



KOT ADDU POWER COMPANY LIMITED

1ST QUARTER

REPORT

September 30, 2024 (un-audited)

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Company Information

Board of Directors	Lt. General (Retd) Sajjad Ghani (Chairman) Mr. Muhammad Rabnawaz Ajnum (Chief Executive) (Acting) Mr. Aqeel Ahmed Nasir Mr. Hafiz Mohammad Yousaf Mr. Saad Iqbal Mr. Naveed Asghar Chaudhry Mr. Jamil Akhtar Ms. Mahwish Humayun Khan Mr. Khawaja Khalil Shah
Audit Committee	Mr. Hafiz Mohammad Yousaf (Chairman) Mr. Saad Iqbal Mr. Naveed Asghar Chaudhry Mr. Jamil Akhtar Mr. Khawaja Khalil Shah
HR Committee	Ms. Mahwish Humayun Khan (Chairperson) Mr. Aqeel Ahmed Nasir Mr. Hafiz Mohammad Yousaf Mr. Naveed Asghar Chaudhry Mr. Jamil Akhtar
Investment Committee	Mr. Naveed Asghar Chaudhry (Chairman) Mr. Hafiz Mohammad Yousaf Mr. Saad Iqbal Mr. Jamil Akhtar Mr. Khawaja Khalil Shah
GM Finance / CFO	Mr. Muhammad Rabnawaz Ajnum
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
Bankers	<u>Conventional</u> Askari Bank Limited Bank Al-Habib Limited Habib Bank Limited Habib Metropolitan Bank Limited MCB Bank Limited National Bank of Pakistan Standard Chartered Bank (Pakistan) Limited United Bank Limited <u>Islamic</u> AlBaraka Bank (Pakistan) Limited Askari Bank Limited-IBD Bank Alfalah Limited Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Meezan Bank Limited National Bank of Pakistan-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	Info@kapco.com.pk
Website	www.kapco.com.pk

Directors' Report

We are pleased to present the financial statements (un-audited) for the first quarter ended September 30, 2024.

The principal activity of the Company is to own, operate and maintain a 1600 MW name plate capacity multi-fuel combined cycle gas turbine power plant at Kot Addu. The Company is permitted under its Memorandum of Association to make investments in other businesses.

As previously advised, National Electric Power Regulatory Authority (NEPRA) in August 2023 approved a provisional tariff for the Company for 500 MWs on 'take and pay' basis following inclusion of the Company in the Indicative Generation Capacity Expansion Plan (IGCEP) (2022-2031) till 2027 by NEPRA due to system requirements of the National Transmission and Dispatch Company (NTDC). Unfortunately, due to regulatory impediments, the Company has still not signed an energy purchase agreement with a power purchaser. The Company continues to pursue NEPRA for, (a) the determination of final tariff following the hearing of the Company's tariff petition in October 2023; (b) identification of the power purchaser with which it will sign the energy purchase agreement; and (c) separate tariff for switchyard/grid of the Company.

The Company is in sound financial position and has sufficient liquidity and reserves to meet its operational expenditures and discharge its liabilities for the foreseeable future. Major part of receivables from the power purchaser has been settled during the period and banking lines have been significantly reduced. As on September 30, 2024, the net receivables due from the Power Purchaser stood at Rs. 1,909 Million (gross receivable Rs. 2,527 million) which are backed by a GoP Guarantee; and the Company's investments in Mutual Funds stand at Rs. 49,678 Million (at book value), which are primarily held to meet working capital requirements and growth/diversification plans of the Company.

The operating profit for the year stands at Rs. 1,270 Million (2023: Rs. 3,256 Million) resulting mainly from the income from investments. The profit before levy and income tax is Rs. 1,064 Million (2023: Rs. 1,937 Million), whereas profit after tax is Rs. 1,162 Million (2023: Rs. 1,182 Million), which gives earnings per share (EPS) of Rs. 1.32 per share of Rs. 10 each (2023: Rs. 1.34 per share).

Due to expiry of the Power Purchase Agreement on October 24, 2022, there is no revenue from sale of electricity for the period (2023: Rs. Nil); and there is also no cost of sales for the year (2023: Rs. Nil). Therefore, the gross profit is Nil (2023: Nil). As explained in Note 2.3 to the financial statements, the fixed costs have been substantially rationalised and certain unavoidable costs (including insurance, salaries, wages and benefits etc.) are incurred to keep the Power Plant in preservation mode for ensuring that the Power Plant is readily available if the offtake of electricity is demanded by the Power Purchaser. These costs have been recorded under Power Plant maintenance and preservation costs. It also includes the cost of running and maintaining the switchyard facility, which is being operated at the request of Ministry of Energy following expiry of the PPA.

As on September 30, 2024, the Company does not have long-term debt obligations. The Company has utilised short term finances from different banks of Rs. 500 Million to meet working capital requirements.

