



THIRD QUARTERLY REPORT  
For the Period Ended March 31, 2019



**POWERING**  
A CONNECTED LIFE

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# CORPORATE PROFILE

## BOARD OF DIRECTORS

Mian Hassan Mansha	Chief Executive/Director
Mr. Ghazanfar Hussain Mirza	Chairman
Mr. Norez Abdullah	
Mr. Ahmad Aqeel	
Mr. Yousaf Bashir	
Mr. Mahmood Akthar	
Mr. Shahzad Ahmad Malik	

## AUDIT COMMITTEE

Mr. Yousuf Bashir	Member
Mr. Shahzad Ahmad Malik	Member
Mr. Ahmad Aqeel	Member / Chairman

## HUMAN RESOURCE & REMUNERATION COMMITTEE

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

## CHIEF FINANCIAL OFFICER

Mr. Tanvir Khalid

## COMPANY SECRETARY

Mr. Khalid Mahmood Chohan

## BANKERS OF THE COMPANY

Habib Bank Limited  
United Bank Limited  
Allied Bank Limited  
National Bank of Pakistan  
Bank Alfalah Limited  
Faysal Bank Limited  
Askari Bank Limited  
Habib Metropolitan Bank Limited  
Soneri Bank Limited  
Silk Bank Limited  
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  
Bank Al-Habib 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](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 March 31, 2019.

## FINANCIAL AND OPERATIONAL RESULTS:

During the period, the Company had turnover of Rs 11,579 million (March 2018: Rs 11,952 million), against operating cost of Rs 7,758 million (March 2018: Rs 8,747 million) resulting in a gross profit of Rs 3,820 million (March 2018: Rs 3,205 million). The Company earned profit before tax of Rs 2,932 million compared to Rs 2,416 million in the same period last year.

The current period's net profit after tax amounts to Rs 2,932 million resulting earnings per share of Rs 8.28 compared to profit after tax of Rs 2,416 million and earnings per share of Rs 6.82 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 favourable Expert determination and Final Arbitration Award, management strongly feels that under the terms of the PPA and Implementation Agreement, the 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. Total receivables from NTDCL on March 31, 2019 stand at Rs 12,670 million (June 2018: Rs 13,047 million), out of which overdue receivables are Rs 12,403 million (June 2018: Rs 9,562 million).

The plant operated at optimal efficiency and dispatched 495 GWh of electricity to its customer NTDCL during the period, with 38.56% (March 2018: 66.44%) average capacity factor.

The management of the company had applied to the Securities & Exchange Commission of Pakistan ('SECP') for the exemption from the requirements of section 228(7) of the Companies Act, 2017, in respect of consolidating Lalpir Solar Power (Pvt) Limited ('LSPPL'), a wholly owned subsidiary of the Company. The SECP, vide its letter EMD/233/744/09-1501 dated June 06, 2018, granted the exemption from consolidation of LSPPL in its financial statements for the year ended June 30, 2018 till third quarter of financial year ending June 30, 2019, under Section 228(7) of the Companies Act, 2017 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 year ended June 30, 2018, are available to members at registered office of the company and will be sent to members on request without any cost.

## COMPOSITION OF BOARD:

Total number of Directors:		
(a)	Male	7
(b)	Female:	0
Composition:		
(i)	Independent Directors	2
(ii)	Other Non-executive Directors	3
(iii)	Executive Directors	2

## COMMITTEES OF THE BOARD:

### Audit Committee of the Board:

Sr. #	Name of Directors
1	Mr. Ahmad Aqeel (Chairman)
2	Mr. Yousaf Bashir
3	Mr. Shahzad Ahmad Malik

### Human Resource and Remuneration Committee:

Sr. #	Name of Directors
1	Mr. Ahmad Aqeel (Chairman)
2	Mian Hassan Mansha
3	Mr. Ghazanfar Hussain Mirza

## DIRECTORS' REMUNERATION:

The company only pays meeting fee in terms of remuneration to its non-executive and independent directors. Aggregate amount of remuneration paid to executive and non-executive directors have been disclosed in note 14 of the annexed condensed interim financial information.

