



**KAPCO**

3rd QUARTER  
**REPORT**

**2024**

March 31, (un-audited)

**KOT ADDU POWER COMPANY LIMITED**

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## 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 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 & Multi

### Bankers

#### 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  
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

5B/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



31 مارچ 2024 کو ختم ہونے والی مدت کے مالیاتی گوشواروں (غیر آڈٹ شدہ) کے ساتھ ڈائریکٹرز کی رپورٹ پیش خدمت ہے۔

کھٹی ٹی بیڈی سرگرمیوں میں باہمیاب کے شرکاء اور 1600 میگا واٹ، ہمہ جہت صلاحیت کے حامل ٹلی فنڈل سے چلنے والے پاور پلانٹ کی ملکیت، آپریشن اور دیگر بھال شامل ہیں۔ ہمیں کار پیلے تیار جانکا ہے کھٹی، (الف) آؤٹ، 2023 میں بحرف پیش کی ہامت کے بعد کھٹی بحرف کے قین اور (ب) کھٹی کے خریداری کی شناخت جس کے ساتھ دو واہی کی خریداری کے معاہدے پر دستخط کرنے کی، کے لیے پینٹل ایکٹورک پاور اور دیگر لیڈری اقداری (سہرا) سے رائیلے میں ہے۔ اس حوالے سے کافی پیشرفت ہو چکی ہے۔ ہمیں رائیلے پینٹل ٹریڈنگ کھٹی (این ٹی ڈی سی) کے کھٹام کی ضروریات کی وجہ سے 2026 تک کھٹی کو اشداری تزیین کھٹی کو پیش منسو ہے (آئی سی ای بی پی) (2021-2022) میں شامل کرنے کے بعد اگست 2023 میں کھٹی کے لیے ایک اینڈ ہے کی بنیاد پر 500 میگا واٹ کے لیے ماضی بحرف کی منظوری دی گئی۔ دیگر لیڈری رکاوٹوں کی وجہ سے کھٹی کھٹی کے خریداری کے ساتھ توانائی کی خریداری کے معاہدے پر دستخط نہیں کر سکی۔

یہ امر اہمیتان پیش ہے کہ کھٹی کے پاس اپنے آپریشنل اخراجات کو پورا کرنے اور مستقبل قریب کے لیے اپنی ذمہ داریوں کو ادا کرنے کے لیے ایک مقہم مالی پوزیشن اور کافی قومات اور ذخائر موجود ہیں۔ 31 مارچ 2024 تک، کھٹی کے خریداری کی جانب سے واجب الادا (مجموعی) قومات 18,682 ملین روپے ہیں، جس کے لیے حکومت پاکستان کی کارائی موجود ہے۔ اور میوٹل فنڈز میں کھٹی کی سرمایہ کاری 45,742 ملین روپے (بک ویلج پر) ہے۔

مذکورہ بالا اعداد کی بنیاد پر زیر جائزہ مدت کے دوران کوئی کاروبار نہیں ہوا (2023: 25,298 ملین روپے) جبکہ اخراجات 2,805 ملین روپے (2023: 24,929 ملین روپے) رہے جس کے نتیجے میں مجموعی نقصان 2,805 ملین روپے رہا۔ مجموعی نقصان کی بنیاد میں انشورنس پر بحیم اور گنواہوں سمیت طے شدہ اخراجات کی مسلسل ادائیگی ہے۔ مزید برآں، فنڈ نقصان کے گوشواروں میں (1) پاور پلانٹ کی انشورنس لاگت (2) قانون کے تحت درکار پرائف پانڈپ فنڈ اور ورکرز ویٹنیٹ فنڈ کے لیے ادائیگی (3) ٹوکن گیس اور (4) دیگر لیڈری ٹیس وغیرہ پر آنے والے اخراجات بھی شامل ہیں، یہ ایسے اخراجات ہیں جو پیلے نی ٹی اسے کے تحت طے شدہ ہیں۔ بہر حال 9 واہ کی مدت کے دوران آپرائٹ منافع 8,134 ملین روپے (2023: 10,527 ملین روپے) رہا۔ ادائیگی انشورنس منافع 5,073 ملین روپے (2023: 5,927 ملین روپے) ہے۔ اس مدت کے لیے بعد انشورنس منافع 3,582 ملین روپے (2023: 3,875 ملین روپے) ہے، جس سے 10 روپے کے بر حصص پر آمدنی 4.07 روپے (2023: 4.00 روپے) بنتی ہے۔

