



**NISHAT
CHUNIAN**
POWER LTD.

NCPL/PSX/2017-5362-63

September 22, 2017

PUCAR / Courier

The General Manager,
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
Karachi

CC: The Executive Director
Monitoring & enforcement Division
Securities & Exchange Commission of Pakistan,
N.I.C Building, Jinnah Avenue,
Islamabad
Fax # (051) 9218592/9204915

SUB: FINANCIAL RESULTS FOR THE YEAR ENDED JUNE 30, 2017

Dear Sir,

We have to inform you that the Board of Directors of Nishat Chunian Power Limited in their meeting held on September 22, 2017 at 11:00 AM at Registered Office, 31-Q, Gulberg II, Lahore, has recommended the following for the year ended June 30, 2017:

CASH DIVIDEND:

A final Cash Dividend for the year June 30, 2017 at Rs.1.00 per share i.e.10%. This is in addition to Interim Dividend already paid at Rs.1.50 per share i.e. 15%.

BONUS:

Nil

RIGHT:

Nil

ANY OTHER ENTITLEMENT / CORPORATE ACTION:

Nil

ANY OTHER PRICE SENSITIVE INFORMATION:

Nil





PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
	(Rupees in thousand)	
Sales	16,147,843	13,853,806
Cost of sales	<u>(11,827,672)</u>	<u>(9,660,067)</u>
Gross profit	4,320,171	4,193,739
Administrative expenses	(172,968)	(153,998)
Other expenses	(92,693)	(92,339)
Other income	36,458	27,956
Finance cost	<u>(1,092,520)</u>	<u>(1,219,116)</u>
Profit before taxation	2,998,448	2,756,242
Taxation	1,303	-
Profit for the year	<u><u>2,999,751</u></u>	<u><u>2,756,242</u></u>
Earnings per share - basic and diluted (in Rupees)	<u>8.17</u>	<u>7.50</u>





The External Auditors emphasize the following in their report:

We draw attention to Note No. 17.2 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."

Note No. 17.2 to the Financial Statements for the year ended June 30, 2017 reproduced here under:-

Included in trade debts is an amount of Rs.966 million relating to capacity purchase price not acknowledged by NTDC during 2012 as the plant was not fully available for power generation. However, the sole reason of this under-utilization of plant capacity was non-availability of fuel owing to non-payment by NTDC.

Since management considers that the primary reason for claiming these payments is that plant was available, however, could not generate electricity due to non-payment by NTDC, therefore, management believes that company cannot be penalized in the form of payment deductions due to NTDC's default of making timely payments under the PPA. Hence, the company had taken up this issue at appropriate forums. On June 28, 2013, the company entered into a Memorandum of Understanding ('MoU') for cooperation on extension of credit terms with NTDC whereby it was agreed that the constitutional petition filed by the company before the Supreme Court of Pakistan on the above mentioned issue would be withdrawn unconditionally and it would be resolved through the dispute resolution mechanism under the PPA. Accordingly, as per terms of the MoU, the company applied for withdrawal of the aforesaid petition which is pending adjudication before Supreme Court of Pakistan. During the financial year 2014, the company in consultation with NTDC, appointed an Expert for dispute resolution under the PPA.

In the financial year 2016, the Expert had given his determination whereby the aforesaid amount was determined to be payable to the company by NTDC. Pursuant to the Expert's determination, the company demanded the payment of the aforesaid amount of Rs.966 million from NTDC that has not yet been paid by NTDC. Under the terms of PPA, the company had filed petition for arbitration in The London Court of International Arbitration ('LCIA'), during the pendency of the Expert's determination whereby an Arbitrator was appointed and the proceedings are ongoing. In October 2015, the Government of Pakistan ('GOP') through Private Power & Infrastructure Board ('PPIB') had filed a suit for declaration and permanent injunction along with an application for interim relief in the court of Senior Civil Judge, Lahore seeking suspension of the aforementioned decision of the Expert, praying it to be illegal (herein after referred to as "civil suit 2015") and obtained an interim order suspending the Expert's determination. Furthermore, NTDC filed an application for clarification of the aforementioned interim order and a stay application in the LCIA before the Arbitrator to stay the arbitration proceedings on the basis of the aforementioned interim order. During the year, in response to NTDC's stay application, the Arbitrator through his ruling dated July 8, 2016 declared that the arbitration shall proceed and has denied NTDC's request for a stay. Also, the Arbitrator ordered NTDC to withdraw the abovementioned application filed in the court of Senior Civil Judge, Lahore and has refrained it from taking any further steps therein to disrupt the arbitration proceedings.





