

# PAKGEN POWER LIMITED



SECY/STOCKEXC/

October 27, 2022

The General Manager,  
Pakistan Stock Exchange Limited,  
Stock Exchange Building,  
Stock Exchange Road,  
KARACHI.

SUB: **SUBMISSION OF QUARTERLY ACCOUNTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2022**

Dear Sir,

We have to inform you that the Quarterly Report of the Company for the period Ended September 30, 2022 have been transmitted through PUCARS and is also available on Company's website.

You may please inform the TRE Certificate Holders of the Exchange accordingly.  
Thanking you,

Yours truly,

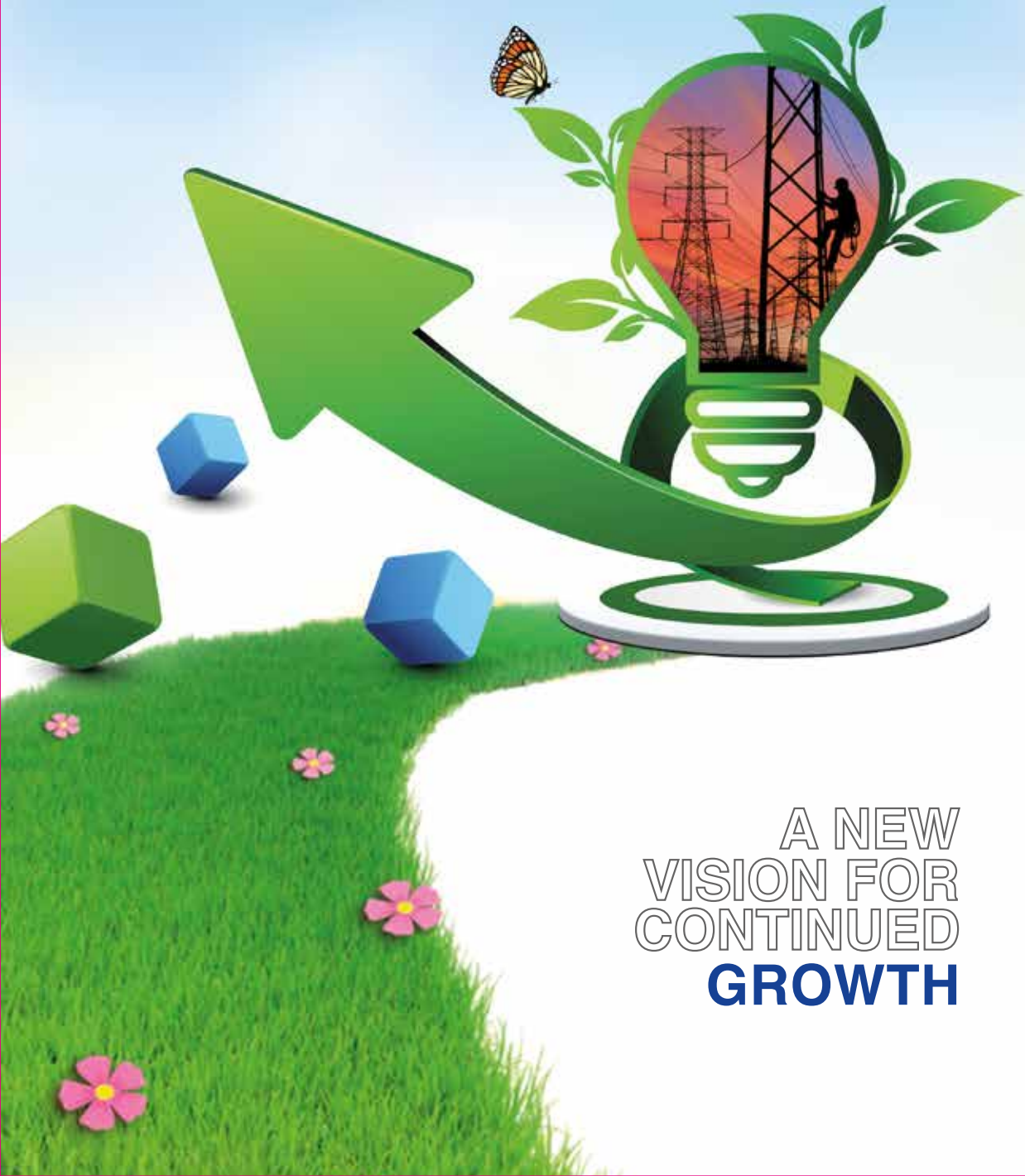
  
KHALID MAHMOOD CHOCHAN  
COMPANY SECRETARY



N I S H A T

PAKGEN POWER LIMITED

THIRD QUARTERLY REPORT  
FOR THE PERIOD ENDED  
SEPTEMBER 30, 2022



A NEW  
VISION FOR  
CONTINUED  
**GROWTH**

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# COMPANY PROFILE

<b>THE COMPANY</b>	<b>Pakgen Power Limited</b> (“the Company”) was incorporated in Pakistan on 22 June 1995 under the repealed Companies Ordinance, 1984 now the Companies Act, 2017. The registered office is situated at 53-A, Lawrence Road, Lahore. The principal activities of the Company are to own, operate and maintain an oil fired power station (“the Complex”) having gross capacity of 365 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan.	
<b>BOARD OF DIRECTORS</b>	Mrs. Sadia Younas Mansha Dr. Arif Bashir Mr. Samir Mustapha Chinoy Mr. Shahid Malik Mr. Ghazanfar Hussain Mirza Mr. Farrukh Ifzal Mr. Amir Mahmood	Chairman
<b>CHIEF EXECUTIVE OFFICER</b>	Mian Hassan Mansha	
<b>AUDIT COMMITTEE</b>	Mr. Farrukh Ifzal Dr. Arif Bashir Mr. Shahid Malik	Chairman
<b>HUMAN RESOURCE &amp; REMUNERATION(HR &amp;R) COMMITTEE</b>	Mr. Samir Mustapha Chinoy Mian Hassan Mansha Mr. Ghazanfar Hussain Mirza	Chairman
<b>CHIEF FINANCIAL OFFICER</b>	Mr. Tanvir Khalid	
<b>COMPANY SECRETARY</b>	Mr. Khalid Mahmood Chohan	
<b>BANKERS OF THE COMPANY</b>	Habib Bank Limited The Bank of Punjab Silk Bank Limited United Bank Limited Allied Bank Limited National Bank of Pakistan Bank Alfalah Limited Faysal Bank Limited Askari Bank Limited Habib Metropolitan Bank Limited MCB Bank Limited Bank Islamic Pakistan Limited Bank Al-Habib Limited Al Baraka Bank (Pakistan) Limited	
<b>AUDITOR OF THE COMPANY</b>	Riaz Ahmad & Co. Chartered Accountants	
<b>LEGAL ADVISOR OF THE COMPANY</b>	Mr. M. Aurangzeb Khan Advocate High Court	
<b>REGISTERED OFFICE</b>	53-A, Lawrence Road, Lahore-Pakistan UAN: +92 42-111-11-33-33 Fax: +92 42 36367414	
<b>HEAD OFFICE</b>	1-B, Aziz Avenue, Gulberg-V, Lahore- Pakistan Tel: + 92 42-35717090-96 Fax: +92 42-35717239	
<b>SHARE REGISTRAR</b>	CDC Share Registrar Services Limited CDC House,99-B, Block-B, S.M.C.H.S Shahra-e-Faisal, Karachi – 74400 Tel: (92-21) 111-111-500 Fax: (92-21) 34326053	
