ANNUAL REPORT 2021

Punjab Thermal Power (Private) Limited

7-C1, Gulberg-III, Lahore

CONTENTS

CORPORATE INFORMATION

About the Report: The Integrated Annual Report 2021 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 70% Debt arranged from local Banks and 30% 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 (Private) Limited (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. Rasikh Consilium Advocates & Consultants.

Company's Statutory Auditors

M/s. Yousuf Adil, Chartered Accountants.

Bankers of the Company

- National Bank of Pakistan
- Habib Bank Limited
- United Bank Limited
- The Bank of Punjab
- Meezan Bank Limited
- Askari 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.	Mr. Muhammad Ali	Chairman / Independent Director
ii.	Mr. Iftikhar Ali Sahoo	Non-Executive Director
iii.	Mr. Muhammad Aamir Jan	Non-Executive Director
iv.	Mr. Abdul Basit	Independent Director
v.	Ms. Ermeena Asad Malik	Independent Director
vi.	Mr. Hasaan Khawar	Independent Director
vii.	Mr. Khuram Saleem	Independent Director
viii.	Mr. Muhammad Faisal Afzal	Independent Director
ix.	Mr. Akhtar Hussain Mayo	Chief Executive Officer/Executive Director

Finance & Audit Committee

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

Procurement Committee

i.	Mr. Mohammad Ali	Chairman
ii.	Mr. Abdul Basit	Member
iii.	Mr. Khuram Saleem	Member
iv.	Secretary Energy	Member

Human Resource Committee

i.	Mr. Hasaan Khawar	Chairman
ii.	Ms. Ermeena Asad Malik	Member
iii.	Mr. Mohammad Ali	Member
iv.	Secretary Energy	Member

Risk Management Committee

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

Nomination Committee

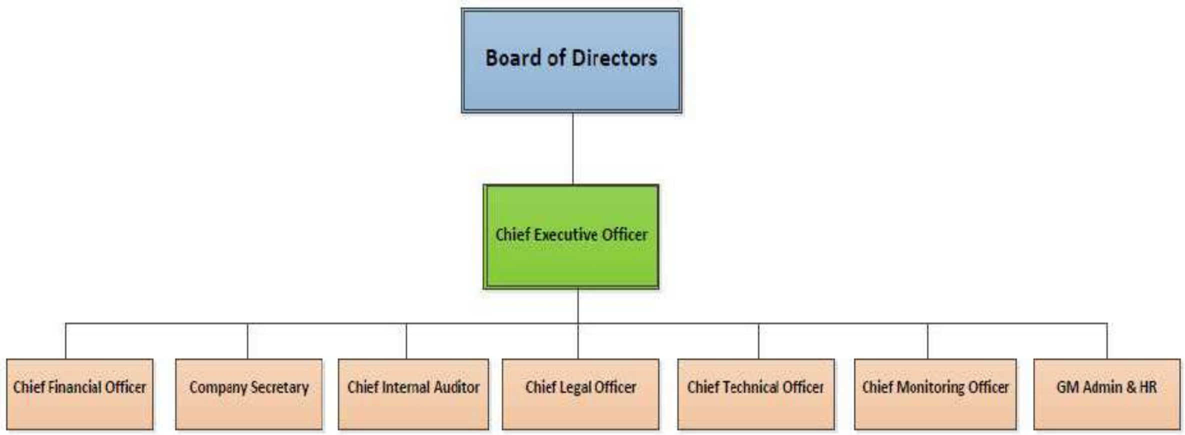
i.	Mr. Abdul Basit	Chairman
ii.	Ms. Ermeena Asad Malik	Member
iii.	Mr. Muhammad Faisal Afzal	Member
iv.	Secretary Finance	Member

Mr. Akhtar Hussain Mayo
Chief Executive Officer

Malik Mohsin Ali
Chief Financial Officer

Zohaib Ahmad Khan
Company Secretary

Organizational Structure



Punjab Thermal Power (Pvt) Limited

NOTICE OF 4th ANNUAL GENERAL MEETING OF SHAREHOLDERS

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

ii. Mr. Iftikhar Ali Sahoo
Secretary Finance, GoPb
Shareholder/Director

iii. Syed Muhammad Ali, Chairman/Director

iv. Mr. Abdul Basit, Director

v. Ms. Ermeena Asad Malik

vi. Mr. Muhammad Faisal Afzal

vii. Mr. Khuram Saleem, Director

viii. Mr. Akhtar Hussain Mayo, CEO

ix. M/s Yousuf Adil, External Auditors

Subject: **Notice of the 4th 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 4th Annual General Meeting of the Company will be held on **Thursday, October 28, 2021** at **05:30 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 3rd Extraordinary General Meeting of the Company held on 05.05.2021.

(ii) To receive, consider and adopt Annual Audited Accounts of the Company for the Financial Year ended 30.06.2021 together with Auditor's, Director's and Annual Reports thereon.

(iii) To appoint Statutory Auditors of the Company for the Year 2021-2022 and to fix their remuneration. The present Auditors namely M/s Yousuf Adil, Chartered Accountants will stand retired at the conclusion of the 4th AGM of the Company and are eligible to offer themselves for re-appointment as recommended by the Board of Directors.

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

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

Zohaib Ahmad Khan
Company Secretary

Lahore: October 07, 2021

Notes:

(i) The share transfer books of the company shall remain close from October 21, 2021 to October 28, 2021 (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 the Shareholders
For the Period ended June 30, 2021

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, 2021. prepared under Section 226 of the Companies Act, 2017.

Company's Overview

In view of acute shortage of electricity, the GoPb has established PTPL as a private company limited by shares incorporated under the aegis of Companies Act, 2017. PTPL is 100% owned by GoPb through Energy Department. The objective of the Company is to establish, operate and maintain 1263 MW Re-Gasified Liquefied Natural Gas ("***RLNG***") based thermal power plant at Haveli Bahadur Shah, District Jhang (the "***Project***") to eradicate the power shortage in the Country.

Progress on the Project

Signing of Concession Agreements i.e. Power Purchase Agreement (PPA), Reimbursement Agreement (RA), Gas Supply Agreement (GSA) and Implementation Agreement (IA) were major bottle neck for the financial close and project completion which remained pending for over 2 years despite various ECC decisions and PM directions. After colossal efforts by the GoPb and PTPL, the Concession Agreements were executed June and August 2020. It is pertinent to point out that the 66% minimum dispatch requirement from PPA and respective gas requirement from GSA was eliminated whereby the plant can now be operated on power purchaser demand as per the economic merit order on take or pay basis. Furthermore, the SBLC requirement was successfully reduced from amount equivalent to gas requirement of 90 days (approx. Rs. 40 billion) to 30 days (Rs. 13 billion) based on the current RLNG price.

Owing to the delay in signing of concession agreements (i.e. PPA, GSA, IA and RA) on part of GOP entities and COVID-19 lockdowns, financial close of the project could not be achieved as planned. After obtaining requisite approvals for Sponsor support from Provincial Cabinet / Sponsor and engaging new banks the Company executed financing documents on December 17, 2020 and subsequently after numerous condition precedents has achieved the Financial close on April 23, 2021. The achievement of financial close was quite challenging owing to sectoral issues e.g. circular debt, power sector reforms, policy changes e.g. reduction in ROE, Banks per party restrictions, Banks sector wise exposure, COVID 19, project delays and contractor claim and additional condition precedent and security structure such as arrangement of working capital facilities and SBLCs and provision of various guarantees and Sponsor support requirements.

The overall Construction/erection completion of the power plant is around 86%. The EPC contractor has informed that work progress has been slowed down due to COVID-19 situation as the movement of requisite resources including persons and material is restricted. Hence, the construction activities are being executed at very slow pace at the site. As the project is under construction phase, the EPC Contractor has adopted close site management system whereby quarantine, testing and effective monitoring / Standard Operating Procedures (SOPs) of Covid-19 are being followed. However, EPC Contractor has informed that Covid-19 has been impacting adversely the delivery timeline of certain testing equipment and delayed the remobilization of technical experts due to travel restrictions.

EPC Contractor has also submitted various claims for extension of time for the completion of the project and additional cost mainly attributable to Force Majeure Events (e.g. Covid-19), delay in signing of concession agreements and others with a cumulative claim amount of USD 80.62 million and Rs. 3.08 billion respectively. The Company upon initial review of these claims has found that most of these claims are not properly justified and unsubstantiated as per the terms of EPC agreement thus required EPC Contractor to substantiate its claims with valid and verifiable supporting documents so that determination could be proceeded.

Currently EPC Contractor has indicated that project is expected to achieve its simple cycle Commercial Operations Date ("COD") in January 2022 whereas combined cycle COD by May 2022 provided that Covid-19, security situation and other technical matters do not adversely effect.

During the year Company also hired O&M Contractor through extensive process of International Competitive Bidding under the Punjab Procurement Rules, 2014. After a healthy competition between eight internationally renowned O&M contractors, the Company was able to fetch very competitive O&M Price as compared to contract price achieved by the other RLNG/thermal power projects even with the lessor scope of work. As per the terms of the O&M Contract, the payments to the contractor would be made in PKR instead of USD; it will help to save foreign exchange outflow of millions of dollars. The Company in past also executed LTSA on similar terms and the combined impact saving of foreign exchange outflow will be over USD 300 million.

