



N I S H A T

ANNUAL REPORT 2018



N I S H A T

P O W E R

L I M I T E D

POWERING
A CONNECTED LIFE

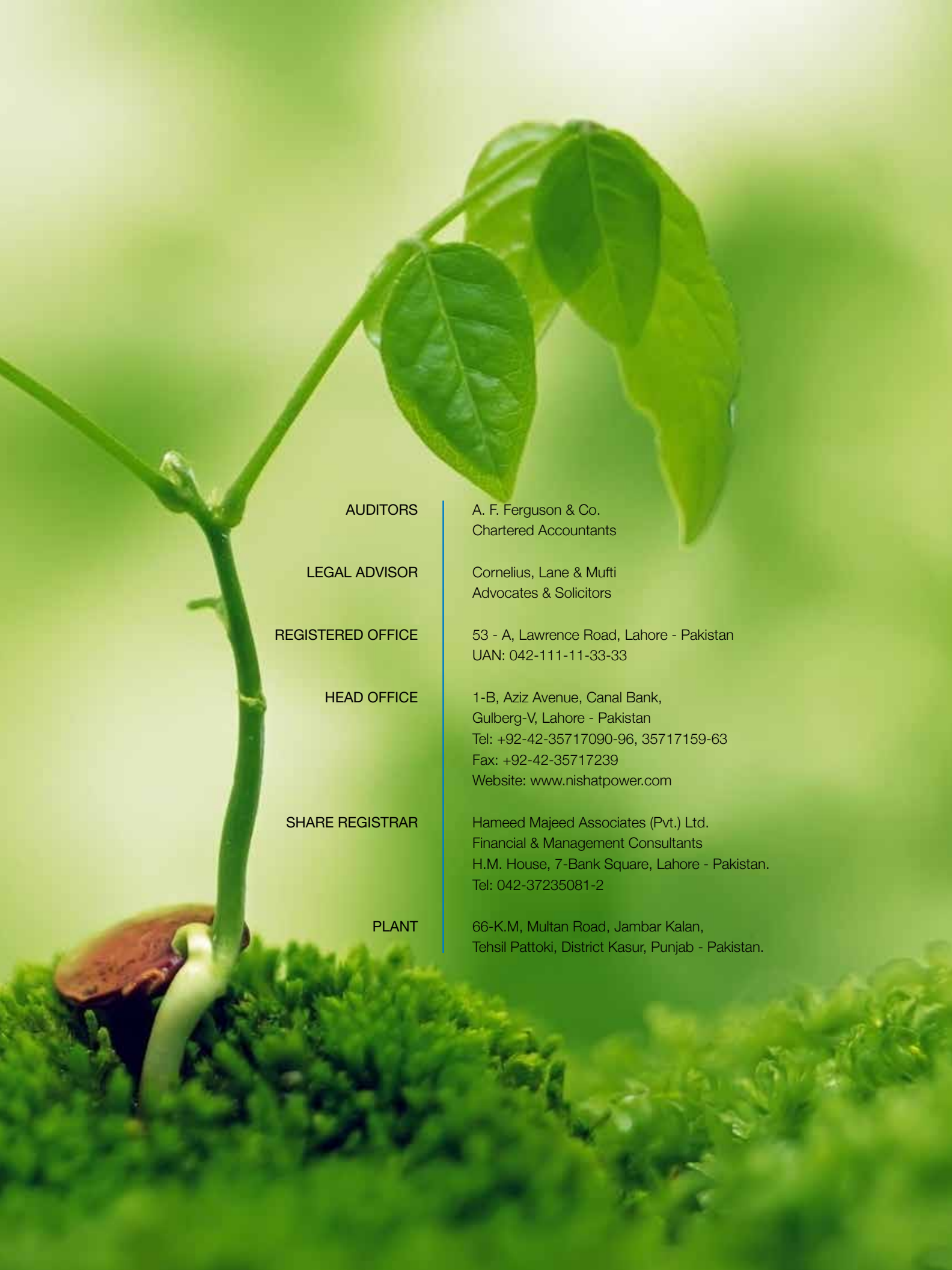


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CORPORATE PROFILE

BOARD OF DIRECTORS	Mian Hassan Mansha Mr. Khalid Qadeer Qureshi Mr. Ahmad Aqeel Mr. Yousaf Bashir Mr. Ghazanfar Hussain Mirza Mr. Mahmood Akthar Mr. Shahzad Ahmad Malik	Chief Executive/Director Chairman
AUDIT COMMITTEE	Mr. Yousuf Bashir Mr. Shahzad Ahmad Malik Mr. Ahmad Aqeel	Member Member Member / Chairman
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mian Hassan Mansha Mr. Ahmad Aqeel Mr. Ghazanfar Hussain Mirza	Member Member / Chairman Member
CHIEF FINANCIAL OFFICER	Mr. Tanvir Khalid	
COMPANY SECRETARY	Mr. Khalid Mahmood Chohan	
BANKERS OF THE COMPANY	Habib Bank Limited United Bank Limited Allied Bank Limited National Bank of Pakistan Bank Alfalah Limited Faysal Bank Limited Askari Bank Limited Habib Metropolitan Bank Limited Soneri Bank Limited Silk Bank Limited BankIslami Pakistan Limited Meezan Bank Limited Dubai Islamic Bank Pakistan Limited Albaraka Bank Pakistan Limited The Bank of Punjab MCB Bank Limited Pak Kuwait Investment Co. Limited Pak Brunei Investment Co. Limited MCB Islamic Bank Limited Bank Al-Habib Limited	



AUDITORS

A. F. Ferguson & Co.
Chartered Accountants

LEGAL ADVISOR

Cornelius, Lane & Mufti
Advocates & Solicitors

REGISTERED OFFICE

53 - A, Lawrence Road, Lahore - Pakistan
UAN: 042-111-11-33-33

HEAD OFFICE

1-B, Aziz Avenue, Canal Bank,
Gulberg-V, Lahore - Pakistan
Tel: +92-42-35717090-96, 35717159-63
Fax: +92-42-35717239
Website: www.nishatpower.com

SHARE REGISTRAR

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

PLANT

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

MISSION

STATEMENT

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

VISION

STATEMENT

ENLIGHTEN THE FUTURE
THROUGH EXCELLENCE,
COMMITMENT, INTEGRITY
AND HONESTY





NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Annual General Meeting of the Members of Nishat Power Limited (the "Company") will be held on October 26, 2018 (Friday) at 10:30 A.M. at Emporium Mall, The Nishat Hotel, Trade and Finance Centre Block, Near Expo Centre, Abdul Haq Road, Johar Town, Lahore, to transact the following business:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2018 together with the Directors' and Auditors' reports thereon.
2. To approve Final Cash Dividend @ 15% [i.e. Rs. 1.50 (Rupees One and Paisas Fifty Only) Per Ordinary Share] as recommended by the Board of Directors.
3. To appoint statutory Auditors for the year ending June 30, 2019 and fix their remuneration.
4. **Special Business:-**

To consider and if deemed fit, to pass the following resolutions as Special Resolutions under Section 199 of the Companies Act, 2017, as recommended by the Board of Directors with or without modification, addition(s) or deletion(s).

RESOLVED, "pursuant to the requirements of Section 199 of the Companies Act, 2017, and subject to the shareholders' approval and subject to the compliance with all statutory and legal requirements, Nishat Power Limited ("the Company") be and is hereby authorized to invest up to Rs. 278,460,000 (Rupees Two Hundred Seventy Eight Million Four Hundred Sixty Thousand Only) by way of acquisition, from time to time, of 27,846,000 ordinary shares of the face value of PKR 10 of Lalpir Solar Power (Private) Limited."

FURTHER RESOLVED that the above said resolution of investment shall be valid for 3 years and any two of Mian Hassan Mansha, Chief Executive/Director and/or Mr. Tanvir Khalid, Chief Financial Officer and/or Mr. Khalid Mahmood Chohan, Company Secretary of the Company be and are hereby jointly empowered and authorized to undertake the decision of said investment of shares as and when deemed appropriate and necessary in the best interest of the Company and its shareholders.

FURTHER RESOLVED that Mian Hassan Mansha, Chief Executive/Director and/or Mr. Tanvir Khalid, Chief Financial Officer and/or Mr. Khalid Mahmood Chohan, Company Secretary of the Company be and are hereby singly authorized to take all steps and actions necessary, incidental and ancillary for the acquisition of shares of Lalpir Solar Power (Private) Limited including execution of any and all documents and agreements as may be required in this regard and to do all acts, matters, deeds and things as may be necessary or expedient for the purpose of giving effect to the spirit and intent of the special resolution for making investment from time to time.

FURTHER RESOLVED that any two of Mian Hassan Mansha, Chief Executive/Director and/or Mr. Tanvir Khalid, Chief Financial Officer and/or Mr. Khalid Mahmood Chohan, Company Secretary of the Company be and are hereby authorized jointly to dispose off through any mode, a part or all of equity investments made by the Company from time to time as and when deemed appropriate and necessary in the best interest of the Company and its shareholders.

BY ORDER OF THE BOARD



KHALID MAHMOOD CHOCHAN
(Company Secretary)

LAHORE
September 17, 2018

NOTES:

BOOK CLOSURE NOTICE:-

The Ordinary Shares Transfer Books of the Company will remain closed from 19-10-2018 to 26-10-2018 (both days inclusive) for entitlement of **15% Final Cash Dividend [i.e. Rs. 1.50 (Rupees One and Paisas Fifty Only) Per Ordinary Share]** and attending and voting at Annual General Meeting. Physical transfers/ CDS Transactions IDs received in order in all respect up to 1:00 p.m. on 18-10-2018 at Share Registrar, Hameed Majeed Associates (Pvt) Ltd, 7-Bank Square, Lahore, will be considered in time for entitlement of 15% Final Cash Dividend and attending of meeting.

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

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

ZAKAT DECLARATIONS (FORM CZ-50):-

Zakat will be deducted from the dividends at source under the Zakat & Usher Laws and will be deposited within the prescribed period with the relevant authority. Any shareholder who want to claim exemption shall submit your Zakat declarations under Zakat and Usher Ordinance, 1980 & Rule 4 of Zakat (Deduction & Refund) Rules, 1981 on prescribed Form CZ-50, to our Share Registrar, Hameed Majeed Associates (Pvt) Ltd, 7-Bank Square, Lahore, otherwise no exemption will be granted. The Shareholders while sending the Zakat Declarations, as the case may be, must quote company name and their respective Folio Numbers/CDC Account Numbers.

EXEMPTION OF WITHOLDING TAX:-

Withholding tax exemption from dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to our Share Registrar Office, M/s. Hameed Majeed Associates (Pvt) Limited, 7-Bank Square, Lahore, latest by October 18, 2018.

SUBMISSION OF COPY OF CNIC (MANDATORY):-

The Securities and Exchange Commission of Pakistan (SECP) vide their S.R.O. 779 (i) 2011 dated August 18, 2011 has directed the company to print your Computerized National Identity Card (CNIC) number on your dividend warrants and if your CNIC number is not available in our records, your dividend warrant will not be issued / dispatched to you. Therefore, in order to comply with this regulatory requirement, you are requested to kindly send photocopy of your valid CNIC to your Participant / Investor Account Services or to us (in case of physical shareholding) immediately to Company's Share Registrar, M/s. Hameed Majeed Associates (Pvt.) Limited, 7-Bank Square, Lahore.

UNCLAIMED DIVIDEND / SHARES

Shareholders who have not collected their dividend/physical shares so far are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or shares, if any.

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 on the Standard Form placed in the annual report which is also available on the website of the Company.

STATEMENT UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017.

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on October 26, 2018.

The shareholders of Nishat Power Limited ("the Company") in their Annual General Meeting held on October 30, 2015 had approved equity investment of Rs. 278,460,000 under section 208 of the Companies Ordinance, 1984 for setting up Lalpir Solar Power (Pvt.) Limited ("LSPPL") which was incorporated later on November 19, 2015 with initial paid-up capital of Rs. 500,000 divided into 50,000 shares of Rs 10 each as wholly owned subsidiary of the Company.

The principal activity of LSPPL is to build, own, operate and maintain or invest in a solar power project having gross capacity upto 20 MWp with net estimated generation capacity of upto approx 19 MWp with photovoltaic/suitable or any economical technology. The project site is located at Mehmood Kot, District Muzaffar Garh, Multan.

The Company since its incorporation till this date of notice has achieved various milestones like approval of Feasibility Study, No Objection Certificate ('NOC') from Environment Protection Agency (EPA), approval of Grid Interconnection Study from Multan Electric Power Company (MEPCO), approval of National Transmission & Dispatch Company (NTDC) for Grid Interconnection Study and Generation License granted by National Electric Power Regulatory Authority (NEPRA). Meanwhile, the upfront solar tariff announced by (NEPRA) has already expired on June 30, 2016. However, the Company will now pursue for Power Acquisition Request (PAR) pending at Central Power Purchasing Agency and MEPCO and after getting required consent of PAR, the management shall try to get suitable tariff through new regime of competitive bidding, recently announced by NEPRA.

The Company has further invested Rs. 500,000 by way of subscription of 50,000 right shares in February 2018 hence the paid-up capital is now stands at Rs. 1,000,000 divided into 100,000 shares of Rs. 10/- each.

The above said approval was for period of 3 years which is going to be expired on October 30, 2018 and now the LSPPL is to apply for Power Purchaser Consent, therefore the Board of Directors has recommended above said equity investment up to Rs. 278,460,000 for further period of three (3) years from the date of its approval by the shareholders.

The directors of the Company certify / undertake that the investment is being made after due diligence. The duly signed recommendation of the due diligence report and directors undertaking/certificate shall be made available to the members for inspection at the meeting.

INFORMATION UNDER REGULATION 3 OF THE COMPANIES,, (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2017.

(a) Disclosure for all types of investments:		
(A) Disclosure regarding associated company		
(i)	Name of Associated Company or Associated Undertaking	Lalpir Solar Power (Private) Limited
(ii)	Basis of Relationship	Equity Percentage more than 20%
(iii)	Earnings / (Loss) per Share for the last three years	PKR (2.43) as per audited financial statements of for the year ended June 30, 2018 and PKR (2.60) for year ended June 30, 2017. PKR (11.50) for year ended June 30, 2016.
(iv)	Break-up value per Share, based on last audited financial statements	PKR (2.43) per share as at 30 June 2018.
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	As per financial statements for the year ended June 30, 2018: Total Non-current assets = Rs. 4.773 million Current Assets = Rs 0.100 million Total Equity = Rs. 0.173 million Total Liabilities = Rs. 4.700 million Revenue = Nil Loss after tax = 0.121 million
(vi)	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely	
	I Description of the project and its history since conceptualization	Approval of technical feasibility from AEDB Jan 2016; NOC from Environmental Protection Agency Feb 2016; MEPCO approval of Grid Interconnection Study (GIS) June 2016; NTDC approval for Grid Interconnection Study, as desired by NEPRA, April 2018; Generation Licence granted by NEPRA August 2018
	II Starting date and expected date of completion of work	Based on project feasibility i.e 08~10 Months from Letter of Support (LoS) which will be awarded after approval of tariff.
	III Time by which such project shall become commercially operational	To be decided after consent of Power Purchaser and approval of tariff.

