

LALPIR POWER LIMITED



LPL-PSX/

April 28, 2022

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

SUB: **TRANSMISSION OF QUARTERLY REPORT
FOR THE PERIOD ENDED MARCH 31, 2022**

Dear Sir,

We have to inform you the Quarterly Report of Lalpir Power Limited for the period ended March 31, 2022 have been transmitted through PUCARS and is also available on Company's website.

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

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

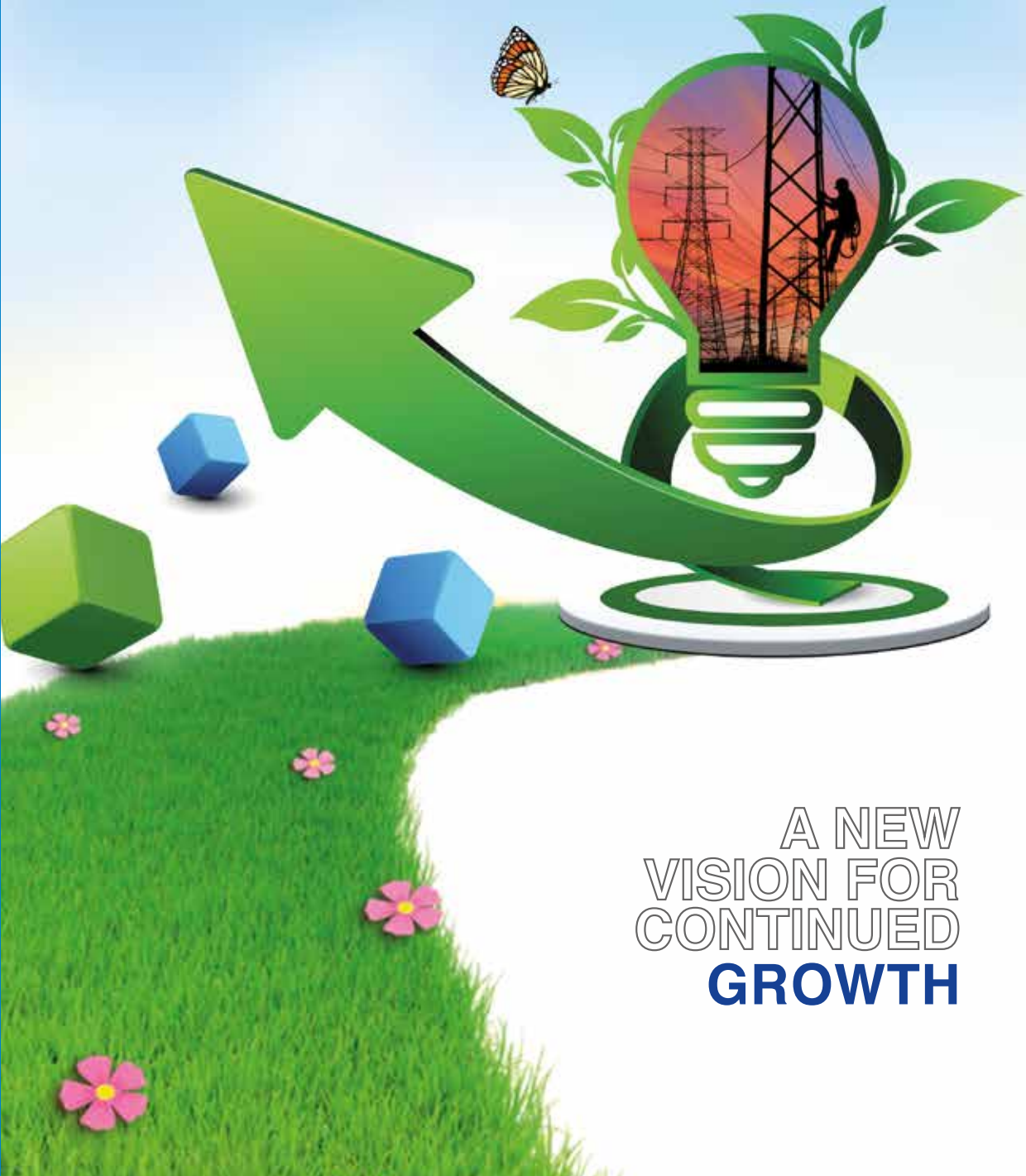
: LALPIR THERMAL POWER STATIONS, P.O. BOX NO. 89, MUZAFFARGARH. PC-34200, PAKISTAN. TEL: +92-66-2300030 FAX: +92-66-2300260, www.lalpir.com



