LALPIR POWER LIMITED

NISHAT

SECY/STOCKEXC/

April 28, 2020

The General Manager,
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
KARACHI.

SUB: **SUBMISSION OF ANNUAL AUDITED ACCOUNTS FOR THE PERIOD ENDED DECEMBER 31, 2019**

Dear Sir,

In compliance with the provisions of Section 237 of the Companies Act 2017, read with PSX Notice No. PSX/N-4207 dated July 13, 2018 and PSX/N-4952 dated August 29, 2018, we are pleased to submit electronically through PUCAR Annual Audited Accounts for the year ended December 31, 2019.

Further please find attached Statement of Free Float of along with Independent Reasonable Assurance Report on Statement of Free Float of Shares dated April 23, 2020 issued by Riaz Ahmad & Co., Chartered Accountants, the external auditors of the Company.

Thanking you,

Yours truly,

KHALID MAHMOOD CHOHAN
COMPANY SECRETARY

HEAD OFFICE : 1-B, AZIZ AVENUE, CANAL BANK, GULBERG V, LAHORE. TEL: +92-42-35717090-96, 35717159-63, FAX: +92-42-35717239, WEBSITE: www.lalpir.com, E-MAIL: lalpir@lalpir.com
REGISTERED OFFICE : NISHAT HOUSE, 53/A, LAWRENCE ROAD, LAHORE. TEL: 111-113-333 FAX: +92-42-36367414
POWER STATIONS : LALPIR THERMAL POWER STATIONS, P.O. BOX NO. 89, MUZAFFARGARH. PC-34200, PAKISTAN. TEL: +92-66-2300030 FAX: +92-66-2300260, www.lalpir.com

Riaz Ahmad & Company
Chartered Accountants

LALPIR POWER LIMITED

STATEMENT OF FREE FLOAT OF SHARES

A member of
Nexia
International

Riaz Ahmad & Company
Chartered Accountants

10-B, Saint Mary Park
Main Boulevard, Gulberg-III
Lahore 54660, Pakistan
T: +92 (42) 3571 81 37-9
racolhr@racopk.com
www.racopk.com

INDEPENDENT REASONABLE ASSURANCE REPORT ON STATEMENT OF FREE FLOAT OF SHARES

To the Chief Executive of Lalpir Power Limited

1. Introduction

We have been engaged to perform a reasonable assurance engagement on the annexed Statement of Free Float of Shares ("the Statement") of Lalpir Power Limited, ("the Company") as of 31 March 2019, 30 June 2019, 30 September 2019 and 31 December 2019.

2. Applicable Criteria

The criteria against which the Statement is assessed is Regulation No. 5.7.2(c)(ii) of Pakistan Stock Exchange Limited Regulations ("PSX Regulations") which requires every listed company to submit directly to Pakistan Stock Exchange ("PSX") an annual Free-Float Certificate duly verified by the auditor along with the annual audited accounts as prescribed under regulation 5.6.4(a) of the PSX Regulations.

3. Management's Responsibility for the Statement

Management is responsible for the preparation of the Statement as of 31 March 2019, 30 June 2019, 30 September 2019 and 31 December 2019 in accordance with the applicable criteria. This responsibility includes maintaining adequate records and internal controls as determined necessary to enable the preparation of the Statement such that it is free from material misstatement, whether due to fraud or error.

4. Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

5. Our Responsibility and Summary of the Work Performed

Our responsibility is to carry out an independent reasonable assurance engagement and to express an opinion as to whether the Statement is prepared in accordance with the applicable criteria, based on the procedures we have performed and the evidence we have obtained.

We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information' (ISAE 3000) (Revised) issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable level of assurance about whether the Statement is free from material misstatement.

A reasonable assurance engagement in accordance with ISAE 3000 (Revised) involves performing procedures to obtain evidence about the free float of shares and related information in the Statement. The nature, timing and extent of procedures selected depend on the practitioner's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error, in the Statement. In making those risk assessments, we considered internal control relevant to Lalpir Power Limited's preparation of the Statement. A reasonable assurance engagement also includes assessing the applicable criteria used and significant estimates made by management, as well as, evaluating the overall presentation of the Statement.

We have carried out the procedures considered necessary for the purpose of providing reasonable assurance on the Statement. Our assurance procedures performed included verification of information in the Statement with the underlying data and record comprising of Central Depository Company statements, forms submitted by the Company with Securities & Exchange Commission of Pakistan relating to its pattern of shareholding and other related information. Verification that the computation of free float of shares is in accordance with the PSX Regulations also forms part of our assurance procedures.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

6. Opinion

In our opinion, the Statement as of 31 March 2019, 30 June 2019, 30 September 2019 and 31 December 2019 is prepared, in all material respects, in accordance with the PSX Regulations.

7. Restriction on Use and Distribution

This report is issued in relation to the requirements as stipulated under Regulation No. 5.7.2(c)(ii) of the PSX Regulations and is not to be used or distributed for any other purpose. This report is restricted to the facts stated herein and the attachments.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

Date: 2 3 APR 2020

LAHORE

LALPIR POWER LIMITED

STATEMENT OF FREE FLOAT OF SHARES

	As of 31 March 2019	As of 30 June 2019	As of 30 September 2019	As of 31 December 2019
Total Outstanding Shares	379,838,732	379,838,732	379,838,732	379,838,732
Less: Government Holdings	-	-	-	-
Less: Shares held by Directors / Sponsors / Senior Management Officers and their associates (Note 1)	(27,799,261)	(27,799,261)	(27,799,261)	(27,799,261)
Less: Shares in Physical Form	(434,839)	(432,339)	(431,839)	(425,839)
Less: Shares held by Associate companies / Group Companies (Cross holdings)	(212,589,311)	(212,589,311)	(212,589,311)	(212,589,311)
Less: Shares issued under Employees Stock Option Schemes that cannot be sold in the open market in normal course	-	-	-	-
Less: Treasury shares	-	-	-	-
Less: Any other category that are barred from selling at the review date	-	-	-	-
	(240,823,411)	(240,820,911)	(240,820,411)	(240,814,411)
Free Float	**139,015,321**	**139,017,821**	**139,018,321**	**139,024,321**

Basis of Preparation: This Statement is prepared in accordance with the requirements of Regulation No. 5.7.2(c)(ii) of Pakistan Stock Exchange Limited Regulations (PSX Regulations).

Note 1: "Sponsors" has the same meaning as defined in The Companies (Issue of Capital) Rules, 1996. "Senior Management Officers" and "Associates" have the same meaning as defined in the Securities Act, 2015.

Company Secretary

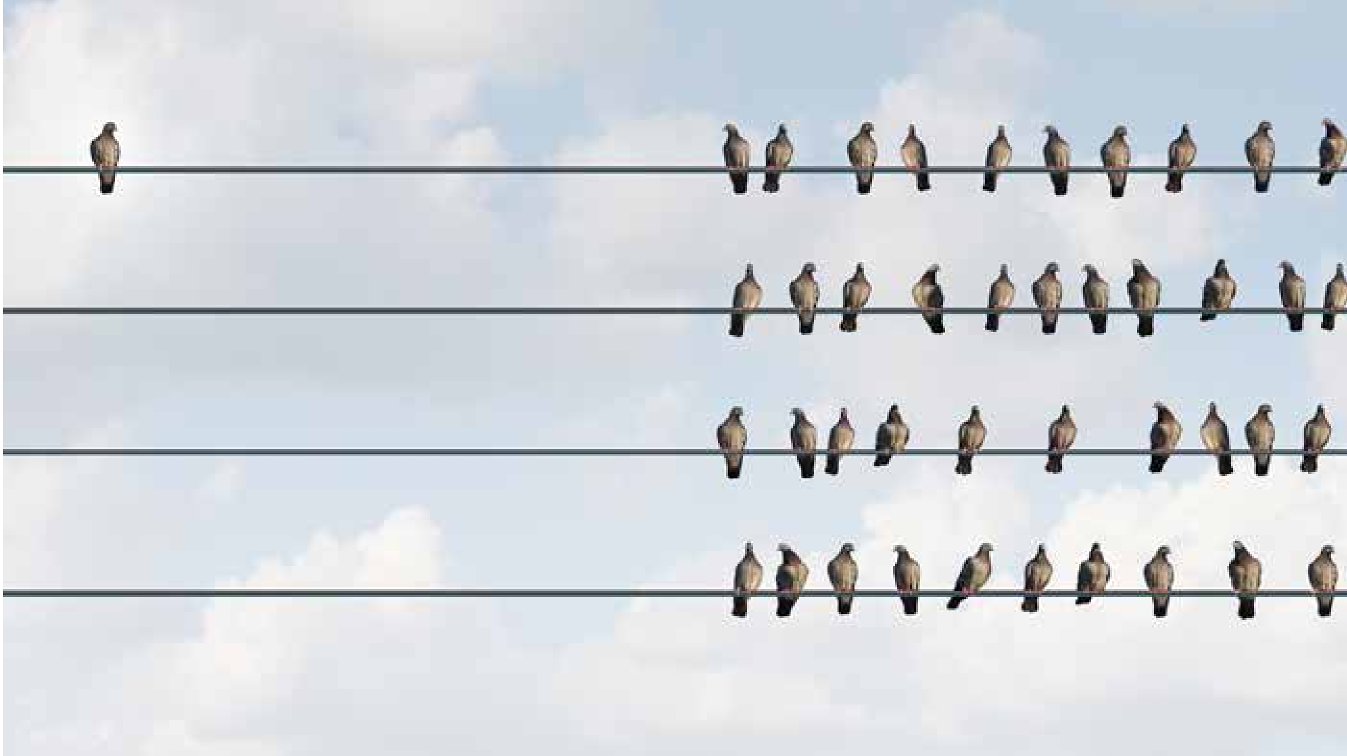
Chief Executive

RIAZ AHMAD AND CO. CHARTERED ACCOUNTANTS

NISHAT

LALPIR POWER LIMITED

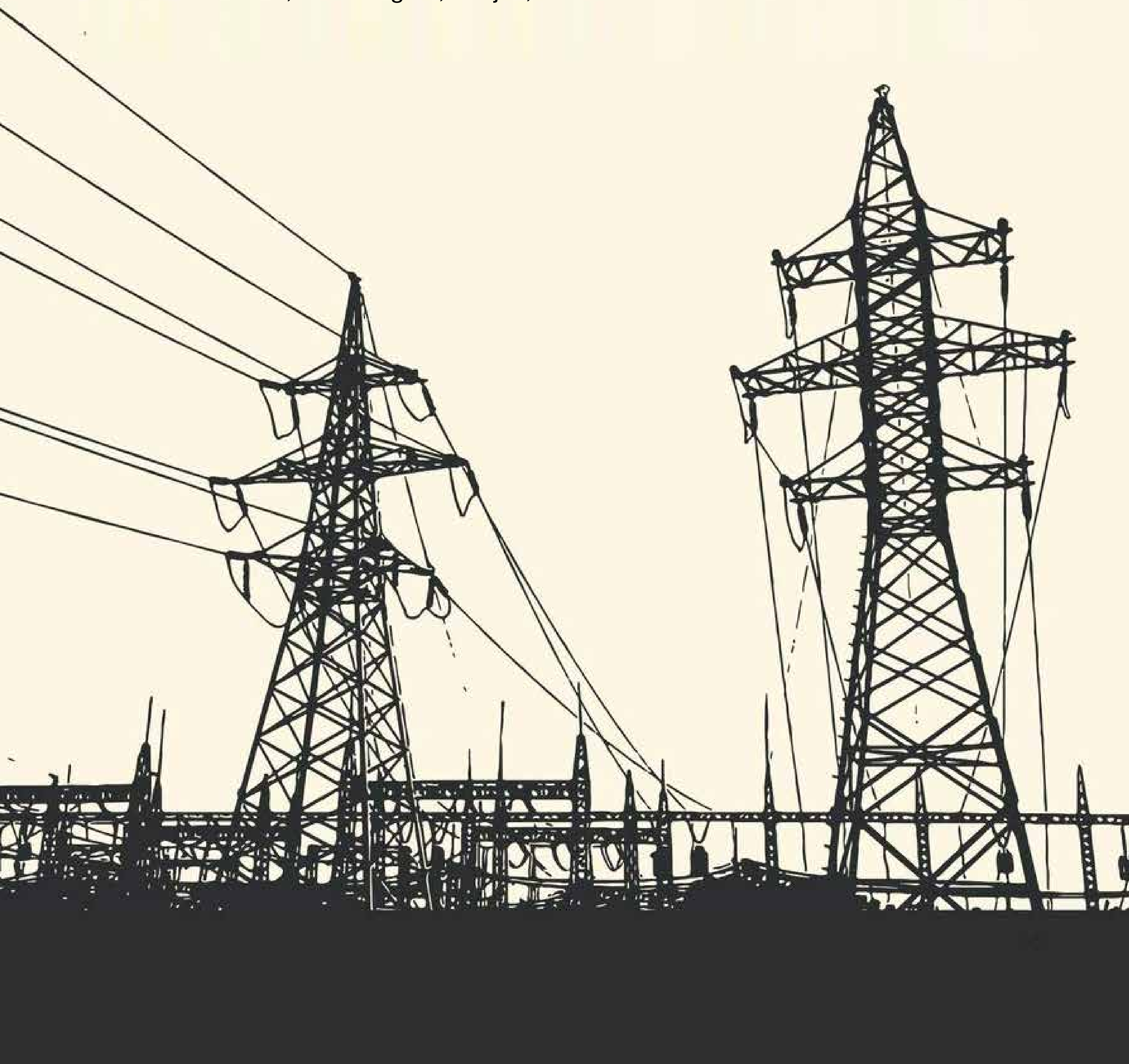
ANNUAL REPORT 2019



CONTENTS

THE COMPANY

Lalpir Power Limited ("the Company") was incorporated in Pakistan on 8 May 1994 under the Companies Ordinance, 1984 now the Companies Act, 2017. The registered office is situated at 53-A, Lawrence Road, Lahore. The principal activities of the Company are to own, operate and maintain an oil fired power station ("the Complex") having gross capacity of 362 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan.



COMPANY PROFILE

BOARD OF DIRECTORS

Mian Hassan Mansha .... Chairman
Mr. Mahmood Akhter
Mr. Aurangzeb Firoz
Mr. Jawaid Iqbal
Mr. Muhammad Azam
Mr. Inayat Ullah Niazi
Mr. Tanvir Khalid

CHIEF EXECUTIVE OFFICER

Mr. Mahmood Akhtar

AUDIT COMMITTEE

Mr. Jawaid Iqbal .... Chairman
Mr. Inayat Ullah Niazi
Mr. Tanvir Khalid

HUMAN RESOURCE & REMUNERATION(HR &R) COMMITTEE

Mr. Jawaid Iqbal .... Chairman
Mian Hassan Mansha
Mr. Inayat Ullah Niazi

CHIEF FINANCIAL OFFICER

Mr. Awais Majeed Khan

COMPANY SECRETARY

Mr. Khalid Mahmood Chohan

BANKERS OF THE COMPANY

Habib Bank Limited
The Bank of Punjab
United Bank Limited
Allied Bank Limited
National Bank of Pakistan
Bank Alfalah Limited
Faysal Bank Limited
Askari Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Bank Islami Pakistan Limited
Standard Chartered Bank (Pakistan) Limited
Al Baraka Bank (Pakistan) Limited
Meezan Bank Limited
Silk Bank Limited

AUDITOR OF THE COMPANY

Riaz Ahmad & Co.
Chartered Accountants

LEGAL ADVISOR OF THE COMPANY

Mr. M. Aurangzeb Khan
Advocate High Court

REGISTERED OFFICE

53-A, Lawrence Road,
Lahore-Pakistan
UAN: +92-42-111-11-33-33
Fax:+92-42-36367-414

HEAD OFFICE

1-B, Aziz Avenue, Gulberg-V,
Lahore- Pakistan
Tel: +92-42-35717090-96
Fax:+92-42-35717239

SHARE REGISTRAR

CDC Share Registrar Services Limited
CDC House,99-B, Block-B, S.M.C.H.S
Shahra-e-Faisal, Karachi – 74400
Tel: +92-21-111-111-500
Fax: +92-21-34326053

PLANT

Mehmood Kot, Muzaffargarh,
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 STAKE HOLDERS.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the members of Lalpir Power Limited (the "Company") will be held on May 22, 2020 (Friday) at 10:00 A.M. at Nishat House 53-A, Lawrence Road, Lahore and if the current situation of COVID-19 pandemic and lockdown is continued the meeting will be held through video link to transact the following business:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2019 together with the Chairman Review, Directors' and Auditors' reports.

2. To elect Seven (7) Directors of the Company, as fixed by the Board of Directors, for the next term of three years, in accordance with the provisions of Section 159 of the Companies Act 2017, in place of following retiring Directors.

   1. Mian Hassan Mansha
   2. Mr. Aurangzeb Firoz
   3. Mr. Jawaid Iqbal
   4. Mr. Mahmood Akhtar
   5. Mr. Muhammad Azam
   6. Mr. Inayat Ullah Niazi
   7. Mr. Tanvir Khalid

   A Statement of Material Facts as required under Section 166(3) of the Companies Act, 2017 concerning the manner of selection of Independent Directors is annexed to the notice of meeting circulated to the members of the Company.

3. To appoint statutory Auditors of the Company for the year ending 2020 and fix their remuneration.

4. Special Business:-

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

A) RESOLVED that approval of the members of Lalpir Power Limited (the "Company") be and is hereby accorded in terms of Section 199 of the Companies Act, 2017 for renewal of investment upto PKR 1,000,000,000/- (Rupees One Billion Only) in the form of loan / advance to Pakgen Power Limited ("Pakgen"), an associated company, for a period of one year starting from the date of approval by the members, at the mark up rate of 1 Month KIBOR plus 1% (which shall not be less than the average borrowing cost of the Company) and as per other terms and conditions of loan agreement in writing and as disclosed to the members.

FURTHER RESOLVED the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby singly empowered and authorized to do all acts, matters, deeds and things and take any or all necessary steps and actions to complete all legal formalities including signing of agreement and other documents and file all necessary documents as may be necessary or incidental for the purpose of implementing the aforesaid resolution.

B) RESOLVED that approval of the members of Lalpir Power Limited (the "Company") be and is hereby accorded in terms of Section 199 of the Companies Act, 2017 for renewal of investment up to PKR 500,000,000/- (Rupees Five Hundred Million Only) in the form of working capital loan extended to Nishat Hotels and Properties Limited ("NHPL"), an associated company, for a period of one year from the date of approval by the members, subject to availability of funds provided that the return on any outstanding amount of loan shall be 1 Month KIBOR plus 1% (which shall not be less than the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period or the average borrowing cost of the Company) and as per other terms and conditions of the agreement in writing and as disclosed to the members.

FURTHER RESOLVED the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby singly empowered and authorized to do all acts, matters, deeds and things and take any or all necessary steps and actions to complete all legal formalities including signing of agreement and other documents and file all necessary documents as may be necessary or incidental for the purpose of implementing the aforesaid resolutions.

Statement under Section 134(3) of the Companies Act, 2017 concerning special business is annexed to the notice of meeting circulated to the members of the Company.

By order of the Board

(KHALID MAHMOOD CHOHAN)
COMPANY SECRETARY

LAHORE
April 23, 2020

NOTES:

1. BOOK CLOSURE NOTICE:-

The Ordinary Shares Transfer Books of the Company will remain closed from 11-05-2020 to 22-05-2020 (both days inclusive) for 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 May 8, 2020 at Share Registrar, CDC Share Registrar Services Ltd, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, will be considered in time for attending of meeting.

2. ATTENDANCE AT MEETING

A member entitled to attend and vote at this meeting may appoint any other member as his/ her proxy to attend and vote. The Instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarially attested copy of the power of attorney must be deposited at the registered office of the Company at least 48 hours before the time of the meeting. A proxy must be a member of the company. The proxy form is available on the Company's website: http://www.lalpir.com/.

Members, who have deposited their shares into Central Depositary Company of Pakistan Limited, are being advised to bring their original National Identity Cards along with CDC Participant ID and account number at the meeting venue.

Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan under Circular No.1 of 2000:

A. For Attending the Meeting

a. In case of Individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or, original Passport at the time of attending the Meeting.
b. In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies

a. In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
d. The proxy shall produce his original CNIC or original passport at the time of the Meeting.

e. In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

Members are requested to timely notify any change in their addresses.

STATEMENT OF MATERIAL FACTS UNDER SECTION 166(3) OF THE COMPANIES ACT, 2017.

The election of directors of the Company was due in the AGM on April 26, 2020 but the AGM was extended to May 22, 2020 under the general extension granted by SECP through its Circular No. 06 dated April 01, 2020 read with Circular 10 dated April 06, 2020 and an Impediment Report was submitted with SECP as required under Section 158 of the Companies Act, 2017.

Pursuant to the requirements of Section 166(3) of the Companies Act, 2017, independent directors will be appointed through the process of Election of Directors as laid down under Section 159 of the Companies Act, 2017. The names of Mr. Jawaid Iqbal and Mrs. Hajra Arham have been proposed as Independent Directors to be elected by the members. They are qualified and experienced professional and their names have been selected from the data bank of independent directors maintained by Pakistan Institute of Corporate Governance because they meet the criteria of independence as laid down in Section 166(2) of the Companies Act, 2017. The candidates are requested to read the relevant provisions / requirements relating to the appointment / election of directors, as mentioned in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 and ensure compliance with the same in letter and sprit.

The present Directors are interested to the extent that they are eligible for re-election as Directors of the Company.

3. SUBMISSION OF COPY OF CNIC (MANDATORY):

Individuals including all joint holders holding physical share certificates are requested to submit a copy of their valid CNIC to the Company or the Company's Share Registrar. All shareholders are once again requested to send a copy of their valid CNIC to our Share Registrar, CDC Share Registrar Services Limited, of Pakistan, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi. The Shareholders while sending CNIC must quote their respective folio numbers and name of the Company.

4. TRANSMISSION OF ANNUAL FINANCIAL STATEMENTS THROUGH EMAIL:

In terms of the provisions of the Companies Act, 2017, the Company can send financial statements electronically to its members. In this regard, the members may send their email information on a standard form which is available at the Company's website i.e. www.lalpir.com and send the form, duly signed, along with copy of his/her CNIC to the Company's Share Registrar, CDC Share Registrar Services Limited.

5. CIRCULATION OF ANNUAL REPORTS THROUGH DIGITAL STORAGE

Pursuant to the SECP's notification SRO 470(I) / 2016 dated 31st May, 2016 the Members of Lalpir Power Limited in AGM held on April 26, 2017 had accorded their consent for transmission of annual reports including audited annual financial statements and other information contained therein of the Company through CD/DVD/USB instead of transmitting the same in hard copies. The shareholders who wish to receive hard copies of the aforesaid documents may send to the Company Secretary / Share registrar, the standard request form available on the Company's website and the Company will provide the aforesaid documents to the shareholders on demand, free of cost, within one week of such demand.

6. UNCLAIMED DIVIDEND / SHARES

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

7. VIDEO CONFERENCE FACILITY

In terms of the Companies Act, 2017, members residing in a city holding at least 10% of the total paid up share capital may demand the facility of video-link for participating in the annual general meeting. The request for video-link facility shall be received by the Share Registrar at their address at least 7 days prior to the date of the meeting on the Standard Form available on the website of the Company.

8. IN CASE THE MEETING WILL HELD UNDER WEBINAR ARRANGEMENTS THROUGH VIDEO LINK DUE TO COVID-19 PANDEMIC AND CONTINUED LOCKDOWN SITUATION

The shareholders will be able to login and participate in the proceedings of AGM through their smartphones or computer devices from their homes or any convenient location after completing meeting attendance formalities on the following video link. For this purpose, shareholders are requested to get their particulars registered with the Company Secretary (Mobile phone 03334411103/03412031111) at least one working day before holding the meeting and they will be provided with their login details.

Video Link facility: https://zoom.us/download

The shareholders can also provide their comments/suggestions for the agenda items of the AGM on the following Cell No., WhatsApp No. and Email ID.

Mobile No.: 0333 4411103 / 0341 2031111

WhatsApp No.: 0333 4411103 / 0341 2031111

Email: kchohan@lalpir.com or kchohan@dgcement.com or smahmood@dgcement.com

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

This Statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on May 22, 2020.

A) LOAN ADVANCE TO PAKGEN POWER LIMITED

Pakgen Power Limited ("Pakgen") is a Public Limited Company incorporated on 22 June 1995 under the Companies Ordinance, 1984. The registered office of Pakgen is situated at 53-A, Lawrence Road, Lahore. The principal activities of the Company are to own, operate and maintain an oil fired power station having gross capacity of 365 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan. It is currently listed on the Pakistan Stock Exchange Limited.

Pakgen has a persistent problem with its trade debt balances which fluctuate routinely due to delay in payments from WAPDA. This creates liquidity problems for Pakgen due to which it has to borrow funds from Banks and Financial Institutions to meet its working capital requirements.

