Annual Report 2024

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

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Corporate Information

<u>About the Report</u>: The Integrated Annual Report 2024 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 the Company and its development. The financial statements comply with the International Financial Reporting Standards (IFRS) as notified under the Companies Act, 2017 and provisions of directives issued under this Act.

This Annual Report also provides a thorough understanding about the Company, its business, the value created, strategies, opportunities & risks, business model, governance & 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.

<u>Company Profile</u>: 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 a 1263 MW Re-Gasified Liquefied Natural Gas (RLNG) based thermal power plant near Trimmu Barrage / 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 regulatory approvals/consents/licenses etc. that 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, Securities & Exchange Commission of Pakistan (SECP) Rules and Regulations and other applicable laws.

<u>History</u>: 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 decided to set up a RLNG based Power Plant in Punjab on fast-track basis.

For the purpose of execution of above Project, 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 the Government of the Punjab through the Energy Department and all Directors are nominated by the Government of the Punjab. The objective of the Company is to establish & maintain 1263 MW RLNG based Thermal Power Plant near Trimmu Barrage / Haveli Bahadur Shah, District Jhang. The Project has achieved its commercial operations on June 23, 2023.

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: PTPL aims to bridge the steadily rising gap between electricity demand & supply through establishing and maintaining 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 all stakeholders and to work diligently to increase corporate value while complying with applicable laws and 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) **Objective:** The objective of this Code of Conduct is to enhance integrity, ethics & transparency in governance of the Company, and thereby reinforce the trust and confidence reposed in the Management of the Company by the shareholders and other stakeholders and to create an environment where all the Board Members, Senior Management and employees of the Company maintain an ethical standard and compliance to the ethical standards that are laid down. The Board Members, Senior Management Personnel and employees of the Company are expected to familiarize themselves with this Code of Conduct and to understand, adhere to, comply with and uphold the provisions of this Code of Conduct and the standards laid down hereunder in their day-to-day functioning.

(ii) **Scope:** This Code of Conduct is applicable to all directors, senior management personnel and employees of the Company.

(iii) **Code of Conduct:**

i. Encourage Environmental, Social and Corporate Governance (ESG) Practices:

ESG encompasses the following:

- To encourage the management to adopt digitalization to enhance efficiency and to protect the environment;
- To promote and ensure compliance with ESG policy of the Company, if any;
- To encourage philanthropic activities, donations, contributions to charities and other matters of social welfare, in terms of sustainable practices;

- To encourage the management to publish or disclose regular reports on their ESG targets, environmental and social impact activities;

- To ensure that the Company operates in an environmentally and socially responsible manner, while having strong governance practices in place;

- To ensure that the Company adopts most efficient energy management system, prevention of energy waste and utilization of natural resources in responsible manner;

- To ensure commitment to prevent the wasteful use of natural resources and minimize any hazardous impact of the development, production, use and disposal of any of its products and services on the ecological environment in accordance with the applicable laws.

ii. Understanding of the Legal Duties:

- Acquire appropriate knowledge of the legal requirements relating to their duties to perform their obligations diligently and in compliance with the applicable laws, relevant guidelines and policies of the Company and to ensure compliance of applicable regulatory frameworks;

- Make dedicated efforts to improve competence and skills in their respective roles through continuing professional education;

- Bring to the notice of the Board, any non-compliance or violation of law or policy by the Company, other Board members or employees.

iii. Personal Conduct:

- Avoid following actions:

  Misconduct, intimidating & insulting behavior, verbal onslaught, accusations, misogynist behavior, sexual harassment, ignorance of regulatory framework, spate communication (letters, emails, etc.) without highlighting specific discrepancies, humiliation, pressurizing tactics, coerciveness, disruptive and distractive measures, bullying, disruption of conduct of business, unnecessary interference in management issues, unethically tarnishing image of any person.

- Exhibit high standards of personal conduct, both inside and outside the company.

iv. Conduct in Business Dealings:

- Treat everyone, inside and outside the Company, professionally with respect and equality without taking improper advantage of their position;

- To not involve in such practices like manipulation, misuse of privileged information and concealment of facts.

v. Integrity and Honesty:

- Act, at all times, with honesty, integrity and independence to protect Company's properties, reputation and image, and not get into dishonest practices such as bribery or corruption, etc.;

- Exercise due diligence, objectivity, sound and independent judgement while performing the duties;

- To not involve in practices with the intention to get any undue advantage either for himself or his family members.

vi. Avoid Conflict of Interest:

- To not get into any such business or practice that would tend to influence him/her in a way other than in the best interests of the Company;

- To not get into any business transaction or agreement that would result in the conflict of interest in any manner, other than those in the best interests of the Company;

- To not receive gifts and other benefits from the outsiders having pecuniary and other interest.

vii. Ensure Confidentiality:

- Protect confidential, proprietary and any such information received by virtue of their position in the Company and not disclose such information to anyone, unless the disclosure is required under any law or authorized by the Board of the Company;

- To not use or intend to use confidential and proprietary information for gaining unfair advantage and personal benefits, unless it becomes public.

viii. Diversity and Inclusion:

- To promote diverse and inclusive Board and management composition;

- Provide equal opportunities to all employees for employment in the Company irrespective of their culture, race, gender, caste, and religion;

- Promote a work environment free from discrimination, harassment and intimidations of any nature.

ix. Role Towards Shareholders/Members and other Stakeholders:

- Treat all shareholders/members and stakeholders of the Company in a fair and respectable way;

- Act in the best interests of the Company and fulfill their fiduciary responsibilities qua the Company;

- Understand and consider the interests of all stakeholders in the success of the organization.

x. Safeguarding Company's Assets:

- Use Company's assets, property, proprietary information and intellectual rights for business purposes of the Company and not for personal benefits or gains and to make utmost efforts for the protection and efficient use of the Company's assets.

xi. Promoting Safe and Healthy Environment:

- Give due consideration to the safety and health of all employees and to provide safe, competitive and healthy working environment.

xii. External Activities and Public Comments:

- To not undertake any external activities during the working hours or, at the expense of Company's duties and commitments.

(iv) **Compliance with Laws Rules & Regulations:** Additionally, the directors, senior management and other employees of the companies shall understand and comply with all applicable laws, rules, regulations of any government, regulatory organization(s), licensing agency(ies), or professional association(s)/body(ies) governing their professional activities.

(v) **Non-Compliance:** Any violation of this Code of Conduct may be reported to the Chairman of the Board in case of Board member or Chief Executive Officer while the other will report to the Chief Executive Officer through Human Resource department of the Company. All reported violations shall be appropriately investigated. Any waiver of this Code must be approved by the Board of Directors and reported / disclosed if required by any applicable law.

(vi) **Disclosure Requirements**: All Directors, Senior Management Personnel and employees of the Company shall affirm their compliance with the Code of Conduct on an annual basis.

Regulatory Framework: PTPL is regulated by the SECP and also has to fulfil the requirements of National Electric Power Regulatory Authority (NEPRA).

Business Line & Value Chain: The business line of PTPL is power generation and it holds a signification position in the power sector value chain. PTPL is playing a pivotal role in meeting energy needs and economic development of the Country. PTPL is supplementing the power needs of the Country and adds value to the economy through affordable and sustainable power to business and industry.

Company's Legal Advisors:

M/s. Cornelius, Lane & Mufti, Advocates & Solicitors.

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.
- Dubai Islamic Bank.

Registered Office:

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

Plant Site:

Project Site: Near Trimmu Barrage / Haveli Bahadur Shah, District Jhang.

Website:

www.punjabthermal.com

Corporate Governance

Board of Directors:

i.	Mr. Muhammad Ali	Chairman / Independent Director
ii.	Secretary Energy, GoPb (ex-officio)	Non-Executive Director
iii.	Secretary Finance, GoPb (ex-officio)	Non-Executive Director
iv.	Chairman P&D Board, GoPb (ex-officio)	Non-Executive Director
v.	Mr. Abdul Basit	Independent Director
vi.	Ms. Ermeena Asad Malik	Independent Director
vii.	Mr. Khuram Saleem	Independent Director
viii.	Mr. Muhammad Faisal Afzal	Independent Director
ix.	Mr. Mujahid Pervaiz	Independent Director
x.	Mr. Salman Zakaria	Chief Executive Officer/Executive Director

Finance & Audit Committee

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

Procurement Committee

i.	Mr. Mohammad Ali	Chairman
ii.	Mr. Mujahid Pervaiz	Member
iii.	Secretary Energy	Member

Human Resource Committee

i.	Ms. Ermeena Asad Mailk	Chairperson
ii.	Mr. Muhammad Ali	Member
iii.	Secretary Energy	Member

Risk Management Committee

i.	Mr. Mujahid Pervaiz	Chairman
ii.	Mr. Khuram Saleem	Member
iii.	Secretary Energy	Member

<u>Nomination Committee</u>

i.	Mr. Abdul Basit	Chairman
ii.	Mr. Muhammad Faisal Afzal	Member
iii.	Secretary Energy	Member

<u>CSR Committee</u>

i.	Mr. Muhammad Faisal Afzal	Chairman
ii.	Ms. Ermeena Asad Mailk	Member
iii.	Secretary Energy	Member

Mr. Salman Zakaria
Chief Executive Officer

Malik Mohsin Ali
Chief Financial Officer

Zohaib Ahmad Khan
Company Secretary

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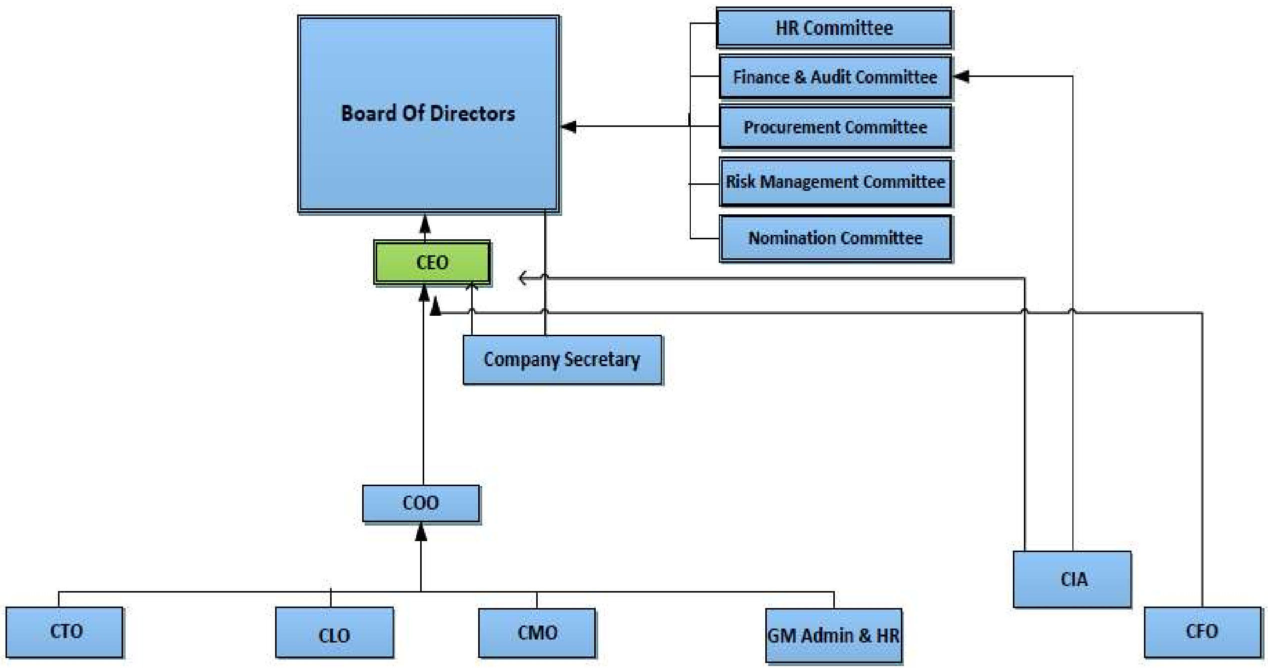
Organizational Structure



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NOTICE OF 7th ANNUAL GENERAL MEETING OF SHAREHOLDERS

i. Mr. Naeem Rauf
Secretary Energy, GoPb
Shareholder/Director
ii. Mr. Mujahid Sherdil
Secretary Finance, GoPb
Shareholder/Director
iii. Syed Muhammad Ali
Chairman/Director
iv. Chairman P&D Board, GoPb / Director
v. Mr. Abdul Basit, Director
vi. Ms. Ermeena Asad Malik, Director
vii. Mr. Khuram Saleem, Director
viii. Mr. Muhammad Faisal Afzal, Director
ix. Mr. Mujahid Pervaiz, Director
x. Mr. Salman Zakaria, CEO
xi. M/s Yousuf Adil, External Auditors

Subject: Notice of the 7th 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 7th Annual General Meeting of the Company will be held on **Friday, November 15, 2024** at **03:00 pm** at the registered office of the Company i.e. **7-C1, Gulberg-III, Lahore** to transact the following business:

(i) Confirmation of Minutes of the 6th Annual General Meeting of the Company held on 27.11.2023.
(ii) The Adoption of Annual Audited Accounts of the Company for the Financial Year ended June 30, 2024 together with Auditor's, Director's and Annual Reports thereon.
(iii) Appointment of Statutory Auditors of the Company for the Year 2024-2025 and to fix their remuneration.
(iv) Any other business with the permission of the Chair.

