ANNUAL REPORT
2019

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

CONTENTS

CORPORATE INFORMATION

About the Report: The Integrated Annual Report 2019 provides a comprehensive overview of financial performance and sustainability of the Company, while highlighting links between the external & internal environment, company strategy, business model, integrated risk management and corporate governance system at Punjab Thermal Power (Private) Limited (PTPL).

The report explains about the Company and its developments. The financial statements comply with the International Financial Reporting Standards (IFRS) as notified under the Companies Act, 2017 and provisions of and directives issued under this Act.

This Annual Report also provides a thorough understanding about the Company, its business, the value created, strategies, opportunities and risks, business model, governance and performance against the strategic objectives in a clear, concise and integrated manner that also gives the stakeholders a holistic view of the Company and its prospects.

Company Profile: PTPL is a private company limited by shares incorporated under the provisions of Companies Act, 2017. PTPL is owned by the Government of Punjab. The objective of the Company is to establish and maintain 1263 MW Re-Gasified Liquefied Natural Gas (RLNG) based thermal power plant at Haveli Bahadur Shah, District Jhang.

The Project financing structure is based on 75% Debt arranged from local Banks and 25% Equity contributed by the Government of the Punjab.

PTPL has obtained all kinds of regulatory approval/consents/licenses etc. those were required for the project such as Letter of Intent, Letter of Support, NEPRA Generation License etc. The Company is in full compliance with all Government Policies and Procedures including PPRA Rules, Companies Act, 2017, SECP Rules and Regulations and other applicable laws.

History: The Country was gripped by severe energy shortages for a decade and the gap between production and consumption was widening every year. The energy crisis had caused irreparable loss to the national economy and left a negative impact on the trade and economic activities. In order to bring an end to the energy crisis in the Province, the Government of the Punjab had decided to set up Re-gasified Liquefied Natural Gas (RLNG) based Power Plant in Punjab on fast track basis.

For the purpose of execution of above Project, Punjab Thermal Power (Pvt.) Limited (“PTPL”) was incorporated under Section 16 of the Companies Act, 2017 vide SECP’s Incorporation Certificate No. ARL/31459 dated 08.06.2017 as a Private Company Limited by Shares. PTPL is 100% owned by Government of the Punjab through Energy Department and it’s all Directors were nominated by Government of the Punjab. The objective of the Company is to establish & maintain 1263 MW RLNG based Thermal Power Plant at Haveli Bahadur Shah, District Jhang keeping in view the chronic power shortage in the Country. The Project was moved ahead at very fast track.

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.

Code of Conduct:

(i) Objectives:

The objective is to make and project the Punjab Thermal Power (Pvt.) Ltd. (PTPL) as a professionally run successful company with high standards, morals and ethics and recognized so by others in the country.

To achieve the above objective, all the employees and the managers of the company must fully comprehend and follow the standards of ethics and business practices.

(ii) Standards:

Summarized below are standards to further escalate that each member of the PTPL family understands what is expected from him / her in carrying out daily business activities. These standards must always be upheld in day-to-day activities of individual employee in conducting company's business.

The standard of business conduct and ethics, which PTPL expects from all of its employees, is a condition of employment with the company to be reviewed annually at the time of performance appraisal of an employee.

(iii) Responsibilities of Individual Managers:

A manager shall not be associated with illegal activity. A manager would always adhere to the highest moral conduct & best business practices and:

i. Must devote necessary time and attention for fulfillment of responsibilities.
ii. Be aware of company's business, financial conditions and contribute meaningfully to company's objective.
iii. Attend Meetings.
iv. Request for additional material and explanation when needed (do not hesitate to ask questions).
v. Understand audit and supervisory communications.
vi. Exercise independent judgment.
vii. Remain focused on the company's objectives.

(iv) Overall responsibility of employees:

PTPL employee has a responsibility to:

i. Conduct company's business with honesty, integrity and in a professional manner.
ii. Avoid the violation of the Protection against Harassment of Women at the Workplace Act 2010.
iii. Avoid smoking with in the office premises except at designated places.
iv. Avoid any action that may be viewed or be repugnant, unethical or unlawful on his / her part by the customer / public at large or the company itself.
v. Know and follow all applicable environmental, health and safety EHS laws and regulations and PTPL HSE policies and standards.
vi. Understand and comply with the legal/regulatory requirements and internal policies and procedures of the company that applies to the duties assigned to the employee.
vii. Avoid any activity that could involve or lead to involvement in any unlawful or unethical governance practice.
viii. Avoid participation in political or subversive activities and abstain from gambling, betting and wagering contracts.
ix. Personal conduct towards the company, the other employees and customers of the company should be exemplary, and he/she is expected to behave with decorum both during office hours and at other times.
x. Safeguard the confidential information of the company.
xi. Avoid actual or potential conflicts of interests in transactions on behalf of the company.
xii. Provide accurate and reliable information in records submitted.
xiii. Promptly report to the company any violation of law or ethical principles of company and its policies that come to the employee's attention.

(v) General Guidelines:

i. Confidential Information

During the course of employment and after its termination for whatever reason, employee must not disclose to anyone (nor use for any purpose other than the business of company) any information relating to company or its employees which is not already available to the public, unless authorized to do so. Such information includes technical secrets, confidential research work, technical processes, operating manuals, and other confidential financial or business information of company.

The confidentiality of non-company information must also be respected regardless of how employee comes across it. If employee receives or holds information which he knows or believes is confidential to another organization, e.g. a competitor or former employer, he should not use that information or disclose it to anyone else in company. The distinction between confidential information which should be treated in this way and other non-protected information is not always clear. If in doubt, consult Admin & HR Department.

Confidential information concerning PTPL i.e. confidential information about Company's business or business plans, technology or systems, must never be disclosed to a third party except pursuant to a statute or regulation, or a valid, court order.

ii. Recording of information

No unrecorded fund or assets of PTPL shall be established or maintained for any reason. No false, artificial or misleading entries in the files and records of company shall be made for any reason. All reporting of information should be accurate, honest and timely and should be a fair representation of the facts.

iii. Conflict of Interest**:**

A conflict of interest arises when any employee permits the prospect of direct or indirect (e.g. through a family connection) personal gain to influence his/her judgment or actions or more generally, when he/she favors someone else's interest over that of the company's in the conduct of company business.

The employee may not hold a position of director, consultant, employee, representative or agent with any supplier, competitor or organization either doing or seeking to do business with company without prior written consent of the PTPL Executive Committee or CEO. If any immediate family member holds a position with any organization doing or seeking to do business with company, a written disclosure must be made promptly to his / her Manager / Admin & Human Resource Department.

If any employee wishes to undertake a non-executive director, trustee or supervisory position with external organizations, the employee must obtain the consent of the Executive Committee or CEO.

iv. Organizational Discipline:

It is mandatory for each employee of the PTPL to maintain the highest level of discipline in the organization. Organizational Discipline mainly focuses on individual's attitude towards his / her supervisors. In case of any conflicts between employees, a written complaint by the employee should be given to GM Admin & HR which clearly mentioned the charges against the accused person. GM Admin & HR is authorized to take punitive actions against accused employee.

Regulatory Framework: Punjab Thermal Power (Private) Limited is regulated by the Securities & Exchange Commission of Pakistan (SECP) and also has to fulfil requirements of National Electric Power Regulatory Authority (NEPRA).

Business Line & Value Chain: The business line of PTPL is power generation and its holds signification position of power sector value chain. PTPL will play a pivotal role in meeting energy needs and economic development of the Country. The Company will produce and supply 1263 megawatts (MW) power to the national grid. PTPL will supplementing the power needs of the Country and add value to the economy through affordable and sustainable power to business and industry.

Company's Legal Advisors

M/s. ABS & Co., Advocates & Corporate Counsels.

Company's Statutory Auditors

M/s. Grant Thornton, Anjum Rehman, Chartered Accountants.

Bankers of the Company

- National Bank of Pakistan
- Habib Bank Limited

Registered Office:
Head Office: Ground Floor, 7/C1, Gulberg III, Lahore.

Plant Site:
Project Site: Haveli Bahadur Shah, District Jhang.