N I S H A T

LALPIR POWER LIMITED

FIRST QUARTERLY REPORT
FOR THE PERIOD ENDED
MARCH 31, 2022



A NEW
VISION FOR
CONTINUED
GROWTH

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COMPANY PROFILE

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Lalpir Power Limited (“the Company”) was incorporated in Pakistan on 8 May 1994 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017).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.

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

BANKERS OF THE COMPANY

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

AUDITOR OF THE COMPANY

Riaz Ahmad & Co.
Chartered Accountants

LEGAL ADVISOR OF THE COMPANY

Mr. M. Aurangzeb Khan
Advocate High Court

REGISTERED OFFICE

53-A, Lawrence Road,
Lahore-Pakistan
UAN: +92 42-111-11-33-33
Fax: +92 42 36367414

HEAD OFFICE

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

SHARE REGISTRAR

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

PLANT

Mehmood Kot, Muzaffargarh,
Punjab – Pakistan.

DIRECTORS' REPORT

The Directors of **Lalpir Power Limited** ("the Company") are pleased to present their report together with the Condensed Interim Financial Information for the first quarter ended March 31, 2022.

We report that during the period under review power plant dispatched 124,436 Mwh of electricity as compared with 122,527 Mwh dispatched during the corresponding period of the previous financial year.

OPERATION FINANCIAL RESULTS:

The financial results of the Company for period ended March 31, 2022 are as follows:

Financial Highlights	PERIOD ENDED	
	31 March 2022	31 March 2021
Revenue (Rs '000')	4,830,363	3,540,949
Gross profit (Rs '000')	1,029,652	1,280,051
After tax profit (Rs '000')	1,048,257	1,009,533
Earnings per share (Rs)	2.76	2.66

The Company has posted after tax profit of Rs.1,048.257 million as against after tax profit Rs.1,009.533 million earned in the comparative period. The net profits of the Company demonstrated the Earning per Share of Rs.2.76 as against Rs.2.66 per share earned in the comparable previous period.

Our sole customer Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) remains unable to meet its obligations in accordance with the Power Purchase Agreement (PPA) which are secured under a sovereign guarantee of Government of Pakistan. As on March 31, 2022, an amount of Rs.7.047 billion was receivable from CPPA-G.

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

COMMITTEES OF THE BOARD:

Audit Committee of the Board:

Sr. #	Name of Members
1.	Mr. Jawaid Iqbal (Member/Chairman)
2.	Mr. Inayat Ullah Niazi (Member)
3.	Mrs. Hajra Arham (Member)

Human Resource & Remuneration (HR&R) Committee:

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

DIRECTORS' REMUNERATION:

The company does not pay remuneration to its non-executive directors including independent directors except for meeting fee. Aggregate amount of remuneration paid to executive and non-executive directors have been disclosed in Note 10 of the annexed financial statements.

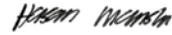
ACKNOWLEDGEMENT:

The board appreciates the management for establishing a modern and motivating working climate and promoting high levels of performance in all areas of the power plant. We also appreciate the efforts of the company's workforce for delivering remarkable results and we wish for their long relationship with the Company.