<b>PLANT</b>	Mehmood Kot, Muzaffargarh, Punjab – Pakistan.	

# DIRECTORS' REPORT

The Directors of **Pakgen Power Limited ("the Company")** are pleased to present their report together with the Condensed Interim Financial Information for the period ended September 30, 2022.

We report that during the period under review power plant dispatched 1,116,048 MWh of electricity as compared with 713,836 MWh dispatched during the corresponding nine months of the previous financial year.

## Operational Financial Results:

We report that during the period under review power plant dispatched 1,116,048 MWh of electricity as compared with 713,836 MWh dispatched during the corresponding nine months of the previous financial year.

The financial results of the Company for period ended September 30, 2022 are as follows:

Financial Highlights	PERIOD ENDED	
	30 September 2022	30 September 2021
Revenue (Rs '000')	43,309,801	16,319,760
Gross profit (Rs '000')	2,055,517	779,046
After tax profit (Rs '000')	1,865,423	375,978
Earnings per share (Rs)	5.01	1.01

The Company has posted after tax profit of Rs.1,865.423 million as against after tax profit of Rs.375.978 million incurred in the comparative period. The net profit of the Company demonstrated the earnings per share of Rs.5.01 as against Rs.1.01 per share earned in the comparable previous period. The profit in current period has increased because in comparative period, the Company did not issue Capacity Purchase Price invoices amounting to Rs.2.324 Billion started from 05-05-21 to 30-09-21, pursuant to PPA Amendment signed as per note 1.2 of the annexed condensed interim financial statements.

Our sole customer Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) remains unable to meet its obligations in accordance with the Power Purchase Agreement (PPA) which are secured under a sovereign guarantee of Government of Pakistan. As on September 30, 2022, an amount of Rs.17.006 billion was receivable from CPPA-G.

## COMPOSITION OF BOARD:

Total number of Directors:	
(a) Male	7
(b) Female	1
Composition:	
(i) Independent Directors	2
(ii) Non-executive Directors	5
(iii) Executive Director-(Chief Executive Officer)	1

## COMMITTEES OF THE BOARD:

### Audit Committee of the Board:

Sr. #	Name of Members
1.	Mr. Farrukh Ifzal (Member/Chairman)
2.	Dr. Arif Bashir (Member)
3.	Mr. Shahid Malik (Member)

#### Human Resource & Remuneration (HR&R) Committee:

Sr. #	Name of Members	
1.	Mr. Samir Mustapha Chinoy	(Member/Chairman)
2.	Mian Hassan Mansha	(Member)
3.	Mr. Ghazanfar Hussain Mirza	(Member)

#### DIRECTORS' REMUNERATION:

The company does not pay remuneration to its non-executive directors including independent directors except for meeting fee. Aggregate amount of remuneration paid to executive and non-executive directors have been disclosed in Note 9 of the annexed financial statements.

