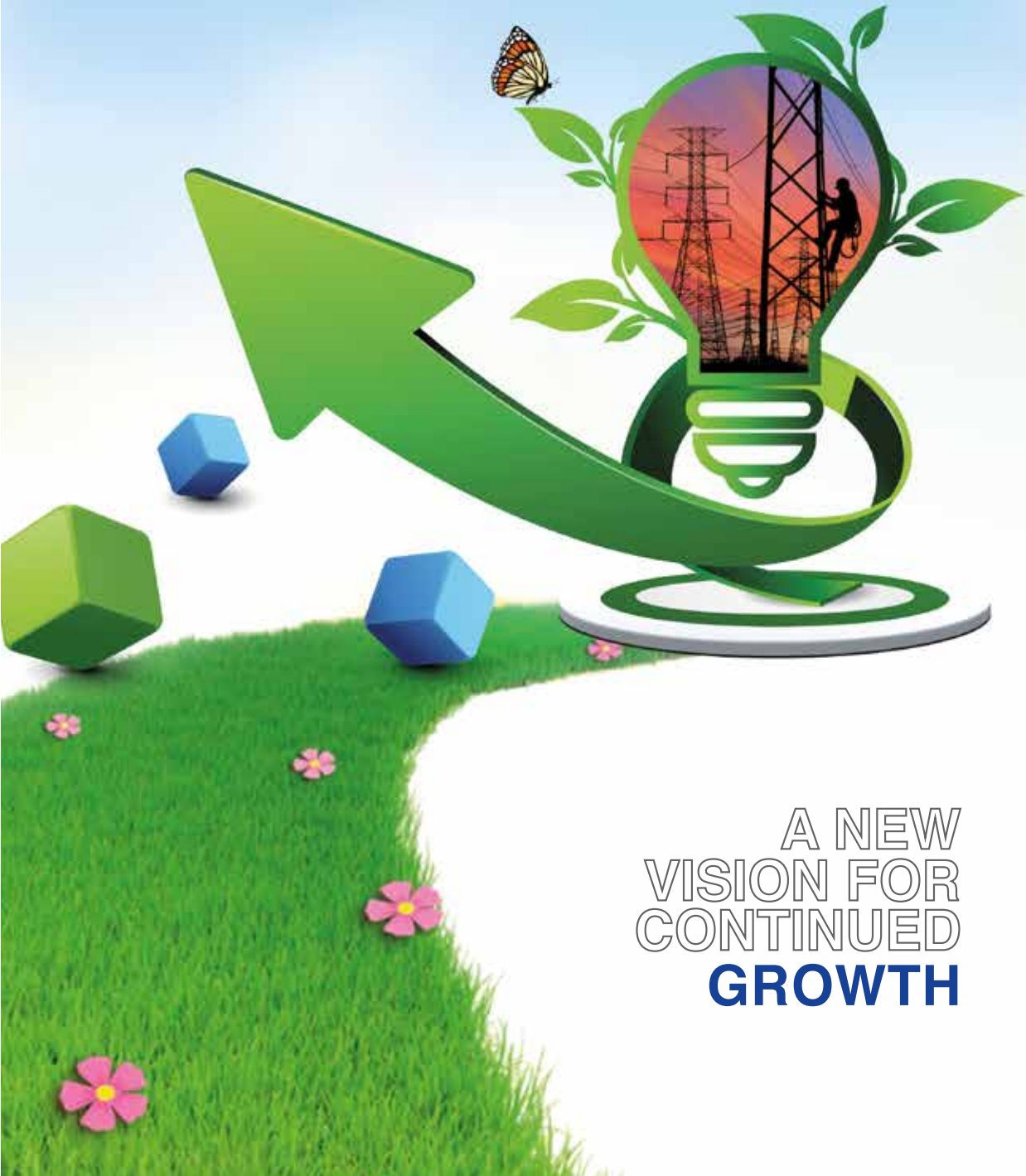




N I S H A T

LALPIR POWER LIMITED

THIRD QUARTERLY REPORT
FOR THE PERIOD ENDED
SEPTEMBER 30, 2022



A NEW
VISION FOR
CONTINUED
GROWTH

CONTENTS

Company Profile	02
Directors' Report	03
Directors' Report (Urdu).....	05
Condensed Interim Statement of Financial Position	08
Condensed Interim Statement of Profit or Loss and Other Comprehensive Income	10
Condensed Interim Statement of Changes in Equity	11
Condensed Interim Statement of Cash Flows	12
Selected Notes to the Condense Interim Financial Statements	13

