

Annual Report 2023

KOT ADDU POWER COMPANY LIMITED



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405245.50
639807.00
348029.00
405245.50
639807.00

KEY FIGURES



Operating Profit

Rs. **13,072** Million



Turnover

Rs. **25,435** Million



Profit after Tax

Rs. **3,959** Million



Earnings per Share

Rs. **4.50**

COMPANY INFORMATION

Board of Directors

Lt. General (Retd) Sajjad Ghani
(Chairman)

Mr. Aftab Mahmood Butt
(Chief Executive)

Mr. Aqeel Ahmed Nasir

Mr. Hafiz Muhammad Yousaf

Mr. Saad Iqbal

Mr. Naveed Asghar Chaudhry

Mr. Jamil Akhtar

Ms. Mahwish Humayun Khan

Audit Committee

Mr. Hafiz Muhammad Yousaf
(Chairman)

Mr. Saad Iqbal

Mr. Naveed Asghar Chaudhry

Mr. Jamil Akhtar

HR Committee

Mr. Aqeel Ahmed Nasir
(Chairman)

Mr. Aftab Mahmood Butt

Mr. Jamil Akhtar

Ms. Mahwish Humayun Khan

Investment Committee

Mr. Hafiz Muhammad Yousaf
(Chairman)

Mr. Saad Iqbal

Mr. Naveed Asghar Chaudhry

Mr. Jamil Akhtar

GM Finance / CFO

Mr. Muhammad Rabnawaz Anjum

Company Secretary / Head Legal Counsel

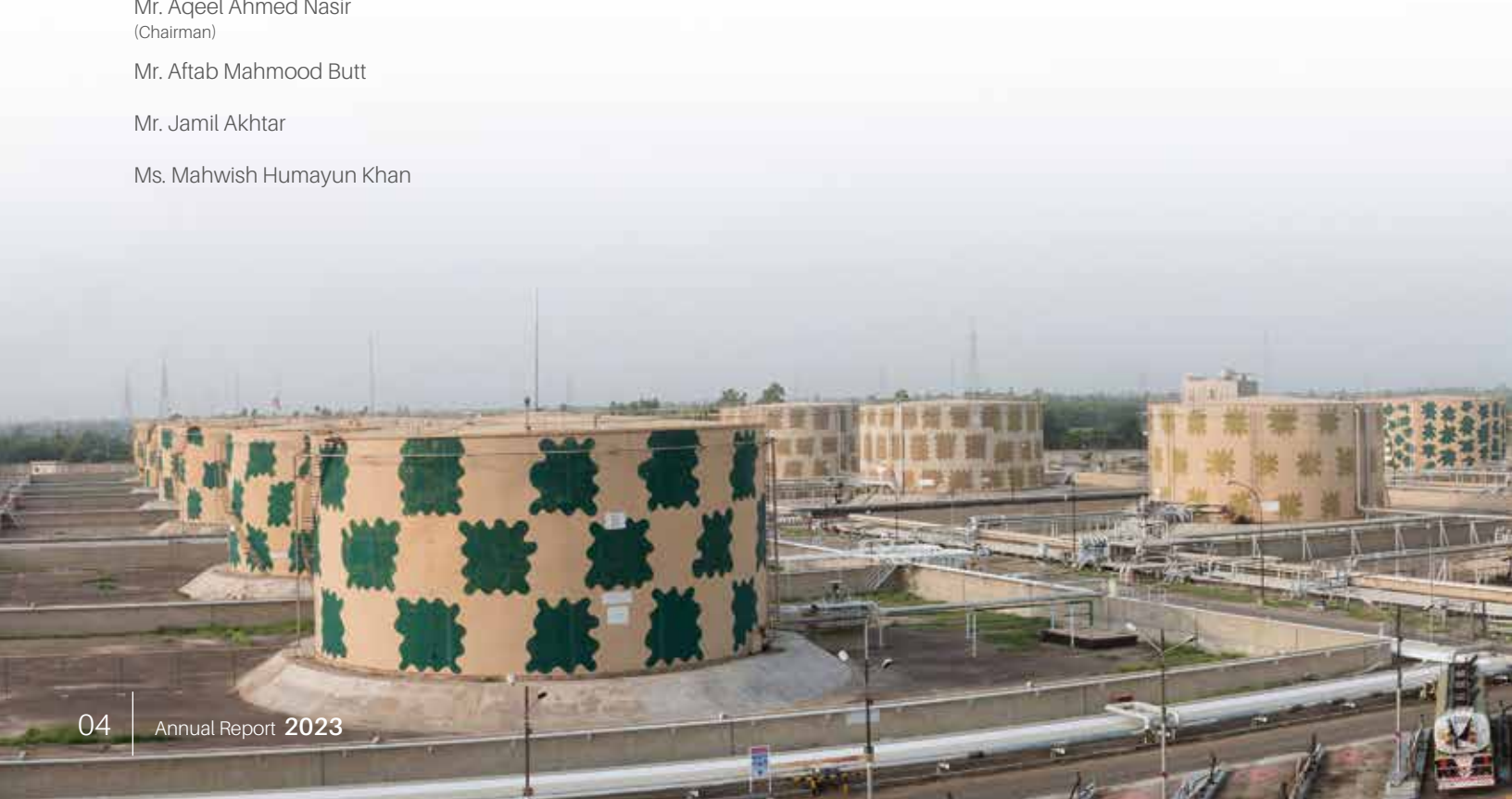
Mr. A. Anthony Rath

Head of Internal Audit

Mr. Sikandar Usmani

Auditors

A.F. Ferguson & Co.
Chartered Accountants



Legal Advisor

Cornelius, Lane & Mufti

Banks

Conventional

Askari Bank Limited
Bank Al-Habib Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
National Bank of Pakistan
United Bank Limited

Islamic

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

Share Registrar

THK Associates (Private) Limited
Plot No. 32-C, Jami Commercial
Street 2, DHA, Phase-VII
Karachi 75500, 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

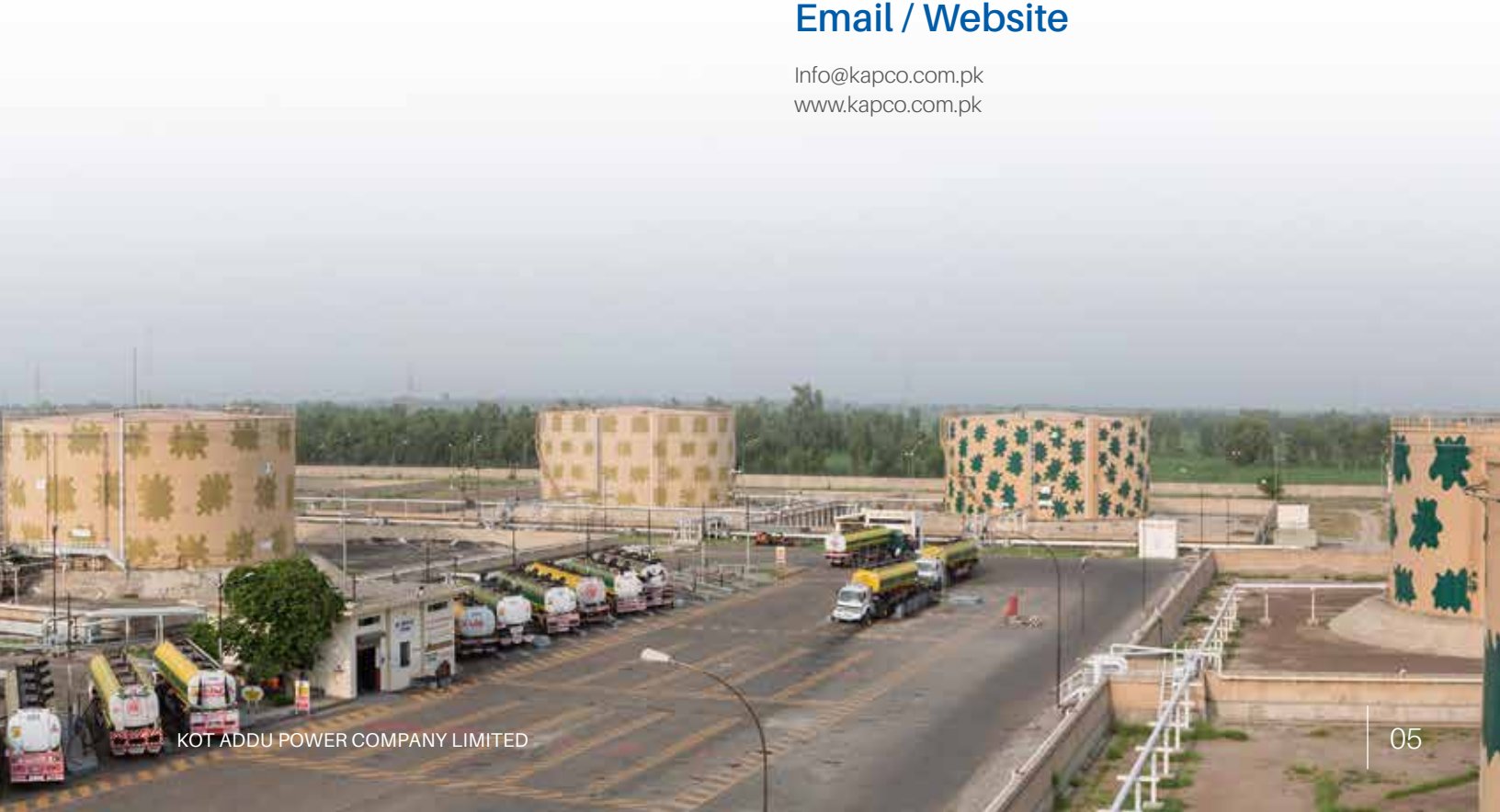
5 B/3, Gulberg III
Lahore 54660, Pakistan
Tel: +92 (0)42 3577 2912-6
Fax: +92 (0)42 3577 2922

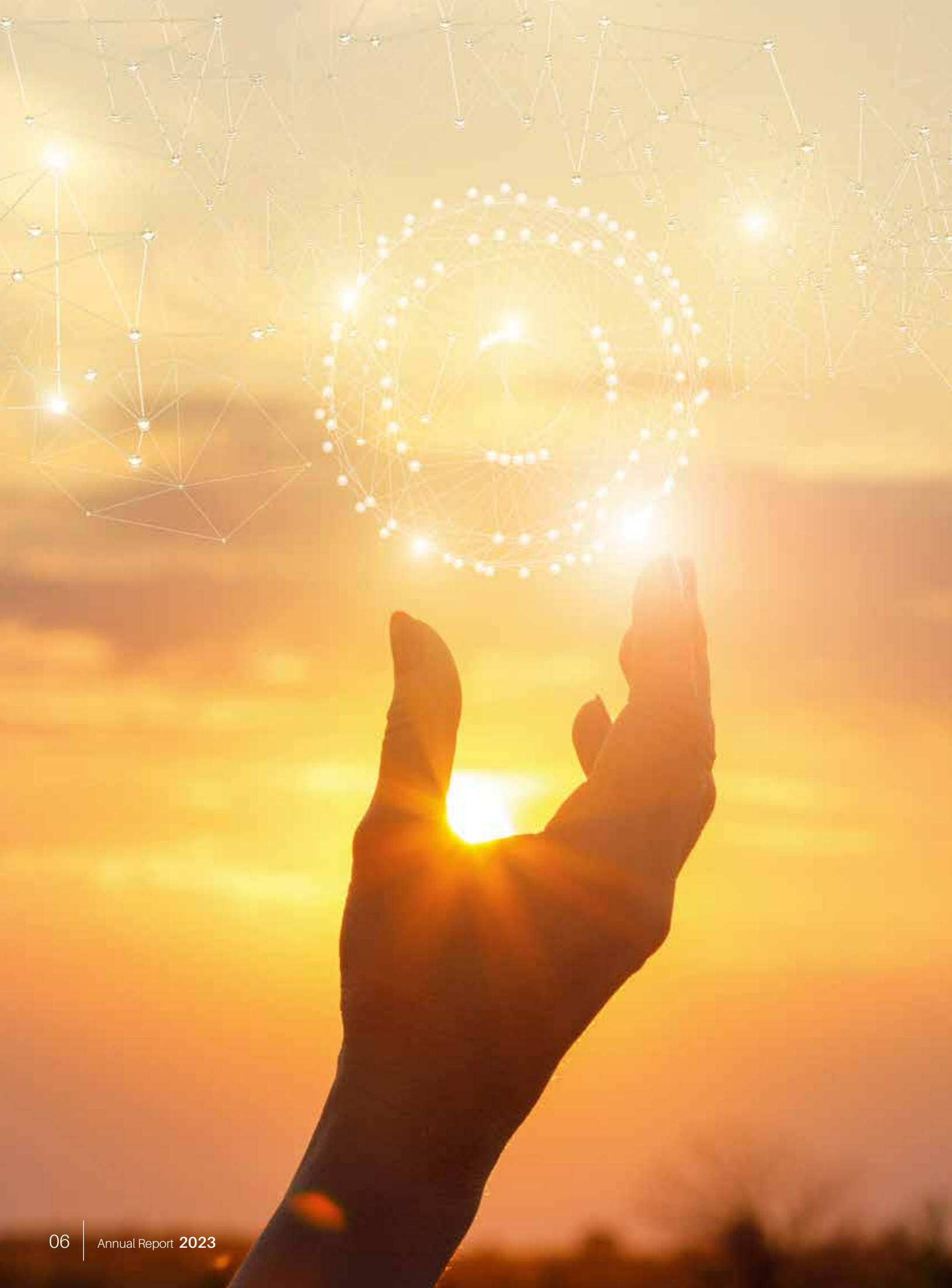
Power Project

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

Email / Website

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 27TH ANNUAL GENERAL MEETING

Notice is hereby given that the 27th Annual General Meeting of Kot Addu Power Company Limited (“Company”) will be held at the Islamabad Serena Hotel, Khayban-e-Suhrawardy, Islamabad and through video link (as requested) on Tuesday, October 24, 2023 at 10.00 a.m. to transact the following business:

Ordinary Business

1. To confirm the Minutes of the 26th Annual General Meeting of the Company held on October 27, 2022.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2023 together with Directors’ and Auditor’s Reports thereon.
3. To approve the final cash dividend of Rs. 5.00 per share, that is, 50% for the year ended June 30, 2023 as recommended by the Board of Directors. This is in addition to the interim dividend of Rs. 3.50 per share, that is, 35% already paid making a total cash dividend of Rs. 8.50 per share, that is, 85% during the year.
4. To appoint Auditors and fix their remuneration for the year ending June 30, 2024. The present Auditors, Messrs. A. F. Ferguson & Co., Chartered Accountants being eligible, offer themselves for reappointment.

Special Business

5. To approve the circulation of the Annual Audited Financial Statements to the members through QR enabled code and web-link by passing the following ordinary resolutions proposed in the statement of material facts:

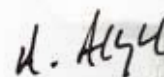
RESOLVED that approval of the members of Kot Addu Power Company Limited (the “Company”) be and is hereby accorded and the Company be and is hereby authorized to circulate the Annual Audited Financial Statements of the Company together with the reports and documents required to be annexed thereto under the Companies Act, 2017 through QR enabled code and web-link instead of circulation through CD/DVD/USB.

FURTHER RESOLVED that the Chief Executive and the Company Secretary be and is/are hereby singly and/or jointly empowered and authorized to do all acts, deeds and things, take or cause to be taken all necessary actions for the purposes of implementing the QR enabled code.

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

Lahore
September 6, 2023

By Order of the Board



A. Anthony Rath
Company Secretary

Notes:

Closure of Share Transfer Books

1. The share transfer books of the Company will remain closed from October 18, 2023 to October 24, 2023 (both days inclusive). Transfers received in order at the office of the Company's Share Registrar, THK Associates (Private) Limited at the close of business on October 17, 2023 will be treated in time for the purposes of payment of the final cash dividend (subject to approval of the members) and to attend and vote at the Meeting.

Appointment of Proxy

1. 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.
2. 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 Share Registrar, THK Associates (Private) Limited not later than (48) forty-eight hours before the time of holding the Meeting.
3. Form of Proxy is herewith enclosed.

CDC Account Holders

4. CDC account holders are in addition are required to follow the guidelines of Circular No.1 dated January 26, 2000 of the SECP 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 CNIC or original passport at the time of attending the Meeting. Members are also required to bring their Participants' I.D. Number and Account Numbers in CDS.
 - (ii) In case of a corporate entity: Board of Directors Resolution / Power of Attorney with specimen signature of nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

5. Procedure for E-Voting

- a. In accordance with the Companies (Postal Ballot) Regulation, 2018, (the "Regulations") the right to vote through electronic voting facility and voting by post shall be provided to members of every listed company for, inter alia, all businesses classified as special business under the Companies Act, 2017 in the manner and subject to conditions contained in the Regulations.
- b. Detail of E-Voting facility will be shared through e-mail with those members of the Company who have valid cell numbers / e-mail addresses (Registered e-mail ID)

available in the Register of members of the Company by the end of business on October 17, 2023. Members who intend to exercise their right of vote through E-Voting shall provide their valid cell numbers and email addresses no later than October 17, 2023.

- c. Identity of the members intending to cast vote through E-Voting shall be authenticated through electronic signature or authentication for login.
- d. Members shall cast vote for Agenda Item No. 5 online from October 21, 2023 till October 23, 2023 before 5:00 p.m. Voting shall close on October 23, 2023 at 5:00 p.m. A vote once cast by a member shall not be allowed to be changed.

6. Procedure for Voting Through Postal Ballot

- a. Members may alternatively opt for voting through Postal Ballot. For convenience of the members, Ballot Paper is annexed to this notice and the same is also available for downloading on the Company’s website (www.kapco.com.pk).
- b. Members must ensure that a duly filled and signed Ballot Paper alongwith a copy of Computerized National Identity Card (CNIC) should reach the Chairman of the meeting through post at the Company’s address, 5-B/3, Gulberg-III, Lahore-54660 or email at chairman@kapco.com.pk one day before the AGM, that is, on October 23, 2023 before 5:00 p.m. A postal ballot received after this time / date shall not be considered for voting. The signature on the Ballot Paper shall match with signature on the CNIC.

7. Video Conference Facility and Attendance

To attend the meeting virtually, a member is required to send an email to general.meetings@kapco.com.pk with email address, name, folio number, CNIC and number of shares held in his/her name with subject “Registration for 27th AGM of KAPCO”. A video link to join the meeting will be shared with members whose emails, containing all the required particulars, are received not later than 48 (forty-eight) hours before the time of the meeting.

8. Change of Address

Members are requested to immediately notify change of address to the Company’s Share Registrar at the following address:

THK Associates (Private) Limited
 KAPCO Share Registrar
 Plot No. 32-C, Jami Commercial Street 2
 Phase VII, DHA
 Karachi, 75500, Pakistan

Consent for Video Conferencing Facility

Members can also avail video conferencing facility in [name of cities where facility can be provided keeping in view geographical dispersal of member]. In this regard please fill the following and submit to the Company’s Corporate Office at 5-B/3, Gulberg III, Lahore 54660 at least 10 days before the date of the AGM, that is October 13, 2023.

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 conferencing at least 10 days prior to date of the AGM, 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 conferencing 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 conferencing facility at _____.

Signature of member

Statement Under Section 134(3) of the Companies Act, 2017 Concerning the Special Business to be Transacted at the Annual General Meeting

This statement sets out the material facts concerning the Special Business to be transacted at the Annual General Meeting of the Company to be held on October 24, 2023.

Item No. 5 of the Agenda - To approve the circulation of the Annual Audited Financial statements to the members through QR enabled code and web-link by passing an ordinary resolution proposed in the statement of material facts.

The Securities and Exchange Commission of Pakistan ("SECP") vide SRO 389(1)/2023 dated March 21, 2023 has allowed the listed companies to circulate the Annual Audited Financial Statements including Annual Balance Sheet and Profit and Loss Account, Auditor's Report and Directors Report, etc. ("Annual Audited Financial Statements") to its members through QR enabled code and web-link. This will enable the Company to use of technological advancements and cost savings.

The Company shall circulate the Annual Audited Financial Statements through email in case email address has been provided by a member to the Company and the consent of member to receive the copies through email is not required.

The Company shall send the complete financial statements with relevant documents in hard copy to the members, at their registered addresses, free of cost, within one week, if a request is made by the member on the standard request form available on the Company's website (www.kapco.com.pk).

None of the Directors have any interest, directly or indirectly, in the aforesaid special business.

Important Notes to the Members

CNIC Copy

1. Members are requested to submit a copy of their valid CNIC (only physical members), if not already provided to the Share Registrar of the Company. Corporate account holders should submit National Tax Number, if not yet submitted. In case of non-submission of CNIC/NTN Certificate (copy), all future dividends will be withheld till provision of these documents.

E-Dividend (Mandatory)

2. In accordance with the provisions of Section 242 of the Companies Act, 2017 and E Dividend Regulations of the SECP through S.R.O. 1145(1)/2017 dated November

6, 2017, it is mandatory for the Company to pay cash dividend to the members only through electronic mode directly into the bank account designated by the Member.

In order to receive dividends directly into bank accounts, members are requested to fill in Dividend Mandate Request Form available at Company's website www.kapco.com.pk and to send the same duly signed alongwith copy of CNIC to the Company's Share Registrar, in case of physical shares. In case the shares are held on the CDS, the Form required to be submitted directly to the Member's broker/participant/CDC Account Services.

In case of non-compliance, the Company will be constrained to withhold payment of dividend to such Member.

Unclaimed Dividend

3. The Company has previously discharged its responsibility under Section 244 of the Companies Act, 2017 whereby the Company approached such members to claim their unclaimed dividend in accordance with the law.

Members, whose dividends are still unclaimed, are hereby once again advised to approach the Company to claim their outstanding dividend amounts. An updated list of unclaimed dividend is available on the Company's website www.kapco.com.pk.

Centralized Cash Dividend Register (CCDR)

4. Central Depository Company ("CDC") has developed Centralized Cash Dividend Register ("CCDR"), an eServices web portal which would incorporate details pertaining to cash dividends paid, unpaid or withheld by listed companies. The CCDR will help to maintain history of dividends paid to members by listed companies and access of all such information will be provided to the respective members. The web portal will facilitate members of listed companies in retrieving details of cash dividends from the centralized register and using the same for their record purposes.

You may access CCDR via <https://eservices.cdcaccess.com.pk>. In addition, the Dividend/Zakat & Tax Deduction Report can also be obtained directly from your Participant (stock broker) which has been provided to them on their CDS terminals.

Conversion of Physical Shares into CDS

- In compliance with the requirements of Section 72 of the Companies Act, every existing listed company is required to replace his/her physical shares with book-entry form in a manner as may be specified and from the date notified by the SECP, within a period not exceeding four years from the commencement of the Companies Act, that is, May 30, 2017.

Members having physical share certificates are requested to convert their shares from physical form into book entry form as early as possible. It would facilitate the members in many ways including safe custody of shares, no loss of shares, avoidance of formalities required for issuance of duplicate shares and readily available for sale and purchase in open market at better rates.

Deduction of Income Tax from Dividend under Section 150

- The Government of Pakistan through Finance Act, 2019 made certain amendments to Section 150 of the Income Tax Ordinance, 2001 whereby different rates have been prescribed for deduction of withholding tax on the amount of dividend paid by the companies in the following manner:

For Active tax payers	15%
For non-active taxpayers	30%

Active tax payers should ensure that their names duly appear on the Active Tax Payers List (ATPL) of the Federal Board of Revenue (FBR). You may visit the FBR website for assistance. Should the name of a member be absent on the ATPL, the Company will be constrained to deduct tax at 30% notwithstanding that such member may be an income tax filer.

In case of joint accounts, FBR has clarified that withholding tax will be determined separately on 'Active/ Non-Active' status of principal members as well as joint-holder(s) based on their shareholding proportions. Members holding shares jointly are advised to provide shareholding proportions of principal member and joint-holder(s) in respect of shares held by them, if not already provided, at the earliest to the Share Registrar on the

following format, otherwise it will be assumed that share are held in equal proportion:

Company Name	Folio/CDS Accounts Number	Total Shares	Principal Shareholder		Joint Shareholders	
			Name & CNIC	Shareholding proportions (No. of Shares)	Name & CNIC	Shareholding proportions (No. of Shares)

In another clarification by FBR, valid tax exemption certificate for claim of exemption under section 150, 151 and 233 of the Income Tax Ordinance, 2001 is required where statutory exemption under clause 47B of Part-IV of the Second Schedule is available. Such certificate U/S 159(1) of the Income Tax Ordinance, 2001 issued by concerned Commissioner of Inland Revenue is to be produced to avail tax exemption.

Corporate Members having CDC accounts are required to provide their National Tax Number (NTN) to their participants. Corporate physical Members should send a copy of their NTN certificate to the Share Registrar. Members while sending NTN or NTN certificates, as the case may be, must quote company name and their respective Folio Numbers.

Circulation of Annual Audited Financial Statements via CD/USB/DVD

- Annual Financial Statements of the Company for the financial year ended June 30, 2023 have been placed on the Company's website (www.kapco.com.pk).

SECP vide its SRO No.470(1)/2016 dated May 31, 2016 has allowed companies to circulate Annual Audited Financial Statements along with notice of general meeting to its Members through CD/DVD/USB at their registered addresses.

Notwithstanding the above, the Company will provide hard copies of the Annual Report, 2023, to any Member on their request at their registered address within one (1) week of receiving such request.

