

LALPIR POWER LIMITED



SECY/STOCKEXC/55

March 30, 2022

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, 2021**

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 PUCARS Annual Audited Financial Statements of Lalpir Power Limited ("the Company") for the year ended December 31, 2021.

Further please find attached Statement of Free Float of Shares along with Independent Reasonable Assurance Report on Statement of Free Float of Shares dated February 25, 2022 issued by M/s. Riaz Ahmad & Co., Chartered Accountants, the external auditors of the Company.

Thanking you,

Yours truly,


KHALID MAHMOOD CHOCHAN
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

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 2021, 30 June 2021, 30 September 2021 and 31 December 2021.

2. Applicable Criteria

The criteria against which the Statement is assessed is Regulation No. 5.7.2(b)(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 5.6.9(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 2021, 30 June 2021, 30 September 2021 and 31 December 2021 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 2021, 30 June 2021, 30 September 2021 and 31 December 2021 is prepared, in all material respects, in accordance with the PSX Regulations.

Riaz Ahmad & Company

Chartered Accountants

7. Restriction on Use and Distribution

This report is issued in relation to the requirements as stipulated under Regulation No. 5.7.2(b)(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:
Atif Anjum

Date: 25 FEB 2022

LAHORE

LALPIR POWER LIMITED

STATEMENT OF FREE FLOAT OF SHARES

	As of 31 March 2021	As of 30 June 2021	As of 30 September 2021	As of 31 December 2021
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)	(25,996,261)	(25,996,261)	(25,996,261)	(95,458,382)
Less: Shares in Physical Form	(413,778)	(410,278)	(408,278)	(403,778)
Less: Shares held by Associate companies / Group Companies (Cross holdings)	(212,589,311)	(212,589,311)	(212,589,311)	(143,577,940)
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	-	-	-	-
	(238,999,350)	(238,995,850)	(238,993,850)	(239,440,100)
Free Float	140,839,382	140,842,882	140,844,882	140,398,632

Basis of Preparation: This Statement is prepared in accordance with the requirements of Regulation No. 5.7.2(b)(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



N I S H A T

LALPIR POWER LIMITED

ANNUAL REPORT
2021



A NEW
VISION FOR
CONTINUED
GROWTH



CONTENTS

Company Profile	03
Vision Statement	04
Mission Statement	04
Notice of Annual General Meeting	06
Organization Chart	18
Chairman's Review	19
Chairman's Review (Urdu)	20
Director's Profile	21
Directors' Report	23
Directors' Report (Urdu)	29
Financial Data	35
Vertical Analysis	36
Performance Review	37
Pattern of Shareholders	38
Statement of Compliance with the Code of Corporate Governance	43
Review Report to the Members on Statement of Compliance With Best Practices of Code of Corporate Governance	46
Auditors' Report To The Members	49
Statement of Financial Position	54
Statement of Profit or Loss and Other Comprehensive Income	56
Statement of Changes in Equity	57
Statement of Cash Flows	58
Notes to the Financial Statements	59
Form of Proxy	



THE COMPANY



Lalpir Power Limited ("the Company") was incorporated in Pakistan on 8 May 1994 under the repealed 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. Aurangzeb Firoz
Mr. Jawaid Iqbal
Mr. Muhammad Azam
Mr. Inayat Ullah Niazi
Mrs. Hajra Arham
Mr. Mahmood Akhter

CHIEF EXECUTIVE OFFICER

Mr. Mahmood Akhtar

AUDIT COMMITTEE

Mr. Jawaid Iqbal Chairman
Mr. Inayat Ullah Niazi
Mrs. Hajra Arham

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

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

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

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 April 26, 2022 (Tuesday) at 11:30 A.M. at The Nishat Hotel (Emporium Mall), Trade and Finance Centre, Near Expo Centre, Abdul Haq Road, Johar Town, Lahore to transact the following business:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2021 together with the Chairman Review, Directors' and Auditors' reports.
2. To approve 10% 1st Interim and 10% 2nd Interim Cash Dividends already paid.
3. To appoint statutory Auditors of the Company for the year ending 2022 and fix their remuneration. The Board and Audit Committee have recommended the name of M/s Riaz Ahmad & Co., Chartered Accountants, the retiring auditors, for appointment as Auditors of the Company.
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).

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 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.

A Statement of Material facts covering the above-mentioned Special Business as required under Section 134(3) of the Companies Act, 2017 is annexed to the notice of meeting circulated to the members of the Company.

By order of the Board



(KHALID MAHMOOD CHOCHAN)
COMPANY SECRETARY

LAHORE
February 25, 2022

NOTES:

1. BOOK CLOSURE NOTICE:

The Share Transfer Books of Ordinary Shares of the Company will remain closed from 19-04-2022 to 26-04-2022 (both days inclusive) for attending of Annual General Meeting. Physical transfers / CDS Transactions IDs received in order in all respect up to 1:00 p.m. on 18-04-2022 at CDC Share Registrar Services Limited, 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 originally 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 Depository Company of Pakistan Limited ("CDC"), 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.

3. DEDUCTION OF WITHHOLDING TAX ON DIVIDEND

Pursuant to the provisions of under Rule 1 of Tenth Schedule of the Income Tax Ordinance, 2001 (Ordinance) the rates of deduction of income tax from dividend payments have been revised as follows:

- Filer	7.5%
- Non-Filer	15%

All shareholders are advised to check their status on Active Taxpayers List (ATL) available on FBR Website and may, if required, take necessary actions for inclusion of their name in ATL to avail the lower rate of tax deduction.

DEDUCTION OF WITHHOLDING TAX ON DIVIDEND IN CASE OF JOINT ACCOUNT HOLDERS:

All shareholders who hold shares jointly are requested to provide following information regarding shareholding proportions of Principal Shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar Office, CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, latest by April 19, 2022, otherwise each joint holder shall be assumed to have an equal number of shares.

Name of the Company		Lalpir Power Limited
Folio No. / CDS A/C No.		
No. of Shares Held		
Principal Shareholder	Name & CNIC	
	Shareholding Proportion (No. of Shares)	
Joint Shareholder(s)	Name & CNIC	
	Shareholding Proportion (No. of Shares)	

Signature of Primary Shareholder_____

4. EXEMPTION OF WITHOLDING TAX:

Withholding tax exemption from dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to our Share Registrar Office, CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, up to April 18, 2022.

5. 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.

6. ZAKAT DECLARATION (CZ-50):

Zakat will be deducted from the dividends at source under the Zakat & Usher Laws and will be deposited within the prescribed period with the relevant authority.

In case you want to claim exemption from compulsory deduction of Zakat, please submit your Zakat declarations (CZ-50 Form)/Solemn Affirmation, in case of Non Muslim, under Zakat and Usher Ordinance, 1980 & Zakat (Deduction & Refund) Rules, 1981, with Share Registrar, CDC Share Registrar Services Ltd, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi. The Shareholders while sending the Zakat Declarations, as the case may be, must quote company name and their respective Folio numbers/CDC Account numbers.

7. MANDATORY PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE:

The provisions of Section 242 of the Companies Act, 2017 require the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank

account designated by the entitled shareholders. Accordingly, the shareholders holding physical shares are requested to provide the following information to the Company's Share Registrar at the address given herein above. In the case of shares held in CDC, the same information should be provided directly to the CDS participants for updating and forwarding to the Company.

Folio No. / Investor Account Number / CDC Sub Account No.	
Title of Account	
IBAN Number	
Bank Name	
Branch	
Branch Address	
Mobile Number	
Name of Network (if ported)	
Email Address	

Signature of Shareholder

8. 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.

9. 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.

10. UNCLAIMED DIVIDEND / SHARES

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

11. CONVERSION OF PHYSICAL SHARES INTO BOOK ENTRY FORM:

As per Section 72 of the Companies Act, 2017 all existing companies are required to convert their physical shares into book-entry form within a period not exceeding four years from the date of commencement of the Companies Act, 2017.

The Securities & Exchange Commission of Pakistan through its circular # CSD/ED/Misc./2016-639-640 dated March 26, 2021 has advised the listed companies to pursue their such members who still hold shares in physical form, to convert their shares into book-entry form.

We hereby request all members who are holding shares in physical form to convert their shares into book-entry form at the earliest. They are also suggested to contact the Central Depository Company of Pakistan Limited or any active member / stock broker of the Pakistan Stock Exchange to open an account in the Central Depository System and to facilitate conversion of physical shares into book-entry form. Members are informed that holding shares in book-entry form has several benefits including but not limited to secure and convenient custody of shares, conveniently tradeable and transferable, No risk of the loss, damage or theft, No stamp duty on transfer of shares in book-entry form and hassle-free credit of bonus or right shares.

We once again strongly advise members of the Company, in their best interest, to convert their physical shares into book-entry form at earliest

12. 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.

13. E-VOTING AND POSTAL BALLOT FACILITY.

The shareholders will be allowed to exercise their right to vote through e-voting and postal ballot subject to provision of Section 142 and 143 of the Companies Act, 2017 and Regulation 11 of the Companies (Postal Ballot) Regulations, 2018.

14. VIDEO-LINK FACILITIES FOR THE MEETING:-

In light of COVID-19 situation, the Securities and Exchange Commission of Pakistan ("SECP") has advised vide Circular No. 4 of 2021 dated 15 February, 2021 to provide participation of the members through electronic means. The members can attend the AGM via video link using smart phones/tablets/. To attend the meeting through video link, members and their proxies are requested to register themselves by providing the following information along with valid copy of Computerized National Identity Card (both sides)/passport, attested copy of board resolution / power of attorney (in case of corporate shareholders) through email at kchohan@lalpir.com or smahmood@dgcement.com by April 20, 2022.

Name of Member/ Proxyholder	CNIC No.	Folio No. / CDC Account No.	Cell No. Whatsapp No.	Email ID

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 April 26, 2022.

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. 12,908,890,270/- (Rupees Twelve Billion Nine Hundred Eight Million Eight Hundred Ninety Thousand Two Hundred Seventy) divided into 1,290,889,027 (One Billion Two Hundred Ninety Million Eight Hundred Eighty-Nine Thousand Twenty-Seven) 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
- Carrefour
- Shopping Mall with following features:
 - Retail outlets
 - Food courts
 - Cineplex
 - Fun Factory
 - Health and Leisure Zones
 - Two basements with 2,815 parking bays for cars and motorcycles.

In addition to the above, NHPL also operates in the business of development and sale of real estate, under the name of 'Nishat Residences', that comprise a total of 77 residential apartments. These apartments are located at 75-FCC, Gulberg, Lahore.

In line with the above-mentioned commercial operations, 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 February 25, 2022 have recommended renewal of above said 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. April 26, 2022 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.56.95 million interest income on proposed investment for 365 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.

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. I.U. Niazi	0.00
Mr. Muhammad Azam	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	<table><tr><td>Sr.</td><td>Year</td><td>Earnings per Share (Rs.)</td></tr><tr><td>1.</td><td>2021</td><td>1.14</td></tr><tr><td>2.</td><td>2020</td><td>(0.71)</td></tr><tr><td>3.</td><td>2019</td><td>1.42</td></tr></table>	Sr.	Year	Earnings per Share (Rs.)	1.	2021	1.14	2.	2020	(0.71)	3.	2019	1.42																												
Sr.	Year	Earnings per Share (Rs.)																																								
1.	2021	1.14																																								
2.	2020	(0.71)																																								
3.	2019	1.42																																								
(iv)	Break-up value per Share, based on last audited financial statements	PKR 18.82 per share as at 30th June 2021																																								
(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, 2021.	<table><tr><td colspan="2">Audited financial statements as at 30th June 2021:</td></tr><tr><td></td><td>Rs. in millions</td></tr><tr><td colspan="2">Balance Sheet:</td></tr><tr><td colspan="2">Assets</td></tr><tr><td>Non-current assets</td><td>34,836</td></tr><tr><td>Current assets</td><td>5,430</td></tr><tr><td></td><td><hr/></td></tr><tr><td>Total assets</td><td>40,266</td></tr><tr><td></td><td><hr/></td></tr><tr><td colspan="2">Liabilities</td></tr><tr><td>Borrowings</td><td>15,767</td></tr><tr><td>Other liabilities</td><td>1,568</td></tr><tr><td></td><td><hr/></td></tr><tr><td>Equity</td><td>22,931</td></tr><tr><td colspan="2">Profit & loss:</td></tr><tr><td>Sales</td><td>6,095</td></tr><tr><td>Gross Profit</td><td>2,076</td></tr><tr><td>Gross Profit Ratio</td><td>34%</td></tr><tr><td>Net Profit after tax</td><td>1,305</td></tr><tr><td>Net Profit after tax Ratio</td><td>21%</td></tr></table>	Audited financial statements as at 30th June 2021:			Rs. in millions	Balance Sheet:		Assets		Non-current assets	34,836	Current assets	5,430		<hr/>	Total assets	40,266		<hr/>	Liabilities		Borrowings	15,767	Other liabilities	1,568		<hr/>	Equity	22,931	Profit & loss:		Sales	6,095	Gross Profit	2,076	Gross Profit Ratio	34%	Net Profit after tax	1,305	Net Profit after tax Ratio	21%
Audited financial statements as at 30th June 2021:																																										
	Rs. in millions																																									
Balance Sheet:																																										
Assets																																										
Non-current assets	34,836																																									
Current assets	5,430																																									
	<hr/>																																									
Total assets	40,266																																									
	<hr/>																																									
Liabilities																																										
Borrowings	15,767																																									
Other liabilities	1,568																																									
	<hr/>																																									
Equity	22,931																																									
Profit & loss:																																										
Sales	6,095																																									
Gross Profit	2,076																																									
Gross Profit Ratio	34%																																									
Net Profit after tax	1,305																																									
Net Profit after tax Ratio	21%																																									
(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 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	
(B) General Disclosures:			
	(i)	Maximum amount if 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	<p>Purpose: Renewal of working capital loan.</p> <p>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.</p> <p>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.</p>
	(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	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	<p>Followings are the salient features of loan agreement already in existence:</p> <p>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.</p> <p>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.</p> <p>The associated company shall provide corporate guarantee to secure the loan.</p>

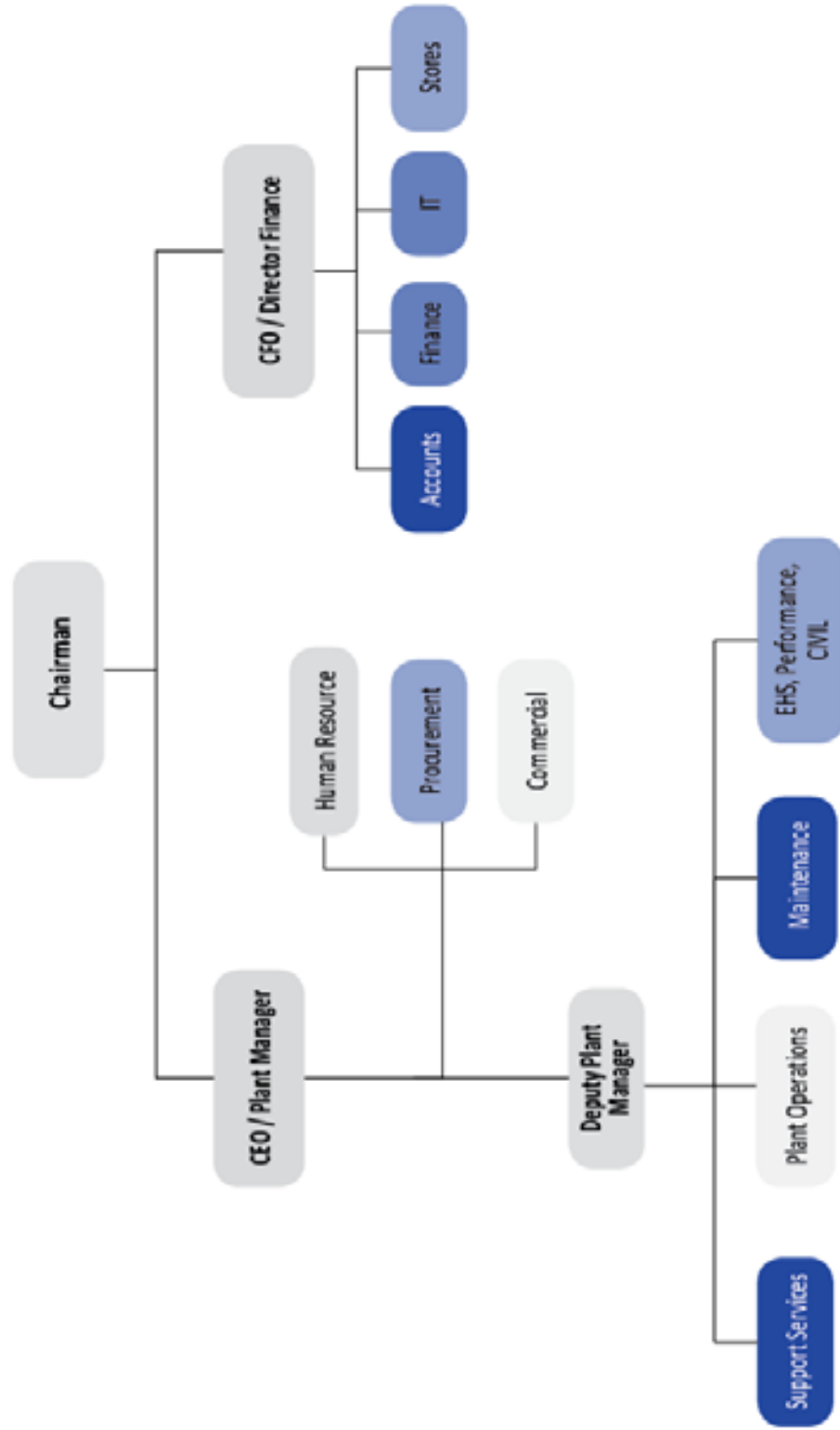
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	<p>The interest, direct or indirect in the associated company and the transaction under consideration is detailed as under:</p> <p>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:-</p> <table><tr><td>Directors:</td><td>% of Shareholding</td></tr><tr><td>Mian Hassan Mansha</td><td>21.97</td></tr><tr><td>Mr. I.U. Niazi</td><td>0.00</td></tr><tr><td>Mr. Muhammad Azam</td><td>0.00</td></tr></table> <p>Relatives:</p> <table><tr><td>Mrs Naz Mansha (Mother of Mian Hassan Mansha)</td><td>1.64</td></tr><tr><td>Mian Umer Mansha</td><td>21.97</td></tr><tr><td>Mian Raza Mansha (Both brothers of Mian Hassan Mansha.)</td><td>21.86</td></tr><tr><td>Mrs. Iqraa Hassan Mansha (Spouse of Mian Hassan Mansha)</td><td>0.00</td></tr></table> <p>Associated Companies</p> <table><tr><td>Nishat Mills Limited</td><td>6.08</td></tr><tr><td>Security General Insurance Co. Ltd.</td><td>17.94</td></tr><tr><td>D. G. Khan Cement Company Limited</td><td>8.55</td></tr></table> <p>The directors of NHPL are interested in Lalpir to the extent of their shareholding as under:-</p> <table><tr><td>Name</td><td>% of Shareholding</td></tr><tr><td>Mian Hassan Mansha</td><td>6.84</td></tr><tr><td>Mr. I.U. Niazi</td><td>0.00</td></tr><tr><td>Mr. Muhammad Azam</td><td>0.00</td></tr></table> <p>The associated Companies holding shares of NHPL are interested in Lalpir to the extent of their shareholding as follows:</p> <table><tr><td>Name</td><td>% of Shareholding</td></tr><tr><td>Nishat Mills Limited</td><td>28.80</td></tr><tr><td>Security General Insurance Co. Ltd.</td><td>1.80</td></tr></table>	Directors:	% of Shareholding	Mian Hassan Mansha	21.97	Mr. I.U. Niazi	0.00	Mr. Muhammad Azam	0.00	Mrs Naz Mansha (Mother of Mian Hassan Mansha)	1.64	Mian Umer Mansha	21.97	Mian Raza Mansha (Both brothers of Mian Hassan Mansha.)	21.86	Mrs. Iqraa Hassan Mansha (Spouse of Mian Hassan Mansha)	0.00	Nishat Mills Limited	6.08	Security General Insurance Co. Ltd.	17.94	D. G. Khan Cement Company Limited	8.55	Name	% of Shareholding	Mian Hassan Mansha	6.84	Mr. I.U. Niazi	0.00	Mr. Muhammad Azam	0.00	Name	% of Shareholding	Nishat Mills Limited	28.80	Security General Insurance Co. Ltd.	1.80
Directors:	% of Shareholding																																					
Mian Hassan Mansha	21.97																																					
Mr. I.U. Niazi	0.00																																					
Mr. Muhammad Azam	0.00																																					
Mrs Naz Mansha (Mother of Mian Hassan Mansha)	1.64																																					
Mian Umer Mansha	21.97																																					
Mian Raza Mansha (Both brothers of Mian Hassan Mansha.)	21.86																																					
Mrs. Iqraa Hassan Mansha (Spouse of Mian Hassan Mansha)	0.00																																					
Nishat Mills Limited	6.08																																					
Security General Insurance Co. Ltd.	17.94																																					
D. G. Khan Cement Company Limited	8.55																																					
Name	% of Shareholding																																					
Mian Hassan Mansha	6.84																																					
Mr. I.U. Niazi	0.00																																					
Mr. Muhammad Azam	0.00																																					
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	<table><tr><td>Sr.</td><td>No. Description</td><td>Amount (Rs.)</td></tr><tr><td>1</td><td>Maximum loan advanced to NHPL since last approval</td><td>350,000,000</td></tr><tr><td>2</td><td>Amount outstanding on the date of the notice of the AGM</td><td>350,000,000</td></tr><tr><td>3</td><td>Markup accrued and recovered since inception upto 31-12-2021</td><td>227,645,679</td></tr><tr><td>4</td><td>Mark up accrued since the last date of approval</td><td>27,187,328</td></tr><tr><td>5</td><td>Mark-up recovered since the last date of approval</td><td>24,468,835</td></tr><tr><td>6</td><td>Mark up outstanding at the date of notice of the AGM</td><td>2,718,493</td></tr></table>	Sr.	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	350,000,000	3	Markup accrued and recovered since inception upto 31-12-2021	227,645,679	4	Mark up accrued since the last date of approval	27,187,328	5	Mark-up recovered since the last date of approval	24,468,835	6	Mark up outstanding at the date of notice of the AGM	2,718,493															
Sr.	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	350,000,000																																				
3	Markup accrued and recovered since inception upto 31-12-2021	227,645,679																																				
4	Mark up accrued since the last date of approval	27,187,328																																				
5	Mark-up recovered since the last date of approval	24,468,835																																				
6	Mark up outstanding at the date of notice of the AGM	2,718,493																																				
(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 average borrowing cost of the Company for the year ended 31-12-2021 was 7.80% 1 Month KIBOR as on February 25, 2022 is 10.39%
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company.	The Company shall charge mark up at the rate of 1 (one) Month KIBOR + 1% (which shall not be less than the average borrowing cost of the company whichever is higher).
(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 within one year with payment of mark-up due on monthly basis.