Website:
www.punjabthermal.com

CORPORATE GOVERNANCE

Board of Directors:

i.	Syed Muhammad Ali	Chairman / Independent Director
ii.	Syed Pervaiz Abbas	Non-Executive Director
iii.	Mr. Muhammad Abdullah Khan Sumbal	Non-Executive Director
iv.	Mr. Muhammad Aamir Jan	Non-Executive Director
v.	Mr. Abdul Basit	Independent Director
vi.	Ms. Ermeena Asad Malik	Independent Director
vii.	Mr. Hasaan Khawar	Independent Director
viii.	Mr. Khurram Saleem	Independent Director
ix.	Mr. Muhammad Faisal Afzal	Independent Director
x.	Mr. Akhtar Hussain Mayo	Chief Executive Officer/Executive Director

Finance & Audit Committee

i.	Mr. Khurram Saleem	Chairman
ii.	Mr. Hassan Khawar	Member
iii.	Mr. Muhammad Faisal Afzal	Member
iv.	Secretary Finance	Member
v.	Secretary Energy	Member

Procurement Committee

i.	Syed Mohammad Ali	Chairman
ii.	Mr. Abdul Basit	Member
iii.	Mr. Khurram Saleem	Member
iv.	ACS (Energy)	Member
v.	Secretary Energy	Member

Human Resource Committee

i.	Mr. Hassan Khawar	Chairman
ii.	Ms. Ermeena Asad Malik	Member
iii.	Syed Mohammad Ali	Member
iv.	ACS (Energy)	Member
v.	Secretary Energy	Member

Risk Management Committee

i.	Mr. Khurram Saleem	Chairman
ii.	Mr. Hasaan Khawar	Member
iii.	Syed Mohammad Ali	Member
iv.	Secretary Energy	Member
v.	Secretary Finance	Member

<u>Nomination Committee</u>

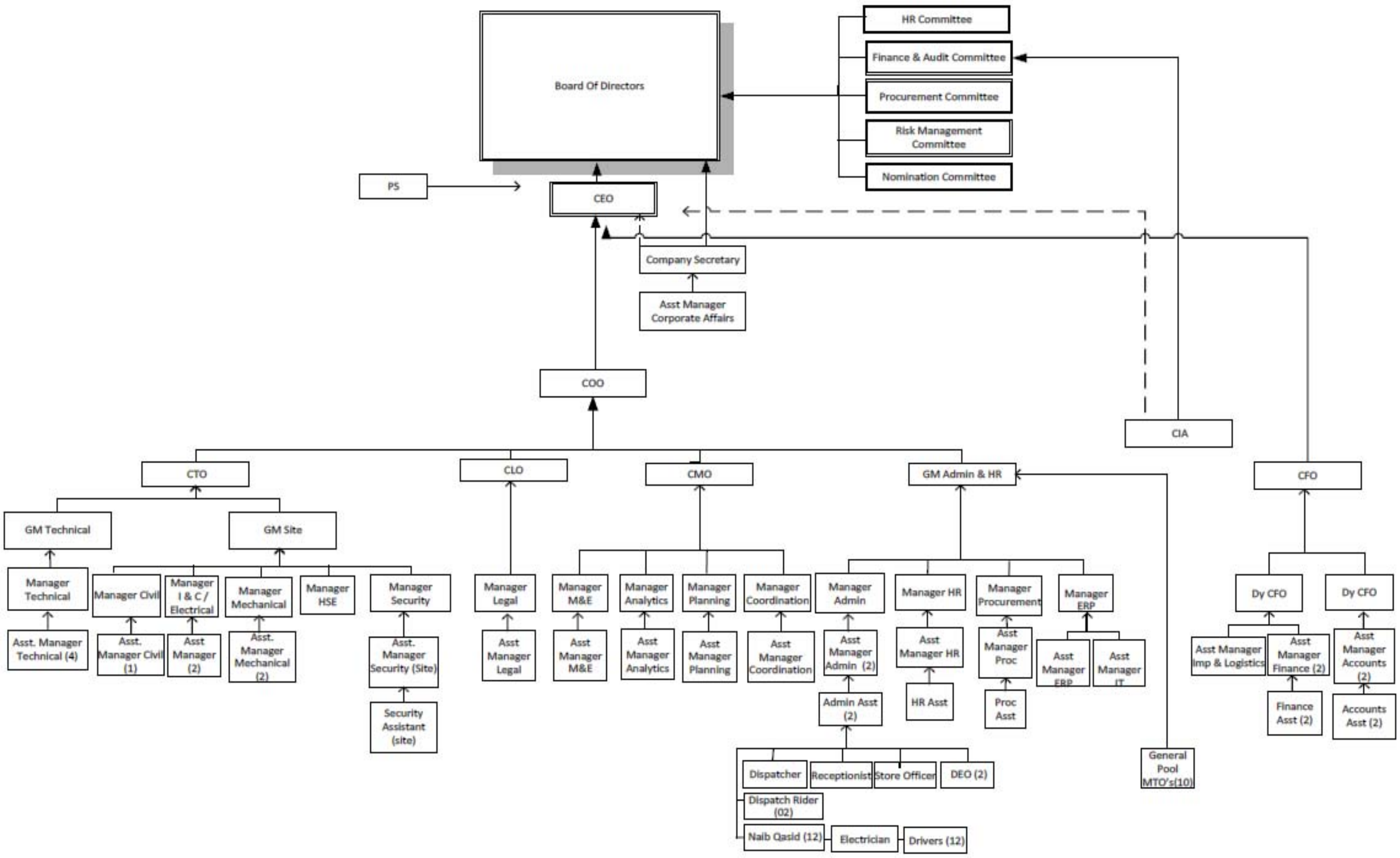
i.	Mr. Abdul Basit	Chairman
ii.	Ms. Ermeena Asad Malik	Member
iii.	Mr. Muhammad Faisal Afzal	Member
iv.	ACS (Energy)	Member
v.	Secretary Finance	Member

Mr. Akhtar Hussain Mayo
Chief Executive Officer

Malik Mohsin Ali
Chief Financial Officer

Syed Salman Hassan
Company Secretary

Organizational Structure



NOTICE OF 2ND ANNUAL GENERAL MEETING OF SHAREHOLDERS

i. Mr. Muhammad Aamir Jan
Secretary Energy, GoPb
Shareholder/Director

ii. Mr. Muhammad Abdullah Sumbal
Secretary Finance, GoPb
Shareholder/Director

iii. Syed Muhammad Ali, Director

iv. Syed Pervaiz Abbs
ACS Energy, GoPb, Director

v. Mr. Abdul basit, Director

vi. Mr. Hasaan Khawar, Director

vii. Ms. Ermeena Asad Malik

viii. Mr. Muhammad Faisal Afzal

ix. Mr. Khurram Saleem, Director

x. Mr. Akhtar Hussain Mayo, CEO

xi. M/s Grant Thornton Anjum Rahman
External Auditors

Subject: **Notice of the 2nd Annual General Meeting of the Shareholders of Punjab Thermal Power (Private) Limited**

Notice is hereby given to all shareholders and directors of Punjab Thermal Power (Private) Limited (the "Company") that the 2nd Annual General Meeting of the Company will be held on **Thursday, November 28, 2019** at **03:00 pm** at the registered office of the Company i.e. **7-C1, Gulberg-III, Lahore** to transact the following business:

(i) To confirm Minutes of the 1st Annual General Meeting of the Company held on 12.03.2019.

(ii) To ratify 2nd resolution passed by the Shareholders of the Company through Circulation on 10.05.2019.

(iii) To receive, consider and adopt Annual Audited Accounts of the Company for the Financial Year ended June 30, 2019 together with Auditor's, Director's and Annual Reports thereon.

(iv) To appoint Statutory Auditors of the Company for the Year 2019-2020 and to fix their remuneration.

(v) To transact any other business with the permission of the Chair.

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

Syed Salman Hassan
Company Secretary

Lahore: November 07, 2019

Notes:

(i) The share transfer books of the company shall remain close from November 21, 2019 to November 28, 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.

(vii) 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.

Directors' Report to Shareholders
For the Period ended June 30, 2019

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 Financial Year ended June 30, 2019. 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 the 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 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 in line with the timeline mandated by the GoPb. 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 with in one (01) 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 and to address MLA's concerns, 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 favor 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 Company after obtaining board approval in its 2nd meeting held on July 5th, 2017 sought approval from the Standing Committee on Finance & Development of the Cabinet in its 29th meeting dated July 10, 2017 of the term sheet along with all sponsors support provisions. The project was envisaged to be financed at 80:20 debt equity ratio. In pursuance of the requisite approvals, PTPL signed term sheet with MLAs on August 17, 2017 for project financing of Rs. 72 billion (being 80% of the estimated project cost). PTPL had also finalized financing agreements in principle with MLAs since November 2017. Whereas due diligence by the lenders' consultants was also substantially completed and compliance with various conditions precedents were in process.

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. PTPL and Energy Department, GoPb rigorously followed up with Federal Government entities, and the said approvals / decisions of CCOE and ECC were finally communicated by the Ministry of Energy, GoP to the relevant stakeholders for their needful in October and December 2018 almost after 5 to 6 months delay hence resulted in further delay in Financial Close of the project.

Number of meetings were also held with Central Power Purchasing Agency (Guarantee) Limited - CPPAG, Power Purchaser and Sui Northern Gas Pipelines Limited - SNGPL (Gas Suppler) to finalize PPA and GSA respectively. The PPA draft was finalized with CPPAG on February 12, 2019 whereas GSA could not be finalized by SNGPL. However, CPPAG was reluctant to proceed further, till such time the clarification / approval from ECC on the Gas supplier is received in pursuance of CCoE's May-18 decision to execute GSA with SNGPL instead of PLL.

Accordingly, summary for the same was initiated by CPPAG through Power Division, Ministry of Energy in the month of January 2019 (i.e. after three months from the receipt of ECC's decision by CPPAG). Later on, CPPAG on February 20th, 2019 after obtaining its board approval initialed PPA with PTPL on the condition that the same shall be signed once GSA is executed.

