Annual Report 2021-22

Northern Power Generation Company Limited

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Vision:

Generation of electric power dependably and efficiently without compromising on environmental standards.

Mission:

To emerge as the most reliable and economical public sector generation company operating with optimal efficiency, observing strict emission controls and catering for wellbeing of public in general and its work force in particular.

COMPANY INFORMATION

BOARD OF DIRECTORS

1.	Prof. Dr. Tabrez Aslam Shami	Chairman / Independent Director
2.	Mr. Muhammad Umar Khan	ID
3.	Mr. Muhammad Irfan Akram	ID
4.	Mr. Muhammad Akram Arain	ID
5.	Mr. Abdul Qayyum Malik	ID
6.	Mr. Alam Zeb Khan, Sr. JS MoE	Non Executive Director
7.	Mr. Javed Iqbal Khan, JS MoF	NED
8.	Mr. Muhammad Imran Mian	NED
9.	Mr. Saboch uz Zaman Faruqi	Chief Executive Officer

AUDIT COMMITTEE

1.	Mr. Muhammad Umar Khan	Convener
2.	Mr. Muhammad Irfan Akram	Member
3.	Mr. Alam Zeb Khan	Member
4.	Mr. Javed Iqbal Khan	Member
5.	Mr. Muhammad Imran Mian	Member

HUMAN RESOURCE COMMITTEE

1.	Prof. Dr. Tabrez Aslam Shami	Convener
2.	Mr. Abdul Qayyum Malik	Member
3.	Mr. Muhammad Irfan Akram	Member
4.	Mr. Muhammad Umar Khan	Member
5.	Mr. Muhammad Imran Mian	Member

PROCUREMENT COMMITTEE

1.	Mr. Muhammad Irfan Akram	Convener
2.	Mr. Abdul Qayyum Malik	Member
3.	Mr. Alam Zeb Khan	Member
4.	Mr. Javed Iqbal Khan	Member
5.	Mr. Muhammad Imran Mian	Member

RISK MANAGEMENT COMMITTEE

1.	Mr. Abdul Qayyum Malik	Convener
2.	Mr. Muhammad Umar Khan	Member
3.	Mr. Muhammad Akram Arain	Member
4.	Mr. Javed Iqbal Khan	Member

TECHNICAL COMMITTEE

1.	Prof. Dr. Tabrez Aslam Shami	Convener
2.	Mr. Muhammad Akram Arain	Member
3.	Mr. Muhammad Imran Mian	Member

NOMINATION COMMITTEE

1.	Prof. Dr. Tabrez Aslam Shami	Convener
2.	Mr. Alam Zeb Khan	Member
3.	Mr. Muhammad Akram Arain	Member

CHIEF EXECUTIVE OFFICER

Mr. Sabooh uz Zaman Faruqui

CHIEF FINANCIAL OFFICER

Mr. Muhammad Aamir Zakee

CHIEF INTERNAL AUDITOR

Mr. Muhammad Tayyab

COMPANY SECRETARY

Mr. Muhammad Aamir Zaki

AUDITORS

Riaz Ahmed & Company, Chartered Accountants

LEGAL ADVISORS

1. Rasikh Consilium
2. Rizwan Faiz Associates

BANKS

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Habib Bank Limited
MCB Bank Limited
National Bank of Pakistan
The Bank of Punjab Limited
United Bank Limited

REGISTERED OFFICE

157-WAPDA House Lahore.

CORPORATE OFFICE

Thermal Power Station, Muzaffargarh.

POWER PROJECTS

OPERATIONAL

- Thermal Power Station, Muzaffargarh
- Combined Cycle Power Plant, Nandipur, Distt: Gujranwala
- Gas Turbine Power Station, Nishatabad, Faisalabad

CLOSED

- Thermal Power Station, Multan Cantt., Multan
- Natural Gas Power Station, Piranghaib, Multan
- Gas Turbine Power Station, Shahdara, Lahore
- Steam Power Station, Nishatabad, Faisalabad

WORKSHOP

Central Gas Turbine Maintenance Workshop, Nishatabad, Faisalabad

E-MAIL

info@npgcl.com.pk

WEBSITE

www.npgcl.org.pk

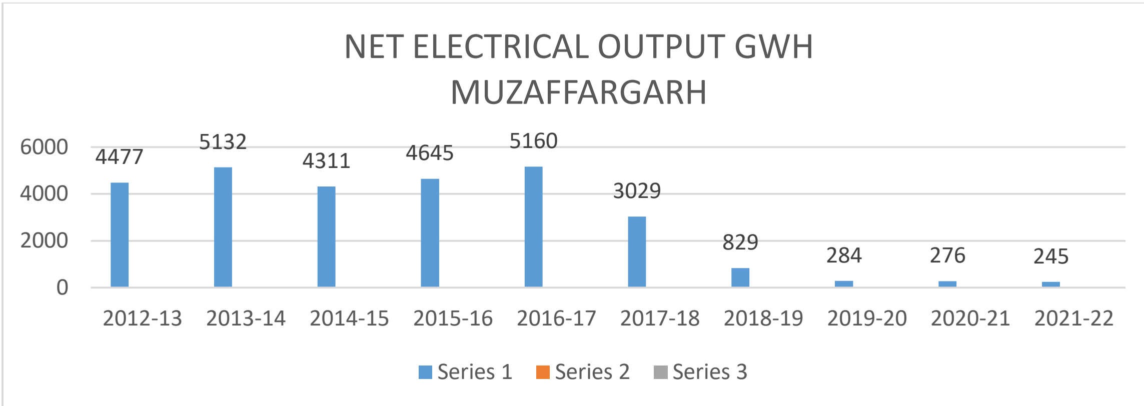
NORTHERN POWER GENERATION COMPANY LIMITED

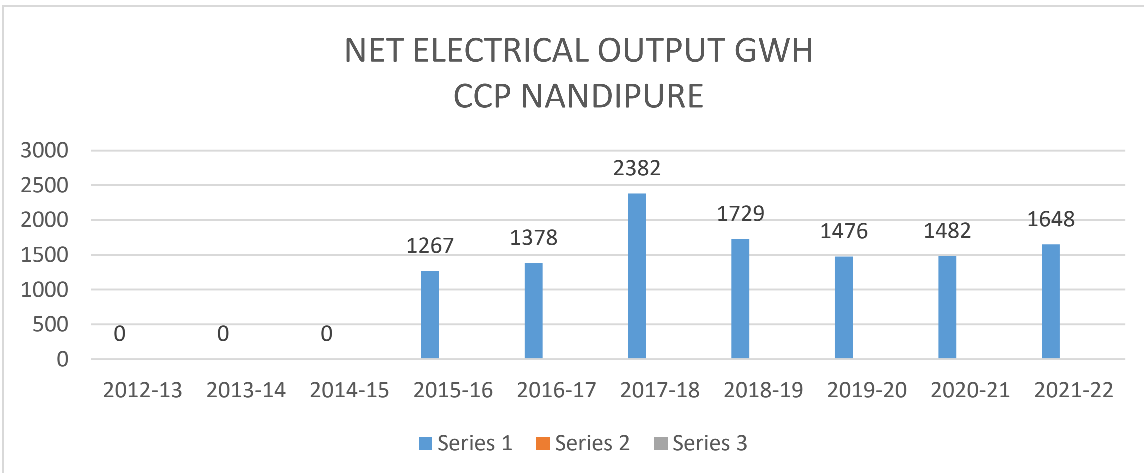
STATISTICS AT A GLANCE

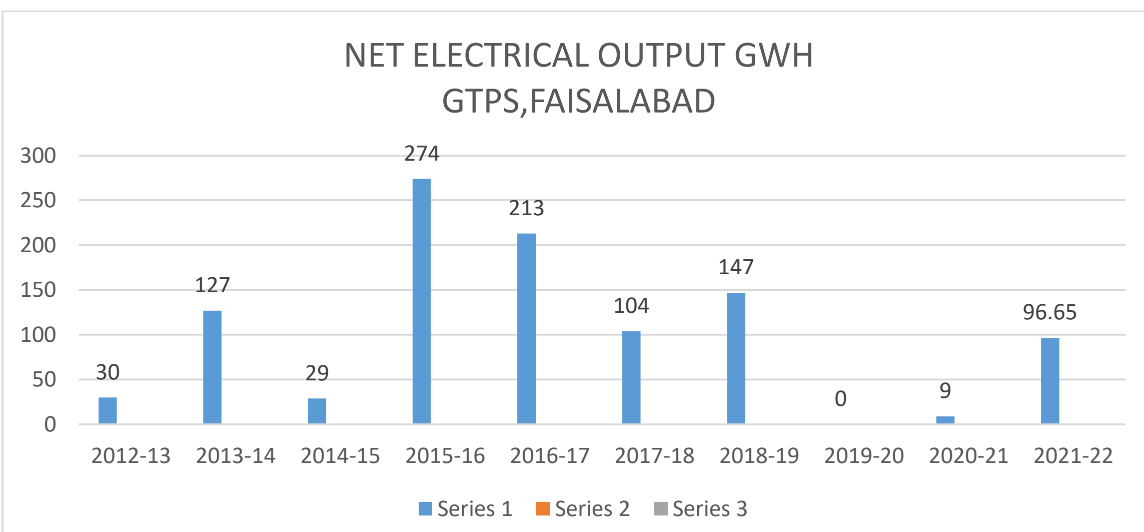
PARTICULARS	Actual (Audited) Rupees 2017 (Restated)	Actual (Audited) Rupees 2018 (Restated)	Actual (Audited) Rupees 2019 (Restated)	Actual (Audited) Rupees 2020	Actual (Audited) Rupees 2021 (Restated)	Actual (Audited) Rupees 2022
Fuel Cost	72,690.67	65,204.85	39,584.57	23,943.17	21,213.66	46,561.58
Chemicals	161.54	51.14	13.80	3.89	-	-
Total Variable Cost	72,852.21	65,256.08	39,598.37	23,946.66	21,213.66	46,561.98
Salaries & Wages	4,325.15	4,072.62	4,170.01	5,132.69	4,595.44	4,813.95
Repair & Maintenance	934.00	1,395.26	1,918.78	2,117.40	2,324.88	4,444.55
Other Manufacturing Cost	308.67	333.05	225.22	4.08	5.10	13.75
Admn. & General Expenses	187.52	294.69	191.40	280.38	425.20	891.86
Interest on loans	2,558.71	2,423.49	2,835.13	3,492.60	1,944.12	2,033.75
Currency Fluctuation	0.00	0.00	-	-	-	-
Rent Expenses	0.00	0.00	-	-	-	-
Other Financial Charges	0.90	1.85	0.32	1.40	5.56	9.37
Insurance	22.80	22.80	22.80	225.38	347.20	309.53
Depreciation	4,774.16	3,190.43	3,289.22	3,367.26	3,325.98	3,292.66
Amortization	8.14	8.14	-	-	-	-
Taxation	-559.74	0.00	188.78	667.24	465.95	763.32
Nepra Fees	32.06	34.62	30.79	37.30	41.55	42.77
Sub-Total Fixed Cost	12,590.39	11,763.86	12,872.46	15,226.69	13,504.99	16,610.43
Total Cost	85,442.60	77,019.93	52,470.83	39,172.45	34,718.66	63,172.41
Energy Sold (kWh)	6,981,483,424	5,533,610,061	2,714,839,104	1,776,191,050.00	1,777,621,968.00	1,739,707,000.00
Monthly Average Capacity (kW)	1,390	1,384	1,751	1,650	1,650	1,650
Months in the reported period	12	12	12	12	12	12
	Actual Rate	Actual Rate	Actual Rate	Actual Rate	Actual Rate	Actual Rate
Energy Charge (Rs./kWh)	10.3954	11.2574	13.8630	13.7266	11.0914	26.1406
Capacity Charge (Rs./kW/hour)	0.8737	0.8918	0.9040	0.9906	0.9146	0.9821
Energy Charge (Rupees)	71,328.09	62,293.82	37,630.31	23,428.09	21,206.33	45,392.29
Capacity Charge (Rupees)	14,430.79	14,795.01	13,866.41	14,387.65	13,589.75	12,833.84
Other Income	440.33	751.55	461.89	675.43	1,572.30	1,794.04
Total Revenue	86,199.18	77,840.38	51,958.62	38,491.17	36,368.38	60,020.17
Profit / (Loss) for the period	756.574	820.449	(512.22)	(681.27)	1,649.73	(3,152.24)

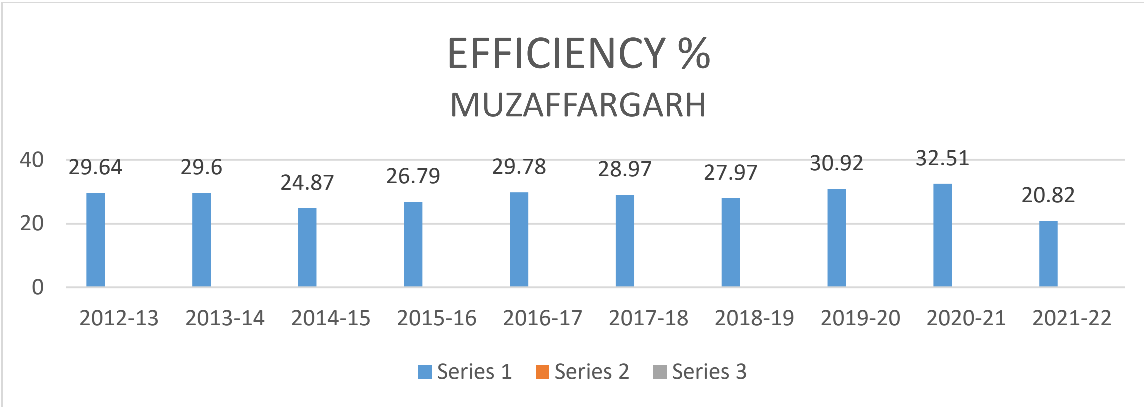
Northern Power Generation Company Limited
Financial Ratios
For Financial Years

Sr. No.	Description	2019-20	2020-21	2021-22
1	Current Ratio	0.62 : 1	0.66 : 1	0.70 : 1
2	i- Debt to Equity Ratio (without Revaluation Surplus)	-1.05 : 1	-1 : 1	-.63 : 1
	ii- Debt-to-Equity Ratio (with Revaluation Surplus)	0.25 : 1	0.20 : 1	0.17 : 1
3	Gross Profit/ (Loss) Ratio	9.89%	10.39%	-1.53%
4	Net Profit/ (Loss) Ratio	-0.30%	6.14%	-6.13%
5	Return on Assets	-0.05%	0.99%	-1.25%
6	Inventory Turnover	2.90	4.35	10.10
7	Inventory Turnover-Days	126.01	83.98	36.15
8	Total Asset Turnover	0.18	0.18	0.24

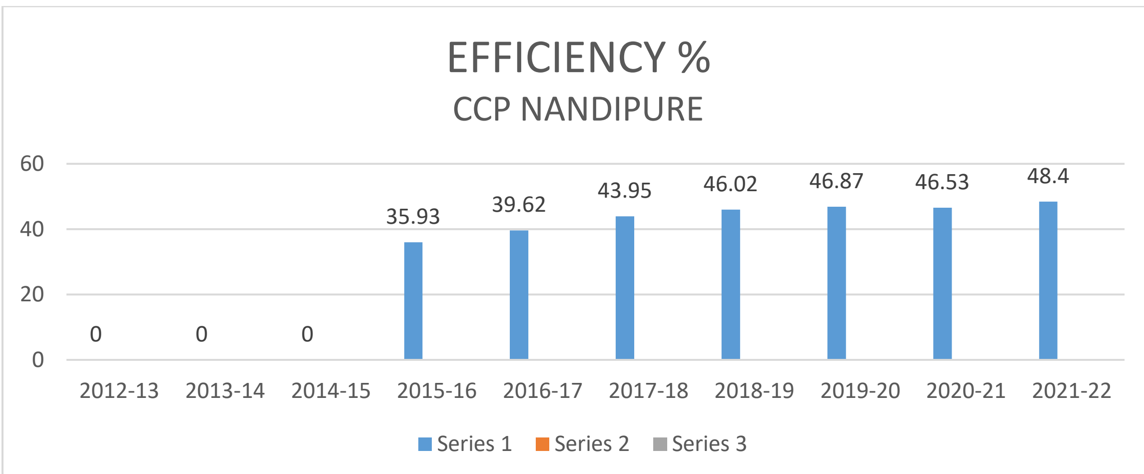

NET ELECTRICAL OUTPUT GWH
MUZAFFARGARH
6000
4000
2000
0
4477
5132
4311
4645
5160
3029
829
284
276
245
2012-13
2013-14
2014-15
2015-16
2016-17
2017-18
2018-19
2019-20
2020-21
2021-22
Series 1
Series 2
Series 3


NET ELECTRICAL OUTPUT GWH
CCP NANDIPURE
3000
2500
2000
1500
1000
500
0
0
0
0
1267
1378
2382
1729
1476
1482
1648
2012-13
2013-14
2014-15
2015-16
2016-17
2017-18
2018-19
2019-20
2020-21
2021-22
Series 1
Series 2
Series 3

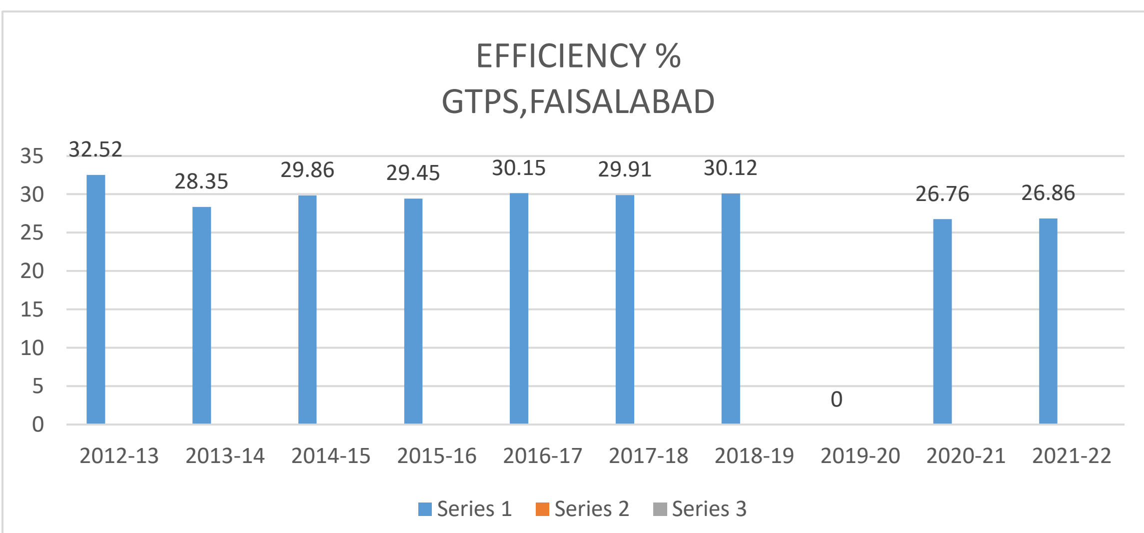

NET ELECTRICAL OUTPUT GWH
GTPS,FAISALABAD
300
250
200
150
100
50
0
30
127
29
274
213
104
147
0
9
96.65
2012-13
2013-14
2014-15
2015-16
2016-17
2017-18
2018-19
2019-20
2020-21
2021-22
Series 1
Series 2
Series 3



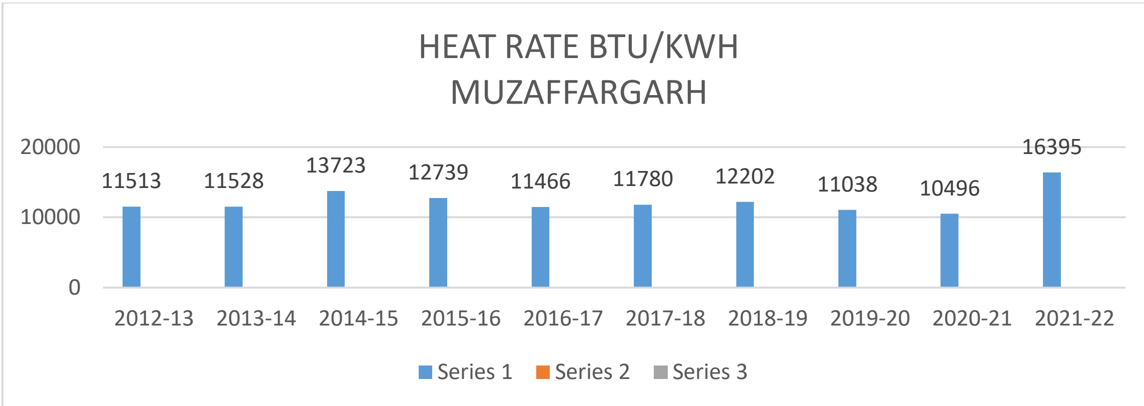
EFFICIENCY %
MUZAFFARGARH
40
20
0
29.64
29.6
24.87
26.79
29.78
28.97
27.97
30.92
32.51
20.82
2012-13
2013-14
2014-15
2015-16
2016-17
2017-18
2018-19
2019-20
2020-21
2021-22
Series 1
Series 2
Series 3

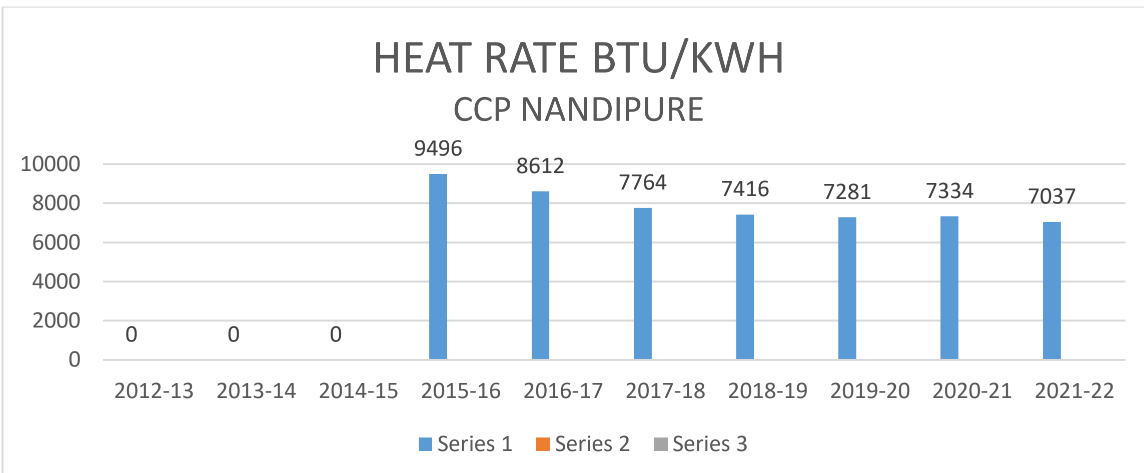


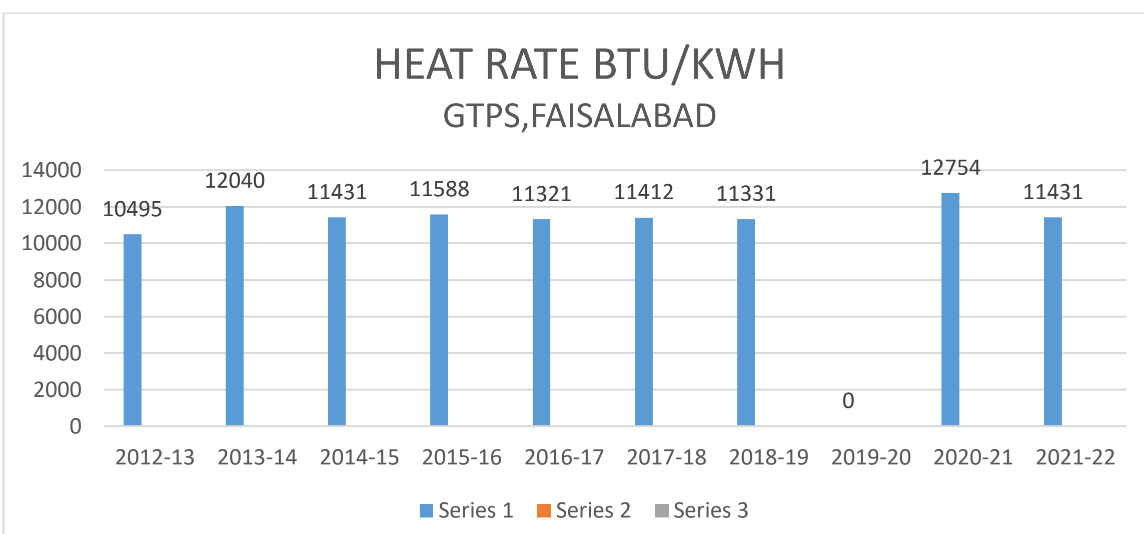
EFFICIENCY %
CCP NANDIPURE
60
40
20
0
0
0
0
35.93
39.62
43.95
46.02
46.87
46.53
48.4
2012-13
2013-14
2014-15
2015-16
2016-17
2017-18
2018-19
2019-20
2020-21
2021-22
Series 1
Series 2
Series 3