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THE COMPANY	Lalpir Power Limited (“the Company”) was incorporated in Pakistan on 8 May 1994 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017).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 Mr. Jawaid Iqbal Mr. Mahmood Akhtar Mr. Muhammad Azam Mr. Inayat Ullah Niazi Mrs. Hajra Arham Mr. Amir Mahmood	Chairman
CHIEF EXECUTIVE OFFICER	Mr. Mahmood Akhtar	
AUDIT COMMITTEE	Mr. Jawaid Iqbal Mr. Inayat Ullah Niazi Mrs. Hajra Arham	Chairman
HUMAN RESOURCE & REMUNERATION(HR &R) COMMITTEE	Mr. Jawaid Iqbal Mian Hassan Mansha Mr. Inayat Ullah Niazi	Chairman
CHIEF FINANCIAL OFFICER	Mr. Awais Majeed Khan	
COMPANY SECRETARY	Mr. Khalid Mahmood Chohan	
BANKERS OF THE COMPANY	Habib Bank Limited The Bank of Punjab United Bank Limited Allied Bank Limited National Bank of Pakistan Bank Alfalah Limited Faysal Bank Limited Askari Bank Limited Habib Metropolitan Bank Limited MCB Bank Limited Bank Islami Pakistan Limited Standard Chartered Bank (Pakistan) Limited Al Baraka Bank (Pakistan) Limited Meezan Bank Limited Silk Bank Limited	
AUDITOR OF THE COMPANY	Riaz Ahmad & Co. Chartered Accountants	
LEGAL ADVISOR OF THE COMPANY	Mr. M. Aurangzeb Khan Advocate High Court	
REGISTERED OFFICE	53-A, Lawrence Road, Lahore-Pakistan UAN: +92 42-111-11-33-33 Fax: +92 42 36367414	
HEAD OFFICE	1-B, Aziz Avenue, Gulberg-V, Lahore- Pakistan Tel: +92 42 35717090-96 Fax: +92 42 35717239	
SHARE REGISTRAR	CDC Share Registrar Services Limited CDC House,99-B, Block-B, S.M.C.H.S Shahra-e-Faisal, Karachi – 74400 Tel: (92-21) 111-111-500 Fax: (92-21) 34326053	
PLANT	Mehmood Kot, Muzaffargarh, Punjab – Pakistan.	

DIRECTORS' REPORT

The Directors of **Lalpir Power Limited ("the Company")** are pleased to present their report together with the Condensed Interim Financial Information for the period ended September 30, 2022.

OPERATIONAL FINANCIAL RESULTS:

We report that during the period under review power plant dispatched 823,555 MWh of electricity as compared with 717,522 MWh dispatched during the corresponding nine months of the previous financial year.

The financial results of the Company for period ended September 30, 2022 are as follows:

Financial Highlights	PERIOD ENDED	
	30 September 2022	30 September 2021
Revenue (Rs '000')	34,984,470	15,528,618
Gross profit (Rs '000')	2,148,278	125,473
After tax profit / (loss) (Rs '000')	1,639,880	(542,557)
Earnings/(loss) per share (Rs)	4.32	(1.43)

The Company has posted after tax profit of Rs.1,639.880 million as against after tax loss of Rs.542.557 million incurred in the comparative period. The net profit of the Company demonstrated the earnings per share of Rs.4.32 as against loss per share of Rs.1.43 in the comparable previous period. The major reason of loss in comparative period was non-issuance of Capacity Purchase Price invoices amounting to Rs.3.028 Billion started from 26-03-21 to 30-09-21, pursuant to PPA Amendment signed as per note 1.2 of the annexed condensed interim financial statements.

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, 2022, an amount of Rs.14.169 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 9 of the annexed financial statements.


