

2021
ANNUAL REPORT

Years of
Excellence 25

KOT ADDU POWER COMPANY LIMITED

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Years of
Excellence

25



- The Company has successfully completed Twenty-Five Years since its Privatisation in June 1996. The Company is a success story of public-private partnership.
- The Provisional Listing of the Company on the Stock Exchange took place on February 14, 2005 and was followed by Formal Listing on April 18, 2005.
- This has been an eventful year for the Company. The Company settled its LDs Arbitration dispute with its Power Purchaser. Following settlement, the term of the Company's Power Purchase Agreement has been extended from June 27, 2021 to October 24, 2022. As part of the settlement, the Company received the first installment of 40% of receivables at the cut-off date of November 30, 2020 amounting to Rs. 39.601 Billion from the Power Purchaser in the form of one-third cash, one-third Government Ijara Sukuk, and one-third Pakistan Investment Bonds.



KEY FIGURES

Gross Profit



RS. **5,251**
MILLION

Turnover



RS. **50,349**
MILLION



Profit after Tax

RS. **10,229**
MILLION



Earnings per Share

RS. **11.62**



The Company has over the last Twenty-Five years provided a good return to shareholders in the form of cash dividend of Rs. 136,697 million.



The Company arranged USD 45 Million KIBOR to LIBOR SWAPs in Pakistan in 2011.



Issuance of first Short Term Islamic Sukuk in Power Sector of Pakistan for Rs 1.5 Billion in June 2011. This transaction was awarded as highly commended Islamic deal in Pakistan by Triple A Asset Asia.



KAPCO was awarded "Partner in Excellence Award" by FBR in 2006.



The Company is the only IPP in Pakistan whose business income has been taxable since July 2006; and is amongst the top tax payers of the Country ranking at number 13 on the 'Top Tax Payers List' under Prime Minister's Tax Privileges and Honour Card Scheme.

COMPANY INFORMATION

Board of Directors

Lt. General Muzammil Hussain (Retd.)
(Chairman)

Mr. Aftab Mahmood Butt
(Chief Executive)

Mr. Aqeel Ahmed Nasir

Mr. Hafiz Muhammad Yousaf

Mr. Naveed Asghar Chaudhry

Mr. Saad Iqbal

Mr. Jamil Akhtar

Ms. Zunaira Azhar

Audit Committee

Mr. Hafiz Muhammad Yousaf
(Chairman)

Mr. Naveed Asghar Chaudhry

Mr. Saad Iqbal

Mr. Jamil Akhtar

HR Committee

Mr. Aqeel Ahmed Nasir
(Chairman)

Mr. Aftab Mahmood Butt

Mr. Naveed Asghar Chaudhry

LDs Committee

Mr. Aqeel Ahmed Nasir
(Chairman)

Mr. Aftab Mahmood Butt

Mr. Saad Iqbal

Special Committee

Mr. Naveed Asghar Chaudhry
(Chairman)

Mr. Aftab Mahmood Butt

Mr. Aqeel Ahmed Nasir

GM Finance / CFO

Mr. Muhammad Rabnawaz Anjum

GM Legal / Company Secretary

Mr. A. Anthony Rath

Head of Internal Audit

Mr. Sikandar Usmani

External Auditors

A. F. Ferguson & Co.
Chartered Accountants

Internal Auditors

EY Ford Rhodes
Chartered Accountants

Legal Advisor

Cornelius, Lane & Mufti
Advocates & Solicitors

Banks

Conventional

Allied Bank Limited
Askari Bank Limited
Bank Al-Habib Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
National Bank of Pakistan
Samba Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

Islamic

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

Share Registrar

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

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



info@kapco.com.pk



www.kapco.com.pk





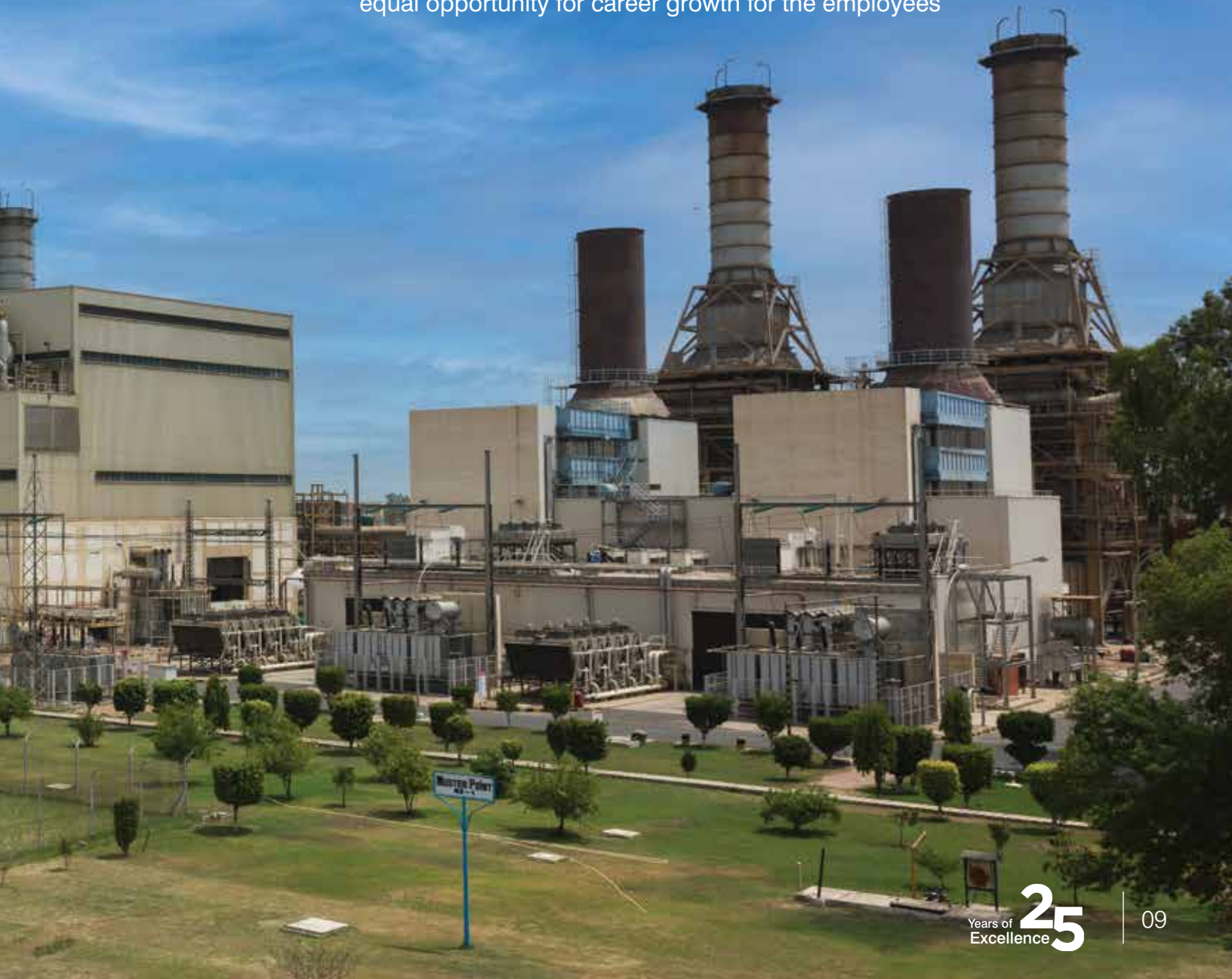
VISION

To be a leading power generation company, driven to exceed our shareholders' expectations and meet our customer's requirements



MISSION

- To be a responsible corporate citizen
- To maximise shareholders' return
- To provide reliable and economical power for our customer
- To excel in all aspects relating to safety, quality and environment
- To create a work environment which fosters pride, job satisfaction and equal opportunity for career growth for the employees



NOTICE OF 25TH ANNUAL GENERAL MEETING

Notice is hereby given that the 25th Annual General Meeting of Kot Addu Power Company Limited (“Company”) will be held at the Islamabad Serena Hotel, Khayban-e-Suhrawardy, Islamabad and through video link (as requested) on Friday, October 22, 2021 at 10.00 a.m. to transact the following business:

Ordinary Business

1. To confirm the Minutes of the Eleventh Extraordinary General Meeting of the Company held on October 2, 2021.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2021 together with Directors' and Auditor's Reports thereon.
3. To approve the final cash dividend of Rs. 3.50 per share, that is, 35% for the year ended June 30, 2021 as recommended by the Board of Directors. This is in addition to the interim dividend of Rs. 6.50 per share, that is, 65% already paid making a total cash dividend of Rs. 10.00 per share, that is, 100% during the year.
4. To appoint Auditors and fix their remuneration for the year ending June 30, 2021. The present Auditors, Messrs. A. F. Ferguson & Co., Chartered Accountants being eligible, offer themselves for reappointment.
5. To transact any other business with the permission of the Chairman.

Lahore
August 17, 2021

By Order of the Board



A. Anthony Rath
Company Secretary

Notes

Closure of Share Transfer Books

1. The share transfer books of the Company will remain closed from October 15, 2021 to October 22, 2021 (both days inclusive). Transfers received in order at the office of the Company's Share Registrar, THK Associates (Private) Limited at the close of business on October 14, 2021 will be treated in time for the purposes of payment of the final cash dividend (subject to approval of the Shareholders) and to attend and vote at the Meeting.

Appointment of Proxy

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on his/her behalf, provided such proxy is also a Member.
2. An instrument of proxy and the Power of Attorney or other authority (if any) under which it is signed, or a Notary Public certified copy of such Power of Attorney, in order to be valid, must be deposited with the Company's Share Registrar, THK Associates (Private) Limited not later than (48) forty-eight hours before the time of holding the Meeting.
3. Form of Proxy is herewith enclosed.

CDC Account Holders

4. CDC account holders are in addition required to follow the guidelines of Circular No.1 dated January 26, 2000 of the SECP for attending the Meeting:
 - (i) In case of individuals: The account holder or sub account holder and / or the person whose securities are registered on CDS; and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original CNIC or original passport at the time of attending the Meeting. Members are also required to bring their Participants' I.D. Number and Account Numbers in CDS.
 - (ii) In case of a corporate entity: Board of Directors Resolution / Power of Attorney with specimen signature of nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

Video Conference Facility and Attendance

5. Due to the prevailing situation caused by Covid-19 pandemic, SECP has instructed listed companies to modify their usual planning for general meetings. Accordingly, Members may attend the Meeting virtually. To attend the Meeting virtually, a Member is required to send an email to general.meetings@kapco.com.pk with email address, name, folio number, CNIC Number and number of shares held in his/her name with subject "Registration for 25th AGM of KAPCO". A video link to join the Meeting will be shared with Members whose emails, containing all the required particulars, are received not later than 48 (forty-eight) hours before the time of the Meeting.

Members attending the Meeting in person will be required to comply with SoPs protocols/guidelines for their own and others safety.

Change of Address

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

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

Important Notes to the Shareholders

CNIC Copy

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

E-Dividend (Mandatory)

2. In accordance with the provisions of Section 242 of the Companies Act, 2017 and E Dividend Regulations of the SECP through S.R.O. 1145(I)/2017 dated November 6, 2017, it is mandatory for the Company to pay cash dividend to the Members only through electronic mode directly into the bank account designated by the Member.

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

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

Conversion of Physical Shares into CDS

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

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

Deduction of Income Tax from Dividend under Section 150

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

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

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

In case of joint accounts, FBR has clarified that withholding tax will be determined separately on 'Active/Non-Active' status of principal shareholders as well as joint- holder(s) based on their shareholding proportions. Shareholders holding shares jointly are advised to provide shareholding proportions of principal shareholder and joint-holder(s) in respect of shares held by them, if not already provided, at the earliest to the Share Registrar on the following format, otherwise it will be assumed that share are held in equal proportion:

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

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

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

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

5. Annual Financial Statements of the Company for the financial year ended June 30, 2021 have been placed on the Company's website www.kapco.com.pk.

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

Shareholders who wish to receive a hard copy of Annual Audited Financial Statements along with notice of general meeting are advised to fill the request form available on the Company's website www.kapco.com.pk and send the same to the Share Registrar or the Company Secretary.

BOARD OF DIRECTORS



Lt General Muzammil Hussain (Retd.) | Chairman

General Hussain joined the Pakistan Army in 1976 and graduated with distinction from PMA. He underwent his grooming in an Infantry Battalion. Having been employed on exalted positions including his employment in Interior Sindh on anti-dacoit operations in 1992; and the Gulf War 1 in Saudi Arabia. He has attended courses in France and Indonesia. General Hussain has been privileged to command his parent Unit. His youth witnessed his distinctive representation of Army in sports like Athletics, basket ball, squash and tennis. His employment as Defense Attache' in Jakarta exposed him to diplomacy for over three years. He had the privilege of being instructor in Army Command and Staff College, Quetta and later on also as a Chief Instructor.

Commanded an Infantry brigade and then as a Maj General went on to command most prestigious division in Gilgit Baltistan. His passion for adventurism lead him to phenomenal support of Gilgit Political Govt. and supported them in exploring energy resources. His popularity with the people of Gilgit gives him a unique distinction. He commanded 30 Corps Gujranwala and supported the successful conduct of 2013 election in Gujranwala Division.

His other Directorships are on the Board of Directors of Neelum Jhelum Hydroelectric Company Limited, Diamer Basha Dam Company, Pakistan Cricket Board and Private Power Infrastructure Board. He is a regular speaker in seminars on Pakistan's successful transition to democracy and economic positive trajectory in Universities in UK.



Mr. Aftab Mahmood Butt | Chief Executive

Mr. Aftab Mahmood Butt has been the Company Chief Executive since August 1, 2008. Prior to being appointed Chief Executive, he was a Director of the Company (appointment: July 2007). From January 2007 to July 2008, Mr. Butt held the position of General Manager Finance, Corporate Planning & Performance Monitoring in Pakistan Electric Power (Private) Limited (PEPCO). His other professional experience includes the position of Member Finance & Secretary Board in the Corporate and Industrial Restructuring Corporation, Ministry of Finance, Government of Pakistan.

Mr. Butt is a Fellow Member of the Institute of Chartered Accountants of Pakistan. He has more than 20 years experience in the corporate and finance sector in senior management positions. Mr. Butt previously served on the Board of Directors of Central Power Purchasing (Guarantee) Limited, the Lahore Stock Exchange (Guarantee) Limited, and the Lahore Electric Supply Company Limited.



Mr. Aqeel Ahmed Nasir | Director

Mr. Aqeel Ahmed Nasir has been a Director since March 2015. Mr. Nasir is the Company Secretary & Chief Legal Counsel of United Bank Limited (UBL). Mr. Nasir has to his credit more than 20 years experience in the legal and financial sector of both the public and private sector.

Mr. Nasir is a Master of Laws (LL.M.) from the University of London, England. He is a Director on the Board of Directors of United Executor and Trustee Limited (a wholly owned subsidiary of UBL). He is also a director of the Pakistan Institute of Corporate Governance and Central Depository Company of Pakistan Limited (CDC). His previous employments include Sui Southern Gas Company Limited, Pakistan PTA Limited and ICI worldwide Group Company.



Mr. Hafiz Muhammad Yousaf | Director

Mr. Hafiz Muhammad Yousaf has been appointed Director of the Company with effect from June 21, 2019. Mr. Yousaf is a highly qualified professional having diversified qualifications from the renowned Institutions of Pakistan, USA, and Canada. He is a Fellow Member of the Institute of Chartered Accountants of Pakistan (ICAP), Fellow Member of American Institute of Certified Public Accountants (AICPA) and Member of Canadian Institute of Chartered Professional Accountants (CICPA) besides being member of many other renowned international professional institutions.

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

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



Mr. Naveed Asghar Chaudhary | Director

Mr. Naveed Asghar Chaudhary has appointed Director on February 19, 2020. He is Fulbright Scholar and has done his MS in Finance and MA in Economics from Georgia State University, USA and an MBA from Australian National University. In addition, he has a BS in Electrical Engineering from University of Engineering & Technology Lahore. He belongs to the Pakistan Audit & Accounts Service and possesses more than 18 years of professional working experience. During his career he has served at senior positions including Director of a Department of the Auditor General of Pakistan, Economic Specialist at US Consulate General Karachi and Directing Staff at Civil Services Academy, Lahore.

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



Mr. Saad Iqbal | Director

Mr. Saad Iqbal was appointed Director on November 4, 2016. Mr. Saad Iqbal is a graduate of Curry College, USA in Business Communication. He is also holds a Postgraduate Diploma in International Business Management (2009) from Kingston University, United Kingdom.

Mr. Saad Iqbal is the Chief Executive of Gul Ahmed Bio Films Limited, Swift Textile Mills (Private) Limited and Metro Solar Power Limited. His other Directorships are on the Board of Directors of Millat Tractors Limited, Metro Power Company Limited, Metro Wind Power Limited, Metro Estate (Private) Limited, Tariq Glass Industries Limited and HUB Power Company Limited.



Mr. Jamil Akhtar | Director

Mr. Jamil Akhtar was appointed Director on April 15, 2021. He is the Member (Power) of the Pakistan Water and Power Development Authority (WAPDA). Mr. Akhtar has 35 years' experience in operation, maintenance of hydel power stations of WAPDA Hydroelectric and other power plants, procurement and contract management, rehabilitation of old hydro power plants, negotiation with International donor agencies for project funding. He is also responsible for administrative, technical, financial, audit management and coordination with various Ministries for Rehabilitation and Development Projects.

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



Ms. Zunaira Azhar | Director

Ms. Zunaira Azhar has been appointed director of Company on December 31, 2018. Ms. Azhar has Masters Degree in Public Policy and Governance. She also qualified CSS (competitive examination) and holds M.Sc. in Child Development.

Ms. Azhar has civil services exposure, eight years of active broadcast journalism in the mainstream media outlets of Pakistan, and concurrently is a PhD fellow in UK. She has a multifaceted and dynamic exposure to the public sector, socio-political and security arena of Pakistan. A strong research and development has been her forte throughout her academic and professional stream. She was selected by the State Department (US) in 2012, to represent Pakistan in the South Asian Group under the Edward. R Murrow Exchange Program. Under this initiative, young emerging leader and journalists from throughout the globe were invited to observe and report the mechanism and transparency of the electoral system in USA.

CODE OF CONDUCT

Introduction

This Code of Conduct (this “Code”) establishes a standard of conduct for Directors and employees of the Company; deters wrongdoing and promotes honest and ethical conduct of Directors and employees. It also promotes compliance with applicable laws, rules and regulations which apply to the Company, its Directors and employees.

This Code is not meant to cover all possible situations that may occur. It is designed to provide a frame of reference against which to measure activities. You should seek guidance when in doubt about the proper course of action in a given situation, as it is ultimately your responsibility to “do the right thing”.

You should always be guided by the following basic principles:

- Avoid any conduct that could damage or risk the Company or its reputation.
- Act legally and honestly.
- Put the Company’s interests ahead of personal or other interests.

This Code is a living document, which may change over time.

This Code is not an employment contract between you and the Company. Violations of this Code may lead to disciplinary action and also culminate in termination of employment.

This Code does not supersede, change or alter any Company policies and procedures already in place or which may be put in place, from time to time.

This Code is not intended to and does not create any rights in any employee, customer, supplier, competitor, shareholder or any other person or entity.

Scope

This Code applies to the Company’s Directors to the extent of carrying out their director-related activities.

For the purposes of this Code, references to “employee(s)” include officers, staff, trainees, temporary employees, and contract employees (including those employed by third party contractors).

Section I

Compliance with Laws, Rules and Regulations

The Company, its Directors and employees are bound by the law. Compliance with all applicable laws and regulations must not be compromised. No one will be subject to retaliation because of a good faith report of a suspected violation. If an employee fails to comply with an applicable law, rule or regulation, he/she may be subject to disciplinary measures, upto and including termination of employment.

To avoid inadvertent violations, you are encouraged to ask questions when there is uncertainty. To encourage open communication, you may discuss the matter with the Company Secretary.

Section II

Conflicts of Interest

A conflict of interest occurs when your personal interests (financial or other) interfere, or even appear to interfere, in any way, with the interests of the Company. Conflicts of interest can also arise when you take actions or have interests, or a member of your family has interests, that may make it difficult for you to perform your duties to the Company objectively and effectively. When a potential conflict of interest arises, it is important that you act with great care to avoid even the appearance that your actions were not in the best interest of the Company.

Some examples for avoiding conflicts of interest are as follow:

- You will deal with all suppliers, customers, and all other persons doing business with the Company in a completely fair and objective manner without favour or preference based upon personal financial or relationship considerations.
- You will not accept from or give to any supplier or, customer any gift or entertainment except as allowed under Section III (Gifts, Meals and Entertainment) below.
- You will not do business on behalf of the Company with a member of your family or a close relative, unless the transaction is disclosed in writing, to the Chief Executive, who determines that the transaction is on arms-length terms and is consistent with the purposes of this Principle. A close relative would include a spouse, parent, parent-in-law, sibling, sibling-in-law, child or son/ daughter-in-law.

- You will not, directly or indirectly, have a financial interest with any individual, firm or company which does or seeks to do business with the Company whether as a customer, supplier, contractor, sub-contractor or service provider.
- You will not use your position in the Company to gain an unfair advantage over a customer, supplier, contractor or service provider including to the extent of obtaining any goods or services on credit, rebate or discount which is not available generally.

Conflicts of interest may not always be clear-cut. If in doubt you should consult with the Company Secretary. If an actual or potential conflict of interest arises, you are required to intimate the same in writing to the Company Secretary (or with respect to the Company Secretary, the Chief Executive) forthwith; and the Company Secretary is to report the same to the Chief Executive. The Company Secretary shall maintain a record of such reporting.

Section III

Gifts, Meals and Entertainment

You will not seek, accept, offer, promise, or give (directly or indirectly) anything of value including payments, fees, loans, services, entertainment, favours or gifts from or to any person or firm as a condition or result of doing business with the Company.

You may accept gifts, services or other items of value under the following circumstances:

- You may accept meals, travel, lodging, refreshment, or other normal business courtesies of reasonable value either in the course of a business meeting or to satisfy a reasonable business purpose of the Company.
- You may accept meals and entertainment, such as the occasional sporting event, provided that you do not do so frequently or under circumstances where your judgment could be influenced, or where the cumulative value of the entertainment is excessive. Any meals and entertainment involving substantial travel or an extended number of days cannot be accepted without the permission of the Chief Executive.
- You may accept discounts or rebates on merchandise or services that do not exceed those available to members of the general public.
- You may accept gifts of reasonable value including for commonly-recognised events or occasions, such as a promotion, new job, wedding, retirement, birthday or holiday.
- You may receive awards from civic, charitable, educational or religious organisations of reasonable value in recognition of services and accomplishments.
- You may receive gifts, gratuities, amenities or favours received because of family or personal relationships when the circumstances make it clear that it is those relationships rather than business of the Company that are the motivating factor.

If you receive gifts, services or other items of value under the above, you are required to intimate the same in writing to the Company Secretary (or with respect to the Company Secretary, the Chief Executive) forthwith. The Company Secretary shall maintain a record of such receivings.

If you are offered gifts, services or other items of value not in conformity with the exceptions noted above, or if either arrives at your office or home, you must report it to your superior in writing with a copy to the Company Secretary (or with respect to the Company Secretary, the Chief Executive).

Section IV

Outside Directorships and other Outside Activities

Outside of the Company, no activities shall be pursued if such activities will interfere with the employee's responsibilities for the Company, or if they create risks for the Company's reputation or if they in any other way are likely to conflict with the interests of the Company.

Unless requested by the Company to take up a particular position or activity, an employee shall pursue outside activities and positions at his own risk and within his spare time only subject to the condition that such position or activity do not in any manner whatsoever adversely impact the employee in the performance of his official duties and responsibilities and provided further that it is permissible to so do in terms of the employees employment contract with the Company.

An employee will not seek directorship in any company (public or private) without the prior written consent of the Chief Executive (and in case of the Chief Executive, the Board of Directors); and the directorships in other companies shall be capped at 4.

You will not participate, directly or indirectly, in a joint venture, partnership or other business arrangement with the Company.

Section V

Corporate Opportunities

When presented with opportunities related to the Company's business interests, you must first offer those opportunities to the Company. You will not take for yourself personally, or for members of your family and friends opportunities that are discovered through the use of Company property, information or position; nor use Company property, information, or position for personal gain. You may participate in such opportunities only with the prior written approval of the Chief Executive (or, with respect to the Directors, written approval of the Board of Directors).

Section VI

Fair Dealing

You will deal honestly and ethically with the Company and with the Company's customers, suppliers, employees and other stakeholders.

You will treat people fairly. You must not take unfair advantage of anyone through manipulation, concealment, abuse of privileged or otherwise undisclosed information, misrepresentation of material facts or any other unfair-dealing practices.

You are prohibited from taking any action (or inaction) to improperly influence, coerce, manipulate or mislead the Company's internal or external auditors; or to prevent such persons from performing a diligent audit of the Company in accordance with their respective mandates.

Section VII

Accuracy and Integrity of Books, Records and Accounts

All Company books, records and accounts must accurately reflect the nature of the transactions recorded. Books and records include but are not limited to ledgers, vouchers, bills, invoices, time sheets, expense reports, payroll and benefits records and other essential Company data. All assets and liabilities of the Company must be properly recorded in the regular books of account. No undisclosed or unrecorded fund or asset shall be established in any amount for any purpose. No transaction or arrangement shall be structured to circumvent the Company's internal control systems. No false or artificial entries shall be made for any purpose. No payment shall be made, nor purchase price agreed to with the intention or understanding that any part of such payment is to be used for any purpose other than that described in the document supporting the payment.

Section VIII

Protection and Proper use of Company Assets

You are expected to protect the Company's assets and ensure their efficient use, and are prohibited from engaging in theft, carelessness, or waste. All Company assets should be used for legitimate business purposes, but incidental personal use may be permitted if ancillary to a business purpose. You are prohibited from making any improper use of Company property such as Company funds, software, e-mail systems, voice mail systems, computer networks, Company vehicles, rental cars rented on behalf of the Company, and facilities for personal benefit or profit.



Section IX

Insider Trading

You, your spouse or minor children shall not trade in or recommend to any third party the purchase or sale of the Company's shares (or any other equity or debt securities of the Company) while you are in possession of material non-public information regarding the financial, operational or other prospects of the Company that have not been publicly disclosed and disseminated.

You, your spouse or minor children shall also similarly abstain from trading in, or recommending the purchase or sale of the securities of any other company that issues publicly-traded shares/securities of which you may have obtained material non-public information as a result of your employment by or affiliation with the Company.

You shall not pass-on, tip or disclose any material non-public information to third parties except when done so for valid business purposes (and covered by an appropriate confidential disclosure agreement) under proper authorisation.

As per the securities laws, the communication by an "insider" of purchase or sale of a security while in possession of "material non-public information" is illegal and a crime and is subject to substantial fines, damages, imprisonment and other proceedings. "Insiders" include employee's relatives and other who have access to a Director or an employee. Any use by the "insider" of this information for trading securities or by disclosure by way of "tips" to third parties is dubbed as "insider trading".

The Company shall impose a 'closed period', from time to time, during which the Directors and certain identified employees shall be prohibited directly or indirectly, from engaging in transactions involving the Company's shares (or any other equity or debt securities of the Company).

In the absence of the above conditions, you may make investments in listed securities (including those of the Company).

Section X

Workplace Harassment

The Company is an equal opportunity employer and is committed to cultivating a diverse work environment where individual differences are appreciated and respected. It is

the Company's policy, through responsible management, to recruit, hire, train, and promote persons regardless of their cast, colour, sex or religion.

You will maintain an environment that is free from harassment in which all employees are equally respected. Workplace harassment would include but not be limited to sexual harassment, disparaging comments and insinuations based on gender, religion, race and ethnicity.

Section XI

Families and Relatives

Family members may be hired as employees or consultants only if the appointment is based on qualifications, performance, skills and experience and provided that there is no direct reporting relationship between the employee and his or her relative. These principles of fair employment will apply to all aspects of employment, including compensation, promotions and transfers, as well as in case that the relationship develops after the respective employee has joined the Company.

If your spouse, your children, parents, or in-laws, or someone else with whom you have a family relationship is a customer or supplier of the Company or is employed by one, you must disclose the situation to the Company Secretary (or, with respect to the Company Secretary, to the Chief Executive) so that the Company may assess the nature and extent of any concern and how it can be resolved. If you have any doubt as to whether or not conduct or a relationship would be considered an actual or apparent conflict of interest or could be expected to give rise to such a conflict, you should consult with the Company Secretary.

Section XII

Weapons, Workplace Violence, Drugs, Alcohol and Gambling

You will not display and/or carry weapons or explosives on Company premises (including the residential colony), unless as a security personnel you have a licensed weapon. Similarly, the Company will not tolerate any level of violence in the workplace or in any work-related setting or the residential colony.

Without prejudice to the contents of the preceding paragraph, in case of a licensed weapon, you shall be required to give written notice to the Security Manager and provide him with a true copy of the license (and renewal thereof). Further, it shall

be your obligation to ensure that such licensed weapon is duly and properly secured in a safe and secure place.

The use of alcohol and illegal drugs is strictly prohibited in the workplace; and all forms of gambling on Company premises is forbidden.

Section XIII

Confidential Information

For the purposes of this Code, Confidential Information of the Company includes all non-public information, correspondence, documents, papers, records, drawings and data (collectively, the "Confidential Information").

You must maintain the confidentiality of Confidential Information entrusted to you by the Company or which comes to your knowledge on account of the position you hold. You may disclose Confidential Information if you are duly authorised by the Company or legally mandated to do so. Prior to making a disclosure of any Confidential Information which is legally mandated, you are required to consult with the Company Secretary.

You shall not keep or make or keep for personal use copies of any Confidential Information. All Confidential Information should be surrendered to the Company when you cease (for whatever reason) to be a Director or employee (as the case may be) of the Company.

The Company respects that third parties have a similar interest in protecting their confidential information. In case that third parties including suppliers or customers share with the Company confidential information, such information shall be treated with the same care as if it was the Company's confidential information.