	IV Expected time by which the project shall start paying return on investment	ROI will start right from Commercial Operation Date
	V Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts	Invested by Nishat Power Limited Rs. 1,000,000 To be Invested by Consortium 25% of total estimated Project Cost i.e. Rs.819 Million
(B) General Disclosures:		
(i)	Maximum amount of investment to be made	PKR 278,460,000 (Rupees Two Hundred Seventy Eight Million Four Hundred Sixty Thousand Only).
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	Dividend Income as well as prospective capital gain in future.
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:	The investment will be made from company's available own funds.
	(I) Justification for investment through borrowings	NA
	(II) Detail of Collateral, guarantees provided and assets pledged for obtaining such funds	NA
	(III) Cost of benefit analysis	NA
(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	A Joint Venture Agreement executed in associated companies where Nishat Power is Main Sponsor of the Project.
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	The interest, direct or indirect in the associated company and the transaction under consideration is detailed as under: The directors of Nishat Power Limited (NPL), their relatives and associated companies holding are not interested in the said investment directly or indirectly and not holding any shares of Lalpir Solar Power (Pvt) Limited The associated companies also not holding any shares of Lalpir Solar Power (Pvt) Limited.

(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs	The company got approval from NTDC for Grid Interconnection Study and successfully awarded generation license by NEPRA therefore there is no need to date for any impairment or write offs.									
(vii)	Any other important details necessary for the members to understand the transaction	Nil									
(b) Additional disclosure regarding Equity Investment											
(i)	Maximum price at which securities will be acquired	Rs.10									
(ii)	In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof	Not Applicable									
(iii)	Maximum number of securities to be acquired	27,846,000 Shares									
(iv)	Number of securities and percentage thereof held before and after the proposed investment	<table border="1"> <thead> <tr> <th></th> <th>No. of Shares</th> <th>%age</th> </tr> </thead> <tbody> <tr> <td>Before</td> <td>100,000</td> <td>100</td> </tr> <tr> <td>After</td> <td>27,846,000</td> <td>upto 34% max</td> </tr> </tbody> </table>		No. of Shares	%age	Before	100,000	100	After	27,846,000	upto 34% max
	No. of Shares	%age									
Before	100,000	100									
After	27,846,000	upto 34% max									
(v)	Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities	N/A									
(vi)	Fair value determined in terms of sub-regulation (1) regulation 5 for investments in unlisted securities	Since the project is green field project, the Par value of its share is the fair value									

CHAIRMAN'S REVIEW

With gratitude, I would like to appreciate the trust and support forwarded by our stakeholders which helped the Company to post earnings per share of Rs 9.070 in current year as compared to Rs 8.152 last year.

Despite historic addition to power generation capacity, the country's power sector continues to be in a dismal state and is facing major challenges of sustainability and affordability. The energy mix witnessed a major change in the current financial year as Re-gasified Liquefied Natural Gas (RLNG) and Coal-fired power plants came in operation resulting in decrease in reliance on furnace oil based power plants. Such change in the energy mix resulted in decrease in capacity utilization of the Company from 72% previous year to 68% in current year. However, the management believes that NTDC would still need to run our Power Plant, due to the unique technological advantage of RFO based eleven ("11") Reciprocating Engines and one ("01") Steam Turbine, which can produce power during peak hours round the year, at a very short notice period.

Furthermore, there has been no relief in liquidity crisis even after the fiscal year 2017-18 ended June 30, as circular debt continues to stay very much there at Rs 1,032 billion. The Company's overdue receivables stand at Rs 9,562 million as at the financial year end, which is the highest ever figure overdue from power purchaser since the Company has come into operations. Such overdue amount does not include the amount of Rs 1,084.748 million disputed by the power purchaser as disclosed in the note 11.1 of the annexed financial statements. In the mounting circular debt scenarios and reluctance by banks to participate in the financing arranged by NTDC/CPPA, it is believed that overdue receivables will further increase in near future. The Company will take up the matter with NTDC and Private Power & Infrastructure Board ('PPIB') by giving notices of default pursuant to provisions of Power Purchase Agreement and Implementation Agreement.

Summarizing my review, we look forward to continuous support from our stakeholders.

CHAIRMAN

Lahore: September 17, 2018

چیمبرمین کی جائزہ رپورٹ

میں اپنے اسٹیک ہولڈرز کا مفکورہ منوں ہوں اور ان کی تعریف کرنا چاہتا ہوں، جن کے تعاون اور اعتماد کی بدولت کمپنی نے موجودہ مالی سال میں گزشتہ مالی سال 8.152 روپے فی شیئر کے مقابلہ میں 9.070 روپے فی شیئر آمدنی حاصل کی۔

بجلی پیدا کرنے کی صلاحیت میں تاریخی اضافے کے باوجود، ملک کا بجلی پیدا کرنے کا شعبہ درگروں حالت میں ہے اور اسے کڑی دشواریوں کا سامنا ہے۔ موجودہ مالی سال میں ملک میں بجلی کی پیداوار کے لئے استعمال ہونے والے مختلف ایندھنوں کے تناسب میں کافی ردوبدل ہوا ہے جس کی وجہ Re-gasified مائع گیس اور کوئلے پر چلنے والے پاور پلانٹ سے پیداوار کا آغاز ہے۔ بجلی کی پیداوار کے لئے استعمال ہونے والے ایندھنوں کے تناسب میں اس طرح کی تبدیلیوں کی وجہ سے کمپنی کی پیداواری صلاحیت کا استعمال %72 فیصد سے کم ہو کر موجودہ مالی سال میں %68 فیصد پر آ گیا ہے۔ تاہم، انتظامیہ یہ سمجھتی ہے کہ NTDC کو اب بھی ہمارے پاور پلانٹ کو چلانے کی ضرورت درپیش ہوگی، کیونکہ کمپنی کو R.F.O کے حامل گیارہ ("11") انجن اور ایک بھاپ والی ٹربائن کا منفرد تکنیکی فائدہ حاصل ہے۔ وہ یہ کہ ہم ان اوقات میں جب بجلی کی طلب انتہا کو چھوتی ہے، ہم بہت ہی مختصر نوٹس پر بجلی مہیا کر سکتے ہیں۔

مزید یہ کہ موجودہ مالی سال میں کمپنی کے مالی بحران میں کوئی خاص بہتری نہیں آئی کیونکہ گروٹھی قرضہ اب بھی 1,032 ملین روپے ہے۔ موجودہ مالی سال کے اختتام پر کمپنی کی واجب الوصول زائد المعیار رقم 9,562 ملین روپے ہے جو کہ کمپنی کے آغاز سے آج تک کی سب سے زیادہ پاور پر چیز کی طرف سے زائد المعیار رقم ہے۔ اس رقم میں 1084.748 ملین روپے شامل نہیں جو پاور پر چیز کی طرف سے غیر تسلیم شدہ اور متنازعہ ہیں، جسکی تفصیل مالیاتی گوشوارے کے نوٹ 11.1 میں دی گئی ہے۔ بڑھتے ہوئے گروٹھی قرضوں اور بیجوں کی جانب سے NTDC/CPA کی فنانسنگ سرگرمیوں میں حصہ لینے سے اجتناب کی صورت میں واجب الوصول زائد المعیار رقم میں اضافہ کا اندیشہ ہے۔ کمپنی یہ معاملہ پاور پر چیز اور عمل درآمد معاہدہ کے تحت NTDC اور پرائیویٹ پاور اینڈ انفراسٹرکچر بورڈ کو ناندھندگی کا نوٹس بھیج کر اٹھائے گی۔

آخر میں ہم اپنے اسٹیک ہولڈرز کے مسلسل تعاون کے طلب گار ہیں۔

چیمبرمین

لاہور، 17 ستمبر 2018



DIRECTORS' REPORT

The Board of Directors of Nishat Power Limited (The Company) is pleased to present Annual Report with the Audited Financial Statements of the Company together with Auditors' Report thereon for the financial year ended June 30, 2018.



PRINCIPAL ACTIVITY:

The principal activity of the Company is to build, own, operate and maintain a fuel fired power plant based on Reciprocating Engine Technology having gross capacity of 200MW in Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan.

FINANCIAL RESULTS:

The Company had turnover of Rs 16,929 million (2017: Rs 15,042 million) during the year against operating cost of Rs 12,703 million (2017: Rs 11,168 million) resulting in a gross profit of Rs 4,226 million (2017: Rs 3,873 million). The current year's net profit after tax amounts to Rs 3,211 million resulting earnings per share of Rs 9.07 compared to previous year's profit after tax of Rs 2,886 million and earnings per share of Rs 8.15.

We would like to draw your attention to emphasis of matter paragraph of the independent auditors' report to the members which refers to an amount of Rs 816 million (2017: Rs 816 million) relating to capacity purchase price, included in trade debts, not acknowledged by National Transmission and Despatch Company Limited ('NTDCL'). Further details are mentioned in note 17.2 of the annexed financial statements. Based on the favourable Expert determination and Final Arbitration Award, management strongly feels that under the terms of the PPA and Implementation Agreement, the above amount is likely to be recovered by the company. Consequently, no provision for the above mentioned amount has been made in these financial statements.

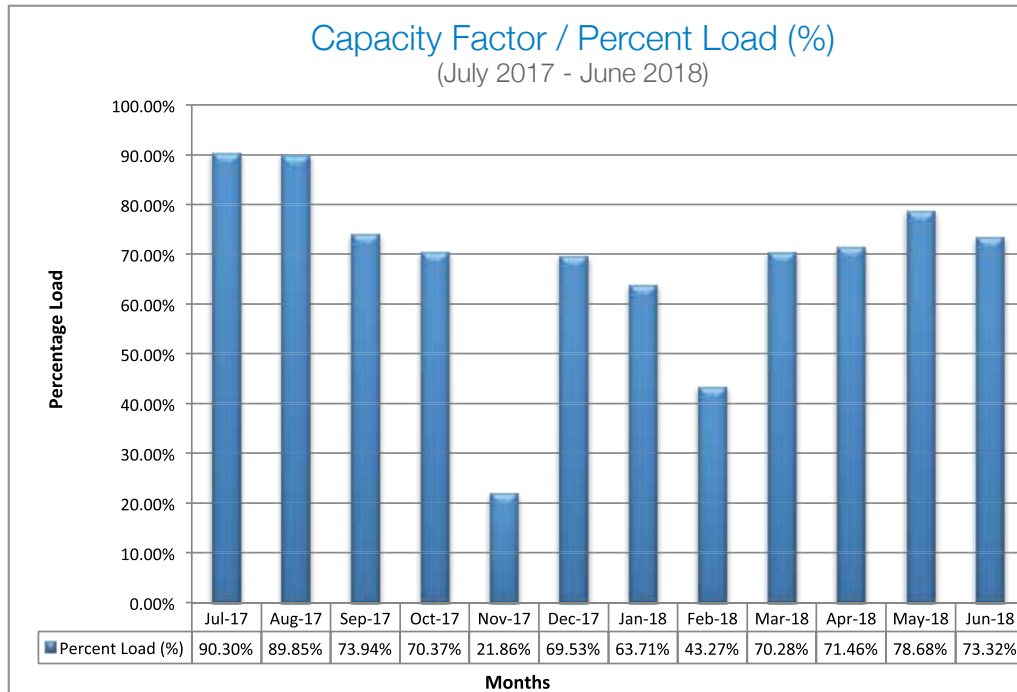
NTDCL continues to default on its payment obligations. The Company took up the matter with NTDCL and Private Power & Infrastructure Board ('PPIB') by giving notices of default pursuant to provisions of Power Purchase Agreement and Implementation Agreement. The Company is facing the risk of increased receivables due to overall challenge of circular debt plaguing the Power Sector operating in Pakistan. For other risks being faced by the Company, please refer to note 35 of the annexed financial statements.

Total receivables from NTDCL on June 30, 2018 stand at Rs 13,047 million, out of which overdue receivables are Rs 9,562 million.

OPERATIONS AND SIGNIFICANT EVENTS:

Operational results:

The plant operated at an optimal efficiency with 68.27% (2017: 72.46%) average capacity factor and dispatched 1,171 GWh (2017: 1,240 GWh) of electricity to NTDC during the year.



KEY OPERATING AND FINANCIAL DATA:

Financial year ending June 30,

2018 2017
(Rupees in Millions)

Turnover	16,929	15,042
Net Profit	3,211	2,886
Total non-current assets	10,660	11,391
Issued, subscribed and paid up capital	3,541	3,541
Long term financing	5,092	6,858
Short term financing	4,579	1,799
Generation (MWh)	1,171,192	1,239,758
Earnings per share-basic and diluted (Rs.)	9.070	8.152
Share prices (Market value rupees per share)	29.64	47.24

Due to increased power generation capacity of the country, the Company's capacity utilization factor has seen some falling trend i.e. from 72% of previous year to 68% in this year. However, the management believes that NTDC would still need to run our Power Plant, due to the unique technological advantage of RFO based eleven ("11") Reciprocating Engines and one ("01") Steam Turbine, which can produce power during peak hours round the year, at a very short notice period.

Lalpir Solar Power (Pvt) Limited

In the financial year 2016, the Company incorporated a wholly owned subsidiary, Lalpir Solar Power (Private) Limited ('LSPPL'), since then the Company has taken up 100,000 shares of the LSPPL. The principal activity of LSPPL is to build, own, operate and maintain or invest in a solar power project having gross capacity upto 20 MWp with net estimated generation capacity of upto approx 19 MWp. The project site is located at Mehmood Kot, District Muzaffar Garh, Multan. The Company achieved various milestones like approval of Feasibility Study, No Objection Certificate ('NOC') from Environment Protection Agency (EPA) and approval of Grid Interconnection study from Multan Electric Power Company (MEPCO). During the year LSPPL has obtained the approval from NTDCL for Grid Interconnection Study. Meanwhile, the upfront solar tariff announced by National Electric Power Regulatory Authority (NEPRA) has been expired on June 30, 2016. However, the management shall try to get suitable tariff through new regime of Competitive Bidding, announced by NEPRA.

Consolidation of Lalpir Solar Power (Pvt) Limited

The management of the company had applied to the SECP for the exemption from the requirements of section 228(7) of the Companies Act, 2017, in respect of consolidating LSPPL. The SECP, vide its letter EMD/233/744/09-1501 dated June 06, 2018, granted the exemption from consolidation of LSPPL in its financial statements for the year ended June 30, 2018 till third quarter of financial year ending June 30, 2019, under Section 228(7) of the Companies Act, 2017 based on the fact that investment of the company in LSPPL is negligible in percentage of the total assets of the company and will not be a value addition in any way for the users of the company's financial statements..

Financial statements of LSPPL for the year ended June 30, 2018, will be available to members at registered office of the company and will be sent to members on request without any cost.

Financial Highlights of Subsidiary Company:

Profit & Loss Statement (Unaudited) for the year ended June 30, 2018

(Rupees in thousand)	
Administrative expenses	(75)
Other income	11
Finance cost	-
Loss before taxation	(64)
Taxation	-
Loss for the year	(64)

Balance Sheet (Unaudited) As at June 30, 2018

(Rupees in thousand)	
Non Current Assets	4,774
Current assets	100
Paid-up share capital	1,000
Accumulated loss	(769)
Non-current liabilities	-
Current liabilities	4,643

NISHAT ENERGY LIMITED

The Company has 25% shareholding in Nishat Energy Ltd (NEL), with investment of Rs 2,500,000/- at cost. However, based on the equity method of valuation and after deducting project expenses,

the current value of investment is worked out to be Nil. NEL was set up for the sole purpose of development of Coal Based Power Plant having gross capacity of 660 MW.

Grid Interconnection Study has not been approved by NTDC, which is a precondition for applying to NEPRA for upfront tariff and generation license. Consequently, existing upfront tariff for power generation on imported / local coal expired on October 14, 2016. Further, as per decision of NEPRA regarding cessation of upfront tariff on imported / local coal, NEPRA decided not to extend the existing upfront tariff beyond 14th October 2016.

In view of the aforesaid reasons, the Company is not considered as a going concern and, hence, management decided to write off this investment from the financial statements.

