



**SAIF POWER LIMITED**

A Saif Group Company

# **Condensed Interim Financial Information**

For Nine months ended  
September 30, 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.

### 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 (Islamic Banking)  
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 PERIOD ENDED SEPTEMBER 30, 2021

The Board of Directors is pleased to present a concise review of Company's financial and operational performance on the condensed interim financial statements for the period ended September 30, 2021.

## SUMMARY OF FINANCIAL PERFORMANCE

Turnover of the Company was Rs. 13,010 million as compared to Rs. 7,476 million for the same period last year. Dispatch level was 48.95% as compared to 31.62% during the same period last year. Net profit during the period was Rs. 1,233 million as against Rs. 1,955 million for the comparable period of 2020. Earnings per share (EPS) for the period is Rs. 3.19 (2020: Rs. 5.06).

## 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 (disputed 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. During the year ended December 31, 2020, arbitrator was appointed by LCIA. The hearing was held in October 2021.

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.

## FINANCIAL HIGHLIGHTS-STANDALONE

	Nine Months Ended	
	September 30, 2021	September 30, 2020
	Rupees in Million	
Turnover	13,010	7,476
Operating Cost	11,049	4,725
Net Profit *	1,233	1,955
Earnings per Share*	3.19	5.06

\* The long term loan was paid off entirely in March 2020.

## FINANCIAL HIGHLIGHTS-CONSOLIDATED

	Nine Months Ended	
	September 30, 2021	September 30, 2020
	Rupees in Million	
Turnover	13,010	7,476
Operating Cost	11,049	4,725
Net Profit	1,231	1,952

## OPERATIONAL HIGHLIGHTS

	Unit	Nine Months Ended	
		September 30, 2021	September 30, 2020
Dispatch Level	%	48.95	31.62
Capacity made available	GWHs	1,335	1,294

## RECEIVABLES FROM POWER PURCHASER

Circular debt has always been a major issue for IPPs. Company's receivables also increased by Rs. 2,046 million during the period, but the Company has adequate working capital lines to sustain its operations. As detailed in note 13 to the financial statements, Company has signed agreements with Power Purchaser and payment of a certain bulk amount by Power Purchaser is an integral part of such agreements. The Company is hopeful that payment will be received soon, which will improve the liquidity position of the Company.

## INVESTMENT IN SAIF CEMENT LIMITED (SCL)

During the period, the Board of Directors of the Company approved the proposal of SCL for sale of land and other assets of SCL and same was also approved by shareholders of the Company in the Extra Ordinary General Meeting held on June 26, 2021. Accordingly, sale of assets will be completed after signing and executing various agreements between SCL and the buyer. Currently finalization of draft agreements are in process.

## ACKNOWLEDGEMENTS

Directors of the 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.

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

On behalf of the Board,



**Hoor Yousafzai**  
Chairperson

Islamabad  
October 28, 2021

### مجموعی مالیاتی جھلکیاں

نو ماہ کے اختتام پر		
30 ستمبر 2020ء	30 ستمبر 2021ء	
رقم ملین میں		
7,476	13,010	کاروباری حجم
4,725	11,049	عملی اخراجات
1,952	1,231	خالص منافع

### عملی جھلکیاں

نو ماہ کے اختتام پر			
30 ستمبر 2020ء	30 ستمبر 2021ء	یونٹ	
31.62	48.95	%	ترسیلاتی حجم
1,294	1,335	GWHS	دستیاب استطاعت

### بجلی خریدار سے قابل وصول رقم

IPPs کیلئے گروڈی قرضہ ہمیشہ سے ایک بڑا مسئلہ رہا ہے۔ اس سال کمپنی کی قابل وصول رقم میں بھی 2,046 ملین روپے کا اضافہ ہوا، لیکن کمپنی کے پاس اپنے کاروبار کو چلانے کے لیے مناسب سرمایہ کاری کے راستے موجود ہیں۔ جیسا کہ مالیاتی سٹیٹمنٹ کے پیرا 13 میں تفصیلی درج ہے کہ کمپنی نے بجلی خریدار سے معاہدوں پر دستخط کیے اور بجلی خریدار کی جانب سے بڑے پیمانے پر رقم کی ادائیگی ان معاہدوں کا اہم جزو ہے۔ کمپنی امید رکھتی ہے کہ بہت جلد کمپنی کو ادائیگی ہو جائے گی جو کمپنی کی مالی حالت کو بہتر کرے گی۔

### سیف سینٹ لمیٹڈ (SCL) میں سرمایہ کاری

اس سال بورڈ آف ڈائریکٹرز نے SCL کی زمین اور دیگر اثاثہ جات کی فروخت کی تجویز کو منظور کیا اور اسے کمپنی کے شیئر ہولڈر نے بھی غیر معمولی عمومی اجلاس منعقدہ 26 جون 2021ء میں منظور کیا۔ اس طرح SCL اور خریدار کے مابین مختلف معاہدوں طے پانے اور دستخط ہونے کے بعد اثاثہ جات کی فروخت مکمل ہوگی۔ ابھی معاہدوں کے مسودات کو حتمی شکل دینے کا عمل جاری ہے۔

### اظہار تشکر

کمپنی کے ڈائریکٹر اس دوران یہ کیلئے اپنے کسٹمرز، سپلائرز، مالیاتی اداروں، ریگولیٹرز اور دیگر شراکت داروں کی طرف سے تعاون اور مدد پر شکر گزار ہیں۔ ڈائریکٹر کمپنی کے ملازمین کی جانب سے بلا توقف فراہم کردہ خدمات، وفاداری اور کوششوں کو سراہتے ہیں اور امید رکھتے ہیں کہ مستقبل میں بھی وہ اسی پر کاربند رہیں گے۔

منجانب بورڈ آف ڈائریکٹرز



حور یوسفی

چیئر پرسن

اسلام آباد 28 اکتوبر 2021

بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر 2021ء کو اختتام پذیر دورانیہ کے عبوری مالیاتی سٹیٹمنٹ پر کمپنی کی مالیاتی اور عملی کارکردگی کا مختصر جائزہ پیش کیا جا رہا ہے۔

### مالیاتی کارکردگی کا خلاصہ

گزشتہ سال اسی دورانیہ میں کمپنی کا کاروباری حجم 7,476 ملین روپے کے مقابلہ میں اس سال 13,010 ملین روپے رہا۔ گزشتہ سال اسی دورانیہ میں کمپنی کی ترسیلات 48.95 فیصد کے مقابلہ میں 31.62 فیصد رہی تھی۔ خالص منافع اس سال 1233 ملین رہا جو کہ گزشتہ سال اسی دورانیہ میں 1955 ملین تھا۔ فی حصص آمدن (EPS) مبلغ 3.19 روپے رہی (جو 2020 میں 5.06 روپے تھی)۔

### زیر التوا مسائل

سوئی ناردرن گیس پائپ لائنز لمیٹڈ (SNGPL) کے خلاف مقدمہ میں کمپنی کے حق میں ثالثی ایوارڈ مبلغ 270.66 ملین روپے کے بعد (متنازعہ رقم 239.68 ملین روپے اور متعلقہ اخراجات 30.98 ملین روپے)، کمپنی نے ثالثی ایوارڈ کے تناظر میں عمل درآمد کیلئے سول کورٹ لاہور میں کیس دائر کیا۔ SNGPL نے ایوارڈ کو سول کورٹ اور لاہور ہائی کورٹ (LHC) دونوں میں چیلنج کیا۔ لاہور ہائی کورٹ نے درخواست خارج کر دی۔ سپریم کورٹ آف پاکستان نے بھی ان کی اپیل خارج کر دی۔ کمپنی نے SNGPL کو قابل ادائیگی رقوم کے سلسلے میں پہلے ہی درج بالا ایوارڈ کردہ رقم ایڈجسٹ کر دی ہے۔

