331)	(3,924,998)
Gross profit		698,569	1,584,821	1,790,742	3,337,161
Administrative expenses		(70,617)	(100,831)	(137,823)	(176,367)
Other income		4,258	3,399	4,983	3,632
Finance cost		(86,355)	(328,770)	(191,343)	(667,809)
Profit before taxation		545,855	1,158,619	1,466,559	2,496,617
Taxation		-	-	-	-
Profit for the period		545,855	1,158,619	1,466,559	2,496,617
Earnings per share - basic and diluted (in Rupees)		1.542	3.272	4.142	7.051

The annexed notes 1 to 16 form an integral part of these unconsolidated condensed interim financial statements.


CHIEF EXECUTIVE

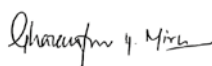

CHIEF FINANCIAL OFFICER


DIRECTOR

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited) FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED DECEMBER 31, 2020

	Three-month period ended		Six-month period ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	(Rupees in thousand)		(Rupees in thousand)	
Profit for the period	545,855	1,158,619	1,466,559	2,496,617
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
	-	-	-	-
Total comprehensive income for the period	545,855	1,158,619	1,466,559	2,496,617

The annexed notes 1 to 16 form an integral part of this unconsolidated condensed interim financial statements.


CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER


DIRECTOR

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

	Share capital	Capital reserve: Maintenance reserve	Revenue reserve: Un-appropriated profits	Total
	(Rupees in thousand)			
Balance as on July 01, 2019 (audited)	3,540,885	3,153,633	12,414,201	19,108,719
Profit for the period	-	-	2,496,617	2,496,617
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	2,496,617	2,496,617
Total contributions by and distributions to owners of the company recognised directly in equity	-	-	-	-
Balance as on December 31, 2019 (un-audited)	3,540,885	3,153,633	14,910,818	21,605,336
Balance as on July 01, 2020 (audited)	3,540,885	3,153,633	17,002,707	23,697,225
Profit for the period	-	-	1,466,559	1,466,559
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	1,466,559	1,466,559
Dividend to equity holders of the company:				
Final dividend for the year ended June 30, 2020 @ Rupee 1 per share	-	-	(354,089)	(354,089)
Total contributions by and distributions to owners of the company recognised directly in equity	-	-	(354,089)	(354,089)
Balance as on December 31, 2020 (un-audited)	3,540,885	3,153,633	18,115,177	24,809,695

The annexed notes 1 to 16 form an integral part of these unconsolidated condensed interim financial statements.


CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER


DIRECTOR

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

		Six-month period ended	
	Note	December 31, 2020 (Rupees in thousand)	December 31, 2019
Cash flows from operating activities			
Cash generated from operations	11	1,490,068	2,130,955
Finance cost paid		(274,172)	(584,208)
Income tax paid		(2,881)	(2,296)
Long term loans and advances - net		668	(4,594)
Retirement benefits paid		(13,333)	(13,049)
Net cash inflow from operating activities		1,200,350	1,526,808
Cash flows from investing activities			
Purchase of fixed assets		(95,704)	(45,168)
Purchase of short term investments		(18,344)	-
Proceeds from sale of short term investments		17,990	-
Proceeds from disposal of operating fixed assets		1,683	195
Profit on bank deposits received		4,431	2,339
Net cash outflow from investing activities		(89,944)	(42,634)
Cash flows from financing activities			
Repayment of long term financing		(3,150)	(1,147,900)
Proceeds from long term financing		76,937	-
Dividend paid		(353,591)	(3,030)
Net cash outflow from financing activities		(279,804)	(1,150,930)
Net increase in cash and cash equivalents		830,602	333,244
Cash and cash equivalents at the beginning of the period		(4,745,915)	(6,399,536)
Cash and cash equivalents at the end of the period	12	(3,915,313)	(6,066,292)

The annexed notes 1 to 16 form an integral part of these unconsolidated condensed interim financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

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

1. THE COMPANY AND ITS ACTIVITIES

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

- 2.2 These unconsolidated condensed interim financial statements are un-audited and are being submitted to the members as required by section 237 of the Companies Act, 2017 (the "Act"). The figures for the six-month period ended December 31, 2020 have, however, been subjected to limited scope review by the auditors.

These unconsolidated condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2020. Selected explanatory notes are included to explain events and transactions that are significant to and understanding of the changes in the company's financial position and performance since the last annual financial statements.

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

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and the methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of preceding annual published financial statements of the company for the year ended June 30, 2020 except for the adoption of new and amended standards as set out below:

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

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

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

Certain standards, amendments and interpretations to accounting standards are effective for accounting periods beginning on July 1, 2020 but are considered not to be relevant or to have any significant effect on the company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these unconsolidated condensed interim financial statements.