Considering the average borrowing rate of the Company and the return offered by Banks on term deposits, the Directors of the Company has recommended loan / advance in the form working capital loan up to Rs. 1 billion to Pakgen at the interest rate of 1 Month KIBOR plus 1% which shall not be less than borrowing cost of the Company. Repayment of the principle amount of loan/advance shall be made within one year from the date of approval by the members while payment of interest due shall be made on monthly basis. The Management expects the transaction to be beneficial for the Company and its shareholders as this will enhance the return on surplus funds available with the Company.

Prospective Benefits of the Proposed Investment

Following are the prospective benefits and projected financial gain of the proposed investment:

a. Earnings of Rs.93.8 million interest income on proposed investment for 336 days i.e. upto the date of next Annual General Meeting of the Company. It is linked with the interest rate of KIBOR plus 1% (i.e. 1M KIBOR +1%).

b. Opportunity for short term investment to earn more than average borrowing cost of the Company.

c. Return on proposed investment is linked with KIBOR and there is increasing trend in rate of KIBOR. Hence, better than making any other investment.

Other Relevant Information to the Satisfaction of Minority Shareholders

The following other relevant information to the satisfaction of minority shareholders is being provided:

- All business decisions being made by the board of directors of the Company are aimed at securing the best interests of the Company and its shareholders.

- The investment decisions implemented by the board of directors of the Company are a direct manifestation of the will of the majority shareholders through resolutions passed at the general meetings which the board of directors is duty bound to comply with as per the law.

- The Company is interested in maximizing returns for all its stakeholders and bases its business decisions on this principle of maximization of returns. Some business decisions are more fruitful than others, however, we assure you that none are motivated by ill-intent.

The Directors have certified that they have carried out necessary due diligence for the proposed investment before making recommendation for approval of the members and duly signed recommendation of the due diligence report shall be made available for inspection of members in the general meeting along with latest financial statements of Pakgen.

Pakgen is not a member of the Company. Its sponsors/directors are directors/members of the Company. They have no interest except their directorship and to the extent of their shareholding in the Company which is as follows:

Name	% of Shareholding
Mian Hassan Mansha	6.84
Mr. Aurangzeb Firoz	0.00

Information under Regulation 3 of The Companies' (Investment in Associated Companies or Associated Undertakings) Regulations, 2017.

<table>
<tr><td colspan="3">(a) Disclosure for all types of investments:</td></tr>
<tr><td colspan="3">(A) Disclosure regarding associated company</td></tr>
<tr><td>i</td><td>Name of Associated Company or Associated Undertaking</td><td>Pakgen Power Limited (Pakgen)</td></tr>
<tr><td>ii</td><td>Basis of Relationship</td><td>Common Directorship</td></tr>
<tr><td>iii</td><td>Earnings / (Loss) per Share for the last three years</td><td>
<table>
<tr><td>Year</td><td>Earnings per Share (Rs.)</td></tr>
<tr><td>2019</td><td>7.82</td></tr>
<tr><td>2018</td><td>3.99</td></tr>
<tr><td>2017</td><td>3.53</td></tr>
</table>
</td></tr>
<tr><td>iv</td><td>Break-up value per Share, based on last audited financial statements</td><td>PKR 51.20 per share as at 31 December 2019.</td></tr>
<tr><td>v</td><td>Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest audited financial statements as on 31, Dec 2019.</td><td><u>Assets as at 31 December 2019 (Rupees '000)</u>

Non-current assets – 6,832,035
Current assets – 24,623,019
Total assets – 31,455,054

<u>Total Current Liabilities – (Rupees '000)</u>

Net equity – 19,054,062
Revenue 2019 – 12,185,385
Expenses (CGS+Admin) – 9,436,115
Other income – 161,771
Profit/(Loss) after tax- 2,911,041</td></tr>
</table>

vi	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely	N/A
	I Description of the project and its history since conceptualization	N/A
	II Starting date and expected date of completion of work	N/A
	III Time by which such project shall become commercially operational	N/A
	IV Expected time by which the project shall start paying return on investment	N/A
	V Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts	N/A
(B) General Disclosures:		
(i)	Maximum amount if investment to be made	PKR 1,000,000,000/- (Rupees One Billion Only).
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	The company will earn income on its surplus funds which will add to profitability of the Company.
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:	Surplus funds of the Company
	(I) Justification for investment through borrowings	N/A
	(II) Detail of Collateral, guarantees provided and assets pledged for obtaining such funds	N/A
	(III) Cost of benefit analysis	N/A

(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	Agreement will be signed after approval by the members. Other significant terms and conditions are as under: 1. Interest due on outstanding amount of loan shall be paid by the associated company on monthly basis on 20thtof every month starting from the next month of the disbursement of loan. 2. In case of delay in re-payment principal and interest, an additional sum equivalent to 2% per annum on the unpaid amount for the period for which the payment is delayed, shall be paid by associated company to the Company in addition to the agreed interest amount. 3. All payments under the loan agreement shall be made through crossed cheques. 4. The associated company shall provide a corporate guarantee to secure the loan
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	The interest, direct or indirect in the associated company and the transaction under consideration is detailed as under: Two Directors of Lalpir Power Limited, Mian Hassan Mansha currently holds 3.93% shares, Mr. Aurangzeb Firoz currently holds 0.03% shares in Pakgen Power Limited. The associated companies holding shares of Lalpir Power Limited are interested in Pakgen Power Limited to the extent of their shareholding as follows: % Nishat Mills Limited 27.55 Security General Insurance Co. Ltd. 1.72 Adamjee Insurance Co. Ltd. 6.89 Engen (Pvt) Limited 17.33 The associated Companies holding shares of Pakgen Power Limited are interested in Lalpir Power Limited to the extent of their shareholding as follows: % Nishat Mills Limited 28.80 Security General Insurance Co. Ltd. 1.80 Adamjee Insurance Co. Ltd. 7.20 Engen (Pvt) Limited 18.17

<table>
<tr><td>(vi)</td><td>In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/ justification for any impairment or write offs</td><td>
<table>
<tr><th>Sr. No.</th><th>Description</th><th>Amount (Rs.</th></tr>
<tr><td>1.</td><td>Maximum loan advanced to Pakgen since last approval</td><td>166,519,249</td></tr>
<tr><td>2.</td><td>Amount outstanding on the date of the notice of the AGM</td><td>-</td></tr>
<tr><td>3.</td><td>Markup accrued and recovered since inception upto 31-12-2019</td><td>101,221,979</td></tr>
<tr><td>4.</td><td>Mark up accrued since the last date of approval</td><td>303,384</td></tr>
<tr><td>5.</td><td>Mark-up recovered since the last date of approval</td><td>303,384</td></tr>
<tr><td>6.</td><td>Mark up outstanding at the date of notice of the AGM</td><td>-</td></tr>
</table>
</td></tr>
<tr><td>(vii)</td><td>Any other important details necessary for the members to understand the transaction</td><td>None</td></tr>
<tr><td colspan="3">Additional disclosure regarding investment in the form of Loan / Advance</td></tr>
<tr><td>(i)</td><td>Category-wise amount of investment</td><td>PKR 1,000,000,000 (Rupees One Billion Only) in the form of working capital loan.</td></tr>
<tr><td></td><td>Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return unfunded facilities, as the case may be, for the relevant period</td><td>The current average borrowing cost of the Company for the year ended 31 December, 2019 was 12.76%.

1 Month KIBOR as on April 22, 2020 is 9.19%.</td></tr>
<tr><td>(iii)</td><td>Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company.</td><td>The Company shall charge mark up at the rate of 1 Month KIBOR plus 1% (which shall not be less than the average borrowing cost of the Company).</td></tr>
<tr><td>(iv)</td><td>Particulars of collateral or security to be obtained in relation to the proposed investment</td><td>The associated company shall provide a corporate guarantee to secure the loan.</td></tr>
<tr><td>(v)</td><td>If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable.</td><td>Not applicable</td></tr>
<tr><td>(vi)</td><td>Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.</td><td>Repayment of principal will be made within one year with payment of interest due on monthly basis.</td></tr>
</table>

B) LOAN ADVANCE TO NISHAT HOTELS AND PROPERTIES LIMITED

Nishat Hotels and Properties Limited (NHPL) was incorporated on 04 October 2007 as a public company limited by shares. Its authorized share capital is Rs. 12,000,000,000/- (Rupees Twelve Billion Only) divided into 1,200,000,000 (One Billion Two Hundred Million) ordinary shares of PKR 10 each. Its main object is to carry on retail and hospitality business in Pakistan. For the intended purpose, NHPL has acquired site of 119 Kanals, 6 Marlas and 73 SFT of Commercial Land situated at Trade and Finance Block, Johar Town, Lahore, from Lahore Development Authority (LDA) – Urban Development Wing and constructed Emporium Mall which is fully operational from September 2016. Hotel has been opened from 20th May 2017 and 198 rooms are fully operational. The Building has a covered area of 2.742 Million Square Feet comprising the following building components (3 basements, ground floor and 11 floors):

- 4 star Hotel with 198 rooms
- Banquet halls
- Carre Four
- Shopping Mall with following features:
- Retail
- Food courts
- Cineplex
- Fun Factory
- Health and Leisure Zones
- Two basements with 2,815 parking bays for cars and motorcycles.

Since NHPL has recently achieved commercial operation of hotel, short term finance is needed by NHPL for meeting expense of staff salary, power generation, maintenance of HVAC and other working capital requirements.

Considering the average borrowing rate of the Company and the return offered by Banks on term deposits, the Directors of the Company in their meeting held on April 23, 2020 has recommended renewal of working capital loan upto PKR 500 million extended to NHPL at the interest rate of 1 Month KIBOR plus 1% (which shall not be less than the Karachi Inter Bank Offered Rate (KIBOR) or borrowing cost of the Company whichever is higher) for a further period of one year starting from the date of this AGM i.e. May 22, 2020 on the terms and conditions of loan agreement in writing and as disclosed to the members

Repayment of the principle amount of loan will be made within one year with payment of interest due on monthly basis. The management expects significant financial gains for the Company through higher interest rates charged to NHPL which will eventually enhance the return on investment to the shareholders of the Company.

Prospective Benefits of the Proposed Investment

Following are the prospective benefits and projected financial gain of the proposed investment:

a. Earnings of Rs.46.9 million interest income on proposed investment for 336 days i.e. upto the date of next Annual General Meeting of the Company. It is linked with the interest rate of KIBOR plus 1%(i.e. 1M KIBOR + 1%).

b. Opportunity for short term investment to earn more than average borrowing cost of the Company.

c. Return on proposed investment is linked with KIBOR and there is increasing trend in rate of KIBOR. Hence, etter than making any other investment.

Other Relevant Information to the Satisfaction of Minority Shareholders

The following other relevant information to the satisfaction of minority shareholders is being provided:

- All business decisions being made by the board of directors of the Company are aimed at securing the best interests of the Company and its shareholders.

- The investment decisions implemented by the board of directors of the Company are a direct manifestation of the will of the majority shareholders through resolutions passed at the general meetings which the board of directors is duty bound to comply with as per the law.

- The Company is interested in maximizing returns for all its stakeholders and bases its business decisions on this principle of maximization of returns. Some business decisions are more fruitful than others, however, we assure you that none are motivated by ill-intent.

The directors of the Company certify / undertake that the investment is being made after due diligence and financial health of the borrowing company is such that it has the ability to repay the loan as per agreement. The duly signed recommendation of the due diligence report and directors undertaking/ certificate shall be made available to the members for inspection at the meeting.

NHPL is not a member of the Company. Its sponsors/directors are directors/members of the Company. They have no interest except their directorship and to the extent of their shareholding in the Company which is as follows:

Name	% of Shareholding
Mian Hassan Mansha	6.84
Mr. Muhammad Azam	0.00
Mr. Inayat Ullah Niazi	0.00

Information Under Regulation 3 of The Companies' (Investment in Associated Companies or Associated Undertakings) Regulations, 2017.

(a) Disclosure for all types of investments:		
(A) Disclosure regarding associated company		
i	Name of Associated Company or Associated Undertaking	Nishat Hotels and Properties Limited ("NHPL")
ii	Basis of Relationship	Common Directorship
iii	Earnings / (Loss) per share for the last three years	**Sr.** / **Year** / **Earnings / (Loss) per Share Rs.** 1. 31St December 2019 (0.46) 2. 30th June 2019 1.42 3. 30th June 2018 (0.30)
iv	Break-up value per Share, based on last audited financial statements	PKR 18.84 per share as at 31st December 2019.
v	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest audited financial statements as on 30 Jun, 2019.	Audited financial statements as at 31st Dec 2019: **Rs. in millions** **Balance Sheet:** **Assets** Non-current assets 34,365 Current assets 2,906 Total assets 37,271 **Liabilities** Borrowings 17,578 Other liabilities 2,062 19,640 **Equity** 17,630 Profit & loss: Sales 2,397 Gross Profit 901 Gross Profit Ratio 37.58% Net loss after tax (458) Net loss after tax Ratio (19.09%) EPS (0.46)

vi	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely	N/A
	I Description of the project and its history since conceptualization II Starting date and expected date of completion of work III Time by which such project shall become commercially operational IV Expected time by which the project shall start paying return on investment V Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts	

(B) General Disclosures:		
i	Maximum amount of investment to be made	Upto PKR 500,000,000 (Pak Rupees Five Hundred Million only)
ii	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	**Purpose:** Renewal of working capital loan. **Benefits:** The Company expects significant financial gains through higher interest rates charged to NHPL which will eventually enhance the return on investment of the shareholders of the Company. The investment in NHPL will be to the date of forthcoming Annual General Meeting from the date of approval by the members unless renewed by the members under Section 199 of the Companies Act, 2017.
iii	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:	Company's own funds.
	(I) Justification for investment through borrowings (II) Detail of Collateral, guarantees provided and assets pledged for obtaining such funds (III) Cost of benefit analysis	NA NA NA

(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	Followings are the salient features of loan agreement already in existence: Interest due on outstanding amount of loan shall be paid by the associated company on monthly basis on 20th of every month starting from the next month. In case of delay in re-payment of principal and interest, an additional sum equivalent to 7.50% per annum on the unpaid amount for the period for which the payment is delayed, shall be paid by Nishat Hotels and Properties Limited to Lalpir Power Limited in addition to the agreed interest amount. .All payments under the loan agreement shall be made through crossed cheque. The associated company shall provide corporate guarantee to secure extension of loan.
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	The interest, direct or indirect in the associated company and the transaction under consideration is detailed as under: The directors of Lalpir Power Limited (Lalpir), their relatives and associated companies holding shares of Nishat Hotels and Properties Limited (NHPL) are interested to the extent of their shareholding as under:- **Directors:** — **% of Shareholding** Mian Hassan Mansha — 21.82 Mr. I.U. Niazi — 0.00 Mr. Muhammad Azam — 0.00 **Relatives:** Mian Umer Mansha — 21.82 Mian Raza Mansha — 21.69 Both brothers of Mian Hassan Mansha. Mrs. Iqraa Hassan Mansha — 0.00 (Spouse of Mian Hassan Mansha) Associated Companies Nishat Mills Limited — 7.40 Security General Insurance Co. Ltd. — 12.60 D. G. Khan Cement Company Limited — 10.42 The directors of NHPL are interested in Lalpir to the extent of their shareholding as under:- **Name** — **% of Shareholding** Mian Hassan Mansha — 6.84 Mr. I.U. Niazi — 0.00 Mr. Muhammad Azam — 0.00 The associated Companies holding shares of NHPL are interested in Lalpir to the extent of their shareholding as follows: **Name** — **% of Shareholding** Nishat Mills Limited — 28.80 Security General Insurance Co. Ltd. — 1.80 The associated Companies holding shares of NHPL are interested in Lalpir to the extent of their shareholding as follows: **Name** — **% of Shareholding** Nishat Mills Limited — 28.80 Security General Insurance Co. Ltd. — 1.80

(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs	**S. No.**	**Description**	**Amount (Rs.)**
		1.	Maximum loan advanced to NHPL since last approval	350,000,000
		2.	Amount outstanding on the date of the notice of the AGM	-
		3.	Markup accrued and recovered since inception upto 31-12-2019	159,722,466
		4.	Mark up accrued since the last date of approval	25,743,838
		5.	Mark-up recovered since the last date of approval	22,428,975
		6.	Mark up outstanding at the date of notice of the AGM	3,314,863
(vii)	Any other important details necessary for the members to understand the transaction	None		

Additional disclosure regarding investment in the form of Loan/Advance

(i)	Category-wise amount of investment	Running Finance Loan upto PKR 500,000,000 (Pak Rupees Five Hundred Million Only).
(ii)	Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return unfunded facilities, as the case may be, for the relevant period	The current average borrowing cost of the Company for the year ended 31-Dec-2019 12.76%. 1 Months KIBOR as on April 22, 2020 is 9.19%.
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company.	1 Months KIBOR + 1% (which shall not be less than the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period or the borrowing cost of the company whichever is higher) 1 Month KIBOR as on April 22, 2020 is 9.19%.
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment	Corporate Guarantee of the associated company.

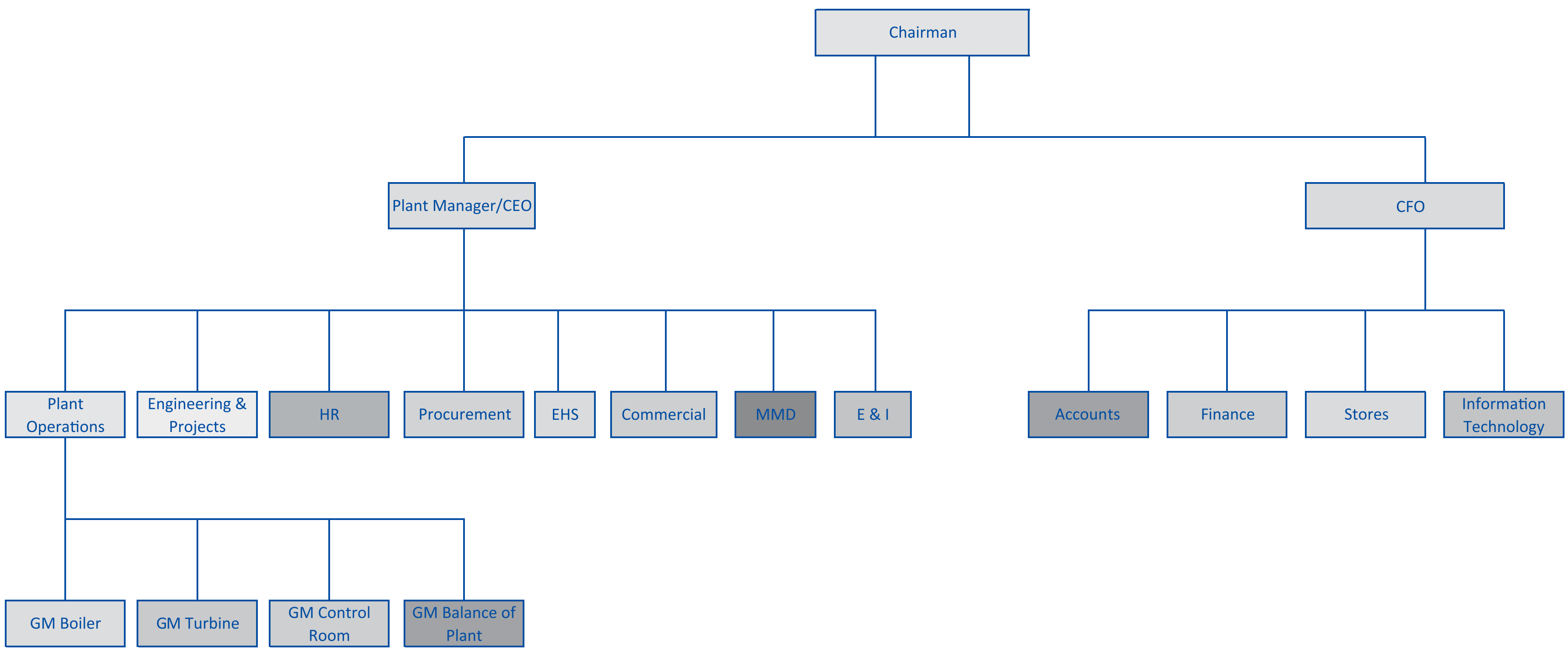
(v)	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable.	N/A
(vi)	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	Repayment of principal will be made to the date of forthcoming Annual General Meeting from the date of approval by the shareholders while payment of interest due will be made on monthly basis.

Statement Under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

Name of Investee Company	Pakgen Power Limited	Nishat Hotels and Properties Limited	
Total Investment Approved:	Investment by way of loan/advance of Rs 1,000,000,000 (Rupees One Billion Only) was approved by members in AGM held on April 30,2019 for the period of 1 year from the date of approval by members.	Equity investment upto Rupees 200 million was approved by members in AGM held on held on April 30 2019 for the period of three (3) years.	Investment of Rs. 500,000,000 by way of working capital loan was approved by members in EOGM held on October 24, 2019 Up to the date of forthcoming AGM.
Amount of Investment Made to date:	Investment of Rupees166.519 million was made for 5 days for the month of June against this approval to date.	Nil	350 million
Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time:	No deviation from the approved time line.	No deviation from the approved time line	No deviation from the approved time line.

Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:	At the time of approval, as per available latest audited financial statements for the year ended December 31, 2018, the earnings per share was Rs.3.99 and breakup value per share was Rs.44.87. As per latest available financial statements for the year ended December 31, 2019 the earnings per share is Rs. 7.82 and breakup value per share is Rs. 51.20.	At the time of approval as per available latest auited financial statements for the year ended June 30, 2018 the basic loss per share was Rs. 0.30 and breakup value per share was Rs. 12.65. As per latest available (unaudited) financial statements for the half year ended December 31, 2019 the basic loss per share is Rs.(0.46) and breakup value per share is Rs. 18.84.	At the time of approval, as per available latest audited financial statements for the year ended June 30, 2019, the basic earnig per share was Rs. 1.42 and breakup value per share was Rs. 18.09. As per latest available (unaudited) financial statements for the half year ended December 31, 2019 the basic loss per share is Rs.(0.46) and breakup value per share is Rs. 18.84.

ORGANIZATION CHART



CHAIRMAN'S REVIEW

It is my pleasure to present to you the Annual Report of Lalpir Power Limited, for the year ended December 31, 2019. I would like to appreciate the trust and support forwarded by our stakeholders which helped the Company to post earnings per share of Rs 5.38 in current year as compared to Rs 1.97 last year.

Pakistan's power generation capacity has witnessed a notable increase as a result of an improved power policy climate over the past few years with notable investments by local and foreign players in Pakistan's energy sector. Despite this, the persistence of an inappropriate energy mix in the country and the lack of investment on renewable energy solutions has unfortunately given rise to a much higher cost of power generation than our regional peers. The power industry at large also needs to handle loopholes in distribution and transmission as well as recover revenue that is largely lost to power theft.

Throughout our growth strategy, sustainable generation remains at the core of our business philosophy.

Our Social Responsibility continues to serve and assist the needy in the vicinity of our plants. We continue to provide health care and assistance to the schools in the vicinity of our plants. Our sponsored hospitals bring much needed care and relief in the area, and our sponsored school scholarships continue to support all students.

The Company is committed to good Corporate Governance. I am pleased to report that the performance of the Board has been par excellence which has helped in effective steering of the Company during the year. The Board acknowledges its responsibility in respect of Corporate & Financial Reporting Framework. The Board is also cognizant of its strategic role in achieving the Company's key objectives and is focused on enriching the returns of its shareholders & other stakeholders.

I would like to express my gratitude to the shareholders, of their great contribution in progress of the Lalpir Power Limited .

On behalf of the shareholders thank to employees for their unrelenting mission in making the company premier.

