CENTRAL POWER GENERATION COMPANY LIMITED
(GENCO-II)

ANNUAL REPORT 2020-21

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COMPANYINFORMATION

A) General Information

Company Name	Central Power Generation Company Limited
Registered Office	197-WAPDA House, Lahore
Corporate Office	Office of Chief Executive Officer, CPGCL, Thermal Power Station, Guddu
City	Guddu
Country	Pakistan
Phone	0722-691088
Fax	0722-679328
e-mail	genco2_guddu@yahoo.com

B) Legal Structure

Type of Enterprise	Unlisted Public Company
Company Reg. No.	0039566
Date of Incorporation	28 October 1998
Company Business	Electric Power Generation
Regulatory License (NEPRA)	License No.GL/02/2002 dated01-07-2002
NTN	3049718-3
STRN	0304271600619

C) Key Persons

Chief Executive Officers	Mr. Sabeeh Uz Zaman Faruqui
Chief Financial Officer	Mr. Muhammad Talal Chand
Company Secretary	Mr. Muhammad Saad Shabbir

D) Bankers

United Bank Limited (1358)	TPS Colony Branch, Guddu
Habib Bank Limited (0074)	TPS Colony Branch, Guddu
National Bank of Pakistan (2079)	TPS Colony Branch, Guddu
Aitemad Islamic Banking, National Bank of Pakistan (2079)	Blue Area, Islamabad

E) Auditors & Legal Advisor

Auditors	EY Ford Rhodes, Chartered Accountants
Legal Advisor	Rizwan Faiz Associates, Islamabad

F) Ownership, Share Capital &Shareholders Pattern

The Company is 100% owned by the Government of Pakistan (GoP).

The authorized capital of the company is Rs. 50,000,000,000 divided into 5,000,000,000 Ordinary shares of Rs. 10 each. In total 50,000 shares have been issued and out of which one share of Rs. 10 each has been issued to seven directors of the company and 49,993 shares issued to WAPDA and subsequently transferred in the name of President Islamic Republic of Pakistan.

Categories of Shareholders	No. of Shares	Percentage of Shareholding (% age)
Individuals	7	0.014%
President of Pakistan	49,993	99.986%
Total	**50,000**	**100%**

G) Board of Directors

No.	Name	Status / Position
1.	Syed Tahir Nawazish	Independent Director/ Chairman
2.	Mr. Abdul Qayum Malik	Independent Director
3.	Mr. Muhammad Aslam Shaikh	Independent Director
4.	Vacant – Representative of Finance Division	Non-Executive Director
5.	Mr. Mahfooz Ahmed Bhatti	Non-Executive Director
6.	Vacant – CEO GHCL	Non-Executive Director
7.	Mr. Sabeeh Uz Zaman Faruqui	CEO - CPGCL

G) Audit Committee

No.	Name	Status / Position
1.	Mr. Muhammad Aslam Shaikh	Independent Director /Convener
2.	Vacant – Representative of Finance Division	Non-Executive Director
3.	Mr. Mahfooz Ahmed Bhatti	Non-Executive Director
4.	Vacant – CEO GHCL	Non-Executive Director

I) Risk Management Committee

No.	Name	Status / Position
1.	Syed Tahir Nawazish	Independent Director / Convener
2.	Mr. Muhammad Aslam Shaikh	Independent Director
3.	Mr. Abdul Qayum Malik	Independent Director
4.	Vacant – Representative of Finance Division	Non-Executive Director

J) Procurement Committee

No.	Name	Status / Position
1.	Mr. Abdul Qayum Malik	Independent Director / Convener
2.	Syed Tahir Nawazish	Independent Director
3.	Mr. Muhammad Aslam Shaikh	Independent Director
4.	Mr. Mahfooz Ahmed Bhatti	Non-Executive Director
5.	Mr. Muhammad Imran	Non-Executive Director

K) HR Committee

No.	Name	Status / Position
1.	Syed Tahir Nawazish	Independent Director / Convener
2.	Mr. Abdul Qayum Malik	Independent Director
4.	Mr. Mahfooz Ahmed Bhatti	Non-Executive Director
5.	Mr. Muhammad Imran	Non-Executive Director

L) Nomination Committee

No.	Name	Status / Position
1.	Syed Tahir Nawazish	Independent Director / Convener
2.	Mr. Abdul Qayum Malik	Independent Director
3.	Mr. Mahfooz Ahmed Bhatti	Non-Executive Director

M) Technical Committee

No.	Name	Status / Position
1.	Mr. Muhammad Aslam Shaikh	Independent Director / Convener
2.	Mr. Muhammad Imran	Non-Executive Director
3.	Mr. SabeehUz Zaman Faruqui	CEO-CPGCL

N) Company History & Operations

Central Power Generation Company Limited is a Public Limited Company With its registered Office at WAPDA House Lahore. The Company was incorporated on October 26,1998, got the certificate of Commencement of Business on December 07, 1998 and started Commercial Operation on March 01, 1999.

The principal activities of the Company are to own, operate and maintain three Thermal Power Houses with total installed capacity of **2502.94**MW. These (3) Power Plants are located atGuddu, Quetta and Sukkur. The installed capacity of these individuals power plants as under:

TPS, Guddu	2402	MW
TPS, Quetta	50.94	MW
TPS, Sukkur	50	MW
Total	**2502.94**	**MW**

O) Details Of Land

Description	Formation		QTY/AREA
Land	TPS Guddu	Power House	250.00 Acre
		Residential Colony	454.19 Acre
		Borrow Land	225.00 Acre
		Air Strip (Case for change of ownership in process)	20.31 Acre
	TPS Sukkur	Power House	7.74 Acre
		Colony	9.88 cre

P) Power Project Operational Units

No. Name

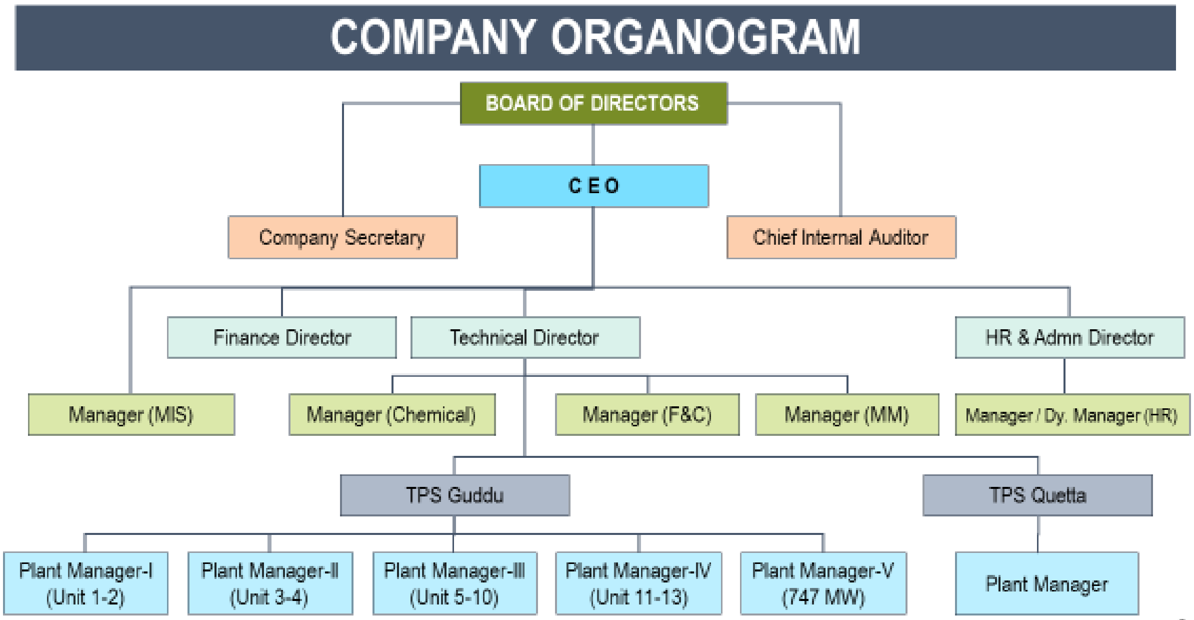
1. Old Guddu Thermal Power Station, Guddu
2. 747MW, CCPP, Thermal Power Station, Guddu
3. Thermal Power Station, Quetta

Q) Defunct Plants

No. Name

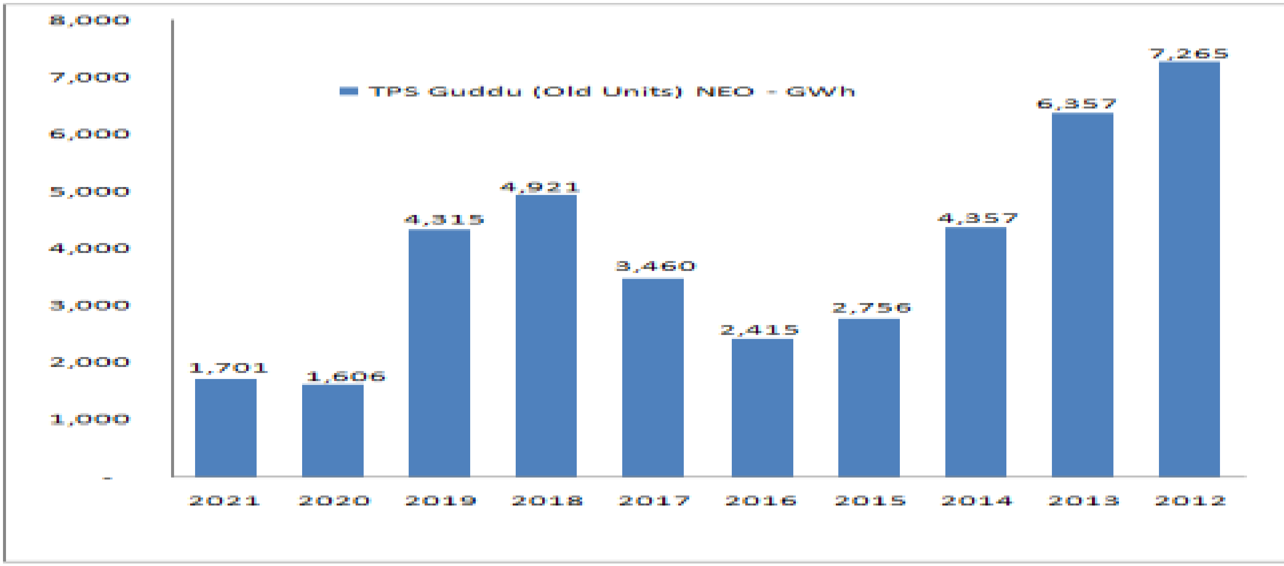
1. Block-III and IV, Thermal Power Station Guddu (Old Guddu)
2. Thermal Power Station, Sukkur

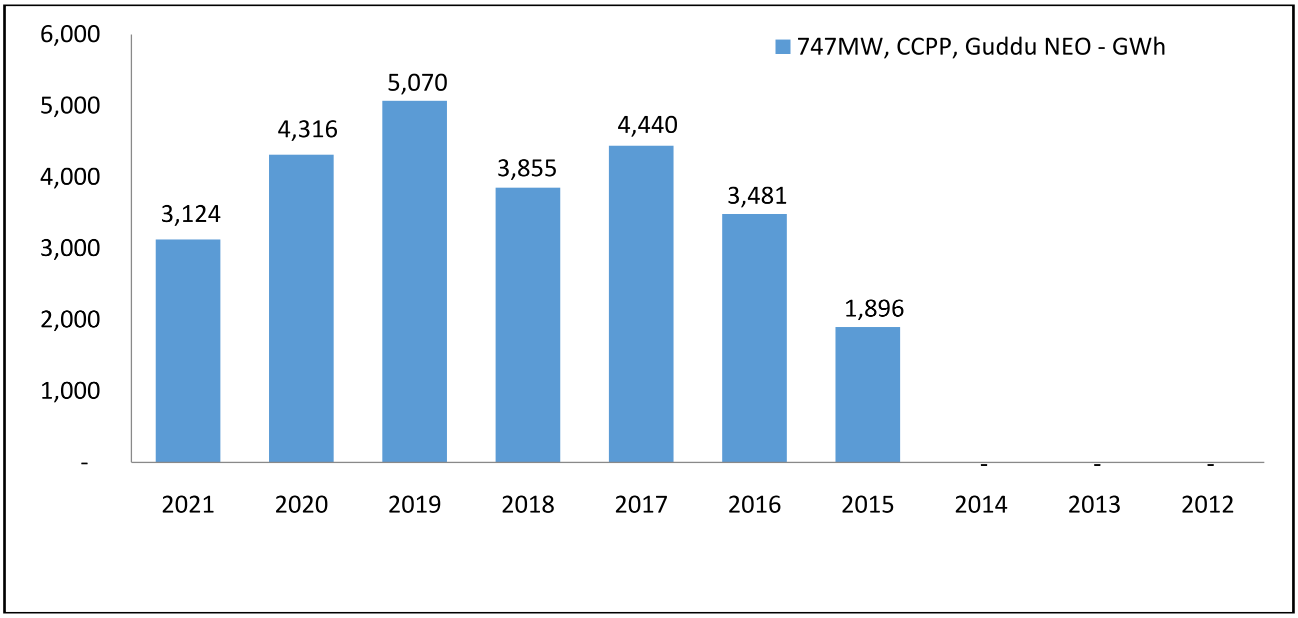
ORGANIZATIONAL CHART

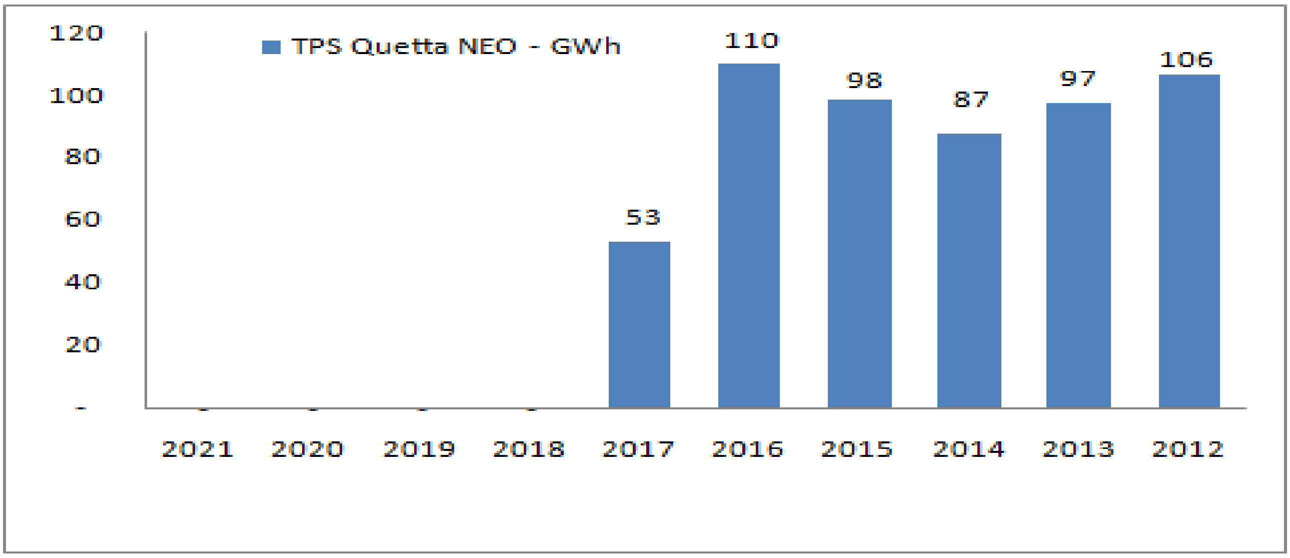


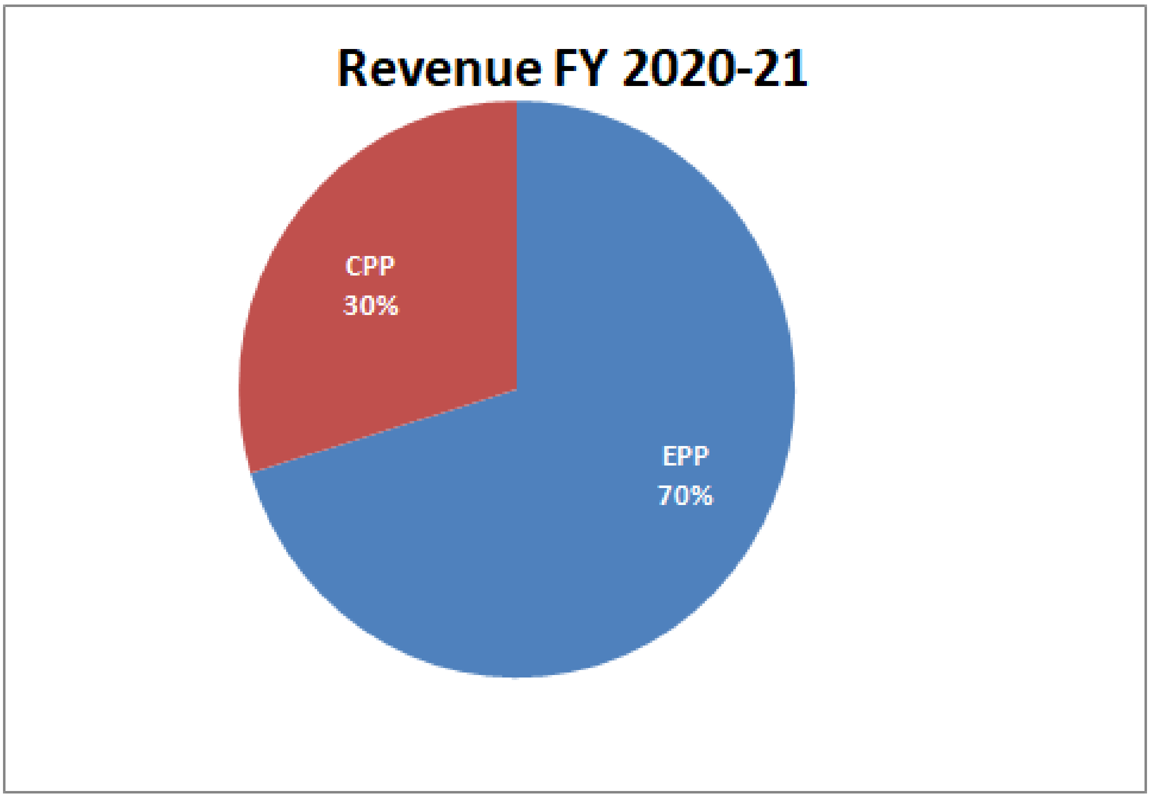
STATICS AT A GLANCE

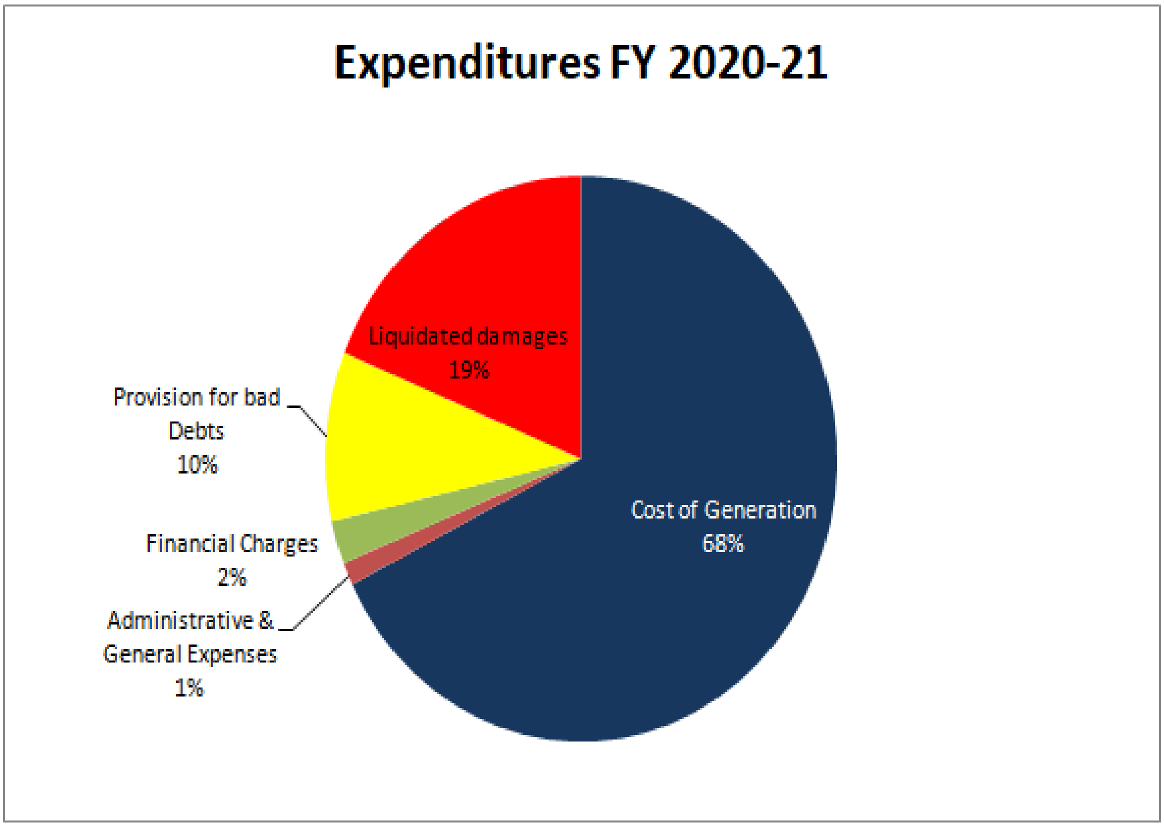
Description		2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
OPERATIONAL PERFORMANCE		**(UNITS MkWh)**					
Units Generated (NEO)	1	4,825	5,922	9,384	8,776	7,976	6,006
Per Unit Cost (Rs./kWh)	2	7.67	7.75	6.19	5.18	5.48	6.05
PROFIT AND LOSS ACCOUNT		**(RS. IN MILLION)**					
Revenue	3	52,645	68,405	78,736	63,652	60,072	52,690
Cost of good sold	4	(55,730)	(61,780)	(68,562)	(55,465)	(51,317)	(42,807)
Gross profit/(Loss)	5=3-4	**(3,085)**	**6,625**	**10,174**	**8,187**	**8,756**	**9,883**
Profit/(Loss) before tax	6	(29,107)	3,142	4,994	6,431	5,208	6,487
Net Profit/(Loss) after tax	7	**(27,106)**	**1,210**	**3,517**	**3,358**	**2,454**	**11,481**
Earnings before interest, taxes, depreciation and amortisation	8	(21,060)	11,691	13,857	13,769	11,734	13,576
BALANCE SHEET		**(RS. IN MILLION)**					
Net Equity	9	(27,347)	(1,418)	(2,274)	(665)	(4,579)	(7,874)
Property, plant and equipment	10	89,711	101,902	105,872	96,379	83,003	80,317
Inventory	11	1	928	928	870	557	450
Current assets	12	92,512	89,298	72,009	30,911	11,507	11,090
Current liabilities	13	178,295	159,260	151,384	60,347	35,710	34,782
Non current assets	14	89,764	101,954	105,921	96,428	85,052	85,689
Non current liabilities	15	31,328	33,409	28,820	67,658	65,427	69,870
SUMMARY OF CASH FLOW STATEMENTS		**(RS. IN MILLION)**					
Cash flows from operating activities	16	3,424	13,021	9,816	19,741	10,126	(4,749)
Cash flows from investing activities	17	211	(806)	(89)	(12,168)	(5,413)	(634)
Cash flows from financing activities	18	(8,507)	(8,155)	(6,908)	(5,580)	(5,408)	4,762
Cash and cash equivalents at the beginning of the year	19	10,167	6,106	3,287	1,293	1,989	2,610
Net cash flows during the year	20=16 to 19	**5,294**	**10,167**	**6,106**	**3,287**	**1,293**	**1,989**
FINANCIAL INDICATORS		**%**					
Profitability Ratios							
Gross profit ratio (Gross Profit / Sales)	21=5/3	-6%	10%	13%	13%	15%	19%
Net profit ratio (Net Profit / Sales)	22=7/3	-51%	2%	4%	5%	4%	22%
EBITDA margin	23=8/3	-40%	17%	18%	22%	20%	26%
Return on equity	24=7/Averag	-153%	-23%	-73%	-56%	-26%	-72%
LIQUIDITY RATIOS		**RATIO**					
Current ratio	25=12/13	0.52	0.56	0.48	0.51	0.32	0.32
Quick ratio	26=(12-	0.52	0.55	0.47	0.50	0.31	0.31
		%					
Cash flows from operations to sales	27=16/3	7%	19%	12%	31%	17%	-9%
Cash to current liabilities	28=20/13	3%	6%	4%	5%	4%	6%
Earnings per share (Rs.)	29=7/total	(542,124)	24,191	70,337	67,164	49,071	229,620


