

NISHAT POWER LIMITED



NPL-PSX/

February 27, 2023

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

SUB: **SUBMISSION OF FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

Dear Sir,

We have to inform you that the financial statements of Nishat Power Limited for the half year ended December 31, 2022 are being transmitted through PUCARS and is also available on Company's website.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Thanking you,

Yours truly,


**KHALID MAHMOOD CHOCHAN
COMPANY SECRETARY**



N I S H A T

NISHAT POWER LIMITED

Half Yearly Report

For the Period Ended
31 December, 2022



DELIVERING GROWTH AND EXCELLENCE





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Nishat Power Limited

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CORPORATE PROFILE

▶ CORPORATE PROFILE

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

CHIEF FINANCIAL OFFICER

Mr. Tanvir Khalid

COMPANY SECRETARY

Mr. Khalid Mahmood Chohan

BANKERS OF THE COMPANY

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

AUDITORS

Riaz Ahmad & Co.
Chartered Accountants

LEGAL ADVISOR

Cornelius, Lane & Mufti
Advocates & Solicitors

REGISTERED OFFICE

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

HEAD OFFICE

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

SHARE REGISTRAR

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

PLANT

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

DIRECTORS' REPORT

The Board of Directors of Nishat Power Limited (The Company) is pleased to present their report together with the Condensed Interim Financial Information for the half year ended December 31, 2022.

PRINCIPAL ACTIVITY:

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

FINANCIAL RESULTS:

During the period the Company had turnover of Rs 13,690 million (December 2021: Rs 9,871 million) against operating cost of Rs 11,383 million (December 2021: Rs 7,964 million) resulting in a gross profit of Rs 2,307 million (December 2021: Rs 1,907 million). The current period's net profit after tax amounts to Rs 2,043 million resulting earnings per share of Rs 5.77 compared to previous period's profit after tax of Rs 1,660 million and earnings per share of Rs 4.69.

During the period, the State Bank of Pakistan ('SBP') issued various directions whereby certain restrictions were imposed on imports of spare parts and consumable items due to scarcity of foreign exchange and difficult economic condition in the country. The Company has raised the matter with Power Purchaser and Private Power & Infrastructure Board ('PPIB') for resolution, however the Company continues to face challenges of timely availability of the required foreign exchange for import of parts for maintenances.

The Power Purchaser continues to default on its payment obligations. The Company took up the matter with the PPIB by giving notices of default pursuant to provisions of Power Purchase Agreement and Implementation Agreement.

Total receivables from Power Purchaser on December 31, 2022 stand at Rs 16,617 million (June 30, 2022: Rs 12,067 million), out of which overdue receivables are Rs 15,888 million (June 30, 2022: Rs 8,013 million).

OPERATIONAL RESULTS:

The plant operated at an optimal efficiency with 36.06% (December 2021: 45.35%) average capacity factor and dispatched 311 GWh (December 2021: 391 GWh) of electricity to the Power Purchaser during the period.

COMPOSITION OF BOARD:

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

COMMITTEES OF THE BOARD:

Audit Committee of the Board:

| Sr. # | Name of Directors |
|-------|---|
| 1 | Mr. Ahmad Aqeel – (Independent Director) - Chairman |
| 2 | Maleeha Humayun Bangash – (Independent Director) |
| 3 | Mr. Shahzad Ahmad Malik (Non-Executive Director) |

Human Resource and Remuneration Committee:

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

DIRECTORS' REMUNERATION:

The company does not pay remuneration to its non-executive directors including independent directors except for meeting fee. Aggregate amount of remuneration paid to executive and non-executive directors have been disclosed in note 12 of the annexed condensed interim financial statements.

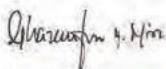
DIVIDEND:

The Board of Directors have approved an interim cash dividend of 20% i.e. Rupees 2 per share amounting to Rs 708.177 million for the period ended December 31, 2022.

ACKNOWLEDGEMENT:

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

For and on behalf of Board of Directors



Chief Executive Officer
Lahore: February 13, 2023



Director

مجلس نظماًء کی رپورٹ:

نشاط پاور لینڈ (کھنی) کی مجلس نظماًء 31 دسمبر 2022 کو ختم ہونے والی ششماہی کے لئے کھنی کی تجدید عبوری مالی معلومات معاونتی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتی ہے۔

بنیادی سرگرمی:

کھنی کی بنیادی سرگرمی حتمہ کلان تکمیل چوکی، مطلع قصور، پنجاب، پاکستان میں 200 میگا واٹ کی مجموعی صلاحیت کا حامل انجن ٹیکنالوجی پر مبنی ایندھن سے چلنے والا ذاتی پاور پلانٹ کی تعمیر، چلانا اور برقرار رکھنا ہے۔