سال 2019ء کے دوران، SNGPL نے ایڈجسٹ کی گئی رقوم کی بازیابی کے لیے ڈسٹرکٹ جج (گیس یوٹیلیٹی کورٹ کے اختیارات کے ساتھ سرمایہ کاری) 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 کی کوئی رقم قابل ادائیگی نہیں ہے اور کسی بھی صورت میں، LCIA ثالثی اس مقدمے کا فیصلہ کرنے کا واحد قابل فورم ہے۔ 31 دسمبر 2020ء کو ختم ہونے والے سال کے دوران، LCIA کی طرف سے ثالث مقرر کیا گیا تھا۔ سماعت اکتوبر 2021ء میں شیڈول ہے۔

بجلی خریداروں کے خلاف مقدمہ میں ثالث نے کمپنی کے حق میں مبلغ 477.56 ملین روپے بشمول متعلقہ اخراجات ایوارڈ کیا۔ کمپنی نے لاہور ہائی کورٹ میں اس پر عمل درآمد کیلئے درخواست دی۔ بجلی خریدار نے سول کورٹ لاہور میں جزوی حتمی ایوار اور حتمی ایوارڈ کو چیلنج کیا، جو کہ زیر التوا ہے۔ مزید یہ کہ اس دورانیہ میں جیسا کہ مالیاتی سٹیٹمنٹ کے پیرا 13.2 میں تفصیلی درج ہے۔ دونوں فریقین نے معاملے کو حل کرنے کا فیصلہ کیا۔

### انفرادی مالیاتی جھلکیاں

نوامہ کے اختتام پر		
30 ستمبر 2021ء	30 ستمبر 2020ء	
رقم ملین میں		
13,010	7,476	کاروباری حجم
11,049	4,725	عملی اخراجات
1,233	1,955	خالص منافع*
3.19	5.06	فی حصص آمدن*

\* مارچ 2020ء میں طویل مدتی قرضہ کی مکمل ادائیگی کی گئی۔

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## **Condensed Interim Unconsolidated Financial Statements**

For The Nine Months  
Ended September 30, 2021



# SAIF POWER LIMITED

## CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2021

		Un-audited September 30, 2021	Audited December 31, 2020
	Note	(Rupees)	
<b>Share Capital and Reserves</b>			
Share capital	4	3,864,717,790	3,864,717,790
Unappropriated profit - revenue reserve		12,334,571,126	12,067,738,798
<b>Total equity</b>		<b>16,199,288,916</b>	<b>15,932,456,588</b>
<b>Liabilities</b>			
Sub-ordinated loan	5	442,218,332	554,615,715
Lease liabilities	6	39,810,990	42,511,916
<b>Non-current liabilities</b>		<b>482,029,322</b>	<b>597,127,631</b>
Trade and other payables		2,037,249,683	851,121,908
Short term borrowings	7	6,930,142,793	6,973,705,255
Current portion of non-current liabilities		458,487,528	430,320,820
Markup accrued	8	677,575,173	621,543,627
Unclaimed dividend		14,361,132	12,942,851
<b>Current liabilities</b>		<b>10,117,816,309</b>	<b>8,889,634,461</b>
<b>Total liabilities</b>		<b>10,599,845,631</b>	<b>9,486,762,092</b>
<b>Total equity and liabilities</b>		<b>26,799,134,547</b>	<b>25,419,218,680</b>
<b>Contingencies and commitments</b>	9		
<b>Assets</b>			
Property, plant and equipment	10	11,826,322,682	12,232,028,625
Right of use assets	11	53,656,965	54,863,722
Investment in subsidiary	12	789,178,640	784,774,230
Long term deposits		3,103,150	2,904,800
<b>Non-current assets</b>		<b>12,672,261,437</b>	<b>13,074,571,377</b>
Advance income tax		6,876,454	6,305,746
Stock in trade - HSD		185,840,885	169,300,404
Trade debts	13	13,409,386,313	11,363,291,153
Other receivables	14	381,666,984	614,823,548
Advances	15	8,938,718	105,740,465
Trade deposits and short term prepayments	16	118,631,696	71,688,212
Bank balances	17	15,532,060	13,497,775
<b>Current assets</b>		<b>14,126,873,110</b>	<b>12,344,647,303</b>
<b>Total assets</b>		<b>26,799,134,547</b>	<b>25,419,218,680</b>

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



Chief Financial Officer



Chief Executive Officer



Director

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

FOR NINE MONTHS ENDED SEPTEMBER 30, 2021

		Three months ended		Nine months ended	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	Note	(Rupees)			
Turnover - net	18	6,613,494,022	3,158,356,386	13,010,118,700	7,475,966,459
Cost of sales	19	(5,829,475,888)	(2,504,480,439)	(11,048,981,749)	(4,725,341,298)
Gross profit		784,018,134	653,875,947	1,961,136,951	2,750,625,161
Other income		-	282,977	593,717	501,644
Administrative expenses		(40,137,500)	(37,323,467)	(119,439,768)	(118,764,998)
Finance cost	20	(292,140,577)	(116,979,197)	(609,279,124)	(677,722,519)
Profit for the period		451,740,057	499,856,260	1,233,011,776	1,954,639,288
Earnings per share - basic and diluted		1.17	1.29	3.19	5.06

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



Chief Financial Officer



Chief Executive Officer



Director

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

FOR NINE MONTHS ENDED SEPTEMBER 30, 2021

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	(Rupees)			
Profit for the period	451,740,057	499,856,260	1,233,011,776	1,954,639,288
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	451,740,057	499,856,260	1,233,011,776	1,954,639,288

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



Chief Financial Officer



Chief Executive Officer



Director

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

FOR NINE MONTHS ENDED SEPTEMBER 30, 2021

	Note	September 30, 2021	September 30, 2020
		(Rupees)	
<b>Cash flows from operating activities</b>			
Profit for the period		1,233,011,776	1,954,639,288
<b>Adjustments for:</b>			
Provision for staff retirement benefits - gratuity		6,209,148	6,735,247
Depreciation	10	455,362,724	456,805,036
Depreciation - Right of use assets	11	11,400,527	9,376,125
Finance cost		609,279,124	677,722,519
Gain on disposal of property, plant and equipment		(135,520)	(498,449)
Insurance claim		(73,000)	-
Profit on deposit accounts		(385,197)	(3,195)
		<b>2,314,669,582</b>	<b>3,104,776,571</b>
<b>Changes in:</b>			
Stock in trade		(16,540,481)	(29,656,448)
Trade debts		(2,046,095,160)	(1,486,301,294)
Other receivable		233,156,564	601,676,475
Advances		96,801,747	8,481,929
Trade deposits and prepayments		(46,943,484)	(55,928,318)
Trade and other payables		1,180,312,169	(984,259,129)
<b>Cash generated from operating activities</b>		<b>1,715,360,937</b>	<b>1,158,789,786</b>
Income taxes (paid)/ refunded		(570,708)	3,878,892
Finance cost paid		(553,247,578)	(741,278,739)
Staff retirement benefits paid		(393,541)	(9,275,095)
<b>Net cash generated from operating activities</b>		<b>1,161,149,110</b>	<b>412,114,844</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	10	(457,771)	(443,216)
Acquisition of right of use assets		(608,855)	(463,948)
Increase in long term deposits		(198,350)	(773,500)
Proceeds from sale of property, plant and equipment		362,242	1,240,856
Investment in subsidiary	12	(4,404,410)	(38,827,960)
Insurance claim received		73,000	-
Profit on deposit accounts		385,197	3,195
<b>Net cash used in investing activities</b>		<b>(4,848,947)</b>	<b>(39,264,573)</b>
<b>Cash flows from financing activities</b>			
Repayment of long term financing	5	(135,567,348)	(884,563,847)
Dividend paid		(964,761,167)	(1,258,249,636)
Short term borrowings - net	7	(43,562,462)	1,779,743,088
Lease liabilities paid	6	(10,374,901)	(7,213,576)
<b>Net cash used in financing activities</b>		<b>(1,154,265,878)</b>	<b>(370,283,971)</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,034,285</b>	<b>2,566,300</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>13,497,775</b>	<b>671,074</b>
<b>Cash and cash equivalents at end of the period</b>		<b>15,532,060</b>	<b>3,237,374</b>


