



**Interim Financial Information**  
Quarter Ended 30 September 2016  
(Unaudited)



**NISHAT  
CHUNIAN**  
POWER LTD.



# CONTENTS

- 03 Company Information
- 04 Directors' Report
- 06 Condensed Interim Balance Sheet
- 08 Condensed Interim Profit and Loss Account
- 09 Condensed Interim Statement of Comprehensive Income
- 10 Condensed Interim Statement of Changes in Equity
- 11 Condensed Interim Cash Flow Statement
- 12 Notes to the Condensed Interim Financial Information



# COMPANY INFORMATION

## **Board of Directors:**

Mrs. Farhat Saleem  
Chairperson  
Mr. Shahzad Saleem (Nominee NCL)  
Chief Executive  
Mr. Zain Shahzad (Nominee NCL)  
Mr. Asad Farooq (Nominee ABL)  
Director  
Mr. Aftab Ahmad Khan  
Director  
Mr. Muhammad Ali Zeb  
Director  
Mr. Kamran Rasool  
Director  
Mr. Wasif M. Khan  
Director

## **AUDIT COMMITTEE:**

Mr. Wasif M. Khan  
Chairman  
Mr. Aftab Ahmad Khan  
Member  
Mr. Muhammad Ali Zeb  
Member

## **HR & R COMMITTEE:**

Mrs. Farhat Saleem  
Chairperson  
Mr. Aftab Ahmad Khan  
Member  
Mr. Kamran Rasool  
Member

## **CHIEF FINANCIAL OFFICER/MANAGING DIRECTOR:**

Mr. Farrukh Ifzal

## **COMPANY SECRETARY:**

Mr. Muhammad Bilal

## **BANKERS TO THE COMPANY:**

Allied Bank Limited  
Askari Bank Limited  
Habib 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  
Burj 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](http://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.

# DIRECTORS' REPORT

## Dear Shareholders

The board of directors is pleased to present the Condensed Interim Financial Information of the company for the first quarter ended September 30, 2016. For the quarter, turnover was Rs. 3,745 million (2015: Rs. 4,432 million) with an after tax profit of Rs. 736 million (2015: Rs. 873 million) and earnings per share (EPS) of Rs. 2.00 (2015: Rs. 2.38).

Circular debt still presents a major challenge to the companies operating in the power sector. The "National Transmission and Despatch Company Limited" (NTDCL) has consistently been unable to meet its obligations to make timely payments to the company.

As on September 30, 2016, total receivables from NTDCL were Rs. 7,717 million out of which Rs 5,069 million were overdue. The company continues to take up the matter of overdue receivables not only with NTDCL but also with the Ministry of Water and Power of the Government of Pakistan through Private Power & Infrastructure Board (PPIB).

Included in trade debts is an amount of Rs 958 million deducted by National Transmission & Dispatch Company Limited ('NTDCL') from the Capacity Purchase Price invoices. Please refer note 8 to this Condensed Interim Financial Information for further details. Based on the advice of the company's legal counsel and Expert's determination, management feels that such amounts are likely to be recovered. Consequently, no provision for the above mentioned amount has been made in this Condensed Interim Financial Information.

During the quarter ended September 30, 2016, availability of the plant was 89.24% with a capacity factor of 77.28%.

## For and on behalf of the Board

Shahzad Saleem (Chief Executive)

Date: October 28, 2016

Lahore.

