

## NISHAT POWER LIMITED

### FIRST QUARTER REPORT

For the Period Ended  
September 30, 2017

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# CORPORATE PROFILE

<b>BOARD OF DIRECTORS</b>	Mian Hassan Mansha Mr. Khalid Qadeer Qureshi Mr. Ahmad Aqeel Mr. Yousaf Bashir Mr. Ghazanfar Hussain Mirza Mr. Mahmood Akthar Mr. Shahzad Ahmad Malik	Chief Executive/Director Chairman
<b>AUDIT COMMITTEE</b>	Mr. Khalid Qadeer Qureshi Mr. Shahzad Ahmad Malik Mr. Ahmad Aqeel	Member Member / Chairman Member
<b>HUMAN RESOURCE &amp; REMUNERATION COMMITTEE</b>	Mian Hassan Mansha Mr. Ahmad Aqeel Mr. Ghazanfar Husain Mirza	Member Member Member/Chairman
<b>CHIEF FINANCIAL OFFICER</b>	Mr. Tanvir Khalid	
<b>COMPANY SECRETARY</b>	Mr. Khalid Mahmood Chohan	
<b>BANKERS OF THE COMPANY</b>	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 Dubai Islamic Bank Pakistan Limited Albaraka Bank Pakistan Limited The Bank of Punjab MCB Bank Limited Pak Kuwait Investment Co. Limited Pak Brunei Investment Co. Limited MCB Islamic Bank Limited	
<b>AUDITORS</b>	A. F. Ferguson & Co. Chartered Accountants	
<b>LEGAL ADVISOR</b>	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](http://www.nishatpower.com)

**SHARE REGISTRAR**

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

**PLANT**

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



# DIRECTORS' REPORT

The Board of Directors of Nishat Power Limited (the Company) is pleased to present their report together with the Condensed Interim Financial Information for the period ended September 30, 2017.

## FINANCIAL AND OPERATIONAL RESULTS:

During the period, the Company had turnover of Rs 4,564 million (Sept 2016: Rs 3,593 million), against operating cost of Rs 3,444 million (Sept 2016: Rs 2,627 million) resulting in a gross profit of Rs 1,120 million (Sept 2016: Rs 966 million). The Company earned profit before tax of Rs 860 million compared to Rs 733 million in the same period last year.

The current period's net profit after tax amounts to Rs 860 million resulting earnings per share of Rs 2.429 compared to profit after tax of Rs 733 million and earnings per share of Rs 2.07 in the same period last year.

Included in trade debts is an amount of Rs 816 million deducted by National Transmission & Dispatch Company Limited ('NTDCL') from the Capacity Purchase Price invoices. Please refer note 10 to this Condensed Interim Financial Information for further details. Based on the advice of the company's legal counsel, Expert's determination and Arbitration Awards, 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 this condensed interim financial information.

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. The Company is facing the risk of increased receivables due to overall challenge of circular debt plaguing the Power Sector operating in Pakistan. Total receivables from NTDCL on Sept 30, 2017 stand at Rs 9,614 million (June 2017: Rs 8,944 million), out of which overdue receivables are Rs 7,326 million (June 2017: Rs 6,381 million).

The plant operated at optimal efficiency and dispatched 366 GWh of electricity to its customer NTDCL during the period, with 84.81% average capacity factor.

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 LSPPL. The SECP, vide its letter EMD/233/744/2009-1446 dated May 29, 2017, granted the exemption from consolidation of LSPPL in its financial statements for the year ended June 30, 2017 till third quarter of financial year ending June 30, 2018, under Section 237(8) of the repealed 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.

## ACKNOWLEDGEMENTS

The board appreciates the efforts of the Company's workforce.