## DIVIDENDS

The directors have recommended an interim cash dividend of 15% i.e Rupees 1.50 per ordinary share, amounting to Rs. 531.133 million.

## ACKNOWLEDGEMENTS

We wish to place on record our gratitude towards Company employees for their commitment towards progress of the Company.

For and on behalf of Board of Directors



Chief Executive Officer

Lahore: April 26, 2019

  
Director

نشاط پاور لمیٹڈ (کمپنی) کی مجلس نظاماء 31 مارچ 2019 مختتمہ مدت کے لئے عبوری مالیاتی گوشوارے کی رپورٹ پیش کرتی ہے۔

### مالیاتی اور کاروباری نتائج:

حالیہ مدت کے دوران کمپنی کو 7,758 ملین روپے (مارچ 2018: 8,747 ملین روپے) کی آپریٹنگ لاگت کے عوض 11,579 ملین روپے (مارچ 2018 : 11,952 ملین روپے) کی وصولیاں ہوئیں ہیں، جس کے نتیجے میں 3,820 ملین روپے (مارچ 2018: 3,205 ملین روپے) کا مجموعی منافع ہوا ہے۔ کمپنی نے گزشتہ سال اسی مدت میں 2,416 ملین روپے کے مقابلے میں 2,932 ملین روپے قبل از ٹیکس منافع کمایا ہے۔

گزشتہ سال کی اسی مدت میں 6.82 روپے فی حصص آمدن اور 2,416 ملین روپے بعد از ٹیکس منافع کے مترادف 8.28 روپے فی حصص آمدن اور 2,932 ملین روپے بعد از ٹیکس خالص منافع ہوا ہے۔

تجارتی قرضوں میں نمیشنل ٹرانسمیشن اینڈ ڈسٹریبیوٹن کمپنی لمیٹڈ (NTDCL) کی طرف سے کپیسٹی پر چیز پرائس میں منہا کردہ 816 ملین روپے کی رقم شامل ہے۔ مزید تفصیلات کے لیے ان عبوری مالیاتی گوشوارے کا نوٹ 10 ملاحظہ کریں۔ کمپنی کے قانونی وکیل کے مشورہ کے مطابق، انتظامیہ محسوس کرتی ہے کہ ایسی رقوم کی واپسی کا امکان ہے۔ چنانچہ اس 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۔ 31 مارچ 2019 کو NTDCL سے کل وصولی 12,670 ملین روپے (جون 2018: 13,047 ملین روپے) ہے، جن میں سے 12,403 ملین روپے (جون 2018: 9,562 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 38.56 فیصد صلاحیت کے ساتھ 495GWh بجلی ترسیل کی گئی۔


کمپنی کی انتظامیہ نے اپنے مکمل ملکیتی ذیلی ادارہ یعنی لال بیروسولر پاور (پرائیویٹ) لمیٹڈ ('LSPPL') کے اشتیمال شدہ گوشوارے کے سلسلے میں آرڈیننس کی دفعہ (7) 228 کے تقاضوں سے رعایت کے لئے ایس ای سی پی کو درخواست گزاری

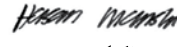
تھی۔ ایس ای سی پی نے اپنے خط EMD/233/744/09-1501، کی رو سے 30 جون 2019 کو ختم ہونے والے سال کی تیسری سہ ماہی تک کے مالی گوشواروں میں LSPPL کے انجماد سے استثناء کی منظوری دی ہے۔ کمپنی نے مزید رعایت کے لیے ایس ای سی پی میں درخواست دائر کرنے کا فیصلہ کیا ہے۔

