



# GIVING LIGHT TO YOUR DREAMS

FIRST QUARTERLY REPORT

FOR THE PERIOD ENDED MARCH 31, 2014

**LALPIR POWER LIMITED**

## CONTENTS

Company Profile .....	02
Directors' Report .....	04
Condensed Interim Balance Sheet .....	06
Condensed Interim Profit and Loss Account and other comprehensive income .....	08
Condensed Interim Cash Flow Statement.....	09
Condensed Interim Statement of Changes in Equity .....	10
Selected Notes to the Condense Interim Financial Information .....	11

# COMPANY PROFILE

THE COMPANY

Lalpir Power Limited (“the Company”) was incorporated in Pakistan on 8 May 1994 under the Companies Ordinance, 1984. The registered office is situated at 53-A, Lawrence Road, Lahore. The principal activities of the Company are to own, operate and maintain an oil fired power station (“the Complex”) having gross capacity of 362 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan.

BOARD OF DIRECTORS

Mian Hassan Mansha	Chairman
Mr. Aurangzeb Feroz	Chief Executive Officer
Mr. Mark Nicholas Cutis	
Mr. Omar Liaqat	
Mr. Kamran Rasool	
Mr. Khalid Qadeer Qureshi	
Mr. Mahmood Akhtar	
Mr. Samir Hammami	Alternate Director

AUDIT COMMITTEE

Mr. Aurangzeb Feroz	Chairman
Mr. Mark Nicholas Cutis	
Mr. Mahmood Akhtar	

CHIEF FINANCIAL OFFICER

Mr. Khalid Qadeer Qureshi

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  
NIB Bank Limited  
MCB Bank Limited  
Bank Islami Pakistan Limited  
KASB Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
Al Baraka Bank (Pakistan) Limited  
Pakbrunei Investment company

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: 042-111-11-33-33

**HEAD OFFICE**

1-B, Aziz Avenue, Gulberg-V,  
Lahore- Pakistan  
Tel: 042-35717090-96  
Fax: 042-35717239

**SHARE REGISTRAR**

Central Depository Company of Pakistan 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 operational and financial results of your Company for the period ended 31 March 2014.

We report that during the period under review power plant by achieving all the operating standards dispatched 455,864 MWH of electricity as compared with 410,896 MWH dispatched during the corresponding three months of the previous financial year. Resultantly the capacity factor remained at 60.6% as against 54.4% demonstrated in the comparable three months of the previous financial year.

### Operation Financial Results:

The financial results of the Company for period ended 31 March 2014 are as follows:

Financial Highlights	PERIOD ENDED	
	31 March 2014	31 March 2013
Revenue (Rs '000')	8,887,637	8,076,031
Gross profit (Rs '000')	585,057	620,321
Gross profit ratio to revenue (%)	6.58%	7.68%
After tax profit (Rs '000')	322,819	338,661
After tax profit ratio to revenue (%)	3.63%	4.19%
Earnings per share (Rs)	0.85	0.89

The Company has posted after tax profit of Rs.322.819 million as against Rs 338.661 million earned in the comparative period. The net profits of the Company demonstrated the Earning per Share of Rs. 0.85 as against Rs. 0.89 earned per share in the corresponding previous period despite several negative factors.

Our customer WAPDA remains unable to meet its obligations to the Company in accordance with the Power Purchase Agreement (PPA) which are secured under a sovereign guarantee of GOP. As on 31 March 2014 an amount of Rupees 10.506 billion is outstanding against WAPDA of this Rupees 7.561 billion is classified overdue. The Company had been in constant follow-up with all the key stakeholders in the power sector for early release of the entire outstanding amounts.

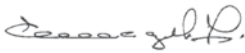
The Company had signed a Memorandum of Understanding to convert its Plant to coal. Company is keen to convert its plant to coal in order to supply energy to national grid at cheaper fuel cost. However, GOP, failed to approve guidelines for coal/per coke conversion of power plants of the IPP's existing oil fired units by the Private Power infrastructure Board (PPIB) in consultation with NTDC/ IPP's, guidelines for coal/pet coke conversion of power plants of the sellers from NEPRA, further,

new tariff or up front tariff after conversion for existing plants has not yet been announced by NEPRA. The Company continued to remain proactive in maintaining and expanding its corporate Social Responsibility program. Our focus had been to support health and education program particularly in the areas where our plants are located in the province of Punjab.

