

PAKGEN POWER LIMITED



SECY/STOCKEXC/ 250

October 30, 2024

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

SUB: TRANSMISSION OF QUARTERLY REPORT FOR THE PERIOD ENDED 30-09-2024

Dear Sir,

We have to inform you that the Quarterly Report of the Pakgen Power Limited (“ the Company”) for the period ended 30-09-2024 have been transmitted through PUCARS and is also available on Company’s website.

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

Thanking you,

Yours truly,


KHALID MAHMOOD CHOCHAN
COMPANY SECRETARY

HEAD OFFICE

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

REGISTERED OFFICE

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

POWER STATIONS

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



NISHAT

PAKGEN POWER LIMITED



THIRD QUARTERLY
REPORT
FOR THE PERIOD ENDED
SEPTEMBER 30, 2024



Growth - Expansion - Progress

table of **CONTENTS**



03	Company Profile
04	Directors' Report
06	Directors' Report (Urdu)
08	Condensed Interim Statement of Financial Position
10	Condensed Interim Statement of Profit or Loss Account and Other Comprehensive Income
11	Condensed Interim Statement of Changes in Equity
12	Condensed Interim Statement of Cash Flows
13	Selected Notes to the Condensed Interim Financial Statements



COMPANY PROFILE

THE COMPANY

Pakgen Power Limited ("the Company") was incorporated in Pakistan on 22 June 1995 under the repealed Companies Ordinance, 1984 now the Companies Act, 2017. The registered office is situated at 53-A, Lawrence Road, Lahore. The principal activities of the Company are to own, operate and maintain an oil fired power station ("the Complex") having gross capacity of 365 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan.

BOARD OF DIRECTORS

Mrs. Sadia Younas Mansha
Mr. Muhammad Ali Zeb
Mr. Samir Mustapha Chinoy
Dr. Arif Bashir
Mr. Farrukh Ifzal
Mr. Ghazanfar Hussain Mirza
Mr. Omer Zubair Khan

Director/Chairman

CHIEF EXECUTIVE OFFICER

Mian Hassan Mansha

AUDIT COMMITTEE

Mr. Farrukh Ifzal
Dr. Arif Bashir
Mr. Muhammad Ali Zeb

Chairman

HUMAN RESOURCE & REMUNERATION (HR & R) COMMITTEE

Mr. Samir Mustapha Chinoy
Mian Hassan Mansha
Mr. Ghazanfar Hussain Mirza

Chairman

AUDITOR OF THE COMPANY

Riaz Ahmad & Co.
Chartered Accountants

REGISTERED OFFICE

53-A, Lawrence Road,
Lahore-Pakistan
UAN: +92 42-111-11-33-33
+92 42 36367414

SHARE REGISTRAR

CDC Share Registrar Services Limited
CDC House, 99-B, Block-B, S.M.C.H.S
Shahra-e-Faisal, Karachi – 74400
Tel: (92-21) 111-111-500
Fax: (92-21) 34326053

CHIEF FINANCIAL OFFICER

Mr. Tanvir Khalid

COMPANY SECRETARY

Mr. Khalid Mahmood Chohan

BANKERS OF THE COMPANY

Habib Bank Limited
The Bank of Punjab
United Bank Limited
Allied Bank Limited
National Bank of Pakistan
Bank Alfalah Limited
Faysal Bank Limited
Askari Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Bank Islamic Pakistan Limited
Bank Al-Habib Limited
Al Baraka Bank (Pakistan) Limited

LEGAL ADVISOR OF THE COMPANY

Mr. M. Aurangzeb Khan
Advocate High Court

HEAD OFFICE

1-B, Aziz Avenue, Gulberg-V,
Lahore- Pakistan
Tel: + 92 42-35717090-96
Fax: +92 42-35717239

PLANT

Mehmood Kot, Muzaffargarh,
Punjab – Pakistan.