Kot Addu Power Company Limited

5-B/3, GULBERG III, LAHORE-54660

Ballot Paper For Voting Through Post

(In person and virtual 27th Annual General Meeting to be held at 10:00 a.m. on Tuesday, October 24, 2023)

Designated email address of the Chairman at which the duly filled in ballot paper may be sent is chairman@kapco.com.pk

Name of member/ joint members	
Registered Address	
Number of Shares held (as of October 17, 2023) and Folio No.	
CNIC No./Passport No. (in case of foreigner) (Copy to be attached)	
Additional information and enclosures (In case of representative of body corporate, Corporation and Federal Government)	

I/we hereby exercise my/our vote in respect of the following resolution through postal ballot by conveying my/our assent or dissent to the following resolution by picking tick (✓) mark in the appropriate box below:

Sr. No.	Name and Description of Resolutions	I/We assent to the resolution (FOR)	I/We dissent to the resolution (AGAINST)
1	<p>RESOLVED that approval of the members of Kot Addu Power Company Limited (the "Company") be and is hereby accorded and the Company be and is hereby authorized to circulate the Annual Audited Financial Statements of the Company together with the reports and documents required to be annexed thereto under the Companies Act, 2017 through QR enabled code and web-link instead of circulation through CD/DVD/USB.</p> <p>FURTHER RESOLVED that the Chief Executive and the Company Secretary be and is/are hereby singly and/or jointly empowered and authorized to do all acts, deeds and things, take or cause to be taken all necessary actions for the purposes of implementing the QR enabled code.</p>		

Signature of Member(s)

Date:

Place:

Notes / Procedure for Submission of Ballot Paper:

1. Duly filled and signed original postal ballot should be sent to the Chairman, Kot Addu Power Company Limited, 5-B/3, Gulberg-III, Lahore or a scanned copy of the original postal ballot to be emailed at: chairman@kapco.com.pk.
2. Copy of CNIC/Passport (in case of foreigner) should be enclosed with the postal ballot form.
3. Postal Ballot forms should reach the Chairman of the meeting on or before October 23, 2023 by 5.30 p.m. Any Postal Ballot received after this date, will not be considered for voting.
4. Signature on Postal Ballot should match the signature on CNIC/Passport (in case of foreigner).
5. Incomplete, unsigned, in correct, defaced, torn, mutilated, over written ballot papers will be rejected.
6. In case of representative of body corporate and corporation, Postal Ballot must be accompanied with copy of CNIC of authorized person, along with a duly attested copy of Board Resolution, Power of Attorney, or Authorization Letter in accordance with Section(s) 138 or 139 of the Companies Act 2017, as applicable, unless these have already been submitted along with Proxy Form. In case of foreign body corporate etc. all documents must be attested from the Pakistani Embassy having jurisdiction over the member.
7. Ballot paper has also been placed on the Company's website of the Company (www.kapco.com.pk). Members may download the ballot paper form the website or use original/photocopy published in newspapers.

BOARD OF DIRECTORS



Lt. General (Retd.) Sajjad Ghani | Chairman

Lt General (Retd.) Sajjad Ghani was appointed a Director, and was elected Chairman Board of Directors, on August 17, 2022. He is also the Chairman of the Pakistan Water and Power Development Authority (WAPDA). General Ghani is a professional engineer and retired soldier, who has pursued two parallel career streams for over last four decades. He obtained Bachelor of Engineering Degree from Military College of Engineering in 1984. He was awarded Master's Degree in Civil Engineering from the University of Engineering and Technology, Lahore in 1990. He has served Commander of Corps Engineers and Quarter Master General Pakistan Army where numerous mega construction projects were executed under his supervision.

General Ghani belongs to Corps of Engineers, commissioned in 1978. He has commanded Infantry Brigade and Infantry Division during Swat Operations. He has been Vice Chief of General Staff at GHQ. He has also commanded Corps at Karachi. General Ghani is also a Director on the board of the Private Power & Infrastructure Board, Ghulam Ishaq Khan Institute of Engineering Science & Technology, Pakistan Cricket Board, Neelum Jhelum Hydropower Company & Diamer Basha Dam Company.



Mr. Aftab Mahmood Butt | Chief Executive

Mr. Aftab Mahmood Butt has been the 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 20 years experience in the corporate and finance sector in senior management positions. Mr. Butt previously served 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 more than 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 United Executor and Trustee Limited (a wholly owned subsidiary of UBL). 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 a Director since June, 2019. Mr. Yousaf is a highly qualified professional having diversified qualifications from the renowned Institutions of Pakistan, USA, and Canada. He is a Fellow Member of the Institute of Chartered Accountants of Pakistan (ICAP), Fellow Member of American Institute of Certified Public Accountants (AICPA) and Member of Canadian Institute of Chartered Professional Accountants (CICPA) besides being member of many other renowned international professional institutions.

Mr. Yousaf possesses over three decades of diversified post qualification experience as a Chartered Accountant, (including two decades at a Big 4 accounting firm as Partner/Country Leader Consulting). His core areas of specialization are corporate finance and restructuring, corporate compliance and regulations, governance and oversight, assurance, consulting and financial advisory services. He has handled, directed and managed a wide variety of complex professional assignments for private and public sectors, national and international entities.

Mr. Yousaf has the honor of serving the council of ICAP for eight years (2009-17) in various leadership positions including being its President for 2015-16 term and represented Pakistan on various prestigious international forums including International Federation of Accountants (IFAC), International Accounting Standard Board (IASB), Asian Oceania Standards Setters Group (AOSSG), CA Worldwide (CAW) and South Asian Federation of Accountants for many years on different meetings and conferences. He has also served on the Boards of State Bank of Pakistan (SBP), and Securities and Exchange Commission of Pakistan (SECP) including chairing their Audit and Oversight Committees respectively besides being part of many other important committees of the Boards. Currently he is also a Board Member of SAMBA Bank Limited, Pakistan Security Printing Corporation and Security Papers Limited.



Mr. Naveed Asghar Chaudhary | Director

Mr. Naveed Asghar Chaudhary has been a Director since February, 2020. He was a Fulbright Scholar and has done his MS in Finance and MA in Economics from Georgia State University, USA and an MBA from Australian National University. In addition, he has a BS in Electrical Engineering from University of Engineering & Technology Lahore. He belongs to the Pakistan Audit & Accounts Service and possesses more than 18 years of professional working experience. During his career he has served at senior positions including Director of a Department of the Auditor General of Pakistan, Economic Specialist at US Consulate General Karachi and Directing Staff at Civil Services Academy, Lahore.

He is a Member Finance of the Pakistan Water and Power Development Authority (WAPDA). Mr. Asghar is also a Director on the Board of Directors of Neelum Jhelum Hydropower Company Limited and Diamer Basha Dam Company. He is Member of American Economic Association, member of American Finance Association and Member of Pakistan Engineering Council.



Mr. Saad Iqbal | Director

Mr. Saad Iqbal has been a Director since November, 2016. Mr. 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 Storage and Services (Private) Limited, Metro Wind Power Limited, Filters Pakistan (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 Power Company Limited, Metro Storage and Services (Private) Limited, Tariq Glass Industries Limited, Gul Ahmed CBMC Glass Company Limited, Agha Steel Industries Limited, Xloop Digital Services (Private) Limited and HUB Power Company Limited.



Mr. Jamil Akhtar | Director

Mr. Jamil Akhtar has been a Director since April, 2021. He is Member Power of the Pakistan Water and Power Development Authority (WAPDA). Mr. Akhtar has 35 years' experience in operation, maintenance of hydel power stations of WAPDA and other power plants, procurement and contract management, rehabilitation of old hydro power plants, negotiation with International donor agencies for project funding. He is also responsible for administrative, technical, financial, audit management and coordination with various Ministries for Rehabilitation and Development Projects.

Mr. Akhtar is a B.Sc. Engineering (Electrical) and registered with the Pakistan Engineering Council (PEC). He has also attended various trainings/short courses in Pakistan and abroad. He is also a Member on the Board of Directors of Neelum Jhelum Hydropower Company and Diamer Basha Dam Company.



Ms. Mahwish Humayun Khan | Director

Ms. Mahwish Humayun Khan has been a Director since October, 2021. She is a Fulbright Scholar and has done her Master in International Political Economy and Development from Fordham University, New York, USA. She also has Master degree in Business Administration major in Finance from NUST Business School, Islamabad.

Ms. Khan has over nine years of communications experience in strategic communications, developing knowledge products, content management, stakeholder engagement, advising on communication tools for projects and digital media management. Strong and demonstrated interest in economic empowerment, global health, climate and urbanization, and the Sustainable Development Goals.

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 “do the right thing”.

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.
- 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.

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.

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 employee's 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

(The Company's Power Purchase Agreement expired on October 24, 2022. Therefore, the Operational Highlights have been calculated till October 24, 2022.)





Cumulative Load Factor

15.7%



Commercial Availability

96.7%



Electricity Sold

(Inclusive of Blackout Generation)

588 GWh



Thermal Efficiency

42.3%

WHISTLE BLOWING 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, Seven (7) meetings of the Audit Committee were held. Attendance of meetings is as follows:

Name of Director	No. of Meetings Attended
Mr. Hafiz Muhammad Yousaf	7
Mr. Naveed Asghar Chaudhry ¹	2
Mr. Saad Iqbal	7
Mr. Jamil Akhtar	7

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:

- determination of appropriate measures to safeguard the Company's assets;
- review of preliminary announcements of results prior to publication;
- review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors;
- 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);
- Review of the Management Letter issued by the External Auditors and Management's response thereto;
- Ensuring coordination between the Internal Auditors and External Auditors of the Company;
- 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;
- Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- 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;
- Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
- Determination of compliance with relevant statutory requirements;
- Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
- Consideration of any other issue or matter on its own or as may be assigned by the Board of Directors.

HR Committee

During the year, two (2) meetings of the HR Committee were held. Attendance of meetings is as follows:

Name of Director	No. of Meetings Attended
Mr. Aqeel Ahmed Nasir	2
Mr. Aftab Mahmood Butt	2
Ms. Mahwish Humayun Khan	2
Mr. Jamil Akhtar	2

¹ Mr. Naveed Asghar Chaudhry appointed Member on February 22, 2023.

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) including Chief Financial Officer 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.

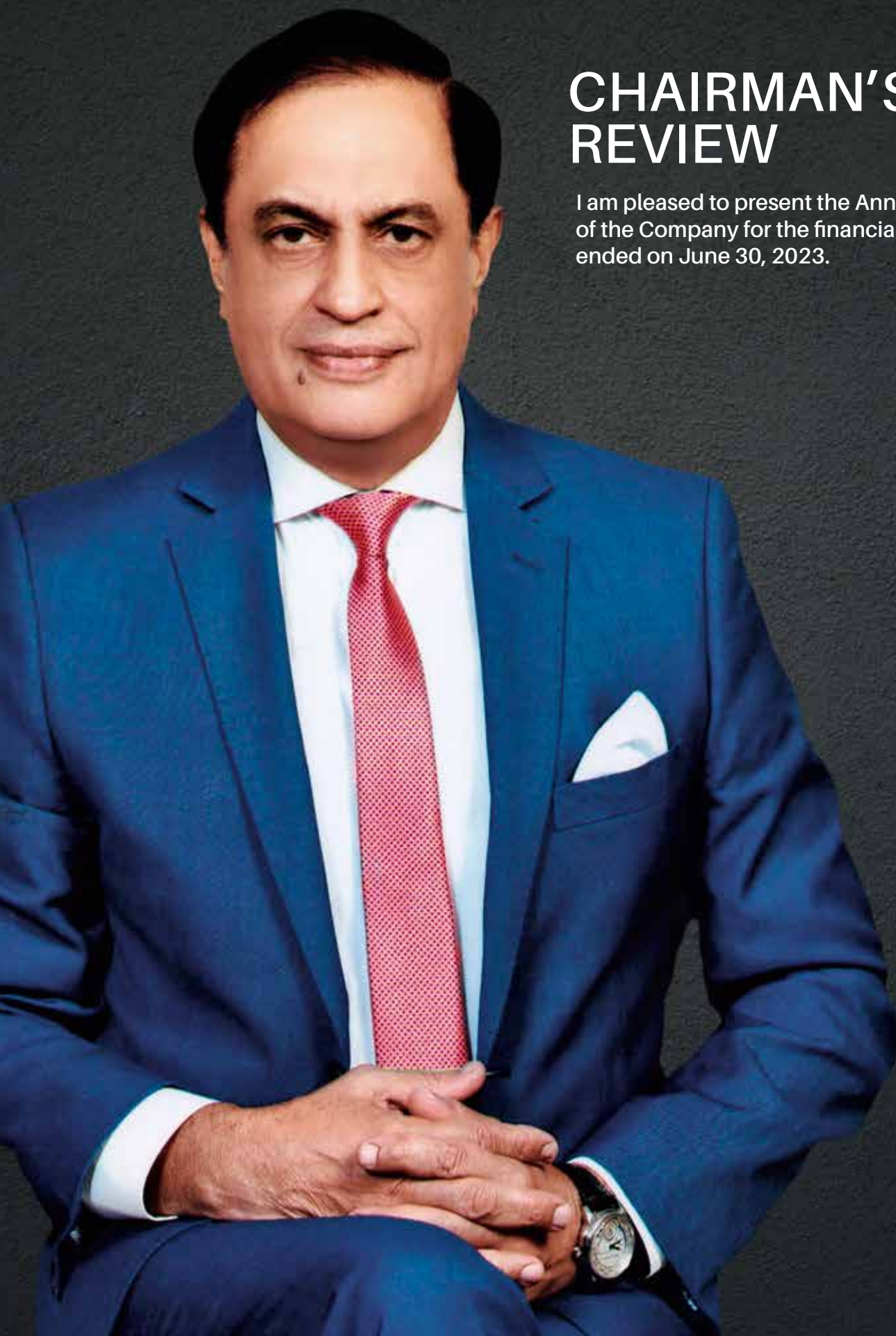
Investment Committee

The Investment Committee is a committee constituted by the Board of Directors ("BoD") to assist and guide in expanding, diversifying and effective management of the business portfolio for the Company and to prepare a workable financial model for renewal/extension of the Company's Power Purchase Agreement ("PPA") and to evaluate and implement any approved investment schemes.

During the year, six (6) meetings of the Investment Committee were held. Attendance of meetings is as follows:

Name of Director	No. of Meetings Attended
Mr. Hafiz Muhammad Yousaf	6
Mr. Saad Iqbal	5
Mr. Jamil Akhtar	6
Mr. Naveed Asghar Chaudry ²	5

² Mr. Naveed Asghar Chaudry appointed Member on October 25, 2022.



CHAIRMAN'S REVIEW

I am pleased to present the Annual Report of the Company for the financial year ended on June 30, 2023.

On account of the expiry of Power Purchase Agreement (PPA) dated June 27, 1996 (as amended), which expired on October 24, 2022, the turnover for the year was limited to Rs. 25,435 Million (cost of sales were at Rs. 26,004 Million). As a result, the Company suffered a gross loss of Rs. 569 Million (compared to gross profit of Rs. 8,532 Million during the preceding year). The primary reason for this gross loss is the continued classification of fixed expenses including plant insurance in cost of sales. Furthermore, the Statement of profit or loss was charged with items such as (i) power plant insurance cost (ii) contributions under the law to the Workers' Profit Participation Fund (WPPF) and Workers' Welfare Fund (WWF) and (iii) income tax differential, which were previously treated as pass through items under the PPA. The operating profit for the year is Rs. 13,072 Million; and profit before tax is Rs. 6,819 Million. Due to imposition of super tax by the Government of Pakistan, the effective tax rate for the year is 42%, which resulted in a tax provision of Rs. 2,861 Million. Therefore, profit after tax for the year is Rs. 3,959 Million, which gives earnings per share (EPS) of Rs. 4.50 of Rs. 10 each for the year.

The Company submitted a revised tariff petition before the National Electric Power Regulatory Authority (NEPRA) on March 8, 2023; and on August 4, 2023 NEPRA approved a Provisional Tariff for 500 MW capacity on 'Take and Pay' basis due to the Company's Power Plants inclusion in the Indicative Generation Capacity Expansion Plan (IGCEP) (2022-2031) till 2026. Notwithstanding acceptance of the Provisional Tariff, the Company has also filed a Motion for Leave for Review before NEPRA recording its reservations on the Provisional Tariff. Further, the Company also is engaged with the Power Purchaser, the Ministry of Energy (Power Division) and NEPRA for finalizing an interim energy purchase agreement.

The Board of Directors has constituted Board Committees, which function under approved terms of reference and, as appropriate, these Board Committees make recommendations to the Board of Directors.

The Directors skills include financial, engineering, banking, legal and management experience.

The Board of Directors has a formal mechanism for its annual evaluation and the evaluation of the Board of Directors' Committees. An assessment questionnaire covers attributes/ skill sets of professional experience, Company knowledge, industry knowledge, governance issues, specific competency, business judgment, strategic vision, attendance, meeting preparation, team player, active participation and overall contribution.

Company policies and procedures have been adopted and implemented to ensure compliance with applicable laws, regulations and best practices included under the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Companies Act, 2017.

Due to absence of operating / generation regime, which is essentially required, the certification with respect to Integrated Management Systems (ISO 9001: 2015 Quality Management Systems; ISO 45001: 2018 Occupational Health and Safety Management Systems; and ISO 14001: 2015 Environmental Management Systems) have been suspended (not withdrawn) for the time being. Once the Company enters into an energy purchase agreement, performance of annual surveillance audits will commence.

The Board of Directors continues to review different options for diversification of the Company's business. Options for acquisition of shareholding in greenfield and brownfield projects are being reviewed in conjunction with initiatives for growth in environmentally friendly renewable (solar and wind) projects.

Lt. General (Retd.) Sajjad Ghani

Chairman, Board of Directors

Lahore
September 6, 2023



DIRECTORS' REPORT

We are pleased to present the Directors' Report together with the Financial Statements (audited) for the year ended June 30, 2023.

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 /RLNG, furnace oil and high speed diesel) fired power plant at Kot Addu, Punjab.

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

Operational Highlights

Upto the date of expiry of the Power Purchase Agreement dated June 27, 1996 (as amended) (PPA) on October 24, 2022, the Company sold 588 GWh of electricity to the Central Power Purchasing Agency (Guarantee) Limited (Power Purchaser). Following the expiry of the PPA, the Power Plant was put into preservation mode in accordance with original equipment manufacturers recommendations and industry best practices.

On January 23, 2023, there was Country-wide blackout. The system operator, Power Purchaser and GoP requested the Company to provide emergency generation for system restoration notwithstanding the PPA Expiry. In the larger interest of the Country and to support the system, the black-start facility available at the Power Plant was energized to support and stabilize the system. The Company's support has re-emphasized the importance of the Power Plant for system requirements.

Financial Highlights

Due to PPA expiry (on October 24, 2022), the turnover for the year was limited to Rs. 25,435 Million (2022: Rs.136,600 Million); and the cost of sales stand at Rs. 26,004 Million (2022: Rs. 128,067 Million). This resulted in a gross loss of Rs. 569 Million (2022: gross profit of Rs. 8,532 Million). The primary reason for this gross loss is the continued classification of fixed expenses including plant insurance in cost of sales. Furthermore, the Statement of profit or loss was charged with items such as (i) power plant insurance cost (ii) contributions under the law to the Workers' Profit

Participation Fund (WPPF) and Workers' Welfare Fund (WWF) and (iii) income tax differential, which were pass through items under the PPA. In addition to this, human resource of the Company was retained following the expiry of the PPA, to enable the Company to become available following tariff approval from NEPRA and execution of an Energy Purchase Agreement (EPA) with the power purchaser and further to utilise human resource in any new business diversification(s) that the Company may embark upon. However, operating profit for the year remained at Rs. 13,072 Million (2022: Rs. 19,897 Million) and profit before tax is Rs. 6,819 Million (2022: Rs. 15,524 Million).

Due to increase in super tax by the Government of Pakistan, the effective tax rate for the year is 42% (2022: 36%) which resulted in a tax provision for the year of Rs. 2,861 Million (2022: Rs. 5,630 Million). Therefore, profit after tax for the year is Rs. 3,959 Million (2022: Rs. 9,894 Million), which gives earnings per share (EPS) of Rs. 4.50 per share of Rs. 10 each (2022: Rs. 11.24 per share) for the year.

On June 30, 2023, the gross receivables from the Power Purchaser were Rs. 27,071 Million (2022: Rs. 62,504 Million), out of which Rs. 22,418 Million (2022: Rs. 47,465 Million) is overdue (for details refer to Note 20 to the Financial Statements). The Company is continuously following up the Power Purchaser for settlement of these receivables.

As on June 30, 2023, the Company does not have long-term debt obligations. The Company has utilised short term finances from different banks of Rs. 22,154 Million to meet working capital requirements.

Business Continuity – Provisional Tariff and PPA

The PPA of the Company was initially for a term of 25 years and was set to expire on June 26, 2021. However, following settlement of the liquidated damages dispute with the Power Purchaser, the term of the PPA was extended for 485 days. Hence, the PPA expired on October 24, 2022. The generation license of the Company was due for expiry on September 21, 2021 and was extended by the National Electric Power Regulatory Authority (NEPRA) for a period of three years from the date of its expiry.

The Company's Power Plant is critical to the system requirements of the National Transmission and Dispatch Company (NTDC), and so it has been included in the approved Indicative Generation Capacity Expansion Plan (IGCEP) (2022-2031) till 2026. Inter alia, on account of inclusion in approved IGCEP, the Company submitted a revised tariff petition before NEPRA on March 8, 2023; and on August 4, 2023, NEPRA approved a Provisional Tariff for 500 MW capacity on 'Take and Pay' basis. The Company is engaged with the Power Purchaser, the Ministry of Energy (Power Division) and NEPRA for finalising an interim power purchase agreement.

Notwithstanding that the Company has accepted the Provisional Tariff, in the best interest of the Shareholders; the Company has also filed review petition before NEPRA recording its reservations on the Provisional Tariff, which includes certain items allowed to other IPPs in their respective Tariffs and the Switchyard Facility of the Company, which may result in certain positive adjustments in the Final Tariff.

The Company's Auditors have highlighted the pending renewal/extension of PPA as material uncertainty in their Audit Report. However, they have not qualified their Report. Therefore, Financial Statements have been prepared on a going concern basis. For further details, kindly refer to Note 2.2 of the Financial Statements.

Diversification of Business

Opportunities for diversification of the Company's business are continually being reviewed in both greenfield and brownfield projects. Further, the Company is committed to cut costs spent on fossil fuels, lower emission levels that damage the environment; and to use renewable energy sources which do not deplete. Therefore, the Company will be seeking growth opportunities in renewable (solar and wind) energy projects.

Health, Safety & Environment

Due to the absence of operating / generation regime, which is essentially required, the certification with respect to Integrated Management Systems (ISO 9001: 2015 Quality Management Systems; ISO 45001: 2018 Occupational Health and Safety Management Systems; and ISO 14001: 2015 Environmental Management Systems) has been put on hold for the time being. Once the Company enters into an EPA, performance of annual surveillance audits will commence.

Social Action Programme

The Company's CSR initiatives include the following:

- Furniture was donated to four institutions which included, Government Primary School, Hayat Wala, Tehsil Kot Addu, Asifa Irfan Inclusive Education Center Muneer Abad Mehmood Kot, Jibraan Khalid Inclusive Education & Research Center Muneer Abad Mehmood Kot and Al Jannat Physiotherapy, Occupational Therapy Center & Play and Educational Room for Special Children Kot Addu.

Directors' Remuneration

Non-executive Directors and the Independent Directors are entitled to a Directors' fee for meetings attended. For further details refer to Note 31 of the Financial Statements.

Board of Directors Composition

The Board of Directors as at June 30, 2023 consists of:

Total number of Directors:	
a) Male	7
b) Female	1

Composition	
i) Independents Directors	4
ii) Non-executive Directors	3
iii) Executive Director	1
iv) Female Director	1

The names of the Directors as at June 30, 2023 are as follows:

1. Lt. General (Retd) Sajjad Ghani – Chairman
2. Mr. Aftab Mahmood Butt – Chief Executive
3. Mr. Aqeel Ahmed Nasir
4. Mr. Hafiz Muhammad Yousaf
5. Mr. Saad Iqbal
6. Mr. Naveed Asghar Chaudhry
7. Mr. Jamil Akhtar
8. Ms. Mahwish Humayun Khan

Adequacy of Internal Financial Controls

The Directors confirm compliance with the standards of the Code of Corporate Governance; and that internal controls are sound in design and have been effectively implemented and are monitored.

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 therefrom have been adequately disclosed and explained.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) Key operating and financial data for the last six years is annexed.
- g) The pattern of shareholding as at June 30, 2023 is annexed.
- h) Except as disclosed in the pattern of shareholding, the Directors, 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.
- i) The value of investments of Pension Fund and Provident Fund as at June 30, 2022 (audited) is as follows:

	Rs. in Million
Pension Fund	3,741.00
Provident Fund	953.00

- j) Information about outstanding taxes and levies is given in the Notes to the Financial Statements.
- k) During the year, nine (9) meetings of the Board of Directors were held, attendance of these meetings is as follows:

Name of Director	No. of Meetings Attended
Lt. General (Retd.) Sajjad Ghani	9
Mr. Aftab Mahmood Butt	9
Mr. Aqeel Ahmed Nasir	7
Mr. Hafiz Muhammad Yousaf	8
Mr. Naveed Asghar Chaudhry	9
Mr. Saad Iqbal	9
Mr. Jamil Akhtar	8
Mr. Mahwish Humayun Khan	9

- l) During the year, seven (7) meetings of the Audit Committee were held. Attendance of meetings is as follows:

Name of Director	No. of Meetings Attended
Mr. Hafiz Muhammad Yousaf	7
Mr. Naveed Asghar Chaudhry ¹	2
Mr. Saad Iqbal	7
Mr. Jamil Akhtar	7

- m) During the year, two (2) meetings of the HR Committee were held. Attendance of meetings is as follows:

Name of Director	No. of Meetings Attended
Mr. Aqeel Ahmed Nasir	2
Mr. Aftab Mahmood Butt	2
Mr. Jamil Akhtar	2
Ms. Mahwish Humayun Khan	2

- n) During the year, six (6) meetings of the Investment Committee were held. Attendance of meetings is as follows:

Name of Director	No. of Meetings Attended
Mr. Hafiz Muhammad Yousaf	6
Mr. Saad Iqbal	5
Mr. Jamil Akhtar	6
Mr. Naveed Asghar Chaudhry ²	5

Chairman's Review

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

¹ Mr. Naveed Asghar Chaudhry appointed Member on February 22, 2023.

² Mr. Naveed Asghar Chaudhry appointed Member on October 25, 2022.

Appropriations

The Directors are pleased to recommend a final cash dividend of Rs. 5.00 per share. This will be paid to shareholders on Company's Register of Members on October 17, 2023. Interim cash dividend of Rs. 3.50 per share (approved by the Board of Directors on February 22, 2023 and credited to shareholders accounts on March 21, 2023) was paid. The total dividend to be approved by the shareholders at the Annual General Meeting on October 24, 2023 will be Rs. 8.50 per share, that is, 85% for the year ended June 30, 2023.