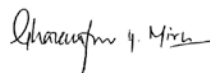
#### ACKNOWLEDGEMENT:

The board appreciates the management for establishing a modern and motivating working climate and promoting high levels of performance in all areas of the power plant. We also appreciate the efforts of the company's workforce for delivering remarkable results and we wish for their long relationship with the Company.

#### For and on behalf of the Board of Directors



**Mian Hassan Mansha**  
Chief Executive Officer  
Lahore: 26 October 2022



**Mr. Ghazanfar Hussain Mirza**  
Director

# ڈائریکٹرز رپورٹ پاک جن پاور لمیٹڈ

پاک جن پاور لمیٹڈ "دی کمپنی" کے ڈائریکٹرز 30 ستمبر 2022ء کو مندرجہ ذیل معلومات پر مشتمل اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

ہم بیان کرتے ہیں کہ زبرجائزہ مدت کے دوران پاور پلانٹ نے گزشتہ مالی سال کی اسی نوماہی کے دوران 713,836 MWH ترسیل کے مقابلہ میں 1,116,048 MWH بجلی ترسیل کی۔

آپریشنل مالیاتی نتائج:

30 ستمبر 2022ء کو ختم ہونے والی مدت کے لئے کمپنی کے مالیاتی نتائج مندرجہ ذیل ہیں:

مالی جھلکیاں	30 ستمبر 2022ء مندرجہ نوماہی	30 ستمبر 2021ء مندرجہ نوماہی
محصولات (000 روپے)	43,309,801	16,319,760
مجموعی منافع (000 روپے)	2,055,517	779,046
بعد از ٹیکس منافع (000 روپے)	1,865,423	375,978
آمدن فی حصص (روپے)	5.01	1.01

کمپنی نے ٹیکس کے بعد منافع 1,865.423 ملین روپے درج کیا جبکہ تقابلی مدت میں 375.978 ملین روپے ٹیکس کے بعد منافع ہوا تھا۔ کمپنی کے خالص منافع نے گزشتہ مدت میں 1.01 روپے فی حصص آمدنی کے مقابلہ میں 5.01 روپے فی حصص آمدنی ظاہر کی ہے۔ رواں مدت میں منافع بڑھ گیا کیونکہ تقابلی مدت میں کمپنی نے ملحق کنڈینسڈ عبوری مالیاتی حسابات کے نوٹ 1.2 کے مطابق دستخط شدہ پی پی اے ترمیم کی پیروی میں 05-05-21 سے 30-09-21 تک 2.324 ملین روپے کی کٹپسٹی پر چیز پرائس انوائسز جاری نہیں کی تھیں۔

ہمارا واحد صارف سنٹرل پاور پراجیکٹ انجنیسی (گارنی) لمیٹڈ (CPPA-G) بجلی کی خریداری کے معاہدے (PPA) جو حکومت پاکستان کی ایک خود مختار ضمانت کے تحت حاصل کیا گیا کے مطابق اپنی ذمہ داریوں کو پورا کرنے کے قابل نہیں رہا۔ 30 ستمبر 2022ء کے مطابق سنٹرل پاور پراجیکٹ انجنیسی (گارنی) لمیٹڈ (CPPA-G) کے ذمہ بقایا رقم 17.006 ملین روپے تھی۔

بورڈ کی تشکیل:

ڈائریکٹرز کی کل تعداد	
مرد	7
خاتون	1
تشکیل	
(i) آزاد ڈائریکٹرز	2
(ii) نان ایگزیکٹو ڈائریکٹرز	5
(iii) ایگزیکٹو ڈائریکٹرز	1

بورڈ کی کمیٹیاں:

بورڈ کی آڈٹ کمیٹی:

نمبر شمار	نام رکن
1	جناب فرخ افضال (رکن / چیئر مین)
2	ڈاکٹر عارف بشیر (رکن)
3	جناب شاہد ملک (رکن)

ہیومن ریسورس اینڈ ریمڈیشن (HR&R) کمیٹی:

نمبر شمار	نام رکن
1	جناب سمیر مصطفیٰ چنائے (رکن / چیئر مین)
2	میلا حسن منشاء (رکن)
3	جناب غضنفر حسین مرزا (رکن)


ڈائریکٹرز کا مشاہرہ:


کمپنی اپنے آزاد ڈائریکٹرز سمیت نان ایگزیکٹو ڈائریکٹرز کو اجلاس فیس کے علاوہ کوئی مشاہرہ ادا نہیں کرتی ہے۔ ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کو ادا کئے جانے والے مشاہرہ کی مجموعی رقم منسلکہ مالی حسابات کے نوٹ 9 میں منکشف ہے۔

اظہار تشکر

ہم، ایک جدید اور حوصلہ افزاء کام کے ماحول کے قیام اور پاور پلانٹ کے تمام شعبوں میں اعلیٰ سطح کی کارکردگی کو فروغ دینے کے لئے بھی انتظامیہ کی تعریف کرتے ہیں۔ ہم قابل ذکر نتائج کی فراہمی کے لئے کمیٹی کے تمام عملہ کی مسلسل حمایت، سخت محنت اور عزم کو بھی سراہتے ہیں اور ہم کمیٹی کے ساتھ ان کے طویل تعلقات چاہتے ہیں۔