کھٹی اپنے پورٹ فولیو کے تنوع کے لیے سرمایہ کاری کے مختلف آچٹز پر غور کر رہی ہے۔ واہ ایک بڑا شیئر ہولڈر ہونے کے طے کھٹی کے تنوع کے منصوبوں کا بحرہ معامی ہے اور کھٹی کے منصوبوں کی حکومت پاکستان سے منظوری حاصل کرنے کے لیے سرگرم عمل میں ہے۔

کھٹی نے مندرجہ ذیل طریقے سے کوآف کارپورٹ گورنس کے تقاضوں کی تعمیل کی ہے:

1- درج ذیل تفصیل کے مطابق ڈائریکٹرز کی کل تعداد آٹھ (8) ہے:

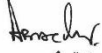
(a) مرد سات (7) (b) خاتون ایک (1)

2- بورڈ آف ڈائریکٹرز کی تفصیل درج ذیل ہے:

کمیٹری	نام
آزاد ڈائریکٹرز	• جناب عمیل احمد ناصر • جناب سعداقبال
ایگزیکٹو ڈائریکٹرز	• جناب آفتاب محمود بٹ (چیف ایگزیکٹو)
ٹان ایگزیکٹو ڈائریکٹرز	• لیٹیننٹ جنرل (ر) سجاد فنی • جناب عمیل اختر

بورڈ آف ڈائریکٹرز کی کمیٹیاں:	آڈٹ کمیٹی	• جناب حافظ محمد یوسف (چیرمین) • جناب نوید اصغر چوہدری • جناب سعداقبال • جناب عمیل اختر
	ایچ آر کمیٹی	• جناب عمیل احمد ناصر (چیرمین) • جناب آفتاب محمود بٹ • محترمہ مہوش ہمایوں خان
	سرمایہ کاری کمیٹی	• جناب حافظ محمد یوسف (چیرمین) • جناب عمیل اختر • جناب سعداقبال • جناب نوید اصغر چوہدری

مفتاحب بورڈ

  
آفتاب محمود بٹ  
چیف ایگزیکٹو آفیسر

  
حافظ محمد یوسف  
ڈائریکٹرز

لاہور: 19 اپریل 2024ء

Condensed Interim Statement of Financial Position  
as at March 31, 2024 (Un-audited)

	Un-audited March 31, 2024	Audited June 30, 2023
Note	(Rupees in thousand)	
<b>EQUITY AND LIABILITIES</b>		
<b>CAPITAL AND RESERVES</b>		
Authorised capital 3,600,000,000 (June 30, 2023: 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, 2023: 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 profits	52,203,676	56,836,744
	61,450,659	66,083,727
<b>NON-CURRENT LIABILITIES</b>		
Deferred liabilities		
Deferred taxation	1,959,661	2,100,017
Staff retirement benefits	293,313	839,622
	2,252,974	2,939,639
<b>CURRENT LIABILITIES</b>		
Finances under mark-up arrangements - secured	7 14,261,822	22,153,719
Trade and other payables	8 7,696,566	9,614,950
Provision for taxation - net	513,211	-
Unclaimed dividend	1,181,041	1,056,126
	23,652,640	32,824,795
<b>CONTINGENCIES AND COMMITMENTS</b>		
	9	
	87,356,273	101,848,161

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



Aftab Mahmood Butt  
Chief Executive Officer



M. Rabnawaz Anjum  
Chief Financial Officer

## ASSETS

### NON-CURRENT ASSETS

Property, plant and equipment  
Long term deposits  
Staff retirement benefits - Pension

	Un-audited March 31, 2024	Audited June 30, 2023
Note	(Rupees in thousand)	
10	1,929,046	1,931,244
	8,011	9,351
	1,208,021	1,011,912
	<u>3,145,078</u>	<u>2,952,507</u>

### CURRENT ASSETS

Stores and spares  
Stock-in-trade  
Trade debts  
Investments at fair value  
Income tax due from Government  
Loans, advances, deposits, prepayments  
and other receivables  
Cash and bank balances