TPS Guddu (Old Units) NEO - GWh
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
-
1,701
1,606
4,315
4,921
3,460
2,415
2,756
4,357
6,357
7,265
2021
2020
2019
2018
2017
2016
2015
2014
2013
2012


747MW, CCPP, Guddu NEO - GWh
6,000
5,000
4,000
3,000
2,000
1,000
-
3,124
4,316
5,070
3,855
4,440
3,481
1,896
-
-
-
2021
2020
2019
2018
2017
2016
2015
2014
2013
2012


TPS Quetta NEO - GWh
120
100
80
60
40
20
-
-
-
-
-
53
110
98
87
97
106
2021
2020
2019
2018
2017
2016
2015
2014
2013
2012


Revenue FY 2020-21
CPP
30%
EPP
70%


Expenditures FY 2020-21
Liquidated damages
19%
Provision for bad Debts
10%
Financial Charges
2%
Administrative & General Expenses
1%
Cost of Generation
68%

DIRECTORS REPORT TO THE MEMBERS

The Directors of the Company are pleased to present 23rd Annual Report of the Company, together with the Audited Financial Statements and Auditors' Report, for the year ended on June 30, 2021.

INTRODUCTION

2. Central Power Generation Company Limited is unlisted Public Limited Company (Public Sector) with its registered office at WAPDA House Lahore. The Company incorporated on October 26, 1998 and the Certificate of Commencement of Business issued on December 07, 1998, and started its commercial operations on March 01, 1999. The Company is 100% owned by the Government of Pakistan through Ministry of Energy (Power Division). The Public Sector Companies (Corporate Governance) Rules 2013 are applicable on the Company and the Board. The Government of Pakistan appoints the Board of Directors.

3. The authorized capital of the Company is Rs. 50,000,000,000/- divided into 5,000,000,000 ordinary shares of Rs. 10 each. In total 50,000/- shares have been issued and out of which one share of Rs. 10 each has been issued to seven directors of the Company and 49,993 shares were issued to WAPDA which were subsequently transferred in the name of President Islamic Republic of Pakistan. Moreover, an amount of Rs. 3,343.919 Million is appearing as deposit against issue of shares to WAPDA.

4. The principal activities of the Company are to own, operate and maintain power generation facilities. Currently, three Thermal Power Stations with total installed capacity of 2,532.64 MW owned by the company. These plants are located at Guddu, Quetta, and Sukkur. The installed capacity of these individual power plants is as under:

Place	No. of Units	Units in Operations	Installed Capacity (MW)
Guddu	13	08	1,655.00
747MW	03	03	776.70
Quetta	04	00	50.94
Sukkur	04	00	50.00
		Total	**2,532.64**

The detail is as under:

Block	Unit	Fuel	Operation Mode	Make	Installation Year	Installed Capacity MW	Available Capacity MW
Block-I	11	Gas	Gas Turbine	Seimens Germany	1992	136	130
	12				1992	136	130
	13		Steam Turbines		1994	143	-
	Total					**415**	**260**
Block-II	5	Gas	Steam Turbines	GE USA	1987	100	85
	6				1988	100	85
	7		Gas Turbine		1985	100	95
	8				1986	100	95
	9				1986	100	95
	10				1986	100	95
	Total					**600**	**550**
Block-III	3	Gas	Steam	Russia	1980	210	**Decommissioned on July 2019**
	4			China	1985	210	
	Total					420	
Block-IV	1	Gas	Steam	Czechosolovakia	1974	110	
	2				1974	110	
	Total					**220**	
Block-V 747 MW	14	Gas	Gas Turbine	GE - USA & HEI – China	2014	256	243
	15				2014	256	243
	16		Gas Turbine		2014	266	261
	Total					**777**	**747**
TPS Quetta	1	Coal	Steam Turbine	Ladewal - USA	1964	8	**Decommissioned During 2000**
	2			Ladewal - USA	1964	8	
	3	Gas	Gas Turbine	Fiat – Italy	1972	-	
	6			Mitsubishi - Japan	1984	35	22
	Total					**51**	**22**
TPS Sukkur	1	Gas	Steam Turbine	GE - Canada	1965	13	**Decommissioned During 2000**
	2			GE - Canada	1965	13	
	3			GE - Canada	1967	13	
	4			GE - Canada	1967	13	
	Total					**50**	
Grand Total						**2,533**	**1,579**

5. The Capacity of Quetta Thermal Power Station was 88.19 MW with 06 Units. The Units No. 4 and 5 having capacity of 12.5 MW and 25 MW respectively were shifted to Panjgoor under QESCO in November 1999. Units No. 1, 2 and 3 have completed their useful live. The remaining capacity of this station is only 25 MW of Unit No. 6 were in operation. The generation license issued for unit no. 6, by NEPRA on July 10, 2019, although the units is non operative due to non-availability of Gas quota and tariff.

6. The operation of Thermal Power Station Sukkur was discontinued in April 2000 on account of technical reasons (inefficient units), and is decommissioned.

7. Moreover, Company has installed Block V, state of art plant 747MW, CCPP, in Guddu having efficiency of 49% and 92% availability with dual fire operation i.e. natural gas and HSD. The plant remained achieved COD on December 17, 2014.

COMPANY LICENSE

8. On 1st July 2002, CPGCL obtained generation license No. GL/02/2002 (GL), from the NEPRA Authority to operate the power plants inherited from WAPDA. The GL was subsequently modified on CPGCL's motion on 26th April 2013 to include the 747MW Combined-Cycle Power Plant Guddu (747MW CCPP) as 'Block-V' of TPS Guddu, and again on 10th July 2019 to exclude / de-license Units 1 – 4 of TPS Guddu, and to extend the expiry date of the GL to 30th June 2042.

TARIFF

9. The NEPRA determination and notified tariff dated 26th July, 2004 for Old Guddu. The 2nd tariff petition was filed with NEPRA in May 2005 by the management of Company for approval of Reference Tariff for three (3) years i.e. 2005, 2006, 2007. NEPRA determined the tariff on 24th February 2006 for Old Guddu. In the current year, previously notified tariff applied after adjustment of CPI (Consumer Price Index) for the old Guddu plant from Blocks (I & II).

10. The initial tariff of 747MW was approved by the NEPRA Authority on 26th April 2016, however, being dissatisfied with certain aspects of this tariff, CPGCL sought its review, seeking *inter alia*, a higher value of variable O&M cost, additional sums for startup costs, and a tariff for partial loading of the Plant as per the PPA. The Authority gave its determination-in-review on 7th April 2017. NEPRA notified the tariff adjustment on quarterly basis.

FINANCIAL RESULTS

11. The financial information of the Company covering business activities for the period ended June 30, 2021. Operating results summarized below:

(Rupees in thousands)

Description	FY 2020-21	FY 2019-20
Revenue	**52,644,776**	**68,405,062**
Operations, Maintenances and Administrative Expenditures	(56,206,409)	(62,229,308)
Provision for Bad Debts	(7,968,798)	-
Liquidated damages against forced outages	(15,538,358)	-
Finance Cost	(2,038,296)	(3,033,294)
Taxation	2,000,877	(1,932,924)
Net Profit / (Loss) after tax	**(27,106,208)**	**1,209,536**

Description	FY 2020-21	FY 2019-20
Add:		
Provision for Bad Debts	7,968,798	-
Liquidated damages against forced outages	15,538,358	-
Finance Cost	2,038,296	3,033,294
Taxation	(2,000,877)	1,932,924
Operating Profit / (Loss)	**(3,561,633)**	**6,175,754**

12. Revenue from sale of electricity in these accounts is based on the actual billing made for old Guddu plants and 747 MW CCPP, on NEPRA's approved tariff, to the Central Power Purchasing Agency (Guarantee) Limited (CPPA-G), on account of electricity supplied during the period under consideration. Electricity tariff has been charged to CPPA-G, which is sole purchaser of the power from the Company.

13. During FY 2020-21, the company suffers loss of Rs. 27,106.208 million, due to the following reason:

I. **Capacity Payment:** The capacity payment of 747MW (financial impact of Rs. 5,423.750 million) is affected adversely due to the damage of GT-14 on 12th February, 2021.

II. **Impairment Cost of GT-14:** The GT-14 cost for value of Rs. 3,699,573 thousand (Carrying value Rs. 4,306,126 thousand – Recoverable value Rs. 606,553 thousand = Impairment Cost 3,699,573 thousand) is booked as extra expense in Cost of Revenue after deducting net value of the damaged equipment under IAS-36 "Impairment of assets" as mentioned at note 5.3 of the Financial Statement.

III. Provision of Bad Debts:

Description	Amount (Rs. in Millions)	Remarks
Open Cycle Revenue (747MW)	4,855.650	The Company had invoiced CPPA, against the electricity supplied from 747MW by using the rates applied for open cycle generation, which has not been acknowledged by CPPA on the basis of NEPRA's determination dated 27 April 2018, which stated that no such rates were allowed to the Company. During the year, NEPRA vide tariff determination dated 28 December 2020, NEPRA has disallowed the additional rate for open cycle component for retrospective period. Based on legal advice from independent lawyer regarding probability of recovery and as a matter of prudence, the Company has recognized

Description	Amount (Rs. in Millions)	Remarks
		provision.
TPS Quetta	2,016.726	The Company has booked a provision amounting to Rs. 2,017 million in respect of actual energy supplied from TPS, Quetta, to system operator on the demand of NPCC Islamabad. The CPPA-G disallowed the invoices of TPS Quetta due to the non availability of tariff. Based on legal advice from independent lawyer regarding probability of recovery and as a matter of prudence, the Company has recognized provision.
Rental Power Project Naudero-I	722.852	The Company has booked a provision for invoices against supply of electricity from rental power project Naudero-I. The amount is not processed by CPPA on the grounds that honorable Supreme Court of Pakistan (SCP) had declared all the contracts with rental power projects void ab initio. The Company is confident that it is entitled to whole of the billed amount, as the related electricity was supplied upon the instructions of National Transmission and Dispatch Company Limited. Owing to lack of progress in recovery process and decreased capacity of end consumers to bear additional burden, management is not hopeful of early recovery. Accordingly, as a matter of prudence, during the year, the Company has recognized provision of Rs. 722,852 thousand.
Others	373.570	In addition to provision for bad debts recognized in note 10.3, the Company has made a provision of Rs.373,570 thousand, against other miscellaneous differences identified during a reconciliation exercise with CPPA.
Total	**7,968.798**	

IV. **Liquidated Damages against forced outages:** CPPA-G has imposed liquidated damages on the Company, alleging that the Company has availed higher outages than allowed under the Company's PPA, for the period from FY 2015 to FY 2020. Ministry of Energy (Power Division) vide letter dated 16th November 2022, has constituted a committee for settlement of these damages after verification of quantum of outages. Management of the Company is confident to minimize the quantum of liquidate damages based on their contention that majority of outages beyond the Company. Owing to persistent instruction by NEPRA to CPPA-G, to ensure immediate recovery of damages, the Company has recognized provision for the whole amount of the demand raised by CPPA, as a matter of prudence.

14. The average approved tariff for the period under review is as under:-

Energy Purchase Price ("EPP")	Rs. 7.67 per KWh
Capacity Purchase Price ("CPP")	Rs. 793.55 per KW per Month
Estimated Dependable Capacity	1,640.790 MW (920MW for Old Guddu and 720.790MW for 747MW)

15. Followings are the financial results compared with last year results.

	FY 2020-21	FY 2019-20
Energy unit sold (GWh)	4,824.889	5,921.761

SIX YEARS OPERATIONAL AND FINANCIAL DATA

16. Key Operating and Financial data for last six years is, summarized below:

Description		2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
OPERATIONAL PERFORMANCE		**(UNITS MkWh)**					
Units Generated (NEO)	1	4,825	5,922	9,384	8,776	7,976	6,006
Per Unit Cost (Rs./kWh)	2	7.67	7.75	6.19	5.18	5.48	6.05
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Revenue	3	52,645	68,405	78,736	63,652	60,072	52,690
Cost of good sold	4	(55,730)	(61,780)	(68,562)	(55,465)	(51,317)	(42,807)
Gross profit/(Loss)	5=3-4	**(3,085)**	**6,625**	**10,174**	**8,187**	**8,756**	**9,883**
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FINANCIAL INDICATORS		**%**					
Profitability Ratios							
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Net profit ratio (Net Profit / Sales)	22=7/3	-51%	2%	4%	5%	4%	22%
EBITDA margin	23=8/3	-40%	17%	18%	22%	20%	26%
Return on equity	24=7/Average shareholders'	-153%	-23%	-73%	-56%	-26%	-72%
LIQUIDITY RATIOS		**RATIO**					
Current ratio	25=12/13	0.52	0.56	0.48	0.51	0.32	0.32
Quick ratio	26=(12-11)/13	0.52	0.55	0.47	0.50	0.31	0.31
		%					
Cash flows from operations to sales	27=16/3	7%	19%	12%	31%	17%	-9%
Cash to current liabilities	28=20/13	3%	6%	4%	5%	4%	6%
Earnings per share (Rs.)	29=7/total shares	(542,124)	24,191	70,337	67,164	49,071	229,620

CORPORATE GOVERNANCE COMPLIANCE

17. The Company mostly complies with the principles of the Public Sector Corporate Governance Rules. The Financial Statements are prepared on the adopted International Financial Reporting Standards and present true and fair view of the state of affairs of the company. The sound internal control is in place and overall improvements in the systems and operations are appearing.

BOOK OF ACCOUNTS

18. Proper book of accounts of the company have been maintained.

STATE OF AFFAIRS, RESULT OF OPERATIONS AND CASH FLOWS

19. The financial statements prepared by the Management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in General Fund.

APPROPRIATE ACCOUNTING POLICIES

20. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

SUBSIDY OR OTHER FINANCIAL SUPPORT FROM THE GOVERNMENTS

21. Company maintains its revenue requirement through the sale of electricity to CPPA-G on approved NEPRA tariff rates. Therefore all the expenditures of the company are met within own revenue. The company is not reliant on any subsidy or other financial support from the Government for meeting its expenditures. As a Government Entity, the Federal Government consistently provides support in the form of granting Cash Development Loans and offering Government Guarantees against Foreign Loans.

PATTERN OF SHARE HOLDING

Categories of Shareholders	No. of Shares	Percentage of Shareholding (% age)
Individuals	7	0.014%
President of Pakistan	49,993	99.986%
Total	**50,000**	**100%**

BOARD OF DIRECTORS

22. The Company is fully owned by the Government of Pakistan. The Federal Government, being the competent authority, nominates all the Board members on the Company's Board. The list of Board members during the Financial Year 2020-21 is as follows:

Sr. No.	Name of Directors	Status
1.	Syed Tahir Nawazish	Independent Director / Chairman of the Board
2.	Mr. Abdul Qayum Malik	Independent Director
3.	Mr. Muhammad Aslam Shaikh	Independent Director
4.	Dr. Arshad Mahmood Additional Finance Secretary (Expenditures) Finance Division **(transferred and posted to another Division on 29.10.2020)**	Non-Executive Director
5.	Mr. Sajjad Ahmed Joint Secretary (Admin) Ministry of Energy (Power Division)	Non-Executive Director
6.	Mr. Mahfooz Ahmed Bhatti Joint Secretary (PF) Ministry of Energy (Power Division) **(replaced Sr. No. 5 i.e. Mr. Sajjad Ahmed on 02.10.2020)**	Non-Executive Director
7.	Mr. Muhammad Imran Chief Executive Officer GENCO Holding Company Limited **(Relinquished the charge of the post of CEO GHCL on 31.05.2021)**	Non-Executive Director
8.	Mr. Hammad Amer Hashmi CEO CPGCL **(contract terminated on 13.04.2021)**	Executive Director
9.	Mr. Sabeeh Uz Zaman Faruqui CEO CPGCL **(charge of the post of CEO CPGCL taken-over on 14.04.2021)**	Executive Director

BOARD MEETINGS AND ATTENDANCE OF THE BOARD MEMBERS

23. Total meetings of the Board of Directors and Board Committees held during the Financial Year 2020-21 are as follows:

Sr. No.	Meeting	No. of Meetings
1.	BOD Meetings	17
2.	Audit Committee	3
3.	Risk Management Committee	4
4.	Procurement Committee	5
5.	HR Committee	6
6.	Nomination Committee	1
7.	Technical Committee	1

24. Attendance of the Board members in these meetings is as follows:

Sr. No.	Name of Directors	No. of Meetings attended
1.	Syed Tahir Nawazish	32
2.	Mr. Abdul Qayum Malik	32
3.	Mr. Muhammad Aslam Shaikh	30
4.	Dr. Arshad Mahmood	6
5.	Mr. Sajjad Ahmed	7
6.	Mr. Mahfooz Ahmed Bhatti	25
7.	Mr. Muhammad Imran	30
8.	Mr. Hammad Amer Hashmi	27
9.	Mr. Sabeeh Uz Zaman Faruqui	8

DIRECTORS' REMUNERATION

25. Members of the Board are paid a fixed lump sum fee for attending the meetings of the Board of Directors & Board Committees. The fee paid to various Board members is as follows:

Sr. No.	Name of Directors	Fee Paid Rs. In Million
1.	Syed Tahir Nawazish	1.454
2.	Mr. Abdul Qayum Malik	1.454
3.	Mr. Muhammad Aslam Shaikh	1.354
4.	Dr. Arshad Mahmood	0.176
5.	Mr. Sajjad Ahmed	0.182
6.	Mr. Mahfooz Ahmed Bhatti	1.250
7.	Mr. Muhammad Imran	1.354
8.	Mr. Hammad Amer Hashmi	Nil
9.	Mr. Sabeeh Uz Zaman Faruqui	Nil

26. 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 Public Sector Company as well as in line with the best practices.

REMUNERATION POLICY

27. Being a Federal Government Entity, adopted the remuneration policy as approved by the Federal Government of Pakistan from time to time for regular employees. Moreover, Chief Executive Officer, Chief Financial Officer, Chief Internal Auditor, Company Secretary of the company are appointed on contract basis with the approval of competent authority with lump sum package.

APPOINTMENT OF AUDITORS

28. The appointment of external auditors is under process through tender.

CORPORATE SOCIAL RESPONSIBILITY

29. The Company is highly concerned about its corporate social responsibilities. The Company is fully poised to provide a greener environment around its power plants in order to combat the carbon emissions. In this regard several drives have been run to plant thousands of trees in the vicinity of power plants. Such drives shall continue in future with same zeal.

30. Besides, the Company is providing affordable education facilities to the children of employees and the people residing in the residential colony and adjoining areas of the plants. The Company is also providing medical facility (hospital having capacity of 50 beds is also available in residential colony) as well as other welfare facilities to the employees and pensioners of the Company.

STAFF RETIREMENT BENEFITS

31. The Company has the following plans for its employees;

DEFINED BENEFIT PLANS

32. The Company has following unfunded defined benefit plans for its employees:

i. Pension Scheme.
ii. Free Electricity Supply Scheme.
iii. Free Medical Scheme.
iv. Leave Encashment Scheme.

EXPLANATION REGARDING EMPHASIZE OF MATTER PARAGRAPH

33. With qualifying the opinion, External Auditors have drawn attention to following matter along with management comments;

Late payments surcharge

The Auditors have drawn attention to Note 24.1.2 to the financial statements, which describes that the Company has not accepted certain claims by SNGPL (gas supplier) relating to LPS.

In this regard, it is stated that the Company is not recognizing of LPS due to the fact that the Company receives funds from CPPA-G for incurring various expenditures. The delay in receipt of funds from CPPA-G causes delay in payment to Gas Suppliers, consequently Gas Companies claim late payment surcharge. Since such delay is caused due to financial constraint faced by CPPA-G on account of major cause of circular debt, without any fault on part of CPGCL, said Late Payment Surcharge is neither paid nor booked. Moreover, the agreement with M/s PPL needs some changes and agreement with M/s MPCL is yet to be signed as only Term Sheet is signed by both parties. Besides, the LPS charged by the both Companies is yet to be reconciled on account of rate of interest and payment dates. The agreement with M/s SNGPL is currently under negotiation process.