For and on behalf of Board of Directors



Chief Executive Officer

Lahore: October 25, 2017

## مجلس نظماء کی رپورٹ:

نشاط پاور لمیٹڈ (کمپنی) کی مجلس نظماء 30 ستمبر 2017 تختہ مدت کے لئے منجمد عبوری مالیاتی گوشوارے کی رپورٹ پیش کرتی ہے۔

### مالیاتی اور کاروباری نتائج:

حالیہ مدت کے دوران کمپنی کو 3,444 ملین روپے (ستمبر 2016: 2,627 ملین روپے) کی آپریٹنگ لاگت کے عوض 4,564 ملین روپے (ستمبر 2016 : 3,593 ملین روپے) کی وصولیاں ہوئیں تھیں، جس کے نتیجے میں 1,120 ملین روپے (ستمبر 2016: 966 ملین روپے) کا مجموعی منافع ہوا ہے۔ کمپنی نے گزشتہ سال اسی مدت میں 733 ملین روپے کے مقابلے میں 860 ملین روپے قبل از ٹیکس منافع کمایا ہے۔

گزشتہ سال کی اسی مدت میں 2.07 روپے فی حصص آمدن اور 733 ملین روپے قبل از ٹیکس منافع کے مترادف 2.429 روپے فی حصص آمدن اور 860 ملین روپے قبل از ٹیکس خالص منافع ہوا ہے۔

تجارتی قرضوں میں نیشنل ٹرانسمیشن اینڈ ڈسٹری بیوٹن کمپنی لمیٹڈ (NTDCL) کی طرف سے کسٹمی پرچر پرائس میں منہا کردہ 816 ملین روپے کی رقم شامل ہے۔ مزید تفصیلات کے لیے ان منجمد عبوری مالیاتی گوشوارے کا نوٹ 10 ملاحظہ کریں۔ کمپنی کے قانونی وکیل کے مشورہ، ایکسپرسٹ کے تعین اور آر ریٹریشن ایوارڈ کے مطابق، انتظامیہ محسوس کرتی ہے کہ ایسی رقوم کی واپسی کا امکان ہے۔ چنانچہ اس عبوری مالیاتی گوشوارے میں مذکورہ بالا رقم کے لئے کوئی گنجائش نہیں رکھی گئی ہے۔

NTDCL اپنی ادائیگی کی ذمہ داریوں پر مسلسل نادہندگی پر کار بند 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 ستمبر 2017 کو NTDCL سے کل وصولی 9,614 ملین روپے (جون 2017: 8,944 ملین روپے) ہے، جن میں سے 7,326 ملین روپے (جون 2016: 6,381 ملین روپے) وصولی واجب الادا اور خارج المعیاد ہیں۔

حالیہ مدت کے دوران پلانٹ زیادہ سے زیادہ باکفایت کارکردگی پر چلایا گیا اور اپنے صارف NTDCL کو اوسط 84.81 فیصد صلاحیت کے ساتھ 366GWh بجلی ترسیل کی گئی۔

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 رعایت کے لئے ایس ای سی پی کو درخواست گذاری تھی۔ ایس ای سی پی نے اپنے خط EMD/233/744/2009-1446 مورخہ 29 مئی 2017، کی رو سے، آرڈیننس کی

دفعہ (8) 237 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، 30 جون 2017 کو ختم ہونے والے سال سے لے کے 30 جون 2018 کو ختم ہونے والے سال کی تیسری سہ ماہی تک مالی گوشواروں میں LSPPL کے انجماد سے استثناء کی منظوری دی ہے۔

اظہار تشکر

بورڈ کمپنی کی افرادی قوت کی کوششوں کی تعریف کرتا ہے۔

برائے اور منجانب بورڈ آف ڈائریکٹرز

*Hassan Muneer*

چیف ایگزیکٹو آفیسر

لاہور: 25 اکتوبر، 2017ء



# CONDENSED INTERIM BALANCE SHEET (Un-audited)

## AS AT SEPTEMBER 30, 2017

	Note	Un-audited September 30, 2017 (Rupees in thousand)	Audited June 30, 2017
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorised share capital 500,000,000 (June 30, 2017: 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 (June 30, 2017: 354,088,500) ordinary shares of Rs 10 each		3,540,885	3,540,885
Revenue reserve: Un-appropriated profit		11,217,342	10,357,312
		14,758,227	13,898,197
<b>NON-CURRENT LIABILITY</b>			
Long term financing - secured	6	4,607,873	5,092,325
<b>CURRENT LIABILITIES</b>			
Current portion of long term financing - secured	6	1,833,070	1,765,368
Short term borrowings - secured		2,201,177	1,798,577
Trade and other payables		400,477	523,546
Accrued finance cost		174,889	185,182
		4,609,613	4,272,673
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7	23,975,713	23,263,195