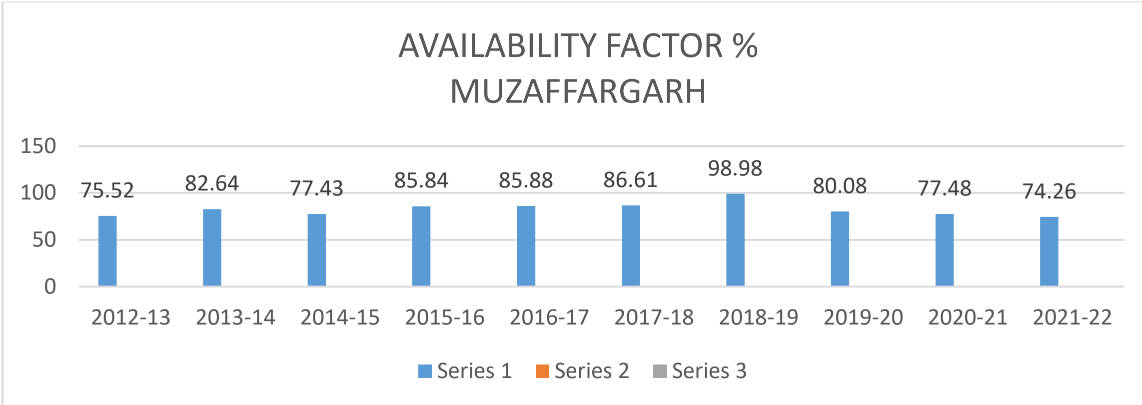


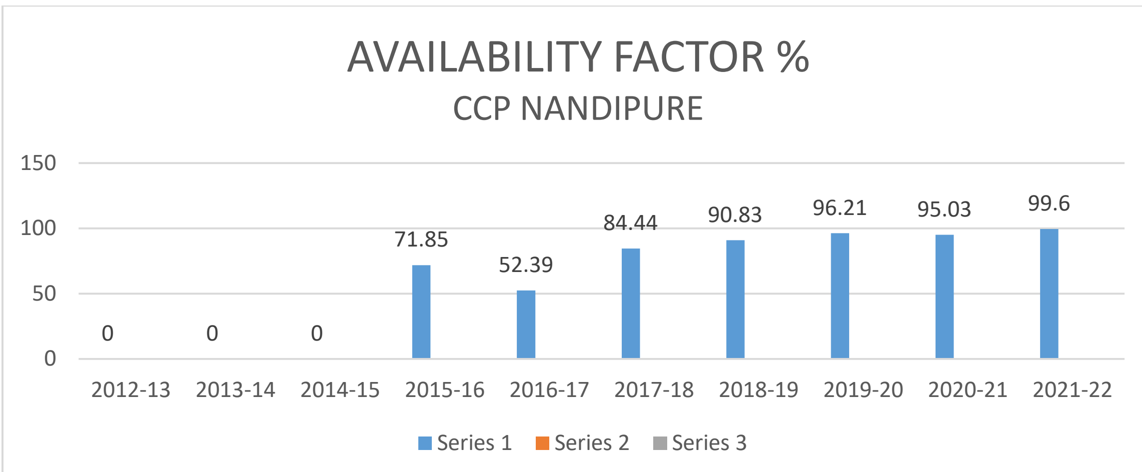
EFFICIENCY %
GTPS,FAISALABAD
35
30
25
20
15
10
5
0
32.52
28.35
29.86
29.45
30.15
29.91
30.12
0
26.76
26.86
2012-13
2013-14
2014-15
2015-16
2016-17
2017-18
2018-19
2019-20
2020-21
2021-22
Series 1
Series 2
Series 3

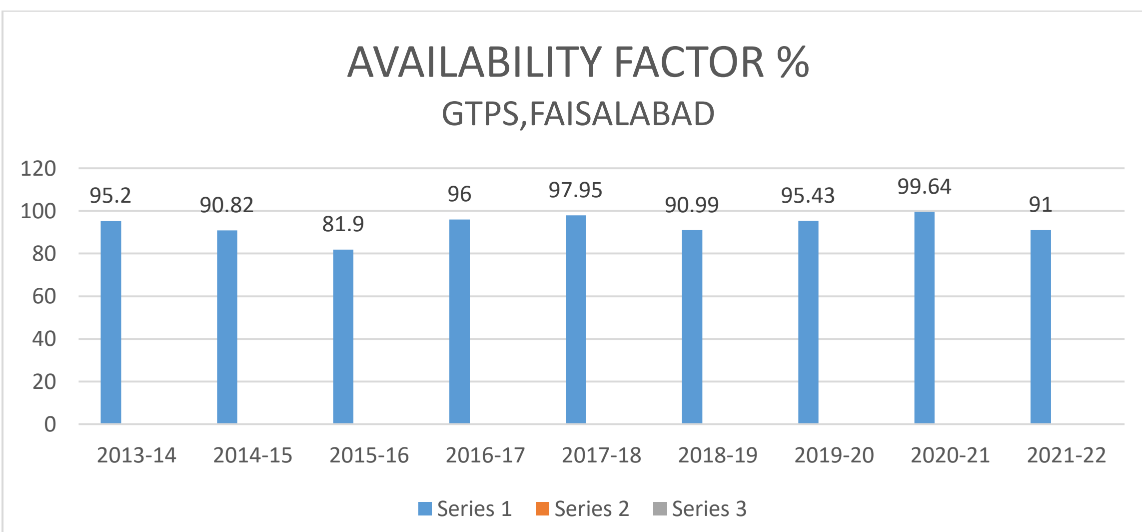

HEAT RATE BTU/KWH
MUZAFFARGARH
20000
10000
0
11513
11528
13723
12739
11466
11780
12202
11038
10496
16395
2012-13
2013-14
2014-15
2015-16
2016-17
2017-18
2018-19
2019-20
2020-21
2021-22
Series 1
Series 2
Series 3

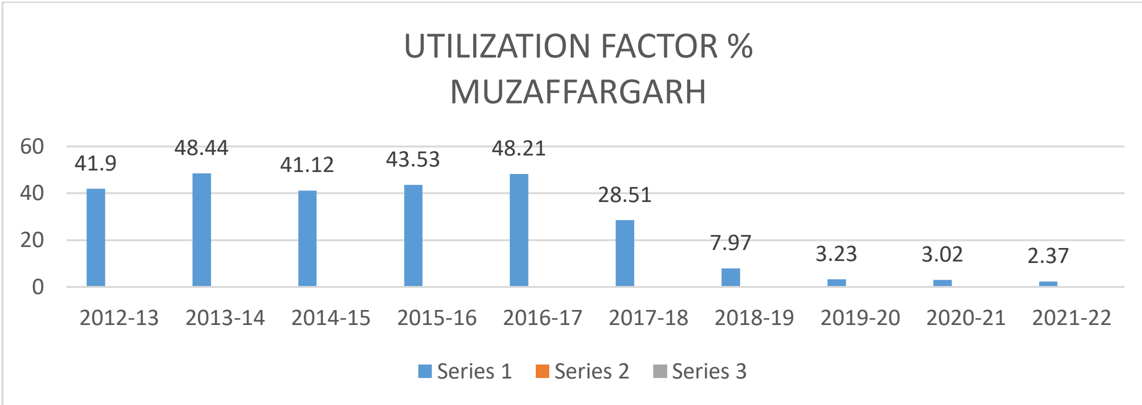

HEAT RATE BTU/KWH
CCP NANDIPURE
10000
8000
6000
4000
2000
0
0
0
0
9496
8612
7764
7416
7281
7334
7037
2012-13
2013-14
2014-15
2015-16
2016-17
2017-18
2018-19
2019-20
2020-21
2021-22
Series 1
Series 2
Series 3

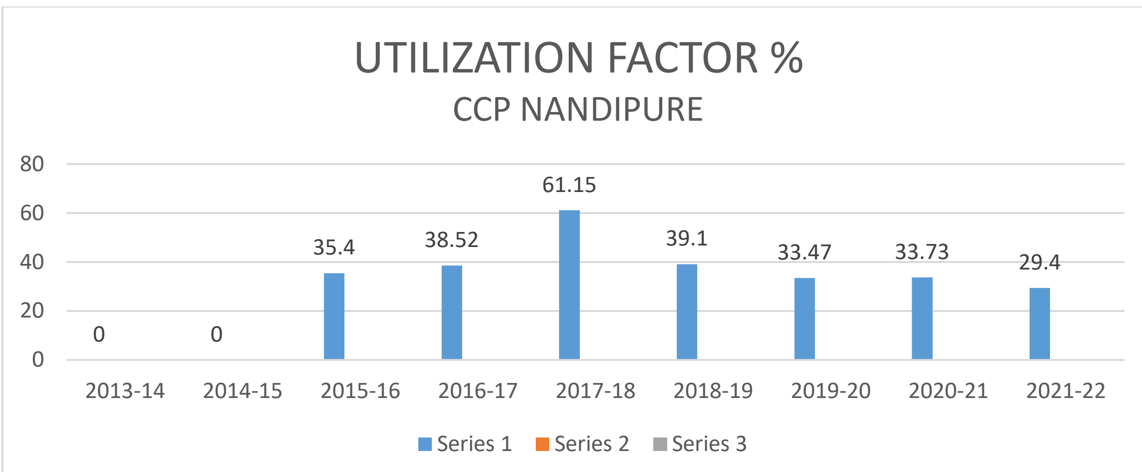

HEAT RATE BTU/KWH
GTPS,FAISALABAD
14000
12000
10000
8000
6000
4000
2000
0
10495
12040
11431
11588
11321
11412
11331
0
12754
11431
2012-13
2013-14
2014-15
2015-16
2016-17
2017-18
2018-19
2019-20
2020-21
2021-22
Series 1
Series 2
Series 3

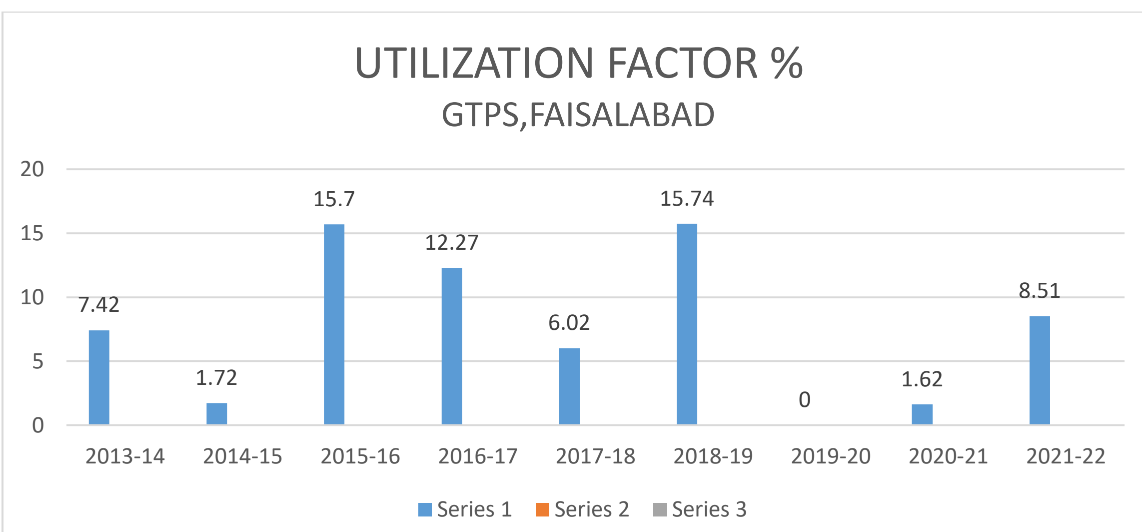

AVAILABILITY FACTOR %
MUZAFFARGARH
150
100
50
0
75.52
82.64
77.43
85.84
85.88
86.61
98.98
80.08
77.48
74.26
2012-13
2013-14
2014-15
2015-16
2016-17
2017-18
2018-19
2019-20
2020-21
2021-22
Series 1
Series 2
Series 3

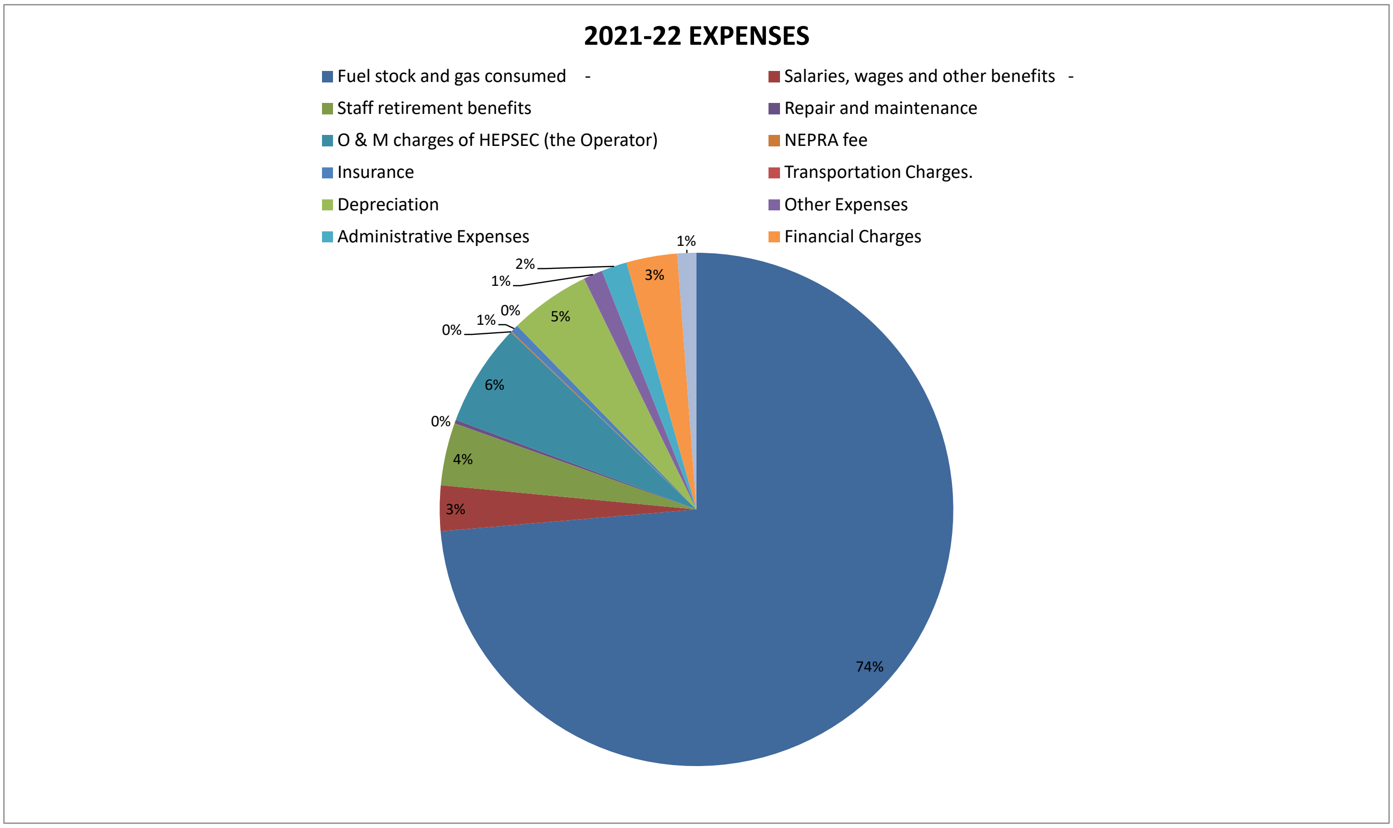

AVAILABILITY FACTOR %
CCP NANDIPURE
150
100
50
0
0
0
0
71.85
52.39
84.44
90.83
96.21
95.03
99.6
2012-13
2013-14
2014-15
2015-16
2016-17
2017-18
2018-19
2019-20
2020-21
2021-22
Series 1
Series 2
Series 3

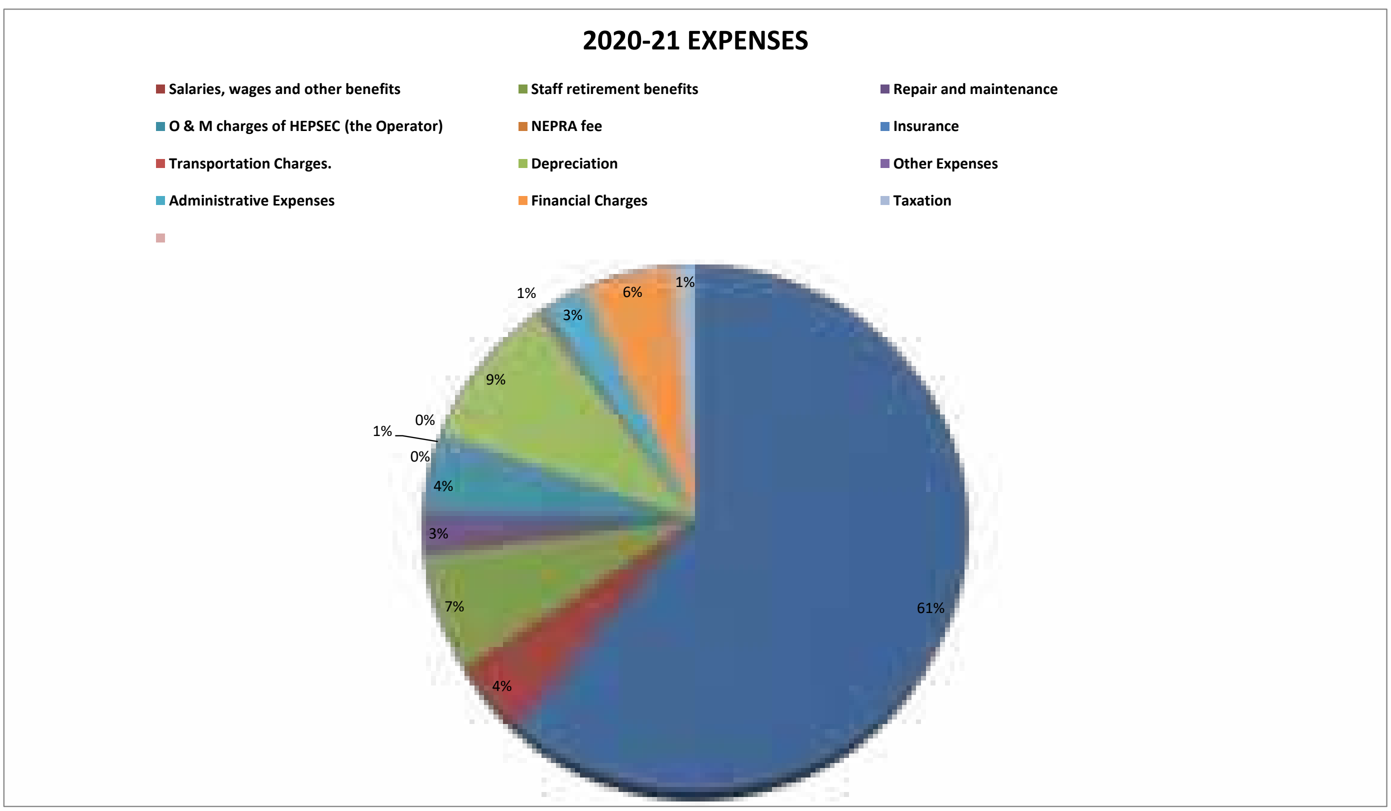

AVAILABILITY FACTOR %
GTPS,FAISALABAD
120
100
80
60
40
20
0
95.2
90.82
81.9
96
97.95
90.99
95.43
99.64
91
2013-14
2014-15
2015-16
2016-17
2017-18
2018-19
2019-20
2020-21
2021-22
Series 1
Series 2
Series 3


UTILIZATION FACTOR %
MUZAFFARGARH
60
40
20
0
41.9
48.44
41.12
43.53
48.21
28.51
7.97
3.23
3.02
2.37
2012-13
2013-14
2014-15
2015-16
2016-17
2017-18
2018-19
2019-20
2020-21
2021-22
Series 1
Series 2
Series 3

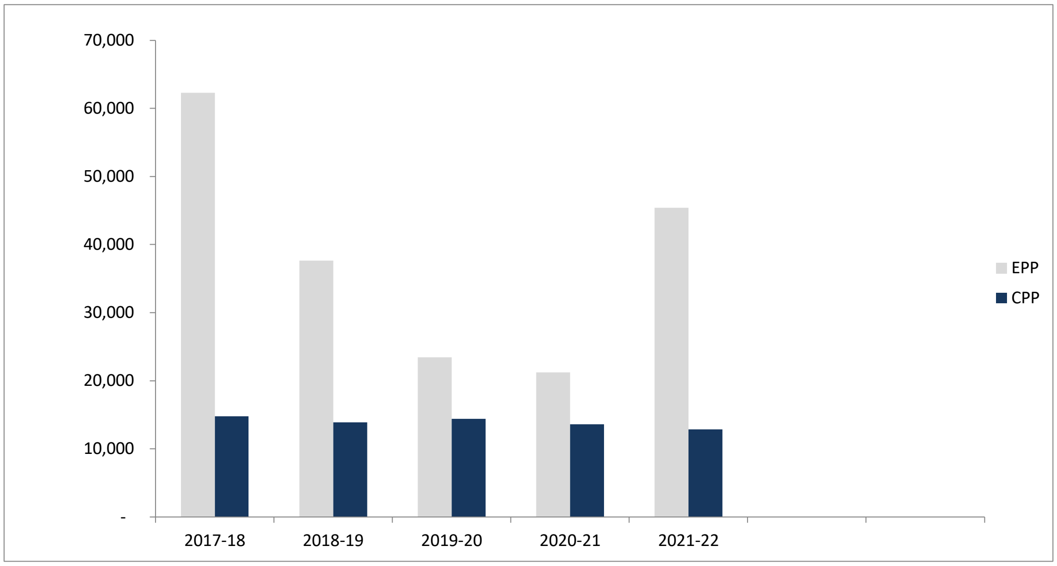

UTILIZATION FACTOR %
CCP NANDIPURE
80
60
40
20
0
0
0
35.4
38.52
61.15
39.1
33.47
33.73
29.4
2013-14
2014-15
2015-16
2016-17
2017-18
2018-19
2019-20
2020-21
2021-22
Series 1
Series 2
Series 3


UTILIZATION FACTOR %
GTPS,FAISALABAD
20
15
10
5
0
7.42
1.72
15.7
12.27
6.02
15.74
0
1.62
8.51
2013-14
2014-15
2015-16
2016-17
2017-18
2018-19
2019-20
2020-21
2021-22
Series 1
Series 2
Series 3


2021-22 EXPENSES
Fuel stock and gas consumed -
Salaries, wages and other benefits -
Staff retirement benefits
Repair and maintenance
O & M charges of HEPSEC (the Operator)
NEPRA fee
Insurance
Transportation Charges.
Depreciation
Other Expenses
Administrative Expenses
Financial Charges
1%
3%
2%
1%
0%
1%
0%
5%
6%
0%
4%
3%
74%

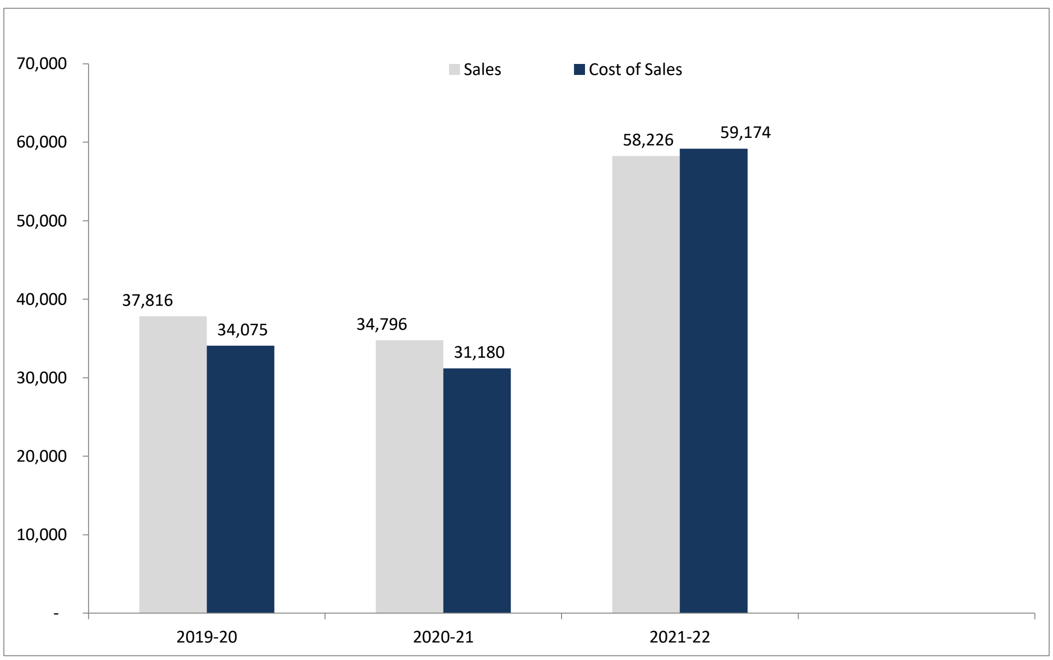

2020-21 EXPENSES
Salaries, wages and other benefits
Staff retirement benefits
Repair and maintenance
O & M charges of HEPSEC (the Operator)
NEPRA fee
Insurance
Transportation Charges.
Depreciation
Other Expenses
Administrative Expenses
Financial Charges
Taxation
1%
6%
1%
3%
9%
0%
1%
0%
4%
3%
7%
4%
61%

ENERGY PURCHASE PRICE (EPP) VS CAPACITY PURCHASE PRICE (CPP)

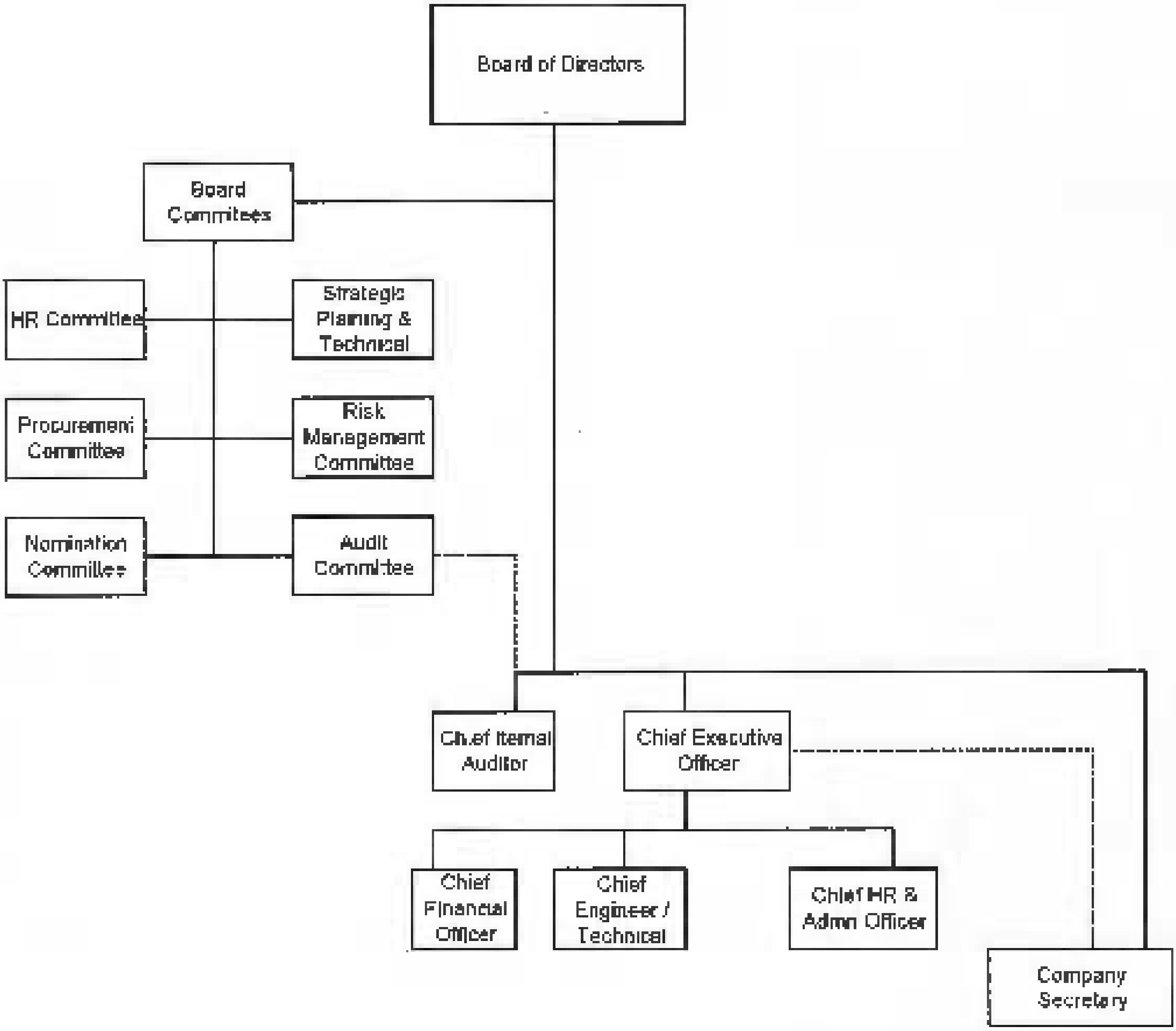


<u>SALES VS COST OF SALES</u>

In Millions



Northern Power Generation Company Limited
Organization Structure



GHC

Northern Power Generation Company Limited

Thermal Power Complex, Mehmood Kot Road, Muzaffargarh

Phone# 066-9200296 Fax# 066-9200166 Email:cs.npgcl@gmail.com

Meeting No. 24 **April 27, 2023**

Notice of Twenty Fourth Annual General Meeting

Notice is hereby given that the Twenty Fourth (24th) Annual General Meeting of Northern Power Generation Company Limited will be held on **Wednesday, May 17, 2023 at 03:00 p.m. in Conference Room of NPGCL, Muzaffargarh** to transact the following business.

