NISHAT POWER LIMITED

Annual Report 2014

CONTENTS

CORPORATE PROFILE

BOARD OF DIRECTORS	Mian Hassan Mansha	Chief Executive / Director
	Mr. Khalid Qadeer Qureshi	Chairman
	Mr. Ahmad Aqeel	
	Mr. Asad Farooq	
	Mr. Saeed Ahmed Alvi	
	Mr. Mahmood Akthar	
	Mr. Shahzad Ahmad Malik	
AUDIT COMMITTEE	Mr. Khalid Qadeer Qureshi	Member
	Mr. Shahzad Ahmad Malik	Member / Chairman
	Mr. Ahmad Aqeel	Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mr. Saeed Ahmad Alvi	Member/Chairman
	Mian Hassan Mansha	Member
	Mr. Khalid Qadeer Qureshi	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	
	HSBC Bank Middle East Limited	
	Dubai Islamic Bank Pakistan Limited	
	Burj Bank Limited	
	Albaraka Bank Pakistan Limited	
	First Women Bank Limited	
	The Bank of Punjab	
	MCB Bank Limited	
	Pak Kuwait Investment Co. (Pvt) 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.

VISION
STATEMENT

ENLIGHTEN THE FUTURE
THROUGH EXCELLENCE,
COMMITMENT, INTEGRITY
AND HONESTY

MISSION
STATEMENT

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Annual General Meeting of the Shareholders of **Nishat Power Limited** ("the Company") will be held on October 30, 2014 (Thursday) at 11:00 A.M. at Nishat Hotel, 9-A, Gulberg III, Mian Mahmood Ali Kasuri Road, Lahore to transact the following business:

1. To receive and adopt the Audited Financial Statements of the Company for the year ended June 30, 2014 together with the Directors' and Auditors' reports thereon.

2. To approve Final Cash Dividend @ 10% [i.e. Rs. 1/- Only (Rupee One Only) Per Ordinary Share] as recommended by the Board of Directors.

3. To appoint statutory Auditors for the year ending June 30, 2015 and fix their remuneration.

BY ORDER OF THE BOARD

LAHORE
September 22, 2014

KHALID MAHMOOD CHOHAN
(Company Secretary)

NOTES: -

1. **BOOK CLOSURE NOTICE:-**

   The Ordinary Shares Transfer Books of the Company will remain closed from 22-10-2014 to 30-10-2014 (both days inclusive) for entitlement of 10% Final Cash Dividend [i.e. Rs. 1/- (Rupees One 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 21-10-2014 at Share Registrar, Hameed Majeed Associates (Pvt) Limited, 7-Bank Square, Lahore, will be considered in time for entitlement of 10% Final Cash Dividend and attending of meeting.

2. 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 shareholder through CDC are requested to bring original CNIC, Account Number and Participant Account Number to produce at the time of attending the meeting.

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

4. **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. In order to comply with this regulatory requirement, you are requested to kindly send photocopy of your CNIC to your Participant / Investor Account Services or to us (in case of physical shareholding) immediately to Company's Share Registrar, Hameed Majeed Associates (Pvt) Limited, 7-Bank Square, Lahore.

5. **Dividend Mandate (Optional):**

Under Section 250 of the Companies Ordinance, 1984 a shareholder may, if so desires, direct the Company to pay dividend through his/ her/its bank account. In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide Circular Number 18 of 2012 dated June 05, 2012, kindly authorize the company for direct credit of your cash dividend in your bank account (please note that giving bank mandate for dividend payments is optional, in case you do not wish to avail this facility please ignore this notice, dividend will be paid to you through dividend warrant at your registered address). If you want to avail the facility of direct credit of dividend amount in your bank account, please provide following information to Company's Share Registrar, Hameed Majeed Associates (Pvt) Limited, 7-Bank Square, Lahore.

Bank Account Details of Shareholder	
Title of Bank Account	
Bank Account Number	
Bank's name	
Branch name and address	
Cell number of shareholder	
Landline number of shareholder, if any	

It is stated that the above-mentioned information is correct and in case of any change therein, I / we will immediately intimate to the company and the concerned share registrar.

Name, signature, folio # and CNIC number of shareholder

Notes:

(1) Those shareholders, who hold shares in book entry form in their CDS accounts, will provide the above dividend mandate information directly to their respective Participant / CDC Investor Account Services Department.

(2) If dividend mandate information has already been provided by you, ignore this request.

6. **Transmission of Annual Financial Statements Through Email:**

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 787 (I)/2014 dated September 8, 2014, those shareholders who desire to receive Annual Financial Statements in future through email instead of receiving the same by Post are advised to give their formal consent along with their valid email address on a standard request form which is available at the Company's website i.e. www.nishatpower.com and send the said form duly signed by the shareholder along with copy of his CNIC to the Company's Share Registrar, M/s Hameed Majeed Associates, 7-Bank Square, Lahore. Please note that giving email address for receiving of Annual Financial Statements instead of receiving the same by post is optional, in case you do not wish to avail this facility please ignore this notice, Financial Statements will be sent to you at your registered address.

Statement Under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012

Name of Investee Company	:	Nishat Energy Limited
Total Investment Approved	:	PKR 4,875 Million
Amount of Investment Made to date	:	PKR 2,988,795
Reason for not having made complete Investment so far where resolution Required to be implemented in Specified time.	:	The NPL investment in Nishat Energy is based on certain milestones which are not achieved yet, and the first of such is conducting Feasibility Study. We have sought proposals from various European consultants and its evaluation is underway.
Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company.	:	There is no material change since August 22, 2014.


SUCCESS

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, 2014.

The directors' report is prepared under section 236 of the Companies Ordinance, 1984 and clause (xvi) of the Code of Corporate Governance.

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 ISO in Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan.

FINANCIAL RESULTS:

The Company had turnover of Rs 27,479 million (2013: Rs 25,055 million) during the year against operating cost of Rs 22,823 million (2013: Rs 20,031 million) resulting in a gross profit of Rs 4,657 million (2013: Rs 5,024 million). The current year's net profit after tax amounts to Rs 2,917 million resulting earnings per share of Rs 8.239 compared to previous year's profit after tax of Rs 2,739 million and earnings per share of Rs 7.737.

We would like to draw your attention to note (e) of the auditors' report to the members which refers to an amount of Rs 816 million (2013: Rs 816 million) relating to capacity purchase price, included in trade debts, not acknowledged by National Transmission and Despatch Company Limited ('NTDCL'). In this regard, with the consent of NTDCL, the Company has taken up this matter to the Expert as per dispute resolution mechanism envisaged in the Power Purchase Agreement (PPA) and the proceedings are underway. Further details are mentioned in note 15.2 of the annexed financial statements. Based on the advice of the Company's legal counsel, management feels that there are meritorious grounds to support the Company's stance and such amounts are likely to be recovered. Consequently, no provision for the abovementioned 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.

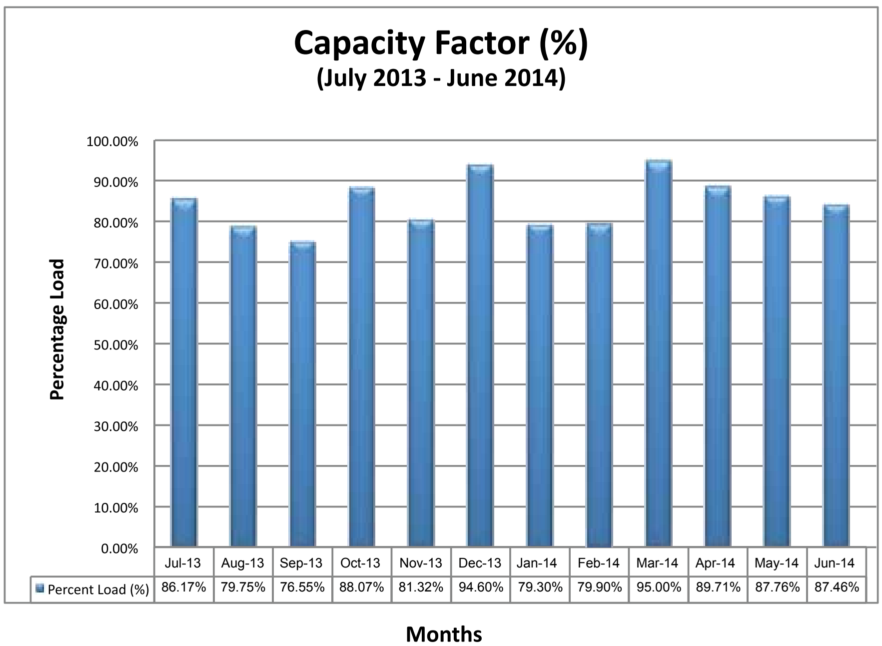
Total receivables from NTDCL on June 30, 2014 stand at Rs 10,348 million, out of which overdue receivables are Rs 5,696 million.

There are certain ambiguities with respect to the applicability of SRO 24 dated January 16, 2012 issued by the Securities and Exchange Commission of Pakistan ('SECP'). However, we believe that we are not required to present any disclosures in addition to those already given in the financial statements.

OPERATIONS AND SIGNIFICANT EVENTS:

Operational results:

The plant operated at an optimal efficiency with 85.58% (2013: 74.61%) average capacity factor and dispatched 1,464 GW (2013: 1,276 GW) of electricity to NTDCL during the year.



