



NISHAT

PAKGEN POWER LIMITED

THIRD QUARTERLY REPORT
FOR THE PERIOD ENDED
SEPTEMBER 30, 2023

A NEW VISION FOR CONTINUED
GROWTH

CONTENTS

Company Profile	03
Directors' Report	04
Directors' Report (Urdu).....	06
Condensed Interim Statement of Financial Position	08
Condensed Interim Statement of Profit or Loss Account and Other Comprehensive income	10
Condensed Interim Statement of Changes in Equity	11
Condensed Interim Statement of Cash Flows	12
Selected Notes to the Condensed Interim Financial Statements	13



N I S H A T

PAKGEN POWER LIMITED

COMPANY PROFILE

THE COMPANY

Pakgen Power Limited ("the Company") was incorporated in Pakistan on 22 June 1995 under the repealed Companies Ordinance, 1984 now the Companies Act, 2017.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.

BOARD OF DIRECTORS

Mrs. Sadia Younas Mansha
Mr. Muhammad Ali Zeb Director /Chairman
Mr. Samir Mustapha Chinoy
Dr. Arif Bashir
Mr. Farrukh Ifzal
Mr. Ghazanfar Hussain Mirza
Mr. Omer Zubair Khan

CHIEF EXECUTIVE OFFICER

Mian Hassan Mansha

AUDIT COMMITTEE

Mr. Farrukh Ifzal Chairman
Dr. Arif Bashir
Mr. Muhammad Ali Zeb

HUMAN RESOURCE & REMUNERATION(HR & R) COMMITTEE

Mr. Samir Mustapha Chinoy Chairman
Mian Hassan Mansha
Mr. Ghazanfar Hussain Mirza

CHIEF FINANCIAL OFFICER

Mr. Tanvir Khalid

COMPANY SECRETARY

Mr. Khalid Mahmood Chohan

BANKERS OF THE COMPANY

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

AUDITOR OF THE COMPANY

Riaz Ahmad & Co.
Chartered Accountants

LEGAL ADVISOR OF THE COMPANY

Mr. M. Aurangzeb Khan
Advocate High Court

REGISTERED OFFICE

53-A, Lawrence Road,
Lahore-Pakistan
UAN: +92 42-111-11-33-33
Fax: +92 42 36367414

HEAD OFFICE

1-B, Aziz Avenue, Gulberg-V,
Lahore- Pakistan
Tel: +92 42 35717090-96
Fax: +92 42 35717239

SHARE REGISTRAR

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

PLANT

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, 2023.

We report that during the period under review power plant dispatched 248,276 MWh of electricity as compared with 1,116,048 MWh dispatched during the corresponding period of the previous financial year.

OPERATIONAL FINANCIAL RESULTS:

The financial results of the Company for period ended September 30, 2023 are as follows:

Financial Highlights	PERIOD ENDED	
	30 September 2023	30 September 2022
Revenue (Rs '000')	16,265,279	43,309,801
Gross profit (Rs '000')	4,900,363	2,055,517
After tax profit (Rs '000')	5,084,392	1,865,423
Earnings per share (Rs)	13.66	5.01

The Company has posted after tax profit of Rs.5,084.392 million as against Rs.1,865.423 million earned in the comparative period. The net profits of the Company demonstrated the Earning per Share of Rs.13.66 as against Rs.5.01 per share earned in the comparable previous period.

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, 2023, an amount of Rs.10.375 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. Muhammad Ali Zeb (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 8 of the annexed financial statements.

FUTURE OUTLOOK:

The Company is exploring different options, for business continuity, after the expiry of current term of PPA.

