

# PAKGEN POWER LIMITED



SECY/STOCKEXC/

October 27, 2020

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

**SUB: TRANSMISSION OF QUARTERLY REPORT FOR THE PERIOD ENDED 30-09-2020**

Dear Sir,

In compliance with the provisions of Section 237 of the Companies Act, 2017, read with PSX Notice No. PSX/N-4207 dated July 13, 2018 we have to inform you that the Quarterly Report of Pakgen Power Limited for the period ended September 30, 2020 together with Directors' report have been transmitted through PUCARS and also available on Company's website.

You may also please inform the TRE Certificate Holders of the Exchange accordingly.

Thanking you,

Yours truly,

  
**KHALID MAHMOOD CHOCHAN**  
**COMPANY SECRETARY**

**HEAD OFFICE**

**REGISTERED OFFICE**

**POWER STATIONS**

: 1-B, AZIZ AVENUE, CANAL BANK, GULBERG V, LAHORE. TEL: +92-42-35717090-96, 35717159-63, FAX: 92-42-35717239, WEBSITE: [www.pakgenpower.com](http://www.pakgenpower.com), E-MAIL: [pakgen@lalpir.com](mailto:pakgen@lalpir.com)

: NISHAT HOUSE, 53/A, LAWRANCE ROAD, LAHORE. TEL: 111-113-333 FAX: +92-42-36367414

: LALPIR THERMAL POWER STATIONS, P.O. BOX NO. 89, MUZAFFARGARH. PC-34200, PAKISTAN. TEL: 92-66-2300030, FAX: 92-66-2300260, [www.pakgenpower.com](http://www.pakgenpower.com)



N I S H A T

PAKGEN POWER  
LIMITED

**THIRD QUARTERLY REPORT  
FOR THE PERIOD ENDED  
30 SEPTEMBER 2020**

**TOWARDS A MORE  
POWERFUL  
CONNECT**

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# COMPANY PROFILE

<b>THE COMPANY</b>	<b>Pakgen Power Limited</b> (“the Company”) was incorporated in Pakistan on 22 June 1995 under the Companies Ordinance, 1984 now the Companies Act, 2017. The registered office is situated at 53-A, Lawrence Road, Lahore. The principal activities of the Company are to own, operate and maintain an oil fired power station (“the Complex”) having gross capacity of 365 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan.	
<b>BOARD OF DIRECTORS</b>	Mr. Ghazanfar Hussain Mirza Mr. Aurangzeb Firoz Mrs. Sadia Younas Mansha Mr. Samir Mustapha Chinoy Mr. Shahid Malik Dr. Arif Bashir Mr. Farrukh Ifzal	Chairman
<b>CHIEF EXECUTIVE OFFICER</b>	Mian Hassan Mansha	
<b>AUDIT COMMITTEE</b>	Mr. Farrukh Ifzal Mr. Aurangzeb Firoz Mr. Shahid Malik	Chairman
<b>HUMAN RESOURCE &amp; REMUNERATION(HR &amp;R) COMMITTEE</b>	Mr. Samir Mustapha Chinoy Mian Hassan Mansha Mr. Ghazanfar Hussain Mirza	Chairman
<b>CHIEF FINANCIAL OFFICER</b>	Mr. Tanvir Khalid	
<b>COMPANY SECRETARY</b>	Mr. Khalid Mahmood Chohan	
<b>BANKERS OF THE COMPANY</b>	Habib Bank Limited The Bank of Punjab Silk Bank Limited United Bank Limited Allied Bank Limited National Bank of Pakistan Bank Alfalah Limited Faysal Bank Limited Askari Bank Limited Habib Metropolitan Bank Limited MCB Bank Limited Bank Islamic Pakistan Limited Bank Al-Habib Limited Al Baraka Bank (Pakistan) Limited	
<b>AUDITOR OF THE COMPANY</b>	Riaz Ahmad & Co. Chartered Accountants	
<b>LEGAL ADVISOR OF THE COMPANY</b>	Mr. M. Aurangzeb Khan Advocate High Court	
<b>REGISTERED OFFICE</b>	53-A, Lawrence Road, Lahore-Pakistan UAN: +92 42-111-11-33-33 Fax: +92 42 36367414	
<b>HEAD OFFICE</b>	1-B, Aziz Avenue, Gulberg-V, Lahore- Pakistan Tel: + 92 42-35717090-96 Fax: +92 42-35717239	
<b>SHARE REGISTRAR</b>	CDC Share Registrar Services Limited CDC House, 99-B, Block-B, S.M.C.H.S Shahra-e-Faisal, Karachi – 74400 Tel: (92-21) 111-111-500 Fax: (92-21) 34326053	
<b>PLANT</b>	Mehmood Kot, Muzaffargarh, Punjab – Pakistan.	

