

LALPIR POWER LIMITED



SECY/STOCKEXC/ 249

October 30, 2024

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

SUB: TRANSMISSION OF QUARTERLY REPORT FOR THE PERIOD ENDED 30-09-2024

Dear Sir,

We have to inform you that the Quarterly Report of the Lalpir Power Limited (“ the Company”) for the period ended 30-09-2024 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



NISHAT

LALPIR POWER LIMITED



THIRD QUARTERLY
REPORT
FOR THE PERIOD ENDED
SEPTEMBER 30, 2024



Growth - Expansion - Progress

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Lalpir Power Limited (“the Company”) was incorporated in Pakistan on 8 May 1994 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017).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

Chairman

HUMAN RESOURCE & REMUNERATION (HR & R) COMMITTEE

Mian Hassan Mansha
Mrs. Hajra Arham
Mr. Inayat Ullah Niazi

Chairperson

AUDITOR OF THE COMPANY

Riaz Ahmad & Co.
Chartered Accountants

REGISTERED OFFICE

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

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

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
MCB Islamic Bank Limited

LEGAL ADVISOR OF THE COMPANY

Mr. M. Aurangzeb Khan
Advocate High Court

HEAD OFFICE

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

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, 2024.

We report that during the period under review power plant dispatched 198,443 MWh of electricity as compared with 261,496 MWh dispatched during the corresponding period of the previous financial year.

OPERATIONAL FINANCIAL RESULTS:

The financial results of the Company for the period ended September 30, 2024 are as follows:

Financial Highlights	PERIOD ENDED	
	30 September 2024	30 September 2023
Revenue (Rs '000')	16,305,866	16,560,901
Gross profit (Rs '000')	5,948,279	3,900,346
After tax profit (Rs '000')	4,734,916	3,251,186
Earnings per share (Rs)	12.47	8.56

The Company has posted after tax profit of Rs 4,734.916 million as against after tax profit Rs. 3,251.186 million earned in the comparative period. The net profits of the Company demonstrated the Earning per Share of Rs 12.47 as against Rs 8.56 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 (GOP). As on September 30, 2024, an amount of Rs 14.969 billion was receivable from CPPA-G.

As you are aware, the Company was established to build, own and operate an oil-fired power plant. It entered into an Implementation Agreement (IA) on September 24, 1994, with the Government of Pakistan, a Power Purchase Agreement (PPA) on November 3, 1994 with WAPDA (the predecessor of CPPA-G), and a sovereign Guarantee issued on May 16, 1995 (Collectively referred to as the “Agreements”). These Agreements were set to expire on November 28, 2028.

However, recently, a Task Force from the Government of Pakistan desired an early termination of the Agreements with the following terms:

- The Agreements will end on October 1, 2024, instead of the original date of November 28, 2028.
- Payment of receivables accruing up to September 30, 2024, comprising Capacity Purchase Price, Energy Purchase Price and Pass-through Items will be made by December 31, 2024, but delayed payment interest will not be paid and have to be written-off.

- If the Company owes certain taxes to the FBR, the CPPA-G will reimburse the amount if certain conditions are met.
- Invoices for the WPPF and WWF accrued till September 30, 2024, will be paid prorated based on the Company's profit for the year ending December 31, 2024.
- The Company shall retain the ownership of the Complex.
- The GOP/CPPA-G will not pay any other compensation.
- The Company waives all claims under the Guarantee.
- The document containing aforementioned terms and conditions, which is captioned 'Negotiated Settlement Agreement' will be governed by Laws of Pakistan.

The Board of Directors has recommended to place the matter of early termination and the above terms given by Task Force, for approval of shareholders. For this purpose, a notice dated October 15, 2024 has been issued to conduct the Extraordinary General Meeting (EOGM) of the shareholders of the Company on November 14, 2024.

The Company's sole source of revenue was under the PPA and after termination, this arrangement shall cease. Currently, and given the emergent situation, no definitive plans for future course of action have yet been made.

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 Niaz (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.