Section XIV

Responding to Inquiries from the Press and Others

Those of you who are not official spokespersons of the Company shall not speak with any third party as Company representatives. Officer(s) authorised by the Chief Executive shall respond to requests for financial or other information about the Company from the media (print or electronic), financial analysts, or the public. Requests for information from regulators or the government should be referred to the Company Secretary. In each of these instances the Officer(s)

authorised or the Company Secretary (as the case may be) shall in a timely manner seek instructions from the Chief Executive and intimate him the details of the responses made.

Section XV

Accountability for Adherence to the Code

Each of us is responsible for our decision-making and for adherence to the Principles set forth in this Code.

Internal Investigations

The Company will promptly investigate all alleged violations and potential violations of this Code, or of any related Company standard, policy or procedure. Any allegations will be treated confidentially, to the extent consistent with the Company's interests and its legal obligations.

No person covered by this Code may conduct his/her own investigation. Each of us is expected to cooperate in the investigation of an alleged violation of this Code.

If the Company determines that corrective action is necessary to fix a problem and avoid the likelihood of its recurrence, the Company will promptly decide what steps to take, including legal proceedings when appropriate.

Disciplinary Action

Appropriate disciplinary action will be taken for violation of this Code, or any related Company standard, policy or procedure, including for:

- Authorisation of or participation in violations.
- Failure to report a violation or potential violation.
- Refusal to cooperate in the investigation of an alleged violation.
- Failure by a violator's supervisor(s) to detect and report a violation, if such failure reflects inadequate supervision or lack of oversight.

Section XVI

Waivers and Amendments

The Board of Directors may waive or amend a provision of this Code subject to any applicable regulation/law.

OPERATIONAL HIGHLIGHTS



Cumulative Load Factor

30.3%



Electricity Sold

3,562 GWh



Commercial Availability

95.2%



Thermal Efficiency

44.5%



The Company has the distinction of being the first in the Power Sector of Pakistan to achieve accreditation of the Management Systems in July 2004 for Environmental Management, Occupational Health & Safety Management, and Quality Management.



Auto Transformer, T-6; 200 MVA (220/132 KV) Siemens make was installed, commissioned and successfully energized in April 2021. This flagship project will enhance grid system reliability for 132 KV transmission lines emanating from KAPCO Grid and feeding consumer grid stations in remote areas of Muzaffargarh, Layyah and Taunsa.



Environmental Remediation Project was completed which included oil effluent water treatment system, turbine wash water treatment plant and sewage treatment plant.



A Reverse Osmosis Plant was installed for availability of water for combined cycle.



Lost Time Accident

On June 30, 2021 the Company successfully completed 9,061,658 man hours worked (2,914 days) without a Lost Time Accident.



WHISTLE BLOWING POLICY & PROCEDURE

1. Policy Statement

- 1.1 The Company is committed to achieving and maintaining high standards of behaviour at work from its employees. Employees are expected to conduct themselves with integrity, impartiality and honesty. The Company seeks to develop a culture where inappropriate behaviour at all levels is challenged. To achieve this, the Company encourages reporting of genuine concerns of malpractices, illegal acts or failures to comply with recognised standards of work without fear of reprisal or victimisation.

This Policy is accompanied by a Procedure that should be followed when “blowing the whistle”.

- 1.2 The Company will not tolerate harassment or victimisation of a genuine whistle blower (including informal pressures) and will treat such conduct as gross misconduct, which if proven, may result in dismissal.
- 1.3 The Board of Directors reserves the right to amend this Policy and Procedure as necessary to meet any change in requirements.
- 1.4 If there is anything which you think the Company should know about, kindly use the Procedure. By knowing of a malpractice at an early stage, the Company can take necessary steps to safeguard the interests of others and protect the organisation. Please do not hesitate to “blow the whistle” on wrongdoing.

2. What is Whistleblowing?

- 2.1 This Policy is designed to deal with concerns raised in relation to specific issues which are detailed in paragraph 2.2 below.

The Company's other policies and procedures deal with matters not covered by paragraph 2.2 below. The relevant policy should be followed where appropriate.

- 2.2 Whistleblowing is specific and means a disclosure of information made by an employee where he/she reasonably believes that one or more of the following matters is happening now, took place in the past or is likely to happen in the future:

- incorrect financial reporting;
- unlawful activity;
- danger to health and safety of any individual;
- activity not in line with Company policy, including the Code of Conduct;
- activity, which otherwise amounts to serious improper conduct; or
- deliberate concealment of information tending to show any of the above.

- 2.3 This Policy does not extend to mismanagement which may arise from error of judgment or incompetence.

- 2.4 This Policy does extend to matters arising out of a personal grievance which should continue to be pursued through your line managers in accordance with your local grievance procedure.

- 2.5 Only genuine concerns should be reported. Disclosures must be made in good faith with a reasonable belief that any information and/or allegation is substantially true, and that the disclosure is not made for personal gain.

Malicious or false allegations will be treated as a serious disciplinary offence.

3. Who Does the Policy Apply to?

- 3.1 This Policy applies to all officers, staff, trainees, temporary employees, and contract employees (including those employed by third party contractors).

4. The Company's Whistleblowing Procedure

- 4.1 If you wish to disclose information as contemplated in this Policy you may send a written communication to the Disciplinary Committee at the address and e-mail notified by the Company.

All incidences of whistleblowing to the Disciplinary Committee are to be reported by the Disciplinary Committee to the Members of the HR Committee of the Board of Directors at the immediately next Board Meeting.

- 4.2 The Disciplinary Committee shall consist on three (3) members; and one of its members will act as Coordinator. The Chief Executive will appoint the members of the Disciplinary Committee. To avoid a conflict of interest, if a whistleblowing instance involves a member of the Disciplinary Committee, the Chief Executive will reconstitute the Disciplinary Committee.
- 4.3 Anonymous allegations are not automatically disregarded but given the safeguards which are in place for those making allegations under this Policy, anonymous allegations are less powerful than those from named individuals.
- 4.4 The Disciplinary Committee will decide how the investigation should proceed.
- 4.5 If you are unhappy with the response that you receive you may report the matter to the Chairman of the Audit Committee. This option will not apply where an allegation has been dismissed following an investigation.
- 4.6 If in doubt, you should speak to the Company Secretary. Your conversation will be treated in absolute confidence.

The Investigation

- 4.7 The Disciplinary Committee will decide how to respond in a responsible and appropriate manner under this Policy. An investigation will be conducted as speedily and sensitively as possible. An official written record will be kept at each stage of the procedure.

A decision as to whether a preliminary investigation should be carried out will be made within two (2) weeks of the complaint having been received. Where this is not possible, the employee making the complaint will receive an explanation of the delay.

- 4.8 You are entitled to be accompanied by a work colleague throughout the proceedings when reporting your concerns.

Outcome of the Investigation

- 4.9 If there is a case to answer, and if appropriate, the disciplinary proceedings will be initiated against the person(s) who are the subject of the allegation(s).
- 4.10 You will be informed of the outcome of the investigation within 5 working days of completion of the investigation (including any disciplinary investigation). However, the exact nature of any disciplinary action taken against any person will remain confidential.
- 4.11 Whether there was a case to answer or not, and provided that your disclosure was made in good faith because you reasonably believed it to be true, the Company will ensure that you are protected from reprisal or victimisation as a result of your complaint.
- 4.12 Only where it is established that your allegations were false and made maliciously will disciplinary action be taken against you. Such disclosures will be treated as gross misconduct and may result in your dismissal without notice or payment in lieu of notice.
- 4.13 If, as a result of investigations you are implicated in some way in any wrong doings disciplinary action may be taken against you. The fact that you have blown the whistle will be taken into account if an action is considered.

BOARD COMMITTEES

Audit Committee

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

Name of Director	No. of Meetings Attended
Mr. Hafiz Muhammad Yousaf	7
Mr. Naveed Asghar Chaudhry	7
Mr. Saad Iqbal	7
Mr. Jamil Akhtar ¹	2
Mr. Javed Akhtar ²	5

The Audit Committee among other things is responsible for recommending to the Board of Directors' the appointment of External Auditors and for considering any questions of resignation or removal of the External Auditors and their audit fees.

The Audit Committee's responsibilities also include the following:

- a. determination of appropriate measures to safeguard the Company's assets;
- b. review of preliminary announcements of results prior to publication;
- c. review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors;
- d. Facilitating the external audit and discussion with the External Auditors on major observations arising from interim and final audits and any matter that the External Auditors may wish to highlight (in the absence of management, where necessary);
- e. Review of the Management Letter issued by the External Auditors and Management's response thereto;
- f. Ensuring coordination between the Internal Auditors and External Auditors of the Company;
- g. Review of the scope and extent of Internal Audit ensuring that the Internal Audit function has adequate resources and is appropriately placed within the Company;
- h. Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- i. Ascertaining that the internal control systems including financial and operational controls, accounting system for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and reporting structure are adequate and effective;
- j. Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
- k. Determination of compliance with relevant statutory requirements;
- l. Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
- m. Consideration of any other issue or matter on its own or as may be assigned by the Board of Directors.

¹ Appointed Member Audit Committee on April 15, 2021

² Resigned from the Board of Directors on April 15, 2021

HR Committee

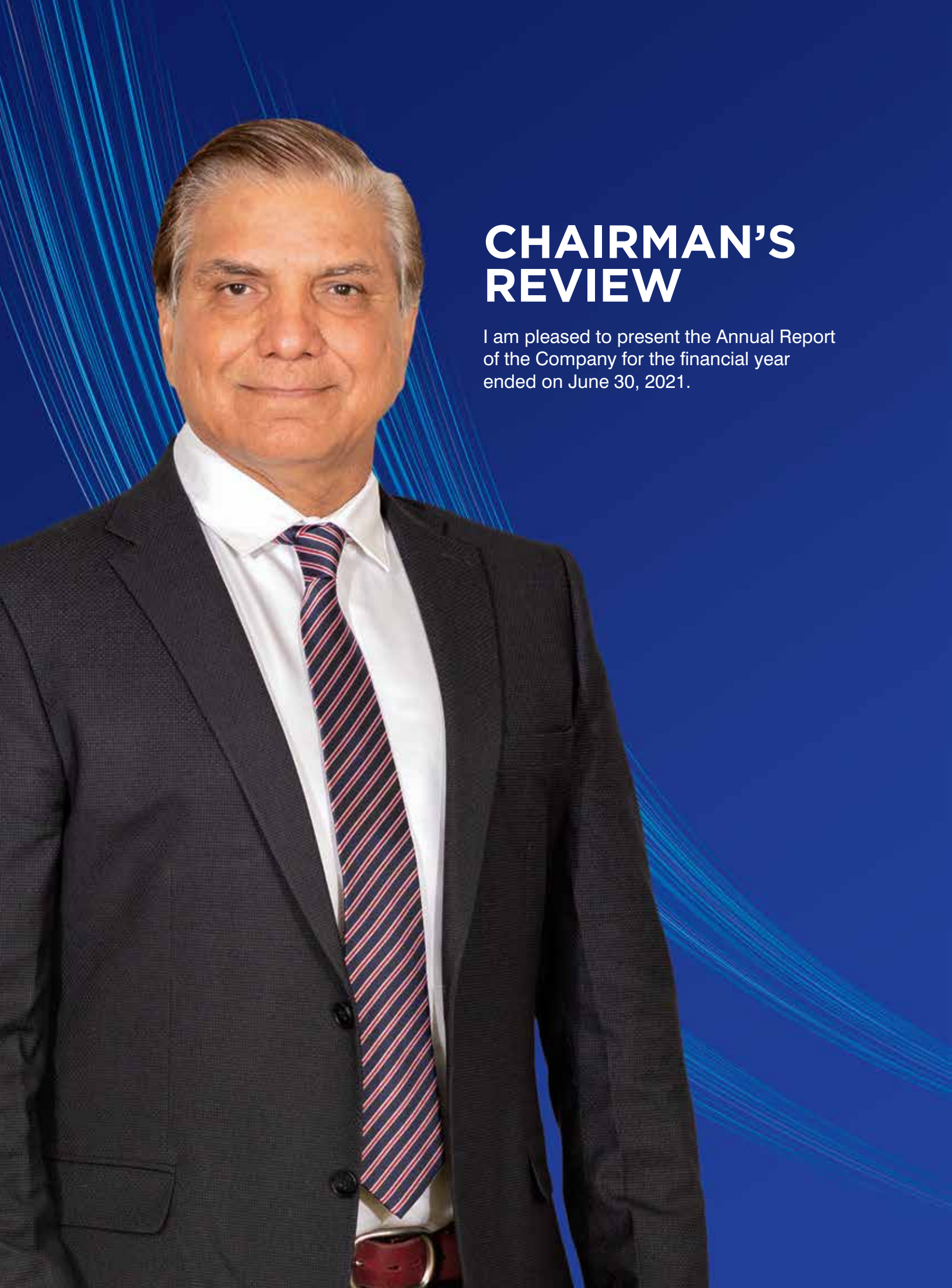
During the year, three (3) meetings of the HR Committee were held. Attendance of meetings is as follows:

Name of Director	No. of Meetings Attended
Mr. Aqeel Ahmed Nasir	3
Mr. Aftab Mahmood Butt	2
Mr. Naveed Asghar Chaudhry	3

The HR Committee will review and make recommendations, where appropriate, to the Board of Directors to ensure that the Company's Human Resources policies are aligned with its overall business objectives; Departmental/Divisional team performances are in line with business results for each year; and the remuneration philosophy, strategy and framework is in place.

The HR Committee's responsibilities shall also include the following:

- a. provide general guidelines for HR policies including terms of employment and HR Head Count and to make recommendations for Board of Directors' approval;
- b. determine a comprehensive compensation philosophy, strategy and framework and to make recommendation for Board of Directors' approval;
- c. review a graphical presentation on the overall Departmental/ Divisional team performances vis-à-vis overall commercial results of the Company after the close of a financial year of the Company and to appraise the Board of Directors' on the overall performances with regards to the Human Resource Key Performance Indicators;
- d. review periodically the monitoring and enforcement of and compliance with the Company's Code of Conduct;
- e. periodically review appointments, exits, retirements and promotions in the Company;
- f. review the Company's overall remuneration competitiveness with the market and to make recommends to the Board of Directors for appropriate actions, if required;
- g. review collective bargaining mandates and tentative settlements and to make recommendations to the Board of Directors;
- h. recommend to the Board of Directors the selection, evaluation, compensation and succession planning of the Chief Executive;
- i. review with the Chief Executive and recommend to the Board of Directors the selection, evaluation and compensation of a General Manager(s) including Chief Financial Officer or to recommend his removal;
- j. review with the Chief Executive and recommend to the Board of Directors the selection, evaluation, and compensation of the Company Secretary or to recommend his removal;
- k. review with the Chief Executive and recommend to the Board of Directors the selection, evaluation, and compensation of the Head of Internal Audit or to recommend his removal; and
- l. consideration of any other issue or matter as may be assigned by the Board of Directors.



CHAIRMAN'S REVIEW

I am pleased to present the Annual Report of the Company for the financial year ended on June 30, 2021.

The Company has successfully completed Twenty-Five Years since its Privatisation in June 1996. The Company is a success story of public-private partnership. Over the years the Company has not only met the dispatch requirements of the Power Purchaser, but has also provided a good return on investment to shareholders. Due to the excellent operating and maintenance regime put in place, the Power Complex has a further useful life and so the Company has filed an application before the National Electric Power Regulatory Authority (NEPRA) for renewal of its Generation License, which is due to expire in September 2021. The Government of Pakistan intends to create a competitive power market. The Company will actively participate in the competitive trading arrangements when these are implemented and become fully operational. This arrangement will give the Company the option to sell electricity to bulk power consumers. For preparedness, the Company has embarked on technical evaluations on the remaining useful life of its Power Plant.

The Company's profit before tax for the year is Rs. 14,411 Million; and profit after tax is Rs. 10,229 Million bringing its earnings per share (EPS) for the year to Rs. 11.62 per share of Rs. 10 each. The total cash dividend for the year being Rs. 10.00 per share (subject to shareholder approval).

This has been an eventful year for the Company. The Company settled its LDs Arbitration dispute with its Power Purchaser. Following settlement, the term of the Company's Power Purchase Agreement has been extended from June 27, 2021 to October 24, 2022. As part of the settlement, the Company received the first installment of 40% of receivables at the cut-off date of November 30, 2020 amounting to Rs. 39.601 Billion from the Power Purchaser in the form of one-third cash, one-third Government Ijara Sukuk, and one-third Pakistan Investment Bonds.

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

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

Under regulations and in accordance with its business needs, the Board of Directors has constituted Board Committees. These Board Committees work under approved terms of reference and, as appropriate, these Board Committees make recommendations to the Board of Directors.

The Board of Directors has requisite skills sets which include engineering, financial, banking, legal experience and the media.

Appropriate safeguards have been put in place by the Company at its power plant and adjoining colony for ensuring the safety of Company employees and their families from COVID 19 pandemic. Measures have been put in place for ensuring the continuous and reliable availability of the Company's power plant for power generation.

Following completion of external surveillance IMS Audit, the Company's following certifications continue:

ISO 9001: 2015

Quality Management Systems

ISO 14001: 2015

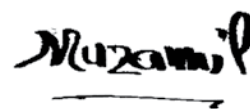
Environmental Management Systems

And the Company has successfully transitioned to the following certification:

ISO 45001: 2018

Occupational Health and Safety Management Systems

The Company continues to reach out to the local community of Kot Addu through its Social Action Programme.



Lt. General Muzammil Hussain (Retd.)

Chairman, Board of Directors

August 17, 2021
Lahore



DIRECTORS' REPORT

It pleases us to present the Directors' Report together with the Financial Statements (audited) for the year ended June 30, 2021.

Principles Activities of the Company

The principal activities of the Company are the ownership, operation and maintenance of the 1600 MW nameplate capacity multi fuel (gas, furnace oil and high speed diesel) fired power plant at Kot Addu, Punjab. The Company continues to sell the electrical energy produced from its power plant to its single customer, Central Power Purchasing Agency (Guarantee) Limited (CPPA-G)¹.

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

Twenty-Five Years of Privatisation

It is heartening to note that the Company in June 2021 completed Twenty-Five Years of Privatisation. We take this opportunity to extend our warmest felicitations to you for being part of this journey!

The Company was Privatised following international competitive bidding on June 27, 1996. The Privatisation Commission (on behalf of the Pakistan Water and Power Development Authority (WAPDA)), sold around 18% of WAPDA's shareholding to the general public under an Offer for Sale in February 2005; and with this the Company was listed on the Stock Exchanges of Pakistan. The public offering was a resounding success with an oversubscription several times over! The Company has been a KSE 100 index company.

The last Twenty-Five Years have been eventful with improvements and enhancements to the Power Complex, which increased the reliability and availability of the Power Complex to meet dispatch requirements of the Power Purchaser. Since 2006, Pakistan has been faced a power crises. We are pleased to report that the Company has over this period been the biggest supporter of the Power Purchaser/Government of Pakistan from amongst the IPPs. To support the system, the Company not only continues to keep its Power Complex technically available but also maintains credit lines of Billions of Rupees. Some technical milestone achievements/improvements made over the last Twenty-Five Years are given below:

- The Annual Dependable Capacity Tests successively carried out successive years have demonstrated an excess in capacity over the Initial Dependability Tests conducted at the time of Privatisation.
- The Complex Thermal Efficiency has been improved through implementation of various projects and operating and maintaining the Power Complex at the

highest international standards in accordance with Original Manufacturer Recommendations. Operating and maintaining the Power Complex at these standards contributed towards negligible insurance claims over the last two decades.

- The Company has the distinction of being the first in the Power Sector of Pakistan to achieve accreditation of the Management Systems in July 2004 for Environmental Management, Occupational Health & Safety Management, and Quality Management.
- Different up-gradation projects were completed successfully, which include up-gradation of two Gas Turbines with upgraded blades and vanes, replacement of nozzles and shrouds with latest design improved material and better rupture strength of four Gas Turbines. Replacement of old control systems of ten units.
- Two Auto Transformers (100 +200 MVA) were installed for Grid System Support.
- Auto Transformer, T-6; 200 MVA (220/132 KV) Siemens make was installed, commissioned and successfully energized in April 2021. This flagship project will enhance grid system reliability for 132 KV transmission lines emanating from KAPCO Grid and feeding consumer grid stations in remote areas of Muzaffargarh, Layyah and Taunsa.
- On the technical side, solutions were achieved for complicated turbines blade failure, high vibration on some Gas Turbines, and innovative remedial measures to overcome compressor failure problem on two Gas Turbines.
- A Fuel Oil Treatment Plant was successfully rehabilitated and modified for treatment of both Low Sulphur Furnace Oil (LSFO) and High Speed Diesel (HSD); and another Fuel Oil Treatment Plant was installed to enhance LSFO treatment capacity.
- Environmental Remediation Project was completed which included oil effluent water treatment system, turbine wash water treatment plant and sewage treatment plant.
- A Reverse Osmosis Plant was installed for availability of water for combined cycle.
- New Sodium Hypo Chlorite Plant installed for elimination of chlorine gases.
- Up gradation of IT systems were carried out from time to time to conform to the changing needs of the Company and its business.

The technical milestone achievements/improvements have directly impacted the Company's financial performance, which has been par excellence, despite challenges. A few financial achievements/contributions over the last Twenty-Five Years are given below:

¹The Pakistan Water and Power Development Authority has been substituted by Central Power Purchasing Agency (Guarantee) Limited vide Novation Agreement dated February 15, 2021.

- The Company has over the last Twenty-Five years provided a good return to shareholders in the form of cash dividend of Rs. 136,697 million which includes the amount of Rs. 65,511 million paid to WAPDA.
- The Company arranged USD 45 Million KIBOR to LIBOR SWAPs in Pakistan in 2011.
- Issuance of first Short Term Islamic Sukuk in Power Sector of Pakistan for Rs 1.5 Billion in June 2011. This transaction was awarded as highly commended Islamic deal in Pakistan by Triple A Asset Asia.
- KAPCO was awarded "Partner in Excellence Award" by FBR in 2006.
- The Company is the only IPP in Pakistan whose business income has been taxable since July 2006; and is amongst the top tax payers of the Country ranking at number 13 on the 'Top Tax Payers List' under Prime Minister's Tax Privileges and Honour Card Scheme.
- The Company has successfully settled the LDs Arbitration with the Power Purchaser, which were imposed for not meeting dispatch requirements due to inability of the Company to purchase fuel because of delayed payments from the Power Purchaser. Details of the LDs settlement are given in a following section.

As a responsible corporate citizen, the Company under its CSR Programme made a donation to the President's Relief Fund for earthquake victims in October 2005; and made a donation for flood relief in 2010. Kot Addu and its adjoining areas were severally impacted by these floods. Fortunately, the flood waters receded without entering the Company's Power Complex and its colony. The Company reached out to the local communities by providing cooked food on daily basis to the affected people along with medical and other support. The Company also made its premises and infrastructure available to various governmental agencies, the Pakistan Army and local and foreign NGO's and aid agencies working in the area for relief operations.

Having successfully completed Twenty-Five Years of its PPA, the Company will be evolving by facilitating the power market transition from the current single buyer to competitive market in accordance with the legal and regulatory regime as agreed in the Master Agreement dated February 11, 2021 between the Company and the Power Purchaser.

Here in after is the Directors' Report for the year ended June 30, 2021.

Financial Highlights

Turnover for the year is Rs. 69,636 Million (2020: Rs. 71,543 Million); and the cost of sales are Rs. 45,098 Million (2020: Rs. 50,065 Million). The gross profit earned is Rs. 5,251 Million (2020: Rs. 21,478 Million); and profit before tax stood at Rs.

14,411 Million (2020: Rs. 32,954 Million). Tax provision is Rs. 4,181 Million; and profit after tax is Rs. 10,229 Million (2020: Rs. 23,613 Million) which gives earnings per share (EPS) of Rs. 11.62 per share of Rs. 10 each (2020: Rs. 26.83 per share) for the year.

As in previous years, Power Purchaser's payment default continues. On June 30, 2021, the overdue receivables from the Power Purchaser were Rs. 104,622 Million (for details refer to Note 20 to the Financial Statements). The advance paid, as on June 30, 2021, to Pakistan State Oil Company Limited (PSO) for fuel oil supplies is Rs. 4,557 Million and amount payable to Sui Northern Gas Pipelines Limited (SNGPL) for gas (RLNG) supplies amounts to Rs. 1,557 Million. The Company continues to pursue the Power Purchaser and the concerned Ministries of GoP for resolution of the matter.

As on June 30, 2021, the Company does not have any long-term debt obligations other than those of operational nature.

As part of settlement of the LDs Arbitration dispute, on June 4, 2021, the Company received Rs. 39.601 Billion from the Power Purchaser in the form of one-third cash, one-third Government Ijarah Sukuk, and one-third Pakistan Investment Bonds. This constitutes the first instalment of 40% of receivables as of the cut-off date of November 30, 2020.

Operational Highlights

The Company sold 3,562 GWh of electricity to its customer, representing a cumulative load factor of 30.3%; overall commercial availability of 95.2%; and thermal efficiency of 44.5%. Fuel generation during the year mix was 65.0% on gas (RLNG), 31.7% on low sulphur furnace oil and 3.3% on high speed diesel.

The Company's Power Complex is being maintained at the highest international standards in accordance with the Original Equipment Manufacturers' recommendations to ensure technical availability of the Power Complex in accordance with the terms of the Power Purchase Agreement (as amended) (PPA). During the year, eight combustion inspections were duly carried out as per approved outage plan; and major overhaul of two gas turbines and one steam turbine was completed.

Settlement of LDs Dispute, Withdrawal of Arbitration Proceedings and Extension of Existing PPA

GoP set-up a Committee for Negotiations (G-NC) with Independent Power Producers (IPPs) vide Notification dated June 3, 2020 for alteration in the existing contractual arrangements. The Company, at the request of GoP and

in the larger national interest agreed to amend the PPA for sustainability of the power sector. A Memorandum of Understanding was executed on August 19, 2020 between the Company and G-NC, subject to certain conditions. GoP, thereafter set-up an Implementation Committee (G-IC) vide notification dated October 7, 2020. G-IC, the Company and CPPA-G (on behalf of WAPDA) entered into negotiations for tariff reduction and to resolve other outstanding issues between the Company and the Power Purchaser including the settlement of the LDs Arbitration before the International Chamber of Commerce (ICC) in Singapore.

The Company and the Power Purchaser (WAPDA) on February 11, 2021 signed the Master Agreement and the Third Amendment to the Power Purchase Agreement. On May 21, 2021 the Amendment to the Facilitation Agreement and the Amendment to the GoP Guarantee were executed between the Company and the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan. The Company obtained requisite shareholders' approvals for, inter alia, the settlement of the LDs dispute at the Extraordinary General Meeting held on March 24, 2021.

Following completion of conditions precedent, the Company and Power Purchaser filed a joint application for withdrawal of the LDs Arbitration before the ICC in Singapore. The Arbitral Tribunal issued a Consent Order dated July 13, 2021 acknowledging the settlement of disputes, and the withdrawal of all claims and counterclaims as per the settlement terms of the Third PPA Amendment Agreement. The ICC vide its letter dated August 5, 2021 acknowledged agreement of the parties for withdrawal of claims under the LDs Arbitration.

By way of settlement of the LDs dispute, the parties agreed to treat the outage period (financial years 2009 to 2016) due to fuel shortage as an Other Force Majeure Event (OFME) under the PPA. The total number of days that the OFME subsisted was equivalent to 485 days (approximately 16 (sixteen) months). Hence, the term of the existing PPA has been extended from June 27, 2021 to October 24, 2022.

Novation of PPA

The Company, WAPDA and CPPA-G on February 15, 2021 signed a Novation Agreement² to transfer the rights, obligations and liabilities of WAPDA under the PPA (as amended by the Third PPA Amendment Agreement) in favour of CPPA-G. CPPA-G is the Market Operator, inter alia, facilitating the power market transition from the current single buyer to competitive market. In line with other IPPs, the Company's PPA has also been novated to CPPA-G.

Generation License

The Company has within the statutory period filed an application before the National Electric Power Regulatory Authority (NEPRA) for renewal of its Generation License, which is due to expire in September 2021 and the same is being progressed.

Impact of Covid-19 on the Company and its Business

The Company follows proper guidelines at its Power Complex and adjacent colony to control the spread of COVID 19. Wearing of masks at the Power Complex is made mandatory, facilities for washing of hands has been made available alongwith the use of hand sanitizers. Social distancing measures have been put in place at workplaces. Screening is carried out before entry into the Power Complex on a daily basis. Significant number of employees have been vaccinated. From time to time instructions are issued through office orders to govern leave approvals, testing, isolation, restriction at entry and exit etc. The Company's Crises Management Team is fully engaged. The Company is committed to taking necessary steps to protect the power plant operations / business and its employees and their families.

Social Action Programme

As part of the Company's Social Action Programme, the construction of library, availability of furniture and books is being progressed in the vicinity of Kot Addu.

Directors' Training

During the year, Messrs. Naveed Asghar Chaudhry and Jamil Akhtar participated in Directors Training Programme carried out by the Lahore University of Management Sciences. Ms. Zunaira Azhar participated in the assessments carried out by the Pakistan Institute of Corporate Governance under its Corporate Governance Leadership Skills – Directors Education Programme. A total of seven Members of the Board are certified Directors.

Directors' Remuneration

Non-executive Directors and the Independent Directors are entitled to a Directors' fee for meetings attended.

Change on Board of Directors

One casual vacancy on the Board of Directors' due to the resignation of Mr. Javed Akhtar was filled-in by the appointment of Mr. Jamil Akhtar.

Board of Directors Composition

The Board of Directors as at June 30, 2021 consists of:

² Effective date May 21, 2021 following fulfilment of conditions precedent.

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

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

The names of the Directors as at June 30, 2021 are as follows:

1. **Lt. General Muzammil Hussain (Retd) - Chairman**
2. **Mr. Aftab Mahmood Butt - Chief Executive**
3. **Mr. Aqeel Ahmed Nasir**
4. **Mr. Hafiz Muhammad Yousaf**
5. **Mr. Naveed Asghar Chaudhry**
6. **Mr. Saad Iqbal**
7. **Mr. Jamil Akhtar**
8. **Ms. Zunaira Azhar**

Corporate and Financial Reporting Framework

As required by the Code of Corporate Governance, we are pleased to report the following:

- a) The financial statements, prepared by the Management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- b) Proper books of accounts of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and any changes in accounting policies have been disclosed in the financial statements. The accounting estimates are based on reasonable and prudent judgement.
- d) International Financial Reporting Standards, as applicable in Pakistan, and subject to waivers from the competent authority, have been followed in preparation of financial statements and any departure therefrom have been adequately disclosed and explained.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.

