KOT ADDU POWER COMPANY LIMITED

Annual Report **2019**

POWER
FROM
WITHIN

CONTENTS

FINANCIALS

KEY FIGURES

TURNOVER

RS. **84,831** MILLION

GROSS PROFIT

RS. **14,205** MILLION

PROFIT AFTER TAX

RS. **13,112** MILLION

EARNING PER SHARE

RS. **14.90**

COMPANY **INFORMATION**

Board of Directors

Lt. General Muzammil Hussain (Retd)
Chairman

Mr. Aftab Mahmood Butt
Chief Executive

Mr. Aqeel Ahmed Nasir
Mr. Hafiz Muhammad Yousaf
Mr. Saad Iqbal
Mr. Muhammad Arshad Ch.
Mr. Muhammad Ikram Khan
Ms. Zunaira Azhar

Audit Committee

Mr. Hafiz Muhammad Yousaf
Chairman

Mr. Saad Iqbal
Mr. Muhammad Arshad Ch.
Mr. Muhammad Ikram Khan

HR Committee

Mr. Aqeel Ahmed Nasir
Chairman

Mr. Aftab Mahmood Butt
Mr. Muhammad Ikram Khan

LDS Committee

Mr. Aqeel Ahmed Nasir
Chairman

Mr. Aftab Mahmood Butt
Mr. Saad Iqbal

General Manager Finance / CFO

Mr. Muhammad Mohtashim Aftab

Company Secretary

Mr. A. Anthony Rath

Head of Internal Audit

Mr. Sikandar Usmani

Auditors

Deloitte Yousuf Adil
Chartered Accountants

Internal Auditors

EY Ford Rhodes
Chartered Accountants

Legal Advisor

Cornelius, Lane & Mufti

Banks

Conventional

Allied Bank Limited
Askari Bank Limited
Bank Al-Habib Limited
Citibank, N.A.
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
National Bank of Pakistan
Samba Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

Islamic

AlBaraka Bank (Pakistan) Limited
Askari Bank Limited-IBD
Bank Alfalah Limited
BankIslami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Meezan Bank Limited
National Bank of Pakistan-IBD
Standard Chartered Bank (Pakistan) Limited-IBD
The Bank of Punjab - IBD

Shares Registrar

THK Associates (Private) Limited
First Floor, 40-C, Block-6
P.E.C.H.S. Karachi 75400, Pakistan
Tel: +92 (0)21 111 000 322
Fax: +92 (0)21 34168271

Registered Office

Office No. 309, 3rd Floor, Evacuee Trust Complex
Agha Khan Road, F-5/1, Islamabad, Pakistan

Corporate Office

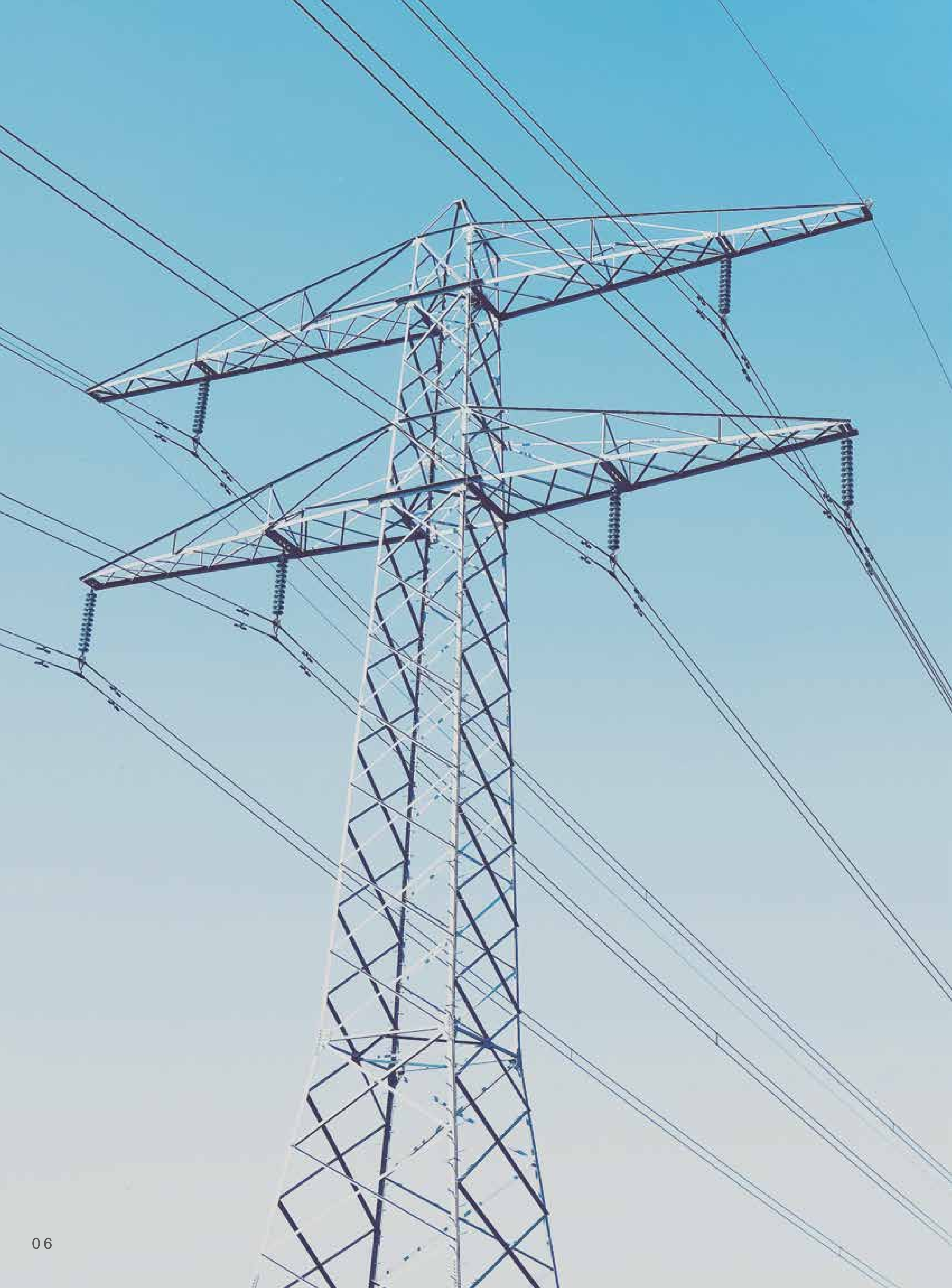
5 B/3, Gulberg III
Lahore 54660, Pakistan
Tel: +92 (0)42 3577 2912-6
Fax: +92 (0)42 3577 2922

Power Project

Kot Addu Power Complex, Kot Addu
District Muzaffargarh, Punjab, Pakistan
Tel: +92 (0)66 230 1047-9
Fax: +92 (0)66 230 1025

info@kapco.com.pk

www.kapco.com.pk



VISION

To be a leading power generation company, driven to exceed our shareholders' expectations and meet our customer's requirements

MISSION

- To be a responsible corporate citizen
- To maximise shareholders' return
- To provide reliable and economical power for our customer
- To excel in all aspects relating to safety, quality and environment
- To create a work environment which fosters pride, job satisfaction and equal opportunity for career growth for the employees

NOTICE OF 23rd ANNUAL
GENERAL MEETING

Notice is hereby given that the 23rd Annual General Meeting of Kot Addu Power Company Limited will be held at the Islamabad Serena Hotel, Khayban-e-Suhrawardy, Islamabad on Monday, October 28, 2019 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To confirm the Minutes of the Twenty Second Annual General Meeting of the Company held on October 23, 2018.

2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2019 together with Directors' and Auditor's Reports thereon.

3. To approve the final cash dividend of Rs. 3.00 per share, that is, 30% for the year ended June 30, 2019 as recommended by the Board of Directors. This is in addition to the interim dividend of Rs. 1.50 per share, that is, 15% already paid making a total cash dividend of Rs. 4.50 per share, that is, 45% during the year.

4. To appoint Auditors and fix their remuneration for the year ending June 30, 2020. The present Auditors, Messrs. Deloitte Yousuf Adil, Chartered Accountants, retired and being eligible, offer themselves for reappointment.

5. To transact any other business with the permission of the Chairman.

By Order of the Board

A. Anthony Rath
Company Secretary

Lahore
September 16, 2019

NOTES:

1. The share transfer books of the Company will remain closed from October 22, 2019 to October 28, 2019 (both days inclusive). Transfers received in order at the office of the Company's Shares Registrar, THK Associates (Private) Limited at the close of business on October 21, 2019 will be treated in time for purposes of payment of the final cash dividend (subject to approval of the Members) and to attend and vote at the Meeting.

2. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on his/her behalf, provided such proxy is also a Member.

3. An instrument of proxy and the Power of Attorney or other authority (if any) under which it is signed, or a Notary Public certified copy of such Power of Attorney, in order to be valid, must be deposited with the Company's Registrar, THK Associates (Private) Limited not later than (48) forty-eight hours before the time of holding the Meeting.

4. CDC account holders will in addition have to follow the under mentioned guidelines as laid down in Circular No.1 dated January 26, 2000 of the Securities & Exchange Commission of Pakistan for attending the Meeting:

   (i) In case of individuals: The account holder or sub account holder and / or the person whose securities are registered on CDS; and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting. The Members are also required to bring their Participants' I.D. number and account numbers in CDS.

   (ii) In case of corporate entity: The Board of Directors Resolution / Power of Attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of Meeting.

5. **E-Dividend (Mandatory)**

   In pursuance of Section 242 of the Companies Act, 2017 and Circular No. 18/2017 dated August 1, 2017, it is mandatory for all listed companies to pay dividend only by way of electronic mode, directly into the bank accounts of entitled shareholders.

   Keeping in view the same, all cash dividend, if declared by the Company in future will be directly transferred in bank account of the shareholders. In order to enable the Company to follow the directives of the regulators in regard to payment of dividend only through electronic mode, shareholders are requested to provide/update your IBAN to our Share Registrar. Accordingly, all CDC shareholders are requested to send their IBAN details directly to their concerned Stock Broker / Central Depository Company of Pakistan Limited. In case of non-availability/incorrect IBAN, the Company will not be in a position to pay the cash dividend of such shareholders.

6. **Submission of copy of CNIC (Mandatory)**

   The Securities and Exchange Commission of Pakistan (SECP) vide their SRO 779(i) 2011 dated August 18, 2011 has directed the company to print your CNIC number on your dividend warrants and if your CNIC number is not available in our records, your dividend warrant will not be issued / dispatched to you. In order to comply with the regulatory requirement, you are requested to kindly send photocopy of your CNIC to your Participant / Investor Account Services or to us (in case of physical shareholding) immediately to Company's Shares Registrar, THK Associates (Private) Limited.

7. Transmission of Annual Financial Statements through E-Mail:

SECP vide SRO 787(1)/2014 dated September 8, 2014 has provided an option to receive audited financial statements electronically through email. Hence, members who hold shares in physical form and are interested in receiving the annual reports electronically in future are required to submit their e-mail addresses and consent for electronic transmission to the Shares Registrar of the Company. CDC shareholders are requested to submit their email address and consent directly to their broker (Participant)/CDC Investor Account Services.

8. In compliance with SECP notification No. 634(1)/2014 dated July 10, 2014, the audited financial statements and reports of the Company for year ended June 30, 2018 are being placed on the Company's website: www.kapco.com.pk for the information and review of shareholders.

9. The correspondence address of the Company's Registrars, THK Associates (Private) Limited is as follows:

THK Associates (Private) Limited
First Floor, 40-C, Block-6
P.E.C.H.S
Karachi 75400, Pakistan

Consent for Video Conference Facility

Members can also avail video conference facility in {name of cities where facility can be provided keeping in view geographical dispersal of members}. In this regard please fill the following and submit to the Company's Corporate Office at 5-B/3, Gulberg III, Lahore 54660 10 days before holding of the AGM.

If the Company receives consent from Members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting though video conference at least 10 days prior to date of the Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

The Company will intimate Members regarding venue of video conference facility at least 5 days before the date of the AGM along with complete information necessary to enable them to access such facility.

I/We, ____
of ____
,being a member of Kot Addu Power Company Limited, holder of ______________ Ordinary Share(s) as per Register Folio No. ______________ hereby opt for video conference facility at ________________ .

Signature of Member
Folio Number:

PROFILE OF THE
BOARD OF DIRECTORS

Lt General Muzammil Hussain (Retd)

Chairman

General Hussain joined Army in 1976 and graduated with distinction from PMA .Underwent his grooming in an Infantry Battalion. Having been employed on exalted positions including his employment in Interior Sindh on anti-dacoit operations in 1992; and the Gulf War 1 in Saudi Arabia. He has attended courses in France and Indonesia. General Hussain has privileged to command his parent Unit.

His youth witnessed his distinctive representation of Army in sports like Athletics, basket ball, squash and tennis. His employment as Defence Attache in Jakarta exposed him to diplomacy for over three years. He had the privilege of being instructor in Army Command and Staff College, Quetta and later on also as a Chief Instructor as a brigadier.

Commanded an Infantry brigade and then as a Maj General went on to command most prestigious division in Gilgit Baltistan. His passion for adventurism lead him to phenomenal support of Gilgit Political Govt. and supported them in exploring energy resources. His popularity with the people of Gilgit gives him a unique distinction. He commanded 30 Corps Gujranwala and supported the successful conduct of 2013 election in Gujranwala Division.

He is a regular speaker in seminars on Pakistan successful transition to democracy and economic positive trajectory in Universities in UK.

Mr. Aftab Mahmood Butt

Chief Executive

Mr. Aftab Mahmood Butt has been the Company's Chief Executive since August 1, 2008. Prior to being appointed Chief Executive, he was a Director of the Company (appointment: July 2007). From January 2007 to July 2008, Mr. Butt held the position of General Manager Finance, Corporate Planning & Performance Monitoring in Pakistan Electric Power (Private) Limited (PEPCO). His other professional experience includes the position of Member Finance & Secretary Board in the Corporate and Industrial Restructuring Corporation, Ministry of Finance, Government of Pakistan.

Mr. Butt is a Fellow Member of the Institute of Chartered Accountants of Pakistan. He has more than 15 years experience in the corporate and finance sector in senior management positions. Mr. Butt served previously on the Board of Directors of Central Power Purchasing (Guarantee) Limited, the Lahore Stock Exchange (Guarantee) Limited, and the Lahore Electric Supply Company Limited.

Mr. Aqeel Ahmed Nasir

Director

Mr. Aqeel Ahmed Nasir has been a Director since March 2015. Mr. Nasir is the Company Secretary & Chief Legal Counsel of United Bank Limited (UBL). Mr. Nasir has to his credit 20 years experience in the legal and financial sector of both the public and private sector.

Mr. Nasir is a Master of Laws (LL.M.) from the University of London, England. He is a Director on the Board of Directors of the Lahore Stock Exchange Limited and United Executor and Trustee Limited (a wholly owned subsidiary of UBL). He is also a director of the Pakistan Institute of Corporate Governance and Central Depository Company of Pakistan Limited (CDC). His previous employments include Sui Southern Gas Company Limited, Pakistan PTA Limited and ICI worldwide Group Company.

Mr. Hafiz Muhammad Yousaf

Director

Mr. Hafiz Muhammad Yousaf has been appointed Director of the Company with effect from June 21, 2019. Mr. Yousaf is a Fellow Member of the Institute of Chartered Accountants of Pakistan. Over three decades of post qualification experience as chartered accountant, having vast experience in corporate finance and restructuring, corporate compliance and regulations, governance and oversight, assurance and audits, consulting and financial advisory services, including two decades at a Big 4 (KPMG Taseer Hadi (1983-1989), (Ilyas Saleem and Co, CAs (1989-1995) and Deloitte Yousuf Adil (1996-2014)) professional accounting firm as Partner/Country Leader Consulting.

The key areas of his focus were the high end policy formulation and implementation, strategic directions, governance initiatives and organizational reforms at State Bank of Pakistan and SBP Banking Services Corporation and as Board Member of Policy Board of Securities and Exchange Commission of Pakistan where he was also the Chairman of its Oversight Committee having overall responsibility to review and monitor the regulations and policy matters.

Mr. Saad Iqbal

Director

Mr. Saad Iqbal was appointed Director on November 4, 2016. Mr. Saad Iqbal is a graduate of Curry College, USA in Business Communication. He also holds a Postgraduate Diploma in International Business Management (2009) from Kingston University, United Kingdom.

Mr. Saad Iqbal is the Chief Executive of Gul Ahmed Bio Films Limited, Swift Textile Mills (Private) Limited and Metro Solar Power Limited. His other Directorships are on the Board of Directors of Millat Tractors Limited, Metro Power Company Limited, Metro Wind Power Limited, Tariq Glass Industries Limited, HUB Power Company Limited and Metro Estate (Private) Limited.

Mr. Muhammad Arshad Ch.

Director

Mr. Muhammad Arshad Chaudhry has been Director since October 10, 2017. He is the Member (Power) WAPDA. Mr. Arshad has more than 30 years experience as Professional Engineer in Planning, Construction/Development, Rehabilitation and Operation & Maintenance of Hydel/Thermal power plants under the flag of Pakistan Water and Power Development Authority (WAPDA).

Mr. Arshad is a B.Sc. Engineering (Mechanical). He also attended various trainings/short courses in China and Germany. He also a Member on the Board of Directors of Neelum Jhelum Hydropower Company Limited.

Mr. Muhammad Ikram Khan

Director

Mr. Muhammad Ikram Khan has been Director since April 3, 2018. Mr. Khan is Member Finance of the Pakistan Water and Power Development Authority (WAPDA). He is also a Member on the Board of Directors of Neelum Jhelum Hydropower Company Limited. He has more than 30 years of experience in the field of budget, accounts and audit.

Mr. Khan joined Pakistan Audit and Accounts Service Group and has served in various senior positions in Audit and Accounts field including Member Finance in Pakistan Railway, Rector in Pakistan Audit & Accounts Academy, Deputy Auditor General (Admin & Coordination), Director General P.T & T Audit, Director General Audit Customs & Petroleum and Director General Income Tax Audit. He also holds an LL.B degree. He has attended numerous professional trainings both locally and internationally in the field of Audit Accounts and Budget.

Ms. Zunaira Azhar

Director

Ms. Zunaira Azhar has been appointed director of Company on December 31, 2018. Ms. Azhar has Masters Degree in Public Policy and Governance. She also qualified CSS (competitive examination) and holds M.Sc. in Child Development.

Ms. Azhar has civil services exposure, eight years of active broadcast journalism in the mainstream media outlets of Pakistan, and concurrently is a PhD fellow in UK. She has a multifaceted and dynamic exposure to the public sector, socio-political and security arena of Pakistan. A strong research and development has been her forte throughout her academic and professional stream. She was selected by the State Department (US) in 2012, to represent Pakistan in the South Asian Group under the Edward. R Murrow Exchange Program. Under this initiative, young emerging leader and journalists from throughout the globe were invited to observe and report the mechanism and transparency of the electoral system in USA.

CODE OF **CONDUCT**

INTRODUCTION

This Code of Conduct (this "Code") establishes a standard of conduct for Directors and employees of the Company; deters wrongdoing and promotes honest and ethical conduct of Directors and employees. It also promotes compliance with applicable laws, rules and regulations which apply to the Company, its Directors and employees.

This Code is not meant to cover all possible situations that may occur. It is designed to provide a frame of reference against which to measure activities. You should seek guidance when in doubt about the proper course of action in a given situation, as it is ultimately your responsibility to.

You should always be guided by the following basic principles:

- Avoid any conduct that could damage or risk the Company or its reputation.
- Act legally and honestly.
- Put the Company's interests ahead of personal or other interests.

This Code is a living document, which may change over time.

This Code is not an employment contract between you and the Company. Violations of this Code may lead to disciplinary action and also culminate in termination of employment.

This Code does not supersede, change or alter any Company policies and procedures already in place or which may be put in place, from time to time.
This Code is not intended to and does not create any rights in any employee, customer, supplier, competitor, shareholder or any other person or entity.

SCOPE

This Code applies to the Company's Directors to the extent of carrying out their director-related activities.

For the purposes of this Code, references to "employee(s)" include officers, staff, trainees, temporary employees, and contract employees (including those employed by third party contractors).

SECTION I

Compliance with laws, rules and regulations

The Company, its Directors and employees are bound by the law. Compliance with all applicable laws and regulations must not be compromised. No one will be subject to retaliation because of a good faith report of a suspected violation. If an employee fails to comply with an applicable law, rule or regulation, he/she may be subject to disciplinary measures, upto and including termination of employment.

To avoid inadvertent violations, you are encouraged to ask questions when there is uncertainty. To encourage open communication, you may discuss the matter with the Company Secretary.

SECTION II

Conflicts of Interest

A conflict of interest occurs when your personal interests (financial or other) interfere, or even appear to interfere, in any way, with the interests of the Company. Conflicts of interest can also arise when you take actions or have interests, or a member of your family has interests, that may make it difficult for you to perform your duties to the Company objectively and effectively. When a potential conflict of interest arises, it is important that you act with great care to avoid even the appearance that your actions were not in the best interest of the Company.

Some examples for avoiding conflicts of interest are as follow:

- You will deal with all suppliers, customers, and all other persons doing business with the Company in a completely fair and objective manner without favour or preference based upon personal financial or relationship considerations.
- You will not accept from or give to any supplier or, customer any gift or entertainment except as allowed under Section III (Gifts, Meals and Entertainment) below.
- You will not do business on behalf of the Company with a member of your family or a close relative, unless the transaction is disclosed in writing, to the Chief Executive, who determines that the transaction is on arms-length terms and is consistent with the purposes of this Principle. A close relative would include a spouse, parent, parent-in-law, sibling, sibling-in-law, child or son/daughter-in-law.
- You will not, directly or indirectly, have a financial interest with any individual, firm or company which does or seeks to do business with the Company whether as a customer, supplier, contractor, sub-contractor or service provider.
- You will not use your position in the Company to gain an unfair advantage over a customer, supplier, contractor or service provider including to the extent of obtaining any goods or services on credit, rebate or discount which is not available generally.

Conflicts of interest may not always be clear-cut. If in doubt you should consult with the Company Secretary. If an actual or potential conflict of interest arises, you are required to intimate the same in writing to the Company Secretary (or with respect to the Company Secretary, the Chief Executive) forthwith; and the Company Secretary is to report the same to the Chief Executive. The Company Secretary shall maintain a record of such reporting.

SECTION III
Gifts, Meals and Entertainment

You will not seek, accept, offer, promise, or give (directly or indirectly) anything of value including payments, fees, loans, services, entertainment, favours or gifts from or to any person or firm as a condition or result of doing business with the Company.

You may accept gifts, services or other items of value under the following circumstances:

- You may accept meals, travel, lodging, refreshment, or other normal business courtesies of reasonable value either in the course of a business meeting or to satisfy a reasonable business purpose of the Company.
- You may accept meals and entertainment, such as the occasional sporting event, provided that you do not do so frequently or under circumstances where your judgment could be influenced, or where the cumulative value of the entertainment is excessive. Any meals and entertainment involving substantial travel or an extended number of days cannot be accepted without the permission of the Chief Executive.
- You may accept discounts or rebates on merchandise or services that do not exceed those available to members of the general public.
- You may accept gifts of reasonable value including for commonly-recognised events or occasions, such as a promotion, new job, wedding, retirement, birthday or holiday.
- You may receive awards from civic, charitable, educational or religious organisations of reasonable value in recognition of services and accomplishments.
- You may receive gifts, gratuities, amenities or favours received because of family or personal relationships when the circumstances make it clear that it is those relationships rather than business of the Company that are the motivating factor.

If you receive gifts, services or other items of value under the above, you are required to intimate the same in writing to the Company Secretary (or with respect to the Company Secretary, the Chief Executive) forthwith. The Company Secretary shall maintain a record of such receivings.

If you are offered gifts, services or other items of value not in conformity with the exceptions noted above, or if either arrives at your office or home, you must report it to your superior in writing with a copy to the Company Secretary (or with respect to the Company Secretary, the Chief Executive).

SECTION IV
Outside directorships and other outside activities

Outside of the Company, no activities shall be pursued if such activities will interfere with the employee's responsibilities for the Company, or if they create risks for the Company's reputation or if they in any other way are likely to conflict with the interests of the Company.

Unless requested by the Company to take up a particular position or activity, an employee shall pursue outside activities and positions at his own risk and within his spare time only subject to the condition that such position or activity do not in any manner whatsoever adversely impact the employee in the performance of his official duties and responsibilities and provided further that it is permissible to so do in terms of the employees employment contract with the Company.

An employee will not seek directorship in any company (public or private) without the prior written consent of the Chief Executive (and in case of the Chief Executive, the Board of Directors); and the directorships in other companies shall be capped at 4.

You will not participate, directly or indirectly, in a joint venture, partnership or other business arrangement with the Company.

SECTION V
Corporate Opportunities

When presented with opportunities related to the Company's business interests, you must first offer those opportunities to the Company. You will not take for yourself personally, or for members of your family and friends opportunities that are discovered through the use of Company property, information or position; nor use Company property, information, or position for personal gain. You may participate in such opportunities only with the prior written approval of the Chief Executive (or, with respect to the Directors, written approval of the Board of Directors).

SECTION VI
Fair Dealing

You will deal honestly and ethically with the Company and with the Company's customers, suppliers, employees and other stakeholders.

You will treat people fairly. You must not take unfair advantage of anyone through manipulation, concealment, abuse of privileged or otherwise undisclosed information, misrepresentation of material facts or any other unfair-dealing practices.

You are prohibited from taking any action (or inaction) to improperly influence, coerce, manipulate or mislead the Company's internal or external auditors; or to prevent such persons from performing a diligent audit of the Company in accordance with their respective mandates.

SECTION VII
Accuracy and Integrity of Books, Records and Accounts

All Company books, records and accounts must accurately reflect the nature of the transactions recorded. Books and records include but are not limited to ledgers, vouchers, bills, invoices, time sheets, expense reports, payroll and benefits records and other essential Company data. All assets and liabilities of the Company must be properly recorded in the regular books of account. No undisclosed or unrecorded fund or asset shall be established in any amount for any purpose. No transaction or arrangement shall be structured to circumvent the Company's internal control systems. No false or artificial entries shall be made for any purpose. No payment shall be made, nor purchase price agreed to with the intention or understanding that any part of such payment is to be used for any purpose other than that described in the document supporting the payment.

SECTION VIII
Protection and Proper use of Company Assets

You are expected to protect the Company's assets and ensure their efficient use, and are prohibited from engaging in theft, carelessness, or waste. All Company assets should be used for legitimate business purposes, but incidental personal use may be permitted if ancillary to a business purpose. You are prohibited from making any improper use of Company property such as Company funds, software, e-mail systems, voice mail systems, computer networks, Company vehicles, rental cars rented on behalf of the Company, and facilities for personal benefit or profit.

SECTION IX
Insider Trading

You, your spouse or minor children shall not trade in or recommend to any third party the purchase or sale of the Company's shares (or any other equity or debt securities of the Company) while you are in possession of material non-public information regarding the financial, operational or other prospects of the Company that have not been publicly disclosed and disseminated.

You, your spouse or minor children shall also similarly abstain from trading in, or recommending the purchase or sale of the securities of any other company that issues publicly-traded shares/securities of which you may have obtained material non-public information as a result of your employment by or affiliation with the Company.