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

Name of Investee Company	Nishat Hotels and Properties Limited
Total Investment Approved:	Investment of Rs. 500,000,000 by way of working capital loan was approved by members in AGM held on April 26, 2021 up to the date of next AGM.
Amount of Investment Made to date:	Investment of Rs. 350,000,000 has been made against this approval to date.
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
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 June 30, 2020, the basic loss per share was Rs.0.71 and breakup value per share was Rs. 18.05. As per latest available (unaudited) financial statements for the period ended December 31, 2021 the basic earnings per share is Rs.0.29 and breakup value per share is Rs. 19.12.

ORGANIZATION CHART



CHAIRMAN'S REVIEW

I am pleased to present the annual report of the Company for the year ended December 31, 2021 to our valued shareholders. Significant aspects of performance of your Company have been shared with you during the current year.

The Company has suffered a loss of Rs.806 million as against a profit of Rs.3,551 million earned during the previous year. The major reason of loss for the current year is non-issuance of Capacity Purchase Price invoices amounting to Rs.3.922 billion started from 26-03-21 to 28-11-21, pursuant to PPA Amendment Agreement with Central Power Purchasing Agency (Guarantee) Limited. Moreover, the Company has started giving Tariff Discounts (effective from 04 June 2021) to CPPA-G as mentioned in note 1.2 of the annexed financial statements.

I would like to appreciate overall performance of the Board during this term despite challenges of COVID-19 pandemic and its economic impact. They have provided strategic directions to the management and always remained available for guidance. The Board has formed various Committees, like Audit Committee and Human Resource Committee. Through Audit Committee the Board, reviewed the internal controls and financial statements and ensured that the accounts fairly represent the financial position of the Company. While the HR Committee overviews the HR policy framework and recommends selection and compensation of senior management team.

To evaluate the performance of the Board and its Committees, the Board has put in place mechanism for annual evaluation of the performance of the Board of Directors. Accordingly, the Board has completed its annual self-evaluation for the year 2021 and I am pleased to report that the overall performance benchmarked on the basis of set criteria remained satisfactory.

Further, I am pleased to inform that the composition of the Board depicts reasonable balance of executive and non-executive Directors including independent Directors, which possess the requisite skills, core competencies and industry knowledge to lead the Company, whereby all Board members are aware of the high level of ethical and professional standards laid down in our Vision & Mission Statements of the Company.

The Board reviews the quality and appropriateness of financial statements of the Company, reporting and transparency of disclosures, Company's accounting policies, corporate objective plans, budgets and other reports. The Board has also framed the Code of Conduct which defines requisite behavior and has been disseminated throughout the Company. Adequate controls and robust systems are in place to ensure effective control environment so compliance of best policies of Corporate Governance are achieved.

Our Social Responsibility continues to serve and assist the needy in the vicinity of our plant. 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.

I would like to take this opportunity to express my appreciation for the untiring efforts of our employees and express gratitude to all the stakeholders for their continued cooperation, trust and support.



Chairman
Lahore: February 25, 2022

چیرمین کا جائزہ

میں 31 دسمبر، 2021ء کو ختم ہونے والے سال کے لئے، اپنے قابل قدر شیئر ہولڈرز کو کمپنی کی سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔ موجودہ سال کے دوران آپ کی کمپنی کی کارکردگی کے نمایاں پہلو آپ کے ساتھ شیئر کئے گئے ہیں۔

کمپنی کو گزشتہ سال 3,551 ملین روپے منافع کے برعکس موجودہ سال میں 806 ملین روپے کا نقصان ہوا۔ موجودہ سال کے خسارہ کی بڑی وجہ سینٹرل پاور پر چیزنگ ایجنسی (گارنٹی) لمیٹڈ کے ساتھ پی پی اے ترمیمی معاہدے کے مطابق 21-03-26 سے 21-11-28 تک 3,922 ملین روپے کی کمیونٹی پر چیز پرائس انوائسز کا جاری نہ ہونا ہے۔ مزید برآں، کمپنی نے CPPA-G کو ٹیئرڈ ڈسکاؤنٹ (04 جون 2021 سے مؤثر) دینا شروع کر دیا ہے جیسا کہ منسلک مالیاتی حسابات کے نوٹ 1.2 میں بیان کیا گیا ہے۔

میں COVID-19 وبائی بیماری کے چیلنجوں اور اس کے معاشی اثرات کے باوجود اس مدت کے دوران بورڈ کی مجموعی کارکردگی کو سراہتا ہوں۔ انہوں نے انتظامیہ کو اسٹریٹجک ہدایات فراہم کیں اور رہنمائی کے لیے ہمیشہ موجود رہے۔ بورڈ نے مختلف کمپنیاں جیسے کہ آڈٹ کمیٹی اور ہیومن ریسورس کمیٹی تشکیل دی ہیں۔ آڈٹ کمیٹی کے ذریعے بورڈ نے اندرونی کنٹرولز اور مالیاتی گوشواروں کا جائزہ لیا اور اس بات کو یقینی بنایا کہ اکاؤنٹس کمپنی کی مالی حالت کی منصفانہ نمائندگی کرتے ہیں۔ جبکہ HR کمیٹی HR پالیسی فریم ورک کا جائزہ لیتی ہے اور سینئر مینجمنٹ ٹیم کے انتخاب اور معاوضہ کی سفارش کرتی ہے۔

بورڈ اور اس کی کمیٹیوں کی کارکردگی کا جائزہ لینے کے لیے، بورڈ نے بورڈ آف ڈائریکٹرز کی کارکردگی کی سالانہ تشخیص کے لیے ایک طریقہ کار وضع کیا ہے۔ اسی مناسبت سے بورڈ نے سال 2021 کے لیے اپنی سالانہ خود تشخیص مکمل کر لی ہے اور مجھے یہ بتاتے ہوئے خوشی ہو رہی ہے کہ مقررہ معیار کی بنیاد پر مجموعی کارکردگی کا معیار تسلی بخش رہا۔

مزید، مجھے یہ بتاتے ہوئے خوشی ہو رہی ہے کہ بورڈ کی تشکیل میں آزاد ڈائریکٹرز سمیت ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کا معقول توازن دکھایا گیا ہے، جو کمپنی کی قیادت کرنے کے لیے مطلوبہ مہارتوں، بنیادی اہلیتوں اور صنعت کا علم رکھتے ہیں، جس سے بورڈ کے تمام اراکین کمپنی کے ہمارے ویژن اور مشن کے بیانات میں دیئے گئے اعلیٰ درجے کے اخلاقی اور پیشہ ورانہ معیارات سے واقف ہیں۔

بورڈ کمپنی کے مالی گوشواروں کے معیار اور موزونیت، انکشافات کی رپورٹنگ اور شفافیت، کمپنی کی اکاؤنٹنگ پالیسیوں، کارپوریٹ مقاصد کے منصوبوں، بجٹ اور دیگر رپورٹس کا جائزہ لیتا ہے۔ بورڈ نے ضابطہ اخلاق بھی وضع کیا ہے جو مطلوبہ رویہ کی وضاحت کرتا ہے اور اسے پوری کمپنی میں شائع کیا گیا ہے۔ مؤثر کنٹرول ماحول کو یقینی بنانے کے لیے مناسب کنٹرول اور مضبوط نظام موجود ہیں تاکہ کارپوریٹ گورننس کی بہترین پالیسیوں کی تعمیل ہو سکے۔

ہماری سماجی ذمہ داری کے طور پر ہم اپنے پلانٹ کے آس پاس ضرورت مندوں کی خدمت اور مدد کر رہے ہیں۔ ہم اپنے پلانٹس کے آس پاس کے اسکولوں کو صحت کی دیکھ بھال اور مدد فراہم کرتے رہتے ہیں۔ ہمارے سپانسر شدہ ہسپتال علاقے میں بہت زیادہ ضروری دیکھ بھال اور آسانیاں دیتے ہیں، اور ہمارے سپانسر شدہ سکول وظائف تمام طلباء کی مدد کرتے رہتے ہیں۔

میں اپنے ایمپلائز کی انتھک کوششوں کو سراہتا ہوں اور تمام اسٹیک ہولڈرز کے مسلسل تعاون، اعتماد اور مدد کا شکریہ ادا کرتا ہوں۔

Hasan Mahmood

چیرمین

لاہور: 25 فروری 2022ء

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, Nishat Developer (Pvt) Limited, Nishat Paper Products Company Limited.



MR. MAHMOOD AKHTAR (CEO)

Mr. Mahmood Akhtar holds an MBA degree from Punjab University and has over 39 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 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 40 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 37 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.



MR. AURANGZEB FIROZ

Mr. Aurangzeb Firoz is a graduate from the Lahore American School and of the University of London. He has completed 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, Remington Realities (Pvt) Ltd, City Agro Private Limited and At-Tahur Limited, City APIIT (Pvt) Limited.



MR. JAWAID IQBAL

Mr. Jawaid Iqbal is a Bachelor of Science from University of Pennsylvania, USA. He has over 24 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.

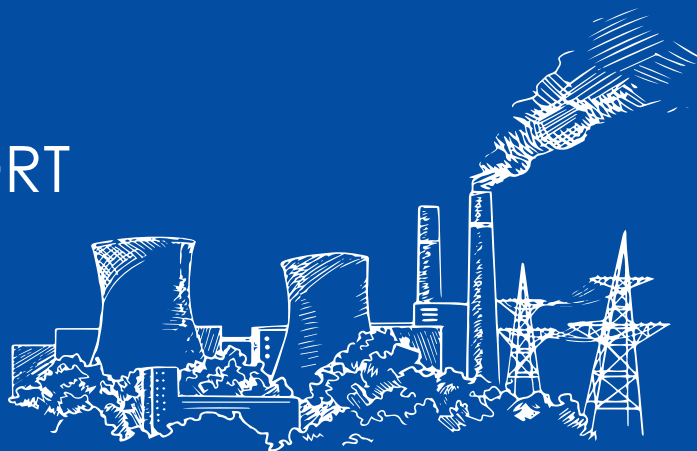


MRS. HAJRA ARHAM

Mrs. Hajra Arham is a fellow member of the institute of Chartered Accountants of Pakistan and has overall 26 years of working experience at management positions in the field of Financial Management, Taxation, Audit and Account functions and Human Resource Management in both public and private sector.

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, 2021 together with the auditors' report thereon.



GENERAL

Lalpir Power Limited ("the Company") was incorporated in Pakistan on 8 May 1994 under the repealed 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 Central Power Purchasing Agency (Guarantee) Limited (CPPA-G).

FINANCE AND SIGNIFICANT EVENTS

We report that during the year 2021 the total sales revenue of the Company was Rupees 18.654 billion (2020: Rupees 12.402 billion) and operating costs were Rupees 18.563 billion (2020: Rupees 7.378 billion), resulting in gross profit of Rupees 90.819 million (2020: Rupees 5.024 billion). During the year, there was a net loss of Rupees 806 million resulting in loss per share of Rupees 2.12 as compared to a net profit of Rupees 3.551 billion and earnings per share of Rupees 9.35 last year. The major reason of net loss for the current year is non-issuance of Capacity Purchase Price invoices amounting to Rs.3.922 billion started from 26-03-21 to 28-11-21, pursuant to PPA Amendment Agreement signed as per note 1.2 of the annexed financial statements.

We would like to draw your attention to emphasis of matter paragraph of the independent

Auditors' Report which describes signing of the PPA Amendment Agreement and Master Agreement. By signing of these agreements, the Company agreed to a tariff discount and resolved the outstanding disputes between the Parties. Please refer note 1.2 of the annexed financial statements for the further details.

Although the Company received a significant amount of Rs.34.656 billion on account of overdue receivables from CPPA-G during the current year including the two installments totaling Rs.15.483 billion, under the settlement agreement, however, 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 2021, an amount of Rupees 5.634 billion was outstanding against CPPA-G. We feel the overdue receivables may surmount once again, in future, if CPPA-G continues to default in making payments of overdue invoices on timely basis, due to the circular debt problem plaguing power sector of the country.

Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) had raised invoices for liquidated damages, amounting Rs.3.343 billion, to the Company from 11th to 22nd 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. The Company paid Rs.35.465 million, whereas remaining liquidated damages were disputed, for the shutdown period of the complex on account of non-availability of fuel due to cash

constraints of the Company as a result of default by CPPA-G in making timely payments. 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 was not binding on either party.

During the year ended 31 December 2018, the Company filed case for arbitration in the International Chamber of Commerce (ICC) to resolve the disputed matters. An arbitrator was appointed and the various hearings on these matters were held. On 18 December 2020, the Arbitrator has issued Final Award in which she has declared CPPA-G's attempt to set off amounts of Rupees 3.334 billion from Capacity Payments due to the Company as unlawful and directed CPPA-G that it cannot deduct amounts from invoices of the Company on the basis that the Company has procured fuel from suppliers other than PSO. The Arbitrator also ordered CPPA-G to pay to the Company: i) Rupees 192.813 million withheld from invoices of the Company; ii) Rupees 683.173 million being interest on delayed payments interest invoices; iii) interest on amounts awarded at the rate of State Bank of Pakistan's treasury six month Base Rate plus 2% per annum compounded semi-annually from the date of award till the date of payment and iv) US\$ 432,296.745 (50% of the total amount awarded, being the share of the Company) in respect of cost of arbitration and Company's legal costs together with interest at the rate of 4% per annum compounded quarterly from the date of award till the date of payment. Moreover, the Arbitrator also declare that CPPA-G is obliged to provide and maintain Letter of Credit under PPA.

During the previous year ended 31 December 2020, the Company in the larger national interest, voluntarily agreed to alter its existing contractual arrangements to the extent of, and strictly with respect to the matters listed under Memorandum of Understanding ("MoU").

During the current year ended 31 December 2021, the Company has entered into "Master Agreement" and "PPA Amendment Agreement" with CPPA-G in order to get payment of its overdue receivables as on 30th November 2020

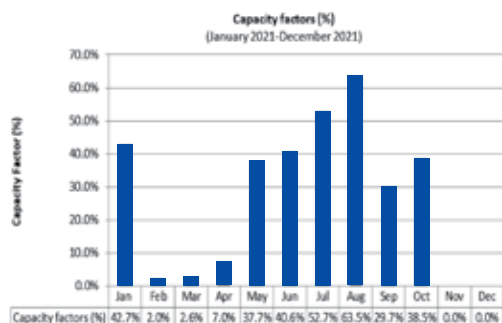
amounting to Rs.15.483 billion. According to the agreement, the Company has voluntarily reduced its Capacity Purchase Price (CPP) and Variable O & M by 11%. Furthermore, 50% of the reduced CPP shall not be indexed with USD Exchange rate and US CPI, collectively referred to as the "Tariff Discount". Whereas remaining 50% of reduced CPP shall continue to be indexed with USD Exchange rate and US CPI. The Parties have also agreed in good faith to attempt to resolve the outstanding ICC Award / Expert's determination.

