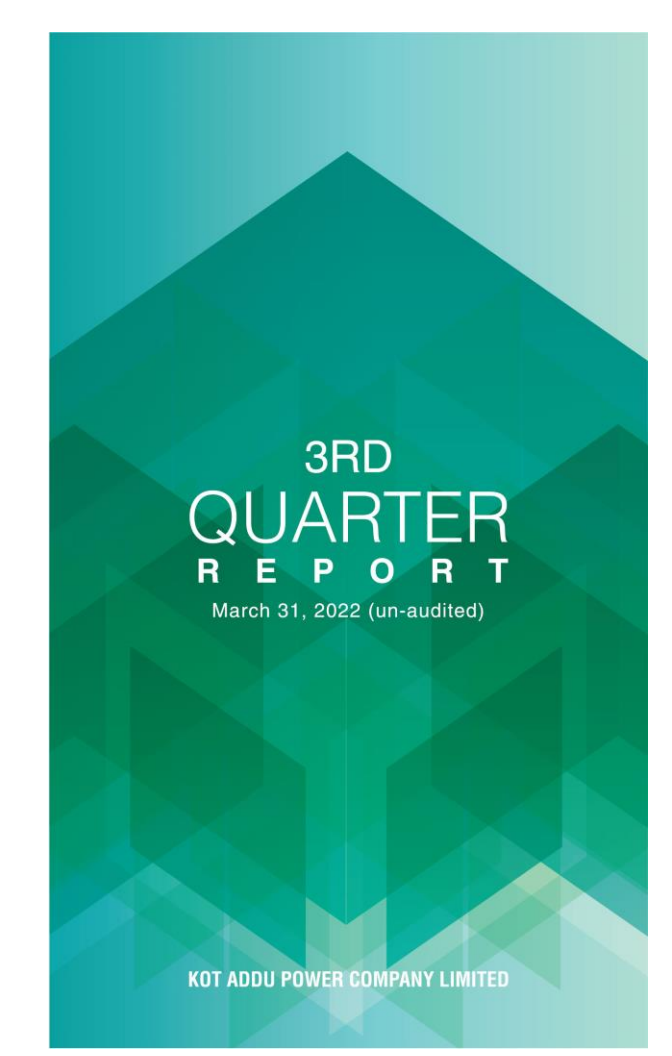




3RD QUARTER R E P O R T

March 31, 2022 (un-audited)

KOT ADDU POWER COMPANY LIMITED

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. Saad Iqbal Mr. Naveed Asghar Chaudhry Mr. Jamil Akhtar Ms. Mahwish Humayun Khan
Audit Committee	Mr. Hafiz Muhammad Yousaf (Chairman) Mr. Saad Iqbal Mr. Naveed Asghar Chaudhry Mr. Jamil Akhtar
HR Committee	Mr. Aqeel Ahmed Nasir (Chairman) Mr. Aftab Mahmood Butt Mr. Naveed Asghar Chaudhry Ms. Mahwish Humayun Khan
Investment Committee	Mr. Hafiz Muhammad Yousaf (Chairman) Mr. Saad Iqbal Mr. Jamil Akhtar
GM Finance / CFO	Mr. Muhammad Rabnawaz Ajrum
GM Legal / Company Secretary	Mr. A. Anthony Rath
Head of Internal Audit	Mr. Sikandar Usmani
Auditors	A.F. Ferguson & Co. Chartered Accountants
Internal Auditors	EY Ford Rhodes Chartered Accountants
Legal Advisor	Cornelius, Lane & Mufti
Bankers	<u>Conventional</u> 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 <u>Islamic</u> AlBaraka Bank (Pakistan) Limited Askari Bank Limited-IBD Bank Alfalah Limited BankIslami Pakistan Limited Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Meezan Bank Limited National Bank of Pakistan-IBD Standard Chartered Bank (Pakistan) Limited-IBD The Bank of Punjab-IBD
Share Registrar	THK Associates (Private) Limited Plot No. 32-C, Jami Commercial Street 2, DHA, Phase-VII, Karachi 75500, Pakistan Tel: +92 (0)21 111 000 322, Fax: +92 (0)21 34168271
Registered Office	Office No. 309, 3rd Floor, Evacuee Trust Complex Agha Khan Road, F-5/1, Islamabad, Pakistan
Corporate Office	5 B/3, Gulberg III, Lahore 54660, Pakistan Tel: +92 (0)42 3577 2912-6, Fax: +92 (0)42 3577 2922
Power Project	Kot Addu Power Complex, Kot Addu District Muzaffargarh, Punjab, Pakistan Tel: +92 (0)66 230 1047-9 Fax: +92 (0)66 230 1025
Email	Info@kapco.com.pk
Website	www.kapco.com.pk

Directors' Report

for the nine month ended March 31, 2022

We are pleased to present the financial statements (un-audited) for the period ended March 31, 2022.

For the nine month period, the turnover was Rs. 77,088 Million; cost of sales were Rs. 71,667 Million; and profit after tax stood at Rs. 8,227 Million (compared to Rs. 15,927 Million in the corresponding period last year) giving an EPS of Rs. 9.35 (Rs. 18.09 in the corresponding period last year). Pursuant to the Third Amendment to the PPA, Capacity Purchase Price (CPP) revenue has been booked as amortization of CPP already received in advance from the Power Purchaser (as referred to in Note 4.1 of the Financial Statements) whereas previously CPP revenue was based on annual dependable capacity and indexation factors. The decrease in earnings for the period, as compared to previous period, is due to lesser CPP revenue and True-up Income.