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

*Harish Manish*  
CHIEF EXECUTIVE

Note	Un-audited September 30, 2017	Audited June 30, 2017
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(Rupees in thousand)

## ASSETS

### NON-CURRENT ASSETS

Fixed assets	8	11,153,106	11,387,160
Long term investments	9	1,334	1,343
Long term loans and advances		1,809	2,794
		11,156,249	11,391,297

### CURRENT ASSETS

Stores, spares and loose tools		785,649	662,292
Inventories		1,114,249	975,559
Trade debts - secured	10	9,613,547	8,944,440
Advances, deposits, prepayments and other receivables		1,142,902	1,102,623
Income tax receivable		25,678	24,783
Cash and bank balances		137,439	162,201
		12,819,464	11,871,898
		23,975,713	23,263,195

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Note	Quarter ended	
		September 30, 2017	September 30, 2016
(Rupees in thousand)			
Sales		4,564,303	3,592,958
Cost of sales	11	(3,443,650)	(2,626,919)
<b>Gross profit</b>		1,120,653	966,039
Administrative expenses		(75,229)	(59,420)
Other expenses		(2,621)	(1,867)
Other income		1,053	11,926
Finance cost		(183,817)	(183,695)
Share of loss of associate		(9)	(14)
<b>Profit before taxation</b>		860,030	732,969
Taxation		-	-
<b>Profit for the period</b>		860,030	732,969
Earnings per share - basic and diluted (in Rupees)		2.429	2.070

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

CONDENSED INTERIM STATEMENT OF  
 COMPREHENSIVE INCOME (Un-audited)  
 FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Quarter ended	
	September 30, 2017	September 30, 2016
Profit for the period	860,030	732,969
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss	-	-
Items that will not be reclassified subsequently to profit or loss	-	-
<b>Total comprehensive income for the period</b>	<b>860,030</b>	<b>732,969</b>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

*Hasan Mansha*  
 CHIEF EXECUTIVE

*Sami*  
 CHIEF FINANCIAL OFFICER

*W. Sadeq*  
 DIRECTOR

## CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Note	Quarter ended	
		September 30, 2017	September 30, 2016
(Rupees in thousand)			
<b>Cash flows from operating activities</b>			
Cash generated from operations	12	200,983	666,579
Finance cost paid		(194,109)	(196,445)
Income tax paid		(896)	(2,591)
Long term loans and advances - net		985	311
Retirement benefits paid		(4,934)	(1,372)
<b>Net cash inflow from operating activities</b>		<b>2,029</b>	<b>466,482</b>
<b>Cash flows from investing activities</b>			
Purchase of fixed assets		(13,552)	(158,270)
Proceeds from disposal of operating fixed assets		34	-
Profit on bank deposits received		918	18,641
<b>Net cash outflow from investing activities</b>		<b>(12,600)</b>	<b>(139,629)</b>
<b>Cash flows from financing activities</b>			
Repayment of long term financing		(416,750)	(358,511)
Dividend paid		(41)	(1,048)
<b>Net cash outflow from financing activities</b>		<b>(416,791)</b>	<b>(359,559)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(427,362)</b>	<b>(32,706)</b>
Cash and cash equivalents at the beginning of the period		(1,636,376)	673,994
Cash and cash equivalents at the end of the period	13	(2,063,738)	641,288

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

CONDENSED STATEMENT OF CHANGES IN EQUITY (Un-audited)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Share capital	Revenue reserve: Un-appropriated profit	Total
	(Rupees in thousand)		
Balance as on June 30, 2016 (audited)	3,540,885	8,710,194	12,251,079
Profit for the period	-	732,969	732,969
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	732,969	732,969
Total contributions by and distributions to owners of the company recognised directly in equity	-	-	-
Balance as on September 30, 2016 (un-audited)	3,540,885	9,443,163	12,984,048
Balance as on July 01, 2017 (audited)	3,540,885	10,357,312	13,898,197
Profit for the period	-	860,030	860,030
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	860,030	860,030
Total contributions by and distributions to owners of the company recognised directly in equity	-	-	-
Balance as on September 30, 2017 (un-audited)	3,540,885	11,217,342	14,758,227