The Company received first installment of 40% on 04 June 2021 and second installment of 60% on 29 November 2021, i.e. 100% of total outstanding balance of Rs.15.483 billion as on 30 November 2020 under the terms of PPA Amendment Agreement. Above installments have been made in the breakup of 1/3rd cash, 1/3rd in the form of tradeable Ijarah Sukuk, and 1/3rd in the form of tradeable Pakistan Investment Bonds (PIBs). Upon receipt of these installments, the Company has started giving Tariff Discounts (effective from 04 June 2021) to CPPA-G as mentioned above.

In continuation of above and for resolution of Arbitration Award/Expert Determination the Company signed another PPA Amendment Agreement with CPPA-G on 20th April 2021 (2nd Amendment). Under this Amendment, amongst other disputes resolution, the shutdown period of the Complex on account of non-availability of fuel has been treated as Other Force Majeure Event (OFME) under the PPA and Term of the PPA has been extended by 248 days. During the extended period of 23rd Agreement Year (i.e. 26-03-21 to 28-11-21), the company issued Energy Purchase Price (EPP) invoices only and did not issue Capacity Purchase Price (CPP) invoices amounting Rs.3.922 billion approximately, for these 248 days, and accordingly Liquidated Damages under the PPA, imposed on the Company for this period have been waived by the CPPA-G. The Company has started issuing CPP invoices from 29th November 2021, onwards, at the beginning of its 24th Agreement year. Moreover, the Company is entitled to send CPP invoices for these 248 days at the end of the PPA Term at the applicable indexations (i.e. USD and USCPI applicable for seventh agreement year).

OPERATIONS AND SIGNIFICANT EVENTS:

In response to load demanded by CPPA-G, the Lalpir plant operated at capacity factor of 26.7% with a load factor of 74.1% and an availability of 99.5% and dispatched 817.545 GWh of electricity during the year.



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 PPA amendment agreement dated April 20, 2021 the current Agreement Year has been extended for 248 days. Therefore, no Annual Capacity Test has been conducted during the year ended 31 December 2021. The Company will conduct its Annual Capacity Test in the year 2022 and its total dependable capacity till the next test is 350MW.

PERFORMANCE IMPROVEMENT

Continuous efforts are being made to improve the plant performance. Moreover, in-house focus for optimized operation and maintenance remained in place.

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.

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 accident 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 the Company's 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, the Company also arranges special eye camp for the local community on annual basis in collaboration with LRBT.
- Support a program for the free education to the house maids working in employee's community.
- 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 2021, were as follows;

Provident fund: 31 December 2021 is Rupees: 261.154 Million

Gratuity fund: 31 December 2021 is Rupees: 128.250 Million

COMPOSITION OF BOARD:

Total number of Directors:		
(a)	Male	6
(b)	Female:	1
Composition:		
(i)	Independent Directors	2
(ii)	Other Non-executive Directors	4
(iii)	Executive Directors	1

During the year under review, Six 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)	5
2	Mr. Mahmood Akhter (CEO)	6
3	Mr. Muhammad Azam	6
4	Mr. Inayat Ullah Niazi	6
5	Mr. Aurangzeb Firoz	4
6	Mr. Jawaid Iqbal	6
7	Mrs. Hajra Arham	5

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

Sr. #	Name of Members	No. of Meetings Attended
1	Mr. Jawaid Iqbal (Chairman)	4
2	Mr. Inayat Ullah Niazi (Member)	4
3	Mrs. Hajra Arham (Member)	4

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

Sr. #	Name of Members	No. of Meetings Attended
1.	Mian Hassan Mansha (Member)	1
2.	Mr. Jawaid Iqbal (Chairman)	1
3.	Mr. Inayat Ullah Niazi (Member)	1

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 37 of the annexed financial statements.

PATTERN OF SHAREHOLDING

The statement of pattern of shareholding as on 31 December 2021 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, 2021 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.

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 has not proposed any final dividend for the year ended 31 December 2021.

AUDITORS

The present auditors M/s Riaz Ahmad and Company, Chartered Accountants retired and being eligible, offer themselves for re-appointment for the year 2022. 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:
25th Feb, 2022



Mian Hassan Mansha
Chairman

ڈائریکٹر لال پیر پاور لمیٹڈ

ڈائریکٹر 31 دسمبر 2021 کو ختم ہونے والے سال کے لئے کمپنی کی سالانہ رپورٹ اور نظر ثانی شدہ مالی حسابات معاڈیز کی رپورٹ پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔

عام معلومات

لال پیر پاور لمیٹڈ ("کمپنی") Repealed کمپنیز آرڈیننس 1984 (ایب 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، مغلپاب، پاکستان میں 362 میگا واٹ کی مجموعی گنجائش کے متبادل 350 میگا واٹ کی ایک قابل اعتماد صلاحیت کے ساتھ تیل پر چلنے والا ایک بجلی گھر ("دی کمپلیکس") کا مالک، چلائنا اور برقرار رکھنا ہیں۔ بجلی کا واحد خریدار سنٹرل پاور پراجیکٹ ایجنسی (گورنری) لمیٹڈ (CPPA-G) ہے۔

مالی نتائج اور اہم نتائج

ہم بیان کرتے ہیں کہ سال 2021 کے دوران کمپنی کی فروخت کی کل آمدنی 18,654 ملین روپے (2020: 12,402 ملین روپے) اور آپریٹنگ اخراجات 18,563 ملین روپے (2020: 7,378 ملین روپے) جس کے نتیجے میں 90.819 ملین روپے کا مجموعی منافع (2020: 5,024 ملین روپے) حاصل ہوا تھا۔ کمپنی کو گزشتہ سال 3,551 ملین روپے خالص منافع اور 9.35 روپے فی شیئر آمدنی کے مقابلے میں موجودہ سال 806 ملین روپے خالص نقصان جس کے نتیجے میں 2.12 روپے فی شیئر نقصان ہوا۔ موجودہ سال کے لئے خالص نقصان کی بڑی وجہ منسلک مالیاتی گوشواروں کے نوٹ 1.2 کے مطابق پی پی اے ترمیمی معاہدے کی چودھویں میں، 21-03-26 سے 28-11-21 تک 3,922 ملین روپے کی کمپنی پر پئس انوائسز کا جاری نہ ہونا ہے۔

ہم آپ کی توجہ آزاد ڈیزیز کی رپورٹ کے اس پیراگراف کی طرف مبذول کرانا چاہتے ہیں جو پی پی اے ترمیمی معاہدے اور ماسٹر انگریڈینٹ پر دخل کرنے کی وضاحت کرتا ہے۔ ان معاہدوں پر دخل کر کے، کمپنی نے رعایتی ٹیرف پر اتفاق کیا اور فریقین کے درمیان بھائی تازہ گات کو مل کیا گیا۔ مزید تفصیلات کے لیے براہ کرم منسلک مالی گوشواروں کا نوٹ 1.2 ملاحظہ کریں۔

اگرچہ کمپنی کو سببیت معاہدہ کے تحت نکل 15,483 ملین روپے کی دوائی سلامیت موجودہ سال کے دوران CPPA-G سے زائد المیاد قابل وصولیوں کی مدد میں 34,656 ملین روپے کی نمایاں رقم موصول ہوئی تاہم، ہمارا واحد صارف CPPA-G بجلی کی خریداری کے معاہدے (PPA) جو حکومت پاکستان کی ایک خود مختار عدالت کے تحت حاصل کیا گیا کے مطابق اپنی ذمہ داریوں کو پورا کرنے کے قابل نہیں رہا۔ 31 دسمبر 2021 کو CPPA-G کے ذمہ بھائی رقم 5,634 ملین روپے تھی۔ ہمیں لگتا ہے کہ مستقبل میں، اگر CPPA-G ملک کے پاور سیکٹر میں گروتھی قرضوں کے مسئلے سے دوچار ہونے کی وجہ سے، وقت پر واجب الادا انوائسز کی ادائیگی میں تاخیر ہو رہا ہے تو ایک بار پھر واجب الادا وصولیوں میں اضافہ ہو سکتا ہے۔

سنٹرل پاور پراجیکٹ ایجنسی (گورنری) لمیٹڈ (CPPA-G) نے معاہدے کے 11 ویں سے 22 ویں سال کمپنی کی طرف سے بجلی کی کم فراہمی کی وجہ سے (بجلی کے خریداری معاہدہ کی شرائط کے تحت مقررہ جبری بندش انوائسز کو مد نظر رکھتے ہوئے) کمپنی کو 3,343 ملین روپے کے نقصانات کی انوائسز جمع کروائیں تھیں۔ کمپنی نے 35,465 ملین روپے ادا کیے، جب کہ باقی ماندہ نقصانات CPPA-G کی طرف سے بروقت ادائیگی کرنے میں تاخیر کی وجہ سے کمپنی کے کیش کی رکاوٹوں کی وجہ سے ایندھن کی عدم دستیابی کے باعث کمپلیکس کے بند ہونے کی مدت کے لیے متاثرہ تھے۔ کمپنی نے PPA میں دیے گئے طریق کار کے تحت چالٹی کا تقرر کیا۔ 22 جون 2017 کو عدالت نے اپنا فیصلہ کمپنی کے حق میں دیا۔ تاہم یہ فیصلہ کسی بھی فریق پر لازماً نہیں تھا۔

31 دسمبر 2018 کو ختم ہونے والے سال کے دوران، کمپنی نے تنازعہ معاملات کو حل کرنے کے لیے انگریڈینٹس جیبر آف کامرس (ICC) میں چالٹی کے لیے کیس دائر کیا۔ مذکورہ بالا معاملات کو حل کرنے کے لیے ایک ثالث مقرر کیا گیا اور ان معاملات پر کی سماعتیں ہوئیں۔ 18 دسمبر 2020 کو ثالث نے حتمی فیصلہ دیا جس میں اس نے واضح کیا کہ کمپنی کو واجب الادا کسٹی ادائیگیوں میں سے 3,334 ملین روپے کی رقم قلم کرنے کی CPPA-G کی کوشش غیر قانونی ہے اور CPPA-G کو دہانت کی ہے کہ کمپنی کی انوائسز سے رقم اس بنا پر منہا نہیں کی جاسکتی ہیں کہ کمپنی نے تیل PSO کے علاوہ پائپ سے خریدا ہے۔ ثالث نے CPPA-G کو یہ بھی حکم دیا ہے کہ کمپنی کو ادا کرے: (i) - 192,813 ملین روپے جو کمپنی کی انوائسز سے روکے گئے (ii) - 683,173 ملین روپے تاخیر سے ادائیگیوں کے سودی انوائسز پر سود (iii) اسٹیٹ بینک آف پاکستان کے ٹریژری چھ ماہ کے بینک ریٹ کے علاوہ 2% سالانہ دی گئی رقم پر سود جو سالانہ ایوارڈ کی تاریخ سے ادائیگی کی تاریخ تک اور

(iv) 432,296,745 امریکی ڈالر (ایوارڈڈ کل رقم کا 50 فیصد، بطور کمپنی کا شیئر) حوالی کی لاگت اور کمپنی کے قانونی اخراجات کے سلسلے میں ایوارڈ کی تاریخ سے لے کر ادائیگی کی تاریخ تک سرمایہ کی 4% سالانہ کی شرح سے سود کے ساتھ۔ مزید یہ کہ ٹالسٹ نے یہ بھی اعلان کیا کہ CPPA-G پنا پی اے کے تحت لیٹر آف کریڈٹ فراہم کرنے اور برقرار رکھنے کا پابند ہے۔

31 دسمبر 2020 کو ختم ہونے والے پچھلے سال کے دوران، کمپنی نے وسیع تر قومی مفاد میں اپنے موجودہ معاہدے کے انتظامات کو اس حد تک اور سختی کے ساتھ مفاہمت کی یادداشت ("ایم ایچ") کے تحت درج معاملات کے حوالے سے رضا کارانہ طور پر تبدیل کرنے پر اتفاق کیا۔

31 دسمبر 2021 کو ختم ہونے والے موجودہ سال کے دوران، کمپنی نے CPPA-G کے ساتھ "ماسٹر انگریڈینٹ" اور "PPA ترمیمی معاہدہ" کیا تاکہ 30 نومبر 2020 تک 15,483 ملین روپے کی واجب الادا وصولیوں کی ادائیگی حاصل کی جاسکے۔ معاہدے کے مطابق، کمپنی نے اپنی کچنی پر چھ پر اس (CPP) اور مینٹیننس O&M میں رضا کارانہ طور پر 11% کمی کی ہے۔ مزید برآں، کم کردہ CPP کا 50% امریکی ڈالر تکس ریٹ اور پالیسی CPI کے ساتھ ایڈجسٹ نہیں کیا جائے گا، جسے مجموعی طور پر "نیرف ڈسکاؤنٹ" کہا گیا ہے۔ جبکہ باقی ماندہ 50% کم شدہ CPP کو امریکی ڈالر تکس ریٹ اور پالیسی CPI کے ساتھ ایڈجسٹ نہیں کیا جاتا ہے۔ گارنٹین نے ٹیکس نئی سے بٹایا آئی سی سی ایوارڈ کو حل کرنے کی کوشش/ماہر کے عزم پر بھی اتفاق کیا ہے۔

کمپنی کو 04 جون 2021 کو 40% کی پہلی قسط اور 29 نومبر 2021 کو 60% کی دوسری قسط، یعنی PPA ترمیمی معاہدے کی شرائط کے تحت 30 نومبر 2020 تک 15,483 ملین روپے کے کل بٹایا رقم کا 100% مل گیا۔ بالا اقساط 1/3 نقد، 1/3 قابل تجارت اجارہ سکوک کی شکل میں، اور 1/3 قابل تجارت پاکستان انویسٹمنٹ بانڈز (PIBs) کی شکل میں دی گئی ہیں۔ ان اقساط کی وصولی کے بعد، کمپنی نے CPPA-G کو مذکورہ بالا نیرف ڈسکاؤنٹ (04 جون 2021 سے مؤثر) کو ریٹروغ کر دیا ہے۔

مذکورہ بالا کے سلسلے میں اور حوالی ایوارڈ/ماہر کے قصین کے حل کے لیے کمپنی نے CPPA-G کے ساتھ 20 اپریل 2021 (دوسری ترمیم) کو ایک دوسرے PPA ترمیمی معاہدے پر دستخط کیے۔ اس ترمیم کے تحت، دیگر تنازعات کے حل کے ساتھ، ایندھن کی عدم دستیابی کی وجہ سے کھانسیس کے بند ہونے کی مدت کو پنا پی اے کے تحت دیگر فورس میجور ایونٹ (OFME) کے طور پر خیال کیا گیا ہے اور پنا پی اے کی مدت میں 248 دن کی توسیع کی گئی ہے۔ معاہدے کے 23 ویں سال کی توسیع شدہ مدت (یعنی 21-26-03-21 سے 21-11-28) کے دوران، کمپنی نے صرف انرٹی پر چھ پر اس (ای پی پی) انوائس جاری کیے اور ان 248 دنوں کے لیے تقریباً 3,922 ملین روپے کی کٹوتی پر چھ پر اس (سی پی پی) انوائس جاری نہیں کی گئیں اور اس کے مطابق PPA کے تحت کمپنی پر اس مدت کے لیے عائد کیے گئے نقصانات کو CPPA-G نے معاف کر دیا ہے۔ کمپنی نے 29 نومبر 2021 سے اپنے معاہدے کے 24 ویں سال کے آغاز میں CPP انوائس جاری کرنا شروع کر دی ہیں۔ مزید برآں، کمپنی PPA کی مدت کے اختتام پر ان 248 دنوں کے لیے CPP انوائس قابل اطلاق ایڈجسٹمنٹ پر بھیجے کی مقدار ہے (یعنی معاہدے کے ساتویں سال کے لیے امریکی ڈالر اور امریکی CPI لاکھ ہوگا)۔

آپریٹنگ اور ایف ایم واقعات:

CPPA-G کی طرف سے مطلوبہ لوڈ کے جواب میں لال ہیر پلانٹ 74.1 فیصد لوڈ ٹیکنر اور 99.5 فیصد کی دستیابی کے ساتھ 26.7 فیصد کے ملاپتی مندر پر چلایا گیا اور 817.545 GWh بجلی ترسیل کی گئی۔

کم قیمت میں ہائیڈرو پاور جنریشن پلانٹس کی انٹرکشن کی بدولت یہ امید کی جاتی ہے کہ بہت زیادہ مطلب کے موسم میں، آرائل این جی کی عدم فراہمی کی صورت لپائی کی کمی کے سببوں میں لال ہیر بجلی کی ترسیل کے قابل ہوگا۔ یہ کمپنی کے ایندھن کے نقصانات کو کم از کم کرنے میں مدد کرے گا۔

سالانہ ملاپتی ٹیسٹ

20 اپریل 2021 کو PPA ترمیمی معاہدے کے مطابق مالیہ انگریڈینٹ سال میں 248 دن کی توسیع ہو گئی ہے۔ اس لئے 31 دسمبر 2021 کو ختم ہونے والے سال کے دوران کوئی سالانہ کچنی ٹیسٹ منعقد نہیں کیا گیا ہے۔ کمپنی سال 2022 میں اپنے سالانہ کچنی ٹیسٹ کا انعقاد کرے گی اور اگلے ٹیسٹ تک اس کی کل قابل پاور 350MW ہے۔

کارکردگی میں بہتری

پانچ کی کارکردگی کو بہتر بنانے کے لئے مسلسل کوششیں کی جارہی ہیں۔ مزید برآں، زیادہ سے زیادہ آپریشن اور ملٹی نیشنل پر مرکوز توجہ کو برقرار رکھا گیا ہے۔

کریڈٹ ریٹنگ

کھٹی PACRA سے مسلسل "AA" (ڈبل اے) طویل مدتی ریٹنگ اور "A1" (اے ون) مختصر مدتی ریٹنگ وصول کر رہی ہے۔ یہ ریٹنگ کھٹی 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۔

داخلی آڈٹ اور کنٹرول

یورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کو رپورٹ کرنے والے کو ایف ایف ڈی کی سربراہی میں ایک آزاد آڈٹ فنکشن قائم کیا ہے۔ کھٹی کے اندر داخلی آڈٹنگ کا اسکوپ واضح بیان کیا گیا ہے جو اسکے داخلی کنٹرول سسٹم کے جائزہ اور تفتیش میں مشغول ہے۔

ماحول صحت اور حفاظت

لال پور پاور پلانٹ 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 وقت کا کوئی ضیاع نہیں ہوا ہے۔

کارپوریٹ سماجی ذمہ داری (CSR) اور کمیونٹی ویلفیئر

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

کھٹی کی طرف سے چند CSR اقدامات میں شامل ہیں:

- کھٹی ایک بنیادی مرکز صحت چلا رہی ہے جو مقامی کمیونٹی کے لئے ہنگامی سہولیات اور تفتیش کی لیبارٹری سے مکمل طور پر ایس کیا گیا ہے۔ اس کے علاوہ کھٹی سالانہ بنیاد پر مقامی کمیونٹی کے لئے ایل آر ڈی کے تعاون سے خصوصی آئی کپ کا بھی انتظام کرتی ہے۔
- کھٹی ملازمین کی کمیونٹی میں گھریلو کام کرنے والوں کو مفت تعلیم دینے کے لئے ایک پروگرام میں تعاون کر رہی ہے۔
- کھٹی مقامی کمیونٹی کے مستحق طلباء کو ان کی پیشہ ورانہ تعلیم کے لئے سکا لرشپس دے رہی ہے۔
- ارد گرد کے علاقوں میں دستیچے پانے پرورشوں کی شجرکاری کی گئی ہے۔