For and on behalf of the Board of Directors



(Mr. Mahmood Akhter)
Chief Executive Officer
Lahore: 27 April 2022



Mian Hassan Mansha
Chairman

ڈائریکٹرز رپورٹ لال پیر پاور لمیٹڈ

لال پیر پاور لمیٹڈ "دی کمپنی" کے ڈائریکٹرز 31 مارچ 2022ء تختہ مدت کے لئے محمد عبوری مالیاتی معلومات پر مشتمل اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

ہم بیان کرتے ہیں کہ زیر جائزہ مدت کے دوران پاور پلانٹ نے گزشتہ مالی سال کی اسی مدت کے دوران 122,527 MWH ترسیل کے مقابلہ میں 124,436 MWH بجلی ترسیل کی۔

آپریٹل مالیاتی نتائج:

31 مارچ 2022ء کو ختم ہونے والی مدت کے لئے کمپنی کے مالیاتی نتائج مندرجہ ذیل ہیں:

مالی جھلکیاں	31 مارچ 2022ء تختہ سہ ماہی	31 مارچ 2021ء تختہ سہ ماہی
محصولات (000 روپے)	4,830,363	3,540,949
مجموعی منافع (000 روپے)	1,029,652	1,280,051
بعد از ٹیکس منافع (000 روپے)	1,048,257	1,009,533
آمدن فی حصص (روپے)	2.76	2.66

کمپنی نے ٹیکس کے بعد منافع 1,048,257 ملین روپے درج کیا جبکہ تقابلی مدت میں 1,009,533 ملین روپے منافع حاصل ہوا تھا۔ کمپنی کے خالص منافع نے گزشتہ مدت میں 2.66 روپے فی حصص منافع کے مقابلے 2.76 روپے فی حصص منافع ظاہر کیا ہے۔

ہماری واحد صارف سنٹرل پاور پراجیکٹ ایجنسی (گارنٹی) لمیٹڈ (CPPA-G) بجلی کی خریداری کے معاہدے (PPA) جو حکومت پاکستان کی ایک خود مختار ضمانت کے تحت حاصل کیا گیا کے مطابق اپنی ذمہ داریوں کو پورا کرنے کے قابل نہیں رہا۔ 31 مارچ 2022ء کے مطابق سنٹرل پاور پراجیکٹ ایجنسی (گارنٹی) لمیٹڈ (CPPA-G) کے ذمہ بقایا رقم 7.047 بلین روپے تھی۔

بورڈ کی تشکیل:

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

بورڈ کی کمیٹیاں:
بورڈ کی آڈٹ کمیٹی:

نمبر شمار	نام ڈائریکٹرز
1	جناب جاوید اقبال (رکن / چیئر مین)
2	جناب عنایت اللہ نیازی (رکن)
3	محترمہ ہاجرہ ارحم (رکن)

ہیومن ریسورس اینڈ ریمیزیشن (HR&R) کمیٹی:

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

ڈائریکٹرز کا مشاہرہ:

کمپنی اپنے آزاد ڈائریکٹرز سمیت نان ایگزیکٹو ڈائریکٹرز کو اجلاس فیس کے علاوہ کوئی مشاہرہ ادا نہیں کرتی ہے۔ ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کو ادا کئے جانے والے مشاہرہ کی مجموعی رقم منسلک مالی حسابات کے نوٹ 10 میں منکشف ہے۔

اظہار تشکر

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

مخائب مجلس نطاء

Hasan Muneer

میاں حسن منشاء
چیئر مین

Jalaluddin

(جناب محمود اختر)
چیف ایگزیکٹو آفیسر

لاہور: 27 اپریل 2022ء

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Un-audited)

