

# ANNUAL REPORT 2018



**Punjab Thermal Power (Private) Limited**  
7-C1, Gulberg-III, Lahore

## CONTENTS

|   | Page<br>No. |
|---|-------------|
| <b>Vision, Mission, Core Values &amp; Corporate Strategy</b>  | <b>02</b>   |
| <b>Corporate Information</b>  | <b>03</b>   |
| <b>Notice of Annual General Meeting</b>   | <b>04</b>   |
| <b>Directors' Report</b>  | <b>08</b>   |
| <b>Pattern of Shareholding</b>  | <b>14</b>   |
| <b>Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013</b>            | <b>15</b>   |
| <b>Auditors' Report to the Members on the Financial Statements for the Financial Year ended June 30, 2018</b> | <b>22</b>   |
| <b>Balance Sheet</b>  | <b>26</b>   |
| <b>Profit and Loss Account</b>  | <b>27</b>   |
| <b>Statement of Comprehensive Income</b>  | <b>28</b>   |
| <b>Statement of Changes in Equity</b>   | <b>29</b>   |
| <b>Cash Flow Statement</b>  | <b>30</b>   |
| <b>Notes to the Financial Statements</b>  | <b>31</b>   |
| <b>Form of Proxy</b>  | <b>48</b>   |

## VISION, MISSION, CORE VALUES & CORPORATE STRATEGY

**Vision:** To transform PTPL into a valuable and dynamic power Generation Company for establishment of highly efficient power plants involving latest technology and skilled resources to produce safe, sustainable and economical electricity.

**Mission:** To provide secured, cost-effective, affordable and reliable power supply to meet energy demand in the Country and counter tomorrow challenges hence energizing and revitalizing national economic growth and quality of life.

### Core Values

- a) **Innovation & Excellence:** We strive for excellence driven by innovation and agility. Top quality and progressive mode in a limited time is our recognition.
- b) **Integrity & Accountability:** Truth, trust, sincerity and highest standards of transparency, integrity and honesty are essence of our Company. We take responsibility for our actions and behavior, recognizing that we should be held accountable for everything we say and everything we do professionally.
- c) **Safety:** PTPL is committed to a healthy and injury-free workplace and to the safety of our employees, contractors, visitors and the communities in which we operate. Safety is our most important performance metric and is fundamental to our overall operational and managerial excellence.
- d) **Teamwork:** PTPL is a team of talented people deriving expertise from all levels of the company; our people are united, motivated and pleased in contributing as a team.

**Corporate Strategy** Punjab Thermal Power (Private) Limited (“PTPL”) aims to bridge the steadily rising gap between electricity demand & supply through establishing and maintaining Re-Gasified Liquefied Natural Gas (RLNG) based Thermal Power Plants possessing high efficiency. The ambition of the Company is to strengthen its position as a leading power producer and to contribute with long-term, cost effective and environment compatible electricity to enhance the national economic activities.

PTPL has a strong vision to promote capacity in the energy sector of the Country through development of highly efficient and state-of-the-art technology power plants at the most economical cost for delivering socio-economic benefits to the Country. The Company shall pursue sustainable growth with fair earnings by undertaking balanced management initiatives and leveraging its project management & engineering competences. PTPL is committed to build strong relationship with its all stakeholders and to work diligently to increase corporate value while complying with applicable laws and high ethical standards. PTPL is confident to play a critical role in eliminating the menace of power outages from the energy starved Country.

## CORPORATE INFORMATION

|                                      |   |  |
|--------------------------------------|---|--|
| <b>Board of Directors</b>            | Mr. Abdul Basit, Chairman<br>Mr. Anjum Mahmood Butt<br>Mr. Javed Iqbal Bhatti<br>Khawaja Ahmed Hassan<br>Mr. Rehman Naseem<br>Mr. Najam Ahmed Shah<br>Mr. Asad Rehman Gilani<br>Mr. Hamed Yaqoob Sheikh<br>Mr. Muhammad Jehanzeb Khan | Independent Director<br>Independent Director<br>Independent Director<br>Independent Director<br>Independent Director<br>Non-Executive Director<br>Non-Executive Director<br>Non-Executive Director<br>Non-Executive Director |
| <b>Chief Executive Officer</b>       | Mr. Asad Rehman Gilani  | Executive Director   |
| <b>Finance &amp; Audit Committee</b> | Mr. Rehman Naseem<br>Mr. Javed Iqbal Bhatti<br>Mr. Hamed Yaqoob Sheikh  | Chairman<br>Member<br>Member   |
| <b>Human Resource Committee</b>      | Khawaja Ahmed Hassan<br>Mr. Najam Ahmed Shah<br>Mr. Asad Rehman Gilani  | Chairman<br>Member<br>Member   |
| <b>Procurement Committee</b>         | Mr. Abdul Basit<br>Mr. Najam Ahmed Shah<br>Mr. Asad Rehman Gilani   | Chairman<br>Member<br>Member   |
| <b>Nomination Committee</b>          | Mr. Javed Iqbal Bhatti<br>Mr. Anjum Mahmood Butt<br>Mr. Muhammad Jehanzeb Khan  | Chairman<br>Member<br>Member   |
| <b>Risk Management Committee</b>     | Mr. Javed Iqbal Bhatti<br>Mr. Rehman Naseem<br>Mr. Hamed Yaqoob Sheikh  | Chairman<br>Member<br>Member   |
| <b>Auditors</b>                      | M/s. Deloitte Yousuf Adil, Chartered Accountants  |  |
| <b>Legal Advisor</b>                 | M/s. CSJ & CO. Advocates & Corporate Counsels   |  |
| <b>Bankers to the Company</b>        | National Bank of Pakistan<br>The Bank of Punjab   |  |
| <b>Registered Office</b>             | 7-C1, Gulberg-III, Lahore   |  |

## NOTICE OF THE 1<sup>ST</sup> ANNUAL GENERAL MEETING

Notice is hereby given to all shareholders and directors of Punjab Thermal Power (Private) Limited (the "Company") that the 1<sup>st</sup> Annual General Meeting of the Company will be held on **Tuesday, 12.03.2019 at 3:00 pm** in the **Board Room of PTPL, 1<sup>st</sup> Floor, 7-C1, Gulberg-III, Lahore** to transact the following business:

▪ **Ordinary Business:**

- (i) To ratify 1st resolution passed by the Shareholders of the Company through Circulation on 12.07.2017 regarding Remuneration Policy for the Board of Directors of the Company regarding fee to be paid to the members of the Board/Committees for attending the meetings of the Board and its Committees.
- (ii) To receive, consider and adopt Annual Audited Accounts of the Company for the Financial Year ended June 30, 2018 together with Auditor's, Director's and Annual Reports thereon.
- (iii) To appoint Statutory Auditors of the Company for the Year 2018-2019 and to fix their remuneration. The present Auditors namely M/s. Deloitte Yousuf Adil Chartered Accountants will stand retired at the conclusion of the 1<sup>st</sup> AGM of the Company and are eligible to offer themselves for re-appointment as recommended by the Board of Directors.
- (iv) To transact any other business with the permission of the Chair.

▪ **Special Business:**

- (i) To consider & approve increase in Authorized Share Capital & consequent alteration in the Memorandum and Articles of Association of the Company and to consider and, if thought fit, to pass, with or without modifications, the following resolutions as special resolutions:
  - i. ***RESOLVED THAT, "the Authorized Share Capital of the Company be and is hereby increased from Rs. 10,000,000/- divided into 100,000 Ordinary Shares of Rs.100 each to Rs. 18,000,000,000/- divided into 180,000,000 Ordinary Shares of Rs.100 each."***

*The effect of the above resolutions tabulated as under:*

|  |                                  |
|--|----------------------------------|
| <i>Existing Authorized Share Capital</i>             | <i>Rs. 10,000,000</i>            |
| <i>Proposed addition in Authorized Share Capital</i> | <i>Rs. 17,990,000,000</i>        |
| <b><i>Enhanced Authorized Share Capital</i></b>      | <b><i>Rs. 18,000,000,000</i></b> |

- ii. ***FURTHER RESOLVED THAT, “the new ordinary shares shall carry equal voting rights and rank pari passu with the existing shares in all matters under the provision of the Companies Act, 2017.”***
- iii. ***FURTHER RESOLVED THAT, “Clause-V of the Memorandum of Association of the Company be and is hereby altered as follows:***

*“The Authorized Share Capital of the Company is Rs. 18,000,000,000/- (Rupees Eighteen Billion only) divided into 180,000,000 (One Hundred Eighty Million) Equity Shares of Rs. 100/- (Rupees Hundred only) each with power to increase, reduce, consolidate or otherwise re-organize the share capital and to divide the Shares of the Company into different classes in accordance with the provisions of the Companies Act, 2017.”*

- iv. ***FURTHER RESOLVED THAT “Article 5 of the Articles of Association of the Company be and is hereby altered as follows:***

*“The Authorized Share Capital of the Company is Rs. 18,000,000,000/- (Rupees Eighteen Billion only) divided into 180,000,000 (One Hundred Eighty Million) Ordinary Shares of Rs. 100/- (Rupees Hundred only) each with powers of the Company to increase or reduce the same and to divide the shares into several classes.”*

- v. ***FURTHER RESOLVED THAT “Chief Executive Officer/ Chief Operating Officer / Company Secretary be & are hereby singly authorized to do all acts, deeds, things, take any or all necessary actions to complete all legal formalities, pay all requisite fees and sign & file all necessary documents with relevant authority(s) on Company’s behalf as they deem fit.”***
- vi. ***FURTHER RESOLVED THAT, “Chief Executive Officer/ Chief Operating Officer, PTPL be and is hereby singly authorized to submit application along with requisite fee to the Securities & Exchange Commission of Pakistan (SECP) for enhancement of Authorized Share Capital and corresponding alteration in Memorandum & Articles of Association of the Company as and when he may, in his absolute discretion, think that the Company has sufficient funds for making***

*payment of fee to SECP on account of increase in authorized share capital of the Company.”*

**By Order of the Board**  
Punjab Thermal Power  
(Private) Limited

Syed Salman Hassan  
Company Secretary

**Lahore: 18.02.2019**

**Notes:**

- (i) The share transfer books of the company shall remain close from 05.03.2019 to 12.03.2019 (both days inclusive).
- (ii) A member entitled to attend and vote at this meeting of the Company is entitled to appoint any other member as his/her proxy to attend and vote instead of him/her, and a proxy so appointed shall have the rights to speak and vote at the meeting as are available to the member.
- (iii) The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarially attested copy of the power of attorney in order to be valid must be deposited at the registered office of the Company not less than forty-eight (48) hours before the meeting.
- (iv) In case of corporate entity, the Board of Director's resolution/ power of attorney with specimen signatures of the nominee shall be produced at the time of the meeting. A proxy representing a Corporation or company must himself be a member of the Company.
- (v) The proxy form shall be witnessed by two (2) persons whose names, addresses and C.N.I.C numbers shall be mentioned on the proxy form.
- (vi) Members are requested to notify the Company of any changes in their addresses immediately.