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. Management of the Company is entrusted with the responsibility to conduct operations of the Company adhering to the vision, core values, corporate strategy, and the policies for conduct of business approved by Board of Directors.

Financing Structure

In pursuance of approval of the Sponsor / GoPb and as required by the Lenders, the financing structure of the project was revised as 70:30 debt to equity to finance the project cost and working capital requirement. The total Project cost of Rs. 112 billion has been financed through Project Finance Facility of Rs. 78.4 billion i-e 70% of the total project cost with the Mandated Lead

Arrangers (MLAs) comprising of National Bank of Pakistan, The Bank of Punjab, Habib Bank Limited, United Bank Limited, Meezan Bank Limited and Askari Bank Limited. Whereas 30 % equity of Rs. 33.6 billion was injected by the GoPb / Sponsor.

The Company has successfully achieved the Financial Close of the project on April 23, 2021 while arranging Pakistan's largest financing facilities without sovereign guarantee by local financial institution for amount of over Rs. 100 billion. Subsequently the Company has made drawdown of Rs. 22.96 billion from the total Project Finance Facility of Rs. 78.4 billion. Moreover, after the financial close, the Company has repaid the Bridge Finance Facility obtained from the LC banks (NBP and BOP) of Rs. 9.70 billion.

The above mentioned facilities also include working capital facility of Rs. 15.21 billion (i.e. 70% to meet its working capital requirement from consortium of banks comprised of NBP, BOP, HBL, UBL, MBL and AKBL). Moreover, equity contribution relating to working capital of Rs. 6.52 billion has also been injected by the Sponsor.

Moreover, Stand by Letter of Credit (SBLC) Facility of Rs. 6.6 billion has also been arranged and issued to SNGPL as gas security deposit under the Gas Supply Agreement. However, due to increase in RLNG price, the additional SBLC is being arranged.

The Company has received short term loan of Rs. 10 billion from the sponsor to meet the project related payments. According to the loan agreement dated August 28, 2020, these funds are interest free and were repayable on or before June 30, 2021. However, pursuant to the GoPb approval and in accordance with terms of the financing agreements, Rs. 1.29 billion has been converted into equity (being remaining portion of 30% equity requirement) and remaining amount of Rs. 8.71 billion has been converted into subordinated debt. This loan shall be subordinated and repaid in accordance with the terms and conditions of the financing agreements.

Financial Results

Currently the Company is in construction phase and it will start earning profit / return on equity from its operations after its Commercial Operations Date (COD)., The Company earned profit after tax of Rs. 204.38 million which was mainly attributed to the interest income of Rs. 701.57 million on bank deposits and scrap sale partly offset by administrative expenses of Rs. (267.79) million, finance cost of Rs. (1.52) million and tax expense of Rs. (227.90) million.

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, Punjab Environment Protection Agency's NOC and Generation License 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.

Furthermore, environment friendly technology used in the project with lowest emissions will help government fulfill its international commitments of reducing the carbon footprints.

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 be 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***").

The internal audit of the fiscal year 2020-21 is currently in process by the Internal Auditors appointed during the year and the same shall be presented before the Audit & Finance Committee in its upcoming meeting.

Share Capital

As of date the Authorized Share Capital of the Company is Rs. 40,120,000,000 divided into 401,200,000 Ordinary Shares of Rs. 100 each, whereas, the Paid-up Share Capital of the Company is also Rs. 40,120,000,000 divided into 401,200,000 Ordinary Shares of Rs. 100 each.

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 except for the implementation of IAS-21 and IFRS-16 for which the Company has sought exemption in line with the exemption available to all other IPPs whose PPAs were signed prior to January 01, 2019. The matter is pending before the Appellate Bench of SECP.

(h) All statutory and corporate information of the Company is conveyed to the SECP 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. Moreover, the Company's tariff will become even more competitive in future once the Competitive Trading Bilateral Contract Market (CTBCM) is established and implemented.

Earnings per Share

As the Company is currently under construction phase and has not yet begin its commercial operations, therefore, profit earned which mainly due to interest income only, are not truly reflective of Company's earning per share at the reporting date.

Earnings per share shall be calculated once the Company achieves its COD and start earning profit / return on equity from its operations.

Meetings of the Board of Directors and Committees along with Attendance and Remuneration Paid to the Directors

During the Financial Year ended June 30, 2021 following meetings of the Board of Directors and Committees were held. The attendance and meeting fee paid to the directors are as under:

Sr. No.	Names of Directors	Meetings of the Board of Directors & Committee's Attended by the Members				Meeting Fee Paid Inclusive of Tax Rs.
		Board of Directors	Human Resource Committee	Finance & Audit Committee	Procurement Committee	
1	Mr. Muhammad Ali	10 of 10	09 of 09	-	05 of 05	1,200,000
2	ACS Energy, GoPb (ex-officio Director)	01 of 01	01 0f 01	-	01 of 01	150,000
3	Secretary Finance, GoPb (ex-officio Director)	08 of 10	-	03 of 04	-	550,000
4	Secretary Energy, GoPb (ex-officio Director)	09 of 10	09 of 09	03 of 04	04 of 05	1,250,000
5	Mr. Abdul Basit	07 of 10	-	-	02 of 05	450,000
6	Ms. Ermeena Asad Malik	09 of 10	09 of 09	-	01 of 01	950,000
7	Mr. Hasaan Khawar	08 of 10	09 of 09	02 of 04	-	950,000
8	Mr. Khuram Saleem	09 of 10	-	03 of 04	03 of 05	750,000
9	Mr. Muhammad Faisal Afzal	09 of 10	-	03 of 04	-	600,000

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

Statutory Auditors

The present Statutory Auditors of the Company, M/s. Yousuf Adil, Chartered Accountants shall stand retired at the conclusion of the 4th Annual General Meeting of the Company and are eligible to offer themselves for re-appointment as per section 246 of Companies Act, 2017 for financial year 2021-22. The Finance & Audit Committee in its 17th meeting dated 06.10.2021 had recommended to the Board of Directors and Shareholders the appointment of M/s. Yousuf Adil, Chartered Accountants as external auditors of the Company for the year 2021-22.

Auditor's Report

The Auditors of the Company, M/s. Yousuf Adil, Chartered Accountants have completed their assignment up to the Financial Year ended June 30, 2021. 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, 2021 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.

For and on behalf of
Board of Directors

Chairman/Director **Chief Executive Officer**

City: **Lahore**
Date: October 07, 2021

ANNEX-A

Pattern of Shareholding
As of June 30, 2021

No. of Shareholders	**Shareholding**		**Total Shares Held**
	From	To	
3	1	401200000	401,200,000

Categories of Shareholding
As of June 30, 2021

Category of Shareholders	**No of Shareholders**	**No of Shares Held**	**Shareholding Percentage**
Government of the Punjab & its Nominees	3	401,200,000	100%

YOUSUF ADIL

Yousuf Adil
Chartered Accountants

134-A, Abu Bakar Block
New Garden Town
Lahore
Pakistan
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www.yousufadil.com

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 ('the Rules') prepared by the Board of Directors of **Punjab Thermal Power (Private) Limited** ('the Company') for the year ended June 30, 2021.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Rules as applicable to the Company for the year ended June 30, 2021.

Yousuf Adil
Chartered Accountants

Engagement Partner:
Rana M. Usman Khan

Lahore
Dated: October 07, 2021

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 Line Ministry:	**Ministry of Energy, Government of the Punjab**
For the Year Ended:	**June 30, 2021**

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><td colspan="2">Tick the relevant Box</td></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. Syed Muhammad Ali
2. Mr. Abdul Basit
3. Ms. Ermeena Asad Malik
4. Mr. Hasaan Khawar
5. Mr. Khuram Saleem
6. Mr. Muhammad Faisal Afzal</td><td>08.07.2019
08.07.2019
08.07.2019
08.07.2019
08.07.2019
08.07.2019</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. Secretary Finance, GoPb.
2. Secretary Energy, GoPb.</td><td>08.07.2019
08.07.2019</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.</td><td>3(7)</td><td colspan="2">N/A</td></tr>
</table>

	**Government of the Punjab, being sole sponsor of the Company, 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></tr>
<tr><td>Finance & Audit Committee</td><td>5</td><td>Mr. Khuram Saleem</td></tr>
<tr><td>Risk Management Committee</td><td>5</td><td>Mr. Khuram Saleem</td></tr>
<tr><td>Human Resource Committee</td><td>4</td><td>Mr. Hasaan Khawar</td></tr>
<tr><td>Procurement Committee</td><td>4</td><td>Syed Muhammad Ali</td></tr>
<tr><td>Nomination Committee</td><td>4</td><td>Mr. Abdul Basit</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>Mr. Khuram Saleem</td><td>Independent Director</td><td>CEO, Imperial Footwear (Pvt.) Ltd.</td></tr>
<tr><td>Mr. Hasaan Khawar</td><td>Independent Director</td><td>International Development & Public Policy Professional</td></tr>
<tr><td>Mr. Muhammad Faisal Afzal</td><td>Independent Director</td><td>CEO-Super Asia Motors (Pvt.) Ltd.</td></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,</td><td>21(3)</td><td>✓

✓

✓</td><td></td></tr>
</table>

	without the presence of chief financial officer and the external auditors.			
33	(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 experience prescribed in the Rules. (c) The internal audit reports have been provided to the external auditors for their review.	**22**	✓ ✓	 ✓
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]:

	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)* is serving on more than five (05) companies as member of the Board.	As GoPb has significant financial interests in PTPL, therefore, included certain heads of the concerned departments including Finance Secretary, GoPb on the Board of Directors of PTPL. These *ex-officio* members specifically Secretary Finance play very vital role in decision making of the company keeping in view the financial and strategic interests of GoPb. Hence not practicable for them to comply with the specific provision of PSC (CG) Rules. The Company may highlight the matter with GoPb.
7	**5(2)**	Mr. Akhtar Hussain Mayo, Chief Operating Officer, Quaid-e-Azam Thermal Power (Private) Limited (QATPL) was entrusted with additional charge of Chief Executive Officer of the Company, who was rendering his services on his own salary as Chief Operating Officer of QATPL. However, the process for hiring of Chief Executive officer was initiated in compliance with applicable laws and after shortlisting of three (03) candidates a Summary to the Chief Minster had been	As of today, the Board of Directors after completing due process has appointed Mr. Salman Zakaria as Chief Executive Officer of the Company in its meeting held on 17.09.2021.

		initiated by the Energy Department seeking concurrence of the Government for appointment of Chief Executive Officer subsequent to interview process by the Board of Directors.	
33	**22**	The Company has initiated the process of hiring of internal auditors through open bidding / tendering process under PPRA Rules. However, in order to ensure healthy competition, the Board has recommended to re-initiate the process of hiring. Hence, the management has been able to complete the process of hiring of internal auditors subsequent to financial year. Hence internal audit reports are not yet finalized. After due process of evaluation, the company has appointed M/s. Muniff Ziauddin & Co. Chartered Accountants as "Internal Auditor" of the Company for the Financial Year ending June 30, 2021 on July 06, 2021.	The internal audit reports are in process of finalization and are likely to be completed by the end of December 2021.

CHAIRMAN, BOARD OF DIRECTORS

CHIEF EXECUTIVE OFFICER

Punjab Thermal Power (Private) Limited

Financial Statements

For the Year Ended June 30, 2021.

Yousuf Adil
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the members of Punjab Thermal Power (Private) Limited

Report on the Audit of 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, 2021, and the statement of profit or loss, the statement of 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, 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, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the profit, of 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.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Director's report, 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.

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 the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Yousuf Adil
Chartered Accountants

Lahore
Dated: October 07, 2021

PUNJAB THERMAL POWER (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
Ordinary shares of Rs. 100 each		40,120,000	10,000
Issued, subscribed and paid up capital			
Ordinary shares of Rs. 100 each	6	33,600,000	10,000
Advance against issue of shares	7	6,520,000	38,820,000
Unappropriated profit		762,851	559,276
		40,882,851	39,389,276
NON-CURRENT LIABILITIES			
Long term financing - secured	8	21,098,369	-
Subordinated loan from sponsor - unsecured	9	8,710,000	-
Staff retirement benefits	10	39,672	25,283
Lease liability		36,406	-
		29,884,447	25,283
CURRENT LIABILITIES			
Trade and other payables	11	27,502,980	55,528,659
Long term financing - current portion	8	696,289	-
Short term borrowings	12	-	5,000,000
Lease liability		22,172	18,817
Provision for taxation		7,377	7,822
		28,228,818	60,555,298
CONTINGENCIES AND COMMITMENTS	13		
		98,996,116	99,969,857

	Note	2021	2020
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	84,009,852	81,601,992
Right-of-use asset	15	58,211	17,122
Intangibles	16	104	37
Long term deposits		10,275	10,275
		84,078,442	81,629,426
CURRENT ASSETS			
Advances, prepayments, deposits and other receivables	17	1,457,679	1,023,591
Cash and bank balances	18	13,459,995	17,316,840
		14,917,674	18,340,431
		98,996,116	99,969,857

The annexed notes 1 to 30 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

YA

PUNJAB THERMAL POWER (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
Administrative expenses	19	(267,780)	(134,204)
Other income	20	701,568	1,028,199
Profit from operations		433,788	893,995
Finance cost	21	(1,515)	(3,236)
Profit before taxation		432,273	890,759
Taxation	22	(227,898)	(289,284)
Profit for the year		204,375	601,475

The annexed notes 1 to 30 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

PUNJAB THERMAL POWER (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
Profit for the year		204,375	601,475
Other comprehensive income			
Actuarial (loss) / gain on remeasurements of staff retirement benefits	10.3	(800)	2,950
Total comprehensive income for the year		203,575	604,425

YA

The annexed notes 1 to 30 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, 2021

	Note	Share capital	Advance against issue of shares	Unappropriated (Loss) / profit	Total
		(Rupees in thousand)			
Balance as at June 30, 2019		10,000	26,990,000	(45,149)	26,954,851
Profit for the year		-	-	601,475	601,475
Other comprehensive income		-	-	2,950	2,950
Total comprehensive income		-	-	604,425	604,425
Transactions with shareholders in their capacity as owners:					
Advance against issue of shares		-	11,830,000	-	11,830,000
Balance as at June 30, 2020		**10,000**	**38,820,000**	**559,276**	**39,389,276**
Profit for the year		-	-	204,375	204,375
Other comprehensive loss		-	-	(800)	(800)
Total comprehensive income		-	-	203,575	203,575
Transactions with shareholders in their capacity as owners:					
Advance against issue of shares	7	-	1,290,000	-	1,290,000
Shares issued during the year		33,590,000	(33,590,000)	-	-
Balance as at June 30, 2021		**33,600,000**	**6,520,000**	**762,851**	**40,882,851**

The annexed notes 1 to 30 form an integral part of these financial statements.

YA

CHIEF EXECUTIVE

DIRECTOR

PUNJAB THERMAL POWER (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
(a) Cash flows from operating activities			
Profit before taxation		432,273	890,759
Adjustments:			
Depreciation on operating fixed asset	14.1	3,880	4,212
Depreciation on right-of-use-asset	15	18,785	18,679
Amortization on intangibles	16	83	50
Provision for staff retirement benefits	10.2.1	6,312	5,734
Interest income	20	(691,379)	(1,000,311)
Finance cost	21	1,515	3,236
		(660,804)	(968,400)
		(228,531)	(77,641)
Working capital changes			
Increase in current assets:			
Advances, prepayments, deposits and other receivables		(451,166)	(442,161)
Decrease in current liabilities:			
Trade and other payables		(28,025,679)	(3,094,917)
		(28,476,845)	(3,537,078)
Cash used in operating activities		(28,705,376)	(3,614,719)
Finance cost paid		(97)	(151)
Staff retirement benefits paid		-	(845)
Income tax paid		(228,343)	(280,473)
		(228,440)	(281,469)
Net cash used in operating activities		(28,933,816)	(3,896,188)
(b) Cash flows from investing activities			
Capital expenditure incurred		(2,404,464)	(6,649,230)
Profit received on saving accounts		708,458	951,186
Payment for intangible assets		(150)	-
Net cash used in investing activities		(1,696,156)	(5,698,044)
(c) Cash flows from financing activities			
Advance against issuance of shares		1,290,000	11,830,000
Proceeds from long term financing - net		21,794,658	-
Subordinate loan from sponsor classified		3,710,000	-
Short term borrowings received		9,698,928	-
Short term borrowings repaid		(9,698,928)	-
Loan from sponsor received		-	5,000,000
Repayment of lease liability - principal		(20,236)	(17,164)
Finance cost paid		(1,295)	(2,905)
Net cash from financing activities		26,773,127	16,809,931
Net increase in cash and cash equivalents (a+b+c)		(3,856,845)	7,215,699
Cash and cash equivalents at beginning of the year		17,316,840	10,101,141
Cash and cash equivalents at end of the year	18	13,459,995	17,316,840

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The annexed notes 1 to 30 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

PUNJAB THERMAL POWER (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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 (MW) 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 1,263.2 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 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan which are effective in current period

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

2.2.1 Standards or Interpretations with no significant impact	Effective from annual period beginning on or after:
Amendments to References to the Conceptual Framework in IFRS Standards.	January 01, 2020
Amendments to IFRS 3 'Business Combinations' - Amendments regarding the definition of business.	January 01, 2020
Amendments to IAS 39, IFRS 7 and IFRS 9 – The amendments will affect entities that apply the hedge accounting requirements of IFRS 9 or IAS 39 to hedging relationships directly affected by the interest rate benchmark reform.	January 01, 2020

2.3 New accounting standards, interpretations and amendments that are not yet effective and / or have not been early adopted by the company

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

Standards or Interpretations that are not yet effective	Effective from annual period beginning on or after:
IBOR 2 'Interest Rate Benchmark Reform — Phase 2' Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)' with amendments that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates.	January 01, 2021
Amendment to IFRS 16 'Leases' - Provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.	April 01, 2021

Standards or Interpretations that are not yet effective	Effective from annual period beginning on or after:
Amendments to IAS 16 'Property, Plant and Equipment', prohibiting the Company from deducting from the cost of property plant and equipment, amount received from selling items produce while the Company is preparing the asset for its intended use.	January 01, 2022
Amendments to IFRS 3 'Business Combinations' that updated an outdated reference in IFRS 3 without significantly changing its requirements.	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' regarding the costs of fulfilling the contract to include when assessing whether a contract is Onerous.	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current.	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Discloses of material accounting policies, instead of significant accounting policies.	January 01, 2023
Amendment to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Amendment regarding Definition of Material.	January 01, 2023
Amendment to IAS 12 'Deferred Tax' - Amendment regarding exemption on Deferred Tax related to Assets and Liabilities arising from a single transaction.	January 01, 2023
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture.	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.