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



Chief Financial Officer



Chief Executive Officer



Director

# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR NINE MONTHS ENDED SEPTEMBER 30, 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	-	1,954,639,288	1,954,639,288
Other comprehensive income for the period	-	-	-
<b>Total comprehensive income for the period</b>	-	1,954,639,288	1,954,639,288
<b>Transactions with owners of the Company</b>			
<b>Distributions</b>			
Final dividend 2019@ Rs. 2 per share	-	(772,938,558)	(772,938,558)
Interim dividend 2020@ Rs. 1.25 per share	-	(483,089,724)	(483,089,724)
	-	(1,256,028,282)	(1,256,028,282)
<b>Balance as at September 30, 2020 (Un-audited)</b>	<b>3,864,717,790</b>	<b>11,641,891,357</b>	<b>15,506,609,147</b>
<b>Balance as at January 01, 2021 (Audited)</b>	<b>3,864,717,790</b>	<b>12,067,738,798</b>	<b>15,932,456,588</b>
Profit for the period	-	1,233,011,776	1,233,011,776
Other comprehensive income for the period	-	-	-
<b>Total comprehensive income for the period</b>	-	1,233,011,776	1,233,011,776
<b>Transactions with owners of the Company</b>			
<b>Distributions</b>			
Final dividend 2020@ Rs. 2.50 per share	-	(966,179,448)	(966,179,448)
<b>Balance as at September 30, 2021 (Un-audited)</b>	<b>3,864,717,790</b>	<b>12,334,571,126</b>	<b>16,199,288,916</b>


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



Chief Financial Officer



Chief Executive Officer



Director

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR NINE MONTHS ENDED SEPTEMBER 30, 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 nine months ended September 30, 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 1177 (I)/2021 dated September 13, 2021 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, 2022 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.

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR NINE MONTHS ENDED SEPTEMBER 30, 2021

## 3 SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

The accounting policies and the methods of computations adopted in the preparation of these condensed interim unconsolidated financial statements are consistent with those followed in the preparation of the Company's audited financial statements for the year ended December 31, 2020 except for changes described below. The changes in accounting policies are also expected to be reflected in the Company's financial statements as at and for the year ending December 31, 2021.

- (a) Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) effective from January 01, 2021. These relate to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities; hedge accounting; and disclosures. The Phase 2 amendments apply only to changes required by the interest rate benchmark reform to financial instruments and hedging relationships. Based on practical expedient provided in the said amendments, there will be no impact on the Company's financial statements.
- (b) COVID-19-Related Rent Concessions beyond June 30, 2021 (Amendment to IFRS 16) effective from April 01, 2021. The purpose of this amendment is to provide practical relief for lessees in accounting for rent concessions.

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after July 01, 2021:

- (a) Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after January 01, 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.
- (b) The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after January 01, 2022.
  - IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
  - IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

- (c) Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after January 01, 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR NINE MONTHS ENDED SEPTEMBER 30, 2021

- (d) Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 01, 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.
- (e) Classification of liabilities as current or non-current (Amendments to IAS 1) amendments apply retrospectively for the annual periods beginning on or after January 01, 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- (f) Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, Other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted.

- (g) Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after January 01, 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.
- (h) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted.
- (i) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

The above amendments are not expected to have a material impact on the Company's financial statements.



# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR NINE MONTHS ENDED SEPTEMBER 30, 2021

	Un-audited September 30, 2021	Audited December 31, 2020
	(Rupees)	
<b>4 SHARE CAPITAL</b>		
<b>4.1 Authorized share capital</b>		
405,000,000 (December 31, 2020: 405,000,000) ordinary shares of Rs.10 each	<b>4,050,000,000</b>	4,050,000,000
<b>4.2 Issued, subscribed and paid-up capital</b>		
386,471,779 (December 31, 2020: 386,471,779) ordinary shares of Rs.10 each fully paid in cash	<b>3,864,717,790</b>	3,864,717,790
<b>4.3</b> Saif Holdings Limited holds 135,021,262 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 62,250,857 shares held in the Company, as dividend in kind to its shareholders.

	Un-audited September 30, 2021	Audited December 31, 2020
	(Rupees)	
<b>5 SUB-ORDINATED LOAN - UNSECURED</b>		
Balance at January 01	<b>970,578,622</b>	1,071,637,650
Exchange loss capitalised	<b>49,425,732</b>	42,596,486
Repayment during the period/ year	<b>(135,567,348)</b>	(143,655,514)
	<b>884,437,006</b>	970,578,622
Current portion of subordinated loan	<b>(442,218,674)</b>	(415,962,907)
Balance at September 30/ December 31	<b>442,218,332</b>	554,615,715

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

	Un-audited September 30, 2021	Audited December 31, 2020
	(Rupees)	
<b>6 LEASE LIABILITIES</b>		
Lease liabilities	<b>56,079,844</b>	56,869,829
Less: Current portion	<b>(16,268,854)</b>	(14,357,913)
Long term portion	<b>39,810,990</b>	42,511,916
Movement of lease liabilities under IFRS 16 is as follows:		
Balance at January 01	<b>56,869,829</b>	54,119,049
Addition during the period/ year	<b>9,584,916</b>	13,766,339
Interest	<b>3,714,278</b>	5,281,361
Payments during the period/ year	<b>(14,089,179)</b>	(16,296,920)
Balance at September 30/ December 31	<b>56,079,844</b>	56,869,829
Current portion of lease liabilities	<b>(16,268,854)</b>	(14,357,913)
Non-Current Portion of Lease Liabilities	<b>39,810,990</b>	42,511,916

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR NINE MONTHS ENDED SEPTEMBER 30, 2021

		Un-audited September 30, 2021	Audited December 31, 2020
7	SHORT TERM BORROWINGS	(Rupees)	
	Working capital facilities - secured	7.1 3,229,691,254	3,893,487,815
	Short term musharakah facilities - secured	7.2 3,700,451,539	3,080,217,440
		<u>6,930,142,793</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 2022. 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).

## 7.3 Letters of credit/guarantee

Letters of guarantee amounting to Rs. 3.92 billion (Dec 31, 2020: Rs. 4.22 billion) are available to the Company. These facilities are secured against the ranking charge over all present and future fixed assets amounting to Rs. 6.18 billion (Dec 31, 2020: Rs. 6.58 billion).

	Un-audited September 30, 2021	Audited December 31, 2020
8	MARKUP ACCRUED	(Rupees)
	Markup on short term financing	166,358,010
	Markup on sub-ordinated loan	511,217,163
		<u>677,575,173</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 that the contingent liability in respect of Sui Northern Gas Pipelines Limited (SNGPL)'s claim on account of late payment by the Company against SNGPL's invoices of Regasified Liquefied Natural Gas (RLNG) has increased to Rs. 103.92 million (December 31, 2020: Rs. 100.24 million).