Nishat Energy Limited:

During the year Punjab Power Development Board (PPDB) advertised for pre-qualification of sponsors for the development of Coal Power Projects having cumulative generation capacity of approximately 6,000 MW at six different raw sites in Punjab Province. The Company participated in the pre-qualification process, as a member of a Consortium with the name of "Nishat Group Companies & Associates", alongwith other members, comprising of Nishat Mills Limited, Lalpir Power Limited and Pakgen Power Limited. The Consortium successfully pre-qualified and got the letter of interest (LOI) for a 660 MW Coal Power Project.

For this purpose a Special Purpose Vehicle (SPV), has been incorporated namely Nishat Energy Limited ("Nishat Energy"), to set up a coal power project under the Power Policy 2002 and Punjab Power Generation Policy 2006 (revised in 2009) as an Independent Power Producer (IPP). As per requirement for pre-qualification and aforementioned Power Policies, the Company would hold at least 20% equity in Nishat Energy for six years from Commercial Operations Date (COD). The Consortium would hold at least 51% equity in Nishat Energy for six year from COD.

The members of the Company in an Extra Ordinary General Meeting held on August 22, 2014 have authorized the Company to make long term equity investment up to PKR. 4,875 million by way of acquisition, from time to time, of 487,575,000 ordinary shares in Nishat Energy at face value of Rs.10/- each.

KEY OPERATING AND FINANCIAL DATA:

Financial year ending June 30,	2014	2013
	(Rupees in Millions)	
Turnover	27,479	25,055
Net Profit	2,917	2,739
Total non-current assets	13,259	14,011
Issued, subscribed and paid up capital	3,541	3,541
Long term financing	10,807	11,773
Short term financing	3,042	2,458
Generation (MWh)	1,464,106	1,276,473
Earnings per share-basic and diluted (Rs.)	8.239	7.737
Share prices (Market value rupees per share)	35.58	33.49

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.

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).

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE 2012:

Board Evaluation:

In compliance with the requirement of Code of Corporate Governance ('CCG') 2012, the board has approved a Performance Evaluation Procedure. The Board will carry out Performance evaluation annually, whereby Company Secretary will summarize and present the results for discussion and review by the Board.

Composition of the Board:

During election of directors held on August 22, 2014 in Extra Ordinary General Meeting, compliance with clause (i) of CCG 2012 relating to composition of the board was ensured. Detail is provided in forthcoming headings.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

The Company Management is fully cognizant of its responsibility as recognized by the formulated Companies Ordinance 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 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, 2014 is Rs 27,305,119.

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

Sr. #	Name of Directors		No. of Meetings Attended
1	Mian Hassan Mansha	(Chief Executive/Director)	4
2	Mr. Khalid Qadeer Qureshi	(Chairman)	5***
3	Mr. Mahmood Akhtar		4
4	Mr. Shahzad Ahmad Malik		5
5	Mr. Shahid Zulfiqar Khan		3*
6	Mr. Badar Ul Hassan		5*
7	Mr. Saeed Ahmed Alvi		5
8	Mr. Ahmad Aqeel		0**
9	Mr. Asad Farooq		0**

*Mr. Shahid Zulfiqar Khan and Mr. Badar Ul Hassan retired on August 22, 2014.

**Mr. Ahmad Aqeel and Mr. Asad Farooq elected as directors on the Board of Directors on August 22, 2014.

***Mr. Khalid Qadeer Qureshi elected as Chairman of the Board.

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

Sr. #	Name of Members		No. of Meetings Attended
1	Mr. Khalid Qadeer Qureshi	(Member)	4
2	Mr. Shahzad Ahmad Malik	(Member/Chairman)	4
3	Mr. Saeed Ahmed Alvi	(Member)	4
4	Mr. Ahmad Aqeel	(Member)	0*

*Mr. Ahmad Aqeel appointed as member of audit committee in place of Mr. Saeed Ahmad Alvi on September 01, 2014.

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

Sr. #	Name of Members		No. of Meetings Attended
1	Mr. Shahid Zulfiqar Khan	(Member/Chairman)	2*
2	Mian Hassan Mansha	(Member)	1
3	Mr. Khalid Qadeer Qureshi	(Member)	2
4	Mr. Saeed Ahmad Alvi	(Member/Chairman)	0**

*Mr. Shahid Zulfiqar Khan retired on August 22, 2014.

**Mr. Saeed Ahmad Alvi appointed as member/Chairman of HR&R Committee in place of Mr. Shahid Zulfiqar Khan on September 01, 2014.

PATTERN OF SHAREHOLDING:

The statement of pattern of shareholding as on June 30, 2014 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, 2014 is annexed to this report.

RELATED PARTIES:

The transactions between the related parties were carried out at arm's length prices determined in accordance with the comparable uncontrolled prices method. The Company has fully complied with the best practices on transfer pricing as contained in the Listing Regulations of Stock Exchanges in Pakistan.

CORPORATE SOCIAL RESPONSIBILITY:

During the year, the Company has contributed Rs 2,500,000/- to Prime Minister's Balochistan Earth Quake Relief Fund.

APPROPRIATIONS:

The Directors are pleased to recommend a final cash dividend of Re 1 per share. This will be paid to the shareholders on the Company's Register of Members at the close of business on October 21, 2014. The total dividend to be approved by the shareholders at the Annual General Meeting on October 30, 2014 will be Rs 4 per share i.e. 40% amounting to Rs 1,416.354 million for the year ended June 30, 2014.

AUDITORS:

The present auditors M/s A. F. Ferguson, Chartered Accountants retire and being eligible, offer themselves for re-appointment for the year 2014-15. 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 22, 2014

PATTERN OF HOLDINGS
OF THE SHARES HELD BY THE SHAREHOLDERS
OF NISHAT POWER LIMITED AS AT JUNE 30, 2014

NUMBER OF SHAREHOLDERS	SHAREHOLDING FROM		SHAREHOLDING TO	TOTAL NUMBER OF SHARES HELD	PERCENTAGE OF TOTAL CAPITAL
195	1	-	100	6,155	0.00
1462	101	-	500	715,340	0.20
469	501	-	1000	460,854	0.13
645	1001	-	5000	1,914,534	0.54
208	5001	-	10000	1,755,260	0.50
74	10001	-	15000	940,589	0.27
49	15001	-	20000	923,541	0.26
49	20001	-	25000	1,170,532	0.33
27	25001	-	30000	783,599	0.22
17	30001	-	35000	572,273	0.16
13	35001	-	40000	500,700	0.14
9	40001	-	45000	387,484	0.11
21	45001	-	50000	1,042,300	0.29
1	50001	-	55000	55,000	0.02
9	55001	-	60000	515,000	0.15
2	60001	-	65000	128,500	0.04
9	65001	-	70000	625,735	0.18
8	70001	-	75000	596,394	0.17
4	75001	-	80000	320,000	0.09
3	80001	-	85000	251,500	0.07
7	85001	-	90000	621,500	0.18
1	90001	-	95000	91,127	0.03
28	95001	-	100000	2,795,600	0.79
1	105001	-	110000	110,000	0.03
1	110001	-	115000	112,001	0.03
4	115001	-	120000	479,500	0.14
4	120001	-	125000	495,580	0.14
1	130001	-	135000	135,000	0.04
2	135001	-	140000	277,000	0.08
2	140001	-	145000	286,997	0.08
6	145001	-	150000	900,000	0.25
1	150001	-	155000	151,119	0.04
2	155001	-	160000	314,500	0.09
2	160001	-	165000	323,653	0.09
5	165001	-	170000	839,054	0.24
1	175001	-	180000	177,000	0.05
1	185001	-	190000	186,622	0.05
13	195001	-	200000	2,600,000	0.73
1	200001	-	205000	205,000	0.06
2	205001	-	210000	416,000	0.12
3	210001	-	215000	636,340	0.18
1	215001	-	220000	220,000	0.06
2	225001	-	230000	451,383	0.13
4	235001	-	240000	951,200	0.27
1	240001	-	245000	242,500	0.07
3	245001	-	250000	750,000	0.21
3	270001	-	275000	824,000	0.23
1	280001	-	285000	282,500	0.08
2	285001	-	290000	580,000	0.16
2	295001	-	300000	600,000	0.17
1	300001	-	305000	305,000	0.09
1	310001	-	315000	315,000	0.09
1	315001	-	320000	320,000	0.09
1	330001	-	335000	332,000	0.09

NUMBER OF SHAREHOLDERS	SHAREHOLDING FROM		TO	TOTAL NUMBER OF SHARES HELD	PERCENTAGE OF TOTAL CAPITAL
1	395001	-	400000	400,000	0.11
1	420001	-	425000	421,247	0.12
1	455001	-	460000	460,000	0.13
1	470001	-	475000	470,500	0.13
5	495001	-	500000	2,498,000	0.71
1	510001	-	515000	511,137	0.14
1	545001	-	550000	550,000	0.16
1	555001	-	560000	555,500	0.16
2	670001	-	675000	1,346,500	0.38
1	690001	-	695000	694,000	0.20
1	730001	-	735000	731,500	0.21
1	750001	-	755000	751,000	0.21
3	995001	-	1000000	3,000,000	0.85
1	1070001	-	1075000	1,075,000	0.30
1	1095001	-	1100000	1,100,000	0.31
1	1110001	-	1115000	1,110,047	0.31
1	1195001	-	1200000	1,200,000	0.34
1	1310001	-	1315000	1,315,000	0.37
1	1320001	-	1325000	1,321,627	0.37
1	1395001	-	1400000	1,400,000	0.40
1	1400001	-	1405000	1,400,500	0.40
1	1495001	-	1500000	1,500,000	0.42
1	1560001	-	1565000	1,565,000	0.44
1	1810001	-	1815000	1,815,000	0.51
1	1835001	-	1840000	1,838,000	0.52
1	1975001	-	1980000	1,976,000	0.56
1	1995001	-	2000000	1,998,397	0.56
1	2095001	-	2100000	2,100,000	0.59
1	2295001	-	2300000	2,300,000	0.65
1	2795001	-	2800000	2,798,168	0.79
1	2995001	-	3000000	3,000,000	0.85
1	3450001	-	3455000	3,453,149	0.98
1	3525001	-	3530000	3,528,425	1.00
1	3825001	-	3830000	3,826,488	1.08
1	4040001	-	4045000	4,045,000	1.14
1	4155001	-	4160000	4,158,245	1.17
1	4495001	-	4500000	4,500,000	1.27
1	4810001	-	4815000	4,813,894	1.36
1	4995001	-	5000000	5,000,000	1.41
1	5910001	-	5915000	5,912,598	1.67
1	7015001	-	7020000	7,020,000	1.98
1	8215001	-	8220000	8,218,000	2.32
1	13830001	-	13835000	13,832,957	3.91
1	29995001	-	30000000	30,000,000	8.47
1	180585001	-	180590000	180,585,155	51.00
3,437				**354,088,500**	**100.00**