	3,955,414	3,927,475
11	11,018,471	11,565,471
12	18,213,135	26,611,385
	45,741,870	50,101,538
	-	18,021
	3,666,586	4,751,983
	1,615,719	1,919,781
	<u>84,211,195</u>	<u>98,895,654</u>
	<u>87,356,273</u>	<u>101,848,161</u>



Hafiz Muhammad Yousaf  
Director

## Condensed Interim Statement of Profit or Loss

for the three-month and nine-month period ended March 31, 2024 (Un-audited)

	Note	Three-month ended		Nine-month ended	
		March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
		(Rupees in thousand)		(Rupees in thousand)	
Sales	13	-	128,450	-	25,297,939
Cost of sales	14	(881,681)	(909,191)	(2,805,049)	(24,928,808)
Gross (loss) / profit		(881,681)	(780,741)	(2,805,049)	369,131
Administrative expenses		(104,808)	(122,730)	(447,233)	(683,922)
Other operating expenses		(106,883)	(477,368)	(392,009)	(746,668)
Other income	15	3,300,807	3,886,271	11,778,291	11,588,511
Operating profit		2,207,435	2,505,432	8,134,000	10,527,052
Finance cost		(789,392)	(1,455,722)	(3,060,825)	(4,600,133)
Profit before tax		1,418,043	1,049,710	5,073,175	5,926,919
Taxation		(276,946)	(360,706)	(1,491,478)	(2,051,971)
Profit for the period		1,141,097	689,004	3,581,697	3,874,948
Earnings per share					
- basic and diluted Rupees		1.30	0.78	4.07	4.40

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



Aftab Mahmood Butt  
Chief Executive Officer



M. Rabnawaz Anjum  
Chief Financial Officer



Hafiz Muhammad Yousaf  
Director



## Condensed Interim Statement of Comprehensive Income

for the three-month and nine-month period ended March 31, 2024 (Un-audited)

	Three-month ended		Nine-month ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	(Rupees in thousand)		(Rupees in thousand)	
Profit for the period	1,141,097	689,004	3,581,697	3,874,948
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
Re-measurement of net defined benefit obligation - net of tax	-	-	147,641	38,534
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive income for the period - net of tax	-	-	147,641	38,534
Total comprehensive income for the period	1,141,097	689,004	3,729,338	3,913,482

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



Aftab Mahmood Butt  
Chief Executive Officer



M. Rabnawaz Anjum  
Chief Financial Officer



Hafiz Muhammad Yousaf  
Director

## Condensed Interim Statement of Changes in Equity

for the nine-month period ended March 31, 2024 (Un-audited)

	Share capital	Capital reserve	Revenue Reserve: Un-appropriated profits	Total
	(Rupees in thousand)			
Balance as at June 30, 2022				
Audited	8,802,532	444,451	59,348,925	68,595,908
Profit for the period	-	-	3,874,948	3,874,948
Other comprehensive income for the period	-	-	38,534	38,534
Total comprehensive income for the period	-	-	3,913,482	3,913,482
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 ending June 30, 2023 - Rs 3.50 per share	-	-	(3,080,886)	(3,080,886)
Balance as at March 31, 2023				
Un-audited	8,802,532	444,451	56,660,508	65,907,491
Balance as at June 30, 2023				
Audited	8,802,532	444,451	56,836,744	66,083,727
Profit for the period	-	-	3,581,697	3,581,697
Other comprehensive income for the period	-	-	147,641	147,641
Total comprehensive income for the period	-	-	3,729,338	3,729,338
Transactions with owners:				
Final dividend for the year ended June 30, 2023 - Rs 5.00 per share	-	-	(4,401,266)	(4,401,266)
Interim dividend for the year ending June 30, 2024 - Rs 4.50 per share	-	-	(3,961,140)	(3,961,140)
Balance as at March 31, 2024				
Un-audited	8,802,532	444,451	52,203,676	61,450,659