Hasan Mansha

Chairman
Lahore: April 23, 2020

چیئرمین کا جائزہ

میں 31 دسمبر، 2019ء کو ختم ہونے والے سال کے لئے، لال پیر پاور لمیٹڈ کی سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔ میں اپنے شراکت داروں کے اعتماد اور تعاون کی تعریف کرنا چاہوں گا جنہوں نے کمپنی کی گزشتہ سال 1.97 روپے کے مقابلے موجودہ سال میں 5.38 روپے فی شیئر آمدنی درج کرنے میں مدد کی۔

پاکستان کے توانائی کی شعبے میں مقامی اور غیر ملکی سرمایہ کاروں کی قابل ذکر سرمایہ کاری کے ساتھ گزشتہ چند سالوں میں بہتر پاور پالیسی ماحول کے نتیجے میں پاکستان کی بجلی پیدا کرنے کی صلاحیت میں قابل ذکر اضافہ ہوا ہے۔ اس کے باوجود، ملک میں غیر موزوں انرجی مکس کے تسلسل اور قابل تجدید توانائی کے حل پر سرمایہ کاری کی کمی نے بدقسمتی سے ہمارے علاقائی حریفوں کے مقابلے بجلی پیدا کرنے کے اخراجات کو بہت زیادہ بڑھا دیا ہے۔ بڑے پیمانے پر بجلی کی صنعت کو بھی تقسیم اور ٹرانسمیشن اور آمدنی حاصل کرنے میں کوتاہیوں کو ہینڈل کرنے کی ضرورت ہے جس کی بڑی وجہ بجلی چوری ہونے کی بدولت بہت زیادہ نقصان ہے۔

ہماری گروتھ حکمت عملی کے دوران، پائیدار جنریشن ہمارے کاروباری فلسفہ کی بنیاد رہتی ہے۔

ہماری سماجی ذمہ داری، ہمارے پلانٹس کے آس پاس ضرورت مندوں کی خدمت اور معاونت جاری رکھتی ہے۔ ہم اپنے پلانٹس کے آس پاس صحت کی دیکھ بھال اور اسکولوں کو مدد فراہم کرنا جاری رکھتے ہیں۔ ہمارے اسپانسر شدہ ہسپتال علاقے میں ضروری دیکھ بھال اور آسانی مہیا کرتے ہیں، اور ہمارے سپانسر کردہ سکول اسکالرشپس تمام طالب علموں کی مدد جاری رکھتے ہیں۔

کمپنی اچھے کارپوریٹ گورننس کے لئے پُرعزم ہے۔ میں بیان کرتے ہوئے خوشی محسوس کرتا ہوں کہ بورڈ کی کارکردگی شاندار ہے جس نے سال کے دوران کمپنی کے مؤثر کنٹرول میں مدد کی ہے۔ بورڈ کارپوریٹ اور مالی رپورٹنگ فریم ورک کے حوالے سے اپنی ذمہ داری قبول کرتا ہے۔ بورڈ کمپنی کے اہم مقاصد کو حاصل کرنے میں اپنے اسٹریٹجک کردار سے بھی واقف ہے اور اس کے حصص یافتگان اور دیگر اسٹیک ہولڈرز کے منافع کو بڑھانے پر توجہ مرکوز رکھتا ہے۔

میں لال پیر پاور لمیٹڈ کی ترقی میں ان کی عظیم شراکت داری پر، حصص داروں کا شکر گزار ہوں۔

حصص داروں کی جانب سے کمپنی کو پریمیئر بنانے میں ان کے غیر جانبدار مشن کے لئے ملازمین کا شکریہ ادا کرتا ہوں۔

Hassan Mansha

چیئرمین

لاہور: 23 اپریل 2020

DIRECTOR'S PROFILE

MIAN HASSAN MANSHA - CHAIRMAN

Mian Hassan Mansha has been serving on the Board of various listed companies for several years. He is also serving on the Board of Nishat Power Limited, Security General Insurance Company Limited, Nishat Mills Limited, Pakgen Power Limited, Nishat Hotels and Properties Limited, Nishat (Aziz Avenue) Hotels and Properties Limited, Nishat (Raiwind) Hotels and Properties Limited, Nishat Dairy (Private) Limited, Pakistan Aviators and Aviation (Private) Limited, Nishat Real Estate Development Company (Private) Limited, Nishat Agriculture Farming (Private) Limited, and Hyundai Nishat (Pvt) Limited.

MR. AURANGZEB FIROZ

Mr. Aurangzeb Firoz is a graduate from the Lahore American School and of the University of London. He has recently completed his MBA from Cornell University, USA. His prime experience is focused in the areas of finance, business strategy and operation management. He is a director of City Schools Group and has been instrumental in providing strategic and operational support in driving business expansion into Arab States for City Schools' (Pvt) Limited.

Mr. Aurangzeb Firoz holds directorships of Pakgen Power Limited, City Schools (Private) Limited, Educational System (Private) Limited, Smart Education System (Private) Limited, The Smart School (Private) Limited, Engen Private Limited, Centre for Educational Professionals Development (Pvt) Limited formerly City Educational Services Private Limited, Premier Realities (Pvt) Limited formerly AF & Co (Pvt) Ltd, Remington Realties (Pvt) Ltd Formerly JF & Co (Pvt) Ltd, City Agro Private Limited and At-Tahur Limited.

MR. JAWAID IQBAL

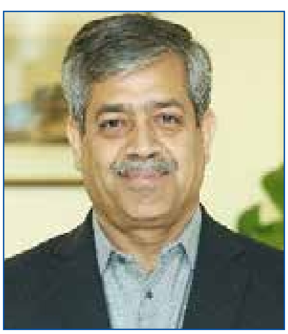
Mr. Jawaid Iqbal is a Bachelor of Science from University of Pennsylvania, USA. He has over 22 years of vast experience of working as Chief Executive/Director of various Listed and non-listed companies. He is also serving as Chief Executive Officer of Gul Ahmed CBMC Glass Company Limited, Metro Property Network (Pvt) Limited and Metro Estates (Pvt) Limited and Director on the Boards of Gul Ahmed Bio Films Limited, Swift Textile Mills Limited, JDSN Electric Limited, Metro Power Company Limited and Fauji Cement Company Limited.

MR. MAHMOOD AKHTAR (CEO)

Mr. Mahmood Akhtar holds an MBA degree from Punjab University and has over 37 years of managerial experience spread across various industries. He is also serving on the Board of D. G. Khan Cement Company Limited, Nishat Mills Limited, Nishat Power Limited, Security General Insurance Company Limited, Nishat Hospitality (Pvt) Limited, Nishat Paper Products Company Limited, Nishat (Gulberg) Hotels and Properties Limited and Nishat Commodities (Pvt) Limited.

MR. MUHAMMAD AZAM

Mr. Muhammad Azam is a fellow member of the Institute of Chartered Accountants of Pakistan he has over 38 years' of experience He is working as Sr. General Manager (F& A) with Nishat Mills Limited since 1991 and also holds office of director in Security General Insurance Company Limited, Nishat Hotels and Properties Limited, Nishat (Raiwind) Hotels and Properties Limited, Nishat (Aziz Avenue) Hotels and Properties Limited, Nishat Hospitality (Pvt) Limited and Nishat Real Estate Development Company (Pvt) Limited.



MR. INAYAT ULLAH NIAZI

He is a Commerce Graduate and C.A. Inter. His experience spans about 35 years. His expertise is in accounts, tax, audit, finance, treasury, budget and planning.

He has served as a director Lahore Stock Exchange. He is Chief Financial Officer of D.G. Khan Cement Company Ltd and Nishat Paper Products Company Limited.

He is also serving a director in Security General Insurance Company Limited, Pakistan Aviators & Aviation (Private) Limited, Nishat Hotels & Properties Limited, Nishat (Aziz Avenue) Hotels & Properties Limited, NIshat (Raiwind) Hotels and Properties Limited, Nishat Energy Limited, Lalpir Solar Power (Pvt) Limited, LSE Financial Services Limited and National Clearing Company of Pakistan Limited.

MR. TANVIR KHALID

Mr. Tanvir Khalid is associated with the Nishat Group since 2007. He is Chief Financial Officer of Nishat Power Limited and Pakgen Power Limited and also serving as Director of Nishat (Gulberg) Hotels and Properties Limited. Mr. Tanvir is a fellow member of the Institute of Chartered Accountants of Pakistan and has overall experience of 19 years in Financial Management, Taxation, Corporate Laws, Account functions and Human Resource Management. He also has hands on experience for working on the tariff / financial models, forecasts, negotiations with EPC and O&M contractors and dealing with Banks, insurance companies and government regulatory authorities.

DIRECTORS' REPORT

The Directors are pleased to present the Annual Report and the audited financial statements of the Company for the year ended December 31, 2019 together with the auditors' report thereon.

GENERAL

Lalpir Power Limited ("the Company") was incorporated in Pakistan on 8 May 1994 under the Companies Ordinance, 1984 (now Companies Act, 2017). The shares of the Company are listed on the Pakistan Stock Exchange. The principal activities of the Company are to own, operate and maintain an oil fired power station ("the Complex") with a dependable capacity of 350 MW against a gross capacity of 362 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan. The Sole purchaser of the power is WAPDA Power Privatisation Organisation (WPPO), subsequently named as Central Power Purchasing Agency (Guarantee) Limited (CPPA-G).

FINANCE

We report that during the year 2019 the total sales revenue of the Company was Rupees 12.840 billion (2018: Rupees 16.809 billion) and operating costs were Rupees 8.712 billion (2018: Rupees 14.918 billion), resulting in gross profit of Rupees 4.129 billion (2018: Rupees 1.891 billion). The Company earned a net profit of Rupees 2.043 Billion resulting in earnings per share of Rupees 5.38 as compared to a net profit of Rupees 747.472 Million and earnings per share of Rupees 1.97 last year.

Main reason for increase in net profit for year ended 31 December 2019 in comparison with year ended 31 December 2018 is decrease in delta loss by Rupees 386.451 Million due to low capacity factor of 12.9% as compared to last year. The other major reason is higher revenue of Capacity Payment price by Rs.1.067 Billion due to devaluation of PKR against USD.

Our sole customer CPPA-G remains unable to meet its obligations in accordance with the Power Purchase Agreement (PPA) which are secured under a sovereign guarantee of Government of Pakistan. As on 31 December 2019 an amount of Rupees 17.665 billion was outstanding against CPPA-G.

Power Division, Ministry of Energy, Government of Pakistan in collaboration with Ministry of Finance and other institutions is working on plans to raise PKR 200 billion through Sukuk bonds to start clearing the long outstanding dues of IPP's and others. Partial disbursements are expected in Q2 and Q3 of 2020.

We would like to draw your attention to emphasis of matter paragraph of the independent auditors' report to the members. CPPA-G had raised invoices for liquidated damages to the Company from 11th to 22nd agreement year (up to December 2019) amounting to Rs.3, 343.37 million (2018: Rs.3, 343.29 million) out of these, the company has accepted and paid Rs 35.34 million (2018: Rs. 35.27 million) on account of short supply of electricity by the Company. The remaining amount of liquidated damages was disputed by the Company as these were due to cash constraints of the Company as a result of default by CPPA-G in making timely payments. The Company disputed and rejected invoices for liquidated damages on the premise that its failure to dispatch electricity was due to CPPA-G's non-payment of dues on timely basis. In accordance with dispute resolution mechanism of the PPA, the Company and CPPA mutually agreed to appoint Justice (retired) Tassaduq Husain Jillani as an Expert to review respective point of views and to award a decision. On 22 June 2017, the mediation expert gave his decision in favor of the Company that CPPA-G had no right to ask for damages for a situation caused by its own action. This decision is recommendatory in nature and non-binding on either party. The onus to take the dispute any further is on CPPA-G. The Company has asked CPPA-G to withdraw its liquidated damages invoices.

During the year, the Company has filed case for arbitration in the International Chamber of Commerce (ICC) to resolve the following matters, as per the mechanism allowed by PPA for resolutions of disputes:

- On various occasions, CPPA-G has sought to set off amounts allegedly owed to it as liquidated damages against amounts it must pay to the Company as part of its obligations to make capacity payments. On 8 January 2018, CPPA-G wrote to the Company, threatening to set off a total of Rupees 3.4 billion which it considers as allegedly due to it, against capacity payment invoices to be issued by the Company. The far-reaching implications of CPPA-G's threat to take unilateral action left the Company with no option but to approach the courts of Pakistan for interim relief, until the matter gets resolved finally through arbitration, in accordance with the provisions of the PPA. In its orders dated 16 January 2018, the Lahore High Court suspended the legal effect of CPPA-G's 8 January 2018 letter on an interim basis.

- In September and November 2015, CPPA-G sent a number of letters to the Company, purporting to deduct amounts from the energy payments due to the Company on the basis that it had procured fuel from suppliers other than the Pakistan State Oil Company Limited ("PSO"). Amounts withheld on this account from the invoices of the Company totaled Rupees 150.7 million. PPA does not allow CPPA-G to dispute invoices on the basis that fuel was procured from a supplier other than PSO. Neither is CPPA-G permitted to retroactively dispute invoices, many months or years after they have become overdue.

- CPPA-G is required to provide and renew a Letter of Credit. Letter of Credit must allow access to "immediately available funds", which "shall be in an amount equal to an aggregate of two (2) Months of capacity payments plus energy payments". CPPA-G has failed to renew the Letter of Credit, following its expiry on 23 December 2010.

- In addition to its persistent failure to make timely energy and capacity payments, CPPA-G has also failed to comply with its obligation to pay interest to the Company. PPA provides that "Late payments shall bear interest". As a result, a total of Rupees 355.24 million in unpaid interest is due at the date of the latest invoice submitted by the Company (till the date of request for arbitration).

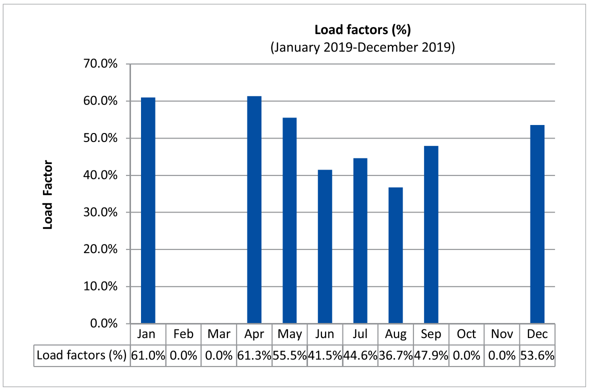
During the year, an arbitrator has been appointed by the ICC and hearing of the case is scheduled in this year 2020.

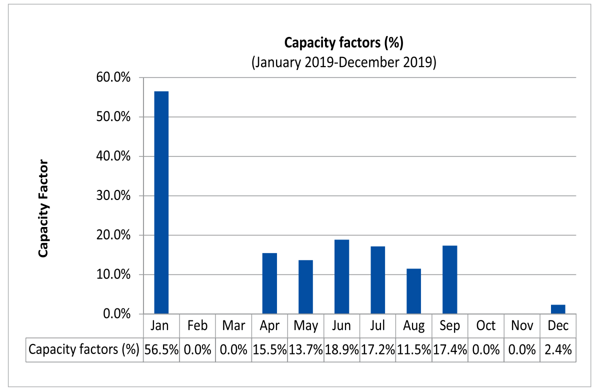
CPPA-G issued a notice on 20 March 2017, disputing all the invoices of the Company on the grounds that the Company was in default of its obligations under the PPA and accordingly not eligible for the cost of working capital claimed and adjustment on account of heat rate savings. The Company challenged the dispute notice in the Honourable Lahore High Court ("the Court"). The Court issued a stay order restraining CPPA-G from disputing any invoice of the Company.

OPERATIONS AND SIGNIFICANT EVENTS:

In response to load demanded by CPPA-G, the Lalpir plant operated at capacity factor of 12.9% with a load factor of 51.2% and an availability of 99.4% and dispatched 394.861 GWh of electricity during the year. The Company continues to allocate funds on various improvement projects towards the ongoing modernization of the plant in order to ensure its long term integrity and maximum availability for our customer CPPA-G.

Due to induction of new power generation plants based on hydel energy, coal, renewable and RLNG at a lower price, it is expected that Lalpir will be dispatched in peak demand seasons, in case of interruption in supply of RLNG or in low water months only. This will help Company minimize its fuel losses.





ANNUAL CAPACITY TEST

As per the requirement of PPA, the Company conducted its Annual Capacity Test on May 09, 2019 whereby it successfully maintained the capacity of 350 MW.

PERFORMANCE IMPROVEMENT

Continuous efforts are being made to improve the plant performance. Organizational changes were made to bring more energy and focus in the efficiency enhancement, however, low dispatch levels have nullified such efforts. Company is discussing with CPPA-G and National Power Control Centre (NPCC) of possibilities of dispatching the plant at high load levels to improve its fuel efficiency.

LALPIR SOLAR POWER (PVT) LIMITED:

The planned 20 MW IPP is still on hold for change of financial outlook. However, the approval of Generation License from National Electric Power Regulatory Authority (NEPRA) and the Interconnection Study by National Transmission & Dispatch Company (NTDC) and Multan Electric Power Company (MEPCO), has been obtained.

CREDIT RATINGS

The Company has continuously been receiving “AA” (Double A) as long term rating and “A1” (A One) as short term rating by PACRA. These ratings reflect the Company’s financial management strength and denote very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

HUMAN RESOURCES

During the year, the company approved and implemented revisions in its HR Policy and Service Rules. These were aimed to provide a competence and career management framework to attract and retain high quality human capital. Behavioral conduct was included in annual performance evaluation to encourage positive attitudes and behavior.

INTERNAL AUDIT AND CONTROL:

The Board of Directors 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.

ENVIRONMENT, HEALTH AND SAFETY

Lalpir Power Limited is proud of its commitment to protecting the environment and enhancing the health and safety of its employees.

During the year, there was no time lost due to any injury.

CORPORATE SOCIAL RESPONSIBILITY (CSR) AND COMMUNITY WELFARE

The Corporate Social Responsibility (CSR) is not only an integral part of the Company’s business since inception. It is part of company culture and all employees show a strong commitment to same. The company strives to accelerate the process of empowering people to work towards eradicating poverty and unemployment. Some CSR Initiatives by the company include:

- Managing a basic health unit that is fully equipped with emergency facilities and diagnostics laboratory for the local community. Additionally company also arranges special eye camp for the local community on annual basis in collaboration with LRBT.
- Supporting operational expenses to 'CARE Foundation' for the five adopted government schools of local community.
- Continued its support to 'The Citizens Foundation (TCF)' to manage a primary school and upgrade it to metric level.
- Support a program for the free education to the house maids working in employee's community.
- The company has upgraded many local government institutions like Vocational Training Institute and higher secondary school.
- The Company is awarding the scholarships to the deserving students of local community to pursue their professional education.
- Extensive plantation of trees in the surrounding areas.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE 2019

Directors are committed to good corporate governance and comply with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Rule Book of Pakistan Stock Exchange.

The statement of compliance with the CCG Regulations, 2019 is enclosed.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Company Management is fully cognizant of its responsibility as recognized by the Companies Act 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 therefrom 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.

- The key operating and financial data of last six years is attached to the report.
- Value of investment in provident fund and gratuity scheme as at year ended 31st December 2019, were as follows;

Provident fund: 31 December 2019 is Rupees: 195.537 Million

Gratuity fund: 31 December 2019 is Rupees: 94.297 Million

COMPOSITION OF BOARD:

Total number of Directors:		
(a) (b)	Male Female:	7 0
Composition:		
(i) (ii) (iii)	Independent Directors Other Non-executive Directors Executive Directors	1 5 1

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	(Director/Chairman)	4
2	Mr. Aurangzeb Firoz		4
3	Mr. Jawaid Iqbal		3
4	Mr. Khalid Qadeer Qureshi* (Deceased on 24-02-2019)	(Director/CEO)	0
5	Mr. Mahmood Akhtar ***		5
6	Mr. Muhammad Azam		4
7	Mr. Inayat Ullah Niazi		4
8	Mr. Tanvir Khalid **		5

* Mr. Khalid Qadeer Qureshi died on 24-02-2019.

**Mr. Tanvir Khalid has been appointed as Director on the Board with effect from March 05, 2019 in place of Mr. Khalid Qadeer Qureshi to fill the casual vacancy.

***Mr. Mahmood Akhtar has been appointed as CEO in place of Mr. Khalid Qadeer Qureshi with effect from March 05, 2019 to fill the casual vacancy.

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

Sr. #	Name of Directors		No. of Meetings Attended
1	Mr. Jawaid Iqbal	(Member/Chairman)	2
2	Mr. Mahmood Akhtar*	(Member)	0
3	Mr. Tanvir Khalid*	(Member)	4
4	Mr. Inayat Ullah Niazi	(Member)	3

* Mr. Mahmood Akhtar resigned from the Committee and Mr. Tanvir Khalid appointed as member in place of Mr. Mahmood Akhtar on March 05, 2019.

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

Sr. #	Name of Directors		No. of Meetings Attended
1.	Mr. Hassan Mansha	(Member)	1
2.	Mr. Jawaid Iqbal	(Member/Chairman)	1
3	Mr. Mahmood Akhtar *	(Member)	0
4.	Mr. Inayat Ullah Niazi *	(Member)	1

* Mr. Mahmood Akhtar resigned on March 05, 2019 and Mr. Inayat Ullah Niazi was appointed as member in place of Mr. Mahmood Akhtar on March 05, 2019.

DIRECTORS' REMUNERATION:

The company does not pay remuneration to its non-executive directors including independent directors except for meeting fee. Aggregate amount of remuneration and meeting fee paid to executive and non-executive directors have been disclosed in note 33 of the annexed financial statements.

PATTERN OF SHAREHOLDING:

The statement of pattern of shareholding as on 31 December 2019 is attached.

TRADING IN THE SHARES OF THE COMPANY

All the trades in the shares of the listed Company, carried out by its directors, executives and their spouses and minor children during the year ended December 31, 2019 is annexed to this report.

RELATED PARTIES

Related party transactions were placed before the Audit Committee and approved by the Board. These transactions were in line with the requirements of IFRS and the Companies Act 2017. The Company maintains a record of all such transactions.

FINANCIAL RISK MANAGEMENT

The Company's activities expose it 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 Company's financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors (the Board). The Company's finance department evaluates and hedges financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

APPROPRIATIONS

The Board of Directors have not proposed any final dividend for the year ended 31 December 2019.

AUDITORS

The present auditors M/s Riaz Ahmad and Company, Chartered Accountants retired and being eligible, offer themselves for re-appointment for the year 2020. The Audit Committee of the Board has recommended the reappointment of the retiring auditors.

ACKNOWLEDGEMENT

We wish to thank our valuable shareholders, CPPA-G, financial institutions, lenders, Pakistan State Oil and other suppliers for their trust and faith in the Company and their valuable support that enabled the Company to achieve better results.

We also appreciate the management for establishing a modern and motivating working climate and promoting high levels of performance in all areas of the power plant. We also take this opportunity to thank our executives and staff members for their consistent support, hardworking and commitment for delivering remarkable results and we wish for their long life relationship with the Company.