DIRECTORS' REPORT

The Directors of **Pakgen Power Limited** ("the Company") are pleased to present their report together with the Condensed Interim Financial Information for the period ended September 30, 2024.

We report that during the period under review power plant dispatched 59,991 MWh of electricity as compared with 248,726 MWh dispatched during the corresponding period of the previous financial year.

OPERATIONAL FINANCIAL RESULTS:

The financial results of the Company for period ended September 30, 2024 are as follows:

Financial Highlights	PERIOD ENDED	
	30 September 2024	30 September 2023
Revenue (Rs '000')	10,806,198	16,265,279
Gross profit (Rs '000')	5,663,523	4,900,363
After tax profit (Rs '000')	6,197,846	5,084,392
Earnings per share (Rs)	16.66	13.66

The Company has posted after tax profit of Rs. 6,197.846 million as against Rs. 5,084.392 million earned in the comparative period. The net profits of the Company demonstrated the Earning per Share of Rs. 16.66 as against Rs. 13.66 per share earned in the comparable previous period.

Our sole customer Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) remains unable to meet its obligations in accordance with the Power Purchase Agreement (PPA) which are secured under a sovereign guarantee of Government of Pakistan. As on September 30, 2024, an amount of Rs.12.921 billion was receivable from CPPA-G.

COMPOSITION OF BOARD:

Total number of Directors:	
(a) Male	7
(b) Female	1
Composition:	
(i) Independent Directors	2
(ii) Other Non-executive Directors	5
(iii) Executive Director (Chief Executive Officer)	1

COMMITTEES OF THE BOARD:

Audit Committee of the Board:

Sr. #	Name of Members
1.	Mr. Farrukh Ifzal (Member/Chairman)
2.	Dr. Arif Bashir (Member)
3.	Mr. Muhammad Ali Zeb (Member)

Human Resource & Remuneration (HR&R) Committee:

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

DIRECTORS' REMUNERATION:

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

APPROPRIATIONS:

The Board of Directors has announced 3rd interim cash Dividend at the rate of PKR 2 /- per share (i.e. 20%) for the nine months ended September 30, 2024.

ACKNOWLEDGEMENT:

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

For and on behalf of the Board of Directors



Mian Hassan Mansha
Chief Executive Officer
Lahore: 28 October, 2024



Mr. Ghazanfar Hussain Mirza
Director

ڈائریکٹرز رپورٹ

پاک جن پاور لمیٹڈ

پاک جن پاور لمیٹڈ "دی کمپنی" کے ڈائریکٹرز 30 ستمبر 2024 بجنتیہ نو ماہی کے لئے جمہد عبوری مالیاتی معلوما ت پر مشتمل اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

ہم بیان کرتے ہیں کہ زیر جائزہ مدت کے دوران پاور پلانٹ نے گزشتہ مالی سال کی اسی نو ماہی کے دوران 248,726 MWh ترسیل کے مقابلہ میں 59,991 MWh بجلی ترسیل کی۔

آپریشنل مالیاتی نتائج:

30 ستمبر 2024 کو ختم ہونے والی مدت کے لئے کمپنی کے مالیاتی نتائج مندرجہ ذیل ہیں:

مالی جھلکیاں	30 ستمبر 2024 بجنتیہ نو ماہی	30 ستمبر 2023 بجنتیہ نو ماہی
مصولا ت (000 روپے)	10,806,198	16,265,279
مجموعی منافع (000 روپے)	5,663,523	4,900,363
بعد از ٹیکس منافع (000 روپے)	6,197,846	5,084,392
آمدن فی حصص (روپے)	16.66	13.66

کمپنی نے ٹیکس کے بعد منافع 6,197,846 ملین روپے درج کیا جبکہ تقابلی مدت میں ٹیکس کے بعد منافع 5,084,392 ملین روپے حاصل ہوا تھا۔ کمپنی کے خالص منافع نے گزشتہ تقابلی مدت میں 13.66 روپے فی حصص منافع کے مقابلہ میں 16.66 روپے فی حصص منافع ظاہر کیا ہے۔