The net profit for the year is appropriated as follows.

Rs. '000'	
Net Profit for the year	3,958,757
Other comprehensive income	130,961
Un-appropriated profit brought forward	59,348,925
Profit available for appropriation	63,438,643
Appropriations	
Final dividend for the year ended June 30, 2022 Rs. 4.00 per share	(3,521,013)
Interim dividend for the year ended June 30, 2023 Rs. 3.50 per share	(3,080,886)
	(6,601,899)
Un-appropriated profit carried forward	56,836,744
Basic Earnings per share (Rupees)	4.50

The Directors draw your attention to the contingencies referred to in the Auditors' Report relating to Note 12.1 of the Financial Statements.

Auditors

The present auditors, A. F. Ferguson & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment. The Board of Directors recommends the appointment of A. F. Ferguson & Co., Chartered Accountants, as auditors of the Company for the next year, as suggested by the Audit Committee.

Appreciation

The employees of the Company have over the year contributed to the success of the Company and we would like to place our appreciation on record.

By Order of the Board



Aftab Mahmood Butt

Chief Executive



Hafiz Muhammad Yousaf

Director

September 6, 2023
Lahore

ڈائریکٹرز آپ کی توجہ آڈیٹرز کی رپورٹ میں مالیاتی گوشواروں کے نوٹ 12.1 کے حوالے سے دیے گئے Contingencies کی طرف بھی توجہ مبذول کرواتے ہیں۔

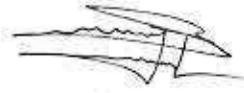
آڈیٹرز

موجودہ آڈیٹرز اے ایف فرگوسن اینڈ کو چارٹڈ اکاؤنٹنٹس ریٹائر ہونے ہیں اور اہل ہونے کی وجہ سے دوبارہ تقرری کے لئے خدمات پیش کی ہیں۔ بورڈ آف ڈائریکٹرز آڈٹ کمیٹی کی تجویز کے مطابق اے ایف فرگوسن، چارٹڈ اکاؤنٹنٹس کو اگلے سال کے لئے کمیٹی کا آڈیٹر مقرر کرنے کی سفارش کرتا ہے۔

حسین

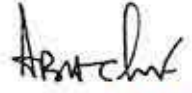
کمیٹی کے ملازمین نے کمیٹی کی کامیابی کے لیے سال بھر محنت کی جس پر ہم ان کے شکر گزار ہیں۔

سجاد بوری



حافظ محمد یوسف

ڈائریکٹر



آفتاب محمود

چیف ایگزیکٹو

6 ستمبر 2023

لاہور

(n) سال کے دوران سرمایہ کاری کمپنی کے چھ اجلاس منعقد ہوئے۔ ڈائریکٹرز کی حاضری اس طرح سے رہی۔

ڈائریکٹر کا نام	اجلاسوں میں شرکت
جناب حافظ محمد یوسف	6
جناب جمیل اختر	6
جناب سعید اقبال	5
جناب نوید امیر چوہدری (2)	5

چیزین کا جائزہ

بورڈ آف ڈائریکٹرز کی طرف سے چیزین کے جائزے کی توثیق کی جاتی ہے۔

منافع کی تقسیم

ڈائریکٹرز نے فی حصص 5 روپے کے حتمی منافع کی سلاش کی ہے۔ یہ 17 اکتوبر 2023 کو کمپنی کے رجسٹر آف ممبرز پر شیئر ہولڈرز کو ادا کیا جائیگا۔ 3.50 روپے فی حصص کا عبوری منافع (22 فروری 2023 کو بورڈ آف ڈائریکٹرز نے منظور کی دی اور 21 مارچ 2023 کو شیئر ہولڈرز کے اکاؤنٹس میں منتقل کیا گیا) ادا کیا جا چکا ہے۔ 24 اکتوبر 2023 کو ہونے والے سالانہ عمومی اجلاس میں شیئر ہولڈرز کے سامنے منظوری کے لیے پیش کیا جانے والا مجموعی منافع 8.50 روپے فی حصص ہوگا۔ یہ 30 جون 2023 کو ختم ہونے والے سال کے لیے مجموعی طور پر 8 روپے 50 پیسے یعنی 85 فیصد ہوگا۔

سال کے لئے خالص منافع کی تقسیم درج ذیل ہے۔

(ہزار روپے)	
3,958,757	سال کے لیے خالص منافع
130,961	دیگر جامع آمدن
59,348,925	تقسیم نہ ہونے والا باقی ماندہ منافع
63,438,643	تقسیم کے لیے موجود منافع
	تقسیم
(3,521,013)	30 جون 2022 کو ختم ہونے والے سال کے لیے حتمی منافع 4 روپے فی شیئر کے حساب سے
(3,080,886)	30 جون 2023 کو ختم ہونے والے سال کے لیے عبوری منافع 3.50 روپے فی شیئر کے حساب سے
(6,601,899)	
56,836,744	غیر تقسیم شدہ باقی ماندہ منافع
4.50	فی شیئر بنیادی آمدن (روپے)

ملین روپے	
3,741.00	چارج ٹیکس
953.00	پروویڈنٹ فنڈ

(j) قابل ادا ایکسز اور لیویز کے بارے میں معلومات مایا تی گوشواروں کے نوٹس میں دی گئی ہیں۔
(k) سال کے دوران بورڈ آف ڈائریکٹرز کے 9 اجلاس منعقد ہوئے، ان اجلاسوں کی حاضری درج ذیل ہے:

ڈائریکٹر کا نام	اجلاسوں میں شرکت
لیفٹیننٹ جنرل (ر) سجاد علی رحیم	9
جناب آفتاب محمود، چیف ایگزیکٹو	9
جناب عقیل احمد ناصر	7
جناب حافظ محمد یوسف	8
جناب سعید اقبال	9
جناب نوید امیر چوہدری	9
جناب جمیل اختر	8
مترجم ہوش ہمایوں خان	9

(l) سال کے دوران آڈٹ کمپنی کے سات اجلاس منعقد ہوئے، ڈائریکٹرز کی حاضری اس طرح سے رہی۔

ڈائریکٹر کا نام	اجلاسوں میں شرکت
جناب حافظ محمد یوسف	7
جناب سعید اقبال	7
جناب نوید امیر چوہدری (1)	2
جناب جمیل اختر	7

(m) سال کے دوران ہیومن ریسورس کمپنی کے دو اجلاس منعقد ہوئے، ڈائریکٹرز کی حاضری اس طرح سے رہی۔

ڈائریکٹر کا نام	اجلاسوں میں شرکت
جناب عقیل احمد ناصر	2
جناب آفتاب محمود	2
جناب جمیل اختر	2
مترجم ہوش ہمایوں خان	2

(1) جناب نوید امیر چوہدری 22 فروری 2023 کو برسرِ کار کیا گیا۔
(2) جناب نوید امیر چوہدری 25 اکتوبر 2022 کو برسرِ کار کیا گیا۔

کاروبار میں تنوع

30 جن 2023 کے مطابق بورڈ ممبران کے نام اس طرح سے ہیں

1. لیفٹیننٹ جنرل (ر) سجاد مٹھی، چیئر مین
2. جناب آفتاب محمود، چیف ایگزیکٹو
3. جناب عقیل احمد ناصر
4. جناب حافظہ محمد یوسف
5. جناب سعد اقبال
6. جناب نوید اصغر چوہدری
7. جناب جمیل اختر
8. محترمہ سہوش ہمایوں خان

سے اور جاری دونوں طرح کے منصوبوں میں کمپنی کے کاروبار میں تنوع کے مواقع کا مسلسل جائزہ لیا جا رہا ہے۔ مزید برآں، کمپنی فوسل ایندھن پر آنے والے اخراجات کو کم کرنے، ماحول کو نقصان پہنچانے والی گیسز کے اخراج کی سطح کو کم کرنے کے لئے اور قابل تجدید توانائی کے ذرائع کا استعمال بڑھانے کے لیے پرعزم ہے۔ لہذا، کمپنی قابل تجدید (شمسی اور ہوا) توانائی کے منصوبوں میں ترقی کے مواقع تلاش کر رہی ہے۔

صحت، حفاظت اور ماحول

آپریشن/ایڈوارڈ کار کام بند ہونے کی وجہ سے مربوط منجمنٹ سسٹم (آئی ایس او 9001:2015) کو اپنی منجمنٹ سسٹمز کے حوالے سے سرٹیفیکیشن۔ آئی ایس او 45001:2018 چیسڈورن صحت اور سیفٹی منجمنٹ سسٹم۔ اور آئی ایس او 14001:2015 ماحولیاتی منجمنٹ سسٹم) کوئی اطلاق روک دیا گیا ہے۔ کمپنی کا ای پی اے ہو جانے کے بعد سالانہ گمرانی آڈٹ شروع کر دیا جائے گا۔

داخلی مالیاتی کنٹرولز کی مناسبت

ڈائریکٹرز نے کوڈ آف کارپوریٹ گورننس کی تعمیل کی تصدیق کی ہے اور یہ کہ داخلی کنٹرولز ڈیزائن میں مضبوط ہیں جنہیں موثر طور پر لاگو کیا گیا اور ان کی گمرانی کی جاتی ہے۔

سوشل ایکشن پروگرام

کمپنی کے سی ایس آر اقدامات میں مندرجہ ذیل شامل ہیں:

کوٹ اود میں چار اداروں کو فرنیچر عطیہ کیا گیا جن میں گورنمنٹ پرائمری سکول حیات والا تحصیل کوٹ اود، آصف عرفان انکلو سیو ایکویشن سینٹر میر آباد محمود کوٹ، جبران خالد انکلو سیو ایکویشن اینڈ ریسرچ سینٹر میر آباد محمود کوٹ اور اہمت فریو تھراپی، آئیویشنل تھراپی سینٹر اینڈ پلے اور ایجوکیشنل روم فار کیکش چلڈرن کوٹ اود شامل ہیں۔

ڈائریکٹرز کا معاوضہ

ٹان ایگزیکٹو ڈائریکٹرز اور آزاد ڈائریکٹرز کو اجلاسوں میں شرکت کے لئے ڈائریکٹرز کی فیس ادا کی جاتی ہے۔ مزید تفصیلات کے لیے مالی گوشواروں کا نوٹ 31 ملاحظہ کریں۔

بورڈ آف ڈائریکٹرز کا مجموعہ

30 جن 2023 تک بورڈ مندرجہ ذیل پر مشتمل ہے:

ڈائریکٹرز کی کل تعداد:

مالیاتی اور کاروباری رپورٹنگ کا فریم ورک

مشابہ برائے تجارتی انتظام و انصرام کے تحت ہمیں درج ذیل امور پیش کرتے ہوئے سمرٹ 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- سہاداری کے مناسب کھاتے رکھے گئے ہیں۔
- c- مالیاتی گوشواروں کی تیاری کے لیے ہمیشہ مناسب اور متعلقہ اکاؤنٹنگ پالیسیوں پر عمل کیا جاتا ہے اور پالیسیوں میں ہونے والی کسی تبدیلی کو مالیاتی گوشواروں میں ظاہر کیا جاتا ہے۔ حسابداری کے گوشوارے ہمیشہ انتہائی منطقی اور عطا 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 روپ عمل ہے جس کی مسلسل گمرانی کی جاتی ہے۔
- f- گزشتہ 6 برس کے مالی اور انتظامی امور سے متعلق اعداد و شمار کا خلاصہ اس رپورٹ کے ساتھ منسلک ہے۔
- g- 30 جن 2023 تک حصص کی تفصیل منسلک ہے۔
- h- کمپنی کے ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانشل آفیسر، کمپنی سیکرٹری، ان کی بیویاں/شوہر اور بچے کمپنی کے شیئرز کا تجارتی لین دین نہیں کرتے، ماسوائے اس کے جس کی تفصیلات فراہم کی گئی ہیں۔
- a- 30 جن 2022 تک پیش فنڈ اور پراویڈنٹ فنڈ کی سرمایہ کاری کی تفصیل (آڈٹ شدہ) کچھ یوں ہے:

a) مراد	7
b) خواجین	1
مجموعہ	
(i) آزاد ڈائریکٹرز	4
(ii) ایگزیکٹو ڈائریکٹرز	3
(iii) ایگزیکٹو ڈائریکٹرز	1
(iv) قانون ڈائریکٹرز	1

ڈائریکٹرز کی رپورٹ

30 جون 2023 کو ختم ہونے والے سال کے مالیاتی گوشواروں (آڈٹ شدہ) کے ساتھ ڈائریکٹرز کی رپورٹ پیش خدمت ہے۔

کمپنی کی بنیادی سرگرمیاں

کمپنی کی بنیادی سرگرمیوں میں پنجاب کے شہر کوٹ اور میں 1600 میگا واٹ، نیم پلیٹ صلاحیت کے حامل ٹی ٹی ٹیول (گیس/آرائیل این جی فرسٹ آئل اور ہائی سپیڈ ڈیزل) سے چلنے والے پاور پلانٹ کی ملکیت، آپریشن اور دیکھ بھال شامل ہیں۔

کمپنی پاکستان سٹاک ایکسچینج میں درج ہے، اور کے ایس ای 30 اور کے ایس ای 100 انڈیکس میں ہے۔

آپریٹنگ جھلکیاں

24 اکتوبر 2022 کو 27 جون 1996 (ترمیم شدہ) (پی پی اے) کے پاور پراجیکٹ اور گورنمنٹ کی میعاد ختم ہونے کی تاریخ تک کمپنی نے سینٹرل پاور پراجیکٹ ایجنسی (کارٹی) لمیٹڈ (پاور پراجیکٹ) کو 588 میگا واٹ بجلی فروخت کی۔ پی پی اے کی میعاد ختم ہونے کے بعد، پاور پلانٹ کو اصل ساز و سامان مینوفیکچررز کی سفارشات اور صنعت کے بہترین طریقوں کے مطابق حفاظتی حالت میں کر دیا گیا۔

23 جنوری 2023 کو ملک بھر میں بلیک آؤٹ ہو گیا۔ مسلم آپریٹر، پاور پراجیکٹ اور حکومت پاکستان نے کمپنی سے درخواست کی کہ وہ پی پی اے کی مدت ختم ہونے کے باوجود سسٹم کی بحالی کے لئے ہنگامی طور پر بجلی فراہم کرے۔ ملک کے وسیع تر مفاد میں اور بجلی کے نظام کو مضبوط بنانے کے لئے، پاور پلانٹ میں دستیاب بلیک سٹارٹ سہولت کو بجلی کے نظام کی معاونت اور استحکام کے لئے متحرک کیا گیا۔ اس اقدام سے نظام کے نقصانوں کے لیے پاور پلانٹ کی اہمیت کم کر جا رہی ہے۔

مالی جھلکیاں

پی پی اے کی میعاد (24 اکتوبر 2022 کو) ختم ہونے کی وجہ سے سال کے دوران کاروبار 25,435 ملین روپے (2022: 136,600 ملین روپے) رہا۔ عیاداری لاگت 26,004 ملین روپے (2022: 128,067 ملین روپے) رہی۔ اس کے نتیجے میں 569 ملین روپے کا مجموعی نقصان ہوا (2022: مجموعی منافع 8,532 ملین روپے)۔ اس مجموعی نقصان کی بنیادی وجہ فروخت کی لاگت میں پلانٹ انشورنس سمیت نئے شدہ اخراجات کی شمولیت ہے۔ مزید برآں، نفع نقصان کے گوشواروں میں مندرجہ ذیل بھی شامل ہیں (i) پاور پلانٹ انشورنس لاگت (ii) قانون کے تحت ورکرز پرافٹ پارٹیشن فنڈ (ڈبلیو پی پی ایف) اور ورکرز ویلفیئر فنڈ اور (3) انکم ٹیکس میں تفاوت، جنہیں پچھلے پی پی اے کے تحت پاس کرنا لازم سمجھا جاتا تھا۔ اس کے علاوہ پی پی اے کی میعاد ختم ہونے کے بعد کمپنی کے انسانی وسائل کو برقرار رکھا گیا تاکہ کمپنی کو پھر سے ٹریفک کی منظوری اور بجلی کے خریدار کے ساتھ توانائی کی خریداری کے معاہدے (ای پی اے) پر عمل درآمد کے بعد انسانی وسائل دستیاب ہوں اور مزید یہ کہ کمپنی کسی بھی نئے کاروبار کے لیے بھی ان انسانی وسائل کو استعمال کر سکے۔ تاہم سال کے لئے آپریٹنگ منافع 13,072 ملین روپے (2022: 19,897 ملین روپے) رہا اور قبل از ٹیکس منافع 6,819 ملین روپے (2022: 15,524 ملین روپے) رہا۔

حکومت پاکستان کی جانب سے پرنٹس میں اضافے کی وجہ سے مالی سال کے لیے موثر ٹیکس کی شرح 42 فیصد (2022: 36 فیصد) ہے جس کے نتیجے میں سال کے دوران 2,861 ملین روپے (2022: 5,630 ملین روپے) ٹیکس ادا کیا گیا۔ لہذا مالی سال کے لئے بعد از ٹیکس منافع 3,959 ملین روپے (2022: 9,894 ملین روپے) ہے، اس طرح سے مالی سال کے لیے 10 روپے کے حصص پر آمدن 4.50 روپے بنتی ہے (2022: 11.24 روپے فی حصص)۔

30 جون 2023 تک، بجلی کے خریدار کی جانب سے واجب الادا رقم 27,071 ملین روپے (2022: 62,504 ملین روپے) تھی، جس میں 22,418 ملین روپے (2022: 47,465 ملین روپے) کے زائد الامعاہد واجبات بھی شامل ہیں (تفصیلات کے لیے مالیاتی گوشواروں کا نوٹ 20 ملاحظہ کریں)۔ کمپنی ان وصولیوں کے قرضے کے لئے بجلی کے خریدار سے مسلسل رابطے میں ہے۔

30 جون 2023 تک کمپنی پر کوئی طویل مدتی قرض واجب الادا نہیں۔ کمپنی نے ورکنگ کپینل کی ضروریات کو پورا کرنے کے لئے مختلف بینکوں سے 22,154 ملین روپے کے قلیل مدتی قرضے حاصل کیے۔

کاروباری حلال - عارضی ٹریف اور پی پی اے

کمپنی کا پی پی اے ابتدائی طور پر 25 سال کی مدت کے لئے تھا اور اسے 26 جون 2021 کو ختم ہونا تھا۔ تاہم، بجلی کے خریدار کے ساتھ تصانیات کے تنازع کے نتیجے کے بعد، پی پی اے کی مدت میں 485 دن کی توسیع کی گئی تھی۔ اس طرح پی پی اے کی میعاد 24 اکتوبر 2022 کو ختم ہو گئی۔ کمپنی کے جزیئن انٹرنیشنل کی میعاد 21 ستمبر 2021 کو ختم ہونے والی تھی اور بینٹل ایکسٹرنل پاور ریگولیریٹی اتھارٹی (پورا) نے اس کی میعاد میں تین سال کی توسیع کی تھی۔

کمپنی کا پاور پلانٹ میٹریٹس ٹرانسمیشن اینڈ ڈسٹری بیوٹن کمپنی (این ٹی ڈی سی) کی نظام کی ضروریات کے لئے اہم ہے، اور اسی لیے اسے 2026 تک کے لیے منظور شدہ اشاراتی عیاداری صلاحیت کے توسیعی منصوبے (آئی ٹی سی ای پی) (2022-2031) میں شامل کیا گیا ہے۔ منظور شدہ آئی ٹی سی ای پی میں شمولیت کی وجہ سے کمپنی نے 8 مارچ 2023 کو پورا کے سامنے نظر ثانی شدہ ٹریف پیشین بیج کرانی اور 4 اگست 2023 کو پورا کے ٹیک اینڈ پے کی بنیاد پر 500 میگا واٹ صلاحیت کے لیے عبوری ٹریف کی منظوری دی۔ کمپنی عبوری بجلی خریداری معاہدے کو حتمی شکل دینے کے لئے پاور پراجیکٹ، وزارت توانائی (پاور ڈویژن) اور پورا کے ساتھ رابطے میں ہے۔

اس کے باوجود کمپنی نے ٹیبلر ہولڈرز کے بہترین مفاد میں عارضی ٹریف کو قبول کیا ہے، کمپنی نے پورا کے سامنے عبوری ٹریف پر اپنے تحفظات کا اظہار کرتے ہوئے نظر ثانی کی درخواست بھی دائر کی ہے، جس میں دیگر آئی ٹی بیج کو ان کے متعلقہ ٹریف اور کمپنی کی سوچا یا رڈ سہولت میں اجازت کی حامل یکساں شامل ہیں، جس کے نتیجے میں حتی ٹریف میں یکسویت ایڈجسٹمنٹ ہو سکتی ہیں۔

کمپنی کے آڈیٹرز نے اپنی رپورٹ میں پی پی اے کی زیر التوا تجدید/توسیع کو مادی غیر یقینی صورتحال کے طور پر ظاہر کیا ہے، تاہم، انہوں نے اپنی رپورٹ کی توثیق نہیں کی ہے۔ لہذا مالیاتی گوشوارے جاری کاروبار کی بنیاد پر تیار کیے گئے ہیں۔ مزید تفصیلات کے لئے، براہ مہربانی مالیاتی گوشواروں کا نوٹ 2.2 ملاحظہ کریں۔

KOT ADDU POWER COMPANY LIMITED

Key Operating and Financial Data of the Last Six Years

Financial Year Ending June 30,		2023*	2022	2021	2020	2019	2018
Turnover	PKR in Million	25,435	136,600	50,349	71,543	84,831	91,916
Net profit	PKR in Million	3,959	9,894	10,229	23,613	13,112	10,617
Assets	PKR in Million	101,848	136,761	152,234	134,523	139,267	138,446
Dividends	PKR in Million	6,602	6,602	5,722	3,961	5,546	8,010
EPS	PKR per share	4.50	11.24	11.62	26.83	14.90	12.06
Net Output	GWh	588	4,980	3,562	3,477	4,961	7,437
Thermal Efficiency	%	42.3	43.4	44.5	44.4	44.0	44.0
Load Factor	%	15.7	42.4	30.3	29.5	42.2	63.3
Availability	%	96.7	90.0	85.6	88.9	91.8	86.0

* The Company's Power Purchase Agreement expired on October 24, 2022, therefore, the results for the Financial Year ended June 30, 2023 are significantly different compared to previous years. However, load factor and availability have been calculated till expiry of PPA (October 24, 2022).



