

LALPIR POWER LIMITED



SECY/STOCKEXC/

April 30, 2020

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

SUB: TRANSMISSION OF QUARTERLY REPORT FOR THE PERIOD ENDED 31-03-2020

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 we have to inform you that the Quarterly Reports of Lalpir Power Limited for the period ended March 31, 2020 together with Directors' report have been transmitted through PUCARS and also available on Company's website.

You may also please inform the TRE Certificate Holders of the Exchange accordingly.

Thanking you

Yours truly,


KHALID MAHMOOD CHOHAN
COMPANY SECRETARY



N I S H A T

LALPIR POWER LIMITED

**FIRST QUARTERLY REPORT
FOR THE PERIOD ENDED
MARCH 31, 2020**

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COMPANY PROFILE

THE COMPANY	<p>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</p>	
BOARD OF DIRECTORS	Mian Hassan Mansha Mr. Mahmood Akhter Mr. Aurangzeb Firoz Mr. Jawaaid Iqbal Mr. Muhammad Azam Mr. Inayat Ullah Niazi Mr. Tanvir Khalid	Chairman
CHIEF EXECUTIVE OFFICER	Mr. Mahmood Akhtar	
AUDIT COMMITTEE	Mr. Jawaaid Iqbal Mr. Inayat Ullah Niazi Mr. Tanvir Khalid	Chairman
HUMAN RESOURCE & REMUNERATION(HR &R) COMMITTEE	Mr. Jawaaid Iqbal Mian Hassan Mansha Mr. Inayat Ullah Niazi	Chairman
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 36367414

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.

DIRECTORS' REPORT

The Directors of **Lalpir Power Limited “the Company”** are pleased to present their report together with operational and financial results of your Company for the period ended 31 March 2020.

We report that during the period under review power plant by achieving all the operating standards dispatched 21,426 MWH of electricity as compared with 147,354 MWH dispatched during the corresponding three months of the previous financial year. Resultantly the capacity factor remained 2.8% as against 19.5% demonstrated in the comparable three months of the previous financial year.

OPERATION FINANCIAL RESULTS:

The financial results of the Company for period ended 31 March 2020 are as follows:

Financial Highlights	PERIOD ENDED	
	31 March 2020	31 March 2019
Revenue (Rs '000')	2,395,641	3,477,429
Gross profit (Rs '000')	1,373,441	980,493
Gross profit ratio to revenue (%)	57.33%	28.20%
After tax profit (Rs '000')	841,060	599,653
After tax profit ratio to revenue (%)	35.11%	17.24%
Earnings per share (Rs)	2.21	1.58

The Company has posted after tax profit of Rupees.841.060 million as against Rupees 599.653 million earned in the comparative period. The net profits of the Company demonstrated the Earning per Share of Rs.2.21 as against Rs.1.58 earned per share in the corresponding previous period.

Reason for variation in net profit for period ended 31st Mar 2020 in Comparison with period ended 31st Mar 2019 is increase in DPI by Rs.190 Million and increase in Capacity Charges Revenue by Rs.281 Million.

Our sole customer Central Power Purchasing Agency (Guarantee) Limited (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. The Company took up the matter with CPPA-G and Private Power & Infrastructure Board ('PPIB') by giving notices of default pursuant to provisions of Power Purchase Agreement and Implementation Agreement. As on 31 March 2020, an amount of Rupees 18.347 billion was outstanding against CPPA-G.

During the period, January to March 2020, Company produced and sold electricity only in the month of January 2020. The plant was on standby mode for the month of February and March due to low national demand similar to 1st Quarter 2019. This was as per instructions of National Power Control Center (NPCC).

Corporate objectives:

Being a responsible and reliable energy company, we aim to facilitate the nation in reducing its cost of energy by maintaining high efficiency and availability of plant.

COMPOSITION OF BOARD:

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

COMMITTEES OF THE BOARD:

Audit Committee of the Board:

Sr. #	Name of Directors	
1	Mr. Jawaaid Iqbal	(Member/Chairman)
2	Mr. Tanvir Khalid	(Member)
3	Mr. Inayat Ullah Niazi	(Member)

Human Resource & Remuneration (HR&R) Committee:

Sr. #	Name of Member	
1.	Mr. Hassan Mansha	(Member)
2.	Mr. Jawaaid Iqbal	(Member/Chairman)
3	Mr. Inayat Ullah Niazi	(Member)

DIRECTORS' REMUNERATION:

The company does not pay remuneration to its non-executive directors including independent directors except for meeting fee. Aggregate amount of remuneration paid to executive and non-executive directors have been disclosed in note 9 of the annexed financial statements.