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

Zohaib Ahmad Khan
Company Secretary

Lahore: October 25, 2024

Notes:

(i) The share transfer books of the company shall remain close from November 08, 2024 to November 15, 2024 (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, 2024

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, 2024 prepared under Section 226 of the Companies Act, 2017.

Company's Overview

In view of acute shortage of electricity, the Government of the Punjab ("***GoPb***") established PTPL as a private company limited by shares incorporated under the aegis of Companies Act, 2017. PTPL is 100% owned by GoPb through the 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 near Trimmu Barrage / Haveli Bahadur Shah, District Jhang (the "***Project***"). The Project is developed in Independent Power Producer ("***IPP***") mode under the Power Generation Policy, 2015. The Company successfully completed its testing and commissioning activities and achieved Combined Cycle Commercial Operation on RLNG (gas fuel) on June 23, 2023. Since then, the plant has been operating in commercial operation.

Progress on the Project

Combined cycle Commercial Operations Date ("***COD***") was achieved on June 23, 2023 and since then the plant has been operated and maintained by O&M Operator (HEI) under O&M Agreement. Siemens is rendering services under LTSA and 24x7 monitoring of Gas Turbines being done by Siemens. Plant generated approx. 3.2 billion units during FY 2023-24 and until September 30, 2024 approx. 4 billion units have been generated and exported to the national grid. PTPL project is one of the highest efficient plants in the country, displacing lower efficiency thermal power plants on the economic merit order. Plant availability under the O&M Agreement remained above 99%.

HSD final testing was successfully completed in December 2023, Siemens specialists were arranged in the period of Christmas. The challenges of arranging electricity dispatch into grid and gas for thermal soaking during winter season from NPCC was challenging, however, it was managed effectively. Both Gas Turbines were inspected for ring segments by Siemens under LTSA. The inspections & necessary replacements were arranged from the global fleet on top emergent basis and units were made available on expedition basis within 45/46 days in October - November 2023.

Overall plant availability remained above 80%, despite HSD testing & unforeseen forced outages events at both Gas Turbine in Operating Year-one. Taking Over Certificate of Facility was issued upon completion of commissioning activities.

Management & Administration

The Company is governed by a Board of Directors comprising of professionals from both Public and Private Sectors with a requisite range of skills, knowledge and experiences. The composition is properly structured to enhance the competences of the Board. The management team is entrusted with the responsibility to conduct operations of the Company adhering to the vision, core values, corporate strategy, and policies as approved by the Board of Directors.

Financing Structure

The project financing structure is comprising of 70:30 debt to equity ratio.

(a) Project Finance Facilities (70% debt):

The Company had arranged funding requirements equivalent to the estimated project cost of Rs. 112 billion, at Financial Close through combination of debt and equity in proportion of 70:30. Whereby, 30% equity of Rs. 33.6 billion is injected by the Sponsor and 70% debt through Project Finance Facilities of Rs. 78.4 billion arranged from a consortium of local commercial banks. However, the estimated funding so arranged in December 2020 became insufficient due to unprecedented and sharp devaluation of PKR against USD, increase in RLNG & HSD prices, increase in interest rates and delay in achievement of COD. Under the Sponsor Support Agreement ("***SSA***") dated December 17, 2020, GoPb being the Project Sponsor is obligated to fund the cost overruns incurred or to be incurred by the Company. Accordingly, in order to complete the Project, under the Sponsor Support Agreement signed between the GoPb ("***the Sponsor***") and the Project Financiers, GoPb provided cost overrun support in the form of sponsor loan for an amount of Rs. 25 billion.

(b) Working Capital Facility:

In addition, to the existing working capital facilities of Rs. 22.2 billion and equity of Rs. 6.5 billion injected by the Sponsor, the Company has obtained working capital facility of Rs. 3.5 billion with green shoe option of Rs. 1.5 billion from Meezan Bank Limited to meet its operational requirements.

(c) Gas Supply Deposit (GSD):

Under the Gas Supply Agreement ("***GSA***") entered into between the Company and Sui Northern Gas Pipeline Limited ("***SNGPL***"), the Company is required to provide Gas Supply Deposit ("***GSD***") equivalent to price of 30 days of RLNG. Accordingly, the Company at the time of financial close had arranged a Standby Letter of Credit ("***SBLC***") for an amount of Rs. 6.6 billion equivalents to the GSD value at the prevailing RLNG prices and exchange rate. However, due to adverse exchange rate movement and increase in RLNG prices, the SBLC arranged became insufficient and gas supplier requires differential SBLC in line with requirements of GSA. As the RLNG price and exchange rates are continuously fluctuating, the arrangement of differential amounts of GSD has become difficult and a moving target. The Company, with the help of GoPb arranged and provided an additional SBLC of Rs. 3.9 billion from National Bank of Pakistan ("***NBP***") and The Bank of Punjab ("***BOP***") to partially fulfil differential requirement of GSD.

The current estimated GSD amount is approximately Rs. 23.5 billion thus a differential SBLC of Rs. 13 billion remains outstanding. Arranging SBLC of such a huge amount is challenging due to low market appetite, banks per party restrictions, overall sectoral limits (due to persistent circular debt) and reluctance by banks due to ongoing disputes between SNGPL and other GPPs. Further, SBLCs provided to SNGPL sufficiently cover the billing cycle under the GSA. The Company has also not made any default on payment and no overdue payables are outstanding towards SNGPL. To arrange the differential GSD, the Company has mandated BOP who is at advance stage of negotiations with various banks / financial institutions.

Financial Results

The Company achieved COD on June 23, 2023 and current was the first full operation year after the COD. During the year, the Company has recorded a net profit after tax of Rs. 8.6 billion which mainly arises due to recognition of Revenue from contract with customer of Rs. 107.10 billion (including test energy revenue) and Other Income of Rs. 7.1 billion (including delayed payment interest on overdue receivables) partly offset by Cost of sales of Rs. 82.3 billion, administrative expense of Rs. 0.80 billion, other expenses of Rs. 0.32 billion and Finance Costs of Rs. 22.7 billion, Taxation expense of Rs 0.31 billion.

The profit after tax is mainly due to the recognition of indexed revenue (interim relief granted by the NEPRA), LDs from LTSA contractors for failing to meet plant guaranteed availability, delayed payment of interest on overdue receivables and higher interest income which were partly offset by recognition of operational expenditures (O&M & LTSA fee, Insurance, Depreciation & other operating cost), General & Admin expenditures and Finance Cost. Further, due to the non-availability of power plant caused by the forced outage event and HSD testing, certain capacity revenue could not be claimed. It is also important to highlight those certain costs such as insurance, consultancy fee, exchange gain / loss, independent engineer cost, testing cost, security cost etc. related to remaining works i.e. HSD performance test, and other works were also capitalized during the period.

Further, the revenue relating to the test energy generated during HSD testing and relevant cost incurred thereon (including finance costs incurred on working capital borrowings) was recorded in the P&L as per requirement of IAS -16 (revised), amendments by International Accounting Standards Board (IASB) and adopted by the Institute of Chartered Accountants of Pakistan ("***ICAP***") and Securities & Exchange Commission of Pakistan ("***SECP***") related to capitalization criteria for testing revenue generated and cost incurred during construction period. It become effective for the financial period beginning on and after January 01, 2022.

The reference tariff determined by the NEPRA dated December 26, 2017, is based on economic parameters which were applicable in 2017. These economic parameters such as KIBOR, USD/PKR exchange rate, RLNG & HSD prices and CPIs are significantly changed from 2017 reference figures. Hence, the reference tariff has become impractical and has been adversely affecting the project cashflows. Accordingly, the Company filed an interim relief application to allow post COD indexation. The NEPRA granted the interim relief on December 13, 2023 and allowed the applicable quarterly indexation till September 30, 2024 and required the Company to file the COD True-up application. Accordingly, the Company has recognized an interim relief revenue of Rs. 20.56 billion. The Company has also filed tariff modification petition before NEPRA which is pending adjudication.

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 healthy workplace for all of its employees and to minimize the impact of Site 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 our operating practices. In this regard, an HSE specialist has been hired by the Company to ensure compliance with prudent HSE regulations, standards and EIA study requirements.

Furthermore, the EIA Study has also been made part of the EPC Agreement and accordingly, EPC and O&M Contractors have dedicated HSE personal at Site, which are responsible for implementing the Company's HSE Policy, EIA Study recommendations and international standards for HSE. The same is overseen by experts from NESPAK and PTPL's own HSE Department at the Project Site. HSE Reports are being shared with NEPRA on a monthly basis. Moreover, environmentally friendly technology used in the project with the lowest emissions will help the government fulfill its international commitments of reducing the carbon footprints.

Corporate Social Responsibility

The Company has formulated a policy for its Corporate Social Responsibility ("***CSR"***), which will take effect when the Project starts its commercial operations. Since the plant has achieved its commercial operations, the Company intends to carry out the CSR activities in the next fiscal year 2024-25 out of the profit earned during the fiscal year 2023-2024 in line with the Board approved policies. CSR initiatives of the Company may include, *inter alia*, donations, charities, contributions and other local community development schemes pertaining to health, education, women development and Sports etc. Currently, under the EIA Approval, the EPC Contractor has a plan to plant 10,000 trees in vicinity of the Project wherein 5,716 plants have been planted.

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. It implements an internal control system designed to facilitate effective and efficient operations of the Company. It aims to enable the Management to respond appropriately to significant risks in achieving the Company's business objectives. It may be noted that the systems are 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 a quarterly basis are submitted directly to the Head of Internal Audit who, in turn, reports functionally to the Finance & Audit Committee and administratively to the Chief Executive Officer of the Company. The Internal Audit Department carries out regular reviews and reports to the Finance & Audit Committee. Internal audit charter, manual and annual audit plans are duly approved by the Finance & Audit Committee on behalf of the Board of Directors. This is in line with the guidelines laid down by the SECP.

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. 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 also identified the rules that have not been complied with and the period in which such non-compliance continued. The reasons for such non-compliance are also highlighted.

(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 fairly present the state of affairs, the results of its operations, cash flows and changes in equity.

(c) Proper books of accounts 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 a 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 corporate best practices. According to the Remuneration Policy approved by the Shareholders of the Company, meeting fee of Rs. 75,000/- (Rupees Seventy-Five Thousand Only) including taxes are paid for attending meetings 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 sought exemption in line with the exemption available to all other IPPs whose PPAs were signed prior to January 01, 2019. However, SECP had rejected the Company's application for exemption of the SRO for application of IFRS 16. The Company filed a review appeal before SECP which was returned on the grounds that it did not fall within the scope of section 480 of the Companies Act, 2017. The Company, after consultation with its legal advisor, filed an appeal before the appellate bench of SECP. However, the appellate bench of SECP also rejected the Company's request for exemption without giving any chance of being heard. The Company sought relief through an appeal filed before the Honorable Lahore High Court (the "***LHC***") against the order of SECP and also filed a writ petition challenging the impugned conditions contained in notification SRO 986(I)/2019 dated September 2, 2019 (limiting SRO to only those companies that had executed PPAs before January 01, 2019). The LHC on January 04, 2022 granted interim relief by suspending the impugned condition contained in SRO No. 986 (1) / 2019 dated September 02, 2019, till further order. The matter is pending before the court, the Company is of the view that the outcome is likely to be in favor of the Company based on various legal and technical grounds.

(h) All statutory and corporate information of the Company is conveyed to the SECP as required under the Companies Act, 2017.

Major Event

On August 03, 2024, a fire occurred on GT-I enclosure. Siemens was mobilized to site and has started the restoration works. Quantum of the Initial damage and restoration timelines are being finalized. The replacement work is being performed in terms of the relevant agreements with Siemens and HEI. PTPL is in close coordination with higher management of Siemens and HEI in Pakistan, Dubai, China and USA to expedite the restoration.

The insurance policies are in placed with international re-insurers through NICL which cover Property Damage ("***PD***") and Business Interruption ("***BI***") loss resulting from the fire event. The quantum of insurance claim amount once determined and admitted by the re-insurer will be paid to the Company, net of applicable deductibles. Certain contractual coverage under the relevant agreements is also available to the Company.

Future Outlook

PTPL has a strong vision and commitment to add economical energy to the national grid. The development of one of the most efficient and state-of-the-art technology power plant is part of the same. PTPL's operational tariff is more competitive compared to other gas based thermal power plants and can play a vital role in replacing the expensive and inefficient power plant.

Earnings per Share

Earnings per share for the year ended June 30, 2024 is Rs. 21.43 per share.

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

During the Financial Year ended June 30, 2024 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.	Reimbursement of Travel & Accomodation Expenses
		Board of Directors	Human Resource Committee	Finance & Audit Committee	Procurement Committee		
1	Mr. Muhammad Ali	09 of 09	02 of 02	-	04 of 04	1,125,000	-
2	Secretary Energy, GoPb (ex-officio Director)	09 of 09	02 of 02	04 of 04	04 of 04	1,425,000	-
3	Chairman P&D Board, GoPb (ex-officio Director)	06 of 09	-	-	-	450,000	-
4	Finance Secretary, GoPb (ex-officio Director)	00 of 09	-	-	-	-	-
5	Mr. Abdul Basit	09 of 09	-	03 of 04	-	900,000	-
6	Ms. Ermeena Asad Malik	07 of 09	02 of 02	-	-	675,000	64,000
7	Mr. Khuram Saleem	08 of 09	-	04 of 04	01 of 01 (Co-opted member)	975,000	-
8	Mr. Muhammad Faisal Afzal	09 of 09	-	-	-	675,000	69000
9	Mr. Mujahid Perviaz Chattha	09 of 09	01 of 01 (Co-opted member)	-	04 of 04	1,050,000	-

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 7th 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 2024-25. The Finance & Audit Committee, in its 30th meeting dated 21.10.2024 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 2024-25.