You shall not pass-on, tip or disclose any material non-public information to third parties except when done so for valid business purposes (and covered by an appropriate confidential disclosure agreement) under proper authorisation.

As per the securities laws, the communication by an "insider" of purchase or sale of a security while in possession of "material non-public information" is illegal and a crime and is subject to substantial fines, damages, imprisonment and other proceedings. "Insiders" include employee's relatives and other who have access to a Director or an employee. Any use by the "insider" of this information for trading securities or by disclosure by way of "tips" to third parties is dubbed as "insider trading".

The Company shall impose a 'closed period', from time to time, during which the Directors and certain identified employees shall be prohibited directly or indirectly, from engaging in transactions involving the Company's shares (or any other equity or debt securities of the Company).

In the absence of the above conditions, you may make investments in listed securities (including those of the Company).

SECTION X
Workplace Harassment

The Company is an equal opportunity employer and is committed to cultivating a diverse work environment where individual differences are appreciated and respected. It is the Company's policy, through responsible management, to recruit, hire, train, and promote persons regardless of their cast, colour, sex or religion.

You will maintain an environment that is free from harassment in which all employees are equally respected. Workplace harassment would include but not be limited to sexual harassment, disparaging comments and insinuations based on gender, religion, race and ethnicity.

SECTION XI
Families and Relatives

Family members may be hired as employees or consultants only if the appointment is based on qualifications, performance, skills and experience and provided that there is no direct reporting relationship between the employee and his or her relative. These principles of fair employment will apply to all aspects of employment, including compensation, promotions and transfers, as well as in case that the relationship develops after the respective employee has joined the Company.

If your spouse, your children, parents, or in-laws, or someone else with whom you have a family relationship is a customer or supplier of the Company or is employed by one, you must disclose the situation to the Company Secretary (or, with respect to the Company Secretary, to the Chief Executive) so that the Company may assess the nature and extent of any concern and how it can be resolved. If you have any doubt as to whether or not conduct or a relationship would be considered an actual or apparent conflict of interest or could be expected to give rise to such a conflict, you should consult with the Company Secretary.

SECTION XII
Weapons, Workplace Violence, Drugs, Alcohol and Gambling

You will not display and/or carry weapons or explosives on Company premises (including the residential colony), unless as a security personnel you have a licensed weapon. Similarly, the Company will not tolerate any level of violence in the workplace or in any work-related setting or the residential colony.

Without prejudice to the contents of the preceding paragraph, in case of a licensed weapon, you shall be required to give written notice to the Security Manager and provide him with a true copy of the license (and renewal thereof). Further, it shall be your obligation to ensure that such licensed weapon is duly and properly secured in a safe and secure place.

The use of alcohol and illegal drugs is strictly prohibited in the workplace; and all forms of gambling on Company premises is forbidden.

SECTION XIII
Confidential Information

For the purposes of this Code, Confidential Information of the Company includes all non-public information, correspondence, documents, papers, records, drawings and data (collectively, the "Confidential Information").

You must maintain the confidentiality of Confidential Information entrusted to you by the Company or which comes to your knowledge on account of the position you hold. You may disclose Confidential Information if you are duly authorised by the Company or legally mandated to do so. Prior to making a disclosure of any Confidential Information which is legally mandated, you are required to consult with the Company Secretary.

You shall not keep or make or keep for personal use copies of any Confidential Information. All Confidential Information should be surrendered to the Company when you cease (for whatever reason) to be a Director or employee (as the case may be) of the Company.

The Company respects that third parties have a similar interest in protecting their confidential information. In case that third parties including suppliers or customers share with the Company confidential information, such information shall be treated with the same care as if it was the Company's confidential information.

SECTION XIV

Responding to Inquiries from the Press and Others

Those of you who are not official spokespersons of the Company shall not speak with any third party as Company representatives. Officer(s) authorised by the Chief Executive shall respond to requests for financial or other information about the Company from the media (print or electronic), financial analysts, or the public. Requests for information from regulators or the government should be referred to the Company Secretary. In each of these instances the Officer(s) authorised or the Company Secretary (as the case may be) shall in a timely manner seek instructions from the Chief Executive and intimate him the details of the responses made.

SECTION XV

Accountability for Adherence to the Code

Each of us is responsible for our decision-making and for adherence to the Principles set forth in this Code.

Internal Investigations

The Company will promptly investigate all alleged violations and potential violations of this Code, or of any related Company standard, policy or procedure. Any allegations will be treated confidentially, to the extent consistent with the Company's interests and its legal obligations.

No person covered by this Code may conduct his/her own investigation. Each of us is expected to cooperate in the investigation of an alleged violation of this Code.

If the Company determines that corrective action is necessary to fix a problem and avoid the likelihood of its recurrence, the Company will promptly decide what steps to take, including legal proceedings when appropriate.

Disciplinary Action

Appropriate disciplinary action will be taken for violation of this Code, or any related Company standard, policy or procedure, including for:

- Authorisation of or participation in violations.
- Failure to report a violation or potential violation.
- Refusal to cooperate in the investigation of an alleged violation.
- Failure by a violator's supervisor(s) to detect and report a violation, if such failure reflects inadequate supervision or lack of oversight.

SECTION XVI

Waivers and Amendments

The Board of Directors may waive or amend a provision of this Code subject to any applicable regulation/law.

OPERATIONAL **HIGHLIGHTS**

Electricity Sold

4,961 GW

CUMULATIVE LOAD FACTOR

42.2%

COMMERCIAL AVAILABILITY

95.6%

THERMAL EFFICIENCY

44.0%

WHISTLEBLOWING
POLICY & PROCEDURE

1. POLICY STATEMENT

1.1 The Company is committed to achieving and maintaining high standards of behaviour at work from its employees. Employees are expected to conduct themselves with integrity, impartiality and honesty. The Company seeks to develop a culture where inappropriate behaviour at all levels is challenged. To achieve this, the Company encourages reporting of genuine concerns of malpractices, illegal acts or failures to comply with recognised standards of work without fear of reprisal or victimisation.

This Policy is accompanied by a Procedure that should be followed when "blowing the whistle".

1.2 The Company will not tolerate harassment or victimisation of a genuine whistle blower (including informal pressures) and will treat such conduct as gross misconduct, which if proven, may result in dismissal.

1.3 The Board of Directors reserves the right to amend this Policy and Procedure as necessary to meet any change in requirements.

1.4 If there is anything which you think the Company should know about, kindly use the Procedure. By knowing of a malpractice at an early stage, the Company can take necessary steps to safeguard the interests of others and protect the organisation. Please do not hesitate to "blow the whistle" on wrongdoing.

2. WHAT IS WHISTLEBLOWING?

2.1 This Policy is designed to deal with concerns raised in relation to specific issues which are detailed in paragraph 2.2 below.

The Company's other policies and procedures deal with matters not covered by paragraph 2.2 below. The relevant policy should be followed where appropriate.

2.2 Whistleblowing is specific and means a disclosure of information made by an employee where he/she reasonably believes that one or more of the following matters is happening now, took place in the past or is likely to happen in the future:

- incorrect financial reporting;
- unlawful activity;
- danger to health and safety of any individual;
- activity not in line with Company policy, including the Code of Conduct;
- activity, which otherwise amounts to serious improper conduct; or
- deliberate concealment of information tending to show any of the above.

2.3 This Policy does not extend to mismanagement which may arise from error of judgment or incompetence.

2.4 This Policy does extend to matters arising out of a personal grievance which should continue to be pursued through your line managers in accordance with your local grievance procedure.

2.5 Only genuine concerns should be reported. Disclosures must be made in good faith with a reasonable belief that any information and/or allegation is substantially true, and that the disclosure is not made for personal gain.

Malicious or false allegations will be treated as a serious disciplinary offence.

3. WHO DOES THE POLICY APPLY TO?

3.1 This Policy applies to all officers, staff, trainees, temporary employees, and contract employees (including those employed by third party contractors).

4. THE COMPANY'S WHISTLEBLOWING PROCEDURE

4.1 If you wish to disclose information as contemplated in this Policy you may send a written communication to the Disciplinary Committee at the address and e-mail notified by the Company.

All incidences of whistleblowing to the Disciplinary Committee are to be reported by the Disciplinary Committee to the Members of the HR Committee of the Board of Directors at the immediately next Board Meeting.

4.2 The Disciplinary Committee shall consist on three (3) members; and one of its members will act as Coordinator. The Chief Executive will appoint the members of the Disciplinary Committee. To avoid a conflict of interest, if a whistleblowing instance involves a member of the Disciplinary Committee, the Chief Executive will reconstitute the Disciplinary Committee.

4.3 Anonymous allegations are not automatically disregarded but given the safeguards which are in place for those making allegations under this Policy, anonymous allegations are less powerful than those from named individuals.

4.4 The Disciplinary Committee will decide how the investigation should proceed.

4.5 If you are unhappy with the response that you receive you may report the matter to the Chairman of the Audit Committee. This option will not apply where an allegation has been dismissed following an investigation.

4.6 If in doubt, you should speak to the Company Secretary. Your conversation will be treated in absolute confidence.

THE INVESTIGATION

4.7 The Disciplinary Committee will decide how to respond in a responsible and appropriate manner under this Policy. An investigation will be conducted as speedily and sensitively as possible. An official written record will be kept at each stage of the procedure.

A decision as to whether a preliminary investigation should be carried out will be made within two (2) weeks of the complaint having been received.

Where this is not possible, the employee making the complaint will receive an explanation of the delay.

4.8 You are entitled to be accompanied by a work colleague throughout the proceedings when reporting your concerns.

OUTCOME OF THE INVESTIGATION

4.9 If there is a case to answer, and if appropriate, the disciplinary proceedings will be initiated against the person(s) who are the subject of the allegation(s).

4.10 You will be informed of the outcome of the investigation within 5 working days of completion of the investigation (including any disciplinary investigation). However, the exact nature of any disciplinary action taken against any person will remain confidential.

4.11 Whether there was a case to answer or not, and provided that your disclosure was made in good faith because you reasonably believed it to be true, the Company will ensure that you are protected from reprisal or victimisation as a result of your complaint.

4.12 Only where it is established that your allegations were false and made maliciously will disciplinary action be taken against you. Such disclosures will be treated as gross misconduct and may result in your dismissal without notice or payment in lieu of notice.

4.13 If, as a result of investigations you are implicated in some way in any wrong doings disciplinary action may be taken against you. The fact that you have blown the whistle will be taken into account if an action is considered.

BOARD **COMMITTEES**

AUDIT COMMITTEE

During the year, four meetings of the Audit Committee were held, attendance of these meetings is as follows:ittee

Name of Director	No. of Meetings Attended
Mr. Hafiz Muhammad Yousaf[1]	0
Mr. Owais Shahid[2]	2
Mr. Saad Iqbal	4
Mr. Muhammad Arshad Chaudhry	4
Mr. Muhammad Ikram Khan	4

The Audit Committee among other things is responsible for recommending to the Board of Directors' the appointment of External Auditors and for considering any questions of resignation or removal of the External Auditors and their audit fees.

The Audit Committee's responsibilities also include the following:

a. determination of appropriate measures to safeguard the Company's assets;

b. review of preliminary announcements of results prior to publication;

c. review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors;

d. Facilitating the external audit and discussion with the External Auditors on major observations arising from interim and final audits and any matter that the External Auditors may wish to highlight (in the absence of management, where necessary);

e. Review of the Management Letter issued by the External Auditors and Management's response thereto;

f. Ensuring coordination between the Internal Auditors and External Auditors of the Company;

g. Review of the scope and extent of Internal Audit ensuring that the Internal Audit function has adequate resources and is appropriately placed within the Company;

h. Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;

i. Ascertaining that the internal control systems including financial and operational controls, accounting system for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and reporting structure are adequate and effective;

j. Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;

k. Determination of compliance with relevant statutory requirements;

l. Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and

m. Consideration of any other issue or matter on its own or as may be assigned by the Board of Directors.

[1] Appointed Chairman Audit Committee on June 21, 2019
[2] Resigned from the Board of Directors on March 25, 2019

HR COMMITTEE

During the year, three meetings of the HR Committee were held, attendance of these meetings is as follows:

Name of Director	No. of Meetings Attended
Mr. Aqeel Ahmed Nasir	3
Mr. Aftab Mahmood Butt	4
Mr. Muhammad Ikram Khan	3

The HR Committee will review and make recommendations, where appropriate, to the Board of Directors to ensure that the Company's Human Resources policies are aligned with its overall business objectives; Departmental/Divisional team performances are in line with business results for each year; and the remuneration philosophy, strategy and framework is in place.

The HR Committee's responsibilities shall also include the following:

a. provide general guidelines for HR policies including terms of employment and HR Head Count and to make recommendations for Board of Directors' approval;

b. determine a comprehensive compensation philosophy, strategy and framework and to make recommendation for Board of Directors' approval;

c. review a graphical presentation on the overall Departmental/Divisional team performances vis-à-vis overall commercial results of the Company after the close of a financial year of the Company and to appraise the Board of Directors' on the overall performances with regards to the Human Resource Key Performance Indicators;

d. review periodically the monitoring and enforcement of and compliance with the Company's Code of Conduct;

e. periodically review appointments, exits, retirements and promotions in the Company;

f. review the Company's overall remuneration competitiveness with the market and to make recommends to the Board of Directors for appropriate actions, if required;

g. review collective bargaining mandates and tentative settlements and to make recommendations to the Board of Directors;

h. recommend to the Board of Directors the selection, evaluation, compensation and succession planning of the Chief Executive;

i. review with the Chief Executive and recommend to the Board of Directors the selection, evaluation and compensation of a General Manager(s) or to recommend his removal;

j. review with the Chief Executive and recommend to the Board of Directors the selection, evaluation, and compensation of the Company Secretary or to recommend his removal;

k. review with the Chief Executive and recommend to the Board of Directors the selection, evaluation, and compensation of the Head of Internal Audit or to recommend his removal; and

l. consideration of any other issue or matter as may be assigned by the Board of Directors.

CHAIRMAN'S **REVIEW**

I am pleased to present the Annual Report of your Company for the financial year ended on June 30, 2019.

The Company's profit before tax for the year is Rs. 18,963 Million; and profit after tax is Rs. 13,112 Million bringing its earnings per share (EPS) for the year to Rs. 14.90 per share of Rs. 10 each. The Board of Directors has recommended a final cash dividend of Rs. 3.00 per share, which will be in addition to the interim dividend of Rs. 1.50 per share paid to entitled shareholders in June, 2019. Subject to shareholders approval at the AGM, the total cash dividend for the year will be Rs. 4.50 per share.

Your Board of Directors is cognizant of your Company's obligation to be compliant with the Listed Companies (Code of Corporate Governance) Regulations, 2017 and the Companies Act, 2017.

To this end, as appropriate policies and procedures have been put in place by the Company to ensure compliance with applicable laws, regulations and best practices. The Board of Directors has skill sets which include engineering, financial, banking, legal experience and the media. These skill sets complement one another for informed decision making at the Board level.

A formal mechanism for the annual evaluation of the Board of Directors and Committees of the Board of Directors has been approved by the Board of Directors and is in place. A self-assessment questionnaire covers the attributes/skill sets of professional experience, Company knowledge, industry knowledge, governance issues, specific competency, business judgement, strategic vision, attendance, meeting preparation, team player, active participation and overall contribution.

The Board of Directors has constituted Board Committees which work under specified terms of reference and, as appropriate, these Board Committees made recommendations to the Board of Directors.

The Directors' Report amongst other matters also discussed the overdue receivables of your Company (Rs. 94,071 Million); and the arbitration proceedings commenced by the Company in respect of the liquidated damages claims. The Board of Directors is cognisant of these matters and they are being actively pursued.

The Company has entered the twenty-third year of its twenty-five year Power Purchase Agreement (PPA). Over the years, the Company has proved to be reliable in meeting its dispatch requirements; and the Company's has operated and maintained its Power Complex at the highest international standards in accordance with Original Equipment Manufacturer recommendations. The Company is actively seeking an extension/renewal of its PPA and in this respect is engaged with WAPDA and concerned entities of the Government of Pakistan.

Following the successful completion of re-certification audit, the Company continues to be compliant with the following accreditations under the Integrated Management System:

ISO 9001:2015
Quality Management System

ISO 14001:2015
Environmental Management System

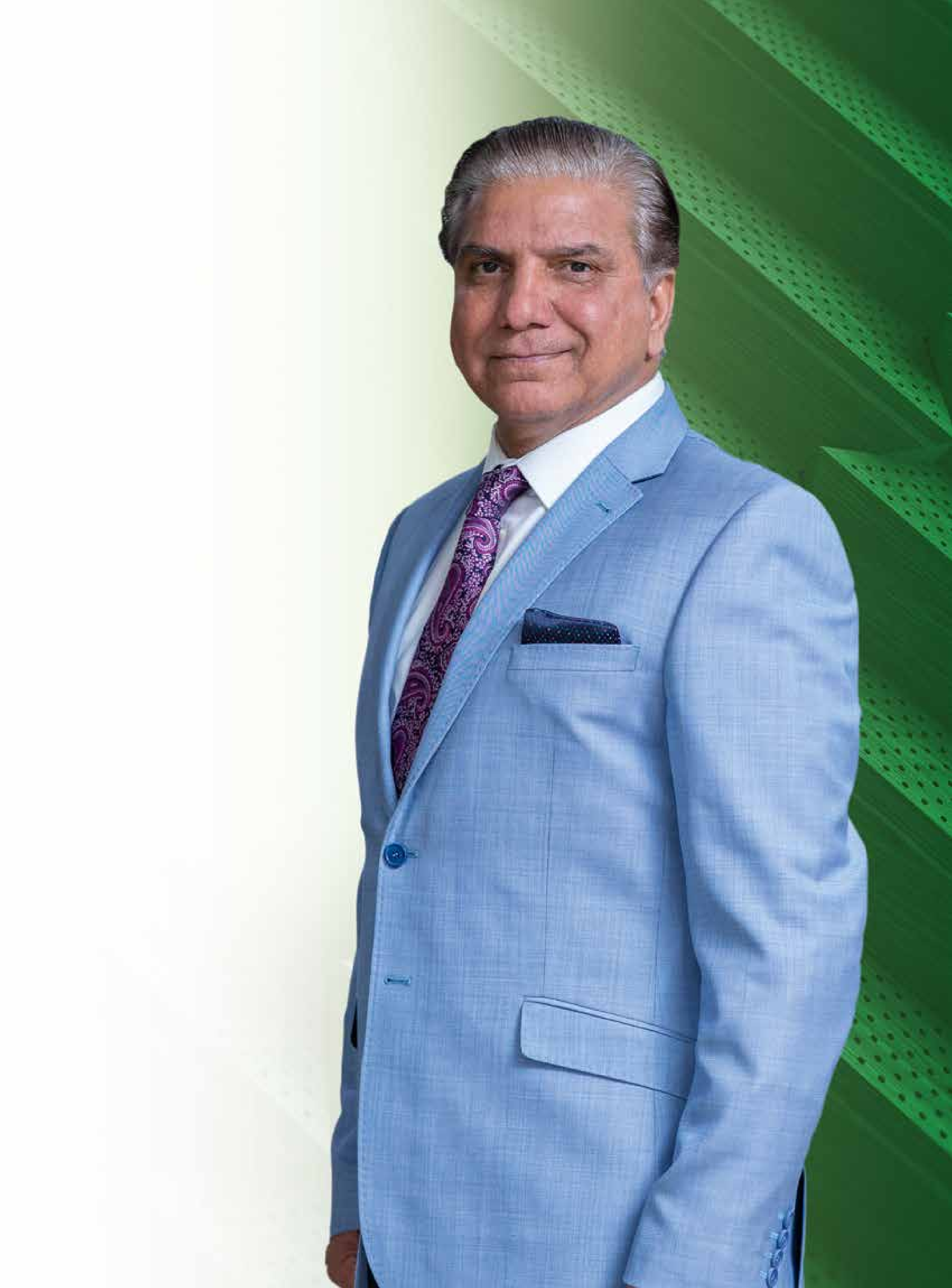
OHSAS 18001:2007
Occupational Health and Safety Assessment Series (Occupational Health and Safety Management System)

The Company continues to reach out to the local community of Kot Addu through its Social Action Programme.

Muzammil

Lt. General Muzammil Hussain (Retd)
Chairman, Board of Directors

September 16, 2019
Lahore



DIRECTORS' REPORT

We present the Directors' Report together with the Financial Statements (audited) for the year ended June 30, 2019.

PRINCIPLES ACTIVITIES OF THE COMPANY

The principal activities of the Company are the ownership, operation and maintenance of the 1600 MW nameplate capacity multi fuel (gas, furnace oil and high speed diesel) fired power plant at Kot Addu, Punjab. The Company continues to sell the electrical energy produced from its power plant to its sole customer, the Pakistan Water and Power Development Authority (WAPDA).

The Company is listed on the Pakistan Stock Exchange; and is a KSE 100 and KSE 30 index company.

FINANCIAL HIGHLIGHT

Turnover for the year stood at Rs. 84,831 Million (2018: Rs. 91,916 Million); and the cost of sales were Rs. 70,625 Million (2018: Rs. 78,537 Million). The gross profit earned is Rs. 14,205 Million (2018: Rs. 13,379 Million); and profit before tax is Rs. 18,963 Million (2018: Rs. 15,808 Million). Tax provision is Rs. 5,851 Million (2018: 5,191 Million); and profit after tax is Rs. 13,112 Million (2018: Rs.10,617 Million) resulting earnings per share (EPS) of Rs. 14.90 per share of Rs. 10 each (2018: Rs. 12.06 per share) for the year.

As in previous years, WAPDA's payment default towards the Company continues. On June 30, 2019, the overdue receivables were Rs. 94,071 Million (for details refer to Note 19 to the Financial Statements). The payables of the Company as on June 30, 2019, to Pakistan State Oil Company Limited (PSO) for fuel oil supplies were Rs. 4,105 Million and to Sui Northern Gas Pipelines Limited (SNGPL) for the supplies of gas (RLNG) amounts to Rs.15,053 Million (for details refer to Note 10 to the Financial Statements). The Company continues to pursue WAPDA and the concerned Ministries of the Government of Pakistan for resolution of the matter.

As on June 30, 2019, the Company does not have any long term debt obligation other than of operational nature.

OPERATIONAL HIGHLIGHT

During the year, the Company sold 4,961 GWh of electricity to its customer, representing a cumulative load factor of 42.2%; overall commercial availability of 95.6%; and thermal efficiency of 44.0%. Proportion of generation on Gas increased due to availability of RLNG from Sui Northern Gas Pipelines Limited. The fuel generation mix was 71% on gas (RLNG), 28.7% on low sulphur furnace oil and 0.3% on high speed diesel.

The Company's power complex is being maintained at the highest international standards in accordance with the Original Equipment Manufacturers recommendations to assure technical availability of the power complex in accordance with the provisions of the PPA. During the year, eighteen Combustion Inspections were duly carried out as per approved outage plan; and a mandatory major overhaul of one gas turbine was carried out.

LIQUIDATED DAMAGES – ARBITRATION PROCEEDINGS

On March 29, 2018, the Company commenced arbitration proceedings in Singapore against WAPDA and Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) (as current market operator) under the arbitration rules of the International Chamber of Commerce (ICC) to nullify the liquidated damages of PKR 27,727,118,565 wrongfully imposed by WAPDA/ CPPA-G, and to enforce its right to claim PKR 2,446,520,553 comprising the Company's net losses not otherwise covered by late payment interest. The Government of Pakistan (GoP) was also made a party to the arbitration proceedings pursuant to the Facilitation Agreement it entered into with the Company and the Guarantee it issued in favour of the Company.

The ICC Tribunal in its Partial Award (received on June 10, 2019) dismissed the challenge by WAPDA to the jurisdiction of the ICC Tribunal. The ICC Tribunal further held that it has no jurisdiction over CPPA-G and GoP. The arbitration proceedings continue on the merits of the case. For details you may refer to Note 11.1(vii) of the Financial Statements.

The Board of Directors has constituted an LDs Committee of the Board of Directors. The LDs Committee works closely with Management on the LDs issue and the arbitration proceedings. The Members of the LDs Committee are:

Mr. Aqeel Ahmed Nasir

Mr. Aftab Mahmood Butt

Mr. Saad Iqbal

EXPIRY OF POWER PURCHASE AGREEMENT

The Company's Power Purchase Agreement (PPA) is for a term of twenty-five years, which is due to expire on June 26, 2021. In terms of the provisions of the PPA, the Company is actively pursuing the matter of the renewal/extension of its PPA with WAPDA and other relevant entities of the Government of Pakistan. GoP is in the process of implementing reforms in the energy sector and formulating a new energy policy for issuance and renewal of power purchase contracts. Under the new energy policy, a merchant market contracts regime on competitive pricing mechanism (take & pay basis) is expected to be introduced, for both new and renewal cases. The timeframe and structure of the new policy has not yet been finalised; and so it is difficult at this stage to determine the level of plant utilisation and the terms and conditions of sale/purchase of electricity by the Company beyond June 26, 2021. You may refer to Note 2.2 of the financial statements in this respect.

SOCIAL ACTION PROGRAMME

As part of the Company's Social Action Programme, a two day free medical/eye camp was arranged in March 2019 at Kot Addu with the usual vigour and enthusiasm. Major activities included free medical consultancy, medication, free diagnostic tests and eye surgeries. Forty volunteers from different sections including doctors participated in the camp. These doctors included a Medical Specialist, Gynaecologist, Paediatrician, Ultra Sound Specialist, Cardiologist, Neurologist, Pathologist, Pulmonologist, Orthopaedicians and Eye Specialists.

For patient facilitation there was a pharmacy, laboratory, and ultra sound facility. Around 3,824 patients received medical assistance, 69 eye surgeries were conducted, 67 ultrasound tests, 86 X-rays tests were carried out, and 325 laboratory tests were completed. Eye surgeries through modern technique (Pheco) were carried out.

Other activities of the Social Action Programme included the following:

1. Donation to Hunar Ghar was made during the review period. This organization is working for the empowerment of women, and have initiated different projects.

2. Tree plantation was carried out on August 14, 2018 under slogan of "Green Pakistan".

The Social Action Programme was completed at a cost of Rs. 4.700 Million.

DIRECTORS' TRAINING

During the year, Mr. Muhammad Ikram Khan (Director) participated and passed in the assessments carried out by the Pakistan Institute of Corporate Governance under its Corporate Governance Leadership Skills – Directors Education Program.

DIRECTORS' REMUNERATION

Non-executive Directors and the Independent Directors are entitled to a Directors' fee for meetings attended.

FEMALE REPRESENTATION ON THE COMPANY'S BOARD OF DIRECTORS & CASUAL VACANCIES

In compliance with the requirements of the Code of Corporate Governance for female representation, the Board of Directors appointed Ms. Zunaira Azhar as Director on December 31, 2018 in place of Mr. Aftab Mahmood Butt who resigned as elected Director (Mr. Aftab Mahmood Butt continues as Chief Executive of the Company).

On June 21, 2019, Mr. Hafiz Muhammad Yousaf was appointed a Director by the Board of Directors to fill in the casual vacancy caused by the resignation of Mr. Owais Shahid.