PATTERN OF SHAREHOLDING

As on June 30, 2023

No of Share Holders	Having Shares		Shares Held	Percentage
	From	To		
1562	1	100	74127	0.0084
48030	101	500	23669017	2.6889
3841	501	1000	3657518	0.4155
6301	1001	5000	17483286	1.9862
2234	5001	10000	17750255	2.0165
935	10001	15000	11929957	1.3553
599	15001	20000	10939338	1.2427
406	20001	25000	9491984	1.0783
270	25001	30000	7638194	0.8677
165	30001	35000	5415410	0.6152
170	35001	40000	6541672	0.7432
89	40001	45000	3823951	0.4344
181	45001	50000	8915724	1.0129
76	50001	55000	4011840	0.4558
76	55001	60000	4460987	0.5068
53	60001	65000	3354457	0.3811
59	65001	70000	4020842	0.4568
45	70001	75000	3314524	0.3765
34	75001	80000	2676663	0.3041
23	80001	85000	1916768	0.2178
31	85001	90000	2727825	0.3099
22	90001	95000	2036836	0.2314
95	95001	100000	9448949	1.0734
33	100001	105000	3382863	0.3843
14	105001	110000	1523426	0.1731
16	110001	115000	1817789	0.2065
16	115001	120000	1889319	0.2146
11	120001	125000	1355879	0.1540
14	125001	130000	1790285	0.2034
6	130001	135000	796191	0.0904
13	135001	140000	1801583	0.2047
9	140001	145000	1276500	0.1450
14	145001	150000	2093000	0.2378
7	150001	155000	1072961	0.1219
8	155001	160000	1271003	0.1444
7	160001	165000	1150850	0.1307
10	165001	170000	1685393	0.1915
5	170001	175000	864350	0.0982
2	175001	180000	358000	0.0407
4	180001	185000	732000	0.0832
5	185001	190000	936938	0.1064
3	190001	195000	581507	0.0661
26	195001	200000	5184094	0.5889
8	200001	205000	1606944	0.1826
3	205001	210000	625000	0.0710
7	210001	215000	1491097	0.1694
3	215001	220000	652548	0.0741
3	220001	225000	671000	0.0762
5	225001	230000	1143500	0.1299
3	230001	235000	698200	0.0793
1	235001	240000	240000	0.0273

No of Share Holders	Having Shares		Shares Held	Percentage
	From	To		
5	240001	245000	1213386	0.1378
5	245001	250000	1248500	0.1418
3	250001	255000	751020	0.0853
2	255001	260000	517673	0.0588
5	260001	265000	1321000	0.1501
3	275001	280000	832604	0.0946
3	280001	285000	847409	0.0963
1	285001	290000	290000	0.0329
10	295001	300000	2996500	0.3404
2	300001	305000	609500	0.0692
4	305001	310000	1233927	0.1402
2	310001	315000	624700	0.0710
3	315001	320000	951786	0.1081
1	320001	325000	322000	0.0366
2	325001	330000	660000	0.0750
1	330001	335000	333000	0.0378
4	345001	350000	1400000	0.1590
2	360001	365000	724900	0.0824
4	370001	375000	1493500	0.1697
1	375001	380000	380000	0.0432
1	385001	390000	387500	0.0440
6	395001	400000	2399500	0.2726
3	410001	415000	1239500	0.1408
1	420001	425000	422000	0.0479
1	425001	430000	430000	0.0488
2	445001	450000	900000	0.1022
1	450001	455000	454067	0.0516
1	455001	460000	459000	0.0521
1	460001	465000	465000	0.0528
3	470001	475000	1425000	0.1619
1	480001	485000	480500	0.0546
4	495001	500000	2000000	0.2272
1	500001	505000	501550	0.0570
1	520001	525000	521000	0.0592
1	525001	530000	526284	0.0598
2	545001	550000	1099600	0.1249
2	575001	580000	1156500	0.1314
4	595001	600000	2396000	0.2722
1	605001	610000	609000	0.0692
2	630001	635000	1266000	0.1438
2	645001	650000	1299000	0.1476
2	650001	655000	1308104	0.1486
1	670001	675000	675000	0.0767
3	695001	700000	2100000	0.2386
1	705001	710000	708500	0.0805
1	720001	725000	725000	0.0824
1	725001	730000	725010	0.0824
1	730001	735000	735000	0.0835
1	740001	745000	745000	0.0846
1	750001	755000	753000	0.0855
2	795001	800000	1600000	0.1818

PATTERN OF SHAREHOLDING

As on June 30, 2023

No of Share Holders	Having Shares		Shares Held	Percentage
	From	To		
1	820001	825000	822000	0.0934
1	920001	925000	925000	0.1051
1	935001	940000	939000	0.1067
2	945001	950000	1898680	0.2157
1	950001	955000	955000	0.1085
4	995001	1000000	4000000	0.4544
1	1015001	1020000	1020000	0.1159
1	1030001	1035000	1035000	0.1176
1	1045001	1050000	1050000	0.1193
1	1095001	1100000	1100000	0.1250
1	1130001	1135000	1135000	0.1289
1	1145001	1150000	1146530	0.1302
1	1160001	1165000	1165000	0.1323
1	1180001	1185000	1181944	0.1343
1	1225001	1230000	1225429	0.1392
1	1245001	1250000	1245051	0.1414
4	1295001	1300000	5200000	0.5907
1	1330001	1335000	1335000	0.1517
2	1465001	1470000	2937969	0.3338
1	1495001	1500000	1500000	0.1704
1	1510001	1515000	1515000	0.1721
1	1545001	1550000	1550000	0.1761
1	1770001	1775000	1775000	0.2016
1	1775001	1780000	1776000	0.2018
1	1785001	1790000	1787000	0.2030
1	1995001	2000000	2000000	0.2272
1	2155001	2160000	2155098	0.2448
1	2240001	2245000	2241260	0.2546
1	2295001	2300000	2300000	0.2613
1	2845001	2850000	2848512	0.3236
1	2995001	3000000	3000000	0.3408
1	3530001	3535000	3534500	0.4015
1	3600001	3605000	3604053	0.4094
1	3645001	3650000	3646107	0.4142
1	5070001	5075000	5075000	0.5765
1	5730001	5735000	5731000	0.6511
1	5800001	5805000	5804000	0.6594
1	6590001	6595000	6593894	0.7491
1	6665001	6670000	6670000	0.7577
1	7045001	7050000	7046000	0.8005
1	7465001	7470000	7469500	0.8486
1	7995001	8000000	8000000	0.9088
1	13920001	13925000	13921900	1.5816
1	22690001	22695000	22692875	2.5780
1	25880001	25885000	25881000	2.9402
1	43995001	44000000	44000000	4.9986
1	48250001	48255000	48252429	5.4817
1	354310001	354315000	354311133	40.2510
65727	Company Total		880253228	100.0000

CATEGORIES OF SHAREHOLDERS

As on June 30, 2023

Particulars	No of Folio	Balance Shares	Percentage
DIRECTORS, CEO, SPOUSE & CHILDREN	8	86005	0.0098
ASSOCIATED COMPANIES	2	402563562	45.7327
BANKS, DFI & NBF	21	117188221	13.3130
INSURANCE COMPANIES	11	15899808	1.8063
MUTUAL FUNDS	11	2454488	0.2788
GENERAL PUBLIC (LOCAL)	61691	250830707	28.4953
GENERAL PUBLIC (FOREIGN)	3762	33091355	3.7593
OTHERS	186	40969976	4.6543
FOREIGN COMPANIES	6	3675658	0.4176
APPROVED FUND	29	13493448	1.5329
Company Total	65727	880253228	100.0000

PATTERN OF SHAREHOLDING ADDITIONAL INFORMATION

As on June 30, 2023

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
TRUSTEE CHERAT CEMENT CO.LTD.EMP.PRO.FND	15,000
AL-ZAMIN MODARABA MANAGEMENT (PRIVATE) LIMITED	2,500
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1,335,000
CDC - TRUSTEE AKD INDEX TRACKER FUND	124,104
CDC - TRUSTEE APF-EQUITY SUB FUND	69,000
CDC - TRUSTEE ALFALAH GHP STOCK FUND	301
CDC - TRUSTEE NIT STATE ENTERPRISE FUND	526,284
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	60,000
CDC - TRUSTEE ALLIED FINERGY FUND	314,500
CDC - TRUSTEE ALFALAH GHP DEDICATED EQUITY FUND	6,799

Shareholders Category	No. of Shares Held
Directors, CEO, their spouses and minor children	
Lt. General (Retd) Sajjad Ghani	1
Mr. Aftab Mahmood Butt	1,000
Mr. Aqeel Ahmed Nasir	500
Mr. Hafiz Muhammad Yousaf	1
Mr. Saad Iqbal	84,500
Mr. Naveed Asghar Chaudhry	1
Mr. Jamil Akhtar	1
Ms. Mahwish Humayun Khan	1
Executives	212,598
Public Sector Companies and Corporations	
Banks, Development Finance Institutions, Non Banking Finance	
Companies, Insurance Companies, Takaful, Modarabas and	191,227,111
Approved Funds (Pension Funds, Provident Funds, Gratuity Funds etc.)	
General Public (Local)	250,830,707
General Public (Foreign)	33,091,355
Shareholders holding 5% or more voting interest	
Pakistan Water and Power Development Authority	354,311,133
United Bank Limited - Trading Portfolio	44,000,000
KAPCO Employees Empowerment Trust	48,252,429

None of the CEO, Directors, CFO, Company Secretary, Head of Internal Auditors, Executives and their spouses and minor children have traded in the shares of the Company during the year ended June 30, 2023

CORPORATE HOLDING 10,000 SHARES AND ABOVE

As on June 30, 2023

MEMBERS NAME	NO OF SHARES
THE PAKISTAN WATER & POWER DEVELOPMENT AUTHORITY	354,311,133
KAPCO EMPLOYEES EMPOWERMENT TRUST	48,252,429
UNITED BANK LIMITED - TRADING PORTFOLIO	44,000,000
MCB BANK LIMITED - TREASURY	25,881,000
NATIONAL BANK OF PAKISTAN	22,692,875
EMPLOYEES OLD AGE BENEFITS INSTITUTION	13,921,900
THE SAUDI PAK INDUSTRIAL & AGRICUL. INVESTMENT CO. LTD.- PMD	8,000,000
BANK AL HABIB LIMITED	7,469,500
TRUSTEE - MCB PROVIDENT FUND PAK STAFF	7,046,000
PAK BRUNEI INVESTMENT COMPANY LIMITED	6,670,000
STATE LIFE INSURANCE CORP. OF PAKISTAN	6,593,894
TRUSTEE-MCB EMPLOYEES PENSION FUND	5,804,000
ADAMJEE INSURANCE COMPANY LIMITED	5,731,000
THE BANK OF PUNJAB, TREASURY DIVISION.	3,646,107
BULK MANAGEMENT PAKISTAN (PVT.) LTD.	3,534,500
ASKARI BANK LIMITED	2,848,512
MACKENZIE EMERGING MARKETS FUND	2,241,260
TRUSTEES OF FRIENDS EDUCATIONAL AND MEDICAL TRUST	1,776,000
E. F. U. GENERAL INSURANCE LIMITED	1,500,000
SIDDIQSONS LIMITED	1,467,969
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1,335,000
JS GLOBAL CAPITAL LIMITED - MF	1,245,051
NATIONAL INSURANCE COMPANY LIMITED	1,181,944
THE AGA KHAN UNIVERSITY FOUNDATION	1,146,530
WESTBURY (PRIVATE) LTD	1,035,000
PAK LIBYA HOLDING COMPANY (PVT.) LIMITED	950,000
PAIR INVESTMENT COMPANY LIMITED	948,680
ARROWSTREET (CANADA) GLOBAL WORLD ALPHA EXTENSION FUND I	745,000
J HOLDINGS (PRIVATE) LIMITED	725,000
AL-ABBAS EDUCATIONAL AND WELFARE SOCIETY	649,500
AHSAM SECURITIES (PRIVATE) LIMITED	631,000
CDC - TRUSTEE NIT STATE ENTERPRISE FUND	526,284
LUCKY TEX PAKISTAN (PVT.) LIMITED	500,000
SURAJ COTTON MILLS LTD.	475,000
EFU GENERAL INSURANCE LIMITED	450,000
TRUSTEES WORLD MEMON FND.COMM.CEN.TRUST	430,000
TRUSTEES MOHAMAD AMIN WAKF ESTATE	412,500
EFG HERMES UAE L.L.C	400,000
CDC - TRUSTEE ALLIED FINERGY FUND	314,500
GLOBE MANAGERMENTS (PRIVATE) LIMITED	305,000
FATIMA FERTILIZER COMPANY LTD	300,000
NCC - PRE SETTLEMENT DELIVERY ACCOUNT	275,604
EDULJEE DINSHAW (PRIVATE) LIMITED	264,000
MARIAM ALI MUHAMMAD TABBA FOUNDATION	250,000
GMI CAPITAL SECURITIES (PVT) LTD.	248,500
CAPITAL ONE EQUITIES LIMITED.	206,500
TEACHERS RETIREMENT SYSTEM OF THE STATE OF ILLINOIS	200,500
CRESCENT STEEL AND ALLIED PRODUCTS LTD.	200,000
TRUSTEES ALOO&MINOCHER DINSHAW CHR.TRUST	200,000
DOSSA COTTON & GENERAL TRADING (PVT) LIMITED	200,000
CS CAPITAL (PVT) LTD	200,000

MEMBERS NAME	NO OF SHARES
MULTIPLE INVESTMENT MANAGEMENT LTD	200,000
TRUSTEE NATIONAL REFINERY LTD. MANAGEMENT STAFF PENSION FUND	199,761
UBL INSURERS LIMITED	185,000
PREMIER INSURANCE LIMITED	165,470
ASAB PAKISTAN (PVT.) LIMITED	160,000
TRUSTEES HOMMIE&JAMSHED NUSSERWANJEE C.T	150,000
MERCHANT CONSTRUCTION CO.(PVT) LIMIETD	140,000
LAKHANI SECURITIES (PRIVATE) LIMITED	127,500
CDC - TRUSTEE AKD INDEX TRACKER FUND	124,104
MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES LTD. - MF	115,000
TRUSTEES OF HAJI MOHAMMED WELFARE TRUST	110,000
TRUSTEES OF SAMAD CHARITABLE TRUST	110,000
RIAZ AHMED SECURITIES (PVT) LTD.	105,526
NASEEM ENTERPRISES & TRADING (PRIVATE) LIMITED	100,000
TRUSTEES MCB EMPLOYEES FOUNDATION	100,000
HAJI DOSSA (PVT) LTD	100,000
KODVAWALA TRUST	100,000
VMATE (PVT.) LIMITED	100,000
TRUSTEE OF PTC STAFF PENSION FUND	91,977
J.P. MORGAN SECURITIES PLC	88,896
TRUSTEES AL-BADER WELFARE TRUST	87,000
ANAM FABRICS (PVT) LTD.	80,500
GPH SECURITIES (PRIVATE) LIMITED	80,500
TRUST SECURITIES & BROKERAGE LIMITED - MF	80,000
ABA ALI HABIB SECURITIES (PVT) LIMITED	79,000
TRUSTEES SAEEDA AMIN WAKF	75,000
NADEEM INTERNATIONAL (PVT.) LTD.	75,000
AL-RAHIM TRADING COMPANY (PRIVATE) LIMITED	75,000
CDC - TRUSTEE APF-EQUITY SUB FUND	69,000
M. N. TEXTILES (PRIVATE) LIMITED	66,300
PEARL ENGINEERING (PVT) LTD	66,000
FIKREES (PRIVATE) LIMITED	61,500
NAEL CAPITAL (PVT) LIMITED	60,000
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	60,000
TRUSTEES OF GHORI TRUST	57,000
TRUSTEES OF PAKISTAN MOBILE COMMUNICATION LTD-PROVIDENT FUND	57,000
SECURITY INVESTMENT BANK LIMITED	55,000
HAMID ADAMJEE TRUST	55,000
MRA SECURITIES LIMITED	53,000
TRUSTEE OF PTC MANAGEMENT PROVIDENT FUND	52,909
ZAHID LATIF KHAN SECURITIES (PVT) LTD.	52,500
MUHAMMAD TARIQ MOTI SECURITIES (PVT) LTD.	51,500
PROGRESSIVE INVESTMENT MANAGEMENT (PRIVATE) LIMITED	50,640
KIRAN FOUNDATION	50,500
SIZA (PRIVATE) LIMITED	50,000
GHAFF LIMITED	50,000
TRUSTEES OF MIRPURKHAS SUGAR MILLS LTD EMP PROVIDENT FUND	50,000
AGB VENTURES (PRIVATE) LIMITED	50,000
INTERMARKET SECURITIES LIMITED - MF	50,000
SURAJ COTTON MILLS LIMITED	50,000
MOHAMAD AMIN BROS (PVT) LIMITED	45,000

CORPORATE HOLDING 10,000 SHARES AND ABOVE

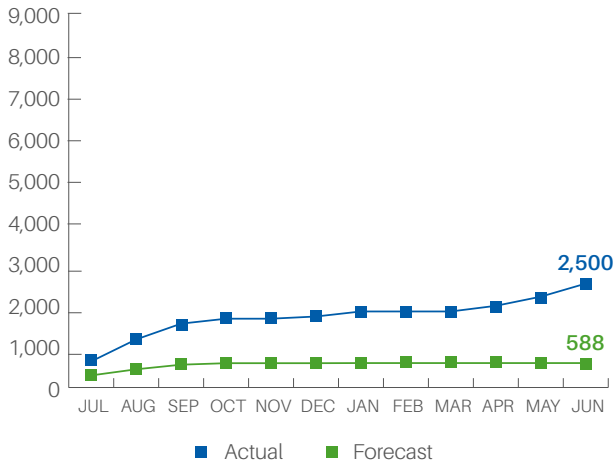
As on June 30, 2023

MEMBERS NAME	NO OF SHARES
TRUSTEES OF ARL MANAGEMENT STAFF PENSION FUND	40,000
FLOAT SECURITIES (PVT.) LIMITED	38,000
AKY SECURITIES (PVT) LTD.	32,000
ORIENT IMPEX (PRIVATE) LIMITED	31,500
TRUSTEE OF PTC EMPLOYEES PROVIDENT FUND	30,600
RAFI SECURITIES (PRIVATE) LIMITED	30,450
PAKISTAN REINSURANCE COMPANY LIMITED	30,000
YOUSUF YAQOOB KOLIA AND COMPANY (PVT) LTD	25,500
ABRIS (PVT) LTD	25,000
THE AL-MALIK CHARITABLE TRUST	25,000
EGO ASSOCIATE (PRIVATE) LIMITED	25,000
HAMID ADAMJEE TRUST	25,000
FIRST CREDIT & INVESTMENT BANK LIMITED	23,500
MRA SECURITIES LIMITED - MF	23,500
DYNASYS NETWORKS (PRIVATE) LIMITED	23,000
MONEY LINE SECURITIES (PVT.) LIMITED	22,000
TRUSTEES S.M.SOHAIL TRUST	21,500
MULTILINE SECURITIES LIMITED - MF	20,588
SAYA SECURITIES (PRIVATE) LIMITED	20,500
THE PAKISTAN MEMON WOMEN EDUCATIONAL SOCIETY	20,000
TRUSTEES-TREET CORP.LTD. E.SUPERANNVAT FUND	20,000
BANDENAWAZ (PVT) LTD	20,000
ORIENTAL SECURITIES (PVT) LTD.	20,000
TRUSTEE ALOO & MINOCHER DINSHAW CHARITABLE TRUST	20,000
SAYA WEAVING MILLS (PVT) LTD	20,000
WAH NOBEL (PRIVATE) LIMITED MANAGEMENT STAFF PENSION FUND	20,000
MANAGEMENT AND EDUCATIONAL SERVICES (PRIVATE) LIMITED	17,000
TRUSTEE CHERAT CEMENT CO.LTD.EMP.PRO.FND	15,000
SOFIAN BUSINESS CORPORATION (PRIVATE) LIMITED	15,000
THE PAKISTAN MEMON WOMEN EDUCATIONAL SOC	15,000
TRUSTEES OF MIRPURKHAS SUGAR MILLS LIMITED EMP GRATUITY FUND	15,000
TRUSTEES OF ZENSOFT (PVT) LTD EMPL. PROVIDENT FUND	15,000
DALAL SECURITIES (PVT) LTD.	15,000
RAO SYSTEMS (PVT.) LTD.	15,000
BEGUM AISHA AHMED AND LATIF BAWANY FOUNDATION	15,000
TRUSTEE KARACHI PARSI ANJUMAN TRUST FUND	15,000
BROADAXIS TECHNOLOGIES (PRIVATE) LIMITED	15,000
DARUT TASNIF (PVT) LIMITED.	14,500
PAKISTAN HERALD PUBLICATIONS (PVT) LTD. STAFF PENSION FUND	14,000
DARSON SECURITIES LIMITED	13,000
AL-FARAN MULTIPURPOSE COOPERATIVE SOCIETY LIMITED	12,300
ADAMJEE LIFE ASSURANCE COMPANY LIMITED	12,000
INA SECURITIES (PVT.) LIMITED	11,500
N. U. A. SECURITIES (PRIVATE) LIMITED - MF	11,486
TECHNOLOGY LINKS (PVT.) LIMITED	11,000
VALIKA ART FABRICS LIMITED	10,500
GREAVES PAKISTAN (PRIVATE) LIMITED, EMPLOYEES PROVIDENT FUND	10,000
TRUSTEE- TREET COR. LTD EMP. PROVIDENT FUND	10,000
TRUSTEE- TREET CORPORATION LIMITED G.E. GRATUITY	10,000
PAKISTAN MEMON EDUCATIONAL & WELFARE SOC	10,000
SIKANDER (PVT) LIMITED	10,000

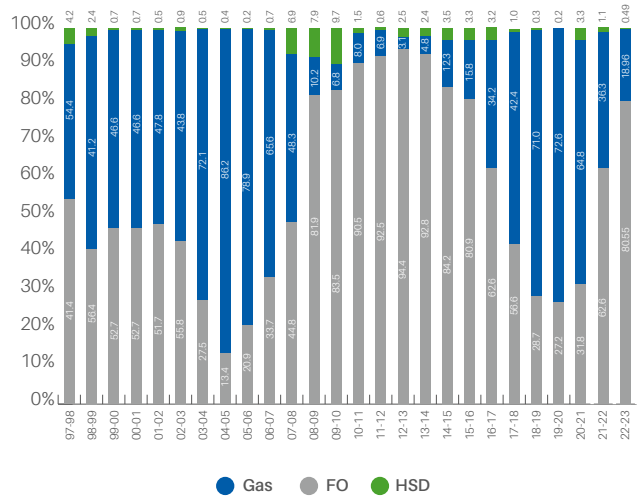
MEMBERS NAME	NO OF SHARES
TRUSTEES OF FAROUKH&ROSHEN KARANI TRUST	10,000
ZENSOFT PRIVATE LIMITED	10,000
MERIN (PRIVATE) LIMITED	10,000
TRUSTEES THE CRESCENT TEXTILE MILLS EMP PROVIDENT FUND TRUST	10,000
TRUSTEES OF AL-MUSTAFA TRUST	10,000
TRUSTEES OF BESTWAY CEMENT LIMITED EMPLOYEES GRATUITY FUND	10,000
NOOR AUTOMOBILES (PVT.) LIMITED	10,000
TRUSTEE-TREET CORPORATION LTD.-GROUP EMP.SUPERANNUATION FUND	10,000
HH MISBAH SECURITIES (PRIVATE) LIMITED	10,000
A. H. M. SECURITIES (PRIVATE) LIMITED	10,000
PERIDOT PRODUCTS (PVT) LIMITED	10,000
QUADRIA WELFARE TRUST	10,000
CMA SECURITIES (PVT) LIMITED	10,000
TRUSTEE - GREAVES PAKISTAN (PVT) LTD. - STAFF GRATUITY FUND	10,000
ASDA SECURITIES (PVT.) LTD.	10,000
GALAXY CAPITAL SECURITIES (PVT) LIMITED	10,000
THE TRUSTEES, ZOROASTRIAN CO-OP. HOUSING SOCIETY	10,000
AMIN AGENCIES (PRIVATE) LIMITED	10,000
NINI SECURITIES (PRIVATE) LIMITED	10,000
CONTINENTAL PLASTIC INDUSTRIES (PRIVATE) LIMITED	10,000
MUHAMMAD SALIM KASMANI SECURITIES (PRIVATE) LIMITED	10,000
TOTAL NO. OF SHARES	595,997,179

HIGHLIGHTS*

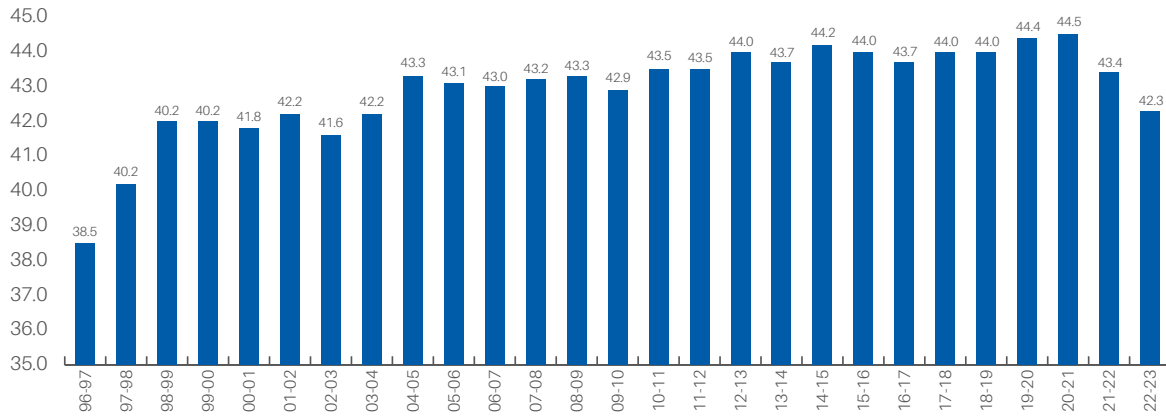
Complex Net Output - GWh Actual v Forecast 2022-23



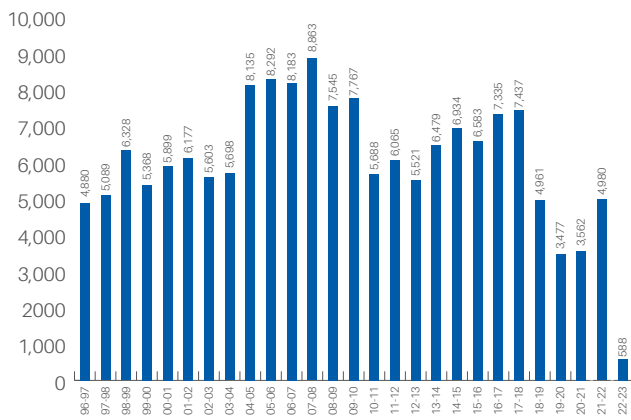
Generation By Fuel %



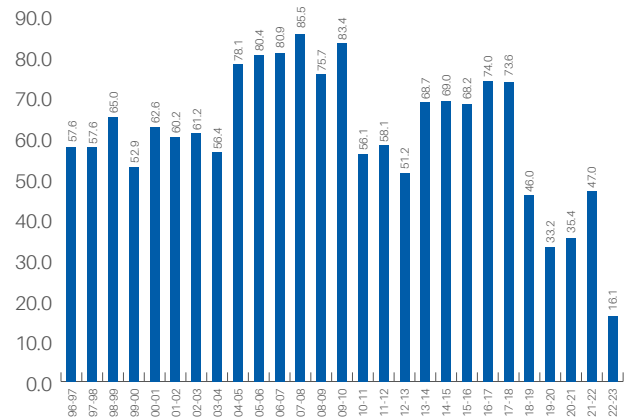
Thermal Efficiency %



NOP GWh

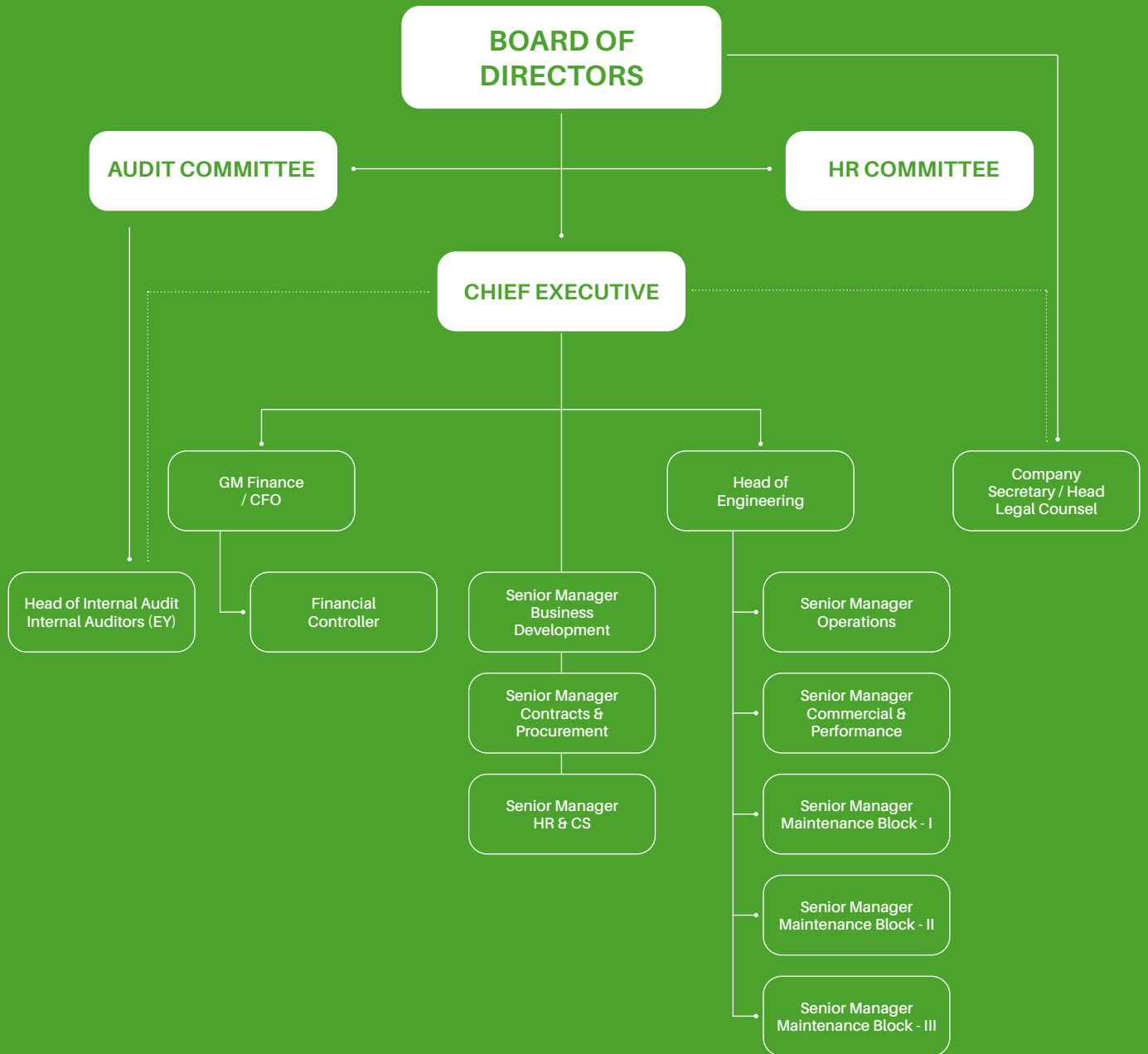


Plant Utilisation %



*The Company's Power Purchase Agreement expired on October 24, 2022. Therefore, the Highlights have been calculated till October 24, 2022.

