



**NISHAT
CHUNIAN**
POWER LTD.

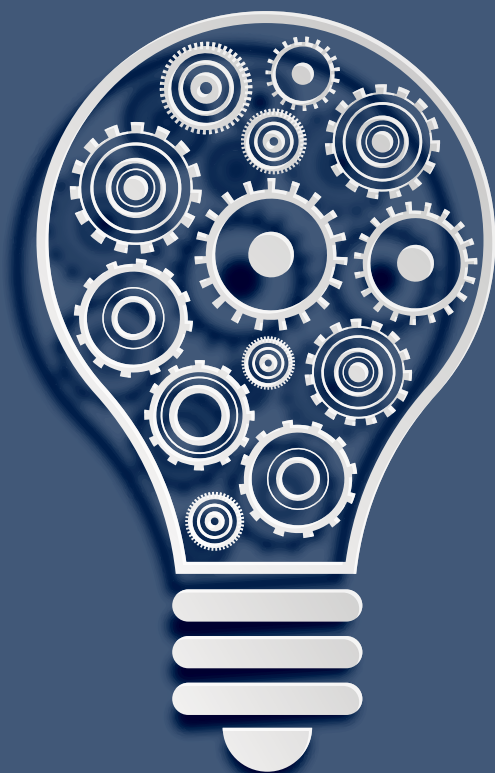
**Condensed Interim Financial Information
For the Quarter and Nine Month
Ended March 31,**

2022

(Un-audited)

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Company Information

Board of Directors:

Mr. Muhammad Ashraf
Chairman
Mr. Farrukh Ifzal
Chief Executive Officer
Mr. Aftab Ahmad Khan
Director
Mr. Muhammad Azam
Director
Mr. Babar Ali Khan
Director
Mr. Rehmat Naveed Elahi
Director
Mr. Mustaqeem Talish
Director
Ms. Samina Aslam
Director

AUDIT COMMITTEE AND HR & R COMMITTEE:

Mr. Muhammad Azam
Chairman
Mr. Aftab Ahmad Khan
Member
Mr. Rehmat Naveed Elahi
Member

CHIEF EXECUTIVE OFFICER:

Mr. Farrukh Ifzal

CHIEF FINANCIAL OFFICER:

Mr. Muhammad Bilal

COMPANY SECRETARY:

Mr. Syed Tasawar Hussain



BANKERS TO THE COMPANY:	Al Baraka Bank (Pakistan) Limited Allied Bank Limited Askari Bank Limited Bank Alfalah Limited BankIslami Pakistan Limited Dubai Islamic Bank Pakistan Limited Habib Bank Limited Habib Metropolitan Bank Limited MCB Bank Limited MCB Islamic Bank Limited Meezan Bank Limited National Bank of Pakistan Pak Oman Investment Company Limited Pak Libya Holding Company Limited The Bank of Punjab United Bank Limited
AUDITORS:	Riaz Ahmad & Company Chartered Accountants
LEGAL ADVISER:	Ahmad & Pansota Advocates & Solicitors
REGISTERED & HEAD OFFICE:	31-Q, Gulberg-II, Lahore, Pakistan. Phone : 042-35761730 Fax : 042-35878696-97 Web : www.nishat.net
SHARE REGISTRAR:	Hameed Majeed Associates (Pvt) Limited 1st Floor, H.M. House 7-Bank Square, Lahore Ph: 042-37235081-2 Fax: 042-37358817
PLANT:	66-Km, Multan Road, Pattoki Kasur.



DIRECTORS' REVIEW REPORT



Dear Shareholders

The Board is pleased to present the company's condensed interim un-audited financial information for the quarter and nine-month ended March 31, 2022. For the nine-month, turnover was PKR 15.57 billion (2021: PKR 8.39 billion) with a profit after tax of PKR 1.90 billion (2021: PKR 2.06 billion) and an Earning Per Share (EPS) of PKR 5.18 (2021: PKR 5.62).

Plant Performance

During the period ended March 31, 2022, the plant's capacity factor was 47.54% (2021: 30.51%) with an availability factor of 91.38% (2021: 98.16%). The Company dispatched 611,871 MWH (2021: 392,737 MWH) to Power Purchaser during this period.

