

A photograph of an industrial power plant at night. Two tall smokestacks are visible on the left, with smoke rising from them into a dark blue sky. The plant itself is illuminated with various lights, and a body of water is in the foreground.

LALPIR POWER LIMITED

# FIRST QUARTERLY REPORT

FOR THE PERIOD ENDED  
MARCH 31  
2015

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## 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. Kamran Rasool	
Mr. Khalid Qadeer Qureshi	
Mr. Mahmood Akhtar	
Mr. Jawaid Iqbal	
Mr. Saeed Ahmed Alvi	

### AUDIT COMMITTEE

Mr. Jawaid Iqbal	Chairman
Mr. Mahmood Akhtar	
Mr. Kamran Rasool	

### CHIEF FINANCIAL OFFICER

Mr. Khalid Qadeer Qureshi

### COMPANY SECRETARY

Mr. Khalid Mahmood Chohan

### BANKERS OF THE COMPANY

Habib Bank Limited  
 The Bank of Punjab  
 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 LEGAL ADVISOR OF THE COMPANY

Riaz Ahmad & Co.  
 Chartered Accountants  
 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 2015.

We report that during the period under review power plant by achieving all the operating standards dispatched 541,945 MWH of electricity as compared with 455,864 MWH dispatched during the corresponding three months of the previous financial year. Resultantly the capacity factor remained at 72.1% as against 60.6% 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 2015 are as follows:

Financial Highlights	PERIOD ENDED	
	31 March 2015	31 March 2014
Revenue (Rs '000')	6,052,110	8,887,637
Gross profit (Rs '000')	660,825	585,058
Gross profit ratio to revenue (%)	10.92%	6.58%
After tax profit (Rs '000')	385.322	322,819
After tax profit ratio to revenue (%)	6.37%	3.63%
Earnings per share (Rs)	1.01	0.85

The Company has posted after tax profit of Rs. 385.322 million as against Rs. 322.819 million earned in the comparative period. The net profits of the Company demonstrated the Earning per Share of Rs. 1.01 as against Rs. 0.85 earned per share in the corresponding previous period.

Main reason for variation in net profit for period ended 31st Mar 2015 in Comparison with period ended 31st Mar 2014 is decreased in delta loss by Rupees 316.864Million and due to decrease in fuel consumption 7.65 grams per kwh.

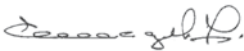
Our customer WAPDA remains unable to meet its obligations to the Company in accordance with the Power Purchase Agreement (PPA) which are secured under a sovereign guarantee of GOP. As on 31 March 2015 an amount of Rupees 8.32 billion is outstanding against WAPDA of this Rupees 2.488 billion is classified 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.

### Corporate objectives:

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/pet 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.

### For and on behalf of the Board of Directors



(Mr. Aurangzeb Feroz)  
Chief Executive Officer  
Lahore: 27 April 2015

# CONDENSED INTERIM BALANCE SHEET

As at 31 March 2015

	Note	Un-audited 31 March 2015 (Rupees in thousand)	Audited 31 December 2014
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital 500,000,000 (31 December 2014: 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		8,398,429	8,392,946
<b>Total equity</b>		<b>12,303,820</b>	<b>12,298,337</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term Loans		1,759,347	1,813,876
Provision for gratuity		22,627	17,937
		1,781,974	1,831,813
<b>CURRENT LIABILITIES</b>			
Trade and other payables		877,588	1,203,913
Accrued interest / profit		110,288	193,634
Short-term borrowings - secured		7,642,557	7,918,600
Current portion of long term Financing		231,492	176,963
		8,861,925	9,493,110
<b>Total liabilities</b>		<b>10,643,899</b>	<b>11,324,923</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	5		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>22,947,719</b>	<b>23,623,260</b>

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

  
 CHIEF EXECUTIVE

	Note	Un-audited 31 March 2015 (Rupees in thousand)	Audited 31 December 2014
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	10,841,691	11,048,768
Long Term Investment		2,389	2,389
long Term Security Deposit		300	300
Long-term loans to employees		68,489	49,256
		<u>10,912,869</u>	<u>11,100,713</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and other consumables		882,812	881,470
Fuel stock		595,357	337,226
Trade debts		8,323,772	8,480,277
Loans, advances and short-term prepayments		503,514	482,249
Other receivables		1,144	145,329
Sales tax recoverable		1,632,280	1,563,648
Cash and bank balances		95,971	632,348
		<u>12,034,850</u>	<u>12,522,547</u>
<b>TOTAL ASSETS</b>		<u><u>22,947,719</u></u>	<u><u>23,623,260</u></u>

  
DIRECTOR



## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE QUARTER ENDED 31 MARCH 2015 (UN-AUDITED)

		Quarter Ended	
	Note	31 March 2015 (Rupees in thousand)	31 March 2014
REVENUE		6,052,110	8,887,637
COST OF SALES	7	(5,391,285)	(8,302,609)
GROSS PROFIT		660,825	585,028
ADMINISTRATIVE EXPENSES		(35,402)	(32,555)
OTHER OPERATING EXPENSES		(518)	(449)
OTHER OPERATING (LOSS) / INCOME		624,905 (2,389)	552,024 7,656
PROFIT FROM OPERATIONS		622,516	559,680
FINANCE COST		(237,194)	(236,861)
PROFIT BEFORE TAXATION		385,322	322,819
TAXATION		-	-
PROFIT AFTER TAXATION		385,322	322,819
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		385,322	322,819
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		1.01	0.85

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 2015 (UN-AUDITED)