### Dividends

The Board of Directors take pleasure to recommend, to the shareholders of the Company an interim cash dividend of Nil % i.e. Rupee Nil per ordinary share, amounting to Rupees Nil Million.

For and on behalf of the Board of Directors



(Mr. Aurangzeb Feroz)

Chief Executive Officer

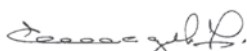
Lahore: 24 April 2014

# CONDENSED INTERIM BALANCE SHEET

As at 31 March 2014

	Note	Un-audited 31 March 2014 (Rupees in thousand)	Audited 31 December 2013
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital 500,000,000 (31 December 2013: 500,000,000) ordinary shares of Rupees 10 each		5,000,000	5,000,000
Issued, subscribed and paid-up share capital		3,798,387	3,798,387
Capital reserve		107,004	107,004
Revenue reserves		7,931,753	8,178,692
<b>Total equity</b>		<b>11,837,144</b>	<b>12,084,083</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term Loans		242,319	-
Provision for gratuity		25,690	20,222
		268,009	20,222
<b>CURRENT LIABILITIES</b>			
Trade and other payables		876,398	518,297
Accrued interest / profit		214,868	183,054
Short-term borrowings - secured		9,174,388	9,544,784
		10,265,654	10,246,135
<b>Total liabilities</b>		<b>10,533,663</b>	<b>10,266,357</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	5		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>22,370,807</b>	<b>22,350,440</b>

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



CHIEF EXECUTIVE

	Note	Un-audited 31 March 2014 (Rupees in thousand)	Audited 31 December 2013
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	8,268,293	8,363,469
Long-term loans to employees		64,237	43,029
		<u>8,332,530</u>	<u>8,406,498</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and other consumables		837,076	809,593
Fuel stock		226,295	455,110
Trade debts		10,506,104	10,190,266
Loans, advances and short-term prepayments		925,154	776,199
Other receivables		105,702	343,175
Sales tax recoverable		1,406,094	1,364,722
Cash and bank balances		31,852	4,877
		<u>14,038,277</u>	<u>13,943,942</u>
<b>TOTAL ASSETS</b>		<u><u>22,370,807</u></u>	<u><u>22,350,440</u></u>


  
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 DIRECTOR



## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE QUARTER ENDED 31 MARCH 2014 (UN-AUDITED)

	Note	Quarter Ended	
		31 March 2014 (Rupees in thousand)	31 March 2013
REVENUE		8,887,637	8,076,031
COST OF SALES	7	(8,302,580)	(7,455,710)
GROSS PROFIT		585,057	620,321
ADMINISTRATIVE EXPENSES		(32,555)	(34,310)
OTHER OPERATING EXPENSES		(478)	(1,368)
		552,024	584,643
OTHER OPERATING INCOME		7,656	7,792
PROFIT FROM OPERATIONS		559,680	592,435
FINANCE COST		(236,861)	(253,774)
PROFIT BEFORE TAXATION		322,819	338,661
TAXATION		-	-
PROFIT AFTER TAXATION		322,819	338,661
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		322,819	338,661
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		0.85	0.89

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

  
CHIEF EXECUTIVE

  
DIRECTOR

## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED 31 MARCH 2014 (UN-AUDITED)