Categories of Shareholders as at June 30, 2014

Sr. #	Categories	Shares Held	Percentage
1	**Directors, Chief Executive Officer, and their spouse and minor children**	4,002	0.0011
2	**Associates Companies, Undertakings and related parties**	210,632,955	59.4860
3	**NIT and ICP**	Nil	Nil
4	**Bank Development Financial Institutions, Non Banking Financial Institutions**	30,666,492	8.6607
5	**Insurance Companies**	4,815,488	1.3600
6	**Modarabas and Mutual Funds**	4,851,230	1.3701
7	**Shareholders holding 10% or more**	180,632,955	51.0135
8	**General Public**		
	a. Local	81,694,337	23.0717
	b. Foreign	Nil	Nil
9	**Others**	21,423,996	6.0505

INFORMATION UNDER CLAUSE (J)

OF SUB-REGULATION (XVI) OF REGULATION 35 OF CHAPTER (XI) OF LISTING REGULATIONS OF THE STOCK EXCHANGE(S) AS AT JUNE 30, 2014

	Categories of Shareholders	Shares Held	Percentage
I	**Associated Companies, Undertaking and Related Parties**		
	Nishat Mills Limited	180,632,955	51.0135
II	**Mutual Funds**		
	CDC - TRUSTEE PICIC ENERGY FUND	1,400,500	0.3955
	CDC - TRUSTEE AKD INDEX TRACKER FUND	34,130	0.0096
	EVLI EMERGING FRONTIER FUND [000911900247]	498,000	0.1406
	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	100,000	0.0282
	CDC - TRUSTEE PIML STRATEGIC MULTI ASSET FUND	35,000	0.0099
	CDC - TRUSTEE FIRST HABIB STOCK FUND	69,000	0.0195
	CDC - TRUSTEE MCB DYNAMIC ALLOCATION FUND	42,000	0.0119
	CDC - TRUSTEE CROSBY DRAGON FUND	137,000	0.0387
	CDC - TRUSTEE UBL ASSET ALLOCATION FUND	671,500	0.1896
	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	237,500	0.0671
	CDC - TRUSTEE PAKISTAN STOCK MARKET FUND	1,315,000	0.3714
	CDC - TRUSTEE PAK STRATEGIC ALLOC. FUND	95,600	0.0270
	CDC - TRUSTEE KASB ASSET ALLOCATION FUND	215,000	0.0607
	CDC - TRUSTEE NAFA STOCK FUND	1,000	0.0003
		4,851,230	1.3701
III	**Directors and their spouses and Minor Children**		
	MIAN HASSAN MANSHA	1	0.0000
	MR. KHALID QADEER QURESHI	1	0.0000
	MR. SHAHZAD AHMAD MALIK	500	0.0001
	MR. SAEED AHMAD ALVI	1,000	0.0003
	MR. MAHMOOD AKHTAR	1,000	0.0003
	MR. SHAHID ZULFIQAR KHAN	1,000	0.0003
	MR. BADAR-UL-HASSAN	500	0.0001
		4,002	0.0011
IV	**Executives**	Nil	Nil
V	**Public Sector Companies and Corporations**		
	Joint Stock Companies	8,118,496	5.1169
VI	**Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds**		
	Banks, DFIs and NBFIs	60,666,492	17.1331
	Insurance Companies	4,815,488	1.3600
	Pension Funds/ Providend Funds etc.	1,608,500	0.4543
	Trusts	1,489,000	0.4205
		68,579,480	19.3679
VII	**Shareholders holding 5% or more voting rights:**		
	NISHAT MILLS LIMITED	180,632,955	51.0135
	ALLIED BANK LIMITED	30,000,000	8.4725
		210,632,955	59.4860

INFORMATION UNDER CLAUSE (L)
OF SUB-REGULATION (XVI) OF REGULATION 35 OF CHAPTER (XI) OF LISTING REGULATIONS OF THE STOCK EXCHANGE(S) AS AT JUNE 30, 2014

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 period July 01, 2013 to June 30, 2014, except for as follows:

Mr. Saeed Ahmad Alvi (Director) purchased 1,000 shares on August 28, 2014.

STATEMENT OF COMPLIANCE

WITH THE CODE OF CORPORATE GOVERNANCE (CCG) [See Clause (XL)]
FOR THE YEAR ENDED JUNE 30, 2014

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi Stock Exchange Limited and Lahore Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Director	Mr. Ahmad Aqeel
Executive Directors	Mian Hassan Mansha Mr. Mahmood Akhtar
Non-Executive Directors	Mr. Asad Farooq Mr. Khalid Qadeer Qureshi Mr. Saeed Ahmad Alvi Mr. Shahzad Ahmad Malik

   The independent director meets the criteria of independence under clause i(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

3. The directors have confirmed that they are registered taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI and not a member of a stock exchange and none of them has been declared as a defaulter by that stock exchange.

4. A casual vacancy occurred on the Board on July 08, 2013 and the same was filled up by the Directors on the same day.

5. 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.

6. 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.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of

employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.

8. 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 and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The board arranged followings for its directors during the year.

   Orientation Course: -

   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.

   Directors' Training Program: -

   (i) One (1) Director of the Company is exempt due to 14 years of education and 15 years of experience on the board of a listed company.

   (ii) Four directors Mr. Ahmad Aqeel, Mr. Saeed Ahmad Alvi, Mr. Mahmood Akhtar and Mr. Shahzad Ahmad Malik have completed the directors' training program.

10. No new appointments of Chief Financial Officer, Company Secretary and Head of Internal Audit, has been approved by the Board. The remuneration of CFO and Head of Internal Audit was revised during the year after due approval of the Board.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises 3 members, of whom 2 are non-executive directors and one is independent director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed Human Resource and Remuneration Committee. It comprises of 3 members, of whom 2 are non-executive directors and the chairman of the committee is a Non-Executive director.

18. The board has set up an effective internal audit function, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants ('ICAP'), 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.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. We confirm that all other material principles enshrined in the CCG have been complied with.

Lahore
Dated: September 22, 2014

(MIAN HASSAN MANSHA)
CHIEF EXECUTIVE

NIC Number: 35202-1479111-5

REVIEW REPORT TO THE MEMBERS
ON STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

We have reviewed the annexed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the ‘Code’) prepared by the Board of Directors of Nishat Power Limited (the ‘company’) for the year ended June 30, 2014 to comply with the requirements of the Listing Regulation No. 35 of the Karachi and Lahore Stock Exchanges, where the company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the company’s compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

As part of our audit of 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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm’s length transactions and transactions which are not executed at arm’s length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine 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 best practices contained in the Code as applicable to the company for the year ended June 30, 2014.

A.F. Ferguson & Co.
Chartered Accountants

Lahore: September 22, 2014

Engagement Partner: Muhammad Masood

NISHAT POWER LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Nishat Power Limited (the 'company') as at June 30, 2014 and the related profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

(b) in our opinion:

  i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes in accounting policies as stated in note 2.2.1 to the annexed financial statements with which we concur;

  (ii) the expenditure incurred during the year was for the purpose of the company's business; and

  (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, 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, 2014 and of the profit, total comprehensive income, changes in equity and its cash flows for the year then ended;

(d) in our opinion, 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; and

(e) we draw attention to note 15.2 to the annexed financial statements, which describes the matter regarding recoverability of certain trade debts. Our opinion is not qualified in respect of this matter.

Lahore: September 22, 2014

Engagement Partner: Muhammad Masood

A. F. Ferguson & Co.
Chartered Accountants

BALANCE SHEET
AS AT JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 500,000,000 (2013: 500,000,000) ordinary shares of Rs 10 each		5,000,000,000	5,000,000,000
Issued, subscribed and paid up share capital 354,088,500 (2013: 354,088,500) ordinary shares of Rs 10 each	5	3,540,885,000	3,540,885,000
Revenue reserve: Un-appropriated profit	6	6,814,437,800	5,667,550,334
		10,355,322,800	9,208,435,334
NON-CURRENT LIABILITY			
Long term financing - secured	7	9,682,777,826	10,806,632,070
CURRENT LIABILITIES			
Current portion of long term financing - secured	7	1,123,854,244	966,796,170
Short term borrowings - secured	8	3,042,029,432	2,458,285,347
Trade and other payables	9	1,917,757,629	1,589,487,875
Accrued finance cost	10	400,825,880	479,067,116
		6,484,467,185	5,493,636,508
CONTINGENCIES AND COMMITMENTS	11		
		26,522,567,811	25,508,703,912

The annexed notes 1 to 35 form an integral part of these financial statements.

