

The logo for KAPCO, with the letters 'KAPCO' in white on a green rectangular background.

**KAPCO**

**KOT ADDU POWER COMPANY LIMITED**

**1ST QUARTER**

# **REPORT**

**September 30, 2024 (un-audited)**

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## Company Information

Board of Directors	LI. General (Field) Sajjad Ghani (Chairman) Mr. Muhammad Fabeerwaz Ajum (Chief Executive) (Acting) Mr. Aqeel Ahmed Nasir Mr. Haliz Mohammad Yousof Mr. Saad Iqbal Mr. Naveed Asghar Chaudhry Mr. Jamil Akhtar Ms. Mehrish Humayun Khan Mr. Khawaja Khalil Shah
Audit Committee	Mr. Haliz Mohammad Yousof (Chairman) Mr. Saad Iqbal Mr. Naveed Asghar Chaudhry Mr. Jamil Akhtar Mr. Khawaja Khalil Shah
HR Committee	Ms. Mehrish Humayun Khan (Chairperson) Mr. Aqeel Ahmed Nasir Mr. Haliz Mohammad Yousof Mr. Naveed Asghar Chaudhry Mr. Jamil Akhtar
Investment Committee	Mr. Naveed Asghar Chaudhry (Chairman) Mr. Haliz Mohammad Yousof Mr. Saad Iqbal Mr. Jamil Akhtar Mr. Khawaja Khalil Shah
GM Finance / CFO	Mr. Muhammad Fabeerwaz Ajum
Company Secretary / Head Legal Counsel	Mr. A. Anthony Ruth
Head of Internal Audit	Mr. Skandar Usmani
Auditors	A.F. Ferguson & Co. Chartered Accountants
Legal Advisor	Comelius, Lane & Mufti
Bankers	<u>Conventional</u> Askari Bank Limited Bank Al-Habib Limited Habib Bank Limited Habib Metropolitan Bank Limited MCB Bank Limited National Bank of Pakistan Standard Chartered Bank (Pakistan) Limited United Bank Limited <u>Islamic</u> Al-Baraka Bank (Pakistan) Limited Askari Bank Limited-IBD Bank Alfalah Limited Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Meezan Bank Limited National Bank of Pakistan-IBD The Bank of Punjab-IBD
Share Registrar	THK Associates (Private) Limited Plot No. 3D-C, Jami Commercial Street 2, DHA, Phase-VII, Karachi 75500, Pakistan Tel: +92 (0)21 111 000 322, Fax: +92 (0)21 34168271
Registered Office	Office No. 308, 3rd Floor, Evacuee Trust Complex Agha Khan Road, F-5/1, Islamabad, Pakistan
Corporate Office	5/B-3, Gulberg III, Lahore 54000, Pakistan Tel: +92 (0)4235772912-6, Fax: +92 (0)4235772922
Power Project	Kot Addu Power Complex, Kot Addu District Muzofargarh, Punjab, Pakistan Tel: +92 (0)992301047-9 Fax: +92 (0)992301025
Email	Info@kpsc.com.pk
Website	www.kpsc.com.pk

## Directors' Report

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We are pleased to present the financial statements (un-audited) for the first quarter ended September 30, 2024.

The principal activity of the Company is to own, operate and maintain a 1600 MW name plate capacity multi-fuel combined cycle gas turbine power plant at Kot Addu. The Company is permitted under its Memorandum of Association to make investments in other businesses.

As previously advised, National Electric Power Regulatory Authority (NEPRA) in August 2023 approved a provisional tariff for the Company for 500 MWs on 'take and pay' basis following inclusion of the Company in the Indicative Generation Capacity Expansion Plan (IGCEP) (2022-2031) till 2027 by NEPRA due to system requirements of the National Transmission and Dispatch Company (NTDC). Unfortunately, due to regulatory impediments, the Company has still not signed an energy purchase agreement with a power purchaser. The Company continues to pursue NEPRA for, (a) the determination of final tariff following the hearing of the Company's tariff petition in October 2023; (b) identification of the power purchaser with which it will sign the energy purchase agreement; and (c) separate tariff for switchyard/grid of the Company.

The Company is in sound financial position and has sufficient liquidity and reserves to meet its operational expenditures and discharge its liabilities for the foreseeable future. Major part of receivables from the power purchaser has been settled during the period and banking lines have been significantly reduced. As on September 30, 2024, the net receivables due from the Power Purchaser stood at Rs. 1,909 Million (gross receivable Rs. 2,527 million) which are backed by a GoP Guarantee; and the Company's investments in Mutual Funds stand at Rs. 49,678 Million (at book value), which are primarily held to meet working capital requirements and growth/diversification plans of the Company.

The operating profit for the year stands at Rs. 1,270 Million (2023: Rs. 3,256 Million) resulting mainly from the income from investments. The profit before levy and income tax is Rs. 1,064 Million (2023: Rs. 1,937 Million), whereas profit after tax is Rs. 1,162 Million (2023: Rs. 1,182 Million), which gives earnings per share (EPS) of Rs. 1.32 per share of Rs. 10 each (2023: Rs. 1.34 per share).