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

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

- IFRS 1 – First Time Adoption of International Financial
- IFRS 17 Insurance Contracts

3 Basis of measurement

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policy notes.

3.1 Use of estimates and judgments

The preparation of these financial statements in conformity with the approved accounting standards as applicable in Pakistan requires the 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 the management in the application of approved accounting standards that have significant effect on these financial statements and the estimates with a significant risk of material adjustment are:

	Note
- Estimated useful lives and residual values of property, plant and equipment & intangibles	5.2 and 5.3
- Staff retirement benefits	5.8
- Provision for taxation	5.9

	Note
- Provisions and contingencies	5.11
- Leases	5.14
- Capitalization of exchange gain / losses	5.15

3.2 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates (the functional currency). 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.

4 Significant transactions and events

4.1 The Company has entered into Project Finance Facility (PFF) of Rs. 78,400 million i-e 70% of the total project cost of Rs. 112,000 million on December 17, 2020 with the Mandated Lead Arrangers (MLAs) which comprised of National Bank of Pakistan (NBP), The Bank of Punjab (BOP), Habib Bank Limited (HBL), United Bank Limited (UBL), Meezan Bank Limited (MBL) and Askari Bank Limited (AKBL). In accordance with the financing agreements, entire equity contribution of Rs. 33,600 million has been injected by the Sponsor and the same has been applied towards approved project cost. The said facilities are secured against the charge as disclosed in note 8.2 to the financial statements.

In addition to the PFF, the Company has arranged the working capital facilities of Rs. 15,213 million (i.e. 70% of the total working capital requirement of Rs. 21,733 million from consortium of banks comprised of NBP, BOP, HBL, UBL, MBL and AKBL. The facility effective date under the agreement has not yet achieved and no amount has been drawn yet. Moreover, entire equity contribution of Rs. 6,520 million has also been injected by the Sponsor.

Pursuant to the fulfillment / deferment of Conditions Precedent and Condition Subsequent as defined in financing agreements, the Company has successfully achieved the Financial Close of the project on April 23, 2021.

Moreover, Stand by Letter of Credit ("SBLC") Facility of Rs. 6,600 million has also been arranged. Subsequent to the year end June 30, 2021 same has been issued to Gas Supplier – SNGPL. However, due to adverse exchange rate movement and increase in RLNG prices further SBLC facility of up to Rs. 6,400 million is required against which SBLC up to Rs. 1,000 million has been arranged and backed by cash margin, placed with the SBLC issuing bank, however for additional SBLC facility of Rs. 5,400 million, the Company has initiated the negotiation with existing SBLC and other banks and same will be secured by way of Government Guarantee and debit authority to be issued by the sponsor.

During the year, after achievement of financial close Government Guarantees of Rs. 60,926 million issued to secure retirement of LCs and repayment of bridge finance have been released.

The Company has entered into Operation and Maintenance (O&M) Agreement with Harbin Electric International Company Limited on April 29, 2021 for a period of twelve agreement years.

In pursuance of Economic Coordination Committee ("ECC") of the Federal Government and Provincial Government approval, the return on equity component of the tariff was reduced from 15% to 12% with dollar indexation in line with other Government owned RLNG projects.

Currently EPC Contractor has indicated that project is expected to achieve its simple cycle Commercial Operations Date ("COD") in January 2022 whereas combined cycle COD by May 2022 provided that Covid-19, security situation and other technical matters do not adversely effect.

4.2 During the year the Company has capitalized property, plant and equipment amounting to Rs. 0.73 million as operating assets and Rs. 2,411.01 million as capital work in progress.

5 Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

5.1 Share capital

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

5.2 Property, plant and equipment

Owned

Property, plant and equipment owned by the Company are stated at cost less accumulated depreciation and impairment, if any, except for freehold land which is stated at cost. Capital work in progress and stores held for capitalization, which are stated at cost less accumulated impairment, if any. Cost in relation to property, plant and equipment comprises acquisition and other directly attributable costs. Capital work in progress consists 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 14.1, 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.

Depreciation on additions to operating fixed assets is charged from the month in which an asset is available for use while no depreciation is charged for the month in which the asset is derecognized or retired from active use.

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.

5.3 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.

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

5.4 Trade debts, advances, deposits and other receivables

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

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

5.5 Cash and cash equivalents

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

5.6 Financial instruments

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in statement of profit or loss.

5.6.1 Financial asset

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis, being the date on which the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

5.6.1.1 Classification of financial assets:

The classification depends on the purpose for which the financial assets were acquired. Company determines the classification of its financial assets at the time of initial recognition. The Company classifies its financial assets in the following categories:

a) Debt instruments that meet the following conditions are measured subsequently at amortized cost:

The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
Amortized cost and effective interest method:

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

As at reporting date, the Company carries bank balances, long term deposits and other receivables at amortized cost.

b) Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

As at reporting date, the Company do not possess any debt instrument classified as at FVTOCI.

c) Equity instruments designated as at FVTOCI:

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

As at reporting date, the Company do not possess any equity instruments designated as at FVTOCI.

d) Financial assets at fair value through profit or loss

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). As at reporting date, the Company do not possess any financial assets classified as at FVTPL.

5.6.1.2 Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets, except for financial asset due from Government. SECP through SRO 985(I)/2019 dated September 2, 2019 has notified that, in respect of companies holding financial assets due from the Government of Pakistan, the requirements contained in IFRS 9 with respect to application of Expected Credit Losses (ECL) method shall not be applicable till June 30, 2021 and that such companies shall follow relevant requirements of IAS 39 in respect of above referred financial assets during the exemption period.

5.6.1.3 Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. Any gain or loss on derecognition of financial assets is included in the statement of profit or loss.

5.6.1.4 Write-off policy

The Company writes off a financial asset when there is information indicating that the amount is not recoverable. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice, where appropriate. Any recoveries made are recognized in statement of profit or loss.

5.6.2 Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method.

5.6.2.1 Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not :
- contingent consideration of an acquirer in a business combination,
- held-for-trading, or
- designated as at FVTPL,

are measured subsequently at amortized cost using the effective interest method.
The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

5.6.2.2 Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in statement of profit or loss.

5.6.3 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.

5.6.4 Impairment of 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 statement of profit or loss. Reversal of impairment loss is restricted to the original cost of asset.

5.7 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.

5.7.1 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.

5.8 Staff retirement benefits

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

5.8.1 Defined benefit plan - gratuity

The Company operates gratuity plan for its employees who have completed the qualifying period under the scheme. The most recent actuarial valuation in this regard was carried out as at June 30, 2021 by using Projected Unit Credit Method for valuation of the scheme. Remeasurements which comprises actuarial gains and losses and experience adjustments are recognized immediately in the statement of comprehensive income. Net interest expense and current service cost are recognized in statement of profit or loss and capital work in progress. Details of the scheme are given in note 10 to these financial statements.

5.9 Taxation

As per power policy 2015, the Company being an IPP is exempt from taxation in Pakistan. However in order to avail this exemption, the Company has requested Private Power and Infrastructure Board (PPIB) and Ministry of Finance, GoP to make appropriate amendment in income tax laws. Furthermore, under the tariff determination, in case the company is obligated to pay any tax on its income from generation of electricity or any duties and / or taxes not being of refundable nature are imposed on the company, the exact amount paid by the Company is also recoverable from National Electric Power Regulatory Authority (NEPRA) / Central Power Purchasing Agency Guarantee Limited (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

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.

5.10 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers whether or not billed to the company. Accounts payables are classified as current liabilities if payments 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.

5.11 Provisions and contingencies

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

5.12 Finance income and finance cost

Finance income comprises interest income on bank deposits and term deposit 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 markup on lease liability and bank charges. Mark-up, interest and other charges are charged to the statement of profit or loss in the period in which they are incurred except for the borrowing cost on qualifying asset which is eligible for capitalization.

5.13 Foreign currency transactions and balances

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

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

Foreign currency differences arising on retranslation are generally recognized in CWIP during the construction period.

5.14 Leases

The Company is the lessee:

5.14.1 Right-of-use asset

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

5.14.2 Lease liability

The lease liability is initially measured at present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise of the following:

- fixed payments, including in substance fixed payments;
- variable lease payments that depend on an index, or a rate, initially measured using the index or rate as at commencement date;
- amount expected to be payable under a residual guarantee; and

- the exercise under purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in statement of profit or loss if the carrying amount of the right of use asset has been reduced to zero.

5.15 Additional disclosure as per IAS 1 for departure from requirements of IAS 21

On January 16, 2012, SECP vide SRO 24 (I) 2012 had granted waivers to all Independent Power Producers (IPPs) from the requirement of IFRIC 4 "Determining whether an arrangement contains a lease" and IFRIC 12, "Service Concession Agreements". Further, SECP through the aforementioned SRO has also allowed the IPPs to continue capitalizing the exchange differences, and not to recognize embedded derivatives where these are not closely related to the host contract. On September 2, 2019 SECP vide SRO 986(I) / 2019 by making partial modification in the said SRO has granted exemptions from requirements of IFRS 16 & IAS 21 to the companies which have executed power purchase agreements before January 1, 2019. Since the concession agreements were approved by ECC in 2018, only signing were pending which was made on June 22, 2020 owing to various reasons, therefore Company believes that said notification does not apply to it like other RLNG projects. However, the Company had applied to SECP for similar exemption / clarification as was granted to IPPs whose PPAs have been executed before January 01, 2019.