During the third quarter, the Power Plant generated 845 GWh of electricity at a load factor of 29.2% with an overall commercial availability of 97.4% (year to date overall commercial availability 96.5%). It is pertinent to state that during the nine month period ended March 31, 2022, the Company sold 3,327 GWh (load factor: 37.7%) of electricity to the Power Purchaser, which is in excess of forecast given in the Indicative Generation Capacity Expansion Plan (IGCEP) 2021-2030.

During the review period, combustion inspection of two Gas Turbines were carried out as per plan. Major Overhauling of one Gas Turbine were carried out.

On March 31, 2022, total receivables from the Power Purchaser were Rs. 56,440 (net of provision) Million out of which Rs. 47,546 Million are overdue.

The National Electric Power Regulatory Authority (NEPRA) conducted a public hearing on March 31, 2022 for progressing the application filed by the Company for extension of its generation license.

The Financial Statements have been prepared on going concern basis (reference Note 2.3 of the Financial Statements for details).

The Company is the proud recipient of CSR Stalwart Award from NEPRA in recognition of its support to NEPRA's CSR drive – Power with Prosperity.

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

- The total number of Directors are eight (8) as per the following detail:
 - Male: Seven (7)
 - Female: One (1)
- The composition of the Board of Directors is as follows:

Category	Names
Independent Directors	- Mr. Aqeel Ahmed Nasir - Mr. Hafiz Muhammad Yousaf - Mr. Saad Iqbal - Ms. Mahwish Humayun Khan
Executive Director	Mr. Aftab Mahmood Butt (Chief Executive)
Non-Executive Directors	- Lt. General Muzammil Hussain (Retd) - Mr. Naveed Asghar Chaudhry - Mr. Jamil Akhtar

Committees of the Board of Directors:

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. Naveed Asghar Chaudhry	- Mr. Aftab Mahmood Butt - Ms. Mahwish Humayun Khan
Investment Committee	- Mr. Hafiz Muhammad Yousaf (Chairman) - Mr. Saad Iqbal	Mr. Jamil Akhtar

On behalf of the Board



Aftab Mahmood Butt
Chief Executive
Lahore: April 21, 2022



Hafiz Muhammad Yousaf
Director

31 مارچ 2022 کو ختم ہونے والی مدت کے لئے نو ماہی رپورٹ کی نو ماہی سے (غیر آڈٹ شدہ) بخش خدمت ہیں۔

نو ماہی کے دوران مجموعی آمدنی 77,088 ملین روپے رپا فروخت کی مدت میں آنے والے اخراجات 71,667 ملین روپے اور ٹیکس کی ادائیگی کے بعد منافع 8,227 ملین روپے رہا (پچھلے سال کی ماہی مدت میں منافع 15,922 ملین روپے تھا) جس کی بدولت فی حصص آمدن 35.9 روپے رہی (پچھلے سال کی ماہی مدت میں فی حصص آمدن 18.09 روپے تھی)۔ فی اسے میں تیسری ترمیم کے مطابق Capacity Purchase Price (CPP) آمدنی کو بکلی خریدار سے اپنے وائس موصول ہونے والے CPP، روپے نو ماہی ایڈجسٹ کیا گیا ہے۔ (پچھلے سال کی نو ماہی کا نوٹ 4.1) جبکہ بکلی خریدار CPP روپے نو ماہی کا نقل و حرکت اور صلاحیت اور اشاریہ سازی پر منحصر تھی۔ پچھلے سال کی ماہی مدت کے مقابلے میں زیر جائزہ مدت کے لیے آمدن میں کمی کی وجہ سے CPP True-up آمدن ہے۔

تیسری سہ ماہی کے دوران پاور پلانٹ نے 845 کیرگا واٹ اور بکلی بیہ کی، گینٹر لوڈ 29.2 فیصد اور تجارتی بنیادوں پر دستیابی 97.4 فیصد (اس تاریخ تک پورے سال کی تجارتی بنیادوں پر دستیابی 96.5 فیصد) تھی۔ یہ بات اہم ہے کہ 31 مارچ 2022 کو ختم ہونے والی نو ماہی کے دوران کمپنی نے 3,327 کیرگا واٹ اور بکلی (گینٹر لوڈ 37.7 فیصد) بکلی کے خریدار کو فروخت کی، جو کہ 2021 سے 2030 کے لیے بیہ اداری صلاحیت میں اضافے کے منصوبے کے تحت ہف سے زیادہ ہے۔

زیر جائزہ مدت کے دوران دو گیس ٹرانزیکٹری حرارت پمپ پر بیہ کا مائیکرو منصوبے کے مطابق انجام دیا گیا۔ ایکسپریس رپورٹ کی بڑی اور وائٹ بکلی کی گئی۔

31 مارچ 2022 تک کمپنی کے 56,440 ملین روپے (Net of provision) بکلی خریدار کے ذمہ واجب الادا تھے جن میں سے 47,546 ملین روپے کی زائد العیاد و قومات بھی شامل ہیں۔

نیٹلس انٹرنیکل پاور نیوگیلیری اتھارٹی (نیچر) نے کمپنی کی طرف سے بیہ اداری لائسنس میں توسیع کے لیے دائر درخواست کی نو ماہی ساعت 31 مارچ 2022 کو مسترد کی۔