## DIRECTORS' REPORT

محترم حصص یافتگان

بورڈ آف ڈائریکٹرز 30 ستمبر 2016ء محترمہ پہلی سہ ماہی میں کمپنی کی تجدیدوری مالی معلومات پیش کرتے ہوئے خوشی محسوس کرتا ہے۔ سہ ماہی کے لئے کل وصولی 3,745 ملین روپے (2015: 4,432 ملین روپے) معاہدہ رائیگیس متعلقہ 736 ملین روپے (2015: 873 ملین روپے) اور فی شیئر آمدنی (EPS) 2.00 روپے (2015: 2.38 روپے) تھی۔

گردشی قرضے اب بھی بجلی کے شعبے میں کام کرنے والی کمپنیوں کے لیے ایک بڑا چیلنج ہے۔ "بیشکل ٹرانسمیشن اینڈ ڈسٹریبیوٹن کمپنی لمیٹڈ" (NTDCL) مسلسل کمپنی کو بروقت ادائیگی کی اپنی ذمہ داریوں کو پورا کرنے کے قابل نہیں رہا ہے۔

30 ستمبر 2016 کی حیثیت کے مطابق NTDCL سے کل واجب الادا 7,717 ملین روپے تھے جس میں سے 5,069 ملین روپے زائد معاہدہ واجب الادا تھے۔ کمپنی نے زائد معاہدہ واجب الادا کا معاملہ نہ صرف NTDCL کے ساتھ بلکہ پرائیویٹ پاور اینڈ انفراسٹرکچر بورڈ (پی پی آئی بی) کے ذریعے حکومت پاکستان کی پانی اور بجلی کی وزارت کے ہاں بھی اجاگر کیا ہے۔

تجارتی قرض میں شامل 958 ملین روپے کی رقم کی کچھٹی پر تیز پراس کی مد میں بیشکل ٹرانسمیشن اینڈ ڈسٹریبیوٹن کمپنی لمیٹڈ (NTDCL) نے کٹوتی کی ہے۔ مزید تفصیلات کے لیے براہ مہربانی تجدیدوری مالی معلومات کا نوٹ 8 ملاحظہ کریں۔ کمپنی کے قانونی وکیل اور ماہرین کے مشورہ کی بنیاد پر انتظامیہ محسوس کرتی ہے کہ اس طرح کی رقم کی واپسی کا قوی امکان ہے۔ چنانچہ تجدیدوری مالی معلومات میں مذکورہ رقم کے لئے کوئی شرائط نہیں رکھی گئی ہیں۔

30 ستمبر 2016ء کو ختم ہونے والی سہ ماہی کے دوران، پلانٹ کی دستیابی 77.28 فیصد کے صلاحیتی عنصر کے ساتھ 89.24 فیصد تھی۔

برائے اور منجانب بورڈ

شہزاد سلیم (چیف ایگزیکٹو)

تاریخ: 28 اکتوبر 2016ء

لاہور

**NISHAT CHUNIAN POWER LIMITED  
CONDENSED INTERIM BALANCE SHEET**

AS AT 30 SEPTEMBER 2016

|                                                     | NOTE | Un-Audited<br>30 September 2016 | Audited<br>30 June 2016 |
|-----------------------------------------------------|------|---------------------------------|-------------------------|
| ..... Rupees .....                                  |      |                                 |                         |
| <b>EQUITY AND LIABILITIES</b>                       |      |                                 |                         |
| <b>SHARE CAPITAL AND RESERVES</b>                   |      |                                 |                         |
| Authorized share capital                            |      |                                 |                         |
| 385,000,000 (30 June 2016: 385,000,000)             |      |                                 |                         |
| Ordinary shares of Rupees 10 each                   |      | <b>3,850,000,000</b>            | <b>3,850,000,000</b>    |
| <b>Issued, subscribed and paid up share capital</b> |      | 3,673,469,390                   | 3,673,469,390           |
| Unappropriated profit                               |      | 4,354,882,886                   | 3,619,106,596           |
|                                                     |      | <b>8,028,352,276</b>            | <b>7,292,575,986</b>    |
| <b>NON-CURRENT LIABILITIES</b>                      |      |                                 |                         |
| Long term financing-Secured                         | 5    | 7,050,795,237                   | 7,507,385,788           |
| <b>CURRENT LIABILITIES</b>                          |      |                                 |                         |
| Current portion of long term financing-Secured      | 5    | 1,727,951,556                   | 1,664,332,448           |
| Short term borrowings-secured                       |      | 4,800,746,778                   | 4,100,625,248           |
| Trade and other payables                            |      | 617,771,738                     | 844,633,058             |
| Accrued finance cost                                |      | 245,256,677                     | 269,628,043             |
| Derivative financial instruments                    |      | -                               | 1,713,049               |
|                                                     |      | <b>7,391,726,749</b>            | <b>6,880,931,846</b>    |
| <b>CONTINGENCIES AND COMMITMENTS</b>                | 6    | -                               | -                       |
| <b>TOTAL EQUITY AND LIABILITIES</b>                 |      | <b>22,470,874,262</b>           | <b>21,680,893,620</b>   |