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

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the company's accounting periods beginning on or after July 1, 2021 but are considered not to be relevant or to have any significant effect on the company's operations and are, therefore, not detailed in these unconsolidated condensed interim financial statements.

4. ACCOUNTING ESTIMATES

The preparation of the unconsolidated condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these unconsolidated condensed interim financial statements, the significant judgments made by management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements for the year ended June 30, 2020.

5. FINANCIAL RISK

5.1 Financial risk factors

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

The unconsolidated condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the company's annual financial statements as at June 30, 2020.

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

5.2 Fair value estimation

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

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

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

Audited
June 30,
2020

6. LONG TERM FINANCING - SECURED

The reconciliation of the carrying amount is as follows:

Opening balance	73,823	3,040,170
Loan disbursements during the period/year	76,937	73,823
Less: Repayments during the period/year	3,150	3,040,170
	147,610	73,823
Less: Current portion shown under current liabilities	73,805	18,456
	73,805	55,367

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

There is no significant change in contingencies i.e. (contingent liabilities and contingent asset) from the preceding annual published financial statements of the company for the year ended June 30, 2020 except for the following:

7.1.1 Contingent liability

On March 16, 2020, Government of Pakistan ('GoP') issued a report, through which, it was alleged that savings were made by the Independent Power Producers ('IPPs'), including the company, in the tariff components in violation of applicable GoP Policies, tariff determined by National Electric Power Regulatory Authority ('NEPRA') and the relevant Project Agreements. The company rejected such claims, and discussions were made with the GoP to resolve the dispute.

Subsequent to period end on February 12, 2021 as referred to in note 15, the company's Board of Directors have approved a "Master Agreement" and a "PPA Amendment Agreement" with Central Power Purchasing Agency (Guarantee) Limited ('CPPA') wherein it has been agreed that the abovementioned dispute will be resolved through arbitration under the Arbitration Submission Agreement between the company and GoP.

Management believes that there are strong grounds that the matter will ultimately be decided in company's favor. Furthermore, its financial impact cannot be reasonably estimated at this stage, hence, no provision in this respect has been made in these unconsolidated condensed interim financial statements.

7.1.2 Contingent asset

Refer to note 13.1.2 of the unconsolidated financial statements of the company for the year ended June 30, 2020 and subsequent to period end, the company has filed the final award in the Lahore High Court for enforcement. Furthermore, as mentioned in note 15, the company's Board of Directors has approved the "Master Agreement" with CPPA wherein CPPA shall ensure that all invoices shall follow the Power Purchase Agreement's mandated "First In First Out" ('FIFO') payment principle at the time of payment by the CPPA. As long as this principle is followed by the CPPA in relation to past and future payments, the company in consideration thereof has agreed to forgo and waive all of its claims of delayed payment charges on delayed payment invoices and it shall withdraw all such invoices. However, this will have no impact on the existing revenue and receivables of the company, as the company has not recognized the income and corresponding receivable for the said amounts on prudence basis.

7.2 Commitments

- (i) Letters of credit and contracts for other than capital expenditure aggregating Rs 25.336 million (June 30, 2020: Nil).
- (ii) The amount of future payments under non-cancellable operating lease and the period in which these payments will become due are as follows:

		Un-audited December 31, 2020 (Rupees in thousand)	Audited June 30, 2020
Not later than one year		3,894	3,894
8. FIXED ASSETS			
Property, plant and equipment:			
Operating fixed assets	- note 8.1	9,014,596	9,259,765
Capital work-in-progress		16,460	35,952
Major spare parts and standby equipment		94,568	95,053
		9,125,624	9,390,770
Intangible asset:			
Computer software		503	1,259
		9,126,127	9,392,029
8.1 Operating fixed assets			
Opening book value		9,259,765	9,809,484
Additions during the period/year	- note 8.1.1	115,683	149,637
Book value of deletions during the period/year		(1,683)	(1,362)
Depreciation charged for the period/year		(359,169)	(697,994)
Closing book value		9,014,596	9,259,765
8.1.1 Additions during the period / year			
Buildings and roads on freehold land		-	24,808
Plant and machinery		1,437	108,649
Computer equipment		1,326	4,374
Furniture and fixtures		45	1,180
Office equipment		81	394
Vehicles		112,794	10,232
		115,683	149,637