Ordinary Business

1) To confirm the minutes of Twenty Third (23rd) Annual General Meeting held on March 07, 2022 of the Northern Power Generation Company Limited.

2) To receive, consider and adopt the audited financial statements for the year ended June 30, 2022 together with the Directors' and Auditors' Reports.

3) To appoint Auditors of the Company for FY 2022-23 and to fix their remuneration.

Extra Ordinary Business

4) To approve the change of the registered office of the Company.

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

By order of the Board.

Muhammad Aamir Zakee
Company Secretary

Muzaffargarh, April 27, 2023

Distribution:

1. The Secretary Ministry of Energy (Power Division), through PSO, Block-A, Pak Secretariat, Islamabad.
2. Prof Dr. Tabrez Aslam Shami, 204-A Abdalian society Lahore.
3. Mr. Muhammad Irfan Akram, H.No. 1429, Sadar bazar, Lahore cantt.
4. Mr. Muhammad Umer Khan, H.No. 187, street 22, W Block. DHA phase-III, Lahore.
5. Mr. Abdul Qayyum Malik, H.No. 76GG, DHA Lahore Cantt.
6. Mr. Muhammad Akram Arain, H.No. B-2 street F, Mohala Gulshan Kaneez Fatima, Gulzar Hijri, Karachi Sharqi.
7. Mr. Alam Zeb Khan, Sr.JS (Admn), Ministry of Energy (Power Division), Block-A, Pak Secretariat Islamabad.
8. Mr. Javed Iqbal Khan, JS (Finance Division) Pak Secretariat Islamabad.
9. Mr. Shahid Mahmood, MD/CEO GHCL, 1st Floor, OPF Building, G 5/2, Islamabad.
10. Mr. Sabeeh uz Zaman Faruqui, CEO, NPGCL, TPS Muzaffargarh.
11. Mr. Riaz Ahmed & Co, Charted Accountants, 560-F, Raja Road, Gulistan Colony, Faisalabad.

CHAIRMAN'S REVIEW

Being the Chairman of the Board of Northern Power Generation Company Limited it is my pleasure to present the Company's annual report containing financial statements for the year ended June 30, 2022 together with the Auditors' and Directors' Reports thereon.

The year under review was a very challenging for the Company. The Company has incurred loss of Rs.3,752,240 million during the year 2021-22. The Accumulated Loss of the Company has now reached a level of Rs.38,585.755 million. The main contributor for the loss this year is the change of tariff regime by National Power Electric Regulatory Authority (NEPRA) besides other factors. The NPGCL filed a tariff petition before NEPRA on November 25, 2019 for determination of tariff for its old blocks of Thermal Power Station (TPS) Muzaffargarh Units 1-6 and Gas Turbine Power Station Faisalabad Units 5-9, for a control period of three years. The NEPRA after necessary formalities determined the tariff on December 30, 2020 whereby the mode of tariff was changed from "Take or Pay" to "Take and Pay" with 21 percent utilization factor. Besides, other justified modifications requested by NPGCL vide tariff petition were also not allowed by NEPRA.

Since, this tariff was least appropriate for the Company, therefore, the NPGCL sought a review of the NEPRA's decision which was also turned down by the regulator vide its decision dated August 23, 2021. Because of the reason that TPS Muzaffargarh holds the generation license as issued by NEPRA till the year 2033 on "Take or Pay" tariff mode and the generation license of GTPS units 5-9 Faisalabad is valid till June 2022, therefore, the decision of the NEPRA was challenged in the Islamabad High Court for necessary remedy. The honorable court has granted interim injunction to the NPGCL to the extent that "Take or Pay" tariff mode of the Company has been revived. On the basis of the order of the honorable court, the Company has raised invoices in respect of capacity charges from CPPA-G accordingly which were earlier withheld by it. The matter is sub-judice at the moment and the Company will make its all out efforts for continuity of Take or Pay tariff regime till its license term. Since the Company obtained stay order from the court of law against the change of tariff regime by NEPRA at a time when the audit process of the Company had been completed, therefore, the financial impact of stay order has not been taken into account. As such the financial statements of the Company for FY 2021-22 have been prepared on the basis of a "Take or Pay" model.

The total gross generation attained by the Company, during the year 2021-22, was 2041 million units. On account of inclusion of several power generation units in the system, the utilization of the old blocks has remained at lowest ebb. As the Federal Government in the light of the recommendations of Cabinet Committee on Energy has decided to shut down the power generation units of old blocs of the Company gradually by September 2022, therefore, necessary measures have been initiated by the Company to this effect. The Company is making efforts for placement of the excess human resource through Federal Government in the other power sector companies. The Board has made several representations before the Ministry of Energy (Power Division) to this effect. The undersigned along with Chief executive Officer of the Company and GHCL has also held a meeting with Secretary (Power Division) and his team and highlighted the issues being faced by NPGCL. The Company believes that its existence is very important for the sake of transmission system's stability. The Company has formed this conviction through virtual simulation studies whereby it has been corroborated that for the sake of transmission system's stability, the mid country in-feed of 600-900 MW power through TPS Muzaffargarh is inevitable. For the purpose, a formal proposal has been submitted to the Ministry of Energy (Power

Division) as well as to NTDC. Formal response is being awaited to this effect to kick start the project. The up-gradation/modernization of this plant is therefore, the high priority of the Board of the Company. The Company has also submitted a concept paper for installation of 300 MWp capacity solar plants at the existing facility of TPS Muzaffargarh. Similar proposals for exploiting this precious renewable energy source are the top most priority of the Company for other sites available with it in different cities.

The Company has played a significant role in the economic development of the country through its consistent energy production over the years. The Board of your Company believes that being one of the largest thermal power generation companies of Pakistan and located near the load centers, it has great potential to serve the current as well as future energy requirements of Pakistan at affordable prices. All the essential Infrastructure required for electricity production including trained manpower, residential colony, offices, Power Evacuation, Gas Connection, Fuel availability, rail and road network is already available as such no additional infrastructural costs will be incurred for such rehabilitation and modernization. The Company is looking for support of the Federal Government for making this important public sector power generation plants viable to serve the national economy for a longer run. Besides, the Gas Turbine Workshop of Faisalabad has also been a one of the focused points for the Board. The Company believes that this workshop may generate significant revenue on commercial scale. Therefore, the Company is endeavoring to have a public private partnership for a thriving commercial role of this workshop.

The overall performance of the Board has remained very satisfactory. The Board has also monitored the performance of its Committees and the management on regular basis in line with the principles of corporate governance. The Board has remained conscious about the changing environment and developments occurring in the energy sector and economy.

In the end, I pay my tributes to the Directors on the Board for their continuous support and valuable cooperation and advice during these turbulent times. I would also like to thank the management and employees of the Company for their dedicated services for the Company. I am extremely grateful to Government of Pakistan, particularly the Ministry of Energy (Power Division), GHCL and the NEPRA for the understanding and their ever present support extended to the Company in particular and the power sector in general.

(Tabrez Aslam Shami)
Chairman, Board of Directors

DIRECTORS' REPORT TO THE MEMBERS

The Board of Directors of Northern Power Generation Company Limited feels pleasure to present you the annual audited financial statements for the year ended June 30, 2022 together with the Auditors' Report thereon. The year under review was full of challenges and the Board remained focused for efficiency improvement and building operational and financial viability of the Company.

ABOUT THE COMPANY

The Company is a public sector thermal power generation entity having its plants at Muzaffargarh, Faisalabad, Lahore and Multan which have been inherited from WAPDA at the time of incorporation of the Company. Subsequently, a combined cycle power plant having gross nameplate capacity of 565.65 megawatts has been installed by the Company at Nandipur, Distt. Gujranwala. At present, the units of Thermal Power Station Muzaffargarh and CCPP Nandipur are functional whereas the Steam Power Station Faisalabad, Gas Turbine Power Station Faisalabad, Shahdara -Lahore and Piranghaib Multan have become defunct upon completion of their useful life.

In addition to the above power stations, your company also owns, operates and maintains a Central Gas Turbine Maintenance Workshop at Faisalabad, which is providing services to whole Power and Industrial Sector of Pakistan and saving precious foreign exchange.

CHANGE OF TARIFF MODE OF OLD BLOCKS BY NEPRA

Upon expiration of tenure of the last tariff, the NPGCL filed a tariff petition before NEPRA on November 25, 2013 for determination of tariff for its old blocks of Thermal Power Station ("TPS") Muzaffargarh Units 1-6 and Gas Turbine Power Station ("GTPS") Faisalabad Units 5-9, for a control period of three years. The NEPRA after due formalities determined the tariff on December 30, 2020. The decision of the NEPRA caused a serious setback to NPGCL due to change of tariff mode from "Take or Pay" to "Take and Pay" with 21 percent utilization factor whereby the capacity charges were linked with 21% utilization of the plants of old blocks. Besides, the other justified modifications requested by NPGCL vide tariff petition were not allowed by NEPRA. Since, this tariff was least appropriate for the Company, therefore, the NPGCL sought a review of the NEPRA's decision. Accordingly a Motion for Leave to Review was filed on January 07, 2021 by the Company with NEPRA which has been dismissed by the Authority vide its decision dated August 23, 2021.

Since, the TPS Muzaffargarh holds the generation license as issued by NEPRA till the year 2033 on take or pay tariff mode therefore, a unilateral change by NEPRA is least justified before the expiry of the license period. Besides, the plants pertaining to old blocks are located at load centers and they are highly reliable. These plants have proved their efficacy at all testing times and helped to overcome the power crisis in the country. The tariff granted by the NEPRA on Take and Pay mode is likely to shut down a national asset of high importance and as a result thereof, the Company in a short run will not be able to even pay the salaries and pensions to its employees.

The Company therefore, decided to approach the court of law for remedy. A writ petition was filed in Islamabad High Court by the Company against the orders dated 30-12-2020 of NEPRA. The court has granted stay order to the NPGCL to the extent that "Take or Pay" tariff mode of the Company has been revived. On the basis of the order of the honorable court, the Company is raising invoices on regular basis in respect of capacity charges from CPPA-G and same are also being verified by CPPA-G. The matter is sub-judice at the moment and the Company will make its all out efforts for revival of Take or Pay tariff regime.

FINANCIAL RESULTS

The company has incurred loss of Rs. 3,752.240 million during the year under review. The Accumulated Loss of the Company has reached to a level of Rs. 39,585.755 million. During the year, the company has issued monthly invoices to Central Power Purchasing Agency Guarantee (CPPA-G) on account of energy charges and capacity charges based on the rates approved by NEPRA for the year 2021-22 adjusted to variation in fuel prices and inflation indexation. The operating financial results of the company for the year ended on June 30, 2022 in comparison with the year ended on June 30, 2021, are summarized in **Table-1** below;

(Rupees in Million)

Description	2021-22	2020-21 (Restated)
Sales	58,226	34,796
Cost of Sales	(59,174)	(31,180)
Gross Profit / (Loss)	(947)	3,616
Admn. Expenses	(1,027)	(897)
Other Expenses	(771)	(215)
Other Income	1,794	1,572
Finance Cost	(2,037)	(1,950)
Profit/ (loss) before Tax	(2,988)	2,136
Taxation	(764)	(486)
Profit/ (loss) after Tax	(3,752)	1,650

(Table-1)

OPERATIONS

The total gross generation attained by the Company, during the year 2021-22, was 2,052 million units. Out of these generated units 1960 million units were sold to CPPA-G. During the year 2020-21 total gross generations remained at 1,865 million units and 1,778 million units were sold to CPPA-G. There has also been an decrease in the auxiliary consumption to be 4.48% as compared to 4.82% during last year which may be attributed to higher generation of units based on the demand. Powerhouse-wise sharing in generation during the year 2021-22 remained as under:

Powerhouse	Generation (GWh)		Aux. Cons (GWh)
	Gross	Net	
TPS Muzaffargarh	236	220	16
GTPS Faisalabad	107	99	8
CCPP Nandipur	1,698	1,641	57
Total	**2,041**	**1,960**	**81**

(Table-2)

Corresponding figures for the year 2020-21 are appended below:

Powerhouse	Generation (GWh)		Aux. Cons (GWh)
	Gross	Net	
TPS Muzaffargarh	313	282	31
GTPS Faisalabad	16	14	2
CCPP Nandipur	1,539	1,482	57
Total	**1,868**	**1,778**	**90**

(Table-3)

The Nandipur power plant of the Company is now operating on RLNG fuel. SUI Northern Gas Pipelines Limited is supplying imported RLNG to this plant. The Nandipur Power Plant is fully operational on RLNG since April 2017.

For the sake of operational efficiency of Nandipur power plant, the Company has entered into a long term Operation and Maintenance agreement with M/s. Hydro Electric Power System Engineering Company (HEPSEC) of China. Pursuant to this agreement the CCPP, Nandipur was handed-over to HEPSEC in January 2018 for operations and maintenance.

It is worth mentioning here that the CCPP Nandipur was handed over to the O&M Operator with a stipulation that the plant will be operated in an efficient manner and in the event Company gets any bonus on account of its efficient operations, certain amount will also be shared with the Operator. On the other hand, in the event any loss occurs due to any operational inefficiencies, the same will be charged to the Operator. However, this mechanism will be effective once the true up tariff is decided by NEPRA and any efficiency losses over and above the approved tariff shall be finally determined and claimed from the Operator in the form of LDs.

The generation operation at the defunct plants of Multan, Lahore, and SPS Faisalabad remained suspended during the whole year. However, in order to support transmission and distribution system of the country, the attached grids and switch yards are being maintained at these defunct power plants with bare minimum staff posted by the Company at these defunct power stations.

SALES REVENUE & COST

The average rates, for FY 2021-22 as compared to FY 2020-21, of energy and capacity charge as approved by NEPRA for raising invoices to CPPA-G are were as under:

Description	Rate	2021-22		2020-21	
		Old Blocks	CCPP Nandipur	Old Blocks	CCPP Nandipur
CPP	Rs./kW/h	0.5029	1.9345	0.5029	2.1047
EPP	Rs./kWh	28.4016	22.1197	21.2919	10.0600

(Table-4)

The revenue against sale of energy and capacity to CPPA-G, during the year 2021-22, was recorded at Rs. 58,226 million comprising Rs. 45,392 million as energy charge and Rs.12,834 million as capacity charge. The sales revenue during the year 2020-21 was recorded at Rs. 34,796 million that consist of Rs. 21,206 million as energy charge and Rs. 13,590 million as capacity charge. As such, increase of 67.34% in sales revenue has been recorded in the year 2021-22 over the last year due to more generation of power correlated to the demand and increase in fuel prices. Comparative position, for the year 2021-22 and 2020-21, of major heads of expenses, with increase/ (decrease) thereof, is given as under:

(Rupees in Million)

Cost Item	2021-22	2020-21	Inc. / (Dec.)
Fuel Cost	46,962	21,214	25,748
Salaries & Pensions Benefits	4,914	4,595	319
Maintenance	4,445	2,325	2,120
Other Mfg.	14	8	6
Admn. Expenses	992	425	567
Interest	2,034	1,941	93
Other Financial Expenses	3	6	(3)
Insurance	310	347	(37)
Depreciation	3,293	3,327	(34)
NEPRA fee	43	42	1
Taxation	764	486	278
Total	63,772	34,719	29,053

(Table-5)

The increase in salaries & pension benefits by Rs. 319 million is primarily due to adhoc allowances and increase in pension. During the year the expenditure on repair & maintenance activities has been increased by Rs. 2,124 million due to major inspection of CCPP Nandipur. Increase in interest cost by Rs. 90 Million i.e. 4.51% is due to increase in KIBOR and repayment of loans drawn for CCPP, Nandipur as compared to the last year.

Gross fixed assets in operations as of June 30, 2022, stood at Rs. 193,339 million. After taking into account Rs. 43,376 million accumulated depreciations and Rs. 26 Million impairment loss, the net value of gross fixed assets, as of the said date, remained at Rs. 149,937 million.

Long terms loans as of June 30, 2022, were Rs. 16,002 million that include Rs. 3,409 million of current maturities. A Central government loan was availed by the Company amounting to Rs. 2,520 million for disbursing 10% advance payment to Dongfang Electric Corporation Limited, China for 525-MW, Combined Cycle Power Plant, Chichoki Mallian in year 2008.

Nevertheless, in May 2015, the competent authority of Ministry of Energy (Power Division) directed to close this project and make efforts to recover the advances paid to the contractor. In this regard a settlement agreement has been signed with the contractor and an amount of Rs. 2,123 million has been recovered. The contractor was paid a non refundable advance of EURO 7.555 million for the supply of gas turbines to M/s. General Electric (GE) for installation at this project. GE has agreed to return the amount of advance through adjustment in its upcoming works/ agreement with Central Power Generation Company Limited (CPGCL), an associated company. In this regard amounting to Rs. 336 Million has been received by CPGCL to date. Balance amount is still receivable from CGPCL to date.

GENERATION LICENSE

The generation license No.GL/03/2002 granted by NEPRA to NPGCL was effective from July 01, 2002. Through Modification II to the Generation License issued by NEPRA in October 2014, the Combined Cycle Power Plant, Nandipur was added to the generation facilities of your Company with the Gross Capacity of 565.65 megawatts. With the addition of Nandipur power plant, the term of Company's Generation License for this plant has been re-fixed up-to the year 2044. On May 05, 2018, 3rd modification of Generation License resulted in exclusion of units of SPS and GTPS (Open Cycle) Faisalabad from the Generation Capacity of NPGCL. The generation license has been modified 4th time on April 13, 2020, which was to align the generation license with NEPRA's allowed tariff, to the extent of change/revision of auxiliary consumptions of TPS Muzaffargarh and Unit No. 5-9 of GTPS Faisalabad. Moreover, the Federal Government has decided early retirement of some of its power generation units earlier. The decision of the Government is also likely to impact the Company.

NEPRA has withdrawn the Generation License of GTPS Fsd (Unit 5-9) upon completion of its useful life on 30th June 2022 through 5th Modification in Generation License. The NEPRA Authority also granted separate Generation License for CCPP Nandipur on 25th January 2023 through.

GENERATION TARIFF

The first tariff of the Company was determined by NEPRA and notified by Govt of Pakistan in year 2006. The tariff for Company's Nandipur Power Plant was determined by NEPRA in April 2015. Pursuant to Motion For Leave To Review (MLR) filed by your Company and subsequent reconsideration request filed by the Govt. of Pakistan, NEPRA issued revised tariff determination for Nandipur Power Plant in January 2016. The NEPRA on the application of the Company has approved a new tariff for the old blocks of the Company effective December 30, 2020 with changed tariff mode as explained above. However, the tariff mode changed by the Authority was challenged in honorable Islamabad High Court which has granted stay order to the extent of tariff mode i.e., "take and pay".

The invoices on take or pay were raised for Capacity payments of old blocks after the decision of IHC which have been processed at the end of CPPA-G.

The NEPRA Authority also issued determination of modification/revision of reference tariff on 4th April 2022 in respect of CCPP Nandipur. The preparation of True-up Tariff petition of CCPP Nandipur is under process by tariff consultant.

RENTAL POWER PLANTS

The Federal Government pursued a policy in order to mitigate the power crisis in the country through Rental Power Plants (RPPs) during 2007 to 2009. Two Rental Service Contracts (RSCs) were signed between WAPDA and (a) M/s. Alstom Power Rentals Bhikki and (b) M/s. General Electric Sharqpur. These RSCs were subsequently assigned to NPGCL for execution, being generation licensee. Later on eight more rental services agreements were signed between NPGCL and different entities on the direction of the government. However, the honorable Supreme Court of Pakistan vide its decision dated 30.03.2012 rescinded and declared void ab initio all the Rental Services Contracts in Human Rights Case No.7734-G/2009 and 1003-G/2010 regarding RPPs. The apex Court referred the case to National Accountability Bureau (NAB) for inquiry and investigation, which is in process. The Settlement Agreements with Gulf-Eminabad, Reshma-Lahore, Pakistan Power Resources Bhikhi, Techno Energy – Sahuwal Sialkot and Techno Engineering – Sammundari Road, Faisalabad have already been signed through Director General NAB. The recoveries under respective settlements have been made through NAB. The rental power agreements of General Electric at Sharaqpur, Distt Sheikhupura and Young Gen Power at Satiana Road, Faisalabad have not yet been settled.

FUELS USAGE

Gas

The supply of gas to all the power houses of the Company is arranged from Sui Northern Gas Pipelines Limited (SNGPL) system. Supply of gas to GTPS Faisalabad is on the basis of a contract signed between WAPDA and SNGPL. For TPS, Muzaffargarh the gas is being supplied by SNGPL on "as and when available" basis. However, due to rundown condition of GTPS, Faisalabad, the priority of gas supply to this power house is very low and is only provided when the power purchaser requires operating the plant in acute emergency situation.

The gas for Nandipur Power Plant is being supplied by SNGPL through imported RLNG. An Interim RLNG Supply Agreement has been signed with SNGPL as a time gap arrangement till negotiation and finalization of long term RLNG supply agreement for which certain approvals have been sought from competent forum through Ministry of Energy.

During the year 2021-22 the powerhouse-wise RLNG consumption, (without GST) and net generation on RLNG remained as under:

Powerhouse	Consumption		Gen
	MMCft	Mln. Rs.	MkWh
TPS Muzaffargarh	-	-	-
GTPS Faisalabad	1,229	2,880	99
CCPP Nandipur	13391	37,195	1,641
Total	**14,620**	**40,075**	**1,740**

(Table-6)

Comparative RLNG consumption per unit generated (Net) for the year 2021-22 and 2020-21 is given in table below:

Cubic Ft. per KWh

Powerhouse	2021-22	2020-21
TPS Muzaffargarh	-	-
GTPS Faisalabad	12.41	12.657
CCPP Nandipur	8.16	8.21
Total Average		

(Table-7)

Furnace Oil

Purchase of furnace oil from PSO also continued this year under the Fuel Supply Agreement dated September 15, 2006. Further, the furnace oil consumed, cost of furnace oil (without GST) and gross generation on furnace oil for FY 2021-22 at TPS Muzaffargarh remained as under:

Consumption		Net. Gen
M. Ton	Mln. Rs.	GWh
61,309	6,797	220

(Table-8)

Average furnace oil consumption per unit generated (Net) for the year 2021-22 as compared to the same for the year 2020-21 at TPS Muzaffargarh remained as under:

Kg/kWh

2021-22	2020-21
0.279	0.299

(Table-9)

FUEL STOCKS

The value of fuel stocks, i.e. Furnace Oil and High Speed Diesel, at the end of financial year 2021-22 remained as under:

Powerhouse	F. Oil (MT)	HSD(LTRS)
TPS Muzaffargarh	12,250	104,695
NGPS Multan	1,424	0
GTPS Faisalabad	0	11,046
SPS Faisalabad	1,942	0
CCPP Nandipur		6,593,564
Total	15,616	6,709,305

(Table 10)

Outage of Unit No. 4 of TPS Muzaffargarh

The main transformer of unit No. 4 of TPS Muzaffargarh had become out of order on July 01, 2019. After necessary investigations it has been concluded to have its replacement. The Board after reviewing the matter in a broader perspective has decided that the process of procurement of new transformer would be initiated once the Ministry approves the repowering plan of this unit.