For and on behalf of the Board of Directors

Mr. Mahmood Akhtar
Chief Executive Officer
Lahore: 23rd April, 2020

Mr. Tanvir Khalid
Director

ڈائریکٹرز لال پیر پاور لمیٹڈ

ڈائریکٹرز 31 دسمبر 2019ء کو ختم ہونے والے سال کے لئے کمپنی کی سالانہ رپورٹ اور نظر ثانی شدہ مالی حسابات معہ آڈیٹرز کی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

عام معلومات

لال پیر پاور لمیٹڈ (" کمپنی") اب کمپنیز ایکٹ 2017ء کے تحت 8 مئی 1994 کو پاکستان میں قائم ہوئی۔ کمپنی کے حصص پاکستان اسٹاک ایکسچینج میں درج ہیں۔ کمپنی کی اہم سرگرمیاں، محمود کوٹ، مظفر گڑھ، پنجاب، پاکستان میں 362 میگاواٹ کی مجموعی گنجائش کے مقابل 350 میگاواٹ کی ایک قابل اعتماد صلاحیت کے ساتھ تیل پر چلنے والا ایک بجلی گھر ("دی کمپلیکس") کا مالک، چلانا اور برقرار رکھنا ہیں۔ بجلی کا واحد خریدار واپڈا پرائیویٹائزیشن آرگنائزیشن (WPPO)، اس کے بعد نامی سنٹرل پاور پرچیزنگ ایجنسی گارنٹی لمیٹڈ (CPPA-G) ہے۔

مالی نتائج

ہم بیان کرتے ہیں کہ سال 2019 کے دوران کمپنی کی فروخت کی کل آمدنی 12.840 بلین روپے (16.809:2018 بلین روپے) اور آپریٹنگ اخراجات 8.712 بلین روپے (14.918:2018 بلین روپے) جس کے نتیجے میں 4.129 بلین روپے کا مجموعی منافع (1.891:2018 بلین روپے) حاصل ہوا تھا۔ کمپنی نے گزشتہ سال 747.472 ملین روپے خالص منافع اور 1.97 روپے فی شیئر آمدنی کے مقابلے موجودہ سال 2.043 ملین روپے خالص منافع کمایا جس کے نتیجے میں 5.38 روپے فی شیئر آمدنی حاصل ہوئی۔

31 دسمبر 2018 مختتمہ سال کے موازنہ میں 31 دسمبر 2019 مختتمہ سال کے خالص منافع میں کمی کی بڑی وجہ گذشتہ سال کے مقابلے 12.9 فیصد کے کم کپیسٹی عنصر کے باعث 386.451 ملین روپے کے ڈیلٹا نقصان میں کمی ہے۔ دوسری بڑی وجہ امریکی ڈالر کے مقابلے پاکستانی روپیہ کی قدر میں کمی کے باعث 1.067 بلین روپے کی کپیسٹی ادائیگی کی زیادہ وصولی ہے۔

ہماری واحد صارف CPPA-G بجلی کی خریداری کے معاہدے (PPA) جو حکومت پاکستان کی ایک خودمختار ضمانت کے تحت حاصل کیا گیا کے مطابق اپنی ذمہ داریوں کو پورا کرنے کے قابل نہیں رہا۔ 31 دسمبر 2019 کو CPPA-G کے ذمہ بقایا رقم 17.665 بلین روپے تھے۔

آئی پی پی اور دیگرز کے طویل بقایا واجبات کی ادائیگی کا آغاز کرنے کے لئے پاور ڈویژن، وزارت توانائی، حکومت پاکستان وزارت مالیات اور دیگر زاداروں کے تعاون سے سکک بانڈز کے ذریعے 200 بلین پاکستانی روپے اکٹھے کرنے کے منصوبوں پر کام کر رہی ہے۔ جزوی فراہمیاں مالی سال 2020 کی دوسری اور تیسری سہ ماہی میں متوقع ہیں۔

ہم ارکان کو آزاد آڈیٹر کی رپورٹ کے اہم پیراگراف پر توجہ دلانا چاہیں گے کہ، CPPA-G نے کمپنی کے ہاں 11 ویں تا 22 ویں ایگریمنٹ سال سے (دسمبر 2019 تک) 3,343.37 ملین روپے (3,343.29:2018 ملین روپے) رقم کے لیکویڈیٹڈ نقصانات کی انوائسز جمع کرائی ہیں جن میں سے، کمپنی نے 35.34 ملین روپے (35.27:2018 ملین روپے) قبول کیے اور کمپنی کی طرف سے بجلی کی شارٹ سپلائی کی مد میں ادا کر دیئے گئے ہیں، لیکویڈیٹڈ نقصانات کی بقایا رقم کمپنی کی طرف سے متنازع تھی کیونکہ یہ CPPA-G کی طرف سے بروقت ادائیگیوں میں ناکامی کے نتیجے کمپنی کے کیش کی رکاوٹوں کے باعث تھے۔ کمپنی اس بنیاد پر متنازعہ ہے لیکویڈیٹڈ نقصانات کیلئے انوائسز کو رد کرتی ہے کہ بجلی کی ترسیل میں اس کی ناکامی CPPA-G کی طرف سے واجبات کی بروقت عدم ادائیگی کی وجہ سے تھی۔ کمپنی اور CPPA-G نے سابق چیف جسٹس پاکستان جسٹس تصدق حسین جیلانی کو PPA میں دیئے گئے میکانزم کے تحت ثالث مقرر کیا ہے۔ تحریری بیانات اور دلائلوں سمیت ایک جامع عمل کے بعد، معزز ثالث نے 22 جون 2017 کو اپنے نتائج اور سفارشات جاری کیں۔ نتیجہ کمپنی کے مؤقف کی حمایت کرتا ہے کہ CPPA-G کو پہنچنے والے اپنے لیکویڈیٹی نقصانات کا دعویٰ نہیں کر سکتا۔ کمپنی نے CPPA-G سے لیکویڈیٹی نقصانات کے لئے اپنی انوائس واپس لینے کی درخواست کی ہے۔

سال کے دوران، کمپنی نے تنازعات کے حل کے لئے PPA کی طرف سے اجازت یافتہ میکانزم کے مطابق، درج ذیل معاملات کے حل کے لئے انٹرنیشنل چیمبر آف کامرس (ICC) میں ثالثی کے لئے مقدمہ داخل کیا ہے۔

کئی موقعوں پر، CPPA-G نے کپیسٹی ادائیگیاں کرنے کی اپنی ذمہ داریوں کے حصہ کے طور پر کمپنی کو لازمی ادا کی جانے والی رقوم کے خلاف لیکویڈیٹی نقصانات کو مبینہ طور سے ان رقوم کو ختم کرنے کی کوشش کی ہے۔ 8 جنوری 2018 کو، G-CPPA نے اس کمپنی کو مجموعی طور پر 3.4 بلین روپے ختم کرنے کی دھمکی دی ہے جسے کمپنی کی طرف سے جاری ہونے والی کپیسٹی پیمنٹ انوائسز کے خلاف مبینہ طور پر اس کی وجہ سمجھا جاتا ہے۔ G-CPPA کی دھمکی کے یکطرفہ کارروائی کے دوررس مضمرات نے معاملہ کو PPA کی دفعات کے مطابق ثالثی کے ذریعے حتمی حل حاصل کرنے تک عبوری ریلیف کے لئے پاکستانی عدالتوں تک رسائی حاصل کرنے کا کمپنی کے پاس کوئی اختیار نہیں چھوڑا۔ 16 جنوری 2018 کو اپنے احکامات میں، لاہور ہائی کورٹ نے CPPA-G کے 8 جنوری 2018 کے مراسلہ کے قانونی اثر کو عبوری بنیاد پر معطل کر دیا۔

ستمبر اور نومبر 2015 میں، CPPA-G نے کمپنی کو بجلی کی واجب ادائیگیوں سے رقم منہا کرنے کے حوالے سے کئی خطوط اس بنیاد پر بھیجے کہ اس نے ایندھن پاکستان اسٹیٹ آئل کمپنی لمیٹڈ ("PSO") کے علاوہ سپلائرز سے خریدا تھا۔ کمپنی کے انوائسوں سے اس مد میں کل 150.7 ملین روپے کی رقم کی ادائیگی روک لی گئی ہے۔ پی پی اے CPPA-G کو PSO کے علاوہ کسی سپلائر سے ایندھن خریدنے کی بنیاد پر انوائسوں پر تنازع کرنے کی اجازت نہیں دیتا ہے۔ نہ ہی CPPA-G کو واجب ادائیگیاں زائد المیعاد ہونے کے بعد کئی مہینے یا کئی سال ، انوائسز کو فعال طور پر متنازع بنانے کی اجازت دی گئی ہے۔

G-CPPA کو کریڈٹ خط فراہم اور تجدید کرنے کی ضرورت ہے۔ کریڈٹ خط لازمی طور پر "فوری طور پر فنڈز کی دستیابی" تک رسائی حاصل کرنے کی اجازت دیتا ہے، جو "دو (2) ماہ کی کپیسٹی ادائیگی کے ساتھ ساتھ بجلی کی ادائیگیوں کے مجموعے کے برابر رقم" ہوگی۔ CPPA-G 23 دسمبر 2010 کو اس کے ختم ہونے کے بعد، کریڈٹ خطوط کو تجدید کرنے میں ناکام رہی ہے۔

بجلی اور کپیسٹی ادائیگیوں کی بروقت ادائیگی کرنے میں مسلسل ناکامی کے علاوہ، CPPA-G کمپنی کو سود ادا کرنے کی اپنی ذمہ داری کے مطابق عمل کرنے میں بھی ناکام رہی ہے۔ پی پی اے کہا گیا ہے کہ "دیر سے ادائیگی پر سود ادا کرنا ہوگا"۔ نتیجے میں، کمپنی کی طرف سے تا تاریخ (ثالثی کے لئے درخواست کی تاریخ تک) جمع کرائی گئی حالیہ انوائس میں غیر ادا شدہ سود میں کل 355.24 ملین روپے کی رقم درج کی گئی ہے۔

سال کے دوران، ایک ثالث مقرر کیا گیا ہے اور کیس کی سماعت سال 2020 میں مقرر کی گئی ہے۔

CPPA-G نے 20 مارچ 2017 کو ان وجوہات کی بناء پر کمپنی کی تمام متنازعہ انوائسوں کے بارے میں ایک نوٹس جاری کیا کہ کمپنی پی پی اے کے تحت اپنی ذمہ داریاں پوری کرنے میں ناکام رہی تھی اور اس کے مطابق ورکنگ کیپٹل کی لاگت کا دعویٰ اور ہیٹ ریٹ سیونگز کی مد میں ایڈجسٹمنٹ کرنے کی اہل نہیں ہے۔ کمپنی نے معزز عدالت عالیہ لاہور (" کورٹ ") میں متنازعہ نوٹس کو چیلنج کیا۔ عدالت نے کمپنی کی کسی بھی متنازعہ انوائس کو روک لینے سے CPPA-G کو سٹے آرڈر جاری کیا۔

آپریشنز اور اہم واقعات:

CPPA کی طرف سے مطلوبہ لوڈ کے جواب میں لال پیر پلانٹ 51.2 فیصد لوڈ فیکٹر اور 99.4 فیصد کی دستیابی کے ساتھ 12.9 فیصد کے صلاحیتی عنصر پر چلایا گیا اور سال کے دوران 394.861 GWh بجلی ترسیل کی گئی۔ کمپنی ہمارے صارف CPPA کے لئے اپنی طویل مدتی سالمیت اور زیادہ سے زیادہ دستیابی کو یقینی بنانے کے لئے پلانٹ کی جدت طرازی کی خاطر مختلف بہتری کے جاری منصوبوں پر فنڈز مختص کر رہی ہے۔

کم قیمت میں ہائیڈل انرجی، کوئلہ، قابل تجدید اور آر ایل این جی پر مبنی نئے پاور جنریشن پلانٹس کی انڈکشن کی بدولت یہ امید کی جاتی ہے کہ بہت زیادہ طلب کے موسم میں اور آر ایل این جی کی عدم فراہمی کی صورت، پانی کی

کمی کے مہینوں میں لال پیر بجلی کی ترسیل کے قابل ہوگا۔ اس سے کمپنی کو اپنے ایندھن کے نقصان کو کم سے کم کرنے میں مدد ملے گی۔

سالانہ صلاحیتی ٹیسٹ

(پی پی اے) کی ضروریات کے مطابق، کمپنی نے 9 مئی، 2019 کو اپنے سالانہ صلاحیتی ٹیسٹ کا انعقاد کیا جس میں کامیابی سے 350 میگاواٹ کی صلاحیت برقرار رہی۔

کارکردگی میں بہتری

پلانٹ کی کارکردگی کو بہتر بنانے کے لئے مسلسل کوششیں کی جارہی ہیں۔ زیادہ بجلی بنانے کے لئے آرگنائزیشنل تبدیلیاں کی گئیں اور کارکردگی بڑھانے میں توجہ مرکوز کی گئی۔ کم ترسیل کی سطحوں نے ان کوششوں کو ضائع کر دیا۔ کمپنی اپنے ایندھن کی صلاحیت کو بہتر بنانے کے لئے بہت زیادہ لوڈ کی سطحوں پر پلانٹ کی ترسیل کے امکانات کے لئے CPPA-G اور نیشنل پاور کنٹرول سنٹر (NPCC) کے ساتھ بات چیت کر رہی ہے۔

لال پیر سولر پاور (پرائیویٹ) لمیٹڈ:

مالی نقطہ نظر کی تبدیلی کے لئے 20 MWIPP کا منصوبہ ابھی زیرِ غور ہے۔ تاہم نیشنل الیکٹرک پاور ریگولیٹری اتھارٹی (NEPRA) سے جنریشن لائسنس اور نیشنل ٹرانسمیشن اینڈ ڈسپیچ کمپنی (NTDC) اور ملتان الیکٹرک پاور کمپنی (MEPCO) کی طرف سے انٹر کنکشن مطالعہ کی منظوری حاصل کر لی گئی ہے۔

کریڈٹ ریٹنگ

کمپنی PACRA سے مسلسل "AA" (ڈبل اے) طویل مدتی ریٹنگ اور "A1" (اے ون) مختصر مدتی ریٹنگ وصول کر رہی ہے۔ یہ ریٹنگز کمپنی کے مالی انتظامات کی مضبوطی کی عکاسی اور مالیاتی وعدوں کی بروقت ادائیگی کے لئے ایک بہت مضبوط صلاحیت سے کریڈٹ خطرات کے بہت کم امکان کو ظاہر کرتی ہے۔

انسانی وسائل

سال کے دوران، کمپنی نے اپنی ایچ آر پالیسی اور سروس رولز میں نظر ثانی کو منظور اور نافذ کیا ہے۔ ان کا مقصد اعلیٰ معیار کے انسانی سرمایہ کو اپنی طرف متوجہ اور برقرار رکھنے کے لئے صلاحیت اور کیریئر مینجمنٹ فریم ورک فراہم کرنا تھا۔ مثبت رویوں اور سلوک کو فروغ دینے کے لئے سالانہ کارکردگی کی تشخیص میں طرز عمل کو شامل کیا گیا تھا۔

اندرونی آڈٹ اور کنٹرول:

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

صحت اور سیفٹی کا ماحول

لال پیر پاور لمیٹڈ کو ماحول کے تحفظ اور اپنے ملازمین کی صحت اور حفاظت کو بہتر بنانے کے عزم پر فخر حاصل ہے۔

سال کے دوران کسی زخم کے باعث کوئی وقت ضائع نہیں ہوا ہے۔

کارپوریٹ سماجی ذمہ داری (CSR) اور کمیونٹی ویلفیئر

قیام کے آغاز سے کارپوریٹ سماجی ذمہ داری (CSR) پروگرام کمپنی کے کاروبار کا ایک لازمی حصہ ہے۔ یہ کمپنی کی ثقافت کا حصہ ہے اور تمام ملازمین اس کا پختہ عزم ظاہر کرتے ہیں۔ کمپنی غربت اور بیروزگاری کو ختم کرنے کرنے کے لئے کوشاں لوگوں کو با اختیار بنانے کے عمل کو تیز کرنے کی کوشش کرتی ہے۔

کمپنی کی طرف سے چند CSR اقدامات میں شامل ہیں:

• کمپنی ایک بنیادی صحت مرکز چلا رہی ہے جو مقامی کمیونٹی کے لئے ہنگامی سہولیات اور تشخیص کی لیبارٹری سے مکمل طور پر لیس کیا گیا ہے۔ اس کے علاوہ کمپنی سالانہ بنیاد پر مقامی کمیونٹی کے لئے ایل آر بی ٹی کے تعاون سے خصوصی آئی کیمپ کا بھی انتظام کرتی ہے۔

• مقامی کمیونٹی کے پانچ سرکاری اسکولوں کی سرپرستی کے لئے کیئر فاؤنڈیشن کی آپریشنل اخراجات میں تعاون کرتی ہے۔

• "دی سٹیزن فاؤنڈیشن (TCF)" کی پرائمری سطح اور میٹرک سطح تک اسکولوں کو اپ گریڈ کرنے میں تعاون کر رہی ہے۔

• کمپنی ملازمین کی کمیونٹی میں گھریلو کام کرنے والوں کو مفت تعلیم دینے کے لئے ایک پروگرام میں تعاون کر رہی ہے۔

• کمپنی نے ووکیشنل ٹریننگ انسٹی ٹیوٹ اور ہائر سیکنڈری اسکول کی طرح کے بہت سے مقامی حکومتی اداروں کو اپ گریڈ کیا ہے۔

• کمپنی مقامی کمیونٹی کے مستحق طلباء کو ان کی پیشہ ورانہ تعلیم کے لئے سکالرشپس دے رہی ہے۔

• وسیع پیمانے پر درختوں کی شجر کاری کی گئی ہے۔

کوڈ آف کارپوریٹ گورننس 2019 کی تعمیل

ڈائریکٹرز فہرستی کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 اور پاکستان اسٹاک ایکسچینج کی رول بک کی ضروریات کی تعمیل اور اچھے کارپوریٹ گورننس کے لئے پُرعزم ہیں۔ CCG ریگولیشنز، 2019ء کی تعمیل کا بیان منسلک ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

کمپنی کی انتظامیہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کی طرف سے جاری کردہ کارپوریٹ گورننس کے ضابطہء اخلاق اور کمپنیز ایکٹ کی دفعات کی منظوری کے مطابق اپنی ذمہ داریوں سے پوری طرح آگاہ ہے۔ حسب ذیل تبصرے کارپوریٹ گورننس اور مسلسل بہتری کے اعلی معیارات ادارے کی وابستگی کا اعتراف ہے۔

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

- اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- کمپنی کے گوئنگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک وشبہات نہیں ہیں۔
- بورڈ کے تمام ڈائریکٹرز کارپوریٹ باڈیز کے ڈائریکٹرز کے طور پر اپنے فرائض اور ذمہ داریوں سے بخوبی واقف ہیں۔ ڈائریکٹرز کو اورینٹیشن کورسز کے ذریعے ان کے فرائض اور ذمہ داریوں کے بارے میں آگاہ کیا گیا تھا۔
- گذشتہ چھ سالوں کا کلیدی اور مالی اعداد وشمار رپورٹ کے ہمراہ منسلک ہے۔
- 31 دسمبر 2019 کو ختم ہونے والے سال کے مطابق پراویڈنٹ فنڈ اور گریجوئٹی سکیم میں سرمایہ کاری کی قدر حسبِ ذیل تھی:

پراویڈنٹ فنڈ: 31 دسمبر 2019 کو 195.537 ملین روپے

گریجوئٹی فنڈ: 31 دسمبر 2019 کو 94.297 ملین روپے

بورڈ کی تشکیل

ڈائریکٹرز کی کل تعداد		
a	مرد	7
b	خاتون	0
	ترتیب	
i	آزاد ڈائریکٹرز	01
ii	دیگر نان ایگزیکٹو ڈائریکٹرز	05
iii	ایگزیکٹو ڈائریکٹرز	01

زیر جائزہ سال کے دوران، بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے حاضری کی پوزیشن حسب ذیل تھی:-

نمبر شمار	نام ڈائریکٹر	تعداد اجلاس
1	میاں حسن منشا (چیئرمین/ ڈائریکٹر)	4
2	جناب اورنگ زیب فیروز	4
3	جناب جاوید اقبال	3
4	جناب خالد قدیر قریشی* (سی ای او/ ڈائریکٹر) (24 فروری 2019 کو انتقال کر گئے)	0
5	جناب محمود اختر ***	5
6	جناب محمد اعظم	4
7	جناب عنایت اللہ نیازی	4
8	جناب تنویر خالد **	5

- *جناب خالد قدیر قریشی 24 فروری 2019 کو انتقال کر گئے۔
- ** جناب تنویر خالد کو خالی آسامی پُر کرنے کے لئے جناب خالد قدیر قریشی کی جگہ 05 مارچ 2019 سے مؤثر بورڈ آف ڈائریکٹرز پر ڈائریکٹر مقرر کیا گیا۔
- *** جناب محمود اختر کو خالی آسامی پُر کرنے کے لئے جناب خالد قدیر قریشی کی جگہ 05 مارچ 2019 سے مؤثر سی ای او مقرر کیا گیا۔

زیر جائزہ سال کے دوران، آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے، حاضری کی پوزیشن حسب ذیل تھی:-

نمبر شمار	نام رکن	تعداد اجلاس
1	جناب جاوید اقبال (ممبر / چیئرمین)	2
2	جناب محمود اختر* (ممبر)	0
3	جناب تنویر خالد* (ممبر)	4
4	جناب عنایت اللہ نیازی (ممبر)	3

*جناب محمود اختر کمیٹی سے مستعفی ہو گئے اور جناب محمود اختر کی جگہ 05 مارچ 2019ء کو جناب تنویر خالد بطور رکن مقرر ہوئے۔

زیر جائزہ سال کے دوران، ہیومن ریسورس & ریمنریشن (HR&R) کمیٹی کا ایک (1) اجلاس منعقد ہوا، حاضری کی پوزیشن حسب ذیل تھی:-

نمبر شمار	نام رکن	تعداد اجلاس
1	میاں حسن منشا (ممبر)	1
2	جناب جاوید اقبال (ممبر / چیئرمین)	1
3	جناب محمود اختر* (ممبر)	0
4	جناب عنایت اللہ نیازی*	1

*جناب محمود اختر 05 مارچ 2019ء کو مستعفی ہو گئے اور 05 مارچ 2019ء کو ہی جناب محمود اختر کی جگہ جناب عنایت اللہ نیازی کو بطور رکن مقرر کیا گیا۔

ڈائریکٹرز کا مشاہرہ:

کمپنی اپنے آزاد ڈائریکٹرز سمیت نان ایگزیکٹو ڈائریکٹرز کو اجلاس فیس کے علاوہ کوئی مشاہرہ ادا نہیں کرتی ہے۔ ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کو ادا کئے جانے والے مشاہرہ اور اجلاس فیس کی مجموعی رقم منسلکہ مالی حسابات کے نوٹ 33 میں منکشف ہے۔

حصص داری کا نمونہ:

بمطابق 31 دسمبر 2019 نمونہء حصص داری منسلک ہے۔

کمپنی کے حصص میں تجارت:

31 دسمبر 2019 کو ختم ہونے والے سال کے دوران ڈائریکٹرز، ایگزیکٹوز اور ان کے زوج اور نابالغ بچوں کی طرف سے کی گئی فہرستی کمپنی کے حصص میں تمام تجارت رپورٹ ہذا سے منسلک ہے۔

متعلقہ پارٹیاں:

متعلقہ پارٹیوں کے درمیان لین دین آڈٹ کمیٹی کے سامنے پیش کیا گیا اور بورڈ نے منظور کیا۔ یہ لین دین IFRS اور کمپنیز آرڈیننس 1984 (اب کمپنیز ایکٹ 2017) کی ضروریات کے مطابق تھے۔ کمپنی ایسے تمام لین دین کا ریکارڈ برقرار رکھتی ہے۔

خطرات اور مواقع:

کمپنی کی سرگرمیاں مختلف خطرات کو بے نقاب کرتی ہیں:

مارکیٹ رسک (بشمول کرنسی رسک، دیگر پرائس رسک اور شرح سود کا خطرہ)، کریڈٹ رسک اور لیکویڈیٹی رسک۔ کمپنی کی مجموعی رسک مینجمنٹ نے مالیاتی مارکیٹوں کی غیر متوقع صلاحیت پر توجہ مرکوز کی ہے اور کمپنی کی مالی کارکردگی پر ممکنہ منفی اثرات کو کم سے کم کرنے کے لئے کوشاں ہے۔

رسک مینجمنٹ کو بورڈ آف ڈائریکٹرز (بورڈ) کی منظور شدہ پالیسیوں کے تحت کمپنی کا فنانس ڈیپارٹمنٹ سرانجام دیتا ہے۔ کمپنی کا فنانس ڈیپارٹمنٹ مالیاتی خطرات کی تشخیص اور احاطہ کرتا ہے۔ مجموعی رسک مینجمنٹ اصولوں کے ساتھ ساتھ مخصوص شعبوں جیسے کہ کرنسی رسک، دیگر پرائس رسک، شرح سود کا خطرہ، کریڈٹ رسک، لیکویڈیٹی رسک اضافی لیکویڈیٹی سرمایہ

کاری کے احاطہ کی پالیسیاں بھی بورڈ فراہم کرتا ہے۔خزانہ سے متعلقہ تمام ٹرانز یکشنز پالیسیوں کی حدود کے مطابق کی جاتی ہیں۔

تصرفات:

بورڈ آف ڈائریکٹرز نے 31دسمبر 2019 کوختم ہونے والے سال کے لئے کوئی حتمی منافع منقسمہ تجویزنہیں کیا ہے۔

محاسب:

موجودہ محاسب میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہوگئے ہیں اورانہوں نے اہل ہونے کی بناء پر سال 2020 کے لئے دوبارہ تعیناتی کے لئے خود کوپیش کیا ہے بورڈ کی آڈٹ کمیٹی نے ریٹائر ہونے والے محاسب کی دوبارہ تقرری کی سفارش کی ہے۔

اظہارتشکر:

ہم اپنے قابل قدر حصص داران، CPPA-G، مالیاتی اداروں،قرض دہندگان، پاکستان اسٹیٹ آئل اور دیگر سپلائرز کے کمپنی پر اعتماد، یقین اور مسلسل حمایت کاشکریہ ادا کرتے ہیں جن کی بدولت کمپنی بہتر نتائج حاصل کرنے کے قابل ہوئی ہے۔

ہم ایک جدید اور حوصلہ افزاء کام کا ماحول قائم کرنے اور پاور پلانٹ کے تمام شعبوں میں کارکردگی کی اعلی سطح کوفروغ دینے کے لئے انتظامیہ کی محنت کوسراہتے ہیں۔ہم قابل ذکر نتائج کی فراہمی کے لئے ایگزیکٹوز اور عملے کے ارکان کی مسلسل حمایت،کوششوں اورعزم کے لئے بھی شکریہ ادا کرتے ہیں اور کمپنی کے ساتھ ان کے طویل تعلقات کے خواہش مند ہیں۔