9. Refer to note 19.2 to the company's unconsolidated financial statements for the year ended June 30, 2020, included in trade debts is an amount of Rs 816.033 million relating to capacity revenue that was previously not acknowledged by NTDC/CPPA and the company had contested it at various forums including arbitration in the London Court of International Arbitration ('LCIA') as per the Power Purchase Agreement. On October 29, 2017, the Arbitrator declared his Final Award whereby he ordered NTDC to pay to the company: i) Rs 816.033 million pursuant to the Expert's determination; ii) Rs 189.385 million being Pre award interest; iii) Rs 9.203 million for breach of arbitration agreement; iv) Rs 1.684 million and USD 612,310 for the company's cost of proceedings; v) GBP 30,157 for company's LCIA cost of Arbitration and vi) Interest at KIBOR + 4.5% compounded semi-annually from the date of Final Award until payment of these amounts by NTDC ("the Final Award") that works out to Rs 424.341 million up to December 31, 2020.

As referred to in note 15 to these interim financial statements, subsequent to the period end on February 12, 2021, as part of the PPA Amendment Agreement, the NTDC/CPPA and the company acknowledges that the dispute relating to withheld capacity payment of Rs 816.033 million has been amicably settled and NTDC/CPPA shall pay it to the company on the condition that the company will forgo the other amounts awarded as per the Final Award as enumerated above. Such agreement does not have any impact on company's existing capacity revenue receivables as the amounts forgone had not been recognized by the company on prudence basis.

	Un-audited Quarter ended		Un-audited Half year ended	
	December 31, 2020 (Rupees in thousand)	December 31, 2019	December 31, 2020 (Rupees in thousand)	December 31, 2019
10. COST OF SALES				
Raw materials consumed	246,242	371,983	2,889,830	3,116,171
Salaries and other benefits	61,886	57,940	128,798	118,114
Repairs and maintenance	2,824	3,931	5,647	18,069
Stores, spares and loose tools consumed	25,747	34,655	58,297	134,248
Electricity consumed				
in-house	14,672	12,271	18,930	15,631
Insurance	72,229	66,968	144,457	134,504
Travelling and conveyance	5,916	6,162	10,921	11,960
Printing and stationery	144	157	465	362
Postage and telephone	216	169	383	325
Vehicle running expenses	963	999	1,973	2,139
Entertainment	24	569	354	611
Depreciation on operating fixed assets	148,163	156,103	331,849	346,863
Amortization of intangible asset	377	377	754	754
Fee and subscription	1,168	887	2,278	2,028
Miscellaneous	10,831	11,652	21,395	23,219
	591,402	724,823	3,616,331	3,924,998

	Un-audited Half year ended	
	December 31, 2020 (Rupees in thousand)	December 31, 2019
11. CASH GENERATED FROM OPERATIONS		
Profit before taxation	1,466,559	2,496,617
Adjustment for non cash charges and other items:		
Depreciation on operating fixed assets	359,169	370,648
Amortization on intangible assets	754	754
Profit on bank deposits	(4,442)	(672)
Finance cost	191,343	667,809
Provision for employee retirement benefits	13,333	12,999
Profit before working capital changes	2,026,716	3,548,155
Effect on cash flow due to working capital changes:		
Decrease/(increase) in current assets		
Stores, spares and loose tools	20,339	72,894
Inventories	(1,391,158)	1,193,606
Trade debts	840,812	(3,158,486)
Advances, deposits, prepayments and other receivables	(301,876)	303,089
	(831,883)	(1,588,897)
Increase/(decrease) in current liabilities		
Trade and other payables	297,925	173,778
Unclaimed dividend	(2,690)	(2,081)
	295,235	171,697
	(536,648)	(1,417,200)
	1,490,068	2,130,955

	Un-audited	
	December 31, 2020	December 31, 2019
	(Rupees in thousand)	
12. CASH AND CASH EQUIVALENTS		
Cash and bank balances	38,865	85,730
Short term borrowings - secured	(3,954,178)	(6,152,022)
	<u>(3,915,313)</u>	<u>(6,066,292)</u>

13. TRANSACTIONS WITH RELATED PARTIES

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

Relationship with the company	Nature of transactions	Un-audited Half year ended	
		December 31, 2020	December 31, 2019
		(Rupees in thousand)	
i. Holding company	Dividends paid	180,633	-
ii. Entities on the basis of common directorship	Purchases of goods and services	36,191	34,237
	Rental expense	6,231	6,231
	Insurance premium	143,261	133,779
iii. Group entity	Interest on deposit accounts	219	1,239
	Insurance premium	3,543	2,738
iv. Post employment benefit plan	Expense charged in respect of retirement benefit plan	13,333	12,999
v. Key management personnel	Remuneration	12,222	17,388
	Dividends	6	-
Period end balances			
Payable to related parties			
- Companies on basis of common directorship		-	422
- Group entity		2,741	5,542
Bank deposits with related parties			
- Group entity		1,828	3,594
Receivable from related parties			
- Entities on the basis of common directorship		7,214	-

14. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on February 12, 2021 by the Board of Directors.

