



SAIF POWER LIMITED

A Saif Group Company

**Condensed Interim
Financial Information**
For 1st Quarter Ended
March 31, 2021

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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
Mr. Rana Muhammad Shafi	Director
Mr. Naved Abid Khan	Independent Director
Miss. Saima Akbar Khattak	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.
Plot No. 32-C, Jami Commercial
Street 2, Karachi.
Tel: +92-21- 35310191-6,
Email: sfc@thk.com.pk

Banks & Financial Institutions

Allied Bank 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
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 QUARTER ENDED MARCH 31, 2021

The Board of Directors is pleased to present the condensed interim financial information for the quarter ended March 31, 2021.

SUMMARY OF FINANCIAL PERFORMANCE

Turnover of the Company was Rs. 1,746 million as compared to Rs. 1,684 million for the same period last year. Dispatch level was 12.53% as compared to 0.03% during the same period last year. Net profit during the period was Rs. 455 million as against Rs. 897 million for the comparable period of 2020. Earnings per share (EPS) for the period is Rs. 1.18 (2020: Rs. 2.32).

PENDING ISSUES

In the case against M/s Sui Northern Gas Pipelines Limited (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.

During the year 2019, SNGPL 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 and 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. Further, during the period, as detailed in note 13.2 to the financial statements, both parties have decided to resolve the matter.

MATERIAL INFORMATION / OUTLOOK

Subsequent to signing of MoU on August 12, 2020, following agreements were signed with CPPA-G and Private Power Infrastructure Board (PPIB) on February 11, 2021:

- Amendment Agreement to the Implementation Agreement
- Amendment Agreement to the Guarantee
- PPA Novation Agreement
- Master Agreement
- PPA Amendment

The details are adequately submitted in note 13 to the financial statements for review of the shareholders.

KEY OPERATIONAL AND FINANCIAL DATA (STANDALONE)

FINANCIAL & OPERATIONAL PERFORMANCE	March 31, 2021 (PKR-Million)	March 31, 2020 (PKR-Million)
Turnover	1,746	1,684
Net Profit	455	897
Earnings per Share	1.18	2.32
Dispatch level	12.53%	0.03%
Capacity made available-GWHs	440	443
	March 31, 2021	December 31, 2020
Property, plant and equipment	12,039	12,232
Net Worth	16,388	15,932
Short term borrowings	7,201	6,974

KEY FINANCIAL DATA (CONSOLIDATED)

FINANCIAL & OPERATIONAL PERFORMANCE	March 31, 2021 (PKR-Million)	March 31, 2020 (PKR-Million)
Turnover	1,746	1,684
Net Profit	455	896
Earnings per Share	1.18	2.32
	March 31, 2021	December 31, 2020
Property, plant and equipment	12,831	13,019
Net Worth	16,409	15,954

RECEIVABLES FROM POWER PURCHASER

During the period, the Company's receivables increased slightly but the Company has adequate working capital lines to sustain the operations. As detailed in note 13.4 to the financial statements, government is committed to pay to the Company in this year, which will improve the liquidity position of the Company.

ACKNOWLEDGEMENT

The Directors of your company would like to show their appreciation to its customers, suppliers, financial institutions, regulators and to all other stakeholders for their cooperation and support during the period.

The Directors of your company 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,

Mrs. Hoor Yousafzai
(Chairperson)

Islamabad
April 28, 2021

اہم آپریشنل اور مالیاتی ڈیٹا (خود مختار):

آپریٹیشنل اور مالیاتی کارکردگی	31 مارچ 2021ء	31 مارچ 2020ء
..... روپے ملین میں		
کاروبار	1,746	1,684
خالص منافع	455	897
فی حصص آمدنی	1.18	2.32
ترسیل کا لیول	12.53%	0.03%
میسر گیگا واٹ آورز کی گنجائش	440	443
پراپرٹی، پلانٹ اور سامان	12,039	12,232
نیٹ مالیت	16,388	15,932
مختصر مدت کے قرضے	7,201	6,974

اہم مالیاتی ڈیٹا (مستحکم):

آپریٹیشنل اور مالیاتی کارکردگی	31 مارچ 2021ء	31 مارچ 2020ء
..... روپے ملین میں		
کاروبار	1,746	1,684
خالص منافع	455	896
فی حصص آمدنی (روپے)	1.18	2.32
پراپرٹی، پلانٹ اور سامان	12,831	13,019
نیٹ مالیت	16,409	15,954

بجلی خریدار سے وصولیاں:

اس عرصے کے دوران، کمپنی کے وصول پڑیوں میں تھوڑا سا اضافہ ہوا لیکن کمپنی کے پاس کاروبار کو برقرار رکھنے کے لئے مناسب قابل عمل کیپٹل لائسنز موجود ہیں۔ مالی بیانات کے نوٹ 13.4 میں موجود تفصیل کے مطابق، حکومت اس سال کمپنی کو ادائیگی کرنے کے لئے پُر عزم ہے، جس سے کمپنی کی لیکویڈیٹی پوزیشن میں بہتری آئے گی۔

اظہار تشکر:

آپ کی کمپنی کے ڈائریکٹرز کمپنی کے کسٹمرز، سپلائرز، مالیاتی اداروں، ریگولیٹرز اور دیگر تمام اسٹیک ہولڈرز کے لیے تعریفی کلمات کہنا چاہتے ہیں جنہوں نے اس سال اپنا تعاون اور حمایت پیش کی۔

آپ کی کمپنی کے ڈائریکٹرز 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:

Am Yusuf

مسز حور یوسف زئی
(چیئر پرسن)

اسلام آباد
28 اپریل 2021ء

بورڈ آف ڈائریکٹرز (BOD)، 31 مارچ 2021ء کو ختم ہونے والے پہلے تین ماہ کے لیے کمپنی کے مختصر عبوری مالی بیانات پیش کرتے ہوئے خوشی محسوس کر رہا ہے۔

مالیاتی کارکردگی کا خلاصہ:

اس عرصہ کے دوران آپ کی کمپنی کا کاروبار 1,746 ملین روپے تھا جب کہ گزشتہ سال اتنے ہی عرصہ کے دوران یہ کاروبار 1,684 ملین روپے تھا۔ اس عرصہ کے دوران فی شیئر آمدنی 4.29 روپے ہے (جو کہ 2018ء میں 3.90 روپے تھی)۔ ترسیل کا لیول اس سال 12.53 فیصد رہا جبکہ اس کے مقابلے میں اتنے ہی عرصہ کے دوران یہ 0.03 فیصد تھا۔ اس عرصہ کے دوران آپ کی کمپنی کا خالص منافع 455 ملین روپے تھا جب کہ گزشتہ سال 2020ء کے اتنے ہی عرصہ کے دوران یہ منافع 897 ملین روپے تھا۔ اس عرصے کے لئے فی حصص آمدنی 1.18 روپے ہے (جب کہ 2020ء میں یہ 2.32 روپے تھی)۔

زیر التواء مسائل:

سوئی ناردرن گیس پائپ لائنز لمیٹڈ (SNGPL) کے خلاف مقدمہ میں، کمپنی کے حق میں 270.66 ملین روپے (جس میں 239.68 ملین روپے کی تنازع رقم اور 30.98 ملین روپے کے متعلقہ اخراجات شامل ہیں) 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 ڈسپوزڈ آف (اس نتیجے پر پہنچنا کہ دونوں پارٹیوں نے اس کیس میں جو پیسے خرچ کیے ہیں وہ دونوں کو خود برداشت کرنے پڑیں گے) کر دیا ہے۔ کمپنی نے سوئی ناردرن گیس پائپ لائنز کو قاتلی ادارہ کے معاملے میں یہ رقم پہلے ہی ایڈجسٹ کر دی ہے۔