The matter was escalated and deliberated at the high-level meeting convened by the worthy Prime Minister of Islamic Republic of Pakistan on February 25th, 2019 and all above mentioned issues were discussed at length. All stakeholders including relevant Ministries, Federal Government entities and representative from the Government of Punjab were present. It was desired / directed that these Concession Agreements shall be executed with in the stipulated timelines and all efforts shall be made to achieve the Financial Close of the project while addressing the lenders' concern (primarily non-execution of the said agreements) and SNGPL's certain requirements.

Further, the approval / clarification from ECC related to Gas Supplier and RA was sought by CPPAG / MOE in ECC's meeting held on February 26th, 2019. Later on, SNGPL also informed that in order to supply gas to the plant, certain other aspects related to supply chain to be addressed including signing of backend agreement (tripartite agreement) etc. In this regard number of meetings were also convened by Ministry of Energy, Power Division and Petroleum Division, to resolve the outstanding issues amongst PLL, SSGC and SNGPL. As a result of this continuous efforts, GSA was initialed with SNGPL on April 24, 2019.

Despite several follow-ups and correspondences by PTPL and GoPb on the matter of execution of GSA, the same remained pending. Upon request of GoPb, a meeting was also convened at Petroleum Division under the chairmanship of Special Assistant to the Prime Minister on Petroleum (SAPM) with representation from SNGPL, PLL, PPIB, CPPAG, PTPL and GoPb on July 25th, 2019 to resolve issues pertaining to execution of GSA and concession agreements. During the said meeting it was informed that PLL's Board has not approved the initialed GSPA which features supply of 185 MMCFD on firm basis and additional volume up till 600 MMCFD on as-available basis. PLL's Board is of the view that the firm commercial guarantee / SBLC be provided for the entire 600 MMCFD instead of the firm volume of 185 MMCFD, to which SNGPL was not agreeing upon.

SNGPL also informed on July 31st, 2019 that its Board has accorded approval in its meeting held on July 25th, 2019 for the GSA, GTA and GSPA (initialed on April 24th, 2019), and accordingly the said agreements have been sent to OGRA for its approval. However, it was apprehended that there are certain disagreements in the GSPA sent for OGRA's concurrence by SNGPL and the parties may not execute the same even after the Authority's approval.

Nevertheless, PTPL and GoPb had kept following up on the matter with all stakeholders in this regards number of meeting were convened as well as various letters have been sent including but not limited to Chief Minister to Prime Minister, Minister for Energy, GoPb to Minister for Energy, GoP, Chief Secretary, GoPb to Principal Secretary to Prime Minister and Additional Chief Secretary Energy, GoPb to Secretary Petroleum, Ministry of Energy, GoP seeking support for the earliest resolution of issues and signing of Concession Agreements.

It also came to our knowledge that that PLL has sent a revised draft of GSPA to SNGPL which features gas supply of 185 MMCFD instead of 600 MMCFD but SNGPL's Board in its recent meeting declined to sign the GSPA other than the already initialed version dated April 24, 2019.

Pending the resolution of the disagreement between PLL and SNGPL, the matter has reportedly been placed in ECC's meeting held dated October 02, 2019 and accordingly ECC has decided that GSPA between SNGPL & PLL be executed for quantity of 185 MMCFD gas and accordingly the gas security deposit be furnished against the same gas quantity. The formal communication of the said decision of ECC has also been received. Both SNGPL and PLL are planning to get their Boards approvals on the revised GSPA and once approved, the same shall be forwarded to OGRA as amended draft. Once OGRA's approval is received, GSA and its backend agreements will be executed between the relevant parties.

PTPL and GoPb is making utmost efforts to achieve Financial Close at the earliest and in this regards a high-level meeting was also held on January 18, 2019 with Project Lenders to provide comfort and demonstrate Government of Punjab's commitment for the Project. The meeting was co-chaired by Minister of Finance and Minister of Energy, Government of Punjab which was also attended by representatives of Federal Government entities / stakeholders including Ministry of Energy (Power and Petroleum Divisions), SNGPL, CPPAG and PPIB. In the said meeting, while appreciating the consortium's cooperation, it was emphasized to expedite Financial Close of the Project at the earliest. Lenders were also pursued for the same and aligned matters were also discussed in detail. However, pending the execution of Concession Agreements and certain concerns raised by MLAs along with the refusal of one of the leading banks amongst the MLAs to finance the project until such concerns are addressed the financial close could not be achieved.

After numerous meeting and tireless efforts by the GoPb, the MLAs concerns are now substantially addressed/negotiated, and accordingly the revised draft term sheet, for project finance and working capital facility of PKR 90.7 billion was issued after a round of discussions and negotiations. MLAs also demanded that the debt equity ratio must be revised to 70:30. The said term sheet is to be placed before the board for consideration and approval. However, the arrangement for the SBLC / security to gas supplier shall be finalized separately. The revised term sheet has also been approved by the Board in its meeting held on Oct 25, 2019 subject to the approval of sponsors support related provision by GoPb.

PTPL along with the support of GoPb (Sponsor) is striving hard to achieve the Financial Close and putting all its efforts including seeking help from the Federal Government. Financial Close of the project is expected to be achieved by February 2020 provided that inter-alia the Concession Documents are executed and requisite support from MLAs is provided on time.

The total Project is now estimated to be PKR 107.7 billion, the increase is mainly due to devaluation of Rupees against USD and anticipated delay in Commercial Operations Date. However, it is expected that NEPRA may allow anticipated delay period cost mainly on the grounds that it is attributable to Federal Government entities whereas the delay, if any attributable on EPC contractor part shall be secured against Liquidated Damages (LDs) which may be determined at the time of COD.

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 milestone 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 as well as due to delay in availability of funds. The first EPC milestone payment released in the month of July / August 2019 after almost lapse of 23 months. The payment was released after receipt of temporary funding from the GoPb of PKR 10 billion and completion of milestones. In absence of the funding from the Sponsors / banks, PTPL may not have requisite funds prior to the LC retirement date, consequently the Banks will encash Government Guarantee and utilize unconditional Debit Authority for withdrawal of funds. In view of the above, after obtaining BOD approval, PTPL also initiated summary for the approval of Cabinet to arrange PKR 10 billion as bridge finance from LC banks. The draft term sheet has already approved by the Board. The bridge loan shall be arranged to partially meet PTPL's EPC milestone payment obligation and shall be secured against GoPb's guarantee and debit authority.

Due to delay in execution of Concession Agreements, the extended Financial Closing date under LOS has also lapsed. The Company has applied for another extension in Financial Close date for a period of another six-month time i.e. by April 24, 2020, which is under process.

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 endeavoring 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 Company after obtaining board approval in its 2nd meeting held on July 5th, 2017 sought approval from the Standing Committee on Finance & Development of the Cabinet in its 29th meeting dated July 10, 2017 of the term sheet along with all sponsors support provisions. The project was envisaged to be financed at a debt to equity ratio of 80 : 20. In pursuance of the requisite approvals, PTPL signed term sheet with MLAs on August 17, 2017 for project financing of Rs. 72 billion (being 80% of the estimated project cost). PTPL had also finalized financing agreements in principle with MLAs since November 2017. Whereas due diligence by the lenders' consultants was also substantially completed and compliance with various conditions precedents were in process.

The total revised current estimated Project Cost is approximately Rs. 107.7 billion (which will be finalized after completion of due diligence by lenders and finalization of Project Development Budget at Financial Close). In addition, the project will also require estimated Working Capital Facility of Rs. 22 billion and estimated Stand by Letter of Credit Facility of Rs. 32 billion for Gas Supply deposits. (These are also subject to change due to change in RLNG price, exchange rate and completion of due diligence by lenders).

Till to date GoPb has injected PKR 31 billion (PKR 18 billion equity contribution for Project cost, PKR 10 billion as temporary funding which will be converted against GoPb's total equity contribution and Rs. 3 billion as equity contribution for working capital, while disbursement process of remaining Rs. 3 billion is under way) while PKR. 90.7 billion (being 70% debt portion for Project Finance and Working Capital) is being 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 revised term sheet, whereby the debt to equity ratio has been revised to 70 : 30, has been received which has already been approved by the board of director and summary for Sponsors / GoPb approval has been initiated. PTPL with help of GoPb is striving hard to achieve financial close at the earliest which is expected to be achieve by February 2020 provided that Concession Agreements are signed and requisite support from the banks and Sponsor is received on time.

Financial Results

As the Company is in construction phase, the Company incurred a net profit after tax of Rs. 19,259,000/- which was mainly attributed to the interest income earned on bank deposits of 189,972,000 partly of set by administration and tax expenses of Rs. 132,413,000 and 37,701,000 respectively. However, there is no operational profits which shall be started post Commercial Operations Date of the Company. Hence, no profit is available for distribution.

Health, Safety & Environment (HSE)

The Company has devised Health Safety and Environment Policy in line with the requirements mentioned in the Environment Impact Assessment (EIA) Study in order 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 and EIA Study is a basic tenet of the PTPL Code of Business Ethics and is to be integrated into all of our operating practices. In this regard, HSE specialist has been hired by the company to ensure the compliance with prudent HSE laws, standards and EIA study requirement. Furthermore, the EIA Study has also been made part of the EPC Agreement and accordingly, EPC Contractor has a dedicated HSE Section at Project Site, which is responsible for implementing the Company's HSE Policy as well as compliance with EIA Study and international 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, monthly basis and quarterly basis.