Due to expiry of the Power Purchase Agreement on October 24, 2022, there is no revenue from sale of electricity for the period (2023: Rs. Nil); and there is also no cost of sales for the year (2023: Rs. Nil). Therefore, the gross profit is Nil (2023: Nil). As explained in Note 2.3 to the financial statements, the fixed costs have been substantially rationalised and certain unavoidable costs (including insurance, salaries, wages and benefits etc.) are incurred to keep the Power Plant in preservation mode for ensuring that the Power Plant is readily available if the offtake of electricity is demanded by the Power Purchaser. These costs have been recorded under Power Plant maintenance and preservation costs. It also includes the cost of running and maintaining the switchyard facility, which is being operated at the request of Ministry of Energy following expiry of the PPA.

As on September 30, 2024, the Company does not have long-term debt obligations. The Company has utilised short term finances from different banks of Rs. 500 Million to meet working capital requirements.

The Company is viewing different investment options for diversification of its portfolio. The Pakistan Water and Power Development Authority (WAPDA) being a major shareholder strongly supports the diversification plans of the Company and is in the process of seeking approval for the Government of Pakistan to support the Company's plans.

As the number of persons who offered themselves to be elected as Directors was equal to the number fixed by the Board of Directors (in accordance with applicable law and regulations), and following the passing of the special resolution, all candidates were deemed to be elected at the Twelfth Extraordinary General Meeting of the Company held on October 2, 2024. Further, the Independent Directors were chosen considering their expertise, qualifications, diversity, skills and knowledge, aligning with the criteria outlined under applicable law and regulations.

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

- The total number of Directors are nine (9) as per the following detail:
 


(a) Male:	Eight (8)
(b) Female:	One (1)
- The composition of the Board of Directors is as follows:

Category	Names
Independent Directors	<ul style="list-style-type: none"> <li>• Mr. Hafiz Mohammad Yousaf</li> <li>• Mr. Khawaja Khalid Shah</li> <li>• Ms. Mahwish Humayun Khan</li> </ul>
Executive Director	<ul style="list-style-type: none"> <li>• Mr. M. Rabnawaz Anjum, Chief Executive (Acting)</li> </ul>
Non-Executive Directors	<ul style="list-style-type: none"> <li>• Lt. General (Retd) Sajad Ghani</li> <li>• Mr. Aqeel Ahmad Nasir</li> <li>• Mr. Saad Iqbal</li> <li>• Mr. Naveed Asghar Chaudhry</li> <li>• Mr. Jamil Akhtar</li> </ul>

**Committees of the Board of Directors:**

<b>Audit Committee</b>	<ul style="list-style-type: none"> <li>• Mr. Hafiz Mohammad Yousaf (Chairman)</li> <li>• Mr. Naveed Asghar Chaudhry</li> <li>• Mr. Khawaja Khalid Shah</li> </ul>	<ul style="list-style-type: none"> <li>• Mr. Saad Iqbal</li> <li>• Mr. Jamil Akhtar</li> </ul>
<b>HR Committee</b>	<ul style="list-style-type: none"> <li>• Ms. Mahwish Humayun Khan (Chairperson)</li> <li>• Mr. Hafiz Mohammad Yousaf</li> <li>• Mr. Jamil Akhtar</li> </ul>	<ul style="list-style-type: none"> <li>• Mr. Aqeel Ahmad Nasir</li> <li>• Mr. Naveed Asghar Chaudhry</li> </ul>
<b>Investment Committee</b>	<ul style="list-style-type: none"> <li>• Mr. Naveed Asghar Chaudhry (Chairman)</li> <li>• Mr. Jamil Akhtar</li> <li>• Mr. Khawaja Khalid Shah</li> </ul>	<ul style="list-style-type: none"> <li>• Mr. Hafiz Mohammad Yousaf</li> <li>• Mr. Saad Iqbal</li> </ul>

On behalf of the Board

  
 M. Rabnawaz Anjum  
 Chief Executive (Acting)  
 / Chief Financial Officer  
 Islamabad: October 23, 2024

  
 Hafiz Mohammad Yousaf  
 Director

30 ستمبر 2024 کو ختم ہونے والے سال کے مالیاتی گوشواروں (غیر آڈٹ شدہ) کے ساتھ ڈائریکٹرز کی رپورٹ پیش خدمت ہے۔

کھنٹی کی بنیادی سرگرمیوں میں پنجاب کے شہزادہ کے ارد میں 1600 میگا واٹ دھیر پلٹ سلاہیت کے حامل نئی ٹھول (گھیس) آما میں این جی، ٹرنس آئل اور ہائی ہائیڈرو پائل سے چلنے والے پار پلائٹ کی ٹھولت آپریشن اور دیگر برآمد شامل ہیں۔ کھنٹی کو اپنے مجموعی آمدنی کی شرح کے تحت دوسرے کاروباروں میں سرمایہ کاری کرنے کی اجازت ہے۔