- f) Key operating and financial data for the last six years is annexed.
- g) The pattern of shareholding as at June 30, 2021 is annexed.
- h) Except as disclosed in the pattern of shareholding, the Directors, Chief Executive, the Chief Financial Officer, the Company Secretary, Head of Internal Audit, their spouses and minor children have not traded in the shares of the Company.
- i) The value of investments of Pension Fund and Provident Fund as at June 30, 2020 (audited) is as follows:

	Rs. in Million
Pension Fund	2,984.00
Provident Fund	934.00

- j) Information about outstanding taxes and levies is given in the Notes to the Financial Statements.
- k) During the year, eleven (11) meetings of the Board of Directors were held, attendance of these meetings is as follows:

Name of Director	No. of Meetings Attended
Lt. General Muzammil Hussain (Retd)	11
Mr. Aftab Mahmood Butt	10
Mr. Aqeel Ahmed Nasir	10
Mr. Hafiz Muhammad Yousaf	11
Mr. Naveed Asghar Chaudhry	11
Mr. Saad Iqbal	10
Mr. Jamil Akhtar ³	4
Ms. Zunaira Azhar	9
Mr. Javed Akhtar ⁴	7

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

Name of Director	No. of Meetings Attended
Mr. Hafiz Muhammad Yousaf	7
Mr. Naveed Asghar Chaudhry	7
Mr. Saad Iqbal	7
Mr. Jamil Akhtar ⁵	2
Mr. Javed Akhtar ⁶	5

- m) During the year, three (3) meetings of the HR Committee were held. Attendance of meetings is as follows:

Name of Director	No. of Meetings Attended
Mr. Aqeel Ahmed Nasir	3
Mr. Aftab Mahmood Butt	2
Mr. Naveed Asghar Chaudhry	3

- n) During the year, four (4) meetings of the LDs Committee were held. Attendance of meetings is as follows:

Name of Director	No. of Meetings Attended
Mr. Aqeel Ahmed Nasir	4
Mr. Aftab Mahmood Butt	4
Mr. Saad Iqbal	4

- o) During the year, one (1) meeting of the Special Committee was held. Attendance of meeting is as follows:

Name of Director	No. of Meetings Attended
Mr. Naveed Asghar Chaudhry	1
Mr. Aftab Mahmood Butt	1
Mr. Aqeel Ahmed Nasir	1

Chairman's Review

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

Appropriations

The Directors are pleased to recommend a final dividend of Rs. 3.50 per share. This will be paid to shareholders on Company's Register of Members on October 14, 2021. Interim Dividends of Rs. 1.50 per share (approved by the Board of Directors on October 23, 2020 and credited to shareholders accounts in December, 2020); and Rs. 5.00 per share (approved by the Board of Directors on June 9, 2021 and credited to shareholders accounts in August, 2021) were paid. The total dividend to be approved by the shareholders at the Annual General Meeting on October 22, 2021 will be Rs. 10.00 per share, that is, 100% for the year ended June 30, 2021.

The net profit for the year is appropriated as follows.

	Rs. '000'
Net Profit for the year	10,229,424
Other comprehensive income	365,322
Un-appropriated profit brought forward	51,103,528
Profit available for appropriation	61,698,274

Appropriations

Interim dividend for the year ended

	Rs. '000'
Interim dividend for the year ended June 30, 2021 Rs. 1.50 per share	(1,320,380)
Interim dividend for the year ended (declared) June 30, 2021 Rs. 5.00 per share	(4,401,266)
	(5,721,646)
Un-appropriated profit carried forward	55,976,628
Basic Earnings Per Share (Rupees)	11.62

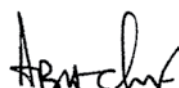
Auditors

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

Appreciation

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

By Order of the Board



Aftab Mahmood Butt

Chief Executive



Hafiz Muhammad Yousaf

Director

August 17, 2021
Lahore

تقسیم

30 جون 2021 کو ختم ہونے والے سال کے لیے عبوری منافع

(ہزار روپے)	
1,320,380	1.50 روپے فی شیئر کے حساب سے
4,401,266	30 جون 2021 کو ختم ہونے والے سال کے لیے عبوری منافع (اعلان کردہ) 5 روپے فی شیئر کے حساب سے
5,721,646	
55,976,628	غیر تقسیم شدہ باقی ماندہ منافع
11.62	فی شیئر بنیادی آمدن (روپے)

آڈیٹرز

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

تحسین

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

بورڈ کے حکم سے



حافظ محمد یوسف

ڈائریکٹر



آفتاب محمود

چیف ایگزیکٹو

17 اگست 2021

لاہور۔

m سال کے دوران ایچ آر کمیٹی کے 13 اجلاس منعقد ہوئے۔ اجلاسوں میں حاضری درج ذیل ہے:

ڈائریکٹرز کے نام	اجلاسوں میں شرکت
جناب عقیل احمد ناصر	3
جناب آفتاب محمود بٹ	2
جناب نوید اصغر چودھری	3

n سال کے دوران ایل ڈی کمیٹی کے 14 اجلاس ہوئے۔ اجلاسوں میں حاضری درج ذیل ہے:

ڈائریکٹرز کے نام	اجلاسوں میں شرکت
جناب عقیل احمد ناصر	4
جناب آفتاب محمود بٹ	4
جناب سعد اقبال	4

o سال کے دوران خصوصی کمیٹی کا ایک اجلاس ہوا۔ اجلاس میں حاضری درج ذیل ہے:

ڈائریکٹرز کے نام	اجلاسوں میں شرکت
جناب نوید اصغر چودھری	1
جناب آفتاب محمود بٹ	1
جناب عقیل احمد ناصر	1

چیئر مین کا جائزہ

بورڈ آف ڈائریکٹرز نے رپورٹ کے ساتھ منسلک چیئر مین کے جائزے کی توثیق کی ہے۔

منافع کی تقسیم

ڈائریکٹرز نے فی حصص 3.50 روپے کے حتمی منافع کی سفارش کی ہے۔ یہ 14 اکتوبر 2021 کو کمپنی کے رجسٹر آف ممبرز پر شیئر ہولڈرز کو ادا کیا جائیگا۔ 1.50 روپے فی حصص کا عبوری منافع (23 اکتوبر 2020 کو بورڈ آف ڈائریکٹرز نے منظوری دی اور دسمبر 2020 میں شیئر ہولڈرز کے اکاؤنٹس میں منتقل کیا گیا) اور 5.00 روپے فی حصص منافع (9 جون 2021 کو بورڈ آف ڈائریکٹرز نے منظوری دی اور اگست 2021 میں شیئر ہولڈرز کے اکاؤنٹس میں منتقل کیا گیا) ادا کیا جا چکا ہے۔ 22 اکتوبر 2021 کو ہونے والے سالانہ عمومی اجلاس میں شیئر ہولڈرز کے سامنے منظوری کے لیے پیش کیا جانے والا مجموعی منافع 10 روپے فی حصص ہوگا۔ یہ پورے سال کا 100 فیصد منافع ہے۔

سال کے لئے خالص منافع کی تقسیم درج ذیل ہے۔

(ہزار روپے)	
10,229,424	سال کے لیے خالص منافع
365,322	دیگر جامع آمدن
51,103,528	تقسیم نہ ہونے والا باقی ماندہ منافع
61,698,274	تقسیم کے لیے موجود منافع

بورڈ آف ڈائریکٹرز میں تبدیلی

جناب جاوید اختر کے استعفیٰ کی وجہ سے بورڈ آف ڈائریکٹرز میں خالی ہونے والی آسامی کو جناب جمیل اختر کی تقرری سے پُر کیا گیا۔

بورڈ آف ڈائریکٹرز کا مجموعہ

30 جون 2021 کو بورڈ آف ڈائریکٹرز مندرجہ ذیل پر مشتمل تھا:

ڈائریکٹرز کی کل تعداد	
(a) مرد	7
(b) خواتین	1

مجموعہ	
(i) غیر جانبدار ڈائریکٹرز	4
(ii) نان ایگزیکٹو ڈائریکٹرز	3
(iii) ایگزیکٹو ڈائریکٹرز	1

30 جون 2021 تک ڈائریکٹرز کے نام درج ذیل ہیں:

- 1- لیفٹیننٹ جنرل (ر) مہر حسین - چیئر مین
- 2- جناب آفتاب محمود بٹ - چیف ایگزیکٹو
- 3- جناب عقیل احمد ناصر
- 4- جناب حافظ محمد یوسف
- 5- جناب نوید اصغر چوہدری
- 6- جناب سعد اقبال
- 7- جناب جمیل اختر
- 8- محترمہ مزینہ اظہر

ضابطہ برائے تجارتی انتظام و انصرام (کوڈ آف کارپوریٹ گورننس) کی تعمیل

ضابطہ برائے تجارتی انتظام و انصرام کے تحت ہمیں درج ذیل امور پیش کرتے ہوئے مسرت ہو رہی ہے:

- (a) کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے تمام معاملات کو واضح طور پر پیش کرتے ہیں جیسے کہ سرگرمیوں کے نتائج، برآمدات اور کاروباری سرمایہ میں ہونے والی تبدیلیاں۔
- (b) حسابداری کے مناسب کھاتے رکھے گئے ہیں۔
- (c) مالیاتی گوشواروں کی تیاری کے لیے ہمیشہ مناسب اور متعلقہ اکاؤنٹنگ پالیسیوں پر عمل کیا جاتا ہے اور پالیسیوں میں ہونے والی کسی بھی تبدیلی کو مالیاتی گوشواروں میں ظاہر کیا جاتا ہے۔ حسابداری کے گوشوارے ہمیشہ انتہائی منطقی اور محتاط اندازوں پر مشتمل ہوتے ہیں۔
- (d) پاکستان میں لاگو "انٹرنیشنل فنانسل رپورٹنگ سٹینڈرڈز" کو مالیاتی گوشواروں کی تیاری کے لیے بروئے کار لایا جاتا ہے اور ان میں ہونے والی کسی بھی تبدیلی کو مناسب طور پر ظاہر کیا جاتا ہے اور اس کی وضاحت کی جاتی ہے۔
- (e) اندرونی کنٹرول کا نظام مضبوط بنیادوں پر استوار ہے اور موثر طریقے سے رو بہ عمل ہے جس کی مسلسل نگرانی کی جاتی ہے۔
- (f) گزشتہ 6 برس کے مالی اور انتظامی امور سے متعلق اعداد و شمار کا خلاصہ اس رپورٹ کے ساتھ منسلک ہے۔

(g) 30 جون 2021 تک حصص کی تفصیل منسلک ہے۔

(h) کمپنی کے ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانسل آفیسر، کمپنی سیکرٹری، ان کی بیویاں/شوہر اور بچے کمپنی کے شیئرز کا تجارتی لین دین نہیں کرتے، ماسوائے اس کے جس کی تفصیلات فراہم کی گئی ہیں۔

(i) 30 جون 2020 تک پنشن فنڈ اور پراویڈنٹ فنڈ کی سرمایہ کاری کی تفصیل (آڈٹ شدہ) کچھ یوں ہے:

ملین روپے	
پنشن فنڈ	2,984.00
پراویڈنٹ فنڈ	934.00

(j) قابل ادائیگیسز اور لیویز کے بارے میں معلومات مالیاتی گوشواروں کے نوٹس میں دی گئی ہیں۔

(k) سال کے دوران بورڈ آف ڈائریکٹرز کے 11 اجلاس منعقد ہوئے، ان اجلاسوں کی حاضری درج ذیل ہے:

ڈائریکٹرز کے نام	اجلاسوں میں شرکت
لیفٹیننٹ جنرل (ر) مہر حسین	11
جناب آفتاب محمود بٹ	10
جناب عقیل احمد ناصر	10
جناب حافظ محمد یوسف	11
جناب نوید اصغر چوہدری	11
جناب سعد اقبال	10
جناب جمیل اختر (۳)	4
محترمہ مزینہ اظہر	9
جناب جاوید اختر (۴)	7

(۳) 15 اپریل 2021 کو کمپنی کا ڈائریکٹرز مقرر کیا گیا

(۴) 15 اپریل 2021 کو کمپنی کے بورڈ ڈائریکٹرز سے استعفیٰ دیا

(ا) سال کے دوران آڈٹ کمپنی کے سات (7) اجلاس منعقد ہوئے۔ اجلاسوں میں حاضری درج ذیل ہے:

ڈائریکٹرز کے نام	اجلاسوں میں شرکت
جناب حافظ محمد یوسف	7
جناب نوید اصغر چوہدری	7
جناب سعد اقبال	7
جناب جمیل اختر (۵)	2
جناب جاوید اختر (۶)	5

(۵) 15 اپریل 2021 کو آڈٹ کمپنی کا ممبر مقرر کیا گیا

(۶) 15 اپریل 2021 کو کمپنی کے بورڈ ڈائریکٹرز سے استعفیٰ دیا

مالی جھلکیاں

اس سال کمپنی کا کاروباری حجم 69,636 ملین روپے (2020: 71,543 ملین روپے) روپے رہا ہے جس میں فروخت کی لاگت 45,098 ملین روپے ہے (2020: 50,065 ملین روپے)۔ منافع کی مجموعی رقم 5,251 ملین روپے (2020: 21,478 ملین روپے) ہے اور ٹیکس کی ادائیگی سے قبل منافع کی رقم 14,411 ملین روپے ہے (2020: 32,954 ملین روپے)۔ ٹیکس کی رقم 4,181 ملین روپے ہے؛ ٹیکس کی ادائیگی کے بعد منافع کی رقم 10,229 ملین روپے (2020: 23,613 ملین روپے) ہے۔ اس طرح اس سال 10 روپے کے ہر حصص پر آمدن 11.62 روپے فی حصص (2020: 26.83 روپے فی حصص) رہی۔

پچھلے سالوں کی طرح پاور خریداری کی طرف سے ادائیگیوں کا ڈیفالٹ جاری ہے۔ 30 جون 2021 کو پاور خریداری کی جانب سے واجب الادا رقم 104,622 ملین روپے تھی (تفصیلات کے لئے مالیاتی گوشواروں کا نوٹ 20 دیکھیں)۔ ایندھن کی فراہمی کیلئے پاکستان نیٹ ورکس کی کمپنی لمیٹڈ (پلی ایس او) کو 30 جون 2021 کو ادائیگی کی رقم 4,557 ملین روپے ہے جبکہ گیس (RLNG) کی فراہمی کے لئے سوئی ناردرن گیس پائپ لائنز لمیٹڈ (SNGPL) کو ادائیگی کی رقم 1,557 ملین روپے تھی۔ کمپنی معاملے کے لئے بجلی خریدار اور وفاقی حکومتوں کی متعلقہ وزارتوں سے رابطے میں ہے۔

30 جون 2021 تک کمپنی پر آپریشنل ذمہ داریوں کے قرضوں کے علاوہ کوئی طویل مدتی قرض کی ذمہ داریاں نہیں ہیں۔

ایل ڈی ٹائیٹل تازہ کے تصفیے کے حصے کے طور پر 4 جون 2021 کو کمپنی نے پاور خریدار سے ایک تہائی نقد رقم، ایک تہائی سرکاری اجارہ سکوک اور ایک تہائی پاکستان انویسٹمنٹ بانڈز کی شکل میں 39.601 ارب روپے وصول کیے۔ یہ 30 نومبر 2020 کی کٹ آف تاریخ تک وصولی کی 40 فیصد کی پہلی قسط ہے۔

آپریشنل جھلکیاں

کمپنی نے 30.3 فیصد مجموعی لوڈ ٹیکلر کے ساتھ اپنے گاہک کو 3,562 گیگا واٹ بجلی فروخت کی۔ مجموعی طور پر تجارتی دستیابی 95.2 فیصد، اور قمرل کارکردگی 44.5 فیصد رہی۔ سال کے دوران 65 فیصد پیداوار گیس (RLNG)، 31.7 فیصد گندھک فرس آئل جبکہ 3.3 فیصد ہائی سپیڈ ڈیزل سے حاصل کی گئی۔

کمپنی کے پاور کپیکلیٹس کی بجلی کی خریداری کے معاہدے (ترمیم شدہ PPA) کی شرائط کے مطابق دستیابی کو یقینی بنانے کے لئے اصل مینوفیکچررز کی سفارشات کے مطابق اعلیٰ ترین بین الاقوامی معیار پر برقرار رکھا جا رہا ہے۔ سال کے دوران منظور شدہ بندش کے منصوبے کے مطابق آخر کار تھری پڈ بری معاہدے کیے گئے؛ اور دو گیس ٹربائنوں اور ایک بھاپ ٹربائن کی بڑی اور ہائیک ملل کی گئی۔

ایل ڈی تازہ کا تصفیہ، ٹائیٹل کی کارروائیوں کا کل اور موجودہ PPA میں توسیع

حکومت پاکستان نے موجودہ معاہدوں کے اختتامات میں تبدیلی کے لئے 3 جون 2020 کو آزاد پاور پروڈیوسرز (آئی پی بی) کے ساتھ مذاکرات کے لئے ایک کمیٹی (G-NC) قائم کی۔ کمپنی نے حکومت کی درخواست پر اور وسیع تر قومی مفاد میں بجلی کے شعبے کی پائیداری کے لئے PPA میں ترمیم پر اتفاق کیا۔ کمپنی اور G-NC کے درمیان 19 اگست 2020 کو کچھ شرائط کے تحت ایک معاہدہ نامے پر دستخط کیے گئے۔ اس کے بعد حکومت نے 17 اکتوبر 2020 کو ایک عملدرآمد کمیٹی (G-IC) کا نوٹیفکیشن جاری کیا۔ جی آئی سی کمیٹی اور CPPA-G (واپڈا کی مساطت سے) نے ٹریف میں کمی اور کمپنی اور پاور خریدار کے درمیان سنگاپور میں انٹرنیشنل جیبر آف کامرس (ICC) کے سامنے ایل ڈی ٹائیٹل کے تصفیہ سمیت دیگر باقی ماندہ مسائل کو حل کرنے کے لئے مذاکرات کیے۔

کمپنی اور پاور خریدار (واپڈا) نے 11 فروری 2021 کو ماسٹر معاہدے اور بجلی کی خریداری کے معاہدے میں تیسری ترمیم پر دستخط کیے۔ 21 مئی 2021 کو اسلامی جمہوریہ پاکستان کے لیے اور اس کی جانب سے اسلامی جمہوریہ پاکستان کے صدر اور کمپنی کے درمیان سہولت معاہدے میں ترمیم اور حکومت کی گارنٹی میں ترمیم پر دستخط کیے گئے۔ کمپنی نے 24 مارچ 2021 کو منعقدہ غیر معمولی عمومی اجلاس میں ایل ڈی تازہ کے تصفیے کے لئے درکار شیئرز ہولڈرز کی منظوری حاصل کی۔

(۲) شرائط کو پورا کرنے کے بعد 21 مئی 2021 کو نافذ عمل ہوا

شرائط مکمل ہونے کے بعد کمپنی اور پاور خریدار نے سنگاپور میں ICC کے سامنے ایل ڈی ٹائیٹل واپس لینے کے لئے مشترکہ درخواست دائر کی۔ ٹائیٹل ٹریبونل نے تنازعات کے تصفیے اور تیسرے PPA ترمیمی معاہدے کی تصفیہ شرائط کے مطابق تمام دعووں اور جوابی دعووں کو واپس لینے کا اعلان کرتے ہوئے 13 جولائی 2021 کو رضامندی کا حکم جاری کیا۔ ICC نے 5 اگست 2021 کو اپنے خط میں ایل ڈی ٹائیٹل کے تحت دعووں کی واپسی کے لئے فریقین کے معاہدے کا اقرار کیا۔

ایل ڈی تازہ کے تصفیے کے ذریعے فریقین PPA کے تحت ایندھن کی قلت کی وجہ سے بندش کی مدت (مالی سال 2009 سے 2016) کو ایک ناگہانی واقعہ (OFME) سمجھنے پر متفق ہیں۔ OFME کی مدت 485 دنوں (تقریباً 16 ماہ) کے مساوی تھی۔ لہذا موجودہ PPA کی مدت 27 جون 2021 سے بڑھا کر 24 اکتوبر 2022 کر دی گئی ہے۔

پی پی اے کی منتقلی

کمپنی، واپڈا اور CPPA-G نے 15 فروری 2021 کو CPPA-G کے حق میں پی پی اے (تیسرے پی پی اے) ترمیمی معاہدے کے مطابق (کے تحت واپڈا کے حقوق، ذمہ داریوں اور وجہات کی منتقلی کے لئے نیویشن معاہدے (۲) پر دستخط کیے۔ CPPA-G مارکیٹ آپریٹر ہے، جو دیگر کے علاوہ موجودہ مارکیٹ کو سٹبل خریدار سے مسابقتی مارکیٹ میں منتقلی کے عمل کو آسان بنا رہا ہے۔ دیگر آئی پی بیز کی طرح کمپنی کے پی پی اے کو بھی CPPA-G کو منتقل کیا گیا ہے۔

جزیشن انسٹنس

کمپنی نے اپنے جزیشن انسٹنس کی تجدید کے لئے نیشنل الیکٹرک پاور ریگولیٹری اتھارٹی (نچرا) کے سامنے قانونی مدت کے اندر درخواست دائر کی ہے جس پر پیش رفت جاری ہے، یہ مدت ستمبر 2021 میں ختم ہونے والی ہے۔

کمپنی اور اس کے کاروبار پر کووڈ-19 کے اثرات

کمپنی کووڈ-19 کے پھیلاؤ کو کنٹرول کرنے کے لئے اپنے پاور کپیکلیٹس اور ملحقہ کالونی میں حفاظتی اقدامات پر عمل کرتی ہے۔ پاور کپیکلیٹس میں ماسک پہننا لازمی قرار دیا گیا ہے، ہاتھ دھونے کے لئے سینیٹائزر اور دیگر سہولیات فراہم کی گئی ہیں۔ کام کی جگہوں پر سماجی فاصلہ برقرار رکھنے کے اقدامات کیے گئے ہیں۔ روزانہ کی بنیاد پر پاور کپیکلیٹس میں داخلے سے پہلے سکریننگ کی جاتی ہے۔ ملازمین کی ایک بڑی تعداد کو ویکسین لگائی جا چکی ہے۔ وقتاً فوقتاً دفتری احکامات کے ذریعے چھٹیوں کی منظوری، جانچ، قرنطینہ، داخلے اور خروج پر پابندی وغیرہ کے حوالے سے ہدایات جاری کی جاتی ہیں۔ کمپنی کی کرائسٹر میٹھنٹ ٹیم مکمل طور پر مصروف عمل ہے۔ کمپنی پاور پلانٹ آپریشنز/کاروبار، ملازمین اور ان کے اہل خانہ کے تحفظ کے لئے ضروری اقدامات کرنے کے لئے پرعزم ہے۔

سوشل ایکشن پروگرام

کمپنی کے سوشل ایکشن پروگرام کے حصے کے طور پر کوٹ ادو اور اس کے قریب و جوار کے لیے لائبریری کی تعمیر، فرنیچر اور کتابوں کی دستیابی کے حوالے سے کام ہو رہا ہے۔

ڈائریکٹرز کی تربیت

سال کے دوران جناب نوید اصغر چوہدری اور جمیل اختر نے لاہور یونیورسٹی آف مینجمنٹ سائنسز کے زیر اہتمام ڈائریکٹرز ٹریننگ پروگرام میں شرکت کی۔ محترمہ زبیرہ اعظمی نے پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس کی جانب سے کارپوریٹ گورننس لیڈر شپ سکول۔ ڈائریکٹرز ایجوکیشن پروگرام کے تحت تربیت میں حصہ لیا۔ بورڈ کے کل سات ارکان تصدیق شدہ ڈائریکٹر ہیں۔

ڈائریکٹرز کا معاوضہ

نان ایگزیکٹو ڈائریکٹرز اور غیر جانبدار ڈائریکٹرز اجلاسوں میں شرکت کے عوض ڈائریکٹرز کی فیس کے حقدار ہیں۔

ڈائریکٹرز کی رپورٹ

30 جون 2021 کو ختم ہونے والے سال کے مالیاتی گوشواروں (آڈٹ شدہ) کے ساتھ ڈائریکٹرز کی رپورٹ پیش خدمت ہے

کمپنی کی بنیادی سرگرمیاں

کمپنی کی بنیادی سرگرمیوں میں پنجاب کے شہر کوٹ ادو میں 1600 میگا واٹ، نیم پلیٹ صلاحیت کے حامل ملٹی فیل (گیس، فرس آئل اور ہائی سپیڈ ڈیزل) سے چلنے والے پاور پلانٹ کی ملکیت، آپریشن اور دیکھ بھال شامل ہیں۔ کمپنی اپنے پاور پلانٹ سے پیدا ہونے والی بجلی اپنے واحد گاہک سینٹرل پاور پراجیکٹ ایجنسی (کارنی) لمیٹڈ (CPPA-G) کو فروخت کرتی ہے۔ (۱)

کمپنی پاکستان شاک ایجنسی میں درج ہے، اور کے ایس ای 30 اور کے ایس ای 100 انڈیکس کمپنی ہے۔

جنگاری کے پچیس سال

یہ خوشی کی بات ہے کہ کمپنی نے جون 2021 میں پچیس سال کی جنگاری مکمل کی۔ ہم اس موقع کا فائدہ اٹھاتے ہوئے اس سفر کا حصہ بننے پر آپ کو گرم جوشی سے مبارکباد پیش کرتے ہیں!