اظہار تشکر

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

برائے اور منجانب بورڈ آف ڈائریکٹرز

  
ڈائریکٹر

  
چیف ایگزیکٹو آفیسر

لاہور 26 اپریل 2019ء



CONDENSED INTERIM  
STATEMENT OF FINANCIAL POSITION (Un-audited)  
AS AT MARCH 31, 2019

	Note	Un-audited March 31, 2019 (Rupees in thousand)	Audited June 30, 2018
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorised share capital 500,000,000 (June 30, 2018: 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, 2018: 354,088,500) ordinary shares of Rs 10 each		3,540,885	3,540,885
Revenue reserve: Un-appropriated profit		15,261,660	12,860,551
		18,802,545	16,401,436
<b>NON-CURRENT LIABILITY</b>			
Long term financing - secured	6	1,285,096	3,040,170
<b>CURRENT LIABILITIES</b>			
Current portion of long term financing - secured	6	2,297,426	2,052,155
Short term borrowings - secured		2,830,280	4,578,891
Trade and other payables		211,653	637,586
Unclaimed dividend		17,103	15,001
Accrued finance cost		249,404	182,486
		5,605,866	7,466,119
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7	25,693,507	26,907,725

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

*Hemant Marwaha*  
CHIEF EXECUTIVE

Note	Un-audited March 31, 2019	Audited June 30, 2018
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(Rupees in thousand)

## ASSETS

### NON-CURRENT ASSETS

Fixed assets	8	10,293,857	10,658,095
Long term investments	9	1,000	1,000
Long term loans and advances		33	231
		10,294,890	10,659,326

### CURRENT ASSETS

Stores, spares and loose tools		767,843	924,777
Inventories		1,089,202	1,569,339
Trade debts - secured	10	12,310,895	12,328,941
Advances, deposits, prepayments and other receivables		1,178,239	1,254,999
Income tax receivable		33,062	30,038
Cash and bank balances		19,376	140,305
		15,398,617	16,248,399
		25,693,507	26,907,725

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

# CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited) FOR THE QUARTER AND PERIOD ENDED MARCH 31, 2019

	Note	Quarter ended		Period ended	
		March 31, 2019 (Rupees in thousand)	March 31, 2018 (Rupees in thousand)	March 31, 2019 (Rupees in thousand)	March 31, 2018 (Rupees in thousand)
Sales		2,661,091	3,903,143	11,578,661	11,952,120
Cost of sales	11	(1,318,013)	(2,859,520)	(7,758,295)	(8,747,348)
<b>Gross profit</b>		<b>1,343,078</b>	<b>1,043,623</b>	<b>3,820,366</b>	<b>3,204,772</b>
Administrative expenses		(62,341)	(113,780)	(193,933)	(273,379)
Other expenses		-	(384)	(2,295)	(3,601)
Other income		1,996	4,448	6,625	36,153
Finance cost		(250,503)	(187,115)	(698,521)	(546,904)
Share of loss of associate		-	-	-	(843)
<b>Profit before taxation</b>		<b>1,032,230</b>	<b>746,792</b>	<b>2,932,242</b>	<b>2,416,198</b>
Taxation		-	-	-	-
<b>Profit for the period</b>		<b>1,032,230</b>	<b>746,792</b>	<b>2,932,242</b>	<b>2,416,198</b>
Earnings per share - basic and diluted (in Rupees)		2.915	2.109	8.281	6.824

The annexed notes 1 to 17 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 AND PERIOD ENDED MARCH 31, 2019

	Quarter ended		Period ended	
	March 31, 2019 (Rupees in thousand)	March 31, 2018	March 31, 2019 (Rupees in thousand)	March 31, 2018
Profit for the period	1,032,230	746,792	2,932,242	2,416,198
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 period	1,032,230	746,792	2,932,242	2,416,198

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited) FOR THE PERIOD ENDED MARCH 31, 2019