Corporate Social Responsibility (CSR)

The Company is currently formulating a policy for its Corporate Social Responsibility ("CSR"), which will be in place when the Project starts its commercial operations. Currently, under terms of the EIA Approval, the EPC Contractor, on the Company's behalf, is planting 10,000 trees in vicinity of the Project. During operational stage of the Project, the CSR initiatives of the Company will included, inter alia, donations, charities, contributions and other local community development schemes.

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 2nd 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 to eliminate the risk of failure to achieve the Company's objectives and can only provide reasonable and not absolute assurance against material misappropriation 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, which was subsequently amended vide 2nd Resolution through Circulation of the Shareholders dated 10.05.2019, meeting fee of Rs. 50,000/- (Rupees fifty 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.

(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, 2019 five (5) Board meetings were held. The attendance of the Board members has been as follows:

Sr. No.	Name of Director	Meetings Attended	Meeting Fee Paid Inclusive of Tax (Rs)
1	Mr. Abdul Basit, Chairman BoD	5 of 5	190,000
2	ACS Energy, GoPb	3 of 5	120,000
3	Secretary Energy, GoPb	4 of 5	155,000
4	Secretary Finance, GoPb	5 of 5	190,000
5	Mr. Anjum Mahmood Butt	3 of 5	105,000
6	Mr. Javed Iqbal Bhatti (Resigned on 04.03.2019 and voluntary served in the Board)	1 of 4	-
7	Mr. Najam Ahmed Shah (Resigned on 10.10.2018)	0 of 1	-
8	Mr. Rehman Naseem (Resigned on 24.07.2018)	0 of 1	-

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. Grant Thornton Anjum Rehman Chartered Accountants shall stand retired at the conclusion of the Second Annual General Meeting of the Company and are eligible to offer themselves for re-appointment. The appointment of external auditors for the year 2019-20 is in process and the same shall be made after due process is completed and as per the recommendations of Finance & Audit Committee.

Auditor's Report

The Auditors of the Company, M/s. Grant Thornton Anjum Rehman Chartered Accountants have completed their assignment up to the Financial Year ended June 30, 2019. 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, 2019 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 on account of 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

Chairman/Director

Chief Executive Officer

City: **Lahore**
Date: November 07, 2019

ANNEX-A

Pattern of Shareholding
As at June 30, 2019

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
3	1	100000	100,000

Categories of Shareholding
As at June 30, 2019

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

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, 2019**

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:

<table>
<tr><th rowspan="2">S. No</th><th rowspan="2">Provisions of the Rules</th><th rowspan="2">Rule No.</th><th>Y</th><th>N</th></tr>
<tr><th colspan="2">Tick the relevant Box</th></tr>
<tr><td>1.</td><td>The Independent Directors meet the criteria of independence, as defined under the Rules.</td><td>2(d)</td><td>✓</td><td></td></tr>
<tr><td>2.</td><td>The Board has the requisite percentage of Independent Directors. At present the Board includes:
<table>
<tr><th>Category</th><th>Names</th><th>Date of Appointment</th></tr>
<tr><td>Independent Directors</td><td>1. Mr. Abdul Basit
2. Mr. Anjum Mahmood Butt</td><td>08-06-2017
08-06-2017</td></tr>
<tr><td>Executive Directors</td><td>1. Mr. Akhtar Hussain Mayo</td><td>31-08-2018</td></tr>
<tr><td>Non-Executive Directors</td><td>1. ACS Energy, GoPb.
2. Secretary Energy, GoPb.
3. Secretary Finance, GoPb.</td><td>08-06-2017
08-06-2017
08-06-2017</td></tr>
</table>
</td><td>3(2)</td><td>✓</td><td></td></tr>
<tr><td>3.</td><td>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.</td><td>3(5)</td><td></td><td>✓</td></tr>
<tr><td>4.</td><td>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.

*Government of the Punjab, being sole sponsor of the Company,</td><td>3(7)</td><td colspan="2">N/A</td></tr>
</table>

	has nominated all members of the Board of Directors of the Company.			
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. (Not applicable where the chief executive has been nominated by the Government)	**5(2)**		✓
8.	(a) The company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place. (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. (www.punjabthermal.com) (c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	**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.	(a) The Board has met at least four times during the year.	**6(1)**	✓	
	(b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings.	**6(2)**	✓	
	(c) The Minutes of the meetings were appropriately recorded and circulated.	**6(3)**	✓	
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)**	✓	
20.	The Board has reviewed and approved the related party transactions placed before it after recommendations of the Audit Committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	**9**	✓	
21.	(a) The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end.	**10**	✓	
	(b) In case of listed PSCs, the Board has prepared half yearly accounts and undertaken limited scope review by the auditors.			**N/A**
	(c) The Board has placed the annual financial statements on the company's website.		✓	
22.	All the Board members underwent an orientation course arranged by the Company to apprise them of the material developments and information as specified in the Rules	**11**	✓	

<table>
<tr><td>23.</td><td>(a) The Board has formed the requisite Committees, as specified in the Rules.

(b) The Committees were provided with written Terms of Reference defining their duties, authority and composition.

(c) The Minutes of the meetings of the Committees were circulated to all the Board members.

(d) The Committees were Chaired by the following non-executive directors:

<table>
<tr><th>Committee</th><th>Number of Members</th><th>Name of Chair</th><th></th><th></th></tr>
<tr><td>Finance & Audit Committee</td><td>2</td><td>-</td><td></td><td>✓</td></tr>
<tr><td>Risk Management Committee</td><td>2</td><td>-</td><td></td><td>✓</td></tr>
<tr><td>Human Resource Committee</td><td>3</td><td>Mr. Abdul Basit</td><td>✓</td><td></td></tr>
<tr><td>Procurement Committee</td><td>3</td><td>Mr. Abdul basit</td><td>✓</td><td></td></tr>
<tr><td>Nomination Committee</td><td>2</td><td>-</td><td></td><td>✓</td></tr>
</table>
</td><td>12</td><td>✓

✓

✓

✓</td><td></td></tr>
<tr><td>24.</td><td>The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment.</td><td>13</td><td>✓</td><td></td></tr>
<tr><td>25</td><td>The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.</td><td>14</td><td>✓</td><td></td></tr>
<tr><td>26.</td><td>The company has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act.</td><td>16</td><td>✓</td><td></td></tr>
<tr><td>27.</td><td>The directors' report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.</td><td>17</td><td>✓</td><td></td></tr>
<tr><td>28.</td><td>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.</td><td>18</td><td>✓</td><td></td></tr>
</table>

<table>
<tr><td>29.</td><td>(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.

(b) The annual report of the company contains criteria and details of remuneration of each director.</td><td>19</td><td>✓

✓</td><td></td></tr>
<tr><td>30.</td><td>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.</td><td>20</td><td>✓</td><td></td></tr>
<tr><td>31.</td><td>The Board has formed an Audit Committee, with defined and written Terms of Reference, and having the following members:
<table>
<tr><th>Name of Member</th><th>Category</th><th>Professional Background</th></tr>
<tr><td>Secretary Energy, GoPb</td><td>Non-Executive Director</td><td>Career Bureaucrat</td></tr>
<tr><td>Secretary Finance, GoPb</td><td>Non-Executive Director</td><td>Career Bureaucrat</td></tr>
</table>
The Chief Executive and Chairman of the Board are not members of the Audit Committee.</td><td>21 (1) and 21 (2)</td><td>✓</td><td>✓</td></tr>
<tr><td>32.</td><td>(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.

(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.

(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.</td><td>21(3)</td><td>✓

✓

✓</td><td></td></tr>
<tr><td>33</td><td>(a) The Board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee.

(b) The chief internal auditor has requisite qualification and</td><td>22</td><td>✓

✓</td><td></td></tr>
</table>

	experience prescribed in the Rules. (c) The internal audit reports have been provided to the external 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)**	✓	

CHAIRMAN, BOARD OF DIRECTORS

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)**	Majority of the Board members had confirmed that they are not serving as directors in more than five Public Sector Companies and Listed Companies simultaneously, except their Subsidiaries, however, one of the worthy Board member *(Secretary Finance, ex-officio director)* has not yet confirmed the above.	Government of Punjab (GoPb) has owned various Companies in different sectors. For the purpose of monitoring and safeguarding its interest in these companies, GoPb has nominated its directors including independent and ex-officio directors. It is imperative to note that Government has made considerable investments in the form of equity or loan in Punjab Thermal Power (Private) Limited (PTPL) and presence of Finance Secretary on the Board of Directors of PTPL is very vital to keep him abreast about utilization of Company's financial resources and progress on the development of the project being undertaken by the Company. Therefore, it is not practicable for the above ex-officio director to comply with this particular provision of PSC (CG) Rules, 2013