27 جون 1996 کو بین الاقوامی مسابقتی بولی کے بعد کمپنی کی جنگاری کی گئی۔ جنگاری کمیشن (واپڈا کی وساطت سے) کی جانب سے فروری 2005 میں فروخت کی پیشکش کے تحت واپڈا کی شیئر ہولڈنگ کا تقریباً 18 فیصد عام لوگوں کو فروخت کیا گیا؛ اور اس کے ساتھ ہی کمپنی کو پاکستان شاک ایجنسی میں درج کیا گیا۔ عوامی پیشکش کی بار اضافی سبسکریپشن کے ساتھ ایک شاندار کامیابی رہی۔

گزشتہ پچیس سال پاور پبلیکس میں بہتری اور اضافے کے حوالے سے انتہائی اہمیت کے حامل رہے ہیں، جس سے بجلی کے خریداری کی ضرورت کو پورا کرنے کے لئے پاور پبلیکس پر بھروسے اور دستیابی میں اضافہ ہوا ہے۔ 2006 سے پاکستان کو بجلی کے بحرانوں کا سامنا ہے۔ ہمیں یہ کہتے ہوئے خوشی ہو رہی ہے کہ کمپنی اس عرصے کے دوران آئی پی بیز میں سے بجلی کے خریدار حکومت پاکستان کی سب سے بڑی، معاون رہی ہے۔ سسٹم کے ساتھ چلنے کے لیے کمپنی نہ صرف اپنے پاور پبلیکس کو تکنیکی طور پر دستیاب رکھتی ہے بلکہ اربوں روپے کی کریڈٹ لائنیں بھی برقرار رکھتی ہے۔ گزشتہ پچیس سالوں کے دوران حاصل کیے گئے کچھ تکنیکی سنگ میل/ کامیابیاں ذیل میں دی گئی ہیں:

- مسلسل کئی برسوں سے کئے جانے والے سالانہ قابل بحروسہ صلاحیت ٹیسٹ نے جنگاری کے وقت کیے گئے ابتدائی انحصاری ٹیسٹوں کے مقابلے میں صلاحیت میں اضافہ کیا ہے۔

- کمپلیکس کی تحریر صلاحیت کو مختلف منصوبوں کے نفاذ اور اصل مینوفیکچرنگی سفارشات کے مطابق اعلیٰ ترین بین الاقوامی معیار پر پاور پبلیکس کو چلانے اور برقرار رکھنے کے ذریعے بہتر بنایا گیا ہے۔ ان معیارات پر پاور پبلیکس کو چلانے اور برقرار رکھنے سے گزشتہ دو دہائیوں میں کمپنی کو ناقابل ذکر انشورنس لگیم کا سامنا کرنا پڑا ہے۔

- کمپنی کو یہ اعزاز حاصل ہے کہ وہ جولائی 2004 میں ماحولیاتی انتظام، پیشہ ورانہ صحت، حفاظتی انتظام اور کوالٹی مینجمنٹ کے لئے پینٹھنٹ سسٹمز کی منظوری حاصل کرنے والی پاکستان کے پاور پبلیکس میں پہلی کمپنی ہے۔

- مختلف اپ گریڈیشن پروجیکٹ کامیابی سے مکمل ہوئے جن میں اپ گریڈ ڈبلیوز اور ویز کے ساتھ دو گیس ٹرینز کی اپ گریڈیشن، جدید ترین ڈیزائن بہتر مواد کے ساتھ نوڈلز اور خول کی تبدیلی اور چار گیس ٹرینوں کی بہتر کام کرنے کی طاقت اور دوسری یونٹوں پر پتی کنٹرول نظام کی تبدیلی شامل ہیں۔

- گریڈ سسٹم سپورٹ کے لیے دو آؤٹر اسٹارمرز (200+100 ایم وی اے) نصب کیے گئے۔

- سیمز کا بنایا ہوا آؤٹر اسٹارمرز، ٹی، 200؛ ایم وی اے (220/132 کے وی) اپریل 2021 میں نصب، کمیشن اور کامیابی سے چلا گیا۔ اس فلیگ شپ پروجیکٹ سے KAPCO گریڈ سے نکلنے والی 132 کے وی ٹرانسمیشن لائنوں پر بھروسے میں اضافہ ہوگا جو گلیٹن گڑھ، ایڈورٹوئسہ کے دور دراز علاقوں میں صارف گریڈ سسٹمز کو بجلی کی فراہمی میں بہتری آئے گی۔

(۱) 15 فروری 2021 کو ہونے والے نیو یونین معاہدے کے تحت واپڈا کی سینٹرل پاور پراجیکٹ ایجنسی (کارنی) لمیٹڈ نے لے لی ہے

- تکنیکی پہلو پر بات کی جائے تو پیچیدہ ٹرینز کے بلڈنگی خرابی، کچھ گیس ٹرینوں پر زیادہ ارتعاش اور دو گیس ٹرینوں پر کپرسرنا کامی کے مسئلے پر قابو پانے کے لئے اختراعی تدابیر کی اقدامات کیے گئے۔

- کم گندھک فرس آئل (LSFO) اور ہائی سپیڈ ڈیزل (HSD) دونوں کی صفائی کے لئے ایک فیول آئل ٹریٹمنٹ پلانٹ کو کامیابی سے بحال کیا گیا اور اسے استعمال میں لانے کے لیے ضروری ترامیم کی گئیں؛ اور LSFO کو صاف کرنے کی صلاحیت کو بڑھانے کے لئے ایک اور فیول آئل ٹریٹمنٹ پلانٹ نصب کیا گیا۔

- ماحولیاتی بحالی کا پروجیکٹ مکمل کیا گیا جس میں تیل کے بہاؤ والے پانی کو صاف کرنے کا نظام، ٹرین وائٹر ٹریٹمنٹ پلانٹ اور سیوریج ٹریٹمنٹ پلانٹ شامل ہیں۔

- کم ہائٹ سائیکل کے لئے پانی کی دستیابی کے لئے ایک ریورس اوسموس پلانٹ نصب کیا گیا۔

- کلوریٹن گیسوں کے خاتمے کے لئے نیا سوڈیم ہائیڈروکسائیڈ پلانٹ نصب کیا گیا۔

- کمپنی اور اس کے کاروبار کی بدلتی ضروریات کے مطابق وقتاً فوقتاً آئی ٹی نظام کو اپ گریڈ کیا گیا۔

ان تکنیکی کامیابیوں کی بدولت کمپنی کی مالی کارکردگی پر مثبت اثرات مرتب ہوئے، جو پیچیدہ کے باوجود بہتر رہی ہے۔ گزشتہ پچیس سالوں کے دوران چند مالیاتی کامیابیاں ذیل میں دی گئی ہیں:

- کمپنی نے گزشتہ پچیس سالوں کے دوران شیئر ہولڈرز کو 136,697 ملین روپے کے نقد منافع کی صورت میں اچھا ریزن فراہم کیا ہے جس میں واپڈا کو ادائیگی جانے والی 65,511 ملین روپے کی رقم شامل ہے۔

- کمپنی نے 2011 میں پاکستان میں LIBOR کے ساتھ Swaps کے لیے 45 ملین امریکی ڈالر KIBOR کا انتظام کیا تھا۔

- جون 2011 میں پاکستان کے پاور سیکٹر میں پہلے قلیل مدتی اسلامی سکوک 1.55 ارب روپے کے برابر اجراء۔ اس ٹرانزیشن کو Triple A Asset Asia کی طرف سے پاکستان میں انتہائی قابل ستائش اسلامی معاہدہ قرار دیا گیا تھا۔

- KAPCO کو 2006 میں ایف بی آر نے "پائمنٹس ایکیلینس ایوارڈ" سے نوازا تھا۔

- کمپنی پاکستان کی واحد آئی پی بی ہے جس کی کاروباری آمدنی جولائی 2006 سے قابل ٹیکس ہے؛ اور زیر عظم کی ٹیکس مراعات اور آزاد ذیکسم کے تحت سب سے زیادہ ٹیکس ادا کرنے والوں کی فہرست میں 13 ویں نمبر پر ہے۔

کمپنی نے پاور خریدار کے ساتھ ایل ڈی ٹائی کو کامیابی سے طے کر لیا ہے، جو پاور خریدار سے تاجر سے ادائیگیوں کی وجہ سے کمپنی کی ایندھن خریدنے میں ناکامی کی وجہ سے ڈیجیٹل کی ضروریات کو پورا نہ کرنے پر عائد کیا گیا تھا۔ ایل ڈی کے تصفیہ کی تفصیلات درج ذیل سیکشن میں دی گئی ہیں۔

ایک ذمہ دار کارپوریٹ شہری کی حیثیت سے کمپنی نے اپنے سی آر پی گرام کے تحت اکتوبر 2005 میں زلزلے کے متاثرین کے لئے صدر راتی امدادی فنڈ میں عطیہ دیا؛ اور 2010 میں سیلاب سے نمٹنے کے لئے بھی عطیہ دیا۔ کوٹ ادو اور اس کے ملحقہ علاقے اس سیلاب سے متاثر ہوئے۔ خوش قسمتی سے کمپنی کے پاور کمپلیکس اور اس کی کالونی میں سیلاب کا پانی داخل نہیں ہوا تھا۔ کمپنی نے طبی اور دیگر معاونت کے ساتھ متاثرہ افراد کو روانہ کی بنیاد پر لپکا ہوا کھانا فراہم کر کے مقامی کمیونٹی کی امداد کی۔ کمپنی نے اپنے احاطے اور بنیادی ڈھانچے کو مختلف سرکاری اداروں، پاک فوج اور علاقے میں کام کرنے والی مقامی اور غیر ملکی این جی او اور امدادی اداروں کو امدادی کارروائیوں کے لئے بھی فراہم کیا۔

اپنے PPA کے پچیس سال کامیابی سے مکمل کرنے کے بعد کمپنی اور پاور خریدار کے مابین 11 فروری 2021 کو ہونے والے ماسٹر معاہدے کے مطابق قانونی اور ریگولیٹری نظام کے تحت کمپنی کو موجودہ واحد خریدار سے بجلی کی مسابقتی مارکیٹ کی طرف منتقل ہونے میں سہولت حاصل ہو گئی ہے۔

30 جون 2021 کو ختم ہونے والے سال کے لئے ڈائریکٹرز کی رپورٹ ذیل میں دی گئی ہے۔

KOT ADDU POWER COMPANY LIMITED

Key Operating and Financial Data of the Last Six Years

Financial Year Ending June 30,		2021	2020	2019	2018	2017	2016
Turnover	PKR in Million	50,349 *	71,543	84,831	91,916	81,847	64,178
Net profit	PKR in Million	10,229 *	23,613	13,112	10,617	9,447	9,071
Assets	PKR in Million	152,233	134,523	139,267	138,446	116,001	92,213
Dividends	PKR in Million	5,722	3,961	5,546	8,010	7,966	7,922
EPS	PKR per share	11.62 *	26.83	14.90	12.06	10.73	10.31
Net Output	GWh	3,562	3,477	4,961	7,437	7,335	6,583
Thermal Efficiency	%	44.5	44.4	44.0	44.0	43.7	44.0
Load Factor	%	30.3	29.5	42.2	63.3	62.4	55.8
Availability	%	85.6	88.9	91.8	86.0	84.3	81.9

* The numbers have been adjusted to take impact of 'Adjustment to Capacity Purchase Price' as referred to in note 8.1 to the financial statements.



PATTERN OF SHAREHOLDING

As on June 30, 2021

No of Share Holders	Having Shares		Shares Held	Percentage
	From	To		
681	1	100	30881	0.0035
47847	101	500	23790329	2.7027
3380	501	1000	3323438	0.3776
5188	1001	5000	14822469	1.6839
1770	5001	10000	14344141	1.6295
695	10001	15000	8990401	1.0213
465	15001	20000	8627762	0.9801
321	20001	25000	7529083	0.8553
189	25001	30000	5388761	0.6122
119	30001	35000	3964424	0.4504
142	35001	40000	5484600	0.6231
77	40001	45000	3323298	0.3775
148	45001	50000	7315400	0.8311
66	50001	55000	3509370	0.3987
59	55001	60000	3485373	0.3960
27	60001	65000	1718200	0.1952
40	65001	70000	2743641	0.3117
34	70001	75000	2499500	0.2840
32	75001	80000	2519900	0.2863
18	80001	85000	1509900	0.1715
18	85001	90000	1583600	0.1799
9	90001	95000	840977	0.0955
88	95001	100000	8770000	0.9963
21	100001	105000	2161149	0.2455
18	105001	110000	1945980	0.2211
8	110001	115000	912500	0.1037
8	115001	120000	951500	0.1081
16	120001	125000	1977500	0.2247
6	125001	130000	766326	0.0871
7	130001	135000	929001	0.1055
10	135001	140000	1394400	0.1584
8	140001	145000	1144000	0.1300
17	145001	150000	2545000	0.2891
3	150001	155000	455250	0.0517
5	155001	160000	791500	0.0899
7	160001	165000	1144500	0.1300
4	165001	170000	673970	0.0766
5	170001	175000	862628	0.0980
2	175001	180000	353600	0.0402
6	180001	185000	1099500	0.1249
2	185001	190000	375500	0.0427
6	190001	195000	1163177	0.1321
20	195001	200000	3990761	0.4534
4	200001	205000	809662	0.0920
7	205001	210000	1458000	0.1656
2	215001	220000	436400	0.0496
3	220001	225000	670000	0.0761
2	225001	230000	458500	0.0521
1	230001	235000	235000	0.0267
1	235001	240000	240000	0.0273
3	240001	245000	725005	0.0824
6	245001	250000	1493000	0.1696
2	250001	255000	506019	0.0575
4	255001	260000	1038000	0.1179
3	260001	265000	791500	0.0899
1	265001	270000	270000	0.0307
1	270001	275000	272000	0.0309
3	275001	280000	832000	0.0945
1	280001	285000	281000	0.0319

No of Share Holders	Having Shares		Shares Held	Percentage
	From	To		
3	290001	295000	876500	0.0996
9	295001	300000	2695500	0.3062
2	300001	305000	607500	0.0690
1	305001	310000	307500	0.0349
1	310001	315000	311000	0.0353
5	320001	325000	1621500	0.1842
1	325001	330000	327500	0.0372
4	345001	350000	1400000	0.1590
2	355001	360000	715833	0.0813
2	360001	365000	724900	0.0824
2	370001	375000	742001	0.0843
1	375001	380000	376500	0.0428
1	385001	390000	390000	0.0443
5	395001	400000	2000000	0.2272
2	400001	405000	804500	0.0914
1	405001	410000	405350	0.0460
1	410001	415000	412000	0.0468
1	415001	420000	415500	0.0472
1	420001	425000	423000	0.0481
3	425001	430000	1288000	0.1463
1	440001	445000	444000	0.0504
5	445001	450000	2242000	0.2547
1	455001	460000	459000	0.0521
2	460001	465000	930000	0.1057
2	470001	475000	949500	0.1079
1	480001	485000	480500	0.0546
1	490001	495000	495000	0.0562
11	495001	500000	5494944	0.6242
1	500001	505000	501000	0.0569
1	510001	515000	514500	0.0584
2	515001	520000	1036000	0.1177
1	520001	525000	524500	0.0596
2	525001	530000	1053284	0.1197
1	535001	540000	539000	0.0612
1	550001	555000	555000	0.0630
1	555001	560000	557500	0.0633
3	570001	575000	1715500	0.1949
1	575001	580000	579000	0.0658
1	580001	585000	580500	0.0659
3	595001	600000	1800000	0.2045
1	605001	610000	609000	0.0692
1	610001	615000	611000	0.0694
1	615001	620000	620000	0.0704
1	620001	625000	621000	0.0705
1	630001	635000	634184	0.0720
1	650001	655000	654500	0.0744
1	660001	665000	665000	0.0755
1	665001	670000	666500	0.0757
1	690001	695000	693000	0.0787
1	695001	700000	700000	0.0795
2	705001	710000	1418500	0.1611
1	710001	715000	713000	0.0810
1	715001	720000	718500	0.0816
1	720001	725000	725000	0.0824
2	730001	735000	1466000	0.1665
1	750001	755000	753000	0.0855
1	760001	765000	763000	0.0867
1	795001	800000	800000	0.0909
1	840001	845000	840321	0.0955

PATTERN OF SHAREHOLDING

As on June 30, 2021

No of Share Holders	Having Shares		Shares Held	Percentage
	From	To		
1	930001	935000	933500	0.1060
3	945001	950000	2849500	0.3237
3	955001	960000	2876000	0.3267
1	980001	985000	981500	0.1115
2	995001	1000000	2000000	0.2272
1	1010001	1015000	1012000	0.1150
3	1040001	1045000	3128963	0.3555
1	1045001	1050000	1049000	0.1192
1	1055001	1060000	1058500	0.1202
1	1095001	1100000	1099500	0.1249
1	1120001	1125000	1125000	0.1278
1	1145001	1150000	1146530	0.1302
1	1150001	1155000	1151400	0.1308
1	1165001	1170000	1166500	0.1325
1	1180001	1185000	1181944	0.1343
1	1185001	1190000	1187000	0.1348
1	1195001	1200000	1200000	0.1363
1	1225001	1230000	1228500	0.1396
1	1240001	1245000	1245000	0.1414
1	1245001	1250000	1250000	0.1420
1	1290001	1295000	1294500	0.1471
1	1325001	1330000	1328108	0.1509
2	1330001	1335000	2668700	0.3032
1	1395001	1400000	1400000	0.1590
1	1445001	1450000	1448000	0.1645
1	1450001	1455000	1452000	0.1650
4	1495001	1500000	6000000	0.6816
1	1510001	1515000	1515000	0.1721
1	1515001	1520000	1519000	0.1726
1	1540001	1545000	1544500	0.1755
1	1815001	1820000	1816000	0.2063
1	1910001	1915000	1911500	0.2172
2	1995001	2000000	3999000	0.4543
1	2415001	2420000	2415500	0.2744
1	2515001	2520000	2519000	0.2862
1	2640001	2645000	2645000	0.3005
1	2695001	2700000	2700000	0.3067
1	2700001	2705000	2702804	0.3070
2	2995001	3000000	6000000	0.6816
1	3415001	3420000	3420000	0.3885
1	3640001	3645000	3643000	0.4139
1	3690001	3695000	3694000	0.4197
1	3945001	3950000	3947500	0.4484
1	4700001	4705000	4700500	0.5340
1	4900001	4905000	4901009	0.5568
1	5530001	5535000	5531500	0.6284
1	5730001	5735000	5731000	0.6511
1	5800001	5805000	5804000	0.6594
1	5995001	6000000	6000000	0.6816
1	6590001	6595000	6593894	0.7491
1	7045001	7050000	7046000	0.8005
1	7465001	7470000	7469500	0.8486
1	7660001	7665000	7660721	0.8703
1	15660001	15665000	15662000	1.7793
1	16995001	17000000	17000000	1.9313
1	48250001	48255000	48252429	5.4817
1	67895001	67900000	67900000	7.7137
1	354310001	354315000	354311133	40.2510
61818	Company Total		880253228	100.0000

CATEGORIES OF SHAREHOLDERS

As on June 30, 2021

Particulars	No of Folio	Balance Shares	Percentage
DIRECTORS, CEO, SPOUSE & CHILDREN	8	86005	0.0098
ASSOCIATED COMPANIES	2	402563562	45.7327
BANKS, DFI & NBF	18	133162047	15.1277
INSURANCE COMPANIES	19	18182607	2.0656
MUTUAL FUNDS	38	12067352	1.3709
GENERAL PUBLIC (LOCAL)	58334	208504378	23.6869
GENERAL PUBLIC (FOREIGN)	3095	24458868	2.7786
OTHERS	210	31588871	3.5886
FOREIGN COMPANIES	28	34431007	3.9115
APPROVED FUND	66	15208531	1.7277
Company Total	61818	880253228	100.0000

PATTERN OF SHAREHOLDING ADDITIONAL INFORMATION

As on June 30, 2021

Shareholders Category	No. of Shares Held
Associated Companies	
Pakistan Water and Power Development Authority	354,311,133
KAPCO Employees Empowerment Trust	48,252,429
Mutual Funds	
UNICOL LIMITED EMPLOYEES PROVIDENT FUND	1,000.00
HRSG OUTSOURCING (PVT) LIMITED EMPLOYEES GRATUITY FUND	32,000.00
TRUSTEE CHERAT CEMENT CO.LTD.EMPPRO.FND	15,000.00
MCBFSL - TRUSTEE JS VALUE FUND	415,500.00
CDC - TRUSTEE JS LARGE CAP FUND	291,000.00
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1,335,000.00
CDC - TRUSTEE UBL GROWTH AND INCOME FUND	571,500.00
CDC - TRUSTEE ALFALAH GHP VALUE FUND	90,000.00
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	423,000.00
CDC - TRUSTEE AKD INDEX TRACKER FUND	108,779.00
CDC - TRUSTEE HBL ENERGY FUND	579,000.00
CDC - TRUSTEE NBP STOCK FUND	1,099,500.00
CDC - TRUSTEE APF-EQUITY SUB FUND	75,000.00
CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	130,500.00
MC FSL TRUSTEE JS - INCOME FUND	251,500.00
MC FSL - TRUSTEE JS GROWTH FUND	1,044,000.00
CDC - TRUSTEE ALFALAH GHP STOCK FUND	495,000.00
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	264,500.00
CDC - TRUSTEE NIT STATE ENTERPRISE FUND	526,284.00
CDC - TRUSTEE FIRST HABIB STOCK FUND	123,000.00
CDC - TRUSTEE LAKSON EQUITY FUND	1,040,463.00
CDC - TRUSTEE NBP MAHANA AMDANI FUND - MT	1,228,500.00
CDC-TRUSTEE UBL INCOME OPPORTUNITY FUND	28,000.00
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	60,000.00
CDC - TRUSTEE NIT INCOME FUND - MT	100,000.00
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	100,000.00
CDC - TRUSTEE AWT INCOME FUND	73,500.00
CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	58,000.00
CDC - TRUSTEE NBP INCOME OPPORTUNITY FUND - MT	474,500.00
CDC-TRUSTEE NITPF EQUITY SUB-FUND	20,000.00
CDC-TRUSTEE NITPF EQUITY SUB-FUND	13,000.00
CDC - TRUSTEE NBP SAVINGS FUND - MT	38,500.00
ABA ALI HABIB SECURITIES (PVT) LIMITED - MF	103,000.00
CDC - TRUSTEE FAYSAL MTS FUND - MT	37,500.00
CDC - TRUSTEE LAKSON TACTICAL FUND	128,326.00
CDC - TRUSTEE FIRST HABIB ASSET ALLOCATION FUND	35,500.00
CDC - TRUSTEE ALLIED FINERGY FUND	654,500.00
CDC - TRUSTEE HBL INCOME FUND - MT	3,000.00

Shareholders Category	No. of Shares Held
Directors, CEO, their spouses and minor children	
Lt. General Muzammil Hussain (Retd.)	1
Mr. Aftab Mahmood Butt	1,000
Mr. Aqeel Ahmed Nasir	500
Mr. Hafiz Muhammad Yousaf	1
Mr. Naveed Asghar Chaudhry	1
Mr. Saad Iqbal	84,500
Mr. Jamil Akhtar	1
Ms. Zunaira Azhar	1
Executives	321,576
Public Sector Companies and Corporations	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and	232,573,063
Approved Funds (Pension Funds, Provident Funds, Gratuity Funds etc.)	
General Public (Local)	208,182,802
General Public (Foreign)	24,458,868
Shareholders holding 5% or more voting interest	
Pakistan Water and Power Development Authority	354,311,133
United Bank Limited - Trading Portfolio	67,900,000
KAPCO Employees Empowerment Trust	48,252,429

None of the CEO, Directors, CFO, Company Secretary, Head of Internal Auditors, Executives and their spouses and minor children have traded in the shares of the Company during the year ended June 30, 2021

Name	No of shares purchased	No. of shares sold
Mr. Saad Iqbal, Director	-	3,700,000
Mr. M. Rabnawaz Anjum, CFO	5,000	-
Mr. Waheed Sohail, Executive	25,000	-
Mr. M. Jamal Younus, Executive	50,000	-
Mr. Muhammad Ahmed Javed, Executive	43,500	1,000

CORPORATE HOLDING 10,000 SHARES AND ABOVE

As on June 30, 2021

MEMBERS NAME	NO OF SHARES
THE PAKISTAN WATER & POWER DEVELOPMENT AUTHORITY	354311133
UNITED BANK LIMITED - TRADING PORTFOLIO	67900000
KAPCO EMPLOYEES EMPOWERMENT TRUST	48252429
NATIONAL BANK OF PAKISTAN	17000000
MCB BANK LIMITED - TREASURY	15662000
VANGUARD EMERGING MARKETS STOCK INDEX FUND	7660721
BANK AL HABIB LIMITED	7469500
TRUSTEE - MCB PROVIDENT FUND PAK STAFF	7046000
STATE LIFE INSURANCE CORP. OF PAKISTAN	6593894
THE SAUDI PAK INDUSTRIAL & AGRICUL. INVESTMENT CO. LTD. - PMD	6000000
TRUSTEE-MCB EMPLOYEES PENSION FUND	5804000
ADAMJEE INSURANCE COMPANY LIMITED	5731000
MACKENZIE EMERGING MARKETS FUND	5531500
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	4901009
HABIB BANK LIMITED-TREASURY DIVISION	3947500
THE BANK OF PUNJAB, TREASURY DIVISION.	3694000
FAYSAL BANK LIMITED	3643000
DJM SECURITIES LIMITED	3420000
NCC - PRE SETTLEMENT DELIVERY ACCOUNT	2702804
PAK BRUNEI INVESTMENT COMPANY LIMITED	2700000
BULK MANAGEMENT PAKISTAN (PVT.) LTD.	2645000
ASKARI BANK LIMITED	2519000
VANGUARD FIDUCIARY TRUST CO INST TTL INTL STK MK INDX TRU II	2415500
SAMBA BANK LIMITED - MT	1999000
PAK-OMAN INVESTMENT COMPANY LTD. - MT	1911500
MCB BANK LIMITED - TREASURY	1816000
ACADIAN FRONTIER MARKETS EQUITY FUND	1544500
TRUSTEES OF FRIENDS EDUCATIONAL AND MEDICAL TRUST	1519000
E. F. U. GENERAL INSURANCE LIMITED	1500000
CLSA GLOBAL MARKETS PTE. LTD.	1400000
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1335000
VANGUARD FTSE ALL-WORLD EX-US SMALL CAP INDEX FUND	1328108
MACKENZIE EMERGING MARKETS CLASS	1294500
DOUBLE RIVER INVESTMENTS LIMITED	1250000
CDC - TRUSTEE NBP MAHANA AMDANI FUND - MT	1228500
NATIONAL INSURANCE COMPANY LIMITED	1181944
EMPLOYEES OLD AGE BENEFITS INSTITUTION	1151400
THE AGA KHAN UNIVERSITY FOUNDATION	1146530
J HOLDINGS (PRIVATE) LIMITED	1125000
CDC - TRUSTEE NBP STOCK FUND	1099500
ISMAIL IQBAL SECURITIES (PVT) LTD.	1044500
MC FSL - TRUSTEE JS GROWTH FUND	1044000
CDC - TRUSTEE LAKSON EQUITY FUND	1040463
ADAMJEE LIFE ASSURANCE COMPANY LIMITED	1012000
ARROWSTREET (CANADA) GLOBAL WORLD ALPHA EXTENSION FUND I	959500
MACKENZIE EMERGING MARKETS SMALL CAP FUND	959000
GLOBAL X FUNDS-GLOBAL X MSCI PAKISTAN ETF	840321
HABIB INSURANCE CO.LIMITED	800000
WESTBURY (PRIVATE) LTD	735000
MRA SECURITIES LIMITED - MF	731000
CDC - TRUSTEE ALLIED FINERGY FUND	654500
J.P. MORGAN SECURITIES PLC	634184
AHSAM SECURITIES (PVT) LIMITED	621000
AGVEN (PVT.) LIMITED	620000
BANK ALFALAH LIMITED	600000
CDC - TRUSTEE HBL ENERGY FUND	579000
AL-ABBAS EDUCATIONAL AND WELFARE SOCIETY	573000
CDC - TRUSTEE UBL GROWTH AND INCOME FUND	571500
ARROWSTREET (CANADA) GLOBAL WORLD FUND I	555000
MACKENZIE EMERGING MARKETS OPPORTUNITIES FUND	539000
CDC - TRUSTEE NIT STATE ENTERPRISE FUND	526284
MACKENZIE EMERGING MARKETS SMALL CAP MASTER FUND (CAYMAN) LP	516500
VANGUARD TOTAL WORLD STOCK INDEX FUND	514500
PAK LIBYA HOLDING COMPANY (PVT.) LIMITED	500000
LUCKY TEX PAKISTAN (PVT.) LIMITED	500000
CDC - TRUSTEE ALFALAH GHP STOCK FUND	495000
SURAJ COTTON MILLS LTD.	475000
CDC - TRUSTEE NBP INCOME OPPORTUNITY FUND - MT	474500

MEMBERS NAME	NO OF SHARES
EFU GENERAL INSURANCE LIMITED	450000
TEACHERS RETIREMENT SYSTEM OF THE STATE OF ILLINOIS	445500
TRUSTEES WORLD MEMON FND.COMM.CEN.TRUST	430000
ARROWSTREET GLOBAL EQUITY FUND	428000
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	423000
MCBFSL - TRUSTEE JS VALUE FUND	415500
BANK AL-HABIB LIMITED-ISLAMIC BANKING DIVISION	403500
SIIT-WORLD SELECT EQUITY FUND	327500
TRUSTEES MOHAMAD AMIN WAKF ESTATE	325000
TRUSTEE PAKISTAN PETROLEUM EXECUTIVE STAFF PENSION FUND	311000
GLOBE MANAGERMENTS (PRIVATE) LIMITED	305000
FATIMA FERTILIZER COMPANY LTD	300000
GAZIPURA SECURITIES & SERVICES (PRIVATE) LIMITED	299000
CDC - TRUSTEE JS LARGE CAP. FUND	291000
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	264500
EDULJEE DINSHAW (PVT.) LIMITED	264000
NESTLE PAKISTAN LIMITED EMPLOYEES PENSION FUND	254519
MC FSL TRUSTEE JS - INCOME FUND	251500
MARIAM ALI MUHAMMAD TABBA FOUNDATION	250000
CAPITAL ONE EQUITIES LIMITED.	206500
VANGUARD FIDUCIARY TRST CO INST TOTAL INTL STCK MRKT IND TRU	203162
ALFALAH INSURANCE COMPANY LIMITED	200000
TRUSTEES ALOO&MINOCHER DINSHAW CHR.TRUST	200000
MULTIPLE INVESTMENT MANAGEMENT LTD	200000
TRUSTEE NATIONAL REFINERY LTD. MANAGEMENT STAFF PENSION FUND	199761
UBL INSURERS LIMITED	185000
PAKISTAN TELECOMMUNICATION EMPLOYEES TRUST	183500
MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES LIMITED	174000
NESTLE PAKISTAN LTD, EMPLOYEES GRATUITY FUND	170628
PREMIER INSURANCE LIMITED	165470
TRUSTEES HOMMIE&JAMSHED NUSSEERWANJEE C.T	150000
TRUSTEE PAKISTAN PETROLEUM NON EXECUTIVE STAFF PENSION FUND	145000
CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	130500
PITC EMPLOYEES TRUST (PENSION) FUND	130000
CDC - TRUSTEE LAKSON TACTICAL FUND	128326
RELIANCE INSURANCE COMPANY LTD.	125000
MERCHANT CONSTRUCTION CO.(PVT) LIMTIED	125000
A. H. M. SECURITIES (PRIVATE) LIMITED	125000
CDC - TRUSTEE FIRST HABIB STOCK FUND	123000
MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES LTD. - MF	122500
TRUSTEES OF HAJI MOHAMMED WELFARE TRUST	110000
TRUSTEES OF SAMAD CHARITABLE TRUST	110000
AMIN FERROZ & CO (PRIVATE) LIMITED	109500
CDC - TRUSTEE AKD INDEX TRACKER FUND	108779
ABA ALI HABIB SECURITIES (PVT) LIMITED - MF	103000
EFU LIFE ASSURANCE LIMITED	100000
CDC - TRUSTEE NIT INCOME FUND - MT	100000
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	100000
NASEEM ENTERPRISES & TRADING (PRIVATE) LIMITED	100000
TRUSTEES MCB EMPLOYEES FOUNDATION	100000
TAHAFFUZ (PRIVATE) LIMITED	100000
KODVAWALA TRUST	100000
LAKHANI SECURITIES (PVT) LTD.	100000
TRUSTEE PAKISTAN PETROLEUM SENIOR PROVIDENT FUND	100000
PAKISTAN HUMAN DEVELOPMENT FUND	98000
TRUSTEE OF PTC STAFF PENSION FUND	91977
CDC - TRUSTEE ALFALAH GHP VALUE FUND	90000
M. N. TEXTILES (PRIVATE) LIMITED	90000
TRUSTEES AL-BADER WELFARE TRUST	87000
128 SECURITIES (PVT) LTD.	85000
ANAM FABRICS (PVT) LTD.	80500
ISMAILIA YOUTH SERVICES	80000
CUMBERLAND (PVT) LIMITED	80000
VANGUARD ESG INTERNATIONAL STOCK ETF	77500
GPH SECURITIES (PVT). LTD.	75500
CDC - TRUSTEE APF-EQUITY SUB FUND	75000
CDC - TRUSTEE AWT INCOME FUND	73500
ADAMJEE LIFE ASSURANCE COMPANY LTD. EMPLOYEES GRATUITY FUND	71000

