

ANNUAL REPORT 2025



Quaid-e-Azam Thermal Power (Private) Limited
7-C1, Gulberg-III, Lahore

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CORPORATE INFORMATION

- **About the Report:** The Annual Report 2025 provides a comprehensive overview of financial performance and sustainability of the Company, while highlighting links between the external & internal environment, company strategy, business model, integrated risk management and corporate governance system at Quaid-e-Azam Thermal Power (Private) Limited (QATPL).

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

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

- **Company's Profile:** QATPL is a private company limited by shares incorporated under the provisions of repealed Companies Ordinance, 1984 (now Companies Act, 2017). QATPL is owned by the Government of Punjab. The objective of the Company was to establish and maintain 1180 MW Re-Gasified Liquefied Natural Gas (RLNG) based thermal power plant at Bhikki, District Sheikhupura.

The Project is based on the most modern Gas Turbine Technology with thermal efficiency of 61.60%, one of the highest as compared to all existing power projects. The company has to date supplied over 43.25 Billion units of clean and reliable electricity to the National Grid. The Project financing structure is based on 75% Debt arranged from local Banks and 25% Equity contributed by the Government of the Punjab.

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

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

For the purpose of execution of above Project, Quaid-e-Azam Thermal Power (Pvt.) Limited ("QATPL") was incorporated. QATPL is 100% owned by Government of the Punjab through Energy Department and its all Directors were nominated by Government of the Punjab. The Project was moved ahead at very fast track wherein the construction on the Project started in October 2015 and whereas, the COD was achieved in May 2018.

QATPL has set highest standards of transparency, efficiency and speed in expeditiously completing mega power project of paramount national importance in such a short period of time. QATPL has established new precedent by saving billions of rupees of the nation through sincere efforts carried out by Company's management while exercising efficient International Competitive Bidding Process for making procurements for the Project.

The Company has set new global and regional benchmarks for thermal power plants in terms of cost per megawatt, thermal efficiency, output and project's completion time. As a result of these unprecedented benchmarks, the Company has managed to achieve one of the lowest tariffs for thermal based power plants thereby providing a substantial relief to the power consumers in Pakistan.

We feel proud to state that Bhikki power project is playing a pivotal role in meeting energy needs and economic development of the Country. The plant is today considered as a key player in providing clean, reliable and economical electricity by having world's most efficient gas turbines.

- **Company's Vision:** To facilitate fast economic growth through sustainable, cost-effective & environment-friendly power generation, fostering smiles in our people & community.
- **Company's Mission:** To strive for the best efficiency, availability, environment and keep our people and community shining together globally.

- **Company's Core Values:**

- Excellence: We strive for excellence, innovation, boldness & quality in everything we do.
 - Recognition of intellectual excellence accomplishments globally.
 - Continuous learning in the work and qualification enhancement.
- Integrity: We commit to the highest standards of transparency, integrity & honesty.
- Accountability: We hold ourselves accountable as professionals at all times & at all levels and as a publicly owned Company.
- Teamwork: We value our colleagues and work together as a team.
- Relationship: We believe in good relationships and fairness in all our dealings.

▪ **Company's Corporate Strategy:** Best practices adoption in every field of our operations, legal and social compliance to the best and creating new benchmarks to be followed. Strategical oversight of possible changes, scenarios and taking necessary measures in time.

▪ **Company's Code of Conduct:**

- (i) **Objective:** The objective of this Code of Conduct is to enhance integrity, ethics & transparency in governance of the Company, and thereby reinforce the trust and confidence reposed in the Management of the Company by the shareholders and other stakeholders and to create an environment where all the Board Members, Senior Management and employees of the Company maintain an ethical standard and compliance to the ethical standards that are laid down. The Board Members, Senior Management Personnel and employees of the Company are expected to familiarize themselves with this Code of Conduct and to understand, adhere to, comply with and uphold the provisions of this Code of Conduct and the standards laid down hereunder in their day-to-day functioning.
- (ii) **Scope:** This Code of Conduct is applicable to all directors, senior management personnel and employees of the Company.

(iii) **Code of Conduct:**

- i. **Encourage Environmental, Social and Corporate Governance (ESG) Practices:**
 - ESG is an approach of assessing companies on Environmental, Social and Governance performance factors. Environmental Criteria addresses a Company's operations' impact on the environment. Social criteria refer to how a Company manages relationships with and creates value for stakeholders. Governance criteria refers to a Company's leadership & management's practices, policies, internal controls and shareholders' rights.
 - Since, the investors are increasingly considering the sustainability factors while making their investments, thus, the concepts of ESG are evolving, therefore, the directors, senior managers and employees of such companies should advocate the best practices and ensure commitment to strengthen environmental, social and corporate governance areas in accordance with the global best practices.
- To encourage the management to adopt digitalization to enhance efficiency and to protect the environment.
- To promote and ensure compliance with ESG policy of the Company, if any.

- To encourage philanthropic activities, donations, contributions to charities and other matters of social welfare, in terms of sustainable practices.
- To encourage the management to publish or disclose regular reports on their ESG targets, environmental and social impact activities.
- To ensure that the Company operates in an environmentally and socially responsible manner, while having strong governance practices in place.
- To ensure that the Company adopts most efficient energy management system, prevention of energy waste and utilization of natural resources in responsible manner.
- To ensure commitment to prevent the wasteful use of natural resources and minimize any hazardous impact of the development, production, use and disposal of any of its products and services on the ecological environment in accordance with the applicable laws.

ii. Understanding of the Legal Duties:

- Acquire appropriate knowledge of the legal requirements relating to their duties to perform their obligations diligently and in compliance with the applicable laws, relevant guidelines and policies of the Company and to ensure compliance of applicable regulatory frameworks.
- Make dedicated efforts to improve competence and skills in their respective roles through continuing professional education.
- Bring to the notice of the Board, any non-compliance or violation of law or policy by the Company, other Board members or employees.

iii. Personal Conduct:

- Avoid following actions: Misconduct, intimidating & insulting behavior, verbal onslaught, accusations, misogynist behavior, sexual harassment, ignorance of regulatory framework, spate communication (letters, emails, etc.) without highlighting specific discrepancies, humiliation, pressurizing tactics, coerciveness, disruptive and distractive measures, bullying, disruption of conduct of business, unnecessary interference in management issues, unethically tarnishing image of any person.
- Exhibit high standards of personal conduct, both inside and outside the company.

iv. Conduct in Business Dealings:

- Treat everyone, inside and outside the Company, professionally with respect and equality without taking improper advantage of their position.
- To not involve in such practices like manipulation, misuse of privileged information and concealment of facts.

v. Integrity and Honesty:

- Act, at all times, with honesty, integrity and independence to protect Company's properties, reputation and image, and not get into dishonest practices such as bribery or corruption, etc.
- Exercise due diligence, objectivity, sound and independent judgement while performing the duties
- To not involve in practices with the intention to get any undue advantage either for himself or his family members.

vi. Avoid Conflict of Interest:

- To not get into any such business or practice that would tend to influence him/her in a way other than in the best interests of the Company.
- To not get into any business transaction or agreement that would result in the conflict of interest in any manner, other than those in the best interests of the Company.
- To not receive gifts and other benefits from the outsiders having pecuniary and other interest.

vii. Ensure Confidentiality:

- Protect confidential, proprietary and any such information received by virtue of their position in the Company and not disclose such information to anyone, unless the disclosure is required under any law or authorized by the Board of the Company.
- To not use or intend to use confidential and proprietary information for gaining unfair advantage and personal benefits, unless it becomes public.

viii. Diversity and Inclusion:

- To promote diverse and inclusive Board and management composition.
- Provide equal opportunities to all employees for employment in the Company irrespective of their culture, race, gender, caste, and religion.
- Promote a work environment free from discrimination, harassment and intimidations of any nature.

ix. Role Towards Shareholders/Members and other Stakeholders:

- Treat all shareholders/members and stakeholders of the Company in a fair and respectable way.
- Act in the best interests of the Company and fulfill their fiduciary responsibilities qua the Company.
- Understand and consider the interests of all stakeholders in the success of the organization.

x. Safeguarding Company's Assets:

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

xi. Promoting Safe and Healthy Environment:

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

xii. External Activities and Public Comments:

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

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

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

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

▪ **Company's Regulatory Framework:** Quaid-e-Azam Thermal Power (Private) Limited is regulated by the Securities & Exchange Commission of Pakistan (SECP) and also has to fulfil requirements of National Electric Power Regulatory Authority (NEPRA).

▪ **Company's Business Line & Value Chain:** The business line of QATPL is power generation and it holds significant position of power sector value chain. Bhikki power project is playing a pivotal role in meeting energy needs and economic development of the country. The Company is generating and supplying up to 1180 megawatts (MW) of uninterrupted power to the national grid, the equivalent electricity needed to supply to 2.5 million Pakistani

homes consuming upto 300 units a month. QATPL is supplementing the power needs of the Country and add value to the economy through affordable and sustainable power to business and industry.

▪ Company's Legal Advisors

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

▪ Company's Statutory Auditors

M/s. KPMG Taseer Hadi & Co. Chartered Accountants

▪ Bankers of the Company

1. National Bank of Pakistan
2. Habib Bank Limited
3. The Bank of Punjab
4. Bank Alfalah Limited
5. United Bank Limited
6. Soneri Bank Limited
7. Allied Bank Limited
8. Askari Bank Limited
9. Meezan Bank Limited
10. Dubai Islamic Bank Pakistan Limited

▪ Registered Office:

Head Office: First Floor, 7/C1, Gulberg III, Lahore

▪ Plant Site:

Project Site: Bhikki, 16 KM Faisalabad Road, District Sheikhupura

▪ Company's Website:

www.qathermal.com

CORPORATE GOVERNANCE

Board of Directors:

i.	Chairman P & D Board, GoPb (ex-officio)	Non-Executive Director
ii.	Secretary Energy, GoPb (ex-officio)	Non-Executive Director
iii.	Secretary Finance, GoPb (ex-officio)	Non-Executive Director
iv.	Mr. Abdul Basit	Independent Director
v.	Ms Aasia Saail Khan	Independent Director
vi.	Mr. Khuram Saleem	Independent Director
vii.	Mr. Naweed Akhtar Sharif	Independent Director
viii.	Mr. Tariq Mehmood	Independent Director
ix.	Mr. Farrukh Ifzal	Independent Director
x.	Syed Muhammad Ali	Independent Director
xi.	Mr. Waseem Akhtar	Independent Director
xii.	Engr. Syed Wasim Ur Rehman	Chief Executive Officer/ Executive Director

1. Finance & Audit Committee

i.	Mr. Farrukh Ifzal	Chairman
ii.	Mr. Khuram Saleem	Member
iii.	Mr. Naweed Akhtar Sharif	Member
iv.	Secretary Energy, GoPb	Member
v.	Secretary Finance, GoPb	Member

2. Procurement Committee

i.	Syed Muhammad Ali	Chairman
ii.	Mr. Khuram Saleem	Member
iii.	Ms. Aasia Saail Khan	Member
iv.	Secretary Energy, GoPb	Member
v.	Secretary Finance, GoPb	Member

3. Human Resource Committee

i.	Mr. Abdul Basit	Chairman
ii.	Syed Muhammad Ali	Member
iii.	Mr. Tariq Mehmood	Member
iv.	Chairman P & D Board, GoPb	Member
v.	Secretary Energy, GoPb	Member

4. Risk Management Committee

i.	Mr. Khuram Saleem	Chairman
ii.	Mr. Naweed Akhtar Sharif	Member
iii.	Mr. Tariq Mehmood	Member
iv.	Chairman P & D Board, GoPb	Member
v.	Secretary Energy, GoPb	Member

5. Nomination Committee

i.	Mr. Tariq Mehmood	Chairman
ii.	Mr. Abdul Basit	Member
iii.	Mr. Waseem Akhtar	Member
iv.	Secretary Energy, GoPb	Member
v.	Secretary Finance, GoPb	Member

6. Corporate Social Responsibility Committee

i.	Ms. Aasia Saail Khan	Chairperson
ii.	Mr. Farrukh Ifzal	Member
iii.	Mr. Waseem Akhtar	Member
iv.	Chairman P & D Board, GoPb	Member
v.	Secretary Energy, GoPb	Member

7. Technical Committee

i.	Syed Muhammad Ali	Chairman
ii.	Secretary Energy, GoPb	Member
iii.	Mr. Farrukh Ifzal	Member
iv.	Mr. Abdul Basit	Member
v.	CEO-QATPL	Member