منجانب مجلس نڈماء

  
غضنفر حسین مرزا  
ڈائریکٹر

  
میلا حسن منشاء  
چیف ایگزیکٹو آفیسر

لاہور: 26 اکتوبر 2022ء

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)


As at 30 September 2022

	Note	Un-audited 30 September 2022 (Rupees in thousand)	Audited 31 December 2021
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital 400,000,000 (31 December 2021: 400,000,000) ordinary shares of Rupees 10 each		4,000,000	4,000,000
Issued, subscribed and paid up share capital 372,081,591 (31 December 2021: 372,081,591) ordinary shares of Rupees 10 each		3,720,816	3,720,816
Capital reserve		116,959	116,959
Revenue reserve-un-appropriated profit		20,033,913	18,726,612
<b>Total equity</b>		<b>23,871,688</b>	<b>22,564,387</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	4	-	-
Employee benefit - gratuity		8,508	2,267
		8,508	2,267
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,714,758	2,978,920
Accrued mark-up / profit		149,849	20,042
Short term borrowings		3,919,891	7,336
Current portion of non-current liabilities		12,411	49,943
Unclaimed dividend		7,949	8,019
		5,804,858	3,064,260
<b>Total liabilities</b>		<b>5,813,366</b>	<b>3,066,527</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	5		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>29,685,054</b>	<b>25,630,914</b>

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



CHIEF EXECUTIVE



DIRECTOR




CHIEF FINANCIAL OFFICER

	Note	Un-audited 30 September 2022 (Rupees in thousand)	Audited 31 December 2021
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	6	4,627,309	5,268,482
Long term loans to employees		19,410	23,299
Long term security deposits		1,774	300
		<u>4,648,493</u>	<u>5,292,081</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and other consumables		817,035	737,817
Fuel stock		3,049,085	3,056,712
Trade debts		17,005,726	6,852,294
Loans, advances and short term prepayments		1,049,023	47,301
Loan to associated company		-	350,000
Other receivables		317,603	440,921
Advance income tax		281,491	249,321
Accrued interest		-	7,175
Sales tax recoverable		2,108,504	1,626,330
Cash and bank balances		408,094	6,970,962
		<u>25,036,561</u>	<u>20,338,833</u>
<b>TOTAL ASSETS</b>		<u><b>29,685,054</b></u>	<u><b>25,630,914</b></u>



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER


**CONDENSED INTERIM STATEMENT OF  
PROFIT OR LOSS ACCOUNT AND  
OTHER COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED  
30 SEPTEMBER 2022**

Note	Nine Month Ended		Quarter Ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	(Rupees in thousand)		(Rupees in thousand)	
REVENUE FROM CONTRACT WITH CUSTOMER	43,309,801	16,319,760	13,838,063	8,496,648
COST OF SALES	(41,254,284)	(15,540,714)	(13,148,457)	(9,148,634)
<b>GROSS PROFIT / (LOSS)</b>	<b>2,055,517</b>	<b>779,046</b>	<b>689,606</b>	<b>(651,986)</b>
ADMINISTRATIVE EXPENSES	(179,328)	(194,663)	(70,166)	(56,642)
OTHER EXPENSES	(3,429)	(2,676)	(1,500)	(1,283)
OTHER INCOME	199,845	61,728	12,572	8,735
<b>PROFIT / (LOSS) FROM OPERATIONS</b>	<b>2,072,605</b>	<b>643,435</b>	<b>630,512</b>	<b>(701,176)</b>
FINANCE COST	(207,182)	(267,457)	(160,847)	(49,676)
<b>PROFIT / (LOSS) BEFORE TAXATION</b>	<b>1,865,423</b>	<b>375,978</b>	<b>469,665</b>	<b>(750,852)</b>
TAXATION	-	-	-	-
PROFIT / (LOSS) AFTER TAXATION	1,865,423	375,978	469,665	(750,852)
OTHER COMPREHENSIVE INCOME:				
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS	-	-	-	-
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	-	-	-	-
OTHER COMPREHENSIVE INCOME	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD</b>	<b>1,865,423</b>	<b>375,978</b>	<b>469,665</b>	<b>(750,852)</b>
<b>EARNINGS / (LOSS) PER SHARE-BASIC AND DILUTED (RUPEES)</b>	<b>5.01</b>	<b>1.01</b>	<b>1.26</b>	<b>(2.02)</b>

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF  
CHANGES IN EQUITY (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2022**

SHARE CAPITAL	RESERVES		TOTAL EQUITY
	Capital	Revenue	
	Retained payments reserve	Un- appropriated profit	

(----- Rupees in thousand -----)

**Balance as at 31 December 2020 (audited)**      3,720,816    116,959    18,796,628    22,634,403

Transaction with owners:

Final dividend for the year ended  
31 December 2020 @ Rupee 1 per share  
First Interim dividend for the year ended  
31 December 2021 @ Rupee 1 per share

-	-	(372,082)	(372,082)
		(372,082)	(372,082)

(744,164)    (744,164)

Profit for the period ended 30 September 2021  
Other comprehensive income for the period  
ended 30 September 2021