As at 31 March 2022

	Note	Un-audited 31 March 2022 (Rupees in thousand)	Audited 31 December 2021
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 500,000,000 (31 December 2021: 500,000,000) ordinary shares of Rupees 10 each		5,000,000	5,000,000
Issued, subscribed and paid-up share capital 379,838,733 (31 December 2021: 379,838,733) ordinary shares of Rupees 10 each		3,798,387	3,798,387
Capital reserve		107,004	107,004
Revenue reserve - un appropriated profit		12,716,556	11,668,299
Total equity		16,621,947	15,573,690
LIABILITIES			
NON - CURRENT LIABILITIES			
Long - term financing	4	-	-
Employee benefit - gratuity		25,435	26,537
		25,435	26,537
CURRENT LIABILITIES			
Trade and other payables		1,429,561	370,024
Accrued mark-up / profit		15,951	55,346
Short-term borrowings		1,004,202	1,639,669
Current portion of non-current liabilities		41,588	55,458
Unclaimed dividend		7,267	7,747
		2,498,569	2,128,244
Total liabilities		2,524,004	2,154,781
CONTINGENCIES AND COMMITMENTS			
	5		
TOTAL EQUITY AND LIABILITIES		19,145,951	17,728,471

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


CHIEF EXECUTIVE



DIRECTOR


CHIEF FINANCIAL OFFICER

	Note	Un-audited 31 March 2022 (Rupees in thousand)	Audited 31 December 2021
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	6	5,435,366	5,694,942
Long-term loans to employees		20,469	12,636
Long term security deposit		1,850	350
		<u>5,457,685</u>	<u>5,707,928</u>
CURRENT ASSETS			
Stores, spare parts and other consumables		920,479	913,118
Fuel stock		1,249,851	2,597,661
Trade debts		7,046,894	5,633,622
Loans, advances and short-term prepayments		68,108	363,263
Loan to associated company		350,000	350,000
Other receivables		289,473	289,871
Advance Income Tax		273,379	270,442
Accrued interest		3,383	3,123
Sales tax recoverable		1,275,186	1,487,421
Cash and bank balances		2,211,513	19,969
		<u>13,688,266</u>	<u>11,928,490</u>
Investment properties classified as held for sale	7	-	92,053
		<u>13,688,266</u>	<u>12,020,543</u>
TOTAL ASSETS		<u><u>19,145,951</u></u>	<u><u>17,728,471</u></u>



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

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

For the Quarter Ended 31 March 2022 (Un-audited)

	Note	Quarter Ended	
		31 March 2022 (Rupees in thousand)	31 March 2021
REVENUE FROM CONTRACT WITH CUSTOMER		4,830,363	3,540,949
COST OF SALES	8	(3,800,711)	(2,269,568)
GROSS PROFIT		1,029,652	1,271,381
ADMINISTRATIVE EXPENSES		(55,280)	(52,281)
OTHER EXPENSES		(942)	(777)
OTHER INCOME		973,430	1,218,323
		100,803	9,009
PROFIT FROM OPERATIONS		1,074,233	1,227,332
FINANCE COST		(25,976)	(217,779)
PROFIT BEFORE TAXATION		1,048,257	1,009,553
TAXATION		-	-
PROFIT AFTER TAXATION		1,048,257	1,009,553
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,048,257	1,009,553
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		2.76	2.66

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the Quarter Ended 31 March 2022 (Un-audited)

SHARE CAPITAL	RESERVES		TOTAL EQUITY
	Capital	Revenue	
	Retained payments reserve	Un-appropriated profit	

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

Balance as at 31 December 2020 - audited	3,798,387	107,004	13,618,955	17,524,346
Transactions with owners				
Final Dividend for the year ended 31 December 2020 @ Rupees 1 per share	-	-	(379,839)	(379,839)
Profit for the quarter ended 31 March 2021	-	-	1,009,553	1,009,553
Other comprehensive income for the quarter ended 31 March 2021	-	-	-	-
Total comprehensive income for the quarter ended 31 March 2021	-	-	1,009,553	1,009,553
Balance as at 31 March 2021 - un-audited	3,798,387	107,004	14,248,669	18,154,060
Balance as at 31 December 2021 - audited	3,798,387	107,004	11,668,299	15,573,690
Profit for the quarter ended 31 March 2022	-	-	1,048,257	1,048,257
Other comprehensive income for the quarter ended 31 March 2022	-	-	-	-
Total comprehensive income for the quarter ended 31 March 2022	-	-	1,048,257	1,048,257
Balance as at 31 March 2022 - un-audited	3,798,387	107,004	12,716,556	16,621,947