ہمارا واحد صارف سنٹرل پاور پراجیکٹ ایجنسی (گارنٹی) لمیٹڈ (CPPA-G) بجلی کی خریداری کے معاہدے (PPA) جو حکومت پاکستان کی ایک خود مختار ضمانت کے تحت حاصل کیا گیا کے مطابق اپنی ذمہ داریوں کو پورا کرنے میں ناکام رہا ہے۔ 30 ستمبر 2024 کے مطابق CPPA-G کے ذمہ بقایا رقم 12.921 ملین روپے تھی۔

بورڈ کی تشکیل:

ڈائریکٹرز کی کل تعداد	
مرد	7
خاتون	1
تشکیل	
(i) آزاد ڈائریکٹرز	2
(ii) دیگر نٹان ایگزیکٹو ڈائریکٹرز	5
(iii) ایگزیکٹو ڈائریکٹرز (چیف ایگزیکٹو آفیسر)	1

بورڈ کی کمیٹیاں:
بورڈ کی آڈٹ کمیٹی:

نمبر شمار	نام رکن
1	جناب فرخ افضل (رکن/چیئر مین)
2	ڈاکٹر عارف بشیر (رکن)
3	جناب محمد علی زبیر (رکن)

ہیومن ریسورس اینڈ ریمڈیشن (HR&R) کمیٹی:

نمبر شمار	نام رکن
1	جناب سمیع مصطفیٰ چنائے (رکن/چیئر مین)
2	میاں حسن منشاء (رکن)
3	جناب حفصہ حسین مرزا (رکن)

ڈائریکٹرز کا مشاہرہ:

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

تصرفات

بورڈ آف ڈائریکٹرز نے 30 ستمبر 2024 کو ختم ہونے والی نو ماہی کے لیے 2/1 روپے فی شیئر (یعنی 20%) کی شرح پر تیسرے عبوری نقد منافع منقسمہ کا اعلان کیا ہے۔

اظہار تشکر

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

منجانب مجلس انضمام



غفصہ حسین مرزا
ڈائریکٹر



میاں حسن منشاء
چیف ایگزیکٹو آفیسر
لاہور، 28 اکتوبر 2024ء

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Un-audited)

As at 30 September 2024

	Note	Un-audited 30 September 2024 (Rupees in thousand)	Audited 31 December 2023
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 400,000,000 (31 December 2023: 400,000,000) ordinary shares of Rupees 10 each		4,000,000	4,000,000
Issued, subscribed and paid-up share capital 372,081,591 (31 December 2023: 372,081,591) ordinary shares of Rupees 10 each		3,720,816	3,720,816
Capital reserve		116,959	116,959
Revenue reserve - un-appropriated profit		25,187,342	20,849,904
Total equity		29,025,117	24,687,679
LIABILITIES			
NON-CURRENT LIABILITIES			
Employee benefit - gratuity		13,226	2,770
CURRENT LIABILITIES			
Trade and other payables		705,564	914,539
Accrued mark-up / profit		3,749	11,327
Short term borrowings		1,708,255	3,749,911
Provision for income tax - net	6	58,347	-
Unclaimed dividend		124,013	106,942
		2,599,928	4,782,719
Total liabilities		2,613,154	4,785,489
CONTINGENCIES AND COMMITMENTS			
	4		
TOTAL EQUITY AND LIABILITIES		31,638,271	29,473,168