# DIRECTORS' REPORT

The Directors of **Pakgen Power Limited ("the Company")** are pleased to present their report together with the Condensed Interim Financial Information for the year ended September 30, 2020.

We report that during the period under review, power plant dispatched 182,406 MWH of electricity as compared with 319,103 MWH dispatched during the corresponding nine months of the previous financial year. Resultantly the capacity factor remained at 7.9% as against 13.9% demonstrated in the comparable nine months of the previous financial year.

## Operation Financial Results:

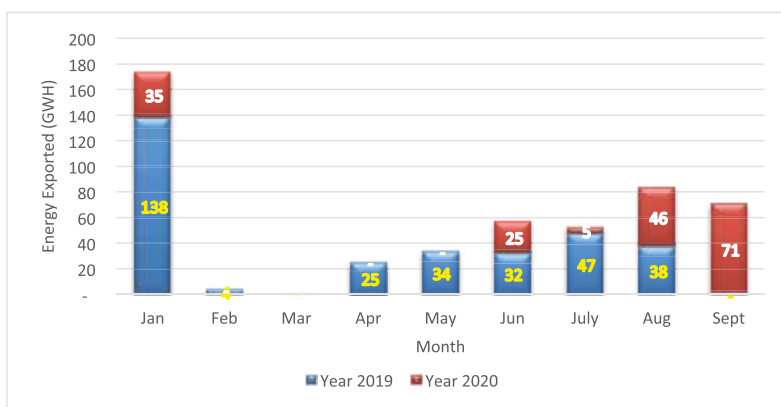
The financial results of the Company for the period ended 30 September 2020 are as follows:

Financial Highlights	PERIOD ENDED	
	30 September 2020	30 September 2019
Revenue (Rs '000')	8,626,338	10,095,063
Gross profit (Rs '000')	4,367,688	3,217,696
After tax profit (Rs '000')	3,321,011	2,106,134
Earnings per share (Rs)	8.93	5.66

The Company has posted after tax Profit of Rs. 3.321 billion as against Profit of Rs. 2.106 billion incurred in the comparative period. The net Profit of the Company demonstrated the earning per Share of Rs. 8.93 as against Rs. 5.66 earning per share in the comparable previous period.

Our sole customer Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) remains unable to meet its obligations in accordance with the Power Purchase Agreement (PPA) which are secured under a sovereign guarantee of Government of Pakistan. The Company took up the matter with CPPA-G and Private Power & Infrastructure Board ('PPIB') by giving notices of default pursuant to provisions of Power Purchase Agreement and Implementation Agreement. As on September 30, 2020, an amount of Rupees 22.327 billion was outstanding against CPPA-G.

Graphical representation of Energy Exported during nine months 2020 in comparison with 2019 is as follows:



### Corporate objectives:

Being a responsible and reliable energy company, we aim to facilitate the nation in reducing its cost of energy by maintaining high efficiency and availability of plant.

### COMPOSITION OF BOARD:

<b>Total number of Directors:</b>		
(a)	Male	6
(b)	Female:	1
<b>Composition:</b>		
(i)	Independent Directors	2
(ii)	Non-executive Directors	5
(iii)	Executive Directors	0

### COMMITTEES OF THE BOARD:

#### Audit Committee of the Board:

Sr. #	Name of Directors	
1	Mr. Farrukh Afzal	(Member/ Chairman)
2	Mr. Aurangzeb Firoz	(Member )
3	Mr. Shahid Malik	(Member)

#### Human Resource & Remuneration (HR&R) Committee:

Sr. #	Name of Member	
1	Mian Hassan Mansha	Member
2	Mr. Samir Mustapha Chinoy	Member/ Chairman
3	Mr. Ghazanfar Hussain Mirza	Member

### DIRECTORS' REMUNERATION:

The company does not pay remuneration to its non-executive directors including independent directors except for meeting fee. Aggregate amount of remuneration paid to executive and non-executive directors have been disclosed in note 9 of the annexed financial statements.