سال 2019ء کے دوران، SNGPL نے ایڈجسٹ کی گئی رقم کی بازیابی کے لیے ڈسٹرکٹ جج (گیس یوٹیلیٹی کورٹ کے اختیارات کے ساتھ سرکاری کارڈ) لاہور کے سامنے مقدمہ دائر کیا، جس میں اس طرح کی ایڈجسٹمنٹ کی تاریخ سے 136.14 ملین روپے کی مارک اپ کی رقم کا دعویٰ بھی شامل ہے، اور اس نے لندن عدالت برائے بین الاقوامی ثالثی (LCIA) کے سامنے ثالثی کی درخواست بھی دائر کی ہے۔ LCIA کو درخواست جمع کروانے میں، SNGPL نے اس طرح کی ایڈجسٹمنٹ کی تاریخ سے 236.47 ملین روپے کی 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 مقدمے کا فیصلہ کرنے کا 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 ایوارڈ اور فائنل ایوارڈ کو سول کورٹ لاہور میں بھی چیلنج کیا ہے، جس کا فیصلہ زیر سماعت ہے۔ مزید برآں، سال کے اختتام کے بعد، جیسا کہ مالی بیانات کے نوٹ 16.2 میں تفصیل سے بتایا گیا ہے، دونوں فریقوں نے معاملے کو حل کرنے کا فیصلہ کیا ہے۔

مواد کی معلومات/آڈٹ کل

12 اگست 2020ء کو مفاہمت نامہ پر دستخط کرنے کے بعد، 11 فروری 2021ء کو سی پی پی اے۔ جی اور نجی پاور انفراسٹرکچر بورڈ (پی پی آئی بی) کے ساتھ مندرجہ ذیل معاہدوں پر دستخط ہوئے:

- عمل درآمد کے معاہدے میں ترمیم کا معاہدہ
- گارنٹی میں ترمیم کا معاہدہ
- پی پی آئی بی نوویشن معاہدہ
- ماسٹر معاہدہ
- پی پی آئی بی ترمیم

حصص یافتگان کے جائزے کے لئے مالی بیانات کو نوٹ 13 میں تفصیلات مناسب طریقے سے جمع کرائی گئی ہیں۔

Condensed Interim Unconsolidated Financial Statements

For 1st Quarter Ended
March 31, 2021

SAIF POWER LIMITED

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2021

		Un-audited March 31, 2021	Audited December 31, 2020
	Note	(Rupees)	
Share Capital and Reserves			
Share capital	4	3,864,717,790	3,864,717,790
Unappropriated profit - revenue reserve		12,523,170,889	12,067,738,798
Total equity		16,387,888,679	15,932,456,588
Liabilities			
Sub-ordinated loan	5	485,634,068	554,615,715
Lease liabilities	6	40,233,397	42,511,916
Non-current liabilities		525,867,465	597,127,631
Trade and other payables		942,671,875	851,121,908
Short term borrowings	7	7,201,554,273	6,973,705,255
Current portion of non-current liabilities		411,811,614	430,320,820
Markup accrued	8	600,956,987	621,543,627
Unclaimed dividend		12,918,076	12,942,851
Current liabilities		9,169,912,825	8,889,634,461
Total liabilities		9,695,780,290	9,486,762,092
Total equity and liabilities		26,083,668,969	25,419,218,680
Contingencies and commitments			
	9		
Assets			
Property, plant and equipment	10	12,038,649,793	12,232,028,625
Right of use assets	11	53,420,034	54,863,722
Investment in subsidiary	12	789,178,640	784,774,230
Long term deposits		2,666,450	2,904,800
Non-current assets		12,883,914,917	13,074,571,377
Advance income tax		6,523,215	6,305,746
Stock in trade - HSD		196,732,864	169,300,404
Trade debts	13	12,197,065,374	11,363,291,153
Other receivables	14	667,874,063	614,823,548
Advances	15	95,762,886	105,740,465
Trade deposits and short term prepayments	16	22,243,241	71,688,212
Bank balances	17	13,552,409	13,497,775
Current assets		13,199,754,052	12,344,647,303
Total assets		26,083,668,969	25,419,218,680

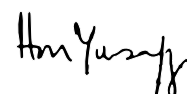
The annexed notes 1 to 23 form an integral part of these condensed interim unconsolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Director

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

FOR THE FIRST QUARTER ENDED MARCH 31, 2021

		March 31, 2021	March 31, 2020
	Note	(Rupees)	
Turnover - net	18	1,745,852,172	1,684,031,822
Cost of sales	19	(1,150,155,268)	(397,779,723)
Gross profit		595,696,904	1,286,252,099
Other income		208,529	203,972
Administrative expenses		(35,650,684)	(34,709,563)
Finance cost		(104,822,658)	(354,600,353)
Profit for the period		455,432,091	897,146,155
Earnings per share - basic and diluted		1.18	2.32

The annexed notes 1 to 23 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 THE FIRST QUARTER ENDED MARCH 31, 2021

	March 31, 2021	March 31, 2020
	(Rupees)	
Profit for the period	455,432,091	897,146,155
Other comprehensive income for the period	-	-
Total comprehensive income for the period	455,432,091	897,146,155


The annexed notes 1 to 23 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 THE FIRST QUARTER ENDED MARCH 31, 2021

		March 31, 2021	March 31, 2020
	Note	(Rupees)	
Cash flows from operating activities			
Profit for the period		455,432,091	897,146,155
Adjustments for:			
Provision for staff retirement benefits - gratuity		2,069,718	2,235,564
Depreciation	10	151,776,681	151,578,574
Depreciation - Right of use assets	11	3,665,211	3,611,098
Finance cost		104,822,658	354,600,353
Gain on disposal of property, plant and equipment		(135,529)	(203,759)
Insurance claim		(73,000)	-
Profit on deposit accounts		-	(213)
		717,557,830	1,408,967,772
Changes in:			
Stock in trade		(27,432,460)	3,557,805
Trade debts		(833,774,221)	(1,076,567,058)
Other receivable		(53,050,515)	580,896,987
Advances		9,977,579	(609,981)
Trade deposits and prepayments		49,444,971	45,918,542
Trade and other payables		89,480,251	(63,382,173)
Cash generated from operating activities		(47,796,565)	898,781,894
Income taxes paid		(217,469)	(61,713)
Finance cost paid		(125,409,298)	(349,192,883)
Net cash generated from operating activities		(173,423,332)	549,527,298
Cash flows from investing activities			
Acquisition of property, plant and equipment	10	(215,000)	-
Acquisition of right of use assets		(189,821)	(166,782)
Increase in long term deposits		238,350	(255,500)
Proceeds from sale of property, plant and equipment		362,251	514,316
Investment in subsidiary	12	(4,404,410)	(20,701,880)
Insurance claim received		73,000	-
Profit on deposit accounts		-	213
Net cash used in investing activities		(4,135,630)	(20,609,633)
Cash flows from financing activities			
Repayment of long term financing	5	(46,016,903)	(788,379,612)
Dividends paid		(24,775)	(4,555,589)
Short term borrowings - net	7	227,849,018	266,863,732
Lease liabilities paid	6	(4,193,744)	(3,127,395)
Net cash used in financing activities		177,613,596	(529,198,864)
Net increase/ (decrease) in cash and cash equivalents		54,634	(281,199)
Cash and cash equivalents at beginning of the period		13,497,775	671,074
Cash and cash equivalents at end of the period		13,552,409	389,875

The annexed notes 1 to 23 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 THE FIRST QUARTER ENDED MARCH 31, 2021

	Share capital	Unappropriated profit-revenue reserve (Rupees)	Total equity
Balance as at January 01, 2020 (Audited)	3,864,717,790	10,943,280,351	14,807,998,141
Profit for the period	-	897,146,155	897,146,155
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	897,146,155	897,146,155
Balance as at March 31, 2020 (Un-audited)	3,864,717,790	11,840,426,506	15,705,144,296
Balance as at January 01, 2021 (Audited)	3,864,717,790	12,067,738,798	15,932,456,588
Profit for the period	-	455,432,091	455,432,091
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	455,432,091	455,432,091
Balance as at March 31, 2021 (Un-audited)	3,864,717,790	12,523,170,889	16,387,888,679


The annexed notes 1 to 23 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 THE FIRST QUARTER ENDED MARCH 31, 2021

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 Central Power Purchasing Agency Guarantee Limited (CPPA-G). The Company has amended its Implementation Agreement on February 11, 2021 whereby National Transmission and Despatch Company (NTDC) has been replaced with CPPA-G as Power Purchaser.

