

ANNUAL REPORT 2019



NISHAT
CHUNIAN
POWER LTD.

BRIEF PROFILE

2011

First year of
profitable operations

2010

Started commercial
operations

2009

Listed on
KSE & LSE

2007

Incorporated as a
public limited company

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COMPANY INFORMATION

BOARD OF DIRECTORS:

Mrs. Farhat Saleem
Chairperson
Mr. Shahzad Saleem (Nominee NCL)
Director
Mr. Farrukh Ifzal
Chief Executive Officer
Mr. Syed Tariq Ali (Nominee ABL)
Director
Mr. Aftab Ahmad Khan
Director
Mr. Muhammad Azam
Director
Ms. Ayesha Shahzad
Director
Mr. Muhammad Ashraf
Director
Mr. Shabbir Ahmad
Director

AUDIT COMMITTEE AND HR & R COMMITTEE:

Mr. Muhammad Azam
Chairman
Mr. Aftab Ahmad Khan
Director
Mr. Shabbir Ahmad
Director

CHIEF EXECUTIVE OFFICER

Mr. Farrukh Ifzal

CHIEF FINANCIAL OFFICER:

Mr. Muhammad Bilal

COMPANY SECRETARY:

Mr. Syed Tasawar Hussain

BANKERS TO THE COMPANY:

Allied Bank Limited
Askari Bank Limited
Habib Bank Limited
MCB Bank Limited
United Bank Limited
National Bank of Pakistan
Faysal Bank Limited
Summit Bank Limited
Sindh Bank Limited
Bank Alfalah Limited
Habib Metropolitan Bank Limited
Al Baraka Bank (Pakistan) Limited
Meezan Bank Limited
The Bank of Punjab
Dubai Islamic Bank Pakistan Limited

AUDITORS:

A.F. Ferguson & Co.
Chartered Accountants

LEGAL ADVISERS:

Raja Muhammad Akram & Co.
Advocates & Legal Consultants

Cornelius Lane & Mufti
Advocates & Solicitors

REGISTERED & HEAD OFFICE:

31-Q, Gulberg II,
Lahore, Pakistan.
Ph: 042-35761730
Fax: 042-35878696-97
www.nishat.net

SHARE REGISTRAR:

Hameed Majeed Associates (Pvt) Limited
1st Floor, H.M. House
7-Bank Square, Lahore
Ph: 042 37235081-2
Fax: 042 37358817

PLANT:

66-Km, Multan Raod, Pattoki
Kasur.



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 12th Annual General Meeting of the Shareholders of Nishat Chunian Power Limited (the “Company”) will be held on 28th October, 2019 at 10:00 AM at Registered Office, 31-Q, Gulberg – II, Lahore to transact the following business:

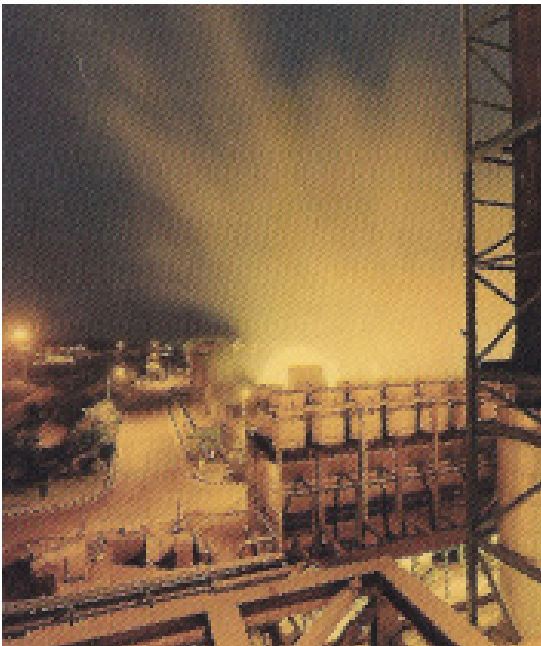
ORDINARY BUSINESS:

1. To confirm the minutes of the 11th Annual General Meeting held on October 26, 2018.
2. To receive, consider and adopt audited financial statements of the Company for the year ended 30 June 2019 together with Directors’ and Auditors’ reports thereon.
3. To appoint auditors for the year ending June 30, 2020 and to fix their remuneration. The present Auditors M/s A.F Ferguson & Company, Chartered Accountants, retire and being eligible offer themselves for reappointment.
4. To transact any other business with the permission of the Chair.

By order of the Board

Lahore
Dated: October 04, 2019

Syed Tassarwar Hussain
Company Secretary



NOTES:

1. Closure of Share Transfer Books

The Share Transfer Books of the Company will remain closed from October 21, 2019 to October 28, 2019 (both days inclusive). Transfers received in order at the office of Share Registrar, M/s. Hameed Majeed Associates (Pvt) Ltd., H.M. House 7-Bank Square, The Mall, Lahore by the close of business on October 20, 2019 will be considered in time to determine the above mentioned entitlement and to attend and vote at the Meeting.

2. Participation in the Annual General Meeting

A member eligible to attend and vote at this meeting may appoint any other member as proxy to attend and vote in the meeting. Proxy must be received at the Registered Office of the Company duly stamped and signed not later than 48 hours before the time for holding the meeting.

CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting:

- (i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- (ii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For Appointing Proxies:

- (i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- (ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC Numbers shall be mentioned on the form.
- (iii) Attested copies of CNIC or Passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (iv) The proxy shall produce his / her original CNIC or original Passport at the time of the meeting.
- (v) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

3. Video Conference Facility

In terms of the Companies Act, 2017, members residing in a city holding at least 10% of the total paid up share capital may demand the facility of video-link for participating in the annual general meeting. The request for video-link facility shall be received by the Share Registrar at the address given hereinabove at least 7 days prior to the date of the meeting.

4. Circulation of Annual reports through Digital Storage

Pursuant to the SECP's notification S.R.O 471(I)/2016 dated 31st May, 2016, the shareholders of Nishat Chunian Power Limited in its 9th AGM of the Company had accorded their consent for transmission of annual reports including audited annual accounts, notices of AGM and other information contained therein of the Company through a CD/DVD/USB instead of transmitting the same in hard copies. The shareholders who wish to receive hard copies of the aforesaid documents may send to the Company Secretary / Share registrar, the standard request form provided in the annual report and is also available on the Company's website and the Company will provide the aforesaid documents to the shareholders on demand, free of cost, within one week of such demand. The shareholders who also intend to receive the annual report including the notice of meetings via email are requested to provide their written consent on the standard request form provided in the annual report and also available on the Company's website.

5. Unclaimed Dividend

In compliance with Section 244 of the Companies Act, 2017 unclaimed dividends of the shareholders, who by any reason, could not claim their dividend, if any, are advised to contact our Share Registrar M/s. Hameed Majeed Associates (Pvt) Ltd., H.M. House 7-Bank Square, The Mall, Lahore, to collect/enquire about their unclaimed dividend, if any.

6. Change of Address

Members are requested to notify any change in their addresses immediately. Shareholders are requested to provide above mentioned information/documents to (i) respective Central Depository System (CDS) Participants and (ii) in case of physical securities to the Share Registrar of the Company.

نشاط چوئیاں پاور لمیٹڈ۔
اطلاع سالانہ اجلاس عام۔

اس کے ذریعہ نوٹس دیا گیا ہے کہ نشاط چوئیاں پاور لمیٹڈ (کمپنی) کے شیئرز ہولڈرز کی 12 ویں سالانہ جنرل میٹنگ 28 اکتوبر، 2019 کو صبح 10 بجے رجسٹرڈ آفس، Q-31، گلبرگ-II، لاہور میں ہوگی۔ مندرجہ ذیل امور طے پائیں گے:

عام امور:

- 1) 26 اکتوبر، 2018 کو منعقدہ 11 ویں سالانہ جنرل میٹنگ کے منٹوں کی تصدیق کرنا۔
- 2) 30 جون 2019 کو ختم ہونے والے سال کے لئے کمپنی کے آڈٹ شدہ مالی حسابات اور ان پر ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی موصوئی ان پر غور کرنا اور اپنانے کے لئے منظوری دینا۔
- 3) 30 جون 2020 کو ختم ہونے والے سال کے لئے آڈیٹرز کی تقرری اور ان کا معاوضہ طے کرنا۔ موجودہ آڈیٹرز میسرز ایف فرگوس اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو کر اہل ہونے کے بعد خود کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔
- 4) چیئرمین کی اجازت سے کسی دوسرے امر کا طے کرنا۔

بجگم پورڈ۔

لاہور

سید تصور حسین

مورخہ: 04 اکتوبر، 2019

کمپنی سیکریٹری

نوٹ:

1. حصص منتقلی کی کتابوں کی بندش۔
- کمپنی کی حصص منتقلی کی کتابیں 21 اکتوبر 2019 سے 28 اکتوبر 2019 تک (دونوں دن شامل) بند رہے گی۔ مادی منتقلیاں شیئرز رجسٹر کے دفتر میسرز جمید مجید ایبوس ایٹس (پرائیویٹ) لمیٹڈ ہاؤس 7- بینک اسکوائر، دی مال، لاہور پر 20 اکتوبر 2019 کو دوبارہ کا اختتام پر مذکورہ بالا احکامات تعین کرنے اور اجلاس میں شرکت اور ووٹ ڈالنے کے لئے بروقت تصور ہوں گی۔
2. سالانہ عام اجلاس میں شرکت۔
- اس اجلاس میں شرکت اور ووٹ ڈالنے کا اہل ممبر اجلاس میں شرکت اور ووٹ ڈالنے کے لئے کسی دوسرے ممبر کو پراسی کے طور پر مقرر کر سکتا ہے۔ پراسی (ممبر اور دستخط شدہ) کمپنی کے رجسٹرڈ آفس پر 48 گھنٹے قبل موصول ہونا ضروری ہے۔
- سی ڈی سی اکاؤنٹ ہولڈرز کو مزید سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ 26 جنوری 2000 کے سرکلر نمبر 1 میں درج ذیل ہدایات پر عمل کرنا ہوگا۔
- A. میٹنگ میں شرکت کے لئے:

(i) افرادی صورت میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور/یا وہ شخص جس کی سکیورٹیز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن کی تفصیلات ضابطے کے مطابق اپ لوڈ کی جاتی ہیں، وہ اجلاس میں شرکت کے وقت اپنی شناخت (کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ) کی تصدیق کرے گی۔

(ii) کارپوریٹ اینٹیٹی کی صورت میں، اجلاس کے وقت بورڈ آف ڈائریکٹرز کی قرار داد/پاور آف اٹارنی برائے نامزد شخص کے نمونہ کے دستخط کے ساتھ پیش کیا جائے گا (جب تک کہ یہ پہلے فراہم نہیں کیا گیا ہو)۔

B. پراسی تقرری کے لئے:

(i) افرادی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا وہ شخص جس کی سکیورٹیز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن کی تفصیلات ضابطے کے مطابق اپ لوڈ کی جاتی ہیں، مندرجہ بالا ضرورت کے مطابق پراسی فارم جمع کروائیں۔

(ii) پراسی فارم کا مشاہدہ دو افراد کریں گے جن کے نام، پتے اور CNIC نمبرز کا فارم پر ذکر کیا جائے گا۔

(iii) اینٹیفیکیشن اور کی سی این سی یا پاسپورٹ کی تصدیق شدہ کاپیاں اور پراسی فارم کے ساتھ پیش کی جائیں گی۔

(iv) ملاقات کے وقت پراسی اپنا اصلی CNIC یا اصل پاسپورٹ مہیا کرے گی۔

(v) کارپوریٹ اینٹیٹی کی صورت میں، بورڈ آف ڈائریکٹرز کی ریزولوشن/پاور آف اٹارنی کے ساتھ نمونہ کے دستخط موجود ہوں گے (جب تک کہ یہ پہلے فراہم نہیں کیا جاتا ہے) کمپنی کے ساتھ پراسی فارم بھی جمع کیا جائے گا۔

3. ویڈیو کانفرنس کی سہولت۔

کمپنیز ایکٹ، 2017 کے مطابق، شہر میں رہنے والے ممبران جو کم سے کم 10 فیصد حصص رکھتے ہیں، سالانہ عام اجلاس میں شرکت کے لئے ویڈیو لنک کی سہولت کا مطالبہ کر سکتے ہیں۔ ویڈیو لنک سہولت کے لئے درخواست شیئرز رجسٹر کے ذریعہ اجلاس کے تاریخ سے کم از کم 7 دن پہلے یہاں دینے گئے پتے پر موصول ہوگی۔

4. ڈیجیٹل اسٹورٹج کے ذریعہ سالانہ رپورٹس کی گردش۔

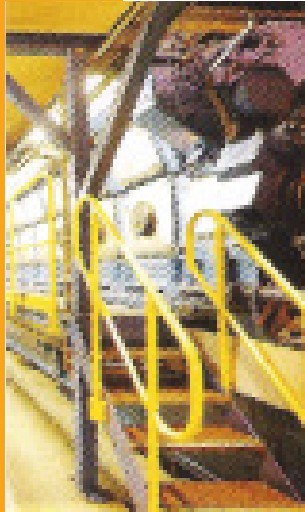
ایس ای سی پی کے نوٹیفیکیشن ایس آر 471 (D) 16/2016 مورخہ 31 مئی، 2016 کے مطابق، کمپنی کے 9 ویں ایس جی ایم میں نشاط چوئیاں پاور لمیٹڈ کے حصص داروں نے آڈٹ شدہ سالانہ اکاؤنٹس، ایس جی ایم کے نوٹس سمیت سالانہ رپورٹس کی ترسیل کے لئے اپنی رضامندی ظاہر کی تھی۔ دیگر معلومات ہارڈ کاپیوں میں اس کو منتقل کرنے کے بجائے سی ڈی/ڈی وی ڈی/یو ایس بی کے ذریعے کمپنی میں شامل ہیں۔ مذکورہ دستاویزات کی ہارڈ کاپیاں وصول کرنا چاہتے ہیں وہ حصص یافتگان کمپنی سکرپٹری/شیئرز رجسٹر اور ایکسچینج سکتے ہیں، سالانہ رپورٹ میں فراہم کردہ معیاری درخواست فارم اور کمپنی کی ویب سائٹ پر بھی دستیاب ہے اور کمپنی مذکورہ دستاویزات حصص یافتگان کو فراہم کرے گی۔ ایسی ماگک کے ایک ہفتہ کے اندر، بلا معاوضہ مطالبہ پر فراہم کرے گی۔ جو حصص یافتگان سالانہ رپورٹ وصول کرنے کا ارادہ رکھتے ہیں وہ بھی شامل ہیں جن میں ای میل کے ذریعہ اجلاسوں کے نوٹس شامل ہیں ان سے درخواست کی جاتی ہے کہ وہ سالانہ رپورٹ میں فراہم کردہ معیاری درخواست فارم پر اپنی تحریری رضامندی فراہم کریں اور کمپنی کی ویب سائٹ پر بھی دستیاب ہوں۔

5. دعویہ دار منافع

کمپنیز ایکٹ، 2017 کے سیکشن 244 کی تعمیل میں، حصص یافتگان کے بلا دعویہ منافع، جو کسی بھی وجہ سے، اپنے منافع کا دعویہ نہیں کر سکتے ہیں، اگر کوئی ہو تو، ہمارے شیئرز رجسٹر میسرز جمید مجید ایبوس ایٹس (پرائیویٹ) لمیٹڈ، H.M. ہاؤس 7- بینک اسکوائر، دی مال، لاہور، سے رابطہ کرنے کا مشورہ دیا جاتا ہے۔

6. پتے کی تبدیلی

ممبران سے گزارش ہے کہ وہ اپنے پتے میں کوئی تبدیلی فوری طور پر مطلع کریں۔ حصص یافتگان سے درخواست کی گئی ہے کہ وہ مندرجہ بالا معلومات/دستاویزات (i) متعلقہ سنٹرل ڈیپازٹری نظام (سی ڈی ایس) کے شرکا کو فراہم کریں اور (ii) مادی سیکورٹیز کی صورت میں کمپنی کے شیئرز رجسٹر کو مہیا کریں۔



CHAIRPERSON'S REVIEW REPORT

Nishat Chunian Power Limited (NCPL) has completed the ninth year of its twenty-five-year Power Purchase Agreement with the National Transmission and Dispatch Company / Central Power Purchasing Agency Guarantee Limited and was able to achieve this success with solid performance and results.