Privatization of CCPP Nandipur

The CCPP Nandipur is on active consideration of the Privatization Commission amongst the state owned units. For the purpose, Financial Adviser (FA) has been appointed. The FA has prepared the due diligence report of CCPP Nandipur. It is most likely that CCPP Nandipur would be carved out from NPGCL for the purpose of privatization. As a separate entity, its privatization would become more feasible.

Corporate Strategy

NPGCL aims to bridge the gap between electricity demand and supply through establishing and maintaining Thermal Power Plants thereby raising the efficiency level to a maximum possible extent. The ambition of the Company is to regain its strategic position as a leading power producer and to contribute with long-term, cost effective and environment compatible electricity to enhance the national economic activities.

NPGCL is poised to promote capacity in the energy sector of the Country through development of highly efficient and state-of-the-art technology power plants at the most economical cost for delivering socio-economic benefits to the Country. The Company is in pursuit of sustainable growth with fair earnings by undertaking balanced management initiatives and leveraging its project management and engineering competences. NPGCL is fully committed to build strong relationship with its all stakeholders and to work diligently to increase corporate value while complying applicable laws and high ethical standards.

COMMENTS ON THE QUALIFICATIONS MADE BY AUDITORS

i. **Receivable from CPPA-G**

The balance confirmed by CPPA-G is Rs. 16,434.53 Million while as per books of NPGCL balance of receivable from CPPA-G is Rs.

46,734.787 Million and there is a difference of Rs. 30,309.329 Million. As per our working there are various reasons of difference. The detail of some is as under:

Sr. No.	Reason of Difference	Amount (Rs. in Mn.)
a.	Technical difference due to heat rate issue of old blocks of NPGCL. The differential claim has been sent to CPPA-G. The case is under discussion in Coordination Committee (formed to resolve the disputed issues between NPGCL and CPPA-G as per Power Purchase Agreement). It is hoped that the matter will be resolved during FY 2021-22.	7,713
b.	Time difference between NEPRA's determination and Notification by MOWP. (Old Blocks) CPP & CPP	328
c.	CPPA-G with-held the amount of RPPs after the judgment of Supreme Court of Pakistan regarding cancellation of license of RPPs ab initio. The matter has been taken up with CPPA-G and it is hoped that it will be resolved soon.	1,336
d.	CPPA-G did not verify the Startup invoices due to which case was referred to co-ordination committee. The co-ordination committee of CPPA-G and NPGCL has been agreed on the Start up cost. The same has been sent to NEPRA for approval. The matter will be resolved during current financial year.	1,664
e.	Difference due to non-availability of NEPRA's tariff for Pre-COD Generation and on HSD, open cycle generation of Nandipur Power Plant. It is included non-determination of tariff for CV adjustment of Nandipur	11,636

(Table-11)

The differences at Sr. No. (d & e) are in process of resolution. However, the differences at Sr. No. (a, b & c) are old and will be resolved upon resolution of technical matters between the parties for which a coordination committee is working.

ii. Waiver of finance cost on Cash Development Loan (CDL) incurred on abandoned Chichoki Mallian Power

Pursuant to the closure of Chichoki Mallian Project and on the directions of board, a request was sent on 14.12.2017 to Ministry of Finance through GHCL and Ministry of Energy for the waiver of Mark-up on the amount of CDL. In response Ministry of Finance regretted the said request on 13.11.2018.

Later on a request was sent on 22.02.2019 to Ministry of Finance through Ministry of Energy for review of their above mentioned decision. The above mentioned request for review was also regretted by Ministry of Finance on 06.08.2019. Now an amount of Rs. 639.580 million has been submitted to Ministry of Finance through Ministry of Energy against principal amount of CDL vide letter dated 23.10.2019 and Ministry of Finance has again been requested for the waiver of Markup amount of CDL.

Now CEO, NPGCL has forwarded the ECC draft summary on dated 21-10-2020 to GHCL for further submission to the Ministry of Energy (Power Division). The summary depicts the following points:

a. Waive-off the complete mark-up amount accrued till the final settlement of the transaction.

b. To accept balance principal amount of Rs. 639,575,656/- as full and final settlement against the cash development loan sanctioned vide letter No. F.5(38)-CF-I/2006-07/1394 dated 28.06.2008.

Therefore, as and when a decision of ECC will be received, the execution will be performed accordingly.

iii. Going Concern Assumption

The Company is owned by GOP and it has sovereign support of the shareholder.

The Company filed a petition with NEPRA on 25 November 2019 for revision in its existing power tariff for its old blocks. NEPRA in its decision dated 30 December 2020 relating to old blocks has increased the tariff but converted it "Take and Pay" instead of "Take or Pay". The Company filed the writ petition against the said decision in Honorable Islamabad High Court. Honorable court gave the interim decision in favor of Company. It is expected that after its implementation Company will earn the profit.

Moreover, the Company has presented repowering plans to the Ministry which are under consideration.

Emphasis of Matter

i. Payables to Fuel Suppliers

In various meetings with M/s PSO, option to re-negotiate the margin in lieu of LPS clause has been offered, but they are not willing to accept. The issue has been raised at the level of Ministry of Energy (Power Division).

ii. Applicability of SRO No. 986(I)/2019 dated 02 September 2019 of SECP

The Company is of the view that Securities and Exchange Commission of Pakistan vide notification dated June 22, 2009 has deferred the application of IFRIC 4 and 12 to facilitate corporate sector of Pakistan. Further, the spirit of IFRIC 4 is applicable to private investors. In case of an entity fully owned by Govt. of Pakistan, the applicability of a lease arrangement with Govt. of Pakistan is out of question.

iii. Provision for workers' profit participation fund for the financial years ended 30 June 2017 and 30 June 2018

This matter is pending for decision in the Economic Coordination Committee to exempt the corporatized entities under the umbrella of WAPDA from requirements of the said Act. Hence, no payments are being made till the outcome of decision.

iv. Matters Regarding Tax Contingencies

The tax cases reported in contingencies of financial statements are pending at different levels of appeals i.e. Commissioner (Appeals), Appellant Tribunal and Lahore High Court etc. Efforts are being made to finalize these appeals/ petitions. However, as per tax consultant's confirmations, the expected outcome of these appeals will be in favour of Company.

TAXATION

Current Taxation

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current 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.

Deferred Taxation

Deferred tax is accounted for using the 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. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets 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.

Moreover, 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. Deferred tax is charged or credited in the statement of 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.

EMPLOYMENT

Numbers of employees working in various formations of your company, as of June 30, 2022, were 2,008 against sanctioned 2,909 posts.

STAFF RETIREMENT BENEFITS

The Company has the following plans for its employees;

DEFINED BENEFIT PLANS

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.

BOARD OF DIRECTORS COMPOSITION

The Board of Directors of the Company as at June 30, 2021 consists of:

TOTAL NUMBER OF DIRECTORS:

(a)	Male	09
(b)	Female	-

(Table-12)

COMPOSITION:

(i)	Independent Directors	05
(ii)	Non-executive Directors	03
(iii)	Executive Director	01

(Table 13)

The names of the Directors during FY 2021-22 are as under:

The Company is fully owned by the Government of Pakistan. The competent authority had nominated all the Directors on the Board of the Company. The following were Directors of the Company during the year:

1. Prof. Dr. Tabrez Aslam Shami – Independent Director Chairman of the Board
2. Mr. Muhammad Irfan Akram – Independent Director
3. Mr. Muhammad Umar Khan - Independent Director
4. Mr. Abdul Qayyum Malik - Independent Director
5. Mr. Muhammad Akram - Independent Director
6. Mr. Sajjad Ahmed - Non Executive Director
7. Mr. Alam Zeb Khan – Non Executive Director Representative of Ministry of Energy (Power Division)
8. Mr. Javed Iqbal Khan - Non Executive Director Representative of Ministry of Finance (Finance Division)
9. Mr. Muhammad Imran Mian – Non Executive Director MD/CEO GHCL
10. Mr. Sabeeh Uz Zaman Faruqui - Chief Executive Officer

*** Mr. Sajjad Ahmed was replaced vide letter No. GPI-6(04)/2022-BOD-NPGCL dated 03-02-2022 by Ministry of Energy (Power Division) with Mr. Alam Zeb Khan, Sr. JS Ministry of Finance.**

DIRECTORS' REMUNERATION

Non-executive Directors and Independent Directors are entitled to a Directors' fee for attending meetings.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

As required by the Public Sector Companies (Corporate Governance) Rules, 2013 we are pleased to report the following:

a) The Board has complied with the relevant principles of corporate governance, and has identified the rules that have not been complied with, the period in which such non-compliance continued and reasons for such non-compliance;
b) The financial statements prepared by the management of the company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity;
c) Proper books of accounts of the company have been maintained;
d) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
e) The Board recognizes its responsibility to establish and maintain sound system of internal control which is regularly reviewed and monitored; and
f) The appointment of Chairman and other members of the Board and the term of their appointment along with the

remuneration policy adopted in the best interest of the Company in line with the best practices.

g) The Company is not reliant on the subsidy or other financial support from the Government;

h) The significant deviations from last years operational results are adequately highlighted.

i) Key operating and financial data of last six years has been provided in a tabulated form in the annual report.

j) The Company is focused on responding to accountability requirements, improved service delivery, reduced cost adherence to the principles of corporate social responsibilities;

k) Information about outstanding taxes and levies is given in the notes to the Financial Statements.

l) During the year six (6) meeting of the Board of Directors were held. Attendance of these meeting is as follows:

NAME OF DIRECTORS	NO OF MEETING ATTENED
1. Prof. Dr. Tabrez Aslam Shami Chairman of the Board of Directors	16/16
2. Mr. Muhammad Irfan Akram	16/16
3. Mr. Muhammad Umar Khan	16/16
4. Mr. Abdul Qayyum Malik	16/16
5. Mr. Muhammad Akram	16/16
6. Mr. Sajjad Ahmed	9/9
7. Mr. Javed Iqbal Khan	15/16
8. Mr. Alam Zeb Khan	6/6
9. Mr. Muhammad Imran Mian	12/12
10. Syed Tanveer Ahmed Jafri	02/02
10. Mr. Sabeeh Uz Zaman Faruqui	16/16

m) During the year four (04) meetings of the Audit Committee were held. Attendance of these meetings is as follows:

NAME OF MEMBERS	NO OF MEETING ATTENED
1. Mr. Muhammad Umar Khan	4/4
2. Mr. Muhammad Irfan Akram	4/4
3. Mr. Sajjad Ahmed	3/3
4. Mr. Alam Zeb Khan	1/1
5. Mr. Javed Iqbal Khan	4/4
6. Mr. Muhammad Imran Mian	2/2
7. Mr. Sabeeh Uz Zaman Faruqui	4/4

n) During the year two (02) meetings of the Risk Management were held, attendance of these meetings is as follows:

NAME OF MEMBERS	NO OF MEETING ATTENED
1. Mr. Abdul Qayyum Malik	2/2
2. Mr. Muhammad Akram	2/2
3. Mr. Javed Iqbal Khan	2/2
4. Mr. Muhammad Umar Khan	2/2
5. Mr. Sabeeh Uz Zaman Faruqui	2/2

o) During the year Five (05) meetings of the HR Committee were held. Attendance of these meeting is as follows:

NAME OF MEMBERS	NO OF MEETING ATTENED
1. Dr. Tabrez Aslam Shami	5/5
2. Mr. Muhammad Irfan Akram	5/5
3. Mr. Abdul Qayyum Malik	5/5
4. Mr. Muhammad Imran Mian	4/4
5. Mr. Muhammad Umar Khan	5/5
6. Mr. Sabeeh Uz Zaman Faruqui CEO	5/5

p) During the year Three (3) meetings of the Procurement Committee were held, attendance of these meetings is as follows:

NAME OF MEMBERS	NO OF MEETING ATTENED
1. Mr. Abdul Qayyum Malik	3/3
2. Mr. Muhammad Irfan Akram	3/3
3. Mr. Sajjad Ahmed	1/1
4. Mr. Alam Zeb Khan	1/1
5. Javed Iqbal Khan	3/3
5. Mr. Muhammad Imran Mian	2/2
6. Mr. Sabeeh Uz Zaman Faruqui	3/3

q) During the year four (4) meetings of the Technical Committee were held, attendance of these meetings is as follows:

NAMES OF MEMBERS	NO OF MEETING ATTENED
1. Prof. Dr. Tabrez Aslam Shami	4/4
2. Mr. Muhammad Akram	4/4
3. Muhammad Irfan Akram	2/2
3. Mr. Muhammad Imran Mian	3/3
4. Mr. Sabeeh Uz Zaman Faruqui	4/4

r) The Board re-organized its Committees on July 27, 2020 in order to make these Committees more balanced and effective in terms of requisite range of skills, competence, knowledge and experience so that these Committees as a group include core competencies and diversity considered relevant in the context of their respective domains.

Appointment of Auditors

The Audit Committee in its 37th meeting held on January , 2022 has suggested the appointment of M/s Riaz Ahmad & Company, Chartered Accountants to be the external auditors of the Company for FY 2022-23 and their scope of services includes the annual audit services, half yearly limited review and compliance review of Public Sector Companies (Corporate Governance) Rules 2013 at the same gross remuneration as of last financial year i.e., Rs. 2.436 Million inclusive of out of pocket expenses as well as all provincial and federal taxes. The appointment of auditors for the above mentioned scope and remuneration has been recommended by the Board of Directors in its meeting No. 131 held on January, 2022.

Future Outlook

The power sector is a very sensitive sector of economy. This year several events have occurred which have far reaching impact on the future of the Company.

The Federal Government in the light of the recommendations of Cabinet Committee on Energy has decided to shut down the power generation units of old blocs of the Company gradually by September 2022. Necessary measures have been initiated by the Government towards this end and units 5 and 6 of TPS Muzaffargarh are on the top of the line have this fate. The management of the Company believes that existence of TPS Muzaffargarh is essential for the stability of power transmission system in the country.

TPS Muzaffargarh was installed with 32% efficiency benchmark. The efficiency with the passage of time has been degraded on account of extensive use of these power plants in yesteryears. On account of extensive growth of IPPs, the power production in the country is over than the consumption. Resultantly the NPCC has to make a choice to operate the power plants in merit order. The plants like TPS Muzaffargarh are at lowest ebb in the said order of NEPRA on account of its efficiency level. The up-gradation/modernization of this plant is therefore, the high priority of the Board of the Company. The Company has submitted a repowering plan of TPS Muzaffargarh to the Ministry which is primarily based on the addition of two gas turbines and one steam turbine with the existing system. This plan is under consideration of the higher authorities. In addition to that the Company is also considering installation of 200 MW capacity solar plants at sites available with it at Muzaffargarh, Multan, Lahore and Faisalabad. The Company has also prepared a prefeasibility report highlighting the need of TPS Muzaffargarh for the sake of transmission system's stability corroborated by virtual simulation. The modernization of the old blocks plants are the top most priority of the Board so as to remain commercially viable in the time to come.

The Company has played a significant role in the economic development of the country through its consistent energy production over the years. The Board of your Company believes that being one of the largest thermal power generation companies of Pakistan and located near the load centers, it has great potential to serve the current as well as future energy requirements of Pakistan at affordable prices.

CORPORATE SOCIAL RESPONSIBILITY

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.

Besides, the Company is providing affordable education facilities to the children of employees and the people residing in the adjoining areas of the plants. The Company is also providing medical as well as other welfare facilities to the employees and pensioners of the Company.

APPRECIATION

The Board of Directors is pleased to put on record its appreciation to the workers, staff and management of the Company who have worked with dedication and determination for the betterment of the Company. The Board also places on record its appreciation for the support of Government of Pakistan particularly for the Ministry of Energy (Power Division), Ministry of Finance, NEPRA and all allied bodies for their professional support for running the affairs of the Company.

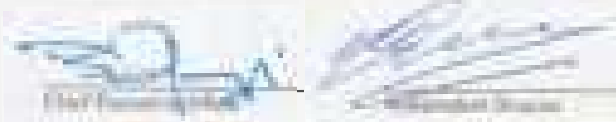
SHAREHOLDING PATTERN

Shares holding pattern and Categories of shareholders of the Company as at June 30, 2022 is as under:

Shareholdings	No. of Shareholders	Share Hold	Percentage
From 1 to 7 shares	7	7	0.014%
From 8 to 50,000 shares	1	49,993	99.986%
Company Total	8	50,000	100.00%

Categories of shareholders

Particulars	No. Shareholders	Shareholding	Percentage
Directors and CEO	7	7	0.014%
President of Pakistan	1	49,993	99.986%
Company Total	8	50,000	100.00%



Dated: [illegible]

Riaz Ahmad & Company
Chartered Accountants

560-F, Raja Road, Gulistan Colony
Faisalabad 38000, Pakistan
T: +92 (41) 886 10 42, 886 36 44
F: +92 (41) 886 36 11
racofsd@racopk.com
www.racopk.com

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 Northern Power Generation Company Limited (the Company) for the year ended 30 June 2022.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Rules as applicable to the Company for the year ended 30 June 2022.

RIAZ AHMAD & COMPANY
Chartered Accountants

Faisalabad

Date: 13 May 2023

UDIN: CR202210158i0XPMuACb

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

Name of company: *Northern Power Generation Company Limited (the Company)*
Name of the line ministry: *Ministry of Energy (Power Division)*
For the year ended: *30 June 2022*

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>Sr. No.</th><th>Provision of the Rules</th><th>Rule no.</th><th>Yes</th><th>No</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 the following directors which are nominated by the Government of Pakistan (GoP) through Ministry of Energy (Power Division):

<table>
<tr><th>Category</th><th>Names</th><th>Date of Appointment</th></tr>
<tr><td>Independent Directors</td><td>1) Prof. Dr. Tabrez Aslam Shami (Chairman)
2) Mr. Muhammad Umar Khan
3) Mr. Muhammad Irfan Akram
4) Mr. Muhammad Akram
5) Mr. Abdul Qayyum Malik</td><td>28.02.2019
28.02.2019
28.02.2019
28.02.2019
28.02.2019</td></tr>
<tr><td>Executive Director</td><td>1) Mr. Sabeeh Uz Zaman Faruqui (CEO)</td><td>01.08.2019</td></tr>
<tr><td>Non-Executive Directors</td><td>1) Mr. Muhammad Imran Mian
2) Mr. Alam Zeb Khan
3) Mr. Javed Iqbal Khan</td><td>13.09.2021
03.02.2022
18.06.2021</td></tr>
</table>

Note-1: Subsequent to the year ended 30 June 2022, Mr. Muhammad Imran Mian was replaced by Mr. Pervaiz Iqbal on 18 October 2022.</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>✓
All directors appointed by Fed. Govt. through notification/Office Memorandums.</td><td></td></tr>
<tr><td>5</td><td>The Chairman of the Board is working separately from the Chief Executive Officer of the Company.</td><td>4(1)</td><td>✓</td><td></td></tr>
</table>

Sr. No.	Provision of the Rules	Rule no.	Yes	No
6	The Chairman of the Board 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 Officer on the basis of the fit and proper criteria as well as the guidelines specified by the Commission. (Not applicable where the Chief Executive Officer has been nominated by the Government)	5(2)	Not applicable	
8	(a) The company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place. (b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures, including posting the same on the company's website. (www.npgcl.org.pk) (c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)	✓ The Company has adopted WAPDA Conduct Rules 1978 and WAPDA E&D Rules, 1978 However, the Rules are not uploaded on the company's website	
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)	✓ The Company is following Govt. Rules and Regulations on anti-corruption. Moreover, Whistle Blowing Policy is also in place to curb the corrupt practices	
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)	✓	

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Sr. No.	Provision of the Rules	Rule no.	Yes	No
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)	Not applicable	
17	The Board has ensured compliance with policy directions requirements received from the Government.	5(11)	✓	
18	(a) The Board has met at least four times during the year.	6(1)	✓	
	(b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings.	6(2)	✓ (Where 07 days' notice was not possible, the waiver under relevant rule has been obtained)	
	(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/half-yearly/quarterly basis and held them accountable for not accomplishing objectives, goals and key performance indicators set for this purpose.	8(2)	✓	
20	The Board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9	✓	
21	(a) The Board has approved the statement of profit or loss for, and statement of financial position 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.		Not applicable	
	(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	✓ (Certification under an appropriate training or education program offered by any institution, local or foreign will be arranged in due course.)	

23	(a) The Board has formed the requisite committees, as specified in the Rules. (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:	12	✓ ✓ ✓ ✓	
24	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, with their remuneration and terms and conditions of employment. Note-2: Chief Internal Auditor of the Company has resigned on 23 March 2022 and the Company is in the process for the appointment of new Chief Internal Auditor. Note-3: The Company Secretary resigned from his service on 08 April 2022. However, Mr. Mr. Muhammad Aamir Zakee, Chief Financial Officer of the Company has been assigned the additional charge of the Company Secretary uptill posting of regular incumbent.	13	✓	
25	The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules (Currently, the role of the Company Secretary has been temporarily designated to the Chief Financial Officer of the Company as mentioned in Note-3 above).	14	✓	
26	The Company has adopted International Financial Reporting Standards notified by the Commission under 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. (b) The annual report of the company contains criteria and detail of	19	✓ ✓	

Committee	*Number of members*	*Name of Chair*
Audit Committee	05	Mr. Muhammad Umar Khan
Risk Management Committee	04	Mr. Abdul Qayyum Malik
Human Resources Committee	05	Prof. Dr. Tabrez Aslam Shami
Procurement Committee	05	Mr. Muhammad Irfan Akram
Nomination Committee	03	Mr. Muhammad Akram

<table>
<tr><td></td><td>remuneration of each director.</td><td></td><td></td><td></td></tr>
<tr><td>30</td><td>The financial statements of the Company were duly endorsed by the Chief Executive Officer and Chief Financial Officer before consideration and approval of the audit committee and the Board.</td><td>20</td><td>✓</td><td></td></tr>
<tr><td>31</td><td>The Board has formed an audit committee, with defined and written terms of reference, and having the following members:
<table><tr><th>Name of member</th><th>Category</th><th>Professional Background</th></tr><tr><td>1) Mr. Muhammad Umer Khan</td><td>Independant Director</td><td>Businessman</td></tr><tr><td>2) Mr. Muhammad Irfan Akram</td><td>Independent Director</td><td>Retired Telecommunication Professional</td></tr><tr><td>3) Mr. Muhammad Imran Mian</td><td>Non-Executive Director</td><td>CEO GENCO Holding Company Ltd.</td></tr><tr><td>4) Mr. Alam Zeb Khan</td><td>Non-Executive Director</td><td>Joint Secretary Ministry of Energy</td></tr><tr><td>5) Mr. Javed Iqbal Khan</td><td>Non-Executive Director</td><td>Joint Secretary, Ministry of Finance</td></tr></table>
The Chief Executive Officer and Chairman of the Board are not members of the audit committee.

Note-4: Subsequent to the year ended 30 June 2022, Mr. Muhammad Imran Mian was replaced by Mr. Pervaiz Iqbal on 18 October 2022.</td><td>21(1) and 21(2)</td><td>✓</td><td></td></tr>
<tr><td>32</td><td>(a) The Chief Financial Officer, the Chief Internal Auditor, and a representative of the external auditors attended all meetings of the audit committee at which issues relating to accounts and audit were discussed.

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

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

✓

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

(b) The Chief Internal Auditor has requisite qualification and experience prescribed in the Rules.</td><td>22</td><td>✓

Chief Internal Auditor of the Company has resigned on 23 March 2022 and the Company is in the process for the appointment of new Chief Internal</td><td></td></tr>
</table>

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

Signatures:

Chief Executive Officer

Signatures:

Independent Director

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.	10	Quarterly Accounts were prepared with some delay and subsequently approved by the BOD.	All efforts shall be made to ensure compliance in a timely manner.
		Annual financial statements were not uploaded on the Company's website.	Compliance will be made in future.

Signatures:

Chief Executive Officer

Signatures:

Independent Director

Riaz Ahmad & Company
Chartered Accountants

NORTHERN POWER GENERATION COMPANY LIMITED

FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

30 JUNE 2022

A member of Nexia International

Riaz Ahmad & Company
Chartered Accountants

560-F, Raja Road, Gulistan Colony
Faisalabad 38000, Pakistan
T: +92 (41) 886 10 42, 886 36 44
F: +92 (41) 886 36 11
racofsd@racopk.com
www.racopk.com

INDEPENDENT AUDITOR'S REPORT

To the members of Northern Power Generation Company Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the annexed financial statements of Northern Power Generation Company Limited (the Company), which comprise the statement of financial position as at 30 June 2022, 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.

Except for the effects of the matters described in the *Basis for Qualified Opinion* section of our report, in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of the loss, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

1) as stated in Note 18.1 to the financial statements, balance due from Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) does not reconcile with the balance confirmed by CPPA-G and there is a difference of Rupees 30,300.329 million. The management of the Company is confident that the receivable recognized by the Company is sufficient and the difference will be resolved in favor of the Company. However, we were unable to determine the extent to which such receivable would be settled between CPPA-G and the Company and financial impact of such settlement.

2) as stated in Note 13.1.1 to the financial statements, capital work-in-progress includes an amount of Rupees 1,494 million relating to finance cost incurred on Chichoki Mallian Power Project which has been closed by the Ministry of Energy (Power Division) vide its letter no. GPI-9(01)/2009 dated 21 May 2015. Pending the decision of waiver of finance cost on Cash Development Loan (CDL) sanctioned by the Ministry of Finance, management has not recognized impairment loss, if any, in these financial statements.

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.