### APPROPRIATIONS:

The Board of Directors of the Company at their meeting held on 26 October 2020 has proposed cash dividend of Rupees 1 per share (i.e. 10%) for the period ended 30 September 2020, for which the date of entitlement has been fixed as 17 November 2020 to 23 November 2020.


### ACKNOWLEDGEMENT:

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

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



**Mr. Mian Hassan Mansha**  
Chief Executive Officer  
Lahore: 26 October, 2020



**Mr. Ghazanfar Hussain Mirza**  
Director

## ڈائریکٹر رپورٹ پاک جن پاور لمیٹڈ

پاک جن پاور لمیٹڈ "دی کمپنی" کے ڈائریکٹر 30 ستمبر 2020 ہفتہ مدت کے لئے آپ کی کمپنی کے آپریشنل اور مالیاتی نتائج پر مشتمل اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

ہم بیان کرتے ہیں کہ زیر جائزہ مدت کے دوران پاور پلانٹ نے گزشتہ مالی سال کی اسی نو ماہی مدت کے دوران 319,103 MWH ترسیل کے مقابلہ میں 182,406 MWH بجلی ترسیل کی۔ نتیجتاً گزشتہ مالی سال کی اسی نو ماہی مدت میں کسٹی فی کٹر 13.9 فیصد کے مقابلہ میں 7.9 فیصد رہا۔

### مالیاتی نتائج:

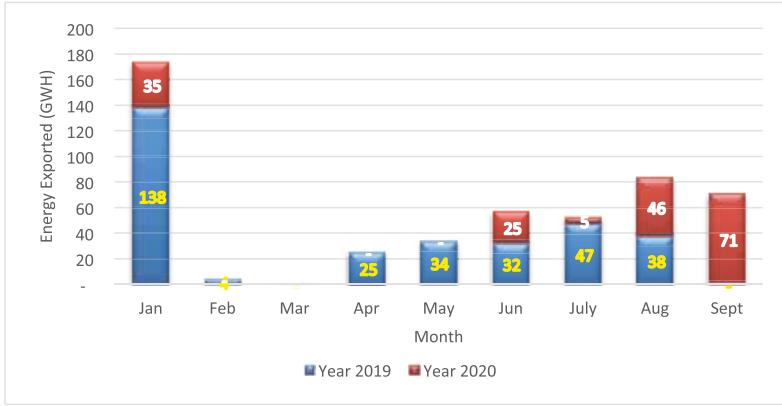
30 ستمبر 2020ء کو ختم ہونے والی مدت کے لئے کمپنی کے مالیاتی نتائج مندرجہ ذیل ہیں:

مالی جھلکیاں	30 ستمبر 2020 ہفتہ نو ماہی	30 ستمبر 2019 ہفتہ نو ماہی
محصولات (000 روپے)	8,626,338	10,095,063
مجموعی منافع (000 روپے)	4,367,688	3,217,696
بعد از ٹیکس منافع (000 روپے)	3,321,011	2,106,134
آمدن فی حصص (روپے)	8.93	5.66

کمپنی نے ٹیکس کے بعد منافع 3.321 بلین روپے درج کیا جبکہ تقابلی مدت میں 2.106 بلین روپے منافع حاصل ہوا تھا۔ کمپنی کے خالص منافع نے گزشتہ مدت میں 5.66 روپے فی حصص منافع کے مقابلے 8.93 روپے فی حصص منافع ظاہر کیا ہے۔

ہماری واحد صارف سنٹرل پاور پراجیکٹس ایجنسی (گارنٹی) لمیٹڈ (CPPA-G) بجلی کی خریداری کے معاہدے (PPA) جو حکومت پاکستان کی ایک خود مختار ضمانت کے تحت حاصل کیا گیا کے مطابق اپنی ذمہ داریوں کو پورا کرنے کے قابل نہیں رہا۔ کمپنی نے بجلی کی خریداری کے معاہدے اور عملدرآمد معاہدے کی دفعات کی پیروی میں نادہندگی کے نوٹسز دیتے ہوئے CPPA-G اور پرائیویٹ پاور اینڈ انفراسٹرکچر بورڈ (PPIB) کے ہاں معاملہ کو اجاگر کیا ہے۔ 30 ستمبر 2020 کو سنٹرل پاور پراجیکٹس ایجنسی (گارنٹی) لمیٹڈ (CPPA-G) کے ذمہ بقایا رقم 22.327 بلین روپے تھی۔

