

# NISHAT POWER LIMITED



NPL-PSX/

October 27, 2021

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

SUB: **SUBMISSION OF QUARTERLY FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2021**

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 PUCARS un audited financial statements for the period ended September 30, 2021.

Thanking you,

Yours truly,

  
**KHALID MAHMOOD CHOHAN**  
**COMPANY SECRETARY**

**HEAD OFFICE**

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

**REGISTERED OFFICE**

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

**POWER STATIONS**

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



N I S H A T

NISHAT POWER LIMITED



A NEW  
VISION FOR  
CONTINUED  
**GROWTH**

# FIRST QUARTER REPORT

FOR THE PERIOD ENDED SEPTEMBER 30  
**2021**

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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](http://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 period ended September 30, 2021.

## PRINCIPAL ACTIVITY:

The principal activity of the Company is to build, own, operate and maintain a fuel fired power plant based on Reciprocating Engine Technology having gross capacity of 200MW in Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan.

## FINANCIAL RESULTS:

During the period the Company had turnover of Rs 5,729 million (September 2020: Rs 4,117 million) against operating cost of Rs 4,721 million (September 2020: Rs 3,012 million) resulting in a gross profit of Rs 1,009 million (September 2020: Rs 1,105 million). The current period's net profit after tax amounts to Rs 915 million resulting earnings per share of Rs 2.58 compared to previous period's profit after tax of Rs 933 million and earnings per share of Rs 2.64.

The Power Purchaser continues to default on its payment obligations. The Company took up the matter with the Power Purchaser and Private Power & Infrastructure Board ('PPIB') by giving notices of default pursuant to provisions of Power Purchase Agreement and Implementation Agreement. The Company is facing the risk of increased receivables due to overall challenge of circular debt plaguing the power sector of Pakistan.

Total receivables from Power Purchaser including WPPF and WWF on September 30, 2021 stand at Rs 20,282 million (June 30, 2021: Rs. 19,699 million), out of which overdue receivables are Rs 14,480 million (June 30, 2021: Rs 14,678 million).

## OPERATIONS AND SIGNIFICANT EVENTS:

On August 13, 2020, the Company had entered into Memorandum of Understanding ("MoU") with "the Committee for negotiations with Independent Private Power Producers" (the committee for negotiation was notified by Government of Pakistan on June 03, 2020) and had voluntarily agreed to alter certain contractual arrangements for the sustainability of the power sector. The said MoU was signed upon request of the Government of Pakistan in the larger national interest. However, the terms of the MoU had to be approved by National Electric Power Regulatory Authority (the "NEPRA/Authority"), 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. Subsequently, 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.

During the year ended June 30, 2021, after several rounds of discussion with Implementation Committee, the Company and the Central Power Purchasing Agency (Guarantee) Limited (the "Power Purchaser/CPPA-G") dated February 12, 2021 have signed i) Master Agreement and ii) the Amendment to the Power Purchase Agreement (the "PPA Amendment"). Furthermore, the following amendments were also signed pursuant to Master Agreement i.e. iii) Novation to the Power Purchase Agreement with National Transmission and Dispatch Company Limited (the "NTDC"), CPPA-G and the Company, wherein CPPA-G irrevocably accepts and assumes all NTDC's rights, obligations and liabilities as Power Purchaser; iv) Amendment Agreement to Implementation Agreement between the Islamic Republic of Pakistan (the "GOP") and the Company and v) the Amendment Agreement to the Guarantee between GOP and the Company.

On February 17, 2021, pursuant to Master Agreement, the Power Purchaser and the Company developed and submitted to NEPRA, tariff adjustment application to 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. On March 03, 2021 NEPRA conducted joint hearing for IPPs of 2002 Power Policy, on the above stated tariff adjustment application. On April 02, 2021 NEPRA issued decision in line with above stated tariff adjustment application of the company and also for IPPs of 2002 Power Policy.

As per the Master Agreement, after notification of the above stated revised tariff determination by GOP and payment of first instalment by Power Purchaser, under the Master Agreement, and till revised tariff effective date (i.e. when last instalment under the below payment mechanism has been paid to the Company), the Company shall, subject to resolution of the outstanding LCIA Award, commence giving discount in future invoices consistent with the notified tariff and Master Agreement. From and after the revised tariff effective date, billing and invoicing shall be as per the notified revised tariff. However, revised tariff determination has not yet been notified by GOP and first installment has also not yet been paid by the Power Purchaser. Consequently, in context of above stated discount, there has been no impact on revenue and receivables during the period.

As per the Master Agreement with CPPA-G, in order to get the payment of its overdue receivables as on November 30, 2020 amounting to Rs 14,252.802 million, the Company has voluntarily agreed that after payment of first installment; i) starting from financial year 2021-22, any future savings in fuel, subject to certain conditions stipulated in the Master Agreement, shall be shared between CPPA-G and the company on a sliding scale ratio ranging from 70:30 to 40:60 for any efficiency above NEPRA determined benchmark; ii) starting from financial year 2021-22, any future savings in Operations & Maintenance ('O&M') shall be shared 50:50, subject to certain conditions stipulated in the Master Agreement;

In addition to above, CPPA-G and the Company has agreed that 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;

Further, as per the PPA Amendment with CPPA-G, the delayed payment rate, as referred in note 17.1 of the annual unconsolidated financial statements of financial year 2021, has been amended to (a) for the first sixty (60) days, KIBOR plus two percent per annum, compounded semi-annually; (b) for any period thereafter sixty (60) days, KIBOR plus four-point five percent per annum, each compounded semi-annually. However, this shall come into effect after NEPRA approves the adjustment in tariff and its terms strictly per the scope of Tariff Adjustment Application and CPPA-G has paid the two installments as mentioned above in respect of long outstanding acknowledged receivables;

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% 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.

We would also like to draw your attention to note 10 to these unconsolidated condensed interim financial statements which refers to amicable resolution of the capacity revenue dispute involving Rs 816.033 million for the period ("disputed period") in which the plant was not fully available for power generation due to non-availability of fuel owing to non-payment by CPPA-G. Pursuant to the PPA Amendment Agreement, the disputed period has been treated as an Other Force Majeure Event ('OFME') under the PPA. The OFME period has commenced on June 9, 2021 and has ended on August 15, 2021, consequently, the term of PPA has been extended by 68 days, till August 15, 2035.

### Change in accounting policy:

In financial year 2021, the company changed its accounting policy for valuation of furnace oil inventory. As per the new policy, furnace oil is valued on First In First Out ('FIFO') cost basis whereas previously, it was valued on weighted average cost basis. Such change has resulted in restatement of figures reported for condensed interim statement of profit or loss statement for period ended September 30, 2020. For details please refer to note 3.2.3 of annexed unconsolidated condensed interim financial statements.

### Operational results:

The plant operated at an optimal efficiency with 58.26% (September 2020: 52.52%) average capacity factor and dispatched 251 GWh (September 2020: 226 GWh) of electricity to the Power Purchaser during the period.

### 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 (Independent Director) – Chairman
2	Ms. Maleeha Humayun Bangash (Independent Director)
3	Mr. Shahzad Ahmad Malik (Non-Executive Director)

#### Human Resource and Remuneration Committee:

Sr. #	Name of Directors
1	Mr. Ahmad Aqeel – (Independent Director) - Chairman
2	Mian Hassan Mansha (Non-Executive Director)
3	Mr. Ghazanfar Husain Mirza (Executive Director)



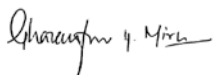
#### DIRECTORS' REMUNERATION:

The company does not pay remuneration to its non-executive directors including independent directors except for meeting fee. Aggregate amount of remuneration paid to executive and non-executive directors have been disclosed in note 14 of the annexed unconsolidated condensed interim financial statements.

#### ACKNOWLEDGEMENT:

The Board of Directors appreciates all its stakeholders for their trust and continued support to the Company. The Board also recognizes the contribution made by a very dedicated team of professionals and engineers who served the Company with enthusiasm, and hope that the same spirit of devotion shall remain intact in the future ahead to the Company.