Board played a pivotal role to the Company's success by ensuring a diligent governance framework for the effective and prudent management of business matters. Board is always keen to implement improvements in the light of global best practices. Board ensured that adequate policies are in place that enhance the professional standards and corporate values. Board rooted a corporate culture that promotes sincerity among the Board, senior management and other employees.

The board comprises of members with vast experience and diversified knowledge that led to an effective decision-making process. The Board together with its committees was fully involved in the planning process and in developing the vision for the Company.

The board of directors met four times during the year to review the overall performance, appraise financial results and overall effectiveness of the role played by the board in achieving the company's objectives. Meeting agendas and supporting papers were received in a timely manner for the Board meetings.

On behalf of the Board, I wish to acknowledge the contribution of all our employees in the success of the company

Mrs. Farhat Saleem
Chairperson

چیئر پرسن کی جائزہ رپورٹ

نشاط چوینیاں پاور لمیٹڈ (این سی پی ایل) نے نیشنل ٹرانسمیشن اینڈ ڈسٹریبیوٹن کمپنی کے ساتھ اپنی پچیس سالہ تاریخ میں پاور خریداری معاہدے کے نو سال مکمل کئے ہیں اور ٹھوس کارکردگی اور نتائج کے ساتھ یہ کامیابی حاصل کرنے کے قابل ہوئی۔

کمپنی کی کامیابی کے لئے بورڈ کی طرف سے مضبوط گورننس فریم ورک پر عملدرآمد کا کردار اہم ہے جو کاروباری امور کے موثر اور قابل اعتماد انتظامات کو یقینی بناتا ہے۔ بورڈ ہمیشہ عالمی بہترین طریقوں کی روشنی میں بہتری کو نافذ کرنے کا خواہشمند ہے۔ اس بات کو یقینی بنایا گیا کہ پیشہ ورانہ معیاری اور کارپوریٹ اقدار کو مناسب پالیسیوں اور طریقہ کار کے ذریعے اپنایا گیا جو بورڈ، سینئر مینجمنٹ اور دیگر ملازمین کی سالمیت کو فروغ دیتی ہیں۔

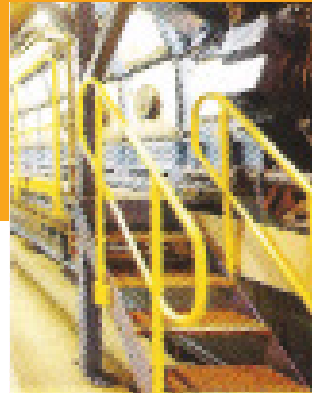
بورڈ وسیع تجربے اور متنوع علم کے حامل ارکان پر مشتمل ہے جو موثر فیصلہ سازی کے عمل کی قیادت کرتا ہے۔ بورڈ اپنی کمیٹیوں کے ہمراہ منصوبہ بندی کے عمل میں اور کمپنی کے نقطہ نظر کو فروغ دینے میں مکمل طور پر مصروف تھا۔

کمپنی کے مقاصد کے حصول میں مجموعی کارکردگی، مالی نتائج کی تنقیص اور بورڈ کی طرف سے ادا کردہ کردار کے موثر انداز کا جائزہ لینے کے لئے سال کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس ہوئے۔ بورڈ کے اجلاسوں کے لئے بروقت انداز میں جامع ایجنڈے اور معاون دستاویزات موصول ہوئے۔

بورڈ کی طرف سے، میں کمپنی کی کامیابی میں اپنے تمام ملازمین کے تعاون کو تسلیم کرتی ہوں۔

محترمہ فرحت سلیم

چیئر پرسن



DIRECTORS' REPORT



DEAR SHAREHOLDER

The Board is pleased to present financial statements for the year ending on June 30, 2019. During the fiscal year 2019, our company achieved adequate earnings. Turnover for the period was PKR 15.02 billion (2018: PKR 16.59 billion) with an after-tax profit of PKR 3.41 billion (2018: PKR 3.40 billion) and an Earning Per Share (EPS) of PKR 9.30 (2018: PKR 9.27).

PROFITABILITY

Revenue of the company has declined, mainly due to lower demand from NTDC/CPPA (G) (Power Purchaser). Capacity factor for year ended June 30, 2019 was 34.98% (2018: 64.14%).

It is pertinent to note that thermal efficiency and O&M cost component in our tariff is levelized over a 25-year period. As maintenance costs in the initial years are low, our profit will be higher than the average over the life of the project. However, we expect reduced profitability in later years due to plant aging and higher maintenance costs.

We also receive principal payment under a 10-year long term loan as part of the revenue from Power Purchaser. Therefore, our bottom line will be inflated in the first ten years of operation and we anticipate it to reduce from the eleventh year onwards.

CIRCULAR DEBT

Circular debt continues to be an issue and risk for companies operating in the power sector. Liquidity management remained challenging during the year. As of June 30, 2019, our total receivables from Power Purchaser have amplified to PKR 15.65 billion, out of which PKR 11.71 billion were overdue.

The power purchaser has consistently failed to make payments on time to the company. This matter has become critical enough that it is affecting the ability of the company to meet its commitments on time. To permanently address this issue, a firm and clear initiative must be taken to move towards a more cost-effective energy mix and concrete steps need to be taken to eliminate inefficiencies found in distribution & generation companies.

RISK MANAGEMENT

Financial risks to the company are mostly catered for in the tariff. Apart from liquidity risk (circular debt), the other major financial risk the company is exposed to is the interest rate. Any fluctuation in the interest rate can impact the profits of the company. As part of risk management, the company has designed and implemented adequate internal financial controls, manual as well as automated, that is communicated to staff via various policies and procedural guidelines. These controls are also periodically monitored by our outsourced Internal Audit Function.

PENDING ISSUES

An amount of PKR 966 million relating to the capacity purchase price is not acknowledged by the power purchaser during 2012 as the plant was not fully available for power generation. However, the sole reason for this under-utilization of plant capacity was the non-availability of fuel owing to non-payment by the power purchaser.

The Company maintains the view that this amount should be payable by the power purchaser. However, as part of the settlement with the GOP at the time of payment of PKR 6.8 billion in June 2013, the IPPs withdrew their case from the Supreme Court of Pakistan. Power Purchaser and the IPPs appointed Justice Sair Ali as the expert for mediation on this issue. During the financial year 2016, the expert gave his determination whereby the aforesaid amount was determined to be payable to the company by Power Purchaser. However, in October 2015 Government of Pakistan (GOP) through Private Power Infrastructure Board (PPIB) filed a suit in



the Civil Court, Lahore and obtained a stay order against the decision of the expert. The stay order was challenged in District Court Lahore where it was vacated.

Under the terms of PPA, the company had filed a petition for arbitration in The London Court of International Arbitration ('LCIA'), whereby an arbitrator was appointed, and proceedings were carried out. The Arbitrator declared his Final Award whereby he ordered the power purchaser to pay the amount according to the expert determination, pre-award interest, costs of proceedings and LCIA fees, damages due to the breach of the arbitration agreement and interest till the date of settlement of these amounts. The power purchaser challenged the Final Award in Commercial Court of England which was later withdrawn. NCPL, thereafter, filed an application before LHC for implementation of the Final Award that is pending adjudication. On May 4, 2018 Commercial Court of England also issued an injunction abstaining the power purchaser from taking any steps outside England against Partial Final Award/Final Award. The power purchaser has sought permission to file an appeal before the Court of Appeals, London, which was rejected.

The external auditor has highlighted this point in Emphasis of Matter paragraph in their report, further details are provided in the notes of the accompanying financial statement.

On July 29, 2017 the company instituted arbitration proceedings against NTDC/Government of Pakistan by filing a Request for Arbitration ('RFA') with the London Court of International Arbitration ('LCIA') (the 'Arbitration Proceedings') for disallowing delayed payment charges on delayed payment invoices and other deductions made from delay payment invoices. The company believes it is entitled to claim delayed payment charges on delayed payments receivable from NTDC as per terms of the PPA and the other deductions made by NTDC. Hearings on merits were held in London and Final Partial Award dated April 22, 2019, was issued on July 25, 2019, in favor of the company. The company has filed an application seeking interest on the amount awarded and costs of the arbitration. Amounts under this arbitration including interest till the date of Final Partial Award is Rs 1,852 million. The said application is pending adjudication. Further details are provided in the notes of the accompanying financial statement.

CORPORATE SOCIAL RESPONSIBILITY

The Company along with its sponsors and other philanthropists are in the process of setting up a state-of-the-art, not for profit hospital, Saleem Memorial Trust Hospital (SMTH). This 350-bed hospital which is being constructed on 39 kanals of land will provide subsidized medical treatment to the underprivileged. The company also donates to a school, located at Phool Nagar, that provides quality education at a nominal fee.

The company is keen on preserving the environment and nature. For this purpose, our power plant is equipped with machinery to ensure that the National Environmental Quality Standards are always complied with. The Company has also taken an initiative towards plantation and has planted trees inside the power plant premises and the surrounding vicinity.

DIVIDENDS

During the year, the Company declared two interim dividends, the detail of which are as follow:

- i) First interim dividend of 10% i.e. PKR 1.00 per share for the quarter ended December 31, 2018; and
- ii) Second interim dividend of 10% i.e. PKR 1.00 per share for the quarter ended March 31, 2019.

AUDITORS

The retiring auditors M/s A.F. Ferguson & Co. Chartered Accountants, being eligible, offered themselves for re-appointment. The Audit Committee has recommended their re-appointment as auditors of the Company for the year 2019-20.

BOARD OF DIRECTORS AND ITS COMMITTEES

During the year under review, Four (4) meetings were held. Attendance and composition of the board are as follows:

DIRECTORS ON THE BOARD

Name of Director	Category	Committee	Attendance
Mrs. Farhat Saleem	Non-Executive	-	1
Mr. Shahzad Saleem	Executive	-	4
Mr. Syed Tariq Ali	Non-Executive	-	3
Mr. Aftab Ahmad Khan	Non-Executive	Audit and HR&R	4
Mr. Muhammad Azam	Non-Executive	Audit and HR&R	2
Ms. Ayesha Shahzad	Non-Executive	-	1
Mr. Farrukh Ifzal	Executive	-	1
Mr. Shabir Ahmed	Non-Executive	Audit and HR&R	1
Mr. Muhammad Ashraf	Non-Executive	-	2

DIRECTORS RESIGNED DURING THE PERIOD

Name of Director	Category	Committee	Attendance
Mr. Zain Shahzad (Resigned: Feb 19, 2019)	-	-	2
Mr. Yahya Saleem (Resigned: Feb 19, 2019)	-	-	0

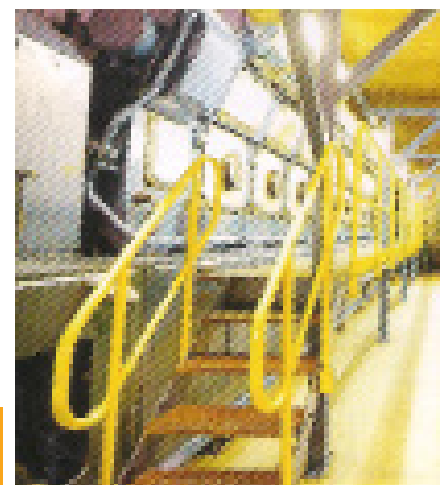
The company has 2 female and 7 male directors as on June 30, 2019.

DIRECTOR'S REMUNERATION

The remuneration of a Director and fee for attending the meeting of the Board is determined by an approved policy in accordance with the Companies Act 2017 & the listed Companies (Code of Corporate Governance) Regulations 2017.

PATTERN OF SHAREHOLDING

The pattern of shareholding as of June 30, 2019, is annexed with the Annual Report.

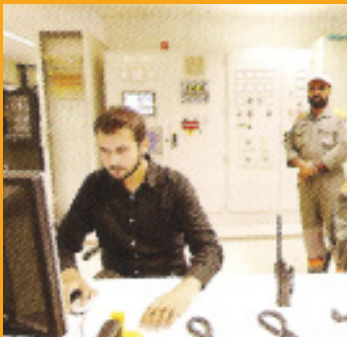


ACKNOWLEDGEMENT

The Directors would also like to express their deep appreciation for the services, loyalty, and effort rendered by the employees of the Company and hope that they will continue to do so in the future.