2019 کے موازنہ میں نومامی 2020 کے دوران بجلي کی ترسيل کی گرافیکل نمائندگی حسب ذیل ہے:



کارپوریٹ مقاصد:

ایک ذمہ دار اور قابل اعتماد توانائی کمپنی ہونے کے ناطے، ہم اعلیٰ کارکردگی اور پلانٹ کی دستیابی کو برقرار رکھتے ہوئے بجلی کے اخراجات کم کرنے میں قوم کو سہولت فراہم کرنا چاہتے ہیں۔

بورڈ کی تشکیل:

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

بورڈ کی کمیٹیاں:

بورڈ کی آڈٹ کمیٹی:

نمبر شمار	نام ڈائریکٹرز
1	جناب فرخ افضال (رکن / چیئرمین)
2	جناب اورنگ زیب فیروز (رکن)
3	جناب شاہد ملک (رکن)



ہیومن ریسورس اینڈ ریمیزیشن (HR&R) کمیٹی:

نمبر شمار	نام رکن
1	میاں حسن منشاء (رکن)
2	میاں سمیر مصطفیٰ چنائے (رکن/چیرمین)
3	میاں غنصفر حسن مرزا (رکن)

ڈائریکٹر کا مشاہرہ:

کمپنی اپنے آزاد ڈائریکٹر زسمیت نان ایگزیکٹو ڈائریکٹر کو اجلاس فیس کے علاوہ کوئی مشاہرہ ادا نہیں کرتی ہے۔ ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹر کو ادا کئے جانے والے مشاہرہ کی مجموعی رقم منسلکہ مالی حسابات کے نوٹ 9 میں منکشف ہے۔

تصرقات:

کمپنی کے بورڈ آف ڈائریکٹر نے 26 اکتوبر 2020 کو منعقدہ اپنے اجلاس میں 30 ستمبر 2020 کو ختم ہونے والی مدت کے لئے 1 روپے فی حصص (یعنی 10 فیصد) کا نقد منافع تجویز کیا ہے، جس کے لئے استحقاق کی تاریخ 17 نومبر 2020 تا 23 نومبر 2020 مقرر کی گئی ہے۔

اظہار تشکر

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

منجانب مجلس نظماء

*Ghanshu q. Mirza*  
میاں غنصفر حسن مرزا  
ڈائریکٹر

*Hassan Mirza*  
(میاں حسن منشاء)  
چیف ایگزیکٹو آفیسر

لاہور: 26 اکتوبر 2020ء

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

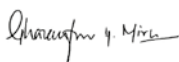
As at 30 September 2020

	Note	Un-audited 30 September 2020 (Rupees in thousand)	Audited 31 December 2019
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital 400,000,000 (31 December 2019: 400,000,000) ordinary shares of Rupees 10 each		4,000,000	4,000,000
Issued, subscribed and paid up share capital 372,081,591 (31 December 2019: 372,081,591) ordinary shares of Rupees 10 each		3,720,816	3,720,816
Capital reserve		116,959	116,959
Revenue Reserve-Un-appropriated profit		18,072,196	15,216,287
<b>Total equity</b>		<b>21,909,971</b>	<b>19,054,062</b>
<b>LIABILITIES</b>			
<b>NON CURRENT LIABILITY</b>			
Long term finance - secured	4	62,043	-
Employee benefit-Gratuity		3,600	20,941
		65,643	20,941
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,084,258	525,088
Unclaimed dividend		11,699	5,676
Accrued mark-up / profit		161,480	313,770
Short-term borrowings		9,047,243	11,535,517
Current portion of long - term finance	4	37,226	-
		10,341,906	12,380,051
<b>Total liabilities</b>		<b>10,407,549</b>	<b>12,400,992</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	5		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>32,317,520</b>	<b>31,455,054</b>