BOARD OF DIRECTORS COMPOSITION

The Board of Directors as at June 30, 2019 consists of:

Total number of Directors:	
a) Male	07
b) Female	01
Composition	
i) Independents Directors	04
ii) Non-executive Directors	03
iii) Executive Directors	01

The names of the Directors as at June 30, 2019 are as follows:

1. **Lt. General Muzammil Hussain (Retd)**
2. **Mr. Aftab Mahmood Butt**
3. **Mr. Aqeel Ahmed Nasir**
4. **Mr. Hafiz Muhammad Yousaf**
5. **Mr. Saad Iqbal**
6. **Mr. Muhammad Arshad Chaudhry**
7. **Mr. Muhammad Ikram Khan**
8. **Ms. Zunaira Azhar**

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

As required by the Code of Corporate Governance, we are pleased to report the following:

a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.

b) Proper books of accounts of the Company have been maintained.

c) Appropriate accounting policies have been consistently applied in preparation of financial statements and any changes in accounting policies have been disclosed in the financial statements. The accounting estimates are based on reasonable and prudent judgement.

d) International Financial Reporting Standards, as applicable in Pakistan, and subject to waivers from the competent authority, have been followed in preparation of financial statements and any departure there-from has been adequately disclosed and explained.

e) The system of internal control is sound in design and has been effectively implemented and monitored.

f) There are no significant doubts upon the Company's ability to continue as a going concern.

g) Key operating and financial data for the last six years is annexed.

h) The pattern of shareholding as at June 30, 2019 is annexed.

i) Except as disclosed in the pattern of shareholding, the Directors, the Chief Executive, the Chief Financial Officer, the Company Secretary, Head of Internal Audit, their spouses and minor children have not traded in the shares of the Company.

j) The value of investments of Pension Fund and Provident Fund as at June 30, 2018 is as follows:

	Rs. in Million
Pension Fund	2,822
Provident Fund	913

k) Information about outstanding taxes and levies is given in the Notes to the Financial Statements.

l) During the year, six (6) meetings of the Board of Directors were held, attendance of these meetings is as follows:

Name of Director	No. of Meetings Attended
Lt. General Muzammil Hussain (Retd)	6
Mr. Aftab Mahmood Butt	6
Mr. Owais Shahid [1]	4
Mr. Aqeel Ahmed Nasir	3
Mr. Saad Iqbal	5
Mr. Muhammad Arshad Chaudhry	6
Mr. Muhammad Ikram Khan	5
Ms. Zunaira Azhar [2]	3
Mr. Hafiz Muhammad Yousaf [3]	0

m) During the year, four meetings of the Audit Committee were held, attendance of these meetings is as follows:

Name of Director	No. of Meetings Attended
Mr. Owais Shahid	2
Mr. Saad Iqbal	3
Mr. Muhammad Arshad Chaudhry	4
Mr. Muhammad Ikram Khan	4

n) During the year, three meetings of the HR Committee were held, attendance of these meetings is as follows:

Name of Director	No. of Meetings Attended
Mr. Aqeel Ahmed Nasir	3
Mr. Aftab Mahmood Butt	3
Mr. Muhammad Ikram Khan	3

o) During the year, three meetings of the LDs Committee were held, attendance of these meetings is as follows:

Name of Director	No. of Meetings Attended
Mr. Aqeel Ahmed Nasir	3
Mr. Aftab Mahmood Butt	3
Mr. Saad Iqbal	3

CHAIRMAN'S REVIEW

The accompanied Chairman's Review is endorsed by the Board of Directors.

APPROPRIATIONS

The Directors are pleased to recommend a final dividend of Rs. 3.00 per share. This will be paid to the shareholders on the Company's Register of Members on October 21, 2019. An Interim Dividend of Rs. 1.50 per share was approved by the Board of Directors on April 26, 2019 and was dispatched in June 2019. The total dividend to be approved by the shareholders at the Annual General Meeting on October 28, 2019 will be Rs. 4.50 per share i.e. 45% for the year ended June 30, 2019. These financial statements do not reflect this proposed dividend:

[1] Resigned from the Board of Directors on March 25, 2019

[2] Appointed Director of the Company on December 31, 2018

[3] Appointed Director of the Company of June 21, 2019

The net profit for the year is appropriated as follows.

	Rs. '000'
Net Profit for the year	**13,111,540**
Other comprehensive income/(loss)	353,969
Un-appropriated profit brought forward (adjusted)	23,994,250
Profit available for appropriation	**37,459,759**

APPROPRIATIONS

	Rs. '000'
Final dividend for the year ended June 30, 2018 Rs. 4.80 per share	(4,225,215)
Interim dividend for the year ended June 30, 2019 Rs. 1.50 per share	(1,320,380)
	5,545,595
Un-appropriated profit carried forward	31,914,164
Basic Earnings Per Share (Rupees)	14.90

The Directors draw your attention to the contingencies referred to in the Auditors Report relating to Note 11.1(vii) of the Financial Statements.

AUDITORS

The present auditors, Deloitte Yousuf Adil, Chartered Accountants, retire and being eligible, offer themselves for reappointment. The Board of Directors recommends the appointment of Deloitte Yousuf Adil, Chartered Accountants, as auditors of the Company for the next year, as suggested by the Audit Committee.

APPRECIATION

We take this opportunity to thank the employees of the Company for making this a successful year for the Company.

By Order of the Board

Aftab Mahmood Butt
Chief Executive

Saad Iqbal
Director

September 16, 2019
Lahore

ڈائریکٹرز کے نام	اجلاس میں شرکت کی تعداد
جناب عقیل احمد ناصر	3
جناب آفتاب محمود بٹ	3
جناب سعد اقبال	3

چیئرمین کا جائزہ

چیئرمین کے منسلکہ جائزے کی بورڈ آف ڈائریکٹرز نے تائید کی ہے۔

مالیاتی کارکردگی

ڈائریکٹرز 3.00 روپے فی شیئر کے حتمی منافع کی بخوشی سفارش کرتے ہیں۔ یہ منافع 21 اکتوبر 2019 کو کمپنی ممبران کے رجسٹر پر اندراج شدہ حصص مالکان کو ادا کیا جائے گا۔ 26 اپریل 2019 کو بورڈ آف ڈائریکٹرز کی جانب سے 1.50 روپے فی شیئر کا عبوری منافع منظور کیا گیا تھا اور اس کی ترسیل جون 2019 میں کی گئی تھی۔ 28 اکتوبر 2019 کو منعقد ہونے والے سالانہ اجلاس عام میں حصص مالکان کی طرف سے منظور کردہ کل منافع 4.50 روپے فی شیئر یعنی 30 جون 2019 کو ختم ہونے والے سال کے لیے 45 فیصد ہو جائے گا۔ یہ مالیاتی گوشوارے اس مجوزہ منافع کی عکاسی نہیں کرتے۔

سال کے خالص منافع کی تقسیم کچھ یوں رہی ہے:

	روپے '000'
سال کے لیے خالص منافع	**13,111,540**
دیگر جامع فوائد / نقصان	353,969
غیر منقسمہ منافع	23,994,250
تقسیم کے لیے دستیاب منافع	**37,459,759**
رقوم کی تقسیم	
30 جون 2018 کو ختم ہونے والے سال کے لیے حتمی منافع بحساب 4.80 روپے فی شیئر	(4,225,215)
30 جون 2019 کو ختم ہونے والے سال کے لیے عبوری منافع بحساب 1.50 روپے فی شیئر	(1,320,380)
	5,545,595
غیر منقسمہ منافع (اگلے سال کیلئے)	31,914,164
فی حصص بنیادی آمدن (روپے)	14.90

ڈائریکٹرز آپ کی توجہ مالیاتی گوشواروں کے نوٹ (vii)11.1 سے متعلق آڈیٹرز کی رپورٹ میں دیے گئے Key audit matter کی جانب مبذول کرانا چاہتے ہیں۔

آڈیٹرز

ریٹائرڈ ہونے والے آڈیٹرز ڈیلائٹ یوسف عادل، چارٹرڈ اکاؤنٹنٹس نے دوبارہ تقرری کی درخواست دی ہے۔ بورڈ آف ڈائریکٹرز آڈٹ کمیٹی کی تجویز پر ڈیلائٹ یوسف عادل، چارٹرڈ اکاؤنٹنٹس کو اگلے سال کے لیے کمپنی کا آڈیٹر مقرر کرنے کی سفارش کرتا ہے۔

اظہار تشکر

ہم اس موقع پر کمپنی کے تمام ملازمین کا شکریہ ادا کرتے ہیں جنھوں نے کامیابی کے ایک اور سال کے لیے کام کیا۔

بحکم بورڈ

آفتاب محمود بٹ
چیف ایگزیکٹو
16 ستمبر 2019
لاہور۔

سعد اقبال
ڈائریکٹر

c) مالیاتی گوشواروں کی تیاری کے لیے ہمیشہ مناسب اور متعلقہ اکاؤنٹنگ پالیسیوں پر عمل کیا جاتا ہے اور پالیسیوں میں ہونے والی کسی بھی تبدیلی کو مالیاتی گوشواروں میں ظاہر کیا جاتا ہے۔ حسابداری کے گوشوارے ہمیشہ انتہائی منطقی اور محتاط اندازوں پر مشتمل ہوتے ہیں۔

d) پاکستان میں لاگو "انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز" کو مالیاتی گوشواروں کی تیاری کے لیے بروئے کار لایا جاتا ہے اور ان میں ہونے والی کسی بھی تبدیلی کو مناسب طور پر ظاہر کیا جاتا ہے اور اس کی وضاحت کی جاتی ہے۔

e) اندرونی کنٹرول کا نظام مضبوط بنیادوں پر استوار ہے اور موثر طریقے سے روبہ عمل ہے جس کی مسلسل نگرانی کی جاتی ہے۔

f) کمپنی کے قائم نہ رہنے کے حوالے سے کسی بھی قسم کا کوئی خدشہ نہیں پایا جاتا۔

g) گزشتہ 6 برس کے مالی اور انتظامی امور سے متعلق اعداد و شمار کا خلاصہ اس رپورٹ کے ساتھ منسلک ہے۔

h) ضابطہ برائے تجارتی انتظام و انصرام کے تحت 30 جون 2019 تک حصص یافتگان کی تفصیل منسلک ہے۔

i) کمپنی کے ڈائریکٹرز، چیف ایگزیکٹیو، جنرل منیجر فنانس/سی ایف او، کمپنی سیکرٹری، ان کی بیویاں/شوہر اور بچوں نے کمپنی کے شیئرز کا تجارتی لین دین نہیں کیا ہے۔ ماسوائے اسکے جو ظاہر کیا گیا ہے۔

j) 30 جون 2018 تک پنشن فنڈ اور پراویڈنٹ فنڈ کی سرمایہ کاری کی تفصیل کچھ یوں ہے:

	ملین روپے
پنشن فنڈ	2,822
پراویڈنٹ فنڈ	913

k) واجب الادا ٹیکسوں اور لیویز کے بارے میں معلومات مالیاتی گوشواروں کے نوٹس میں دی گئی ہیں۔

l) اس سال کے دوران بورڈ آف ڈائریکٹرز کے چھ (6) اجلاس منعقد ہوئے تھے جن میں ڈائریکٹرز کی حاضری درج ذیل رہی ہے:۔

ڈائریکٹرز کے نام	اجلاس میں شرکت کی تعداد
جناب لیفٹیننٹ جنرل مزمل حسین (ریٹائرڈ)	6
جناب آفتاب محمود بٹ	6
جناب اویس شاہد[1]	4
جناب عقیل احمد ناصر	3
جناب سعد اقبال	5
جناب محمد ارشد چودھری	6
جناب محمد اکرام خان	5
محترمہ زونیرہ اظہر[2]	3
جناب حافظ محمد یوسف[3]	0

m) اس سال کے دوران آڈٹ کمیٹی کے چار اجلاس ہوئے جن میں ڈائریکٹرز کی حاضری درج ذیل رہی:۔

ڈائریکٹرز کے نام	اجلاس میں شرکت کی تعداد
جناب اویس شاہد	2
جناب سعد اقبال	3
جناب محمد ارشد چودھری	4
جناب محمد اکرام خان	4

n) اس سال کے دوران ایچ آر کمیٹی کے تین اجلاس ہوئے جن میں ڈائریکٹرز کی حاضری کی تفصیل درج ذیل ہے:۔

ڈائریکٹرز کے نام	اجلاس میں شرکت کی تعداد
جناب عقیل احمد ناصر	3
جناب آفتاب محمود بٹ	3
جناب محمد اکرام خان	3

1۔ بورڈ آف ڈائریکٹرز سے 25 مارچ 2019 کو استعفیٰ دے دیا۔

2۔ 31 دسمبر 2018 کو کمپنی کی ڈائریکٹر مقرر ہوئیں۔

3۔ 21 جون 2018 کو کمپنی کے ڈائریکٹر مقرر ہوئے۔

o۔ سال کے دوران نقصانات کے ازالے کی کمیٹی کے تین اجلاس منعقد ہوئے، ان اجلاسوں میں حاضری اس طرح رہی:۔

پالیسی مرتب کر رہی ہے۔ اس نئی توانائی پالیسی کے تحت مسابقتی قیمتوں کے طریقۂ کار (ٹیک اینڈ پے کی بنیاد) پر ایک مرچنٹ مارکیٹ معاہدہ کا انتظام متعارف کروایا جا رہا ہے۔ متوقع ہے نئی پالیسی کے نافذ کرنے کا وقت اور ڈھانچے کو ابھی حتمی شکل نہیں دی گئی۔ اس لیے اس مرحلے پر 26 جون 2021 کے بعد کمپنی کے لیے پلانٹ کے استعمال کے تناسب اور بجلی کی خرید و فروخت کے ضوابط اور شرائط کا تعین کرنا مشکل ہے۔ آپ اس ضمن میں مالیاتی گوشواروں کا نوٹ 2.2 دیکھ سکتے ہیں۔

سماجی اقدام کا پروگرام

کمپنی کے سماجی پروگرام کے حصے کے طور پر کوٹ ادو میں مارچ 2019 میں دو روزہ مفت میڈیکل/آنکھوں کے معائنے کے لیے کیمپ لگایا گیا تھا۔ اس کیمپ کی اہم خدمات میں مفت طبی معائنہ، ادویات کی فراہمی، مفت تشخیصی ٹیسٹ اور آنکھوں کی سرجری شامل تھی۔ مختلف شعبوں کے ڈاکٹروں سمیت 40 رضاکاروں نے اس کیمپ میں حصہ لیا۔ ان ڈاکٹروں میں ایک میڈیکل اسپیشلسٹ، ماہر امراض نسواں، بچوں کے امراض کے ماہر، الٹرا ساؤنڈ اسپیشلسٹ، ماہر امراض دل، ماہر امراض گردہ، ماہر امراض چھاتی وسینہ، ماہر امراض ہڈی وجوڑ، پیتھالوجسٹ، اور آنکھوں کے ماہر ڈاکٹر شامل تھے۔

مریضوں کی سہولت کے لیے ایک فارمیسی، لیبارٹری اور الٹرا ساؤنڈ کا مرکز بھی قائم کیا گیا تھا۔ کیمپ میں 3,824 مریضوں کو طبی امداد مہیا کی گئی، آنکھوں کے 69 آپریشن ہوئے، 67 الٹرا ساؤنڈ ٹیسٹ، 86 ایکسرے کیے گئے اور 325 لیبارٹری ٹیسٹ بھی کیے گئے۔

سماجی اقدام کے پروگرام میں مندرجہ ذیل خدمات بھی شامل تھیں:۔

1۔ مذکورہ سال کے دوران ''ہنر گھر'' نامی تنظیم کو عطیات دیے گئے۔ یہ تنظیم خواتین کو بااختیار بنانے کے لیے کام کرتی ہے اور اس نے مختلف منصوبے شروع کیے ہوئے ہیں۔

2۔ ''گرین پاکستان'' مہم کے تحت 14 اگست 2018 کو شجرکاری کی گئی۔

سماجی اقدام کا یہ پروگرام 4.700 ملین روپے کی لاگت سے مکمل کیا گیا۔

ڈائریکٹرز کی تربیت

اس سال کے دوران کمپنی کے ڈائریکٹر جناب محمد اکرام خان نے پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس کی جانب سے اس کے کارپوریٹ گورننس لیڈرشپ سکلز۔ ڈائریکٹرز ایجوکیشن پروگرام کے تحت منعقدہ جائزوں میں شرکت کی اور ان میں کامیابی حاصل کی۔

ڈائریکٹرز کا معاوضہ

غیر انتظامی ڈائریکٹرز اور غیر جانبدار ڈائریکٹرز اجلاسوں میں شرکت کے لیے ڈائریکٹرز فیس لینے کا استحقاق رکھتے ہیں۔

کمپنی کے بورڈ آف ڈائریکٹرز میں خواتین کی نمائندگی اور عارضی اسامیاں

خواتین کی نمائندگی کے لیے کارپوریٹ گورننس کے ضابطے کے تقاضوں کو پورا کرنے کے لیے بورڈ آف ڈائریکٹرز نے جناب آفتاب محمود بٹ کی جگہ 31 دسمبر 2018 کو محترمہ زونیرہ اظہر کا بطور ڈائریکٹر تقرر کیا جنھوں نے منتخب ڈائریکٹر کے طور پر استعفیٰ دیا تھا۔ (جناب آفتاب محمود بٹ کمپنی کے چیف ایگزیکٹو کی حیثیت سے کام کرتے رہیں گے)۔

بورڈ آف ڈائریکٹرز نے 21 جون 2019 کو جناب اویس شاہد کے استعفیٰ کی وجہ سے خالی ہونے والی اسامی کو پر کرنے کے لیے جناب حافظ محمد یوسف کا بطور ڈائریکٹر تقرر کیا۔

بورڈ آف ڈائریکٹرز کی ترتیب

30 جون 2019 تک بورڈ آف ڈائریکٹرز کی نوعیت اس طرح سے ہے:۔

ڈائریکٹرز کی مجموعی تعداد	08
a) مرد	07
b) خواتین	01
ترتیب	
i) غیر جانبدار ڈائریکٹرز	04
ii) غیر انتظامی ڈائریکٹرز	03
iii) انتظامی ڈائریکٹرز	01

30 جون 2019ء کے مطابق بورڈ آف ڈائریکٹرز ان افراد پر مشتمل ہے:۔

1۔ لیفٹیننٹ جنرل مزمل حسین (ر)

2۔ جناب آفتاب محمود بٹ

3۔ جناب عقیل احمد ناصر

4۔ جناب حافظ محمد یوسف

5۔ جناب سعد اقبال

6۔ جناب محمد ارشد چوہدری

7۔ جناب محمد اکرام خان

8۔ محترمہ زونیرہ اظہر

ضابطہ برائے تجارتی انتظام و انصرام (کوڈ آف کارپوریٹ گورننس) کی تعمیل

ضابطہ برائے تجارتی انتظام و انصرام کے تحت ہمیں درج ذیل امور پیش کرتے ہوئے مسرت ہو رہی ہے:

a) کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے تمام معاملات کو واضح طور پر پیش کرتے ہیں جیسے کہ سرگرمیوں کے نتائج، رقم کی آمد و رفت اور کاروباری سرمایہ میں ہونے والی تبدیلیاں۔

b) حسابداری کے مناسب کھاتے رکھے گئے ہیں۔

ڈائریکٹرز رپورٹ

ہمیں ڈائریکٹرز رپورٹ کے ساتھ 30 جون 2019 کو ختم ہونے والے سال کے مالیاتی گوشواروں (تنقیح شدہ) پیش کرنے میں خوشی محسوس ہو رہی ہے۔

کمپنی کی بنیادی سرگرمیاں

کمپنی کی بنیادی سرگرمیوں میں کوٹ ادو پنجاب میں اپنے گیس، فرنس آئل اور ڈیزل سے چلنے والے 1600 میگاواٹ کی استعداد کے حامل بجلی گھر/ پاور پلانٹ کی ملکیت، آپریشن اور دیکھ بھال ومرمت شامل ہے۔ کمپنی اپنے واحد کسٹمر/صارف پاکستان واٹر اینڈ پاور ڈیویلپمنٹ اتھارٹی (واپڈا) کو اپنے بجلی گھر/ پاور پلانٹ سے پیدا کردہ بجلی فروخت کر رہی ہے۔

کمپنی پاکستان اسٹاک ایکسچینج میں مندرج / رجسٹرڈ ہے اور اسے کے ایس ای 100 اور کے ایس ای 30 انڈیکس کمپنی ہونے کا اعزاز بھی حاصل ہے۔

مالیاتی کارکردگی

اس سال کمپنی کا کاروباری حجم 84,831 ملین روپے (2018: 91,916 ملین روپے) رہا ہے جس میں فروخت کی لاگت 70,625 ملین روپے ہے (2018: 78,537 ملین روپے)۔ منافع کی مجموعی رقم 14,205 ملین روپے (2018: 13,379 ملین روپے) ہے اور ٹیکس کی ادائیگی سے قبل منافع کی رقم 18,963 ملین روپے ہے (2018: 15,808 ملین روپے)۔ ٹیکس کی رقم 5,851 ملین روپے (2018: 5,191 ملین روپے) ہے اور ٹیکس کی ادائیگی کے بعد منافع کی رقم 13,112 ملین روپے (2018: 10,617 ملین روپے) ہے۔ اس طرح اس سال 10 روپے کے ہر حصص پر آمدن 14.90 روپے فی حصص رہی (2018: 12.06 روپے فی حصص)۔

گزشتہ سال کی طرف اس سال بھی بجلی کا خریدار ادارہ واپڈا واجب الادا رقوم کی ادائیگی میں ناکام رہا۔ 30 جون 2019 کو واجب الادا رقم 94,071 ملین روپے تھی (مزید تفصیلات کے لیے مالیاتی گوشوارے کا نوٹ 19 دیکھیں)۔ 30 جون 2019ء تک تیل کی فراہمی کی مد میں کمپنی کے ذمہ پاکستان اسٹیٹ آئل کمپنی لمیٹڈ (PSO) کی قابل ادا رقم 4,105 ملین روپے تھی اور گیس (RLNG) کی فراہمی کی مد میں سوئی ناردرن گیس پائپ لائنز کمپنی لمیٹڈ (SNGPL) کی قابل ادا رقم 15,053 روپے تھی (مزید تفصیلات کے لیے مالیاتی گوشوارے کا نوٹ 10 دیکھیں)۔ کمپنی اس ضمن میں بجلی کے خریداروں اور حکومت پاکستان کی متعلقہ وزارتوں سے مل کر اس معاملے کے حل کے لیے مسلسل کوشش کر رہی ہے۔

30 جون 2019 تک کمپنی کے ذمہ آپریشنل نوعیت کے علاوہ دیگر کوئی طویل المدت قرض کی ادائیگی نہیں ہے۔

آپریشنل کاموں پر ایک نظر

اس سال کے دوران کمپنی نے اپنے صارف کو 4,961 GWh بجلی فروخت کی ہے۔ یہ پیداوار مجموعی صلاحیت کی 42.2 فیصد کے برابر ہے اور 95.6 فیصد مجموعی تجارتی دستیابی ہے۔ حرارتی اعتبار سے یہ 44.0 فیصد کارکردگی کو ظاہر کرتی ہے۔ سوئی ناردرن گیس پائپ لائنز سے گیس کی فراہمی (RLNG) کی دستیابی کی وجہ سے گیس پر پیداوار میں اضافہ ہوا۔ بجلی کی مجموعی پیداوار کے لیے (گیس 71 فیصد، فرنس آئل 28.7 فیصد اور ڈیزل 0.3 فیصد) تینوں ایندھنوں کا تناسب رہا ہے۔

کمپنی کے پاور کمپلیکس کی دیکھ بھال ومرمت مشینوں کے اصل تیار کنندگان کی سفارشات کے مطابق اعلیٰ ترین عالمی معیار کے مطابق کی جاتی ہے اس طرح سے پی پی اے کے قواعد کے مطابق پاور کمپلیکس کی فنی دستیابی یقینی ہو جاتی ہے۔ اس سال کے دوران منظور شدہ منصوبے کے مطابق 18 بار حرارت پذیری (ایندھن جلنے کی جگہ) کا معائنہ کیا گیا اور ایک گیس ٹربائن کی بڑے پیمانے پر اوور ہالنگ کی گئی تھی۔

نقصانات کا ازالہ۔۔۔ ثالثی کا عمل

29 مارچ 2018ء کو کمپنی نے انٹرنیشنل چیمبر آف کامرس (ICC) کے قوانین کے مطابق سنگاپور میں واپڈا اور سنٹرل پاور ایجنسی پرچیزنگ (گارنٹی) لمیٹڈ (CPPA-G) (موجودہ مارکیٹ ریگولیٹر) کے خلاف ثالثی کے عمل کا آغاز کیا تاکہ واپڈا اور CPPA-G کی جانب سے غلط طور پر عائد کردہ 27,727,118,565 روپے کے نقصانات کے دعویٰ کو کالعدم قرار دیا جائے اور کمپنی کے نقصانات کے ازالہ پر مشتمل رقم 2,446,520,553 روپے کے دعویٰ کو درست ثابت کیا جائے جو کہ یہ نقصانات واجبات کی تاخیر سے ادائیگی کے جرمانے کے علاوہ ہیں نیز یہ بتایا جائے کہ بجلی کی فراہمی میں تعطل کی وجہ خریدار کی طرف سے اس کے واجبات کی عدم ادائیگی ہے۔ حکومت پاکستان کو سہولت کاری کے معاہدے کی رو سے ثالثی کے اس عمل میں ایک فریق بنایا گیا تھا جس نے کمپنی کے حق میں گارنٹی جاری کی تھی۔

ICC ٹریبونل نے اپنے جزوی فیصلے (موصولہ 10 جون 2019) میں اپنے اختیارات کے دائرہ کار کے بارے میں واپڈا کے موقف کو مسترد کر دیا۔ ICC ٹریبونل نے اپنے فیصلے میں مزید یہ بھی کہا کہ سنٹرل پرچیزنگ (گارنٹی) لمیٹڈ (CPPA-G) اور حکومت پاکستان اس کے دائرہ اختیار میں نہیں آتے۔ ثالثی کا یہ عمل کیس کی اہمیت (میرٹ) کے حوالے سے جاری ہے۔ مزید تفصیلات مالیاتی گوشواروں کے نوٹ 11.1(vii) میں دیکھی جا سکتی ہیں۔

بورڈ آف ڈائریکٹرز نے اس تنازع کو حل کرنے کے لیے نقصانات کے ازالے کی ایک کمیٹی (LDs Committee) قائم کر دی ہے۔ یہ کمیٹی نقصانات کے ازالے اور ثالثی کے عمل کے حوالے سے انتظامیہ کے ساتھ مل کر کام کرے گی۔ اس کمیٹی کے ممبران حسب ذیل ہیں:۔