کوڈ آف کارپوریٹ گورننس 2019 کی قبل

ڈائریکٹرز فہرست کمیٹی (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 اور پاکستان اسٹاک ایکسچینج کی رول بک کی ضروریات کی قبل اور اچھے کارپوریٹ گورننس کے لئے پُر عزم ہیں۔

CCG ریگولیشنز، 2019 کی قبل کا بیان منسلک ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

کھٹی کی انتظامیہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کی طرف سے جاری کردہ کارپوریٹ گورننس کے ضابطہء اخلاق اور کمیٹی آف ریٹینس کی دفعات کی منظوری کے مطابق اپنی ذمہ داریوں سے پوری طرح آگاہ ہے۔ حسب ذیل تہرے کارپوریٹ گورننس اور مسلسل بہتری کے اعلیٰ معیارات ادارے کی دابھلی کا اعتراف ہے۔

- کھٹی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی حسابات، اس کے امور پر پرجھک کے نتائج، نقدی بہاؤ اور ایکٹیو میں تبدیلیوں کو مضبوط طور پر ظاہر کرتے ہیں۔
- کھٹی کے کمات حیات 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 تعینات حیات 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 گورننگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- بورڈ کے تمام ڈائریکٹرز کا رپورٹ 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۔
- گزشتہ چھ سالوں کا کلیدی اور مالی اعداد و شمار رپورٹ کے ہمراہ منسلک ہے۔
- 31 دسمبر 2021 کو ختم ہونے والے سال کے مطابق پراویڈنٹ فنڈ اور گریجویٹ اسکیم میں سرمایہ کاری کی قدر حسب ذیل تھی:
پراویڈنٹ فنڈ: 31 دسمبر 2021 کو 261.154 ملین روپے
گریجویٹ فنڈ: 31 دسمبر 2021 کو 128.250 ملین روپے

بورڈ کی تشکیل:

ڈائریکٹرز کی کل تعداد	
(a) مرد	6
(b) خاتون	1
تھکیل	
(i) آزاد ڈائریکٹرز	2
(ii) دیگر نان ایگزیکٹو ڈائریکٹرز	4
(iii) ایگزیکٹو ڈائریکٹرز	1

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

نمبر شمار	نام ڈائریکٹر	تعداد اجلاس
1	میاں حسن منشاء (چیئرمین/ ڈائریکٹر)	5
2	جناب محمود اختر (سی ای او)	6
3	جناب محمد اعظم	6
4	جناب عنایت اللہ نیازی	6
5	جناب اورنگزیب فیروز	4
6	جناب جاوید اقبال	6
7	محترمہ ہاجرہ ارحم	5

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 (چیئر مین)	4
2	جناب عنایت اللہ نیازی (ممبر)	4
3	محترمہ ہاجرہ رحم (ممبر)	4

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

نمبر شمار	نام رکن	تعداد اجلاس
1	میاں حسن نشا (ممبر)	1
2	جناب جاوید اقبال (چیئر مین)	1
3	جناب عنایت اللہ نیازی (ممبر)	1

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 منسلک مالی حسابات کے نوٹ 37 میں منکشف ہے۔

حصص داری کا نمونہ:

بمطابق 31 دسمبر 2021 نمونہ حصص داری منسلک ہے۔

کمپنی کے حصص میں شریک:

31 دسمبر 2021 کو ختم ہونے والے سال کے دوران ڈائریکٹرز، ایگزیکٹو اور ان کے زوج اور نابالغ بچوں کی طرف سے لیکڈ کمپنی کے حصص میں کی گئی تمام تجارت اس سالانہ رپورٹ کے ہمراہ 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 ایکٹ 2017ء کی ضروریات کی لائن میں تھے۔ کمپنی ایسے تمام لین دین کا ریکارڈ برقرار رکھتی ہے۔

نافصل رسک منجمنٹ:

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 منجمنٹ 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 منجمنٹ 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 منجمنٹ 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 ٹرانزیکشنز پالیسیوں کی حدود کے مطابق کی جاتی ہیں۔

تقرقات:

بورڈ آف ڈائریکٹرز نے 31 دسمبر 2021 کو ختم ہونے والے سال کے لئے کوئی حتمی منافع منقسمہ تجویز نہیں کیا ہے۔

محاسب:

موجودہ محاسب میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں اور انہوں نے اہل ہونے کی بناء پر سال 2022 کے لئے دوبارہ تعیناتی کے لئے خود کو پیش کیا ہے بورڈ کی آڈٹ کمیٹی نے ریٹائر ہونے والے محاسب کی دوبارہ تقرری کی سفارش کی ہے۔

اظہار تشکر:

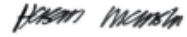
ہم اپنے قابل قدر حصص داران، CPPA-G، مالیاتی اداروں، قرض دہندگان، پاکستان اسٹیٹ آئل اور دیگر سپلائرز کے کمپنی پر اعتماد، یقین اور مسلسل حمایت کا شکریہ ادا کرتے ہیں جن کی بدولت کمپنی بہتر نتائج حاصل کرنے کے قابل ہوئی ہے۔
ہم ایک جدید اور حوصلہ افزاء کام کا ماحول قائم کرنے اور پاور پلانٹ کے تمام شعبوں میں کارکردگی کی اعلیٰ سطح کو فروغ دینے کے لئے انتظامیہ کی محنت کو سراہتے ہیں۔
ہم قابل ذکر نتائج کی فراہمی کے لئے ایگزیکٹوز اور عملے کے ارکان کی مسلسل حمایت، کوششوں اور عزم کے لئے بھی شکریہ ادا کرتے ہیں اور کمپنی کے ساتھ ان کے طویل تعلقات کے خواہش مند ہیں۔

منجانب مجلس نداء



(جناب محمود اختر)

چیف ایگزیکٹو آفیسر



(میاں حسن منشا)

چیرمین

لاہور: 25 فروری 2022ء

FINANCIAL DATA

	2021	2020	2019	2018	2017	2016
Dispatch level %	74.1%	55.7%	51.2%	56.2%	45.7%	52.2%
Dispatch(GWH)	818	341	395	868	1,399	1,601
Revenue(000)						
Revenue	18,653,788	12,402,237	12,840,474	16,809,658	18,313,076	15,366,041
Cost Of Sales	(18,562,969)	(7,378,149)	(8,711,954)	(14,918,104)	(16,508,376)	(13,510,090)
Gross Profit	90,819	5,024,088	4,128,520	1,891,554	1,804,700	1,855,951
Profitability (000)						
profit/(loss) before tax	(806,283)	3,551,394	2,043,780	747,472	972,340	994,697
Provision for tax	-	-	-	-	-	-
profit/(loss) after tax	(806,283)	3,551,394	2,043,780	747,472	972,340	994,697
Financial position (000)						
Non Current Assets	5,707,928	6,876,654	7,987,287	9,137,451	9,093,329	9,933,753
Current Assets	12,020,543	22,982,335	21,569,716	18,007,231	14,580,099	13,884,049
less: Current Liabilities	2,128,244	12,261,901	14,708,529	13,965,667	10,600,422	10,396,527
Net Working Capital	9,892,299	10,720,434	6,861,187	4,041,564	3,979,677	3,487,522
Capital Employed	15,600,227	17,597,088	14,848,474	13,179,015	13,073,006	13,421,275
less: Long term Loans	-	-	-	-	230,423	783,438
less: Deferred Liabilities	26,537	17,284	21,135	6,298	38,280	19,207
Less: Deferred Income - Government Grant	-	1,005	-	-	-	-
Less: Long Term Financing	-	54,453	-	-	-	-
Share Holders Equity	15,573,690	17,524,346	14,827,339	13,172,717	12,804,303	12,618,630
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-appropriated Profit	11,668,299	13,618,955	10,921,948	9,267,326	8,898,912	8,713,239
	15,573,690	17,524,346	14,827,339	13,172,717	12,804,303	12,618,630
Dividends (000)	1,139,517	854,637	379,839	379,839	-	379,839
Earning Per Share	(2.12)	9.35	5.38	1.97	2.56	2.62
P/E ratio	(4.72)	1.07	1.86	5.08	3.91	3.82
Delta Loss(000)	1,400,483	426,687	567,952	954,404	884,090	689,932
Ratio						
Break up value per share of						
Rs 10 Each share	41.00	46.14	39.04	34.68	33.71	33.22
current ratio	5.65	1.87	1.47	1.29	1.38	1.34
Net profit/(loss) to sales %	(4.32)	28.64	15.92	4.45	5.31	6.47

Vertical Analysis - Profit and Loss Account

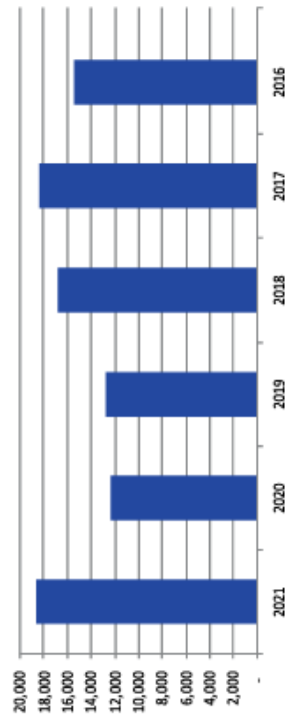
	2021	% of Turnover	2020	% of Turnover	2019	% of Turnover
Revenue	18,653,788	100	12,402,237	100	12,840,474	100
Cost of Sales	(18,562,969)	(99.51)	(7,378,149)	(59.49)	(8,711,954)	(67.85)
Gross Profit	90,819	0.49	5,024,088	40.51	4,128,520	32.15
Administration Expenses	(169,512)	(0.91)	(197,842)	(1.60)	(254,383)	(1.98)
Other operating Expenses	(35,244)	(0.19)	(4,546)	(0.04)	(167,245)	(1.30)
Other income	49,529	0.27	43,630	0.35	100,511	0.78
Finance Cost	(741,875)	(3.98)	(1,313,936)	(10.59)	(1,763,623)	(13.73)
Profit for the year	(806,283)	(4)	3,551,394	29	2,043,780	15.92

Horizontal Analysis - Profit and Loss Account

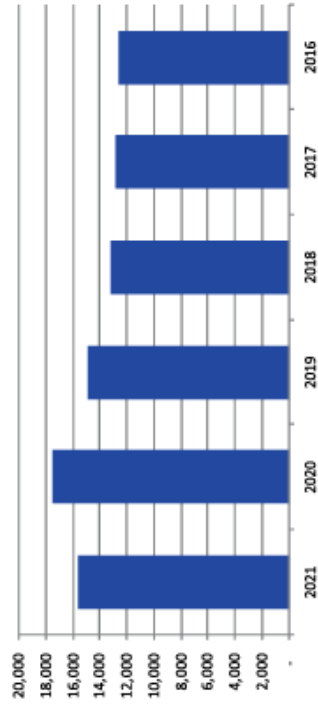
	2021	21 v 20	2020	20 v 19	2019	19 v 18
Revenue	18,653,788	50.41	12,402,237	(3.41)	12,840,474	(23.61)
Cost of Sales	(18,562,969)	151.59	(7,378,149)	(15.31)	(8,711,954)	(41.60)
Gross Profit	90,819	(98.19)	5,024,088	21.69	4,128,520	118.26
Administration Expenses	(169,512)	(14.32)	(197,842)	(22.23)	(254,383)	13.76
Other operating Expenses	(35,244)	675.27	(4,546)	(97.28)	(167,245)	167.28
Other income	49,529	13.52	43,630	(56.59)	100,511	(4.34)
Finance Cost	(741,875)	(43.54)	(1,313,936)	(25.50)	(1,763,623)	83.14
Profit for the year	(806,283)	(122.70)	3,551,394	73.77	2,043,780	173.43

PERFORMANCE REVIEW

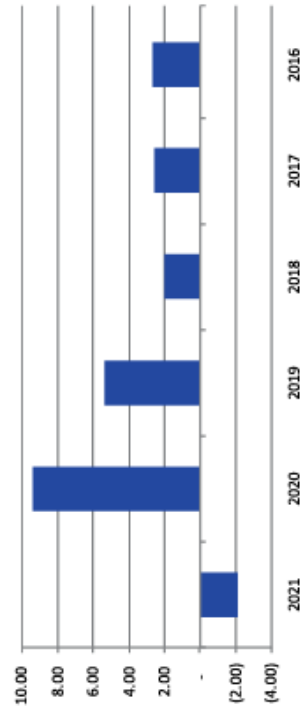
Turnover (Rs in Million)



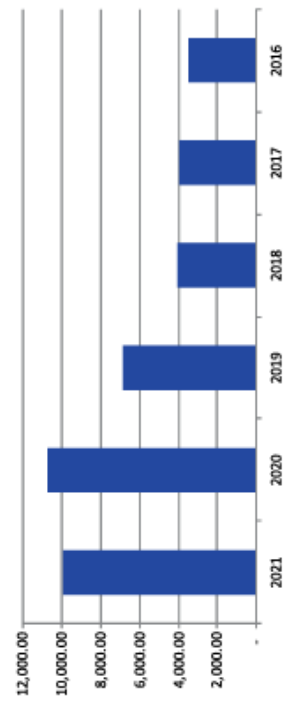
Shareholder Equity (Rs. In Million)



Earning per Share (Rs per share)



Working capital (Rs. In Million)



PATTERN OF SHAREHOLDINGS

As at December 31, 2021

# of Shareholders	Shareholdings' Slab		Total Shares Held
255	1	To 100	4,656
768	101	To 500	373,068
407	501	To 1000	398,161
616	1001	To 5000	1,777,363
214	5001	To 10000	1,781,565
62	10001	To 15000	824,500
51	15001	To 20000	953,424
40	20001	To 25000	950,292
18	25001	To 30000	512,000
11	30001	To 35000	364,105
8	35001	To 40000	308,000
12	40001	To 45000	508,480
33	45001	To 50000	1,631,500
6	50001	To 55000	318,000
11	55001	To 60000	641,003
6	60001	To 65000	379,500
5	65001	To 70000	345,000
7	70001	To 75000	513,500
4	75001	To 80000	311,000
2	80001	To 85000	162,500
8	85001	To 90000	705,500
2	90001	To 95000	188,000
24	95001	To 100000	2,399,000
2	100001	To 105000	206,000
1	105001	To 110000	108,000
1	110001	To 115000	115,000
3	115001	To 120000	349,787
1	120001	To 125000	125,000
1	125001	To 130000	125,500
3	130001	To 135000	399,000
4	135001	To 140000	556,000
2	140001	To 145000	283,500
3	145001	To 150000	450,000
1	150001	To 155000	153,500
2	155001	To 160000	319,000
1	160001	To 165000	164,500
2	165001	To 170000	340,000
2	170001	To 175000	345,000
1	175001	To 180000	179,000
2	180001	To 185000	366,000
1	185001	To 190000	190,000
4	195001	To 200000	798,500
1	210001	To 215000	211,000
1	220001	To 225000	225,000
4	225001	To 230000	908,250
1	230001	To 235000	231,500
1	235001	To 240000	240,000
2	245001	To 250000	500,000
1	250001	To 255000	251,000
1	275001	To 280000	277,500
1	285001	To 290000	290,000
3	295001	To 300000	895,500
1	310001	To 315000	313,000
1	330001	To 335000	333,000
1	335001	To 340000	336,000
2	345001	To 350000	700,000

# of Shareholders	Shareholdings' Slab			Total Shares Held
2	350001	To	355000	709,000
1	360001	To	365000	362,500
1	365001	To	370000	370,000
4	395001	To	400000	1,594,349
1	425001	To	430000	428,000
2	445001	To	450000	900,000
3	450001	To	455000	1,352,250
1	455001	To	460000	458,500
3	495001	To	500000	1,500,000
1	500001	To	505000	505,000
1	595001	To	600000	600,000
1	620001	To	625000	620,500
1	650001	To	655000	655,000
1	675001	To	680000	675,500
1	695001	To	700000	700,000
1	700001	To	705000	703,000
1	745001	To	750000	750,000
1	780001	To	785000	785,000
1	880001	To	885000	880,500
1	910001	To	915000	914,055
1	935001	To	940000	935,500
1	960001	To	965000	965,000
3	995001	To	1000000	3,000,000
1	1040001	To	1045000	1,042,500
1	1090001	To	1095000	1,095,000
1	1095001	To	1100000	1,095,500
1	1230001	To	1235000	1,233,500
1	1260001	To	1265000	1,264,000
1	1275001	To	1280000	1,277,500
1	1400001	To	1405000	1,403,500
1	1545001	To	1550000	1,550,000
1	1575001	To	1580000	1,579,500
1	1990001	To	1995000	1,992,000
1	1995001	To	2000000	2,000,000
1	2070001	To	2075000	2,071,402
1	2135001	To	2140000	2,138,000
1	2385001	To	2390000	2,388,000
1	2460001	To	2465000	2,461,500
1	3510001	To	3515000	3,513,000
1	5505001	To	5510000	5,506,500
1	6145001	To	6150000	6,145,500
1	6835001	To	6840000	6,836,547
1	7460001	To	7465000	7,464,000
1	9555001	To	9560000	9,555,500
1	14995001	To	15000000	15,000,000
1	21480001	To	21485000	21,480,500
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
2689				379,838,732

CATEGORIES OF SHAREHOLDERS

As at December 31, 2021

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors, and their spouse(s) and minor children			
HASAN MANSHA	2	25,993,762	6.84
AURANGZEB FIROZ	1	550	0.00
JAWAID IQBAL	2	451,250	0.12
MR. MAHMOOD AKHTAR	1	550	0.00
INYAT ULLAH NIAZI	1	500	0.00
HAJRA ARHAM	1	500	0.00
MUHAMMAD AZAM	1	500	0.00
Associated Companies, undertakings and related parties			
NISHAT MILLS LIMITED - Associated Company	2	109,393,555	28.80
SECURITY GENERAL INSURANCE CO LTD			
- Associated Company	2	6,836,548	1.80
ADAMJEE INSURANCE COMPANY LIMITED			
- Related Party	1	27,348,388	7.20
M/S. ENGEN (PRIVATE) LIMITED - Associated Company	1	551	0.00
MRS. BEGUM NAZ MANSHA - Related Party	1	57,000	0.02
JAHANGIR FIROZ - Related Party	1	69,011,371	18.17
NIT and ICP	-	-	-
Executives	-	-	-
Banks, Development Finance Institutions, Non-Banking Finance Companies			
	7	6,502,500	1.71
Insurance Companies	1	1,000,000	0.26
Mutual Funds and Modarabas	15	32,951,555	8.68
General Public			
a. Local	2,579	66,764,367	17.58
b. Foreign	18	102,500	0.03
Foreign Companies	-	-	-
Others	52	33,422,785	8.80
Totals	2,689	379,838,732	100.00

Share holders holding 5% or more		Shares Held	Percentage
NISHAT MILLS LIMITED - Associated Company	2	109,393,555	28.80
JAHANGIR FIROZ - Related Party	1	69,011,371	18.17
ADAMJEE INSURANCE COMPANY LIMITED	1	27,348,388	7.20
HASAN MANSHA	2	25,993,762	6.84
ATIQA BEGUM	1	21,480,500	5.66

Trading in the shares of the Company, carried out by its Directors, Chief Executive Officer, Chief Operating Officer Chief Financial Officer, Head of Internal Audit, Company Secretary, their Spouses and minor children and substantial shareholder during the period January 01, 2021 to December 31, 2021, are as under:

Name	No. of Shares	
	Purchase	Sold
1. Engen (Private) Limited - Substantial Shareholder	-	69,011,371
2. Mr. Jahangir Firoz - Substantial Shareholder	69,011,371	-

Under Succession:

Mr. Jawaid Iqbal, Director, received 450,750 shares of the Company in succession of his father
Mr. Iqbal Ali Mohammed (Late)

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

NAME OF COMPANY : LALPIR POWER LIMITED

YEAR ENDED: DECEMBER 31, 2021

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

1. The total number of Directors are seven (07) as per the following:

a. Male:	06
b. Female:	01

2. The composition of the Board is as follows:

CATEGORY	NAMES
Independent Directors	Mr. Jawaid Iqbal Mrs. Hajra Arham
Non-executive Director	Mian Hassan Mansha Mr. Aurangzeb Firoz Mr. Muhammad Azam Mr. Inayat Ullah Niazi
Executive Directors	Mr. Mahmood Akhtar (Chief Executive Officer)

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 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 the 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:

Name of Directors:

Mr. Jawaid Iqbal
Mr. Aurangzeb Firoz
Mr. Inayat Ullah Niazi
Mr. Mahmood Akhtar

Mr. Muhammad Azam meets the exemption criteria of minimum of 14 years of education and 15 years of experience on the Boards of listed companies, hence is exempt from Directors' training program.