	Un-audited September 30, 2021	Audited December 31, 2020
10	PROPERTY, PLANT AND EQUIPMENT	(Rupees)
	Balance at January 01	12,232,028,625
	Additions during the period/ year	457,771
	Net book value of assets disposed off	(226,722)
	Depreciation for the period/ year	(455,362,724)
	Capitalization of exchange loss	49,425,732
	Balance at September 30/ December 31	<u>11,826,322,682</u>

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR NINE MONTHS ENDED SEPTEMBER 30, 2021

	Un-audited September 30, 2021	Audited December 31, 2020
<b>11 RIGHT OF USE ASSETS</b>	(Rupees)	
<b>COST</b>		
Balance at January 1	84,427,105	69,694,214
Additions	10,193,770	14,732,891
Balance at September 30/ December 31	94,620,875	84,427,105
<b>DEPRECIATION</b>		
Balance at January 01	29,563,383	16,696,814
Charge for the period/ year	11,400,527	12,866,569
Balance at September 30/ December 31	40,963,910	29,563,383
<b>Carrying amount</b>	53,656,965	54,863,722
Rate of depreciation per annum (%)	10% to 20%	10% to 20%
<b>12 INVESTMENT IN SUBSIDIARY</b>		
Shares of Saif Cement Limited	789,178,640	784,774,230

**12.1** This represents equity investment in Saif Cement Limited ("SCL"). The Company, during the period, acquired additional 440,441 fully paid ordinary shares of Rs. 10 each. The Company held 96.39% of the issued share capital of SCL as at September 30, 2021.

**12.2** During the period, the Board of Directors of the Company approved the proposal for sale of land and other assets of SCL. The same was approved by the shareholders in the Extra Ordinary General Meeting held on June 26, 2021. However, sale of assets will be completed after signing and executing various agreements between SCL and the buyer. SCL is currently in process of finalisation of draft agreements.

	Un-audited September 30, 2021	Audited December 31, 2020
<b>13 TRADE DEBTS</b>	(Rupees)	
	Note	
National Transmission and Dispatch Company (NTDC)	13.1	13,409,386,313 11,363,291,153

**13.1** Trade debts include an overdue amount of Rs. 11.24 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.

Further to the disclosure made in financial statements for the year ended December 31, 2020 regarding execution of agreements between the Company, CPPA-G and NTDC, CPPA-G submitted revised tariff to NEPRA (related to ROE and ROEDC). The revised tariff was approved by NEPRA on April 2, 2021. However, this revised tariff as determined by NEPRA on April 2, 2021 as well as other revised agreement terms, including sharing of fuel and O&M savings, one-time detailed heat rate test and application of delayed payment rate are conditional upon payment of first instalment of 40% as per the revised agreement, which the Government of Pakistan has not yet paid. Additionally, Arbitration Tribunal to decide the matter related to alleged excess profits has not been constituted yet.

**13.2** In 2012, an amount of Rs. 477.56 million (December 31, 2020: Rs. 477.56 million) relating to capacity purchase price was 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).

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

## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR NINE MONTHS ENDED SEPTEMBER 30, 2021

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.

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, the current Agreement Year (i.e. the 11th agreement year originally ending on April 30, 2021) has been extended by the disputed period of 43 days through Other Force Majeure Event (OFME). Such OFME period has commenced from the end of the 11th Agreement Year i.e. April 30, 2021 and has ended on June 11, 2021. Accordingly, Company has invoiced for OFME period to CPPA and CPPA has acknowledged the same. In consideration of this settlement 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. During the year ended December 31, 2020, arbitrator was appointed by LCIA. The hearing is scheduled in October 2021.

		Un-audited September 30, 2021	Audited December 31, 2020
		(Rupees)	
<b>14 OTHER RECEIVABLES</b>			
Workers' Profit Participation Fund (WPPF) receivable		180,225,652	452,513,669
Sales tax receivable - net		200,736,298	160,490,674
Other receivables		705,034	1,819,205
		<b>381,666,984</b>	<b>614,823,548</b>
<b>15 ADVANCES - considered good</b>	Note		
Advances to suppliers	15.1	4,844,336	105,480,499
Advances to employees		4,094,382	259,966
		<b>8,938,718</b>	<b>105,740,465</b>
<b>15.1</b>	These include advance payment to SNGPL amounting to Rs. Nil (December 31, 2020: 101.61 million)		
<b>16 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
Prepayments		113,355,886	67,214,352
Security deposit		1,833,000	1,833,000
Current portion of long term deposits		3,442,810	2,640,860
		<b>118,631,696</b>	<b>71,688,212</b>
<b>17 BANK BALANCES</b>			
Current accounts			
Local currency		333,418	156,134
Deposit accounts			
Local currency		14,863,312	13,026,440
Foreign currency	17.1	335,330	315,201
		<b>15,198,642</b>	<b>13,341,641</b>
		<b>15,532,060</b>	<b>13,497,775</b>

**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 NINE MONTHS ENDED SEPTEMBER 30, 2021

	Un-audited Three months ended		Un-audited Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
<b>18 TURNOVER - NET</b>	(Rupees)			
Gross Energy Purchase Price	6,606,299,092	2,549,699,057	11,896,438,093	4,241,833,863
Less: Sales tax	(944,385,175)	(370,469,095)	(1,713,037,854)	(616,334,835)
	5,661,913,917	2,179,229,962	10,183,400,239	3,625,499,028
Capacity Purchase Price	951,580,105	979,126,424	2,826,718,461	3,850,467,431
	6,613,494,022	3,158,356,386	13,010,118,700	7,475,966,459
<b>19 COST OF SALES</b>				
Raw material consumed	5,275,217,072	1,987,073,780	9,503,903,577	3,310,773,684
Operation and maintenance	336,001,040	288,181,245	858,312,483	730,930,778
Salaries and other benefits	15,861,690	14,405,000	52,523,578	47,577,227
Electricity charges	3,663,021	10,996,599	32,295,831	37,483,336
Insurance expense	45,984,144	51,267,698	144,195,737	141,283,555
Depreciation	151,743,383	151,828,043	454,434,613	455,360,808
Office expenses	493,683	303,143	1,224,679	895,497
Travelling, conveyance and entertainment	449,109	410,533	1,315,751	973,209
Repair and maintenance	18,375	3,369	699,189	21,269
Communication	44,371	11,029	76,311	41,935
	5,829,475,888	2,504,480,439	11,048,981,749	4,725,341,298
<b>20 FINANCE COST</b>				
Markup on short term borrowings	162,143,529	134,880,383	465,761,580	491,100,398
Markup on long term financing	-	-	-	26,696,717
Markup on sub-ordinated loan	6,838,212	8,791,310	20,879,236	34,213,700
Guarantee commission and arrangement fee	3,249,999	3,249,999	9,749,997	9,749,998
Markup on lease liabilities	1,237,599	1,202,220	3,714,278	4,054,098
Bank charges	67,921	134,696	326,677	322,026
Exchange loss/ (gain) - net	118,603,317	(31,279,411)	108,847,356	111,585,582
	292,140,577	116,979,197	609,279,124	677,722,519

## 21 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

### Fair value measurement

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

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

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

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

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR NINE MONTHS ENDED SEPTEMBER 30, 2021