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: 24th October, 2023



Mr. Ghazanfar Hussain Mirza
Director

ڈائریکٹرز رپورٹ پاک جن پاور لمیٹڈ

پاک جن پاور لمیٹڈ "دی کمپنی" کے ڈائریکٹرز 30 ستمبر 2023ء تختہ نو ماہی کے لئے محمد عبوری مالیاتی معلومات پر مشتمل اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

ہم بیان کرتے ہیں کہ زیر جائزہ مدت کے دوران پاور پلانٹ نے گزشتہ مالی سال کی اسی نو ماہی کے دوران 1,116,048 MWh ترسیل کے مقابلہ میں 248,276 MWh بجلی ترسیل کی۔

آپرییشنل مالیاتی نتائج:

30 ستمبر 2023ء کو ختم ہونے والی مدت کے لئے کمپنی کے مالیاتی نتائج مندرجہ ذیل ہیں:

مالی جھلکیاں	30 ستمبر 2023ء تختہ نو ماہی	30 ستمبر 2022ء تختہ نو ماہی
محصولات (روپے 000)	16,265,279	43,309,801
مجموعی منافع (000 روپے)	4,900,363	2,055,517
بعد از ٹیکس منافع (000 روپے)	5,084,392	1,865,423
آمدن فی حصص (روپے)	13.66	5.01

کمپنی نے ٹیکس کے بعد منافع 5,084.392 ملین روپے درج کیا جبکہ تقابلی مدت میں ٹیکس کے بعد منافع 1,865.423 ملین روپے حاصل ہوا تھا۔ کمپنی کے خالص منافع نے گزشتہ تقابلی مدت میں 5.01 روپے منافع فی حصص کے مقابلے 13.66 روپے منافع فی حصص ظاہر کیا ہے۔

ہمارا واحد صارف سنٹرل پاور پراجیکٹ ایجنسی (گارنٹی) 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 میں ناکام رہا ہے۔ 30 ستمبر 2023ء کے مطابق CPPA-G کے ذمہ بقایا رقم 10.375 بلین روپے تھی۔

بورڈ کی تشکیل:

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

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 محمد علی زیب (رکن)

ہیومن ریسورس اینڈ ریمیزیشن (HR&R) کمیٹی:

نمبر شمار	نام رکن
1	جناب سمیر مصطفیٰ چنائے (رکن / چیئر مین)
2	میاء 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 8 میں منکشف ہے۔

مستقبل کا نقطہ نظر:

کمپنی پی پی اے کی پروا میں ختم ہونے کے بعد کاروبار کے تسلسل کے لیے مختلف آپشنز تلاش کر رہی 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 کمپنی کے تمام عملہ کی مسلسل حمایت، سخت محنت اور عزم کو بھی سراہتے ہیں اور ہم کمپنی کے ساتھ ان کے طویل تعلقات چاہتے ہیں۔

منجانب مجلس نظماء

Shauqatun N. Mirza
غضنفر حسین مرزا
ڈائریکٹر

Hassan Muneer
میاء حسن منشاء
چیف ایگزیکٹو آفیسر

لاہور: 24 اکتوبر 2023ء

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Un-audited)

As at 30 September 2023

	Note	Un-audited 30 September 2023 (Rupees in thousand)	Audited 31 December 2022
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 400,000,000 (31 December 2022: 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 2022: 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		20,070,659	21,311,654
Total equity		23,908,434	25,149,429
LIABILITIES			
NON-CURRENT LIABILITIES			
Employee benefit - gratuity		6,216	4,574
CURRENT LIABILITIES			
Trade and other payables		582,930	613,121
Accrued mark-up / profit		2,419	34,078
Short term borrowings		1,049,989	697,303
Unclaimed dividend		115,538	7,852
		1,750,876	1,352,354
Total liabilities		1,757,092	1,356,928
CONTINGENCIES AND COMMITMENTS	4		
TOTAL EQUITY AND LIABILITIES		25,665,526	26,506,357

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

	Note	Un-audited 30 September 2023 (Rupees in thousand)	Audited 31 December 2022
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	5	3,886,467	4,498,749
Long term loans to employees		14,602	20,322
Long term security deposits		1,774	1,774
		<u>3,902,843</u>	<u>4,520,845</u>
CURRENT ASSETS			
Stores, spare parts and other consumables		976,316	761,789
Fuel stock		3,795,417	2,855,639
Trade debts		10,374,513	14,717,477
Short term investments		1,839,862	5,116
Loans, advances and short term prepayments		540,960	784,486
Other receivables		633,423	439,439
Advance income tax - net of provision for taxation		239,001	282,864
Sales tax recoverable		2,671,361	2,132,720
Cash and bank balances		691,830	5,982
		<u>21,762,683</u>	<u>21,985,512</u>
TOTAL ASSETS		<u><u>25,665,526</u></u>	<u><u>26,506,357</u></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 2023

