NISHAT POWER LIMITED

Annual Report 2016

CONTENTS

CORPORATE PROFILE

BOARD OF DIRECTORS	Mian Hassan Mansha	Chief Executive/Director
	Mr. Khalid Qadeer Qureshi	Chairman
	Mr. Ahmad Aqeel	
	Mr. Asad Farooq	
	Mr. Ghazanfar Husain Mirza	
	Mr. Mahmood Akthar	
	Mr. Shahzad Ahmad Malik	
AUDIT COMMITTEE	Mr. Khalid Qadeer Qureshi	Member
	Mr. Shahzad Ahmad Malik	Member / Chairman
	Mr. Ahmad Aqeel	Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mr. Ghazanfar Husain Mirza	Member/Chairman
	Mian Hassan Mansha	Member
	Mr. Khalid Qadeer Qureshi	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	
	BankIslami Pakistan Limited	
	Meezan Bank Limited	
	HSBC Bank Middle East Limited	
	Dubai Islamic Bank Pakistan Limited	
	Burj Bank Limited	
	Albaraka Bank Pakistan Limited	
	First Women Bank Limited	
	The Bank of Punjab	
	MCB Bank Limited	
	Pak Kuwait Investment Co. Limited	
	Pak Brunei Investment Co. Limited	

AUDITORS	A. F. Ferguson & Co. Chartered Accountants
LEGAL ADVISOR	Cornelius, Lane & Mufti Advocates & Solicitors
REGISTERED OFFICE	53 - A, Lawrence Road, Lahore - Pakistan UAN: 042-111-11-33-33
HEAD OFFICE	1-B, Aziz Avenue, Canal Bank, Gulberg-V, Lahore - Pakistan Tel: +92-42-35717090-96, 35717159-63 Fax: +92-42-35717239 Website: www.nishatpower.com
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.

MISSION
STATEMENT

TO BECOME LEADING POWER PRODUCER WITH SYNERGY OF CORPORATE CULTURE AND VALUES THAT RESPECT COMMUNITY AND ALL OTHER STAKEHOLDERS

VISION
STATEMENT

ENLIGHTEN THE FUTURE THROUGH EXCELLENCE, COMMITMENT, INTEGRITY AND HONESTY

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Annual General Meeting of the Shareholders of Nishat Power Limited (the "Company") will be held on October 29, 2016 (Saturday) at 11:00 A.M. at Nishat Hotel, 9-A, Gulberg III, Mian Mahmood Ali Kasuri Road, Lahore to transact the following business:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2016 together with the Directors' and Auditors' reports thereon.

2. To approve Final Cash Dividend @ 15% [i.e. Rs.1.50 (Rupee One and Fifty Paisas Only) Per Ordinary Share] as recommended by the Board of Directors, in addition to the 45% interim dividends already paid.

3. To appoint statutory Auditors for the year ending June 30, 2017 and fix their remuneration.

4. Special Business:-

   To consider and if deemed fit, to pass the following resolutions as special resolution, with or without modification, addition(s) or deletion(s) for alteration in the Articles of Association of the Company:

   "RESOLVED that pursuant to Section 28 and other applicable provisions, if any, of the Companies Ordinance, 1984 and any other law(s), Articles of Association of the Company be and are hereby amended by inserting a new Articles 76A and 76B immediately after the existing Article 76 to read as under;

   76-A. A member may opt for E-voting in a general meeting of the Company under the provisions of the Companies (E-Voting) Regulations, 2016, as amended from time to time. In the case of E-voting, both members and non-members can be appointed as proxy. The instruction to appoint execution officer and option to e-vote through intermediary shall be required to be deposited with the Company, at least ten (10) days before holding of the general meeting, at the Company's registered office address or through email. The Company will arrange E-voting if the Company receives demand for poll from at least five (5) members or by any member or members having not less than one tenth (1/10) of the voting power.

   76-B. An instrument of proxy in relation to E-voting shall be in the following form:

   I/We, ______________of ______________being a member of the ______________, holder of_____________share(s) as per register Folio No./CDC Account No.___________ hereby opt for E-voting through Intermediary and hereby consent the appointment of Execution Officer______________as proxy and will exercise E-voting as per The Companies (E-voting) Regulations, 2016 and hereby demand for poll for resolutions.

My secured email address is___________________, please send login details, password and electronic signature through email.

____
Signature of Member
CNIC No.___________

Signed in the presence of;

____
Signature of Witness
CNIC No.___________

____
Signature of Witness
CNIC No.___________

Further Resolved that the Chief Executive Officer or Company Secretary be and is hereby authorized to do all acts, deed and things, take all steps and action necessary, ancillary and incidental for altering the Articles of Association of the Company including filing of all requisite documents/statutory forms as may be required to be filed with the Registrar of Companies and complying with all other regulatory requirements so as to effectuate the alterations in the Articles of Association and implementing the aforesaid resolution.

BY ORDER OF THE BOARD

LAHORE
September 26, 2016

KHALID MAHMOOD CHOHAN
(Company Secretary)

NOTES: -

BOOK CLOSURE NOTICE:-

The Ordinary Shares Transfer Books of the Company will remain closed from 22-10-2016 to 29-10-2016 (both days inclusive) for entitlement of 15% Final Cash Dividend [i.e. Rs.1.50 (Rupee One and Fifty Paisas Only) Per Ordinary Share] and attending and voting at Annual General Meeting. Physical transfers/ CDS Transactions IDs received in order in all respect up to 1:00 p.m. on 21-10-2016 at Share Registrar, Hameed Majeed Associates (Pvt) Ltd, 7-Bank Square, Lahore, will be considered in time for entitlement of 15% Final Cash Dividend and attending of meeting.

A member eligible to attend and vote at this meeting may appoint another member his / her proxy to attend and vote instead of him/her. Proxies in order to be effective must reach the Company's registered office not less than 48 hours before the time for holding the meeting. Proxies of the Members through CDC shall be accompanied with attested copies of their CNIC. In case of corporate entity, the Board's Resolution/power of attorney with specimen signature shall be furnished along with proxy form to the Company. The shareholders through CDC are requested to bring original CNIC, Account Number and Participant Account Number to produce at the time of attending the meeting.

Shareholders are requested to immediately notify the change in address, if any.

Deduction of Withholding Tax

Withholding tax exemption from dividend income, shall only be allowed if copy of valid tax exemption certificates is made available to Hameed Majeed Associates (Pvt) Limited, 7-Bank Square, Lahore, by the first day of Book Closure.

Submission of copy of CNIC (Mandatory):

Individuals including all joint holders holding physical share certificates are requested to submit a copy of their valid CNIC to the Company or its Share Registrar, if not already provided. For shareholders other than individuals, the checking will be done by matching the NTN Number, therefore the Corporate shareholders having CDC accounts are requested in their own interest to provide a copy of NTN Certificate to check their names in ATL, before the book closure date to their respective participants/ CDC, whereas corporate shareholders holding physical share certificates should send a copy of their NTN certificate to the Company or its Share Registrar. The Shareholders while sending CNIC or NTN certificates, as the case may be must quote their respective folio numbers.

In case of non-receipt of the copy of a valid CNIC, the Company would be unable to comply with SRO 831(1)/2012 dated July 05, 2012 of SECP and would be constrained under SECP's Order dated June 08, 2016 under Section 251(2) of the Companies Ordinance, 1984 to withhold the dispatch of dividend warrants to such shareholders.

ZAKAT DECLRATION (CZ-50)

Zakat will be deducted from the dividends at source under the Zakat & Usher Laws and will be deposited within the prescribed period with the relevant authority. Please submit your Zakat declarations under Zakat and Usher Ordinance, 1980 & Rule 4 of Zakat (Deduction & Refund) Rules, 1981 CZ-50 Form, in case you want to claim exemption, with your brokers or the Central Depository Company of Pakistan Limited (in case the shares are held in CDC-Sub Account or CDC Investor Account) or to our Share Registrar, M/s. Hameed Majeed Associates (Pvt) Limited, 7-Bank Square, Lahore. The Shareholders while sending the Zakat Declarations, as the case may be must quote company name and their respective folio numbers.

Shareholders are therefore requested to promptly send a valid copy their CNICs, NTN and Zakat declarations as per above requirements. Shareholders should also notify our Share Registrar, Ms/ Hameed Majeed Associates (Pvt) Limited regarding any change in their addresses. This will ensure that the Dividend Warrants are dispatched to shareholders at their correct addresses.

Dividend Mandate (Optional):

Under Section 250 of the Companies Ordinance, 1984 a shareholder may, if so desires, direct the Company to pay dividend through his/ her/its bank account. In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide Circular Number 18 of 2012 dated June 05, 2012, kindly authorize the company for direct credit of your cash dividend in your bank account (please note that giving bank mandate for dividend payments is optional, in case you do not wish to avail this facility please ignore this notice, dividend will be paid to you through dividend warrant at your registered address). If you want to avail the facility of direct credit of dividend amount in your bank account, please provide following information to Company's Share Registrar, M/s Hameed Majeed Associates (Pvt) Limited.

Bank Account Details of Shareholder	
Title of Bank Account	
Bank Account Number	
Bank's Name	
Branch Name and Address	
Cell Number of shareholder	
Landline number of shareholder, if any	

It is stated that the above-mentioned information is correct and in case of any change therein, I / we will immediately intimate to the company and the concerned share registrar.

____

Name, signature, folio # and CNIC number of shareholder

Notes:

(1) Those shareholders, who hold shares in book entry form in their CDS accounts, will provide the above dividend mandate information directly to their respective Participant / CDC Investor Account Services Department.

(2) If dividend mandate information has already been provided by you, ignore this request.

Transmission of Annual Financial Statements Through Email:

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 787 (I)/2014 dated September 8, 2014, those shareholders who desire to receive Annual Financial Statements in future through email instead of receiving the same by Post are advised to give their formal consent along with their valid email address on a standard request form which is available at the Company's website i.e. www.nishatpower.com and send the said form duly signed by the shareholder along with copy of his/her CNIC to the Company's Share Registrar M/s Hameed Majeed Associates (Pvt) Limited. Please note that giving email address for receiving of Annual Financial Statements instead of receiving the same by post is optional, in case you do not wish to avail this facility please ignore this notice, Financial Statements will be sent to the registered address of the shareholders.

STATEMENT UNDER SECTION 160 (1) (B) OF THE COMPANIES ORDINANCE, 1984.

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on October 29, 2016.

Securities and Exchange Commission of Pakistan has issued Companies (E-Voting) Regulation 2016 on January 22, 2016 vide S.R.O 43(1)/2016. The directors have recommended alteration in the Articles of Association by inserting a new Article 76A and 76B therein which will give the members option to be part of the decision making in the general meeting of the Company through electronic means. A member may opt for E-voting in a general meeting of the Company under the provisions of the Companies (E-Voting) Regulations, 2016, as amended from time to time. In the case of E-voting, both members and non-members can be appointed as proxy. The instruction to appoint execution officer and option to e-vote through intermediary shall be required to be deposited with the Company, at least ten (10) days before holding of the general meeting, at the Company's registered office address or through email. The Company will arrange E-voting if the Company receives demand for poll from at least five (5) members or by any member or members having not less than one tenth (1/10) of the voting power.

Accordingly, it has been proposed to pass the resolution as a Special Resolution as provided in the notice of meeting for alteration in the Articles of Association of the Company.

The directors are not interested, directly or indirectly, in the above business except to the extent of their investment as has been detailed in the pattern of shareholding annexed to the Directors Report.

Statement Under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012

Name of Investee Company	:	Nishat Energy Limited	Lalpir Solar Power (Pvt.) Ltd
Total Investment Approved	:	Equity investment of Rs4,875,000,000 (Rupees Four Billion Eight Hundred Seventy Five Million Only) was approved by members in EOGM held on August 22, 2014 for the period of three (3) years.	Equity Investment of Rs. 278,460,000 (Rupees Two Hundred Seventy Eight Million Four Hundred Sixty Thousand Only) was approved by members in AGM held October 30, 2015 for the period of three (3) years.
Amount of Investment Made to date	:	PKR 2,500,000/-	PKR 500,000/-
Reason for not having made complete Investment so far where resolution Required to be implemented in Specified time.	:	The NPL investment in Nishat Energy is based on certain milestones which have not yet been accomplished. The first such milestone was conducting Feasibility Study. Feasibility of the project has been approved by Punjab Power Development Board (PPDB). While Grid Interconnection Study is under final stage of review with National Transmission & Despatch Company (NTDC).	NPL investment in Lalpir Solar Power is based on certain milestones which have not yet been accomplished. The first such milestone was to conduct Grid Interconnection Study, which has been approved by Multan Electric Power Company (MEPCO).
Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company.	:	Nishat Energy Limited has issued paid-up share capital of 1,000,000 shares of Rs 10 each amounting to Rs 10,000,000 (Rupees ten million only).	Lalpir Solar Power (Pvt.) Limited has issued paid-up share capital of 50,000 shares of Rs 10 each amounting to Rs. 500,000 (Rupees five hundred thousand only).


SHRAF

DIRECTORS' REPORT

The Board of Directors of Nishat Power Limited (The Company) is pleased to present Annual Report with the Audited Financial Statements of the Company together with Auditors' Report thereon for the financial year ended June 30, 2016.

The directors' report is prepared under section 236 of the Companies Ordinance, 1984 and clause (xvi) of the Code of Corporate Governance.