Engr. Syed Wasim Ur Rehman

Chief Executive Officer

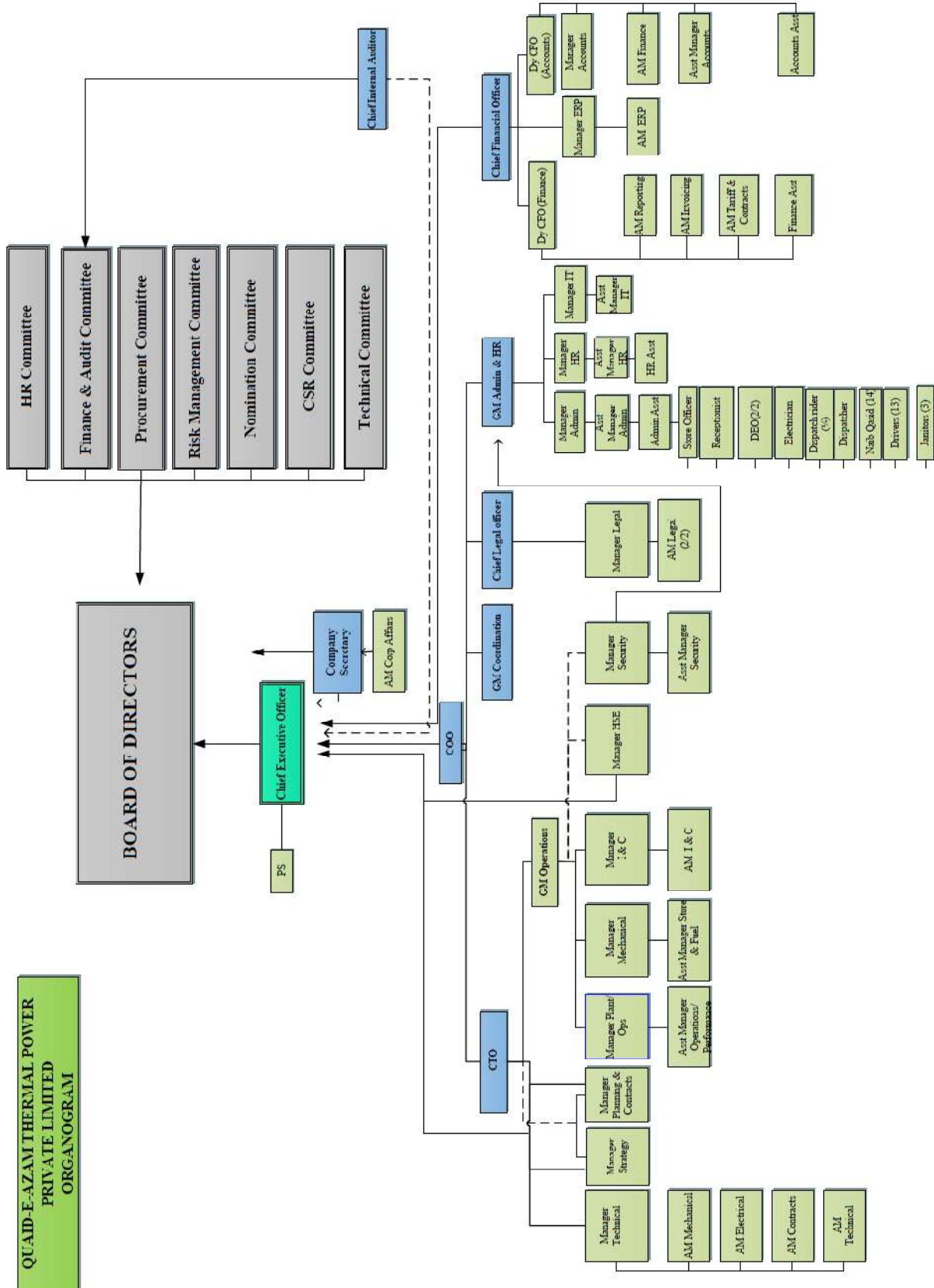
Mr. Shamsul Aziz

Chief Financial Officer

Syed Salman Hassan

Company Secretary

QUAD-E-AZAM THERMAL POWER
PRIVATE LIMITED
ORGANOGRAM



NOTICE OF 11th ANNUAL GENERAL MEETING OF SHAREHOLDERS

i. Dr. Farrukh Naveed Secretary Energy, GoPb Shareholder/Director	v. Mr. Farrukh Ifzal, Director
ii. Mr. Nauman Yousuf Special Secretary Finance (Budget), GoPb Shareholder/Director	vi. Ms. Aasia Saail Khan, Director
iii. Dr. Naeem Rauf Chairman P&D Board, GoPb, Director	vii. Mr. Khuram Saleem, Director
iv. Mr. Abdul Basit, Director	viii. Mr. Naveed Akhtar Sharif, Director
	ix. Mr. Tariq Mehmood, Director
	x. Mr. Waseem Akhtar, Director
	xi. Dr. Rana Abdul Jabbar Khan, CEO

Subject: Notice of the 11th Annual General Meeting of the Shareholders of Quaid-e-Azam Thermal Power (Private) Limited

Notice is hereby given to all shareholders and directors of Quaid-e-Azam Thermal Power (Private) Limited (the "Company") that the 11th Annual General Meeting of the Company will be held on **Wednesday, January 28, 2026 at 03:00 pm** at the registered office of the Company i.e. **7-C1, Gulberg-III, Lahore** to transact the following business:

- (i) To confirm Minutes of the 10th Annual General Meeting of the Company held on 28.10.2024.
- (ii) To receive, consider and adopt Annual Audited Accounts of the Company for the Financial Year ended 30.06.2025 together with Auditor's, Director's and Annual Reports thereon.
- (iii) To appoint Statutory Auditors of the Company for the Year 2025-2026 and to fix their remuneration.
- (iv) To Declare and approval of Interim Dividend of Rs 5 billion as Final Dividend to the Shareholder(s) / Government of the Punjab for the FY 2024-25.
- (v) To transact any other business with the permission of the Chair.

By Order of the Board

Quaid-e-Azam Thermal Power
(Private) Limited



Syed Salman Hassan
Company Secretary

Lahore: January 06, 2026

Notes:

- (i) The share transfer books of the company shall remain close from January 21, 2026 to January 28, 2026 (both days inclusive).
- (ii) A member entitled to attend and vote at this meeting of the Company is entitled to appoint any other member as his/her proxy to attend and vote instead of him/her, and a proxy so appointed shall have the rights to speak and vote at the meeting as are available to the member.
- (iii) The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarially attested copy of the power of attorney in order to be valid must be deposited at the registered office of the Company not less than forty-eight (48) hours before the meeting.
- (iv) In case of corporate entity, the Board of Director's resolution/ power of attorney with specimen signatures of the nominee shall be produced at the time of the meeting. A proxy representing a Corporation or company must himself be a member of the Company.
- (v) The proxy form shall be witnessed by two (2) persons whose names, addresses and C.N.I.C numbers shall be mentioned on the proxy form.
- (vi) Members are requested to notify the Company of any changes in their addresses immediately.
- (vii) The proxy form shall be witnessed by two (2) persons whose names, addresses and C.N.I.C numbers shall be mentioned on the proxy form.

**Directors' Report to Shareholders
For the Financial Year ended 30th June 2025**

The Directors of the Quaid-e-Azam Thermal Power (Private) Limited ("QATPL") have the pleasure of submitting their report together with the Audited Financial Statements of the Company for the Financial Year ended 30th June 2025 prepared under Section 226 of the Companies Act, 2017.

1. Company's Overview

QATPL is a Private Company Limited by Shares incorporated under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). QATPL is 100% owned by the Government of Punjab. The objective of the Company was to establish and maintain an 1180 MW Re-Gasified Liquefied Natural Gas (RLNG) based Thermal Power Plant at Bhikki, District Sheikhupura, within the stipulated timeline, keeping in view the chronic power shortage in the Country. The Project has started its commercial operations on May 20, 2018.

2. Progress on the Project

The project started simple cycle commissioning of Gas Turbine 2 and Gas Turbine 1 on 8th May 2017 and 17th Jun 2017, respectively. The simple cycle operations continued till the end of January 2018. The project achieved its Commercial Operations Date (COD) on 20th May 2018 with a net capacity of 1163.123 MW. The project has been delivering electricity to the National Grid in combined cycle mode since COD at a much higher thermal efficiency as compared to other similar projects in the country. During the year, the project delivered 6.1 billion units of electricity to the national grid.

3. Negotiations with National Task Force (NTF) during the financial year

The Government of Pakistan (GoP) constituted a National Task Force on Implementation of Structural Reforms in Power Sector ("NTF"). The NTF shared cardinals of the proposed tariff reduction with QATPL on December 27, 2024. Later, the NTF separately invited management of QATPL for meetings in Rawalpindi on December 30, 2024 during which various proposals were tabled by the NTF for reduction of the existing tariff and write-off of previous receivables.

A number of meetings were held subsequently with the NTF to negotiate the proposed terms while securing sustainable operations of the Company. QATPL initiated the MOU proposed by NTF on February 11, 2025 with the caveat that "this MOU is contingent upon review and approval of the Punjab Cabinet".