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



CHIEF EXECUTIVE



DIRECTOR




CHIEF FINANCIAL OFFICER

	Note	Un-audited 30 September 2020 (Rupees in thousand)	Audited 31 December 2019
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	6,162,640	6,809,174
Long-term loans to employees		21,844	22,561
Long-term security deposit		300	300
		<u>6,184,784</u>	<u>6,832,035</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and other consumables		860,255	834,763
Fuel stock		341,248	416,965
Trade debts		22,327,398	20,586,064
Loans, advances and short-term prepayments		488,465	458,752
Loans to associated company		650,000	1,009,086
Other receivables		590,111	357,642
Accrued interest		3,193	12,506
Sales tax recoverable		858,791	795,266
Short Term Investment		11,213	-
Cash and bank balances		2,062	151,975
		<u>26,132,736</u>	<u>24,623,019</u>
<b>TOTAL ASSETS</b>		<u><u>32,317,520</u></u>	<u><u>31,455,054</u></u>



CHIEF EXECUTIVE



DIRECTOR





CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT  
AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE QUARTER AND PERIOD ENDED 30 SEPTEMBER 2020**

	Note	Period Ended		Quarter Ended	
		30 September	30 September	30 September	30 September
		2020 (Rupees in thousand)	2019	2020 (Rupees in thousand)	2019
REVENUE		8,626,338	10,095,063	3,632,570	3,360,866
COST OF SALES	7	(4,258,650)	(6,877,367)	(2,282,405)	(2,143,892)
GROSS PROFIT / (LOSS)		4,367,688	3,217,696	1,350,165	1,216,974
ADMINISTRATIVE EXPENSES		(230,787)	(150,508)	(116,046)	(55,601)
OTHER EXPENSES		(2,429)	(2,468)	(1,134)	(1,080)
OTHER INCOME		47,624	128,156	9,327	50,717
PROFIT / (LOSS) FROM OPERATIONS		4,182,096	3,192,876	1,242,312	1,211,010
FINANCE COST		(861,085)	(1,086,742)	(177,774)	(428,784)
PROFIT / (LOSS) BEFORE TAXATION		3,321,011	2,106,134	1,064,538	782,226
TAXATION		-	-	-	-
PROFIT / (LOSS) AFTER TAXATION		3,321,011	2,106,134	1,064,538	782,226
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		3,321,011	2,106,134	1,064,538	782,226
EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED (RUPEES)		8.93	5.66	2.86	2.10

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

  
CHIEF EXECUTIVE

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

## FOR THE QUARTER AND PERIOD ENDED 30 SEPTEMBER 2020

	SHARE CAPITAL	RESERVES		TOTAL EQUITY
		Capital	Revenue	
		Retained payments reserve	Un- appropriated profit	
(----- Rupees in thousand -----)				
<b>Balance as at 31 December 2018 (audited)</b>	3,720,816	116,959	12,855,905	16,693,680
Transaction with owners:				
Final dividend for the year ended 31 December 2018 @ Rupee 1.5 per share	-	-	(558,122)	(558,122)
Transaction with owners directly recognized in equity	-	-	(558,122)	(558,122)
Profit for the period ended 30 September 2019	-	-	2,106,134	2,106,134
Other Comprehensive income for the period ended 30 September 2019	-	-	-	-
Total comprehensive income for the period ended 30 September 2019	-	-	2,106,134	2,106,134
<b>Balance as at 30 September 2019 (Un-audited)</b>	<u>3,720,816</u>	<u>116,959</u>	<u>14,403,917</u>	<u>18,241,692</u>
<b>Balance as at 31 December 2019 (audited)</b>	3,720,816	116,959	15,216,287	19,054,062
Final dividend for the year ended 31 December 2019 @ Rupee NIL per share	-	-	-	-
Interim Dividend @ Rupee 1.25 per Share	-	-	(465,102)	(465,102)
Transaction with owners directly recognized in equity	-	-	(465,102)	(465,102)
Profit for the period ended 30 September 2020	-	-	3,321,011	3,321,011
Other Comprehensive income for the period ended 30 September 2020	-	-	-	-
Total comprehensive income for the period ended 30 September 2020	-	-	3,321,011	3,321,011
<b>Balance as at 30 September 2020 (Un-audited)</b>	<u>3,720,816</u>	<u>116,959</u>	<u>18,072,196</u>	<u>21,909,971</u>