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

## Chief Executive



**NISHAT CHUNIAN POWER LIMITED  
CONDENSED INTERIM BALANCE SHEET**

AS AT 30 SEPTEMBER 2016

|                                                                 | NOTE | Un-Audited<br>30 September 2016 | Audited<br>30 June 2016 |
|-----------------------------------------------------------------|------|---------------------------------|-------------------------|
|                                                                 |      | Rupees                          |                         |
| <b>ASSETS</b>                                                   |      |                                 |                         |
| <b>NON-CURRENT ASSETS</b>                                       |      |                                 |                         |
| Fixed assets                                                    | 7    | 12,603,952,388                  | 12,814,881,104          |
| Long term loans                                                 |      | 9,097,017                       | 9,308,931               |
| Long term security deposits                                     |      | 105,000                         | 105,000                 |
|                                                                 |      | <b>12,613,154,405</b>           | <b>12,824,295,035</b>   |
| <b>CURRENT ASSETS</b>                                           |      |                                 |                         |
| Stores and spares                                               |      | 644,503,676                     | 687,666,696             |
| Inventories                                                     |      | 789,195,739                     | 524,883,404             |
| Trade debts                                                     | 8    | 7,179,784,565                   | 6,424,184,884           |
| Loans, advances, deposits, prepayments<br>and other receivables |      | 1,228,381,325                   | 1,204,400,504           |
| Income tax receivable                                           |      | 13,155,092                      | 13,155,092              |
| Cash and bank balances                                          |      | 2,699,460                       | 2,308,005               |
|                                                                 |      | <b>9,857,719,857</b>            | <b>8,856,598,585</b>    |
| <b>TOTAL ASSETS</b>                                             |      | <b>22,470,874,262</b>           | <b>21,680,893,620</b>   |

**Director**

NISHAT CHUNIAN POWER LIMITED  
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER 2016

|                               | Note | Quarter Ended        |                      |
|-------------------------------|------|----------------------|----------------------|
|                               |      | 30 September         | 30 September         |
|                               |      | 2016                 | 2015                 |
|                               |      | Rupees .....         |                      |
| Sales                         |      | 3,744,863,747        | 4,432,632,281        |
| Cost of sales                 | 9    | (2,719,842,106)      | (3,193,432,391)      |
| <b>Gross profit</b>           |      | <b>1,025,021,641</b> | <b>1,239,199,890</b> |
| Administrative expenses       |      | (34,737,795)         | (32,935,742)         |
| Other operating expenses      |      | (9,647,861)          | (3,083,029)          |
|                               |      | (44,385,656)         | (36,018,771)         |
|                               |      | 980,635,985          | 1,203,181,120        |
| Other operating income        |      | 23,830,931           | 7,042,387            |
| <b>Profit from operations</b> |      | <b>1,004,466,916</b> | <b>1,210,223,507</b> |
| Finance cost                  |      | (268,690,626)        | (337,429,636)        |
| <b>Profit before taxation</b> |      | <b>735,776,290</b>   | <b>872,793,872</b>   |
| Provision for taxation        |      | -                    | -                    |
| <b>Profit after taxation</b>  |      | <b>735,776,290</b>   | <b>872,793,872</b>   |
| Earnings per share - basic    | 10   | <b>2.00</b>          | <b>2.38</b>          |
| Earnings per share - diluted  | 10   | <b>2.00</b>          | <b>2.38</b>          |