15. EVENTS AFTER THE REPORTING DATE

For the sustainability of the power sector in Pakistan, the company's Board of Directors on February 12, 2021 has approved a "Master Agreement" and a "PPA Amendment Agreement" with CPPA to alter certain contractual arrangements for sale and purchase of electricity. Under these agreements, the company and CPPA have agreed on the following matters:

- Mechanism of settlement of long outstanding receivables
- Discounts in tariff components
- Conversion of the Power Purchase Agreement to 'Take and Pay Basis' when competitive trading arrangement is implemented and becomes fully operational
- Resolution of disputes mentioned in notes 7 and 9

The finalisation of these matters is subject to terms and conditions mentioned in the abovementioned agreements. Consequently, management has assessed the accounting implications of these developments on these unconsolidated condensed interim financial statements, including the impairment of tangible and intangible assets under IAS 36, 'Impairment of assets'. However, according to management's assessment, there is no significant impact of the abovementioned agreements on these unconsolidated condensed interim financial statements.

16. CORRESPONDING FIGURES

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


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

Consolidated Condensed Interim Financial Statements

for the Half Year Ended December 31, 2020

DIRECTORS' REPORT

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

FINANCIAL AND OPERATIONAL RESULTS:

The subsidiary was incorporated in Pakistan on November 19, 2015 as a private company limited by shares. It is a wholly owned subsidiary of Nishat Power Limited. The registered office of the subsidiary is situated at 53-A, Lawrence Road, Lahore. The principal activity of the subsidiary is to build, own, operate and maintain or invest in a solar power project having gross capacity upto 20 MW.

The management continuously tried its best to get Power Acquisition Request and Consent to Procure Power from Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) so that development of the solar power project can be moved forward. However, CPPA-G informed that Ministry of Energy has conveyed the Cabinet Committee on Energy (CCoE) decision to CPPA-G and further sent a list of 145 projects as approved by the Cabinet for necessary action. The CPPA-G stated that this solar power project is not included in the list of 145 projects, therefore, CPPA-G is of the view that the request cannot be entertained. Furthermore, during the year, Alternate Energy Development Board (AEDB) informed that the project is placed under category III of the decision of the CCoE to proceed ahead subject to becoming successful in the competitive bidding process to be undertaken by AEDB, based on the quantum ascertained for each technology by Indicative Generation Capacity Expansion Plan (IGCEP) by NTDC.

The management understands that to-date, no such competitive bidding process has been undertaken. The response of CPPA-G and AEDB have made this project more complicated. Hence, voluntary winding up of the subsidiary under the Companies Act 2017, is being considered.

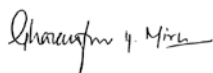
In the view of the aforesaid reasons, the subsidiary is not considered a going concern.

The parent company has an associate, Nishat Energy Limited ('NEL'). The parent company directly holds 25% ordinary shares in NEL, which is an unquoted public company limited by shares incorporated in Pakistan to build, own, operate and maintain a coal fired power station. The address of the registered office of NEL is 1-B, Aziz Avenue, Canal Bank, Gulberg V, Lahore.

ACKNOWLEDGEMENTS

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

For and on behalf of Board of Directors



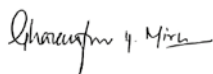
Chief Executive Officer
Lahore: February 12, 2021


Director

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

	Note	Un-audited December 31, 2020 (Rupees in thousand)	Audited June 30, 2020
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised share capital 500,000,000 (June 30, 2020: 500,000,000) ordinary shares of Rs 10 each		5,000,000	5,000,000
Issued, subscribed and paid up share capital 354,088,500 (June 30, 2020: 354,088,500) ordinary shares of Rs 10 each	5	3,540,885	3,540,885
Capital reserve		3,153,633	3,153,633
Revenue reserve: Un-appropriated profits Attributable to owners of the parent	7	18,115,049	17,002,579
		24,809,567	23,697,097
NON-CURRENT LIABILITY			
Long term financing - secured	6	73,805	55,367
CURRENT LIABILITIES			
Current portion of long term financing - secured	6	73,805	18,456
Short term borrowings - secured		3,954,178	4,750,749
Trade and other payables		911,036	612,613
Unclaimed dividend		17,981	20,671
Accrued markup		86,262	169,091
		5,043,262	5,571,580
CONTINGENCIES AND COMMITMENTS			
	7	29,926,634	29,324,044

The annexed notes 1 to 16 form an integral part of these consolidated condensed interim financial statements.