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2017

## 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

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. During the previous year, the Companies Ordinance, 1984 (hereinafter referred to as the 'Ordinance') has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the Securities and Exchange Commission of Pakistan ('SECP') vide Circular No. 23/2017 dated October 04, 2017, companies whose financial year closes on or before December 31, 2017, shall prepare financial statements in accordance with the provisions of the repealed Ordinance. This condensed interim financial information is un-audited and is being submitted to the members in accordance with section 245 of the repealed Ordinance. It has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the repealed Ordinance. This condensed interim financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the annual financial statements for the year ended June 30, 2017.

## 3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the company for the year ended June 30, 2017.

### 3.2 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:

#### 3.2.1 Standards, amendments and interpretations to approved accounting standards that are effective in the current period

Certain standards, amendments and interpretations to approved accounting standards are effective in the current year but are considered not to be relevant or to have any significant effect on the company's operations and are, therefore, not detailed in this condensed interim financial information.

#### 3.2.2 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 October 1, 2017 but are considered not to be relevant or to have any significant effect

on the company's operations and are, therefore, not detailed in this condensed interim financial information.

#### 4. ACCOUNTING ESTIMATES

The preparation of the condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements for the year ended June 30, 2017.

#### 5. FINANCIAL RISK MANAGEMENT

##### 5.1 Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the company's annual financial statements as at June 30, 2017.

There have been no changes in the risk management department since year end or in any risk management policies.

##### 5.2 Fair value estimation

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

During the period, there were no significant changes in the business or economic circumstances that affect the fair value of the company's financial assets and financial liabilities. Furthermore, there were no reclassifications of financial assets.

#### 6. LONG TERM FINANCING - SECURED

	Un-audited September 30, 2017 (Rupees in thousand)	Audited June 30, 2017
Opening balance	6,857,693	8,376,352
Less: Repayments during the period/year	614,750	1,518,659
	6,440,943	6,857,693
Less: Current portion shown under current liabilities	1,833,070	1,765,368
	<u>4,607,874</u>	<u>5,092,325</u>



## 7. CONTINGENCIES AND COMMITMENTS

### 7.1 Contingencies

- (i) There is no significant change in contingencies from the preceding annual published financial statements of the company for the year ended June 30, 2017.
- (ii) The banks have issued the following on behalf of the company:
- Letter of guarantee of Rs 9.5 million (June 30, 2017: Rs 9 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.
  - Letters of guarantee of Rs 190.682 million (June 30, 2017: Rs 190.484 million) in favour of fuel suppliers.
  - Letter of guarantee of Rs 1.5 million (June 30, 2017: 0.5 million) in favour of Punjab Revenue Authority, Lahore.

### 7.2 Commitments

- (i) Letters of credit and contracts for capital expenditure aggregating to Nil (2017: 63.602 million).
- (ii) Letters of credit and contracts other than for capital expenditure aggregating Rs 90.750 million (2017: Rs 87.524 million).
- (iii) The amount of future payments under operating lease and the period in which these payments will become due are as follows:

	Un-audited September 30, 2017 (Rupees in thousand)	Audited June 30, 2017
Not later than one year	14,538	13,759
Later than one year and not later than five years	68,797	67,824
	83,335	81,583

## 8. FIXED ASSETS

### Property, plant and equipment:

Operating fixed assets	11,047,909	11,290,732
Capital work-in-progress	4,750	-
Major spare parts and standby equipment	95,041	90,645
	11,147,700	11,381,377
<b>Intangible asset:</b>		
Computer software	5,406	5,783
	11,153,106	11,387,160

### 8.1 Operating fixed assets

Opening book value	11,290,732	11,505,661
Additions during the period/year - note 8.1.1	4,406	782,426
Book value of deletions during the period/year	(5)	(12,918)
Depreciation charged during the period/year	(247,224)	(984,437)
	11,047,909	11,290,732