منجانب مجلس نظماء

محموداختر
چیف ایگزیکٹوآفیسر

تنویرخالد
ڈائریکٹر

لاہور: 23اپریل 2020ء

FINANCIAL DATA

	2019	2018	2017	2016	2015	2014
Dispatch level %	51.2%	56.2%	47.5%	52.2%	62.80	55.20
Dispatch(GWH)	395	868	1,399	1,601	1,915	1,680
Revenue(000)						
Revenue	12,840,474	16,809,658	18,313,076	15,366,041	22,078,537	30,916,857
Cost Of Sales	(8,711,954)	(14,918,104)	(16,508,376)	(13,510,090)	(20,039,190)	(29,037,489)
Gross Profit	4,128,520	1,891,554	1,804,700	1,855,951	2,039,347	1,879,368
Profitability (000)						
profit/(loss) before tax	2,043,780	747,472	972,340	994,697	849,863	792,741
Provision for tax	-	-	-	-	-	-
profit/(loss) after tax	2,043,780	747,472	972,340	994,697	849,863	792,741
Financial position (000)						
Non Current Assets	7,987,287	9,137,451	9,092,672	9,933,753	10,313,647	11,100,713
Current Assets	21,569,716	18,007,231	14,580,756	13,884,049	11,172,980	12,522,547
less: Current Liabilities	14,708,529	13,965,667	10,600,422	10,396,527	7,742,120	9,493,110
Net Working Capital	6,861,187	4,041,564	3,980,334	3,487,522	3,430,860	3,029,437
Capital Employed	14,827,339	13,179,015	13,073,006	13,421,275	13,744,507	14,130,150
less: Long trem Loans	-	-	230,423	783,438	1,336,453	1,813,876
less: Deffered Liabilities	21,135	6,298	38,280	19,207	21,991	17,937
Share Holders Equity	14,806,204	13,172,717	12,804,303	12,618,630	12,386,063	12,298,337
Represented by (000)						
Share Capital	3,798,387	3,798,387	3,798,387	3,798,387	3,798,387	3,798,387
Capital Reserve	107,004	107,004	107,004	107,004	107,004	107,004
Un-appropiated Profit	10,921,948	9,267,326	8,898,912	8,713,239	8,480,672	8,392,946
	14,827,339	13,172,717	12,804,303	12,618,630	12,386,063	12,298,337
Dividends (000)	379,839	379,839	759,678	379,839	379,839	379,839
Earning Per Share	5.38	1.97	2.56	2.62	2.24	2.09
P/E ratio	1.86	5.08	3.91	3.82	4.46	4.78
Delta Loss(000)	567,952	954,404	884,090	689,932	801,137	1,461,527
Ratio						
Break up value per share of RS 10 Each share	39.04	34.68	33.71	33.22	32.61	32.38
current ratio	1.47	1.29	1.38	1.34	1.44	1.32
Net profit/(loss) to sales %	15.92	4.45	5.31	6.47	3.85	2.56

Vertical Analysis - Profit and Loss Account

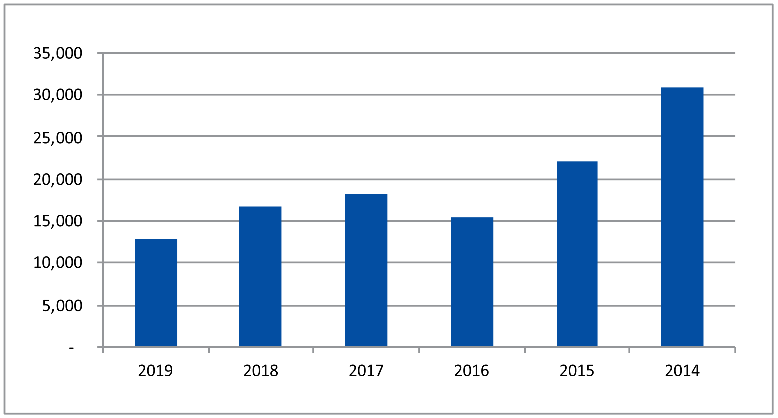
	2019	% of Turnover	2018	% of Turnover	2017	% of Turnover
Revenue	12,840,474	100	16,809,658	100	18,313,076	100
Cost of Sales	(8,711,954)	(67.85)	(14,918,104)	(88.75)	(16,508,376)	(90.15)
Gross Profit	4,128,520	32.15	1,891,554	11.25	1,804,700	9.85
Administration Expenses	(254,383)	(1.98)	(223,608)	(1.33)	(187,067)	(1.02)
Other operating Expenses	(167,245)	(1.30)	(62,573)	(0.37)	(17,388)	(0.09)
Other income	100,511	0.78	105,071	0.63	111,321	0.61
Finance Cost.	(1,763,623)	(13.73)	(962,972)	(5.73)	(739,226)	(4.04)
Profit for the year	2,043,780	15.92	747,472	4.45	972,340	5.31

Horizantal Analysis - Profit and Loss Account

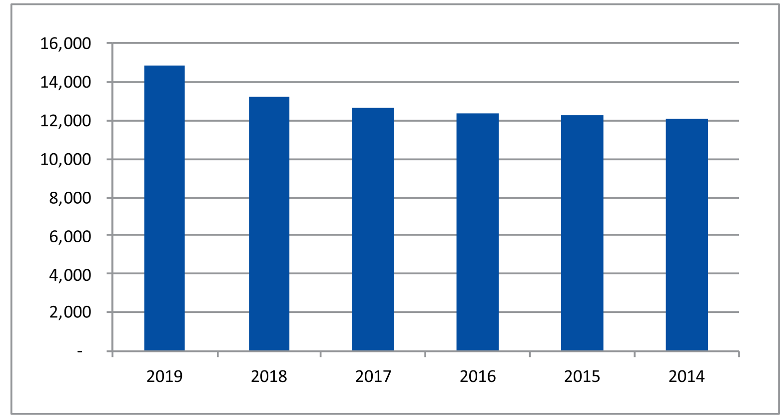
	2019	19 v 18	2018	18 v 17	2017	17 v 16
Revenue	12,840,474	(23.61)	16,809,658	(8.21)	18,313,076	19.18
Cost of Sales	(8,711,954)	(41.60)	(14,918,104)	(9.63)	(16,508,376)	22.19
Gross Profit	4,128,520	118.26	1,891,554	4.81	1,804,700	(2.76)
Administration Expenses	(254,383)	13.76	(223,608)	19.53	(187,067)	27.30
Other operating Expenses	(167,245)	167.28	(62,573)	259.86	(17,388)	(92.92)
Other income	100,511	(4.34)	105,071	(5.61)	111,321	833.20
Finance Cost.	(1,763,623)	83.14	(962,972)	30.27	(739,226)	8.45
Profit for the year	2,043,780	173.43	747,472	(23.13)	972,340	14.41

PERFORMANCE REVIEW

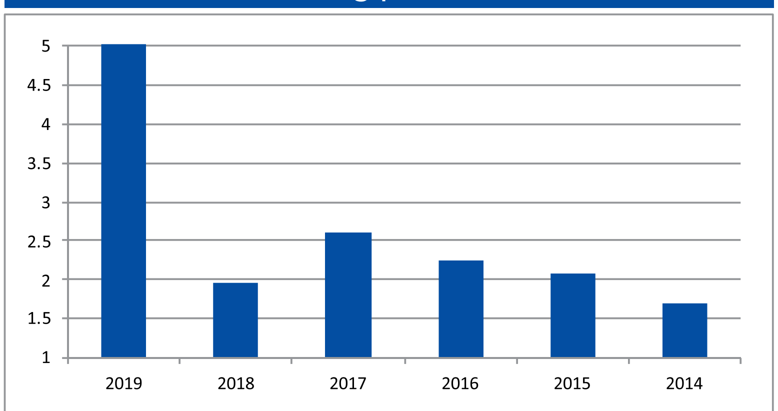
Turnover



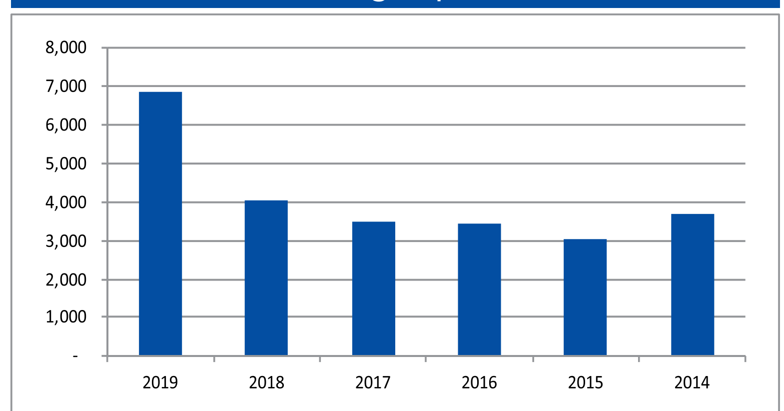
Shareholder Equity



Earning per Share



Working Capital



PATTERN OF SHAREHOLDINGS
As at December 31, 2019

# of Shareholders	Shareholdings' Slab			Total Shares Held
244	1	to	100	4,243
783	101	to	500	383,620
401	501	to	1000	392,871
639	1001	to	5000	1,872,265
213	5001	to	10000	1,763,062
56	10001	to	15000	721,682
46	15001	to	20000	862,835
28	20001	to	25000	672,128
28	25001	to	30000	787,000
19	30001	to	35000	630,615
17	35001	to	40000	645,500
12	40001	to	45000	515,980
18	45001	to	50000	893,000
7	50001	to	55000	373,500
8	55001	to	60000	469,061
8	60001	to	65000	503,500
5	65001	to	70000	342,500
3	70001	to	75000	222,000
2	75001	to	80000	153,500
1	80001	to	85000	84,000
2	85001	to	90000	177,500
12	95001	to	100000	1,192,500
2	100001	to	105000	208,278
2	105001	to	110000	214,621
2	110001	to	115000	224,500
1	120001	to	125000	122,500
1	125001	to	130000	125,500
1	130001	to	135000	134,500
1	135001	to	140000	138,500
2	145001	to	150000	296,000
1	150001	to	155000	151,500
2	155001	to	160000	320,000
1	165001	to	170000	168,000
1	170001	to	175000	175,000
1	190001	to	195000	192,500
1	195001	to	200000	200,000
1	210001	to	215000	212,000
1	220001	to	225000	225,000
1	225001	to	230000	227,500
1	240001	to	245000	241,000
1	245001	to	250000	250,000
1	255001	to	260000	257,500
1	295001	to	300000	300,000
1	300001	to	305000	305,000
1	310001	to	315000	313,000
1	320001	to	325000	322,000
1	330001	to	335000	333,000
1	350001	to	355000	355,000
2	390001	to	395000	782,500
2	395001	to	400000	796,000
1	400001	to	405000	405,000
1	405001	to	410000	407,000
1	420001	to	425000	423,349

# of Shareholders	Shareholdings' Slab			Total Shares Held
1	430001	to	435000	433,000
1	470001	to	475000	472,500
1	490001	to	495000	492,000
3	495001	to	500000	1,500,000
1	550001	to	555000	554,000
1	560001	to	565000	563,000
1	640001	to	645000	644,000
1	650001	to	655000	655,000
1	700001	to	705000	703,000
2	710001	to	715000	1,426,000
1	730001	to	735000	732,500
1	735001	to	740000	737,500
1	760001	to	765000	763,500
1	780001	to	785000	785,000
1	865001	to	870000	866,000
1	910001	to	915000	914,055
1	935001	to	940000	935,500
1	995001	to	1000000	1,000,000
1	1015001	to	1020000	1,019,500
1	1060001	to	1065000	1,061,500
1	1075001	to	1080000	1,075,500
1	1090001	to	1095000	1,093,500
1	1220001	to	1225000	1,222,000
1	1230001	to	1235000	1,230,500
1	1245001	to	1250000	1,250,000
1	1260001	to	1265000	1,264,000
1	1275001	to	1280000	1,277,500
1	1575001	to	1580000	1,579,500
1	1765001	to	1770000	1,770,000
1	1800001	to	1805000	1,803,000
1	1995001	to	2000000	2,000,000
1	2000001	to	2005000	2,001,643
1	2070001	to	2075000	2,071,402
1	2135001	to	2140000	2,138,000
1	2320001	to	2325000	2,323,500
1	2945001	to	2950000	2,950,000
1	3260001	to	3265000	3,263,000
2	3995001	to	4000000	8,000,000
1	5365001	to	5370000	5,369,000
1	5775001	to	5780000	5,776,500
1	6775001	to	6780000	6,779,500
1	6835001	to	6840000	6,836,547
1	7685001	to	7690000	7,689,000
1	17965001	to	17970000	17,966,500
1	20615001	to	20620000	20,615,500
1	25990001	to	25995000	25,993,711
1	27345001	to	27350000	27,348,388
1	69010001	to	69015000	69,011,371
1	109390001	to	109395000	109,393,005
2643				379,838,732

CATEGORIES OF SHAREHOLDERS

As at December 31, 2019

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
MIAN HASSAN MANSHA	2	25,993,762	6.84
MR. MAHMOOD AKHTAR	1	550	0.00
JAWAID IQBAL	1	500	0.00
INAYAT ULLAH NIAZI	1	500	0.00
AURANGZEB FIROZ	1	550	0.00
MUHAMMAD AZAM	1	500	0.00
TANVIR KHALID	1	500	0.00
Associated Companies, undertakings and related parties			
M/S. ENGEN (PRIVATE) LIMITED	2	69,011,922	18.17
M/S. SECURITY GENERAL INSURANCE COMPANY LIMITED	2	6,836,548	1.80
NISHAT MILLS LIMITED	1	109,393,005	28.80
ADAMJEE INSURANCE COMPANY LIMITED	1	27,348,388	7.20
Executives	-	-	-
Public Sector Companies and Corporations	2	1,566,000	0.41
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	11	28,315,500	7.45
Mutual Funds			
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	4,000,000	1.05
CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	1	4,000,000	1.05
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	2,950,000	0.78
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	714,000	0.19
CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	1	2,000,000	0.53
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	2,001,643	0.53
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1	1,075,500	0.28
CDC - TRUSTEE NBP STOCK FUND	1	5,776,500	1.52
CDC - TRUSTEE NBP BALANCED FUND	1	644,000	0.17
CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	1	89,500	0.02
CDC - TRUSTEE APF-EQUITY SUB FUND	1	175,000	0.05
CDC - TRUSTEE NBP ISLAMIC SARMAYA IZAFA FUND	1	407,000	0.11
MC FSL - TRUSTEE JS GROWTH FUND	1	1,222,000	0.32
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	914,055	0.24
CDC - TRUSTEE NBP SARMAYA IZAFA FUND	1	866,000	0.23
MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	1	84,000	0.02

Categories of Shareholders	Shareholders	Shares Held	Percentage
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	1	563,000	0.15
CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	1	1,061,500	0.28
CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	1	2,323,500	0.61
CDC - TRUSTEE NBP ISLAMIC ACTIVE ALLOCATION EQUITY FUND	1	405,000	0.11
CDC - TRUSTEE NBP ISLAMIC ENERGY FUND	1	732,500	0.19
CDC - TRUSTEE UBL DEDICATED EQUITY FUND	1	357	0.00
General Public			
a. Local	2,549	38,558,667	10.15
b. Foreign	0	0	-
Foreign Companies	0	0	-
Others	45	40,806,785	10.74
Totals	2643	379,838,732	100.00

Share holders holding 5% or more	Shares Held	Percentage
NISHAT MILLS LIMITED	109,393,005	28.80
M/S. ENGEN (PRIVATE) LIMITED	69,011,922	18.17
MIAN HASSAN MANSHA	25,993,762	6.84
ADAMJEE INSURANCE COMPANY LIMITED	27,348,388	7.20
MAHMOOD TEXTILE MILLS LTD.	20,615,500	5.43

Trading in the shares of the Company, carried out by its Directors, Chief Excutive Officer, Chief Operating Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary, their Spouses and minor children during the period January 01, 2019 to December 31, 2019, are as under:

Nil

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

NAME OF COMPANY : LALPIR POWER LIMITED

YEAR ENDED: DECEMBER 31, 2019

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

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

   a. Male: 7
   b. Female: 0

2. The composition of board is as follows:

CATEGORY	NAMES
Independent Directors	Mr. Jawaid Iqbal
Other Non-executive Director	Mian Hassan Mansha Mr. Aurengzeb Firoz Mr. Mohammad Azam Mr. Inayat Ullah Niazi Mr. Tanvir Khalid
Executive Directors	Mr. Mahmood Akhtar

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

4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;

5. The board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of the particulars of the significant policies along with their date of approval or updating is maintained by the Company;

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board / shareholders as empowered by the relevant provisions of the Act and these Regulations;

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

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

9. The Board has arranged Directors' Training program for the following:

Directors:
1. Mr. Aurangzeb Firoz
2. Mr. Jawaid Iqbal
3. Mr. Inayat Ullah Niazi
4. Mr. Mahmood Akhtar
5. Mr. Tanvir Khalid

One Director Mr. Muhmmad Azam is exempt due to 14 years of education and 15 years of experience on the board of a listed company;

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. The board has formed committees comprising of members given below:

a) Audit Committee
1. Mr. Jawaid Iqbal (Independent Director) – Chairman
2. Mr. Inayat Ullah Niazi (Non-Executive Director)
3. Mr. Tanvir Khalid (Non-Executive Director)

b) HR and Remuneration Committee
1. Mr. Jawaid Iqbal – (Independent Director) - Chairman
2. Mian Hassan Mansha (Non-Executive Director)
3. Mr. Inayat Ullah Niazi (Non-Executive Director)

13. The terms of reference of the aforesaid Committees have been formed, documented and advised to the Committee for compliance;

14. The frequency of meetings (quarterly / half yearly / yearly) of the committee were as per following:

a) Audit Committee - quarterly

b) HR and Remuneration Committee - yearly

15. 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;

16. The Statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) Guidelines on Code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, head of Internal audit, Company Secretary or director of the Company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard; and

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

Mr. Mahmood Akhtar
Chief Executive Officer

Mr. Tanvir Khalid
Director

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF LALPIR POWER LIMITED

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Lalpir Power Limited (the Company) for the year ended 31 December 2019 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 31 December 2019.

Riaz Ahmad

RIAZ AHMAD & COMPANY
Chartered Accountants

Date: 23rd April 2020
LAHORE

FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LALPIR POWER LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of Lalpir Power Limited ('the Company'), which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan ('the Code') and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 10.1.2 to the financial statements which explains the uncertainty regarding outcome of claims lodged by Central Power Purchasing Agency (Guarantee) Limited (CPPA-G), which have been disputed by the Company. Our opinion is not modified in respect of this matter.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

We have determined that there are no key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that ordinace.

The engagement partner on the audit resulting in this independent auditor's report is Mubashar Mehmood.

RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: 23 April 2020

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	2019	2018
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 500,000,000 (2018: 500,000,000) ordinary shares of Rupees 10 each		5,000,000	5,000,000
Issued, subscribed and paid-up share capital	3	3,798,387	3,798,387
Capital reserve	4	107,004	107,004
Revenue reserve - un-appropriated profit		10,921,948	9,267,326
Total equity		14,827,339	13,172,717
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	-	-
Employee benefit - gratuity	6	21,135	6,298
		21,135	6,298
CURRENT LIABILITIES			
Trade and other payables	7	542,252	1,885,626
Accrued mark-up / profit	8	384,420	198,700
Short term borrowings	9	13,778,044	11,646,851
Current portion of long term financing	5	-	230,423
Unclaimed dividend		3,813	4,067
		14,708,529	13,965,667
Total liabilities		14,729,664	13,971,965
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		29,557,003	27,144,682

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

CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER

	Note	2019	2018
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	11	7,865,468	9,009,210
Investment properties	12	93,481	94,835
Long term investment	13	-	-
Long term loans to employees	14	27,988	33,056
Long term security deposits		350	350
		7,987,287	9,137,451
CURRENT ASSETS			
Stores, spare parts and other consumables	15	927,288	878,671
Fuel stock	16	447,890	450,924
Trade debts	17	17,665,105	13,658,828
Loans, advances and short term prepayments	18	313,786	454,418
Loan to associated company	19	350,000	1,000,000
Other receivables	20	280,216	218,999
Accrued interest	21	4,420	9,258
Sales tax recoverable		1,427,671	1,332,363
Cash and bank balances	22	153,340	3,770
		21,569,716	18,007,231
TOTAL ASSETS		29,557,003	27,144,682

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	2019	2018
		(Rupees in thousand)	
SALES	23	12,840,474	16,809,658
COST OF SALES	24	(8,711,954)	(14,918,104)
GROSS PROFIT		4,128,520	1,891,554
ADMINISTRATIVE EXPENSES	25	(254,383)	(223,608)
OTHER EXPENSES	26	(167,245)	(62,573)
OTHER INCOME	27	100,511	105,071
PROFIT FROM OPERATIONS		3,807,403	1,710,444
FINANCE COST	28	(1,763,623)	(962,972)
PROFIT BEFORE TAXATION		2,043,780	747,472
TAXATION	29	-	-
PROFIT AFTER TAXATION		2,043,780	747,472
OTHER COMPREHENSIVE INCOME:			
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS:			
REMEASUREMENTS OF DEFINED BENEFIT PLAN		(9,319)	781
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		-	-
OTHER COMPREHENSIVE (LOSS) / INCOME		(9,319)	781
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,034,461	748,253
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	30	5.38	1.97

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

CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER

STATEMENT OF CASH FLOWS
for the year ended 31 December 2019

	Note	2019	2018
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (utilized in) / generated from operations	31	(567,159)	892,360
Finance cost paid		(1,577,903)	(872,542)
Gratuity paid		(11,069)	(45,551)
Net decrease in long term loans to employees		7,738	43,950
Interest income received		97,410	83,515
Increase in long term security deposits		-	(50)
Income tax refunded / (paid)		132,102	(16,566)
Net cash (used in) / generated from operating activities		(1,918,881)	85,116
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on fixed assets		(134,241)	(1,048,410)
Advance for purchase of investment property		-	(84,800)
Loan to associated company - net		650,000	(1,000,000)
Proceeds from disposal of operating fixed assets		32,015	729
Net cash generated from / (used in) investing activities		547,774	(2,132,481)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(230,423)	(553,015)
Dividend paid		(380,093)	(378,547)
Net cash (used in) financing activities		(610,516)	(931,562)
Net decrease in cash and cash equivalents		(1,981,623)	(2,978,927)
Cash and cash equivalents at beginning of the year		(11,643,081)	(8,664,154)
Cash and cash equivalents at end of the year		(13,624,704)	(11,643,081)
CASH AND CASH EQUIVALENTS			
Cash in hand		436	254
Cash at banks		152,904	3,516
Short term borrowings		(13,778,044)	(11,646,851)
		(13,624,704)	(11,643,081)

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

CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	SHARE CAPITAL	RESERVES		TOTAL EQUITY
		Capital	Revenue	
		Retained payments reserve	Un-appropriated profit	
	(- - - - - - - - - - - - -Rupees in thousand - - - - - - - - - - - - -)			
Balance as at 31 December 2017	3,798,387	107,004	8,898,912	12,804,303
Transaction with owners - Final dividend for the year ended 31 December 2017 @ Rupee 1 per share	-	-	(379,839)	(379,839)
Profit for the year ended 31 December 2018	-	-	747,472	747,472
Other comprehensive income for the year ended 31 December 2018	-	-	781	781
Total comprehensive income for the year ended 31 December 2018	-	-	748,253	748,253
Balance as at 31 December 2018	3,798,387	107,004	9,267,326	13,172,717
Transaction with owners - Final dividend for the year ended 31 December 2018 @ Rupee 1 per share	-	-	(379,839)	(379,839)
Profit for the year ended 31 December 2019	-	-	2,043,780	2,043,780
Other comprehensive loss for the year ended 31 December 2019	-	-	(9,319)	(9,319)
Total comprehensive income for the year ended 31 December 2019	-	-	2,034,461	2,034,461
Balance as at 31 December 2019	3,798,387	107,004	10,921,948	14,827,339

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

1. THE COMPANY AND ITS OPERATIONS

1.1 Lalpir Power Limited ("the Company") was incorporated in Pakistan on 08 May 1994 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the Company is situated at 53-A, Lawrence Road, Lahore. The ordinary shares of the Company are listed on Pakistan Stock Exchange Limited. The principal activities of the Company are to own, operate and maintain a fuel fired power station ("the Complex") having gross capacity of 362 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan. The Company has a Power Purchase Agreement (PPA) with its sole customer, Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) for 30 years which commenced from 06 November 1997.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

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

b) Accounting convention

These financial statements have been prepared on historical cost basis, except for recognition of employee benefit liabilities at present value and certain financial instruments at fair value.

c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Taxation

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws and the decisions by appellate authorities on certain issues in the past.

Useful lives, pattern of economic benefits and impairment

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of the assets for possible impairments on an annual basis. If such indication exists assets recoverable amount is estimated in order to determine the extent of impairment loss, if any. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

Provision for obsolescence of stores, spare parts and other consumables

Provision for obsolescence of items of stores, spare parts and other consumables is made on the basis of management's estimate of net realizable value and ageing analysis prepared on an item-by-item basis.

Employees' retirement benefit

The cost of defined benefit retirement plan is determined using actuarial valuation. The actuarial valuation is based on the assumptions as mentioned in Note 6.11.

d) Standards, interpretation and amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following standards, interpretation and amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 January 2019:

- IFRS 9 'Financial Instruments' and amendments to IFRS 9
- IFRS 15 'Revenue from Contracts with Customers' and amendments to IFRS 15
- IFRS 16 'Leases'
- IFRIC 23 'Uncertainty over Income Tax Treatments'
- IAS 28 (Amendments) 'Investments in Associates and Joint Ventures'
- IASB's Annual Improvements to IFRSs: 2015 – 2017 Cycle

The Company had to change its accounting policies and make certain adjustments without restating prior year results following the adoption of IFRS 16, IFRS 9 and IFRS 15. These are disclosed in note 2.4, note 2.5 and note 2.23. Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

e) **Amendments to published approved accounting standards that are effective in current year but not relevant to the Company**

There are other amendments to published standards that are mandatory for accounting periods beginning on or after 01 January 2019 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

f) **Amendments to published approved accounting standards that are not yet effective but relevant to the Company**

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 January 2020 or later periods:

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing general purpose financial statements in accordance with IFRS.