CHIEF EXECUTIVE



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

ASSETS

NON-CURRENT ASSETS

Fixed assets	8	9,126,127	9,392,029
Long term investments		-	-
Long term loans and advances		2,332	3,000
		9,128,459	9,395,029

CURRENT ASSETS

Stores, spares and loose tools		651,896	672,235
Inventories		1,561,507	170,349
Trade debts	9	17,391,719	18,232,531
Advances, deposits, prepayments and other receivables		1,093,905	792,683
Income tax receivable		41,574	38,694
Short term investment		18,697	17,677
Cash and bank balances		38,877	4,846
		20,798,175	19,929,015
		29,926,634	29,324,044



CHIEF FINANCIAL OFFICER


DIRECTOR

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited) FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED DECEMBER 31, 2020

	Note	Three-month period ended		Six-month period ended	
		December 31, 2020 (Rupees in thousand)	December 31, 2019 (Rupees in thousand)	December 31, 2020 (Rupees in thousand)	December 31, 2019 (Rupees in thousand)
Sales		1,289,971	2,309,644	5,407,073	7,262,159
Cost of sales	10	(591,402)	(724,823)	(3,616,331)	(3,924,998)
Gross profit		698,569	1,584,821	1,790,742	3,337,161
Administrative expenses		(70,617)	(100,834)	(137,823)	(176,370)
Other income		4,258	3,400	4,983	3,633
Finance cost		(86,355)	(328,770)	(191,343)	(667,809)
Profit before taxation		545,855	1,158,617	1,466,559	2,496,615
Taxation		-	-	-	-
Profit for the period		545,855	1,158,617	1,466,559	2,496,615
Profit attributable to owners of the parent		545,855	1,158,617	1,466,559	2,496,615
Earnings per share - basic and diluted (in Rupees)		1.542	3.272	4.142	7.051

The annexed notes 1 to 16 form an integral part of these consolidated condensed interim financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited) FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED DECEMBER 31, 2020

	Three-month period ended		Six-month period ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	(Rupees in thousand)		(Rupees in thousand)	
Profit for the period	545,855	1,158,617	1,466,559	2,496,615
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
	-	-	-	-
Total comprehensive income for the period	545,855	1,158,617	1,466,559	2,496,615
Attributable to owners of the parent	545,855	1,158,617	1,466,559	2,496,615

The annexed notes 1 to 16 form an integral part of these consolidated condensed interim financial statements.


CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER


DIRECTOR

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

	Attributable to owners of the parent			Total
	Share capital	Capital reserve:	Revenue reserve:	
		Maintenance reserve	Un-appropriated profits	
	(Rupees in thousand)			
Balance as on July 01, 2019 (audited)	3,540,885	3,153,633	12,413,549	19,108,067
Profit for the period	-	-	2,496,613	2,496,613
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	2,496,613	2,496,613
Total contributions by and distributions to owners of the parent recognised directly in equity	-	-	-	-
Balance as on December 31, 2019 (un-audited)	3,540,885	3,153,633	14,910,162	21,604,680
Balance as on July 01, 2020 (audited)	3,540,885	3,153,633	17,002,579	23,697,097
Profit for the period	-	-	1,466,559	1,466,559
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	1,466,559	1,466,559
Dividend to equity holders of the parent:				
Final dividend for the year ended June 30, 2020 @ Rupee 1 per share	-	-	(354,089)	(354,089)
Total contributions by and distributions to owners of the company recognised directly in equity	-	-	(354,089)	(354,089)
Balance as on December 31, 2020 (un-audited)	3,540,885	3,153,633	18,115,049	24,809,567

The annexed notes 1 to 16 form an integral part of these consolidated condensed interim financial statements.


CHIEF EXECUTIVE

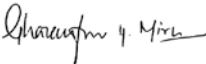

CHIEF FINANCIAL OFFICER


DIRECTOR

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

		Six-month period ended		
	Note	December 31, 2020 (Rupees in thousand)	December 31, 2019	
Cash flows from operating activities				
Cash generated from operations	11	1,490,067	2,130,938	
Finance cost paid		(274,172)	(584,208)	
Income tax paid		(2,868)	(2,267)	
Long term loans and advances - net		668	(4,594)	
Retirement benefits paid		(13,333)	(13,049)	
Net cash inflow from operating activities		1,200,362	1,526,820	
Cash flows from investing activities				
Purchase of fixed assets		(95,704)	(45,168)	
Purchase of short term investments		(18,344)	-	
Proceeds from sale of short term investments		17,990	-	
Proceeds from disposal of operating fixed assets		1,683	195	
Profit on bank deposits received		4,431	2,339	
Net cash outflow from investing activities		(89,944)	(42,634)	
Cash flows from financing activities				
Repayment of long term financing		(3,150)	(1,147,900)	
Proceeds from long term financing		76,937	-	
Dividend paid		(353,591)	(3,030)	
Net cash outflow from financing activities		(279,804)	(1,150,930)	
Net increase in cash and cash equivalents		830,614	333,256	
Cash and cash equivalents at the beginning of the period		(4,745,915)	(6,399,536)	
Cash and cash equivalents at the end of the period		12	(3,915,301)	(6,066,280)