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

Names	Designation held
Mr. Jawaid Iqbal	Chairman
Mr. Inayat Ullah Niazi	Member
Mrs. Hajra Arham	Member

b) HR and Remuneration Committee

Names	Designation held
Mr. Jawaid Iqbal	Chairman
Mian Hassan Mansha	Member
Mr. Inayat Ullah Niazi	Member

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

Four meetings were held during the financial year ended December 31, 2021.

b) HR and Remuneration Committee

One meeting of HR and Remuneration Committee was held during the financial year ended December 31, 2021.

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;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with;
19. Explanations for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

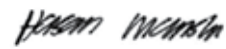
S r . No.	Requirement	Explanation of Non-Compliance	Regulation Number
1	Responsibilities of the Board and its members The Board is responsible for adoption of corporate governance practices by the company.	Non-mandatory provisions of the Regulations are partially complied. The company is deliberating on full compliance with all the provisions of the Regulations.	10(1)
2	Directors' Training At least 75% of the directors have acquired the prescribed certification under Directors Training upto December 31, 2021.	4 out of 7 directors of the Company have acquired Directors' Training Program certification. One director is exempt from Directors' Training Program.	19(1)
3	Directors' Training Companies are encouraged to arrange training for at least one female executive every year under the Directors' Training Program from year July 2020.	The Company has planned to arrange Directors' Training Program certification for female executives over the next few years.	19(3)
4	Nomination Committee The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	Currently, the Board has not constituted a separate nomination committee and the functions are being performed by the human resource and remuneration committee.	29
5	Risk Management Committee The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	Currently, the Board has not constituted a risk management committee and a senior officer of the Company performs the requisite functions and apprise the Board accordingly.	30
6	Disclosure of significant policies on website The Company may post key elements of its significant policies, brief synopsis of terms of reference of the Board's committees on its website and key elements of the directors' remuneration policy.	Although these are well circulated among the relevant employees and directors, the Board shall consider posting such policies and synopsis on its website in near future.	35

20. The two elected independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently, as per applicable laws and regulations. As they fulfill the necessary requirements as per applicable laws and regulations, hence, appointment of a third independent director is not warranted.



Lahore:
25th Feb, 2022

Mr. Mahmood Akhtar
Chief Executive Officer



Mian Hassan Mansha
Chairman

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 2021 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 2021.



RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: 25 February 2022

UDIN: CR202110132FYjHhgDNy

FINANCIAL STATEMENTS

For the Year Ended December 31, 2021





N I S H A T

LALPIR POWER LIMITED

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 2021, 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 2021 and of the loss 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 1.2 to the financial statements which highlights the signing of Master Agreement and PPA Amendment Agreements during the year to alter certain contractual arrangements for sale and purchase of electricity and to amicably resolve the dispute between the Parties. 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. These matters were 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 these matters.

Following is the Key audit matter:

Sr. No.	Key audit matter	How the matter was addressed in our audit
1.	<p>Contingencies</p> <p>As disclosed in note 12.1 to the accompanying financial statements, the Company has contingent liabilities in respect of various matters, which are pending adjudication before respective authorities and courts of law.</p> <p>Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules and regulations, and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provisions that may be required against such contingencies in accordance with applicable financial reporting standards.</p> <p>Due to significance of amounts involved, uncertainties with respect to the outcome of matters and use of significant management judgments and estimates to assess the same including related financial impacts, we considered this as a key audit matter.</p> <p>For further information on contingencies, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Contingent liabilities [note 2.1(c) and note 2.20 to the financial statements]. - Contingencies (note 12.1) to the financial statements. 	<p>Our audit procedures among others included obtaining an understanding of the process and controls on this area relevant to our audit. Further, we have:</p> <ul style="list-style-type: none"> • Obtained and reviewed detail of the pending matters and discussed the same with the Company's management; • Reviewed the correspondence of the Company with the relevant authorities, tax and legal advisors, including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved; • Obtained and reviewed confirmations from the Company's external tax and legal advisors for their views on the probable outcome of the pending tax cases and other contingencies. • Involved internal tax professionals to assess reasonability of management's conclusions on such pending matters; • Reviewed and evaluated the adequacy of disclosures made in respect of such contingencies in accordance with the requirements of the financial reporting standards as applicable in Pakistan.

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 Ordinance.

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



RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: 25 February 2022

UDIN: AR2021101328jbBQOCSx

STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	2021 (Rupees in thousand)	2020
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 500,000,000 (2020: 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		11,668,299	13,618,955
Total equity		15,573,690	17,524,346
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	-	54,453
Employee benefit - gratuity	6	26,537	17,284
Deferred income - Government grant	7	-	1,005
		26,537	72,742
CURRENT LIABILITIES			
Trade and other payables	8	370,024	999,793
Accrued mark-up / profit	9	55,346	219,509
Short term borrowings	10	1,639,669	10,980,235
Current portion of non-current liabilities	11	55,458	54,776
Unclaimed dividend		7,747	7,588
		2,128,244	12,261,901
Total liabilities		2,154,781	12,334,643
CONTINGENCIES AND COMMITMENTS	12		
TOTAL EQUITY AND LIABILITIES		17,728,471	29,858,989

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

	Note	2021 (Rupees in thousand)	2020
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	13	5,694,942	6,768,043
Investment properties	14	-	92,767
Long term investment	15	-	-
Long term loans to employees	16	12,636	15,494
Long term security deposits		350	350
		5,707,928	6,876,654
CURRENT ASSETS			
Stores, spare parts and other consumables	17	913,118	889,650
Fuel stock	18	2,597,661	1,018,582
Trade debts	19	5,633,622	18,831,180
Short term investment	20	-	5,733
Loans, advances and short term prepayments	21	363,263	60,834
Loan to associated company	22	350,000	350,000
Other receivables	23	289,871	478,722
Advance income tax		270,442	264,688
Accrued interest	24	3,123	2,496
Sales tax recoverable		1,487,421	951,513
Cash and bank balances	25	19,969	128,937
		11,928,490	22,982,335
Non-current assets classified as held for sale	26	92,053	-
		12,020,543	22,982,335
TOTAL ASSETS		17,728,471	29,858,989



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	2021 (Rupees in thousand)	2020
REVENUE FROM CONTRACT WITH CUSTOMER	27	18,653,788	12,402,237
COST OF SALES	28	(18,562,969)	(7,378,149)
GROSS PROFIT		90,819	5,024,088
ADMINISTRATIVE EXPENSES	29	(169,512)	(197,842)
OTHER EXPENSES	30	(35,244)	(4,546)
OTHER INCOME	31	49,529	43,630
(LOSS) / PROFIT FROM OPERATIONS		(64,408)	4,865,330
FINANCE COST	32	(741,875)	(1,313,936)
(LOSS) / PROFIT BEFORE TAXATION		(806,283)	3,551,394
TAXATION	33	-	-
(LOSS) / PROFIT AFTER TAXATION		(806,283)	3,551,394
OTHER COMPREHENSIVE (LOSS) / INCOME:			
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS:			
REMEASUREMENTS OF DEFINED BENEFIT PLAN		(4,856)	250
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		-	-
		(4,856)	250
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR		(811,139)	3,551,644
(LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	34	(2.12)	9.35

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 2021

	SHARE CAPITAL	RESERVES		TOTAL EQUITY
		Capital	Revenue	
		Retained payments reserve	Un-appropriated profit	
(-----Rupees in thousand-----)				
Balance as at 31 December 2019	3,798,387	107,004	10,921,948	14,827,339
Transactions with owners:				
First interim dividend for the year ended 31 December 2020 @ Rupees 1.25 per share	-	-	(474,798)	(474,798)
Second interim dividend for the year ended 31 December 2020 @ Rupee 1 per share	-	-	(379,839)	(379,839)
	-	-	(854,637)	(854,637)
Profit for the year ended 31 December 2020	-	-	3,551,394	3,551,394
Other comprehensive income for the year ended 31 December 2020	-	-	250	250
Total comprehensive income for the year ended 31 December 2020	-	-	3,551,644	3,551,644
Balance as at 31 December 2020	3,798,387	107,004	13,618,955	17,524,346
Transactions with owners:				
Final dividend for the year ended 31 December 2020 @ Rupee 1 per share	-	-	(379,839)	(379,839)
First interim dividend for the year ended 31 December 2021 @ Rupee 1 per share	-	-	(379,839)	(379,839)
Second interim dividend for the year ended 31 December 2021 @ Rupee 1 per share	-	-	(379,839)	(379,839)
	-	-	(1,139,517)	(1,139,517)
Loss for the year ended 31 December 2021	-	-	(806,283)	(806,283)
Other comprehensive loss for the year ended 31 December 2021	-	-	(4,856)	(4,856)
Total comprehensive loss for the year ended 31 December 2021	-	-	(811,139)	(811,139)
Balance as at 31 December 2021	3,798,387	107,004	11,668,299	15,573,690

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 2021

	Note	2021 (Rupees in thousand)	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35	11,319,028	4,978,777
Finance cost paid		(902,470)	(1,476,797)
Gratuity paid		(10,481)	(19,127)
Net decrease in long term loans to employees		5,309	13,962
Income tax paid		(5,754)	(8,246)
Net cash from operating activities		10,405,632	3,488,569
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on fixed assets		(15,969)	(9,032)
Interest received		30,045	40,166
Investment made in Pakistan Investment Bonds and Government Ijara Sukuks		(10,322,012)	-
Proceeds from sale of Pakistan Investment Bonds and Government Ijara Sukuks		10,316,430	-
Proceeds from disposal of operating fixed assets		5,873	64
Net cash from investing activities		14,367	31,198
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing obtained		-	110,234
Long term financing repaid		(54,776)	-
Dividends paid		(1,139,358)	(850,862)
Net cash used in financing activities		(1,194,134)	(740,628)
Net increase in cash and cash equivalents		9,225,865	2,779,139
Cash and cash equivalents at beginning of the year		(10,845,565)	(13,624,704)
Cash and cash equivalents at end of the year		(1,619,700)	(10,845,565)
CASH AND CASH EQUIVALENTS			
Cash in hand		427	208
Cash at banks		19,542	128,729
Short term investment		-	5,733
Short term borrowings		(1,639,669)	(10,980,235)
		(1,619,700)	(10,845,565)

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 2021

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. Head office of the Company is situated at 1-B, Aziz Avenue, Canal Road, Gulberg V, 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. As per the terms of PPA Amendment Agreement dated 20 April 2021 referred in note 1.2(a) to these financial statements, the current agreement year that was ending on 25 March 2021 was extended by 248 days to 28 November 2021. Therefore, the existing term of PPA has been extended by 248 days to thirty years and two hundred forty-eight days ending on 28 November 2028.

1.2 Significant events occurred during the year

a) Master Agreement and PPA Amendment Agreements

The Committee for negotiations with Independent Power Producers (“IPPs”) as notified by the Government of Pakistan (GoP) through notification number F.No.IPPs-1(12)/2019-20 dated 03 June 2020 and the IPPs representing the 1994 Power Policy projects, including the Company had several rounds of discussions. Therefore, on 18 August 2020, the Company in the larger national interest, voluntarily agreed to alter its existing contractual arrangements to the extent of, and strictly with respect to the matters listed under Memorandum of Understanding (“MoU”). In order to convert the MoU into binding agreement between the Company and CPPA-G (the “Parties”), the Government of Pakistan through notification number F.No.IPPs-1(12)/2020 (Vol-II) dated 07 October 2020 constituted Implementation Committee who had several rounds of discussions with the Parties. As a result, on 12 February 2021, the Parties have signed “Master Agreement” and “PPA Amendment Agreement” to alter certain contractual agreements for sale and purchase of electricity, as desired by MoU.

Under the Master Agreement, the Parties, among other matters, have agreed on the following:

Competitive trading arrangement

The Government of Pakistan intends to create a competitive power market and the Company, without prejudice to the terms of its generation license, shall actively support and participate in the competitive trading arrangements.

Assistance and support in tax issues

CPPA-G shall assist and support the Company in tax issues with Federal Board of Revenue including apportionment of input sales tax on Capacity Purchase Invoices [note 12.1(ii) to these financial statements], minimum tax on Capacity Purchase Price invoices and taxability of late payment charges [note 12.1(iii) to these financial statements].

Under the PPA Amendment Agreement, the Parties have agreed on the following:

Mechanism of settlement of long outstanding receivables

The total outstanding amount of Rupees 15,482.757 million as on 30 November 2020 be paid in two installments without affecting the right of the Company to receive late payment interest under the PPA. First installment of 40% of the aforementioned total outstanding

amount be paid within 30 business days from the date of signing of PPA Amendment Agreement. Second installment of 60% of the aforementioned total outstanding amount be paid within six months after the date of first installment. These installments comprise of 1/3rd in cash, 1/3rd in the form of 10 year floating rate Pakistan Investment Bonds (PIBs) and 1/3rd in the form of floating rate GoP Ijara Sukuks.

Discounts in tariff components

The Company shall submit its invoices with tariff discount i.e.

- (a) on the basis of the applicable Capacity Purchase Price and Variable O&M reduced by 11%;
- (b) USD exchange rate and US CPI indexations shall apply on (i) reduced variable O&M and (ii) 50% of the reduced Escalable Component of the Capacity Purchase Price, and;
- (c) USD exchange rate applicable on remaining 50% of reduced Escalable Component of the Capacity Purchase Price shall not be less than the National Bank of Pakistan's TT/OD selling PKR/USD rate prevailing at the date of signing of the agreement and shall not exceed exchange rate of Rupees 168.60/USD. US CPI indexation shall be the rate applicable for the month of August 2020.

In the event of default by CPPA-G, the Company shall suspend giving tariff discounts from the date of default and the amendment shall terminate automatically, if not cured within a period of seventy days.

Resolution of disputes

The Parties shall in good faith attempt to amicably resolve the disputes as mentioned in note 1.2(b) to these financial statements.

Abolition of requirements of SBLC

The Parties agree that the requirement for "Company Letter of Credit" and "WAPDA Letter of Credit" is hereby deleted in its entirety.

During the year ended 31 December 2021, the Company has received total outstanding balance of Rupees 15,482.757 million under the terms of PPA Amendment Agreement. Upon receipt of first installment on 04 June 2021, the Company has started giving tariff discounts to CPPA-G as mentioned above.

On 20 April 2021, the Parties have signed another PPA Amendment Agreement to change certain contractual arrangements for sale and purchase of electricity and to amicably resolve the disputes between the Parties. The Parties, among other matters, have agreed on the following;

Different arbitration disputes as detailed in note 1.2(b) to these financial statements have been resolved in the following manner:

- The Company has waived off interest on interest and in return would get payments based on First In First Out (FIFO) basis;
- The shutdown period of the Complex on account of non-availability of fuel has been treated as Other Force Majeure Event under the PPA and term of the PPA has been extended by 248 days. During this extended period, the Company will issue Energy Purchase Price invoices only and will not issue Capacity Purchase Price invoices for these 248 days, and accordingly liquidated damages imposed on the Company for this period shall be withdrawn by the CPPA-G;

- The Company is entitled to procure fuel from any licensed Oil Marketing Company other than Pakistan State Oil Company Limited.

Upon execution of this Agreement, the Parties shall jointly approach the relevant courts to withdraw all pending litigations. The Company has started the necessary formalities in this regard.

During the year ended 31 December 2021, the Parties have started complying with the conditions stipulated in the above mentioned PPA Amendment Agreement. Had the Company issued Capacity Purchase Price invoices for these 248 days, the revenue of the Company as detailed in note 27 to these financial statements would have been increased by Rupees 3,921.964 million.

The management has also assessed the accounting implications of the abovementioned developments in relation to the impairment of Cash Generating Unit ("CGU") comprising of tangible assets under IAS 36 'Impairment of Assets'. However, according to management's assessment, there is no impact on these financial statements.

b) Resolution of outstanding matters relating to International Chamber of Commerce (ICC) award Expert's determination

Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) has raised invoices for liquidated damages to the Company from 11th to 22nd (up to August 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 3,343.482 million (2020: Rupees 3,343.482 million). Out of these, the Company has accepted and paid Rupees 35.465 million (2020: Rupees 35.465 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 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 on interest invoices is due at the date of the latest invoice submitted by the Company (till the date of request for arbitration).

An arbitrator was appointed to resolve the aforementioned matters and the various hearings on these matters were held. On 18 December 2020, the Arbitrator has issued Final Award in which he has declared CPPA-G's attempt to set off amounts of Rupees 3.334 billion from capacity payments due to the Company as unlawful and directed CPPA-G that it cannot deduct amounts from invoices of the Company on the basis that the Company has procured fuel from suppliers other than PSO. The Arbitrator also ordered CPPA-G to pay to the Company: i) Rupees 192.813 million withheld from invoices of the Company; ii) Rupees 683.173 million being interest on delayed payments interest invoices; iii) interest on amounts awarded at the rate of State Bank of Pakistan's treasury six month Base Rate plus 2% per annum compounded semi-annually from the date of award till the date of payment and iv) US\$ 432,296.745 (50% of the total amount awarded, being the share of the Company) in respect of cost of arbitration and Company's legal costs together with interest at the rate of 4% per annum compounded quarterly from the date of award till the date of payment. Moreover, the Arbitrator also declared that CPPA-G is obliged to provide and maintain Letter of Credit under PPA.