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7	**5(2)**	The Position of Chief Executive Officer is lying vacant. However, Mr. Akhtar Hussain Mayo, Chief Operating Officer, Quaid-e-Azam Thermal Power (Private) Limited (QATPL) is entrusted with additional charge of Chief Executive Officer of the Company, who is rendering his services on *pro-bono* basis *i.e.* on his own salary as Chief Operating Officer-QATPL.	The Company is looking for a suitable candidate for the position of Chief Executive officer and shall fill the position permanently while keeping in view the compliance requirement of PSC (CG) Rules, 2013 pertaining to the requisite criteria for the position of CEO of the Company.
23	**12**	<u>As of June 30, 2019,</u> the Finance & Audit Committee, Risk Management Committee and Nomination Committee of the Board of Directors are not functional due to resignation of majority of independent non-executive directors.	<u>As of date, the company is in full compliance with this provision of PSC (CG) Rules, 2013 in the manner given hereunder:</u> The Finance & Audit Committee, Risk Management Committee & Nomination Committee of the Board of Directors have been re-constituted and chaired by independent non-executive directors. The current composition of the aforesaid Committees is as under: (a) <u>Finance & Audit Committee:</u> i. Mr. Khurram Saleem, Chairman ii. Mr. Hassan Khawar, Member iii. Mr. Muhammad Faisal Afzal, Member iv. Secretary Finance, Member v. Secretary Energy, Member (b) <u>Nomination Committee:</u> i. Mr. Abdul Basit, Chairman ii. Ms. Ermeena Asad Malik, Member iii. Mr. Muhammad Faisal Afzal, Member iv. ACS (Energy). Member v. Secretary Finance, Member (c) <u>Risk Management Committee:</u> i. Mr. Khurram Saleem, Chairman ii. Mr. Hassan Khawar, Member iii. Syed Mohammad Ali, Member iv. Secretary Energy, Member v. Secretary Finance, Member

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31	21 (1) & 21 (2)	As of June 30, 2019, the position of Chairman of the Finance & Audit Committee is lying vacant due to resignation of majority of independent non-executive directors.	As of date, the company is in full compliance with this provision of PSC (CG) Rules, 2013 in the manner given hereunder: The Finance & Audit Committee has been re-constituted and chaired by independent non-executive director. The current composition of Finance & Audit Committee is as under: i. Mr. Khurram Saleem, Chairman ii. Mr. Hassan Khawar, Member iii. Mr. Muhammad Faisal Afzal, Member iv. Secretary Finance, Member v. Secretary Energy, Member

CHAIRMAN, BOARD OF DIRECTORS

CHIEF EXECUTIVE OFFICER

Grant Thornton
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F +92 42 37425 485
www.gtpak.com

INDEPENDENT AUDITOR'S 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, 2019, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, (here-in-after referred to as "the financial statements") 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 and other 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, 2019 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Other matter

The financial statements of the Company for the year ended June 30, 2018 were audited by another auditor who express an unmodified opinion on those statements on February 15, 2019.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended June 30, 2019, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional 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.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017(XIX of 2017);

b) the statement of financial position, the statement of profit or loss and other 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 Imran Afzal.

Grant Thornton Anjum Rahman

Grant Thornton Anjum Rahman
Chartered Accountants
Lahore

Dated: November 7, 2019

PUNJAB THERMAL POWER (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019	2018		Note	2019	2018
		(Rupees in thousand)				(Rupees in thousand)	
EQUITY AND LIABILITIES				**ASSETS**			
CAPITAL AND RESERVES				**NON-CURRENT ASSETS**			
Authorised capital				Property, plant and equipment	11	74,949,498	20,231,861
100,000 ordinary shares of Rs. 100 each		10,000	10,000	Intangibles	12	87	92
				Long term deposits		10,275	10,053
Issued, subscribed and paid up capital						74,959,860	20,242,006
100,000 ordinary shares of Rs. 100 each	6	10,000	10,000				
Unappropriated loss		(45,149)	(64,408)				
Advance against issue of shares	7	26,990,000	13,390,000				
		26,954,851	13,335,592				
NON-CURRENT LIABILITIES							
Deferred liabilities	8	15,868	-				
		15,868	-				
CURRENT LIABILITIES				**CURRENT ASSETS**			
Trade and other payables	9	58,623,576	8,551,391	Advances, deposits and other receivables	13	533,294	319,242
				Cash and bank balances	14	10,101,141	1,325,735
		58,623,576	8,551,391			10,634,435	1,644,977
		85,594,295	21,886,983			85,594,295	21,886,983
CONTINGENCIES AND COMMITMENTS	10						

The annexed notes 1 to 25 form an integral part of these financial statements.

Chief Executive

Director

PUNJAB THERMAL POWER (PRIVATE) LIMITED
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	Note	From July 01, 2018 to June 30, 2019	From June 08, 2017 to June 30, 2018
		(Rupees in thousand)	
Administrative expenses	15	(132,413)	(123,966)
Other income	16	189,997	85,213
Other operating expenses	17	-	-
Profit from operations		57,584	(38,753)
Finance cost	18	(624)	(110)
Profit/(Loss) before taxation		56,960	(38,863)
Taxation	19	(37,701)	(25,545)
Profit/(Loss) after taxation		19,259	(64,408)
Other comprehensive income:			
Items that may be reclassified to profit or loss		-	-
Items that will not be reclassified to profit or loss account		-	-
Other comprehensive income for the year		-	-
Total comprehensive profit / (loss) for the year		19,259	(64,408)

The annexed notes 1 to 25 form an integral part of these financial statements.

Chief Executive **Director**

PUNJAB THERMAL POWER (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

Description	Share capital	Advance against issue of shares	Unappropriated Loss	Total
	Rupees in thousand			
Balance as at June 08, 2017	-	-	-	-
Advance against issue of shares	-	13,400,000	-	13,400,000
Shares issued during the year	10,000	(10,000)	-	-
Total comprehensive loss for the year			(64,408)	(64,408)
Balance as at June 30, 2018	10,000	13,390,000	(64,408)	13,335,592
Advance against issue of shares	**-**	**13,600,000**	**-**	**13,600,000**
Total comprehensive income for the year	-	-	**19,259**	-
Balance as at June 30, 2019	**10,000**	**26,990,000**	**(45,149)**	**26,935,592**

The annexed notes 1 to 25 form an integral part of these financial statements.

Chief Executive

Director

PUNJAB THERMAL POWER (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		------------ Rupees in thousand ------------	
Cash flows from operating activities			
Profit / (Loss) before taxation		56,960	(38,863)
Adjustments for non cash items:			
Depreciation and amortization		3,871	2,009
Interest income		(189,972)	(85,139)
Tender income		(25)	(74)
Finance cost		624	110
Staff gratuity expense		6,396	-
		(179,106)	(83,094)
Operating cash flows before working capital changes		(122,146)	(121,957)
Effect on cash flow due to working capital changes			
Increase in current assets:			
Advances and other receivables		(207,094)	(300,353)
Increase in current liabilities:			
Trade and other payables		2,596,462	2,080,592
		2,389,368	1,780,239
Cash generated from operating activities		2,267,222	1,658,282
Finance cost paid		(624)	(110)
Interest received		189,972	67,279
Tender income received		25	74
Income tax paid		(43,999)	(26,573)
		145,374	40,670
Net cash generated from operating activities		2,412,596	1,698,952
Cash flows from investing activities			
Capital expenditure incurred		(7,236,927)	(13,763,064)
Payment for intangible assets		(49)	(100)
Long term deposits		(214)	(10,053)
Net cash used in investing activities		(7,237,190)	(13,773,217)
Cash flows from financing activities			
Advance against issuance of shares		13,600,000	13,400,000
Net cash generated from financing activities		13,600,000	13,400,000
Net increase in cash and cash equivalents		8,775,406	1,325,735
Cash and cash equivalents at beginning of the period		1,325,735	-
Cash and cash equivalents at end of the period	14	10,101,141	1,325,735

The annexed notes 1 to 25 form an integral part of these financial statements.

Chief Executive **Director**

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:

	Note
- Estimated useful life of property, plant and equipment & intangibles	5.1 and 5.2
- Employee benefits	5.7
- Provision for taxation	5.8
- Provision and contingencies	5.10

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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.

3 Significant transactions and events

3.1 After approval from the 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 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 in line with the timeline mandated by the GoPb. 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 with in one (01) 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 and to address MLA's concerns, 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 favor 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 Company after obtaining board approval in its 2nd meeting held on July 5th, 2019 sought approval from the Standing Committee on Finance & Development of the Cabinet in its 29th meeting dated July 10, 2017 of the term sheet along with all sponsors support provisions. The project was envisaged to be financed at 80:20 debt equity ratio. In pursuance of the requisite approvals, PTPL signed term sheet with MLAs on August 17, 2017 for project financing of Rs. 72 billion (being 80% of the estimated project cost). PTPL had also finalized financing agreements in principle with MLAs since November 2017. Whereas due diligence by the lenders' consultants was also substantially completed and compliance with various conditions precedents were in process.

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. PTPL and Energy Department, GoPb rigorously followed up with Federal Government entities, and the said approvals / decisions of CCOE and ECC were finally communicated by the Ministry of Energy, Government of Pakistan (GoP) to the relevant stakeholders for their needful in October and December 2018 almost after 5 to 6 months delay hence resulted in further delay in Financial Close of the project.

Number of meetings were also held with Central Power Purchasing Agency (Guarantee) Limited - CPPAG, Power Purchaser and Sui Northern Gas Pipelines Limited - SNGPL (Gas Suppler) to finalize PPA and GSA respectively. The PPA draft was finalized with CPPAG on February 12, 2019 whereas GSA could not be finalized by SNGPL. However, CPPAG was reluctant to proceed further, till such time the clarification / approval from ECC on the Gas supplier is received in pursuance of CCoE's May-18 decision to execute GSA with SNGPL instead of PLL.