The annexed notes 1 to 16 form an integral part of these consolidated condensed interim financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

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

1. THE GROUP AND ITS ACTIVITIES

The group comprises of Nishat Power Limited (the 'parent company') and Lalpir Solar Power (Private) Limited (the 'subsidiary').

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

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

The subsidiary was incorporated in Pakistan on November 19, 2015 as a private company limited by shares. It is a wholly owned subsidiary of Nishat Power Limited. The registered office of the subsidiary is situated at 53-A, Lawrence Road, Lahore. The principal activity of the subsidiary is to build, own, operate and maintain or invest in a solar power project having gross capacity upto 20 MW.

The management continuously tried its best to get Power Acquisition Request and Consent to Procure Power from Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) so that development of the solar power project can be moved forward. However, CPPA-G informed that Ministry of Energy has conveyed the Cabinet Committee on Energy (CCoE) decision to CPPA-G and further sent a list of 145 projects as approved by the Cabinet for necessary action. The CPPA-G stated that this solar power project is not included in the list of 145 projects, therefore, CPPA-G is of the view that the request cannot be entertained. Furthermore, during the year, Alternate Energy Development Board (AEDB) informed that the project is placed under category III of the decision of the CCoE to proceed ahead subject to becoming successful in the competitive bidding process to be undertaken by AEDB, based on the quantum ascertained for each technology by Indicative Generation Capacity Expansion Plan (IGCEP) by NTDC.

The management understands that to-date, no such competitive bidding process has been undertaken. The response of CPPA-G and AEDB have made this project more complicated. Hence, voluntary winding up of the subsidiary under the Companies Act 2017, is being considered.

In the view of the aforesaid reasons, the subsidiary is not considered a going concern.

The parent company has an associate, Nishat Energy Limited ('NEL'). The parent company directly holds 25% ordinary shares in NEL, which is an unquoted public company limited by shares incorporated in Pakistan to build, own, operate and maintain a coal fired power station. The address of the registered office of NEL is 1-B, Aziz Avenue, Canal Bank, Gulberg V, Lahore.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

- 2.2 These consolidated condensed interim financial statements are un-audited and are being submitted to the members as required by section 237 of the Companies Act, 2017 (the "Act"). The figures for the six-month period ended December 31, 2020 have, however, been subjected to limited scope review by the auditors.

These consolidated condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2020. Selected explanatory notes are included to explain events and transactions that are significant to and understanding of the changes in the company's financial position and performance since the last annual financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and the methods of computation adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of preceding annual published financial statements of the company for the year ended June 30, 2020 except for the adoption of new and amended standards as set out below:

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

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

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

Certain standards, amendments and interpretations to accounting standards are effective for accounting periods beginning on July 1, 2020 but are considered not to be relevant or to have any significant effect on the company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these consolidated condensed interim financial statements.

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

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the company's accounting periods beginning on or after July 1, 2021 but are considered not to be relevant or to have any significant effect on the company's operations and are, therefore, not detailed in these consolidated condensed interim financial statements.

4. ACCOUNTING ESTIMATES

The preparation of the consolidated condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these consolidated condensed interim financial statements, the significant judgments made by management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements for the year ended June 30, 2020.

5. FINANCIAL RISK

5.1 Financial risk factors

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

The consolidated condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the company's annual financial statements as at June 30, 2020.

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

5.2 Fair value estimation

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

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

6. LONG TERM FINANCING - SECURED

The reconciliation of the carrying amount is as follows:

	Un-audited December 31, 2020 (Rupees in thousand)	Audited June 30, 2020
Opening balance	73,823	3,040,170
Loan disbursements during the period/year	76,937	73,823
Less: Repayments during the period/year	3,150	3,040,170
	147,610	73,823
Less: Current portion shown under current liabilities	73,805	18,456
	73,805	55,367

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

There is no significant change in contingencies i.e. (contingent liabilities and contingent asset) from the preceding annual published financial statements of the group for the year ended June 30, 2020 except for the following:

7.1.1 Contingent liability

On March 16, 2020, Government of Pakistan ('GoP') issued a report, through which, it was alleged that savings were made by the Independent Power Producers ('IPPs'), including the parent company, in the tariff components in violation of applicable GoP Policies, tariff determined by National Electric Power Regulatory Authority ('NEPRA') and the relevant Project Agreements. The parent company rejected such claims, and discussions were made with the GoP to resolve the dispute.