Material Uncertainty relating to Going Concern

We draw attention to Note 1.1 to the financial statements, which states that the Company has suffered loss after taxation of Rupees 3,752.240 million and its accumulated loss is of Rupees 38,585.755 million. Moreover its current liabilities exceeded its current assets by Rupees 36,204.490 million. These conditions along with other matters as stated in Note 1.1 to the financial statements indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw attention to the following matters:

1. Note 12.1.1 and Note 12.1.2 to the financial statements explain the uncertainty regarding outcome of late payment interest of Pakistan State Oil Company Limited (PSO) and late payment surcharge including arrears of Regasified Liquefied Natural Gas (RLNG) of Sui Northern Gas Pipelines Limited (SNGPL) respectively, which have been disputed by the Company. Further, the management of the Company is confident that differences in balances payable to PSO and SNGPL will also be favorably resolved along with the aforesaid matter.

2. Note 2.1(b)(i) to the financial statements states that Securities and Exchange Commission of Pakistan (SECP) vide its SRO 986(I)/2019 dated 02 September 2019 has extended the earlier exemption from the requirements of International Financial Reporting Interpretation Committee (IFRIC) 4 'Determining Whether an Arrangement Contains a Lease' and IFRIC 12 'Service Concession Agreements' through its notification S.R.O. 24(I)/2012 dated 16 January 2012 subject to compliance with related disclosure requirement applicable in case of departure from IFRS. The information required to be disclosed has not been quantified.

3. Note 12.1.3 to the financial statements, which states that interest on workers' profit participation fund aggregating to Rupees 44.879 million was not accounted for by the Company. Moreover, workers' profit participation fund along with related interest was not paid to the workers due to pending decision of Economic Coordination Committee to exempt the corporatized entities under the umbrella of WAPDA.

4. Note 12.1.5 to Note 12.1.13 to the financial statements describe various matters regarding tax contingencies the ultimate outcome of which cannot be presently determined hence no provision for the same has been made in accompanying financial statements.

Our opinion is not modified in respect of these matters.

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

Management is responsible for the other information. The other information comprises the information included in the annual 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, we were unable to ascertain the extent of recoverability of trade debts due from CPPAG and the extent to which mark-up on CDL will be waived off along with the charge of impairment loss. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to these matters.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, based on our audit, we further report that in our opinion:

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

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

c) investments made, 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 Mubashar Mehmood.

RIAZ AHMAD & COMPANY
Chartered Accountants

Faisalabad

Date: 13 May 2023

UDIN: AR202210158T7wifJSxU

NORTHERN POWER GENERATION COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

EQUITY AND LIABILITIES	NOTE	2022 RUPEES	2021 RUPEES Restated	2020 RUPEES Restated
SHARE CAPITAL AND RESERVES				
Authorized share capital				
5 000 000 000 (2021: 5 000 000 000) ordinary shares of Rupees 10 each		50,000,000,000	50,000,000,000	50,000,000,000
Issued, subscribed and paid up share capital	3	500,000	500,000	500,000
Deposit for shares	4	17,899,352,366	17,899,352,366	17,899,352,366
Surplus on revaluation of land		96,960,234,805	96,960,234,805	94,216,614,999
Accumulated loss	5	(28,385,745,494)	(33,883,032,551)	(35,290,798,514)
TOTAL EQUITY		86,474,341,677	80,977,054,620	75,325,680,851
NON-CURRENT LIABILITIES				
Long term financing	6	13,112,148,827	15,940,993,107	18,754,500,885
Staff retirement benefits	7	26,864,535,872	28,958,074,971	27,694,606,357
Deferred liabilities	8	995,157,030	1,034,794,386	1,059,[illegible]66,036
		40,971,841,729	45,933,862,456	47,508,563,250
CURRENT LIABILITIES				
Trade and other payables	9	102,567,008,985	80,982,672,546	80,882,755,422
Accrued mark-up	10	2,821,959,801	2,413,1[illegible],717	2,940,680,973
Provision for taxation		2,005,785,536	1,241,967,609	756,017,767
Current portion of non-current liabilities	11	3,312,826,309	3,388,2[illegible],232	3,281,911,915
		110,707,580,631	88,025,943,204	87,861,337,[illegible]
TOTAL LIABILITIES		151,679,422,360	133,959,805,670	135,369,900,380
CONTINGENCIES AND COMMITMENTS	12			
TOTAL EQUITY AND LIABILITIES		238,153,764,037	214,936,860,290	211,695,581,231

ASSETS	NOTE	2022 RUPEES	2021 RUPEES Restated	2020 RUPEES
NON-CURRENT ASSETS				
Property, plant and equipment	13	152,028,097,028	155,320,382,032	155,916,854,437
Long term advances	14	6,365,501	9,527,746	12,990,812
Long term deposits	15	1,416,511,101	1,416,607,304	1,416,607,384
		153,450,973,630	156,746,717,142	157,346,440,603
CURRENT ASSETS				
Stores and spare parts	16	3,550,553,054	3,727,152,198	3,752,594,645
Fuel stock	17	2,135,710,017	2,143,166,031	4,720,865,906
Trade debts	18	46,734,701,744	23,781,330,336	18,331,941,209
Loans, advances and prepayment	19	4,097,176,999	3,851,828,480	1,124,347,981
Advance income tax		2,195,517,700	2,130,607,541	2,008,376,259
Sales tax receivable		16,250,387,997	15,352,586,065	15,584,551,102
Accrued interest		12,234,418	1,502,887	2,409,109
Other receivables	20	4,490,235,132	4,102,740,267	4,280,[illegible],879
Cash and bank balances	21	5,066,173,846	2,794,124,443	4,742,[illegible]141
		84,702,790,407	58,190,143,148	54,349,140,670
TOTAL ASSETS		238,153,764,037	214,936,860,290	211,695,58[illegible],231

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

DIRECTOR

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NORTHERN POWER GENERATION COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 RUPEES	2021 RUPEES Restated
SALES	22	58,226,124,397	34,796,080,906
COST OF SALES	23	(59,173,523,579)	(31,180,318,932)
GROSS (LOSS) / PROFIT		(947,399,182)	3,615,761,974
ADMINISTRATIVE EXPENSES	24	(1,027,060,488)	(887,306,630)
OTHER EXPENSES	25	(770,889,232)	(215,390,656)
OTHER INCOME	26	1,794,044,687	1,572,300,036
FINANCE COST	27	(2,037,117,903)	(1,949,680,895)
(LOSS) / PROFIT BEFORE TAXATION		(2,988,422,118)	2,135,683,829
TAXATION	28	(763,817,927)	(485,949,842)
(LOSS) / PROFIT AFTER TAXATION		(3,752,240,045)	1,649,733,987
(LOSS) / EARNINGS PER SHARE - BASIC	29	(75,044.80)	32,994.68
(LOSS) / EARNINGS PER SHARE - DILUTED	29	(2.10)	0.92

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

NORTHERN POWER GENERATION COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	2022 RUPEES	2021 RUPEES Restated
(LOSS) / PROFIT AFTER TAXATION	(3,752,240,045)	1,649,733,987
OTHER COMPREHENSIVE (LOSS) / INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of defined benefit obligations	(950,472,898)	258,017,976
Surplus on revaluation of land	-	2,743,621,806
	(950,472,898)	3,001,639,782
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive (loss) / income for the year	(950,472,898)	3,001,639,782
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR	(4,702,712,943)	4,651,373,769

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

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NORTHERN POWER GENERATION COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	SHARE CAPITAL	DEPOSIT FOR SHARES	SURPLUS ON REVALUATION OF LAND	ACCUMULATED LOSS	TOTAL EQUITY
			RUPEES		
Balance as at 30 June 2020	500,000	17,899,362,366	94,216,612,999	(35,739,929,879)	76,376,545,486
Impact of restatement (Note 9.4)	-		-	(50,864,635)	(50,864,635)
Balance as at 01 July 2020 - restated	500,000	17,899,362,366	94,216,612,999	(35,790,794,514)	76,325,680,851
Profit for the year - restated	-	-	-	1,649,733,987	1,649,733,987
Other comprehensive Income for the year	-	-	2,743,621,806	258,017,976	3,001,639,782
Total comprehensive income for the year- restated		-	2,743,621,806	1,907,751,963	4,651,373,769
Balance as at 30 June 2021 - restated	500,000	17,899,362,366	96,960,234,805	(33,883,042,551)	80,977,054,620
Loss for the year	-	-	-	(3,752,240,045)	(3,752,240,045)
Other comprehensive loss for the year	-	-	-	(950,472,898)	(950,472,898)
Total comprehensive loss for the year	-	-	-	(4,702,712,943)	(4,702,712,943)
Balance as at 30 June 2022	500,000	17,899,362,366	96,960,234,805	(38,585,755,494)	76,274,341,677

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

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NORTHERN POWER GENERATION COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 RUPEES	2021 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	30	8,221,412,375	4,200,706,938
Finance cost paid		(1,626,501,994)	(2,473,302,936)
Income tax paid		(64,945,159)	(122,226,242)
Staff retirement benefits paid		(1,796,497,720)	(1,221,178,127)
Net decrease in long term advances		1,692,597	4,963,116
Gas Infrastructure Development Cess (GIDC) paid		(23,177,075)	(17,382,807)
Net cash generated from operating activities		4,712,013,024	371,579,952
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(173,050)	(46,500)
Proceeds from disposal of property, plant and equipment		-	36,665,102
Profit on bank deposits received		244,652,207	328,814,516
Net cash from investing activities		244,479,157	365,433,118
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing repaid		(2,685,492,778)	(2,685,492,778)
Net cash used in financing activities		(2,685,492,778)	(2,685,492,778)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		2,270,999,403	(1,948,479,698)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		2,794,124,443	4,742,604,141
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 21)		5,065,123,846	2,794,124,443

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

1. LEGAL STATUS AND ITS OPERATIONS

Northern Power Generation Company Limited (the Company) was incorporated in Pakistan on 15 October 1998 under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) as a public limited company. Its registered office is situated at 197-WAPDA House, Shahrah-e-Quaid-e-Azam, Lahore and has main place of business at Thermal Power Station, Mehmood Kot Road, Muzaffargarh. The Company is working under the umbrella of Ministry of Energy (Power Division), Islamabad as 99.99 percent shares of the Company are held in the name of President of Islamic Republic of Pakistan. The Company was formed to takeover / acquire all the properties, assets and liabilities of Thermal Power Station Muzaffargarh, Natural Gas Power Station Multan, Thermal Power Station Multan Cantt., Gas Turbine Power Station Faisalabad, Steam Power Station Faisalabad, Central Gas Turbine Maintenance Workshop Faisalabad and Gas Turbine Power Station Shahdara. The Company's main object is to generate electricity from natural gas and furnace oil and sell it to Central Power Purchasing Agency (Guarantee) Limited (CPPA-G). National Electric Power Regulatory Authority (NEPRA) has granted a generation license to the Company bearing no. GL/03/2002 on 01 July 2002 in exercise of powers conferred upon it under section 15 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997). This generation license was modified firstly on 18 April 2014 in which Natural Gas Power Station Multan was excluded. It was subsequently modified on 31 October 2014 when Combined Cycle Power Plant (CCPP) Nandipur was included. The license was modified third time on 02 May 2018 when Steam Power Station Faisalabad and Unit No. 1 to Unit No. 4 of Gas Turbine Power Station (GTPS) Faisalabad were excluded. The license was modified fourth time on 13 April 2020 when there was revision of auxiliary consumptions of Thermal Power Station (TPS) Muzaffargarh and Unit No. 5 to Unit No. 9 of GTPS Faisalabad. The licence was lastly modified on 25 January 2023, subsequent to the reporting date, when Unit No. 5 to Unit No. 9 of GTPS Faisalabad were excluded, while a separate licence was issued for CCPP Nandipur.

1.1 Going concern assumption

The Company has suffered loss after taxation of Rupees 3,752.240 million and its accumulated loss is of Rupees 38,585.755 million. The current liabilities of the Company exceeded its current assets by Rupees 35,204.790 million. The major reasons of loss are as follows:

- Apart from CCPP Nandipur, remaining generation plants were operated on High Sulphur Furnace Oil (HSFO). The continuous operations on HSFO results in increase of maintenance cost of the plants and adversely affect the efficiency of plants.

- Most of the generation plants have become old and have been excluded from the generation license by NEPRA. Moreover the efficiency of remaining generation plants, apart from CCPP Nandipur has been deteriorated over the years, while tariff is not covering actual cost of generation of electricity.

These factors indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

However, these financial statements have been prepared on going concern basis due to the following reasons:

- The Company is owned by the Government of Pakistan, therefore, it has the sovereign support of the owner.

- The Company filed a petition with NEPRA on 25 November 2019 for revision in its existing power tariff for its old blocks at Muzaffargarh and Faisalabad. The relief sought in this petition included an increase in the pension provision, revision of other benefits of employees, matching fuel cost component with actual consumption, transformation losses, adjustment of auxiliary consumption, adjustment on account of ambient temperature, providing foreign cost component in variable Operation and Maintenance (O&M) cost, and allowing sustainability charges on account of closed power plants where their grids were being utilized by the transmission and distribution system. The public hearing on tariff petition scheduled by NEPRA was carried out on 09 June 2020 and subsequently, further information and data sought by NEPRA was provided. NEPRA in its decision dated 30 December 2020 revised the tariff, however crucially, changed the tariff model from "Take or Pay" to "Take and Pay", effectively curtailing the Company's Capacity Payments from CPPA-G. The Company filed a motion for leave to review before NEPRA on 07 January 2021, however this was dismissed on 23 August 2021. The Company then filed a writ petition against NEPRA's decisions before the Islamabad High Court, Islamabad, in which, an ad interim injunction against NEPRA's orders was also sought. On 27 October 2021, the Islamabad High Court, Islamabad suspended NEPRA's aforementioned decisions to the extent of changing the Company's tariff model from a "Take or Pay" basis to a "Take and Pay" basis. The Company has also claimed the monthly Capacity Purchase Price (CPP) from CPPA-G from December 2020 on account of the injunctive order issued by the Islamabad High Court, Islamabad and ultimately the monthly CPP is being accepted by CPPA and payments are being received accordingly. Moreover, the Company has also submitted a revised tariff petition to NEPRA for CCPP Nandipur on 16 October 2020 in which, a positive outcome is expected. In case of a favorable decision, the Company will be in a position to earn profits as well as to mitigate accumulated losses.

- The Company intends to enhance the generation capacity of existing 320 MW Residual Furnace Oil (RFO) based plant with addition of Combined Cycle Power Plant (CCPP) upto 533 MW on Regasified Liquefied Natural Gas (RLNG). Further, in order to make this project viable, a 50 MW Photovoltaic System (PV) Solar Plant will be added to drive the power of auxiliary consumption. The strategic business plan has been forwarded to Ministry of Energy (Power Division) through Genco Holding Company Limited (GHCL). The plan consists of repowering of existing Unit 4 of TPS Muzaffargarh along with other plans.

1.2 Through international competitive bidding process, the Company entered into O & M Agreement with Hydro Electric Power System Engineering Company Limited (HEPSEC) (the Operator) on 06 February 2017 for CCPP Nandipur. The Operator commenced operation and maintenance services on 06 January 2018. However, National Accountability Bureau (NAB) has started inquiry against this outsourcing due to the direction of Supreme Court of Pakistan. Moreover, a reference is also filed by NAB on recommendation by Supreme Court of Pakistan regarding misappropriation of HSFO at CCPP Nandipur, whose proceeding is under process.

1.3 Ministry of Privatization made public advertisement in August 2019 for hiring of financial advisor for the privatization of CCPP Nandipur. The scope of financial advisor included detailed due diligence of CCPP Nandipur along with carving out CCPP Nandipur from other power facilities of the Company. After the biding process, a Financial Advisory Consortium (FAC) was established by Privatization Commission and the Company was directed to coordinate with FAC on 25 March 2020. Later, FAC issued its draft due diligence report on 20 October 2020. Moreover, subsequent to the reporting date on 25 January 2023, a separate generation licence for CCPP Nandipur was issued by NEPRA, keeping in view the application made by the Company on 07 July 2022 for granting separate licence for CCPP Nandipur due to its proposed privatization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

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

b) i) Securities and Exchange Commission of Pakistan (SECP) vide its SRO 986(I)/2019 dated 02 September 2019 has extended the earlier exemption from the requirements of International Financial Reporting Interpretation Committee (IFRIC) 4 'Determining Whether an Arrangement Contains a Lease', now IFRS 16 'Leases' to all companies, which have entered into power purchase agreements before 01 January 2019. Therefore, the Company is not required to account for its Power Purchase Agreement (PPA) with CPPA-G as a lease under IFRS 16 'Leases'. However, the related disclosure applicable in case of departure from IFRIC 4 along with IFRIC 12 'Service Concession Arrangements' is not made as the impact has not yet been estimated.

ii) Securities and Exchange Commission of Pakistan (SECP) vide its SRO 1177(I)/2021 dated 13 September 2021, in partial modification of its previous S.R.O. 985(I)/2019 dated 02 September 2019, has notified that in respect of companies holding financial assets due from the Government of Pakistan (GoP) in respect of circular debt, the requirements contained in IFRS 9 with respect to application of Expected Credit Loss (ECL) model shall not be applicable till 30 June 2022, 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. The Company has assessed that the above does not have any significant impact on its financial statements.

c) Accounting convention

These financial statements have been prepared under the historical cost convention except as otherwise stated in respective accounting policies.

d) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting and reporting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Useful lives, patterns of economic benefits and impairments

The estimates for revalued amounts of freehold land and leasehold land are based on valuation by external professional valuer and recommendations of technical teams of the Company. The said recommendations also include estimates with respect to residual values and depreciable lives of other items of property, plant and equipment. Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

Provision for obsolescence of stores and spare parts

The Company reviews the carrying amount of stores and spare parts on regular basis and provision for obsolescence is made if there is any change in usage pattern and physical form of stores and spare parts.

Income tax

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on the judgment and the advice of the legal / tax 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 statement of financial position date.

Provisions

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognized provision is recognized in the statement of profit or loss unless the provision was originally recognized as part of cost of an asset.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgment. It is based on the lifetime expected credit loss, based on the Company's experience of actual credit loss in past years.

Revenue from contracts with customers

When recognizing revenue, the key performance obligation of the Company is considered to be the point of delivery to the customer, as this is deemed to be the time that the customer obtains control and to avail benefits of unimpeded access.

Staff retirement benefits

Certain actuarial assumptions have been adopted for determination of present value of defined benefit obligations. Any change in these assumptions in future years might affect the current and remeasurement gains and losses in those years. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates.

e) **Amendments to published approved accounting standards that are effective in current year and are relevant to the Company**

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2021:

• Interest Rate Benchmark Reform - Phase 2 which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures'

The above-mentioned amendments to approved accounting standards did not have any impact on the amounts recognized in prior period and are not expected to significantly affect the current or future periods.

f) **Amendments to published approved accounting standards that are effective in current year but not relevant to the Company**

There are amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2021 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

g) **Amendments to published approved accounting standards that are not yet effective but relevant to the Company**

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2022 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 01 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 01 January 2022, clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Following annual improvement to IFRS standards 2018-2020, relevant to the Company, is effective for annual reporting periods beginning on or after 01 January 2022:

IFRS 9 'Financial Instruments' – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to de-recognize a financial liability.

Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgement') effective for annual periods beginning on or after 01 January 2023. These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Earlier, IAS 1 states that an entity shall disclose its 'significant accounting policies' in their financial statements. These amendments shall assist the entities to disclose their 'material accounting policies' in their financial statements.

Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors) effective for annual periods beginning on or after 01 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

The above amendments and improvements are likely to have no significant impact on the financial statements.

h) **Standards and amendments to published approved accounting standards that are not yet effective and not considered relevant to the Company**

There are other standards and amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2022 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Functional and presentation currency along with foreign currency transactions and translation

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at 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 year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction.

2.3 Staff retirement benefits

The Company operates following staff retirement benefits for its employees:

2.3.1 Defined benefit plans

The Company provides an unfunded pension scheme, an unfunded free electricity scheme and an unfunded free medical facility scheme for all its regular employees. Further, the Company's employees are also entitled for accumulated compensated absences which are encashed at the time of retirement upto maximum limit of 365 days. The Company's obligations under these schemes are determined annually by a qualified actuary using Projected Unit Credit Actuarial Cost Method. Latest actuarial valuations have been carried on 30 June 2022. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods. Past service cost is recognized immediately in the statement of profit or loss.

Remeasurements of the net defined benefit liability (except for compensated absences), which comprise actuarial gains and losses are recognized immediately in other comprehensive income. Net interest expense and other expenses related to defined benefit plans is recognized in profit or loss. Remeasurement related to the compensated absences is recognized in the year of occurrence in the statement of profit or loss.

2.3.2 General / Employees' Provident Fund

For General / Employees' 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. The provident fund related disclosure required by the Companies Act, 2017 is not shown in these financial statements as General / Employees' Provident Fund established by WAPDA includes the employees of other power distribution and generation companies and the figures related to the Company cannot be segregated from the whole General / Employees' Provident Fund.

2.4 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation in accordance with Income Tax Ordinance, 2001.

Deferred

Deferred tax is accounted for using the 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. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets 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. Deferred tax is charged or credited in the statement of 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.

2.5 Property, plant and equipment

2.5.1 Operating fixed assets and depreciation

a) Cost / revalued amount

Operating fixed assets are stated at cost less accumulated depreciation and any identified impairment loss, except freehold and leasehold lands which are stated at revalued amount less any identified impairment loss. Cost of operating fixed assets consists of historical cost, borrowing cost pertaining to the erection / construction period of qualifying assets and directly attributable costs of bringing the assets to working condition for their intended use.

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. All other repair and maintenance costs are charged to the statement of profit or loss during the period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land are recognized in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

b) Depreciation

Depreciation on operating fixed assets is charged to statement of profit or loss applying the straight line method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 13.2. The Company charges the depreciation on additions from the month when the asset is available for use and on deletions up to the month when the asset is de-recognized. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

c) De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the statement of profit or loss in the year the asset is de-recognized.

2.5.2 Capital work-in-progress

Capital work-in-progress is stated at cost less any recognized impairment loss. This includes all costs connected with specific assets (including borrowing cost) incurred during installation and construction period. These are transferred to specific assets as and when these assets are available for intended use.

2.6 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the statement of profit or loss.

2.7 Share capital

Ordinary shares are classified as share capital and recognized at their face value. Discount or premium on issuance of shares is separately shown in statement of changes in equity. Transaction costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

2.8 Inventories

Inventories, except for stock in transit, are stated at lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make sale. Items-in-transit are stated at invoice value plus directly attributable charges paid thereon. Cost is determined as follows:

Fuel stock

Cost of fuel stock is worked out by using moving average method.

Stores and spare parts

Usable stores and spare parts are valued principally at cost using moving average cost formula less provision for slow moving, while items considered obsolete are carried at nil value. The Company reviews the carrying amount of stores and spare parts on an ongoing basis and as appropriate, provision is made for obsolescence if there is any change in usage pattern and / or physical form of related inventory.

2.9 Trade debts and other receivables

Trade debts are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses.

Other receivables are recognized at amortized cost, less any allowance for expected credit losses.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

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2.11 Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method.

2.12 Borrowing costs

Interest, mark-up and other charges on long term financing are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long term financing. All other interest, mark-up and other charges are recognized in the statement of profit or loss.

2.13 Financial Instruments

i) Classification and measurement of financial instruments

a) Classification

The Company classifies its financial assets and financial liabilities at amortized cost.

The classification depends on the Company's business model for managing the financial assets and financial liabilities and the contractual terms of the cash flows.

b) Measurement

Financial assets

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments at amortized cost. Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on de-recognition is recognized directly in profit or loss and presented in other income / (other expenses).

Financial liabilities

Financial liabilities are classified and measured at amortized cost. These are subsequently measured at amortized cost using the effective interest method. Interest expense is recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

ii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applies depends on whether there has been a significant increase in credit risk. For financial assets, except for the bank balances for which 12-month expected credit loss is measured, the Company applies the simplified approach to recognize expected lifetime losses from initial recognition of the receivables. The Company recognizes in statement of profit or loss, the amount of expected credit losses or reversal which is required to adjust its loss allowance at the reporting date.

iii) De-recognition of financial assets and financial liabilities

Financial assets

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such de-recognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial liabilities

The Company de-recognizes a financial liability (or a part of financial liability) from the statement of financial position when its contractual obligations are discharged or cancelled or expired.

iv) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

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2.14 Trade and other payables

Liabilities for trade and other payables are initially recognized at fair value plus directly attributable costs.

2.15 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 obligations and reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

2.16 Revenue from contracts with customers

i) Revenue recognition

Sale of electricity

Revenue is recognized on the basis of available capacity and delivery of net electric output, to CPPA-G under the Power Purchase Agreement (PPA) as amended from time to time, at the rates determined by NEPRA and notified by the Government of Pakistan in official gazette.

Rendering of services

Revenue from repair and maintenance services of Central Gas Turbine Workshop (CGTW) is recognized at the point in time, generally at the time of raising bill against the services rendered.

Interest

Interest income is recognized as interest accrues using the effective interest method. This is a method of calculating the amortized cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognized when it is received or when the right to receive payment is established.

ii) Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due. Contract assets are treated as financial assets for impairment purposes.

2.17 Deferred grant

The grant received under Fixed Amount Reimbursement Agreement (FARA) with United States Agency for International Development (USAID) for rehabilitation and repairs of operating fixed assets or specific activity is shown under non-current liabilities to amortize over the useful life of respective fixed assets or performance of specific activity for which the grant is received. The amortization of deferred grant is recognized as income in the statement of profit or loss.

2.18 Earnings / (loss) per share

The Company presents basic and diluted earnings / (loss) per share data for its ordinary shares. Basic earnings / (loss) per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings / (loss) per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares.

2.19 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Company has two reportable business segments: CCPP Nandipur and other formations.

2.20 Contingent assets

Contingent assets are disclosed when the Company has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization becomes certain.

2.21 Contingent liabilities

Contingent liability is disclosed when the Company has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the financial statements.