The above matter was presented in board meetings of QATPL held on February 26, 2025 and March 21, 2025. The board directed to present the matter before the Provincial Cabinet for final decision. The Provincial Cabinet approved the execution of Negotiated Settlement Agreement (NSA) on 3-Jun-2025 and the NSA was executed by the Company on 11-June-2025.

The salient features of the NTF negotiations are reproduced hereunder:

1. The quarterly indexation for local Fixed O&M and local Variable O&M shall be the lower of (a) five percent (5%) per annum or (b) the actual average National Consumer Price Index (the "NCPI") for the preceding twelve (12) months;
2. For each year, the current indexation mechanism shall continue for Foreign Fixed O&M and Foreign Variable O&M, provided that the PKR / USD depreciation shall be allowed only to the extent of 70% of the actual depreciation per annum. In case, the PKR appreciates against the USD in a year, then 100% of such appreciation shall be passed on to the consumers;
3. The RoE component has been redetermined to 13% rate of return, at the fixed exchange rate of PKR 168 / USD based on NEPRA's determined Quarterly indexation for the period Oct-Dec 2024 as revised reference. Thereafter, there shall be no exchange rate indexation;
4. The Company shall be entitled to 35% of RoE components of tariff as part of CPP. In case the Despatched and Delivered Net Electrical Output (NEO) of the Company exceeds 35% of the total Contract Capacity in terms of kWh, then the Company shall be entitled to receive RoE components of tariff, which shall be calculated on the actual NEO exceeding 35% of the total Contract Capacity in terms of kWh and the Company shall claim the differential CPP accordingly;
5. Insurance Component of CPP shall be Pass-Through Item subject to a maximum limit to be capped at 0.8% of sum insured;
6. The Company waived off to power purchaser delayed payment mark-up invoices outstanding as on 31 December 2024; and, SNGPL waived off late payment interest, back to back, only to the extent of amount waived off by QATPL to the power purchaser;
7. Rate of markup on delayed payments from the Power Purchaser and to SNGPL has been changed to 3 months KIBOR + 1% from 1 month KIBOR + 2%;
8. Past earnings till 30 June 2024 relating to fuel and O&M cost savings have been adjusted against receivable balance from CPPA-G;
9. Maintenance Reserve to cover additional required maintenance and extra works advised by OEM etc under LTSA and O&M agreements amounting Rs. 4.17 billion has been created by retaining the earnings relating to past fuel and O&M savings payable to CPPA-G;
10. Effective 1 July 2024, net savings in fuel and O&M will be shared in the ratio of 60:40 between power purchaser and the Company after adjusting for any overhauling reserve for the extra works undertaken / committed during the year;
11. Net Proceed Differential (NPD) invoices raised by SNGPL due to forced outages, shall be chargeable to Power Purchaser up to 4,287,825 MMBTUs (25 days) in an Agreement Year;
12. Gas supply deposits have been reduced to a fixed amount of Rs. 15 billion;
13. Principal amount outstanding against ToP matter under the LCIA awards amounting Rs. 5,901 million along with arbitration cost to be paid by the Company within 35 days of the

signing of settlement agreement. However, delayed payment interest on the principal amount of ToP is waived-off by the SNGPL;

14. Effective from 1 January 2025, the percentage of "Minimum Gas Order" in aggregate has been changed to fifty percent (50%) of the Maximum Gas Allocation from previous percentage of Sixty six (66%), applicable for the relevant period.

15. LCIA Arbitration clause in the PPAs and GSAs has been substituted by local Arbitration with the venue in Islamabad and Lahore respectively;

16. Take or Pay amount from post LCIA award till 31 December 2024 amounting to Rs. 13.9 billion will be paid to SNGPL subject to verification by independent external auditor of SNGPL on the basis of agreed TORs.

4. Inadmissible adjustment of input tax credit (PRA) relating to tax periods April 2016 to April-17, May-17, and June-17 and forced withdrawals by FBR (Rs 1,079 million and Rs 345 million)

Pursuant to the decision of CIR (Appeal) as mentioned in note 23, the tax department recovered an amount of Rs. 1,079.30 million including original demand of Rs. 986.09 million, default surcharge of 63.62 million and penalty amount of 29.58 million. Against this action of the department, the Company filed a writ petition before Honorable Lahore High Court ("the Court") which declared impugned notice and subsequent recovery to be illegal and without lawful authority. Against this Court's decision, the department filed an Intra Court Appeal (ICA) before the Honorable Lahore High Court which was also decided in favor of the Company.

On the basis of these decisions of Honorable Lahore High Court, the Company filed refund application followed by multiple reminders before the Commissioner Inland Revenue (the "CIR"), however, the department rejected the application for the refund. Being aggrieved with the rejection order, the Company filed contempt petition before the Court where the CIR undertook to refund the amount in compliance with order passed by the Court.

Due to the similar nature of sales tax references no. 9011 of 2021 (Rs 1,079 million) and STR LHC 49639 of 2021 (Rs 345 million), LHC has clubbed the two references, and combined hearings were conducted for both references along with other similar-nature references. Lahore High Court (LHC) vide its judgement announced on 4-Nov.-2025 allowed the sales tax reference filed by QATPL and decided the case in favor of QATPL on merits.

In respect of the contempt petition for Rs 1,079.30 million the hearings are being held before the Supreme Court (SC) of Pakistan and the matter is pending adjudication. With regards to contempt petition for Rs 260 million, matter is pending adjudication before Lahore High Court (LHC)., The management, based on an advice from its legal advisor, believes that it has arguable case in this

proceeding on the basis of legal and factual grounds and accordingly has recorded the same as receivable.

5. Applicability of Punjab Sales Tax (PST) on total contract value by Punjab Revenue Authority (PRA)

The Additional Commissioner, Punjab Revenue Authority ("Addl. Commissioner") issued assessment order dated March 15, 2019 under section 52 of the Punjab Sales Tax on Service Act, 2012 (the "PSTS Act") on the premise that the Company has been receiving taxable services from various contractors but has neither withheld the Punjab sales tax on services nor made due payments to the Punjab government as required under Punjab Sales Tax on Service (Withholding) Rules, 2015 on services received during the financial year 2015-16 and 2016-17 and created demand of Rs. 4,924.89 million. Being aggrieved, the Company preferred an appeal before the Commissioner (Appeals) PRA, who upheld the order of Additional Commissioner vide its order dated June 17, 2019. Against the order of the Commissioner (Appeals) PRA, the Company had filed an appeal before the Appellate Tribunal PRA who again decided against the Company vide order dated December 23, 2022. Afterwards, the Company filed appeal in LHC which is pending adjudication. Based on legal and factual grounds, the Company foresees a favorable decision at appellate forum in the meantime, as this tax amount pertains to EPC Contractor's obligation, the Company has sought and received an unconditional bank guarantee of USD 22 million from the EPC contractor to cover its contingent liability that arose from PRA demand.