INTERNAL AUDIT AND CONTROL:

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

ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The company adheres to maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

ENVIRONMENTAL PROTECTION MEASURES

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

CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

The Company Management is fully cognizant of its responsibility as recognized by the Companies Act, 2017 provisions and Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan (SECP). The following comments are acknowledgement of Company's commitment to high standards of Corporate Governance and continuous improvement.

- The financial statements, prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.

- There are no significant doubts upon Company's ability to continue as going concern.
- All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. The directors were apprised of their duties and responsibilities through orientation courses.
- Value of investments in respect of retirement benefits fund:

Provident Fund: June 30, 2018 is Rs 117.295 million

ATTENDANCE OF MEMBERS IN AUDIT COMMITTEE MEETINGS DURING THE YEAR FROM JULY 01, 2017 TO JUNE 30, 2018

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

Sr. #	Name of Member		# of Meetings Attended
1	*Mr. Ahmad Aqeel	(Member/Chairman)	5
2	Mr. Shahzad Ahmad Malik	(Member)	5
3	Mr. Yousaf Bashir	(Member)	5

*Mr. Ahmad Aqeel appointed as Chairman Audit Committee in place of Mr. Shahzad Ahmad Malik with effect from January 01, 2018.

ATTENDANCE OF MEMBERS IN HR COMMITTEE

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

Sr. #	Name of Member		# of Meetings Attended
1	Mr. Hassan Mansha	(Member)	1
2	**Mr. Khalid Qadeer Qureshi (Retired)	(Member)	1
3	Mr. Ghazanfar Hussain Mirza	(Member)	1
4	*Mr. Ahmad Aqeel	(Member/Chairman)	0

*Mr. Ahmad Aqeel appointed as member in place of Mr. Khalid Qadeer Qureshi on August 29, 2017 and as Chairman HR & R Committee in place of Mr. Ghazanfar Hussain Mirza with effect from January 01, 2018.

**Mr. Khalid Qadeer Qureshi retired as member HR & R Committee on August 29, 2017.

ATTENDANCE OF DIRECTORS IN BOD MEETINGS

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

Sr. #	Name of Directors		# of Meetings Attended
1	Mian Hassan Mansha	(Chief Executive/Director)	6
2	Mr. Khalid Qadeer Qureshi	(Chairman)	6
3	Mr. Ahmad Aqeel		5
4	Mr. Mahmood Akhtar		6
5	Mr. Ghazanfar Hussain Mirza		6
6	Mr. Shahzad Ahmad Malik		6
7	Mr. Yousaf Bashir		6

LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

The new Code of Corporate Governance has marked a number of changes to bring local companies governance in line with the global norms. The company have taken initiatives to implement amendments in the new Code. Number of Directorships and composition of the board has been linked with the restructuring of the Board at the time of next election of Directors.

The Board lays great emphasis on adding and practicing good Corporate Governance, with a view to achieve transparency in its operations, so as to boost stakeholders' confidence.

NAME OF DIRECTORS OF THE COMPANY:

Following persons served as directors of the company during the financial year 2018.

Sr. #	Name of Directors
1	Mian Hassan Mansha
2	Mr. Khalid Qadeer Qureshi
3	Mr. Mahmood Akhtar
4	Mr. Shahzad Ahmad Malik
5	Mr. Ahmad Aqeel
6	Mr. Ghazanfar Hussain Mirza
7	Mr. Yousaf Bashir

COMPOSITION OF BOARD:

Total number of Directors:

(a) Male	7
(b) Female:	0

Composition:

(i) Independent Directors	2
(ii) Other Non-executive Directors	3
(iii) Executive Directors	2

COMMITTEES OF THE BOARD:

Audit Committee of the Board:

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

Human Resource and Remuneration Committee:

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

DIRECTORS' REMUNERATION:

The company does not pay remuneration to its non-executive directors including independent directors except for meeting fee. Aggregate amount of remuneration paid to executive and non-executive directors have been disclosed in note 30 of the annexed financial statements.

ELECTION OF DIRECTORS AND COMPOSITION OF THE BOARD AND COMMITTEES:

Election of directors was held on August 22, 2017 in an Extra Ordinary General Meeting, after which latest composition of the board and chairman/chief executive roles of the board and committees as elected by the directors in their meeting held on August 29, 2017 is as follows:

Board of Directors:

Sr. #	Name of Directors
1	Mian Hassan Mansha (Chief Executive)
2	Mr. Khalid Qadeer Qureshi (Chairman)
3	Mr. Mahmood Akhtar
4	Mr. Shahzad Ahmad Malik
5	Mr. Ahmad Aqeel
6	Mr. Ghazanfar Hussain Mirza
7	Mr. Yousaf Bashir

Audit Committee of the Board:

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

Human Resource and Remuneration Committee:

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

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE:

The company has fully complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017. A statement to this effect is annexed with this report.

PATTERN OF SHAREHOLDING:

The statement of pattern of shareholding as on June 30, 2018 is attached.

TRADING IN THE SHARES OF THE COMPANY:

All trades in the shares of the listed Company, carried out by its directors, executives and their spouses and minor children during the year ended June 30, 2018 is annexed to this report.

RELATED PARTIES:

The transactions between the related parties were carried out on the basis of arm's length prices. The Company has fully complied with the best practices on transfer pricing as contained Act and Code.

CHAIRMAN'S REVIEW

The accompanied Chairman's review deals with the performance of the company for the year ended June 30, 2018 and future outlook. The directors endorse the contents of the review.

APPROPRIATIONS:

The Directors are pleased to recommend a final cash dividend of Rs 1.5 per share. This will be paid to the shareholders on the Company's Register of Members at the close of business on October 18, 2018. The total dividend to be approved by the shareholders at the Annual General Meeting on October 26, 2018 will be Rs 1.5 per share i.e. 15% amounting to Rs 531.133 million for the year ended June 30, 2018.

AUDITORS:

The present auditors M/s A. F. Ferguson, Chartered Accountants retire and being eligible, offer themselves for re-appointment for the year 2018-19. The Audit Committee of the Board has recommended the reappointment of the retiring auditors.

ACKNOWLEDGEMENT:

The Board of Directors appreciates all its stakeholders for their trust and continued support to the Company. The Board also recognizes the contribution made by a very dedicated team of professionals and engineers who served the Company with enthusiasm, and hope that the same spirit of devotion shall remain intact in the future ahead to the Company.



CHIEF EXECUTIVE OFFICER
Lahore: September 17, 2018


DIRECTOR

مجلس نفعاء کی رپورٹ

آڈیٹری رپورٹ پیش کرتے ہوئے خوشی محسوس کرتی ہے۔

بنیادی سرگرمی:

کمپنی کی بنیادی سرگرمی تھرکلاں تحصیل چوکی، ضلع قصور، پنجاب، پاکستان میں 200 میگا واٹ کی مجموعی صلاحیت کا حامل انجن ٹیکنالوجی پر مبنی ایندھن سے چلنے والا ذاتی پاور پلانٹ کی تعمیر، چلانا اور برقرار رکھنا ہے۔

مالیاتی نتائج:

کمپنی کو سال کے دوران 16,929 ملین روپے (2017: 15,042 ملین روپے) کی آپریٹنگ لاگت کے عوض 12,703 ملین روپے (2017: 11,168 ملین روپے) وصولیاں ہوئیں تھیں، جس کے نتیجے میں 4,226 ملین روپے (2017: 3,873 ملین روپے) کا مجموعی منافع ہوا ہے۔ موجودہ سال کا بعد از ٹیکس خالص منافع گزشتہ سال کے بعد از ٹیکس منافع 2,886 ملین روپے اور 8.15 روپے فی شیئر آمدنی کے مقابلہ میں 3,211 ملین روپے اور 9.07 روپے فی شیئر آمدنی رہا ہے۔ ہم ممبران کی توجہ محاسب کی رپورٹ کے آخری پیرا گراف پر مبذول کرانا چاہیں گے جس میں نیشنل ٹرانسمیشن اینڈ ڈسٹری بیوٹن کمپنی لمیٹڈ (NTDCL) کی طرف سے غیر تسلیم شدہ تجارتی قرضے، کسٹمی پریچیز پر افس سے منہا کردہ 816 ملین روپے (2017: 816 ملین روپے) کی رقم شامل ہے۔ مزید تفصیلات کے لئے ان مالیاتی گوشوارے کا نوٹ 17.2 ملاحظہ فرمائیں۔ کمپنی کے قانونی وکیل کے مشورہ، چالشی اپورڈز اور ایکسپورٹ کے تعین کے مطابق، انتظامیہ محسوس کرتی ہے کہ ایسی رقم کی واپسی کا امکان ہے۔ چنانچہ اس مجموعی مالیاتی گوشوارے میں مذکورہ بالا رقم کے لئے کوئی گنجائش نہیں رکھی گئی ہے۔

NTDCL اپنی ادائیگی کی ذمہ داریوں پر مسلسل نادرہنگی پر کاربند ہے۔ کمپنی نے بجلی کی خریداری کے معاہدے اور Implementation Agreement کے تحت NTDCL اور پرائیویٹ پاور اینڈ انفراسٹرکچر بورڈ ('پی پی آئی بی') کے ہاں معاملہ اچھا کر گیا ہے۔ پاکستان میں بجلی پیدا کرنے کے شعبے گروڈی قرضہ کی دشواری درپوش ہے جس وجہ سے کمپنی کو بڑھتے ہوئے زائد المعیاد واجب وصولیوں کے خطرہ کا سامنا ہے۔ کمپنی کو لاحق دیگر خطروں کے لیے براہ کرم ان مالیاتی گوشوارے کا نوٹ 35 ملاحظہ فرمائیں۔

30 جون 2018 کو NTDCL سے کل واجب وصولی 13,047 ملین روپے ہے، جن میں سے 9,562 ملین روپے کی واجب وصولی رقم زائد المعیاد ہے۔

آپریٹنگ اور اہم واقعات:

کاروباری نتائج:

سال کے دوران پلانٹ زیادہ سے زیادہ پاکفائیت کارکردگی پر چلا یا گیا اور اپنے صارف NTDCL کو اوسط 68.27 فیصد (2017: 72.46 فیصد) صلاحیت کے ساتھ 1,171GWh (2017: 1,240GWh) بجلی ترسیل کی گئی۔

کلیدی آپریٹنگ اور مالی اعداد و شمار:

روپے بلین میں

2017	2018	30 جون کو ختم ہونے والی مالی سال
15,042	16,929	آمدنی
2,886	3,211	خالص منافع
11,391	10,660	کل ٹرانزیکشن اخراجات
3,541	3,541	اجراء، سبسکرائپرز اور ادا شدہ سرمائے
6,858	5,092	طویل مدتی ٹرانزیکشن
1,799	4,579	تفیلی مدتی ٹرانزیکشن
1,239,758	1,171,192	جزیشن (MWh)
8,152	9,070	نی شیئر آمدنی - بنیادی اور معتدل (روپے)
47.24	29.64	حصص کی قیمتیں (مارکیٹ قدر روپے فی شیئر)

ملک کی بجلی پیدا کرنے کی صلاحیت بڑھ جانے کی وجہ سے، کمپنی کی صلاحیت کا استعمال کم ہوا یعنی گزشتہ سال کے 72 فیصد سے کم ہو کر اس سال میں 68 فیصد ہوا۔ تاہم، جنیٹ کا خیال ہے کہ این ٹی ڈی سی کو اب بھی ہمارے پاور پلانٹ کو چلانے کی ضرورت ہوگی، کیونکہ کمپنی کو RFO کی بنیاد پر گیارہ ("11")، انجن اور ایک ("01") بجائے ٹرانزیکشن کا مندرجہ ذیل ٹیکس قائم ہے، وہ یہ کہ ہم ان اوقات میں جب بجلی کی طلب انتہا کو چھوتی ہے، ہم بہت سی مختصر ٹرمس پر بجلی موبیا کر سکتے ہیں۔

لال ہیر سولر پاور (پرائیویٹ) لمیٹڈ

مالی سال 2016 سے کمپنی ایک مکمل ملکیتی ذیلی کمپنی، لال ہیر سولر پاور (پرائیویٹ) لمیٹڈ ('LSPPL') رکھتی ہے، اور اس کے 100,000 حصص کی مالک ہے۔ LSPPL کی بنیادی سرگرمی ایک اندازے کے مطابق 19 MWp بجلی پیدا کرنے کی صلاحیت کے ساتھ 20 MWp تک کی مجموعی صلاحیت کے حامل شمس توانائی کے منصوبے میں سرمایہ کاری یا ذاتی تعمیر، چلانا اور برقرار رکھنا ہوگی۔ منصوبے کی سائٹ محمود کوٹ، ضلع مظفر گڑھ، ملتان میں واقع ہے۔ کمپنی نے ملتان مطالعہ کی منظوری، ماحولیاتی تحفظ ایجنسی (EPA) سے کوئی اعتراض نہیں کا شمولیت ('این اوی') اور ملتان الیکٹریک پاور کمپنی (سینیکو) سے گریڈ انٹر کنکشن مطالعہ کی منظوری کی طرح کے مختلف سنگ میلوں کو حاصل کیا۔ سال کے دوران LSPPL نے گریڈ انٹر کنکشن مطالعہ کی منظوری حاصل کی۔ دریں اثناء، بینٹل الیکٹریک پاور ریگولیشن اتھارٹی (NEPRA) کی طرف سے اعلان کردہ اپ فرنٹ شمس ٹیرف 30 جون 2016 کو ختم ہو چکا ہے۔ تاہم، انتظامیہ حال ہی میں NEPRA کی جانب سے اعلان کردہ بولی کے تحت مناسب ٹیرف حاصل کرنے کی کوشش کرے گی۔

لال ہیر سولر پاور (پرائیویٹ) لمیٹڈ کا انجماد

کمپنی کی انتظامیہ نے اپنے مکمل ملکیتی ذیلی ادارہ یعنی لال ہیر سولر پاور (پرائیویٹ) لمیٹڈ ('LSPPL') کے اشتعال شدہ گوشوارے کے سلسلے میں کینیڈا ایکٹ 2017 کی دفعہ (7) 228 کے تقاضوں سے استثنیٰ کے لئے ایس ای سی پی کو درخواست گزاری تھی۔ ایس ای سی پی نے اپنے خط EMD/233/744/09-1501 مورخہ 06 جون 2018، کی رو سے کینیڈا ایکٹ 2017 کی دفعہ (7) 228 کے تحت اس حقیقت پر مبنی کہ LSPPL میں کمپنی کی سرمایہ کاری کمپنی کے مجموعی اثاثوں کی شرح میں نہ ہونے کے برابر ہے اور کمپنی کے مالی گوشواروں کا صارفین کے لئے کسی بھی طرح سے قدر کا اضافہ نہیں ہوگا، 30 جون 2018 کو ختم ہونے والے سال سے لے کر 30 جون 2019 کو ختم ہونے والے سال کی تیسری سرمایہ تک مالی گوشواروں میں LSPPL کے انجماد سے استثناء کی منظوری دی ہے۔

30 جون 2018 کو ختم ہونے والے سال کے لئے LSPPL کے مالی حسابات کمپنی کے رجسٹرڈ دفتر میں ممبران کے لئے دستیاب ہوں گے اور کسی بھی قیمت کے بغیر درخواست پر اراکین کو ارسال کئے جائیں گے۔

ذیلی کمپنی کی مالی جھلکیاں:
 نفع اور نقصان (غیر نظر ثانی شدہ)
 30 جون 2018 مختصر سال کے لئے

روپے ہزاروں میں	
(75)	انتظامی اخراجات
11	دیگر آمدنی
-	مالی لاگت
(64)	قبل از ٹیکس نفع
-	ٹیکس
(64)	حالیہ مدت میں نفع