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER


**CONDENSED INTERIM STATEMENT OF  
CASH FLOWS (UN-AUDITED)  
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

	Note	<b>30 September 2020 (Rupees in thousand)</b>	30 September 2019
<b>Cash generated from operating activities</b>	8	3,308,840	21,101
Finance cost paid		(1,013,375)	(864,668)
Interest income received		46,472	127,009
Net decrease in long term loans		717	4,354
Income tax paid		(8,440)	(17,274)
Gratuity paid		(28,141)	(7,704)
<b>Net cash generated from / (used in) operating activities</b>		2,306,073	(737,182)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Loan to / (from) received from related party		359,086	650,000
Capital expenditure on property, plant and equipment		34,912	(78,780)
Investment Made		(11,213)	-
<b>Net cash generated from investing activities</b>		382,785	571,220
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term finance obtained		99,269	-
Dividend paid		(459,079)	(556,493)
Interest income recovered from related party		9,313	5,144
Repayment of long term finance		-	(334,369)
<b>Net cash used in financing activities</b>		(350,497)	(885,718)
<b>Net increase / (decrease) in cash and cash equivalents</b>		2,338,361	(1,051,679)
<b>Cash and cash equivalents at beginning of the period</b>		(11,383,542)	(11,090,622)
<b>Cash and cash equivalents at end of the period</b>		(9,045,181)	(12,142,301)

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



**CHIEF EXECUTIVE**



**DIRECTOR**



**CHIEF FINANCIAL OFFICER**

# SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER AND PERIOD ENDED 30 SEPTEMBER 2020

## 1. THE COMPANY AND ITS OPERATIONS

Pakgen Power Limited ("the Company") was incorporated in Pakistan on 22 June 1995 under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017). The registered office of the Company is situated at 53-A, Lawrence Road, Lahore. The Company's ordinary shares are listed on Pakistan Stock Exchange Limited. The principal activities of the Company are to own, operate and maintain an oil fired power station ("the Complex") having gross capacity of 365 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan. The Company has a Power Purchase Agreement (PPA) with its sole customer, Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) for 30 years which commenced from 01 February 1998.

## 2. BASIS OF PREPARATION

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2** These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 31 December 2019. These condensed interim financial statements are un-audited and are being submitted to the members as required by Section 237 of the Companies Act, 2017.

## 3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these condensed interim financial statements are same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 31 December 2019.

### 3.1 Critical accounting estimates and judgments

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 31 December 2019.

	Un-audited 30 September 2020 (Rupees in thousand)	Audited 31 December 2019
4. LONG TERM FINANCE		
Opening balance	-	334,369
Add: Obtained during the period / year	99,269	-
Less: Repaid during the period / year	-	334,369
	99,269	-
Less: Current portion shown under current liabilities	37,226	-
	62,043	-

## 5. CONTINGENCIES AND COMMITMENTS

### 5.1 Contingencies

There is no significant change in the status of contingencies as disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2019 except for the following:

- 5.1.1** Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) has raised invoices for liquidated damages to the Company from 11th to 22nd (up to September 2019) agreement year (after taking into account forced outage allowance stipulated under the terms of Power Purchase Agreement) on account of short supply of electricity by the Company, which was due to cash constraints of the Company as a result of default by CPPA-G in making timely payments. Liquidated damages invoiced to the Company amounts to Rupees 6,266.265 million (31 December 2019: Rupees 6,266.108 million). Out of these, the Company has accepted and paid Rupees 4,006.589 million (31 December 2019: Rupees 4,006.432 million). The Company disputes and rejects balance claims on account of liquidated damages that are raised by CPPA-G on the premise that its failure to dispatch electricity was due to CPPA-G'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 that resulted in inadequate level of electricity production owing to shortage of fuel. Against these the Company has raised invoice dispute notices to CPPA-G. The Company appointed mediation expert under the mechanism given in the Power Purchase Agreement (PPA). On 22 June 2017, the mediation expert gave his decision in favour of the Company. However, this decision is not binding on either party.

During the year ended 31 December 2018, the Company has filed case for arbitration in the International Chamber of Commerce (ICC) to resolve the following matters, as per the mechanism allowed by PPA for resolution of disputes:

- On various occasions, CPPA-G has sought to set off amounts allegedly owed to it as liquidated damages against amounts it must pay to the Company as part of its obligations to make capacity payments. On 8 January 2018, CPPA-G wrote to the Company, threatening to set off a total of Rupees 2.425 billion which it considers as allegedly due to it, against capacity payment invoices to be issued by the Company. The far-reaching implications of CPPA-G's threat to take unilateral action left the Company with no option but to approach the courts of Pakistan for interim relief, until the matter gets resolved finally through arbitration, in accordance with the provisions of the PPA. In its orders dated 16 January 2018, the Lahore High Court suspended the legal effect of CPPA-G's 8 January 2018 letter on an interim basis.