	Share capital	Revenue reserve: Un-appropriated profit	Total
	(Rupees in thousand)		
Balance as on June 30, 2017 (audited)	3,540,885	10,357,312	13,898,197
Profit for the period	-	2,416,198	2,416,198
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	2,416,198	2,416,198
Total contributions by and distributions to owners of the company recognised directly in equity			
Final dividend for the year ended June 30, 2017 @ Rupees 2 per share	-	(708,177)	(708,177)
Balance as on March 31, 2018 (un-audited)	3,540,885	12,065,333	15,606,218
Balance as on June 30, 2018 (audited)	3,540,885	12,860,551	16,401,436
Profit for the period	-	2,932,242	2,932,242
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	2,932,242	2,932,242
Total contributions by and distributions to owners of the company recognised directly in equity			
Final dividend for the year ended June 30, 2018 @ Rupees 1.5 per share	-	(531,133)	(531,133)
Balance as on March 31, 2019 (un-audited)	3,540,885	15,261,660	18,802,545

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

# CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited) FOR THE PERIOD ENDED MARCH 31, 2019

	Note	Period ended	
		March 31, 2019 (Rupees in thousand)	March 31, 2018
<b>Cash flows from operating activities</b>			
Cash generated from operations	12	4,583,160	804,656
Finance cost paid		(631,602)	(548,445)
Income tax paid		(3,025)	(3,817)
Long term loans and advances recovered		198	1,513
Retirement benefits paid		(15,931)	(14,863)
<b>Net cash inflow from operating activities</b>		<b>3,932,800</b>	<b>239,044</b>
<b>Cash flows from investing activities</b>			
Purchase of fixed assets		(268,205)	(169,208)
Proceeds from disposal of operating fixed assets		62	518
Share deposit money paid		-	(500)
Profit on bank deposits received		2,681	1,937
<b>Net cash outflow from investing activities</b>		<b>(265,462)</b>	<b>(167,253)</b>
<b>Cash flows from financing activities</b>			
Repayment of long term financing		(1,509,803)	(1,298,808)
Dividend paid		(529,853)	(707,618)
<b>Net cash outflow from financing activities</b>		<b>(2,039,656)</b>	<b>(2,006,426)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>1,627,682</b>	<b>(1,934,635)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>(4,438,586)</b>	<b>(1,636,376)</b>
<b>Cash and cash equivalents at the end of the period</b>	13	<b>(2,810,904)</b>	<b>(3,571,011)</b>

The annexed notes 1 to 17 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 AND PERIOD ENDED MARCH 31, 2019

## 1. THE COMPANY AND ITS ACTIVITIES

Nishat Power Limited (the 'company') is a public company limited by shares incorporated in Pakistan on February 23, 2007 under the repealed Companies Ordinance, 1984 (now, the Companies Act, 2017). The company is a subsidiary of Nishat Mills Limited, Pakistan. 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 Statement of compliance

This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

- Provisions of and directives issued under the Companies Act, 2017.

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

### 2.2 This condensed interim financial information is un-audited and is being submitted to the members as required by section 237 of the Companies Act, 2017 (the "Act").

This condensed interim financial information does not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2018. Selected explanatory notes are included to explain events and transactions that are significant to and understanding of the changes in the company's financial position and performance since the last financial statements.

The company is required to issue condensed interim consolidated financial information along with its condensed interim separate financial information in accordance with the requirements of accounting and reporting standards as applicable in Pakistan. However, it has not presented such condensed interim consolidated financial information for the reasons explained in note 9.1 to this condensed interim financial information.

## 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, 2018 except for the adoption of new and amended standards as set out below:

### 3.2 Standards, amendments and interpretations to International Financial Reporting Standards (IFRS) that are effective in the current period

Certain standards, amendments and interpretations to IFRS are effective for accounting

periods beginning on July 1, 2018, but are considered 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 this condensed interim financial information, except for IFRS 15, 'Revenue from Contracts with Customers'. The impact of the adoption of this standard and new accounting policy is disclosed in note 3.4 below.