ACKNOWLEDGEMENT:

The Board of Directors 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



Mian Hassan Mansha
Chairman

Lahore:

Dated: October 22, 2024

ڈائریکٹرز رپورٹ
لال پیر پاور لمیٹڈ

لال پیر پاور لمیٹڈ "دی کمپنی" کے ڈائریکٹرز 30 ستمبر 2024ء مختتمہ مدت کے لئے منجملہ 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 261,496 MWH ترسیل کے مقابلہ میں 198,443 MWH بجلی ترسیل کی۔

آپریشنل مالیاتی نتائج:

30 ستمبر 2024ء کو ختم ہونے والی مدت کے لئے کمپنی کے مالیاتی نتائج مندرجہ ذیل ہیں:

مالی جھلکیاں	30 ستمبر 2024ء مختتمہ مدت	30 ستمبر 2023ء مختتمہ مدت
محصولات (000 روپے)	16,305,866	16,560,901
مجموعی منافع (000 روپے)	5,948,279	3,900,346
بعد از ٹیکس منافع (000 روپے)	4,734,916	3,251,186
آمدنی فی حصص (روپے)	12.47	8.56

کمپنی نے ٹیکس کے بعد منافع 4,734,916 ملین روپے درج کیا جبکہ تقابلی مدت میں 3,251,186 ملین روپے منافع حاصل ہوا تھا۔ کمپنی کے خالص منافع نے گزشتہ تقابلی مدت میں 8.56 روپے فی حصص منافع کے مقابلے 12.47 روپے فی حصص منافع ظاہر کیا ہے۔

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 میں ناکام رہا ہے۔ 30 ستمبر 2024ء کے مطابق CPPA-G کے ذمہ بقایا رقم 14.969 بلین روپے تھی۔

جیسا کہ آپ جانتے ہیں کہ، کمپنی کو آئل فائر ڈی پاور پلانٹ کی تعمیر، ملکیت اور چلانے کے لئے قائم کیا گیا تھا۔ اس نے حکومت پاکستان کے ساتھ 24 ستمبر 1994ء کو اپیلی مینٹیننس معاہدہ ("آئی اے")، واپڈا (CPPA-G کے پیش رو) کے ساتھ 03 نومبر 1994ء کو پاور پراجیکٹ ایگریمنٹ ("پی پی اے")، حکومت کی طرف سے جاری کردہ 16 مئی 1995ء کو سوران گارنٹی (مجموعی طور پر "معاہدوں") کے تحت معاہدہ کیا تھا۔ یہ معاہدے 28 نومبر 2028ء کو ختم ہونے تھے۔

تاہم، وفاقی حکومت کی طرف سے تشکیل دی گئی ٹاسک فورس معاہدوں کو مندرجہ ذیل شرائط پر جلد ختم کرنا چاہتی ہے:

- معاہدے اصل تاریخ 28 نومبر 2028 کی بجائے یکم اکتوبر 2024 کو ختم ہو جائیں گے۔
- 30 ستمبر 2024 تک حاصل ہونے والی قابل وصولیوں بشمول کپیسٹی پر چیز پرائس، انرجی پر چیز پرائس اور پاس تھرو آؤٹ پور کی ادائیگی 31 دسمبر 2024 تک کی جائے گی۔ تاخیر سے ادائیگی کا سودا دانیس کیا جائے گا اور اسے معاف کرنا ہوگا۔
- اگر کمپنی پرائف بی آر کو یقینی ٹیکس واجب الادا ہیں تو سی پی پی اے۔ جی یقینی شرائط پوری ہونے کی صورت میں رقم واپس کرے گا۔
- ڈبلیو پی پی ایف اور ڈبلیو ڈبلیو ایف کے لیے 30 ستمبر 2024 تک قابل وصول انوائسز 31 دسمبر 2024 کو ختم ہونے والے سال کے لیے کمپنی کے منافع کی بنیاد پر ادا کی جائیں گی۔
- کمپنی کمپلیکس کی ملکیت برقرار رکھے گی۔
- حکومت پاکستان/سی پی پی اے۔ جی کسی بھی دیگر معاوضہ کی ذمہ دار نہیں ہے۔
- کمپنی گاڑی کے تحت تمام دعووں کو ترک کرے گی۔
- دستاویز ہذا بشمول شرائط و ضوابط بعنوان 'مذاکراتی تصفیہ معاہدہ پاکستان کے قوانین کے مطابق ہوگا۔