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

This represents 50 000 (2021: 50 000) ordinary shares of Rupees 10 each fully paid up in cash. Out of which 49 993 (2021: 49 993) ordinary shares are issued in the name of President of Islamic Republic of Pakistan. Further, the Company has received Rupees 17,899,362,366 (2021: Rupees 17,899,362,366) from WAPDA as deposit for shares, fully described in Note 4, against which shares have not been issued yet.

4. DEPOSIT FOR SHARES

	2022 RUPEES	2021 RUPEES
Incorporation expenses incurred by WAPDA	5,020,075	5,020,075
Amounts relating to WAPDA loans / current account:		
Amount transferred from WAPDA loan (Note 4.2)	8,896,297,166	8,896,297,166
Amount transferred from long term loans (Note 4.3)	8,279,577,000	8,279,577,000
Amount transferred from current account of WAPDA (Note 4.4)	718,468,125	718,468,125
	17,894,342,291	17,894,342,291
	17,899,362,366	17,899,362,366

4.1 The Company entered into a Business Transfer Agreement with WAPDA on 01 March 1999 and a Supplementary Business Transfer Agreement (SBTA) on 24 June 2001, which by mutual agreement of the parties has come into force from 01 March 1999. According to SBTA, the Company will issue in favour of WAPDA, ordinary shares with an aggregate value equal to 100 percent of the purchase price against delivery of Transfer Deed, Sale Deed and Assignment Agreement of the assets as on 28 February 1999. Such shares shall be classified as fully paid up.

4.2 This includes the net worth of the Company as on 01 March 1999 against which the Company will issue shares to WAPDA. WAPDA loan outstanding as on 30 June 2001 of Rupees 6,227,408,016 was converted into deposit for shares during the year ended 30 June 2002.

4.3 This represents the repayment of the significant portion of long term loans by WAPDA on behalf of the Company.

4.4 This represents the amount transferred from current account of WAPDA during the year ended 30 June 2005.

5. SURPLUS ON REVALUATION OF LAND

	2022	2021
As at 01 July	96,960,234,805	94,216,612,999
Add: Increase due to revaluation of land	-	2,743,621,806
As at 30 June	96,960,234,805	96,960,234,805

5.1 This represents surplus resulting from revaluation of freehold land and leasehold land of the Company which was carried out on 30 June 2021 by an independent valuer, Messrs K.G. Traders (Private) Limited, in association with Messrs A&K Consilium. Freehold land and leasehold land were revalued on the basis of present market value. Previously revaluation was carried out by an independent valuer on 30 June 2015.

6. LONG TERM FINANCING

	2022	2021
Loans from related party - unsecured:		
Foreign relent loans (Note 6.1)	6,784,000	6,784,000
Cash development loans (Note 6.2)	2,622,896,472	2,622,896,472
	2,629,680,472	2,629,680,472
Loan from banking company - secured (Note 6.3)	13,972,200,905	16,657,693,683
	16,601,881,377	19,287,374,155
Less:		
Current portion shown under current liabilities	2,829,214,573	2,813,507,698
Overdue portion shown under current liabilities	660,517,977	532,873,350
Total (Note 11)	3,489,732,550	3,346,381,048
	13,112,148,827	15,940,993,107

6.1 These include loans transferred to the Company by WAPDA in Rupee denomination and which continues to be payable to the foreign lenders in Pak Rupees. The interest rate of 11 percent (2021: 11 percent) per annum includes exchange risk fee of 3 percent (2021: 3 percent) per annum on balance outstanding. Therefore, these loans are not exposed to foreign currency exchange gain / (loss). The loans were repayable uptill the financial year 2015-16.

6.2 Cash development loans were transferred to the Company by WAPDA which carries mark-up at the rate of 17.71 percent and 18.03 percent (2021: 17.71 percent and 18.03 percent) per annum. As per the sanction letter, these loans will be fully adjusted in the financial year 2023-24. The outstanding balance includes a loan of Rupees 2,409.724 million for Chichoki Mallian Project which is repayable in 20 years starting from 2013-14. It carries mark-up at the rate of 10.14 percent (2021: 10.14 percent) per annum. These loans are repayable in equal yearly installments.

6.3 Loan from banking company - secured

FACILITY NUMBER	DATE OF REPAYMENT OF FIRST INSTALMENT	MATURITY DATE	RATE OF INTEREST PER ANNUM	TOTAL AMOUNT OF LOAN	AMOUNT OF LOAN DRAW DOWN TO DATE	TOTAL REPAYMENT MADE	LOAN OUTSTANDING	INTEREST PAYABLE
				RUPEES	RUPEES	RUPEES	RUPEES	
STFF-1	26-01-2016	01-07-2027	6 Months KIBOR+2.00%	19,150,000,000	19,149,760,037	(11,170,757,305)	7,979,002,732	Half yearly
STFF-2	30-06-2016	01-01-2028	6 Months KIBOR+2.00%	5,000,000,000	4,999,967,759	(2,708,332,571)	2,291,635,188	Half yearly
STFF-3	30-06-2016	01-01-2028	6 Months KIBOR+1.50%	11,462,000,000	7,968,563,172	(4,267,000,187)	3,701,562,985	Half yearly
			2022	35,612,000,000	32,118,290,968	(18,146,090,063)	13,972,200,905	
			2021	35,612,000,000	32,118,290,968	(15,460,597,285)	16,657,693,683	

6.3.1 This amount was drawn for CCPP Nandipur under three different syndicated loan agreements namely STFF-I dated 03 January 2009, STFF-II and STFF-III dated 06 August 2013 as amended from time to time. Habib Bank Limited is playing the role of agent. These loans are secured by the guarantee of the Government of Pakistan and are repayable in half yearly instalments. The effective rate of mark-up charged during the year ranged from 9.19% to 13.46% (2021: 8.74% to 9.35%) per annum.

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		2022	2021
		RUPEES	RUPEES
7.	STAFF RETIREMENT BENEFITS		
	Free medical (Note 7.1)	1,683,705,845	2,204,415,255
	Pension (Note 7.1)	22,694,015,449	24,615,370,183
	Free electricity (Note 7.1)	1,751,013,133	1,342,260,468
	Leave encashment (Note 7.1)	725,800,446	796,029,064
		26,854,535,872	28,958,074,971

7.1 Movement in the net liabilities recognized in the statement of financial position is as follows:

	Free medical	Pension	Free electricity	Leave encashment	Total
	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES
As at 30 June 2022					
Balance as at 01 July 2021	2,204,415,255	24,615,370,183	1,342,260,469	796,029,064	28,958,074,971
Charge for the year (Note 7.2)	219,240,204	2,407,967,701	142,488,355	15,275,285	2,788,979,545
Remeasurements recognized in statement of comprehensive income (Note 7.3)	(292,035,566)	801,552,576	440,555,888	-	950,472,898
Benefits paid	(137,648,807)	(1,541,503,836)	(835,174)	(89,503,903)	(1,796,497,720)
Liability to be transferred out to DISCOs and WAPDA (Note 7.9 and Note 9)	(203,272,242)	(3,589,350,176)	(163,632,404)	-	(4,036,495,677)
Balance as at 30 June 2022	1,683,705,845	22,694,015,449	1,751,013,133	725,800,446	26,854,535,872
As at 30 June 2021					
Balance as at 01 July 2020	1,812,613,741	23,773,618,022	1,266,050,422	829,806,182	27,684,895,367
Charge for the year	182,419,380	2,576,256,655	134,443,133	59,255,539	2,752,374,707
Remeasurements recognized in statement of comprehensive income	292,090,113	(401,444,188)	(58,663,901)	-	(258,017,976)
Benefits paid	(82,707,978)	(1,045,060,307)	(377,186)	(93,032,656)	(1,221,178,127)
Balance as at 30 June 2021	2,204,415,256	24,615,370,183	1,342,260,468	796,029,064	28,958,074,971

7.2 Amounts recognized in the statement of profit or loss against defined benefit plans are:

As at 30 June 2022					
Current service cost	23,200,883	233,232,852	17,457,919	5,771,559	279,773,233
Interest cost	196,047,321	2,174,734,039	125,020,435	77,005,904	2,572,798,500
Remeasurement		-	-	(62,502,188)	(62,502,188)
Net charge for the year	219,248,204	2,407,967,701	142,488,355	15,275,285	2,788,979,545
As at 30 June 2021					
Current service cost	19,577,853	225,346,028	17,278,174	5,230,050	267,430,143
Interest cost	163,841,377	2,150,910,678	117,164,959	72,454,312	2,504,373,426
Remeasurement	-		-	(19,428,864)	(19,428,864)
Net charge for the year	182,419,380	2,376,256,555	134,443,133	59,255,538	2,752,374,707

7.3 Remeasurements recognized in statement of comprehensive income

As at 30 June 2022					
Actuarial (gains) / losses from changes in financial assumptions	(335,417,605)	627,487,874	36,814,602	-	328,884,870
Experience adjustments	43,382,040	174,064,702	404,141,286	-	621,588,028
	(292,035,566)	801,552,576	440,955,888		950,472,898
As at 30 June 2021					
Actuarial (gains) / losses from changes in financial assumptions	(117,991,431)	216,096,307	8,845,055		106,950,931
Experience adjustments	410,081,544	(707,540,495)	(67,509,956)	-	(364,968,807)
	292,090,113	(491,444,188)	(58,663,901)		(258,017,976)

7.4 Reconciliation of present value of defined benefit obligations:

	Free medical	Pension	Free electricity	Leave encashment	Total
As at 30 June 2022	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES
Balance as at 01 July 2021	2,204,415,255	24,515,370,183	1,342,260,458	796,029,069	28,858,074,971
Current service cost	25,200,883	233,332,862	17,467,919	3,771,569	279,773,233
Interest cost	136,047,371	2,174,634,029	125,020,436	77,008,564	2,572,708,500
Benefits paid during the year	(164,648,807)	(1,541,903,836)	(639,174)	(39,509,903)	(1,796,497,720)
Liability to be transferred out to DISCOs and WAPDA	(283,277,747)	(3,589,359,170)	(163,332,404)	-	(4,035,493,322)
Actuarial (gains) / losses from changes in financial assumptions	(335,317,506)	627,407,074	35,814,607	-	328,884,870
Experience adjustments	43,382,370	174,064,702	404,141,236	-	621,588,023
Remeasurement	-	-		(63,502,189)	(63,502,189)
Balance as at 30 June 2022	1,562,796,895	22,894,025,448	1,761,013,133	725,800,446	26,864,535,872
As at 30 June 2021					
Balance as at 01 July 2020	1,812,602,741	23,775,618,022	1,166,858,422	929,806,182	27,684,856,367
Current service cost	18,577,053	225,346,028	17,276,174	6,230,060	267,430,145
Interest cost	163,041,327	2,150,910,678	117,106,959	72,454,312	2,504,375,476
Benefits paid during the year	(82,707,978)	(1,045,850,307)	(377,184)	(93,032,656)	(1,221,178,177)
Actuarial (gains) / losses from changes in financial assumptions	(117,931,453)	216,895,397	9,045,933		105,953,931
Experience adjustments	410,081,544	(707,503,195)	(67,509,356)	-	(364,958,007)
Remeasurement		-	-	(19,428,854)	(19,428,854)
Balance as at 30 June 2021	2,204,415,255	24,515,370,183	1,342,260,458	796,029,069	28,858,074,971

7.5 The principal actuarial assumptions at the end of the reporting date were as follows:

	30 June 2022			
	Free medical	Pension	Free electricity	Leave encashment
Discount rate (per annum)	10.25%	10.25%	10.25%	10.25%
Discount rate used for year end obligation (per annum)	13.50%	13.50%	13.50%	13.50%
Salary increase rate used for year end obligation (per annum)		12.50%	-	12.50%
Average duration of the benefit	8 years	12 years	17 years	8 years
Pension / electricity indexation rate (per annum)	-	9.50%	12.50%	-
Mortality rates	SLIC 2001-2005 setback 1 year /	SLIC 2001-2005 setback 1 year	SLIC 2001-2005 setback 1 year	SLIC 2001-2005 setback 1 year /
Withdrawal rates	4 years Age based	Age-based	Age-based	4 years Age based
Expected charge to the statement of profit or loss for the next financial year (Rupees)	235,952,335	5,714,660,455	263,797,014	-

	30 June 2021			
	Free medical	Pension	Free electricity	Leave encashment
Discount rate (per annum)	9.25%	9.25%	9.25%	9.25%
Discount rate used for year end obligation (per annum)	10.25%	10.25%	10.25%	10.25%
Salary increase rate used for year end obligation (per annum)	-	9.25%	-	9.25%
Average duration of the benefit	9 years	12 years	17 years	9 years
Pension / electricity indexation rate (per annum)	-	6.25%	9.25%	-
Mortality rates	SLIC 2001-2005 setback 1 year /	SLIC 2001-2005 setback 1 year	SLIC 2001-2005 setback 1 year	SLIC 2001-2005 setback 1 year /
Withdrawal rates	4 years Age-based	Age based	Age-based	4 years Age-based
Expected charge to the statement of profit or loss for the next financial year (Rupees)	235,316,507	2,702,648,965	155,030,286	

7.6 Sensitivity analysis for actuarial assumptions:

The sensitivity of the staff retirement benefits as at reporting date to changes in the weighted principal assumption is:

	30 June 2022			
	Free medical	Pension	Free electricity	Leave encashment
Discount rate	1.00%	1.00%	1.00%	1.00%
Increase in assumption (Rupees)	(127,810,599)	(2,312,291,040)	(257,236,590)	(53,414,430)
Decrease in assumption (Rupees)	146,285,591	3,025,715,485	375,370,347	60,976,407
Future salary increase	1.00%	1.00%	-	1.00%
Increase in assumption (Rupees)	40,525,581	572,543,716	-	60,976,407
Decrease in assumption (Rupees)	(37,030,601)	(477,060,600)	-	(54,311,241)
Indexation rate	-	1.00%	1.00%	-
Increase in assumption (Rupees)	-	2,571,780,145	47,731,954	-
Decrease in assumption (Rupees)		(2,265,642,163)	(47,205,308)	-
Mortality setback	1 year	1 year	1 year	-
Increase in assumption (Rupees)	9,990,905	413,393,479	(908,529,759)	
Decrease in assumption (Rupees)	(10,622,532)	(422,230,044)	(508,381,730)	-

	30 June 2021			
	Free medical	Pension	Free electricity	Leave encashment
Discount rate	1.00%	1.00%	1.00%	1.00%
Increase in assumption (Rupees)	(192,827,131)	(2,728,039,625)	(197,374,911)	(59,302,492)
Decrease in assumption (Rupees)	227,970,239	3,242,251,000	234,091,203	68,137,700
Future salary increase	1.00%	1.00%	-	1.00%
Increase in assumption (Rupees)	97,508,266	324,245,016	-	68,137,700
Decrease in assumption (Rupees)	(69,501,762)	(304,027,505)	-	(60,406,820)
Indexation rate	-	1.00%	1.00%	-
Increase in assumption (Rupees)	-	2,943,434,808	36,777,931	-
Decrease in assumption (Rupees)	-	(2,790,318,738)	(36,712,297)	-
Mortality setback	1 year	1 year	1 year	-
Increase in assumption (Rupees)	19,335,475	459,341,002	(775,735,026)	-
Decrease in assumption (Rupees)	(19,971,093)	(462,346,984)	(775,975,026)	-

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the staff retirement benefits to significant actuarial assumptions, the same method (present value of the staff retirement benefits calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the staff retirement benefits liabilities recognized within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis were changed as compared to the previous year due to upward trend in discount rate structure and increase in inflationary expectations.

7.7 **Risks associated with staff retirement benefits:**

Final salary risk (linked to inflation risk)

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

Demographic Risks

Mortality risk

The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Withdrawal risk

The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

Investment Risk

The risk of the investment underperforming and being not sufficient to meet the liabilities.

7.8 As per the decision of the Board of Directors of GENCO Holding Company Limited (GHCL) in its 35th meeting dated 16 August 2013, all the permanent serving employees of the GHCL on their retirement will receive retirement benefits from the concerned GENCOs, as per their option. In accordance with this decision, provision for retirement benefits along with related liabilities of 72 employees serving in GHCL were accounted for in the books of account of the Company. The expense for the financial year ended 30 June 2022 includes the expense of GHCL employees amounting to Rupees 60.505 million and related liabilities of staff retirement benefits of GHCL employees are of Rupees 525.730 million.

7.9 The Economic Coordination Committee (ECC) of the Cabinet vide case No. ECC-347/32/2021 dated 23 September 2021 considered the summary dated 16 September 2021 submitted by the Power Division regarding "Adjustment of pensioners of GENCOs Power Plants under closure". The ECC had approved the proposal of adjustment of pensioners of GENCOs in their pension disbursing DISCO's and WAPDA. Therefore, retirement benefits (pension, free medical and free electricity) of these employees have to be paid by the relevant DISCOs and WAPDA on their retirement according to rules of the relevant DISCOs and WAPDA. In turn the respective DISCOs and WAPDA would claim adjustment of the same from NEPRA in their respective tariffs. Considering the decision of ECC, the retirement benefits of 549 persons of the Company have to be transferred to DISCOs and WAPDA. The total amount to be transferred is Rupees 4,096.454 million. The Company has transferred this amount to Trade and other payables and it will ultimately be transferred to relevant DISCOs and WAPDA accordingly.

		2022 RUPEES	2021 RUPEES
8.	**DEFERRED LIABILITIES**		
	Deferred grant (Note 8.1)	995,157,030	1,032,161,563
	Gas Infrastructure Development Cess (GIDC) payable - (Note 8.2)	-	2,632,825
		995,157,030	1,034,794,388
8.1	**DEFERRED GRANT**		
	Balance as at 01 July	1,032,161,563	1,069,166,096
	Less: Amortization of deferred grant against depreciation (Note 25)	37,004,533	37,004,533
	Balance as at 30 June	995,157,030	1,032,161,563

8.1.1 The Company entered into a Fixed Amount Reimbursement Agreement (FARA) with United States Agency for International Development (USAID) on 20 May 2010 for the repair and rehabilitation of Thermal Power Station, Muzaffargarh. This agreement was further amended through various Activity Agreements. The release of total committed amount of grant amounting to US Dollars 15,715,590 have been completed in previous years.

		2022 RUPEES	2021 RUPEES
8.2	**Gas Infrastructure Development Cess (GIDC) payable**		
	Balance as at 01 July	44,503,009	63,478,817
	Recognised during the year	-	195,001
	Less: Gain on re-measurement of GIDC	-	(5,735,302)
	Add: unwinding of discount on GIDC payable (Note 27)	1,767,825	3,947,270
	Less: Paid during the year	(23,177,075)	(17,382,807)
		23,093,759	44,503,009
	Less: Current portion shown under current liabilities (Note 11)	23,093,759	41,970,184
		-	2,532,825

8.2.1 This represents Gas Infrastructure Development Cess (GIDC) which was levied through GIDC Act, 2015 and payable to Sui Northern Gas Pipelines Limited, a related party. Supreme Court of Pakistan upheld the GIDC Act, 2015 to be constitutional and intra vires. This liability has been recognized at fair value using discount rate of 9.73% (2021: 9.73%) per annum.

		2022 RUPEES	2021 RUPEES Restated
9.	**TRADE AND OTHER PAYABLES**		
	Creditors for oil (Note 9.1)	73,129,428,175	72,585,056,775
	Creditor for gas (Note 9.2)	26,709,010,326	3,345,276,295
	Creditors for other supplies / services	152,309,405	526,174,710
	Due to associated companies (Note 9.3)	3,394,005,501	3,153,062,841
	Accrued liabilities	4,201,717,262	934,431,757
	Income tax deducted at source	159,749,460	177,203,355
	Retention money from contractors	1,657,077	1,608,048
	Workers' profit participation fund (Note 9.4)	163,265,332	163,265,332
	Retirement benefits to be transferred to DISCOs and WAPDA (Note 7.1)	4,036,495,527	-
	Payable to General / Employees' Provident Fund	4,543,788	5,534,038
	Other payables	120,951,739	78,979,717
		112,557,036,965	80,992,512,546

9.1 These include amount of Rupees 73,129.428 million (2021: Rupees 72,586.485 million) due to Pakistan State Oil Company Limited, a related party.

9.2 This represents amount due to Sui Northern Gas Pipelines Limited, a related party.

		2022 RUPEES	2021 RUPEES
9.3	**Due to associated companies**		
	Central Power Generation Company Limited (CPGCL)	1,558,890,089	1,473,458,305
	National Transmission and Dispatch Company Limited (NTDCL)	90,910,291	99,062,001
	Lahore Electric Supply Company Limited (LESCO)	78,107,440	65,354,616
	Faisalabad Electric Supply Company Limited (FESCO)	521,007,000	502,612,709
	Multan Electric Power Company Limited (MEPCO)	937,287,748	840,145,330
	Gujranwala Electric Power Company Limited (GEPCO)	49,735,293	40,880,710
	Islamabad Electric Supply Company Limited (IESCO)	10,527,230	8,347,336
	Peshawar Electric Supply Company Limited (PESCO)	6,308,785	5,689,987
	Hyderabad Electric Supply Company Limited (HESCO)	99,709,775	95,730,555
	Sukkur Electric Power Company Limited (SEPCO)	3,018,580	3,051,012
		3,394,005,501	3,153,062,841

9.4 Previously, the Company was not incorporating Workers' Profit Participation Fund (WPPF) in the books of account in the years the Company earned profit before taxation. Now the Company has decided to account for WPPF in the relevant years. This prior period error has been corrected retrospectively in the financial statements in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. Consequently, accumulated losses as at 30 June 2020 has been increased by Rupees 50.864 million and profit after taxation for the year ended 30 June 2021 has been decreased with Rupees 112.401 million. While trade and other payables as at 30 June 2021 have been increased by Rupees 163.265 million. The basic earnings per share and diluted earnings per share have been decreased by Rupees 2,249.014 per share and Rupee 0.05 per share respectively. Moreover, no provision of interest on WPPF is made as required under the Companies Profit (Workers' Participation) Act, 1968 because of the pending decision with the Economic Coordination Committee (ECC) as given in Note 17.1.3.

		2022 RUPEES	2021 RUPEES
10.	**ACCRUED MARK-UP**		
	Transferred from WAPDA (a related party):		
	Foreign currency loans	1,121,003	1,121,003
	Cash development loans	1,809,117,069	1,589,407,011
	Loan from banking company	1,011,721,732	822,583,705
		2,821,959,804	2,413,111,719

		2022 RUPEES	2021 RUPEES
11.	**CURRENT PORTION OF NON-CURRENT LIABILITIES**		
	Long term financing (Note 6)	3,489,732,550	3,346,381,048
	GIDC payable (Note 8.2)	23,093,759	41,970,184
		3,512,826,309	3,388,351,232

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

12.1.1 The Company has entered into a Fuel Supply Agreement (FSA) with effect from 01 November 2009 for a period of fifteen years for the purchase of fuel from PSO. The Company is liable to make late payment interest at the rate of KIBOR plus 2 per cent per annum. The accrual for this interest is recorded in the books of account up to the extent of funds released by CPPA-G with respect to Energy Purchase Price (EPP) invoices in respect of the late payment surcharge. However, the Company did not account for the remaining interest because the delay in payment is due to the delay in the release of funds against invoices issued to CPPA-G. According to clause 9.6(b) of the PPA, late payment by CPPA-G shall bear interest at the rate of KIBOR plus 4.50 percent per annum, compounded semi-annually. The management of the Company is of the opinion that it is a back to back arrangement, therefore, the Company is not expecting any adverse financial impact in this regard.

12.1.2 SNGPL is charging a late payment surcharge including arrears of RLNG on the Company aggregating to Rupees 4,893.707 million (2021: Rupees 5,211.536 million). This late payment surcharge is due to delay in payments to SNGPL. The accrual for this late payment surcharge is recorded in the books of account up to the extent of funds released by CPPA-G with respect to EPP invoices in respect of the late payment surcharge. However, the Company did not account for the remaining late payment surcharge. Further, the delay in payment is due to the delay in the release of funds against invoices issued to CPPA-G. The management of the Company is of the opinion that it is a back-to-back arrangement, therefore, the Company is not expecting any adverse financial impact in this regard.

12.1.3 The Companies Profit (Workers' Participation) Act, 1968 requires payment of the allocated amount to the Workers Profit Participation Fund (WPPF) within nine months of the close of relevant financial year. However, due to pending decision of the Economic Coordination Committee to exempt the corporatized entities under the umbrella of WAPDA from requirements of the said Act, the Company has not made provision for interest on WPPF aggregating to Rupees 44.879 million (2021: Rupees 22.705 million) in these financial statements.

12.1.4 Pursuant to failure of Young Gen Power Limited (YGPL) to achieve Commercial Operation Date (COD) of 205 MW rental power plant at Satyana Road, Faisalabad, the Company encashed Performance and Advance Payment Guarantees on 18 June 2010 and 29 December 2010 respectively in accordance with relevant provisions of the Rental Services Agreement dated 08 November 2009 as amended from time to time. In February 2011, the Company sent a claim to YGPL for recovery of interest and other charges. As a counter claim, YGPL filed a suit in Civil Court, Lahore for reimbursement of its expenditure amounting to Rupees 505.572 million (2021: Rupees 505.572 million). YGPL also filed application in Civil Court, Lahore under section 20 of Arbitration Act, 1940 against which Civil Court, Lahore ordered to initiate arbitration on 30 July 2018. Against this order, appeal has been filed on 25 October 2018 by the Company. The Company has not incorporated any provision in the financial statements due to possible favorable outcome of the appeal on the advice of the legal counsel.

12.1.5 For the tax year 2007, income tax return was not filed on or before the due date. Further, the Company remained unable to pay the tax within due date. Consequently, tax authorities have imposed a penalty and additional tax of Rupees 5.515 million (2021: Rupees 5.515 million). The Commissioner Inland Revenue (Appeals) granted relief of Rupees 2.612 million (2021: Rupees 2.612 million) on account of late payment of tax. However, the Company has filed an appeal before Appellate Tribunal Inland Revenue which has been remanded back to the tax authorities for fresh adjudication which is still pending. The Company has not incorporated any provision in the financial statements due to possible favorable outcome of the appeal.