Significant Development

As of March 31, 2022, Company's total receivables from Power Purchaser were PKR 17.60 billion, out of which PKR 13.72 billion were overdue. During the period, the Company received the first instalment of 40%, as per the Master Agreement, on Jan 06, 2022, amounting to PKR 5,848 million. The payment was made in cash, PIB and Ijara Sukuk of one-third each. After receiving the first payment, the Company has started giving tariff discounts on ROE and ROEDC components of the capacity tariff. As per the Master Agreement, the second instalment of 60% will be paid within six months of the first instalment.

Moreover, under the PPA Amendment Agreement between the Company and the Power Purchaser, the dispute relating to the withheld capacity payment of PKR 966 million, awarded by LCIA, has been settled during the period by extending the term of the PPA by 75 days. For further details, please refer to note 8 of the accompanying financial statements.

Acknowledgement

The Directors would take this opportunity to thank our valued shareholders who have trust in our Company and like to express their deep appreciation for the services, loyalty, and efforts rendered by the employees of the Company and hope that they will continue to do so in the future.

Dated: April 29, 2022

Chief Executive

Director



مجلس نظاماء کی جائزہ رپورٹ

محترم حصص داران،

مجلس نظاماء 31 مارچ، 2022 کو ختم ہونے والی سہ ماہی اور نو ماہی کے لئے غیر محاسب شدہ عبوری مالیاتی معلومات پیش کرنے پر بہ مسرت ہے۔ مذکورہ نو ماہی میں، فروخت 15.57 ارب (2021: 8.39 ارب)، بعد از ٹیکس منافع 1.90 ارب (2021: 2.06 ارب) اور فی حصص آمدنی (EPS) 5.18 روپے (2021: 5.62 روپے) رہی۔

پلانٹ کی کارکردگی

31 مارچ، 2022 کو ختم ہونے والی نو ماہی کے دوران، پلانٹ کا صلاحیتی عنصر 47.54 فیصد (2021: 30.51 فیصد) تھا۔ اس مدت میں پلانٹ کا کارکردگی کے لئے موجود رہنے کا عنصر 91.38 فیصد (2021: 98.16 فیصد) تھا۔ نو ماہی کے دوران، کمپنی نے 611,871 میگا واٹ بجلی (2021: 392,737 میگا واٹ) بجلی خریداری کی تھی۔

اہم پیشرفت

31 مارچ، 2022 پر، بجلی خریدار سے ہمارے وصولات 17.60 ارب ہیں، جن میں سے 13.72 ارب روپے زائد المعیاد ہیں۔ اس مدت میں کمپنی کو ماسٹر معاہدے کے تحت 06 جنوری، 2022 کو 40 فیصد کی پہلی قسط بہ مالیت 5,848 ملین روپے ادا کر دی گئی ہے۔ یہ قسط ایک تہائی نقد، ایک تہائی پی آئی بی اور ایک تہائی ایچ آر ایس پر مشتمل تھی۔ پہلی قسط وصول کرنے کے بعد کمپنی نے کیسٹی ٹیرف کے اجزا آراوامی (ROE) اور آراوامی ڈی سی (ROEDC) میں چھوٹ دینا شروع کر دی ہے۔ ماسٹر معاہدے کی رُو سے 60 فیصد کی دوسری قسط پہلی قسط کے ادا ہونے کے چھ (6) ماہ کے اندر اندر ادا ہو گئی۔

مزید برآں اس مدت میں، کمپنی اور بجلی خریدار کے مابین ہونے والے پی پی اے ترمیمی معاہدے کے تحت، پی پی اے معاہدے میں 75 دن کی توسیع کر کے ایل سی آئی اے کی طرف سے کمپنی کو ایوارڈ کردہ 966 ملین روپے کی رقم کا تنازعہ حل کر لیا گیا ہے۔ مزید تفصیلات کے لیے براہ کرم ہمارا مالی بیانات کے نوٹ نمبر 8 سے رجوع کریں۔

اظہار تشکر

مجلس نظاماء اس موقع پر ہمارے قابل قدر حصص داران کا شکریہ ادا کرتے ہیں جو کمپنی پر بھروسہ رکھتے ہیں اور اس کے ساتھ ساتھ کمپنی کے ملازمین کی خدمات، وفاداری، اور کوششوں کے لیے ان سے اظہار تشکر کرتے ہیں اور امید کرتے ہیں کہ وہ مستقبل میں اسی طرح کام کو جاری رکھیں گے۔

منجانب بورڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 29 اپریل، 2022



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2022 (UN-AUDITED)