جناب عقیل احمد ناصر

جناب آفتاب محمود بٹ

جناب سعد اقبال

بجلی کی خریداری کے معاہدے کی میعاد کا اختتام

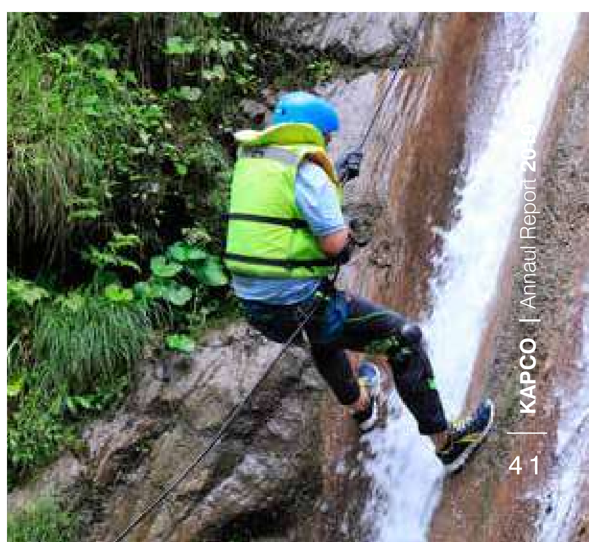
کمپنی کے بجلی کی خریداری کے معاہدہ (PPA) کی مدت پچیس سال کے لیے موثر ہے جو 26 جون 2021 کو ختم ہو جائے گی۔ PPA کی شرائط کے مطابق کمپنی اس کی تجدید/توسیع کے لیے واپڈا اور حکومت پاکستان کی دیگر متعلقہ اداروں کے ساتھ بات چیت کر رہی ہے۔ حکومت پاکستان توانائی کے شعبے میں اصلاحات نافذ کرنے اور بجلی کی خریداری کے معاہدوں کے اجراء اور تجدید کے لیے نئی توانائی

SOCIAL ACTION **PROGRAMME**


KAPCO
کیپکو
سے
کیطرف
2 روزہ


KAPCO

EMPLOYEE TRAININGS



KOT ADDU POWER
COMPANY LIMITED

Key Operating and Financial Data of the Last Six Years

Financial Year Ending June 30,		2019	2018	2017	2016	2015	2014
Turnover	PKR in Million	84,831	91,916	81,847	64,178	101,481	113,206
Net profit	PKR in Million	13,112	10,617	9,447	9,071	9,799	7,730
Assets	PKR in Million	139,267	138,446	116,001	92,213	96,262	95,352
Dividends	PKR in Million	5,546	8,010	7,966	7,922	6,822	6,382
EPS	PKR per share	14.90	12.06	10.73	10.31	11.13	8.78
Net Output	GWh	4,961	7,437	7,335	6,583	6,934	6,479
Thermal Efficiency	%	44.0	44.0	43.7	44.0	44.2	43.7
Load Factor	%	42.2	63.3	62.4	55.8	59.0	55.1
Availability	%	91.8	86.0	84.3	81.9	85.5	80.2


KAPCO

PATTERN OF **SHAREHOLDING**

As on June 30, 2019

No of Share Holders	Having Share		Share Held	Percentage
	From	To		
534	1	100	25786	0.0029
48251	101	500	24022005	2.7290
2467	501	1000	2421965	0.2751
3036	1001	5000	8184553	0.9298
868	5001	10000	6889864	0.7827
331	10001	15000	4295529	0.4880
203	15001	20000	3768339	0.4281
158	20001	25000	3694046	0.4197
90	25001	30000	2572248	0.2922
68	30001	35000	2261596	0.2569
71	35001	40000	2731447	0.3103
46	40001	45000	1987868	0.2258
54	45001	50000	2660321	0.3022
35	50001	55000	1849920	0.2102
34	55001	60000	1993133	0.2264
16	60001	65000	1009200	0.1146
14	65001	70000	952550	0.1082
18	70001	75000	1328500	0.1509
16	75001	80000	1262500	0.1434
7	80001	85000	580600	0.0660
13	85001	90000	1147000	0.1303
6	90001	95000	557477	0.0633
28	95001	100000	2795745	0.3176
13	100001	105000	1339566	0.1522
13	105001	110000	1412300	0.1604
1	110001	115000	115000	0.0131
6	115001	120000	711000	0.0808
5	120001	125000	614000	0.0698
6	125001	130000	771000	0.0876
3	130001	135000	396470	0.0450
9	135001	140000	1238200	0.1407
3	140001	145000	430000	0.0488
9	145001	150000	1347000	0.1530
7	150001	155000	1072500	0.1218
4	155001	160000	632167	0.0718
5	160001	165000	809500	0.0920
2	165001	170000	334000	0.0379
2	170001	175000	348500	0.0396
3	175001	180000	533100	0.0606
2	180001	185000	368000	0.0418
2	185001	190000	378000	0.0429
5	190001	195000	963120	0.1094
9	195001	200000	1799761	0.2045
2	200001	205000	404500	0.0460
5	205001	210000	1040500	0.1182
1	210001	215000	211000	0.0240
4	215001	220000	876500	0.0996
2	220001	225000	448491	0.0510
2	225001	230000	458500	0.0521
4	230001	235000	931800	0.1059
1	235001	240000	240000	0.0273
1	240001	245000	243000	0.0276

No of Share Holders	Having Share		Share Held	Percentage
	From	To		
7	245001	250000	1748000	0.1986
1	250001	255000	250500	0.0285
1	255001	260000	260000	0.0295
3	260001	265000	789000	0.0896
3	265001	270000	801763	0.0911
1	270001	275000	275000	0.0312
1	285001	290000	287832	0.0327
4	295001	300000	1197000	0.1360
1	300001	305000	305000	0.0346
2	305001	310000	612500	0.0696
2	320001	325000	648000	0.0736
1	325001	330000	328000	0.0373
2	335001	340000	672000	0.0763
1	350001	355000	351239	0.0399
1	355001	360000	358333	0.0407
3	360001	365000	1087678	0.1236
2	375001	380000	760000	0.0863
1	380001	385000	385000	0.0437
1	390001	395000	393500	0.0447
1	395001	400000	400000	0.0454
1	400001	405000	403500	0.0458
2	410001	415000	822934	0.0935
2	415001	420000	838500	0.0953
1	425001	430000	430000	0.0488
1	435001	440000	440000	0.0500
1	445001	450000	450000	0.0511
3	460001	465000	1389653	0.1579
1	465001	470000	466000	0.0529
1	470001	475000	475000	0.0540
1	475001	480000	477000	0.0542
2	480001	485000	965000	0.1096
1	490001	495000	495000	0.0562
7	495001	500000	3500000	0.3976
1	515001	520000	515500	0.0586
1	520001	525000	524500	0.0596
1	530001	535000	534500	0.0607
1	550001	555000	552000	0.0627
1	585001	590000	590000	0.0670
1	600001	605000	601000	0.0683
1	605001	610000	610000	0.0693
1	620001	625000	623784	0.0709
2	655001	660000	1311500	0.1490
1	675001	680000	676000	0.0768
1	705001	710000	710000	0.0807
1	730001	735000	735000	0.0835
1	745001	750000	746000	0.0847
1	780001	785000	783000	0.0890
1	825001	830000	826000	0.0938
1	835001	840000	840000	0.0954
1	840001	845000	842500	0.0957
1	870001	875000	871409	0.0990
1	885001	890000	885500	0.1006

PATTERN OF **SHAREHOLDING**

As on June 30, 2019

No of Share Holders	Having Share		Share Held	Percentage
	From	To		
1	970001	975000	973127	0.1106
2	995001	1000000	2000000	0.2272
1	1000001	1005000	1004700	0.1141
1	1030001	1035000	1031000	0.1171
1	1145001	1150000	1146530	0.1302
1	1150001	1155000	1151400	0.1308
1	1165001	1170000	1166500	0.1325
2	1170001	1175000	2349608	0.2669
1	1180001	1185000	1181944	0.1343
1	1245001	1250000	1250000	0.1420
1	1280001	1285000	1280500	0.1455
1	1295001	1300000	1298500	0.1475
1	1330001	1335000	1330700	0.1512
1	1360001	1365000	1364400	0.1550
1	1385001	1390000	1387500	0.1576
1	1495001	1500000	1500000	0.1704
2	1505001	1510000	3014500	0.3425
1	1695001	1700000	1700000	0.1931
1	1725001	1730000	1728500	0.1964
1	1780001	1785000	1784000	0.2027
1	1970001	1975000	1974000	0.2243
1	1995001	2000000	2000000	0.2272
1	2120001	2125000	2120500	0.2409
1	2150001	2155000	2153679	0.2447
1	2180001	2185000	2183000	0.2480
1	2210001	2215000	2212500	0.2513
1	2495001	2500000	2500000	0.2840
1	2530001	2535000	2530500	0.2875
1	2680001	2685000	2682000	0.3047
1	2995001	3000000	3000000	0.3408
1	3235001	3240000	3236394	0.3677
1	3780001	3785000	3784500	0.4299
1	4940001	4945000	4941500	0.5614
1	5005001	5010000	5007671	0.5689
1	5045001	5050000	5050000	0.5737
1	5090001	5095000	5091000	0.5784
1	5585001	5590000	5589000	0.6349
1	5730001	5735000	5731000	0.6511
1	6190001	6195000	6192000	0.7034
1	7045001	7050000	7046000	0.8005
1	7465001	7470000	7469500	0.8486
1	9130001	9135000	9131721	1.0374
1	15435001	15440000	15436000	1.7536
1	15660001	15665000	15662000	1.7793
1	22615001	22620000	22619000	2.5696
1	48250001	48255000	48252429	5.4817
1	78400001	78405000	78402000	8.9068
1	87995001	88000000	88000000	9.9971
1	354310001	354315000	354311133	40.2510
56630	Company Total		880253228	100.0000

CATEGORIES OF **SHAREHOLDERS**

As on June 30, 2019

Particulars	No of Folio	Balance Share	Percentage
DIRECTORS, CEO, SPOUSE & CHILDREN	8	3788004	0.4303
ASSOCIATED COMPANIES	2	402563562	45.7327
BANKS, DFI & NBFI	18	224283047	25.4794
INSURANCE COMPANIES	14	19644586	2.2317
MUTUAL FUNDS	21	5079395	0.5770
GENERAL PUBLIC (LOCAL)	54695	134659733	15.2978
GENERAL PUBLIC (FOREIGN)	2643	23895415	2.7146
OTHERS	201	14647483	1.6640
FOREIGN COMPANIES	49	35026229	3.9791
APPROVED FUND	51	16665774	1.8933
Company Total	57702	880253228	100.0000

PATTERN OF SHAREHOLDING
ADDITIONAL INFORMATION

As on June 30, 2019

Shareholders Category	No. of Shares Held
Associated Companies	
Pakistan Water and Power Development Authority	354,311,133
KAPCO Employees Empowerment Trust	48,252,429
Mutual Funds	
UNICOL LIMITED EMPLOYEES PROVIDENT FUND	1,000
FIRST EQUITY MODARABA	6,000
TRUSTEE CHERAT CEMENT CO.LTD.EMP.PRO.FND	15,000
FIRST ALNOOR MODARABA	1,000
CDC - TRUSTEE ALFALAH GHP VALUE FUND	570,000
CDC - TRUSTEE AKD INDEX TRACKER FUND	103,779
CDC - TRUSTEE MCB DCF INCOME FUND	1,000
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	1,167,500
MC FSL TRUSTEE JS - INCOME FUND	25,500
CDC - TRUSTEE ALFALAH GHP STOCK FUND	1,296,000
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	944,000
CDC - TRUSTEE NIT STATE ENTERPRISE FUND	526,284
CDC - TRUSTEE ASKARI EQUITY FUND	10,000
CDC - TRUSTEE NIT INCOME FUND - MT	4,000
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	187,832
CDC-TRUSTEE NITIPF EQUITY SUB-FUND	43,000
CDC-TRUSTEE NITPF EQUITY SUB-FUND	8,000
CDC - TRUSTEE FAYSAL MTS FUND - MT	500
CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	9,000
CDC - TRUSTEE ALFALAH GHP ISLAMIC VALUE FUND	44,500
CDC - TRUSTEE ALFALAH CAPITAL PRESERVATION FUND II	115,500
Directors, CEO, their spouses and minor children	
Lt. General Muzammil Hussain (Retd)	1
Mr. Aftab Mahmood Butt	1,000
Mr. Hafiz Muhammad Yousaf	1
Mr. Aqeel Ahmed Nasir	500
Mr. Saad Iqbal	3,784,500
Mr. Muhammad Arshad Ch.	2,000
Mr. Muhammad Ikram Khan	1
Ms. Zunaira Azhar	1
Executives	357,125
Public Sector Companies and Corporations	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Approved Funds (Pension Funds, Provident Funds, Gratuity Funds etc.)	260,593,407

Shareholders Category	No. of Shares Held
Shareholders holding 5% or more voting interest	
Pakistan Water and Power Development Authority	354,311,133
Allied Bank Limited	86,720,500
United Bank Limited - Trading Portfolio	69,476,500
KAPCO Employees Empowerment Trust	48,252,429

None of the CEO, Directors, CFO, Company Secretary, Head of Internal Auditors and their spouses and minor children have traded in the shares of the Company during the year ended June 30, 2019.

CORPORATE HOLDING 10,000 **AND MORE SHARES**

As on June 30, 2019

NAME	NO. OF SHARES
THE PAKISTAN WATER & POWER DEVELOPMENT AUTHORITY	354,311,133
KAPCO EMPLOYEES EMPOWERMENT TRUST	48,252,429
THE PAKISTAN MEMON WOMEN EDUCATIONAL SOCIETY	20,000
TRUSTEES-TREET CORP.LTD. E.SUPERANNVAT FUND	20,000
TRUSTEE- TREET COR. LTD EMP. PROVIDENT FUND	10,000
TRUSTEE- TREET CORPORATION LIMITED G.E. GRATUITY	10,000
PAKISTAN HERALD PUBLICATIONS (PVT) LTD. STAFF PENSION FUND	14,000
WAH NOBEL (PRIVATE) LIMITED MANAGEMENT STAFF PENSION FUND	20,000
ALPHA BETA FINANCE LIMITED	270,000
DEUTSCHE BANK AG LONDON BRANCH	946,127
EATON VANCE COLLECTIVE INV TRT FOR EMP BENEFIT PLANS	534,500
UPS GROUP TRUST	464,653
PARAMETRIC EMERGING MARKETS FUND	765,900
PARAMETRIC TAX-MANAGED EMERGING MARKETS FUND	1,347,500
SPDR S&P EMERGING MARKETS SMALL CAP ETF	173,500
ADVANCE SERIES TRUST - AST PARAMETRIC EMERGING MKTS EQT PRTF	250,500
EATON VANCE TRT CO CM TRT FD-PARMTC STR EME MKT EQT CM TRT F	223,491
CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	579,000
COLLEGE RETIREMENT EQUITIES FUND	207,500
E VAN TR C CIT FOR EM BEN PLN EVTC PARA SE COR EQT FD	203,500
GLOBAL ADVANTAGE FUNDS-EMERGING MARKETS HIGH VALUE TEILFONDS	243,000
ISHARES MSCI EMERGING MARKETS SMALL-CAP ETF	127,000
STATE STR MSCI EME MKTS SMALL CAP INDEX NON-LEND COMM TRT FD	82,500
STA STR GBL ADVI TRT COM INVST FDS FOR TAX EXEM RETIR PLNS	328,000
STA STR GBL ADVI TRT COM INVST FDS FOR TAX EXEM RETIR PLNS	155,000
ISHARES PLC-ISHARES CORE MSCI EM IMI UCITS ETF	605,000
ISHARES III PLC-ISHARES MSCI EM SMALL CAP UCITS ETF	121,587
VANGUARD TOTAL WORLD STOCK INDEX FUND	450,500
VANGUARD FTSE ALL-WORLD EX-US SMALL CAP INDEX FUND	1,310,608
EMPLOYEES RETIREMENT SYSTEM OF TEXAS	800,000
LEGAL & GENERAL ASSURANCE (PENSIONS MANAGEMENT) LTD	114,500
EATON VANCE INTL IRLEND F.P-EATN V.INTL IRLND PRAMTRIC E.M.F	284,500
AUSTRALIAN CATHOLIC SUPERANNUATION AND RETIREMENT FUND	137,000
NRTHRN TRST COLECTVE EME MKT SMAL CAP INDEX FUND-NON-LENDING	260,000
PARAMETRIC TMEMC FUND LP	183,000
CAPITAL ONE EQUITIES LIMITED.	206,500
TRUSTEE PAK TOBACCO CO. LTD MANAGEMENT PROV FUND (1386-2)	42,418
TRUSTEE PAK TOBACCO CO. LTD EMPLOYEES PROVIDENT FUND(1385-5)	39,280
TRUSTEE PAK TOBACCO CO LTD EMPLOYEES GRATUITY FUND(1383-4)	49,921
TRUSTEE PAK TOBACCO CO LTD STAFF DEF CONTRI PEN FD (1384-1)	20,583
TRUSTEE PAK TOBACCO CO LTD STAFF PENSION FUND [1390-2]	410,934
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	7,047,009
GLOBAL X FUNDS-GLOBAL X MSCI PAKISTAN ETF	1,712,700
PUB INSTITUTIONAL FUND UMBRELLA - PUB EQUITIES EMG MKTS 2	92,000
PGIM STRATEGIC INVESTMENTS INC.	69,500
VANGUARD EMERGING MARKETS STOCK INDEX FUND	9,131,721
ARROW DOGS OF THE WORLD ETF	35,526
EMERGING MKTS SML CAPITALIZATION EQTY INDEX NON-LENDABLE FD	765,739
EMERGING MKTS SML CAPITALIZATION EQTY INDX NON-LENDABLE FD B	56,941
TCM INVESTMENT FUNDS LUX - TCM GLOB FRONTR HI DIVDEND EQUITY	1,326,000
EMERGING MARKETS SMALL CAPITALIZATION EQUITY INDEX FUND	563,763
VANGUARD ESG INTERNATIONAL STOCK ETF	77,500
LAERERNES PENSION FORSIKRINGSAKTIESELSKAB	231,000
VANGUARD FIDUCIARY TRST CO INST TOTAL INTL STCK MRKT IND TRU	203,162
F & B BULK STORAGE (PTIVATE) LIMITED	34,000
KODVAWALA TRUST	100,000
TRUSTEE-MCB EMPLOYEES PENSION FUND	5,804,000
TRUSTEE - MCB PROVIDENT FUND PAK STAFF	7,046,000
SHAFFI SECURITIES (PVT) LIMITED	12,000
M. N. TEXTILES (PRIVATE) LIMITED	90,000
AHMED SPINNING MILLS LIMITED	61,500
TRUSTEE - BANK ALFALAH LTD EMPLOYEES PROVIDENT FUND TRUST	110,000
UBL INSURERS LIMITED	185,000

NAME	NO. OF SHARES
PAKISTAN KUWAIT INVESTMENT CO. (PVT) LTD.	4,941,500
SAMBA BANK LIMITED	1,000,000
ALLIED BANK LIMITED	86,720,500
PREMIER INSURANCE LIMITED	140,470
HABIB BANK LIMITED-TREASURY DIVISION	20,927,500
TRUSTEE HBL EMPLOYEES GRATUITY FUND TRUST	462,000
TRUSTEE- HBL EMPLOYEES PENSION FUND TRUST	1,387,500
FAYSAL BANK LIMITED	5,300,500
JUBILEE GENERAL INSURANCE COMPANY LIMITED	5,301,000
BANK AL HABIB LIMITED	7,469,500
BANK AL-HABIB LIMITED-ISLAMIC BANKING DIVISION	403,500
STATE LIFE INSURANCE CORP. OF PAKISTAN	3,236,394
UNITED BANK LIMITED - TRADING PORTFOLIO	69,476,500
ABBASI & COMPANY (PRIVATE) LIMITED	50,500
PREMIER FASHIONS (PVT) LTD	75,000
TRUSTEES OF NEW JUBILEE INS CO.LTD S.P.F	75,000
THE AGA KHAN UNIVERSITY FOUNDATION	1,146,530
EFU GENERAL INSURANCE LIMITED	450,000
TRUSTEES OF DHORAJI FOUNDATION	13,000
MOHAMAD AMIN BROS (PVT) LIMITED	45,000
MERCHANT CONSTRUCTION CO.(PVT) LIMTIED	90,000
EFU LIFE ASSURANCE LTD	100,000
TRUSTEE CHERAT CEMENT CO.LTD.EMP.PRO.FND	15,000
NATIONAL INSURANCE COMPANY LIMITED	1,181,944
TRUSTEES MOOSA LAWAI FOUNDATION	12,500
PAKISTAN REINSURANCE COMPANY LIMITED	30,000
TRUSTEES NRL OFFICERS PROVIDENT FUND	25,000
BULK MANAGEMENT PAKISTAN (PVT.) LTD.	71,000
SHAKOO (PVT) LTD.	34,500
TRUSTEES ALOO&MINOCHER DINSHAW CHR.TRUST	250,000
RELIANCE INSURANCE COMPANY LTD.	125,000
TRUSTEES SAEEDA AMIN WAKF	50,000
TRUSTEES MOHAMAD AMIN WAKF ESTATE	325,000
ISMAILIA YOUTH SERVICES	80,000
SIKANDER (PVT) LIMITED	10,000
THE PAKISTAN MEMON WOMEN EDUCATIONAL SOC	15,000
TRUSTEES OF FAROUKH&ROSHEN KARANI TRUST	10,000
TRUSTEES WORLD MEMON FND.COMM.CEN.TRUST	430,000
PEARL ENGINEERING (PVT) LTD	66,000
BANDENAWAZ (PVT) LTD	10,000
TRUSTEES HOMMIE&JAMSHED NUSSERWANJEE C.T	150,000
TRUSTEES OF HAJI MOHAMMED WELFARE TRUST	110,000
TRUSTEE NEW JUBILEE INS CO.LTD EMP G.F	75,000
TRUSTEES MCB EMPLOYEES FOUNDATION	100,000
TRUSTEES AL-BADER WELFARE TRUST	87,000
WESTBURY (PRIVATE) LTD	1,735,000
TRUSTEES S.M.SOHAIL TRUST	21,500
YOUSUF YAQOOB KOLIA AND COMPANY (PVT) LTD	25,500
EDULJEE DINSHAW (PVT.) LIMITED	264,000
TRUSTEES OF MIRPURKHAS SUGAR MILLS LIMITED EMP GRATUITY FUND	15,000
TRUSTEES OF MIRPURKHAS SUGAR MILLS LTD EMP PROVIDENT FUND	50,000
TRUSTEES OF GREAVES PAKISTAN (PVT) LTD. EMP PROVIDENT FUND	10,000
CUMBERLAND (PVT) LIMITED	180,000
MARIAM ALI MUHAMMAD TABBA FOUNDATION	250,000
TRUSTEES OF SAMAD CHARITABLE TRUST	110,000
ATLAS INSURANCE LIMITED	361,778
TRUSTEE NATIONAL REFINERY LTD. MANAGEMENT STAFF PENSION FUND	199,761
M/S RANG COMMODITIES (PVT) LTD	20,000
DOSSA COTTON & GENERAL TRADING (PVT) LIMITED	17,500
ANAM FABRICS (PVT) LTD.	105,500
ADAMJEE LIFE ASSURANCE COMPANY LIMITED	2,682,000
GOOD HOMES (PVT) LTD	218,000
TRUSTEES OF ZENSOFT (PVT) LTD EMPL. PROVIDENT FUND	15,000

CORPORATE HOLDING 10,000
AND MORE SHARES

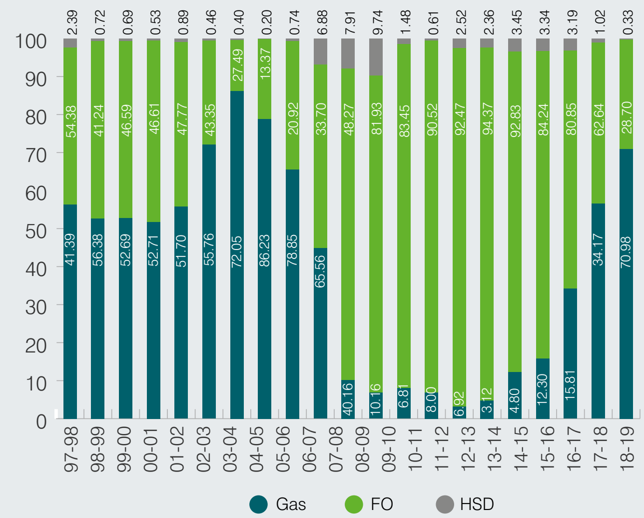
NAME	NO. OF SHARES
TRUSTEES OF KHATIJA ADAMJEE FOUNDATION	33,000
TRUSTEE MOMIN ADAMJEE WELFARE TRUST	200,000
TRUSTEES OF GHORI TRUST	57,000
AL-FARAN MULTIPURPOSE COOPERATIVE SOCIETY LIMITED	12,300
LUCKY TEX PAKISTAN (PVT.) LIMITED	500,000
GLOBE MANAGEMENTS (PRIVATE) LIMITED	305,000
TAHAFFUZ (PRIVATE) LIMITED	610,000
AL-RAHIM TRADING COMPANY (PRIVATE) LIMITED	25,000
TRUSTEES OF FRIENDS EDUCATIONAL AND MEDICAL TRUST	26,000
MERIN (PRIVATE) LIMITED	10,000
KIRAN FOUNDATION	50,500
ZAHID LATIF KHAN SECURITIES (PVT) LTD.	53,000
SURAJ COTTON MILLS LTD.	475,000
NAEEM TEXTILE MILLS (PVT.) LTD.	20,000
SIDDIQ LEATHER WORKS (PVT.) LIMITED	205,000
SUNRAYS TEXTILE MILLS LIMITED	13,000
TRUSTEES LEINER PAK GELATINE LTD EMPLOYEES PROVIDENT FUND	30,000
SHADAB INNOVATIONS (PRIVATE) LIMITED	45,000
HABIB BANK AG ZURICH, ZURICH,SWITZERLAND	273,300
HABIB BANK AG ZURICH, DEIRA DUBAI	2,030,500
CONTINENTAL CAPITAL MANAGEMENT (PVT) LTD	41,000
NATIONAL BANK OF PAKISTAN	5,589,000
MRA SECURITIES LIMITED	110,000
MCB BANK LIMITED - TREASURY	15,662,000
BAWA SECURITIES (PVT) LTD.	540,000
ZILLION CAPITAL SECURITIES (PVT) LTD.	21,000
RAFI SECURITIES (PRIVATE) LIMITED	40,450
IRFAN MAZHAR SECURITIES (PVT) LTD.	61,000
ORIENTAL SECURITIES (PVT) LTD.	20,000
MULTILINE SECURITIES (PVT) LIMITED	10,000
HAMID ADAMJEE TRUST	40,000
ZAFAR MOTI CAPITAL SECURITIES (PVT) LTD.	10,100
TRUSTEE OF PTC MANAGEMENT PROVIDENT FUND	52,909
TRUSTEE OF PTC STAFF PENSION FUND	91,977
TRUSTEE OF PTC EMPLOYEES PROVIDEND FUND	30,600
TRUSTEES FAUJI FERTILIZER BIN QASIM LTD. PROVIDENT FUND	250,000
TRUSTEES FAUJI FERTILIZER BIN QASIM LTD. EMP. GRATUITY FUND	140,000
TRUSTEES OF ARL MANAGEMENT STAFF PENSION FUND	40,000
DJM SECURITIES (PRIVATE) LIMITED	150,500
THE AL-MALIK CHARITABLE TRUST	25,000
ASKARI BANK LIMITED	2,530,500
JS GLOBAL CAPITAL LIMITED	106,500
NOOR AUTOMOBILES (PVT.) LIMITED	10,000
TRUSTEE-TREET CORPORATION LTD.-GROUP EMP.SUPERANNUATION FUND	10,000
NCC - PRE SETTLEMENT DELIVERY ACCOUNT	36,790
MONEYLINE SECURITIES (PRIVATE) LIMITED	12,000
CDC - TRUSTEE ALFALAH GHP VALUE FUND	570,000
SAUDI PAK INDUSTRIAL & AGRICULTURAL INVESTMENT CO. LTD.- PMD	2,535,000
CDC - TRUSTEE AKD INDEX TRACKER FUND	103,779
DARSON SECURITIES (PVT) LIMITED	11,100
HABIBSONS BANK LTD - CLIENT ACCOUNT	100,000
PERIDOT PRODUCTS (PVT) LIMITED	10,000
TARIIC HOLDING COMPANY BSC (CLOSED)	100,000
QUADRIA WELFARE TRUST	37,000
ALI HUSAIN RAJABALI LIMITED	140,000
BANDENAWAZ (PVT) LTD.	10,000
MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES (PVT.) LTD.	26,000
GAZIPURA SECURITIES & SERVICES (PRIVATE) LIMITED	50,000
RIAZ AHMED SECURITIES (PVT) LTD.	11,500
THE BANK OF PUNJAB, TREASURY DIVISION.	1,175,000
TARIQ VOHRA SECURITIES (PVT) LIMITED	15,000
MUHAMMAD SALIM KASMANI SECURITIES (PVT.) LTD.	20,000
MUHAMMAD BASHIR KASMANI (PRIVATE) LIMITED	11,000
ALTAF ADAM SECURITIES (PVT) LTD.	17,000
128 SECURITIES (PVT) LTD.	50,000
SOUTHERN AGENCIES (PRIVATE) LIMITED	29,000