CORPORATE HOLDING 10,000 SHARES AND ABOVE

As on June 30, 2021

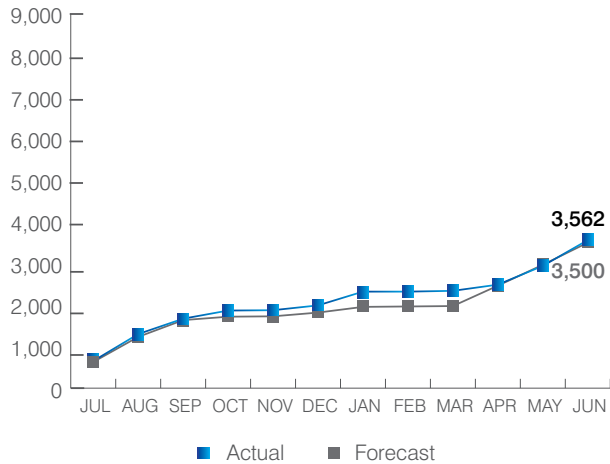
MEMBERS NAME	NO OF SHARES
BIPL SECURITIES LIMITED - MF	70500
TRUSTEES OF PHILIP MORRIS (PAKISTAN) LIMITED E.C.PF TRUST	69500
MRA SECURITIES LIMITED	67000
PEARL ENGINEERING (PVT) LTD	66000
TRUSTEES OF PAKISTAN HUMAN DEVELOPMENT FUND	66000
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	60000
NAEL CAPITAL (PVT) LIMITED	60000
MUHAMMAD TARIQ MOTI SECURITIES (PVT) LTD.	59000
CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	58000
TRUSTEES OF GHORI TRUST	57000
TRUSTEES OF PAKISTAN MOBILE COMMUNICATION LTD-PROVIDENT FUND	57000
TRUSTEE PAKISTAN PETROLEUM JUNIOR PROVIDENT FUND	55000
MERRILL LYNCH INTERNATIONAL	54500
M/S RANG COMMODITIES (PVT) LTD	53500
TRUSTEE OF PTC MANAGEMENT PROVIDENT FUND	52909
ZAHID LATIF KHAN SECURITIES (PVT) LTD.	52500
FIKREES (PRIVATE) LIMITED	51000
KIRAN FOUNDATION	50500
GHAFF LIMITED	50000
TRUSTEES SAEEDA AMIN WAKF	50000
FAWAD YUSUF SECURITIES (PVT.) LIMITED	50000
FIVE RIVERS TECHNOLOGIES (PVT.) LIMITED	50000
MRC TEXTILES (PRIVATE) LIMITED	50000
SURAJ COTTON MILLS LIMITED	50000
ARSHAD TEXTILE MILLS LIMITED	50000
MERCHANT INVESTMENTS (PRIVATE) LIMITED	50000
TRUSTEES OF MIRPURKHAS SUGAR MILLS LTD EMP PROVIDENT FUND	50000
WELLCOME PAKISTAN LIMITED PROVIDENT FUND	50000
FATIMA FERT LIMITED MANAGEMENT STAFF PROVIDENT FUND	50000
EFG HERMES PAKISTAN LIMITED - MF	46500
TRUSTEE PAKISTAN PETROLEUM NON EXECUTIVE STAFF GRATUITY FUND	45500
MOHAMAD AMIN BROS (PVT) LIMITED	45000
HAMID ADAMJEE TRUST	45000
BAWA SECURITIES (PVT) LTD. - MF	45000
NISHAT CHUNIAN LIMITED EMPLOYEES PROVIDENT FUND	44000
ONTEX PAKISTAN (PRIVATE) LIMITED EMPLOYEES GRATUITY FUND	40500
ALASKA PERMANENT FUND CORPORATION	40500
AIMNAZ (PRIVATE) LIMITED	40000
TRUSTEES OF ARL MANAGEMENT STAFF PENSION FUND	40000
SHAKOO (PVT) LTD.	39500
RAFI SECURITIES (PRIVATE) LIMITED	39450
CDC - TRUSTEE NBP SAVINGS FUND - MT	38500
FLOAT SECURITIES (PVT) LIMITED	38000
CDC - TRUSTEE FAYSAL MTS FUND - MT	37500
QUADRIA WELFARE TRUST	37000
TOPLINE SECURITIES LIMITED - MF	37000
CENTURY INSURANCE COMPANY LTD.	36799
TRUSTEES OF PHILIP MORRIS (PAKISTAN) LIMITED EMPL G.F TRUST	36000
CDC - TRUSTEE FIRST HABIB ASSET ALLOCATION FUND	35500
INTERMARKET SECURITIES LIMITED - MF	35000
TRUSTEES PAKISTAN PETROLEUM EXECUTIVE STAFF GRATUITY FUND	35000
TRUSTEE-FAR EASTERN IMPEX (PRIVATE) LIMITED EMP. PROV. FUND	35000
RIAZ AHMED SECURITIES (PVT) LTD.	34500
TRUSTEE-THE KOT ADDU POWER CO. LTD. EMPLOYEES PENSION FUND	34000
TRUSTEES OF KHATIJA ADAMJEE FOUNDATION	33000
HRSG OUTSOURCING (PVT) LIMITED EMPLOYEES GRATUITY FUND	32000
AKY SECURITIES (PVT) LTD.	32000
TRUSTEE PAK. PETROLEUM EXEC. STAFF PEN. FUND DC CONVENTIONAL	32000
TRUSTEE OF PTC EMPLOYEES PROVIDENT FUND	30600
PAKISTAN REINSURANCE COMPANY LIMITED	30000
B & B SECURITIES (PRIVATE) LIMITED	30000
TRUSTEE - FEROZE AND SHERNAZ BHANDARA CHARITABLE TRUST	30000
TRUSTEES LEINER PAK GELATINE LTD EMPLOYEES PROVIDENT FUND	30000
FIRST CREDIT & INVESTMENT BANK LIMITED	29500
CDC-TRUSTEE UBL INCOME OPPORTUNITY FUND	28000
LSE FINANCIAL SERVICES LIMITED - MT	26500
YOUSUF YAQOOB KOLIA AND COMPANY (PRIVATE) LIMITED	25500
ABRIS (PVT) LTD	25000

MEMBERS NAME	NO OF SHARES
AL-RAHIM TRADING COMPANY (PRIVATE) LIMITED	25000
FDM CAPITAL SECURITIES (PVT) LIMITED	25000
THE AL-MALIK CHARITABLE TRUST	25000
HAMID ADAMJEE TRUST	25000
N. U. A. SECURITIES (PRIVATE) LIMITED - MF	25000
MONEYLINE SECURITIES (PRIVATE) LIMITED	22000
TRUSTEES S.M.SOHAIL TRUST	21500
CDC-TRUSTEE NITIPF EQUITY SUB-FUND	20000
THE PAKISTAN MEMON WOMEN EDUCATIONAL SOCIETY	20000
ORIENTAL SECURITIES (PVT) LTD.	20000
MULTILINE SECURITIES LIMITED	20000
GROWTH SECURITIES (PRIVATE) LIMITED - MF	20000
WAH NOBEL (PRIVATE) LIMITED MANAGEMENT STAFF PENSION FUND	20000
TRUSTEES TREET CORP LTD-GROUP EMPLOYEES SUPERANNUATION FUND	20000
THAL LIMITED EMPLOYEES PROVIDENT FUND	19000
ASDA SECURITIES (PVT.) LTD.	18500
DOSSA COTTON & GENERAL TRADING (PVT) LIMITED	17500
TRUSTEE CHERAT CEMENT CO.LTD.EMP:PRO.FND	15000
THE PAKISTAN MEMON WOMEN EDUCATIONAL SOC	15000
TERMINAL ONE LIMITED	15000
BEGUM AISHA AHMED AND LATIF BAWANY FOUNDATION	15000
FDM CAPITAL SECURITIES (PVT) LIMITED	15000
TRUSTEE KARACHI PARS ANJUMAN TRUST FUND	15000
BROADAXIS TECHNOLOGIES (PRIVATE) LIMITED	15000
TRUSTEES OF MIRPURKHAS SUGAR MILLS LIMITED EMP GRATUITY FUND	15000
TRUSTEES OF ZENSOF (PVT) LTD EMPL. PROVIDENT FUND	15000
ENGRO FERTILIZERS LIMITED NON-MPT EMPLOYEES GRATUITY FUND	15000
TREET CORPORATION LIMITED-GROUP EMPLOYEES PROVIDENT FUND	15000
BACKERS & PARTNERS (PRIVATE) LIMITED - MF	14835
PAKISTAN HERALD PUBLICATIONS (PVT) LTD. STAFF PENSION FUND	14000
CDC-TRUSTEE NITPF EQUITY SUB-FUND	13000
SUNRAYS TEXTILE MILLS LIMITED	13000
HABIB EDUCATION TRUST STAFF PROVIDENT FUND	13000
TRUSTEES MOOSA LAWAI FOUNDATION	12500
AL-FARAN MULTIPURPOSE COOPERATIVE SOCIETY LIMITED	12300
TRUST SECURITIES & BROKERAGE LIMITED - MF	12000
TRUSTEE-ANPL MANAGEMENT STAFF GRATUITY FUND	12000
HH MISBAH SECURITIES (PRIVATE) LIMITED	11000
INA SECURITIES (PVT) LTD	11000
TRUSTEE-MILLAT TRACTORS LTD. EMPLOYEES PENSION FUND	11000
JUBILEE LIFE INSURANCE COMPANY LIMITED	10500
ZAFAR MOTI CAPITAL SECURITIES (PVT) LTD.	10100
PAKISTAN MEMON EDUCATIONAL & WELFARE SOC	10000
SIKANDER (PVT) LIMITED	10000
TRUSTEES OF FAROUKH&ROSHEN KARANI TRUST	10000
BANDENAWAZ (PVT) LTD	10000
TECHNOLOGY LINKS (PVT.) LIMITED	10000
MERIN (PRIVATE) LIMITED	10000
DALAL SECURITIES (PVT) LTD.	10000
TRUSTEES OF AL-MUSTAFA TRUST	10000
NOOR AUTOMOBILES (PVT.) LIMITED	10000
TRUSTEE-TREET CORPORATION LTD.-GROUP EMPSUPERANNUATION FUND	10000
DARSON SECURITIES LIMITED	10000
PERIDOT PRODUCTS (PVT) LIMITED	10000
BANDENAWAZ (PVT) LTD.	10000
MUHAMMAD SALIM KASMANI SECURITIES (PVT.) LTD.	10000
CMA SECURITIES (PVT) LIMITED	10000
THE TRUSTEES, ZOROASTRIAN CO-OP. HOUSING SOCIETY	10000
AMIN AGENCIES (PRIVATE) LIMITED	10000
FAWAD YUSUF SECURITIES (PRIVATE) LIMITED - MF	10000
GREAVES PAKISTAN (PRIVATE) LIMITED, EMPLOYEES PROVIDENT FUND	10000
TRUSTEE-ANPL MANAGEMENT STAFF PENSION FUND	10000
TRUSTEES TREET CORP LIMITED-GROUP EMPLOYEES PROVIDENT FUND	10000
TRUSTEES TREET CORP LIMITED-GROUP EMPLOYEES GRATUITY FUND	10000
TRUSTEE - SEAGOLD (PRIVATE) LIMITED EMPLOYEES PROVIDENT FUND	10000
TRUSTEE - GREAVES PAKISTAN (PVT) LTD. - STAFF GRATUITY FUND	10000
FATIMA FERT LIMITED WORKERS GRATUITY FUND	10000

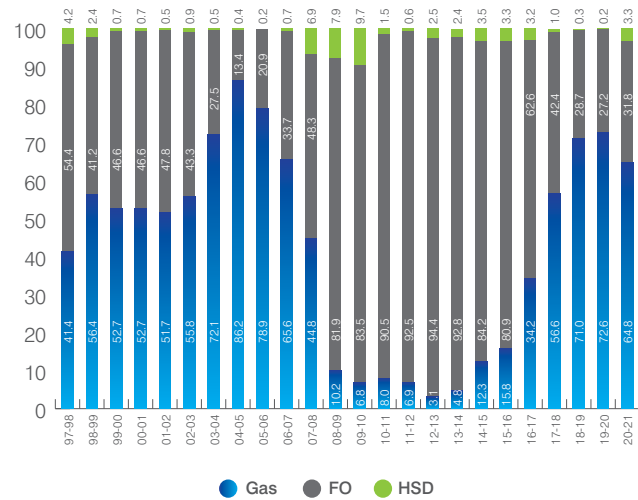
HIGHLIGHTS

Complex Net Output - GWh

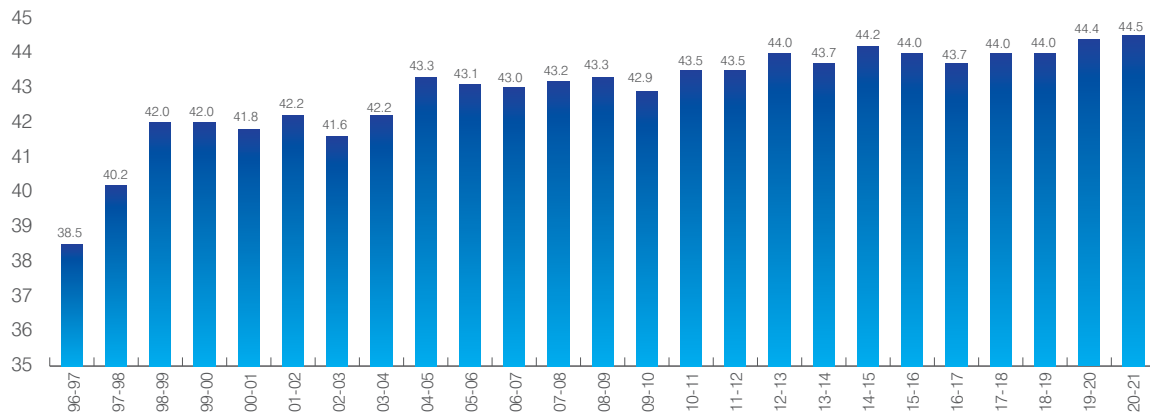
Actual v Forecast 2020-21



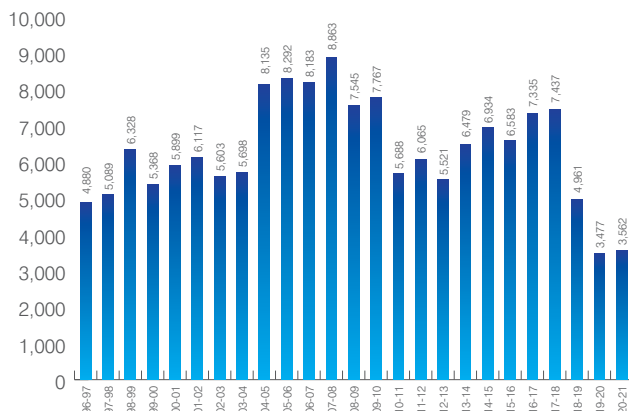
Generation By Fuel %



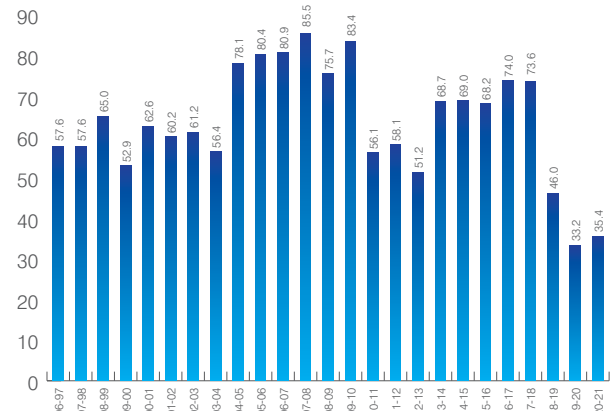
Thermal Efficiency %



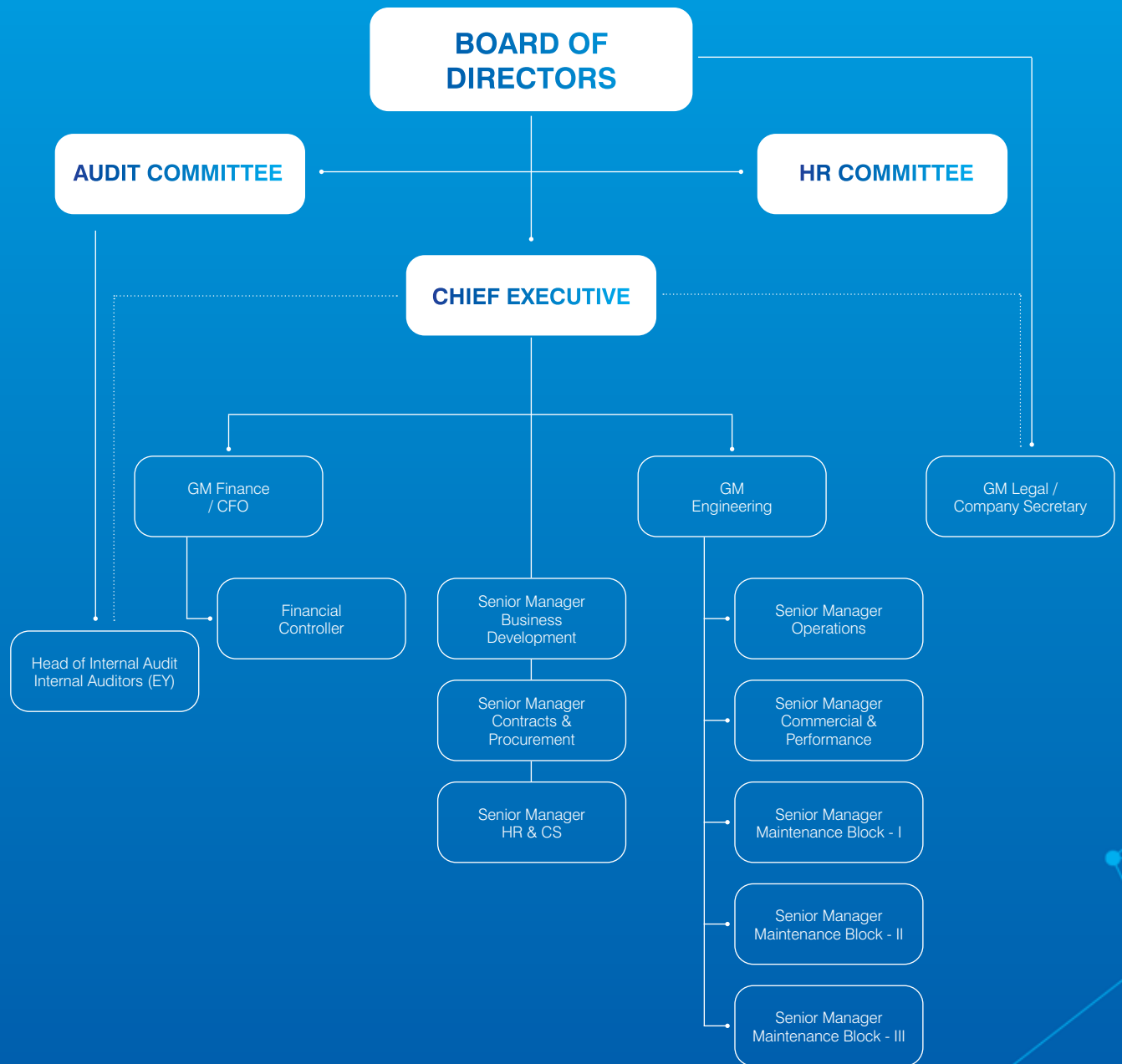
NOP GWh



Plant Utilisation %



ORGANIZATIONAL STRUCTURE*



— Functional Reporting
 Administrative Reporting

* Board of Directors' and Senior Management of the Company.



Sitting From Left to Right

M. Rabnawaz Anjum		Khalid Pervaiz Bajwa		Lt General Muzammil Hussain (Retd.)
Aftab Mahmood Butt		A. Anthony Rath		



EXECUTIVE & MANAGEMENT COMMITTEES

Executive Committee:

The Executive Committee consists of the Departmental Heads and is chaired by the Chief Executive. Its function include formulating, reviewing, communicating and managing the delivery of the Company's strategy; agreeing and recommending the Business Plan to the Board of Directors; and managing the delivery of the agreed Business Plan. The Executive Committee meets from time to time to coordinate activities and to take up any matters/issues.

Management Committee:

The Management Committee consists of the Departmental Heads and the Senior Managers and is chaired by the Chief Executive. Its function include in-depth Departmental reviews so as to create synergies within the Company. The Management Committee meets regularly.



Mr. Aftab Mahmood Butt

Chief Executive



Mr. Khalid Pervaiz Bajwa

GM Engineering



Mr. A. Anthony Rath

GM Legal / Company Secretary



Mr. M. Rabnawaz Anjum

GM Finance / Chief Financial Officer

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES

(Code of Corporate Governance) Regulations, 2019

Name of Company

Kot Addu Power Company Limited

Year Ended

June 30, 2021

The Company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the "Regulations") in the following manner:

1. The total number of directors are eight (8) as per the following:
 - a) Male: Seven (7)
 - b) Female: One (1)
2. The composition of the Board of Directors (the "Board") is as follows:

Category	Names
Independent Directors	<ul style="list-style-type: none">• Mr. Aqeel Ahmed Nasir• Mr. Hafiz Muhammad Yousaf• Mr. Saad Iqbal• Ms. Zunaira Azhar
Executive Directors	<ul style="list-style-type: none">• Mr. Aftab Mahmood Butt (Chief Executive)
Non-Executive Directors	<ul style="list-style-type: none">• Lt. General Muzammil Hussain (Retd)• Mr. Naveed Asghar Chaudhry• Mr. Jamil Akhtar

3. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Company.
4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained by the Company.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the "Act"), the Company's Articles of Association and the Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board.
8. The Board has a formal policy and transparent procedure for remuneration of Directors in accordance with the Act and the Regulations.
9. Training programmes were arranged for the following directors:
 - **Mr. Naveed Asghar Chaudhry**
(Non-Executive Director)
 - **Mr. Jamil Akhtar**
(Non-Executive Director)
 - **Ms. Zunaira Azhar**
(Non-Executive Director)
10. The Board has approved the appointment of the Chief Financial Officer and Head of Internal Audit including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. The Company Secretary was appointed prior to the listing of the Company.
11. The Chief Executive and Chief Financial Officer duly endorsed the financial statements before approval by the Board.
12. The Board has formed Board Committees comprising of following:

Audit Committee

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

HR Committee

Mr. Aqeel Ahmed Nasir	Chairman
Mr. Aftab Mahmood Butt	Member/Chief Executive
Mr. Naveed Asghar Chaudhry	Member

LDS Committee

Mr. Aqeel Ahmed Nasir	Chairman
Mr. Aftab Mahmood Butt	Member/Chief Executive
Mr. Saad Iqbal	Member

Special Committee

Mr. Naveed Asghar Chaudhry	Chairman
Mr. Aftab Mahmood Butt	Member/Chief Executive
Mr. Aqeel Ahmed Nasir	Member

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

14. The frequency of Board Committee (year ended June 30, 2021) meetings are as follows:

Audit Committee	Seven (7)
HR Committee	Three (3)
LDs Committee	Four (4)
Special Committee	One (1)

15. The Board has outsourced the internal audit function to EY Ford Rhodes, Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan; that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not close relatives (spouse, parent, dependent and non-dependent children) of the Chief Executive, Chief Financial Officer, Head of Internal Audit, Company Secretary or Directors of the Company.

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

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

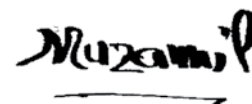
For and on behalf of the Board



Aftab Mahmood Butt

Chief Executive

August 17, 2021
Lahore



Lt. General Muzammil Hussain (R)

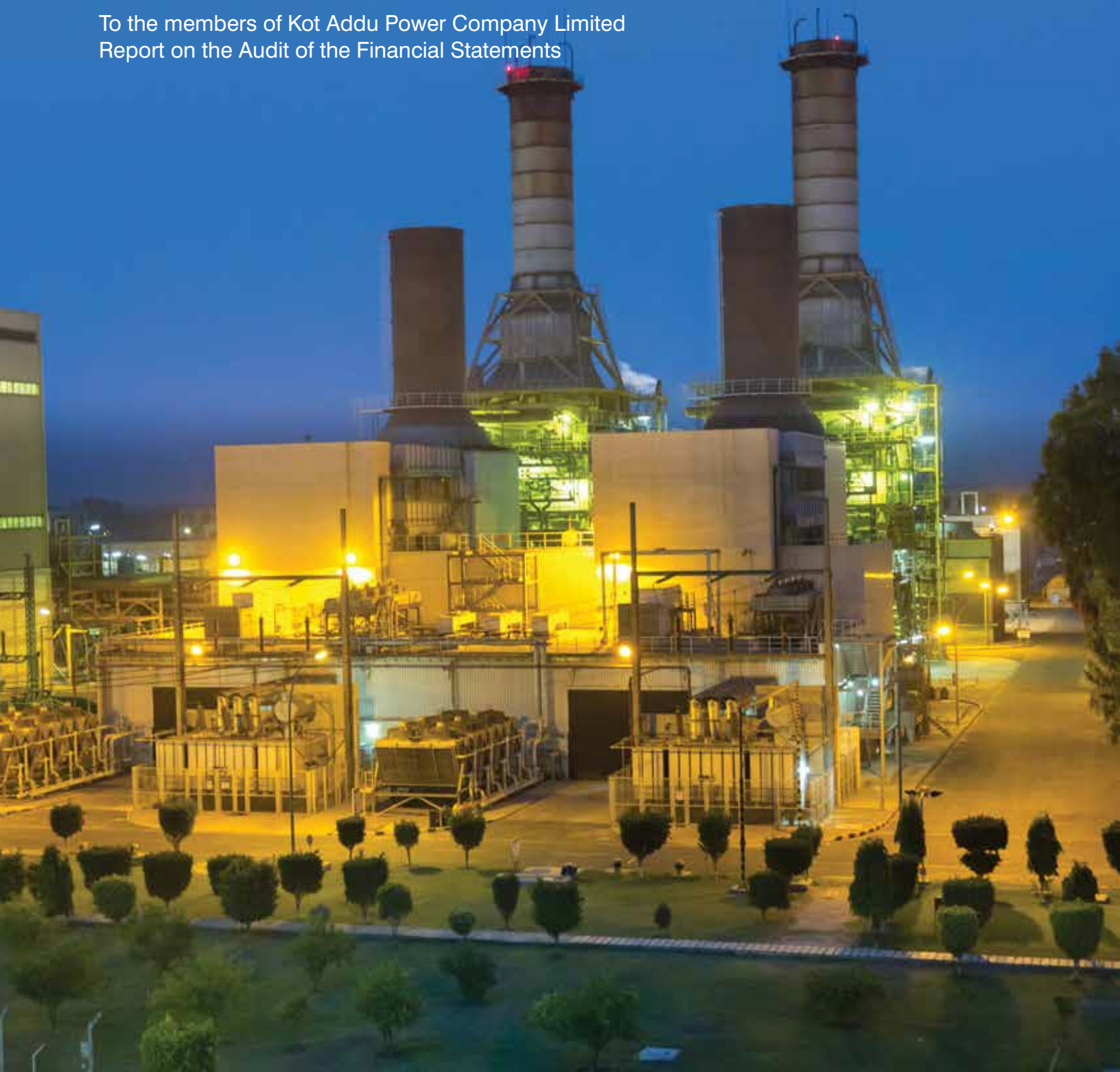
Chairman, Board of Directors

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Kot Addu Power Company Limited
Review Report on the Statement of Compliance contained in Listed
Companies (Code of Corporate Governance) Regulations, 2019

INDEPENDENT AUDITOR'S REPORT

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



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Kot Addu Power Company Limited
Review Report on the Statement of Compliance contained in Listed Companies
(Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Kot Addu Power Company Limited for the year ended June 30, 2021 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Director's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021.



A. F. Ferguson & Co

Chartered Accountants

Name of engagement partner: Amer Raza Mir

Lahore

Date: September 24, 2021

A.F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
23-C, Aziz Avenue, Canal Bank, Gulberg-V, P.O.Box 39, Lahore-54660, Pakistan
Tel: +92 (42) 3571 5868-71 / 3577 5747-50 Fax: +92 (42) 3577 5754 www.pwc.com/pk

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the annexed financial statements of Kot Addu Power Company Limited (the Company), which comprise the statement of financial position as at June 30, 2021, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
(i)	<p>Amendment to the Power Purchase Agreement (Refer notes 2.2 and 8.1 to the financial statements)</p> <p>The Power Purchase Agreement (PPA) of the Company was initially for a term of 25 years and due to expire on June 26, 2021.</p> <p>However, during the year ended June 30, 2021, the Company signed the Third Amendment to the PPA and Master Agreement (the Agreements) with the Power Purchaser, whereby, the outages due to fuel shortage during the period 2008 to 2016 has been treated as Other Force Majeure Event ('OFME') under the PPA and consequently, existing Term of PPA has been extended by 485 days, till October 24, 2022.</p> <p>Based on the understanding of both the parties, it has been agreed that the amount of Rs 19,287 million representing Capacity Purchase Price (CPP) of the OFME period (485 days) already received will be treated as advance against future CPP. Accordingly, this advance will be adjusted, and the related revenue recorded, over the period June 27, 2021 to October 24, 2022 upon satisfaction of the underlying performance obligation i.e. ensuring the availability of the Plant.</p> <p>Furthermore, as per the Master Agreement the Power Purchaser has agreed to extend the PPA for an additional term following the expiry of the extended term, subject to agreement of terms and conditions. Moreover, the Company will also have the option to sell to Bulk Power Consumers under the umbrella of a competitive power market which the Government of Pakistan intends to create.</p> <p>Signing of the above-mentioned Agreements is a significant event during the year and the evaluation of its impact involves significant management judgement, therefore, we considered this as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Obtained the Agreements and checked approvals of the relevant authorities (Board of Directors of the Company, shareholders of the Company, Power Purchaser and Government of Pakistan); Inspected the minutes of the meetings of Board of Directors during and subsequent to the year ended June 30, 2021; Examined the letter of understanding signed by the Power Purchaser and the Company with respect to the transaction; Matched the amount of revenue recorded as advance with the underlying supporting documentation; Obtained and examined correspondence with relevant authorities pertaining to further extension of PPA; Obtained the projections for the next 12 months and discussed the underlying assumptions with the management of the Company; Checked approval of the projection by the Board of Directors of the Company; Obtained written representations from the management regarding their business plans underlying the projection; and Assessed the appropriateness of the accounting treatment and related disclosures in the financial statements as per applicable accounting and financial reporting framework.
(ii)	<p>Contingent Taxation Liabilities (Refer note 12.1.1 and 12.1.2 to the financial statements)</p> <p>The Company has contingent liabilities in respect of various income and sales tax matters, which are pending adjudication before the taxation authorities and the Courts of law.</p> <p>Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provision that may be required against such contingencies.</p> <p>Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgments and estimates to assess the same including related financial impacts, we considered contingent liabilities relating to income and sales tax, a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Obtained and examined details of the pending tax matters and discussed the same with the Company's management; Circularized confirmations to the Company's external tax counsels for their views on open tax assessments and matters. Furthermore, examined prior years' precedents of outcomes in favor of the Company at various forums related to matters under consideration which support the Company's stance; Examined correspondence of the Company with the relevant authorities including judgements or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved; Involved in-house tax specialists to assess management's conclusion on contingent tax matters and to evaluate the consistency of such conclusions with the views of the management and external tax advisors engaged by the Company; and Assessed the adequacy and appropriateness of the related disclosures in the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw

attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Other Matter

The financial statements of the Company for the year ended June 30, 2020 were audited by another firm of auditors whose report, dated September 17, 2020, expressed an unmodified opinion on those financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Amer Raza Mir.