	Note	Un-audited March 31, 2022 (Rupees in thousand)	Audited June 30, 2021
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
385,000,000 (2021: 385,000,000)			
ordinary shares of Rs 10 each		3,850,000	3,850,000
Issued, subscribed and paid-up share capital			
367,346,939 (2021: 367,346,939)			
ordinary shares of Rs 10 each		3,673,469	3,673,469
Revenue reserve - un-appropriated profit		19,705,136	17,801,761
TOTAL EQUITY		23,378,605	21,475,230
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing-secured	5	-	17,110
Deferred Income		-	181
		-	17,291
CURRENT LIABILITIES			
Trade and other payables		1,259,618	1,284,480
Accrued mark-up/profit		135,470	242,834
Short term loan from holding company - unsecured		-	-
Short term borrowings - secured		5,914,510	10,022,747
Current portion of non-current liabilities		25,951	34,615
Unclaimed dividend		17,061	18,276
		7,352,610	11,602,952
CONTINGENCIES AND COMMITMENTS	6	-	-
TOTAL EQUITY AND LIABILITIES		30,731,215	33,095,473

The annexed notes form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2022 (UN-AUDITED)

	Note	Un-audited March 31, 2022 (Rupees in thousand)	Audited June 30, 2021
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	9,478,692	9,856,214
Intangible assets		-	604
Long term loans to employees		1,143	1,736
Long term security deposits		100	100
		9,479,935	9,858,654
CURRENT ASSETS			
Stores and spares		475,790	393,040
Inventories		1,040,631	868,726
Trade debts	8	17,602,312	20,441,944
Loans, advances, deposits, prepayments and other receivables		1,575,024	870,443
Income tax receivable		57,310	52,902
Short term investments		355,541	311,931
Bank balances		144,672	297,833
		21,251,280	23,236,819
TOTAL ASSETS		30,731,215	33,095,473

DIRECTOR

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2022 (UN-AUDITED)

		Quarter Ended		Nine Month Ended	
	Note	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
(Rupees in thousand)					
Revenue From Contract					
With Customer		5,795,810	2,590,011	15,569,532	8,393,602
Cost of sales	9	(4,896,590)	(1,693,899)	(12,970,559)	(5,537,806)
Gross profit		899,220	896,112	2,598,973	2,855,796
Administrative expenses		(42,325)	(34,293)	(119,791)	(98,194)
Other expenses		(1,371)	-	(64,331)	-
Other operating income		39,708	10,706	106,730	27,520
Profit from operations		895,232	872,525	2,521,581	2,785,122
Finance cost		(157,493)	(234,827)	(618,206)	(722,049)
Profit before taxation		737,739	637,698	1,903,375	2,063,073
Taxation		2,813	-	-	-
Profit after taxation		740,552	637,698	1,903,375	2,063,073
Earnings per share - basic and diluted (Rupees)		2.02	1.74	5.18	5.62

The annexed notes form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2022 (UN-AUDITED)

	Quarter Ended		Nine Month Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	(Rupees in thousand)			
Profit after taxation	740,552	637,698	1,903,375	2,063,073
Other comprehensive income for the period				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Total comprehensive income for the period	740,552	637,698	1,903,375	2,063,073

The annexed notes form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2022 (UN-AUDITED)

	Share Capital	Revenue Reserve: Un-appropriated Profit	Total
	(Rupees in thousand)		
Balance as on July 1, 2020 (audited)	3,673,469	15,292,471	18,965,940
Profit for the period	-	2,063,073	2,063,073
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	2,063,073	2,063,073
Balance as on March 31, 2021 (un-audited)	3,673,469	17,355,544	21,029,013
Balance as on July 1, 2021 (audited)	3,673,469	17,801,761	21,475,230
Profit for the period	-	1,903,375	1,903,375
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	1,903,375	1,903,375
Balance as on March 31, 2022 (un-audited)	3,673,469	19,705,136	23,378,605

The annexed notes form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR



CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS ENDED MARCH 31, 2022 (UN-AUDITED)