NAME	NO. OF SHARES
SURAJ COTTON MILLS LIMITED	50,000
FIRST CREDIT & INVESTMENT BANK LIMITED	25,000
GULREZ SECURITIES (PRIVATE) LIMITED	101,500
GPH SECURITIES (PVT.) LTD.	75,500
TRUSTEE KARACHI PARSI ANJUMAN TRUST FUND	15,000
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	1,167,500
PAK BRUNEI INVESTMENT COMPANY LIMITED	1,362,000
MC FSL TRUSTEE JS - INCOME FUND	25,500
SEVEN STAR SECURITIES (PVT.) LTD.	26,000
PAIR INVESTMENT COMPANY LIMITED	420,000
CMA SECURITIES (PVT) LIMITED	10,000
TRUSTEE - GREAVES PAKISTAN (PVT) LTD. - STAFF GRATUITY FUND	10,000
UNITED TOWEL EXPORTERS (PVT) LIMITED	10,000
ABRIS (PVT) LIMITED	25,000
ALPHA BETA FINANCE LIMITED	30,000
HABIB EDUCATION TRUST STAFF PROVIDENT FUND	13,000
ABA ALI HABIB SECURITIES (PVT) LIMITED	17,000
CDC - TRUSTEE ALFALAH GHP STOCK FUND	1,296,000
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	944,000
CDC - TRUSTEE NIT STATE ENTERPRISE FUND	526,284
FLOAT SECURITIES (PVT) LIMITED	28,000
INA SECURITIES (PVT) LTD	10,500
MERCHANT INVESTMENTS (PRIVATE) LIMITED	10,000
TRUSTEE-AL-MUSTAFA TRUST	10,000
TRUSTEES OF PAKISTAN HUMAN DEVELOPMENT FUND	117,000
ELLCOT SPINNING MILLS. LIMITED	82,000
ASKARI CEMENT LIMITED EMPLOYEES PROVIDENT FUND TRUST	60,000
ADAM SECURITIES LTD. - MT	20,000
JS GLOBAL CAPITAL LIMITED - MF	16,000
ADAMJEE INSURANCE COMPANY LIMITED	5,731,000
CDC - TRUSTEE ASKARI EQUITY FUND	10,000
EMPLOYEES OLD AGE BENEFITS INSTITUTION	1,151,400
MUHAMMAD TARIQ MOTI SECURITIES (PVT) LTD.	103,500
THE TRUSTEES, ZOROASTRIAN CO-OP. HOUSING SOCIETY	10,000
ALFALAH INSURANCE COMPANY LIMITED	119,500
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	187,832
AKY SECURITIES (PVT) LTD.	32,000
AHSAM SECURITIES (PVT) LIMITED	15,000
CDC-TRUSTEE NITIPF EQUITY SUB-FUND	43,000
BIPL SECURITIES LIMITED - MF	10,000
CDC - TRUSTEE AGIPF EQUITY SUB-FUND	30,100
CDC - TRUSTEE AGPF EQUITY SUB-FUND	30,900
CDC - TRUSTEE ALFALAH GHP ISLAMIC VALUE FUND	44,500
SAMBA BANK LIMITED - MT	124,500
CDC - TRUSTEE ALFALAH CAPITAL PRESERVATION FUND II	115,500
TOTAL NO. OF SHARES	717,593,823

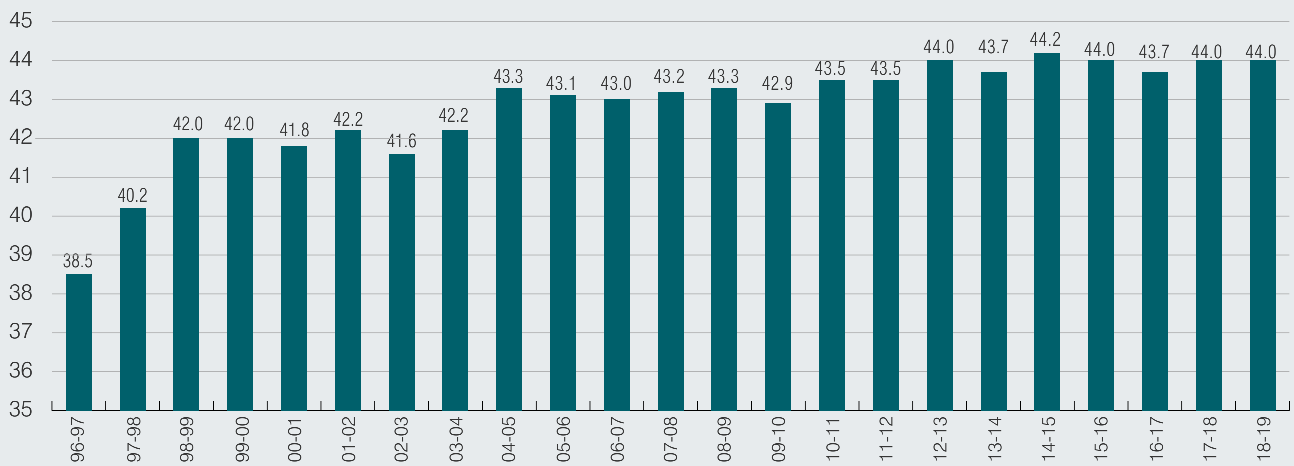
HIGHLIGHTS

Complex Net Output - Actual v Forcast 2018 / 2019

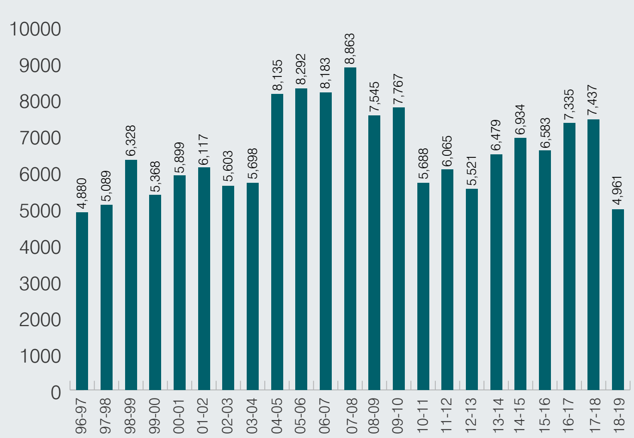
Generation By Fuel %



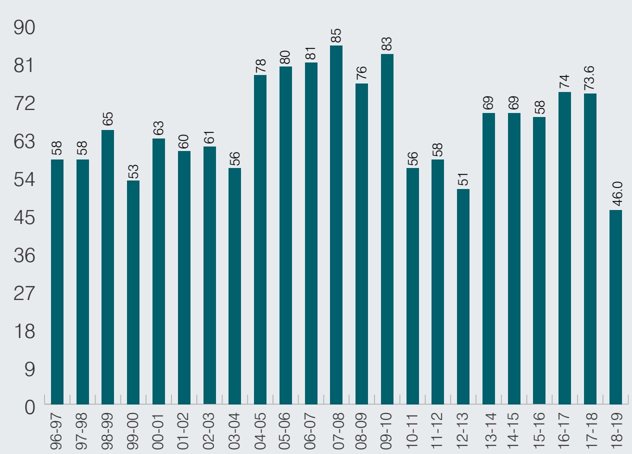
THERMAL EFFICIENCY %



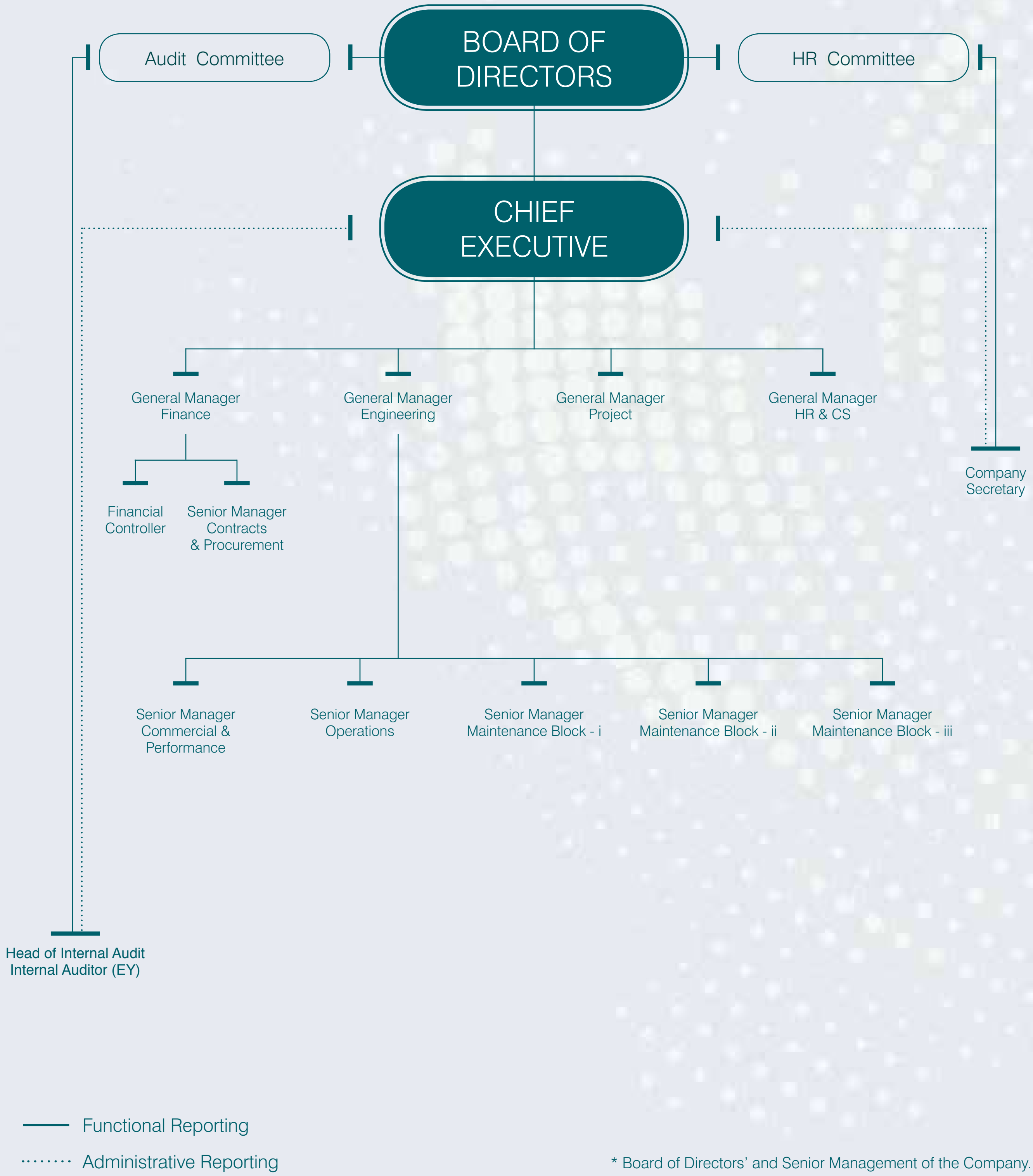
Net Output GWH



Plant Utilisation %



ORGANIZATIONAL **STRUCTURE***



* Board of Directors' and Senior Management of the Company.

EXECUTIVE & MANAGEMENT **COMMITTEES**

Executive Committee:

The Executive Committee consists of the Departmental Heads and is chaired by the Chief Executive. Its function include formulating, reviewing, communicating and managing the delivery of the Company's strategy; agreeing and recommending the Business Plan to the Board of Directors; and managing the delivery of the agreed Business Plan. The Executive Committee meets from time to time to coordinate activities and to take up any matters/issues.

Management Committee:

The Management Committee consists of the Departmental Heads and the Senior Managers and is chaired by the Chief Executive. Its function include in-depth Departmental reviews so as to create synergies within the Company. The Management Committee meets regularly.

Mr. Aftab Mahmood Butt
Chief Executive

Mr. Khalid Pervaiz Bajwa
GM Engineerintg

Mr. M. Mohtashim Aftab
GM Finance / CFO

STATEMENT OF COMPLIANCE
WITH LISTED COMPANIES
(Code of Corporate Governance) Regulations, 2017

Name of Company

Kot Addu Power Company Limited

Year Ended

June 30, 2019

The Company has complied with the requirements of the (Code of Corporate Governance) Regulations, 2017 ("Regulations") in the following manner:

1. The total number of directors are eight (8) as per the following:

   a) Male: Seven (7)
   b) Female: One (1)

2. The composition of board is as follows:

Category	Names
Independent Directors	• Mr. Hafiz Muhammad Yousaf • Mr. Aqeel Ahmed Nasir • Mr. Saad Iqbal • Ms. Zunaira Azhar
Executive Directors	• Mr. Aftab Mahmood Butt (Chief Executive)
Non-Executive Directors	• Lt. General Muzammil Hussain (Retd) • Mr. Muhammad Arshad Ch. • Mr. Muhammad Ikram Khan

3. The Directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

4. The Company has prepared a "Code of Conduct'' and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The Board of Directors have a formal policy and transparent procedures for remuneration of directors and accordance with the Act and these Regulations.

9. The Board has arranged Directors Training program for the following:

   Mr. Muhammad Ikram Khan
   (Non-Executive Director)

10. The Board has approved the appointment of the Internal Auditors of the Company including their remuneration and terms and conditions of employment. The Board has also approved the appointment of Head of Internal Audit to act as coordinator between the Internal Auditors and the Board of Directors. The Company's CFO and Company Secretary were appointed prior to the listing of the Company.

11. Chief Executive Officer and Chief Finance Officer duly endorsed the financial statements before approval of the Board.

12. The Board has formed Committees comprising of members given below:

Audit Committee

Mr. Hafiz Muhammad Yousaf	Chairman
Mr. Saad Iqbal	Member
Mr. Muhammad Arshad Chaudhry	Member
Mr. Muhammad Ikram Khan	Member

HR Committee

Mr. Aqeel Ahmed Nasir	Chairman
Mr. Aftab Mahmood Butt	Member/Chief Executive
Mr. Muhammad Ikram Khan	Member

LDs Committee

Mr. Aqeel Ahmed Nasir	Chairman
Mr. Aftab Mahmood Butt	Member/Chief Executive
Mr. Saad Iqbal	Member

13. The terms of reference of the aforesaid Committees have been formed, documented and advised to the Committee for compliance.

14. The frequency of meetings for the year ended June 30, 2019 of the Committees were as follows:

Audit Committee	Four
HR Committee	Three
LDs Committee	Three

15. The Board has outsourced the internal audit function to EY Ford Rhodes, Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services, except in accordance with the Companies Act, 2017, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

For and on behalf of the Board

Aftab Mahmood Butt
Chief Executive

Lt. General Muzammil Hussain (R)
Chairman, Board of Directors

September 16, 2019
Lahore

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF KOT ADDU POWER COMPANY LIMITED

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Kot Addu Power Company Limited for the year ended June 30, 2019 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulation is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

Deloitte Yousuf Adil

Chartered Accountants
Engagement Partner: Rana M. Usman Khan

September 16, 2019
Lahore

INDEPENDENT
AUDITOR’S REPORT

To the members of Kot Addu Power Company Limited
Report on the Audit of the Financial Statements

OPINION

We have audited the annexed financial statements of Kot Addu Power Company Limited (the Company) which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company’s affairs as at June 30, 2019 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Key audit matter	How the matter was addressed in our audit
Trade debts	
As described in Note 1 (Legal status and nature of business), the Company has a Power Purchase Agreement (PPA) to sell the electricity produced to a single customer, WAPDA. Continuous delays by WAPDA in settlement of invoices raised by the Company, under the PPA, have resulted in buildup of trade debts aggregating to Rs.116.03 billion (Note 19). The Company has financed these trade debts via short term financing arrangements of Rs. 54.18 billion (Note 9), trade and other payables of Rs. 40.14 billion (Note 10) and own sources. In view of the significance and monetary value of the trade debts, the various financing arrangements there against and the consequential impact on the operations of the Company, we have identified this area as a Key Audit Matter.	Our audit procedures included the following: • assessed if appropriate recognition policies are applied for trade debts and trade creditors through comparison with applicable accounting standards and industry practices. • checked invoices raised by and received by the Company during the year and performed recalculation on the accrued income in accordance with relevant agreements. • obtained direct confirmations for trade debts, financing arrangements and major trade creditor balances, evaluating and rationalizing the reconciling items. • made inquiries with management of the Company and read minutes of Board and committees formed thereunder to ascertain actions taken and planned for remediation and management of trade debts. • assessed adequacy of the related disclosures in the financial statements.

Contingencies	
As described in Note 11.1(vii) (Contingencies and commitments), WAPDA had raised invoices for liquidated damages to the Company aggregating to Rs. 27.9 billion up to June 30, 2016. In order to safeguard its interest, the Company has pursued arbitration proceedings in the International Chamber of Commerce (ICC), as per section 15 of PPA. The ICC tribunal in its partial award has decided the jurisdictional matters and that the proceedings related to the liquidated damages will continue between the Company and WAPDA. As described in Note 11.1 (viii), the existing 25 year term PPA of the Company will expire on June 26, 2021. The Company has applied for new or renewal of PPA, however, the issuance of new or renewal of PPA will be under new energy policy, which has yet to be finalized by the Government. Further, as described in Note 11 Contingencies and commitments, the Company has several ongoing litigations, claims and tax matters, attributable to its business activities, for which ultimate outcomes and consequential financial exposures, if any, cannot be reliably predicted. We note that management judgements and estimation are required in: - predicting likely outcomes for these litigations, claims and tax matters, which, in certain cases may incorporate complex assumptions and inputs of external legal counsels / tax consultants; and - assessing adequacy of associated provisions and related disclosures in the financial statements. In view of the significance of such litigations and the involvement of management's judgement and estimates, we have identified this area as a Key Audit Matter.	Our audit procedures for contingencies including arbitration proceedings in ICC included the following: • read minutes of Board and committees formed thereunder, made inquiries with management and reviewed relevant correspondence to identify and evaluate contingencies. • reviewed the filings made by the Company with ICC and decision of partial award related to the liquidated damages proceedings by the ICC tribunal. • met / corresponded with management, internal and external legal counsels (including counsels representing the Company in ICC) and tax advisor to understand status of ongoing and potential legal and tax matters impacting the Company. • reviewed application filed with Government for new or renewal of the PPA. • obtained and reviewed reports published by energy market regulator relating to generation forecasts and merit order. • assessed and challenged management's conclusions on tax matters and related contingencies through understanding precedents, if any, set in similar cases. • analyzed legal and professional expenses incurred during the year to support the completeness of contingencies identified. • assessed adequacy of the related disclosures in the financial statements.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

Management is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance opinion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

- As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017)

b) the statement of financial position, the statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Rana M. Usman Khan.

Deloitte Yousuf Adil

Chartered Accountants
Engagement Partner: Rana M. Usman Khan

September 16, 2019
Lahore

FINANCIAL STATEMENTS

For the year ended June 30, 2019

STATEMENT OF
FINANCIAL POSITION
As at June 30, 2019

	Note	2019	2018
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
3,600,000,000 (2018: 3,600,000,000) ordinary			
shares of Rs 10 each		36,000,000	36,000,000
Issued, subscribed and paid up capital			
880,253,228 (2018: 880,253,228) ordinary			
shares of Rs 10 each	5	8,802,532	8,802,532
Capital reserve	6	444,451	444,451
Unappropriated profit		31,914,164	25,845,905
		41,161,147	35,092,888
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease	7	25,106	38,487
Deferred liabilities	8	1,762,224	2,710,085
		1,787,330	2,748,572
CURRENT LIABILITIES			
Current portion of liabilities against assets			
subject to finance lease	7	12,976	15,960
Finances under mark-up arrangements - secured	9	54,180,294	49,874,599
Provision for taxation - net		641,741	296,738
Trade and other payables	10	40,138,658	49,754,942
Unclaimed dividend		1,344,900	662,289
		96,318,569	100,604,528
CONTINGENCIES AND COMMITMENTS	11		
		139,267,046	138,445,988

The annexed notes 1 to 41 form an integral part of these financial statements.

Aftab Mahmood Butt	M. Mohtahsim Aftab	Saad Iqbal
Chief Executive Officer	Chief Financial Officer	Director

	Note	2019	2018
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	6,337,095	8,564,577
Intangible assets	13	4,252	7,462
Assets subject to finance lease	14	34,721	51,747
Capital work-in-progress		4,988	7,327
Long term loans and deposits	15	25,395	31,821
Post retirement benefits	16	348,784	–
		6,755,235	8,662,934
CURRENT ASSETS			
Stores and spares	17	3,465,081	4,248,855
Stock-in-trade	18	9,466,456	6,717,597
Trade debts	19	115,798,387	115,472,114
Loans, advances, deposits, prepayments and other receivables	20	2,431,965	2,659,533
Cash and bank balances	21	1,349,922	684,955
		132,511,811	129,783,054
		139,267,046	138,445,988

Aftab Mahmood Butt
Chief Executive Officer

M. Mohtahsim Aftab
Chief Financial Officer

Saad Iqbal
Director

STATEMENT OF
PROFIT OR LOSS
For the year ended June 30, 2019

		Note	2019	2018
			(Rupees in thousand)	
Sales		22	84,830,617	91,915,894
Cost of sales		23	(70,625,377)	(78,536,832)
Gross profit			14,205,240	13,379,062
Administrative expenses		24	(708,740)	(465,787)
Other operating expenses		25	(8,922)	(371,085)
Other income		26	13,781,099	9,453,211
Profit from operations			27,268,677	21,995,401
Finance cost		27	(8,306,164)	(6,187,594)
Profit before tax			18,962,513	15,807,807
Taxation		28	(5,850,973)	(5,190,722)
Profit for the year			13,111,540	10,617,085
Earnings per share	(Rupees)	37	14.90	12.06

Appropriations have been reflected in the statement of changes in equity.

The annexed notes 1 to 41 form an integral part of these financial statements.

Aftab Mahmood Butt Chief Executive Officer	M. Mohtahsim Aftab Chief Financial Officer	Saad Iqbal Director

STATEMENT OF
COMPREHENSIVE INCOME
For the year ended June 30, 2019

	2019	2018
	(Rupees in thousand)	
Profit for the year	13,111,540	10,617,085
Items that will not be reclassified subsequently to profit or loss:		
- Re-measurement gains / (losses) on net defined benefit obligation - net of tax	353,969	(17,101)
Other comprehensive income / (loss) for the year - net of tax	353,969	(17,101)
Total comprehensive income for the year	13,465,509	10,599,984

The annexed notes 1 to 41 form an integral part of these financial statements.

Aftab Mahmood Butt
Chief Executive Officer

M. Mohtahsim Aftab
Chief Financial Officer

Saad Iqbal
Director

STATEMENT OF
CASH FLOWS
For the year ended June 30, 2019

	Note	2019	2018
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	35	14,064,860	12,208,836
Finance cost paid		(6,872,629)	(3,368,218)
Taxes paid		(5,805,315)	(4,151,558)
Staff retirement benefits paid		(109,997)	(4,876)
Net cash generated from operating activities		1,276,919	4,684,184
Cash flows from investing activities			
Fixed capital expenditure including intangibles		(85,363)	(81,687)
Income on bank deposits received		37,205	32,968
Net decrease / (increase) in long term loans and deposits		6,426	(1,199)
Proceeds from sale of property, plant and equipment		3,434	17,210
Net cash used in investing activities		(38,298)	(32,708)
Cash flows from financing activities			
Repayment of liabilities against assets subject to finance lease		(16,365)	(23,082)
Repayment of long term loans - unsecured		–	(386,195)
Dividend paid		(4,862,984)	(7,928,387)
Net cash used in financing activities		(4,879,349)	(8,337,664)
Net decrease in cash and cash equivalents		(3,640,728)	(3,686,188)
Cash and cash equivalents at beginning of the year		(49,189,644)	(45,503,456)
Cash and cash equivalents at the end of the year	36	(52,830,372)	(49,189,644)

The annexed notes 1 to 41 form an integral part of these financial statements.

Aftab Mahmood Butt
Chief Executive Officer

M. Mohtahsim Aftab
Chief Financial Officer

Saad Iqbal
Director

STATEMENT OF
CHANGES IN EQUITY
For the year ended June 30, 2019

	Note	Share capital	Capital reserve	Un-appropriated profit	Total
		(Rupees in thousand)			
Balance as at June 30, 2017		8,802,532	444,451	23,256,226	32,503,209
Final dividend for the year ended					
June 30, 2017 - Rs 4.75 per share		–	–	(4,181,203)	(4,181,203)
Profit for the year		–	–	10,617,085	10,617,085
Other comprehensive income:					
- Re-measurement of net defined benefit					
obligation - net of tax		–	–	(17,101)	(17,101)
Total comprehensive income for the year		–	–	10,599,984	10,599,984
Interim dividend for the year ended					
June 30, 2018 - Rs 4.35 per share		–	–	(3,829,102)	(3,829,102)
Balance as at June 30, 2018 (earlier reported)		8,802,532	444,451	25,845,905	35,092,888
Impact of change in accounting policy-					
IFRS 15 (net of tax)	2.5.2	–	–	(1,851,655)	(1,851,655)
Adjusted balance as at June 30, 2018		8,802,532	444,451	23,994,250	33,241,233
Final dividend for the year ended					
June 30, 2018 - Rs 4.80 per share		–	–	(4,225,215)	(4,225,215)
Profit for the year		–	–	13,111,540	13,111,540
Other comprehensive income:					
- Re-measurement of net defined benefit					
obligation - net of tax		–	–	353,969	353,969
Total comprehensive income for the year		–	–	13,465,509	13,465,509
Interim dividend for the year ended					
June 30, 2019 - Rs 1.50 per share		–	–	(1,320,380)	(1,320,380)
Balance as at June 30, 2019		8,802,532	444,451	31,914,164	41,161,147

The annexed notes 1 to 41 form an integral part of these financial statements.

