



**NISHAT
CHUNIAN**
POWER LTD.

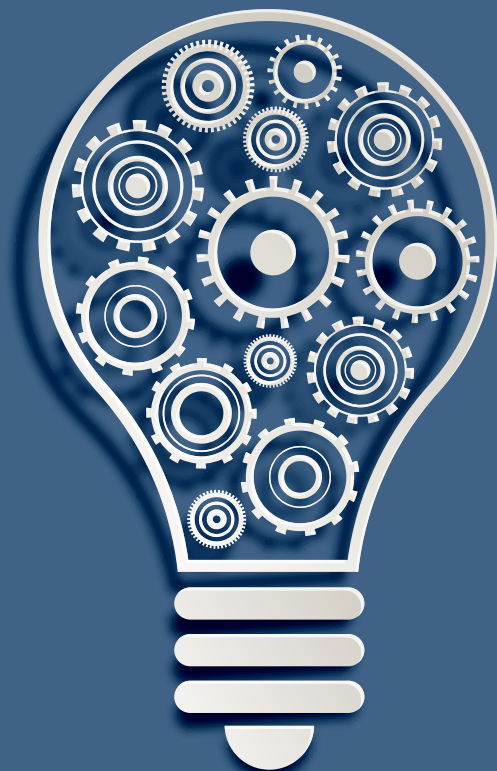
**Condensed Interim Financial Information
for the Quarter and Nine Months Ended March 31,**

2023

(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 months ending March 31, 2023. For the nine months, turnover was PKR 13.87 billion (2022: PKR 15.57 billion) with a profit after tax of PKR 2.73 billion (2022: PKR 1.90 billion) and an Earning Per Share (EPS) of PKR 7.44 (2022: PKR 5.18).

Plant Performance

During the 9 months ended March 31, 2023, the plant's capacity factor was 21.50% (2022: 47.54%) with an availability factor of 89.43% (2022: 91.38%). The Company dispatched 275,703 MWH (2022: 611,871 MWH) to Power Purchaser during this period.

Significant Development

On June 30, 2022, the company along with the other IPPs received the 2nd and the last instalment under the Master Agreement within six months of the first instalment as agreed. The concessions given by IPPs, including the company, under the Master Agreement and PPA Amendment Agreement have become effective.

In accordance with the Arbitration Submission Agreement ('ASA'), the IPPs under the 2002 Power Policy and GOP have nominated their Arbitrators and these two nominated Arbitrators have appointed the third Arbitrators who is the former President of the UK Supreme Court. Arbitration Tribunal so constituted has initiated the arbitration proceedings. We believe that there are strong grounds that the matter will ultimately be decided in Company's favour. For further details, please refer to note 6.1(iii) of the accompanying financial statements.

Circular Debt

Despite receiving the payment pursuant to the Master Agreement, the Circular Debt is still a major issue for companies operating in the power sector. The Power Purchaser continues to default on its obligations of making timely payments. The Company took up the matter with the Power Purchaser and Private Power & Infrastructure Board ('PPIB') by giving notices of default pursuant to provisions of the Power Purchase Agreement and Implementation Agreement. As of March 31, 2023, our total receivables from Power Purchaser have surged to PKR 15.17 billion, out of which PKR 12.95 billion are overdue.

Acknowledgment

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 27, 2023

Chief Executive

Director



مختصر مہص داران

بورڈ 31 مارچ 2023 کو ختم ہونے والی سہ ماہی اور نو ماہی کے لئے غیر محاسب شدہ عبوری مالیاتی معلومات پیش کرنے پر خوش ہے۔ نو ماہی کے دوران، فروخت 13.87 ارب (2022: 15.57 ارب)، بعد ازیکس منافع 2.73 ارب (2022: 1.90 ارب) اور فی شیئر آمدنی 7.44 (2022: 5.18) روپے ہے۔