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 ISO in Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan.

FINANCIAL RESULTS:

The Company had turnover of Rs 13,896 million (2015: Rs 22,314 million) during the year against operating cost of Rs 10,009 million (2015: Rs 17,622 million) resulting in a gross profit of Rs 3,887 million (2015: Rs 4,692 million). The current year's net profit after tax amounts to Rs 2,851 million resulting earnings per share of Rs 8.052 compared to previous year's profit after tax of Rs 3,117 million and earnings per share of Rs 8.802.

During the period, Islamabad High Court announced the decision against the Company regarding payment of Rs.290.423 million on account of Calorific Value adjustment of fuel consumed for the period prior to July 2011. The Company has preferred an appeal before Supreme Court of Pakistan, against this decision of Islamabad High Court, however, the case is yet to be adopted for hearing and proceedings would start, as soon as any date of hearing is announced. Consequently, on prudence basis, the Company has made provision in the accounts to take effect of aforementioned decision of Islamabad High Court, against the Company.

We would like to draw your attention to the last paragraph of the auditors' report to the members which refers to an amount of Rs 816 million (2015: Rs 816 million) relating to capacity purchase price, included in trade debts, not acknowledged by National Transmission and Despatch Company Limited ('NTDCL'). Further details are mentioned in note 17.2 of the annexed financial statements. Based on the advice of the company's legal counsel and Expert's determination, management feels that above amount is likely to be recovered by the Company. Consequently, no provision for the above mentioned amount has been made in these financial statements.

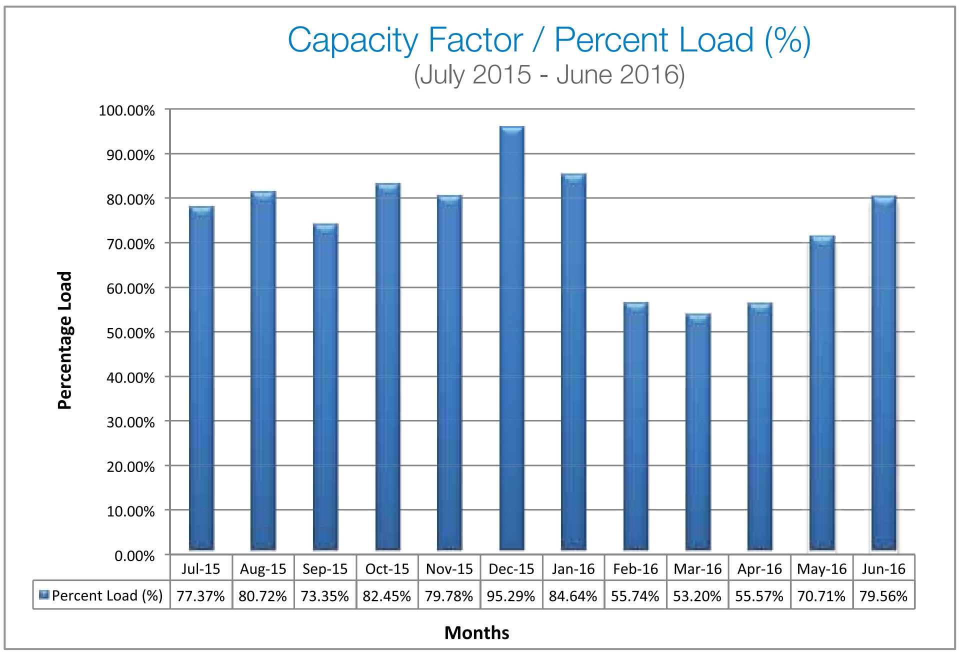
NTDCL continues to default on its payment obligations. The Company took up the matter with NTDCL and Private Power & Infrastructure Board ('PPIB') by giving notices of default pursuant to provisions of Power Purchase Agreement and Implementation Agreement.

Total receivables from NTDCL on June 30, 2016 stand at Rs 6,384 million, out of which overdue receivables are Rs 4,733 million.

OPERATIONS AND SIGNIFICANT EVENTS:

Operational results:

The plant operated at an optimal efficiency with 74.15% (2015: 82.40%) average capacity factor and dispatched 1,272 GWh (2015: 1,410 GWh) of electricity to NTDCL during the year.



Operations & Maintenance Agreement ('OMA') with Wartsila Pakistan (Pvt) Limited has expired on December 31, 2015 and the management has opted not to renew the OMA and have hired experienced staff of Wartsila to manage operations and maintenance of the plant with effect from January 01, 2016.

KEY OPERATING AND FINANCIAL DATA:

Financial year ending June 30,	2016	2015
	(Rupees in Millions)	
Turnover	13,896	22,314
Net Profit	2,851	3,117
Total non-current assets	11,660	12,321
Issued, subscribed and paid up capital	3,541	3,541
Long term financing	8,376	9,683
Short term financing	-	932
Generation (MWh)	1,272,157	1,409,785
Earnings per share-basic and diluted (Rs.)	8.052	8.802
Share prices (Market value rupees per share)	50.51	58.54

Lalpir Solar Power (Pvt) Limited

The Company has incorporated a wholly owned subsidiary, Lalpir Solar Power (Private) Limited ('LSPPL'), and has taken up 50,000 shares of Rs 10 each. The principal activity of LSPPL will be to build, own, operate and maintain or invest in a solar power project having gross capacity upto 20 MWp with net estimated generation capacity of approx 19 MWp. The project site is located at Mehmood Kot, Dist. Muzaffar Garh.

Consolidation of Lalpir Solar Power (Pvt) Limited

The management of the company had applied to the SECP for the exemption from the requirements of section 237 of the Ordinance, in respect of consolidating its wholly owned subsidiary namely Lalpir Solar Power (Private) Limited ('LSPPL'). The SECP, vide its letter EMD/233/744/2002-140 dated August 11, 2016, granted the exemption from consolidation of LSPPL in its financial statements for the year ended June 30, 2016 till third quarter of financial year ending June 30, 2017, under Section 237(8) of the Ordinance based on the fact that investment of the company in LSPPL is negligible in percentage of the total assets of the company and will not be a value addition in any way for the users of the company's financial statements.

Financial statements of LSPPL for the first period from November 09, 2015, to June 30, 2016, will be available to members at registered office of the company without any cost.

Financial Highlights of Subsidiary Company:

Profit & Loss Statement
from November 09, 2015, to June 30, 2016

	(Rupees in thousand)
Administrative expenses	(451)
Other income	11
Finance cost	(2)
Loss before taxation	(443)
Taxation	-
Loss for the period	(443)

Balance Sheet
As at June 30, 2016

	(Rupees in thousand)
Non Current Assets	-
Current assets	57
Paid-up share capital	500
Accumulated loss	(443)
Non-current liabilities	-
Current liabilities	-

The auditors of the LSPPL have issued unqualified opinion.

INTERNAL AUDIT AND CONTROL:

The Board has set up an independent audit function headed by a qualified person reporting to the Audit Committee. The scope of internal auditing within the Company is clearly defined which broadly involves review and evaluation of its' internal control system.

ENVIRONMENTAL PROTECTION MEASURES

Environmental monitoring for Emissions from Diesel Generators and testing of waste water is conducted on periodic basis for compliance of National Environmental Quality Standards (NEQS).

CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

The Company Management is fully cognizant of its responsibility as recognized by the formulated Companies Ordinance provisions and Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan (SECP). The following comments are acknowledgement of Company's commitment to high standards of Corporate Governance and continuous improvement.

- The financial statements, prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts upon Company's ability to continue as going concern.
- All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. The directors were apprised of their duties and responsibilities through orientation courses.
- Value of investments in respect of retirement benefits fund:
  Provident Fund: June 30, 2016 is Rs 54.089 million

During the year under review, four Board of Directors Meetings were held, attendance position was as under:-

Sr. #	Name of Directors		No. of Meetings Attended
1	Mian Hassan Mansha	(Chief Executive/Director)	4
2	Mr. Khalid Qadeer Qureshi (Chairman)		3
3	Mr. Mahmood Akhtar		4
4	Mr. Shahzad Ahmad Malik		4
5	*Mr. Saeed Ahmad Alvi		3
6	Mr. Ahmad Aqeel		4
7	Mr. Asad Farooq		3
8	**Mr. Ghazanfar Hussain Mirza		1

*Mr. Saeed Ahmad Alvi died on 21.03.2016.

**Mr. Ghazanfar Hussain Mirza appointed on the Board on 05.04.2016 in place of Mr. Saeed Ahmad Alvi

During the year under review, Five Audit Committee Meetings were held, attendance position was as under:-

Sr. #	Name of Members		No. of Meetings Attended
1	Mr. Khalid Qadeer Qureshi	Member)	4
2	Mr. Shahzad Ahmad Malik	(Member/Chairman)	5
3	Mr. Ahmad Aqeel	(Member)	5

During the year under review, one Human Resource & Remuneration (HR & R) Committee Meeting were held, attendance position was as under:-

Sr. #	Name of Members		No. of Meetings Attended
1	Mr. Hassan Mansha	(Member)	1
2	Mr. Khalid Qadeer Qureshi	(Member)	1
3	*Mr. Saeed Ahmad Alvi	(Member /Chairman)	0
4	*Mr. Ghazanfar Hussain Mirza	(Member /Chairman)	0

*Mr. Saeed Ahmad Alvi died on 21.03.2016 and Mr. Ghazanfar Hussain Mirza appointed in his place on 05.04.2016.

PATTERN OF SHAREHOLDING:

The statement of pattern of shareholding as on June 30, 2016 is attached.

TRADING IN THE SHARES OF THE COMPANY:

All trades in the shares of the listed Company, carried out by its directors, executives and their spouses and minor children during the year ended June 30, 2016 is annexed to this report.

RELATED PARTIES:

The transactions between the related parties were carried out at arm's length prices determined in accordance with the comparable uncontrolled prices method. The Company has fully complied with the best practices on transfer pricing as contained in the Listing Regulations of Stock Exchanges in Pakistan.

APPROPRIATIONS:

The Directors are pleased to recommend a final cash dividend of Rs 1.5 per share. This will be paid to the shareholders on the Company's Register of Members at the close of business on October 22, 2016. The total dividend to be approved by the shareholders at the Annual General Meeting on October 29 , 2016 will be Rs 6 per share i.e. 60% amounting to Rs 2,124.531 million for the year ended June 30, 2016.

AUDITORS:

The present auditors M/s A. F. Ferguson, Chartered Accountants retire and being eligible, offer themselves for re-appointment for the year 2016-17. The Audit Committee of the Board has recommended the reappointment of the retiring auditors.

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.

CHIEF EXECUTIVE OFFICER
Lahore: September 26, 2016

مجلس نظماء کی رپورٹ

نشاط پاور لمیٹڈ (کمپنی) کی مجلس نظماء 30 جون 2016 کو ختم ہونے والے مالی سال کے لئے بیرونی محاسب کی طرف سے نظر ثانی کئے ہوئے مالیاتی گوشوارے کی رپورٹ پیش کرتی ہے۔

مجلس نظماء کی رپورٹ کارپوریٹ گورننس کے ضابطہ اخلاق کی شق (XVI) اور کمپنیز آرڈیننس، 1984 کی دفعہ 236 کے تحت تیار کی گئی ہے۔

بنیادی سرگرمی:

کمپنی کی بنیادی سرگرمی جمبر کلاں تحصیل پتوکی، ضلع قصور، پنجاب، پاکستان میں 200 میگاواٹ آئی ایس او کی مجموعی صلاحیت کا حامل انجن ٹیکنالوجی پر مبنی ایندھن سے چلنے والا ذاتی پاور پلانٹ کی تعمیر، چلانا اور برقرار رکھنا ہے۔

مالیاتی نتائج:

کمپنی کو سال کے دوران 10,009 ملین روپے (2015 : 17,622 ملین روپے) کی آپریٹنگ لاگت کے عوض 13,896 ملین روپے (2015: 22,314 ملین روپے) وصولیاں ہوئیں تھیں، جس کے نتیجہ میں 3,887 ملین روپے (2015: 4,692 ملین روپے) کا مجموعی منافع ہوا ہے۔ موجودہ سال کا بعد از ٹیکس خالص منافع گزشتہ سال کے بعد از ٹیکس منافع 3,117 ملین روپے اور 8.052 روپے فی شیئر آمدنی کے مقابلہ میں 2,851 ملین روپے جس کے نتیجہ میں 8.802 روپے فی شیئر آمدنی کے مترادف ہے۔

ہم ممبران کی توجہ محاسب کی رپورٹ کے آخری پیراگراف پر مبذول کرانا چاہیں گے جس میں نیشنل ٹرانسمیشن اینڈ ڈسپیچ کمپنی لمیٹڈ ('NTDCL') کی طرف سے غیر تسلیم شدہ تجارتی قرضے، کپیسٹی پرچیز پرائس سے منہا کردہ 816 ملین روپے (2015:816 ملین روپے) کی رقم شامل ہے۔ مزید تفصیلات کے لئے ان مالیاتی گوشوارے کا نوٹ 17.2 ملاحظہ فرمائیں۔ کمپنی کے قانونی وکیل کے مشورہ اور ایکسپرٹ کے تعین کے مطابق، انتظامیہ محسوس کرتی ہے کہ ایسی رقوم کی واپسی کا امکان ہے۔ چنانچہ اس مجموعی مالیاتی گوشوارے میں مذکورہ بالا رقم کے لئے کوئی گنجائش نہیں رکھی گئی ہے۔