During the year ended 31 December 2020, the Company in the larger national interest, voluntarily agreed to alter its existing contractual arrangements to the extent of, and strictly with respect to the matters listed under Memorandum of Understanding (“MoU”). On 12 February 2021, the Company has entered with CPPA-G into “Master Agreement” and “PPA Amendment Agreements” on the basis of MoU. Under the PPA Amendment Agreement, the Parties have agreed in good faith to attempt to resolve the outstanding ICC Award / Expert's determination.

On 20 April 2021, the Parties have signed another PPA Amendment Agreement to resolve the disputes relating to aforementioned ICC Award / Expert's determination which are more fully explained in note 1.2(a) to these financial statements. Upon execution of this Agreement, the Parties shall jointly approach the relevant courts to withdraw all pending litigations. The Company has started the necessary formalities in this regard.

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 under the historical cost convention except as otherwise stated in the respective accounting policies.

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 and investment properties, 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.

Contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on the judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the statement of financial position date.

Revenue from contract with customer involving sale of electricity (Note 2.31)

Provisions

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many

years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss and other comprehensive income unless the provision was originally recognised as part of cost of an asset.

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 to these financial statements.

d) Amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 January 2021:

- IFRS 16 (Amendments) 'Leases'
- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 4 'Insurance Contracts' and IFRS 7 'Financial Instruments: Disclosures'

The above-mentioned amendments to approved accounting standards did not have any impact on the amounts recognised in prior period 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 amendments to published standards that are mandatory for accounting periods beginning on or after 01 January 2021 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 2022 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 01 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to

contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022:

- IFRS 9 'Financial Instruments' – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 'Leases' – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 'Leases' by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgement') effective for annual periods beginning on or after 01 January 2023. These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Earlier, IAS 1 states that an entity shall disclose its 'significant accounting policies' in their financial statements. These amendments shall assist the entities to disclose their 'material accounting policies' in their financial statements.

Covid-19-Related Rent Concessions (Amendment to IFRS 16 'Leases') effective for annual reporting periods beginning on or after 01 April 2021. These amendments permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 'Income taxes') effective for annual periods beginning on or after 01 January 2023. These amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors') effective for annual periods beginning on or after 1 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

The above amendments and improvements are likely to have no significant impact on the financial statements.

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 2022 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 13.1. 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.

Change in accounting estimate

During the year ended 31 December 2021, the term of PPA was extended by a period of 248 days as an 'Other Force Majeure Event', thereby resulting in an increase in useful lives of buildings on freehold land, plant and machinery for the same number of days. Such a change in useful lives has been accounted for as a change in an accounting estimate in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. The effect of this change in the accounting estimate on the loss before taxation for the year ended 31 December 2021, carrying amount of operating fixed assets as at that date and future profits before taxation is not material, hence, has not been detailed in these financial statements.

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 Leases

Exemption from requirements of IFRS 16 'Leases' 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:

	2021 (Rupees in thousand)	2020
De-recognition of fixed assets	(5,661,961)	(6,731,753)
Recognition of lease debtor	2,515,923	17,277,292
De-recognition of trade debts	(512,988)	(15,131,130)
Decrease in un-appropriated profit at the beginning of the year	(4,585,591)	(5,378,094)
Increase in profit for the year	926,564	792,503
Decrease in un-appropriated profit at the end of the year	(3,659,027)	(4,585,591)

2.5 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.

2.6 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.

2.7 Investments and other financial assets

a) Classification

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 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.

2.8 Financial liabilities – 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.

2.9 Impairment of financial assets

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.

2.10 De-recognition of financial assets and financial liabilities

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.

2.11 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.

2.12 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.

2.13 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Figures are rounded off to the nearest thousands of Pak Rupees.

2.14 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.

2.15 Employee benefits

2.15.1 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.

2.15.2 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 2021 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 profit or loss.

2.16 Inventories

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

2.16.1 Fuel stock

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

2.16.2 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. Provision for obsolete and slow moving items is made based on management's estimate.

2.17 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.

2.18 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.

2.19 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.

2.20 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.

2.21 Taxation

2.21.1 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.

2.21.2 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.

2.22 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, balance with banks in current, saving and deposit accounts, other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values and short-term borrowings under mark-up arrangements.

2.23 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.

2.24 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.

2.25 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. SECP through SRO 985(I)/2019 dated 02 September 2019 and SRO 1177 (I)/2021 dated 13 September 2021 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 2022 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.

2.26 Trade debts

Trade debts are amounts due from CPPA-G in the ordinary course of business. They are generally due for settlement as referred to in note 2.31 and therefore are all classified as current. 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.

2.27 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.

2.28 Trade and other payables

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

2.29 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.

2.30 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2.31 Revenue recognition

Revenue shall be recognized when (or as) the Company satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset and thus has the ability to direct the use and obtain the benefits from the good or service.

Sale of electricity

Revenue from sale of electricity to CPPA-G, the sole customer of the Company, is recorded on the following basis:

- Capacity Purchase Price revenue is recognized over time, based on the capacity made available to CPPA-G; and
- Energy Purchase Price revenue is recognized at a 'point in time' based on the Net Electrical Output (NEO) delivered to CPPA-G.

Capacity Purchase Price revenue and Energy Purchase Price revenue is recognized based on the rates specified under the mechanism laid down in Power Purchase Agreement (PPA).

Invoices are generally raised on a monthly basis and are due after 25 days from acknowledgement by CPPA-G.

Interest

Delayed payment markup on amounts due under the PPA is accrued on a time proportion basis by reference to the amount outstanding and the applicable rate of return under the PPA.

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.

2.32 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of fixed assets are included in non-current liabilities as deferred income and are credited to profit or loss over the expected lives of the related assets.

2.33 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

2021 (Number of Shares)	2020		2021 (Rupees in thousand)	2020
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 (Note 3.2)	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
<u>379,838,732</u>	<u>379,838,732</u>		<u>3,798,387</u>	<u>3,798,387</u>

3.1 Ordinary shares of the Company held by associated companies:

	2021 (Number of shares)	2020
Nishat Mills Limited	109,393,555	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	551	69,011,922
	<u>143,579,042</u>	<u>212,589,863</u>

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.

	2021 (Rupees in thousand)	2020
Long term financing	54,453	105,661
Short term borrowings	1,639,669	10,980,235
Cash and bank balances	(19,969)	(128,937)
Net debt	<u>1,674,153</u>	<u>10,956,959</u>
Equity	<u>15,573,690</u>	<u>17,524,346</u>
Capital and net debt	<u>17,247,843</u>	<u>28,481,305</u>
Gearing ratio	<u>9.71%</u>	<u>38.47%</u>

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

From banking company - secured

	2021 (Rupees in thousand)	2020
Loan under State Bank of Pakistan (SBP) Refinance Scheme (Note 5.1)	54,453	105,661
Less: Current portion shown under current liabilities (Note 11)	(54,453)	(51,208)
	-	54,453

5.1 These term finance facilities, aggregating to Rupees 110.234 million are obtained by the Company under SBP Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Refinance Scheme). These finance facilities and short term borrowings from MCB Bank Limited - related party are secured against first joint pari passu hypothecation charge of Rupees 3,125 million over current assets of the Company. These finance facilities are payable in 8 equal quarterly installments commenced from 01 January 2021 and ending on 01 October 2022. Mark-up is payable quarterly at the rate of SBP refinance rate plus 2.00% to 3.00% per annum. These finance facilities are recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustments are recognized at discount rates ranging from 7.51% to 8.48% per annum.

6. EMPLOYEE BENEFIT - GRATUITY

The latest actuarial valuation of the defined benefit plan as at 31 December 2021 was carried out using the Projected Unit Credit Method. Details of the plan as per the actuarial valuation are as follows:

	2021 (Rupees in thousand)	2020
6.1 Statement of financial position reconciliation:		
Present value of defined benefit obligation (Note 6.2)	154,787	137,652
Fair value of plan assets (Note 6.3)	(128,250)	(120,368)
Liability recognized at reporting date	26,537	17,284
6.2 Movement in present value of defined benefit obligation:		
Present value of obligation at the beginning of the year	137,652	118,063
Current service cost	14,182	14,072
Interest cost	12,432	12,780
Benefits paid	(10,481)	(4,127)
Remeasurement	1,002	(3,136)
Present value of obligation at the end of the year	154,787	137,652
6.3 Movement in fair value of plan assets:		
Fair value of plan assets at the beginning of the year	120,368	96,928
Contributions	-	15,000
Interest income	11,736	11,326
Benefits paid on behalf of fund by the Company	10,481	4,127
Benefits paid by fund	(10,481)	(4,127)
Remeasurement	(3,854)	(2,886)
Fair value of plan assets at the end of the year	128,250	120,368
6.4 Actual return on plan assets	7,882	8,440
6.5 Plan assets consist of the followings:		
Term deposit receipts	17,095	89,507
Government treasury bills	76,654	-
Units of mutual funds	32,287	29,884
Cash at banks	2,214	977
	128,250	120,368

	2021 (Rupees in thousand)	2020
6.6 Net movement in liability:		
Opening liability	17,284	21,135
Charge for the year (Note 6.7)	14,878	15,526
Remeasurements recognized in other comprehensive income (Note 6.8)	4,856	(250)
Contributions	-	(15,000)
Benefits paid on behalf of fund	(10,481)	(4,127)
Closing liability	26,537	17,284
6.7 Charge for the year recognized in profit or loss:		
Current service cost	14,182	14,072
Interest cost - net	696	1,454
Charge for the year	14,878	15,526
6.8 Remeasurements recognised in other comprehensive income:		
Remeasurement loss / (gain) on defined benefit obligation	1,002	(3,136)
Remeasurement loss on fair value of plan assets	3,854	2,886
	4,856	(250)
6.9	Plan assets held in the trust are governed by local regulations which mainly includes the Trusts Act, 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:

	2021 (- - - - - Rupees in thousand - - - - -)	2020	2019	2018	2017
Present value of defined benefit obligation	154,787	137,652	118,063	98,165	173,049
Fair value of plan assets	(128,250)	(120,368)	(96,928)	(91,867)	(134,769)
Deficit	26,537	17,284	21,135	6,298	38,280
Remeasurement loss / (gain) on defined benefit obligation	1,002	(3,136)	2,788	(8,602)	7,145
Remeasurement loss on fair value of plan assets	(3,854)	(2,886)	(6,531)	(7,821)	(19,844)

6.11 Principal actuarial assumptions used:

	2021 (% per annum)	2020
Discount rate	11.75	9.75
Expected rate of increase in salary	11.75	9.75
Expected rate of return on plan assets	11.75	9.75

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 16.490 million.

6.14 The Company's contribution to defined benefit plan in 2022 is expected to be Rupees 20.689 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 7.76 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 (Rupees in thousand)	Decrease in assumption
Discount rate	1	143,938	167,136
Future salary increases	1	167,741	143,224

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 -----)					
19,433	11,187	51,147	59,869	383,399	525,035

7. DEFERRED INCOME - GOVERNMENT GRANT

	2021 (Rupees in thousand)	2020
Opening balance	4,573	-
Recognized during the year	-	6,623
Less: Amortized during the year (Note 31)	(3,568)	(2,050)
	1,005	4,573
Less: Current portion shown under current liabilities (Note 11)	(1,005)	(3,568)
	-	1,005

7.1 The State Bank of Pakistan (SBP), through its Circular No. 06 of 2020 dated 10 April 2020 has introduced a temporary Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns (the Refinance Scheme). The Refinance Scheme is funded by SBP. Borrowers can obtain loans from the banks and ease their cash flow constraints to avoid layoffs. One of the key feature of the Refinance Scheme is that borrowers can obtain loan at mark-up rates that are below normal lending rates. As per International Accounting Standard 20 (IAS 20) "Accounting for Government Grants and Disclosure of Government Assistance" the benefit of a Government loan at a below-market rate of interest is treated as a Government Grant. The Company has obtained this loan as disclosed in note 5 to the financial statements. In accordance with IFRS 9 "Financial Instruments" loan obtained under the Refinance Scheme was initially recognised at its fair value which is the present value of loan proceeds received, discounted using prevailing market rates of interest for a similar instrument. Hence, the benefit of the below-market rate of interest has been measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. This benefit is accounted for and presented as deferred grant in accordance with IAS 20. The grant is being amortised in the statement of profit or loss and other comprehensive income, in line with the recognition of interest expense the grant is compensating. There are no unfulfilled conditions or contingencies attached to these grants.

	2021 (Rupees in thousand)	2020
8. TRADE AND OTHER PAYABLES		
Creditors	135,968	501,048
Accrued liabilities	88,718	85,012
Workers' profit participation fund payable (Note 8.1)	-	279,759
Workers' welfare fund payable (Note 8.2)	111,904	111,904
Income tax deducted at source	27,927	2,000
Payable to provident fund trust	62	5,012
Payable to related party - Hyundai Nishat Motor (Private) Limited	463	-
Others	4,982	15,058
	<u>370,024</u>	<u>999,793</u>
8.1 Workers' profit participation fund payable		
Opening balance	279,759	102,189
Allocation for the year (Note 30.2)	-	177,570
Payments made to the fund during the year	(279,759)	-
Closing balance	<u>-</u>	<u>279,759</u>
8.2 Workers' welfare fund payable		
Opening balance	111,904	40,876
Allocation for the year (Note 30.3)	-	71,028
Payments made to the fund during the year	-	-
Closing balance	<u>111,904</u>	<u>111,904</u>
9. ACCRUED MARK-UP / PROFIT		
Long term financing		
- MCB Bank Limited - related party	-	689
Short term borrowings		
- MCB Bank Limited - related party	-	38,796
- Others	55,346	180,024
	<u>55,346</u>	<u>218,820</u>
	<u>55,346</u>	<u>219,509</u>

10. SHORT-TERM BORROWINGS

From banking companies - secured:

Running finances (Note 10.1)

- MCB Bank Limited - related party
- Others

Running musharakah and murabaha (Note 10.2)

	2021 (Rupees in thousand)	2020
	-	176,339
	1,564,669	5,603,971
	1,564,669	5,780,310
	75,000	5,199,925
	1,639,669	10,980,235

10.1 The Company has total working capital finance facilities of Rupees 7,158 million (2020: Rupees 11,308 million) available from banking companies out of which Rupees 5,594 million (2020: Rupees 5,528 million) remained unutilized at year end. These facilities carry mark-up at average offer rate for 1 week to 3 months KIBOR plus 0.10% to 2.00% (2020: 1 month to 3 months KIBOR plus 0.30% to 2.50%) per annum payable weekly / monthly / quarterly (2020: monthly / quarterly). The effective mark-up rate charged during the year ranged from 7.49% to 11.51% (2020: 7.43% to 16.18%) per annum. These facilities are secured by way of charge to the extent of Rupees 9,250 million (2020: Rupees 18,313 million) on the present and future current assets of the Company.

10.2 These murabaha and musharakah facilities are obtained from Islamic banks aggregating to Rupees 8,975 million (2020: Rupees 9,325 million) to meet short term working capital requirements out of which Rupees 8,900 million (2020: Rupees 4,125 million) remained unutilized at year end. These facilities carry profit at the average offer rate for 1 month KIBOR to 6 months KIBOR plus 0.20% to 1.00% (2020: 1 month KIBOR to 6 months KIBOR plus 0.40% to 2.50%) per annum payable monthly / quarterly / semi annually (2020: quarterly / semi annually). The effective profit rate charged during the year ranged from 7.57% to 9.77% (2020: 7.65% to 16.11%) per annum. These facilities are secured by way of first charge on current assets and plant and machinery amounting to Rupees 12,094 million (2020: Rupees 11,806 million).

11. CURRENT PORTION OF NON-CURRENT LIABILITIES

Long term financing (Note 5)
Deferred income - Government grant (Note 7)

	2021 (Rupees in thousand)	2020
	54,453	51,208
	1,005	3,568
	55,458	54,776

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

- i) 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.

- ii) 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 the Honorable Supreme Court of Pakistan as well as review application before the Court.

Further, on 25 May 2021, DCIR issued a show cause notice under section 11(2) of the Sales Tax Act, 1990 for the tax periods from July 2016 to March 2021 regarding the disallowance of input sales tax amounting to Rupees 632.049 million on similar grounds as explained above. The Company challenged the jurisdiction of DCIR by filling the writ petition before the Honorable Lahore High Court, Lahore (the Court). The Court vide order dated 02 August 2021 directed the Company to comply with the notice. On 03 August 2021, DCIR passed an assessment order against the Company by disallowing the input tax amounting to Rupees 632.049 million along with the default surcharge and penalty without providing any opportunity of being heard. Being aggrieved with the order of DCIR,

the Company preferred an appeal before CIR(A). On 10 November 2021, CIR(A) annulled the order passed by DCIR and directed to allow reasonable time to the Company of being heard. Against the order of CIR(A), the Company has filed an appeal before ATIR which is pending for hearing.

On 08 April 2021, Assistant Commissioner Inland Revenue (ACIR) issued a show cause notice under section 11(2) of the Sales Tax Act, 1990 for the tax periods from January 2017 to December 2017 regarding the disallowance of input sales tax amounting to Rupees 699.763 million alongwith default surcharge and penalty on similar grounds as explained above. On 19 June 2021, ACIR passed a detailed order whereby the recoverability of sales tax claimed against capacity purchase price amounting to Rupees 699.763 million alongwith default surcharge and penalty was connected with the outcome of decision of Honorable Supreme Court in the same matter as disclosed above. Moreover, ACIR also raised a demand of Rupees 4.612 million on account of inadmissible claim of input sales tax and sales tax on sale of residue of extracts from furnace oil. The Company has filed an appeal before CIR(A) against the order of ACIR which is pending adjudication.

Based on the advice of legal counsel, the management is of the view that there are meritorious grounds available to defend these cases. Consequently, no provision for these cases has been made in these financial statements.

- iii) 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 being heard. 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.
- iv) 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.
- v) 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 4.453 million (2020: Rupees 4.213 million) paid on such goods in its respective monthly sales tax returns. On 29 January 2020, the

Honourable Lahore High Court, Lahore has modified its earlier order dated 24 October 2019 and remanded back the case to assessing / adjudicating officer to interpret clauses (h) and (i) to sub-section (1) of section 8 of the Sales Tax Act, 1990 on case to case basis. The management has strong grounds to believe that the case will be decided in favor of the Company. Therefore, no provision has been made in these financial statements.

