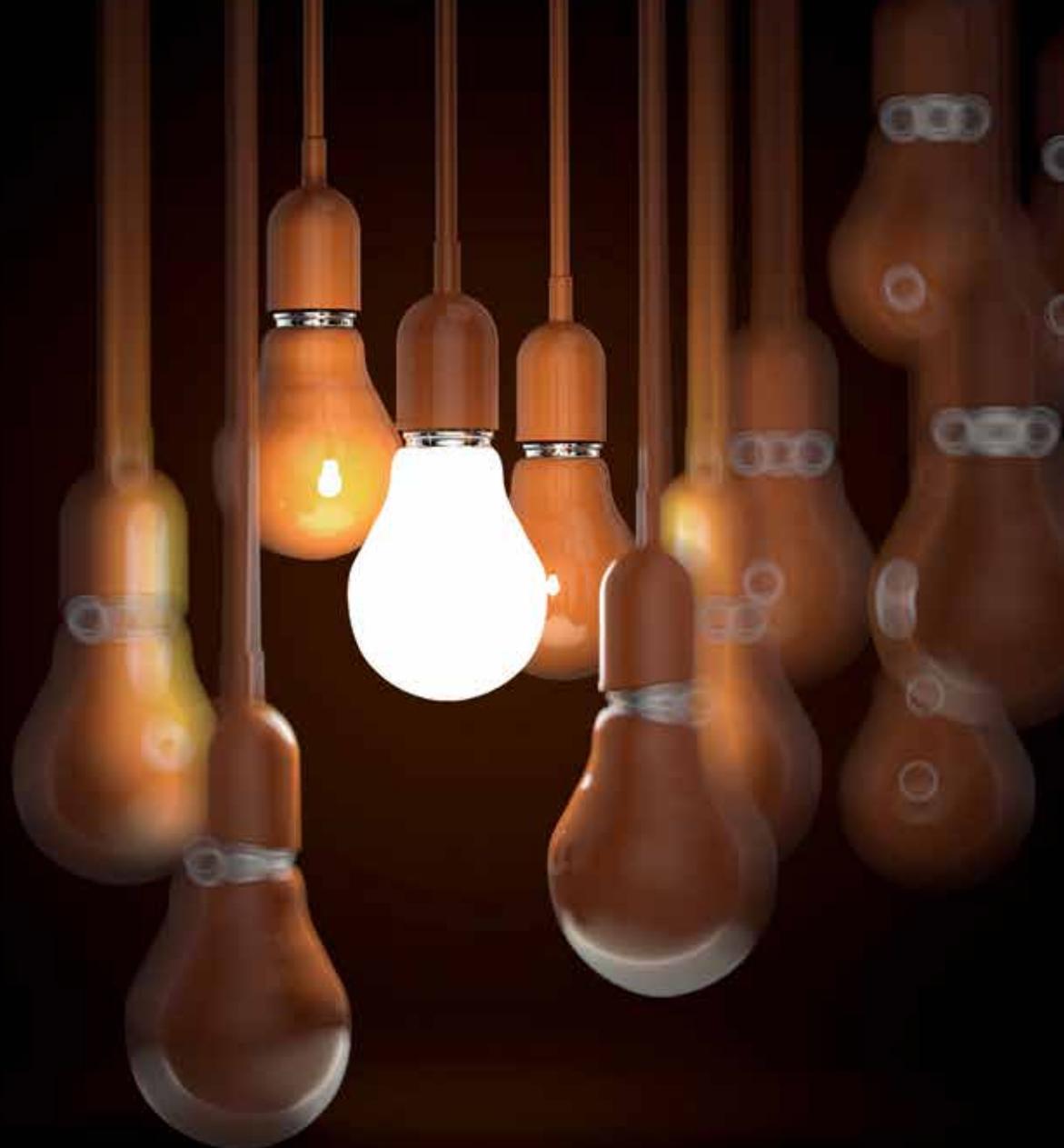


STAYING RESILIENT

Annual Report 2022



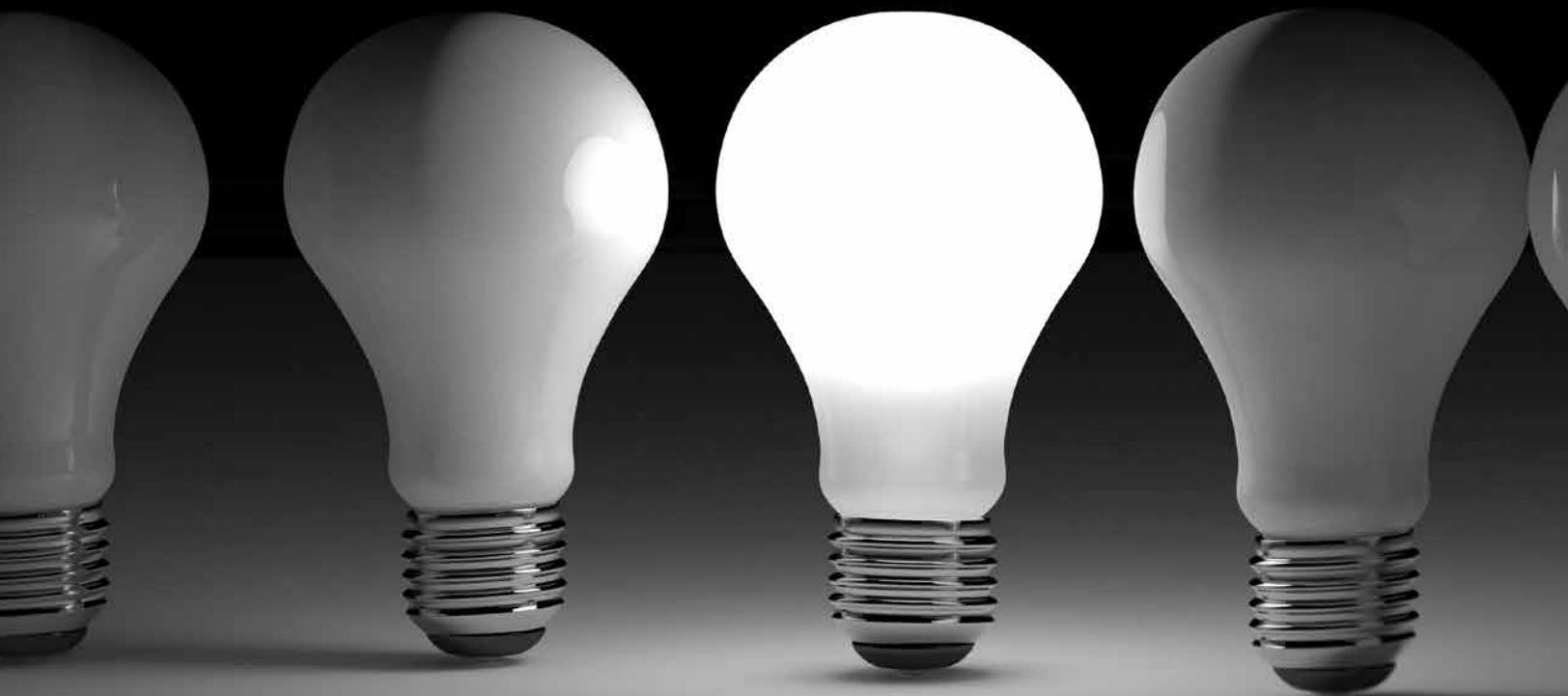
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KEY FIGURES



Gross Profit

Rs. **8,532** Million



Turnover

Rs. **136,600** Million



Profit after Tax

Rs. **9,894** Million



Earnings per Share

Rs. **11.24** Million

COMPANY INFORMATION

Board of Directors

Lt. General (Retd) Sajjad Ghani¹
(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. Jamil Akhtar

HR Committee

Mr. Aqeel Ahmed Nasir
(Chairman)

Mr. Aftab Mahmood Butt

Mr. Jamil Akhtar

Ms. Mahwish Humayun Khan

Investment Committee

Mr. Hafiz Muhammad Yousaf
(Chairman)

Mr. Saad Iqbal

Mr. Jamil Akhtar

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

¹ Lt. General (Retd.) Muzammil Hussain resigned from the BoD on May 24, 2022; and his vacant position was filled-in on August 17, 2022 by Lt. General (Retd.) Sajjad Ghani.

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 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

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 26TH ANNUAL GENERAL MEETING

Notice is hereby given that the 26th Annual General Meeting of Kot Addu Power Company Limited (“Company”) will be held at the Islamabad Marriott Hotel, Agha Khan Road, Shalimar 5, Islamabad and through video link (as requested) on Thursday, October 27, 2022 at 10.30 a.m. to transact the following business:

Ordinary Business

1. To confirm the Minutes of the 25th Annual General Meeting of the Company held on October 22, 2021.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2022 together with Directors’ and Auditor’s Reports thereon.
3. To approve the final cash dividend of Rs. 4.00 per share, that is, 40% for the year ended June 30, 2022 as recommended by the Board of Directors. This is in addition to the interim dividend of Rs. 4.00 per share, that is, 40% already paid making a total cash dividend of Rs. 8.00 per share, that is, 80% during the year.
4. To appoint Auditors and fix their remuneration for the year ending June 30, 2023. 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.

Islamabad
September 16, 2022

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 21, 2022 to October 27, 2022 (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 20, 2022 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. 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 26th 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.

Change of Address

- 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

Consent for Video Conference Facility

Members can also avail video conference facility in [name of cities where facility can be provided keeping in view geographical dispersal of member]. In this regard please fill the following and submit to the Company's Corporate Office at 5-B/3, Gulberg III, Lahore 54660 at least 10 days before the date of AGM.

If the Company receives consent from Members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of the AGM, the Company will arrange video conference facility in that city, subject to availability of such facility in that city.

The Company will intimate Members regarding venue of video conference facility at least 5 days before the date of the AGM along with complete information necessary to enable them to access such facility.

I/We, _____ of _____, being a member of Kot Addu Power Company Limited, holder of _____ ordinary share(s) as per Register Folio No. _____ hereby opt for video conference facility at _____.

Signature of Member

IMPORTANT NOTES TO THE SHAREHOLDERS

CNIC Copy

- 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)

- 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 along with 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.

Unclaimed Dividend

- The Company has previously discharged its responsibility under Section 244 of the Companies Act, 2017 whereby the Company approached the shareholders to claim their unclaimed dividend in accordance with the law.

Shareholders, whose dividends are still unclaimed, are hereby once again advised to approach the Company to claim their outstanding dividend amounts. An updated list of unclaimed dividends is available on the Company's website www.kapco.com.pk.

Centralized Cash Dividend Register (CCDR)

- Central Depository Company (CDC) has developed Centralized Cash Dividend Register (CCDR), an eServices web portal which would incorporate details pertaining to cash dividends paid, unpaid or withheld by listed companies. The CCDR will help to maintain history of dividends paid to shareholders by listed companies and access of all such information will be provided to the respective shareholders. The web portal will facilitate shareholders of listed companies in retrieving details of cash dividends from the centralized register and using the same for their record purposes.

You may access CCDR via <https://eservices.cdaccess.com.pk>. In addition, the Dividend/Zakat & Tax Deduction Report can also be obtained directly from your Participant (stock broker) which has been provided to them on their CDS terminals.

Conversion of Physical Shares into CDS

- In compliance with the requirements of Section 72 of the Companies Act 2017, 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

- 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 (ATPL) 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 ATPL, 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

- Annual Financial Statements of the Company for the financial year ended June 30, 2022 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.

Notwithstanding the above, the Company will provide hard copies of the Annual Report, 2022, to any Member on their request at their registered address within one (1) week of receiving such request.

BOARD OF DIRECTORS



Lt. General (Retd.) Sajjad Ghani | Chairman

Lt General (Retd.) Sajjad Ghani was appointed a Director on August 17, 2022. General Ghani is a professional engineer and retired soldier, who has pursued two parallel career streams for over last four decades. He obtained Bachelor of Engineering Degree from Military College of Engineering in 1984. He was awarded Master's Degree in Civil Engineering from University of Engineering and Technology, Lahore in 1990. He has served Commander of Corps Engineers and Quarter Master General Pakistan Army where numerous mega construction projects were executed under his supervision.

General Ghani belongs to Corps of Engineers, commissioned in 1978. He has commanded Infantry Brigade and Infantry Division during Swat Operations. He has been Vice Chief of General Staff at GHQ. He has also commanded Corps at Karachi.



Mr. Aftab Mahmood Butt | Chief Executive

Mr. Aftab Mahmood Butt has been the 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). 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 a Director since June, 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 Chaudhry has been a Director since February, 2020. He was a 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 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 and Diamer Basha Dam Company. 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 has been a Director since November, 2016. Mr. Iqbal is a graduate of Curry College, USA in Business Communication. He 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 Storage and Services (Private) Limited, Metro Wind Power 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 Storage and Services (Private) Limited, Tariq Glass Industries Limited and HUB Power Company Limited.



Mr. Jamil Akhtar | Director

Mr. Jamil Akhtar has been a Director since April, 2021. He is 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 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 is also a Member on the Board of Directors of Neelum Jhelum Hydropower Company and Diamer Basha Dam Company.



Ms. Mahwish Humayun Khan | Director

Ms. Mahwish Humayun Khan has been a Director since October, 2021. She was a Fulbright Scholar and has done her Master in International Political Economy and Development from Fordham University, New York, USA. She also has Master degree in Business Administration major in Finance from NUST Business School, Islamabad.

Ms. Khan has over nine years of communications experience in strategic communications, developing knowledge products, content management, stakeholder engagement, advising on communication tools for projects and digital media management. Strong and demonstrated interest in economic empowerment, global health, climate and urbanization, and the Sustainable Development Goals.

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

42.4%



Commercial Availability

96%



Electricity Sold

4,980 GWh



Thermal Efficiency

43.4%





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.



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 not 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 ¹	7
Mr. Saad Iqbal	6
Mr. Jamil Akhtar	7

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:

- determination of appropriate measures to safeguard the Company's assets;
 - review of preliminary announcements of results prior to publication;
 - review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors;
 - 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);
 - Review of the Management Letter issued by the External Auditors and Management's response thereto;
 - Ensuring coordination between the Internal Auditors and External Auditors of the Company;
- 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;
 - Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
 - 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;
 - Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
 - Determination of compliance with relevant statutory requirements;
 - Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
 - Consideration of any other issue or matter on its own or as may be assigned by the Board of Directors.

HR Committee

During the year, four (4) meetings of the HR 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. Naveed Asghar Chaudhry ²	3
Ms. Mahwish Humayun Khan	3
Mr. Jamil Akhtar ³	1

¹ Mr. Naveed Asghar ceased to be a Member of Audit Committee on June 1, 2022.

² Mr. Naveed Asghar ceased to be a Member of HR Committee on June 1, 2022.

³ Mr. Jamil Akhtar was appointed a Member of HR Committee Meeting on June 1, 2022

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.

Investment Committee

The Investment Committee is a committee constituted by the Board of Directors ("BoD") to assist and guide in expanding, diversifying and effective management of the business portfolio for the Company and to prepare a workable financial model for renewal/extension of the Company's Power Purchase Agreement ("PPA") and to evaluate and implement any approved investment schemes.

During the year, five (5) meetings of the Investment Committee were held. Attendance of meetings is as follows:

Name of Director	No. of Meetings Attended
Mr. Hafiz Muhammad Yousaf	5
Mr. Saad Iqbal	5
Mr. Jamil Akhtar	5



CHAIRMAN'S REVIEW

I am pleased to present the Annual Report of the Company for the financial year ended on June 30, 2022.

The Company's profit before tax for the year is Rs. 15,524 Million; and profit after tax is Rs. 9,894 Million bringing its earnings per share (EPS) for the year to Rs. 11.24 per share of Rs. 10 each. The total cash dividend for the year being Rs. 8.00 per share (subject to shareholders' approval).

Company's generation license has been renewed by the National Electric Power Regulatory Authority (NEPRA). It is a substantial achievement that endorses our established status of a going concern. Management is also working on preparation of Tariff Petition which will be submitted before NEPRA in due course. Management and the Board of Directors are also viewing options for the Company's diversification in the power sector.

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.

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

The Board of Directors has a formal mechanism for annual evaluation and the evaluation of the Board of Directors' Committees. An assessment questionnaire covers 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.

The Directors skills include engineering, financial, banking, legal and management experience.

Following completion of external IMS recertification and surveillance audit, the Company's following certifications continue:

ISO 9001: 2015

Quality Management Systems

ISO 45001: 2018

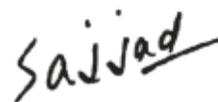
Occupational Health and Safety Management Systems

Action plan finalization is in progress for the following certification:

ISO 14001: 2015

Environmental Management Systems

The Company's community outreach program has influenced positively the local community of Kot Addu.



Lt. General (Retd.) Sajjad Ghani

Chairman, Board of Directors

Islamabad
September 16, 2022



DIRECTORS' REPORT

We are pleased to present the Directors' Report together with the Financial Statements (audited) for the year ended June 30, 2022.

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 (RLNG), 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).

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

Financial Highlights

Turnover for the year is Rs. 136,600 Million (2021: Rs. 69,636 Million); and the cost of sales stand at Rs.128,068 Million (2021: Rs. 45,098 Million). The gross profit earned is Rs. 8,532 Million (2021: Rs. 5,251 Million); and profit before tax is Rs. 15,524 Million (2021: Rs. 14,411 Million). Tax provision is Rs. 5,630 Million; and profit after tax is Rs. 9,894 Million (2021: Rs. 10,229 Million), which gives earnings per share (EPS) of Rs. 11.24 per share of Rs. 10 each (2021: Rs. 11.62 per share) for the year. Higher turnover and cost of sales were due to higher dispatch of electricity and higher fuel prices.

Second tranche of settlement was received from the Power Purchaser during the year. However, the Power Purchaser's payment default still continued during the year. On June 30, 2022, the overdue receivables from the Power Purchaser were Rs. 62,154 Million (for details refer to Note 20 to the Financial Statements). On June 30, 2022, the advance paid to Pakistan State Oil Company Limited (PSO) for fuel oil supplies was Rs. 2,382 Million; and payable to Sui Northern Gas Pipelines Limited (SNGPL) for gas (RLNG) supplies was Rs. 9,711 Million. The Company continues to pursue the Power Purchaser and the concerned Ministries of GoP for payment of overdue receivables.

As on June 30, 2022, the Company does not have long-term debt obligations. The Company has utilised short term finances from different banks of Rs. 37,370 Million to meet working capital requirements.

Operational Highlights

The Company sold 4,980 GWh of electricity to its customer, which is 40% higher than last year. This represents a cumulative load factor of 42.4%; overall commercial availability of 96%; and thermal efficiency of 43.4%.

The Company's Power Plant remained available for meeting system requirements due to its tri-fuel (furnace oil, high speed diesel and gas (RLNG)) capability and other technical strengths. Fuel generation during the year mix was 36.3% on gas (RLNG), 62.6% on low sulphur furnace oil and 1.1% 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, five combustion inspections were duly carried out as per approved outage plan; and major overhaul of one gas turbine was completed.

