

LALPIR POWER LIMITED



SECY/STOCKEXC/

October 30, 2023

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

SUB: TRANSMISSION OF QUARTERLY REPORT FOR THE PERIOD ENDED 30-09-2023

Dear Sir,

In compliance with the provisions of Section 237 of the Companies Act, 2017, read with PSX Notice No. PSX/N-4207 dated July 13, 2018 we have to inform you that the Quarterly Report of Lalpir Power Limited for the period ended September 30, 2023 together with Directors' report have been transmitted through PUCARS and also available on Company's website.

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

Thanking you,

Yours truly,


KHALID MAHMOOD 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



NISHAT

LALPIR POWER LIMITED

**THIRD QUARTERLY REPORT
FOR THE PERIOD ENDED
SEPTEMBER 30, 2023**

**A NEW VISION FOR CONTINUED
GROWTH**

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N I S H A T

LALPIR POWER LIMITED

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Lalpir Power Limited ("the Company") was incorporated in Pakistan on 8 May 1994 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017).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. Zaheer Ahmad Ghanghro
Mr. Mahmood Akhtar
Mr. Muhammad Azam
Mr. Inayat Ullah Niazi
Mrs. Hajra Arham
Mr. Amir Mahmood

CHIEF EXECUTIVE OFFICER

Mr. Mahmood Akhtar

AUDIT COMMITTEE

Mr. Zaheer Ahmad Ghanghro Chairman
Mr. Inayat Ullah Niazi
Mrs. Hajra Arham

HUMAN RESOURCE & REMUNERATION (HR & R) COMMITTEE

Mian Hassan Mansha
Mrs. Hajra Arham Chairperson
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 period ended September 30, 2023.

We report that during the period under review power plant dispatched 261,496 MWh of electricity as compared with 823,555 MWh dispatched during the corresponding period of the previous financial year.

OPERATIONAL FINANCIAL RESULTS:

The financial results of the Company for period ended September 30, 2023 are as follows:

Financial Highlights	PERIOD ENDED	
	30 September 2023	30 September 2022
Revenue (Rs '000')	16,560,901	34,984,470
Gross profit (Rs '000')	3,900,346	2,148,278
After tax profit (Rs '000')	3,251,186	1,639,880
Earnings per share (Rs)	8.56	4.32

The Company has posted after tax profit of Rs.3,251.186 million as against after tax profit of Rs.1,639.880 million earned in the comparative period. The net profits of the Company demonstrated the Earning per Share of Rs.8.56 as against Rs.4.32 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 September 30, 2023, an amount of Rs.11.443 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. Zaheer Ahmad Ghanghro	(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.	Mrs. Hajra Arham	(Member/Chairperson)
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 8 of the annexed financial statements.

FUTURE OUTLOOK:

The Company is exploring different options, for business continuity, after the expiry of current term of PPA.

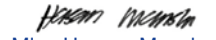
ACKNOWLEDGEMENT:

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 Akhtar
Chief Executive Officer
Lahore: 27th October, 2023



Mian Hassan Mansha
Chairman

ڈائریکٹرز رپورٹ لال پیر پاور لمیٹڈ

لال پیر پاور لمیٹڈ "دی کمپنی" کے ڈائریکٹرز 30 ستمبر 2023ء چھتتمہ نو ماہی کے لئے مجدد عبوری مالیاتی معلومات پر مشتمل اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

ہم بیان کرتے ہیں کہ زیرِ جائزہ مدت کے دوران پاور پلانٹ نے گزشتہ مالی سال کی اسی مدت کے دوران 823,555 MWh ترسیل کے مقابلہ میں 261,496 MWh بجلی ترسیل کی۔

آپریشنل مالیاتی نتائج:

30 ستمبر 2023ء کو ختم ہونے والی مدت کے لئے کمپنی کے مالیاتی نتائج مندرجہ ذیل ہیں:

مالی جھلکیاں	30 ستمبر 2023ء چھتتمہ نو ماہی	30 ستمبر 2022ء چھتتمہ نو ماہی
محصولات (000 روپے)	16,560,901	34,984,470
مجموعی منافع (000 روپے)	3,900,346	2,148,278
بعد از ٹیکس منافع (000 روپے)	3,251,186	1,639,880
آمدن فی حصص (روپے)	8.56	4.32