ACKNOWLEDGEMENT

34. The Board would like to place on record its appreciation to the workers, staff and management of the Company towards achieving results in general. The worker management relation remained excellent throughout the year, which resulted in the smooth operation of the Company. This is teamwork and we hope it will continue in the same atmosphere during the coming years.

Dated: 06 August, 2024

(JUNAID AHMAD BAIG)	**(MUHAMMAD ASLAM SHEIKH)**
CHIEF EXECUTIVE OFFICER	DIRECTOR

GHC

CENTRAL POWER GENERATION COMPANY LIMITED

(GENCO-II)

0722 – 679088

genco2_guddu@yahoo.com

CHIEF EXECUTIVE OFFICER

No. CPGCL/CEO/PSC(CG)/FY 20-21/955

Date: 06 .08.2024

SCHEDULE-I

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

Name of company **CENTRAL POWER GENERATION COMPANY LIMITED**

Name of the line ministry **Ministry of Energy (Power Division)**

For the year ended **June 30, 2021**

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

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

<table>
<tr><th rowspan="2">Sr. No.</th><th rowspan="2">Provision 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 rowspan="3">Independent Directors</td><td>Syed Tahir Nawazish</td><td>08/02/2019</td></tr>
<tr><td>Mr. Abdul Qayum Malik</td><td>08/02/2019</td></tr>
<tr><td>Mr. Muhammad Aslam Shaikh</td><td>08/02/2019</td></tr>
<tr><td>Executive Directors</td><td>Mr. Sabeeh Uz Zaman Faruqui</td><td>14/04/2021</td></tr>
<tr><td rowspan="2">Non-Executive Directors</td><td>Mr. Mahfooz Ahmed Bhatti</td><td>02/10/2020</td></tr>
<tr><td>Mr. Muhammad Imran *</td><td>08/02/2019</td></tr>
</table>
* In compliance with the Order of the Honorable High Court Sindh, Hyderabad, the charge of the post of CEO GHCL was relinquished by Mr. Muhammad Imran on 31/05/2021. Subsequently, he resumed the charge of the post of CEO GHCL on 13/09/2021 in pursuance of the orders of Honorable Supreme Court of Pakistan conveyed by the Ministry of Energy (Power Division) vide letter No. GPI-G(Misc)/2021 dated 13/09/2021. Accordingly, Mr. Muhammad Imran relinquished the position from the Board for same corresponding period.</td><td>3(2)</td><td>✓</td><td></td></tr>
<tr><td>3.</td><td>The Directors have confirmed that none of them is serving as a Director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.</td><td>3(5)</td><td>✓</td><td></td></tr>
<tr><td>4.</td><td>The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as Board Members under the provisions of the Act.</td><td>3(7)</td><td colspan="2">N/A</td></tr>
</table>

Sr. No.	Provision of the Rules	Rule No.	Y	N
			Tick the relevant box	
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.	**5(4)**	✓	
	(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.			✓
	(c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.		✓	
9.	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	**5(5)**	✓	
10.	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	**5(5)(b)(ii)**	✓	
11.	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the Company.	**5(5)(b)(vi)**		✓
12.	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	**5(5)(c)(ii)**	✓	
13.	The Board has ensured compliance with the law as well as the Company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	**5(5)(c)(iii)**	✓	
14.	The Board has developed a vision or mission statement and corporate strategy of the Company.	**5(6)**		✓
15.	The Board has developed significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended, has been maintained.	**5(7)**	✓	
16.	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration.	**5(8)**	**N/A**	
17.	The Board has ensured compliance with policy directions requirements received from the Government.	**5(11)**	✓	
18.	(a) The Board has met at least four times during the year.	**6(1)**	✓	
	(b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. ** Where a 7-day notice was not served, the waiver was granted under the relevant rules.*	**6(2)**	✓*	
	(c) The minutes of the meetings were appropriately recorded and circulated.	**6(3)**	✓	
19.	The Board has monitored and assessed the performance of senior management on annual and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.	**8(2)**	✓	

Sr. No.	Provision of the Rules	Rule No.	Y	N
			Tick the relevant box	
20.	The Board has reviewed and approved the related party transactions placed before it after recommendations of the Audit Committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	**9**		✓
21.	(a) The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end.	**10**		✓
	(b) In case of listed PSCs, the Board has prepared half yearly accounts and undertaken limited scope review by the Auditors.		**N/A**	
	(c) The Board has placed the Annual Financial Statements on the Company's website.			✓
22.	All the Board members underwent an orientation course arranged by the Company to apprise them of the material developments and information as specified in the Rules.	**11**		✓
23.	(a) The Board has formed the requisite committees, as specified in the Rules.	**12**	✓	
	(b) The committees were provided with written term 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:		✓	

Committee	Number of Members	Name of Chair
Audit Committee	3	Mr. Muhammad Aslam Sheikh
Risk Management Committee	3	Mr. Syed Tahir Nawazish
Human Resource Committee	4	Mr. Syed Tahir Nawazish
Procurement Committee	5	Mr. Abdul Qayum Malik
Nomination Committee	3	Mr. Syed Tahir Nawazish

Sr. No.	Provision of the Rules	Rule No.	Y	N
24.	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.	**13**	✓	
25.	The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.	**14**	✓	
26.	The Company has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act.	**16**	✓	
27.	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.	**17**	✓	
28.	The Directors, CEO and Executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the Company except those disclosed to the Company.	**18**	✓	
29.	(a) A formal and transparent procedure for fixing the remuneration packages of Individual Directors has been set in place and no Director is involved in deciding his own remuneration.	**19**	✓	
	(b) The Annual Report of the Company contains criteria and details of remuneration of each Director.		✓	
30.	The financial statements of the Company were duly endorsed by the Chief Executive and Chief Financial Officer before consideration and approval of the Audit Committee and the Board.	**20**	✓	

<table>
<tr><th rowspan="2">Sr. No.</th><th rowspan="2">Provision 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 rowspan="2">31.</td><td>The Board has formed an Audit Committee, with defined and written terms of reference, and having the following members:
<table>
<tr><th>Name of member</th><th>Category</th><th>Professional Background</th></tr>
<tr><td>Mr. Muhammad Aslam Sheikh</td><td>Independent Director</td><td>Bachelor in Engineering</td></tr>
<tr><td>Mr. Mahfooz Ahmed Bhatti</td><td rowspan="2">Non-executive Director</td><td>Master in Accountancy, MBA</td></tr>
<tr><td>Mr. Muhammad Imran</td><td>MBA, FCMA</td></tr>
</table></td><td>21</td><td></td><td>✓</td></tr>
<tr><td>The Chief Executive and Chairman of the Board are not members of Audit Committee.</td><td>21(2)</td><td>✓</td><td></td></tr>
<tr><td rowspan="3">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.</td><td rowspan="3">21(3)</td><td>✓</td><td></td></tr>
<tr><td>(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.</td><td>✓</td><td></td></tr>
<tr><td>(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></td><td>✓</td></tr>
<tr><td rowspan="3">33.</td><td>(a) The Board has set up an effective internal audit function, which has an Audit Charter, duly approved by the Audit Committee.</td><td rowspan="3">22</td><td></td><td>✓</td></tr>
<tr><td>(b) The Chief Internal Auditor has requisite qualification and experience prescribed in the Rules.</td><td>✓</td><td></td></tr>
<tr><td>(c) The internal audit reports have been provided to the External Auditors for their review.</td><td></td><td>✓</td></tr>
<tr><td>34.</td><td>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.</td><td>23(4)</td><td>✓</td><td></td></tr>
<tr><td>35.</td><td>The Auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.</td><td>23(5)</td><td>✓</td><td></td></tr>
</table>

JUNAID AHMAD BAIG
CHIEF EXECUTIVE OFFICER

SYED TAHIR NAWAZISH
CHAIRMAN

GHC

CENTRAL POWER GENERATION COMPANY LIMITED

(GENCO-II)

0722 – 679088

genco2_guddu@yahoo.com

CHIEF EXECUTIVE OFFICER

No. CPGCL/CEO/PSC(CG)/FY 20-21/956

Date: 06.08.2024

SCHEDULE-II

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

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

Sr. No.	Rule / sub-rule no.	Reasons for non-compliance	Future course of action
1	5(4)	(b) The Code of Conduct has not been placed on the Company's website because the Company has not established its website.	The website of the Company has been established and will be operational soon. Accordingly, the said compliance will be ensured in the future.
2	5(5)(b)(vi)	Being a Public Limited Unlisted Company wholly owned by the Government of Pakistan, all Government Entities are bound to strictly follow the rules & regulations of all anti-corruption departments/agencies of the Government of Pakistan like FIA & NAB and etc.	A policy on anti-corruption is currently under preparation and its compliance will be ensured in the future.
3	5(6)	A vision or mission statement and corporate strategy of the Company have not been developed yet.	A vision or mission statement and corporate strategy of the Company have been drafted and soon, the same will be placed before the Board of Directors for approval.
4	9	Transactions with related parties are entered into at mutually agreed terms. The sale/purchase prices of electricity are controlled by the National Electric Power Regulatory Authority (NEPRA). The company regularly engages in transactions with various related parties as part of its routine business activities, which are disclosed in the relevant notes to the company's financial statements. A detailed, party-wise record of transactions with related parties is maintained in the company's books of accounts. As a practice, related party transactions are not separately placed before the Audit Committee as well as the Board.	The Company will ensure compliance in the future.
5	10	(a) The provisional financial statements of the Company for the 1st quarter ended on 30 September 2020 was approved by the Board in its meeting held on 10 December 2020. However, the management	The Company will ensure compliance in the future.

Sr. No.	Rule / sub-rule no.	Reasons for non-compliance	Future course of action
		could not prepare the financial statements of the Company for the subsequent quarters due to the engagement in various issues like; Cascade Tripping of the National Grid in January 2021, the damage incident at Gas Turbine-14 (747MW) in February 2021 and finalization of accounts of the Company for the FY 2019-20. (c) Annual financial statements have not been placed on the Company's website because the Company has not established its website.	The website of the Company has been established and will be operational soon. Accordingly, the said compliance will be ensured in the future.
6	11	Considering the experience of the Board of Directors, the requirement to hold an orientation course during the year was not deemed necessary.	The Directors' Orientation Program was arranged by the Company from the Center for Executive Education (CEE), Institute of Business Administration (IBA), Karachi in August 2021. Moreover, the Board members also underwent an orientation course which was arranged by the GENCO Holding Company Limited (GHCL) in September 2022.
7	21(1)	The Federal Government, being the competent authority, nominates all the Board members on the Company's Board. Due to the vacant position of two Independent Directors on the Board, the requirement for having majority of Independent Directors on the Audit Committee was not met.	The majority of Independent Directors in the Audit Committee will be ensured after the competent authority fills the vacancies of Independent Directors on the Company's Board.
8	21(3)	(c) The position of the Chief Internal Auditor (CIA) became vacant due to the resignation tendered by Mr. Muhammad Faisal Awan on 24 July 2020. Therefore, the Audit Committee could not meet the Chief Internal Auditor and other members of the internal audit function during the year.	The hiring process for the position of Chief Internal Auditor (CIA) was initiated in the light of Rules in October 2021 and subsequently in January 2022. After due process, Mr. Aftab Ahmed was appointed as Chief Internal Auditor in March 2022, and he then resigned on 18 October 2023. The next hiring process for the position of CIA will be initiated subject to No Objection Certificate (NOC) by the Ministry of Energy (Power Division).
9	22	(a) The Internal Audit Charter is already in place, duly approved by the Board based on the recommendation of the Audit Committee. However, the internal audit function was not effective due to absence of Chief Internal Auditor. (c) Internal audit reports were not prepared considering that internal audit function was not completely functional during the year.	

JUNAID AHMAD BAIG
CHIEF EXECUTIVE OFFICER

SYED TAHIR NAWAZISH
CHAIRMAN

EY Ford Rhodes
Chartered Accountants
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Building a better working world

REVIEW REPORT TO THE MEMBERS ON THE 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 Central Power Generation Company Limited for the year ended 30 June 2021.

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

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

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

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

Emphasis of Matter – Instances of Non-Compliances

We draw attention to instances of non-compliances and related explanations for non-compliances in Schedule-I and Schedule-II, respectively, of the Statement of Compliance. Our conclusion is not modified in respect of this matter.

EY Ford Rhodes

Chartered Accountants
Engagement Partner: Shaikh Ahmed Salman
Place: Lahore
Date: 23 August 2024

EY
Building a better working world

EY Ford Rhodes
Chartered Accountants
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ey.lhr@pk.ey.com
ey.com/pk

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CENTRAL POWER GENERATION COMPANY LIMITED

Report on the audit of the financial statements

Qualified Opinion

We have audited the annexed financial statements of **Central Power Generation Company Limited** (the Company), which comprise the statement of financial position as at 30 June 2021, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the statement of financial position, statement of profit or loss, 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, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, respectively give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

As disclosed in Note 24.1.2 to the financial statements, the Company has not recognized a liability for its obligation to pay Interest / Late Payment Surcharge (LPS) on late payments for the natural gas supplied by Mari Petroleum Company Limited (MPCL) and Pakistan Petroleum Limited (PPL) under the signed gas sales term sheet and gas sale agreements, respectively. Further, as explained in the aforementioned note, the Company has claimed LPS from Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) due to delayed payments by CPPA – G relating to supply of electricity, which has also not been recognized as receivable.

Had the Company recognized the LPS expense under the gas sales term sheet / gas sale agreements with MPCL and PPL, and LPS income from the CPPA-G, the Company's loss for the year would have increased by Rs 538,097 thousand, total assets and total liabilities would have been increased by Rs. 27,068,759 thousand and Rs. 30,420,779 thousand, respectively and accumulated losses as at year end would have been increased by Rs 3,352,020 thousand.

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

Emphasis of Matter Paragraph: Late payment surcharge

We draw attention to note 24.1.2 to the financial statements, which describes that the Company has not accepted certain claims by SNGPL (gas supplier) relating to LPS. Our opinion is not modified in respect of this matter.

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Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the 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. As described in the Basis for Qualified Opinion section above, the Company has not recognized a liability for its obligation to pay Interest / LPS on late payments for the natural gas supplied by MPCL and PPL under the signed gas sales term sheet and gas sale agreements, respectively. Further, the Company has claimed LPS from CPPA-G due to delayed payments by CPPA – G relating to supply of electricity, which has also not been recognized as receivable. We have concluded that the other information is materially misstated with respect to the amounts or other items as described in the Basis for Qualified Opinion section above.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

a) except for the effects of the matter described in the basis for qualified opinion section of our report, proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) except for the effects of the matter described in the basis for qualified opinion section of our report, 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, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

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

The engagement partner on the audit resulting in this independent auditor's report is Shaikh Ahmed Salman.

EY Ford Rhodes
Chartered Accountants
Place: Lahore
Date: 23 August 2024

CENTRAL POWER GENERATION COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021	2020 (Note-40)	01 July 2019 (Note-40)
ASSETS		-------Rupees in thousands------		
Non-current assets				
Property, plant and equipment	5	**89,711,309**	101,901,574	105,871,790
Long term advances	6	**51,959**	51,655	49,159
Long term deposits	7	**281**	281	281
		89,763,549	101,953,510	105,921,230
Current assets				
Stores, spare parts and loose tools	8	**4,010,324**	3,633,585	2,331,233
Stock-in-trade	9	**955**	928,352	928,352
Trade debt	10	**75,038,132**	68,273,192	54,184,461
Advances, loan and prepayments	11	**1,200,349**	1,029,902	3,434,548
Other receivables	12	**1,835,866**	1,003,410	1,021,618
Tax refunds due from the Government	13	**5,132,230**	4,262,523	4,002,824
Bank balances	14	**5,294,409**	10,166,613	6,105,556
		92,512,265	89,297,577	72,008,592
TOTAL ASSETS		**182,275,814**	191,251,087	177,929,822
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Share Capital				
Authorized share capital				
5,000,000,000 (2020: 5,000,000,000) ordinary shares of Rs.10 each		**50,000,000**	50,000,000	50,000,000
Issued, subscribed and paid-up share capital	15	**500**	500	500
Capital reserve				
Share deposit money	16	**3,343,919**	3,343,919	3,343,919
Revenue reserve				
Accumulated losses		**(30,691,570)**	(4,762,709)	(5,618,281)
		(27,347,151)	(1,418,290)	(2,273,862)
Non-current liabilities				
Long term financing	17	-	-	-
Deferred taxation - net	18	-	2,309,764	994,316
Deferred grant	19	-	198,591	397,181
Deferred liabilities - employee benefits	20	**31,327,957**	30,901,085	27,428,124
		31,327,957	33,409,440	28,819,621
Current liabilities				
Trade and other payables	21	**117,548,297**	104,460,640	89,955,483
Provision for liquidated damages	22	**15,538,358**	-	-
Interest accrued on long term financing	23	**8,212,660**	7,485,515	6,622,705
Current portion of long term financing	17	**36,732,089**	47,313,782	54,805,875
Income tax payable	13	**263,604**	-	-
		178,295,008	159,259,937	151,384,063
		182,275,814	191,251,087	177,929,822
CONTINGENCIES AND COMMITMENTS	24			

The annexed notes from 1 to 43 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

CENTRAL POWER GENERATION COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021	2020
		-----Rupees in thousands-----	
Revenue from contract with customer - net	25	52,644,776	68,405,062
Cost of revenue	26	(55,729,885)	(61,780,426)
Gross (loss) / profit		(3,085,109)	6,624,636
Administrative expenses	27	(1,079,925)	(979,445)
Provision for bad debt	10.4	(7,968,798)	-
Liquidated damages against forced outages	22	(15,538,358)	-
Other income	28	603,401	530,563
Finance costs	29	(2,038,296)	(3,033,294)
(Loss) / profit before taxation		(29,107,085)	3,142,460
Taxation	30	2,000,877	(1,932,924)
(Loss) / profit for the year		(27,106,208)	1,209,536

The annexed notes from 1 to 43 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

CENTRAL POWER GENERATION COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021	2020
		-----Rupees in thousands-----	
(Loss) / profit for the year		**(27,106,208)**	1,209,536
Other comprehensive income:			
Items not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gain / (loss) on defined benefit plans	**20.3**	**1,658,235**	(498,541)
Related tax effects		**(480,888)**	144,577
Other comprehensive income / (loss) for the year - net of tax		**1,177,347**	(353,964)
Total comprehensive (loss) / income for the year		**(25,928,861)**	855,572

The annexed notes from 1 to 43 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

CENTRAL POWER GENERATION COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Share Capital	Capital Reserve- Share Deposit Money	Revenue Reserve - Accumulated Losses	Total
	------------ Rupees in thousands ------------			
Balance as at 01 July 2019	500	3,343,919	(5,618,281)	(2,273,862)
Profit for the year	-	-	1,209,536	1,209,536
Other comprehensive loss for the year	-	-	(353,964)	(353,964)
Total comprehensive income for the year	-	-	855,572	855,572
Balance as at 30 June 2020	500	3,343,919	(4,762,709)	(1,418,290)
Loss for the year	-	-	**(27,106,208)**	**(27,106,208)**
Other comprehensive income for the year	-	-	**1,177,347**	**1,177,347**
Total comprehensive loss for the year	-	-	**(25,928,861)**	**(25,928,861)**
Balance as at 30 June 2021	**500**	**3,343,919**	**(30,691,570)**	**(27,347,151)**

The annexed notes from 1 to 43 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

CENTRAL POWER GENERATION COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021	2020
		----Rupees in thousands----	
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) / profit before tax		**(29,107,085)**	3,142,460
Adjustments to reconcile (loss) / profit before tax to net cash flows:			
Depreciation of property, plant and equipment	5.1.6	**6,008,832**	5,713,922
Impairment of operating fixed asset	5.3	**3,699,573**	-
Amortization of deferred grant	19	**(198,591)**	(198,590)
Provision for staff benefits - net	20	**3,283,668**	4,111,237
Profit on bank deposits	28	**(264,482)**	(273,556)
Finance costs	29	**2,038,296**	3,033,294
Furnace oil write-off	27	**182,656**	-
Operating fixed asset written-off	5.1.4	**18,780**	-
Provision for bad debt	10	**7,968,798**	-
Liquidated damages against forced outages	26	**15,538,358**	-
		38,275,888	12,386,307
Profit before working capital changes		**9,168,803**	15,528,767
Effect of cash flow due to working capital changes:			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		**(166,682)**	(1,302,352)
Stock-in-trade	9	**744,741**	-
Trade debt		**(14,733,738)**	(14,088,731)
Advances, loan and prepayments		**(170,447)**	2,404,646
Other receivables		**(822,049)**	18,208
Tax refunds due from the Government		**(1,350,530)**	(693,330)
		(16,498,705)	(13,661,559)
Increase in current liabilities:			
Trade and other payables		**13,309,323**	14,478,737
Cash generated from operations		**5,979,421**	16,345,945
Finance cost paid		**(1,311,151)**	(2,148,386)
Income tax paid		**(45,348)**	(39,268)
Staff benefits paid	20	**(1,198,561)**	(1,136,817)
		(2,555,060)	(3,324,471)
Net cash generated from operating activities		**3,424,361**	13,021,474
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure - net	5	**(42,979)**	(1,076,885)
Increase in long term advances		**(304)**	(2,496)
Profit on bank deposits received	28	**254,075**	273,556
Net cash generated from / (used in) investing activities		**210,792**	(805,825)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment long-term financing - net	17	**(8,507,357)**	(8,154,592)
Net (decrease) / increase in cash and cash equivalents		**(4,872,204)**	4,061,057
Cash and cash equivalents at the beginning of the year		**10,166,613**	6,105,556
Cash and cash equivalents at the end of the year		**5,294,409**	10,166,613
NON-CASH INVESTING ACTIVITIES			
Capitalization of exchange gain / (loss)	5.1.3	**2,296,002**	(666,821)

The annexed notes from 1 to 43 form an integral part of these financial statements.

CHIEF EXECUTIVE | **DIRECTOR**

1 THE COMPANY AND ITS ACTIVITIES

1.1 Central Power Generation Company Limited (the Company) was incorporated on 26 October 1998 as a public limited company under the Companies Act, 2017, with its registered office situated at 185, WAPDA House, Shahrah-e-Quaid-e-Azam, Lahore (subsequently shifted to GHCL Office, 1st Floor, OPF Building, Sector G-5/2, Islamabad). The Company was formed to acquire all the properties, assets and liabilities of Thermal Power Station (TPS) Guddu, TPS Sukkur and TPS Quetta from Water And Power Development Authority (WAPDA). The Company's main objective is the generation and sale of electricity to a single customer, Central Power Purchasing Agency (Guarantee) Limited (CPPA).