Chief Executive

Director



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ڈائریکٹرز رپورٹ

یورڈ 30 جون 2019 کو اختتام سال کے لئے مالیاتی گوشوارے پیش کرتا ہے۔ مالی سال 2019 کے دوران کمپنی کو اطمینان بخش آمدنی حاصل ہوئی ہے۔ موجودہ مدت کے لئے کاروبار 15.02 بلین روپے (2018: 16.59 بلین روپے) مع بعد از ٹیکس منافع 3.41 بلین روپے (2018: 3.40 بلین روپے) مع 9.30 روپے فی شیئر آمدنی (EPS) (2018: 9.27 روپے) فی شیئر آمدنی (EPS) تھی۔

منافع

ہمارا محصول کم ہوا ہے جو کے بنیادی طور پر NTDC/CPPA(G) سے کم طلب کا نتیجہ ہے۔ کپسٹی فنکٹر 2019 میں 34.98% رہا (2018: 64.14%)۔

واضح رہے کہ قحط کارکردگی اور ہمارے ٹیرف میں M&O لاگت کا جزو 25 سال کی مدت کے متوازن رہا ہے۔ ابتدائی سالوں میں دیکھ بھال کے اخراجات کم ہیں، ہمارا منافع منصوبے کی زندگی کے اوسط منافع سے زیادہ ہو جائے گا۔ تاہم، بعد کے سالوں میں ہم پلانٹ کی بوسیدگی اور دیکھ بھال کے اخراجات میں اضافہ کی وجہ سے منافع میں کمی کی امید رکھتے ہیں۔

ہمیں CPAA(G)/NTDCL سے محاصل کے طور پر ہمارے 10 سال کی طویل مدت کے قرض کے تحت اصل ادائیگی بھی حاصل ہوئی ہے۔ لہذا، ہماری نیچے والی لائن آپریشن کے پہلے دس سالوں میں اوپر چلی جائے گی اور ہم اس کے بعد گیارہویں سال سے اس کے گرنے کی پیش بینی کرتے ہیں۔

گردشی قرضے

گردشی قرضے اب بھی بجلی کے شعبے میں کام کرنے والی کمپنیوں کے لئے رسک اور پریشانی کا باعث ہیں۔ سال کے دوران سیالیت کے انتظامات ایک مسئلہ رہے ہیں۔ 30 جون 2019 تک CPAA(G)/NTDCL کی طرف ہماری کل وصولیات 15.65 بلین روپے پاکستانی تک بڑھ گئیں جن میں سے 11.71 بلین روپے زائد المعیاد واجب الادا تھے۔ ایک بار پھر نیشنل ٹرانسمیشن اینڈ ڈسٹریбуٹن کمپنی لمیٹڈ CPAA(G)/NTDCL کمپنی کو بروقت ادائیگی کرنے میں ناکام رہی ہے۔ یہ مسئلہ اتنا نازک ہو چکا ہے کہ کمپنی کے لیے اپنے واجبات کو ادا کرنے میں رکاوٹ کا باعث ہے۔ اس مسئلے کے مستقل حل کے طور پر مزید کاسٹ انٹیو ایژن جی کس کی جانب بڑھتے ہوئے مستحکم اور واضح اقدامات کی ضرورت ہے تقسیم اور جزییشن کمپنیوں میں پائی گئی نامیوں کو دور کرنے کے لئے ٹھوس اقدامات اٹھانے چاہئیں۔

رسک مینجمنٹ

کمپنی کے مالی خطرات کو اکثر ٹیرف سے کم کیا جاتا ہے۔ مالیاتی رسک (گردشی قرضے) کے علاوہ، کمپنی کو اہم مالی خطرہ شرح سود کا سامنا ہے۔ شرح سود میں کوئی اتار چڑھاؤ کمپنی کے منافع پر اثر انداز ہو سکتا ہے۔ خطرات کو کم کرنے کے لئے، کمپنی نے مناسب داخلی مالیاتی کنٹرول، ذمی اور خود کار طریقے سے ڈیزائن کیا ہے جس میں مختلف پالیسیوں اور طرز عمل کے ذریعے کارکنوں کی راہنمائی کی جاتی ہے۔ ہمارا انٹرنل آڈٹ فنکشن باقاعدگی سے ان کنٹرولز کی نگرانی کرتا ہے۔

زیر التواء مسائل

کپیسٹی پر چیز پرائس کی مد میں 966 ملین روپے کی رقم کا ابھی بھی NTDCL اعتراف اس لئے نہیں کر رہی کہ کمپنی نے 2012 کے دوران بجلی کم پیدا کی تھی۔ تاہم، بجلی کی اس کم پیداوار کی واحد وجہ NTDCL سے عدم ادائیگی کی وجہ سے اینڈسٹری کی عدم دستیابی تھی۔

کمپنی کا خیال ہے کہ یہ رقم NTDCL کی طرف سے قابل ادا ہونی چاہئے۔ تاہم، جون 2013 میں 6.8 ملین روپے پاکستانی کی ادائیگی کے وقت حکومت پاکستان کے ساتھ تصفیہ کے ایک حصے کے طور پر، آئی پی بی نے عدالت عظمیٰ پاکستان میں دائر صلاحیت کی ادائیگی کا اپنا مقدمہ واپس لے لیا۔ این ٹی ڈی سی اور آئی پی بی نے اس معاملے پر ثالثی کے لئے جنٹس سائز علی کو ماہر کے طور پر مقرر کیا۔ مالی سال 2016 کے دوران، ماہرین نے اپنی رائے میں مذکورہ رقم NTDC کی طرف سے کمپنی کے لئے قابل ادا متعین کی۔ تاہم، اکتوبر 2015 میں حکومت پاکستان (GOP) نے پرائیویٹ پاور انفراسٹرکچر بورڈ (PPIB) کی وساطت سے سول عدالت، لاہور میں ماہرین کے فیصلے کے خلاف ایک دعویٰ دائر اور حکم امتناعی حاصل کیا۔ حکم امتناعی کو ڈسٹرک عدالت لاہور میں چیلنج کیا گیا جہاں اسے موجودہ سال کے دوران ختم کر دیا گیا۔

PPA کی شرائط کے تحت، کمپنی نے لندن کورٹ آف انٹرنیشنل آرbitری (LCIA)، میں ایک پیشین دائر کی ہے جس کے تحت ایک ثالث مقرر کیا گیا اور کارروائی شروع کی گئی۔ موجودہ سال کے دوران ثالث نے اپنا حتمی ایوارڈ حکم دیا ہے کہ ماہرین کا فیصلہ حتمی ہے اور NTDCL فیصلے کے مطابق رقم، ایوارڈ سے قبل کا سود، کارروائی اور LCIA کے اخراجات اور ثالثی معاہدہ کیخلاف ورزی کا جرمانہ اور ان رقم کے تصفیہ کی تاریخ تک کا سود کمپنی کو ادائیگی کرنے کی پابند ہے۔ NTDCL نے حتمی ایوارڈ کو کمرشل کورٹ انگلینڈ میں چیلنج کیا جسے بعد میں واپس لے لیا گیا اور NCPL نے حتمی ایوارڈ کے عملدرآمد کے لئے لاہور ہائی کورٹ میں ایک درخواست دائر کی جو زیر التواء ہے۔ 4 مئی 2018 کو کمرشل کورٹ آف انگلینڈ نے NTDCL کو جزوی حتمی ایوارڈ/ حتمی ایوارڈ کے خلاف انگلینڈ سے باہر کوئی اقدامات اٹھانے سے انکار کر دیا۔ NTDCL نے ایک اپیل کورٹ آف ایپلز لندن میں دائر کرنے کے لئے اجازت کی کوشش کی ہے، جو تاریخ زیر التواء ہے۔

بھروٹی آڈیٹر نے اپنی رپورٹ میں ابھی مسائل کے پیراگراف میں اس پوائنٹ کو اجاگر کیا ہے، مزید تفصیلات مالی گوشواروں کے نوٹ میں فراہم کی گئی ہیں۔

29 جولائی، 2017 کو، کمپنی نے این ٹی ڈی سی / حکومت پاکستان کے خلاف ثالثی کی درخواست ('آر ایف اے') لندن کورٹ آف انٹرنیشنل ثالثی ('ایل سی آئی اے') ('ثالثی کارروائی') کے ذریعہ تاخیر سے ادائیگی کی اجازت نہ دینے، ہٹایا انوائس ادائیگی اور دیگر کٹوتیوں پر ثالثی کی کارروائی کا آغاز کیا۔ کمپنی کا خیال ہے کہ وہ پی پی اے کی شرائط کے مطابق این ٹی ڈی سی سے موصول ہونے والی ہٹایا ادائیگیوں پر تاخیر سے ادائیگی اور دیگر کٹوتیوں کے التزامات کا دعویٰ کرنے کا حقدار ہے۔ میرٹ پر سماعت لندن میں منعقد ہوئی اور 22 اپریل 2019 کو فائنل جزوی ایوارڈ کمپنی کے حق میں 25 جولائی 2019 کو جاری کیا گیا۔ کمپنی نے این سی پی ایل کو دی جانے والی رقم اور ثالثی کے اخراجات پر سود کے حصول کے لئے درخواست دائر کی ہے۔ حتمی جزوی ایوارڈ کی تاریخ تک اس ثالثی کے تحت رقم 1,852 ملین روپے ہے۔ مذکورہ درخواست زیر التواء ہے۔

کارپوریٹ سماجی ذمہ داری

کمپنی معیار کے اسپانسر زاور دیگر مختصر حضرات غیر منافع بخش جدید، سلیم میوریل ٹرسٹ ہسپتال (SMTH) قائم کر رہا ہے۔ یہ 350 بستہ کا ہسپتال جو 39 کنال کے رقبہ پر تعمیر کیا جا رہا ہے، غیر مرعات یافتہ کو ایک مثالی رعایتی طبی علاج فراہم کرے گا۔ موجودہ سال کے دوران کمپنی نے پھولنگر میں واقع ایک سکول کو بھی عطیہ دیا ہے جو معمولی فیس میں معیاری تعلیم فراہم کرتا ہے۔

کمپنی ماحول اور فطرت کو تحفظ فراہم کرنے میں گہری دلچسپی رکھتی ہے۔ اس مقصد کے لئے ہمارے پاور پلانٹ ایسی مشینری سے لیس ہیں جو قومی ماحولیاتی معیارات پر عمل کو یقینی بناتی ہیں۔ کمپنی نے شجر کاری کے بھی اقدامات کئے ہیں اور پاور پلانٹ کے احاطے میں اور ارد گرد پودے لگائے ہیں۔

تصرفات

سال کے دوران، کمپنی نے دو عبوری تصرفات کا اعلان کیا، جن کی تفصیل درج ذیل ہے:

- (1) پہلا عبوری تصرف 10%، جو کے 1.00 روپے فی شیئر، دوسری سہ ماہی کیلئے جو کے 31 دسمبر 2018 کو ختم ہوا؛ اور
- (2) دوسرا عبوری تصرف 10%، جو کے 1.00 روپے فی شیئر، تیسری سہ ماہی کے لئے جو کے 31 مارچ 2019 کو ختم ہوا۔

آڈیٹرز

ریٹائرڈ آڈیٹر زبیر زراے ایف فرگن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، اہل ہونے کی بنا پر دوبارہ تقرری کے لئے خود کو پیش کرتے ہیں۔ آڈٹ کمیٹی نے سال 2019-20 کے لئے کمپنی

کے آڈیٹر کی حیثیت سے ان کی دوبارہ تقرری کی منظوری دی ہے۔

بورڈ آف ڈائریکٹرز اور اسکی کمیٹیاں

زیر جائزہ سال کے دوران چار (4) اجلاس منعقد ہوئے۔ بورڈ کی حاضری اور تہیب حسب ذیل ہے:

بورڈ پر ڈائریکٹرز

نام ڈائریکٹر	کے گہری	کمیٹی	تعداد حاضری
محترمہ فرحت سلیم	نان ایگزیکٹو	-	1
جناب شہزاد سلیم	ایگزیکٹو	-	4
جناب سید طارق علی	نان ایگزیکٹو	-	3
جناب آفتاب احمد خان	نان ایگزیکٹو	آڈٹ اینڈ HR&R	4
جناب محمد اعظم	آزاد	آڈٹ اینڈ HR&R	2
محترمہ عائشہ شہزاد	نان ایگزیکٹو	-	1
جناب فرخ افضل	ایگزیکٹو	-	1
جناب شہیر احمد	نان ایگزیکٹو	آڈٹ اینڈ HR&R	1
جناب محمد اشرف	نان ایگزیکٹو	-	2

مدت کے دوران ڈائریکٹر مستعفی ہوئے۔

تعداد حاضری	کمپنی	کیٹگری	نام ڈائریکٹر
2	-	-	جناب زین شہزاد استعفی: 19 (فروری 2019)
0	-	-	جناب یحییٰ سلیم استعفی: 19 (فروری 2019)

30 جون 2019 کے مطابق کمپنی کی 2 خاتون اور 7 مرد ڈائریکٹرز ہیں

ڈائریکٹرز کا مشاہرہ

ڈائریکٹرز کا مشاہرہ اور بورڈ کے اجلاس کی فیس کا تعین کمپنیز ایکٹ 2017 اور سڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 کے مطابق منظور شدہ پالیسی کے ذریعے کیا گیا ہے۔

نمونہ حصص داری

30 جون 2019 کے مطابق نمونہ حصص داری سالانہ رپورٹ کے ہمراہ منسلک کیا گیا ہے۔

اظہار تشکر

کمپنی کے ڈائریکٹرز کمپنی کے ملازمین کی مسلسل خدمات، وفاداری اور کوششوں کی بھی گہری تعریف کا اظہار کرتے ہیں اور امید کر رہے ہیں کہ وہ مستقبل میں بھی ایسا کرتے رہیں گے۔

ڈائریکٹر

چیف ایگزیکٹو

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FINANCIAL HIGHLIGHTS

	2013/14	2014/15	2015/16
			Rupees in Millions
Result of Operations			
Net Sales	27,630	22,575	13,854
Gross Profit	4,935	5,126	4,194
Operating Income	4,822	4,975	3,975
Financial Charges	(1,922)	(1,884)	(1,219)
Taxation / Reversal	-	-	-
Net Income	2,901	3,090	2,756
Financial Position at Year-end:			
Capital	3,673	3,673	3,673
Accumulated profit	3,375	3,710	3,619
Net Worth	7,048	7,383	7,293
Fixed Assets	14,116	13,387	12,815
Long Term Deposits & Advances	1	11	9
Current Assets	13,282	10,849	8,857
Total Assets	27,398	24,247	21,681
Long Term Liabilities	10,604	9,172	7,507
Current Liabilities	9,746	7,692	6,881
Net Interest-Bearing Debt	17,536	15,946	13,272
Per Share Net Income	7.90	8.41	7.50
Cash Dividends	6.50	7.50	7.75
Dividend payout ratio	82%	89%	103%
Financial Measures			
ROE	41.16%	41.86%	37.80%
Shareholders' Equity Ratio	25.72%	30.45%	33.64%
Net Debt Equity Ratio (times)	2.49	2.16	1.82
Current Ratio	1.36	1.41	1.29
Common Stock			
Number of Shares Outstanding at Year-End	367,346,939	367,346,939	367,346,939

2016/17	2017/18	2018/19
16,148	16,594	15,021
4,320	4,640	5,076
4,091	4,453	4,759
(1,093)	(1,046)	1,342
1	-	-
3,000	3,406	3,417
3,673	3,673	3,673
5,517	8,556	10,687
9,190	12,229	14,360
	-	
12,000	11,387	11,495
5	4	3
11,809	15,015	18,073
23,814	26,406	29,571
	-	
5,574	3,327	716
9,050	10,850	14,494
13,901	13,230	14,094
8.17	9.27	9.30
3.00	1.00	2.00
37%	11%	22%
32.64%	27.85%	23.79%
38.59%	46.31%	48.56%
1.51	1.08	0.98
1.30	1.38	1.25
367,346,939	367,346,939	367,346,939

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS 2017

NISHAT CHUNIAN POWER LIMITED YEAR ENDING JUNE 30, 2019

The Company has complied with the requirements of the Regulations in the following manner:

- At June 30, 2019 the total number of directors are nine as per the following:
 - Male: 7
 - Female: 2
- The composition of board is as follows:

Category	Names
Independent Director	Mr. Muhammad Azam
Executive Director	Mr. Shahzad Saleem Mr. Farrukh Ifzal (Chief Executive)
Non-Executive Directors	Mrs. Farhat Saleem (Chairperson) Mrs. Ayesha Shahzad Mr. Syed Tariq Ali Mr. Muhammad Ashraf Mr. Shabbir Ahmad Mr. Aftab Ahmad Khan

- The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
- 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.
- 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.
- All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/shareholders as empowered by the relevant provisions of the Act and these Regulations.
- 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. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
- The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
- The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
- CFO and CEO duly endorsed the financial state-

- ments before approval of the board.
11. The board has formed committees comprising of members given below:
 - a. Audit Committee
 - i. Mr. Muhammad Azam (Chairman)
 - ii. Mr. Aftab Ahmad Khan (Member)
 - iii. Mr. Shabbir Ahmad (Member)
 - b. HR and Remuneration Committee
 - i. Mr. Muhammad Azam (Chairman)
 - ii. Mr. Aftab Ahmad Khan (Member)
 - iii. Mr. Shabbir Ahmad (Member)
 12. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
 13. The frequency of quarterly meetings of the committee were as per following:

a. Audit Committee	4
b. HR and Remuneration Committee	1
 14. The board has outsourced the internal audit func-
- tion to KPMG Taseer Hadi, who is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
15. 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 and registered with Audit Oversight Board of Pakistan, 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.
 16. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
 17. We confirm that all other requirements of the Regulations have been complied with.