NTDCL اپنی ادائیگی کی ذمہ داریوں پر مسلسل نادہندگی پر کاربند ہے۔ کمپنی نے بجلی کی خریداری کے معاہدے اور Implementation Agreement کے تحت NTDCL اور پرائیویٹ پاور اینڈ انفراسٹرکچر بورڈ ('پی پی آئی بی') کے ہاں معاملہ اجاگر کیا ہے۔ 30 جون 2016 کو NTDCL سے کل وصولی 6,384 ملین روپے ہے، جن میں سے 4,733 ملین روپے کی واجب الوصول رقم خارج المعیاد ہے۔

آپریشنز اور اہم واقعات:

کاروباری نتائج:

سال کے دوران پلانٹ زیادہ سے زیادہ باکفایت کارکردگی پر چلایا گیا اور اپنے صارف NTDCL کو اوسط 74.15 فیصد (2015: 82.40 فیصد) صلاحیت کے ساتھ 1,272GWh (2015: 1,410GWh) بجلی ترسیل کی گئی۔

وارٹسیلا پاکستان (پرائیویٹ) لمیٹڈ کے ساتھ Operation & Maintenance Agreement ('OMA') 31 دسمبر 2015 کو ختم ہو گیا ہے اور انتظامیہ نے OMA کی تجدید نہیں کی اور پلانٹ کے آپریشن اور دیکھ کا انتظام کرنے کے لئے یکم جنوری 2016 سے وارٹسیلا کے تجربہ کار عملے کی خدمات حاصل کر لی ہیں۔

کلیدی آپریٹنگ اور مالی اعداد وشمار:

روپے ملین میں

30 جون کو مختتمہ مالی سال	2016	2015
آمدنی	13,896	22,314
خالص منافع	2,851	3,117
کل نان کرنٹ اثاثہ جات	11,660	12,321
اجراء، سبسکرائبڈ اور اداشدہ سرمایہ	3,541	3,541
طویل مدتی فنانسنگ	8,376	9,683
قلیل مدتی فنانسنگ	-	932
جنریشن (MWh)	1,272,157	1,409,785
فی شیئر آمدنی - بنیادی اور معتدل (روپے)	8.052	8.802
حصص کی قیمتیں (مارکیٹ قدر روپے فی شیئر)	50.51	58.54

لال پیر سولر پاور (پرائیویٹ) لمیٹڈ

کمپنی ایک مکمل ملکیتی ذیلی کمپنی، لال پیر سولر پاور (پرائیویٹ) لمیٹڈ ('LSPPL') رکھتی ہے، اور 10 روپے ہر ایک کے 50,000 حصص کی مالک ہے۔ LSPPL کی بنیادی سرگرمی ایک اندازے کے مطابق 19 MWp بجلی پیدا کرنے کی صلاحیت کے ساتھ 20 MWp تک مجموعی صلاحیت کا حامل شمسی توانائی کے منصوبے میں سرمایہ کاری یا ذاتی تعمیر، چلانا اور برقرار رکھنا ہوگی۔ منصوبے کی سائٹ محمود کوٹ، ضلع مظفر گڑھ میں واقع ہے۔

لال پیر سولر پاور (پرائیویٹ) لمیٹڈ کا انجماد

کمپنی کی انتظامیہ نے اپنے مکمل ملکیتی ذیلی ادارہ یعنی لال پیر سولر پاور (پرائیویٹ) لمیٹڈ ('LSPPL') کے اشتمال شدہ گوشوارے کے سلسلے میں آرڈیننس کی دفعہ 237 کے تقاضوں سے رعائت کے لئے ایس ای سی پی کو درخواست گذاری تھی۔ ایس ای سی پی نے اپنے خط EMD/233/744/2002-140 مورخہ 11 اگست 2016، کی رو سے 30 جون 2017 کو ختم ہونے والے سال کی تیسری سہ ماہی تک 30 جون 2016 کو ختم ہونے والے سال کے لئے اس کے مالی گوشواروں میں LSPPL کے انجماد سے استثناء کی منظوری دی ہے، آرڈیننس کی دفعہ 237(8) کے تحت اس حقیقت پر مبنی کہ LSPPL میں کمپنی کی سرمایہ کاری کمپنی کے مجموعی اثاثوں کی شرح میں نہ ہونے کے برابر ہے اور کمپنی کے مالی گوشواروں کا صارفین کے لئے کسی بھی طرح سے قدر کا اضافہ نہیں ہوگا۔

09 نومبر 2015 تا 30 جون 2016 پہلی مدت کے لئے LSPPL کے مالی حسابات، بغیر قیمت کے کمپنی کے رجسٹرڈ دفتر میں ممبران کے لئے دستیاب ہوں گے۔

ذیلی کمپنی کی مالی جھلکیاں:

نفع اور نقصان

09 نومبر 2015 تا 30 جون 2016

روپے ہزاروں میں

انتظامی اخراجات	(451)
دیگر آمدنی	11
مالی لاگت	(2)
قبل از ٹیکس نقصان	(443)
ٹیکس	-
حالیہ مدت میں نقصان	(443)

بیلنس شیٹ

بمطابق 30 جون 2016

روپے ہزاروں میں

نان کرنٹ اثاثہ جات	-
کرنٹ اثاثہ جات	57
اداشدہ شیئر سرمایہ	500
مجموعی نقصان	(443)
نان کرنٹ واجبات کی کمی	-
موجودہ واجبات	-

LSPPL کے محاسب نے غیر مشروط رائے جاری کی ہے۔

اندرونی آڈٹ اور کنٹرول:

بورڈ نے آڈٹ کمیٹی کو رپورٹنگ کے لئے ایک تعلیم یافتہ شخص کی سربراہی میں ایک آزاد آڈٹ قائم کیا ہے۔ کمپنی کے اندر اندرونی آڈیٹنگ کا دائرہ کار واضح طور پر بیان کیا جاتا ہے جو اندرونی کنٹرول کے نظام کا جائزہ اور تشخیص کرتا ہے۔

ماحولیاتی تحفظ کے اقدامات

ڈیزل جنریٹرز اور گندے پانی کے ٹیسٹنگ سے اخراج کے لئے ماحولیاتی نگرانی نیشنل انوائرمنٹل کوالٹی سٹینڈرڈز (NEQS) کی تعمیل کے لئے متواتر بنیاد پر کی جاتی ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

آپ کی کمپنی کی مجلس نظماء بیان کرتی ہے کہ:

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکوئٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- مالی حسابات کمپنیز آرڈیننس 1984 کے قوانین کے تحت تیار کیا گیا ہے اور اس کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے، اور کسی بھی انحراف کا موزوں انکشاف اور وضاحت کی گئی ہے۔
- اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- کمپنی کے گوئنگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک وشبہات نہیں ہیں۔
- بورڈ کے تمام ڈائریکٹرز کارپوریٹ باڈیز کے ڈائریکٹرز کے طور پر اپنے فرائض اور ذمہ داریوں سے بخوبی واقف ہیں۔ ڈائریکٹرز کو اورینٹیشن کورسز کے ذریعے ان کے فرائض اور ذمہ داریوں کے بارے میں آگاہ کیا گیا تھا۔
- ریٹائرمنٹ بینیفٹس فنڈ کی مد میں سرمایہ کاری کی قدر:

پراویڈینٹ فنڈ: 30 جون 2015 کو 54.089 ملین روپے ہے۔

زیر جائزہ سال کے دوران، بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے حاضری کی پوزیشن حسب ذیل تھی:-

تعداد اجلاس	نام ڈائریکٹر	نمبر شمار
4	میاں حسن منشا (چیف ایگزیکٹو/ ڈائریکٹر)	1
3	جناب خالد قدیر قریشی (چیئرمین)	2
4	جناب محمود اختر	3
4	جناب شہزاد احمد ملک	4
3	*جناب سعید احمد علوی	5
4	جناب احمد عقیل	6
3	جناب اسد فاروق	7
1	**جناب غضنفر حسین مرزا	8

*جناب سعید احمد علوی 21.03.2016 کو وفات پا گئے۔

**جناب غضنفر حسین مرزا جناب سعید احمد علوی کی جگہ 05.04.2016 کو بورڈ پر مقرر ہوئے۔

زیر جائزہ سال کے دوران، آڈٹ کمیٹی کے پانچ اجلاس منعقد ہوئے، حاضری کی پوزیشن حسب ذیل تھی:-

تعداد اجلاس	نام رکن	نمبر شمار
4	جناب خالد قدیر قریشی (ممبر)	1
5	جناب شہزاد احمد ملک (ممبر/ چیئرمین)	2
5	جناب احمد عقیل (ممبر)	3

زیر جائزہ سال کے دوران، ہیومن ریسورس & ریمنریشن (R&HR) کمیٹی کا ایک اجلاس منعقد ہوا، حاضری کی پوزیشن حسب ذیل تھی:-

تعداد اجلاس	نام رکن	نمبر شمار
1	جناب حسن منشا (ممبر)	1
1	جناب خالد قدیر قریشی (ممبر)	2
0	*جناب سعید احمد علوی (ممبر/ چیئرمین)	3
0	*جناب غضنفر حسین مرزا (ممبر/ چیئرمین)	4

*جناب سعید احمد علوی 21.03.2016 کو فوت ہو گئے اور جناب غضنفر حسین مرزا 05.04.2016 کو ان کی جگہ پر مقرر ہوئے۔

حصص داری کا نمونہ:

بمطابق 30 جون 2016 نمونہ حصص داری منسلک ہے۔

کمپنی کے حصص میں ٹریڈنگ:

30 جون 2016 کو ختم ہونے والے سال کے دوران ڈائریکٹرز، ایگزیکٹوز اور ان کے زوج اور نابالغ بچوں کی طرف سے لسٹڈ کمپنی کے حصص میں کی گئی تمام تجارت اس سالانہ رپورٹ کے ہمراہ منسلک ہے۔

متعلقہ پارٹیاں:

متعلقہ پارٹیوں کے درمیان لین دین بے قابو قیمتوں کے موازنہ کے طریقہ کار کے مطابق قابل رسائی قیمتیں مقرر کر کے کیا گیا۔ کمپنی پاکستان میں سٹاک ایکسچینجز کی لسٹنگ کے ضابطے میں موجود منتقلی پرائسنگ بہترین طریقوں پر عمل پیرا ہے۔

تصرف:

ڈائریکٹرز 1.5 روپے فی شیئر کا حتمی نقد منافع منقسمہ سفارش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ یہ منافع 22 اکتوبر 2016ء کو کاروبار کے اختتام پر کمپنی کے رجسٹر اراکین میں درج حصص یافتگان کو ادا کیا جائے گا۔ 30 جون 2016 کو ختم ہونے والے سال کے لیے کل ڈیویڈنڈ 29 اکتوبر 2016ء کو سالانہ عمومی اجلاس میں شیئر ہولڈرز کی طرف سے منظور کردہ 6 روپے فی شیئر یعنی 60 فی صد 2,124.531 ملین روپے ہو جائے گا۔

محاسب:

موجودہ محاسب میسرز اے ایف فرگوسن، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں اور انہوں نے اہل ہونے کی بناء پر سال 17-2016 کے لئے دوبارہ تعیناتی کے لئے خود کو پیش کیا ہے بورڈ کی آڈٹ کمیٹی نے ریٹائر ہونے والے محاسب کی دوبارہ تقرری کی سفارش کی ہے۔

اظہار تشکر:

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

چیف ایگزیکٹو

لاہور: 26 ستمبر 2016ء

PATTERN OF HOLDINGS

OF THE SHARES HELD BY THE SHAREHOLDERS OF NISHAT POWER LIMITED AS AT JUNE 30, 2016

NUMBER OF SHAREHOLDERS	SHAREHOLDING FROM		TO	TOTAL NUMBER OF SHARES HELD	PERCENTAGE OF TOTAL CAPITAL
212	1	-	100	5,364	0.00
1238	101	-	500	602,271	0.17
397	501	-	1000	387,349	0.11
568	1001	-	5000	1,659,425	0.47
192	5001	-	10000	1,587,852	0.45
76	10001	-	15000	1,004,233	0.28
51	15001	-	20000	948,300	0.27
40	20001	-	25000	942,302	0.27
28	25001	-	30000	809,200	0.23
18	30001	-	35000	596,712	0.17
7	35001	-	40000	270,000	0.08
8	40001	-	45000	342,500	0.10
21	45001	-	50000	1,031,937	0.29
7	50001	-	55000	374,481	0.11
15	55001	-	60000	866,000	0.24
4	60001	-	65000	253,900	0.07
5	65001	-	70000	341,500	0.10
7	70001	-	75000	523,840	0.15
8	75001	-	80000	632,500	0.18
5	80001	-	85000	409,001	0.12
5	85001	-	90000	441,000	0.12
1	90001	-	95000	93,894	0.03
20	95001	-	100000	1,997,500	0.56
1	100001	-	105000	100,382	0.03
1	105001	-	110000	110,000	0.03
2	115001	-	120000	240,000	0.07
3	120001	-	125000	371,000	0.10
2	125001	-	130000	256,000	0.07
1	130001	-	135000	135,000	0.04
1	135001	-	140000	140,000	0.04
2	140001	-	145000	286,997	0.08
1	145001	-	150000	150,000	0.04
2	150001	-	155000	302,119	0.09
4	155001	-	160000	632,200	0.18
3	160001	-	165000	488,153	0.14
1	165001	-	170000	169,680	0.05
1	170001	-	175000	170,500	0.05
2	175001	-	180000	353,000	0.10
1	180001	-	185000	182,101	0.05
1	185001	-	190000	189,500	0.05
10	195001	-	200000	1,996,000	0.56
3	200001	-	205000	610,001	0.17
2	215001	-	220000	435,000	0.12
1	225001	-	230000	226,054	0.06
1	235001	-	240000	238,000	0.07
1	245001	-	250000	250,000	0.07
1	255001	-	260000	260,000	0.07
1	270001	-	275000	275,000	0.08
2	285001	-	290000	580,000	0.16
2	295001	-	300000	600,000	0.17
1	315001	-	320000	320,000	0.09
1	320001	-	325000	323,500	0.09
1	330001	-	335000	335,000	0.09
1	395001	-	400000	400,000	0.11

