



**NISHAT  
CHUNIAN  
POWER LTD.**

NCPL/PSX/2018-6147-48

September 28, 2018

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

PUCAR/ Courier

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

**SUBJECT: FINANCIAL RESULTS FOR THE YEAR ENDED JUNE 30, 2018**

Dear Sir,

We have to inform you that the Board of Directors of Nishat Chunian Power Limited in their meeting held on September 28, 2018 at 02:30 PM at Registered Office, 31-Q, Gulberg II, Lahore, has recommended the following for the year ended June 30, 2018:

**CASH DIVIDEND:**

Final Cash Dividend for the year ended June 30, 2018 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

The financial results of the Company are attached.





**STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2018**

	Note	2018 (Rupees in thousand)	2017
Sales	21	16,594,018	16,147,843
Cost of sales	22	(11,954,459)	(11,827,672)
<b>Gross profit</b>		4,639,559	4,320,171
Administrative expenses	23	(207,083)	(172,968)
Other expenses	24	(15,788)	(92,693)
Other income	25	35,964	36,458
Finance cost	26	(1,046,267)	(1,092,520)
<b>Profit before taxation</b>		3,406,385	2,998,448
Taxation	27	-	1,303
<b>Profit for the year</b>		3,406,385	2,999,751
Earnings per share - basic and diluted (in Rupees)	28	9.27	8.17

**The external Auditors emphasis the following in their report:**

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

**Note No. 18.2 to the Financial Statements for the year ended June 30, 2018 is reproduced hereunder:**

18.2 Included in trade debts is an amount of Rs 966.166 million relating to capacity purchase price not acknowledged by NTDC as the plant was not fully available for power generation. However,





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the sole reason of this under-utilization of plant capacity was non-availability of fuel owing to non-payment by NTDC.

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

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

During the financial year 2016, the Expert gave his determination whereby the aforesaid amount was determined to be payable to the company by NTDC. Pursuant to the Expert's determination, the company demanded the payment of the aforesaid amount of Rs 966.166 million from NTDC that has not yet been paid by NTDC.

The company filed a request for arbitration in the London Court of International Arbitration ('LCIA'), whereby an Arbitrator was appointed. In October 2015, the Government of Pakistan ('GOP') through Private Power & Infrastructure Board ('PPIB') filed a case in the court of Senior Civil Judge, ("Civil Case 2015"), Lahore, against the aforementioned decision of the Expert, praying it to be illegal, which is pending adjudication.

Consequently, invitation to participate in arbitration was issued to the PPIB/GOP. PPIB filed separate Civil Suit before the Civil Judge, Lahore, seeking inter alia that the parties should be restrained from participating in the arbitration proceedings in the LCIA ("Civil Case 2016"). The company filed applications in the Civil Court where the company prayed that the Civil Court, Lahore lacks the jurisdiction in respect of the cases filed by PPIB. In respect of the aforementioned applications, through its orders dated April 18, 2017, the Civil Court, Lahore rejected company's pray and granted the pray of PPIB whereby, the court accepted PPIB's applications for interim relief in 2015 and 2016 civil suits. Being aggrieved, the company challenged before the Additional District Judge, Lahore against the aforementioned orders of the Civil Court and continued to take part in the arbitration proceedings. Furthermore, in response to the company's continued participation in the arbitration proceedings, PPIB filed contempt petition before Lahore High Court (LHC) in respect of the decision of the Civil Court, Lahore and the LHC passed an order in those proceedings. The company challenged the LHC's order before the Division Bench of LHC, which decided the matter in favour of the company through its order dated May 31, 2017 whereby, the aforementioned order of the LHC was suspended.





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

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

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

On October 29, 2017, the Arbitrator declared his Final Award whereby he ordered NTDC to pay to the company: i) Rs 966.166 million pursuant to Expert's determination; ii) Rs 224.229 million being Pre award interest; iii) Rs 9.203 million for breach of arbitration agreement; iv) Rs 1.684 million and USD 612,311 for the company's cost of proceedings; v) GBP 30,157 for company's LCIA cost of arbitration and vi) Interest at KIBOR + 4.5% compounded semiannually from the date of Final Award until payment of these amounts by NTDC ("the Final Award") that works out to Rs 92.932 million upto June 30, 2018.

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

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





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Based on the favourable Expert's determination and Arbitration Award, management strongly feels that under the terms of the PPA and Implementation Agreement, the above amount of Rs 966.166 million is likely to be recovered by the company. Consequently, no provision for this amount has been made in these financial statements.

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

#### **ANNUAL GENERAL MEETING**

The Annual General Meeting (AGM) of the Company will be held on October 26, 2018 (Friday) at 09:00 AM 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 19, 2018.

#### **BOOK CLOSURE NOTICE FOR ENTITLEMENT OF FINAL CASH DIVIDEND @ 15% AND ATTENDING OF ANNUAL GENERAL MEETING (AGM):-**

The Share Transfer Books of the Company shall remain closed from October 19, 2018 to October 26, 2018 (both days inclusive) for entitlement of Final Cash Dividend at Rs.1.50/- (Rupees One and Half Only) per share i.e. 15% and attending of AGM. Transfers received in order at Share Registrar, Hameed Majeed Associates (Private) Ltd, HM House, 7-Bank Square, at the close of business on October 18, 2018 will be treated in time for the purpose of above entitlement to the transferees.

The Annual Report of the Company will be transmitted through PUCARS atleast 21 days before holding of Annual General Meeting.

Thanking you,

Yours truly,

**For Nishat Chunian Power Limited**

**Muhammad Bilal  
Company Secretary**