The Company is viewing different investment options for diversification of its portfolio. The Pakistan Water and Power Development Authority (WAPDA) being a major shareholder strongly supports the diversification plans of the Company and is in the process of seeking approval for the Government of Pakistan to support the Company's plans.

As the number of persons who offered themselves to be elected as Directors was equal to the number fixed by the Board of Directors (in accordance with applicable law and regulations), and following the passing of the special resolution, all candidates were deemed to be elected at the Twelfth Extraordinary General Meeting of the Company held on October 2, 2024. Further, the Independent Directors were chosen considering their expertise, qualifications, diversity, skills and knowledge, aligning with the criteria outlined under applicable law and regulations.

The Company has complied with the requirements of the Code of Corporate Governance in the following manner:

- The total number of Directors are nine (9) as per the following detail:


(a) Male:	Eight (8)
(b) Female:	One (1)
- The composition of the Board of Directors is as follows:

Category	Names
Independent Directors	<ul style="list-style-type: none"> <li style="width: 50%;">● Mr. Hafiz Mohammad Yousaf <li style="width: 50%;">● Ms. Mahwish Humayun Khan <li style="width: 50%;">● Mr. Khawaja Khalil Shah
Executive Director	● Mr. M. Rabnawaz Anjum, Chief Executive (Acting)
Non-Executive Directors	<ul style="list-style-type: none"> <li style="width: 50%;">● Lt. General (Retd) Sajjad Ghani <li style="width: 50%;">● Mr. Saad Iqbal <li style="width: 50%;">● Mr. Aqeel Ahmed Nasir <li style="width: 50%;">● Mr. Naveed Asghar Chaudhry <li style="width: 50%;">● Mr. Jamil Akhtar

Committees of the Board of Directors:

Audit Committee	<ul style="list-style-type: none"> <li style="width: 50%;">● Mr. Hafiz Mohammad Yousaf (Chairman) <li style="width: 50%;">● Mr. Saad Iqbal <li style="width: 50%;">● Mr. Naveed Asghar Chaudhry <li style="width: 50%;">● Mr. Jamil Akhtar <li style="width: 50%;">● Mr. Khawaja Khalil Shah
HR Committee	<ul style="list-style-type: none"> <li style="width: 50%;">● Ms. Mahwish Humayun Khan (Chairperson) <li style="width: 50%;">● Mr. Aqeel Ahmed Nasir <li style="width: 50%;">● Mr. Hafiz Mohammad Yousaf <li style="width: 50%;">● Mr. Naveed Asghar Chaudhry <li style="width: 50%;">● Mr. Jamil Akhtar
Investment Committee	<ul style="list-style-type: none"> <li style="width: 50%;">● Mr. Naveed Asghar Chaudhry (Chairman) <li style="width: 50%;">● Mr. Hafiz Mohammad Yousaf <li style="width: 50%;">● Mr. Jamil Akhtar <li style="width: 50%;">● Mr. Saad Iqbal <li style="width: 50%;">● Mr. Khawaja Khalil Shah

On behalf of the Board


 M. Rabnawaz Anjum
 Chief Executive (Acting)
 / Chief Financial Officer
 Islamabad: October 23, 2024


 Hafiz Mohammad Yousaf
 Director

30 ستمبر 2024 کو ختم ہونے والے سال کے مالیاتی گوشواروں (غیر آڈٹ شدہ) کے ساتھ ڈائریکٹرز رپورٹ پیش خدمت ہے۔

کمپنی کی بنیادی سرگرمیوں میں پنجاب کے شہر کوٹ کے بعد اس میں 1600 میگا واٹ، نیم پلٹ صلاحیت کے حامل ٹھلی ٹھول (گیس) آرائیں این جی، فرنس آئل اور ہائی سپیڈ ڈیزل سے چلنے والے پاور پلانٹ کی تکمیت، آپریشن اور دیگر بحال شامل ہیں۔ کمپنی کو اپنے میمورنڈم آف ایسوسی ایشن کے تحت دوسرے کاروباروں میں سرمایہ کاری کرنے کی اجازت ہے۔

جیسا کہ پہلے بتایا جا چکا ہے کمپنی نے اپنے پینل سرٹیفیکیشن اینڈ ڈیٹیلنگ کمپنی (این ٹی ڈی سی) کے نظام کی ضروریات کی وجہ سے 2026 تک کمپنی کو اشتراقی جزئی شہر کوٹ سٹی ٹو سٹیٹی منسٹری (آئی جی ای سی) (2021-2022) میں شامل کرنے کے بعد اس سال 2023 میں کمپنی کے لیے 'ٹیک اینڈ پی' کی بنیاد پر 500 میگا واٹ کے لیے ماسٹی ٹریف کی منظوری دی گئی تھی۔ ریگولیریٹی کے قانون کی وجہ سے کمپنی بجلی کے خریدار کے ساتھ توانائی کی خریداری کے معاہدے پر دیکھ نہیں سکتی تھی (الف) اکتوبر 2023 میں ٹریف ٹائٹلنگ کی سماعت کے بعد جی ٹریف کے تعین (ب) بجلی کے خریدار کی شناخت جس کے ساتھ وہ توانائی کی خریداری کے معاہدے پر دیکھ کر سے گی، اور (ج) کمپنی کے سوچے یا رڈ انگرڈ کے لیے الگ ٹریف کے لیے پھر اسے رابطے میں ہے۔