## A. Accounting classifications and fair values

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

		Carrying Amount			Fair value			
		Amortised cost	Amortised cost	Total	Level 1	Level 2	Level 3	Total
<u>September 30, 2021</u>	Note				(Rupees)			
Financial assets measured at fair value		-	-	-	-	-	-	-
Financial assets not measured at fair value	21.2							
Long term deposits		6,545,960	-	6,545,960				
Trade debts	21.3	13,409,386,313	-	13,409,386,313	-	-	-	-
Other receivables	21.4	180,930,686	-	180,930,686	-	-	-	-
Advances to employees		4,094,382	-	4,094,382	-	-	-	-
Security deposits		1,833,000	-	1,833,000	-	-	-	-
Bank balances		15,532,060	-	15,532,060	-	-	-	-
Total		13,618,322,401	-	13,618,322,401	-	-	-	-
Financial liabilities not measured at fair value	21.2							
Sub-ordinated loan		-	884,437,006	884,437,006	-	-	-	-
Lease liabilities		-	56,079,844	56,079,844	-	-	-	-
Trade and other payables	21.5	-	2,034,437,417	2,034,437,417	-	-	-	-
Short term borrowings		-	6,930,142,793	6,930,142,793	-	-	-	-
Markup accrued		-	677,575,173	677,575,173	-	-	-	-
Unclaimed dividend		-	14,361,132	14,361,132	-	-	-	-
Total		-	10,597,033,365	10,597,033,365	-	-	-	-
<u>December 31, 2020</u>								
Financial assets measured at fair value		-	-	-	-	-	-	-
Financial assets not measured at fair value	21.2							
Long term deposits		5,545,660	-	5,545,660	-	-	-	-
Trade debts	21.3	11,363,291,153	-	11,363,291,153	-	-	-	-
Other receivables	21.4	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	21.2							
Sub-ordinated loan		-	970,578,622	970,578,622	-	-	-	-
Lease liabilities		-	56,869,829	56,869,829	-	-	-	-
Trade and other payables	21.5	-	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	-	-	-	-

21.2 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, except as disclosed in 21.3 below.

21.3 As explained in note 2.1.1, the requirements contained in IFRS-9 with respect to application of expected credit loss (ECL) model are not be applicable to the Company till June 30, 2022. Additionally, as mentioned in note 13.1, 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. The only difference in relation to fair valuation pertains to the interest on interest component as there is no interest on the overdue amounts of the accrued interest mentioned in note 13.1. This is covered by the aforesaid exemption related to ECL.

21.4 This excludes sales tax receivable.

21.5 This excludes withholding tax payable.

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR NINE MONTHS ENDED SEPTEMBER 30, 2021

## 22 RELATED PARTY TRANSACTIONS

Related parties comprise of Saif Holdings Limited, Saif Cement Limited, 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 Nine months ended	
	September 30, 2021	September 30, 2020
	(Rupees)	
<b>Transactions with related parties</b>		
<b>Saif Holdings Limited - Associated Company (34.94% shareholding-common directorship)</b>		
Dividend	337,554,405	641,136,012
<b>Saif Textile Limited - Associated Company (Common directorship)</b>		
Dividend	250	325
<b>Akbar Kare Institution - Associated Company (Common directorship)</b>		
Donation made by the Company	4,500,000	4,500,000
<b>Wadaan Foundation - Associated Company (Common directorship)</b>		
Donation made by the Company	1,665,000	370,000
<b>Key Management Personnel</b>		
Directors' meeting fee	850,000	650,000
Dividend to Directors	63,663,375	43,882
Remuneration including benefits and perquisites	51,343,484	46,740,385
<b>Other Related Party</b>		
Contribution to Saif Power Limited - Staff Gratuity Fund	393,541	9,275,095
	<b>Un-audited September 30, 2021</b>	<b>Audited December 31, 2020</b>
	(Rupees)	
<b>Balances with related parties</b>		
Payable to Saif Power Limited- Staff Gratuity Fund	6,209,148	393,541

## 23 OTHER

In July 2012, the Company along with other Independent Power Producers (IPPs) received a notice for inspection of its books of accounts under section 231 of the Companies Ordinance, 1984. The Company along with other IPPs filed Constitutional Petitions in High Courts and stay order was granted to the IPPs for same. Subsequently, hearings were also conducted in High Courts. The Honourable Lahore High Court accepted the Writ Petitions and decided the case in favour of IPPs in Writ Petition No. 20088/2012 along with other connected petitions vide judgment dated January 18, 2016. Last hearing related to this matter was conducted in the Honourable Islamabad High Court in May 2017. Thereafter, the case has not been heard.

## 24 NON-ADJUSTING EVENT AFTER REPORTING DATE

The Board of Directors proposed interim cash dividend of Rs.2 per share in their meeting held on October 28, 2021.

## 25 DATE OF AUTHORISATION

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



Chief Financial Officer



Chief Executive Officer



Director

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## **Condensed Interim Consolidated Financial Statements**

For The Nine Months  
Ended September 30, 2021



# CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2021

	Note	Un-audited September 30, 2021	Audited December 31, 2020
		(Rupees)	
<b>Share Capital and Reserves</b>			
Share capital	4	3,864,717,790	3,864,717,790
Unappropriated profit - revenue reserve		12,324,953,930	12,060,290,827
Equity attributable to the owners of the Company		16,189,671,720	15,925,008,617
Non controlling interests		28,801,150	28,869,270
<b>Total equity</b>		<b>16,218,472,870</b>	<b>15,953,877,887</b>
<b>Liabilities</b>			
Sub-ordinated loan	5	442,218,332	554,615,715
Lease liabilities	6	42,138,764	45,574,922
Deferred liability - gratuity		2,265,536	1,643,000
Non-current liabilities		486,622,632	601,833,637
Trade and other payables		2,060,571,031	923,921,649
Short term borrowings	7	6,939,562,793	6,973,705,255
Current portion of non-current liabilities		459,751,124	431,555,916
Markup accrued	8	677,745,858	621,543,627
Unclaimed dividend		14,361,132	12,942,851
<b>Current liabilities</b>		<b>10,151,991,938</b>	<b>8,963,669,298</b>
<b>Total liabilities</b>		<b>10,638,614,570</b>	<b>9,565,502,935</b>
<b>Total equity and liabilities</b>		<b>26,857,087,440</b>	<b>25,519,380,822</b>
<b>Contingencies and commitments</b>	9		
<b>Assets</b>			
Property, plant and equipment	10	12,625,394,199	13,018,595,920
Right of use assets	11	56,849,610	59,283,390
Project transaction costs		11,253,607	59,560,432
Goodwill		11,530,918	11,530,918
Long term deposits		3,103,150	2,904,800
<b>Non-current assets</b>		<b>12,708,131,484</b>	<b>13,151,875,460</b>
Advance income tax		16,575,411	15,933,692
Stock in trade - HSD		185,840,885	169,300,404
Trade debts	12	13,409,386,313	11,363,291,153
Other receivables	13	381,666,984	614,823,548
Advances	14	8,938,718	105,740,465
Trade deposits and short term prepayments	15	118,631,696	71,688,212
Bank balances	16	27,915,949	26,727,888
<b>Current assets</b>		<b>14,148,955,956</b>	<b>12,367,505,362</b>
<b>Total assets</b>		<b>26,857,087,440</b>	<b>25,519,380,822</b>

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



Chief Financial Officer



Chief Executive Officer



Director

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

FOR NINE MONTHS ENDED SEPTEMBER 30, 2021

	Note	Three months ended		Nine months ended	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
		(Rupees)			
Turnover - net	17	6,613,494,022	3,158,356,386	13,010,118,700	7,475,966,459
Cost of sales	18	(5,829,475,888)	(2,504,480,439)	(11,048,981,749)	(4,725,341,298)
<b>Gross profit</b>		<b>784,018,134</b>	653,875,947	<b>1,961,136,951</b>	2,750,625,161
Other income		160,519	438,275	1,040,172	1,184,685
Administrative expenses		(40,810,587)	(38,417,835)	(121,761,439)	(121,682,226)
Finance cost	19	(292,337,524)	(117,130,931)	(609,650,713)	(678,402,466)
<b>Profit for the period</b>		<b>451,030,542</b>	498,765,456	<b>1,230,764,971</b>	1,951,725,154
Profit/ (loss) attributable to:					
- Owners of the Company		451,056,182	498,806,030	1,230,846,317	1,951,833,549
- Non-controlling interests		(25,640)	(40,574)	(81,346)	(108,395)
		<b>451,030,542</b>	498,765,456	<b>1,230,764,971</b>	1,951,725,154