Business Continuity – Expiry of existing PPA and Generation License

The Company's PPA was extended by 485 days till October 24, 2022 following settlement of the liquidated damages dispute between the Company and the Power Purchaser. The matter of extension/renewal of the PPA beyond October 24, 2022 has been taken up with the relevant Authorities. The Company has initiated formalities in order to supply electricity to the Power Purchaser beyond October 24, 2022. While the Company is very optimistic for future selling of power, the counter party may take time to complete the deal. The Company's Auditors have highlighted the pending renewal/extension of PPA as material uncertainty in their Report, however, they have not qualified their Report. The going concern uncertainty of the Company is mitigated amongst others by the following:

- Subsequent to year end, the National Electric Power Regulatory Authority (NEPRA) renewed/extended the Generation Licence of the Company for a period of three (3) years from the date of expiry (September 21, 2021).

Hence, the term of the Generation Licence will expire on September 21, 2024. Further, the requirement of Generation License is expected to cease with effect from April 2023, subject to implementation of the Competitive Trading Bilateral Contracts Market (CTBCM).

- The actual generated electricity for 2021-22 (42.4% load factor) is more than six times higher as compared to the projected generation in approved IGCEP 2021-2030 (6.9% load factor). Recent operating profile of the Power Plant has revalidated the critical importance of the Power Plant in the region for the system stability and electricity demand.
- The annual revision of Indicative Generation Capacity Expansion Plan (IGCEP) for 2022-2031 is in progress and is expected to be submitted by NTDC, after due recommendations by Power Division, to NEPRA for approval. In view of the strengths of the Company's Power Complex and based on the discussions with the relevant authorities, it is expected that the Company's Power Complex will remain an integral component in the upcoming IGCEP 2022-2031 at a reasonably high load factor in the coming years.

For further details kindly refer to Note 2.2 of the Financial Statements.

Social Action Programme

The Company's CSR initiatives include the following:

- The Company, under NEPRA's initiative of 'Power with Prosperity', provided Rs. 5 Million to Akhuwat Islamic Microfinance (AIM) for disbursement of forty-six interest free loans for small-scale solar power setups, which enable small businesses and households to stay operational without electric shortage.
- The Company facilitated the construction of a school library in a Government High School (Sheikh Umer) along with the provision of furniture and books for the school library. The cost of the project was around Rs. 2.5 Million and the library was inaugurated by Chairman NEPRA.

- The Company provided cold arsenic free drinking water to the local community through a mobile water tank at different places in and around Kot Addu City.
- Under the directives of the Punjab Government at the World Environment Day, the Company carried out tree planting activities in two phases in the Kot Addu areas.

Floods in Pakistan

The recent floods in Pakistan have caused immense hardship and misery to millions of people. We extend our sympathies to the affectees and their families. The Company plans to play its part in elevating the condition of the affectees through a rehabilitation plan.

Re-appointment of Chief Executive

Mr. Aftab Mahmood Butt was appointed Chief Executive of the Company for a further period of two years commencing from August 1, 2022 at the remuneration agreed by the Board of Directors.

Directors' Remuneration

Non-executive Directors and the Independent Directors are entitled to a Directors' fee for meetings attended. For further details refer to Note 31 of the Financial Statements.

Election of Directors

The Election of Directors was held at the Eleventh Extraordinary General Meeting on October 2, 2021 at which seven Directors were duly elected. The names of the elected Directors are as follows:

1. Lt. General (Retd.) Muzammil Hussain ¹
2. Mr. Aqeel Ahmed Nasir
3. Mr. Hafiz Muhammad Yousaf
4. Mr. Saad Iqbal
5. Mr. Naveed Asghar Chaudhry
6. Mr. Jamil Akhtar
7. Ms. Mahwish Humayun Khan

1. Mr. Naveed Asghar Chaudhry - Chairman²
2. Mr. Aftab Mahmood Butt - Chief Executive
3. Mr. Aqeel Ahmed Nasir
4. Mr. Hafiz Muhammad Yousaf
5. Mr. Saad Iqbal
6. Mr. Jamil Akhtar
7. Ms. Mahwish Humayun Khan

Change of Chairman

Following resignation by Lt. General (Retd.) Muzammil Hussain from the Board of Directors, Lt. General (Retd.) Sajjad Ghani was appointed Director of the Company on August 17, 2022 for the remaining term of Lt. General (Retd.) Muzammil Hussain by the Board of Directors. General Ghani was also elected Chairman of the Board of Directors on even date in accordance with the provisions of Articles of Association of the Company.

Board of Directors Composition

The Board of Directors as at June 30, 2022 consists of:

Total number of Directors:	
a) Male	6
b) Female	1
Composition	
i) Independents Directors	4
ii) Non-executive Directors	2
iii) Executive Directors	1

The names of the Directors as at June 30, 2022 are as follows:

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.

¹ Lt. General (Retd.) Muzammil Hussain resigned from the BoD on May 24, 2022; and his vacant position was filled-in on August 17, 2022 by Lt. General (Retd.) Sajjad Ghani.

² Lt. General (Retd.) Muzammil Hussain resigned from the BoD on May 24, 2022; and Mr. Naveed Asghar Chaudhry was appointed Chairman in his place till the filling in of casual vacancy on August 17, 2022 by Lt. General (Retd.) Sajjad Ghani.

- g) The pattern of shareholding as at June 30, 2022 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, 2021 (audited) is as follows:

	Rs. in Million
Pension Fund	3,830.00
Provident Fund	1,031.00

- j) Information about outstanding taxes and levies is given in the Notes to the Financial Statements.
- k) During the year, ten (10) meetings of the Board of Directors were held, attendance of these meetings is as follows:

Name of Director	No. of Meetings Attended
Lt. General (Retd.) Muzammil Hussain	8
Mr. Aftab Mahmood Butt	10
Mr. Aqeel Ahmed Nasir	8
Mr. Hafiz Muhammad Yousaf	9
Mr. Naveed Asghar Chaudhry	10
Mr. Saad Iqbal	10
Mr. Jamil Akhtar	10
Mr. Mahwish Humayun Khan	9
Ms. Zunaira Azhar ³	0

- 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	6
Mr. Jamil Akhtar	7

- m) During the year, four (4) meetings of the HR 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. Naveed Asghar Chaudhry ⁴	3
Ms. Mahwish Humayun Khan	3
Mr. Jamil Akhtar ⁵	1

- n) During the year, five (5) meetings of the Investment Committee were held. Attendance of meeting is as follows:

Name of Director	No. of Meetings Attended
Mr. Hafiz Muhammad Yousaf	5
Mr. Saad Iqbal	5
Mr. Jamil Akhtar	5

Chairman's Review

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

Appropriations

The Directors are pleased to recommend a final cash dividend of Rs. 4.00 per share. This will be paid to shareholders on Company's Register of Members on October 20, 2022.

³ Ms. Zunaira Azhar retired from the Board of Directors at the 11th Extraordinary General Meeting held on October 2, 2021.

⁴ Mr. Naveed Asghar ceased to be a Member of HR Committee on June 1, 2022.

⁵ Mr. Jamil Akhtar was appointed a Member of HR Committee Meeting on June 1, 2022

Interim cash dividend of Rs. 4.00 per share (approved by the Board of Directors on January 25, 2022 and credited to shareholders accounts on February 22, 2022) was paid. The total dividend to be approved by the shareholders at the Annual General Meeting on October 27, 2022 will be Rs. 8.00 per share, that is, 80% for the year ended June 30, 2022.

The net profit for the year is appropriated as follows.

	Rs. '000'
Net Profit for the year	9,893,620
Other comprehensive income	80,576
Un-appropriated profit brought forward	55,976,628
Profit available for appropriation	65,950,824
Appropriations	
Final dividend for the year ended June 30, 2021 Rs. 1.50 per share	(3,080,886)
Interim dividend for the year ended June 30, 2022 Rs. 4.00 per share	(3,521,013)
	(6,601,899)
Un-appropriated profit carried forward	59,348,925
Basic Earnings per share (Rupees)	11.24

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

September 16, 2022
Islamabad

(ہزار روپے)

تقسیم	
30 جون 2021 کو ختم ہونے والے سال کے لیے حتمی منافع 1.50 روپے فی شیئر کے حساب سے	(3,080,886)
30 جون 2022 کو ختم ہونے والے سال کے لیے عبوری منافع 4 روپے فی شیئر کے حساب سے	(3,521,013)
	(6,601,899)
غیر تقسیم شدہ باقی ماندہ منافع	59,348,925
فی شیئر بنیادی آمدن (روپے)	11.24

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۔

تعمین

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

مخائبہ بورڈ

حافظ محمد یوسف

ڈائریکٹر

آفتاب محمود بٹ

چیف ایگزیکٹو

16 ستمبر 2022

اسلام آباد

ڈائریکٹر کا نام	اجلاسوں میں شرکت
جناب عقیل احمد ناصر	4
جناب آفتاب محمود	4
جناب نوید اصغر چوہدری (4)	3
محترمہ مہوش ہمایوں خان	3
جناب جمیل اختر (5)	1

(4) جناب نوید اصغر چوہدری کی یکم جون 2022 کو ایچ آر کمیٹی کی رکنیت ختم ہوگئی۔

(5) جناب جمیل اختر کو یکم جون 2022 کو ایچ آر کمیٹی کا ممبر مقرر کیا گیا۔

(n) سال کے دوران، سرمایہ کاری کمیٹی کے پانچ (5) اجلاس منعقد کیے گئے تھے۔ اجلاس کی حاضری مندرجہ ذیل ہے:

ڈائریکٹر کا نام	اجلاسوں میں شرکت
جناب حافظ محمد یوسف	5
جناب سعید اقبال	5
جناب جمیل اختر	5

چیئرمین کا جائزہ

بورڈ آف ڈائریکٹرز کی طرف سے چیئرمین کے جائزے کی توثیق کی جاتی ہے۔

منافع کی تقسیم

ڈائریکٹرز نے فی حصص 4 روپے کے حتمی منافع کی سفارش کی ہے۔ یہ 20 اکتوبر 2022 کو کمپنی کے رجسٹرڈ آفس پر شیئرز ہولڈرز کو ادا کیا جائیگا۔ 4 روپے فی حصص کا عبوری منافع (25 جنوری 2022 کو بورڈ آف ڈائریکٹرز نے منظوری دی اور 22 فروری 2022 کو شیئرز ہولڈرز کے اکاؤنٹس میں منتقل کیا گیا) ادا کیا جا چکا ہے۔ 27 اکتوبر 2022 کو ہونے والے سالانہ عمومی اجلاس میں شیئرز ہولڈرز کے سامنے منظوری کے لیے پیش کیا جانے والا مجموعی منافع 8 روپے فی حصص ہوگا۔ یہ 30 جون 2022 کو ختم ہونے والے سال کے لیے مجموعی طور پر 80 فیصد ہوگا۔

سال کے لئے خالص منافع کی تقسیم درج ذیل ہے۔

سال کے لئے خالص منافع	
9,893,620	(ہزار روپے)
80,576	دیگر جامع آمدن
55,976,628	تقسیم نہ ہونے والا باقی ماندہ منافع
65,950,824	تقسیم کے لیے موجود منافع

ملین روپے	
3,830.00	پیشن فنڈ
1,031.00	پروویڈنٹ فنڈ

(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 10 اجلاس منعقد ہوئے، ان اجلاسوں کی حاضری درج ذیل ہے:

ڈائریکٹر کا نام	اجلاسوں میں شرکت
لیٹینٹ جنرل (ر) منزل حسین	8
جناب آفتاب محمود	10
جناب عقیل احمد ناصر	8
جناب حافظ محمد یوسف	9
جناب نوید اصغر چوہدری	10
جناب سعید اقبال	10
جناب جمیل اختر	10
محترمہ مہوش ہمایوں خان	9
محترمہ زبیرہ اظہر (3)	0

(3) محترمہ زبیرہ اظہر 2 اکتوبر 2021 کو ہونے والے 11 ویں غیر معمولی اجلاس عام کے موقع پر ریٹائر ہو گئیں۔

(l) سال کے دوران، آڈٹ کمیٹی کے سات (7) اجلاس منعقد ہوئے۔ اجلاسوں کی حاضری مندرجہ ذیل ہے:

ڈائریکٹر کا نام	اجلاسوں میں شرکت
جناب حافظ محمد یوسف	7
جناب نوید اصغر چوہدری	7
جناب سعید اقبال	6
جناب جمیل اختر	7

(m) سال کے دوران، ایچ آر کمیٹی کے چار (4) اجلاس منعقد ہوئے۔ اجلاسوں کی حاضری مندرجہ ذیل ہے:

پاکستان میں سیلاب

پاکستان میں حالیہ سیلاب نے لاکھوں لوگوں کو بے پناہ مشکلات اور مصائب سے دوچار کیا ہے۔ ہم متاثرین اور ان کے اہل خانہ کے ساتھ ہمدردی کا اظہار کرتے ہیں۔ کمپنی بحالی کے منصوبے کے ذریعے متاثرہ افراد کی حالت کو بہتر بنانے میں اپنا کردار ادا کرے گی۔

چیف ایگزیکٹو کی دوبارہ تقرری

جناب آفتاب محمود بٹ کو بورڈ آف ڈائریکٹرز کی جانب سے طے شدہ معاوضے پر یکم اگست 2022ء سے مزید دو سال کی مدت کے لئے کمپنی کا چیف ایگزیکٹو مقرر کیا گیا ہے۔

ڈائریکٹرز کا معاوضہ

نان ایگزیکٹو ڈائریکٹرز اور آڈائریکٹرز کو اجلاسوں میں شرکت کے لئے ڈائریکٹرز کی فیس ادا کی جاتی ہے۔ مزید تفصیلات کے لیے مالی گوشواروں کا نوٹ 31 ملاحظہ کریں۔

ڈائریکٹرز کا انتخاب

ڈائریکٹرز کا انتخاب 12 اکتوبر، 2021 کو گیارہویں غیر معمولی اجلاس عام میں ہوا تھا جس میں 17 ڈائریکٹرز کو باقاعدہ طور پر منتخب کیا گیا۔ منتخب ڈائریکٹرز کے نام درج ذیل ہیں:

1. ایف بی سی جزل (ر) مزمل حسین (1)
2. جناب عقیل احمد ناصر
3. جناب حافظ محمد یوسف
4. جناب سعید اقبال
5. جناب نوید اصغر چوہدری
6. جناب جمیل اختر
7. محترمہ ہوش ہمایوں خان

(1) ایف بی سی جزل (ر) مزمل حسین نے 24 مئی 2022 کو بورڈ آف ڈائریکٹرز سے استعفیٰ دیا، اور ان کی جگہ ایف بی سی جزل (ر) سجاد غنی کو 17 اگست 2022 کو ڈائریکٹر مقرر کیا گیا۔

چیئر مین کی تبدیلی

ایف بی سی جزل (ر) مزمل حسین کے بورڈ آف ڈائریکٹرز کے عہدے سے استعفیٰ ہونے کے بعد ایف بی سی جزل (ر) سجاد غنی کو بورڈ آف ڈائریکٹرز کی جانب سے ایف بی سی جزل (ر) مزمل حسین کی جگہ کے لیے 17 اگست 2022 کو کمپنی کا ڈائریکٹر مقرر کیا گیا تھا۔ جزل غنی کو کمپنی کے آرٹیکلز آف ایسوسی ایشن کی دفعات کے مطابق اسی دن بورڈ آف ڈائریکٹرز کا چیئر مین منتخب کیا گیا۔

بورڈ آف ڈائریکٹرز کی تشکیل

30 جون، 2022 تک بورڈ آف ڈائریکٹرز مندرجہ ذیل پر مشتمل ہے:

ڈائریکٹرز کی کل تعداد:	
(a) مرد	6
(b) خواتین	1

مجموعہ

4	(i) آزاد ڈائریکٹرز
2	(ii) نان ایگزیکٹو ڈائریکٹرز
1	(iii) ایگزیکٹو ڈائریکٹر

30 جون 2022 تک ڈائریکٹرز کے نام درج ذیل ہیں:

1. جناب نوید اصغر چوہدری - چیئر مین (2)
2. جناب آفتاب محمود بٹ - چیف ایگزیکٹو
3. جناب عقیل احمد ناصر
4. جناب حافظ محمد یوسف
5. جناب سعید اقبال
6. جناب جمیل اختر
7. محترمہ ہوش ہمایوں خان

(2) ایف بی سی جزل (ر) مزمل حسین نے 24 مئی 2022 کو بورڈ آف ڈائریکٹرز سے استعفیٰ دیا، 17 اگست 2022 کو ایف بی سی جزل (ر) سجاد غنی کے بورڈ آف ڈائریکٹرز کا چیئر مین مقرر ہونے تک جناب نوید اصغر چوہدری عارضی طور پر چیئر مین رہے۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک

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، رقم کی آمد و رفت 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 'اینٹیٹیشنل فنانشل 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 2022 تک حصص کی تفصیل منسلک ہے۔
- h- کمپنی کے ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانشل 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 2022 تک پیشینہ انداز پر ایڈجسٹمنٹ فنڈ کی سرمایہ کاری کی تفصیل (آڈٹ شدہ) کچھ یوں ہے:

ڈائریکٹرز کی رپورٹ

30 جون 2022 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 فیول (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 (کارنٹی) لمیٹڈ (CPPA-G) کو فروخت کرتی ہے۔

کمپنی پاکستان سٹاک ایکسچینج میں درج ہے؛ اور کے ایس ای 30 اور کے ایس ای 100 انڈیکس کمپنی ہے۔

مالی جھلکیاں

اس سال کمپنی کا کاروباری حجم 136,600 ملین روپے (69,636:2021 ملین روپے) روپے رہا ہے جس میں فروخت کی لاگت 128,068 ملین روپے ہے (45,098:2021 ملین روپے)۔ منافع کی مجموعی رقم 8,532 ملین روپے (5,251:2021 ملین روپے) ہے اور ٹیکس کی ادائیگی سے قبل منافع کی رقم 15,524 ملین روپے ہے (2021: 14,411 ملین روپے)۔ ٹیکس کی رقم 5,630 ملین روپے ہے؛ ٹیکس کی ادائیگی کے بعد منافع کی رقم 9,894 ملین روپے (10,229:2021 ملین روپے) ہے۔ اس طرح اس سال 10 روپے کے ہر حصص پر آمدن 11.24 روپے فی حصص (11.62:2021 روپے فی حصص) رہی۔ بہتر ٹرن اور اور زیادہ اخراجات کی وجہ سے زیادہ ترسٹل اور ٹول کی قیمت میں اضافہ ہے۔

سال کے دوران بجلی خریداری کی طرف سے تصفیہ شدہ رقم کی دوسری قسط موصول ہوئی۔ تاہم اس سال کے دوران پاور خریداری کی طرف سے ادائیگیوں کا ڈیفالٹ جاری ہے۔ 30 جون 2022 کو پاور خریداری کی جانب سے واجب الادا رقم 62,154 ملین روپے تھی (تفصیلات کے لئے مالیاتی گوشواروں کا نوٹ 20) دیکھیں)۔ ایندھن کی فراہمی کیلئے پاکستان سٹیٹ آئل کمپنی لمیٹڈ (پلی ایس او) کو 30 جون 2022 کو ادائیگی کی پیشگی رقم 2,382 ملین روپے ہے جبکہ گیس (RLNG) کی فراہمی کے لئے سوئی ناردرن گیس لاپنٹ لمیٹڈ (SNGPL) کو ادائیگی کی رقم 9,711 ملین روپے تھی۔ کمپنی واجب الادا رقم کی وصولی کے لئے بجلی خریداری اور وفاقی حکومتوں کی متعلقہ وزارتوں سے رابطے میں ہے۔