6. Adjustment of brought forward unabsorbed tax losses on depreciation and other admissible deductions

The Additional Commissioner Inland Revenue (ACIR) issued show cause notice dated 12 May 2023 under section 122(9)/122(5A) of the Income Tax Ordinance, 2001 requiring the Company to submit its response to the observations mentioned therein. The Company made, due compliance of the said notice, however, the ACIR issued order dated 27 March 2024 under section 122(5A) of the Ordinance and created income tax demand amounting to Rs. 1,550.38 million on various issues including mark up on delayed payment interest being treated as income from other source. The Company also filed rectification application before the ACIR under section 221 of the Ordinance for rectification of mistake apparent from the order issued under section 122(5A) of the Ordinance. The ACIR, after proper verification, issued rectification order dated 24 December 2024 under section 221(1) of the Ordinance and resultantly, the income tax demand is reduced to Rs. 33.88 million. Further being aggrieved with the adverse treatment, the Company has preferred an appeal before the Commissioner Inland Revenue (Appeals), which has been transferred to Appellate Tribunal Inland Revenue after the promulgation of Tax Laws (Amendment) Act, 2024 and is pending adjudication. The management, based on an advice from

its tax advisor, believes that it has arguable case in this proceeding on the basis of legal and factual grounds and accordingly a favorable outcome is expected.

7. Management & Administration

The Company is governed by its Board of Directors, comprising professionals from the Public/Private Sector with the requisite range of skills, knowledge, and experiences to make it properly composed & structured and to enhance the core competence of the Board. The Chief Executive Officer of the Company is responsible for the smooth running of the Company's operations, managing day-to-day Company affairs, and implementing strategies and policies approved by the Board.

8. Financing Structure

As stated in the previous annual reports, the Financing Structure of the Project is based on 75% Debt arranged from local Banks and 25% Equity contributed by the Government of the Punjab. The total Project Cost as per NEPRA COD tariff determination dated 3rd January 2023 is Rs. 77 billion, where QATPL has already filed an appeal against the said decision before the NEPRA Appellate Tribunal. The project cost estimated at the time of construction was Rs. 85 billion, out of which Rs. 21.25 billion is met through equity contribution and Rs. 63.75 billion has been raised through debt arrangements. 100% upfront equity has already been injected by the Government of Punjab, and the amount of Rs. 63.750 billion was completely disbursed in the financial year 2018-19, and as of the balance sheet date, the principal portion repaid amounted to Rs. 44,595 Million, while the interest portion repaid amounted to Rs. 50,471 Million. It is worth stating that project cost overrun / Excess Debt created due to difference between actual project cost incurred and the cost determined by NEPRA is guaranteed by sponsor under the Sponsor Support Agreement (SSA).

Due to the rise in the RLNG price and Pak Rupee devaluation, the Company requested its existing as well as new banks to increase the existing working capital facility from Rs. 11.675 billion to Rs. 15.675 billion to meet its working capital requirement where new Working Capital Facility (WCF) lenders namely Meezan Bank Limited (MBL), Allied Bank Limited (ABL) and Askari Commercial Bank Limited (ACBL) disbursed additional WCF of Rs. 4 billion in July 2021. Due to a change in Trust Act, the security of project Finance (PF) lenders would be perfected after execution of Joint Pari Passu (JPP) agreement enabling disbursement of NBP portion of WCF.

9. Financial Review

During the Financial Year ended 30th June 2025, the Company incurred a loss of Rs. 1,258 Million.

Loss during the financial year 2024-25 is mainly due to Negotiated Settlement Agreement (NSA) adjustments which comprise of Receivable written off from CPPA-G Rs (17,111) million, Take or Pay Expenses – SNGPL Rs (13,928) million, Reversal of liabilities no longer payable Rs 12,498 million. Had there been no NSA adjustments, the net profit after tax for the year would have been Rs 17,319 million.

Total net sales of Rs. 176,711 Million consists of a Net Energy Purchase Price (EPP) of Rs. 149,563 Million and a Capacity Purchase Price (CPP) of Rs. 27,147 Million. Cost of sales of Rs. 154,749 Million mainly consists of Liquefied natural gas consumed of Rs. 144,277 Million, Operation and Maintenance variable costs of Rs. 1,795 Million, and Operation and Maintenance Fixed Costs of Rs. 4,114 Million, Depreciation of Rs. 2,229 Million, Plant insurance premium of Rs. 1,763 Million,

Administration expenses of Rs. 654 Million mainly include Salaries, Wages, & Other Benefits of Rs. 428 Million, ,and Fee and subscriptions of Rs. 55 Million mainly representing NEPRA Generation license fee. Other expense of Rs. 33,164 Million mainly represents Receivable written off from CPPA-G of Rs 17,110 million, Take or Pay Expenses – SNGPL of Rs 13,928 million and markup on delayed payments to SNGPL & O&M contractor of Rs. 1,297 Million, Mark up on delayed payments against take or pay invoices of Rs. 674 Million. Other operating income of Rs. 19,015 Million mainly consists of Reversal of liabilities no longer payable Rs 12,497 million, Interest income on receivable from CPPA-G Rs 4,270 million, interest income on deposit accounts Rs 1,778 million.

The finance cost of Rs. 7,633 Million mainly includes expenditure relating to markup on long-term borrowings of Rs. 4,673 Million, the markup on short-term borrowings of Rs. 2,609 Million, and SBLC commission and arrangement fee of Rs. 228 Million. The summary of key operating and financial data of last seven years is given below:

Result of Operation	All amounts in Rs in Million						
	2024-25 (Audited)	2023-24 (Audited) Restated	2022-23 (Audited) Restated	2021-22 (Audited)	2020-21 (Audited)	2019-20 (Audited)	2018-19 (Audited)
Profit/(Loss) from operations	(11,857)	22,987	17,987	14,998	12,738	13,535	9,693
Financial Charges	(7,634)	(12,895)	(11,623)	(7,742)	(6,738)	(11,243)	(8,671)

Result of Operation	2024-25 (Audited)	2023-24 (Audited) Restated	2022-23 (Audited) Restated	2021-22 (Audited)	2020-21 (Audited)	2019-20 (Audited)	2018-19 (Audited)
Other operating Income	19,015	14,257	11,544	5,519	3,511	3,714	2,313
Taxation	(782)	(854)	(260)	(250)	(342)	-	-
Net Income	(1,257)	23,495	17,649	12,525	9,169	6,006	3,335
Financial Position at Year-end							
Property, plant and equipment	51,463	53,638	56,031	57,561	60,032	62,422	66,543
Intangibles	1	1	2	3	6	7	8
Long term advances	2,945	2,938	2,938	2,939	2,939	2,696	4,309
Long term deposits	11,692	10,183	8,644	7,691	4,669	4,668	
Staff Retirement Benefit	-	31	16	8	2	-	-
Current Assets	89,014	101,371	106,161	102,456	78,153	52,921	57,632
Total Assets	155,115	168,162	173,792	170,659	145,800	122,713	128,494
Share Capital	21,250	21,250	21,250	21,250	21,250	21,250	21,250
Maintenance reserve - Capital reserve	4,170						
Overhauling reserve - Capital reserve	3,541						
Accumulated Profit/(Loss)	53,040	67,028	46,740	29,578	17,054	7,888	1,880
Equity contribution from GoPb	4,425	4,425	4,425	4,425	4,425	4,425	4,425
	86,426	92,703	72,416	55,253	42,729	33,563	27,555
Long term Liabilities	10,755	19,018	29,716	36,539	42,736	48,387	53,424
Current Liabilities	57,934	56,441	71,661	78,867	60,335	40,763	47,514
Capital & Liabilities	155,115	168,162	173,792	170,659	145,800	122,713	128,494
Debt Equity Ratio (times)	0.22	0.30	0.51	0.77	1.21	1.67	2.19

10. Qualified opinion and basis:

The Auditors have stated that the Statement of Financial Position, Statement of Profit or Loss, Statement of comprehensive income, Statement of Changes in Equity and Statement of Cash Flows together with the notes forming part thereof give a true and fair view of the state of the Company's affairs as at June 30, 2025 except for the effects and the possible effects of the matters described in the Basis for Qualified Opinion Section of audit report.