مالیاتی اور آپریٹس نتائج:

کھنی کو مدت کے دوران 11,383 ملین روپے (دسمبر 2021 7,964 ملین روپے) کی آپریٹنگ لاگت کے عوض 13,690 ملین روپے (دسمبر 2021: 9,871 ملین روپے) آمدنی ہوئی، جس کے نتیجہ میں 2,307 ملین روپے (دسمبر 2021: 1,907 ملین روپے) کا مجموعی منافع ہوا ہے۔ موجودہ مدت کا بعد از تکمیل خالص منافع گزشتہ سال کی اسی مدت کے بعد از تکمیل منافع 1,660 ملین روپے اور 4.69 روپے فی شیئر آمدنی کے مقابلہ میں 2,043 ملین روپے اور 5.77 روپے فی شیئر آمدنی رہا ہے۔

اس عرصے کے دوران، اسٹیٹ بینک آف پاکستان (‘SBP’) نے مختلف ہدایات جاری کیں جن کے تحت غیر ملکی زر مبادلہ کی کمی اور ملک میں مشکل معاشی حالت کی وجہ سے اہمیت پائرس اور قابل استعمال اشیاء کی درآمد پر کچھ پابندیاں عائد کی گئیں۔ کھنی نے اس معاملے کو پاور پراجیکٹس اور پاور اینڈ انفراسٹرکچر بورڈ (PPIB) کے ساتھ حل کے لیے اٹھایا ہے، تاہم کھنی کو پلانٹ کی دیکھ بھال کے لیے پوزوں کی درآمد کے لیے مطلوبہ زر مبادلہ کی بروقت دستیابی کے چیلنجز کا سامنا ہے۔

پاور پراجیکٹس اور اینجلی کی ذمہ داریوں پر مسلسل نا اہمگی پر کار بند ہے۔ کھنی نے بجلی کی خریداری کے معاہدے اور Implementation Agreement کے تحت پاور پراجیکٹس اور ایندھن پائرس پاور اینڈ انفراسٹرکچر بورڈ (پنی پی آئی بی) کے ہاں معاملہ جاگڑا کیا ہے۔

31 دسمبر 2022 کو پاور پراجیکٹس سے کل واجب وصولی 16,617 ملین روپے (30 جون 2022: 12,067 ملین روپے) ہے، جن میں سے 15,888 ملین روپے (30 جون 2022: 8,013 ملین روپے) کی واجب الوصول رقم زائد الیعا ہے۔

کاروباری نتائج:

مدت کے دوران پلانٹ زیادہ سے زیادہ باکفایت کارکردگی پر چلایا گیا اور پاور پراجیکٹس کو اوسط کھنی عنصر 36.06 فیصد (دسمبر 2021 45.35 فیصد) صلاحیت کے ساتھ 311 GWh (دسمبر 2021: 391 GWh) بجلی ترسیل کی گئی۔

بورڈ کی ترتیب:

ڈائریکٹرز کی کل تعداد

| | |
|---|----------------------------------|
| 6 | (a) مرد |
| 1 | (b) عورت |
| | ترتیب |
| 2 | (i) آزاد ڈائریکٹرز |
| 4 | (ii) دیگر تان ایگزیکٹو ڈائریکٹرز |
| 1 | (iii) ایگزیکٹو ڈائریکٹرز |

| نمبر شمار | نام ڈائریکٹر |
|-----------|--|
| 1 | جناب احمد عقیل (آزاد ڈائریکٹر) چیئر مین |
| 2 | شمیمہ مایوں بخش (آزاد ڈائریکٹر) |
| 3 | جناب فقیر ادا احمد ملک (ٹان ایگزیکٹو ڈائریکٹر) |

یہ سب ریسورس اینڈ ریمونیٹیشن کمیٹی:

| نمبر شمار | نام ڈائریکٹر |
|-----------|---|
| 1 | جناب احمد عقیل (آزاد ڈائریکٹر) چیئر مین |
| 2 | میاں حسن منشا (ٹان ایگزیکٹو ڈائریکٹر) |
| 3 | جناب حفیظ حسین مرزا (ایگزیکٹو ڈائریکٹر) |

ڈائریکٹرز کا مشاہرہ:

کمیٹی نے آزاد ڈائریکٹرز سے اپنے ٹان ایگزیکٹو ڈائریکٹر کو اجلاس فیس کے علاوہ مشاہرہ ادا نہیں کرتی ہے۔ ایگزیکٹو اور ٹان ایگزیکٹو ڈائریکٹرز کو ادا کئے گئے مشاہرہ کی مجموعی رقم منسلک غیر منقولہ نمبر عبوری مالی حسابات کے نوٹ 12 میں منکشف کی گئی ہے۔


منافع منقسمہ

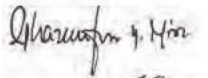
مجلس نظماً نے 20 فیصد عبوری نقد منافع منقسمہ یعنی کہ 2 روپے فی عام حصص 708.177 ملین روپے رقم کی منظوری کی ہے۔

اظہار تشکر:

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

برائے اور منجانب ڈائریکٹرز


ڈائریکٹر


چیف ایگزیکٹو

لاہور: 13 فروری 2023ء

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Nishat Power Limited

Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of NISHAT POWER LIMITED as at 31 December 2022 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended 31 December 2022 and 31 December 2021 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 2022.

Scope of Review

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

Conclusion

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

Other matter

The condensed interim financial statements for the half year ended 31 December 2021 and financial statements for the year ended 30 June 2022 were reviewed / audited by another firm of Chartered Accountants whose review report dated 22 February 2022 and auditor's report dated 06 September 2022 expressed unqualified conclusion / opinion.

The engagement partner on the review resulting in this independent auditor's review report is Atif Anjum.



RIAZ AHMAD & COMPANY

Chartered Accountants

Lahore

Date: 13 February 2023

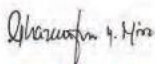
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CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Un-audited)

AS AT 31 DECEMBER 2022

| | Un-audited 31 December 2022 (Rupees in thousand) | Audited 30 June 2022 |
|--|---|----------------------------|
| EQUITY AND LIABILITIES | | |
| SHARE CAPITAL AND RESERVES | | |
| Authorized share capital 500,000,000 (30 June 2022: 500,000,000) ordinary shares of Rupees 10 each | 5,000,000 | 5,000,000 |
| Issued, subscribed and paid-up share capital 354,088,500 (30 June 2022: 354,088,500) ordinary shares of Rupees 10 each | 3,540,885 | 3,540,885 |
| Capital reserve | 2,973,078 | 3,153,633 |
| Revenue reserve - un-appropriated profit | 22,029,532 | 21,399,042 |
| TOTAL EQUITY | 28,543,495 | 28,093,560 |
| LIABILITIES | | |
| NON-CURRENT LIABILITY | | |
| Long term financing - secured | 4 | - |
| CURRENT LIABILITIES | | |
| Trade and other payables | 630,348 | 648,853 |
| Short term borrowings - secured | 844,421 | 4,487,946 |
| Accrued mark-up | 29,453 | 82,884 |
| Current portion of long term financing - secured | 4 | - |
| Unclaimed dividend | 21,636 | 20,144 |
| | 1,525,858 | 5,276,730 |
| TOTAL LIABILITIES | 1,525,858 | 5,276,730 |
| CONTINGENCIES AND COMMITMENTS | 5 | |
| TOTAL EQUITY AND LIABILITIES | 30,069,353 | 33,370,290 |

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



CHIEF EXECUTIVE

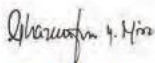


DIRECTOR



CHIEF FINANCIAL OFFICER

| | | Un-audited 31 December 2022 (Rupees in thousand) | Audited 30 June 2022 (thousand) |
|---|---|---|--|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Fixed assets | 6 | 8,399,752 | 8,503,711 |
| Long term investment | 7 | - | - |
| Long term loans | | 3,923 | 1,228 |
| | | <u>8,403,675</u> | <u>8,504,939</u> |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | | 923,610 | 891,851 |
| Inventories | | 2,788,470 | 4,172,155 |
| Trade debts | 8 | 15,953,719 | 11,533,456 |
| Advances, deposits, prepayments and other receivables | | 1,345,909 | 1,976,426 |
| Advance income tax - net of provision for taxation | | 53,082 | 50,624 |
| Short term investments | | 37,110 | 5,733,711 |
| Cash and bank balances | | 563,778 | 507,128 |
| | | <u>21,665,678</u> | <u>24,865,351</u> |
| TOTAL ASSETS | | <u>30,069,353</u> | <u>33,370,290</u> |