During the year, SECP has rejected Company's application for exemption as per said SRO to the extent of application of IFRS 16, against which the Company filed review appeal before SECP which was returned subsequent to the year end on the grounds that it did not fall within the scope of section 480 of the Companies Act, 2017. The Company after consultation with legal advisor has filed an appeal before the appellate bench of SECP. As the Company was not provided an opportunity of being heard and provide rational and technical justifications therefore, it has a good chance to defend its case on a similar ground of the exemption as was allowed to all other IPPs. Moreover, as the Company has not achieved COD, therefore the said SRO (to the extent of IFRS 16) may not have material affect on the Company's financial statements.

Although, SECP has not specifically rejected Company's request for exemption to the extent of applying the provisions of IAS 21 to capitalize the exchange gain / (loss) on foreign currency balances. However, the Company is seeking relief through above referred appeal before the appellate bench of SECP and has continued capitalizing exchange gain / (loss) on foreign currency balances. In case, the Company is required to follow the requirements of IAS 21 and the exchange gain / (loss) on translation of foreign currency balances is not capitalized, the effect on the financial statements line items would have been as follows:

	2021	2020
	(Rupees in thousand)	
(Decrease) / increase in profit for the year	(16,742)	39,042
Increase in unappropriated profit / (loss) - brought forward	(169,935)	(208,977)
Increase in unappropriated profit / (loss)	(186,677)	(169,935)
Decrease in capital work in progress	(186,677)	(169,935)
Decrease in equity	(186,677)	(169,935)

6 Issued, subscribed and paid up capital

2021	2020		2021	2020
(Number of shares)			(Rupees in thousand)	
Authorized share capital				
401,200,000	100,000	Ordinary shares of Rs. 100 each	40,120,000	10,000
Issued, subscribed and paid-up capital				
336,000,000	100,000	Ordinary shares of Rs. 100 each, fully paid in cash	33,600,000	10,000

Reconciliation of ordinary shares

2021	2020		2021	2020
100,000	100,000	Balance at 01 July	10,000	10,000
335,900,000	-	Shares issued during the year	33,590,000	-
336,000,000	100,000	Balance at 30 June	33,600,000	10,000

6.1 335,999,998 ordinary shares of Rs. 100 each held by the Government of Punjab ("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

	Note	2021	2020
		(Rupees in thousand)	
Opening balance		38,820,000	26,990,000
Conversion / addition		1,290,000	11,830,000
Issue of ordinary shares		(33,590,000)	-
Closing balance	7.1	6,520,000	38,820,000

7.1 This represents amount received from the GoPb through Energy Department in respect of contribution towards equity of the Company for working capital requirement. Subsequent to year end shares have been issued to GoPb.

8 Long term financing - secured

	2021	2020
	(Rupees in thousand)	
Syndicated term finance facility :		
National Bank of Pakistan	6,150,727	-
Habib Bank Limited	4,905,937	-
United Bank Limited	4,668,694	-
The Bank of Punjab	2,155,683	-
Askari Bank Limited	1,845,218	-
Musharaka facility :		
Meezan Bank Limited	1,771,995	-
United Bank Limited	1,464,459	-
	22,962,713	-
Transaction cost	(1,168,055)	-
	21,794,658	-
Current portion of long term financing	(696,289)	-
	21,098,369	-

8.1 The Company has entered into the long term financing facilities of Rs. 78,400 million (Syndicated Term Finance Facility and Musharaka Facility amounting of Rs. 67,350 million and Rs. 11,050 million respectively) at a rate of three months KIBOR plus 2.5% per annum. Disbursements under the facilities are subject to fulfilment of certain conditions precedent and after obtaining lenders' consent for its deferment. However, during the year, the drawdown of Rs. 22,963 million was made which is outstanding at June 30, 2021. The principal amount of facilities is repayable in 20 half yearly instalments and first such payment shall due on June 30 or Dec 31 following after the end of the availability period and then on each purchase price payment date / buy out payment date (each June 30 and December 31) until and including the final maturity date at December 31, 2031. The availability period of Syndicated Term Finance Facility and the Musharaka Facility is for the period starting from the Facility Effective Date up to and including the earlier of: (a) twelve (12) months from the Facility Effective Date; or (b) the Commercial Operations Date; or (c) March 31, 2022. The facility became effective on April 23, 2021. The Company shall be liable to pay by way of liquidated damages (and not by way of interest, profit or mark-up) an additional amount calculated at the rate of three percent per annum above the Mark-up Rate from the due date for such payment to the date of actual payment or recovery thereof, together with the costs and expenses incurred by the financiers (other than the Musharaka Participants) or any of them or (as the case may be) in effecting recovery thereof.

8.2 The facilities mentioned are secured with 25% margin over the facility amount by way of, inter alia:

(a) a first ranking equitable mortgage, by deposit of title deeds, on the Mortgaged Immovable Property in favor of the Finance Parties, ranking pari passu inter se the Finance Parties;

(b) first ranking mortgage to each of the Finance Parties over all of the Assigned Project Receivables;

(c) first ranking hypothecation and charge and continue to hypothecate and charge to all present and future, fixed and current, tangible and intangible assets and Properties of the Company other than the Permitted Accounts and the properties comprising the same together with the funds standing to the credit of each of the Permitted Accounts; (ii) the Assigned Energy Payment Receivables; (iii) the Assigned GSA Receivables; (iv) the Fuel Insurance Proceeds; (v) the Fuel stock; (vi) Encashment Receivables; and (vi) Mortgaged Immovable Property; whether owned or leased, both held now and hereinafter acquired of whatever kind and nature);

(d) first ranking lien and charge on: (i) the Project Accounts; and (ii) the Deposits;

(e) subordinated ranking mortgage to each of the Finance Parties over the Assigned Energy Payment Receivables & Assigned GSA Receivables;

(f) subordinated ranking mortgage to each of the Finance Parties over the Fuel Insurance Proceeds;

(g) subordinated ranking mortgage to each of the Finance Parties over the Encashment Receivables;

(h) 51% of shares subject to the share pledge agreement together with verified blank share transfer deeds for such shares.

8.3 As per the requirement of financiers and in pursuance of provincial Cabinet approval the GoPb, the Company and financiers entered into a Sponsor Support Agreement ("SSA") wherein commitments provided by the sponsor in terms of SSA, inter alia, are as follows; (a) Provision of 8,710 million as loan to the Company which is subordinated and repayable upon fulfilment of certain conditions as mentioned in note 9.1 to these financial statements. (b) The cost overruns, if any, incurred by the Company subject to the cap of up to a maximum amount of Rs. 5,600 million other than with respect to the obligation to fund foreign exchange cost overruns and claims amounts which obligation shall not be subject to any cap. (c) the sponsor shall provide Debt Service Reserve Account ("DSRA"), SBLC or a cash deposit equivalent to Rs. 7,513.86 million by the earlier of: (i) thirty (30) days before the first Payment Date; and (ii) five (5) months from the expiry date of the Availability Period. (d) The sponsor has also provided the IBCP support amount of Rs. 7,811.37 million which is aggregate of the Mark-Up, profit, Variable Rental Payments incurred or to be incurred by the Company from the period commencing on the last day of the construction period i-e November 29, 2019 (as approved by NEPRA subject to one-time adjustments at COD) up to the last day of the Availability Period and as determined by the financiers. (e) The Sponsor agreed that if the Company is unable to pay in full excess debt component i.e. over and above NEPRA approved debt in the Final Tariff (other than the IBCP) within two years from the end of the Availability Period ("Long Stop Date"), it will pay the outstanding excess debt in the form of a lump sum bullet payment within thirty days from the Long Stop Date. The Sponsor shall also pay the IBCP amount within fifteen days from the date that NEPRA determines the COD stage tariff in which certain one-time adjustments are made. Provided always, the Financiers acting in their sole discretion may extend the time period for payment of IBCP. (f) The sponsor has also provided Government Guarantee and Debit Authority for an amount of Rs. 20,925 million to cover the commitments mentioned in (b), (c) and (d) above in favor of financiers.

		2021	2020
9 Subordinated loan from sponsor - unsecured	**Note**	**(Rupees in thousand)**	
Subordinated loan from sponsor	12.2	8,710,000	-

9.1 This is interest free loan which was provided as a sponsor support in accordance with the requirement of SSA and the loan agreement dated August 28, 2020 was amended and restated on February 15, 2021 to incorporate certain terms and conditions of financing agreements. This loan shall be subordinated and repaid in accordance with the terms and conditions of the financing agreements.