	Note	2014 Rupees	2013 Rupees (Restated)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	13,259,224,213	14,011,012,508
CURRENT ASSETS			
Stores, spares and loose tools	13	528,730,689	508,363,336
Inventories	14	968,978,262	718,694,960
Trade debts	15	10,348,174,228	5,794,382,448
Advances, deposits, prepayments and other receivables	16	349,637,824	504,285,754
Income tax receivable		28,396,469	24,791,049
Cash and bank balances	17	1,039,426,126	3,947,173,857
		13,263,343,598	11,497,691,404
		26,522,567,811	25,508,703,912

CHIEF EXECUTIVE

DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees
Sales	18	27,479,285,915	25,055,257,303
Cost of sales	19	(22,822,609,015)	(20,031,221,647)
Gross profit		4,656,676,900	5,024,035,656
Administrative expenses	20	(124,079,999)	(91,805,116)
Other expenses	21	(33,514,161)	(38,035,164)
Other income	22	29,932,504	48,687,410
Finance cost	23	(1,611,685,278)	(2,240,582,282)
Profit before taxation		2,917,329,966	2,702,300,504
Taxation	24	-	37,166,826
Profit for the year		2,917,329,966	2,739,467,330
Earnings per share - basic and diluted	25	8.239	7.737

The annexed notes 1 to 35 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2014

	2014 Rupees	2013 Rupees
Profit for the year	2,917,329,966	2,739,467,330
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss	-	-
Items that will not be reclassified subsequently to profit or loss	-	-
	-	-
Total comprehensive income for the year	2,917,329,966	2,739,467,330

The annexed notes 1 to 35 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2014

	Share capital	Revenue reserve: Un-appropriated profit	Total
		Rupees	
Balance as on July 01, 2012	3,540,885,000	3,636,260,004	7,177,145,004
Profit for the year	-	2,739,467,330	2,739,467,330
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	2,739,467,330	2,739,467,330
Dividend to equity holders of the company:			
Final dividend for the year ended June 30, 2012 @ Rupee 1 per share	-	(354,088,500)	(354,088,500)
Interim dividend for the half year ended December 31, 2012 @ Rupee 1 per share	-	(354,088,500)	(354,088,500)
Total contributions by and distributions to owners of the company recognised directly in equity	-	(708,177,000)	(708,177,000)
Balance as on June 30, 2013	3,540,885,000	5,667,550,334	9,208,435,334
Profit for the year	-	2,917,329,966	2,917,329,966
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	2,917,329,966	2,917,329,966
Dividend to equity holders of the company:			
Final dividend for the year ended June 30, 2013 @ Rupees 2 per share	-	(708,177,000)	(708,177,000)
Interim dividend for the first quarter ended September 30, 2013 @ Rupee 1 per share	-	(354,088,500)	(354,088,500)
Interim dividend for the half year ended December 31, 2013 @ Rupee 1 per share	-	(354,088,500)	(354,088,500)
Interim dividend for the third quarter ended March 31, 2014 @ Rupee 1 per share	-	(354,088,500)	(354,088,500)
Total contributions by and distributions to owners of the company recognised directly in equity	-	(1,770,442,500)	(1,770,442,500)
Balance as on June 30, 2014	3,540,885,000	6,814,437,800	10,355,322,800

The annexed notes 1 to 35 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees (Restated)
Cash flows from operating activities			
Cash generated from operations	26	947,258,395	12,460,569,860
Finance cost paid		(1,689,926,514)	(2,408,390,377)
Income tax paid		(3,778,336)	(6,496,929)
Retirement benefits paid		(3,366,720)	(3,350,022)
Net cash (outflow) / inflow from operating activities		(749,813,175)	10,042,332,532
Cash flows from investing activities			
Purchase of property, plant and equipment		(346,926,939)	(284,359,292)
Proceeds from disposal of operating fixed assets		17,926,602	1,194,620
Profit on bank deposits received		25,218,308	48,728,469
Net cash outflow from investing activities		(303,782,029)	(234,436,203)
Cash flows from financing activities			
Repayment of long term financing		(966,796,170)	(831,686,883)
Repayment of subordinated loans		-	(218,220,000)
Dividend paid		(1,471,100,442)	(706,826,446)
Net cash outflow from financing activities		(2,437,896,612)	(1,756,733,329)
Net (decrease) / increase in cash and cash equivalents		(3,491,491,816)	8,051,163,000
Cash and cash equivalents at the beginning of the year		1,488,888,510	(6,562,274,490)
Cash and cash equivalents at the end of the year	27	(2,002,603,306)	1,488,888,510

The annexed notes 1 to 35 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

1. THE COMPANY AND ITS ACTIVITIES

Nishat Power Limited (the 'company') is a public limited company incorporated in Pakistan. The company is a subsidiary of Nishat Mills Limited. The company's ordinary shares are listed on the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited.

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

2. BASIS OF PREPARATION

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan ('SECP') differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives prevail.

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

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

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

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 1, 2013, 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 amendment to International Accounting Standard (IAS) 16, 'Property, Plant and Equipment' which has been explained in note 4.1 to these financial statements.

2.2.2 Exemption from applicability of certain interpretations to standards

SECP through SRO 24(I)/2012 dated January 16, 2012, has exempted the application of International Financial Reporting Interpretations Committee (IFRIC) 4 'Determining whether an Arrangement contains a Lease' to all companies. However, the SECP made it mandatory to disclose the impact of the application of IFRIC 4 on the results of the companies. This interpretation provides guidance on determining whether arrangements that do not take the legal form of a lease should, nonetheless, be accounted for as a lease in accordance with IAS 17, 'Leases'.

Consequently, the company is not required to account for a portion of its PPA with NTDC as a lease under IAS - 17. If the company were to follow IFRIC - 4 and IAS - 17, the effect on the financial statements would be as follows:

	2014 Rupees	2013 Rupees
De-recognition of property, plant and equipment	(13,168,838,102)	(13,763,591,986)
Recognition of lease debtor	13,645,902,743	14,595,392,584
Increase in un-appropriated profit at the beginning of the year	831,800,598	556,894,334
(Decrease) / increase in profit for the year	(354,735,957)	274,906,264
Increase in un-appropriated profit at the end of the year	477,064,641	831,800,598

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, 2014 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.

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. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

a) Provision for taxation

The company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the company's view differs from the view taken by the income tax department at the assessment stage and where the company considers that its views on items of material nature is in accordance with the law, the amounts are shown as contingent liabilities.

b) Useful lives and residual values of property, plant and equipment

The company reviews the useful lives of property, plant and equipment on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment 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, except for the change in accounting policy as explained in note 4.1.

4.1 Changes in accounting policies and disclosures

Amendment to IAS 16 'Property, Plant and Equipment'

Amendment to IAS 16, 'Property, Plant and Equipment' which clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment. This amendment is effective for periods beginning on or after January 1, 2013. The previous wording of IAS 16 indicated that servicing equipment should be classified as inventory, even if it was used for more than one period. Following the amendment, the equipment used for more than one period is classified as property, plant and equipment. The change in the requirement is considered to be a change in accounting policy and has been applied retrospectively to all prior periods presented. The effect of the change is as follows:

Effect on balance sheet:

Reclassification from	Reclassification to	2013 Rupees
Stores, spares and loose tools	Property, plant and equipment	20,160,469

Effect on profit or loss and earnings per share:

The restatement has no impact on profit or loss and earnings per share of the company.

Effect on cash flows in 2013	Rupees
The impact of this change on cash flows of the company is as follows:	
- Decrease in capital expenditure cash outflow	4,763,679
- Decrease in working capital cash inflow	4,763,679

As there is no material effect in the information in the balance sheet at the beginning of the earliest period presented, the company has not presented that balance sheet.

4.2 Taxation

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 profit and loss account 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 balance sheet date. Deferred tax is charged or credited in the profit and loss account, 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.

4.3 Property, plant and equipment

4.3.1 Operating fixed assets

Operating fixed assets except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss.

Depreciation on operating fixed assets is charged to profit and loss account 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.

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, 2014 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 profit and loss account 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.

4.3.2 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.

4.3.3 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.

4.4 Impairment of non-financial assets

Assets that have an indefinite useful life - for example, goodwill or intangible assets not ready to use - are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed 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 to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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 balance sheet 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 signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale. Provision is made in the financial statements for obsolete and slow moving inventories based on management's estimate.

4.8 Financial assets

4.8.1 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 balance sheet date, which are classified as non-current assets. Loans and receivables comprise advances, deposits and other receivables and cash and cash equivalents in the balance sheet.

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 balance sheet 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.

4.8.2 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 profit and loss account. 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. Loans and receivables and held-to-maturity investments are carried at amortised 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 profit and loss account in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit and loss account 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 profit and loss account as gains and losses from investment securities. Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit and loss account. Dividends on available-for-sale equity instruments are recognised in the profit and loss account when the company's right to receive payments is established.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the company measures the investments at cost less impairment in value, if any.

The company assesses at each balance sheet 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 profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment testing of trade debts and other receivables is described in note 4.10.

4.9 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 profit and loss account.

4.10 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.11 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 profit and loss account. When a trade debt is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

4.12 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.

4.13 Employees' retirement benefits - Defined contribution plan

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 9.5 percent of the basic salary. Retirement benefits are payable to staff on completion of prescribed qualifying period of service under the scheme.

4.14 Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

4.15 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 balance sheet date and adjusted to reflect the current best estimate.

4.16 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown in trade and other payables.

4.17 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 profit and loss account 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 balance sheet date.

4.18 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of the asset up to the date of commissioning of the related asset.