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



CHIEF EXECUTIVE





DIRECTOR



CHIEF FINANCIAL OFFICER

	Note	Un-audited 30 September 2024 (Rupees in thousand)	Audited 31 December 2023
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	5	3,220,202	3,869,927
Long term loans to employees		41,043	26,120
Long term security deposits		1,774	1,774
		<u>3,263,019</u>	<u>3,897,821</u>
CURRENT ASSETS			
Stores, spare parts and other consumables		850,771	680,844
Fuel stock		2,962,311	1,798,418
Trade debts		12,921,163	10,868,052
Short term investments		7,282,177	6,723,553
Loans, advances and short term prepayments		68,361	47,572
Other receivables		945,810	810,138
Advance income tax and final tax - net	6	-	144,098
Accrued interest		2,518	45
Sales tax recoverable		1,292,835	2,367,938
Cash and bank balances		2,049,306	2,134,689
		<u>28,375,252</u>	<u>25,575,347</u>
TOTAL ASSETS		<u><u>31,638,271</u></u>	<u><u>29,473,168</u></u>


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Un-audited)

For the Three Month And Nine Month Period Ended 30 September 2024

	Note	Nine Month Ended		Quarter Ended	
		30 September 2024	30 September 2023	30 September 2024	30 September 2023
			(Rupees in thousand)		
REVENUE FROM CONTRACT WITH CUSTOMER		10,806,198	16,265,279	2,832,175	6,381,235
COST OF SALES	7	(5,142,675)	(11,364,916)	(918,984)	(4,934,410)
GROSS PROFIT		5,663,523	4,900,363	1,913,191	1,446,825
ADMINISTRATIVE EXPENSES		(276,744)	(228,549)	(111,062)	(81,170)
OTHER EXPENSES		(4,474)	(3,940)	(1,923)	4,105
OTHER INCOME		1,148,761	512,601	529,617	280,045
PROFIT FROM OPERATIONS		6,531,066	5,180,475	2,329,823	1,649,805
FINANCE COST		(27,493)	(12,699)	(4,598)	(2,786)
PROFIT BEFORE INCOME TAX AND FINAL TAX		6,503,573	5,167,776	2,325,225	1,647,019
FINAL TAX		(193,765)	(25,761)	(110,415)	(10,182)
PROFIT BEFORE INCOME TAX		6,309,808	5,142,015	2,214,810	1,636,837
TAXATION		(111,962)	(57,623)	(17,278)	(37,144)
PROFIT AFTER TAXATION		6,197,846	5,084,392	2,197,532	1,599,693
OTHER COMPREHENSIVE INCOME: ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS		-	-	-	-
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		-	-	-	-
		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		6,197,846	5,084,392	2,197,532	1,599,693
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		16.66	13.66	5.91	4.30

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)

For the Nine Month Period Ended 30 September 2024

SHARE CAPITAL	RESERVES		TOTAL EQUITY
	Capital	Revenue	
	Retained payments reserve	Un-appropriated profit	

(-----Rupees in thousand-----)

Balance as at 31 December 2022 - audited 3,720,816 116,959 21,311,654 25,149,429

Transaction with owners :

Final dividend for the year ended 31 December 2022 @ Rupees 2 per share	-	-	(744,163)	(744,163)
Interim dividend for the year ended 31 December 2023 @ Rupees 15 per share	-	-	(5,581,224)	(5,581,224)
	-	-	(6,325,387)	(6,325,387)

Profit for the period ended 30 September 2023	-	-	5,084,392	5,084,392
Other comprehensive income for the period ended 30 September 2023	-	-	-	-
Total comprehensive income for the period ended 30 September 2023	-	-	5,084,392	5,084,392

Balance as at 30 September 2023 - un-audited 3,720,816 116,959 20,070,659 23,908,434

Balance as at 31 December 2023 - audited 3,720,816 116,959 20,849,904 24,687,679


Transaction with owners:


First interim dividend for the year ending 31 December 2024 @ Rupees 2 per share	-	-	(744,163)	(744,163)
Second interim dividend for the year ending 31 December 2024 @ Rupees 3 per share	-	-	(1,116,245)	(1,116,245)
	-	-	(1,860,408)	(1,860,408)


Profit for the period ended 30 September 2024	-	-	6,197,846	6,197,846
Other comprehensive income for the period ended 30 September 2024	-	-	-	-
Total comprehensive income for the period ended 30 September 2024	-	-	6,197,846	6,197,846