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, 2024. 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.

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 of June 30, 2024 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 25, 2024

ANNEX-A

Pattern of Shareholding
As of June 30, 2024

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

Categories of Shareholding
As of June 30, 2024

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

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Tel: +92 (0) 42 3591 3595-7
Fax: +92 (0) 42 3544 0521
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, 2024.

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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2024.

Yousuf Adil
Chartered Accountants

Engagement Partner:
Rana M. Usman Khan

Place: Lahore
Date: November 15, 2024
UDIN: CR202410088M9kxOBVrL

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 (the "Company")**
Name of Line Ministry:	**Ministry of Energy, Government of the Punjab**
For the Year Ended:	**June 30, 2024**

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

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

<table>
<tr><th rowspan="2">S. No</th><th rowspan="2">Provisions of the Rules</th><th rowspan="2">Rule No.</th><th>Y</th><th>N</th></tr>
<tr><th colspan="2">Tick the Relevant Box</th></tr>
<tr><td>1.</td><td>The Independent Directors meet the criteria of independence, as defined under the Rules.</td><td>2(d)</td><td>✓</td><td></td></tr>
<tr><td>2.</td><td>The Board has at least one-third of its total members as 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. Khuram Saleem
5. Mr. Muhammad Faisal Afzal
6. Mr. Mujahid Pervaiz Chattha</td><td>08.07.2019
08.07.2019
08.07.2019
08.07.2019
08.07.2019
26.11.2021</td></tr>
<tr><td>Executive Directors</td><td>1. Mr. Salman Zakaria</td><td>05.11.2021</td></tr>
<tr><td>Non-Executive Directors</td><td>1. Secretary Finance, GoPb.
2. Secretary Energy, GoPb.
3. Chairman P&D Board</td><td>08.07.2019
08.07.2019
13.12.2022</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.

Note: Two ex-officio Directors are serving on more than five public sector companies.</td><td>3(5)</td><td></td><td>✓</td></tr>
</table>

4.	The appointing authorities have applied the fit and proper criteria given in the Annexure in making nominations of the persons for election as Board members under the Provisions of the Act.	**3(7)**	✓	
5.	The Chairman of the Board is working separately from the Chief Executive of the Company.	**4(1)**	✓	
6.	The Chairman has been elected by the Board of directors except where Chairman of the Board has been appointed by the Government	**4(4)**	✓	
7.	The Board has evaluated the candidates for the position of the Chief Executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission. (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. (b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. (c) The Minutes of the meetings were appropriately recorded and circulated.	**6(1)** **6(2)** **6(3)**	✓ ✓ ✓	
19.	The Board has monitored and assessed the performance of senior management on annual basis 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. (b) In case of listed PSCs, the Board has prepared half yearly accounts and undertaken limited scope review by the auditors. (c) The Board has placed the annual financial statements on the Company's website.	**10**	✓ ✓	 **N/A**
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>3</td><td>Mr. Khuram Saleem</td></tr>
<tr><td>Risk Management Committee</td><td>3</td><td>Mr. Mujahid Pervaiz</td></tr>
<tr><td>Human Resource Committee</td><td>3</td><td>Ms. Ermeena Asad Malik</td></tr>
<tr><td>Procurement Committee</td><td>3</td><td>Syed Muhammad Ali</td></tr>
<tr><td>Nomination Committee</td><td>3</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><td>Name of Member</td><td>Category</td><td>Professional Background</td></tr><tr><td>Mr. Khuram Saleem</td><td>Independent Director</td><td>CEO, Imperial Footwear (Pvt.) Ltd.</td></tr><tr><td>Mr. Abdul Basit</td><td>Independent Director</td><td>Chairman Big Bird Group</td></tr><tr><td>Secretary Energy, GoPb</td><td>Non-Executive Director</td><td>Career Bureaucrat</td></tr></table>The Chief Executive and Chairman of the Board are not members of the Audit Committee.</td><td>21 (1) and 21 (2)</td><td>✓

✓</td><td></td></tr>
<tr><td>32.</td><td>(a) The Chief Financial Officer, the Chief Internal Auditor, and a representative of the external auditors attended all meetings of the Audit Committee at which issues relating to accounts and audit were discussed.

(b) The Audit Committee met the external auditors, at least once a year, without the presence of the Chief Financial Officer, the Chief Internal Auditor and other executives.

(c) The Audit Committee met the Chief Internal Auditor and other members of the internal audit function, at least once a year, without the presence of Chief Financial Officer and the external auditors.</td><td>21(3)</td><td>✓

✓

✓</td><td></td></tr>
</table>

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

Sr. No.	Rule/ sub-rule no.	Reason for non-compliance	Future course of action
1	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, two of the worthy Board members *(Secretary Energy & Chairman P&D Board, ex-officio directors)* are serving on more than five (05) companies as member of the Board.	Government of Punjab (GoPb) own various Companies in different sectors. For the purpose of monitoring and safeguarding its interest in these companies, GoPb has nominated Secretary Energy and Chairman P&D as ex-officio directors in multiple companies considering their expertise. Similarly, the individuals have been nominated as the ex-officio directors of PTPL to protect the interest of the Government. Therefore, it is not practicable for the above ex-officio directors to comply with this particular provision of PSC (CG) Rules, 2013.
2	8(1)	The Company vide its letter dated December 05, 2023, has already submitted details of performance evaluation of the Board of Directors for the year 2022-23 to the Energy Department, GoPb. However, the response on further action in this regard is still awaited.	The Company will pursue this matter with the Energy Department, GoPb for earliest performance evaluation of members of the Board including Chairman and the Chief Executive Officer to ensure compliance with this provision of PSC (CG) Rules.

CHAIRMAN, BOARD OF DIRECTORS **CHIEF EXECUTIVE OFFICER**

YOUSUF ADIL

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INDEPENDENT AUDITOR'S REPORT

To the Members of Punjab Thermal Power (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Punjab Thermal Power (Private) Limited** (the Company), which comprise the statement of financial position as at June 30, 2024, and the statement of profit or loss, 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 material 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, 2024 and of the profit, its 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 Auditors' 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.

Emphasis of Matter

We draw attention to note 3.18 of these financial statements which explains that the Company has continued to capitalize exchange (gain) / loss on foreign currency balances and also not followed IFRS 16, 'Lease' in view of interim relief granted by the Honorable Lahore High Court on January 04, 2022 by suspending the restrictive condition contained in the SRO No. 986 (1)/2019 dated September 02, 2019, till further orders. Our opinion is not modified in this respect.

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

Management is responsible for the other information. The other information comprises the Directors' 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

- 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, 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 and expenditure incurred during the year were for the purpose of the Company's business; and

d) no Zakat was deductible at source under the Zakat and Usher 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

Place: Lahore
Date: November 15, 2024
UDIN: AR202410088yMuF5EkTR

PUNJAB THERMAL POWER (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

	Note	2024	2023
ASSETS		(Rupees in thousand)	
NON-CURRENT ASSETS			
Property, plant and equipment	5	106,879,379	121,729,642
Right-of-use asset	6	60,356	18,295
Intangibles	7	-	4
Long term deposits		38,964	31,170
		106,978,699	121,779,111
CURRENT ASSETS			
Trade debts - secured	8	45,961,744	19,308,357
Inventories	9	5,056,344	3,840,570
Advances, prepayments, deposits and other receivables	10	11,376,581	6,694,513
Cash and bank balances	11	35,912,826	13,893,018
		98,307,495	43,736,458
TOTAL ASSETS		205,286,194	165,515,569
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized capital			
Ordinary shares of Rs. 100 each		40,120,000	40,120,000
Issued, subscribed and paid up capital			
Ordinary shares of Rs. 100 each	12	40,120,000	40,120,000
Unappropriated profit / (accumulated loss)		7,590,461	(997,824)
		47,710,461	39,122,176
NON-CURRENT LIABILITIES			
Long term financing - secured	13	63,546,965	74,588,042
Loan from sponsor - unsecured	14	-	12,210,000
Staff retirement benefits	15	146,593	94,530
Lease liability	16	46,558	-
		63,740,116	86,892,572
CURRENT LIABILITIES			
Trade and other payables	17	16,280,925	27,263,984
Accrued markup / profit	18	9,303,772	360,173
Short term borrowings - secured	19	21,900,095	9,296,286
Current portion of loan from sponsor - unsecured	14	33,710,000	-
Lease liability	16	16,758	25,941
Provision for taxation less payments - net		120,188	4,828
Current maturity of long term financing - secured	13	12,503,879	2,549,609
		93,835,617	39,500,821
CONTINGENCIES AND COMMITMENTS	20		
		205,286,194	165,515,569

The annexed notes 1 to 35 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

PUNJAB THERMAL POWER (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
		(Rupees in thousand)	
Revenue from contract with customer	21	107,976,525	21,346,763
Cost of sales	22	(82,317,252)	(22,773,635)
Gross Profit		25,659,273	(1,426,872)
Administrative expenses	23	(802,128)	(469,064)
Other expense	24	(316,085)	-
Other income	25	7,121,809	1,509,715
Profit / (loss) from operations		31,662,869	(386,221)
Finance costs	26	(22,751,263)	(1,283,000)
Profit / (loss) before taxation		8,911,606	(1,669,221)
Taxation	27	(314,456)	(220,940)
Profit / (loss) for the year		8,597,150	(1,890,161)

The annexed notes 1 to 35 form an integral part of these financial statements.

YK

CHIEF EXECUTIVE

DIRECTOR

PUNJAB THERMAL POWER (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
		(Rupees in thousand)	
Profit / (loss) for the year		8,597,150	(1,890,161)
Other comprehensive income			
Items not to be reclassified to profit or loss subsequently:			
Actuarial loss on remeasurement of staff retirement benefits	15.3	(8,865)	(11,920)
Total comprehensive income for the year		8,588,285	(1,902,081)

The annexed notes 1 to 35 form an integral part of these financial statements.

YA

CHIEF EXECUTIVE

DIRECTOR

PUNJAB THERMAL POWER (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2024

	Share capital	Advance against issue of shares	Unappropriated profit / (Accumulated loss)	Total
		(Rupees in thousand)		
Balance as at July 01, 2022	40,120,000	-	904,257	41,024,257
Loss for the year	-	-	(1,890,161)	(1,890,161)
Other comprehensive income				
Actuarial loss on remeasurement of staff retirement benefits	-	-	(11,920)	(11,920)
Total comprehensive income	-	-	(1,902,081)	(1,902,081)
Transactions with shareholders in their capacity as owners:				
Shares issued during the year	-	-	-	-
Balance as at June 30, 2023	40,120,000	-	(997,824)	39,122,176
Balance as at July 01, 2023	**40,120,000**	-	**(997,824)**	**39,122,176**
Profit for the year	-	-	**8,597,150**	**8,597,150**
Other comprehensive income				
Actuarial loss on remeasurement of staff retirement benefits	-	-	**(8,865)**	**(8,865)**
Total comprehensive income	-	-	**8,588,285**	**8,588,285**
Balance as at June 30, 2024	**40,120,000**	-	**7,590,461**	**47,710,461**

The annexed notes 1 to 35 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, 2024

	Note	2024	2023
		(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		8,911,606	(1,669,221)
Adjustments:			
Depreciation on operating fixed asset	5.1	3,658,697	355,857
Depreciation on right-of-use-asset	6	20,019	19,958
Amortization on intangibles	7	4	50
Provision for staff retirement benefits	15.2.1	43,198	15,105
Interest income	25	(7,096,683)	(1,484,013)
Finance cost	26	22,751,263	1,283,000
		19,376,498	189,957
Operating profit / (loss) before working capital changes		28,288,104	(1,479,264)
Effect on cash flow due to working capital changes:			
(Increase) / decrease in current assets:			
Inventories		(1,215,774)	(3,840,570)
Trade debts - secured		(23,961,953)	(19,308,357)
Advances, prepayments, deposits and other receivables		(1,734,721)	298,235
Increase / (decrease) in current liabilities:			
Trade and other payables - net of liquidated damages		1,686,083	4,922,866
		(25,226,365)	(17,927,826)
Cash generated from / (used in) operations		3,061,739	(19,407,090)
Bank charges paid		(5,759)	(847)
Staff retirement benefit paid		-	(308)
Taxes paid		(1,399,496)	(262,931)
		(1,405,255)	(264,086)
Net cash generated from / (used in) operating activities		1,656,484	(19,671,176)
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(1,484,438)	(24,661,279)
Profit received on saving accounts		2,658,301	316,609
Payment for long term deposits		(7,794)	(20,078)
Net cash generated from / (used in) investing activities		1,166,069	(24,364,748)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long term financing - net		-	39,139,479
Repayment of long term loan		(1,201,285)	(176,370)
Loan from sponsor - unsecured		21,500,000	3,500,000
Finance cost paid		(13,680,501)	(3,359,781)
Repayment of lease liability		(20,718)	(18,062)
Financial charges paid		(4,050)	(3,253)
Net cash generated from financing activities		6,593,446	39,082,013
Net increase / (decrease) in cash and cash equivalents (a+b+c)		9,415,999	(4,953,911)
Cash and cash equivalents at beginning of the period		4,596,732	9,550,643
Cash and cash equivalents at end of the period		14,012,731	4,596,732
Cash and cash equivalent comprised of:			
Cash and bank balances	11	35,912,826	13,893,018
Short term borrowings - secured	19	(21,900,095)	(9,296,286)
		14,012,731	4,596,732

The annexed notes 1 to 35 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

1 Legal status and nature of business

Punjab Thermal Power (Private) Limited (the Company or PTPL) was incorporated as a private limited company under the Companies Act, 2017 on June 08, 2017, by the Government of Punjab ("GoPb") through the 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) based combined cycle thermal power plant (with HSD as backup fuel) 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.