- vi) During the year ended 31 December 2019, Deputy Commissioner Inland Revenue (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 Commissioner Inland Revenue (Appeals) [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. Further, CIR(A) connected the decision regarding the adjustment of input sales tax in respect of building materials amounting to Rupees 7.982 million with the outcome of the appeal filed in Honourable Lahore High Court, Lahore as disclosed in note 12.1(v) to these financial statements. Being aggrieved with the order of CIR(A), the Company preferred an appeal before the Appellate Tribunal Inland Revenue (ATIR) challenging the disallowance of input sales tax. On 22 April 2021, ATIR remanded back the case to assessing officer for fresh consideration and to decide the case related to adjustment of input sales tax in respect of building materials in light with the judgment passed by Honourable Lahore High Court, Lahore after providing reasonable opportunity of being heard to the Company. 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.
- vii) DCIR has passed an order on 04 February 2020 under section 11 of the Sales Tax Act, 1990 whereby input sales tax on various furnace oil invoices was disallowed and sales tax refund amounting to Rupees 58.489 million was rejected. Being aggrieved with the order of DCIR, the Company filed appeal before CIR(A). On 28 April 2020, CIR(A) remanded back the case to assessing officer for fresh consideration. DCIR reinitiated the remanded back proceedings and passed an order on 04 June 2020 whereby partial relief to the Company was granted and sales tax refund of Rupees 34.507 million was rejected. Being aggrieved with the remanded back proceedings of DCIR, the Company filed an appeal before CIR(A) on 11 June 2020. On 02 June 2021, CIR(A) passed an order whereby the decision of DCIR regarding rejection of sales tax refund of Rupees 34.507 was upheld. Being aggrieved with the order of CIR(A), the Company has filed appeal before ATIR which is pending for hearing. Based on the advice of the legal counsel, the management is of the view that meritorious grounds are available to defend the disallowance of input sales tax. Consequently, no provision for such disallowance has been made in these financial statements.
- viii) On 26 January 2021, DCIR passed an order under sections 122(1) and 122(5) of the Income Tax Ordinance, 2001 for the tax year 2018 and raised a demand of Rupees 10.680 million on account of tax on profit on debt. The Company applied for rectification under section 221 of the Income Tax Ordinance, 2001. Consequently, on 24 August 2021, DCIR issued a rectification order whereby demand has been reduced to Rupees 6.308 million. Being aggrieved by the rectification order, the Company filed an appeal before CIR(A) which is pending for hearing. Based on tax advisor's opinion, the management is confident that the matter will be decided in favour of the Company and accordingly no provision against the demand has been made in these financial statements.
- ix) Amended assessment orders were issued by the Additional Commissioner Inland Revenue (ACIR) under section 122(5A) of the Income Tax Ordinance, 2001 for tax years 2015, 2016

and 2017 whereby taxable income for the tax years under reference was recomputed to increase by Rupees 57.335 million on account of interest income, income from property, minimum tax on capacity sales, scrap sales, gain on sale of fixed assets and confrontation of tax credit under repealed section 65B of the Income Tax Ordinance, 2001. Against the aforesaid orders, the Company preferred appeals before CIR(A). On 02 July 2021, CIR(A) passed the orders whereby the orders of ACIR were upheld in respect of all the matters except for the taxation of gain on sale of fixed assets which was remanded back to ACIR for consideration in view of the judgments of ATIR / Honorable Superior Courts. Being aggrieved with the orders of CIR(A), the Company preferred appeal before the ATIR which is pending adjudication. Based on the opinion of tax advisor, the management has strong grounds to believe that the case will be decided in favor of the Company. Therefore, no provision has been made in these financial statements.

- x) During the year ended 31 December 2017, the Company has challenged, before the Honorable Lahore High Court, Lahore (the Court), the legality of enhancement of canal water rates from Rupees 86.52 per 10,000 cubic feet to Rupees 100 per 1,000 cubic feet as notified by the Punjab Irrigation Department (the Department). On 27 March 2018, the said notification of the Department was set aside by the Court. Against the order of the Court, the Department has filed an appeal before a division bench of Honorable Lahore High Court, Lahore which is pending adjudication. The management, based on the advice of its legal counsel, has strong grounds to believe that the case will be decided in favor of the Company. Therefore, no provision has been made in these financial statements.
- xi) 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.
- xii) During the year ended 31 December 2021, CPPA-G has deducted Rupees 223.613 million from the Energy Purchase Price invoices and General Sales Tax invoices for the months of January, February, March and June on account of fuel procured from a non-PSO source. Based on the detailed examination of relevant facts, the management believes that such deductions from invoices are not justified as the electricity has been produced from such fuel. In accordance with the terms of the PPA, to recover the deducted amounts, the Company is in the process of issuing a formal dispute notice to CPPA-G. The Company, based on the advice of the legal counsel, believes that there are meritorious grounds available to recover the above mentioned amounts.
- xiii) The Company has filed application to Federal Board of Revenue ("the Board") to condone the time limits to correct the wrongly carried forward input sales tax relating to tax period February 2013 amounting to Rupees 61.461 million. It was also prayed that the Board should call for a report on factual merits of the Company's application. However, the Board has not yet requisitioned this report from the relevant field formation. The Company is in the process of filing further reminder to the relevant authorities for expeditious disposal of the case. Based on the advice of the tax advisor, the management expects favorable outcome of the matter. Hence, no provision has been made in these financial statements.

- xiv) The Company has identified certain sales tax invoices relating to tax periods from July 2010 to September 2017 where the Company has duly discharged the liabilities by making payments to suppliers whereas input sales tax aggregating to Rupees 95.166 million has not been adjusted against the output sales tax for the respective tax periods. The Company has filed application to Federal Board of Revenue ("the Board") to condone the time limits regarding the above explained matter. In response to the Company's application, the Board has called for a report on factual merits of the Company's application. Deputy Commissioner Inland Revenue (DCIR), in accordance with the directions of the Board, issued letters to the Company to submit relevant documentary evidence in order to prepare the report for the Board. On 22 April 2019, the Company duly complied with those letters by submitting all the necessary / relevant data. Due to the transfer of jurisdictions in September 2020, the files relating to these matters have not yet been further pursued by the new relevant field formation. The Company is in the process of filing further reminder to the relevant authorities for expeditious disposal of the case. Based on the advise of the tax advisor, the management expects favorable outcome of the matter. Hence, no provision has been made in these financial statements.
- xv) The banks of the Company have issued letters of credit in favour of CPPA-G amounting to Rupees 596 million (2020: Rupees 596 million) to meet its obligations under the Power Purchase Agreement (PPA).
- xvi) 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 1,000 million (2020: Rupees 500 million).

12.2 Commitments

- 12.2.1 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.

- 12.2.2 Commitments in respect of other than capital expenditure

13. FIXED ASSETS

- Operating fixed assets (Note 13.1)
Capital work-in-progress (Note 13.2)

2021 (Rupees in thousand)	2020
166,526	18,735
5,694,942	6,767,565
-	478
5,694,942	6,768,043

13.1 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 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
Year ended 31 December 2020											
Opening 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
Additions	-	-	-	126,517	617	-	3,008	814	-	-	130,956
Disposals / derecognitions:											
Cost	-	-	-	-	-	(136)	(118)	-	-	-	(254)
Accumulated depreciation	-	-	-	-	-	128	118	-	-	-	246
Depreciation charge	-	(66,339)	(4,134)	(1,021,055)	(951)	(6,470)	(3,024)	(4,388)	(82)	(6)	(8)
Closing net book value	10,399	458,266	2,796	6,263,088	2,172	10,813	8,314	11,615	61	41	6,767,565
At 31 December 2020											
Cost	10,399	1,256,888	41,342	15,292,772	22,629	76,745	82,536	88,255	1,857	1,453	16,874,876
Accumulated depreciation	-	(798,622)	(38,546)	(9,029,684)	(20,457)	(65,932)	(74,222)	(76,640)	(1,796)	(1,412)	(10,107,311)
Net book value	10,399	458,266	2,796	6,263,088	2,172	10,813	8,314	11,615	61	41	6,767,565
Year ended 31 December 2021											
Opening net book value	10,399	458,266	2,796	6,263,088	2,172	10,813	8,314	11,615	61	41	6,767,565
Additions	-	1,607	-	1,419	631	9,688	1,379	1,723	-	-	16,447
Disposals / derecognitions:											
Cost	-	-	-	-	(19)	(14,843)	(489)	(107)	-	-	(15,458)
Accumulated depreciation	-	-	-	-	19	14,610	489	107	-	-	15,225
Depreciation charge	-	(66,015)	(2,796)	(1,006,802)	(802)	(5,574)	(3,036)	(3,756)	(50)	(6)	(233)
Closing net book value	10,399	393,858	-	5,257,705	2,001	14,694	6,657	9,582	11	35	5,694,942
At 31 December 2021											
Cost	10,399	1,258,495	41,342	15,294,191	23,241	71,590	83,426	89,871	1,857	1,453	16,875,865
Accumulated depreciation	-	(864,637)	(41,342)	(10,036,486)	(21,240)	(56,896)	(76,769)	(80,289)	(1,846)	(1,418)	(11,180,923)
Net book value	10,399	393,858	-	5,257,705	2,001	14,694	6,657	9,582	11	35	5,694,942
Annual rate of depreciation (%)		3.33-20	10	4.45-33.3	10-20	20	10-33.3	10-33.3	10-20	10	

	2021 (Rupees in thousand)	2020
13.1.1 The depreciation charge for the year has been allocated as follows:		
Cost of sales (Note 28)	1,072,817	1,087,394
Administrative expenses (Note 29)	16,020	19,055
	<u>1,088,837</u>	<u>1,106,449</u>

13.1.2 Operating fixed assets include fixed assets costing Rupees 934.990 million (2020: Rupees 480.644 million) which are fully depreciated but still in the use of the Company.

13.1.3 Particulars of immovable properties are as follows:

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

	2021 (Rupees in thousand)	2020
13.2 Capital work-in-progress		
Plant and machinery	-	467
Furniture and fittings	-	11
	<u>-</u>	<u>478</u>

13.2.1 Movement in capital work-in-progress is as follows:

	Categories					
	Buildings	Plant and machinery	Furniture and fittings	Office and other equipment	Electric equipment	Total
	----- Rupees in thousand -----					
As at 31 December 2019	-	121,809	169	-	424	122,402
Add: Additions during the year	-	5,175	434	-	355	5,964
Less: Transferred to operating fixed assets during the year:	-	126,517	592	-	779	127,888
As at 31 December 2020	-	467	11	-	-	478
Add: Additions during the year	1,607	1,419	581	55	1,206	4,868
Less: Transferred to operating fixed assets during the year	1,607	1,886	592	55	1,206	5,346
As at 31 December 2021	-	-	-	-	-	-

14. INVESTMENT PROPERTIES

	2021 (Rupees in thousand)	2020
Land (Note 26.1 and 14.1)	-	80,919
Buildings (Note 26.1 and 14.1)	-	11,848
	-	92,767

	Land	Buildings	Total
	(Rupees in thousand)		

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

Year ended 31 December 2020

Opening net book value	80,919	12,562	93,481
Depreciation charge (Note 30)	-	(714)	(714)
Closing net book value	80,919	11,848	92,767

At 31 December 2020

Cost	80,919	14,282	95,201
Accumulated depreciation	-	(2,434)	(2,434)
Net book value	80,919	11,848	92,767

Year ended 31 December 2021

Opening net book value	80,919	11,848	92,767
Depreciation charge (Note 30)	-	(714)	(714)
Reclassified to non-current assets held for sale	(80,919)	(11,134)	(92,053)
Closing net book value	-	-	-
Annual rate of depreciation (%)		5	

14.1 Particulars of investment properties (sold subsequent to the reporting date) were as follows:

Description	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

15. LONG TERM INVESTMENT

Associated company - under equity method

Nishat Energy Limited - unquoted
250,000 (2020: 250,000) fully paid ordinary shares
of Rupees 10 each
Equity held 25% (2020: 25%) at cost

Share of reserve

Opening balance
Less: Share of loss

Closing balance
Less: Impairment loss

Carrying amount under equity method

	2021 (Rupees in thousand)	2020
	2,500	2,500
Opening balance	(1,658)	(1,658)
Less: Share of loss	-	-
Closing balance	(1,658)	(1,658)
Less: Impairment loss	(842)	(842)
Carrying amount under equity method	-	-

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

	2021 (Rupees in thousand)	2020
Non-current assets	-	-
Current assets	47	47
Total assets	47	47
Liabilities	225	150
Net assets	(178)	(103)
Loss for the year (Note 15.2)	(75)	(75)

15.2 Nishat Energy Limited (NEL) is a public limited company incorporated in Pakistan. The registered office of NEL is situated at 1-B, Aziz Avenue, Canal Bank, Gulberg V, Lahore. 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.

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

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

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

16. LONG-TERM LOANS TO EMPLOYEES

Considered good:

	2021 (Rupees in thousand)	2020
Executives (Note 16.1)	20,861	26,811
Other employees	1,880	1,239
	22,741	28,050
Current portion shown under current assets (Note 21)		
Executives	(9,576)	(11,807)
Other employees	(529)	(749)
	(10,105)	(12,556)
	12,636	15,494
16.1 Reconciliation of carrying amount of loans to executives:		
Opening balance	26,811	40,088
Add: Transferred from other employees to executives	412	-
Add: Disbursements	10,649	1,065
	37,872	41,153
Less: Repayments	(17,011)	(14,342)
Closing balance	20,861	26,811

16.1.1 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 26.141 million (2020: Rupees 36.427 million).

16.2 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.

16.3 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.

17. STORES, SPARE PARTS AND OTHER CONSUMABLES

	2021 (Rupees in thousand)	2020
Stores, spare parts and other consumables (Note 17.1)	978,171	954,703
Less: Provision for slow moving / obsolete items (Note 17.2)	(65,053)	(65,053)
	913,118	889,650

17.1 These include stores in transit of Rupees 5.988 million (2020: Rupees 10.324 million). Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

	2021 (Rupees in thousand)	2020
17.2 Provision for slow moving / obsolete items:		
Opening balance	65,053	65,053
Add: Provision made during the year	-	-
Closing balance	65,053	65,053
18. FUEL STOCK		
Furnace oil	2,577,911	1,001,850
Diesel	19,750	16,732
	2,597,661	1,018,582
19. TRADE DEBTS - secured		
Other than related parties - considered good	5,633,622	18,831,180

19.1 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 4,254.601 million (2020: Rupees 10,910.960 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 10.00% to 15.75% (2020: 10.00% to 15.75%) per annum. Trade debts include unbilled receivables of Rupees 302.064 million (2020: Rupees 1,451.277 million).

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

	2021 (Rupees in thousand)	2020
Neither past due nor impaired	1,357,240	3,663,649
Past due but not impaired:		
- 26 to 90 days	4,052,769	1,887,303
- 91 to 180 days	121	2,028,042
- 181 to 365 days	223,492	3,128,836
- Above 365 days	-	8,123,350
	4,276,382	15,167,531
	5,633,622	18,831,180

20. SHORT TERM INVESTMENT

	2021 (Rupees in thousand)	2020
Government Treasury Bills (Note 20.1)	-	5,687
Add: Interest accrued thereon	-	46
	-	5,733

20.1 These carry interest at the rate of 7.14% per annum.

21. LOANS, ADVANCES AND SHORT-TERM PREPAYMENTS

Current maturity of long term loans to employees (Note 16)	10,105	12,556
Advances - considered good:		
- to employees for expenses	120	40
- to employees against salary	4,154	1,642
- to suppliers - unsecured	336,738	38,495
Short term prepayments	12,146	8,101
	363,263	60,834

22. LOAN TO ASSOCIATED COMPANY

Nishat Hotels and Properties Limited (Note 22.1 and 22.2)	350,000	350,000
---	---------	---------

22.1 This represents working capital loan given to Nishat Hotels and Properties Limited. This carries mark-up 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 25 April 2022. This is secured against corporate guarantee of the associated company. The effective rate charged during the year ranged from 8.45% to 10.51% (2020: 8.32% to 14.68%) per annum.

22.2 The maximum aggregate amount receivable from related party at the end of any month during the year was Rupees 350 million (2020: Rupees 350 million).

23. OTHER RECEIVABLES

	2021 (Rupees in thousand)	2020
Recoverable from CPPA-G as pass through item:		
Workers' profit participation fund (Note 23.1)	177,570	365,750
Workers' welfare fund (Note 23.2)	111,904	111,904
Due from related party - Nishat (Aziz Avenue) Hotels and Properties Limited (Note 23.3)	397	-
Others	-	1,068
	289,871	477,654

	2021 (Rupees in thousand)	2020
23.1 Workers' profit participation fund		
Opening balance	365,750	237,915
Allocation for the year (Note 30.2)	-	177,570
Amount received during the year	(188,180)	(49,735)
Closing balance	177,570	365,750

23.2 Workers' welfare fund		
Considered good (Note 23.2.1)	111,904	111,904
Considered doubtful	13,216	13,216
Provision for doubtful receivable	(13,216)	(13,216)
	-	-
	111,904	111,904

23.2.1 Considered good

Opening balance	111,904	40,876
Allocation for the year (Note 30.3)	-	71,028
Amount received during the year	-	-
Closing balance	111,904	111,904

23.3 It is in ordinary course of business, unsecured and interest free. It is neither past due nor impaired. The maximum aggregate amount receivable from related party at the end of any month during the year was Rupees 0.397 million.

	2021 (Rupees in thousand)	2020
24. ACCRUED INTEREST		
On loan to associated company: Nishat Hotels and Properties Limited	3,123	2,496

24.1 It is neither past due nor impaired. The maximum aggregate amount receivable from related party at the end of any month during the year was Rupees 3.124 million (2020: Rupees 4.352 million).

	2021 (Rupees in thousand)	2020
25. CASH AND BANK BALANCES		
Cash in hand	427	208
Cash with banks on:		
Saving accounts (Note 25.1)	470	126,372
Current accounts	19,072	2,357
	19,542	128,729
	19,969	128,937

25.1 Saving accounts carry profit at the rates ranging from 2.57% to 7.25% (2020: 5.50% to 11.25%) per annum.

25.2 Included in cash with banks are Rupees 15.727 million (2020: Rupees 0.068 million) with MCB Bank Limited - related party.

	2021 (Rupees in thousand)	2020
26. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE		
Land (Note 14)	80,919	-
Buildings (Note 14)	11,134	-
	<u>92,053</u>	<u>-</u>

26.1 Investment properties held for sale

On 27 December 2021, the directors of the Company decided to sell investment properties (houses) of the Company. Subsequent to the reporting period, investment properties of the Company were disposed of for Rupees 180 million.

26.2 Non-recurring fair value measurements

Investment properties classified as held for sale during the reporting period were measured at the lower of their carrying amount and fair value less costs to sell at the time of the reclassification. The fair value of the investment properties was determined using evidence of actual sale of investment properties, subsequent to the reporting period. This is a level 1 measurement as per the fair value hierarchy set out in note 41(i) of these financial statements.