For and on behalf of Board of Directors



Chief Executive Officer  
Lahore: October 22, 2021



Director

## مجلس نظماء کی رپورٹ:

نشاط پاور لمیٹڈ (کمپنی) کی مجلس نظماء 30 ستمبر 2021 کو ختم ہونے والی پہلی سہ ماہی کے لئے کمپنی کے کمپنی کی محمد عبوری مالی معلومات معائنہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتی ہے۔

بنیادی سرگرمی:

کمپنی کی بنیادی سرگرمی حتمی کلاں تحصیل چوکی، ضلع قصور، پنجاب، پاکستان میں 200 میگا واٹ کی مجموعی صلاحیت کا حامل انجن ٹیکنالوجی پر مبنی ایندھن سے چلنے والا پرائیویٹ پاور پلانٹ کی تعمیر، چلانا اور برقرار رکھنا ہے۔

مالیاتی نتائج:

کمپنی کو سہ ماہی کے دوران 4,721 ملین روپے (ستمبر 2020: 3,012 ملین روپے) کی آپریٹنگ لاگت کے عوض 5,729 ملین روپے (ستمبر 2020: 4,117 ملین روپے) وصولیاں ہوئیں تھیں، جس کے نتیجے میں 1,009 ملین روپے (ستمبر 2020: 1,105 ملین روپے) کا مجموعی منافع ہوا ہے۔ موجودہ مدت کا بعد از ٹیکس خالص منافع گزشتہ سال کی اسی مدت کے بعد از ٹیکس منافع 933 ملین روپے اور 2.64 روپے فی شیئر آمدنی کے مقابلہ میں 915 ملین روپے اور 2.58 روپے فی شیئر آمدنی رہا ہے۔

پاور پرچیزر اپنی ادائیگی کی ذمہ داریوں پر مسلسل نادہندگی پر کاربند ہے۔ کمپنی نے بجلی کی خریداری کے معاہدے اور Implementation Agreement کے تحت پاور پرچیزر اور پرائیویٹ پاور اینڈ انفراسٹرکچر بورڈ (پلی پی آئی بی) کے ہاں معاملہ اجاگر کیا ہے۔ پاکستان میں بجلی پیدا کرنے کے شعبے کو گردش قرضہ کی دشواری درپیش ہے جس وجہ سے کمپنی کو بڑھتے ہوئے زائد المعیاد واجب وصولیوں کے خطرہ کا سامنا ہے۔

30 ستمبر 2021 کو WPPF اور WWF سمیت بجلی کے خریدار سے کل واجب وصولی 20,282 ملین روپے (30 جون 2021: 19,699 ملین روپے) ہے، جن میں سے 14,480 ملین روپے (30 جون 2021: 14,678 ملین روپے) کی واجب الوصول رقم زائد المعیاد ہے۔

آپریٹنگ اور اہم واقعات:

13 اگست، 2020 کو، کمپنی "آزاد پرائیویٹ پاور پروڈیوسرز کے ساتھ مذاکراتی کمیٹی" (حکومت پاکستان نے 03 جون 2020 کو مذاکراتی کمیٹی کا اعلان کیا تھا) کے ساتھ ایک معاہدہ یا دوست ("MoU") میں شامل ہوئی اور بجلی کے شعبے کے استحکام کے لئے کچھ کنٹرولنگ کنٹیکٹات کے رد و بدل پر رضا کارانہ اتفاق کیا تھا۔ مذکورہ MoU پروجیکٹ قومی مفاد میں حکومت پاکستان کی درخواست پر دھتھلے کئے گئے تھے۔ تاہم MoU کی شرائط کو بمبئی الیکٹرک پاور ریگولیٹری اتھارٹی (نمبر 11 اتھارٹی)، وفاقی کابینہ اور کمپنی کے بورڈ آف ڈائریکٹرز سے منظور کیا جانا تھا اور اسے بجلی کی خریداری کے معاہدے یا معاہدے کے نفاذ میں تبدیلی یا ترمیم خیال نہیں کیا جانا چاہئے تھا۔ اس کے بعد، متعلقہ فریقوں کے مابین مفاہمت کی یادداشت کو ایک بائیں دستہ معاہدہ میں تبدیل کرنے کے لئے، حکومت پاکستان نے اپنے نوٹیفکیشن 07 اکتوبر 2020 کے ذریعے عمل درآمد کی کمیٹی تشکیل دی۔

30 جون 2021 کو ختم ہونے والے سال کے دوران، عملدرآمد کمیٹی، کمپنی اور سنٹرل پاور پرچیزنگ ایجنسی (گارنٹی) لمیٹڈ

(i) "پاور پریچر/رہی پنی پنی اے۔ جی۔" کے ساتھ متعدد مذاکرات کے بعد، مورخہ 12 فروری 2021 کو (i)۔ ماسٹر معاہدہ "اور (ii)۔ پاور پریچر انگریجمنٹ میں ترمیم ("پنی پنی اے ترمیم") معاہدوں پر دستخط کئے گئے۔ مزید برآں، ماسٹر معاہدہ کی پیروی میں درج ذیل ترمیمات پر بھی دستخط کئے گئے یعنی (iii)۔ پینٹل ٹرانسمیشن اینڈ ڈسٹری بیوٹن کمپنی لمیٹڈ ("NTDC")، CPPA-G اور کمپنی کے ساتھ بجلی کی خریداری معاہدہ کی تجدید، جس میں CPPA-G قطعی طور پر NTDC کے تمام حقوق، فرائض اور ذمہ داریوں کو پاور خریدار کے طور پر قبول اور فرض کرتا ہے۔ (iv) اسلامی جمہوریہ پاکستان ("GOP") اور کمپنی کے درمیان عمل درآمد کے معاہدے میں ترمیمی معاہدہ اور (v) GOP اور کمپنی کے مابین گارنٹی سے متعلق ترمیمی معاہدہ۔

ماسٹر معاہدے کے تحت، 17 فروری 2021 کو، پاور خریدار اور کمپنی نے مہر اکو، ROE اور ROEDC کے اجزاء کو مستقبل میں کم کرنے کے لئے ٹیرف ایڈجسٹمنٹ کی درخواست جمع کرائی، یعنی مستقبل کے امریکی ڈالر کسی اشاریہ کے بغیر امریکی ڈالر اردو پیسے کی شرح تبادلہ کو 148 پاکستانی روپے / امریکی ڈالر کے حساب سے ROE اور ROEDC کے لئے کمرشل آپریشن تاریخ تک مہر اکو منظور شدہ ایکویٹی پر پاکستانی روپیہ میں 17% سالانہ کی درخواست جمع کروائی۔ تاہم، موجودہ ROE اور ROEDC قابل اطلاق اشاریہ سازی کے ساتھ، اس تاریخ تک لاگو ہوتے رہیں گے، جب تک موجودہ نرخ کے تحت قابل اطلاق تبادلہ کی شرح 168 فی امریکی ڈالر (یعنی، مفاہمت نامہ پر دستخط کرنے کی تاریخ) تک پہنچ جائے گی۔ نظر ثانی شدہ ROE اور ROEDC پنی پنی اے کی باقی مدت کے لئے اپلائی ہوگی۔ 03 مارچ، 2021 کو مہر اکو نے مذکورہ بالا ٹیرف ایڈجسٹمنٹ درخواست پر، 2002 پاور پالیسی کے آئی پنی پنی کے لئے مشترکہ سماعت کی۔ 102 اپریل 2021 کو مہر اکو نے کمپنی کی مذکورہ بالا ٹیرف ایڈجسٹمنٹ کی درخواست کے مطابق اور 2002 پاور پالیسی کے آئی پنی پنی کے لئے بھی فیصلہ جاری کیا۔

اب ماسٹر معاہدے کے تحت حکومت پاکستان کی طرف سے نظر ثانی شدہ ٹیرف کے تعین اور پاور خریدار کے ذریعے پہلی قسط کی ادائیگی کے نوٹیفیکیشن کے بعد، اور ترمیم شدہ ٹیرف موثر تاریخ تک (یعنی جب کمپنی کو ادائیگی کے طریقہ کار کے تحت آخری قسط ادا کر دی گئی ہو)، کمپنی بھتایا ایل سی آئی اے ایوارڈ کے حل ہونے تک، آئندہ انوائس میں اعلان کردہ ٹیرف اور ماسٹر 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۔ تاہم، ترمیم شدہ نرخوں کے تعین کا ابھی تک GOP کی طرف سے اعلان نہیں کیا گیا اور نہ ہی پاور پریچر نے ابھی تک پہلی قسط ادا کی ہے۔ جس کے بعد، مذکورہ بالا ڈسکاؤنٹ کے context میں، سال کے دوران محصولات اور قابل وصولیوں پر کوئی اثر نہیں ہوا ہے۔

CPPA-G کے ساتھ ماسٹر معاہدہ کے مطابق، 30 نومبر 2020 کو 14,252.802 ملین روپے کی بھتایا وصولیوں کی ادائیگی حاصل کرنے کے لیے، کمپنی نے رضا کارانہ طور پر اتفاق کیا کہ پہلی قسط کی ادائیگی کے بعد (i) مالی سال 2021-22 سے شروع، ایجنڈہ میں مستقبل کی کوئی بچت، جو کہ ماسٹر معاہدے میں طے شدہ کچھ شرائط کے تحت، مہر اکو مقرر کردہ معیار کے اوپر کسی بھی کارکردگی کے لیے CPPA-G اور کمپنی کے درمیان 70:30 سے 40:60 کے سلائیڈنگ سکیل تناسب پر شیئر کی جائے گی۔ (ii) مالی سال 2021-22 سے شروع، آپریشنز اور مینٹیننس ('O&M') میں مستقبل کی کوئی بچت، جو کہ ماسٹر معاہدے میں طے شدہ کچھ شرائط کے تحت 50:50 شیئر کی جائے گی۔

مذکورہ بالا کے علاوہ، CPPA-G اور کمپنی نے اس بات پر اتفاق کیا کہ جب مسابقتی تجارتی اختلالات پر عملدرآمد مکمل طور پر آپریشنل ہو جائے گا، تب جزئی لائسنس کی شرائط کے مطابق کمپنی اپنے PPA کو ایک اینڈ پوائنٹ پر تجدید کر دے گی۔