Balance as at 30 September 2024 - un-audited 3,720,816 116,959 25,187,342 29,025,117

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)

For the Nine Month Period Ended 30 September 2024

	Note	Nine Month Ended 30 September 2024 (Rupees in thousand)	30 September 2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	8	3,466,486	8,051,144
Finance cost paid		(35,071)	(44,358)
Net (increase) / decrease in long term loans to employees		(14,923)	5,720
Income tax paid		(103,282)	(39,521)
Gratuity paid		-	(6,859)
Net cash generated from operating activities		3,313,209	7,966,126
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on fixed assets		(38,691)	(88,853)
Short term investments made		(185,740,899)	(1,839,862)
Interest received		646,131	508,336
Proceeds from disposal of short term investments		185,619,859	-
Net cash generated from / (used in) investing activities		486,400	(1,420,379)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(1,843,337)	(6,217,701)
Net cash used in financing activities		(1,843,337)	(6,217,701)
Net increase in cash and cash equivalents		1,956,273	328,046
Cash and cash equivalents at beginning of the period		(1,615,222)	(686,205)
Cash and cash equivalents at end of the period		341,051	(358,159)
CASH AND CASH EQUIVALENTS			
Cash in hand		246	311
Cash at banks		2,049,060	691,519
Short term borrowings		(1,708,255)	(1,049,989)
		341,051	(358,159)

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)

For the Nine Month Period Ended 30 September 2024

1. THE COMPANY AND ITS OPERATIONS

Pakgen Power Limited (“the Company”) was incorporated in Pakistan on 22 June 1995 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the Company is situated at 53-A, Lawrence Road, Lahore. The ordinary shares of the Company are listed on Pakistan Stock Exchange Limited. The principal activities of the Company are to own, operate and maintain a fuel fired power station (“the Complex”) having gross capacity of 365 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan. The Company has a Power Purchase Agreement (PPA) with its sole customer, Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) for 30 years which commenced from 01 February 1998. As per the terms of PPA Amendment Agreement dated 20 April 2021, the agreement year that was ending on 04 May 2021 was extended by 156 days to 07 October 2021.

2. BASIS OF PREPARATION

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

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

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

2.2 These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 31 December 2023. These condensed interim financial statements are un-audited and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Section 237 of the Companies Act, 2017.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information and methods of computations adopted for the preparation of these condensed interim financial statements are same as applied in the preparation of the audited annual published financial statements of the Company for the year ended 31 December 2023 except for the change in accounting policy of taxation and levy made in accordance with “Application Guidance on Accounting for Minimum Taxes and Final Taxes” issued by the Institute of Chartered Accountants of Pakistan through circular No. 7/2024 dated 15 May 2024. This change has been explained in note 3.1 to these condensed interim financial statements.

3.1 Taxation and levy

Current

Income (profit and gains) of the Company derived from power generation are exempt from income tax under Clause 132 of Part I and Clause 11A of Part IV of Second Schedule to the Income Tax Ordinance, 2001. This exemption is available till the term of Power Purchase Agreement (PPA). However, full provision for current tax and levy is made in the statement of profit or loss and other comprehensive income on income from sources not covered under the above clauses at current rates of taxation after taking into account, tax credits and rebates available, if any.

Final taxes levied under the Income Tax Ordinance, 2001 and any excess over the amount designated as provision for current tax are charged as levy in statement of profit or loss and other comprehensive income. The charge for current tax and levy also includes adjustments, where considered necessary, to provision for tax and levy made in previous years arising from assessments framed during the year for such years. Previously, component representing levy was included in provision for current tax and was not separately charged in statement of profit or loss and other comprehensive income. This change in accounting policy has been applied retrospectively in accordance with the provisions of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and resulted in following reclassification of corresponding figures:

Reclassified from	Reclassified to	Un-audited	
		For the Nine Month Ended 30 September 2023	Quarter Ended 30 September 2023

..... (Rupees in thousand)