بیلنس شیٹ (غیر نظر ثانی شدہ)

برطانیہ 30 جون 2018

روپے ہزاروں میں	
4,774	ٹران کرٹ اثاثہ جات
100	کرٹ اثاثہ جات
1,000	اوار شدہ شیئر سرمایہ
(769)	مجموعی نقصان
-	ٹران کرٹ واجبات کی کمی
4,643	موجودہ واجبات

نکٹا انری لیمنڈ

کمپنی نے نکٹا انری لیمنڈ (این ای ایل) میں 2,500,000 روپے مالیت کی سرمایہ کاری کی ہے، اور 25 فیصد حصص کی مالک ہے۔ تاہم، منصوبے کے اخراجات کے بعد ایکویٹی کے طریقہ کار پر مبنی سرمایہ کاری کی موجودہ قیمت Nil ہے۔ این ای ایل کا واحد مقصد کوئلہ کی بنیاد پر 660 میگا واٹ کی مجموعی صلاحیت کا پاور پلانٹ لگانا تھا۔ NTDC کی طرف سے ابھی گروڈ انٹر کنکشن مطالعہ کی منظوری نہیں دی گئی، جو کہ پہلے سے طے شدہ ٹیرف اور جزییشن لائسنس کے لئے NEPRA میں درخواست دینے کے لئے پہلے سے ہی مشروط ہے۔ درآمدہ امتحانی کوئلہ پر بجلی پیدا کرنے کے لئے موجودہ طے شدہ ٹیرف کی مدت 14 اکتوبر 2016 کو ختم ہو گئی تھی۔ مزید برآں، درآمدہ امتحانی کوئلہ پر طے شدہ ٹیرف کے خاتمہ کی بابت NEPRA کے فیصلہ کے مطابق، NEPRA نے موجودہ طے شدہ ٹیرف کو 14 اکتوبر 2016 سے آگے توسیع نہ کرنے کا فیصلہ کیا ہے۔

اندرونی آڈٹ اور کنٹرول:

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

بین الاقوامی مالیاتی کنٹرولوں کا استعمال:

کمیٹی، کمیٹی کے اراکوں کی حفاظت اور دھوکہ دہی اور دیگر غیر قانونی کاموں؛ مناسب اکاؤنٹنگ پالیسیوں کا انتخاب اور اطلاق؛ مناسب اور محتاط فیصلہ اور تجدید سازی؛ مناسب داخلی مالیاتی کنٹرولز کے ڈیزائن، عملدرآمد اور بحالی، جو اکاؤنٹنگ کے ریکارڈ کی درستگی اور تکمیل کو یقینی بنانے کے لئے مؤثر طریقے سے کام کر رہے ہیں، مالی حسابات جو حقیقی اور منصفانہ نظریہ فراہم کرنے والے اور مواد کی غلطی، چاہے دھوکہ دہی یا غلطی کی وجہ سے ہو، سے پاک کی تیاری اور پیش کرنے سے متعلقہ کی روک تھام اور پیدائگی کے لئے ایکٹ کی دفعات کے مطابق مناسب اکاؤنٹنگ ریکارڈز کی بحالی پر عمل کرتی ہے۔

ماحولیاتی تحفظ کے اقدامات:

ڈیزل جزیرہ زاورگندے پانی کے ٹینک سے اخراج کے لئے ماحولیاتی مگرانی میٹل انوائزمنٹل کو ائی سی اینڈ ایف (NEQS) کی تعمیل کے لئے متواتر بنیاد پر کی جاتی ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

کمیٹی مینجمنٹ اپنی ذمہ داری سے مکمل طور پر واقف ہے جیسا کہ انٹرنیٹ ایکٹ دفعات اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کی طرف سے جاری کوڈ آف کارپوریٹ گورننس میں بتایا گیا ہے۔ مندرجہ ذیل تبصرے کارپوریٹ گورننس اور مسلسل بہتری میں اعلیٰ معیار کے لئے کمیٹی کی کاوشوں کا ثبوت ہیں۔

- کمیٹی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکٹیوٹیوں میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- کمیٹی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور آئندہ فیصلوں پر مبنی ہیں۔
- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے، اور کسی بھی انحراف کا موزوں انکشاف اور وضاحت کی گئی ہے۔

اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی مؤثر طریقے سے عملدرآمد اور مگرانی کی جاتی ہے۔

کمیٹی کے گولنگ کسٹرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔

بورڈ کے تمام ڈائریکٹرز کارپوریٹ ہاؤزنگ کے ڈائریکٹرز کے طور پر اپنے فرائض اور ذمہ داریوں سے بخوبی واقف ہیں۔ ڈائریکٹرز کو اور شیئرشپ کورسز کے ذریعے ان کے فرائض اور ذمہ داریوں کے بارے میں آگاہ کیا گیا تھا۔

ریٹائرمنٹ پینشنس فنڈ کی مدد میں سرمایہ کاری کی قدر:

پراویڈینٹ فنڈ: 30 جون 2018 کو 117,295 ملین روپے ہے۔

السٹیک ہولڈرز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2017

نئے کوڈ آف کارپوریٹ گورننس نے عالمی معیار کے مطابق مقامی کمپنیز گورننس میں کئی تبدیلیاں لانے کی نشاندہی کی ہے۔ کمیٹی نئے کوڈ میں اصطلاحات نافذ کرنے کے لئے بنیادی اقدامات کئے ہیں۔ ڈائریکٹرشپ کی تعداد اور بورڈ کی ترکیب ڈائریکٹرز کے اگلے انتخاب کے وقت بورڈ کی دوبارہ تشکیل سے منسلک کی گئی ہے۔

بورڈ نے اسٹیک ہولڈرز کے اعتماد کو فروغ دینے کے لئے، اپنے آپریشنز میں شفافیت کے حصول کے مد نظر، اچھے کارپوریٹ گورننس کو شامل اور عملدرآمد پر بہت زور دیا ہے۔

کمپنی کے ڈائریکٹرز کے نام:

مالی سال 2018 کے دوران، مندرجہ ذیل افراد نے کمپنی کے ڈائریکٹرز کی حیثیت سے خدمات سرانجام دی ہیں:

نمبر شمار	نام ڈائریکٹر
1	میاں حسن منشا
2	جناب خالدہ قدر قریشی
3	جناب محمود اختر
4	جناب شہزاد احمد ملک
5	جناب احمد عقیل
6	جناب حفیظ حسین مرزا
7	جناب یوسف بشیر

بورڈ کی ترتیب:

ڈائریکٹرز کی کل تعداد

(a) مرد 7

(b) عورت 0

ترتیب

(i) آزاد ڈائریکٹرز 2

(ii) دیگر نان ایگزیکٹو 3

(iii) نان ایگزیکٹو 2

بورڈ کی کمیٹیاں

بورڈ کی آڈٹ کمیٹی

نمبر شمار	نام ڈائریکٹر
1	* جناب یوسف بشیر
2	جناب شہزاد احمد
3	جناب احمد عقیل (چیرمین)

ہیومن ریسورس اینڈ ریلیشن کمیٹی:

نمبر شمار	نام ڈائریکٹر
1	جناب حسن منشا
2	** جناب احمد عقیل (چیرمین)
3	جناب حفیظ حسین مرزا

ڈائریکٹرز کا مشاہرہ:

کمپنی اپنے نان ایگزیکٹو ڈائریکٹرز سمیت آزاد ڈائریکٹرز کو اجلاس نمیں کے علاوہ مشاہرہ ادا نہیں کرتی ہے۔ ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز ادا کئے گئے مشاہرہ کی مجموعی رقم مندرجہ ذیل حسابات کے نوٹ 30 میں منکشف کی گئی ہے۔

ڈائریکٹرز کا انتخاب اور بورڈ اور کمیٹیوں کی ترتیب:

22 اگست، 2017 کو غیر معمولی جنرل اجلاس میں ڈائریکٹروں کا انتخاب کیا گیا، جس کے بعد حالیہ بورڈ ترتیب دیا گیا اور 29 اگست، 2017 کو منعقد ہونے والے اجلاس میں ڈائریکٹرز کی طرف سے منتخب بورڈ اور کمیٹی کے چیئرمین / چیف ایگزیکٹو کردار مندرجہ ذیل ہیں۔

بورڈ آف ڈائریکٹرز:

نمبر شمار	نام ڈائریکٹر
1	میاں حسن منشا (چیف ایگزیکٹو)
2	جناب خالد قدیر قریشی
3	جناب محمود اختر
4	جناب شہزاد احمد ملک
5	جناب احمد عقیل
6	جناب فہم فرح حسین مرزا
7	جناب یوسف بشیر

بورڈ کی آڈٹ کمیٹی:

نمبر شمار	نام ڈائریکٹر
1	جناب یوسف بشیر
2	جناب شہزاد احمد ملک
3	جناب احمد عقیل

یو این ایس ایچ ریمزیشن کمیٹی:

نمبر شمار	نام ڈائریکٹر
1	میاں حسن منشا
2	جناب احمد عقیل
3	جناب فہم فرح حسین مرزا

کوڈ آف کارپوریٹ گورننس کی تعمیل کا بیان: کبھی نے سلیڈ پینیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2017 کی ضروریات کے مطابق مکمل طور پر عمل کیا ہے۔ اس اثر کا بیان رپورٹ ہذا کے ساتھ منسلک کیا گیا ہے۔

حصص داری کا نمونہ: برطانیہ 30 جون 2018 نمونہ حصص داری کا بیان منسلک ہے۔

کبھی کے حصص میں ٹریڈنگ: 30 جون 2018 کو ختم ہونے والے سال کے دوران ڈائریکٹرز، ایگزیکٹوز اور ان کے ذریعہ اور تالیف پبلیشنگ کی طرف سے سلیڈ کبھی کے حصص میں کی گئی تمام تجارت اس سالانہ رپورٹ کے ہمراہ منسلک ہے۔

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

چیز میں کا جائزہ: 30 جون 2018 کو ختم ہونے والے سال کے لئے کبھی کے کارکردگی کے امور کا چیز میں کی طرف سے جائزہ لیا گیا ہے۔ ڈائریکٹرز جائزہ کے مواد کی تصدیق کرتے ہیں۔

تصرف: ڈائریکٹرز 1.5 روپے فی شیئر کا حتمی نقد منافع محکمہ سفارش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ یہ منافع 18 اکتوبر 2018 کو کاروبار کے اختتام پر کبھی کے رجسٹر اراکین میں درج حصص یافتگان کو ادا کیا جائے گا۔ 30 جون 2018 کو ختم ہونے والے سال کے لیے کل ڈیویڈنڈ 26 اکتوبر 2018 کو سالانہ عمومی اجلاس میں شیئر ہولڈرز کی طرف سے منظور کردہ 1.5 روپے فی شیئر یعنی 15 فی صد 531.133 ملین روپے ہو جائے گا۔

محاسب: موجودہ محاسب میسرز اے ایف فرم کوں، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں اور انہوں نے اہل ہونے کی بناء پر سال 19-2018 کے لئے دوبارہ تعیناتی کے لئے خود کو پیش کیا ہے اور ڈی آڈٹ کبھی نے ریٹائر ہونے والے محاسب کی دوبارہ تقرری کی سفارش کی ہے۔

اعمالیہ تفکر: بورڈ آف ڈائریکٹرز کبھی کے تمام اسٹیٹک ہولڈرز کے اہتمام اور مسلسل حمایت کا شکر ادا کرتا ہے، بورڈ ماہرین اور انجینئرز کی ایک بہت ہی سرشار ٹیم کے حصہ کو تسلیم کرتا ہے جس نے جوش و خروش سے کبھی کی خدمت کی، اور امید کرتا ہے کہ مستقبل میں کبھی کے لئے یہی جذبہ برقرار رکھیں گے۔

(Signature)

چیف ایگزیکٹو

لاہور، 17 ستمبر 2018ء

PATTERN OF HOLDINGS

OF THE SHARES HELD BY THE SHAREHOLDERS
OF NISHAT POWER LIMITED AS AT JUNE 30, 2018

NUMBER OF SHAREHOLDERS	SHAREHOLDING FROM	TO	TOTAL NUMBER OF SHARES HELD	PERCENTAGE OF TOTAL CAPITAL
257	1	100	5,536	0.00
1253	101	500	607,899	0.17
421	501	1000	410,410	0.12
612	1001	5000	1,748,918	0.49
249	5001	10000	2,119,615	0.60
82	10001	15000	1,095,252	0.31
55	15001	20000	1,015,563	0.29
50	20001	25000	1,185,300	0.33
31	25001	30000	890,700	0.25
24	30001	35000	803,712	0.23
16	35001	40000	615,000	0.17
9	40001	45000	384,000	0.11
38	45001	50000	1,874,587	0.53
6	50001	55000	313,000	0.09
13	55001	60000	760,500	0.21
6	60001	65000	385,204	0.11
8	65001	70000	547,500	0.15
10	70001	75000	736,740	0.21
7	75001	80000	553,000	0.16
5	80001	85000	418,000	0.12
7	85001	90000	619,000	0.17
3	90001	95000	279,394	0.08
20	95001	100000	1,990,127	0.56
3	100001	105000	305,882	0.09
4	105001	110000	430,000	0.12
1	110001	115000	115,000	0.03
3	115001	120000	358,500	0.10
4	120001	125000	496,500	0.14
4	125001	130000	515,500	0.15
1	130001	135000	135,000	0.04
4	135001	140000	551,501	0.16
2	140001	145000	282,497	0.08
2	145001	150000	300,000	0.08
4	155001	160000	627,319	0.18
2	160001	165000	324,153	0.09
2	165001	170000	335,500	0.09
2	170001	175000	343,500	0.10
2	180001	185000	367,000	0.10
2	185001	190000	375,500	0.11
7	195001	200000	1,400,000	0.40
2	200001	205000	405,001	0.11
1	205001	210000	210,000	0.06
1	210001	215000	210,280	0.06
1	215001	220000	220,000	0.06
1	230001	235000	233,000	0.07
2	235001	240000	477,500	0.13
7	245001	250000	1,747,000	0.49
1	255001	260000	257,500	0.07
1	265001	270000	267,500	0.08
1	270001	275000	272,000	0.08
1	285001	290000	290,000	0.08
1	295001	300000	300,000	0.08
1	315001	320000	320,000	0.09
1	375001	380000	380,000	0.11

NUMBER OF SHAREHOLDERS	SHAREHOLDING FROM	TO	TOTAL NUMBER OF SHARES HELD	PERCENTAGE OF TOTAL CAPITAL
1	395001 -	400000	400,000	0.11
1	400001 -	405000	403,000	0.11
1	420001 -	425000	421,000	0.12
1	440001 -	445000	440,554	0.12
1	445001 -	450000	450,000	0.13
4	495001 -	500000	2,000,000	0.56
1	500001 -	505000	503,500	0.14
5	515001 -	520000	2,600,000	0.73
2	555001 -	560000	1,115,500	0.32
1	595001 -	600000	600,000	0.17
1	675001 -	680000	676,500	0.19
1	680001 -	685000	683,000	0.19
3	695001 -	700000	2,100,000	0.59
1	715001 -	720000	716,744	0.20
1	750001 -	755000	751,000	0.21
1	855001 -	860000	856,000	0.24
1	885001 -	890000	889,000	0.25
1	920001 -	925000	923,500	0.26
1	995001 -	1000000	1,000,000	0.28
1	1005001 -	1010000	1,009,957	0.29
1	1035001 -	1040000	1,040,000	0.29
1	1095001 -	1100000	1,099,047	0.31
1	1195001 -	1200000	1,200,000	0.34
1	1320001 -	1325000	1,321,627	0.37
1	1390001 -	1395000	1,394,500	0.39
1	1460001 -	1465000	1,465,000	0.41
4	1495001 -	1500000	6,000,000	1.69
1	1530001 -	1535000	1,531,500	0.43
1	1845001 -	1850000	1,847,000	0.52
1	1890001 -	1895000	1,895,000	0.54
1	2045001 -	2050000	2,050,000	0.58
1	2295001 -	2300000	2,300,000	0.65
1	2790001 -	2795000	2,791,500	0.79
1	2795001 -	2800000	2,798,168	0.79
1	3710001 -	3715000	3,713,425	1.05
1	3825001 -	3830000	3,826,488	1.08
1	4155001 -	4160000	4,158,245	1.17
2	4995001 -	5000000	10,000,000	2.82
1	6175001 -	6180000	6,177,000	1.74
1	6190001 -	6195000	6,194,000	1.75
1	7125001 -	7130000	7,129,000	2.01
1	7420001 -	7425000	7,420,500	2.10
1	15395001 -	15400000	15,400,000	4.35
1	29995001 -	30000000	30,000,000	8.47
1	180585001 -	180590000	180,585,155	51.00
3,312			354,088,500	100.00