کمپنی کے پاس اپنے آپریٹنگ اخراجات کو پورا کرنے اور مستقبل قریب کے لیے اپنی ذمہ داریوں کو ادا کرنے کے لیے ایک مستحکم مالی پوزیشن اور کافی رقمات اور ذخائر موجود ہیں۔ اس عرصے کے دوران بجلی خریدار کے ذمہ زیادہ تر واجب الادا رقمات کے معاملے کو طے کر لیا گیا ہے جبکہ بینکوں کے قرضوں میں بھی اچھی خاصی کمی آئی ہے۔ 30 ستمبر 2024 تک بجلی کے خریدار کی جانب سے واجب الادا (خاص) رقمات 1,909 ملین روپے ہیں (مجموعی واجب الادا رقمات 2,527 ملین روپے ہیں)، جس کے لیے حکومت پاکستان کی گارنٹی موجود ہے۔ اور میٹریٹل فنانسنگ میں کمپنی کی سرمایہ کاری 49,678 ملین روپے (بیک اپٹیو پر) ہے۔ یہ رقم بنیادی طور پر ورگنگ کپٹل کی ضروریات اور کمپنی کی ترقیاتی تنوع کے منصوبوں کو پورا کرنے کے لیے رکھی گئی ہے۔

سال کے لیے آپریٹنگ منافع 1,270 ملین روپے (2023: 3,256 ملین روپے) رہا جس کی بنیادی وجہ سرمایہ کاری سے ہونے والی آمدنی ہے۔ لیوی اور ٹیکس سے قبل منافع 1,064 ملین روپے (2023: 1,937 ملین روپے) ہے، جبکہ بعد از ٹیکس منافع 1,162 ملین روپے (2023: 1,182 ملین روپے) ہے، جس سے 10 روپے کے ہر حصص 1.32 روپے آمدنی حاصل ہوئی (2023: 1.34 روپے فی حصص)۔

پنی اپنے میعاد ختم ہونے کی وجہ سے (24 اکتوبر، 2022 کو) زبردست مدت کے دوران بجلی کی فروخت سے کوئی آمدنی نہیں ہوئی (2023: صفر ملین روپے)۔ لہذا، مجموعی منافع صفر ہے (2023: صفر ملین روپے)۔ جیسا کہ مالی بیانات کے نوٹ 2.3 میں وضاحت کی گئی ہے، پاور پلانٹ کو محفوظ رکھنے کے لیے کچھ اخراجات (بشمول انٹرنس، بجٹو، این، اجرت اور فوائڈ وغیرہ) کیے جاتے ہیں تاکہ اس بات کو یقینی بنایا جاسکے کہ پاور خریدار کی طرف سے بجلی طلب کی جاتی ہے تو پاور پلانٹ آسانی سے دستیاب رہے۔ یہ اخراجات پاور پلانٹ کی دیگر بحال اور ترمیم کے اخراجات کے تحت ریکارڈ کیے گئے ہیں۔ اس میں سوچے یا رڈ کی سہولت کو چلانے اور برقرار رکھنے کی اگست بھی شامل ہے، جو پنی نے اس کی میعاد ختم ہونے کے بعد وزارت توانائی کی خصوصی درخواست پر چھائی تھی۔

30 ستمبر 2024 تک، کمپنی کے ذمہ کوئی طویل مدتی قرض نہیں ہے۔ کمپنی نے ورگنگ کپٹل کی ضروریات کو پورا کرنے کے لیے مختلف بینکوں سے 500 ملین روپے کے قرض ملتی قرضے حاصل کیے ہیں۔

کمپنی اپنے پورٹ فولیو کے تنوع کے لیے مختلف سرمایہ کاری آپشنز پر غور کر رہی ہے۔ اہم شیئر ہولڈر کے طور پر واچ اینڈ ان منصوبوں کا حامی ہے اور حکومت پاکستان سے منظوری حاصل کرنے کے لیے کوشاں ہے۔

چونکہ ڈائریکٹرز کے طور پر انتخاب کے لیے امیدواروں کی تعداد پورڈ آف ڈائریکٹرز کی مقرر کردہ تعداد کے برابر تھی لہذا خصوصی قرارداد کی منظوری کے بعد تمام امیدواروں کو 2 اکتوبر 2024 کو منظور ہونے والے کمپنی کے بارہویں غیر معمولی جنرل اجلاس میں منتخب سمجھا گیا۔ مزید برآں، آزاد ڈائریکٹرز کا انتخاب نافذ عمل قوانین و ضوابط اور معیارات کے تحت ان کی مہارت، قابلیت، تنوع اور علم کو مد نظر رکھتے ہوئے کیا گیا ہے۔