**A statement under Section 134(3) of the Companies Act, 2017 pertaining to the special business is being sent to the members along with notice of the meeting.**

**Statement under Section 134(3) of the Companies Act, 2017**

The following statement sets out the material facts pertaining to the special businesses to be transacted at the Annual General Meeting of Punjab Thermal Power (Private) Limited to be held on **Tuesday, 12.03.2019 at 3:00 pm.**

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**Increase in the Authorized Share Capital of the Company**

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(i) The Financing Structure of Punjab Power Plant is based on 80% Debt to be arranged from local Banks and 20% Equity contributed by Government of the Punjab (GoPb). Accordingly, the total Project Cost will be met through Debt and Equity. In order to meet the project cost and other capital expenditures, the Government of Punjab has approved estimated the contribution of an amount of Rs. 18 billion approximately in the equity share capital of the Company. Since, the Government of the Punjab (based on the estimated approved project cost at the inception of the project) has made the total equity contribution i.e. Rs. 17,500,000,000/-, whereas, PKRs 500 million is in process. Hence, the Company is required to issue shares against such contribution in compliance with Section-83 of the Companies Act, 2017.

(ii) For the purpose of issuing new shares, there must be an adequate cushion available in the "Authorized Capital" of the Company, whereas, the current status of Company's Authorized & Paid-up Share Capital as stipulated in its Memorandum & Articles of Association is as under:

|   |                |
|---|----------------|
| Authorized Share Capital                            | Rs. 10,000,000 |
| Paid Up Share Capital                               | Rs. 10,000,000 |
| <b>Cushion available for issuance of new shares</b> | -              |

(iii) With an objective to enable the Company to issue Shares to the Government of Punjab in accordance with the provisions of Section 83 of the Companies Act, 2017, the authorized capital of the company needs to be enhanced from **Rs. 10,000,000/- to Rs. [18,000,000,000]/-** as the current authorized capital is insufficient to increase the paid up capital of the company.

(iv) In view of above, the Board unanimously approved in their 22nd meeting held on 15.03.2019 to place the matter before the Shareholders in their Annual General Meeting for their approval by passing of special resolution on the proposed increase in the authorized share capital of the Company and consequent alteration in the Memorandum and Articles of Association of the Company.

The Directors of the Company have no interest in the special businesses and/ or special resolutions, save to the extent of their Shareholding in the Company, if any.

A copy of the Memorandum & Articles of Association of the Company as of date and also indicating the proposed amendments is available for inspection at the registered office of the Company from [9.00 a.m.] to [5.00 p.m.] on any working day.

Dated: **18.02.2019**





# Punjab Thermal Power (Pvt) Limited



## **Directors' Report to Shareholders For the Period ended June 30, 2018**

The Directors of the Punjab Thermal Power (Private) Limited ("PTPL") have the pleasure in submitting their report together with Audited Financial Statements of the Company for the first Financial Year ended June 30, 2018, prepared under Section 226 of the Companies Act, 2017.

### **Company's Overview**

The energy crisis has caused irreparable loss to the national economy and left a negative impact on the trade and economic activities. The Government of Punjab is working on war footing to bring an end to the energy crisis in the Province. In view of acute shortage of electricity, the Government of Punjab (GoPb) has established PTPL as a Private Company Limited by Shares incorporated under the aegis of Companies Act, 2017. PTPL is 100% owned by Government of the Punjab through Energy Department. The objective of the Company is to establish and maintain 1263.2 MW Re-Gasified Liquefied Natural Gas (RLNG) based Thermal Power Plant at Haveli Bahadur Shah, District Jhang (the "Project") to eradicate the chronic power shortage in the Country.

### **Progress on the Project**

After approval from Cabinet Committee on Energy (CCoE) and Provincial Government, the Standing Committee of the Cabinet on Finance and Development (Committee) directed and authorized Planning and Development (P&D) Department and Finance Department to provide all supports for the finalization of financing agreements, Provincial Guarantee (PG) & Debit Authority (DA) for the Issuance of Letter of Credit, and allocation of requisite funds for the implementation of project. The Committee also authorized P&D to issue commitment letter to finance the project, if financial close is not achieved. Accordingly, P&D issued commitment letter on September 19, 2017.

Through International Competitive Bidding process, the China Machinery Engineering Corporation (CMEC) was declared as successful bidder for the Engineering Procurement and Construction (EPC) Contract and Long-Term Service Agreement (LTSA). Accordingly, the Company in line with the timelines mandated by GoPb and after issuance of commitment letter by the P&D, entered into an EPC contract with CMEC on September 29, 2017 and also issued Notice to Proceeds (NTP) to EPC contractor on the same date. As per the terms of the EPC contract, the Company has made 15% advance payment to EPC contractor after obtaining advance payment security and bank guarantee. The Company after obtaining requisite approvals from Sponsor (GoPb) also established Letter of Credits (LCs) equivalent to the 85% of the EPC price comprising Offshore LC of USD 353 million and Onshore LC of Rs. 9,289 million against GoPb Irrevocable Guarantees and Unconditional Debit Authority as security for the LC banks.

Private Power & Infrastructure Board (PIIB) issued Letter of Intent (LOI) on July 26, 2017 and National Electric Power Regulatory Authority (NEPRA) determined Tariff and issued Generation License on December 26, 2017 and February 15, 2018 respectively. The Company, immediately after receipt of tariff from NEPRA, filed tariff review application on January 07, 2018 which was decided by NEPRA on June 06, 2018 after almost 5 months delay.

On January 26, 2018, PIIB also issued LOS after obtaining performance guarantee equivalent to USD 6.32 million in favour of PIIB. As per the terms of LOS, performance guarantee secures Company's obligation to execute the





# Punjab Thermal Power (Pvt) Limited



Implementation Agreement (IA) and Power Purchase Agreement (PPA) and to achieve financial close by July 24, 2018.

The project is envisaged at 80:20 debt equity ratio and in order to arrange debt financing, the Company has signed term sheet for project financing of Rs. 72 billion (being 80% of the estimated project cost) with mandate lead banks on August 17, 2017 and has finalized various financing agreements in principle since November 2017. Moreover, the Company also negotiated / finalized in principle the Power Purchase Agreement (PPA), Implementation Agreement (IA), Gas Supply Agreement (GSA) with respective entities by January 2018. However, the ECC and CCoE's approvals of these documents were delayed till May 2018 owing to procedural delays at the Federal Government entities hence financial close of the project could not be achieved. The said approvals / decisions have now been communicated by the Ministry of Energy, GoP to the relevant stakeholders for the needful in October and December 2018 almost after 5 to 6 months delay hence resulted in further delay in Financial Close of the project. The Company is striving hard to achieve financial close by March 2019 subject to completion of all pre-requisite of financial close inter alia execution and implementation of GSA, IA and PPA etc.

Due to delay in execution of IA, PPA and GSA, the PPIB upon Company's request has amended LOS and extended Financial Closing date up to April 24, 2019 without doubling the amount of bank guarantee. The Bank Guarantee is secured against cash margin and is valid up to July 24, 2019.

Major plant and machinery items including both Gas Turbines (GTs) and Gas Turbine Generators (GTGs) along with many other equipment are arrived and being installed at site whereas number of equipment are in transits. To date substantial construction activities have been completed at site and simple cycle operations are nearing completion.

During the year, the Company faced financial difficulties resulted in delaying various critical project payments, due to delay in financial close and release of equity funds, which may have some financial and other implications. Furthermore, it is also pertinent to mention that Payments under these LCs were envisaged from the month of July/August 2018 as per the milestone payment dates mentioned in EPC contract. The milestone completion and its payments are being delayed on contractor's part, however, it is expected to be starting from the months of February 2019. In absence of the funding from the Sponsors / banks, PTPL may not have requisite funds prior to the LC retirement date (i.e. February 2019), consequently the Banks will encash Government Guarantee and utilize unconditional Debit Authority for withdrawal of funds. In view of the above, Sponsor's support may be required for the LC retirements including funding arrangement from banks.

## Management & Administration

The Company is governed by its Board of Directors comprising of professionals from Public/ Private Sector with requisite range of skills, knowledge, experiences to make it properly composed & structured and to enhance the core competence of the Board. The Chief Executive Officer of the Company is responsible for smooth running of Company's operations, to manage day-to-day Company's affairs and implementing strategies and policies approved by the Board.

## Financing Structure

The Financing Structure of the Project is based on 80% Debt to be arranged from local Banks and 20% Equity to be





# Punjab Thermal Power (Pvt) Limited



contributed by the GoPb. The total estimated Project Cost is approximately Rs. 90 billion (which is expected to be increased due to recent devaluation of Pak Rupees against USD). In addition, the project will also require estimated Working Capital Facility of Rs. 30 billion and estimated Stand by Letter of Credit Facility of Rs. 38 billion for Gas Supply deposits.

Till to date GoPb has injected PKR 18 billion (100% of current estimated 20% equity contribution) while Rs. 72 billion (being 80% debt portion) will be raised through debt arrangements. National Bank of Pakistan, Bank of Punjab, United Bank Limited and Habib Bank Limited are the Mandate Lead Arrangers (MLAs). The process of financial close is already in process and a highest-level meeting is being scheduled between the Presidents of these banks and the Chief Minister, Punjab to provide the required comfort and reassurance to the banks so that the financing for the project is arranged.

## Financial Results

As the Company is in construction phase, the Company incurred a net loss of Rs. 68,408,000/- which was mainly attributed to the tax expenses of Rs. 25,545,000 /- incurred on the interest income of Rs. 85,139,000/- earned by the Company on its bank deposits and administrative cost of Rs. 123,966,000/-. Therefore, no operational profits are available for apportionment.