NUMBER OF SHAREHOLDERS	SHAREHOLDING FROM		TO	TOTAL NUMBER OF SHARES HELD	PERCENTAGE OF TOTAL CAPITAL
1	405001	-	410000	405,500	0.11
1	425001	-	430000	427,500	0.12
1	455001	-	460000	460,000	0.13
1	470001	-	475000	471,000	0.13
10	495001	-	500000	5,000,000	1.41
1	530001	-	535000	534,500	0.15
1	555001	-	560000	555,500	0.16
1	600001	-	605000	600,140	0.17
1	675001	-	680000	676,500	0.19
1	730001	-	735000	731,500	0.21
1	750001	-	755000	751,000	0.21
1	815001	-	820000	816,500	0.23
1	860001	-	865000	864,500	0.24
1	960001	-	965000	965,000	0.27
1	995001	-	1000000	1,000,000	0.28
1	1050001	-	1055000	1,052,000	0.30
1	1110001	-	1115000	1,110,047	0.31
1	1185001	-	1190000	1,187,000	0.34
1	1195001	-	1200000	1,200,000	0.34
1	1245001	-	1250000	1,250,000	0.35
1	1305001	-	1310000	1,309,500	0.37
1	1320001	-	1325000	1,321,627	0.37
1	1415001	-	1420000	1,418,000	0.40
1	1530001	-	1535000	1,531,500	0.43
1	1890001	-	1895000	1,895,000	0.54
1	1970001	-	1975000	1,972,500	0.56
1	2795001	-	2800000	2,798,168	0.79
1	2825001	-	2830000	2,828,000	0.80
1	2995001	-	3000000	3,000,000	0.85
2	3495001	-	3500000	7,000,000	1.98
1	3500001	-	3505000	3,503,425	0.99
1	3825001	-	3830000	3,826,488	1.08
1	4155001	-	4160000	4,158,245	1.17
1	4995001	-	5000000	5,000,000	1.41
1	5055001	-	5060000	5,055,500	1.43
1	5975001	-	5980000	5,976,000	1.69
1	6130001	-	6135000	6,135,000	1.73
1	7420001	-	7425000	7,420,500	2.10
1	9530001	-	9535000	9,534,957	2.69
1	9695001	-	9700000	9,700,000	2.74
1	10810001	-	10815000	10,814,500	3.05
1	29995001	-	30000000	30,000,000	8.47
1	180585001	-	180590000	180,585,155	51.00
3,043				354,088,500	100.00

Categories of Shareholders as at June 30, 2016

Sr. #	Categories	Shares Held	Percentage
1	Directors, Chief Executive Officer, and their spouse and Minor Children	3,502	0.0010
2	Associates Companies, Undertkaings and related parties	180,632,955	51.0135
3	NIT and ICP	Nil	Nil
4	Banks, Development Financial Institutions, Non Banking Financial Institutions	57,481,500	16.2337
5	Insurance Companies	21,156,988	5.9751
6	Modarabas and Mututal Funds	1,397,070	0.3946
7	Shareholders holding 10% or more	180,632,955	51.0135
8	General Public		
	a. Local	78,691,996	22.2238
	b. Foreign	Nil	Nil
9	Others	14,772,289	4.1719

INFORMATION UNDER LISTING REGULATION NO. 5.19.11 (X) OF PSX RULE BOOK AS ON JUNE 30, 2016

Categories of Shareholders	Shares Held	Percentage
Associated Companies, Undertaking and Related Parties		
NISHAT MILLS LIMITED	180,632,955	51.0135
Mutual Funds		
CDC - TRUSTEE AKD INDEX TRACKER FUND	34,070	0.0096
CDC - TRUSTEE PICIC ENERGY FUND	1,309,500	0.3698
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	38,500	0.0109
CDC - TRUSTEE PIML VALUE EQUITY FUND	15,000	0.0042
	1,397,070	0.3946
Directors and their spouses and Minor Children		
MIAN HASSAN MANSHA	1	0.0000
KHALID QADEER QURESHI	1	0.0000
AHMAD AQEEL	500	0.0001
MR. SHAHZAD AHMAD MALIK	500	0.0001
ASAD FAROOQ	500	0.0001
GHAZANFAR HUSAIN MIRZA	1,000	0.0003
MAHMOOD AKHTAR	1,000	0.0003
	3,502	0.0010
Executives	Nil	Nil
Public Sector Companies and Corporations		
Joint Stock Companies	12,960,989	3.6604
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds		
Banks, DFIs and NBFIs	57,481,500	16.2337
Insurance Companies	21,156,988	5.9751
Pension Funds/ Providend Funds etc.	1,313,500	0.3710
Trusts/Foundation	450,000	0.1271
	80,401,988	22.7067
Shareholders holding 5% or more voting rights:		
NISHAT MILLS LIMITED	180,632,955	51.0135
ALLIED BANK LIMITED	30,000,000	8.4725
	210,632,955	59.4860

INFORMATION UNDER LISTING REGULATION NO. 5.19.11 (XII) OF PSX RULE BOOK AS ON JUNE 30, 2016

Mr. Ghazanfar Husain Mirza acquired 1,000 shares of the Company on April 19, 2016 @ Rs. 49.49, being the qualification shares.

Except for above, there are no trading in shares of the Company, carried out by its Directors, Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary, Other Employees and their spouses and minor children during the year July 01, 2015 to June 30, 2016.

For the purpose of this clause, Board of directors have set threshold for Other Employees, which includes all of the employees covered under any of the following categories:

i) Employees at General Manager position and above,

ii) Employees from Finance Department, Accounts Department, Internal Audit Department and Corporate Department

iii) Any employee receiving annual gross salary of Rs. 3 million or above.

STATEMENT OF COMPLIANCE

WITH THE CODE OF CORPORATE GOVERNANCE [See Clause 5.19.23] FOR THE YEAR ENDED JUNE 30, 2016

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in listing Regulation No. 5.19.23 of listing regulations of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Director	Mr. Ahmad Aqeel
Executive Directors	Mian Hassan Mansha Mr. Mahmood Akhtar
Non-Executive Directors	Mr. Asad Farooq Mr. Khalid Qadeer Qureshi Mr. Shahzad Ahmad Malik Mr. Ghazanfar Husain Mirza

   The independent director meets the criteria of independence under clause 5.19.1(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the directors are registered taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI and not a member of a stock exchange and none of them has been declared as a defaulter by that stock exchange.

4. One casual vacancy occurred on the Board due to sad demise of Mr. Saeed Ahmad Alvi and the same was filled up on April 04, 2016.

5. The company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.

8. The meetings of the board were presided over by the Chairman and in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The board arranged followings for its directors during the year.

   Orientation Course: -

   All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. The directors were apprised of their duties and responsibilities through orientation courses.

   Directors' Training Program: -

   (i) One (1) Director of the Company is exempt due to 14 years of education and 15 years of experience on the board of a listed company.

   (ii) Five directors Mr. Ahmad Aqeel, Mr. Asad Farooq, Mr. Ghazanfar Husain Mirza, Mr. Mahmood Akhtar and Mr. Shahzad Ahmad Malik have completed the directors training program.

10. No new appointments of CFO, Company Secretary and Head of Internal Audit, has been approved by the Board. The remuneration of CFO and Head of Internal Audit was revised during the year after due approval of the Board.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises 3 members, of whom 2 are non-executive directors and one is independent director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises 3 members, of whom 2 are non-executive directors and the chairman of the committee is a Non-Executive director.

18. The board has set up an effective internal audit function and the members of internal audit function are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.

23. We confirm that all other material principles enshrined in the CCG have been complied with.

Lahore
Dated: September 26, 2016

(MIAN HASSAN MANSHA)
CHIEF EXECUTIVE OFFICER

REVIEW REPORT TO THE MEMBERS

ON STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

We have reviewed the annexed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the 'Code') prepared by the Board of Directors of Nishat Power Limited (the 'company') for the year ended June 30, 2016 to comply with the requirements of the Listing Regulation No. 5.19 of Pakistan Stock Exchange Limited, where the company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the company's personnel and review of various documents prepared by the company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the company's corporate governance procedures and risks.

The Code requires the company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the company's compliance, in all material respects, with the best practices contained in the Code as applicable to the company for the year ended June 30, 2016.

A.F. Ferguson & Co.
Chartered Accountants

Lahore: September 26, 2016

Engagement Partner: Khurram Akbar Khan

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Nishat Power Limited (the 'company') as at June 30, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

(b) in our opinion:

    (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

    (ii) the expenditure incurred during the year was for the purpose of the company's business; and

    (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2016 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

We draw attention to note 17.2 to the annexed financial statements, which describes the matter regarding recoverability of certain trade debts. Our opinion is not qualified in respect of this matter.

Afferguson & Co.

Lahore: September 26, 2016

A. F. Ferguson & Co.
Chartered Accountants

Engagement Partner: Khurram Akbar Khan

BALANCE SHEET
AS AT JUNE 30, 2016

	Note	2016	2015
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 500,000,000 (2015: 500,000,000) ordinary shares of Rs 10 each		5,000,000	5,000,000
Issued, subscribed and paid up share capital 354,088,500 (2015: 354,088,500) ordinary shares of Rs 10 each	5	3,540,885	3,540,885
Revenue reserve: Un-appropriated profit	6	8,710,194	8,072,183
		12,251,079	11,613,068
NON-CURRENT LIABILITY			
Long term financing - secured	7	6,857,693	8,376,351
CURRENT LIABILITIES			
Current portion of long term financing - secured	7	1,518,659	1,306,427
Short term borrowings - secured	8	-	932,163
Trade and other payables	9	251,118	531,198
Accrued finance cost	10	196,082	270,493
		1,965,859	3,040,281
CONTINGENCIES AND COMMITMENTS	11		
		21,074,631	23,029,700

The annexed notes 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE

	Note	2016	2015
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	12	11,654,976	12,318,559
Long term investments	13	1,396	1,299
Long term loans and advances	14	3,133	1,264
		11,659,505	12,321,122
CURRENT ASSETS			
Stores, spares and loose tools	15	530,171	605,756
Inventories	16	702,678	1,268,908
Trade debts	17	6,384,250	8,049,605
Advances, deposits, prepayments and other receivables	18	1,108,221	671,874
Income tax receivable		15,812	8,954
Cash and bank balances	19	673,994	103,481
		9,415,126	10,708,578
		21,074,631	23,029,700

DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
		(Rupees in thousand)	
Sales	20	13,896,036	22,313,634
Cost of sales	21	(10,008,691)	(17,622,108)
Gross profit		3,887,345	4,691,526
Administrative expenses	22	(201,723)	(177,942)
Other expenses	23	(1,348)	-
Other income	24	33,755	33,920
Finance cost	25	(866,561)	(1,429,594)
Share of loss of associate	13	(403)	(1,201)
Profit before taxation		2,851,065	3,116,709
Taxation	26	-	-
Profit for the year		2,851,065	3,116,709
Earnings per share - basic and diluted (in Rupees)	27	8.052	8.802

The annexed notes 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	(Rupees in thousand)	
Profit for the year	2,851,065	3,116,709
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss	-	-
Items that will not be reclassified subsequently to profit or loss	-	-
	-	-
Total comprehensive income for the year	2,851,065	3,116,709

The annexed notes 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

	Share capital	Revenue reserve: Un-appropriated profit	Total
		(Rupees in thousand)	
Balance as on July 01, 2014	3,540,885	6,814,438	10,355,323
Profit for the year	-	3,116,709	3,116,709
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	3,116,709	3,116,709
Dividend to equity holders of the company:			
Final dividend for the year ended June 30, 2014 @ Rupees 1 per share	-	(354,088)	(354,088)
Interim dividend for the first quarter ended September 30, 2014 @ Rupee 1 per share	-	(354,088)	(354,088)
Interim dividend for the half year ended December 31, 2014 @ Rupee 1.75 per share	-	(619,655)	(619,655)
Interim dividend for the third quarter ended March 31, 2015 @ Rupee 1.5 per share	-	(531,133)	(531,133)
Total contributions by and distributions to owners of the company recognised directly in equity	-	(1,858,964)	(1,858,964)
Balance as on June 30, 2015	3,540,885	8,072,183	11,613,068
Profit for the year	-	2,851,065	2,851,065
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	2,851,065	2,851,065
Dividend to equity holders of the company:			
Final dividend for the year ended June 30, 2015 @ Rupee 1.75 per ordinary share	-	(619,655)	(619,655)
Interim dividend for the first quarter ended September 30, 2015 @ Rupee 1 per share	-	(354,089)	(354,089)
Interim dividend for the half year ended December 31, 2015 @ Rupees 2 per share	-	(708,177)	(708,177)
Interim dividend for the third quarter ended March 31, 2016 @ Rupee 1.5 per share	-	(531,133)	(531,133)
Total contributions by and distributions to owners of the company recognised directly in equity	-	(2,213,054)	(2,213,054)
Balance as on June 30, 2016	3,540,885	8,710,194	12,251,079

The annexed notes 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	28	6,292,828	6,058,704
Finance cost paid		(940,972)	(1,559,927)
Income tax (paid)/refunded		(6,858)	19,565
Long term loans and advances - net		(1,869)	(1,264)
Retirement benefits paid		(10,791)	(6,732)
Net cash inflow from operating activities		5,332,338	4,510,346
Cash flows from investing activities			
Purchase of fixed assets		(342,909)	(73,863)
Proceeds from disposal of operating fixed assets		543	616
Long term investment purchased		(500)	(2,500)
Profit on bank deposits received		32,164	11,880
Net cash outflow from investing activities		(310,702)	(63,867)
Cash flows from financing activities			
Repayment of long term financing		(1,306,426)	(1,123,854)
Dividend paid		(2,212,534)	(2,148,703)
Net cash outflow from financing activities		(3,518,960)	(3,272,557)
Net increase in cash and cash equivalents		1,502,676	1,173,922
Cash and cash equivalents at the beginning of the year		(828,682)	(2,002,604)
Cash and cash equivalents at the end of the year	29	673,994	(828,682)

The annexed notes 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

1. THE COMPANY AND ITS ACTIVITIES

Nishat Power Limited (the 'company') is a public limited company incorporated in Pakistan. The company is a subsidiary of Nishat Mills Limited. The company's ordinary shares are listed on the Pakistan Stock Exchange Limited.