Categories of Shareholders as at June 30, 2018

Sr. #	Categories	Shares Held	Percentage
1	Directors, Chief Executive Officer, and their spouse and Minor Children	4,002	0.0011
2	Associates Companies, Undertkaings and related parties	180,632,955	51.0135
3	NIT and ICP	Nil	Nil
4	Banks, Development Financial Institutions, Non Banking Financial Institutions	62,257,000	17.5823
5	Insurance Companies	5,403,488	1.5260
6	Modarabas and Mutual Funds	372,070	0.1051
7	Shareholders holding 10% or more	180,632,955	51.0135
8	General Public		
	a. Local	83,328,011	23.5331
	b. Foreign	Nil	Nil
9	Others	22,090,974	6.2388

INFORMATION UNDER LISTING REGULATION NO. 5.19.11 (X) OF PSX RULE BOOK AS ON JUNE 30, 2018

Categories of Shareholders	Shares Held	Percentage
Associated Companies, Undertaking and Related Parties		
NISHAT MILLS LIMITED	47,800	0.0135
NISHAT MILLS LIMITED	180,585,155	51.0000
	<hr/>	<hr/>
	180,632,955	51.0135
Mutual Funds		
MC FSL - TRUSTEE JS GROWTH FUND	237,500	0.0671
CDC - TRUSTEE FAYSAL STOCK FUND	20,000	0.0056
CDC - TRUSTEE AKD INDEX TRACKER FUND	32,070	0.0091
CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	10,000	0.0028
MCBFSL - TRUSTEE AKD ISLAMIC STOCK FUND	72,500	0.0205
	<hr/>	<hr/>
	372,070	0.1051
Directors and their spouses and Minor Children		
Mian Hassan Mansha	1	0.0000
Khalid Qadeer Qureshi	1	0.0000
Ahmad Aqeel	500	0.0001
Yousaf Bashir	1,000	0.0003
Shahzad Ahmad Malik	500	0.0001
Ghazanfar Husain Mirza	1,000	0.0003
Mahmood Akhtar	1,000	0.0003
	<hr/>	<hr/>
	4,002	0.0011
Executives		
	Nil	Nil
Public Sector Companies and Corporations		
Joint Stock Companies	19,870,474	5.6117
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds		
Banks, DFIs and NBFIs	62,257,000	17.5823
Insurance Companies	5,403,488	1.5260
Pension Funds/ Provident Funds etc.	1,599,000	0.4516
Trusts/Foundation	621,500	0.1755
	<hr/>	<hr/>
	69,880,988	19.7355
Shareholders holding 5% or more voting rights:		
NISHAT MILLS LIMITED	180,632,955	51.0135
ALLIED BANK LIMITED	30,000,000	8.4725
	<hr/>	<hr/>
	210,632,955	59.4860

INFORMATION UNDER LISTING REGULATION NO. 5.6.1(d) OF PSX RULE BOOK AS ON JUNE 30, 2018

There are no trading in shares of the Company, carried out by its Directors, Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary, Other Employees and their spouses and minor children during the year July 01, 2017 to June 30, 2018.

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

- i) Employees at General Manager position and above,
- ii) Employees from Finance Department, Accounts Department, Internal Audit Department and Corporate Department
- iii) Any employee receiving annual gross salary of Rs. 3 million or above.

STATEMENT OF COMPLIANCE

WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

Name of company : Nishat Power Limited

Year ended : June 30, 2018

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

1. The total number of directors are Seven (7) as per the following:

a. Male:	7
b. Female:	0

2. The composition of board is as follows:

a) Independent Director	Mr. Ahmad Aqeel Mr. Yousuf Bashir
b) Other Non-executive Director	Mr. Khalid Qadeer Qureshi Mr. Ghazanfar Hussain Mirza Mr. Shahzad Ahmad Malik
c) Executive Directors	Mian Hassan Mansha Mr. Mahmood Akhtar

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company.

4. 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.

5. 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.

6. 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.

7. 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.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Board has arranged Directors' Training program for the following:
- a) Independent Director Mr. Ahmad Aqeel
 - b) Other Non-executive Director Mr. Ghazanfar Hussain Mirza
Mr. Shahzad Ahmad Malik
 - c) Executive Directors Mr. Mahmood Akhtar
10. 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.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:
- a) **Audit Committee**
 - 1. Mr. Ahmad Aqeel (Independent Director) – Chairman
 - 2. Mr. Yousuf Bashir (Independent Director)
 - 3. Mr. Shahzad Ahmad Malik (Non-Executive Director)
 - b) **HR and Remuneration Committee**
 - 1. Mr. Ahmad Aqeel – (Independent Director) - Chairman
 - 2. Mian Hassan Mansha (Executive Director)
 - 3. Mr. Ghazanfar Hussain Mirza (Non-Executive Director)
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
- a) **Audit Committee:**

Five quarterly meetings were held during the financial year ended June 30, 2018
 - b) **HR and Remuneration Committee**

One Meeting of HR and Remuneration Committee was held during the financial year ended June 30, 2018.

15. The board has set up an effective internal audit function which is considered suitably qualified, experienced for the purpose and conversant with the policies and procedures of the Company.
16. 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.
17. 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.
18. We confirm that all other requirements of the Regulations have been complied with.

Lahore
Dated: September 17, 2018


(KHALID QADEER QIRESJO)
CHAIRMAN

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NISHAT POWER LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of Nishat Power Limited (the Company), which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss, the 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, 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 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, 2018 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 17.2 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. This matter was 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 this matter.

Following is the Key audit matter:

S. No.	Key audit matter	How the matter was addressed in our audit
1.	<p>Companies Act, 2017 (Refer note 2.3 to the annexed financial statements)</p> <p>The provisions of the Fourth Schedule to the Companies Act, 2017, became applicable to the Company for the first time in the preparation of the annexed financial statements.</p> <p>As part of this transition to the requirements, the management performed a gap analysis to identify differences between the previous financial reporting framework and the current financial reporting framework and as a result, certain amendments and additional disclosures were made in the Company's annexed financial statements.</p> <p>In view of the additional disclosures in the annexed financial statements due to first time application of the Fourth Schedule to the Companies Act, 2017, we considered this as a key audit matter.</p>	<p>We reviewed and understood the requirements of the Fourth Schedule to the Companies Act, 2017. Our audit procedures included the following:</p> <ul style="list-style-type: none"> - Considered the management's process to identify the additional disclosures required in the Company's annexed financial statements; - Obtained relevant underlying supports for the additional disclosures and assessed their appropriateness for the sufficient audit evidence; and - Verified on test basis, the supporting evidence for the additional disclosures and ensured appropriateness of the disclosures made.

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 judgement 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 reasonably 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.

Chartered Accountants

Lahore

Date: September 17, 2018

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF NISHAT POWER LIMITED

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

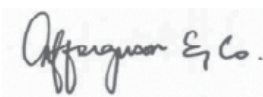
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Nishat Power Limited ('the Company') for the year ended June 30, 2018 in accordance with the requirements of regulation 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, 2018.



A.F. Ferguson & Co.
Chartered Accountants

Lahore: September 17, 2018

Engagement Partner: Khurram Akbar Khan

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2018

	Note	2018 (Rupees in thousand)	2017
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 500,000,000 (2017: 500,000,000) ordinary shares of Rs 10 each		5,000,000	5,000,000
Issued, subscribed and paid up share capital 354,088,500 (2017: 354,088,500) ordinary shares of Rs 10 each	5	3,540,885	3,540,885
Revenue reserve: Un-appropriated profit	6	12,860,551	10,357,312
		16,401,436	13,898,197
NON-CURRENT LIABILITY			
Long term financing - secured	7	3,040,170	5,092,325
CURRENT LIABILITIES			
Current portion of long term financing - secured	7	2,052,155	1,765,368
Short term borrowings - secured	8	4,578,891	1,798,577
Trade and other payables	9	637,586	509,079
Unclaimed dividend		15,001	14,467
Accrued finance cost	10	182,486	185,182
		7,466,119	4,272,673
CONTINGENCIES AND COMMITMENTS			
	11		
		26,907,725	23,263,195

The annexed notes 1 to 39 form an integral part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER

	Note	2018 (Rupees in thousand)	2017
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	12	10,658,095	11,387,160
Long term investments	13	1,000	1,343
Long term loans and advances	14	231	2,794
		<hr/>	<hr/>
		10,659,326	11,391,297
CURRENT ASSETS			
Stores, spares and loose tools	15	924,777	662,292
Inventories	16	1,569,339	975,559
Trade debts - secured	17	12,328,941	8,944,440
Advances, deposits, prepayments and other receivables	18	1,254,999	1,102,623
Income tax receivable		30,038	24,783
Cash and bank balances	19	140,305	162,201
		<hr/>	<hr/>
		16,248,399	11,871,898
		<hr/>	<hr/>
		26,907,725	23,263,195
		<hr/> <hr/>	<hr/> <hr/>


DIRECTOR

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 (Rupees in thousand)	2017
Sales	20	16,929,085	15,041,692
Cost of sales	21	(12,702,691)	(11,168,277)
Gross profit		4,226,394	3,873,415
Administrative expenses	22	(325,079)	(261,001)
Other expenses	23	(2,770)	(2,628)
Other income	24	51,033	23,034
Finance cost	25	(737,319)	(749,052)
Share of loss of associate	13	(843)	(53)
Profit before taxation		3,211,416	2,883,715
Taxation	26	-	2,714
Profit for the year		3,211,416	2,886,429
Earnings per share - basic and diluted (in Rupees)	27	9.070	8.152

The annexed notes 1 to 39 form an integral part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2018

	2018 (Rupees in thousand)	2017
Profit for the year	3,211,416	2,886,429
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	3,211,416	2,886,429

The annexed notes 1 to 39 form an integral part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2018

	Share capital	Revenue reserve: Un-appropriated profit (Rupees in thousand)	Total
Balance as on July 01, 2016	3,540,885	8,710,194	12,251,079
Profit for the year	-	2,886,429	2,886,429
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	2,886,429	2,886,429
Dividend to equity holders of the company:			
Final dividend for the year ended June 30, 2016 @ Rupees 1.5 per share	-	(531,133)	(531,133)
Interim dividend for the first quarter ended September 30, 2016 @ Rupee 1 per share	-	(354,089)	(354,089)
Interim dividend for the half year ended December 31, 2016 @ Rupee 1 per share	-	(354,089)	(354,089)
Total contributions by and distributions to owners of the company recognised directly in equity	-	(1,239,311)	(1,239,311)
Balance as on June 30, 2017	3,540,885	10,357,312	13,898,197
Profit for the year	-	3,211,416	3,211,416
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	3,211,416	3,211,416
Dividend to equity holders of the company:			
Final dividend for the year ended June 30, 2017 @ Rupees 2 per share	-	(708,177)	(708,177)
Total contributions by and distributions to owners of the company recognised directly in equity	-	(708,177)	(708,177)
Balance as on June 30, 2018	3,540,885	12,860,551	16,401,436

The annexed notes 1 to 39 form an integral part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 (Rupees in thousand)	2017
Cash flows from operating activities			
Cash generated from operations	28	679,630	1,917,408
Finance cost paid		(740,014)	(759,951)
Income tax paid		(5,256)	(6,258)
Long term loans and advances - net		2,563	339
Retirement benefits paid		(19,827)	(16,927)
Net cash (outflow)/inflow from operating activities		(82,904)	1,134,611
Cash flows from investing activities			
Purchase of fixed assets		(249,501)	(731,047)
Proceeds from disposal of operating fixed assets		1,101	17,568
Investment in equity securities of subsidiary		(500)	-
Profit on bank deposits received		2,605	25,929
Net cash outflow from investing activities		(246,295)	(687,550)
Cash flows from financing activities			
Repayment of long term financing		(1,765,368)	(1,518,659)
Dividend paid		(707,643)	(1,238,772)
Net cash outflow from financing activities		(2,473,011)	(2,757,431)
Net decrease in cash and cash equivalents		(2,802,210)	(2,310,370)
Cash and cash equivalents at the beginning of the year		(1,636,376)	673,994
Cash and cash equivalents at the end of the year	29	(4,438,586)	(1,636,376)

The annexed notes 1 to 39 form an integral part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

1. THE COMPANY AND ITS ACTIVITIES

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

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

These financial statements are the separate financial statements of the company. Consolidated financial statements are not prepared for the reasons disclosed in note 13.2 to these financial statements.

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 Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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

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

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

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 1, 2017 but are considered not to be relevant or to have any significant effect on the company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements, except for the following:

- International Accounting Standard ('IAS') 7, 'Cash flow statements: Disclosure initiative' (effective for periods beginning on or after January 1, 2017). This amendment requires disclosure to explain changes in liabilities for which cash flows have been, or will be classified as financing activities in the statement of cash flows. The amendment only covers statement of financial position items for which cash flows are classified as financing activities. In case other items are included within the reconciliation, the changes in liabilities arising from financing activities will be identified separately. A reconciliation of the opening to closing balance is not specifically required but instead the information can be provided in other ways. In the first year of adoption, comparative information need not be provided. The company has given the required disclosure in these financial statements.
- IAS 12 'Income taxes' (Amendment), on recognition of deferred tax assets for unrealised losses. These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments clarify the existing guidance under IAS 12. They do not change the underlying principles for the recognition of deferred tax assets. Further, there are no debt instruments measured at fair value. The company's current accounting treatment is already in line with the requirements of this standard.

2.2.2 Exemption from applicability of certain interpretations to standards

The Securities and Exchange Commission of Pakistan ('SECP') through SRO 24(l)/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.

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:

	2018 (Rupees in thousand)	2017
De-recognition of property, plant and equipment	(10,289,588)	(11,151,554)
Recognition of lease debtor	8,188,465	9,997,140
(Decrease)/increase in un-appropriated profit at the beginning of the year	(1,154,414)	127,195
Decrease in profit for the year	(946,709)	(1,281,609)
Decrease in un-appropriated profit at the end of the year	(2,101,123)	(1,154,414)

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, 2018, 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 9, 'Financial instruments': (effective for periods beginning on or after January 1, 2018). This standard has been notified by the SECP to be effective for annual periods beginning on or after July 1, 2018. This standard replaces the guidance in IAS 39, 'Financial instruments: Recognition and measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The company is yet to assess the full impact of the standard.
- IFRS 15, 'Revenue from contracts with customers': (effective for periods beginning on or after January 1, 2018). This standard has been 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. It is unlikely that the interpretation will have any significant impact on the company's financial statements.
- IFRS 16, 'Leases': (effective for periods beginning on or after January 1, 2019). 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. The company is yet to assess the full impact of this standard.
- IFRIC 22, 'Foreign currency transactions and advance consideration' (effective for periods beginning on or after January 1, 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. The company is yet to assess the full impact of the interpretation.