2 BASIS OF PREPARATION

These condensed interim unconsolidated financial statements of the Company for first quarter ended March 31, 2021 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, 2020.

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 applicability of accounting and reporting requirements

2.1.1 IFRS-9 "Financial Instruments"

SECP through S.R.O 985 (I)/2019 dated September 2, 2019 has notified that in respect of companies holding financial assets due from the Government of Pakistan (GoP), the requirements contained in IFRS-9 with respect to application of expected credit loss (ECL) model shall not be applicable till June 30, 2021 provided that such companies shall follow relevant requirements of IAS-39 'Financial Instruments Recognition and measurement' in respect of above referred financial assets during the exemption period. SECP has also clarified to certain companies that financial assets due from GoP include those that are directly due from GoP and that are ultimately due from GoP in consequence of circular debt. IFRS-9 introduces the ECL model, which replaces the incurred loss model of IAS-39 whereby an allowance for doubtful debt was required only in circumstances where a loss event has occurred. By contrast, the ECL model requires the Company to recognize an allowance for doubtful debt on all financial assets measured at amortised cost, irrespective of whether a loss event has occurred. In accordance with the exemption granted by SECP, ECL has not been assessed in respect of financial assets due directly/ ultimately from GoP i.e. trade debts and other receivables from NTDC. Impact of ECL on financial assets not covered under exemption was not material and accordingly has not been included in these financial statements.

2.1.2 IFRS-16 "Leases"

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 PPA 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.

FOR THE FIRST QUARTER ENDED MARCH 31, 2021

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, 2020.

4 SHARE CAPITAL

4.1 Authorized share capital

405,000,000 (December 31, 2020: 405,000,000) ordinary shares of Rs.10 each

4.2 Issued, subscribed and paid-up capital

386,471,779 (December 31, 2020: 386,471,779) ordinary shares of Rs.10 each
fully paid in cash

4.3 Saif Holdings Limited holds 135,021,762 i.e. 34.94% (December 31, 2020: 197,272,619 i.e. 51.04%) ordinary shares of Rs.10 each at the reporting date. Further, 25,465,350 (December 31, 2020: 12,552) and 100 (December 31, 2020: 100) ordinary shares of Rs. 10 each are held by directors and a related party respectively. Orastar Limited held 66,022,504 (December 31, 2020: 66,022,504) ordinary shares of the Company.

During the period, Saif Holdings Limited has distributed 62,250,860 shares held in the Company, as dividend in kind to its shareholders.

5 SUB-ORDINATED LOAN - UNSECURED

Balance at January 01

Exchange (gain)/ loss capitalised

Repayment during the period/ year

Current portion of subordinated loan

Balance at March 31/ December 31

5.1 Terms and conditions of the above loan are same as disclosed in financial statements for the year ended December 31, 2020.

6 LEASE LIABILITIES

Lease liabilities

Less: Current portion

Long term portion

Movement of lease liabilities under IFRS 16 is as follows:

Balance at January 01	56,869,829	54,119,049
Addition during the period/ year	2,031,704	13,766,339
Interest	1,256,167	5,281,361
Payments during the period/ year	(5,449,911)	(16,296,920)
Balance at March 31/ December 31	54,707,789	56,869,829
Current portion of lease liabilities	(14,474,392)	(14,357,913)
Non-Current Portion of Lease Liabilities	40,233,397	42,511,916

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED MARCH 31, 2021

		Un-audited March 31, 2021	Audited December 31, 2020
7 SHORT TERM BORROWINGS	Note	(Rupees)	
Working capital facilities - secured	7.1	4,171,336,833	3,893,487,815
Short term musharakah facilities - secured	7.2	3,030,217,440	3,080,217,440
		<u>7,201,554,273</u>	<u>6,973,705,255</u>

7.1 The Company has obtained working capital facilities amounting to Rs. 8.33 billion (December 31, 2020: Rs. 8.63 billion) from several commercial banks for meeting the working capital requirements, expiring on various dates during 2021. 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, 2020: Rs. 12.24 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, 2020: Rs. 0.92 billion).

7.2 The Company has obtained short term Islamic finance facilities from Islamic banks subject to a maximum limit of Rs. 4.8 billion (December 31, 2020: Rs. 4.8 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, 2020: Rs. 6.36 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, 2020: Rs. 0.72 billion).

	Un-audited March 31, 2021	Audited December 31, 2020
8 MARKUP ACCRUED	(Rupees)	
Markup on short term financing	144,706,925	142,717,536
Markup on sub-ordinated loan	456,250,062	478,826,091
	<u>600,956,987</u>	<u>621,543,627</u>

9 CONTINGENCIES AND COMMITMENTS

All contingencies and commitments are same as those disclosed in financial statements for the year ended December 31, 2020 except for the following changes:

Sui Northern Gas Pipelines Limited (SNGPL) has claimed an amount of Rs. 101.06 million (December 31, 2020: Rs. 100.24 million) on account of late payment by the Company against SNGPL's invoices of Regasified Liquefied Natural Gas (RLNG). SNGPL submitted these RLNG invoices to the Company without getting determination of RLNG tariff from Oil and Gas Regulatory Authority (OGRA). The Company has considered such SNGPL invoices to be invalid without OGRA determination. Therefore, no provision for the above mentioned amount has been made in these financial statements.

	Un-audited March 31, 2021	Audited December 31, 2020
10 PROPERTY, PLANT AND EQUIPMENT	(Rupees)	
Balance at January 01	12,232,028,625	12,799,939,113
Additions during the period/ year	215,000	701,057
Net book value of assets disposed off	(226,722)	(1,473,371)
Depreciation for the period/ year	(151,776,681)	(609,734,660)
Capitalization of exchange (gain)/ loss	(41,590,429)	42,596,486
Balance at March 31/ December 31	<u>12,038,649,793</u>	<u>12,232,028,625</u>

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED MARCH 31, 2021

	Un-audited March 31, 2021	Audited December 31, 2020
	(Rupees)	
11 RIGHT OF USE ASSETS		
COST		
Balance at January 1	84,427,105	69,694,214
Additions	2,221,523	14,732,891
Balance at March 31/ December 31	86,648,628	84,427,105
DEPRECIATION		
Balance at January 01	29,563,383	16,696,814
Charge for the period/ year	3,665,211	12,866,569
Balance at March 31/ December 31	33,228,594	29,563,383
Carrying amount	53,420,034	54,863,722
Rate of depreciation per annum (%)	10% to 20%	10% to 20%
12 INVESTMENT IN SUBSIDIARY		
Shares of Saif Cement Limited	784,774,230	784,774,230
Share deposit money	4,404,410	-
	789,178,640	784,774,230

12.1 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, paid share deposit money of Rs. 4.4 million as advance for issuance of shares. The Company holds 96.37% of the issued share capital of SCL as at March 31, 2021.

	Un-audited March 31, 2021	Audited December 31, 2020
	(Rupees)	
13 TRADE DEBTS		
	Note	
National Transmission and Dispatch Company (NTDC)	13.1	12,197,065,374 11,363,291,153

13.1 Trade debts include an overdue amount of Rs 10.23 billion (December 31, 2020: Rs. 9.59 billion). 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 Power Purchase Agreement (PPA) at the rate of KIBOR + 4.5% per annum except RLNG fuel invoices which are subject to markup of KIBOR + 2% per annum for first 30 days, and after which markup will be KIBOR+4.5% per annum. GoP is committed, hence continuously pursuing for satisfactory settlement of debt issue. As referred in note 2.1.1, SECP has exempted the applicability of expected credit loss allowance on trade debts due directly/ ultimately from GoP.