	Un-audited September 30, 2017 (Rupees in thousand)	Audited June 30, 2017
<b>8.1.1 Additions during the period / year</b>		
Buildings and roads on freehold land	-	607
Plant and machinery	2,428	714,665
Computer equipment	383	1,525
Furniture and fixtures	-	1,381
Office equipment	156	15,592
Vehicles	1,439	48,656
	4,406	782,426
<b>9. LONG TERM INVESTMENTS</b>		
Investment in associate	834	843
Investment in subsidiary - note 9.1	500	500
	1,334	1,343
<b>9.1</b>		
<b>Subsidiary</b>		
<b>Unquoted:</b>		
<b>Lalpir Solar Power (Private) Limited</b>		
50,000 (2017: 50,000) fully paid ordinary shares of Rs 10 each [Equity held 100% (2017: 100%)] - Cost	500	500

The company directly holds 100% shares in wholly owned subsidiary, Lalpir Solar Power (Private) Limited ('LSPPL'). LSPPL is a private limited company incorporated in Pakistan 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 LSPPL. The SECP, vide its letter EMD/233/744/2009-1446 dated May 29, 2017, granted the exemption from consolidation of LSPPL in its financial statements for the year ended June 30, 2017 till third quarter of financial year ending June 30, 2018, under Section 237(8) of the repealed 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.

Relevant period accounts of LSPPL are available to members at registered office of the company without any cost.

LSPPL's profit/(loss), revenue and its assets and liabilities as per un-audited financial statements for the period ended September 30, 2017, are as under:

Name	Percentage interest held	September 30, 2017 (Rupees in thousand)			
		Assets	Liabilities	Revenues	Profit
Lalpir Solar Power (Private) Limited	100%	4,433	4,630	-	1

Name	Percentage interest held	June 30, 2017 (Rupees in thousand)			
		Assets	Liabilities	Revenues	Profit
Lalpir Solar Power (Private) Limited	100%	4,432	4,630	-	(123)

## 10. TRADE DEBTS - SECURED

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 financial year 2016, the Expert gave his determination whereby the aforesaid amount was determined to be payable to the company by NTDC. Pursuant to the Expert's determination, the company 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 filed petition for arbitration in The London Court of International Arbitration ("LCIA"), whereby an arbitrator was appointed. In November 2015, the Government of Pakistan ("GOP") through Private Power & Infrastructure Board ("PPIB") 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, NTDC filed a stay application in the LCIA before the Arbitrator to stay the arbitration proceedings. 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.

Consequently, notices of arbitration were issued to the relevant parties including PPIB. In response to the aforementioned Arbitrator's order dated July 8, 2016, the company and PPIB filed separate applications before the Civil Judge, Lahore. In its application, the company prayed that the Civil Court, Lahore lacks the jurisdiction in respect of the case against the

Expert's determination. Meanwhile, PPIB, through its application, requested the Civil Court to grant interim relief in respect of the Expert's determination, notice of arbitration issued and interim orders of the Arbitrator. In respect of the aforementioned applications, through its interim orders dated April 18, 2017, the Civil Court, Lahore rejected the company's application and granted the plea of PPIB whereby, the court suspended the arbitration proceedings and restrained the parties from participating in the arbitration proceedings till the final decision of the aforementioned case before the Senior Civil Judge, Lahore against the Expert's determination. Being aggrieved, the company filed an application before the Additional District Judge, Lahore against the aforementioned orders of the Civil Court and continued to take part in the arbitration proceedings, while NTDC and PPIB did not participate in any subsequent arbitration proceedings pursuant to the decisions of the Civil Court, Lahore dated April 18, 2017. Furthermore, in response to the company's continued participation in the arbitration proceedings, PPIB filed a contempt petition before Lahore High Court ('LHC') in respect of the decision of the Civil Court, Lahore.