ACKNOWLEDGEMENT:

The board appreciates 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 appreciate the efforts of the company's workforce 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 Akhter)
Chief Executive Officer
Lahore: 30 April 2020



Mr. Tanvir Khalid
Director

ڈائریکٹر رپورٹ لال پیر پاور لمیٹڈ

لال پیر پاور لمیٹڈ "دی کمپنی" کے ڈائریکٹر 31 مارچ 2020ء مختتمہ مدت کے لئے آپ کی کمپنی کے آپریشنل اور مالیاتی نتائج پر مشتمل اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

ہم بیان کرتے ہیں کہ زیر جائزہ مدت کے دوران پلانٹ نے گزشتہ مالی سال کی اسی سہ ماہی کے دوران 147.354 MWH ترسیل کے مقابلے 21.426 MWH ترسیل کے تمام آپریٹنگ معیارات حاصل کئے ہیں۔ نتیجتاً گزشتہ مالی سال کی اسی مدت میں کمپنی فیکٹر 19.5 فیصد کے مقابلہ میں 2.8 فیصد پر برقرار رہا۔

مالیاتی نتائج:

31 مارچ 2020ء کو ختم ہونے والی مدت کے لئے کمپنی کے مالیاتی نتائج مندرجہ ذیل ہیں:

مالی جھلکیاں	31 مارچ 2020ء	31 مارچ 2019ء
محصولات (000 روپے)	2,395,641	3,477,429
مجموعی منافع (000 روپے)	1,373,441	980,493
مجموعی منافع تناسب محصولات (فیصد)	57.33%	28.20%
بعد از ٹیکس منافع (000 روپے)	841,060	599,653
بعد از ٹیکس منافع تناسب محصولات (فیصد)	35.11%	17.24%
آمدن فی حصص (روپے)	2.21	1.58

کمپنی نے تقابلی مدت میں 599,653 ملین روپے منافع کے برعکس 841,060 ملین روپے بعد از ٹیکس منافع درج کیا ہے۔ کمپنی کا خالص منافع، گزشتہ مدت میں 1.58 روپے فی شیئر کے مقابلے میں 2.21 روپے فی شیئر آمدن سے ظاہر ہوتا ہے۔ 31 مارچ 2019 کو ختم ہونے والی مدت کے مقابلے میں 31 مارچ 2020 کے لئے خالص منافع میں تغیر کی وجہ 190 ملین روپے کے DPI میں اضافہ اور 281 ملین روپے کمپنی چارجز ریونیو میں اضافہ ہے۔

ہماری واحد صارف سینٹرل پاور پراجیکٹس ایجنسی (گارنٹی) لمیٹڈ (CPPA -G) بجلی کی خریداری کے معاہدے (PPA) جو حکومت پاکستان کی ایک خود مختار ضمانت کے تحت حاصل کیا گیا کے مطابق اپنی ذمہ داریوں کو پورا کرنے کے قابل نہیں رہا۔ کمپنی نے بجلی کی خریداری کے معاہدے اور اطلاق معاہدے کی دفعات کے مطابق نادہندگی کے نوٹسز دیتے ہوئے CPPA-G اور پرائیویٹ پاور اینڈ انفراسٹرکچر بورڈ (PIB) کے ہاں معاملہ اُجاگر کیا ہے۔ 31 مارچ 2020 کے مطابق، CPPA-G کے ذمہ بقایا رقم 18.347 ملین روپے تھے۔

مدت جنوری تا مارچ 2020 کے دوران، کمپنی نے صرف جنوری 2020 کے مہینہ میں بجلی پیداوار فروخت کی۔ پلانٹ 2019 کی پہلی سہ ماہی کے مساوی کم قومی طلب کی وجہ سے فروری اور مارچ کے مہینوں میں سٹینڈ بائی موڈ پر تھا۔ یہیشنل پاور کنٹرول سنٹر (NPCC) کی ہدایت کے مطابق کیا گیا تھا۔

کارپوریٹ مقاصد:

ایک ذمہ دار اور قابل بھروسہ انرجی کمپنی کی حیثیت سے، ہم پلانٹ کی اعلیٰ کارکردگی اور دستیابی کو برقرار رکھتے ہوئے بجلی کے اخراجات کو کم کرنے میں قوم کو سہولت دینے کا مقصد رکھتے ہیں۔

بورڈ کی تفصیل:

ڈائریکٹرز کی کل تعداد	
(a) مرد	7
(b) خاتون	0
تفصیل	
(i) آزاد ڈائریکٹرز	1
(ii) دیگر نان ایگزیکٹو ڈائریکٹرز	5
(iii) ایگزیکٹو ڈائریکٹرز	1

بورڈ کی کمیٹیاں:

بورڈ کی آڈٹ کمیٹی:

نمبر شمار	نام ڈائریکٹرز
1	جناب جاوید اقبال (رکن/چیئر مین)
2	جناب تنویر خالد (رکن)
3	جناب عنایت اللہ نیازی (رکن)

ہیومن ریسورس اینڈ ریمینٹیشن (HR&R) کمیٹی:


نمبر شمار	نام رکن
1	جناب حسن منشاء (رکن)
2	جناب جاوید اقبال (رکن/چیئر مین)
3	جناب عنایت اللہ نیازی (رکن)


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 کی مجموعی رقم منسلک مالی حسابات کے نوٹ 9 میں منکشف ہے۔
اظہار تشکر

ہم، ایک جدید اور حوصلہ افزاء کام کے ماحول کے قیام اور پاور پلانٹ کے تمام شعبوں میں اعلیٰ سطح کی کارکردگی کو فروغ دینے کے لئے بھی انتظامیہ کی تعریف کرتے ہیں۔ ہم قابل ذکر نتائج کی فراہمی کے لئے کمپنی کے تمام عملہ کی مسلسل حمایت، سخت محنت اور عزم کو بھی سراہتے ہیں اور ہم کمپنی کے ساتھ ان کے طویل تعلقات چاہتے ہیں۔

منجانب مجلس نفعاء


جناب تنویر خالد
ڈائریکٹر


جناب محمود اختر
چیف ایگزیکٹو آفیسر

لاہور: 30 اپریل 2020ء

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Un-audited)

As at 31 March 2020

	Note	Un-audited 31 March 2020 (Rupees in thousand)	Audited 31 December 2019
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 500,000,000 (31 December 2019: 500,000,000) ordinary shares of Rupees 10 each		5,000,000	5,000,000
Issued, subscribed and paid-up share capital		3,798,387	3,798,387
Capital reserve		107,004	107,004
Revenue reserves		11,763,008	10,921,948
Total equity		15,668,399	14,827,339
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term Financing		-	-
Employee benefit-Gratuity		25,070	21,135
		25,070	21,135
CURRENT LIABILITIES			
Trade and other payables		309,893	542,252
Accrued interest / profit		416,884	384,420
Short-term borrowings - secured		13,448,614	13,778,044
Unclaimed Dividend		3,758	3,813
		14,179,149	14,708,529
Total liabilities		14,204,219	14,729,664
CONTINGENCIES AND COMMITMENTS	5		
TOTAL EQUITY AND LIABILITIES		29,872,618	29,557,003

The annexed notes form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

	Note	Un-audited 31 March 2020 (Rupees in thousand)	Audited 31 December 2019
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets	6	7,488,781	7,865,468
Investment Property		93,303	93,481
Long-term loans to employees		25,325	27,988
Long Term Security Deposit		350	350
		<u>7,607,759</u>	<u>7,987,287</u>
CURRENT ASSETS			
Stores, spare parts and other consumables		923,387	927,288
Fuel stock		577,928	447,890
Trade debts		18,347,025	17,665,105
Loans, advances and short-term prepayments		321,303	313,786
Loan to associated company		350,000	350,000
Other receivables		230,374	280,216
Accrued interest		4,408	4,420
Sales tax recoverable		1,458,976	1,427,671
Cash and bank balances		51,458	153,340
		<u>22,264,859</u>	<u>21,569,716</u>
TOTAL ASSETS		<u><u>29,872,618</u></u>	<u><u>29,557,003</u></u>



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME

For the Quarter Ended 31 March 2020 (Un-audited)

	Note	Quarter Ended	
		31 March 2020 (Rupees in thousand)	31 March 2019
Sales		2,395,641	3,477,429
COST OF SALES	7	(1,022,200)	(2,496,936)
GROSS PROFIT		1,373,441	980,493
ADMINISTRATIVE EXPENSES		(62,655)	(74,400)
OTHER EXPENSES		(502)	(482)
OTHER INCOME		1,310,284 14,313	905,611 29,478
PROFIT FROM OPERATIONS		1,324,597	935,089
FINANCE COST		(483,537)	(335,436)
PROFIT BEFORE TAXATION		841,060	599,653
TAXATION		-	-
PROFIT AFTER TAXATION		841,060	599,653
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		841,060	599,653
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		2.21	1.58