As explained in note 13.4 below, the Company and CPPA have jointly developed revised Tariff (related to ROE and ROEDC) and submitted to NEPRA which has been determined by NEPRA on April 2, 2021. It was agreed that after determination of revised Tariff, overdue amount of Rs. 9.507 billion as on November 30, 2020 will be paid in two instalments to the Company. The first instalment of 40% will be paid immediately after notification of tariff determination by NEPRA and 60% will be paid within six months of the date of first instalment. Each instalment will be paid in three equal parts of cash, PIBs and Sukuks. After payment of the second instalment, 'Delayed Payment Rate' will come down to KIBOR+2% per annum for first 60 days and KIBOR+4.5% per annum afterwards except for RLNG fuel invoices, for which the existing mechanism will be followed.

13.2 Trade debts include an amount of Rs. 477.56 million (December 31, 2020: 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-utilization of plant capacity was non-availability of fuel owing to non-payment by NTDC.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED MARCH 31, 2021

The Company along with other 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 the 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 and interest from the date of expert determination till payment by NTDC after Arbitrator decision to the Company. The Company filed petition 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.

During the period, on February 11, 2021, PPA Amendment has been signed between CPPA-G and the Company whereby CPPA-G and the Company have resolved the outstanding LCIA Award amicably and in good faith, according to which, instead of extension in the relevant Agreement Year by the corresponding days of Disputed Period, the current Agreement Year (i.e. the 11th agreement year originally ending on April 30, 2021) shall be extended by the disputed period of 43 days through Other Force Majeure Event (OFME). Such OFME period shall commence from the end of the 11th Agreement Year i.e. April 30, 2021 and will end on June 11, 2021, as such date may be extended by reason of a Force Majeure Event. In consideration of this settlement and subject to full payment of the disputed period payments including adjustment of LCIA Award of Rs. 477.56 million and payment of first instalment of 40% under the 'Payment Mechanism' of the Master Agreement, both parties have agreed to file a joint application before Lahore High Court for withdrawal of enforcement proceedings.

13.3 During the 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 LCIA. 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 a 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.

13.4 On June 03, 2020, "Committee for Negotiations" was constituted by the Government to discuss and agree to alter the existing contractual arrangement with IPPs. On August 12, 2020, the Company executed a Memorandum of Understanding (MOU) with the Committee for Negotiations and on February 11, 2021, following agreements were signed between the Company, NTDC and CPPA-G in the light of aforesaid MOU:

- i) Amendment Agreement to the Implementation Agreement
- ii) Amendment Agreement to the Guarantee
- iii) PPA Novation Agreement

The above three agreements were entered into to change "Power Purchaser" from NTDC to CPPA-G and novation of all rights and obligations of NTDC to CPPA-G under the implementation agreement and the related guarantee by the GoP.

Furthermore, two agreements were signed on the same date i.e. on February 11, 2021 which are as follows:

- 1) Master Agreement, which provides for the following:
 - Fuel and O&M savings shall be taken as a single consolidated line item and analyzed from the perspective of revenues minus costs. Any saving, if determined, shall be shared in the ratio of 60:40 between Power Purchaser and the Company. Sharing of such savings will apply prospectively from July 01, 2021.
 - A one-time detailed heat rate test shall be conducted in order to ensure that the actual efficiency matches the efficiency reported in the most recent annual financial statements of the Company.
 - Return on Equity (RoE) including Return on Equity during Construction (RoEDC) shall be changed to 12% per annum for foreign equity investment registered with SBP, while USD indexation will be retained. For local investors, the rate will be changed to 17% per annum in PKR calculated at PKR/USD exchange rate of PKR 148/USD, with no future USD indexation. However, the existing RoE and RoEDC, together with applicable indexations, shall continue to be applied until the date when the applicable exchange rate under the present

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED MARCH 31, 2021

Tariff reaches PKR 168/USD (i.e. the date of signing of MoU), whereupon the revised RoE and RoEDC shall become applicable for remainder of the term of PPA.

- The Company shall convert its PPA to take and pay basis, without exclusivity, when competitive trading arrangement is implemented and becomes fully operational as per the wordings of NEPRA's generation license to the Company.
- The Company and CPPA have jointly developed revised Tariff (related to ROE and ROEDC) and submitted to NEPRA. After determination of revised Tariff from NEPRA, an overdue amount of Rs. 9.507 billion as on November 30, 2020 will be paid in two instalments to the Company. The first instalment of 40% will be paid immediately after notification of tariff determination by NEPRA and 60% will be paid within six months of the date of first instalment. Each instalment will be paid in three equal parts of cash, PIBs and Sukuks.

2) The PPA Amendment:

According to the PPA Amendment, 'Delayed Payment Rate' will come down to KIBOR+2% per annum for first 60 days and KIBOR+4.5% per annum afterwards except for RLNG fuel invoices, for which the existing mechanism will be followed. This reduction in such rate will be effective after receipt of last instalment of receivable as explained above. Also, the payment of all invoices will be made on FIFO basis.

In addition, the PPA Amendment provides for settlement of dispute related to Rs. 477.56 million as explained in note 13.2 above.

13.5 In relation to alleged excess profits determined by the Power Sector Committee's report submitted in March 2020, the Company and GoP have agreed to constitute an Arbitration Tribunal which will comprise of three members. One member each will be selected by GoP and the Company (both would be retired Supreme Court Judge) and the two members together will appoint the third member and decide upon the matter. The Committee has determined an overall amount of Rs.1.2 billion as excess profit generated by the Company. As per Company's internal calculations, overall results for that particular period does not results in excess profit, which was communicated to the Committee.

		Un-audited March 31, 2021	Audited December 31, 2020
		(Rupees)	
14 OTHER RECEIVABLES			
Workers' Profit Participation Fund (WPPF) receivable		475,285,274	452,513,669
Sales tax receivable - net		190,169,263	160,490,674
Other receivables		2,419,526	1,819,205
		667,874,063	614,823,548
15 ADVANCES - considered good	Note		
Advances to suppliers	15.1	95,634,271	105,480,499
Advances to employees		128,615	259,966
		95,762,886	105,740,465
15.1	These include advance payment to SNGPL amounting to Rs. 94.19 million (December 31, 2020: 101.61 million).		
16 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Prepayments		17,328,031	67,214,352
Security deposit		1,833,000	1,833,000
Current portion of long term deposits		3,082,210	2,640,860
		22,243,241	71,688,212
17 BANK BALANCES			
Current accounts			
Local currency		214,654	156,134
Deposit accounts			
Local currency		13,036,673	13,026,440
Foreign currency	17.1	301,082	315,201
		13,337,755	13,341,641
		13,552,409	13,497,775

17.1 This represents an amount of USD 1,966 (December 31, 2020: USD 1,966) in US Dollar deposit account.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED MARCH 31, 2021

	Un-audited March 31, 2021	Un-audited March 31, 2020
18 TURNOVER - NET	(Rupees)	
Gross Energy Purchase Price	880,404,673	3,683,686
Less: Sales tax	(127,922,049)	(535,236)
	752,482,624	3,148,450
Capacity Purchase Price	993,369,548	1,680,883,372
	1,745,852,172	1,684,031,822
19 COST OF SALES		
Raw material consumed	710,793,926	3,631,041
Operation and maintenance	202,241,183	168,689,277
Salaries and other benefits	14,305,104	14,393,181
Electricity charges	21,662,485	14,002,764
Insurance expense	48,837,459	45,007,928
Depreciation	151,468,067	151,435,001
Office expenses	384,464	276,341
Travelling, conveyance and entertainment	426,520	332,899
Repair and maintenance	15,211	-
Communication	20,849	11,291
	1,150,155,268	397,779,723