مزید یہ کہ CPPA-G کے ساتھ PPA ترمیم کے مطابق، مالی سال 2021 کے غیر مجموعی مالیاتی حسابات کے نوٹ 17.1 میں بیان کردہ تاخیر سے ادائیگی کی شرح کو (a) پہلے ساٹھ (60) دنوں کے لیے، KIBOR پلس دو فیصد فی انیم، کمپاؤنڈڈ

سیسی سالانہ؛ (b) ان ساٹھ (60) دنوں کے بعد کسی بھی مدت کے لیے، KIBOR پلس چار اعشاریہ پانچ فیصد سالانہ، ہر ایک کپاؤٹڈ سیسی سالانہ میں تبدیل کر دیا گیا ہے۔ تاہم، یہ تب نافذ العمل ہوگا جب میمر انیفر میں ایڈجسٹمنٹ منظور کر چکی ہو (جو کہ میمر انیفر ایڈجسٹمنٹ اپیلی کیشن کے دائرہ کار اور اس کی شرائط کے عین مطابق ہو) اور طویل مدتی بھایا تسلیم شدہ وصولیوں کی مذکورہ بالا دونوں اقساط ادا کردی گئی ہوں۔

قابل وصولیوں کی ادائیگی ماسٹر اور پی پی اے ترمیمی معاہدہ کا لازمی حصہ ہے اور یہ کہ 30 نومبر 2020 کو کل بھایا زائد المیہ ادرقم میمر کی طرف سے معین میمر کے نوٹیفکیشن پر 40% کے ساتھ پہلی قسط میں ادا کی جائے گی (بر مشتمل 1/3rd انقدار اور 2/3rd فنانسل انسٹرومنٹس آف PIBs اور Sukuks) اور اس کے چھ (6) ماہ بعد بھایا 60% قابل ادا رقم دوسری قسط کے طریقہ کے ذریعے ادا کی جائے گی۔ فریقین نے اتفاق کیا کہ وہ ترمیم کے مطابق PPA کے تحت تاخیری ادائیگی سود کی وصولی کے لئے کمپنی کے حق کو متاثر کئے بغیر بالاطریقہ کار پر عمل کریں گے۔

ہم آپ کی توجہ مالی سال 2021 کے غیر منجمد مالی حسابات کے نوٹ 10 پر بھی مبذول کروانا چاہتے ہیں جس میں مدت ('متنازعہ مدت') جس میں CPPA-G کی عدم ادائیگی کے باعث ایندھن کی عدم دستیابی کی وجہ سے سیٹلائٹ بجلی کی پیداوار کے لیے مکمل طور پر دستیاب نہیں تھا کے لیے 816.033 ملین روپے کمپنی ریونیو تنازعہ کے خوشگوار حل کا حوالہ دیا گیا ہے۔ پی پی اے ترمیمی معاہدے کے مطابق، متنازعہ مدت کو پی پی اے کے تحت دیگر فورس میجور ایونٹ ('OFME') کے طور پر خیال کیا گیا ہے۔ OFME کی مدت 9 جون 2021 کو شروع ہوئی ہے اور 15 اگست 2021 کو ختم ہوگی، اس کے بعد PPA کی مدت 68 دن بڑھا کر 15 اگست 2035 تک کردی گئی ہے۔

### اکاؤنٹنگ پالیسی میں تبدیلی:

مالی سال 2021 میں، کمپنی نے فرنس آئل انوینٹری کی ویلیو ایشن کے لیے اپنی اکاؤنٹنگ پالیسی کو تبدیل کیا۔ نئی پالیسی کے مطابق، فرنس آئل کی قیمت کا تعین فرسٹ ان فرسٹ آؤٹ ('FIFO') لاگت کی بنیاد پر کیا جاتا ہے جبکہ اس سے قبل اس کی قیمت کا تعین اوسط لاگت کی بنیاد پر کیا جاتا تھا۔ اس طرح کی تبدیلی کے نتیجے میں 30 ستمبر 2020 کو ختم ہونے والی مدت کے لیے منجمد عبوری حسابات کے نفع یا نقصان کے بیان کردہ اعداد و شمار میں دوبارہ بیان کیا گیا ہے۔ تفصیلات کے لیے براہ کرم غیر منقولہ منجمد عبوری مالی حسابات کا نوٹ 3.2.3 ملاحظہ کریں۔

### کاروباری نتائج:

مدت کے دوران پلانٹ زیادہ سے زیادہ باکفایت کارکردگی پر چلایا گیا اور پاور پر چیز کو اوسط کمپسٹی عنصر 58.26 فیصد (ستمبر 2020: 52.52 فیصد) صلاحیت کے ساتھ 251 GWh (ستمبر 2020: 226 GWh) بجلی ترسیل کی گئی۔

### بورڈ کی ترجیح:

#### ڈائریکٹرز کی کل تعداد

(a) مرد	6
(b) عورت	1

## ترجیب

- (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 (آزاد ڈائریکٹر) چیئر مین
2	لمیچہ ہاپوں بگلش (آزاد ڈائریکٹر)
3	جناب شہزاد احمد ملک (نان ایگزیکٹو ڈائریکٹر)

### جیو سن ریسورس اینڈ ریجنل مینجمنٹ کمیٹی:

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

### ڈائریکٹرز کا مشاہرہ:

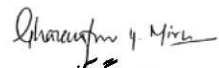
کچنی ڈائریکٹرز سمیت اپنے نان ایگزیکٹو ڈائریکٹر کو اجلاس فیس کے علاوہ مشاہرہ ادا نہیں کرتی ہے۔ ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کو ادا کئے گئے مشاہرہ کی مجموعی رقم منسلک غیر منقولہ محمد عبوری مالی حسابات کے نوٹ 14 میں منکشف کی گئی ہے۔

### اعلہ ارتھکر:

بورڈ آف ڈائریکٹرز کچنی کے تمام اسٹیک ہولڈرز کے اعتماد اور مسلسل حمایت کا شکریہ ادا کرتا ہے، بورڈ ماہرین اور انجینئرز کی ایک بہت ہی سرشار ٹیم کے حصہ کو تسلیم کرتا ہے جس نے جوش و خروش سے کچنی کی خدمت کی، اور امید کرتا ہے کہ مستقبل میں کچنی کے لئے یہی جذبہ برقرار رکھیں گے۔

برائے اور منجانب بورڈ آف ڈائریکٹرز

  
ڈائریکٹر

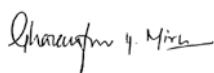
  
چیف ایگزیکٹو

لاہور: 22 اکتوبر 2021ء

# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Un-audited) AS AT SEPTEMBER 30, 2021

	Note	Un-audited September 30, 2021 (Rupees in thousand)	Audited June 30, 2021
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital 500,000,000 (June 30, 2021: 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, 2021: 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		20,230,793	19,315,746
		26,925,311	26,010,264
<b>NON-CURRENT LIABILITY</b>			
Long term financing - secured	6	18,452	36,903
<b>CURRENT LIABILITIES</b>			
Current portion of long term financing - secured	6	73,805	73,805
Short term borrowings - secured		3,116,867	3,642,052
Trade and other payables		1,375,797	932,750
Unclaimed dividend		17,856	17,880
Accrued mark-up		48,240	72,403
		4,632,565	4,738,890
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7	31,576,328	30,786,057

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

  
CHIEF EXECUTIVE

Note	Un-audited September 30, 2021 (Rupees in thousand)	Audited June 30, 2021
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## ASSETS

### NON-CURRENT ASSETS

Fixed assets	8	8,629,040	8,826,575
Long term investments	9	1,750	-
Long term loans and advances		612	1,461
		8,631,402	8,828,036

### CURRENT ASSETS

Stores, spares and loose tools		652,102	656,989
Inventories		1,484,344	649,107
Trade debts	10	19,483,123	18,964,182
Advances, deposits, prepayments and other receivables		1,184,532	1,242,287
Income tax receivable		43,772	42,865
Cash and bank balances		97,053	402,591
		22,944,926	21,958,021
		31,576,328	30,786,057

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2021

		Quarter ended	
	Note	September 30, 2021	September 30, 2020 (Restated)
		(Rupees in thousand)	
Revenue		5,729,416	4,117,102
Cost of sales	11	(4,720,862)	(3,012,212)
Gross profit		1,008,554	1,104,890
Administrative expenses		(74,139)	(67,206)
Other expenses		(591)	-
Other income		37,154	725
Finance cost		(55,931)	(104,988)
Profit before taxation		915,047	933,421
Taxation		-	-
Profit for the period		915,047	933,421
Earnings per share - basic and diluted (in Rupees)		2.584	2.636

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 QUARTER ENDED SEPTEMBER 30, 2021

	Quarter ended	
	September 30, 2021	September 30, 2020 (Restated)
	(Rupees in thousand)	
Profit for the period	915,047	933,421
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	915,047	933,421

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 QUARTER ENDED SEPTEMBER 30, 2021