ہمارے لیے یہ بات قابل فخر ہے کہ کمپنی کو نیچر ای طرف سے CSR Stalwart Award دیا گیا ہے، یہ ایوارڈ کمپنی کی طرف سے نیچر ای کے کاروباری سماجی ذمہ داریوں کے پروگرام - Power with Prosperity کے سلسلے میں گرانقدر خدمات کا اعتراف ہے۔

کمپنی نے کارپوریٹ گورننس کے ضابطہ اخلاق کے تقاضوں کی مندرجہ ذیل طریقے سے عمل کی ہے:

1. درج ذیل تفصیل کے مطابق ڈائریکٹری کل تعداد آٹھ (8) ہے:

- (a) مرد سات (7)
(b) خاتون ایک (1)

2. بورڈ آف ڈائریکٹری کی تشکیل درج ذیل ہے:

نام	کمپنی
جناب عقیل احمد ناصر جناب سعد اقبال جناب آفتاب محمودیٹ (چیف ایگزیکٹو)	خود مختار ڈائریکٹریز ایگزیکٹو ڈائریکٹر نان ایگزیکٹو ڈائریکٹر
جناب حفیظ محمد یوسف محترمہ مبہوش جاوید خان	جناب نوید امصر فرجہ پوری

آڈٹ کمیٹی	جناب حفیظ محمد یوسف (چیرمین) جناب نوید امصر فرجہ پوری جناب عقیل احمد ناصر (چیرمین)
ایچ آر کمیٹی	جناب عقیل احمد ناصر (چیرمین) جناب نوید امصر فرجہ پوری جناب آفتاب محمودیٹ
سرمایہ کاری کمیٹی	جناب حفیظ محمد یوسف (چیرمین) جناب عقیل احمد ناصر جناب سعد اقبال

منجانب بورڈ

آفتاب محمودیٹ
چیف ایگزیکٹو آفیسر

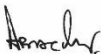
لاہور: 21 اپریل 2022ء

حافظ محمد یوسف
ڈائریکٹر

Condensed Interim Statement of Financial Position
as at March 31, 2022 (Un-audited)

	Un-audited March 31, 2022	Audited June 30, 2021
Note	(Rupees in thousand)	
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Authorised capital 3,600,000,000 (June 30, 2021: 3,600,000,000) ordinary shares of Rs 10 each	36,000,000	36,000,000
Issued, subscribed and paid up capital 880,253,228 (June 30, 2021: 880,253,228) ordinary shares of Rs 10 each	8,802,532	8,802,532
Capital reserve	444,451	444,451
Unappropriated profit	57,602,223	55,976,628
	66,849,206	65,223,611
NON-CURRENT LIABILITIES		
Lease liabilities	-	3,443
Contract liability	-	4,613,061
Deferred liabilities	3,018,211	9,223,790
	3,018,211	13,840,294
CURRENT LIABILITIES		
Current portion of long term liabilities	17,032	7,105
Current portion of contract liability	8,231,928	14,515,237
Finances under mark-up arrangements - secured	39,977,035	36,257,334
Trade and other payables	12,338,331	17,177,916
Provision for taxation - net	858,260	-
Unpaid dividend	-	4,401,266
Unclaimed dividend	979,072	810,833
	62,401,658	73,169,691
CONTINGENCIES AND COMMITMENTS		
	132,269,075	152,233,596

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



Aftab Mahmood Butt
Chief Executive Officer



M. Rabnawaz Anjum
Chief Financial Officer

		Un-audited March 31, 2022	Audited June 30, 2021
	Note	(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	2,435,794	3,068,225
Intangible assets		3,011	3,529
Right of use assets		2,875	7,455
Long term loans and deposits		18,636	6,419
Staff retirement benefits		417,626	435,286
		2,877,942	3,520,914
CURRENT ASSETS			
Stores and spares		3,405,607	3,181,423
Stock-in-trade		6,945,336	5,921,887
Trade debts	9	56,440,276	104,622,431
Investments at fair value	10	54,199,061	25,670,360
Income tax due from government		-	1,504,400
Loans, advances, deposits, prepayments and other receivables	11	6,916,981	6,528,658
Cash and bank balances		1,483,872	1,283,523
		129,391,133	148,712,682
		132,269,075	152,233,596



Hafiz Muhammad Yousaf
Director

Condensed Interim Statement of Profit or Loss

for the three-month and nine-month period ended March 31, 2022 (Un-audited)

	Note	Three month ended		Nine month ended	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
		(Rupees in thousand)		(Rupees in thousand)	
Sales	12	23,356,869	11,564,144	77,088,300	45,640,283
Cost of sales	13	(21,065,475)	(6,581,400)	(71,666,635)	(29,267,078)
Gross profit		2,291,394	4,982,744	5,421,665	16,373,205
Administrative expenses		(436,875)	(208,852)	(718,815)	(872,639)
Other expenses		(247)	-	(128,409)	-
Other income	14	2,569,032	2,235,630	9,114,580	9,335,102
Finance cost		(992,766)	(770,675)	(2,574,244)	(2,399,343)
Profit before tax		3,430,538	6,238,847	11,114,777	22,436,325
Taxation		(810,706)	(1,809,562)	(2,887,283)	(6,509,047)
Profit for the period		2,619,832	4,429,285	8,227,494	15,927,278
Earnings per share					
- basic and diluted	Rupees	2.98	5.03	9.35	18.09