30 جون 2022 تک کمپنی پر کوئی طویل مدتی قرض کی ذمہ داریاں نہیں ہیں۔ کمپنی نے عرصہ قلیل کے دوران جاری سرمائے کی ضروریات کو پورا کرنے کے لئے مختلف بینکوں سے 37,370 ملین روپے کی فنانسنگ حاصل کی۔

آپریشنل جھلکیاں

کمپنی نے اپنے گاہک کو، 4,980 گیگا واٹ بجلی فروخت کی جو کہ پچھلے سال کی نسبت 40 فیصد زیادہ ہے۔ مجموعی طور پر لوڈ فیکٹر 42.4 فیصد، مجموعی تجارتی دستیابی 96 فیصد، اور تھربل کارکردگی 43.4 فیصد رہی۔

کمپنی کا پاور پلانٹ سسٹم کے تقاضوں کو پورا کرنے کے لیے ہمدردت دستیاب رہا اور اس کی بنیادی وجہ پلانٹ کی تین قسم کے فیول (فرس آئل، ہائی سپیڈ ڈیزل اور گیس (آر ایل این جی)) استعمال کرنے کی صلاحیت اور دیگر تکنیکی خوبیاں ہیں۔ سال کے دوران گیس سے 36.3 فیصد، کم گندھک کے حامل فرس آئل سے 62.6 اور ہائی سپیڈ ڈیزل سے 1.1 فیصد بجلی پیدا کی گئی۔

کمپنی کے پاور کھلیکس کی بجلی کی خریداری کے معاہدے (تزمیم 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 5 حرارت پڑ پڑی معائنے کیے گئے؛ اور 1 گیس ٹرانس کی بڑی اور ہالنگ مکمل کی گئی۔

کاروبار کا تسلسل۔ موجودہ PPA اور جزییشن لائسنس کی مدت کی تکمیل

کمپنی اور پاور خریدار کے درمیان تقصانات کے تنازعہ کے تصفیے کے بعد کمپنی کے پی پی اے میں 485 دن کی توسیع کرتے ہوئے 124 اکتوبر 2022 تک مدت بڑھادی گئی تھی۔ پی پی اے میں 124 اکتوبر 2022 کے بعد توسیع یا تجدید کا معاملہ متعلقہ حکام کے ساتھ اٹھایا گیا ہے۔ کمپنی نے پاور خریدار کو 124 اکتوبر 2022 کے بعد بجلی کی فراہمی کے لئے رسی کارروائی شروع کر دی ہے۔ اگرچہ کمپنی مستقبل میں بجلی کی فروخت کے لئے بہت پر امید ہے، لیکن دوسرے فریق کو اس معاہدے کو مکمل کرنے میں وقت لگ سکتا ہے۔ کمپنی کے آڈیٹرز نے اپنی رپورٹ میں پی پی اے کی زیر التوا تجدید/توسیع کو مادی غیر یقینی صورتحال کے طور پر ظاہر کیا ہے، تاہم، انہوں نے اپنی رپورٹ کی توثیق نہیں کی ہے۔ کمپنی کے کاروبار کو لاحق غیر یقینی صورتحال کو مندرجہ ذیل اور دیگر اقدامات کے ذریعے کم کیا جا رہا ہے:

- مالی سال کے اختتام کے بعد میٹشل ایکٹریک پاور ریگولیری اتھارٹی (نمبر 1) نے کمپنی کے جزییشن لائسنس کی میعاد ختم ہونے کی تاریخ (21 ستمبر 2021) سے تین (3) سال کی مدت کے لیے تجدید یا توسیع کر دی ہے۔ اس طرح جزییشن لائسنس کی میعاد 21 ستمبر 2024 کو ختم ہو جائے گی۔ مزید برآں، جزییشن لائسنس کی شرط اپریل 2023 سے ختم ہونے کی توقع ہے، تاہم اس کے نفاذ کے لیے معاہدوں کے حوالے سے مسابقتی تجارتی شرائط (CTBCM) کو پورا کرنا ہوگا۔

- 2021-22 کے لئے حقیقی طور پر پیدا ہونے والی بجلی (42.4 فیصد لوڈ فیکٹر) منظور شدہ آئی جی سی ای پی 2021-2030 (6.9 فیصد لوڈ فیکٹر) میں متوقع پیداوار کے مقابلے میں چھ گنا زیادہ ہے۔ پاور پلانٹ کے حالیہ آپریشننگ پروفائل نے نظام کے استحکام اور بجلی کی طلب کے لئے خطے میں پاور پلانٹ کی اہمیت کی توثیق کی ہے۔

- 2021-2031 کے لئے اشاریاتی پیداواری صلاحیت کے توسیعی منصوبے (IGCEP) پر سلاٹ منظر ثانی جاری ہے اور توقع ہے کہ این ڈی سی کی جانب سے پاور ڈیزائن کی سفارشات کے بعد منظوری کے لئے نیچے کو پیش کیا جائے گا۔ کمپنی کے پاور کھلیکس کی مضبوطی کے پیش نظر اور متعلقہ حکام کے ساتھ باہمی جیت کی بنیاد پر توقع کی جاتی ہے کہ کمپنی کا پاور کھلیکس آنے والے آئی جی سی ای پی 2022-2031 میں آئندہ سالوں میں معقول حد تک ایک ایتھلوڈ فیکٹر کے ساتھ لازمی جزو رہے گا۔

مزید تفصیلات کے لئے براہ کرم مالی گوشواروں کا نوٹ 2.2 دیکھیں

سوشل ایکشن پروگرام

کمپنی کے سی ایس آر اقدامات میں مندرجہ ذیل شامل ہیں:

- کمپنی نے نیچر کے 'بجلی خوشحالی کے ساتھ' اقدام کے تحت اخوت اسلامک مائیکروفنانس (AIM) کو چھوٹے پیمانے پر سٹی توانائی کے سیٹ اپ کے لئے 46 بلا سو قدر ضوں کی تقسیم کے لئے 50 لاکھ روپے فراہم کیے ہیں، جس سے چھوٹے کاروبار اور گھرانوں کو بجلی کی قلت کے بغیر کام جاری رکھنے کے قابل بنایا جاسکے گا۔

- کمپنی نے گورنمنٹ ہائی اسکول (شیخ عمر) میں سکول لائبریری کی تعمیر کے ساتھ ساتھ سکول لائبریری کے لئے فرنیچر اور کتابوں کی فراہمی میں معاونت فراہم کی۔ منصوبے کی لاگت تقریباً 25 لاکھ روپے تھی اور لائبریری کا افتتاح جیتز مین نیچر اے کیا۔

- کمپنی نے کوٹ ادو شہر اور اس کے آس پاس مختلف مقامات پر موبائل وائٹریٹنگ کے ذریعے مقامی برادری کو بخشنا آریٹیک سے پاک پینے کا پانی فراہم کیا۔

- عالمی یوم باحوالیات کے موقع پر حکومت پنجاب کی ہدایت پر کمپنی نے کوٹ ادو کے علاقوں میں دوسروں میں شہر کاری کی سرگرمیاں انجام دیں۔



KOT ADDU POWER COMPANY LIMITED

Key Operating and Financial Data of the Last Six Years

Financial Year Ending June 30,		2022	2021	2020	2019	2018	2017
Turnover	PKR in Million	136,600	50,349	71,543	84,831	91,916	81,847
Net profit	PKR in Million	9,894	10,229	23,613	13,112	10,617	9,447
Assets	PKR in Million	136,761	152,234	134,523	139,267	138,446	116,001
Dividends	PKR in Million	6,602	5,722	3,961	5,546	8,010	7,966
EPS	PKR per share	11.24	11.62	26.83	14.90	12.06	10.73
Net Output	GWh	4,980	3,562	3,477	4,961	7,437	7,335
Thermal Efficiency	%	43.4	44.5	44.4	44.0	44.0	43.7
Load Factor	%	42.4	30.3	29.5	42.2	63.3	62.4
Availability	%	90.0	85.6	88.9	91.8	86.0	84.3

PATTERN OF SHAREHOLDING

As on June 30, 2022

No of Share Holders	Having Shares		Shares Held	Percentage
	From	To		
1076	1	100	52450	0.0060
47963	101	500	23745608	2.6976
3704	501	1000	3578445	0.4065
5891	1001	5000	16433347	1.8669
2104	5001	10000	16785739	1.9069
857	10001	15000	11006493	1.2504
564	15001	20000	10391641	1.1805
375	20001	25000	8748976	0.9939
240	25001	30000	6845603	0.7777
144	30001	35000	4763473	0.5411
157	35001	40000	6055638	0.6879
84	40001	45000	3618282	0.4110
136	45001	50000	6692266	0.7603
66	50001	55000	3507439	0.3985
69	55001	60000	4065701	0.4619
32	60001	65000	2027298	0.2303
56	65001	70000	3823619	0.4344
36	70001	75000	2648800	0.3009
32	75001	80000	2508029	0.2849
28	80001	85000	2338907	0.2657
28	85001	90000	2458041	0.2792
13	90001	95000	1213577	0.1379
88	95001	100000	8773827	0.9967
25	100001	105000	2554058	0.2902
18	105001	110000	1946539	0.2211
13	110001	115000	1470000	0.1670
13	115001	120000	1544779	0.1755
16	120001	125000	1975181	0.2244
11	125001	130000	1412247	0.1604
9	130001	135000	1204273	0.1368
12	135001	140000	1666637	0.1893
8	140001	145000	1140000	0.1295
18	145001	150000	2691107	0.3057
6	150001	155000	918488	0.1043
9	155001	160000	1431081	0.1626
6	160001	165000	974760	0.1107
7	165001	170000	1180970	0.1342
8	170001	175000	1385811	0.1574
2	175001	180000	356500	0.0405
7	180001	185000	1273888	0.1447
3	185001	190000	569008	0.0646
3	190001	195000	579877	0.0659
23	195001	200000	4586961	0.5211
7	200001	205000	1414144	0.1607
10	205001	210000	2081274	0.2364
4	210001	215000	850011	0.0966
3	215001	220000	654400	0.0743
2	220001	225000	442005	0.0502
2	225001	230000	455400	0.0517
4	230001	235000	937500	0.1065
1	235001	240000	240000	0.0273
1	240001	245000	244500	0.0278
5	245001	250000	1245480	0.1415
2	250001	255000	509519	0.0579
3	255001	260000	780000	0.0886
3	260001	265000	792000	0.0900
2	265001	270000	540000	0.0613
1	270001	275000	273500	0.0311
5	275001	280000	1389500	0.1579

No of Share Holders	Having Shares		Shares Held	Percentage
	From	To		
1	280001	285000	280500	0.0319
5	285001	290000	1435632	0.1631
8	295001	300000	2393500	0.2719
4	300001	305000	1212480	0.1377
2	305001	310000	618000	0.0702
1	310001	315000	313500	0.0356
1	315001	320000	315500	0.0358
2	320001	325000	648931	0.0737
1	330001	335000	332000	0.0377
2	335001	340000	676000	0.0768
1	340001	345000	343000	0.0390
2	345001	350000	700000	0.0795
4	360001	365000	1453145	0.1651
4	370001	375000	1497000	0.1701
2	375001	380000	752859	0.0855
1	380001	385000	385000	0.0437
2	385001	390000	773500	0.0879
7	395001	400000	2800000	0.3181
2	400001	405000	806000	0.0916
1	405001	410000	410000	0.0466
1	410001	415000	412000	0.0468
1	420001	425000	422000	0.0479
1	425001	430000	430000	0.0488
1	430001	435000	434000	0.0493
1	440001	445000	444000	0.0504
3	445001	450000	1350000	0.1534
2	455001	460000	915500	0.1040
2	460001	465000	930000	0.1057
1	470001	475000	475000	0.0540
1	475001	480000	475001	0.0540
1	480001	485000	480500	0.0546
6	495001	500000	3000000	0.3408
2	500001	505000	1003600	0.1140
2	520001	525000	1045500	0.1188
2	525001	530000	1052884	0.1196
1	530001	535000	532595	0.0605
1	535001	540000	538050	0.0611
1	545001	550000	550000	0.0625
1	555001	560000	557500	0.0633
1	575001	580000	576500	0.0655
1	585001	590000	587000	0.0667
2	595001	600000	1195220	0.1358
1	600001	605000	601362	0.0683
1	605001	610000	609000	0.0692
2	620001	625000	1248000	0.1418
1	630001	635000	635000	0.0721
1	645001	650000	649500	0.0738
1	650001	655000	654000	0.0743
2	660001	665000	1327224	0.1508
1	670001	675000	675000	0.0767
1	695001	700000	700000	0.0795
1	700001	705000	700396	0.0796
1	705001	710000	708500	0.0805
1	720001	725000	725000	0.0824
1	740001	745000	745000	0.0846
1	750001	755000	753000	0.0855
1	765001	770000	770000	0.0875
1	770001	775000	775000	0.0880
2	795001	800000	1600000	0.1818

PATTERN OF SHAREHOLDING

As on June 30, 2022

No of Share Holders	Having Shares		Shares Held	Percentage
	From	To		
1	810001	815000	812500	0.0923
1	865001	870000	868000	0.0986
1	955001	960000	957500	0.1088
1	980001	985000	983300	0.1117
5	995001	1000000	5000000	0.5680
1	1030001	1035000	1035000	0.1176
1	1080001	1085000	1084684	0.1232
1	1095001	1100000	1100000	0.1250
1	1100001	1105000	1102435	0.1252
1	1105001	1110000	1106000	0.1256
1	1145001	1150000	1146530	0.1302
1	1165001	1170000	1166500	0.1325
1	1180001	1185000	1181944	0.1343
1	1195001	1200000	1200000	0.1363
1	1315001	1320000	1316400	0.1495
1	1320001	1325000	1325000	0.1505
1	1330001	1335000	1335000	0.1517
1	1360001	1365000	1363300	0.1549
3	1495001	1500000	4500000	0.5112
1	1510001	1515000	1515000	0.1721
1	1545001	1550000	1550000	0.1761
1	1555001	1560000	1557000	0.1769
1	1565001	1570000	1569000	0.1782
1	1655001	1660000	1656292	0.1882
1	1795001	1800000	1796871	0.2041
1	1995001	2000000	2000000	0.2272
1	2295001	2300000	2300000	0.2613
1	2515001	2520000	2519000	0.2862
1	2800001	2805000	2803433	0.3185
1	2840001	2845000	2840866	0.3227
1	2845001	2850000	2845205	0.3232
1	2995001	3000000	3000000	0.3408
1	3165001	3170000	3169500	0.3601
1	3285001	3290000	3285509	0.3732
1	4200001	4205000	4200500	0.4772
1	4545001	4550000	4550000	0.5169
1	5135001	5140000	5137221	0.5836
1	5705001	5710000	5708500	0.6485
1	5730001	5735000	5731000	0.6511
1	5800001	5805000	5804000	0.6594
1	6590001	6595000	6593894	0.7491
1	7045001	7050000	7046000	0.8005
1	7195001	7200000	7196100	0.8175
1	7465001	7470000	7469500	0.8486
1	7995001	8000000	8000000	0.9088
1	13920001	13925000	13921900	1.5816
1	18230001	18235000	18234306	2.0715
1	25880001	25885000	25881000	2.9402
1	43995001	44000000	44000000	4.9986
1	48250001	48255000	48252429	5.4817
1	354310001	354315000	354311133	40.2510
64180	Company Total		880253228	100.0000

CATEGORIES OF SHAREHOLDERS

As on June 30, 2022

Particulars	No of Folio	Balance Shares	Percentage
DIRECTORS, CEO, SPOUSE & CHILDREN	7	86004	0.0098
ASSOCIATED COMPANIES	2	402563562	45.7327
BANKS, DFI & NBF	26	119028539	13.5221
INSURANCE COMPANIES	15	16789308	1.9073
MUTUAL FUNDS	17	3105103	0.3528
GENERAL PUBLIC (LOCAL)	60290	232944039	26.4633
GENERAL PUBLIC (FOREIGN)	3557	30592705	3.4754
OTHERS	204	38883400	4.4173
FOREIGN COMPANIES	16	22483970	2.5543
APPROVED FUND	46	13776598	1.5651
Company Total	64180	880253228	100.0000

PATTERN OF SHAREHOLDING ADDITIONAL INFORMATION

As on June 30, 2022

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	
AL-ZAMIN MOD. MANAGEMENT (PVT.) LTD.	2500
UNICOL LIMITED EMPLOYEES PROVIDENT FUND	1000
HRSG OUTSOURCING (PVT) LIMITED EMPLOYEES GRATUITY FUND	40000
HRSG OUTSOURCING (PVT) LIMITED EMPLOYEES PROVIDENT FUND	80000
TRUSTEE CHERAT CEMENT CO.LTD.EMPPRO.FND	15000
CDC - TRUSTEE JS LARGE CAP FUND	98000
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1335000
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	386000
CDC - TRUSTEE AKD INDEX TRACKER FUND	118779
CDC - TRUSTEE APF-EQUITY SUB FUND	69000
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	68500
CDC - TRUSTEE NIT STATE ENTERPRISE FUND	526284
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	60000
CDC - TRUSTEE NIT INCOME FUND - MT	17500
CDC - TRUSTEE FAYSAL MTS FUND - MT	276500
CDC - TRUSTEE ALLIED FINERGY FUND	4500
CDC - TRUSTEE HBL INCOME FUND - MT	6540



Shareholders Category**No. of Shares Held****Directors, CEO, their spouses and minor children**

Lt. General Muzammil Hussain (Retd) ¹	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. Mahwish Humayun Khan	1

Executives**260,974****Public Sector Companies and Corporations**

-

Banks, Development Finance Institutions, Non Banking Finance**Companies, Insurance Companies, Takaful, Modarabas and****Approved Funds (Pension Funds, Provident Funds, Gratuity Funds etc.)**

210,961,815

General Public (Local)

232,944,039

General Public (Foreign)

30,592,705

Shareholders holding 5% or more voting interest

Pakistan Water and Power Development Authority	354,311,133
United Bank Limited - Trading Portfolio	44,000,000
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, 2022

¹ Lt. General (Retd.) Muzammil Hussain resigned from the Board of Directors on May 24, 2022.