Accordingly, summary for the same was initiated by CPPAG through Power Division, Ministry of Energy in the month of January 2019 (i.e. after three months from the receipt of ECC's decision by CPPAG). Later on, CPPAG on February 20th, 2019 after obtaining its board approval initialed PPA with PTPL on the condition that the same shall be signed once GSA is executed.

The matter was escalated and deliberated at the high-level meeting convened by the worthy Prime Minister of Islamic Republic of Pakistan on February 25th, 2019 and all above mentioned issues were discussed at length. All stakeholders including relevant Ministries, Federal Government entities and representative from the Government of Punjab were present. It was desired / directed that these Concession Agreements shall be executed with in the stipulated timelines and all efforts shall be made to achieve the Financial Close of the project while addressing the lenders' concern (primarily non-execution of the said agreements) and SNGPL's certain requirements.

Further, the approval / clarification from ECC related to Gas Supplier and RA was sought by CPPAG / MOE in ECC's meeting held on February 26th, 2019. Later on, SNGPL also informed that in order to supply gas to the plant, certain other aspects related to supply chain to be addressed including signing of backend agreement (tripartite agreement) etc. In this regard number of meetings were also convened by Ministry of Energy, Power Division and Petroleum Division, to resolve the outstanding issues amongst PLL, SSGC and SNGPL. As a result of this continuous efforts, GSA was initialed with SNGPL on April 24, 2019.

Despite several follow-ups and correspondences by PTPL and GoPb on the matter of execution of GSA, the same remained pending. Upon request of GoPb, a meeting was also convened at Petroleum Division under the chairmanship of Special Assistant to the Prime Minister on Petroleum (SAPM) with representation from SNGPL, PLL, PPIB, CPPAG, PTPL and GoPb on July 25th, 2019 to resolve issues pertaining to execution of GSA and concession agreements. During the said meeting it was informed that PLL's Board has not approved the initialed GSPA which features supply of 185 MMCFD on firm basis and additional volume up till 600 MMCFD on as-available basis. PLL's Board is of the view that the firm commercial guarantee / SBLC be provided for the entire 600 MMCFD instead of the firm volume of 185 MMCFD, to which SNGPL was not agreeing upon.

SNGPL also informed on July 31st, 2019 that its Board has accorded approval in its meeting held on July 25th, 2019 for the GSA, GTA and GSPA (initialed on April 24th, 2019), and accordingly the said agreements have been sent to OGRA for its approval. However, it is apprehended that there are certain disagreements in the GSPA sent for OGRA's concurrence by SNGPL and the parties may not execute the same even after the Authority's approval.

Nevertheless, PTPL and GoPb had kept following up on the matter with all stakeholders in this regards number of meeting were convened as well as various letters have been sent including but not limited to Chief Minister to Prime Minister, Minister for Energy, GoPb to Minister for Energy, GoP, Chief Secretary, GoPb to Principal Secretary to Prime Minister and Additional Chief Secretary Energy, GoPb to Secretary Petroleum, Ministry of Energy, GoP seeking support for the earliest resolution of issues and signing of Concession Agreements.

It also came to our knowledge that that PLL has sent a revised draft of GSPA to SNGPL which features gas supply of 185 MMCFD instead of 600 MMCFD but SNGPL's Board in its recent meeting declined to sign the GSPA other than the already initialed version dated April 24, 2019.

Pending the resolution of the disagreement between PLL and SNGPL, the matter has reportedly been placed in ECC's meeting held dated October 02, 2019 and accordingly ECC has decided that GSPA between SNGPL & PLL be executed for quantity of 185 MMCFD gas and accordingly the gas security deposit be furnished against the same gas quantity. The formal communication of the said decision of ECC has also been received. Both SNGPL and PLL are planning to get their Boards approvals on the revised GSPA and once approved, the same shall be forwarded to OGRA as amended draft. Once OGRA's approval is received, GSA and its backend agreements will be executed between the relevant parties.

PTPL and GoPb is making utmost efforts to achieve Financial Close at the earliest and in this regards a high-level meeting was also held on January 18, 2019 with Project Lenders to provide comfort and demonstrate Government of Punjab's commitment for the Project. The meeting was co-chaired by Minister of Finance and Minister of Energy, Government of Punjab which was also attended by representatives of Federal Government entities / stakeholders including Ministry of Energy (Power and Petroleum Divisions), SNGPL, CPPAG and PPIB. In the said meeting, while appreciating the consortium's cooperation, it was emphasized to expedite Financial Close of the Project at the earliest. Lenders were also pursued for the same and aligned matters were also discussed in detail. However, pending the execution of Concession Agreements and certain concerns raised by MLAs along with the refusal of one of the leading banks amongst the MLAs to finance the project until such concerns are addressed the financial close could not be achieved.

After numerous meeting and tireless efforts by the GoPb, the MLAs concerns are now substantially addressed/negotiated, and accordingly the revised draft term sheet, for project finance and working capital facility of PKR 90.7 billion was issued after a round of discussions and negotiations. MLAs also demanded that the debt equity ratio must be revised to 70:30. The said term sheet is to be placed before the board for consideration and approval. However, the arrangement for the SBLC / security to gas supplier shall be finalized separately. The revised term sheet has also been approved by the Board in its meeting held on Oct 25, 2019 subject to the approval of sponsors support related provision by GoPb.

PTPL along with the support of GoPb (Sponsor) is striving hard to achieve the Financial Close and putting all its efforts including seeking help from the Federal Government. Financial Close of the project is expected to be achieved by February 2020 provided that inter-alia the Concession Documents are executed and requisite support from MLAs is provided on time.

The total Project is now estimated to be PKR 107.7 billion, the increase is mainly due to devaluation of Rupees against USD and anticipated delay in Commercial Operations Date (COD). However, it is expected that NEPRA may allow anticipated delay period cost mainly on the grounds that it is attributable to GoP entities whereas the delay, if any attributable on EPC contractor part shall be secured against Liquidated Damages (LDs) which may be determined at the time of COD.

After obtaining BOD approval, PTPL also initiated summary for the approval of Cabinet to arrange PKR 10 billion as bridge finance from LC banks. The draft term sheet has already approved by the Board. The bridge loan shall be arranged to meet PTPL's EPC milestone payment obligation and shall be reserved against GoPb's guarantee and debit authority.

Due to delay in execution of Concession Agreements, the extended Financial Closing date under LOS has also lapsed. The Company has applied for another extension in Financial Close date for a period of another six-month time i.e. by April 24, 2020, which is under process.

3.2 During the year the Company has made purchases to property, plant and equipment amounting to Rs. 4.7 million and amounting to Rs. 54.72 billion has been capitalized to capital work in progress.

4 Significant accounting policies

The accounting policies used in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2018, except for the effects of changes as detailed in note 4.1 below

4.1 Change in accounting standards, interpretations and amendments to published approved accounting and reporting standards

(a) New standards, amendments and interpretation to published approved accounting and reporting standards which are effective during the year:

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2018. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these financial statements.

In addition to the above, the following two new standards have become applicable to the Company effective July 1, 2018:

- IFRS 9 'Financial instruments' – This standard replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. It also includes an expected credit losses model that replaces IAS 39 incurred loss impairment model. On July 1, 2018 (the date of initial application of IFRS 9), the Company's management has assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories (i.e. mainly financial assets previously classified as 'loans and receivables' have now been classified as 'amortised cost').

  IFRS 9 'Financial Instrument' in respect of companies holding financial assets due from the Government, the requirements contained in "IFRS 9 (Financial Instruments) with respect to application of Expected Credit Losses are deffered till July 2021 as a result of notification issued by Security and Exchange Commission of Pakistan

- IFRS 15 'Revenue from contracts with customers' – This standard introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognise revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

(b) New standards and amendments to published approved accounting and reporting standards that are not yet effective

IFRS 16 'Leases' will be effective for the Company's annual accounting period beginning July 1, 2019. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. At present the Company is in the process of determining the impacts of application of IFRS 16 on future financial statements of the Company.

Additionally there is another new standard, certain amendments and an interpretation to the approved accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2019. However, these will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these financial statements.

4.2 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

In addition to the above, following standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan;

IFRS 14	Regulatory Deferral Accounts
IFRS 17	Insurance Contracts

5 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.

5.1 Property, plant and equipment

Owned

Property, plant and equipment owned by the Company are stated at cost less accumulated depreciation and impairment, if any, except for land, capital work in progress and stores held for capitalization, which are stated at cost less accumulated impairment , if any. Freehold land is stated at cost less impairment, 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 , 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 statement of profit or loss 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 statement of profit or loss 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.

5.2 Intangibles

Intangible assets with a finite useful life are capitalized initially at cost and subsequently stated at cost less accumulated amortization and impairment, 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 or 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.

5.3 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.

5.4 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 statement of financial position at cost.