جیسا کہ پہلے بتایا جا چکا ہے، کھنٹی اپنے پچھلے ڈرامے میں ایڈجسٹمنٹ کھنٹی (این ٹی این سی) کے کلام کی ضروریات کی وجہ سے 2026 تک کھنٹی کو مالیاتی جزئیات کو مٹی کی تصدیق منسوب ہے (آئی سی ای ٹی) (2022-2031) میں شامل کرنے کے بعد اسے 2023 میں کھنٹی کے لیے "بیک اپ پلان" کی بنیاد پر 500 میگا واٹ کے لیے جاری ہونے والی کی منظوری دی گئی ہے۔ دیگر ایڈجسٹمنٹوں کی وجہ سے کھنٹی کی کل فریڈم کے ساتھ توانائی کی فراہمی کے معاہدے پر عملدرآمد نہیں ہو سکی۔ کھنٹی (الف) 30 ستمبر 2023 میں ٹریفک ٹرانزیشن کی ماموت کے بعد ترقی پزیر ٹریفک کے مین (ب) کھنٹی کے فراہمی کی ٹھولت جس کے ساتھ وہ توانائی کی فراہمی کے معاہدے پر دھکا دے گی اور (ج) کھنٹی کے سوئچنگ پارڈاگرام کے لیے ایک ٹریفک کے لیے پھر اسے داخلے میں ہے۔

کھنٹی کے پاس اپنے آپریشنل اخراجات کو پورا کرنے اور مستقبل قریب کے لئے اپنی آمدنی اور ان کو پورا کرنے کے لئے ایک "مجموعہ مالی پوزیشن" اور کافی قوت اور ذخیرہ موجود ہیں۔ اس مرحلے سے دوران عمل فراہم کے ساتھ زیادہ تر وہ پارڈاگرامات کے ساتھ کوٹے کرپا کیا ہے جبکہ دیگر کوٹوں کے قرضوں میں بھی ایسی خاصگی کی آئی ہے۔ 30 ستمبر 2024 تک، کھنٹی کی فراہمی کی ماموت سے ادب (الف) (خاص) قریب 1,909 ملین روپے ہیں، مجموعی ادب (الف) اور قریب 2,527 ملین روپے ہیں، جس کے لیے حکومت پاکستان کی گرانٹی موجود ہے۔ اور یہ عملی طور پر کھنٹی میں سرمایہ کاری 49,678 ملین روپے (بک پیو) ہے۔ یہ تمام بنیادی طور پر ورلڈ ٹیکسٹائل کی ضروریات اور کھنٹی کی ذاتی اخراجات سے منسوب کو پورا کرنے کے لئے رکھی گئی ہے۔

سال کے لئے آپریٹنگ نتائج 1,270 ملین روپے (2023-3,256 ملین روپے) اور جس کی بنیاد پر سرمایہ کاری سے ہونے والی آمدنی ہے۔ یعنی اور ٹیکس سے قبل نتائج 1,064 ملین روپے (2023-1,937 ملین روپے) ہے، جبکہ بعد از ٹیکس نتائج 1,162 ملین روپے (2023-1,182 ملین روپے) ہے، جس سے 10 روپے کے ہر حصص پر 1.32 روپے آمدنی حاصل ہوئی (2023-1.34 روپے فی حصص)۔

یہ لیا گیا ہے کہ مینڈیٹ ہونے کی وجہ سے (24 ستمبر، 2022) کو) زریعہ ماموت کے دوران کھنٹی کی فراہمیت سے کوئی آمدنی نہیں ہوئی (2023 ستمبر میں روپے)۔ لہذا، مجموعی نتائج منفی (2023 ستمبر میں روپے) اور جیسا کہ مالی بیانات کے نوٹ 2.3 میں وضاحت کی گئی ہے، پارڈاگرام کو ٹھوٹا رکھنے کے لئے دیگر اخراجات (شامل انٹرنس ٹیکسٹائل اور ڈیٹا اور دیگر) کیے جاتے ہیں، اس کا اس بات کو یقینی بنایا جاسکے کہ وہ پارڈاگرام کی طرف سے کھنٹی کی مالی ہے اور پارڈاگرام آسانی سے دستیاب رہے۔ پارڈاگرام پارڈاگرام کی دیگر برآمد اور کھنٹی کے اخراجات کے تحت دیکھا دیکھے گئے ہیں۔ اس میں سوئچنگ پارڈاگرام کی سہولت کو چلانے اور برقرار رکھنے کی ایک نئی مالی شامل ہے، یہ لیا گیا ہے کہ مینڈیٹ ہونے کے بعد ذرا توانائی کی خصوصیت اور فراہمیت پر چلائی گئی تھی۔

30 ستمبر 2024 تک، کھنٹی کے درآمداتی ملویل مٹی قرض نہیں ہے۔ کھنٹی نے ورلڈ ٹیکسٹائل کی ضروریات کو پورا کرنے کے لئے مختلف ٹیکسٹائل سے 500 ملین روپے کے قرض ملویل مٹی قرضے حاصل کیے ہیں۔

کھنٹی اپنے ہرٹ فلو کے مجموع کے لیے مختلف سرمایہ کاری آڈیٹرز پر غور کر رہی ہے۔ اہم شیئر ہولڈرز کے طور پر، ہائی اینڈ منسویوں کا ماسی ہے اور حکومت پاکستان سے منظوری حاصل کرنے کے لیے کوشاں ہے۔