کمیٹی نے مندرجہ ذیل طریقے سے کوڈ آف کارپوریٹ گورننس کے تقاضوں کی تعمیل کی ہے:

1۔ درج ذیل تفصیل کے مطابق ڈائریکٹرز کی کل تعداد نو (9) ہے:

- (a) مرد: آٹھ (8)
(b) خاتون: ایک (1)

2۔ بورڈ آف ڈائریکٹرز کی تشکیل درج ذیل ہے:

نام	کمیٹی
• محترمہ مہوش ہمایوں خان	• جناب حافظ محمد یوسف • جناب نواب فیصل شاہ
	• جناب ایمر بٹو اراجم، چیف ایگزیکٹو (قائم مقام)
• جناب عقیل احمد ناصر • جناب نوبہ امفرچہ چری	• لٹیفینت جزل (ر) سہاؤنی • جناب سہد اقبال • جناب جمیل اختر

بورڈ آف ڈائریکٹرز کی کمیٹیاں:

• جناب سہد اقبال • جناب نواب فیصل شاہ	• جناب حافظ محمد یوسف (چیرمین) • جناب نوبہ امفرچہ چری	آڈٹ کمیٹی
• جناب عقیل احمد ناصر • جناب نوبہ امفرچہ چری	• محترمہ مہوش ہمایوں خان (چیرپرسن) • جناب حافظ محمد یوسف • جناب جمیل اختر	ایچ آر کمیٹی
• جناب حافظ محمد یوسف • جناب سہد اقبال	• جناب نوبہ امفرچہ چری (چیرمین) • جناب جمیل اختر • جناب نواب فیصل شاہ	سرمایہ کاری کمیٹی

مختیار بٹو



Condensed Interim Statement of Financial Position
as at September 30, 2024 (Un-audited)

	Un-audited September 30, 2024	Audited June 30, 2024
Note	(Rupees in thousand)	
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Authorised capital 3,600,000,000 (June 30, 2024: 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 (June 30, 2024: 880,253,228) ordinary shares of Rs 10 each	8,802,532	8,802,532
Capital reserve	444,451	444,451
Revenue reserve: un-appropriated profit	53,876,655	52,714,448
	63,123,638	61,961,431
NON-CURRENT LIABILITIES		
Deferred taxation	-	1,100,706
Staff retirement benefits	329,579	324,838
	329,579	1,425,544
CURRENT LIABILITIES		
Trade and other payables	4 6,851,173	7,059,152
Finances under mark-up arrangements - secured	5 500,000	9,944,193
Provision for taxation - net	1,098,502	-
Unclaimed dividend	1,155,505	1,160,934
	9,605,180	18,164,279
CONTINGENCIES AND COMMITMENTS		
	6	
	73,058,397	81,551,254

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.


Naveed Asghar Chaudhry
Director


M. Rabnawaz Anjum
Chief Executive (Acting)
/ Chief Financial Officer

	Note	Un-audited September 30, 2024 (Rupees in thousand)	Audited June 30, 2024
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	1,929,046	1,929,046
Long term deposits		6,779	7,752
Deferred taxation		637,450	-
Staff retirement benefits - pension		285,202	280,566
		2,858,477	2,217,364
CURRENT ASSETS			
Stores and spares		3,951,307	3,953,694
Stock-in-trade	8	9,436,471	9,836,471
Trade debts - secured	9	1,909,286	10,866,072
Investments at fair value	10	49,678,309	47,425,903
Income tax due from Government		-	540,523
Loans, advances, deposits, prepayments and other receivables		3,897,098	3,926,935
Cash and bank balances		1,327,449	2,784,292
		70,199,920	79,333,890
		73,058,397	81,551,254



Hafiz Mohammad Yousaf
Director

Condensed Interim Statement of Profit or Loss

for the quarter ended September 30, 2024 (Un-audited)

	Note	Quarter ended	
		September 30, 2024	September 30, 2023
Revenue from contract with customers		-	-
Cost of sales		-	-
Gross profit		-	-
Plant maintenance and preservation costs	11	(977,828)	(798,714)
Administrative expenses		(141,306)	(184,425)
Other operating expenses		(233,121)	(136,430)
Other income	12	2,621,860	4,375,948
Operating profit		1,269,605	3,256,379
Finance cost		(205,496)	(1,319,081)
Profit before levy and income tax		1,064,109	1,937,298
Levy - final tax		(4)	-
Profit before income tax		1,064,105	1,937,298
Income Tax		98,102	(755,614)
Profit for the period		1,162,207	1,181,684
Earnings per share - basic and diluted	Rupees	1.32	1.34

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.