Aftab Mahmood Butt
Chief Executive Officer

M. Mohtahsim Aftab
Chief Financial Officer

Saad Iqbal
Director

NOTES TO AND FORMING PART OF THE **FINANCIAL STATEMENTS**

For the year ended June 30, 2019

1 Legal status and nature of business

Kot Addu Power Company Limited (the Company or KAPCO), was incorporated in Pakistan on April 25, 1996 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). The Company was listed on April 18, 2005 on Pakistan Stock Exchange Limited. The principal activities of the Company are to own, operate and maintain a multi-fuel fired power station with fifteen generating units with a nameplate capacity of 1,600 MW in Kot Addu, District Muzaffargarh, Punjab, Pakistan and to sell the electricity produced therefrom to a single customer, Pakistan Water and Power Development Authority (WAPDA) under a Power Purchase Agreement (PPA).

2 Basis of preparation

2.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 (the Act) differ from the IFRSs, the provisions of and directives issued under the Act, 2017 have been followed.

2.2 Expiry of PPA and going concern assumption

The existing PPA is for the term of 25 years which will expire on June 26, 2021. As per the stipulations of PPA relating to renewal, the Company has taken-up the matter for a new or renewal/extension of PPA with WAPDA and other relevant quarters of the Government of Pakistan (GOP / Government).

Currently, the Government is in the process of implementing reforms in the energy sector and formulating a new energy policy for issuance and renewal of power purchase contracts. Under the new energy policy, a merchant market contracts regime on competitive pricing mechanism (take & pay basis) is expected to be introduced, for both new and renewal cases. Since, the timeframe and structure of the new energy policy is being finalised, therefore, the terms and conditions of sale/purchase of electricity by the Company and the level of plant utilisation beyond June 26, 2021, will be determined after the promulgation of the said policy. It is expected that the plant will be technically and commercially viable under the new regime.

2.3 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2019

The following standards, amendments and interpretations are effective for the year ended June 30, 2019.

2.3.1 Standards or Interpretations with no significant impact	Effective from annual period beginning on or after:
– Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions.	January 01, 2018
– IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018
– Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property.	January 01, 2018

Certain annual improvements have also been made to a number of IFRSs.

2.3.2	Standards impacting financial statements	Effective from annual period beginning on or after:

The following new standards become applicable for the year ended June 30, 2019 which have required changes to the Company's accounting policies:

– IFRS 9 'Financial Instruments' - This standard supersedes IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	July 01, 2018
– IFRS 15 'Revenue' - This standard supersedes IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	January 01, 2018

The impact of adoption of these new standards is disclosed in note 2.5.

2.4 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the dates mentioned.

2.4.1	Standards or Interpretations with no significant impact	Effective from annual period beginning on or after:

– Amendments to IFRS 3 'Business Combinations' - Amendments regarding the definition of business.	January 01, 2020
– Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities.	January 01, 2019
– Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture.	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
– Amendments to References to the Conceptual Framework in IFRS Standards.	January 01, 2020
– Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Amendments regarding the definition of material.	January 01, 2020
– Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019
– Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 01, 2019
– IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

2.4.2 Standard impacting financial statements

SECP has notified implementation of IFRS 16 'Leases' for annual reporting period beginning on or after January 01, 2019. IFRS 16 will supersede IAS 17 'Leases', IFRIC 4, SIC 15 and SIC 27 upon its effective date. The status of adoption and impact of IFRS 16, IFRIC 4 and IAS 17 is described in note 2.6.1.

2.5 Adoption of new accounting standards

The following changes in standards have taken place effective from July 01, 2018:

2.5.1 Impact of IFRS 9 - Financial Instruments

IFRS 9 replaces certain provisions of IAS 39 - "Financial Instruments: Recognition and Measurement" that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. Under IFRS 9 the financial instruments, excluding derivatives, are accounted for at amortised cost, fair value through other comprehensive income or fair value through profit or loss depending on the nature of the relevant contractual cash flows and the business model in which it is held.

The adoption of IFRS 9 from July 01, 2018 has resulted in changes in relevant accounting policies and classification of financial assets and financial liabilities. IFRS 9 also requires implementation of a new impairment model based on Expected Credit Losses (ECL). However, SECP through SRO 985 (I)/2019 dated September 2, 2019 has granted exemption from applying ECL based impairment model to financial assets due from the Government, for three years till June 30, 2021. Consequently, the Company is not required to recognise allowance for ECL against trade debts due under the PPA.

The following table explains the original and the new measurement categories for financial assets and financial liabilities:

Financial assets	**Original classification under IAS 39**	**New classification under IFRS 9**	**Original carrying amount under IAS 39**	**New carrying amount under IFRS 9**
			(Rupees in thousand)	
Trade debts	Loans and receivables	At amortized cost	115,472,114	115,472,114
Cash and cash equivalents	Loans and receivables	At amortized cost	684,955	684,955
Long term loans and deposits	Loans and receivables	At amortized cost	31,821	31,821
Loans, advances, deposits, prepayments and other receivables	Loans and receivables	At amortized cost	1,094,931	1,094,931

Financial liabilities	**Original classification under IAS 39**	**New classification under IFRS 9**	**Original carrying amount under IAS 39**	**New carrying amount under IFRS 9**
			(Rupees in thousand)	
Trade and other payables	At amortized cost	At amortized cost	49,469,427	49,469,427
Finances under mark-up arrangements - secured	At amortized cost	At amortized cost	49,874,599	49,874,599
Unclaimed dividend	At amortized cost	At amortized cost	662,289	662,289
Liabilities against assets subject to finance lease	At amortized cost	At amortized cost	54,447	54,447

2.5.2 Impact of IFRS-15 - Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 'Construction Contracts', IAS 18 'Revenues' and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company adopted IFRS 15 Revenue from contracts with customers with initial date of application of 1 July 2018. In accordance with the transition provision of IFRS 15, the Company has followed modified retrospective transitional method, taking into consideration the exemption allowing it not to restate comparative information or prior periods.

The impact of initally applying the standard is mainly attributed to True-up Income on underlying Capacity Purchase Price (CPP) invoices, where the timing of revenue recognition has changed. True-up Income contains 'Variable Consideration' under the PPA as it is subject to significant uncertainties attributable to factors outside the Company's influence, such as the timings of underlying CPP receipts and PKR/USD parity at the time of such receipts. Therefore, True-up income is recognised to the extent of firmed up consideration i.e. upon receipt of underlying CPP invoices, wholly/partially by the reporting date.

As a result of adoption of IFRS 15, opening retained earnings of the Company as of July 1, 2018 are restated downward by Rs 1,852 million, net of tax of Rs 794 million, attributable to delay in the timing of recognition of True-up Income previously recognised in other income, using the modified retrospective method. Had this policy not been changed, the other income and the closing balance of trade debts would have been higher by Rs 9,017 million, profit after tax would have been higher by Rs 6,402 million and closing retained earnings would have been higher by Rs 8,254 million.

2.6 Standards, amendments and interpretations to existing standards that are not yet effective but applicable / relevant to the Company's operations

2.6.1 IFRIC 4, 'Determining Whether an Arrangement Contains a Lease' is applicable for annual periods beginning on or after January 1, 2006, however, SECP granted exemption from the application of IFRIC 4 to all companies including power sector companies. This interpretation provides guidance on determining whether arrangements that do not take the legal form of a lease should, nonetheless, be accounted for as a lease in accordance with IAS 17, 'Leases'.

Consequently, the Company is not required to account for a portion of its PPA as a lease under IAS 17. If the Company were to follow IFRIC 4 and IAS 17, the effect on the financial statements would be as follows:

	2019	2018
	(Rupees in thousand)	
De-recognition of property, plant and equipment	(6,251,479)	(8,467,063)
Recognition of lease debtor	3,237,479	4,032,969
Decrease in deferred tax liability	473,824	579,926
Decrease in un-appropriated profit at the beginning of the year	(3,854,169)	(5,005,540)
Increase in profit for the year	1,313,992	1,151,371
Decrease in un-appropriated profit at the end of the year	(2,540,177)	(3,854,169)

IFRS 16 'Leases' will supersede IFRIC 4 and IAS 17 for annual periods beginning on or after January 1, 2019. Similar to the IFRIC 4 requirements, IFRS 16 will require the Company to account for a portion of its PPA as a lease. SECP through SRO 986 (I)/2019 dated September 2, 2019 has extended the earlier exemption from application of IFRS 16 to all companies which have entered into PPAs before January 1, 2019. Accordingly, the Company continues to be exempt from recording a portion of PPA as a lease under the new standard.

2.6.2 IFRS 2 (Amendment), 'Share-based Payment – Group Cash-settled Share-based Payment Transactions' effective for annual periods beginning on or after January 1, 2010.

The IASB amended IFRS 2 whereby an entity receiving goods or services is to apply this IFRS in accounting for group cash-settled share-based payment transactions in its financial statements when that entity has no obligation to settle the share-based payment transaction.

On August 14, 2009, the GOP launched Benazir Employees' Stock Option Scheme ("the Scheme") for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises where GOP holds significant investment (non-SOEs). The Scheme is applicable to permanent and contractual employees who were in employment of these entities, on the date of launch of the scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer this scheme, GOP transferred 12% of its investment in such SOEs and non-SOEs to Trust Fund created for the purpose, by each of such entities. The eligible employees would be allotted units by each Trust Fund in proportion to their respective length of service. On retirement or termination such employees would be entitled to receive such amounts from Trust Fund in exchange for the surrendered units as would be determined based on market price for listed entities or breakup value for non-listed entities. The shares relating to the surrendered units would be transferred back to GOP.

The Scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit-holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to Central Revolving Fund managed by the Privatization Commission of Pakistan for payment to employees against surrendered units. The deficit, if any, in Trust Fund to meet the re-purchase commitments would be met by GOP.

The Scheme, developed in compliance with stated GOP Policy of empowerment of employees of SOEs need to be accounted for by the covered entities, including the Company, under the provisions of amended IFRS 2. However, keeping in the view the difficulties that may be faced by entities covered under the scheme, the SECP on receiving representations from some of entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan (ICAP), has granted exemption to such entities from the application of IFRS 2 to the Scheme.

Had the exemption not been granted, the staff costs of the Company for the year would have been higher by Rs 705 million (2018: Rs 1,135 million), profit after taxation would have been lower by Rs 486 million (2018: Rs 727 million), retained earnings would have been lower by Rs 451 million (2018: Rs 727 million), earnings per share would have been lower by Rs 0.55 per share (2018: Rs 0.83 per share).

3 Basis of measurement

These financial statements have been prepared under the historical cost convention except for recognition of certain employee retirement benefits at present value.

The Company's significant accounting policies are stated in note 4. Some of these significant policies may require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

a) Staff retirement benefits

The Company uses the valuation performed by an independent actuary as the present value of its retirement benefit obligations. The valuation is based on assumptions as mentioned in note 4.2.

b) Provision for taxation

The Company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment and appellate stage and where the Company considers that its views on items of material nature are in accordance with law, the amounts are disclosed as contingent liabilities.

c) Useful life and residual values of property, plant and equipment

The Company reviews the useful lives of property, plant and equipment on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

d) Provision for stores and spares

The Company reviews stores and spares inventory items based on the technical evaluation(s) conducted in-house by the technical team. Provision is recognized against items determined to be obsolete and / or not expected to be used up till the expiry of current PPA.

4 Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Taxation

Current

Provision for current tax is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing current tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Previously, income of the Company derived from the power station up to June 27, 2006 was exempt from income tax under clause 138 of the Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Company was also exempt from minimum tax under clause 13(A) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 for the period it continued to be entitled to exemption under clause 138 of the Part I of the Second Schedule i.e. up to June 27, 2006. Thereafter, the income of the Company is taxable under the provisions of the Income Tax Ordinance, 2001.

Deferred

Deferred tax is accounted for using the balance sheet 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 bases used in the computation of the taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses and tax credits can be utilised.

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 balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

4.2 Staff retirement benefits

The main features of the schemes operated by the Company for its employees are as follows:

(a) The Company operates an approved funded defined benefit pension scheme for all employees with a qualifying service period of ten years. Monthly contribution is made to the fund on the basis of actuarial recommendation. The latest actuarial valuation was carried out as at June 30, 2019. The actual return on plan assets during the year is Rs 106 million (2018: Rs 22 million). The actual return on plan assets represents the difference between the fair value of plan assets at beginning of the year and end of the year, after adjustments for contributions made by the Company, as reduced by benefits paid during the year.

The future contribution rate includes allowances for deficit and surplus. Projected unit credit method, using the following significant assumptions, is used for valuation of the scheme:

- Discount rate: 14.25 percent per annum (2018: 10.00 percent per annum).
- Expected rate of increase in salary level: 13.75 percent per annum (2018: 9.50 percent per annum).
- Expected rate of increase in pension: 5.50 percent per annum (2018: 5.50 percent per annum).

Plan assets include long-term Government bonds, term finance certificates of financial institutions, investment in mutual funds and term deposits with banks. Return on Government bonds and debt is at fixed and floating rates.

The expected expense for the next year is Rs 13 million as this is asset, so no contribution is required in next year.

(b) The Company also operates an approved funded contributory provident fund for all employees. Equal monthly contributions are made by both the Company and the employees to the fund.

(c) The Company provides medical facilities to its retired employees and eligible dependent family members along with free electricity. Provisions are made annually to cover the obligation on the basis of actuarial valuation and are charged to income. The latest actuarial valuation was carried out as at June 30, 2019.

Projected unit credit method, using the following significant assumptions, is used for valuation of these schemes:

- Discount rate: 14.25 percent per annum (2018: 10.00 percent per annum).
- Expected rate of increase in medical cost: 12 percent per annum (2018: 7.75 percent per annum).
- Expected rate of increase in electricity benefit: 14.25 percent per annum (2018: 10.00 percent per annum).

Retirement benefits are payable to all regular employees on completion of prescribed qualifying period of service under these schemes.

The Company's policy with regard to actuarial (gains / losses) is to immediately recognise all actuarial losses and gains in other comprehensive income under IAS 19, 'Employee benefits'.

4.3 Property, plant and equipment

Property, plant and equipment except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. Cost represents the acquisition price of assets transferred to the Company in accordance with the Transfer Agreement signed between WAPDA and the Company on June 26, 1996 based on a valuation by M/s Stone and Webster using depreciated replacement cost basis.

Depreciation on all property, plant and equipment is charged to profit or loss account on the straight line method so as to write off the depreciable amount of an asset over the economic useful life or the remaining term of PPA, whichever is lower, using the annual rates mentioned in note 12 after taking their residual values into account.

The assets' residual values and estimated useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant. The Company's estimate of the residual value of its property, plant and equipment as at June 30, 2019 has not required any significant adjustment.

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed off.

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in income currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Major plant modifications and improvements are capitalised. Overhauls, maintenance and repairs are charged to income as and when incurred. The gain or loss on disposal or retirement of an asset, represented by the difference between the sale proceeds and the carrying amount of the asset, is recognised as an income or expense.

Blades for Gas Turbines are considered a separate category of assets. All blades are depreciated at the annual rate as mentioned in note 12 regardless of whether they are in use or not. Refurbishment costs are accrued and charged to profit or loss account.

4.4 Intangible assets

Expenditure incurred to acquire computer software are capitalised as intangible assets and stated at cost less accumulated amortization and any identified impairment loss. Intangible assets are amortized using the straight line method so as to write off the depreciable amount of an asset over its estimated useful life at the annual rates mentioned in note 13.

Amortization on additions to intangible assets is charged from the month in which an asset is acquired or capitalised, while no amortization is charged for the month in which the asset is disposed off.

The Company assesses at each balance sheet date whether there is any indication that intangible asset may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in income currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.5 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss.

4.6 Leases

The Company is the lessee:

Finance leases

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. At inception finance leases are capitalised at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets.

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of the payment.

Assets acquired under a finance lease are depreciated over the useful life of the asset on a straight line method so as to write off the depreciable amount of an asset over its estimated useful life at the annual rates mentioned in note 14. Depreciation of leased assets is charged to profit or loss account.

Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed off.

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit on a straight line basis over the lease term. The assets acquired under Ijarah agreement where the terms of agreement meet the conditions of recognition of Ijarah financing specified in Islamic Financial Accounting Standard (IFAS) 2- Ijarah, are classified as operating leases.

4.7 Stores and spares

Usable stores and spares are valued principally at weighted average cost. Impairment provision is recognised against items determined to be obsolete and / or not expected to be used up till the expiry of PPA. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Refurbishable items are valued at the lower of cost and net realisable value. Cost of refurbishment is charged to the profit or loss account as it is incurred. The item is charged to the profit or loss account when, upon inspection, it cannot be refurbished.

4.8 Stock-in-trade

Stock-in-trade except for those in transit are valued at lower of cost based on First In First Out (FIFO) and net realisable value.

Materials in transit are stated at cost comprising invoice value plus other charges paid thereon.

Net realisable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale. Provision is made in the financial statements for obsolete and slow moving stock-in-trade based on management's best estimate.

4.9 Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

4.9.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

a) Debt instruments measured at amortised cost

Debt instruments that meet the following conditions are measured subsequently at amortised cost.

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and effective interest method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

As at reporting date, the Company carries cash and cash equivalents, trade debts, due from related parties and employees' advances at amortized cost.

b) Debt instruments measured at fair value through other comprehensive income (FVTOCI):

Debt instruments that meet specified conditions and are measured subsequently at fair value through other comprehensive income (FVTOCI).

As at reporting date, the Company does not hold any debt instrument classified as at FVTOCI.

c) Equity instruments designated as at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

As at reporting date, the Company does not hold any equity instruments designated as at FVTOCI.

d) Financial assets measured subsequently at fair value through profit or loss (FVTPL)

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

As at reporting date, the Company does not possess any financial assets classified as at FVTPL.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on financial assets, except for financial assets due from Government. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Write-off policy

The Company writes off financial assets when there is information indicating that the amount is not recoverable due to the conflict in invoices with customer. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made against financial assets written-off are recognised in profit or loss.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

4.9.2 Financial liabilities

Subsequent measurement of financial liabilities

Financial liabilities that are not

- contingent consideration of an acquirer in a business combination,
- held-for-trading, or
- designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4.10 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognised amount and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

4.11 Long term loans and deposits

Loans and deposits are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in non-current assets for having maturities greater than 12 months after the reporting date. Initially they are recognised at fair value and subsequently stated at amortized cost.

4.12 Trade debts

Trade debts are carried at amount to be received less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

4.13 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and finances under mark-up arrangements. In the balance sheet, finances under mark-up arrangements are included in current liabilities.

4.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss account over the period of the borrowings using the effective interest method. Finance costs are accounted for on an accrual basis and are reported under accrued finance costs to the extent of the amount remaining unpaid.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

4.15 Trade and other payables

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and/or services received, whether or not billed to the Company.

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.16 Foreign currencies

a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees (PKR), which is the Company's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into PKR using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss account.

4.17 Borrowing costs

Mark-up, interest and other charges on borrowings are capitalised up to the date of commissioning of the related property, plant and equipment, acquired out of the proceeds of such borrowings. All other mark-up, interest and other charges are charged to income.

4.18 Revenue recognition

Revenue on account of energy is recognised on transmission of electricity to WAPDA, whereas revenue on account of capacity is recognised when due, using the 'performance obligation satisfied over time' approach under IFRS 15 as the customer simultaneously receives and consumes the benefits provided by the Company's performance. There is no significant financing component attached to the receivables from the customer. Company submits invoices of energy and capacity on monthly basis in arrears and have credit period of 25 days.

The True up Income on CPP is recognised upon the receipt of the underlying CPP invoices, wholly or partially as provided in clause 13.4(iv) of Part II of schedule 6 to the PPA. The True up income contains 'Variable Consideration' as it is subject to significant uncertainties attributable to certain factors. These factors include but not limited to the timing of receipt of underlying CPP invoices, PKR/USD parity at the time of receipts etc. Since the amount of consideration is highly susceptible to factors outside the Company's influence, therefore the True-up income is recognised only to the extent of firmed up consideration.

Interest income is accrued on a time basis, by reference to the amounts outstanding and effective interest rate applicable.

4.19 Dividend

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved.

5 Issued, subscribed and paid up capital

2019	2018		2019	2018
(Number of shares)			(Rupees in thousand)	
253,000	253,000	Ordinary shares of Rs 10 each		
		fully paid in cash	2,530	2,530
		Ordinary shares of Rs 10 each		
		issued as fully paid for		
880,000,228	880,000,228	consideration other than cash	8,800,002	8,800,002
880,253,228	880,253,228		8,802,532	8,802,532

5.1 There has been no movement in the ordinary share capital of the Company. Ordinary shares of the Company held by associated undertakings are as follows:

	2019	2018
	(Number of shares)	
Pakistan Water and Power Development Authority (WAPDA)	354,311,133	354,311,133
KAPCO Employees Empowerment Trust		
[Formed under Benazir Employees' Stock Option Scheme (BESOS)]	48,252,429	48,252,429
	402,563,562	402,563,562

6 Capital reserve

This represents the value of fuel stock taken over by the Company at the time of take over of Kot Addu Gas Turbine Power Station from WAPDA. The value of stock was not included in the valuation of assets at the time of take over.

	2019	2018
	(Rupees in thousand)	
7 Liabilities against assets subject to finance lease		
Present value of minimum lease payments	38,082	54,447
Current portion shown under current liabilities	(12,976)	(15,960)
	25,106	38,487

Minimum lease payments have been discounted at an implicit interest rate ranging from 7.5 percent to 13.8 percent (2018: 7.5 percent to 9.1 percent) per annum to arrive at their present values. The lessee has the option to purchase the assets after expiry of the lease term.

Taxes, repairs, replacements and insurance costs are borne by the lessee.

The amount of future payments of the lease and the period in which these payments will become due are as follows:

	Minimum lease payment	Future finance charge	Present value of lease liability
		(Rupees in thousand)	
2019			
Not later than one year	15,211	2,235	12,976
Later than one year and not later than five years	26,802	1,696	25,106
	42,013	3,931	38,082
2018			
Not later than one year	19,338	3,378	15,960
Later than one year and not later than five years	42,377	3,890	38,487
	61,715	7,268	54,447

		Note	2019	2018
			(Rupees in thousand)	
8	Deferred Liabilities			
	Deferred taxation	8.1	958,245	1,892,254
	Staff retirement benefits	8.2	803,979	817,831
			1,762,224	2,710,085
8.1	Deferred taxation			
	The (asset) / liability for deferred taxation comprises of timing differences relating to:			
	Accelerated tax depreciation		690,067	1,202,852
	Provision for store obsolescence		(540,416)	(93,424)
	Provision for doubtful debts		(66,442)	(71,817)
	Write back of unpaid liabilities		(13,139)	(937)
	Provision for other staff benefits		(12,883)	–
	Unrealised True-up income		912,102	871,914
	Liabilities against assets subject to finance lease		(11,044)	(16,334)
			958,245	1,892,254
8.2	Staff retirement benefits			
	These are composed of:			
	Pension	16.1	–	118,562
	Medical	8.2.1	175,061	157,161
	Free electricity	8.2.1	563,106	510,575
	Other long term employee benefits		65,812	31,533
			803,979	871,831

8.2.1

	Post retirement medical 2019	Post retirement medical 2018	Post retirement free electricity 2019	Post retirement free electricity 2018
	(Rupees in thousand)			
The amounts recognised in the balance sheet are as follows:				
Present value of defined benefit obligation as at June 30	175,061	157,161	563,106	510,575
Liability as at July 1	157,161	141,430	510,575	538,693
Charge to profit or loss account	19,698	16,918	63,286	64,241
Benefits paid during the year	(3,335)	(2,341)	(6,400)	(5,824)
Remeasurement loss / (gain) recognised in other comprehensive income	1,537	1,154	(4,355)	(86,535)
Liability as at June 30	175,061	157,161	563,106	510,575
The movement in the present value of defined benefit obligation is as follows:				
Present value of defined benefit obligation as at July 1	157,161	141,430	510,575	538,693
Current service cost	3,879	3,714	11,839	13,941
Interest cost for the year	15,819	13,204	51,447	50,300
Benefits paid during the year	(3,335)	(2,341)	(6,400)	(5,824)
Remeasurement loss / (gain) recognised in other comprehensive income	1,537	1,154	(4,355)	(86,535)
Present value of defined benefit obligation as at June 30	175,061	157,161	563,106	510,575

The present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of post retirement medical is as follows:

	Post retirement medical 2019	2018	2017	2016	2015
	(Rupees in thousand)				
As at June 30					
Present value of defined benefit obligations	175,061	157,161	141,430	139,060	157,628
Fair value of plan assets	–	–	–	–	–
Deficit	175,061	157,161	141,430	139,060	157,628
Experience adjustment on obligation - loss / (gain)	1,537	1,154	(12,882)	(38,751)	(685)

The present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of post retirement free electricity is as follows:

	Post retirement free electricity				
	2019	2018	2017	2016	2015
	(Rupees in thousand)				
As at June 30					
Present value of defined benefit obligations	563,106	510,575	538,693	495,210	508,307
Fair value of plan assets	-	-	-	-	-
Deficit	563,106	510,575	538,693	495,210	508,307
Experience adjustment on obligation - gain	(4,355)	(86,535)	(9,778)	(77,281)	(47,735)

Year end sensitivity analysis on present value of defined benefit obligation:

	Post retirement medical		Post retirement free electricity	
	2019	2018	2019	2018
	(Rupees in thousand)			
Discount rate +0.50%	161,219	143,904	516,764	466,225
Discount rate -0.50%	190,060	171,605	615,455	561,001
Increase in medical cost / electricity benefit +0.50%	177,631	159,846	573,614	519,639
Increase in medical cost / electricity benefit -0.50%	172,065	154,064	552,977	501,847
Maturity profile of the defined benefit obligation				
1. Weighted average duration of the benefit (Years)	15.54	16.57	16.46	17.37

	Post retirement medical		Post retirement free electricity	
	2019	2018	2019	2018
	(Rupees in thousand)			
2. Distribution of timing of benefit payments (time in years)				
1	1,527	1,241	4,508	3,862
2	3,798	2,928	11,153	9,042
3	4,917	3,750	14,244	11,398
4	6,258	4,648	18,055	13,915
5	8,009	5,670	23,032	16,838
6 to 10	76,462	49,544	219,274	144,573

		Note	2019	2018
			(Rupees in thousand)	
9	Finances under mark-up arrangements - secured			
	- Under conventional finances		33,283,753	30,635,440
	- Under islamic finances		20,896,541	19,239,159
		9.1	54,180,294	49,874,599

9.1 Finances under mark up arrangements available from various commercial banks amount to Rs 36,389 million (2018: Rs 39,317 million) and finances available under musharika and murabaha arrangements amount to Rs 23,942 million (2018: Rs 22,250 million). The rate of mark-up ranges from 7.1 percent to 13.6 percent (2018: 6.4 percent to 9.4 percent) per annum on the balances outstanding. In the event, the Company fails to pay the balances on the expiry of the quarter, year or earlier demand, mark-up is to be computed at the rate of 20 percent to 24 percent (2018: 20 percent to 24 percent) per annum on the balances unpaid.

9.2 Letters of credit and bank guarantees

Of the aggregate facility of Rs 273 million (2018: Rs 2,523 million) for opening letters of credit and Rs 7,004 million (2018: Rs 12,304 million) for guarantees, the amounts utilised as at June 30, 2019 were Rs 128 million (2018: Rs 178 million) and Rs 4 million (2018: Rs 12,304 million) respectively.