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



Chief Financial Officer



Chief Executive Officer



Director

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

FOR NINE MONTHS ENDED SEPTEMBER 30, 2021

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	(Rupees)			
<b>Profit for the period</b>	<b>451,030,542</b>	498,765,456	<b>1,230,764,971</b>	1,951,725,154
<b>Other comprehensive income for the period</b>	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>451,030,542</b>	498,765,456	<b>1,230,764,971</b>	1,951,725,154
Total comprehensive income attributable to:				
- Owners of the Company	<b>451,056,182</b>	498,806,030	<b>1,230,846,317</b>	1,951,833,549
- Non-controlling interests	<b>(25,640)</b>	(40,574)	<b>(81,346)</b>	(108,395)
	<b>451,030,542</b>	498,765,456	<b>1,230,764,971</b>	1,951,725,154

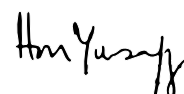
The annexed notes 1 to 24 form an integral part of these condensed interim consolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Director

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

FOR NINE MONTHS ENDED SEPTEMBER 30, 2021

	Note	September 30, 2021	September 30, 2021
		(Rupees)	
<b>Cash flows from operating activities</b>			
Profit for the period		1,230,764,971	1,951,725,154
<b>Adjustments for:</b>			
Provision for staff retirement benefits - gratuity		6,217,788	6,735,247
Depreciation	10	455,636,312	457,078,625
Depreciation - Right of use assets	11	12,627,550	10,909,904
Finance cost		609,650,713	678,402,466
Gain on disposal of property, plant and equipment		(135,520)	(498,449)
Insurance claim		(73,000)	-
Profit on deposit accounts		(385,197)	(3,195)
Return on investments		(446,455)	(683,041)
		2,313,857,162	3,103,666,711
Changes in:			
Stock in trade		(16,540,481)	(29,656,448)
Trade debts		(2,046,095,160)	(1,486,301,294)
Other receivable		233,156,564	601,676,475
Advances		96,801,747	8,606,929
Trade deposits and prepayments		(46,943,484)	(55,928,318)
Trade and other payables		1,130,825,137	(980,600,373)
<b>Cash generated from operating activities</b>		1,665,061,485	1,161,463,682
Income taxes (paid)/ refunded		(641,719)	3,792,493
Finance cost paid		(553,448,482)	(741,958,686)
Deferred liability - gratuity		622,536	(1,359,420)
Staff retirement benefits paid		(393,541)	(9,275,095)
<b>Net cash generated from operating activities</b>		1,111,200,279	412,662,974
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	10	(13,235,581)	(38,440,261)
Acquisition of right of use assets		(608,855)	(463,948)
Increase in long term deposits		(198,350)	(773,500)
Proceeds from sale of property, plant and equipment		362,242	1,240,856
Movement in Project Transaction cost		48,306,825	(2,196,480)
Insurance claim received		73,000	-
Profit on deposit accounts		385,197	3,195
Return on investments - receipt		446,455	683,041
<b>Net cash generated/ (used) in investing activities</b>		35,530,933	(39,947,097)
<b>Cash flows from financing activities</b>			
Repayment of long term financing	5	(135,567,348)	(884,563,847)
Dividends paid		(964,761,167)	(1,258,249,636)
Short term borrowings - net	7	(34,142,462)	1,779,743,088
Receipt against issuance of shares of the Subsidiary Company		9,460	1,170,850
Lease liabilities paid	6	(11,081,633)	(8,389,654)
<b>Net cash used in financing activities</b>		(1,145,543,150)	(370,289,199)
<b>Net decrease in cash and cash equivalents</b>		1,188,062	2,426,678
<b>Cash and cash equivalents at beginning of the period</b>		26,727,888	14,152,249
<b>Cash and cash equivalents at end of the period</b>		27,915,950	16,578,927


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



Chief Financial Officer



Chief Executive Officer



Director

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR NINE MONTHS ENDED SEPTEMBER 30, 2021

	Share capital	Unappropriated profit-revenue reserve	Non-Controlling interest	Total equity
	(Rupees)			
<b>Balance as at January 01, 2020 (Audited)</b>	3,864,717,790	10,939,558,934	27,802,426	14,832,079,150
Profit for the period	-	1,951,833,549	(108,395)	1,951,725,154
<b>Other comprehensive income for the period</b>	-	-	-	-
	-	1,951,833,549	(108,395)	1,951,725,154
<b>Transaction with owners of the Company</b>				
<b>Distributions</b>				
Final dividend 2019@ Rs. 2 per share	-	(772,938,558)	-	(772,938,558)
Interim dividend 2020@ Rs. 1.25 per share	-	(483,089,724)	-	(483,089,724)
	-	(1,256,028,282)	-	(1,256,028,282)
<b>Changes in ownership interests</b>				
Consideration paid by NCI for acquisition of shares	-	-	1,170,850	1,170,850
Disposal of share to NCI without a change in control	-	(7,984)	7,984	-
<b>Total changes in ownership interests</b>	-	(7,984)	1,178,834	1,170,850
<b>Total transactions with owners of the Company</b>	-	(1,256,036,266)	1,178,834	(1,254,857,432)
<b>Balance as at September 30, 2020 (Un-audited)</b>	3,864,717,790	11,635,356,217	28,872,865	15,528,946,872
<b>Balance as at January 01, 2021 (Audited)</b>	3,864,717,790	12,060,290,827	28,869,270	15,953,877,887
Profit for the period	-	1,230,846,317	(81,346)	1,230,764,971
Other comprehensive income for the period	-	-	-	-
	-	1,230,846,317	(81,346)	1,230,764,971
<b>Transaction with owners of the Company</b>				
<b>Distributions</b>				
Final dividend 2020@ Rs. 2.50 per share	-	(966,179,448)	-	(966,179,448)
<b>Changes in ownership interests</b>				
Consideration paid by NCI for acquisition of shares	-	-	9,460	9,460
Acquisition of share from NCI without change in control	-	(3,766)	3,766	-
<b>Total changes in ownership interests</b>	-	(3,766)	13,226	9,460
<b>Total transactions with owners of the Company</b>	-	(966,183,214)	13,226	(966,169,988)
<b>Balance as at September 30, 2021 (Un-audited)</b>	3,864,717,790	12,324,953,930	28,801,150	16,218,472,870

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



Chief Financial Officer



Chief Executive Officer



Director

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR NINE MONTHS ENDED SEPTEMBER 30, 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.

During the period, the Board of Directors of the Company approved the proposal for sale of land and other assets of the Subsidiary Company. The same was approved by the shareholders in the Extra Ordinary General Meeting held on June 26, 2021. However, sale of assets will be completed after signing and executing various agreements between the Subsidiary Company and the buyer. The Subsidiary Company is currently in process of finalisation of draft agreements.

## 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 1177 (I)/2021 dated September 13, 2021 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, 2022 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

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR NINE MONTHS ENDED SEPTEMBER 30, 2021

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.

## 3 SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

The accounting policies and the methods of computations adopted in the preparation of these condensed interim unconsolidated financial statements are consistent with those followed in the preparation of the Company's audited financial statements for the year ended December 31, 2020 except for changes described below. The changes in accounting policies are also expected to be reflected in the Company's financial statements as at and for the year ending December 31, 2021.

- (a) Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) effective from January 1, 2021. These relate to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities; hedge accounting; and disclosures. The Phase 2 amendments apply only to changes required by the interest rate benchmark reform to financial instruments and hedging relationships. Based on practical expedient provided in the said amendments, there will be no impact on the Company's financial statements.
- (b) COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) effective from April 01, 2021. The purpose of this amendment is to provide practical relief for lessees in accounting for rent concessions.