- IFRIC 23, 'Uncertainty over income tax treatments': (effective for periods beginning on or after 1 January 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The company is yet to assess the full impact of the interpretation.

2.3 Changes due to Companies Act, 2017

The Act has also brought certain changes with regard to the preparation and presentation of the company's financial statements. These changes also include change in nomenclature of primary statements, etc. Further, the disclosure requirements contained in the Fourth Schedule to the Act have been revised, resulting in the:

- Elimination of duplicative disclosures with the IFRS disclosure requirements; and
- Incorporation of significant additional disclosures.

In view of the above, the presentation of these financial statements has been realigned with the provisions contained in the Act. The application of the Act, however, does not have any impact in the recognition and measurement of the amounts included in these financial statements.

3. BASIS OF MEASUREMENT

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

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

a) Useful lives and residual values of fixed assets

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

4. SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Taxation

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 recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the statement of financial 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 the 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 12.1 after taking into account their residual values. Depreciation on identifiable capital spares in plant and machinery is charged on the basis of number of hours used.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The company's estimate of the residual value of its operating fixed assets as at June 30, 2018, 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 4.4).

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.

4.3 Intangible assets

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

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 4.4).

4.4 Impairment of non-financial assets

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

assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

4.5 Leases

The company is the lessee:

4.5.1 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.

4.6 Stores, spares and loose tools

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

4.7 Inventories

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

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

4.8 Investments

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

4.8.1 Investment in equity instruments of subsidiaries

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

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

4.8.2 Investment in equity instruments of associates

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

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

4.9 Financial assets

4.9.1 Classification

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

a) Financial assets at fair value through profit or loss

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

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets,

except for maturities greater than twelve months after the statement of financial position date, which are classified as non-current assets. Loans and receivables comprise 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 are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the 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 are stated at amortised cost.

4.9.2 Recognition and measurement

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

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

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

The company assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognised in the statement of profit or loss. Impairment losses recognised in the statement of profit or loss on equity instruments are not reversed through the statement of profit or loss. Impairment testing of trade debts and other receivables is described in note 4.12.

4.10 Financial liabilities

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

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

4.11 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.

4.12 Trade debts and other receivables

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

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 and accumulating annual leaves 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 10 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 amortised 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, bank overdrafts, running finance under mark-up arrangements and short term loans which form an integral part of the Company's cash management.

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

Revenue on account of energy is recognized on transmission of electricity to NTDC, whereas on account of capacity is recognized when due. Income on bank deposits and delayed payment markup on amounts due under the PPA is accrued on a time proportion basis by reference to the principal/amount outstanding and the applicable rate of return.

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 recognised 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 354,088,500 (2017: 354,088,500) ordinary shares of Rs 10 each fully paid in cash. 180,632,955 (2017: 180,632,955) ordinary shares of the company are held by Nishat Mills Limited, the holding company.

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

	2018	2017
	(Rupees in thousand)	
7. LONG TERM FINANCING - SECURED		
The reconciliation of the carrying amount is as follows:		
Opening balance	6,857,693	8,376,352
Less: Repayments during the year	1,765,368	1,518,659
	5,092,325	6,857,693
Less: Current portion shown under current liabilities	2,052,155	1,765,368
	3,040,170	5,092,325

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

	2018	2017
	(Rupees in thousand)	
Lender		
National Bank of Pakistan	883,784	1,190,168
Habib Bank Limited	1,178,486	1,587,034
Allied Bank Limited	1,178,486	1,587,034
United Bank Limited	1,157,485	1,558,754
Faysal Bank Limited	694,084	934,703
	5,092,325	6,857,693
Less: Current portion shown under current liabilities	2,052,155	1,765,368
	3,040,170	5,092,325

- 7.1 This represents long term financing obtained from a consortium of banks led by Habib Bank Limited (Agent Bank). The portion of long term financing from Faysal Bank Limited is on murabaha basis. The overall financing is secured against registered first joint parri passu charge on immovable property, mortgage of project receivables, hypothecation of all present and future assets and all properties of the company (excluding the mortgaged immovable property), lien over project bank accounts and pledge of shares held by the holding company in Nishat Power Limited. It carries mark-up at the rate of three months Karachi Inter-Bank Offered Rate (KIBOR) plus three percent per annum, payable on quarterly basis. The mark-up rate charged during the year on the outstanding balance ranged from 9.12% to 9.50% (2017: 9.04% to 9.12%) per annum. The finance is repayable in nine quarterly instalments ending on July 01, 2020.

		2018	2017
		(Rupees in thousand)	
8.	SHORT TERM BORROWINGS - SECURED		
	Short term borrowings under mark-up arrangements obtained as under:		
	Running finances - note 8.1	2,774,392	563,580
	Term finances - note 8.2	1,804,499	1,234,997
		4,578,891	1,798,577
8.1	Running finances		

The total running finance and running musharka main facilities obtained from various commercial banks under mark-up arrangements aggregate Rs 6,651.520 million (2017: Rs 4,526.52 million). Such facilities have been obtained at mark-up rates ranging from three months KIBOR plus 0.25% to 2% per annum, payable quarterly, on the balance outstanding. The aggregate facilities are secured against charge on present and future fuel stock/inventory and present and future energy purchase price receivables. The mark-up rate charged during the year on the outstanding balance ranged from 6.39% to 8.43% (2017: 6.44% to 8.12%) per annum. Various sub facilities comprising money market loans and letters of guarantee have also been utilized under the aforementioned main facilities.

8.2 Term finances

The total murabaha and term finance main facilities obtained from various commercial banks under mark-up arrangements aggregate Rs 2,450 million (2017: Rs 2,700 million). Such facilities have been obtained at mark-up rates ranging from one week to six months KIBOR plus 0.05% to 1.25%, payable at the maturity of the respective murabaha transaction/term finance facility. The aggregate facilities are secured against first pari passu charge on current assets comprising of fuel stocks/inventory. The mark-up rate charged during the year on the outstanding balance ranged from 6.45% to 7.43% (2017: 6.17% to 7.52%) per annum. Various sub facilities comprising running musharka and running finance have also been utilized under the aforementioned main facilities.

8.3 Letters of credit and guarantee

The main facilities for opening letters of credit and guarantee aggregate Rs 800 million (2017: Rs 800 million). The amount utilised at June 30, 2018, for letters of credit was Rs 140.210 million (2017: Rs 151.13 million) and for letters of guarantee was Rs 202.984 million (2017: Rs 199.98 million). The aggregate facilities for opening letters of credit and guarantee are secured by charge on present and future current assets including fuel stocks/inventory of the company and by lien over import documents.

		2018	2017
		(Rupees in thousand)	
9.	TRADE AND OTHER PAYABLES		
	Creditors - note 9.1	469,811	352,689
	Payable to contractors	3,495	933
	Workers' profit participation fund - note 9.2	160,571	144,186
	Withholding tax payable	652	-
	Other accrued liabilities	3,057	11,271
		637,586	509,079
9.1	Includes amounts due from the following related parties:		
	Nishat (Aziz Avenue) Hotels and Properties Limited (common directorship)	-	3,115
	Adamjee Insurance Company Limited (group company)	5,289	5,158
		5,289	8,273
9.2	Workers' Profit Participation Fund		
	Opening balance	144,186	142,553
	Provision for the year - note 18.3	160,571	144,186
	Interest for the year - note 25	-	126
		304,757	286,865
	Less: Payments made during the year	144,186	142,679
	Closing balance	160,571	144,186
9.3	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.		

		2018	2017
		(Rupees in thousand)	
10.	ACCRUED FINANCE COST		
	Accrued mark-up / interest on:		
	Long term financing - secured	120,733	156,128
	Short term borrowings - secured	61,753	29,054
		182,486	185,182

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

Contingent liabilities:

- (i) In financial year 2014, a sales tax demand of Rs 1,218.132 million was raised against the company through order dated December 11, 2013, passed by the Assistant Commissioner Inland Revenue ('ACIR') disallowing input sales tax for the tax periods of July 2010 through June 2012. The disallowance was primarily made on the grounds that since revenue derived by the company on account of 'capacity purchase price' was not chargeable to sales tax, input sales tax claimed by the company was required to be apportioned with only the input sales tax attributable to other revenue stream i.e. 'energy purchase price' admissible to the company. Upon appeal before Commissioner Inland Revenue (Appeals) ['CIR(A)'], such issue was decided in company's favour, however, certain other issues agitated by the company were not adjudicated. Both the company and department have filed appeals against the order of CIR(A) before Appellate Tribunal Inland Revenue ('ATIR'), which have not been adjudicated.

Subsequently, the above explained issue was taken up by department for tax periods of July 2009 to June 2013 (involving input sales tax of Rs 1,722.811 million), however, the company assailed the underlying proceedings before Lahore High Court ('LHC') directly and in this respect, through order dated October 31, 2016, LHC accepted the company's stance and annulled the proceedings. The department has challenged the decision of LHC before Supreme Court of Pakistan and has also preferred an Intra Court Appeal against such order which are pending adjudication.

Similarly, for financial year 2014, company's case was selected for 'audit' and such issue again formed the core of audit proceedings (involving input sales tax of Rs 596.091 million). Company challenged the jurisdiction in respect of audit proceedings before LHC and while LHC directed the management to join the subject proceedings, department was debarred from passing the adjudication order and thus such litigation too is pending as of now.

Since, the issue has already been decided in company's favour on merits by LHC, no provision on these accounts have been made in these financial statements.

- (ii) The banks have issued the following on behalf of the company:
 - (a) Letter of guarantee of Rs 11 million (2017: Rs 9 million) in favour of Director Excise and Taxation, Karachi, under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess.
 - (b) Letters of guarantee of Rs 190.484 million (2017: Rs 190.484 million) in favour of fuel suppliers.
 - (c) Letter of guarantee of Rs 1.5 million (2017: 0.5 million) in favour of Punjab Revenue Authority, Lahore.

Contingent asset:

- (i) During the year on August 07, 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 an amount of Rs 1,084.748 million relating to delayed payment charges on outstanding delayed payment invoices. The company believes it is entitled to claim delayed payment charges on outstanding delayed payments receivables from NTDC as per terms of the PPA. 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 receivables.

The LCIA appointed a sole Arbitrator and a hearing was also held in March 2018. Subsequent to year end, the Arbitrator has issued Partial Final Award in which he has rejected the NTDC's objection to the maintainability of the Arbitration Proceedings.

While the Arbitration Proceedings on merits of the case are underway, the company has submitted the Partial Final Award before LHC and obtained interim relief from honorable LHC, whereby, LHC has restrained NTDC from taking steps for delaying the arbitration proceedings and challenging the award in Civil Courts of Pakistan. As the above amount is disputed, therefore, on prudence basis, the company has not accounted for these amounts as receivable in these financial statements.

11.2 Commitments

- (i) Letters of credit and contracts for capital expenditure aggregating Nil (2017: Rs 63.602 million).
- (ii) Letters of credit and contracts for other than capital expenditure aggregating Rs 140.210 million (2017: Rs 87.524 million).
- (iii) The amount of future payments under non-cancellable operating lease and the period in which these payments will become due are as follows:

		2018 (Rupees in thousand)	2017
	Not later than one year	3,894	3,115
12. FIXED ASSETS			
	Property, plant and equipment:		
	Operating fixed assets - note 12.1	10,449,604	11,290,732
	Capital work-in-progress - note 12.2	14,284	-
	Major spare parts and standby equipment - note 12.3	189,932	90,645
		10,653,820	11,381,377
	Intangible asset:		
	Computer software - note 12.4	4,275	5,783
		10,658,095	11,387,160

12.1 Operating fixed assets

	Freehold land - note 12.1.2	Buildings and roads on freehold land	Plant and machinery	Improvements on leasehold property	Electric installations	Computer equipment	Furniture and fixtures	Office equipment	Vehicles	(Rupees in thousand) Total
COST										
Balance as at July 01, 2016	80,686	197,565	16,993,574	40,909	661	25,949	8,781	35,421	70,408	17,453,954
Additions during the year	-	607	714,665	-	-	1,525	1,381	15,592	48,656	782,426
Disposals during the year	-	-	(828,667)	-	-	(324)	-	-	(4,805)	(833,996)
Balance as at June 30, 2017	80,686	198,172	16,879,372	40,909	661	27,150	10,162	51,013	114,259	17,402,384
Balance as at July 01, 2017	80,686	198,172	16,879,372	40,909	661	27,150	10,162	51,013	114,259	17,402,384
Additions during the year	-	-	118,222	-	-	3,137	1,287	3,929	9,355	135,930
Disposals during the year	-	-	(51,734)	-	-	(669)	-	-	(6,589)	(58,992)
Balance as at June 30, 2018	80,686	198,172	16,945,860	40,909	661	29,618	11,449	54,942	117,025	17,479,322
DEPRECIATION AND IMPAIRMENT										
Balance as at July 01, 2016	-	46,335	5,828,825	20,973	384	10,530	3,822	17,148	20,276	5,948,293
Depreciation charge for the year	-	7,727	941,826	4,091	66	7,976	885	4,732	17,134	984,437
Disposals during the year	-	-	(818,038)	-	-	(324)	-	-	(2,716)	(821,078)
Balance as at June 30, 2017	-	54,062	5,952,613	25,064	450	18,182	4,707	21,880	34,694	6,111,652
Balance as at July 01, 2017	-	54,062	5,952,613	25,064	450	18,182	4,707	21,880	34,694	6,111,652
Depreciation charge for the year	-	7,982	927,350	4,091	59	7,872	996	4,868	22,792	976,010
Disposals during the year	-	-	(51,734)	-	-	(669)	-	-	(5,541)	(57,944)
Balance as at June 30, 2018	-	62,044	6,828,229	29,155	509	25,385	5,703	26,748	51,945	7,029,718
Book value as at June 30, 2017	80,686	144,110	10,926,759	15,845	211	8,968	5,455	29,133	79,565	11,290,732
Book value as at June 30, 2018	80,686	136,128	10,117,631	11,754	152	4,234	5,745	28,195	65,080	10,449,604
Annual depreciation rate %	-	4 to 5.24	4 to 5.85 and number of hours used	10	10	33	10	10	20	

12.1.1 Improvements on leasehold property represents costs of improvement incurred on property owned by Nishat (Aziz Avenue) Hotels and Properties Limited, a related party on the basis of common directorship.

12.1.2 Freehold land represents 137,879 square meters of land situated at Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, out of which approximately 85,407 square meters represents covered area.