		Nine Month Ended	
		March 31, 2022	March 31, 2021
	Note	(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	10	5,015,140	1,124,062
Finance cost paid		(727,835)	(894,073)
Net decrease in long term loans to employees		519	602
Income tax paid		(4,408)	(4,065)
Retirement benefits paid		(6,162)	(5,852)
Profit on bank deposit received		1,827	2,445
Net cash generated from operating activities		4,279,081	223,119
Cash flows from investing activities			
Capital expenditure on property, plant and equipment		(300,808)	(3,992)
Proceeds from disposal of property, plant and equipment		26,516	3,844
Short term investments made		(26,773)	(307,260)
Net cash used in investing activities		(301,065)	(307,408)
Cash flows from financing activities			
Proceeds from long term financing		-	51,641
Repayment of long term financing		(21,725)	(1,281,995)
Short term loans obtained from holding company		-	3,560,977
Repayment of short term loans from holding company		-	(2,793,355)
Dividend paid		(1,215)	(427)
Net cash used in financing activities		(22,940)	(463,159)
Net increase/(decrease) in cash and cash equivalents		3,955,076	(547,448)
Cash and cash equivalents at the beginning of the period		(9,724,914)	(9,702,665)
Cash and cash equivalents at the end of the period		(5,769,838)	(10,250,113)
Cash and cash equivalents			
Cash and bank balances		144,672	5,508
Short term borrowings - secured		(5,914,510)	(10,255,621)
		(5,769,838)	(10,250,113)

The annexed notes form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR



SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2022 (UN-AUDITED)

1 The Company And Its Operations

- 1.1** Nishat Chunian Power Limited ('the Company') is a public Company limited by shares incorporated in Pakistan on February 23, 2007 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company is a subsidiary of Nishat (Chunian) Limited. The Company's ordinary shares are listed on the Pakistan Stock Exchange Limited.
- 1.2** The principal activity of the Company is to build, own, operate and maintain a fuel fired power station having gross capacity of 200 MW and net capacity of 195.722 MW at Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan. The address of the registered office of the Company is 31-Q, Gulberg II, Lahore. On November 13, 2007, the Company entered into a Power Purchase Agreement ('PPA') with its sole customer, National Transmission and Dispatch Company Limited ('NTDC') for twenty-five years which commenced from July 21, 2010. The PPA has been extended by a period of 75 days as per the terms of PPA Amendment Agreement dated February 11, 2021 as referred to in note 1.3 to these condensed interim financial statements. On February 11, 2021, the Company, NTDC and Central Power Purchasing Agency (Guarantee) Limited ('CPPA-G' and also referred to as 'Power Purchaser') have entered into a 'Novation Agreement' to transfer the rights, obligations and liabilities of NTDC under the PPA (as amended by the 'PPA Amendment Agreement') in favour of CPPA-G.
- 1.3** The Company along with other Independent Power Producers has agreed to amend its existing contractual arrangements with Power Purchaser for the sale of electricity. In this respect, the Company entered into a 'Master Agreement' and a 'PPA Amendment Agreement' (hereinafter referred to as the 'Agreements') on February 11, 2021. Under these Agreements, the Company and CPPA-G have primarily agreed on the following matters that are subject to fulfilment of certain terms and conditions mentioned in the Agreements: mechanism of settlement of long outstanding receivables as at November 30, 2020 amounting to Rupees 14,619.019 million in two installments; discounts in tariff components; sharing of future savings in fuel and O&M; reduction in delayed payment rate; conversion of the PPA to 'Take and Pay Basis' subject to mutual agreement of the Parties when competitive trading arrangement is implemented and becomes fully operational; and amicable resolution of the disputes as detailed in note 6.1(iv), note 8.2 and note 8.3 to these condensed interim financial statements. During the reporting period, the Company has received Rupees 5,847.600 million out of total outstanding receivables as at November 30, 2020 under these Agreements.

2 BASIS OF PREPARATION

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

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2022 (UN-AUDITED)

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

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

These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2021. These condensed interim financial statements are un-audited.

3 Accounting Policies

The accounting policies and methods of computations adopted for the preparation of these condensed interim financial statements are same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended June 30, 2021.