CHIEF EXECUTIVE



DIRECTOR

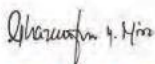


CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM
STATEMENT OF PROFIT OR LOSS (Un-audited)**
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

| | HALF YEAR ENDED | | QUARTER ENDED | |
|---|----------------------|---------------------|---------------------|---------------------|
| | 31 December 2022 | 31 December 2021 | 31 December 2022 | 31 December 2021 |
| Note | (Rupees in thousand) | | | |
| Revenue from contract with customer | 13,689,866 | 9,870,996 | 2,242,268 | 4,141,580 |
| Cost of sales | 9 (11,383,329) | (7,963,569) | (1,049,944) | (3,234,740) |
| Gross profit | 2,306,537 | 1,907,427 | 1,192,324 | 906,840 |
| Administrative expenses | (181,315) | (152,838) | (89,231) | (78,699) |
| Other expenses | (70,670) | (2,580) | - | (1,989) |
| | (251,985) | (155,418) | (89,231) | (80,688) |
| | 2,054,552 | 1,752,009 | 1,103,093 | 826,152 |
| Other income | 48,876 | 51,888 | 27,300 | 6,767 |
| Profit from operations | 2,103,428 | 1,803,897 | 1,130,393 | 832,919 |
| Finance cost | (59,787) | (144,249) | (29,888) | (88,318) |
| Profit before taxation | 2,043,641 | 1,659,648 | 1,100,505 | 744,601 |
| Taxation | (308) | - | (308) | - |
| Profit after taxation | 2,043,333 | 1,659,648 | 1,100,197 | 744,601 |
| Earnings per share - basic and diluted (rupees) | 5.77 | 4.69 | 3.11 | 2.10 |

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



CHIEF EXECUTIVE



DIRECTOR

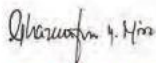


CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM
STATEMENT OF COMPREHENSIVE INCOME** (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

| | HALF YEAR ENDED | | QUARTER ENDED | |
|---|----------------------------------|---------------------|---------------------|---------------------|
| | 31 December 2022 | 31 December 2021 | 31 December 2022 | 31 December 2021 |
| | ----- (Rupees in thousand) ----- | | | |
| PROFIT AFTER TAXATION | 2,043,333 | 1,659,648 | 1,100,197 | 744,601 |
| OTHER COMPREHENSIVE INCOME | | | | |
| Items that will not be reclassified to profit or loss | - | - | - | - |
| Items that may be reclassified subsequently to profit or loss | - | - | - | - |
| Other comprehensive income for the period | - | - | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 2,043,333 | 1,659,648 | 1,100,197 | 744,601 |

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



CHIEF EXECUTIVE



DIRECTOR

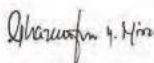


CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2022

| | SHARE CAPITAL | CAPITAL RESERVE - MAINTENAN CE RESERVE | REVENUE RESERVE - UN-APPROPRIATED PROFIT | TOTAL EQUITY |
|---|------------------|---|--|-----------------|
| (Rupees in thousand) | | | | |
| Balance as at 30 June 2021 - audited | 3,540,885 | 3,153,633 | 19,315,746 | 26,010,264 |
| Transaction with owners: | | | | |
| Final dividend for the year ended 30 June 2021 @ Rupees 1.5 per share | - | - | (531,133) | (531,133) |
| Profit for the period | - | - | 1,659,648 | 1,659,648 |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive income for the period | - | - | 1,659,648 | 1,659,648 |
| Balance as at 31 December 2021 - un-audited | 3,540,885 | 3,153,633 | 20,444,261 | 27,138,779 |
| Transaction with owners: | | | | |
| Interim dividend for the half year ended 31 December 2021 @ Rupees 2.0 per share | - | - | (708,177) | (708,177) |
| Profit for the period | - | - | 1,662,958 | 1,662,958 |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive income for the period | - | - | 1,662,958 | 1,662,958 |
| Balance as at 30 June 2022 - audited | 3,540,885 | 3,153,633 | 21,399,042 | 28,093,560 |
| Transactions with owners: | | | | |
| Final dividend for the year ended 30 June 2022 @ Rupees 2.5 per share | - | - | (885,221) | (885,221) |
| Interim dividend for the quarter ended 30 September 2022 @ Rupees 2.0 per share | - | - | (708,177) | (708,177) |
| | - | - | (1,593,398) | (1,593,398) |
| Profit for the period | - | - | 2,043,333 | 2,043,333 |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive income for the period | - | - | 2,043,333 | 2,043,333 |
| Transfer of maintenance reserve | - | (180,555) | 180,555 | - |
| Balance as at 31 December 2022 - un-audited | 3,540,885 | 2,973,078 | 22,029,532 | 28,543,495 |