-	-	375,978	375,978
-	-	-	-

Total comprehensive income for the period  
ended 30 September 2021

-                      -                      375,978                      375,978

**Balance as at 30 September 2021 (Un-audited)**      **3,720,816    116,959    18,428,442    22,266,217**

Balance as at 31 December 2021 - audited      3,720,816    116,959    18,726,612    22,564,387

Transaction with owners :

1st Interim Dividend for the year ended  
31 December 2022 @ Rupee 1.5 per share

		(558,122)	(558,122)
		(558,122)	(558,122)

Profit for the period ended 30 September 2022

-	-	1,865,423	1,865,423
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Other comprehensive income for the period  
ended 30 September 2022

-	-	-	-
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Total comprehensive income for the period  
ended 30 September 2022

-                      -                      1,865,423                      1,865,423

**Balance as at 30 September 2022 -un-audited**      **3,720,816    116,959    20,033,913    23,871,688**

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF  
CASH FLOWS (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2022**

	Note	30 September 2022 (Rupees in thousand)	30 September 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash (used in ) / generated from Operations</b>	8	(10,268,461)	2,575,580
Finance cost paid		(76,419)	(354,792)
Net increase in long term security deposits		(1,474)	-
Net decrease in long term loans to employees		3,889	2,472
Income tax paid		(32,170)	(5,983)
Gratuity paid		(2,023)	(5,555)
<b>Net cash (used in ) / generated from operating activities</b>		(10,376,658)	2,211,722
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on fixed assets		(56,218)	(4,698)
Loan to associated company recovered		350,000	-
Interest received		203,177	50,077
Investment made in Pakistan Investment Bonds and Government Ijara Sukuks		-	(4,356,700)
Proceeds from sale of Pakistan Investment Bonds and Government Ijara Sukuks		-	4,382,035
<b>Net cash generated from investing activities</b>		496,959	70,714
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term financing		(37,532)	(37,226)
Dividend paid		(558,192)	(377,248)
<b>Net cash used in financing activities</b>		(595,724)	(414,474)
<b>Net (decrease) / increase in cash and cash equivalents</b>		(10,475,423)	1,867,962
<b>Cash and cash equivalents at beginning of the period</b>		6,963,626	(5,836,042)
<b>Cash and cash equivalents at end of the period</b>		(3,511,797)	(3,968,080)
<b>CASH AND CASH EQUIVALENTS</b>			
Cash in hand		242	326
Cash at banks		407,852	96,472
Short term borrowings		(3,919,891)	(4,064,878)
		(3,511,797)	(3,968,080)

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

# SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2022

## 1. THE COMPANY AND ITS OPERATIONS

**1.1** Pakgen Power Limited (“the Company”) was incorporated in Pakistan on 22 June 1995 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the Company is situated at 53-A, Lawrence Road, Lahore. Head office of the Company is situated at 1-B, Aziz Avenue, Canal Road, Gulberg V, Lahore. The ordinary shares of the Company are listed on Pakistan Stock Exchange Limited. The principal activities of the Company are to own, operate and maintain a fuel fired power station (“the Complex”) having gross capacity of 365 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan. The Company has a Power Purchase Agreement (PPA) with its sole customer, Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) for 30 years which commenced from 01 February 1998.

### **1.2 Resolution of outstanding matters relating to International Chamber of Commerce (ICC) award / Expert’s determination**

Under the terms and conditions mentioned in PPA Amendment Agreement dated 20 April 2021, the Company and CPPA-G (the “Parties”) have agreed to resolve the disputes relating to International Chamber of Commerce (ICC) award / Expert’s determination as fully explained in note 1.2(b) to the preceding audited annual published financial statements of the Company for the year ended 31 December 2021.

## 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; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2** These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 31 December 2021. These condensed interim financial statements are un-audited and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Section 237 of the Companies Act, 2017.

### 3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these condensed interim financial statements are same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 31 December 2021.

#### 3.1 Critical Accounting Estimates and Judgments

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 31 December 2021.

### 4. LONG TERM FINANCING

#### From banking company - secured

Loan under State Bank of Pakistan (SBP)  
Refinance Scheme (Note 4.1)

Less: Current portion shown under current liabilities

	Un-audited 30 September 2022 (Rupees in thousand)	Audited 31 December 2021
	12,409	48,986
	(12,409)	(48,986)
	-	-

- 4.1 These finance facilities, aggregating to Rupees 99.269 million are obtained by the Company from MCB Bank limited - related party under SBP Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns (the Refinance Scheme). These finance facilities and short term borrowings from MCB Bank Limited - related party are secured against first pari passu charge over all present and future current assets of the Company for Rupees 3,125 million. These finance facilities are payable in 8 equal quarterly installments commenced from 01 January 2021 and ending on 01 October 2022. Mark-up is payable quarterly at the rate of SBP refinance rate plus 2.00% to 3.00% per annum. These finance facilities are recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustments are recognized at discount rates of 7.69% to 8.68% per annum.