- CPPA-G sent a number of letters to the Company, purporting to deduct amounts from the energy payments due to the Company on the basis that it had procured fuel from suppliers other than the Pakistan State Oil Company Limited ("PSO"). Amounts withheld on this account from the invoices of the Company totaled Rupees 36.023 million. PPA does not allow CPPA-G to dispute invoices on the basis that fuel was procured from a provider other than PSO. Neither is CPPA-G permitted to retroactively dispute invoices, many months or years after they have become due.
- CPPA-G is required to provide and renew a Letter of Credit. Letter of Credit must allow access to "immediately available funds", which "shall be in an amount equal to an aggregate of two (2) Months of capacity payments plus energy payments". CPPA-G has failed to renew the Letters of Credit, following their expiry on 23 December 2010.
- In addition to its persistent failure to make timely energy and capacity payments, CPPA-G has also failed to comply with its obligation to pay interest to the Company. PPA provides that "Late payments shall bear interest". As a result, a total of Rupees 877.899 million in unpaid interest is due at the date of the latest invoice submitted by the Company (till the date of request for arbitration).

An arbitrator has been appointed and the hearing was held in September 2020. The ultimate outcome of the matter cannot presently be determined, and consequently, no provision for such liquidated damages and amounts withheld by CPPA-G has been made in these condensed interim financial statements.

- 5.1.2** 'On 28 September 2018, the Company has challenged, before Honourable Lahore High Court, Lahore, the vires of clauses (h) and (i) to sub-section (1) of section 8 of the Sales Tax Act, 1990 whereby claim of input sales tax in respect of building materials has been disallowed. The Honourable Lahore High Court, Lahore on 24 October 2019 has passed order against the Company and the Company being aggrieved with the order has preferred Intra Court Appeal before the Honourable Lahore High Court, Lahore. The Company has claimed input sales tax amounting to Rupees 2.801 million paid on such goods in its respective monthly sales tax returns. On 29 January 2020, the Honourable Lahore High Court, Lahore has modified its earlier order dated 24 October 2019 and remanded back the case to assessing / adjudicating officer to interpret clauses (h) and (i) to sub-section (1) of section 8 of the Sales Tax Act, 1990 on case to case basis. Based on the decision of the Court, the management is confident of favorable outcome of the matter.

	Un-audited 30 September 2020 (Rupees in thousand)	Audited 31 December 2019
<b>5.2 Commitments</b>		
<b>5.2.1</b> Commitments in respect of other than capital expenditure	18,781	10,163
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets (Note 6.1)	6,157,778	6,760,597
Capital Work in Progress (Note 6.2)	4,862	48,577
	<u>6,162,640</u>	<u>6,809,174</u>

	Un-audited 30 September 2020 (Rupees in thousand)	Audited 31 December 2019
<b>6.1 Operating fixed assets</b>		
Opening book value	6,760,597	7,634,699
Add: Cost of additions during the period / year (Note 6.1.1)	49,320	52,198
Less: Book value of derecognitions during the period / year (Note 6.1.2)	-	20,042
Less: Depreciation charged during the period / year	652,139	906,258
Closing book value	6,157,778	6,760,597
<b>6.1.1 Cost of additions</b>		
Plant and machinery	48,175	49,635
Office equipment	625	1,289
Furniture and fittings	139	618
Electric equipment and appliances	373	501
Vehicle	8	155
	49,320	52,198
<b>6.1.2 Book value of derecognitions</b>		
Plant and machinery		
- Cost	-	25,255
- Less: Accumulated depreciation	-	5,213
	-	20,042
<b>6.2 Plant and machinery</b>	4,861	48,577
	4,861	48,577

	Un-audited Nine Months Ended		Un-audited Quarter Ended	
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
	(Rupees in thousand)		(Rupees in thousand)	
7. COST OF SALES				
Fuel consumed	2,786,409	5,292,310	1,804,703	1,547,157
Operation and maintenance costs	298,648	433,172	79,216	180,651
Liquidated damages to WAPDA	158	28	-	9
Insurance cost	561,813	472,683	195,502	188,597
Depreciation	611,622	679,174	202,984	227,478
	4,258,650	6,877,367	2,282,405	2,143,892