		Quarter ended	
	Note	September 30, 2021	September 30, 2020 (Restated) (Rupees in thousand)
Cash flows from operating activities			
Cash generated from /(used in) operations	12	294,798	(52,925)
Finance cost paid		(80,094)	(169,288)
Income tax paid		(907)	(620)
Long term loans and advances - net		849	1,000
Retirement benefits paid		(7,173)	(6,697)
Net cash inflow / (outflow) from operating activities		207,473	(228,530)
Cash flows from investing activities			
Purchase of fixed assets		(8,418)	(87,346)
Investment in subsidiary		(1,750)	-
Purchase of short term investments		-	(18,344)
Proceeds from sale of short term investments		-	17,655
Proceeds from disposal of operating fixed assets		40,778	1,002
Profit on bank deposits received		15	3,543
Net cash inflow / (outflow) from investing activities		30,625	(83,490)
Cash flows from financing activities			
Proceeds from long term finances		-	73,786
Repayment of long term finances		(18,451)	-
Dividend paid		-	(355,717)
Net cash outflow from financing activities		(18,451)	(281,931)
Net increase /(decrease) in cash and cash equivalents		219,647	(593,951)
Cash and cash equivalents at the beginning of the period		(3,239,461)	(4,745,915)
Cash and cash equivalents at the end of the period	13	(3,019,814)	(5,339,866)

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 CHANGES IN EQUITY (Un-audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2021

	Share capital	Capital reserve: Maintenance reserve (Rupees in thousand)	Revenue reserve: Un-appropriated profits	Total
Balance as on June 30, 2020 - audited - restated	3,540,885	3,153,633	16,988,701	23,683,219
Profit for the period - restated	-	-	933,421	933,421
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	933,421	933,421
Dividend to equity holders of the company:				
Final dividend for the year ended June 30, 2020 @ Rupee 1 per share	-	-	(354,089)	(354,089)
<b>Total contributions by and distributions to owners of the company recognised directly in equity</b>	-	-	(354,089)	(354,089)
<b>Balance as on September 30, 2020 (un-audited) - restated</b>	<b>3,540,885</b>	<b>3,153,633</b>	<b>17,568,033</b>	<b>24,262,551</b>
Balance as on June 30, 2021 - audited	3,540,885	3,153,633	19,315,746	26,010,264
Profit for the period	-	-	915,047	915,047
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	915,047	915,047
Dividend to equity holders of the company:				
<b>Total contributions by and distributions to owners of the company recognised directly in equity</b>	-	-	-	-
<b>Balance as on September 30, 2021 (un-audited)</b>	<b>3,540,885</b>	<b>3,153,633</b>	<b>20,230,793</b>	<b>26,925,311</b>

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 QUARTER ENDED SEPTEMBER 30, 2021

## 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, the 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 address of the head office of the company is 1-B, Aziz Avenue, Canal Road, Gulberg V, Lahore. The company had a Power Purchase Agreement ('PPA') with its sole customer, National Transmission and Despatch Company Limited ('NTDC') for twenty five years which commenced from June 09, 2010. On February 12, 2021, the company entered into a Novation Agreement to the PPA with NTDC and Central Power Purchasing Agency (Guarantee) Limited ('CPPA-G' and also referred to as the 'Power Purchaser'), whereby, NTDC irrevocably transferred all of its rights, obligations and liabilities under the PPA to CPPA-G and thereafter, NTDC ceased to be a party to the PPA, and CPPA-G became a party to the PPA in place of NTDC. Further, on the same day, the company entered into the PPA Amendment Agreement, whereby the Agreement Year that was ending on June 8, 2021 was extended by sixty eight (68) days to August 15, 2021. Therefore, the existing term of the PPA Agreement has been extended by sixty eight days to twenty five years and sixty eight days ending on August 15, 2035.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

- 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 provisions of and directives issued under the Act differ from the IFRS, the provisions of and directives issued under the Act have been followed.

- 2.2 These unconsolidated condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2021. Selected explanatory notes are included to explain events and transactions that are significant to and understanding of the changes in the company's financial position and performance since the last annual financial statements.

## 3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and the methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of preceding annual published financial statements of the company for the year ended June 30, 2021 except for the adoption of new and amended standards as set out below:

### 3.2 Initial application of standards, amendments or interpretations to existing standards

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

#### 3.2.1 Standards, amendments and interpretations to existing standards that are effective in current year

Certain standards, amendments and interpretations to accounting standards are effective for accounting periods beginning on July 1, 2021 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/or 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.

#### 3.2.3 Change in accounting policy

During the year ended June 30, 2021, the company has changed its accounting policy for valuation of furnace oil inventory. As per the new policy, furnace oil is valued on First In First Out ('FIFO') cost basis whereas previously, it was valued on weighted average cost basis. The accounting policy has been revised as the new policy is more in line with the basis adopted by National Electric Power Regulatory Authority ('NEPRA') for determination of fuel cost component of the company's tariff. Hence, the new policy provides more relevant information because it results in a consistent measurement of furnace oil inventory.

The change in accounting policy has been applied retrospectively and the comparative information has been restated in accordance with the treatment specified in IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

Effects of re-statement are as follows:

September 30, 2020			
	As previously reported	Restated	Restatement
(Rupees in thousand)			
Effect on statement of profit or loss:			
Cost of sales	3,024,929	3,012,212	(12,717)
Earnings per share - basic and diluted (in Rupees)	2.600	2.636	0.036

## 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, 2021.

## 5. FINANCIAL RISK MANAGEMENT

### 5.1 Financial risk factors

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

The unconsolidated condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the company's annual financial statements as at June 30, 2021.

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.

## 6. LONG TERM FINANCING - SECURED

	Un-audited September 30, 2021 (Rupees in thousand)	Audited June 30, 2021
Opening balance	110,708	73,823
Loan disbursements during the period/year	-	76,937
Less: Repayments during the period/year	18,451	40,052
	92,257	110,708
Less: Current portion shown under current liabilities	73,805	73,805
	18,452	36,903

## 7. CONTINGENCIES AND COMMITMENTS

### 7.1 Contingencies

There is no significant change in contingencies i.e. (contingent liabilities) from the preceding annual published unconsolidated financial statements of the company for the year ended June 30, 2021, except the following:

- (i) A sales tax demand of Rs 1,218.132 million was raised against the company through order dated December 11, 2013, passed by the Assistant Commissioner Inland Revenue ('ACIR') disallowing input sales tax for the tax periods of July 2010 through June 2012. The disallowance was primarily made on the grounds that since revenue derived by the company on account of 'capacity revenue' was not chargeable to sales tax, input sales tax claimed by the company was required to be apportioned with only the input sales tax attributable to other revenue stream i.e. 'energy revenue' admissible to the company. Upon appeal before Commissioner Inland Revenue (Appeals) ['CIR(A)'], such issue was decided in company's favour, however, certain other issues agitated by the company were not adjudicated. Both the company and department have filed appeals against the order of CIR(A) before Appellate Tribunal Inland Revenue ('ATIR'), which are pending adjudication.

Subsequently, the above explained issue was taken up by department for tax periods of July 2009 to June 2013 (involving input sales tax of Rs 1,722.811 million), however, the company assailed the underlying proceedings before Lahore High Court ('LHC') directly and in this respect, through order dated October 31, 2016, LHC accepted the company's stance and annulled the proceedings. The department has challenged the decision of LHC before Supreme Court of Pakistan and has also preferred an Intra Court Appeal against such order which are pending adjudication.

Similarly, for financial year 2014, company's case was selected for 'audit' and such issue again formed the core of audit proceedings (involving input sales tax of Rs 596.091 million). Company challenged the jurisdiction in respect of audit proceedings before LHC and while LHC directed the management to join the subject proceedings, department was debarred from passing the adjudication order. During the year 2019, LHC dismissed the petition in favour of the department, by allowing the department to complete the audit proceedings that are pending completion. On January 26, 2021, the department raised demand against such proceedings, however, company obtained interim relief from Appellate Tribunal Inland Revenue by applying stay against such demand. On September 24, 2021, based on the favourable decision by the LHC as mentioned in preceding paragraph, CIR(A) has annulled the demand of input sales tax of Rs. 596.091 million.

Similarly, in preceding year in respect of tax periods July 2016 to June 2017, company's case was selected for 'audit' and such issue again formed the core of audit proceedings (involving input sales tax of Rs 541.486 million). During the period, the department has concluded the audit proceedings and has raised demand against the Company on September 20, 2021 involving input sales tax of Rs 541.486 million along with default surcharge and penalty. Subsequent to the period end, the Company has preferred appeal to CIR(A). The proceedings are underway, however, matter is currently pending adjudication before CIR(A).

Since the issue has already been decided in company's favour on merits by LHC and based on advice of the company's legal counsel, no provision on these accounts have been made in these unconsolidated condensed interim financial statements.