## Health, Safety & Environment (HSE)

The Company has devised Health Safety and Environment Policy to provide a safe and healthful workplace for all of its employees and to minimize the impact of our activities on the environment. Compliance with Environmental, Health and Safety (EHS) laws is a basic tenet of the PTPL Code of Business Ethics and is to be integrated into all of our operating practices. The EPC Contractor has a dedicated HSE Section at Project Site, which is responsible for implementing the Company's HSE Policy as well as international applicable standards for HSE. The same is overseen by experts from NESPAK and PTPL's own HSE Department at Project Site. HSE Reports are generated on daily, weekly and monthly basis.

## Corporate Social Responsibility (CSR)

The Company has formulated a policy for its Corporate Social Responsibility ("CSR"). This Policy is developed to assess and take responsibility for the company's effects on environmental and social wellbeing. The CSR initiatives of the Company include donations, charities, contributions and other payments of a similar nature and adherence to the principles of environmental and corporate social responsibilities.

## Internal Control Framework and Internal Audit

The Directors acknowledge their overall responsibility for the Company's system of internal control and in reviewing its effectiveness, whilst the role of Executive Management is to implement the policies approved by the Board in its 2<sup>nd</sup> Meeting dated 05.07.2017. It implements an internal control system designed to facilitate effective and efficient operations of the Company. It aims at enabling the Management to respond appropriately to significant risks in achieving the Company's business objectives. It should be noted that the system is designed to manage rather than





# Punjab Thermal Power (Pvt) Limited



to eliminate the risk of failure to achieve the Company's objectives and can only provide reasonable and not absolute assurance against material mis-appropriation or loss.

The Company's internal audit functions operate on a centralized basis. Detailed reports on quarterly basis are submitted directly to the Head of Internal Audit who, in turn, reports functionally to the Finance & Audit Committee of Directors and administratively to the Chief Executive of the Company. The Internal Audit department carries out regular reviews and reports on these to the executive management and Finance & Audit Committee. Internal audit charter, manual and annual audit plans are duly approved by the Finance & Audit Committee of Directors on behalf of the Board of Directors, in line with the guidelines laid down by the Securities and Exchange Commission of Pakistan (SECP).

## Share Capital

The Authorized Share Capital of the Company is Rs. 10,000,000 divided into 100,000 Ordinary Shares of Rs. 100 each, whereas, the Paid-up Share Capital of the Company is also Rs. 10,000,000 divided into 100,000 Ordinary Shares of Rs. 100 each. The Company has not issued any Equity Shares during the period under review.

## Corporate and Financial Reporting Framework

- (a) The Board has complied with the relevant principles of corporate governance and has identified the rules that have not been complied with, the period in which such non-compliance continued, and reasons for such non-compliance.
- (b) The financial statements together with notes thereon have been drawn up and prepared by the management of the Company in conformity with the Companies Act, 2017. These statements present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- (c) Proper books of account of the Company have been maintained.
- (d) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- (e) The Board recognizes their responsibility to establish and maintain sound system of internal control, which is regularly reviewed and monitored.
- (f) The appointment of Chairman and other members of Board and the terms of their appointment along with the remuneration policy adopted are in the best interests of the Company as well as in line with the best practices. According to the Remuneration Policy approved by the Shareholders of the Company in their 1st Resolution through Circulation dated 31.07.2017, meeting fee of Rs. 35,000/- (Rupees Thirty-Five Thousand Only) including taxes is paid for attending meeting of the Board and Committees.
- (g) International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements.





# Punjab Thermal Power (Pvt) Limited



(h) All statutory and corporate information of the Foundation is conveyed to the Securities and Exchange Commission of Pakistan as required under Companies Act, 2017.

## Future Outlook

The demand for electricity has been steadily rising for the past decade and is forecast to continue with economic growth of the Country. PTPL has a strong vision and commitment to add economical energy to the national grid and promote capacity building in the Country's energy sector through the development of World's most efficient and state-of-the-art technology at the most economical cost. PTPL is confident to play a critical role in eliminating the menace of power outages from the energy starved Country in the coming times.

## Earnings per Share

There is no earning per share as the Company has not yet commenced its commercial operations.

## Board Meetings and Attendance

During the period ended June 30, 2018 Eighteen (18) Board meetings were held. The attendance of the Board members has been as follows:

| Sr. No. | Names of Directors                          | Meetings of the Board of Directors & Committee's Attended by the Members |                            |                           |                       |                           | Meeting Fee Paid Inclusive of Tax Rs. |
|---------|---|--|----------------------------|---------------------------|-----------------------|---------------------------|---------------------------------------|
|         |   | Board of Directors   | Human Resource Committee   | Finance & Audit Committee | Procurement Committee | Risk Management Committee |                                       |
| 1       | Mr. Abdul Basit, Chairman BoD               | 18 of 18   | -                          | -                         | 08 of 08              | -                         | 910,000                               |
| 2       | Mr. Asad Rehman Gilani (Secretary Energy)   | 16 of 18   | 05 of 07                   | -                         | 07 of 08              | -                         | 980,000                               |
| 3       | Mr. Muhammad Jehanzeb Khan (ACS Energy)     | 06 of 18   | -                          | -                         | -                     | -                         | 210,000                               |
| 4       | Mr. Hamed Yaqoob Sheikh (Finance Secretary) | 06 of 18   | 01 of 01 (co-opted member) | 01 of 06                  | -                     | 00 of 01                  | 280,000                               |
| 5       | Mr. Anjum Mahmood Butt                      | 16 of 18   | -                          | -                         | -                     | -                         | 560,000                               |
| 6       | Mr. Javed Iqbal Bhattii                     | 12 of 18   | -                          | 06 of 06                  | -                     | 01 of 01                  | -                                     |
| 7       | Khawaja Ahmed Hassan                        | 08 of 17   | 07 of 07                   | -                         | -                     | -                         | -                                     |
| 8       | Mr. Najam Ahmed Shah                        | 14 of 18   | 07 of 07                   | -                         | 05 of 08              | -                         | 910,000                               |
| 9       | Mr. Rehman Naseem                           | 08 of 18   | -                          | 06 of 06                  | -                     | 01 of 01                  | 525,000                               |

Leave of absence was granted to the Directors who could not attend the Board meetings due to their pre-occupation.

## Statutory Auditors

The present Statutory Auditors of the Company, M/s. Deloitte. Chartered Accountants shall stand retired at the conclusion of the First Annual General Meeting of the Company and are eligible to offer themselves for re-appointment. The appointment of external auditors for the year 2018-19 is in process and the same shall be made after due process is completed and as per the recommendations of Finance & Audit Committee.





# Punjab Thermal Power (Pvt) Limited



## Auditor's Report

The Auditors of the Company, M/s. Deloitte Chartered Accountants have completed their assignment up to the Financial Year ended June 30, 2018. The Auditors have not made any reservations or adverse remarks in their Audit Report for the Financial Year under review. The Auditors' Report does not contain any qualification, notes to the Accounts and Auditors' remarks in their report are self-explanatory and do not call for any further comments.

## Pattern of Shareholding

As required under Section 227 of the Companies Act, 2017 and Rule-17(4)(i) of Public Sector Companies Rules, 2013, statement of the Pattern of Shareholding of the Company reflecting the aggregate number of shares held as at June 30, 2018 is attached hereto as "Annex-A".

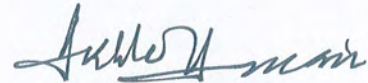
## Acknowledgement

The Board of Directors would like to take this opportunity to express its appreciation and gratitude to all its shareholders and stakeholders for their continued valuable support in managing the business. The Board also acknowledges and thanks the management team and employees of the Company for their hard work and dedication shown throughout the Financial Year under review despite of unfavorable circumstances faced by the management and employees on account of turbulence due to government transition and excessive scrutiny/ investigation by investigative agencies and public interest litigation which considered lot of man hours with limited available human resource.

For and on behalf of  
Board of Directors

  
ABDUL BASIT

Chairman/Director



AKHTAR HUSSAIN MAYO

Chief Executive Officer

City: Lahore

Date: February 15, 2019



# Punjab Thermal Power (Pvt) Limited



## ANNEX-A

### Pattern of Shareholding

As at June 30, 2018

| No. of Shareholders | Shareholding |        | Total Shares Held |
|---------------------|--------------|--------|-------------------|
|                     | From         | To     |                   |
| 5                   | 1            | 100000 | 100,000           |

### Categories of Shareholding

As at June 30, 2018

| Category of Shareholders                | No of Shareholders | No of Shares Held | Shareholding Percentage |
|---|--------------------|-------------------|-------------------------|
| Government of the Punjab & its Nominees | 3                  | 100,000           | 100%                    |

**Review Report to the Members  
On Statement of Compliance with the Public Sector Companies (Corporate  
Governance) Rules, 2013**

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) prepared by the Board of Directors of **Punjab Thermal Power (Private) Limited ("the Company")** for the period from June 08, 2017 to June 30, 2018.

The responsibility for compliance with the Rules is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Rules and report if it does not and to highlight any non-compliance with the requirements of the Rules. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Rules.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Rules requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Rules as applicable to the Company for the period from June 08, 2017 to June 30, 2018.

  
**Chartered Accountants**

**Engagement Partner:**

Rana M. Usman Khan

**Lahore**

**Date:** February 15, 2019



# **SCHEDULE-I**

[See paragraph 2(1)]

## **Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013**

Name of Company: **Punjab Thermal Power (Private) Limited**  
Name of the Department: **Energy Department, Government of the Punjab**  
For the Year Ended: **June 30, 2018**

I. This statement presents the overview of the compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called "the Rules") issued for the purpose of establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices of public sector governance.