### 5. CONTINGENCIES AND COMMITMENTS

#### 5.1 Contingencies

There is no significant change in the status of contingencies as disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2021 except for the following:

- 5.1.1 Deputy Commissioner Inland Revenue (DCIR) issued orders to the Company in which sales tax refund claims amounting to Rupees 1,486.302 million for the tax periods November 2008 to July 2009, January 2010 to October 2010 and January 2011 to July 2012 were rejected by apportioning input sales tax between capacity invoices and energy invoices and allowed input sales tax allocated to energy invoices only. Against aforesaid orders,

the Company filed appeals before Commissioner Inland Revenue (Appeals) [CIR(A)], which were decided in favour of the Company. Against the orders of CIR(A), tax department filed appeals before Appellate Tribunal Inland Revenue (ATIR). ATIR decided the case in favour of tax department and vacated the order passed by CIR(A). Against the decision of ATIR, the Company filed reference application in the Honourable Lahore High Court (the Court) which has been decided in favour of the Company by the Court. However, department has filed petition for leave to appeal before Supreme Court of Pakistan. Further, DCIR issued show cause notice to the Company for the tax periods from July 2009 to December 2012 declaring refund claims being inadmissible amounting to Rupees 2,374.766 million on aforesaid grounds. The Company challenged the notice before the Court along with reply of the show cause notice to DCIR. The Court has decided the case in favour of the Company. However, tax department has filed petition for leave to appeal before Supreme Court of Pakistan, as well as review application before the Court.

Further, on 18 May 2021, DCIR issued a show cause notice under section 11(2) of the Sales Tax Act, 1990 for the tax periods from July 2016 to January 2021 regarding the disallowance of input sales tax amounting to Rupees 478.291 million on similar grounds as explained above. The Company challenged the jurisdiction of DCIR by filing the writ petition before the Honorable Lahore High Court (the Court). The Court vide order dated 02 August 2021 directed the Company to comply with the notice. On 03 August 2021, DCIR passed an assessment order against the Company by disallowing the input tax amounting to Rupees 478.291 million alongwith the default surcharge and penalty without providing any opportunity of being heard. Being aggrieved with the order of DCIR, the Company preferred an appeal before CIR(A). On 09 November 2021, CIR(A) annulled the order passed by DCIR and directed to allow reasonable time to the Company of being heard. Against the order of CIR(A), the Company has filed an appeal before ATIR which is pending for hearing.

On 08 April 2021, Assistant Commissioner Inland Revenue (ACIR) issued a show cause notice under section 11(2) of the Sales Tax Act, 1990 for the tax periods from January 2016 to December 2016 regarding the disallowance of input sales tax amounting to Rupees 1,080.919 million along with default surcharge and penalty on similar grounds as explained above. On 19 June 2021, ACIR passed a detailed order whereby the recoverability of sales tax claimed against capacity purchase price amounting to Rupees 1,080.919 million along with default surcharge and penalty was connected with the outcome of decision of Honorable Supreme Court in the same matter as disclosed above. Moreover, ACIR also raised a demand of Rupees 10.145 million on account of inadmissible claim of input sales tax and sales tax on sale of residue of extracts from furnace oil. Against the order of ACIR, the Company preferred an appeal before CIR(A). On 10 March 2022, CIR(A) passed an order whereby partial relief was provided to the Company. Being aggrieved with the order of CIR(A), both parties preferred an appeal before ATIR. Company's appeal has been disposed off by ATIR through its order dated June 13, 2022 wherein all the issues have been decided in favour of the company. The tax department appeal is pending for hearing.

Based on the advice of tax advisor, the management is of the view that there are meritorious grounds available to defend the cases. Consequently, no provision for these cases has been made in these condensed interim financial statements.

- 5.1.2** The tax authorities have carried out assessment proceedings under section 122(5A) of the Income Tax Ordinance, 2001 for the tax years 2012 to 2014 by creating (among others) a demand of Rupees 708.184 million on account of interest on delayed payments by CPPA-G not been offered for tax. As per tax authorities, interest on delayed payments falls under the head income from other sources and is not exempt from tax as the same is not covered under Clause 132, Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Company filed appeals against foregoing assessment proceedings before Commissioner Inland Revenue (Appeals) [CIR(A)], which were decided in favour of the Company. Against the decisions of CIR(A), tax authorities filed appeals before ATIR. The ATIR through its order dated 01 October 2019 has dismissed tax authorities' appeal and has upheld the order passed by CIR(A) in case of tax year 2012. The tax authorities have preferred appeal before Honorable Lahore High Court, Lahore against the order of ATIR. In case of tax years 2013 and 2014, ATIR through its orders dated 23 April 2022 and 05 July 2022 has dismissed tax authorities' appeals. Further, no proceedings against the order passed by ATIR has been initiated by tax authorities. Based on tax advisor's opinion, the management is confident that the matter will be decided in favour of the Company and accordingly no provision has been made in these condensed interim financial statements.