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

**Chief Executive**

**Director**

NISHAT CHUNIAN POWER LIMITED  
 CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER 2016

|                            | <b>Quarter Ended</b>         |                              |
|----------------------------|------------------------------|------------------------------|
|                            | <b>30 September<br/>2016</b> | <b>30 September<br/>2015</b> |
|                            | ..... Rupees .....           |                              |
| Profit after taxation      | 735,776,290                  | 872,793,872                  |
| Other comprehensive income | -                            | -                            |
| Total comprehensive income | <b><u>735,776,290</u></b>    | <b><u>872,793,872</u></b>    |

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

**Chief Executive**

**Director**

**NISHAT CHUNIAN POWER LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**

FOR THE QUARTER ENDED 30 SEPTEMBER 2016

|                                                                                   | Share Capital        | Unappropriated Profit | Total                |
|-----------------------------------------------------------------------------------|----------------------|-----------------------|----------------------|
|                                                                                   | ----- Rupees -----   |                       |                      |
| <b>Balance as on 1 July 2015 (Audited)</b>                                        | 3,673,469,390        | 3,709,803,107         | 7,383,272,497        |
| Total comprehensive income for the year ended June 30, 2016                       | -                    | 2,756,242,265         | 2,756,242,265        |
| Dividend to equity holders of the company:                                        |                      |                       |                      |
| Final dividend for the year ended June 30, 2015 @ Rs. 2 per share                 | -                    | (734,693,878)         | (734,693,878)        |
| Interim dividend for the first quarter ended September 30, 2015 @ Rs. 2 per share | -                    | (734,693,878)         | (734,693,878)        |
| Interim dividend for the half year ended December 31, 2015 @ Rs. 2 per share      | -                    | (734,693,878)         | (734,693,878)        |
| Interim dividend for the third quarter ended March 31, 2016 @ Rs. 1.75 per share  | -                    | (642,857,142)         | (642,857,142)        |
| <b>Total distributions to owners of the company recognized directly in equity</b> | -                    | (2,846,938,776)       | (2,846,938,776)      |
| <b>Balance as at 30 June 2016 (Audited)</b>                                       | <b>3,673,469,390</b> | <b>3,619,106,596</b>  | <b>7,292,575,986</b> |
| <b>Balance as on 1 July 2016 (Audited)</b>                                        | 3,673,469,390        | 3,619,106,596         | 7,292,575,986        |
| Total comprehensive income for the quarter ended September 30, 2016               | -                    | 735,776,290           | 735,776,290          |
| <b>Balance as at 30 September 2016 (Un-Audited)</b>                               | <b>3,673,469,390</b> | <b>4,354,882,886</b>  | <b>8,028,352,276</b> |