		2021	2020
10 Staff retirement benefits	**Note**	**(Rupees in thousand)**	
Amount recognized in the statement of financial position			
Present value of defined benefit obligation	10.1	39,672	25,283

10.1 Changes in present value of defined benefit obligation	Note	2021	2020
		(Rupees in thousand)	
Present value of defined benefit obligation at beginning of the year		25,283	15,868
Current service cost		11,440	11,009
Interest cost on defined benefit obligation		2,149	2,201
Benefits paid		-	(845)
Remeasurements:			
- Actuarial loss / (gain) from changes in financial assumptions		193	(485)
- Experience adjustments		607	(2,465)
Present value of defined benefit obligation at end of the year		39,672	25,283

10.2 Charge for the year

Current service cost	11,440	11,009
Interest cost on defined benefit obligation	2,149	2,201
	13,589	13,210

10.2.1 Charge for the year has been allocated as follows:

Capital work in progress	7,277	7,476
Administrative expenses	6,312	5,734
	13,589	13,210

10.3 Total remeasurements chargeable in other comprehensive income

Remeasurements of plan obligation:		
- Actuarial loss / (gain) from changes in financial assumptions	193	(485)
- Experience adjustments	607	(2,465)
Total remeasurements chargeable in other comprehensive income	800	(2,950)

10.4 Changes in net liability

At beginning of the year	25,283	15,868
Charge for the year	13,589	13,210
Benefits paid	-	(845)
Actuarial loss / (gain) on remeasurements of staff retirement benefits	800	(2,950)
	39,672	25,283

10.5 Estimated expenses to be charged in statement of profit or loss in next year

The estimated expense to be charged in the statement of profit or loss for the year ending June 30, 2022 will be Rs. 11.06 million.

10.6 Significant Actuarial Assumptions

The Company uses the valuation performed by an independent actuary as the present value of its retirement benefit obligations. The valuation is based on assumptions as mentioned in the relevant note. The principal assumptions used for valuation of the defined benefit scheme are as under:

	2021	2020
Discount rate used for interest cost	8.50%	14.25%
Discount rate used for year-end obligation	10.00%	8.50%
Salary increase used for year-end obligation	9.00%	7.50%
Salary Increase FY 2021 onwards	9.00%	7.50%
Retirement assumption	60 years	60 years

10.7 Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected rate of salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

- If the discount rate is 100 basis points higher / (lower), the define benefit obligation would decrease by Rs. 3.027 million (2020: Rs. 1.92 million) / increase by Rs. 3.58 million (2020: Rs. 2.28 million).

- If the expected rate of salary increases / (decreases) by 100 basis points, the defined benefit obligation would increase by Rs. 3.68 million (2020: Rs. 2.3 million) / decrease by Rs. 3.17 million (2020: Rs. 2.01 million).

11 Trade and other payables	Note	2021	2020
		(Rupees in thousand)	
Payable to contractors	11.1	1,929,884	2,163
Payable to consultants		209,464	343,796
Retention money payable		3,045,217	746,571
Provision for EPC related works / equipment	11.2	21,913,581	54,087,411
Workers' profit participation fund	11.3	68,818	44,537
Workers' welfare fund	11.4	8,524	19,581
Finance cost payable	11.5	31,101	-
Accrued and other liabilities	11.6	296,391	284,600
		27,502,980	55,528,659

11.1 This represents payable to EPC Contractor for the invoices raised upon milestone completion amounting to Rs. 1,786.40 million (2020: Nil), on account of reimbursement of duties and taxes Rs. nil (2020: Rs. 2.16 million) and payable to O&M Contractor Rs. 143.48 million (2020: Nil).

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

11.3 Workers' profit participation fund	2021	2020
	(Rupees in thousand)	
Opening balance	44,537	2,849
Provision for the year	24,281	41,688
Closing balance	68,818	44,537

11.4 Workers' welfare fund	2021	2020
Opening balance	19,581	-
Provision for the year	8,524	19,581
Payment made during the year	(19,581)	-
Closing balance	8,524	19,581

11.5 This includes Rs. 3.16 million (2020: Nil) payable to related party, The Bank of Punjab on account of commitment fee in accordance with the long term financing agreements.

11.6 This includes Rs. 42.73 million (2020: Rs. 42.73 million) payable to related party, Quaid-e-Azam Thermal Power (Private) Limited (QATPL) under the management contract for shared services and Rs. 2.87 million (2020: Rs. 0.86 million) payable to related party, Director General Public Relation (DGPR) on account of advertisement expenses and Rs. 23.20 million (2020: 23.20 million) payable to Government of Punjab on account of katcha rasta land.

12 Short term borrowings	Note	2021	2020
		(Rupees in thousand)	
Bridge finance facility - secured	12.1	-	-
Loan from sponsor - unsecured	12.2	-	5,000,000
Working capital finance facility - secured	12.3	-	-
		-	5,000,000

12.1 Bridge finance facility - secured

The Company entered into syndicated Bridge Finance Facility agreement (BFF) of Rs. 10,000 million with NBP and BOP for the purpose of funding the milestone payments under offshore and onshore letter of credit arrangements. The BFF carries mark-up at the rate three month KIBOR plus 2.5% per annum. BFF was secured by way of a Guarantee and Debit Authority provided by the Sponsor, first ranking charge on hypothecated property in terms of Letter of Hypothecation and lien and right of set-off over the disbursement account. During the year, the Company has drawn Rs. 9,698.93 million and the same has been repaid by April 30, 2021 i-e after achievement of financial close. The security created pursuant to the agreement has also been released.

12.2 Loan from sponsor - unsecured

	Note	2021	2020
		(Rupees in thousand)	
Opening balance		5,000,000	-
Addition during the year		5,000,000	5,000,000
Converted into subordinated debt		(8,710,000)	-
Converted to equity		(1,290,000)	-
Closing balance	12.2.1	-	5,000,000

12.2.1 The Company has received short term loan of Rs. 10,000 million from the sponsor to meet the project related payments. According to the loan agreement dated August 28, 2020, these funds were interest free and repayable on or before June 30, 2021. However, pursuant to the cabinet approval and in accordance with the financing / SSA dated December 17, 2020 Rs. 1,290 million has been converted into equity and remaining balance of Rs. 8,710 million has been converted into subordinated debt in accordance with the requirement of SSA for the purpose defined therein.

12.3 Working capital finance facility - secured

The Company has also entered in to short term Working Capital Finance (WCF) facilities for an amount of up to Rs. 15,213 million under first working capital and running musharaka agreement to meet its working capital requirements with the lenders as disclosed under note 8 to the financial statements. The availability period of facilities is 12 months period commencing from the facility effective date unless extended with the prior written consent of the financiers. WCF carries mark-up / musharaka profit at the rate three month KIBOR plus 2% per annum. The Company is in the process of fulfillment of certain conditions precedent, however the facility effective date under the agreements has not yet achieved hence no amount has been drawn yet.

This facility is secured by way of creating a charge up to Rs. 20,300 million for which; inter alia

(a) the Company transfers assigns by way of a first ranking mortgage to each of the Working Capital Finance Parties all and each of the Assigned Receivables.

(b) Company creates a first ranking lien and charge on the Working Capital Accounts, by way of a continuing security in favor of the Working Capital Finance Parties. The Working Capital Finance Parties shall have a right of set-off, right of transfer, and right of appropriation on the amounts standing to the credit of the Working Capital Accounts.

(c) The Company hypothecates and charges all of the Hypothecated Property to each of the Working Capital Finance Parties, by way of a first ranking hypothecation and charge ranking pari passu inter se the Working Capital Finance Parties and superior to (i) the security created over the Assigned Energy Payment Receivables and Assigned GSA Receivables in favor of SBLC Finance Parties in terms of the SBLC Documents; and (ii) the security created over the Hypothecated Property in favor of the Senior Financiers.

(d) The Company hypothecates and charges all of the Hypothecated Property (Subordinated Charge) to each of the Working Capital Finance Parties which shall rank subordinated to the security created over the Hypothecated Property (Subordinated Charge) in favor of the Senior Financiers.

(e) Company creates an equitable mortgage on the Mortgaged Immovable Property by deposit of title deeds, on a ranking basis, ranking pari passu inter se the Working Capital Financiers (which mortgage shall rank subordinated and subservient to the mortgage in favor of the Senior Financiers).

13 Contingencies and commitments

13.1 Contingencies

13.1.1 Constitutional petition filed against all public sector companies of government of Punjab, whereby the functions and role thereof have been challenged. The petition has been taken with another writ petition i.e. W.P. No. 112301/ 2017 (Shan Saeed Ghuman Vs. Fed. of Pak etc.). The Report & Parawise Comments have been submitted by PTPL on 26.01.2018. The legal counsel is of the opinion that this case will likely be decided in favor of the Company.

13.1.2 A Writ Petition was filed before honorable Islamabad High Court, Islamabad (IHC) by some of the independent power producers / companies, being established or under process of regulatory work under Renewable Energy Policy and Framework (RE Policy) primarily against Government of Pakistan (GoP), Regulator (NEPRA) and Power Producer (CPPA-G). PTPL had filed parawise comments / response through its Counsel and arguments have also been made before Court, and the matter is pending adjudication before IHC. The legal counsel is of the view that it is unlikely that any claim/losses will arise therefore. Moreover, it may be noted that during the pendency of this writ petition, the concession agreements have been executed in light of the Cabinet Committee on Energy (CCoE) and Economic Coordination Committee (ECC) of the Cabinet decisions.

13.1.3 Punjab Revenue Authority (PRA) 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 Rs. 1,329 million. The Company through tax consultant submitted detailed 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 is of the view that it is federal government subject and Federal Board of Revenue (FBR) is already applying sales tax at the time of import of equipment on various shipments, which is duly paid by EPC Contractor at import stage and the Company is making reimbursement of these amounts to EPC Contractor. As a precautionary measure, the Company took stay order on the matter from Honorable 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". However, no further proceeding has been initiated by the PRA till date.