CORPORATE HOLDING 10,000 SHARES AND ABOVE

As on June 30, 2022

MEMBERS NAME	NO OF SHARES
THE PAKISTAN WATER & POWER DEVELOPMENT AUTHORITY	354,311,133
KAPCO EMPLOYEES EMPOWERMENT TRUST	48,252,429
UNITED BANK LIMITED - TRADING PORTFOLIO	44,000,000
MCB BANK LIMITED - TREASURY	25,881,000
NATIONAL BANK OF PAKISTAN	18,234,306
EMPLOYEES OLD AGE BENEFITS INSTITUTION	13,921,900
THE SAUDI PAK INDUSTRIAL & AGRICUL. INVESTMENT CO. LTD.- PMD	8,000,000
BANK AL HABIB LIMITED	7,469,500
THE BANK OF PUNJAB, TREASURY DIVISION.	7,196,100
TRUSTEE - MCB PROVIDENT FUND PAK STAFF	7,046,000
STATE LIFE INSURANCE CORP. OF PAKISTAN	6,593,894
TRUSTEE-MCB EMPLOYEES PENSION FUND	5,804,000
ADAMJEE INSURANCE COMPANY LIMITED	5,731,000
MACKENZIE EMERGING MARKETS FUND	5,708,500
VANGUARD EMERGING MARKETS STOCK INDEX FUND	5,137,221
PAK BRUNEI INVESTMENT COMPANY LIMITED	4,550,000
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	3,285,509
BULK MANAGEMENT PAKISTAN (PVT.) LTD.	3,169,500
ACADIAN FRONTIER MARKETS EQUITY FUND	2,845,205
FAYSAL BANK LIMITED	2,840,866
ASKARI BANK LIMITED	2,519,000
VANGUARD FIDUCIARY TRUST CO INST TTL INTL STK MK INDX TRU II	1,656,292
TRUSTEES OF FRIENDS EDUCATIONAL AND MEDICAL TRUST	1,569,000
E. F. U. GENERAL INSURANCE LIMITED	1,500,000
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1,335,000
NATIONAL INSURANCE COMPANY LIMITED	1,181,944
THE AGA KHAN UNIVERSITY FOUNDATION	1,146,530
J.P. MORGAN SECURITIES PLC	1,084,684
WESTBURY (PRIVATE) LTD	1,035,000
ARROWSTREET (CANADA) GLOBAL WORLD ALPHA EXTENSION FUND I	745,000
J HOLDINGS (PRIVATE) LIMITED	725,000
SIDDIQSONS LIMITED	662,224
AHSAM SECURITIES (PRIVATE) LIMITED	625,000
AL-ABBAS EDUCATIONAL AND WELFARE SOCIETY	623,000
CREDIT SUISSE (HONG KONG) LIMITED	601,362
PAK LIBYA HOLDING COMPANY (PVT.) LIMITED	600,000
SAMBA BANK LIMITED - MT	595,220
VANGUARD FTSE ALL-WORLD EX-US SMALL CAP INDEX FUND	532,595
CDC - TRUSTEE NIT STATE ENTERPRISE FUND	526,284
ADAMJEE LIFE ASSURANCE COMPANY LTD-IMF	503,000
LUCKY TEX PAKISTAN (PVT.) LIMITED	500,000
DJM SECURITIES LIMITED	500,000
SURAJ COTTON MILLS LTD.	475,000
NCC - PRE SETTLEMENT DELIVERY ACCOUNT	456,500
EFU GENERAL INSURANCE LIMITED	450,000
TRUSTEES WORLD MEMON FND.COMM.CEN.TRUST	430,000
BANK AL-HABIB LIMITED-ISLAMIC BANKING DIVISION	403,500
PAIR INVESTMENT COMPANY LIMITED	400,000
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	386,000
GAZIPURA SECURITIES & SERVICES (PRIVATE) LIMITED	385,000
PAK-OMAN INVESTMENT COMPANY LTD. - MT	363,245
TRUSTEES MOHAMAD AMIN WAKF ESTATE	325,000
GLOBE MANagements (PRIVATE) LIMITED	305,000
FATIMA FERTILIZER COMPANY LTD	300,000
VANGUARD TOTAL WORLD STOCK INDEX FUND	287,992
HABIB INSURANCE CO.LIMITED	280,000
PEARL SECURITIES LIMITED	276,500
CDC - TRUSTEE FAYSAL MTS FUND - MT	276,500
EDULJEE DINSHAW (PRIVATE) LIMITED	264,000

MEMBERS NAME	NO OF SHARES
TRUSTEES NESTLE PAKISTAN LIMITED EMPLOYEES PENSION FUND	254,519
MARIAM ALI MUHAMMAD TABBA FOUNDATION	250,000
H. M. IDREES H. ADAM (PRIVATE) LIMITED	246,500
CAPITAL ONE EQUITIES LIMITED.	206,500
DAWOOD CORPORATION (PVT.) LTD.	205,000
TEACHERS RETIREMENT SYSTEM OF THE STATE OF ILLINOIS	200,500
CRESCENT STEEL AND ALLIED PRODUCTS LTD.	200,000
TRUSTEES ALOO&MINOCHER DINSHAW CHR.TRUST	200,000
DOSSA COTTON & GENERAL TRADING (PVT) LIMITED	200,000
CS CAPITAL (PVT) LTD	200,000
MULTIPLE INVESTMENT MANAGEMENT LTD	200,000
TRUSTEE NATIONAL REFINERY LTD. MANAGEMENT STAFF PENSION FUND	199,761
UBL INSURERS LIMITED	185,000
TRUSTEE MOMIN ADAMJEE WELFARE TRUST	175,000
TRUSTEES NESTLE PAKISTAN LTD EMPLOYEES GRATUITY FUND	170,628
PREMIER INSURANCE LIMITED	165,470
TRUSTEES HOMMIE&JAMSHED NUSSEERWANJEE C.T	150,000
THE BANK OF PUNJAB, TREASURY DIVISION.	150,000
MACKENZIE EMERGING MARKETS OPPORTUNITIES FUND	143,000
MERCHANT CONSTRUCTION CO.(PVT) LIMTIED	140,000
RIAZ AHMED SECURITIES (PVT) LTD.	139,000
VANGUARD FIDUCIARY TRST CO INST TOTAL INTL STCK MRKT IND TRU	131,018
LAKHANI SECURITIES (PVT) LTD.	127,500
CDC - TRUSTEE AKD INDEX TRACKER FUND	118,779
TRUSTEES OF HAJI MOHAMMED WELFARE TRUST	110,000
TRUSTEES OF SAMAD CHARITABLE TRUST	110,000
SIIT-WORLD SELECT EQUITY FUND	109,000
LSE FINANCIAL SERVICES LIMITED - MT	104,672
NASEEM ENTERPRISES & TRADING (PRIVATE) LIMITED	100,000
TRUSTEES MCB EMPLOYEES FOUNDATION	100,000
HAJI DOSSA (PVT) LTD	100,000
KODVAWALA TRUST	100,000
SIDDIQSONS LIMITED	100,000
128 SECURITIES (PVT) LTD.	100,000
PAKISTAN TELECOMMUNICATION EMPLOYEES TRUST	100,000
EFU LIFE ASSURANCE LIMITED	100,000
CDC - TRUSTEE JS LARGE CAP. FUND	98,000
TRUSTEE OF PTC STAFF PENSION FUND	91,977
M. N. TEXTILES (PRIVATE) LIMITED	90,000
TRUSTEES AL-BADER WELFARE TRUST	87,000
ANAM FABRICS (PVT) LTD.	80,500
GPH SECURITIES (PVT.) LTD.	80,500
HRSG OUTSOURCING (PVT) LIMITED EMPLOYEES PROVIDENT FUND	80,000
ISMAILIA YOUTH SERVICES	80,000
MRA SECURITIES LIMITED	79,500
NADEEM INTERNATIONAL (PVT.) LTD.	75,000
AL-RAHIM TRADING COMPANY (PRIVATE) LIMITED	75,000
CDC - TRUSTEE APF-EQUITY SUB FUND	69,000
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	68,500
JS GLOBAL CAPITAL LIMITED - MF	68,150
PEARL ENGINEERING (PVT) LTD	66,000
MUHAMMAD TARIQ MOTI SECURITIES (PVT) LTD.	61,500
NAEL CAPITAL (PVT) LIMITED	60,000
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	60,000
TRUSTEES OF GHORI TRUST	57,000
TRUSTEES OF PAKISTAN MOBILE COMMUNICATION LTD-PROVIDENT FUND	57,000
SECURITY INVESTMENT BANK LIMITED	55,000
HAMID ADAMJEE TRUST	55,000
M/S RANG COMMODITIES (PVT) LTD	53,500

CORPORATE HOLDING 10,000 SHARES AND ABOVE

As on June 30, 2022

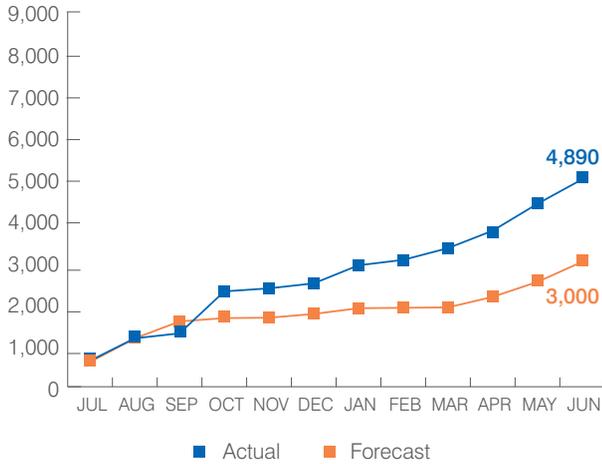
MEMBERS NAME	NO OF SHARES
TRUSTEE OF PTC MANAGEMENT PROVIDENT FUND	52,909
ZAHID LATIF KHAN SECURITIES (PVT) LTD.	52,500
KIRAN FOUNDATION	50,500
TRUSTEES SAEEDA AMIN WAKF	50,000
GHAF LIMITED	50,000
TRUSTEES OF MIRPURKHAS SUGAR MILLS LTD EMP PROVIDENT FUND	50,000
MERCHANT INVESTMENTS (PRIVATE) LIMITED	50,000
FATIMA FERT LIMITED MANAGEMENT STAFF PROVIDENT FUND	50,000
SURAJ COTTON MILLS LIMITED	50,000
MOHAMAD AMIN BROS (PVT) LIMITED	45,000
MRA SECURITIES LIMITED - MF	45,000
SEVEN STAR SECURITIES (PVT.) LTD.	44,500
JS GLOBAL CAPITAL LIMITED	41,000
HRSG OUTSOURCING (PVT) LIMITED EMPLOYEES GRATUITY FUND	40,000
TRUSTEES OF ARL MANAGEMENT STAFF PENSION FUND	40,000
FLOAT SECURITIES (PVT.) LIMITED	38,000
FATIMA FERT LIMITED MANAGEMENT STAFF GRATUITY FUND	35,000
TRUSTEE-FAR EASTERN IMPEX (PRIVATE) LIMITED EMP. PROV. FUND	35,000
TRUSTEE-THE KOT ADDU POWER CO. LTD. EMPLOYEES PENSION FUND	34,000
AKY SECURITIES (PVT) LTD.	32,000
ABA ALI HABIB SECURITIES (PVT) LIMITED - MT	31,000
TRUSTEE OF PTC EMPLOYEES PROVIDEND FUND	30,600
RAFI SECURITIES (PRIVATE) LIMITED	30,450
PAKISTAN REINSURANCE COMPANY LIMITED	30,000
ASAB PAKISTAN (PVT.) LIMITED	30,000
TRUSTEE - FEROZE AND SHERNAZ BHANDARA CHARITABLE TRUST	30,000
FIRST CREDIT & INVESTMENT BANK LIMITED	29,500
CONTINENTAL CAPITAL MANAGEMENT (PVT) LTD	28,224
AKHAI SECURITIES (PRIVATE) LIMITED	25,500
YOUSUF YAQOOB KOLIA AND COMPANY (PRIVATE) LIMITED	25,500
ABRIS (PVT) LTD	25,000
MAK COMMODITIES	25,000
THE AL-MALIK CHARITABLE TRUST	25,000
HAMID ADAMJEE TRUST	25,000
FATIMA FERT LIMITED WORKERS GRATUITY FUND	25,000
MEMON SECURITIES (PVT.) LIMITED	23,000
MONEYLINE SECURITIES (PRIVATE) LIMITED	22,000
TRUSTEES S.M.SOHAIL TRUST	21,500
ALTAF ADAM SECURITIES (PVT) LTD.	21,500
SAYA SECURITIES (PRIVATE) LIMITED	20,500
THE PAKISTAN MEMON WOMEN EDUCATIONAL SOCIETY	20,000
TRUSTEES-TREET CORPLTD. E.SUPERANNVAT FUND	20,000
WAH NOBEL (PRIVATE) LIMITED MANAGEMENT STAFF PENSION FUND	20,000
INVEST CAPITAL INVESTMENT BANK LIMITED	20,000
ORIENTAL SECURITIES (PVT) LTD.	20,000
MULTILINE SECURITIES LIMITED	20,000
SAYA WEAVING MILLS (PVT) LTD	20,000
ADAM SECURITIES LTD. - MF	20,000
GROWTH SECURITIES (PRIVATE) LIMITED - MF	20,000
FIKREES (PRIVATE) LIMITED	19,500
THAL LIMITED EMPLOYEES PROVIDENT FUND	19,000
CDC - TRUSTEE NIT INCOME FUND - MT	17,500
MANAGEMENT AND EDUCATIONAL SERVICES (PRIVATE) LIMITED	17,000
MERRILL LYNCH INTERNATIONAL	16,090
TRUSTEE CHERAT CEMENT CO.LTD.EMP. PROV. FUND	15,000
SOFIAN BUSINESS CORPORATION (PRIVATE) LIMITED	15,000
THE PAKISTAN MEMON WOMEN EDUCATIONAL SOC	15,000
TRUSTEES OF MIRPURKHAS SUGAR MILLS LIMITED EMP GRATUITY FUND	15,000
TECHNOLOGY LINKS (PVT.) LIMITED	15,000

MEMBERS NAME	NO OF SHARES
TRUSTEES OF ZENSOFT (PVT) LTD EMPL. PROVIDENT FUND	15,000
DALAL SECURITIES (PVT) LTD.	15,000
RAO SYSTEMS (PVT.) LTD.	15,000
BEGUM AISHA AHMED AND LATIF BAWANY FOUNDATION	15,000
TRUSTEE KARACHI PARSİ ANJUMAN TRUST FUND	15,000
BROADAXIS TECHNOLOGIES (PRIVATE) LIMITED	15,000
TREET CORPORATION LIMITED-GROUP EMPLOYEES PROVIDENT FUND	15,000
N. U. A. SECURITIES (PRIVATE) LIMITED - MF	15,000
PAKISTAN HERALD PUBLICATIONS (PVT) LTD. STAFF PENSION FUND	14,000
HABIB EDUCATION TRUST STAFF PROVIDENT FUND	13,000
TRUSTEES MOOSA LAWAI FOUNDATION	12,500
AL-FARAN MULTIPURPOSE COOPERATIVE SOCIETY LIMITED	12,300
ADAMJEE LIFE ASSURANCE COMPANY LIMITED	12,000
INA SECURITIES (PVT.) LIMITED	11,100
TRUSTEE-MILLAT TRACTORS LTD. EMPLOYEES PENSION FUND	11,000
ADAM SECURITIES LIMITED	10,500
VALIKA ART FABRICS LIMITED	10,500
ZAFAR MOTI CAPITAL SECURITIES (PVT) LTD.	10,100
GREAVES PAKISTAN (PRIVATE) LIMITED, EMPLOYEES PROVIDENT FUND	10,000
TRUSTEE- TREET COR. LTD EMP. PROVIDENT FUND	10,000
TRUSTEE- TREET CORPORATION LIMITED G.E. GRATUITY	10,000
ONTEX PAKISTAN (PRIVATE) LIMITED EMPLOYEES GRATUITY FUND	10,000
NISHAT CHUNIAN LIMITED EMPLOYEES PROVIDENT FUND	10,000
TRUSTEE-THE CRESCENT TEXTILE MILLS LTD EMPL. PROVIDENT FUND	10,000
PAKISTAN MEMON EDUCATIONAL & WELFARE SOC	10,000
SIKANDER (PVT) LIMITED	10,000
TRUSTEES OF FAROUKH&ROSHEN KARANI TRUST	10,000
BANDENAWAZ (PVT) LTD	10,000
MERIN (PRIVATE) LIMITED	10,000
TRUSTEES OF AL-MUSTAFA TRUST	10,000
NOOR AUTOMOBILES (PVT.) LIMITED	10,000
TRUSTEE-TREET CORPORATION LTD.-GROUP EMP.SUPERANNUATION FUND	10,000
TRUSTEE - SEAGOLD (PRIVATE) LIMITED EMPLOYEES PROVIDENT FUND	10,000
BESTWAY CEMENT LIMITED EMPLOYEES GRATUITY FUND	10,000
A. H. M. SECURITIES (PRIVATE) LIMITED	10,000
DARSON SECURITIES LIMITED	10,000
ZENSOFT PRIVATE LIMITED	10,000
PERIDOT PRODUCTS (PVT) LIMITED	10,000
BANDENAWAZ (PVT) LTD.	10,000
CMA SECURITIES (PVT) LIMITED	10,000
TRUSTEE - GREAVES PAKISTAN (PVT) LTD. - STAFF GRATUITY FUND	10,000
ASDA SECURITIES (PVT) LTD.	10,000
GALAXY CAPITAL SECURITIES (PVT) LIMITED	10,000
THE TRUSTEES, ZOROASTRIAN CO-OP. HOUSING SOCIETY	10,000
AMIN AGENCIES (PRIVATE) LIMITED	10,000
MUHAMMAD SALIM KASMANI SECURITIES (PRIVATE) LIMITED	10,000
	616,319,182