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



CHIEF EXECUTIVE



DIRECTOR

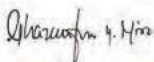


CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM
STATEMENT OF CASH FLOWS (Un-audited)**
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

| Note | HALF YEAR ENDED | |
|--|----------------------|---------------------|
| | 31 December 2022 | 31 December 2021 |
| | (Rupees in thousand) | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| CASH GENERATED FROM / (USED IN) OPERATIONS 10 | 97,283 | (780,609) |
| Finance cost paid | (113,218) | (128,901) |
| Income tax paid | (2,766) | (4,013) |
| Long term loans - net | (2,695) | 946 |
| Retirement benefit paid | (15,569) | (14,297) |
| Net cash used in operating activities | (36,965) | (926,874) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Capital expenditure on operating fixed assets | (275,246) | (120,955) |
| Investment made in subsidiary company | - | (1,750) |
| Purchase of short term investments | (36,510) | - |
| Proceeds from sale of short term investments | 5,662,641 | - |
| Proceeds from disposal of operating fixed assets | 288 | 43,405 |
| Profit on bank deposits received | 14,776 | 268 |
| Net cash from / (used in) investing activities | 5,365,949 | (79,032) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of long term financing | (36,903) | (36,903) |
| Dividend paid | (1,591,906) | (530,178) |
| Net cash used in financing activities | (1,628,809) | (567,081) |
| Net increase / (decrease) in cash and cash equivalents | 3,700,175 | (1,572,987) |
| Cash and cash equivalents at the beginning of the period | (3,980,818) | (3,239,461) |
| Cash and cash equivalents at the end of the period 11 | (280,643) | (4,812,448) |

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2022

1. THE COMPANY AND ITS OPERATIONS

- 1.1. Nishat Power Limited (the 'Company') is a public company limited by shares incorporated in Pakistan on 23 February 2007 under the repealed Companies Ordinance, 1984 (now, the Companies Act, 2017). The Company is a subsidiary of Nishat Mills Limited. The Company's ordinary shares are listed on the Pakistan Stock Exchange Limited.
- 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 in Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan. The address of the registered office of the Company is 53-A, Lawrence Road, Lahore. The address of the head office of the Company is 1-B, Aziz Avenue, Canal Road, Gulberg V, Lahore. The Company had a Power Purchase Agreement ('PPA') with its sole customer, National Transmission and Despatch Company Limited (NTDC) for twenty five years which commenced from 09 June 2010. On 12 February 2021, the Company entered into a Novation Agreement to the PPA with NTDC and Central Power Purchasing Agency (Guarantee) Limited ('CPPA-G' and also referred to as the 'Power Purchaser'), whereby, NTDC irrevocably transferred all of its rights, obligations and liabilities under the PPA to CPPA-G and thereafter, NTDC ceased to be a party to the PPA, and CPPA-G became a party to the PPA in place of NTDC. Further, on the same day, the Company entered into the PPA Amendment Agreement, whereby the Agreement Year that was ending on 8 June 2021 was extended by sixty eight (68) days to 15 August 2021. Therefore, the existing term of the PPA Agreement has been extended by sixty eight days to twenty five years and sixty eight days ending on 15 August 2035.

2. BASIS OF PREPARATION

- 2.1. 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:
- 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.

- 2.2. 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 30 June 2022. These condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Section 237 of the Companies Act, 2017.

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 30 June 2022.

3.1. 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 30 June 2022.

4. LONG TERM FINANCING - SECURED

Opening balance
Less: Repayments during the period / year

Less: Current portion shown under current liabilities

| Un-audited 31 December 2022 (Rupees in thousand) | Audited 30 June 2022 |
|---|----------------------------|
| 36,903 | 110,708 |
| (36,903) | (73,805) |
| - | 36,903 |
| - | (36,903) |
| - | - |

5. CONTINGENCIES AND COMMITMENTS

5.1. Contingencies

There is no significant change in the status of contingencies as disclosed in the preceding annual published financial statements of the Company for the year ended 30 June 2022 except for the following:

- i) On 28 April 2022, National Electric Power Regulatory Authority (NEPRA) issued a notice of hearing to all the RFO based IPPs under the 2002 Power Policy regarding application of highest lab tested Calorific Value (CV) for calculation of CV adjustment instead of average CV as per existing mechanism. The Company vide its letter dated 16 May 2022 replied to NEPRA to refrain from re-initiating the subject proceedings which has already been finalized and implemented by NEPRA vide its letter dated 01 September 2021. Contrary to the reply of the Company, NEPRA held its hearing on 17 May 2022 and verbally directed to the Company to provide its comments in 15 days failing which the proceedings would be concluded on ex-parte basis. Against the directions of NEPRA, the Company filed a petition in Honourable Lahore High Court, Lahore (LHC) on 06 June 2022, for restraining NEPRA to take any adverse action in this regard, which is pending adjudication. LHC vide its interim order dated 06 June 2022, suspended the impugned notice of hearing. On 18 November 2022, NEPRA determined that although CV adjustment is computed on the basis of average of two CV results, the said CV adjustment shall be subject to the final outcome of the suit pending before LHC. The management based on the advice of its legal counsel, has strong grounds to believe that the case will be decided in favour of the Company. Further, its financial impact cannot be reasonably estimated at this stage, therefore, no provision has been made in these condensed interim financial statements.
- ii) On 16 March 2020, Committee for the Power Sector Audit, Circular Debt Resolution and Future Roadmap constituted by Ministry of Energy issued a report through which it was alleged that savings were made by the Independent Power Producers ("IPPs"), including the Company, in the tariff components. The Company rejected such claims, and discussions were made with Government of Pakistan ("GoP") to resolve the dispute. On 12 February 2021, the Company and CPPA-G have signed 'Master Agreement' and 'PPA Amendment Agreement' 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 15 June 2022, the Company and GoP have signed the Arbitration Submission Agreement. During the half year ended 31 December 2022, Arbitration Tribunal has been constituted under the terms of 'Arbitration Submission Agreement'. 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.
- iii) Letter of guarantee of Rupees 11.5 million (30 June 2022: Rupees 11.5 million) and Rupees 12.4 million (30 June 2022: Rupees 6.9 million) in favour of Director Excise and Taxation, Karachi, under directions of Sindh High Court and Supreme Court of Pakistan respectively, in respect of suit filed for levy of infrastructure cess.
- iv) Letter of guarantee of Rupees Nil (30 June 2022: Rupees 1 million) in favour of Collector of Customs, Lahore and Rupees 31.61 million (30 June 2022: Rupees 31.61 million) in favour of Collector of Customs, Karachi under directions of Lahore High Court and Sindh High Court, in respect of suit filed for concessionary rate of duty under Customs Act, 1969.

5.2. Commitments

- i) Letters of credit and contracts for other than capital expenditure aggregating to Rupees 519.86 million (30 June 2022: Rupees 135.41 million).
- ii) Post dated cheques ("PDC") amounting to Rupees 14.69 million (30 June 2022: Rupees 13.43 million) issued in favour of Collector of Customs, Lahore on orders of Lahore High Court with respect to differential custom duties case. These PDCs may become encashable if Lahore High Court decides against the Company. Based upon the advice of Company's legal counsel, the management is confident that Lahore High Court will decide in favour of the Company.

6. FIXED ASSETS

Operating fixed assets (Note 6.1)
Capital work-in-progress (Note 6.3)
Major spare parts and standby equipment

| Un-audited 31 December 2022 (Rupees in thousand) | Audited 30 June 2022 |
|---|----------------------------|
|---|----------------------------|

| | |
|------------------|------------------|
| 8,139,542 | 8,087,216 |
| 1,905 | 6,686 |
| 258,305 | 409,809 |
| 8,399,752 | 8,503,711 |

6.1. Operating fixed assets

Opening book value
Add: Cost of additions during the period / year (Note 6.2)
Less: Book value of disposals / derecognitions during the period / year
Less: Depreciation charged during the period / year

| | |
|------------------|------------------|
| 8,087,216 | 8,732,332 |
| 431,531 | 130,692 |
| (260) | (5,694) |
| (378,945) | (770,114) |
| 8,139,542 | 8,087,216 |

| | Un-audited 31 December 2022 | Audited 30 June 2022 |
|---|-----------------------------------|----------------------------|
| | (Rupees in thousand) | |
| 6.2. Cost of additions | | |
| Freehold land | - | 98,146 |
| Buildings and roads on freehold land | - | 525 |
| Plant and machinery | 416,919 | 9,395 |
| Computer equipment | 4,978 | 2,864 |
| Furniture and fixtures | 480 | 320 |
| Office equipment | 313 | 1,027 |
| Vehicles | 8,841 | 18,415 |
| | 431,531 | 130,692 |
| 6.3. Capital work-in-progress | | |
| Civil works | 1,905 | 1,624 |
| Advances against purchase of vehicles | - | 5,062 |
| | 1,905 | 6,686 |
| 7. LONG TERM INVESTMENT | | |
| 7.1 Investment in Nishat Energy Limited | | |
| 250,000 (30 June 2022: 250,000) fully paid ordinary shares of Rupees 10 each [Equity held 25% (30 June 2022: 25%)] - Cost | - | - |
| | - | - |