II. The company has complied with the provisions of the Rules in the following manner:

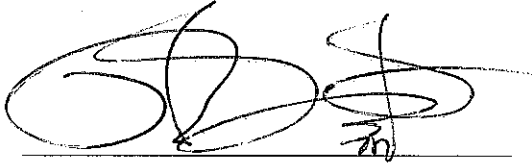
| S. No                   | Provisions of the Rules  | Rule No.            | Y                     | N                   |                       |                    |            |                           |            |                           |            |                      |            |                     |   |            |                         |                         |            |  |            |   |            |  |  |
|-------------------------|--|---------------------|-----------------------|---------------------|-----------------------|--------------------|------------|---------------------------|------------|---------------------------|------------|----------------------|------------|---------------------|---|------------|-------------------------|-------------------------|------------|--|------------|---|------------|--|--|
|                         |  |                     | Tick the relevant Box |                     |                       |                    |            |                           |            |                           |            |                      |            |                     |   |            |                         |                         |            |  |            |   |            |  |  |
| 1.                      | The Independent Directors meet the criteria of independence, as defined under the Rules.   | 2(d)                | ✓                     |                     |                       |                    |            |                           |            |                           |            |                      |            |                     |   |            |                         |                         |            |  |            |   |            |  |  |
| 2.                      | The Board has the requisite percentage of Independent Directors.<br>At present the Board includes:   | 3(2)                | ✓                     |                     |                       |                    |            |                           |            |                           |            |                      |            |                     |   |            |                         |                         |            |  |            |   |            |  |  |
|                         | <table><tr><th>Category</th><th>Names</th><th>Date of Appointment</th></tr><tr><td rowspan="4">Independent Directors</td><td>1. Mr. Abdul Basit</td><td>08-06-2017</td></tr><tr><td>2. Mr. Anjum Mahmood Butt</td><td>08-06-2017</td></tr><tr><td>3. Mr. Javed Iqbal Bhatti</td><td>08-06-2017</td></tr><tr><td>4. Mr. Rehman Naseem</td><td>08-06-2017</td></tr><tr><td>Executive Directors</td><td>1. Mr. Asad Rehman Gilani, Secretary Energy</td><td>07-03-2018</td></tr><tr><td rowspan="3">Non-Executive Directors</td><td>1. Mr. Najam Ahmed Shah</td><td>08-06-2017</td></tr><tr><td>2. Mr. Muhammad Jehanzeb Khan, ACS Energy, GoPb.</td><td>08-06-2017</td></tr><tr><td>3. Mr. Hamed Yaqoob Sheikh Secretary Finance, GoPb.</td><td>08-06-2017</td></tr></table> | Category            | Names                 | Date of Appointment | Independent Directors | 1. Mr. Abdul Basit | 08-06-2017 | 2. Mr. Anjum Mahmood Butt | 08-06-2017 | 3. Mr. Javed Iqbal Bhatti | 08-06-2017 | 4. Mr. Rehman Naseem | 08-06-2017 | Executive Directors | 1. Mr. Asad Rehman Gilani, Secretary Energy | 07-03-2018 | Non-Executive Directors | 1. Mr. Najam Ahmed Shah | 08-06-2017 | 2. Mr. Muhammad Jehanzeb Khan, ACS Energy, GoPb. | 08-06-2017 | 3. Mr. Hamed Yaqoob Sheikh Secretary Finance, GoPb. | 08-06-2017 |  |  |
| Category                | Names  | Date of Appointment |                       |                     |                       |                    |            |                           |            |                           |            |                      |            |                     |   |            |                         |                         |            |  |            |   |            |  |  |
| Independent Directors   | 1. Mr. Abdul Basit   | 08-06-2017          |                       |                     |                       |                    |            |                           |            |                           |            |                      |            |                     |   |            |                         |                         |            |  |            |   |            |  |  |
|                         | 2. Mr. Anjum Mahmood Butt  | 08-06-2017          |                       |                     |                       |                    |            |                           |            |                           |            |                      |            |                     |   |            |                         |                         |            |  |            |   |            |  |  |
|                         | 3. Mr. Javed Iqbal Bhatti  | 08-06-2017          |                       |                     |                       |                    |            |                           |            |                           |            |                      |            |                     |   |            |                         |                         |            |  |            |   |            |  |  |
|                         | 4. Mr. Rehman Naseem   | 08-06-2017          |                       |                     |                       |                    |            |                           |            |                           |            |                      |            |                     |   |            |                         |                         |            |  |            |   |            |  |  |
| Executive Directors     | 1. Mr. Asad Rehman Gilani, Secretary Energy  | 07-03-2018          |                       |                     |                       |                    |            |                           |            |                           |            |                      |            |                     |   |            |                         |                         |            |  |            |   |            |  |  |
| Non-Executive Directors | 1. Mr. Najam Ahmed Shah  | 08-06-2017          |                       |                     |                       |                    |            |                           |            |                           |            |                      |            |                     |   |            |                         |                         |            |  |            |   |            |  |  |
|                         | 2. Mr. Muhammad Jehanzeb Khan, ACS Energy, GoPb.   | 08-06-2017          |                       |                     |                       |                    |            |                           |            |                           |            |                      |            |                     |   |            |                         |                         |            |  |            |   |            |  |  |
|                         | 3. Mr. Hamed Yaqoob Sheikh Secretary Finance, GoPb.  | 08-06-2017          |                       |                     |                       |                    |            |                           |            |                           |            |                      |            |                     |   |            |                         |                         |            |  |            |   |            |  |  |
| 3.                      | The Directors have confirmed that none of them is serving as a Director on more than five Public Sector Companies and Listed Companies simultaneously, except their Subsidiaries.  | 3(5)                |                       | ✓                   |                       |                    |            |                           |            |                           |            |                      |            |                     |   |            |                         |                         |            |  |            |   |            |  |  |
| 4.                      | The appointing authorities have applied the fit and proper criteria given in the Annexure in making nominations of the persons for election as Board members under the Provisions of the Act.  | 3(7)                |                       | ✓                   |                       |                    |            |                           |            |                           |            |                      |            |                     |   |            |                         |                         |            |  |            |   |            |  |  |
| 5.                      | The Chairman of the Board is working separately from the Chief Executive of the Company.   | 4(1)                | ✓                     |                     |                       |                    |            |                           |            |                           |            |                      |            |                     |   |            |                         |                         |            |  |            |   |            |  |  |
| 6.                      | The chairman has been elected by the Board of directors except where Chairman of the Board has been appointed by the Government  | 4(4)                | ✓                     |                     |                       |                    |            |                           |            |                           |            |                      |            |                     |   |            |                         |                         |            |  |            |   |            |  |  |
| 7.                      | The Board has evaluated the candidates for the position of the chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission.  | 5(2)                | N/A                   |                     |                       |                    |            |                           |            |                           |            |                      |            |                     |   |            |                         |                         |            |  |            |   |            |  |  |

|     |   |                                     |                            |  |
|-----|---|-------------------------------------|----------------------------|--|
|     | (Not applicable where the chief executive has been nominated by the Government)   |                                     |                            |  |
| 8.  | <p>(a) The company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place.</p> <p>(b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures, including posting the same on the company's website. (<a href="http://www.punjabthermal.com">www.punjabthermal.com</a>)</p> <p>(c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.</p> | 5(4)                                | ✓                          |  |
| 9.  | The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.   | 5(5)                                | ✓                          |  |
| 10. | The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.  | 5(5)(b)(ii)                         | ✓                          |  |
| 11. | The Board has developed and implemented a policy on anti- corruption to minimize actual or perceived corruption in the Company.   | 5(5)(b)(vi)                         | ✓                          |  |
| 12. | The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.   | 5(5)(c)(ii)                         | ✓                          |  |
| 13. | The Board has ensured compliance with the law as well as the Company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.   | 5(5)(c)(iii)                        | ✓                          |  |
| 14. | The Board has developed a vision or mission statement and corporate strategy of the company.  | 5(6)                                | ✓                          |  |
| 15. | The Board has developed significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended, has been maintained.   | 5(7)                                | ✓                          |  |
| 16. | The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration.  | 5(8)                                | N/A                        |  |
| 17. | The Board has ensured compliance with policy directions requirements received from the Government.  | 5(11)                               | ✓                          |  |
| 18. | <p>(a) The Board has met at least four times during the year.</p> <p>(b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings.</p> <p>(c) The Minutes of the meetings were appropriately recorded and circulated.</p>   | <p>6(1)</p> <p>6(2)</p> <p>6(3)</p> | <p>✓</p> <p>✓</p> <p>✓</p> |  |
| 19. | The Board has monitored and assessed the performance of senior management on annual and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.  | 8(2)                                | ✓                          |  |



| 28.                     | The directors, CEO and executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the company except those disclosed to the company.  | 18   | ✓                   |                         |                   |                      |                                    |                        |                      |  |                         |                        |                   |                   |            |  |
|-------------------------|--|--|---------------------|-------------------------|-------------------|----------------------|------------------------------------|------------------------|----------------------|--|-------------------------|------------------------|-------------------|-------------------|------------|--|
| 29.                     | (a) A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration.<br><br>(b) The annual report of the company contains criteria and details of remuneration of each director.  | 19   | ✓<br><br>✓          |                         |                   |                      |                                    |                        |                      |  |                         |                        |                   |                   |            |  |
| 30.                     | The financial statements of the company were duly endorsed by the chief executive and chief financial officer before consideration and approval of the audit committee and the Board.  | 20   | ✓                   |                         |                   |                      |                                    |                        |                      |  |                         |                        |                   |                   |            |  |
| 31.                     | The Board has formed an Audit Committee, with defined and written Terms of Reference, and having the following members:<br><table border="1"><thead><tr><th>Name of Member</th><th>Category</th><th>Professional Background</th></tr></thead><tbody><tr><td>Mr. Rehman Naseem</td><td>Independent Director</td><td>Director Fazal Group of Industries</td></tr><tr><td>Mr. Javed Iqbal Bhatti</td><td>Independent Director</td><td>Chief Executive Officer, Stylers International (Private) Limited</td></tr><tr><td>Secretary Finance, GoPb</td><td>Non-Executive Director</td><td>Career Bureaucrat</td></tr></tbody></table><br>The Chief Executive and Chairman of the Board are not members of the Audit Committee. | Name of Member   | Category            | Professional Background | Mr. Rehman Naseem | Independent Director | Director Fazal Group of Industries | Mr. Javed Iqbal Bhatti | Independent Director | Chief Executive Officer, Stylers International (Private) Limited | Secretary Finance, GoPb | Non-Executive Director | Career Bureaucrat | 21 (1) and 21 (2) | ✓<br><br>✓ |  |
| Name of Member          | Category   | Professional Background  |                     |                         |                   |                      |                                    |                        |                      |  |                         |                        |                   |                   |            |  |
| Mr. Rehman Naseem       | Independent Director   | Director Fazal Group of Industries                               |                     |                         |                   |                      |                                    |                        |                      |  |                         |                        |                   |                   |            |  |
| Mr. Javed Iqbal Bhatti  | Independent Director   | Chief Executive Officer, Stylers International (Private) Limited |                     |                         |                   |                      |                                    |                        |                      |  |                         |                        |                   |                   |            |  |
| Secretary Finance, GoPb | Non-Executive Director   | Career Bureaucrat  |                     |                         |                   |                      |                                    |                        |                      |  |                         |                        |                   |                   |            |  |
| 32.                     | (a) The chief financial officer, the chief internal auditor, and a representative of the external auditors attended all meetings of the audit committee at which issues relating to accounts and audit were discussed.<br><br>(b) The audit committee met the external auditors, at least once a year, without the presence of the chief financial officer, the chief internal auditor and other executives.<br><br>(c) The audit committee met the chief internal auditor and other members of the internal audit function, at least once a year, without the presence of chief financial officer and the external auditors.  | 21(3)  | ✓<br><br>✓          | N/A                     |                   |                      |                                    |                        |                      |  |                         |                        |                   |                   |            |  |
| 33                      | (a) The Board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee.<br><br>(b) The chief internal auditor has requisite qualification and experience prescribed in the Rules.<br><br>(c) The internal audit reports have been provided to the external  | 22   | ✓<br><br>✓<br><br>✓ |                         |                   |                      |                                    |                        |                      |  |                         |                        |                   |                   |            |  |

|     |  |       |   |  |
|-----|--|-------|---|--|
|     | auditors for their review.   |       |   |  |
| 34. | The external auditors of the company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan. | 23(4) | ✓ |  |
| 35. | The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.   | 23(5) | ✓ |  |