The Company has successfully completed its testing and commissioning activities and has achieved Combined Cycle Commercial Operation on RLNG (gas fuel) on June 23, 2023. Since then, the plant has been operating in commercial operation mode on RLNG (gas fuel). Whereas certain remaining performance tests on back up fuel (HSD) were completed on December 28, 2023 and plant is available for commercial operations on both fuels as per the terms of the Power Purchase Agreement (PPA).

The Company entered into the PPA on June 22, 2020 with Central Power Purchasing Agency Guarantee Limited (CPPA-G) to sell Contract Capacity and Dispatched & Delivered net electrical output in accordance with the terms and conditions of the PPA. The PPA is for a period of 30 years.

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);

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) 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 Adoption of new accounting policies

Accounting for minimum taxes and final taxes

During May 2024, The Institute of Chartered Accountants of Pakistan (ICAP) issued a guide 'IAS 12 Application Guidance on Accounting for Minimum taxes and Final taxes' (the Guide) to provide guidance on accounting of minimum tax and final tax, as mentioned in the Income Tax Ordinance, 2001, under the requirements of relevant IFRS Accounting Standards and provide appropriate approaches to account for minimum taxes and final taxes in compliance with the requirements of IFRS Accounting Standards.

In view of the clarifications from ICAP, it has been established that minimum tax and final taxes do not meet the criteria of income tax expense as per IAS 12 (as these are not based on taxable profits), hence, it should be accounted for under IFRIC 21 'Levies' and IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'.

The Guide provides approaches to account for minimum and final regime taxes according to the facts and circumstances as applicable to the Company. Accordingly, the Company has adopted the following approach:

The Company first designates the amount calculated on taxable income using the notified tax rate as an income tax within the scope of IAS 12 'Income Taxes' and recognise it as current income tax expense. Any excess over the amount designated as income tax, is then recognised as a levy falling under the scope of IFRIC 21 "Levies" / IAS 37" Provisions, Contingent Liabilities and Contingent Assets".

Therefore, the effective rate of income tax is equal to the enacted rate of income tax and the deferred tax will be calculated at such rate.

Similarly, any amount deducted as final taxes will be classified as a levy in the statement of profit or loss and there would be no deferred tax liability / (asset) recognised in case of final taxes.

Super tax charged to entities as per provisions of Income Tax Ordinance, 2001, will be classified as either 'Income Tax' or 'levy' in accordance with guidance provided in the Guide [i.e. if super tax calculation is based on taxable profits as defined in IAS 12, then, such super tax shall be recognised as 'income tax' otherwise such super tax shall qualify for recognition as 'levy' as per IFRIC 21 / IAS 37].

Advance taxes paid under any section of the Income Tax Ordinance, 2001, except minimum taxes paid under section 113, which are termed as levy as per the Guide will be classified as 'prepaid assets'.

The Company has adopted the guidance on accounting for minimum and final taxes issued by ICAP. However, this has no impact on these financial statements.

2.3 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan which are effective in current period

The following standards, amendments and interpretations are effective for the year ended June 30, 2024. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Standards or Interpretations with no significant impact	Effective from annual period beginning on or after:
Amendments to IAS 1 'Presentation of Financial Statements' and IFRS practice statement 2 - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 12 ' Income taxes' - International Tax Reform — Pillar Two Model Rules	January 01, 2023

During the year, the Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practical Statement 2) from January 01, 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed.

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

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

Standards or Interpretations that are not yet effective	Effective from annual period beginning on or after:
Amendments to IFRS 16 ' Leases' - Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current along with Non-current liabilities with Covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability	January 01, 2025
IFRS 17 – Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)	January 01, 2026
Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Classification and measurement of financial instruments	January 01, 2026

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 yet been adopted by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 18 - Presentation and Disclosures in Financial Statements
- IFRS 19 - Subsidiaries without Public Accountability: Disclosures

2.5 Basis of measurement

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

2.6 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.

2.7 Critical accounting estimates and judgements

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
- Significant events and transactions	4
- Estimated useful lives and residual values of property, plant and equipment & intangibles	3.2 and 3.3
- Staff retirement benefits	3.9
- Provision for taxation	3.10
- Provisions and contingencies	3.12
- Leases	3.17
- Capitalization of exchange gain / loss	3.18
- Right-of-use asset	6
- Financial risk management	28

3 Material accounting policy information

The material 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.

Moreover, the car lease facility has been accounted for in accordance with Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) under which car lease rentals will be charged off instead of lease accounting under IFRS-16.

3.1 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.

3.2 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. Transfers are made to the relevant asset category as and when assets are available for intended use. Based on the available information, the assets have been transferred from CWIP on provisional basis.

Depreciation charge is based on the straight-line method at rates given in note 5.1, 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.

3.3 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.

3.4 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.

3.5 Inventories

These are valued at lower of cost based on First In First Out (FIFO) and net realizable value.

The Company entered in to the Operation and Maintenance Agreement (O&M) and Long Term Service Agreement (LTSA) with Harbin Electric International and Siemens Pakistan Engineering Company Limited respectively, for a period of approximate 12 years for the operations and maintenance of the plant. Under the terms of these agreements, the Company is required to provide certain spares to the LTSA and O&M contractors. The Contractors will be responsible for replenishing these stores and spares as those are used, and shall return those parts to the Company upon completion of the terms of the agreements. Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

3.6 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.

3.7 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.

3.7.1 Financial assets

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.

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 does 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 selection (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 does 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 does not possess any financial assets classified as at FVTPL.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets, except for financial asset due from Government. The Securities and Exchange Commission of Pakistan (SECP) through SRO 1177(I)/2021 dated September 13, 2021 has notified that, in respect of companies holding financial assets due from the Government of Pakistan (GoP) in respect of circular debt, the requirements contained in IFRS 9 with respect to application of Expected Credit Losses (ECL) method shall not be applicable till June 30, 2022 which was further extended till December 31, 2024 vide S.R.O. 67 (I) / 2023. The management of the Company believes that the application of this standard subsequent to December 31, 2024 will not have any material impact on the Company.

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.

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.

3.7.2 Financial liabilities

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

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.

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.

3.7.3 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.

3.7.4 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 higher 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.

3.8 Borrowing costs

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

Mark-up bearing borrowings

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

3.9 Staff retirement benefits

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

Defined benefit plan - gratuity

The Company currently 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, 2024 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 15 to these financial statements.

3.10 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 of 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) Levy

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

(a) those outflows of resources that are within the scope of other standards.

(b) fines or other penalties that are imposed for breaches of the legislation.

In these financial statements, levy includes minimum taxes differential, if any, final taxes and super taxes which are based on other than taxable profits. The corresponding advance tax paid, except for minimum taxes under section 113, which are treated as levy are recognised in prepaid assets as 'prepaid assets'.

(b) Revenue taxes

Revenue taxes include amount representing in excess of :

a) minimum tax paid under section 113 over income tax determined on income streams taxable at general rate of taxation and;

b) minimum tax withheld / collected / paid or computed over tax liability, computed on related income tax streams taxable at general rate of tax, is not adjustable against tax liability of subsequent tax years.

Amount over income tax determined on income streams taxable at general rate of taxation shall be treated as revenue taxes.

The Company determines, based on expected future taxable profits, that excess paid under section 113 by the entity over and above its tax liability (on income stream(s) taxable at the general rate of taxation) is expected to be realized in subsequent tax years, then, such excess shall be recorded as deferred tax asset adjustable against tax liability for subsequent tax years. This shall be recognized as 'deferred tax asset' for the reason that it represents unused tax credit as it can be adjusted only against tax liability (of subsequent tax years) arising on taxable income subject to general rate of taxation. Such an asset shall be subject to requirements contained in IAS 12 'Income Tax'.

(c) Final Taxes

Final taxes includes tax charged / withheld / paid on certain income streams under various provisions of Income Tax Ordinance, 2001 (Ordinance). Final tax is charged / computed under the Ordinance, without reference to income chargeable to tax at the general rate of tax and final tax computed / withheld or paid for a tax year is construed as final tax liability for the related stream of Income under the Ordinance.

Final tax paid is considered to be full and final discharge of the tax liability for the Company for a tax year related to that income stream.

(d) 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.

(e) Deferred

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

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

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

3.11 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.

3.12 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.

3.13 Revenue recognition

Sale of electricity

Under IFRS 15 revenue is recognized over time as electricity and related products are delivered. The Company's PPA contains a distinct performance obligation for the delivery of electricity, delivery of capacity, (i.e. Availability of generation), or the combination of the two. Determining what goods or services promised to the customer constitutes a distinct performance obligation requires significant judgment. The Company considered all goods and services promised in its PPA contract and determined that while certain promises do have stand alone value to the customer that are not distinct in the context of the contract.

The Company views each megawatt (MWh) of electricity and / or capacity delivered to be a series of distinct goods that are substantially the same and have the same pattern of transfer to the customer as measured using an output method. The amount that the Company has a right to bill the customer reflects the pattern of transfer and value of the completed performance to the customer. As a result, the Company applies the "Right to Invoice" practical expedient under IFRS 15 to measure and recognized revenue.

The Company has achieved its COD as on June 23, 2023, however, significant judgment is required in determination of the amount to be recognized as revenue in terms of IFRS 15, as the Company is presently recognizing revenue on reference tariff as indexed by the authority from time to time which is subject to significant changes in future at the finalization of tariff actualization viz-a-viz factors including (ROE, Debt service, USD indexation, CPI, KIBOR rate and others). Currently, the Company's revenue recognition policy reflects the consideration to which it expects to be entitled in exchange of performance obligations.

3.14 Interest on bank deposits and delayed payment income

Interest income on bank deposits and delayed payment income on overdue trade receivables is recognized at effective interest rate on accrual basis.

3.15 Finance cost

Finance cost comprises markup on loans and lease liability and also 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.

3.16 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. Foreign currency differences arising on items related to the construction are recognized in CWIP, however all other difference are recognized in statement of profit or loss.

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.

3.17 Leases

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 of 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.

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 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

- 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 in the 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.

3.18 Additional disclosure as per IAS 1 for departure from requirements of IFRS 16 and IAS 21

On January 16, 2012, Security and Exchange Commission of Pakistan (SECP) vide SRO (I) 2012 granted waivers to all the Independent Power Producers (IPPs) from the requirement of IFRIC 4 "Determining whether an arrangement contains a lease" and IFRIC 12, "Services Concession Agreements". Further, SECP, through the aforementioned SRO, has 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 02, 2019, SECP vide SRO 986(I) / 2019 (the SRO of 2019) by making partial modification in the said SRO, has granted exemptions from the requirement of IFRS 16 and IAS 21 to the companies whose' Power Purchase Agreements (PPAs) were executed before January 01, 2019. However, the SECP made it mandatory to disclose the impact of the application of IFRS 16 relating to power purchase agreement on the results of the companies. As the concession agreements of the Company were approved by Economic Coordination Committee (ECC) in 2018, only signing was pending which was made on June 22, 2020 owing to various reasons on part of Federal Government entities which were beyond the control of the Company, therefore, the Company believes that said notification does not apply to it like other RLNG projects. Accordingly, the Company applied to SECP for similar exemption / clarification as was granted to IPPs whose' PPAs were executed before January 01, 2019.

In connection with the above, SECP rejected the Company's application for exemption as per the said SRO to the extent of application of IFRS 16, against which the Company filed review appeal before SECP which was returned on the grounds that it did not fall within the scope of section 480 of the Company's Act, 2017.

The Company filed an appeal before the Honorable Lahore High Court (LHC) against the order of SECP and a writ petition challenging the impugned conditions contained in the SRO of 2019 (limiting SRO to only those companies that has executed PPAs before January 01, 2019). The LHC on January 04, 2022, granted an interim relief by suspending the impugned condition contained in the SRO of 2019. Subsequently, LHC further directed the SECP to justify the enforcement of IFRS-16 after the cut-off date of January 01, 2019. In response, the SECP submitted its explanation, following which the LHC required further clarifications from SECP regarding the rationale for discriminating based on the specific PPA execution date. The SECP then sought additional time to provide a comprehensive response. Meanwhile, the LHC upheld the interim relief granted to the Company regarding the application of IFRS-16 and IAS-21, extending the suspension of the contested conditions until further orders.

The Company believes that it has business rationale and technical justifications therefore, it has a good chance to defend its case on a similar grounds of the exemption as was allowed to all other IPPs. Keeping this in view, the Company has not followed IFRS 16, 'Leases' and also continued to capitalize exchange gain / loss on foreign currency balances against its operating fixed assets.