1.2 Business transfer agreement

The Company took over certain properties, assets, rights, obligations and liabilities relating to generation of electricity from WAPDA under a Business Transfer Agreement (BTA) dated 02 March 1999. The details of assets, liabilities and related matters as provided under clause 1.1 of the BTA have been finalized with WAPDA through a Supplementary Business Transfer Agreement (SBTA). However, according to clause 10-A(iii) of SBTA, the BTA will be effective upon execution of agreements relating to the loans / liabilities assumed by the Company as a consequence of the BTA, which is still in process.

1.3 Geographical location of head office and business units

- The head office of the Company is situated at TPS Guddu, District Kashmore, Sindh.

- The location, installed capacity, operational status and generation license granted by National Electric Power Regulatory Authority (NEPRA) under section 15 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, through license no. GL/02/2002 dated 01 July 2002 and subsequently through modification dated 10 July 2019 of the power plants of the Company are as follows:

Thermal Power Stations (TPS)	Block	Installed capacity (MW)	Status	Generation licence upto
	Block I	415.00*	Operational	2024
	Block II	600.00*	Operational	2023
TPS Guddu	Block III	420.00	Non-operational	-
	Block IV	220.00	Non-operational	-
	Block V	776.70*	Operational	2042
TPS Sukkur	-	50.00	Non-operational	-
TPS Quetta	-	50.94	Non-operational	2029
		2,532.64		

* As of start of May 2023, the whole of the Block I is non-operational. Further, Block II and Block V are only operational to the extent of 265 MW and 483.4 MW, respectively. Further, refer to note 5.3 for discussion of damage to a turbine within Block V, which has been repaired subsequent to reporting date. No annual dependency test has been performed in current and prior years.

1.4 During the year ended 30 June 2021, the Government of Pakistan (GOP) has communicated to the Company that it has decided to close all in-efficient power plants operated by the corporate entities owned / control by GOP. Accordingly, as per initial plan communicated to the Company, Block I and Block II were expected to operate till September 2022 and June 2021, respectively. As of reporting date, the related carrying values of these power plants amount to Rs. Nil. The Company's Block V was also placed on the list of power projects to be actively marketed for privatization, by Privatization Commission of Pakistan. The Board of Directors of the Company, in their meeting held on 14 October 2020, has decided to adopt and implement the instructions of GOP in true spirit. The Board of Directors of the Company has, however, not yet formulated any detail plan to implement these instructions. Currently, the Ministry of Petroleum and Energy has no plan of privatization of Guddu Power Plant (as per the latest news available), however, the same is subject to final approval of Federal Cabinet. Further, the Cabinet Committee on Energy (CCoE), subsequently ratified by the Cabinet, has directed the Company to file tariff petition with NEPRA to reduce the Company's Return on Equity (RoE) to 10%. Currently, RoE allowed by NEPRA for the Blocks I and II is 13.92%, whereas RoE for Block V is 15%. Accordingly, with effect from December 2020, the Company's ROE has been reduced to 10% for Blocks I, II and V.

As of reporting date, the Board of Directors of the Company has not formulated any plan to either dispose off Blocks I and / or II or abandon the related non-current assets. The Company continue to operate Blocks I and II, upon availability of gas under quota assigned by the GOP to the Company and upon placement of order by the Company's customer. Accordingly, the related non-current assets and results of operations have not been classified as non-current assets held for sale and discontinued operations, respectively, in accordance with requirements of IFRS 5 'Non- current assets held for sale and discontinued operations'.

1.5 During the year, the Company has incurred a loss of Rs. 27,106 million (2020: a profit of Rs. 1,210 million), resulting in accumulated losses as of the reporting date amounting to Rs. 30,692 million (2020: Rs. 4,763 million) with negative equity of Rs. 27,347 million (2020: Rs. 1,418 million). As of that date, the Company's current liabilities exceeding its current assets by Rs. 85,783 million (2020: Rs. 69,962 million). Further, the Company is in default in respect of its long-term financing arrangements (refer to notes 17.7 and 17.8).

The Company is, however, consistently generating cash inflows from its operations. The loss for the year resulted from recognition of one-off charges to the income, consisting of impairment of operating fixed asset, provision for bad debt and provision for liquidated damages resulted from outages, with a cumulative impact of Rs. 27,207 million. Further, as a result of outages suffered during the year, the Company could only partially recognize revenue against Capacity Purchase Price for Block V. Barring any future disruptions, which may permanently reduce the installed capacity of its Block V, the Company is confident that it will continue to generate positive cash flows from operation of Block V; enabling the Company to repay its obligations as and when they fall due. As of the date of approval of these financial statements, the consortium of foreign banks has not demanded immediate repayment of the Company's foreign direct loan. The Company continue to repay the loan in accordance with the original repayment schedule, with last repayment due on 22 July 2024. Pursuant to CCoE decision, subsequently ratified by the Federal Cabinet, the Company has received Rs. 52 billion from Central Power Purchasing Agency – (Guaranteed) Limited (CPPA-G), on the direction of GoP. The Company's remaining long-term financing is due to GOP and the Company intends to settle the outstanding balance in due time, after receipt of specific instructions from Ministry of Finance and Revenue (MoFR) (as discussed in note 17). As of reporting date, out of total trade and other payables amounting to Rs. 117,548 million, an amount of Rs. 116,009 million is due to related parties. Accordingly, the Company believes that in case of any delay in settlement, these parties are not expected to undertake any action which may affect the Company's solvency. Further, owing to the strategic importance of the project, the GOP has provided sovereign guarantee to the Company's foreign lender and whole of the Company's trade receivable is due from CPPA, a fellow GOP owned company. Moreover, the management is of the view that Government of Pakistan (GOP) would continue to keep the power plant operational considering its relatively low electricity generation cost (currently the Company's Block V have 7th rank in the merit order list determined by the National Transmission and Despatch Company Limited (NTDC)). The strategic importance of the Company's unit is also acknowledged by the NTDC.

In addition to above, the Board of directors in their meeting held on 5 December 2023, considered and approved the projections of financial performance of the Company for years ending on 30 June 2028, which depicts that the Company will achieve profitability by FY 2026. Further, based on the related cashflow projections, approved by the Board on 6 Aug 2024, reflects significant cash inflows from operations, including the above-mentioned receipts of Rs. 52 billion. Accordingly, the Company, on the basis of these factors, have determined that above-mentioned events and conditions does not result in any significant uncertainty affecting the Company's ability to operate for foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis.

1.6 Impact of COVID-19 on the financial statements

The World Health Organization declared COVID-19 a global pandemic on 11 March 2020. Accordingly, on 20 March 2020, the Government of Pakistan announced temporary lock down as a measure to reduce the spread of COVID-19. The outbreak of COVID-19 had a distressing impact on overall demand in the global economy with notable downgrade in growth forecasts.

The Company's management was fully cognizant of the business challenges posed by the COVID-19 outbreak and closely monitored the possible impacts on the Company's operations and liquidity positions and assessed that its current policies for managing credit, liquidity and market risk were adequate in response to emergent situation.

Subsequent to the reporting date, in May 2023 has declared the end of COVID-19 as a public health emergency.

The management has assessed that there was no material financial impact of COVID-19 on the carrying amounts of assets and liabilities and, income or expenses recognized in these financial statements; which require any specific disclosures.

2 STATEMENT OF COMPLIANCE

2.1 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 (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Securities and Exchange Commission of Pakistan's (SECP), through its S.R.O no. 985(I)/2019, dated 02 September 2019, has exempted the requirements contained in IFRS-9 (Financial Instruments) related to application of Expected Credit Losses method till 30 June 2021, in respect of financial assets due or ultimately due from the Government of Pakistan (GOP) in respect of circular debt. Subsequent to the reporting date, SECP, through its S.R.O. no.67 (I) / 2023 dated the 20 January 2023 has extended the exemption from the requirements of "IFRS 9 (Financial Instruments) with respect to application of Expected Credit Losses method" till 31 December 2024 to all companies holding financial assets due from the Government of Pakistan in respect of circular debt, provided that such companies shall follow relevant requirements of IAS 39 – Financial Instruments: Recognition and Measurement, in respect of above referred financial assets during the exemption period. Considering that the circumstances in which the above exemption was granted by SECP are expected to exist for foreseeable future, therefore, the Company intends to approach SECP for seeking permanent exemption. The major financial assets of the Company include trade debt from GOP owned entity. Accordingly, the Company has not recorded ECL against trade debt. The impairment under IFRS 9 on financial assets other than trade debt is insignificant and accordingly has not been incorporated in the financial statements.

2.3 The SECP, vide its S.R.O. 986 (I) / 2019 dated 02 September 2019, in partial modification of S.R.O. 24 (I) / 2012 dated 16 January 2012, has also granted exemption from the requirements of following IFRS to all companies that have executed their power purchase agreements before 01 January 2019 as follows:

a) IFRS 16 - "Leases" and 'IFRIC 12 - "Services Concession Arrangements" to the extent of the power purchase agreements executed before 01 January 2019; and

b) International Accounting Standard 21 (The Effects of Changes in Foreign Exchange Rates) to the extent of capitalization of exchange differences; and

c) In case of capitalization of exchange differences under (b) above, recognition of embedded derivative under IFRS 9 (Financial Instruments) shall not be permitted.

Related disclosures applicable due to departure of above IFRS requirements are stated in notes 36 and 37 to the financial statements.

3 BASIS OF MEASUREMENT

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention unless other wise stated.

3.2 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the Company's functional currency. Amounts presented in the financial statements have been rounded off to the nearest thousand of Rupees, unless otherwise stated.

3.3 Changes in accounting policies and estimates

3.3.1 New standards, interpretations, amendments and improvements effective during current year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except for new standards, interpretation and amendments to following standards as described below:

Standard, Interpretation and Amendment

IFRS 3	-	Business Combinations - Definition of a Business (amendments)
IFRS 7 & IFRS 9	-	Financial instruments - Amendments regarding pre-replacement issues in the context of the interest rate benchmark reform (IBOR)
IAS 1 & IAS 8	-	Presentation of Financial Statements & Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material, to clarify the definition of material and its alignment with the definition used in the Conceptual Framework (amendments)
IFRS 16	-	Covid-19-Related Rent Concessions (Amendment to IFRS 16)
IFRS 16	-	Covid-19-Related Rent Concessions beyond 30 June 2021 - Amendment to IFRS 16

The adoption of the above amendments and improvements to accounting standards did not have any material impact on the financial statements.

In addition to the above amendments to standards the IASB has issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which became effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards. The revised conceptual framework did not have any material impact on the financial statements.

3.3.2 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following amendments to the approved accounting and reporting standards, applicable in Pakistan, would be effective from the dates mentioned below against the respective standards and interpretation have not been adopted early by the Company:

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 7 & 9	Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	01 January 2021
IFRS 3	Business Combinations - The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.	01 January 2022

Standard or Interpretation		Effective date (annual periods beginning on or after)
IAS 16	Property, plant and equipment - Amendment to clarify the prohibition on an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.	01 January 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.	01 January 2022
IAS 1	Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current.	01 January 2024
IAS 1	Presentation of Financial Statements to require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.	01 January 2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (Amendments) - Definition of Accounting Estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty"	01 January 2023
IFRS 10 & IAS 28	Consolidated Financial Statements & Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – (Amendment)	Not yet finalized

The above amendments to standards are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above amendments to standards, improvements to various accounting standards have also been issued by the IASB in May 2020. Such improvements are generally effective for accounting periods beginning on or after 01 January 2022. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Standard			IASB effective date (annual periods beginning on or after)
IFRS 1	-	First time adoption of International Financial Reporting Standards	01 January 2004
IFRS 17	-	Insurance Contracts	01 January 2023

The Company expects that the adoption of the above revision, amendments and interpretation of the standards will not affect the Company's financial statements in the period of initial application.

3.4 Significant accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standard requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the application of Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experiences, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are documented in the following accounting policies and notes, and relate primarily to:

		Note
a)	Useful life and depreciation method of fixed assets	4.1 & 5
b)	Provision against obsolete / slow moving inventories	4.2, 8 & 9
c)	Deferred liabilities - employee benefits	4.7 & 20
d)	Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses)	4.1,13,18 & 30
e)	Impairment of non-financial assets	4.1 (d) & 5.3
d)	Impairment of financial assets	4.9 (d) & 10.3
f)	Estimation of provisions	4.14 & 22
g)	Revenue from contract with customer	4.8 & 25
h)	Disclosure related to IFRS 16 "Lease"	4.18 & 36
i)	Disclosure related to impact of non-capitalization of exchange loss	4.17 & 37
j)	Presentation of long term financing as current liabilities	4.20, 17.7 & 17.8

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, plant and equipment

a) Cost

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any, except for freehold land, which is stated at cost. Cost of operating fixed assets comprises historical cost and other expenditure pertaining to the acquisition, construction, erection and installation of these assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Major overhauling and improvements are capitalized, while all other repair and maintenance costs are charged to statement of profit or loss during the year in which they are incurred.

Further, as described in note 4.17 to the financial statements, exchange gains and losses on foreign currency denominated long term financing utilized for acquisition of assets and outstanding payable for purchase of assets are added to/deducted from cost of property, plant and equipment.

b) Depreciation

Depreciation on property, plant and equipment is charged to statement of profit or loss on straight line method so as to write off the carrying amount of an asset over its estimated useful life at the rates given in Note 5.1 to the financial statements. Depreciation charge commences from the month in which asset is available for use and no depreciation is charged in the month of disposal.

Spare parts and servicing equipment are classified as property, plant and equipment under plant and machinery rather than stores, spare parts and loose tools when they meet the definition of property, plant and equipment. Available for use capital spares and servicing equipment are depreciated over their useful lives, or the remaining life of principal asset, whichever is lower.

Estimates

Management of the Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item and the maximum period up to which such benefits are expected to be available. Any change in the estimates in future years might affect the carrying amounts of respective items of property, plant and equipment with a corresponding effect on the depreciation charge. The Company's estimate of the residual value of its operating fixed assets as at reporting date, has not required any adjustment.

c) Derecognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the statement of profit or loss in the year during which the asset is derecognized.

d) Impairment of non-financial assets

At each reporting date, the Company assesses for non-current assets other than inventories, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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 determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. Impairment losses of continuing operations are recognized in the statement of profit or loss and other comprehensive income in expense categories consistent with the function of the impaired asset. Impairment losses of continuing operations are recognized in the statement of profit or loss and other comprehensive income in expense categories consistent with the function of the impaired asset.

For non-current assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset neither exceeds its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss and other comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

e) Capital work-in-progress

Capital work-in-progress represents expenditure on property, plant and equipment which are in the course of construction and installation. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

Capital work-in-progress is stated at cost less any identified impairment loss.

4.2 Inventories

a) Stores, spares parts and loose tools

These are valued at lower of cost, determined on weighted average basis, and net realizable value. Cost represents the invoice values directly attributable thereon. Provision is made for obsolete and slow moving items, if any.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

b) Stock-in-trade

Stock-in-trade are valued at lower of cost, determined on weighted average basis, and net realizable value.

Materials-in-transit are stated at cost. Cost of items-in-transit represents the invoice value plus other charges incurred thereon till the reporting date.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessary to make the sale. Provision is made for obsolete stock-in-trade, if any.

Estimates

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made on each reporting date for excess inventories, obsolescence and declines in net realizable value and a provision is recorded against the inventory balances for any such declines.

4.3 Trade debts

Trade receivables are amounts due from the sole customer i.e. CPPA, for electricity sold in the ordinary course of business and for ensuring availability of capacity. These are due for settlement after thirty days from the date of receipt of invoice by CPPA, therefore, are classified as current. Trade receivables are recognized initially measured at there transaction price under IFRS 15 (refer to note 4.8) and subsequently measured at amortized cost less any provision for bad debt (refer to note 4.9d).

4.4 Cash and cash equivalents

Cash and cash equivalents includes cash in bank deposit accounts.

4.5 Loan, advances and other receivables

Advances are recognized at cost, which is the fair value of the consideration given. However, an assessment is made at each reporting date to determine whether there is an indication that an advance may be impaired. If such an indication exists, the estimated recoverable amount of that asset is determined and an impairment loss is recognized for the difference between the recoverable amount and the carrying value.

Further, as disclosed in note 4.9 to the financial statements, deposit, loan to related party and other receivables are recognized at amortized cost. Refer to note 4.9 (d) for policy of expected credit losses on financial assets.

4.6 Government grants

Grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, it is recognized as deferred grant and released to income in equal amounts over the expected useful life of the related asset.

4.7 Deferred liabilities - employee benefits

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

a) Defined benefit plans

The Company operates unfunded pension, post retirement free electricity and medical benefits schemes for all its permanent employees. Provisions are made, annually, to cover obligations under these schemes, by way of a charge to statement of profit or loss, calculated in accordance with the actuarial valuation. The most recent valuation in this regard was carried out as at 30 June 2021, using the Projected Unit Credit Method. All re-measurement gains and losses are recognized in 'Other Comprehensive Income net of deferred tax' as they occur.

b) Accumulating compensated absences

The employees of the Company are entitled to accumulating compensated absences, which are encash able at the time of retirement up to a maximum limit of 365 days. Actuarial gains and losses on long-term compensated absences are recognized in statement of profit or loss.

c) Other benefits

For General Provident Fund and WAPDA Welfare Fund, the Company makes deduction from salaries of the employees and remits these amounts to the funds established by WAPDA.

As the General Provident Fund and WAPDA welfare fund are maintained by WAPDA on behalf of the Company, therefore relevant disclosures required under Section 218 and Fifth Schedule of the Companies Act 2017 are not applicable on the Company.

Estimates

The Company has made certain actuarial assumption as disclosed in Note 20.4 to the financial statements for valuation of present value of defined benefit plans and accumulating compensated absences.

4.8 Revenue from contract with customer

The Company is engaged in the business of generation of electricity. The Company signed its Power Purchase Agreement (PPA) with Central Power Purchasing Agency (Guarantee) Limited (CPPA), the sole customer of Company, on 20 September 2015 for a tenure of 25 years . In accordance with the PPA , the Company has assessed the following performance obligations:

- Making capacity available; and
- Delivering Net Electrical Output (NEO).

The Company has generally concluded that it is the principal in all of its revenue arrangements.

Judgment and estimates

The Company uses significant judgement and estimates in recognition of revenue from customer as follows:

a) Estimating transaction price

Energy and capacity charges are recognized at the tariff approved by the National Electric Power Regulatory Authority (NEPRA) under the mechanism laid down in the PPA. The Company has applied the practical expedient of recognizing revenue in the amount to which the Company has a right to invoice, being a right to consideration from CPPA in an amount that corresponds directly with the value to the CPPA, of the entity's performance completed to date.

The amount of revenue recognized in respect of sale of electricity includes the estimates of variable consideration when it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur in future or when the uncertainty associated with the variable consideration is subsequently resolved. There is no significant financing component attached to the receivables from the customer.

b) Determination of timing of satisfaction of performance obligation

Revenue for:

- Sale of electricity to the CPPA (energy charges) is recognized when the Company satisfies performance obligation by delivering NEO to CPPA; and
- Capacity of the plant (capacity charges) is recognized when due, using the 'performance obligation satisfied over time' approach under IFRS 15 as the customer simultaneously receives and consumes the benefits provided by the Company's performance.

There is no significant financing component. The individual components of consideration is billed in advance on monthly basis in accordance with terms of PPA and have a credit period of 30 days.

4.9 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade debts that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade debts that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

The Company's financial assets which includes bank balances, trade debt, long term deposits, loan to related party and other receivables, are recorded at amortized cost.

b) **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments);
- Financial assets at fair
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); or
- Financial assets at fair value through profit or loss.

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and other comprehensive income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Company does not have any debt instruments at fair value through OCI.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company does not have any financial assets for which it has elected to classify irrevocably under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the profit or loss. However, the Company does not have any financial assets at fair value through profit or loss.

c) **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

d) **Impairment**

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss (except for the trade debts; which are due from Government of Pakistan in respect of circular debt as explained in note 2.2). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company considers a financial asset in default when contractual payments are significantly past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

a) **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, long-term financing and interest accrued on long-term financing.

b) **Subsequent measurement**

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortized cost (loans and borrowings)

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the profit or loss.

c) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss and other comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

4.10 Taxation

a) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The charge for income tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

i) Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. The Company takes benefit of any tax credit and rebate.

Under Power Purchase Agreement (PPA), dated 20 September 2015, with Central Power Purchasing Agency (Guarantee) Limited (CPPA), the Company can pass on the impact of any income tax paid to CPPA. In 2017, the Company filed a petition with NEPRA on 21 June 2017, for revision of tariff to incorporate the effect of the income tax paid by the Company. The management of the Company intends to recognize the resultant revenue, upon notification of new tariff, as a matter of prudence.

ii) Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.
Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Judgment and estimates

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain as these matters are being contested at various legal forums. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognized deferred tax asset to be utilized. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Off-setting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

b) Sales tax

Revenues, expenses, assets and liabilities are recognized net of the amount of sales tax except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

4.11 Trade and other payables

Trade and other payables are obligations of the Company to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

4.12 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss and other comprehensive income, unless it is included in the carrying amount of another asset, over the period of the borrowings using the effective interest method.

Fees paid on the arrangement of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down in which case the fee is deferred. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, then the fee is expensed out straightaway. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

4.13 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

Company as a lessor

Net Investment in lease

Through S.R.O No. 986 (I)/2019, dated September 02, 2019, the SECP, has granted an exemption from the requirements of IFRS - 16 "Leases" to all companies that have executed their power purchase agreements before January 1, 2019. Accordingly, the Company does not apply lease accounting to it's agreement with Central Power Purchasing Agency (CPPA) which would have been classified as lease. It is, however, mandatory to disclose the financial effect of the exemption on each item in the financial statements that would have been reported in complying with the requirements of IFRS - 16. Please refer to note 2.3 of the financial statements.

4.14 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Estimate

Management of the Company reviews status of all pending litigations and claims against the Company. Based on its judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the reporting date.

4.15 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company; or
- there is present obligation that arises from past events but 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.