- 5.1.3** During the year ended 31 December 2019, DCIR has passed an order under section 11 of the Sales Tax Act, 1990 raising a demand on account of sales tax aggregating to Rupees 159.815 million against the Company. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] against the order of DCIR. On 12 September 2019, CIR(A) disposed-off the appeal whereby all the matters were decided in favor of the Company except the disallowance of input sales tax on certain purchases aggregating to Rupees 51.707 million. Further, CIR(A) connected the decision regarding the adjustment of input sales tax in respect of building materials amounting to Rupees 2.801 million with the outcome of appeal filed with Honourable Lahore High Court, Lahore as disclosed in note 12.1(vi) of the preceding audited annual published financial statements of the Company for the year ended 31 December 2021. Being aggrieved by the order, the Company has filed an appeal before the ATIR challenging the disallowance of input sales tax. On 22 April 2021, ATIR remanded back the case to assessing officer for fresh consideration and to decide the case related to adjustment of input sales tax in respect of building materials in light of judgment passed by Honourable Lahore High Court [“LHC”] after providing reasonable opportunity of being heard to the Company. The tax department has filed two sales tax references in Lahore High Court against the order of ATIR which are in process of hearing. Based on the tax advisor’s opinion, the management is of the view that there are meritorious grounds available to defend the disallowance of input sales tax. Consequently, no provision for such disallowance has been made in these condensed interim financial statements.
- 5.1.4** Amended assessment orders dated 30 April 2018 were issued by the Additional Commissioner Inland Revenue (ACIR) under section 122(5A) of the Income Tax Ordinance, 2001 for tax years 2015, 2016 and 2017 whereby taxable income for the tax years under reference was recomputed to increase by Rupees 444.491 million on account of interest income, income from property, minimum tax on capacity revenue, scrap sales, gain on sale of fixed assets, confrontation of tax credit under repealed section 65B of the Income Tax Ordinance, 2001 and workers’ welfare fund. Against the aforesaid orders, the Company preferred appeals before CIR(A). On 01 June 2021, CIR(A) passed the orders whereby the orders of ACIR were upheld in respect of all the matters except for the taxation of gain on sale of fixed assets and workers welfare fund which were remanded back to ACIR, for consideration in view of the judgments of ATIR / Honorable Superior Courts. Being aggrieved with the order of CIR(A), the Company preferred appeal before the ATIR which is pending adjudication. On 08 September 2021, ACIR initiated remand back proceedings which were duly replied by the Company. However, on 30 May 2022, ACIR passed an order on remand back proceedings against the Company. Being aggrieved by the order of ACIR, the Company has filed an appeal before CIR(A) which is pending for hearing. Based on the advice of tax advisor, the management has strong grounds to believe that these cases will be decided in favor of the Company. Therefore, no provision has been made in these condensed interim financial statements.
- 5.1.5** On 29 April 2022, Deputy Commissioner Inland Revenue (DCIR) passed an order under section 8 of Sales Tax Act, 1990 for tax periods from July 2021 to November 2021 raising a demand of Rupees 129.110 million on account of inadmissible input sales tax on various goods and services along with default surcharge and penalty against the Company. Being aggrieved with the order of DCIR, the Company has filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] which is pending adjudication. Based on the tax advisor’s opinion, the management is of the view that there are meritorious grounds available to defend the disallowance of input sales tax. Consequently, no provision for such disallowance has been made in these condensed interim financial statements.
- 5.1.6** On 27 January 2022, Assistant Commissioner Inland Revenue (ACIR) issued a show cause notice under section 11(2) of the Sales Tax Act, 1990 for the tax period September 2013 raising a demand on account of inadmissible input sales tax on various goods and services claimed aggregating to Rupees 17.243 million alongwith default surcharge and penalty against the Company. The Company duly replied to the said show cause notice. The ACIR, after considering the Company’s reply, passed an order on 29 April 2022, whereby input sales tax amounting to Rupees 6.606 million already deferred was rejected and demand

of Rupees 10.637 million alongwith default surcharge and penalty was confirmed. Against the order of ACIR, the Company has filed an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] which is pending adjudication. Based on the tax advisor's opinion, the management is of the view that there are meritorious grounds available to defend the disallowance of input sales tax. Consequently, no provision for such disallowance has been made in these condensed interim financial statements.

- 5.1.7** The banks of the Company have issued letters of guarantee in favour of Pakistan State Oil Company Limited (PSO) - fuel supplier for an amount of Rupees 1,900 million (31 December 2021: Rupees 2,550 million) against purchase of fuel.
- 5.1.8** The Company has issued post dated cheques amounting to Rupees 0.820 million (31 December 2021: Rupees Nil) to Collector of Custom, Lahore under the direction of Honourable Lahore High Court, Lahore in respect of suit filed for custom duty.

	<b>Un-audited 30 September 2022 (Rupees in thousand)</b>	Audited 31 December 2021
<b>5.2 Commitments</b>		
For capital expenditures	199,870	-
For other than capital expenditure	37,951	29,257
	<u>237,821</u>	<u>29,257</u>
<b>6. FIXED ASSETS</b>		
Operating fixed assets (Note 6.1)	4,592,824	5,266,482
Capital work-in-progress (Note 6.2)	34,485	2,000
	<u>4,627,309</u>	<u>5,268,482</u>
<b>6.1 Operating fixed assets</b>		
Opening book value	5,266,482	5,942,491
Add: Cost of additions during the period / year (Note 6.1.1)	23,877	248,673
Less: Book value of disposals / derecognitions during the period / year (Note 6.1.2)	144	-
Less: Depreciation charged during the period / year	697,391	924,682
Closing book value	<u>4,592,824</u>	<u>5,266,482</u>
<b>6.1.1 Cost of additions</b>		
Plant and machinery	-	243,390
Vehicles	20,573	-
Office equipment	2,146	2,133
Furniture and fittings	175	1,583
Electric equipment and appliances	983	1,567
	<u>23,877</u>	<u>248,673</u>
<b>6.1.2 Book value of disposals / derecognitions</b>		
Cost:		
Office equipment	199	-
Vehicle	91	-
Plant and machinery	-	22,659
	<u>290</u>	<u>22,659</u>
Less: Accumulated depreciation	146	22,659
	<u>144</u>	<u>-</u>
<b>6.2 Capital work-in-progress</b>		
Plant and machinery	34,485	-
Advance for purchase of vehicle	-	2,000
	<u>34,485</u>	<u>2,000</u>