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

**Chief Executive**

**Director**

**NISHAT CHUNIAN POWER LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**

FOR THE QUARTER ENDED 30 SEPTEMBER 2016

| Note                                                             | <b>30 September<br/>2016</b> | <b>30 September<br/>2015</b> |
|------------------------------------------------------------------|------------------------------|------------------------------|
|                                                                  | <b>Rupees</b>                |                              |
| <b>Cash flow from operating activities</b>                       |                              |                              |
| <b>Cash generated from operations</b>                            | 11                           | 696,031,893                  |
| Retirement benefits paid                                         | (1,784,907)                  | (1,674,960)                  |
| Finance cost paid                                                | (293,061,992)                | (440,584,592)                |
| Taxes paid                                                       | -                            | (1,116,078)                  |
|                                                                  | <u>(294,846,899)</u>         | <u>(443,375,630)</u>         |
| <b>Net cash inflow from operating activities</b>                 | 401,184,994                  | 2,343,148,215                |
| <b>Cash flows from investing activities</b>                      |                              |                              |
| Payments against purchase of property, plant and equipment - net | (95,337,462)                 | (120,513,110)                |
| Proceeds from sale of property, plant and equipment              | 1,780,487                    | 14,999                       |
| Loss on derivative financial instruments paid                    | -                            | -                            |
| Profit on bank deposits received                                 | 409,807                      | -                            |
| Long term loans to executives- net                               | 211,914                      | (293,410)                    |
| <b>Net cash outflow from investing activities</b>                | (92,935,253)                 | (120,791,521)                |
| <b>Cash flows from financing activities</b>                      |                              |                              |
| Repayment of long term financing                                 | (392,971,443)                | (338,216,709)                |
| Dividend paid                                                    | (615,008,373)                | (6,009,724)                  |
| <b>Net cash outflow from financing activities</b>                | (1,007,979,816)              | (344,226,433)                |
| <b>Net (decrease) / increase in cash and cash equivalents</b>    | (699,730,075)                | 1,878,130,261                |
| <b>Cash and cash equivalents at the beginning of the period</b>  | (4,098,317,243)              | (5,339,585,073)              |
| <b>Cash and cash equivalents at the end of the period</b>        | 12                           | <u>(4,798,047,318)</u>       |
|                                                                  |                              | <u>(3,461,454,812)</u>       |

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

**Chief Executive**

**Director**

FOR THE QUARTER ENDED 30 SEPTEMBER 2016

## 1. The company and its activities

Nishat Chunian Power Limited (the 'company') is a public limited company incorporated in Pakistan. 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 with its sole customer, National Transmission and Dispatch Company Limited ('NTDCL') for twenty five years which commenced from 21 July 2010.

## 2. Basis of preparation

This condensed interim financial information is unaudited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984. It has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34- 'Interim Financial Reporting' and provisions of and directives issued under the companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the annual financial statement for the year ended 30 June 2016.

## 3. Significant accounting policies

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the company for the year ended 30 June 2016.

## 4. Accounting estimates

The preparation of the condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements for the year ended 30 June 2016.

## 5. Long term financing-Secured

|                                                       | Un-Audited<br>30 September 2016   | Audited<br>30 June 2016 |
|-------------------------------------------------------|-----------------------------------|-------------------------|
|                                                       | Rupees                            | Rupees                  |
| Senior facility                                       | -Note 5.1<br>7,074,840,329        | 7,391,872,851           |
| Term finance facility                                 | -Note 5.2<br><u>1,703,906,464</u> | <u>1,779,845,385</u>    |
|                                                       | 8,778,746,793                     | 9,171,718,236           |
| Less: Current portion shown under current liabilities | <u>1,727,951,556</u>              | <u>1,664,332,448</u>    |
|                                                       | <u>7,050,795,237</u>              | <u>7,507,385,788</u>    |

### 5.1 Senior facility

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

|                                                       |                      |                      |
|-------------------------------------------------------|----------------------|----------------------|
| National Bank of Pakistan                             | 1,217,815,207        | 1,272,387,062        |
| Habib Bank Limited                                    | 1,630,907,468        | 1,703,990,531        |
| Allied Bank Limited                                   | 1,630,907,468        | 1,703,990,532        |
| United Bank Limited                                   | 1,630,907,467        | 1,703,990,458        |
| Faysal Bank Limited                                   | 735,239,374          | 768,186,401          |
| Summit Bank Limited                                   | 95,443,060           | 99,713,295           |
| Sindh Bank                                            | <u>133,620,285</u>   | <u>139,614,572</u>   |
|                                                       | 7,074,840,329        | 7,391,872,851        |
| Less: Current portion shown under current liabilities | <u>1,394,037,280</u> | <u>1,342,712,110</u> |
|                                                       | <u>5,680,803,049</u> | <u>6,049,160,741</u> |