9.3 The aggregate running finances, short term finances and letters of credit and guarantees are secured by joint pari passu charge over current assets up to a limit of Rs 90,792 million (2018: Rs 105,200 million) and ranking charge over current assets up to a limit of Rs 8,134 million (2018: Rs 2,533 million).

		Note	2019	2018
			(Rupees in thousand)	
10	Trade and other payables			
	Trade creditors	10.1	19,187,312	31,314,040
	Accrued liabilities		351,526	335,217
	Liquidated damages		55,025	55,568
	Markup accrued on:			
	- Finances under markup arrangements - secured		1,591,166	732,953
	- Liabilities against assets subject to finance lease		270	349
	- Credit supplies of raw material		16,938,316	16,363,928
			18,529,752	17,097,230
	Deposits - interest free repayable on demand	10.2	601	470
	Workers' Welfare Fund	10.3	397,052	285,515
	Differential payable to WAPDA	10.4	1,438,596	639,179
	Provident fund payable		12,685	12,414
	Others		166,109	15,309
			40,138,658	49,754,942

10.1 Trade creditors include payable to Pakistan State Oil Company Limited (PSO) amounting to Rs 4,105 million (2018: Rs 27,067 million) and Sui Northern Gas Pipelines Limited (SNGPL) amounting to Rs 15,053 million (2018: Rs 4,227 million).

10.2 These represent security deposits received against rent and utility charges of shops rented out in colony. None of these deposits is utilizable for Company for other purpose. This amount is kept in separate bank account especially maintained for such purpose.

		2019	2018
		(Rupees in thousand)	
10.3	Movement in Workers' Welfare Fund is as follows:		
	Opening balance	285,515	609,567
	Provision made during the year	397,052	285,515
		682,567	895,082
	Payments made during the year	(285,515)	(609,588)
	Adjustment	–	21
	Closing balance	397,052	285,515

10.4 This represents income tax differential payable to WAPDA in accordance with clause 6.7 and 6.15(a) of Part I of Schedule 6 of PPA on account of difference in income tax rate as provided for in the PPA and the current tax rate as applicable to the Company.

11 Contingencies and commitments

11.1 Contingencies

(i) Income tax returns of the Company for tax years 2003 to 2007 were filed, wherein, only normal tax depreciation was claimed. However, the aforesaid returns were revised thereby depreciation and initial allowance earlier claimed in respect of assets in the original income tax returns for tax periods upto June 27, 2006 were not claimed being the date upto which Company was exempt from levy of income tax.

Tax depreciation in income tax return for tax year 2008 was also claimed with resultant written down value carried forward from tax year 2007, as computed in the revised return of income in accordance with position explained above. Such return and revised returns for tax year 2003 to 2007 were amended by tax authorities by restoring the earlier position and were also endorsed by Commissioner Inland Revenue (Appeals) [CIR(A)]. The Company preferred appeal before Income Tax Appellate Tribunal (ITAT) [now Appellate Tribunal Inland Revenue (ATIR)] against the decision of CIR(A) which was decided in Company's favor in April 2012. No appeal was filed by the Tax Department before High Court within the time stipulated under law.

Later on the Tax Department filed miscellaneous application for rectification before ATIR which was decided against the Company. Being aggrieved, the Company filed reference with the Honorable Lahore High Court (LHC) against this order.

During the year, the LHC issued an order dated December 05, 2018 wherein it was held that the miscellaneous applications filed by the Tax Department at ATIR for recalling the earlier orders (which were in favor of KAPCO) are set aside and remanded back to ATIR with the direction that these miscellaneous applications will be deemed pending before ATIR and ATIR after allowing proper opportunity of being heard to both the parties shall decide in detail these applications. Thus the original orders passed by ATIR in favor of KAPCO are restored automatically and these orders will be considered as orders in field.

The management is of the view that instead of being remanded back to ATIR, case should have been decided in favor of KAPCO. Being aggrieved, the Company has applied for leave of appeal from Honorable Supreme Court of Pakistan which is pending fixation.

The management is of the view that there are meritorious grounds available to defend the foregoing demands. Consequently no provision for such demands has been made in these financial statements.

(ii) The Tax Department issued a sales tax order against the Company for the financial period from June 2008 to June 2013 and created a demand of Rs 10,102 million by apportioning input sales tax between Capacity Purchase Price (CPP) invoices and Energy Purchase Price (EPP) invoices and allowed input sales tax allocated to EPP invoices only. The refund claims of the Company during the period falling between the aforementioned period were also rejected by the Tax Authorities. Against the foregoing order, the Company filed an appeal before CIR(A) which was partially decided against the Company. However, CIR(A) instructed the Tax Department to rectify the demand by deleting the sales tax liability in respect of tax periods beyond five years, resulting in reduction of demand to the tune of Rs 1,481 million.

Being aggrieved, the Company filed an appeal before ATIR against the CIR(A) order which was also decided against the Company. The Company filed petition with LHC against ATIR decision.

Tax Department also created a demand of Rs 2,933 million for the financial period July 2013 to June 2014 pertaining to aforementioned issue of apportionment of input tax. The Company filed an appeal before CIR(A) who remanded back the demand of Rs 2,933 million till adjudication of petition from LHC on inadmissibility of input tax on Capacity invoices.

The LHC vide its judgement dated October 31, 2016 decided the case in favor of the Company and Company has received the refund from Federal Board of Revenue (FBR) out of the refunds which were withheld by the Tax Department due to above mentioned apportionment issue. The Tax Department has filed an intra-court appeal in LHC against the decision of LHC, which is pending adjudication. The management is of the view that there are meritorious grounds available to defend the foregoing demands. Consequently no provision for such demands has been made in these financial statements.

(iii) Additional Commissioner Inland Revenue amended the assessment of tax year 2016 and issued order by disallowing certain expenses, on October 13, 2017 creating a demand of Rs 1,162 million which was later reduced to Rs 1,077 million through rectification order. The Company filed an appeal before CIR(A) who vide order dated January 11, 2018 reduced the demand to Rs 779 million. Being aggrieved with the order of the CIR(A), both department and KAPCO filed appeals before the ATIR. After hearing the stance of both the parties in appeal, ATIR proceeded to uphold the order passed by the learned CIR(A). Being aggrieved both department and KAPCO filed appeals before the Honorable Lahore High Court which is pending adjudication. The management is of the view that there are meritorious grounds available to defend the foregoing demand. Consequently no provision for such demand has been made in theses financial statements.

(iv) Additional Commissioner Inland Revenue amended the assessment of tax year 2017 and issued an order by disallowing certain expenses, on April 23, 2018 creating a demand of Rs 741 million. The Company filed an appeal before CIR(A). CIR(A) issued an order dated November 05, 2018 wherein all the issues, except disallowance of project development cost amounting to Rs 221 million, were decided in the Company's favor. The Company filed an appeal before ATIR against disallowance of project development cost which is pending fixation. Meanwhile department has proceeded an appeal effect order dated 16 May, 2019 thereby creating a demand of Rs 95 million. An appeal against order has been passed before CIR(A) which is also pending. KAPCO applied for stay of demand before ATIR which has been granted before the year end.

The management is of the view that there are meritorious grounds available to defend the foregoing demand. Consequently no provision for such demand has been made in these financial statements.

(v) Additional Commissioner Inland Revenue amended the assessment of tax year 2018 and issued an order by disallowing certain expenses, on April 23, 2019 creating a demand of Rs 277 million. The Company filed an appeal before CIR(A). Subsequent to year end CIR(A) issued an order dated July 23, 2019 wherein all the issues, except disallowance of acquisition cost amounting to Rs 297 million, were decided in Company's favor. The Company has decided to file an appeal before ATIR against disallowance of acquisition cost.

The management is of the view that there are meritorious grounds available to defend the foregoing demand. Consequently no provision for such demand has been made in these financial statements.

(vi) Before introduction of amendments in Finance Act 2006, the Company had not established Workers' Profit Participation Fund under the Companies Profit (Workers' Participation) Act, 1968 (the Act) based on the opinion of the legal advisor that it did not employ any person who fell under the definition of Worker as defined in the Act.

Further, the question whether a company to which the Act and its scheme applies but which does not employ any worker is nevertheless obliged to establish and pay contributions into the Fund under the Act and thereafter transfer the same to the Fund established under the WWF Ordinance, 1971 is subjudice before the Sindh High Court, as the Supreme Court of Pakistan accepted the petition of another company and remanded the case to the Sindh High Court for fresh decision in accordance with its order.

Certain amendments were introduced in Finance Act 2006, to relax the conditions of payment of interest and penalty for companies defaulting in creating Fund under the Act. If it is established that Workers' Profit Participation Fund (WPPF) is applicable to the Company and Company makes the principal payment on or before the date which is yet to be decided by the Federal Government, no such penalty may be imposed and the Company may not be liable to pay interest.

In view of the foregoing, the Company did not make any provision for Workers' Profit Participation Fund and interest thereon in the financial statements up to June 30, 2006.

Subsequent to the amendments in Finance Act 2006, the Company had established the KAPCO Workers' Profit Participation Fund in March 2008 to allocate the amount of annual profits stipulated by the Act for distribution amongst workers eligible to receive such benefits under the Act. Accordingly contributions to WPPF were duly made up to the year ended June 30, 2016.

In 2017, the Honorable Supreme Court of Pakistan decided that amendments in Workers' Welfare Fund Ordinance, 1971 and Companies Profit (Workers Participation) Act, 1968 cannot be introduced through Finance Act, thereby, the said amendments made through the Finance Act 2006 are void ab initio. Subsequently, the Commissioner Inland Revenue (Peshawar) filed review petition in the Honorable Supreme Court of Pakistan against the said decision in case of another company, which is pending adjudication.

During the year ended June 30, 2018, the Government of Punjab issued Companies Profits (Workers' Participation) (Amendment) Ordinance 2018 and accordingly the Company made contribution to WPPF for the year ended June 30, 2018. During current year, this Ordinance expired and no further enactment has been made by the Government of Punjab. Keeping in view this, the contribution of WPPF for the year ended June 30, 2018 amounting to Rs 790 million was refunded to the Company by the Fund / Trust during the year. Further, no contribution has been made for the year ended June 30, 2019.

In case the liability materializes, the cumulative principal amount of WPPF for the year ended June 30, 2016 upto the year ended June 30, 2019 would amount to Rs 3,126 million (2018: Rs 1,388 million). If it is established that the scheme is applicable to the Company and the Company is liable to pay contribution to the Workers' Welfare Fund, then these amounts would be recoverable from WAPDA as a pass-through item under the provisions of PPA.

(vii) WAPDA had raised invoices for liquidated damages to the Company for the years ended June 30, 2009 through 2016 (after taking into account forced outage allowance stipulated under the terms of PPA) on account of short supply of electricity by the Company, which was due to cash flow constraints of the Company as a result of default by WAPDA in making timely payments. Liquidated damages invoiced to the Company amount to Rs 27,898 million (2018: Rs 27,898 million). Estimated amount of liquidated damages (including un-invoiced liquidated damages till June 30, 2019) are not expected to exceed Rs 27,681 million as at June 30, 2019 (2018: Rs 27,681 million) based on the best estimate of the management of the Company.

The Company disputes and rejects any claim on account of liquidated damages that may be raised by WAPDA on the premise that its failure to dispatch electricity was due to WAPDA's non-payment of dues on timely basis to the Company and consequential inability of the Company to make timely payments to its fuel supplier (PSO) that resulted in inadequate level of electricity production owing to shortage of fuel. In this regard, the Company has initiated the dispute resolution procedures specified in the PPA and has commenced proceedings for Arbitration in Singapore under the rules of International Chamber of Commerce (ICC).

In June 2019, the ICC Tribunal in its partial award has decided matters related to its jurisdiction over WAPDA, Central Power Purchasing Agency Guarantee Limited (CPPA – G) and Government of Pakistan (GOP) and after considering various factors including provisions of PPA and Facilitation Agreement, ICC Tribunal has decided that it has jurisdiction over WAPDA and moving forward, the regular hearing of the case will continue between WAPDA and the Company.

According to legal advice available with the Company, there are adequate grounds to defend any claim by WAPDA for such liquidated damages since these conditions were imposed on the Company due to circumstances beyond its control. The ultimate outcome of the matter cannot presently be determined, and consequently no provision for such liquidated damages has been made in these financial statements.

(viii) The Company has provided bank guarantees in favor of following:

Sui Northern Gas Pipelines Limited on account of payment of dues against gas sales etc., amounting to Rs 4 million (2018: Rs 12,304 million);

11.2 Commitments

(i) Contracts for capital expenditure are Rs 21 million (2018: Rs 107 million).

(ii) Letters of credit other than for capital expenditure are Rs 128 million (2018: Rs 178 million).

(iii) Contracts for car ijara are Rs 59 million (2018: Rs 68 million).

12 Property, plant and equipment

	Freehold land	Buildings on freehold land	Plant and machinery	Gas turbine blading	Auxiliary plant and machinery	Office equipment	Fixtures and fittings	Vehicles	Total
					(Rupees in thousand)				
Net carrying value basis									
Year ended June 30, 2019									
Opening net book value (NBV)	100,773	236,671	6,161,785	1,954,346	59,775	33,704	64	17,459	8,564,577
Additions (at cost)	–	13,861	–	63,117	4,829	3,632	311	–	85,750
Transfers from leased assets (at NBV)	–	–	–	–	–	–	–	4,002	4,002
Disposals / adjustments (at NBV)	–	(1)	(4)	(7,853)	(156)	(2,022)	–	(2,339)	(12,375)
Depreciation charge	–	(79,448)	(1,462,034)	(731,376)	(16,515)	(14,578)	(81)	(827)	(2,304,859)
Closing net book value (NBV)	100,773	171,083	4,699,747	1,278,234	47,933	20,736	294	18,295	6,337,095
Gross carrying value basis									
As at June 30, 2019									
Cost	100,773	893,661	35,513,576	9,074,787	409,808	144,549	18,142	97,432	46,252,728
Accumulated depreciation	–	(722,578)	(30,813,829)	(7,796,553)	(361,875)	(123,813)	(17,848)	(79,137)	(39,915,633)
Net book value (NBV)	100,773	171,083	4,699,747	1,278,234	47,933	20,736	294	18,295	6,337,095
Depreciation rate % per annum	-	4 - 48.0	4 - 29.3	10 - 38.7	20 - 46.2	20 - 48.0	20 - 42.9	25 - 31.6	
Net carrying value basis									
Year ended June 30, 2018									
Opening net book value (NBV)	100,773	187,430	7,623,819	2,766,485	75,471	43,649	101	15,684	10,813,412
Additions (at cost)	–	98,947	–	2,632	3,415	6,678	–	–	111,672
Transfers from leased assets (at NBV)	–	–	–	–	–	–	–	21,478	21,478
Disposals / adjustments (at NBV)	–	–	–	(75,896)	–	(177)	–	(18,832)	(94,905)
Depreciation charge	-	(49,706)	(1,462,034)	(738,875)	(19,111)	(16,446)	(37)	(871)	(2,287,080)
Closing net book value (NBV)	100,773	236,671	6,161,785	1,954,346	59,775	33,704	64	17,459	8,564,577
Gross carrying value basis									
As at June 30, 2018									
Cost	100,773	879,800	35,513,576	9,041,203	408,306	159,268	17,831	90,555	46,211,312
Accumulated depreciation	–	(643,129)	(29,351,791)	(7,086,857)	(348,531)	(125,564)	(17,767)	(73,096)	(37,646,735)
Net book value (NBV)	100,773	236,671	6,161,785	1,954,346	59,775	33,704	64	17,459	8,564,577
Depreciation rate % per annum	–	4 - 32.4	4 - 29.3	10 - 29.3	20 - 32.4	20 - 32.4	20	25 - 31.6	

The cost of fully depreciated assets which are still in use as at June 30, 2019 is Rs 3,969 million (2018: Rs 3,134 million).

12.1 The depreciation charge for the year has been allocated as follows:

	Note	2019	2018
		(Rupees in thousand)	
Cost of sales	23	2,224,502	2,236,466
Administration expenses	24	80,357	50,614
		2,304,859	2,287,080

12.2 Disposal of property, plant and equipment of book value exceeding Rs 500,000

2019

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (Loss)	Mode of disposal
		(Rupees in thousand)					
	Third party						
San Storage Disaster Recovery System	Cubetier	5,025	(3,183)	1,842	656	(1,186)	Trade-off
	Employees						
Honda Civic Prosmatec	Mr. Muhammad Anwar	2,566	(2,053)	513	513	–	Company Policy

2018

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (Loss)	Mode of disposal
		(Rupees in thousand)					
Vehicles	**Employees**						
Toyota Camry	Mr. Khalid Pervaiz Bajwa	10,193	(8,154)	2,039	2,039	–	Company Policy
BMW X5 50i	Mr. Aftab Mahmood Butt	21,742	(17,394)	4,348	4,348	–	Company Policy
Toyota Camry	Mr. Mohtashim Aftab	10,201	(8,161)	2,040	2,040	–	Company Policy
Honda Civic Prosmatec	Mr. Waheed Sohail	2,508	(2,007)	501	501	–	Company Policy
Honda Civic Prosmatec	Mr. Rabnawaz Anjum	2,508	(2,007)	501	501	–	Company Policy
Honda Civic	Mr. Nadeem Mukhtar Rana	2,040	(1,632)	408	408	–	Company Policy
Honda Civic Prosmatec	Mr. Adolf Anthony Rath	2,509	(2,007)	502	502	–	Company Policy
Honda Civic Prosmatec	Mr. Ghulam Rasool Saber	2,510	(2,008)	502	502	–	Company Policy
Honda Civic Prosmatec	Mr. Jamal Younus	2,510	(2,008)	502	502	–	Company Policy

		2019	2018
		(Area in Kanals)	
12.3 Location and area of freehold land			
Description	Location		
Plant site	Kot Addu, District Muzaffargarh, Pakistan	3081	3081
Corporate office	Lahore, Pakistan	2	2
Land (Plot)	Islamabad, Pakistan	1	1

			2019	2018
			(Rupees in thousand)	
12.4	Assets not in possession of the Company			
	Description	Party		
	Blades & vanes	Siemens AG, Germany	–	246,786
	Buckets & nozzles	GE Middle East, FZE	–	96,124
	Blades & vanes	Ethos Energy Italia, Italy	275,132	28,480
			275,132	371,390

		2019	2018
13	Intangible assets - computer software		
	Net carrying value basis		
	Year ended June 30		
	Opening net book value (NBV)	7,462	9,577
	Additions (at cost)	–	2,027
	Amortization charge	(3,210)	(4,142)
	Closing net book value	4,252	7,462
	Gross carrying value basis		
	Cost	60,621	60,621
	Accumulated amortization	(56,369)	(53,159)
	Net book value	4,252	7,462
	Amortization rate % per annum	25 - 32.4	25 - 32.4

13.1 Amortization charge for the year has been allocated to cost of sales.

13.2 The cost of intangible assets as on June 30, 2019 include fully amortized assets amounting to Rs 49 million (2018: Rs 46 million).

		2019	2018
		(Rupees in thousand)	
14	Assets subject to finance lease		
	Net carrying value basis		
	Year ended June 30		
	Opening net book value (NBV)	51,747	63,615
	Additions (at cost)	1,971	26,640
	Transferred (at NBV)	(4,002)	(24,246)
	Depreciation charge	(14,995)	(14,262)
	Closing net book value	34,721	51,747
	Gross carrying value basis		
	Cost	69,734	87,618
	Accumulated depreciation	(35,013)	(35,871)
	Net book value	34,721	51,747
	Depreciation rate % per annum	25 - 34.3	25 - 32.4

14.1 Depreciation charge for the year has been allocated to administrative expenses.

14.2 The cost of fully depreciated assets which are still in use as at June 30, 2019 is Rs 6 million (2018: Rs 9 million).

		Note	2019	2018
			(Rupees in thousand)	
15	Long term loans and deposits			
	Loans to employees - considered good	15.1	23,318	28,351
	Security deposits		13,681	14,638
			36,999	42,989
	Receivable within one year		(11,604)	(11,168)
			25,395	31,821

15.1 These represent unsecured loans to non-executive employees for the purchase of plot, car, construction of house etc. and are repayable in monthly installments over a maximum period of 120 months. These loans carry interest of 9 percent per annum (2018: 9 percent per annum). Included in loans to employees are loans amounting to Rs 0.107 million (2018: Rs 0.199 million) given to employees who were victims of flood. These are interest free and repayable up to 10 years.

		Note	2019	2018
			(Rupees in thousand)	
16	Post retirement benefits			
	Pension asset / (liability)	16.1	348,784	(118,562)
16.1	Pension			
	The amounts recognised in the balance sheet are as follows:			
	Fair value of plan assets		2,823,878	2,819,945
	Present value of defined benefit obligation		(2,475,094)	(2,938,507)
	Net asset / (liability) as at June 30		348,784	(118,562)
	(Liability) / asset as at July 1		(118,562)	58,876
	Charge to profit or loss account		(84,942)	(70,147)
	Contribution paid by the Company		42,234	3,614
	Remeasurement gain / (loss) recognised in other comprehensive income		510,054	(110,905)
	Net asset / (liability) as at June 30		348,784	(118,562)
	The movement in the present value of defined benefit obligation is as follows:			
	Present value of defined benefit obligation as at July 1		2,938,507	2,880,932
	Current service cost		71,958	74,313
	Interest cost for the year		290,490	263,992
	Benefits paid during the year		(142,443)	(145,209)
	Remeasurement gain on obligation		(683,418)	(135,521)
	Present value of defined benefit obligation as at June 30		2,475,094	2,938,507

	2019	2018
	(Rupees in thousand)	
The movement in fair value of plan assets is as follows:		
Fair value as at July 1	2,819,945	2,939,808
Expected return on plan assets	277,506	268,158
Contribution paid by the Company	42,234	3,614
Benefits paid during the year	(142,443)	(145,209)
Remeasurement loss on plan assets	(173,364)	(246,426)
Fair value as at June 30	2,823,878	2,819,945

	2019	2018
Plan assets are comprised as follows (%age):		
Mutual funds	41%	44%
Interest bearing instruments	50%	41%
Other	9%	15%
	100%	100%

The present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of pension fund is as follows:

	2019	2018	2017	2016	2015
			(Rupees in thousand)		
As at June 30					
Fair value of plan assets	2,823,878	2,819,945	2,939,808	2,625,082	2,196,875
Present value of defined benefit obligations	(2,475,094)	(2,938,507)	(2,880,932)	(2,621,615)	(2,350,904)
Surplus / (deficit)	348,784	(118,562)	58,876	3,467	(154,029)
Experience adjustment on obligation - (gain) / loss	(683,418)	(135,521)	42,297	43,258	142,695
Experience adjustment on plan assets - (loss) / gain	(173,364)	(246,426)	120,149	46,775	40,567

Year end sensitivity analysis on present value of defined benefit obligation:

	2019	2018
	(Rupees in thousand)	
Discount rate + 0.50%	2,383,343	2,794,022
Discount rate - 0.50%	2,573,577	3,096,643
Increase in salary level + 0.50%	2,491,604	2,961,904
Increase in salary level - 0.50%	2,458,985	2,915,735
Increase in pension + 0.50%	2,530,237	3,036,000
Increase in pension - 0.50%	2,423,460	2,848,539
Maturity profile of the defined benefit obligation		
1. Weighted average duration of the benefit (Years)	7.41	10.00

	Note	2019	2018
		(Rupees in thousand)	
2. Distribution of timing of benefit payments (time in years)			
1		181,241	140,803
2		229,139	203,982
3		206,153	223,151
4		468,282	198,025
5		323,276	431,029
6 to 10		2,132,756	1,611,884

17 Stores and spares

	Note	2019	2018
Stores and spares	17.2	5,328,585	4,560,270
Provision for store obsolescence	17.3	(1,863,504)	(311,415)
		3,465,081	4,248,855

17.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

17.2 Stores and spares include items in transit amounting to Rs 20 million (2018: Rs 9 million) and items valuing Rs 5 million (2018: Rs 57 million) which are being held by the following suppliers for inspection / refurbishment purposes.

	Note	2019	2018
		(Rupees in thousand)	
GE International, USA		–	3,204
GE Middle East, UAE		–	48,646
GE Global Service GMBh, Switzerland		3,304	–
Ethos Energy, Italy		–	3,494
Allweiler GmBH, Germany		–	1,961
Siemens, Germany		1,681	–
		4,985	57,305

17.3 Provision for store obsolescence

	Note	2019	2018
Opening balance as at July 1		311,415	274,749
Provision for the year	17.3.1	1,571,859	39,779
		1,883,274	314,528
Stores written off against provision		(19,770)	(3,113)
Closing balance as at June 30		1,863,504	311,415

17.3.1 It includes provision for store obsolescence of Rs 1,428 million based on the in-house technical evaluation carried out during the year for the store and spares, while keeping in view their potential usage uptill June 26, 2021 i.e. upto the expiry of current PPA. 100% provision has been made for items which are not expected to be used till June 26, 2021.

		Note	2019	2018
			(Rupees in thousand)	
18	Stock-in-trade			
	Furnace oil		8,668,590	5,836,742
	Diesel		781,107	870,102
	Coal		16,759	10,753
			9,466,456	6,717,597
19	Trade debts			
	Trade debts	19.1	116,027,489	115,711,504
	Provision for doubtful debts	19.2	(229,102)	(239,390)
			115,798,387	115,472,114

19.1 Trade debts include an overdue amount of Rs 94,071 million (2018: Rs 95,575 million) receivable from WAPDA. The maximum aggregate amount outstanding during the year was Rs 131,988 million (2018: Rs 116,360 million).

The trade debts are Pakistan rupee denominated and secured by sovereign guarantee from the Government of Pakistan under the Facilitation Agreement. These are in the normal course of business and are interest free, however, a late payment surcharge of SBP discount rate plus 4 percent per annum is charged in case the amounts are not paid within due dates (25~30 days from invoice date) as prescribed in the PPA i.e. default by WAPDA in timely payment.

Aging analysis of trade debts is given in note 40.1(b). Due to delays in settlement by WAPDA, the Company has financed the trade debts via short term financing arrangements (Note 9), trade creditors (Note 10) and from own sources.

		2019	2018
		(Rupees in thousand)	
19.2	Provision for doubtful debts		
	Opening balance as at July 1	239,390	234,063
		239,390	234,063
	Provision for the year	–	5,327
		239,390	239,390
	Trade debts written off	(10,288)	–
	Closing balance as at June 30	229,102	239,390

		Note	2019	2018
			(Rupees in thousand)	
20	Loans, advances, deposits, prepayments and other receivables			
	Loans to employees - considered good		11,604	10,302
	Advances to suppliers - considered good	20.1	18,153	14,477
	Sales tax claims recoverable from Government		1,986,644	1,504,051
	Prepayments		5,367	20,482
	Claims recoverable from WAPDA as pass through items:			
	- Workers' Welfare Fund		397,052	285,515
	- Workers' Profit Participation Fund		–	790,390
		20.2	397,052	1,075,905
	Security deposits	20.3	1,485	3,682
	Refundable from Workers' Profit Participation Fund	20.4	–	19,610
	Other receivables		11,660	11,024
			2,431,965	2,659,533

20.1 Advances to suppliers include amounts due from WAPDA amounting to Rs 1 million (2018: Rs 1 million). These are in the normal course of business and are interest free.