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



Aftab Mahmood Butt  
Chief Executive Officer



M. Rabnawaz Anjum  
Chief Financial Officer




Hafiz Muhammad Yousaf  
Director

**Condensed Interim Statement of Cash Flows**  
for the nine-month period ended March 31, 2024 (Un-audited)

	Note	Nine-month ended	
		March 31, 2024	March 31, 2023
(Rupees in thousand)			
<b>Cash flows from operating activities</b>			
Cash generated from operations	17	8,138,096	12,807,649
Finance cost paid		(4,624,031)	(5,151,769)
Taxes paid		(1,100,602)	(2,744,289)
Staff retirement benefits paid		(770,604)	(490,927)
<b>Net cash generated from operating activities</b>		<b>1,642,859</b>	<b>4,420,664</b>
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		(5,683)	(3,329)
Income on bank deposits received		93,077	50,600
Interest on PIBs and Sukuks		7,598,721	3,903,343
Net decrease in long term loans and deposits		1,340	11,613
PIBs and Sukuks disposed-off		50,916,720	2,933,721
Investment in mutual funds - net		(44,423,949)	-
Proceeds from sale of property, plant and equipment		2,241	2,374
<b>Net cash generated from investing activities</b>		<b>14,182,467</b>	<b>6,898,322</b>
<b>Cash flows from financing activities</b>			
Repayment of lease liabilities		-	(3,434)
Dividend paid		(8,237,491)	(6,561,126)
<b>Net cash used in financing activities</b>		<b>(8,237,491)</b>	<b>(6,564,560)</b>
<b>Net increase in cash and cash equivalents during the period</b>		<b>7,587,835</b>	<b>4,754,426</b>
Cash and cash equivalents at the beginning of the period		(20,233,938)	(36,352,164)
Cash and cash equivalents at the end of the period	18	(12,646,103)	(31,597,738)

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



Aftab Mahmood Butt  
Chief Executive Officer



M. Rabnawaz Anjum  
Chief Financial Officer



Hafiz Muhammad Yousaf  
Director

## Notes to the Condensed Interim Financial Statements

for the nine-month period ended March 31, 2024 (Un-audited)

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### 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 1,600MW 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. Statement of Compliance

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 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.

## Notes to the Condensed Interim Financial Statements

for the nine-month period ended March 31, 2024 (Un-audited)

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### 3. Basis of Presentation and Measurement

These condensed interim financial statements are un-audited and being submitted to the members of the Company as required by Section 237 of the 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, 2023.

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.

### 4. Impact on Going Concern Assumption due to expiry of PPA

The PPA of the Company was initially for a term of 25 years, which expired 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 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) and the valid generation license of the Company, NEPRA approved the Provisional Tariff on August 4, 2023 for 500MW capacity on Take-and-Pay basis. However, the Company has filed a review petition against provisional Tariff before NEPRA for positive revisions on certain matters.

On October 03, 2023, NEPRA conducted a public hearing on Final Tariff petition, the decision on which is expected in due course. 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.

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.

## Notes to the Condensed Interim Financial Statements

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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 Company including the plant maintenance activities, insurance and headcount rationalization in line with the 500MW expected generation capacity;
- Investment of surplus funds for generating sufficient income;
- Exploring opportunities for diversification of its operations especially in renewable energy sector; and
- Participation in the Competitive Trading Bilateral Contracts Market (CTBCM) 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 the following:

- Receivables from the Power Purchaser of Rs 18,213 million as at March 31, 2024 backed by GoP Guarantee which will be realized in normal course of business; and
- Investment in mutual funds of Rs 45,742 million (at book value) as at March 31, 2024.

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 realization of its assets and liquidation of liabilities.

### 5. Standards, amendments and interpretations to published accounting standards

#### 5.1 Standards, amendments to published standards and interpretations that are effective in the current period

Certain standards, amendments and interpretations to the approved accounting standards are effective for the accounting periods beginning on or after July 01, 2023 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

#### 5.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 01, 2024, but are considered not to be relevant to the Company's operations and are, therefore, not detailed in these condensed interim financial statements. Further, these standards, interpretations and the amendments are not expected to have significant impact on the Company's condensed interim financial statements other than certain disclosures.

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**6. Significant 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, 2023.

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, 2023.

Income tax expense is recognized in each interim period based on best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for the income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

		Un-audited March 31, 2024	Audited June 30, 2023
	Note	(Rupees in thousand)	
<b>7. Finances under mark-up arrangements secured</b>			
- Under conventional finances		8,361,832	8,586,689
- Under islamic finances		5,899,990	13,567,030
	7.1	14,261,822	22,153,719

**7.1** Finances under mark-up arrangements available from various conventional banks amount to Rs 15,500 million (June 30, 2023: Rs 19,995 million) and finances available under musharika and murabaha arrangements amount to Rs 7,500 million (June 30, 2023: Rs 18,675 million). The rate of mark-up ranges from 21.56 percent to 25.90 percent (June 30, 2023: 14.26 percent to 25.08 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 32 percent (June 30, 2023: 20 percent to 30 percent) per annum on the balances unpaid.