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework. The new Framework: reintroduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefits–this lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS standard and does not override any standard, so nothing will change in the short term. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRS. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 1 January 2020 for preparers that develop an accounting policy based on the Framework.

g) **Standards and amendments to published approved accounting standards that are not yet effective and not considered relevant to the Company**

There are other standards and amendments to published approved standards that are mandatory for accounting periods beginning on or after 01 January 2020 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Fixed assets

2.2.1 Operating fixed assets

Operating fixed assets, except freehold land are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is stated at cost less impairment loss, if any. Residual values and estimated useful lives are reviewed at each reporting date, with the effect of changes in estimate accounted for on prospective basis.

Depreciation is charged to income applying the straight line method whereby cost of an asset less its residual value is written off over its estimated useful life at the rates given in Note 11.1. Depreciation on additions is charged for the full month in which the asset is available for use and on deletion up to the month immediately preceding the deletion.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are included in the statement of profit or loss and other comprehensive income during the period in which they are incurred.

An item of operating fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. 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.

2.2.2 Capital work-in-progress

Capital work-in-progress is stated at cost less identified impairment losses, if any. 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.

2.3 Investment properties

Land and buildings held for capital appreciation or to earn rental income are classified as investment properties. Investment properties except land, are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Land is stated at cost less accumulated impairment loss, if any. Depreciation on buildings is charged to statement of profit or loss and other comprehensive income applying the straight line method so as to write off the cost of buildings over their estimated useful lives at a rate of 5% per annum.

2.4 IFRS 16 "Leases"

The Company has adopted IFRS 16 from 01 January 2019. The standard replaces IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognized in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognized lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17, as the operating expense is now replaced by interest expense and depreciation in the statement of profit or loss and other comprehensive income. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

IFRS 16 has been adopted using the modified retrospective approach and as such the comparatives have not been restated. The Company has leases of low-value assets. Hence, the adoption of IFRS 16 does not have any impact on the amounts recognized in prior periods and is not expected to significantly affect the current or future periods.

Exemption from requirements of IFRS 16 to the extent of Power Purchase Agreement (PPA)

The Securities and Exchange Commission of Pakistan (SECP) vide SRO 986(I)/2019 dated 02 September 2019 has granted exemption from the requirements of IFRS 16 'Leases' to all companies, which have entered into power purchase agreements before 01 January 2019. Therefore, the Company is not required to account for the portion of its Power Purchase Agreement (PPA) with Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) as a lease under IFRS 16 'Leases'. Further, SECP also granted waiver for the requirements of IAS 21 'The Effects of Changes in Foreign Exchange Rates' in respect of accounting principle of capitalization of exchange differences to power sector companies. However, if the Company followed IFRS 16, the effect on the financial statements would be as follows:

	2019	2018
	(Rupees in thousand)	
De-recognition of fixed assets	(7,815,032)	(9,004,644)
Recognition of lease debtor	4,018,748	4,077,251
De-recognition of trade debts	10,276,367	6,558,904
Decrease in un-appropriated profit at the beginning of the year	(4,927,393)	(4,795,751)
Increase / (decrease) in profit for the year	1,131,109	(131,642)
Decrease in un-appropriated profit at the end of the year	(3,796,284)	(4,927,393)

Right-of-use assets

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to income as incurred.

Lease liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use asset, or to statement of profit or loss and other comprehensive income if the carrying amount of the right-of-use asset is fully written down.

2.5 IFRS 9 "Financial instruments"

The Company has adopted IFRS 9 "Financial Instruments" from 01 January 2019. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the Company makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the Company's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the Company. New impairment requirements use an 'expected credit loss' ('ECL') model to recognize an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The Company has adopted IFRS 9 without restating the prior year results. However, in respect of companies holding financial assets due from the Government of Pakistan, SECP through SRO 985(I)/2019 dated 02 September 2019 has notified that the requirements contained in IFRS 9 with respect to application of Expected Credit Losses method shall not be applicable till 30 June 2021 and that such companies shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' in respect of above referred financial assets during the exemption period.

Key changes in accounting policies resulting from application of IFRS 9 are as follows:

i) Recognition of financial instruments

The Company initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

ii) Classification and measurement of financial instruments

IFRS 9 largely retains the existing requirements in IAS 39 "Financial Instruments: Recognition and Measurement" for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortized cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

Investments and other financial assets

a) Classification

From 01 January 2019, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

- those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income.

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income / (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income.

Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL.

A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss (FVTPL)

Changes in the fair value of equity investments at fair value through profit or loss are recognised in other income / (other expenses) in the statement of profit or loss and other comprehensive income as applicable.

Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Financial liabilities

a) Classification and measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss and other comprehensive income. Any gain or loss on de-recognition is also included in profit or loss.

iii) Impairment of financial assets

From 01 January 2019, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For receivables other than those due from the Government of Pakistan, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

iv) De-recognition

a) Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

b) Financial liabilities

The Company derecognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

v) Offsetting of financial instruments

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

vi) Hedge accounting

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these financial statements as there is no hedge activity carried on by the Company during the year ended 31 December 2019.

vii) Impacts of adoption of IFRS 9 on these financial statements as on 01 January 2019

On 01 January 2019, the Company's management has assessed which business models apply to the financial assets held by the Company at the date of initial application of IFRS 9 (01 January 2019) and has classified its financial instruments into appropriate IFRS 9 categories. However, this change in classification and measurement of financial instruments has no financial impact on the financial statements of the Company.

Reclassifications of financial instruments on adoption of IFRS 9

As on 01 January 2019, the classification and measurement of financial instruments of the Company were as follows:

	Measurement category		Carrying amounts		
	Original	New	Original	New	Difference
	(IAS 39)	(IFRS 9)	Rupees in thousand		
Non-current financial assets					
Long term loans to employees	Loans and receivables	Amortised cost	33,056	33,056	-
Long term security deposits	Loans and receivables	Amortised cost	350	350	-
Current financial assets					
Trade debts	Loans and receivables	Amortised cost	13,658,828	13,658,828	-
Loans and advances	Loans and receivables	Amortised cost	17,631	17,631	-
Loan to associated company	Loans and receivables	Amortised cost	1,000,000	1,000,000	-
Other receivables	Loans and receivables	Amortised cost	1,144	1,144	-
Accrued interest	Loans and receivables	Amortised cost	9,258	9,258	-
Cash and bank balances	Loans and receivables	Amortised cost	3,770	3,770	-
Non-current financial liabilities					
Long term financing	Amortised cost	Amortised cost	-	-	-
Current financial liabilities					
Trade and other payables	Amortised cost	Amortised cost	1,839,917	1,839,917	-
Accrued mark-up / profit	Amortised cost	Amortised cost	198,700	198,700	-
Short term borrowings	Amortised cost	Amortised cost	11,646,851	11,646,851	-
Current portion of long term financing	Amortised cost	Amortised cost	230,423	230,423	-
Unclaimed dividend	Amortised cost	Amortised cost	4,067	4,067	-

2.6 Investment in associate - (with significant influence)

Associates are all entities over which the Company has significant influence but not control. Investment in equity instruments of associates are accounted for using the equity method of accounting and are initially recognised at cost. The Company's investment in associates includes goodwill (net of any accumulated impairment loss) identified on the acquisition. The Company's share of its associates' post-acquisition profits or losses is recognised in the statement of profit or loss and other comprehensive income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. At each reporting date, the Company reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognised as expense in the statement of profit or loss and other comprehensive income. Impairment losses recognised in the statement of profit or loss and other comprehensive income on equity instruments are not reversed through the statement of profit or loss and other comprehensive income.

2.7 Foreign currency translation

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Transactions in foreign currency are converted in Pak Rupees at the rates of exchange prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies at the reporting date are translated into Pak Rupees at the rate of exchange prevailing on that date. Net exchange differences are recognized as income or expense in the period in which they arise.

2.8 Employee benefits

2.8.1 Defined contribution plan

The Company operates a contributory provident fund scheme covering all regular employees. Equal monthly contributions are made by the Company and employees to the fund at the rate of 10% of basic salary of employees.

2.8.2 Defined benefit plan

The Company operates a funded gratuity scheme for all of its employees who have completed the qualifying period as defined under the scheme. As per gratuity scheme, employees of the Company are entitled to gratuity equivalent to last drawn salary multiplied by the numbers of year of service up to the date of leaving the Company. The liability recognised in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method. The charge for the year is based on actuarial valuation. The latest actuarial valuation was carried out as at 31 December 2019 using projected unit credit method. The amount arising as a result of remeasurements are recognised immediately, with a charge or credit to other comprehensive income in the periods in which they occur. Past-service costs are recognised immediately in income.

2.9 Inventories

Inventories, except in transit are stated at lower of cost and net realizable value. Cost is determined as follows:

2.9.1 Fuel stock

Cost is determined on the basis of first-in-first-out method.

2.9.2 Stores, spare parts and other consumables

Cost is determined on the basis of average cost method, less allowance for obsolete and slow moving items. Cost in relation to items in transit comprises of invoice value and other charges incurred thereon up to the reporting date.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

2.10 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 obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

2.11 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

2.12 Contingent assets

Contingent assets are disclosed when the Company has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization becomes certain.

2.13 Contingent liabilities

Contingent liability is disclosed when the Company has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the financial statements.

2.14 Taxation

2.14.1 Current

Income (profit and gains) of the Company derived from power generation are exempt from income tax under Clause 132 of Part I and Clause 11A of Part IV of Second Schedule to the Income Tax Ordinance, 2001. This exemption is available till the term of Power Purchase Agreement (PPA). However, full provision is made in the statement of profit or loss and other comprehensive income 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.

2.14.2 Deferred

Deferred tax is accounted for using the 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 base used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets 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 utilized.

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 reporting date. Deferred tax is charged or credited in the profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax has not been provided in these financial statements as the management believes that the temporary differences will not reverse in the foreseeable future due to the fact that the Company remains exempt from taxation under Clause 132 of Part I and Clause 11A of Part IV of Second Schedule to the Income Tax Ordinance, 2001.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, balance with banks in current, saving and deposit accounts and short-term borrowings under mark-up arrangements.

2.16 Borrowings

Financing and borrowings are initially recognized at fair value of the consideration received, net of transaction costs. They are subsequently measured at amortized cost using the effective interest method.

2.17 Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed in the statement of profit or loss and other comprehensive income in the period in which they arise.

2.18 Financial assets due from the Government of Pakistan

Financial assets due from the Government of Pakistan include trade debts and other receivables due from CPPA-G under the PPA that also includes accrued amounts. As referred to in note 2.5 to these financial statements, SECP through SRO 985(I)/2019 dated 02 September 2019 has notified that, in respect of companies holding financial assets due from the Government of Pakistan, the requirements contained in IFRS 9 with respect to application of Expected Credit Losses method shall not be applicable till 30 June 2021 and that such companies shall follow relevant requirements of IAS 39 in respect of above referred financial assets during the exemption period. Accordingly, the same continue to be reported as per the following accounting policy:

A provision for impairment 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.

The Company assesses at the end of each reporting period whether there is objective evidence that the financial asset is impaired. The financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss. When the financial asset is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

2.19 Trade debts

Trade debts are amounts due from CPPA-G in the ordinary course of business. Trade debts are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade debts with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less provision for impairment.

2.20 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.

2.21 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value which is normally the transaction cost.

2.22 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which assets carrying amount exceeds its recoverable amount. 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 that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the profit or loss.

2.23 Revenue from contracts with customers

The Company has adopted IFRS 15 from 01 January 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in Company's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the Company's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

Key changes in accounting policies resulting from application of IFRS 15 are as follows:

i) Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer;

identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Sale of electricity

Revenue from sale of electricity to CPPA-G, the sole customer of the Company, is recorded on the basis of Net Electrical Output delievered to CPPA-G and capacity made available to CPPA-G at rates specified under the Power Purchase Agreement (PPA). PPA is a contract over a period of 30 years.

Interest

Interest income is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

Rent

Rent revenue from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Dividend

Dividend on equity investments is recognized when right to receive the dividend is established.

ii) Impacts of adoption of IFRS 15 on these financial statements as on 01 January 2019

The Company has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognise the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of un-appropriated profit in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any impact on the revenue recognition policy of the Company and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of un-appropriated profit in the period of initial application is Rupees Nil.

2.24 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

3. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2019	2018		2019	2018
(Number of Shares)			(Rupees in thousand)	
342,458,215	342,458,215	Ordinary shares of Rupees 10 each fully paid-up in cash	3,424,582	3,424,582
2,849,724	2,849,724	Ordinary shares of Rupees 10 each issued as fully paid-up for consideration other than cash	28,497	28,497
34,530,794	34,530,794	Ordinary shares of Rupees 10 each issued as fully paid-up bonus shares	345,308	345,308
379,838,733	379,838,733		3,798,387	3,798,387

3.1 Ordinary shares of the Company held by associated companies:

	2019	2018
	(Number of shares)	
Nishat Mills Limited	109,393,005	109,393,005
Adamjee Insurance Company Limited	27,348,388	27,348,388
Security General Insurance Company Limited	6,836,548	6,836,548
Engen (Private) Limited	69,011,922	69,011,922
	212,589,863	212,589,863

3.2 These were issued against project development expenses.

3.3 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders keeping in view its cash flow requirements to maintain its operating capacity in terms of PPA. No changes were made in the objectives, policies or processes from the previous year. The Company monitors capital using a gearing ratio, which is net debt divided by the total capital plus net debt. The Company includes within net debt, long term financing, short term borrowings less cash and bank balances. Capital includes equity attributable to the equity holders.

	2019	2018
	(Rupees in thousand)	
Long term financing	-	230,423
Short term borrowings	13,778,044	11,646,851
Cash and bank balances	(153,340)	(3,770)
Net debt	13,624,704	11,873,504
Equity	14,827,339	13,172,717
Capital and net debt	28,452,043	25,046,221
Gearing ratio	47.89%	47.41%

4. CAPITAL RESERVE

This represents Retained Payments Fund ("the reserve") maintained under clause 9.11 of the PPA. Initially the reserve was established at one twenty fourth of the annual operating and maintenance budget of the Company's first year of operations less fuel expenses. The reserve can only be utilized to pay expenses on major maintenance for proper operation of the Complex in case of non-availability of sufficient funds. The reserve fund needs to be replenished for the monies utilized by the Company.

5. LONG TERM FINANCING

	2019	2018
	(Rupees in thousand)	
From banking company - secured		
Long term loan (Note 5.1)	-	230,423
Less: Current portion shown under current liabilities	-	230,423
	-	-

5.1 This represented syndicated medium term finance facility obtained through Standard Chartered Bank (Pakistan) Limited (lead arranger) for the purpose of financing the change of turbine rotors for the Complex. This facility consisted of two parts, Rupees Nil (2018: Rupees 23.005 million) on mark-up basis whereas remaining Rupees Nil (2018: Rupees 207.418 million) represented Islamic facility (Diminishing Musharakah Finance). This carried mark-up at the rate of one month KIBOR plus 0.50% per annum payable monthly. The effective rate of mark-up charged during the year ranged from 10.89% to 11.61% (2018: 6.78% to 11.09%) per annum. This finance was repaid in forty five equal monthly installments with a grace period of fifteen months and was secured by the way of pari passu charge over present and future fixed assets (excluding land and buildings) of the Company amounting to Rupees 4,000 million.

6. EMPLOYEE BENEFIT - GRATUITY

The latest actuarial valuation of the defined benefit plan as at 31 December 2019 was carried out using the Projected Unit Credit Method. Details of the plan as per the actuarial valuation are as follows:

	2019	2018
	(Rupees in thousand)	
6.1 Statement of financial position reconciliation:		
Present value of defined benefit obligation (Note 6.2)	118,063	98,165
Fair value of plan assets (Note 6.3)	(96,928)	(91,867)
Liability recognized at reporting date	21,135	6,298
6.2 Movement in present value of defined benefit obligation:		
Present value of obligation at the beginning of the year	98,165	173,049
Transferred to Pakgen Power Limited	-	(79,500)
	98,165	93,549
Current service cost	15,753	13,071
Interest cost	12,426	7,418
Benefits paid	(11,069)	(7,271)
Remeasurement	2,788	(8,602)
Present value of obligation at the end of the year	118,063	98,165
6.3 Movement in fair value of plan assets:		
Fair value of plan assets at the beginning of the year	91,867	134,769
Transferred to Pakgen Power Limited	-	(79,500)
	91,867	55,269
Contributions	-	38,280
Interest income	11,592	6,139
Benefits paid on behalf of fund by the Company	11,069	7,271
Benefits paid by fund	(11,069)	(7,271)
Remeasurement	(6,531)	(7,821)
Fair value of plan assets at the end of the year	96,928	91,867
6.4 Actual return on plan assets	5,061	(1,682)
6.5 Plan assets consist of the followings:		
Term deposit receipts	48,672	42,120
Units of mutual funds	27,327	43,062
Cash at banks	20,929	6,685
	96,928	91,867

		2019	2018
		(Rupees in thousand)	
6.6	**Net movement in liability:**		
	Opening liability	6,298	38,280
	Charge for the year (Note 6.7)	16,587	14,350
	Remeasurements recognized in other comprehensive income (Note 6.8)	9,319	(781)
	Contributions	-	(38,280)
	Benefits paid on behalf of fund	(11,069)	(7,271)
	Closing liability	21,135	6,298
6.7	**Charge for the year recognized in profit or loss:**		
	Current service cost	15,753	13,071
	Interest cost - net	834	1,279
	Charge for the year	16,587	14,350
6.8	**Remeasurements recognised in other comprehensive income:**		
	Experience losses / (gain)	2,788	(8,602)
	Remeasurement of fair value of plan assets	6,531	7,821
	Remeasurements	9,319	(781)

6.9 Plan assets held in the trust are governed by local regulations which mainly includes the Trust Act, 1882, the Companies Act, 2017, the Income Tax Rules, 2002 and Rules under the Trust Deed of the plan. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the plan obligations. The Company has not changed the processes used to manage its risks from previous periods. The Company does not use derivatives to manage its risk. Investments are diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. Responsibility for governance of the plan, including investment decisions and contribution schedules, lies with the Board of Trustees.

6.10 Amounts for the current and previous four years:

	2019	2018	2017	2016	2015
	(- - - - -	Rupees in thousand	- - - - -)		
Present value of defined benefit obligation	118,063	98,165	173,049	144,337	113,624
Fair value of plan assets	(96,928)	(91,867)	(134,769)	(125,130)	(91,633)
Deficit	21,135	6,298	38,280	19,207	21,991
Remeasurement loss / (gain) on obligation	2,788	(8,602)	7,145	5,027	883
Remeasurement (loss) / gain on plan assets	(6,531)	(7,821)	(19,844)	2,575	(1,576)

6.11 Principal actuarial assumptions used:

	2019	2018
	(% per	annum)
Discount rate	11.25	13.25
Expected rate of increase in salary	11.25	13.25
Expected rate of return on plan assets	11.25	13.25

6.12 Mortality was assumed to be based on SLIC 2001-05 ultimate mortality rates, rated down by one year.

6.13 The expected charge to statement of profit or loss and other comprehensive income of the Company for defined benefit plan obligation for the next year is Rupees 15.740 million.

6.14 The Company's contribution to defined benefit plan in 2020 is expected to Rupees 12.109 million. There are no minimum funding requirements to the defined benefit plan. The actuary conducts separate valuations for calculating contribution rates and the Company contributes to the gratuity fund according to the actuary's advice. Expense of the defined benefit plan is calculated by the actuary.

6.15 The weighted average duration of the defined benefit plan is 8.16 years.

6.16 Sensitivity analysis for actuarial assumptions:

The sensitivity of the defined benefit obligation as at reporting date to changes in the weighted principal assumptions is:

	Impact on defined benefit plan		
	Changes in assumption (%)	Increase in assumption	Decrease in assumption
		(Rupees in thousand)	
Discount rate	1	109,169	127,658
Future salary increases	1	128,136	108,605

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

6.17 The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the plan, at the beginning of the period, for returns over the entire life of related obligation. The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on term deposits are based on gross redemption yields as at the reporting date.

6.18 Expected maturity profile of undiscounted defined benefit obligation:

Less than a year	Between 1 - 2 years	Between 3 - 5 years	Between 6 - 10 years	Over 10 Years	Total
(- - - - - - -	- - - - - - - -	Rupees in thousand	- - - - - - - -	- - - - - - -	)
13,103	8,728	39,930	52,823	278,163	392,747

7. TRADE AND OTHER PAYABLES

	2019	2018
	(Rupees in thousand)	
Creditors	292,870	1,708,095
Accrued liabilities	84,409	107,754
Workers' profit participation fund payable (Note 7.1)	102,189	37,374
Workers' welfare fund payable (Note 7.2)	40,876	-
Income tax deducted at source	2,365	3,712
Payable to provident fund trust	4,834	4,623
Others	14,709	24,068
	542,252	1,885,626

	2019	2018
	(Rupees in thousand)	

7.1 Workers' profit participation fund payable

	2019	2018
Opening balance	37,374	48,617
Allocation for the year (Note 26.2)	102,189	37,374
Payments made to the fund during the year	(37,374)	(48,617)
Closing balance	102,189	37,374

7.2 Workers' welfare fund payable

	2019	2018
Allocation for the year (Note 26.3)	40,876	-

8. ACCRUED MARK-UP / PROFIT

	2019	2018
Long term financing	984	1,322
Short term borrowings (Note 8.1)	383,436	197,378
	384,420	198,700

8.1 This includes an amount of Rupees 8.131 million (2018: Rupees Nil) payable to Pakgen Power Limited.

9. SHORT-TERM BORROWINGS

	2019	2018
	(Rupees in thousand)	
From banking companies and financial institution - secured:		
Working capital finances (Note 9.1)	9,419,227	9,446,864
Running musharakah (Note 9.2)	3,699,731	2,199,987
From associated company - unsecured:		
Pakgen Power Limited (Note 9.3)	659,086	-
	13,778,044	11,646,851

9.1 The Company has total working capital finance facilities of Rupees 15,114 million (2018: Rupees 15,164 million) available from banking companies and financial institution out of which Rupees 5,695 million (2018: Rupees 5,718 million) remained unutilized at year end. These facilities carry mark-up at average offer rate for 1 month to 6 months KIBOR plus 0.30% to 2.50% (2018: 1 month to 6 months KIBOR plus 0.20% to 2.50%) per annum payable monthly / quarterly / semi-annually (2018: monthly / quarterly / semi-annually). The effective mark-up rate charged during the year ranged from 8.49% to 16.31% (2018: 6.30% to 11.92%) per annum. These facilities are secured by way of charge to the extent of Rupees 20,286 million (2018: Rupees 18,098 million) on the present and future current assets of the Company.

9.2 These represent running musharakah facilities obtained from Meezan Bank Limited, Faysal Bank Limited and Standard Chartered Bank (Pakistan) Limited of Rupees 5,000 million (2018: Rupees 2,200 million) to meet short term working capital requirements out of which Rupees 1,300 million (2018: Rupees Nil) remained unutilized at year end. These facilities carries profit at the average offer rate for 1 month KIBOR to 3 months KIBOR plus 0.50%

to 1.00% (2018: 1 month KIBOR to 3 months KIBOR plus 0.30% to 0.40%) per annum payable quarterly. The effective profit rate charged during the year ranged from 9.36% to 15.07% (2018: 6.46% to 10.70%) per annum. These facilities are secured by way of first charge on current assets amounting to Rupees 5,625 million (2018: Rupees 3,750 million).

9.3 This represents working capital loan obtained from Pakgen Power Limited - associated company. This carries markup at the rate of one month KIBOR plus 0.50% per annum or average borrowing cost of Pakgen Power Limited, whichever is higher. This loan is repayable uptill 30 April 2020. The effective rate charged during the year ranged from 11.01% to 14.34% per annum. The total borrowing limit from Pakgen Power Limited is amounting to Rupees 1,000 million.

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

10.1.1 Up to the year ended 31 December 2002, the Company had recorded and paid to the Federal Treasury contributions on its annual profit as per the provisions of the Companies Profits (Workers' Participation) Act, 1968 (the Act).

Based on legal advice, the Company filed a petition on 15 April 2004 in the Honorable Lahore High Court challenging the application of the Act to the Company on the grounds that since inception the Company has not employed any person who falls within the definition of the term "Worker" as per the provisions of the Act. The Company asserts that it had erroneously deposited in the past certain sums with Federal Treasury as contributions of Workers' Profit Participation Fund (WPPF) and Workers' Welfare Fund (WWF), although it was not obligated to make such payments. The petition was filed subsequent to the Company's receipt of the Federal Board of Revenue's Income Tax / Wealth Tax Circle's letter dated 30 March 2004 directing the Company to allocate five percent of its net profit towards the WPPF and deposit the un-utilized amount of the WPPF in the Federal Treasury. The petition was filed against the Labour, Manpower and Overseas Pakistani Division of Ministry of Labour, Manpower and Overseas Pakistanis which was later dismissed for non-prosecution.