بورڈ آف ڈائریکٹرز نے معاہدوں کے جلد برطرفی کا معاملہ اور ٹاسک فورس کی طرف سے دی گئی بالاشرائط کو شیئر ہولڈرز کی منظوری کے لیے پیش کرنے کی سفارش کی ہے۔ اس مقصد کے لئے، کمپنی کے حصص داران کا غیر معمولی اجلاس عام 14 نومبر 2024 کو منعقد کرنے کے لئے ایک نوٹس 15 اکتوبر 2024 کو جاری کیا گیا ہے۔

کمپنی کی آمدنی کا واحد ذریعہ سی پی پی اے کے تحت تھا اور معاہدہ ختم ہونے کے بعد، یہ انتظامات ختم ہو جائیں گے۔ فی الحال، اور ہنگامی صورتحال کو دیکھتے ہوئے، مستقبل کے لائحہ عمل کے لئے ابھی کوئی حتمی منصوبہ نہیں بنایا گیا ہے۔

بورڈ کی تشکیل:

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

بورڈ کی کمیٹیاں:
بورڈ کی آڈٹ کمیٹی:

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

ہیومن ریسورس اینڈ ریمٹیشن (HR&R) کمیٹی:

نمبر شمار	نام رکن
1	میاں حسن منشاء (رکن)
2	محترمہ ہاجرہ ارحم (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 منسلکہ مالی حسابات کے نوٹ 8 میں منکشف ہے۔

اظہار تشکر

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

منجانب مجلس نطاء



میاں حسن منشاء
چیئر مین



جناب محمود اختر
چیف ایگزیکٹو آفیسر

لاہور: 22 اکتوبر 2024ء

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Un-audited)

As at 30 September 2024

	Note	Un-audited 30 September 2024 (Rupees in thousand)	Audited 31 December 2023
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 500,000,000 (31 December 2023: 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 2023: 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		15,149,633	11,934,073
Total equity		19,055,024	15,839,464
LIABILITIES			
NON-CURRENT LIABILITIES			
Employee benefit - gratuity		56,682	39,324
CURRENT LIABILITIES			
Trade and other payables		342,604	726,133
Accrued mark-up / profit		129,397	163,512
Short-term borrowings		4,814,154	5,260,489
Unclaimed dividend		12,218	10,999
		5,298,373	6,161,133
Total liabilities		5,355,055	6,200,457
CONTINGENCIES AND COMMITMENTS	4		
TOTAL EQUITY AND LIABILITIES		24,410,079	22,039,921

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

	Note	Un-audited 30 September 2024 (Rupees in thousand)	Audited 31 December 2023
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	5	3,226,994	3,981,300
Long-term loans to employees		44,237	13,407
Long Term security deposit		1,850	1,850
		<u>3,273,081</u>	<u>3,996,557</u>
CURRENT ASSETS			
Stores, spare parts and other consumables		907,263	808,318
Fuel stock		2,683,994	2,467,534
Trade debts		14,969,409	10,270,511
Short term investment		-	849,995
Loans, advances and short-term prepayments		83,231	65,698
Other receivables		700,091	621,863
Accrued interest		1,817	19
Advance income tax		282,498	280,167
Sales tax recoverable		1,481,196	2,266,320
Cash and bank balances		27,499	412,939
		<u>21,136,998</u>	<u>18,043,364</u>
TOTAL ASSETS		<u><u>24,410,079</u></u>	<u><u>22,039,921</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 2024