Mrs. Farhat Saleem
Chairperson

Mr. Farrukh Ifzal
Chief Executive Officer

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF NISHAT CHUNIAN POWER LIMITED

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED
IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE)
REGULATIONS, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Nishat Chunian Power Limited for the year ended June 30, 2019 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

As a part of our audit of the 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 Regulations require 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

A. F. Ferguson & Co.
Chartered Accountants
Lahore

Date: 30 September 2019

INDEPENDENT AUDITOR'S REPORT

To the members of Nishat Chunian Power Limited
Report on the Audit of the Financial Statements



Opinion

We have audited the annexed financial statements of Nishat Chunian Power Limited (the Company), which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss, statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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, 2019 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 18.2 to the annexed financial statements, which describes the matter regarding recoverability of certain trade debts. Our opinion is not modified in respect of this matter.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is

a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would rea-

sonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) 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.

The engagement partner on the audit resulting in this independent auditor's report is Khurram Akbar Khan.

A. F. Ferguson & Co.
Chartered Accountants
Lahore

Date: 30 September 2019

NISHAT CHUNIAN POWER LIMITED
STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2019

	Note	2019 (Rupees in thousand)	2018
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 385,000,000 (2018: 385,000,000) ordinary shares of Rs 10 each		3,850,000	3,850,000
Issued, subscribed and paid up share capital 367,346,939 (2018: 367,346,939) ordinary shares of Rs 10 each	5	3,673,469	3,673,469
Revenue reserve: Un-appropriated profits	6	10,686,701	8,555,857
		14,360,170	12,229,326
NON-CURRENT LIABILITY			
Long term financing - secured	7	716,184	3,326,769
CURRENT LIABILITIES			
Current portion of long term financing - secured	7	2,610,585	2,246,839
Short term borrowings - secured	8	10,767,661	7,655,933
Short term loan from holding company - unsecured	9	-	-
Trade and other payables	10	382,449	636,482
Unclaimed dividend		318,554	15,499
Accrued markup	11	415,160	295,234
		14,494,409	10,849,987
CONTINGENCIES AND COMMITMENTS	12	-	-
		29,570,763	26,406,082

The annexed notes 1 to 38 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

	Note	2019 (Rupees in thousand)	2018
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	11,486,081	11,374,223
Intangible assets	14	8,530	12,843
Long term loans to employees	15	3,048	3,995
Long term security deposits		105	105
		<u>11,497,764</u>	<u>11,391,166</u>
CURRENT ASSETS			
Stores and spares	16	562,217	648,744
Inventories	17	1,076,755	1,337,183
Trade debts	18	15,430,602	11,706,117
Loans, advances, deposits, prepayments and other receivables	19	814,584	1,209,674
Income tax receivable		42,425	14,961
Bank balances	20	146,416	98,237
		18,072,999	15,014,916
		<u>29,570,763</u>	<u>26,406,082</u>

Director

NISHAT CHUNIAN POWER LIMITED

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 (Rupees in thousand)	2018
Sales	21	15,021,084	16,594,018
Cost of sales	22	<u>(9,945,451)</u>	<u>(11,954,459)</u>
Gross profit		5,075,633	4,639,559
Administrative expenses	23	(201,314)	(207,083)
Other expenses	24	(228,258)	(15,788)
Other income	25	112,565	35,964
Finance cost	26	<u>(1,342,068)</u>	<u>(1,046,267)</u>
Profit before taxation		3,416,558	3,406,385
Taxation	27	-	-
Profit for the year		<u><u>3,416,558</u></u>	<u><u>3,406,385</u></u>
Earnings per share - basic and diluted (in Rupees)	28	<u><u>9.30</u></u>	<u><u>9.27</u></u>

The annexed notes 1 to 38 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

NISHAT CHUNIAN POWER LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	(Rupees in thousand)	
Profit for the year	3,416,558	3,406,385
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss</i>	-	-
<i>Items that will not be reclassified subsequently to profit or loss</i>	-	-
	-	-
Total comprehensive income for the year	3,416,558	3,406,385

The annexed notes 1 to 38 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

NISHAT CHUNIAN POWER LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 (Rupees in thousand)	2018
Cash flows from operating activities			
Cash generated from operations	29	2,910,540	2,491,613
Finance cost paid		(1,222,142)	(1,006,602)
Income tax paid		(27,464)	(3,511)
Retirement benefits paid		(8,290)	(8,063)
Net decrease in long term loans to employees		947	1,005
Net cash inflow from operating activities		<u>1,653,591</u>	<u>1,474,442</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,194,073)	(474,420)
Proceeds from disposal of property, plant and equipment		6,520	20,267
Profit on bank deposits received		2,966	799
Net cash outflow from investing activities		<u>(1,184,587)</u>	<u>(453,354)</u>
Cash flows from financing activities			
Repayment of long term financing		(2,246,839)	(1,933,778)
Short term borrowings from holding company		5,480,000	1,450,000
Repayment of short term borrowings from holding company		(5,480,000)	(1,800,000)
Dividend paid		(1,285,714)	(367,347)
Net cash outflow from financing activities		<u>(3,532,553)</u>	<u>(2,651,125)</u>
Net decrease in cash and cash equivalents		<u>(3,063,549)</u>	<u>(1,630,037)</u>
Cash and cash equivalents at the beginning of the year		<u>(7,557,696)</u>	<u>(5,927,659)</u>
Cash and cash equivalents at the end of the year	30	<u><u>(10,621,245)</u></u>	<u><u>(7,557,696)</u></u>

Refer notes 7 and 9 for reconciliation of liabilities arising from financing activities.

The annexed notes 1 to 38 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

NISHAT CHUNIAN POWER LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2019

	Share capital	Revenue reserve: Un-appropriated profits	Total
	(Rupees in thousand)		
Balance as on July 1, 2017	3,673,469	5,516,819	9,190,288
Profit for the year	-	3,406,385	3,406,385
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	3,406,385	3,406,385
Dividend to equity holders of the company:			
Final dividend for the year ended June 30, 2017 @ Rs 1 per share	-	(367,347)	(367,347)
Total distributions to owners of the company recognized directly in equity	-	(367,347)	(367,347)
Balance as on June 30, 2018	3,673,469	8,555,857	12,229,326
Profit for the year	-	3,416,558	3,416,558
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	3,416,558	3,416,558
Dividend to equity holders of the company:			
Final dividend for the year ended June 30, 2018 @ Rs 1.5 per share	-	(551,020)	(551,020)
Interim dividend for the quarter ended December 31, 2018 @ Rs 1 per share	-	(367,347)	(367,347)
Interim dividend for the quarter ended March 31, 2019 @ Rs 1 per share	-	(367,347)	(367,347)
Total distributions to owners of the company recognized directly in equity	-	(1,285,714)	(1,285,714)
Balance as on June 30, 2019	3,673,469	10,686,701	14,360,170

The annexed notes 1 to 38 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

NISHAT CHUNIAN POWER LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

1. The company and its activities

Nishat Chunian Power Limited (the 'company') is a public company limited by shares incorporated in Pakistan on February 23, 2007 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The company is a subsidiary of Nishat (Chunian) 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 and net capacity of 195.722 MW at Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan. The address of the registered office of the company is 31-Q, Gulberg II, Lahore. The company has a Power Purchase Agreement ('PPA') with its sole customer, National Transmission and Dispatch Company Limited ('NTDC') for twenty five years which commenced from July 21, 2010.

2. Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

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

Where provisions of and directives issued under the Act differ from the IFRS, the provisions of and directives issued under the Act have been followed.

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 the current year

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 1, 2018 but are considered not to be relevant to or 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, except for the following:

(a) IFRS 9, 'Financial Instruments'

This standard was notified by the Securities and Exchange Commission of Pakistan ('SECP') to be effective for annual periods ending on or after June 30, 2019. This standard replaces guidance in International Accounting Standard ('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. However, in respect of companies holding financial assets due from the Government of Pakistan, SECP through SRO 985(I)/2019 dated September 2, 2019 has notified that the requirements contained in IFRS 9 with respect to application of Expected Credit Losses method shall not be applicable till June 30, 2021 and that such companies shall follow relevant requirements of IAS 39 in respect of above referred financial assets during the exemption period. Accordingly, the company has changed its accounting policies and followed the requirements of IFRS 9 for:

- classification and measurement of all financial assets; and

- recognition of loss allowance for financial assets other than the financial assets due from the Government of Pakistan.

In respect of application of IFRS 9, the company has adopted modified retrospective approach as permitted by this standard, according to which the company is not required to restate the prior period results. The adoption of IFRS 9 has not resulted in any impact on the opening balance of un-appropriated profit. In respect of classification of financial assets, the company's management has assessed which business models apply to the financial assets held by the company and has classified its financial instruments into the appropriate IFRS 9 categories (i.e. mainly financial assets previously classified as 'loans and receivables' have now been classified as 'amortised cost').

(b) IFRS 15, 'Revenue from Contracts with Customers'

This standard was notified by the SECP to be effective for annual periods beginning on or after July 1, 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, 'Revenue', and IAS 11, 'Construction contracts', and related interpretations.

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. Therefore, the comparative information has not been restated and continues to be reported under the previous accounting policy.

2.2.2 Exemption from applicability of certain interpretations to standards

The SECP through SRO 24(I)/2012 dated January 16, 2012 has granted exemption from the application of International Financial Reporting Interpretations Committee (IFRIC) 4, 'Determining whether an Arrangement contains a Lease', and IFRIC 12, 'Service Concession Arrangements', to all companies. However, the SECP made it mandatory to disclose the impact of the application of IFRIC 4 or IFRIC 12 on the results of the companies.

Under IFRIC 4, the consideration required to be made by the lessee for the right to use the asset is to be accounted for as a finance lease under IAS 17, 'Leases'. The company's power plant's control due to purchase of total output by NTDC appears to fall under the scope of IFRIC 4. Consequently, if the company were to follow IFRIC 4 and IAS 17, the effect on the financial statements would be as follows:

	2019	2018
	(Rupees in thousand)	
De-recognition of property, plant and equipment	<u>(11,167,862)</u>	<u>(11,330,937)</u>
De-recognition of trade debts	<u>(5,880,475)</u>	<u>(2,777,269)</u>
Recognition of lease debtor	<u>12,567,265</u>	<u>11,737,692</u>
Decrease in un-appropriated profit at the beginning of the year	(2,379,012)	(1,028,916)
Decrease in profit for the year	<u>(2,102,060)</u>	<u>(1,341,598)</u>
Decrease in un-appropriated profit at the end of the year	<u>(4,481,072)</u>	<u>(2,370,514)</u>

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, 2019 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, except for the following:

- IFRS 16, 'Leases': this standard has been notified by the SECP to be effective for annual periods beginning on or after January 1, 2019. This standard replaces the current guidance in IAS 17, 'Leases' and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on statement of financial position) and an operating lease (off statement of financial position). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees.

SECP through SRO 986(I)/2019 dated September 2, 2019 has granted exemption from the requirements of IFRS 16 to all companies that have executed their power purchase agreements before January 1, 2019. Therefore, the standard will not have any impact on the company's financial statements.

-Amendments to IAS 1 and IAS 8 on the definition of material: (effective for periods beginning on or after July 1, 2019). These amendments to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information. It is unlikely that these amendments will have any significant impact on the company's financial statements.

- Amendment to IFRS 9, Financial instruments', on prepayment features with negative compensation and modification of financial liabilities: (effective for periods beginning on or after July 1, 2019). This amendment confirmed two points: (1) that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and (2) that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. It is unlikely that this amendment will have any significant impact on the company's financial statements.

3. Basis of measurement

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

3.2 Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the company's accounting policies.

This note provides an overview of the area that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to the estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statement.

a) Useful lives and residual values of fixed assets

The company reviews the useful lives of fixed assets i.e. property, plant and equipment and intangible assets on a 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/amortisation charge and impairment.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.

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, unless otherwise stated.

4.1 Taxation

Income tax comprises current and deferred tax. Income tax is recognised in the statement of profit or loss except to the extent that relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

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 statement of profit or loss 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 recognized for all taxable temporary differences and deferred tax assets are recognized 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 utilized.

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 statement of financial reporting position date. Deferred tax is charged or credited in the statement of profit or loss, 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 Property, plant and equipment

4.2.1 Operating fixed assets

Operating fixed assets are stated at historical cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation on operating fixed assets, other than identifiable capital spares in plant and machinery, is charged to statement of profit or loss 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 13.1 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, 2019, 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 statement of profit or loss 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 amortization and any identified impairment loss. Intangible assets are amortized using the straight line method over a period of five years.

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).

4.3 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization 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 and spares

Stores and spares 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 statement of financial position date while items considered obsolete are carried at nil value.

4.6 Inventories

Inventories except for those in transit and furnace oil 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. Furnace oil is valued at lower of cost based on First-In First-Out (FIFO) method and net realizable value.

Net realizable value is determined on the basis of estimated selling price in the ordinary course of business less estimated cost of completion and the estimated cost necessary to make the sale. Provision is made in the financial statements for obsolete and slow moving inventories based on management's estimate.

4.7 Financial assets

4.7.1 Classification

From July 1, 2018, the company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value [either through other comprehensive income ('OCI') or through profit or loss], and
- those to be measured at amortised cost.

The classification depends on the company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The company reclassifies debt investments when and only when its business model for managing those assets changes.

4.7.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

4.7.3 Measurement

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the company classifies its debt instruments:

- i) Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method, except for delayed payment markup on amounts due under the PPA which is included in revenue. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as separate line item in the statement of profit or loss.

ii) FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method. Impairment expenses are presented as separate line item in the statement of profit or loss.

iii) FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

4.7.4 Impairment of financial assets other than those due from the Government of

From July 1, 2018, the company assesses on a forward-looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

4.8 Accounting policies applied until June 30, 2018

The company has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the company's previous accounting policy.