ACKNOWLEDGEMENT:

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

For and on behalf of the Board of Directors



Mr. Mahmood Akhtar
Chief Executive Officer
Lahore: 26 October 2022



Mian Hassan Mansha
Chairman

ڈائریکٹرز رپورٹ لال پیر پاور لمیٹڈ

لال پیر پاور لمیٹڈ "دی کمپنی" کے ڈائریکٹرز 30 ستمبر 2022ء مختتمہ نو ماہی کے لئے مندرجہ ذیل 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 نو ماہی مدت کے دوران 717,522 MWH ترسیل کے مقابلہ میں 823,555 MWH بجلی ترسیل کی۔

آپریشنل مالیاتی نتائج:

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

مالی جھلکیاں	30 ستمبر 2022ء مختتمہ نو ماہی	30 ستمبر 2021ء مختتمہ نو ماہی
محصولات (000 روپے)	34,984,470	15,528,618
مجموعی منافع (000 روپے)	2,148,278	125,473
بعد از ٹیکس منافع (نقصان) (000 روپے)	1,639,880	(542,557)
آمدن (نقصان) فی حصص (روپے)	4.32	(1.43)

کمپنی نے ٹیکس کے بعد منافع 1,639,880 ملین روپے درج کیا جبکہ تقابلی مدت میں 542,557 ملین روپے ٹیکس کے بعد نقصان ہوا تھا۔ کمپنی کے خالص منافع نے گزشتہ مدت میں 1.43 روپے فی حصص نقصان کے مقابلے 4.32 روپے فی حصص آمدنی ظاہر کی ہے۔ تقابلی مدت میں نقصان کی بڑی وجہ ملحق کنڈینسڈ عبوری مالیاتی حسابات کے نوٹ 1.2 کے مطابق دستخط شدہ پی پی اے ترمیم کی پیروی میں 26-03-21 سے 30-09-21 تک 3.028 ملین روپے کی کٹوتی پر پراس انوائسز کا جاری نہ ہونا تھی۔

ہمارا 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۔ 30 ستمبر 2022ء کے مطابق سنٹرل پاور پراجیکٹ ایجنسی (گارنٹی) لمیٹڈ (CPPA-G) کے ذمہ بقایا رقم 14.169 ملین روپے تھی۔

بورڈ کی تفصیل:

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

بورڈ کی کمیٹیاں:
بورڈ کی آڈٹ کمیٹی:

نمبر شمار	نام ڈائریکٹرز
1	جناب جاوید اقبال (رکن / چیئرمین)
2	جناب عنایت اللہ نیازی (رکن)
3	محترمہ ماجرہ ارم (رکن)

ہیومن ریسورس اینڈ ریلیشنز (HR&R) کمیٹی:

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

ڈائریکٹرز کا مشاہرہ:

کمیٹی اپنے آزاد ڈائریکٹرز سمیت نان ایگزیکٹو ڈائریکٹرز کو اجلاس فیس کے علاوہ کوئی مشاہرہ ادا نہیں کرتی ہے۔ ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کو ادا کئے جانے والے مشاہرہ کی مجموعی رقم منسلک مالی حسابات کے نوٹ 9 میں متشفہ ہے۔

اظہار تشکر

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

منجانب مجلس نطاء

Muhammad Nadeem

میاں حسن منشاء
چیئرمین

Jalaluddin

جناب محمود اختر
چیف ایگزیکٹو آفیسر

لاہور: 26 اکتوبر 2022ء

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Un-audited)

As at 30 September 2022

	Note	Un-audited 30 September 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		12,738,420	11,668,299
Total equity		16,643,811	15,573,690
LIABILITIES			
NON - CURRENT LIABILITIES			
Long - term financing	4	-	-
Employee benefit - gratuity		33,680	26,537
		33,680	26,537
CURRENT LIABILITIES			
Trade and other payables		639,437	370,024
Unclaimed dividend		6,435	7,747
Accrued mark-up / profit		290,930	55,346
Short-term borrowings		7,845,445	1,639,669
Current portion of non-current liabilities		13,780	55,458
		8,796,027	2,128,244
Total liabilities		8,829,707	2,154,781
CONTINGENCIES AND COMMITMENTS	5		
TOTAL EQUITY AND LIABILITIES		25,473,518	17,728,741