Note	Nine Month Ended		Quarter Ended	
	30 September	30 September	30 September	30 September
	2023	2022	2023	2022
	(Rupees in thousand)		(Rupees in thousand)	
REVENUE FROM CONTRACT WITH CUSTOMER	16,265,279	43,309,801	6,381,235	13,838,063
COST OF SALES	(11,364,916)	(41,254,284)	(4,934,410)	(13,148,457)
GROSS PROFIT	4,900,363	2,055,517	1,446,825	689,606
ADMINISTRATIVE EXPENSES	(228,549)	(179,328)	(81,170)	(70,166)
OTHER EXPENSES	(3,940)	(3,429)	4,105	(1,500)
OTHER INCOME	512,601	199,845	280,045	12,572
PROFIT FROM OPERATIONS	5,180,475	2,072,605	1,649,805	630,512
FINANCE COST	(12,699)	(207,182)	(2,786)	(160,847)
PROFIT BEFORE TAXATION	5,167,776	1,865,423	1,647,019	469,665
TAXATION	(83,384)	-	(47,326)	-
PROFIT AFTER TAXATION	5,084,392	1,865,423	1,599,693	469,665
OTHER COMPREHENSIVE INCOME:				
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS	-	-	-	-
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	-	-	-	-
	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	5,084,392	1,865,423	1,599,693	469,665
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	13.66	5.01	4.30	1.26

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 2023

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

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

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)

Profit for the period ended 30 September 2022 - 1,865,423 1,865,423

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

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

Balance as at 31 December 2022 - audited 3,720,816 116,959 21,311,654 25,149,429

Transaction with owners :

Final dividend for the year ended 31 December 2022 @ Rupee 2 per share (744,163) (744,163)

First Interim dividend for the year ended 31 December 2023 @ Rupee 15 per share (5,581,224) (5,581,224)

- - (6,325,387) (6,325,387)

Profit for the period ended 30 September 2023 - 5,084,392 5,084,392

Other comprehensive income for the period ended 30 September 2023 - - - -

Total comprehensive income for the period ended 30 September 2023 - - 5,084,392 5,084,392

Balance as at 30 September 2023 - un-audited 3,720,816 116,959 20,070,659 23,908,434

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 2023

	Note	30 September 2023 (Rupees in thousand)	30 September 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	7	8,051,144	(10,268,461)
Finance cost paid		(44,358)	(76,419)
Net increase in long term security deposits		-	(1,474)
Net decrease in long term loans to employees		5,720	3,889
Income tax paid		(39,521)	(32,170)
Gratuity paid		(6,859)	(2,023)
Net cash generated from / (used in) operating activities		7,966,126	(10,376,658)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on fixed assets		(88,853)	(56,218)
Loan to associated company recovered		-	350,000
Short term investments made		(1,839,862)	-
Interest received		508,336	203,177
Net cash (used in) / generated from investing activities		(1,420,379)	496,959
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		-	(37,532)
Dividend paid		(6,217,701)	(558,192)
Net cash used in financing activities		(6,217,701)	(595,724)
Net increase / (decrease) in cash and cash equivalents		328,046	(10,475,423)
Cash and cash equivalents at beginning of the period		(686,205)	6,963,626
Cash and cash equivalents at end of the period		(358,159)	(3,511,797)
CASH AND CASH EQUIVALENTS			
Cash in hand		311	242
Cash at banks		691,519	407,852
Short term borrowings		(1,049,989)	(3,919,891)
		(358,159)	(3,511,797)

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 2023

1. THE COMPANY AND ITS OPERATIONS

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.

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 2022. 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 audited annual preceding published financial statements of the Company for the year ended 31 December 2022.

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 2022.