A. F. Ferguson & Co

Chartered Accountants

Lahore

Date: September 24, 2021

FINANCIAL STATEMENTS

For the year ended June 30, 2021

STATEMENT OF FINANCIAL POSITION

As at June 30, 2021

	Note	2021 (Rupees in thousand)	2020
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
3,600,000,000 (2020: 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 (2020: 880,253,228) ordinary shares of Rs 10 each	5	8,802,532	8,802,532
Capital reserve	6	444,451	444,451
Unappropriated profit		55,976,628	51,103,528
		65,223,611	60,350,511
NON-CURRENT LIABILITIES			
Lease liabilities	7	3,443	11,065
Contract liability	8	4,613,061	–
Deferred liabilities	9	9,223,790	8,505,835
		13,840,294	8,516,900
CURRENT LIABILITIES			
Current portion of lease liabilities	7	7,105	14,288
Current portion of contract liability	8	14,515,237	–
Finances under mark-up arrangements - secured	10	36,257,334	44,062,195
Trade and other payables	11	17,177,916	20,784,614
Unpaid dividend		4,401,266	–
Unclaimed dividend		810,833	794,671
		73,169,691	65,655,768
CONTINGENCIES AND COMMITMENTS			
	12	152,233,596	134,523,179

The annexed notes from 1 to 42 form an integral part of these financial statements.



Aftab Mahmood Butt
Chief Executive Officer



M. Rabnawaz Anjum
Chief Financial Officer



Hafiz Muhammad Yousaf
Director

	Note	2021 (Rupees in thousand)	2020
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	3,068,225	4,106,460
Intangible assets	14	3,529	7,235
Right of use assets	15	7,455	19,064
Long term loans and deposits	16	6,419	12,508
Staff retirement benefits	17	435,286	—
		3,520,914	4,145,267
CURRENT ASSETS			
Stores and spares	18	3,181,423	3,855,364
Stock-in-trade	19	5,921,887	2,700,672
Trade debts	20	104,622,431	119,903,511
Investments at fair value	21	25,670,360	—
Income tax due from government		1,504,400	1,540,711
Loans, advances, deposits, prepayments and other receivables	22	6,528,658	1,542,408
Cash and bank balances	23	1,283,523	835,246
		148,712,682	130,377,912
		152,233,596	134,523,179



Aftab Mahmood Butt
Chief Executive Officer



M. Rabnawaz Anjum
Chief Financial Officer



Hafiz Muhammad Yousaf
Director

STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2021

	Note	2021 (Rupees in thousand)	2020
Sales	24	69,636,395	71,543,299
Adjustment to Capacity Purchase Price	8.1	(19,287,369)	—
Net sales		50,349,026	71,543,299
Cost of sales	25	(45,098,016)	(50,065,134)
Gross profit		5,251,010	21,478,165
Administrative expenses	26	(952,620)	(872,749)
Other income	27	13,220,591	20,806,245
Operating profit		17,518,981	41,411,661
Finance cost	28	(3,108,239)	(8,457,417)
Profit before tax		14,410,742	32,954,244
Taxation	29	(4,181,318)	(9,341,051)
Profit for the year		10,229,424	23,613,193
Earnings per share - basic and diluted	Rupees 38	11.62	26.83

The annexed notes from 1 to 42 form an integral part of these financial statements.



Aftab Mahmood Butt
Chief Executive Officer



M. Rabnawaz Anjum
Chief Financial Officer



Hafiz Muhammad Yousaf
Director

STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2021

	2021	2020
	(Rupees in thousand)	
Profit for the year	10,229,424	23,613,193
Items that will not be reclassified subsequently to profit or loss:		
- Re-measurement of net defined benefit obligation - net of tax	365,322	(462,689)
Other comprehensive income / (loss) for the year - net of tax	365,322	(462,689)
Total comprehensive income for the year	10,594,746	23,150,504

The annexed notes from 1 to 42 form an integral part of these financial statements.



Aftab Mahmood Butt
Chief Executive Officer



M. Rabnawaz Anjum
Chief Financial Officer



Hafiz Muhammad Yousaf
Director

STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2021

	Share capital	Capital reserve	Un-appropriated profit	Total
		(Rupees in thousand)		
Balance as at June 30, 2019	8,802,532	444,451	31,914,164	41,161,147
Transactions with owners:				
Final dividend for the year ended				
June 30, 2019 - Rs 3.00 per share	—	—	(2,640,760)	(2,640,760)
Profit for the year	—	—	23,613,193	23,613,193
Other comprehensive loss:				
- Re-measurement of net defined benefit obligation - net of tax	—	—	(462,689)	(462,689)
Total comprehensive income for the year	—	—	23,150,504	23,150,504
Transactions with owners:				
Interim dividend for the year ended				
June 30, 2020 - Rs 1.50 per share	—	—	(1,320,380)	(1,320,380)
Balance as at June 30, 2020	8,802,532	444,451	51,103,528	60,350,511
Profit for the year	—	—	10,229,424	10,229,424
Other comprehensive income:				
- Re-measurement of net defined benefit obligation - net of tax	—	—	365,322	365,322
Total comprehensive income for the year	—	—	10,594,746	10,594,746
Transactions with owners:				
Interim dividend for the year ended				
June 30, 2021 - Rs 1.50 per share	—	—	(1,320,380)	(1,320,380)
Interim dividend for the year ended declared				
June 30, 2021 - Rs 5.00 per share	—	—	(4,401,266)	(4,401,266)
Balance as at June 30, 2021	8,802,532	444,451	55,976,628	65,223,611

The annexed notes from 1 to 42 form an integral part of these financial statements.



Aftab Mahmood Butt
Chief Executive Officer



M. Rabnawaz Anjum
Chief Financial Officer



Hafiz Muhammad Yousaf
Director

STATEMENT OF CASH FLOWS

For the year ended June 30, 2021

	Note	2021 (Rupees in thousand)	2020
Cash flows from operating activities			
Cash generated from operations	35	47,246,717	30,342,443
Finance cost paid		(8,420,290)	(11,222,512)
Taxes paid		(3,269,487)	(5,032,077)
Staff retirement benefits paid		(549,891)	(27,626)
Net cash generated from operating activities		35,007,049	14,060,228
Cash flows from investing activities			
Fixed capital expenditure including acquisition of intangible assets		(25,433)	(28,726)
Income on bank deposits received		252,055	75,746
Net decrease in long term loans and deposits		6,089	12,887
Investments acquired during the year		(25,670,360)	–
Proceeds from sale of property, plant and equipment		2,761	7,386
Net cash (used in) / generated from investing activities		(25,434,888)	67,293
Cash flows from financing activities			
Repayment of lease liabilities		(14,805)	(12,729)
Dividend paid		(1,304,218)	(4,511,369)
Net cash used in financing activities		(1,319,023)	(4,524,098)
Net increase in cash and cash equivalents		8,253,138	9,603,423
Cash and cash equivalents at beginning of the year		(43,226,949)	(52,830,372)
Cash and cash equivalents at the end of the year	36	(34,973,811)	(43,226,949)

The annexed notes from 1 to 42 form an integral part of these financial statements.



Aftab Mahmood Butt
Chief Executive Officer



M. Rabnawaz Anjum
Chief Financial Officer



Hafiz Muhammad Yousaf
Director

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

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 has been extended by 16 months during the current year and is due to expire on October 24, 2022. WAPDA has 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 Company has a plant site, a corporate office and a registered office. The Company has a plant site at Kot Addu, a corporate office located in Lahore and registered office located in Islamabad.

2 Basis of preparation

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Whenever the requirements of the Companies Act, 2017 or the directives issued by the SECP differ with the requirements of IFRS or IFAS, the requirements of the Companies Act, 2017 and the said directives, shall prevail.

2.2 PPA expiry and going concern assumption

The existing PPA which was initially for a term of 25 years was due to expire on June 26, 2021. In line with terms and conditions of the PPA, the Company had taken-up the matter for renewal / extension or revision of PPA with the Water and Power Development Authority (WAPDA) and other relevant quarters of the Government of Pakistan (GoP).

On June 03, 2020, the Government formed a negotiation committee (the Committee) to initiate discussion with Independent Power Producers (IPPs) on various matters, which inter alia, included tariff concessions and other terms and conditions of respective PPAs and also to coordinate with other GoP institutions, including Ministry of Energy, CPPA-G, WAPDA, National Electric Power Regulatory Authority (NEPRA), National Transmission and Dispatch Company (NTDC) etc. for this purpose. After several discussions with the Committee, a Memorandum of Understanding (MoU) was signed between the Committee and the Company on August 19, 2020.

Subsequent to the MoU, the GoP through notification dated October 7, 2020 constituted the Implementation Committee to finalize the binding agreement based on the MoU referred above. After several discussions with the Implementation Committee, WAPDA signed the Third Amendment to the PPA and Master Agreement (the Agreements) on February 11, 2021. Thereafter, these Agreements were approved by the Shareholders of the Company vide an Extra Ordinary General Meeting on March 24, 2021. Furthermore, the required amendments to the Facilitation Agreement and GoP Guarantee were approved by the Federal Government on May 21, 2021 after which these Agreements were binding on the relevant parties.

Pursuant to the terms of these Agreements, the outages due to fuel shortage during the period 2008-2016 have been treated as Other Force Majeure Event (OFME) under the PPA and consequently, existing Term of PPA has been extended by 485 days (16 months). During this extended period of 16 (sixteen) months (OFME Period Extension), the Company has waived and foregone any right to receive payment for any portion of the Capacity Purchase Price (CPP)

due and payable during the OFME Period Extension. However, during this extended period, the Company will receive Energy Payments and other pass-through items.

The Company will also receive its outstanding receivables amounting to Rs 99,002 million due from Power Purchaser as on November 30, 2020 in two tranches. Accordingly, pursuant to these Agreements, the Company received Rs 39,601 million as the 1st tranche (40%) on June 04, 2021. The remaining amount is expected to be recovered within six months from the date of the first tranche as per the terms of the Agreements. Further, the Company has provided a tariff reduction of 11% in escalable portion of CPP between June 04, 2021 and June 26, 2021. The tariff reduction of 11% will also apply to Variable Operations and Maintenance portion of Energy Purchase Price (EPP) invoicing starting from the date of receipt of 1st tranche i.e. June 04, 2021.

Furthermore, as per the Agreements, both the parties will approach the International Chamber of Commerce (ICC) Tribunal for withdrawal of their respective claims and counter claims relating to the pending liquidated damages disputes. Accordingly, during the year, the Company and CPPA-G filed a joint application before the ICC Tribunal for withdrawal of claims and counterclaims and termination of the Liquidated Damages Arbitration Proceedings.

In line with the Agreements referred above, the existing PPA will now expire on October 24, 2022. Furthermore, the Company's generation license with NEPRA is also due to expire on September 21, 2021.

However, the management of the Company strongly believes that the PPA will be extended for an additional term following the expiry of the extended term since as per the terms of the Master Agreement, the Power Purchaser has agreed to consent to this, subject to terms and conditions to be mutually agreed. Accordingly, the management has taken up this matter with the relevant Authorities and initiated the legal formalities in this regard including those required for renewal of generation license. The recent correspondences with such Authorities indicate a strong likelihood for extension of the PPA beyond the extended term as well as renewal of generation license.

The other factors which supports the management's stance for extension of the PPA and renewal of generation license are as follows:

- its significance to the Power Purchaser due to its certain distinct capabilities such as being a multi-fuel power plant, having a black start facility, providing an extensive fuel storage facility and its contribution to the national power grid;
- its strategic location in mid of the country and being a major feeding source for distribution companies of central and lower Punjab; and
- the remaining useful life of the plant is at least 10 years as per the life assessment study carried out by an independent foreign consultant in the month of June 2021.

Furthermore, the GoP intends to create a competitive power market. As per the terms of the Master Agreement, the Company shall actively support and participate in the competitive trading arrangement when it is implemented and becomes fully operational. Under this arrangement, the Company will also have the option to sell electricity to other Bulk Power Consumers through wheeling arrangements. The Company is currently in discussion with certain Bulk Power Consumers for supply of electricity. The Company has also shared the technical evaluation of remaining useful life of the plant, carried out by an independent foreign consultant referred above with one of the Bulk Power Consumers who is currently evaluating the same.

Accordingly, the management believes that the Company will continue as a going concern in the foreseeable future. Therefore, these financial statements have been prepared on a going concern basis.

2.3 [New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2021](#)

Certain standard amendments and interpretations to approved accounting standards are effective for the accounting periods beginning on or after July 1, 2020 but are considered not to be relevant or to have any significant effect on the Company operations and are, therefore, not detailed in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

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

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

2.4.1 Standards or interpretations with no significant impact Effective date (annual period beginning on or after)

Amendments to IFRS 9 'Financial Instruments interest rate benchmarks'	January 01, 2021
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Amendments to IAS 16 'Property, Plant and Equipment', prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use.	January 01, 2022
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Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' regarding the costs to include when assessing whether a contract is onerous.	January 01, 2022
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Annual Improvements 2018-2020	January 01, 2022
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Narrow scope amendments to IFRS 3	January 01, 2022
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Classification of liabilities as current or non-current (Amendments to IAS 1).	January 01, 2023
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Amendments to IAS 8 'Accounting policies, changes in accounting estimates and errors'	January 01, 2023
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Other than the aforesaid standards, interpretations and amendments, the IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1 – First Time Adoption of International Financial Reporting Standards

IFRS 17 – Insurance Contracts

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

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

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

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

	2021	2020
	(Rupees in thousand)	
De-recognition of property, plant and equipment	(2,269,112)	(4,023,152)
Recognition of lease debtor	–	2,339,110
Decrease in deferred tax liability	659,741	315,824
Decrease in un-appropriated profit at the beginning of the year	(241,153)	(3,335,319)
(Decrease) / Increase in profit for the year	(1,368,218)	1,967,101
Decrease in un-appropriated profit at the end of the year	(1,609,371)	(1,368,218)

2.5.3 IFRS 2 (Amendment), 'Share-based Payment – Group Cash-settled Share-based Payment Transactions' effective for annual periods beginning on or after January 1, 2010.

The IASB amended IFRS 2 whereby an entity receiving goods or services is to apply this IFRS in accounting for group cash-settled share-based payment transactions in its financial statements when that entity has no obligation to settle the share-based payment transaction.

On August 14, 2009, the GoP launched Benazir Employees' Stock Option Scheme ("the Scheme") for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises (non-SOEs) where GoP holds significant investment. The Scheme is applicable to permanent and contractual employees who were in employment of these entities, on the date of launch of the scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer this Scheme, GoP transferred 12% of its investment in such SOEs and non-SOEs to a Trust Fund created for the purpose by each of such entities. The eligible employees would be allotted units by each Trust Fund in proportion to their respective length of service. On retirement or termination such employees would be entitled to receive such amounts from Trust Fund in exchange for the surrendered units as would be determined based on market price for listed entities or breakup value for non-listed entities. The shares relating to the surrendered units would be transferred back to GoP.

The Scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit-holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to Central Revolving Fund managed by the Privatization Commission of Pakistan for payment to employees against surrendered units. The deficit, if any, in Trust Fund to meet the re-purchase commitments would be met by GoP.

The Scheme, developed in compliance with stated GoP Policy of empowerment of employees of SOEs need to be accounted for by the covered entities, including the Company, under the provisions of amended IFRS 2. However, keeping in the view the difficulties that may be faced by entities covered under the scheme, the SECP on receiving representations from some of entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan (ICAP), has granted exemption to such entities from the application of IFRS 2 to the Scheme as per S.R.O. 587 (I) / 2011 dated June 7, 2011.

Had the exemption not been granted, the staff costs of the Company for the year would have been higher by Rs 1,032 million (2020: Rs 250 million), profit after taxation would have been lower by Rs 660 million (2020: Rs 160 million), retained earnings would have been lower by Rs 660 million (2020: Rs 160 million) and earnings per share would have been lower by Rs 0.75 per share (2020: Rs 0.18 per share).

During the year ended June 30, 2021, the Company received letter from GoP dated June 9, 2021, advising the Company to close-off the Scheme in light of the order / judgement of Honorable Supreme Court of Pakistan. The

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For the year ended June 30, 2021

detailed order / judgement of Honorable Supreme Court of Pakistan are awaited to proceed for closure of the Scheme. As per the management, there will be no material impact of the order on the financial statements of the Company.

3 Basis of measurement

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

The Company's significant accounting policies are stated in note 4. Some of these significant policies may require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

a) Staff retirement benefits

The Company uses the valuation performed by an independent actuary as the present value of its retirement benefit obligations. The valuation is based on assumptions as mentioned in note 4.2.

b) Provision for taxation

Where there is uncertainty in income tax accounting i.e. when it is not probable that the tax authorities will accept the treatment, the impact of the uncertainty is measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty as explained in note 4.1.

c) Useful life and residual values of property, plant and equipment

The Company reviews the useful lives, residual values and indicators for impairment of property, plant and equipment on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

d) Provision for obsolescence of stores and spares

The Company reviews stores and spares inventory items based on the technical evaluation(s) conducted in-house by the technical team. Provision is recognized against items determined to be obsolete and / or not expected to be used up till the expiry of PPA term.

e) Investments at fair value

The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

4 Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for

current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years. Such judgements are reassessed whenever circumstances have changes or there is new information that affects the judgements. Where, at the assessment stage, the taxation authorities have adopted a different tax treatment and the Company considers that the most likely outcome will be in favour of the Company, the amounts are shown as contingent liabilities.

Previously, income of the Company derived from the power station up to June 27, 2006 was exempt from income tax under clause 138 of the Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Company was also exempt from minimum tax under clause 13(A) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 for the period it continued to be entitled to exemption under clause 138 of the Part I of the Second Schedule i.e. up to June 27, 2006. Thereafter, the income of the Company is taxable under the provisions of the Income Tax Ordinance, 2001.

Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses and tax credits can be utilised.

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 to the statement of profit or loss, except in the case of items charged or credited to other comprehensive income / equity in which case it is included in other comprehensive income or in the statement of changes in equity as the case may be.

4.2 Staff retirement benefits

The main features of the schemes operated by the Company for its employees are as follows:

- a) The Company operates an approved funded defined benefit pension scheme for all eligible employees with a qualifying service period of ten years. Monthly contribution is made to the fund on the basis of actuarial recommendation. The latest actuarial valuation was carried out as at June 30, 2021. The actual return on plan assets during the year is Rs 563 million (2020: Rs 344 million). The actual return on plan assets represents the difference between the fair value of plan assets at beginning of the year and end of the year, after adjustments for contributions made by the Company, as reduced by benefits paid during the year.

The future contribution rate includes allowances for deficit and surplus. Projected unit credit method, using the following significant assumptions, is used for valuation of the scheme:

- Discount rate: 10.00 percent per annum (2020: 9.25 percent per annum).
- Expected rate of increase in salary level: 9.50 percent per annum (2020: 8.75 percent per annum).
- Expected rate of increase in pension: 5.00 percent per annum (2020: 5.00 percent per annum).
- Average duration of the plan: 8.75 years (2020: 10.77 years).
- Mortality rates: SLIC 2001 - 2005 Setback 1 Year.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

- b) The Company also operates an approved funded contributory provident fund for all employees. Equal monthly contributions are made by both the Company and the employees to the fund.
- c) The Company provides medical facilities to its retired employees and eligible dependent family members along with free electricity. Provisions are made annually to cover the obligation on the basis of actuarial valuation and are charged to income. The latest actuarial valuation was carried out as at June 30, 2021.

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

- Discount rate: 10.00 percent per annum (2020: 9.25 percent per annum).
- Expected rate of increase in medical cost: 7.75 percent per annum (2020: 7.00 percent per annum).
- Expected rate of increase in electricity benefit: 10.00 percent per annum (2020: 9.25 percent per annum).
- Average duration of the plan: 16.10 years (2020: 16.65 years).
- Mortality rates: SLIC (2001-05)-1.

- d) The Company has other long term employee benefits which includes the encashment of frozen leaves for eligible employees and a lumpsum amount payable to staff under Charter of Demand settlement. Frozen leaves can be encashed upto 180 days at the time of retirement. Lumpsum amount is payable to staff members at the rate of Rs 450,000 or Rs 510,000 per person according to the grade of respective staff member at the time of retirement. The liability is calculated in present value terms by taking into account the expected date of retirement of employees, the available balance of frozen leaves and/or the expected salary at the date of retirement.

Retirement benefits are payable to all regular employees on completion of prescribed qualifying period of service under these schemes.

The Company's policy with regard to actuarial gains/losses is to immediately recognise all actuarial losses and gains in other comprehensive income under IAS 19, 'Employee Benefits'.

4.3 Property, plant and equipment

Property, plant and equipment except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. Cost represents the acquisition price of assets transferred to the Company in accordance with the Transfer Agreement signed between WAPDA and the Company on June 26, 1996 based on a valuation by M/s Stone and Webster using depreciated replacement cost basis.

Depreciation on all property, plant and equipment is charged to profit or loss account on the straight line method so as to write off the depreciable amount of an asset over the economic useful life or the remaining term of PPA, whichever is lower, using the annual rates mentioned in note 13 after taking their residual values into account.

The assets' residual values and estimated useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant. For change in accounting estimate for the year ended June 30, 2021, as referred to in note 4.3.1, the Company has revised its useful lives of assets due to extension of the PPA. The residual values have been determined based on the expected selling prices of items at the end of the useful lives or expiry of the PPA, whichever is earlier.

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed off.

The Company assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in income currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Major plant modifications and improvements are capitalised. Overhauls, maintenance and repairs are charged to profit or loss as and when incurred. The gain or loss on disposal or retirement of an asset, represented by the difference between the sale proceeds and the carrying amount of the asset, is recognised as an income or expense.

Blades for Gas Turbines are considered a separate category of assets. All blades are depreciated at the annual rate as mentioned in note 13 regardless of whether they are in use or not. Refurbishment costs are accrued and charged to profit or loss account.

4.3.1 Change in accounting estimate - useful life of assets

As described in note 2.2 to the financial statements, the PPA of the Company has been extended for a period of 16 months, therefore the remaining useful lives of all assets have been revised during the year so that the depreciable amount of assets is written off over the economic life or the extended term of PPA, whichever is lower. Such a change has been accounted for as a change in an accounting estimate in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Had these useful lives not been changed, the depreciation / amortisation for the year would have been higher by Rs 1,156 million and profit after tax for the year would have been lower by Rs 821 million (EPS impact – Rs 0.93 per share). Future profits before tax would increase by Rs 1,156 million as at that date.

4.4 Intangible assets

Expenditure incurred to acquire computer software are capitalised as intangible assets and stated at cost less accumulated amortization and any identified impairment loss. Intangible assets are amortized using the straight line method so as to write off the depreciable amount of an asset over its estimated useful life at the annual rates mentioned in note 14.

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

Amortization on additions to intangible assets is charged from the month in which an asset is acquired or capitalised, while no amortization is charged for the month in which the asset is disposed off.

The Company assesses at each reporting date whether there is any indication that intangible asset may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in income currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

4.5 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss.

4.6 Leases

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

4.6.1 Right of use assets

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

4.6.2 Lessee accounting

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

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

To determine the incremental borrowing rate, the Company:

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

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

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

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if

the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit and loss if the carrying amount of right-to-use asset has been reduced to zero.

4.6.3 Lessor accounting

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

4.7 Ijarah contracts

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

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

4.8 Stores and spares

Usable stores and spares are valued principally at weighted average cost. Impairment provision is recognised against items determined to be obsolete and / or not expected to be used up till the expiry of PPA. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Refurbishable items are valued at the lower of cost and net realisable value. Cost of refurbishment is charged to the profit or loss account as it is incurred. The item is charged to the profit or loss account when, upon inspection, it cannot be refurbished. Provision is made in the financial statements for obsolete and slow moving stock-in-trade based on management's best estimate.

4.9 Stock-in-trade

Stock-in-trade except for those in transit are valued at lower of cost based on First In First Out (FIFO) and net realisable value.

Materials in transit are stated at cost comprising invoice value plus other charges paid thereon.

Net realisable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale. Provision is made in the financial statements for obsolete and slow moving stock-in-trade based on management's best estimate.

4.10 Financial instruments

4.10.1 Financial assets

In accordance with the requirements of IFRS 9 'Financial Instruments', the Company classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

a) Financial assets at amortised cost

Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these

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For the year ended June 30, 2021

financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in statement of profit or loss.

As at the reporting date, the Company carries cash and cash equivalents, trade debts, due from related parties and employees' advances at amortised cost.

b) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

As at reporting date, the Company does not hold any debt instruments classified as fair value through other comprehensive income.

c) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in statement of profit or loss in the period in which it arises.

Financial assets are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and derecognition of the financial assets and liabilities is included in the statement of profit or loss for the period in which it arises.

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

Equity instrument financial assets / mutual funds are measured at fair value at and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognised in statement of profit or loss. Dividends from such investments continue to be recognised in statement of profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to statement of profit or loss following the derecognition of the investment.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

4.10.2 Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) on financial assets, except for financial assets due from Government. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The Company performs impairment testing of trade debts relating to Government receivables, using the incurred loss method in accordance with the requirements of IAS 39 'Financial Instruments - Recognition and Measurement'.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For debt instruments at amortised cost (other than trade receivables and contract assets) and fair value through OCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company writes off financial assets when there is information indicating that the amount is not recoverable due to the conflict in invoices with customer. Financial assets written-off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made against financial assets written-off are recognised in profit or loss.

4.10.3 Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, and financial liabilities at amortised cost, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and loans and borrowings including running finance facilities.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the statement of profit or loss.

4.11 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognised amount and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

4.12 Long term loans and deposits

Loans and deposits are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in non-current assets for having maturities greater than 12 months after the reporting date. Initially they are recognised at fair value and subsequently stated at amortized cost.

4.13 Trade debts

Trade debts are carried at a value to be received less an estimate made for loss allowance based on a review of all outstanding amounts at the year end. Bad debts are written off when identified. Furthermore, the Company holds the trade debts with the objective of collecting the contractual cashflows and therefore measures the trade debts subsequently at amortised cost using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

4.14 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and finances under mark-up arrangements. In the statement of financial position, finances under mark-up arrangements are included in current liabilities.

4.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss account over the period of the borrowings using the effective interest method. Finance costs are accounted for on an accrual basis and are reported under accrued finance costs to the extent of the amount remaining unpaid.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

4.16 Trade and other payables

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and / or services received, whether or not billed to the Company.

4.17 Foreign currencies

a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees (PKR), which is the Company's functional and presentation currency. Figures have been rounded off to nearest thousand of Rupees, unless otherwise stated.

b) Transactions and balances

Foreign currency transactions are translated into PKR using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss account.

4.18 Borrowing costs

Mark-up, interest and other charges on borrowings are capitalised up to the date of commissioning of the related property, plant and equipment, acquired out of the proceeds of such borrowings. All other mark-up, interest and other charges are charged to income.

4.19 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed periodically and adjusted to reflect the current best estimates.

4.20 Dividend

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

4.21 Segment reporting

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

4.22 Revenue recognition

Revenue on account of energy is recognised on transmission of electricity to CPPA-G, whereas revenue on account of capacity is recognised when due, using the 'performance obligation satisfied over time' approach under IFRS 15 as the customer simultaneously receives and consumes the benefits provided by the Company's performance. There is no significant financing component attached to the receivables from the customer. Company submits invoices of energy and capacity on monthly basis in arrears and have credit period of 25 days.

The true-up income on CPP is recognised upon the receipt of the underlying CPP invoices, wholly or partially as provided in clause 13.4(iv) of Part II of Schedule 6 to the PPA. The true-up income contains 'Variable Consideration' as it is subject to significant uncertainties attributable to certain factors. These factors include but not limited to the timing of receipt of underlying CPP invoices, PKR / USD parity at the time of receipts etc. Since the amount of consideration is highly susceptible to factors outside the Company's influence, therefore the true-up income is recognised only to the extent of firmed up consideration.

Interest income is accrued on a time basis, by reference to the amounts outstanding and effective interest rate applicable.

4.23 Contract liabilities

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

4.24 Contingent liabilities

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

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5 Issued, subscribed and paid up capital

2021 (Number of shares)	2020		2021 (Rupees in thousand)	2020
253,000	253,000	Ordinary shares of Rs 10 each fully paid in cash	2,530	2,530
		Ordinary shares of Rs 10 each issued as fully paid for		
880,000,228	880,000,228	consideration other than cash	8,800,002	8,800,002
880,253,228	880,253,228		8,802,532	8,802,532

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

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

	2021 (Number of shares)	2020
Pakistan Water and Power Development Authority (WAPDA)	354,311,133	354,311,133
KAPCO Employees Empowerment Trust [Formed under Benazir Employees' Stock Option Scheme (BESOS)]	48,252,429	48,252,429
	402,563,562	402,563,562

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

6 Capital reserve

This represents the value of fuel stock taken over by the Company at the time of take over of Kot Addu Gas Turbine Power Station from WAPDA. The value of stock was not included in the valuation of assets at the time of take over.