**ABDUL BASIT**  
CHAIRMAN, BOARD OF DIRECTORS



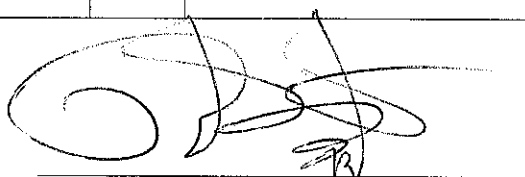
**AKHTAR HUSSAIN MAYO**  
CHIEF EXECUTIVE OFFICER

**SCHEDULE-II**  
**See Paragraph 2(3)**

**Explanation for Non-Compliance with the  
Public Sector Companies (Corporate Governance) Rules, 2013**

We confirm that all other material requirements envisaged in the Rules have been complied with [except for the following, toward which reasonable progress is being made by the Company to seek compliance by the end of next accounting year]:

| Sr. No. | Rule/ sub-rule no. | Reason for non-compliance  | Future course of action  |
|---------|--------------------|--|--|
| 3       | 3(5)               | Although, majority of the Board members have confirmed that that they are not serving as Directors on more than five Public Sector Companies and Listed Companies simultaneously, except their Subsidiaries, however, few directors of the Company have not yet confirmed the above.   | The Company is committed to ensure the compliance of the said provision. |
| 4       | 3(7)               | At the time of incorporation of the Company, the sponsor of the project i.e. Government of the Punjab (GoPb) had nominated members of the Board of Directors vide Chief Minister's Summary dated 08.06.2017. Hence, it can be well presumed that the appointing authority i.e. GoPb had applied the fit and proper criteria given in these Rules while making nominations of the persons for the Board of Directors. | The Company is committed to ensure the compliance of the said provision. |



**ABDUL BASIT**  
CHAIRMAN, BOARD OF DIRECTORS



**AKHTAR HUSSAIN MAYO**  
CHIEF EXECUTIVE OFFICER

**PUNJAB THERMAL POWER  
(PRIVATE) LIMITED  
FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED  
JUNE 30, 2018**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PUNJAB THERMAL POWER (PRIVATE) LIMITED**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the annexed financial statements of **Punjab Thermal Power (Private) Limited** (the Company), which comprise the statement of financial position as at June 30, 2018, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the period from June 08, 2017 to June 30, 2018, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the period from June 08, 2017 to June 30, 2018.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Information other than the Financial Statements and Auditor's Report Thereon**

We understand there will be no other information accompanying the financial statements. Accordingly, we do not have any obligations to report on such information.

#### **Responsibilities of Management and the Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using



the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Rana M. Usman Khan.

*Deloitte Yousuf Adil*  
Chartered Accountants

Lahore

**Dated:** February 15, 2019

PUNJAB THERMAL POWER (PRIVATE) LIMITED  
STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2018

|   | Note | June 30, 2018<br>(Rupees in thousand) |  | Note | June 30, 2018<br>(Rupees in thousand) |
|---|------|---------------------------------------|--|------|---------------------------------------|
| <b>EQUITY AND LIABILITIES</b>           |      |                                       | <b>ASSETS</b>                            |      |                                       |
| <b>CAPITAL AND RESERVES</b>             |      |                                       | <b>NON-CURRENT ASSETS</b>                |      |                                       |
| Authorised capital                      |      | 10,000                                | Property, plant and equipment            | 10   | 20,231,861                            |
| 100,000 ordinary shares of Rs. 100 each |      |                                       | Intangibles                              | 11   | 92                                    |
| Issued, subscribed and paid up capital  | 6    | 10,000                                | Long term deposits                       |      | 10,053                                |
| 100,000 ordinary shares of Rs. 100 each |      |                                       |  |      | 20,242,006                            |
| Unappropriated loss                     |      | (64,408)                              |  |      |                                       |
| Advance against issue of shares         | 7    | 13,390,000                            |  |      |                                       |
|   |      | 13,335,592                            |  |      |                                       |
| <b>CURRENT LIABILITIES</b>              |      |                                       | <b>CURRENT ASSETS</b>                    |      |                                       |
| Trade and other payables                | 8    | 8,551,391                             | Advances, deposits and other receivables | 12   | 319,242                               |
|   |      |                                       | Cash and bank balances                   | 13   | 1,325,735                             |
|   |      | 8,551,391                             |  |      | 1,644,977                             |
|   |      |                                       |  |      | 21,886,983                            |
| <b>CONTINGENCIES AND COMMITMENTS</b>    | 9    |                                       |  |      |                                       |

The annexed notes 1 to 24 form an integral part of these financial statements.

AK

*[Signature]*

Chief Financial Officer

*[Signature]*

Chief Executive Officer

*[Signature]*

Director



**PUNJAB THERMAL POWER (PRIVATE) LIMITED**  
**STATEMENT OF PROFIT AND LOSS**  
**FOR THE PERIOD FROM JUNE 08, 2017 TO JUNE 30, 2018**

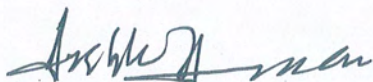
|                               | Note | From June 08, 2017 to<br>June 30, 2018<br><br>(Rupees in thousand) |
|-------------------------------|------|--|
| Administrative expenses       | 14   | (123,966)  |
| Other income                  | 15   | 85,213   |
| <b>Profit from operations</b> |      | <b>(38,753)</b>  |
| Finance cost                  | 16   | (110)  |
| <b>Loss before taxation</b>   |      | <b>(38,863)</b>  |
| Taxation                      | 17   | (25,545)   |
| <b>Loss after taxation</b>    |      | <b>(64,408)</b>  |

The annexed notes 1 to 24 form an integral part of these financial statements.

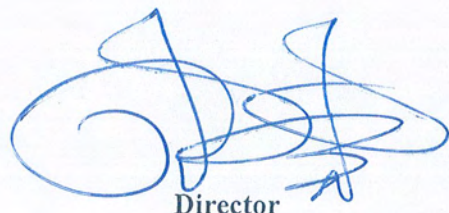
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Chief Financial Officer



Chief Executive Officer



Director

**PUNJAB THERMAL POWER (PRIVATE) LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD FROM JUNE 08, 2017 TO JUNE 30, 2018**

**From June 08, 2017 to**  
**June 30, 2018**  
**(Rupees in thousand)**

Loss after taxation

(64,408)

Other comprehensive income

-

**Total comprehensive loss for the period**

**(64,408)**

The annexed notes 1 to 24 form an integral part of these financial statements.

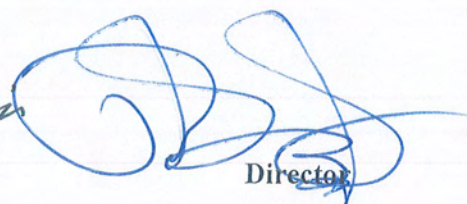
D/K



Chief Financial Officer



Chief Executive Officer



Director



**PUNJAB THERMAL POWER (PRIVATE) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD FROM JUNE 08, 2017 TO JUNE 30, 2018**

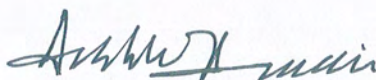
|  | Share<br>capital               | Advance<br>against issue of<br>shares | Unappropriated<br>Loss | Total             |
|--|--------------------------------|---------------------------------------|------------------------|-------------------|
|  | ----- Rupees in thousand ----- |                                       |                        |                   |
| Balance as at June 08, 2017                        | -                              | -                                     | -                      | -                 |
| <b>Transactions with the owners of the Company</b> |                                |                                       |                        |                   |
| Advance against issue of shares                    | -                              | 13,400,000                            | -                      | 13,400,000        |
| Shares issued during the year                      | 10,000                         | (10,000)                              | -                      | -                 |
| <b>Total comprehensive income</b>                  |                                |                                       |                        |                   |
| Loss after taxation                                | -                              | -                                     | (64,408)               | (64,408)          |
| Other comprehensive income                         | -                              | -                                     | -                      | -                 |
| Total comprehensive loss                           | -                              | -                                     | (64,408)               | (64,408)          |
| <b>Balance as at June 30, 2018</b>                 | <b>10,000</b>                  | <b>13,390,000</b>                     | <b>(64,408)</b>        | <b>13,335,592</b> |

The annexed notes 1 to 24 form an integral part of these financial statements.