Basis of Qualified Opinion includes Deferred Tax and Initial Spare Parts (ISPs) matter details of which are as follows:

10.1 Deferred Tax matter**External Auditor M/s KPMG stance:**

As described in note 4.15 to the financial statements, the Company has not recognized deferred tax since all the applicable taxes related with power generation income is recorded as receivable from Central Power Purchasing Agency (Guarantee) Limited (power purchaser). This is not in accordance with the requirements of applicable financial reporting framework as the Company is not a tax exempt entity and is primary responsible to discharge its tax liabilities with tax authorities and accordingly deferred tax should have been recorded on all temporary differences. If the deferred tax was recognized on temporary differences, net deferred tax liability as at 30 June 2025 and 30 June 2024 would be Rs. 8,083.25 million and Rs. 13,394.91 million respectively with corresponding decrease and increase in tax charge for the year ended 30 June 2025 and 30 June 2024 by Rs. 5,311.67 million and Rs. 1,690.17 million respectively. If these amounts were recognized, the loss after tax for the year ended 30 June 2025 and profit after tax for the year ended 30 June 2024 would have decreased by Rs. 5,311.67 million and Rs. 1,690.17 million respectively and the balance of unappropriated profit as at 30 June 2025, 30 June 2024 and 01 July 2023 would have decreased by Rs. 8,083.25 million, Rs. 13,394.91 million and Rs. 11,704.74 million respectively.

Further, the Company has not recognized current tax expense in relation to generation of electricity being reimbursable from power purchaser. This treatment is not in accordance with the requirements of applicable financial reporting framework which requires separate recognition of current tax expense and the amount of reimbursement from the power purchaser as a variable consideration component of revenue in the statement of profit or loss. If these adjustments were recognized appropriately, revenue from contract with customer-net for the year ended 30 June 2025 and 30 June 2024 would have increased by Rs. 4,471.03 million and Rs. 5,858.52 million respectively with corresponding increase in current tax charge for the year ended 30 June 2025 and 30 June 2024 by the same amount.

QATPL stance: It is stated that QATPL operates under a “Cost plus tariff regime” where certain costs are applicable to QATPL but are designated as pass through to the Power Purchaser which includes income tax as well. Income taxes are paid by QATPL and are then billed to Power Purchaser which are then reimbursed in due course thereby attracting no taxation expense. Income tax expense for the last 6 years are as follows:

Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Tax expense (Rs in Million)	Nil	Nil	342	250	260	855

From above it can be observed that average income tax during last 4 years is Rs 427 Million and application of deferred tax would tantamount to severe abnormal variations in yearly profits on the basis of notional entries, which is utterly misleading for the users of the financial statements. Hence application of deferred tax is not justified as income tax expense (other than income on bank deposits etc.) is not borne by QATPL.

Further grounds in support of QATPL stance are as follows:

Past precedence:

Unmodified opinion has been expressed previously relating to deferred tax matter.

Power Policy 2015: Section 15 (Fiscal incentives) clause ii of Power Policy 2015 states as under: “The exemption from Income Tax under Clause 132 of Part-I of the Second Schedule to the Income Tax Ordinance, 2001 shall be available to the new IPPs and PPP projects, and for any expansion of projects by IPPs that are already in operation.”

NEPRA Tariff determination: Clause v of part VI (terms & conditions) of NEPRA tariff determination allows taxes as pass through item where CPPA-G has been reimbursing paid taxes to QATPL, except taxes on other income, which is as under:

“In case the company is obligated to pay any tax on its income from generation of electricity, or any duties and/ or taxes, not being of refundable nature, are imposed on the company, the exact amount paid by the company on these accounts shall be reimbursed on production of original receipts in lump sum and this payment shall be considered as a pass-through payment. However, withholding tax on dividend shall not be passed through.”

Power Purchase Agreement (PPA): Clause 11.3 (b) of Part IV of schedule 1 of PPA also allows income taxes as pass through item which is as follows:

"All Pass-Through Items, as allowed by NEPRA vide its Determination Order No. NEPRA/TRF-347/QATPL-2016/5034-5037 or any subsequent determination, if applicable, including but not limited to the following shall be payable to the Company:

Corporate Income Tax, Minimum Turnover Tax, Provincial Sales Tax, Excise Duty or other Duty, levy, charge, value added tax, surcharge or other governmental impositions (including without limitation export tax, octroi, rawangi, mahsool, etc.) wherever and whenever payable on generation, sale, exportation, or supply of Electricity or Electricity generating capacity by the Company during the term; and/or purchase, importation, consumption, or utilization of fuel by the Company during the term, provided such items have not been previously compensated for inclusion by the Power Purchaser or GOP."

Implementation agreement (IA): Section 9.1 (Taxation of the Company) of Article IX (Taxation and import controls) of Implementation agreement (IA) states that Company shall not be subject to taxation in Pakistan which is as follows:

During the Term, the Company shall not be subject to taxation in Pakistan on its profits and gains derived from electric power generation under the Power Purchase Agreement, as provided under Clause (132) of Part I and Clause (11)A of Part IV, both of the of Second Schedule to the Income Tax Ordinance 2001, as in effect on the date hereof or on payments in lieu thereof, including payments made by the GOP to the Company under and pursuant to Section 15.1 (Compensation Upon Termination); provided, that any change in Clause (132) or its application to the Company shall not give rise to a breach or default of the GOP hereunder so long as such change results in a Change in Tax as provided in Section 14.4 (Consequence for Costs and/or Savings Resulting from a Change in Tax) and Schedule 1 to the Power Purchase Agreement.

10.2 Initial Spare Parts (ISPs):

External Auditor M/s KPMG stance:

The Company has recorded Rs. 1,981.14 million and Rs. 957.42 million at 30 June 2025 and 30 June 2024 as long term advances paid to Long Term Service Contractor and Operation and Maintenance Contractors which as mentioned in note 8 to the financial statements represents major spare parts and standby equipment held by these Contractors. Under the terms of the agreements with Long Term Service Contractor and Operation and Maintenance Contractor, these spare parts and equipment are the assets of the Company and are being used for service and maintenance under the relevant contracts. Accordingly, these should have been recognized, classified and measured in the statement of financial position according to their nature and use pursuant to the requirements of applicable financial reporting framework. In the absence of any assessment of the nature of these assets, we were unable to determine the amount of adjustments required in the statements of financial position as at 30 June 2025 and 2024 and the

elements making up the statements of profit or loss, changes in equity and cash flows for the years ended 30 June 2025 and 2024 and opening balance of unappropriated profit as of 01 July 2023.

QATPL stance: It is stated that this represents advance given for major spare parts and equipment held by the Company's Long Term Service contractor and Operation & Maintenance contractor as per arrangements under the Long Term Service Agreement (LTSA) and Operation & Maintenance Agreement (O&MA). Under the terms of LTSA & O&M, M/s General Electric International Inc & HEI-HRL JV. will replenish parts of initial spares if utilized throughout the contract period except the last scheduled maintenance/ outage. QATPL has currently recognized the advance as a long term asset under "Long Term Advance" and shall recognize it as long term/ stores & spares upon completion of term and handing over of parts to QATPL.