Had there been no capitalization of exchange gain / (loss), the impact on financial statements will be as follows:

	2024	2023
	(Rupees in thousand)	
Unappropriated loss - brought forward	(3,712,885)	(1,736,642)
Increase / (decrease) in profit for the year	550,262	(1,976,243)
Increase in unappropriated loss	(3,162,623)	(3,712,885)
Decrease in value of property, plant & equipment / Capital work in progress	(3,162,623)	(3,712,885)
Decrease in accounting profit for the year	(3,162,623)	(3,712,885)

Under IFRS 16, the consideration required to be made by the lessee for the right to use the asset is to be accounted for as a lease under IFRS 16, 'Leases'. The Company's power plant's control due to purchase of total output by CPPA-G appears to fall under the scope of IFRS 16. Consequently, if the Company were to follow IFRS 16, the effect on the financial statements would be as follows:

	2024	2023
	(Rupees in thousand)	
De-recognition of property, plant and equipment	(106,172,405)	(121,230,397)
Recognition of lease debtor	109,797,546	121,458,399
Impact in unappropriated profit at beginning of the year	228,002	-
Increase in profit for the year	3,397,139	228,002
Increase in unappropriated profit at end of the year	3,625,141	228,002

4 Significant transactions and events

4.1 During the year ended June 30, 2024, GoPb injected an additional Rs. 21,500 million (2023: Rs. 3,500 million), thereby completing its total commitment of Rs. 25,000 million. This is interest free loan which was provided as a sponsor support in accordance with the requirement of Sponsor Support Agreement (SSA).

4.2 During the year, the Company has achieved the facility effective date of working capital facility of Rs. 5,000 million obtained from Meezan Bank Limited. The facility is secured against the same security structure as already provided to the existing working capital financiers. Furthermore, the Company has also negotiated an additional working capital facility of Rs. 5,000 million (with the green shoe option of Rs. 1,500 million) which is in process of being executed.

4.3 Pursuant to the signing of the term sheet of Rs. 11.7 billion between The Bank of Punjab (BOP) and the Sponsor on August 28, 2023 for the arrangement of Debt Service Reserve Account Standby Letter of Credit (DSRA SBLC), the facility documents have also been executed on December 29, 2023. However, based on the prevailing KIBOR rate, the SBLC of PKR 10.76 billion out of the total availed facility will be issued for which the GoPb has provided a Provincial Guarantee and Debit Authority for an equivalent amount. Currently, the Company is in process of fulfilling certain conditions precedent required for the achievement of Facility Effective Date under the documents.

4.4 The NEPRA has granted the interim relief on December 13, 2023 and allowed applicable post COD indexation as approved in tariff determination dated December 26, 2017. During the year, the Company has recognized an interim relief revenue of Rs. 23,043 million.

4.5 On February 09, 2024, the Company issued notice along with invoice for Liquidated Damages (LDs) for delay in completion of project to the China Machinery Engineering Corporation ("CMEC" or "EPC Contractor") for an amount equivalent to USD 52 million in terms of EPC Agreement. However, the contractor instead of making payment, on February 28, 2024, filed a suit for declaration and permanent injection in the Civil Court, Jhang for stay against operation of LD's notice. However, On March 14, 2024, the Civil Court, Jhang dismissed the stay application of CMEC. Consequently, the Company issued notice of encashment of EPC Performance guarantee for an amount of USD 52 million. On March 15, 2024, CMEC filed an appeal against the order of Civil Court, Jhang in the Lahore High Court (LHC) and stay application against the encashment of performance guarantee. On 28th March 2024, the LHC, after hearing both the parties reserved the judgment and required the parties to maintain the status quo. Subsequently on April 09, 2024, the LHC announced its reserved judgment and dismissed CMEC's appeal in favor of PTPL. Consequently, CMEC showed its willingness to settle the matter amicably and accepted the LDs and requested PTPL to adjust the same from forthcoming EPC milestone payments. Consequently, during the year, the Company has adjusted USD 29.41 million against invoices raised by CMEC. PTPL, has recorded the LDS recoverable from CMEC as negative charge / reversal of the cost in the fixed assets.

4.6 The Company filed a tariff modification petition before the NEPRA and the same was returned while requiring certain additional information which was re- submitted on June 28, 2024.

4.7 Under the Gas Supply Agreement (GSA) entered into between the Company and Sui Northern Gas Pipeline Limited (SNGPL), the Company is required to provide Gas Supply Deposit (GSD) equivalent to price of 30 days of RLNG. Accordingly, the Company at the time of financial close arranged a Standby Letter of Credit (SBLC) for an amount of Rs. 6,600 million equivalents to the GSD value at then prevailing RLNG prices and exchange rate. However, due to adverse exchange rate movement and increase in RLNG prices, the SBLC so arranged became insufficient and GAS supplier required differential SBLC in line with requirements of GSA. As the RLNG price and exchange rates are continuously fluctuating, the arrangement of differential amounts of GSD has become difficult and a moving target. The Company, with the help of GoPb arranged and provided an additional SBLC of Rs. 3,875 million from the National Bank of Pakistan (NBP) and The Bank of Punjab (BOP) to partially fulfil differential requirement of GSD. The SBLC facilities are primarily secured against provincial government guarantee and debit authority.

The current estimated GSD amount is approximately Rs. 23,550 million thus differential SBLC of Rs. 13,075 million is required. Arranging SBLC of such a huge amount is challenging due to low market appetite, banks' per party restrictions, over-all sectoral limits (due to persistent circular debt) and reluctance by the banks due to ongoing disputes between SNGPL and GPPs. Further, SBLCs provided to SNGPL sufficiently covers the billing cycle under the GSA and the Company has not made any default in payment and there are no any overdue payables towards SNGPL.

4.8 The VIS Credit Rating Company Limited (VIS) has reaffirmed the ratings assigned to the Company at AA/A-1. The medium to long-term rating of AA denotes high credit quality coupled with strong protection factors. The short-term rating of A-1 denotes high certainty of timely payments, liquidity factors are excellent and supported by good fundamental protection factors. Outlook on the assigned rating is "Stable".

5 Property, plant and equipment	Note	2024	2023
		(Rupees in thousand)	
Operating fixed assets - owned	5.1	**106,716,641**	121,729,642
Capital work in progress	5.3	162,738	-
		106,879,379	121,729,642

5.1 Operating fixed assets - owned

2024											
	Cost						Depreciation				
Description	Opening	Additions (Note 5.1.1)	Adjustments (Note 5.1.2)	Disposals	As at June 30	Rate	Opening accumulated	For the year	Disposals	Accumulated as at June 30	Net book value as at June 30
	(Rupees in thousand)					%	(Rupees in thousand)				
Land	450,618	-	-	-	450,618		-	-	-	-	450,618
Building and civil works	13,565,683	165,372	(1,458,093)	-	12,272,962	3.33	37,682	408,167	-	445,849	11,827,113
Plant and machinery	108,002,403	1,093,460	(11,217,913)	-	97,877,950	3.33	300,007	3,231,789	-	3,531,796	94,346,154
Furniture and fixtures	9,395	22,360	-	-	31,755	20	5,228	1,549	-	6,777	24,978
Vehicles	41,197	326	-	-	41,523	20	16,439	6,434	-	22,873	18,650
IT equipment	32,306	29,188	-	-	61,494	33	15,556	9,762	-	25,318	36,176
Office & electrical equipment	4,084	10,998	-	-	15,082	20	1,130	1,000	-	2,130	12,952
	122,105,686	1,321,704	(12,676,006)	-	110,751,384		376,042	3,658,701	-	4,034,743	106,716,641

2023											
	Cost						Depreciation				
Description	Opening	Additions (Note 5.1.1)	Adjustments (Note 5.1.2)	Disposals	As at June 30	Rate	Opening accumulated	For the year	Disposals	Accumulated as at June 30	Net book value as at June 30
	(Rupees in thousand)					%	(Rupees in thousand)				
Land	-	450,618	-	-	450,618		-	-	-	-	450,618
Building and civil works	-	13,565,683	-	-	13,565,683	3.33	-	37,682.00	-	37,682	13,528,001
Plant and machinery	-	108,002,403	-	-	108,002,403	3.33	-	300,007.00	-	300,007	107,702,396
Furniture and fixtures	4,928	4,467	-	-	9,395	20	3,503.00	1,725.00	-	5,228	4,167
Vehicles	28,857	12,340	-	-	41,197	20	9,467.00	6,972.00	-	16,439	24,758
IT equipment	29,248	3,353	-	(295)	32,306	33	6,844.00	8,729.00	(16.00)	15,557	16,749
Office & electrical equipment	2,397	1,687	-	-	4,084	20	389.00	742	-	1,131	2,953
	65,430	122,040,551	-	(295)	122,105,686		20,203	355,857	(16)	376,044	121,729,642

5.1.1 This includes the adjustment of the exchange gain of Rs. 550 million. Please also refer to note 3.18 for further details.

5.1.2 This includes LD adjustment of Rs. 1,458 million against the building and Rs. 11,218 million against plant and machinery. Please refer to note 4.5 for further details.

5.1.3 Furniture and fixtures includes fully depreciated assets costing Rs. 3.51 million (2023: Rs. 3.51 million).

5.1.4 Vehicles includes fully depreciated assets costing Rs. 9.19 million (2023: Rs. 9.05 million).

5.1.5 IT equipment includes fully depreciated assets costing Rs. 5.74 million (2023: Rs. 5.14 million).

5.2	Depreciation charged to:	Note	2024 (Rupees in thousand)	2023
	Cost of sales	22	**3,639,952**	337,689
	Administrative expenses	23	**18,749**	18,168
			3,658,701	355,857

5.3	Capital work in progress	Note	2024	2023
	Opening balance		-	97,369,460
	Additions during the year	5.3.1	**1,421,570**	26,317,393
	Transfers during the year		**(1,258,832)**	(123,686,853)
	Closing balance		**162,738**	-

5.3.1 This includes Rs. Nil (2023: Rs. 11.25 million) capitalized in respect of provision for gratuity during the year.

6	Right-of-use asset	Note	2024 (Rupees in thousand)	2023
	Net book value at July 01	6.1	**18,295**	38,253
	Addition during the year		**62,080**	-
	Depreciation charge for the year	23	**(20,019)**	(19,958)
	Net book value at June 30		**60,356**	18,295
	Depreciation rate per annum (%)		**33.33**	33.33

6.1 This represents head office building (rent).

7	Intangibles		2024	2023
	Cost			
	Balance as at June 30		**299**	299
	Amortization			
	Opening balance		**295**	245
	Charge for the year		**4**	50
	Balance as at June 30		**299**	295
	Net book value at June 30		-	4
	Amortization rate per annum (%)		**33.33**	33.33
	Cost of fully amortized intangibles		**299**	149

8	Trade debts - secured	Note	2024	2023
	Considered good, billed	8.3	**34,035,994**	11,913,946
	Considered good, unbilled		**11,925,750**	7,394,411
		8.1 & 8.2	**45,961,744**	19,308,357

8.1 Trade debts are secured by a sovereign guarantee from the Government of Pakistan under the Implementation Agreement (IA) and are considered good.

8.2 Any late payments made by CPPA-G under the PPA shall bear interest at a rate of three months KIBOR plus two percent per annum, calculated for the actual number of days for which the relevant amount(s) remain unpaid on the basis of three hundred & sixty-five (365) days in year.

8.3	The ageing of billed receivables is as follows:	Note	2024 (Rupees in thousand)	2023
	Not yet due		**13,894,825**	11,829,608
	Past due 1 - 30 days		**15,980,571**	84,338
	Past due 31 - 60 days		-	-
	Past due 61 - 90 days		**4,160,598**	-
			34,035,994	11,913,946

This is the maximum balance outstanding for the year ended June 30,2024.

9	Inventories	Note	2024 (Rupees in thousand)	2023
	High Speed Diesel (HSD)		**3,322,635**	2,154,642
	Stores and spares	9.1	**1,733,709**	1,685,928
			5,056,344	**3,840,570**

9.1 It includes an amount of Rs. 1,716 million (2023: Rs. 1,668 million) against initial spares provided to LTSA contractor as per the LTSA agreement. Any utilization from such initial spares will be replenished by the LTSA contractor in accordance with the contract. It also includes Rs. 17.7 million (2023: Rs 17.7 million) provided by O&M contractor as per the O&M agreement.

10 Advances, prepayments, deposits and other receivables	Note	2024	2023
		(Rupees in thousand)	
Prepayments		28,988	7,241
Advances to executives / employees	10.1	10,447	14,411
Security deposits		16	10
Sales tax receivable	10.2	3,993,364	2,712,727
Interest accrued on saving accounts		2,331,467	499,399
Receivable from EPC contractor	10.3	3,406,409	3,410,430
Receivable from CPPA-G - pass through item	10.4	755,274	45,894
Other receivables	10.5	724,128	4,401
Receivable from Government of Punjab	10.6	126,488	-
		11,376,581	6,694,513

10.1 This represents advance availed by certain executives / employees against gratuity earned as per the Company policy, which shall be adjusted against the salary.

10.2 This includes Rs. 227 Million (2023: Rs. 227 Million) sales tax charged by CMEC @ 16% on onshore EPC advance payment invoice under EPC agreement. While making payment to CMEC, in accordance with the PRA withholding rules, 2015 and clarification issued by Punjab Revenue Authority (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. LHC has made the direction to CMEC to approach PRA for clarification of applicable rate of sales tax and disposed off the petition.

10.3 It includes contingent advance of Rs. 3,000 million (2023: Rs. 3,000 million) given to CMEC in accordance with Supplemental Agreement (SA) after obtaining requisite approvals. GoPb had already provided Sponsor Support under the SSA for various sponsor support commitments which is currently lien marked with financiers. These funds were utilized for contingent payment which can be adjusted against future payments / available securities or shall be repaid at the time of DAB determination or arbitration as the case may be. Additionally, it also includes Rs. 406.20 million (2023: Rs. 410.43 million) for repeat test costs, import energy bills, and other claims from CMEC, as per the EPC Agreement terms.