ORGANIZATIONAL STRUCTURE*



—— Functional Reporting

..... Administrative Reporting

* 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

Head of Engineering



Mr. A. Anthony Rath

Company Secretary / Head Legal Counsel



Mr. M. Rabnawaz Anjum

GM Finance / Chief Financial Officer

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES

(Code of Corporate Governance) Regulations, 2019

Name of Company

Kot Addu Power Company Limited (the "Company")

Year Ended

June 30, 2023

The Company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the "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 the Board of Directors (the "Board") is as follows:

Category	Names
Independent Directors	<ul style="list-style-type: none"> • Mr. Aqeel Ahmed Nasir • Mr. Hafiz Mohammad Yousaf • Mr. Saad Iqbal • Ms. Mahwish Humayun Khan
Non-Executive Directors	<ul style="list-style-type: none"> • Lt. General (Retd.) Sajjad Ghani • Mr. Naveed Asghar Chaudhry • Mr. Jamil Akhtar
Executive Director	<ul style="list-style-type: none"> • Mr. Aftab Mahmood Butt (Chief Executive)
Female Director	<ul style="list-style-type: none"> • Ms. Mahwish Humayun Khan

3. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Company.
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. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the "Act"), and the 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 meetings of the Board.
8. The Board has a formal policy and transparent procedure for remuneration of Directors in accordance with the Act and the Regulations.
9. The majority of the Directors, General Manager Finance / Chief Financial Officer and the Head of Engineering have either completed the Director's Certification from authorised institutions or have the prescribed qualification and experience pursuant to Regulation 19 of the CCG.
10. The Board has approved the appointment of the Chief Financial Officer and Head of Internal Audit including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. The Company Secretary was appointed prior to the listing of the Company.
11. The Chief Executive and Chief Financial Officer duly endorsed the financial statements before approval by the Board.

12. The Board has formed Board Committees comprising of following:

Audit Committee

Mr. Hafiz Mohammad Yousaf	Chairman
Mr. Saad Iqbal	Member
Mr. Naveed Asghar Chaudhry ¹	Member
Mr. Jamil Akhtar	Member

HR Committee

Mr. Aqeel Ahmed Nasir	Chairman
Mr. Aftab Mahmood Butt	Member/Chief Executive
Ms. Mahwish Humayun Khan	Member
Mr. Jamil Akhtar	Member

Investment Committee

Mr. Hafiz Mohammad Yousaf	Chairman
Mr. Saad Iqbal	Member
Mr. Jamil Akhtar	Member
Mr. Naveed Asghar Chaudhry ²	Member

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

14. The frequency of Board Committee (year ended June 30, 2023) meetings were as follows:

Audit Committee	Seven (7)
HR Committee	Two (2)
Investment Committee	Six (6)

15. The Board has set-up an effective internal audit function and who are considered suitably qualified and experienced for the purpose and 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 programme of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan; that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not close relatives (spouse, parent, dependent and non-dependent children) of the Chief Executive, Chief Financial Officer, Head of Internal Audit, Company Secretary or Directors of the Company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services, except in accordance with the Act, the Regulations or any other regulatory requirements and the auditors have confirmed that they have observed IFAC Guidelines in this respect.

18. We confirm that all requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are appended below.

For and on behalf of the Board

Aftab Mahmood Butt
Chief Executive

Lt. General (Retd.) Sajjad Ghani
Chairman, Board of Directors

Lahore
September 6, 2023

¹ Mr. Naveed Asghar Chaudhry appointed Member on February 22, 2023.

² Mr. Naveed Asghar Chaudhry appointed Member on October 25, 2022.

EXPLANATION FOR NON-COMPLIANCE OF NON-MANDATORY

Requirements of the Code of Corporate Governance, 2019 ("CCG")

Sr. No.	Requirement	Explanation of Non-Compliance	Regulations Number
1	<p>Directors' Training</p> <p>It is encouraged that by June 30, 2022, all directors on the Board have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.</p>	Six out of eight Directors of the Company have acquired Directors' Training Program certification. The Company has planned to arrange Directors' Training Program certification for remaining Directors.	19(i)
2	<p>Nomination Committee</p> <p>The Board may constitute a separate committee, designated as the Nomination Committee, of such number and class of directors, as it may deem appropriate in its circumstances.</p>	Currently, the Board has not constituted a separate Nomination Committee and the functions are being performed by the Human Resource Committee.	29(i)
3	<p>Risk Management Committee</p> <p>The Board may constitute the Risk Management Committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of the effectiveness of risk management procedures and present a report to the Board.</p>	Currently, the Board has not constituted a separate Risk Management Committee and the Company's Audit Committee performs the requisite functions and appraise the Board accordingly.	30 (i)
4	<p>Disclosure of significant policies on website</p> <p>The company may post key elements of its significant policies, brief synopsis of reference of the Board Committees on its website and key elements of the directors' remuneration policy.</p>	The requirement to disclose significant policies on the website is non-mandatory in regulation No. 35(1), and thus the Company has uploaded limited information in this respect on its website. The Company is, however, considering placing key elements and synopsis of other policies on its website.	35



Aftab Mahmood Butt

Chief Executive



Lt. General (Retd.) Sajjad Ghani

Chairman, Board of Directors

Lahore
September 6, 2023



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, 2019

INDEPENDENT AUDITOR'S REPORT

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



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, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Kot Addu Power Company Limited (the Company) for the year ended June 30, 2023 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations 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. 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.

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, 2023.

A. F. Ferguson & Co.

Chartered Accountants

Lahore

Date: September 25, 2023

UDIN: CR202310118mQqc6en0p

*A.F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
308-Upper Mall, Shahr-e-Quaid-e-Azam, P.O. Box 39, Lahore-54000, Pakistan.
Tel: +92 (42) 3519 9343-50 / Fax: +92 (42) 3519 9351 www.pwc.com/pk*

■KARACHI ■LAHORE ■ISLAMABAD

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, 2023, 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, 2023 and of the profit and other comprehensive income, the changes in equity and its cash flows 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.

Material Uncertainty Related to Going Concern

We draw attention to note 2.2 in the financial statements, which describes the pending renewal / extension of the Power Purchase Agreement with the Power Purchaser. As stated in note 2.2, these events or conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 period. 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. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Following is the key audit matter:

Sr. No	Key audit matter	How the matter was addressed in our audit
(i)	<p>Contingent Taxation Liabilities</p> <p>(Refer notes 4.1, 12.1.1 and 12.1.2 to the financial statements)</p> <p>The Company has contingent liabilities in respect of various income and sales tax matters, which are pending adjudication before the taxation authorities and the Courts of law.</p> <p>Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provision that may be required against such contingencies.</p> <p>Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgments and estimates to assess the same including related financial impacts, we considered contingent liabilities relating to income and sales tax, a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Obtained and examined details of the pending tax matters and discussed the same with the Company's management; • Circularized confirmations to the Company's external tax counsels for their views on open tax assessments and matters. Furthermore, examined prior years' precedents of outcomes in favor of the Company at various forums related to matters under consideration which support the Company's stance; • Examined correspondence of the Company with the relevant authorities including judgements or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved; • Involved in-house tax specialists to assess management's conclusion on contingent tax matters and to evaluate the consistency of such conclusions with the views of the management and external tax advisors engaged by the Company; and • Assessed the adequacy and appropriateness 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 conclusion 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 the 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 judgement 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 the 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 the 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 the 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 period 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, the 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 Amer Raza Mir.



A. F. Ferguson & Co.

Chartered Accountants

Lahore

Date: September 25, 2023

UDIN: AR202310118KSVHhIQql

FINANCIAL STATEMENTS

For the year ended June 30, 2023

STATEMENT OF FINANCIAL POSITION

As at June 30, 2023

	Note	2023 (Rupees in thousand)	2022
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
3,600,000,000 (2022: 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 (2022: 880,253,228) ordinary shares of Rs 10 each	5	8,802,532	8,802,532
Capital reserve	6	444,451	444,451
Revenue reserve: un-appropriated profits		56,836,744	59,348,925
		66,083,727	68,595,908
NON-CURRENT LIABILITIES			
Deferred liabilities			
- Deferred taxation		2,100,017	677,510
- Staff retirement benefits		839,622	1,204,680
	7	2,939,639	1,882,190
CURRENT LIABILITIES			
Lease liabilities	8	-	3,434
Contract liability	9	-	4,613,061
Finances under mark-up arrangements - secured	10	22,153,719	37,370,346
Trade and other payables	11	9,614,950	21,470,058
Provision for taxation - net		-	1,855,133
Unclaimed dividend		1,056,126	971,233
		32,824,795	66,283,265
CONTINGENCIES AND COMMITMENTS			
	12	101,848,161	136,761,363

The annexed notes from 1 to 43 form an integral part of these financial statements.



Aftab Mahmood Butt
Chief Executive Officer



M. Rabnawaz Anjum
Chief Financial Officer



Hafiz Muhammad Yousaf
Director

	Note	2023 (Rupees in thousand)	2022
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	1,931,244	2,237,359
Intangible assets	14	-	1,720
Right of use assets	15	-	2,220
Long term deposits	16	9,351	21,128
Staff retirement benefits - Pension	17	1,011,912	721,960
		2,952,507	2,984,387
CURRENT ASSETS			
Stores and spares	18	3,927,475	3,698,057
Stock-in-trade	19	11,565,471	6,235,956
Trade debts	20	26,611,385	62,154,482
Investments at fair value	21	50,101,538	54,067,311
Income tax due from Government		18,021	-
Loans, advances, deposits, prepayments and other receivables	22	4,751,983	6,602,988
Cash and bank balances	23	1,919,781	1,018,182
		98,895,654	133,776,976
		101,848,161	136,761,363



Aftab Mahmood Butt
Chief Executive Officer



M. Rabnawaz Anjum
Chief Financial Officer



Hafiz Muhammad Yousaf
Director

STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2023

	Note	2023 (Rupees in thousand)	2022
Sales	24	25,435,312	136,599,624
Cost of sales	25	(26,004,159)	(128,067,519)
Gross (Loss) / Profit		(568,847)	8,532,105
Administrative expenses	26	(842,579)	(976,701)
Other operating expenses	27	(1,360,293)	(277,451)
Other income	28	15,843,925	12,618,768
Operating Profit		13,072,206	19,896,721
Finance cost	29	(6,252,898)	(4,373,107)
Profit before tax		6,819,308	15,523,614
Taxation	30	(2,860,551)	(5,629,994)
Profit for the year		3,958,757	9,893,620
Earnings per share - basic and diluted	Rupees 39	4.50	11.24

The annexed notes from 1 to 43 form an integral part of these financial statements.



Aftab Mahmood Butt
Chief Executive Officer



M. Rabnawaz Anjum
Chief Financial Officer



Hafiz Muhammad Yousaf
Director

STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2023

	2023	2022
	(Rupees in thousand)	
Profit for the year	3,958,757	9,893,620
Items that will not be reclassified subsequently to profit or loss:		
- Re-measurement of net defined benefit obligation - net of tax	130,961	80,576
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year - net of tax	130,961	80,576
Total comprehensive income for the year	4,089,718	9,974,196

The annexed notes from 1 to 43 form an integral part of these financial statements.



Aftab Mahmood Butt
Chief Executive Officer



M. Rabnawaz Anjum
Chief Financial Officer



Hafiz Muhammad Yousaf
Director

STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2023

	Share capital	Capital reserve	Revenue Reserve: Un-appropriated profits	Total
	(Rupees in thousand)			
Balance as at June 30, 2021	8,802,532	444,451	55,976,628	65,223,611
Profit for the year	-	-	9,893,620	9,893,620
Other comprehensive income:				
- Re-measurement of net defined benefit obligation - net of tax	-	-	80,576	80,576
Total comprehensive income for the year	-	-	9,974,196	9,974,196
Transactions with owners				
Final dividend for the year ended				
June 30, 2021 - Rs 3.50 per share	-	-	(3,080,886)	(3,080,886)
Interim dividend for the year ended				
June 30, 2022 - Rs 4.00 per share	-	-	(3,521,013)	(3,521,013)
Balance as at June 30, 2022	8,802,532	444,451	59,348,925	68,595,908
Profit for the year	-	-	3,958,757	3,958,757
Other comprehensive income:				
- Re-measurement of net defined benefit obligation - net of tax	-	-	130,961	130,961
Total comprehensive income for the year	-	-	4,089,718	4,089,718
Transactions with owners				
Final dividend for the year ended				
June 30, 2022 - Rs 4.00 per share	-	-	(3,521,013)	(3,521,013)
Interim dividend for the year ended				
June 30, 2023 - Rs 3.50 per share	-	-	(3,080,886)	(3,080,886)
Balance as at June 30, 2023	8,802,532	444,451	56,836,744	66,083,727

The annexed notes from 1 to 43 form an integral part of these financial statements.



Aftab Mahmood Butt
Chief Executive Officer



M. Rabnawaz Anjum
Chief Financial Officer



Hafiz Muhammad Yousaf
Director

STATEMENT OF CASH FLOWS

For the year ended June 30, 2023

	Note	2023 (Rupees in thousand)	2022
Cash flows from operating activities			
Cash generated from operations	36	21,652,497	51,316,629
Finance cost paid		(6,324,433)	(6,664,924)
Taxes paid		(3,394,927)	(9,920,668)
Staff retirement benefits paid		(504,954)	(44,308)
Net cash generated from operating activities		11,428,183	34,686,729
Cash flows from investing activities			
Fixed capital expenditure including acquisition of intangible assets		(12,876)	(93,834)
Income on bank deposits received		117,181	40,128
Income on investments		8,158,206	3,508,208
Net decrease / (increase) in long term deposits		11,777	(14,709)
Investments acquired during the year		-	(38,747,700)
Investments disposed off during the year		2,933,721	10,090,779
Proceeds from sale of property, plant and equipment		2,474	1,925
Net cash generated from / (used in) investing activities		11,210,483	(25,215,203)
Cash flows from financing activities			
Repayment of lease liabilities	38	(3,434)	(7,114)
Dividend paid	38	(6,517,006)	(10,842,765)
Net cash used in financing activities		(6,520,440)	(10,849,879)
Net increase / (decrease) in cash and cash equivalents		16,118,226	(1,378,353)
Cash and cash equivalents at beginning of the year		(36,352,164)	(34,973,811)
Cash and cash equivalents at the end of the year	37	(20,233,938)	(36,352,164)

The annexed notes from 1 to 43 form an integral part of these financial statements.



Aftab Mahmood Butt
Chief Executive Officer



M. Rabnawaz Anjum
Chief Financial Officer



Hafiz Muhammad Yousaf
Director

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

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 and aggregate nameplate capacity of 1,600 MW in Kot Addu, District Muzaffargarh, Punjab, Pakistan and to sell the electricity produced there from to a single customer, Pakistan Water and Power Development Authority (WAPDA) under a Power Purchase Agreement (PPA), which was initially for a period of 25 years. WAPDA irrevocably transferred all of its rights, obligations and liabilities under the PPA to Central Power Purchasing Agency Guarantee Limited (CPPA-G) (Power Purchaser) thereunder via Novation Agreement which became effective on May 21, 2021 after approval from the relevant authorities. The PPA was extended by 16 months from June 26, 2021, pursuant to the terms of Master Agreement and the Third Amendment to the PPA, which expired on October 24, 2022.

The Company has a plant site at Kot Addu (Muzaffargarh), a corporate office located in Lahore and registered office located in Islamabad.

A Special Purpose Vehicle was incorporated in 2014 under the name of KAPCO Energy (Private) Limited (KEPL) for establishment of a coal power project. However, the project was called off and KEPL was put into liquidation under the Easy Exit Scheme of SECP. Subsequently, the liquidation application of KEPL was withdrawn for exploring investments opportunities. However, the share capital of KEPL has not yet been subscribed by the Company, therefore, the Company has not prepared consolidated financial statements.

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) as are notified under the Companies Act, 2017;
- 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 differ from the IFRS or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Impact on Going Concern Assumption due to expiry of PPA

The PPA of the Company was initially for a term of 25 years and was due to expire on June 26, 2021. Pursuant to the terms of the Third Amendment to the PPA and Master Agreement (together, the 'Agreements'), the term of the PPA was extended till October 24, 2022, which expired during the current financial year due to which the Plant was not operational for the remaining period of the year.

The generation license of the Company expired on September 21, 2021, which has been extended by National Electric Power Regulatory Authority (NEPRA) for a period of three years from the date of its expiry.

The Company also took up the matter of renewal / extension of PPA beyond its expiry with the relevant Authorities and submitted application for Reference Tariff as well as Provisional Tariff before NEPRA.

Based on the critical strengths of the Power Plant and System requirements of National Transmission and Dispatch Company (NTDC), the Power Plant was included in the approved Indicative Generation Capacity Expansion Plan (IGCEP) (2022-2031) till 2026. In line with the approved IGCEP (2022-2031), NEPRA approved the Provisional Tariff of the Company on August 4, 2023 for 500 MW capacity on Take-and-Pay basis. The Company is in process of finalizing the Interim PPA with the Power Purchaser subject to legal formalities. The Final Tariff Determination by NEPRA is also in process and it is expected to be issued in due course after public hearing. Thereafter, the Final PPA will be executed with the Power Purchaser.

The pending renewal / extension of the PPA indicates the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

Notwithstanding that the Company has accepted the Provisional Tariff, in the best interest and whereas the Company has also filed review petition before NEPRA recording its reservations on the Provisional Tariff, which include certain items allowed to other IPPs in their respective Tariffs and the Switchyard Facility of the Company, which may result in certain positive adjustments in the Final Tariff.

In addition, the management of the Company has also decided to take the following steps:

- Cost optimization / rationalization for managing the total cost of the Plant;
- Investment of surplus funds for generating sufficient income;
- Participation in the Competitive Trading Bilateral Contracts Market (CTBCM) once it is implemented by the Government of Pakistan (GoP), which will allow the Company to sell electricity as Merchant Plant and to Bulk Consumers / Distribution Companies (DISCOs) through wheeling arrangements; and
- exploring opportunities for diversification of its operations.

Notwithstanding, as elaborated above, the Company has sound financial position and as per the Management's forecasts, the Company has sufficient liquidity and reserves to meet the operational expenditures and discharge its liabilities for the foreseeable future even at zero load factor. Further, the Company draws strength from the following:

- receivables from the Power Purchaser of Rs 26,611 million as at June 30, 2023 backed by GoP Guarantee which will be realised in normal course of business; and
- investments of PIBs and Sukuks of Rs 50,102 million as at June 30, 2023.

Based on foregoing, Management is confident that the Company will continue as a going concern in the foreseeable future. Thus, these financial statements have been prepared on a going concern basis and consequently, do not require adjustment relating to the realisation of its assets and liquidation of liabilities.

2.3 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2023

Certain standard amendments and interpretations to approved accounting standards are effective for the accounting periods beginning on or after July 01, 2022 but are considered not to be relevant or to have any significant effect on the Company operations and are, therefore, not detailed in these financial statements.

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

There are certain standards, amendments and interpretations to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 01, 2023 but are considered not to be relevant to the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

2.4.1 Amendments to IAS 1, 'Classification of liabilities as current or non-current'

The narrow-scope amendments to IAS 1 Presentation of Financial Statements, effective for accounting periods beginning on or after January 01, 2023, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the settlement of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered Management's intentions to determine classification and for some liabilities that can be converted into equity.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

These amendments are not expected to have a material impact on the Company's financial statements when they become effective.

2.4.2 Amendments to IAS 1 and IFRS Practice Statement 2, 'Disclosure of Accounting Policies'

The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The above mentioned amendments are effective for accounting periods beginning on or after January 01, 2023.

The Company is in the process of assessing the impact of this amendment on the Company's financial statements.

2.4.3 Amendments to IAS 12, 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'

The amendments to IAS 12 Income Taxes, effective for accounting periods beginning on or after January 01, 2023, require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

These amendments are not expected to have a material impact on the Company's financial statements when they become effective.

2.4.4 Amendments to IAS 8, 'Definition of Accounting Estimates'

The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, effective for accounting periods beginning on or after January 01, 2023, clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

These amendments are not expected to have a material impact on the Company's financial statements when they become effective.

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

2.5.1 The Securities and Exchange Commission of Pakistan (SECP) through S.R.O. 229 (I) / 2019 dated February 14, 2019 notified that the standard IFRS 9, 'Financial Instruments' would be effective for reporting period / year ending on or after June 30, 2019. However, SECP through S.R.O. 985 (I) / 2019 dated September 30, 2019 granted exemption from applying expected credit loss based impairment model to financial assets due from the Government till June 30, 2021 which was further extended till June 30, 2022 vide S.R.O. 1177 (I) / 2021 dated September 13, 2021. The extension is further extended till December 31, 2024 vide S.R.O. 67(I) / 2023. The Management of the Company believes that the application of this standard subsequent to December 31, 2024 will not have any material impact on the Company.

2.5.2 The Securities and Exchange Commission of Pakistan (SECP) through S.R.O. 24 (I) / 2012 dated January 16, 2012, as modified by S.R.O. 986 (I) / 2019 dated September 2, 2019, granted exemption from the application of IFRS 16 'Leases' to all companies, which have entered into power purchase agreements before January 1, 2019. However, SECP made it mandatory to disclose the impact of the application of IFRS 16 on the Company's financial statements.

Under IFRS - 16, the consideration required to be made by lessee CPPA(G) for the right to use the asset is to be accounted for as lease under IFRS - 16 "Leases". If the Company were to follow IFRS - 16, the effect on the financial statements would be as follows:

	2023	2022
	(Rupees in thousand)	
De-recognition of property, plant and equipment	(1,841,706)	(2,109,956)
Decrease in deferred tax liability	939,657	696,450
Decrease in un-appropriated profits at the beginning of the year	(1,413,506)	(2,118,845)
Increase in profit for the year	511,457	705,339
Decrease in un-appropriated profits at the end of the year	(902,049)	(1,413,506)

2.5.3 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 (non-SOEs) where GoP holds significant investment. The Scheme was 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 provided 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 a Trust Fund created for the purpose by each of such entities. The eligible employees were 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 provided 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 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 as per S.R.O. 587 (I) / 2011 dated June 7, 2011.

Had the exemption not been granted, the staff costs of the Company for the year would have been higher by Rs 411 million (2022: Rs 539 million), profit after taxation would have been lower by Rs 251 million (2022: Rs 345 million), retained earnings would have been lower by Rs 251 million (2022: Rs 345 million) and earning per share would have been lower by Rs 0.29 per share (2022: Rs 0.39 per share)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

The Company received letter from GoP dated June 9, 2021, advising the Company to close-off the Scheme in light of the order / judgment of Honorable Supreme Court of Pakistan. The detailed order / judgment of Honorable Supreme Court of Pakistan are awaited to proceed for closure of the Scheme. As per the Management, there will be no material impact of the order on the financial statements of the Company, however, depending upon the order of the Honorable Supreme Court of Pakistan, the amount available in the fund will be transferred to GoP.

2.6 Basis of measurement

These financial statements have been prepared under the historical cost convention unless otherwise specifically stated.

3 Significant accounting judgements, estimates and assumptions

The Company's significant accounting policies are stated in note 4. Not all of these significant accounting policies require Management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies that Management considers critical because of the 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) Provision for taxation - Note 4.1
- b) Staff retirement benefits - Note 4.2
- c) Useful life and residual values of property, plant and equipment - Note 4.3
- d) Provision for stores and spares - Note 4.9
- e) Investments at fair value - Note 4.11

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

Income tax expense comprises current and deferred tax. Income tax is recognized in the statement of profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income as the case may be.

Current

Provision of current tax is based on the 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 tax rates or tax rates expected to apply to profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. 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. Such judgments are reassessed whenever circumstances change or there is new information that affects the judgments. Where, at the assessment stage, the taxation authorities have adopted a different tax treatment and the Company considers that the most likely outcome will be in favour of the Company, the amounts are shown as contingent liabilities.

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 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 future taxable profits will be available against which deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to the statement of profit or loss, except in the case of items charged or credited to equity or other comprehensive income, in which case it is included in the statement of changes in equity or statement of other comprehensive income as the case may be.