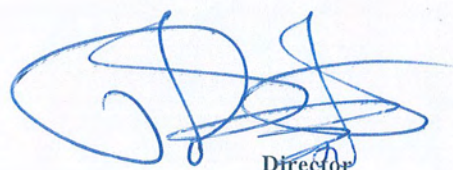
D/K



Chief Financial Officer



Chief Executive Officer



Director

**PUNJAB THERMAL POWER (PRIVATE) LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD FROM JUNE 08, 2017 TO JUNE 30, 2018**

From June 08, 2017  
to June 30, 2018

Note (Rupees in thousand)

**Cash flows from operating activities**

|  |                  |
|--|------------------|
| Loss before taxation                                       | (38,863)         |
| Adjustments for non cash items:                            |                  |
| Depreciation and amortization                              | 2,009            |
| Interest income  | (85,139)         |
| Tender income  | (74)             |
| Finance cost   | 110              |
|  | (83,094)         |
| <b>Operating cash flows before working capital changes</b> | <b>(121,957)</b> |

**Effect on cash flow due to working capital changes**

|   |                  |
|---|------------------|
| Increase in current assets:                     |                  |
| Advances and other receivables                  | (300,353)        |
| Increase in current liabilities:                |                  |
| Trade and other payables                        | 2,080,592        |
|   | 1,780,239        |
| <b>Cash generated from operating activities</b> | <b>1,658,282</b> |

|   |                  |
|---|------------------|
| Finance cost paid                                   | (110)            |
| Interest received                                   | 67,279           |
| Tender income received                              | 74               |
| Income tax paid                                     | (26,573)         |
|   | 40,670           |
| <b>Net cash generated from operating activities</b> | <b>1,698,952</b> |

**Cash flows from investing activities**

|  |                     |
|--|---------------------|
| Capital expenditure incurred                 | (13,763,064)        |
| Payment for intangible assets                | (100)               |
| Long term deposits                           | (10,053)            |
| <b>Net cash used in investing activities</b> | <b>(13,773,217)</b> |

**Cash flows from financing activities**

|   |                   |
|---|-------------------|
| Advance against issuance of shares                  | 13,400,000        |
| <b>Net cash generated from financing activities</b> | <b>13,400,000</b> |

|   |                  |
|---|------------------|
| <b>Net increase in cash and cash equivalents</b>            | <b>1,325,735</b> |
| <b>Cash and cash equivalents at beginning of the period</b> | <b>-</b>         |
| <b>Cash and cash equivalents at end of the period</b>       | <b>1,325,735</b> |

13

The annexed notes 1 to 24 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Director

**PUNJAB THERMAL POWER (PRIVATE) LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM JUNE 08, 2017 TO JUNE 30, 2018**

**1 Legal status and nature of business**

Punjab Thermal Power (Private) Limited ('the Company') was incorporated as a private limited company under the Companies Act, 2017 on June 08, 2017 by the Government of Punjab (GoPb) through Energy Department. The Company is wholly owned by GoPb and was established to set up, operate and manage 1,263.2 megawatt Re-gasified Liquefied Natural Gas (RLNG) combined cycle thermal power plant at Haveli Bahadur Shah, near Trimmu barrage, Jhang, Punjab in Independent Power Producer (IPP) mode. The registered office of the Company is situated at 7- C1, Gulberg III, Lahore, Pakistan. The principal activities of the Company are to construct, own, operate and maintain the 1263 MW RLNG based power plant and in connection therewith to engage in the business of generation, sale and supply of electricity.

**2 Basis of preparation**

**2.1 Statement of compliance**

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act 2017; and
- Provision of and directives issued under the Companies Act, 2017.

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

**2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention.

**2.3 Use of estimates and judgments**

The preparation of financial statements in conformity with the approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment are:

- |  |             |
|--|-------------|
| - Estimated useful life of property, plant and equipment & intangibles | 5.2 and 5.3 |
| - Provision against trade debts  | 5.4         |
| - Employee benefits  | 5.8         |
| - Provision for taxation   | 5.9         |
| - Provision and contingencies  | 5.11        |
| - Impairment   | 5.14        |

**2.4 Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistani Rupee which is the Company's functional and presentation currency. All financial information presented in Pakistani Rupee has been rounded off to the nearest of thousand Rupees, unless otherwise stated.



### Significant transactions and events

After approval from Cabinet Committee on Energy (CCoE) and Provincial Government, the Standing Committee of the Cabinet on Finance and Development (the Committee) directed and authorized Planning and Development (P&D) Department and Finance Department to provide all supports for the finalization of financing agreements, Provincial Guarantee (PG) & Debit Authority (DA) for the Issuance of Letter of Credit, and allocation of requisite funds for the implementation of project. The Committee also authorized P&D to issue commitment letter to finance the project, if financial close is not achieved. Accordingly, P&D issued commitment letter on September 19, 2017.

Through International Competitive Bidding process and in compliance with Public Procurement Rules 2014 (PPRA), the China Machinery Engineering Corporation (CMEC) was declared as successful bidder for the Engineering Procurement and Construction (EPC) Contract and Long-Term Service Agreement (LTSA). Accordingly, the Company in line with the timelines mandated by GoPb and after issuance of commitment letter by the P&D, entered into an EPC contract with CMEC on September 29, 2017 and also issued Notice to Proceeds (NTP) to EPC contractor on the same date. As per the terms of the EPC contract, the Company has made 15% advance payment to EPC contractor after obtaining advance payment security and bank guarantee. The Company after obtaining requisite approvals also established Letter of Credits (LCs) equivalent to the 85% of the EPC price comprising Offshore LC of USD 353 million and Onshore LC of Rs. 9,289 million against Government of Punjab (GoPb) Irrevocable Guarantees and Unconditional Debit Authority as security for the LC banks.

Private Power & Infrastructure Board (PPIB) also issued Letter of Intent (LOI) on July 26, 2017 and under the terms of the LOI the Company was required to submit within 3 months from the Notice to Proceeds (NTP) i.e. October 12, 2017, a petition before National Electric Power Regulatory Authority (NEPRA) to obtain Tariff determination and Generation License. Further, as per the LOI, the Company was also required to obtain Letter of Support (LOS) from PPIB within 1 month from the Tariff determination by the NEPRA.

Accordingly, the Company submitted its application for tariff with NEPRA on September 13, 2017 and NEPRA determined tariff on December 26, 2017. Immediately after receipt of tariff from NEPRA, the Company filed tariff review application on January 07, 2018 which was decided by NEPRA on June 06, 2018 after almost 5 months delay. The Company also applied for generation license with NEPRA on July 23, 2017 which was issued on February 15, 2018. On January 26, 2018, PPIB issued LOS after obtaining performance guarantee equivalent to USD 6.32 million in favour of PPIB. As per the terms of LOS, performance guarantee secures Company's obligation to execute the Implementation Agreement (IA) and Power Purchase Agreement (PPA) and to achieve financial close by July 24, 2018.

The project is envisaged at 80:20 debt equity ratio and in order to arrange debt financing, the Company has signed term sheet for project financing of Rs. 72 billion (being 80% of the estimated project cost) with mandate lead banks on August 17, 2017 and has finalized various financing agreements in principle since November 2017. Moreover, the Company also negotiated / finalized in principle the Power Purchase Agreement (PPA), Implementation Agreement (IA), Gas Supply Agreement (GSA) with respective entities by January 2018. However, the ECC and CCoE's approvals of these documents were delayed till May 2018 owing to procedural delays by the Federal Government entities hence financial close of the project could not be achieved. The said approvals / decisions have now been communicated by the Ministry of Energy, GoPb to the relevant stakeholders for the needful in October and December 2018 almost after 5 to 6 months delay hence resulted in further delay in Financial Close of the project. The Company is striving hard to achieve financial close by February / March 2019 subject to completion of all pre-requisite of financial close inter alia execution and implementation of GSA, IA and PPA etc.

Due to delay in execution of IA, PPA and GSA, the PPIB upon Company's request has amended LOS and extended Financial Closing date up to April 24, 2019 without doubling the amount of bank guarantee. The Bank Guarantee is secured against cash margin and is valid up to July 24, 2019.

Major plant and machinery items including both Gas Turbines (GTs) and Gas Turbine Generators (GTGs) along with many other equipment are arrived and being installed at site whereas number of equipment are in transits. In addition, the construction of the gas pipeline is under progress, whereas National Transmission and Dispatch Company (NTDC) has almost completed the transmission line for power evacuation from the Project. Insurances for the construction phase have already been placed.

#### 4 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2018

The following amendments are effective for the year ended June 30, 2018. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

| Amendments  | Effective from Accounting period beginning on or after: |
|---|---|
| - Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative | January 01, 2017  |
| - Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses      | January 01, 2017  |

Certain annual improvements have also been made to a number of IFRSs.

The Companies Act, 2017 (the Act) has also brought certain changes with regard to preparation and presentation of annual financial statements of the Company. Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in the:

- elimination of duplicative disclosures with the IFRS disclosure requirements; and
- incorporation of certain additional disclosures.

#### 4.1 New accounting standards, amendments to published standards and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

| Standards or Interpretations  | Effective from annual period beginning on or after: |
|---|---|
| - Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions.   | January 01, 2018                                    |
| - IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.  | January 01, 2018                                    |
| - IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.  | July 01, 2018                                       |
| - Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities.  | January 01, 2019                                    |
| - IFRS 15 'Revenue from Contracts with Customers' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.  | July 01, 2018                                       |
| - IFRS 16 'Leases': This standard will supersede IAS 17 'Leases' upon its effective date.   | January 01, 2019                                    |
| - Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.   | January 01, 2019                                    |
| - Amendments to IAS 28 'Investments in Associates and Joint Ventures' Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. | January 01, 2019                                    |

- Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property. January 01, 2018. Earlier application is permitted.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency. January 01, 2018. Earlier application is permitted.
- IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'. January 01, 2019

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

## 5 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise stated.

### 5.1 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

### 5.2 Property, plant and equipment

#### Owned

Property, plant and equipment owned by the Company are stated at cost less accumulated depreciation and impairment loss, if any, except for land, capital work in progress and stores held for capitalization, which are stated at cost less accumulated impairment losses, if any. Freehold land is stated at cost less impairment losses, if any. Cost in relation to operating fixed assets comprises acquisition and other directly attributable costs. Capital work in progress is stated at cost less impairment loss, if any, and consist of capital expenditure, advances made in the course of their construction and directly attributable costs, net of income from test runs. Transfers are made to the relevant asset category as and when assets are available for intended use.

Depreciation charge is based on the straight-line method at rates given in note 10.1, whereby the cost of an asset is written off to profit and loss account over its estimated useful life after taking into account the residual value, if any. The residual value, depreciation method and the useful lives of each part of property and equipment are reviewed at each reporting date and adjusted, if required.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Improvements are capitalized when it is probable that respective future economic benefits will flow to the Company and the cost of the item can be measured reliably.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal or retirement of an asset is represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as income or expense.