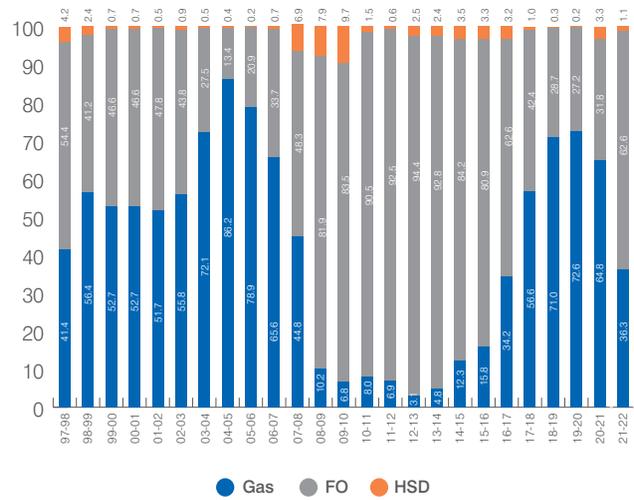
HIGHLIGHTS

Complex Net Output - GWh

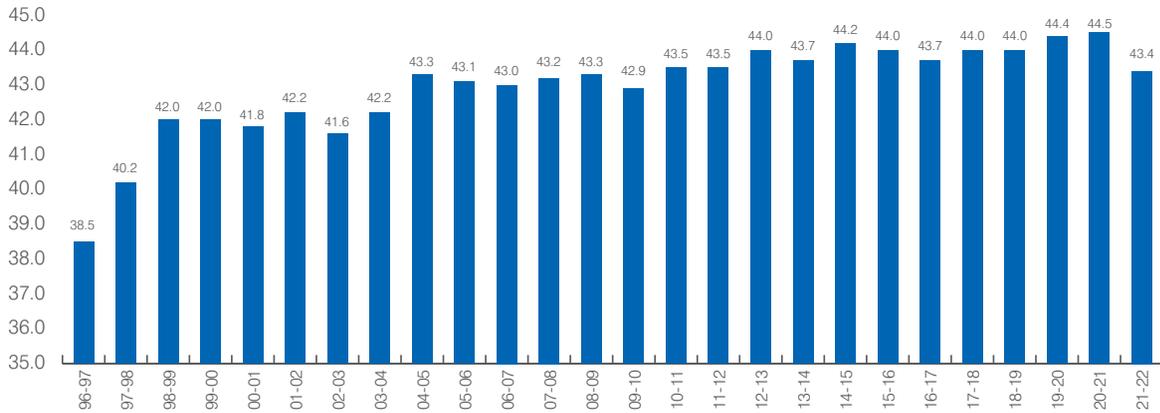
Actual v Forecast 2021-22



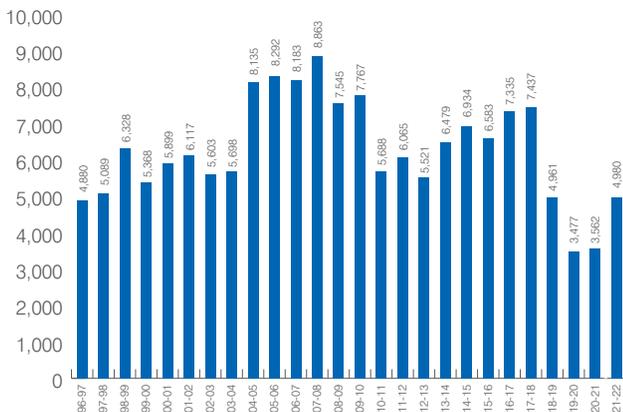
Generation By Fuel %



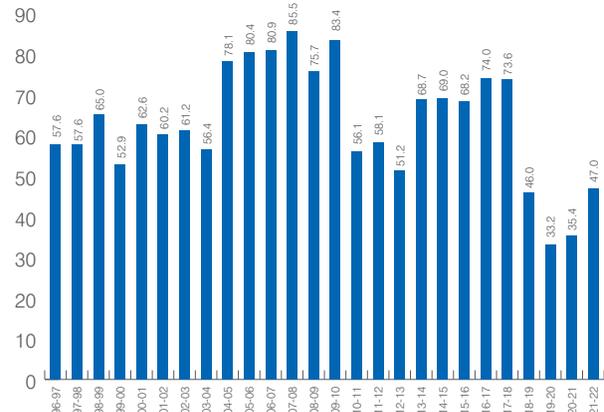
Thermal Efficiency %



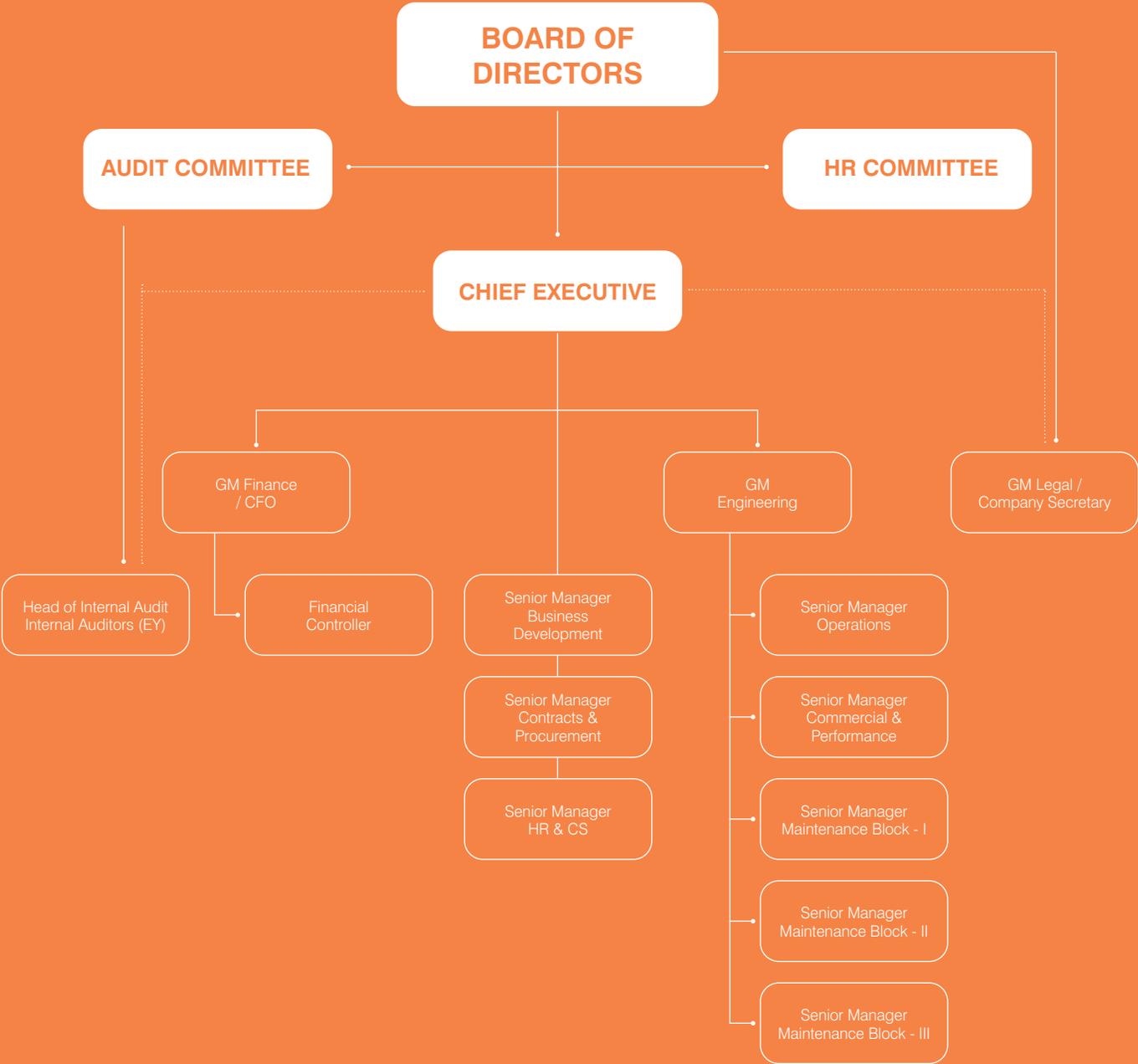
NOP GWh



Plant Utilisation %



ORGANIZATIONAL STRUCTURE*



—— Functional Reporting
 Administrative Reporting

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

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, 2022

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. Mahwish Humayun Khan
Executive Director	<ul style="list-style-type: none"> • Mr. Aftab Mahmood Butt (Chief Executive)
Non-Executive Directors	<ul style="list-style-type: none"> • Lt. General (Retd.) Muzammil Hussain¹ • 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 this 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 these 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 policy and transparent procedure for remuneration of Directors in accordance with the Act and these Regulations.
9. The majority of the Directors, Chief Financial Officer and the General Manager Engineering have either completed the Director's Certification from authorised institutions or have the prescribed qualification and experience pursuant to Regulation 19 of the CCG.
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:

¹ Lt. General (Retd.) Muzammil Hussain resigned from the Board of Directors on May 24, 2022. The casual vacancy was filled-in by the appointment of Lt. General (Retd) Sajjad Ghani on August 17, 2022 as Director under section 155(3) of the Companies Act, 2017. Lt. General Ghani was on the same date elected Chairman, Board of Directors.

Audit Committee

Mr. Hafiz Muhammad Yousaf	Chairman
Mr. Saad Iqbal	Member
Mr. Naveed Asghar Chaudhry ²	Member
Mr. Jamil Akhtar	Member

HR Committee

Mr. Aqeel Ahmed Nasir	Chairman
Mr. Aftab Mahmood Butt	Member/Chief Executive
Mr. Naveed Asghar Chaudhry ³	Member
Ms. Mahwish Humayun Khan	Member
Mr. Jamil Akhtar ⁴	Member

Investment Committee

Mr. Hafiz Muhammad Yousaf	Chairman
Mr. Saad Iqbal	Member
Mr. Jamil Akhtar	Member

13. The terms of reference of the aforesaid committees have been formulated, documented and advised to the committee for compliance.

14. The frequency of meetings of the committees were as follows:

Audit Committee	Seven (7)
HR Committee	Four (4)
Investment Committee	Five (5)

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 regard.

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

Lt. General (Retd.) Sajjad Ghani⁵
Chairman, Board of Directors

Islamabad
September 16, 2022

² Ceased to be Member of Audit Committee on June 1, 2022

³ Ceased to be Member of HR Committee on June 1, 2022

⁴ Appointed member of HR Committee on June 1, 2022

⁵ Lt. General (Retd.) Muzammil Hussain resigned from the BoD on May 24, 2022; and his vacant position was filled-in on August 17, 2022 by Lt. General (Retd.) Sajjad Ghani.

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, 2022 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 Directors' 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, 2022.



A. F. Ferguson & Co.

Chartered Accountants

Name of engagement partner: Amer Raza Mir

Lahore

Date: September 30, 2022

UDIN: CR202210118JmEV27gHj

*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*

■KARACHI ■LAHORE ■ISLAMABAD

STAYING
RESILIENT

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, 2022, 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, 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 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, 2022 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.

Material Uncertainty Related to Going Concern

We draw attention to note 2.2 in the financial statements, which describes the pending matter of Power Purchase Agreement extension/renewal with CPPA-G. As stated in note 2.2, these events or conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Following is the key audit matters:

Sr. No	Key audit matter	How the matter was addressed in our audit
(i)	<p>Contingent Taxation Liabilities</p> <p>(Refer notes 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 counsel 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.

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 30, 2022

UDIN: AR202210118iV71XpzeA

FINANCIAL STATEMENTS

For the year ended June 30, 2022

STATEMENT OF FINANCIAL POSITION

As at June 30, 2022

	Note	2022 (Rupees in thousand)	2021
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
3,600,000,000 (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 (2021: 880,253,228) ordinary shares of Rs 10 each	5	8,802,532	8,802,532
Capital reserve	6	444,451	444,451
Revenue reserve: un-appropriated profits		59,348,925	55,976,628
		68,595,908	65,223,611
NON-CURRENT LIABILITIES			
Lease liabilities	7	–	3,443
Contract liability	8	–	4,613,061
Deferred liabilities	9	1,882,190	9,223,790
		1,882,190	13,840,294
CURRENT LIABILITIES			
Current portion of lease liabilities		3,434	7,105
Current portion of contract liability	8	4,613,061	14,515,237
Finances under mark-up arrangements - secured	10	37,370,346	36,257,334
Trade and other payables	11	21,470,058	17,177,916
Provision for taxation - net		1,855,133	–
Unpaid dividend		–	4,401,266
Unclaimed dividend		971,233	810,833
		66,283,265	73,169,691
CONTINGENCIES AND COMMITMENTS			
	12		
		136,761,363	152,233,596

The annexed notes from 1 to 43 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	2022 (Rupees in thousand)	2021
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	2,237,359	3,068,225
Intangible assets	14	1,720	3,529
Right of use assets	15	2,220	7,455
Long term deposits	16	21,128	6,419
Staff retirement benefits	17	721,960	435,286
		2,984,387	3,520,914
CURRENT ASSETS			
Stores and spares	18	3,698,057	3,181,423
Stock-in-trade	19	6,235,956	5,921,887
Trade debts	20	62,154,482	104,622,431
Investments at fair value	21	54,067,311	25,670,360
Income tax due from Government		–	1,504,400
Loans, advances, deposits, prepayments and other receivables	22	6,602,988	6,528,658
Cash and bank balances	23	1,018,182	1,283,523
		133,776,976	148,712,682
		136,761,363	152,233,596



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, 2022

	Note	2022 (Rupees in thousand)	2021
Sales	24	136,599,624	69,636,395
Adjustment to Capacity Purchase Price	8.1	–	(19,287,369)
Net sales		136,599,624	50,349,026
Cost of sales	25	(128,067,519)	(45,098,016)
Gross profit		8,532,105	5,251,010
Administrative expenses	26	(976,701)	(952,620)
Other expenses	27	(277,451)	–
Other income	28	12,618,768	13,220,591
Operating profit		19,896,721	17,518,981
Finance cost	29	(4,373,107)	(3,108,239)
Profit before tax		15,523,614	14,410,742
Taxation	30	(5,629,994)	(4,181,318)
Profit for the year		9,893,620	10,229,424
Earnings per share - basic and diluted	Rupees 39	11.24	11.62

The annexed notes from 1 to 43 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, 2022

	2022	2021
	(Rupees in thousand)	
Profit for the year	9,893,620	10,229,424
Items that will not be reclassified subsequently to profit or loss:		
- Re-measurement of net defined benefit obligation - net of tax	80,576	365,322
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year - net of tax	80,576	365,322
Total comprehensive income for the year	9,974,196	10,594,746

The annexed notes from 1 to 43 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, 2022

	Share capital	Capital reserve	Revenue reserve: Un-appropriated profit	Total
	(Rupees in thousand)			
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 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
Profit for the year	-	-	9,893,620	9,893,620
Other comprehensive income:				
- Re-measurement of net defined benefit obligation - net of tax	-	-	80,576	80,576
Total comprehensive income for the year	-	-	9,974,196	9,974,196
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 ended June 30, 2022 - Rs 4.00 per share	-	-	(3,521,013)	(3,521,013)
Balance as at June 30, 2022	8,802,532	444,451	59,348,925	68,595,908

The annexed notes from 1 to 43 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, 2022

	Note	2022 (Rupees in thousand)	2021
Cash flows from operating activities			
Cash generated from operations	36	51,316,629	47,246,717
Finance cost paid		(6,664,924)	(8,420,290)
Taxes paid		(9,920,668)	(3,269,487)
Staff retirement benefits paid		(44,308)	(549,891)
Net cash generated from operating activities		34,686,729	35,007,049
Cash flows from investing activities			
Fixed capital expenditure including acquisition of intangible assets		(93,834)	(25,433)
Income on bank deposits received		3,548,336	252,055
Net (increase) / decrease in long term loans and deposits		(14,709)	6,089
Investments acquired during the year		(38,747,700)	(25,670,360)
Investments disposed-off during the year		10,090,779	–
Proceeds from sale of property, plant and equipment		1,925	2,761
Net cash used in investing activities		(25,215,203)	(25,434,888)
Cash flows from financing activities			
Repayment of lease liabilities		(7,114)	(14,805)
Dividend paid		(10,842,765)	(1,304,218)
Net cash used in financing activities		(10,849,879)	(1,319,023)
Net (decrease) / increase in cash and cash equivalents		(1,378,353)	8,253,138
Cash and cash equivalents at beginning of the year		(34,973,811)	(43,226,949)
Cash and cash equivalents at the end of the year	37	(36,352,164)	(34,973,811)

The annexed notes from 1 to 43 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, 2022

1 Legal status and nature of business

Kot Addu Power Company Limited (the Company or KAPCO), was incorporated in Pakistan on April 25, 1996 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). The Company was listed on April 18, 2005 on Pakistan Stock Exchange Limited. The principal activities of the Company are to own, operate and maintain a multi-fuel fired power station with fifteen generating units with a nameplate capacity of 1,600 MW in Kot Addu, District Muzaffargarh, Punjab, Pakistan and to sell the electricity produced therefrom to a single customer, Pakistan Water and Power Development Authority (WAPDA) under a Power Purchase Agreement (PPA) which was extended by 16 months during the year ending June 30, 2021 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 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.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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

The PPA of the Company was initially for a term of 25 years 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 Management has taken up the matter of renewal / extension of PPA beyond the extended term with the relevant Authorities and initiated the formalities in this respect in order to supply electricity to CPPA-G beyond the extended term.

The pending 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.

The following developments and facts, as explained below, mitigate the above-mentioned risk.

The Company's generation license issued by the National Electric Power Regulatory Authority (NEPRA) was set to expire on September 21, 2021. Subsequent to the year ended June 30, 2022, NEPRA has extended the generation license of the Company for a period of three years from the date of expiry i.e. September 21, 2021, keeping in view the remaining useful life and critical importance of the Power Plant in the system.

The annual revision of Indicative Generation Capacity Expansion Plan (IGCEP) for 2022-2031 is in progress and is expected to be submitted by NTDC, after due recommendations by Power Division, to NEPRA for approval. Keeping in view the strengths of the Power Plant and based on the discussions with the relevant authorities, it is expected that KAPCO Complex will remain integral component in the upcoming IGCEP 2022-2031 at a reasonably high load factor in the coming years.

It is pertinent to note that the actual generated electricity for 2021-22 (42.4% load factor) is more than 6 times higher as compared to the projected generation in approved IGCEP 2021-2030 (6.9% load factor). Recent operating profile of the Power Plant has revalidated the critical importance of the Power Plant in the region for the system stability and electricity demand.

Based on the positive progress, including the issuance of generation license by NEPRA, and keeping in view the system constraints and energy security requirements, Management of the Company believes that the PPA will be extended for an additional term following the expiry in October 2022. Additionally, the Power Purchaser has committed in the Master Agreement to consent for the extension of the PPA for an additional term subject to agreement on the terms and conditions and completion of legal and corporate formalities. Furthermore, the Company is also working on the preparation of Tariff Petition which will be submitted to NEPRA in due course.

Some other factors which support Management's stance for extension of the PPA 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
- Government of Pakistan (GoP) is the major shareholder of the Company (through WAPDA) so ultimate beneficial ownership lies with GoP.

Furthermore, the Competitive Trading Bilateral Contracts Market (CTBCM) has been formally introduced by NEPRA, initially for a trial period of six months, by issuance of Market Operator license to CPPA-G on May 31, 2022. Under this arrangement, the Company has the option to participate in the Market by selling electricity to Bulk Power Consumers (BPC) through wheeling arrangements and / or participate as Merchant Plant. The Company intends to take full advantage of CTBCM once it is fully implemented, after the trial period, in the interest of its shareholders and is currently in discussion with certain Bulk Power Consumers for the supply of electricity.

Notwithstanding, as elaborated above, 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 even at zero load factor. Further, the Company draws strength from the following:

- receivables from the Power Purchaser of Rs 62,155 million as at June 30, 2022 backed by GoP Guarantee which will be realised in normal course of business; and
- investments of PIBs and Sukuks of Rs 54,067 million as at June 30, 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

The Company can also utilize its strong financial position 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.

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

2.3 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2022

Certain standard amendments and interpretations to 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 financial statements.

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

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 01, 2022 but are considered not to be relevant to the Company's operations and are, therefore, not detailed in these financial statements, except for the ones mentioned below. Further, the following standards, interpretations and the amendments are not expected to have significant impact on the Company's financial statements other than certain disclosures.

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

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
Amendments to IAS 37 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss making.	January 01, 2022
Amendments to IAS 1 and IFRS 2 Practice Statement 2, 'Disclosure of Accounting Policies' require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material.	January 01, 2023
Amendments to IAS 8 'Accounting policies, changes in accounting estimates and errors' clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates whereby change in accounting policies is a prospective change and change in accounting estimates is a retrospective change.	January 01, 2023
Amendment to IAS 12 'Income Taxes' require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.	January 01, 2023
Amendments to IAS 1 'Classification of liabilities as current or non-current' clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period and what IAS 1 means when it refers to the 'settlement' of a liability.	January 01, 2024

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 (ECL) 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 ECL model subsequent to June 30, 2022 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 02, 2019, granted exemption from the application of IFRS 16 'Leases' to all companies, which have entered into power purchase agreements before January 01, 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:

	2022	2021
	(Rupees in thousand)	
De-recognition of property, plant and equipment	(2,109,956)	(2,986,682)
Decrease in deferred tax liability	696,450	867,837
Decrease in un-appropriated profit at the beginning of the year	(2,118,845)	(1,368,218)
Increase / (decrease) in profit for the year	705,339	(750,627)
Decrease in un-appropriated profit at the end of the year	(1,413,506)	(2,118,845)

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 01, 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 transactions.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

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 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 07, 2011.