The Company directly holds 250,000 fully paid ordinary shares of Rupees 10 each, in its associate, Nishat Energy Limited ("NEL"), representing its 25% equity. NEL is an unquoted public company limited by shares incorporated in Pakistan to build, own, operate and maintain a coal fired power station. The address of the registered office of NEL is 1-B, Aziz Avenue, Canal Bank, Gulberg V, Lahore. NEL is no longer considered a going concern by its management and hence, the investment is fully impaired.

| | Un-audited 31 December 2022 | Audited 30 June 2022 |
|--|-----------------------------------|----------------------------|
| | (Rupees in thousand) | |
| 8. TRADE DEBTS | | |
| Other than related parties - considered good | 15,953,719 | 11,533,456 |

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, delayed payment mark-up at the rate of three months KIBOR plus 2.00% per annum for first sixty days and three months KIBOR plus 4.50% per annum after first sixty days, each compounded semi-annually, is charged in case the amounts are not paid within due dates. The rate of delayed payment mark-up charged during the period on outstanding amounts ranged from 16.70% to 20.53% (30 June 2022: 11.53% to 19.49%) per annum. Trade debts include unbilled receivables of Rupees 1,255.294 million (30 June 2022: Rs 4,574.509 million).

8.2. Prior to signing of 'Master Agreement' and 'PPA Amendment Agreement' an amount of Rupees 816.033 million was included in trade debts in previous years relating to capacity revenue not acknowledged by NTDC/CPPA-G and the Company had contested it at various forums including arbitration in the London Court of International Arbitration ("LCIA").

On 29 October 2017, the Arbitrator declared his Final Award whereby he ordered NTDC/CPPA-G to pay certain amounts to the Company. Thereafter, on 29 November 2017, Company filed an application before Lahore High Court for implementation/enforcement of Final Award that is pending adjudication.

On 12 February 2021, as part of the PPA Amendment Agreement as referred to in note 1.2 to these condensed interim financial statements, the CPPA-G and the Company settled the dispute through the extension period of 68 days treated as "Other Force Majeure Event" ("OFME") under the PPA. Further, CPPA-G agreed to make certain payments to the Company, subject to certain terms, as compensation of the withheld capacity payments. In return, the Company agreed to forgo certain amounts declared under the Final Award. Further, subject to fulfillment of certain conditions, the Company and CPPA-G agreed to file a joint application before the Lahore High Court for the withdrawal of the enforcement proceedings before the Honorable Lahore High Court, Lahore.

Pursuant to the provisions of PPA Amendment Agreement as mentioned above, out of the recognized receivable of Rupees 816.033 million, the Company assessed that amount aggregating Rupees 141.470 million was no longer recoverable and therefore written off during the financial year ended 30 June 2021. Remaining amount of Rupees 674.563 million had been duly verified by CPPA-G and received by the Company.

The Company and CPPA-G are in the process of filing a joint application before the Lahore High Court, Lahore for the withdrawal of the enforcement proceedings.

| (Un-audited) | | | |
|---------------------|---------------------|---------------------|---------------------|
| HALF YEAR ENDED | | QUARTER ENDED | |
| 31 December 2022 | 31 December 2021 | 31 December 2022 | 31 December 2021 |

----- (Rupees in thousand) -----

9. COST OF SALES

| | | | | |
|---|-------------------|------------------|------------------|------------------|
| Raw materials consumed | 10,207,585 | 7,180,608 | 531,663 | 2,844,373 |
| Salaries and other benefits | 157,564 | 139,739 | 77,108 | 68,157 |
| Repairs and maintenance | 20,736 | 12,331 | 15,647 | 8,805 |
| Stores, spares and loose tools consumed | 370,848 | 73,782 | 131,100 | 38,909 |
| Electricity consumed in-house | 28,421 | 15,687 | 24,153 | 10,727 |
| Insurance | 181,006 | 139,680 | 90,864 | 69,801 |
| Travelling and conveyance | 20,688 | 12,124 | 12,571 | 6,402 |
| Printing and stationery | 650 | 415 | 299 | 179 |
| Postage and telephone | 424 | 323 | 164 | 190 |
| Vehicle running expenses | 4,534 | 2,468 | 2,198 | 1,222 |
| Entertainment | 1,004 | 1,395 | 445 | 878 |
| Depreciation on fixed assets | 347,393 | 354,029 | 141,132 | 167,993 |
| Fee and subscription | 2,705 | 2,622 | 1,249 | 1,425 |
| Miscellaneous | 39,771 | 28,366 | 21,351 | 15,679 |
| | 11,383,329 | 7,963,569 | 1,049,944 | 3,234,740 |