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after July 01, 2021:

- (a) Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after January 01, 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

- (b) The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after January 01, 2022.

-IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

-IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

-IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR NINE MONTHS ENDED SEPTEMBER 30, 2021

- (c) Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after January 01, 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.
- (d) Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 01, 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.
- (e) Classification of liabilities as current or non-current (Amendments to IAS 1) amendments apply retrospectively for the annual periods beginning on or after January 01, 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- (f) Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include.
- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, Other events or conditions are themselves material to a company's financial statements.
- The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted.
- (g) Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after January 01, 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.
- (h) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted.
- (i) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

The above amendments are not expected to have any material impact on the Company's financial statements.



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR NINE MONTHS ENDED SEPTEMBER 30, 2021

	Un-audited September 30, 2021	Audited December 31, 2020
	(Rupees)	
<b>4 SHARE CAPITAL</b>		
<b>4.1 Authorized share capital</b>		
405,000,000 (December 31, 2020: 405,000,000) ordinary shares of Rs.10 each	<b>4,050,000,000</b>	4,050,000,000
<b>4.2 Issued, subscribed and paid-up capital</b>		
386,471,779 (December 31, 2020: 386,471,779) ordinary shares of Rs.10 each fully paid in cash	<b>3,864,717,790</b>	3,864,717,790
<b>4.3</b> Saif Holdings Limited holds 135,021,262 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 62,250,857 shares held in the Company, as dividend in kind to its shareholders.

	Un-audited September 30, 2021	Audited December 31, 2020
	(Rupees)	
<b>5 SUB-ORDINATED LOAN - UNSECURED</b>		
Balance at January 01	<b>970,578,622</b>	1,071,637,650
Exchange loss capitalised	<b>49,425,732</b>	42,596,486
Repayment during the period/ year	<b>(135,567,348)</b>	(143,655,514)
	<b>884,437,006</b>	970,578,622
Current portion of subordinated loan	<b>(442,218,674)</b>	(415,962,907)
Balance at September 30/ December 31	<b>442,218,332</b>	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.

	Un-audited September 30, 2021	Audited December 31, 2020
	(Rupees)	
<b>6 LEASE LIABILITIES</b>		
Lease liabilities	<b>59,671,214</b>	61,167,931
Less: Current portion	<b>(17,532,450)</b>	(15,593,009)
Long term portion	<b>42,138,764</b>	45,574,922
 Movement of lease liabilities under IFRS 16 is as follows:		
Balance at January 01	<b>61,167,931</b>	62,181,777
Additions during the period/ year	<b>9,584,916</b>	13,766,339
Disposal during the period/ year	-	(2,198,227)
Interest	<b>3,915,182</b>	6,088,227
Payments during the period/ year	<b>(14,996,815)</b>	(18,670,185)
Balance at September 30/ December 31	<b>59,671,214</b>	61,167,931
Current portion of lease liabilities	<b>(17,532,450)</b>	(15,593,009)
Non-Current Portion of Lease Liabilities	<b>42,138,764</b>	45,574,922

**FOR NINE MONTHS ENDED SEPTEMBER 30, 2021**

**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 2022. 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).

**7.3** This represents loan secured by the Subsidiary Company from Saif Holdings Limited.

Letters of guarantee amounting to Rs. 3.92 billion (December 31, 2020: Rs. 4.22 billion) are available to the Company. These facilities are secured against the ranking charge over all present and future fixed assets amounting to Rs. 6.18 billion (December 31, 2020: Rs. 6.58 billion).

## 9 CONTINGENCIES AND COMMITMENTS

All contingencies and commitments are same as those disclosed in financial statements for the year ended December 31, 2020 except that the contingent liability in respect of Sui Northern Gas Pipelines Limited (SNGPL)'s claim on account of late payment by the Company against SNGPL's invoices of Regasified Liquefied Natural Gas (RLNG) has increased to Rs. 103.92 million (December 31, 2020: Rs. 100.24 million).

## 10 PROPERTY, PLANT AND EQUIPMENT

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR NINE MONTHS ENDED SEPTEMBER 30, 2021

		Un-audited September 30, 2021	Audited December 31, 2020
<b>11 RIGHT OF USE ASSETS</b>			(Rupees)
<b><u>COST</u></b>			
Balance at January 1		91,243,902	79,919,410
Additions		10,193,770	14,732,891
Disposals		-	(3,408,399)
Balance at September 30/ December 31		101,437,672	91,243,902
<b><u>DEPRECIATION</u></b>			
Balance at January 01		31,960,512	18,401,013
Charge for the period / year		12,627,550	14,695,632
Disposals		-	(1,136,133)
Balance at September 30/ December 31		44,588,062	31,960,512
Carrying amount		56,849,610	59,283,390
Rate of depreciation per annum (%)		10% to 20%	10% to 20%
<b>12 TRADE DEBTS</b>	Note		
National Transmission and Dispatch Company (NTDC)	12.1	13,409,386,313	11,363,291,153

**12.1** Trade debts include an overdue amount of Rs. 11.24 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.

Further to the disclosure made in financial statements for the year ended December 31, 2020 regarding execution of agreements between the Company, CPPA-G and NTDC, CPPA-G submitted revised tariff to NEPRA (related to ROE and ROEDC). The revised tariff was approved by NEPRA on April 2, 2021. However, this revised tariff as determined by NEPRA on April 2, 2021 as well as other revised agreement terms, including sharing of fuel and O&M savings, one-time detailed heat rate test and application of delayed payment rate are conditional upon payment of first installment of 40% as per the revised agreement, which the Government of Pakistan has not yet paid. Additionally, Arbitration Tribunal to decide the matter related to alleged excess profits has not been constituted yet.

**12.2** In 2012, an amount of Rs. 477.56 million (December 31, 2020: Rs. 477.56 million) relating to capacity purchase price was 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).

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.

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, the current Agreement Year (i.e. the 11th agreement year originally ending on April 30, 2021) has been extended by the disputed period of 43 days through Other Force Majeure Event (OFME). Such OFME period has commenced from the end of the 11th Agreement Year i.e. April 30, 2021 and has ended on June 11, 2021. Accordingly, Company has invoiced for OFME period to CPPA and CPPA has acknowledged the same. In

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR NINE MONTHS ENDED SEPTEMBER 30, 2021

consideration of this settlement 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. During the year ended December 31, 2020, arbitrator was appointed by LCIA. The hearing is scheduled in October 2021.

		Un-audited September 30, 2021	Audited December 31, 2020
	Note	(Rupees)	
<b>13 OTHER RECEIVABLES</b>			
Workers' Profit Participation Fund (WPPF) receivable		180,225,652	452,513,669
Sales tax receivable - net		200,736,298	160,490,674
Other receivables		705,034	1,819,205
		<b>381,666,984</b>	<b>614,823,548</b>
<b>14 ADVANCES - considered good</b>			
Advances to supplier	14.1	4,844,336	105,480,499
Advances to employees		4,094,382	259,966
		<b>8,938,718</b>	<b>105,740,465</b>
<b>14.1</b>	These include advance payment to SNGPL amounting to Rs. Nil (December 31, 2020: 101.61 million)		
<b>15 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
Prepayments		113,355,886	67,214,352
Security deposit		1,833,000	1,833,000
Current portion of long term deposits		3,442,810	2,640,860
		<b>118,631,696</b>	<b>71,688,212</b>
<b>16 CASH AND BANK BALANCES</b>			
Cash in hand		32,267	45,292
Cash at bank:			
Current accounts			
Local currency		2,158,724	2,814,639
Deposit accounts			
Local currency		14,863,312	13,026,440
Foreign currency	16.1	335,330	315,201
		<b>15,198,642</b>	<b>13,341,641</b>
Short term investment		10,526,316	10,526,316
		<b>27,915,949</b>	<b>26,727,888</b>