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



CHIEF EXECUTIVE



DIRECTOR




CHIEF FINANCIAL OFFICER

	Note	Un-audited 30 September 2022 (Rupees in thousand)	Audited 31 December 2021
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	6	4,940,249	5,694,942
Long-term loans to employees		16,974	12,636
Long Term security deposit		1,850	350
		<u>4,959,073</u>	<u>5,707,928</u>
CURRENT ASSETS			
Stores, spare parts and other consumables		1,084,880	913,118
Fuel stock		2,397,243	2,597,661
Trade debts		14,168,713	5,633,622
Loans, advances and short-term prepayments		169,077	363,263
Loan to associated company		-	350,000
Accrued interest		-	3,123
Other receivables		212,513	289,871
Advance income tax		276,256	270,442
Sales tax recoverable		1,853,201	1,487,421
Cash and bank balances		352,562	19,969
		<u>20,514,445</u>	<u>11,928,490</u>
Non-current assets classified as held for sale		-	92,053
		<u>20,514,445</u>	<u>12,020,543</u>
TOTAL ASSETS		<u><u>25,473,518</u></u>	<u><u>17,728,471</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 2022

Note	Nine Month Ended		Quarter Ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	(Rupees in thousand)		(Rupees in thousand)	
REVENUE FROM CONTRACT WITH CUSTOMER	34,984,470	15,528,618	13,042,595	7,967,730
COST OF SALES	7 (32,836,192)	(15,403,145)	(12,436,530)	(8,588,848)
GROSS PROFIT / (LOSS)	2,148,278	125,473	606,065	(621,118)
ADMINISTRATIVE EXPENSES	(143,309)	(132,412)	(57,333)	(34,435)
OTHER EXPENSES	(3,429)	(2,453)	(1,499)	(1,145)
OTHER INCOME	125,791	63,316	14,689	21,432
PROFIT / (LOSS) FROM OPERATIONS	2,127,331	53,924	561,922	(635,266)
FINANCE COST	(487,451)	(596,481)	(359,325)	(170,148)
PROFIT/ (LOSS) BEFORE TAXATION	1,639,880	(542,557)	202,597	(805,414)
TAXATION	-	-	-	-
PROFIT/ (LOSS) AFTER TAXATION	1,639,880	(542,557)	202,597	(805,414)
OTHER COMPREHENSIVE INCOME				
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS	-	-	-	-
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	-	-	-	-
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD	1,639,880	(542,557)	202,597	(805,414)
EARNINGS/(LOSS) PER SHARE - BASIC AND DILUTED (RUPEES)	4.32	(1.43)	0.53	(2.12)

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 2022

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
Transaction with owners:				
Final dividend for the year ended 31 December 2020 @ Rupee 1 per share	-	-	(379,839)	(379,839)
1st Interim Dividend for the year ended 31 December 2021 @ Rupee 1 per share	-	-	(379,839)	(379,839)
	-	-	(759,678)	(759,678)
Loss for the period ended 30 September 2021	-	-	(542,557)	(542,557)
Other Comprehensive income for the period ended 30 September 2021	-	-	-	-
Total comprehensive loss for the period ended 30 September 2021	-	-	(542,557)	(542,557)
Balance as at 30 September 2021 (Un-audited)	3,798,387	107,004	12,316,720	16,222,111
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)
	-	-	(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 income 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

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 2022

	Note	30 September 2022 (Rupees in thousand)	30 September 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (Used in) / generated from operations	8	(5,528,516)	2,118,017
Finance cost paid		(251,867)	(719,019)
Net (increase)/decrease in long term loans to employees		(4,338)	3,612
Long Term Security Deposit		(1,500)	-
Income tax paid		(5,814)	(4,254)
Gratuity paid		(5,225)	(5,226)
Net cash generated from operating activities		(5,797,260)	1,393,130
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on fixed assets		(25,723)	(15,680)
Interest received		22,389	46,373
Loan to associated company recovered		350,000	-
Investment made in Pakistan Investment Bonds and Government Ijara Sukuks		-	(4,128,926)
Proceeds from sale of Pakistan Investment Bonds and Government Ijara Sukuks		-	4,152,937
Proceeds from disposal of operating fixed assets		12,005	5,639
Proceeds from disposal of investment properties - Net		178,155	-
Net cash generated from investing activities		536,826	60,343
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(41,678)	(41,338)
Dividends paid		(571,071)	(382,384)
Net cash used in financing activities		(612,749)	(423,722)
Net increase in cash and cash equivalents		(5,873,183)	1,029,751
Cash and cash equivalents at beginning of the period		(1,619,700)	(10,845,565)
Cash and cash equivalents at end of the period		<u>(7,492,883)</u>	<u>(9,815,814)</u>
CASH AND CASH EQUIVALENTS			
Cash in hand		464	398
Cash at banks		352,098	95,556
Short-term borrowings		(7,845,445)	(9,911,768)
		<u>(7,492,883)</u>	<u>(9,815,814)</u>

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 2022

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.