The principal activity of the company is to build, own, operate and maintain a fuel fired power station having gross capacity of 200 MW in Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan. The address of the registered office of the company is 53-A, Lawrence Road, Lahore. The company has a Power Purchase Agreement ('PPA') with its sole customer, National Transmission and Despatch Company Limited ('NTDC') for twenty five years which commenced from June 09, 2010.

2. BASIS OF PREPARATION

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board and Islamic Financial Accounting Standards ('IFAS') issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984 ('Ordinance'), provisions of and directives issued under the Ordinance. Wherever the requirements of the Ordinance or directives issued by Securities and Exchange Commission of Pakistan ('SECP') differ with the requirements of IFRS or IFAS, the requirements of the Ordinance or the requirements of the said directives prevail.

2.2 Initial application of standards, amendments or an interpretation to existing standards

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

2.2.1 Standards, amendments and interpretations to approved accounting standards that are effective in current year

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 01, 2015 but are considered currently not to be relevant or to have any significant effect on the company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements.

2.2.2 Exemption from applicability of certain interpretations to standards

SECP through SRO 24(I)/2012 dated January 16, 2012, has exempted the application of International Financial Reporting Interpretations Committee ('IFRIC') 4 'Determining whether an Arrangement contains a Lease' to all companies. However, the SECP made it mandatory to disclose the impact of the application of IFRIC 4 on the results of the companies. This interpretation provides guidance on determining whether arrangements that do not take the legal form of a lease should, nonetheless, be accounted for as a lease in accordance with IAS 17, 'Leases'.

Consequently, the company is not required to account for a portion of its PPA with NTDC as a lease under IAS - 17. If the company were to follow IFRIC - 4 and IAS - 17, the effect on the financial statements would be as follows:

	2016	2015
	(Rupees in thousand)	
De-recognition of property, plant and equipment	(11,396,664)	(12,176,596)
Recognition of lease debtor	11,523,859	12,683,125
Increase in un-appropriated profit at the beginning of the year	506,529	477,065
(Decrease)/increase in profit for the year	(379,334)	29,464
Increase in un-appropriated profit at the end of the year	127,195	506,529

2.2.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the company's accounting periods beginning on or after July 1, 2016, but are considered not to be relevant or to have any significant effect on the company's operations and are, therefore, not detailed in these financial statements.

3. BASIS OF MEASUREMENT

3.1 These financial statements have been prepared under the historical cost convention.

3.2 The company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment and estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates which have been explained as follows:

a) Provision for taxation

The company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the company's view differs from the view taken by the income tax department at the assessment stage and where the company considers that its views on items of material nature is in accordance with the law, the amounts are shown as contingent liabilities.

b) Useful lives and residual values of fixed assets

The company reviews the useful lives of fixed assets on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of fixed assets with a corresponding effect on the depreciation charge and impairment.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented.

4.1 Taxation

Current

The profits and gains of the company derived from electric power generation are exempt from tax in terms of clause 132 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the conditions and limitations provided therein.

Under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, the company is also exempt from levy of minimum tax on ‘turnover’ under section 113 of the Income Tax Ordinance, 2001. However, full provision is made in the profit and loss account on income from sources not covered under the above clauses at current rates of taxation after taking into account, tax credits and rebates available, if any.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

Deferred tax has not been provided in these financial statements as the company’s management believes that the temporary differences will not reverse in the foreseeable future due to the fact that the profits and gains of the company derived from electric power generation are exempt from tax subject to the conditions and limitations provided for in terms of clause 132 of Part I of the Second Schedule to the Income Tax Ordinance, 2001.

4.2 Fixed assets

4.2.1 Operating fixed assets

Operating fixed assets except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss.

Depreciation on operating fixed assets, other than identifiable capital spares in plant and machinery, is charged to profit and loss account on the straight line method so as to write off the cost of an asset over its estimated useful life at the annual rates mentioned in note 12.1 after taking into account their residual values. Depreciation on identifiable capital spares in plant and machinery is charged on the basis of number of hours used.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The company's estimate of the residual value of its operating fixed assets as at June 30, 2016, has not required any adjustment as its impact is considered insignificant.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 4.3).

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repair and maintenance costs are included in the profit and loss account during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset, represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

4.2.2 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

4.2.3 Major spare parts and standby equipment

Major spare parts and stand-by equipment qualify as property, plant and equipment when an entity expects to use them for more than one year. Transfers are made to relevant operating fixed assets category as and when such items are available for use.

4.2.4 Intangible assets

Expenditure incurred to acquire computer software has been capitalised as an intangible asset and stated at cost less accumulated amortisation and any identified impairment loss. Intangible assets are amortised using the straight line method over a period of five years.

The company assesses at each balance sheet date whether there is any indication that intangible assets may be impaired. If such an indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the amortisation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.3 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

4.4 Leases

The company is the lessee:

4.4.1 Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit on a straight line basis over the lease term.

4.5 Stores, spares and loose tools

Stores, spares and loose tools are valued principally at weighted average cost except for items in transit which are stated at invoice value plus other charges paid thereon till the balance sheet date while items considered obsolete are carried at nil value.

4.6 Inventories

Inventories except for those in transit are valued principally at lower of weighted average cost and net realizable value. Materials in transit are stated at cost comprising invoice value plus other charges paid thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale. Provision is made in the financial statements for obsolete and slow moving inventories based on management's estimate.

4.7 Investments

Investments intended to be held for less than twelve months from the balance sheet date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

4.7.1 Investment in equity instruments of subsidiaries

Investment in subsidiary company is measured at cost as per the requirements of IAS-27 "Separate Financial Statements". However, at subsequent reporting dates, the company reviews the carrying amount of the investment and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. If any such indication exists, the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognised as an expense in the profit and loss account.

The company is required to issue consolidated financial statements along with its separate financial statements in accordance with the requirements of approved accounting standards. However, it has not presented such consolidated financial statements for the reasons explained in note 13.2 to these financial statements.

4.7.2 Investment in equity instruments of associates

Associates are all entities over which the company has significant influence but not control. Investment in equity instruments of associates are accounted for using the equity method of accounting and are initially recognised at cost. The company's investment in associates includes goodwill (net of any accumulated impairment loss) identified on the acquisition. The company's share of its associates' post-acquisition profits or losses is recognised in the profit and loss account, and its share of post acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of investment. When the company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the company and its associates are eliminated to the extent of company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

At each balance sheet date, the company reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognised as expense in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account.

4.8 Financial assets

4.8.1 Classification

The company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within twelve months, otherwise, they are classified as non-current.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise advances, deposits and other receivables and cash and cash equivalents in the balance sheet.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date.

d) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are classified as held to maturity and are stated at amortised cost.

4.8.2 Recognition and measurement

All financial assets are recognised at the time when the company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised on trade-date – the date on which the company commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit and loss account as part of other income when the company's right to receive payments is established.

Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit and loss account as gains and losses from investment securities. Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit and loss account. Dividends on available-for-sale equity instruments are recognised in the profit and loss account when the company's right to receive payments is established.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the company measures the investments at cost less impairment in value, if any.

The company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment testing of trade debts and other receivables is described in note 4.11.

4.9 Financial liabilities

All financial liabilities are recognised at the time when the company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit and loss account.

4.10 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.11 Trade debts and other receivables

Trade debts and other receivables are recognised initially at invoice value, which approximates fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade debts and other receivables is established when there is objective evidence that the company will not be able to collect all the amount due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade debt is impaired. The provision is recognised in the profit and loss account. When a trade debt is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

4.12 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

4.13 Employees' retirement benefits - Defined contribution plan

There is an approved defined contributory provident fund for all employees. Equal monthly contributions are made both by the company and employees to the fund at the rate of 10 percent of the basic salary. Retirement benefits are payable to staff on completion of prescribed qualifying period of service under the scheme.

4.14 Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

4.15 Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.16 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown in current liabilities on the balance sheet.

4.17 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method. Finance costs are accounted for on an accrual basis and are reported under accrued finance cost to the extent of the amount remaining unpaid.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

4.18 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of the asset up to the date of commissioning of the related asset.

4.19 Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable on the following basis:

Revenue on account of energy is recognised on transmission of electricity to NTDC, whereas on account of capacity is recognised when due. Income on bank deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

4.20 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the company's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

4.21 Dividend

Dividend distribution to the company's members is recognised as a liability in the period in which the dividends are approved.

4.22 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company; or

- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

5. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

This represents 354,088,500 (2015: 354,088,500) ordinary shares of Rs 10 each fully paid in cash. 180,632,955 (2015: 180,632,955) ordinary shares of the company are held by Nishat Mills Limited, the holding company.

6. In accordance with the terms of agreement with the lenders of long term finances, there are certain restrictions on the distribution of dividends by the company.

7. LONG TERM FINANCING - SECURED

	2016	2015
	(Rupees in thousand)	
Opening balance	9,682,778	10,806,632
Less: Repayments during the period / year	1,306,427	1,123,854
	8,376,351	9,682,778
Less: Current portion shown under current liabilities	1,518,659	1,306,427
	6,857,693	8,376,351

Long term financing under mark-up arrangement obtained from following banks:

	2016	2015
	(Rupees in thousand)	
Lender		
National Bank of Pakistan	1,453,734	1,680,468
Habib Bank Limited	1,938,488	2,240,826
Allied Bank Limited	1,938,488	2,240,826
United Bank Limited	1,903,945	2,200,895
Faysal Bank Limited	1,141,697	1,319,763
	8,376,351	9,682,778
Less: Current portion shown under current liabilities	1,518,659	1,306,427
	6,857,693	8,376,351

7.1 This represents long term financing obtained from a consortium of banks led by Habib Bank Limited (Agent Bank). The portion of long term financing from Faysal Bank Limited is on murabaha basis. The overall financing is secured against registered first joint parri passu charge on immovable property, mortgage of project receivables, hypothecation of all present and future assets and all properties of the company (excluding the mortgaged immovable property), lien over project bank accounts and pledge of shares held by the holding company in Nishat Power Limited. It carries mark-up at the rate of three months Karachi Inter-Bank Offered Rate (KIBOR) plus three percent per annum, payable on quarterly basis. The mark-up rate charged during the year on the outstanding balance ranged from 9.35% to 10.01% (2015: 10.99% to 13.18%) per annum. The finance is repayable in seventeen quarterly installments ending on July 01, 2020.

		2016	2015
		(Rupees in thousand)	

8. SHORT TERM BORROWINGS - SECURED

Short term borrowings under mark-up arrangements obtained as under:

		2016	2015
Running finances	- note 8.1	-	901,445
Term finances	- note 8.2	-	30,718
		-	932,163

8.1 Running finances

Running finance and running musharka main facilities available from various commercial banks under mark-up arrangements amount to Rs 4,976.52 million (2015: Rs 4,701.52 million) at mark-up rates ranging from one month to three months KIBOR plus 0.50% to 2% per annum, payable monthly/quarterly, on the balance outstanding. The aggregate facilities are secured against charge on present and future fuel stock/ inventory and present and future energy purchase price receivables. The mark-up rate charged during the year on the outstanding balance ranged from 6.85% to 8.26% (2015: 7.28% to 12.18%) per annum.