4 Critical Accounting Estimates And Judgments

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended June 30, 2021.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2022 (UN-AUDITED)

	Note	Un-audited March 31, 2022 (Rupees in thousand)	Audited June 30, 2021
5. LONG TERM FINANCING-SECURED			
5.1 From Banking Companies			
Loan under SBP Refinance Scheme		25,419	49,409
Current portion shown under current liabilities		(25,419)	(32,299)
		-	17,110
5.2 The reconciliation of carrying amounts is as follows:			
Opening balance		49,409	1,288,251
Amount received during the period / year		-	51,641
Effect of discounting during the period / year		-	(4,652)
Present value of loan obtained during the period / year		-	46,989
Unwinding of discount during the period / year		2,529	5,090
Payments made during the period / year		(26,518)	(1,290,921)
		25,419	49,409
Current portion shown under current liabilities		(25,419)	(32,299)
		-	17,110

6 Contingency and Commitments

6.1 Contingencies

There are no changes in contingencies from the preceding annual published financial statements of the company for the year ended June 30, 2021 except for the following:

- i) Assistant Commissioner Inland Revenue ('ACIR') has raised a demand of Rupees 1,161.548 million through its order dated November 28, 2013 by disallowing input sales tax for the tax periods from July 2010 to June 2012. Such amount was disallowed on the grounds that the revenue derived by the Company on account of 'capacity purchase price' was against a non-taxable supply and thus, the entire amount of input sales tax claimed by the Company was required to be apportioned with only the input sales tax attributable to other revenue stream i.e. 'energy purchase price' admissible to the Company.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2022 (UN-AUDITED)

Against the aforesaid order, the Company preferred an appeal on December 10, 2013 before the Commissioner Inland Revenue (Appeals) ['CIR(A)'] who vacated the ACIR's order on the issue regarding apportionment of input sales tax. However, CIR(A) did not adjudicate upon the Company's other grounds of appeal. Consequently, the Company preferred an appeal on March 17, 2014 before the Appellate Tribunal Inland Revenue ('ATIR') on the issues not adjudicated upon by the CIR(A) and the Federal Board of Revenue ('tax department') also preferred an appeal on May 8, 2014 before the ATIR against the CIR(A)'s order. The ATIR decided the case in favour of the Company on September 11, 2018. However, the tax department filed a sales tax reference with Honourable Lahore High Court against the decision. The Honourable Lahore High Court, Lahore ('LHC') set aside the ATIR's judgment and remanded back the case. The company being aggrieved is in the process to file the leave for application before the Honourable Supreme Court of Pakistan. Since the LHC, in an other petition, has decided the case of apportionment in the favour of the Company, therefore there are strong grounds to believe that the case will be decided in favour of the Company. Therefore, no provision has been made in these condensed interim financial statements.

- ii) For the period July 2013 to June 2014, Company's case was selected for audit by the tax department, which selection was objected to, on jurisdictional basis, by Company by way of filing a writ petition before the LHC on November 20, 2015. While, the LHC has allowed the tax department to proceed with audit proceedings, it has been directed that no adjudication order, consequent to conduct of audit, shall be passed after confronting the audit report. The audit proceedings were completed by the tax department during the financial year 2016 and audit report thereof was submitted to the Company seeking explanations in regard to the issues raised therein. In the subject audit report, an aggregate amount of Rupees 631.769 million primarily including a disallowance of input sales tax of Rupees 622.263 million has been confronted. Such amount was disallowed on the grounds that the revenue derived by the Company on account of 'capacity purchase price' was against a non-taxable supply and thus, the entire amount of input sales tax claimed by the Company was required to be apportioned with only the input sales tax attributable to other revenue stream i.e. 'energy purchase price' admissible to the Company. The LHC through its order dated 9 January 2017 has allowed initiation of adjudication proceedings after issuance of audit report.

On May 17, 2017, the Deputy Commissioner Inland Revenue ('DCIR') issued a show cause notice as to why sales tax of the aforesaid amount of Rupees 631.769 million along with default surcharge should not be recovered from the Company. The Company filed a representation in this regard with the Chairman, Federal Board of Revenue. The Chairman, Federal Board of Revenue disposed of the case on the grounds that it did not invoke any provision of section 7 of the FBR Act 2007 as no issue of misadministration is involved therein. The Company then challenged the show cause notice before the LHC. The Honourable Lahore High Court declared on November 9, 2018 that the show cause notice was issued without having jurisdiction.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2022 (UN-AUDITED)