کمپنی نے ٹیکس کے بعد منافع 3,251.186 ملین روپے درج کیا جبکہ تقابلی مدت میں ٹیکس کے بعد منافع 1,639.880 ملین روپے حاصل ہوا تھا۔ کمپنی کے خالص منافع نے گزشتہ تقابلی مدت میں 4.32 روپے منافع فی حصص کے مقابلے میں 8.56 روپے منافع فی حصص ظاہر کیا ہے۔

ہمارا واحد صارف سنٹرل پاور پراجیکٹ ایجنسی (گارٹی) لمیٹڈ (CPPA-G) بجلی کی خریداری کے معاہدے (PPA) جو حکومت پاکستان کی ایک خود مختار ضابطہ کے تحت حاصل کیا گیا کے مطابق اپنی ذمہ داریوں کو پورا کرنے میں ناکام رہا ہے۔ 30 ستمبر 2023ء کے مطابق CPPA-G کے ذمہ بقایا رقم 11.443 بلین روپے تھی۔

بورڈ کی تشکیل:

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

بورڈ کی کمیٹیاں:
بورڈ کی آڈٹ کمیٹی:

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

ہیومن ریسورس اینڈ ریمینیٹیشن (HR&R) کمیٹی:

نمبر شمار	نام رکن
1	میاں حسن منشاء (رکن)
2	محترمہ ہاجرہ ارحم (رکن / چیئر پرسن)
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 8 میں منکشف ہے۔

مستقبل کا نقطہ نظر:

کمپنی بی بی اے کی رواں میعاد ختم ہونے کے بعد کاروبار کے تسلسل کے لیے مختلف آپشنز تلاش کر رہی ہے۔

انٹہارٹشکر

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

منجانب مجلس نظام

Hasan Muneer

میاں حسن منشاء

چیئر مین

Jalaluddin

جناب محمود اختر

چیف ایگزیکٹو آفیسر

لاہور: 27 اکتوبر 2023ء

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Un-audited)

As at 30 September 2023

	Note	Un-audited 30 September 2023 (Rupees in thousand)	Audited 31 December 2022
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 500,000,000 (31 December 2022: 500,000,000) ordinary shares of Rupees 10 each		5,000,000	5,000,000
Issued, subscribed and paid-up share capital 379,838,732 (31 December 2022: 379,838,732) ordinary shares of Rupees 10 each		3,798,387	3,798,387
Capital reserve		107,004	107,004
Revenue reserve - un appropriated profit		10,608,864	13,814,941
Total equity		14,514,255	17,720,332
LIABILITIES			
NON - CURRENT LIABILITIES			
Employee benefit - gratuity		31,397	25,207
CURRENT LIABILITIES			
Trade and other payables		414,727	496,802
Accrued mark-up / profit		173,014	176,998
Short-term borrowings		7,472,853	4,546,222
Unclaimed dividend		12,932	5,908
		8,073,526	5,225,930
Total liabilities		8,104,923	5,251,137
CONTINGENCIES AND COMMITMENTS	4		
TOTAL EQUITY AND LIABILITIES		22,619,178	22,971,469

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

	Note	Un-audited 30 September 2023 (Rupees in thousand)	Audited 31 December 2022
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	5	4,245,728	4,718,642
Long-term loans to employees		9,066	15,068
Long Term security deposit		1,850	1,850
		<u>4,256,644</u>	<u>4,735,560</u>
CURRENT ASSETS			
Stores, spare parts and other consumables		783,357	1,130,372
Fuel stock		2,663,794	1,871,923
Trade debts		11,442,932	12,449,518
Loans, advances, deposits and short-term prepayments		168,905	399,091
Other receivables		455,156	301,420
Advance income tax		279,674	273,885
Sales tax recoverable		2,301,794	1,801,849
Short term investment		-	5,116
Cash and bank balances		266,922	2,735
		<u>18,362,534</u>	<u>18,235,909</u>
TOTAL ASSETS		<u><u>22,619,178</u></u>	<u><u>22,971,469</u></u>



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (Un-audited)**
For the Three Month and Nine Month Period Ended 30 September 2023