**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 NINE MONTHS ENDED SEPTEMBER 30, 2021

	Un-audited Three months ended		Un-audited Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
<b>17 TURNOVER - NET</b>	(Rupees)			
Gross Energy Purchase Price	6,606,299,092	2,549,699,057	11,896,438,093	4,241,833,863
Less: Sales tax	(944,385,175)	(370,469,095)	(1,713,037,854)	(616,334,835)
	5,661,913,917	2,179,229,962	10,183,400,239	3,625,499,028
Capacity Purchase Price	951,580,105	979,126,424	2,826,718,461	3,850,467,431
	6,613,494,022	3,158,356,386	13,010,118,700	7,475,966,459
<b>18 COST OF SALES</b>				
Raw material consumed	5,275,217,072	1,987,073,780	9,503,903,577	3,310,773,684
Operation and maintenance	336,001,040	288,181,245	858,312,483	730,930,778
Salaries and other benefits	15,861,690	14,405,000	52,523,578	47,577,227
Electricity charges	3,663,021	10,996,599	32,295,831	37,483,336
Insurance expense	45,984,144	51,267,698	144,195,737	141,283,555
Depreciation	151,743,383	151,828,043	454,434,613	455,360,808
Office expenses	493,683	303,143	1,224,679	895,497
Travelling, conveyance and entertainment	449,109	410,533	1,315,751	973,209
Repair and maintenance	18,375	3,369	699,189	21,269
Communication	44,371	11,029	76,311	41,935
	5,829,475,888	2,504,480,439	11,048,981,749	4,725,341,298
<b>19 FINANCE COST</b>				
Markup on short term borrowings	162,314,214	134,880,383	465,932,265	491,100,398
Markup on long term financing	-	-	-	26,696,717
Markup on sub-ordinated loan	6,838,212	8,791,310	20,879,236	34,213,700
Guarantee commission and arrangement fee	3,249,999	3,249,999	9,749,997	9,749,998
Markup on lease liabilities	1,263,861	1,353,954	3,915,182	4,734,045
Bank charges	67,921	134,696	326,677	322,026
Exchange loss/ (gain) - net	118,603,317	(31,279,411)	108,847,356	111,585,582
	292,337,524	117,130,931	609,650,713	678,402,466

## 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 Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

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

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

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

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR NINE MONTHS ENDED SEPTEMBER 30, 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			
	Note	Amortised cost	Amortised cost	Total	Level 1	Level 2	Level 3	Total
					(Rupees)			
<b>September 30, 2021</b>								
<b>Financial assets measured at fair value</b>		-	-	-	-	-	-	-
<b>Financial assets not measured at fair value</b>		20.2						
Long term deposits		6,545,960	-	6,545,960				
Trade debts	20.3	13,409,386,313	-	13,409,386,313	-	-	-	-
Other receivables	20.4	180,930,686	-	180,930,686	-	-	-	-
Advances to employees		4,094,382	-	4,094,382	-	-	-	-
Security deposits		1,833,000	-	1,833,000	-	-	-	-
Bank balances		27,915,949	-	27,915,949	-	-	-	-
<b>Total</b>		13,630,706,290	-	13,630,706,290	-	-	-	-
<b>Financial liabilities not measured at fair value</b>		20.2						
Sub-ordinated loan		-	884,437,006	884,437,006	-	-	-	-
Lease liabilities		-	59,671,214	59,671,214	-	-	-	-
Deferred liability - gratuity		-	2,265,536	2,265,536	-	-	-	-
Trade and other payables	20.5	-	2,057,754,265	2,057,754,265	-	-	-	-
Short term borrowings		-	6,939,562,793	6,939,562,793	-	-	-	-
Markup accrued		-	677,745,858	677,745,858	-	-	-	-
Unclaimed dividend		-	14,361,132	14,361,132	-	-	-	-
<b>Total</b>		-	10,635,797,804	10,635,797,804	-	-	-	-
<b>December 31, 2020</b>								
<b>Financial assets measured at fair value</b>		-	-	-	-	-	-	-
<b>Financial assets not measured at fair value</b>		20.2						
Long term deposits		5,545,660	-	5,545,660	-	-	-	-
Trade debts	20.3	11,363,291,153	-	11,363,291,153	-	-	-	-
Other receivables	20.4	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	-	-	-	-
<b>Total</b>		11,851,990,541	-	11,851,990,541	-	-	-	-
<b>Financial liabilities not measured at fair value</b>		20.2						
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	20.5	-	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	-	-	-	-
<b>Total</b>		-	9,562,236,335	9,562,236,335	-	-	-	-

20.2 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.

20.3 As explained in note 2.1.1, the requirements contained in IFRS-9 with respect to application of expected credit loss (ECL) model are not be applicable to the Company till June 30, 2022. Additionally, as mentioned in note 12.1, 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. The only difference in relation to fair valuation pertains to the interest on interest component as there is no interest on the overdue amounts of the accrued interest mentioned in note 12.1. This is covered by the aforesaid exemption related to ECL.

20.4 This excludes sales tax receivable.

20.5 This excludes withholding tax payable.

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR NINE MONTHS ENDED SEPTEMBER 30, 2021

## 21 RELATED PARTY TRANSACTIONS

Related parties comprise of Saif Holdings Limited, Saif Cement Limited, 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 consolidated financial statements are as follows:

	Un-audited September 30, 2021	Un-audited September 30, 2021
	(Rupees)	
<b>Transactions with related parties</b>		
<b>Saif Holdings Limited</b> <b>(34.94% shareholding-Common directorship)</b>		
Dividend	337,554,405	641,136,012
Issuance of share capital against cash by Saif Cement Limited	-	1,084,060
<b>Saif Textile Limited - Associated Company (Common directorship)</b>		
Dividend	250	325
<b>Akbar Kare Institution - Associated Company (Common directorship)</b>		
Donation made by the Company	4,500,000	4,500,000
<b>Wadaan Foundation - Associated Company (Common directorship)</b>		
Donation made by the Company	1,665,000	370,000
<b>Key Management Personnel</b>		
Directors' meeting fee	850,000	650,000
Dividend to Directors	63,663,375	43,882
Remuneration including benefits and perquisites	51,343,484	46,740,385
<b>Other Related Parties</b>		
Contribution to Saif Power Limited - Staff Gratuity Fund	393,541	9,275,095
	Un-audited September 30, 2021	Audited December 31, 2020
	(Rupees)	
<b>Balances with related parties</b>		
Payable to Saif Power Limited - Staff Gratuity Fund	6,209,148	393,541

## 22 OTHER

In July 2012, the Company along with other Independent Power Producers (IPPs) received a notice for inspection of its books of accounts under section 231 of the Companies Ordinance, 1984. The Company along with other IPPs filed Constitutional Petitions in High Courts and stay order was granted to the IPPs for same. Subsequently, hearings were also conducted in High Courts. The Honourable Lahore High Court accepted the Writ Petitions and decided the case in favour of IPPs in Writ Petition No. 20088/2012 along with other connected petitions vide judgment dated January 18, 2016. Last hearing related to this matter was conducted in the Honourable Islamabad High Court in May 2017. Thereafter, the case has not been heard.

## 23 NON-ADJUSTING EVENT AFTER REPORTING DATE

The Board of Directors proposed interim cash dividend of Rs.2 per share in their meeting held on October 28, 2021.

## 24 DATE OF AUTHORISATION

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



Chief Financial Officer



Chief Executive Officer



Director





## **SAIF POWER LIMITED**

1st Floor, Kashmir Commercial Complex (KCC),  
Fazal-ul-Haq Road, Block E, Blue Area, Islamabad.  
Tel: +92-51-2271378-83, Fax: +92-51-2277670  
[www.saifpower.com](http://www.saifpower.com)