		Quarter Ended	
	Note	31 March 2014 (Rupees in thousand)	31 March 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	8	397,240	513,737
Finance cost paid		(205,047)	(275,427)
Interest income received		179	7,359
Net increase in long-term loans to employees		(21,208)	(8,869)
Income tax paid		(3,292)	(5,510)
Gratuity		2,734	1,628
Net cash generated from operating activities		170,606	232,918
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(26,469)	(54,762)
Proceeds from sale of property, plant and equipment		11,000	-
Net cash used in investing activities		(15,469)	(54,762)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds for long term loans		242,319	-
Dividend paid		(85)	(345,305)
Net cash generated / (used) in financing activities		242,234	(345,305)
Net (decrease) / increase in cash and cash equivalents		397,371	(167,149)
Cash and cash equivalents at beginning of the period		(9,539,907)	(8,752,038)
Cash and cash equivalents at end of the period		(9,142,536)	(8,919,187)
CASH AND CASH EQUIVALENTS			
Cash in hand		194	398
Cash at banks		31,658	318,439
Short-term borrowings		(9,174,388)	(9,238,024)
		(9,142,536)	(8,919,187)

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

  
CHIEF EXECUTIVE

  
DIRECTOR

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 MARCH 2014 (UN-AUDITED)

	SHARE CAPITAL	RESERVES			TOTAL EQUITY
		Capital	Revenue		
		Retained payments reserve	Reserve for issuance of bonus shares	Un- appropriated profit	
(-----Rupees in thousand-----)					
Balance as at 01 January 2013 - audited	3,453,079	107,004	345,308	8,296,497	12,201,888
Bonus shares issued during the period	345,308	-	(345,308)	-	-
Transactions with owners - Final dividend for the year ended 31 December 2012 @ Rupee 1 per share	-	-	-	(379,839)	(379,839)
Profit for the quarter ended 31 March 2013	-	-	-	338,661	338,661
Other comprehensive income for the quarter ended 31 March 2013	-	-	-	-	-
Total comprehensive income for the quarter ended 31 March 2013	-	-	-	338,661	338,661
Balance as at 31 March 2013 - un-audited	3,798,387	107,004	-	8,255,319	12,160,710
Balance as at 01 January 2014 - audited	3,798,387	107,004	-	8,178,692	12,084,083
Transactions with owners - Final dividend for the year ended 31 December 2013 @ Rupees 1.5 per share	-	-	-	(569,758)	(569,758)
Profit for the quarter ended 31 March 2014	-	-	-	322,819	322,819
Other comprehensive income for the quarter ended 31 March 2014	-	-	-	-	-
Total comprehensive income for the quarter ended 31 March 2014	-	-	-	322,819	322,819
Balance as at 31 March 2014 - un-audited	3,798,387	107,004	-	7,931,753	11,837,144

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

# SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED 31 MARCH 2014 (UN-AUDITED)

## 1. THE COMPANY AND ITS OPERATIONS

Lalpir Power Limited ("the Company") was incorporated in Pakistan on 08 May 1994 under the Companies Ordinance, 1984. The registered office of the Company is situated at 53-A, Lawrence Road, Lahore. The ordinary shares of the Company are listed on Karachi Stock Exchange Limited and Lahore Stock Exchange Limited of Pakistan. 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.

## 2. BASIS OF PREPARATION

This condensed interim financial information is unaudited and is being submitted to shareholders as required by the Section 245 of the Companies Ordinance, 1984. This condensed interim financial information of the Company for the quarter ended 31 March 2014 has been prepared in accordance with requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information should be read in conjunction with the preceding audited annual financial statements of the Company for the year ended 31 December 2013.

## 3. ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are same as applied in the preparation of the preceding audited annual financial statements of the Company for the year ended 31 December 2013.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information 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 this condensed interim financial information, 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 financial statements of the Company for the year ended 31 December 2013.

## 5. CONTINGENCIES AND COMMITMENTS

### 5.1 Contingencies

There is no change in the contingencies disclosed in the preceding audited annual financial statements of the Company for the year ended 31 December 2013.

### 5.2 Commitments

There is no change in the commitments disclosed in the preceding audited annual financial statements of the Company for the year ended 31 December 2013, except for the commitments for capital expenditure as at reporting date are amounting to Rupees 1,835 million (31 December 2013: Rupees 1,926 million).