The annexed notes form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the Quarter Ended 31 March 2020 (Un-audited)

	SHARE CAPITAL	RESERVES		TOTAL EQUITY
		Capital	Revenue	
		Retained payments reserve	Un- appropriated profit	
(-----Rupees in thousand-----)				
Balance as at 31 Dec 2018 - audited	3,798,387	107,004	9,267,326	13,172,717
Transactions with owners - Final dividend for the year ended 31 December 2018 @ Rupees 1 per share	-	-	(379,839)	(379,839)
Profit for the quarter ended 31 March 2019	-	-	599,653	599,653
Other comprehensive income for the quarter ended 31 March 2019	-	-	-	-
Total comprehensive income for the quarter ended 31 March 2019	-	-	599,653	599,653
Balance as at 31 March 2019 - un-audited	3,798,387	107,004	9,487,140	13,392,531
Balance as at 31 Dec 2019 - audited	3,798,387	107,004	10,921,948	14,827,339
Profit for the quarter ended 31 March 2020	-	-	841,060	841,060
Other comprehensive income for the quarter ended 31 March 2020	-	-	-	-
Total comprehensive income for the quarter ended 31 March 2020	-	-	841,060	841,060
Balance as at 31 March 2020 - un-audited	3,798,387	107,004	11,763,008	15,668,399

The annexed notes form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the Quarter Ended 31 March 2020 (Un-audited)

		Quarter Ended	
	Note	31 March 2020 (Rupees in thousand)	31 March 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated / (used in) from operations	8	558,892	(455,431)
Finance cost paid		(451,073)	(265,330)
Interest income received		12,882	28,186
Net (increase) / decrease in long-term loans to employees		2,663	(13,476)
Income tax paid		(2,887)	(662)
Gratuity paid		-	(2,560)
Net cash generated / (used in) from operating activities		120,477	(709,273)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on fixed assets		107,176	(2,225)
Proceeds from disposal of operating fixed assets		(49)	-
Net cash generated / (used in) from investing activities		107,127	(2,225)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment for long term loans		-	(138,254)
Dividend paid		(55)	(177)
Net cash (used) in financing activities		(55)	(138,431)
Net increase / (decrease) in cash and cash equivalents		227,548	(849,929)
Cash and cash equivalents at beginning of the period		(13,624,704)	(11,643,081)
Cash and cash equivalents at end of the period		(13,397,156)	(12,493,010)
CASH AND CASH EQUIVALENTS			
Cash in hand		443	257
Cash at banks		51,015	18,867
Short-term borrowings		(13,448,614)	(12,512,134)
		(13,397,156)	(12,493,010)

The annexed notes form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the Quarter Ended 31 March 2020 (Un-audited)

1. THE COMPANY AND ITS OPERATIONS

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. BASIS OF PREPARATION

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, 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 the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 31 December 2019. These condensed interim financial statements are un-audited, and are being submitted to the member as required by Section 237 of the Companies Act, 2017.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of preceding annual published financial statements of the company for the year ended December 31, 2019 except for the adoption of new and amended standards as set out below:

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

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

3.2.1 Standards, amendments and interpretations to accounting standards that are effective in the current period

Certain standards, amendments and interpretations to accounting standards are effective for accounting periods beginning on January 1, 2020 but are considered

not to be relevant or to have any significant effect on the company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these unconsolidated condensed interim financial statements.

3.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the company's accounting periods beginning on or after January 1, 2020 but are considered not to be relevant or to have any significant effect on the company's operations and are, therefore, not detailed in these unconsolidated condensed interim financial statements.

4. Accounting Estimates

The preparation of the condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgments made by management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements for the year ended December 31, 2019.

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

There is no significant change in the status of contingencies as disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2019 except for the following:

Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) has raised invoices for liquidated damages to the Company from 11th to 22nd (up to Mar 2020) 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.