	Un-audited Nine Month Ended		Un-audited Quarter Ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	(Rupees in thousand)		(Rupees in thousand)	
<b>7. COST OF SALES</b>				
Fuel cost	39,423,087	13,892,283	12,490,787	8,634,135
Operation and maintenance costs	465,018	422,281	144,259	106,427
Insurance	672,061	585,861	282,349	194,856
Depreciation	694,118	640,179	231,062	213,216
Liquidated damages to CPPA-G	-	110	-	-
	<u>41,254,284</u>	<u>15,540,714</u>	<u>13,148,457</u>	<u>9,148,634</u>

	Un-audited Nine Month Ended	
	30 September 2022	30 September 2021
	(Rupees in thousand)	
<b>8. CASH (USED IN) / GENERATED FROM OPERATIONS</b>		
Profit before taxation	1,865,423	375,978
<b>Adjustment for non-cash charges and other items:</b>		
Depreciation	697,391	641,792
Provision for gratuity	8,264	7,510
Interest income	(196,002)	(50,108)
Gain on sale of Pakistan Investment Bonds	-	(1,365)
Gain on sale of Government Ijara Sukuks	-	(23,970)
Finance cost	207,182	267,457
Amortization of deferred grant	(956)	(2,760)
Cash flows from operating activities before working capital changes	<u>2,581,302</u>	<u>1,214,534</u>
<b>Working capital changes</b>		
<b>(Increase) / decrease in current assets:</b>		
Stores, spare parts and other consumables	(79,218)	(12,123)
Fuel stock	7,627	(753,147)
Trade debts	(10,153,432)	1,908,885
Loan, advances and short term prepayments	(1,001,722)	(13,918)
Other receivables	123,318	204,463
Sales tax recoverable	(482,174)	(388,662)
	<u>(11,585,601)</u>	<u>945,498</u>
(Decrease) / increase in trade and other payables	<u>(1,264,162)</u>	<u>415,548</u>
	<u>(10,268,461)</u>	<u>2,575,580</u>

## 9. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associated companies, key management personnel, staff retirement benefit plans and other related parties. The Company in the normal course of business carries out transactions with these related parties. Details of transactions with related parties are as follows:

Relationship with the Company	Nature of transaction	Un-audited Nine Month Ended		Un-audited Quarter Ended	
		30 Sept. 2022	30 Sept. 2021	30 Sept. 2022	30 Sept. 2021
		(Rupees in thousand)		(Rupees in thousand)	
Associated undertaking	Insurance premium paid	861,468	715,851	469,632	324,154
	Insurance claims received	677	815	195	133
	Rent expense	2,017	4,709	-	1,570
	Flying services	96,444	61,256	42,801	13,318
	Dividend paid	186,708	200,618	186,708	-
	Purchase of stores	107	44	-	-
	Vehicles	13,336	-	-	-
	Loan recovered	350,000	-	-	-
	Interest charged	12,193	22,233	-	7,507
	Loans obtained	-	6,700,230	-	623,958
	Loans repaid	37,226	7,010,901	12,409	834,392
	Mark-up on borrowings paid	470	47,830	86	-
	Profit on bank deposits received	170,084	865	28	308
	Key management personnel	Remuneration	21,788	20,986	7,116
Staff retirement benefits plans	Contribution to provident fund	12,140	11,455	4,068	3,754
<b>Period end balances:</b>					
Short term loan receivable from associated company				-	350,000
Accrued interest on loan to associated company				-	3,123
Accrued interest on savings account - MCB Bank Limited				-	4,052

**Un-audited**  
**30 September**  
**2022**  
**(Rupees in thousand)**

Audited  
 31 December  
 2021

## 10. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

### (i) Fair value hierarchy

Certain financial assets and financial liabilities are not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts. Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these condensed interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company classify its financial instruments into the following three levels. However, as at the reporting date, the Company has no such type of financial instruments which are required to be grouped into these levels. These levels are explained as under:

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at

the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

## 11. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2021.

## 12. CORRESPONDING FIGURES

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

Corresponding figures have been re-arranged and reclassified, wherever necessary for the purpose of comparison, however, no significant re-arrangements and reclassifications have been made in these condensed interim financial statements.

## 13. DATE OF AUTHORISATION FOR ISSUE


These condensed interim financial statements were authorized for issue on October 26, 2022 by the Board of Directors of the Company.

## 14. GENERAL

Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

BOOK POST  
PRINTED MATTER

UPC



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