Consequent to the amendments that were made in the Act through the Finance Act, 2006, the Company was required to pay 5% of its profits to WPPF from the financial year 2006. The Company established a workers' profit participation fund to comply with the requirements of the Companies Profit (Workers' Participation) Act, 1968.

The management, based on legal advice, asserts that if it is held that the scheme is applicable to the Company during the aforementioned period, any payments that the Company is ultimately required to make under the provision of the Act are considered as pass through items recoverable from Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) under the provisions of the Power Purchase Agreement (PPA). Consequently, there will be no impact on its financial position and its results of operations.

10.1.2 Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) has raised invoices for liquidated damages to the Company from 11th to 22nd (up to December 2019) agreement year (after taking into account forced outage allowance stipulated under the terms of Power Purchase Agreement) on account of short supply of electricity by the Company, which was due to cash constraints of the Company as a result of default by CPPA-G in making timely payments. Liquidated damages invoiced to the Company amounts to Rupees 3,343.369 million (2018: Rupees 3,343.299 million). Out of these, the Company has accepted and paid Rupees 35.341 million (2018: Rupees 35.271 million). The Company disputes and rejects balance claims on account of liquidated damages that are raised by CPPA-G on the premise that its failure to dispatch electricity was due to CPPA-G's non-payment of dues on timely basis to the Company and consequential inability of the Company to make timely payments to its fuel supplier that resulted in inadequate level of electricity production owing to shortage of fuel. Against these the Company has raised invoice dispute notices to CPPA-G. The Company appointed mediation expert under the mechanism given in the PPA. On 22 June 2017, the mediation expert gave his decision in favour of the Company. However, this decision is not binding on either party.

During the year ended 31 December 2018, the Company has filed case for arbitration in the International Chamber of Commerce (ICC) to resolve the following matters, as per the mechanism allowed by PPA for resolutions of disputes:

- On various occasions, CPPA-G has sought to set off amounts allegedly owed to it as liquidated damages against amounts it must pay to the Company as part of its obligations to make capacity payments. On 8 January 2018, CPPA-G wrote to the Company, threatening to set off a total of Rupees 3.334 billion which it considers as allegedly due to it, against capacity payment invoices to be issued by the Company. The far-reaching implications of CPPA-G's threat to take unilateral action left the Company with no option but to approach the courts of Pakistan for interim relief, until the matter gets resolved finally through arbitration, in accordance with the provisions of the PPA. In its order dated 16 January 2018, the Lahore High Court suspended the legal effect of CPPA-G's 8 January 2018 letter on an interim basis.

- CPPA-G sent a number of letters to the Company, purporting to deduct amounts from the energy payments due to the Company on the basis that it had procured fuel from suppliers other than the Pakistan State Oil Company Limited ("PSO"). Amounts withheld on this account from the invoices of the Company totaled Rupees 192.813 million. PPA does not allow CPPA-G to dispute invoices on the basis that fuel was procured from a provider other than PSO. Neither is CPPA-G permitted to retroactively dispute invoices, many months or years after they have become due.

- CPPA-G is required to provide and renew a Letter of Credit. Letter of Credit must allow access to "immediately available funds", which "shall be in an amount equal to an aggregate of two (2) Months of capacity payments plus energy payments". CPPA-G has failed to renew the Letters of Credit, following their expiry on 23 December 2010.

- In addition to its persistent failure to make timely energy and capacity payments, CPPA-G has also failed to comply with its obligation to pay interest to the Company. PPA provides that "Late payments shall bear interest". As a result, a total of Rupees 683.173 million in unpaid interest is due at the date of the latest invoice submitted by the Company (till the date of request for arbitration).

An arbitrator has been appointed and the case is still pending for hearing. The ultimate outcome of the matter cannot presently be determined, and consequently, no provision for such liquidated damages and amounts withheld by CPPA-G has been made in these financial statements.

10.1.3 CPPA-G issued a notice on 20 March 2017, disputing all the invoices of the Company on the grounds that the Company was in default of its obligations under the PPA and accordingly not eligible for the cost of working capital claimed and adjustment on account of heat rate savings. The Company challenged the dispute notice in the Honourable Lahore High Court ("the Court"). The Court issued a stay order restraining CPPA-G from disputing any invoice of the Company. The management is of the view that there are meritorious grounds available to defend the dispute notice and consequently, no provision has been made in these financial statements.

10.1.4 Deputy Commissioner Inland Revenue (DCIR) issued order to the Company in which sales tax refund claims amounting to Rupees 910.122 million for the tax periods from November 2008 to July 2012 were rejected by apportioning input sales tax between capacity invoices and energy invoices and allowed input sales tax allocated to energy invoices only. Against aforesaid order, the Company filed appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] which was decided in favour of the Company. Against the order of CIR(A), tax department filed appeal before the Appellate Tribunal Inland Revenue (ATIR). ATIR decided the case in favour of tax department and vacated the order passed by CIR(A). Against the decision of ATIR, the Company has filed reference application in the Honourable Lahore High Court ("the Court") which has been decided in favour of the Company by the Court. However, department has filed petition for leave to appeal before Supreme Court of Pakistan. Further, DCIR issued show cause notice to the Company for the tax periods from August 2009 to December 2012 declaring refund claims amounting to Rupees 1,971.516 million being inadmissible on aforesaid grounds. The Company challenged the show cause notice before the Court along with reply of the show cause notice to DCIR. The Court has decided the case in favour of the Company. However, tax department has filed petition for leave to appeal before Supreme Court of Pakistan as well as review application before the Court. The management is of the view that there are meritorious grounds available to defend the foregoing rejection. Consequently, no provision for such rejection has been made in these financial statements.

10.1.5 The tax authorities have completed assessment proceedings under section 122(5A) of the Income Tax Ordinance, 2001 for the tax years 2009 to 2014 creating a demand of Rupees 971.329 million on account of interest on delayed payments by CPPA-G not been offered for tax. As per tax authorities, interest on delayed payments falls under the head income from other sources and is not exempt from tax as the same is not covered under Clause 132, Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Company filed appeals against foregoing assessment proceedings before Commissioner Inland Revenue (Appeals) [CIR(A)], which were decided in favour of the Company. Against the orders of CIR(A), tax authorities have filed appeals before the Appellate Tribunal Inland Revenue (ATIR) which are in the process of hearing. Based on tax advisor's opinion and CIR(A)'s decision in favour of the Company, the management is confident that the matter will be decided in favour of the Company and accordingly no provision has been made in these financial statements.

10.1.6 The Deputy Commissioner Inland Revenue (DCIR), through an assessment order, rejected the deferred sales tax refund claims of different tax periods amounting to Rupees 81.850 million on the grounds that the Company has failed to prove admissibility of refund claims in the light of objection raised by Sales Tax Automated Refund Repository (STARR). The Company filed an appeal before CIR(A) whereby CIR(A) has granted relief to the Company and directed the department to allow Company's refund claim after proper verification of underlying documents and refund should be curtailed if the Company failed to provide the proof. The management is of the view that there are meritorious grounds available to prove the genuineness of the refund claims. Consequently, no provision has been made in these financial statements.

10.1.7 The banks of the Company have issued letters of credit in favour of CPPA-G amounting to Rupees 596 million (2018: Rupees 596 million) to meet its obligations under the Power Purchase Agreement (PPA).

10.1.8 The banks of the Company have issued letters of guarantee in favour of Pakistan State Oil Company Limited (PSO) - fuel supplier for an amount of Rupees 500 million (2018: Rupees 1,500 million).

10.1.9 On 28 September 2018, the Company has challenged, before Honourable Lahore High Court, Lahore, the vires of clauses (h) and (i) to sub-section (1) of section 8 of the Sales Tax Act, 1990 whereby claim of input sales tax in respect of building materials has been disallowed. The Honourable Lahore High Court, Lahore on 24 October 2019 has passed order against the Company and the Company being aggrieved with the order has preferred Intra Court Appeal before the Honourable Lahore High Court, Lahore. The Company has claimed input sales tax amounting to Rupees 4.213 million (2018: Rupees 4.213 million) paid on such goods in its respective monthly sales tax returns. The management, based on advice of the legal counsel, is confident of favorable outcome of its appeal.

10.1.10 During the year ended 31 December 2019, DCIR has passed an order under section 11 of the Sales Tax Act, 1990 raising a demand on account of sales tax aggregating to Rupees 228.138 million against the Company. The Company filed an appeal before the CIR(A) against the order of DCIR. On 12 September 2019, CIR(A) disposed-off the appeal whereby all the matters were decided in favor of the Company except the disallowance of input sales tax on certain purchases aggregating to Rupees 8.336 million. Being aggrieved by the order, the Company has filed an appeal before the ATIR challenging the disallowance of input sales tax which is pending for hearing. Based on the tax advisor's opinion, the management is of the view that there are meritorious grounds available to defend the disallowance of input sales tax. Consequently, no provision for such disallowance has been made in these financial statements.

10.2 Commitments

10.2.1 The Company has entered into a contract for a period of thirty years for purchase of fuel from Pakistan State Oil Company Limited (PSO). Under the terms of Fuel Supply Agreement (FSA), the Company is not required to buy any minimum quantity of fuel from PSO.

	2019	2018
	(Rupees in thousand)	
10.2.2 Commitments in respect of other than capital expenditure	4,120	12,975

11. FIXED ASSETS

	2019	2018
Operating fixed assets (Note 11.1)	7,743,066	8,814,685
Capital work-in-progress (Note 11.2)	122,402	194,525
	7,865,468	9,009,210

11.1 Reconciliation of carrying amounts of operating fixed assets at the beginning and at the end of the year is as follows:

Description	Freehold land	Buildings on freehold land	Improvements on leasehold property	Plant and machinery	Furniture and fittings	Vehicles	Office equipment	Electric equipment and appliances	Telephone installations	Clinical equipment	Total
	Rupees in thousand										
At 31 December 2017											
Cost	10,399	1,256,834	41,342	14,500,338	21,637	120,644	75,362	80,381	1,821	1,453	16,110,211
Accumulated depreciation	-	(599,606)	(26,144)	(6,474,753)	(17,712)	(72,829)	(59,022)	(63,284)	(1,550)	(1,394)	(7,316,294)
Net book value	10,399	657,228	15,198	8,025,585	3,925	47,815	16,340	17,097	271	59	8,793,917
Year ended 31 December 2018											
Opening net book value	10,399	657,228	15,198	8,025,585	3,925	47,815	16,340	17,097	271	59	8,793,917
Additions	-	54	-	1,056,968	333	13,923	1,151	6,296	36	-	1,078,761
Disposals / derecognitions:											
Cost	-	-	-	(406,604)	-	(468)	(65)	-	-	-	(407,137)
Accumulated depreciation	-	-	-	346,218	-	468	65	-	-	-	346,751
	-	-	-	(60,386)	-	-	-	-	-	-	(60,386)
Depreciation charge	-	(66,668)	(4,134)	(897,861)	(881)	(16,010)	(7,311)	(4,654)	(82)	(6)	(997,607)
Closing net book value	10,399	590,614	11,064	8,124,306	3,377	45,728	10,180	18,739	225	53	8,814,685
At 31 December 2018											
Cost	10,399	1,256,888	41,342	15,150,702	21,970	134,099	76,448	86,677	1,857	1,453	16,781,835
Accumulated depreciation	-	(666,274)	(30,278)	(7,026,396)	(18,593)	(88,371)	(66,268)	(67,938)	(1,632)	(1,400)	(7,967,150)
Net book value	10,399	590,614	11,064	8,124,306	3,377	45,728	10,180	18,739	225	53	8,814,685
Year ended 31 December 2019											
Opening net book value	10,399	590,614	11,064	8,124,306	3,377	45,728	10,180	18,739	225	53	8,814,685
Additions	-	-	-	42,865	42	4,180	3,198	764	-	-	51,049
Disposals / derecognitions:											
Cost	-	-	-	(27,312)	-	(61,398)	-	-	-	-	(88,710)
Accumulated depreciation	-	-	-	12,925	-	40,220	-	-	-	-	53,145
	-	-	-	(14,387)	-	(21,178)	-	-	-	-	(35,565)
Depreciation charge	-	(66,009)	(4,134)	(995,158)	(913)	(11,439)	(5,048)	(4,314)	(82)	(6)	(1,087,103)
Closing net book value	10,399	524,605	6,930	7,157,626	2,506	17,291	8,330	15,189	143	47	7,743,066
At 31 December 2019											
Cost	10,399	1,256,888	41,342	15,166,255	22,012	76,881	79,646	87,441	1,857	1,453	16,744,174
Accumulated depreciation	-	(732,283)	(34,412)	(8,008,629)	(19,506)	(59,590)	(71,316)	(72,252)	(1,714)	(1,406)	(9,001,108)
Net book value	10,399	524,605	6,930	7,157,626	2,506	17,291	8,330	15,189	143	47	7,743,066
Annual rate of depreciation (%)		3.33-20	10	4.45-33.3	10-20	20	10-33.3	10-33.3	10-20	10	

11.1.1 Detail of operating fixed assets, exceeding the book value of Rupees 500,000 disposed of / derecognised during the year is as follows:

2019

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain/ (loss)	Mode of disposal	Particulars of purchasers
	------------- Rupees in thousand	----------------					
Plant and machinery							
Hot end basket AH 1A	12,617	6,308	6,309	-	(6,309)	(Note 11.1.4)	-
11KV switches gear	1,481	330	1,151	-	(1,151)	(Note 11.1.4)	-
Hot end basket AH B1	10,964	5,482	5,482	-	(5,482)	(Note 11.1.4)	-
Generator excitation system including AVR and converter cubicles	2,250	805	1,445	-	(1,445)	(Note 11.1.4)	-
Vehicles							
BMW-M4 LE-17A-800	31,744	10,581	21,163	26,000	4,837	Negotiation	Mind Bridge (Private) Limited, Lahore.
Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000	29,654	29,639	15	6,015	6,000		
	88,710	53,145	35,565	32,015	(3,550)		

	2019	2018
	(Rupees in thousand)	
11.1.2 The depreciation charge for the year has been allocated as follows:		
Cost of sales (Note 24)	1,061,167	964,529
Administrative expenses (Note 25)	25,936	33,078
	1,087,103	997,607

11.1.3 Operating fixed assets include fixed assets costing Rupees 441.886 million (2018: Rupees 377.369 million) which are fully depreciated but still in the use of the Company.

11.1.4 These represent operating fixed assets derecognized during the year due to replacement of assets as per requirement of IAS 16 “Property, Plant and Equipment”.

11.1.5 Particulars of immovable properties are as follows:

	Address	Area of land
		Acres
Complex	Mehmood Kot, District Muzzaffargarh	169.19

	2019	2018
	(Rupees in thousand)	
11.2 Capital work-in-progress		
Plant and machinery	122,402	194,525

12. INVESTMENT PROPERTIES

	2019	2018
Land (Note 12.1 and 12.2)	80,919	9,388
Buildings (Note 12.1 and 12.2)	12,562	647
Advance for purchase of residential building	-	84,800
	93,481	94,835

	Land	Building	Total
	(Rupees in thousand)		
At 31 December 2017			
Cost	9,388	1,653	11,041
Accumulated depreciation	-	(923)	(923)
Net book value	9,388	730	10,118
Year ended 31 December 2018			
Opening net book value	9,388	730	10,118
Depreciation charge (Note 26)	-	(83)	(83)
Closing net book value	9,388	647	10,035
At 31 December 2018			
Cost	9,388	1,653	11,041
Accumulated depreciation	-	(1,006)	(1,006)
Net book value	9,388	647	10,035
Year ended 31 December 2019			
Opening net book value	9,388	647	10,035
Addition during the year	71,531	12,629	84,160
Depreciation charge (Note 26)	-	(714)	(714)
Closing net book value	80,919	12,562	93,481
At 31 December 2019			
Cost	80,919	14,282	95,201
Accumulated depreciation	-	(1,720)	(1,720)
Net book value	80,919	12,562	93,481
Annual rate of depreciation (%)		5	

12.1 This represent houses, the market value of which is estimated at Rupees 198.115 million (2018: Rupees 114.688 million) by M/s Hamid Mukhtar & Company (Private) Limited, an independent valuer (2018: M/s Al-Hadi Financials and Legal Consultants, an independent valuer). Fair value of land and building is based on market value and present depreciated cost of construction respectively. Forced sale value of investment properties as on the reporting date is Rupees 168.397 million (2018: Rupees 103.219 million). No expenses directly related to investment property were incurred during the year.

12.2 Particulars of investment properties are as follows:

	Address	Area of land Sq.Yard
Residential house	House No. 2-B/1, F-7/4, Islamabad	500.00
Residential house	House No. 2-B/2, F-7/4, Islamabad	388.88

13. LONG TERM INVESTMENT

	2019	2018
	(Rupees in thousand)	
Associated company - under equity method		
Nishat Energy Limited - unquoted		
250,000 (2018: 250,000) fully paid ordinary shares of Rupees 10 each		
Equity held 25% (2018: 25%) at cost	2,500	2,500
Share of reserve		
As at 01 January	(1,658)	(1,658)
Less: Share of profit / (loss)	-	-
As at 31 December	(1,658)	(1,658)
Less: Impairment loss	(842)	(842)
Carrying amount under equity method	-	-

13.1 Summary of financial information of associated company as per un-audited financial statements for the year:

	2019	2018
	(Rupees in thousand)	
Non-current assets	-	-
Current assets	47	292
Total assets	47	292
Liabilities	75	12
Net assets	(28)	280
(Loss) / profit for the year (Note 13.5)	(308)	1,831

13.2 Nishat Energy Limited (NEL) is a public limited company incorporated in Pakistan. The principal activity of NEL was to build, own, operate and maintain coal power station. NEL had submitted an upfront tariff petition which was pending for receipt of Purchase Acquisition Request from Central Power Purchasing Agency (Guarantee) Limited (CPPA-G). On 14 October 2016, existing upfront tariff for power generation on imported / local coal expired and National Electric Power Regulatory Authority (NEPRA) has decided not to extend the existing upfront tariff beyond 14 October 2016. In view of the aforesaid reasons, NEL is not considered a going concern. Therefore, investment of the Company in NEL has been fully impaired in these financial statements.

13.3 NEL is an unlisted company therefore, no quoted market price is available for its shares.

13.4 There are no contingent liabilities relating to the Company's interest in NEL.

13.5 Provision for taxation is Nil in the financial statements of NEL.

14. LONG-TERM LOANS TO EMPLOYEES

	2019	2018
	(Rupees in thousand)	
Considered good:		
Executives (Note 14.1)	40,088	44,353
Other employees	1,924	5,397
	42,012	49,750
Current portion shown under current assets (Note 18)		
Executives	(13,296)	(14,128)
Other employees	(728)	(2,566)
	(14,024)	(16,694)
	27,988	33,056

14.1 Reconciliation of carrying amount of loans to executives:

	2019	2018
Balance as at 01 January	44,353	81,904
Add: Transferred from other employees	598	-
Add: Disbursements	22,070	37,676
Less: Transferred to Pakgen Power Limited - associated company	-	(44,821)
	67,021	74,759
Less: Repayments	(26,933)	(30,406)
Balance as at 31 December	40,088	44,353

14.1.1 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 47.193 million (2018: Rupees 47.417 million).

14.2 Loans given to employees are in accordance with the Company's policy. These loans are interest free and are repayable in equal monthly instalments within a maximum period of five years. These loans are provided for purchase of vehicles and are secured against those vehicles.

14.3 Fair value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' arising in respect of employees' loans is not considered material and hence not recognized.

	2019	2018
	(Rupees in thousand)	

15. STORES, SPARE PARTS AND OTHER CONSUMABLES

	2019	2018
Stores, spare parts and other consumables (Note 15.1)	992,341	943,724
Less: Provision for slow moving / obsolete items	(65,053)	(65,053)
	927,288	878,671

15.1 These include stores in transit of Rupees 10.413 million (2018: Rupees 19.755 million). Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

16. FUEL STOCK

	2019	2018
	(Rupees in thousand)	
Furnace oil	433,817	436,392
Diesel	14,073	14,532
	447,890	450,924

17. TRADE DEBTS - secured

	2019	2018
Other than related parties - considered good	17,665,105	13,658,828

17.1 These represent receivables from Central Power Purchasing Agency (Guarantee) Limited (CPPA-G), the Company's sole customer, and are backed by sovereign guarantee of Government of Pakistan. These include overdue amounts of Rupees 12,417 million (2018: Rupees 9,492 million) which attract penal mark-up at the rate of State Bank of Pakistan (SBP) discount rate plus 2% per annum compounded semi-annually. The penal mark-up rate charged during the year ranged from 12.50% to 15.75% (2018: 8.25% to 12.50%) per annum.

17.2 As at 31 December, age analysis of trade debts is as follows:

	2019	2018
	(Rupees in thousand)	
Neither past due nor impaired	2,630,003	2,389,807
Past due but not impaired:		
- 26 to 90 days	1,962,832	2,448,919
- 91 to 180 days	3,942,668	4,522,422
- 181 to 365 days	4,940,365	2,251,506
- Above 365 days	4,189,237	2,046,174
	15,035,102	11,269,021
	17,665,105	13,658,828

	2019	2018
	(Rupees in thousand)	

18. LOANS, ADVANCES AND SHORT-TERM PREPAYMENTS

	2019	2018
Current maturity of long term loans to employees (Note 14)	14,024	16,694
Advances - considered good:		
- to employees for expenses	16	1
- to employees against salary	1,508	937
- to suppliers - unsecured	34,054	44,897
Advance income tax - net	256,442	387,904
Short term prepayments	7,742	3,985
	313,786	454,418

19. LOAN TO ASSOCIATED COMPANY

	2019	2018
Nishat Hotels and Properties Limited (Note 19.1 and 19.3)	350,000	1,000,000
Pakgen Power Limited (Note 19.2 and 19.3)	-	-
	350,000	1,000,000

19.1 This represents working capital loan given to Nishat Hotels and Properties Limited. This carries markup at the rate of one month KIBOR plus 1% per annum or average borrowing cost of the Company, whichever is higher. This loan is repayable uptill 30 April 2020. This is secured against corporate guarantee of the associated company. The effective rate charged during the year ranged from 11.01% to 14.81% (2018: 6.86% to 10.90%) per annum.

19.2 Working capital loans given to Pakgen Power Limited during the year were fully received during the year. These carried interest at the rate of one month KIBOR plus 0.50% per annum or average borrowing cost of the Company, whichever is higher. The effective rate charged during the year ranged from 11.12% to 13.30% per annum (2018: 6.95% to 10.90% per annum).

19.3 The maximum aggregate amount receivable from related parties at the end of any month during the year was as follows:

	2019	2018
	(Rupees in thousand)	
Nishat Hotels and Properties Limited	1,000,000	1,000,000
Pakgen Power Limited	100,038	870,000

20. OTHER RECEIVABLES

	2019	2018
Recoverable from CPPA-G as pass through item:		
Workers' profit participation fund (Note 20.1)	237,915	217,855
Workers' welfare fund (Note 20.2)	40,876	-
Others	1,425	1,144
	280,216	218,999

	2019	2018
	(Rupees in thousand)	

20.1 Workers' profit participation fund

	2019	2018
Balance as at 01 January	217,855	245,243
Allocation for the year (Note 26.2)	102,189	37,374
Amount received during the year	(82,129)	(64,762)
Balance as at 31 December	237,915	217,855

20.2 Workers' welfare fund

	2019	2018
Considered good (Note 26.3)	40,876	-
Considered doubtful	13,216	13,216
Provision for doubtful receivable	(13,216)	(13,216)
	-	-
Balance as at 31 December	40,876	-

21. ACCRUED INTEREST

	2019	2018
On loan to associated company:		
Nishat Hotels and Properties Limited	4,420	9,258

21.1 It is neither past due not impaired. The maximum aggregate amount receivable from related party at the end of any month during the year was Rupees 11.398 million (2018: Rupees 9.258 million).

22. CASH AND BANK BALANCES

	2019	2018
	(Rupees in thousand)	
Cash in hand	436	254
Cash with banks on:		
Saving accounts (Note 22.1)	152,064	2,844
Current accounts	840	672
	152,904	3,516
	153,340	3,770

22.1 Saving accounts carry profit at the rates ranging from 8.00% to 11.25% (2018: 3.75% to 8%) per annum.

	2019	2018
	(Rupees in thousand)	

23. SALES

Energy	7,560,794	14,213,926
Less: Sales tax	(995,073)	(1,997,512)
	6,565,721	12,216,414
Capacity	6,274,753	4,593,244
	12,840,474	16,809,658

24. COST OF SALES

Fuel cost (Note 24.1)	6,388,146	12,595,580
Operation and maintenance costs (Note 24.2)	637,204	863,981
Insurance	625,367	493,719
Depreciation (Note 11.1.2)	1,061,167	964,529
Liquidated damages to CPPA-G	70	295
	8,711,954	14,918,104

24.1 Fuel cost

Opening stock	450,924	299,334
Purchased during the year	6,385,112	12,747,170
	6,836,036	13,046,504
Closing stock	(447,890)	(450,924)
	6,388,146	12,595,580

24.2 Operation and maintenance costs

Salaries, wages and other benefits (Note 24.2.1)	251,829	236,143
Repair and maintenance	141,884	313,262
Fee and subscription	5,889	5,544
Stores and spare parts consumed	131,244	246,199
Electricity consumed in-house	106,358	62,833
	637,204	863,981

24.2.1 Salaries, wages and other benefits include provident fund contribution and provision for gratuity of Rupees 14.980 million (2018: Rupees 14.274 million) and Rupees 14.909 million (2018: Rupees 10.082 million) respectively.