The tax department filed appeal before the Honourable Supreme Court of Pakistan. The Honourable Supreme Court of Pakistan decided the appeal in favour of tax department. On January 21, 2021, 'DCIR' issued notice to the Company requiring to submit reply of the show cause notice. The Company duly submitted its reply to the show cause notice. On 03 June 2021, DCIR passed an order wherein aggregate demand of Rupees 1,326.682 million including penalty and default surcharge was raised. The Company being aggrieved with the order of DCIR, preferred an appeal before the Commissioner Inland Revenue (Appeals) ('CIR(A)'). On December 31, 2021, CIR(A) passed an order wherein the disallowance of input sales tax amounting to Rupees 1.164 million has been confirmed and the remaining amount involved has been annulled/deleted. Being aggrieved by the decision of CIR(A), the Company has filed an appeal before Appellate Tribunal Inland Revenue. No further notice has been served by the department against the order passed by CIR(A). Based on favorable outcome of the matter, no provision has been made in these condensed interim financial statements.

iii) On 19 April 2021, DCIR issued show cause notice to the Company involving Rupees 223.773 million on account of input sales tax on capacity purchase price claimed by the Company for the period from July 2017 to January 2021. The Company challenged the jurisdiction of DCIR to issue show cause notice before the Honourable Lahore High Court, Lahore. On 31 May 2021, the Honourable Lahore High Court, Lahore directed the Company to file the reply of show cause notice issued by DCIR and ordered the DCIR to first determine the jurisdiction as raised by the Company. The Company filed its reply to show cause notice to DCIR. DCIR determined its jurisdiction to be lawful. On 03 August 2021, the DCIR passed an order where by a demand of Rupees 223.773 million was raised against the Company. Against the aforesaid order of DCIR, the Company preferred an appeal before CIR(A). In its order dated 10 November 2021, CIR(A) remanded back the case to DCIR. Since the CIR(A) remanded back the case without hearing the merits therefore the Company has also filed an appeal before Appellate Tribunal Inland Revenue that is pending adjudication. The management based on the advice of its legal council, has strong grounds to believe that the case will be decided in favour of the Company. Therefore, no provision has been made in these condensed interim financial statements.

iv) In March 2020, Committee for the Power Sector Audit, Circular Debt Resolution and Future Roadmap constituted by Ministry of Energy alleged that savings were made by the Independent Power Producers ('IPPs'), including the Company, in the tariff components. On February 11, 2021, the Company and CPPA-G have signed "Master Agreement" and "PPA Amendment Agreement" as detailed in note 1.3 to these condensed interim financial statements wherein it has been agreed that the abovementioned dispute will be resolved through arbitration under the 'Arbitration Submission Agreement' between the Company and GoP. On November 15, 2021, the Company has authorized GoP/CPPA-G to retain Rupees 8,360 million of its receivables until the Arbitration Tribunal renders the Award which shall be final and binding.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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

- v) Guarantees of Rupees 337.867 million (30 June 2021: Rupees 328.227 million) are given by the banks of the Company to Director, Excise and Taxation, Karachi under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess, Federal Board of Revenue and Punjab Revenue Authority in respect of stay granted by various Courts of Pakistan pertaining to pending tax cases.

	Note	Un-audited March 31, 2022 (Rupees in thousand)	Audited June 30, 2021
6.2. Commitments			
Commitments in respect of other than capital expenditure		276,949	83,245
7. Property, Plant And Equipment			
Operating fixed assets	7.1	9,098,585	9,625,622
Capital work-in-progress	7.2	178,437	1,844
Major spare parts and standby equipment		201,670	228,748
		9,478,692	9,856,214
7.1 Operating fixed assets			
Opening written down value		9,625,622	10,364,069
Additions during the period/year	7.1.1	151,295	65,863
		9,776,917	10,429,932
Written down value of disposals during the period/year		(52)	(366)
		9,776,865	10,429,566
Depreciation charged during the period/year		(678,280)	(803,944)
		9,098,585	9,625,622

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	Un-audited March 31, 2022 (Rupees in thousand)	Audited June 30, 2021
7.1.1 Following is the detail of additions during the period/year		
Plant & machinery	136,484	61,653
Computer equipment	1,229	1,166
Vehicles	13,070	3,044
Electric installation	99	-
Office equipment	187	-
Furniture and fittings	226	-
	151,295	65,863
7.2 Capital work-in-progress		
Plant & machinery	2,067	1,844
Advances for purchase of assets	176,370	-
	178,437	1,844
8 Trade debts		
Other than related parties - considered good	17,602,312	20,441,944

8.1 These represent trade receivables from CPPA-G and are considered good. These are secured by a guarantee from the Government of Pakistan (GoP) under the Implementation Agreement and are in the normal course of business and interest free, however, a delayed payment mark-up is charged in case the amounts are not paid within due dates.