5.5 Financial instruments

i 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.

ii Financial assets at amortised cost

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 2019 include cash and bank balances, trade debts, deposits, other receivables and term deposit receipts.

iii 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.

iv Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off in the statement of financial position, 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.

v Impairment

The carrying amount of the Company's assets are reviewed at each statement of financial position 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.

vi 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 statement of profit or loss. 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.

vii Non financial assets

The carrying amount of the Company's assets are reviewed at each statement of financial position 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 statement of profit or loss 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.

5.6 Borrowing costs

Borrowing cost and other related costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

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 statement of profit or loss over the period of borrowings on an effective rate basis.

5.7 Employee benefits

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

(a) Retirement benefits

Board of Directors of the Company has approved unfunded gratuity scheme as defined benefit scheme. The Company is in process of establishing the fund which shall be registered with FBR. Currently, the Company recognizing the expenses using last drawn salary into number of years of service or part thereof after completion of first year of service for each employee.

5.8 Taxation

As per power policy 2015, the Company being an Independent Power Producers (IPP) is exempt from taxation in Pakistan. However in order to avail these exemptions, the Company has requested PPIB and Ministry of Finance, GoP to make appropriate amendment in Income Tax laws. Furthermore, under the teriff determination any tax paid by the Company is also recoverable from NEPRA / CPPA(G).

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of profit or loss, 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 statement of financial position liability method in respect of all temporary differences arising form 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 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 date of statement of financial position. Deferred tax is charged or credited in the statement of profit or loss, except in the case of items credited or charged to equity in which case it is included in equity.

5.9 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 is 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.

5.10 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.

5.11 Finance income and finance cost

Finance income comprises interest income on bank deposits and term deposits receipts. Income on bank deposits and term deposit's 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.

5.12 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 CWIP.

6 Issued, subscribed and paid up capital

2019	2018		2019	2018
(Number of shares)			(Rupees in thousand)	
100,000	100,000	Ordinary shares of Rs. 100 each, fully paid in cash	**10,000**	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.

7.1 This includes PKR 6 billion (out of PKR 10 billion) provided by GoPb for temporary funding. However, subsequent to year end on September 18, 2019 the lenders of the Company in their revised term sheet demanded to increase debt equity ratio from 80:20 to 70:30 and sponsors will be required to inject 100% equity upfront. Accordingly the GoPb's total equity contribution requirement for project cost will also be increased upto PKR 32.3 billion. Hence, this temporary funding has been classified as equity. It is pertinent to mention that the project cost has now been increased mainly due to currency devaluation, increase in interest rate and certain delays on part of GoP entities. Majority of this cost shall be pass through as PTPL will approach NEPRA at the time of tariff true-up.

		Note	2019	2018
			(Rupees in thousand)	
8	**Deferred Liabilities**			
	Opening as at July 1		-	-
	Add: Current service cost		**17,390**	-
	Less: Payments		**(1,522)**	-
	Closing as at June 30		**15,868**	-
9	**Trade and other payables**			
	Payable for construction of gas pipeline		-	1,704,000
	Payable to contractors	9.1	**4,025,662**	6,075
	Payable to consultants		**404,413**	285,322
	Retention money payable		**285**	272
	For plant and equipment received	9.2	**53,945,853**	6,470,799
	Workers' Profit Participation Fund	9.3	**2,849**	-
	Accrued and other liabilities	9.4	**244,514**	84,923
			58,623,576	8,551,391

9.1 This represents payable to EPC Contractor for the invoices raised upon milestone completion and certain amount on account of reimbursement of duties and taxes.

9.2 This represents liability accrued items of plant and equipment received along with the completion for related work after adjusting for advance given and invoices raised by EPC Contractor.

9.3 Workers' Profit Participation Fund

	2019	2018
Opening Balance	-	-
Provision for the year	**2,849**	-
Closing	**2,849**	-

The Company is required to pay 5% of its profit to Worker's Profit Participation Fund. However, such payments will not effect the company's overall profitability, as the cost is recoverable from Central Power Purchasing Agency - Guarantee Limited (CPPA(G)) / NEPRA.

9.4 This includes Rs. 42.73 million payable to related party Quaid-e-Azam Thermal Power (Private) Limited (QATPL) under the management contract for shared services.

10 Contingencies and commitments

10.1 Contingencies

10.1.1 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 January 24, 2020.

10.1.2 A Writ Petition has been filed by 23 power producers companies (Bagasse based) on Renewable Energy Policy and Framework at honorable Islamabad High Court (IHC) 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, exfacie 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 and arguments have been heard. Matter is pending before IHC. 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 favor 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.

10.1.3 Punjab Revenue Authority vide show cause notice no. PRA/S.C52/11230 dated December 10, 2018 requires the company to inform the reasons why it has not withheld Punjab Sales Tax of PKR 1,329 million. PTPL through tax consultant EY Ford Rhodes submitted detail reply with reasons to the satisfaction of PRA. During the hearing, PRA also opined that Punjab Sales Tax is applicable on entirety of the project payments and the company has not withheld sales tax on offshore payments it made to EPC Contractor. PRA was of the view that Punjab sales tax is applicable on power plant purchases. Tax consultant's is of the view that it is federal government subject and FBR is already applying sales tax at the time of import of equipment on various shipments and the company is making reimbursement of this tax amount to EPC Contractor. As a precautionary measure, PTPL took stay order on the matter from Lahore High Court on May 23, 2019 vide case W.P. no. 31704 of 2019, so that PRA may not take any adverse action. While deciding said writ petition, Lahore High Court disposed off the matter vide order October 14, 2019. The Court has directed the respondents (PRA) to "deal with the objections already submitted in response to the impugned show cause notice, before proceeding further"

10.2 Commitments:

10.2.1 The Company entered into a consultancy agreement with National Engineering Services Pakistan (NESPAK) amounting to Rs. 1.32 billion out of which Rs. 0.79 billion is still payable.

10.2.2 The following LCs were opened in favor of CMEC:

i) Offshore LC amounting to USD 353 million

ii) Onshore LC amounting to Rs. 9,289 million

	Note	2019	2018
		(Rupees in thousand)	
11 Property, plant and equipment			
Operating fixed assets	11.1	11,941	10,963
Capital work in progress	11.2	74,937,557	20,220,898
		74,949,498	20,231,861

11.1 Operating fixed assets

2019

Description	Cost: As on July 01, 2018	Cost: Additions	Cost: As at June 30, 2019	Rate	Depreciation: As on July 01, 2018	Depreciation: Charge for the year	Depreciation: As at June 30, 2019	Book value as at June 30, 2019
	Rupees in thousand			%	Rupees in thousand			
Owned								
IT equipments	2,750	2,304	5,053	33%	687	1,148	1,836	3,217
Furniture and fittings	1,170	2,341	3,511	20%	115	702	817	2,694
Vehicles	9,044	151	9,195	20%	1,199	1,966	3,165	6,030
Total	12,964	4,796	17,759		2,001	3,816	5,818	11,941

2018

Description	Cost: Opening	Cost: Additions from June 08, 2017 to June 30, 2018	Cost: As at June 30, 2018	Rate	Depreciation: Opening accumulated depreciation	Depreciation: Depreciation charge from June 08, 2017 to June 30, 2018	Depreciation: As at June 30, 2018	Book value as at June 30, 2018
	Rupees in thousand			%	Rupees in thousand			
Owned								
IT equipments	-	2,750	2,750	33%	-	687	687	2,063
Furniture and fittings	-	1,170	1,170	20%	-	115	115	1,055
Vehicles	-	9,044	9,044	20%	-	1,199	1,199	7,845
Total	-	12,964	12,964		-	2,001	2,001	10,963

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			2019	2018
11.2	**Capital work in progress**		**(Rupees in thousand)**	
	Plant and machinery		**61,248,049**	13,069,091
	Civil works		**4,386,257**	1,419,230
	Construction of gas pipeline		**3,981,000**	3,981,000
	Payment of insurance cost		**374,249**	164,666
	Land and associated cost		**430,731**	430,731
	Consultancy charges		**806,202**	365,263
	Exchange (gain) / loss		**208,977**	(328)
	Financing fee, duties, taxes and other charges		**3,125,918**	639,946
	Salaries, wages and other benefits		**174,034**	63,222
	Regulatory fees and Licensing		**194,441**	86,645
	Testing and Commissioning Cost		**6,267**	-
	Others		**1,432**	1,432
			74,937,557	20,220,898
12	**Intangibles**			
	Cost			
	Opening balance		**100**	-
	Additions during the period		**49**	100
	Balance at 30 June		**149**	100
	Amortization			
	Opening balance		**8**	-
	Charge for the year	**12.1**	**54**	8
	Balance at 30 June		**62**	8
	Carrying value		**87**	92

12.1 Amortization has been charged at the rate of 33.33% (2018: 33.33%)

13	**Advances, deposits and other receivables**			
	Prepayments		**1,811**	5,487
	Advances to Executives		**911**	-
	Security deposits		**10**	10
	Advance income tax		**989**	497
	Sales tax receivable	**13.1**	**485,214**	255,388
	Interest accrued on saving account		**41,510**	17,860
	Receivable from EPC contractor		-	40,000
	Recoverable from CPPA/NEPRA as pass through items			
	Workers' Profit Participation Fund	**13.2**	**2,849**	
			533,294	319,242

13.1 This includes PKR 227 Million (2018: PKR 227 Million) sales tax charged by CMEC @ 16% on onshore EPC Advance payment invoice under EPC agreement. 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 @ 16% to CMEC. However, instead of depositing the said sales tax into Govt. of Punjab's treasury, CMEC challenged the same before Lahore High Court (LHC) 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. The matter was pending before LHC, subsequent to year end the LHC has made the direction to CMEC to approach PRA for clarification of applicable rate of sales tax and disposed off the petition.