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



Aftab Mahmood Butt
Chief Executive Officer



M. Rabnawaz Anjum
Chief Financial Officer



Hafiz Muhammad Yousaf
Director

Condensed Interim Statement of Comprehensive Income

for the three-month and nine-month period ended March 31, 2022 (Un-audited)

	Three month ended		Nine month ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	(Rupees in thousand)		(Rupees in thousand)	
Profit for the period	2,619,832	4,429,285	8,227,494	15,927,278
Other comprehensive income for the period:				
- Items that will not be reclassified to statement of profit or loss	-	-	-	-
- Items that may be reclassified subsequently to statement of profit or loss	-	-	-	-
Total comprehensive income for the period	<u>2,619,832</u>	<u>4,429,285</u>	<u>8,227,494</u>	<u>15,927,278</u>

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



Aftab Mahmood Butt
Chief Executive Officer



M. Rabnawaz Anjum
Chief Financial Officer



Hafiz Muhammad Yousaf
Director

Condensed Interim Statement of Cash Flows
for the nine-month period ended March 31, 2022 (Un-audited)

		Nine month ended	
		March 31, 2022	March 31, 2021
	Note	(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	16	47,902,173	14,371,444
Finance cost paid		(5,667,584)	(3,852,185)
Taxes paid		(6,768,174)	(3,122,691)
Staff retirement benefits paid		(27,907)	(62,493)
Net cash generated from operating activities		35,438,508	7,334,075
Cash flows from investing activities			
Fixed capital expenditure		(67,474)	(25,434)
Income on bank deposits received		7,010	16,956
Interest received on investments at fair value		610,950	-
Long term loans and deposits - net		(12,217)	2,601
Investments at fair value - net		(28,656,920)	-
Proceeds from sale of property, plant and equipment		1,915	1,299
Net cash used in investing activities		(28,116,736)	(4,578)
Cash flows from financing activities			
Repayment of lease liabilities		(6,198)	(10,205)
Dividend paid		(10,834,926)	(1,302,164)
Net cash used in financing activities		(10,841,124)	(1,312,369)
Net (decrease) / increase in cash and cash equivalents during the period		(3,519,352)	6,017,128
Cash and cash equivalents at beginning of the period		(34,973,811)	(43,226,949)
Cash and cash equivalents at end of the period	17	(38,493,163)	(37,209,821)

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



Aftab Mahmood Butt
Chief Executive Officer



M. Rabnawaz Anjum
Chief Financial Officer



Hafiz Muhammad Yousaf
Director

Condensed Interim Statement of Changes in Equity

for the nine-month period ended March 31, 2022 (Un-audited)

	Share capital	Capital reserve	Un-appro- priated profit	Total
	(Rupees in thousand)			
Balance as at June 30, 2020				
Audited	8,802,532	444,451	51,103,528	60,350,511
Total comprehensive income for the period				
Profit for the period	-	-	15,927,278	15,927,278
Other comprehensive income for the period	-	-	-	-
	-	-	15,927,278	15,927,278
Transactions with owners:				
Interim dividend for the year ended June 30, 2021 - Rs 1.50 per share	-	-	(1,320,380)	(1,320,380)
Balance as at March 31, 2021				
Un-audited	8,802,532	444,451	65,710,426	74,957,409
Balance as at June 30, 2021				
Audited	8,802,532	444,451	55,976,628	65,223,611
Total comprehensive income for the period				
Profit for the period	-	-	8,227,494	8,227,494
Other comprehensive income for the period	-	-	-	-
	-	-	8,227,494	8,227,494
Transactions with owners:				
Final dividend for the year ended June 30, 2021 - Rs 3.50 per share	-	-	(3,080,886)	(3,080,886)
Interim dividend for the year ending June 30, 2022 - Rs 4.00 per share	-	-	(3,521,013)	(3,521,013)
Balance as at March 31, 2022				
Un-audited	8,802,532	444,451	57,602,223	66,849,206

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



Aftab Mahmood Butt
Chief Executive Officer



M. Rabnawaz Anjum
Chief Financial Officer



Hafiz Muhammad Yousaf
Director

Notes to the Condensed Interim Financial Statements

for the three-month and nine-month period ended March 31, 2022 (Un-audited)

same as those that were applied to the preceding financial statements for the year ended June 30, 2021.

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

2.3 Impact on Going Concern Assumption due to expiry of PPA and Generation License

The existing PPA was initially for a term of 25 years and was due to expire on June 26, 2021. Pursuant to the terms of the Third Amendment to the PPA and Master Agreement (together, the 'Agreements'), the pending dispute of liquidated damages imposed by the Power Purchaser relating to the outages due to fuel shortages during the period 2008-2016 were treated as Other Force Majeure Event (OFME) under the PPA; and consequently, the term of the PPA was agreed to be extended by 485 days (approximately 16 months). Accordingly, the pending dispute of liquidated damages were settled and the term of the PPA was extended till October 24, 2022.

The Company's generation license issued by the National Electric Power Regulatory Authority (NEPRA) was set to expire on September 21, 2021. The Company, in accordance with applicable regulations, duly filed an application in June 2021 before NEPRA for renewal/extension of its generation license for a period of 10 years. The Company's application is under consideration; and NEPRA has provisionally allowed the Company to continue to generate and supply electricity to the Power Purchaser / national grid under the obligation of its existing generation license till final decision, which is expected to be received in due course. The pending renewal of the generation license and the extension/renewal of the PPA indicates the existence of material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

Notwithstanding, as elaborated below, the Company has sound financial position and as per the Management's forecasts, the Company has sufficient liquidity and reserves to meet the operational expenditures and discharge its liabilities for the foreseeable future.