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

2018
(Rupees in thousand)

		2018 (Rupees in thousand)	2017 (Rupees in thousand)
Cost of sales	- note 21	947,831	962,981
Administrative expenses	- note 22	28,179	21,456
		<u>976,010</u>	<u>984,437</u>

12.1.4 Disposal of operating fixed assets

Particulars	2018 (Rupees in thousand)				Mode of disposal
	Cost	Net book value	Sale proceeds	Gain on disposal	
Plant and machinery					
Items with net book value less than Rs 500,000 Retired as no longer usable	51,734	-	-	-	Scrapped
Vehicles sold to:					
Director					
Mahmood Akhtar	2,462	494	494	-	As per company policy
Employees					
Items with net book value less than Rs 500,000	4,127	554	607	53	-do-
Computer equipment sold to:					
Employees					
Items with net book value less than Rs 500,000	669	-	-	-	As per company policy
	<u>58,992</u>	<u>1,048</u>	<u>1,101</u>	<u>53</u>	
Particulars	2017 (Rupees in thousand)				Mode of disposal
	Cost	Net book value	Sale proceeds	Gain on disposal	
Plant and machinery					
Security General Insurance Company Limited - related party (on the basis of common directorship)	51,084	10,829	15,320	4,491	Insurance claim
Items with net book value less than Rs 500,000 Retired as no longer usable	777,783	-	-	-	Scrapped
Vehicles sold to:					
Employees					
Mubasher Saddique	1,678	951	951	-	As per company policy
Items with net book value less than Rs 500,000	2,063	447	447	-	-do-
Destroyed due to fire					
Security General Insurance Company Limited - related party (on the basis of common directorship)	1,064	691	850	159	Insurance claim
Computer equipment sold to:					
Employees					
Items with net book value less than Rs 500,000 Retired as no longer usable	324	324	-	-	As per company policy
	<u>833,996</u>	<u>13,242</u>	<u>17,568</u>	<u>4,650</u>	

	2018 (Rupees in thousand)	2017
12.2 Capital work-in-progress		
This represents advances to suppliers.		
The reconciliation of the carrying amount is as follows:		
Opening balance	-	1,950
Additions during the year	109,743	46,617
	109,743	48,567
Transfers during the year	(95,459)	(48,567)
Closing balance	14,284	-
12.3 Major spare parts and standby equipment		
Opening balance	90,645	140,074
Additions during the year	122,194	665,236
	212,839	805,310
Transfers during the year	(22,907)	(714,665)
Closing balance	189,932	90,645
12.4 Intangible asset		
Computer software		
Cost		
Opening balance	7,542	7,542
Addition during the year	-	-
Closing balance	7,542	7,542
Amortization		
Opening balance	1,759	251
Charge for the year	1,508	1,508
	- note 21	
Closing balance	3,267	1,759
Book value	4,275	5,783
Annual amortization rate	20%	20%

		2018	2017
		(Rupees in thousand)	
13.	LONG TERM INVESTMENTS		
	Investment in associate - note 13.1	-	843
	Investment in subsidiary - note 13.2	1,000	500
		1,000	1,343
13.1	Related party - Associate		
	Unquoted:		
	Nishat Energy Limited		
	250,000 (2017: 250,000) fully paid ordinary shares of Rs 10 each [Equity held 25% (2017: 25%)] - Cost	2,500	2,500
	Opening balance	843	896
	Share of loss for the year	(843)	(53)
	Closing balance	-	843

The company directly holds 25% ordinary shares in Nishat Energy Limited ('NEL'). NEL is an unquoted public company limited by shares incorporated in Pakistan to build, own, operate and maintain a coal fired power station. The address of the registered office of NEL is 1-B, Aziz Avenue, Canal Bank, Gulberg V, Lahore. The investment in NEL is accounted for using equity method. Share of loss of associate is based on the un-audited financial statements of NEL for the year ended June 30, 2018. NEL is no longer considered a going concern by its management based on the audited financial statements for the year ended June 30, 2017.

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

Name	Percentage interest held	2018			
		(Rupees in thousand)			
		Assets	Liabilities	Revenues	Loss
Nishat Energy Limited	25%	95	624	-	(843)

Name	Percentage interest held	2017			
		(Rupees in thousand)			
		Assets	Liabilities	Revenues	Loss
Nishat Energy Limited	25%	132	644	-	(53)

		2018	2017
		(Rupees in thousand)	
13.2	Subsidiary		
	Unquoted:		
	Lalpir Solar Power (Private) Limited		
	100,000 (2017: 50,000) fully paid ordinary shares of Rs 10 each [Equity held 100% (2017 : 100%)] - Cost	1,000	500

The company directly holds 100% shares in its wholly owned subsidiary, Lalpir Solar Power (Private) Limited ('LSPPL'). LSPPL is a private company limited by shares incorporated in Pakistan to build, own, operate and maintain or invest in a solar power project. The address of the registered office of LSPPL is 1-B, Aziz Avenue, Canal Bank, Gulberg V, Lahore. The investment in LSPPL is accounted for using cost method.

The management of the company had applied to the SECP for the exemption from the requirements of section 228(7) of the Companies Act, 2017, in respect of consolidating LSPPL. The SECP, vide its letter EMD/233/744/09-1501 dated June 06, 2018, granted the exemption from consolidation of LSPPL in its financial statements for the year ended June 30, 2018 till third quarter of financial year ending June 30, 2019, under section 228(7) of the Companies Act, 2017 based on the fact that investment of the company in LSPPL is negligible in percentage of the total assets of the company and will not be a value addition in any way for the users of the company's financial statements.

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

LSPPL's loss, revenue and its assets and liabilities as per un-audited financial statements for the year ended June 30, 2018, are as under:

Name	Percentage interest held	2018 (Rupees in thousand)			
		Assets	Liabilities	Revenues	Loss
Lalpir Solar Power (Private) Limited	100%	4,874	4,631	-	64

Name	Percentage interest held	2017 (Rupees in thousand)			
		Assets	Liabilities	Revenues	Loss
Lalpir Solar Power (Private) Limited	100%	4,432	4,505	-	2

13.3 Investments in associated companies have been made in accordance with the requirements under the Act.

		2018 (Rupees in thousand)	2017 (Rupees in thousand)
14.	LONG TERM LOANS AND ADVANCES		
	Loans to employees - considered good	752	4,735
	Less: Current portion shown under current assets	(521)	(1,941)
	- note 18	231	2,794

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

	2018 (Rupees in thousand)	2017
15. STORES, SPARES AND LOOSE TOOLS		
Stores	8,579	7,897
Spares [including in transit Rs 4.680 million (2017: Rs 2.245 million)]	901,164	641,511
Loose tools	15,034	12,884
	924,777	662,292

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

	2018 (Rupees in thousand)	2017
16. INVENTORIES		
Furnace oil	1,553,946	956,428
Diesel	2,166	1,543
Lubricating oil	13,227	17,588
	1,569,339	975,559

17. TRADE DEBTS - SECURED

17.1 These represent trade receivables from NTDC and are considered good. These are secured by a guarantee from the Government of Pakistan under the Implementation Agreement and are in the normal course of business and interest free, however, a delayed payment mark-up at the rate of three months KIBOR plus 4.5% per annum is charged in case the amounts are not paid within due dates. The rate of delayed payment mark-up charged during the year on outstanding amounts ranges from 10.57% to 14.66% (2017: 10.48% to 14.71%) per annum.

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

Since management considers that the primary reason for claiming these payments is that plant was available, however, could not generate electricity due to non-payment by NTDC, therefore, management believes that company cannot be penalized in the form of payment deductions due to NTDC's default of making timely payments under the PPA. Hence, the company had taken up this issue at appropriate forums.

On June 28, 2013, the company entered into a Memorandum of Understanding ('MoU') for cooperation on extension of credit terms with NTDC whereby it was agreed that the constitutional petition filed by the company before the Supreme Court of Pakistan on the abovementioned issue would be withdrawn unconditionally and it would be resolved through the dispute resolution mechanism under the PPA. Accordingly, as per terms of the MoU, the company applied for withdrawal of the aforesaid petition in 2013 and on January 25, 2018, the Supreme Court disposed off the petitions filed before it. During the financial year 2014, the company in consultation with NTDC, appointed an Expert for dispute resolution under the PPA.

During the financial year 2016, the Expert gave his determination whereby the aforesaid amount was determined to be payable to the company by NTDC. Pursuant to the Expert's determination, the company demanded the payment of the aforesaid amount of Rs 816.033 million from NTDC that has not yet been paid by NTDC. The company filed a request for arbitration in the 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 LHC in respect of the decision of the Civil Court, Lahore and the LHC passed an order in those proceedings. The Company challenged the LHC's order before the Division Bench of LHC, which decided the matter in favour of the company through its order dated May 31, 2017 whereby, the aforementioned order of the LHC was suspended.

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

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

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

On October 29, 2017, the Arbitrator declared his Final Award whereby he ordered NTDC to pay to the company: i) Rs 816.033 million pursuant to Expert's determination; ii) Rs 189.385 million being Pre award interest; iii) Rs 9.203 million for breach of arbitration agreement; iv) Rs 1.684 million and USD 612,310 for the company's cost of proceedings; v) GBP 30,157 for company's LCIA cost of Arbitration and vi) Interest at KIBOR + 4.5% compounded semiannually from the date of Final Award until payment of these amounts by NTDC ("the Final Award") that works out to Rs 78.630 million upto June 30, 2018.

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

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

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

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

		2018	2017
		(Rupees in thousand)	
18.	ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
	Advances - considered good:		
	- To employees	16,694	14,924
	- To suppliers - note 18.1	3,404	106,212
	Current portion of long term loans		
	- considered good - note 14	521	1,941
	Balances with statutory authorities:		
	- Customs duty recoverable	12	91
	- Sales tax	497,662	332,021
	Claims recoverable from NTDC for pass through items:		
	- Workers' Profit Participation Fund - note 18.2	718,290	567,720
	Interest receivable	1,034	1,091
	Security deposits and bank guarantee margins	6,522	32,325
	Prepayments	6,186	5,659
	Insurance claim receivable - note 18.3	-	833
	Other receivables - note 18.4	4,674	39,806
		1,254,999	1,102,623

18.1 Includes advance of Nil (2017: Rs 6.00 million) to Pakistan Aviators and Aviation (Private) Limited, a related party (on the basis of common directorship) against services.

		2018	2017
		(Rupees in thousand)	
18.2	Workers' Profit Participation Fund		
	Opening balance	567,720	579,369
	Accrued for the year - note 9.2	160,571	144,186
		728,291	723,555
	Less: Amount received during the year	10,000	155,835
	Closing balance	718,291	567,720

18.2.1 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.

18.3 This was receivable from Security General Insurance Company Limited, a related party on the basis of common directorship.

18.4 Includes amounts due from the following related parties:

	2018 (Rupees in thousand)	2017
Nishat Energy Limited (associate)	-	2,283
Lalpir Solar Power (Private) Limited (subsidiary)	4,373	4,373
	<u>4,373</u>	<u>6,656</u>

18.5 The maximum aggregate amount due from related parties at the end of any month during the year was Rs 6.656 million (2017: Rs 7.259 million).

2018 (Rupees in thousand)	2017
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19. CASH AND BANK BALANCES

Cash at bank:			
- On saving accounts	- note 19.1	135,355	160,671
- On current accounts		4,224	772
		<u>139,579</u>	<u>161,443</u>
Cash in hand	- note 19.2	726	758
		<u>140,305</u>	<u>162,201</u>

19.1 Profit on balances in saving accounts ranges from 3.00% to 4.75% (2017: 2.96% to 4.50%) per annum.

19.2 Cash at bank includes Rs 23.448 million (2017: Rs 41.792 million) in MCB Bank Limited, a related party (group company)..

2018 (Rupees in thousand)	2017
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20. SALES

Energy purchase price	14,572,566	12,755,533
Less: Sales tax	2,054,816	1,818,001
	<u>12,517,750</u>	<u>10,937,532</u>
Capacity purchase price	4,411,335	4,104,160
	<u>16,929,085</u>	<u>15,041,692</u>

		2018	2017
		(Rupees in thousand)	
21.	COST OF SALES		
	Raw materials consumed	10,882,284	9,363,373
	Salaries and other benefits - note 21.1	234,372	193,198
	Repairs and maintenance	21,847	49,731
	Stores, spares and loose tools consumed - note 21.2	372,965	360,074
	Electricity consumed in-house	4,245	1,187
	Insurance - note 21.3	163,651	163,269
	Travelling and conveyance	20,185	21,608
	Printing and stationery	702	804
	Postage and telephone	628	634
	Vehicle running expenses	2,178	2,022
	Entertainment	1,819	952
	Depreciation on operating fixed assets - note 12.1.3	947,831	962,981
	Amortization of intangible asset - note 12.4	1,508	1,508
	Fee and subscription	4,184	3,606
	Miscellaneous - note 21.4	44,292	43,330
		12,702,691	11,168,277

21.1 Salaries and other benefits include Rs 14.104 million (2017: Rs 12.007 million) in respect of provident fund contribution by the company.

21.2 This includes goods of Rs 2.261 million (2017: Nil) purchased from D.G. Khan Cement Company Limited, a related party on the basis of common directorship.

21.3 This represents amount charged by Security General Insurance Company Limited, a related party on the basis of common directorship, in respect of insurance of the company's assets.

21.4 This includes wages of contractual employees of Rs 27.698 million (2017: Rs 26.862 million).

		2018	2017
		(Rupees in thousand)	
22.	ADMINISTRATIVE EXPENSES		
	Salaries and other benefits - note 22.1	106,734	98,129
	Travelling and conveyance - note 22.2	55,995	56,319
	Entertainment - note 22.3	1,222	1,135
	Rent, rates and taxes - note 22.4	12,661	12,521
	Printing and stationery	1,033	1,036
	Postage and telephone	1,166	1,775
	Vehicle running expenses	5,250	3,966
	Legal and professional charges - note 22.5	89,563	44,181
	Insurance - note 22.6	8,410	8,406
	Advertisement	960	332
	Fee and subscription	3,939	4,495
	Depreciation on operating fixed assets - note 12.1.3	28,179	21,456
	Miscellaneous	9,967	7,250
		325,079	261,001

- 22.1** Salaries and other benefits include Rs 5.723 million (2017: Rs 4.920 million) in respect of provident fund contribution by the company.
- 22.2** Includes Rs 47.061 million (2017: Rs 45.209 million) in respect of aviation services from Pakistan Aviators and Aviation (Private) Limited, a related party on the basis of common directorship.
- 22.3** Includes Nil (2017: Rs 0.762 million) in respect of lodging services from Nishat Hospitality (Private) Limited, a related party on the basis of common directorship.
- 22.4** Includes operating lease rentals of Rs 12.461 million (2017: Rs 12.461 million) in respect of property leased from Nishat (Aziz Avenue) Hotels and Properties Limited, a related party on the basis of common directorship.
- 22.5** Legal and professional charges include the following in respect of auditor's services (excluding sales tax) for:

	2018 (Rupees in thousand)	2017
Statutory audit	1,565	1,500
Half yearly review	875	840
Tax services	861	1,560
Certifications required by various regulations	167	430
Reimbursement of expenses	194	219
	3,662	4,549
22.6 This represents insurance services obtained from following related parties:		
Adamjee Life Assurance Company Limited (group company)	5,829	5,615
Security General Insurance Company Limited (based on common directorship)	2,581	2,791
	8,410	8,406
23. This represents exchange loss.		
24. OTHER INCOME		
Profit on bank deposits	2,548	16,430
Gain on disposal of operating fixed assets	53	4,650
Scrap sales	4,845	1,954
Insurance receipts against business interruption loss - note 24.1	43,587	-
	51,033	23,034
24.1 This represents amount received from Security General Insurance Company Limited, a related party on the basis of common directorship, against business interruption loss.		

	2018	2017
	(Rupees in thousand)	
25. FINANCE COST		
Interest / mark-up on:		
- Long term financing - secured	533,774	677,116
- Short term borrowings - secured	201,149	69,371
- Workers' Profit Participation Fund - note 9.2	-	126
Financing fee and bank charges	2,396	2,439
	737,319	749,052
26. TAXATION		
Current:		
- For the year	-	-
- Prior years	-	(2,714)
	-	(2,714)
26.1 Relationship between tax expense/(income) and accounting profit		
Profit before taxation	3,211,416	2,883,715
Tax at the applicable rate of 30% (2017: 31%)	963,425	893,952
Tax effect of amounts that are:		
Exempt as referred to in note 4.1	(962,661)	(888,859)
Allowable as tax credit	(764)	(5,093)
Prior years' tax	-	(2,714)
	-	(2,714)

26.2 For the purposes of current taxation, the tax credit available for carry forward is estimated at Rs 84.722 million (2017: Rs 90.653 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.