(Un-audited)

| HALF YEAR ENDED | |
|---------------------|---------------------|
| 31 December 2022 | 31 December 2021 |

(Rupees in thousand)

10. CASH GENERATED FROM / (USED IN) OPERATIONS

| | | | |
|---|--|------------------|------------------|
| Profit before taxation | | 2,043,641 | 1,659,648 |
| Adjustments for non-cash charges and other items: | | | |
| Depreciation on operating fixed assets | | 378,945 | 384,862 |
| Profit on bank deposits | | (20,906) | (268) |
| Finance cost | | 59,787 | 144,249 |
| Provision for employee retirement benefits | | 15,569 | 14,297 |
| Impairment loss on investment in subsidiary company | | - | 1,750 |
| Loss on sale of short term investments | | 70,470 | - |
| Exchange (gain) / loss | | (3,295) | 830 |
| Gain on disposal of operating fixed assets | | (28) | (38,875) |
| Cash flows from operating activities before working capital changes | | 2,544,183 | 2,166,493 |

Working capital changes

(Increase) / decrease in current assets:

| | | |
|---|---------------|------------------|
| Stores, spares and loose tools | (31,759) | 3,049 |
| Inventories | 1,383,685 | (1,690,483) |
| Trade debts | (4,420,263) | (760,546) |
| Advances, deposits, prepayments and other receivables | 636,647 | (277,613) |
| | (2,431,690) | (2,725,593) |
| Decrease in trade and other payables | (15,210) | (221,509) |
| | 97,283 | (780,609) |

11. CASH AND CASH EQUIVALENTS

| | | |
|---------------------------------|------------------|--------------------|
| Cash and bank balances | 563,778 | 127,404 |
| Short term borrowings - secured | (844,421) | (4,939,852) |
| | (280,643) | (4,812,448) |

12. TRANSACTIONS WITH RELATED PARTIES

The related parties include the holding company, 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:

| Nature of relationship | Nature of transactions | (Un-audited) | | | |
|--|---|---------------------|---------------------|-----------------------------------|----------------------------|
| | | HALF YEAR ENDED | | QUARTER ENDED | |
| | | 31 December 2022 | 31 December 2021 | 31 December 2022 | 31 December 2021 |
| ------(Rupees in thousand)----- | | | | | |
| i) Holding company | Dividends paid | 812,848 | 270,949 | 812,848 | 270,949 |
| ii) Entities on the basis of common directorship | Purchases of goods and services | 64,358 | 43,231 | 36,470 | 23,090 |
| | Rental expense | 864 | 5,592 | - | 2,477 |
| | Insurance premium | 180,109 | 138,852 | 90,290 | 67,484 |
| iii) Group entity | Interest on deposit accounts | 19,070 | 268 | 10,774 | 255 |
| | Insurance premium | 4,380 | 2,994 | 2,196 | 2,994 |
| iv) Post employment benefit plan | Expense charged in respect of retirement benefit plan | 15,569 | 14,297 | 7,743 | 7,124 |
| v) Key management personnel | Remuneration | 12,860 | 12,146 | 6,854 | 6,648 |
| | | | | Un-audited 31 December 2022 | Audited 30 June 2022 |
| (Rupees in thousand) | | | | | |

Period end balances:

Payable to related parties

| | | |
|---|-------|-------|
| - Companies on basis of common directorship | 117 | 91 |
| - Group entity | 2,331 | 3,133 |

Bank deposits with related parties

| | | |
|----------------|---------|---------|
| - Group entity | 562,578 | 505,564 |
|----------------|---------|---------|

Receivable from related parties

| | | |
|---|--------|--------|
| - Companies on basis of common directorship | 28,715 | 29,322 |
|---|--------|--------|

13. 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 recognised 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 maximise 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.

14. 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 30 June 2022.

15. EVENT AFTER THE REPORTING PERIOD

The Board of Directors has approved an interim cash dividend for the period ended 31 December 2022 of Rupees 2 per share at their meeting held on 13 February 2023. These condensed interim financial statements do not include the effect of the above dividend which will be accounted for in the period in which it is approved.

16. CORRESPONDING FIGURES

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

Corresponding figures have been re-arranged and reclassified, wherever necessary for the purpose of comparison, however, no significant re-arrangements and reclassifications have been made in these condensed interim financial statements.

17. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on 13 February 2023.

18. GENERAL

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



N I S H A T

NISHAT POWER LIMITED

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