Consequently, notices of arbitration were issued to the relevant parties including PPIB. In response to the aforementioned Arbitrator's order dated July 8, 2016, the company and PPIB filed separate applications before the Civil Judge, Lahore. In its application, the company prayed that the Civil Court, Lahore lacks the jurisdiction in respect of the case against the Expert's determination. Meanwhile, GOP through PPIB filed a suit in Civil Court, Lahore (herein after referred to as "civil suit 2016") praying it to restrain the participation in arbitration proceedings, Expert's determination and interim order of the Arbitrator. On April 18, 2017, the Civil Court, Lahore, through an interim order granted the plea of PPIB, whereby the court suspended the arbitration proceedings and restrained participating in the arbitration proceedings. Being aggrieved, the company filed appeal before the Additional District Judge, Lahore against the aforementioned orders of the Civil Court and filed revision petition for lack of jurisdiction by Civil Court in respect of civil suit 2015 and civil suit 2016 and continued to take part in the arbitration proceedings, while NTDC and PPIB did not participate in any subsequent arbitration proceedings pursuant to the decisions of the Civil Court, Lahore dated April 18, 2017. Furthermore, in response to the company's continued participation in the arbitration proceedings, PPIB filed a contempt petition before Lahore High Court ('LHC') in respect of the decision of the Civil Court, Lahore, against which the company filed an intra court appeal in LHC. On May 31, 2017, LHC has suspended the contempt of court orders.

On June 8, 2017, the Arbitrator declared his Partial Final Award wherein he decided the matter principally in the company's favor and declared that the above mentioned Expert's determination is final and binding on all parties while deferring the quantum and security form of the company's claim to October 01, 2017. Later, on July 19, 2017, in order for interim measures, Arbitrator ordered the NTDC to provide security of claim paying Rs.966 million in LCIA's account by August 04, 2017, which was extended to August 21, 2017 that has not yet been paid by NTDC. Subsequent to year end, on July 8, 2017, the Additional District Judge in his order accepted the company's prayer for vacating the orders of the Civil Court, Lahore for the civil suit 2015 and civil suit 2016, however, dismissed the company's revision regarding lack of jurisdiction by Civil Court. The company filed a writ petition in Lahore High Court ('LHC') regarding the lack of jurisdiction by Civil and District courts (herein after referred to as "trial courts"). On the other hand, GOP through PPIB filed revision petitions in LHC challenging the above mentioned orders of Additional District Judge for the civil suit 2015 and civil suit 2016. NTDC also challenged the Partial Final Award in Lahore Civil Court, and the same was suspended by the Civil Court on July 10, 2017. The Civil Court's order was challenged by the company in the District Court by filing a revision petition. The District Court, on August 12, 2017, ordered for the suspension of the Civil Court's order of July 10, 2017 and proceedings are still ongoing.

In response to the revision petition filed by PPIB before LHC against the abovementioned orders of the trial courts with respect to civil suit 2015 and civil suit 2016, LHC on August 4, 2017, suspended the Expert's determination till the next hearing of the case on October 5, 2017 while the case is pending adjudication. Furthermore, in response to the company's writ petition, LHC on September 7, 2017, suspended impugned orders and proceedings of trial courts for the time being while the case is pending adjudication.





On July 6, 2017, NTDC also initiated proceedings challenging the Partial Final Award in London which are pending before the Commercial Court in London. Meanwhile, the Company has filed for an anti suit injunction against NTDC in the Commercial Court in London where on August 14, 2017, an order was issued to NTDC restraining it from pursuing the proceedings initiated in the Civil Court challenging the Partial Final Award and taking any steps or participating in any court outside England which seeks to set aside the Partial Final Award of the Arbitrator.

Based on the advice of the company's legal counsel, Expert's determination and Arbitration Award, management strongly feels that under the terms of the PPA and the Implementation Agreement, there are meritorious grounds to support the company's stance the amount is likely to be recovered. Consequently, no provision for the above mentioned amount has been made in these financial statements.

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) of the Company will be held on October 23, 2017 (Monday) at 10:00 A.M. at 31-Q Gulberg II, Lahore.

The above entitlement will be paid to the shareholders whose names will appear in the Register of Members on October 16, 2017.

BOOK CLOSURE NOTICE FOR ENTITLEMENT OF FINAL CASH DIVIDEND @ 10% AND ATTENDING OF ANNUAL GENERAL MEETING (AGM):-


The Share Transfer Books of the Company shall remain closed for entitlement of Final Cash Dividend @Rs.1/- (Rupees One Only) per share i.e. 10% and attending of AGM from October 16, 2017 to October 23, 2017 (both days inclusive). Transfers received in order at Share Registrar, Hameed Majeed Associates (Private) Ltd, HM House, 7-Bank Square, at the close of business on October 15, 2017 will be treated in time for the purpose of above entitlement to the transferees.

Notice of AGM of the members of the Company will be send in due course of time.

We will send you 200 copies of printed accounts of the Company for the year ended June 30, 2017 for distribution amongst the TRE certificate holders of the Exchange 21 days before the date of AGM.

Thanking you,
Yours truly,

For Nishat Chunian Power Limited


Muhammad Bilal
Company Secretary