## 7.2 Commitments

- (i) Letters of credit and contracts for other than capital expenditure aggregating Rs 12.088 million (June 30, 2021: Rs. 2.327 million).
- (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 September 30, 2021	Audited June 30, 2021
	(Rupees in thousand)	
Not later than one year	3,894	3,894

		Un-audited September 30, 2021 (Rupees in thousand)	Audited June 30, 2021
<b>8. FIXED ASSETS</b>			
<b>Property, plant and equipment:</b>			
Operating fixed assets	note 8.1	8,534,744	8,732,332
Capital work-in-progress		842	579
Major spare parts and standby equipment		93,454	93,664
		8,629,040	8,826,575
<b>Intangible asset:</b>			
Computer software		-	-
		8,629,040	8,826,575
<b>8.1 Operating fixed assets</b>			
Opening book value		8,732,332	9,259,765
Additions during the period/year	- note 8.1.1	8,365	199,932
Book value of deletions during the period/year		(4,531)	(2,488)
Depreciation charged for the period/year		(201,422)	(724,877)
Closing book value		8,534,744	8,732,332
<b>8.1.1 Additions during the period / year</b>			
Plant and machinery		146	3,043
Computer equipment		529	2,905
Furniture and fixtures		12	69
Office equipment		267	829
Vehicles		7,411	193,086
		8,365	199,932

## 9. LONG TERM INVESTMENTS

### 9.1 Investment in Nishat Energy Limited

The company directly holds 250,000 fully paid ordinary shares of Rs 10 each, in its associate, Nishat Energy Limited ('NEL'), representing its 25% equity. NEL 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. NEL is no longer considered a going concern by its management and hence, the investment is fully impaired.

	Un-audited September 30, 2021 (Rupees in thousand)	Audited June 30, 2021
<b>9.2 Investment in Lalpir Solar Power (Private) Limited</b>		
275,000 (2021: 100,000) fully paid ordinary shares of Rs 10 each [Equity held 100% (2020: 100%)] - Cost	1,750	-
	1,750	-



The company directly holds 275,000 fully paid ordinary shares of Rs 10 each, in its wholly owned subsidiary, Lalpir Solar Power (Private) Limited ('LSPPL'), representing 100% of its equity. LSPPL is a private company limited by shares incorporated in Pakistan to build, own, operate and maintain or invest in a solar power project. The address of the registered office of LSPPL is 53-A, Lawrence Road, Lahore. LSPPL is no longer considered a going concern by its management.

## 10. TRADE DEBTS

Refer to note 1.1 to the company's unconsolidated financial statements for the year ended June 30, 2021, an amount of Rs 816.033 million was included in trade debts relating to capacity revenue not acknowledged by NTDC/CPPA-G 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/CPPA-G.

Since management considered that the primary reason for claiming these payments was that plant was available, however, it could not generate electricity due to non-payment by NTDC/CPPA-G, therefore, management believed that company cannot be penalized in the form of payment deductions due to NTDC/CPPA-G's default of making timely payments under the PPA. Hence, the company took up this issue in consultation with NTDC/CPPA-G and appointed an Expert for dispute resolution under the PPA.

On August 15, 2015, the Expert gave his determination whereby the aforesaid amount was determined to be payable to the company by NTDC/CPPA-G. Pursuant to the Expert's determination, the company demanded the payment of the aforesaid amount of Rs 816.033 million from NTDC/CPPA-G. The company filed a request for arbitration in the London Court of International Arbitration ('LCIA'), whereby an Arbitrator was appointed.

On October 29, 2017, the Arbitrator declared his Final Award whereby he ordered NTDC/CPPA-G to pay to the company: i) Rs 816.033 million pursuant to Expert's determination; ii) Rs 189.385 million being Pre award interest; iii) Rs 9.203 million for breach of arbitration agreement; iv) Rs 1.684 million and USD 612,310 (equivalent to Rs 96.623 million) for the company's cost of proceedings; v) GBP 30,157 (equivalent to Rs 6.592 million) 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/CPPA-G ("the Final Award") that works out to Rs 546.704 million up to September 30, 2021. Thereafter, on November 29, 2017, company filed an application before Lahore High Court for implementation/enforcement of Final Award that is pending adjudication. On prudence basis, the amounts other than the principal of Rs 816.033 million were not recognised in the unconsolidated financial statements.

On February 12, 2021, as part of the PPA Amendment Agreement as referred to in note 1.1 to the company's unconsolidated financial statements for the year ended June 30, 2021, the CPPA-G and the company acknowledged that the dispute relating to withheld capacity payments of Rs 816.033 million, which was awarded by the London Court of International Arbitration, has now been settled through the extended disputed period of 68 days which shall be treated as an "Other Force Majeure Event" under the PPA. Further, CPPA-G agreed to make certain payments to the company, subject to certain terms, as compensation of the withheld capacity payments. In return, the company agreed to forgo certain amounts declared under the Final Award as enumerated above. Further, subject to fulfillment of certain conditions, the company and CPPA-G agreed to file a joint application before the Lahore High Court for the withdrawal of the enforcement proceedings before the Honorable Lahore High Court.

Pursuant to the provisions of PPA Amendment Agreement as mentioned above, out of the recognized receivable of Rs 816.033 million, the company had written off amounts aggregating Rs 141.47 million during year ended June 30, 2021. Remaining receivable amounts have been acknowledged by the CPPA-G.

Un-audited  
Quarter ended  
September 30, September 30,  
2021 2020  
(Restated)  
(Rupees in thousand)

**11. COST OF SALES**

Raw materials consumed	4,328,268	2,630,871
Salaries and other benefits	71,582	66,912
Repairs and maintenance	3,526	2,823
Stores, spares and loose tools consumed	34,873	32,550
Electricity consumed in-house	4,960	4,258
Insurance	69,879	72,228
Travelling and conveyance	5,722	5,005
Printing and stationery	236	321
Postage and telephone	133	167
Vehicle running expenses	1,246	1,010
Entertainment	517	330
Depreciation on operating fixed assets	186,036	183,686
Amortization of intangible asset	-	377
Fee and subscription	1,197	1,110
Miscellaneous	12,687	10,564
	<u>4,720,862</u>	<u>3,012,212</u>

**12. CASH GENERATED FROM OPERATIONS**

Profit before taxation	915,047	933,421
Adjustment for non-cash charges and other items:		
Depreciation on operating fixed assets	201,422	195,711
Amortization on intangible assets	-	377
Profit on bank deposits	(16)	(705)
Finance cost	55,931	104,988
Provision for employee retirement benefits	7,173	6,697
Gain on disposal of operating fixed assets	(36,247)	-
	<u>1,143,310</u>	<u>1,240,489</u>
Profit before working capital changes		
Effect on cash flow due to working capital changes:		
Decrease/(increase) in current assets		
Stores, spares and loose tools	4,887	20,690
Inventories	(835,237)	(262,715)
Trade debts	(518,941)	(1,387,424)
Advances, deposits, prepayments and other receivables	57,756	(116,240)
	<u>(1,291,535)</u>	<u>(1,745,689)</u>
Increase/(decrease) in current liabilities		
Trade and other payables	443,047	451,537
Unclaimed dividend	(24)	738
	<u>443,023</u>	<u>452,275</u>
	<u>(848,512)</u>	<u>(1,293,414)</u>
	<u>294,798</u>	<u>(52,925)</u>

### 13. CASH AND CASH EQUIVALENTS

	Un-audited September 30, 2021      September 30, 2020 (Restated) (Rupees in thousand)	
Cash and bank balances	97,053	5,228
Short term borrowings - secured	(3,116,867)	(5,345,094)
	<u>(3,019,814)</u>	<u>(5,339,866)</u>

### 14. TRANSACTIONS WITH RELATED PARTIES

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

		Un-audited Quarter ended September 30, 2021      September 30, 2020 (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	20,141	18,580
	Rental expense	3,115	3,115
	Insurance premium	71,368	71,815
iii. Group entity	Interest on deposit accounts	13	163
	Insurance premium	-	1,760
iv. Post employment benefit plan	Expense charged in respect of retirement benefit plan	7,173	6,697
v. Key management personnel	Remuneration	5,498	6,505

	Un-audited September 30, 2021 (Rupees in thousand)	Audited June 30, 2021
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#### Period end balances

#### Payable to related parties

- Companies on basis of common directorship	3,509	59
- Group entity	2,697	2,741

#### Bank deposits with related parties

- Group entity	700	1,642
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#### Receivable from related parties

- Group entity	-	4,900
- Entities on the basis of common directorship	1	-

## 15. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated interim financial statements were authorised for issue on October 22, 2021 by the Board of Directors of the company.

## 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 Quarter Ended September 30, 2021

## DIRECTORS' REPORT

The Board of Directors of Nishat Power Limited (The Company) is pleased to present their report together with the Consolidated Condensed Interim Financial Information for the period ended September 30, 2021 for the Company and its subsidiary Lalpir Solar Power (Private) Limited (the Group).

### PRINCIPAL ACTIVITY OF SUBSIDIARY COMPANY AND BRIEF OVER ITS OPERATIONS

In the financial year 2016, the Company incorporated a wholly owned subsidiary, Lalpir Solar Power (Private) Limited ('LSPPL'), since then the Company has taken up 100,000 shares of the LSPPL. The principal activity of LSPPL is to build, own, operate and maintain or invest in a solar power project having gross capacity upto 20 MWp with net estimated generation capacity of upto approx. 19 MWp. The project site is located at Mehmood Kot, District Muzaffar Garh, Multan. The Company achieved various milestones like approval of Feasibility Study, No Objection Certificate ('NOC') from Environment Protection Agency (EPA) and approval of Grid Interconnection study from Multan Electric Power Company (MEPCO). However, the upfront solar tariff announced by National Electric Power Regulatory Authority (NEPRA) had expired on June 30, 2016. Meanwhile LSPPL had also obtained the approval from NTDCL for Grid Interconnection Study, and generation license from NEPRA in year 2018.