	2021 (Rupees in thousand)	2020
27. REVENUE FROM CONTRACT WITH CUSTOMER		
Energy purchase price	18,200,171	5,417,184
Less: Sales tax	(2,644,469)	(787,112)
	<u>15,555,702</u>	<u>4,630,072</u>
Capacity purchase price	1,978,174	6,141,459
Delayed payment mark-up	1,119,912	1,630,706
	<u>18,653,788</u>	<u>12,402,237</u>
28. COST OF SALES		
Fuel cost (Note 28.1)	16,102,502	5,001,962
Operation and maintenance costs (Note 28.2)	637,234	560,673
Insurance	750,326	727,996
Depreciation (Note 13.1.1)	1,072,817	1,087,394
Liquidated damages to CPPA-G	90	124
	<u>18,562,969</u>	<u>7,378,149</u>

	2021 (Rupees in thousand)	2020
28.1 Fuel cost		
Opening stock	1,018,582	447,890
Purchased during the year	17,681,581	5,572,654
	18,700,163	6,020,544
Closing stock	(2,597,661)	(1,018,582)
	16,102,502	5,001,962

28.2 Operation and maintenance costs

Salaries, wages and other benefits (Note 28.2.1)	282,265	271,216
Repair and maintenance	106,742	84,455
Fee and subscription	7,365	6,541
Stores and spare parts consumed	149,640	105,866
Electricity consumed in-house	91,222	92,595
	637,234	560,673

28.2.1 Salaries, wages and other benefits include provident fund contribution and provision for gratuity of Rupees 17.603 million (2020: Rupees 17.023 million) and Rupees 13.257 million (2020: Rupees 13.818 million) respectively.

	2021 (Rupees in thousand)	2020
29. ADMINISTRATIVE EXPENSES		
Salaries and other benefits (Note 29.1)	92,740	87,399
Travelling, conveyance and entertainment	5,603	7,710
Office rent (Note 29.2)	6,220	6,280
Communication and utilities	1,045	1,191
Insurance	6,164	5,680
Repair and maintenance	9,698	7,026
Printing and stationery	3,608	3,225
Advertisement and publicity	717	270
Legal and professional	12,152	46,794
Depreciation (Note 13.1.1)	16,020	19,055
Community welfare	4,474	5,665
General expenses	11,071	7,547
	169,512	197,842

29.1 Salaries and other benefits include provident fund contribution and provision for gratuity of Rupees 4.043 million (2020: Rupees 3.826 million) and Rupees 1.621 million (2020: Rupees 1.708 million) respectively.

29.2 This represents rent expense relating to short term lease.

30. OTHER EXPENSES

	2021 (Rupees in thousand)	2020
Auditor's remuneration (Note 30.1)	2,986	2,932
Depreciation on investment properties (Note 14)	714	714
Workers' profit participation fund (Note 30.2)	-	-
Workers' welfare fund (Note 30.3)	-	-
Donations (Note 30.4)	-	900
Loss on disposal of short term investments	5,582	-
Advances to suppliers written off	1,024	-
Other receivables written off	1,067	-
Trade debts written off	23,871	-

	35,244	4,546
--	--------	-------

30.1 Auditors' remuneration

Statutory audit	2,193	2,193
Half yearly review	610	601
Other certifications and reporting	90	50
Out-of-pocket expenses	93	88

	2,986	2,932
--	-------	-------

30.2 Workers' profit participation fund

Allocation for workers' profit participation fund (Note 8.1)	-	177,570
Allocation to workers' profit participation fund recoverable from CPPA-G (Note 23.1)	-	(177,570)

	-	-
--	---	---

30.3 Workers' welfare fund

Allocation for workers' welfare fund (Note 8.2)	-	71,028
Allocation to workers' welfare fund recoverable from CPPA-G (Note 23.2.1)	-	(71,028)

	-	-
--	---	---

30.4 There was no interest of any director or his / her spouse in donees' fund. This represented amount of Rupees 0.900 million paid to Care Foundation.

	2021 (Rupees in thousand)	2020
31. OTHER INCOME		
Income from financial assets		
Interest income:		
Profit on saving bank accounts and Government Treasury Bills	160	829
Interest on loans to associated companies	30,512	37,413
Income from non-financial assets:		
Rental income (Note 31.1)	2,594	3,082
Gain on disposal of operating fixed assets	5,639	56
Scrap sales	7,056	200
Amortization of deferred income - Government grant (Note 7)	3,568	2,050
	<u>49,529</u>	<u>43,630</u>

31.1 This includes rental income amounting to Rupees Nil (2020: Rupees 0.450 million) from investment properties.

	2021 (Rupees in thousand)	2020
32. FINANCE COST		
Mark-up / profit on:		
Long term financing	5,451	2,278
Short term borrowings	725,198	1,298,090
Bank charges and commission	10,035	9,994
Others	1,191	3,574
	<u>741,875</u>	<u>1,313,936</u>
33. TAXATION		
Current:		
- For the year	-	-
- Prior years	-	-
	<u>-</u>	<u>-</u>
Relationship between tax expense and accounting profit is as follows:		
(Loss) / profit before taxation	<u>(806,283)</u>	<u>3,551,394</u>
Tax at the applicable rate of 29% (2020: 29%)	-	1,029,904
Tax effect of amounts that are:		
Exempt as referred to in note 2.21.1	-	(1,029,904)
Allowable as tax credit	-	-
	<u>-</u>	<u>-</u>

	2021	2020
34. (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED		
There is no dilutive effect on the basic (loss) / earnings per share which is based on:		
(Loss) / profit attributable to ordinary shareholders (Rupees in thousand)	(806,283)	3,551,394
Weighted average number of shares (Number)	379,838,732	379,838,732
(Loss) / earnings per share - Basic and diluted (Rupees)	(2.12)	9.35
	2021 (Rupees in thousand)	2020
35. CASH GENERATED FROM OPERATIONS		
(Loss) / profit before taxation	(806,283)	3,551,394
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	1,088,837	1,106,449
Depreciation on investment properties	714	714
Provision for gratuity	14,878	15,526
Gain on disposal / derecognition of operating fixed assets	(5,639)	(56)
Interest income	(30,672)	(38,242)
Amortization of deferred income - Government grant	(3,568)	(2,050)
Finance cost	741,875	1,313,936
Loss on disposal of short term investments	5,582	-
Advances to suppliers written off	1,024	-
Other receivables written off	1,067	-
Trade debts written off	23,871	-
Cash flows from operating activities before working capital changes	1,031,686	5,947,671
Working capital changes		
Decrease / (increase) in current assets:		
Stores, spare parts and other consumables	(23,468)	37,638
Fuel stock	(1,579,079)	(570,692)
Trade debts	13,173,686	(1,166,075)
Loans, advances and short term prepayments	(305,904)	(4,958)
Other receivables	187,784	(198,506)
Sales tax recoverable	(535,908)	476,158
	10,917,111	(1,426,435)
(Decrease) / increase in trade and other payables	(629,769)	457,541
	11,319,028	4,978,777

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

Liabilities from financing activities			
	Long term finance	Unclaimed dividend	Total
..... (Rupees in thousand)			
Balance as at 01 January 2020	-	3,813	3,813
Long term financing obtained	110,234	-	110,234
Dividend declared	-	854,637	854,637
Dividend paid	-	(850,862)	(850,862)
Balance as at 31 December 2020	110,234	7,588	117,822
Long term financing repaid	(54,776)	-	(54,776)
Dividend declared	-	1,139,517	1,139,517
Dividend paid	-	(1,139,358)	(1,139,358)
Balance as at 31 December 2021	55,458	7,747	63,205

36. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associated companies, other related parties, 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 37, are as follows:

Associated companies	Nature of transaction	2021 (Rupees in thousand)	2020
Nishat Mills Limited	Dividend	303,566	246,134
Security General Insurance Company Limited	Dividend Insurance premium	18,971 869,282	15,382 847,336
Engen (Private) Limited	Dividend	127,673	155,276
Pakgen Power Limited	Loan given Loan repaid Interest charged	- - -	3,936,000 4,595,086 14,533
Nishat Hotels and Properties Limited	Loan given Loan repaid Interest charged Boarding and lodging services	- - 30,512 43	350,000 350,000 37,413 289
Nishat (Aziz Avenue) Hotels and Properties Limited	Rent expense	5,757	6,280
D.G. Khan Cement Company Limited	Purchase of goods	586	123
Hyundai Nishat Motor (Private) Limited	Purchase of vehicles Services received Reimbursement of expenses	7,702 129 463	- 240 -

Associated companies	Nature of transaction	2021 (Rupees in thousand)	2020
Other related parties			
MCB Bank Limited	Mark up on borrowings	46,761	166,914
	Long term loans obtained	-	110,234
	Long term loans repaid	55,117	-
	Short term loans obtained	7,324,417	13,956,505
	Short term loans repaid	7,498,666	15,444,738
	Profit on bank deposits received	8	13
Adamjee Insurance Company Limited	Dividend	75,892	61,534
	Insurance premium	7,725	8,405
	Insurance claims received	866	3,491
Adamjee Life Assurance Company Limited	Insurance premium	1,566	1,549
	Insurance claim received	6,000	1,031
Staff retirement benefit plans			
Provident fund	Contributions	21,646	20,849
Gratuity fund	Contributions	-	15,000

36.1 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	No	None
D.G. Khan Cement Company Limited	Group Company	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 (Raiwind) Hotels and Properties Limited	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	Shareholding	No	25%
Hyundai Nishat Motor (Private) Limited	Common Directorship	Yes	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 Educational Services (Private) Limited	Common Directorship	No	None
Premier Realities (Private) Limited	Common Directorship	No	None
Remington Realities (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
MCB Islamic Bank Limited	Group Company	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
Lalpir Solar Power (Private) 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	Yes	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
Centre for Educational Professional Development (Private) Limited	Common Directorship	No	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

37. 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:

	2021		2020	
	Chief Executive	Executives	Chief Executive	Executives
	(- - - - - Rupees in thousand - - - - -)			
Managerial remuneration	10,060	189,828	8,700	178,200
Medical expenses	1,006	18,983	870	17,820
Bonus	2,213	41,195	905	40,257
Retirement benefits	1,006	32,655	949	17,690
	14,285	282,661	11,424	253,967
Number of persons	1	56	1	55

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

37.2 Meeting fee of Rupees 975,000 (2020: Rupees 825,000) was paid to non-executive directors of the Company during the year.

38. 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.

39. NUMBER OF EMPLOYEES

	2021	2020
Number of employees as on 31 December	97	93
Average number of employees during the year	94	95

40. FINANCIAL RISK MANAGEMENT

40.1 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:

	2021	2020
Trade and other payables		
- USD	-	(35,874)
- GBP	(22)	(399)
- Euro	(3,981)	(13,551)
- JPY	(9,734)	-
Net exposure - USD	-	(35,874)
Net exposure - GBP	(22)	(399)
Net exposure - Euro	(3,981)	(13,551)
Net exposure - JPY	(9,734)	-

The following significant exchange rates were applicable during the year:

Rupees per US Dollar

Average rate	164.29	162.17
Reporting date rate	178.50	160.11

Rupees per GBP

Average rate	225.81	209.65
Reporting date rate	238.00	219.33

Rupees per Euro

Average rate	193.70	184.82
Reporting date rate	199.00	197.67

Rupees per JPY

Average rate	1.48	1.53
Reporting date rate	1.52	1.55

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the GBP, EURO and JPY (2020: USD, GBP and EURO) with all other variables held constant, the impact on loss after taxation (2020: profit after taxation) for the year would have been Rupees 0.041 million higher / lower (2020: Rupees 0.425 million lower / higher), mainly as a result of exchange losses 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:

	2021 (Rupees in thousand)	2020
Fixed rate instruments		
Financial assets		
Short term investment	-	5,687
Financial liabilities		
Long term financing	54,453	105,661
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	470	126,372
Loan to associated company	350,000	350,000
Trade debts - past due	4,254,601	10,910,958
	4,605,071	11,387,330
Financial liabilities		
Short term borrowings	(1,639,669)	(10,980,235)
Net exposure	2,965,402	407,095

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, loss after taxation (2020: profit after taxation) for the year would have been Rupees 29.654 million lower / higher (2020: Rupees 4.071 million higher / lower), mainly as a result of higher interest income. 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:

	2021 (Rupees in thousand)	2020
Loans to employees	26,895	29,692
Long term security deposits	350	350
Trade debts	5,633,622	18,831,180
Short term investment	-	5,733
Loan to associated company	350,000	350,000
Accrued interest	3,123	2,496
Other receivables	397	1,068
Bank balances	19,542	128,729
	<u>6,033,929</u>	<u>19,349,248</u>

Age analysis of trade debts as at reporting date is given in note 19.2.

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			2021	2020
	Short Term	Long Term	Agency	(Rupees in thousand)	
CPPA-G	Not available			1,357,240	3,663,649
Nishat Hotels and Properties Limited	A2	A-	PACRA	350,000	350,000
Banks					
National Bank of Pakistan	A1+	AAA	PACRA	3	680
MCB Bank Limited	A1+	AAA	PACRA	15,727	68
Faysal Bank Limited	A1+	AA	PACRA	1,424	58
Meezan Bank Limited	A-1+	AAA	VIS	1,390	-
BankIslami Pakistan Limited	A1	A+	PACRA	265	1,038
Allied Bank Limited	A1+	AAA	PACRA	56	1
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	193	125,620
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	-	1,258
Bank Alfalah Limited	A1+	AA+	PACRA	478	-
Habib Bank Limited	A-1+	AAA	VIS	2	2
United Bank Limited	A-1+	AAA	VIS	2	2
The Bank of Punjab	A1+	AA+	PACRA	1	1
Al Baraka Bank (Pakistan) Limited	A-1	A+	PACRA	1	1
				19,542	128,729
				1,726,782	4,142,378

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 2021, the Company had Rupees 14,493.731 million (2020: Rupees 9,652.931 million) available borrowing limits from financial institutions, Rupees Nil (2020: Rupees 5.733 million) short term investment and Rupees 19.969 million (2020: Rupees 128.937 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 2021:

	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	54,453	55,972	28,157	27,815	-	-
Trade and other payables	230,131	230,131	230,131	-	-	-
Accrued mark-up / profit	55,346	55,346	55,346	-	-	-
Unclaimed dividend	7,747	7,747	7,747	-	-	-
Short term borrowings	1,639,669	1,650,618	1,649,349	1,269	-	-
	<u>1,987,346</u>	<u>1,999,814</u>	<u>1,970,730</u>	<u>29,084</u>	<u>-</u>	<u>-</u>

Contractual maturities of financial liabilities as at 31 December 2020:

	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	105,661	112,631	28,157	28,502	55,972	-
Trade and other payables	601,118	601,118	601,118	-	-	-
Accrued mark-up / profit	219,509	219,509	219,509	-	-	-
Unclaimed dividend	7,588	7,588	7,588	-	-	-
Short term borrowings	10,980,235	11,260,142	11,082,035	178,107	-	-
	<u>11,914,111</u>	<u>12,200,988</u>	<u>11,938,407</u>	<u>206,609</u>	<u>55,972</u>	<u>-</u>

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 notes 5 and 10 to these financial statements.

40.2 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.

40.3 Financial instruments by categories

Assets as per statement of financial position

	Financial assets at amortized cost	
	2021 (Rupees in thousand)	2020
Loans to employees	26,895	29,692
Long term security deposit	350	350
Trade debts	5,633,622	18,831,180
Short term investment	-	5,733
Loan to associated company	350,000	350,000
Accrued interest	3,123	2,496
Other receivables	397	1,068
Cash and bank balances	19,969	128,937
	<u>6,034,356</u>	<u>19,349,456</u>

Liabilities as per statement of financial position	Financial liabilities at amortized cost	
	2021 (Rupees in thousand)	2020
Long term financing	54,453	105,661
Trade and other payables	230,131	601,118
Accrued mark-up / profit	55,346	219,509
Unclaimed dividend	7,747	7,588
Short term borrowings	1,639,669	10,980,235
	<u>1,987,346</u>	<u>11,914,111</u>

40.4 Reconciliation to the line items presented in the statement of financial position is as follows:

2021		
Financial assets	Non-financial assets	Assets as per statement of financial position
------(Rupees in thousand)-----		

Assets

Long term loans to employees	12,636	-	12,636
Long term security deposit	350	-	350
Loans, advances and short term prepayments	14,259	349,004	363,263
Trade debts	5,633,622	-	5,633,622
Other receivables	397	289,474	289,871
Loan to associated company	350,000	-	350,000
Accrued interest	3,123	-	3,123
Cash and bank balances	19,969	-	19,969
	<u>6,034,356</u>	<u>638,478</u>	<u>6,672,834</u>

2021		
Financial liabilities	Non-financial liabilities	Liabilities as per statement of financial position
------(Rupees in thousand)-----		

Liabilities

Long term financing	54,453	-	54,453
Trade and other payables	230,131	139,893	370,024
Accrued mark-up / profit	55,346	-	55,346
Unclaimed dividend	7,747	-	7,747
Short term borrowings	1,639,669	-	1,639,669
	<u>1,987,346</u>	<u>139,893</u>	<u>2,127,239</u>

2020		
Financial assets	Non-financial assets	Assets as per statement of financial position

------(Rupees in thousand)-----

Assets

Long term loans to employees	15,494	-	15,494
Long term security deposit	350	-	350
Loans, advances and short term prepayments	14,198	46,636	60,834
Trade debts	18,831,180	-	18,831,180
Short term investment	5,733	-	5,733
Loan to associated company	350,000	-	350,000
Accrued interest	2,496	-	2,496
Other receivables	1,068	477,654	478,722
Cash and bank balances	128,937	-	128,937
	<u>19,349,456</u>	<u>524,290</u>	<u>19,873,746</u>

2020		
Financial liabilities	Non-financial liabilities	Liabilities as per statement of financial position

------(Rupees in thousand)-----

Liabilities

Long term financing	105,661	-	105,661
Trade and other payables	601,118	398,675	999,793
Accrued mark-up / profit	219,509	-	219,509
Unclaimed dividend	7,588	-	7,588
Short term borrowings	10,980,235	-	10,980,235
	<u>11,914,111</u>	<u>398,675</u>	<u>12,312,786</u>

41. 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.

42. CAPACITY AND ACTUAL PRODUCTION

	2021 MWH	2020 MWH
Installed capacity based on 8,760 (2020: 8,784) hours	3,171,120	3,179,808
Actual energy delivered	817,545	341,421

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

43. UNUTILIZED CREDIT FACILITIES

	Non-funded		Funded	
	2021 (Rupees in thousand)	2020	2021 (Rupees in thousand)	2020
Total facilities	2,644,768	5,981,600	16,188,517	20,743,400
Utilized at the end of the year	1,708,904	6,914	1,694,786	11,090,469
Unutilized at the end of the year	935,864	5,974,686	14,493,731	9,652,931

44. 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.

45. EVENTS AFTER THE REPORTING PERIOD

- 45.1 The Board of Directors of the Company has proposed final cash dividend for the year ended 31 December 2021 of Rupees Nil per share (2020: 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.

46. CORRESPONDING FIGURES

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

47. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 25 February 2022 by the Board of Directors of the Company.

48. 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 April 26, 2022 (Tuesday) at 11:30 A.M. at The Nishat Hotel (Emporium Mall), Trade and Finance Centre, Near Expo Centre, Abdul Haq Road, Johar Town, 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 _____ 2022.

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

50/- روپے کارسیدی ٹکٹ یہاں چسپاں کریں

AFFIX
CORRECT
POSTAGE

The Company Secretary

LALPIR POWER LIMITED

53 - A, Lawrence Road, Lahore.

Tel : 042 - 736367812 - 16 Fax: 042 - 736367414



N I S H A T

LALPIR POWER LIMITED

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