4.19 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 recognised on transmission of electricity to NTDC, whereas on account of capacity is recognised when due. Income on bank deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

4.20 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 profit and loss account.

4.21 Dividend

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

5. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

This represents 354,088,500 (2013: 354,088,500) ordinary shares of Rs 10 each fully paid in cash. 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.

7. LONG TERM FINANCING - SECURED

	2014 Rupees	2013 Rupees
Long term financing under mark-up arrangement obtained from following banks:		
Lender		
National Bank of Pakistan	1,875,514,898	2,043,304,512
Habib Bank Limited	2,500,912,874	2,724,652,608
Allied Bank Limited	2,500,912,875	2,724,652,609
United Bank Limited	2,456,347,474	2,676,100,243
Faysal Bank Limited	1,472,943,949	1,604,718,268
	10,806,632,070	11,773,428,240
Less: Current portion shown under current liabilities	1,123,854,244	966,796,170
	9,682,777,826	10,806,632,070

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 12.08% to 13.18% (2013: 12.31% to 14.99%) per annum. The finance is repayable in twenty five quarterly installments ending on July 01, 2020.

			2014 Rupees	2013 Rupees
8.	**SHORT TERM BORROWINGS - SECURED**			
	Short term borrowings under mark-up arrangements obtained as under:			
	Running finances	- note 8.1	210,026,927	158,282,050
	Term finances	- note 8.2	2,832,002,505	2,300,003,297
			3,042,029,432	2,458,285,347

8.1 Running finances

Running finance facilities available from various commercial banks under mark-up arrangements amount to Rs 4,217.88 million (2013: Rs 3,672.88 million) at mark-up rates ranging from three months KIBOR plus 0.75% to 2% per annum, payable quarterly, on the balance outstanding. The aggregate running finances are secured against charge on present or future energy purchase price receivables, fuel stock and inventory, ranking charge over all present and future project assets (including moveable/immoveable assets) of the company. The mark-up rate charged during the year on the outstanding balance ranges from 9.78% to 12.18% (2013: 10.78% to 13.99%) per annum.

8.2 Term finances

This represents murabaha and term finance facilities aggregating Rs 4,250 million (2013: Rs 3,850 million) under mark-up arrangements from commercial banks at mark-up rates ranging from three to six months KIBOR plus 0.5% to 2% per annum, to finance the procurement of multiple oils from the fuel suppliers. Mark-up is 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, inventories and assignment of energy payment receivables from NTDC. The mark-up rate charged during the year on the outstanding balance ranges from 10.06% to 11.61% (2013: 10.74% to 14.04%) per annum.

8.3 Letters of credit and guarantees

Of the aggregate facilities of Rs 750 million (2013: Rs 1,345 million) for opening letters of credit and guarantees, the amount utilised at June 30, 2014 was Rs 279.52 million (2013: Rs 261.34 million). The aggregate facilities for opening letters of credit and guarantees are secured by charge on current assets including fuel stocks and inventories of the company and by lien over import documents.

9. TRADE AND OTHER PAYABLES

		2014 Rupees	2013 Rupees
Creditors	- note 9.1	1,238,270,734	1,246,155,695
Payable to contractors		194,794,920	184,115,317
Retention money		151,631	151,631
Unclaimed dividend		303,147,144	3,805,086
Workers' profit participation fund	- note 9.2	145,866,499	135,115,025
Withholding tax payable		22,818,251	667,130
Other accrued liabilities	- note 9.4	12,708,450	19,477,991
		1,917,757,629	1,589,487,875

9.1 Includes the following amounts due to related parties:

	2014 Rupees	2013 Rupees
Nishat (Aziz Avenue) Hotels and Properties Limited	3,115,347	-
Nishat Hotels and Properties Limited	-	3,115,349
	3,115,347	3,115,349

9.2 Workers' Profit Participation Fund

		2014 Rupees	2013 Rupees
Opening balance		135,115,025	101,801,876
Provision for the year	- note 16.3	145,866,498	135,115,025
Interest for the year	- note 24	55,716	10,166
		281,037,239	236,927,067
Less: Payments made during the year		135,170,741	101,812,042
Closing balance		145,866,498	135,115,025

9.3 Workers' Welfare Fund has not been provided for in the financial statements on the advice of the company's legal consultant.

9.4 Includes an amount of Rs 677,362 (2013: Nil) payable to the employees' provident fund. The amount was subsequently deposited with the provident fund in compliance with section 227 of the Companies Ordinance, 1984.

10. ACCRUED FINANCE COST

	2014 Rupees	2013 Rupees
Accrued mark-up / interest on:		
Long term financing - secured	355,102,964	367,792,223
Short term borrowings - secured	45,722,916	111,274,893
	400,825,880	479,067,116

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

(i) National Electric Power Regulatory Authority ('NEPRA') issued an order dated 8th February, 2013 through which it raised a demand of Rs 290.423 million payable by the company to NTDC for the period up to June 30, 2011 in respect of Calorific Value ('CV') adjustment on fuel consumed for power generation as per the terms of the PPA and various CV adjustment mechanisms prescribed by NEPRA. The first such CV adjustment mechanism was announced by NEPRA in March 2009 and as per this mechanism, the company has already made a provision of Rs 20.332 million in its financial statements for the above CV adjustment. In July 2011, NEPRA revised its CV adjustment mechanism and directed all Independent Power Producers ('IPPs') to maintain consignment-wise CV record of the fuel received and consumed for power generation. Consequently, the company started maintaining such CV record after such direction was received from NEPRA.

NEPRA directed the company to submit consignment-wise record of CV for the period up to June 30, 2011. The company disputed such direction as it was not required to maintain consignment-wise record prior to July 2011. However, NEPRA computed retrospectively and determined Rs 290.423 million payable by the company to NTDC for the period up to June 30, 2011 in respect of CV adjustment on the basis of the mechanism directed by it in July 2011. The company filed a Motion for Leave for Review before NEPRA requesting it to reconsider its decision, which was decided against the company. Consequently, the company filed a writ petition before the Islamabad High Court against NEPRA's decision on the grounds that change in CV adjustment mechanism in July 2011 cannot be applied retrospectively and credible information is also not available from any source upon which CV adjustment computations can be made. The case is pending adjudication before Islamabad High Court.

Based on the advice of the company's legal counsel, management feels that there are meritorious grounds to support the company's stance and the aforesaid NEPRA's decision is likely to be revoked. Under these circumstances, no provision of the balance amount of Rs 270.092 million has been made in these financial statements.

(ii) During the current year, a sales tax demand of Rs 1,218.132 million was raised against the company through order dated December 11, 2013 by the Assistant Commissioner Inland Revenue ('ACIR') by disallowing input sales tax for the tax periods from July 2010 to June 2012. Such amount was disallowed on the grounds that the revenue derived by the company on account of 'capacity purchase price' was against a non-taxable supply and thus, the entire amount of input sales tax claimed by the company was required to be apportioned with only the input sales tax attributable to other revenue stream i.e. 'energy purchase price' admissible to the company. Against the aforesaid order, the company preferred an appeal before the Commissioner Inland Revenue (Appeals) ('CIR(A)') who vacated the ACIR's order on the issue regarding apportionment of input sales tax. However, the CIR(A) did not adjudicate upon the company's other grounds of appeal. Consequently, the company preferred an appeal before the Appellate Tribunal Inland Revenue ('ATIR') on the issues not adjudicated upon by the CIR(A) and the Department also preferred a second appeal before the ATIR against the CIR(A)'s order, which are both pending adjudication.

Furthermore, subsequent to year end, the Deputy Commissioner Inland Revenue ('DCIR') has issued a show cause notice dated August 19, 2014 whereby intentions have been shown to raise a sales tax demand of Rs 1,722.811 million by disallowing input sales tax claimed by the company for the tax periods from July 2009 to June 2013 on the abovementioned grounds of the ACIR. Aggrieved by this show cause notice, the company has filed a writ petition before the Lahore High Court ('LHC'), whereby the LHC through its order dated September 2, 2014 has provided interim relief to the company to the extent that no final order shall be passed by the DCIR until the next hearing.

Based on the advice of the company's legal counsel, management believes that there are meritorious grounds to defend the company's stance in respect of the abovementioned input sales tax claimed by the company. Consequently, no provision has been made in these financial statements.

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

(a) Irrevocable standby letter of credit in favour of Wartsila Pakistan (Private) Limited for Rs 45,000,000 (2013: Rs 45,000,000) as required under the terms of the Operation and Maintenance Agreement.

(b) Letter of guarantee of Rs 3,500,000 (2013: Rs 1,500,000) in favour of Director, Excise and Taxation, Karachi under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess.

(c) Irrevocable standby letter of credit in favour of fuel supplier for Rs 781,357,500 (2013: Nil).

(iv) A post dated cheque has been furnished by the company in favour of the Collector of Customs to cover import levies against imports aggregating to Rs 8,220,313 (2013: Nil).

11.2 Commitments

(i) Letters of credit and contracts for capital expenditure are Nil (2013: 16,015,799).

(ii) Letters of credit and contracts other than for capital expenditure aggregate to Rs 279,516,922 (2013: Rs 200,327,496).

(iii) The amount of future payments under operating lease and the period in which these payments will become due are as follows:

	2014 Rupees	2013 Rupees
Not later than one year	15,576,750	13,499,850
Later than one year and not later than five years	71,717,953	67,499,250
	87,294,703	80,999,100

(iv) The company has an agreement with Wartsila Pakistan (Private) Limited for the operations and maintenance ('O&M') of the power station, until the earlier of the completion of 35,000 hours of first Generator Set or five years starting from the Commercial Operations Date of the power station i.e. June 09, 2010. Under the terms of the O&M agreement, the company is required to pay a monthly fixed O&M fee and a variable O&M fee depending on the net electrical output, both of which are adjustable according to the Wholesale Price Index.