Had the exemption not been granted, the staff costs of the Company for the year would have been higher by Rs 539 million (2021: Rs 1,032 million), profit after taxation would have been lower by Rs 345 million (2021: Rs 660 million), retained earnings would have been lower by Rs 345 million (2021: Rs 660 million) and earnings per share would have been lower by Rs 0.39 per share (2021: Rs 0.75 per share).

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 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 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 stores and spares**

The Company reviews stores and spares inventory items based on the usability of items as determined by in-house 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:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

- a) The Company operates an approved funded defined benefit pension scheme for all 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, 2022. The actual return on plan assets during the year is Rs 124 million (2021: Rs 563 million). The actual return on plan assets represents the difference between the fair value of plan assets at beginning 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: 13.25 percent per annum (2021: 10.00 percent per annum).
- Expected rate of increase in salary level: 12.75 percent per annum (2021: 9.50 percent per annum).
- Expected rate of increase in pension: 5.00 percent per annum (2021: 5.00 percent per annum).
- Average duration of the plan: 6.85 years (2021: 8.75 years).
- Mortality rates: SLIC (2001-05)-1.

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.

- b) The Company also operates an approved funded contributory provident fund for all regular employees. Equal monthly contributions are made by both the Company and the employees to the fund.

- c) The Company provides medical facilities to its eligible employees and 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, 2022.

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

- Discount rate: 13.25 percent per annum (2021: 10.00 percent per annum).
- Expected rate of increase in medical cost: 11.00 percent per annum (2021: 7.75 percent per annum).
- Expected rate of increase in electricity benefit: 11.50 percent per annum (2021: 10.00 percent per annum).
- Average duration of the plan: 14.91 years (2021: 16.10 years).
- Mortality rates: SLIC (2001-05)-1.

- d) The Company has other long term benefits which include 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 495,000 or Rs 561,000 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' except for other long term 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 statement of profit or loss 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. The Company's estimate of the residual value of its property, plant and equipment as at June 30, 2022 has not required any significant adjustment.

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.

Major plant modifications and improvements are capitalised. Overhauls, maintenance and repairs are charged to statement of 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 statement of profit or loss.

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.

4.5 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. An impairment loss is recognized in statement of profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

4.6 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

4.7 Leases

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

4.7.1 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.

4.7.2 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 payments 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 statement of profit or loss if the carrying amount of right-to-use asset has been reduced to zero.

Payments associated with short-term and low value leases are recognised on a straight line basis as an expense in the statement of profit or loss.

4.7.3 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.

4.8 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 Ujrah (lease) payments as an expense in the statement of profit or loss on straight line basis over the Ijarah term.

4.9 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 statement of profit or loss as it is incurred. The item is charged to the statement of profit or loss when, upon inspection, it cannot be refurbished. Provision for obsolescence of stores and spare parts wherever required, is made on the basis of management's best estimate of usability of items as determined by the in-house 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.

4.10 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 realizable value is determined on the basis of estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. If the expected net realizable value is lower than the carrying amount, a write-down is recognized for the amount by which the carrying amount exceeds its net realizable value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

4.11 Financial instruments

4.11.1 Financial assets

a) Classification

The Company classifies its financial assets other than investments in equity instruments of subsidiary and associate in the following measurement categories:

- those to be measured subsequently at fair value [either through other comprehensive income ("OCI") or through profit or loss], and
- those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade date, being the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

c) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Debt Instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

i) Amortised Cost

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss. Impairment losses are presented as separate line item in the statement of profit or loss.

ii) Fair Value through Other Comprehensive Income (FVOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange

gains and losses, which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method. Impairment expenses are presented as separate line item in the statement of profit or loss.

iii) Fair Value through Profit or Loss (FVPL)

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 the statement of profit or loss in 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 (GIS) as fair value through profit or loss.

Equity instruments

The Company subsequently measures all equity investments except for investments in equity instruments of subsidiary and associate at fair value. Where the Company's Management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in the statement of profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

4.11.2 Impairment of Financial Assets due from Government

Financial assets due from the Government of Pakistan includes trade debts and other receivables due from CPPA-G under the PPA that also includes accrued amounts. The Company follows relevant requirements of IAS 39 in respect of impairment of these financial assets due to the exemption available in respect of IFRS 9 till June 30, 2022 as stated in note 2.5.1.

A provision for impairment is established when there is objective evidence that the Company will not be able to collect all the amount due according to the original terms of the receivable.

The Company assesses at the end of each reporting period whether there is objective evidence that the financial asset is impaired. The financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of profit or loss. When the financial asset is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the statement of profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

4.11.3 Impairment of financial assets other than those due from the Government of Pakistan and investment in equity instruments

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.

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 considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the instrument as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped keeping in view the nature of the financial instruments, past-due status, nature, size and industry of the borrowers and external credit ratings, where available.

The Company recognizes an impairment loss in the statement of profit or loss for financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

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 statement of profit or loss.

4.11.4 Financial liabilities

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed on statement of profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

4.12 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.

4.13 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.

4.14 Trade debts

Trade debts are amounts due from CPPA-G in the ordinary course of business. They are generally due for settlement as referred to in note 4.23 and therefore are all classified as current. Trade debts are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. 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 less provision for loss allowance.

4.15 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.

4.16 Borrowings

Borrowings are recognized 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 recognized in the profit and 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.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

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.

4.17 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

4.18 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 the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognized in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains / (losses).

4.19 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.

4.20 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.

4.21 Dividend

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

4.22 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.

4.23 Revenue recognition

Revenue shall be recognized when (or as) the Company satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset and thus has the ability to direct the use and obtain the benefits from the good or service.

Revenue from the sale of electricity to CPPA-G, the sole customer of the Company, is recorded on the following basis:

- Capacity Purchase Price revenue is recognized over time, based on the capacity made available to CPPA-G, at rates as specified under the PPA with CPPA-G, as amended from time to time; and
- Energy Purchase Price revenue is recognized at a 'point in time', as and when the Net Electrical Output (NEO) are delivered to CPPA-G.

Capacity and Energy revenue is recognized based on the rates determined under the mechanism laid down in the PPA.

Late payment surcharge on amounts due under the PPA is accrued on a time proportion basis by reference to the amount outstanding and the applicable rate of return under the PPA and the Tripartite agreement between SNGPL, CPPA-G and the Company for RLNG supplies.

Further, the true-up income invoices on CPP is raised upon the receipt of the underlying CPP invoices, wholly or partially in accordance with the clause 13.4(iv) of Part II of schedule 6 to the PPA. The accrual on true-up income is recorded on time proportion basis in accordance with the terms of the PPA.

Invoices are generally raised on a monthly basis and are due after 25 to 30 days from acknowledgement by CPPA-G except for weekly RLNG commodity invoices which are due in 3 days.

4.24 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.

4.25 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.

4.26 Finance income

Finance income comprises interest income on funds invested (financial assets), gain on disposal of financial assets and changes in fair value of investments. Interest income is recognized as it accrues in profit or loss, using effective interest method.

4.27 Share Capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

5 Issued, subscribed and paid up capital

	2022 (Number of shares)	2021		2022 (Rupees in thousand)	2021
	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 consideration other than cash	8,800,002	8,800,002
	880,000,228	880,000,228		8,802,532	8,802,532
	880,253,228	880,253,228			

5.1 During the year, there has been no movement in the ordinary share capital of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

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

	2022	2021
	(Number of shares)	
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.

	Note	2022	2021
		(Rupees in thousand)	
7 Lease liabilities			
Present value of minimum lease payments	7.2	3,434	10,548
Less: Current portion shown under current liabilities		(3,434)	(7,105)
	7.1	–	3,443

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

	2022	2021
	(Rupees in thousand)	
Opening balance	10,548	25,353
Additions during the year	–	–
Interests on lease liability	538	1,542
Payments made during the year	(7,652)	(16,347)
Lease liability as at June 30	3,434	10,548
Current portion shown under current liabilities	(3,434)	(7,105)
Long term lease liability as at June 30	–	3,443

7.2 Minimum lease payments have been discounted at an implicit interest rate ranging from 8.6 percent to 13.9 percent (2021: 8.5 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)		
2022			
Not later than one year	3,670	236	3,434
Later than one year and not later than five years	–	–	–
	3,670	236	3,434
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

	Note	2022 (Rupees in thousand)	2021
8 Contract liability			
Opening Balance		19,128,298	–
Adjustment to CPP	8.1	–	19,287,369
Less: Amount recognised as revenue during the year	24	(14,515,237)	(159,071)
		4,613,061	19,128,298
Less: Current portion of contract liability		(4,613,061)	(14,515,237)
		–	4,613,061

8.1 Adjustment to CPP

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 485 days (approximately 16 months). Pursuant to a letter of understanding signed by both parties on March 30, 2021, 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. During the OFME extension period, no CPP invoice will be raised. 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.

	Note	2022 (Rupees in thousand)	2021
9 Deferred Liabilities			
Deferred taxation	9.1	677,510	8,285,535
Staff retirement benefits	9.2	1,204,680	938,255
		1,882,190	9,223,790

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021		
9.1	Deferred taxation				
	The liability for deferred taxation comprises of timing differences relating to:				
	Accelerated tax depreciation	(108,170)	32,655		
	Provision for store obsolescence	(605,249)	(533,033)		
	Provision for doubtful debts	(115,420)	(86,554)		
	Write back of unpaid liabilities	(18,337)	(16,115)		
	Provision for other staff benefits	(64,038)	(51,212)		
	Unrealized true-up income	56,273	2,068,737		
	Unrealized interest income on late payment by CPPA-G	1,361,652	6,797,347		
	Unrealized (loss) / gain on investments	(59,759)	49,202		
	Accrued interest - PIBs / Sukuks - not received yet	231,692	27,567		
	Lease liabilities	(1,134)	(3,059)		
		677,510	8,285,535		
9.1.1	Movement in deferred taxation				
	Opening balance	8,285,535	7,260,685		
	Credited to statement of profit or loss	(7,608,025)	1,024,850		
	Closing balance	677,510	8,285,535		
9.2	Staff retirement benefits				
	These are comprised of:				
	Medical	9.2.1	290,936	212,490	
	Free electricity	9.2.1	719,691	544,762	
	Other long term benefits	9.2.2	194,053	181,003	
			1,204,680	938,255	
9.2.1					
		Post retirement medical	Post retirement free electricity		
		2022	2021	2022	2021
		(Rupees in thousand)			
	The amounts recognised are as follows:				
	Present value of defined benefit obligation as at June 30	290,936	212,490	719,691	544,762
	Liability as at July 1	212,490	192,764	544,762	567,338
	Charge to profit and loss account	25,454	21,959	65,257	64,148
	Benefits paid during the year	(13,378)	(6,633)	(11,435)	(8,164)
	(Gain) / loss due to change in financial assumptions	(1,953)	(342)	(19,194)	1,059
	Loss / (gain) due to change in experience adjustments	68,323	4,742	140,301	(79,619)
	Liability as at June 30	290,936	212,490	719,691	544,762

	Post retirement medical		Post retirement free electricity	
	2022	2021	2022	2021
(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	212,490	192,764	544,762	567,338
Current service cost	4,113	4,054	10,537	11,388
Interest cost for the year	21,341	17,905	54,720	52,760
Benefits paid during the year	(13,378)	(6,633)	(11,435)	(8,164)
Remeasurement loss / (gain) recognised in other comprehensive income	66,370	4,400	121,107	(78,560)
Present value of defined benefit obligation as at June 30	290,936	212,490	719,691	544,762

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				
	2022	2021	2020	2019	2018
(Rupees in thousand)					
As at June 30					
Present value of defined benefit obligations	290,936	212,490	192,764	175,061	157,161
Fair value of plan assets	–	–	–	–	–
Deficit	290,936	212,490	192,764	175,061	157,161
Experience adjustment on obligation - loss / (gain)	66,370	4,400	(7,373)	1,537	1,154

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				
	2022	2021	2020	2019	2018
(Rupees in thousand)					
As at June 30					
Present value of defined benefit obligations	719,691	544,762	567,338	563,106	510,575
Fair value of plan assets	–	–	–	–	–
Deficit	719,691	544,762	567,338	563,106	510,575
Experience adjustment on obligation -loss / (gain)	121,107	(78,560)	(82,564)	(4,355)	(86,535)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

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

	Post retirement medical		Post retirement free electricity	
	2022	2021	2022	2021
	(Rupees in thousand)			
Discount rate+0.50%	270,446	196,339	666,038	500,910
Discount rate -0.50%	313,784	230,361	779,801	594,325
Increase in medical cost / electricity benefit +0.50%	293,814	215,283	729,854	553,440
Increase in medical cost / electricity benefit - 0.50%	288,133	209,784	709,835	536,382
Maturity profile of the defined benefit obligation				
1. Weighted average duration of the benefit (Years)				
	14.09	15.20	14.91	16.10
2. Distribution of timing of benefit payments (time in years)				
1	3,567	2,236	7,972	5,541
2	8,533	5,235	19,044	12,875
3	10,736	6,491	23,888	15,666
4	13,264	7,941	29,458	18,785
5	16,077	9,649	35,685	22,211
6 to 10	135,052	75,009	303,510	174,329

9.2.2 Movement of other long term benefits

	July 1, 2021	Charge for the year	Payments during the year	June 30, 2022
	(Rupees in thousand)			
Other long term benefits:				
Provision for leave encashment	88,726	18,093	(8,300)	98,519
Provision for lumpsum payment to employees	92,277	14,452	(11,195)	95,534
	181,003	32,545	(19,495)	194,053

9.2.3 Risk exposure

Through its defined benefit scheme, 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 liability 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.

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

Withdrawal rate risk - The present value of the defined benefit liability 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.

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

	Note	2022 (Rupees in thousand)	2021
9.2.4 Medical and electricity benefits recognised during the year			
Amount recognised in profit or loss:			
- Loss on medical recognised		25,454	21,959
- Loss on electricity recognised		65,257	64,148
Amount recognised in other comprehensive income:			
- Loss on medical recognised		66,370	4,400
- Loss / (gain) on electricity recognised		121,107	(78,560)
10 Finances under mark-up arrangements - secured			
- Under Conventional finances		16,507,171	21,705,523
- Under Islamic finances		20,863,175	14,551,811
	10.1	37,370,346	36,257,334

10.1 Finances under mark up arrangements available from various commercial banks amount to Rs 20,440 million (2021: Rs 29,967 million) and finances available under musharika and murabaha arrangements amount to Rs 24,575 million (2021: Rs 20,400 million). The rate of mark-up ranges from 7.7 percent to 14.9 percent (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 (2021: 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 392 million (2021: Rs 240 million) for opening letters of credit and Rs 2,504 million (2021: Rs 2,504 million) for guarantees, the amounts utilised as at June 30, 2022 were Rs 233 million (2021: Rs 108 million) and Rs 2,504 million (2021: Rs 2,504 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 (2021: Rs 90,792 million) and ranking charge over current assets up to a limit of Rs 4,001 million (2021: Rs 1,334 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
11	Trade and other payables		
	Trade creditors	9,765,336	1,619,081
	Accrued liabilities	779,426	670,282
	Liquidated damages payable to CPPA-G	55,025	55,025
	Markup accrued on:		
	- Finances under markup arrangements - secured	959,813	563,274
	- Lease liabilities	50	88
	- Credit supplies of raw material	7,200,927	9,889,243
		8,160,790	10,452,605
	Deposits - interest free repayable on demand	453	561
	Workers' Welfare Fund	772,950	378,099
	Differential payable to CPPA-G	1,730,484	3,938,209
	Provident fund payable	12,425	11,934
	Others	193,169	52,120
		21,470,058	17,177,916

11.1 Trade creditors include payable to Sui Northern Gas Pipelines Limited (SNGPL) amounting to Rs 9,711 million (2021: Rs 1,557 million).

11.2 Accrued liabilities includes Rs 7 million (2021: Rs 9 million) payable to CPPA-G, an associated undertaking, against import 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 utilizable for Company for other purposes. This amount is kept in separate bank account especially maintained for such purpose in accordance with the provision of the section 217 of the Companies Act, 2017.

11.4 Movement in Workers' Welfare Fund is as follows:

	2022 (Rupees in thousand)	2021
Opening balance	378,099	659,091
Provision made during the year	772,950	378,099
	1,151,049	1,037,190
Payment made during the year	(378,099)	(659,091)
Closing balance	772,950	378,099

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.

11.6 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.

12 Contingencies and commitments

12.1 Contingencies

12.1.1 Income tax

- (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 Income Tax Appellate Tribunal (ITAT) [now Appellate Tribunal Inland Revenue (ATIR)] against the decision of CIR(A) which was decided in the Company's favour in April 14, 2012. No appeal was filed by the Tax Department (the Department) before High Court within the time stipulated under law.

Subsequently, the 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. The 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 therein. The LHC decided the case against the Company on May 25, 2022, by setting aside all the precedents of High Courts on this matter. The Company is in the process of filing appeal in Honorable Supreme Court of Pakistan. The cumulative tax impact of this issue is approximately Rs 2,263 million.

- (ii) The Additional Commissioner Inland Revenue amended the assessment of tax year 2016 and issued order by disallowing certain expenses, on October 13, 2017 creating 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) who vide order dated January 04, 2018 reduced the demand 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 Honorable Lahore High Court (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 favour of the Company vide order dated December 16, 2020 and remanded back the remaining matters amounting to Rs. 277 million for fresh adjudication. Being aggrieved, the Company filed appeal in LHC against the said order of ATIR which is pending adjudication.

- (iii) The Additional Commissioner Inland Revenue 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 favour of the Company vide order dated July 23, 2019 and matter having a tax impact of Rs. 95 million was decided against the Company. The Company filed an appeal before ATIR against the said order, which was decided against the Company vide order dated September 24, 2021. Being aggrieved, the Company has filed reference before the Honorable Lahore High Court, which is pending adjudication.

- (iv) The Additional Commissioner Inland Revenue 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 was decided in favour of the Company vide order dated April 28, 2022 and the demand was annulled.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

- (v) The Additional Commissioner Inland Revenue 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, LP income from CPPA-G and inadmissibility of few deductions and tax credit under section 65B. The Company filed an appeal before CIR(A), which was partially decided in favour 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 was decided in favour of the Company vide order dated April 28, 2022 except for an issue amounting to Rs 3 million.
- (vi) The Additional Commissioner Inland Revenue amended the assessment of tax year 2020 vide order dated February 01, 2021 creating a demand of Rs 6,121 million on account of chargeability of tax on true-up income, late payment (LP) income from CPPA-G and inadmissibility of few deductions by disallowing certain expenses. The Company filed an appeal before CIR(A) which was partly decided in its favour vide order dated September 01, 2021. Being aggrieved, the Company filed appeal before ATIR that was decided entirely in its favour vide order dated April 28, 2022 and the demand was annulled.
- (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. The DCIR rejected KAPCO's filed estimate of the taxable income on the premise that expense claimed as a result of Third amendment to PPA amounting to Rs 19,287 million is a penalty and hence disallowed. The Company filed an appeal before CIR(A), which was decided against the Company vide order dated April 19, 2022. Being aggrieved, the Company has filed appeal before ATIR which is pending adjudication.
- (viii) The Additional Commissioner Inland Revenue amended the assessment of tax year 2021 vide order dated February 26, 2022 and created a demand of Rs 6,788 million on account of chargeability of tax on True up income and Late payment income from CPPA-G and inadmissibility of few deductions. Being aggrieved, the Company has filed appeal before CIR(A) which is pending adjudication.