**7.2 Letter of credit and bank guarantees**

Of the aggregate facility of Rs 400 million (June 30, 2023: Rs 405 million) for

## Notes to the Condensed Interim Financial Statements

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opening letters of credit and Rs 2,507 million (June 30, 2023: Rs 2,504 million) for guarantees, the amounts utilised as at March 31, 2024 were Rs Nil (June 30, 2023: Rs 29 million) and Rs 2,507 million (June 30, 2023: Rs 2,504 million) respectively.

7.3 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, 2023: Rs 67,200 million).

### 8. Trade and other payables

Trade and other payables include an amount of Rs 5,953 million (June 30, 2023: Rs 6,454 million) payable to the fuel suppliers on account of fuel supplies and late payment surcharge on credit supplies of fuel. Further, included in it is an amount of Rs 42 million (June 30, 2023: Rs 35 million) payable to CPPA-G, an associated undertaking, against import of electricity.

### 9. Contingencies and commitments

#### 9.1 Contingencies

- (a) There has been no significant change in the status of the contingent liabilities disclosed as at June 30, 2023 except the following:
- (i) The Deputy Commissioner 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 Commissioner Inland Revenue (Appeals) [CIR(A)]. The CIR(A) remanded back the issue to the DCIR vide order dated May 26, 2023 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 (ATIR) which was decided against the Company vide order dated September 21, 2023. Being aggrieved, Company has filed reference in Lahore High Court which is pending adjudication.
- (ii) The tax department created sales tax demand of Rs 2,933 million for the financial period July 2013 to June 2014 pertaining to the issue of apportionment of input tax against Capacity Purchase Price and Energy Purchase Price (EPP) and allowed input against EPP only. Being aggrieved, the Company filed an appeal before CIR(A), which was remanded back vide order dated April 29, 2016. Being aggrieved, the tax department filed an appeal before ATIR which was rejected vide order dated October 24, 2023.
- (iii) The DCIR amended the assessment for 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 CIR(A), which was decided in favour vide order dated December 04, 2023 whereby demand of Rs 149 million was deleted and remaining issues were remanded back to DCIR.



## Notes to the Condensed Interim Financial Statements

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- (iv) The Additional Commissioner Inland Revenue amended the assessment for tax year 2022 vide order dated March 20, 2024 and created a demand of Rs 3,237 million on account of chargeability of tax on true up income, interest on late payment from CPPA-G and inadmissibility of few expenses. Being aggrieved, the Company is in the process of filing appeal before CIR(A).

The Management and taxation expert of the Company believe that there are meritorious grounds available to defend the above mentioned demands relating to the respective cases, consequently, no provision has been recorded in these condensed interim financial statements with respect to above matters.

- (b) Sui Northern Gas Pipelines Limited (SNGPL) has raised claims of late payment surcharge amounting to Rs 779 million (June 30, 2023: Rs 823 million). The Management 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 condensed interim financial statements.

- (c) 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. 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 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 stay was vacated by Civil Court on December 02, 2023. Aggrieved by the decision, the Company filed stay application with Honourable Lahore High Court which has been granted and still valid.

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 condensed interim financial statements.

### 9.2 Commitments

- (i) Contracts for capital expenditure are Nil (June 30, 2023: Rs 4 million).
- (ii) Letters of credit other than for capital expenditure are Nil (June 30, 2023: Rs 29 million).
- (iii) Contracts for car ljarah are Rs 55 million (June 30, 2023: Rs 69 million).