		2014 Rupees	2013 Rupees (Restated)

12. PROPERTY, PLANT AND EQUIPMENT

		2014 Rupees	2013 Rupees (Restated)
Operating fixed assets	- note 12.1	13,239,574,275	13,841,219,695
Capital work-in-progress	- note 12.2	-	149,632,344
Major spare parts and standby equipment	- note 12.3	19,649,938	20,160,469
		13,259,224,213	14,011,012,508

12.1 Operating fixed assets

	Freehold land	Buildings and roads on freehold land	Plant and machinery	Improvements on leasehold property	Electric installations	Computer equipment	Furniture and fixtures	Office equipment	Vehicles	(Rupees) Total
COST										
Balance as at July 01, 2012	80,685,850	192,071,308	16,740,943,036	40,909,344	661,000	2,075,599	6,279,874	33,862,560	13,929,352	17,111,417,923
Additions during the year	-	-	131,294,585	-	-	196,600	13,000	214,804	7,771,638	139,490,627
Disposal during the year	-	-	(169,585,153)	-	-	-	-	-	(2,267,718)	(171,852,871)
Balance as at June 30, 2013	80,685,850	192,071,308	16,702,652,468	40,909,344	661,000	2,272,199	6,292,874	34,077,364	19,433,272	17,079,055,679
Balance as at July 01, 2013	80,685,850	192,071,308	16,702,652,468	40,909,344	661,000	2,272,199	6,292,874	34,077,364	19,433,272	17,079,055,679
Additions during the year	-	-	490,790,503	-	-	690,974	365,000	426,866	4,796,471	497,069,814
Disposal during the year	-	-	(264,098,681)	-	-	(76,522)	-	-	(4,504,164)	(268,679,367)
Balance as at June 30, 2014	80,685,850	192,071,308	16,929,344,290	40,909,344	661,000	2,886,651	6,657,874	34,504,230	19,725,579	17,307,446,126
DEPRECIATION AND IMPAIRMENT										
Balance as at July 01, 2012	-	15,269,707	2,149,531,995	4,603,625	132,239	1,408,853	1,007,735	3,671,880	5,204,038	2,180,830,072
Depreciation charge for the year	-	7,706,964	1,046,292,875	4,090,934	66,119	390,442	629,278	3,410,654	3,215,386	1,065,802,652
Impairment charge - note 12.1.2	-	-	162,601,252	-	-	-	-	-	-	162,601,252
Disposal during the year	-	-	(169,585,153)	-	-	-	-	-	(1,812,839)	(171,397,992)
Balance as at June 30, 2013	-	22,976,671	3,188,840,969	8,694,559	198,358	1,799,295	1,637,013	7,082,534	6,606,585	3,237,835,984
Balance as at July 01, 2013	-	22,976,671	3,188,840,969	8,694,559	198,358	1,799,295	1,637,013	7,082,534	6,606,585	3,237,835,984
Depreciation charge for the year	-	7,894,287	1,051,325,834	4,096,480	53,241	465,695	539,928	3,092,835	3,901,581	1,071,369,881
Disposal during the year	-	-	(237,774,416)	-	-	(76,522)	-	-	(3,483,076)	(241,334,014)
Balance as at June 30, 2014	-	30,870,958	4,002,392,387	12,791,039	251,599	2,188,468	2,176,941	10,175,369	7,025,090	4,067,871,851
Book value as at June 30, 2013	80,685,850	169,094,637	13,513,811,499	32,214,785	462,642	472,904	4,655,861	26,994,830	12,826,687	13,841,219,695
Book value as at June 30, 2014	80,685,850	161,200,350	12,926,951,903	28,118,305	409,401	698,183	4,480,933	24,328,861	12,700,489	13,239,574,275
Annual depreciation rate %	-	4 to 4.30	4 to 32.9	10	10	33	10	10	20	

12.1.1 Improvements on leasehold property represents costs of improvement incurred on property owned by Nishat Hotels and Properties Limited, a related party.

12.1.2 The impairment charge has been included in 'other expenses' as referred to in note 21 to these financial statements.

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

		2014 Rupees	2013 Rupees
Cost of sales	- note 19	1,062,370,729	1,056,635,081
Administrative expenses	- note 20	8,999,152	9,167,571
		1,071,369,881	1,065,802,652

12.1.4 Disposal of operating fixed assets

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
	2014 (Rupees)				
Plant and machinery					
Assets written off	214,392,065	214,392,065	-	-	Write off
Security General Insurance Company Limited - related party	30,445,975	11,163,855	19,282,120	9,492,000	Insurance claim
Wartsila Pakistan (Private) Limited	19,260,641	12,218,496	7,042,145	7,413,514	Premature failure parts claim
Vehicles sold to: Company employees					
Tanvir Khalid	1,330,090	1,185,784	144,306	144,306	As per company policy
Imran Ullah Wazir	1,374,074	1,151,210	222,864	222,864	-do-
Mahmood Akhtar (Director)	1,800,000	1,146,082	653,918	653,918	-do-
Computer equipment sold to: Company employee					
Tanvir Khalid	76,522	76,522	-	-	As per company policy
	268,679,367	241,334,014	27,345,353	17,926,602	

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
	2013 (Rupees)				
Plant and machinery					
Assets written off	169,585,153	169,585,153	-	-	Write off
Vehicles sold to: Outside party,					
Asim Mumtaz	1,695,810	1,254,501	441,309	1,125,000	Bid
Company employees,					
Vehicles with book value less than Rs 50,000	571,908	558,338	13,570	69,620	As per company policy
	171,852,871	171,397,992	454,879	1,194,620	

	2014 Rupees	2013 Rupees
12.2 Capital work-in-progress		
Advance to supplier against purchase of plant and machinery	-	149,632,344
The reconciliation of the carrying amount is as follows:		
Opening balance	149,632,344	-
Additions during the year	32,469,774	149,632,344
	182,102,118	149,632,344
Transfers during the year	(182,102,118)	-
Closing balance	-	149,632,344

	2014 Rupees	2013 Rupees (Restated)
12.3 Major spare parts and standby equipment		
Opening balance	20,160,469	24,924,148
Additions during the year	8,256,264	458,507
	28,416,733	25,382,655
Transfers during the year	(8,766,795)	(5,222,186)
Closing balance	19,649,938	20,160,469

	2014 Rupees	2013 Rupees
13. STORES, SPARES AND LOOSE TOOLS		
Stores	7,408,179	5,481,365
Spares [including in transit Rs 2.124 million (2013: Rs 0.835 million)]	513,739,595	496,727,780
Loose tools	7,582,915	6,154,191
	528,730,689	508,363,336

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

		2014 Rupees	2013 Rupees
14.	**INVENTORIES**		
	Furnace oil	952,823,128	702,858,062
	Diesel	3,695,979	5,085,871
	Lubricating oil	12,459,155	10,751,027
		968,978,262	718,694,960

15. TRADE DEBTS

15.1 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 13.51% to 14.69% (2013: 13.76% to 17.80%) per annum.

15.2 Included in trade debts is an amount of Rs 816.041 million relating to capacity purchase price not acknowledged by NTDC as the plant was not fully available for power generation. However, the sole reason of this under-utilization of plant capacity was non-availability of fuel owing to non-payment by NTDC.

Since management considers that the primary reason for claiming these payments is that plant was available, however, could not generate electricity due to non-payment by NTDC, therefore, management believes that company cannot be penalized in the form of payment deductions due to NTDC's default of making timely payments under the PPA. Hence, the company had taken up this issue at appropriate forums. On June 28, 2013, the company entered into a Memorandum of Understanding ('MoU') for cooperation on extension of credit terms with NTDC whereby it was agreed that the constitutional petition filed by the company before the Supreme Court of Pakistan on the abovementioned issue would be withdrawn unconditionally and it would be resolved through the dispute resolution mechanism under the PPA. Accordingly, as per terms of the MoU, the company applied for withdrawal of the aforesaid petition which is pending adjudication before Supreme Court of Pakistan. During the current year, the company in consultation with NTDC, appointed an Expert for dispute resolution under the PPA. The proceedings before the Expert are under process. Based on the advice of the company's legal counsel, management feels that there are meritorious grounds to support the company's stance and such amounts are likely to be recovered. Consequently, no provision for the above mentioned amount has been made in these financial statements.

		2014 Rupees	2013 Rupees
16. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances - considered good:			
- To employees	- note 16.1	1,869,017	1,477,234
- To suppliers	- note 16.2	46,627,281	257,999,890
Balances with statutory authorities:			
- Customs duty recoverable		16,410	16,410
- Sales tax		3,914,472	4,052,783
Claims recoverable from NTDC for pass through items:			
- Workers' Profit Participation Fund	- note 16.3	280,981,524	135,115,025
Interest receivable		2,687,952	1,191,538
Security deposits		3,675,000	1,675,000
Prepayments		466,820	331,676
Insurance claim receivable		-	102,216,366
Other receivables	- note 16.4	9,399,348	209,832
		349,637,824	504,285,754

16.1 Included in advances to employees are amounts due from executives aggregating to Rs 831,687 (2013: Rs 285,000).

16.2 Includes an amount of Rs 65,910 (2013: Nil) due from Security General Insurance Company Limited, a related party. It is in the normal course of business and is interest free.