4.16 Borrowing costs

General and specific borrowing 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 or sale, are capitalized to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in statement of profit or loss and other comprehensive income in the period in which they are incurred.

4.17 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss. The exchange gains and losses on foreign currency denominated long term financing utilized for acquisition of assets and outstanding payable for purchase of assets are added to/deducted from cost of property, plant and equipment, in accordance with the S.R.O. 986 (I) / 2019 dated 02 September 2019 issued by the SECP (refer to note 2.3).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

4.18 Disclosure related to IFRS 16 "Lease"

Judgement

As discussed in note 2.3, the Securities and Exchange Commission of Pakistan (SECP) has granted an exemption from the requirements of International Financial Reporting Standard (IFRS) 16 “Leases” to all companies that have executed their power purchase agreement before 2019. Accordingly the Company does not apply lease accounting to its' agreements with CPPA. It is, however, mandatory to disclose the financial effect of the exemption on each item in the financial statements that would have been reported in complying with the requirements of IFRS - 16. Accordingly, to estimate the impact, the Company has to determine the interest rate inherent in the arrangement, present value of net investment in lease, the carrying amount of the power plants and the impact of any shortfall in the capacity made available by the Company, during the year (refer note 36).

4.19 Fair value measurement

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 the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, Hydroelectric determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

As at reporting date, the Company does not have any financial or non-financial assets for which fair value modelling is required (2020: Nil).

4.20 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current or non-current classification.

An asset

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

5 PROPERTY, PLANT AND EQUIPMENT

	Note	2021	2020
		---Rupees in thousands---	
Operating fixed assets - owned	5.1	**89,687,523**	101,891,264
Capital work-in-progress	5.2	**23,786**	10,310
		89,711,309	101,901,574

5.1 Operating fixed assets - owned

	2021										
	COST					ACCUMULATED DEPRECIATION / IMPAIRMENT				WRITTEN DOWN VALUE	
	As at 01 July 2020	Additions (Note 5.1.3)	Adjustment (Note 5.1.4)	Transfers	As at 30 June 2021	As at 01 July 2020	Depreciation and impairment charge for the year (Note 5.3)	Transfers	Depreciation and impairment as at 30 June 2021	As at 30 June 2021	Depreciation rate
	--------Rupees in thousands--------					----------Rupees in thousands----------					%
Land - freehold	14,513	-	-	-	14,513	-	-	-	-	14,513	-
Civil work / building on freehold land	8,156,147	13,565	-	-	8,169,712	1,984,548	147,250	-	2,131,798	6,037,914	2
Power generation plant and equipment	122,444,282	(2,286,179)	(228,837)	1,822,845	121,752,111	33,316,307	9,022,020	294,419	42,632,746	79,119,365	3.5 - 45
General plant assets - ancillary equipment	2,966,958	1,194	-	-	2,968,152	896,000	172,202	-	1,068,202	1,899,950	4 - 25
Gas pipelines	1,595,440	-	-	-	1,595,440	292,235	48,567	-	340,802	1,254,638	3.3 - 10
Capital stores and spares	5,871,363	-	-	(1,822,845)	4,048,518	2,694,553	305,643	(294,419)	2,705,777	1,342,741	2 - 37
Furniture and fixtures	43,834	182	-	-	44,016	43,095	169	-	43,264	752	10
Vehicles	115,265	4,738	-	-	120,003	89,799	12,554	-	102,353	17,650	20
	141,207,802	(2,266,500)	(228,837)	-	138,712,465	39,316,537	9,708,405	-	49,024,942	89,687,523	

	2020										
	COST					ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE	
	As at 01 July 2019	Additions (Note 5.1.3)	Adjustment	Transfers	As at 30 June 2020	As at 01 July 2019	Depreciation and impairment charge for the year (Note 5.3)	Transfers	Depreciation and impairment as at 30 June 2020	As at 30 June 2020	Depreciation rate
	--------Rupees in thousands--------					----------Rupees in thousands----------					%
Land - freehold	14,513	-	-	-	14,513	-	-	-	-	14,513	-
Civil work / building on freehold land	7,701,030	455,117	-	-	8,156,147	1,843,358	141,190	-	1,984,548	6,171,599	2
Power generation plant and equipment	120,946,329	1,935,936	-	228,837	122,444,282	28,260,910	4,924,405	130,992	33,316,307	89,127,974	3.5 - 45
General plant assets - ancillary equipment	2,963,222	3,736	-	-	2,966,958	721,736	174,264	-	896,000	2,070,958	4 - 25
Gas pipelines	1,595,440	-	-	-	1,595,440	243,668	48,567	-	292,235	1,303,205	3.3 - 10
Capital stores and spares	6,100,200	-	-	(228,837)	5,871,363	2,414,541	411,004	(130,992)	2,694,553	3,176,810	2 - 37
Furniture and fixtures	43,834	-	-	-	43,834	42,928	167	-	43,095	739	10
Vehicles	109,837	5,428	-	-	115,265	75,474	14,325	-	89,799	25,466	20
	139,474,405	2,400,217	-	-	141,207,802	33,602,615	5,713,922	-	39,316,537	101,891,264	

5.1.1 As explained in Note 1.2, the property and rights on certain assets were transferred to the Company on 02 March 1999 by WAPDA, in accordance with the terms and conditions of the BTA, between WAPDA and the Company. However, titles of the freehold land and vehicles, in the land revenue records and with the registration authority, respectively, have not been transferred in the name of the Company.

5.1.2 The cost of the assets as on 30 June 2021 includes fully depreciated assets amounting to Rs. 14,793,775 thousand (2020: Rs. 4,718,655 thousand) which are still in use of the Company. The detail of fully depreciated power generation plant and equipment is as follow:

Thermal Power Station	**Block**	**2021**	**2020**
		----Rupees in thousands----	
	Block II	**7,463,020**	-
TPS Guddu	Block III	**3,397,165**	2,040,634
	Block IV	**606,495**	509,400
TPS Sukkur	-	**102,284**	102,284
TPS Quetta	-	**182,915**	182,915

5.1.3 The addition / deletion to power generation plant and equipment include exchange (gain) / losses on foreign currency denominated long term financing utilized for acquisition of assets and outstanding payable for purchase of assets, in accordance with the exemption granted by SECP as stated in Note 2 to the financial statements. The movement in exchange gain capitalized is as follows:

	2021	**2020**
	----Rupees in thousands----	
Cost:		
Opening balance	**21,213,613**	20,546,792
Exchange (gain) / loss during the year	**(2,296,002)**	666,821
Closing balance	**18,917,611**	21,213,613
Less:		
Accumulated depreciation:		
Opening balance	**1,182,781**	322,158
Charge during the year	**756,704**	860,623
Closing balance	**1,939,485**	1,182,781
Written down value as at 30 June	**16,978,126**	20,030,832

5.1.4 This represents adjustment to rectify incorrect capitalization of expenditure in prior year, against stores, spare parts and loose tools (Rs 210,057 thousand) and statement of profit or loss (Rs.18,780 thousand), in current year as the impact is not material to the financial statements. The related depreciation charged in prior year, amounting to Rs 80,436 thousand, has also been adjusted against current year deprecation charge .

5.1.5 On 14 December 2018, the GOP through Power Holding (Private) Limited (a company fully owned by the GOP and established to pay the power sector circular debt), has arranged Shariah Compliant Islamic Finance Facility through issuance of Sukuk-1 to Meezan Bank Limited amounting to Rs. 200,000 million, for the period of 10 years to settle the energy sector circular debts of all distribution companies (DISCOs). The facility is secured against the land owned by power sector entities comprising DISCOs / GENCOs. Accordingly, the GOP at the time of agreement hired independent valuer who has estimated the value of land. According to the said arrangement, the land of the Company worth Rs 1,428 million is also included in the security. The legal documents executed by the Company and the relevant counter parties reveal that the said assets have been leased out under Ijarah agreement to GOP with an undertaking to resell the assets to the Company at the end of Ijarah term. The proceeds of Sukuk Bonds have been retained by the PHPL and the said Sukuk and Ijarah rentals are to be repaid by the GOP. Further, according to the directives issued by the GOP vide letter No. PF-05(06)/12 dated 14 December 2018, the said transaction neither involves any physical transfer of the underlying assets nor creates any financial implication on the Company. Accordingly, the management has exercised its judgement and concluded that the conditions of transfer of control is not satisfied as per IFRS 15 and consequently, the said transaction is in substance, a financing arrangement. Accordingly, the Company is not required to derecognize the assets.

5.1.6 **Depreciation charge for the year has been allocated as under:**	**Note**	**2021**	**2020**
		----Rupees in thousands----	
Cost of revenue	26	**5,888,655**	5,599,644
Administrative expenses	27	**120,177**	114,278
		6,008,832	5,713,922

			2021	2020
5.2	**Capital work-in-progress**	Note	----Rupees in thousands----	
	Opening balance		**10,310**	-
	Additions during the year		**13,476**	10,310
		5.2.1	**23,786**	10,310

5.2.1 This represents expenditure incurred on modification of master plan for rehabilitation of residential colony.

			2021	2020
5.3	**Impairment of Turbine (GT-14), Block V**	Note	----Rupees in thousands----	
	Impairment charge for the year	5.3.1	**3,699,573**	-

5.3.1 During the year, a turbine within Block V, with a carrying value of Rs. 4,306,126 thousand, suffered damage from a fire incident on 12 February 2021. In accordance with requirements of IAS 36 "Impairment of assets", the Company determined recoverable value, amounting to Rs. 606,553 thousand, of the damaged turbine. The recoverable value was based on the Company's estimate of its fair value less cost to sell, calculated on the basis of discount offered by a vendor for installation of a new turbine against exchange of damaged turbine. Accordingly, the Company has recognized an impairment charge of Rs. 3,669,573 thousand, as part of cost of revenue, in the statement of profit or loss (refer to note 26). Subsequent to reporting date, the turbine (GT-14) has been repaired and the installed capacity of Block V has been restored.

The fair value hierarchy for the estimate of recoverable value is 'Level 3'. The vendor has based its offer of discount exchange of damage turbine on physical inspection. Accordingly, management is confident that its estimate for recoverable value is reasonable and is not sensitive to any external factor.

			2021	2020
6	**LONG TERM ADVANCES - unsecured**	Note	----Rupees in thousands----	
	Opening Balance		**63,285**	62,049
	Additions		**19,477**	18,727
	Payments		**(19,775)**	(17,491)
	Closing	6.1	**62,987**	63,285
	Less: Current portion of long-term advances	11	**(11,028)**	(11,630)
			51,959	51,655

6.1 Advances for house building and purchase of land are recoverable over 10 years, whereas, advances for car / motorcycle are recoverable over 5 years. Interest is charged on these advances at the same interest rate as that payable on the employees' balances with the General Provident Fund, maintained by WAPDA.

			2021	2020
7	**LONG TERM DEPOSITS**	Note	----Rupees in thousands----	
	Long term deposits	7.1	**281**	281

7.1 This include deposit amounting to Rs. 280 thousand (2020: Rs. 280 thousand) paid to Telegraph Office - Sukkur, Government of Pakistan. Impact of any discounting is considered to be insignificant.

			2021	2020
8	**STORES, SPARE PARTS AND LOOSE TOOLS**	Note	----Rupees in thousands----	
	TPS Guddu		**4,105,726**	3,728,987
	Less: Provision for slow moving / obsolete items		**(95,402)**	(95,402)
			4,010,324	3,633,585
	TPS Quetta		**159,062**	159,062
	Less: Provision for slow moving / obsolete items		**(159,062)**	(159,062)
			-	-
	TPS Sukkur		**24,607**	24,607
	Less: Provision for slow moving / obsolete items		**(24,607)**	(24,607)
			-	-
		8.1	**4,010,324**	3,633,585

8.1 Movement during the year is as follows:	Note	2021	2020
		----Rupees in thousands----	
Opening balance		**3,912,656**	2,610,304
Additions during the year	8.2	**428,596**	2,040,254
		4,341,252	4,650,558
Less:			
Issuance during the year (net of transfer in from operating fixed asset)		**(51,857)**	(721,366)
Written off during the year		**-**	(16,536)
		(51,857)	(737,902)
		4,289,395	3,912,656
Less: Provision for slow moving / obsolete items		**(279,071)**	(279,071)
		4,010,324	3,633,585

8.2 This mainly represent purchase of store, spare parts and loose tools for use in Central store, Block I, Block II and Block V, situated at TPS Guddu.

	Note	2021	2020
		----Rupees in thousands----	
9 STOCK-IN-TRADE	9.1	**955**	928,352

9.1 This represents high speed diesel (2020: furnace oil and high speed diesel), initially procured to be used in the generation of electricity and testing of power plants.

9.2 Movement in stock-in-trade during the year is as follows:	Note	2021	2020
		----Rupees in thousands----	
Opening balance		**928,352**	928,352
Transferred to Northern Power Generation Company Limited	9.2.1	**(744,494)**	-
Written off during the year	9.2.2 & 27	**(182,656)**	-
Others		**(247)**	-
		955	928,352

9.2.1 During the year, the Company has transferred 10,119.87 MT of furnace oil, to related party, at their original purchase cost (average rate of Rs. 73,568 per MT) plus store handling charges (refer to note 28), in accordance with the Board of Directors of the Company's decision in their meeting held on 27 August 2020.

9.2.2 During the year, the Company carried out test of its stock of furnace oil, resulting in identification of 2,484 MT of furnace oil of unusable condition.

10 TRADE DEBT - unsecured	Note	2021	2020
		----Rupees in thousands----	
Receivable from CPPA	10.1 - 10.5	**83,713,556**	68,979,818
Less: Provision for bad debt	10.4	**(8,675,424)**	(706,626)
		75,038,132	68,273,192

10.1 Movement in receivable from CPPA during the year is as follows:

	Note	2021	2020
Opening balance		**68,979,818**	54,891,087
Revenue recognized during the year and related sales tax	25	**58,938,218**	76,204,531
		127,918,036	131,095,618
Less:			
Funds received during the year		**(43,310,500)**	(62,115,800)
Other adjustments	10.2	**(893,980)**	-
		(44,204,480)	(62,115,800)
Closing Balance	10.3	**83,713,556**	68,979,818

10.2 This includes an amount of Rs. 825,460 thousand (2020: Rs. Nil), which represented Output sales tax recognized by the Company in respect of invoices for Energy Purchase Price (EPP), for the period from March 2014 to December 2020, for supply of electricity from Block V under open cycle operation. The Company had not deposited the output sales tax with taxation authorities, pending decision of NEPRA to allow the Company to charge tariff under open cycle operation. During the year, on 28 December 2020, NEPRA determined that tariff under open cycle operation will only be available, to the Company, with effect from date of decision. Accordingly, as explained below in note 10.4, the Company has recognized a provision for bad debt, against related amount of revenue previously recognized as receivable from CPPA; as a matter of prudence. The Company has also derecognized the receivable in respect of Output sales tax due on this amount of revenue, by increasing the amount of Tax refund due from Government.

The Company had filed applications for leave to review this determination, however, subsequent to the reporting date, NEPRA has determined that such requests are not maintainable.

10.3 This includes following disputed receivable against supply of electricity:

		Gross receivables		Provision for bad debt	
		2021	2020	2021	2020
		----Rupees in thousands----		----Rupees in thousands----	
On open cycle generation	10.3.1	**15,719,124**	12,651,277	**4,855,650**	-
From TPS Quetta	10.3.2	**2,016,726**	2,016,726	**2,016,726**	-
From rental power project Naudero-I	10.3.3	**722,852**	722,852	**722,852**	-
Others		**373,570**	-	**373,570**	-
		18,832,272	15,390,855	**7,968,798**	-
General		**-**	-	**706,626**	706,626
		18,832,272	15,390,855	**8,675,424**	706,626

10.3.1 This represents amount receivable from CPPA in respect of supply of electricity on open cycle generation of the Company. The Company had invoiced CPPA, against the electricity supplied from Block V using rates applied for open cycle generation, which has not been acknowledged by CPPA on the basis of NEPRA's determination dated 27 April 2018, which stated that no such rates were allowed to the Company. During the year, on 28 December 2020, NEPRA has again disallowed the additional rate for open cycle component. The Company is confident that it has acted on instructions of National Transmission and Dispatch Company Limited (NTDC) and accordingly is entitled to recover whole of the tariff at rates applicable to open cycle generation. During the year, based upon legal advice from independent lawyer regarding probability of recovery and as a matter of prudence, the Company has recognized provision of Rs. 4,855,650 thousand.

10.3.2 This represents claims of the Company against supply of electricity from TPS Quetta. The amount is disputed between CPPA-G due to non-availability of the tariff determination from NEPRA for the same. The management of the Company based on the opinion of legal advisor is confident that is entitled to whole of the billed amount however, owing to lack of progress in recovery process and decreased capacity of end consumers to bear additional burden, management is not hopeful of early recovery. Accordingly, as a matter of prudence, during the year, the Company has recognized provision of Rs. 2,016,726 thousand.

10.3.3 This represents invoices against supply of electricity from rental power project Naudero-I for the period from May 2010 to March 2012 amounting to Rs. 1,639,293 thousands in gross. The amount is not processed by CPPA on the grounds that honorable Supreme Court of Pakistan (SCP) had declared all the contracts with rental power projects void ab initio. The Company is confident that it is entitled to whole of the billed amount, as the related electricity was supplied upon the instructions of National Transmission and Dispatch Company Limited. Previously, being prudent, the management had only recorded receivable balance amounting to Rs. 722,852 thousands which comprises only fuel cost and fixed cost component of the invoices excluding sales tax. Owing to lack of progress in recovery process and decreased capacity of end consumers to bear additional burden, management is not hopeful of early recovery. Accordingly, as a matter of prudence, during the year, the Company has recognized provision of Rs. 722,852 thousand.

10.4 This represents the provision for bad debt against the long term receivable from CPPA, movement is as follows:

	Note	2021	2020
		----Rupees in thousands----	
Balance as at 01 July		**706,626**	706,626
Provision for bad debt charge for the year		**7,968,798**	-
Balance as at 30 June	**10.4.1**	**8,675,424**	706,626

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10.4.1 In addition to provision for bad debts recognized in note 10.3, the Company has recognized a provision of Rs.373,570 thousand, against other miscellaneous differences identified during a reconciliation exercise with CPPA. Further, as a matter of prudence, the Company has recognized a general provision amounting to Rs. 706,626 thousand (2020: Rs. 706,626 thousand).

10.5 Maximum amount outstanding at anytime during the year with reference to month end was Rs. 84,649,068 thousand (2020: Rs. 79,177,746 thousand).

10.6 As of reporting date, the outstanding amount of trade debt includes an amount of Rs 2,554,540 thousand (2020: 4,882,671 thousand).

10.7 CPPA is a GOP owned company and accordingly, related credit risk is minimal and as of reporting date no objective evidence of impairment exist. The management has not recognized any provision on the amount receivable from CPPA except for matter where the Company is in dispute with CPPA and it is unlikely to receive the outstanding amount as discussed in note 10.3. Further, as explained in Note 2.2, the Company is exempt from the application of expected credit loss method in accordance with IFRS 9 on these trade debt.

10.8 Terms and conditions:

The payment term of receivables are 30 days from the receipt of invoice by CPPA. The aging analysis is provided in Note 33.1.

11 ADVANCES, LOAN AND PREPAYMENTS

	Note	2021	2020
		----Rupees in thousands----	
Advances - unsecured	11.1	**588,056**	604,028
Loan to related party	11.2	**608,297**	424,770
Prepayments		**3,996**	1,104
		1,200,349	1,029,902

11.1 Advances - considered good

	Note	2021	2020
Advances to employees against:			
- Travelling		**61**	180
- Other expenses		**588**	1,057
		649	1,237
Advances to suppliers / contractors	11.1.1	**618,132**	632,914
Current portion of long term advances	6	**11,028**	11,630
		629,809	645,781
Less: Provision for doubtful advances	11.1.2	**(41,753)**	(41,753)
		588,056	604,028

11.1.1 This includes an advance of Rs. 439,141 thousand (2020: Rs. 491,022 thousand) paid to the Chief Resident Representative Karachi (CRRK) WAPDA, an associated entity, for the import of equipment, stores and spare parts.

Maximum amount outstanding with CRRK WAPDA at anytime during the year with reference to month end amounted to Rs. 494,570 thousand (2020: Rs. 639,296 thousand).

11.1.2 These represent advances extended to following parties against rental power projects:

Party Name	Project	2021	2020
		----Rupees in thousands----	
Pakistan Power Resource-LLC	110 MW Guddu	**1,404**	1,404
Walters Power International	51 MW Naudero-I	**40,349**	40,349
		41,753	41,753

The Company has issued demand notices for recovery of these advances. The matter is under investigation by the National Accountability Bureau (NAB), as part of the larger investigation ordered by the Honorable Supreme Court of Pakistan into rental power projects. The management of the Company is confident about the recovery of advances, however, as a matter of prudence, the Company has recognized a provision against the full amount.

11.2 This represents loan given to Lakhra Power Generation Company Limited (GENCO-IV), an associated company. The loan is interest free and has been given under the instructions of GOP and approval of the Board of Directors. As of reporting date, management was confident that the due amount will be recovered within twelve (12) months of reporting date. Management has assessed that the related credit risk is minimal, as GENCO-IV is wholly owned by a sovereign, and accordingly the impact of expected credit loss, which is insignificant and primarily relates to time value of money, has not been recognized in the financial statements. Also refer to discussion regarding ECL on amount due from associated undertakings in note 12.3. The maximum amount outstanding at any time during the year with reference to month end amounted to 608,297 thousand (2020: Rs. 424,770 thousand).

12 OTHER RECEIVABLES

	Note	2021	2020
		----Rupees in thousands----	
Due from:			
Associated undertakings	12.1	**1,816,055**	994,006
Walters Power International	12.2	**194,056**	194,056
		2,010,111	1,188,062
Accrued interest on bank deposits		**19,811**	9,404
Less:		**2,029,922**	1,197,466
Allowance for expected credit loss from Walter Power International	12.2 & 12.3	**(194,056)**	(194,056)
		1,835,866	1,003,410

12.1 Due from associated undertakings

	Note	2021	2020
WAPDA	12.1.1	**144,798**	135,327
Northern Power Generation Company Limited (GENCO-III)	12.4	**1,586,978**	767,701
Chief Resident Representative Karachi (CRRK)		**370**	6,532
Jamshoro Power Generation Company Limited (GENCO-I)		**83,909**	84,446
	12.1.2	**1,816,055**	994,006

12.1.1 The net amount includes a receivable from WAPDA as follows:

	2021	2020
WAPDA Welfare Fund	**42,244**	32,773
Others	**102,554**	102,554
	144,798	135,327

12.1.2 Maximum amounts outstanding at anytime during the year calculated with reference to month end balance as follows:

	2021	2020
	----Rupees in thousands----	
WAPDA	**42,244**	39,638
Northern Power Generation Company Limited (GENCO-III)	**1,608,619**	771,239
Jamshoro Power Generation Company Limited (GENCO-I)	**84,606**	85,861

The receivable is unsecured and is neither past due nor impaired.