Naveed Asghar Chaudhry
Director


M. Rabnawaz Anjum
Chief Executive (Acting)
/ Chief Financial Officer


Hafiz Mohammad Yousaf
Director

Condensed Interim Statement of Comprehensive Income
for the quarter ended September 30, 2024 (Un-audited)

	Quarter ended	
	September 30, 2024	September 30, 2023
	(Rupees in thousand)	
Profit for the period	1,162,207	1,181,684
- Items that will not be reclassified subsequently to profit or loss	-	-
- Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the period - net of tax	-	-
Total comprehensive income for the period	1,162,207	1,181,684

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.


Naveed Asghar Chaudhry
Director


M. Rabnawaz Anjum
Chief Executive (Acting)
/ Chief Financial Officer



Hafiz Mohammad Yousaf
Director

Condensed Interim Statement of Cash Flows
for the quarter ended September 30, 2024 (Un-audited)

	Note	Quarter ended	
		September 30, 2024	September 30, 2023
(Rupees in thousand)			
Cash flows from operating activities			
Cash generated from operations	14	8,212,296	3,768,409
Finance cost paid		(544,374)	(1,848,671)
Income tax paid		(1,030)	(2,446)
Workers' Profit Participation Fund recovered / (paid)		28,041	(965)
Staff retirement benefits paid		(7,667)	(18,961)
Net cash generated from operating activities		7,687,265	1,897,366
Cash flows from investing activities			
Fixed capital expenditure		-	(3,033)
Income on bank deposits received		1,492	-
Net decrease in long term loans and deposits		973	744
Investment made in mutual funds		(200,000)	-
Redemption of mutual funds		500,618	-
Proceeds from sale of property, plant and equipment		2,431	2,198
Net cash generated from / (used in) investing activities		305,514	(91)
Cash flows from financing activities			
Dividend paid		(5,429)	(2,982)
Net cash used in financing activities		(5,429)	(2,982)
Net increase in cash and cash equivalents		7,987,350	1,894,293
Cash and cash equivalents at the beginning of the period		(7,159,901)	(20,233,938)
Cash and cash equivalents at the end of the period	15	827,449	(18,339,645)

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.


Naveed Asghar Chaudhry
Director


M. Rabnawaz Anjum
Chief Executive (Acting)
/ Chief Financial Officer


Hafiz Mohammad Yousaf
Director

Condensed Interim Statement of Changes in Equity

for the quarter ended September 30, 2024 (Un-audited)

	Share capital	Capital reserve	Revenue Reserve:	
			Un-appropriated profit	Total
	(Rupees in thousand)			
Balance as at June 30, 2023				
Audited	8,802,532	444,451	56,836,744	66,083,727
Profit for the period	-	-	1,181,684	1,181,684
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	1,181,684	1,181,684
Balance as at September 30, 2023				
Un-audited	8,802,532	444,451	58,018,428	67,265,411
Balance as at June 30, 2024				
Audited	8,802,532	444,451	52,714,448	61,961,431
Profit for the period	-	-	1,162,207	1,162,207
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	1,162,207	1,162,207
Balance as at September 30, 2024				
Un-audited	8,802,532	444,451	53,876,655	63,123,638

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.


Naveed Asghar Chaudhry
Director


M. Rabnawaz Anjum
Chief Executive (Acting)
/ Chief Financial Officer


Hafiz Mohammad Yousaf
Director

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2024 (Un-audited)

1. Legal status and nature of business

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

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

2.2 These condensed interim financial statements are un-audited and being submitted to the members of the Company as required by Section 237 of the

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2024 (Un-audited)

Companies Act, 2017.

These condensed interim financial statements do not include all the information required for annual financial statements including financial risk management information and therefore should be read in conjunction with the annual financial statements for the year ended June 30, 2024.

These condensed interim financial statements have been prepared under the historic cost convention except certain employee benefits which are recognized on present value and investments which are measured at fair value. The financial statements are prepared in Pak Rupees, which is the functional currency of the Company. Figures have been rounded off to the nearest thousand rupee unless otherwise specified.

2.3 Impact on going concern assumption due to expiry of PPA and generation license

The PPA of the Company was initially for a term of 25 years, which 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 for a period of 16 months which expired on October 24, 2022.

The generation license of the Company expired on September 21, 2021, which was extended by National Electric Power Regulatory Authority (NEPRA) for a period of three years which expired on September 21, 2024. On June 14, 2024, the Company has applied for further extension of its generation license for 7 years.

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

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) and the valid generation license of the Company, NEPRA approved the Provisional Tariff on August 4, 2023 for 500 MW capacity on Take-and-Pay basis.

The Company has filed a review petition against provisional Tariff on certain matters including provision of separate tariff for switchyard facility. On October 03, 2023, NEPRA conducted a public hearing on Final Tariff petition including tariff of switchyard facility, the decision of which is awaited. The Company is also discussing the legal formalities with the Power Purchaser regarding finalization of PPA, which is dependent upon issuance of the Final Tariff by NEPRA.