8.2 Term finances

This represents murabaha and term finance main facilities aggregating Rs 2,800 million (2015: Rs 3,450 million) under mark-up arrangements from commercial banks at mark-up rates of three months KIBOR plus 0.5% to 1.0% per annum, to finance the procurement of multiple oils from the fuel suppliers. Mark-up is payable at the maturity of the respective murabaha transaction / term finance facility. The aggregate facilities are secured against first pari passu charge on current assets comprising of fuel stocks/ inventory and assignment of energy payment receivables from NTDC. The mark-up rate charged during the year on the outstanding balance ranged from 6.61% to 7.53% (2015: 7.28% to 11.04%) per annum.

8.3 Letters of credit and guarantees

The main facilities for opening letters of credit and guarantees aggregate Rs 550 million (2015: Rs 750 million). The amount utilised at June 30, 2016, for letters of credit was Rs 315.17 million (2015: Rs 302.74 million) and for guarantees was Rs 197.98 million (2015: Rs 355.50 million). The aggregate facilities for opening letters of credit and guarantees are secured by charge on present and future current assets including fuel stocks/inventory of the company and by lien over import documents.

		2016	2015
		(Rupees in thousand)	

9. TRADE AND OTHER PAYABLES

		2016	2015
Creditors	- note 9.1	77,896	250,960
Payable to contractors		11,838	106,896
Unclaimed dividend		13,928	13,408
Workers' profit participation fund	- note 9.2	142,553	155,835
Withholding tax payable		360	147
Other accrued liabilities		4,543	3,952
		251,118	531,198

9.1 Includes the following amounts due to related parties (associated companies):

	2016	2015
Nishat (Aziz Avenue) Hotels and Properties Limited	-	3,115
Security General Insurance Company Limited	42	3
	42	3,118

9.2 Workers' Profit Participation Fund

		2016	2015
Opening balance		155,835	145,866
Provision for the year	- note 18.3	142,553	155,835
Interest for the year	- note 25	667	7
		299,055	301,708
Less: Payments made during the year		156,502	145,873
Closing balance		142,553	155,835

9.3 Workers' Welfare Fund has not been provided for in the financial statements on the advice of the company's legal consultant.

	2016	2015
	(Rupees in thousand)	

10. ACCRUED FINANCE COST

	2016	2015
Accrued mark-up / interest on:		
Long term financing - secured	195,261	265,305
Short term borrowings - secured	821	5,188
	196,082	270,493

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

(i) In financial year 2014, a sales tax demand of Rs 1,218.132 million was raised against the company through order dated December 11, 2013 by the Assistant Commissioner Inland Revenue ('ACIR') disallowing input sales tax for the tax periods of July 2010 through June 2012. The disallowance was made on the grounds that, revenue derived by the company on account of 'capacity purchase price' was not chargeable to sales tax, input sales tax claimed by the company was required to be apportioned with only the input sales tax attributable to other revenue stream i.e. 'energy purchase price' admissible to the company. Against the aforesaid order, the company preferred an appeal before the Commissioner Inland Revenue (Appeals) ['CIR(A)'], who vacated the ACIR's order on the issue regarding apportionment of input sales tax. The CIR(A), however, did not adjudicate upon other grounds of appeal agitated by the company which have been further agitated before Appellate Tribunal Inland Revenue ('ATIR') by the company. Moreover, the department, too, has assailed before ATIR, the relief extended by CIR(A) and such litigation is presently pending.

Furthermore, during the financial year 2015, the Deputy Commissioner Inland Revenue ('DCIR') issued a show cause notice dated August 19, 2014 whereby intentions were shown to disallow input sales tax for the tax periods of July 2009 to June 2013 on similar grounds, as explained above. The company agitated the initiation of such proceedings through institution of a writ petition before the Lahore High Court ('LHC') in respect whereof, through order dated December 14, 2015, interim relief has been granted directing the department to halt the proceedings for the time being.

For the period July 2013 to June 2014, company's case was selected for audit by 'Federal Board of Revenue' ('FBR'), which selection was objected to, on jurisdictional basis, by company by way of filing a writ petition before LHC. While, LHC has allowed the 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 department during the year and report thereof has been submitted to the company seeking explanations in regard to the issues raised therein. In the subject audit report, inter-alia, primarily a disallowance of input sales tax aggregating to Rs 596.091 million has been confronted on same grounds as explained above.

Based on the advice of the company's legal counsel, management considers that there exist meritorious grounds to support the company's stance that input sales tax incurred by the company is not legally required to be attributed to revenue representing 'capacity purchase price' and thus disallowance proposed by department would not be upheld by appellate authorities/courts. Consequently, no provision has been made in these financial statements on such account.

(ii) The banks have issued the following on behalf of the company:

(a) Irrevocable standby letter of credit in favour of Wartsila Pakistan (Private) Limited for Nil (2015: Rs 45 million).

(b) Letter of guarantee of Rs 7.5 million (2015: Rs 5.5 million) in favour of Director, Excise and Taxation, Karachi, under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess.

(c) Letter of guarantee of Rs 190.484 million (2015: 350 million) in favor of fuel suppliers.

11.2 Commitments

(i) Letters of credit and contracts for capital expenditure aggregating Nil (2015: Rs 78.998 million).

(ii) Letters of credit and contracts other than for capital expenditure aggregating Rs 315.168 million (2015: Rs 178.745 million).

(iii) The amount of future payments under operating lease and the period in which these payments will become due are as follows:

	2016	2015
	(Rupees in thousand)	
Not later than one year	12,461	15,577
Later than one year and not later than five years	60,490	77,640
	72,951	93,217

12. FIXED ASSETS

		2016	2015
Property, plant and equipment:			
Operating fixed assets	- note 12.1	11,505,661	12,292,319
Capital work-in-progress	- note 12.2	1,950	5,227
Major spare parts and standby equipment	- note 12.3	140,074	21,013
		11,647,685	12,318,559
Intangible asset:			
Computer software	- note 12.4	7,291	-
		11,654,976	12,318,559

12.1 Operating fixed assets

(Rupees in thousand)

	Freehold land	Buildings and roads on freehold land	Plant and machinery	Improve-ments on leasehold property	Electric installa-tions	Computer equipment	Furniture and fixtures	Office equipment	Vehicles	Total
COST										
Balance as at July 01, 2014	80,686	192,071	16,929,344	40,909	661	2,887	6,658	34,504	19,725	17,307,445
Additions during the year	-	-	6,755	-	-	19,840	1,887	594	38,197	67,273
Disposal during the year	-	-	(5,532)	-	-	(266)	-	-	(950)	(6,748)
Balance as at June 30, 2015	80,686	192,071	16,930,567	40,909	661	22,461	8,545	35,098	56,972	17,367,970
Balance as at July 01, 2015	80,686	192,071	16,930,567	40,909	661	22,461	8,545	35,098	56,972	17,367,970
Additions during the year	-	5,494	191,867	-	-	3,613	236	323	18,050	219,583
Disposal during the year	-	-	(128,860)	-	-	(125)	-	-	(4,614)	(133,599)
Balance as at June 30, 2016	80,686	197,565	16,993,574	40,909	661	25,949	8,781	35,421	70,409	17,453,954
DEPRECIATION AND IMPAIRMENT										
Balance as at July 01, 2014	-	30,870	4,002,393	12,791	252	2,188	2,177	10,175	7,025	4,067,871
Depreciation charge for the year	-	7,707	991,290	4,091	66	1,079	777	3,463	5,464	1,013,937
Disposal during the year	-	-	(5,532)	-	-	(134)	-	-	(491)	(6,157)
Balance as at June 30, 2015	-	38,577	4,988,151	16,882	318	3,133	2,954	13,638	11,998	5,075,651
Balance as at July 01, 2015	-	38,577	4,988,151	16,882	318	3,133	2,954	13,638	11,998	5,075,651
Depreciation charge for the year	-	7,758	969,534	4,091	66	7,522	868	3,510	12,401	1,005,750
Disposal during the year	-	-	(128,860)	-	-	(125)	-	-	(4,123)	(133,108)
Balance as at June 30, 2016	-	46,335	5,828,825	20,973	384	10,530	3,822	17,148	20,276	5,948,293
Book value as at June 30, 2015	80,686	153,494	11,942,416	24,027	343	19,328	5,591	21,460	44,974	12,292,319
Book value as at June 30, 2016	80,686	151,230	11,164,749	19,936	277	15,419	4,959	18,273	50,132	11,505,661
Annual depreciation rate %	-	4 to 5.24	4 to 5.19 and number of hours used	10	10	33	10	10	20	

12.1.1

Improvements on leasehold property represents costs of improvement incurred on property owned by Nishat (Aziz Avenue) Hotels and Properties Limited, a related party (associated company).

12.1.2

The depreciation charge for the year has been allocated as follows:

		2016	2015
		(Rupees in thousand)	
Cost of sales	- note 21	986,983	1,002,263
Administrative expenses	- note 22	18,767	11,674
		1,005,750	1,013,937

12.1.3 Disposal of operating fixed assets

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
	2016 (Rupees in thousand)				
Plant and machinery					
Assets written off	128,860	128,860	-	-	Write off
Vehicles sold to:					
Outside party					
Muhammad Aslam	65	65	-	18	Bid
Masroor Hussain Bakhtiaree	65	57	8	30	Bid
Company employees					As per company policy
Munawar Ali	924	816	108	108	
Shoaib Hashim	924	816	108	108	-do-
Mushtaq Ahmed	1,654	1,433	221	221	-do-
Khurram Khan	916	870	46	46	-do-
Ali Raza	66	66	0	12	-do-
Computer equipment sold to:					
Company employees					As per company policy
Khurram Khan	66	66	-	-	
Faraz Ahmad	59	59	-	-	-do-
	133,599	133,108	491	543	

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
	2015 (Rupees in thousand)				
Plant and machinery					
Assets written off	5,532	5,532	-	-	Write off
Vehicles sold to:					
Outside party					
Muhammad Iqbal	950	491	459	458	Bid
Computer equipment sold to:					
Company employee					
Muhammad Waseem	50	50	-	-	As per company policy
Related party					
Lalpir Power Limited - related party (associated company)	85	11	74	74	As per company policy
Theft	131	73	58	84	Insurance claim
	6,748	6,157	591	616	

		2016	2015
		(Rupees in thousand)	

12.2 Capital work-in-progress

This represents advances to suppliers.

The reconciliation of the carrying amount is as follows:

		2016	2015
Opening balance		5,227	-
Additions during the year		21,012	5,227
		26,239	5,227
Transfers during the year		(24,289)	-
Closing balance		1,950	5,227

12.3 Major spare parts and standby equipment

		2016	2015
Opening balance		21,013	19,650
Additions during the year		305,268	4,206
		326,281	23,856
Transfers during the year		(186,207)	(2,843)
Closing balance [including in transit Rs 6.374 million (2015: Nil)]		140,074	21,013

12.4 Intangible asset

Computer software

		2016	2015
Cost			
Opening balance		-	-
Addition during the year		7,542	-
Closing balance		7,542	-
Amortization			
Opening balance		-	-
Charge for the year	- note 21	251	-
Closing balance		251	-
Book value		7,290	-
Annual amortization rate %		20%	-

		2016	2015
		(Rupees in thousand)	

13. LONG TERM INVESTMENTS

Investment in associate	- note 13.1	896	1,299
Investment in subsidiary	- note 13.2	500	-
		1,396	1,299

13.1 Related party - Associate
Unquoted:
Nishat Energy Limited

	2016	2015
250,000 (2015: 250,000) fully paid ordinary shares of Rs 10 each [Equity held 25% (2015 : 25%)] - Cost	2,500	2,500
Opening balance	1,299	-
Investment	-	2,500
Share of loss for the year/period	(403)	(1,201)
Closing balance	896	1,299

The company directly holds 25% ordinary shares in Nishat Energy Limited ('NEL'). NEL is an unquoted public limited company incorporated in Pakistan to build, own, operate and maintain a coal fired power station. The investment in NEL is accounted for using equity method. Share of loss of associate is based on the un-audited financial statements of NEL for the year ended June 30, 2016.

The company's share of the result of its associate, and its share of the assets, liabilities and revenue is as follows:

		2016 (Rupees in thousand)			
Name	Percentage interest held	Assets	Liabilities	Revenues	Loss
Nishat Energy Limited	25%	895	-	-	(403)

		2015 (Rupees in thousand)			
Name	Percentage interest held	Assets	Liabilities	Revenues	Loss
Nishat Energy Limited	25%	1,304	6	-	(1,201)

	2016	2015
	(Rupees in thousand)	
13.2 Related party - Subsidiary		
Unquoted:		
Lalpir Solar Power (Private) Limited		
50,000 (2015: Nil) fully paid ordinary shares of Rs 10 each [Equity held 100% (2015 : Nil)] - Cost	500	-

The company has incorporated a wholly owned subsidiary, LSPPL, and has taken up 50,000 shares of Rs 10 each of initial paid up share capital. The principal activity of LSPPL will be to build, own, operate and maintain or invest in a solar power project. The investment in LSPPL is accounted for using cost method.

The management of the company had applied to the SECP for the exemption from the requirements of section 237 of the Ordinance, in respect of consolidating its wholly owned subsidiary namely Lalpir Solar Power (Private) Limited ('LSPPL'). The SECP, vide its letter EMD/233/744/2002-140 dated August 11, 2016, granted the exemption from consolidation of LSPPL in its financial statements for the year ended June 30, 2016 till third quarter of financial year ending June 30, 2017, under Section 237(8) of the Ordinance based on the fact that investment of the company in LSPPL is negligible in percentage of the total assets of the company and will not be a value addition in any way for the users of the company's financial statements.