20.2 Under section 14.2(a) of Part III of Schedule 6 to Power Purchase Agreement (PPA) with WAPDA, payments to Workers' Welfare Fund and Workers' Profit Participation Fund are recoverable from WAPDA as pass through items.

20.3 All the security deposits are non-interest bearing.

		2019	2018
		(Rupees in thousand)	
20.4	Movement in Workers' Profit Participation Fund		
	Opening refundable at July 1	(19,610)	–
	Adjustment / provision for the year	19,610	790,390
		–	790,390
	Payments made during the year	–	(810,000)
	Closing refundable as at June 30	–	(19,610)

20.4.1 No provision for the year ended June 30, 2019 has been made as disclosed in note 11.1 (vi).

		Note	2019	2018
			(Rupees in thousand)	
21	Cash and bank balances			
	At banks on:			
	- Current accounts		182,759	193,148
	- Savings accounts		1,166,927	491,581
		21.1	1,349,686	684,729
	In hand		236	226
			1,349,922	684,955

21.1 Included in these are total restricted funds of Rs 2 million (2018: Rs 11 million) held by banks under lien as margin against letters of credit. The balances in savings accounts are placed under markup arrangements and bear mark up ranging from 5.5 percent to 11 percent (2018: 4.0 percent to 5.5 percent) per annum.

		Note	2019	2018
			(Rupees in thousand)	
22	Sales			
	Energy purchase price		75,671,224	86,673,231
	Sales tax		(10,978,135)	(12,709,470)
	Net energy purchase price		64,693,089	73,963,761
	Capacity purchase price		20,137,528	17,952,133
			84,830,617	91,915,894
23	Cost of sales			
	Fuel cost		64,013,511	73,032,960
	Salaries, wages and benefits	23.1	1,900,607	1,635,563
	Plant maintenance		274,895	298,301
	Gas turbines overhauls		543,259	765,822
	Repair and renewals		93,534	523,799
	Depreciation on property, plant and equipment	12.1	2,224,502	2,236,466
	Amortization on intangible assets	13.1	3,210	4,142
	Provision for store obsolescence	17.3	1,571,859	39,779
			70,625,377	78,536,832
23.1	Salaries, wages and benefits			
	Salaries, wages and benefits include following in respect of retirement benefits:			
	Pension			
	Current service cost		71,958	74,313
	Net interest cost / (income) for the year		12,984	(4,166)
			84,942	70,147
	Medical			
	Current service cost		3,879	3,714
	Net interest cost for the year		15,819	13,204
			19,698	16,918
	Free electricity			
	Current service cost		11,839	13,941
	Net interest cost for the year		51,447	50,300
			63,286	64,241

In addition to above, salaries, wages and benefits also include Rs 46 million (2018: Rs 42 million) in respect of provident fund contribution by the Company.

23.2 Cost of sales include Rs 277 million (2018: Rs 728 million) for stores and spares consumed.

		Note	2019	2018
			(Rupees in thousand)	
24	Administrative expenses			
	Travelling		21,825	25,809
	Motor vehicles running		54,666	46,317
	Postage, telephone and telex		9,493	15,095
	Legal and professional charges		49,025	41,583
	Liquidated damages arbitration cost		211,264	28,625
	Computer charges		22,621	18,771
	Auditors' remuneration	24.1	5,854	5,113
	Printing, stationery and periodicals		11,755	16,382
	Repairs and maintenance infrastructure		82,955	70,855
	Training expenses		20,469	15,910
	Rent, rates and taxes		15,850	14,176
	Depreciation on property, plant and equipment	12.1	80,357	50,614
	Depreciation on assets subject to finance lease	14.1	14,995	14,262
	Infrastructure cost		43,054	37,319
	Education fee		29,570	29,627
	Bad debts written off		–	471
	Provision for doubtful debts		–	5,327
	Other expenses		34,987	29,531
			708,740	465,787

			2019	2018
24.1	Auditors' remuneration			
	The charges for auditors' remuneration include the following in respect of auditors' services for:			
	Statutory audit		3,135	2,850
	Half yearly review		1,155	1,050
	Workers' Profit Participation Fund audit, Employees Provident and Pension Fund audit, special reports and certificates		1,027	830
	Out of pocket expenses		537	383
			5,854	5,113

			2019	2018
25	Other operating expenses			
	Loss on disposal / scrap of property, plant and equipment		8,922	73,795
	Charges associated to acquisition of shares		–	297,290
			8,922	371,085

NOTES TO AND FORMING PART OF THE **FINANCIAL STATEMENTS**

For the year ended June 30, 2019

		Note	2019	2018
			(Rupees in thousand)	
26	Other income			
	Income from financial assets			
	Income on bank deposits		37,205	32,968
	Bad debts recovered		8,008	–
	Interest on loans to employees		2,320	2,722
	True-up income	26.1	2,885,712	2,906,381
	Interest on late payment - WAPDA		10,751,090	6,434,932
			13,684,335	9,377,003
	Income from non-financial assets			
	Colony electricity		7,076	5,691
	Provisions and unclaimed balances written back		58,889	18,030
	Scrap sales		6,399	20,708
	House rent recovery		12,738	10,398
	Others		11,662	21,381
			96,764	76,208
			13,781,099	9,453,211

26.1 It represents True-up income resulting from change in US Dollar - Pak Rupee exchange rate exceeding the threshold defined in PPA, compared to the rates used for indexation calculation of relevant CPP invoices, under section 13.4 (iv) of Part II of Schedule 6 to PPA.

		Note	2019	2018
			(Rupees in thousand)	
27	Finance cost			
	Interest and mark up including commitment charges on			
	- long term loan from WAPDA - unsecured	27.1	–	39,958
	- finances under markup arrangements - secured		5,183,478	2,971,886
	- credit supplies of raw material		3,074,943	3,115,353
	- car ijarah		10,019	4,805
	- liabilities against assets subject to finance lease		7,911	5,750
	Exchange loss		11,989	16,214
	Bank and other charges		17,824	33,628
			8,306,164	6,187,594

27.1 It is related to the WAPDA loan repaid during the last year.

		2019	2018
		(Rupees in thousand)	
28	Taxation		
	Current tax		
	- Current year	5,992,010	4,718,808
	- Prior year	(594)	5,030
		5,991,416	4,723,838
	Deferred tax	(140,443)	466,884
		5,850,973	5,190,722

		Note	2019 % age	2018 % age
28.1	Tax charge reconciliation			
	Numerical reconciliation between the applicable tax rate and the average effective tax rate			
	Applicable tax rate		29.00	30.00
	Super tax	28.2	2.00	3.00
	Effect of change in tax rate		(0.07)	–
	Effect of tax credit		(0.02)	–
	Others		(0.05)	(0.16)
	Average effective tax rate		30.86	32.84

28.2 It represents tax expense pertaining to super tax, which has been levied at the rate of 2% for the tax year 2019 on all the persons having taxable income of Rs 500 million or above.

28.3 Section 5A of Income Tax Ordinance, 2001 imposed income tax at the rate of 5% on accounting profit before tax where the Company derives profit for a tax year but does not distribute at least twenty percent of its after tax profits within six months of the end of the tax year through cash or bonus shares. It is expected that the Company will fulfill the requirements of the said section of Income Tax Ordinance 2001, therefore no provision has been recognised in these financial statements.

		Note	2019	2018
			(Rupees in thousand)	
28.4	Tax recognised directly in equity			
	Impact of change in accounting policy- IFRS 15	2.5.2	793,563	–
			793,563	–
28.5	Tax recognised directly in other comprehensive income			
	Defined benefit obligation		158,903	8,423
			158,903	8,423

29 Remuneration of Directors, Chief Executive and Executives

29.1 The aggregate amount charged in the financial statements for the year for remuneration including certain benefits to the chief executive and executives of the Company is as follows:

	Note	Chief Executive 2019	Chief Executive 2018	Executives 2019	Executives 2018
		(Rupees in thousand)			
Mnagerial remuneration		54,583	49,381	323,671	296,293
Bonus		27,500	21,285	92,016	80,793
Reimbursable expenses		1,826	1,686	26,055	23,781
Contribution to provident & pension funds and other retirement benefit plans		5,458	4,938	44,703	39,522
Leave passage		4,583	4,167	17,316	15,833
Other perquisites	29.1.1	6,112	2,450	22,305	19,356
		100,062	83,907	526,066	475,578
Number of persons		1	1	54	54

29.1.1 This includes Company transport, education of children, club charges, house loan subsidy, security and utilities provided to the employees as per Company policy.

29.2 Remuneration to other directors

Aggregate amount charged in the financial statements for the year for fee to 7 directors (2018: 6 directors) is Rs 10 million (2018: Rs 11 million). No other perquisite is provided to other directors.

30 Transactions with related parties

The related parties comprise associated undertakings, key management personnel, directors and post retirement benefit plans. The Company in the normal course of business carries out transactions with various related parties. Amounts due to / from related parties are shown under payables and receivables and remuneration of the key management personnel, including directors, is disclosed in note 29. Other significant transactions with related parties are as follows:

Relationship with the Company	Nature of transaction	2019	2018
		(Rupees in thousand)	
i. Associated undertakings			
-WAPDA	Sale of electricity	84,830,617	91,915,894
-WAPDA	Purchase of electricity	144,780	–
-WAPDA	Purchase of services	2,097	3,893
-WAPDA	Interest expense	–	39,958
-WAPDA	Interest income on late payment	10,751,090	6,434,932
-WAPDA	True-up income	2,885,712	2,906,381
-WAPDA	Bad debts written off	–	471
-WAPDA	Bad debts recovered	8,008	–
-WAPDA	Dividend paid	2,232,160	3,224,231
-KAPCO Employees Empowerment Trust	Dividend paid	303,990	439,097

Relationship with the Company	Nature of transaction	2019	2018
		(Rupees in thousand)	
ii. Post retirement benefit plans			
-KAPCO employees pension			
fund trust	Contributions paid	42,234	3,614
-KAPCO employees provident			
fund trust	Contributions paid	46,127	40,991

Sale and purchase transactions with related parties are carried out on mutually agreed terms.

31 Non-adjusting events after the reporting date

31.1 The Board of Directors of the Company have proposed a final dividend for the year ended June 30, 2019 of Rs 3.00 (2018: Rs 4.80) per share amounting to Rs 2,641 million (2018: Rs 4,225 million) at their meeting held on September 16, 2019 for approval of members at the Annual General Meeting to be held on October 28, 2019. These financial statements do not reflect this dividend payable.

		2019 MWh	2018 MWh
32	Capacity and production		
	Annual dependable capacity [based on 8,760 hours (2018: 8,760 hours)]	11,756,064	11,756,064
	Actual energy delivered	4,960,755	7,436,756

Capacity for the power plant taking into account all the planned scheduled outages is 11,332,920 MWh (2018: 10,654,791 MWh). Actual energy delivered by the plant is dependent on the load demanded by WAPDA and the plant availability.

		July 01, 2018	Accruals/ dividend declared	Payments	June 30, 2019
			(Rupees in thousand)		
33	Reconciliation of liabilities arising from financing activities				
	Liabilities against assets subject to finance lease	54,447	–	(16,365)	38,082
	Dividend	662,289	5,545,595	(4,862,984)	1,344,900

34 Rates of exchange

Liabilities in foreign currencies as on June 30, 2019 have been translated into Rupees at USD 0.6079 (2018: USD 0.8224), EURO 0.5348 (2018: EURO 0.7064), GBP 0.4797 (2018: GBP 0.6273) and YEN 65.4236 (2018: YEN 90.9835) equal to Rs 100.

		Note	2019	2018
			(Rupees in thousand)	
35	Cash generated from operations			
	Profit before tax		18,962,513	15,807,807
	Adjustments for:			
	- Depreciation on property, plant and equipment		2,304,859	2,287,080
	- Amortization on intangible assets		3,210	4,142
	- Depreciation on assets subject to finance lease		14,995	14,262
	- Loss on disposal of property, plant and equipment		8,922	73,795
	- Income on bank deposits		(37,205)	(32,968)
	- Bad debts written off		–	471
	- Provision for store obsolescence		1,571,859	39,779
	- Staff retirement benefits accrued		260,503	151,306
	- Provision for doubtful debts		–	5,327
	- Finance cost		8,306,164	6,187,594
	Profit before working capital changes		31,395,820	24,538,595
	Effect on cash flow due to working capital changes:			
	- Increase in stores and spares		(788,085)	(23,882)
	- Increase in stock-in-trade		(2,748,859)	(803,195)
	- Increase in trade debts		(2,971,494)	(25,490,748)
	- Increase in loans, advances, deposits, prepayments and other receivables		227,568	1,221,985
	- (Decrease) / increase in trade and other payables		(11,050,090)	12,766,081
			(17,330,960)	(12,329,759)
			14,064,860	12,208,836
36	Cash and cash equivalents			
	Cash and bank balances	21	1,349,922	684,955
	Finances under mark up arrangements - secured	9	(54,180,294)	(49,874,599)
			(52,830,372)	(49,189,644)

37 Earnings per share

37.1 Basic earnings per share

		2019	2018
Profit for the year	Rupees in thousand	13,111,540	10,617,085
Weighted average number of ordinary shares	Numbers	880,253,228	880,253,228
Earnings per share	Rupees	14.90	12.06

37.2 Diluted earnings per share

Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2019 and June 30, 2018 which would have any effect on the basic earnings per share.

38 Financial risk management

38.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the management in accordance with the Financial Risk Management Policy approved by the Board of Directors. This policy covers specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of this policy.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Great Britain Pound (GBP) and Euro. Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable/payable from/to the foreign entities. The Company's exposure to currency risk is as follows:

	2019	2018
Trade and other payables - USD	(142,317)	(169,086)
Advances to suppliers - USD	–	–
Net exposure - USD	(142,317)	(169,086)
Trade and other payables - GBP	(9,129)	(96,807)
Advances to suppliers - GBP	–	-
Net exposure - GBP	(9,129)	(96,807)
Trade and other payables - Euro	(164,539)	(633,027)
Advances to suppliers - Euro	–	–
Net exposure - Euro	(164,539)	(633,027)
The following exchange rates were applied during the year:		
Rupees per USD		
Average rate	136.75	110.33
Reporting date rate	164.50	121.60
Rupees per GBP		
Average rate	176.84	148.88
Reporting date rate	208.45	159.41
Rupees per Euro		
Average rate	155.94	131.87
Reporting date rate	186.99	141.57

If the functional currency, at reporting date, had fluctuated by 5% against the USD, GBP and Euro with all other variables held constant, the impact on profit after taxation for the year would have been Rs 3 million (2018: Rs 4 million) respectively lower/higher, mainly as a result of exchange gains/losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

(ii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from short term financing. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

At the balance sheet date, the interest rate profile of the Company's interest bearing financial instruments is:

	2019	2018
	(Rupees in thousand)	
Financial assets		
Fixed rate instruments		
Staff loans	23,318	28,351
Floating rate instruments		
Bank balances - savings accounts	1,166,927	491,581
Financial liabilities		
Floating rate instruments		
Liabilities against assets subject to finance lease	38,082	54,447
Finances under mark-up arrangements - secured	54,180,294	49,874,599
	54,218,376	49,929,046

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates on late payments, liabilities against assets subject to finance lease and finances under mark-up arrangement, at the year end date, fluctuate by 1% higher/lower with all other variables held constant, profit after taxation for the year would have been Rs 20 million (2018: Rs 46 million) higher/lower, mainly as a result of higher/lower interest expense on floating rate borrowings.

(iii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk since there are no investments in equity securities.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Company's credit risk is primarily attributable to its trade debts and its balances at banks. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2019	2018
	(Rupees in thousand)	
Long term loans and deposits	25,395	31,821
Trade debts	115,798,387	115,472,114
Loans, advances, deposits, prepayments and other receivables		
Loans to employees - considered good	11,604	10,302
Claims recoverable from WAPDA as pass through items:		
- Workers' Welfare Fund	397,052	285,515
- Workers' Profit Participation Fund	–	790,390
Security deposits	1,485	3,682
Other receivables	6,234	5,042
Balances with banks	1,349,686	684,729
	117,589,843	117,283,595

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The Company believes that it is not exposed to major concentration of credit risk and the risk attributable to trade debts, Workers' Welfare Fund and Workers' Profit Participation Fund receivable from WAPDA is mitigated by guarantee from the Government of Pakistan under the Facilitation Agreement. Age analysis of trade receivable balances is as follows:

	2019	2018
	(Rupees in thousand)	
Not yet due	21,956,980	20,136,960
Due past 90 days	27,491,730	33,179,128
Due past 91 to 180 days	13,901,703	20,921,396
Due past 181 to 365 days	15,284,815	11,767,698
Due past 365 days	37,392,261	29,706,322
	116,027,489	115,711,504
Provision for doubtful debts	(229,102)	(239,390)
	115,798,387	115,472,114

The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating Short term	Rating Long term	Rating Agency	2019	2018
				(Rupees in thousand)	
- National Bank of Pakistan	A-1+	AAA	JCR-VIS	103	105
- Habib Bank Limited	A-1+	AAA	JCR-VIS	1,347,384	672,820
- MCB Bank Limited	A1+	AAA	PACRA	73	8,455
- Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1,652	2,810
- Faysal Bank Limited	A-1+	AA	JCR-VIS	1	1
- Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	324	1
- Askari Bank Limited	A-1+	AA	JCR-VIS	–	387
- AlBaraka Bank (Pakistan) Limited	A-1	A	PACRA	143	144
- Citibank N.A.	A-1	A	Standard & Poor's	6	6
				1,349,686	684,729

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At June 30, 2019, the Company had borrowing limits available from financial institutions at Rs 60,323 million (2018: Rs 61,567 million) and Rs 1,350 million (2018: Rs 684 million) in cash and bank balances. The Company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements.

The following are the contractual maturities of financial liabilities as at June 30, 2019:

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Liabilities against assets subject to finance lease	38,082	12,976	25,106	–
Car Ijarah	58,930	14,981	43,949	–
Finances under mark-up arrangements - secured	54,180,294	54,180,294	–	–
Trade and other payables	39,741,606	39,741,606	–	–
Unclaimed dividend	1,344,900	1,344,900	–	–
	95,363,812	95,294,757	69,055	–

The following are the contractual maturities of financial liabilities as at June 30, 2018:

	Carrying amount	Less than one year	One to five years	More than five years
		(Rupees in thousand)		
Liabilities against assets subject to finance lease	54,447	15,960	38,487	–
Car Ijarah	68,101	15,784	52,317	–
Finances under mark-up arrangements - secured	49,874,599	49,874,599	–	–
Trade and other payables	49,469,427	49,469,427	–	–
Unclaimed dividend	662,289	662,289	–	–
	100,128,863	100,038,059	90,804	–

38.2 Fair values of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Specific valuation techniques used to value financial instruments include:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

There were no financial assets or financial liabilities carried at fair value by the Company during current or prior year.

	2019	2018
	(Rupees in thousand)	
38.3 Financial instruments by categories		
Financial assets as per statement of financial position		
At amortized cost		
Long term loans and deposits	25,395	31,821
Trade debts	115,798,387	115,472,114
Loans, advances, deposits, prepayments and other receivables		
Loans to employees - considered good	11,604	10,302
Claims recoverable from WAPDA as pass through items:		
- Workers' Welfare Fund	397,052	285,515
- Workers' Profit Participation Fund	–	790,390
Security deposits	1,485	3,682
Other receivables	6,234	5,042
Cash and bank balances	1,349,922	684,955
	117,590,079	117,283,821

	2019	2018
	(Rupees in thousand)	
Financial liabilities as per statement of financial position		
At amortized cost		
Liabilities against assets subject to finance lease	38,082	54,447
Finances under mark-up arrangements - secured	54,180,294	49,874,599
Trade and other payables	39,741,606	49,469,427
Unclaimed dividend	1,344,900	662,289
	95,304,882	100,060,762

38.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders through repurchase of shares, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio.

This ratio is calculated as long term debt divided by total capital. Debt is calculated as total borrowings including current and non-current portion of long term borrowings, if any. Total capital is calculated as 'equity' shown in the balance sheet plus long term debt. The gearing ratios as at year ended June 30, 2019 and June 30, 2018 are as follows:

		2019	2018
		(Rupees in thousand)	
Total equity		41,161,147	35,092,888
Total debt		–	–
Total capital		41,161,147	35,092,888
Gearing ratio	Percentage	0%	0%

39 Number of employees

Total number of employees at year end and average number of employees during the year are 563 (2018: 600) and 592 (2018: 607) respectively.

40 Corresponding figures

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant reclassifications have been made.

41 Date of authorisation for issue

These financial statements were approved and authorised for issue on September 16, 2019 by the Board of Directors of the Company.

Aftab Mahmood Butt Chief Executive Officer	M. Mohtahsim Aftab Chief Financial Officer	Saad Iqbal Director

CONSENT FOR
VIDEO CONFERENCE FACILITY

Members can also avail video conference facility in {name of cities where facility can be provided keeping in view geographical dispersal of members}. In this regard please fill the following and submit to the attention of the Company Secretary at Company's Corporate Office at 5-B/3, Gulberg III, Lahore 54660 10 days before holding of the AGM.

If the Company receives consent from Members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of the Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

The Company will intimate Members regarding venue of video conference facility at least 5 days before the date of the AGM along with complete information necessary to enable them to access such facility.

I/We, ______________________ of ______________________, being a member of Kot Addu Power Company Limited, holder of ______________________ Ordinary Share(s) as per Register Folio No. ________________ hereby opt for video conference facility at ________________.

____

Signature of the Member

PROXY **FORM**

I/We ______________________ of ______________________

being a Member of Kot Addu Power Company Limited (the ''Company'') holding ______________ shares

hereby appoint ____________ of ____________ and in case of his / her absence ____________

of ____________ who is also a Member of the Company, as my/our proxy to vote for me/us, and on my/our

behalf at the 23rd Annual General Meeting of the Company to be held on Monday, October 28, 2019 at 10:00 am at

Islamabad Serena Hotel and any adjournment thereof.

Signed this ____________ day of ____________ 2019

Folio No.	CDC Account No.
	Participant I.D. Account No.

Witnesses:

1. Signature ______________________
   Name: ______________________
   CNIC: ______________________
   Address: ______________________

2. Signature ______________________
   Name: ______________________
   CNIC: ______________________
   Address: ______________________

Revenue Stamp Rs 5/-

____

The Signature should agree with the Specimen signature registered with the Company

Note:

1. This Proxy, duly completed, signed and witnessed, must be deposited at the offices of the Company's Registrar, THK Associates (Private) Limited, First Floor, 40-C, Block-6, P.E.C.H.S. Karachi 75400, Pakistan not later than forty-eight (48) hours before the time appointed for the Meeting.
2. No person shall act as proxy, if he is not a Member of the Company (except that a corporation may appoint a person who is not a Member).
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a Member with Company's Registrar, all such instruments or proxies shall be regarded invalid.
4. The Proxy shall produce his/her original CNIC or original passport at the time of Meeting.
5. Attested copy of CNIC or passport of the beneficial owners and the proxy shell be provided with the proxy form.
6. In case of a corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signature of the nominee shall be submitted alongwith the Proxy (unless it has been provided earlier).

AFFIX
CORRECT
POSTAGE

THK Associates (Private) Limited
Registrar for: Kot Addu Power Company Limited
First Floor, 40-C, Block-6, P.E.C.H.S.
Karachi 75400, Pakistan
Tel: +92 (0)21 111 000 322
Fax: +92 (0)21 34168271

پراکسی فارم

23ویں سالانہ اجلاس عام
کوٹ ادو پاور کمپنی لمیٹڈ

میں/ہم: ____________ ساکن ____________

کوٹ ادو پاور کمپنی لمیٹڈ (فولیو نمبر/ سی ڈی سی/ اکاؤنٹ نمبر/ شیئرز کا شمار) ____________ بذریعہ ہذا تقرر کرتا ہوں ____________

ساکن ____________ فولیو نمبر/ سی ڈی سی اکاؤنٹ نمبر: ____________ یا اس کی

ناکامی میں ____________ ساکن ____________

فولیو نمبر/ سی ڈی سی اکاؤنٹ نمبر: ____________ جو کہ میری/ ہماری غیر موجودگی میں میرے/ ہمارے پراکسی (نمائندے) کے طور پر کمپنی کی 23ویں سالانہ اجلاس عام منعقدہ 28 اکتوبر 2019ء بروز سوموار دن 10.00 بجے بمقام سرینا ہوٹل اسلام آباد وال میٹنگ میں شرکت کرے گا اور میری/ ہماری جگہ ووٹ استعمال کرے گا۔

ریونیو
مہر

میں بطور گواہ اس ____________ دن ____________ 2019

دستخط کمپنی کے پاس موجود نمونہ
کے دستخط کے مطابق ہونا چاہئے

دستخط منظور کنندہ: ____________

گواہان:

1۔ دستخط ____________ 2۔ دستخط ____________

نام ____________ نام ____________

پتہ ____________ پتہ ____________

شناختی کارڈ/ پاسپورٹ نمبر ____________ شناختی کارڈ/ پاسپورٹ نمبر ____________

ہدایت:

1۔ پراکسی کی تقرری کی یہ دستاویز مکمل کر کے اپنے اور گواہان کے دستخط کے ساتھ اجلاس کے انعقاد سے کم از کم 48 گھنٹے پہلے کمپنی کے رجسٹرار کے دفتر ٹی ایچ کے ایسوی ایٹس (پرائیویٹ) لمیٹڈ، پہلی منزل 40-C، بلاک 6، پی ای سی ایچ، کراچی پہنچ جانی چاہیے۔

2۔ کوئی بھی پراکسی کے طور پر کام انجام نہیں کرسکتا اگر وہ کمپنی کا ممبر نہیں ہے۔ (ماسوائے اس کے کہ کارپوریشن کسی شخص کو مقرر کر سکتی ہے جو ممبر نہیں ہے)۔

3۔ اگر ایک ممبر کمپنی کے رجسٹرار کے پاس ایک سے زائد پراکسی مقرر کرتا ہے اور پراکسی کی ایک سے زائد دستاویز جمع کراتا ہے تو ایسی دستاویزات یا پراکسی کو غیر موثر تصور کیا جائے گا۔

4۔ پراکسی کو اجلاس کے وقت اپنا اصل قومی شناختی کارڈ یا اصل پاسپورٹ دکھانا ہوگا۔

5۔ سی ڈی سی شیئر ہولڈرز اور ان کے نمائندگان سے التماس ہے کہ وہ اپنے کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی پراکسی فارم کے ساتھ جمع کروائیں۔

6۔ کارپوریٹ ادارہ کی صورت میں، بورڈ کی قرارداد/ اختیار نامہ یا دیگر اختیاری نمائندے (پراکسی) کے دستخط کے ساتھ کمپنی کو جمع کرانا ہوگا۔

AFFIX
CORRECT
POSTAGE

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Karachi 75400, Pakistan
Tel: +92 (0)21 111 000 322
Fax: +92 (0)21 34168271

Information and enquiries may be addressed to:

Mr. A. Anthony Rath
Company Secretary

Corporate Office:
Kot Addu Power Company Limited
5 B/3, Gulberg III, Lahore 54660, Pakistan

KAPCO

Power Plant:
Kot Addu Power Complex
Kot Addu, District Muzaffargarh
Punjab, Pakistan

Corporate Office:
5 B/3, Gulberg III
Lahore 54660, Pakistan

Registered Office:
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Agha Khan Road, F-5/1, Islamabad, Pakistan