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for the nine-month period ended March 31, 2024 (Un-audited)

		Un-audited March 31, 2024	Audited June 30, 2023
	Note	(Rupees in thousand)	
<b>10. Property, plant and equipment</b>			
Opening Net Book Value (NBV)		1,931,244	2,237,359
Add: Additions / transfers during the period	10.1	5,683	15,074
		<u>1,936,927</u>	<u>2,252,433</u>
Less: Disposals during the period (at NBV)		2,198	1,956
Depreciation charged during the period		5,683	319,233
		<u>7,881</u>	<u>321,189</u>
		<u>1,929,046</u>	<u>1,931,244</u>
<b>10.1 Following is the detail of additions / transfers during the period</b>			
<b>Additions:</b>			
Gas turbine blading		2,574	9,548
Auxiliary plant and machinery		-	3,046
Office equipment		3,109	282
		<u>5,683</u>	<u>12,876</u>
<b>Transfers:</b>			
Vehicles		-	2,198
		<u>5,683</u>	<u>15,074</u>
<b>11. Trade debts</b>			
Trade debts	11.1	18,682,144	27,071,127
Less: Provision for doubtful debts		469,009	459,742
		<u>18,213,135</u>	<u>26,611,385</u>

11.1 These are considered good except Rs 469 million (June 30, 2023: Rs 460 million) which are considered doubtful. Trade debts include an overdue amount of Rs 15,591 million (June 30, 2023: Rs 22,418 million) receivable from CPPA-G, which is a related party of the Company. The maximum aggregate amount outstanding during the period was Rs 27,071 million (June 30, 2023: Rs 62,504 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.

## Notes to the Condensed Interim Financial Statements

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	Note	Un-audited March 31, 2024		Audited June 30, 2023	
		Cost	Carrying Value	Cost	Carrying Value
(Rupees in thousand)					
12. Investments at fair value					
Fair value through profit or loss					
Pakistan Investment Bond		-	-	23,831,000	22,837,247
GoP Ijarah Sukuk		-	-	27,417,400	27,264,291
Mutual Funds	12.1	44,495,044	45,741,870	-	-
		<u>44,495,044</u>	<u>45,741,870</u>	<u>51,248,400</u>	<u>50,101,538</u>

12.1 During the period, investment in Pakistan Investment Bond and GoP Ijarah Sukuk were redeemed and surplus funds invested in conventional and islamic mutual funds with different asset management companies.

	Note	Three-month ended		Nine-month ended	
		March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
(Rupees in thousand)					
13. Sales					
Energy Purchase Price under the PPA		-	150,345	-	24,213,784
Sales tax		-	(21,895)	-	(3,463,143)
Net Energy Purchase Price		-	128,450	-	20,750,641
Capacity Purchase Price under the PPA - net		-	-	-	4,547,298
		<u>-</u>	<u>128,450</u>	<u>-</u>	<u>25,297,939</u>
14. Cost of sales					
Fuel cost		-	124,399	-	21,997,765
Electricity import for self consumption		142,391	95,050	444,961	356,338
Salaries, wages and benefits		283,630	424,182	1,047,500	1,337,743
Voluntary Severance Scheme	14.1	10,157	-	222,345	-
Plant maintenance		4,045	15,598	23,069	189,091
Gas turbines overhauls		-	2,153	-	279,482
Repair and renewals		2,322	34,512	13,721	78,999
Plant insurance	14.2	157,136	213,297	500,770	404,685
Provision for net realizable value (NRV) against fuel stock		282,000	-	547,000	-
Depreciation on property, plant and equipment		-	-	5,683	282,985
Amortisation on intangible assets		-	-	-	1,720
		<u>881,681</u>	<u>909,191</u>	<u>2,805,049</u>	<u>24,928,808</u>

## Notes to the Condensed Interim Financial Statements

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14.1 As explained in note 4, NEPRA approved Provisional Tariff of the Company for 500MW capacity on Take-and-Pay basis. Therefore to align manpower with expected future requirements, Voluntary Severance Scheme (VSS) was announced and offered to all employees of the Company during the period, thereafter 151 employees were relieved under the Scheme.

14.2 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.

	Three-month ended		Nine-month ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	(Rupees in thousand)		(Rupees in thousand)	
15. Other Income				
Interest on late payments				
- CPPA-G	639,704	1,762,870	2,683,988	5,387,373
Interest on PIBs and Sukuks	962,909	2,098,403	6,594,750	6,053,948
Fair value gain on investments at fair value	290,543	-	815,182	-
Income from mutual funds	1,317,921	-	1,317,921	-
Income on bank deposits	80,146	-	173,223	50,600
Others	9,584	24,998	193,227	96,590
	<u>3,300,807</u>	<u>3,886,271</u>	<u>11,778,291</u>	<u>11,588,511</u>

	Nine-month ended	
	March 31, 2024	March 31, 2023
	(Rupees in thousand)	