10.4 Receivable from CPPA-G - pass through item	2024	2023
	(Rupees in thousand)	
Corporate Taxes	340,685	45,894
Workers' Profit Participation Fund	234,237	-
Punjab Workers' Welfare Fund	93,694	-
PPIB COD anniversary fee	86,658	-
	755,274	45,894

10.5 This includes Liquidated Damages (LDs) of USD 2.48 million equivalent to Rs. 699.83 million under the LTSA against failing to meet the guaranteed plant availability.

10.6 This represents amount receivable from Government of the Punjab (Sponsor), a related party, against fee and expenses paid by the Company on its behalf for arranging Debt Service Reserve Account (DSRA) SBLC, required to be provided by the Sponsor under section 5.2 of the Sponsor Support Agreement.

11 Cash and bank balances	Note	2024	2023
		(Rupees in thousand)	
Cash in hand		1,000	550
Cash at bank	11.1	35,911,826	13,892,468
		35,912,826	13,893,018

11.1 Deposit accounts carry mark-up at the rates ranging from 20.50% to 21% per annum (2023: 12.25% to 19.50% per annum). Funds are lien marked with the financiers and can only be used in accordance with the terms of the financing documents. In addition, Rs. 1,000 million are also lien marked as security in favor of NBP and BOP for gas Standby Letter of Credit (SBLC) provided to SNGPL.

			2024	2023
			(Rupees in thousand)	

12 Issued, subscribed and paid up capital

2024	2023			
(Number of shares)				
Authorized share capital				
401,200,000	401,200,000	Ordinary shares of Rs. 100 each	**40,120,000**	40,120,000
Issued, subscribed and paid-up capital				
401,200,000	401,200,000	Ordinary shares of Rs. 100 each, fully paid in cash	**40,120,000**	40,120,000
Reconciliation of ordinary shares				
401,200,000	401,200,000	Balance at the start of year	**40,120,000**	40,120,000
-	-	Shares issued during the year	-	-
401,200,000	401,200,000	Balance at the end of year	**40,120,000**	40,120,000

12.1 401,199,998 ordinary shares of Rs. 100 each held by the GoPb through Energy Department and 1 ordinary share of Rs. 100 held by each of two nominee personnel of the GoPb.

13 **Long term financing - secured**	Note	2024	2023
		(Rupees in thousand)	
Syndicated term finance facility			
Conventional Facility:			
National Bank of Pakistan		**20,630,985**	20,952,758
Habib Bank Limited		**16,455,667**	15,904,141
United Bank Limited		**15,659,900**	16,712,319
The Bank of Punjab	13.2	**7,230,669**	7,343,443
Askari Bank Limited		**6,189,296**	6,285,827
Musharakah facility:			
Meezan Bank Limited		**5,943,689**	4,988,752
United Bank Limited		**4,912,139**	6,036,390
		77,022,345	78,223,630
Transaction cost		**(971,501)**	(1,085,979)
		76,050,844	77,137,651
Current portion of long term financing	13.4	**(12,503,879)**	(2,549,609)
		63,546,965	74,588,042

13.1 The Company has entered into the long term financing facilities of Rs. 78,400 million which comprise of Syndicated Term Finance Facility and Musharakah Facility amounting to Rs. 67,350 million and Rs. 11,050 million respectively, at a rate of three months KIBOR plus 2.5% per annum. The principal amount of the facilities is repayable in twenty half yearly installments (each June 30th and December 31st) commencing from June 2023. The final maturity date is December 31, 2032. In case of any delayed payment, 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 Musharakah Participants) or any of them or (as the case may be) in effecting recovery thereof.

13.2 This represents outstanding loan amount availed from an associated undertaking, BOP, in accordance with the terms of Syndicated Term Finance Facility Agreement.

13.3 During the year, the Company has repaid the principal amount of long-term financing facility of Rs.1,201.29 million (2023: Rs. 176.37 million) including payment of Rs. 112.77 million (2023: Rs. 16.56 million) to BOP (an associated undertaking).

13.4 It includes Rs. 1,173.84 million (2023: Rs. 239.35 million) payable to BOP (an associated undertaking).

13.5 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 (i) 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; and

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

13.6 In pursuance of provincial Cabinet approval, the GoPb, the Company and the 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 Rs. 8,710 million as loan to the Company which is subordinated and repayable upon fulfilment of certain conditions as mentioned in note 14.1 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 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.

14	**Loan from sponsor - unsecured**	**Note**	**2024**	2023
			(Rupees in thousand)	
	Subordinated loan from sponsor - unsecured	**14.1**	**8,710,000**	8,710,000
	Cost over run support from sponsor	**14.2**	**25,000,000**	3,500,000
			33,710,000	12,210,000
	Less: Current portion of loan from sponsor		**(33,710,000)**	-
			-	12,210,000

14.1 This represents interest free loan which was provided as a sponsor support in accordance with the requirement of Sponsor Support Agreement (SSA) and the loan agreement dated August 28, 2020 which was amended and restated on February 15, 2021 to incorporate certain terms and conditions of financing agreements. Accordingly, this loan was to be subordinated and repaid in accordance with the terms and conditions of the financing agreements. The loan is now being classified as a current liability on the assumption that Dispute Adjudication Board's (DAB) determination on the claims is expected to be received in next few weeks' time and based on the merits, the same is likely to be in favor of the Company. The Company will be able to repay the same in terms of the financing documents after obtaining requisite approval from the Financiers.

14.2 Pursuant to the SSA, the sponsor is obligated to fund cost overruns i.e costs incurred over and above the project cost approved by the Financiers. Accordingly, the Sponsor injected the said funds in tranches in the form of a loan. Subsequent to the receipt of sponsor support and after completion of the project, the Company successfully imposed delay LDs on EPC Contractor which are being adjusted against the milestone payments, hence the said cost overruns support is not likely to be fully utilized. Further, as per the requirement of the Authority, the Company is planning to file the COD tariff true up petition in next few months and same is expected to be decided by the Authority expeditiously, considering the Company's cash flows constraints. Hence, the treatment of the above cost overrun support / loan may be decided in due course. Based upon the determination from the Authority, the Company expects to repay / settle the same in next year as per terms of the financing documents after obtaining requisite approval from the Financiers and accordingly has been reclassified to short term liabilities.

15 Staff retirement benefits

	Note	2024	2023
		(Rupees in thousand)	
Amount recognized in the statement of financial position			
Present value of defined benefit obligation	15.1	**146,593**	94,530

	2024	2023
	(Rupees in thousand)	
15.1 Changes in present value of defined benefit obligation		
Present value of defined benefit obligation at beginning of the year	**94,530**	58,280
Current service cost	**28,310**	18,772
Interest cost on defined benefit obligation	**14,888**	7,588
Benefits paid	-	(2,030)
Remeasurements:		
- Actuarial gain from changes in demographic assumptions	-	(5,175)
- Actuarial loss from changes in financial assumptions	**7,661**	11,336
- Experience adjustments	**1,204**	5,759
Present value of defined benefit obligation at end of the year	**146,593**	94,530
15.2 Charge for the year		
Current service cost	**28,310**	18,772
Interest cost on defined benefit obligation	**14,888**	7,588
	43,198	26,360
15.2.1 Charge for the year has been allocated as follows:		
Capital work in progress	-	11,255
Cost of sales / administrative expenses	**43,198**	15,105
	43,198	26,360
15.3 Total remeasurements chargeable in other comprehensive income		
Remeasurements of plan obligation:		
- Actuarial gain from changes in demographic assumptions	-	(5,175)
- Actuarial loss from changes in financial assumptions	**7,661**	11,336
- Experience adjustments	**1,204**	5,759
Total remeasurements chargeable in other comprehensive income	**8,865**	11,920
15.4 Changes in net liability		
At beginning of the year	**94,530**	58,280
Charge for the year	**43,198**	26,360
Benefits paid	-	(2,030)
Actuarial loss on remeasurements of staff retirement benefits	**8,865**	11,920
	146,593	94,530

15.5 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, 2025 will be Rs. 53.60 million.

15.6 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:

	2024	2023
Discount rate used for interest cost	**15.75%**	13.25%
Discount rate used for year-end obligation	**14.00%**	15.75%
Salary Increase FY 2024 onwards	**12.57%**	29.40%
Retirement assumption	**65 years**	65 years
Weighted average duration of defined benefit obligation	**13 years**	13 years
Method of actuarial valuation used	**Project unit credit actuarial cost method**	

15.7 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 defined benefit obligation would decrease to Rs. 128.92 million (2023: Rs. 83.36 million) / increase to Rs. 168.37 million (2023: Rs. 108.28 million) respectively.

- If the expected rate of salary increases / (decreases) by 100 basis points, the defined benefit obligation would increase to Rs. 168.54 million (2023: Rs. 108.36 million) / decrease to Rs. 128.47 million (2023: Rs. 83.10 million) respectively.

16 Lease liability

	Note	2024	2023
		(Rupees in thousand)	
Balance as at 1 July		**25,941**	42,018
Addition during the year		**62,080**	-
Markup on lease liability during the year	26	**2,322**	3,300
Payments made during the year		**(27,027)**	(19,377)
		37,375	(16,077)
Closing balance		**63,316**	25,941
Current portion of lease liability		**(16,758)**	(25,941)
		46,558	-

16.1 The undiscounted minimum lease payments of the lease liabilities are as follows:

	2024		
	(Rupees in thousand)		
	Minimum lease payments	**Finance cost for future periods**	**Present value of minimum lease payments**
Not later than one year	**29,587**	**12,829**	**16,758**
Later than one year but not later than five years	**58,486**	**11,928**	**46,558**
	88,073	**24,757**	**63,316**

	2023		
	(Rupees in thousand)		
	Minimum lease payments	Finance cost for future periods	Present value of minimum lease payments
Not later than one year	27,051	1,110	25,941
Later than one year but not later than five years	-	-	-
	27,051	1,110	25,941

17 Trade and other payables

	Note	2024	2023
		(Rupees in thousand)	
Payable to contractors		**2,265,746**	905,244
Payable to suppliers		**4,409,862**	3,162,368
Payable to consultants		**229,691**	280,467
Retention money payable		**3,445,635**	6,524,051
Provision for EPC related works / equipment	17.1	**1,974,531**	15,149,092
Workers' Profit Participation Fund	17.2	**466,573**	6,561
Punjab Workers' Welfare Fund	17.3	**184,005**	-
Finance cost payable	17.4	**20,135**	15,531
Accrued and other liabilities	17.5	**792,320**	1,220,670
Interim relief liability	17.6	**2,492,427**	-
		16,280,925	27,263,984

17.1 This represents liability accrued for items of plant and equipment received along with the completion for related works net of LDs receivable from EPC contractor (based upon overall percentage of completion of works) after adjusting for advance given and invoices raised by EPC Contractor. However, actual payments to the EPC Contractor are to be made after completion of milestones as per the terms of the EPC Agreement.

	2024	2023
17.2 Workers' Profit Participation Fund	**(Rupees in thousand)**	
Opening balance	**6,561**	25,361
Provision for the year	**460,012**	-
Payment made during the year	-	(18,800)
Closing balance	**466,573**	6,561
17.3 Punjab Workers' Welfare Fund		
Opening balance	-	13,872
Provision for the year	**184,005**	-
Payment made during the year	-	(13,872)
Closing balance	**184,005**	-

17.4 This includes Rs. 2.90 million (2023 : Rs. 0.96 million) payable to associated undertaking - The Bank of Punjab on account of monitoring fee in accordance with long term financing agreements.

17.5 This includes Rs. 0.40 million (2023 : Rs. 0.30 million) payable to associated undertaking - Director General Public Relation (DGPR) on account of advertisement expenses and Rs. Nil (2023: Rs. 0.05 million) payable to associated undertaking - Lahore Parking Company on account of parking fee.

17.6 This represents interim relief allowed by NEPRA on certain components which are likely to be actualized / true down as per NEPRA's reference tariff determination dated December 27, 2017.

	Note	2024	2023
18 Accrued markup / profit	**Note**	**(Rupees in thousand)**	
From banking companies:			
Markup / profit payable under project finance facilities:			
Conventional financing facilities	**18.1**	**7,992,462**	-
Islamic financing facilities		**1,311,310**	-
Markup / Profit payable under short term borrowings:			
Conventional financing facilities	**18.2**	-	293,226
Islamic financing facilities		-	66,947
		9,303,772	360,173

18.1 This includes Rs. 873.42 million (2023: Rs. Nil) markup payable to related party, The Bank of Punjab under syndicated term finance facility agreement.

18.2 This includes Rs. Nil (2023: Rs. 29.88 million) markup payable to related party, The Bank of Punjab under first working capital facility agreement.