چونکہ ڈائریکٹرز کے طور پر پنجاب کے لیے ماسیہ واروں کی تعداد اور ڈیٹا ڈائریکٹرز کی مٹر کر وہ قدرہ اس کے زریعہ کی بنیاد پر منسویوں کو اپنی منظوری کے بعد ماسیہ واروں کو 2 اکتوبر 2024 کو منظور ہونے والے کھنٹی کے بارہویں غیر معمولی جنرل اجلاس میں منتخب سمجھا گیا۔ مزید برآں، آزاد ڈائریکٹرز کا انتخاب ہر وقت آئین و ضوابط اور معیارات کے تحت ان کی مہمات، قابلیت، تنوع اور مٹر کو مد نظر رکھتے ہوئے کیا گیا ہے۔

کھٹی نے سندھ پائل ٹریڈ سے کوارٹس کارپوریشن کے فارغ التحصیلوں کی فہرست کی ہے:

1. درج ذیل تفصیل کے مطابق ڈائریکٹرز کی کل تعداد نو (9) ہے:

- (a) مرد: آٹھ (8)  
(b) عورتیں: ایک (1)

2. پورے آف ڈائریکٹرز کی تفصیلی درج ذیل ہے:

تفصیلی	نام
خواجہ، ڈائریکٹرز	• جناب حافظ محمد یوسف • جناب شوہب علی شاہ
ڈائریکٹرز، انجینئرز	• جناب ایس ایم اے ایم، چیف انجینئر (تعمیر و نظام)
ٹرانس انجینئرنگ ڈائریکٹرز	• جناب سید امجد علی ناصر • جناب سید امجد علی • جناب سید امجد علی

پورے آف ڈائریکٹرز کی کمیٹیاں:

آڈٹ کمیٹی	• جناب سید امجد علی (چیرمین) • جناب سید امجد علی
انجینئرنگ کمیٹی	• جناب سید امجد علی (چیرمین) • جناب سید امجد علی • جناب سید امجد علی
سرمایہ کاری کمیٹی	• جناب سید امجد علی (چیرمین) • جناب سید امجد علی • جناب سید امجد علی

مختص پورے

حافظ محمد یوسف  
ڈائریکٹر

ایم آر بی نواز انجم  
چیف انجینئر (تعمیر و نظام)  
اسلام آباد: 23 اکتوبر 2024ء

**Condensed Interim Statement of Financial Position**

as at September 30, 2024 (Un-audited)

	Un-audited September 30, 2024	Audited June 30, 2024
Note	(Rupees in thousand)	
<b>EQUITY AND LIABILITIES</b>		
<b>CAPITAL AND RESERVES</b>		
Authorised capital 3,600,000,000 (June 30, 2024: 3,600,000,000) ordinary shares of Rs 10 each	36,000,000	36,000,000
Issued, subscribed and paid up capital 880,253,228 (June 30, 2024: 880,253,228) ordinary shares of Rs 10 each	8,802,532	8,802,532
Capital reserve	444,451	444,451
Revenue reserve: un-appropriated profit	53,876,855	52,714,448
	63,123,638	61,961,431
<b>NON-CURRENT LIABILITIES</b>		
Deferred taxation	-	1,100,706
Staff retirement benefits	329,579	324,838
	329,579	1,425,544
<b>CURRENT LIABILITIES</b>		
Trade and other payables	4 6,851,173	7,059,152
Finances under mark-up arrangements - secured	5 500,000	9,944,193
Provision for taxation - net	1,098,502	-
Unclaimed dividend	1,155,505	1,160,934
	9,605,180	18,164,279
<b>CONTINGENCIES AND COMMITMENTS</b>		
	6	
	73,058,397	81,551,254

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

  
Naveed Asghar Chaudhry  
Director

  
M. Rabnawaz Anjum  
Chief Executive (Acting)  
/ Chief Financial Officer



	Un-audited September 30, 2024	Audited June 30, 2024
Note	(Rupees in thousand)	
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	7 1,929,046	1,929,046
Long term deposits	6,779	7,752
Deferred taxation	637,450	-
Staff retirement benefits - pension	285,202	280,566
	<u>2,858,477</u>	<u>2,217,364</u>
<b>CURRENT ASSETS</b>		
Stores and spares	3,951,307	3,953,694
Stock-in-trade	8 9,436,471	9,836,471
Trade debts - secured	9 1,909,286	10,866,072
Investments at fair value	10 49,678,309	47,425,903
Income tax due from Government	-	540,523
Loans, advances, deposits, prepayments and other receivables	3,897,098	3,926,935
Cash and bank balances	1,327,449	2,784,292
	<u>70,199,920</u>	<u>79,333,890</u>
	<u>73,058,397</u>	<u>81,551,254</u>

  
 Hafiz Mohammad Yousaf  
 Director

## Condensed Interim Statement of Profit or Loss

for the quarter ended September 30, 2024 (Un-audited)

	Note	Quarter ended	
		September 30, 2024	September 30, 2023
Revenue from contract with customers		-	-
Cost of sales		-	-
<b>Gross profit</b>		-	-
Plant maintenance and preservation costs	11	(977,828)	(798,714)
Administrative expenses		(141,305)	(184,425)
Other operating expenses		(233,121)	(136,430)
Other income	12	2,621,860	4,375,948
<b>Operating profit</b>		1,269,605	3,256,379
Finance cost		(205,496)	(1,319,081)
<b>Profit before levy and income tax</b>		1,064,109	1,937,298
Levy - final tax		(4)	-
<b>Profit before income tax</b>		1,064,105	1,937,298
Income Tax		98,102	(755,614)
<b>Profit for the period</b>		1,162,207	1,181,684
Earnings per share - basic and diluted	Rupees	1.32	1.34