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.

12.1.2 Sales tax

- (i) The Tax 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 Capacity Purchase Price (CPP) invoices and Energy Purchase Price (EPP) invoices and allowed input sales tax allocated to EPP invoices only. The refund claims of the Company during the period falling between the aforementioned period were also rejected by the Tax Authorities. Against the foregoing order, the Company filed an appeal before CIR(A) which was partially decided against the Company. However, CIR(A) instructed the Tax Department to rectify the demand by deleting the sales tax liability in respect of tax periods beyond five years, resulting in reduction of demand to the tune of 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.

Tax 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 judgment 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 Tax Department has filed civil petition for leave to appeal (CPLA) in Supreme Court of Pakistan against the decision of LHC, which was accepted, however appeal is pending adjudication.

- (ii) The Deputy Commissioner Inland Revenue (DCIR) issued an assessment order dated August 05, 2020 by rejecting the credit notes and created a demand of Rs. 1,100 million. KAPCO filed an appeal before CIR(A) who remanded the case back to DCIR for fresh adjudication. Consequently, the matter was remanded back to CIR for fresh adjudication. The DCIR finalized the remand back proceedings and confirmed the aforesaid demand vide order dated June 30, 2021. The Company filed an appeal in CIR-Appeals which was decided in favour of the Company and the case was remanded back to DCIR vide order dated January 05, 2022 for verification from CPPA-G. The DCIR again confirmed the demand vide order dated February 23, 2022 due to no response from CPPA-G. Being aggrieved, the Company again filed appeal before CIR(A), which was again remanded back to DCIR vide order dated June 24, 2022 for verification from CPPA-G.
- (iii) For tax year 2004-2009 a show cause notice was issued by the Commissioner 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 Commissioner for fresh verification of all the documents pertaining to refund. Subsequently, CIR issued an assessment order dated June 25, 2021 wherein all the deferred refund of the Company was rejected along with imposition of penalty. Being aggrieved, the Company filed an appeal in CIR(A) against the said order. The CIR(A) annulled the rejection of the sales tax refund and the case has been remanded back to the tax department for processing of sales tax refund vide order dated June 13, 2022.
- (iv) The Deputy Commissioner Inland Revenue (DCIR) issued an assessment order dated September 30, 2021 and created a demand of Rs 15,110 million mainly on account of alleged non compliance of section 73 of Sales Tax Act, 1990. The Company filed appeal before CIR(A) who vide order dated January 28, 2022 annulled the demand and remanded the case back to DCIR. The DCIR issued order dated March 29, 2022 in remand back proceedings and created demand of Rs 155 million on inadmissibility of input tax on certain issues. Being aggrieved, the Company has filed appeal before CIR(A), which is pending adjudication.

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 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 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.

NOTES TO THE FINANCIAL STATEMENTS

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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 review petition in the Honorable Supreme Court of Pakistan against the said decision in case of another company, which is pending adjudication.

In 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 year ended June 30, 2019, this Ordinance expired and no further enactment was made by the Government of Punjab till October 01, 2021. After enactment of Companies Profits (Workers' Participation) Amendment Act, 2021 on October 1, 2021 Company has created provision of WPPF for the year ended June 30, 2022 and paid the same to the Fund as well.

During the year, the Company received a notice from the Ministry of Overseas Pakistanis and Human Resource Development, Workers Welfare Fund to deposit the left-over amount of WPPF from 2016 onward to WWF. The Company is in process of taking appropriate legal course of action. 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 (2021: Rs 5,362 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 CPPA-G 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 768 million (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.

- (iii) During the year ended June 30, 2022, NEPRA issued a letter to the Company seeking explanation in respect of the extension of its PPA for a period of 485 days in lieu of settlement of the liquidated damages dispute between the Company and the Power Purchaser by invoking the terms of the PPA under Other Force Majeure Events (OFME). The Company submitted the explanation to NEPRA that extension of the PPA was within the terms of the PPA and there was no violation of NEPRA regulations.

Subsequent to the year ended June 30, 2022, NEPRA issued a show cause notice dated July 21, 2022, to the Company alleging prima facie violation of Regulation 6(2) of NEPRA Interim Power Procurement (Procedures and Standards) Regulations, 2005 in respect of the extension of the Company's PPA for 485 days. Being aggrieved, the Company has filed an appeal against the show cause notice before the NEPRA Appellate Tribunal in accordance with NEPRA Regulations. The Company also simultaneously filed stay with the Honorable Lahore High Court against the said notice, which has been granted. The decision from NEPRA Appellate tribunal is pending adjudication, therefore, the financial exposure, if any, cannot be estimated reliably.

The Management and the legal advisor of the Company believe that there are meritorious grounds available to defend the notice issued by NEPRA.

- (iv) The Company has provided bank guarantee in favor of SNGPL on account of payment of dues against gas sales etc., amounting to Rs 2,504 million (2021: Rs 2,504 million).

12.2 Commitments

- (i) Contracts for capital expenditure are Rs 11 million (2021: Rs 4 million).
- (ii) Letters of credit other than for capital expenditure are Rs 233 million (2021: Rs 108 million).
- (iii) Contracts for car ijarah are Rs 133 million (2021: Rs 47 million). The future aggregate payments under ijarah arrangement are as follows:

	2022	2021
	(Rupees in thousand)	
Not later than one year	28,702	17,147
Later than one year and not later than five years	104,603	29,851
Later than five years	-	-
	133,305	46,998

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, 2022									
Opening net book value (NBV)	100,773	48,854	2,611,320	248,366	31,857	5,754	78	21,223	3,068,225
Additions (at cost)	-	665	-	-	1,699	31,345	-	57,999	91,708
Transfers from leased assets at NBV	-	-	-	-	-	-	-	3,761	3,761
Disposals / adjustments (at NBV)	-	-	-	-	(253)	(164)	-	(1,692)	(2,109)
Depreciation charge	-	(37,117)	(626,778)	(204,226)	(10,716)	(13,210)	(57)	(32,122)	(924,226)
Closing net book value (NBV)	100,773	12,402	1,984,542	44,140	22,587	23,725	21	49,169	2,237,359
Gross carrying value basis									
As at June 30, 2022									
Cost	100,773	894,051	35,513,576	9,085,875	424,274	173,413	17,830	180,696	46,390,488
Accumulated depreciation	-	(881,649)	(33,529,034)	(9,041,735)	(401,687)	(149,688)	(17,809)	(131,527)	(44,153,129)
Net book value (NBV)	100,773	12,402	1,984,542	44,140	22,587	23,725	21	49,169	2,237,359
Depreciation rate % per annum	-	4 - 85.71	4 - 26.33	10-46.15	20-100	20-100	20-42.86	25-92.31	
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	

The cost of fully depreciated assets which are still in use as at June 30, 2022 is Rs 7,702 million (2021: Rs 5,039 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

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

	Note	2022 (Rupees in thousand)	2021
Cost of sales	25	854,929	1,030,686
Administration expenses	26	69,297	36,694
		924,226	1,067,380

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

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (Loss)	Mode of disposal
(Rupees in thousand)							
2022							
	Employee						
Honda Civic Prosmatec	Mr. Ahmad Javed	2,679	(2,143)	536	536	-	Company Policy
2021							
	Employee						
Honda City Aspire	Mr. Naubahar Shah	1,844	(1,135)	709	1,298	589	Company Policy

		2022 (Area in kanals)	2021
13.3	Description		
	Location		
	Plant site	Kot Addu, District Muzaffargarh, Pakistan	3,081
	Corporate office	Lahore, Pakistan	2
	Land (Plot)	Islamabad, Pakistan	1

		2022 (Rupees in thousand)	2021
13.4	Assets not in possession of the Company		
	Description		
	Party		
	Gas turbine rotor	GE Energy Manufacturing Technology Centre, Saudi Arabia	-
	Blades & vanes	Siemens AG, Germany	61,650
	Buckets, Nozzles & Shrouds	GE Middle East FZE, Dunbai, UAE	324,704
	Transition Pieces & Combustion Liners	Japanese Integrated Turbine Services, UAE	282,719
			81,040
			-
		688,463	61,650

		2022	2021
		(Rupees in thousand)	
14	Intangible assets		
	Net carrying value basis of computer software		
	Year ended June 30		
	Opening net book value (NBV)	3,529	7,235
	Additions (at cost)	2,126	–
	Adjustment	–	(696)
	Amortization charge	(3,935)	(3,010)
	Closing net book value	1,720	3,529
	Gross carrying value basis of computer software		
	Cost	67,968	65,841
	Accumulated amortization	(66,248)	(62,312)
	Net book value	1,720	3,529
	Amortization rate % per annum	20 - 100	20 - 41.38

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

14.2 The cost of intangible assets as on June 30, 2022 include fully amortized assets amounting to Rs 59 million (2021: Rs 55 million).

		2022	2021
		(Rupees in thousand)	
15	Right of use assets		
	Net carrying value basis		
	Year ended June 30		
	Opening net book value (NBV)	7,455	19,064
	Additions (at cost)	–	–
	Transfers / disposals (at NBV)	(3,761)	(5,957)
	Depreciation charge	(1,474)	(5,652)
	Closing net book value	2,220	7,455
	Gross carrying value basis		
	Cost	10,992	29,796
	Accumulated depreciation	(8,772)	(22,341)
	Net book value	2,220	7,455
	Depreciation rate % per annum	25	25

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, 2022 is Rs 9 million (2021: Rs 15 million).

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
16	Long term loans and deposits		
	Loans to employees - considered good	759	509
	Security deposits	26,894	10,646
		27,653	11,155
	Less: Receivable within one year	(6,525)	(4,736)
		21,128	6,419

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 (2021: 9 percent per annum).

	Note	2022 (Rupees in thousand)	2021
17	Staff retirement benefits		
	Pension asset	721,960	435,286
17.1	Pension		
	The amounts recognised are as follows:		
	Fair value of plan assets	3,767,734	3,846,875
	Present value of defined benefit obligation	(3,045,774)	(3,411,589)
	Assets as at June 30	721,960	435,286
	Asset as at July 1	435,286	(402,319)
	Charge to profit and loss statement	(23,548)	(111,383)
	Contribution paid by the Company	–	508,496
	Remeasurement gain recognised in other comprehensive income	310,222	440,492
	Assets as at June 30	721,960	435,286
	The movement in the present value of defined benefit obligation is as follows:		
	Present value of defined benefit obligation as at July 1	3,411,589	3,376,888
	Current service cost	65,051	73,060
	Interest cost for the year	336,281	307,430
	Benefits paid during the year	(186,323)	(198,930)
	Gain due to change in financial assumptions	(785,043)	(130,178)
	Loss / (gain) due to change in experience adjustments	204,219	(16,681)
	Present value of defined benefit obligation as at June 30	3,045,774	3,411,589
	The movement in fair value of plan assets is as follows:		
	Fair value as at July 1	3,846,875	2,974,569
	Expected return on plan assets	377,784	269,107
	Contribution paid by the Company	–	508,496
	Benefits paid during the year	(186,323)	(198,930)
	Remeasurement (losses) / gains on plan assets	(270,602)	293,633
	Fair value as at June 30	3,767,734	3,846,875

	2022	2021
Plan assets are comprised as follows:		
Mutual funds	40%	42%
Interest bearing instruments	58%	56%
Other	2%	2%
	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:

	2022	2021	2020	2019	2018
	(Rupees in thousand)				
As at June 30					
Fair value of plan assets	3,767,734	3,846,875	2,974,569	2,823,878	2,819,945
Present value of defined benefit obligations	(3,045,774)	(3,411,589)	(3,376,888)	(2,475,094)	(2,938,507)
Surplus / (deficit)	721,960	435,286	(402,319)	348,784	(118,562)
Experience adjustment on obligation - (gain) / loss	(785,043)	(146,859)	694,823	(683,418)	(135,521)
Experience adjustment on plan assets - (loss) / gain	(270,602)	293,633	(46,788)	(173,364)	(246,426)

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

	2022	2021
	(Rupees in thousand)	
Discount rate + 0.50%	2,941,503	3,262,351
Discount rate - 0.50%	3,157,657	3,574,086
Increase in salary level + 0.50%	3,058,653	3,428,720
Increase in salary level - 0.50%	3,033,180	3,394,940
Increase in pension + 0.50%	3,120,952	3,525,293
Increase in pension - 0.50%	2,975,439	3,306,417
Maturity profile of the defined benefit obligation		
1. Weighted average duration of the benefit (Years)	6.85	8.75
2. Distribution of timing of benefit payments (time in years)		
1	390,213	164,991
2	301,502	427,594
3	354,613	295,091
4	338,062	343,329
5	369,700	312,875
6 to 10	2,193,759	1,931,473

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

17.3 Expected future contribution

Expected future contributions for the year ending June 30, 2023 is Nil since the Company has already contributed more than required funds.

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 plan, 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.

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	2022 (Rupees in thousand)	2021
17.6	Defined benefit obligation recognised during the year		
	Expense recognised in statement of profit or loss	23,548	111,383
	Gain recognised in other comprehensive income	310,222	440,492
18	Stores and spares		
	Stores and spares	5,532,144	5,019,467
	Provision for store obsolescence	(1,834,087)	(1,838,044)
		3,698,057	3,181,423

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 212 million (2021: Rs 16 million) and items valuing Rs 82 million (2021: Nil) which are being held by the following suppliers for inspection / refurbishment purposes.

	Note	2022 (Rupees in thousand)	2021
Osborne Engineering LLC		1,613	–
MJB International		57,290	–
GE Middle East FZE		22,970	–
		81,873	–
18.3 Provision for store obsolescence			
Opening balance as at July 1		1,838,044	1,839,131
Add: Provision for the year		–	14,996
Less: Stores written off against provision		(3,957)	(16,083)
Closing balance as at June 30		1,834,087	1,838,044
19 Stock-in-trade			
Furnace oil		5,518,434	4,613,907
Diesel		672,174	1,288,401
Coal		45,348	19,579
		6,235,956	5,921,887
20 Trade debts			
Trade debts	20.1	62,504,238	104,920,893
Less: Provision for doubtful debts	20.2	349,756	298,462
		62,154,482	104,622,431

20.1 Trade debts include an overdue amount of Rs 47,465 million (2021: Rs 81,260 million) receivable from CPPA-G. The maximum aggregate amount outstanding during the year was Rs 116,885 million (2021: Rs 132,903 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 CPPA-G in timely payment, except for weekly RLNG fuel invoices, due in 03 days, which are subject to markup of 1 month Kibor plus 2% per annum for first 30 days, after which markup will be SBP discount rate plus 4 percent per annum.

Aging analysis of trade debts is given in note 40.1(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.

		2022 (Rupees in thousand)	2021
20.2 Provision for doubtful debts			
Opening balance as at July 1		298,462	192,555
Provision for the year		386,414	106,276
Trade debts written off		(335,120)	(369)
Closing balance as at June 30		349,756	298,462

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

21 Investments at fair value

	2022		2021	
	Cost	Carrying Value	Cost	Carrying Value
	(Rupees in thousand)			
Fair value through profit or loss -				
Government Securities				
Pakistan Investment Bond	26,831,000	26,680,747	12,738,300	12,780,336
GoP Ijarah Sukuk	27,417,400	27,386,564	12,762,400	12,890,024
	54,248,400	54,067,311	25,500,700	25,670,360

Particulars of debt securities are as follows:

	Maturity	Effective Yield	2022	2021
			(Rupees in thousand)	
Pakistan Investment Bond	18-Jun-30	15.650%	26,680,747	12,780,336
GoP Ijarah Sukuk	09-Dec-25	14.854%	7,745,323	12,890,024
GoP Ijarah Sukuk	29-Oct-26	14.611%	19,641,241	-
			54,067,311	25,670,360

21.1 These instruments pertain to the amounts received against settlement in lieu of the Third Amendment to the PPA where an amount of Rs 59,401 million (2021: Rs 39,605 million) was received in the current year out of which Rs 38,748 million (2021: Rs 25,500 million) comprised of financial instruments as shown above.

	Note	2022	2021
		(Rupees in thousand)	
21.2 Movement in investments			
Opening fair value as at 1 July		25,670,360	-
Acquisition made during the year		38,747,700	25,500,700
Redemption of investments		(10,090,779)	-
Fair value (loss) / gain during the year		(259,970)	169,660
Closing Fair Value as at June 30		54,067,311	25,670,360

22 Loans, advances, deposits, prepayments and other receivables

Loans to employees - considered good		759	509
Advances to suppliers - considered good	22.1	2,410,330	4,629,236
Sales tax claims recoverable from Government		1,915,372	1,402,430
Prepayments		8,613	8,477
Accrued profit from investments		702,097	95,058
Claims recoverable from CPPA-G as pass through items:			
Workers' Welfare Fund	22.2	772,949	378,099
Workers' Profit Participation Fund	22.2	776,181	-
Receivable from Workers' Profit Participation Fund Trust		3,819	-
Security deposits	22.3	7,212	5,848
Other receivables		5,656	9,001
		6,602,988	6,528,658

22.1 Advances to suppliers include advance paid to PSO amounting to Rs 2,382 million (2021: Rs 4,557 million) and amounts due for more than a year from WAPDA, an associated undertaking, amounting to Rs 1 million (2021: 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 and Workers' Profit Participation Fund are recoverable from the Power Purchaser as pass through items.

22.3 All the security deposits are non-interest bearing.

	Note	2022 (Rupees in thousand)	2021
23			
Cash and bank balances			
At banks on:			
- Current accounts		194,621	181,584
- Savings accounts			
- Under interest / mark up arrangements		823,335	475,287
- Under arrangements permissible under Shariah		56	22
		823,391	475,309
	23.1	1,018,012	656,893
In hand			
- Cash		170	218
- Bankers cheque		-	626,412
		1,018,182	1,283,523

23.1 Included in these are total restricted funds of Rs 15 million (2021: Rs 2 million) held by banks under lien as margin against letters of credit. The balances in savings accounts are placed under markup arrangements and bear mark up ranging from 5.50 percent to 12.25 percent (2021: 5.50 percent to 6.50 percent) per annum.