1.2 Resolution of outstanding matters relating to International Chamber of Commerce (ICC) award/ Expert’s determination

Under the terms and conditions mentioned in PPA Amendment Agreement dated 20 April 2021, the Company and CPPA-G (the “Parties”) have agreed to resolve the disputes relating to International Chamber of Commerce (ICC) award / Expert’s determination as fully explained in note 1.2(b) to the preceding audited annual published financial statements of the Company for the year ended 31 December 2021.

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 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 2021.

3.1 Critical Accounting Estimates And Judgements

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.

4. LONG TERM FINANCING

From banking company - secured

Loan under State Bank of Pakistan (SBP) Refinance Scheme (Note 4.1)
Less: Current portion shown under current liabilities

Un-audited 30 September 2022 (Rupees in thousand)	Audited 31 December 2021
13,779	54,453
(13,779)	(54,453)
-	-

- 4.1 These 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 instalments 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:

- 5.1.1 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 Honourable 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 filing the writ petition before the Honourable 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 Honourable 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. Against the order of ACIR, the Company preferred an appeal before 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), both parties preferred an appeal before ATIR. Company's appeal has been disposed off by ATIR through its order dated June 13, 2022 wherein all the issues have been decided in favour of the company. The tax department appeal 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 condensed interim financial statements.

- 5.1.2 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. No proceedings against the orders passed by ATIR has been initiated by tax authorities. Further, the matter in respect of tax years 2011 and 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.

- 5.1.3 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) of the preceding audited annual published financial statements of the Company for the year ended 31 December 2021. 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. The tax department has filed two sales tax references in Honourable Lahore High Court, Lahore against the order of ATIR which are in process of hearing. Based on the tax advisor's opinion, the management is of the view that there are meritorious grounds available to defend the disallowance of input sales tax. Consequently, no provision for such disallowance has been made in these condensed interim financial statements.
- 5.1.4 On 31 January 2022, Assistant Commissioner Inland Revenue (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 Commissioner Inland Revenue (Appeals) [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 then decide the case on merit. 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 condensed interim financial statements.
- 5.1.5 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 2,000 million (31 December 2021: Rupees 1,000 million).
- 5.1.6 The Company has issued post dated cheque amounting to Rupees 0.165 million (31 December 2021: Rupees Nil) to Collector of Custom, Lahore under the direction of Honourable Lahore High Court, Lahore in respect of suit filed for custom duty.
- 5.1.7 Letter of guarantee of Rupees 1.062 million (31 December 2021: Rupees Nil) is given by the bank of the Company to Collector of Custom, Karachi under direction of Sindh High Court in respect of suit filed for custom duty.

	Un-audited 30 September 2022 (Rupees in thousand)	Audited 31 December 2021
5.2 Commitments		
5.2.1 Commitments in respect of other than capital expenditure	117,600	166,526
6. FIXED ASSETS		
Operating fixed assets (Note 6.1)	4,931,111	5,694,942
Capital work-in-progress (Note 6.2)	9,138	-
	<u>4,940,249</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)	16,884	16,447
Less: Book value of disposals during the period /year (Note 6.1.2)	299	233
Less: Depreciation charged during the period / year	780,416	1,088,837
Closing book value	<u>4,931,111</u>	<u>5,694,942</u>
6.1.1 Cost of additions		
Plant and machinery	-	1,419
Buildings on freehold land	1,296	1,607
Furniture and fittings	819	631
Vehicles	10,923	9,688
Office equipment	2,953	1,379
Electric equipment and appliances	893	1,723
	<u>16,884</u>	<u>16,447</u>
6.1.2 Book value of disposals / derecognitions		
Cost		
- Vehicles	13,362	14,843
- Office equipment	-	489
- Furniture and fittings	-	19
- Office Equipment	329	107
	<u>13,691</u>	<u>15,458</u>
Less: Accumulated depreciation	13,392	15,225
	<u>299</u>	<u>233</u>
6.2 Capital work-in-progress		
Plant and machinery	<u>9,138</u>	<u>-</u>