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, 2023. The actual return on plan assets during the year is Rs 453 million (2022: Rs 124 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: 16.25 percent per annum (2022: 13.25 percent per annum).
- Expected rate of increase in salary level: 14.25 percent per annum (2022: 12.75 percent per annum).
- Expected rate of increase in pension: 6.00 percent per annum (2022: 5.00 percent per annum).
- Average duration of the plan: 6.19 years (2022: 6.85 years).
- Mortality rates: SLIC (2001-05)-1.

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

The trustees are managing the pension fund as per applicable Trust Deed, Rules and Regulations applicable to the fund.

- (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. The trustees are managing the provident funds as per applicable Trust Deeds, Rules and Regulations applicable to the fund.

- (c) The Company provides medical facilities to its eligible retired employees and 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 statement of profit or loss. The latest actuarial valuation was carried out as at June 30, 2023.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

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

- Discount rate: 16.25 percent per annum (2022: 13.25 percent per annum).
 - Expected rate of increase in medical cost: 14.00 percent per annum (2022: 11.00 percent per annum).
 - Expected rate of increase in electricity benefit: 14.25 percent per annum (2022: 11.50 percent per annum).
 - Average duration of the medical plan: 15.22 years (2022: 14.09 years).
 - Average duration of the electricity plan: 14.76 years (2022: 14.91 years).
 - Mortality rates: SLIC (2001-05)-1.
- (d) The Company has other long term employee benefits which include the encashment of frozen leaves for eligible employees and a lumpsum amount payable to staff under Charter of Demand settlement. Frozen leaves can be encashed upto 180 days at the time of retirement. Lumpsum amount is payable to staff members at the rate of Rs 495,000 or Rs 561,000 per person according to the grade of respective staff member at the time of retirement. The liability is calculated in present value terms by taking into account the expected date of retirement of employees, the available balance of frozen leaves and / or the expected salary at the date of retirement.

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 statement of profit or loss 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 13 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, 2023 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.

Major plant modifications and improvements are capitalised. Overhauls, maintenance and repairs are charged to statement of profit or loss 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 13 regardless of whether they are in use or not. Refurbishment costs are accrued and charged to statement of profit or loss.

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 14.

Research and development expenditure that do not meet the criteria mentioned above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Such expenses are charged to 'cost of sales' and 'administrative expenses' in the statement of profit or loss, as and when incurred.

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.

4.5 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non financial assets to determine whether there is any indication of impairment. An impairment loss is recognized in statement of profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

4.6 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

4.7 Leases

The Company is a lessee for lease contracts related to motor vehicles.

4.7.1 Right of use assets

The Company recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The right of use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right of use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

4.7.2 Lessee accounting

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The lease liability is initially measured at the present value of the future lease payments at the commencement date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

To determine the incremental borrowing rate, the Company:

- where possible, uses the recent third party financing received by the Company as a starting point, adjusted to reflect the changes in financing conditions since third party financing was received;
- uses expected terms of third party financing based on correspondence with the third party financial institutions, where third party financing was not received recently; and
- makes adjustments specific to the lease e.g. terms and security.

Lease payments include fixed payments, variable lease payment that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable.

In determining the lease term, Management considers all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension options (or periods covered by termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). While making this assessment, the Company considers significant penalties to terminate (or not extend) as well as the significant cost of business disruption.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit or loss if the carrying amount of right-to-use asset has been reduced to zero.

Payments associated with short-term and low value leases are recognised on a straight line basis as an expense in the statement of profit or loss.

4.7.3 Lessor accounting

Lease income from operating leases where the Company is a lessor is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

4.8 Ijarah contracts

The Company has entered in to Ijarah contracts under which it obtains usufruct of an asset for an agreed period for an agreed consideration. The Ijarah contracts are undertaken in compliance with the Shariah essentials for such contracts prescribed by the State Bank of Pakistan.

Company accounts for its Ijarah contracts in accordance with the requirements of IFAS 2 'Ijarah'. Accordingly, Company as a Mustaj'ir (lessee) in the Ijarah contract recognises the Ujrah (lease) payments as an expense in the statement of profit or loss on straight line basis over the Ijarah term.

4.9 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. 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 statement of profit or loss as it is incurred. The item is charged to the statement of profit or loss when, upon inspection, it cannot be refurbished. Provision for obsolescence of stores and spare parts wherever required, is made on the basis of Management's best estimate of usability of items as determined by the in-house technical team. Provision is recognized against items determined to be obsolete.

4.10 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 realizable value is determined on the basis of estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. If the expected net realizable value is lower than the carrying amount, a write-down is recognized for the amount by which the carrying amount exceeds its net realizable value.

4.11 Financial instruments

4.11.1 Financial assets

a) Classification

The Company classifies its financial assets other than investments in equity instruments of subsidiary and associate in the following measurement categories:

- those to be measured subsequently at fair value [either through other comprehensive income ('OCI') or through profit or loss], and
- those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade date, being the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

c) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

Debt Instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

i) Amortised Cost

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss. Impairment losses are presented as separate line item in the statement of profit or loss.

ii) Fair Value through Other Comprehensive Income (FVOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method. Impairment expenses are presented as separate line item in the statement of profit or loss.

iii) Fair Value through Profit or Loss (FVPL)

Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss in the period in which it arises.

As at the reporting date, the Company classifies the investments relating to Pakistan Investment Bond (PIB) and GoP Ijarah Sukuk as fair value through profit or loss.

Equity instruments

The Company subsequently measures all equity investments except for investments in equity instruments of subsidiary and associate at fair value. Where the Company's Management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in the statement of profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

4.11.2 Impairment of Financial Assets due from Government

Financial assets due from the Government of Pakistan includes trade debts and other receivables due from CPPA-G under the PPA that also includes accrued amounts. The Company follows relevant requirements of IAS 39 in respect of impairment of these financial assets due to the exemption available in respect of IFRS 9 till December 31, 2024 as stated in note 2.5.1.

A provision for impairment is established when there is objective evidence that the Company will not be able to collect all the amount due according to the original terms of the receivable.

The Company assesses at the end of each reporting period whether there is objective evidence that the financial asset is impaired. The financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event')

and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of profit or loss. When the financial asset is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the statement of profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the statement of profit or loss.

4.11.3 Impairment of financial assets other than those due from the Government of Pakistan and investment in equity instruments

The Company assesses on a forward-looking basis, the expected credit losses ('ECL') associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company applies general 3-stage approach for loans, deposits and other receivables and bank balances i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

Following are the financial assets that are subject to the ECL model:

- Long term deposits
- Loans, advances, deposits, prepayments and other receivables
- Investments at fair value
- Cash and bank balances

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Loss allowances are forward looking, based on 12 month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

Expected credit losses are a probability weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. In the absence of a change in credit rating, allowances are recognized when there is reduction in the net present value of expected cash flows. On a significant increase in credit risk, allowances are recognized without a change in the expected cash flows, although typically expected cash flows do also change; and expected credit losses are rebased from 12 month to lifetime expectations.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the instrument as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

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The following indicators are considered while assessing credit risk:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;
- actual or expected significant changes in the operating results of the counterparty;
- significant increase in credit risk on other financial instruments of the same counterparty; and
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees, if applicable.

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of borrowers; and
- External credit ratings where available.

The grouping is regularly reviewed by Management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Company recognizes an impairment gain or loss in the statement of profit or loss for financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of counterparty's sources of income or assets to generate sufficient future cash flows to repay the amount. The Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

4.11.4 Financial liabilities

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed on statement of profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

4.12 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.

4.13 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.

4.14 Trade debts

Trade debts are amounts due from CPPA-G in the ordinary course of business. They are generally due for settlement as referred to in note 4.23 and therefore are all classified as current. Trade debts are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. Trade debts are carried at a value to be received less an estimate made for loss allowance based on a review of all outstanding amounts at the year end. Bad debts are written off when identified. Furthermore, the Company holds the trade debts with the objective of collecting the contractual cashflows and therefore measures the trade debts subsequently at amortised cost using the effective interest rate method less provision for loss allowance.

4.15 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position 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 statement of financial position, finances under mark-up arrangements are included in current liabilities.

4.16 Borrowings

Borrowings are recognized 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 recognized 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.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

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 reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

4.17 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

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

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognized in statement of profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains / (losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in statement of profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognized in other comprehensive income.

4.19 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 statement of profit or loss.

4.20 Provisions

Provisions are recognized 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 a reliable estimate can be made of the amount of the obligation. Provisions are reviewed periodically and adjusted to reflect the current best estimates.

4.21 Dividend

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

4.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reports issued to the chief operating decision-maker. The Chief Executive Officer has been identified as the 'chief operating decision-maker', who is responsible for allocating resources and assessing performance of the operating segments. Currently the Company is functioning as a single operating segment.

4.23 Revenue recognition

Revenue shall be recognized when (or as) the Company satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset and thus has the ability to direct the use and obtain the benefits from the good or service.

Revenue from the sale of electricity to CPPA-G, the sole customer of the Company, is recorded on the following basis:

- Capacity Purchase Price revenue is recognized over time, based on the capacity made available to CPPA-G, at rates as specified under the PPA with CPPA-G, as amended from time to time; and
- Energy Purchase Price revenue is recognized at a 'point in time', as and when the Net Electrical Output (NEO) is delivered to CPPA-G.

Capacity and Energy revenue is recognized based on the rates determined under the mechanism laid down in the PPA.

Late payment surcharge on amounts due under the PPA is accrued on a time proportion basis by reference to the amount outstanding and the applicable rate of return under the PPA and the Tripartite agreement between SNGPL, CPPA-G and the Company for RLNG supplies.

Further, the true-up income invoices on CPP is raised upon the receipt of the underlying CPP invoices, wholly or partially in accordance with the clause 13.4(iv) of Part II of schedule 6 to the PPA. The accrual on true-up income is recorded on time proportion basis in accordance with the terms of the PPA.

Invoices are generally raised on a monthly basis and are due after 25 to 30 days from acknowledgement by CPPA-G except for weekly RLNG commodity invoices which are due in 3 days.

4.24 Contract assets / liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

A contract asset is recognized for the Company's right to consideration in exchange for goods or services that it has transferred to a customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the Company presents the amount as a contract asset, excluding any amounts presented as a receivable.

4.25 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

4.26 Finance income

Finance income comprises interest income on funds invested (financial assets), dividend income, gain on disposal of financial assets and changes in fair value of investments. Interest income is recognized as it accrues in statement of profit or loss, using effective interest method. Dividend income is recognized in profit or loss on the date that the Company's right to receive payment is established.

4.27 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

5 Issued, subscribed and paid up capital

2023		2022	
(Number of shares)		(Rupees in thousand)	
253,000	253,000	Ordinary shares of Rs 10 each fully paid in cash	2,530
		Ordinary shares of Rs 10 each issued as fully paid for consideration other than cash	8,800,002
880,000,228	880,000,228		8,800,002
880,253,228	880,253,228		8,802,532

5.1 There has been no movement in the ordinary share capital of the Company during the year.

Ordinary shares of the Company held by associated undertakings are as follows:

	2023	2022
	(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

5.2 All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

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.

	Note	2023 (Rupees in thousand)	2022
7	Deferred liabilities		
	Deferred taxation	2,100,017	677,510
	Staff retirement benefits	839,622	1,204,680
		2,939,639	1,882,190
7.1	Deferred taxation		
	The liability for deferred taxation comprises of timing differences relating to:		
	Taxable temporary difference		
	Unrealized true-up income	84,239	56,273
	Unrealized interest income on late payment to CPPA-G	3,466,257	1,361,652
	Accrued interest on investments	391,549	231,692
	Deductible temporary difference		
	Accelerated tax depreciation	(110,712)	(108,170)
	Provision for store obsolescence	(683,366)	(605,249)
	Provision for doubtful debts	(179,299)	(115,420)
	Write back of unpaid liabilities	-	(18,337)
	Provision for other staff benefits	(62,988)	(64,038)
	Unrealized exchange loss on trade payables	(20,880)	-
	Unrealized loss on investments	(447,276)	(59,759)
	Alternate corporate tax	(337,507)	-
	Lease liabilities	-	(1,134)
		2,100,017	677,510
7.1.1	Movement in deferred taxation		
	Opening balance	677,510	8,285,535
	Charged / (credited) to statement of profit or loss	1,360,247	(7,608,025)
	Charged to other comprehensive income	62,260	-
	Closing balance	2,100,017	677,510
7.2	Staff retirement benefits		
	These are composed of:		
	Medical	196,075	290,936
	Free electricity	482,040	719,691
	Other long term employee benefits	161,507	194,053
		839,622	1,204,680

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

7.2.1

	Note	Post retirement medical		Post retirement free electricity	
		2023	2022	2023	2022
(Rupees in thousand)					
The amounts recognised in the balance sheet are as follows:					
Present value of defined benefit obligation as at June 30		196,075	290,936	482,040	719,691
Liability as at July 1		290,936	212,490	719,691	544,762
Charged to statement of profit or loss account		31,564	25,454	76,531	65,257
Benefits paid during the year		(2,898)	(13,378)	(1,591)	(11,435)
Lump sum payment to optees	7.2.4	(131,527)	-	(336,139)	-
Gain due to change in financial assumptions		(13,797)	(1,953)	(146,915)	(19,194)
Loss due to change in experience adjustments		21,797	68,323	170,463	140,301
Liability as at June 30		196,075	290,936	482,040	719,691
The movement in the present value of defined benefit obligation is as follows:					
Present value of defined benefit obligation as at July 1		290,936	212,490	719,691	544,762
Current service (income) / cost		(7,070)	4,113	(19,058)	10,537
Interest cost for the year		38,634	21,341	95,589	54,720
Benefits paid during the year		(2,898)	(13,378)	(1,591)	(11,435)
Lump sum payment to optees	7.2.4	(131,527)	-	(336,139)	-
Remeasurement loss recognised in other comprehensive income		8,000	66,370	23,548	121,107
Present value of defined benefit obligation as at June 30		196,075	290,936	482,040	719,691

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				
	2023	2022	2021	2020	2019
(Rupees in thousand)					
As at June 30					
Present value of defined benefit obligations	196,075	290,936	212,490	192,764	175,061
Fair value of plan assets	-	-	-	-	-
Deficit	196,075	290,936	212,490	192,764	175,061
Experience adjustment on obligation - loss / (gain)					
	21,797	68,323	4,400	(7,373)	1,537

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				
	2023	2022	2021	2020	2019
	(Rupees in thousand)				
As at June 30					
Present value of defined benefit obligations	482,040	719,691	544,762	567,338	563,106
Fair value of plan assets	-	-	-	-	-
Deficit	482,040	719,691	544,762	567,338	563,106
Experience adjustment on obligation - loss / (gain)	170,463	140,301	(78,560)	(82,564)	(4,355)

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

	Post retirement medical		Post retirement free electricity	
	2023	2022	2023	2022
	(Rupees in thousand)			
Discount rate+0.50%	181,159	270,446	446,458	666,038
Discount rate-0.50%	212,752	313,784	521,745	779,801
Increase in medical cost / electricity benefit+0.50%	198,813	293,814	490,385	729,854
Increase in medical cost / electricity benefit-0.50%	193,403	288,133	473,910	709,835
Maturity profile of the defined benefit obligation				
1. Weighted average duration of the benefit (Years)	15.22	14.09	14.76	14.91
2. Distribution of timing of benefit payments (time in years)				
1	1,185	3,567	3,285	7,972
2	3,365	8,533	9,328	19,044
3	5,258	10,736	14,409	23,888
4	7,487	13,264	20,294	29,458
5	9,930	16,077	26,794	35,685
6 to 10	106,702	135,052	277,894	303,510

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

7.2.2 Risk exposure

Through its defined benefit scheme, the Company is exposed to a number of risks, the most significant of which are detailed below:

Interest rate risk - The present value of the defined benefit liability is calculated using a discount rate determined by reference to the market yields at the end of the reporting period on high quality corporate bonds, or where there is no deep market in such bonds, by reference to market yields on government bonds. Currencies and terms of bond yields used must be consistent with the currency and estimated term of the post-employment benefit obligations being discounted. A decrease in bond interest rates will increase the liability, and vice versa.

Medical and electricity cost inflation risk - The present value of the defined benefit liability is calculated after taking into account the future growth in medical and electricity cost. As such, an increase in the medical and electricity cost growth rate of the plan participants will increase the liability and vice versa.

Withdrawal rate risk - The present value of the defined benefit liability is calculated by reference to the best estimate of the withdrawal rate / attrition rate of plan participants. As such, an increase in the withdrawal rate may increase / decrease the liability and vice versa depending on the age-service distribution of the exiting employees.

Mortality rate risk - The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of plan participants (actives and pensioners). An improvement in the mortality rates of the participants may increase the liability.

	2023	2022
	(Rupees in thousand)	
7.2.3 Medical and electricity benefits recognised during the year		
Amount recognised in statement of profit or loss:		
- Loss on medical recognised	31,564	25,454
- Loss on electricity recognised	76,531	65,257
Amount recognised in other comprehensive income:		
- Loss on medical recognised	8,000	66,370
- Loss on electricity recognised	23,548	121,107

7.2.4 During the year ended June 30, 2023, the Company offered an option to eligible members for lumpsum payment in lieu of their monthly entitlement of electricity and medical benefits based on actuarial valuation, which was availed by most of the eligible members of the scheme.

7.2.5 Movement of other long term benefits

	July 1, 2022	(Reversal) / Charge for the year (Rupees in thousand)	Payments during the year	June 30, 2023
Other long term benefits:				
Provision for leave encashment	98,519	(2,914)	(17,717)	77,888
Provision for lumpsum payment to employees	95,534	3,167	(15,082)	83,619
	194,053	253	(32,799)	161,507

	July 1, 2021	Charge for the year	Payments during the year	June 30, 2022
	(Rupees in thousand)			
Other long term benefits:				
Provision for leave encashment	88,726	18,093	(8,300)	98,519
Provision for lumpsum payment to employees	92,277	14,452	(11,195)	95,534
	181,003	32,545	(19,495)	194,053

	Note	2023 (Rupees in thousand)	2022
8 Lease liabilities			
Present value of minimum lease payments	8.2	-	3,434
Less: Current portion shown under current liabilities		-	(3,434)
	8.1	-	-

8.1 The Company obtained motor vehicles on lease. Reconciliation of the carrying amount is as follows:

	2023 (Rupees in thousand)	2022
Opening balance	3,434	10,548
Additions during the year	-	-
Interests on lease liability	223	538
Payments made during the year	(3,657)	(7,652)
Lease liability as at June 30	-	3,434
Current portion shown under current liabilities	-	(3,434)
Long term lease liability as at June 30	-	-

8.2 Minimum lease payments have been discounted at an implicit interest rate ranging from 13.9 percent to 17.6 percent (2022: 8.6 percent to 13.9 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 to be 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)		
2023			
Not later than one year	-	-	-
Later than one year and not later than five years	-	-	-
	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

	Minimum lease payment	Future finance charge	Present value of lease liability
	(Rupees in thousand)		
2022			
Not later than one year	3,670	236	3,434
Later than one year and not later than five years	-	-	-
	3,670	236	3,434

	Note	2023 (Rupees in thousand)	2022
9			
Contract liability			
Opening Balance		4,613,061	19,128,298
Less: Amount recognised as revenue during the year	9.1	(4,613,061)	(14,515,237)
		-	4,613,061

9.1 The Company signed a Master Agreement and the Third Amendment to the Power Purchase Agreement on February 11, 2021 with Power Purchaser which later became binding on May 21, 2021. Pursuant to the terms and approval of these Agreements, the outages due to fuel shortage during the period 2008 to 2016 had been treated as Other Force Majeure Event (OFME) under the PPA and consequently, the Term of PPA had been extended by 485 days (approximately 16 months). Pursuant to a letter of understanding signed by both parties on March 30, 2021, it was agreed to treat the already received amount of Rs 19,287 million representing Capacity Purchase Price (CPP) of the OFME period (485 days) as advance against future CPP. During the OFME extension period, no CPP invoice was raised. Accordingly, this advance is adjusted, and the related revenue is recorded over the period from June 27, 2021 to October 24, 2022 upon satisfaction of the underlying performance obligation i.e. ensuring the availability of the Plant.

	Note	2023 (Rupees in thousand)	2022
10			
Finances under mark-up arrangements - secured			
- Under Conventional finances		8,586,689	16,507,171
- Under Islamic finances		13,567,030	20,863,175
	10.1	22,153,719	37,370,346

10.1 Finances under mark-up arrangements available from various commercial banks amount to Rs 19,995 million (2022: Rs 20,440 million) and finances available under musharika and murabaha arrangements amount to Rs 18,675 million (2022: Rs 24,575 million). The rate of mark-up ranges from 14.26 percent to 25.08 percent (2022: 7.7 percent to 14.9 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 30 percent (2022: 20 percent to 24 percent) per annum on the balances unpaid.

10.2 Letters of credit and bank guarantees

Of the aggregate facility of Rs 405 million (2022: Rs 392 million) for opening letters of credit and Rs 2,504 million (2022: Rs 2,504 million) for guarantees, the amounts utilised as at June 30, 2023 were Rs 29 million (2022: Rs 233 million) and Rs 2,504 million (2022: Rs 2,504 million) respectively.

- 10.3 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 67,200 million (2022: Rs 90,792 million) and ranking charge over current assets up to a limit of Nil (2022: Rs 4,001 million).

	Note	2023 (Rupees in thousand)	2022
11 Trade and other payables			
Trade creditors	11.1	419,370	9,765,336
Accrued liabilities	11.2	636,764	779,426
Liquidated damages		-	55,025
Markup accrued on:			
- Finances under markup arrangements - secured		1,635,505	959,813
- Lease liabilities		-	50
- Credit supplies of raw material		6,453,749	7,200,927
		8,089,254	8,160,790
Deposits - interest free repayable on demand	11.3	694	453
Workers' Welfare Fund	11.4	136,386	772,950
Workers' Profit Participation Fund		965	-
Differential payable to CPPA-G	11.5	-	1,730,484
Provident fund payable	11.6	-	12,425
Others		331,517	193,169
		9,614,950	21,470,058

- 11.1 Trade creditors include payable to Sui Northern Gas Pipelines Limited (SNGPL) amounting to Nil (2022: Rs 9,711 million).

- 11.2 Accrued liabilities includes Rs 35 million (2022: Rs 7 million) payable to CPPA-G against purchase of electricity.

- 11.3 These represent security deposits received against rent and utility charges of shops rented out in colony. None of these deposits is utilizable for other purposes. These have been kept in a separate bank account in accordance with the requirements of section 217 of the Act.

	2023 (Rupees in thousand)	2022
11.4 Movement in Workers' Welfare Fund is as follows:		
Opening balance	772,950	378,099
Provision made during the year	136,386	772,950
	909,336	1,151,049
Payment made during the year	(772,950)	(378,099)
Closing balance	136,386	772,950

- 11.5 This represents income tax differential payable to / receivable from the Power Purchaser 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.

- 11.6 The investments by the provident fund in collective investment schemes, listed equity and debts securities have been made in accordance with the conditions specified in section 218 of the Companies Act, 2017 and rules specified thereunder.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

12 Contingencies and commitments

12.1 Contingencies

12.1.1 Income tax

- (i) Income tax returns of the Company for tax years 2003 to 2007 were filed, wherein, only normal tax depreciation was claimed. Subsequently, 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 the 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 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 the Company's favour vide order dated April 14, 2012. No appeal was filed by the Tax Department (the Department) before High Court within the time stipulated under law.

Subsequently, the 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. The LHC proceeded to set aside the miscellaneous applications and declared the same to be pending before ATIR vide order dated November 12, 2018. Being aggrieved, the Company applied for leave of appeal from the Honorable Supreme Court of Pakistan, which was remanded back to LHC vide order dated August 9, 2019 for deciding the matter afresh after addressing the question of law involved therein. The LHC decided the case against the Company on May 25, 2022, by setting aside all the precedents of High Courts on this matter. Being aggrieved, the Company again filed an appeal with the Honorable Supreme Court of Pakistan, which was verbally decided in favor of the Company on April 20, 2023. However, detailed order was not issued within a period of 3 months from the date of hearing, resulting in commencement of rehearing proceedings due to which the case is still pending adjudication. The cumulative tax impact of this issue is approximately Rs 2,263 million.

- (ii) The Deputy Commission Inland Revenue (DCIR) initiated proceedings under sections 147/205 alleging that the Company had not paid advance tax liability to the tune of 90% of the tax liability for tax year 2015 and raised a tax demand amounting to Rs. 69 million. Being aggrieved, the Company filed an appeal before Commission Inland Revenue (Appeals) [CIR(A)], who vide order dated May 26, 2023, remanded back the issue to the DCIR on the grounds that there are computational errors in the above order that need to be corrected. Being further aggrieved, the Company filed an appeal before the Appellate Tribunal Inland Revenue which is pending adjudication.

- (iii) The Additional Commissioner Inland Revenue amended the assessment for the tax year 2016 vide order dated October 13, 2017 and created a demand of Rs 1,162 million by disallowing certain expenses, which was later reduced to Rs 1,077 million through rectification order. The Company filed an appeal before Commission Inland Revenue (Appeals) [CIR(A)], who vide order dated January 04, 2018 reduced the demand to Rs 779 million.

Being aggrieved, both the Department and the Company filed appeals before the Appellate Tribunal Inland Revenue (ATIR). The ATIR proceeded to uphold the order passed by the learned CIR(A). Being aggrieved both the Department and the Company filed appeals before the Honorable Lahore High Court (LHC). The LHC remanded the case back to ATIR for fresh proceedings vide order dated February 13, 2019. The ATIR partially decided the case in favour of the Company vide order dated December 16, 2020 and remanded back the remaining matters amounting to Rs. 277 million for fresh adjudication. Being aggrieved, the Company filed appeal in LHC against the said order of ATIR which is pending adjudication.

- (iv) The Deputy Commissioner Inland Revenue (DCIR) amended the assessment for the tax year 2017 vide order dated June 23, 2023 and created a demand of Rs 322 million by disallowing certain expenses. Being aggrieved, the Company filed an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)], which is pending adjudication.