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

  
Naveed Asghar Chaudhry  
Director

  
M. Rabnawaz Anjum  
Chief Executive (Acting)  
/ Chief Financial Officer

  
Hafiz Mohammad Yousaf  
Director

**Condensed Interim Statement of Comprehensive Income**  
for the quarter ended September 30, 2024 (Un-audited)

	Quarter ended	
	September 30, 2024	September 30, 2023
	(Rupees in thousand)	
Profit for the period	1,162,207	1,181,684
- Items that will not be reclassified subsequently to profit or loss	-	-
- Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the period - net of tax	-	-
Total comprehensive income for the period	<u>1,162,207</u>	<u>1,181,684</u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

  
Naveed Asghar Chaudhry  
Director

  
M. Rabnawaz Anjum  
Chief Executive (Acting)  
/ Chief Financial Officer

  
Hafiz Mohammad Yousaf  
Director

**Condensed Interim Statement of Cash Flows**  
for the quarter ended September 30, 2024 (Un-audited)

	Note	Quarter ended	
		September 30, 2024	September 30, 2023
(Rupees in thousand)			
<b>Cash flows from operating activities</b>			
Cash generated from operations	14	8,212,296	3,768,409
Finance cost paid		(544,374)	(1,848,671)
Income tax paid		(1,030)	(2,446)
Workers' Profit Participation Fund recovered / (paid)		28,041	(965)
Staff retirement benefits paid		(7,667)	(18,961)
<b>Net cash generated from operating activities</b>		<b>7,687,265</b>	<b>1,897,366</b>
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		-	(3,033)
Income on bank deposits received		1,492	-
Net decrease in long term loans and deposits		973	744
Investment made in mutual funds		(200,000)	-
Redemption of mutual funds		500,618	-
Proceeds from sale of property, plant and equipment		2,431	2,198
<b>Net cash generated from / (used in) investing activities</b>		<b>305,514</b>	<b>(91)</b>
<b>Cash flows from financing activities</b>			
Dividend paid		(5,429)	(2,982)
<b>Net cash used in financing activities</b>		<b>(5,429)</b>	<b>(2,982)</b>
<b>Net increase in cash and cash equivalents</b>		<b>7,987,350</b>	<b>1,894,293</b>
Cash and cash equivalents at the beginning of the period		(7,159,901)	(20,233,938)
<b>Cash and cash equivalents at the end of the period</b>	15	<b>827,449</b>	<b>(18,339,645)</b>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

  
Naveed Asghar Chaudhry  
Director

  
M. Rabnawaz Anjum  
Chief Executive (Acting)  
/ Chief Financial Officer

  
Hafiz Mohammad Yousaf  
Director

## Condensed Interim Statement of Changes in Equity

for the quarter ended September 30, 2024 (Un-audited)

	Share capital	Revenue Reserve:		Total
		Capital reserve	Un-appropriated profit	
	(Rupees in thousand)			
Balance as at June 30, 2023				
Audited	8,802,532	444,451	56,836,744	66,083,727
Profit for the period	-	-	1,181,684	1,181,684
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	1,181,684	1,181,684
Balance as at September 30, 2023				
Un-audited	8,802,532	444,451	58,018,428	67,265,411
Balance as at June 30, 2024				
Audited	8,802,532	444,451	52,714,448	61,961,431
Profit for the period	-	-	1,162,207	1,162,207
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	1,162,207	1,162,207
Balance as at September 30, 2024				
Un-audited	8,802,532	444,451	53,876,655	63,123,638

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

  
Naveed Asghar Chaudhry  
Director

  
M. Rabnawaz Anjum  
Chief Executive (Acting)  
/ Chief Financial Officer

  
Hafiz Mohammad Yousaf  
Director

## Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2024 (Un-audited)

### 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 initially for a period of 25 years. WAPDA irrevocably transferred all of its rights, obligations and liabilities under the PPA to Central Power Purchasing Agency Guarantee Limited (CPPA-G) (Power Purchaser) thereunder via Novation Agreement which became effective on May 21, 2021 after approval from the relevant authorities. The PPA was extended by 16 months from June 26, 2021, pursuant to the terms of Master Agreement and the Third Amendment to the PPA, which expired on October 24, 2022.

The Company has a plant site at Kot Addu (Muzaffargarh), a corporate office located in Lahore and registered office located in Islamabad.

A Special Purpose Vehicle was incorporated in 2014 under the name of KAPCO Energy (Private) Limited (KEPL) for establishment of a coal power project. However, the project was called off and KEPL was put into liquidation under the Easy Exit Scheme of SECP. Subsequently, the liquidation application of KEPL was withdrawn for exploring investments opportunities. However, the share capital of KEPL has not yet been subscribed by the Company, therefore, the Company has not prepared consolidated financial statements.

### 2. Basis of preparation

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

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

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

## Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2024 (Un-audited)

Companies Act, 2017.

These condensed interim financial statements do not include all the information required for annual financial statements including financial risk management information and therefore should be read in conjunction with the annual financial statements for the year ended June 30, 2024.