Note	Nine Month Ended		Quarter Ended	
	30 September	30 September	30 September	30 September
	2023	2022	2023	2022
	(Rupees in thousand)		(Rupees in thousand)	
REVENUE FROM CONTRACT WITH CUSTOMER	16,560,901	34,984,470	8,078,128	13,042,595
COST OF SALES	(12,660,555)	(32,836,192)	(6,715,531)	(12,436,530)
GROSS PROFIT	3,900,346	2,148,278	1,354,597	606,065
ADMINISTRATIVE EXPENSES	(151,427)	(143,309)	(58,823)	(57,333)
OTHER EXPENSES	(4,084)	(3,429)	(1,630)	(1,499)
OTHER INCOME	18,416	125,791	10,707	14,689
PROFIT FROM OPERATIONS	3,763,251	2,127,331	1,304,851	561,922
FINANCE COST	(512,065)	(487,451)	(249,850)	(359,325)
PROFIT BEFORE TAXATION	3,251,186	1,639,880	1,055,001	202,597
TAXATION	-	-	-	-
PROFIT AFTER TAXATION	3,251,186	1,639,880	1,055,001	202,597
OTHER COMPREHENSIVE INCOME:				
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS	-	-	-	-
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	-	-	-	-
	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3,251,186	1,639,880	1,055,001	202,597
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	8.56	4.32	2.78	0.53

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 (Un-audited)**
For the Nine Month Period Ended 30 September 2023

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

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

Balance as at 31 December 2021 - audited	3,798,387	107,004	11,668,299	15,573,690
Transaction with owners:				
1st Interim Dividend for the year ended 31 December 2022 @ Rupee 1.5 per share	-	-	(569,759)	(569,759)
Profit for the period ended 30 September 2022	-	-	1,639,880	1,639,880
Other Comprehensive income for the period ended 30 September 2022	-	-	-	-
Total comprehensive loss for the period ended 30 September 2022	-	-	1,639,880	1,639,880
Balance as at 30 September 2022 (Un-audited)	3,798,387	107,004	12,738,420	16,643,811
Balance as at 31 December 2022 (audited)	3,798,387	107,004	13,814,941	17,720,332
Transaction with owners:				
Final Dividend for the year ended 31 December 2022 @ Rupee 2 per share	-	-	(759,678)	(759,678)
1st Interim Dividend for the year ended 31 December 2023 @ Rupee 15 per share	-	-	(5,697,585)	(5,697,585)
	-	-	(6,457,263)	(6,457,263)
Profit for the period ended 30 September 2023	-	-	3,251,186	3,251,186
Other Comprehensive income for the period ended 30 September 2023	-	-	-	-
Total comprehensive income for the period ended 30 September 2023	-	-	3,251,186	3,251,186
Balance as at 30 September 2023 (Un-audited)	3,798,387	107,004	10,608,864	14,514,255

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF
CASH FLOWS (Un-audited)**
For the Nine Month Period Ended 30 September 2023

	Note	30 September 2023 (Rupees in thousand)	30 September 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	7	4,579,832	(5,528,516)
Finance cost paid		(516,049)	(251,867)
Net decrease / (increase) in long term loans to employees		6,002	(4,338)
Net increase in long term security deposits		-	(1,500)
Income tax paid		(205)	(5,814)
Gratuity paid		(5,981)	(5,225)
Net cash generated from / (used in) operating activities		4,063,599	(5,797,260)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on fixed assets		(296,322)	(25,723)
Interest received		15,355	22,389
Loan to associated company recovered		-	350,000
Proceeds from disposal of operating fixed assets		47	12,005
Proceeds from disposal of non-current assets classified as held for sales - Net		-	178,155
Net cash (used in) / generated from investing activities		(280,920)	536,826
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		-	(41,678)
Dividends paid		(6,450,239)	(571,071)
Net cash used in financing activities		(6,450,239)	(612,749)
Net decrease in cash and cash equivalents		(2,667,560)	(5,873,183)
Cash and cash equivalents at beginning of the period		(4,538,371)	(1,619,700)
Cash and cash equivalents at end of the period		(7,205,931)	(7,492,883)
CASH AND CASH EQUIVALENTS			
Cash in hand		549	464
Cash at banks		266,373	352,098
Short-term borrowings		(7,472,853)	(7,845,445)
		(7,205,931)	(7,492,883)

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 (Un-audited) For the Nine Month Period Ended 30 September 2023

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. 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.