During the year ended June 30, 2024, the NTDC, after approval from its Board of Directors, submitted Integrated System Plan (comprising of IGCEP and

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2024 (Un-audited)

Transmission System Expansion Plan) to NEPRA for the years 2024 till 2034 and the Company's Power Plant (500MW) is part of that Plan till 2027. On May 20, 2024, NEPRA approved the Power Acquisition Plan (2023-2027) of distribution companies, whereby, the Company's Power Plant is included in the Plan. It is pertinent to mention that as per the official correspondence from NTDC to CPPA-G, NTDC has intimated that it requires the Company's switchyard and blackstart facility for smooth and reliable operations of associated 220/132KV network for continuity of supply to MEPCO and associated region. Considering the transmission constraints, the NEPRA has also allowed the extension of the Company's PPA while approving the Power Acquisition Plan (2023-2027).

Accordingly, the Company has kept the plant in the preservation mode, which ensures readiness of electricity generation while optimizing the operational costs even though there is no offtake of electricity. However, the Company is still providing the switchyard facility for the smooth and reliable system operations on special request of Ministry of Energy. The Company has also taken up the matter with the NEPRA regarding separate tariff of switchyard facility including the arrears, which is pending finalization.

The pending renewal / extension of the PPA and generation license 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.

In addition, the Management of the Company has also taken the following steps:

- The Management is committed to diversify the Company's business through investment in both greenfield and brownfield projects. To this end, it is actively pursuing greenfield solar project(s) in Sindh and is working closely with the DFIs/ lenders for securing foreign currency financing for these initiatives and has also shortlisted EPC contractors.
- Further, the Management has also identified certain brownfield projects in wind, hydel and thermal sectors. Non-disclosure agreements relating to these projects have been signed. Financial, technical and legal due diligence is in progress and thereafter, non-binding offers may be submitted. The Management is confident that some of these projects will materialize in due course.
- Cost optimization / rationalization measures for managing the total cost of the Company including the plant maintenance activities, insurance and headcount rationalization vide Voluntary Severance Scheme (VSS) in line with the 500MW expected generation capacity;
- Investment of surplus funds to generate sufficient income to meet expenses in non-operating period; and
- Readiness for participation in the Competitive Trading Bilateral Contracts

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2024 (Un-audited)

Market (CTBCM) under B2B or merchant plant, once it is implemented by the Government of Pakistan (GoP).

Notwithstanding, as elaborated above, based on 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 investment in mutual funds of Rs 49,678 million (at book value) as at September 30, 2024.

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

3. Material accounting policies, estimates, judgements and financial risk management

The preparation of these condensed interim financial statements is in conformity with the approved accounting and reporting standards as applicable in Pakistan. Interim reporting requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on the historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognized prospectively commencing from the period of revision.

Accounting policies, judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied to the audited financial statements as at and for the year ended June 30, 2024.

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited financial statements as at and for the year ended June 30, 2024.

4. Trade and other payables

Trade and other payables include an amount of Rs 4,954 million (June 30, 2024: Rs 4,954 million) payable to the fuel suppliers on account of late payment surcharge on credit supplies of fuel. Further, included in it is an amount of Rs 45 million (June 30, 2024: Rs 46 million) payable to CPPA-G, which is a related party, against purchase of electricity.

5. Finances under mark-up arrangements - secured

- Under Conventional finances
- Under Islamic finances

	Un-audited September 30, 2024	Audited June 30, 2024
	(Rupees in thousand)	
5.1	500,000	4,956,195
	-	4,987,998
	<u>500,000</u>	<u>9,944,193</u>

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2024 (Un-audited)

5.1 Finances under mark-up arrangements available from various conventional banks amount to Rs 3,110 million (June 30, 2024: Rs 7,993 million) and finances available under musharika and murabaha arrangements amount to Nil (June 30, 2024: Rs 6,000 million). The rate of mark-up ranges from 19.70 percent to 20.99 percent (June 30, 2024: 21.56 percent to 23.26 percent) per annum on the balances outstanding.

5.2 Letter of credit and bank guarantees

Of the aggregate facility of Rs 406 million (June 30, 2024: Rs 406 million) for opening letters of credit and Rs 2,610 million (June 30, 2024: Rs 2,507 million) for guarantees, the amounts utilised as at September 30, 2024 were Rs 6 million (June 30, 2024: Rs 6 million) and Rs 2,585 million (June 30, 2024: Rs 2,507 million) respectively.

5.3 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 (June 30, 2024: Rs 67,200 million).

6. Contingencies and commitments

6.1 Contingencies

There has been no significant change in the status of the contingent liabilities disclosed as at June 30, 2024 except the following:

(i) 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, who, based on the inquiry report and a series of hearings, passed an order on October 01, 2024 creating a demand of Rs 70 million, which is subsequently paid by the Company and the case has been settled.