### 5.2 Term finance facility

|                                                       |                      |                      |
|-------------------------------------------------------|----------------------|----------------------|
| National Bank of Pakistan                             | 293,298,823          | 306,370,432          |
| Habib Bank Limited                                    | 392,788,321          | 410,293,930          |
| Allied Bank Limited                                   | 392,788,319          | 410,293,928          |
| United Bank Limited                                   | 392,788,321          | 410,293,930          |
| Faysal Bank Limited                                   | <u>232,242,680</u>   | <u>242,593,165</u>   |
|                                                       | 1,703,906,464        | 1,779,845,385        |
| Less: Current portion shown under current liabilities | <u>333,914,275</u>   | <u>321,620,338</u>   |
|                                                       | <u>1,369,992,189</u> | <u>1,458,225,047</u> |

FOR THE QUARTER ENDED 30 SEPTEMBER 2016

## 6. Contingency and Commitments

### 6.1 Contingencies

There is no significant change in contingencies from the preceding annual published financial statements of the company for the year ended June 30, 2016 except a letter of guarantee of Rs.11,095 (June 30, 2016: Rs. NIL) issued in favour of Punjab Revenue Authority, Lahore under direction of Lahore High Court in respect of suit filed for levy of infrastructure cess.

### 6.2 Commitments

Letter of credit other than for capital expenditure

|  | Un-Audited<br>30 September 2016 | Audited<br>30 June 2016 |
|--|---------------------------------|-------------------------|
|  | Rupees                          |                         |
|  | 24,432,096                      | 61,160,251              |

### 7 Fixed Assets

|                                              |           |                       |                       |
|----------------------------------------------|-----------|-----------------------|-----------------------|
| Operating fixed assets                       | -Note 7.1 | 12,529,472,179        | 12,648,542,966        |
| Capital work-in-progress-Advance to supplier |           | 260,000               | 902,000               |
| Major spare parts and standby equipment      |           | 53,829,320            | 162,636,138           |
| Intangible assets                            |           | 20,390,889            | 2,800,000             |
|                                              |           | <u>12,603,952,388</u> | <u>12,814,881,104</u> |

#### 7.1 Operating fixed assets

|                                                        |             |                       |                       |
|--------------------------------------------------------|-------------|-----------------------|-----------------------|
| Opening written down value                             |             | 12,648,542,966        | 13,376,169,747        |
| Add: Additions during the period/year                  | -Note 7.1.1 | 186,719,274           | 445,394,843           |
|                                                        |             | 12,835,262,240        | 13,821,564,590        |
| Less: Disposals during the period/year (at book value) |             | (10,243,060)          | (1,844,365)           |
|                                                        |             | 12,825,019,180        | 13,819,720,225        |
| Less: Depreciation charged during the period/year      |             | (295,547,001)         | (1,171,177,259)       |
|                                                        |             | <u>12,529,472,179</u> | <u>12,648,542,966</u> |

#### 7.1.1 Following is the detail of additions during the period/year

|                            |                    |                    |
|----------------------------|--------------------|--------------------|
| Freehold land              | -                  | -                  |
| Buildings on freehold land | -                  | 5,719,323          |
| Plant & machinery          | 185,970,611        | 384,932,180        |
| Office equipment           | -                  | 27,007,007         |
| Computer equipment         | 95,000             | 8,401,946          |
| Vehicles                   | 653,663            | 19,334,387         |
|                            | <u>186,719,274</u> | <u>445,394,843</u> |

## 8 Trade debts

Included in trade debts is an amount of Rs 957.872 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 above mentioned issue would be withdrawn unconditionally and it would be resolved through the dispute resolution mechanism under the PPA. Accordingly, as per terms of the MoU, the company applied for withdrawal of the aforesaid petition which is pending adjudication before Supreme Court of Pakistan. During the financial year 2014, the company in consultation with NTDC, appointed an Expert for dispute resolution under the PPA.