Condensed interim statement of profit or loss and other comprehensive income:

Taxation	Final tax	25,761	10,182
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Reclassified from	Reclassified to	Audited	
		31 December 2023	

..... (Rupees in thousand)

Condensed interim statement of financial position:

Advance income tax	Prepaid final tax	25,761
Provision for taxation	Final tax payable	17,174

Had there been no change in the above referred accounting policy, amounts of final tax Rupees 193.765 million, prepaid final tax Rupees 85.431 million and final tax payable Rupees 108.334 million would have been presented as taxation expense, advance income tax and provision for taxation respectively in these condensed interim financial statements for the period ended 30 September 2024. Further, this change in accounting policy has no impact on earnings per share of the Company.

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 base used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax has not been provided in these condensed interim financial statements as the management believes that the temporary differences will not reverse in the foreseeable future due to the fact that the Company remains exempt from taxation under Clause 132 of Part I and Clause 11A of Part IV of Second Schedule to the Income Tax Ordinance, 2001.

3.2 Critical accounting estimates and judgments

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

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 31 December 2023.

4. CONTINGENCIES AND COMMITMENTS

4.1 Contingencies

There is no significant change in the status of contingencies as disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2023 except for the following:

- 4.1.1 On 17 April 2024, Deputy Commissioner Inland Revenue (DCIR) passed an order for tax periods from January 2018 to December 2018 whereby sales tax demand of Rupees 15.675 million along with default surcharge and penalty were raised on various issues under relevant provisions of the Sales Tax Act, 1990. The Company paid the impugned sales tax demand of Rupees 15.675 million. However, being aggrieved, the Company filed an appeal before the learned Commissioner Inland Revenue - Appeals [CIR(A)] against the order passed by DCIR on 14 May 2024. Later, on 21 August 2024, ATIR disposed off the appeal whereby all the matters were decided in favor of the Company except for disallowance of input sales tax on certain goods aggregating to Rupees 3.166 million. Based on tax advisor's opinion, the subject disallowance has not been contested further and the same is provided in these condensed interim financial statements.

- 4.1.2 On 22 January 2024, DCIR passed various orders for tax periods July 2016 to June 2018, July 2018 to June 2019 and July 2019 to June 2020 on various issues under relevant provisions of the Sales Tax Act, 1990 aggregating to Rupees 12.811 million including default surcharge and penalty. Being aggrieved by the orders passed by DCIR, Company preferred appeals before CIR(A) on 19 February 2024 which have not yet been taken up for adjudication. Based on tax advisor's opinion, there exists reasonable grounds to defend the Company's stance. Hence, no provision has been made in these condensed interim financial statements.
- 4.1.3 The Company identified certain sales tax Invoices relating to tax periods from September 2010 to September 2017 where the Company duly discharged the liabilities by making payments to suppliers whereas input sales tax aggregating to Rupees 187.056 million was not adjusted against the output sales tax for the respective tax periods. The Company filed application to Federal Board of Revenue ("the Board") to condone the time limits regarding the above explained matter. In response to the Company's application, the Board called for a report on factual merits of the Company's application. The Deputy Commissioner Inland Revenue (DCIR), in accordance with the directions of the Board, issued letters to the Company to submit relevant documentary evidence in order to prepare the report for the Board. On 22 April 2019, the Company duly complied with those letters by submitting all the necessary / relevant data. On 30 June 2024, Commissioner Inland Revenue (CIR) submitted report on factual merits of the Company's application and recommended that condonation in respect of input sales tax amounting to Rupees 145.890 million be allowed to the Company. On 22 July 2024, the Board has condoned the time limit to adjust the aforementioned input sales tax amounting to Rupees 145.890 million. The Company is continuously following up with the Board and is in the process of submitting evidences relating to remaining amount of Rupees 41.166 million to authorities for expeditious disposal of the case. Based on the advise of the tax advisor, the management expects favorable outcome of the matter. Hence, no provision has been made in these condensed interim financial statements.
- 4.1.4 On 16 August 2024, Deputy Commissioner Inland Revenue (DCIR) passed an order for tax periods from Nov 2022 to June 2023 whereby sales tax demand of Rupees 2.094 million has been raised on account of inadmissible input sales tax on various goods and services claimed along with default surcharge and penalty against the Company. Being aggrieved, on 23 September 2024, the Company filed an appeal before the learned Commissioner Inland Revenue - Appeals [CIR(A)] which has not yet been taken up for adjudication. Based on tax advisor's opinion, there exists reasonable grounds to defend the Company's stance. Hence, no provision has been made in these financial statements.
- 4.1.5 The banks of the Company have issued letters of guarantee in favour of Pakistan State Oil Company Limited (PSO) - fuel supplier for an amount of Rupees Nil (31 December 2023: Rupees 500 million) against purchase of fuel.