20 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 THE FIRST QUARTER ENDED MARCH 31, 2021

A. Accounting classifications and fair values

20.1 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
March 31, 2021	Note				(Rupees)			
Financial assets measured at fair value		-	-	-	-	-	-	-
Financial assets not measured at fair value	20.2							
Long term deposits		5,748,660	-	5,748,660				
Trade debts		12,197,065,374	-	12,197,065,374	-	-	-	-
Other receivables	20.3	477,704,800	-	477,704,800	-	-	-	-
Advances to employees		128,615	-	128,615	-	-	-	-
Security deposits		1,833,000	-	1,833,000	-	-	-	-
Bank balances		13,552,409	-	13,552,409	-	-	-	-
Total		12,696,032,858	-	12,696,032,858	-	-	-	-
Financial liabilities not measured at fair value	20.2							
Sub-ordinated loan		-	882,971,290	882,971,290	-	-	-	-
Lease liabilities		-	54,707,789	54,707,789	-	-	-	-
Trade and other payables	20.4	-	941,080,572	941,080,572	-	-	-	-
Short term borrowings		-	7,201,554,273	7,201,554,273	-	-	-	-
Markup accrued		-	600,956,987	600,956,987	-	-	-	-
Unclaimed dividend		-	12,918,076	12,918,076	-	-	-	-
Total		-	9,694,188,987	9,694,188,987	-	-	-	-
December 31, 2020								
Financial assets measured at fair value		-	-	-	-	-	-	-
Financial assets not measured at fair value	20.2							
Long term deposits		5,545,660	-	5,545,660	-	-	-	-
Trade debts		11,363,291,153	-	11,363,291,153	-	-	-	-
Other receivables	20.3	454,332,874	-	454,332,874	-	-	-	-
Advances to employees		259,966	-	259,966	-	-	-	-
Security deposits		1,833,000	-	1,833,000	-	-	-	-
Bank balances		13,497,775	-	13,497,775	-	-	-	-
Total		11,838,760,428	-	11,838,760,428	-	-	-	-
Financial liabilities not measured at fair value	20.2							
Sub-ordinated loan		-	970,578,622	970,578,622	-	-	-	-
Lease liabilities		-	56,869,829	56,869,829	-	-	-	-
Trade and other payables	20.4	-	848,007,635	848,007,635	-	-	-	-
Short term borrowings		-	6,973,705,255	6,973,705,255	-	-	-	-
Markup accrued		-	621,543,627	621,543,627	-	-	-	-
Unclaimed dividend		-	12,942,851	12,942,851	-	-	-	-
Total		-	9,483,647,819	9,483,647,819	-	-	-	-

20.2 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.

20.3 This excludes sales tax receivable.

20.4 This excludes withholding tax payable.

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21 RELATED PARTY TRANSACTIONS

Related parties comprise of associated companies, 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, 5 and 8 to the financial statements. Transactions and balances with related parties other than those disclosed elsewhere in these condensed interim unconsolidated financial statements are as follows:

	Un-audited March 31, 2021	Un-audited March 31, 2020
	(Rupees)	
Transactions with related parties		
Akbar Kare Institution - Associated Company (Common directorship)		
Donation made by the Company	1,500,000	1,500,000
Waddan Foundation - Associated Company (Common directorship)		
Donation made by the Company	555,000	-
Key Management Personnel		
Directors' meeting fee	250,000	150,000
Remuneration including benefits and perquisites to key management personnel	14,045,031	14,169,309
	Un-audited March 31, 2021	Audited December 31, 2020
	(Rupees)	
Balances with related parties		
Payable to Saif Power Limited- Staff Gratuity Fund	2,463,253	393,541

22 NON-ADJUSTING EVENTS AFTER BALANCE SHEET DATE

The Board of Directors proposed final dividend for the year ended December 31, 2020 at the rate of Rs. 2.50 (December 31, 2019: Rs. 2) per share in their meeting held on March 29, 2021.

23 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 April 28, 2021.



Chief Financial Officer



Chief Executive Officer



Director

Condensed Interim Consolidated Financial Statements

For 1st Quarter Ended
March 31, 2021

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2021

	Note	Un-audited March 31, 2021	Audited December 31, 2020
(Rupees)			
Share Capital and Reserves			
Share capital	4	3,864,717,790	3,864,717,790
Unappropriated profit - revenue reserve		12,515,250,459	12,060,290,827
Equity attributable to the owners of the Company		16,379,968,249	15,925,008,617
Non controlling interests		28,864,778	28,869,270
Total equity		16,408,833,027	15,953,877,887
Liabilities			
Sub-ordinated loan	5	485,634,068	554,615,715
Lease liabilities	6	42,969,452	45,574,922
Deferred liability - gratuity		2,159,360	1,643,000
Non-current liabilities		530,762,880	601,833,637
Trade and other payables		1,013,099,480	923,921,649
Short term borrowings	7	7,201,554,273	6,973,705,255
Current portion of non-current liabilities		413,074,548	431,555,916
Markup accrued	8	600,956,987	621,543,627
Unclaimed dividend		12,918,076	12,942,851
Current liabilities		9,241,603,364	8,963,669,298
Total liabilities		9,772,366,244	9,565,502,935
Total equity and liabilities		26,181,199,271	25,519,380,822
Contingencies and commitments	9		
Assets			
Property, plant and equipment	10	12,830,722,540	13,018,595,920
Right of use assets	11	57,498,862	59,283,390
Project transaction costs		57,812,956	59,560,432
Goodwill		11,530,918	11,530,918
Long term deposits		2,666,450	2,904,800
Non-current assets		12,960,231,726	13,151,875,460
Advance income tax		16,176,445	15,933,692
Stock in trade - HSD		196,732,864	169,300,404
Trade debts	12	12,197,065,374	11,363,291,153
Other receivables	13	667,874,063	614,823,548
Advances	14	95,782,886	105,740,465
Trade deposits and short term prepayments	15	22,243,241	71,688,212
Bank balances	16	25,092,672	26,727,888
Current assets		13,220,967,545	12,367,505,362
Total assets		26,181,199,271	25,519,380,822

The annexed notes 1 to 22 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 THE FIRST QUARTER ENDED MARCH 31, 2021

		March 31, 2021	March 31, 2020
	Note	(Rupees)	
Turnover - net	17	1,745,852,172	1,684,031,822
Cost of sales	18	(1,150,155,268)	(397,779,723)
Gross profit		595,696,904	1,286,252,099
Other income		364,256	518,031
Administrative expenses		(36,203,845)	(35,654,506)
Finance cost		(104,911,635)	(354,893,309)
Profit for the period		454,945,680	896,222,315
Profit/ (loss) attributable to:			
- Owners of the Company		454,963,351	896,256,678
- Non-controlling interests		(17,671)	(34,363)
		454,945,680	896,222,315

The annexed notes 1 to 22 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 THE FIRST QUARTER ENDED MARCH 31, 2021

	March 31, 2021	March 31, 2020
	(Rupees)	
Profit for the period	454,945,680	896,222,315
Other comprehensive income for the period	-	-
Total comprehensive income for the period	454,945,680	896,222,315
Total comprehensive income attributable to:		
- Owners of the Company	454,963,351	896,256,678
- Non-controlling interests	(17,671)	(34,363)
	454,945,680	896,222,315

The annexed notes 1 to 22 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 THE FIRST QUARTER ENDED MARCH 31, 2021