**6. PROPERTY, PLANT AND EQUIPMENT**

Operating fixed assets (Note 6.1)	7,629,242	7,732,229
Capital work-in-progress	639,051	631,240

**Un-audited  
31 March  
2014  
(Rupees in thousand)**

**Audited  
31 December  
2013**

**8,268,293**

**8,363,469**

**6.1 Operating fixed assets**

Opening book value	7,732,229	7,044,274
Add: Cost of additions during the period / year (Note 6.1.1)	18,658	1,126,032
Less: Book value of deletions during the period / year (Note 6.1.2)	4,481	55
Less: Depreciation charged during the period / year	117,164	438,022

**Closing book value**

**7,629,242**

**7,732,229**

**6.1.1 Cost of additions**

Buildings on freehold land	-	295,857
Plant and machinery	1,461	744,388
Furniture and fittings	-	2,910
Vehicles	15,458	31,772
Office equipment	911	10,623
Electric equipment and appliances	828	40,482

**18,658**

**1,126,032**

**6.1.2 Book value of deletions**

Vehicles	4,481	55
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**Quarter Ended**

**31 March  
2014**

**31 March  
2013**

**(Rupees in thousand)**

**7. COST OF SALES**

Fuel cost	8,019,003	7,202,590
Operation and maintenance costs	81,495	78,405
Insurance	77,388	78,160
Depreciation	110,915	96,555
Others	13,779	-

**8,302,580**

**7,455,710**

	Quarter Ended	
	31 March 2014 (Rupees in thousand)	31 March 2013
<b>8. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	322,819	338,661
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	117,164	100,868
Provision for gratuity	2,734	2,021
Gain on disposal of property, plant and equipment	(6,520)	-
Interest income	(179)	(7,359)
Finance cost	236,861	253,774
Cash flows from operating activities before working capital changes	672,879	687,965
(Increase) / decrease in current assets:		
Stores, spare parts and other consumables	(27,483)	23,667
Fuel stock	228,815	37,875
Trade debts	(315,838)	(74,105)
Advances and short-term prepayments	(145,663)	100,883
Other receivables	237,473	(16,990)
Sales tax recoverable	(41,372)	(74,638)
	(64,068)	(3,308)
(Decrease) / increase trade and other payables	(211,571)	(170,920)
	397,240	513,737

## 9. TRANSACTIONS WITH RELATED PARTIES

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

		Quarter Ended	
		31 March 2014	31 March 2013
		(Rupees in thousand)	
Associated company	Nature of transaction		
Nishat Mills Limited	Dividend Paid	-	110,498
Adamjee Insurance Company Limited	Dividend Paid Insurance premium	- 13,263	27,625 118,621
Security General Insurance Company Limited	Dividend Paid Insurance premium	- 89,633	6,906 -
Stanhope Investments	Dividend Paid	-	103,592
Engen (Private) Limited	Dividend Paid	-	69,061
Pakgen Power Limited	Share of expenses Share of rental income	64,258 397	50,714 388
Pakistan Aviators and Aviation (Private) Limited	Flying services	1,086	1,132
Nisaht (Aziz Avenue) hotels and properties Limited	Rent	1,570	1,570
<b>STAFF RETIREMENT BENEFIT PLANS</b>			
Provident fund	Contribution made	2,993	2,745
Gratuity fund	Contribution made	2,734	2,021
<b>KEY MANAGEMENT PERSONNEL</b>			
	Remuneration	2,427	2,311

**9.1** The Company shares premises, employees and other common costs with its associated company, Pakgen Power Limited on fifty-fifty basis in accordance with "Shared Facilities Agreement".

## 10. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual financial statements of the Company for the year ended 31 December 2013.

## 11. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 "Interim Financial Reporting", the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with balances of audited annual financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

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

**12. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorized for issue on 24 April 2014 by the Board of Directors of the Company.

**13. GENERAL**

Figures have been rounded off to the nearest thousand Rupees.

  
**CHIEF EXECUTIVE**  
**DIRECTOR**





BOOK POST  
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UPC



## LALPIR POWER LIMITED

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