کارکردگی

مختصر نو ماہی 31 مارچ 2023 کے دوران، پلانٹ کا صلاحیتی عنصر 21.50 فیصد (2022: 47.54 فیصد) رہا جبکہ نو ماہی کے دوران پلانٹ کا بجلی کی پیداوار کے لئے موجود رہنے کا عنصر 89.43 فیصد (2022: 91.38 فیصد) رہا۔ نو ماہی کے دوران کمپنی نے 275,703 میگا واٹ (2022: 611,871 میگا واٹ) بجلی کا پاور خریدار کو بیچی۔

اہم پیشرفت

ماسٹر معاہدے کے تحت کیے گئے اتفاق کے مطابق 30 جون 2022 کو، کمپنی اور دوسرے آئی پی پی پیز نے معاہدے کی دوسری اور آخری قسط پہلی قسط کی وصولی کی چھ ماہ کے اندر موصول کر لی ہے جس کے بعد ماسٹر معاہدے اور پی پی آئی اے ترمیمی معاہدے کے تحت یعنی سمیت دیگر آئی پی پیز کی جانب سے دی گئی رعایتیں موثر ہو گئی ہیں۔

ثالثی معاہدے کے مطابق، 2002 کی پاور پالیسی والے آئی پی پی پیز اور GOP نے اپنے ثالثوں کو نامزد کر لیا ہے۔ دو نامزد ثالثوں نے ثالثی معاہدے کی شرائط کے مطابق تیسرے ثالث کا تقرر کر لیا ہے جو برطانیہ کی سپریم کورٹ کے سابق صدر ہیں۔ تشکیل کردہ ثالثی ٹریبونل نے ثالثی کارروائی شروع کر دی ہے۔ ہمیں یقین ہے کہ اس بات کی مضبوط بنیادیں ہیں کہ اس معاملے کا فیصلہ بالآخر کمپنی کے حق میں ہوگا۔ مزید تفصیلات کے لیے، براہ کرم ملحق مالی بیانات کے نوٹ 6.1(iii) سے رجوع کریں۔

گردشی قرضے

ماسٹر معاہدے کے تحت کی جانے والی وصولی کے باوجود گردش قرضے بجلی کے شعبے میں کام کرنے والی کمپنیوں کے لئے ہمیشہ ایک اہم مسئلہ رہے ہیں۔ بجلی خریدار بروقت ادائیگی کرنے کی اپنی ذمہ داری میں مسلسل ناکام ہے۔ کمپنی زائد المعیاد وصولیوں کے معاملے کو بجلی خریدار اور پرائیویٹ پاور انفراسٹرکچر بورڈ کے ساتھ بجلی خریدار معاہدے اور نفاذ معاہدے کے تحت دیے جانے والے ڈیفالٹ نوٹس کے ذریعے اٹھانے ہوئے ہے۔ 31 مارچ 2023 تک، پاور خریدار سے ہمارے وصولات 15.17 ارب ہو چکے ہیں، جس میں سے 12.95 ارب زائد المعیاد ہیں۔

اظہار تشکر

مجلس نظماء اس موقع پر ہمارے قابل قدر مہص داران کا شکریہ ادا کرتی ہے 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 کرتی ہیں اور امید کرتی ہے کہ وہ مستقبل میں اسی طرح کام کو جاری رکھیں گے۔

تاریخ: 27 اپریل 2023

ڈائریکٹر

چیف ایگزیکٹو



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2023 (UN-AUDITED)

	Note	Un-audited March 31, 2023 (Rupees in thousand)	Audited June 30, 2022
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 385,000,000 (2022: 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 (2022: 367,346,939) ordinary shares of Rs 10 each		3,673,469	3,673,469
Revenue reserve - un-appropriated profit		19,363,760	20,305,494
TOTAL EQUITY		23,037,229	23,978,963
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing-secured	5	-	-
Deferred Income		-	-
CURRENT LIABILITIES			
Trade and other payables		1,148,125	1,015,745
Accrued mark-up/profit		151,379	202,300
Short term loan from holding company - unsecured		-	-
Short term borrowings - secured		5,068,653	10,851,726
Current portion of non-current liabilities		-	17,291
Unclaimed dividend		34,644	16,563
		6,402,801	12,103,625
CONTINGENCIES AND COMMITMENTS	6	-	-
TOTAL EQUITY AND LIABILITIES		29,440,030	36,082,588