	Note	March 31, 2021	March 31, 2020
		(Rupees)	
Cash flows from operating activities			
Profit for the period		454,945,680	896,222,315
Adjustments for:			
Provision for staff retirement benefits - gratuity		2,069,718	2,235,564
Depreciation	10	151,849,937	151,669,770
Depreciation - Right of use assets	11	4,006,051	4,122,358
Finance cost		104,911,635	354,893,309
Gain on disposal of property, plant and equipment		(135,529)	(203,759)
Insurance claim		(73,000)	-
Profit on deposit accounts		-	(213)
Return on investments		(155,727)	(314,059)
		717,418,765	1,408,625,285
Changes in:			
Stock in trade		(27,432,460)	3,557,805
Trade debts		(833,774,221)	(1,076,567,058)
Other receivable		(53,050,515)	580,896,987
Advances		9,957,579	(584,981)
Trade deposits and prepayments		49,444,971	45,918,542
Trade and other payables		87,108,115	(57,324,334)
Cash (used)/ generated from operating activities		(50,327,766)	904,522,246
Income taxes paid		(242,753)	(98,399)
Finance cost paid		(125,498,275)	(349,485,839)
Deferred liability - gratuity		516,360	601,585
Net cash (used)/ generated from operating activities		(175,552,434)	555,539,593
Cash flows from investing activities			
Acquisition of property, plant and equipment	10	(5,793,708)	(25,383,706)
Acquisition of right of use assets		(189,821)	(166,782)
Increase in long term deposits		238,350	(255,500)
Proceeds from sale of property, plant and equipment		362,251	514,316
Movement in Project Transaction cost		1,747,476	(2,766,837)
Insurance claim received		73,000	-
Profit on deposit accounts		-	213
Return on investments - receipt		155,727	314,059
Net cash used in investing activities		(3,406,725)	(27,744,237)
Cash flows from financing activities			
Repayment of long term financing	5	(46,016,903)	(788,379,612)
Dividends paid		(24,775)	(4,555,589)
Short term borrowings - net	7	227,849,018	266,863,732
Receipt against issuance of shares of the Subsidiary Company		9,460	664,600
Lease liabilities paid	6	(4,492,857)	(3,484,869)
Net cash generated/ (used) in financing activities		177,323,943	(528,891,738)
Net decrease in cash and cash equivalents		(1,635,216)	(1,096,382)
Cash and cash equivalents at beginning of the period		26,727,888	14,152,249
Cash and cash equivalents at end of the period		25,092,672	13,055,867

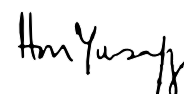
The annexed notes 1 to 22 form an integral part of these condensed interim consolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FIRST QUARTER ENDED MARCH 31, 2021

	Share capital	Unappropriated profit-revenue reserve	Non-Controlling interest	Total equity
	(Rupees)			
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	-	896,256,678	(34,363)	896,222,315
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	896,256,678	(34,363)	896,222,315
Changes in ownership interests				
Consideration paid by NCI for acquisition of shares	-	-	664,600	664,600
Balance as at March 31, 2020 (Un-audited)	3,864,717,790	11,835,815,612	28,432,663	15,728,966,065
Balance as at January 01, 2021 (Audited)	3,864,717,790	12,060,290,827	28,869,270	15,953,877,887
Profit for the year	-	454,963,351	(17,671)	454,945,680
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the period	-	454,963,351	(17,671)	454,945,680
Changes in ownership interests				
Consideration paid by NCI for acquisition of shares	-	-	9,460	9,460
Acquisition of share from NCI without change in control	-	(3,719)	3,719	-
Total changes in ownership interests	-	(3,719)	13,179	9,460
Balance as at March 31, 2021 (Un-audited)	3,864,717,790	12,515,250,459	28,864,778	16,408,833,027

The annexed notes 1 to 22 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 THE FIRST QUARTER ENDED MARCH 31, 2021

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 has amended its Implementation Agreement on February 11, 2021 whereby National Transmission and Despatch Company (NTDC) has been replaced with CPPA-G as Power Purchaser.

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 and;
- 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, 2020.

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 applicability of accounting and reporting requirements

2.1.1 IFRS-9 "Financial Instruments"

SECP through S.R.O 985 (I)/2019 dated September 2, 2019 has notified that in respect of companies holding financial assets due from the Government of Pakistan (GoP), the requirements contained in IFRS-9 with respect to application of expected credit loss (ECL) model shall not be applicable till June 30, 2021 provided that such companies shall follow relevant requirements of IAS-39 'Financial Instruments Recognition and measurement' in respect of above referred financial assets during the exemption period. SECP has also clarified to certain companies that financial assets due from GoP include those that are directly due from GoP and that are ultimately due from GoP in consequence of circular debt. IFRS-9 introduces the ECL model, which replaces the incurred loss model of IAS-39 whereby an allowance for doubtful debt was required only in circumstances where a loss event has occurred. By contrast, the ECL model requires the Company to recognize an allowance for doubtful debt on all financial assets measured at amortised cost,

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED MARCH 31, 2021

irrespective of whether a loss event has occurred. In accordance with the exemption granted by SECP, ECL has not been assessed in respect of financial assets due directly/ ultimately from GoP i.e. trade debts and other receivables from NTDC. Impact of ECL on financial assets not covered under exemption was not material and accordingly has not been included in these financial statements.

2.1.2 IFRS-16 "Leases"

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 PPA 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 consolidated financial statements are consistent with those followed in the preparation of the Company's audited financial statements for the year ended December 31, 2020.

4 SHARE CAPITAL

4.1 Authorized share capital

405,000,000 (December 31, 2020: 405,000,000) ordinary shares of Rs.10 each

4.2 Issued, subscribed and paid-up capital

386,471,779 (December 31, 2020: 386,471,779) ordinary shares of Rs.10 each fully paid in cash

4.3 Saif Holdings Limited holds 135,021,762 i.e. 34.94% (December 31, 2020: 197,272,619 i.e. 51.04%) ordinary shares of Rs.10 each at the reporting date. Further, 25,465,350 (December 31, 2020: 12,552) and 100 (December 31, 2020: 100) ordinary shares of Rs. 10 each are held by directors and a related party respectively. Orastar Limited held 66,022,504 (December 31, 2020: 66,022,504) ordinary shares of the Company.

During the period, Saif Holdings Limited has distributed 62,250,860 shares held in the Company, as dividend in kind to its shareholders.

5 SUB-ORDINATED LOAN - UNSECURED

Balance at January 01
Exchange (gain)/ loss capitalised
Repayment during the period/ year

Current portion of subordinated loan
Balance at March 31/ December 31

Un-audited
March 31,
2021
Audited
December 31,
2020
(Rupees)

4,050,000,000 4,050,000,000

3,864,717,790 3,864,717,790

Un-audited
March 31,
2021
Audited
December 31,
2020
(Rupees)

970,578,622 1,071,637,650
(41,590,429) 42,596,486
(46,016,903) (143,655,514)
882,971,290 970,578,622
(397,337,222) (415,962,907)
485,634,068 554,615,715

5.1 Terms and conditions of the above loan are same as disclosed in consolidated financial statements for the year ended December 31, 2020.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED MARCH 31, 2021

		Un-audited March 31, 2021	Audited December 31, 2020
		(Rupees)	
6 LEASE LIABILITIES			
Lease liabilities		58,706,778	61,167,931
Less: Current portion		(15,737,326)	(15,593,009)
Long term portion		42,969,452	45,574,922
Movement of lease liabilities under IFRS 16 is as follows:			
Balance at January 01		61,167,931	62,181,777
Additions during the period/ year		2,031,704	13,766,339
Disposal during the period/ year		-	(2,198,227)
Interest		1,345,144	6,088,227
Payments during the period/ year		(5,838,001)	(18,670,185)
Balance at March 31/ December 31		58,706,778	61,167,931
Current portion of lease liabilities		(15,737,326)	(15,593,009)
Non-Current Portion of Lease Liabilities		42,969,452	45,574,922
7 SHORT TERM BORROWINGS	Note		
Working capital facilities - secured	7.1	4,171,336,833	3,893,487,815
Short term musharakah facilities - secured	7.2	3,030,217,440	3,080,217,440
		7,201,554,273	6,973,705,255

7.1 The Company has obtained working capital facilities amounting to Rs. 8.33 billion (December 31, 2020: Rs. 8.63 billion) from several commercial banks for meeting the working capital requirements, expiring on various dates during 2021. 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, 2020: Rs. 12.24 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, 2020: Rs. 0.92 billion).