As per the terms of the agreement, if any spare part required for the operations of the plant is delivered to the plant site before commercial operations date, the responsibility to maintain, store and replenishment will rest with the Company till the commercial operations of the plant and afterwards it will be the responsibility of the O&M contractor.

All the spare parts were delivered to the plant site after the commercial operations date which clearly means that the responsibility for the storage, maintenance and replenishment rest with the O&M contractor since initiation. This clearly means that asset has not been handed over to the Company as it does not meet the recognition criteria.

The critical thing is that O&M contractor is responsible to replace parts which will be used during the maintenance of the plant.

Operations & Maintenance (O&M) contract: 12.1.2 (d) of O&M contract states that the O&M contractor shall be responsible for storage, maintenance and replenishment, at its own cost, of: (i) The tier I recommended spare parts from commencement of combined cycle operating period until expiry term or early termination operating agreement as case may be; (ii) The tier II recommended spare parts during term or early termination operating agreement as case may be. This shows that spare parts are under the control of O&M contractor.

Operations & Maintenance (O&M) contract: 12.2 (a) of O&M contract requires that the O&M Contractor shall receive, inspect, inventory and resolve defects or deficiencies found in Equipment and Consumables which shows that safe keeping of inventory is O&M contractor responsibility.

Operations & Maintenance (O&M) contract: 12.2 (c) The O&M Contractor shall be responsible, during the period commencing from the delivery of the Equipment and Consumables till the expiry of the Term (subject to Clause 12.1.2 (c) (Recommended Spare Parts)), to replace or replenish at its cost any Equipment and Consumables (which shall include EPC Spare Parts and Consumables and LTSA Initial Spare Parts for purposes of this Clause 12.2(c)) to extent that such Equipment and Consumables are stolen, disappeared, destroyed or adversely altered to any material extent as a result of O&M Contractor's negligence or breach of contract or to extent that stock of such Equipment and Consumables is reduced to any material extent as a result of O&M Contractor's failure to store such Equipment and Consumables in accordance with Applicable Standards.

Conceptual Frameworks for Financial Reporting: According to Chapter 4 of 'Conceptual Frameworks for Financial Reporting' (the Framework) an asset is a present economic resource controlled by the entity as a result of past events. An economic resource is a right that has the potential to produce economic benefits. ISPs does not meet the criteria mentioned in the framework.

Long Term Service Agreement (LTSA): Part B (Parts at the end of the term) of Appendix H of LTSA contract requires that GE will ensure that all relevant parts installed in the Covered Equipment have an estimated life at the time of such inspection of at least one more Scheduled Outage maintenance interval meaning thereby that GE will handover brand new parts to be used in next Scheduled Outage maintenance at the time of termination of contract.

Past precedence: QATPL Unmodified opinion has been expressed previously relating to initial Spare Parts.

10.3 Emphasis of Matter – comparative information

Auditors draw attention to note 5 to the financial statements which indicates that the comparative information presented as at and for year ended 30 June 2024 has been restated and the audit opinion is not modified in respect of this matter.

10.4 Other Matter relating to comparative information

The financial statements of the Company as at and for the year ended 30 June 2024, excluding the adjustments described in note 5 to the financial statements, were audited by another auditor who expressed an unmodified opinion on those financial statements on 09 October 2024.

As part of external audit of the financial statements as at and for the year ended 30 June 2024, auditors have audited the adjustments described in note 5 that were applied to restate the

comparative information presented as at and for the year ended 30 June 2024. Current external auditors were not engaged to audit, review, or apply any procedures to the financial statements for the year ended 30 June 2024, other than with respect to the adjustments described in note 5 to the financial statements. Accordingly, they do not express an opinion or any other form of assurance on those financial statements taken as a whole. However, in their opinion, the adjustments described in note 5 are appropriate and have been properly applied.

10.5 Restatement relating to Fee under Long Term Service Agreement (LTSA):

The management has restated the comparative financial statements which has resulted in decrease in the amount of 'Cost of sales – Operation and Maintenance Fixed Cost' for the year ended 30 June 2024 by Rs. 1,024.19 million with corresponding decrease in the balance of 'Trade and other payables - Accrued liabilities' as at 30 June 2024 by Rs. 883.26 million and increase in the balance of 'Long term deposits and prepayments' by Rs. 140.93 million. As the related income tax is pass through to CPPA-G under the terms of PPA, therefore, there is no tax impact on the statement of profit or loss for the year ended 30 June 2024, however, balance of 'Advance income tax - net' decrease by Rs. 399.43 million with corresponding increase in the balance of "Trade Receivable from CPPA-G" by Rs 399.43 million as at 30 June 2024.

Upon interpretation of the terms of Long Term Service Agreement (LTSA) by Company's management it was identified that during prior year, the total fixed fee charged by GE under the Long Term Service Agreement exceeded the fixed fee cap specified in the said agreement. Although the parties held different views on the interpretation of the relevant clauses of LTSA, however, upon negotiations during the year, the Company and GEI agreed that the excess amount of fee charged in last year would be adjusted against future invoices in accordance with the agreed-upon terms. However, GE has maintained that the said adjustment is being agreed to only out of long standing relationship with the Company and in good faith despite different interpretation of the contract by them.

10.6 Restatement relating to Receivable from Government of Punjab against Debt Service Reserve Account (DSRA):

DSRA SBLC was issued in June 2021 and pursuant to the resolution of a meeting chaired by then Finance Secretary (FS) GoPb in Nov. 2019, QATPL has been paying DSRA SBLC costs to DSRA SBLC issuing bank i.e. Bank of Punjab (BOP) till date. QATPL BOD in their 96th meeting dated 14-3-2024 approved payment of RS 3.2 billion dividend to GoPb but deferred deduction of DSRS SBLC costs. QATPL BOD in their 105th meeting dated 25-11-2024 approved payment of Rupees 5 billion dividend to GoPb but deferred deduction of DSRA SBLC costs and advised to send a letter for allocation of funds by GoPb for payment of outstanding DSRA SBLC costs, letter was sent accordingly.

Finance Dept. (FD) GoPb conveyed its response vide letter No. SO(Energy)3-639/2022(Vol-IV) dated 30.06.2025, shred through Energy Department (ED) GoPb letter No. SO(COMPANIES)ED/V-3/2024-1058 dated 04.07.2025 to QATPL, where the following position was conveyed:

Currently, QATPL is operating profitably it should bear the DSRA SBLC costs independently, without seeking any adjustment against dividends payable to the Government of Punjab (GoPb). IN the event QATPL's Board declines, the Energy Department should assume the responsibility as Administrative Department.