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

The Securities and Exchange Commission of Pakistan ('SECP') through SRO 1007(I)/2017 dated October 4, 2017 had notified that IFRS 9, 'Financial Instruments' would be applicable for annual periods beginning on or after July 1, 2018, however, subsequent to reporting date, SECP through SRO 229(I)/2019 dated February 14, 2019 has notified the deferment of this standard to reporting period/year ending on or after June 30, 2019 (earlier application is permitted). Consequently, the company has not adopted this standard in the preparation of this condensed interim financial information for the period ended March 31, 2019.

This standard replaces the guidance in IAS 39, 'Financial Instruments: Recognition and measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. As allowed above, the company will apply this standard in the preparation of its financial statements for the year ending June 30, 2019 and it is yet to assess the full impact of this standard.

Further, the following amendments and interpretations to existing standards have been published and are mandatory for the company's accounting period beginning on July 1, 2019, and the company has not early adopted them:

	Effective date (accounting periods beginning on or after)
IFRS 16 'Leases'	January 01, 2019
IFRIC 23 'Uncertainty over income tax treatments'	January 01, 2019

The company will apply these standards/interpretations to standards from their respective effective dates and has yet to assess the impact of these amendments on its financial statements.

### 3.4 New accounting policy and impact thereof

#### 3.4.1 IFRS 15, 'Revenue from contracts with customers'

##### New accounting policy

Revenue from the sale of electricity to NTDC, the sole customer of the company, is recorded on the following basis:

- Capacity revenue is recognised based on the capacity made available to NTDC; and
- Energy revenue is recognised based on the Net Electrical Output (NEO) delivered to NTDC.

Capacity and Energy revenue is recognised based on the rates determined under the mechanism laid down in the PPA. Interest income on bank deposits and delayed payment income on amounts due under the PPA is accrued on a time proportion basis by reference to the principal/amount outstanding and the applicable rate of return.

##### Impact of adoption

The company has applied IFRS 15 using the modified retrospective approach for transition.



This approach requires entities to recognise the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of un-appropriated profit in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any impact on the revenue recognition policy of the company and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of un-appropriated profit in the period of initial application is nil.

#### 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, 2018.

#### 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, 2018.

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.

Un-audited March 31, 2019	Audited June 30, 2018
(Rupees in thousand)	

#### 6. LONG TERM FINANCING - SECURED

The reconciliation of the carrying amount is as follows:

Opening balance	5,092,325	6,857,693
Less: Repayments during the period/year	1,509,803	1,765,368
	3,582,522	5,092,325
Less: Current portion shown under current liabilities	2,297,426	2,052,155
	1,285,096	3,040,170

## 7. CONTINGENCIES AND COMMITMENTS

### 7.1 Contingencies

There is no significant change in contingencies i.e. (contingent liabilities and contingent asset) from the preceding annual published financial statements of the company for the year ended June 30, 2018 except for the letters of guarantee of Rs 100.198 million (June 30, 2018: Rs 190.484 million) issued in favour of fuel suppliers.

### 7.2 Commitments

- (i) Letters of credit and contracts for other than capital expenditure aggregating Rs 48.288 million (June 30, 2018: Rs 140.210 million).
- (ii) The amount of future payments under non-cancellable operating lease and the period in which these payments will become due are as follows:

	Un-audited March 31, 2019 (Rupees in thousand)	Audited June 30, 2018
Not later than one year	3,894	3,894
<b>8. FIXED ASSETS</b>		
<b>Property, plant and equipment:</b>		
Operating fixed assets - note 8.1	10,107,330	10,449,604
Capital work-in-progress	20,074	14,284
Major spare parts and standby equipment	163,309	189,932
	10,290,713	10,653,820
<b>Intangible asset:</b>		
Computer software	3,144	4,275
	10,293,857	10,658,095
<b>8.1 Operating fixed assets</b>		
Opening book value	10,449,604	11,290,732
Additions during the period/year - note 8.1.1	289,037	135,930
Book value of deletions during the period/year	(616)	(1,048)
Depreciation charged during the period/year	(630,695)	(976,010)
Closing book value	10,107,330	10,449,604
<b>8.1.1 Additions during the period / year</b>		
Buildings and roads on freehold land	17,161	-
Plant and machinery	170,996	118,222
Computer equipment	2,278	3,137
Furniture and fixtures	522	1,287
Office equipment	115	3,929
Vehicles	97,965	9,355
	289,037	135,930