6.2 Commitments

(i) Letters of credit other than for capital expenditure Rs 6 million (June 30, 2024: Rs 6 million).

(ii) Contracts for car ijara are Rs 41 million (June 30, 2024: Rs 51 million).

(iii) Based on Power Purchaser's forecast of electricity generation during PPA term, the Company placed orders to Pakistan State Oil for purchase of fuel stock in June 2022 for the delivery in July 2022. Out of these orders, around 40,000 MT of furnace oil is available with PSO. Depending upon the renewal of PPA, the fuel will be purchased from PSO and its cost will be passed on to the Power Purchaser. Under the terms of Oil Supply Agreement, the Company is obligated to pay for the fuel delivered at its premises at HSFO price.

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2024 (Un-audited)

		Un-audited September 30, 2024	Audited June 30, 2024
	Note	(Rupees in thousand)	
7. Property, plant and equipment			
Opening Net Book Value (NBV)		1,929,046	1,931,244
Add: Additions the period / year	7.1	-	5,683
		<u>1,929,046</u>	<u>1,936,927</u>
Less: Disposals during the period / year (at NBV)		-	2,198
Depreciation charged during the period / year		-	5,683
		-	7,881
		<u>1,929,046</u>	<u>1,929,046</u>
7.1 Following is the detail of additions during the period / year			
Gas turbine blading		-	2,574
Office equipment		-	3,109
		-	5,683
		-	5,683
8. Stock-in-trade			
Furnace oil		10,865,909	10,865,909
Provision for net realizable value (NRV) against furnace oil	8.1	(2,129,000)	(1,729,000)
		8,736,909	9,136,909
Diesel			
Coal		647,364	647,364
		52,198	52,198
		<u>9,436,471</u>	<u>9,836,471</u>

8.1 This amount represents provision for write-down of furnace oil stock based on expected realisable value from the export of furnace oil as per management's estimate in the existing circumstances of the Company.

		Un-audited September 30, 2024	Audited June 30, 2024
	Note	(Rupees in thousand)	
9. Trade debts - secured			
Trade debts - secured	9.1	2,526,963	11,483,749
Provision for doubtful debts		(617,677)	(617,677)
		<u>1,909,286</u>	<u>10,866,072</u>

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2024 (Un-audited)

- 9.1 Trade debts include an overdue amount of Rs 2,527 million (June 30, 2024: Rs 8,291 million) receivable from CPPA-G, which is a related party of the Company. Included in these receivables is an amount of Rs 2,465 million (June 30, 2024: Rs 2,465 million) disputed by the Power Purchaser, out of which Rs 618 million (June 30, 2024: Rs 618 million) is considered doubtful and the provision has been recorded thereagainst. The Company has not recorded provision in respect of the remaining amount of Rs 1,847 million, since as per legal advisors of the Company, there are adequate grounds to defend the claim for such invoices.

The maximum aggregate amount outstanding during the period was Rs 11,484 million (June 30, 2024: Rs 27,071 million).

The trade debts are Pakistani rupee denominated and secured by a guarantee from the Government of Pakistan under the Facilitation Agreement.

	Un-audited September 30, 2024		Audited June 30, 2024	
	Cost	Fair Value (Rupees in thousand)	Cost	Fair Value
10. Investments at fair value				
Fair value through profit or loss				
Mutual Funds				
Fixed Rate / Return Funds	41,366,981	45,602,050	42,868,373	45,856,872
Income Funds	202,599	203,051	1,000,000	1,063,574
Money Market Funds	3,689,784	3,873,208	500,000	505,457
	<u>45,259,364</u>	<u>49,678,309</u>	<u>44,368,373</u>	<u>47,425,903</u>

	Quarter ended	
	September 30, 2024	September 30, 2023
11. Plant maintenance and preservation costs		
Salaries, wages and benefits	254,329	410,375
Electricity import for self consumption	155,170	140,397
Plant maintenance	10,569	12,998
Repair and renewals	-	11,397
Plant insurance	157,760	220,515
Depreciation on property, plant and equipment	-	3,032
Provision for net realizable value (NRV) against furnace oil	400,000	-
	<u>977,828</u>	<u>798,714</u>

These costs are incurred to keep the plant in preservation mode for ensuring that the plant is readily available if offtake of electricity is demanded by the Power Purchaser. During the period ended September 30, 2024, there was no offtake of electricity accordingly the costs have been recorded under Plant Maintenance and Preservation Costs. Cost for the comparable period has also been reclassified from

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2024 (Un-audited)

Cost of Sales to Plant Maintenance and Preservation Costs. It also includes the cost of running the switchyard and grid facility, which is being operated on the special request of Ministry of Energy.