	Un-audited		Un-audited	
	Nine Month Ended		Quarter Ended	
	30 September	30 September	30 September	30 September
	2022	2021	2022	2021
	(Rupees in thousand)		(Rupees in thousand)	
7. COST OF SALES				
Fuel cost	30,922,685	13,642,924	11,698,186	8,018,813
Operation and maintenance costs	496,659	382,925	210,057	118,384
Insurance	646,133	563,058	271,623	187,255
Depreciation	770,715	814,148	256,664	264,396
Liquidated damages to CPPA-G	-	90	-	-
	<u>32,836,192</u>	<u>15,403,145</u>	<u>12,436,530</u>	<u>8,588,848</u>

	Un-audited	
	Nine Month Ended	
	30 September	30 September
	2022	2021
	(Rupees in thousand)	
8. CASH (USED IN) / GENERATED FROM OPERATIONS		
Profit/ (loss) before taxation	1,639,880	(542,557)
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	780,416	824,265
Depreciation on investment properties	-	536
Provision for gratuity	12,368	11,117
Profit on disposal of operating fixed assets	(12,005)	(5,405)
Gain on disposal of investment properties	(86,102)	-
Interest income	(19,266)	(46,403)
Gain on sale of Pakistan Investment Bonds	-	(1,294)
Gain on sale of Government Ijara Sukuks	-	(22,717)
Amortization of deferred income - Government grant	-	(2,902)
Finance cost	487,451	596,481
Cash flows from operating activities before working capital changes	<u>2,802,742</u>	<u>811,121</u>
Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and other consumables	(171,762)	(25,400)
Fuel stock	200,418	(989,605)
Trade debts	(8,535,091)	3,179,889
Loans, advances and short-term prepayments	194,186	(119,213)
Other receivables	77,358	169,782
Sales tax recoverable	(365,780)	(401,109)
	(8,600,671)	1,814,344
Increase / (Decrease) in trade and other payables	269,413	(507,448)
	<u>(5,528,516)</u>	<u>2,118,017</u>

9. 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)		(Un-audited)	
		Nine Month Ended		Quarter Ended	
		30 Sept. 2022	30 Sept. 2021	30 Sept. 2022	30 Sept. 2021
		(Rupees in thousand)		(Rupees in thousand)	
Associated undertakings	Insurance premium paid	832,453	693,067	452,084	311,608
	Insurance claim received	939	6,731	521	6,215
	Dividend paid	200,048	212,589	200,048	-
	Rent Expenses	1,123	4,710	-	1,570
	Boarding lodging services	320	43	71	-
	Purchase of stores	354	586	-	194
	Purchase of Vehicle	13,733	7,708	1,206	-
	Repair and Maintenance of Vehicle	98	132	30	6
	Interest Charged	12,193	22,233	-	7,507
	Loan Obtained	-	7,551,790	-	-
	Loan Repaid	41,338	7,769,237	13,780	13,779
	Loan Recovered	350,000	-	-	-
	Mark-up on borrowings	521	46,444	95	444
	Profit on bank deposits	6,536	5,530	5,784	5,524
Key management personnel	Remuneration	19,984	18,347	5,377	5,340
Staff Retirement benefits Plans	Contribution to Provident fund	17,213	16,290	5,745	5,369

Un-audited 30 September 2022 (Rupees in thousand)	Audited 31 December 2021
--	--------------------------------

Period end balances:

Short term loan receivable from associated company	-	350,000
Accrued interest on loan to associated companies	-	3,123

10. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Certain financial assets and financial liabilities are not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts. Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these condensed interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company 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.

11. FINANCIAL RISK MANAGEMENT

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

12. CORRESPONDING FIGURES

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

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

13. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on October 26, 2022 by the Board of Directors of the Company.

14. GENERAL

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

BOOK POST
PRINTED MATTER

UPC



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