13.1.4 The Deputy Commissioner of Inland Revenue ("DCIR") issued show cause notice dated February 18, 2021 under section 122(5)/(9) of the Ordinance claimed that Company has paid lesser amount of income tax of Rs. 12.05 million and has not deposited WWF of Rs. 3.80 million in tax year 2019. The Company's tax consultant is of the view that as per section 39 of the Ordinance, tax on income on other sources will be taken on receipt basis for the purposes of return which has already complied by the Company while filing the return. Furthermore, WWF was not applicable on Government owned entities during tax year 2019. Punjab WWF act came into force on December 13, 2019 which is being complied by the Company from the same tax year. The Company has duly made compliance of the aforesaid notice; however, the DCIR issued order dated March 19, 2021 under section 122(5)/(9) of the Ordinance and created impugned demand amounting to Rs. 16.34 million. Being aggrieved, the Company preferred an appeal before the learned CIR(Appeals), which is pending adjudication.

13.1.5 The DCIR issued notice dated June 23, 2021 under section 147 of income tax ordinance, 2001 (the "Ordinance") requiring the Company to provide the evidence of tax deducted / paid under various sections of the Ordinance as claimed by the Company at the time of filing advance tax intimation. The Company made due compliance of the tax notice; however FBR issued another notice dated June 30, 2021 assuming the tax liability of Rs. 164.18 million for December 20, March 21 and June 21 quarters; which requires to be paid ignoring the fact that the Company has paid the advance tax of Rs. 131.28 million based on the actual interest earned during the respective three quarters and thereby creating an impugned demand of Rs. 32.90 million. Being aggrieved, the Company preferred an appeal before the learned CIR (Appeals), which is pending adjudication.

13.1.6 The DCIR has issued notice dated February 04, 2021 under section 161(1A) of the Ordinance, requiring the Company to substantiate that proper income tax withholding has been made under the provisions of the Ordinance while making payment during the period 2019-2020 to various vendors in respect of heads confronted in the show cause notice. Moreover, DCIR issued another notice dated April 16, 2021 under section 177(1) of the Ordinance, intimating the Company for its selection for audit and thereby required the Company to provide the information/ documentation as mentioned in the said notice for the purpose of audit. The Company has made-due compliance of the said notice; however, no final order has been issued till date.

13.1.7 EPC Contractor has submitted various claims for extension of time for the completion of the project and additional cost mainly attributable to Force Majeure Events (e.g. Covid-19), delay in signing of concession agreements and others with a cumulative claim amount of USD 80.62 million and Rs. 3,078.80 million respectively. The Company upon initial review of these claims has found that most of these claims are not properly justified and unsubstantiated as per the terms of EPC agreement thus required EPC Contractor to substantiate its claims with valid and verifiable supporting documents so that determination could be proceeded.

13.2 Commitments:

13.2.1 The Company's commitment in respect of consultancy agreement with National Engineering Services Pakistan (NESPAK) is amounting to Rs. 266.17 million (2020: Rs. 352.71 million).

13.2.2 The following LCs were opened in favor of China Machinery and Engineering Corporation (EPC Contractor) backedstopped by the Government Guarantee of Rs. 60,900 million. Upon achievement of financial close the LCs were become a part of overall financing arrangement and secured by way of securities mentioned at note 8.2 to these financial statements and consequently the Government Guarantees have been released.

i) Offshore LC amounting to USD 155 million (2020: USD 319 million)
ii) Onshore LC amounting to Rs. 4,812 million (2020: Rs. 6,811 million)

13.2.3 In pursuance of the terms of the Gas Supply Agreement ("GSA") the Company is obligated to provide gas security deposit equivalent to the thirty days gas requirement. Accordingly, the Company has entered into the SBLC facility agreement with NBP and BOP for the provision of SBLC up to Rs. 6,600 million ("SBLC facility amount"). The main purpose of the SBLC is to guarantee the payments up to the SBLC facility amount to the gas supplier; in the event of failure by the Company to pay the supplier in accordance with the terms of GSA. The facility is secured by way of GoPb guarantee and the debit authority of Rs. 6,600 million. Moreover, charge of Rs. 8,250 million has been created by way of assignment and charge over energy payment receivable and GSA receivable which shall rank subordinated only to the security in favor of working capital finance parties. First ranking charge over the encashment receivable and first ranking lien and charge over the SBLC account and all amounts standing to the credit of SBLC account.

13.2.4 The Company's commitment in respect of O&M agreement with Harbin Electric International Company Limited is approximately USD 155.503 million (without indexation) based on normal operational regime for the entire term of the agreement (i.e. twelve years). Actual payments shall be made in terms of the agreement.

13.2.5 The Company's commitment in respect of Long Term Service Agreement ("LTSA") with Siemens Pakistan Engineering Company Limited having is USD 156.836 million (with indexation) based on normal operational regime for the entire term of the agreement. (i.e. twelve years). Actual payments shall be made in terms of the agreement.

13.2.6 The Company's commitment in respect of various fees towards MLAs for PFF, WCF and SBLC facilities is Rs. 179.80 million (2020: Nil).

14 **Property, plant and equipment**	**Note**	**2021**	2020
		(Rupees in thousand)	
Operating fixed assets - Owned	**14.1**	**5,732**	8,883
Capital work in progress	14.2	**84,004,120**	81,593,109
		84,009,852	81,601,992

14.1 Operating fixed assets - Owned

2021								
Description	Cost			Rate	Depreciation			Net book value as at June 30
	Opening	Additions	As at June 30		Opening accumulated	For the year	Accumulated as at June 30	
	(Rupees in thousand)			%	(Rupees in thousand)			
IT equipment	5,140	598	5,738	33%	3,532	1,099	4,631	1,107
Furniture and fittings	4,578	-	4,578	20%	1,644	916	2,560	2,018
Vehicles	9,195	131	9,326	20%	4,854	1,865	6,719	2,607
	18,913	729	19,642		10,030	3,880	13,910	5,732

2020								
Description	Cost			Rate	Depreciation			Net book value as at June 30
	Opening	Additions	As at June 30		Opening accumulated	For the year	Accumulated as at June 30	
	(Rupees in thousand)			%	(Rupees in thousand)			
IT equipment	5,053	87	5,140	33%	1,836	1,696	3,532	1,608
Furniture and fittings	3,511	1,067	4,578	20%	817	827	1,644	2,934
Vehicles	9,195	-	9,195	20%	3,165	1,689	4,854	4,341
	17,759	1,154	18,913		5,818	4,212	10,030	8,883

14.1.1 IT equipment includes fully depreciated assets costing Rs. 2.75 million (2020: Nil).

		Note	2021	2020
14.2	**Capital work in progress**	**Note**	**(Rupees in thousand)**	
	Plant and machinery		62,706,107	64,684,643
	Civil works		6,152,837	5,667,460
	Construction of gas pipeline		3,981,000	3,981,000
	Payment of insurance cost		1,231,213	770,499
	Land and associated cost		443,383	430,731
	Consultancy charges		1,339,556	1,076,653
	Exchange loss		186,677	169,935
	Borrowing cost		738,981	-
	Financing fee, duties, taxes and other charges		4,599,456	4,270,885
	Salaries, wages and other benefits	14.2.1	388,931	269,189
	Regulatory fees and licensing		411,116	262,237
	Testing and commissioning cost		8,052	7,741
	O&M mobilization cost		143,480	-
	LTSA initial spares		1,668,149	-
	Others		5,182	2,136
			84,004,120	81,593,109

14.2.1 This include Rs. 7.28 million (2020: Rs. 7.48 million) charged in respect of provision for gratuity during the year.

		Note	2021	2020
15	**Right-of-use asset**	**Note**	**(Rupees in thousand)**	
	This represents head office building.			
	Movement in right-of-use assets is as follows:			
	Net book value at 01 July		17,122	-
	Recognition on initial application of IFRS 16 as at 01 July		-	35,801
	Addition during the year		59,874	-
	Depreciation charge for the year		(18,785)	(18,679)
	Net book value at 30 June		58,211	17,122
16	**Intangibles**			
	Cost			
	Opening balance		149	149
	Additions during the year		150	-
	Balance at 30 June		299	149
	Amortization			
	Opening balance		112	62
	Charge for the year	16.1	83	50
	Balance at 30 June		195	112
	Net book value at 30 June		104	37

16.1 Amortization has been charged at the rate of 33.33% (2020: 33.33%). Assets amounting to Rs. 0.149 million (2020: Nil) has been fully amortized during the year.

16.2 This includes license for microsoft windows server and quickbooks accounting software.

		Note	2021	2020
17	**Advances, prepayments, deposits and other receivables**	**Note**	**(Rupees in thousand)**	
	Prepayments		1,770	1,321
	Advances to executives / employees	17.1	4,871	-
	Advances to suppliers		2,393	286
	Security deposits	17.2	92,728	10
	Sales tax receivable	17.3	1,282,360	931,339
	Interest accrued on saving account / Term Deposit Receipts (TDRs)		73,557	90,635
			1,457,679	1,023,591

17.1 This represent advance availed by certain executive / employees against gratuity earned as per the Company policy, which shall be adjusted against the salary.

17.2 This includes advance paid to SNGPL of Rs. 92.72 million (2020: Nil) as a security deposit for the supply of pre-sync gas requried during the testing of the project as a stop gap arrangement.