	Note	2022 (Rupees in thousand)	2021
24			
Sales			
Energy purchase price under the PPA		143,586,615	48,737,102
Sales tax		(20,628,251)	(7,043,354)
Net energy purchase price		122,958,364	41,693,748
Capacity purchase price for the year under PPA		13,641,260	27,942,647
	24.1	136,599,624	69,636,395

24.1 Sales recorded represent contracts with customers only. Furthermore, the Company's net revenue disaggregated by pattern of revenue recognition is as follows:

	2022 (Rupees in thousand)	2021
Revenue recognised at a point in time - Energy Purchase Price	122,958,364	41,693,748
Revenue recognised over time - Capacity Purchase Price	13,641,260	27,942,647
	136,599,624	69,636,395

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
25	Cost of sales		
	Fuel cost	124,434,488	40,320,627
	Salaries, wages and benefits	25.1 2,222,278	2,049,372
	Plant maintenance	284,313	199,397
	Gas turbines overhauls	116,076	606,136
	Repair and renewals	151,500	873,792
	Depreciation on property, plant and equipment	13.1 854,929	1,030,686
	Amortization on intangible assets	14.1 3,935	3,010
	Provision for store obsolescence	–	14,996
		25.2 128,067,519	45,098,016

25.1 Salaries, wages and benefits

Salaries, wages and benefits include following in respect of retirement benefits;

	2022 (Rupees in thousand)	2021
Pension		
Current service cost	65,051	73,060
Net interest (income) / cost for the year	(41,503)	38,323
	23,548	111,383
Medical		
Current service cost	4,113	4,054
Net interest cost for the year	21,341	17,905
	25,454	21,959
Free electricity		
Current service cost	10,537	11,388
Net interest cost for the year	54,720	52,760
	65,257	64,148

In addition to above, salaries, wages and benefits also include Rs 50 million (2021: Rs 49 million) in respect of provident fund contribution by the Company and other long term benefits amounting to Rs 33 million (2021: Rs 123 million).

25.2 Cost of sales include Rs 531 million (2021: Rs 791 million) for stores and spares consumed.

	Note	2022 (Rupees in thousand)	2021
26	Administrative expenses		
Travelling		14,553	8,980
Motor vehicles running		69,603	55,604
Postage, telephone and telex		10,098	10,157
Legal and professional charges		71,560	57,588
Liquidated damages arbitration cost		32,387	412,639
Computer charges		26,982	17,975
Auditors' remuneration	26.1	7,677	7,540
Printing, stationery and periodicals		11,400	10,804
Repairs and maintenance		80,535	69,460
Training expenses		7,987	4,781
Rent, rates and taxes		20,375	21,897
Depreciation on property, plant and equipment	13.1	69,297	36,694
Depreciation on right of use assets	15.1	1,474	5,652
Facility running cost		45,600	39,757
Education fee		26,529	28,494
Provision for doubtful debts		386,414	106,276
Bad debts written off		–	2,059
Advances written off		21,318	–
Donations	26.2	7,401	4,240
Other expenses		65,511	52,023
		976,701	952,620

26.1	Auditors' remuneration		
	The charges for auditors' remuneration include the following:		
	Statutory audit	4,481	4,075
	Half yearly review	1,651	1,500
	Workers' Profit Participation Fund audit, Employees Provident and Pension Fund audit, special reports and certificates	1,133	1,055
	Out of pocket expenses	412	910
		7,677	7,540

26.2 Donations include an amount of Rs. 5 million (2021: Nil) paid to Akhuwat Foundation during the year. During the prior year, there were no such donations that exceeded the amount of Rs 0.5 million. None of the directors and their spouses had any interest in any of the donees during the year.

	2022 (Rupees in thousand)	2021
27	Other expenses	
Fair value loss on investments at fair value	259,970	–
Loss on disposal of property, plant and equipment	184	–
Exchange loss	17,297	–
	277,451	–

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
28	Other income		
	Income from financial assets		
	Income on bank deposits	40,128	31,453
	Exchange gain	-	1,363
	Interest on loans to employees	116	327
	Interest on PIBs and Sukuks	4,115,247	145,999
	Fair value gain on investments at fair value	-	169,660
	True-up income	747,369	3,891,748
	Interest on late payment - CPPA-G	7,669,077	8,908,920
		12,571,937	13,149,470
	Income from non-financial assets		
	Colony electricity	10,854	8,644
	Provisions and unclaimed balances written back	-	1,127
	Profit on disposal of property, plant and equipment	-	516
	Scrap sales	9,686	24,971
	House rent recovery	12,285	12,846
	Others	14,006	23,017
		46,831	71,121
		12,618,768	13,220,591

28.1 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.

		2022 (Rupees in thousand)	2021
29	Finance cost		
	Interest and mark up including commitment charges on		
	- finances under markup arrangements - secured	3,601,471	2,855,993
	- finances under markup arrangements - unsecured	-	201,463
	- credit supplies of raw material	711,684	30,499
	- car ijarah	34,104	13,718
	- lease liabilities	10,909	6,005
	Bank and other charges	14,939	561
		4,373,107	3,108,239
30	Taxation		
	Current tax		
	- Current year	13,237,723	3,267,140
	- Prior year	296	(110,672)
		13,238,019	3,156,468
	Deferred tax	(7,608,025)	1,024,850
		5,629,994	4,181,318

	Note	2022 % age	2021 % age
30.1 Tax charge reconciliation			
Numerical reconciliation between the applicable tax rate and the average effective tax rate			
Tax at applicable rate		29.00	29.00
Super tax	30.2	4.00	–
Impact of FTR income tax at a different rate		(4.07)	0.02
Effect of change in tax rate		7.36	–
Others		(0.02)	–
Average effective tax rate		36.27	29.02

30.2 It represents tax expense pertaining to super tax, which has been levied at the rate of 4% for tax year 2022 and onwards on all companies having taxable income of Rs 300 million or above through amendments introduced in the Income Tax Ordinance, 2001 vide Finance Act 2022.

	2022 (Rupees in thousand)	2021
30.3 Tax recognised directly in other comprehensive income		
Defined benefit obligation	42,182	149,329
	42,182	149,329

31 Remuneration of Chief Executive, Directors and Executives

31.1 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:

	Note	Chief Executive		Executives	
		2022	2021	2022	2021
(Rupees in thousand)					
Managerial remuneration		61,875	61,875	403,523	370,078
Bonus		30,938	30,938	101,397	98,707
Reimbursable expenses		3,840	2,120	37,007	27,893
Contribution to provident & pension funds and other retirement benefit plans		6,187	6,188	33,928	56,988
Leave passage		5,156	5,156	23,483	20,707
Other perquisites	31.1.1	4,208	5,012	30,477	22,787
		112,204	111,289	629,815	597,160
Number of persons		1	1	64	61

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

31.2 Remuneration to other directors

Aggregate amount charged in the financial statements for fee to 7 directors (2021: 7 directors) is Rs 39 million (2021: Rs 34 million) and Rs 5 million (2021: Nil) against corporate club memberships. Furthermore, a company maintained vehicle is provided to the Chairman of the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

32 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 31. Other significant transactions with related parties are as follows:

Relationship with the Company	Percentage of shareholding	Nature of transaction	2022 (Rupees in thousand)	2021
i. Associated undertakings				
CPPA-G	0%	Sale of electricity	136,599,624	69,636,395
CPPA-G	0%	Purchase of electricity	188,276	232,560
WAPDA	40%	Purchase of services	725	3,970
CPPA-G	0%	Interest income on late payment	7,669,077	8,908,920
CPPA-G	0%	True-up income	747,369	3,891,748
CPPA-G	0%	Provision for doubtful debts	386,414	106,276
CPPA-G	0%	Contract liability	–	19,287,369
CPPA-G	0%	Debts written off	335,120	369
WAPDA	40%	Dividend paid	4,428,889	531,467
WAPDA	40%	Un-paid dividend	–	1,771,555
KAPCO Employees				
Empowerment Trust	5%	Dividend paid	603,155	72,379
KAPCO Employees				
Empowerment Trust	5%	Un-paid dividend	–	241,262
Central Depository				
Company	0%	Purchase of services	3,245	2,090
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	–	508,496
KAPCO Employees				
Provident Fund Trust	0%	Contributions paid	50,611	49,400

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

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

32.1 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%	Associated undertaking
KAPCO Employees Empowerment Trust	5%	Common management
CPPA-G	N/A	Associated undertaking
Central Depository Company	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

33 Subsequent events after the reporting date

33.1 The Board of Directors of the Company has proposed a final dividend for the year ended June 30, 2022 of Rs 4.00 (2021: Rs 3.50) per share amounting to Rs 3,521 million (2021: Rs 3,081 million) at their meeting held on September 16, 2022 for approval of members at the Annual General Meeting to be held on October 27, 2022. These financial statements do not include the effect of the above dividend which will be accounted for in the period in which it is approved.

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

	2022 MWh	2021 MWh
34 Capacity and production		
Annual dependable capacity [based on 8,760 hours (2021: 8,760 hours)]	11,756,064	11,756,064
Actual energy delivered	4,979,779	3,562,244

Capacity for the power plant taking into account all the planned scheduled outages is 10,954,161 MWh (2021: 10,581,044 MWh). Actual energy delivered by the plant is dependent on the load demanded by CPPA-G and the plant availability.

35 Rates of exchange

Liabilities in foreign currencies as on June 30, 2022 have been translated into Rupees at USD 0.4854 (2021: USD 0.6317), EURO 0.4635 (2021: EURO 0.5299) and GBP 0.4001 (2021: GBP 0.4560) equal to Rs 100.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021	
36	Cash generated from operations			
	Profit before tax	15,523,614	14,410,742	
	Adjustments for:			
	- Depreciation on property, plant and equipment	924,226	1,067,380	
	- Amortization on intangible assets	3,935	3,010	
	- Depreciation on right of use assets	1,474	5,652	
	- Exchange loss / (gain) - unrealised	5,029	(1,372)	
	- Loss / (gain) on disposal of property, plant and equipment	184	(516)	
	- Interest income on investments at fair value	(4,115,247)	(145,999)	
	- Income on bank deposits	(40,128)	(31,453)	
	- Adjustments to fixed assets	-	696	
	- Bad debts written off	-	2,059	
	- Advances written off	21,318	-	
	- Provision for doubtful debts	386,414	106,276	
	- Liabilities written back	-	(1,127)	
	- Provision for store obsolescence	-	14,996	
	- Staff retirement benefits accrued	146,804	322,362	
	- Finance cost	4,373,107	3,108,239	
	- Fair value loss / (gain) on investments at fair value	259,970	(169,660)	
	- Adjustment to CPP	-	19,128,298	
	- Amortisation of contract liability	(14,515,236)	-	
	Profit before working capital changes	2,975,464	37,819,583	
	Effect on cash flow due to working capital changes:			
	- (Increase) / decrease in stores and spares	(516,634)	658,945	
	- Increase in stock-in-trade	(314,069)	(3,221,215)	
	- Decrease in trade debts	42,081,535	15,173,296	
	- Decrease / (increase) in loans, advances, deposits, prepayments and other receivables	511,391	(4,891,743)	
	- Increase in trade and other payables	6,578,942	1,707,851	
		48,341,165	9,427,134	
		51,316,629	47,246,717	
37	Cash and cash equivalents			
	Cash and bank balances	23	1,018,182	1,283,523
	Finances under mark up arrangements - secured	10	(37,370,346)	(36,257,334)
			(36,352,164)	(34,973,811)

38 Reconciliation of liabilities arising from financing activities

	July 1, 2021	Accruals / Dividend declared	Payments	June 30, 2022
	(Rupees in thousand)			
Lease liabilities:				
-current lease liabilities	7,105	–	(3,671)	3,434
-non current lease liabilities	3,443	–	(3,443)	–
Unclaimed dividend	810,833	6,601,899	(6,441,499)	971,233
Unpaid dividend	4,401,266	–	(4,401,266)	–

39 Earnings per share

39.1 Basic earnings per share

Profit for the year	Rupees in thousand	9,893,620	10,229,424
Weighted average number of ordinary shares	Numbers	880,253,228	880,253,228
Earnings per share	Rupees	11.24	11.62

39.2 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, 2022 and June 30, 2021 which would have any effect on the basic earnings per share.

40 Financial risk management

40.1 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

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:

	2022	2021
	(Rupees in thousand)	
Trade and other payables - USD	(697,231)	(136,634)
Trade and other payables - GBP	-	(4,630)
Trade and other payables - Euro	(161,575)	(1,358,395)

The following exchange rates were applied during the year:

	Average rate		Year-end spot rate	
	2022	2021	2022	2021
	(Rupees)			
USD 1	178.73	160.40	206.00	158.30
GBP 1	236.51	216.42	249.92	219.28
EUR 1	200.94	191.83	215.75	188.71

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 6 million (2021: Rs 10 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 has no significant long-term interest-bearing assets. The Company's interest rate risk arises from short term financing. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk. Similarly, trade debts on which the rate of interest on late payments is linked with State Bank of Pakistan reverse repo rate exposes the Company to cashflow interest rate risk.

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

	2022	2021
	(Rupees in thousand)	
Financial assets		
Fixed rate instruments		
Staff loans	759	509
Floating rate instruments		
Bank balances - savings accounts	823,391	475,309
Investments at fair value	54,067,311	25,670,360
Trade debts - overdue other than late payment invoices	45,097,285	68,267,096
Financial liabilities		
Floating rate instruments		
Lease liabilities	3,434	10,548
Finances under mark-up arrangements - secured	37,370,346	36,257,334
	37,373,780	36,267,882

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 balance sheet 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 arrangement, 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 258 million (2021: Rs 244 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

If interest rates on investments and late payments on trade debts, at the year end date, fluctuate by 1% higher / lower with all other variables held constant, profit before tax would have been Rs 587 million (2021: Rs 541 million) higher / lower, mainly as a result of higher / lower interest rate expense on floating rate.

(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 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:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

	2022	2021
	(Rupees in thousand)	
Long term loans and deposits	21,128	6,419
Trade debts	62,154,482	104,622,431
Investments at fair value	54,067,311	25,670,360
Loans, advances, deposits, prepayments and other receivables		
Loans to employees - considered good	759	509
Claims recoverable from CPPA-G as pass through items:		
- Workers' Welfare Fund	772,949	378,099
- Workers' Profit Participation Fund	776,181	-
Security deposits	7,212	5,848
Other receivables	9,187	4,989
Balances with banks	1,018,012	656,893
	118,827,221	131,345,548

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, Workers' Welfare Fund and Workers' Profit Participation Fund receivable from CPPA-G is mitigated by guarantee from the Government of Pakistan under the Facilitation Agreement. Age analysis of trade receivable balances is as follows:

	2022	2021
	(Rupees in thousand)	
Not yet due	15,039,347	23,661,617
Due past 1 to 30 days	26,144,182	9,428,454
Due past 30 to 60 days	18,985,981	5,807,442
Due past 60 to 90 days	650,054	2,758,301
Due past 90 to 365 days	322,365	45,931,175
Due past over 365 days	1,362,309	17,333,904
	62,504,238	104,920,893
Provision for doubtful debts	(349,756)	(298,462)
	62,154,482	104,622,431

The credit quality of major financial assets 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		Rating Agency	2022	2021
	Short term	Long term		(Rupees in thousand)	
Trade Debts					
CPPA-G	Not Available			62,154,482	104,622,431
Investments at fair value					
National Bank of Pakistan	A-1+	AAA	VIS	54,067,311	25,670,360

	Rating		Rating Agency	2022	2021
	Short term	Long term		(Rupees in thousand)	
Cash at Bank					
-National Bank of Pakistan	A-1+	AAA	VIS	88	87
-Habib Bank Limited	A-1+	AAA	VIS	1,000,106	299,266
-MCB Bank Limited	A1+	AAA	PACRA	75	75
-Habib Metropolitan Bank Limited	A1+	AA+	PACRA	15,179	42,864
-Allied Bank Limited	A1+	AAA	PACRA	11	262,658
-Samba Bank Limited	A-1	AA	PACRA	1	1
-Askari Bank Limited	A1+	AA+	PACRA	–	102
-Meezan Bank Limited	A-1+	AAA	VIS	2,516	4
-Bank Al Habib	A1+	AAA	PACRA	–	51,836
-United Bank Limited	A-1+	AAA	VIS	3	–
-Bank Islami Pakistan Limited	A1	A+	PACRA	33	–
				1,018,012	656,893

After giving due consideration to the strong financial standing of the banks and Government guarantee in case of CPPA-G, 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, 2022, the Company had borrowing limits available from financial institutions at Rs 45,015 million (2021: Rs 50,367 million) out of this the total unavailed amount is Rs 7,644 million (2021: Rs 14,110 million) and Rs 1,018 million (2021: Rs 1,283 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, 2022:

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Lease liabilities	3,434	3,434	–	–
Finances under mark-up arrangements - secured	37,370,346	37,370,346	–	–
Trade and other payables	20,697,108	20,697,108	–	–
Unclaimed dividend	971,233	971,233	–	–
	59,042,121	59,042,121	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

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

	Carrying amount	Less than one year (Rupees in thousand)	One to five years	More than five years
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	–

40.2 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, 2022:

	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Assets:				
Investments at fair value	54,067,311	–	–	54,067,311

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

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

		Financial assets at amortized cost	
		2022	2021
		(Rupees in thousand)	
40.3	Financial instruments by categories		
	Financial assets as per statement of financial position		
	Long term loans and deposits	21,128	6,419
	Trade debts	62,154,482	104,622,431
	Loans, advances, deposits, prepayments and other receivables		
	- Loans to employees - considered good	759	509
	- Workers' Welfare Fund receivable from CPPA-G	772,949	378,099
	- Security deposits	7,212	5,848
	- Other receivables	9,187	4,989
	Cash and bank balances	1,018,182	1,283,523
		63,983,899	106,301,818

		Financial liabilities at amortized cost	
		2022	2021
		(Rupees in thousand)	
	Financial liabilities as per balance sheet		
	Lease liabilities	3,434	10,548
	Finances under mark-up arrangements - secured	37,370,346	36,257,334
	Trade and other payables	20,697,108	16,799,817
	Unclaimed dividend	971,233	810,833
	Unpaid dividend	-	4,401,266
		59,042,121	58,279,798

40.3.1 Financial assets at fair value have been shown under note 40.2.

40.4 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.

This 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, 2022 and June 30, 2021 are as follows:

		2022	2021
		(Rupees in thousand)	
	Total equity	68,595,908	65,223,611
	Total long term debt	-	-
	Total capital	68,595,908	65,223,611
	Gearing ratio	0%	0%
	Percentage		

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

41 **Date of authorisation for issue**

These financial statements were authorised for issue on September 16, 2022 by the Board of Directors of the Company.

42 **Number of employees**

Total number of employees at year end and average number of employees during the year are 523 (2021: 535) and 520 (2021: 564) respectively.

43 **Corresponding figures**

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



Aftab Mahmood Butt
Chief Executive Officer



M. Rabnawaz Anjum
Chief Financial Officer



Hafiz Muhammad Yousaf
Director

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 26th Annual General Meeting of the Company to be held on Thursday, October 27, 2022 at 10:30 am at
Islamabad Marriott Hotel and any adjournment thereof.

Signed this _____ day of _____ 2022

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

Witnesses:

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



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).



AFFIX
CORRECT
POSTAGE

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

پراکسی فارم

26واں سالانہ اجلاس عام

کوٹ ادو پاور کمپنی لمیٹڈ

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 26 ویں سالانہ
اجلاس عام منعقدہ 27 اکتوبر 2022ء بروز جمعرات دن 10:30 بجے بمقام میریٹ ہوٹل اسلام آباد والی میٹنگ میں شرکت کرے گا اور میری / ہماری جگہ ووٹ استعمال کرے گا۔

ریونیو

مہر

میں بطور گواہ اس _____ دن _____ 2022

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 ایسی ایٹس (پرائیویٹ) لمیٹڈ، پلاٹ نمبر C32 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۔

AFFIX
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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