	Note	Nine Month Ended		Quarter Ended	
		30 September 2024	30 September 2023 (Rupees in thousand)	30 September 2024	30 September 2023
REVENUE FROM CONTRACT WITH CUSTOMER		16,305,866	16,560,901	2,843,069	8,070,128
COST OF SALES	6	(10,357,587)	(12,660,555)	(859,149)	(6,715,531)
GROSS PROFIT		5,948,279	3,900,346	1,983,920	1,354,597
ADMINISTRATIVE EXPENSES		(204,919)	(151,427)	(85,241)	(58,823)
OTHER EXPENSES		(4,827)	(4,084)	(2,053)	(1,630)
OTHER INCOME		17,770	18,416	6,933	10,707
PROFIT FROM OPERATIONS		5,756,303	3,763,251	1,903,559	1,304,851
FINANCE COST		(1,021,387)	(512,065)	(219,955)	(249,850)
PROFIT BEFORE INCOME TAX AND FINAL TAX		4,734,916	3,251,186	1,683,604	1,055,001
FINAL TAX		-	-	-	-
PROFIT BEFORE INCOME TAX		4,734,916	3,251,186	1,683,604	1,055,001
TAXATION		-	-	-	-
PROFIT AFTER TAXATION		4,734,916	3,251,186	1,683,604	1,055,001
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		4,734,916	3,251,186	1,683,604	1,055,001
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		12.47	8.56	4.43	2.78

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 2024

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

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

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 @ Rupees 2 per share	-	-	(759,678)	(759,678)
Interim dividend for the year ended 31 December 2023 @ Rupees 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

Balance as at 31 December 2023 - audited 3,798,387 107,004 11,934,073 15,839,464

Transaction with owners:

First interim dividend for the year ending 31 December 2024 @ Rupees 2 per share	-	-	(759,678)	(759,678)
Second interim dividend for the year ending 31 December 2024 @ Rupees 2 per share	-	-	(759,678)	(759,678)
	-	-	(1,519,356)	(1,519,356)

Profit for the period ended 30 September 2024	-	-	4,734,916	4,734,916
Other comprehensive income for the period ended 30 September 2024	-	-	-	-

Total comprehensive income for the period ended 30 September 2024 - - 4,734,916 4,734,916

Balance as at 30 September 2024 - un-audited 3,798,387 107,004 15,149,633 19,055,024

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 2024

	Note	Nine Month Ended	
		30 September 2024 (Rupees in thousand)	30 September 2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	7	1,837,089	4,579,832
Finance cost paid		(1,055,502)	(516,049)
Net (increase) / decrease in long term loans to employees		(30,830)	6,002
Income tax paid		(2,331)	(205)
Gratuity paid		-	(5,981)
Net cash generated from operating activities		748,426	4,063,599
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on fixed assets		(30,746)	(296,322)
Interest received		9,343	15,355
Proceeds from disposal of short term investment		849,995	-
Proceeds from disposal of operating fixed assets		2,014	47
Net cash generated from / (used in) investing activities		830,606	(280,920)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(1,518,137)	(6,450,239)
Net cash used in financing activities		(1,518,137)	(6,450,239)
Net decrease in cash and cash equivalents		60,895	(2,667,560)
Cash and cash equivalents at beginning of the period		(4,847,550)	(4,538,371)
Cash and cash equivalents at end of the period		(4,786,655)	(7,205,931)
CASH AND CASH EQUIVALENTS			
Cash in hand		754	549
Cash at banks		26,745	266,373
Short-term borrowings		(4,814,154)	(7,472,853)
		(4,786,655)	(7,205,931)

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 2024

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. As per the terms of PPA Amendment Agreement dated 20 April 2021, the agreement year that ended on 25 March 2021 was extended by 248 days to 28 November 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 2023. 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. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information 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 2023 except for the change in accounting policy of taxation and levy made in accordance with “Application Guidance on Accounting for Minimum Taxes and Final Taxes” issued by the Institute of Chartered Accountants of Pakistan through circular No. 7/2024 dated 15 May 2024. This change has been explained in note 3.1 to these condensed interim financial statements.

3.1 Taxation and levy

Current

Income (profit and gains) of the Company derived from power generation are exempt from income tax under Clause 132 of Part I and Clause 11A of Part IV of Second Schedule to the Income Tax Ordinance, 2001. This exemption is available till the term of Power Purchase Agreement (PPA). However, full provision for current tax and levy is made in the statement of profit or loss and other comprehensive income on income from sources not covered under the above clauses at current rates of taxation after taking into account, tax credits and rebates available, if any.