17.3 This includes Rs. 227 Million (2020: Rs. 227 Million) sales tax charged by CMEC @ 16% on onshore EPC advance payment invoice under EPC agreement. While making payment to EPC Contractor, in accordance with the PRA withholding rules, 2015 and clarification issued by PRA, the Company has paid sales tax amount @ 16% to EPC Contractor. However, instead of depositing the said sales tax into GoPb'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 EPC Contractor to approach PRA for clarification of applicable rate of sales tax and disposed off the petition.

		Note	2021	2020
18	**Cash and bank balances**	**Note**	**(Rupees in thousand)**	
	Cash in hand		550	550
	Cash at bank:			
	Deposit accounts & TDRs	18.1	13,459,445	17,316,290
			13,459,995	17,316,840

18.1 It carries mark-up at the rates ranging from 5.50% to 6.65% per annum (2020: 6.50% to 12.50% per annum). Under the financing documents certain funds are lien marked with the financiers. (2020: Nil)

		Note	2021	2020
19	**Administrative expenses**	**Note**	**(Rupees in thousand)**	
	Salaries, wages and benefits	19.1	122,925	75,303
	Office supplies and entertainment expense		7,266	3,679
	Printing and stationery		1,012	1,563
	Advertisement expenses		2,913	523
	Communication charges		3,706	1,796
	Utilities		2,876	2,413
	Vehicle running expenses		11,119	9,264
	Local travelling and lodging cost		1,901	5,531
	Directors' fee		6,850	4,500
	Legal and professional charges		75,339	1,257
	Auditors' remuneration	19.2	2,177	1,732
	Security expenses		1,138	1,051
	Depreciation and amortization	14.1 & 16	3,963	4,261
	Depreciation on right of use asset		18,785	18,679
	Repair and maintenance		1,113	850
	Others		4,697	1,802
			267,780	134,204

19.1 This include Rs. 6.31 million (2020: Rs. 5.73 million) charged in respect of provision for gratuity during the year.

		2021	2020
19.2	**Auditors' remuneration includes**	**(Rupees in thousand)**	
	External audit fee	1,075	1,103
	Review report on code of corporate governance	80	84
	Half yearly review	330	341
	Special assignments	592	79
	Out of pocket expenses	100	125
		2,177	1,732
20	**Other income**		
	Profit on deposit accounts & TDRs	691,379	1,000,311
	Scrap sales and other miscellenous income	10,189	27,888
		701,568	1,028,199

		2021	2020
21	**Finance cost**	**(Rupees in thousand)**	
	Bank charges	97	151
	Markup on lease liability	**1,418**	3,085
		1,515	3,236
22	**Taxation - Current**		
	For the year	**227,898**	283,932
	For the prior year	-	5,352
		227,898	289,284

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

		2021	2020
22.2	**Tax charge reconciliation**	**(Percentage)**	
	Numerical reconciliation between the average effective tax rate and the applicable tax rate		
	Applicable tax rate as per income tax ordinance, 2001	29	29
	Tax effect of:		
	- Amounts that are not deductible for tax purposes - net	18.03	4.43
	- accured profit - net	5.69	(1.60)
	- Prior years tax	-	0.60
	Average effective tax rate charged to statement of profit or loss	52.72	32.43

23 Financial risk management

23.1 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 mainly covered under Tariff approved by NEPRA. Any potential adverse impact of interest rate and exchange rate during the construction period beyond NEPRA approved tariff is currently backedstoped by the sponsor and covered in the project financing arranged. The Company is planning to take up any additional cost with NEPRA for tariff true up after COD.

(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 the variation in 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

The project is under construction phase, any exchange gain/loss arising thereof, will be capitalized with no impact on the statement of profit or loss.

(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 are as follows:

	2021	2020
Financial assets	(Rupees in thousand)	
Fixed rate instruments		
Deposit accounts & TDRs	13,459,445	17,316,290
Financial liabilities		
Floating rate instruments		
Long term financing - secured	21,098,369	-
Effective interest rate		
Long term financing - secured	9.95%	0%

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 and concentration of 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. There is no geographical concentration of credit risk. Company's credit risk is primarily attributable to its 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:

	2021	2020
Financial assets	(Rupees in thousand)	
Long term deposits	10,275	10,275
Security deposit	92,728	10
Interest accrued on saving account / TDRs	73,557	90,635
Balances with banks	13,459,445	17,316,290
	13,636,005	17,417,210

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 Agency	Rating Short term	Rating Long term	2021	2020
				(Rupees in thousand)	
- National Bank of Pakistan	PACRA	A1+	AAA	6,752,034	1,190,564
- Bank of Punjab	PACRA	A1+	AA+	6,707,411	16,125,726
				13,459,445	17,316,290

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 follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements. The Company manages liquidity risk by maintaining sufficient cash from the equity injected by the sponsors, arrangement of short term bridge finance facility from the Banks along with the short term loan from the Sponsor. Additionally the Company has also arranged Project Finance Facily as disclosed in note 8 to the financial statements.
The following are the contractual maturities of financial liabilities as at June 30, 2021:

	Carrying	Less than 1 year	Between 2	Over 5 years
		(Rupees in thousand)		
Long term financing - secured	22,962,713	696,289	3,149,225	19,117,199
Subordinated loan from sponsor - unsecured	8,710,000	-	8,710,000	-
Lease liability	58,578	22,172	36,406	-
Trade and other payables	27,502,980	27,502,980	-	-
	59,234,271	28,221,441	11,895,631	19,117,199

The following are the contractual maturities of financial liabilities as at June 30, 2020:

	Carrying	Less than 1 year	Between 2	Over 5 years
		(Rupees in thousand)		
Lease liability	18,817	18,817	-	
Trade and other payables	55,528,659	55,528,659	-	-
	55,547,476	55,547,476	-	-

23.2 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 assets or liabilities that requires classification Level 1, 2 or 3.

23.3 Financial instruments by categories

	2021	2020
	(Rupees in thousand)	
Financial asset at amortized cost		
Long term deposits	10,275	10,275
Security deposits	92,728	10
Interest accrued on saving account / TDRs	73,557	90,635
Cash and bank balances	13,459,445	17,316,290
	13,636,005	17,417,210
Financial liabilities at amortized cost		
Long term financing - secured	22,962,713	-
Subordinated loan from sponsor - unsecured	8,710,000	-
Lease liability	58,578	18,817
Trade and other payables	27,502,980	55,528,659
	59,234,271	55,547,476

23.4 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. The Company is obligated to satisfy the requirements of various concession documents of the project. The project has been planned with a 70:30 debt to equity ratio. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions.

24 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	
	2021	2020	2021	2020	2021	2020
	(Rupees in thousand)					
Honorarium / Remuneration	5,038	-	-	-	176,265	117,972
Meeting Fee	-	-	6,850	4,500	-	-
Reimbursement of expenses	-	-	669	669	6,375	5,059
Others	-	-	-	-	24,520	16,910
	5,038	-	7,519	5,169	207,160	139,941
Number	1	1	11	11	40	38

24.1 During the year Rs. 2.993 million remuneration was paid to executives of QATPL (2020: Nil)

25 Number of employees

	2021	2020
Total number of employees as at June 30	69	51
Average number of employees during the year	60	52

26 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	Relationship with the company	Nature of transactions/ balances	2021	2020
			(Rupees in thousand)	
Government of Punjab	Shareholders	Equity injected through conversion of loan	1,290,000	-
		Loan received and converted to Subordinated debt	8,710,000	-
		Advance against issuance of shares - Received	-	11,830,000
Government of Punjab	Shareholders	Land related fee paid	12,648	-
Directorate General Public Relations	Common control	Advertisement expenses	2,899	1,067
Key Management Personnel	Key Management Personnel	Remuneration paid	37,342	60,304
The Bank of Punjab	Common shareholding	Bank charges	55	42
		LC commission	63,783	84,437
		Arrangement fee	115,717	10,440
		Commitment fee	3,164	
		Interest income	481,191	854,568
		Interest expense	75,586	-
Quaid e Azam Thermal Power Pvt. Ltd. (QATPL)	Common shareholding	Expenses payable	42,738	42,738

26.1 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. Payment of Rs. 6.191 million is made as honorarium to key management personnels of QATPL who provided their services to the Company (2020: Nil).

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

26.3 Transaction with directors are disclosed under note 24.

26.4 Certain key management personnel are also provided with the use of Company maintained cars to perform their official duties.

27 Date of authorization

These financial statements were approved and authorised for issue on 07 OCT 2021 by the Board of Directors of the Company.

28 Non - Adjusting events after the statement of financial position date

Subsequent to the year end the Company has issued 65.20 million oridinary shares of Rs. 100 each to GoPb.

29 Impact of Covid- 19 on financial statements

The Company follows the development of the Covid-19 (corona virus) and evaluates the extent to which this may affect the Company in the short and long term. With the high levels of uncertainty, it is very difficult to predict the full financial impact that the situation may have on the Company.

As the project is under construction phase, the Company and its EPC Contractor has adopted close site management system whereby quarntine, testing, spray and effective monitoring / Standard Operating Procedures (SOPs) of Covid-19 are being followed. However, EPC Contractor has informed that Covid-19 has been impacting adversely the delivery timeline of certain testing equipment and delayed the remobilization of technical experts due to travel restrictions. Moreover, EPC Contractor has also raised certain claims for extension of time and cost which are yet to be substantiated by the EPC Contractor.

30 General

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

30.2 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___________________ 2021

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.