		Un-audited March 31, 2019 (Rupees in thousand)	Audited June 30, 2018
9. Long term investments			
Investment in subsidiary	- note 9.1	1,000	1,000
		<u>1,000</u>	<u>1,000</u>
9.1 Investment in subsidiary			
Unquoted: Lalpir Solar Power (Private) Limited			
100,000 (June 30, 2018: 100,000) fully paid ordinary shares of Rs 10 each [Equity held 100% (June 30, 2018: 100%)] - Cost		1,000	1,000
		<u>1,000</u>	<u>1,000</u>

The management of the company had applied to the SECP for the exemption from the requirements of section 228(7) of the Companies Act, 2017, in respect of consolidating LSPPL. The SECP, vide its letter EMD/233/744/09-1501 dated June 06, 2018, granted the exemption from consolidation of LSPPL in its financial statements for the year ended June 30, 2018 till third quarter of financial year ending June 30, 2019, under section 228(7) of the Companies Act, 2017 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, revenue and its assets and liabilities as per un-audited condensed interim financial information for the period ended March 31, 2019 are as under:

Name	Percentage interest held	(Rupees in thousand)			
		Assets	Liabilities	Revenues	Profit
Lalpir Solar Power (Private) Limited	100%	5,016	4,840	-	3

10. 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 in 2013 and on January 25, 2018, the Supreme Court disposed off the petitions filed before it. 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. The company filed a request for arbitration in the London Court of International Arbitration ('LCIA'), whereby an Arbitrator was appointed.

In October 2015, the Government of Pakistan ('GOP') through Private Power & Infrastructure Board ('PPIB') filed a case in the court of Senior Civil Judge, ("Civil Case 2015"), Lahore, against the aforementioned decision of the Expert, praying it to be illegal, which is pending adjudication.

Consequently, invitation to participate in arbitration was issued to the PPIB/GOP. PPIB filed separate Civil Suit before the Civil Judge, Lahore, seeking inter alia that the parties should be restrained from participating in the arbitration proceedings in the LCIA ("Civil Case 2016"). The company filed applications in the Civil Court where the company prayed that the Civil Court, Lahore lacks the jurisdiction in respect of the cases filed by PPIB. In respect of the aforementioned applications, through its orders dated April 18, 2017, the Civil Court, Lahore rejected company's pray and granted the pray of PPIB whereby, the court accepted PPIB's applications for interim relief in 2015 and 2016 Civil Suits. Being aggrieved, the company challenged before the Additional District Judge, Lahore against the aforementioned orders of the Civil Court and continued to take part in the arbitration proceedings. Furthermore, in response to the company's continued participation in the arbitration proceedings, PPIB filed contempt petition before Lahore High Court ('LHC') in respect of the decision of the Civil Court, Lahore and the LHC passed an order in those proceedings. The Company challenged the LHC's order before the Division Bench of LHC, which decided the matter in favour of the company through its order dated May 31, 2017 whereby, the aforementioned order of the LHC was suspended.

The Arbitrator, on June 08, 2017, declared his Partial Final Award and decided the matter principally in company's favour and declared that the above mentioned Expert's determination is final and binding on all parties ("Final Partial Award").