12.1.6 Appeals have been filed on 17 July 2014, 06 June 2016 and 28 April 2017 to the Appellate Tribunal Inland Revenue against the orders passed by the Commissioner Inland Revenue (Appeals) under section 161 and section 205 of the Income Tax Ordinance, 2001. In the orders mentioned above, tax liabilities of Rupees 361.976 million (2021: Rupees 361.976 million) and default surcharge of Rupees 79.441 million (2021: Rupees 79.441 million) were imposed. The Company has not incorporated any provision in the financial statements due to possible favorable outcome of the appeals.

12.1.7 Show cause notices were issued by Deputy Commissioner Inland Revenue against the Company for short realization of sales tax of Rupees 80.693 million (2021: Rupees 80.693 million) along with default surcharge and penalty under the provisions of Sales Tax Act, 1990 due to suppression of sales and excess claim of input sales tax of Rupees 805.516 million (2021: Rupees 805.516 million) under the provisions of Sales Tax Act, 1990. After rejection of replies submitted by the Company, the Company has filed appeals on 24 November 2016 with Appellate Tribunal Inland Revenue which are pending for hearing. The Company has not incorporated any provision in the financial statements due to possible favorable outcome of the appeals.

12.1.8 Show cause notice was issued by Punjab Revenue Authority for failing to deduct and deposit sales tax on services rendered for Nandipur Power Project of the Company for the tax periods from July 2014 to June 2016 against total tax liability of Rupees 144.387 million (2021: Rupees 144.387 million) along with default surcharge under the provisions of Punjab Sales Tax on Services Act, 2012. After rejection of reply submitted by the Company, the Company filed appeal with Appellate Tribunal Punjab Revenue Authority (ATPRA) on 19 April 2018. In its hearing, ATPRA passed a judgement dated 05 October 2020 against the Company. However, the Company filed a petition in Lahore High Court, Multan Bench against the ATPRA decision on 23 November 2020. The Company has not incorporated any provision in the financial statements due to possible favourable outcome of the petition.

12.1.9 An appeal was filed on 18 April 2019 with the Commissioner Inland Revenue against the show cause notice issued by the Assistant Commissioner Inland Revenue on 03 December 2018 regarding the inadmissible adjustment of input tax amounting to Rupees 659.521 million (2021: Rupees 659.521 million) for the tax periods from July 2013 to June 2017 along with the default surcharge and penalty under the provisions of Sales Tax Act, 1990. On 23 August 2020 the appeal was rejected by the Commissioner Inland Revenue. Aggrieved by the decision, an appeal has been filed on 16 September 2020 with Appellate Tribunal Inland Revenue which is pending for hearing. The Company has not incorporated any provision in the financial statements due to possible favourable outcome of the appeal on the advice of the legal counsel.

12.1.10 Assistant Commissioner Inland Revenue issued two sales tax orders in original to the Company on 29 June 2021, regarding non-payment of withholding sales tax during the tax periods from August 2008 to June 2010 and from July 2010 to June 2011 against the amount of sales tax of Rupees 0.596 million and Rupees 0.524 million for the above-mentioned tax periods along with cumulative default surcharge and penalty of Rupees 2.265 million and Rupees 0.682 million respectively. After rejection of first appeals, second appeals were filed by the Company on 16 August 2021 with Appellate Tribunal Inland Revenue. The Company has not incorporated any provision in the financial statements due to the possible favourable outcome of the appeal.

12.1.11 The Company has filed an appeal on 21 May 2021 with Appellate Tribunal Inland Revenue against the orders passed by the Commissioner Inland Revenue (Appeals) under section 122(4) for tax year 2015 dated 02 March 2021 to pay the tax standing in arrears amounting to Rupees 25,895.980 million (2021: Rupees 25,895.980 million). The Company has not incorporated any provision in the financial statements due to possible favourable outcome of the appeal.

12.1.12 Assistant Commissioner Inland Revenue issued a sales tax order in original to the Company on 22 March 2022, regarding inadmissible input tax adjustments from October 2016 to February 2019 amounting to Rupees 2.111 million along with default surcharge and penalty. An appeal was filed before the Commissioner Inland Revenue (Appeals) against this order on 25 April 2022 which is not yet fixed for hearing. The Company has not incorporated any provision in the financial statements due to the possible favourable outcome of the appeal.

12.1.13 Sales tax order in original was passed by Assistant Commissioner Inland Revenue on 02 June 2022 against intentionally reducing the sales tax liability of the Company for the month of March 2020 amounting to Rupees 17.453 million along with default surcharge and penalty. Against this order, appeal was filed before Commissioner Inland Revenue (Appeals) subsequent to the reporting period on 04 July 2022 which is not yet fixed for hearing. The Company has not incorporated any provision in the financial statements due to possible favourable outcome of the appeal.

12.1.14 NEPRA imposed fine of Rupees 15.000 million (2021: Rupees 15.000 million) through its various orders due to tripping of electricity, under-utilization and excess auxiliary consumption. The Company challenged these orders in Islamabad High Court, Islamabad through writ petition nos. 3815/2019, 3816/2019 and 3810/2019 dated 31 October 2020. Islamabad High Court, Islamabad, subsequent to the reporting date, in September / October 2022 has disposed of these petitions with the order to the Company to file the appeals with NEPRA Appellate Tribunal. Then the Company filed appeal with NEPRA Appellate Tribunal on 22 November 2022, which is pending for hearing. No provision has been made in these financial statements as the management is hopeful for positive outcome, on the advice of the legal counsel.

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12.1.15 On 13 May 2022, HEPSEC submitted its invoice for the month of April 2022 for the Foreign Currency (FC) component in US Dollars of the fixed O & M fee, by incorrectly applying the indexation formula. The Company forwarded the invoice for verification to Messrs National Engineering Services Pakistan (Private) Limited (NESPAK). Afterwards, NESPAK responded that HEPSEC had not applied the correct formula for the indexation of FC Component on the stated invoice and should be resubmitted by HEPSEC by revising the calculation. However, HEPSEC continues to claim the invoices on the same indexation formula already applied. The approximate collective difference from April 2022 until June 2022 between the invoices raised by HEPSEC and the calculation made by the Company is Rupees 1,902.202 million. As per legal advisor of the Company, the calculation resulting in extra amount claimed in the invoices by HEPSEC is unreasonable and therefore, no provision of the above mentioned amount has been made in these financial statements.

12.1.16 Guarantee of Rupees 72.191 million (2021: Rupees 72.191 million) is given by the Bank of the Company to Additional Commissioner Enforcement-I, Punjab Revenue Authority (PRA), Lahore against the suspended recovery proceedings of demand of tax as given in Note 12.1.8.

12.2 Commitments

12.2.1 There was no capital or other commitment as on 30 June 2022 (2021: Rupees Nil).

12.2.2 The Company has entered into a contract for a period of fifteen years for purchase of fuel from PSO only. Under the terms of Fuel Supply Agreement (FSA), the Company is not required to buy any minimum quantity of fuel from PSO.

	2022 RUPEES	2021 RUPEES Restated
13. PROPERTY, PLANT AND EQUIPMENT		
Capital work-in-progress (Note 13.1)	2,091,142,662	2,091,142,662
Operating fixed assets (Note 13.2)	149,936,954,366	153,229,439,370
	152,028,097,028	155,320,582,032

13.1 CAPITAL WORK-IN-PROGRESS

	2022				2021
	Plant and Machinery	Civil works and advances	Overheads	Total	Total
	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES
Chichoki Mallian Power Plant (Note 13.1.1)	-	49,003,275	1,542,675,982	1,591,679,257	1,591,679,257
CCPP Nandipur	-	383,535,928	-	383,535,928	383,535,928
Gifted Power Plant (Note 13.1.2)	261,867	14,201,020	99,856,842	114,319,729	114,319,729
Other formations	1,607,748	-	-	1,607,748	1,607,748
Balance as at 30 June 2022	1,869,615	446,740,223	1,642,532,824	2,091,142,662	2,091,142,662
Balance as at 30 June 2021	1,869,615	446,740,223	1,642,532,824	2,091,142,662	

13.1.1 The amount of overheads is inclusive of finance cost amounting to Rupees 1,454 million (2021: Rupees 1,454 million) incurred on Chichoki Mallian Power Plant. Civil works and advances include 10 percent down payment for project to Dongfang Electric Corporation, China (the Contractor). However, on 21 May 2015, the Ministry of Energy (Power Division) vide its letter no. GPI-3(01)/2009 directed to close this Project along with directions to make efforts for the recovery of advance payments made to the contractors. Therefore, for the recovery of advance paid to the Contractor, the Company has entered into a settlement agreement with the Contractor on 10 August 2017. Pursuant to this agreement an amount of Rupees 2,373.245 million has been recovered on 27 September 2017 from the Contractor. The Contractor paid a non-refundable advance of Euro 2.635 million for the supply of gas turbines to Messrs General Electric (GE) for installation at this project. GE has agreed to return the amount of advance through adjustment in its upcoming works / agreement with Central Power Generation Company Limited (CPGCL), an associated company. Upon receipt of adjustment, CPGCL issued a credit note No. GENCO(II)/GENCO-II(1) for the month of November 2019 amounting to Rupees 338.638 million on account of advance adjustment. Moreover, the Company has requested Ministry of Energy through Genco Holding Company Limited to waive off the finance cost paid. Ministry of Energy has requested the same to the Ministry of Finance which is pending for decision.

13.1.2 The amount of overhead represents transportation cost incurred by the Company on import of 320 MW power plant, gifted by United Arab Emirates. The plant will be installed at the land available in Gas Turbine Power Station, Faisalabad.

13.2 OPERATING FIXED ASSETS

	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Generation plant and equipment: Purchased through grant	Generation plant and equipment: Purchased through other than grant	Sui gas pipelines and related equipment	Other plant and equipment	Vehicles	Total
	----------	----------	----------	----------	(RUPEES)	----------	----------	----------	----------	----------
At 30 June 2020										
Cost / revalued amount	93,663,957,222	611,760,000	7,753,377,734	9,508,172	1,057,272,371	82,588,313,713	2,446,688,000	2,421,664,470	122,279,984	190,074,831,666
Accumulated depreciation	-	-	(2,804,688,690)	(9,508,172)	(258,072,773)	(32,423,956,162)	(477,104,160)	(703,658,262)	(115,266,514)	(36,923,234,703)
Impairment loss	-	-	(11,086,283)			(37,302)	-	(14,759,562)	(1,951)	(25,983,103)
Net book value	93,663,957,222	611,760,000	4,937,602,761	-	799,199,598	50,164,330,219	1,969,583,840	1,703,246,646	6,011,489	153,825,691,775
Year ended 30 June 2021										
Opening net book value	93,663,957,222	611,760,000	4,937,602,761	-	799,199,598	50,164,330,219	1,969,583,840	1,703,246,646	6,011,489	153,825,691,775
Effect of surplus on revaluation of land	2,438,592,106	305,040,000	-	-	-	-	-	-	-	2,743,632,106
Additions	-	-	-	-	-	-	-	46,500	-	46,500
Disposal:										
Cost	-	-	-	-	-	(79,409,019)	-	-	-	(79,409,019)
Accumulated depreciation	-	-	-	-	-	66,471,966	-	-	-	66,471,966
	-	-	-	-	-	(12,937,053)	-	-	-	(12,937,053)
Depreciation charge - restated (Note 13.2.4)	-	-	(152,130,064)	-	(37,504,533)	(2,865,851,378)	(146,801,408)	(123,622,168)	(1,564,107)	(3,320,983,658)
Closing net book value - restated	96,102,549,328	916,800,000	4,785,472,697	-	732,195,365	47,285,521,788	1,822,782,432	1,579,670,978	4,447,382	153,229,439,370
At 30 June 2021										
Cost / revalued amount	96,102,549,328	916,800,000	7,753,377,734	9,508,172	1,057,272,371	82,508,904,694	2,446,688,000	2,421,710,970	122,279,984	193,339,090,953
Accumulated depreciation - restated	-	-	(2,956,818,754)	(9,508,172)	(325,077,006)	(35,273,345,514)	(623,905,568)	(827,280,430)	(117,830,651)	(40,083,766,395)
Impairment loss	-	-	(11,086,283)	-	-	(37,302)	-	(14,759,562)	(1,951)	(25,885,098)
Net book value - restated	96,102,549,328	916,800,000	4,785,472,697	-	732,195,365	47,285,521,788	1,822,782,432	1,579,670,978	4,447,382	153,229,439,370
Year ended 30 June 2022										
Opening net book value	96,102,549,328	916,800,000	4,785,472,697	-	732,195,365	47,285,521,788	1,822,782,432	1,579,670,978	4,447,382	153,229,439,370
Additions	-	-	-	-	-	-	-	173,050	-	173,050
Depreciation charge	-	-	(149,500,856)	-	(37,004,533)	(2,834,065,110)	(146,801,280)	(123,622,168)	(1,564,107)	(3,292,558,054)
Closing net book value	96,102,549,328	916,800,000	4,635,971,841	-	695,190,832	44,451,456,678	1,675,981,152	1,456,221,860	2,883,275	149,936,954,366
At 30 June 2022										
Cost / revalued amount	96,102,549,328	916,800,000	7,753,377,734	9,508,172	1,057,272,371	82,508,904,694	2,446,688,000	2,421,884,020	122,279,984	193,339,264,003
Accumulated depreciation	-	-	(3,106,319,610)	(9,508,172)	(362,081,539)	(38,057,410,624)	(770,706,848)	(950,902,598)	(119,394,758)	(43,376,324,449)
Impairment loss	-	-	(11,086,283)	-	-	(37,302)	-	(14,759,562)	(1,951)	(25,885,188)
Net book value	96,102,549,328	916,800,000	4,635,971,841	-	695,190,832	44,451,456,678	1,675,981,152	1,456,221,860	2,883,275	149,936,954,366
Annual rate of depreciation (%)		-	2	2	3.50	3.50	6	10, 30	10	

13.2.1 The title of the freehold land and buildings thereon is not in the name of the Company as these assets were transferred to the Company by WAPDA under the process of corporatization through Business Transfer Agreement. Similarly 13 vehicles of the Company are not registered in the name of the Company, although transferred to the Company through Supplementary Business Transfer Agreement between WAPDA and the Company.

13.2.2 On 01 March 2019, the Company entered into an Authorization and Interest agreement with Power Holding (Private) Limited (PHPL) and Meezan Bank Limited (MBL), in which Company authorized PHPL to carry out "Certain Actions" in relation to Relevant Transaction Assets representing freehold land at TPS Muzaffargarh, NGPS Multan, SPS Faisalabad and GTPS Shahdara having combined area of 1,621.67 acres amounting to Rupees 93,663,957,222. Certain Actions include selling the Relevant Transaction Assets to MBL and creating a security interest over the same for the purpose of enabling PHPL to raise financing through the Sukuk issue. In addition to this agreement, PHPL entered into an Asset Purchase Agreement with MBL for selling the Relevant Transaction Assets to MBL which include the land of the Company and of other distribution and generation companies for a total purchase price of Rupees 200,000 million against the Sukuk certificates.

13.2.3 Other plant and equipment includes computers and office equipment, furniture and fixture, workshop equipment and communication equipment. Moreover the buildings of CCPP Nandipur, included in buildings on freehold land, have been constructed on the land of the Government of Pakistan at Nandipur, Gujranwala.

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13.2.4 During the year ended 30 June 2021, depreciation on certain operating fixed assets of 'Generation plant and equipment' purchased through other than grant and 'Other plant and equipment' was less calculated. To correct this prior year error, an adjustment of Rupees 38.346 million has been made retrospectively in these financial statements in accordance with IAS 8. Consequently property, plant and equipment as at 30 June 2021 has been decreased by Rupees 38.346 million while profit after taxation has been decreased by Rupees 36.479 million. The basic earnings per share has been decreased by Rupees 728.37 per share while diluted earning per share has been decreased by Rupees 0.02 per share.

13.2.5 As per notification No. 4(23)/2015 NTDC dated 05 July 2021 issued by Ministry of Energy (Power Division), 220 KV switchyards of the Company at TPS Muzaffargarh and at NGPS Multan were decided to be transferred to NTDC. Afterwards on 04 October 2021 through a memorandum for handing over to NTDC of the above-mentioned switchyards comprising freehold land, buildings, transformers, auxiliary systems and other equipment, certain vehicles and inventory items was prepared. However the above-mentioned assets are not yet transferred from the books of account of the Company as the Company is in the process to obtain the fair value of these assets according to current market rates so that the transfer of value of these assets can be made accordingly to NTDC.

13.2.6 Forced sales value of freehold land and leasehold land as per last revaluation carried out on 30 June 2021 was Rupees 82,466.447 million.

13.2.7 **Depreciation charge for the year has been apportioned as follows:**

	2022 RUPEES	2021 RUPEES Restated
Cost of sales (Note 23)	3,253,461,123	3,276,777,615
Administrative expenses (Note 24)	39,196,931	50,206,042
	3,292,658,054	3,326,983,657

13.2.8 Had there been no revaluation, cost of the revalued assets (freehold land and leasehold land) as at 30 June 2022 would have been Rupees 58,143,374 (2021: Rupees 58,143,374) and Rupees 970,849 (2021: Rupees 970,849) respectively.

13.2.9 Operating fixed assets include assets costing Rupees 2,437,825,818 (2021: Rupees 1,540,972,099) which are fully depreciated and still in use of the Company.

14. LONG TERM ADVANCES

	2022 RUPEES	2021 RUPEES
Considered good - secured		
Advances to employees of BPS-1 to BPS-15 for:		
House building / purchase of plot	7,221,401	10,444,855
Advances to employees of BPS-16 and above for:		
House building / purchase of plot	3,069,178	2,009,565
Vehicles	787,875	316,631
	3,857,053	2,326,196
	11,078,454	12,771,051
Less: Current portion shown under current assets (Note 19)	4,712,953	3,243,305
	6,365,501	9,527,746

14.1 These represent loans given to employees for house building, purchase of plot and vehicles. The amount of loan being granted to employees from BPS-1 to BPS-15 is interest free but from BPS-16 and above, interest is charged equal to the profit rate applied on 'General Provident Fund' which is 12.40 percent (2021: 7.30 percent) per annum. The principal amount is recoverable in equal monthly instalments and interest is recoverable in lump sum at the time of final settlement of loans. These are secured against balance to the credit of employees in the staff retirement benefits.

14.2 The fair value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' arising in respect of advances to employees of BPS-1 to BPS-15 is not considered material and hence not recognized.

15. LONG TERM DEPOSITS

These include security deposit placed with SNGPL, a related party pursuant to Interim Regasified Liquefied Natural Gas (RLNG) Supply Agreement for CCPP Nandipur amounting to Rupees 943.337 million (2021: Rupees 943.337 million).

16. STORES AND SPARE PARTS

	2022 RUPEES	2021 RUPEES
Stores and spare parts	3,793,176,236	3,859,735,380
Less: Provision for slow moving and obsolete items of stores and spare parts (Note 16.1)	132,583,182	132,583,182
	3,660,593,054	3,727,152,198

16.1 Provision for slow moving and obsolete items of stores and spare parts

	2022 RUPEES	2021 RUPEES
Balance as on 01 July	132,583,182	106,790,048
Add: Charged during the year	-	25,793,134
Balance as on 30 June	132,583,182	132,583,182

17. FUEL STOCK

	2022 RUPEES	2021 RUPEES
Furnace oil	1,705,381,688	1,654,526,049
High speed diesel	491,328,329	493,659,982
	2,196,710,017	2,148,186,031

		2022 RUPEES	2021 RUPEES Restated
18.	**TRADE DEBTS**		
	Considered good – unsecured:		
	CPPA-G - an associated company	46,734,781,744	23,781,330,336

18.1	**Break-up of trade debts is as follows:**		
	Invoices under verification (Note 18.1.1)	15,097,186,517	5,428,456,029
	Other differences (Note 18.1.1)	15,203,142,971	15,721,409,132
		30,300,329,488	21,149,865,161
	Trade debts as above	46,734,781,744	23,781,330,336
	Amount confirmed payable by CPPA	16,434,452,255	2,631,465,175

18.1.1 The Company is making supply of electricity under the Power Purchase Agreement to CPPA-G and there have been differences which include invoices amounting to Rupees 15,097,186,517 (2021: Rupees 5,428,456,029) issued by the Company but not verified by CPPA-G. Meanwhile other differences amounting to Rupees 15,203,142,971 (2021: Rupees 15,721,409,132) are not confirmed by CPPA-G yet. It is expected that the invoices under verification and other differences will be resolved in favour of the Company in due course.

18.1.2 Revenue from the sale of electricity is recognized at the time of invoice raised, while payment is due within 30 days from the date of invoice.

18.2 As at 30 June 2022, trade debts of Rupees 31,637.595 million (2021: Rupees 18,352.874 million) were past due but not impaired. The ageing analysis of these trade debts is as follows:

Upto 1 month	333,555,608	395,139,013
1 to 6 months	1,751,750,968	4,348,471,587
More than 6 months	29,552,288,651	13,609,263,707
	31,637,595,227	18,352,874,307

18.3 The maximum aggregate amount recoverable from CPPA-G at the end of any month during the year was Rupees 46,734.782 million (2021: Rupees 23,981.302 million).

18.4 As mentioned in Note 1.1 to the financial statements, NEPRA changed the tariff mode from "Take or Pay" to "Take and Pay". However, consequently Islamabad High Court, Islamabad suspended NEPRA's decision. Due to which the Company recommenced claiming monthly Capacity Power Purchase (CPP) from CPPA-G. Ultimately CPPA-G accepted the CPP charges on "Take or Pay" basis and eventually payments are also being generated by CPPA-G. Therefore, the Company restated the sales and trade debts of previous year by including CPP in sales. This prior period error has been corrected retrospectively in the financial statements in accordance with IAS 8. Consequently, trade debts as at 30 June 2021 has been increased by Rupees 2,359.425 million and profit after taxation has been increased by Rupees 2,279.454 million. The basic earnings per share has been increased by Rupees 45,589 per share while diluted earnings per share has been increased by Rupees 1.20 per share.

		2022 RUPEES	2021 RUPEES
19.	**LOANS, ADVANCES AND PREPAYMENT**		
	Considered good:		
	Advances to employees	1,216,103	342,682
	Current portion of long term advances (Note 14)	4,712,953	3,243,305
	Advances to suppliers / contractors (Note 19.1)	3,954,818,571	3,707,186,575
	Prepayment	136,428,759	140,852,467
		4,097,176,386	3,851,628,330

19.1 These include amounts due from following related parties:

Pakistan State Oil Company Limited	3,025,589,214	2,751,000,000
Chief Resident Representative WAPDA	532,534,615	532,534,615
	3,558,123,829	3,283,534,615

19.1.1 The ageing analysis of the amounts due from above-mentioned related parties is as follows:

Upto 1 month	3,025,589,214	1,251,000,000
1 to 6 months		1,500,000,000
More than 6 months	532,534,615	532,534,615
	3,558,123,829	3,283,534,615

19.2 The maximum aggregate amount receivable from related parties at the end of any month during the year was as follows:

Pakistan State Oil Company Limited	3,025,589,214	2,751,000,000
Chief Resident Representative WAPDA	532,534,615	532,534,615

		2022 RUPEES	2021 RUPEES
20.	**OTHER RECEIVABLES**		
	Considered good:		
	Due from associated companies / undertakings (Note 20.1)	4,213,087,883	4,110,823,736
	Others	277,147,349	291,906,531
		4,490,235,232	4,402,730,267

20.1 Due from associated companies / undertakings:

	2022 RUPEES	2021 RUPEES
WAPDA	3,803,227,411	3,715,402,920
WAPDA Foundation - Widow Grant	72,938,993	57,997,779
Quetta Electric Supply Company Limited (QESCO)	582,422	704,050
Jamshoro Power Company Limited	95,381,549	95,277,780
Lakhra Power Generation Company Limited	240,406,194	240,406,193
	4,213,087,883	4,110,823,736

20.1.1 The ageing analysis of the balances due from associated companies / undertakings is as follows:

	2022 RUPEES	2021 RUPEES
Upto 1 month	103,633,854	1,519,096
1 to 6 months	6,549,246	29,110,600
More than 6 months	4,102,904,783	4,080,194,040
	4,213,087,883	4,110,823,736

20.1.2 The maximum aggregate amount due from WAPDA at the end of any month during the year was Rupees 3,803.227 million (2021: Rupees 3,715.431 million).

20.1.3 The maximum aggregate amount due from WAPDA Foundation - Widow Grant at the end of any month during the year was Rupees 72.989 million (2021: Rupees 60.059 million).

20.1.4 The maximum aggregate amount due from Quetta Electric Power Company Limited (QESCO) at the end of any month during the year was Rupees 0.755 million (2021: Rupees 0.727 million).

20.1.5 The maximum aggregate amount due from Jamshoro Power Company Limited at the end of any month during the year was Rupees 95.732 million (2021: Rupees 99.167 million).

20.1.6 The maximum aggregate amount due from Lakhra Power Generation Company Limited at the end of any month during the year was Rupees 240.406 million (2021: Rupees 240.406 million).

		2022 RUPEES	2021 RUPEES
21.	**CASH AND BANK BALANCES**		
	With banks		
	On current accounts	1,724,171,608	9,214,814
	On saving accounts (Note 21.1)	2,340,952,238	2,784,909,626
		4,065,123,846	2,794,124,440

21.1 Rate of profit on saving accounts ranged from 5.50 percent to 12.25 percent (2021: 5.00 percent to 6.80 percent) per annum.