4 CONTINGENCIES AND COMMITMENTS

4.1 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 2022 except for the following:

4.1.1 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 re-computed to Rupees 444.491 million on account of interest income, income from property, minimum tax on capacity sales, 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 appeal before Commissioner Inland Revenue (Appeals) (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 Appellate Tribunal Inland Revenue (ATIR) / Honorable Superior Courts. Being aggrieved with the order of CIR(A), the Company preferred an appeal before 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 filed appeal before CIR(A). On 13 April 2023, CIR(A) decided the case on taxation of gain on sale of fixed assets against the Company and deleted the demand raised on account of workers' welfare fund. Being aggrieved with the order of CIR(A), the Company and tax department have filed appeals before ATIR which are pending adjudication. 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.

4.1.2 On 28 April 2022, Deputy Commissioner Inland Revenue (DCIR) passed an order under section 11 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 CIR(A). On 24 November 2022, CIR(A) passed an order whereby partial relief was granted to the Company. The Company has preferred appeal before ATIR which is pending adjudication. On 02 February 2023, the tax department also preferred appeal before ATIR 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.

- 4.1.3** On 23 February 2021, DCIR passed an order under section 11 of Sales Tax Act, 1990 whereby a demand on account of inadmissible input sales tax amounting to Rupees 281.609 million along with default surcharge and penalty has been raised. The Company filed an appeal before CIR(A). On 04 October 2021, 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 services aggregating to Rupees 8.178 million. Being aggrieved with the order of CIR(A) both parties preferred an appeal before ATIR. Company's appeal was decided by ATIR vide its order dated 12 August 2023 deleting tax demand of Rupees 8.178 million. Department's appeal is pending adjudication. 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 financial statements.
- 4.1.4** The Company received a show cause notice dated 29 November 2022 under Sales Tax Act 1990 from Deputy Commissioner Inland Revenue ['DCIR'] for the tax period from December 2021 to October 2022 through which intentions were shown to disallow input tax amounting to Rupees 1,432.665 million along with penalty of Rs. 71.633 million. The subject proceedings were concluded by DCIR vide its order dated 18 July 2023 disallowing input tax amounting Rupees 23.960 million on certain goods, manpower services and other services related to business. The company has preferred an appeal against DCIR order before 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 financial statements.
- 4.1.5** On 20 May 2022, National Electric Power Regulatory Authority ("NEPRA") issued a show cause notice to the Company, claiming Company's failure to start the plant during the nation-wide power system break down on 09 January 2021, under various provisions of the Grid Code issued by National Transmission and Despatch Company Limited ("NTDC") and National Electric Power Regulatory Authority Licensing (Generation) Rules, 2000. The Company submitted its reply to show cause notice on 06 June 2022 based on the grounds that the plant was not available due to technical reasons and the Company has a right to declare forced outage and that there is credible information available to establish the cause of non-availability of plant as per Power Purchase Agreement (PPA). On 13 February 2023, NEPRA rejected the Company's reply to the show cause notice and imposed a penalty amounting to Rupees 25 million. Being aggrieved with the order of NEPRA, the Company filed an appeal before the Appellate Tribunal (NEPRA) to set aside the aforementioned order. On 27 March 2023, Appellate Tribunal (NEPRA) passed an interim order to deposit post dated cheque of Rupees 25 million to the Registrar of NEPRA and directed the NEPRA to refrain from taking any coercive measure against the Company. Based on the advice of legal counsel, the management is confident of favourable outcome of the matter, hence, no provision against this penalty amount has been made in these condensed interim financial statements.
- 4.1.6** 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 500 million (31 December 2022: Rupees 550 million) against purchase of fuel.