	Note	2024	2023
19 Short term borrowings - secured	**Note**	**(Rupees in thousand)**	
From banking companies:			
Conventional financing facilities		**14,043,320**	6,735,251
Islamic financing facilities		**7,856,776**	2,561,035
	19.1.2	**21,900,096**	9,296,286

19.1 Breakup of short term borrowings	Note	2024	2023
		(Rupees in thousand)	
Conventional financing facilities:			
United Bank Limited		4,060,000	1,947,196
National Bank of Pakistan		4,003,333	1,920,018
Habib Bank Limited		3,249,987	1,558,716
The Bank of Punjab	19.1.1	1,430,000	685,835
Askari Bank Limited		1,300,000	623,486
	19.1.2	14,043,320	6,735,251
Running Musharka facilities:			
Meezan Bank Limited	19.1.2	6,169,999	561,138
Dubai Islamic Bank Pakistan Limited		1,686,776	1,999,897
		7,856,775	2,561,035
Total short term borrowings	19.1.3	21,900,095	9,296,286

19.1.1 This represents loan availed from an associated undertaking - The Bank of Punjab in accordance with the terms of First Working Capital Agreement. The Company has availed Rs. 1,430 million (2023: Rs. 685.84 million) which is the maximum available limit.

19.1.2 The Company entered into short term syndicated Working Capital Finance (WCF) facilities for an amount of Rs. 15,213 million under first working capital facility agreement of Rs. 14,043 million (2023: Rs. 14,043 million) and running Musharakah agreements of Rs. 8,170 million (2023: Rs. 3,170 million) to meet its working capital requirements. The availability periods under the facilities are ranging from November / December 2024 and are extendable. These facilities carry the mark-up/Musharakah profit ranging between 1% to 2% (2023: 1.2% to 2%) per annum above three months KIBOR.

19.1.3 These facilities are secured with 25% margin over the facility amount by way of, inter alia:

(a) first ranking mortgage to each of the Working Capital Finance Parties all and each of the Assigned Receivables.

(b) 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) 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.

Moreover, the facilities are secured up to the facility amount by way of, inter alia:

(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).

20 Contingencies and commitments

20.1 Contingencies

20.1.1 Constitutional petition W.P. No. 94609/2017 dated October 25, 2017 (Munir Ahmad Vs. Federation of Pakistan etc.) was filed against all public sector companies of GoPb, whereby the creation of these companies along with their functions / roles was challenged before Honorable Lahore High Court (LHC). The petition was also clubbed with another writ petition i.e. W.P. No. 112301/2017 titled (Shan Saeed vs. Federation of Pakistan etc.). The Report & Para wise Comments were submitted by the Company on January 26, 2018. Last hearing on the matter was conducted on October 24, 2022 whereby no significant developments in the case were noted and the matter is pending for adjudication at the reporting date. The legal advisors of the Company are of the opinion that this case will likely to be decided in favor of the Company.

20.1.2 The Deputy Commissioner of Inland Revenue ("DCIR") issued show cause notice dated February 18, 2021 under section 122(5)/(9) of the Income Tax Ordinance, 2001 (the Ordinance) and claimed that the Company has paid lesser amount of income tax of Rs. 12.05 million and has not deposited Workers' Welfare Fund (WWF) of Rs. 3.80 million in the 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'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 income tax return which has already been complied with by the Company while filing the return. Furthermore, WWF was not applicable on the government owned entities during the Tax Year 2019. However, the DCIR issued order on 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 no. 6552A dated April 14, 2021, before Commissioner Inland Revenue - Appeals (CIRA), who confirmed the order of tax department on the issues of profit on debt and remanded back the issue of WWF to DCIR. Being aggrieved, the Company preferred an appeal dated August 24, 2022, before Appellate Tribunal Inland Revenue (ATIR). No subsequent hearings with ATIR were conducted in this regard and the matter is pending adjudication.

20.1.3 DCIR issued a notice on June 23, 2021, under section 147 of the Income Tax Ordinance, requesting evidence of tax deducted or paid by the Company, as claimed during the filing of advance tax intimation. The Company made due compliance of the said notice, however, DCIR issued another notice on June 30, 2021, whereby DCIR assumed a tax liability of Rs. 164.18 million for the quarters ending December 2020, March 2021, and June 2021, and created an impugned demand of Rs. 32.90 million. Being aggrieved, based on the fact that the Company has already calculated and paid the tax liability of Rs. 131.28 million based on the actual interest earned during the respective three quarters, the Company filed an appeal dated July 28, 2021, before CIRA, whereby the case was remanded back to the assessing officer on May 28, 2022, with the direction to provide proper opportunity to the Company of being heard and issue the speaking order. In this regard, the tax department has not initiated remand back proceedings till date.

20.1.4 Additional Commissioner Punjab Revenue Authority (PRA) vide show cause notice no. PRA/WH/ENF III/773 dated September 20, 2023, under section 52 of the Punjab Sales Tax on Services Act, 2012 (the PSTS Act) and thereby required the Company to provide the reasons for non-withholding of Punjab Sales Tax of Rs. 1,349 million on taxable services received during the period from July 2022 to June 2023 as declared in the withholding statements filed with the Federal Board of Revenue (FBR). The Company through tax consultant submitted detailed reply with reasons for the satisfaction of PRA. In the meanwhile, the Company filed writ petition before the LHC on November 24, 2023 vide case W.P. no. 77352 of 2023. LHC after hearing the arguments decided the case in favor of the Company and struck down the aforesaid show cause notice.

20.1.5 During the previous year, after successfully commencing the Simple Cycle Operation Date i.e. on July 27, 2022, as stipulated in the Power Purchase Agreement (PPA), the Company proceeded to conduct internal commissioning tests for the Combined Cycle Operations, utilizing the RLNG fuel. In this regard, following the mandatory testing and commissioning procedures, the Steam Turbine (ST) was effectively synchronized with the national grid on April 19, 2023, in accordance with the terms of PPA. Accordingly, the test energy invoices for the period prior to synchronization of the ST were raised in accordance with the provisions of the PPA by applying the Simple Cycle Fuel Cost Component (FCC) only. These invoices were initially processed and remitted by CPPA-G, however, subsequently, CPPA-G arbitrary adjusted the previously remitted invoices against other outstanding RLNG test energy invoices for a cumulative amount of Rs. 1,184 million by applying Combined Cycle Reference FCC rate.

In this regard, the management raised concerns to CPPA-G regarding application of lesser rate of Combined Cycle instead of Simple Cycle rate on previously raised test energy invoices. As a result, CPPA-G requested the Company to seek clarification from NEPRA regarding the correct applicability of the FCC against test energy invoices. Accordingly, the Company sought clarification from NEPRA, and it was clarified that the test energy matter to be dealt as per the provision of the PPA. Consequently, the matter is pending and being discussed between the Company and CPPA-G for amicable resolution in terms of PPA. Based on the facts explained above, the Company believes that the outcome may not adversely affect the Company and accordingly no provision has been recorded in these financial statements.

20.1.6 CMEC submitted various claims to the Company for an extension of time (EOT) and additional costs and thereafter, submitted a consolidated breakdown for the period up to December 31, 2021. These claims demanded an EOT of 1,242 days and additional costs totaling USD 76 million.

Further in June 2022, in continuation of above submissions, CMEC also requested an upfront waiver to impose Liquidated Damages (LDs) for the delays, confirmation of EOT and additional cost claims, asserting that timely project completion was at risk. In this regard, CMEC also cited cash flow constraints and liquidity issues resulting from prolonged project delays, which hindered their ability to secure loans or allocate funds from their head office. Moreover, based on the Company's consultants' preliminary evaluation of CMEC's consolidated claims, it was observed that these demands were deemed non-contractual and legally invalid, thus not accepted.

However, in order to expedite the project completion, various options were evaluated and deliberated. After colossal efforts and tireless discussions with CMEC, the parties mutually agreed to an option of referring the claims to Dispute Adjudication Board (DAB) in terms of the EPC Agreement with contingent payment of Rs. 3,000 million in tranches. The same was considered as most plausible in given circumstances and applicable framework. In this regard, it was also contended that the rights and remedies of both parties will remain secured, under the existing EPC contract and this arrangement will not be construed as extension of time and acceptance of claim by CMEC etc. Keeping this in view, the parties entered into Supplemental Agreement (SA) on August 11, 2022, after obtaining requisite approvals from respective board of directors and financiers. Accordingly, the funds provided by GoPb, under the SSA for various sponsor support commitments, were utilized for the contingent payment of Rs. 3,000 million which will be adjusted at the time of DAB determination or arbitration as the case may be. Thus, the deadlock came to an end and the work on the project moved towards its completion.

During the year, the DAB has been constituted On February 6, 2024, the DAB set a procedural timeline, requiring CMEC and the Company to submit their respective claims and responses. Currently, the parties have submitted their claims and responses with DAB and related proceedings are ongoing, however, final outcome / decision has not yet been announced.

20.1.7 FBR through an assessment order dated November 24, 2022, issued a demand notice to CMEC for recovery of Rs. 6,881 million related to the Tax Year 2021. Consequently, FBR recovered Rs. 759 million from CMEC's bank accounts, and also served a notice to PTPL to withhold the balance amount from payments due to CMEC and remit to FBR. PTPL, through its legal and tax advisors, responded through a letter dated May 04, 2023, against the notice served by FBR, seeking clarification regarding the legal position of the authority raising the notice in terms of the Ordinance. Additionally, CMEC challenged the FBR's recovery action in LHC. LHC through its order dated December 11, 2023 has granted a stay on further coercive recovery measures, pending a final decision and directed FBR to reimburse the amount recovered from the bank accounts of CMEC. Keeping in view that PTPL has not received any response from FBR against its letter dated May 04, 2023, and based on the fact that LHC has also granted stay on the impugned notice of FBR to CMEC, PTPL has not made any withholding from the payments of CMEC for remittance to FBR. Management is of the view that no adverse outcome is expected.

20.1.8 After receipt of contingent payment of PKR 3,000 million in tranches, the EPC contractor enhanced its resource mobilization at site and achieved numerous milestones / activities.

Performance test on RLNG fuel were also completed successfully on June 23, 2023. However certain parts related to back fuel system (HSD) malfunctioned hence remaining tests on HSD could not be performed and CPPA-G was requested to allow the COD on gas be declared.

The Power purchaser after internal deliberation placed the matter before ECC which allowed the deferral of remaining tests to be completed within four months' time and COD on gas fuel was accepted.

The Plant remained in operation on fuel gas as per dispatch instructions of power purchaser, however on October 09, 2023, high blade path temperature was observed at Gas Turbine ("GT") no. 01 and the machine was shut down as per the advice of OEM (Siemens AG) to check the cause. Siemens AG mobilized its inspection crew immediately and based upon inspection, Siemens AG Engineering has recommended to replace 4 ring segments of stage 1 out of total 24, without removing turbine top casing. GT no. 2 was also shutdown precautionary for inspection.

The Replacement of Ring Segment No. 1 of both GTs were completed by November 2023 and machines were resumed for operations. The cost of the replaced parts were covered under the warranty, however due to forced outage event certain capacity charges could not be claimed.

Due to the above-mentioned event and non-availability of complex, tests on HSD ("back up fuel") could also not be performed within the stipulated timeline. The insurance cover was also extended till December 31, 2023 ECC's approval for extension till February 2024 was also obtained.

The Company has successfully demonstrated performance test on HSD under the PPA on December 28, 2023 and the Plant became available for commercial operations on both fuels. Subsequently, the CPPA-G issued a COD notification on March 21, 2024, effective from June 23, 2023, following approval from the Economic Coordination Committee (ECC).

20.2 Commitments:

20.2.1 The Company's commitment in respect of EPC contract with CMEC is Rs. 507 million (2023: Rs. 696.99 million) and consultancy agreement with National Engineering Services Pakistan (NESPAK) is amounting to Rs. 346.65 million (2023: Rs. 418.01 million).

20.2.2 The Company's commitment in respect of O&M agreement with Harbin Electric International Company Limited is approximately USD 134.36 million (2023: USD 145.72 million) (without indexation) based on normal operational regime and remaining term of the agreement (i.e. eleven years). Actual payments shall be made in terms of the agreement.

20.2.3 The Company's commitment in respect of Long Term Service Agreement ("LTSA") with Siemens Pakistan Engineering Company Limited is approximately USD 110.23 million (2023: USD 121.25 million) (without indexation) based on normal operational regime and remaining term of the agreement (i.e. ten years). Actual payments shall be made in terms of the agreement.

20.2.4 The Company's commitment in respect of various fees towards Mandated Lead Arrangers (MLAs) for Project Finance Facility is Rs. 108.81 million (2023: Rs. 120.90 million).

21	Revenue from contract with customer	Note	2024	2023
			(Rupees in thousand)	
	Capacity Purchase Price (CPP)	21.1	33,011,281	303,237
	Energy Purchase Price (EPP)	21.1	87,090,010	3,974,658
	Revenue from test energy	21.2	1,368,978	20,814,615
			121,470,269	25,092,510
	Sales tax		(13,493,744)	(3,745,747)
			107,976,525	21,346,763

21.1 It includes revenue recognized for an amount of Rs. 20,550 million during the period (2023: Rs. Nil) pursuant to the interim relief granted by NEPRA .

21.2 This represents the revenue generated from test energy produced during HSD performance testing.

21.3 The corresponding period only includes post COD revenue for 8 days only starting from June 23, 2023.

22	Cost of sales	Note	2024	2023
			(Rupees in thousand)	
	Fuel cost - RLNG		72,616,220	3,395,419
	Fuel cost - Testing and commissioning	22.1	1,160,151	17,675,223
	Operation and maintenance fee	22.2	3,083,743	1,334,447
	Operational phase plant insurance		1,440,836	30,857
	Other operating cost	22.3	376,350	-
	Depreciation	5.2	3,639,952	337,689
		22.2	82,317,252	22,773,635

22.1 This represents net cost of fuel consumed during HSD performance testing.

22.2 This represents cost net of Liquidated Damages (LDs) under LTSA against failure to meet the guaranteed plant availability.