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the Quarter Ended 31 March 2022 (Un-audited)

		Quarter Ended	
		31 March 2022	31 March 2021
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
	Note		
Cash generated from / (utilized in) operations	9	2,736,529	(40,227)
Finance cost paid		(64,877)	(245,850)
Net (increase) / decrease in long term loans to employees		(7,833)	2,348
Long term security deposit		(1,500)	-
Gratuity paid		(5,225)	-
Income tax paid		(2,937)	(1,192)
Net cash from/ (used in) operating activities		2,654,157	(284,921)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on fixed assets		(510)	(3,884)
Interest received		9,559	7,415
Proceeds from disposal of operating fixed assets		-	19
Proceeds from disposal of investment properties (Net)		178,155	-
Net cash from investing activities		187,204	3,550
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(13,870)	(13,779)
Dividends paid		(480)	(1,842)
Net cash used in financing activities		(14,350)	(15,621)
Net increase/ (decrease) in cash and cash equivalents		2,827,011	(296,992)
Cash and cash equivalents at beginning of the period		(1,619,700)	(10,845,565)
Cash and cash equivalents at end of the period		1,207,311	(11,142,557)
CASH AND CASH EQUIVALENTS			
Cash in hand		439	301
Cash at banks		2,211,074	2,310
Short term Investment		-	5,362
Short-term borrowings		(1,004,202)	(11,150,530)
		1,207,311	(11,142,557)

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the Quarter Ended 31 March 2022 (Un-audited)

1. THE COMPANY AND ITS OPERATIONS

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

2. BASIS OF PREPARATION

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 31 December 2021. These condensed interim financial statements are un-audited, and are being submitted to the member as required by Section 237 of the Companies Act, 2017.

3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these condensed interim financial statements are same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 31 December 2021.

3.1 Critical accounting estimates and judgments

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires 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.

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 31 December 2021.

	Un-audited 31 March 2022 (Rupees in thousand)	Audited 31 December 2021
4. LONG-TERM FINANCE - SECURED		
Loan under SBP Refinance Scheme	41,077	54,453
Less: Current portion shown under current liabilities	41,077	54,453
	-	-

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.

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

There is no significant change in the status of contingencies as disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2021 except for the following:

- (i) 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. The CIR (A) disposed off the appeal by passing an order dated March 10, 2022 whereby partial relief was allowed against the orders of ACIR. Being aggrieved with the order of CIR (A) company has filed appeal before ATIR which is pending for hearing. 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.
- (ii) 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. 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. Against the decision of ATIR, department has filed reference in Lahore High Court and the proceedings are under way. 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.

- (iii) 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 2,000 million (2021: Rupees 1,000 million).

	Un-audited 31 March 2022 (Rupees in thousand)	Audited 31 December 2021
5.2 Commitments		
5.2.1 Commitments in respect of other than capital expenditure	238,965	166,526
6. FIXED ASSETS		
Operating fixed assets (Note 6.1)	5,435,366	5,694,942
	<u>5,435,366</u>	<u>5,694,942</u>
6.1 Operating fixed assets		
Opening book value	5,694,942	6,767,565
Add: Cost of addition during the period / year (Note 6.1.1)	510	16,447
Less: Book value of disposals during the period / year (Note 6.1.2)	-	233
Less: Depreciation charged during the period / year	260,086	1,088,837
Closing book value	<u>5,435,366</u>	<u>5,694,942</u>