	Un-audited Nine Months Ended	
	30 September	30 September
	2020	2019
	(Rupees in thousand)	
8. CASH GENERATED FROM OPERATIONS		
Profit / loss before taxation	3,321,011	2,106,134
<b>Adjustment for non-cash charges and other items:</b>		
Depreciation	611,622	679,174
Provision for gratuity	10,800	11,502
Loss on derecognition of operating fixed assets	-	58
Interest income	(46,472)	(127,009)
Finance cost	861,085	1,086,742
<b>Cash flows from operating activities before working capital changes</b>	4,758,046	3,756,601
(Increase) / decrease in current assets:		
Stores, spare parts and other consumables	(25,492)	(28,800)
Fuel stock	75,717	211,993
Trade debts	(1,741,334)	(3,149,639)
Advances and short-term prepayments	(21,273)	(443,317)
Other receivables	(232,469)	198,260
Sales tax recoverable	(63,525)	(142,997)
	(2,008,376)	(3,354,500)
Increase / (decrease) in trade and other payables	559,170	(381,000)
	3,308,840	21,101

## 9. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise of associated undertakings and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties are as follows:

Relationship with the Company	Nature of transaction	Un-audited Nine Months Ended		Un-audited Quarter Ended	
		30 September 2020 (Rupees in thousand)	2019	30 September 2020 (Rupees in thousand)	2019
Associated undertakings	Insurance premium	693,280	639,083	325,264	304,788
	Flying Services	69,808	57,739	28,308	20,909
	Dividend paid	250,773	300,928	250,773	-
	Insurance Claim	769	494	349	(31)
	Rent Expense	4,709	4,709	1,570	1,570
	Purchase of stores	126	168	126	23
	Interest charged	44,047	123,331	7,794	49,318
	Loan made	4,286,000	3,044,962	800,000	-
	Loan recovered	4,145,085	3,235,876	499,999	1,024,395
	Interest paid	-	1,346	-	303
	Loan obtained	-	314,308	-	-
	Loan repaid	-	314,308	-	-
Key management personnel	Boarding and lodging	-	173	-	140
	Remuneration	17,280	20,643	5,048	4,773
Staff retirement benefits plans	Contribution to provident fund	11,486	12,433	3,628	3,934
	Contribution to gratuity fund	10,801	11,502	3,600	3,834

	Un-audited 30 September 2020 (Rupees in thousand)	Audited 31 December 2019
<b>Period end balances:</b>		
Short term loan receivable from associated company	650,000	1,009,086
Accrued interest on loan to associated company	3,193	12,506

## 10. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

### (i) Fair value hierarchy

Certain financial assets and financial liabilities are not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts. Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these condensed interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company classify its financial instruments into the following three levels. However, as at the reporting date, the Company has no such type of financial instruments which are required to be grouped into these levels. These levels are explained as under:

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

## 11. IMPACT OF COVID-19

On 11 March 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe. Many governments are taking increasingly stringent steps to help curtail the spread of virus. There is a significant increase in economic uncertainty. The Company has a PPA with its sole customer, CPPA-G for 30 years which commenced from 01 February 1998. Further, under the provisions of PPA, all receivables from CPPA-G are backed by sovereign guarantee of Government of Pakistan. Consequently, there is no impact on recognition and measurement of assets and liabilities. Due to the uncertainty of the outcome of the event, the Company cannot reasonably estimate the impact these events will have on the Company's financial position, results of operations or cashflow in the future.

## 12. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2019.

### 13. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company at their meeting held on 26 October 2020 has proposed cash dividend of Rupees 1 per share (i.e. 10%). However, this event has been considered as a non-adjusting event under International Accounting Standard (IAS) 10 "Events after the Reporting Period" and has not been recognized in this condensed interim financial information.

### 14. CORRESPONDING FIGURES

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

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

### 15. DATE OF AUTHORISATION FOR ISSUE

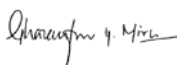
This condensed interim financial information was approved by the Board of Directors of the Company and authorized for issue on 26 October 2020.

### 16. GENERAL

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

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N I S H A T

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