During the previous year, the Expert has given his opinion whereby the aforesaid amount has been determined to be payable to the company by NTDC. Pursuant to the Expert's determination, the company has demanded the payment of the aforesaid amount of Rs 957.872 million from NTDC that has not yet been paid by NTDC. Consequently, under the terms of PPA, the company has filed petition for arbitration in The London Court of International Arbitration (LCIA), whereby an arbitrator has been appointed and the matter is pending arbitration. In October 2015, the Government of Pakistan (GOP) through Private Power & Infrastructure Board (PPIB) has filed a case in the court of Senior Civil Judge, Lahore, against the aforementioned decision of the Expert, praying it to be illegal, which is pending adjudication. Furthermore, during the current year, NTDC filed a stay application in the LCIA before the Arbitrator to stay the arbitration proceedings. Subsequent to year end, in response to NTDC's stay application, the Arbitrator through his order dated July 8, 2016, has declared that the arbitration shall proceed and has denied NTDC's request for a stay. Also, the Arbitrator has ordered NTDC to withdraw the abovementioned case filed in the court of Senior Civil Judge, Lahore and has refrained it from taking any further steps therein to disrupt the arbitration proceedings.

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

FOR THE QUARTER ENDED 30 SEPTEMBER 2016

|                                        | Un-Audited           |                      |
|----------------------------------------|----------------------|----------------------|
|                                        | Quarter Ended        |                      |
|                                        | 30 September<br>2016 | 30 September<br>2015 |
|                                        | Rupees .....         |                      |
| <b>9. Cost of sales</b>                |                      |                      |
| Raw material consumed                  | 2,276,365,195        | 2,797,395,439        |
| Salaries and other benefits            | 34,252,001           | 32,721,903           |
| Store, spares and loose tools consumed | 52,677,466           | 36,034,882           |
| Electricity consumed in - house        | 628,750              | (279,441)            |
| Insurance                              | 43,012,416           | 41,284,646           |
| Travelling and conveyance              | 4,369,327            | 6,598,414            |
| Postage and telephone                  | 711,085              | 516,705              |
| Repairs & Maintenance                  | 9,347,919            | 2,510,611            |
| Entertainment                          | 106,568              | 55,425               |
| Depreciation on operating fixed assets | 290,907,524          | 269,344,758          |
| Amortization on Intangible             | 301,117              |                      |
| Fee & Subscription                     | 2,831,907            | 2,987,513            |
| Miscellaneous                          | 4,330,832            | 4,261,536            |
|                                        | <b>2,719,842,106</b> | <b>3,193,432,391</b> |

|                                      | Un-Audited           |                      |
|--------------------------------------|----------------------|----------------------|
|                                      | Quarter Ended        |                      |
|                                      | 30 September<br>2016 | 30 September<br>2015 |
| <b>10. Earnings per share</b>        |                      |                      |
| <b>10.1 Basic earnings per share</b> |                      |                      |
| Net profit for the period (Rupees)   | 735,776,290          | 872,793,872          |
| Weighted average                     | 367,346,939          | 367,346,939          |
| Earnings per share (Rupees)          | 2.00                 | 2.38                 |

**10.2 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 30 September 2016 and 30 September 2015 which would have any effect on the earnings per share if the option to convert is exercised.