	Un-audited 30 September 2024 (Rupees in thousand)	Audited 31 December 2023
4.2 Commitments		
For other than capital expenditure	55,319	132,994

	Un-audited 30 September 2024 (Rupees in thousand)	Audited 31 December 2023
5. FIXED ASSETS		
Operating fixed assets (Note 5.1)	3,208,759	3,863,831
Capital work-in-progress (Note 5.2)	11,443	6,096
	3,220,202	3,869,927
5.1 Operating fixed assets		
Opening book value	3,863,831	4,362,263
Add: Cost of additions during the period / year (Note 5.1.1)	33,344	456,372
Less: Book value of disposals / derecognitions during the period / year (Note 5.1.2)	-	15
Less: Depreciation charged during the period / year	688,416	954,789
Closing book value	3,208,759	3,863,831
5.1.1 Cost of additions		
Plant and machinery	21,761	444,379
Vehicles	4,680	3,457
Office equipment	5,996	5,837
Furniture and fittings	92	2,001
Electric equipment and appliances	814	698
	33,344	456,372
5.1.2 Book value of disposals / derecognitions		
Cost:		
Plant and machinery	-	118,200
Vehicle	-	166
Office equipment	355	316
	355	118,682
Less: Accumulated depreciation	355	118,667
	-	15
5.2 Capital work-in-progress		
Plant and machinery	433	177
Buildings on freehold land	11,010	5,919
	11,443	6,096

	Un-audited 30 September 2024 (Rupees in thousand)	Audited 31 December 2023
6. (PROVISION FOR INCOME TAX) / ADVANCE INCOME TAX AND FINAL TAX - NET		
Advance income tax - net		
Advance income tax	161,949	300,265
Less: Provision for taxation	(111,962)	(138,993)
	49,987	161,272
Final tax - net		
Prepaid final tax	85,431	25,761
Less: Final tax payable	(193,765)	(42,935)
	(108,334)	(17,174)
(Provision for income tax - net) / advance income tax and final tax - net	(58,347)	144,098

	Un-audited Nine Month Period Ended		Un-audited Quarter Ended	
	30 September 2024 (Rupees in thousand)	30 September 2023	30 September 2024 (Rupees in thousand)	30 September 2023
7. COST OF SALES				
Fuel cost	2,718,774	9,211,304	90,797	4,119,942
Operation and maintenance costs	599,642	513,775	219,938	202,853
Insurance	1,142,390	945,490	380,805	380,793
Depreciation	680,497	694,347	227,107	230,822
Liquidated damages to CPPA-G	1,372	-	337	-
	5,142,675	11,364,916	918,984	4,934,410