25. ADMINISTRATIVE EXPENSES

	2019	2018
	(Rupees in thousand)	
Salaries and other benefits (Note 25.1)	84,709	97,773
Travelling, conveyance and entertainment	10,704	12,615
Office rent	6,280	6,280
Communication and utilities	1,279	1,674
Insurance	6,625	6,422
Repair and maintenance	10,333	8,742
Printing and stationery	3,256	3,468
Advertisement and publicity	306	354
Legal and professional	86,062	34,823
Depreciation (Note 11.1.2)	25,936	33,078
Community welfare	6,392	5,780
Security services	1	19
General expenses	12,500	12,580
	254,383	223,608

25.1 Salaries and other benefits include provident fund contribution and provision for gratuity of Rupees 3.570 million (2018: Rupees 3.856 million) and Rupees 1.678 million (2018: Rupees 4.268 million) respectively.

26. OTHER EXPENSES

	2019	2018
	(Rupees in thousand)	
Auditor's remuneration (Note 26.1)	2,833	2,833
Depreciation on investment properties (Note 12)	714	83
Workers' profit participation fund (Note 26.2)	-	-
Workers' welfare fund (Note 26.3)	-	-
Donations (Note 26.4)	4,833	-
Loss on disposal / derecognition of operating fixed assets (Note 11.1.1)	3,550	59,657
Capital work-in-progress written off	155,315	-
	167,245	62,573

26.1 Auditors' remuneration

	2019	2018
Statutory audit	2,094	2,094
Half yearly review	601	601
Other certifications and reporting	50	50
Out of pocket expenses	88	88
	2,833	2,833

26.2 Workers' profit participation fund

	2019	2018
Allocation for workers' profit participation fund (Note 7.1)	102,189	37,374
Allocation to workers' profit participation fund recoverable from CPPA-G (Note 20.1)	(102,189)	(37,374)
	-	-

	2019	2018
	(Rupees in thousand)	
26.3 Workers' welfare fund		
Allocation for workers' welfare fund (Note 7.2)	40,876	-
Allocation to workers' welfare fund recoverable from CPPA-G (Note 20.2)	(40,876)	-
	-	-

26.4 There is no interest of any director or his spouse in donees' fund. This represents amount of Rupees 3.900 million (2018: Rupees Nil) paid to Care Foundation and amount of Rupees 0.933 million (2018: Rupees Nil) paid to Dharkan Wala School.

27. OTHER INCOME

	2019	2018
	(Rupees in thousand)	
Income from financial assets		
Interest income:		
Profit on saving bank accounts	11	540
Interest on loans to associated companies	92,561	92,233
Income from non-financial assets:		
Rental income (Note 27.1)	4,046	5,914
Scrap sales	3,893	6,384
	100,511	105,071

27.1 This includes rental income amounting to Rupees 1.124 million (2018: Rupees 3.331 million) from investment properties.

28. FINANCE COST

	2019	2018
	(Rupees in thousand)	
Mark-up / profit on:		
Long term financing	6,102	39,822
Short term borrowings	1,730,467	909,593
Bank charges and commission	10,293	13,557
Others	16,761	-
	1,763,623	962,972

29. TAXATION

29.1 Provision for taxation has not been made in these financial statements as the Company is exempt from levy of income tax under Clause 132 of Part I and Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. No provision for taxation is required against other income due to availability of tax credits. The numerical reconciliation between the average tax rate and the applicable tax rate has not been presented in these financial statements being impracticable.

30. EARNINGS PER SHARE - BASIC AND DILUTED

	2019	2018
There is no dilutive effect on the basic earnings per share which is based on:		
Profit attributable to ordinary shareholders (Rupees in thousand)	2,043,780	747,472
Weighted average number of shares (Number)	379,838,733	379,838,733
Earnings per share (Rupees)	5.38	1.97

31. CASH (UTILIZED IN) / GENERATED FROM OPERATIONS

	2019	2018
	(Rupees in thousand)	
Profit before taxation	2,043,780	747,472
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	1,087,103	997,607
Depreciation on investment properties	714	83
Capital work-in-progress written off	155,315	-
Provision for gratuity	16,587	14,350
Loss on disposal / derecognition of operating fixed assets	3,550	59,657
Interest income	(92,572)	(92,773)
Finance cost	1,763,623	962,972
Cash flows from operating activities before working capital changes	4,978,100	2,689,368
Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and other consumables	(48,617)	68,768
Fuel stock	3,034	(151,590)
Trade debts	(4,006,277)	(2,809,632)
Loans, advances and short term prepayments	6,500	(11,143)
Other receivables	(61,217)	27,450
Sales tax recoverable	(95,308)	465,099
	(4,201,885)	(2,411,048)
(Decrease) / increase in trade and other payables	(1,343,374)	614,040
	(567,159)	892,360

31.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2019		
	Liabilities from financing activities		Total
	Long term finance	Unclaimed dividend	
	.... (Rupees in thousand)		
Balance as at 01 January 2019	230,423	4,067	234,490
Repayment of long term financing	(230,423)	-	(230,423)
Dividend declared	-	379,839	379,839
Dividend paid	-	(380,093)	(380,093)
Balance as at 31 December 2019	-	3,813	3,813

32. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associated companies, key management personnel and staff retirement benefit plans. The Company in the normal course of business carries out transactions with various related parties. Detail of significant transactions with related parties other than those which have been specifically disclosed elsewhere in these financial statements, except for remuneration to key management personnel as disclosed in note 33, are as follows:

Related party	Nature of transaction	2019	2018
		(Rupees in thousand)	
Nishat Mills Limited	Dividend	109,393	109,393
Adamjee Insurance Company Limited	Dividend	27,348	27,348
	Insurance premium	10,450	19,012
	Purchase of operating fixed assets		
	Insurance claims received	1,535	21,283
Security General Insurance Company Limited	Dividend	6,837	6,837
	Insurance premium	783,714	571,931
Nishat Hospitality (Private) Limited	Boarding and lodging services	60	80
Engen (Private) Limited	Dividend	69,012	69,012
Pakgen Power Limited	Loan given	314,308	1,610,000
	Loan repaid	314,308	1,610,000
	Interest charged	1,346	23,651
	Loan received	2,694,961	1,100,000
	Loan repaid	2,035,876	1,100,000
	Interest expense	67,018	11,187
Nishat Hotels and Properties Limited	Loan given	150,000	1,000,000
	Loan repaid	800,000	-
	Interest charged	91,215	67,931
	Boarding and lodging services	-	424
Nishat (Aziz Avenue) Hotels and Properties Limited	Rent expense	6,280	6,280
Adamjee Life Assurance Company Limited	Insurance premium	1,883	1,712
	Insurance claim received	-	260
D.G. Khan Cement Company Limited	Purchase of goods	236	212
Hyundai Nishat Motor (Private) Limited	Purchase of vehicle	4,002	-
	Services received	6	-
Staff retirement benefit plans			
Provident fund	Contributions	18,537	18,130
Gratuity fund	Contributions	-	38,280

32.1 Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place:

Name of the related party	Basis of relationship	Transaction entered or agreement and/ or arrangement in place during the financial year	Percentage of shareholding
Nishat Mills Limited	Common Directorship	Yes	None
Security General Insurance Company Limited	Common Directorship	Yes	None
Engen (Private) Limited	Common Directorship	Yes	None
Nishat Hospitality (Private) Limited	Common Directorship	Yes	None
D.G. Khan Cement Company Limited	Common Directorship	Yes	None
Pakgen Power Limited	Common Directorship	Yes	None
Pakistan Aviators and Aviation (Private) Limited	Common Directorship	No	None
Nishat Hotels and Properties Limited	Common Directorship	Yes	None
Nishat (Aziz Avenue) Hotels and Properties Limited	Common Directorship	Yes	None
Nishat Power Limited	Common Directorship	No	None
Nishat (Gulberg) Hotels and Properties Limited	Common Directorship	No	None
Nishat (Raiwind) Hotels and Properties	Common Directorship	No	None
Nishat Developers (Private) Limited	Common Directorship	No	None
Nishat Dairy (Private) Limited	Common Directorship	No	None
Nishat Agriculture Farming (Private) Limited	Common Directorship	No	None
Nishat Real Estate Development Company (Private) Limited	Common Directorship	No	None
Nishat Commodities (Private) Limited	Common Directorship	No	None
Nishat Paper Products Company Limited	Common Directorship	No	None
Nishat Energy Limited	Common Directorship	No	25%
Hyundai Nishat Motor (Private) Limited	Common Directorship	No	None
Educational System (Private) Limited	Common Directorship	No	None
Smart Education System (Private) Limited	Common Directorship	No	None
The Smart School (Private) Limited	Common Directorship	No	None
City APIT (Private) Limited	Common Directorship	No	None
City Educational Services (Private) Limited	Common Directorship	No	None
Premier Realities (Private) Limited	Common Directorship	No	None
Remington Realties (Private) Limited	Common Directorship	No	None
LSE Financial Services Limited	Common Directorship	No	None
City Agro (Private) Limited	Common Directorship	No	None
National Clearing Company of Pakistan Limited	Common Directorship	No	None
Gul Ahmad Bio Films Limited	Common Directorship	No	None
Gul Ahmad CBMC Glass Company Limited	Common Directorship	No	None
Swift Textile Mills (Private) Limited	Common Directorship	No	None
Metro Power Company Limited	Common Directorship	No	None
JDSN Electric Limited	Common Directorship	No	None
Metro Estates (Private) Limited	Common Directorship	No	None
Fauji Cement Company Limited	Common Directorship	No	None
Metro Property Network (Private) Limited	Common Directorship	No	None
Nishat Chunian Power Limited	Common Directorship	No	None
Adamjee Insurance Company Limited	Group Company	Yes	None
Emporium Properties (Private) Limited	Group Company	No	None
Nishat Linen (Private) Limited	Group Company	No	None
MCB Bank Limited	Group Company	No	None
Nishat Agrotech (Private) Limited	Group Company	No	None
Nishat Sutas Dairy Limited	Group Company	No	None
Golf View Land (Private) Limited	Group Company	No	None
City Schools (Private) Limited	Common Directorship	No	None
Adamjee Life Assurance Company Limited	Group Company	Yes	None
At-Tahur Limited	Common Directorship	No	None
Provident Fund Trust	Post-employment benefit plan	Yes	None
Gratuity Fund Trust	Post-employment benefit plan	Yes	None

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Aggregate amounts charged in these financial statements for the year in respect of remuneration, including all benefits to the chief executive, directors and executives of the Company are as follows:

	2019		2018	
	Ex - Chief Executive	Executives	Chief Executive	Executives
	(- - - - - - - Rupees in thousand - - - - - - -)			
Managerial remuneration	860	161,638	10,314	146,606
Medical expenses	86	16,164	1,031	14,659
Bonus	870	36,967	2,836	40,070
Retirement benefits	86	15,752	1,031	14,476
	1,902	230,521	15,212	215,811
Number of persons	1	51	1	50

33.1 The Company provides to certain executives with free use of the Company maintained cars.

33.2 Meeting fee of Rupees 725,000 (2018: Rupees 625,000) was paid to non-executive directors of the Company during the year.

34. PROVIDENT FUND

The investments by the provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

35. NUMBER OF EMPLOYEES

	2019	2018
Number of employees as on 31 December	96	99
Average number of employees during the year	97	97

36. FINANCIAL RISK MANAGEMENT

36.1 Financial risk factors

The Company's activities expose it 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 programmed focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors (the Board). The Company's finance department evaluates and hedges financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity 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 exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Great Britain Pound (GBP), Euro and Japanese Yen (JPY). As on reporting date, the Company's foreign exchange risk exposure is restricted to payables only. The Company's exposure to currency risk was as follows:

	2019	2018
Trade and other payables		
- USD	(337,441)	(36,447)
- GBP	(46,286)	(689,683)
- Euro	(9,178)	(53,658)
- JPY	(212,764)	-
Net exposure - USD	(337,441)	(36,447)
Net exposure - GBP	(46,286)	(689,683)
Net exposure - Euro	(9,178)	(53,658)
Net exposure - JPY	(212,764)	-

The following significant exchange rates were applicable during the year:

	2019	2018
Rupees per US Dollar		
Average rate	151.31	122.09
Reporting date rate	155.35	138.60
Rupees per GBP		
Average rate	193.00	162.08
Reporting date rate	203.98	175.88
Rupees per Euro		
Average rate	169.27	143.83
Reporting date rate	174.05	158.52
Rupees per JPY		
Average rate	1.39	1.10
Reporting date rate	1.43	1.25

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, GBP, EURO and JPY (2018: USD, GBP and EURO) with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 3.188 million (2018: Rupees 6.743 million) respectively lower / higher, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. The sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(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 securities 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

This 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's interest rate risk arises from bank balances in saving accounts, past due trade debts, loan to associated company, long-term financing and short-term borrowings. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments, if any, at fixed rate expose the Company to fair value interest rate risk.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was as follows:

	2019	2018
	(Rupees in thousand)	
Fixed rate instruments	-	-
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	152,064	2,844
Loan to associated company	350,000	1,000,000
Trade debts - past due	12,417,180	9,491,600
	12,919,244	10,494,444
Financial liabilities		
Long term financing	-	(230,423)
Short term borrowings	(13,778,044)	(11,646,851)
	(13,778,044)	(11,877,274)
Net exposure	(858,800)	(1,382,830)

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 reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the reporting date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 8.588 million (2018: Rupees 13.828 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of assets and liabilities outstanding at reporting dates were outstanding for the whole year.

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

	2019	2018
	(Rupees in thousand)	
Loans to employees	43,520	50,687
Long term security deposits	350	350
Trade debts	17,665,105	13,658,828
Loan to associated company	350,000	1,000,000
Accrued interest	4,420	9,258
Other receivables	1,425	1,144
Bank balances	152,904	3,516
	18,217,724	14,723,783

Age analysis of trade debts as at reporting date is given in note 17.2.

The credit quality of 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			2019	2018
	Short Term	Long Term	Agency	(Rupees in thousand)	
CPPA-G	Not available			2,630,003	2,389,807
Nishat Hotels and Properties Limited	A2	A-	PACRA	350,000	1,000,000
Banks					
National Bank of Pakistan	A1+	AAA	JCR-VIS	1	2,072
Habib Bank Limited	A-1+	AAA	JCR-VIS	825	2
MCB Bank Limited	A1+	AAA	PACRA	4	3
Faysal Bank Limited	A1+	AA	PACRA	-	422
MCB Islamic Bank Limited	A1	A	PACRA	-	1
United Bank Limited	A-1+	AAA	JCR-VIS	2	2
The Bank of Punjab	A1+	AA	PACRA	1,161	1
Allied Bank Limited	A1+	AAA	PACRA	1	1
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	150,894	931
Bank Alfalah Limited	A1+	AA+	PACRA	-	8
Al Baraka Bank (Pakistan) Limited	A	A1	JCR-VIS	5	-
BankIslami Pakistan Limited	A1	A+	PACRA	11	73
				152,904	3,516
				3,132,907	3,393,323

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 the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As 31 December 2019, the Company had Rupees 6,995.444 million (2018: Rupees 5,717.549 million) available borrowing limits from financial institutions and Rupees 153.340 million (2018: Rupees 3.770 million) cash and bank balances to meet the short-term funding requirements due to delay in payments by CPPA-G. Management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including mark-up / profit payments. The amounts disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 31 December 2019:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 Years	More than 2 Years
	(- - - - - - - - -	- - - - - - Rupees in thousand	- - - - - - - - - - - - - - -)			
Non-derivative financial liabilities:						
Trade and other payables	391,988	391,988	391,988	-	-	-
Accrued mark-up / profit	384,420	384,420	384,420	-	-	-
Unclaimed dividend	3,813	3,813	3,813	-	-	-
Short term borrowings	13,778,044	13,972,823	13,972,823	-	-	-
	14,558,265	14,753,044	14,753,044	-	-	-

Contractual maturities of financial liabilities as at 31 December 2018:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 Years	More than 2 Years
	(- - - - - - - - -	- - - - - - Rupees in thousand	- - - - - - - - - - - - - - -)			
Non-derivative financial liabilities:						
Long term financing	230,423	234,620	234,620	-	-	-
Trade and other payables	1,839,917	1,839,917	1,839,917	-	-	-
Accrued mark-up / profit	198,700	198,700	198,700	-	-	-
Unclaimed dividend	4,067	4,067	4,067	-	-	-
Short term borrowings	11,646,851	11,736,830	11,736,830	-	-	-
	13,919,958	14,014,134	14,014,134	-	-	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 31 December. The rates of mark-up / profit have been disclosed in note 9 to these financial statements.

36.2 Offsetting financial assets and financial liabilities

As on reporting date, recognized financial instruments are not subject to off setting as there are no enforceable master netting arrangements and similar agreements.

36.3 Financial instruments by categories

	Loans and receivables	
	2019	2018
	(Rupees in thousand)	
Assets as per statement of financial position		
Loans to employees	43,520	50,687
Long term security deposit	350	350
Trade debts	17,665,105	13,658,828
Other receivables	1,425	1,144
Loan to associated company	350,000	1,000,000
Accrued interest	4,420	9,258
Cash and bank balances	153,340	3,770
	18,218,160	14,724,037

	Financial liabilities at amortized cost	
	2019	2018
	(Rupees in thousand)	
Liabilities as per statement of financial position		
Long term financing	-	230,423
Trade and other payables	391,988	1,839,917
Accrued mark-up / profit	384,420	198,700
Unclaimed dividend	3,813	4,067
Short term borrowings	13,778,044	11,646,851
	14,558,265	13,919,958

37. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Certain financial assets and financial liabilities are not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts. Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company classify its financial instruments into the following three levels. However, as at the reporting date, the Company has no such type of financial instruments which are required to be grouped into these levels. These levels are explained as under:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

38. FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

Judgements and estimates are made for non-financial assets not measured at fair value in these financial statements but for which the fair value is described in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

At 31 December 2019	Level 1	Level 2	Level 3	Total
	--------- (Rupees in thousand) ---------			
Investment properties	-	198,115	-	198,115
Total non-financial assets	-	198,115	-	198,115

At 31 December 2018	Level 1	Level 2	Level 3	Total
	--------- (Rupees in thousand) ---------			
Investment property	-	114,688	-	114,688
Total non-financial assets	-	114,688	-	114,688

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements.

(ii) Valuation techniques used to determine level 2 fair values

The Company obtains independent valuations for its investment properties at least annually. At the end of each reporting period, the management updates the assessment of the fair value of each property, taking into account the most recent independent valuations. The management determines a property's value within a range of reasonable fair value estimates. The best evidence of fair value is current prices in an active market for similar properties.

Valuation processes

The Company engages external, independent and qualified valuer to determine the fair value of the Company's investment property at the end of every financial year. As at 31 December 2019, the fair value of the investment property has been determined by M/s Hamid Mukhtar & Company (Private) Limited, an independent valuer.

Changes in fair values are analysed at each reporting date during the annual valuation discussion between the chief financial officer and the valuer. As part of this discussion, the team presents a report that explains the reason for the fair value movements.

39. CAPACITY AND ACTUAL PRODUCTION

	2019 MWH	2018 MWH
Installed capacity based on 8,760 (2018: 8,760) hours	3,171,120	3,171,120
Actual energy delivered	394,861	868,284

Output produced by the Complex is dependent on the load demanded by CPPA-G and Complex availability.

40. UNUTILIZED CREDIT FACILITIES

	Non-funded		Funded	
	2019	2018	2019	2018
	(Rupees in thousand)		(Rupees in thousand)	
Total facilities	3,545,643	3,744,476	20,114,400	17,364,400
Utilized at the end of the year	1,599,806	2,246,785	13,118,956	11,646,851
Unutilized at the end of the year	1,945,837	1,497,691	6,995,444	5,717,549

41. SEGMENT INFORMATION

These financial statements have been prepared on the basis of single reportable segment. Revenue from sale of electricity relates to CPPA-G, the Company's sole customer in Pakistan. All non-current assets of the Company as at reporting date are located in Pakistan.

42. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company has proposed final cash dividend for the year ended 31 December 2019 of Rupees Nil per share (2018: Rupee 1 per share). However, this event has been considered as non-adjusting event under IAS 10 'Events after Reporting Period' and has not been recognized in these financial statements.

42.2 On 11 March 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus. Currently, there is a significant increase in economic uncertainty. The Company has a PPA with its sole customer, CPPA-G for 30 years which commenced from 06 November 1997. Further, under the provisions of PPA, all receivables from CPPA-G are backed by sovereign guarantee of Government of Pakistan. For the Company's 31 December 2019 financial statements, the Coronavirus outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities. Due to the uncertainty of the outcome of the current events, the Company cannot reasonably estimate the impact these events will have on the Company's financial position, results of operations or cash flow in the future.

43. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made.

44. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 23 April 2020 by the Board of Directors of the Company.

45. GENERAL

Figures have been rounded off to the nearest thousand of Rupees, unless otherwise stated.

CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER

FORM OF PROXY

I/We, ____

of_______________________CDCA/CNO./FOLIONO._______________________

being a shareholder of the Lalpir Power Limited (The Company) do hereby appoint.

Mr./Miss/Ms. ____

of_______________________CDCA/CNO./FOLIONO.____________________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 May 22, 2020 (Friday) at 10:00 A.M. at The Nishat House 53-A, Lawrence 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_____________2020.

Revenue
Stamp
of Rs. 50/-

Signature ______________________

Address ______________________

____

No. of shares held ________________

Witnesses:-

Name ______________________ Name ______________________

Address ______________________ Address ______________________

______________________________ ______________________________

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
LALPIR POWER LIMITED
53 - A, Lawrence Road, Lahore.
Tel : 042 - 736367812 - 16 Fax: 042 - 736367414

نمائندگی کا فارم (پراکسی فارم)

میں/ہم---
ساکن ---سی ڈی سی اکاؤنٹ نمبر/فولیونمبر---------
بحثیت رکن لال پیر پاور لمیٹڈ (کمپنی) اور حامل عام حصص بذریعہ ہذا محترم/محترمہ--------------------------
ساکن--------------------------------------سی ڈی سی اکاؤنٹ نمبر / فولیو
نمبر--------اور یا اسکی غیر موجودگی کی صورت میں--------------------------------------
ساکن---

جو مذکورہ کمپنی کا حصص دار بھی ہے کو اپنے/ ہمارے ایماء پر 22 مئی 2020ء (جمعہ) کو صبح 10:00 بجے نشاط ہاؤس، 53 اے، لارنس روڈ، لاہور پر منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں میری/ ہماری غیر موجودگی میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا/ ہمارا بطور نمائندہ (پراکسی) مقرر کرتا/ کرتے ہیں۔

آج بروز................. بتاریخ.......... 2020ء کو میرے/ ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

دستخط: ____________________

پتہ: ____________________

تعداد ملکیتی حصص: ____________

-/50 روپے کا رسیدی ٹکٹ یہاں چسپاں کریں

گواہان

نام: ____________	نام: ____________
پتہ: ____________	پتہ: ____________

اہم نوٹ:

a۔ پراکسی تقرری کے یہ آلات، باقاعدہ مکمل سالانہ اجلاس عام کے انعقاد سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ دفتر نشاط ہاؤس، 53-A، لارنس روڈ، لاہور میں لازماً وصول ہو جانے چاہئیں۔

پراکسی کے تقرر کے لئے

b۔ بینیفشل اونر کی CNIC یا پاسپورٹ کی مصدقہ نقول پراکسی فارم کے ہمراہ لازماً جمع کرانا ہونگی۔

c۔ پراکسی اجلاس کے وقت اپنا اصل CNIC یا اصل پاسپورٹ مہیا کرے گا۔

d۔ کارپوریٹ اینٹٹی کی صورت میں بورڈ کی قرارداد / مختار نامہ معہ نمونہ دستخط پراکسی فارم کے ہمراہ کمپنی کو جمع کرانا ہوگا۔

AFFIX
CORRECT
POSTAGE

The Company Secretary
LALPIR POWER LIMITED
53 - A, Lawrence Road, Lahore.
Tel : 042 - 736367812 - 16 Fax: 042 - 736367414

NISHAT
LALPIR POWER LIMITED
53 - A, Lawrence Road, Lahore. Tel: 042 - 36367812 - 16
Fax: 042 - 36367414 | UAN: 042 - 111-11-33-33