Government of Pakistan (GoP) recently approved the Indicative Generation Capacity Expansion Plan (IGCEP) for the period 2021-2030, which is subject to review and update annually. As per IGCEP, the Company's Power Plant is being retired as per the expiry date of its PPA. As such, there is no anticipated purchase of electricity from the Company for the year 2022-2023 and beyond. It may, however, be noted that IGCEP is indicative in nature and does not take into account technical issues and fuel constraints of the system (as mentioned in the disclaimer of IGCEP). Additionally, it is pertinent to note that the Company has already generated and supplied electricity well in excess of the

Notes to the Condensed Interim Financial Statements

for the three-month and nine-month period ended March 31, 2022 (Un-audited)

forecast of IGCEP during the current period due to system requirements which further strengthens the critical importance of the Plant in the System.

Keeping in view the system constraints and energy security, Management of the Company believes that the PPA will be extended for an additional term following the expiry of the extended term since the Power Purchaser has in the Master Agreement consented to the extension of the PPA for an additional term subject to agreement on the terms and conditions and completion of legal and corporate formalities. Accordingly, Management has taken up this matter with the relevant Authorities and initiated the formalities in this respect. The Company has had several meetings with the Ministry, CPPA-G and other relevant stakeholders. As a result, the Power Division of Ministry of Energy / CPPA-G has advised the National Transmission & Despatch Company (NTDC) to carry out system study for assessing the system requirements vis-à-vis the Company's PPA extension/renewal. The matter is currently pending with NTDC/CPPA-G.

In respect of the Company's pending application for extension of generation license, NEPRA sought comments from the stakeholders including National Power Control Center (System Operator), Power Purchaser (CPPA-G), NTDC, Multan Electric Power Company (MEPCO) etc. NEPRA is processing the application and has conducted a public hearing on March 31, 2022. Based on the positive progress, Management believes that generation license will be granted, while keeping in view the favourable comments received from System Operator, MEPCO, WAPDA etc. as well as the actual requirement of the Power Plant for the system.

Some other factors which support Management's stance for extension of the PPA and renewal of generation license are as follows:

- the Company's Power Plant has certain distinct capabilities such as being able to run on multi fuel, having black start facility, optimum size machines and lesser ramp-up/ramp down time, providing an extensive fuel storage facility at its Power Complex and the Company's contribution to the National Power;
- the Power Plant's strategic mid Country location; and its capability of being a major feeding source for distribution companies of Central and Lower Punjab. In addition, it is also a major Reactive Power source helping in maintaining the voltage profile of the area;
- the remaining useful life of the Power Plant of at least 10 years as per the life assessment study carried out by an independent foreign consultant in June 2021;
- recent generation trend in summer as well as winter evidencing need of KAPCO to the national power system; and
- GoP is the major shareholder of the Company (through WAPDA) so ultimate beneficial ownership lies with GoP.

In addition, the GoP has planned to implement the Competitive Trading

Notes to the Condensed Interim Financial Statements

for the three-month and nine-month period ended March 31, 2022 (Un-audited)

Bilateral Contracts Market (CTBCM) in near future. Under this arrangement, the Company will have the option to participate in the Market by selling electricity to Bulk Power Consumers (BPC) through wheeling arrangements. The Company intends to take full advantage of CTBCM once it is implemented in the interest of its shareholders and is currently in discussion with certain Bulk Power Consumers for the 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.

Additionally, the Company has a sound financial position as its current assets are well in excess of its current liabilities, which can be utilized for diversification of its operations. The Company is currently evaluating different investment options. WAPDA, being a major shareholder, strongly supports plans for diversification and is rigorously following it up with the relevant authorities of GoP for approval of such investments. Thereafter, the Company will be in a position to initiate legal and corporate formalities including but not limited to carrying out due diligence exercise for any shortlisted companies and obtaining approvals, consents and permissions in accordance with contractual, legal and regulatory requirements.

As per the Management's forecasts, the Company has sufficient liquidity reserves to meet the operational expenditures and liabilities for the foreseeable future. Further, the Company draws strength from the following:

- The Company has received Rs 99,002 million from the Power Purchaser in two tranches as per terms of Third Amendment to PPA. As at the reporting date, receivables from the Power Purchaser of Rs 57,043 million are outstanding which are backed by GoP Guarantee and will be realised in normal course of business;
- Sufficient working capital facilities are available to the Company and a cushion of Rs 5,924 million is available for further utilization. Further, the Company has strong relationship with all the key banks who have renewed the financing facilities during the current and previous periods; and
- Significant amount of Rs 54,199 million as at March 31, 2022 is invested in PIBs and Sukuks, which carry a yield effective return in excess of 6 months' T-Bill rate, and are readily convertible into cash, if required.

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

- 2.4 Income tax expense is recognised based on management's best estimate of the weighted average income tax rate expected for the full financial year.