8.2 Prior to signing of the 'Master Agreement' and 'PPA Amendment Agreement' as referred to in note 1.3 to these condensed interim financial statements, an amount of Rupees 966.166 million was included in trade debts relating to capacity revenue not acknowledged by Power Purchaser 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 Power Purchaser.

Since management considered that the primary reason for claiming these payments was that plant was available, however, it could not generate electricity due to non-payment by Power Purchaser, therefore, management believes that Company cannot be penalized in the form of payment deductions due to Power Purchaser's default of making timely

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payments under the PPA. Hence, the Company took up this issue in consultation with Power Purchaser and appointed an Expert for dispute resolution under the PPA.

During the financial year 2016, the Expert gave his determination whereby the aforesaid amount was determined to be payable to the Company by Power Purchaser. Pursuant to the Expert's determination, the Company demanded the payment of the aforesaid amount of Rupees 966.166 million from Power Purchaser. The Company filed a request for arbitration in the London Court of International Arbitration ('LCIA'), whereby an Arbitrator was appointed.

On October 29, 2017, the Arbitrator declared his Final Award whereby he ordered Power Purchaser to pay to the Company: i) Rupees 966.166 million pursuant to Expert's determination; ii) Rupees 224.229 million being Pre-award interest; iii) Rupees 9.203 million for breach of arbitration agreement; iv) Rupees 1.684 million and USD 612,311 for the Company's cost of proceedings; v) GBP 30,157 for Company's LCIA cost of arbitration and vi) Interest at KIBOR + 4.5% compounded semi-annually from the date of Final Award until payment of these amounts by Power Purchaser ("the Final Award"). On November 29, 2017, the Company filed an application before Lahore High Court for implementation / enforcement of Final Award that is pending adjudication. On prudence basis, the amounts other than the principal of Rupees 966.166 million were not recorded in these condensed interim financial statements.

On February 11, 2021, as part of the PPA Amendment Agreement as referred to in note 1.3 to these condensed interim financial statements, the Power Purchaser and the Company acknowledged that the dispute relating to withheld capacity payment of Rupees 966.166 million which was awarded by LCIA, has now been settled through the extended disputed period of 75 days which has been treated as an "Other Force Majeure Event" under the PPA that commenced on July 20, 2021 and ended on October 4, 2021. Consequently, the term of PPA has been extended by 75 days, till 04 October 2035. Further, Power Purchaser agreed to make certain payments to the Company, subject to certain terms, as compensation of the withheld capacity payments. In return, the Company agreed to forgo certain amounts declared under the Final Award as enumerated above. Further, subject to fulfilment of certain conditions, the Company and Power Purchaser agreed to file a joint application before the Lahore High Court for the withdrawal of the enforcement proceedings before the Honorable Lahore High Court.

Pursuant to the provisions of PPA Amendment Agreement as mentioned above, out of the recognized receivable of Rupees 966.166 million, the Company assessed that amount aggregating Rupees 174.487 million was no longer recoverable and therefore written off during the financial year ended June 30, 2021. Remaining amount of Rupees 791.679 million has been duly verified by CPPA-G.

- 8.3** On 29 July 2017, the Company instituted arbitration proceedings against CPPA-G / Government of Pakistan by filing a Request for Arbitration ('RFA') with the London Court of International Arbitration ('LCIA') (the 'Arbitration Proceedings') for disallowing delayed

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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payment charges on outstanding delayed payment invoices. On 25 July 2019, Final Partial Award was issued in favour of the Company. On September 12, 2019, the Memorandum of Corrections to the Final Partial Award has been issued which corrected the Final Partial Award to the amount of Rupees 1,518.767 million. On October 28, 2019, the Arbitrator declared his Final Award whereby he ordered CPPA-G to pay to the Company in addition to the amount determined in Final Partial Award: i) Rupees 332.402 million being interest on Final Partial Award; ii) Rupees 27.302 million as the costs awarded in the Award; iii) Rupees 7.675 million as the amount of the costs awarded in respect of Interim Award and iv) Interest at KIBOR plus 4.5% per annum compounded semi-annually from the date of Final Award until payment of these amounts by CPPA-G that worked out to Rupees 1,528.336 million upto March 31, 2022.