- (v) The Additional Commissioner Inland Revenue amended the assessment for the tax year 2018 vide order dated May 28, 2019 and created a demand of Rs. 277 million by disallowing certain expenses. The Company filed an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] against the said order, which was partially decided in favour of the Company vide order dated July 23, 2019 and matter having a tax impact of Rs. 95 million was decided against the Company. The Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against the said order, which was decided against the Company vide order dated September 24, 2021. Being aggrieved, the Company has filed reference before the Honorable Lahore High Court, which is pending adjudication.
- (vi) The Additional Commissioner Inland Revenue re-initiated proceedings for the tax year 2018 and created a demand of Rs 1,121 million by charging tax on true up income on accrual basis instead of receipt basis. The Company filed an appeal before CIR(A), which was decided against the Company vide order dated May 28, 2020. Consequently, the Deputy Commissioner Inland Revenue issued recovery notice. Being aggrieved, the Company filed appeal before ATIR, which was decided in favour of the Company vide order dated April 28, 2022. Being aggrieved, the Department has filed an appeal before the LHC.
- (vii) The Additional Commissioner Inland Revenue amended the assessment of tax year 2019 vide order dated March 05, 2020 and created a demand of Rs 2,203 million on account of chargeability of tax on true-up income, LP income from CPPA-G and inadmissibility of few deductions and tax credit under section 65B. The Company filed an appeal before CIR(A), which was partially decided in favour of the Company vide order dated May 28, 2020 and the demand was reduced to Rs 1,604 million. Being aggrieved, the Company filed an appeal before ATIR which was decided in favour of the Company vide order dated April 28, 2022 except for an issue amounting to Rs 3 million. Being aggrieved, the Department has filed a reference against the Company before LHC, which is pending adjudication.
- (viii) The Additional Commissioner Inland Revenue amended the assessment of tax year 2020 vide order dated February 01, 2021 creating a demand of Rs 6,121 million on account of chargeability of tax on true-up income, late payment (LP) income from CPPA-G and inadmissibility of few deductions by disallowing certain expenses. The Company filed an appeal before CIR(A) which was partly decided in its favour vide order dated September 01, 2021. Being aggrieved, the Company filed appeal before ATIR that was decided entirely in its favour vide order dated April 28, 2022. Being aggrieved, the Department has filed an appeal before LHC, which is pending adjudication.
- (ix) The Additional Commissioner Inland Revenue (ACIR) amended the assessment of tax year 2021 vide order dated February 26, 2022 and created a demand of Rs 6,788 million on account of chargeability of tax on True up income and late payment income from CPPA-G and inadmissibility of few deductions. Being aggrieved, the Company has filed appeal before CIR(A). The CIR(A) decided certain matters in favour of the Company except for remaining matters, which were remanded back to ACIR for fresh consideration, vide order dated December 29, 2022.

The Management and the taxation expert of the Company believe that there are meritorious grounds available to defend the foregoing demand. Consequently, no provision has been recorded in these financial statements.

12.1.2 Sales tax

- (i) The Department issued a sales tax order dated April 30, 2014 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 amounting to Rs 415 million. Against the foregoing order, the Company filed an appeal before CIR(A) which was partially decided against the Company. However, CIR(A) instructed the 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 an appeal before LHC against ATIR decision.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

The 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. Being aggrieved, the Department has filed an appeal before ATIR against the order of CIR(A).

The LHC vide its judgment 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 Department due to above mentioned apportionment issue. The Department has filed Civil Petition for Leave to Appeal (CPLA) in Supreme Court of Pakistan against the decision of LHC, which was accepted, however appeal is pending adjudication.

- (ii) The Deputy Commissioner Inland Revenue (DCIR) issued an assessment order dated August 05, 2020 by rejecting the credit notes and created a demand of Rs. 1,100 million. The Company filed appeal before CIR(A), which was remanded back to DCIR vide order dated June 24, 2022 for verification from CPPA-G. The DCIR reinitiated the remand back proceedings and created a demand of Rs. 30 million vide order dated September 26, 2022. The Company filed an appeal with the CIR(A) which was decided against the Company. Being aggrieved, the Company filed an appeal with Appellate Tribunal Inland Revenue (ATIR) and the same was decided in the favor of the Company vide order dated June 06, 2023.
- (iii) For tax year 2004-2009 a show cause notice was issued by the Commissioner in 2015 rejecting KAPCO's deferred refund amounting to Rs.61 million. The Company filed an appeal before CIR(A) who vide its order dated January 30, 2020 remanded the case back to Commissioner for fresh verification of all the documents pertaining to refund. Subsequently, CIR issued an assessment order dated June 25, 2021 wherein all the deferred refund of the Company was rejected along with imposition of penalty. Being aggrieved, the Company filed an appeal in CIR(A) against the said order. The CIR(A) annulled the rejection of the sales tax refund and the case has been remanded back to the tax department for processing of sales tax refund vide order dated June 13, 2022.
- (iv) The Company was selected for sales tax audit for the tax year 2017 under section 72B of the Sales Tax Act, 1990. The Department issued a sales tax order dated August 31, 2020 creating a demand amounting to Rs 2,689 million. Being aggrieved, the Company filed an appeal before CIR(A), which was decided partially in favor of the Company. However, the Department has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR), which is pending adjudication.
- (v) The Deputy Commissioner Inland Revenue (DCIR) issued an assessment order dated September 30, 2021 and created a demand of Rs 15,110 million for tax year 2019 mainly on account of alleged non compliance of section 73 of Sales Tax Act, 1990. The Company filed appeal before CIR(A) who vide order dated January 28, 2022 annulled the demand and remanded the case back to DCIR. The DCIR issued order dated March 29, 2022 in remand back proceedings and created demand of Rs 155 million on inadmissibility of input tax on certain issues. The Company had filed an appeal before CIR(A), who vide order dated September 29, 2022 reduced the demand to Rs. 1.2 million. Being aggrieved, the Company and the Department filed an appeal with the ATIR against the said order, which is pending adjudication.
- (vi) The Additional Commissioner Punjab Revenue Authority initiated a proceeding u/s 52 of Punjab Sales Tax on Services Act, 2012 on the basis that Company has not complied with the provisions of Punjab Sales Tax on Services (Withholding) Rules, 2015 and created a demand of Rs. 1,028 million. Being aggrieved, the Company filed an appeal with the Commissioner Appeals, Punjab Revenue Authority, which is pending adjudication.

The Management and taxation experts of the Company believe that there are meritorious grounds to defend the foregoing demands/cases. Consequently, no provision has been recorded in these financial statements.

12.1.3 Others

- (i) 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, 2015.

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.

In 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 year ended June 30, 2019, this Ordinance expired and no further enactment was made by the Government of Punjab till October 01, 2021. After enactment of Companies Profits (Workers' Participation) Amendment Act, 2021 on October 1, 2021 Company has created provision of WPPF for the year ended June 30, 2022 and paid the same to the Fund as well.

During the year ended June 30, 2022, the Company received a notice from the Ministry of Overseas Pakistanis and Human Resource Development, Workers Welfare Fund (the Ministry) to deposit the left-over amount of WPPF from 2016 onward to WWF. The Company rejected the stance of Ministry through its response and the issue remains undecided. In case the liability materializes, the cumulative principal amount of WPPF for the year ended June 30, 2016 upto the year ended June 30, 2021 would amount to Rs 5,362 million (2022: Rs 5,362 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 CPPA-G as a pass-through item under the provisions of PPA.

- (ii) During the year ended June 30, 2022, NEPRA issued a letter to the Company seeking explanation in respect of the extension of its PPA for a period of 485 days in lieu of settlement of the liquidated damages dispute between the Company and the Power Purchaser by invoking the terms of the PPA under Other Force Majeure Events (OFME). The Company submitted the explanation to NEPRA that extension of the PPA was within the terms of the PPA and there was no violation of NEPRA regulations.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

During the year ended June 30, 2023, NEPRA issued a show cause notice dated July 21, 2022, to the Company alleging prima facie violation of Regulation 6(2) of NEPRA Interim Power Procurement (Procedures and Standards) Regulations, 2005 in respect of the extension of the Company's PPA for 485 days. Being aggrieved, the Company has filed an appeal, against the show cause notice before the NEPRA Appellate Tribunal in accordance with NEPRA Regulations. The Company also simultaneously filed stay with the Honorable Lahore High Court against the said notice, which was granted. The NEPRA Appellate tribunal remanded the case back to NEPRA vide order dated April 13, 2023, which is pending hearing.

The Management and the legal advisor of the Company believe that there are meritorious grounds available to defend the notice issued by NEPRA.

- (iii) Sui Northern Gas Pipelines Limited (SNGPL) has raised claims of late payment surcharge amounting to Rs 823 million (2022: Rs 768 million). The legal advisor is of the view that these claims are not as per the underlying agreements, therefore such claims have been disputed.

The Management and the legal advisor of the Company believe that there are meritorious grounds available to defend the foregoing claims. Consequently, no provision has been recorded in these financial statements.

- (iv) The Company had provided bank guarantees in favour of Sui Northern Gas Pipelines Limited (SNGPL) on account of payment of dues against gas sales etc., amounting to Rs 2,500 million in prior years, which was due to expire on June 09, 2023. During the year ended June 30, 2023, SNGPL issued encashment notice for the bank guarantee on June 07, 2023 for recovery of outstanding late payment surcharge balances. Subsequently, the Company obtained stay order from the Honorable Civil Court against the said encashment notice based on the premise that late payment surcharge is disputed and is not covered in the said bank guarantee.

The Management and the legal advisor of the Company believe that there are meritorious grounds available to defend the foregoing case. Consequently, no provision has been recorded in these financial statements.

12.2 Commitments

- (i) Contracts for capital expenditure are Rs 4 million (2022: Rs 11 million).
- (ii) Letters of credit other than for capital expenditure Rs 29 million (2022: Rs 233 million).
- (iii) Contracts for car ijara are Rs 69 million (2022: Rs 133 million).

	2023	2022
	(Rupees in thousand)	
Not later than one year	17,997	28,702
Later than one year and not later than five years	50,954	104,603
Later than five years	-	-
	68,951	133,305

13 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, 2023									
Opening net book value (NBV)	100,773	12,402	1,984,542	44,140	22,587	23,725	21	49,169	2,237,359
Additions (at cost)	-	-	-	9,548	3,046	282	-	-	12,876
Transfers from leased assets at NBV	-	-	-	-	-	-	-	2,198	2,198
Disposals / adjustments (at NBV)	-	-	-	-	-	-	-	(1,956)	(1,956)
Depreciation charge	-	(12,402)	(208,863)	(53,688)	(5,975)	(24,007)	(21)	(14,277)	(319,233)
Closing net book value (NBV)	100,773	-	1,775,679	-	19,658	-	-	35,134	1,931,244
Gross carrying value basis									
As at June 30, 2023									
Cost	100,773	894,051	35,513,576	9,095,423	427,321	171,345	17,830	181,911	46,402,230
Accumulated depreciation	-	(894,051)	(33,737,897)	(9,095,423)	(407,663)	(171,345)	(17,830)	(146,777)	(44,470,986)
Net book value (NBV)	100,773	-	1,775,679	-	19,658	-	-	35,134	1,931,244
Depreciation rate % per annum	-	4 - 85.71	4 - 26.33	10-100	20-100	20-100	20-42.86	25-92.31	
Net carrying value basis									
Year ended June 30, 2022									
Opening net book value (NBV)	100,773	48,854	2,611,320	248,366	31,857	5,754	78	21,223	3,068,225
Additions (at cost)	-	665	-	-	1,699	31,345	-	57,999	91,708
Transfers from leased assets at NBV	-	-	-	-	-	-	-	3,761	3,761
Disposals / adjustments (at NBV)	-	-	-	-	(253)	(164)	-	(1,692)	(2,109)
Depreciation charge	-	(37,117)	(626,778)	(204,226)	(10,716)	(13,210)	(57)	(32,122)	(924,226)
Closing net book value (NBV)	100,773	12,402	1,984,542	44,140	22,587	23,725	21	49,169	2,237,359
Gross carrying value basis									
As at June 30, 2022									
Cost	100,773	894,051	35,513,576	9,085,875	424,274	173,413	17,830	180,696	46,390,488
Accumulated depreciation	-	(881,649)	(33,529,034)	(9,041,735)	(401,687)	(149,688)	(17,809)	(131,527)	(44,153,129)
Net book value (NBV)	100,773	12,402	1,984,542	44,140	22,587	23,725	21	49,169	2,237,359
Depreciation rate % per annum	-	4 - 85.71	4 - 26.33	10-46.15	20-100	20-100	20-42.86	25-92.31	

The cost of fully depreciated assets which are still in use as at June 30, 2023 is Rs 46,301 million (2022: Rs 7,702 million).

	Note	2023 (Rupees in thousand)	2022
13.1			
The depreciation charge for the year has been allocated as follows:			
Cost of sales	25	292,534	854,929
Administration expenses	26	26,699	69,297
		319,233	924,226

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

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

2023

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (Loss)	Mode of disposal
(Rupees in thousand)							
Nil							

2022

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (Loss)	Mode of disposal
(Rupees in thousand)							
Employee							
Honda Civic Prosmatec	Mr. Ahmad Javed	2,679	(2,143)	536	536	-	Company Policy

2023 2022
(Area in kanals)

13.3	Description	Location	2023	2022
	Plant site	Kot Addu, District Muzaffargarh, Pakistan	3,081	3,081
	Corporate office	Lahore, Pakistan	2	2
	Land (Plot)	Islamabad, Pakistan	1	1

2023 2022
(Rupees in thousand)

13.4	Assets not in possession of the Company		2023	2022
	Description	Party		
	Blades & vanes	Siemens AG, Germany	-	324,704
	Buckets, Nozzles & Shrouds	GE Middle East FZE, Dubai, UAE	-	282,719
	Transition Pieces & Combustion Liners	Japanese Integrated Turbine Services, UAE	-	81,040
			-	688,463

13.4.1 These assets were in possession of the third parties for refurbishment purposes.

		2023	2022
		(Rupees in thousand)	
14	Intangible assets - computer software		
	Net carrying value basis		
	Year ended June 30		
	Opening net book value (NBV)	1,720	3,529
	Additions (at cost)	-	2,126
	Amortization charge	(1,720)	(3,935)
	Closing net book value	-	1,720
	Gross carrying value basis		
	Cost	67,968	67,968
	Accumulated amortization	(67,968)	(66,248)
	Net book value	-	1,720
	Amortization rate % per annum	20 - 100	20 - 100

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

14.2 The cost of intangible assets as on June 30, 2023 include fully amortized assets amounting to Rs 68 million (2022: Rs 59 million).

		2023	2022
		(Rupees in thousand)	
15	Right of use assets		
	Net carrying value basis		
	Year ended June 30		
	Opening net book value (NBV)	2,220	7,455
	Additions (at cost)	-	-
	Transfers / disposals (at NBV)	(2,198)	(3,761)
	Depreciation charge	(22)	(1,474)
	Closing net book value	-	2,220
	Gross carrying value basis		
	Cost	-	10,992
	Accumulated depreciation	-	(8,772)
	Net book value	-	2,220
	Depreciation rate % per annum	25	25

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

15.2 The lease contracts of the Company are related to motor vehicles which have been fulfilled during the year.

15.3 The cost of fully depreciated assets which are still in use as at June 30, 2023 is Nil (2022: Rs 9 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

	Note	2023 (Rupees in thousand)	2022
16	Long term loans and deposits		
	Loans to employees - considered good	16.1	-
	Security deposits		759
			9,818
			26,894
			9,818
			27,653
	Less: Receivable within one year		(467)
			(6,525)
			9,351
			21,128

16.1 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. The Company has recovered all the loans given to employees and has not given any loans after the date of expiry of PPA i.e. October 24, 2022. These loans carried an interest of 9 percent per annum (2022: 9 percent per annum).

	Note	2023 (Rupees in thousand)	2022
17	Staff retirement benefits - Pension		
	Pension asset	17.1	1,011,912
			721,960
17.1	Pension		
	The amounts recognised in the balance sheet are as follows:		
	Fair value of plan assets		3,708,537
	Present value of defined benefit obligation		(2,696,625)
	Net Assets at June 30		1,011,912
			721,960
	The movement in the net assets is as follows:		
	Asset as at July 1		721,960
	Income / (charge) to statement of profit or loss		43,714
	Contribution paid by the Company		-
	Remeasurement gain recognised in other comprehensive income		246,238
	Assets at June 30		1,011,912
			721,960
	The movement in the present value of defined benefit obligation is as follows:		
	Present value of defined benefit obligation as at July 1		3,045,774
	Current service cost		46,176
	Interest cost for the year		381,481
	Benefits paid during the year		(500,265)
	Gain due to change in financial assumptions		(321,449)
	Loss / (gain) due to change in experience adjustments		44,908
	Present value of defined benefit obligation as at June 30		2,696,625
			3,045,774
	The movement in fair value of plan assets is as follows:		
	Fair value as at July 1		3,767,734
	Expected return on plan assets		471,371
	Contribution paid by the Company		-
	Benefits paid during the year		(500,265)
	Remeasurement losses on plan assets		(30,303)
	Fair value as at June 30		3,708,537
			3,767,734

	2023	2022
	(Rupees in thousand)	
Plan assets are comprised of following:		
Mutual funds	40%	40%
Interest bearing instruments	59%	58%
Other	1%	2%
	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:

	2023	2022	2021	2020	2019
	(Rupees in thousand)				
As at June 30					
Fair value of plan assets	3,708,537	3,767,734	3,846,875	2,974,569	2,823,878
Present value of defined benefit obligations	(2,696,625)	(3,045,774)	(3,411,589)	(3,376,888)	(2,475,094)
Surplus / (Deficit)	1,011,912	721,960	435,286	(402,319)	348,784
Experience adjustment on obligation - loss / (gain)	44,908	204,219	(130,178)	13,332	20,798
Experience adjustment on plan assets - (loss) / gain	(30,303)	(270,602)	293,633	(46,788)	(173,364)

	2023	2022
	(Rupees in thousand)	
Year end sensitivity analysis on present value of defined benefit obligation:		
Discount rate + 0.50%	2,613,102	2,941,503
Discount rate - 0.50%	2,785,572	3,157,657
Increase in salary level + 0.50%	2,705,575	3,058,653
Increase in salary level - 0.50%	2,687,863	3,033,180
Increase in pension + 0.50%	2,760,334	3,120,952
Increase in pension - 0.50%	2,636,650	2,975,439
Maturity profile of the defined benefit obligation		
1. Weighted average duration of the benefit (Years)	6.19	6.85
2. Distribution of timing of benefit payments (time in years)		
1	246,995	390,213
2	369,519	301,502
3	357,167	354,613
4	401,919	338,062
5	369,742	369,700
6 to 10	2,311,624	2,193,759

17.2 Funding

The pension plan is fully funded by the Company. The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan. The funding is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions used in determining defined benefit liability. Employees are not required to contribute to the plan.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

17.3 Expected future Contributions

Expected future contributions for the year ending June 30, 2023 is Nil since the Company has already contributed more than required funds.

17.4 The sensitivity analysis is prepared using same computation model and assumptions as used to determine defined benefit obligation based on Projected Credit Unit Method.

17.5 Risk Exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Interest rate risk - The present value of the defined benefit plan is calculated using a discount rate determined by reference to the market yields at the end of the reporting period on high quality corporate bonds, or where there is no deep market in such bonds, by reference to market yields on government bonds. Currencies and terms of bond yields used must be consistent with the currency and estimated term of the post-employment benefit obligations being discounted. A decrease in bond interest rates will increase the liability, and vice versa.

Salary rate risk - The present value of the defined benefit plan is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the liability and vice versa.

Pension rate risk - The present value of the defined benefit plan is calculated after taking into account the future pension growth of plan participants. As such, an increase in the pension growth rate of the plan participants will increase the liability and vice versa.

Withdrawal rate risk - The present value of the defined benefit plan is calculated by reference to the best estimate of the withdrawal rate / attrition rate of plan participants. As such, an increase in the withdrawal rate may increase/decrease the liability and vice versa depending on the age-service distribution of the exiting employees.

Mortality rate risk - The present value of the defined benefit plan is calculated by reference to the best estimate of the mortality of plan participants during employment. An improvement in the mortality rates of the participants may increase the liability.

	Note	2023 (Rupees in thousand)	2022
17.6	Defined benefit obligation recognised during the year		
	Income / (expense) recognised in statement of profit or loss	43,714	(23,548)
	Gain recognised in other comprehensive income	246,238	310,222
18	Stores and spares		
	Stores and spares	5,679,695	5,532,144
	Provision for store obsolescence	(1,752,220)	(1,834,087)
		3,927,475	3,698,057

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

18.2 Stores and spares include items in transit amounting to Rs 5.6 million (2022: Rs 212 million) and items valuing Nil (2022: Rs 82 million) which are being held by the following suppliers for inspection / refurbishment purposes.

	Note	2023 (Rupees in thousand)	2022
Osborne Engineering LLC		-	1,613
MJB International		-	57,290
GE Middle East FZE		-	22,970
		-	81,873
18.3 Provision for store obsolescence			
Opening balance as at July 1		1,834,087	1,838,044
Add: Provision for the year		-	-
Less: Stores written off against provision		(81,867)	(3,957)
Closing balance as at June 30		1,752,220	1,834,087
19 Stock-in-trade			
Furnace oil		10,865,909	5,518,434
Diesel		647,364	672,174
Coal		52,198	45,348
		11,565,471	6,235,956
20 Trade debts			
Trade debts	20.1	27,071,127	62,504,238
Provision for doubtful debts	20.2	(459,742)	(349,756)
		26,611,385	62,154,482

20.1 These are considered good except Rs 460 million (2022: Rs 350 million) which are considered doubtful. Trade debts include an overdue amount of Rs 22,418 million (2022: Rs 47,465 million) receivable from CPPA-G, which is a related party of the Company. The maximum aggregate amount outstanding during the period was Rs 62,504 million (2022: Rs 116,885 million). The trade debts are Pakistani rupee denominated and secured by a 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 CPPA-G in timely payment, except for weekly RLNG fuel invoices, due in 03 days, which are subject to markup of 1 month Kibor plus 2 percent per annum for first 30 days, after which markup will be SBP discount rate plus 4 percent per annum.

Aging analysis of trade debts is given in note 40.1(b). Due to delays in settlement by the Power Purchaser, the Company has financed the trade debts via short term financing arrangements (Note 10), trade creditors (Note 11) and from own sources.

		2023 (Rupees in thousand)	2022
20.2 Provision for doubtful debts			
Opening balance as at July 1		349,756	298,462
Provision for the year		117,263	386,414
Trade debts written off		(7,277)	(335,120)
Closing balance as at June 30		459,742	349,756

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

21 Investments at fair value

Note	2023		2022	
	Cost	Carrying Value	Cost	Carrying Value
	(Rupees in thousand)			
Fair value through profit or loss - Government Securities				
Pakistan Investment Bond	23,831,000	22,837,248	26,831,000	26,680,747
GoP Ijarah Sukuk	27,417,400	27,264,290	27,417,400	27,386,564
21.1	51,248,400	50,101,538	54,248,400	54,067,311

Particulars of debt securities are as follows:

	Maturity	Effective Yield	2023	2022
			(Rupees in thousand)	
Pakistan Investment Bond	18-Jun-30	22.667%	22,837,248	26,680,747
GoP Ijarah Sukuk	9-Dec-25	21.843%	7,746,875	7,745,323
GoP Ijarah Sukuk	29-Oct-26	21.845%	19,517,415	19,641,241
			50,101,538	54,067,311

21.1 These instruments pertain to the amounts received against settlement in lieu of the Third Amendment to the PPA.

Note	2023	2022
	(Rupees in thousand)	
21.2 Movement in investments		
Opening fair value as at 1 July	54,067,311	25,670,360
Purchases during the year	-	38,747,700
Disposal of investments	(2,933,721)	(10,090,779)
Fair value loss during the year	(1,032,052)	(259,970)
Closing fair value as at June 30	50,101,538	54,067,311

22 Loans, advances, deposits, prepayments and other receivables

Advances to suppliers - considered good	22.1	27,272	2,410,330
Sales tax claims recoverable from Government		3,311,508	1,915,372
Prepayments		46,237	8,613
Profit from investments		1,003,971	702,097
Claims recoverable from CPPA-G as pass through items:			
Workers' Welfare Fund	22.2	79,942	772,949
Workers' Profit Participation Fund	22.2	199,854	776,181
Receivable from Workers' Profit Participation Fund Trust		-	3,819
Security deposits	22.3	1,890	7,212
Differential receivable from CPPA-G	11.5	72,232	-
Loans to employees - considered good		-	759
Other receivables		9,077	5,656
		4,751,983	6,602,988

22.1 Advances to suppliers include amounts due for more than a year from WAPDA, an associated undertaking, amounting to Rs 1 million (2022: Rs 1 million). These are in the normal course of business and are interest free.

22.2 Under section 14.2(a) of Part III of Schedule 6 to Power Purchase Agreement (PPA) with the Power Purchaser, payments to Workers' Welfare Fund and Workers' Profit Participation Fund during PPA were recoverable from the Power Purchaser as pass through items till the expiry of PPA.

22.3 All the security deposits are non-interest bearing.

	Note	2023 (Rupees in thousand)	2022
23 Cash and bank balances			
At banks on:			
- Current accounts		985,258	194,621
- Savings accounts			
- Under interest / mark up arrangements		934,340	823,335
- Under arrangements permissible under Shariah		-	56
	23.1	934,340	823,391
		1,919,598	1,018,012
In hand			
- Cash		183	170
		1,919,781	1,018,182

23.1 Included in these are total restricted funds of Rs. 5 million (2022: Rs 15 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 12.25 percent to 19.50 percent (2022: 5.50 percent to 12.25 percent) per annum.

	Note	2023 (Rupees in thousand)	2022
24 Sales			
Energy purchase price	24.1	24,236,353	143,586,615
Sales tax		(3,485,712)	(20,628,251)
Net energy purchase price		20,750,641	122,958,364
Capacity purchase price for the year under PPA - net	9.1	4,684,671	13,641,260
	24.2	25,435,312	136,599,624

24.1 Included in revenue is an Energy Purchase Price invoice relating to generation during country-wide black out on January 23, 2023 amounting to Rs. 128 million (2022: Nil) based on the terms of the expired PPA as agreed with the Power Purchaser. The System Operator / Power Purchaser and GoP requested the Company to provide emergency generation for the system restoration from blackout. The Board of Directors of the Company approved the support of System Operator in the larger interest of the Country for the restoration of the national grid by necessary operations through its black-start facility.