Aggrieved by the Partial Final Award, NTDC challenged the Arbitrator's decision in Lahore Civil Court ("Civil Case 2017"), which suspended the Final Partial Award on July 10, 2017. In response to this decision of Civil Court, the company filed a revision petition in District Court and the District Court ("District Case 2017") while granting interim relief to the company, suspended the Civil Court's order on August 12, 2017. Alongwith challenging the Final Partial Award in Lahore Civil Court, NTDC also challenged the same, on July 06, 2017, in Commercial Court of England. As per advice of foreign legal counsel, the company also filed a case for anti suit injunction in Commercial Court of England against NTDC on August 14, 2017.

The District Judge, Lahore through its order dated July 8, 2017 set-aside the aforementioned orders of the Civil Judge, Lahore dated April 18, 2017 and accepted company's appeals but dismissed the company's revision petitions concerning the issue of jurisdiction. Aggrieved by this decision, (i) the company filed writ petitions before the LHC, which announced a favourable decision and suspended the proceedings of Civil Cases 2015 and 2016 till the final decision of LHC; and (ii) GOP/PPIB filed revision petitions in the LHC, which are currently pending adjudication.

On October 29, 2017, the Arbitrator declared his Final Award whereby he ordered NTDC to pay to the company: i) Rs 816.033 million pursuant to Expert's determination; ii) Rs 189.385 million being Pre award interest; iii) Rs 9.203 million for breach of arbitration agreement; iv) Rs 1.684 million and USD 612,310 for the company's cost of proceedings; v) GBP 30,157

for company's LCIA cost of Arbitration and vi) Interest at KIBOR + 4.5% compounded semiannually from the date of Final Award until payment of these amounts by NTDC ("the Final Award") that works out to Rs 172.732 million upto March 31, 2019.

On November 24, 2017, NTDC challenged the Final Award in Commercial Court of England. On November 29, 2017, company filed an application before Lahore High Court for implementation of Final Award that is also pending adjudication. During the hearing held in December 2017 in London, NTDC withdrew its petitions dated July 06, 2017 and November 24, 2017 filed before Commercial Court of England against the company, pertaining to Partial Final Award and Final Award respectively.

On May 4, 2018, Commercial Court of England issued a favourable decision in the case of anti suit injunction, thereby preventing NTDC from pursuing case in Pakistan Civil Courts against Partial Final Award/Final Award and taking any steps outside England to set aside Partial Final Award/Final Award issued by the Arbitrator. Aggrieved by this decision, NTDC had sought permission to file an appeal before the Court of Appeals, London, which was rejected by the Court on October 04, 2018.

Based on the favourable Expert's determination and Arbitration Award, management strongly feels that under the terms of the PPA and Implementation Agreement, the above amount of Rs 816.033 million is likely to be recovered by the company. Consequently, no provision for this amount has been made in these financial statements.

Further, being prudent, the company has not recognised the abovementioned amounts in these financial statements for Pre-award interest, breach of arbitration agreement, company's cost of proceedings, company's LCIA cost of Arbitration and interest thereon on all these amounts as per Final Award due to its uncertainty since it is pending adjudication as mentioned above. Such amounts as per Final Award would be recognized when it attains finality and it is certain.

	Un-audited Quarter ended		Un-audited Period ended	
	March 31, 2019 (Rupees in thousand)	March 31, 2018	March 31, 2019 (Rupees in thousand)	March 31, 2018
<b>11. COST OF SALES</b>				
Raw materials consumed	894,390	2,363,744	6,386,053	7,396,126
Salaries and other benefits	58,219	54,987	193,682	178,210
Repairs and maintenance	17,996	3,376	33,690	12,134
Stores, spares and loose tools consumed	91,961	161,506	296,310	309,190
Electricity consumed				
in-house	9,244	214	17,189	3,119
Insurance	52,576	40,816	158,279	122,805
Travelling and conveyance	5,894	5,400	18,045	14,938
Printing and stationery	187	186	644	529
Postage and telephone	146	176	531	457
Vehicle running expenses	783	588	2,198	1,578
Entertainment	24	49	1,607	822
Depreciation on operating fixed assets	172,546	215,596	608,155	670,923
Amortization of intangible asset	377	377	1,131	1,131
Fee and subscription	985	941	2,952	3,138
Miscellaneous	12,685	11,564	37,829	32,248
	<u>1,318,013</u>	<u>2,859,520</u>	<u>7,758,295</u>	<u>8,747,348</u>