	Un-audited 30 September 2023 (Rupees in thousand)	Audited 31 December 2022
4.2 Commitments		
For other than capital expenditure	158,226	239,606
5. FIXED ASSETS		
Operating fixed assets (Note 5.1)	3,795,095	4,362,263
Capital work-in-progress (Note 5.2)	91,372	136,486
	<u>3,886,467</u>	<u>4,498,749</u>
5.1 Operating fixed assets		
Opening book value	4,362,263	5,266,482
Add: Cost of additions during the period / year (Note 5.1.1)	133,967	25,993
Less: Book value of disposals / derecognitions during the period / year (Note 5.1.2)	-	166
Less: Depreciation charged during the period / year	701,135	930,046
Closing book value	<u>3,795,095</u>	<u>4,362,263</u>
5.1.1 Cost of additions		
Plant and machinery	125,325	-
Vehicles	2,945	21,335
Office equipment	4,705	3,127
Furniture and fittings	697	175
Electric equipment and appliances	296	1,356
	<u>133,967</u>	<u>25,993</u>
5.1.2 Book value of deletions		
Cost:		
Office equipment	200	232
Vehicle	-	91
Plant and machinery	28,817	-
	<u>29,017</u>	<u>323</u>
Less: Accumulated depreciation	29,017	157
	<u>-</u>	<u>166</u>
5.2 Capital work-in-progress		
Plant and machinery	<u>91,372</u>	<u>136,486</u>

	Un-audited Nine Month Ended		Un-audited Quarter Ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	(Rupees in thousand)		(Rupees in thousand)	
6. COST OF SALES				
Fuel cost	9,211,304	39,423,087	4,119,942	12,490,787
Operation and maintenance costs	513,775	465,018	202,853	144,259
Insurance	945,490	672,061	380,793	282,349
Depreciation	694,347	694,118	230,822	231,062
	<u>11,364,916</u>	<u>41,254,284</u>	<u>4,934,410</u>	<u>13,148,457</u>

	Un-audited Nine Month Ended	
	30 September 2023	30 September 2022
	(Rupees in thousand)	
7. CASH GENERATED FROM / (USED IN) OPERATIONS		
Profit before taxation	5,167,776	1,865,423
Adjustments for non-cash charges and other items:		
Depreciation	701,135	697,391
Provision for gratuity	8,501	8,264
Interest income	(508,336)	(196,002)
Finance cost	12,699	207,182
Amortization of deferred income - Government grant	-	(956)
Cash flows from operating activities before working capital changes	<u>5,381,775</u>	<u>2,581,302</u>
Working capital changes		
Decrease / (Increase) in current assets:		
Stores, spare parts and other consumables	(214,527)	(79,218)
Fuel stock	(939,778)	7,627
Trade debts	4,342,964	(10,153,432)
Loan, advances and short term prepayments	243,526	(1,001,722)
Other receivables	(193,984)	123,318
Sales tax recoverable	(538,641)	(482,174)
	<u>2,699,560</u>	<u>(11,585,601)</u>
Decrease in trade and other payables	(30,191)	(1,264,162)
	<u>8,051,144</u>	<u>(10,268,461)</u>

8. 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. 2023 (Rupees in thousand)	30 Sept. 2022 (Rupees in thousand)	30 Sept. 2023 (Rupees in thousand)	30 Sept. 2022 (Rupees in thousand)
Associated undertaking and related party	Insurance premium paid	1,199,418	861,468	633,655	469,632
	Insurance claim received	258	677	58	195
	Rent expense	-	2,017	-	-
	Flying services	104,816	96,444	36,655	42,801
	Dividend paid	2,468,089	186,708	2,187,373	186,708
	Purchase of stores	-	107	-	-
	Boarding and lodging services	527	-	134	-
	Vehicles	-	13,336	-	-
	Loan recovered	-	350,000	-	-
	Interest charged	-	12,193	-	-
	Loans repaid	-	37,226	-	12,409
	Mark-up on borrowings paid	-	470	-	86
	Profit on bank deposits received	72,303	170,084	47,772	28
Key management personnel	Remuneration	20,503	21,788	6,876	7,116
Staff Retirement benefits plans	Contribution to provident fund	13,523	12,140	4,484	4,068

9. 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.

(ii) **Valuation technique used to determine fair value**

Specific valuation technique used to value mutual funds is Net Assets Value (NAV) of respective Asset Management Company.

10. 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 2022.

11. 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.

12. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on October 24, 2023 by the Board of Directors of the Company.

13. GENERAL

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER



NISHAT

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