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

### 2.3 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, which was due to expire on June 28, 2021. Pursuant to the terms of the Third Amendment to the PPA and Master Agreement (together, the 'Agreements'), the term of the PPA was extended for a period of 16 months which expired on October 24, 2022.

The generation license of the Company expired on September 21, 2021, which was extended by National Electric Power Regulatory Authority (NEPRA) for a period of three years which expired on September 21, 2024. On June 14, 2024, the Company has applied for further extension of its generation license for 7 years.

The Company submitted an application for Reference Tariff as well as Provisional Tariff before NEPRA and also took up the matter of renewal / extension of PPA beyond its expiry with the relevant Authorities including the Power Purchaser.

Based on the critical strengths of the Power Plant and System requirements of National Transmission and Dispatch Company (NTDC), the Power Plant was included in the approved Indicative Generation Capacity Expansion Plan (IGCEP) (2022-2031) till 2026. In line with the approved IGCEP (2022-2031) and the valid generation license of the Company, NEPRA approved the Provisional Tariff on August 4, 2023 for 500 MW capacity on Take-and-Pay basis.

The Company has filed a review petition against provisional Tariff on certain matters including provision of separate tariff for switchyard facility. On October 03, 2023, NEPRA conducted a public hearing on Final Tariff petition including tariff of switchyard facility, the decision of which is awaited. The Company is also discussing the legal formalities with the Power Purchaser regarding finalization of PPA, which is dependent upon issuance of the Final Tariff by NEPRA.

During the year ended June 30, 2024, the NTDC, after approval from its Board of Directors, submitted Integrated System Plan (comprising of IGCEP and

## Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2024 (Un-audited)

Transmission System Expansion Plan) to NEPRA for the years 2024 till 2034 and the Company's Power Plant (500MW) is part of that Plan till 2027. On May 20, 2024, NEPRA approved the Power Acquisition Plan (2023-2027) of distribution companies, whereby, the Company's Power Plant is included in the Plan. It is pertinent to mention that as per the official correspondence from NTDC to CPPA-G, NTDC has intimated that it requires the Company's switchyard and blackstart facility for smooth and reliable operations of associated 220/132KV network for continuity of supply to MEPCO and associated region. Considering the transmission constraints, the NEPRA has also allowed the extension of the Company's PPA while approving the Power Acquisition Plan (2023-2027).

Accordingly, the Company has kept the plant in the preservation mode, which ensures readiness of electricity generation while optimizing the operational costs even though there is no offtake of electricity. However, the Company is still providing the switchyard facility for the smooth and reliable system operations on special request of Ministry of Energy. The Company has also taken up the matter with the NEPRA regarding separate tariff of switchyard facility including the arrears, which is pending finalization.

The pending renewal / extension of the PPA and generation license indicates the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

In addition, the Management of the Company has also taken the following steps:

- The Management is committed to diversify the Company's business through investment in both greenfield and brownfield projects. To this end, it is actively pursuing greenfield solar project(s) in Sindh and is working closely with the DFIs/ lenders for securing foreign currency financing for these initiatives and has also shortlisted EPC contractors.
- Further, the Management has also identified certain brownfield projects in wind, hydel and thermal sectors. Non-disclosure agreements relating to these projects have been signed. Financial, technical and legal due diligence is in progress and thereafter, non-binding offers may be submitted. The Management is confident that some of these projects will materialize in due course.
- Cost optimization / rationalization measures for managing the total cost of the Company including the plant maintenance activities, insurance and headcount rationalization vide Voluntary Severance Scheme (VSS) in line with the 500MW expected generation capacity;
- Investment of surplus funds to generate sufficient income to meet expenses in non-operating period; and
- Readiness for participation in the Competitive Trading Bilateral Contracts





## Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2024 (Un-audited)

5.1 Finances under mark-up arrangements available from various conventional banks amount to Rs 3,110 million (June 30, 2024: Rs 7,993 million) and finances available under musharka and murabaha arrangements amount to Nil (June 30, 2024: Rs 6,000 million). The rate of mark-up ranges from 19.70 percent to 20.99 percent (June 30, 2024: 21.56 percent to 23.26 percent) per annum on the balances outstanding.

### 5.2 Letter of credit and bank guarantees

Of the aggregate facility of Rs 406 million (June 30, 2024: Rs 406 million) for opening letters of credit and Rs 2,610 million (June 30, 2024: Rs 2,507 million) for guarantees, the amounts utilised as at September 30, 2024 were Rs 6 million (June 30, 2024: Rs 6 million) and Rs 2,585 million (June 30, 2024: Rs 2,507 million) respectively.

5.3 The aggregate running finances, short term finances and letters of credit and guarantees are secured by joint pari passu charge over current assets up to a limit of Rs 67,200 million (June 30, 2024: Rs 67,200 million).

## 6. Contingencies and commitments

### 6.1 Contingencies

There has been no significant change in the status of the contingent liabilities disclosed as at June 30, 2024 except the following:

(i) The Additional Commissioner Punjab Revenue Authority initiated a proceeding u/s 52 of Punjab Sales Tax on Services Act, 2012 on the basis that Company has not complied with the provisions of Punjab Sales Tax on Services (Withholding) Rules, 2015 and created a demand of Rs 1,028 million. Being aggrieved, the Company filed an appeal with the Commissioner Appeals, Punjab Revenue Authority, who, based on the inquiry report and a series of hearings, passed an order on October 01, 2024 creating a demand of Rs 70 million, which is subsequently paid by the Company and the case has been settled.