	Un-audited Nine Month Period Ended	
	30 September 2024 (Rupees in thousand)	30 September 2023
8. CASH GENERATED FROM OPERATIONS		
Profit before taxation	6,503,573	5,167,776
Adjustments for non-cash charges and other items:		
Depreciation	688,416	701,135
Provision for gratuity	10,456	8,501
Interest income	(1,086,188)	(508,336)
Finance cost	27,493	12,699
Cash flows from operating activities before working capital changes	6,143,750	5,381,775
Working capital changes:		
(Increase)/ decrease in current assets:		
Stores, spare parts and other consumables	(169,927)	(214,527)
Fuel stock	(1,163,893)	(939,778)
Trade debts	(2,053,111)	4,342,964
Loan, advances and short term prepayments	(20,789)	243,526
Other receivables	(135,672)	(193,984)
Sales tax recoverable	1,075,103	(538,641)
	(2,468,289)	2,699,560
Decrease in trade and other payables	(208,975)	(30,191)
	<u>3,466,486</u>	<u>8,051,144</u>

9. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associated companies, key management personnel, staff retirement benefit plans and other related parties. The Company in the normal course of business carries out transactions with these related parties. Details of transactions with related parties are as follows:

i) Transactions:

Relationship with the Company	Nature of transaction	Un-audited Nine Month Period Ended		Un-audited Quarter Ended	
		30 Sept. 2024	30 Sept. 2023	30 Sept. 2024	30 Sept. 2023
		(Rupees in thousand)			
Associated companies	Insurance premium paid	1,394,213	1,198,044	634,098	633,655
	Insurance claims received	507	258	139	58
	Flying services	104,882	104,816	34,884	36,655
	Dividend paid	729,121	2,468,089	437,472	2,187,374
	Boarding and lodging services	815	527	-	134
	Profit on bank deposits received	115,972	72,303	45,494	47,772
	Purchase of vehicle	7,300	-	7,300	-
Other related parties	Insurance premium paid	1,723	1,374	-	-
	Dividend paid	73,179	248,809	43,907	219,537
Key management personnel	Remuneration	23,061	20,503	7,722	6,876
Staff retirement benefits plans	Contribution to provident fund	15,558	13,523	5,262	4,484
	Benefit paid on behalf of Gratuity fund	10,456	8,501	3,485	2,834
		Un-audited 30 September 2024		Audited 31 December 2023	
		(Rupees in thousand)			

(ii) Period end balances:

Payable to related companies

- Entities on the basis of common directorship 229 27

Advance to related companies

- Entities on the basis of common directorship 7,300 -

Balances with bank

- Entities on the basis of common directorship 2,049,011 2,131,335

Staff retirement benefit plans

13,226 2,770

10. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these condensed interim financial statements. To provide an indication about the reliability of the inputs used in

determining fair value, the Company classify its financial instruments into the following three levels. An explanation of each level follows underneath the table:

Recurring fair value measurements at 30 September 2024	Level 1	Level 2	Level 3	Total
(Rupees in thousand)				

Financial assets

Financial assets at fair value through profit or loss	7,282,177	-	-	7,282,177
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Recurring fair value measurements at 31 December 2023	Level 1	Level 2	Level 3	Total
(Rupees in thousand)				

Financial assets

Financial assets at fair value through profit or loss	-	6,723,553	-	6,723,553
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Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

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

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

(ii) Valuation technique used to determine fair value

Specific valuation technique used to value financial instruments is the use of Net Assets Value (NAV) of respective Asset Management Company.

11. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company at their meeting held on October 28, 2024 has declared interim cash dividend of Rupees 2 per share (i.e. 20%). However, this event has been considered as a non-adjusting event under International Accounting Standard (IAS) 10 'Events after the Reporting Period' and has not been recognized in these condensed interim financial statements.

12. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2023.

13. CORRESPONDING FIGURES

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

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, except for reclassification as disclosed in note 3.1 to these condensed interim financial statements, there are no significant rearrangements / reclassification have been made.

14. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on October 28, 2024 by the Board of Directors of the Company.

15. GENERAL

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER



N I S H A T

PAKGEN POWER LIMITED

Contact Us

PAKGEN POWER LIMITED

53 - A, Lawrence Road, Lahore. Tel: 042 - 36367812 - 16
Fax: 042 - 36367414 | UAN: 042 - 111-11-33-33