12.2 This amount is receivable from Walters Power International against the cost of gas used during the trial run period, paid by the Company, in the year ended 30 June 2010 and 2011. The amount is doubtful due to ongoing investigation of NAB as disclosed above in Note 11.1.2. Therefore, being prudent, the Company has recognized a provision against the full amount.

12.3 Allowance for expected credit loss

	2021	2020
	----Rupees in thousands----	
Balance as at 01 July	**194,056**	194,056
Charge for the year	**-**	-
Balance as at 30 June	**194,056**	194,056

The Company's receivable from associate undertaking is not exposed to significant credit risk as any default by an undertaking controlled by GOP would either result in payment of compensation by GOP or adjustment against balances owed by the Company to other associate undertaking controlled by GOP (refer to note 21.2). Accordingly, the Company has not recognized ECL against these balances.

12.4 During the year, the Company has recognized a receivable of Rs. 818,944 thousand against supply of furnace oil and related store handling charges, refer to note 9.2.1. Subsequent to the reporting date, the receivable has been settled.

13	**TAX REFUNDS DUE FROM THE GOVERNMENT**	**Note**	**2021**	**2020**
			----Rupees in thousands----	
	Sales tax	13.1	**5,625,037**	4,274,507
	Less : Provision for doubtful refunds		**(492,807)**	(492,807)
	Sales tax - net		**5,132,230**	3,781,700
	Income tax		**(263,604)**	480,823
			4,868,626	4,262,523
	Income tax payable - presented under current liabilities		**263,604**	-
			5,132,230	4,262,523

13.1 This includes an amount of Rs. 100,000 thousand deposited by the Company in 2017 under the protest, in the government treasury, in response to a verbal demand of the taxation authorities. The management is confident of full recovery.

Further, an amount of Rs 671,126 thousand (2020: Rs 1,839,220 thousand), representing output sales tax on invoices for open cycle generation for Blocks I and II, has been set off against the sales tax refund due from the Government but have not been included in sales tax return pending acknowledgement of invoices by CPPA.

14	**BANK BALANCES**	**Note**	**2021**	**2020**
			----Rupees in thousands----	
	Deposit accounts - local currency	14.1	**5,294,409**	10,166,613

14.1 These carry interest ranging from 6.2% to 7.2% (2020: 7.5% to 12.7%) per annum.

15	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL**	**Note**	**2021**	**2020**
			----Rupees in thousands----	
	50,000 (2020: 50,000) ordinary shares of Rs. 10 each, fully paid in cash	15.1	**500**	500

15.1 All the shares are held by the Government of Pakistan (GOP).

16	**SHARE DEPOSIT MONEY**			
	Incorporation expenses incurred by WAPDA		**5,020**	5,020
	Allocation of debt services liability	16.1	**3,070,460**	3,070,460
	Conversion of long term loan	16.2	**268,439**	268,439
		16.3	**3,343,919**	3,343,919

16.1 This represents the debt services provided by WAPDA on foreign relent and cash development loans, against which the Company will issue shares to WAPDA, upon WAPDA's instructions.

16.2 This represents the conversion of long-term loans obtained by WAPDA, and payable to the GOP, into equity of the GOP in WAPDA. WAPDA has passed this effect to the Company. The Company will issue shares to WAPDA, upon WAPDA's instructions.

16.3 The Company has not yet announced the offer for issue of shares. Accordingly, the limit for issuance of shares has not commenced under the relevant legal and regulatory framework. Thus, despite non issuance of shares, the share deposit money is not being treated as loan, in accordance with the provision of section 199 of the Companies Act, 2017.

17 LONG TERM FINANCING

	Note	2021	2020
		----Rupees in thousands----	
			Restated
From financial institutions, secured			
Foreign direct loans	17.1	**28,553,696**	39,135,390
From related party, unsecured			
Foreign relent loans	17.2	**133,854**	133,854
Cash development loans			
- For 747MW	17.3	**7,873,397**	7,873,396
- For general purpose	17.4	**171,142**	171,142
		8,044,539	8,044,538
Accrued finance cost	23	**8,212,660**	7,485,515
		44,944,749	54,799,297
Less : Current portion shown under current liabilities			
Foreign direct loans		**28,553,696**	39,135,390
Foreign relent loans		**133,854**	133,854
Cash development loans:			
- For 747MW		**7,873,397**	7,873,396
- For general purpose		**171,142**	171,142
	17.7 & 17.8	**36,732,089**	47,313,782
Current portion of accrued finance cost	23	**8,212,660**	7,485,515
Non-Current portion of long term finance		**-**	-

17.1 This represents an export credit facility obtained from a consortium of banks for a period of 6 years, with Hong Kong Shanghai Banking Corporation and The Export-Import Bank of China as the mandated lead arrangers, having a sanctioned limit of $ 464,084,737. The last tranche was drawn during 2016. Actual drawdown amounted to $ 463,826,843 equivalent to Rs. 48,701,818 thousand at spot exchange rate. The loan was obtained to finance the 747 MW power generation plant, and is repayable in eighteen equal semi-annual instalments commencing from 21 January 2016. The loan carries mark-up at the rate of LIBOR plus 2.4% with the effective interest rate of 2.63% as of 30 June 2021 (2020: LIBOR plus 2.4% with the effective interest rate of 4.2%). The loan is secured by way of a guarantee issued by the President of the Islamic Republic of Pakistan, through the Ministry of Finance and Revenue (MoFR). Refer to note 17.8 for discussion of event of default.

17.2 These represent various re-lent loans granted to the Company from MoFR through WAPDA, for the purpose of meeting cash requirements of the Company. These loans were payable in 12 to 13 equal annual installments, commencing from 30 June 2004. The interest rate on these loans is 11% (2020: 11%) per annum. The Company has not made any payment to settle the principal, and related interest accrued, since the year ended 30 June 2015. However, the Company intends to settle the outstanding balance in due time, after receipt of specific instructions from MoFR.

17.3 These represent three loans obtained by the Company from MoFR for financing for Block V power generation plant. The loans are repayable in 20 annual instalments, commencing from 30 June 2011. The interest rate on these loans ranges from 12.64% to 13.61% (2020: 12.64% to 13.61%) per annum. The interest payment commenced from 30 June 2016. The Company has not made any payment to settle the principal, and related interest accrued, since the year ended 30 June 2015. However, the Company intends to settle the outstanding balance in due time, after receipt of specific instructions from MoFR.

17.4 These represent two loans obtained by the Company from MoFR through WAPDA for the purpose of meeting general cash requirements of the Company. These loans are repayable in 20 equal annual instalments, commencing from 30 June 2004. The interest rate on these loans ranges from 17.71% to 18.03% (2020: 17.71% to 18.03%) per annum. The Company has not made any payment to settle the instalments, and related interest accrued, since the year ended 30 June 2015. However, the Company intends to settle the outstanding balance in due time, after receipt of specific instructions from MoFR.

17.5 As at 30 June 2021, total loan instalments and interest accrued amounting to Rs. 950,071 (2020: Rs. 759,843) thousand and Rs. 6,176,297 (2020: Rs. 5,195,460) thousand, respectively, are overdue. The remaining outstanding balances and the related interest accrued will also be settled upon specific instructions from MoFR. All of the balances have been shown under current liabilities (refer to note 17.7) and no interest is charged on the outstanding balance, after their due dates.

17.6 The movement in long term financing is as follows:

	2021	2020
	----Rupees in thousands----	
Opening balance	**47,313,782**	54,805,875
Repayments during the year	**(8,507,357)**	(8,154,592)
Exchange (gain) / loss for the year - net	**(2,074,337)**	662,499
	36,732,088	47,313,782

17.7 The Company did not repay the instalment of foreign relent loans (FRL) and cash development loans (CDL) as per agreed repayment schedules. The Company does not have an unconditional right to defer the settlement of these loans for at least twelve months after the reporting date. As a result of being in default of these loans, the management has classified the FRLs and CDLs amounting to Rs. 133,854 thousand (2020: 133,854 thousand) and Rs. 8,044,538 thousand (2020: 8,044,538 thousand), respectively, as current liabilities. Additional interest has, however not been charged on the outstanding balances, after their due dates.

Refer to note 40 for the effect of retrospective classification of these loans as current liabilities. Also refer to note 17.8, for discussion of effect of this default on classification of foreign direct loan (FDL).

17.8 As disclosed in note 17.7, the Company did not repay instalments of FRL and CDL as per agreed repayment schedule, which constitute a default event under the financing document for FDL. Accordingly, the Company does not have an unconditional right to defer the settlement of this loan for at least twelve months after the reporting date. As a result, the management has classified the whole amount of loan as current.

Refer to note 40 for the effect of retrospective classification of this loan as current liabilities.

18 DEFERRED TAXATION - NET

	2021	2020
	----Rupees in thousands----	
Deferred tax liability resulting from:		
Accelerated depreciation on property, plant and equipment	**15,175,564**	16,813,410
Deferred tax asset resulting from:		
Unabsorbed depreciation	**(3,455,835)**	(5,218,661)
Deferred liabilities - employee benefits	**(9,085,108)**	(8,961,315)
Provision for doubtful debts	**(2,515,873)**	(204,922)
Provision for disputed gas payables	**(118,748)**	(118,748)
	(15,175,564)	(14,503,646)
	-	2,309,764

Based on Company's assessment of future taxable profits from business activities, the Company has restricted the recognition of deferred tax asset on deductible temporary differences and tax credit to the extent of related tax liability on taxable temporary differences. Accordingly, the Company has not recognized deferred tax asset against deductible temporary differences arising on provision for liquidity damages and provision for bad debts, amounting to Rs. 15,538,358 thousand and Rs. 5,260,161 thousand, respectively.

19 DEFERRED GRANT

	Note	2021	2020
		----Rupees in thousands----	
Opening balance		**198,591**	397,181
Less: Amortized during the year	28	**(198,591)**	(198,590)
		-	198,591

19.1 This represented the grant received from United States Agency for International Development (USAID) for major overhauling of the 600 MW plant of the Company.

20 DEFERRED LIABILITIES - EMPLOYEE BENEFITS

Four types of staff benefits are offered by the Company itself, namely pension obligations, medical benefits, free electricity and accumulated compensated absences.

	---- Defined benefit scheme ----						--- Other long-term benefit ---			
	Pension obligations - unfunded		Medical benefits		Free electricity		Accumulated compensated absences		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	---- Rupees in thousands ----									
20.1 The amounts recognized in the statement of financial position										
Present value of defined benefit obligations	**26,350,213**	24,604,429	**1,988,990**	3,467,102	**2,304,331**	2,086,692	**684,423**	742,862	**31,327,957**	30,901,085
20.2 Changes in the present value of defined benefit obligations:										
Opening balance	**24,604,429**	21,720,692	**3,467,102**	2,625,777	**2,086,692**	2,255,177	**742,862**	826,478	**30,901,085**	27,428,124
Current service cost	**186,162**	188,027	**16,347**	57,456	**93,011**	85,642	**287**	493	**295,807**	331,618
Interest cost	**2,410,704**	3,080,161	**340,957**	373,720	**208,548**	326,949	**69,967**	111,867	**3,030,176**	3,892,697
Benefits paid during the year	**(994,704)**	(956,407)	**(115,056)**	(96,796)	**(2,423)**	(716)	**(86,378)**	(82,898)	**(1,198,561)**	(1,136,817)
Actuarial loss / (gain) on obligation	**143,622**	571,956	**(1,720,360)**	506,945	**(81,497)**	(580,360)	**(42,315)**	(113,078)	**(1,700,550)**	385,463
Balance at the end of the year	**26,350,213**	24,604,429	**1,988,990**	3,467,102	**2,304,331**	2,086,692	**684,423**	742,862	**31,327,957**	30,901,085
20.3 Charge for the year to:										
Profit or loss										
Current service cost	**186,162**	188,027	**16,347**	57,456	**93,011**	85,642	**287**	493	**295,807**	331,618
Interest cost	**2,410,704**	3,080,161	**340,957**	373,720	**208,548**	326,949	**69,967**	111,867	**3,030,176**	3,892,697
Actuarial (gain) / loss recognized	**-**	-	**-**	-	**-**	-	**(42,315)**	(113,078)	**(42,315)**	(113,078)
	2,596,866	3,268,188	**357,304**	431,176	**301,559**	412,591	**27,939**	(718)	**3,283,668**	4,111,237
Other comprehensive income										
Actuarial loss / (gain) as a result of experience adjustments	**143,622**	571,956	**(1,720,360)**	506,945	**(81,497)**	(580,360)	**-**	-	**(1,658,235)**	498,541
20.3.1 Charge to profit or loss has been allocated as follows:										
Cost of revenue	**2,415,085**	3,039,415	**332,293**	400,994	**280,450**	383,710	**25,983**	(668)	**3,053,811**	3,823,451
Administrative expenses	**181,781**	228,773	**25,011**	30,182	**21,109**	28,881	**1,956**	(50)	**229,857**	287,786
	2,596,866	3,268,188	**357,304**	431,176	**301,559**	412,591	**27,939**	(718)	**3,283,668**	4,111,237

20.4 Significant actuarial assumptions at the reporting date are:

	Defined benefit scheme						Other long-term benefit	
	Pension obligations - unfunded		Medical benefits		Free electricity		Accumulated compensated absences	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Discount rate	**10.38%**	10.00%	**10.38%**	10.00%	**10.38%**	10.00%	**10.38%**	10.00%
Future salary increase	**10.38%**	10.00%	**10.38%**	10.00%	-	-	**10.38%**	10.00%
Long-term salary increase rate	**10.38%**	10.00%	**10.38%**	10.00%	-	-	**10.38%**	10.00%
Indexation rate	**8.25%**	8.00%	-	-	-	-	-	-
Medical indexation rate - medical allowance	-	-	**2.50%**	2.50%	-	-	-	-
Medical indexation rate - medical facility	-	-	**10.00%**	10.00%	-	-	-	-
Annual medical claim - medical facility	-	-	**Rs.35,434p.a.**	Rs.63,864p.a.	-	-	-	-
Electricity indexation rate (p.a.)	-	-	-	-	**8.25%**	8.00%	-	-

20.5 Historical information:

	Experience adjustments on obligations				Present value of defined benefit obligations			
	Pension obligations	Medical benefits	Free electricity	Compensated absences	Pension obligations	Medical benefits	Free electricity	Compensated absences
	Rupees in thousands				Rupees in thousands			
2021	**143,622**	**(1,720,360)**	**(81,497)**	**(42,315)**	**26,350,213**	**1,988,990**	**2,304,331**	**684,423**
2020	571,956	506,945	(580,360)	(113,078)	24,604,429	3,467,102	2,086,692	742,862
2019	1,008,879	(80,769)	981,573	21,222	21,720,692	2,625,777	2,255,177	826,478
2018	731,079	(105,293)	(1,397,001)	26,293	19,370,212	2,475,945	1,079,291	795,919
2017	440,887	406,356	(1,293,223)	64,214	16,556,695	2,268,604	2,183,122	717,986
2016	1,601,587	(470,753)	957,121	-	14,931,811	1,677,886	3,175,018	643,778

20.6 Risks associated with the above benefits:

The defined benefit plans expose the Company to the following risks:

Final salary risk - The risk that the final salary at the time of cessation of service is greater than what was assumed.

Longevity risks - The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Withdrawal risk - The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

20.7 Sensitivity analysis

The calculations of the defined benefit obligation and other long-term benefit are sensitive to the significant actuarial assumptions, as disclosed in Note 20.4.The table below summarizes how the defined benefit obligation and long-term benefit at the end of the reporting period would have increased / decreased, as a result of change in respective significant assumptions:

	Impact on defined benefit	
	1% increase in assumption	1% decrease in assumption
	----Rupees in thousands----	
Discount rate		
Pension obligation - unfunded	23,479,915	30,876,352
Medical benefits	1,657,266	2,396,600
Free electricity	2,311,613	3,178,619
Accumulated compensated absences	633,002	744,336
Salary increase rate		
Pension obligation - unfunded	26,851,775	25,854,225
Medical benefits	750,215	627,074
Pension indexation rate		
Pension obligation - unfunded	30,421,410	23,732,190
Medical inflation rate		
Medical benefits	2,425,679	1,639,564
Electricity indexation rate		
Free electricity	3,220,177	2,276,425

20.8 As at reporting date, the weighted average life of the defined benefit and long term benefit scheme was 14 years (2020: 14 years).

20.9 Expected defined benefit cost to be recognized for the year ended 30 June 2022, would be as follows:

	Rupees in thousands
Pension obligations - unfunded	**2,914,531**
Medical benefits	**222,568**
Free electricity	**380,850**
Accumulated compensated absences	**70,855**
	3,588,804

21 TRADE AND OTHER PAYABLES

	Note	2021	2020
		----Rupees in thousands----	
Trade creditors	21.1	**107,623,598**	91,184,218
Payable for capital expenditure		**419,374**	420,127
Payable to General Electrics (GE)		**823,337**	4,816,681
Due to associated undertakings	21.2	**8,014,513**	7,161,404
Amounts withheld from gas suppliers		**409,477**	409,477
Accrued liabilities		**180,088**	409,199
Retention money payable		**5,843**	4,278
Withholding tax payable		**26,861**	11,073
Other liabilities		**45,206**	44,183
		117,548,297	104,460,640

21.1 This includes amount of Rs. 28,422 million payable to MPL, Rs. 65,310 million payable to PPL and Rs. 21,729 million to SNGPL (government owned entities / related parties). The aforementioned amounts are inclusive of Gas Infrastructure Development Cess (GIDC) payable to gas suppliers amounting to Rs. 6.9 million in aggregate. The GIDC payable by the Company forms part of the tariff approved by NEPRA. The movement is as follows:

	2021	2020
	----Rupees in thousands----	
Opening balance	**10,473,482**	11,096,016
Accrued during the year	**632,979**	6,130,456
Payment during the year	**(4,207,854)**	(6,752,990)
	6,898,607	10,473,482

21.2 Due to associated undertakings

This represents the net amounts payable to various related parties on account of free electricity provided to the families of the Company's employees, residing within the territorial jurisdiction of these related parties, and payments of other expenses incurred on behalf of the Company. A party wise breakup is as follows:

	2021	2020
	----Rupees in thousands----	
Faisalabad Electric Supply Company Limited	**9,138**	7,745
Gujranwala Electric Power Company Limited	**4,001**	3,533
Hyderabad Electric Supply Company Limited	**1,508,590**	1,503,880
Quetta Electric Supply Company Limited	**4,647**	4,344
Islamabad Electric Supply Company Limited	**6,801**	6,018
Lahore Electric Supply Company Limited	**9,644**	7,526
Multan Electric Power Company Limited	**88,647**	68,468
Peshawar Electric Supply Company Limited	**3,808**	3,431
Sukkur Electric Power Company Limited	**6,006,674**	5,184,040
WAPDA	**48,015**	48,015
National Transmission Dispatch Company Limited	**299,176**	299,180
Lakhra Power Generation Company Limited (GENCO-IV)	**5,314**	5,167
GENCO Holding Company Limited	**20,058**	20,057
	8,014,513	7,161,404

21.2.1 Trade payables to related parties mainly represent payable against purchase of goods, services and expenses. These payables are non-interest bearing and are normally settled in ordinary course of business.

	Note	2021	2020
		----Rupees in thousands----	
22 PROVISION FOR LIQUIDATED DAMAGES	22.1	**15,538,358**	-

22.1 CPPA has imposed liquidated damages on the Company, alleging that the Company has availed higher outages than allowed under the Company's PPA, for the period from FY 2015 to FY 2020. Ministry of Energy, via letter dated 16 November 2022, has formed a committee to ensure settlement of these damages after verification of quantum of outages. The Company's regulator, NEPRA has instructed CPPA to ensure timely recovery of these damages. Management of the Company is confident that they will be able to minimize the quantum of liquidate damages based on their contention that majority of outages cost by factor beyond the Company. Owing to persistent instruction by NEPRA to CPPA, to ensure immediate recovery of damages, the Company has recognized provision for the whole amount of the demand raised by CPPA, as a matter of prudence.

23 INTEREST ACCRUED ON LONG TERM FINANCING	2021	2020
	----Rupees in thousands----	
Foreign direct loan	**334,507**	747,563
Guarantee fee on foreign direct loan	**1,701,855**	1,542,491
Foreign relent loan	**15,668**	15,668
Cash development loans:		
For 747MW	**6,010,224**	5,045,736
For general purpose	**150,406**	134,057
	6,160,630	5,179,793
	8,212,660	7,485,515

24 CONTINGENCIES AND COMMITMENTS

24.1 Contingencies:

24.1.1 A large number of small cases have been filed against the Company, primarily by the Company's employees and vendors, the quantum of which cannot be estimated reliably. However, the management is of the view that in the overall context of these financial statements, there would be no significant liability on the part of the Company, in respect of such cases.

24.1.2 The Company has not accounted for interest on overdue payments of its gas suppliers i.e. Pakistan Petroleum Limited (PPL) and Mari Petroleum Company Limited (MPCL), amounting to Rs. 22,439,034 (2020: Rs. 17,145,233) thousand and Rs. 7,981,745 (2020: Rs. 4,944,575) thousand respectively, as calculated by the Company against Rs. 29,582,935 (2020: Rs. 22,011,848) thousand demanded by PPL and Rs.15,499,117 (2020: Rs. 13,715,439) thousand demanded by MPCL. The Company has signed Gas Supply Agreement and Gas Sales Term Sheet with PPL, on 23 October 2017, and MPCL, on 20 June 2017, effective from 08 May 2013 and 09 February 2016 respectively. These arrangements replaced the previous Gas Supply Agreements (Old GSAs) signed between WAPDA and these counterparties, with effect from respective effective date. The respective Gas Supply Agreements and Gas Sales Term Sheet with PPL and MPCL require the Company to pay Late Payment Surcharge (LPS), at the rate of six months KIBOR + 2.5% and at an average rate of six months KIBOR + 2.5%, respectively. LPS was also payable under the Old GSAs. The Company, however, has not yet made a final estimate of the amount which the Company shall be liable to pay in respect of LPS; and is currently in negotiation with MPCL and PPL to waive off any LPS. As management is confident that the LPS shall be waived off by the respective parties, the related charges have not been recognized by the Company in these financial statements.