	Un-audited 31 March 2020 (Rupees in thousand)	Audited 31 December 2019
5..2 Commitments		
5.2.1 Commitments in respect of letters of credit for capital expenditure	1,523	-
5.2.2 Commitments in respect of other than capital expenditure	15,382	4,120

6. PROPERTY, PLANT AND EQUIPMENT

	Un-audited 31 March 2020 (Rupees in thousand)	Audited 31 December 2019
Operating fixed assets (Note 6.1)	7,475,274	7,743,066
Capital work-in-progress	13,507	122,402
	<u>7,488,781</u>	<u>7,865,468</u>
6.1 Operating fixed assets		
Opening book value	7,743,066	8,814,685
Add: Cost of additions during the period / year (Note 6.1.1)	1,720	51,049
Less: Book value of deletions during the period / year (Note 6.1.2)	8	35,565
Less: Depreciation charged during the period / year	269,504	1,087,103
Closing book value	<u>7,475,274</u>	<u>7,743,066</u>
6.1.1 Cost of additions		
Vehicles	-	4,180
Plant and machinery	-	42,865
Furniture and fittings	164	42
Office equipment	1,014	3,198
Electric equipment and appliances	542	764
	<u>1,720</u>	<u>51,049</u>
6.1.2 Book value of deletions		
Cost		
- Plant and machinery	-	27,312
- Vehicles	136	61,398
	<u>136</u>	<u>88,710</u>
Less: Accumulated depreciation	128	53,145
	<u>8</u>	<u>35,565</u>

7. COST OF SALES

	Quarter Ended	
	31 March 2020 (Rupees in thousand)	31 March 2019
Fuel cost	385,855	2,003,941
Operation and maintenance costs	210,020	108,229
Insurance	176,101	136,587
Liquidated Damages	-	-
Depreciation	248,733	246,796
Others	1,490	1,383
	<u>1,022,200</u>	<u>2,496,936</u>

	Quarter Ended	
	31 March 2020 (Rupees in thousand)	31 March 2019
8. CASH GENERATED FROM OPERATIONS		
Profit before taxation	841,060	599,653
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets.	269,504	270,496
Depreciation on investment properties	178	1,092
Provision for gratuity	3,935	3,227
Gain on disposal / derecognition of operating fixed assets	56	-
Interest income	(12,882)	(28,186)
Finance cost	483,537	335,436
Cash flows from operating activities before working capital changes	1,585,389	1,181,718
Working Capital Changes		
(Increase) / decrease in current assets		
Stores, spare parts and other consumables	3,901	(4,441)
Fuel stock	(130,038)	(920,618)
Trade debts	(681,920)	(252,167)
Advances and short-term prepayments	(4,618)	2,370
Other receivables	49,842	131,849
Sales tax recoverable	(31,305)	(53,232)
	(794,138)	(1,096,239)
(Decrease) in trade and other payables	(232,359)	(540,910)
	558,892	(455,431)

9. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise of associated undertakings, other related group companies and key management personnel. Transactions with related parties include expenses charged between these companies. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

		Quarter Ended	
		31 March 2020 (Rupees in thousand)	31 March 2019
Associated company	Nature of transaction		
Adamjee Insurance Company Limited	Insurance claims received	69	922
	Insurance premium	8,305	12,005
Security General Insurance Company Limited	Insurance premium	174,349	158,224
D.G.Khan Cement Company Limited	Purchase of goods	97	145
Pakgen Power Limited	Loan Received	1,318,000	147,788
	Loan Repaid	1,318,000	155,651
	Interest Charged	11,753	396
Nishat Hotels & Properties Limited	Loan	-	1,000,000
	Interest Charged	12,758	27,133
	Boarding and Lodging services	43	-
Nishat Hospitality (Private) Limited	Boarding and Lodging services	-	60
Nisaht (Aziz Avenue) hotels and properties Limited	Rent	1,570	1,570
Adamjee Life Assurance Company Ltd	Insurance claims received	1,031	-
	Insurance premium	1,549	1,883
STAFF RETIREMENT BENEFIT PLANS			
Provident fund	Contribution made	5,307	4,685
Gratuity fund	Contribution made	3,935	3,227
KEY MANAGEMENT PERSONNEL			
	Remuneration	4,590	7,276

		Quarter Ended	
		31 March 2020 (Rupees in thousand)	31 December 2019
Period end balances:			
Short term loan receivable from associated company		350,000	350,000
Accrued interest on loan to associated company		4,408	4,420
Short term loan payables to associated company		659,086	659,086
Accrued interest on loan from associated company		972	8,131

10. 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 condensed interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company classifies 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 available-for-sale 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.

11. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2019.

12. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 "Interim Financial Reporting", the condensed interim statement of financial position and condensed interim statement of changes in equity have been compared with balances of audited annual published financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss and other comprehensive income and condensed interim statement of cash flows have been compared with the amounts of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged and reclassified, wherever necessary for the purpose of comparison, however, no significant re-arrangements and reclassifications have been made in these condensed interim financial statements.

13. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was approved by the Board of Directors of the Company and authorized for issue on 30 April 2020.

14. GENERAL

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

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