22.3 This includes Rs. 17.20 million (2023: Rs. Nil) charged in respect of provision for gratuity during the period.

23	Administrative expenses	Note	2024	2023
			(Rupees in thousand)	
	Salaries, wages and benefits	23.1	440,952	245,280
	Rent, rate and taxes		12,683	10,540
	Office supplies and entertainment expense		6,959	14,580
	Printing and stationery		5,859	945
	Advertisement expenses		3,782	905
	Communication charges		7,420	5,510
	Utilities		7,806	6,279
	Vehicle running expenses		34,842	26,778
	Travelling and lodging cost		53,572	34,155
	Auditors remuneration	23	3,675	1,685
	Directors' fee		7,275	9,150
	Legal and professional charges		154,118	59,892
	Depreciation and amortization	5.2 & 7	18,749	18,218
	Depreciation on right of use asset	6	20,019	19,958
	Security expenses		2,876	1,392
	Repair and maintenance		15,387	8,963
	Others		6,154	4,834
			802,128	469,064

23.1 This include Rs. 25.99 million (2023: Rs. 15.11 million) charged in respect of provision for gratuity during the year.

23	Auditors' remuneration	Note	2024	2023
			(Rupees in thousand)	
	External audit fee		2,258	1,125
	Review report on code of corporate		210	90
	Half yearly review		788	350
	Special assignments		84	-
	Out of pocket expenses		335	120
			3,675	1,685

		Note	2024	2023
			(Rupees in thousand)	
24	**Other expenses**			
	Workers' Profit Participation Fund		**225,775**	-
	Punjab Workers' Welfare Fund		**90,310**	-
			316,085	-
25	**Other income**			
	Profit on deposit accounts	**25.1**	**4,490,369**	1,085,814
	Less: amount capitalized under capital work in progress		-	(580,731)
	Delayed payment charges - on trade debts		**2,606,314**	978,930
	Exchange gain		**24,474**	8,815
	Scrap sales and other miscellaneous income		**652**	16,887
			7,121,809	1,509,715

25.1 Deposit accounts carry profit rate ranging from 20.50% to 21% per annum (2023: 12.25% to 19.50% per annum). This also includes income amounting to Rs. 151 million (2023: Rs. 141 million) from BOP, which is a related party.

		Note	2024	2023
			(Rupees in thousand)	
26	**Finance cost**			
	Markup / profit on long term financing	**26.1**	**19,274,477**	420,654
	Markup / profit on short term borrowings	**26.2**	**3,174,222**	609,726
	Other finance Cost		**180,005**	246,284
	Bank charges		**5,759**	847
	Markup on lease liability		**2,322**	3,300
	Amortization of transaction cost		**114,478**	2,189
			22,751,263	1,283,000

26.1 This also includes markup / profit charged by BOP amounting to Rs. 1,809 million (2023: Rs. 39.40 million), which is the related party.

26.2 This also includes markup / profit charged by BOP amounting to Rs. 194.29 million (2023: Rs. 54.43 million), which is the related party.

		Note	2024	2023
			(Rupees in thousand)	
27	**Taxation**			
	For current year	**27.1**	**1,514,855**	266,834
	For prior year		**(85,120)**	-
	Receivable from CPPA-G	**27.2**	**(1,115,279)**	(45,894)
		27.3	**314,456**	220,940

27.1 The tax expense for the year has been calculated based on alternate corporate tax @ 17% of the profit (2023: minimum tax @ 1.25% of the revenue).

27.2 This represents an amount recoverable from CPPA-G as per terms of the PPA as a pass through item.

27.3 No deferred tax asset / liability has been recognized as future tax payments in respect of generation, sale, exportation or supply of electricity are pass through items as per PPA and shall be claimable from CPPA, resulting into no taxable temporary differences.

		2024	2023
		(Rupees in thousand)	
27.4	**Tax charge reconciliation**		
	Accounting Profit / (loss)	**9,213,969**	(1,669,221)
	Income tax charge @ 29%	**2,672,051**	(484,074)
	Tax effect of:		
	- Prior year adjustment	**(85,120)**	-
	- Alternate Corporate Tax	**1,514,855**	-
	- Minimum Tax	-	266,834
	- Non-recognition of deferred tax due to the reason explained in note 26.3	**(2,672,051)**	484,074
	- Recognized as pass through from CPPA	**(1,115,279)**	(45,894)
		(2,357,595)	705,014
	Tax expense for the year	**314,456**	220,940

28 Financial risk management

28.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, 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 as per the guidance of the Board of Directors. During development phase, 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's approved tariff is currently back stopped by the sponsor and covered under the already arranged project financing and Sponsor Support Agreement. The Company is planning to take up any additional cost with NEPRA for tariff true up and also planning to adjust against the LDs charged to EPC Contractor under EPC agreement. For operational period, all these financial risks are covered through NEPRA approved tariff.

(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 recognized assets or liabilities are denominated in a currency that is not the Company's functional currency.

Exposure to foreign currency risk

The Company's exposure to foreign currency risk at reporting date based on notional amounts is as follows:

	2024		2023	
	USD	Euro	USD	Euro
Trade and other payables	4,503,853	725,706	72,163,304	725,706

Sensitivity analysis:	Change in assumption	Increase in assumption	Decrease in assumption
	%	(Rupees in thousand)	
Trade and other payables (USD) - June 30, 2024	1	12,534	(12,534)
Trade and other payables (Euro) - June 30, 2024	1	2,166	(2,166)
Trade and other payables (USD) - June 30, 2023	1	207,181	(207,181)
Trade and other payables (Euro) - June 30, 2023	1	2,281	(2,281)

(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 reporting date, the interest rate profile of the Company's interest bearing financial instruments are as follows:

	2024	2023
Financial assets	(Rupees in thousand)	
Floating rate instruments		
Trade Debts	45,961,744	19,308,357
Bank balances	35,911,826	13,892,468
	81,873,570	33,200,825
Financial liabilities		
Floating rate instruments		
Long term financing - secured	77,022,345	78,223,630
Short term borrowings - secured	21,900,096	9,296,286
	98,922,441	87,519,916
Effective interest rate		
Long term financing - secured	23.96% to 25.41%	17.74% to 24.48%
Short term borrowings - secured	22.00% to 24.91%	16.24% to 23.98%

Interest rate sensitivity analysis		Increase / decrease in rate	Effect on profit before tax
		(Rupees in thousand)	
Long term financing - secured			
	2024	1%	(770,223)
		-1%	770,223
	2023	1%	(782,236)
		-1%	782,236
Short term borrowings - secured			
	2024	1%	(219,001)
		-1%	219,001
	2023	1%	(92,963)
		-1%	92,963

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 reporting date would not affect profit or loss of the Company.

(iii) Price risk

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. The Company's credit risk is primarily attributable to its long term deposits, trade debts and its bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2024	2023
Financial assets	(Rupees in thousand)	
Long term deposits	**38,964**	31,170
Trade debts - secured	**45,961,744**	19,308,357
Security deposit	**16**	10
Interest accrued on saving accounts	**2,331,467**	499,399
Bank balances	**35,911,826**	13,892,468
	84,244,017	33,731,404

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	2024	2023
				(Rupees in thousand)	
National Bank of Pakistan	PACRA	A1+	AAA	**35,901,917**	13,558,550
The Bank of Punjab	PACRA	A1+	AA+	**9,488**	333,087
Meezan Bank Limited	VIS	A-1+	AAA	**420**	830
Askari Bank Limited	PACRA	A1+	AA+	**1**	1
				35,911,826	13,892,468

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, Company does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal. The funds are lying in bank accounts opened with financiers in terms of the facility documents.

(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 to ensure availability of funds and to take appropriate measures for new requirements. The Company manages liquidity risk by arrangement of new short term and long term finance facility from the banks along with the short term loan from the Sponsor. Additionally, the Sponsor has also agreed to provide various sponsor supports under the SSA.

The following are the contractual maturities of financial liabilities as at June 30, 2024:

	Carrying Amount	Contractual Cash flows	Less than 1 year	Between 2 to 5 years	Over 5 years
			(Rupees in thousand)		
Long term financing - secured	**76,050,844**	**174,192,444**	**39,409,839**	**81,387,299**	**53,395,306**
Loan from sponsor - unsecured	**33,710,000**	**33,710,000**	**33,710,000**	-	-
Lease liability	**63,316**	**27,051**	**27,051**	-	-
Short term financing - secured	**31,203,867**	**31,203,867**	**31,203,867**	-	-
Trade and other payables	**15,630,347**	**15,630,347**	**15,630,347**	-	-
	156,658,374	**254,763,709**	**119,981,104**	**81,387,299**	**53,395,306**

The following are the contractual maturities of financial liabilities as at June 30, 2023:

	Carrying Amount	Contractual Cash flows	Less than 1 year	Between 2 to 5 years	Over 5 years
			(Rupees in thousand)		
Long term financing - secured	77,137,651	209,547,737	22,273,610	110,831,645	76,442,482
Loan from sponsor - unsecured	12,210,000	12,210,000	-	12,210,000	-
Lease liability	25,941	27,051	27,051	-	-
Short term financing - secured	9,656,459	9,656,459	9,656,459	-	-
Trade and other payables	27,257,423	27,257,423	27,257,423	-	-
	126,287,474	258,698,670	59,214,543	123,041,645	76,442,482

28.2 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 are 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.

28.3 Financial instruments by categories

	2024	2023
	(Rupees in thousand)	
Financial asset at amortized cost		
Long term deposits	38,964	31,170
Security deposits	16	10
Trade debts - secured	45,961,744	19,308,357
Interest accrued on saving account	2,331,467	499,399
Cash and bank balances	35,911,826	13,892,468
	84,244,017	33,731,404
Financial liabilities at amortized cost		
Long term financing - secured	76,050,844	77,137,651
Subordinated loan from sponsor - unsecured	33,710,000	12,210,000
Lease liability	63,316	25,941
Trade and other payables	15,630,347	27,257,423
	125,454,507	116,631,015

28.4 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 and financing documents of the project. The project is being executed 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.

Following is the gearing ratio of the Company which is calculated by dividing the total borrowings to total equity as shown in financial statements.

	2024	2023
	(Rupees in thousand)	
Long term financing - secured	76,050,844	77,137,651
Loan from sponsor - unsecured	33,710,000	12,210,000
Short term borrowings - secured	21,900,095	9,296,286
Total borrowings	131,660,939	98,643,937
Issued, subscribed and paid up capital		
Ordinary shares of Rs. 100 each	40,120,000	40,120,000
Unappropriated profit / (accumulated loss)	7,590,461	(997,824)
Total equity	47,710,461	39,122,176
Total capital employed	179,371,400	137,766,113
Gearing Ratio	73%	72%

29 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	
	2024	2023	**2024**	2023	**2024**	2023
	(Rupees in thousand)					
Remuneration and honorarium / rewards	**63,772**	43,123	-	-	**391,956**	249,754
Meeting Fee	-	-	**7,275**	9,150	-	-
Reimbursement of expenses	**1,286**	1,592	**2,263**	293	**19,041**	10,305
Others including retirement benefit	**4,883**	3,773	-	-	**31,345**	25,862
	69,941	48,488	**9,538**	9,443	**442,342**	285,921
Number	**1**	1	**9**	11	**45**	42

In addition to the above, accrued remuneration and honorarium / rewards benefits for an amount of Rs. 11.96 million (June 2023: Rs. Nil) and Rs. 73.16 million (June 2023: Rs. Nil) for Chief Executive and other Executives respectively have been recorded in these financial statements.

30 Number of employees

	2024	2023
Total number of employees as at June 30	**82**	81
Average number of employees during the year	**82**	81

31 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**	**2024**	2023
			(Rupees in thousand)	
Government of Punjab	Shareholders	Land related fee paid	-	1,354
Directorate General Public Relations	Common control	Advertisement expenses	**3,202**	885
Key Management Personnel	Key Management Personnel	Remuneration and other benefits paid	**253,249**	167,914
		Retirement benefit paid	-	1,722
The Bank of Punjab	Common control	Bank charges paid	**55**	98
		Interest income	**146,954**	140,406
		Interest expense	**2,003,735**	1,095,174
		Financing fee and charges	**194,300**	72,457

31.1 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.

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

31.3 Transaction with directors are also disclosed under note 29.

31.4 Certain key management personnel are also provided with the use of the Company's maintained cars.

32 Capacity and production

	2024	2023
	MWH	MWH
Maximum energy generation capability (per annum)	**10,899,280**	10,899,280
Maximum energy generation capability	**10,899,280**	238,888
Total Output	**3,163,701**	152,622
Load Factor	**29%**	64%

33 Subsequent Events

33.1 On August 03, 2024, a fire event was occurred on GT Hall 1. Siemens (OEM) is being mobilized to site and has started the restoration works. Quantum of the Initial damage and restoration timelines are being finalized. The replacement work will be performed in terms of the relevant agreements with Siemens and HEI. PTPL is in close coordination with higher management of Siemens and HEI in Pakistan, Dubai, China and USA to expedite the earliest recovery.

The insurance policies cover the Property Damage (PD) and Business Interruption (BI) loss aroused from the fire event subject to admissibility of the claim by the reinsurers, net of deductibles. Certain contractual coverages under the relevant agreements are also available to the Company including capped liquidated damages.

34 Date of authorization

These financial statements were approved and authorized for issue on _______________ by the Board of Directors of the Company.

35 General

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

35.2 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.

YA

Zakaria

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___________________ 2023

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.