However, under the Master Agreement, the CPPA-G has agreed to ensure that all present and future invoices shall follow the PPA's mandated FIFO payment principle. As long as this principle is followed by the CPPA-G in relation to past and future payments, the Company in consideration thereof has agreed to forgo and waive all of its claims of delayed payment charges on delayed payment invoices and it shall withdraw all such invoices. However, this will have no impact on the existing revenue and receivables of the Company, as the Company has not recognized the income and corresponding receivable for the said amounts on prudence basis.

	Un-audited Quarter Ended		Un-audited Nine Month Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	(Rupees in thousand)			
9. Cost Of Sales				
Raw material consumed	4,449,012	1,369,658	11,784,491	4,521,431
Salaries and other benefits	39,894	31,242	106,803	103,355
Store, spares and loose tools consumed	99,646	16,860	172,839	66,430
Electricity consumed in - house	5,363	5,741	12,557	15,052
Insurance	56,292	58,682	171,432	179,466
Travelling and conveyance	6,387	4,801	17,728	14,242
Postage and telephone	940	861	2,773	2,653
Repair & Maintenance	3,108	6,224	11,954	11,336
Depreciation on operating fixed assets	232,542	195,324	675,265	608,819
Amortization on Intangible	-	903	602	2,710
Fee & Subscription	-	942	4,296	3,028
Miscellaneous	3,406	2,661	9,819	9,284
	4,896,590	1,693,899	12,970,559	5,537,806

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FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2022 (UN-AUDITED)

	Un-audited Nine Month Ended	
	March 31, 2022	March 31, 2021
	(Rupees in thousand)	
10. Cash Generated From Operations		
Profit before taxation	1,903,375	2,063,073
Adjustments for non-cash charges and other items:		
- Depreciation on operating fixed assets	678,280	610,858
- Amortization of intangible assets	602	2,943
- Amortization of deferred grant	(1,965)	(2,924)
- Gain on disposal of operating fixed assets	(26,464)	(3,844)
- Profit on bank deposits	(18,664)	(5,798)
- Provision for employee retirement benefits	6,162	5,852
- Finance cost	618,206	722,048
Cash flows generated from operating activities before working capital changes	3,159,532	3,392,208
Effect on cash flow due to working capital changes:		
(Increase)/ decrease in current assets:		
- Stores and spares	(82,750)	(13,698)
- Inventories	(171,905)	(615,193)
- Trade debts	2,839,632	(1,554,197)
- Loans, advances, deposits, prepayments and other receivables	(704,507)	(174,959)
	1,880,470	(2,358,047)
Increase/(decrease) in current liabilities:		
Trade and other payables	(24,862)	89,901
	1,855,608	(2,268,146)
	5,015,140	1,124,062

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FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2022 (UN-AUDITED)

11. Transactions With Related Parties

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

	Un-audited Quarter Ended		Un-audited Nine Month Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	(Rupees in thousand)			
i) Transactions:				
Holding company				
Common facilities cost	4,950	4,950	14,850	14,850
Reimbursement of expenses	263	384	739	1,009
Disbursement of loans	-	2,133,977	-	3,560,977
Repayment of loans	-	1,976,355	-	2,793,355
Mark up on loans	-	2,112	-	2,466
Associated undertaking				
Donations made	-	-	62,500	-
Key management personnel				
Remuneration to chief executive officer, directors and executives	20,554	12,447	58,834	46,087
Long term loan repayment	241	145	587	542
Mark up on loans	22	31	68	108
Consultancy charges	11,908	10,170	38,053	29,853
Post employment benefit plan				
Company's contribution to provident fund trust	2,158	2,013	6,162	5,850

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FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2022 (UN-AUDITED)

	Un-audited March 31, 2022 (Rupees in thousand)	Audited June 30, 2021
ii) Period end balances:		
Other related parties		
Loan to key management personnel	1,848	2,367

12. Recognized Fair Value Measurements - Financial Instruments

(i) Fair value hierarchy

Certain financial assets and financial liabilities are not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts. Judgements and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these condensed interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company classify its financial instruments into the following three levels. However, as at the reporting date, the Company has no such type of financial instruments which are required to be grouped into these levels. These levels are explained as under:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

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13. Financial Risk Management

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended June 30, 2021.

14 Date of authorization for issue

These condensed interim financial statements were authorized for issue on April 29, 2022 by the Board of Directors of the Company.

15 General

Figures have been rounded off to the nearest thousand of Rupees, unless otherwise stated.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR





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