### 6.2 Commitments

(i) Letters of credit other than for capital expenditure Rs 6 million (June 30, 2024: Rs 6 million).

(ii) Contracts for carijara are Rs 41 million (June 30, 2024: Rs 51 million).

(iii) Based on Power Purchaser's forecast of electricity generation during PPA term, the Company placed orders to Pakistan State Oil for purchase of fuel stock in June 2022 for the delivery in July 2022. Out of these orders, around 40,000 MT of furnace oil is available with PSO. Depending upon the renewal of PPA, the fuel will be purchased from PSO and its cost will be passed on to the Power Purchaser. Under the terms of Oil Supply Agreement, the Company is obligated to pay for the fuel delivered at its premises at HSFO price.

## Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2024 (Un-audited)

		Un-audited September 30, 2024	Audited June 30, 2024
	Note	(Rupees in thousand)	
<b>7. Property, plant and equipment</b>			
Opening Net Book Value (NBV)		1,929,046	1,931,244
Add: Additions the period / year	7.1	-	5,683
		<u>1,929,046</u>	<u>1,936,927</u>
Less: Disposals during the period / year (at NBV)		-	2,198
Depreciation charged during the period / year		-	5,683
		-	7,881
		<u>1,929,046</u>	<u>1,929,046</u>
<b>7.1</b> Following is the detail of additions during the period / year			
Gas turbine blading		-	2,574
Office equipment		-	3,109
		-	5,683
		-	5,683
<b>8. Stock-in-trade</b>			
Furnace oil		10,865,909	10,865,909
Provision for net realizable value (NRV) against furnace oil	8.1	(2,129,000)	(1,729,000)
		8,736,909	9,136,909
Diesel			
Coal		647,364	647,364
		52,198	52,198
		<u>9,436,471</u>	<u>9,836,471</u>

8.1 This amount represents provision for write-down of furnace oil stock based on expected realisable value from the export of furnace oil as per management's estimate in the existing circumstances of the Company.

		Un-audited September 30, 2024	Audited June 30, 2024
	Note	(Rupees in thousand)	
<b>9. Trade debts - secured</b>			
Trade debts - secured	9.1	2,526,963	11,483,749
Provision for doubtful debts		(617,677)	(617,677)
		<u>1,909,286</u>	<u>10,866,072</u>

## Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2024 (Un-audited)

9.1 Trade debts include an overdue amount of Rs 2,527 million (June 30, 2024: Rs 8,291 million) receivable from CPPA-G, which is a related party of the Company. Included in these receivables is an amount of Rs 2,465 million (June 30, 2024: Rs 2,465 million) disputed by the Power Purchaser, out of which Rs 618 million (June 30, 2024: Rs 618 million) is considered doubtful and the provision has been recorded thereagainst. The Company has not recorded provision in respect of the remaining amount of Rs 1,847 million, since as per legal advisors of the Company, there are adequate grounds to defend the claim for such invoices.

The maximum aggregate amount outstanding during the period was Rs 11,484 million (June 30, 2024: Rs 27,071 million).

The trade debts are Pakistani rupee denominated and secured by a guarantee from the Government of Pakistan under the Facilitation Agreement.

	Un-audited September 30, 2024		Audited June 30, 2024	
	Cost	Fair Value (Rupees in thousand)	Cost	Fair Value
10. Investments at fair value				
Fair value through profit or loss				
Mutual Funds				
Fixed Rate / Return Funds	41,366,981	45,602,050	42,868,373	45,856,872
Income Funds	202,599	203,051	1,000,000	1,063,574
Money Market Funds	3,689,784	3,873,208	500,000	505,457
	<u>45,259,364</u>	<u>49,678,309</u>	<u>44,368,373</u>	<u>47,425,903</u>

	Quarter ended	
	September 30, 2024	September 30, 2023
11. Plant maintenance and preservation costs		
Salaries, wages and benefits	254,329	410,375
Electricity import for self consumption	155,170	140,397
Plant maintenance	10,569	12,998
Repair and renewals	-	11,397
Plant insurance	157,760	220,515
Depreciation on property, plant and equipment	-	3,032
Provision for net realizable value (NRV) against furnace oil	400,000	-
	<u>977,828</u>	<u>798,714</u>

These costs are incurred to keep the plant in preservation mode for ensuring that the plant is readily available if offtake of electricity is demanded by the Power Purchaser. During the period ended September 30, 2024, there was no offtake of electricity accordingly the costs have been recorded under Plant Maintenance and Preservation Costs. Cost for the comparable period has also been reclassified from

## Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2024 (Un-audited)

Cost of Sales to Plant Maintenance and Preservation Costs. It also includes the cost of running the switchyard and grid facility, which is being operated on the special request of Ministry of Energy.