3. Standards, amendments and interpretations to published approved accounting standards

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3.1 Standards, amendments and interpretations to existing standards effective in current period

Certain standards, amendments and interpretations to the approved accounting standards are effective for the accounting periods beginning on or after July 01, 2021 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

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

Certain standards, amendments to the approved accounting standards and interpretations are mandatory for the Company's accounting periods beginning on or after January 01, 2022, but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements except for the following:

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

		Un-audited March 31, 2022	Audited June 30, 2021
	Note	(Rupees in thousand)	
4. Contract liability			
Opening		19,128,298	-
Add: Adjustment to Capacity Purchase Price (CPP)	4.1	-	19,287,369
Less: Amount recognised as revenue in CPP during the period		(10,896,370)	(159,071)
		8,231,928	19,128,298
Less: Current portion of contract liability		(8,231,928)	(14,515,237)
Closing		-	4,613,061

- 4.1 The Company signed a Master Agreement and the Third Amendment to the Power Purchase Agreement on February 11, 2021 with Power Purchaser which later became binding on May 21, 2021. Pursuant to the terms and approval of these Agreements, the outages due to fuel shortage during the period 2008 to 2016 have been treated as Other Force Majeure Event (OFME) under the PPA and consequently, existing Term of PPA has been extended by

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485 days (approximately 16 months). Pursuant to a letter of understanding signed by both parties, it was agreed to treat the already received amount of Rs 19,287 million representing Capacity Purchase Price (CPP) of the OFME period (485 days) as advance against future CPP. Accordingly, this advance is adjusted, and the related revenue is recorded over the period from June 27, 2021 to October 24, 2022 upon satisfaction of the underlying performance obligation i.e. ensuring the availability of the Plant.

	Un-audited March 31, 2022	Audited June 30, 2021
Note	(Rupees in thousand)	
5. Finances under mark-up arrangements		
- Under conventional finances - secured	21,431,034	21,705,523
- Under Islamic finances - secured	18,546,001	14,551,811
5.1	39,977,035	36,257,334

5.1 Finances under mark-up arrangements available from various commercial banks amount to Rs 25,801 million (June 30, 2021: Rs 29,967 million) and finances available under musharika and murabaha arrangements amount to Rs 20,100 million (June 30, 2021: Rs 20,400 million). The rate of mark-up ranges from 7.70 percent to 13.52 percent (June 30, 2021: 7.0 percent to 10.6 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 (June 30, 2021: 20 percent to 24 percent) per annum on the balances unpaid.

5.2 Of the aggregate facility of Rs 403 million (June 30, 2021: Rs 240 million) for opening letters of credit and Rs 2,504 million (June 30, 2021: Rs 2,504 million) for guarantees, the amounts utilised as at March 31, 2022 were Rs 254 million (June 30, 2021: Rs 108 million) and Rs 2,504 million (June 30, 2021: Rs 2,504 million) respectively.

5.3 The aggregate running finances, short term finances and letters of credit and guarantees are secured by joint pari passu charge over current assets up to a limit of Rs 90,792 million (June 30, 2021: Rs 90,792 million) and ranking charge over current assets up to a limit of Rs 4,001 million (June 30, 2021: Rs 1,334 million).

6. Trade and other payables

Trade and other payables include an amount of Rs 6,655 million (June 30, 2021: Rs 11,446 million) payable to the fuel suppliers on account of fuel supplies and late payment surcharge on credit supplies of fuel. Further, included in it is an amount of Rs 556 million payable to Workers Profit Participation Fund pursuant to the Companies Profits (Workers' Participation Act) (Amendment) Act, 2021 ('Act'), which became effective on October 01, 2021. Since it is a pass-through item as per the provisions of the PPA, consequently, the Management also recorded other receivable from the Power Purchaser in this respect.

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7. Contingencies and commitments

7.1 Contingencies

- (a) There has been no significant change in the status of the contingent liabilities disclosed as at June 30, 2021 except the following:
- (i) The Additional Commissioner Inland Revenue (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 with Commissioner Inland Revenue (Appeals) (CIR-A), which was decided vide order dated September 01, 2021 partially in favour of the Company on certain issues whereas issues of true-up income, LP income and certain other expenses were decided against the Company and rest of the issues were remanded back. Being aggrieved, the Company has filed an appeal in Appellate Tribunal Inland Revenue (ATIR) against order of the CIR-A, which is pending adjudication.
 - (ii) The 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 appeal before CIR-A which was partially decided in favor of the Company vide order dated July 23, 2019. Being aggrieved, the Company filed an appeal before ATIR against CIR-A order which was decided against the Company vide order dated September 24, 2021. The Company has now filed reference in Lahore High Court against the ATIR order, which is pending adjudication.
 - (iii) The ACIR amended the assessment for tax year 2021 vide order dated February 26, 2022 creating demand of Rs 6,788 million by charging tax on true up income, late payment income from WAPDA and certain inadmissible expenses. Being aggrieved, the Company filed appeal before CIR-A which is pending adjudication. Meanwhile, the ACIR passed rectification order under section 221 dated March 24, 2022 by incorporating credit of true up income and LP income that have been offered for tax on receipt basis. Resultantly, the demand has been reduced to Rs 1,746 million.
 - (iv) The Deputy Commissioner Inland Revenue (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 1,110 million. The Company filed an appeal before CIR-A. Consequently, the matter was remanded back to Commissioner Inland Revenue (CIR) for fresh adjudication. CIR finalized the remand back proceedings and confirmed the aforesaid demand vide order dated June 30, 2021. Being aggrieved, the Company filed an appeal in CIR-A who again remanded back the case to DCIR vide order dated January 05, 2022. The DCIR passed order dated February 23, 2022 and created demand of Rs 3,751 million including penalty of Rs 1,110 million and default surcharge of Rs 1,530 million. Being aggrieved, the Company has filed appeal before CIR-A which is pending adjudication.