24.2 Sales recorded represent contracts with customers only. Furthermore, the Company's net revenue disaggregated by pattern of revenue recognition is as follows:

	2023 (Rupees in thousand)	2022
Revenue recognised at a point in time - Energy Purchase Price	20,750,641	122,958,364
Revenue recognised over time - Capacity Purchase Price	4,684,671	13,641,260
	25,435,312	136,599,624

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

	Note	2023 (Rupees in thousand)	2022
25	Cost of sales		
	Fuel cost	22,572,213	124,434,488
	Salaries, wages and benefits	25.1 1,922,551	2,222,278
	Depreciation on property, plant and equipment	13.1 292,534	854,929
	Plant maintenance	211,482	284,313
	Gas turbines overhauls	280,119	116,076
	Repair and renewals	94,875	151,500
	Plant insurance	25.2 628,665	-
	Amortization on intangible assets	14.1 1,720	3,935
		25.3 26,004,159	128,067,519
25.1	Salaries, wages and benefits		
	Salaries, wages and benefits include following in respect of retirement benefits;		
	Pension		
	Current service cost	46,176	65,051
	Net interest (income) / cost for the year	(89,890)	(41,503)
		(43,714)	23,548
	Medical		
	Current service cost	(7,070)	4,113
	Net interest cost for the year	38,634	21,341
		31,564	25,454
	Free electricity		
	Current service cost	(19,058)	10,537
	Net interest cost for the year	95,589	54,720
		76,531	65,257
	Other long term benefits:		
	(Reversal) / provision for leave encashment	(2,914)	18,093
	Provision for lump sum payment	3,167	14,452
		253	32,545

In addition to above, salaries, wages and benefits also include Rs. 52 million (2022: Rs. 50 million) in respect of provident fund contribution by the Company.

25.2 The Plant insurance was a pass-through item till expiry of the PPA. Thereafter, the Company has recorded an expense in respect of the same.

25.3 Cost of sales include Rs 146 million (2022: Rs 531 million) for stores and spares consumed.

	Note	2023 (Rupees in thousand)	2022
26	Administrative expenses		
	Motor vehicles running	108,943	69,603
	Legal and professional charges	111,802	71,560
	Repairs and maintenance	73,438	80,535
	Travelling	61,779	14,553
	LDs arbitration cost	-	32,387
	Provision for doubtful debts	117,263	386,414
	Bad debts written off	97,542	-
	Colony running cost	53,782	45,600
	Depreciation on property, plant and equipment	26,699	69,297
	Depreciation on right of use assets	22	1,474
	Computer charges	33,080	26,982
	Printing, stationery and periodicals	13,159	11,400
	Regulatory fee	36,404	17,734
	Education fee for employees' children	28,494	26,529
	Training expenses	1,421	7,987
	Postage, telephone and telex	9,065	10,098
	Rent, rates and taxes	2,524	2,641
	Auditors' remuneration	12,165	7,677
	Advance written off	-	21,318
	Donations	209	7,401
	Other expenses	54,788	65,511
		842,579	976,701
26.1	Auditors' remuneration		
	The charges for auditors' remuneration include the following:		
	Statutory audit	5,402	4,481
	Half yearly review	1,995	1,651
	Workers' Profit Participation Fund audit, Employees Provident and Pension Fund audit, special reports and certificates	3,957	1,133
	Out of pocket expenses	811	412
		12,165	7,677

26.2 During the year ended June 30, 2022, an amount of Rs. 5 million was donated to Akhuwat Foundation, however, no such amount was donated during the year. None of the directors and their spouses had any interest in any of the donees during the year.

	Note	2023 (Rupees in thousand)	2022
27	Other operating expenses		
	Fair value loss on investments at fair value	1,032,052	259,970
	Loss on disposal of property, plant and equipment	-	184
	Workers' Welfare Fund	56,444	-
	Workers' Profit Participation Fund	141,111	-
	Project cost	17,845	-
	Exchange loss	112,841	17,297
		1,360,293	277,451

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

27.1 The Workers' Welfare Fund (WWF) and the Workers' Profit Participation Fund (WPPF) were pass-through items till expiry of the PPA. Thereafter, the Company has recorded an expense in respect of these items.

	Note	2023 (Rupees in thousand)	2022
28			
Other income			
Income from financial assets			
Income on bank deposits		117,181	40,128
Interest on loans to employees		14	116
Interest on PIBs and Sukuks		8,460,080	4,115,247
True-up income	28.1	45,476	747,369
Interest on late payment - CPPA-G		7,153,789	7,669,077
		15,776,540	12,571,937
Income from non-financial assets			
Colony electricity		14,287	10,854
Unclaimed balances written back		6,213	-
Profit on disposal of property, plant and equipment		518	-
Scrap sales		13,250	9,686
House rent recovery		11,781	12,285
Others		21,336	14,006
		67,385	46,831
		15,843,925	12,618,768

28.1 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.

		2023 (Rupees in thousand)	2022
29			
Finance cost			
Interest and mark up including commitment charges on			
- finances under markup arrangements - secured		5,621,177	3,601,471
- credit supplies of raw material		523,000	711,684
- car ijara		79,959	34,104
- lease liabilities		16,029	10,909
Bank and other charges		12,733	14,939
		6,252,898	4,373,107
30			
Taxation			
Current tax			
- Current year		1,421,184	13,237,723
- Prior year		79,120	296
		1,500,304	13,238,019
Deferred tax		1,360,247	(7,608,025)
		2,860,551	5,629,994

	2023 % age	2022 % age
30.1 Tax charge reconciliation		
Numerical reconciliation between the applicable tax rate and the average effective tax rate		
Tax at applicable rate	29.00	29.00
Super tax	10.00	4.00
Impact of prior period tax adjustments	1.16	-
Tax rate change	1.81	7.36
Impact of Final Tax Regime	-	(4.07)
Others	(0.02)	(0.02)
Average effective tax rate	41.95	36.27

30.1.1 It represents tax expense pertaining to super tax, which has been levied at the rate of 10% (2022: 4%) on all companies having taxable income of Rs 500 million (2022: Rs 300 million) or above through amendments introduced in the Income Tax Ordinance, 2001 vide Finance Act 2023.

	2023 (Rupees in thousand)	2022
30.2 Tax recognised directly in other comprehensive income		
Defined benefit obligation	83,729	42,182
	83,729	42,182

31 Remuneration of Chief Executive, Directors and Executives

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

	Note	Chief Executive		Executives	
		2023	2022	2023	2022
(Rupees in thousand)					
Managerial remuneration		68,681	61,875	449,332	403,523
Bonus		34,341	30,938	114,834	101,397
Reimbursable expenses		4,718	3,840	61,063	37,007
Contribution to provident and pension funds and other retirement benefit plans		6,868	6,187	31,038	33,928
Leave passage		6,868	5,156	24,860	23,483
Other perquisites	31.1.1	5,639	4,208	25,152	30,477
		127,115	112,204	706,279	629,815
Number of persons		1	1	69	64

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

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

31.2 Remuneration to other directors

Aggregate amount charged in the financial statements for fee to 7 directors (2022: 7 directors) is Rs 45 million (2022: Rs 39 million) and Rs 3 million (2022: Rs 5 million) against club memberships.

A Company maintained vehicle is provided to the Chairman of the Board of Directors.

No other perquisite is provided to the directors.

32 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 31. Other significant transactions with related parties are as follows:

Relationship with the Company	Percentage of shareholding	Nature of transaction	2023 (Rupees in thousand)	2022
i. Associated undertakings				
CPPA-G	0%	Sale of electricity	25,435,312	136,599,624
CPPA-G	0%	Purchase of electricity	453,423	188,276
CPPA-G	0%	Interest income on late payment	7,153,789	7,669,077
CPPA-G	0%	True-up income	45,476	747,369
CPPA-G	0%	Provision for doubtful debts	117,263	386,414
CPPA-G	0%	Debts written off	104,819	335,120
WAPDA	40%	Purchase of services	1,900	725
WAPDA	40%	Dividend paid	2,657,333	4,428,889
KAPCO Employees				
Empowerment Trust	5%	Dividend paid	361,893	603,155
Central Depository Company*				
Company*	0%	Purchase of services	-	3,245
ii. Post retirement benefit plans				
KAPCO Employees				
Provident Fund Trust	0%	Contributions paid	55,631	50,611

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

*Central Depository Company is no longer a related party, hence the value of transaction during the year is not disclosed.

32.1 Following are the associated undertakings / companies and post retirement benefits plans along with basis of their relationship with the Company with whom the Company had entered into transactions during the current year;

Name of related parties	Direct shareholding	Relationship
WAPDA	40%	Associated undertaking
KAPCO Employees Empowerment Trust	5%	Common management
CPPA-G	N/A	Associated undertaking
Post retirement benefit plans:		
- KAPCO Employees' provident fund trust	N/A	Post employment benefits plan

33 Non-adjusting events after the reporting date

33.1 The Board of Directors of the Company have proposed a final dividend for the year ended June 30, 2023 of Rs 5.00 (2022: Rs 4.00) per share amounting to Rs 4,401 million (2022: Rs 3,521 million) at their meeting held on September 06, 2023 for approval of members at the Annual General Meeting to be held on October 24, 2023. These financial statements do not reflect this dividend payable.

33.2 There are no other significant events that have occurred subsequent to the reporting date, other than those mentioned elsewhere in these financial statements.

	2023 MWh	2022 MWh
34 Capacity and production		
Annual dependable capacity [based on 8,760 hours (2022: 8,760 hours)]	11,756,064	11,756,064
Actual energy delivered	587,845	4,979,779

Capacity for the power plant taking into account all the planned scheduled outages is 11,736,511 MWh (2022: 10,954,161 MWh). Actual energy delivered by the plant is dependent on the load demanded by CPPA-G and the plant availability. Furthermore, the PPA of the Company expired during the year due to which there is a significant shortfall in generation.

35 Rates of exchange

Liabilities in foreign currencies as on June 30, 2023 have been translated into Rupees at USD 0.3483 (2022: USD 0.4854), EURO 0.3182 (2022: EURO 0.4635) and GBP 0.2737 (2022: GBP 0.4001) equal to Rs 100.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

	Note	2023 (Rupees in thousand)	2022
36	Cash generated from operations		
	Profit before tax	6,819,308	15,523,614
	Adjustments for:		
	- Depreciation on property, plant and equipment	25 & 26 319,233	924,226
	- Amortization on intangible assets	25 1,720	3,935
	- Depreciation on right of use assets	26 22	1,474
	- (Gain) / loss on disposal of property, plant and equipment	27 & 28 (518)	184
	- Interest income on investments at fair value	28 (8,460,080)	(4,115,247)
	- Income on bank deposits	28 (117,181)	(40,128)
	- Bad debts written off	26 97,542	-
	- Exchange loss	27 112,841	17,297
	- Advances written off	26 -	21,318
	- Provision for doubtful debts	26 117,263	386,414
	- Staff retirement benefits accrued	25 64,634	146,804
	- Finance cost	29 6,252,898	4,373,107
	- Fair value loss on investments at fair value	27 1,032,052	259,970
	- Amortisation of contract liability	9 (4,613,061)	(14,515,236)
	Profit before working capital changes	1,626,673	2,987,732
	Effect on cash flow due to working capital changes:		
	- Increase in stores and spares	(229,418)	(516,634)
	- Increase in stock-in-trade	(5,329,515)	(314,069)
	- Decrease in trade debts	33,597,186	42,081,535
	- Decrease in loans, advances, deposits, prepayments and other receivables	2,152,879	511,391
	- (Decrease) / increase in trade and other payables	(10,165,308)	6,566,674
		20,025,824	48,328,897
		21,652,497	51,316,629
37	Cash and cash equivalents		
	Cash and bank balances	23 1,919,781	1,018,182
	Finances under mark up arrangements - secured	10 (22,153,719)	(37,370,346)
		(20,233,938)	(36,352,164)

38 Reconciliation of liabilities arising from financing activities

	July 1, 2022	Accruals / Dividend declared	Payments	June 30, 2023
	(Rupees in thousand)			
Leases	3,434	-	(3,434)	-
Unclaimed dividend	971,233	6,601,899	(6,517,006)	1,056,126

	July 1, 2021	Accruals / Dividend declared	Payments	June 30, 2022
	(Rupees in thousand)			
Leases	10,548	-	(7,114)	3,434
Unclaimed dividend	810,833	6,601,899	(6,441,499)	971,233
Unpaid dividend	4,401,266	-	(4,401,266)	-

39 Earnings per share

39.1 Basic earnings per share

Profit for the year	Rupees in thousand	3,958,757	9,893,620
Weighted average number of ordinary shares	Numbers	880,253,228	880,253,228
Earnings per share	Rupees	4.50	11.24

39.2 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, 2023 and June 30, 2022 which would have any effect on the basic earnings per share.

40 Financial risk management

40.1 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:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

	2023	2022
Trade and other payables - USD	1,546,364	697,231
Trade and other payables - GBP	81,000	-
Trade and other payables - Euro	408,600	161,575

The following exchange rates were applied during the year:

	Average rate		Year-end spot rate	
	2023	2022	2023	2022
	(Rupees)			
USD 1	250.14	178.73	287.10	206.00
GBP 1	303.06	236.51	365.40	249.92
EUR 1	264.00	200.94	314.27	215.75

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 18 million (2022: Rs 6 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 reporting date, the interest rate profile of the Company's interest bearing financial instruments is:

	2023	2022
	(Rupees in thousand)	
Financial assets		
Fixed rate instruments		
Staff loans	-	759
Floating rate instruments		
Bank balances - savings accounts	934,340	823,391
Investments at fair value	50,101,538	54,067,311
Trade debts - overdue other than late payment invoices	18,064,680	45,097,285
Financial liabilities		
Floating rate instruments		
Lease liabilities	-	3,434
Finances under mark-up arrangements - secured	22,153,719	37,370,346
	22,153,719	37,373,780

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 reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates on late payments, lease liabilities 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 206 million (2022: Rs 258 million) higher/lower, mainly as a result of higher/lower interest expense on floating rate borrowings.

If interest rates on investments and late payments on trade debts, at the year end date, fluctuate by 1% higher / lower with all other variables held constant, profit after tax would have been Rs 502 million (2022: Rs 587 million) higher / lower, mainly as a result of higher / lower interest rate expense on floating rate.

(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:

	2023	2022
	(Rupees in thousand)	
Long term loans and deposits	9,351	21,128
Trade debts	26,611,385	62,154,482
Investments at fair value	50,101,538	54,067,311
Loans, advances, deposits, prepayments and other receivables		
Loans to employees - considered good	-	759
Profit from investments	1,003,971	702,097
Claims recoverable from CPPA-G as pass through items:		
- Workers' Welfare Fund	79,942	772,949
- Workers' Profit Participation Fund	199,854	776,181
Security deposits	1,890	7,212
Other receivables	8,515	9,187
Balances with banks	1,919,598	1,018,012
	79,936,044	119,529,318

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 CPPA-G is mitigated by guarantee from the Government of Pakistan under the Facilitation Agreement. Age analysis of trade receivable balances is as follows:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

	2023	2022
	(Rupees in thousand)	
Not yet due	4,652,662	15,039,347
Due upto 90 days	1,237,298	45,780,217
Due past 90 to 180 days	541,968	4,415
Due past 181 to 365 days	18,923,414	317,950
Due past 365 days	1,715,785	1,362,309
	27,071,127	62,504,238
Provision for doubtful debts	(459,742)	(349,756)
	26,611,385	62,154,482

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	Rating	Rating	2023	2022
	Short term	Long term	Agency	(Rupees in thousand)	
Trade Debts					
CPPA-G	Not Available			26,611,385	62,154,482
Investments at fair value					
National Bank of Pakistan	A-1+	AAA	VIS / PACRA	50,101,538	54,067,311
Cash and bank balances					
-National Bank of Pakistan	A-1+	AAA	VIS / PACRA	26	88
-Habib Bank Limited	A-1+	AAA	VIS	1,162,918	1,000,106
-MCB Bank Limited	A1+	AAA	PACRA	17	75
-Habib Metropolitan Bank Limited	A1+	AA+	PACRA	4,832	15,179
-Allied Bank Limited	A1+	AAA	PACRA	-	11
-Samba Bank Limited	A1	AA	PACRA	-	1
-Askari Bank Limited	A1+	AA+	PACRA	750,038	-
-Meezan Bank Limited	A-1+	AAA	VIS	13	2,516
-Bank Al Habib	A1+	AAA	PACRA	7	-
-Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	1,484	-
-United Bank Limited	A-1+	AAA	VIS	230	3
-BankIslami Pakistan Limited	A1	AA-	PACRA	33	33
				1,919,598	1,018,012

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, 2023, the Company had borrowing limits available from financial institutions at Rs 38,670 million (2022: Rs 47,575 million) out of this the total unavailed amount is Rs 16,516 million (2022: Rs 7,644 million) and Rs 1,920 million (2022: Rs 1,018 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, 2023:

	Carrying amount	Less than one year (Rupees in thousand)	One to five years	More than five years
Finances under mark-up arrangements - secured	22,153,719	22,153,719	-	-
Trade and other payables	9,757,395	9,757,395	-	-
Unclaimed dividend	1,056,126	1,056,126	-	-
	32,967,240	32,967,240	-	-

The following are the contractual maturities of financial liabilities as at June 30, 2022:

	Carrying amount	Less than one year (Rupees in thousand)	One to five years	More than five years
Lease liabilities	3,434	3,434	-	-
Finances under mark-up arrangements - secured	37,370,346	37,370,346	-	-
Trade and other payables	20,697,108	20,697,108	-	-
Unclaimed dividend	971,233	971,233	-	-
	59,042,121	59,042,121	-	-

40.2 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).

The following is categorization of assets which are disclosed at fair value as at June 30, 2023:

	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Assets:				
Investments at fair value	50,101,538	-	-	50,101,538

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

The following is categorization of assets which are disclosed at fair value as at June 30, 2022:

	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Assets:				
Investments at fair value	54,067,311	-	-	54,067,311

	2023	2022
	(Rupees in thousand)	
40.3 Financial instruments by categories		
40.3.1 Financial instruments at amortized cost include:		
Financial assets as per statement of financial position		
Long term loans and deposits	9,351	21,128
Trade debts	26,611,385	62,154,482
Loans, advances, deposits, prepayments and other receivables		
- Loans to employees - considered good	-	759
- Workers' Welfare Fund receivable from CPPA-G	79,942	772,949
- Workers' Profit Participation Fund receivable from CPPA-G	199,854	776,181
- Security deposits	1,890	7,212
- Other receivables	8,515	9,187
Cash and bank balances	1,919,598	1,018,012
	28,830,535	64,759,910
Financial liabilities as per statement of financial position		
Lease liabilities	-	3,434
Finances under mark-up arrangements - secured	22,153,719	37,370,346
Trade and other payables	9,757,395	20,697,108
Unclaimed dividend	1,056,126	971,233
	32,967,240	59,042,121

40.3.2 Financial assets at fair value have been shown under note 40.2.

40.4 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, 2023 and June 30, 2022 are as follows:

		2023	2022
		(Rupees in thousand)	
Total equity		66,083,727	68,595,908
Total debt		-	-
Total capital		66,083,727	68,595,908
Gearing ratio	Percentage	0%	0%

41 **Number of employees**

Total number of employees at year end and average number of employees during the year are 449 (2022: 523) and 486 (2022: 520) respectively.

42 **Corresponding figures**

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

43 **Date of authorisation for issue**

These financial statements were authorised for issue on September 06, 2023 by the Board of Directors of the Company.



Aftab Mahmood Butt
Chief Executive Officer



M. Rabnawaz Anjum
Chief Financial Officer



Hafiz Muhammad Yousaf
Director

BALLOT PAPER

KOT ADDU POWER COMPANY LIMITED
5-B/3, GULBERG III, LAHORE-54660

Ballot Paper For Voting Through Post

(In person and virtual 27th Annual General Meeting to be held at 10:00 a.m. on Tuesday, October 24, 2023)

Designated email address of the Chairman at which the duly filled in ballot paper may be sent is chairman@kapco.com.pk

Name of member/ joint members	
Registered Address	
Number of Shares held (as of October 17, 2023) and Folio No.	
CNIC No./Passport No (in case of foreigner) (Copy to be attached)	
Additional information and enclosures (In case of representative of body corporate, Corporation and Federal Government)	

I/we hereby exercise my/our vote in respect of the following resolution through postal ballot by conveying my/our assent or dissent to the following resolution by picking tick (✓) mark in the appropriate box below:

Sr. No.	Nature and Description of resolutions	I/We assent to the resolution (FOR)	I/We dissent to the resolution (AGAINST)
1.	<p>RESOLVED that approval of the members of Kot Addu Power Company Limited (the "Company") be and is hereby accorded and the Company be and is hereby authorized to circulate the Annual Audited Financial Statements of the Company together with the reports and documents required to be annexed thereto under the Companies Act, 2017 through QR enabled code and web-link instead of circulation through CD/DVD/USB.</p> <p>FURTHER RESOLVED that the Chief Executive and the Company Secretary be and is/are hereby singly and/or jointly empowered and authorized to do all acts, deeds and things, take or cause to be taken all necessary actions for the purposes of implementing the QR enabled code.</p>		

Signature of Member(s)

Date:

Place :

NOTES / PROCEDURE FOR SUBMISSION OF BALLOT PAPER:

- Duly filled and signed original postal ballot should be sent to the Chairman, Kot Addu Power Company Limited, 5-B/3, Gulberg-III, Lahore or a scanned copy of the original postal ballot to be emailed at: chairman@kapco.com.pk.
- Copy of CNIC/Passport (in case of foreigner) should be enclosed with the postal ballot form.
- Postal Ballot forms should reach the Chairman of the meeting on or before October 23, 2023 by 5.30 p.m. Any Postal Ballot received after this date, will not be considered for voting.
- Signature on Postal Ballot should match the signature on CNIC/Passport (in case of foreigner).
- Incomplete, unsigned, in correct, defaced, torn, mutilated, over written ballot papers will be rejected.
- In case of representative of body corporate and corporation, Postal Ballot must be accompanied with copy of CNIC of authorized person, along with a duly attested copy of Board Resolution, Power of Attorney, or Authorization Letter in accordance with Section(s) 138 or 139 of the Companies Act 2017, as applicable, unless these have already been submitted along with Proxy Form. In case of foreign body corporate etc. all documents must be attested from the Pakistani Embassy having jurisdiction over the member.
- Ballot paper has also been placed on the Company's website of the Company (www.kapco.com.pk). Members may download the ballot paper form the website or use original/photocopy published in newspapers.





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Company Secretary
Kot Addu Power Company Limited
5-B/3, Gulberg III
Lahore 54660, Pakistan

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 27th Annual General Meeting of the Company to be held on Tuesday, October 24, 2023 at 10:00 am at Islamabad
Serena Hotel and any adjournment thereof.

Signed this _____ day of _____ 2023

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

Witnesses:

1. Signature _____
Name: _____
CNIC: _____
Address: _____

Revenue Stamp
Rs 5/-

2. Signature _____
Name: _____
CNIC: _____
Address: _____

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, Plot No. 32-C, Jami Commercial Street 2, Phase-VII, DHA, 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 shall 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).



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THK Associates (Private) Limited
Plot No. 32-C, Jami Commercial
Street 2, Phase-VII, DHA
Karachi 75500, Pakistan
Tel: +92 (0)21 111 000 322
Fax: +92 (0)21 35310190

پراکسی فارم

27 ویں سالانہ اجلاس عام

کوٹ اور پاور کمپنی لمیٹڈ

میں ام: _____ ساکن _____
 کوٹ اور پاور کمپنی لمیٹڈ (فولیو نمبر 1 سی ڈی سی 1 اکاؤنٹ نمبر 1 شیئرز کا شمار) بذریعہ بذاتقررت کرتا ہوں
 ساکن _____ فولیو نمبر 1 سی ڈی سی اکاؤنٹ نمبر: _____ یا اس کی
 ناکامی میں _____ ساکن _____
 فولیو نمبر 1 سی ڈی سی اکاؤنٹ نمبر: _____ جو کہ میری 1 ہماری فیروز موجودگی میں میرے 1 ہمارے پراکسی (نمائندے) کے طور پر کمپنی کی 27 ویں سالانہ
 اجلاس عام منفقہ 24 اکتوبر 2023ء بروز منگل دن 10:00 بجے بمقام اسلام آباد سیرینا ہوٹل والی سینٹنگ میں شرکت کرے گا اور میری 1 ہماری جگہ ووٹ استعمال کرے گا۔

ریونو
 مہر

میں بطور گواہ اس _____ دن _____ 2023

دستخط منظور کنندہ: _____
 دستخط کمپنی کے پاس موجود نمونہ
 کے دستخط کے مطابق ہونا چاہئے

گواہان:

1۔ دستخط _____ 2۔ دستخط _____
 نام _____ نام _____
 پتہ _____ پتہ _____
 شناختی کارڈ / پاسپورٹ نمبر _____ شناختی کارڈ / پاسپورٹ نمبر _____

جاہت:

- 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 ایش (پرائیویٹ) لمیٹڈ، پلاٹ نمبر C32 جہاں کرشل سٹریٹ 2، فیز 7، ڈی ایچ اے، کراچی تکفیل جانی چاہیے۔
- 2۔ کوئی بھی پراکسی کے طور پر کام اعمل نہیں کر سکتا 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 شیئرز 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۔ کارپوریشن ادارہ کی صورت میں، بورڈ کی قرارداد اختیار نامہ یا دیگر اہم تصدیقی نمائندے (پراکسی) کے دستخط کے ساتھ کمپنی کو جمع کرانا ہوگا۔

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THK Associates (Private) Limited
Plot No. 32-C, Jami Commercial
Street 2, Phase-VII, DHA
Karachi 75500, Pakistan
Tel: +92 (0)21 111 000 322
Fax: +92 (0)21 35310190



Power Plant:

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

Corporate Office:

5 B/3, Gulberg III
Lahore 54660, Pakistan

Registered Office:

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