		2014 Rupees	2013 Rupees
16.3 Workers' Profit Participation Fund			
Opening balance		135,115,025	200,017,982
Provision for the year	- note 9.2	145,866,498	135,115,025
		280,981,523	335,133,007
Less: Amount received during the year		-	200,017,982
Closing balance		280,981,523	135,115,025

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.

16.4 Includes amounts due from the following related parties. These are in the normal course of business and are interest free:

	2014 Rupees	2013 Rupees
Security General Insurance Company Limited	8,339,633	-
Nishat Energy Limited	335,070	-
	8,674,703	-

17. CASH AND BANK BALANCES

		2014 Rupees	2013 Rupees
Cash at bank:			
- On saving accounts	- note 17.1	872,667,430	3,945,676,543
- On current accounts		166,742,124	1,251,174
		1,039,409,554	3,946,927,717
Cash in hand		16,572	246,140
		1,039,426,126	3,947,173,857

17.1 Profit on balances in saving accounts ranges from 4.77% to 8.15% (2013: 5% to 10%) per annum.

18. SALES

	2014 Rupees	2013 Rupees
Energy purchase price	26,914,693,536	23,816,812,639
Less: Sales tax	3,885,462,718	3,235,538,163
	23,029,230,818	20,581,274,476
Capacity purchase price	4,450,055,097	4,473,982,827
	27,479,285,915	25,055,257,303

19. COST OF SALES

		2014 Rupees	2013 Rupees
Raw materials consumed		20,750,027,233	18,262,484,447
Salaries and other benefits	- note 19.1	32,990,213	26,914,523
Operation and maintenance		407,658,309	288,437,892
Stores, spares and loose tools consumed		384,958,832	226,665,224
Electricity consumed in-house		555,659	272,281
Insurance	- note 19.2	168,736,955	152,865,444
Travelling and conveyance		2,602,405	2,422,756
Printing and stationery		462,796	356,996
Postage and telephone		277,629	285,160
Vehicle running expenses		2,803,569	2,094,020
Entertainment		344,409	855,170
Depreciation on operating fixed assets	- note 12.1.3	1,062,370,729	1,056,635,081
Fee and subscription		5,206,410	6,388,601
Miscellaneous		3,613,867	4,544,052
		22,822,609,015	20,031,221,647

19.1 Salaries and other benefits include Rs 1,813,130 (2013: Rs 1,498,562) in respect of provident fund contribution by the company.

19.2 This represents amount charged by Security General Insurance Company Limited, a related party, in respect of insurance of the company's assets (2013: Nil).

20. ADMINISTRATIVE EXPENSES

		2014 Rupees	2013 Rupees
Salaries and other benefits	- note 20.1	49,514,538	41,167,890
Travelling and conveyance	- note 20.2	23,312,759	7,106,884
Entertainment		588,482	787,242
Rent, rates and taxes	- note 20.3	12,734,316	12,570,748
Printing and stationery		893,710	544,113
Postage and telephone		1,289,746	1,108,764
Vehicle running expenses		2,852,909	1,993,594
Legal and professional charges	- note 20.4	17,388,064	9,855,552
Advertisement		212,485	312,593
Fee and subscription		2,188,105	2,978,281
Depreciation on operating fixed assets	- note 12.1.3	8,999,152	9,167,571
Miscellaneous		4,105,733	4,211,884
		124,079,999	91,805,116

20.1 Salaries and other benefits include Rs 2,230,952 (2013: Rs 1,851,460) in respect of provident fund contribution by the company.

20.2 Includes Rs 19,428,201 (2013: Rs 2,979,701) in respect of aviation services from Pakistan Aviators and Aviation Limited, a related party.

20.3 Includes rent expense of Rs 12,461,400 (2013: Rs 12,461,400) charged by a related party, Nishat (Aziz Avenue) Hotels and Properties Limited for lease of property to the company.

20.4 Legal and professional charges include the following in respect of auditors' services for:

	2014 Rupees	2013 Rupees
Statutory audit	1,200,000	1,100,000
Half yearly review	715,000	650,000
Tax services	1,868,500	125,000
Other assurance services	90,000	165,000
Reimbursement of expenses	231,045	233,285
	4,104,545	2,273,285

21. OTHER EXPENSES

		2014 Rupees	2013 Rupees
Bad debts written off		-	8,967,528
Impairment on operating fixed assets	- note 21.1	-	29,067,636
Loss on disposal of operating fixed assets		9,418,751	-
Delayed payment charges	- note 21.2	21,595,410	-
Donations	- note 21.3	2,500,000	-
		33,514,161	38,035,164

21.1 The corresponding amount is net of insurance claim of Rs 133,533,616. The impairment loss was recognized in respect of damage to rotor and diaphragm which are part of the steam turbine at the power plant. The recoverable amount of the aforesaid assets was determined as being equal to the salvage value at which the assets can be sold in an active market.

21.2 This represents delayed payment charges by Wartsila Pakistan (Private) Limited as per the terms of the Operations and Maintenance Agreement.

21.3 None of the directors and their spouses had any interest in the donee.

		2014 Rupees	2013 Rupees
22. OTHER INCOME			
Income from financial assets:			
Profit on bank deposits		26,714,722	22,025,593
Income from non-financial assets:			
Gain on disposal of operating fixed assets		-	739,741
Scrap sales		1,111,703	-
Business interruption loss receivable from insurance company		-	21,605,427
Exchange gain		2,106,079	4,316,649
		29,932,504	48,687,410
23. FINANCE COST			
Interest / mark-up on:			
- Long term financing - secured		1,418,137,954	1,608,022,297
- Subordinated loans - unsecured	- note 23.1	-	11,925,453
- Short term borrowings - secured		185,065,258	613,457,991
- Workers' Profit Participation Fund	- note 9.2	55,716	10,166
Bank charges and commission		6,228,873	4,930,875
Financing fee and charges		2,197,477	2,235,500
		1,611,685,278	2,240,582,282

23.1 The corresponding amount represents mark-up on subordinated loans from the holding company, Nishat Mills Limited.

	2014 Rupees	2013 Rupees
24. TAXATION		
Current - prior years	-	(37,166,826)
24.1 Relationship between tax income and accounting profit		
Profit before taxation	2,917,329,966	2,702,300,504
Tax at the applicable rate of 34% (2013: 35%)	991,892,188	945,805,176
Tax effect of amounts that are:		
Exempt as referred to in note 4.2	(982,809,183)	(945,805,176)
Adjustable against tax credit	(9,083,005)	-
Effect of change in prior years' tax	-	(37,166,826)
	-	(37,166,826)

24.2 For the purposes of current taxation, tax losses as at June 30, 2014 are estimated at Nil (2013: Rs 2,645.654 million), while the tax credit available for carry forward is estimated at Rs 58.013 million (2013: Rs 17.508 million). As explained in note 4.2, management believes that the tax credit available for carry forward may not be utilized in the foreseeable future. Consequently, based on the prudence principle, deferred tax asset has not been recognized in these financial statements.

		2014 Rupees	2013 Rupees

25. EARNINGS PER SHARE

25.1 Basic earnings per share

		2014 Rupees	2013 Rupees
Net profit for the year	Rupees	2,917,329,966	2,739,467,330
Weighted average number of ordinary shares	Number	354,088,500	354,088,500
Earnings per share	Rupees	8.239	7.737

25.2 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, 2014 and June 30, 2013 which would have any effect on the earnings per share if the option to convert is exercised.

26. CASH GENERATED FROM OPERATIONS

	2014 Rupees	2013 Rupees (restated)
Profit before taxation	2,917,329,966	2,702,300,504
Adjustment for non cash charges and other items:		
Depreciation on operating fixed assets	1,071,369,881	1,065,802,652
Profit on bank deposits	(26,714,722)	(22,025,593)
Finance cost	1,611,685,278	2,240,582,282
Provision for employee retirement benefits	4,044,082	3,350,022
Impairment on operating fixed assets	-	29,067,636
Loss / (gain) on disposal of operating fixed assets	9,418,751	(739,741)
Profit before working capital changes	5,587,133,236	6,018,337,762
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(20,367,353)	(127,513,128)
Inventories	(250,283,302)	(8,551,097)
Trade debts	(4,553,791,780)	4,929,074,552
Advances, deposits, prepayments and other receivables	156,317,260	922,907,036
	(4,668,125,175)	5,715,917,363
(Decrease) / increase in current liabilities		
Trade and other payables	28,250,334	726,314,735
	(4,639,874,841)	6,442,232,098
	947,258,395	12,460,569,860

		2014 Rupees	2013 Rupees

27. CASH AND CASH EQUIVALENTS

		2014 Rupees	2013 Rupees
Cash and bank balances	- note 17	1,039,426,126	3,947,173,857
Short term borrowings - secured	- note 8	(3,042,029,432)	(2,458,285,347)
		(2,002,603,306)	1,488,888,510

28. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

28.1 The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the Chief Executive, full time working directors and executives of the company is as follows:

	Chief Executive		Executives Director		Executives	
	2014	2013	2014	2013	2014	2013
	(Rupees)					
Short term employee benefits						
Managerial remuneration	12,000,000	10,909,091	5,284,527	4,697,607	27,183,448	21,861,900
Housing rent	-	-	-	-	540,000	540,000
Medical expenses	1,200,000	1,090,909	528,453	469,761	2,718,345	2,185,957
Bonus	2,000,000	1,254,400	968,830	522,738	3,458,584	2,985,606
Leave encashment	-	-	176,151	260,978	1,624,451	1,168,799
	15,200,000	13,254,400	6,957,961	5,951,084	35,524,828	28,742,262
Post employment benefits						
Contribution to provident fund	-	-	502,030	446,273	2,504,898	2,014,447
	15,200,000	13,254,400	7,459,991	6,397,357	38,029,726	30,756,709
Number of persons	1	1	1	1	22	18