Classification

Until June 30, 2018, the company classified 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 depended on the purpose for which the financial assets were acquired. Management determined 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 was classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category were classified as current assets if expected to be settled within twelve months, otherwise, they were 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 were included in current assets, except for maturities greater than twelve months after the statement of financial position date, which were classified as non-current assets. Loans and receivables comprised of loans, advances, deposits and other receivables and cash and cash equivalents in the statement of financial position.

c) Available-for-sale financial assets

Available-for-sale financial assets were non-derivatives that were either designated in this category or not classified in any of the other categories. They were included in non-current assets unless management intends to dispose of the investments within twelve months from the statement of financial position 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 were stated at amortized cost.

Recognition and measurement

All financial assets were recognised at the time when the company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments were recognised on trade-date – the date on which the company committed to purchase or sell the asset. Financial assets were 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 were initially recognised at fair value and transaction costs were expensed in the statement of profit or loss. Financial assets were derecognised when the rights to receive cash flows from the assets expired or had been transferred and the company had transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss were subsequently carried at fair value. For investments having quoted price in active market, the quoted price represents the fair value. In other cases, fair value was measured using appropriate valuation methodology and where fair value could not be measured reliably, these were carried at cost. Loans and receivables and held to maturity investments were carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category were presented in the statement of profit or loss in the period in which they arose. Dividend income from financial assets at fair value through profit or loss was recognized in the statement of profit or loss as part of other income when the company's right to receive payments was established.

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

The company assessed at each reporting date whether there was objective evidence that a financial asset or a group of financial asset was impaired. If any such evidence existed for available-for-sale financial assets, the cumulative loss was removed from equity and recognized in the statement of profit or loss.

4.9 Financial liabilities

Financial liabilities are recognised at the time when the company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed on profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and 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 profit or loss.

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 Financial assets due from the Government of Pakistan

Financial assets due from the Government of Pakistan include trade debts and other receivables due from NTDC/Central Power Purchasing Agency (Guarantee) Limited ('CPPA-G') under the PPA that also includes accrued amounts. As referred to in note 2.2.1(a) to these financial statements, SECP through SRO 985(I)/2019 dated September 2, 2019 has notified that, in respect of companies holding financial assets due from the Government of Pakistan, the requirements contained in IFRS 9 with respect to application of Expected Credit Losses method shall not be applicable till June 30, 2021 and that such companies shall follow relevant requirements of IAS 39 in respect of above referred financial assets during the exemption period. Accordingly, the same continue to be reported as per the following accounting policy:

A provision for impairment 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.

The company assesses at the end of each reporting period whether there is objective evidence that the financial asset is impaired. The financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of profit or loss. When the financial asset is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the statement of profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of profit or loss.

4.12 Trade debts

Trade debts are amounts due from NTDC/CPPA-G in the ordinary course of business. They are generally due for settlement as referred to in note 4.21 and therefore are all classified as current. Trade debts are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The company holds the trade debts with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using effective interest method, less provision for impairment.

4.13 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.

4.14 Employee benefits

(i) Short term obligations

Liabilities for wages and salaries including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(ii) Post employment benefit - Defined contribution plan (Provident Fund)

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 8.33 percent of the basic salary subject to completion of minimum qualifying period of service as determined under the rules of the fund.

4.15 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

4.16 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 statement of financial position date and adjusted to reflect the current best estimate.

4.17 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 within borrowings in current liabilities on the statement of financial position.

4.18 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 statement of profit or loss 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 statement of financial position date.

4.19 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in statement of profit or loss in the period in which they are incurred.

4.20 Revenue recognition

Revenue shall be recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset and thus has the ability to direct the use and obtain the benefits from the good or service.

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.

Delayed payment markup on amounts due under the PPA is accrued on a time proportion basis by reference to the amount outstanding and the applicable rate of return under the PPA.

Invoices are generally raised on a monthly basis and are due after 30 days from acknowledgement by NTDC.

4.21 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 statement of profit or loss.

4.22 Dividend

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

4.23 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 367,346,939 (2018: 367,346,939) ordinary shares of Rs 10 each fully paid in cash. 187,585,820 (2018: 187,585,820) ordinary shares of the company are held by Nishat (Chunian) 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.

	2019	2018	
	(Rupees in thousand)		
7. Long term financing - secured			
7.1 The reconciliation of the carrying amount is as follows:			
Opening balance	5,573,608	7,507,386	
Less: Repayments during the year	2,246,839	1,933,778	
	<u>3,326,769</u>	<u>5,573,608</u>	
Less: Current portion shown under current liabilities	2,610,585	2,246,839	
	<u>716,184</u>	<u>3,326,769</u>	
7.2 This comprises of:			
Senior facility	- note 7.3	2,676,419	4,489,070
Term finance facility	- note 7.4	650,350	1,084,538
		<u>3,326,769</u>	<u>5,573,608</u>

7.3 Senior facility

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

	2019	2018
	(Rupees in thousand)	
Lender		
National Bank of Pakistan	460,701	772,718
Habib Bank Limited	616,974	1,034,831
Allied Bank Limited	616,974	1,034,831
United Bank Limited	616,974	1,034,831
Faysal Bank Limited	278,142	466,518
Summit Bank Limited	36,121	60,536
Sindh Bank Limited	50,533	84,805
	<u>2,676,419</u>	<u>4,489,070</u>
Less: Current portion shown under current liabilities	<u>2,106,108</u>	<u>1,812,653</u>
	<u><u>570,311</u></u>	<u><u>2,676,417</u></u>

7.4 Term finance facility

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

	2019	2018
	(Rupees in thousand)	
Lender		
National Bank of Pakistan	111,947	186,685
Habib Bank Limited	149,920	250,010
Allied Bank Limited	149,920	250,010
United Bank Limited	149,920	250,010
Faysal Bank Limited	88,643	147,823
	<u>650,350</u>	<u>1,084,538</u>
Less: Current portion shown under current liabilities	<u>504,477</u>	<u>434,186</u>
	<u><u>145,873</u></u>	<u><u>650,352</u></u>

7.5 This represents long term financing obtained from a consortium of banks led by United 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 exclusive charge on immovable property, mortgage of project receivables (excluding energy payment receivables), hypothecation of all present and future assets and all properties of the company (excluding working capital hypothecated property), lien over project bank accounts and pledge of shares held by the holding company in Nishat Chunian 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 ranges from 9.92% to 13.99% (2018: 9.14% to 9.50%) per annum. As of June 30, 2019, the finance is repayable in five quarterly installments ending on July 01, 2020.

	2019	2018
	(Rupees in thousand)	
8. Short term borrowings - secured		
Short term borrowings under mark-up arrangements obtained as under:		
Running finances - note 8.1	2,439,211	37,742
Money market loans - note 8.2	4,288,803	6,070,000
Murabaha and musharaka facilities - note 8.3	4,039,647	1,548,191
	<u>10,767,661</u>	<u>7,655,933</u>

8.1 Running finances

Running finance main facilities available from commercial banks under mark-up arrangements amount to Rs 7,250 million (2018: Rs 8,250 million). Running finance facilities are available at mark-up rates ranging from one month to six months KIBOR plus 0.15% to 2% per annum, payable quarterly. Running finance facilities are secured against first joint pari passu hypothecation charge on the present and future current assets of the company including fuel stocks, inventories and energy price payment receivables from NTDC. The mark-up rate charged during the year on the outstanding balance ranges from 7.08% to 13.80% (2018: 6.29% to 8.50%) per annum.

8.2 Money market loans

Money market loans are available to the company as a sub-facility to the running finance facility at mark-up rates ranging from one month to six months KIBOR plus 0.05% to 0.50% per annum. Money market loans are secured against first joint pari passu hypothecation charge on the present and future current assets of the company comprising of fuel stocks, inventories and energy price payment receivables from NTDC. The mark-up rate charged during the year on the outstanding balance ranges from 7.12% to 13.12% (2018: 6.14% to 7.08%) per annum.

8.3 Murabaha and musharaka facilities

Murabaha and musharaka main facilities available from Islamic banks aggregate to Rs 5,500 million (2018: Rs 4,500 million) at mark-up rates ranging from one month to six months KIBOR plus 0.1% to 1% per annum. The amount utilised as at June 30, 2019, for musharaka facilities was Rs 4,039.647 million (2018: Rs 1,548.190 million). Mark-up on murabaha is payable at the maturity of the respective murabaha transaction, whereas, the mark-up on musharaka is payable quarterly on the balance outstanding. The facilities are secured against first joint pari passu hypothecation charge on the present and future current assets of the company comprising of fuel stocks, inventories and energy price payment receivables from NTDC. The mark-up rate charged during the year on the outstanding balance ranges from 7.03% to 13.30% (2018: 6.24% to 7.45%) per annum.

8.4 Letters of credit and guarantees

The main facilities for opening letters of credit and guarantees aggregate to Rs 1611.032 million (2018: Rs 1,411.032 million). The amount utilised at June 30, 2019, for letters of credit was Rs 19.663 million (2018: Rs 144.073 million) and for guarantees was Rs 20.978 million (2018: Rs 36.878 million). The aggregate facilities for opening letters of credit and guarantees are secured by ranking charge on the present and future current assets comprising of fuel stocks, inventories and energy price payment receivables from NTDC, counter guarantee, cash margin and lien over import documents.

9. Short term loan from holding company - unsecured

This represented a short term loan from the holding company to meet the working capital requirements of the company. The effective mark up rate charged during the year on outstanding balance was 12.86% (2018: 8.18%) per annum. The reconciliation of the carrying amount is as follows:

	2019	2018
	(Rupees in thousand)	
Opening balance	-	350,000
Disbursements during the year	5,680,000	1,450,000
	<u>5,680,000</u>	<u>1,800,000</u>
Less: Repayments during the year	5,680,000	1,800,000
	<u>-</u>	<u>-</u>

		2019	2018
		(Rupees in thousand)	
10.	Trade and other payables		
	Creditors	112,762	405,571
	Accrued liabilities	94,471	56,633
	Workers' profit participation fund - note 10.1	170,853	170,344
	Withholding tax payable	743	488
	Other liabilities	3,620	3,446
		<u>382,449</u>	<u>636,482</u>

10.1 Workers' Profit Participation Fund

	Opening balance	170,344	150,013
	Provision for the year - note 19.1	170,828	170,319
		<u>341,172</u>	<u>320,332</u>
	Less: Payments	170,319	149,988
	Closing balance	<u>170,853</u>	<u>170,344</u>

10.2 Workers' Welfare Fund ('WWF') has not been provided for in these financial statements based on the advice of the company's legal consultant. However, in case the company pays WWF, the same is recoverable from NTDC as a pass through item under section 9.3(a) of the PPA with NTDC.

		2019	2018
		(Rupees in thousand)	
11.	Accrued markup		
	Accrued mark-up/interest on:		
	Long term financing - secured	116,427	132,458
	Short term borrowings - secured	298,673	162,776
	Short term loan from holding company - unsecured	60	-
		<u>415,160</u>	<u>295,234</u>

12. Contingencies and commitments

12.1 Contingencies

12.1.1 Contingent liabilities:

(i) A sales tax demand of Rs 1,161.548 million was raised against the company through order dated November 28, 2013, by the Assistant Commissioner Inland Revenue ('ACIR') by disallowing input sales tax for the tax periods from July 2010 to June 2012. Such amount was disallowed on the grounds that the revenue derived by the company on account of 'capacity purchase price' was against a non-taxable supply and thus, the entire amount of input sales tax claimed by the company was required to be apportioned with only the input sales tax attributable to other revenue stream i.e. 'energy purchase price' admissible to the company. Against the aforesaid order, the company preferred an appeal dated December 10, 2013 before the Commissioner Inland Revenue (Appeals) ('CIR(A)') who vacated the ACIR's order on the issue regarding apportionment of input sales tax. However, the CIR(A) did not adjudicate upon the company's other grounds of appeal. Consequently, the company preferred an appeal on March 17, 2014 before the Appellate Tribunal Inland Revenue ('ATIR') on the issues not adjudicated upon by the CIR(A) and the Department also preferred a second appeal on May 08, 2014 before the ATIR against the CIR(A)'s order. The ATIR decided the case in favour of the company on September 11, 2018. However, the Department has filed a sales tax reference with Lahore High Court ('LHC') against the decision of the ATIR. The matter is pending adjudication till date.

Furthermore, the Deputy Commissioner Inland Revenue ('DCIR') issued a show cause notice dated November 12, 2014, whereby intentions were shown to raise a sales tax demand of Rs 1,093.262 million by disallowing input sales tax claimed by the company for the tax periods from July 2010 to June 2012 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') on July 23, 2015. LHC disposed off the petition in the company's favour through its order dated October 31, 2016, by stating that there is no supply being made against capacity purchase price, hence, there is no existence of an "exempt supply". Accordingly, the company is free to reclaim or deduct input tax under the relevant provisions of Sales Tax Act, 1990. However, the tax department filed a review petition before the LHC on January 09, 2017 and an appeal before the Supreme Court of Pakistan on November 24, 2017 against the aforementioned LHC's order, both of which are pending adjudication.

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 on November 20, 2015. 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 financial year 2016 and audit report thereof was submitted to the company seeking explanations in regard to the issues raised therein. In the subject audit report, an aggregate amount of Rs 631.769 million primarily including a disallowance of input sales tax of Rs 622.263 million has been confronted on same grounds as explained above. LHC through its order dated January 9, 2017 has allowed initiation of adjudication proceedings after issuance of audit report. On May 17, 2017, the DCIR issued a showcause notice as to why sales tax of the aforesaid amount of Rs 631.769 million alongwith default surcharge should not be recovered from the company. The company filed a representation in this regard with the Chairman, FBR. The Chairman FBR disposed of the case on the grounds that it did not invoke any provision of Section 7 of the FBR Act 2007 as no issue of misadministration is involved therein. The company then challenged the show cause notice before the Honourable Lahore High Court. The Lahore High Court declared on 9 November, 2018 that the show cause was issued without having jurisdiction. No further notice has been received with

(ii) During the year, the Commissioner Inland Revenue has raised a demand of Rs 104.977 million against the company through his order dated April 16, 2019, mainly on account of input tax claimed on inadmissible expenses in sales tax return for the various tax periods and sales tax default on account of suppression of sales related to various tax periods. The company filed application for grant of stay before the ATIR against recovery of the aforesaid demand that was duly granted. Further, the company has filed appeals before CIR(A) and ATIR against the order which is pending adjudication. Management has strong grounds to believe that the case will be decided in company's favour. Therefore, no provision on has been made on this account in these financial statements.