13.2 The Company is required to pay 5% of its profit to Worker's Profit Participation Fund. However, such payments will not effect the company's overall profitability, as the cost is recoverable from Central Power Purchase Agency - Guarantee Limited (CPPAG) / NEPRA.

			2019	2,018
14	**Cash and bank balances**		**(Rupees in thousand)**	
	Cash in hand		**550**	550
	Cash at bank:			
	Deposit accounts	**14.1**	**10,100,591**	1,325,185
			10,101,141	1,325,735

14.1 This includes Rs. 1,043 million as lien marked against the performance security issued to PPIB on account of issuance of LOS for amount of USD 6.32 million. In addition, it also include PKR 3 billion partial equity contribution received from GoPb for working capital.

14.1.1 This carries mark-up at the rates ranging from 5.75% to 11% per annum (2018: 5.5% to 5.6% per annum).

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		Note	2019	2018
			(Rupees in thousand)	
15	**Administrative expenses**			
	Salaries, wages and benefits	21	79,547	88,051
	Rent		18,582	6,180
	Office supplies and entertainment expense		3,717	4,915
	Printing and stationery		1,463	2,134
	Advertisement expenses		1,770	1,326
	Communication charges		2,378	1,683
	Utilities		1,735	927
	Vehicle running expenses		9,440	5,101
	Local travelling and lodging cost		4,405	3,168
	Directors' fee		1,105	4,424
	Legal and professional charges		1,384	1,068
	Auditors' remuneration	15.1	1,100	1,239
	Depreciation and amortization	11.1 & 12	3,871	2,009
	Repair and maintenance		380	352
	Others		1,536	1,389
			132,413	123,966
15.1	**Auditors' remuneration includes**			
	External Audit Fee		950	1,034
	Review Report on Code of Corporate Governance		50	105
	Out of pocket expense		100	100
			1,100	1,239
16	**Other income**			
	Profit on deposit accounts / short term investments		189,972	85,139
	Tender income		25	74
			189,997	85,213
17	**Other Operating Expense**			
	Provision for Worker's Profit Participation Fund	8.3	2,849	-
	Worker's Profit Participation Fund receivable from CPPA(G)/NEPRA	13.2	(2,849)	-
			-	-

17.1 The Company is required to pay 5% of its profit to Worker's Profit Participation Fund. However, such payments will not effect the company's overall profitability, as the cost is recoverable from Central Power Purchase Agency Guarantee Limited (CPPAG) / NEPRA.

		2019	2018
18	**Finance cost**		
	Bank charges	624	110
		624	110
19	**Taxation**		
	Current - for the period	37,701	25,545

The Company has not yet recognized deferred tax asset against pre commencement expenditure on prudent basis as the Project is still under construction phase.

20 Financial risk management

20.1 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 Tarrif 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.

The Company is exposed to currency risk arising from various arising only from the US Dollar and the Euro. Currency risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Company's functional currency.

If the functional currency, at reporting date, had fluctuated by 5% with all other variables held constant. The project is under construction phase, any exchange gain/loss arising thereof, will be capitalized with no impact on P&L.

(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:

	2019	2018
	(Rupees in thousand)	
Financial assets		
Fixed rate instruments		
Bank balances - savings accounts	**10,100,591**	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:

	2019	2018
Particulars at amortized cost	(Rupees in thousand)	
Long term deposits	**10,275**	10,053
Interest accrued on saving account	**41,510**	17,860
Balances with banks	**10,100,591**	1,325,185
	10,152,376	1,353,098

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The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating		Rating	2019	2018
	Short term	Long term	Agency	(Rupees in thousand)	
-National Bank of Pakistan	A1+	AAA	PACRA	**9,056,253**	809,121
-Bank of Punjab	A1+	AA	PACRA	**1,044,338**	516,064
				10,100,591	1,325,185

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount from Government of Punjab as an Equity, Furthermore Company is in the process of finalization of syndicate bridge loan and project finance as well. In addition, P&D Department GoPb, after obtaining cabinet approval issued commitment letter to finance the project if financial close could not be achieved. The Company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements.

The following are the contractual maturities of financial liabilities as at June 30, 2019:

	Carrying Amount	Less than 1 year	Between 1 and 5 years	Over 5 years
	(Rupees in thousand)			
Trade and other payables	58,623,576	58,623,576	-	-
	58,623,576	58,623,576	-	-

The following are the contractual maturities of financial liabilities as at June 30, 2018:

	Carrying Amount	Less than 1 year	Between 1 and 5 years	Over 5 years
	(Rupees in thousand)			
Trade and other payables	8,551,391	8,551,391	-	-
	8,551,391	8,551,391	-	-

20.2 Fair values of financial assets and liabilities

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

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

As of reporting date, there were no Level 1, 2 or 3 assets or liabilities during current year.

20.3 Financial instruments by categories

	Financial asset at amortized cost	
	2019	2018
	(Rupees in thousand)	
Financial assets as per statement of financial position		
Long term deposits	**10,275**	10,053
Interest accrued on saving account	**41,510**	17,860
Cash and bank balances	**10,100,591**	1,325,185
	10,152,376	1,353,098

	Financial liabilities at amortized cost	
	2019	2018
	(Rupees in thousand)	
Financial liabilities as per balance sheet		
Trade and other payables	**58,623,576**	8,551,391
	58,623,576	8,551,391

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20.4 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, 2019 are as follows:

	2019	2018
	(Rupees in thousand)	
Total equity	**26,954,851**	13,335,592
Total capital	**26,954,851**	13,335,592

21 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:

	Chief Executive		Directors		Executives	
	2019	2018	2019	2018	2019	2018
	(Rupees in thousand)					
Remuneration	**1,383**	3,924	-	-	**133,228**	76,445
Perquisites	-	-	-	-	-	-
Meeting Fee	-	-	**1,105**	4,424	-	-
Reimbursement of expenses	-	-	**200**	-	**4,602**	1,266
Others	-	-	-	-	**35,002**	8,251
	1,383	3,924	**1,305**	4,424	**172,832**	85,962
Number	**1**	**1**	**8**	**9**	**38**	**45**

21.1 During the year no remuneration was paid to CEO other than an amount of PKR 1.383 million (2018: PKR 3.92 million) paid on account of honorarium approved by the Board of Directors in its 23rd meeting dated May 07, 2019.

21.2 Remuneration to executives includes honorarium of PKR 0.782 million (2018: PKR 11,038) paid to the executives of QATPL approved by the Board of Directors in its 23rd meeting dated May 07, 2019.

21.3 Aggregate amount charged in the financial statements for the year as Meeting fee paid to directors amounting to PKR 1.105 million (2018: PKR 4.424 million).

22 Number of employees	2019	2018
Total number of employees as at June 30	**53**	55
Average number of employees during the period	**54**	55

23 Related party transactions and balances

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

Name of Parties	17 Relationship with the company	Nature of transactions/ balances	2019	2018
			(Rupees in thousand)	
Key Management Personnel	Key Management Personnel	Remuneration	**66,936**	29,669
	18	Retirement Benefit	**1,521**	-
Government of Punjab	Shareholders	Advance against issue of shares	**13,600,000**	13,390,000
		Issuance of share capital	**-**	10,000
Directorate General Public Relations	Associated Undertaking	Advertisement expenses charged	**1,739**	2,707
		Advertisement expenses payable	**272**	247
Government of Punjab	Shareholders	Purchase of land	**-**	214,376
		Kacha rasta land payable	**23,200**	23,200
The Bank of Punjab	Common shareholding	Bank charges	**622**	862
		LOI bank guarantee	-	139,125
The Bank of Punjab	Common shareholding	Interest Income	**121,576**	67,280
QATPL	Common shareholding	Expenses	**-**	43,720
		Expenses payable	**42,738**	42,738

23.1 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 Personals includes honorarium of PKR 4.66 million paid to the employees of QATPL holding additional responsibility as Key Management Personal in the Company.

23.2 Transaction with related parties are being conducted at mutually agreed terms and disclosed under respective notes.

23.3 Transaction with directors are disclosed under note 21.

23.4 Certain Key Management Personnel are also provided with the use of Company maintained cars.

24 Date of authorization

These financial statements were approved and authorised for issue on 0 7 NOV 2019 by the Board of Directors of the Company.

25 General

25.1 Figures in these financial statements have been rounded off to nearest thousands of rupees.

25.2 The corresponding figures are for the first year of the company starting from June 08, 2017 to June 30, 2018.

25.3 Corresponding figures have been re-arranged and / or reclassified, where ever considered necessary, for the purpose of better presentation of the financial statements. However, no significant reclassification has been made in these financial statements.

Chief Executive **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 Rupees five revenue stamp
Signature
Signature should agree with the specimen signature registered 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.