Financial statements of LSPPL for the first period from November 09, 2015, to June 30, 2016, will be available to members at registered office of the company without any cost.

LSPPL's loss and its assets and liabilities as per un-audited financial statements for the first period from November 09, 2015 to June 30, 2016 are as under:

Name	Percentage interest held	Assets	Liabilities	Revenues	Loss
		(Rupees in thousand)			
Lalpir Solar Power (Private) Limited	100%	57	-	-	(443)

		2016	2015
		(Rupees in thousand)	
14. LONG TERM LOANS AND ADVANCES			
Loans to employees - considered good			
- Executives	- note 14.2	3,452	1,276
- Others		732	330
	- note 14.1	4,184	1,606
Current portion shown under current assets			
- Executives		(865)	(271)
- Others		(186)	(71)
	- note 18	(1,051)	(342)
		3,133	1,264

14.1 This represents interest free motor vehicle loans given to employees, receivable in maximum 60 monthly instalments in accordance with the company's policy. Such loans are secured against registration of cars in the joint name of the company and the employee and against the accumulated provident fund balance of the relevant employee. These loans have not been carried at amortised cost as the effect of discounting is not considered material.

14.2 Reconciliation of carrying amount of loans to executives

	2016	2015
	(Rupees in thousand)	
Opening balance	1,276	-
Disbursements made during the year	2,970	1,354
	4,246	1,354
Repayments made during the year	(794)	(78)
Closing balance	3,452	1,276

14.3 The maximum aggregate amount due from executives at the end of any month during the year was Rs 3.951 million (2015: 1.341 million).

15. STORES, SPARES AND LOOSE TOOLS

	2016	2015
	(Rupees in thousand)	
Stores	6,943	7,620
Spares [including in transit Rs 68.381 million (2015: Rs 21.372 million)]	514,257	594,077
Loose tools	8,971	4,059
	530,171	605,756

15.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

16. INVENTORIES

	2016	2015
	(Rupees in thousand)	
Furnace oil	686,049	1,248,649
Diesel	2,269	1,880
Lubricating oil	14,360	18,379
	702,678	1,268,908

17. TRADE DEBTS

17.1 These represent trade receivables from NTDC and are considered good. These are secured by a guarantee from the Government of Pakistan under the Implementation Agreement and are in the normal course of business and interest free, however, a delayed payment mark-up at the rate of three months KIBOR plus 4.5% per annum is charged in case the amounts are not paid within due dates. The rate of delayed payment mark-up charged during the year on outstanding amounts ranges from 10.59% to 14.71% (2015: 11.24% to 14.71%) per annum.

17.2 Included in trade debts is an amount of Rs 816.033 million relating to capacity purchase price not acknowledged by NTDC as the plant was not fully available for power generation. However, the sole reason of this under-utilization of plant capacity was non-availability of fuel owing to non-payment by NTDC.

Since management considers that the primary reason for claiming these payments is that plant was available, however, could not generate electricity due to non-payment by NTDC, therefore, management believes that company cannot be penalized in the form of payment deductions due to NTDC's default of making timely payments under the PPA. Hence, the company had taken up this issue at appropriate forums. On June 28, 2013, the company entered into a Memorandum of Understanding ('MoU') for cooperation on extension of credit terms with NTDC whereby it was agreed that the constitutional petition filed by the company before the Supreme Court of Pakistan on the abovementioned issue would be withdrawn unconditionally and it would be resolved through the dispute resolution mechanism under the PPA. Accordingly, as per terms of the MoU, the company applied for withdrawal of the aforesaid petition which is pending adjudication before Supreme Court of Pakistan. During the financial year 2014, the company in consultation with NTDC, appointed an Expert for dispute resolution under the PPA.

During the current year, the Expert has given his determination whereby the aforesaid amount has been determined to be payable to the company by NTDC. Pursuant to the Expert's determination, the company has demanded the payment of the aforesaid amount of Rs 816.033 million from NTDC that has not yet been paid by NTDC. Consequently, under the terms of PPA, the company has filed petition for arbitration in The London Court of International Arbitration ('LCIA'), whereby an arbitrator has been appointed and the matter is pending arbitration. In November 2015, the Government of Pakistan ('GOP') through Private Power & Infrastructure Board ('PPIB') has filed a case in the court of Senior Civil Judge, Lahore, against the aforementioned decision of the Expert, praying it to be illegal, which is pending adjudication. Furthermore, during the current year, NTDC filed a stay application in the LCIA before the Arbitrator to stay the arbitration proceedings. Subsequent to year end, in response to NTDC's stay application, the Arbitrator through his order dated July 8, 2016, has declared that the arbitration shall proceed and has denied NTDC's request for a stay. Also, the Arbitrator has ordered NTDC to withdraw the abovementioned case filed in the court of Senior Civil Judge, Lahore and has refrained it from taking any further steps therein to disrupt the arbitration proceedings.

Based on the advice of the company's legal counsel and Expert's determination, management feels that the above amount is likely to be recovered by the company. Consequently, no provision for the above mentioned amount has been made in these financial statements.

		2016	2015
		(Rupees in thousand)	

18. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

		2016	2015
Advances - considered good:			
- To employees	- note 18.1	639	1,330
- To suppliers	- note 18.2	370,348	1,286
Current portion of long term loans	- note 14	1,051	342
Balances with statutory authorities:			
- Customs duty recoverable		-	-
- Sales tax		133,619	210,961
Claims recoverable from NTDC for pass through items:			
- Workers' Profit Participation Fund	- note 18.3	579,369	436,816
Interest receivable		10,590	11,535
Security deposits		175	175
Prepayments		4,626	464
Other receivables	- note 18.4	7,804	8,965
		1,108,221	671,874

18.1 Included in advances to employees are amounts due from executives aggregating Rs 0.293 million (2015: Rs 0.700 million).

18.2 Includes an amount of Rs 0.02 million (2015: Nil) due from Nishat Hotel and Properties Limited, a related party (associated company). It is in the normal course of business and is interest free.

18.3 Workers' Profit Participation Fund

		2016	2015
		(Rupees in thousand)	
Opening balance		436,816	280,981
Accrued for the year	- note 9.2	142,553	155,835
		579,369	436,816
Less: Amount received during the year		-	-
Closing balance		579,369	436,816

Under section 9.3(a) of the PPA with NTDC, payments to Workers' Profit Participation Fund are recoverable from NTDC as a pass through item.

18.4 Includes amounts due from the following related parties. These are in the normal course of business and are interest free:

	2016	2015
	(Rupees in thousand)	
Security General Insurance Company Limited (associated company)	-	8,340
Nishat Energy Limited (associated company)	2,732	-
Lalpir Solar Power (Private) Limited (subsidiary company)	4,526	-
	7,258	8,340

19. CASH AND BANK BALANCES

		2016	2015
Cash at bank:			
- On saving accounts	- note 19.1	669,680	102,333
- On current accounts		3,714	886
		673,394	103,219
Cash in hand		600	262
		673,994	103,481

19.1 Profit on balances in saving accounts ranges from 3.52% to 6.50% (2015: 3.62% to 8.50%) per annum.

20. SALES

	2016	2015
	(Rupees in thousand)	
Energy purchase price	11,445,437	20,768,762
Less: Sales tax	1,678,596	2,965,515
	9,766,841	17,803,247
Capacity purchase price	4,129,195	4,510,387
	13,896,036	22,313,634

21. COST OF SALES

		2016	2015
		(Rupees in thousand)	
Raw materials consumed		8,292,264	15,602,217
Salaries and other benefits	- note 21.1	110,678	39,589
Operations and maintenance		169,317	218,645
Repairs and maintenance		5,453	14,597
Stores, spares and loose tools consumed		254,824	569,312
Electricity consumed in-house		1,571	1,216
Insurance	- note 21.2	163,259	163,271
Travelling and conveyance		9,760	503
Printing and stationery		673	514
Postage and telephone		304	462
Vehicle running expenses		2,282	2,036
Entertainment		841	571
Depreciation on operating fixed assets	- note 12.1.2	986,983	1,002,263
Amortization of intangible asset	- note 12.4	251	-
Fee and subscription		3,605	3,574
Miscellaneous		6,626	3,338
		10,008,691	17,622,108

21.1 Salaries and other benefits include Rs 6.553 million (2015: Rs 2.372 million) in respect of provident fund contribution by the company.

21.2 This represents amount charged by Security General Insurance Company Limited, a related party (associated company), in respect of insurance of the company's assets.

22. ADMINISTRATIVE EXPENSES

		2016	2015
		(Rupees in thousand)	
Salaries and other benefits	- note 22.1	79,076	78,743
Travelling and conveyance	- note 22.2	58,685	47,584
Entertainment		1,154	762
Rent, rates and taxes	- note 22.3	12,551	12,561
Printing and stationery		960	1,026
Postage and telephone		1,468	1,500
Vehicle running expenses		3,851	3,807
Legal and professional charges	- note 22.4	14,591	10,445
Advertisement		324	2,164
Fee and subscription		1,962	1,582
Depreciation on operating fixed assets	- note 12.1.2	18,767	11,674
Miscellaneous		8,334	6,094
		201,723	177,942

22.1 Salaries and other benefits include Rs 4.238 million (2015: Rs 3.684 million) in respect of provident fund contribution by the company.

22.2 Includes Rs 45.130 million (2015: Rs 42.893 million) in respect of aviation services from Pakistan Aviators and Aviation Limited, a related party (associated company).

22.3 Includes operating lease rentals of Rs 12.461 million (2015: Rs 12.461 million) charged by a related party (associated company), Nishat (Aziz Avenue) Hotels and Properties Limited for lease of property to the company.

22.4 Legal and professional charges include the following in respect of auditor's services for:

	2016	2015
	(Rupees in thousand)	
Statutory audit	1,400	1,300
Half yearly review	800	770
Tax services	1,210	1,100
Other assurance services	165	135
Reimbursement of expenses	179	204
	3,754	3,509

23. This represents exchange loss.

24. OTHER INCOME

	2016	2015
Income from financial assets:		
Profit on bank deposits	31,219	20,727
Income from non-financial assets:		
Gain on disposal of operating fixed assets	52	25
Scrap sales	2,484	1,039
Exchange gain	-	12,129
	33,755	33,920

25. FINANCE COST

		2016	2015
Interest / mark-up on:			
- Long term financing - secured		857,565	1,267,261
- Short term borrowings - secured		6,223	160,316
- Workers' Profit Participation Fund	- note 9.2	667	7
Financing fee and bank charges		2,106	2,010
		866,561	1,429,594

	2016	2015
	(Rupees in thousand)	

26. TAXATION

Current	-	-

26.1 Relationship between tax expense and accounting profit

	2016	2015
Profit before taxation	2,851,065	3,116,709
Tax at the applicable rate of 32% (2015: 33%)	912,341	1,028,514
Tax effect of amounts that are:		
Exempt as referred to in note 4.1	(902,351)	(1,021,674)
Not taxable under the law	(9,990)	(6,840)
	-	-

26.2 For the purposes of current taxation, the tax credit available for carry forward is estimated at Rs 22.666 million (2015: Rs 45.813 million). As explained in note 4.1, management believes that the tax credit available for carry forward may not be utilized in the foreseeable future. Consequently, based on the prudence principle, deferred tax asset has not been recognized in these financial statements.

27. EARNINGS PER SHARE

27.1 Basic earnings per share

		2016	2015
Net profit for the year	Rs in '000	2,851,065	3,116,709
Weighted average number of ordinary shares	Number	354,089	354,089
Earnings per share	in Rupees	8.052	8.802

27.2 Diluted earnings per share

A diluted earnings per share has not been presented as the company does not have any convertible instruments in issue as at June 30, 2016 and June 30, 2015 which would have any effect on the earnings per share if the option to convert is exercised.