(iii) An amendment order dated August 31, 2017 was issued by the DCIR under section 122 of the Income Tax Ordinance, 2001 ('ITO') for Tax Year 2014 whereby income tax of Rs 191.536 million was levied on other income, interest on delayed payments from NTDC, minimum tax on capacity sales, scrap sales and sale proceeds of fixed assets' disposal, and WWF was also levied of Rs 12.946 million. Against the aforesaid order, the company preferred an appeal on September 25, 2017 before the CIR(A) and the learned CIR(A) passed an order on February 2, 2018, declaring that the levy of income tax on interest on delayed payments from NTDC and minimum tax on capacity sales is not justified, while directing the company to pay income tax aggregating to Rs 1.466 million on profit on debt, miscellaneous income, capital gain on disposal of securities, minimum tax on scrap sales and fixed assets' disposal, and WWF of Rs 4.552 million. The company and tax authority both have filed appeals on March 8, 2018 and March 26, 2018 respectively, before the ATIR against the order of CIR(A) that are pending adjudication.

Further, another amendment order dated June 13, 2018 was issued by the Additional Commissioner Inland Revenue under section 122 of the ITO for Tax Year 2012 and subsequently, rectification order dated June 27, 2018 under section 221 of the ITO was issued whereby income tax of Rs 50.063 million was levied mainly comprising minimum tax on capacity sales. The company filed an appeal on July 26, 2018 before the CIR(A) against the aforesaid orders. The CIR(A), through its order dated September 12, 2018, has decided the case in favour of the company. However, the Department has filed an appeal before the ATIR against the order of the CIR(A) which is pending adjudication.

The management considers that there exist meritorious grounds to defend the company's stance and the ultimate decision from the appellate authorities would be in the company's favour. Consequently, no provision has been made in these financial statements for the abovementioned amounts aggregating Rs 254.545 million.

(iv) During the year, National Electric Power Regulatory Authority (NEPRA) issued a letter dated February 13, 2019 to the company along with other Independent Power Producers to provide rationale of abnormal profits earned since commercial operations date (COD). The company's request for extension to respond to the show cause notice was declined and NEPRA initiated suo moto proceedings against the company vide its letter dated March 8, 2019 ('impugned letter'). The company filed suit in Islamabad High Court ('IHC') against NEPRA's initiation of suo moto proceedings on the grounds that initiation of these proceedings is without jurisdiction as legislature did not provide suo moto jurisdiction to NEPRA. On May 21, 2019, IHC suspended the operation of the impugned letter and suo moto proceedings until the next date of hearing, which was further extended and suit is pending adjudication. The company expects no outflow at this stage and consequently, no provision on this account has been made in these financial statements.

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

(a) Letters of guarantee aggregating Rs 20.978 million (2018: Rs 18.942 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.

12.1.2 Contingent asset:

(i) On July 29, 2017 the company instituted arbitration proceedings against NTDC/Government of Pakistan by filing a Request for Arbitration ('RFA') with the London Court of International Arbitration ('LCIA') (the 'Arbitration Proceedings') for disallowing delayed payment charges on outstanding delayed payment invoices and other deductions made from delay payment invoices. The company believes it is entitled to claim delayed payment charges on outstanding delayed payments receivable from NTDC as per terms of the PPA and the other deductions made by NTDC. However, NTDC has denied this liability and objected on the maintainability of the arbitration proceedings, terming it against the PPA and refused to pay delayed payment charges on outstanding delayed payments receivable.

The LCIA appointed a sole Arbitrator and hearings were also held on February 19 and 20, 2018. On April 16, 2018, the Arbitrator has issued Partial Final Award in which he has rejected the NTDC's objection to the maintainability of the Arbitration Proceedings.

Hearings on merits were held in London and Final Partial Award dated April 22, 2019 was issued on July 25, 2019 in favour of the company. The company has filed an application seeking interest on the amount awarded to the company and costs of the arbitration. Amounts under this arbitration including interest till date of Final Partial Award are Rs 1,851.992 million. The said application is pending adjudication.

12.2 Commitments

(i) Letters of credit and contracts other than for capital expenditure aggregate to Rs 19.663 million (2018: Rs 144.073 million).

		2019	2018
		(Rupees in thousand)	
13.	Property, plant and equipment		
Operating fixed assets	- note 13.1	11,188,998	11,372,422
Capital work-in-progress	- note 13.2	3,157	1,801
Major spare parts and standby equipment	- note 13.3	293,926	-
		11,486,081	11,374,223

13.1 Operating fixed assets (Rupees in thousand)

	Freehold land - note 13.1.1	Buildings on freehold land	Plant and machinery	Electric installations	Computer equipment	Office equipment	Furniture and fixtures	Vehicles	Total
COST									
Balance as at July 01, 2017	71,017	194,974	17,898,174	2,614	16,656	36,685	1,009	94,849	18,315,978
Additions during the year	-	-	464,135	1,896	1,340	845	-	6,310	474,526
Disposals during the year	-	-	(647,687)	-	(645)	-	-	(31,867)	(680,199)
Balance as at June 30, 2018	71,017	194,974	17,714,622	4,510	17,351	37,530	1,009	69,292	18,110,305
Balance as at July 01, 2018	71,017	194,974	17,714,622	4,510	17,351	37,530	1,009	69,292	18,110,305
Additions during the year	-	1,891	888,298	-	1,662	-	-	6,940	898,791
Disposals during the year	-	-	(713,353)	-	(801)	-	-	(10,005)	(724,159)
Balance as at June 30, 2019	71,017	196,865	17,889,567	4,510	18,212	37,530	1,009	66,227	18,284,937
DEPRECIATION									
Balance as at July 01, 2017	-	50,055	6,201,772	1,814	9,661	21,718	632	49,533	6,335,185
Charge for the year - note 13.1.2	-	7,989	1,029,048	361	3,414	8,653	97	16,457	1,066,019
Disposals during the year	-	-	(647,687)	-	(303)	-	-	(15,331)	(663,321)
Balance as at June 30, 2018	-	58,044	6,583,133	2,175	12,772	30,371	729	50,659	6,737,883
Balance as at July 01, 2018	-	58,044	6,583,133	2,175	12,772	30,371	729	50,659	6,737,883
Charge for the year - note 13.1.2	-	8,091	1,053,672	468	3,309	6,502	94	9,266	1,081,402
Disposals during the year	-	-	(713,354)	-	(590)	-	-	(9,402)	(723,346)
Balance as at June 30, 2019	-	66,135	6,923,451	2,643	15,491	36,873	823	50,523	7,095,939
Book value as at June 30, 2018	71,017	136,930	11,131,489	2,335	4,579	7,159	280	18,633	11,372,422
Book value as at June 30, 2019	71,017	130,730	10,966,116	1,867	2,721	657	186	15,704	11,188,998
Annual depreciation rate %	-	4-17 to 5-92	4 to 6-13 and number of hours used	10	30	10 to 30	10	20	

13.1.1 Freehold land represents 99,527 square meters of land situated at Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab out of which approximately 19,782 square meters is covered area.

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

	2019	2018
Cost of sales	- note 22	1,071,581
Administrative expenses	- note 23	9,821
	1,081,402	1,048,732
		17,287
		1,066,019

13.1.3 Sale of operating fixed assets

The aggregate book value of sale of operating fixed assets during the current year was below Rs 5 million.

Detail of operating fixed assets sold during the last year having book value above Rs 500,000 is as follows:

		2018 (Rupees in thousand)				
Particulars of assets	Sold to	Cost	Book value	Sale proceeds	Gain/(loss) on disposal	Mode of disposal
Vehicles						
Key Management Personnel						
	Ms. Sonia Karim	1,983	-	670	670	As per company policy
Outside parties						
	Sprint Services Rawalpindi	14,151	8,255	9,400	1,145	Negotiation
	Gilgit Baltistan Mountain Seeds	12,003	5,601	6,500	899	-do-
	Muhammad Yahya Saleem (Brother of former Chief Executive Officer and current director)	2,674	2,451	2,674	223	-do-
	Muhammad Ansar Khan	1,055	229	760	531	-do-
		<u>31,866</u>	<u>16,536</u>	<u>20,004</u>	<u>3,468</u>	

13.2 Capital work-in-progress**(Rupees in thousand)**

Civil works	3,157	1,801
The reconciliation of the carrying amount is as follows:		
Opening balance	1,801	1,907
Additions during the year	4,719	6,363
	6,520	8,270
Transfers during the year	(3,363)	(6,469)
Closing balance	3,157	1,801

13.3 Major spare parts and standby equipment

The reconciliation of the carrying amount is as follows:

Opening balance	-	162,636
Additions during the year	293,926	-
	293,926	162,636
Transferred to operating fixed assets	-	(161,488)
Charged to consumption	-	(1,148)
Closing balance	293,926	-

13.4 All property, plant and equipment of the company is pledged as security for long term financing as disclosed in note 7 to these financial statements.

14. Intangible assets**Rupees
in thousand****COMPUTER SOFTWARE****Cost**

Balance as at July 01, 2017	23,952
Additions during the year	-
Balance as at June 30, 2018	23,952

Balance as at July 01, 2018	23,952
Additions during the year	-
Balance as at June 30, 2019	23,952

Amortization

Balance as at July 01, 2017	6,796
Charge for the year	- note 14.1 4,313
Balance as at June 30, 2018	11,109

Balance as at July 01, 2018	11,109
Charge for the year	- note 14.1 4,313
Balance as at June 30, 2019	15,422

Book value as at June 30, 2018	12,843
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Book value as at June 30, 2019	8,530
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Annual amortization rate %	20%
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2019 **2018**
(Rupees in thousand)

14.1 The amortization charge for the year has been allocated as follows:

Cost of sales	- note 22	3,613	3,613
Administrative expenses	- note 23	700	700
		4,313	4,313
		4,313	4,313

14.2 All intangible assets of the company are pledged as security for long term financing as disclosed in note 7 to these financial statements.

15. Long term loans to employees

2019 **2018**
(Rupees in thousand)

Loans to employees - considered good:

- Key management personnel	- note 15.2	3,422	4,009
- Others		363	971
		3,785	4,980

Less: Current portion shown under current assets

- Key management personnel		737	651
- Others		-	334
	- note 19	737	985
		3,048	3,995

15.1 This represents house and car loans to employees as per company's policy and are recoverable within a period of four to ten years commencing from the date of disbursement through monthly deductions from salaries. These carry interest at the rates ranging from 3.1% to 10.66% per annum (2018: 3.1% to 10.66% per annum). Such loans are secured against the accumulated provident fund balance of the relevant employee.

15.2 This represents loan to the Chief Executive Officer who was appointed on April 30, 2019. The loan was sanctioned and disbursed to him in the previous years when he wasn't the company's Chief Executive. The maximum aggregate amount outstanding at the end of any month during the year was Rs 4.019 million (2018: Rs 4.928 million).

2019 **2018**
(Rupees in thousand)

15.3 Reconciliation of carrying amount of loan to chief executive

Opening balance		4,009	4,640
Markup		147	134
		4,156	4,774
Less: Repayments during the year		734	765
Closing balance		3,422	4,009

16. Stores and spares

Most of the items of stores and spares are of interchangeable nature and can be used as machine spares or consumed as stores. Accordingly, it is not practicable to distinguish stores from spares until their actual usage.

	2019	2018
	(Rupees in thousand)	
17. Inventories		
Furnace oil	1,060,251	1,317,385
Diesel	5,505	3,469
Lubricating oil	10,999	16,329
	1,076,755	1,337,183

18. Trade debts

18.1 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% 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 ranged from 10.48% to 17.40% (2018: 10.48% to 14.71%) per annum. Trade debts include unbilled receivables of Rs 634.902 million (2018: Rs 267.263 million).

18.2 Included in trade debts is an amount of Rs 966.166 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 25 January 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 966.166 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. Along with 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 966.166 million pursuant to Expert's determination; ii) Rs 224.229 million being Pre award interest; iii) Rs 9.203 million for breach of arbitration agreement; iv) Rs 1.684 million and USD 612,311 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 248.027 million upto June 30, 2019.

On November 24, 2017, NTDC challenged the Final Award in Commercial Court of England. On November 29, 2017, the 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 966.166 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 its collectability is certain.

19. Loans, advances, deposits, prepayments and other receivables	2019	2018
	(Rupees in thousand)	
Advances - considered good:		
- To suppliers	38,855	65,464
- To key management personnel	-	736
Current portion of long term loans to employees - note 15	737	985
Balance with statutory authority:		
- Sales tax receivable	378,397	331,513
Claim recoverable from NTDC for pass through items:		
- Workers' Profit Participation Fund - note 19.1	386,307	726,930
Security deposit	9,032	9,032
Prepayments	146	990
Insurance claim receivable	52	73,370
Other receivables	1,058	654
	<u>814,584</u>	<u>1,209,674</u>

19.1 Workers' Profit Participation Fund

Opening balance	726,930	670,314
Accrued for the year - note 10.1	170,828	170,319
	<u>897,758</u>	<u>840,633</u>
Less: Amount received during the year	509,653	111,815
Reversed against payable	1,798	1,888
	<u>511,451</u>	<u>113,703</u>
Closing balance	<u>386,307</u>	<u>726,930</u>

19.1.1 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.

20. Bank balances	2019	2018
	(Rupees in thousand)	
Cash at bank:		
- On saving accounts - note 20.1	143,887	97,084
- On current accounts	2,529	1,153
	<u>146,416</u>	<u>98,237</u>

20.1 Profit on balances in saving accounts ranged from 4.36% to 10.30% (2018: 1.94% to 4.55%) per annum.

21. Sales	2019	2018
	(Rupees in thousand)	
Energy revenue	10,372,388	13,378,930
Less: Sales tax	1,507,748	1,945,116
	<u>8,864,640</u>	<u>11,433,814</u>
Capacity revenue	5,063,990	4,503,504
Delayed payment markup	1,092,454	656,700
	<u>15,021,084</u>	<u>16,594,018</u>

22. Cost of sales		2019	2018
		(Rupees in thousand)	
Raw materials consumed		8,187,008	10,302,630
Salaries and other benefits	- note 22.1	144,492	158,375
Stores and spares consumed		223,009	188,068
Electricity consumed in-house		15,673	2,207
Insurance		215,815	165,132
Travelling and conveyance		19,662	17,652
Postage and telephone		3,280	2,745
Repairs and maintenance		44,507	46,423
Entertainment		62	438
Depreciation on operating fixed assets	- note 13.1.2	1,071,581	1,048,732
Amortization	- note 14.1	3,613	3,613
Fee and subscription		3,279	3,497
Miscellaneous	- note 22.2	13,470	14,947
		<u>9,945,451</u>	<u>11,954,459</u>

22.1 Salaries and other benefits include Rs 6.042 million (2018: Rs 5.964 million) in respect of provident fund contribution by the company.

22.2 This includes wages of contractual employees of Rs 3.056 million (2018: Rs 4.029 million).

23. Administrative expenses		2019	2018
		(Rupees in thousand)	
Salaries and other benefits	- note 23.1	92,985	72,951
Travelling and conveyance		15,540	10,462
Entertainment		1,071	2,219
Common facilities cost	- note 23.2	18,000	18,000
Printing and stationery		484	592
Postage and telephone		1,433	1,411
Insurance		548	931
Vehicle running expenses		1,612	1,310
Repairs and maintenance		67	74
Legal and professional charges	- note 23.3	49,901	75,106
Advertisement		84	104
Fee and subscription		4,964	3,675
Depreciation on operating fixed assets	- note 13.1.2	9,821	17,287
Amortization on intangible asset	- note 14.1	700	700
Miscellaneous		4,104	2,261
		<u>201,314</u>	<u>207,083</u>

23.1 Salaries and other benefits include Rs 2.248 million (2018: Rs 2.100 million) in respect of provident fund contribution by the company.