Final taxes levied under the Income Tax Ordinance, 2001 and any excess over the amount designated as provision for current tax are charged as levy in statement of profit or loss and other comprehensive income. The charge for current tax and levy also includes adjustments, where considered necessary, to provision for tax and levy made in previous years arising from assessments framed during the year for such years. Previously, component representing levy was included in provision for current tax and was not separately charged in statement of profit or loss and other comprehensive income. This change in accounting policy has no financial and reclassification impacts on these condensed interim financial statements.

Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax has not been provided in these condensed interim financial statements as the management believes that the temporary differences will not reverse in the foreseeable future due to the fact that the Company remains exempt from taxation under Clause 132 of Part I and Clause 11A of Part IV of Second Schedule to the Income Tax Ordinance, 2001.

3.2 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 2023.

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 2023 except for the following:

- 4.1.1** On 17 April 2024, Deputy Commissioner Inland Revenue (DCIR) passed an order for tax periods from January 2018 to December 2018 whereby sales tax demand of Rupees 15.675 million along with default surcharge and penalty were raised on various issues under relevant provisions of the Sales Tax Act, 1990. The Company paid the impugned sales tax demand of Rupees 15.675 million. However, being aggrieved, the Company filed an appeal before the learned Commissioner Inland Revenue - Appeals [CIR(A)] against the order passed by DCIR on 14 May 2024. Later, on 13 August 2024, ATIR disposed off the appeal whereby all the matters were decided in favor of the Company except for disallowance of input sales tax on certain goods aggregating to Rupees 2.375 million. Based on tax advisor's opinion, the subject disallowance has not been contested further and the same is provided in these condensed interim financial statements.
- 4.1.2** The Company identified certain sales tax invoices relating to tax periods from July 2010 to September 2017 where the Company duly discharged the liabilities by making payments to suppliers whereas input sales tax aggregating to Rupees 95.166 million was not adjusted against the output sales tax for the respective tax periods. The Company filed application to Federal Board of Revenue ("the Board") to condone the time limits regarding the above explained matter. In response to the Company's application, the Board called for a report on factual merits of the Company's application. DCIR, in accordance with the directions of the Board, issued letters to the Company to submit relevant documentary evidence in order to prepare the report for the Board. On 22 April 2019, the Company duly complied with those letters by submitting all the necessary / relevant data. On 30 June 2024, Commissioner Inland Revenue submitted report on factual merits of the Company's application and recommended that condonation in respect of input sales tax amounting to Rupees 86.114 million be allowed to the Company. On 22 July 2024, the Board has condoned the time limit to adjust the aforementioned input sales tax amounting to Rupees 86.114 million. The Company is continuously following up with the Board and is in the process of submitting evidences relating to remaining amount of Rupees 9.052 million to authorities for expeditious disposal of the case. Based on the advise of the tax advisor, the management expects favorable outcome of the matter. Hence, no provision has been made in these condensed interim financial statements.
- 4.1.3** On 16 August 2024, the Deputy Commissioner Inland Revenue ('DCIR') passed an order for tax periods from August 2022 to June 2023 whereby sales tax demand of Rupees 10.969 million has been raised on account of inadmissible input sales tax on various goods and services claimed along with default surcharge and penalty against the Company. Being aggrieved, on 23 September 2024, the Company filed an appeal before the Appellate Tribunal Inland Revenue ['ATIR'] which has not yet been taken up for adjudication. Based on tax advisor's opinion, there exists reasonable grounds to defend the Company's stance. Hence, no provision has been made in these financial statements.
- 4.1.4** Letter of guarantee of Rupees Nil (31 December 2023: Rupees 1.062 million) is given by the bank of the Company to Collector of Custom, Karachi under direction of the Honorable Sindh High Court (the Court) in respect of suit fled for custom duty. On 18 March 2024, the Court decided the case in favor of the Company.