Subsequent to period end on February 12, 2021 as referred to in note 15, the parent company's Board of Directors have approved a "Master Agreement" and a "PPA Amendment Agreement" with Central Power Purchasing Agency (Guarantee) Limited ('CPPA') wherein it has been agreed that the abovementioned dispute will be resolved through arbitration under the Arbitration Submission Agreement between the parent and GoP.

Management believes that there are strong grounds that the matter will ultimately be decided in parent company's favor. Furthermore, its financial impact cannot be reasonably estimated at this stage, hence, no provision in this respect has been made in these consolidated condensed interim financial statements.

7.1.2 Contingent asset

Refer to note 13.1.2 of the consolidated financial statements of the group for the year ended June 30, 2020 and subsequent to period end, the parent company has filed the final award in the Lahore High Court for enforcement. Furthermore, as mentioned in note 7.1.1, the parent company's Board of Directors has approved the "Master Agreement" with CPPA wherein CPPA shall ensure that all invoices shall follow the Power Purchase Agreement's mandated "First In First Out" ('FIFO') payment principle at the time of payment by the CPPA. As long as this principle is followed by the CPPA in relation to past and future payments, the parent company in consideration thereof has agreed to forgo and waive all of its claims of delayed payment charges on delayed payment invoices and it shall withdraw all such invoices. However, this will have no impact on the existing revenue and receivables of the group, as the group has not recognized the income and corresponding receivable for the said amounts on prudence basis.

7.2 Commitments

- (i) Letters of credit and contracts for other than capital expenditure aggregating Rs 25.336 million (June 30, 2020: Nil).
- (ii) The amount of future payments under non-cancellable operating lease and the period in which these payments will become due are as follows:

	Un-audited December 31, 2020 (Rupees in thousand)	Audited June 30, 2020
Not later than one year	3,894	3,894
8. FIXED ASSETS		
Property, plant and equipment:		
Operating fixed assets - note 8.1	9,014,596	9,259,765
Capital work-in-progress	16,460	35,952
Major spare parts and standby equipment	94,568	95,053
	9,125,624	9,390,770
Intangible asset:		
Computer software	503	1,259
	9,126,127	9,392,029

	Un-audited December 31, 2020 (Rupees in thousand)	Audited June 30, 2020
8.1 Operating fixed assets		
Opening book value	9,259,765	9,809,484
Additions during the period/year - note 8.1.1	115,683	149,637
Book value of deletions during the period/year	(1,683)	(1,362)
Depreciation charged for the period/year	(359,169)	(697,994)
Closing book value	9,014,596	9,259,765
8.1.1 Additions during the period / year		
Buildings and roads on freehold land	-	24,808
Plant and machinery	1,437	108,649
Computer equipment	1,326	4,374
Furniture and fixtures	45	1,180
Office equipment	81	394
Vehicles	112,794	10,232
	115,683	149,637

9. Refer to note 19.2 to the consolidated financial statements for the year ended June 30, 2020, included in trade debts is an amount of Rs 816.033 million relating to capacity revenue that was previously not acknowledged by NTDC/CPPA and the parent company had contested it at various forums including arbitration in the London Court of International Arbitration ('LCIA') as per the Power Purchase Agreement. On October 29, 2017, the Arbitrator declared his Final Award whereby he ordered NTDC to pay to the company: i) Rs 816.033 million pursuant to the Expert's determination; ii) Rs 189.385 million being Pre award interest; iii) Rs 9.203 million for breach of arbitration agreement; iv) Rs 1.684 million and USD 612,310 for the company's cost of proceedings; v) GBP 30,157 for company's LCIA cost of Arbitration and vi) Interest at KIBOR + 4.5% compounded semi-annually from the date of Final Award until payment of these amounts by NTDC ("the Final Award") that works out to Rs 424.341 million up to December 31, 2020.

As referred to in note 7.1.1 to these consolidated interim financial statements, subsequent to the period end on February 12, 2021, as part of the PPA Amendment Agreement, the NTDC/CPPA and the parent company acknowledges that the dispute relating to withheld capacity payment of Rs 816.033 million has been amicably settled and NTDC/CPPA shall pay it to the parent company on the condition that the company will forgo the other amounts awarded as per the Final Award as enumerated above. Such agreement does not have any impact on group's existing capacity revenue receivables as the amounts forgone had not been recognized by the company on prudence basis.