### **5.3 Intangibles**

Intangible assets with a finite useful life are capitalized initially at cost and subsequently stated at cost less accumulated amortization and impairment losses, if any. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred. Intangibles include book keeping software.

Amortization is recognized in profit and loss on a straight-line basis over the estimated useful lives of intangible assets, in line with company policy. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted, if required.

### **5.4 Trade debts, advances, deposits and other receivables**

Trade debts, advances, deposits and other receivables are recognized initially at original invoice amount which is the fair value less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Bad debts are written off when identified.

The Company reviews the recoverability of its trade debts, advances, deposits and other receivables to assess amount of bad debts provision required there against on an annual basis.

### **5.5 Cash and cash equivalents**

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and bank balances, short term investment with less than three month maturity and short term running finance which are stated in the balance sheet at cost.

### **5.6 Financial instruments**

#### **Non-derivative financial assets**

These are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

Financial assets are recognized when the Company becomes a party to contractual provisions of the instrument. These are initially measured at fair value. Subsequent to initial recognition, these financial assets and financial liabilities are measured at fair value or amortized cost as the case may be. The Company de-recognizes financial assets when it ceases to be a party to such contractual provisions of the instrument. Any gain or loss on derecognition of financial assets is included in the profit and loss account for the year.

#### **Loans and receivables**

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Financial assets classified as loans and receivables as at 30 June 2018 include cash and bank balances, trade debts, deposits, other receivables and term deposit receipts.

#### **Non-derivative financial liabilities**

The Company initially recognizes non derivative financial liabilities on the date that they are originated or the date that the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is included in the profit and loss account for the year.

These financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Non-derivative financial liabilities comprise mark-up bearing borrowings including long term financing, short term borrowings and trade and other payables.

#### **Offsetting of financial assets and financial liabilities**

Financial assets and financial liabilities are set off in the balance sheet, only when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

### **5.7 Borrowing costs**

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Borrowing cost includes exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs. All other borrowing costs are charged to profit and loss account, in the period in which they are incurred.

#### **Mark-up bearing borrowings**

Mark-up bearing borrowings are recognized initially at cost representing the fair value of consideration received less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at original cost less subsequent repayments, while the difference between the original recognized amounts (as reduced by periodic payments) and redemption value is recognized in the profit and loss account over the period of borrowings on an effective rate basis.

### **5.8 Employee benefits**

The main features of the schemes operated by the Company for its employees are :

#### **Retirement benefits**

Since the Company is in its first year of post incorporation and none of its employee has completed qualifying period of service as yet. However, the Company intends to establish defined benefit gratuity fund in forthcoming year.

### **5.9 Taxation**

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to items recognized directly in other comprehensive income or below equity, in which case it is recognized in other comprehensive income or below equity respectively.

#### **(a) Current**

Provision for current taxation is based on taxable income at the current tax rates after taking into account tax rebates and tax credits available, if any, or minimum tax under section 113 of Income Tax Ordinance 2001, whichever is higher.

#### **(b) Deferred**

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences the carrying amount of asset and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

#### **5.10 Trade and other payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers whether or not billed to the company. Accounts payables are classified as current liabilities if payments are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Liabilities for trade and other payables are carried at amortized cost which approximates the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

#### **5.11 Provisions and contingencies**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic resources will be required to settle such obligations and a reliable estimate can be made of the amount of obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost, if any. Where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability, it is disclosed as contingent liability.

#### **5.12 Finance income and finance cost**

Finance income comprises interest income on bank deposits and term deposits receipts. Income on bank deposits and term deposits receipts are accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

Finance cost comprises interest expense on borrowings and bank charges. Mark-up, interest and other charges on borrowings are charged to income in the period in which they are incurred except for the borrowing cost on qualifying asset which is eligible for capitalization.

#### **5.13 Foreign currency transactions and balances**

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Foreign currency differences arising on retranslation are generally recognized in profit and loss account.

#### **5.14 Impairment**

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such assets is estimated in order to determine the extent of impairment loss, if any. Impairment losses, if any, are recognized in the profit and loss account.

##### **Financial assets**

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in profit or loss account. An impairment loss is reversed in the profit and loss account if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

##### **Non financial assets**

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In the absence of any information about the fair value of a cash-generating unit, the recoverable amount is deemed to be the value in use. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss account and where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the profit and loss account. Reversal of impairment loss is restricted to the original cost of asset.

**6 Issued, subscribed and paid up capital**

**June 30, 2018**  
(Number of shares)

**June 30, 2018**  
(Rupees in thousand)

**100,000** Ordinary shares of Rs. 100 each, fully paid in cash

**10,000**

- 6.1** 99,998 ordinary shares of Rs. 100 each held by the GoPb through Energy Department and 1 ordinary share of Rs. 100 held by each of two nominee personnel of the GoPb.

**7 Advance against issue of shares**

This represents amount received from the GoPb through Energy Department in respect of contribution towards equity of the Company.

|  | Note       | June 30, 2018<br>(Rupees in thousand) |
|--|------------|---------------------------------------|
| <b>8 Trade and other payables</b>          |            |                                       |
| Payable for construction of gas pipeline   | <b>8.1</b> | <b>1,704,000</b>                      |
| Payable to contractors                     |            | <b>6,075</b>                          |
| Payable to consultants                     |            | <b>285,322</b>                        |
| Retention money payable                    |            | <b>272</b>                            |
| Provision for plant and equipment received | <b>8.2</b> | <b>6,470,799</b>                      |
| Accrued and other liabilities              | <b>8.3</b> | <b>84,923</b>                         |
|  |            | <u><b>8,551,391</b></u>               |

- 8.1** The Company entered into Memorandum of Understanding (MOU) with Sui Northern Gas Pipelines Limited (SNGPL), dated September 21, 2017 for the construction of gas pipeline ranging approximately 93 km, from A8 (Repeater Station) near Kabirwala to the Company's plant. Under the terms of MOU, the Company was required to pay an amount of Rs. 3,981 million and SNGPL was required to complete construction of the pipeline by September 2018. Owing to delays in receipt of equity funding from the Government of Punjab, the payment aggregating to Rs. 2,277 million has been made to SNGPL till June 2018, while balance amount of Rs.1,704 million remains payable at the balance sheet date.

The construction of pipeline by SNGPL is ongoing which has not been completed as per the timeline agreed under MOU. However, SNGPL has communicated to complete the construction of pipeline after 3-4 months of release of balance amount payable under the agreed MOU. Subsequently, on January 01, 2019, the Company has made payment of Rs. 1,278 million to SNGPL out of its outstanding payment of Rs. 1,704 million.

- 8.2** This represents provision against items of plant and equipment received, where related progress invoice is pending from CMEC, after adjusting for advance given.
- 8.3** This includes Rs. 42.73 million payable to Quaid-e-Azam Thermal Power (Private) Limited (QATPL) under the management contract for shared services.

**9 Contingencies and commitments**

**9.1 Contingencies**

- 9.1.1** The Company has provided bank guarantee amounting to USD 6.32 million in favor of PPIB for issuance of LOS. This guarantee is valid upto July 24, 2019.



A Writ Petition has been filed by 23 power producers companies (Bagasse based) on Renewable Energy Policy and Framework at honorable Islamabad High Court primarily against Government of Pakistan (GoP), NEPRA, Central Power Purchasing Agency (CPPA-G) whereby they have sought for the relief inter alia to declare that "Take and Pay" conditions imposed on them as illegal, unlawful, without lawful authority, ex facie discriminatory void ab initio and also to set aside on the ground that the the Company and Zorlu Solar (Private) Limited has been allowed "Take or Pay" condition. Further it was as interim relief sought to restrain the respondents from acting upon determined/ notified Tariff or from executing any agreement with sponsors till the time the matter has been resolved. The Company has filed the parawise comments / response with through its counsel. The management is of the opinion that the position of the Company is legally and otherwise sound and eventual outcome is expected to be in favour of the Company. It is pertinent to point out that the matter is primarily not against the Company rather than the petitioners and the regulator and power purchaser.

## 9.2 Commitments:

9.2.1 The Company entered into a consultancy agreement with National Engineering Services Pakistan (NESPAC) amounting to Rs. 1.32 billion out of which Rs. 1.17 billion is still payable.

9.2.2 The following LCs were opened in favour of CMEC:

- i) Offshore LC amounting to USD 353 million
- ii) Onshore LC amounting to Rs. 9,289 million

|           |                                      | June 30, 2018<br>(Rupees in thousand) |
|-----------|--------------------------------------|---------------------------------------|
| <b>10</b> | <b>Property, plant and equipment</b> |                                       |
|           | Operating fixed assets               | 10,963                                |
|           | Capital work in progress             | 20,220,898                            |
|           |                                      | <u>20,231,861</u>                     |

10.1 Operating fixed assets

| 2018               |   |                             |      |  |  |  |                                   |
|--------------------|---|-----------------------------|------|--|--|--|-----------------------------------|
| Opening cost       | Additions from<br>June 08, 2017 to<br>June 30, 2018 | Cost as at<br>June 30, 2018 | Rate | Opening<br>accumulated<br>depreciation | Depreciation<br>charge from June<br>08, 2017 to June<br>30, 2018 | Accumulated<br>depreciation as at<br>June 30, 2018 | Book value as at<br>June 30, 2018 |
| Rupees in thousand |   |                             | %    | Rupees in thousand                     |  |  |                                   |
|                    |   |                             |      |  |  |  |                                   |
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**10.2 Capital work in progress**

**June 30, 2018**  
(Rupees in thousand)

|  |                   |
|--|-------------------|
| Plant and machinery                            | 13,069,091        |
| Civil works                                    | 1,419,230         |
| Construction of gas pipeline                   | 3,981,000         |
| Payment of insurance cost                      | 164,666           |
| Land and associated cost                       | 430,731           |
| Consultancy charges                            | 364,935           |
| Financing fee, duties, taxes and other charges | 639,946           |
| Salaries, wages and other benefits             | 63,222            |
| Regulatory fees and Licensing                  | 86,645            |
| Others   | 1,432             |
|  | <u>20,220,898</u> |

**11 Intangibles****Cost**

|  |            |
|--|------------|
| Opening balance  | -          |
| Additions for the period from June 08, 2017 to June 30, 2018 | 100        |
| Balance at 30 June   | <u>100</u> |

**Amortization**

|   |          |
|---|----------|
| Opening balance   | -        |
| Charge for the period from June 08, 2017 to June 30, 2018 | 8        |
| Balance at 30 June  | <u>8</u> |

**Carrying value**

|  |           |
|--|-----------|
|  | <u>92</u> |
|--|-----------|

**12 Advances, deposits and other receivables**

|                                    |                |
|------------------------------------|----------------|
| Prepayments                        | 5,487          |
| Security deposits                  | 10             |
| Advance income tax                 | 497            |
| Sales tax receivable               | 255,388        |
| Interest accrued on saving account | 17,860         |
| Receivable from EPC contractor     | 40,000         |
|                                    | <u>319,242</u> |

- 12.1** CMEC has charged sales tax at the rate 16% on onshore EPC Advance payment invoice of 15% under EPC contract. While making payment to CMEC, in accordance with the PRA withholding rules, 2015 and clarification issued by PRA, the Company has paid sales tax amount at 16% to CMEC. However, instead of depositing the said sales tax into Govt. of Punjab; CMEC obtained stay order from Lahore High Court on the ground that the applicable sales tax rate is 5% instead of 16% on the services rendered and accordingly only submitted sales tax equivalent to 5% into the Government treasury.