7.2 The Company has obtained short term Islamic finance facilities from Islamic banks subject to a maximum limit of Rs. 4.8 billion (December 31, 2020: Rs. 4.8 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, 2020: Rs. 6.36 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, 2020: Rs. 0.72 billion).

	Un-audited March 31, 2021	Audited December 31, 2020
	(Rupees)	
8 MARKUP ACCRUED		
Markup on short term financing	144,706,925	142,717,536
Markup on sub-ordinated loan	456,250,062	478,826,091
	600,956,987	621,543,627

9 CONTINGENCIES AND COMMITMENTS

All contingencies and commitments are same as those disclosed in consolidated financial statements for the year ended December 31, 2020 except for the following changes:

Sui Northern Gas Pipelines Limited (SNGPL) has claimed an amount of Rs. 101.06 million (December 31, 2020: Rs. 100.24 million) on account of late payment by the Company against SNGPL's invoices of Regasified Liquefied Natural Gas (RLNG). SNGPL submitted these RLNG invoices to the Company without getting determination of RLNG tariff from Oil and Gas Regulatory Authority (OGRA). The Company has considered such SNGPL invoices to be invalid without OGRA determination. Therefore, no provision for the above mentioned amount has been made in these financial statements.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED MARCH 31, 2021

		Un-audited March 31, 2021	Audited December 31, 2020
10 PROPERTY, PLANT AND EQUIPMENT			(Rupees)
Balance at January 01		13,018,595,920	13,544,119,637
Additions during the period/ year		5,793,708	43,452,613
Net book value of assets disposed off		(226,722)	(1,473,371)
Depreciation for the period/ year		(151,849,937)	(610,099,445)
Capitalization of exchange (gain)/ loss		(41,590,429)	42,596,486
Balance at March 31/ December 31		12,830,722,540	13,018,595,920
11 RIGHT OF USE ASSETS			
<u>COST</u>			
Balance at January 1		91,243,902	79,919,410
Additions		2,221,523	14,732,891
Disposals		-	(3,408,399)
Balance at March 31/ December 31		93,465,425	91,243,902
<u>DEPRECIATION</u>			
Balance at January 01		31,960,512	18,401,013
Charge for the period / year		4,006,051	14,695,632
Disposals		-	(1,136,133)
Balance at March 31/ December 31		35,966,563	31,960,512
Carrying amount		57,498,862	59,283,390
Rate of depreciation per annum (%)		10% to 20%	10% to 20%
12 TRADE DEBTS	Note		
National Transmission and Dispatch Company (NTDC)	12.1	12,197,065,374	11,363,291,153

12.1 Trade debts include an overdue amount of Rs 10.23 billion (December 31, 2020: Rs. 9.59 billion). 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 Power Purchase Agreement (PPA) at the rate of KIBOR + 4.5% per annum except RLNG fuel invoices which are subject to markup of KIBOR + 2% per annum for first 30 days, and after which markup will be KIBOR+4.5% per annum. GoP is committed, hence continuously pursuing for satisfactory settlement of debt issue. As referred in note 2.1.1, SECP has exempted the applicability of expected credit loss allowance on trade debts due directly/ ultimately from GoP.

As explained in note 12.4 below, the Company and CPPA have jointly developed revised Tariff (related to ROE and ROEDC) and submitted to NEPRA which has been determined by NEPRA on April 2, 2021. It was agreed that after determination of revised Tariff, overdue amount of Rs. 9.507 billion as on November 30, 2020 will be paid in two instalments to the Company. The first instalment of 40% will be paid immediately after notification of tariff determination by NEPRA and 60% will be paid within six months of the date of first instalment. Each instalment will be paid in three equal parts of cash, PIBs and Sukuks. After payment of the second instalment, 'Delayed Payment Rate' will come down to KIBOR+2% per annum for first 60 days and KIBOR+4.5% per annum afterwards except for RLNG fuel invoices, for which the existing mechanism will be followed.

12.2 Trade debts include an amount of Rs. 477.56 million (December 31, 2020: 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-utilization of plant capacity was non-availability of fuel owing to non-payment by NTDC.

The Company along with other 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 the 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 THE FIRST QUARTER ENDED MARCH 31, 2021

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 and interest from the date of expert determination till payment by NTDC after Arbitrator decision to the Company. The Company filed petition 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.

During the period, on February 11, 2021, PPA Amendment has been signed between CPPA-G and the Company whereby CPPA-G and the Company have resolved the outstanding LCIA Award amicably and in good faith, according to which, instead of extension in the relevant Agreement Year by the corresponding days of Disputed Period, the current Agreement Year (i.e. the 11th agreement year originally ending on April 30, 2021) shall be extended by the disputed period of 43 days through Other Force Majeure Event (OFME). Such OFME period shall commence from the end of the 11th Agreement Year i.e. April 30, 2021 and will end on June 11, 2021, as such date may be extended by reason of a Force Majeure Event. In consideration of this settlement and subject to full payment of the disputed period payments including adjustment of LCIA Award of Rs. 477.56 million and payment of first instalment of 40% under the 'Payment Mechanism' of the Master Agreement, both parties have agreed to file a joint application before Lahore High Court for withdrawal of enforcement proceedings.

12.3 During the 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 LCIA. 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 a 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.

12.4 On June 03, 2020, "Committee for Negotiations" was constituted by the Government to discuss and agree to alter the existing contractual arrangement with IPPs. On August 12, 2020, the Company executed a Memorandum of Understanding (MOU) with the Committee for Negotiations and on February 11, 2021, following agreements were signed between the Company, NTDC and CPPA-G in the light of aforesaid MOU:

- i) Amendment Agreement to the Implementation Agreement
- ii) Amendment Agreement to the Guarantee
- iii) PPA Novation Agreement

The above three agreements were entered into to change "Power Purchaser" from NTDC to CPPA-G and novation of all rights and obligations of NTDC to CPPA-G under the implementation agreement and the related guarantee by the GoP.

Furthermore, two agreements were signed on the same date i.e. on February 11, 2021 which are as follows:

- 1) Master Agreement, which provides for the following:
 - Fuel and O&M savings shall be taken as a single consolidated line item and analyzed from the perspective of revenues minus costs. Any saving, if determined, shall be shared in the ratio of 60:40 between Power Purchaser and the Company. Sharing of such savings will apply prospectively from July 01, 2021.
 - A one-time detailed heat rate test shall be conducted in order to ensure that the actual efficiency matches the efficiency reported in the most recent annual financial statements of the Company.
 - Return on Equity (RoE) including Return on Equity during Construction (RoEDC) shall be changed to 12% per annum for foreign equity investment registered with SBP, while USD indexation will be retained. For local investors, the rate will be changed to 17% per annum in PKR calculated at PKR/USD exchange rate of PKR 148/USD, with no future USD indexation. However, the existing RoE and RoEDC, together with applicable indexations, shall continue to be applied until the date when the applicable exchange rate under the present Tariff reaches PKR 168/USD (i.e. the date of signing of MoU), whereupon the revised RoE and RoEDC shall become applicable for remainder of the term of PPA.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED MARCH 31, 2021

- The Company shall convert its PPA to take and pay basis, without exclusivity, when competitive trading arrangement is implemented and becomes fully operational as per the wordings of NEPRA's generation license to the Company.
- The Company and CPPA have jointly developed revised Tariff (related to ROE and ROEDC) and submitted to NEPRA. After determination of revised Tariff from NEPRA, an overdue amount of Rs. 9.507 billion as on November 30, 2020 will be paid in two instalments to the Company. The first instalment of 40% will be paid immediately after notification of tariff determination by NEPRA and 60% will be paid within six months of the date of first instalment. Each instalment will be paid in three equal parts of cash, PIBs and Sukus.