The management of LSPPL 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 project can be moved forward. However, CPPA-G informed LSPPL that Ministry of Energy has conveyed the Cabinet Committee on Energy (CCOE) decision to CPPA-G that 145 projects had been approved by the Cabinet for necessary action. The CPPA-G stated that power project of LSPPL is not included in the list of 145 projects. Therefore, CPPA-G is of the view that request of LSPPL for Power Acquisition Consent cannot be entertained.

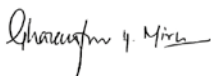
Subsequently, Alternate Energy Development Board (AEDB) informed that Solar PV Power Project of LSPPL is placed under category III of the amended decision of the Cabinet Committee on Energy (CCoE). All category III projects are allowed by the CCoE to proceed ahead, subject to becoming successful in the competitive bidding process to be undertaken by AEDB, based on the quantum ascertained for each technology by Indicative Generation Capacity Expansion Plan (IGCEP) by NTDCL. However, no such competitive bidding process has been undertaken. The response of CPPA-G and AEDB have made the Solar PV Power Project of LSPPL more complicated.

Accordingly, there does not seem to be any commercial justification to retain this company and incur costs thereon. Therefore, the Board of Directors of the Company has decided to voluntary winding up the Subsidiary LSPPL, subject to the approval of shareholders through special resolution. The Subsidiary will be wound up voluntary in accordance with the requirement of the Companies Act, 2017. Therefore, Condensed Interim Financial Information of LSPPL for the period ended September 30, 2021 have been prepared on non-going concern basis.

### ACKNOWLEDGEMENT:

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

For and on behalf of Board of Directors



Chief Executive Officer  
Lahore: October 22, 2021



Director

## مجلس نفعاء کی رپورٹ consolidated منجند عبوری مالی معلومات

نشاط پاور لمیٹڈ (کمپنی) کی مجلس نفعاء 30 ستمبر 2021 کو ختم ہونے والی پہلی سہ ماہی کے لئے کمپنی کی consolidated منجند عبوری مالی معلومات مع اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتی ہے۔

لال پیر سولر پاور (پرائیویٹ) لمیٹڈ

مالی سال 2016 سے کمپنی ایک مکمل ملکیتی ذیلی کمپنی، لال پیر سولر پاور (پرائیویٹ) لمیٹڈ ('LSPPL') رکھتی ہے، اور اس کے 100,000 حصص کی مالک ہے۔ LSPPL کی بنیادی سرگرمی ایک اندازے کے مطابق 19 MWp بجلی پیدا کرنے کی صلاحیت کے ساتھ 20 MWp تک کی مجموعی صلاحیت کے حامل شمسی توانائی کے منصوبے میں سرمایہ کاری یا ذاتی تغیر، چلانا اور برقرار رکھنا ہوگی۔ منصوبے کی سائٹ محمود کوٹ، ضلع مظفر گڑھ، ملتان میں واقع ہے۔ کمپنی نے ممکنہ مطالعہ کی منظوری، ماحولیاتی تحفظ ایجنسی (EPA) سے کوئی اعتراض نہیں کا تحقیقیت ('این اوسی') اور ملتان الیکٹرک پاور کمپنی (مپیکو) سے گرڈ انٹر کنکشن مطالعہ کی منظوری کی طرح کے مختلف سنگ میلوں کو حاصل کیا۔ دریں اثنا، فیڈرل الیکٹرک پاور ریگولیٹری اتھارٹی (NEPRA) کی طرف سے اعلان کردہ اپ فرنٹ شمسی ٹیرف 30 جون 2016 کو ختم ہو چکا ہے۔ اسی اثنا میں LSPPL نے NTDCL سے گرڈ انٹر کنکشن مطالعہ کی منظوری اور سال 2018 میں، نیچر اسے جزییشن لائسنس حاصل کیا۔

LSPPL کی انتظامیہ نے سنٹرل پاور پراجیکٹ ایجنسی (گاڑی) لمیٹڈ (CPPA-G) سے پاور ایکوزیشن درخواست اور بجلی خریدنے کی رضامندی حاصل کرنے کے لئے مسلسل اپنی بہترین کوششیں کی ہیں تاکہ منصوبہ ڈولپمنٹ کو آگے بڑھایا جاسکے۔ تاہم، CPAA-G نے LSPPL کو مطلع کیا کہ وزارت توانائی نے CPAA-G کو توانائی کی کابینہ کمیٹی (CCoE) کا فیصلہ پہنچایا ہے کہ ضروری ایکشن کے لئے کابینہ کی طرف سے 145 منصوبے منظور کئے گئے تھے۔ CPPC-G نے مطلع کیا کہ LSPPL کا پاور منصوبہ 145 منصوبوں کی فہرست میں شامل نہیں ہے۔ لہذا، CPAA-G کا نظریہ یہ ہے کہ پاور ایکوزیشن رضامندی کے لئے LSPPL کی درخواست قبول نہیں کی جاسکتی ہے۔

اس کے بعد، متبادل توانائی ترقیاتی بورڈ (ای ای ڈی بی) نے بتایا کہ LSPPL کا سولر پی وی پاور پروجیکٹ کابینہ کمیٹی برائے توانائی (CCoE) کے ترمیم شدہ فیصلے کیلکری III کے تحت رکھا گیا ہے۔ NTDCL کی طرف سے انڈیکٹیو جزییشن کمیٹی توسیعی پلان (IGCEP) کی طرف سے سرٹیفکیشن کے لیے طے شدہ کوآپم کی بنیاد پر، AEDB کی طرف سے لینے کے لئے مسابقتی بولی کے عمل میں کامیاب ہونے کے حوالہ سے، CCoE کی طرف سے تمام کیلکری III کے پروجیکٹس کو آگے بڑھانے کی اجازت ہے۔ تاہم، ایسی کوئی مسابقتی بولی لگانے کا عمل شروع نہیں کیا گیا۔ CPAA-G اور AEDB کے رد عمل نے LSPPL کے سولر PV پاور پروجیکٹ کو مزید پیچیدہ بنا دیا ہے۔

اس کے مطابق، اس کمپنی کو برقرار رکھنے اور اس پر اخراجات اٹھانے کا کوئی تجارتی جواز نہیں لگتا ہے۔ لہذا، کمپنی کے بورڈ آف ڈائریکٹرز نے خصوصی قرارداد کے ذریعے حصص یافتگان کی منظوری سے مشروط LSPPL کو رضا کارانہ طور پر ختم کرنے کا فیصلہ کیا ہے۔ ذیلی کمپنی کمپنیز ایکٹ، 2017 کی ضرورت کے مطابق رضا کارانہ طور پر ختم ہو جائے گی۔ اس لیے سال 2021 کے لیے LSPPL کے مالیاتی حسابات غیر گونگ کنسرن بنیاد پر تیار کئے گئے ہیں۔

اظہار تشکر:

بورڈ آف ڈائریکٹرز کمپنی کے تمام اسٹیک ہولڈرز کے اعتماد اور مسلسل حمایت کا شکریہ ادا کرتا ہے۔

برائے اور منجانب بورڈ آف ڈائریکٹرز

ڈائریکٹر

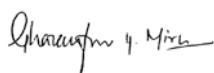
Shirangin y. Mirza  
چیف ایگزیکٹو

لاہور: 22 اکتوبر 2021ء

# CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Un-audited) AS AT SEPTEMBER 30, 2021

	Note	Un-audited September 30, 2021 (Rupees in thousand)	Audited June 30, 2021
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital 500,000,000 (June 30, 2021: 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, 2021: 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		20,229,868	19,314,803
Attributable to owners of the parent		26,924,386	26,009,321
<b>NON-CURRENT LIABILITY</b>			
Long term financing - secured	6	18,452	36,903
<b>CURRENT LIABILITIES</b>			
Current portion of long term financing - secured	6	73,805	73,805
Short term borrowings - secured		3,116,867	3,642,052
Trade and other payables		1,375,971	933,704
Unclaimed dividend		17,856	17,880
Accrued mark-up		48,240	72,403
		4,632,739	4,739,844
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7	31,575,577	30,786,068

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

  
CHIEF EXECUTIVE



Note	Un-audited September 30, 2021 (Rupees in thousand)	Audited June 30, 2021
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## ASSETS

### NON-CURRENT ASSETS

Fixed assets	8	8,629,040	8,826,575
Long term loans and advances		612	1,461
		8,629,652	8,828,036

### CURRENT ASSETS

Stores, spares and loose tools		652,102	656,989
Inventories		1,484,344	649,107
Trade debts	9	19,483,123	18,964,182
Advances, deposits, prepayments and other receivables		1,184,511	1,242,287
Income tax receivable		43,784	42,876
Cash and bank balances		98,061	402,591
		22,945,925	21,958,032
		31,575,577	30,786,068