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The DCIR passed order dated September 30, 2021 in sales tax audit proceedings for 2019 raising a demand of Rs 15,568 million on account of rejection of input tax due to non-compliance of section 73 and non-production of records. Being aggrieved, the Company filed appeal before CIR-A who annulled the order passed by DCIR and remanded back the case vide order dated January 28, 2022. DCIR passed order dated March 29, 2022 in remand back proceedings whereby demand was reduced to Rs 164 million. Being aggrieved, Company has filed appeal before CIR-A which is pending adjudication.

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 interim financial statements with respect to the above matters.

- (b) Sui Northern Gas Pipelines Limited (SNGPL) has raised claims of late payment surcharge amounting to Rs 769 million (June 30, 2021: Rs 766 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.

- (c) The Company has provided bank guarantees in favour of Sui Northern Gas Pipelines Limited on account of payment of dues against gas sales etc., amounting to Rs 2,504 million (June 30, 2021: Rs 2,504 million).

7.2 Commitments

- (i) Contracts for capital expenditure Rs 16 million (June 30, 2021: Rs 4 million).
- (ii) Letters of credit other than for capital expenditure Rs 254 million (June 30, 2021: Rs 108 million).
- (iii) Contracts for car ijara are Rs 126 million (June 30, 2021: Rs 47 million).

		Un-audited March 31, 2022	Audited June 30, 2021
	Note	(Rupees in thousand)	
8. Property, plant and equipment			
Opening Net Book Value (NBV)		3,068,225	4,106,460
Add: Additions / transfers during the period	8.1	68,692	31,390
		3,136,917	4,137,850
Less: Disposals / adjustment during the period (at NBV)		2,105	2,245
Depreciation charged during the period		699,018	1,067,380
		701,123	1,069,625
		2,435,794	3,068,225

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for the three-month and nine-month period ended March 31, 2022 (Un-audited)

	Note	Un-audited March 31, 2022 (Rupees in thousand)	Audited June 30, 2021
8.1 Following is the detail of additions / transfers during the period			
Additions:			
Buildings		665	-
Gas turbine blading		-	23,024
Auxiliary plant and machinery		1,700	345
Office equipment		4,986	2,064
Vehicles		57,999	-
		65,350	25,433
Transfers (at NBV)			
Vehicles		3,342	5,957
		68,692	31,390
9. Trade debts			
Trade debts	9.1	57,043,031	104,920,893
Less: Provision for doubtful debts		602,755	298,462
		56,440,276	104,622,431

9.1 These are considered good except Rs 603 million (June 30, 2021: Rs 298 million) which are considered doubtful. Trade debts include an overdue amount of Rs 47,546 million (June 30, 2021: Rs 81,260 million) receivable from CPPA-G, which is a related party of the Company. The maximum aggregate amount outstanding during the period was Rs 116,586 million (June 30, 2021: Rs 132,903 million). The trade debts are secured by a guarantee from the Government of Pakistan under the Facilitation Agreement. These are in the normal course of business and are interest free, however, a penal mark-up of SBP discount rate plus 4 percent per annum is charged in case the amounts are not paid within due dates.

	Un-audited March 31, 2022		Audited June 30, 2021	
	Cost	Carrying Value	Cost	Carrying Value
	(Rupees in thousand)			
10. Investments at fair value				
Fair value through profit or loss - Government Securities				
Pakistan Investment Bond	26,831,000	26,788,070	12,738,300	12,780,336
GoP Ijarah Sukuk	27,417,400	27,410,991	12,762,400	12,890,024
	54,248,400	54,199,061	25,500,700	25,670,360

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Particulars of debt securities
are as follows:

	Maturity	Effective Yield	Un-audited March 31, 2022 (Rupees in thousand)	Audited June 30, 2021
Pakistan Investment Bond	18-Jun-30	12.079%	26,788,070	12,780,336
GoP Ijarah Sukuk	09-Dec-25	10.959%	7,771,715	12,890,024
GoP Ijarah Sukuk	29-Oct-26	8.700%	19,639,276	-
			<u>54,199,061</u>	<u>25,670,360</u>

11. Loans, advances, deposits, prepayments and other receivables

These include an advance of Rs 1,985 million (June 30, 2021: Rs 4,557 million) paid to Pakistan State Oil Company Limited (PSO) against supplies of fuel. Further, advances to suppliers include amount due for more than a year from WAPDA, an associated undertaking, amounting to Rs 1 million (June 30, 2021: Rs 1 million). These are in the normal course of business and are interest free.