23.2 The amount represents common facilities cost charged to the company by Nishat (Chunian) Limited, the holding company.

23.3		2019	2018
		(Rupees in thousand)	
Legal and professional charges include the following in respect of auditors' services (excluding sales tax) for:			
Statutory audit		1,675	1,565
Half yearly review		875	875
Tax services		231	1,175
Certifications required by various regulations		155	239
Reimbursement of expenses		171	223
		<u>3,107</u>	<u>4,077</u>

24. Other expenses		2019	2018
		(Rupees in thousand)	
Exchange loss		22,678	8,635
Donations	- note 24.1	203,543	5,082
Miscellaneous		2,037	2,071
		<u>228,258</u>	<u>15,788</u>

24.1 Includes donations in which the interest of the directors in the donees is as follows:

Name of donee	Directors of the company	Interest in donee	2019	2018
			(Rupees in thousand)	
Mian Muhammad Yahya Trust	Mr Shahzad Saleem and Mrs Farhat Saleem	Trustees	3,043	5,082
Saleem Memorial Trust Hospital	Mr Shahzad Saleem and Mrs Farhat Saleem	Directors	200,000	-
			<u>203,043</u>	<u>5,082</u>

25. Other income

Profit on bank deposits		2,966	799
Mark-up on loans to employees		203	218
Gain on derivative financial instruments		-	1,077
Gain on disposal of operating fixed assets		5,707	3,389
Insurance claim	- note 25.1	78,539	-
Scrap sales		24,510	29,863
Miscellaneous		640	618
		<u>112,565</u>	<u>35,964</u>

25.1 This represents insurance claim received during the year in respect of claim filed for damage of engine parts.

26. Finance cost		2019	2018
		(Rupees in thousand)	
Interest/mark-up on:			
- Long term financing - secured		501,537	584,272
- Short term borrowings - secured		831,109	457,557
- Short term loan from holding company - unsecured		5,986	1,188
Bank charges and commission		3,436	3,250
		<u>1,342,068</u>	<u>1,046,267</u>

27. Taxation

Current			
- For the year		-	-
- Prior years		-	-
		<u>-</u>	<u>-</u>

27.1 Relationship between tax expense and accounting profit

Profit before taxation		<u>3,416,558</u>	<u>3,406,385</u>
Tax at the applicable rate of 29% (2018: 30%)		990,802	1,021,916
Tax effect of amounts that are:			
Exempt as referred to in note 4.1		(989,942)	(1,021,676)
Allowable as tax credit		(860)	(240)
		<u>-</u>	<u>-</u>

27.2 For the purposes of current taxation, the tax credit available for carry forward is estimated at Rs 133.493 million (2018: Rs 101.737 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, on prudence basis, deferred tax asset on tax credit available for carry forward has not been recognized in these financial statements. Tax credit of Rs 88.830 million will expire in 2021 and Rs 44.663 million will expire on 2020.

		2019	2018
28.	Earnings per share		
28.1	Basic earnings per share		
Net profit for the year	Rupees	3,416,558,000	3,406,385,000
Weighted average number of	Number	367,346,939	367,346,939
Earnings per share	Rupees	9.30	9.27

28.2 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, 2019, and June 30, 2018, which would have any effect on the earnings per share if the option to convert is exercised.

	2019	2018
	(Rupees in thousand)	
29. Cash generated from operations		
Profit before taxation	3,416,558	3,406,385
Adjustment for non cash charges and other items:		
Depreciation on operating fixed assets	1,081,402	1,066,019
Amortization on intangible assets	4,313	4,313
Profit on bank deposits	(2,966)	(799)
Finance cost	1,342,068	1,046,267
Exchange loss	22,678	8,635
Provision for employee retirement benefits	8,290	8,063
Profit on disposal of operating fixed assets	(5,707)	(3,389)
Profit before working capital changes	5,866,636	5,535,494

Effect on cash flow due to working capital changes:

Decrease/(increase) in current assets:

Stores and spares	86,527	(17,275)
Inventories	260,428	(490,352)
Trade debts	(3,724,485)	(2,653,496)
Loans, advances, deposits, prepayments and other receivables	395,090	(58,911)
	(2,982,440)	(3,220,034)

Increase/(decrease) in current liabilities:

Trade and other payables	(276,711)	175,748
Unclaimed dividend	303,055	405
	26,344	176,153
	2,910,540	2,491,613

30. Cash and cash equivalents

Bank balances	- note 20	146,416	98,237
Short term borrowings - secured	- note 8	(10,767,661)	(7,655,933)
		(10,621,245)	(7,557,696)

31. Remuneration of Chief Executive, Directors and Executives

31.1 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	
	2019	2018	2019	2018	2019	2018	2019	2018
	(Rupees in thousand)							
Short term employee benefits								
Managerial remuneration	22,537	13,176	4,371	-	-	1,683	38,133	35,745
Housing rent	9,015	5,270	1,749	-	-	673	15,206	14,261
Medical expenses	2,254	1,318	437	-	-	168	3,802	3,565
Bonus	-	-	-	-	-	-	6,739	8,102
Leave encashment	-	-	-	-	-	-	2,899	2,160
	33,806	19,764	6,557	-	-	2,524	66,779	63,833
Meeting fee	40	40	-	-	340	340	-	-
Post employment benefits								
Contribution to provident fund	-	-	-	-	-	-	3,213	2,836
	33,846	19,804	6,557	-	340	2,864	69,992	66,669
Number of persons	1*	1	1**	-	7	6	20	17

* Mr Farrukh Ifzal was appointed as the Chief Executive in place of Mr. Shahzad Saleem on April 30, 2019.

** This represents Mr. Shahzad Saleem acting as an Executive Director after resignation from the post of Chief Executive from April 30, 2019.

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

32. Transactions with related parties

The related parties include the holding company, subsidiaries and associates of the holding company, related parties on the basis of common directorship, key management personnel of the company and its holding company and post employment benefit plan (Provident Fund). Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) of that company. The company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. 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	2019 (Rupees in thousand)	2018
(i) Holding company	Dividends paid	656,550	187,586
(ii) Key management personnel	Remuneration - note 32.1	53,405	42,239
(iii) Directors			
Mrs Farhat Saleem	Dividend paid	498,789	142,511
Mrs Ayesha Shahzad	Dividend paid	175,000	50,000
Mr Muhammad Ashraf	Dividend paid	2	-
Mr Shabir Ahmed	Dividend paid	2,436	696
Mr Muhammad Azam	Dividend paid	1,750	500
Mr Aftab Ahmad Khan	Dividend paid	-	1
		1,387,932	423,533

32.1 This represents remuneration of the Chief Executive and certain executives that is included in the remuneration disclosed in note 31 to these financial statements.

32.2 The related parties with whom the company had entered into transactions or had arrangements/agreements in place during the year have been disclosed below along with their basis of relationship:

Name of related party	Relationship	%age of shareholding of the company
Nishat (Chunian) Limited	Holding company	51.07%
Saleem Memorial Trust Hospital	Associated undertaking	N/A
Mian Muhammad Yahya Trust	Associated undertaking	N/A
Mrs Farhat Saleem	Director	0.04000000%
Mr Shahzad Saleem [Nominee Nishat (Chunian) Limited]	Director	N/A
Mrs Ayesha Shahzad	Director	0.01000000%
Mr Farrukh Ifzal	Chief Executive	N/A
Mr Muhammad Ashraf	Director	0.00000030%
Mr Shabir Ahmed	Director	0.00018950%
Mr Muhammad Azam	Director	0.00013610%
Mr Aftab Ahmad Khan	Director	0.0000003%
Mr Syed Tariq Ali (Nominee Allied Bank Limited)	Director	N/A

	2019	2018
	MWH	MWH
33. Capacity and production		
Installed capacity [based on 8,760 hours (2018: 8,760 hours)]	1,714,525	1,714,525
Actual energy delivered	599,739	1,099,666

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

	2019	2018
34. Number of employees		
Total number of employees as at June 30	<u>177</u>	<u>183</u>
Average number of employees during the year	<u>180</u>	<u>185</u>

35. Disclosure relating to Provident Fund

The investments by the provident fund in collective investment schemes, listed equity and debt securities have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

36. Financial risk management

36.1 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 reporting date, the interest rate profile of the company's interest bearing financial instruments was:

	2019	2018
	(Rupees in thousand)	
Fixed rate instruments		
Financial assets		
Bank balances - savings accounts	143,887	97,084
Financial liabilities		
	-	-
Net exposure	143,887	97,084
Floating rate instruments		
Financial assets		
Trade debts - overdue	8,790,786	5,433,697
WPPF receivable from NTDC - overdue	215,454	556,586
	9,006,240	5,990,283
Financial liabilities		
Long term financing	(3,326,769)	(5,573,608)
Short term borrowings	(10,767,661)	(7,655,933)
	(14,094,430)	(13,229,541)
Net exposure	(5,303,644)	(7,795,844)

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 statement of financial position 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 110.173 million (2018: Rs 133.146 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 mainly 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:

	2019	2018
	(Rupees in thousand)	
Long term loans to employees	3,048	3,995
Long term security deposits	105	105
Trade debts	15,430,602	11,706,117
Advances, deposits and other receivables	397,134	737,601
Bank balances	146,416	98,237
	15,977,305	12,546,055
	15,977,305	12,546,055

As of June 30, age analysis of trade debts was as follows:

Neither past due nor impaired	3,933,439	4,254,679
Past due but not impaired:		
- 1 to 30 days	1,215,418	1,597,972
- 31 to 90 days	843,168	2,622,907
- 91 to 180 days	4,389,329	1,725,872
- 181 to 365 days	3,170,670	167,099
- above 365 days	1,878,578	1,337,588
	11,497,163	7,451,438
	15,430,602	11,706,117

(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		Agency	2019	2018
	Short term	Long term			
NTDC		Not available		3,933,439	4,254,679
Al-Baraka Bank (Pakistan) Limited	A-1	A+	JCR-VIS	21	21
Askari Bank Limited	A1+	AA+	PACRA	310	26
Bank Alfalah Limited	A-1+	AA+	JCR-VIS	3	292
Habib Bank Limited	A-1+	AAA	JCR-VIS	6	7
MCB Bank Limited	A-1+	AAA	PACRA	1,773	398
National Bank of Pakistan	A-1+	AAA	JCR-VIS	396	97,368
Dubai Islamic Bank Pakistan Limited	A-1+	AA	JCR-VIS	71	85
Faisal Bank Limited	A1+	AA	JCR-VIS	-	-
United Bank Limited	A-1+	AAA	JCR-VIS	143,836	40
				4,079,855	4,352,916

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, 2019.

	Carrying amount	Less than one year	One to five years	More than five years
(Rupees in thousand)				
Long term financing	3,326,769	2,610,585	716,184	-
Short term borrowings	10,767,661	10,767,661	-	-
Trade and other payables	210,853	210,853	-	-
Unclaimed dividend	318,554	318,554	-	-
Accrued markup	415,160	415,160	-	-
	<u>15,038,997</u>	<u>14,322,813</u>	<u>716,184</u>	<u>-</u>

The following are the contractual maturities of financial liabilities as at June 30, 2018.

	Carrying amount	Less than one year	One to five years	More than five years
(Rupees in thousand)				
Long term financing	5,573,608	2,246,839	3,326,769	-
Short term borrowings	7,655,933	7,655,933	-	-
Short term loan from holding	-	-	-	-
Trade and other payables	465,650	465,650	-	-
Unclaimed dividend	15,499	15,499	-	-
Accrued markup	295,234	295,234	-	-
	<u>14,005,924</u>	<u>10,679,155</u>	<u>3,326,769</u>	<u>-</u>

36.2 Financial instruments by categories

	Financial assets at amortised cost	Loans and receivables
	2019	2018
(Rupees in thousand)		
Assets as per statement of financial position		
Long term loans to employees	3,048	3,995
Long term security deposits	105	105
Trade debts	15,430,602	11,706,117
Loans, advances, deposits and other receivables	397,134	737,601
Bank balances	146,416	98,237
	<u>15,977,305</u>	<u>12,546,055</u>

	Financial liabilities at amortized cost	
	2019	2018
Liabilities as per statement of financial position		
Long term financing	3,326,769	5,573,608
Short term borrowings	10,767,661	7,655,933
Short term loan from holding company	-	-
Trade and other payables	210,853	465,650
Unclaimed dividend	318,554	15,499
Accrued markup	415,160	295,234
	15,038,997	14,005,924

36.3 Fair value estimation

The carrying value 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.

36.4 Financial assets and financial liabilities subject to offsetting

There are no significant financial assets and financial liabilities that are subject to offsetting, enforceable master netting arrangements and similar agreements.

36.5 Capital management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the company structure, the company may adjust the amount of dividends paid to shareholders or issue new shares. 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 notes 7 and 9 to these financial statements, less cash and cash equivalents as disclosed in note 30 to these financial statements. Total capital employed includes equity as shown in the statement of financial position, plus net borrowings.

The gearing ratio as at June 30, 2019 and June 30, 2018 is as follows:

	2019	2018
	(Rupees in thousand)	
Borrowings - notes 7 and 9	3,326,769	5,573,608
Less: Cash and cash equivalents - note 30	(10,621,245)	(7,557,696)
Net debt	13,948,014	13,131,304
Total equity	14,360,170	12,229,326
Total capital	28,308,184	25,360,630
Gearing ratio	Percentage	
	49.27	51.78

In accordance with the terms of agreement with the lenders of long term finances (as referred to 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.

37. Date of authorization for issue

These financial statements were authorised for issue on 30 September 2019 by the Board of Directors of the company.

38. Corresponding figures

Corresponding figures have been reclassified wherever necessary to reflect better presentation of events and transactions for the purpose of comparison, however, no significant reclassifications have been made except for 'delayed payment markup' of Rs 656.7 million previously included in 'energy revenue' and 'capacity revenue', now separately presented under Sales as per the requirements of IFRS 15.