	Un-audited 31 March 2022 (Rupees in thousand)	Audited 31 December 2021
6.1.1 Cost of additions		
Plant and machinery	-	1,419
Buildings on freehold land	-	1,607
Furniture and fittings	207	631
Vehicles	-	9,688
Office equipment	278	1,379
Electric equipment and appliances	26	1,723
	510	16,447
6.1.2 Book value of deletions		
Cost		
- Vehicles	-	136
- Office Equipment	-	118
	-	254
Less: Accumulated depreciation	-	246
	-	8
7. INVESTMENT PROPERTIES CLASSIFIED AS HELD FOR SALE		
7.1 Book value of deletion of Investment Property		
Cost	95,200	-
Less: Accumulated depreciation	3,147	-
	92,053	-
8. COST OF SALES		
		Quarter Ended
	31 March 2022 (Rupees in thousand)	31 March 2021
Fuel cost	3,242,066	1,704,628
Operation and maintenance costs	130,816	118,436
Insurance	187,255	187,910
Depreciation	240,574	258,594
	3,800,711	2,269,568

	Quarter Ended	
	31 March 2022 (Rupees in thousand)	31 March 2021
9. CASH GENERATED FROM OPERATIONS		
Profit before taxation	1,048,257	1,009,553
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	260,086	278,547
Depreciation on investment properties	-	178
Provision for gratuity	4,123	(1,521)
(Gain)/ loss on disposal / derecognition of operating fixed assets	-	(10)
(Gain)/ loss on disposal / derecognition of investment properties	(86,102)	-
Interest income	(9,819)	(7,415)
Amortization of deferred income - Government grant	(494)	-
Finance cost	25,976	217,779
Cash flows from operating activities before working capital changes	1,242,027	1,497,111
Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and other consumables	(7,361)	(8,136)
Fuel stock	1,347,810	313,707
Trade debts	(1,413,272)	(1,613,335)
Loans, advances and short-term prepayments	295,155	(1,120)
Other receivables	398	48,620
Sales tax recoverable	212,235	32,052
	434,965	(1,228,212)
Increase / (Decrease) in trade and other payables	1,059,537	(309,126)
	<u>2,736,529</u>	<u>(40,227)</u>

10. TRANSACTIONS WITH RELATED PARTIES

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

		Quarter Ended	
		31 March 2022 (Rupees in thousand)	31 March 2021
Associated company	Nature of transaction		
Adamjee Insurance Company Limited	Insurance claims received	75	149
	Insurance premium	3,712	4,334
Security General Insurance Company Limited	Insurance premium	185,400	186,042
D.G.Khan Cement Company Limited	Purchased of goods	106	172
Nishat Hotels & Properties Limited	Interest Charged	9,813	7,306
Nisaht (Aziz Avenue) Hotels and Properties Limited	Rent	-	1,570
Adamjee Life Assurance Company Ltd	Insurance premium	1,953	1,566
Hyundai Nishat Motor (Pvt) Ltd	Purchase of Vehicle	1,500	1,200
	Services received	33	88
	Reimbursement of Rent	660	-
MCB Bank Limited	Mark up on short term borrowings	-	33,518
	Short term loan obtained	-	3,359,457
	Short term loan repaid	-	1,474,700
	Mark up on long term borrowings	257	595
	Long term loan repaid	13,779	13,779
	Profit on bank deposits received	5	5
STAFF RETIREMENT BENEFIT PLANS			
Provident fund	Contribution made	5,733	5,517
KEY MANAGEMENT PERSONNEL			
	Remuneration	5,357	5,140
		Un-audited 31 March 2022 (Rupees in thousand)	Audited 31 December 2021
Period end balances:			
	Short term loan receivable from associated company	350,000	350,000
	Accrued interest on loan to associated company	3,383	3,123

11. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Certain financial assets and financial liabilities are not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also

not significantly different to their carrying amounts. Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these condensed interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company classifies its financial instruments into the following three levels. However, as at the reporting date, the Company has no such type of financial instruments which are required to be grouped into these levels. These levels are explained as under:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and 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.

12. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2021.

13. CORRESPONDING FIGURES

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

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

14. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on April 27, 2022 by the Board of Directors of the Company.

15. GENERAL

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

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