	Un-audited Period ended	
	March 31, 2019	March 31, 2018
	(Rupees in thousand)	
<b>12. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	2,932,242	2,416,198
Adjustment for non cash charges and other items:		
Depreciation on operating fixed assets	630,695	689,700
Amortization on intangible assets	1,131	1,131
Profit on bank deposits	(3,394)	(1,908)
Finance cost	698,521	546,904
Provision for employee retirement benefits	15,918	14,863
Loss/ (gain) on disposal of operating fixed assets	554	(29)
Share of loss of associate	-	843
Profit before working capital changes	4,275,667	3,667,702
Effect on cash flow due to working capital changes:		
Decrease/ (increase) in current assets		
Stores, spares and loose tools	156,934	(85,284)
Inventories	480,137	(19,249)
Trade debts	18,046	(2,572,154)
Advances, deposits, prepayments and other receivables	78,295	(100,742)
	733,412	(2,777,429)
Increase/(decrease) in current liabilities		
Trade and other payables	(428,021)	(86,176)
Unclaimed dividend	2,102	559
	(425,919)	(85,617)
	307,493	(2,863,046)
	4,583,160	804,656
<b>13. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	19,376	503,955
Short term borrowings - secured	(2,830,280)	(4,074,966)
	(2,810,904)	(3,571,011)

## 14. TRANSACTIONS WITH RELATED PARTIES

The related parties include the holding company, subsidiaries and associates of the holding company, group companies, related parties on the basis of common directorship, key management personnel of the company and its holding company and post employment benefit plan (Provident Fund). The company in the normal course of business carries out transactions with various related parties. Significant related party transactions during the period include:

Relationship with the company	Nature of transactions	Un-audited Period ended	
		March 31, 2019 (Rupees in thousand)	March 31, 2018 (Rupees in thousand)
i. Holding company	Dividends paid	270,949	361,241
ii. Entities on the basis of common directorship	Purchases of goods and services	43,046	36,236
	Rental expense	9,346	9,346
	Insurance premium	157,767	124,465
iii. Group entity	Interest on deposit accounts	1,412	848
	Insurance Premium	3,070	295
iv. Post employment benefit plan	Expense charged in respect of retirement benefit plan	15,918	14,863
v. Key management personnel	Salaries and other employee benefits	24,449	23,278
		Un-audited March 31, 2019 (Rupees in thousand)	Audited June 30, 2018 (Rupees in thousand)
<b>Period end balances</b>			
<b>Payable to related parties</b>			
- Companies on basis of common directorship		8,157	6,480
<b>Bank deposits with related parties</b>			
- Group entity		16,657	16,657
<b>Receivable from related parties</b>			
- Subsidiary		4,373	4,773
- Group entity		659	5,613
- Entities on the basis of common directorship		583	-

## 15. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

The company's financial position and performance was particularly affected by the following events and transactions during the interim reporting period:

- additions to operating fixed assets aggregating Rs 289.037 million (refer to note 8);
- repaid principal on long term finance aggregating Rs 1,509.803 million (refer to note 6); and
- dividends paid amounting to Rs 529.853 million (refer to statement of cashflows).

## 16. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorized for issue on April 26, 2019 by the Board of Directors of the company.

### 16.1 Events after the reporting date

The Board of Directors have proposed an interim cash dividend of Rupees 1.5 per ordinary share, amounting to Rs 531.133 million at their meeting held on April 26, 2019. This condensed interim financial information does not include the effect of the above interim dividend which will be accounted for in the period in which it is declared.

## 17. CORRESPONDING FIGURES

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

Corresponding figures have been reclassified wherever necessary to reflect better presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. However, no significant reclassifications have been made.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR












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