26.3 Management assessment on sufficiency of provision for income taxes

A comparison of provision on account of income taxes with most recent tax assessment for last three tax years is as follows:

	2017	2016	2015
	(Rupees in thousand)		
Tax assessed as per most recent tax assessment	Nil	Nil	Nil
Provision in accounts for income tax	Nil	Nil	Nil

As at June 30, 2018, as per the treatments adopted in tax returns filed that are based on the applicable tax laws and decisions of appellate authorities on similar matters, there is no provision in accounts for income tax as there are strong grounds that the said treatments are likely to be accepted by the tax authorities.

		2018	2017
27.	EARNINGS PER SHARE		
27.1	Basic earnings per share		
	Net profit for the year	Rupees 3,211,416,000	2,886,429,000
	Weighted average number of ordinary shares	Number 354,088,500	354,088,500
	Earnings per share	Rupees 9.070	8.152
27.2	Diluted earnings per share		

A diluted earnings per share has not been presented as the company does not have any convertible instruments in issue as at June 30, 2018 and June 30, 2017 which would have any effect on the earnings per share if the option to convert is exercised.

		2018	2017
		(Rupees in thousand)	
28.	CASH GENERATED FROM OPERATIONS		
	Profit before taxation	3,211,416	2,883,715
	Adjustment for non cash charges and other items:		
	Depreciation on operating fixed assets - note 12.1.3	976,010	984,437
	Amortization on intangible assets - note 12.4	1,508	1,508
	Profit on bank deposits	(2,548)	(16,430)
	Finance cost	737,319	749,052
	Provision for employee retirement benefits	19,827	16,927
	Gain on disposal of operating fixed assets	(53)	(4,650)
	Share of loss of associate - note 13	843	53
	Profit before working capital changes	4,944,322	4,614,612
	Effect on cash flow due to working capital changes:		
	Increase in current assets		
	Stores, spares and loose tools	(262,485)	(132,121)
	Inventories	(593,780)	(272,881)
	Trade debts	(3,384,501)	(2,560,190)
	Advances, deposits, prepayments and other receivables	(152,433)	(3,901)
		(4,393,199)	(2,969,093)
	Increase in current liabilities		
	Trade and other payables	127,973	271,350
	Unclaimed dividend	534	539
		128,507	271,889
		(4,264,692)	(2,697,204)
		679,630	1,917,408

		2018	2017
		(Rupees in thousand)	
29.	CASH AND CASH EQUIVALENTS		
	Cash and bank balances	- note 19	140,305
	Short term borrowings - secured	- note 8	(4,578,891)
			(4,438,586)
			(1,636,376)

30. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Executive Director		Non Executive Directors		Executives	
	2018	2017	2018	2017	2018	2017	2018	2017
	(Rupees in thousand)							
Short term employee benefits								
Managerial remuneration	14,490	13,800	7,140	6,735	-	-	105,773	88,106
Medical allowance and reimbursement	1,449	1,380	740	674	-	-	13,702	8,484
Bonus	2,530	2,530	1,235	1,153	-	-	15,224	8,091
Leave encashment	-	-	397	374	-	-	5,487	1,744
	18,469	17,710	9,510	8,936	-	-	140,186	106,425
Meeting fee	-	-	-	-	1,075	325	-	-
Post employment benefits								
Contribution to provident fund	-	-	714	674	-	-	10,577	8,811
	18,469	17,710	10,226	9,610	1,075	325	150,763	115,236
Number of persons	1	1	1	1	5	5	43	35

* Comparative figures have been restated to reflect changes in the definition of 'executive' as per the Companies Act, 2017.

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

31. TRANSACTIONS WITH RELATED PARTIES

The related parties include the holding company, subsidiaries and associates of the holding company, group companies, related parties on the basis of common directorship, key management personnel of the company and its holding company and post employment benefit plan (Provident Fund). The company in the normal course of business carries out transactions with various related parties. 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	2018 (Rupees in thousand)	2017
Holding company	Dividends paid	361,266	632,216
Key Management Personnel	Remuneration - note 31.1	29,770	27,645

31.1 This represents remuneration of the Chief Executive and Directors that is presented in the remuneration disclosed in note 30 to these financial statements.

	2018 MWH	2017 MWH
32. CAPACITY AND PRODUCTION		
Installed capacity [based on 8,760 hours (2017: 8,760 hours)]	1,710,872	1,710,872
Actual energy delivered	1,171,192	1,239,754

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

	2018	2017
33. NUMBER OF EMPLOYEES		
Total number of employees as at June 30	217	216
Average number of employees during the year	217	212
Total number of factory employees as at June 30	157	164
Average number of factory employees during the year	161	160

34. 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.

35. FINANCIAL RISK MANAGEMENT

35.1 Financial risk factors

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

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.⁹

(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 statement of financial position date, the interest rate profile of the company's interest bearing financial instruments was:

	2018 (Rupees in thousand)	2017
Fixed rate instruments		
Financial assets		
Bank balances - saving accounts - note 19	135,355	160,671
Financial liabilities		
	-	-
Net exposure	135,355	160,671
Floating rate instruments		
Financial assets		
Trade debts - overdue	5,782,071	3,463,527
WPPF receivable from NTDC - overdue	557,719	409,235
	6,339,790	3,872,762
Financial liabilities		
Long term financing - secured	(5,092,325)	(6,857,693)
Short term borrowings - secured	(4,578,891)	(1,798,577)
	(9,671,216)	(8,656,270)
Net exposure	(3,331,426)	(4,783,508)

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 13.837 million (2017: Rs 45.634 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 mainly arises from deposits with banks, trade and other receivables.

(i) Exposure to credit risk

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

	2018 (Rupees in thousand)	2017
Long term loans and advances	231	2,794
Trade debts	12,328,941	8,944,440
Advances, deposits and other receivables	731,041	643,716
Bank balances	139,579	161,443
	13,199,792	9,752,393
As of June 30, age analysis of trade debts was as follows:		
Neither past due nor impaired	4,130,532	3,379,937
Past due but not impaired:		
- 1 to 30 days	1,850,964	1,623,405
- 31 to 90 days	2,798,729	2,211,763
- 91 to 180 days	1,872,619	57,188
- 181 to 365 days	188,868	197,676
- above 365 days	1,487,229	1,474,471
	8,198,409	5,564,503
	12,328,941	8,944,440

(ii) **Credit quality of financial assets**

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

	Rating		Rating Agency	2018	2017
	Short term	Long term		(Rupees in thousand)	
NTDC	Not available			4,130,532	3,379,937
Al Baraka Bank (Pakistan) Limited	A+	A-	JCR-VIS	4	4
Allied Bank Limited	A1+	AAA	PACRA	168	78
Askari Bank Limited	A1+	AA+	JCR-VIS	11	105
Bank Alfalah Limited	AA+	A-1+	JCR-VIS	5	9
Bank Islami Pakistan Limited	A1	A+	PACRA	3	3
Burj Bank Limited	A-1	A+	JCR-VIS	2	2
Habib Bank Limited	AAA	A-1+	JCR-VIS	449	369
Alfalah GHP Sovereign Fund (Formerly IGI Funds Limited)	N/A	AA-(f)	PACRA	-	6
MCB Bank Limited	A1+	AAA	PACRA	23,448	41,792
National Bank of Pakistan	AAA	A-1+	JCR-VIS	113,016	12
The Bank of Punjab	A1+	AA	PACRA	13	46
Silk Bank Limited	A-	A-2	JCR-VIS	-	1
Faysal Bank Limited	A1+	AA	PACRA	-	2
United Bank Limited	AAA	A-1+	JCR-VIS	2,460	119,014
				4,270,111	3,541,380

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, 2018.

	Carrying amount	Less than one year	One to five years	More than five years
(Rupees in thousand)				
Long term financing	5,092,325	2,052,155	3,040,170	-
Short term borrowings	4,578,891	4,578,891	-	-
Unclaimed dividend	15,001	15,001	-	-
Trade and other payables	476,363	476,363	-	-
Accrued finance cost	182,486	182,486	-	-
	<u>10,345,066</u>	<u>7,304,896</u>	<u>3,040,170</u>	<u>-</u>

The following are the contractual maturities of financial liabilities as at June 30, 2017.

	Carrying amount	Less than one year	One to five years	More than five years
(Rupees in thousand)				
Long term financing	6,857,693	1,765,368	5,092,325	-
Short term borrowings	1,798,577	1,798,577	-	-
Unclaimed dividend	14,467	14,467	-	-
Trade and other payables	364,893	364,893	-	-
Accrued finance cost	185,182	185,182	-	-
	<u>9,220,812</u>	<u>4,128,487</u>	<u>5,092,325</u>	<u>-</u>

35.2 Fair value estimation

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

35.3 Financial instruments by categories

	Loans and receivables	
	2018	2017
	(Rupees in thousand)	
Assets as per statement of financial position		
Long term loans and advances	752	4,735
Trade debts	12,328,941	8,944,440
Advances, deposits and other receivables	730,520	641,775
Cash and bank balances	140,305	162,201
	<u>13,200,518</u>	<u>9,753,151</u>

	Financial liabilities at amortised cost	
	2018	2017
	(Rupees in thousand)	
Liabilities as per statement of financial position		
Long term financing	5,092,325	6,857,693
Short term borrowings	4,578,891	1,798,577
Trade and other payables	476,363	364,893
Unclaimed dividend	15,001	14,467
Accrued finance cost	182,486	185,182
	<u>10,345,066</u>	<u>9,220,812</u>

35.4 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.

35.5 Capital management

The company's objectives when managing capital are to safeguard company's ability to continue as a going concern in order to provide returns for shareholders and lenders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders through repurchase of shares, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as net borrowings divided by total capital employed. Net borrowings are calculated as total borrowings including current and non-current borrowings as disclosed in note 7 to these financial statements less cash and cash equivalents as disclosed in note 29 to these financial statements. Total capital employed includes equity as shown in the statement of financial position, plus net borrowings.

The gearing ratio as at June 30, 2018 and June 30, 2017 is as follows:

	2018 (Rupees in thousand)	2017 (Rupees in thousand)
Borrowings - note 7	5,092,325	6,857,693
Less: Cash and cash equivalents - note 29	(4,438,586)	(1,636,376)
Net borrowings	9,530,911	8,494,069
Total equity	16,401,436	13,898,197
Total capital employed	25,932,347	22,392,266
Gearing ratio	36.75	37.93
	Percentage	

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

36. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

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

- repaid principal on long term finance aggregating Rs 1,765.368 million (refer to note 7);
- declared dividend amounting to Rs 708.177 million (refer to statement of changes in equity); and
- the Arbitrator declared Final Award in the company's favour wherein he ordered NTDC to pay various significant amounts to the company (refer to note 17.2).

37. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 17, 2018 by the Board of Directors of the company.

38. EVENTS AFTER THE REPORTING DATE

The Board of Directors have proposed a final cash dividend for the year ended June 30, 2018 of Rs 1.5 per share, amounting to Rs 531.133 million at their meeting held on September 17, 2018 for approval of the members at the Annual General Meeting to be held on October 26, 2018. These financial statements do not include the effect of the above dividend which will be accounted for in the period in which it is approved.

39. CORRESPONDING FIGURES

Corresponding figures have been reclassified wherever necessary to reflect better presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. Reclassifications made are as follows:

(Rupees in thousand)

Unclaimed dividend' previously presented under 'Trade and other payables' now separately presented on the face of the statement of financial position	14,467
Wages of contractual employees previously included under the sub head "Salaries and other benefits" in "Cost of sales" have been reclassified to sub head "Miscellaneous" in "Cost of sales"	26,862
Salaries of employees of purchase department previously included under the sub head "Salaries and other benefits" in "Cost of sales" have been reclassified to sub head "Salaries and other benefits" in "Administrative expenses"	7,196
Insurance of vehicles, employees and others previously included under the sub head "Vehicle running expenses", "Salaries and other benefits" and "Miscellaneous" respectively, in "Administrative expenses" have been presented separately in "Administrative expenses"	8,406

The above reclassifications do not have any material effect on information presented in the statement of financial position, statement of profit or loss and statement of cash flows. Therefore, third balance sheet has not been presented.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

FORM OF PROXY

I/We, _____
of _____ CDC A/C NO. / FOLIO NO. _____
being a shareholder of the Nishat Power Limited (The Company) do hereby appoint.

Mr./Miss/Ms. _____
of _____ CDC A/C NO. / FOLIO NO. _____
and or failing him/her _____ of _____

who is/are also a shareholder of the said Company, as my/our proxy in my/our absence and to vote for me/us at the Annual General Meeting of the Company to be held on October 26, 2018 (Friday) at 10:30 A.M. at Emporium Mall, The Nishat Hotel, Trade and Finance Centre Block, Near Expo Centre, Abdul Haq Road, Johar Town, Lahore, and at any adjournment thereof in the same manner as I/we myself/ourselves would vote if personally present at such meeting.

As witness my/our hands in this day of _____ 2018.

Signature _____

Address _____

CNIC No. _____

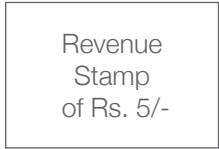
No. of shares held _____

Witness:-

Name _____

Address _____

CNIC No. _____



IMPORTANT:

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



AFFIX
CORRECT
POSTAGE

The Company Secretary

NISHAT POWER LIMITED

Nishat House,
53 - A, Lawrence Road, Lahore.



پراکسی فارم (مختار نامہ)

میں / ہم _____
کا / کے _____
بحیثیت رکن نشاط پاور لمیٹڈ (دی کمپنی) سی ڈی سی اکاؤنٹ نمبر / فولیو نمبر _____ بذریعہ ہذا
محترم / محترمہ _____ کا / کی _____ سی ڈی سی اکاؤنٹ نمبر / فولیو نمبر _____
یا اسکی غیر موجودگی میں _____ کا / کے _____
جو مذکورہ کمپنی کا حصص دار بھی ہے

کواپنے / ہمارے ایما پر _____ مورخہ 26 اکتوبر 2018 بروز جمعہ صبح 10.30 بجے
ایچ پوریم مال، دی نشاط ہوٹل، ٹریڈ اینڈ فنانس سنٹر بلاک، نزد ایکسپوسنٹر، عبدالحق روڈ، جوہر ٹاؤن، لاہور پر
منعقد ہونے والے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا / ہمارا بطور مختار (پراکسی) مقرر کرتا
ہوں / کرتے ہیں۔
آج بروز بتاریخ 2017ء کو میرے / ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

گواہان

1-	دستخط: _____	2-	دستخط: _____
نام: _____	نام: _____	پتہ: _____	پتہ: _____
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____

اہم نوٹ:








- پراکسی کی تقرری کے آلات، باقاعدہ مکمل شدہ، کمپنی کے رجسٹرڈ دفتر، نشاط ہاؤس، 53-A، لارنس روڈ لاہور میں سالانہ اجلاس منعقد ہونے سے کم از کم 48 (اڑتالیس) گھنٹے قبل پراکسی مقرر کرنے کے لئے لازماً وصول ہو جانے چاہئیں۔
- بینیفیشل اونرز کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول، پراکسی فارم (مختار نامہ) کے ہمراہ جمع کرانا ہوگی۔
- پراکسی اجلاس کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ مہیا کرے گا۔
- بصورت کارپوریٹ اینٹنٹی، بورڈ کی قرارداد / مختار نامہ معہ پراکسی ہولڈر کے دستخط پراکسی فارم (مختار نامہ) کے ہمراہ کمپنی میں جمع کرانا ہوگا۔



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