2) The PPA Amendment:

According to the PPA Amendment, 'Delayed Payment Rate' will come down to KIBOR+2% per annum for first 60 days and KIBOR+4.5% per annum afterwards except for RLNG fuel invoices, for which the existing mechanism will be followed. This reduction in such rate will be effective after receipt of last instalment of receivable as explained above. Also, the payment of all invoices will be made on FIFO basis.

In addition, the PPA Amendment provides for settlement of dispute related to Rs. 477.56 million as explained in note 12.2 above.

12.5 In relation to alleged excess profits determined by the Power Sector Committee's report submitted in March 2020, the Company and GoP have agreed to constitute an Arbitrational Tribunal which will comprise of three members. One member each will be selected by GoP and the Company (both would be retired Supreme Court Judge) and the two members together will appoint the third member and decide upon the matter. The Committee has determined an overall amount of Rs.1.2 billion as excess profit generated by the Company. As per Company's internal calculations, overall results for that particular period does not results in excess profit, which was communicated to the Committee.

		Un-audited March 31, 2021	Audited December 31, 2020
	Note	(Rupees)	
13 OTHER RECEIVABLES			
Workers' Profit Participation Fund (WPPF) receivable		475,285,274	452,513,669
Sales tax receivable - net		190,169,263	160,490,674
Other receivables		2,419,526	1,819,205
		667,874,063	614,823,548
14 ADVANCES - considered good			
Advances to supplier	14.1	95,634,271	105,480,499
Advances to employees		148,615	259,966
		95,782,886	105,740,465
14.1 These include advance payment to SNGPL amounting to Rs. 94.19 million (December 31, 2020: 101.61 million).			
15 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Prepayments		17,328,031	67,214,352
Security deposit		1,833,000	1,833,000
Current portion of long term deposits		3,082,210	2,640,860
		22,243,241	71,688,212
16 CASH AND BANK BALANCES			
Cash in hand		53,224	45,292
Cash at bank:			
Current accounts			
Local currency		1,175,375	2,814,639
Deposit accounts			
Local currency		13,036,673	13,026,440
Foreign currency	16.1	301,082	315,201
		13,337,755	13,341,641
Short term investment		10,526,318	10,526,316
		25,092,672	26,727,888

16.1 This represents an amount of USD 1,966 (December 31, 2020: USD 1,966) in US Dollar deposit account.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED MARCH 31, 2021

	Un-audited March 31, 2020	Un-audited March 31, 2019
17 TURNOVER - NET	(Rupees)	
Gross Energy Purchase Price	880,404,673	3,683,686
Less: Sales tax	(127,922,049)	(535,236)
	752,482,624	3,148,450
Capacity Purchase Price	993,369,548	1,680,883,372
	1,745,852,172	1,684,031,822
18 COST OF SALES		
Raw material consumed	710,793,926	3,631,041
Operation and maintenance	202,241,183	168,689,277
Salaries and other benefits	14,305,104	14,393,181
Electricity charges	21,662,485	14,002,764
Insurance expense	48,837,459	45,007,928
Depreciation	151,468,067	151,435,001
Office expenses	384,464	276,341
Travelling, conveyance and entertainment	426,520	332,899
Repair and maintenance	15,211	-
Communication	20,849	11,291
	1,150,155,268	397,779,723

19 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 THE FIRST QUARTER ENDED MARCH 31, 2021

A. Accounting classifications and fair values

19.1 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			
	Note	Amortised cost	Amortised cost	Total	Level 1	Level 2	Level 3	Total
					(Rupees)			
March 31, 2021								
Financial assets measured at fair value		-	-	-	-	-	-	-
Financial assets not measured at fair value		19.2						
Long term deposits		5,748,660	-	5,748,660				
Trade debts		12,197,065,374	-	12,197,065,374	-	-	-	-
Other receivables	19.3	477,704,800	-	477,704,800	-	-	-	-
Advances to employees		148,615	-	148,615	-	-	-	-
Security deposits		1,833,000	-	1,833,000	-	-	-	-
Bank balances		25,092,672	-	25,092,672	-	-	-	-
Total		12,707,593,121	-	12,707,593,121	-	-	-	-
Financial liabilities not measured at fair value		19.2						
Sub-ordinated loan		-	882,971,290	882,971,290	-	-	-	-
Lease liabilities		-	58,706,778	58,706,778	-	-	-	-
Deferred liability - gratuity		-	2,159,360	2,159,360	-	-	-	-
Trade and other payables	19.4	-	1,011,347,711	1,011,347,711	-	-	-	-
Short term borrowings		-	7,201,554,273	7,201,554,273	-	-	-	-
Markup accrued		-	600,956,987	600,956,987	-	-	-	-
Unclaimed dividend		-	12,918,076	12,918,076	-	-	-	-
Total		-	9,770,614,475	9,770,614,475	-	-	-	-
December 31, 2020								
Financial assets measured at fair value		-	-	-	-	-	-	-
Financial assets not measured at fair value		19.2						
Long term deposits		5,545,660	-	5,545,660	-	-	-	-
Trade debts		11,363,291,153	-	11,363,291,153	-	-	-	-
Other receivables	19.3	454,332,874	-	454,332,874	-	-	-	-
Advances to employees		259,966	-	259,966	-	-	-	-
Security deposits		1,833,000	-	1,833,000	-	-	-	-
Bank balances		26,727,888	-	26,727,888	-	-	-	-
Total		11,851,990,541	-	11,851,990,541	-	-	-	-
Financial liabilities not measured at fair value		19.2						
Sub-ordinated loan		-	970,578,622	970,578,622	-	-	-	-
Lease liabilities		-	61,167,931	61,167,931	-	-	-	-
Deferred liability - gratuity		-	1,643,000	1,643,000	-	-	-	-
Trade and other payables	19.4	-	920,655,049	920,655,049	-	-	-	-
Short term borrowings		-	6,973,705,255	6,973,705,255	-	-	-	-
Markup accrued		-	621,543,627	621,543,627	-	-	-	-
Unclaimed dividend		-	12,942,851	12,942,851	-	-	-	-
Total		-	9,562,236,335	9,562,236,335	-	-	-	-

19.2 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.

19.3 This excludes sales tax receivable.

19.4 This excludes withholding tax payable.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED MARCH 31, 2021

20 RELATED PARTY TRANSACTIONS

Related parties comprise of subsidiary company, associated companies, 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, 5 and 8 to the financial statements. Transactions and balances with related parties other than those disclosed elsewhere in these condensed interim unconsolidated financial statements are as follows:

Transactions with related parties

Saif Holdings Limited

(34.94% shareholding-Common directorship)

Issuance of share capital against cash by 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

Directors' meeting fee

Remuneration including benefits and perquisites

Un-audited March 31, 2021	Un-audited March 31, 2020
(Rupees)	
-	626,440
1,500,000	1,500,000
555,000	-
250,000	150,000
14,045,031	14,169,309
Un-audited March 31, 2021	Audited December 31, 2020
(Rupees)	
2,463,253	393,541

Balances with related parties

Payable to Saif Power Limited- Staff Gratuity Fund

21 NON-ADJUSTING EVENTS AFTER BALANCE SHEET DATE

The Board of Directors proposed final dividend for the year ended December 31, 2020 at the rate of Rs. 2.5 (December 31, 2019: Rs. 2) per share in their meeting held on March 29, 2021.

22 DATE OF AUTHORISATION

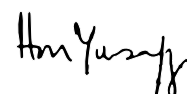
These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors in their meeting held on April 28, 2021.



Chief Financial Officer



Chief Executive Officer



Director



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