LHC decided the matter in the company's favour through its order dated May 31, 2017 whereby the aforementioned order of the Civil Judge, Lahore in respect of the suspension of arbitration proceedings was suspended and the arbitration proceedings were restored. As a consequence of the aforementioned order of LHC, the Arbitrator on June 8, 2017, declared his Partial Final Award wherein he decided the matter principally in the company's favour and declared that the above mentioned Expert's determination is final and binding on all parties. However, the matter of determining the appropriate quantum and form of the company's claim, has been deferred by the Arbitrator for consideration at a further hearing. Furthermore, during the period, the District Judge, Lahore through his order dated July 8, 2017 has set-aside the aforementioned orders of the Civil Judge, Lahore dated April 18, 2017 and has accepted company's appeals for further proceedings. Meanwhile, the company also filed a writ petition before LHC whereby, it again challenged the jurisdiction of Civil and District Courts (herein after referred to as 'Trial Courts') with respect to the matters relating to the aforesaid arbitration proceedings. LHC, through its order dated September 7, 2017, has suspended the aforesaid interim orders and proceedings of the Trial Courts till the final decision of LHC that is pending adjudication.

Based on the advice of the company's legal counsel, Expert's determination and Arbitration Award, management strongly feels that under the terms of the PPA and Implementation Agreement, there are meritorious grounds to support the company's stance the amount is likely to be recovered. Consequently, no provision for the above mentioned amount has been made in this condensed interim financial information.

Un-audited  
Quarter ended  
September 30, 2017    September 30, 2016  
(Rupees in thousand)

11. COST OF SALES

Raw materials consumed	2,994,481	2,173,234
Salaries and other benefits	82,743	63,852
Repairs and maintenance	5,134	7,398
Stores, spares and loose tools consumed	65,785	93,767
Electricity consumed in-house	252	-
Insurance	41,133	40,816
Travelling and conveyance	4,734	4,929
Printing and stationery	198	245
Postage and telephone	113	158
Vehicle running expenses	475	607
Entertainment	346	86
Depreciation on operating fixed assets	242,631	237,470
Amortization of intangible asset	377	377
Fee and subscription	1,236	931
Miscellaneous	4,012	3,049
	3,443,650	2,626,919

12. CASH GENERATED FROM OPERATIONS

Profit before taxation	860,030	732,969
Adjustment for non cash charges and other items:		
Depreciation on operating fixed assets	247,224	242,064
Amortization on intangible assets	377	377
Profit on bank deposits	(828)	(11,581)
Finance cost	183,817	183,695
Provision for employee retirement benefits	4,934	4,189
Gain on disposal of operating fixed assets	(29)	-
Share of loss of associate	9	14
Profit before working capital changes	1,295,534	1,151,727
Effect on cash flow due to working capital changes:		
<b>(Increase) / decrease in current assets</b>		
Stores, spares and loose tools	(123,357)	(52,025)
Inventories	(138,690)	(21,406)
Trade debts	(669,107)	(726,703)
Advances, deposits, prepayments and other receivables	(40,369)	271,461
	(971,523)	(528,673)
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	(123,028)	43,525
	(1,094,551)	(485,148)
	200,983	666,579

	Un-audited Quarter ended	
	September 30, 2017	September 30, 2016
(Rupees in thousand)		
<b>13. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	137,439	641,288
Short term borrowings - secured	(2,201,177)	-
	<u>(2,063,738)</u>	<u>641,288</u>

#### 14. 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.

Relationship with the company	Nature of transactions	Un-audited Quarter ended	
		September 30, 2017	September 30, 2016
(Rupees in thousand)			
i. Associated undertakings	Purchases of goods and services	12,029	14,752
	Rental expense	3,115	3,115
	Insurance premium	41,974	40,983
ii. Post employment benefit plan	Expense charged in respect of retirement benefit plan	4,934	4,189
iii. Key management personnel	Salaries and other employee benefits	4,235	3,795
<b>Period end balances</b>			
Net receivable/(payable) to related parties		(13,699)	13,255

15. DATE OF AUTHORISATION FOR ISSUE

This condensed financial information was authorized for issue on October 25, 2017 by the Board of Directors of the Company.

16. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim balance sheet has been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER








  
DIRECTOR



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N I S H A T

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