Further, the Company has claimed LPS from Central Power Purchasing Agency – (Guaranteed) Limited (CPPA) due to delayed payments by CPPA amounting to Rs. 25,635,958 (2020: Rs. 18,062,870) thousand. However, the Company has not recognized the amount receivable in these financial statements.

Moreover, finalization of agreement with SNGPL is in process, whereas, the Company has ceased to purchase gas from SSGCL. SNGPL have demanded Rs.12,602,038 (2020: Rs. 13,661,664) thousand as interest on overdue payments. The management of the Company contends that the Company is only liable to pay the interest after formal terms and conditions have been agreed with these gas suppliers, as management is confident that in the absence of any formal agreement, there is no contractual or legal obligation to pay interest.

24.1.3 The Company has withheld payment of its contribution towards the Workers' Profit Participation Fund (WPPF). The matter is pending for decision with the Economic Coordination Committee upon a recommendation submitted by WAPDA to exempt the corporatized entities under its umbrella, from the requirements of the Companies Profit (Workers' Participation) Act, 1968, and accordingly, the Company has not made a provision against WPPF, amounting to Rs. Nil (2019 & 2020: Rs. 250 million & Rs.158 million), in respect of the current year.

24.1.4 For the Tax Year 2011, the Assistant Commissioner Inland Revenue (ACIR) passed an order under section 122(1)/(5) of the Income Tax Ordinance, 2001 (the Ordinance) while disallowing certain expenses claimed by the Company and imposition of minimum tax, resulting in an impugned demand of Rs. 35,938,000. Being aggrieved, the Company filed an appeal before Commissioner Inland Revenue (Appeals) (CIR(A)) against impugned order passed by the learned ACIR, which was decided against the Company. Being aggrieved, the Company has filed second appeal before the Appellate Tribunal Inland Revenue (ATIR) on 3 December 2019, which is pending adjudication. The Company's counsel is of the view that the matter will be decided in favor of the Company, accordingly, no provision has been made in these financial statements.

24.1.5 For the Tax Year 2014, the Company was selected for audit under section 214C of the Ordinance. On the basis of audit, the assessing officer amended the original assessment under section 122(1) with the observations that the Company has not charged minimum tax under section 113 of the Ordinance and disallowing certain expenses under different heads of account; thereby created the demand amounting to Rs. 321,898,220. Being aggrieved, the Company filed an appeal before the CIR(A), who vide its order dated 29 December 2017 granted major relief by annulling therein the minimum tax amounting to Rs. 321,898,220 charged under section 113 of the Ordinance, thus annuling the demand. Additions amounting to Rs. 601,888,200, on account of unpaid liabilities and salaries was confirmed by the CIR(A). Being aggrieved, the Company filed an appeal before the ATIR on 23 January 2018. The ATIR in its order dated 8 November 2023 has deleted these additions. The Company currently is not aware of any appeal filed by the tax department against the order passed by ATIR.

24.1.6 For the Tax Year 2016, the proceedings under section 161 of the Ordinance was initiated by the Deputy Commissioner Inland Revenue (DCIR). The DCIR passed order charging tax amounting to Rs. 29,462,500 on account of alleged default under various heads of accounts, mainly under the heads of salaries, wages, repair, maintenance and other direct expenses. Being aggrieved, the Company filed an appeal before the CIR(A). The CIR(A), who vide its order No. 66 dated 11 December 2019 has set aside the order of the DCIR. Currently, no demand is outstanding against the taxpayer. Further, against the set-aside order, the Company has filed a second appeal before the ATIR which is pending for adjudication. The Company's counsel is of the view that the matter will be decided in favor of the Company, accordingly, no provision has been made in these financial statements.

24.1.7 For the Tax Year 2013, the proceedings under section 124/161/205 of the Ordinance was initiated by the DCIR. The DCIR passed an order creating tax demand for non-deduction of tax amounting to Rs. 1,025,937 thousand at time of making payments. Being aggrieved, the Company filed an appeal before the CIR(A). The CIR(A), who vide its order No. 24 dated 10 October 2019 decided the appeal in favour of the Company, and CIR(A) has annulled the order for re-assessment and has given certain directions to the DCIR. Therefore, currently no demand is outstanding under this order. However, a second appeal has also been filed before the ATIR for deletion of the demand. The Company's counsel is of the view that the matter will be decided in favor of the Company, accordingly, no provision has been made in these financial statements.

24.1.8 For the Tax Year 2015, the proceeding under section 122 of the Ordinance was initiated by the DCIR. The DCIR has charged tax amounting to Rs. 554,679,724 on account of alleged default under various heads of accounts. Being aggrieved, the Company filed an appeal before the CIR(A), who has decided the case with certain additions. The Company filed appeal on 6 July 2021 before ATIR against the order of CIR(A) which is pending for adjudication. The Company's counsel is of the view that the matter will be decided in favor of the Company, accordingly, no provision has been made in these financial statements.

24.1.9 For the Tax Year 2015, the proceedings under section 161/205 of the Ordinance was initiated by the ACIR/DCIR and charged tax amounting to Rs. 440,979,535 along with default surcharge of Rs.307,923,721 on account of alleged default under various heads of accounts, mainly repair, maintenance, admin expenses, plant and machinery. Being aggrieved, the Company has filed appeal before the CIR(A). The CIR(A) has decided the case and confirmed certain additions. The Company has filed an appeal on 26 July 2021 before ATIR against the order of CIR(A) which is pending for adjudication. The Company's counsel is of the view that the matter will be decided in favor of the Company, accordingly, no provision has been made in these financial statements.

24.1.10 For the Tax Year 2017, the proceedings under section 161/205 of the Ordinance was initiated by the ACIR/DCIR and charged tax amounting to Rs. 142,567,709 on account of alleged default under various heads of accounts, mainly repair, maintenance, admin expenses, plant and machinery. Being aggrieved, the Company has filed appeal before the CIR(A). The CIR(A) decided the case, upholding some additions, remanding others for reconsideration, and nullifying the rest. The Company has filed an appeal on 26 December 2023 before ATIR against the order of CIR(A) which is pending for adjudication. The Company's counsel is of the view that the matter will be decided in favor of the Company, accordingly, no provision has been made in these financial statements.

24.1.11 The Company filed an appeal on 16 February 2016 with the CIR(A), against the assessment order No. 93/36/2015 dated 25 January 2016, passed under section 11(2) of the Sales Tax Act, 1990, requiring the Company to pay Rs. 641,152,000 on account of non-apportionment of input tax claimed by the Company against its output tax, for the tax period from July 2011 to June 2012. The tax department took the position that the input tax being claimed by the Company should be apportioned in the ratio of taxable and exempt component of its revenue. The Company received an order from CIR(A) dated 17 June 2016 which concluded that the matter is sub-judice before High Court and pending adjudication till final determination of the matter by the larger bench of seven members. The Company's counsel is of the view that the matter will be decided in favor of the Company, accordingly, no provision has been made in these financial statements.

24.1.12 The DCIR passed an order under section 11(2) of the Sales Tax Act, 1990 while disallowing input tax claimed by the Company on household appliances ceramic products and laboratory apparatus and thereby created impugned demand amounting to Rs. 417 thousand along with the default surcharge of Rs. 215 thousand and penalty of Rs.13 thousand for the tax periods from July 2015 to April 2017. Being aggrieved, the Company filed an appeal before the CIR (A), which is pending adjudication. The Company's counsel is of the view that the matter will be decided in favor of the Company, accordingly, no provision has been made in these financial statements.

24.1.13 NEPRA has imposed further liquidated damages, amounting to Rs. 6.2 billion in aggregate, on 3 August 2022 and 23 December 2022, pertaining to the period from August 2021 to September 2022. As aforementioned matter arose subsequent to the year end, these conditions were not present as at reporting date, the impact of these liquidated damages will be recognized in the respective financial year.

24.1.14 Based on the decision of Economic Coordination Committee (ECC), dated 24 December 2014, and approval of the Company's Board of the Company, the Company acquired a gas booster from Engro Fertilizers Limited, without cash consideration, in exchange for the utilization of the Company's gas quota by Engro Fertilizers Limited. In Financial Year 2017, pursuant to decision by the Board of Directors of the Company, dated 3 April 2017, the gas booster was transferred to Northern Power Generation Company Limited (NPGCL) for a consideration of Rs. 1.242 billion. On 18 July 2023, NEPRA issued show cause to the Company contending that such proceeds should be adjusted against the Company's claim of cost under its tariff petition, which would effectively reduce the related prices for its supply of electricity. Being aggrieved, the Company filed an appeal with NEPRA Appellate Tribunal, on 27 May 2024, which is pending adjudication. The Company is of view that the Company acquired gas booster pursuant to the ECC's decision, and it is independent transaction which does not fall in ambit of tariff claim. This transaction was duly accounted for in the financial statements of respective years of transaction with appropriate disclosure and in compliance with applicable legal requirements. No concern was raised by the regulatory authorities then. Accordingly, the Company has not recognized any provision against the above matter as the management is confident that the matter will be decided in favor of the Company.

24.1.15 On 29 December 2021, NEPRA issued a letter demanding explanation on certain matters, including the non-filing of tariff petition, failure to submit a rehabilitation plan for Unit-13, and invoicing CPPA-G for excess capacity payments. Subsequently, NEPRA issued an order dated 3 April 2023, wherein, NEPRA imposed fine of Rs. 100 million. In response, the Company has filed appeal before NEPRA Appellate Tribunal on 26 June 2023, which is currently appending adjudication. The Company has contended that NEPRA's imposition of fine is not in accordance with regulations as (a) delay in filing of petition was due to extraneous circumstances, 1) the Company faced practical issues for submission of rehabilitation plan, beyond the management's control, (b) all invoice were in accordance with tariff notified by NEPRA, (c) action taken by the NEPRA pertains to prior years for which authority of NEPRA for legal action is time barred, and not withstanding other contention, imposition of maximum fine of Rs. 100 million is in itself unfair in light of the factors involved and was done without taking into consideration the viewpoint of the Company. Accordingly, the Company has not recognized any provision against the above matter as the management is confident that the matter will be decided in favor of the Company.

24.1.16 On 4 February 2022, NEPRA issued letter to the Company demanding explanation for its failure to restore Unit 14 timely. Subsequently, NEPRA issued order on 21 February 2023, wherein, NEPRA imposed fine of Rs. 50 million. In response, the Company has filed motion for leave for review of the order issued by NEPRA on 31 March 2023, which is currently appending adjudication. The Company has communicated its explanation to NEPRA that delay was on account of practical constraints such as negotiations with foreign vendors, arrangement of foreign exchange with the involvement of the State Bank of Pakistan and compliance of the related requirements of the Government of Pakistan, for financing the repair and maintenance. Accordingly, the Company has not recognized any provision against the above matter as the management is confident that the matter will be decided in favor of the Company.

24.1.17 On 26 May 2016, a previous vendor of the Company filed a lawsuit before the Honorable Sindh High Court, claiming damages of EUR 186,417 and Rs. 30 million, alleging non-payment by the Company, under contract for supply of goods. The case is pending adjudication. The Company's legal advisor is of the view that the Company has good cause of defense regarding violation of contractual obligations by vendor.

Further, another vendor of the Company filed an appeal before the Honorable Lahore High Court, against dismissal of their claim by the Honorable Civil Judge, Lahore on 27 November 2019. Earlier, the vendor has filed a lawsuit for damages of EUR 15,340 and Rs. 200 million, alleging non-payment by the Company under contract for supply of goods. The Company's legal advisor is of the view that the Company has good cause of defense regarding violation of contractual obligations by vendor.

Accordingly, the Company has not recognized any provision against the above matters as the management is confident that the matter will be decided in favor of the Company.

24.2 Commitments:

24.2.1 Commitments in respect of contracts for capital expenditure amount to Rs. 95,339 (2020: Rs. 243,131) thousand.

24.2.2 Commitments in respect of contracts, other than capital expenditure, amount to Rs. 149,951 (2020: Rs. 112,169) thousand.

24.2.3 The Company has furnished indemnity bonds to the Collector of Customs to avail the exemption under SRO 567 (I) / 2006 dated 05 June 2006 amounting to Rs. 1,905,726 (2020: Rs. 1,905,726) thousand in respect of custom duty payable on account of equipment imported for the Naudero-I Rental Power Project.

			2021	2020
25	**REVENUE FROM CONTRACT WITH CUSTOMER - NET**	**Note**	**----Rupees in thousands----**	
	Energy Purchase Price (EPP)		**43,313,688**	53,678,698
	Less: Sales tax	25.1	**(6,293,442)**	(7,799,469)
	Net energy charges		**37,020,246**	45,879,229
	Capacity Purchase Price (CPP)		**15,624,530**	22,525,833
			52,644,776	68,405,062
	Timing of revenue recognition - net			
	At a point in time		**37,020,246**	45,879,229
	Over the time		**15,624,530**	22,525,833
			52,644,776	68,405,062

25.1 This represent sales tax chargeable under federal sales tax laws applicable on revenue as defined under the relevant laws.

25.2 The Company does not have any further segments and all the revenue of the Company is generated from local sales to CPPA (single customer), and accordingly, further disaggregation of the Company's revenue from contract with customer has not been presented.

		2021	2020
25.3	**Contract balances**	**----Rupees in thousands----**	
	Trade debt	**75,038,132**	68,273,192

The Company's trade debts has increased due to slow pace of recovery from CPPA despite reduction in revenue, during the year.

25.4 **Performance obligation**

Performance obligations are satisfied when capacity is made available and NEO is delivered to CPPA over the time and at a point in time, respectively.

		2021	2020
25.5	**Units sold**	**----------KWh----------**	
	Energy (KWh)	**4,824,888,901**	5,921,761,001
	Capacity (KW) - original	**1,640,790**	1,640,790

25.5.1 The capacity disclosed above reflects installed capacity of all plants, currently in operation. However, the Company intends to appoint an independent assessor for reassessment of dependable capacity of its plants.

		2021	2020
25.6	**Average rates of energy**		
	Energy charges (Rs. per KWh)	**7.67**	7.75
	Capacity charges (Rs. per KWh per month)	**793.55**	1,144.05

			2021	2020
26	**COST OF REVENUE**	**Note**	**----Rupees in thousands----**	
	Fuel consumed	26.1	**39,378,306**	48,414,203
	Salaries, wages and other benefits	26.2	**4,959,237**	5,779,790
	Depreciation	5.1.6	**5,888,655**	5,599,644
	Impairment	5.3	**3,699,573**	-
	Repair and maintenance		**1,251,209**	1,494,920
	Power, gas and water		**366,016**	377,438
	Insurance		**65,716**	2,182
	Traveling expenses		**55,862**	58,290
	Vehicle running expenses		**34,385**	34,928
	Stores consumed		**30,926**	19,031
			55,729,885	61,780,426

26.1 This represents cost of gas consumed in the generation of electricity and includes provision for GIDC, amounting to Rs. 632,979 thousand (2020: 6,130,456 thousand).

		Note	2021	2020
			----Rupees in thousands----	
26.2	These include provisions for post employment and long term benefits as follows:			
	Pension obligations - unfunded	20.3.1	**2,415,085**	3,039,415
	Medical benefits	20.3.1	**332,293**	400,994
	Free electricity	20.3.1	**280,450**	383,710
	Accumulated compensated absences	20.3.1	**25,983**	(668)
			3,053,811	3,823,451
27	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and other benefits	27.1	**373,276**	435,038
	Management fee		**91,728**	68,908
	Depreciation	5.1.6	**120,177**	114,278
	Repairs and maintenance		**170,619**	203,853
	NEPRA fees		**37,670**	29,995
	Power, gas and water		**37,550**	38,409
	Security expenses		**18,350**	17,724
	Advertisement		**3,493**	9,677
	Vehicle expenses		**11,462**	11,643
	Legal and professional fees		**5,578**	14,420
	Traveling expenses		**4,205**	4,387
	Office supplies		**3,716**	4,171
	Directors' remuneration		**9,663**	4,654
	Communication charges		**4,760**	3,525
	Miscellaneous expenses		**1,372**	16,513
	Furnace oil write-off	9.2.2	**182,656**	-
	Auditors' remuneration	27.2	**3,650**	2,250
			1,079,925	979,445
27.1	These include provisions for post employment and other long term benefits as follows:			
	Pension obligations - unfunded	20.3.1	**181,781**	228,773
	Medical benefits	20.3.1	**25,011**	30,182
	Free electricity	20.3.1	**21,109**	28,881
	Accumulated compensated absences	20.3.1	**1,956**	(50)
			229,857	287,786
27.2	**Auditors' Remuneration**			
	Annual statutory audit		**2,000**	1,800
	Half year review		**1,000**	-
	Out of pocket expenses		**650**	450
			3,650	2,250
28	**OTHER INCOME**			
	Income from financial assets:			
	Profit on bank deposits		**264,482**	273,556
	Income from other than financial assets:			
	Amortization of deferred grant	19	**198,591**	198,590
	Rent		**17,630**	25,775
	Training charges		**3,602**	2,867
	Penalties recovered		**3,782**	2,731
	Electricity charges		**11,692**	14,775
	Sale of scrap material		**6,914**	1,241
	Tender fee		**520**	303
	Store handing charges	28.1	**74,450**	-
	Miscellaneous		**21,738**	10,725
			338,919	257,007
			603,401	530,563

28.1 This represents store handling charges, at the rate of 10%, as part of the Company's arrangement to sell furnace oil to GENCO-III (refer to note 9.2.1).

		Note	2021	2020
29	**FINANCE COSTS**	**Note**	**----Rupees in thousands----**	
	Interest on:			
	Foreign direct loans		**891,436**	1,818,025
	Cash development loans		**980,836**	1,003,798
			1,872,272	2,821,823
	Guarantee fee on foreign direct loans (GOP)		**159,364**	199,812
	Others		**6,660**	11,659
			2,038,296	3,033,294

		Note	2021	2020
30	**TAXATION**			
	Current tax:			
	Provision for taxation	30.1	**789,775**	1,026,095
	Tax credit	30.2	**-**	(553,196)
			789,775	472,899
	Deferred tax		**(2,790,652)**	1,460,025
			(2,000,877)	1,932,924

30.1 The provision for current tax represents minimum turnover tax @ 1.5% of the turnover (2020: minimum turnover tax and Alternative Corporate Tax (ACT) at the rate of 17% of accounting profit), under the provisions of the Income Tax Ordinance, 2001. The Company has not recognized deferred tax asset against tax credits available against minimum turnover tax and ACT, as it is not probable that sufficient taxable profits will be available to adjust these balances, before their expiry.

30.2 This represented tax credits availed by the Company under section 65B of the Income Tax Ordinance, 2001.

30.3 Reconciliation between the tax chargeable on accounting profit and taxable profit is not relevant as the Company is subject to minimum tax.

30.4 The Institute of Chartered Accountants of Pakistan (ICAP) has issued circular 7/2024 "IAS 12: Application Guidance on Accounting for Minimum Taxes" (the Guidance) dated 15 May 2024, which is applicable for accounting periods ending after the date of publication, with retrospective effect.

Under the Guidance, the Company is required to distinguish and account for amounts paid under the Income Tax Ordinance, 2001 (the Ordinance) in following manner:

a) any final taxes (i.e., under Final/ Presumption Tax Regime and not based on taxable income) as levy; subject to IAS 37/ IFRIC 22. No related deferred taxes will be recognized. The charge will be presented as final tax before profit/ (loss) before tax.

b) any taxes payable/ paid in respect of taxable income only (i.e., under the Normal Tax Regime) as income tax, subject to IAS 12. The related deferred taxes will be recognized at effective income tax rate for all deductible (where recoverable)/ taxable temporary differences.

c) for any hybrid taxes (i.e., which consist of elements comprise of a component within the scope of IAS 12 (Income Tax) and a component within the scope of IFRIC 21 (Levies, normally minimum taxes in reference to amount of turnover etc)), the Company will exercise judgment and adopt a consistent approach of either considering the amount paid/ payable to be primarily an income tax (and thus only recognize any excess amount as levy) or considering the the amount to be primarily a levy (and thus only recognizing any excess amount as income tax). The related deferred taxes will be recognized at effective income tax rate only for all deductible (where recoverable)/ taxable temporary differences. Any minimum tax expected to be adjustable against future income tax liability will be recognized directly as deferred tax asset. The charge relating to levy will be presented before profit/ (loss) before tax, as either minimum tax or differential minimum tax (as applicable).

The Company expects that the above-mentioned Guidance will only require the Company to reclassify amount of any levy from "Taxation" to "Minimum tax difference/ Final taxes" (as applicable), in the statement of profit or loss, without affecting the amount of profit / (loss) after tax and categorization of "Tax payable" as "Levy payable", where applicable, in the statement of financial position. The Company intends to apply the Guidance for the year ended 30 June 2022.