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 2022. These condensed interim financial statements are un-audited and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and 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 2022.

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 2022.

4 CONTINGENCIES AND COMMITMENTS

4.1 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 2022 except for the following:

- 4.1.1 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 in note 12.1 (ii) to the published annual audited financial statements of the Company for the year ended 31 December 2022. 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 Honourable Supreme Court in the same matter as disclosed in note 12.1 (ii) to the published annual financial statements of the Company for the year ended 31 December 2022. 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. Against the order of ACIR, the Company preferred an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)]. On 10 March 2022, CIR(A) passed an order whereby partial relief was provided to the Company. Being aggrieved with the order of CIR(A), the Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR). The tax department has also filed an appeal before ATIR against the order of CIR(A) which is pending adjudication. On 13 June 2022, ATIR passed an order and decided the case in favour of the Company. Being aggrieved with the order of ATIR, on 28 December 2022, the tax department filed reference in Honorable Lahore High Court, Lahore which is in process of 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 condensed interim financial statements.
- 4.1.2 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 filed appeals before the Appellate Tribunal Inland Revenue (ATIR).

Through its orders dated 27 June 2022, ATIR has dismissed tax authorities' appeal for tax years 2009, 2010, 2012 and 2013. Aggrieved with the order of ATIR, the tax department has filed four references in Honorable Lahore High Court, Lahore for the aforesaid tax years which are in process of hearing. Through its order dated 26 July 2023, ATIR has dismissed tax authorities' appeal for the tax year 2011. No proceedings against the order passed by ATIR has been initiated by tax authorities. Further, the matter in respect of tax year 2014 is pending adjudication. 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 has been made in these condensed interim financial statements.

- 4.1.3 On 31 January 2022, ACIR passed an order under section 11(2) of the Sales Tax Act, 1990 for the tax period September 2013 raising a demand of Rupees 6.143 million on account of inadmissible input sales tax on various goods and services claimed alongwith default surcharge and penalty against the Company. Against the order of ACIR, the Company preferred an appeal before CIR(A). On 03 March 2022, CIR(A) remanded back the case to ACIR with the instructions to provide reasonable opportunity of being heard to the Company and decide the case on merit. The remand proceedings were concluded by the DCIR through its order dated 27 June 2023 raising a tax demand of Rupees 6.143 million. The company has preferred an appeal against DCIR's orders before CIR(A) which is pending adjudication. 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.
- 4.1.4 The Company received a show cause notice dated 29 November 2022 under Sales Tax Act 1990 from Deputy Commissioner Inland Revenue Enforcement-1, unit-13 ['DCIR'] for tax period from February 2021 to July 2022 through which intentions were shown to disallow input tax amounting to Rupees 1,210.294 million along with penalty of Rupees 60.515 million. The subject proceedings were concluded by DCIR vide its order dated 18 July 2023 disallowing input tax amounting Rupees 63.658 million on certain goods, manpower services and other services related to business. The company has preferred an appeal against DCIR's orders before CIR(A) which is pending adjudication. 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.
- 4.1.5 The banks of the Company have issued letters of guarantee in favour of Pakistan State Oil Company Limited (PSO) - fuel supplier for an amount of Rupees 500 million (31 December 2022: Rupees 500 million).

	Un-audited 30 September 2023 (Rupees in thousand)	Audited 31 December 2022
4.2 Commitments		
Commitments in respect of other than capital expenditure	92,681	436,588
5. FIXED ASSETS		
Operating fixed assets (Note 5.1)	4,106,255	4,674,573
Capital work-in-progress (Note 5.2)	139,473	44,069
	<u>4,245,728</u>	<u>4,718,642</u>
5.1 Operating fixed assets		
Opening book value	4,674,573	5,694,942
Add: Cost of addition during the period / year (Note 5.1.1)	200,919	19,417
Less: Book value of disposals/ derecognitions during the period / year (Note 5.1.2)	47	299
Less: Depreciation charged during the period / year	769,189	1,039,487
Closing book value	<u>4,106,255</u>	<u>4,674,573</u>
5.1.1 Cost of additions		
Plant and machinery	191,996	-
Buildings on freehold land	-	1,296
Furniture and fittings	491	1,249
Vehicles	158	10,923
Office equipment	6,971	4,719
Electric equipment and appliances	1,303	1,230
	<u>200,919</u>	<u>19,417</u>
5.1.2 Book value of deletions		
Cost		
- Vehicles	-	13,362
- Plant and machinery	41,625	-
- Office equipment	2,208	421
- Furniture and fittings	58	29
- Electric equipment and appliances	29	38
	<u>43,920</u>	<u>13,850</u>
Less: Accumulated depreciation	43,873	13,551
	<u>47</u>	<u>299</u>
5.2 Capital work-in-progress		
Plant and machinery	<u>139,473</u>	<u>44,069</u>