Chief Executive

Chief Financial Officer

Director

NISHAT CHUNIAN POWER LIMITED
CATEGORIES OF SHAREHOLDERS
AS ON JUNE 30TH, 2019

Number of Share Holders	Shareholdings			Total Number of Shares Held	Percentage of Total Capital
	From	-	To		
211	1	-	100	4,528	0.00%
720	101	-	500	345,451	0.09%
423	501	-	1000	414,189	0.11%
825	1001	-	5000	2,542,231	0.69%
346	5001	-	10000	2,857,025	0.78%
142	10001	-	15000	1,847,624	0.50%
123	15001	-	20000	2,240,093	0.61%
89	20001	-	25000	2,123,910	0.58%
49	25001	-	30000	1,421,677	0.39%
35	30001	-	35000	1,161,000	0.32%
24	35001	-	40000	919,218	0.25%
26	40001	-	45000	1,129,100	0.31%
54	45001	-	50000	2,668,400	0.73%
16	50001	-	55000	844,501	0.23%
11	55001	-	60000	650,840	0.18%
6	60001	-	65000	381,530	0.10%
7	65001	-	70000	472,500	0.13%
14	70001	-	75000	1,038,000	0.28%
6	75001	-	80000	471,000	0.13%
4	80001	-	85000	332,500	0.09%
5	85001	-	90000	432,500	0.12%
7	90001	-	95000	647,000	0.18%
17	95001	-	100000	1,690,500	0.46%
9	100001	-	105000	924,995	0.25%
4	105001	-	110000	432,000	0.12%
1	110001	-	115000	115,000	0.03%
5	115001	-	120000	591,000	0.16%
2	120001	-	125000	245,500	0.07%
7	125001	-	130000	901,000	0.25%
5	130001	-	135000	666,851	0.18%
3	135001	-	140000	552,011	0.15%
2	140001	-	145000	144,000	0.04%
2	145001	-	150000	295,500	0.08%
1	150001	-	155000	152,000	0.04%
2	155001	-	160000	314,500	0.09%
2	160001	-	165000	325,054	0.09%
3	165001	-	170000	506,000	0.14%
1	170001	-	175000	175,000	0.05%
1	175001	-	180000	179,000	0.05%
1	180001	-	185000	182,500	0.05%
3	185001	-	190000	567,500	0.15%
3	190001	-	195000	580,901	0.16%
8	195001	-	200000	1,593,500	0.43%
1	200001	-	205000	205,000	0.06%
1	205001	-	210000	208,000	0.06%
1	210001	-	215000	215,000	0.06%
1	215001	-	220000	219,500	0.06%
1	220001	-	225000	222,000	0.06%
2	225001	-	230000	453,500	0.12%
2	230001	-	235000	465,500	0.13%
1	235001	-	240000	236,000	0.06%
5	245001	-	250000	1,244,085	0.34%

Number of Share Holders	Shareholdings		Total Number of Shares Held	Percentage of Total Capital	
	From	To			
1	260001	-	265000	264,000	0.07%
3	270001	-	275000	823,000	0.22%
1	275001	-	280000	279,571	0.08%
1	290001	-	295000	294,000	0.08%
3	295001	-	300000	896,500	0.24%
1	305001	-	310000	306,800	0.08%
1	310001	-	315000	311,500	0.08%
1	345001	-	350000	349,000	0.10%
1	360001	-	365000	365,000	0.10%
1	370001	-	375000	375,000	0.10%
2	375001	-	380000	757,500	0.21%
7	395001	-	400000	2,797,500	0.76%
1	400001	-	405000	405,000	0.11%
1	450001	-	455000	451,539	0.12%
1	460001	-	465000	460,500	0.13%
2	470001	-	475000	942,000	0.26%
1	490001	-	495000	493,000	0.13%
5	495001	-	500000	2,500,000	0.68%
1	560001	-	565000	561,500	0.15%
1	575001	-	580000	580,000	0.16%
1	580001	-	585000	581,000	0.16%
1	585001	-	590000	588,500	0.16%
2	595001	-	600000	1,200,000	0.33%
1	605001	-	610000	609,000	0.17%
1	615001	-	620000	619,000	0.17%
1	700001	-	705000	700,500	0.19%
1	755001	-	760000	760,000	0.21%
1	795001	-	800000	800,000	0.22%
1	815001	-	820000	817,500	0.22%
1	865001	-	870000	870,000	0.24%
1	995001	-	1000000	1,000,000	0.27%
1	1000001	-	1005000	1,001,000	0.27%
1	1100001	-	1105000	1,101,000	0.30%
1	1155001	-	1160000	1,156,000	0.31%
1	1185001	-	1190000	1,190,000	0.32%
1	1245001	-	1250000	1,250,000	0.34%
1	1585001	-	1590000	1,589,000	0.43%
1	1595001	-	1600000	1,600,000	0.44%
1	1895001	-	1900000	1,900,000	0.52%
1	2455001	-	2460000	2,455,193	0.67%
1	2865001	-	2870000	2,867,500	0.78%
1	3095001	-	3100000	3,100,000	0.84%
1	3150001	-	3155000	3,155,000	0.86%
1	3295001	-	3300000	3,298,500	0.90%
1	3925001	-	3930000	3,929,500	1.07%
1	4205001	-	4210000	4,205,500	1.14%
1	4335001	-	4340000	4,339,500	1.18%
1	5285001	-	5290000	5,289,500	1.44%
1	5385001	-	5390000	5,390,000	1.47%
1	6860001	-	6865000	6,862,000	1.87%
1	13465001	-	13470000	13,469,302	3.67%
1	18305001	-	18310000	18,306,500	4.98%
1	29995001	-	30000000	30,000,000	8.17%
1	187585001	-	187590000	187,585,820	51.07%
3,311				367,346,939	100.00%

NISHAT CHUNIAN POWER LIMITED
CATEGORIES OF SHAREHOLDERS
AS ON JUNE 30TH, 2019

Categories	No. of Shareholder	Shares Held	Percentage
A General Public	3,184	65,251,009	17.76%
B Directors/Chief Executive Officer and their Spouse and Minor Children			
Mr. Aftab Ahmad Khan	1	1	0.00%
Mr. Muhammad Azam	1	500	0.00%
Ms. Farhat Saleem	1	142,511	0.04%
Mr. Shahzad Saleem (Nominee - NCL)	-	-	0.00%
Mr. Shabir Ahmed	1	696	0.00%
Mr. Muhammad Ashraf	1	1	0.00%
Mr. Farrukh Ifzaal	-	-	0.00%
Mr. Syed Tariq Ali (Nominee - ABL)	-	-	0.00%
Ms. Ayesha Shahzad (Spouse of Shahzad Saleem)	1	50,000	0.01%
C Associated Companies, Undertaking and Related Parties			
Nishat (Chunian) Limited	1	187,585,820	51.07%
D Joint Stock Companies	55	8,018,443	2.32%
E Financial Institutions	10	68,756,500	18.72%
F Insurance Companies	6	2,092,000	0.57%
G Investment Companies	2	116,000	0.04%
H Public Sector Companies	8	28,746,922	7.83%
I Mutual Funds			
CDC - TRUSTEE AKD OPPORTUNITY FUND	1	200,000	0.05%
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	38,465	0.01%
CDC - TRUSTEE PICIC INVESTMENT FUND	1	581,000	0.16%
CDC - TRUSTEE PICIC GROWTH FUND	1	1,101,000	0.30%
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	619,000	0.17%
CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	1	40,000	0.01%
CDC - TRUSTEE APF-EQUITY SUB FUND	1	72,500	0.02%
CDC - TRUSTEE HBL - STOCK FUND	1	588,500	0.16%
CDC - TRUSTEE ASKARI EQUITY FUND	1	29,500	0.01%
ABA ALI HABIB SECURITIES (PVT) LIMITED - MF	1	22,500	0.01%
TCM INVESTMENT FUNDS LUX - TCM GLOB FRONTR HI DIVDEND EQUITY	1	870,000	0.24%
J Funds	10	1,082,500	0.29%
K Others	18	1,341,571	0.37%
	3,311	367,346,939	100%

Shareholding 5% or more

Name of Shareholder	Shares Held	Percentage
Nishat (Chunian) Limited	187,585,820	51.07%
Allied Bank Limited	30,000,000	8.17%

NISHAT CHUNIAN POWER LIMITED
PROXY FORM

The Company Secretary,
Nishat Chunian Power Limited 31-Q,
Gulberg II, Lahore.

I/We

_____ of _____
_____ being a member(s) of Nishat Chunian Power Limited, and a holder
of _____ Ordinary shares as per Share Register Folio
No. _____ (in case of Central Depository System Account
Holder A/c No. _____ Participant I.D. No. _____) hereby
appoint _____ of _____ another member of the
Company as per Share Register Folio No. _____ (or failing him / her
_____ of _____ another member of the Company) as
my / our Proxy to attend and vote for me / us and on my / our behalf at Annual General Meeting of the
Company, to be held on October 28, 2019 (Monday) at 10.00 a.m. at the Registered Office of the Company
(31-Q, Gulberg II, Lahore) and at any adjournment thereof.

As witness my hand this _____ day of _____ 2019 signed by the
said _____ in presence of

Witness

Signature

Signature

Affix Rs. 5/- Revenue
Stamp

Notes:

1. Proxies, in order to be effective, must be received at the company's Registered Office / Head Office not less than 48 hours before the meeting duly stamped, signed and witnessed.
2. Signature must agree with the specimen signature registered with the Company.

پراکسی فارم (مختار نامہ)

کمپنی سیکرٹری،

نشاط چونیاں پاورلمیٹڈ

31-Q گلبرگ II، لاہور۔

میں / ہم

ساکن

بجائیت رکن نشاط چونیاں پاورلمیٹڈ، اور مالک ----- عام حصص بمطابق فولیو نمبر ----- (بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر

پارٹیشن آئی ڈی نمبر -----) بذریعہ ہذا محترم / محترمہ ----- ساکن -----

کمپنی کا دیگر رکن برطابق شیئر رجسٹر فولیو نمبر ----- (یا اسکی غیر موجودگی میں ----- ساکن -----

جو مذکورہ کمپنی کا حصص دار بھی ہے

مورخہ 28 اکتوبر 2019ء، بروز پیر صبح 10:00 بجے

کو اپنے / ہمارے ایما پر: 31-Q گلبرگ II، لاہور میں

رجسٹرڈ دفتر: رجسٹرڈ 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 تاریخ 2019ء کو میرے / ہمارے دستخط اور گواہوں کی تصدیق سے جاری ہوا۔

گواہان

دستخط:

دستخط:

اہم نوٹ:

1- پراکسیاں تاکہ مؤثر ہو سکیں، باقاعدہ مہر، دستخط اور گواہی شدہ کمپنی کے رجسٹرڈ دفتر / صدر دفتر میں اجلاس منعقد ہونے سے کم از کم 48 (اڑتالیس) گھنٹے قبل لازماً وصول ہو جانی چاہئیں۔

2- دستخط لازماً کمپنی کے ہاں رجسٹرڈ نمونہ دستخطوں کے مطابق ہونے چاہئیں۔

NISHAT CHUNIAN POWER LIMITED

CONSENT FORM FOR ELECTRONIC TRANSMISSION OF ANNUAL REPORT AND NOTICE OF AGM

M/s HAMEED MAJEED ASSOCIATES (PVT) LIMITED

H.M. House, 7-Bank Square,
The Mall, Lahore

Subject: CONSENT FORM FOR ELECTRONIC TRANSMISSION OF ANNUAL REPORT AND NOTICE OF AGM

Dear Sirs,

I/we, being the shareholder(s) of Nishat Chunian Power Limited (“Company”), do hereby consent and authorize the Company for electronic transmission of the Audited Annual Financial Statements of the Company along with Notice of Annual General Meeting via the Email provided herein below and further undertake to promptly notify the Company of any change in my Email address.

I understand that the transmission of Annual Audited Financial Statements of the Company along with Notice of Annual General Meeting via the Email shall meet the requirements as mentioned under the provisions of Companies Act, 2017.

Name of Shareholder(s):	
Fathers / Husband Name:	
CNIC:	
NTN:	
Fathers / Husband Name:	
E-mail address:	
Telephone:	
Mailing Address:	

Date: _____

Signature: (In case of corporate shareholders, the authorized signatory must sign)

NISHAT CHUNIAN POWER LIMITED
STANDARD REQUEST FORM FOR HARD COPIES OF ANNUAL AUDITED ACCOUNTS

1. Name of Member: _____

2. CNIC/Passport Number: _____

3. Participant ID / Folio No/Sub A/C: _____

8. Registered Address: _____

I/We hereby request you to provide me/us a hard copy of the Annual Report of Nishat Chunian Power Limited for the year ended June 30, 2019 at my above mentioned registered address instead of CD/DVD/USB. I undertake to intimate any change in the above information through revised Standard Request Form.

Note:

This Standard Request Form may be sent at either of the following addresses of the Company Secretary or Independent Share Registrar of the Company:

Company Secretary,

NISHAT CHUNIAN POWER LIMITED
31-Q, Gulberg II, Lahore
Email: mbilal@nishat.net

Chief Executive,

M/s HAMEED MAJEED ASSOCIATES (PVT) LIMITED
H.M. House, 7-Bank Square,
The Mall, Lahore

In case a member prefers to receive hard copies for all the future annual audited accounts, then such preference shall be communicated to the company in writing.

**NISHAT CHUNIAN POWER LIMITED
E-DIVIDEND FORM (DIVIDEND PAYMENT THROUGH ELECTRONIC MODE)**

The Company Secretary/Share Registrar,

I/We, _____, holding CNIC No. _____, being the registered shareholder of the company under folio no. _____, state that pursuant the relevant provisions of Section 242 of the Companies Act, 2017 pertaining to dividend payments by listed companies, the below mentioned information relating to my Bank Account for receipt of current and future cash dividends through electronic mode directly into my bank account are true and correct and I will intimate the changes, if any in the above-mentioned information to the company and the concerned Share Registrar as soon as these occur through revised E-Dividend Form.

Title of Bank Account	
Bank Account Number	
IBAN Number	
Bank's Name	
Branch Name and Address	
Cell Number of Shareholder	
Landline number of Shareholder	
Email of Shareholder	

In case of CDC shareholding, I hereby also undertake that I shall update the above information of my bank account in the Central Depository System through respective participant

Date: _____

Member's Signature

Note:

This Standard Request Form may be sent at either of the following addresses of the Company Secretary or Independent Share Registrar of the Company:

Company Secretary

NISHAT CHUNIAN POWER LIMITED
31-Q, Gulberg II, Lahore
Email: mbilal@nishat.net

Chief Executive,

M/s HAMEED MAJEED ASSOCIATES (PVT) LIMITED
H.M. House, 7-Bank Square,
The Mall, Lahore

**NISHAT CHUNIAN POWER LIMITED
FORM FOR VIDEO CONFERENCE FACILITY**

The Company Secretary/Share Registrar,

I/we, _____, of _____, being the registered shareholder(s) of the company under Folio No(s). _____/ CDC Participant ID No. ___ and Sub Account No. ___ CDC Investor Account ID No., and holder of _____ Ordinary Shares, hereby request for video conference facility at _____ for the Annual General Meeting of the Company to be held on 28th October, 2019

Date: _____

Member's Signature

Note:

This Standard Request Form may be sent at either of the following addresses of the Company Secretary or Independent Share Registrar of the Company:

Company Secretary,

NISHAT CHUNIAN POWER LIMITED
31-Q, Gulberg II, Lahore
Email: mbilal@nishat.net

Chief Executive,

M/s HAMEED MAJEED ASSOCIATES (PVT) LIMITED
H.M. House, 7-Bank Square,
The Mall, Lahore



31-Q, Gulberg II, Lahore 54660, Pakistan
Tel: +92 42 3576 1730, Fax: +92 42 3587 8696
Email: info@nishat.net
www.nishat.net
www.facebook.com/NishatChunianGroup