	Note	2021 (Rupees in thousand)	2020
7 Lease liabilities			
Present value of minimum lease payments	7.2	10,548	25,353
Less: Current portion shown under current liabilities		(7,105)	(14,288)
		3,443	11,065

7.1 Reconciliation of carrying amount

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

	2021 (Rupees in thousand)	2020
Opening balance	25,353	38,082
Additions during the year	—	—
Interests on lease liability	1,542	4,133
Payments made during the year	(16,347)	(16,862)
Lease liability as at June 30	10,548	25,353
Current portion shown under current liabilities	(7,105)	(14,288)
Long term lease liability as at June 30	3,443	11,065

- 7.2. Minimum lease payments have been discounted at an implicit interest rate ranging from 8.5 percent to 17.1 percent (2020: 12.1 percent to 17.1 percent) per annum to arrive at their present values. The lessee has the option to purchase the assets after expiry of the lease term. Taxes, repairs, replacements and insurance costs are to be borne by the lessee.

The amount of future payments of the lease and the period in which these payments will become due are as follows:

	Minimum lease payment	Future finance charge	Present value of lease liability
	(Rupees in thousand)		
2021			
Not later than one year	7,660	555	7,105
Later than one year and not later than five years	3,586	143	3,443
	11,246	698	10,548
2020			
Not later than one year	15,543	1,255	14,288
Later than one year and not later than five years	11,614	549	11,065
	27,157	1,804	25,353

	Note	2021 (Rupees in thousand)	2020
8 Contract liability			
Adjustment to CPP	8.1	19,287,369	—
Less: amount recognised as revenue during the year	24	(159,071)	—
		19,128,298	—
Less: current portion of contract liability		(14,515,237)	—
		4,613,061	—

8.1 Adjustment to CPP

As described in note 2.2, the Company signed a Master agreement and the Third Amendment to the Power Purchase Agreement on February 11, 2021 which later became binding on May 21, 2021. Pursuant to the terms and approval of these Agreements, the outages due to fuel shortage during the period 2008 to 2016 have been treated as Other Force Majeure Event (OFME) under the PPA and consequently, existing Term of PPA has been extended by 485 days (approximately 16 months). Pursuant to a letter of understanding signed by both parties on March 30, 2021, it has been agreed that the amount of Rs 19,287 million representing Capacity Purchase Price (CPP) of the OFME period (485 days) already received will be treated as advance against future CPP. During the OFME extension period, no CPP invoices will be raised. Accordingly, this advance will be adjusted, and the related revenue will be recorded over the period from June 27, 2021 to October 24, 2022 upon satisfaction of the underlying performance obligation i.e. ensuring the availability of the Plant.

	Note	2021 (Rupees in thousand)	2020
9 Deferred liabilities			
Deferred taxation	9.1	8,285,535	7,260,685
Staff retirement benefits	9.2	938,255	1,245,150
		9,223,790	8,505,835

For the year ended June 30, 2021

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	Post retirement medical		Post retirement free electricity	
	2021	2020	2021	2020
	(Rupees in thousand)			
The movement in the present value of defined benefit obligation is as follows:				
Present value of defined benefit obligation as at July 1	192,764	175,061	567,338	563,106
Current service cost	4,054	4,094	11,388	12,899
Interest cost for the year	17,905	25,086	52,760	80,821
Benefits paid during the year	(6,633)	(4,104)	(8,164)	(6,924)
Remeasurement loss / (gain) recognised in other comprehensive income	4,400	(7,373)	(78,560)	(82,564)
Present value of defined benefit obligation as at June 30	212,490	192,764	544,762	567,338

The present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of post retirement medical is as follows:

	Post retirement medical				
	2021	2020	2019	2018	2017
	(Rupees in thousand)				
As at June 30					
Present value of defined benefit obligations	212,490	192,764	175,061	157,161	141,430
Fair value of plan assets	–	–	–	–	–
Deficit	212,490	192,764	175,061	157,161	141,430
Experience adjustment on obligation - loss / (gain)	4,400	(7,373)	1,537	1,154	(12,882)

The present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of post retirement free electricity is as follows:

	Post retirement free electricity				
	2021	2020	2019	2018	2017
	(Rupees in thousand)				
As at June 30					
Present value of defined benefit obligations	544,762	567,338	563,106	510,575	538,693
Fair value of plan assets	–	–	–	–	–
Deficit	544,762	567,338	563,106	510,575	538,693
Experience adjustment on obligation - gain	(78,560)	(82,564)	(4,355)	(86,535)	(9,778)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

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

	Post retirement medical		Post retirement free electricity	
	2021	2020	2021	2020
	(Rupees in thousand)			
Discount rate + 0.50%	196,339	177,341	500,910	520,109
Discount rate - 0.50%	230,361	209,590	594,325	620,845
Increase in medical cost / electricity benefit + 0.50%	215,283	195,410	553,440	577,147
Increase in medical cost / electricity benefit - 0.50%	209,784	189,695	536,382	557,883
Maturity profile of the defined benefit obligation				
1. Weighted average duration of the benefit (Years)	15.20	15.75	16.10	16.65
2. Distribution of timing of benefit payments (time in years)				
1	2,236	1,879	5,541	5,160
2	5,235	4,294	12,875	11,712
3	6,491	5,261	15,666	14,166
4	7,941	6,477	18,785	17,246
5	9,649	7,806	22,211	20,601
6 to 10	75,009	62,345	174,329	164,148

9.2.2 Movement of other long term benefits

	July 1, 2020	Charge for the year	Payments during the year	June 30, 2021
	(Rupees in thousand)			
Other long term benefits:				
Provision for leave encashment	65,299	34,697	(11,270)	88,726
Provision for lumpsum payment to employees	17,430	87,867	(13,020)	92,277
	82,729	122,564	(24,290)	181,003

9.2.3 Risk exposure

Since the scheme is unfunded, consequently exposure of the funds related to medical and electricity benefits are similar to the risks faced by the Company.

	Note	2021 (Rupees in thousand)	2020
9.2.4 Medical and electricity benefits recognised during the year			
Amount recognised in profit or loss:			
- Loss on medical recognised		21,959	29,180
- Loss on electricity recognised		64,148	93,720
Amount recognised in other comprehensive income:			
- Loss / (gain) on medical recognised		4,400	(7,373)
- Gain on electricity recognised		(78,560)	(82,564)
10 Finances under mark-up arrangements - secured			
- Under conventional finances		21,705,523	20,545,528
- Under Islamic finances		14,551,811	23,516,667
	10.1	36,257,334	44,062,195

10.1 Finances under mark-up arrangements available from various commercial banks amount to Rs 29,967 million (2020: Rs 30,572 million) and finances available under musharika and murabaha arrangements amount to Rs 20,400 million (2020: Rs 24,587 million). The rate of mark-up ranges from 7.0 percent to 10.6 percent (2020: 8.8 percent to 15.1 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 24 percent (2020: 20 percent to 24 percent) per annum on the balances unpaid.

10.2 Letters of credit and bank guarantees

Of the aggregate facility of Rs 240 million (2020: Rs 227 million) for opening letters of credit and Rs 2,504 million (2020: Rs 4 million) for guarantees, the amounts utilised as at June 30, 2021 were Rs 108 million (2020: Rs 83 million) and Rs 2,504 million (2020: Rs 4 million) respectively.

10.3 The aggregate running finances, short term finances and letters of credit and guarantees are secured by joint pari passu charge over current assets up to a limit of Rs 90,792 million (2020: Rs 90,792 million) and ranking charge over current assets up to a limit of Rs 1,334 million (2020: Rs 1,334 million).

10.4 The finances under mark-up arrangements include Nil (2020: Rs 527 million) payable to Samba Bank Limited, a related party.

	Note	2021 (Rupees in thousand)	2020
11 Trade and other payables			
Trade creditors	11.1	1,619,081	705,209
Accrued liabilities	11.2	670,282	514,915
Liquidated damages payable to CPPA-G		55,025	55,025
Mark-up accrued on:			
- Finances under mark-up arrangements - secured		563,274	1,253,959
- Lease liabilities		88	147
- Credit supplies of raw material		9,889,243	14,510,551
		10,452,605	15,764,657
Deposits - interest free repayable on demand	11.3	561	1,066
Workers' Welfare Fund	11.4	378,099	659,091
Differential payable to CPPA-G	11.5	3,938,209	2,800,765
Provident fund payable		11,934	12,264
Others		52,120	271,622
		17,177,916	20,784,614

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

- 11.1 Trade creditors include payable to Pakistan State Oil Company Limited (PSO) amounting to Nil (2020: Rs 473 million) and Sui Northern Gas Pipelines Limited (SNGPL) amounting to Rs 1,557 million (2020: Rs 200 million).
- 11.2 Accrued liabilities include Rs 9 million (2020: Rs 5 million) to CPPA-G, an associated undertaking, against purchase of electricity.
- 11.3 These represent security deposits received against rent and utility charges of shops rented out in colony. None of these deposits is utilisable for Company for other purpose. This amount is kept in separate bank account especially maintained for such purpose in accordance with the provisions of section 217 of the Companies Act, 2017.

	2021	2020
	(Rupees in thousand)	
11.4 Movement in Workers' Welfare Fund is as follows:		
Opening balance	659,091	397,052
Provision made during the year	378,099	659,091
	1,037,190	1,056,143
Payment made during the year	(659,091)	(182,030)
Adjustment	—	(215,022)
Closing balance	378,099	659,091

- 11.5 This represents income tax differential payable to the Power Purchaser in accordance with clause 6.7 and 6.15(a) of Part I of Schedule 6 of PPA on account of difference in income tax rate as provided for in the PPA and the current tax rate as applicable to the Company.

12 Contingencies and commitments

12.1 Contingencies

12.1.1 Income Tax

Following are the various contingencies relating to Income Tax matters:

- (i) Income tax returns of the Company for tax years 2003 to 2007 were filed, wherein, only normal tax depreciation was claimed. However, the aforesaid returns were revised thereby depreciation and initial allowance earlier claimed in respect of assets in the original income tax returns for tax periods upto June 27, 2006 were not claimed being the date upto which the Company was exempt from levy of income tax.

Tax depreciation in income tax return for tax year 2008 was also claimed with resultant written down value carried forward from tax year 2007, as computed in the revised return of income in accordance with position explained above. Such return and revised returns for tax year 2003 to 2007 were amended by Tax Authorities by restoring the earlier position and were also endorsed by Commissioner Inland Revenue (Appeals) 'CIR(A)'. The Company preferred appeal before Appellate Tribunal Inland Revenue (ATIR) against the decision of CIR(A) which was decided in the Company's favor on April 14, 2012.

Subsequently, the Tax Department (Department) filed miscellaneous application for rectification before ATIR which was decided against the Company. Being aggrieved, the Company filed reference with the Honorable Lahore High Court (LHC) against this order. LHC proceeded to set aside the miscellaneous applications and declared the same to be pending before ATIR vide order dated November 12, 2018. Being aggrieved, the Company applied for leave of appeal from the Honorable Supreme Court of Pakistan, which was remanded back to LHC vide order dated August 9,

2019 for deciding the matter afresh after addressing the question of law involved there. The cumulative tax impact of this issue is approximately Rs 2,263 million.

- (ii) Additional Commissioner Inland Revenue (ACIR) amended the assessment of tax year 2016 and issued order dated October 13, 2017 by disallowing certain expenses and created a demand of Rs 1,162 million which was later reduced to Rs 1,077 million through rectification order. The Company filed an appeal before CIR(A), which was partially decided in favour of the Company vide order dated January 04, 2018 and the demand was reduced to Rs 779 million.

Being aggrieved, both the Department and the Company filed appeals before the ATIR. The ATIR proceeded to uphold the order passed by the learned CIR(A). Being aggrieved both the Department and the Company filed appeals before the LHC. The LHC remanded the case back to ATIR for fresh proceedings vide order dated February 13, 2019. The ATIR partially decided the case in favor of the Company vide order dated December 16, 2020. Being aggrieved, the Company filed an appeal in LHC which is pending adjudication.

- (iii) ACIR amended the assessment of tax year 2018 vide order dated May 28, 2019 and created a demand of Rs 277 million by disallowing certain expenses. The Company filed an appeal before CIR(A) against the said order, which was partially decided in favor of the Company vide order dated July 23, 2019. Being aggrieved, the Company filed an appeal before ATIR, which is pending adjudication.
- (iv) ACIR re-initiated proceedings for the tax year 2018 and created a demand of Rs 1,121 million by charging tax on true-up income on accrual basis instead of receipt basis. The Company filed an appeal before CIR(A), which was decided against the Company vide order dated May 28, 2020. Consequently, the Deputy Commissioner Inland Revenue issued recovery notice. Being aggrieved, the Company filed appeal before ATIR, which is pending fixation along with the stay of demand.
- (v) ACIR amended the assessment of tax year 2019 vide order dated March 05, 2020 and created a demand of Rs 2,203 million on account of chargeability of tax on true-up income, late payment income from Power Purchaser and inadmissibility of certain deductions and tax credits under section 65B. The Company filed an appeal before CIR(A), which was partially decided in favor of the Company vide order dated May 28, 2020 and the demand was reduced to Rs 1,604 million. Being aggrieved, the Company filed an appeal before ATIR which is pending adjudication.
- (vi) ACIR amended the assessment of tax year 2020 vide order dated February 01, 2021 and created a demand of Rs 6,121 million on account of chargeability of tax on true-up income, late payment income from Power Purchaser and inadmissibility of few deductions by disallowing certain expenses. Being aggrieved, the Company filed an appeal in CIR(A) against the said order, which is pending fixation.
- (vii) The Deputy Commissioner Inland Revenue (DCIR) issued an order dated June 10, 2021 for non-payment of third quarter advance tax under section 147 of the Income Tax Ordinance, 2001 by creating a demand of Rs 1,510 million. DCIR rejected KAPCO's filed estimate of the taxable income on the premise that expense claimed as result of third amendment to PPA amounting to Rs 19,287 million is a penalty and hence disallowed. Being aggrieved, Company filed an appeal before CIR(A), which is pending fixation.

The management and taxation expert of the Company believes that there are meritorious grounds to defend the above mentioned demands relating to the respective cases, consequently, no provision for current taxation has been recorded in these financial statements with respect to the above matters.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

12.1.2 Sales Tax

Following are the various contingencies relating to Sales Tax matters:

- (i) The Department issued a sales tax order against the Company for the financial period from June 2008 to June 2013 and created a demand of Rs 10,102 million by apportioning input sales tax between CPP invoices and EPP invoices and allowed input sales tax allocated to EPP invoices only. Against the foregoing order, the Company filed an appeal before CIR(A) which was partially decided against the Company. However, CIR(A) instructed the Department to rectify the demand by deleting the sales tax liability in respect of tax periods beyond five years, resulting in reduction of demand by Rs 1,481 million. Being aggrieved, the Company filed an appeal before ATIR against the CIR(A) order which was also decided against the Company. The Company filed petition with LHC against ATIR decision.

The Department also created a demand of Rs 2,933 million for the financial period July 2013 to June 2014 pertaining to aforementioned issue of apportionment of input tax. The Company filed an appeal before CIR(A) who remanded back the demand of Rs 2,933 million till adjudication of petition from LHC on inadmissibility of input tax on Capacity invoices.

The LHC vide its judgement dated October 31, 2016 decided the case in favor of the Company and Company has received the refund from Federal Board of Revenue (FBR) out of the refunds which were withheld by the Department due to above mentioned apportionment issue. The Department has filed civil petition for leave to appeal (CPLA) in the Honorable Supreme Court of Pakistan against the decision of LHC, which is pending adjudication.

- (ii) DCIR issued an assessment order dated August 05, 2020 by rejecting the credit notes claimed by the Company during the tax period from October 2014 to November 2016 and created a demand of Rs 1,100 million. KAPCO filed an appeal before CIR(A). Consequently, the matter was remanded back to CIR for fresh adjudication. CIR finalized the remand back proceedings and confirmed the aforesaid demand vide order dated June 30, 2021. Subsequent to the year end, the Company has filed an appeal with CIR(A).
- (iii) For tax year 2004-2009, a show cause notice was issued by the DCIR in 2015 rejecting KAPCO's deferred refund amounting to Rs 61 million. The Company filed an appeal before CIR(A) who vide its order dated January 30, 2020 remanded the case back to DCIR for fresh verification of all the documents pertaining to refund. Subsequently, DCIR issued an assessment order dated June 25, 2021 wherein all the deferred refunds of the Company were rejected along with imposition of penalty. Being aggrieved, the Company has filed an appeal with CIR(A) against the said order.

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

12.1.3 Others

- (i) Before introduction of amendments in Finance Act 2006, the Company had not established Workers' Profit Participation Fund under the Companies Profit (Workers' Participation) Act, 1968 (the Act) based on the opinion of the legal advisor that it did not employ any person who fell under the definition of Worker as defined in the Act.

Further, the question whether a company to which the Act and its scheme applies but which does not employ any worker is nevertheless obliged to establish and pay contributions into the Fund under the Act and thereafter transfer the same to the Fund established under the WWF Ordinance, 1971 is subjudice before the Sindh High Court, as the Supreme Court of Pakistan accepted the petition of another company and remanded the case to the Sindh High Court for fresh decision in accordance with its order.

Certain amendments were introduced in Finance Act 2006, to relax the conditions of payment of interest and penalty for companies defaulting in creating a Fund under the Act. If it is established that Workers' Profit Participation Fund (WPPF) is applicable to the Company and Company makes the principal payment on or before the date which is yet to be decided by the Federal Government, no such penalty may be imposed and the Company may not be liable to pay interest.

In view of the foregoing, the Company did not make any provision for Workers' Profit Participation Fund and interest thereon in the financial statements up to June 30, 2006.

Subsequent to the amendments in Finance Act 2006, the Company had established the KAPCO Workers' Profit Participation Fund in March 2008 to allocate the amount of annual profits stipulated by the Act for distribution amongst workers eligible to receive such benefits under the Act. Accordingly, contributions to WPPF were duly made up to the year ended June 30, 2015.

In 2017, the Honorable Supreme Court of Pakistan decided that amendments in Workers' Welfare Fund Ordinance, 1971 and Companies Profit (Workers Participation) Act, 1968 cannot be introduced through Finance Act, thereby, the said amendments made through the Finance Act 2006 are void ab initio. Subsequently, the Commissioner Inland Revenue (Peshawar) filed a review petition in the Honorable Supreme Court of Pakistan against the said decision in case of another company, which is pending adjudication.

Pursuant to the 18th Amendment to the Constitution of Pakistan, the matter of WPPF is now a devolved subject and under provincial jurisdiction.

Accordingly, in the year ended June 30, 2018, the Government of Punjab issued Companies Profits (Workers' Participation) (Amendment) Ordinance 2018 and accordingly the Company made contribution to WPPF for the year ended June 30, 2018. During the year ended June 30, 2019, this Ordinance expired and no further enactment has been made by the Government of Punjab till date. Keeping in view this, the contribution of WPPF for the year ended June 30, 2018 amounting to Rs 790 million was refunded to the Company by the Fund / Trust during the year ended June 30, 2019. Further, no contribution has been made for the years ended June 30, 2020 and June 30, 2021.

In case the liability materializes, the cumulative principal amount of WPPF for the year ended June 30, 2016 upto the year ended June 30, 2021 would amount to Rs 5,362 million (2020: Rs 4,642 million). If it is established that the scheme is applicable to the Company and the Company is liable to pay contribution to the Workers' Welfare Fund, then these amounts would be recoverable from the Power Purchaser as a pass-through item under the provisions of PPA.

- (ii) Sui Northern Gas Pipelines Limited (SNGPL) has raised claims of late payment surcharge amounting to Rs 766 million (2020: Rs 775 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 financial statements.

- (iii) The Company has provided bank guarantees in favor of SNGPL on account of payment of dues against gas sales etc., amounting to Rs 2,504 million (2020: Rs 4 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

12.2 Commitments

- (i) Contracts for capital expenditure are Rs 4 million (2020: Rs 21 million).
- (ii) Letters of credit other than for capital expenditure are Rs 108 million (2020: Rs 88 million).
- (iii) Contracts for car ijarah are Rs 47 million (2020: Rs 54 million). The future aggregate payments under Ijarah arrangement are as follows:

	2021	2020
	(Rupees in thousand)	
Not later than one year	17,147	15,308
Later than one year and not later than five years	29,851	38,989
Later than five years	—	—
	46,998	54,297

13 Property, plant and equipment

	Freehold land	Buildings on freehold land	Plant and machinery	Gas turbine blading	Auxiliary plant and machinery	Office equipment	Fixtures and fittings	Vehicles	Total
	(Rupees in thousand)								
Net carrying value basis									
Year ended June 30, 2021									
Opening net book value (NBV)	100,773	85,536	3,237,713	607,087	46,531	11,247	136	17,437	4,106,460
Additions (at cost)	—	—	—	23,024	345	2,064	—	—	25,433
Transfers from leased assets at NBV	—	—	—	—	—	—	—	5,957	5,957
Disposals / adjustments (at NBV)	—	(45)	—	—	(28)	—	(1)	(2,171)	(2,245)
Depreciation charge	—	(36,637)	(626,393)	(381,745)	(14,991)	(7,557)	(57)	—	(1,067,380)
Closing net book value (NBV)	100,773	48,854	2,611,320	248,366	31,857	5,754	78	21,223	3,068,225
Gross carrying value basis									
As at June 30, 2021									
Cost	100,773	893,386	35,513,576	9,085,875	427,631	148,604	17,843	112,350	46,300,038
Accumulated depreciation	—	(844,532)	(32,902,256)	(8,837,509)	(395,774)	(142,850)	(17,765)	(91,127)	(43,231,813)
Net book value (NBV)	100,773	48,854	2,611,320	248,366	31,857	5,754	78	21,223	3,068,225
Depreciation rate % per annum	—	4 - 29.3	4 - 17.65	10 - 46.15	20 - 46.15	20 - 60.0	20 - 27.27	25 - 31.6	
Net carrying value basis									
Year ended June 30, 2020									
Opening net book value (NBV)	100,773	171,083	4,699,747	1,278,234	47,933	20,736	294	18,295	6,337,095
Additions (at cost)	—	—	—	2,184	22,716	2,897	—	—	27,797
Transfers from leased assets at NBV	—	—	—	—	—	—	—	3,174	3,174
Disposals / adjustments (at NBV)	—	—	—	(2,229)	(199)	(126)	—	(3,976)	(6,530)
Depreciation charge	—	(85,547)	(1,462,034)	(671,102)	(23,919)	(12,260)	(158)	(56)	(2,255,076)
Closing net book value (NBV)	100,773	85,536	3,237,713	607,087	46,531	11,247	136	17,437	4,106,460
Gross carrying value basis									
As at June 30, 2020									
Cost	100,773	893,661	35,513,576	9,062,852	427,853	146,663	18,075	93,421	46,254,822
Accumulated depreciation	—	(808,125)	(32,275,863)	(8,455,765)	(381,322)	(135,416)	(17,939)	(75,984)	(42,148,362)
Net book value (NBV)	100,773	85,536	3,237,713	607,087	46,531	11,247	136	17,437	4,106,460
Depreciation rate % per annum	—	4 - 48.0	4 - 29.3	10 - 80.0	20 - 92.3	20 - 92.3	20 - 42.9	25 - 31.6	

The cost of fully depreciated assets which are still in use as at June 30, 2021 is Rs 5,039 million (2020: Rs 4,269 million).

13.1 The depreciation charge for the year has been allocated as follows:

	Note	2021 (Rupees in thousand)	2020
Cost of sales	25	1,030,686	2,169,153
Administration expenses	26	36,694	85,923
		1,067,380	2,255,076

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

2021							
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (Loss)	Mode of disposal
(Rupees in thousand)							
	Employee						
Honda City Aspire	Mr. Naubahar Shah	1,844	(1,135)	709	1,298	589	Company Policy
	Employee						
Toyota Corolla GLI	Mr. Khalid Naseem	2,093	(963)	1,130	1,738	608	Company Policy

		2021 (Area in kanals)	2020
13.3	Description	Location	
	Plant site	Kot Addu, District Muzaffargarh, Pakistan	3,081
	Corporate office	Lahore, Pakistan	2
	Land (Plot)	Islamabad, Pakistan	1

		2021 (Rupees in thousand)	2020
13.4	Assets not in possession of the Company		
	Description	Party	
	Gas turbine rotor	GE Energy Manufacturing Technology Centre, Saudi Arabia	61,650
	Blades & vanes	Ethos Energy Italia, Italy	275,132
		61,650	275,132

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	2021	2020
	(Rupees in thousand)	
14 Intangible assets		
Net carrying value basis of computer software		
Year ended June 30		
Opening net book value (NBV)	7,235	4,252
Additions (at cost)	–	5,916
Adjustment	(696)	–
Amortisation charge	(3,010)	(2,933)
Closing net book value	3,529	7,235
Gross carrying value basis of computer software		
Cost	65,841	66,537
Accumulated amortisation	(62,312)	(59,302)
Net book value	3,529	7,235
Amortisation rate % per annum	20 - 41.38	20 - 92.3

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

14.2 The cost of intangible assets as on June 30, 2021 include fully amortised assets which are still in use amounting to Rs 55 million (2020: Rs 53 million).

14.3 The intangible assets primarily comprise of computer software and systems purchased that have been implemented to integrate the different functions of the Company.

	2021	2020
	(Rupees in thousand)	
15 Right of use assets		
Net carrying value basis		
Year ended June 30		
Opening net book value (NBV)	19,064	34,721
Additions (at cost)	–	–
Transfers / disposals (at NBV)	(5,957)	(3,174)
Depreciation charge	(5,652)	(12,483)
Closing net book value	7,455	19,064
Gross carrying value basis		
Cost	29,796	57,883
Accumulated depreciation	(22,341)	(38,819)
Net book value	7,455	19,064
Depreciation rate % per annum	25	25-34.3

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

15.2 The cost of fully depreciated assets which are still in use as at June 30, 2021 is Rs 15 million (2020: Rs 10 million).

15.3 The lease contracts that the Company has are related to motor vehicles.

	Note	2021 (Rupees in thousand)	2020
16	Long term loans and deposits		
	Loans to employees - considered good	509	10,647
	Security deposits	10,646	13,223
		11,155	23,870
	Less: Receivable within one year	(4,736)	(11,362)
		6,419	12,508

16.1 These represent unsecured loans to non-executive employees for the purchase of plot, car, construction of house etc. and are repayable in monthly installments over a maximum period of 120 months. These loans carry interest of 9 percent per annum (2020: 9 percent per annum). Included in loans to employees are loans amounting to Nil (2020: Rs 0.03 million) given to employees who were victims of flood. These are interest free and repayable up to 10 years.

	Note	2021 (Rupees in thousand)	2020
17	Post retirement benefits		
	Pension asset / (liability)	435,286	(402,319)
17.1	Pension		
	The amounts recognised are as follows:		
	Fair value of plan assets	3,846,875	2,974,569
	Present value of defined benefit obligation	(3,411,589)	(3,376,888)
	Asset / (liability) as at June 30	435,286	(402,319)
	(Asset) / liability as at July 1	(402,319)	348,784
	Charge to profit or loss account	(111,383)	(13,331)
	Contribution paid by the Company	508,496	3,839
	Remeasurement gain / (loss) recognised in other comprehensive income	440,492	(741,611)
	Asset / (liability) as at June 30	435,286	(402,319)
	The movement in the present value of defined benefit obligation is as follows:		
	Present value of defined benefit obligation as at July 1	3,376,888	2,475,094
	Current service cost	73,060	59,830
	Interest cost for the year	307,430	344,338
	Benefits paid during the year	(198,930)	(197,197)
	(Gain) / loss due to change in financial assumptions	(130,178)	681,491
	(Gain) / loss due to change in experience adjustments	(16,681)	13,332
	Present value of defined benefit obligation as at June 30	3,411,589	3,376,888

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	2021	2020
	(Rupees in thousand)	
The movement in fair value of plan assets is as follows:		
Fair value as at July 1	2,974,569	2,823,878
Expected return on plan assets	269,107	390,837
Contribution paid by the Company	508,496	3,839
Benefits paid during the year	(198,930)	(197,197)
Remeasurement gains / (losses) on plan assets	293,633	(46,788)
Fair value as at June 30	3,846,875	2,974,569

	2021	2020
Plan assets are comprised as follows:		
Mutual funds	42%	42%
Interest bearing instruments	56%	51%
Other	2%	7%
	100%	100%

The present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of pension fund is as follows:

	2021	2020	2019	2018	2017
	(Rupees in thousand)				
As at June 30					
Fair value of plan assets	3,846,875	2,974,569	2,823,878	2,819,945	2,939,808
Present value of defined benefit obligations	(3,411,589)	(3,376,888)	(2,475,094)	(2,938,507)	(2,880,932)
Surplus / (deficit)	435,286	(402,319)	348,784	(118,562)	58,876
Experience adjustment					
on obligation - (gain) / loss	(146,859)	694,823	(683,418)	(135,521)	42,297
Experience adjustment					
on plan assets - gain / (loss)	293,633	(46,788)	(173,364)	(246,426)	120,149

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

	2021	2020
	(Rupees in thousand)	
Discount rate + 0.50%	3,262,351	3,195,036
Discount rate - 0.50%	3,574,086	3,527,190
Increase in salary level + 0.50%	3,428,720	3,373,126
Increase in salary level - 0.50%	3,394,940	3,334,754
Increase in pension + 0.50%	3,525,293	3,472,032
Increase in pension - 0.50%	3,306,417	3,244,523

	2021	2020
	(Rupees in thousand)	
Maturity profile of the defined benefit obligation		
1. Weighted average duration of the benefit (Years)	8.75	10.77
2. Distribution of timing of benefit payments (time in years)		
1	164,991	182,121
2	427,594	199,633
3	295,091	521,224
4	343,329	289,198
5	312,875	328,331
6 to 10	1,931,473	1,812,450

17.2 Funding

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

17.3 Expected future costs

Expected future contributions for the year ending June 30, 2021 is Nil (2020: Rs 402 million).

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

17.5 Risk Exposure

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

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

	Note	2021 (Rupees in thousand)	2020
17.6	Defined benefit obligation recognised during the year		
	Gain recognised in profit or loss	111,383	13,331
	Gain / (loss) recognised in other comprehensive income	440,492	(741,611)
18	Stores and spares		
	Stores and spares	5,019,467	5,694,495
	Provision for store obsolescence	(1,838,044)	(1,839,131)
		3,181,423	3,855,364

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

18.2 Stores and spares include items in transit amounting to Rs 16 million (2020: Rs 146 million) and items valuing Nil (2020: Rs 60 million) which are being held by the following suppliers for inspection / refurbishment purposes.