		2022 RUPEES	2021 RUPEES Restated
22.	**SALES**		
	Energy Purchase Price (EPP)	53,108,973,724	24,811,405,519
	Less: Sales tax	7,716,688,490	3,605,076,031
		45,392,285,234	21,206,329,488
	Capacity Purchase Price (CPP)	12,833,839,163	13,589,751,318
		58,226,124,397	34,796,080,806
23.	**COST OF SALES**		
	Fuel stock and gas consumed (Note 23.1)	45,561,984,357	21,213,655,399
	Salaries, wages and other benefits	1,820,288,995	1,581,271,534
	Staff retirement benefits	2,510,087,590	2,477,137,236
	Repair and maintenance / stores and spare parts consumed	149,002,325	914,455,792
	Operation and maintenance charges of HEPSEC (the Operator)	4,118,010,131	1,316,500,671
	NEPRA fee	42,769,754	41,545,459
	Insurance	305,575,643	347,202,142
	Transportation charges	-	11,668,484
	Depreciation (Note 13.2.7)	3,753,461,123	3,275,777,016
		58,173,523,579	31,190,318,905

		2022 RUPEES	2021 RUPEES
23.1	**Fuel stock and gas consumed**		
	Opening fuel stock	2,148,186,031	4,720,869,985
	Add: Purchased during the year	6,907,809,330	3,339,371,500
		9,055,995,361	8,060,241,485
	Less: Closing fuel stock	2,396,710,017	2,148,186,031
	Fuel stock consumed	6,659,285,344	5,912,055,454
	Add: Gas consumed	40,302,698,813	15,301,500,530
	Total fuel stock and gas consumed	46,961,984,157	21,213,555,984

24. ADMINISTRATIVE EXPENSES

	2022 RUPEES	2021 RUPEES
Salaries and other benefits	296,883,365	261,593,541
Staff retirement benefits	279,097,955	275,237,471
Meeting fee to directors	13,750,000	7,980,000
Taxes and licenses	546,233	672,105
Traveling and conveyance	21,035,904	21,933,142
Utilities	1,991,845	2,869,048
Repair and maintenance	5,956,327	39,078,634
Operation and maintenance charges of HEPSEC (the Operator)	171,503,759	54,854,195
Subscription and periodicals	21,950	87,745
Transportation	34,102,343	25,713,778
Communication	4,193,411	4,188,330
Legal, professional and security charges	41,618,754	31,051,776
Printing and stationary	3,476,291	3,718,483
Auditor's remuneration (Note 24.1)	2,100,000	2,100,000
Management fee	109,777,932	131,987,031
Advertisement	1,165,999	2,822,430
Depreciation (Note 13.2.7)	39,196,031	50,206,042
Miscellaneous	955,486	116,961
	1,027,060,499	887,306,633

24.1 Auditor's remuneration

	2022 RUPEES	2021 RUPEES
Annual audit fee	1,400,000	1,400,000
Half yearly review	500,000	500,000
Reimbursable expenses	200,000	200,000
	2,100,000	2,100,000

25. OTHER EXPENSES

	2022 RUPEES	2021 RUPEES Restated
Long term deposit written off	45,263	
Other receivables written off	55,208	77,001,704
Provision for slow moving and obsolete items of stores and spare parts		25,793,134
Provision for GIDC payable for previous years		195,081
Workers' profit participation fund (Note 9.4)	-	112,400,697
Late payment interest / surcharge (Note 26.1)	770,787,761	-
	770,888,232	215,390,656

26. OTHER INCOME

	2022 RUPEES	2021 RUPEES
Income from financial assets		
Profit on deposits with banks	255,283,738	328,009,964
Late payment surcharge from CPPA-G (Note 26.1)	1,288,213,126	
	1,543,496,864	328,009,964
Income from non-financial assets		
Scrap sales	93,240	113,391,301
Amortization of deferred grant (Note 8.1)	37,009,523	37,009,523
Credit balance written back	3,571,823	953,499,442
Gain on remeasurement of GIDC	-	5,735,202
Gain on sale of property, plant and equipment	-	23,774,049
Income of Central Gas Turbine Maintenance Workshop	19,851,486	35,840,133
Adjustment of excess management fee already paid to GHC	102,669,601	-
Miscellaneous	83,357,178	70,084,311
	250,547,823	1,244,291,072
	1,794,044,687	1,572,300,036

26.1 The Company received this late payment surcharge from CPPA-G on its overdue trade debts. Ultimately as elaborated in Note 12.1.1 and Note 12.1.2 to these financial statements, the Company has accounted for late payment interest / surcharge on overdue payable balances to PSO and SNGPL in accordance with the amounts received on LPP invoices. The total amount accounted for as late payment interest / surcharge payable to PSO and SNGPL is Rupees 770.788 million (Note 25).

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		2022 RUPEES	2021 RUPEES
27.	**FINANCE COST**		
	Mark-up on:		
	Cash development loans	216,710,054	233,894,542
	Loan from banking company	1,814,042,231	1,710,526,015
	Bank charges and commission	4,597,873	1,693,117
	Unwinding of discount on GIDC payable (Note 8.2)	1,767,825	3,547,220
		2,037,117,983	1,949,660,895

28. TAXATION

28.1 Charge for the year

	2022 RUPEES	2021 RUPEES
Current	727,826,555	485,949,842
Prior year adjustment	35,991,372	-
	763,817,927	485,949,842

28.1.1 Provision for current taxation represents minimum tax under section 113 of the Income Tax Ordinance, 2001. Reconciliation of tax expenses and product of accounting profit multiplied by the applicable tax rate is not required in view of accumulated tax losses of the Company of Rupees 50,206.415 million (2021: Rupees 48,946.337 million). The tax losses related to unabsorbed tax depreciation are of Rupees 49,591.052 million and business losses are of Rupees 615.363 million. Total minimum tax available for carry forward under section 113 of the Income Tax Ordinance, 2001 as at 30 June 2022 is of Rupees 1,816.923 million (2021: Rupees 3,057.468 million).

28.2 Deferred

	2022 RUPEES	2021 RUPEES Restated
Deferred income tax effect due to:		
Accelerated tax depreciation	9,612,271,905	9,612,000,460
Provision for slow moving and obsolete items of stores and spare parts	(38,449,123)	(38,449,123)
Staff retirement benefits	(7,790,715,403)	(8,397,841,742)
Unused tax losses	(14,558,120,415)	(14,194,437,837)
Minimum tax	(1,816,922,913)	(3,057,468,233)
GIDC payable	(6,097,190)	(12,905,873)
Net deferred income tax asset	(14,598,033,139)	(15,088,214,297)
Unrecognized deferred income tax asset	14,598,033,139	15,088,214,297
	-	-

28.3 Deferred income tax asset has not been recognized in these financial statements due to uncertainty in availability of sufficient future taxable profits as these temporary differences are not likely to reverse in the foreseeable future.

28.4 The unused tax losses excluding unabsorbed depreciation would expire as follows:

Accounting year to which the unused tax losses relates	Amount of unused tax losses	Accounting year in which unused tax losses will expire
	RUPEES	
2019	505,324,821	2025
2020	114,038,636	2025
	619,363,457	

28.5 The minimum tax would expire as follows:

Accounting year to which the minimum tax relates	Amount of minimum tax	Accounting year in which minimum tax will expire
	RUPEES	
2020	567,155,144	2023
2021	485,949,842	2024
2022	763,817,927	2025
	1,816,922,913	

			2022	2021 Restated
29.	**(LOSS) / EARNINGS PER SHARE**			
	Basic (loss) / earnings per share			
	(Loss) / profit after taxation	(Rupees)	(3,752,240,045)	1,649,733,987
	Weighted average number of ordinary shares	(Numbers)	50,000	50,000
	(Loss) / earnings per share - Basic	(Rupees)	(75,044.80)	32,994.68
	Diluted (loss) / earnings per share			
	(Loss) / profit after taxation	(Rupees)	(3,752,240,045)	1,649,733,987
	Weighted average number of ordinary shares including share deposit money	(Numbers)	1,789,986,237	1,789,985,217
	(Loss) / earnings per share - Diluted	(Rupees)	(2.10)	0.92

		2022 RUPEES	2021 RUPEES Restated
30.	**CASH GENERATED FROM OPERATIONS**		
	(Loss) / profit before taxation	(2,908,422,119)	2,135,601,829
	Adjustments for non-cash charges and other items:		
	Depreciation	3,292,658,054	3,326,962,553
	Provision for staff retirement benefits	2,788,979,545	2,752,374,707
	Amortization of deferred grant	(37,004,533)	(37,004,533)
	Credit balances written back	(8,571,933)	(953,499,443)
	Other receivables written off	55,204	77,001,744
	Long term deposit written off	40,250	-
	Gain on sale of property, plant and equipment	-	(23,728,049)
	Profit on deposits with banks	(255,293,738)	(328,003,954)
	Finance cost	2,037,117,593	1,945,630,095
	Gain on remeasurement of GIDC	-	(5,735,392)
	Provision for GIDC payable of previous years	-	195,081
	Provision for slow moving and obsolete items of stores and spare parts	-	25,793,134
	Working capital changes (Note 30.1)	3,391,857,624	(4,719,029,799)
		8,221,442,375	4,200,706,958
30.1	**Working capital changes**		
	Decrease / (increase) in current assets		
	Stores and spare parts	76,559,199	(353,487)
	Fuel stock	(48,523,986)	2,577,633,555
	Trade debts	(22,953,451,408)	(5,749,339,127)
	Loans, advances and prepayment	(243,474,271)	(2,728,672,456)
	Sales tax receivable	(907,401,532)	232,075,037
	Other receivables	(87,560,174)	(98,635,388)
		(24,164,056,720)	(5,772,349,466)
	Increase in trade and other payables	27,556,524,350	1,053,319,667
		3,391,857,624	(4,719,029,799)

30.2 **Reconciliation of movement of liabilities to cash flows arising from financing activities:**

	Long term financing	
	2022 **RUPEES**	**2021** **RUPEES**
Balance as at 01 July	19,287,374,155	21,972,866,933
Repayment of long term financing	(2,685,492,778)	(2,685,492,778)
Balance as at 30 June	16,601,881,377	19,287,374,155

31. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

Aggregate amount charged in these financial statements for remuneration, including all benefits to the Chief Executive Officer, directors and executives of the Company are as follows:

	2022	2021	2022	2021
	Chief Executive Officer		Executives	
	RUPEES	RUPEES	RUPEES	RUPEES
Basic pay	6,277,929	6,235,928	49,332,700	48,529,309
Other allowances (Note 31.1)	3,985,591	4,023,903	53,998,429	47,491,570
	10,263,519	10,259,831	103,331,129	96,021,230
Number of persons	1	1	27	34

31.1 These include allowances related to additional charge and special allowance accumulated and paid in the financial year ended 30 June 2022.

31.2 Chief Executive Officer and all executives are provided unfurnished accommodation, free electricity and telephone facility as per the Company's rules. Moreover, free use of Company's maintained vehicle has been provided to Chief Executive Officer and certain executives.

31.3 Aggregate amount charged in these financial statements for meeting fee to eight (2021: eight) directors was Rupees 13,750,000 (2021: Rupees 7,580,000).

31.4 No remuneration, other than meeting fee was paid to any Director of the Company.

32. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise associated companies / undertakings, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been disclosed elsewhere in these financial statements are as follows:

	2022 RUPEES	2021 RUPEES Restated
Associated companies / undertakings:		
Sale of electricity	56,226,124,297	34,736,080,906
Purchase of fuel and supplies	47,010,504,343	16,640,972,033
Free supply of electricity - net	155,020,493	141,035,092
GIDC paid	23,177,075	17,382,807
Services provided	-	5,055
Arrears of salary / leave encashment / traveling expenses - net	103,677,754	6,367,405
Service charges	6,829,243	5,583,775
Funds issued as loan	-	86,107,200
Finance cost	219,710,054	233,594,542
Late payment surcharge received	1,206,213,126	-
Late payment surcharge / interest accrued	770,787,761	-

32.1 **Associated companies / undertakings with whom the Company have transactions:**

Jamshoro Power Company Limited
Central Power Generation Company Limited
Lakhra Power Generation Company Limited
National Transmission and Despatch Company Limited (NTDC)
Central Power Purchasing Agency (Guarantee) Limited (CPPA-G)
Lahore Electric Supply Company Limited (LESCO)
Islamabad Electric Supply Company Limited (IESCO)
Peshawar Electric Supply Company Limited (PESCO)
Hyderabad Electric Supply Company Limited (HESCO)
Sukkur Electric Power Company Limited (SEPCO)
Faisalabad Electric Supply Company Limited (FESCO)
Multan Electric Power Company Limited (MEPCO)
Gujranwala Electric Power Company Limited (GEPCO)
Water and Power Development Authority (WAPDA)
Sui Northern Gas Pipelines Limited (SNGPL)
Pakistan State Oil Company Limited (PSO)
Chief Resident Representative WAPDA

32.2 The Company and all of the above mentioned companies / undertakings are under common control of Government of Pakistan with the Ministry of Water and Power.

32.3 Detail of compensation to key management personal comprising of Chief Executive Officer, directors and executives is disclosed in Note 31.

33. NUMBER OF EMPLOYEES

The total and average number of employees of the Company are as follows:

	2022	2021
Number of employees as at 30 June	1 936	2 006
Average number of employees during the year	1 923	2 080

34. PLANT CAPACITY AND ACTUAL PRODUCTION

		2022	2021
Actual dependable capacity	MWH	12 503 212	11 891 160
Actual energy delivered	MWH	1 960 137	1 777 755

34.1 Actual energy delivered by the plant is dependent on the load demanded by National Power Control Center - NTDC.

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35. SEGMENT INFORMATION

	CCPP Nandipur 2022	CCPP Nandipur 2021	Other Formations 2022	Other Formations 2021	Total-Company 2022	Total-Company 2021
	(RUPEES)					
				Restated		Restated
Sales	43,928,379,379	23,214,295,903	14,297,745,016	11,581,785,003	58,226,124,357	34,795,080,906
Cost of sales	(44,118,404,482)	(19,826,873,991)	(15,055,119,097)	(11,353,444,941)	(59,173,523,579)	(31,180,318,932)
Gross (loss) / profit	(190,025,103)	3,387,421,912	(757,374,079)	228,340,062	(947,399,182)	3,615,761,974
Administrative expenses	(215,070,351)	(160,101,450)	(611,990,137)	(727,205,180)	(1,027,060,488)	(887,306,630)
Other expenses	(227,844,527)	(4,470,482)	(543,044,705)	(210,920,174)	(770,889,232)	(215,390,656)
Other income	460,627,307	1,046,452,020	1,333,417,380	525,948,016	1,794,044,687	1,572,300,016
Finance cost	(1,915,211,533)	(1,711,694,340)	(221,906,378)	(237,986,555)	(2,137,117,933)	(1,949,080,895)
	(1,797,498,104)	(829,814,252)	(243,523,832)	(650,263,893)	(2,041,022,936)	(1,480,079,145)
(Loss) / profit before taxation	(1,987,524,207)	2,557,607,560	(1,000,897,911)	(421,923,831)	(2,988,422,118)	2,135,683,829
Taxation					(763,817,927)	(485,949,842)
(Loss) / profit after taxation					(3,752,240,045)	1,649,733,987

35.1 Reconciliation of reportable segment assets and liabilities

	CCPP Nandipur 2022	CCPP Nandipur 2021	Other Formations 2022	Other Formations 2021	Total-Company 2022	Total-Company 2021
	(RUPEES)					
				Restated		Restated
Total assets for reportable segments						
Segment assets	73,100,952,440	74,591,786,652	118,318,029,853	116,563,743,302	191,419,982,293	191,155,529,954
Unallocated assets						
Trade debts					46,734,781,744	23,781,330,336
Total assets as per statement of financial position					238,153,764,017	214,936,860,290

Total liabilities for reportable segments

	CCPP Nandipur 2022	CCPP Nandipur 2021	Other Formations 2022	Other Formations 2021	Total-Company 2022	Total-Company 2021
	(RUPEES)					
		Restated		Restated		Restated
Segment liabilities	45,983,597,861	21,590,322,472	87,925,503,091	82,160,440,618	133,909,100,952	103,750,763,090
Unallocated liabilities:						
Staff retirement benefits					26,064,535,077	28,958,274,971
Provision for taxation					2,005,765,535	1,241,967,609
Total liabilities as per statement of financial position					161,979,422,168	133,950,005,670

35.2 Whole of the Company's sales are made to CPPA-G. Moreover, all non-current assets of the Company as at the reporting date are located and operating in Pakistan. Furthermore, revenue is recognized at the point in time as per terms and conditions of underlying contract with CPPA-G.

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36. FINANCIAL RISK MANAGEMENT

36.1 Financial risk factors

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

Risk management is carried out by the Company's Board of Directors (The Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, investment of excess liquidity and use of non-derivative financial instruments.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Company is not exposed to currency risk during the year.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Company is not exposed to commodity price risk.

(iii) Interest rate risk

This represents 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's interest rate risk arises from long term financing, long term advances and bank balances in saving accounts. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments at fixed rate expose the Company to fair value interest rate risk.

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	2022 RUPEES	2021 RUPEES
Fixed rate instruments		
Financial assets		
Long term advances	3,857,053	2,576,196
Financial liabilities		
Long term financing	2,629,580,472	2,629,680,472
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	3,340,957,738	2,784,909,629
Financial liabilities		
Long term financing	13,972,200,905	16,657,593,583

Fair value sensitivity analysis for fixed rate instruments

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

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) / profit after taxation for the year would have been Rupees 105.312 million higher / lower (2021: Rupees 131.791 million lower / higher), mainly as a result of higher / lower interest expense / income on floating rate financial instruments. This analysis is prepared assuming amounts of financial instruments outstanding at reporting date were outstanding for the whole year.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2022 RUPEES	2021 RUPEES Restated
Trade debts	46,734,781,744	23,781,330,336
Loans and advances	11,078,454	12,771,051
Accrued interest	12,234,418	1,602,887
Deposits	1,416,511,101	1,416,607,364
Other receivables	4,490,235,232	4,402,730,267
Bank balances	5,065,123,846	2,794,124,443
	57,729,964,795	32,409,166,348

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

	Rating			2022	2021
	Short term	Long term	Agency	(RUPEES)	
Banks					
National Bank of Pakistan	A1+	AAA	PACRA	1,722,767,366	8,150,826
Allied Bank Limited	A1+	AAA	PACRA	524,959,117	51,363,802
Askari Bank Limited	A1+	AA+	PACRA	349,322,520	1,890,069,428
Bank Alfalah Limited	A1+	AA+	PACRA	34,435,846	3,415,642
AlBaraka Bank (Pakistan) Limited	A-1	A+	VIS	419	419
Habib Bank Limited	A-1+	AAA	VIS	171,825,180	22,840,073
MCB Bank Limited	A1+	AAA	PACRA	1,347,312,626	3,092,435
The Bank of Punjab	A1+	AA+	PACRA	16,762,747	201
United Bank Limited	A-1+	AAA	VIS	897,738,025	815,191,617
				5,065,123,846	2,794,124,443

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 18.

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

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The cash management has not yet been delegated to the Company. Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undiscounted cash flows.

Following are the contractual maturities of financial liabilities as at 30 June 2022:

	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
	----------	----------	(RUPEES)	----------	----------
Non-derivative financial liabilities:					
Long term financing	16,601,881,377	25,868,604,061	7,514,324,506	16,285,581,425	2,068,697,830
Trade and other payables	108,172,957,565	108,172,957,565	108,172,957,565	-	-
Accrued mark-up	2,821,959,801	2,821,959,801	2,821,959,801	-	-
	127,596,798,743	136,863,521,427	118,509,242,172	16,285,581,425	2,068,697,830

Following are the contractual maturities of financial liabilities as at 30 June 2021:

	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
	----------	----------	(RUPEES)	----------	----------
	Restated	Restated	Restated		
Non-derivative financial liabilities:					
Long term financing	19,287,374,155	24,958,757,821	5,373,135,502	14,037,776,642	5,547,845,677
Trade and other payables	80,636,509,691	80,636,509,691	80,636,509,691	-	-
Accrued mark-up	2,413,111,717	2,413,111,717	2,413,111,717	-	-
	102,336,995,563	108,008,379,229	88,422,756,910	14,037,776,642	5,547,845,677

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at 30 June. The rates of mark-up have been disclosed in Note 6 to these financial statements.

(d) Capital risk management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure in order to reduce the cost of capital. The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions.

36.2 Financial instruments by categories

	2022 RUPEES	2021 RUPEES Restated
	At amortized cost	
As at 30 June		
Financial assets as per statement of financial position		
Trade debts	46,734,781,744	23,781,330,336
Loans and advances	11,078,454	12,771,051
Accrued interest	12,234,418	1,602,887
Deposits	1,416,511,101	1,416,607,364
Other receivables	4,490,235,232	4,402,730,267
Bank balances	5,065,123,846	2,791,121,443
	57,729,964,795	32,406,163,348
Financial liabilities as per statement of financial position		
Long term financing	16,601,881,377	19,287,374,155
Trade and other payables	108,172,957,565	80,636,509,691
Accrued mark-up	2,821,959,801	2,413,111,717
	127,596,798,743	102,336,995,563

36.3 Reconciliation to the line items presented in the statement of financial position is as follows:

	2022			2021		
	Financial assets	Other than financial assets	Total as per statement of financial position	Financial assets	Other than financial assets	Total as per statement of financial position
	----------	----------	----------	RUPEES	----------	----------
Assets as per statement of financial position				Restated		Restated
Trade debts	46,734,781,744	-	46,734,781,744	23,781,330,336		23,781,330,336
Loans, advances and prepayment	11,078,454	4,092,463,446	4,103,541,900	12,771,051	3,848,585,075	3,861,356,126
Accrued interest	12,234,418	-	12,234,418	1,602,887	-	1,602,887
Deposits	1,416,511,101		1,416,511,101	1,416,607,364	-	1,416,607,364
Other receivables	4,490,235,232	-	4,490,235,232	4,402,730,267	-	4,402,730,267
Bank balances	5,065,123,846	-	5,065,123,846	2,791,121,443	-	2,791,121,443
	57,729,964,795	4,092,463,446	61,822,428,241	32,406,163,348	3,848,585,075	36,254,748,423

	2022			2021		
	Financial liabilities	Other than financial liabilities	Total as per statement of financial position	Financial liabilities	Other than financial liabilities	Total as per statement of financial position
	----------	----------	----------	RUPEES	----------	----------
Liabilities as per statement of financial position				Restated		Restated
Long term financing	16,601,881,377	-	16,601,881,377	19,287,374,155		19,287,374,155
Trade and other payables	108,172,957,565	4,394,051,420	112,567,008,985	80,636,509,691	346,102,955	80,982,612,646
Accrued mark-up	2,821,959,801		2,821,959,801	2,413,111,717	-	2,413,111,717
	127,596,798,743	4,394,051,420	131,990,850,163	102,336,995,563	346,102,955	102,683,098,518

36.4 Offsetting financial assets and financial liabilities

As on reporting date, recognized financial instruments are not subject to offsetting as there are no enforceable master netting arrangements and similar agreements.

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37. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

Fair value hierarchy

Certain financial assets and financial liabilities are not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts. Judgements and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company classifies its financial instruments into following three levels. However, as at the reporting date, the Company has no such type of financial instruments which are required to be grouped into these levels. These levels are explained as under:

Level 1: Fair value measurements using quoted price in active markets for identical asset or liability.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

38. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the non financial assets that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

	Level 1	Level 2	Level 3	Total
	RUPEES			
At 30 June 2022				
Freehold land	-	96,102,549,028		96,102,549,028
Leasehold land	-	916,800,000	-	916,800,000
Total non-financial assets	-	97,019,349,028	-	97,019,349,028
At 30 June 2021				
Freehold land	-	96,102,549,028	-	96,102,549,028
Leasehold land	-	916,800,000	-	916,800,000
Total non-financial assets	-	97,019,349,028		97,019,349,028

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements.

(ii) Valuation techniques used to determine level 2 fair values

The Company obtains independent valuation for its freehold land and leasehold land. The best evidence of fair value of land is current prices in an active market for similar lands.

Valuation processes

The Company engages external, independent and qualified valuers to determine the fair value of the Company's freehold land and leasehold land after significant intervals.

Changes in fair values are analyzed during discussion between the management of the Company and the valuer. As part of this discussion the team presents a report that explains the reason for the fair value movements. Last revaluation was carried out by Messrs K.G. Traders (Private) Limited, in association with Messrs A&K Consultants on 30 June 2021.

39. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified for better presentation, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made except for certain advances to suppliers amounting to Rupees 2,751 million which were netted off with trade and other payables previously, now included to loans, advances and prepayment.

40. DATE OF AUTHORIZATION

These financial statements were authorized for issue on 17 MAR 2023 by the Board of Directors of the Company.

41. GENERAL

Figures have been rounded off to the nearest Rupee.

CHIEF EXECUTIVE OFFICER

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DIRECTOR

NORTHERN POWER GENERATION COMPANY LIMITED

PATTERN OF SHAREHOLDING

Shares holding pattern and Categories of shareholders of the Company as at June 30, 2022 are as under:

Pattern of shareholding

Shareholdings	No. of Shareholders	Share Held	Percentage
From 1 to 7 shares	7	7	0.014%
From 8 to 50,000 shares	1	49,993	99.986%
Total	**8**	**50,000**	**100.00%**

Categories of shareholders

Particulars	No. Shareholders	Shareholding	Percentage
Directors and CEO	7	7	0.014%
President of Pakistan	1	49,993	99.986%
Company Total	**8**	**50,000**	**100.00%**

Directors' and CEO's Shareholding	**No. of Shares**
1. Prof. Dr. Tabrez Aslam Shami	01
2. Mr. Muhammad Irfan Akram	01
3. Mr. Muhammad Umar Khan	01
4. Mr. Muhammad Akram	01
5. Mr. Alam Zeb Khan	01
6. Mr. Javed Iqbal Khan	01
7. Sabeeh Uz Zaman Faruqui – CEO	01
Total	07

FORM OF PROXY

I/We, ____ being a

member of Northern Power Generation Company Limited,

hereby appoint_______ ____________________________ __________
(name of another member of the Company)

as our proxy to vote for me/us and on my behalf at Twenty fourth (24th) Annual General Meeting of the Company as scheduled for May 17,2023 or any date adjourned thereof..

____
Signature

____
Name

Dated:________________

Important Notes:

1. The proxy must be a member of Northern Power Generation Company Limited.
2. The instrument of proxy properly completed should be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
3. A Member shall not be entitled to appoint more than one proxy to attend any one meeting.