31 TRANSACTIONS WITH RELATED PARTIES

31.1 Particulars of related parties and associated undertakings

The related parties comprise of the Government of Pakistan (GOP), GOP owned entities, WAPDA, associated companies, Directors of the Company and companies with common directorship and key management personnel. A list of all related parties along with percentage of shares is given below:

Associated Company, related party and Undertaking	Basis of relationship	Percentage of shareholding
Government of Pakistan	Shareholding	100%
GENCO Holding Company Limited	Managing entity	N/A
Central Power Purchasing Authority (CPPA-G)	Government related entity	N/A
Faisalabad Electric Supply Company Limited	Government related entity	N/A
Gujranwala Electric Power Company Limited	Government related entity	N/A
Hyderabad Electric Supply Company Limited	Government related entity	N/A
Quetta Electric Supply Company Limited	Government related entity	N/A
Islamabad Electric Supply Company Limited	Government related entity	N/A
Lahore Electric Supply Company Limited	Government related entity	N/A
Multan Electric Power Company Limited	Government related entity	N/A
Peshawar Electric Supply Company Limited	Government related entity	N/A
Sukkur Electric Power Company Limited	Government related entity	N/A
National Transmission and Dispatch Company Limited	Government related entity	N/A
Jamshoro Power Company Limited (GENCO-I)	Government related entity	N/A
Northern Power Generation Company Limited (GENCO-III)	Government related entity	N/A
Lakhra Power Generation Company Limited (GENCO-IV)	Government related entity	N/A
Sui Southern Gas Company Limited (SSGCL)	Government related entity	N/A
Sui Northern Gas Pipelines Limited (SNGPL)	Government related entity	N/A
Mari Petroleum Company Limited (MPCL)	Government related entity	N/A
Pakistan Petroleum Limited (PPL)	Government related entity	N/A
WAPDA	Government related entity	N/A
Chief Resident Representative Karachi - WAPDA	Government related entity	N/A
National Insurance Company Limited	Government related entity	N/A

31.2 Transactions with related parties:

Transactions with related parties are entered into at mutually agreed terms. The sale / purchase prices of electricity are controlled by the NEPRA. The Company in the normal course of business carries out transactions with various related parties. Amounts due from related parties are disclosed in the relevant notes to these financial statements. Transactions not disclosed elsewhere are as follows:

Associated Undertakings		2021	2020
		----Rupees in thousands----	
CPPA-G	Electricity sales	**58,938,218**	76,204,531
	Funds received during the year	**43,310,500**	62,115,800
WAPDA, associated companies	Electricity and other utility purchases	**836,673**	71,423
	Credit Movement	**871,042**	848,539
Government of Pakistan	Interest and guarantee fee on long-term financing	**1,140,200**	1,180,648
SNGPL	Purchase of gas	**2,212,477**	7,860,805
	Payments made during the year	**5,284,571**	8,877,345
PPL	Purchase of gas	**31,136,696**	35,771,051
	Payments made during the year	**16,476,644**	19,779,392
MPCL	Purchase of gas	**12,723,986**	13,013,630
	Payments made during the year	**7,890,937**	12,062,063
GENCO Holding Company Limited	Management fee & other utility purchases	**91,728**	95,972
National Insurance Company Limited	Insurance	**65,716**	2,182

Other transactions with the GOP, and GOP owned entities are not disclosed, as management is of the opinion that it is impracticable to disclose such transactions due to the nature of the Company's operations.

The transactions with key management personnel under the terms of employment are disclosed in Note 32.

32 REMUNERATION OF THE CHIEF EXECUTIVE AND EXECUTIVES

The aggregate of amounts charged in the financial statements for the remuneration including benefits paid to the Chief Executive and Executives of the Company, are given below:

	2021	
	Chief Executive	**Executives**
	--------------Rupees in thousands------	
Managerial remuneration	7,363	**86,559**
Bonus	-	**4,208**
	7,363	**90,767**
Number of person(s)	1	**36**

	2020	
	Chief Executive	**Executives**
	--------------Rupees in thousands------	
Managerial remuneration	8,507	107,442
Bonus	1,020	7,400
	9,527	114,842
Number of person(s)	1	45

In addition, the Chief Executive is also provided with a Company maintained vehicle for official and private purposes, unfurnished residential accommodation and free electricity as per entitlement. Chief Executive is not entitled to any post employment benefits.

32.1 The aggregate amount charged in these financial statements, for the year ended 30 June 2021, as fees to eight (8) Directors (2020: 8 Directors) is Rs. 7,224 thousand (2020: 4,445 thousand) for attending the meetings of the Board of Directors and its sub-committees. Furthermore, Director's remuneration disclosed in administrative expense includes Rs 2,439 thousand (2020: 209 thousand) relating to re-imbursement of expense.

33 FINANCIAL RISK MANAGEMENT

33.1 Financial risk factors

The Company's principal financial liabilities, other than derivatives, comprise long-term financing, Interest accrued on long term financing and trade and other payable. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade debt, loan to related party, deposit, other receivables and bank balances that derive directly from its operations.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a risk management committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The risk management committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk.

The sensitivity analyses in the following sections relate to the position as at 30 June in 2021 and 2020.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to variable interest rates of debt and the proportion of financial instruments in foreign currencies are all constant.

The analyses exclude the impact of movements in market variables on: the carrying values of pension and other post-retirement obligations; and provisions.

i) Foreign currency risk

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

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and the Company's payments against foreign direct loans.

Following is the gross exposure classified into separate foreign currencies:

	2021	2020	2021	2020
	---------USD---------		---------Euros---------	
Long-term financing	**180,377,106**	231,913,422	**-**	-
Interest accrued on long term financing	**2,126,329**	4,430,001	**-**	-
Trade payables	**5,201,117**	27,360,328	**739,093**	739,093
	187,704,552	263,703,751	**739,093**	739,093

Significant exchange rates applied as at year end were as follows:

	2021	2020	2021	2020
	----USD----		----Euros----	
Rupees per foreign currency				
Reporting date rate	**158.30**	168.75	**188.71**	189.73
Average rate during the year	**163.53**	166.63	**189.22**	188.36

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and Euros exchange rates, with all other variables held constant.

	Change in USD Rate	Effects on Long Term Financing (Note 2.3)	Effects on Loss Before Tax	Change in Euro Rate	Effects on Loss Before Tax
		Rupees in thousands	Rupees in thousands		Rupees in thousands
2021	**+5%**	**(1,427,684.79)**	**(57,997)**	**+5%**	**(6,974)**
	-5%	**1,427,684.79**	**57,997**	**-5%**	**6,974**
2020	**+5%**	(1,956,769.50)	(268,231)	**+5%**	(7,011,406)
	-5%	1,956,769.50	268,231	**-5%**	7,011,406

The Company's exposure to foreign currency changes for all other currencies is not material.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

At the reporting date the interest rate profile of the Company's interest-bearing financial liabilities / (assets) was as follow:

	2021	2020
Fixed rate instruments	---Rupees in thousands---	
Long-term financing - foreign relent loans	**133,854**	133,854
Long-term financing - cash development loans	**8,044,539**	8,044,538
	8,178,393	8,178,392
Variable rate instruments		
Bank balances	**(5,294,409)**	(10,166,613)
Long-term financing - foreign direct loans	**28,553,696**	39,135,390
	23,259,287	28,968,777

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, loss before tax for the year would have been as following:

Changes in interest rate	2021	2020
	---Rupees in thousands---	
+1%	**(232,593)**	(289,688)
-1%	**232,593**	289,688

This analysis is prepared, consistent from previous year, assuming the amounts of variable rate instruments outstanding at reporting date were outstanding for the whole year.

ii) Other price risk

Other price risk is 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 currency risk or interest rate 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.

(a) Equity price risk

The Company is not exposed to equity price risk since the Company has not invested in any listed equity securities.

(b) Commodity risk

The Company is not exposed to commodity risk as it had signed long term PPA and Gas Supply Agreements with CPPA and MPL & PPL respectively, with fixed tariff, subject to indexation mechanism provided in the aforementioned agreements.

b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

The management monitors and limits Company's exposure to credit risk through monitoring of client's credit exposure review and conservative estimates of expected credit loss, if any, and through the prudent use of collateral policy.

The Company's credit risk is primarily attributable to deposits, trade debt, loan to related party, other receivables and 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:

	2021	2020
	---Rupees in thousands---	
Bank balances	**5,294,409**	10,166,613
Trade debt	**75,038,132**	68,273,192
Long term advances	**62,987**	63,285
Long term deposits	**281**	281
Loan to related party	**608,297**	424,770
Other receivables	**1,835,866**	1,003,410
	82,839,972	79,931,551

i) Bank balances

Credit ratings both short-term and long-term of the banks along with the bank balances as of year end are as follows:

Bank	Rating			2021	2020
	Short term	Long term	Agency	---Rupees in thousands---	
United Bank Limited	A-1+	AAA	JCR - VIS	**2,131,934**	2,030,486
Habib Bank Limited	A-1+	AAA	JCR - VIS	**1,318,401**	1,818,064
National Bank of Pakistan	A-1+	AAA	JCR - VIS	**1,844,074**	6,318,063
				5,294,409	10,166,613

Due to the Company's long-standing business relationships with these financial institutions and after giving due consideration to their strong financial standing, the management does not expect non-performance by these counterparties on their obligations to the Company. Further, based on external credit rating, the Company has accessed that the ECL on bank balances is insignificant and rounds to zero.

ii) Trade debt

Refer to note 2.2 regarding exemption available to the Company in respect of application of requirements relating to recognition of ECL on the Company's trade debt. The trade debts is from the Company's sole customer CPPA, an associated company. Refer to note 10.6 for detailed discussion of the Company's assessment that no objective evidence exists to necessitate recognition of additional provision for bad debt. The Company has, however, recognized provision against matters disclosed in notes 10.2 and 10.3, amounting to Rs. 9,500,884 thousand (2020: Rs. 706,626 thousand), wherein CPPA has raised dispute regarding validity of the Company's claim. Aging analysis of trade debts is provided below:

	2021	2020
	----Rupees in thousands----	
Neither past due nor impaired	-	-
Past due but not impaired		
0 to 3 Months (0 - 90 days)	**14,765,192**	15,055,000
4 to 6 Months (91 - 180 days)	**14,826,282**	13,908,805
7-12 Months	**34,859,451**	23,814,250
Over 12 Months	**19,262,631**	16,201,763
	83,713,556	68,979,818
	83,713,556	68,979,818

c) Liquidity risk

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

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Due to the support of the Federal Government, management believes the liquidity risk to be low.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. As a result of Company's defaults on its long term financing (as discussed in notes 17.7 and 17.8), whole of the carrying value of long term financing has been presented as payable on demand. Till the date of approval of these financial statements, the Company's lenders have not required the Company to settle whole of the amount. Based on matters discussed in note 1.5, the Company is confident that the Company's lenders will not undertake any action which may effect the Company's solvency. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equate to their carrying balances, as the impact of discounting is not significant.

	On demand	Less than 12 months	1 to 5 years	Over 5 years	Total
	-----Rupees in thousands-----				
2021					
Long term financing	**36,732,089**	**-**	**-**	**-**	**36,732,089**
Trade and other payables	**45,538**	**117,475,898**	**-**	**-**	**117,521,436**
Interest accrued on long term financing	**8,212,660**	**-**	**-**	**-**	**8,212,660**
	44,990,287	**117,475,898**	**-**	**-**	**162,466,185**
2020					
Long-term financing	47,313,782	-	-	-	47,313,782
Trade and other payables	43,081	104,406,486	-	-	104,449,567
Interest accrued on long term financing	7,485,515	-	-	-	7,485,515
	54,842,378	104,406,486	-	-	159,248,864

Further, as at 30 June 2021, the Company is also contracted to pay interest on its long term financing. An estimate of interest in respect of the remaining terms of these loans is as follows:

	Rupees in thousands
Due in next year	**1,682,246**
Due after 1 year with in 5 years	**4,307,861**
Due after 5 years	**4,765,886**
	10,755,993

33.2 Financial instruments by categories

	2021	2020
	Financial assets at amortized cost	Financial assets at amortized cost
	----Rupees in thousands----	
Assets as per statement of financial position		
Bank balances	**5,294,409**	10,166,613
Long term advances	**62,987**	63,285
Trade debt	**75,038,132**	68,273,192
Long term deposits	**281**	281
Loan to related party	**608,297**	424,770
Other receivables	**1,835,866**	1,003,410
	82,839,972	79,931,551

	2021	2020
	Financial assets at amortized cost	Financial assets at amortized cost
	----Rupees in thousands----	
Liabilities as per statement of financial position		
Long term financing	**36,732,089**	47,313,782
Trade and other payables	**117,521,436**	104,449,567
Interest accrued on long term financing	**8,212,660**	7,485,515
	162,466,185	159,248,864

33.3 Fair value estimation

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values accordingly the management believe that further disclosure of fair value is not required. Fair value is determined on the basis of objective evidence at each reporting date.

33.4 Offsetting financial assets and financial liabilities

There are no significant financial assets and financial liabilities that are subject to offsetting, enforceable master netting arrangements and similar agreements.

34 FAIR VALUE MEASUREMENTS

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs, which have a significant effect on the recorded fair value, are observable either, directly or indirectly; and

Level 3: techniques which use inputs that have a significant effect on the recorded fair value, that are not based on observable market data.

35 CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. The Board of Directors monitors the returns on capital, which the Company defines as net operating income divided by total shareholders' equity. The Company's objectives when managing capital are:

a) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

b) to provide an adequate return to shareholders by pricing products.

Consistent with the industry norms, the Company monitors its capital on the basis of gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and loans as shown in the statement of financial position less cash and bank balances. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt (as defined above).

	2021	2020
	----Rupees in thousands----	
Long term financing	**36,732,089**	47,313,782
Less: Bank balances	**(5,294,409)**	(10,166,613)
Net debt	**31,437,680**	37,147,169
Total equity	**(27,347,151)**	(1,418,290)
Total capital employed	**4,090,529**	35,728,879
Gearing ratio	**769%**	104%

The Company's strategy is to ensure compliance with the Prudential Regulations issued by the State Bank of Pakistan, if applicable, and is in accordance with agreements executed with financial institutions so that the total long term borrowings to equity ratio does not exceed the lender covenants. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. For discussion of breaches of financial covenants of interest bearing loans, refer to notes 17.7 and 17.8.

36 APPLICABILITY OF IFRS 16 "LEASES"

SECP, through its S.R.O. no.24(I)/2012 dated 16 January 2012 and S.R.O 986(I)/2019, dated 02 September 2019, exempted the application of IFRS 16 (Leases) for power sector companies to the extent of the power purchase agreements (PPA) executed before the effective date of IFRS 16 i.e. 01 January 2019. The PPA for Block V power plant is not yet executed, accordingly, the Company will assess the applicability of IFRS 16 with respect to this plant at the time of execution of PPA. However, SECP has made it mandatory to disclose the impact on the results of the application of IFRS 16. Had the IFRS 16 been applied, following adjustments would have been made:

	2021	2020
	--- Rupees in thousands ---	
(Increase) / decrease in accumulated losses at the beginning of the year	**(89,738)**	1,517,346
Decrease in profit for the year - net	**6,679,236**	(1,607,084)
Increase in accumulated losses at the end of the year	**6,589,498**	(89,738)

The above disclosure is restricted to Block V power plant, as impact for remaining rehabilitated plants is considered to be immaterial.

37 IMPACT OF NON-CAPITALIZATION OF EXCHANGE LOSS

SECP, through its S.R.O 986(I)/2019, dated 2 September 2019, exempted the power companies from application of IFRS 9 to the extent of recognition of embedded derivative and IAS 21 to the extent of charging exchange losses (refer to note 2 for details).

Had the IAS 21 been applied, following adjustments to the financial statement line items would have been made:

	Accumulated losses	Property, plant and equipment
	Decrease	Decrease
	---Rupees in thousands---	
Change due to non-capitalization of exchange loss as at 01 July 2019	(20,546,792)	20,546,792
Charge off of exchange loss for the year	(666,821)	666,821
Change due to non-capitalization of exchange loss as at 30 June 2020	**(21,213,613)**	**21,213,613**
Charge off of exchange gain for the year	**2,296,002**	**(2,296,002)**
Change due to non-capitalization of exchange loss as at 30 June 2021	**(18,917,611)**	**18,917,611**

38 PLANT CAPACITY AND ACTUAL PRODUCTION

	2021	2020
	-------------MWh-------------	
Based on 365 days		
Annual installed capacity - original	**14,373,320**	14,373,320
Actual output	**4,824,889**	5,921,761

38.1 Under utilization of available capacity is due to non-operational plants of the Company. Further, during the year, owing to outages suffered at the plant sites, the Company could not make available its operational power plants for a period of 44,339 hours.

39 NUMBER OF PERSONS EMPLOYED

	2021	2020
	------------Numbers------------	
At the end of the year	**1,591**	1,702
Average number of employees during the year	**1,647**	1,766

40 RECLASSIFICATION

Corresponding figures have been rearranged / reclassified, wherever necessary, for better and fair presentation. As disclosed in note 17, the significant reclassification consist of the presentation of non-current portion of long term financing from non-current liabilities to current liabilities.

CORRECTION OF ERROR

The adjustments summarized below represents the quantitative and qualitative effect of material prior period correction in respect of reclassification of whole of the long term financing as part of current liabilities as a result of events of default disclosed in notes 17.7 and 17.8. The events of default resulted from non-payment of instalments of foreign relent and cash development loans due as per agreed repayment schedules since 30 June 2015. These changes have been made in these financial statements by restating the corresponding figures.

Statement of Financial Position

30 June 2020	**Note**	**Reported**	**Increase / Decrease**	**Restated**
			---Rupees in thousands---	
Long term financing	17	(37,666,958)	37,666,958	-
Current portion of long term financing		(9,646,824)	(37,666,958)	(47,313,782)
01 July 2019				
Long term financing	17	(45,568,309)	45,568,309	-
Current portion of long term financing		(9,237,566)	(45,568,309)	(54,805,875)

As a result of this reassessment of non-repayments on classification of long term financing, there is no change in statement of profit or loss and statement of cash flow for the year ended 30 June 2020. In accordance with the requirement of International Accounting Standard (IAS) 8 'Accounting Policies, Change in Accounting Estimate and Error', the Company has incorporated the effect of rectification of error retrospectively.

41 SUBSEQUENT EVENTS

Subsequent to reporting date, on 10 July 2022, Turbine (ST-16) within Block V, with carrying value of Rs. 2,400 million and having capacity of 237,350 KW, was severely damaged by fire incident. The Company has engaged Harbin Electric International Company Limited (HEI), China, to carry out the Integrity assessment of the turbine. Currently, a team of their experts are evaluating the extent of damages and the requirement for its restoration there off. Accordingly, the Company expects to finalize an estimate of possible financial impact upon availability of report from HEI.

42 GENERAL

Figures have been rounded off to the nearest thousands of Pak Rupees, unless otherwise stated.

43 DATE OF AUTHORIZATION

These financial statements have been authorized for issue by the Board of Directors of the Company on 6 Aug 2024.

CHIEF EXECUTIVE

DIRECTOR

CENTRAL POWER GENERATION COMPANY LIMITED
FUND FLOWS STATEMENT (PROJECTED)
FOR THE YEAR ENDED 30 Jun 28

	Provisional		Projected				
	Jun-22	Jun-23	Jun-24	Jun-25	Jun-26	Jun-27	Jun-28
				----Rupees in Million----			
OPERATING ACTIVITIES							
Profit before tax	**(5,574)**	**(12,966)**	**(9,687)**	**349**	**3,728**	**7,350**	**7,997**
Adjustments to reconcile profit before tax to net cash flows:							
Depreciation of property, plant and equipment	4,949	4,662	4,755	4,427	4,515	4,606	4,698
Provision for staff benefits - net	3,366	3,536	3,712	3,823	3,938	4,056	4,178
Profit on bank deposits	(420)	(680)	(612)	(489)	(514)	(462)	(416)
Finance costs	1,806	2,642	1,911	1,736	821	780	733
	9,701	**10,160**	**9,766**	**9,497**	**8,760**	**8,979**	**9,193**
Profit before working capital changes	**4,128**	**(2,806)**	**79**	**9,846**	**12,489**	**16,329**	**17,190**
Effect of cash flow due to working capital changes:							
(Increase) / decrease in current assets:							
Stores, spare parts and loose tools	46	116	-	-	-	-	-
Stock-in-trade	-	-	-	-	-	-	-
Trade debt *	2,683	5,925	67,528	809	(3,445)	(19,117)	(14,946)
Advances, loan and prepayments	(124)	(172)	-	-	-	-	-
Other receivables	(11)	(4)	-	-	-	-	-
Tax refunds due from the Government	(1,574)	(848)	652	839	1,731	2,266	2,442
	1,020	**5,018**	**68,180**	**1,648**	**(1,714)**	**(16,851)**	**(12,504)**
Increase / (decrease) in current liabilities:							
Trade and other payables	**12,955**	**20,233**	**(33,855)**	**8,559**	**1,267**	**5,741**	**880**
Cash generated from operations	**18,102**	**22,445**	**34,404**	**20,053**	**12,042**	**5,219**	**5,566**
Income tax paid	(304)	(1,380)	(703)	(446)	(669)	(818)	(832)
Finance cost paid	(753)	(1,152)	(9,794)	(1,723)	-	-	-
Staff benefits paid	(1,027)	(1,044)	(1,327)	(1,990)	(2,388)	(2,866)	(3,152)
	(2,084)	**(3,576)**	**(11,823)**	**(4,160)**	**(3,057)**	**(3,684)**	**(3,985)**
Net cash generated from operating activities	**16,018**	**18,869**	**22,580**	**15,894**	**8,984**	**1,536**	**1,581**
CASH FLOWS FROM INVESTING ACTIVITIES							
Capital expenditure - net	(6,140)	(66)	(6,166)	(9,500)	(9,500)	(2,000)	(2,000)
Increase in long term advances	(0)	(1)	-	-	-	-	-
Decrease in long term advances and deposits	-	-	-	-	-	-	-
Profit on bank deposits received	420	680	612	489	514	462	416
Net cash used in investing activities	**(5,721)**	**613**	**(5,554)**	**(9,011)**	**(8,986)**	**(1,538)**	**(1,584)**
CASH FLOWS FROM FINANCING ACTIVITIES							
Repayment long-term financing - net	**(8,790)**	**(12,330)**	**(16,130)**	**(7,730)**	**-**	**-**	**-**
Net increase in cash and cash equivalents	**1,508**	**7,152**	**896**	**(847)**	**(2)**	**(2)**	**(2)**
Cash and cash equivalents at the beginning of the year	**5,294**	**6,802**	**13,954**	**14,851**	**14,003**	**14,001**	**13,999**
Cash and cash equivalents at the end of the year	**6,802**	**13,954**	**14,851**	**14,003**	**14,001**	**13,999**	**13,997**

Retrospective Sale of Energy:							
Revenue Open Cycle Tariff **			19,572				
CPP Revenue (Jan-2023 to Dec-23) ***			28,721				
Total Revenue will be increased			**48,293**	**-**	**-**	**-**	**-**

Note:

* Pursuant to CCoE decision, Rs. 26 billion received on 29 December, 2023 from CPPA-G on the direction of GoP and 2nd trench of Rs. 26 billion will be received from CPPA-G in Mar-2024.

** CPGCL have filed the tariff petition of open cycle tariff of Old Guddu on 29-05-2023, Public hearing at NEPRA head quarter on 06-12-2023. During public hearing NEPRA verbally agreed to allow the open cycle tariff from 2006, the decision will be issued by NEPRA shortly.

*** CPGCL is preparing the CPP tariff petition of 747MW challenging the NEPRA decision dated 28-07-2021 (no CPP will be paid during open cycle operation beyond allowed outages)