	Un-audited Nine Month Ended		Un-audited Quarter Ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	(Rupees in thousand)		(Rupees in thousand)	
6. COST OF SALES				
Fuel cost	9,723,815	30,922,685	5,880,036	11,698,186
Operation and maintenance costs	1,268,253	496,659	216,367	210,057
Insurance	909,414	646,133	366,195	271,623
Depreciation	759,073	770,715	252,933	256,664
	<u>12,660,555</u>	<u>32,836,192</u>	<u>6,715,531</u>	<u>12,436,530</u>

	Un-audited Nine Month Ended	
	30 September 2023	30 September 2022
	(Rupees in thousand)	
7. CASH GENERATED FROM / (USED IN) OPERATIONS		
Profit before taxation	3,251,186	1,639,880
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	769,189	780,416
Provision for gratuity	12,171	12,368
Gain on disposal of investment properties	-	(86,102)
Profit on disposal of operating fixed assets	-	(12,005)
Interest income	(15,355)	(19,266)
Finance cost	512,065	487,451
Cash flows from operating activities before working capital changes	<u>4,529,256</u>	<u>2,802,742</u>
Working capital changes		
Decrease / (increase) in current assets:		
Stores, spare parts and other consumables	347,015	(171,762)
Fuel stock	(791,871)	200,418
Trade debts	1,006,586	(8,535,091)
Loans, advances and short-term prepayments	224,602	194,186
Other receivables	(153,736)	77,358
Sales tax recoverable	(499,945)	(365,780)
	<u>132,651</u>	<u>(8,600,671)</u>
(Decrease) / increase in trade and other payables	(82,075)	269,413
	<u>4,579,832</u>	<u>(5,528,516)</u>
8. TRANSACTIONS WITH RELATED PARTIES		

Related parties of the Company comprise of associated companies, key management personnel and staff retirement benefit plans. The Company in the normal course of business carries out transactions with these related parties. Details of transactions with related parties are as follows:

Relationship with the Company	Nature of transaction	(Un-audited) Nine Month Ended		(Un-audited) Quarter Ended	
		30 Sept. 2023 (Rupees in thousand)	30 Sept. 2022 (Rupees in thousand)	30 Sept. 2023 (Rupees in thousand)	30 Sept. 2022 (Rupees in thousand)
Associated undertakings	Insurance premium paid	1,156,604	832,453	609,128	452,084
	Insurance claim received	1,030	939	119	521
	Dividend paid	2,539,894	200,048	2,241,600	200,048
	Rent expenses	-	1,123	-	-
	Boarding lodging services	530	320	137	71
	Purchase of stores	-	354	-	-
	Purchase of vehicle	-	13,733	-	1,206
	Repair and maintenance of vehicle	85	98	-	30
	Interest charged	-	12,193	-	-
	Loan repaid	-	41,338	-	13,780
	Loan recovered	-	350,000	-	-
	Mark-up on borrowings	-	521	-	95
	Profit on bank deposits	14,881	6,536	8,615	5,784
Key management personnel	Remuneration	22,500	19,984	5,881	5,377
Staff Retirement benefits plans	Contribution to provident fund	18,646	17,213	6,116	5,745

9. 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 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.

10. 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 2022.

11. 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.

12. DATE OF AUTHORISATION FOR ISSUE


These condensed interim financial statements were authorized for issue on October 27, 2023 by the Board of Directors of the Company.

13. GENERAL

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER



NISHAT

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