### 16. Transactions with related parties

Relationship with the Company	Percentage of shareholding	Nature of transaction		
I. Associated undertakings				
- CPPA-G	0%	Sale of electricity	-	25,297,939
- CPPA-G	0%	Purchase of electricity	444,961	356,338
- WAPDA	40%	Purchase of services	630	-
- CPPA-G	0%	Interest income on late payments	2,683,988	5,387,373
- CPPA-G	0%	True-up income	-	45,476
- CPPA-G	0%	Provision for doubtful debts	9,267	117,263
- CPPA-G	0%	Bad debts written off	-	97,398
- WAPDA	40%	Dividend paid	3,365,956	2,657,333
- KAPCO Employees Empowerment Trust	5%	Dividend paid	458,398	361,893

**Notes to the Condensed Interim Financial Statements**  
for the nine-month period ended March 31, 2024 (Un-audited)

Relationship with the Company	Percentage of shareholding	Nature of transaction	Nine-month ended	
			March 31, 2024	March 31, 2023
(Rupees in thousand)				
- Central Depository Company of Pakistan Ltd	0%	Purchase of services	2,593	2,626
ii. Post retirement benefit plans				
- KAPCO employees provident fund trust	0%	Contributions paid	28,205	39,552
iii. Key management personnel (including directors)	0%	Compensation	198,130	312,094

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.

Period end balances	Un-audited	Audited
	March 31, 2024	June 30, 2023
(Rupees in thousand)		
Associated Undertakings		
Receivable from related parties	18,213,135	26,884,618
Payable to related parties	41,812	36,824

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

Notes to the Condensed Interim Financial Statements  
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	Nine-month ended	
	March 31, 2024	March 31, 2023
	(Rupees in thousand)	
<b>17. Cash generated from operations</b>		
Profit before tax	5,073,175	5,926,919
Adjustments for:		
- Depreciation on property, plant and equipment	5,683	309,685
- Amortization on intangible assets	-	1,720
- Depreciation on right of use assets	-	22
- Bad debts written off	-	97,398
- Provision for doubtful debts	9,267	117,263
- Disposal of property, plant and equipment	(43)	(418)
- Income on bank deposits	(173,223)	(50,600)
- Interest on PIBs and Sukuks	(6,594,750)	(6,053,948)
- Income from mutual funds	(1,317,921)	-
- Fair value (gain) / loss on investment at fair value	(815,182)	523,249
- Provision for net realizable value (NRV) against fuel stock	547,000	-
- Staff retirement benefits accrued	175,827	49,674
- Finance cost	3,060,825	4,600,133
- Amortisation of contract liability	-	(4,613,061)
(Loss) / profit before working capital changes	(29,342)	908,036
Effect on cash flow due to working capital changes:		
- Increase in stores and spares	(27,939)	(191,868)
- Increase in stock-in-trade	-	(5,414,945)
- Decrease in trade debts	8,388,983	26,995,897
- Decrease in loans, advances, deposits, prepayments and other receivables	161,572	2,196,669
- Decrease in trade and other payables	(355,178)	(11,686,140)
	8,167,438	11,899,613
Cash generated from operations	8,138,096	12,807,649
	March 31, 2024	March 31, 2023
	(Rupees in thousand)	
<b>18. Cash and cash equivalents</b>		
Cash and bank balances	1,615,719	1,018,357
Finances under mark-up arrangements		
- secured	(14,261,822)	(32,616,095)
	(12,646,103)	(31,597,738)

**Notes to the Condensed Interim Financial Statements**  
for the nine-month period ended March 31, 2024 (Un-audited)

**19. 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 March 31, 2024:

	Level 1	Level 2	Level 3	Total
	Un-audited			
Assets:	(Rupees in thousand)			
Investments at fair value	45,741,870	-	-	45,741,870

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

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

Notes to the Condensed Interim Financial Statements  
for the nine-month period ended March 31, 2024 (Un-audited)

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20. Date of authorisation for issue

These condensed interim financial statements were authorised for issue on April 19, 2024 by the Board of Directors of the Company.

21. 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. However, no significant re-arrangements have been made.



Aftab Mahmood Butt  
Chief Executive Officer



M. Rabnawaz Anjum  
Chief Financial Officer



Hafiz Muhammad Yousaf  
Director