	Un-audited Quarter ended		Un-audited Half year ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	(Rupees in thousand)		(Rupees in thousand)	
10. COST OF SALES				
Raw materials consumed	246,242	371,983	2,889,830	3,116,171
Salaries and other benefits	61,886	57,940	128,798	118,114
Repairs and maintenance	2,824	3,931	5,647	18,069
Stores, spares and loose tools consumed	25,747	34,655	58,297	134,248
Electricity consumed				
in-house	14,672	12,271	18,930	15,631
Insurance	72,229	66,968	144,457	134,504
Travelling and conveyance	5,916	6,162	10,921	11,960
Printing and stationery	144	157	465	362
Postage and telephone	216	169	383	325
Vehicle running expenses	963	999	1,973	2,139
Entertainment	24	569	354	611
Depreciation on operating fixed assets	148,163	156,103	331,849	346,863
Amortization of intangible asset	377	377	754	754
Fee and subscription	1,168	887	2,278	2,028
Miscellaneous	10,831	11,652	21,395	23,219
	591,402	724,823	3,616,331	3,924,998

	Un-audited Half year ended	
	December 31, 2020	December 31, 2019
	(Rupees in thousand)	
11. CASH GENERATED FROM OPERATIONS		
Profit before taxation	1,466,559	2,496,615
Adjustment for non cash charges and other items:		
Depreciation on operating fixed assets	359,169	370,648
Amortization on intangible assets	754	754
Profit on bank deposits	(4,442)	(672)
Finance cost	191,343	667,809
Provision for employee retirement benefits	13,333	12,999
Profit before working capital changes	2,026,716	3,548,153
Effect on cash flow due to working capital changes:		
Decrease/(increase) in current assets		
Stores, spares and loose tools	20,339	72,894
Inventories	(1,391,158)	1,193,606
Trade debts	840,812	(3,158,486)
Advances, deposits, prepayments and other receivables	(301,877)	303,089
	(831,884)	(1,588,896)
Increase/(decrease) in current liabilities		
Trade and other payables	297,925	173,762
Unclaimed dividend	(2,690)	(2,081)
	295,235	171,681
	(536,649)	(1,417,215)
	1,490,067	2,130,938

12. CASH AND CASH EQUIVALENTS

	Un-audited	
	December 31, 2020	December 31, 2019
	(Rupees in thousand)	
Cash and bank balances	38,877	85,730
Short term borrowings - secured	(3,954,178)	(6,152,022)
	(3,915,301)	(6,066,292)

13. TRANSACTIONS WITH RELATED PARTIES

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

		Un-audited	
		Half year ended	
		December 31, 2020	December 31, 2019
		(Rupees in thousand)	
Relationship with the company	Nature of transactions		
i. Holding company	Dividends paid	180,633	-
ii. Entities on the basis of common directorship	Purchases of goods and services	36,191	34,237
	Rental expense	6,231	6,231
	Insurance premium	143,261	133,779
iii. Group entity	Interest on deposit accounts	219	1,239
	Insurance premium	3,543	2,738
iv. Post employment benefit plan	Expense charged in respect of retirement benefit plan	13,333	12,999
v. Key management personnel	Remuneration	12,222	17,388
	Dividends	6	-

Period end balances

Payable to related parties

- Companies on basis of common directorship	-	422
- Group entity	2,741	5,542

Bank deposits with related parties

- Group entity	1,828	3,594
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Receivable from related parties

- Entities on the basis of common directorship	7,214	-
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14. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on February 12, 2021 by the Board of Directors.

15. EVENTS AFTER THE REPORTING DATE

For the sustainability of the power sector in Pakistan, the parent company's Board of Directors on February 12, 2021 has approved a "Master Agreement" and a "PPA Amendment Agreement" with CPPA to alter certain contractual arrangements for sale and purchase of electricity. Under these agreements, the parent company and CPPA have agreed on the following matters:

- Mechanism of settlement of long outstanding receivables
- Discounts in tariff components
- Conversion of the Power Purchase Agreement to 'Take and Pay Basis' when competitive trading arrangement is implemented and becomes fully operational
- Resolution of disputes mentioned in notes 7 and 9

The finalisation of these matters is subject to terms and conditions mentioned in the abovementioned agreements. Consequently, management has assessed the accounting implications of these developments on these unconsolidated condensed interim financial statements, including the impairment of tangible and intangible assets under IAS 36, 'Impairment of assets'. However, according to management's assessment, there is no significant impact of the abovementioned agreements on these unconsolidated condensed interim financial statements.

16. CORRESPONDING FIGURES

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


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR



N I S H A T

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