	Quarter ended			
	September 30, 2024	September 30, 2023		
	(Rupees in thousand)			
12. Other Income				
Income from mutual funds	2,568,471	-		
Interest on PIBs and Sukuks	-	2,867,390		
Fair value gain on PIBs and Sukuks	-	134,044		
Scrap sales	-	102,100		
Exchange gain	-	13,524		
Interest on late payment - CPPA-G	12,954	1,253,205		
Income on bank deposits	27,938	-		
Gain on disposal of property, plant and equipment	2,431	-		
Others	10,066	5,685		
	<u>2,621,860</u>	<u>4,375,948</u>		
13. Transactions with related parties				
Relationship with the Company	Percentage of shareholding	Nature of transaction		
i. Associated undertakings				
- CPPA-G	-	Purchase of electricity	163,132	147,345
- CPPA-G	-	Interest income on late payment	12,954	1,253,205
- WAPDA	40.25%	Purchase of service	2,022	259
- Central Depository Company	-	Purchase of services	1,150	1,130
ii. Post retirement benefit plans				
- KAPCO employees provident fund trust	-	Contributions paid	6,681	7,533
iii. Key management personnel (including directors)				
	-	Compensation	89,195	104,605

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

As per Company policy, Company transport, education of children, club charges, medical facility, house loan subsidy, security and utilities are provided to the employees. Further, a company maintained vehicle is provided to the Chairman of the Board of Directors, and the directors are entitled for corporate club memberships.

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2024 (Un-audited)

	Un-audited September 30, 2024	Audited June 30, 2024
	(Rupees in thousand)	
Period end balances		
Associated Undertakings		
Receivable from related parties	1,909,286	10,866,072
Payable to related parties	44,736	45,684

They are in the normal course of business and interest free.

	Quarter ended September 30, 2024	September 30, 2023
	(Rupees in thousand)	
14. Cash generated from operations		
Profit before tax	1,064,105	1,937,298
Adjustments for:		
- Depreciation on property, plant and equipment	-	3,033
- Gain on disposal of property, plant and equipment	(2,431)	-
- Income on PIBs and Sukuks	-	(2,867,390)
- Income from mutual funds	(2,568,471)	-
- Income on bank deposits	(27,938)	-
- Staff retirement benefits accrued	7,772	3,078
- Finance cost	205,496	1,319,081
- Fair value gain on investments at fair value	-	(134,044)
- Provision for net realizable value (NRV) against furnace oil	400,000	-
- Provision for Workers' Profit Participation Fund	59,287	96,865
- Provision for Workers' Welfare Fund	145,360	38,746
- Final tax - levy	4	-
(Loss) / Profit before working capital changes	(716,816)	396,667
Effect on cash flow due to working capital changes:		
- Decrease / (increase) in store and spares	2,387	(19,968)
- Decrease in trade debts	8,956,786	4,146,795
- Decrease / (increase) in loans, advances, deposits, prepayments and other receivables	28,243	(187,989)
- Decrease in trade and other payables	(58,304)	(567,096)
	8,929,112	3,371,742
	8,212,296	3,768,409

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2024 (Un-audited)

	September 30, 2024	September 30, 2023
	(Rupees in thousand)	
15. Cash and cash equivalents		
Cash and bank balances	1,327,449	1,063,623
Finances under mark-up arrangements - secured	(500,000)	(19,403,268)
	<u>827,449</u>	<u>(18,339,645)</u>

16. 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 condensed interim 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 September 30, 2024:

	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Assets:				
Investments at fair value	<u>49,678,309</u>	-	-	<u>49,678,309</u>

The following is categorization of assets which are disclosed at fair value as at June 30, 2024:

	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Assets:				
Investments at fair value	<u>47,425,903</u>	-	-	<u>47,425,903</u>

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2024 (Un-audited)

17. Corresponding figures

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


Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. During the period, following major reclassifications were made:

Reclassification from component	Reclassification to component	September 30, 2023 (Rupees in thousand)
Cost of sales - Electricity import for self consumption	Plant maintenance and preservation costs - Electricity import for self consumption	140,397
Cost of sales - Salaries, wages and benefits	Plant maintenance and preservation costs - Salaries, wages and benefits	410,375
Cost of sales - Plant maintenance	Plant maintenance and preservation costs - Plant maintenance	12,998
Cost of sales - Repair and renewals	Plant maintenance and preservation costs - Repair and renewals	11,397
Cost of sales - Plant insurance	Plant maintenance and preservation costs - Plant insurance	220,515
Cost of sales - Depreciation on property, plant and equipment	Plant maintenance and preservation costs - Depreciation on property, plant and equipment	3,032
Other income - Others	Plant maintenance and preservation costs - Electricity import for self consumption	6,947

18. Date of authorisation for issue

These condensed interim financial statements were authorised for issue on October 23, 2024 by the Board of Directors of the Company.


Naveed Asghar Chaudhry
Director


M. Rabnawaz Anjum
Chief Executive (Acting)
/ Chief Financial Officer


Hafiz Mohammad Yousaf
Director



Printed Matter

KAPCO

Corporate Office:

5 B/3, Gulberg III, Lahore 54660, Pakistan

Power Plant:

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

Registered Office:

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