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, 2023 (UN-AUDITED)

	Note	Un-audited March 31, 2023 (Rupees in thousand)	Audited June 30, 2022
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	9,400,982	9,461,004
Intangible assets		-	-
Long term loans to employees		462	981
Long term security deposits		100	100
		9,401,544	9,462,085
CURRENT ASSETS			
Stores and spares		594,947	445,586
Inventories		1,456,174	2,254,688
Trade debts	8	15,151,452	13,718,135
Loans, advances, deposits, prepayments and other receivables		1,436,279	1,510,198
Income tax receivable		41,904	61,314
Short term investments		356,591	8,609,548
Bank balances		1,001,139	21,034
		20,038,486	26,620,503
TOTAL ASSETS		29,440,030	36,082,588

DIRECTOR



CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2023 (UN-AUDITED)

	Note	Quarter Ended		Nine Months Ended	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
(Rupees in thousand)					
Revenue From Contract					
With Customer		3,301,811	5,795,810	13,868,446	15,569,532
Cost of sales	9	(2,123,134)	(4,896,590)	(10,236,634)	(12,970,559)
Gross profit		1,178,677	899,220	3,631,812	2,598,973
Administrative expenses		(41,119)	(42,325)	(113,779)	(119,791)
Other expenses		(52,079)	(1,371)	(182,665)	(64,331)
Other operating income		35,957	39,708	87,691	106,730
Profit from operations		1,121,436	895,232	3,423,059	2,521,581
Finance cost		(227,514)	(157,493)	(690,750)	(618,206)
Profit before taxation		893,922	737,739	2,732,309	1,903,375
Taxation		(214)	2,813	(574)	-
Profit after taxation		893,708	740,552	2,731,735	1,903,375
Earnings per share - basic and diluted (Rupees)		2.43	2.02	7.44	5.18

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, 2023 (UN-AUDITED)

	Quarter Ended		Nine Months Ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	(Rupees in thousand)			
Profit after taxation	893,708	740,552	2,731,735	1,903,375
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	893,708	740,552	2,731,735	1,903,375

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, 2023 (UN-AUDITED)

	Share Capital	Revenue Reserve: Un-appropriated Profit	Total Profit
	(Rupees in thousand)		
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
Profit for the period	-	600,358	600,358
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	600,358	600,358
Balance as on July 1, 2022 (audited)	3,673,469	20,305,494	23,978,963
Transaction with owners:			
Final dividend for the year ended June 30, 2022			
@ Rupees 10 per share	-	(3,673,469)	(3,673,469)
Profit for the period	-	2,731,735	2,731,735
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	2,731,735	2,731,735
Balance as on March 31, 2023 (un-audited)	3,673,469	19,363,760	23,037,229

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, 2023 (UN-AUDITED)

	Note	Nine Months Ended	
		March 31, 2023 (Rupees in thousand)	March 31, 2022
Cash flows from operating activities			
Cash generated from operations	10	3,231,477	5,015,140
Finance cost paid		(741,671)	(727,835)
Net decrease in long term loans to employees		519	519
Income tax refund / (paid) - net		18,836	(4,408)
Retirement benefits paid		(6,637)	(6,162)
Profit on bank deposit received		4,219	1,579
Net cash generated from operating activities		2,506,743	4,278,833
Cash flows from investing activities			
Capital expenditure on property, plant and equipment		(317,674)	(300,808)
Proceeds from disposal of property, plant and equipment		736	26,516
Proceeds from disposal of short term investments		8,553,134	8,898,001
Short term investments made		(307,263)	(8,924,526)
Net cash from / (used in) investing activities		7,928,933	(300,817)
Cash flows from financing activities			
Repayment of long term financing		(17,110)	(21,725)
Dividend paid		(3,655,388)	(1,215)
Net cash used in financing activities		(3,672,498)	(22,940)
Net increase in cash and cash equivalents		6,763,178	3,955,076
Cash and cash equivalents at the beginning of the period		(10,830,692)	(9,724,914)
Cash and cash equivalents at the end of the period		(4,067,514)	(5,769,838)
CASH AND CASH EQUIVALENTS			
Cash and bank balances		1,001,139	144,672
Short term borrowings - secured		(5,068,653)	(5,914,510)
		(4,067,514)	(5,769,838)