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

# CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2021

	Note	Quarter ended	
		September 30, 2021	September 30, 2020 (Restated)
		(Rupees in thousand)	
Revenue	10	5,729,416	4,117,102
Cost of sales		(4,720,862)	(3,012,212)
Gross profit		1,008,554	1,104,890
Administrative expenses		(74,890)	(67,206)
Other expenses		(591)	-
Other income		37,164	725
Finance cost		(55,931)	(104,988)
Profit before taxation		914,306	933,421
Taxation		759	-
Profit for the period		915,065	933,421
Profit attributable to owners of the parent		915,065	933,421
Earnings per share - basic and diluted (in Rupees)		2.584	2.636

The annexed notes 1 to 15 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 QUARTER ENDED SEPTEMBER 30, 2021

	Quarter ended	
	September 30, 2021	September 30, 2020 (Restated)
	(Rupees in thousand)	
Profit for the period	915,065	933,421
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	915,065	933,421
Attributable to owners of the parent	915,065	933,421

The annexed notes 1 to 15 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 QUARTER ENDED SEPTEMBER 30, 2021

		Quarter ended	
	Note	September 30, 2021	September 30, 2020 (Restated) (Rupees in thousand)
Cash flows from operating activities			
Cash generated from /(used in) operations	11	293,298	(52,925)
Finance cost paid		(80,094)	(169,288)
Income tax paid		(149)	(620)
Long term loans and advances - net		849	1,000
Retirement benefits paid		(7,173)	(6,697)
Net cash inflow / (outflow) from operating activities		206,731	(228,530)
Cash flows from investing activities			
Purchase of fixed assets		(8,418)	(87,346)
Purchase of short term investments		-	(18,344)
Proceeds from sale of short term investments		-	17,655
Proceeds from disposal of operating fixed assets		40,778	1,002
Profit on bank deposits received		15	3,543
Net cash inflow / (outflow) from investing activities		32,375	(83,490)
Cash flows from financing activities			
Proceeds from long term finances		-	73,786
Repayment of long term finances		(18,451)	-
Dividend paid		-	(355,717)
Net cash outflow from financing activities		(18,451)	(281,931)
Net increase /(decrease) in cash and cash equivalents		220,655	(593,951)
Cash and cash equivalents at the beginning of the period		(3,239,461)	(4,745,915)
Cash and cash equivalents at the end of the period	12	(3,018,806)	(5,339,866)

The annexed notes 1 to 15 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 QUARTER ENDED SEPTEMBER 30, 2021

	Attributable to owners of the parent			Total
	Share capital	Capital reserve:	Revenue reserve:	
		Maintenance reserve	Un-appropriated profits	
	(Rupees in thousand)			
Balance as on June 30, 2020 - audited - restated	3,540,885	3,153,633	16,988,573	23,683,091
Profit for the period - restated	-	-	933,421	933,421
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	933,421	933,421
Dividend to equity holders of the parent:				
Final dividend for the year ended June 30, 2020 @ Rupee 1 per share	-	-	(354,089)	(354,089)
<b>Total contributions by and distributions to owners of the company recognised directly in equity</b>	-	-	(354,089)	(354,089)
<b>Balance as on September 30, 2020 (un-audited) - restated</b>	<b>3,540,885</b>	<b>3,153,633</b>	<b>17,567,905</b>	<b>24,262,423</b>
Balance as on June 30, 2021 - audited	3,540,885	3,153,633	19,314,803	26,009,321
Profit for the period	-	-	915,065	915,065
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	915,065	915,065
Dividend to equity holders of the parent:				
<b>Total contributions by and distributions to owners of the company recognised directly in equity</b>	-	-	-	-
<b>Balance as on September 30, 2021 (un-audited)</b>	<b>3,540,885</b>	<b>3,153,633</b>	<b>20,229,868</b>	<b>26,924,386</b>

The annexed notes 1 to 15 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 QUARTER ENDED SEPTEMBER 30, 2021

## 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 address of the head office of the parent company is 1-B, Aziz Avenue, Canal Road, Gulberg V, Lahore. The parent company had a Power Purchase Agreement ('PPA') with its sole customer, National Transmission and Despatch Company Limited ('NTDC') for twenty five years which commenced from June 09, 2010. On February 12, 2021, the parent company entered into a Novation Agreement to the PPA with NTDC and Central Power Purchasing Agency (Guarantee) Limited ('CPPA-G' and also referred to as the 'Power Purchaser'), whereby, NTDC irrevocably transferred all of its rights, obligations and liabilities under the PPA to CPPA-G and thereafter, NTDC ceased to be a party to the PPA, and CPPA-G became a party to the PPA in place of NTDC. Further, on the same day, the parent company entered into the PPA Amendment Agreement, whereby the Agreement Year that was ending on June 8, 2021 was extended by sixty eight (68) days to August 15, 2021. Therefore, the existing term of the PPA Agreement has been extended by sixty eight days to twenty five years and sixty eight days ending on August 15, 2035.

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 was 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 prior year, Alternate Energy Development Board (AEDB) informed that the Solar PV Power 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. During the year, on request of the Subsidiary, the Letter of Intent had been cancelled by AEDB. Subsequent to year end, on request of the Subsidiary, NEPRA has cancelled the Generation License of the Subsidiary. 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 financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- 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 provisions of and directives issued under the Act differ from the IFRS, the provisions of and directives issued under the Act have been followed.

- 2.2 These consolidated condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2021. Selected explanatory notes are included to explain events and transactions that are significant to and understanding of the changes in the group'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 group for the year ended June 30, 2021 except for the adoption of new and amended standards as set out below:

### **3.2 Initial application of standards, amendments or interpretations to existing standards**

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

#### **3.2.1 Standards, amendments and interpretations to existing standards that are effective in current year**

Certain standards, amendments and interpretations to accounting standards are effective for accounting periods beginning on July 1, 2021 but are considered not to be relevant or to have any significant effect on the group'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/or have not been early adopted by the company**

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the group'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 group's operations and are, therefore, not detailed in these consolidated condensed interim financial statements.

### 3.2.3 Change in accounting policy

During the year ended June 30, 2021, the parent company has changed its accounting policy for valuation of furnace oil inventory. As per the new policy, furnace oil is valued on First In First Out ('FIFO') cost basis whereas previously, it was valued on weighted average cost basis. The accounting policy has been revised as the new policy is more in line with the basis adopted by National Electric Power Regulatory Authority ('NEPRA') for determination of fuel cost component of the parent company's tariff. Hence, the new policy provides more relevant information because it results in a consistent measurement of furnace oil inventory.

The change in accounting policy has been applied retrospectively and the comparative information has been restated in accordance with the treatment specified in IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

Effects of re-statement are as follows:

September 30, 2020			
	As previously reported	Restated	Restatement
(Rupees in thousand)			
Effect on statement of profit or loss:			
Cost of sales	3,024,929	3,012,212	(12,717)
Earnings per share - basic and diluted (in Rupees)	2.600	2.636	0.036

## 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, 2021.

## 5. FINANCIAL RISK MANAGEMENT

### 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 group's annual financial statements as at June 30, 2021.

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.

	Un-audited September 30, 2021 (Rupees in thousand)	Audited June 30, 2021
<b>6. LONG TERM FINANCING - SECURED</b>		
Opening balance	110,708	73,823
Loan disbursements during the period/year	-	76,937
Less: Repayments during the period/year	18,451	40,052
	92,257	110,708
Less: Current portion shown under current liabilities	73,805	73,805
	18,452	36,903

## 7. CONTINGENCIES AND COMMITMENTS

### 7.1 Contingencies

There is no significant change in contingencies i.e. (contingent liabilities) from the preceding annual published consolidated financial statements of the group for the year ended June 30, 2021, except the following:

- (i) A sales tax demand of Rs 1,218.132 million was raised against the parent company through order dated December 11, 2013, passed by the Assistant Commissioner Inland Revenue ('ACIR') disallowing input sales tax for the tax periods of July 2010 through June 2012. The disallowance was primarily made on the grounds that since revenue derived by the parent company on account of 'capacity revenue' was not chargeable to sales tax, input sales tax claimed by the parent company was required to be apportioned with only the input sales tax attributable to other revenue stream i.e. 'energy revenue' admissible to the parent company. Upon appeal before Commissioner Inland Revenue (Appeals) ['CIR(A)'], such issue was decided in parent company's favour, however, certain other issues agitated by the parent company were not adjudicated. Both the parent company and department have filed appeals against the order of CIR(A) before Appellate Tribunal Inland Revenue ('ATIR'), which are pending adjudication.

Subsequently, the above explained issue was taken up by department for tax periods of July 2009 to June 2013 (involving input sales tax of Rs 1,722.811 million), however, the parent company assailed the underlying proceedings before Lahore High Court ('LHC') directly and in this respect, through order dated October 31, 2016, LHC accepted the parent company's stance and annulled the proceedings. The department has challenged the decision of LHC before Supreme Court of Pakistan and has also preferred an Intra Court Appeal against such order which are pending adjudication.