|                                                            | Un-Audited           |                      |
|------------------------------------------------------------|----------------------|----------------------|
|                                                            | Quarter Ended        |                      |
|                                                            | 30 September<br>2016 | 30 September<br>2015 |
|                                                            | Rupees .....         |                      |
| <b>11. Cash generated from operations</b>                  |                      |                      |
| Profit before taxation                                     | 735,776,290          | 872,793,872          |
| <b>Adjustments for non cash charges and other items:</b>   |                      |                      |
| Depreciation on operating fixed assets                     | 295,547,001          | 272,689,298          |
| Amortization on intangible asset                           | 476,117              | -                    |
| Loss on disposal of fixed assets                           | 8,462,573            | 27,228               |
| Profit on bank deposits                                    | (409,808)            | -                    |
| Gain on derivative financial instrument                    | (1,713,049)          | (278,333)            |
| Provision for employee retirement benefits                 | 1,784,907            | 1,674,959            |
| Finance Cost                                               | 268,690,626          | 337,429,636          |
| <b>Profit before working capital changes</b>               | 1,308,614,657        | 1,484,336,659        |
| Effect on cash flow due to working capital changes:        |                      |                      |
| <b>(Increase)/ decrease in current assets:</b>             |                      |                      |
| Stores and spare parts                                     | 43,163,020           | 36,754,201           |
| Inventories                                                | (264,312,335)        | 670,619,241          |
| Trade debts                                                | (755,599,681)        | 332,345,036          |
| Loans, advances, deposits, prepayments & other receivables | (23,980,821)         | 64,466,749           |
| <b>Increase in current liabilities:</b>                    |                      |                      |
| Trade and other payables                                   | 388,147,053          | 198,001,958          |
|                                                            | (612,582,763)        | 1,302,187,185        |
|                                                            | <b>696,031,893</b>   | <b>2,786,523,844</b> |



FOR THE QUARTER ENDED 30 SEPTEMBER 2016

|                                      | <b>Un-Audited</b>            |                              |
|--------------------------------------|------------------------------|------------------------------|
|                                      | <b>Quarter Ended</b>         |                              |
|                                      | <b>30 September<br/>2016</b> | <b>30 September<br/>2015</b> |
|                                      | Rupees                       |                              |
| <b>12. Cash and cash equivalents</b> |                              |                              |
| Cash and bank balances               | 2,699,460                    | 49,985,212                   |
| Short term borrowings - secured      | (4,800,746,778)              | (3,511,440,023)              |
|                                      | <b>(4,798,047,318)</b>       | <b>(3,461,454,812)</b>       |

**13. Transactions with related parties**

| <b>Relationship with the Company</b>     |                                                       |             |            |
|------------------------------------------|-------------------------------------------------------|-------------|------------|
| <b>(i) Holding Company</b>               | Purchase of goods & services                          | 1,260,599   | -          |
|                                          | Common facilities cost                                | 4,500,000   | 4,500,000  |
|                                          | Dividend Paid                                         | 328,275,185 | -          |
| <b>(ii) Associated Undertakings</b>      | Reimbursement of miscellaneous expenses etc.          | 292,833     | -          |
|                                          | Insurance premium paid                                | 50,326,506  | 51,254,186 |
| <b>(iii) Key management personnel</b>    | Salaries and other employee benefits                  | 35,563,754  | 23,849,402 |
| <b>(iv) Post employment benefit plan</b> | Expense charged in respect of retirement benefit plan | 1,784,907   | 1,674,959  |

All transactions with related parties have been carried out on commercial terms and conditions.

|                               | <b>Un-Audited</b>            |                              |
|-------------------------------|------------------------------|------------------------------|
|                               | <b>Quarter Ended</b>         |                              |
|                               | <b>30 September<br/>2016</b> | <b>30 September<br/>2015</b> |
|                               | Rupees                       | Rupees                       |
| <b>Period End Balances</b>    |                              |                              |
| Due to holding company        | 5,760,599                    | 6,461,320                    |
| Due from associated companies | 292,833                      | -                            |

**14. Date of authorization for issue**

This condensed interim financial information was authorized for issue on October 28, 2016 by the Board of Directors of the company.

**15. Event after the balance sheet date**

The Board of Directors have declared an interim cash dividend of Rs. 1.5 per ordinary share, amounting to Rs. 551,020,408 at their meeting held on October 28, 2016. This condensed interim financial information does not include the effect of the above interim dividend which will be accounted for in the period in which it is declared.

**Chief Executive**

**Director**

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