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, 2023 (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's ordinary shares are listed on the Pakistan Stock Exchange Limited. The Company was a subsidiary of Nishat (Chunian) Limited (NCL) that held 51.07% shares of the Company.
- 1.2** The Board of Directors of NCL in its meeting held on February 21, 2022 has approved a Scheme of Compromises, Arrangement and Reconstruction (Under Sections 279 to 283 and 285 of the Companies Act, 2017) amongst NCL and its members and Nishat Chunian Properties (Private) Limited (Subsidiary of NCL) and its members. One of the principal objects of the Scheme was to make NCL and Nishat Chunian Power Limited totally independent of each other by the transfer amongst the members of NCL of 187,585,820 ordinary shares of Nishat Chunian Power Limited owned by NCL. On June 29, 2022, the Honourable Lahore High Court, Lahore approved the aforesaid Scheme. The Effective Date of the Scheme for this purpose was the commencement date of book closure i.e. August 10, 2022 as announced by NCL in accordance with Pakistan Stock Exchange Limited Regulations. After the completion of necessary corporate and legal formalities in this regard, the Company ceased to be the Subsidiary of NCL with effect from August 10, 2022.
- 1.3** 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. On February 11, 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 July 20, 2021 was extended by seventy five (75) days to October 04, 2021. Therefore, the existing term of the PPA Agreement has been extended by seventy five days to twenty five years and seventy five days ending on October 04, 2035.

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



SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2023 (UN-AUDITED)

financial reporting comprise of:

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

Where 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, 2022. 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, 2022.

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, 2022.



SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2023 (UN-AUDITED)

Note	Un-audited March 31, 2023 (Rupees in thousand)	Audited June 30, 2022
5. Long Term Financing-Secured		
5.1 From Banking Companies		
Loan under SBP Refinance Scheme	-	17,110
Current portion shown under current liabilities	-	(17,110)
	-	-
5.2 The reconciliation of carrying amounts is as follows:		
Opening balance	17,110	49,409
Add: Interest accrued during the period / year	245	2,964
Less: Payments made during the period / year	(17,355)	(35,263)
	-	17,110
Current portion shown under current liabilities	-	(17,110)
	-	-

6. Contingencies and Commitments

6.1 Contingencies

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



SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2023 (UN-AUDITED)

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 08, 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, Lahore against the decision. On March 31, 2022, the Honourable Lahore High Court, Lahore set aside the ATIR's judgment and remanded back the case to determine whether payments made against capacity purchase price constitute a taxable or non-taxable supply and to treat the input sales tax adjustment accordingly. Being aggrieved by the decision of the Honourable Lahore High Court, Lahore, the Company filed leave for appeal before the Honourable Supreme Court of Pakistan on May 20, 2022. On September 30, 2022, Honourable Supreme Court of Pakistan accepted the application of leave for appeal, and the tax department was restricted from taking any adverse action against the Company till the disposal of appeal. The management based on the advice of its legal counsel, has strong grounds to believe that the case will be decided in the favour of the Company. Therefore, no provision has been made in these condensed interim financial statements.

- ii) An amendment order dated January 31, 2023 was issued by the Additional Commissioner Inland Revenue (Audit) under section 122 of the Income Tax Ordinance, 2001 for tax year 2019 whereby income tax of Rupees 63,606 million was levied mainly comprising minimum tax on capacity sales. The Company filed an appeal on February 10, 2023 before the CIR(A) against the aforesaid order which is pending adjudication. The management based on the advice of its legal counsel, has strong grounds to believe that the case will be decided in the favour of the Company. Therefore, no provision has been made in these condensed interim financial statements.
- iii) In 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. On February 11, 2021, the Company along with other IPPs have signed 'Master Agreement' and 'PPA Amendment Agreement' with CPPA-G 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 trade debts until the Arbitration Tribunal renders the Award which shall be final and binding. During the period, Arbitration Tribunal has been constituted under the terms of 'Arbitration Submission Agreement'. The proceedings of the arbitration have initiated and the matter is pending adjudication. 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.
- iv) On April 28, 2022, National Electric Power Regulatory Authority (NEPRA) issued a notice of hearing to all the RFO based IPPs under the 2002 Power Policy regarding



SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2023 (UN-AUDITED)

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 May 16, 2022 replied to NEPRA to refrain from re-initiating the subject proceedings which has already been finalized and implemented by NEPRA vide its determination dated September 01, 2021. Contrary to the reply of the Company, NEPRA held its hearing on May 17, 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 on June 06, 2022, for restraining NEPRA to take any adverse action in this regard, which is pending adjudication. The Honourable Lahore High Court, Lahore vide its interim order dated June 06, 2022, suspended the impugned notice of hearing. On November 18, 2022, NEPRA determined that although it is approving CV adjustment computed on the basis of average of two CV results, however, the said CV adjustment shall be subject to the final outcome of the suit pending before Honourable Lahore High Court, Lahore. 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.

- v) Letter of guarantees of Rupees 342.179 million (June 30, 2022: Rupees 339.774 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, Collector of Customs under the direction of Honorable Lahore High Court, Lahore in respect of suit filed for custom duty, Federal Board of Revenue and Punjab Revenue Authority in respect of stay granted by various Courts of Pakistan pertaining to pending tax cases and infrastructure development cess respectively.

		Un-audited March 31, 2023	Audited June 30, 2022
	Note	(Rupees in thousand)	
6.2. Commitments			
Commitments in respect of other than capital expenditure		409,045	318,468
7. Property, Plant and Equipment			
Operating fixed assets	7.1	8,935,614	9,189,900
Capital work-in-progress	7.2	10,498	12,067
Major spare parts and standby equipment		454,870	259,037
		9,400,982	9,461,004



SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2023 (UN-AUDITED)

	Note	Un-audited March 31, 2023 (Rupees in thousand)	Audited June 30, 2022
7.1 Operating fixed assets			
Opening written down value		9,189,900	9,625,622
Additions during the period/year	7.1.1	319,243	509,363
		9,509,143	10,134,985
Written down value of disposals during the period/year		(4,214)	(98)
		9,504,929	10,134,887
Depreciation charged during the period/year		(569,315)	(944,987)
		8,935,614	9,189,900
7.1.1 Following is the detail of additions during the period/year			
Freehold land		-	153,228
Building on freehold land		-	12,769
Plant and machinery		308,964	311,600
Electric installations		295	394
Computer equipment		-	1,994
Office equipment		3,472	187
Furniture and fixtures		-	226
Vehicles		6,512	28,965
		319,243	509,363
7.2 Capital work-in-progress			
Advance for purchase of vehicle		10,498	10,000
Plant and machinery		-	2,067
		10,498	12,067
8. Trade Debts			
Other than related parties - considered good		15,151,452	13,718,135

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2023 (UN-AUDITED)

- 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 16.80% to 23.98% (June 30, 2022: 11.53% to 19.53%) per annum.
- 8.2** Prior to signing of 'Master Agreement' and 'PPA Amendment Agreement', an amount of Rupees 966.166 million was included in trade debts in previous years relating to capacity revenue not acknowledged by Power Purchaser and the Company had contested it at various forums including arbitration in the London Court of International Arbitration ('LCIA').

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

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 settled the dispute through the extension period of 75 days treated as "Other Force Majeure Event" ('OFME') under the PPA. 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. 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, Lahore.

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 to 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 had been duly verified by the Power Purchaser and received by the Company.

The Company and the Power Purchaser are in the process of filing a joint application before the Honourable Lahore High Court, Lahore for the withdrawal of the enforcement proceedings.



SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2023 (UN-AUDITED)

	Un-audited		Un-audited	
	Quarter Ended		Nine Months Ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	(Rupees in thousand)			
9. Cost of Sales				
Raw material consumed	1,728,688	4,449,012	8,986,556	11,784,491
Salaries and other benefits	40,954	39,894	111,425	106,803
Store, spares and loose tools consumed	68,340	99,646	211,525	172,839
Electricity consumed in - house	11,461	5,363	29,629	12,557
Insurance	85,901	56,292	262,782	171,432
Travelling and conveyance	9,882	6,387	27,687	17,728
Postage and telephone	1,416	940	3,995	2,773
Repair & Maintenance	5,030	3,108	17,529	11,954
Depreciation on operating fixed assets	169,626	232,542	562,994	675,265
Amortization on Intangible	-	-	-	602
Fee & Subscription	-	-	5,311	4,296
Miscellaneous	1,836	3,406	17,201	9,819
	2,123,134	4,896,590	10,236,634	12,970,559

**Un-audited
Nine Months Ended
March 31, March 31,
2023 2022
(Rupees in thousand)**

10. Cash Generated from Operations		
Profit before taxation	2,732,309	1,903,375
Adjustments for non-cash charges and other items		
- Depreciation on operating fixed assets	569,315	678,280
- Amortization of intangible assets	-	602
- Amortization of deferred grant	(181)	(1,965)
- Loss / (Gain) on disposal of operating fixed assets	3,478	(26,464)
- Profit on bank deposits and investments	(40,214)	(37,964)
- Loss on disposal of short term investments	41,446	19,300
- Unrealized loss on remeasurement of investment at fair value through profit or loss	1,635	-
- Provision for employee retirement benefits	6,637	6,162
- Finance cost	690,750	618,206
Cash flows generated from operating activities before working capital changes	4,005,175	3,159,532



SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2023 (UN-AUDITED)

	Un-audited	
	Nine Months Ended	
	March 31, 2023	March 31, 2022
	(Rupees in thousand)	
Effect on cash flow due to working capital changes:		
(Increase)/ decrease in current assets:		
- Stores and spares	(345,194)	(82,750)
- Inventories	798,514	(171,905)
- Trade debts	(1,433,317)	2,839,632
- Loans, advances, deposits, prepayments and other receivables	73,919	(704,507)
	(906,078)	1,880,470
Increase/(decrease) in current liabilities:		
Trade and other payables	132,380	(24,862)
	(773,698)	1,855,608
	3,231,477	5,015,140

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:



SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2023 (UN-AUDITED)

	Un-audited		Un-audited	
	Quarter Ended		Nine Months Ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
(Rupees in thousand)				
i) Transactions:				
Former Holding company*				
Common facilities cost	-	4,950	2,129	14,850
Associated company				
Common facilities cost	4,950	-	12,721	-
Associated company of former holding company*				
Donations made	-	-	72,500	62,500
Key management personnel of the Company and former holding company*				
Remuneration to chief executive officer, directors and executives	14,599	20,554	42,714	58,834
Repayment of long term loans	251	241	597	587
Mark-up on long term loans	24	22	78	68
Consultancy charges	11,908	11,908	35,725	38,053
Post employment benefit plan				
Company's contribution to provident fund trust	2,432	2,158	6,637	6,162

* Nishat Chunian Limited ceased to be the holding company and became an associated company on the basis of common directorship with effect from August 10, 2022.

	Un-audited	Audited
	March 31, 2023	June 30, 2022
(Rupees in thousand)		
ii) Period end balances:		
Other related parties		
Loan to key management personnel	1,155	1,674

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2023 (UN-AUDITED)

12. Recognized Fair Value Measurements - Financial Instruments

(i) Fair value hierarchy

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 has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements at March 31, 2023

	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial asset				
Financial asset at fair value through profit or loss	20,175	-	-	20,175

Recurring fair value measurements at June 30, 2022

	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial asset				
Financial assets at fair value through profit or loss	21,810	5,847,671	-	5,869,481

The above table does not include fair value information for financial assets and financial liabilities 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.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the period. Further there was no transfer in and out of level 3 measurements.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

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.



SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2023 (UN-AUDITED)

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.

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include the use of quoted market prices or dealer quotes for similar instruments.

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, 2022.

14. 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, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made.

15. Date of authorization for issue

These condensed interim financial statements were authorized for issue on April 27, 2023 by the Board of Directors of the Company.

16. 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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