		2016	2015
		(Rupees in thousand)	

28. CASH GENERATED FROM OPERATIONS

		2016	2015
Profit before taxation		2,851,065	3,116,709
Adjustment for non cash charges and other items:			
Depreciation on operating fixed assets		1,005,750	1,013,937
Amortization on intangible assets		251	-
Profit on bank deposits		(31,219)	(20,727)
Finance cost		866,561	1,429,594
Provision for employee retirement benefits		10,791	6,055
Share of loss of associate		403	1,201
Gain on disposal of operating fixed assets		(52)	(25)
Profit before working capital changes		4,703,550	5,546,744
Effect on cash flow due to working capital changes:			
(Increase) / decrease in current assets			
Stores, spares and loose tools		75,585	(77,025)
Inventories		566,230	(299,930)
Trade debts		1,665,355	2,298,569
Advances, deposits, prepayments and other receivables		(437,292)	(313,511)
		1,869,878	1,608,103
(Decrease) / increase in current liabilities			
Trade and other payables		(280,600)	(1,096,143)
		1,589,278	511,960
		6,292,828	6,058,704

29. CASH AND CASH EQUIVALENTS

		2016	2015
Cash and bank balances	- note 19	673,994	103,481
Short term borrowings - secured	- note 8	-	(932,163)
		673,994	(828,682)

30. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

30.1 The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the Chief Executive, directors and executives of the company is as follows:

	Chief Executive		Executive Director		Non Executive Directors		Executives	
	2016	2015	2016	2015	2016	2015	2016	2015
	(Rupees in thousand)							
Short term employee benefits								
Managerial remuneration	13,800	12,000	6,288	5,866	-	-	84,840	51,320
Housing rent	-	-	-	-	-	-	540	540
Medical allowance and reimbursement	1,380	1,200	602	602	-	-	8,484	4,431
Bonus	2,200	2,200	969	969	-	-	4,952	3,882
Leave encashment	-	-	262	326	-	-	924	1,284
	17,380	15,400	8,121	7,763	-	-	99,740	61,457
Meeting fee	-	-	-	-	325	825	-	-
Post employment benefits								
Contribution to provident fund	-	-	629	587	-	-	8,199	5,077
	17,380	15,400	8,750	8,350	325	825	107,939	66,534
Number of persons	1	1	1	1	5	5	101	21

30.2 The chief executive, executive director and certain executives are provided with company maintained vehicles.

31. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise the holding company, subsidiaries and associates of holding company, subsidiary company, associated undertakings, directors and key management personnel of the company, its subsidiary company and its holding company and post employment benefit plan (provident fund). The company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables and remuneration of directors and key management personnel is disclosed in note 30. Significant related party transactions have been disclosed in respective notes in these financial statements other than the following:

Relationship with the company	Nature of transactions	2016 (Rupees in thousand)	2015 (Rupees in thousand)
i. Holding company	Dividends paid	1,128,956	948,323
ii. Associated undertakings	Purchases of goods and services	2,230	160
	Insurance premium	1,287	979

32. CAPACITY AND PRODUCTION

	2016 MWH	2015 MWH
Installed capacity [based on 8,784 hours (2015: 8,760 hours)]	1,715,559	1,710,872
Actual energy delivered	1,272,157	1,409,785

Output produced by the plant is dependent on the load demanded by NTDC and plant availability.

33. NUMBER OF EMPLOYEES

	2016	2015
Total number of employees as at June 30	207	94
Average number of employees during the year	151	89

34. DISCLOSURES RELATING TO PROVIDENT FUND

		2016 (Rupees in thousand)	2015 (Rupees in thousand)
(i)	Size of the Fund - net assets	62,312	38,791
(ii)	Cost of investments made	53,632	29,120
(iii)	Percentage of investments made	86.80%	80.57%
(iv)	Fair value of investments	54,089	31,252
	Break up of fair value of investments		
	Balance with bank - savings account	5,613	7,031
	Unit Trust Schemes- Mutual Funds	22,902	19,687
	Listed shares	4,363	1,579
	Government securities - Treasury Bills	21,211	2,955
		54,089	31,252

Break up of fair value of investments	2016 % age of size of the Fund	2015 % age of size of the Fund
Balance with bank - savings account	9.01%	18.13%
Unit Trust Schemes- Mutual Funds	36.75%	50.75%
Listed shares	7.00%	4.07%
Government securities - Treasury Bills	34.04%	7.62%

The figures for 2016 are based on the un-audited financial statements of the Provident Fund. Investments out of Provident Fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

35. FINANCIAL RISK MANAGEMENT

35.1 Financial risk factors

The company is exposed to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The company is not exposed to any significant currency risk.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company is not exposed to equity price risk since there are no investments in equity instruments traded in the market at the reporting date. The company is also not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

(iii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The company has no significant long-term interest-bearing assets. The company's interest rate risk arises from borrowings. Borrowings obtained at variable rates expose the company to cash flow interest rate risk.

At the balance sheet date, the interest rate profile of the company's interest bearing financial instruments was:

	2016	2015
	(Rupees in thousand)	
Fixed rate instruments		
Financial assets		
Bank balances - savings accounts	669,680	102,333
Financial liabilities	-	-
Net exposure	669,680	102,333
Floating rate instruments		
Financial assets		
Trade debts - overdue	2,162,360	3,118,693
WPPF receivable from NTDC - overdue	436,817	280,982
Financial liabilities		
Long term financing	(8,376,352)	(9,682,778)
Short term borrowings	-	(932,163)
	(8,376,352)	(10,614,941)
Net exposure	(5,777,175)	(7,215,266)

Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates on variable rate financial instruments, at the year end date, fluctuates by 1% higher / lower with all other variables held constant, post tax profit for the year would have been Rs 53.393 million (2015: Rs 68.854 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate instruments.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from deposits with banks, trade and other receivables.

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2016	2015
	(Rupees in thousand)	
Long term loans and advances	3,133	1,264
Trade debts	6,384,250	8,049,605
Advances, deposits and other receivables	598,989	457,833
Bank balances	673,394	103,219
	7,659,766	8,611,921
As of June 30, age analysis of trade debts was as follows:		
Neither past due nor impaired	1,650,933	2,465,597
Past due but not impaired:		
- 1 to 30 days	565,872	1,425,337
- 31 to 90 days	591,869	1,674,378
- 91 to 180 days	961,067	360,331
- 181 to 365 days	278,478	353,480
- above 365 days	2,336,031	1,770,482
	4,733,317	5,584,008
	6,384,250	8,049,605

(ii) Credit quality of financial assets

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating		Rating	2016	2015
	Short term	Long term	Agency	(Rupees in thousand)	
NTDC	Not available			1,650,933	2,465,596
Al Baraka Bank (Pakistan) Limited	A1	A	PACRA	2	3
Allied Bank Limited	A1+	AA+	PACRA	220,201	262
Askari Bank Limited	A-1+	AA	JCR-VIS	13	12
Bank Alfalah Limited	A1+	AA	PACRA	210	262
Bank Islami Pakistan Limited	A1	A+	PACRA	3	4
Burj Bank Limited	A-2	A+	JCR-VIS	2	2
Dubai Islamic Bank Pakistan Limited	A-1	A+	JCR-VIS	61	66
Habib Bank Limited	A-1+	AAA	JCR-VIS	367	585
Alfalah GHP Sovereign Fund (Formerly IGI Funds Limited)	N/A	AA-(f)	PACRA	6	6
MCB Bank Limited	A1+	AAA	PACRA	452,190	6,259
National Bank of Pakistan	A-1+	AAA	JCR-VIS	221	222
The Bank of Punjab	A1+	AA-	PACRA	86	95,491
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	11	-
Soneri Bank Limited	A1+	AA-	PACRA	1	-
Meezan Bank Limited	A1+	AA	JCR-VIS	8	-
United Bank Limited	A-1+	AA+	JCR-VIS	12	45
				2,324,327	2,568,815

Due to the company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the company. Accordingly, the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The company's approach to managing liquidity is to ensure that, as far as possible, it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable loss or risking damage to the company's reputation.

The following are the contractual maturities of financial liabilities as at June 30, 2016.

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Long term financing	8,376,352	1,518,659	6,857,693	-
Trade and other payables	108,205	108,205	-	-
Accrued finance cost	196,082	196,082	-	-
	8,680,639	1,822,946	6,857,693	-

The following are the contractual maturities of financial liabilities as at June 30, 2015.

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Long term financing	9,682,778	1,306,427	8,376,351	-
Short term borrowings	932,163	932,163	-	-
Trade and other payables	375,216	375,216	-	-
Accrued finance cost	270,493	270,493	-	-
	11,260,650	2,884,299	8,376,351	-

35.2 Fair value estimation

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

35.3 Financial instruments by categories

	Loans and receivables	
	2016	2015
	(Rupees in thousand)	
Assets as per balance sheet		
Long term loans and advances	3,133	1,264
Trade debts	6,384,250	8,049,605
Advances, deposits and other receivables	598,989	457,833
Cash and bank balances	673,994	103,481
	7,660,366	8,612,183

	Financial liabilities at amortised cost	
	2016	2015
	(Rupees in thousand)	
Liabilities as per balance sheet		
Long term financing	8,376,352	9,682,778
Short term borrowings	-	932,163
Trade and other payables	108,205	375,216
Accrued finance cost	196,082	270,493
	8,680,639	11,260,650

35.4 Financial assets and financial liabilities subject to offsetting

There are no significant financial assets and financial liabilities that are subject to offsetting.

35.5 Capital management

The company's objectives when managing capital are to safeguard company's ability to continue as a going concern in order to provide returns for shareholders and lenders and to maintain an optimal capital structure to reduce the cost of capital. Consistent with others in the industry and the requirements of the lenders, the company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as net borrowings divided by total capital employed. Net borrowings are calculated as total borrowings including current and non-current borrowings as disclosed in note 7 to these financial statements less cash and cash equivalents as disclosed in note 29 to these financial statements. Total capital employed includes equity as shown in the balance sheet, plus net borrowings.

The gearing ratio as at June 30, 2016 and June 30, 2015 is as follows:

		2016	2015
		(Rupees in thousand)	
Borrowings - note 7		8,376,352	9,682,778
Less: Cash and cash equivalents - note 29		673,994	(828,682)
Net debt		7,702,358	10,511,460
Total equity		12,251,079	11,613,068
Total capital		19,953,437	22,124,528
Gearing ratio	Percentage	38.60	47.51

In accordance with the terms of agreement with the lenders of long term finances (as discussed in note 7 to these financial statements), the company is required to comply with certain financial covenants in respect of capital requirements which the company has complied with throughout the reporting period.

36. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 26, 2016 by the Board of Directors of the company.

37. EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors have proposed a final cash dividend for the year ended June 30, 2016 of Rupees 1.5 (2015: Rupees 1.75) per share, amounting to Rs 531.133 million (2015: Rs 619.655 million) at their meeting held on September 26, 2016 for approval of the members at the Annual General Meeting to be held on October 29, 2016. These financial statements do not include the effect of the above dividend which will be accounted for in the period in which it is approved.

CHIEF EXECUTIVE

DIRECTOR

FORM OF PROXY

I/We, ____

of ______________________ CDC A/C NO. / FOLIO NO. ______________________

being a shareholder of the Nishat Power Limited (The Company) do hereby appoint.

Mr./Miss/Ms. ____

of ______________________ CDC A/C NO. / FOLIO NO. ______________________

and or failing him/her ______________________ of ______________________

who is/are also a shareholder of the said Company, as my/our proxy in my/our absence and to vote for me/us at the Annual General Meeting of the Company to be held on October 29, 2016 (Saturday) at 11:00 A.M. at Nishat Hotel, 9-A, Gulberg III, Mian Mahmood Ali Kasuri Road, Lahore and at any adjournment thereof in the same manner as I/we myself/ourselves would vote if personally present at such meeting.

As witness my/our hands in this day of______________2016.

Revenue Stamp of Rs. 5/-

Signature ______________________

Address ______________________

____

CNIC No. ______________________

No. of shares held ______________________

Witness:-

Name ______________________

Address ______________________

____

CNIC No. ______________________

IMPORTANT:

a. This instrument appointing a proxy, duly completed, must be received at the registered Office of the Company at Nishat House, 53-A, Lawrence Road, Lahore not later than 48 hours before the time of holding the Annual General Meeting. For Appointing Proxies.
b. Attested copies of the CNIC or the passport of beneficial owners shall be furnished with the proxy form.
c. The proxy shall produce his original CNIC or original passport at the time of the Meeting.
d. In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished along with proxy form to the Company.

AFFIX
CORRECT
POSTAGE

The Company Secretary

NISHAT POWER LIMITED
Nishat House,
53 - A, Lawrence Road, Lahore.

پراکسی فارم (مختار نامہ)

میں/ہم ______________________________

کا/کے ______________________________

بحیثیت رکن نشاط پاور لمیٹڈ (دی کمپنی) سی ڈی سی اکاؤنٹ نمبر/فولیو نمبر ______________ بذریعہ ہذا

محترم/محترمہ ______________ کا/کی ______________ سی ڈی سی اکاؤنٹ نمبر/فولیو نمبر ______________

یا اسکی غیر موجودگی میں ______________ کا/کے ______________

جو مذکورہ کمپنی کا حصص دار بھی ہے

کو اپنے/ہمارے ایماء پر مورخہ 29 اکتوبر 2016ء، بروز ہفتہ صبح 11:00 بجے

بمقام: نشاط ہوٹل، A-9، گلبرگ III، میاں محمود علی قصوری روڈ، لاہور پر

منعقد ہونے والے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا/ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں/کرتے ہیں۔

آج بروز.................. بتاریخ........... 2016ء کو میرے/ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

گواہان

1۔

دستخط: ______________

نام: ______________

پتہ: ______________

____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ______________

2۔

دستخط: ______________

نام: ______________

پتہ: ______________

____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ______________

اہم نوٹ:

a۔ پراکسی کی تقرری کے آلات، باقاعدہ مکمل شدہ، کمپنی کے رجسٹرڈ دفتر، نشاط ہاؤس، A-53، لارنس روڈ لاہور میں سالانہ اجلاس منعقد ہونے سے کم از کم 48 (اڑتالیس) گھنٹے قبل پراکسیز مقرر کرنے کے لئے لازماً وصول ہو جانے چاہئیں۔

b۔ بینیفشل اونرز کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول، پراکسی فارم (مختار نامہ) کے ہمراہ جمع کرانا ہونگی۔

c۔ پراکسی اجلاس کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ مہیا کرے گا۔

d۔ بصورت کارپوریٹ اینٹٹی، بورڈ کی قرارداد/مختار نامہ معہ پراکسی ہولڈر کے دستخط پراکسی فارم (مختار نامہ) کے ہمراہ کمپنی میں جمع کرانا ہوگا۔

NISHAT

53-A, Lawrence Road, Lahore.
Te: 042-36367812-16 Fax: 042-36367414
UAN: 042-111-11-33-33