	Note	2021 (Rupees in thousand)	2020
	GE Energy Manufacturing Technology Centre, Saudi Arabia	–	1,297
	GE Middle East, UAE	–	2,208
	MJB International, UAE	–	56,113
		–	59,618
18.3	Provision for store obsolescence		
	Opening balance as at July 1	1,839,131	1,863,504
	Add: Provision for the year	14,996	–
		1,854,127	1,863,504
	Less: Stores written off against provision	(16,083)	(24,373)
	Closing balance as at June 30	1,838,044	1,839,131
19	Stock-in-trade		
	Furnace oil	4,613,907	1,865,809
	Diesel	1,288,401	822,199
	Coal	19,579	12,664
		5,921,887	2,700,672
20	Trade debts		
	Trade debts	104,920,893	120,096,066
	Less: Provision for doubtful debts	298,462	192,555
		104,622,431	119,903,511

- 20.1 Trade debts include an overdue amount of Rs 81,260 million (2020: Rs 99,362 million) receivable from CPPA-G, an associated undertaking. The maximum aggregate amount outstanding during the year was Rs 132,903 million (2020: Rs 129,750 million).

The trade debts are Pakistan rupee denominated and secured by sovereign 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 the Power Purchaser in timely payment.

Aging analysis of trade debts is given in note 39.1(b). Due to delays in settlement by the Power Purchaser, the Company has financed the trade debts via short term financing arrangements (Note 10), trade creditors (Note 11) and from own sources.

	2021 (Rupees in thousand)	2020
20.2 Provision for doubtful debts		
Opening balance as at July 1	192,555	229,102
Provision for the year	106,276	—
	298,831	229,102
Reversal of provision	—	(33,358)
Trade debts written off	(369)	(3,189)
Closing balance as at June 30	298,462	192,555

21 Investments at fair value

	2021		2020	
	Cost	Carrying	Cost	Carrying
	(Rupees in thousand)			
Fair value through profit or loss -				
Government Securities				
Pakistan Investment Bond	12,738,300	12,780,336	—	—
GoP Ijarah Sukuk	12,762,400	12,890,024	—	—
	25,500,700	25,670,360	—	—

Particulars of debt securities are as follows:

	Maturity	Effective Yield	2021	2020
	(Rupees in thousand)			
Pakistan Investment Bond	18-Jun-30	7.868%	12,780,336	—
GoP Ijarah Sukuk	09-Dec-25	7.084%	12,890,024	—
			25,670,360	—

- 21.1 These instruments pertain to the first tranche payment received in lieu of the Third Amendment to the PPA where an amount of Rs 39,605 million (2020: Nil) was received in the current period out of which Rs 25,500 million (2020: Nil) comprised of financial instruments as shown above.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	2021 (Rupees in thousand)	2020
22	Loans, advances, deposits, prepayments and other receivables		
Loans to employees - considered good		509	8,809
Advances to suppliers - considered good	22.1	4,629,236	25,312
Sales tax claims recoverable from Government		1,402,430	821,408
Prepayments		8,477	5,229
Accrued profit from investments		95,058	—
Claims recoverable from CPPA-G as pass through items:			
Workers' Welfare Fund	22.2	378,099	659,091
Security deposits	22.3	5,848	4,024
Other receivables		9,001	18,535
		6,528,658	1,542,408

22.1 Advances to suppliers include amounts due for more than a year from WAPDA, an associated undertaking, amounting to Rs 1 million (2020: Rs 1 million). These are in the normal course of business and are interest free.

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

22.3 All the security deposits are non-interest bearing.

	Note	2021 (Rupees in thousand)	2020
23	Cash and bank balances		
At banks on:			
- Current accounts		181,584	195,144
- Savings accounts		475,309	639,874
	23.1	656,893	835,018
In hand:			
- Cash		218	228
- Banker's cheque		626,412	—
		1,283,523	835,246

23.1 Included in these are total restricted funds of Rs 2 million (2020: Rs 2 million) held by banks under lien as margin against letters of credit. The balances in savings accounts are placed under mark-up arrangements and bear mark-up ranging from 5.50 percent to 6.50 percent (2020: 6.30 percent to 11.50 percent) per annum.

	Note	2021 (Rupees in thousand)	2020
24	Sales		
Energy Purchase Price under the PPA	24.1	48,737,102	53,663,274
Sales tax		(7,043,354)	(7,769,577)
Net Energy Purchase Price		41,693,748	45,893,697
Capacity Purchase Price for the year under PPA	24.1	27,942,647	25,649,602
	24.2	69,636,395	71,543,299

24.1 Sales recognised during the period include CPP which is recorded over time and EPP which is recorded at a point in time in accordance with the Company's policy of revenue recognition. Sales recorded represent contracts with customers only.

24.2 The Company's net revenue disaggregated by pattern of revenue recognition is as follows:

	Note	2021 (Rupees in thousand)	2020
Revenue recognised at a point in time - Energy Purchase Price		41,693,748	45,893,697
Revenue recognised over time - Capacity Purchase Price		27,942,647	25,649,602
		69,636,395	71,543,299
25 Cost of sales			
Fuel cost		40,320,627	44,709,841
Salaries, wages and benefits	25.1	2,049,372	1,856,299
Plant maintenance		199,397	189,692
Gas turbines overhauls		606,136	870,916
Repair and renewals		873,792	266,300
Depreciation on property, plant and equipment	13.1	1,030,686	2,169,153
Amortization on intangible assets	14.1	3,010	2,933
Provision for store obsolescence		14,996	—
		45,098,016	50,065,134
25.1 Salaries, wages and benefits			
Salaries, wages and benefits include following in respect of retirement benefits;			
Pension			
Current service cost		73,060	59,830
Net interest income / (cost) for the year		38,323	(46,499)
		111,383	13,331
Medical			
Current service cost		4,054	4,094
Net interest cost for the year		17,905	25,086
		21,959	29,180
Free electricity			
Current service cost		11,388	12,899
Net interest cost for the year		52,760	80,821
		64,148	93,720

In addition to above, salaries, wages and benefits also include Rs 49 million (2020: Rs 49 million) in respect of provident fund contribution by the Company and other long term benefits amounting to Rs 123 million (2020: Rs 30 million).

25.2 Cost of sales include Rs 791 million (2020: Rs 144 million) for stores and spares consumed.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

25.3 Provident Fund

The Company operates provident fund for its managers and other employees. The following information pertains to the KAPCO Employees Provident Fund:

	2021 (Rupees in thousand)	2020
Size of the fund (total equity)	1,141,355	1,044,860
Percentage of investments made	89%	84%
Fair value of investments	1,011,134	879,790

25.3.1 Break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	2021		2020	
	Investments as % of net assets	Investments (Rs. 000)	Investments as % of assets	Investments (Rs. 000)
	(Rupees in thousand)			
Pakistan Investments Bonds	37%	417,542	39%	408,474
Term Finance Certificates	5%	52,834	5%	53,484
Mutual Funds	41%	468,850	35%	367,832
Debt Instrument	6%	71,908	5%	50,000
		1,011,134		879,790

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

25.3.3 The figures for 2021 are based on the un-audited financial statements of the provident fund (2020: audited figures).

	Note	2021 (Rupees in thousand)	2020
26 Administrative expenses			
Travelling		8,980	8,745
Motor vehicles running		55,604	57,169
Postage, telephone and telex		10,157	8,132
Legal and professional charges		57,588	54,175
LDs arbitration cost		412,639	390,342
Computer charges		17,975	21,260
Auditors' remuneration	26.1	7,540	6,567
Printing, stationery and periodicals		10,804	9,705
Repairs and maintenance		69,460	68,136
Training expenses		4,781	11,302
Rent, rates and taxes		21,897	19,429
Depreciation on property, plant and equipment	13.1	36,694	85,923
Depreciation on right of use assets	15.1	5,652	12,483
Facility running cost		39,757	42,227
Education fee		28,494	29,318
Provision for doubtful debts		106,276	—
Bad debts written off		2,059	—
Other expenses		56,263	47,836
		952,620	872,749

	Note	2021 (Rupees in thousand)	2020
26.1 Auditors' remuneration			
The charges for auditors' remuneration include the following:			
Statutory audit		4,269	3,880
Half yearly review		1,500	1,364
Workers' Profit Participation Fund audit, Employees Provident and Pension Fund audit, special reports and certificates		861	756
Out of pocket expenses		910	567
		7,540	6,567
27 Other income			
Income from financial assets			
Income on bank deposits		31,453	75,746
Reversal of provision		–	33,358
Exchange gain		1,363	2,119
Interest on loans to employees		327	1,529
Interest on PIBs and Sukuks		145,999	–
Fair value gain on investments at fair value		169,660	–
True-up income	27.1	3,891,748	7,786,900
Interest on late payment - CPPA-G		8,908,920	12,856,239
		13,149,470	20,755,891
Income from non-financial assets			
Colony electricity		8,644	8,970
Provisions and unclaimed balances written back		1,127	–
Profit on disposal of property, plant and equipment		516	856
Scrap sales		24,971	406
House rent recovery		12,846	13,641
Others		23,017	26,481
		71,121	50,354
		13,220,591	20,806,245

27.1 It represents true-up income resulting from change in US Dollar - Pak Rupee exchange rate exceeding the threshold defined in PPA, compared to the rates used for indexation calculation of relevant CPP invoices, under section 13.4 (iv) of Part II of Schedule 6 to PPA.

	Note	2021 (Rupees in thousand)	2020
28 Finance cost			
Interest and mark up including commitment charges on			
- finances under mark-up arrangements - secured		2,855,993	7,007,070
- finances under mark-up arrangements - unsecured	28.1	201,463	–
- credit supplies of raw material		30,499	1,422,235
- car ijarah		13,718	14,308
- lease liabilities		6,005	10,141
Bank and other charges		561	3,663
		3,108,239	8,457,417

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

28.1 On December 8, 2020, the Company issued privately placed unsecured Sukuk certificates based on musharakah amounting to Rs 5,000 million at a mark-up of 0.70% per annum above three-month KIBOR. The mark-up on the Sukuk was payable on quarterly basis in arrears. The entire amount of the Sukuk has been repaid as on June 8, 2021.

	2021	2020
	(Rupees in thousand)	
29 Taxation		
Current tax		
- Current year	3,267,140	5,602,276
- Prior year	(110,672)	(2,752,647)
	3,156,468	2,849,629
Deferred tax	1,024,850	6,491,422
	4,181,318	9,341,051

	2021	2020
	% age	% age
29.1 Tax charge reconciliation		
Numerical reconciliation between the applicable tax rate and the average effective tax rate		
Tax at applicable rate	29.00	29.00
Effect of prior period tax	—	(0.66)
Others	0.02	—
Average effective tax rate	29.02	28.34

	2021	2020
	(Rupees in thousand)	
29.2 Tax recognised directly in other comprehensive income		
Defined benefit obligation	149,329	(188,985)
	149,329	(188,985)

30 Remuneration of Chief Executive, Directors and Executives

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

		Chief Executive		Executives	
	Note	2021	2020	2021	2020
		(Rupees in thousand)			
Managerial remuneration		61,875	61,302	370,078	359,211
Bonus		30,938	30,938	98,707	96,002
Reimbursable expenses		2,120	1,836	27,893	29,882
Contribution to provident & pension funds and other retirement benefit plans					
		6,188	6,130	56,988	23,823
Leave passage		5,156	5,156	20,707	19,521
Other perquisites	30.1.1	5,012	7,119	22,787	23,974
		111,289	112,481	597,160	552,413
Number of persons		1	1	61	60

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

30.2 Remuneration to other directors

Aggregate amount charged in the financial statements for the year for fee to 7 directors (2020: 7 directors) is Rs 34 million (2020: Rs 21 million). No other perquisite is provided to other directors.

31 Transactions with related parties

The related parties comprise associated undertakings, key management personnel, directors and post retirement benefit plans. The Company in the normal course of business carries out transactions with various related parties. Amounts due to / from related parties are shown under payables and receivables and remuneration of the key management personnel, including directors, is disclosed in note 30. Other significant transactions with related parties are as follows:

Relationship with the Company	Percentage of shareholding	Nature of transaction	2021 (Rupees in thousand)	2020
i. Associated undertakings				
CPPA-G	0%	Sale of electricity	69,636,395	71,543,299
CPPA-G	0%	Purchase of electricity	232,560	204,570
WAPDA	40%	Purchase of services	3,970	1,975
CPPA-G	0%	Interest income on late payment	8,908,920	12,856,239
CPPA-G	0%	True-up income	3,891,748	7,786,900
CPPA-G	0%	Bad debts recovered	—	33,358
CPPA-G	0%	Provision for doubtful debts	106,276	—
CPPA-G	0%	Contract liability	19,287,369	—

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

Relationship with the Company	Percentage of shareholding	Nature of transaction	2021 (Rupees in thousand)	2020
CPPA-G	0%	Debts written off	369	3,189
WAPDA	40%	Dividend paid	531,467	2,125,867
WAPDA	40%	Unpaid dividend	1,771,555	–
KAPCO Employees Empowerment Trust	5%	Dividend paid	72,379	217,136
KAPCO Employees Empowerment Trust	5%	Unpaid dividend	241,262	–
Central Depository Company	0%	Purchase of services	2,090	1,592
Samba Bank Limited	0%	Financial charges	23,667	108,619
Pakistan Institute of Corporate Governance	0%	Purchase of services	431	100
ii. Post retirement benefit plans				
KAPCO Employees pension fund trust	0%	Contributions paid	508,496	3,839
KAPCO Employees provident fund trust	0%	Contributions paid	49,400	48,657

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

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

Name of related parties	Direct shareholding	Relationship
WAPDA	40.0%	Associated undertaking
KAPCO Employees Empowerment Trust	5.0%	Common management
CPPA-G	N/A	Common control
Central Depository Company	N/A	Common directorship
Samba Bank Limited	N/A	Common directorship
Pakistan Institute of Corporate Governance	N/A	Common directorship
Post retirement benefit plans:		
- KAPCO Employees pension fund trust	N/A	Post employment benefits plan
- KAPCO Employees provident fund trust	N/A	Post employment benefits plan

32 Subsequent events after the reporting date

32.1 The Board of Directors of the Company have proposed a final dividend for the year ended June 30, 2021 of Rs 3.5 (2020: Nil) per share amounting to Rs 3,081 (2020: Nil) at their meeting held on August 17, 2021 for approval of members at the Annual General Meeting to be held on October 22, 2021. These financial statements do not reflect this proposed dividend.

32.2 As referred to in note 2.2, the Company and CPPA-G filed a joint application before ICC Tribunal for withdrawal of claims and counterclaims and termination of the Liquidated Damages Arbitration Proceedings. Subsequent to the

year ended June 30, 2021, the ICC Tribunal issued a Consent Order dated July 13, 2021. As per the order, all the claims and counterclaims are withdrawn as per the terms of the Agreements signed between the Company and CPPA-G and the Arbitration Proceedings are hereby terminated. Thereafter, the ICC vide letter dated August 5, 2021, acknowledged the withdrawal of all claims under Arbitration Proceedings by both parties.

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

	2021 MWh	2020 MWh
33 Capacity and production		
Annual dependable capacity [based on 8,760 hours (2020: 8,784 hours)]	11,756,064	11,788,128
Actual energy delivered	3,562,244	3,476,675

Capacity for the power plant taking into account all the planned scheduled outages is 10,581,044 MWh (2020: 10,793,034 MWh). Actual energy delivered by the plant is dependent on the load demanded by the Power Purchaser and the plant availability.

34 Rates of exchange

Liabilities in foreign currencies as on June 30, 2021 have been translated into Rupees at USD 0.6317 (2020: USD 0.5926), EURO 0.5299 (2020: EURO 0.5271) and GBP 0.4560 (2020: GBP 0.4815) equal to Rs 100.

	2021 (Rupees in thousand)	2020
35 Cash generated from operations		
Profit before tax	14,410,742	32,954,244
Adjustments for:		
- Depreciation on property, plant and equipment	1,067,380	2,255,076
- Amortisation on intangible assets	3,010	2,933
- Depreciation on right of use assets	5,652	12,483
- Gain on disposal of property, plant and equipment	(516)	(856)
- Interest income on investments at fair value	(145,999)	—
- Income on bank deposits	(31,453)	(75,746)
- Adjustments / write-off of fixed assets	696	—
- Bad debts written off	2,059	—
- Provision for doubtful debts	106,276	—
- Liabilities written back	(1,127)	—
- Provision for store obsolescence	14,996	—
- Staff retirement benefits accrued	322,362	165,907
- Finance cost	3,108,239	8,457,417
- Fair value gain on investments at fair value	(169,660)	—
- Adjustment to CPP	19,128,298	—
Profit before working capital changes	37,820,955	43,771,458

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	2021 (Rupees in thousand)	2020
Effect on cash flow due to working capital changes:			
- Decrease / (increase) in stores and spares		658,945	(390,283)
- (Increase) / decrease in stock-in-trade		(3,221,215)	6,765,784
- Decrease / (increase) in trade debts		15,173,296	(4,105,124)
- (Increase) / decrease in loans, advances, deposits, prepayments and other receivables		(4,891,743)	889,557
- Increase / (decrease) in trade and other payables		1,706,479	(16,588,949)
		9,425,762	(13,429,015)
		47,246,717	30,342,443
36 Cash and cash equivalents			
Cash and bank balances	23	1,283,523	835,246
Finances under mark-up arrangements - secured	10	(36,257,334)	(44,062,195)
		(34,973,811)	(43,226,949)

37 Reconciliation of liabilities arising from financing activities

	July 1, 2020	Accruals / Dividend declared	Payments	June 30, 2021
Lease liabilities:				
-current lease liabilities	14,288	–	(7,183)	7,105
-non current lease liabilities	11,065	–	(7,622)	3,443
Unclaimed dividend	794,671	1,320,380	(1,304,218)	810,833
Unpaid dividend	–	4,401,266	–	4,401,266

38 Earnings per share

38.1 Basic earnings per share

Profit for the year	Rupees in thousand	10,229,424	23,613,193
Weighted average number of ordinary shares	Numbers	880,253,228	880,253,228
Earnings per share	Rupees	11.62	26.83

38.2 Diluted earnings per share

Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2021 and June 30, 2020 which would have any effect on the basic earnings per share.

39 Financial risk management

39.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the management in accordance with the Financial Risk Management Policy approved by the Board of Directors. This policy covers specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of this policy.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Great Britain Pound (GBP) and Euro. Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable/payable from/to the foreign entities. The Company's exposure to currency risk is as follows:

	2021	2020
Trade and other payables - USD	(136,634)	(158,211)
Trade and other payables - GBP	(4,630)	—
Trade and other payables - Euro	(1,358,395)	(173,213)
The following exchange rates were applied during the year:		
Rupees per USD		
Average rate	160.40	158.94
Reporting date rate	158.30	168.75
Rupees per GBP		
Average rate	216.42	200.30
Reporting date rate	219.28	207.68
Rupees per Euro		
Average rate	191.83	175.91
Reporting date rate	188.71	189.73

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

If the functional currency, at reporting date, had fluctuated by 5% against the USD, GBP and Euro with all other variables held constant, the impact on profit after taxation for the year would have been Rs 10 million (2020: Rs 2 million) respectively lower/higher, mainly as a result of exchange gains/losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

(ii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk arises from investments at fair value and short term financing. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments is:

	2021	2020
	(Rupees in thousand)	
Financial assets		
Fixed rate instruments		
Staff loans	509	10,647
Floating rate instruments		
Bank balances - savings accounts	475,309	639,874
Investments at fair value	25,670,360	—
Financial liabilities		
Floating rate instruments		
Lease liabilities	10,548	25,353
Finances under mark-up arrangements - secured	36,257,334	44,062,195
	36,267,882	44,087,548

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates on late payments, lease liabilities and finances under mark-up arrangements, at the year end date, fluctuate by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rs 283 million (2020: Rs 108 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

(iii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk since there are no investments in equity securities.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Company's credit risk is primarily attributable to its trade debts, investments at fair value and its balances at banks. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2021	2020
	(Rupees in thousand)	
Long term loans and deposits	6,419	12,508
Trade debts	104,622,431	119,903,511
Investments at fair value	25,670,360	—
Loans, advances, deposits, prepayments and other receivables		
Loans to employees - considered good	509	8,809
Claims recoverable from CPPA-G as pass through items:		
- Workers' Welfare Fund	378,099	659,091
Security deposits	5,848	4,024
Other receivables	4,989	17,660
Balances with banks	656,893	835,018
	131,345,548	121,440,621

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The Company believes that it is not exposed to major concentration of credit risk and the risk attributable to trade debts and Workers' Welfare Fund and Worker's Profit Participation Fund receivable from Power Purchaser mitigated by guarantee from the Government of Pakistan under the Facilitation Agreement. Age analysis of trade receivable balances is as follows:

	2021	2020
	(Rupees in thousand)	
Not yet due	23,661,617	20,733,750
Due past 30 to 90 days	17,994,197	13,670,923
Due past 91 to 180 days	16,824,782	19,589,950
Due past 181 to 365 days	29,106,393	22,591,717
Due past 365 days	17,333,904	43,509,726
	104,920,893	120,096,066
Provision for doubtful debts	(298,462)	(192,555)
	104,622,431	119,903,511

The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating Short term	Rating Long term	Rating Agency	2021 (Rupees in thousand)	2020
-National Bank of Pakistan	A-1+	AAA	VIS	87	98
-Habib Bank Limited	A-1+	AAA	VIS	299,266	820,490
-MCB Bank Limited	A1+	AAA	PACRA	75	73
-Habib Metropolitan Bank Limited	A1+	AA+	PACRA	42,864	1,676
-Allied Bank Limited	A1+	AAA	PACRA	262,658	11
-Samba Bank Limited	A-1	AA	VIS	1	—
-Askari Bank Limited	A1+	AA+	PACRA	102	—
-Meezan Bank Limited	A-1+	AAA	VIS	4	—
-Bank Al Habib	A1+	AAA	PACRA	51,836	—
-Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	—	12,658
-Al Baraka Bank (Pakistan) Limited	A1	A	PACRA	—	3
-Citibank N.A.	F1	A	Fitch Rating	—	9
				656,893	835,018

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At June 30, 2021, the Company had borrowing limits available from financial institutions at Rs 52,900 million (2020: Rs 55,159 million), out of this the total unavailed amount is Rs 14,110 (2020: Rs 11,124) and Rs 1,283 million (2020: Rs 835 million) in cash and bank balances. The Company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements.

The following are the contractual maturities of financial liabilities as at June 30, 2021:

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Lease liabilities	10,548	7,105	3,443	—
Finances under mark-up arrangements - secured	36,257,334	36,257,334	—	—
Trade and other payables	16,799,817	16,799,817	—	—
Unclaimed dividend	810,833	810,833	—	—
Unpaid dividend	4,401,266	4,401,266	—	—
	58,279,798	58,276,355	3,443	—

The following are the contractual maturities of financial liabilities as at June 30, 2020:

	Carrying amount	Less than one year (Rupees in thousand)	One to five years	More than five years
Lease liabilities	25,353	14,288	11,065	–
Finances under mark-up				
arrangements - secured	44,062,195	44,062,195	–	–
Trade and other payables	20,125,523	20,125,523	–	–
Unclaimed dividend	794,671	794,671	–	–
Unpaid dividend	–	–		
	65,007,742	64,996,677	11,065	–

39.2 Fair values of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Specific valuation techniques used to value financial instruments include:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following is categorization of assets which are disclosed at fair value as at June 30, 2021:

	Level 1	Level 2	Level 3	Total
Assets:				
Investments at fair value	25,670,360	–	–	25,670,360

There were no investments held by the Company for the year ended June 30, 2020. There were no transfer of financial assets between level 1, 2 and 3.

		Financial assets at amortized cost	
		2021	2020
		(Rupees in thousand)	
39.3	Financial instruments by categories		
	Financial assets as per statement of financial position		
	Long term loans and deposits	6,419	12,508
	Trade debts	104,622,431	119,903,511
	Loans, advances, deposits, prepayments and other receivables	509	8,809
	- Loans to employees - considered good		
	- Workers' Welfare Fund receivable from Power Purchaser	378,099	659,091
	- Security deposits	5,848	4,024
	- Other receivables	4,989	17,660
	Cash and bank balances	1,283,523	835,246
		106,301,818	121,440,849

		Financial liabilities at amortized cost	
		2021	2020
		(Rupees in thousand)	
	Financial liabilities as per statement of financial position		
	Lease liabilities	10,548	25,353
	Finances under mark-up arrangements - secured	36,257,334	44,062,195
	Trade and other payables	16,799,817	20,125,523
	Unclaimed dividend	810,833	794,671
	Unpaid dividend	4,401,266	—
		58,279,798	65,007,742

39.3.1 Financial assets at fair value have been shown under note 39.2.

39.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders through repurchase of shares, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio.

The ratio is calculated as long term debt divided by total capital. Debt is calculated as total long term borrowings. Total capital is calculated as 'equity' shown in the statement of financial position plus long term debt. The gearing ratios as at year ended June 30, 2021 and June 30, 2020 are as follows:

	2021	2020
	(Rupees in thousand)	
Total equity	65,223,611	60,350,511
Total long term debt	–	–
Total capital	65,223,611	60,350,511
Gearing ratio	Percentage 0%	0%

40 **Number of employees**

Total number of employees at year end and average number of employees during the year are 535 (2020: 587) and 564 (2020: 588) respectively.

41 **Corresponding figures**

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

42 **Date of authorisation for issue**

These financial statements were authorised for issue on August 17, 2021 by the Board of Directors of the Company.



Aftab Mahmood Butt
Chief Executive Officer



M. Rabnawaz Anjum
Chief Financial Officer



Hafiz Muhammad Yousaf
Director

NOTES

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PROXY FORM

I/We _____ of _____
being a Member of Kot Addu Power Company Limited (the "Company") holding _____ shares
hereby appoint _____ of _____ and in case of his / her absence _____
of _____ who is also a Member of the Company, as my/our proxy to vote for me/us, and on my/our
behalf at the 25th Annual General Meeting of the Company to be held on Friday, October 22, 2021 at 10:00 am at
Islamabad Serena Hotel and any adjournment thereof.

Signed this _____ day of _____ 2021

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

Witnesses:

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

Revenue Stamp
Rs 5/-

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

The Signature should agree with the
Specimen signature registered with
the Company

Note:

1. This Proxy, duly completed, signed and witnessed, must be deposited at the offices of the Company's Registrar, THK Associates (Private) Limited, Plot No. 32-C, Jami Commercial Street 2, Phase-VII, DHA, Karachi 75400, Pakistan not later than forty-eight (48) hours before the time appointed for the Meeting.
2. No person shall act as proxy, if he is not a Member of the Company (except that a corporation may appoint a person who is not a Member).
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a Member with Company's Registrar, all such instruments or proxies shall be regarded invalid.
4. The Proxy shall produce his/her original CNIC or original passport at the time of Meeting.
5. Attested copy of CNIC or passport of the beneficial owners and the proxy shall be provided with the proxy form.
6. In case of a corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signature of the nominee shall be submitted alongwith the Proxy (unless it has been provided earlier).



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

میں / ہم: _____ ساکن _____
 کوٹ ادو پاور کمپنی لمیٹڈ (فولیو نمبر / سی ڈی سی / اکاؤنٹ نمبر / شیئرز کا شمار) بذریعہ ہذا تقرر کرتا ہوں۔
 ساکن _____ فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر: _____ یا اس کی
 ناکامی میں _____ ساکن _____
 فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر: _____ جو کہ میری / ہماری غیر موجودگی میں میرے / ہمارے پراکسی (نمائندے) کے طور پر کمپنی کی 25 ویں سالانہ
 اجلاس عام منعقدہ 22 اکتوبر 2021ء بروز جمعہ دن 10:00 بجے بمقام سرینا ہوٹل اسلام آباد والی میٹنگ میں شرکت کرے گا اور میری / ہماری جگہ ووٹ استعمال کرے گا۔

ریونیو

مہر

میں بطور گواہ اس _____ دن _____ 2021

دستخط کمپنی کے پاس موجود نمونہ

کے دستخط کے مطابق ہونا چاہئے

دستخط منظور کنندہ:

گواہان:

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

ہدایت:

- 1۔ پراکسی کی تقرری کی یہ دستاویز مکمل کر کے اپنے اور گواہان کے دستخط کے ساتھ اجلاس کے انعقاد سے کم از کم 48 گھنٹے پہلے کمپنی کے رجسٹرار کے دفتر ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، پلاٹ نمبر C 32 جامی کمرشل سٹریٹ 2، فیز 7، ڈی ایچ اے، کراچی پہنچ جانی چاہیے۔
- 2۔ کوئی بھی پراکسی کے طور پر کام / عمل نہیں کر سکتا اگر وہ کمپنی کا ممبر نہیں ہے۔ (ماسوائے اس کے کہ کارپوریشن کسی شخص کو مقرر کر سکتی ہے جو ممبر نہیں ہے)۔
- 3۔ اگر ایک ممبر کمپنی کے رجسٹرار کے پاس ایک سے زائد پراکسی مقرر کرتا ہے اور پراکسی کی ایک سے زائد دستاویز جمع کراتا ہے تو ایسی دستاویزات یا پراکسی کو غیر موثر تصور کیا جائے گا۔
- 4۔ پراکسی کو اجلاس کے وقت اپنا اصل قومی شناختی کارڈ یا اصل پاسپورٹ دکھانا ہوگا۔
- 5۔ سی ڈی سی شیئرز ہولڈرز اور ان کے نمائندگان سے التماس ہے کہ وہ اپنے کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی پراکسی فارم کے ساتھ جمع کروائیں۔
- 6۔ کارپوریٹ ادارہ کی صورت میں، بورڈ کی قرارداد / مختار نامہ یا دیگر اتھارٹی نمائندے (پراکسی) کے دستخط کے ساتھ کمپنی کو جمع کرانا ہوگا۔

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Plot No. 32-C, Jami Commercial
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Tel: +92 (0)21 111 000 322
Fax: +92 (0)21 35310190



Power Plant:

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

Corporate Office:

5 B/3, Gulberg III
Lahore 54660, Pakistan

Registered Office:

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