	Un-audited 30 September 2024 (Rupees in thousand)	Audited 31 December 2023
4.2 Commitments		
For other than capital expenditure	33,722	109,318
5. FIXED ASSETS		
Operating fixed assets (Note 5.1)	3,226,794	3,981,123
Capital work-in-progress (Note 5.2)	200	177
	<u>3,226,994</u>	<u>3,981,300</u>
5.1 Operating fixed assets		
Opening book value	3,981,123	4,674,573
Add: Cost of additions during the period / year (Note 5.1.1)	30,723	354,224
Less: Book value of disposals/ derecognitions during the period / year (Note 5.1.2)	-	47
Less: Depreciation charged during the period / year	785,052	1,047,627
Closing book value	<u>3,226,794</u>	<u>3,981,123</u>
5.1.1 Cost of additions		
Plant and machinery	-	342,840
Furniture and fittings	203	534
Vehicles	23,842	494
Office equipment	5,458	8,964
Electric equipment and appliances	1,220	1,392
	<u>30,723</u>	<u>354,224</u>
5.1.2 Book value of disposals/ derecognitions		
Cost		
- Plant and machinery	-	136,949
- Furniture and fittings	-	58
- Vehicles	1,414	2,797
- Office equipment	1,878	2,337
- Electric equipment and appliances	91	273
	<u>3,383</u>	<u>142,414</u>
Less: Accumulated depreciation	3,383	142,367
	<u>-</u>	<u>47</u>
5.2 Capital work-in-progress		
Plant and machinery	<u>200</u>	<u>177</u>

	Un-audited Nine Month Ended		Un-audited Quarter Ended	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
	(Rupees in thousand)		(Rupees in thousand)	
6. COST OF SALES				
Fuel cost	7,855,257	9,723,815	2,494	5,880,036
Operation and maintenance costs	630,892	1,268,253	233,288	216,367
Insurance	1,098,597	909,414	366,208	366,195
Depreciation	772,272	759,073	256,867	252,933
Liquidated damages to CPPA-G	569	-	292	-
	<u>10,357,587</u>	<u>12,660,555</u>	<u>859,149</u>	<u>6,715,531</u>

	Un-audited Nine Month Ended	
	30 September 2024	30 September 2023
	(Rupees in thousand)	
7. CASH GENERATED FROM OPERATIONS		
Profit before taxation	4,734,916	3,251,186
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	785,052	769,189
Provision for gratuity	17,359	12,171
Interest income	(11,141)	(15,355)
Gain on sale of fixed asset	(2,014)	-
Finance cost	1,021,387	512,065
Cash flows from operating activities before working capital changes	<u>6,545,559</u>	<u>4,529,256</u>
Working capital changes		
Decrease / (Increase) in current assets:		
Stores, spare parts and other consumables	(98,945)	347,015
Fuel stock	(216,460)	(791,871)
Trade debts	(4,698,898)	1,006,586
Loans, advances and short-term prepayments	(17,534)	224,602
Other receivables	(78,228)	(153,736)
Sales tax recoverable	785,124	(499,945)
	<u>(4,324,941)</u>	<u>132,651</u>
Decrease in trade and other payables	<u>(383,529)</u>	<u>(82,075)</u>
	<u>1,837,089</u>	<u>4,579,832</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:

(i) Transactions:

Relationship with the Company	Nature of transaction	Un-audited Nine Month Ended		Un-audited Quarter Ended	
		30 Sept. 2024	30 Sept. 2023	30 Sept. 2024	30 Sept. 2023
		(Rupees in thousand)		(Rupees in thousand)	
Associated undertakings	Insurance premium paid	1,344,296	1,156,604	610,010	609,128
	Insurance claims received	641	1,030	232	119
	Dividend paid	597,760	2,539,894	246,877	2,241,600
	Boarding lodging services	850	530	-	137
	Purchase of vehicles	30,186	-	6,549	-
	Repair and maintenance of vehicles	872	85	150	-
	Profit on bank deposits	7,300	14,881	2,485	8,615
Other related parties	Dividend paid	104,006	442,851	52,003	389,955
Key management personnel	Remuneration	25,504	22,500	6,580	5,881
Staff Retirement benefits plans	Contribution to provident fund	20,903	18,646	6,844	6,116
	Benefit paid on behalf of gratuity fund	17,359	12,171	5,786	4,057
		Un-audited 30 September 2024 (Rupees in thousand)		Audited 31 December 2023	

(ii) Period end balances:

Payable to related companies

- Entities on the basis of common directorship	1,037	124
- Group entity	645	54

Balances with bank

- Group entity	10,632	412,395
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Staff retirement benefit plans	56,682	39,324
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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 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.

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 2023.

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 22, 2024 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



N I S H A T

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