28.2 The executive director and certain executives are provided with company maintained vehicles.

28.3 No remuneration has been given to non-executive directors of the company.

29. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise the holding company, subsidiaries and associates of holding company, associated undertakings, directors and key management personnel of the company and its holding company and post employment benefit plan. 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 and remuneration of directors and key management personnel is disclosed in note 28. 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	2014 Rupees	2013 Rupees
i. Holding company	Subordinated loan repaid	-	218,220,000
	Mark-up paid on subordinated loan	-	19,514,044
ii. Associated undertakings	Purchases of goods and services	67,660	2,462,562
	Insurance premium	1,253,279	609,465
iii. Post employment benefit plan	Expense charged in respect of retirement benefit plan	4,044,082	3,350,022

30. CAPACITY AND PRODUCTION

	2014 MWH	2013 MWH
Installed capacity [based on 8,760 hours (2013: 8,760 hours)]	1,710,872	1,710,872
Actual energy delivered	1,464,106	1,276,473

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

31. NUMBER OF EMPLOYEES

	2014	2013
Total number of employees as at June 30	84	79
Average number of employees during the year	82	76

		2014 Rupees	2013 Rupees
32.	**DISCLOSURES RELATING TO PROVIDENT FUND**		
(i)	Size of the Fund - total assets	27,305,119	18,252,430
(ii)	Cost of investments made	21,901,943	13,478,205
(iii)	Percentage of investments made	82.97%	78.12%
(iv)	Fair value of investments	22,653,819	14,258,357
	Break up of fair value of investments		
	Balance with bank - savings account	4,769,934	1,202,469
	Certificates of investment - unlisted securities	-	6,500,000
	Unit Trust Schemes - Mutual Funds	13,904,957	6,555,888
	Government securities - Treasury Bills	3,978,928	-
		22,653,819	14,258,357

	2014	2013
	% age of size of the Fund	
Break up of investments		
Break up of fair value of investments		
Balance with bank - savings account	17.47%	6.59%
Certificates of investment - unlisted securities	0.00%	35.61%
Unit Trust Schemes - Mutual Funds	50.92%	35.92%
Government securities - Treasury Bills	14.57%	0.00%

The figures for 2014 are based on the un-audited financial statements of the Provident Fund. For 2014, investments out of Provident Fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

33. FINANCIAL RISK MANAGEMENT

33.1 Financial risk factors

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

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

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The company is not exposed to any significant currency risk.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company is not exposed to equity price risk since there are no investments in equity instruments traded in the market at the reporting date. The company is also not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

(iii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The company has no significant long-term interest-bearing assets. The company's interest rate risk arises from borrowings. Borrowings obtained at variable rates expose the company to cash flow interest rate risk.

At the balance sheet date, the interest rate profile of the company's interest bearing financial instruments was:

	2014 Rupees	2013 Rupees
Fixed rate instruments		
Financial assets		
Bank balances - savings accounts	872,667,430	3,945,676,543
Financial liabilities	-	-
Net exposure	872,667,430	3,945,676,543
Floating rate instruments		
Financial assets		
Trade debts - overdue	3,961,944,064	140,692,452
Financial liabilities		
Long term financing	(10,806,632,070)	(11,773,428,240)
Short term borrowings	(3,042,029,432)	(2,458,285,347)
	(13,848,661,502)	(14,231,713,587)
Net exposure	(9,886,717,438)	(14,091,021,135)

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 balance sheet 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 88.421 million (2013: Rs 107.473 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate instruments.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises 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:

	2014 Rupees	2013 Rupees
Trade debts	10,348,174,228	5,794,382,448
Advances, deposits and other receivables	298,612,841	241,884,995
Bank balances	1,039,409,554	3,946,927,717
	11,686,196,623	9,983,195,160
As of June 30, age analysis of trade debts was as follows:		
Neither past due nor impaired	4,652,600,234	4,751,440,334
Past due but not impaired:		
- 31 to 90 days	2,665,143,754	227,923,352
- 91 to 180 days	1,181,752,466	2,361,951
- 181 to 365 days	918,646,107	318,408,667
- above 365 days	930,031,667	494,248,144
	5,695,573,994	1,042,942,114
	10,348,174,228	5,794,382,448

(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	2014	2013
	Short term	Long term	Agency	Rupees	Rupees
NTDC	Not available			4,652,600,234	4,751,440,334
Al Baraka Bank (Pakistan) Limited	A-1	A	JCR-VIS	1,348	847
Allied Bank Limited	A1+	AA+	PACRA	384,526	-
Askari Bank Limited	A1+	AA	PACRA	7,548	58,281
Bank Alfalah Limited	A1+	AA	PACRA	12,408	10,054
Bank Islami Pakistan Limited	A1	A	PACRA	1,252	4,929
Burj Bank Limited	A-1	A	JCR-VIS	3,083	399,834
Dubai Islamic Bank Pakistan Limited	A-1	A	JCR-VIS	743	44
Faysal Bank Limited	A1+	AA	JCR-VIS	-	-
First Women Bank Limited	A2	BBB+	PACRA	465	465
Habib Bank Limited	A-1+	AAA	JCR-VIS	495,798	1,206,344
IGI Funds Limited	Not available	AA+(f)	PACRA	5,397	-
MCB Bank Limited	A1+	AAA	PACRA	166,302,665	3,698,337,988
Meezan Bank Limited	A-1+	AA	JCR-VIS	26,714	2,828
National Bank of Pakistan	A-1+	AAA	JCR-VIS	716,076,426	506,370
The Bank of Punjab	A1+	AA-	PACRA	89,314	180,395,113
United Bank Limited	A-1+	AA+	JCR-VIS	156,001,867	66,004,620
				5,692,009,788	8,698,368,051

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, 2014.

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees)			
Long term financing	10,806,632,070	1,123,854,244	6,642,608,526	3,040,169,300
Short term borrowings	3,042,029,432	3,042,029,432	-	-
Trade and other payables	1,749,072,879	1,749,072,879	-	-
Accrued finance cost	400,825,880	400,825,880	-	-
	15,998,560,261	6,315,782,435	6,642,608,526	3,040,169,300

The following are the contractual maturities of financial liabilities as at June 30, 2013.

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees)			
Long term financing	11,773,428,240	966,796,170	5,714,307,271	5,092,324,799
Short term borrowings	2,458,285,347	2,458,285,347	-	-
Trade and other payables	1,453,705,720	1,453,705,720	-	-
Accrued finance cost	479,067,116	479,067,116	-	-
	16,164,486,423	5,357,854,353	5,714,307,271	5,092,324,799

33.2 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. No quoted financial instrument is held by the company.

The financial instruments that are not traded in active market are carried at cost and are tested for impairment according to IAS 39 'Financial Instruments : Recognition and Measurement'.

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

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.

33.3 Financial instruments by categories

	Loans and receivables	
	2014 Rupees	2013 Rupees
Assets as per balance sheet		
Trade debts	10,348,174,228	5,794,382,448
Advances, deposits and other receivables	298,612,841	241,884,995
Cash and bank balances	1,039,426,126	3,947,173,857
	11,686,213,195	9,983,441,300

	Financial liabilities at amortised cost	
	2014 Rupees	2013 Rupees
Liabilities as per balance sheet		
Long term financing	10,806,632,070	11,773,428,240
Short term borrowings	3,042,029,432	2,458,285,347
Trade and other payables	1,749,072,879	1,453,705,720
Accrued finance cost	400,825,880	479,067,116
	15,998,560,261	16,164,486,423

33.4 Capital management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, 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 debt divided by total capital. Net debt is calculated as total borrowings including current and non-current borrowings, as disclosed in note 7, less cash and cash equivalents as disclosed in note 27. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

The company's strategy, which was unchanged from last year, was to maintain a gearing ratio of 80% debt and 20% equity. The gearing ratio as at June 30, 2014 and June 30, 2013 is as follows:

		2014 Rupees	2013 Rupees
Borrowings - note 7		10,806,632,070	11,773,428,240
Less: Cash and cash equivalents - note 27		(2,002,603,306)	1,488,888,510
Net debt		12,809,235,376	10,284,539,730
Total equity		10,355,322,800	9,208,435,334
Total capital		23,164,558,176	19,492,975,064
Gearing ratio	Percentage	55.30	52.76

34. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 22, 2014 by the Board of Directors of the company.

35. EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors have proposed a final cash dividend for the year ended June 30, 2014 of Rupee 1 (2013: Rupees 2) per share, amounting to Rs 354,088,500 (2013: Rs 708,177,000) at their meeting held on September 22, 2014 for approval of the members at the Annual General Meeting to be held on October 30, 2014. 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.

CHIEF EXECUTIVE | **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 30, 2014 (Thursday) at 11:00 A.M. at Nishat Hotel, 9-A, Gulberg III, Mian Mahmood Ali Kasuri Road, 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________________2014.

Revenue Stamp of Rs. 5/-

Signature ______________________________

Address ______________________________

____

CNIC No. ______________________________

No. of shares held ______________________________

Witness:-

Name ______________________________

Address ______________________________

____

CNIC No. ______________________________

IMPORTANT:

a. 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

b. Attested copies of the CNIC or the passport of beneficial owners shall be furnished with the proxy form.

c. The proxy shall produce his original CNIC or original passport at the time of the Meeting.

d. 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.

NISHAT

53-A, Lawrence Road, Lahore.
Te: 042-6367812-16
Fax: 042-6367414
UAN: 042-111-11-33-33