	Three month ended		Nine month ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	(Rupees in thousand)		(Rupees in thousand)	
12. Sales				
Energy Purchase Price under the PPA	23,540,523	5,358,184	79,918,093	29,561,033
Sales tax	(3,364,854)	(776,538)	(11,490,618)	(4,277,127)
Net Energy Purchase Price	20,175,669	4,581,646	68,427,475	25,283,906
Capacity Purchase Price under the PPA - net	3,181,200	6,982,498	8,660,825	20,356,377
	<u>23,356,869</u>	<u>11,564,144</u>	<u>77,088,300</u>	<u>45,640,283</u>

13. Cost of sales

Fuel cost	20,268,599	4,579,546	69,023,968	24,766,223
Salaries, wages and benefits	406,139	418,731	1,535,377	1,444,233
Plant maintenance	63,457	41,092	210,242	149,636
Gas turbines overhauls	62,640	378,345	105,742	434,698
Repair and renewals	60,585	629,983	138,916	860,845
Depreciation on property, plant and equipment	202,904	531,913	649,745	1,605,997
Amortisation on intangible assets	1,151	1,790	2,645	5,446
	<u>21,065,475</u>	<u>6,581,400</u>	<u>71,666,635</u>	<u>29,267,078</u>

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	Three month ended		Nine month ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	(Rupees in thousand)		(Rupees in thousand)	
14. Other Income				
True-up income	-	67,180	747,369	2,918,944
Interest on late payment				
- CPPA-G	1,123,336	2,151,869	5,905,120	6,339,891
Interest on investments				
at fair value	1,428,332	-	2,421,690	-
Others	17,364	16,581	40,401	76,267
	<u>2,569,032</u>	<u>2,235,630</u>	<u>9,114,580</u>	<u>9,335,102</u>

		Nine month ended	
		March 31, 2022	March 31, 2021
		(Rupees in thousand)	

15. Transactions with related parties

Relationship with the Company	Percentage of shareholding	Nature of transaction		
i. Associated undertakings				
- CPPA-G	0%	Sale of electricity	77,088,300	45,640,283
- CPPA-G	0%	Purchase of electricity	172,748	191,638
- WAPDA	40%	Purchase of services	603	1,852
- CPPA-G	0%	Interest income on late payments	5,905,120	6,339,891
- CPPA-G	0%	True-up income	747,369	2,918,944
- CPPA-G	0%	Provision for doubtful debts	32,738	-
- WAPDA	40%	Dividend paid	4,428,889	531,467
- KAPCO Employees Empowerment Trust	5%	Dividend paid	603,155	72,379
- Samba Bank Limited	0%	Financial charges	-	23,667
- Pakistan Institute of Corporate Governance*	0%	Purchase of services	-	431
ii. Post retirement benefit plans				
- KAPCO employees pension fund trust	0%	Contributions paid	-	31,634
- KAPCO employees provident fund trust	0%	Contributions paid	38,167	37,080
iii. Key management personnel (including directors)	0%	Compensation	398,799	281,278

All transactions with related parties have been carried out on mutually agreed terms and conditions.

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* Pakistan Institute of Corporate Governance is no longer a related party, hence the value of transaction during the period is not disclosed.

	Un-audited March 31, 2022	Audited June 30, 2021
	(Rupees in thousand)	
Period end balances		
Associated Undertakings		
Receivable from related parties	57,622,890	105,000,161
Payable to related parties	3,147,077	3,993,234

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

	Nine month ended	
	March 31, 2022	March 31, 2021
	(Rupees in thousand)	
16. Cash generated from operations		
Profit before tax	11,114,777	22,436,325
Adjustments for:		
- Depreciation on property, plant and equipment	699,018	1,670,224
- Amortisation on intangible assets	2,646	5,446
- Depreciation on right of use assets	1,234	5,929
- Provision for doubtful debts	304,293	-
- Loss / (gain) on sale of fixed assets	190	(516)
- Income on bank deposits	(7,010)	(16,956)
- Interest income on investment at fair value	(2,421,690)	-
- Fair value loss on investment at fair value	128,219	-
- Staff retirement benefits accrued	96,223	149,405
- Finance cost	2,574,244	2,399,342
- Revenue recognised in CPP against contract liability	(10,896,370)	-
Profit before working capital changes	1,595,774	26,649,199
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets		
- Stores and spares	(224,184)	682,856
- Stock-in-trade	(1,023,449)	(6,146,153)
- Trade debts	47,877,862	(6,838,785)
- Loans, advances, deposits, prepayments and other receivables	1,422,417	(921,451)
(Decrease) / increase in trade and other payables	(1,746,247)	945,778
	46,306,399	(12,277,755)
Cash generated from operations	47,902,173	14,371,444

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		March 31, 2022	March 31, 2021
	Note	(Rupees in thousand)	
17. Cash and cash equivalents			
Cash and bank balances		1,483,872	815,120
Finances under mark-up arrangements			
- secured	5	(39,977,035)	(38,024,941)
		(38,493,163)	(37,209,821)

18. 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 March 31, 2022:

	Level 1	Level 2	Level 3	Total
	Un-audited			
	(Rupees in thousand)			
Assets:				
Investments at fair value	54,199,061	-	-	54,199,061

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

	Level 1	Level 2	Level 3	Total
	Audited			
	(Rupees in thousand)			
Assets:				
Investments at fair value	25,670,360	-	-	25,670,360

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19. Date of authorisation for issue

These condensed interim financial statements were authorised for issue on April 21, 2022 by the Board of Directors of the Company.

20. Events after the reporting date

20.1 The Board of Directors of the Company have declared an interim dividend for the year ending June 30, 2022 of Nil (2021: Rs 3.50) per share amounting to Nil (2021: Rs 3,081 million) at their meeting held on April 21, 2022.

20.2 No significant events have occurred subsequent to March 31, 2022, other than those mentioned elsewhere in these condensed financial statements.

21. Corresponding figures

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

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



Aftab Mahmood Butt
Chief Executive Officer



M. Rabnawaz Anjum
Chief Financial Officer



Hafiz Muhammad Yousaf
Director