Similarly, for financial year 2014, company's case was selected for 'audit' and such issue again formed the core of audit proceedings (involving input sales tax of Rs 596.091 million). The parent company challenged the jurisdiction in respect of audit proceedings before LHC and while LHC directed the management to join the subject proceedings, department was debarred from passing the adjudication order. During the year 2019, LHC dismissed the petition in favour of the department, by allowing the department to complete the audit

proceedings that are pending completion. On January 26, 2021, the department raised demand against such proceedings, however, parent company obtained interim relief from Appellate Tribunal Inland Revenue by applying stay against such demand. On September 24, 2021, based on the favourable decision by the LHC as mentioned in preceding paragraph, CIR(A) has annulled the demand of input sales tax of Rs. 596.091 million.

Similarly, in preceding year in respect of tax periods July 2016 to June 2017, parent company's case was selected for 'audit' and such issue again formed the core of audit proceedings (involving input sales tax of Rs 541.486 million). During the period, the department has concluded the audit proceedings and has raised demand against the parent company on September 20, 2021 involving input sales tax of Rs 541.486 million along with default surcharge and penalty. Subsequent to the period end, the parent company has preferred appeal to CIR(A). The proceedings are underway, however, matter is currently pending adjudication before CIR(A).

Since the issue has already been decided in parent company's favour on merits by LHC and based on advice of the parent company's legal counsel, no provision on these accounts have been made in these consolidated condensed interim financial statements.

## 7.2 Commitments

- (i) Letters of credit and contracts for other than capital expenditure aggregating Rs 12.088 million (June 30, 2021: Rs. 2.327 million).
- (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 September 30, 2021 (Rupees in thousand)	Audited June 30, 2021
Not later than one year	3,894	3,894

## 8. FIXED ASSETS

### Property, plant and equipment:

Operating fixed assets	note 8.1	8,534,744	8,732,332
Capital work-in-progress		842	579
Major spare parts and standby equipment		93,454	93,664
		8,629,040	8,826,575
<b>Intangible asset:</b>			
Computer software		-	-
		8,629,040	8,826,575

	Un-audited September 30, 2021 (Rupees in thousand)	Audited June 30, 2021
<b>8.1 Operating fixed assets</b>		
Opening book value	8,732,332	9,259,765
Additions during the period/year - note 8.1.1	8,365	199,932
Book value of deletions during the period/year	(4,531)	(2,488)
Depreciation charged for the period/year	(201,422)	(724,877)
Closing book value	8,534,744	8,732,332
<b>8.1.1 Additions during the period / year</b>		
Plant and machinery	146	3,043
Computer equipment	529	2,905
Furniture and fixtures	12	69
Office equipment	267	829
Vehicles	7,411	193,086
	8,365	199,932

## 9. TRADE DEBTS

Refer to note 1.1 to the group's consolidated financial statements for the year ended June 30, 2021, an amount of Rs 816.033 million was included in trade debts relating to capacity revenue not acknowledged by NTDC/CPPA-G 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/CPPA-G.

Since management considered that the primary reason for claiming these payments was that plant was available, however, it could not generate electricity due to non-payment by NTDC/CPPA-G, therefore, management believed that company cannot be penalized in the form of payment deductions due to NTDC/CPPA-G's default of making timely payments under the PPA. Hence, the parent company took up this issue in consultation with NTDC/CPPA-G and appointed an Expert for dispute resolution under the PPA.

On August 15, 2015, the Expert gave his determination whereby the aforesaid amount was determined to be payable to the company by NTDC/CPPA-G. Pursuant to the Expert's determination, the parent company demanded the payment of the aforesaid amount of Rs 816.033 million from NTDC/CPPA-G. The company filed a request for arbitration in the London Court of International Arbitration ('LCIA'), whereby an Arbitrator was appointed.

On October 29, 2017, the Arbitrator declared his Final Award whereby he ordered NTDC/CPPA-G to pay to the parent company: i) Rs 816.033 million pursuant to Expert's determination; ii) Rs 189.385 million being Pre award interest; iii) Rs 9.203 million for breach of arbitration agreement; iv) Rs 1.684 million and USD 612,310 (equivalent to Rs 96.623 million) for the parent company's cost of proceedings; v) GBP 30,157 (equivalent to Rs 6.592 million) for parent 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/CPPA-G ("the Final Award") that works out to Rs 546.704 million up to September 30, 2021. Thereafter, on November 29, 2017, parent company filed an application before Lahore High Court for implementation/enforcement of Final Award that is pending adjudication. On prudence basis, the amounts other than the principal of Rs 816.033 million were not recognised in the consolidated financial statements.

On February 12, 2021, as part of the PPA Amendment Agreement as referred to in note 1.1 to the group's consolidated financial statements for the year ended June 30, 2021, the CPPA-G and the parent company acknowledged that the dispute relating to withheld capacity payments of Rs 816.033 million, which was awarded by the London Court of International Arbitration, has now been settled through the extended disputed period of 68 days which shall be treated as an "Other Force Majeure Event" under the PPA. Further, CPPA-G agreed to make certain payments to the parent company, subject to certain terms, as compensation of the withheld capacity payments. In return, the parent company agreed to forgo certain amounts declared under the Final Award as enumerated above. Further, subject to fulfillment of certain conditions, the parent company and CPPA-G agreed to file a joint application before the Lahore High Court for the withdrawal of the enforcement proceedings before the Honorable Lahore High Court.

Pursuant to the provisions of PPA Amendment Agreement as mentioned above, out of the recognized receivable of Rs 816.033 million, the parent company had written off amounts aggregating Rs 141.47 million during year ended June 30, 2021. Remaining receivable amounts have been acknowledged by the CPPA-G.

	Un-audited Quarter ended	
	September 30, 2021	September 30, 2020 (Restated)
	(Rupees in thousand)	
10. COST OF SALES		
Raw materials consumed	4,328,268	2,630,871
Salaries and other benefits	71,582	66,912
Repairs and maintenance	3,526	2,823
Stores, spares and loose tools consumed	34,873	32,550
Electricity consumed in-house	4,960	4,258
Insurance	69,879	72,228
Travelling and conveyance	5,722	5,005
Printing and stationery	236	321
Postage and telephone	133	167
Vehicle running expenses	1,246	1,010
Entertainment	517	330
Depreciation on operating fixed assets	186,036	183,686
Amortization of intangible asset	-	377
Fee and subscription	1,197	1,110
Miscellaneous	12,687	10,564
	<u>4,720,862</u>	<u>3,012,212</u>

Un-audited  
Quarter ended  
September 30, September 30,  
2021 2020  
(Restated)  
(Rupees in thousand)

**11. CASH GENERATED FROM / (USED IN) OPERATIONS**

Profit before taxation	914,306	933,421
Adjustment for non-cash charges and other items:		
Depreciation on operating fixed assets	201,422	195,711
Amortization on intangible assets	-	377
Profit on bank deposits	(16)	(705)
Finance cost	55,931	104,988
Provision for employee retirement benefits	7,173	6,697
Gain on disposal of operating fixed assets	(36,247)	-

Profit before working capital changes	1,142,569	1,240,489
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*Effect on cash flow due to working capital changes:*

**Decrease/(increase) in current assets**

Stores, spares and loose tools	4,887	20,690
Inventories	(835,237)	(262,715)
Trade debts	(518,941)	(1,387,424)
Advances, deposits, prepayments and other receivables	57,777	(116,240)
	(1,291,514)	(1,745,689)

**Increase/(decrease) in current liabilities**

Trade and other payables	442,267	451,537
Unclaimed dividend	(24)	738
	442,243	452,275
	(849,271)	(1,293,414)
	293,298	(52,925)

**12. CASH AND CASH EQUIVALENTS**

Cash and bank balances	98,061	5,228
Short term borrowings - secured	(3,116,867)	(5,345,094)
	(3,018,806)	(5,339,866)

**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 group, directly or indirectly, including any director (whether executive or otherwise) of that group. The group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Significant related party transactions during the period are as below:

		Un-audited Quarter ended	
		September 30, 2021	September 30, 2020
		(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	20,141	18,580
	Rental expense	3,115	3,115
	Insurance premium	71,368	71,815
iii. Group entity	Interest on deposit accounts	13	163
	Insurance premium	-	1,760
iv. Post employment benefit plan	Expense charged in respect of retirement benefit plan	7,173	6,697
v. Key management personnel	Remuneration	5,498	6,505
		Un-audited September 30, 2021	Audited June 30, 2021
		(Rupees in thousand)	

#### Period end balances

##### Payable to related parties

- Companies on basis of common directorship
- Group entity

3,509 59  
2,697 2,741

##### Bank deposits with related parties

- Group entity

700 1,642

##### Receivable from related parties

- Group entity
- Entities on the basis of common directorship

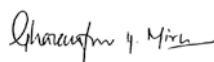
- 4,900  
1 -

## 14. DATE OF AUTHORISATION FOR ISSUE

These consolidated interim financial statements were authorised for issue on October 22, 2021 by the Board of Directors of the parent company.

## 15. CORRESPONDING FIGURES

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

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR



N I S H A T

## NISHAT POWER LIMITED

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