			Quarter ended	
			September 30, 2024	September 30, 2023
			(Rupees in thousand)	
12.	<b>Other income</b>			
	Income from mutual funds		2,568,471	-
	Interest on PIBs and Sukuks		-	2,867,390
	Fair value gain on PIBs and Sukuks		-	134,044
	Scrap sales		-	102,100
	Exchange gain		-	13,524
	Interest on late payment - CPPA-G		12,954	1,253,205
	Income on bank deposits		27,938	-
	Gain on disposal of property, plant and equipment		2,431	-
	Others		10,066	5,685
			<u>2,621,860</u>	<u>4,375,948</u>
13.	<b>Transactions with related parties</b>			
	<b>Relationship with the Company</b>	<b>Percentage of shareholding</b>	<b>Nature of transaction</b>	
	<b>i. Associated undertakings</b>			
	- CPPA-G	-	Purchase of electricity	163,132
	- CPPA-G	-	Interest income on late payment	12,954
	- WAPDA	40.25%	Purchase of service	2,022
	- Central Depository Company	-	Purchase of services	1,150
	<b>ii. Post retirement benefit plans</b>			
	- KAPCO employees provident fund trust	-	Contributions paid	6,681
	<b>iii. Key management personnel (including directors)</b>			
		-	Compensation	89,195

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

As per Company policy, Company transport, education of children, club charges, medical facility, house loan subsidy, security and utilities are provided to the employees. Further, a company maintained vehicle is provided to the Chairman of the Board of Directors, and the directors are entitled for corporate club memberships.

## Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2024 (Un-audited)

	Un-audited September 30, 2024	Audited June 30, 2024
	(Rupees in thousand)	
<b>Period end balances</b>		
Associated Undertakings		
Receivable from related parties	1,909,286	10,866,072
Payable to related parties	44,736	45,684

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

	Quarter ended September 30, 2024	September 30, 2023
	(Rupees in thousand)	
<b>14. Cash generated from operations</b>		
Profit before tax	1,064,105	1,937,298
Adjustments for:		
- Depreciation on property, plant and equipment	-	3,033
- Gain on disposal of property, plant and equipment	(2,431)	-
- Income on PIBs and Sukuks	-	(2,867,390)
- Income from mutual funds	(2,568,471)	-
- Income on bank deposits	(27,938)	-
- Staff retirement benefits accrued	7,772	3,078
- Finance cost	205,496	1,319,081
- Fair value gain on investments at fair value	-	(134,044)
- Provision for net realizable value (NRV) against furnace oil	400,000	-
- Provision for Workers' Profit Participation Fund	59,287	96,865
- Provision for Workers' Welfare Fund	145,360	38,746
- Final tax - levy	4	-
<b>(Loss) / Profit before working capital changes</b>	<b>(716,816)</b>	<b>396,667</b>
Effect on cash flow due to working capital changes:		
- Decrease / (increase) in store and spares	2,387	(19,968)
- Decrease in trade debts	8,956,786	4,146,795
- Decrease / (increase) in loans, advances, deposits, prepayments and other receivables	28,243	(187,989)
- Decrease in trade and other payables	(58,304)	(567,096)
	8,929,112	3,371,742
	<b>8,212,296</b>	<b>3,768,409</b>

## Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2024 (Un-audited)

	September 30, 2024	September 30, 2023
	(Rupees in thousand)	
15. Cash and cash equivalents		
Cash and bank balances	1,327,449	1,063,623
Finances under mark-up arrangements - secured	(500,000)	(19,403,268)
	<u>827,449</u>	<u>(18,339,645)</u>

### 16. Fair values of financial assets and liabilities

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

Specific valuation techniques used to value financial instruments include:

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

The following is categorization of assets which are disclosed at fair value as at September 30, 2024:

	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Assets:				
Investments at fair value	<u>49,678,309</u>	<u>-</u>	<u>-</u>	<u>49,678,309</u>

The following is categorization of assets which are disclosed at fair value as at June 30, 2024:

	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Assets:				
Investments at fair value	<u>47,425,903</u>	<u>-</u>	<u>-</u>	<u>47,425,903</u>

## Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2024 (Un-audited)

### 17. Corresponding figures

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


Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. During the period, following major reclassifications were made:

Reclassification from component	Reclassification to component	September 30, 2023 (Rupees in thousand)
Cost of sales - Electricity import for self consumption	Plant maintenance and preservation costs - Electricity import for self consumption	140,397
Cost of sales - Salaries, wages and benefits	Plant maintenance and preservation costs - Salaries, wages and benefits	410,375
Cost of sales - Plant maintenance	Plant maintenance and preservation costs - Plant maintenance	12,998
Cost of sales - Repair and renewals	Plant maintenance and preservation costs - Repair and renewals	11,397
Cost of sales - Plant insurance	Plant maintenance and preservation costs - Plant insurance	220,515
Cost of sales - Depreciation on property, plant and equipment	Plant maintenance and preservation costs - Depreciation on property, plant and equipment	3,032
Other income - Others	Plant maintenance and preservation costs - Electricity import for self consumption	6,947

### 18. Date of authorisation for issue

These condensed interim financial statements were authorised for issue on October 23, 2024 by the Board of Directors of the Company.

  
Naveed Asghar Chaudhry  
Director

  
M. Rabnawaz Anjum  
Chief Executive (Acting)  
/ Chief Financial Officer

  
Hafiz Mohammad Yousaf  
Director





**Printed Matter**

**KAPCO**

**Corporate Office:**

5 B/3, Gulberg III, Lahore 54660, Pakistan

**Power Plant:**

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

**Registered Office:**

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