		Quarter Ended	
	Note	31 March 2015 (Rupees in thousand)	31 March 2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	8	69,623	397,240
Finance cost paid		(320,540)	(205,047)
Interest income received		57	179
Net increase in long-term loans to employees		(19,233)	(21,208)
Income tax paid		(589)	(3,292)
Gratuity		1,949	2,734
Net cash generated/(used in) from operating activities		(268,733)	170,606
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(672)	(26,469)
Proceeds from sale of property, plant and equipment		9,100	11,000
Net cash generated/(used in) investing activities		8,428	(15,469)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds for long term loans		-	242,319
Dividend paid		(28)	(85)
Net cash generated / (used) in financing activities		(28)	242,234
Net (decrease) / increase in cash and cash equivalents		(260,333)	397,371
Cash and cash equivalents at beginning of the period		(7,286,253)	(9,539,907)
Cash and cash equivalents at end of the period		(7,546,586)	(9,142,536)
CASH AND CASH EQUIVALENTS			
Cash in hand		391	194
Cash at banks		95,580	31,658
Short-term borrowings		(7,642,557)	(9,174,388)
		(7,546,586)	(9,142,536)

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 2015 (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 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	-	-	-	385,322	385,322
Other comprehensive income for the quarter ended 31 March 2014	-	-	-	-	-
Total comprehensive income for the quarter ended 31 March 2014	-	-	-	385,322	385,322
Balance as at 31 March 2014 - un-audited	3,798,387	107,004	-	7,994,256	11,899,647
Balance as at 01 January 2015 - audited	3,798,387	107,004	-	8,392,946	12,298,337
Transactions with owners - Final dividend for the year ended 31 December 2014 @ Rupees 1 per share	-	-	-	(379,839)	(379,839)
Profit for the quarter ended 31 March 2015	-	-	-	385,322	385,322
Other comprehensive income for the quarter ended 31 March 2015	-	-	-	-	-
Total comprehensive income for the quarter ended 31 March 2015	-	-	-	385,322	385,322
Balance as at 31 March 2015 - un-audited	3,798,387	107,004	-	8,398,429	12,303,820

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


  
CHIEF EXECUTIVE


  
DIRECTOR

# SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED 31 MARCH 2015 (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 2015 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 2014.

## 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 2014.

## 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 2014.

## 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 2014.

### 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 2015, except for the commitments for capital expenditure as at reporting date are amounting to Rupees 118 million (31 December 2014: Rupees 97.700 million).

## 6. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 6.1)	10,103,911	10,231,231
Capital work-in-progress	737,780	817,537

Un-audited  
31 March  
2015  
(Rupees in thousand)

Audited  
31 December  
2014

10,841,691

11,048,768

### 6.1 Operating fixed assets

Opening book value	10,231,231	7,732,229
Add: Cost of additions during the period / year (Note 6.1.1)	80,429	3,020,705
Less: Book value of deletions during the period / year (Note 6.1.2)	12,366	4,481
Less: Depreciation charged during the period / year	195,383	517,222
Closing book value	10,103,911	10,231,231

#### 6.1.1 Cost of additions

Buildings on freehold land	-	2,728
Plant and machinery	80,339	2,975,575
Furniture and fittings	-	1,113
Telephone Installations	-	29,061
Office equipment	90	5,060
Electric equipment and appliances	-	7,168
	80,429	3,020,705

#### 6.1.2 Book value of deletions

Vehicles	12,366	4,481
	12,366	4,481

## 7. COST OF SALES

Fuel cost	5,038,733	8,019,003
Operation and maintenance costs	83,816	81,495
Insurance	79,040	77,388
Liquidated Damages	455	29
Depreciation	187,534	110,915
Others	1,707	13,779
	5,391,285	8,302,609

Quarter Ended

31 March  
2015

31 March  
2014

(Rupees in thousand)

	Quarter Ended	
	31 March 2015 (Rupees in thousand)	31 March 2014
<b>8. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	385,322	322,819
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	195,383	117,164
Provision for gratuity	2,741	2,734
Loss / (Gain) on disposal of property, plant and equipment	3,267	(6,520)
Interest income	(57)	(179)
Finance cost	237,194	236,861
Cash flows from operating activities before working capital changes	823,850	672,879
(Increase) / decrease in current assets:		
Stores, spare parts and other consumables	(1,342)	(27,483)
Fuel stock	(258,131)	228,815
Trade debts	156,505	(315,838)
Advances and short-term prepayments	(20,676)	(145,663)
Other receivables	144,185	237,473
Sales tax recoverable	(68,632)	(41,372)
	(48,091)	(64,068)
(Decrease) / increase trade and other payables	(706,136)	(211,571)
	69,623	397,240

## 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 2015	31 March 2014
		(Rupees in thousand)	
Associated company	Nature of transaction		
Adamjee Insurance Company Limited	Insurance premium	11,083	13,263
Security General Insurance Company Limited	Insurance premium	91,548	89,633
Pakgen Power Limited	Share of expenses Share of rental income	72,586 398	64,258 397
Pakistan Aviators and Aviation (Private) Limited	Flying services	-	1,086
Nisaht (Aziz Avenue) hotels and properties Limited	Rent	1,570	1,570
<b>STAFF RETIREMENT BENEFIT PLANS</b>			
Provident fund	Contribution made	3,293	2,993
Gratuity fund	Contribution made	2,741	2,734
<b>KEY MANAGEMENT PERSONNEL</b>			
	Remuneration	1,274	2,427

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 2014.

## 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 27 April 2015 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

PRINTED MATTER

UPC



53-A, Lawrence Road, Lahore

Tel: 042-36367812-16

Fax: 042-36367414

UAN: 042-111-11-33-33