**13 Cash and bank balances**

**June 30, 2018**  
(Rupees in thousand)

|                  |                  |
|------------------|------------------|
| Cash in hand     | 550              |
| Cash at bank:    |                  |
| Deposit accounts | 13.1             |
|                  | <u>1,325,185</u> |
|                  | <u>1,325,735</u> |

13.1 This includes Rs. 809.12 million as lien marked against the performance security issued to PPIB on account of issuance of LOS for amount of USD 6.32 million.

13.1.1 This carries mark-up at the rates ranging from 5.5% to 5.6% per annum.

|   |           | June 30, 2018<br>(Rupees in thousand) |
|---|-----------|---------------------------------------|
|   | Note      |                                       |
| <b>14 Administrative expenses</b>                   |           |                                       |
| Salaries, wages and benefits                        | 19        | 88,051                                |
| Rent  |           | 6,180                                 |
| Utilities   |           | 927                                   |
| Directors' fee                                      |           | 4,424                                 |
| Legal and professional charges                      |           | 1,655                                 |
| Auditors' remuneration                              |           | 1,239                                 |
| Depreciation and amortization                       | 10.1 & 11 | 2,009                                 |
| Vehicle running expenses                            |           | 5,101                                 |
| Local travelling and lodging cost                   |           | 3,168                                 |
| Office supplies and entertainment expense           |           | 4,915                                 |
| Advertisement expenses                              |           | 1,326                                 |
| Printing and stationery                             |           | 2,134                                 |
| Repair and maintenance                              |           | 345                                   |
| Communication charges                               |           | 1,113                                 |
| Others  |           | 1,379                                 |
|   |           | <u>123,966</u>                        |
| <b>15 Other income</b>                              |           |                                       |
| Profit on deposit accounts / short term investments |           | 85,139                                |
| Tender income                                       |           | 74                                    |
|   |           | <u>85,213</u>                         |
| <b>16 Finance cost</b>                              |           |                                       |
| Bank charges  |           | 110                                   |
|   |           | <u>110</u>                            |
| <b>17 Taxation</b>                                  |           |                                       |
| Current - for the period                            |           | <u>25,545</u>                         |

The Company has not yet recognized deferred tax asset against pre commencement expenditure on prudent basis as the Company is still in the pre commencement stage.

## 18 Financial risk management

### 18.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the management in accordance with the Financial Risk Management Policy approved by the Board of Directors. This policy covers specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of this policy. The Company is under development phase and its interest rate risk, foreign exchange risk, credit risk and investment of excess liquidity are covered under Tariff approved by NEPRA.

#### (a) Market risk

##### (i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the Euro. Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable/payable from/to the foreign entities. The Company's exposure to currency risk is as follows:

June 30, 2018

|                                 |             |
|---------------------------------|-------------|
| Trade and other payables - Euro | (1,132,258) |
| Advances to suppliers - Euro    | -           |
| Net exposure - Euro             | (1,132,258) |

The following exchange rates were applied during the year:

#### Rupees per Euro

|                     |        |
|---------------------|--------|
| Average rate        | 131.18 |
| Reporting date rate | 141.57 |

If the functional currency, at reporting date, had fluctuated by 5% Euro with all other variables held constant. Since this is pre Commercial Operation Date (COD), any exchange gain/ loss arising, will be capitalized. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

##### (ii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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

June 30, 2018  
(Rupees in thousand)

#### Financial assets

##### Fixed rate instruments

|                                  |           |
|----------------------------------|-----------|
| Bank balances - savings accounts | 1,325,185 |
|----------------------------------|-----------|

##### Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Company.

##### (iii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk since there are no investments in equity securities.

##### (b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Company's credit risk is primarily attributable to its advances, long term deposits and its balances at banks. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

**Financial liabilities as per balance sheet**

Trade and other payables

**Financial liabilities at  
amortized cost****(Rupees in thousand)****8,551,391****8,551,391****18.4 Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders through repurchase of shares, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio.

This ratio is calculated as debt divided by total capital. Debt is calculated as total borrowings including current and non-current borrowings. Total capital is calculated as 'equity' shown in the balance sheet plus debt. The gearing ratios as at year ended June 30, 2018 are as follows:

**June 30, 2018**  
**(Rupees in thousand)**

|               |                   |
|---------------|-------------------|
| Total equity  | 13,335,592        |
| Total debt    | -                 |
| Total capital | <u>13,335,592</u> |

**19 Remuneration to Chief Executive, Directors And Executives**

The aggregate amount charged in the accounts for remuneration including all benefits to Chief Executive, Directors and Executives of the Company are as follows:

|                           | 2018                 |              |               |               |
|---------------------------|----------------------|--------------|---------------|---------------|
|                           | Chief Executive      | Director     | Executives    | Total         |
|                           | (Rupees in thousand) |              |               |               |
| Remuneration              | 3,924                | -            | 76,445        | 80,369        |
| <b>Perquisites</b>        |                      |              |               |               |
| Meeting Fee               | -                    | 4,424        | -             | 4,424         |
| Reimbursement of expenses | -                    | -            | 1,266         | 1,266         |
| Others                    | -                    | -            | 8,251         | 8,251         |
|                           | <u>3,924</u>         | <u>4,424</u> | <u>85,962</u> | <u>94,310</u> |

- 19.1** During the year no remuneration was paid to CEO other than an amount of Rs. 3.92 million paid on account of honorarium approved by the Board of Directors in their 11th meeting held on November 16, 2017.
- 19.2** Remuneration to executives includes honorarium of Rs. 11.04 million paid to the executives of QATPL approved by the Board of Directors in their 11th meeting held on November 16, 2017.
- 19.3** Aggregate amount charged in the financial statements for the year for fee to directors amounting to Rs. 4.424 million. No other perquisite is provided to other directors.

**20 Number of employees****2018**

Total number of employees

**55**

**Related party transactions and balances**

The related parties comprise of the GoPb, principal shareholder, its associated undertakings, other related undertakings and key management personnel.

| Name of Parties                      | Relationship with the company | Nature of transactions/ balances                                 | From June 08, 2017 to June 30, 2018<br>(Rupees in thousand) |
|--------------------------------------|-------------------------------|--|---|
| Key Management Personnel             | Key Management Personnel      | Remuneration   | 29,669  |
| Government of Punjab                 | Shareholders                  | Advance against issue of shares<br>Issuance of share capital     | 13,390,000<br>10,000  |
| Directorate General Public Relations | Associated Undertaking        | Advertisement expenses charged<br>Advertisement expenses payable | 2,707<br>247  |
| Government of Punjab                 | Shareholders                  | Purchase of land<br>Kacha rasta land payable                     | 214,376<br>23,200   |
| The Bank of Punjab                   | Common shareholding           | Bank charges<br>LOI bank guarantee<br>Bank balance               | 862<br>139,125<br>516,064                                   |
| The Bank of Punjab                   | Common shareholding           | Interest Income  | 67,280  |
| QATPL                                | Common shareholding           | Expenses<br>Expenses payable                                     | 43,720<br>42,738  |

**21.1**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers all members of their senior management team, including Chief Executive Officer and Directors to be its key management personnel. Remuneration to Key Management Personnel includes honorarium of Rs. 4.66 million paid to the employees of QATPL holding additional responsibility as Key Management Personnel in the Company.

**21.2**

Transactions with related parties are disclosed under respective notes.

22 **Date of authorization**

These financial statements were approved and authorised for issue on 15 FEB 2019 by the Board of Directors of the Company.

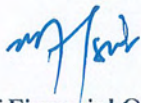
23 **Corresponding figures**

No comparative figure has been disclosed for profit and loss account, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and notes to the financial statements as these are the first annual financial statements prepared by the Company.

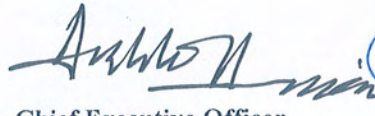
24 **Subsequent events**

Fifth Provincial Cabinet Meeting held on November 23, 2018 approved supplementary grant for the release of balance of equity amounting to Rs. 4,600 million.

DIX



Chief Financial Officer



Chief Executive Officer



Director



**PROXY FORM**

**PUNJAB THERMAL POWER (PRIVATE) LIMITED**

I/ We \_\_\_\_\_ S/o \_\_\_\_\_  
 R/o \_\_\_\_\_ being the member(s) of **PUNJAB THERMAL  
 POWER (PRIVATE) LIMITED** hereby appoint Mr. / Mrs. /Miss  
 \_\_\_\_\_ of (who is also member of the Company vide Registered  
 Folio No. \_\_\_\_\_ (being member of Company) as my/ our Proxy to attend at and vote  
 for my/ us and on my/ our behalf at the \_\_\_\_\_ Annual/ Extra  
 Ordinary General Meeting of the Company to be held at  
 \_\_\_\_\_ on \_\_\_\_\_ at \_\_\_\_\_  
 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019

**WITNESSES:**

Signature: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 CNIC No. \_\_\_\_\_

Signature: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 CNIC No. \_\_\_\_\_

|   |
|---|
| Please affix<br>Rupees five<br>revenue stamp  |
| Signature   |
| Signature should agree<br>with the specimen<br>signature registered<br>with the Company |

**Note:**

The Form of Proxy should be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the meeting. A proxy must himself be a member of the Company.