In light of above scenario, Pursuant to letter issued by the Finance Department, Government of Punjab dated June 30, 2025 and forwarded by Energy Department, Government of Punjab under its cover letter dated 04-Jul-2025 with the direction to take necessary action as advised by Finance Department the management has reassessed the realizability of receivable recorded from the Government of Punjab against the costs paid by the Company in relation to Stand By Letter of Credit backed Debit Service Reserve Account (DSRA) to meet the requirements of long term loan. Based on the assessment that such costs are not recoverable since its inception, the management has adjusted the financial statements of prior years by restating the comparative figures. The restatement has resulted in increase in 'Finance cost' for the year ended 30 June 2024 by Rs. 228.52 million and decrease in 'Unappropriated profit' as of 01 July 2023 by Rs. 476.54 million and increase in the balance of 'Prepayments' included in 'Advances, deposits and prepayments' as at 30 June 2024 and 01 July 2023 by Rs. 95.92 million. This has also resulted in decrease in the balance of 'Receivable from Government of Punjab' included in 'Advances, deposits and prepayments' as at 30 June 2024 and 01 July 2023 by Rs. 800.98 million and Rs. 572.46 million respectively.

As the related income tax is pass through to CPPA-G under the terms of PPA, therefore, there is no tax impact on the statement of profit or loss for the year ended 30 June 2024, however, the balance of 'Advance income tax - net' as of 30 June 2024 has increased by Rs. 220.4 million and the balance of 'Provision for taxation-net' as of 01 July 2023 has decreased by Rs. 131.28 million with corresponding decrease in the balance of 'Trade Receivable from CPPA-G' as at 30 June 2024 by Rs 220.4 million as of 01 July 2023 by Rs. 131.28 million.

11. Dividend Declaration

The Board of Directors approved an interim cash dividend of PKR 23.53 per share (23.53% of the Company's paid-up capital), totaling Rs. 5 billion, for FY 2024-25. No further dividends have been recommended, and the interim dividend will serve as the final dividend for the year. The matter is now placed before the shareholders for approval to consider the interim cash dividend as the

final dividend for FY 2024-25, with the amount of Rs. 5 billion already paid from the Company's profits for the year ended June 30, 2025.

12. Health, Safety & Environment (HSE)

The Company has devised a Health Safety and Environment Policy to provide a safe and healthful workplace for all its employees and minimize the impact of the Company's activities on the environment. Compliance with Environmental, Health, and Safety (EHS) laws is a basic tenet of the QATPL Code of Business Ethics and is to be integrated into all of the Company's operating practices. Since COD to June 30, 2025 there are 3.65 million safe working Person hours without any LTI .

QATPL secured 3rd position out of 164 licensees in NEPRA HSE evaluation for the year 2023-24 as declared by NEPRA. QATPL also got 2nd position on account of the Availability Factor i.e. 99.9% in NEPRA Power Plant Performance Evaluation 2023-24. QATPL achieved distinction in International Safety Award (ISA) 2024 from British Safety Council. QATPL also won prestigious international awards in three categories: IPP of the Year, ESG Program of the Year from Asian Power Awards and Waste Management Excellence Awards from Asian Waste Management Awards in Oct 24 in, Singapore.

13. Corporate Social Responsibility (CSR)

In compliance with Rule-5(7)(j) of the PSC (CG) Rules 2013, SECP CSR Voluntary Guidelines 2013 & NEPRA Social Investment Guidelines 2021, QATPL has formulated a policy for its Corporate Social Responsibility ("CSR"). The objectives of CSR are to support the company's strategic objective and demonstrate its commitment to conduct business in a socially responsible manner. CSR aims to better integrate social and environmental concerns into business routines on a voluntary basis.

13.1 CSR Focus Areas

CSR Policy is expected to clearly determine the priority areas, wherein, the CSR projects/activities shall be initiated/managed. QATPL's CSR focus/commitment areas may broadly cover the following: -

- i. Community Investment (skill development, health, education, poverty alleviation, youth development and environment conservation)
- ii. Governance stakeholder relations
- iii. Safety (risk management)
- iv. Climate Change; Plantation
- v. Relief Activities Disaster support
- vi. Employees development

13.2 Allocation of Funds for Corporate Social Responsibility Initiatives

The annual CSR budget of the Company for carrying out CSR activities shall be up to a minimum of 1% of Profit after tax. Whereas the CEO of the Company shall have the discretionary power and authority to make annual spending out of CSR's total annual budget for such CSR initiatives/activities as he may deem meritorious. However, such authorized limit shall be equivalent to that amount which was already granted by the Board to the CEO through financial powers delegation for incurring budgeted capital expenditure of the Company.

QATPL carried out various CSR activities recommended by the CSR Committee and approved by BOD during FY-2024-25. The complete expenses detail from July 2024 to June 2025 for CSR activities is as follows:

Sr. No.	Activity	Budget Allocated in Pak Rupees	Payment in Pak Rupees	Status
1	Temporary Dispensary	3,000,000	1,867,531	Ongoing. 9486 patients (F-5578, – M-3908,) benefited.
2	Scholarships to 20 needy students	1,000,000	398,978	Ongoing.
3	ECOE, MSC Classes	28,000,000	16,104,748	Ongoing.
4	Sports Complex having grounds for Cricket, Hockey, Football and Tennis, Badminton & Basketball courts	7,900,000	4,103,074	construction completed. Partial payment of security to be paid.
5	Miscellaneous	5,000,000	3,063,605	-
6	Construction of Boundary wall	5,000,000	4,699,140	-
7	2nd instalment of ECOE	15,000,000	13,630,182	Ongoing.
8	Construction of OPD (Gynae & Paeds) at DHQ SKP	192,558,000	50,000,000	PKR 50 million out of 192.558 million as 1 st of the 4 instalments for DHQ SKP was issued whereas remaining amount PKR 142.558 million was not issued due to non-start of work on ground.

Status of the major CSR activities is as under;

13.3 Energy Center of Excellence (ECOE):

The Board of Directors in its 62nd meeting dated 26-02-2021 approved the construction of Energy Center of Excellence (ECOE) building. ECOE Building is constructed and functional at site. This Center is having 200 seats full IT equipped State-of-the-Art Auditorium, Simulator room,

Classrooms for MSc Classes, Meeting rooms & lab etc. The 3rd batch of 13 students (Sep 2024) is studying at site for award of MSc Engineering degrees with courtesy of UET Lahore. These students will have hands on training on Simulator and learn modern techniques in power sector emerging in future. Fourth batch of MSc Students will be inducted in September 2025. This fully equipped IT facility will make it unique for any national /international interaction and for excellence.

13.4 Construction of OPD (GYNE & PAEDS) at DHQ, Sheikhupura

The Board of Directors in its 97th meeting dated 02.04.2024 approved financial assistance of PKR 192.558 million to PSHD for construction of OPD (Gynae & Paeds) at DHQ, SKP to provide better medical facilities and a better environment for visiting patients. Board approved this amount to be disbursed in 4 installments and constitution of steering committee comprising representatives from QATPL, the Energy Department and the Health department to be tasked with monitoring the project advancement. QATPL/ Steering Committee has continuously been pursuing the matter with Health department through meetings of Steering Committee for its construction/completion. Execution of the Project is responsibility of Primary & Secondary Health Care Department of Government of Punjab (Now health and population department). QATPL's role is to monitor progress through a committee formed for this purpose/ notified by Energy Department.

A cheque of PKR 50 million as 1st of the 4 installments was issued to the said Health Department on 20-08-2024 at the request of the said department against account No. provided vide letter dated 18.04. 2024. This cheque was not cashed/ deposited by the said health department. Health department after getting approval from finance department opened a new account for the said project and requested for issuance of new cheque vide letter dated April 16, 2025, by returning the previous cheque dated Aug 20, 2024. A new cheque of PKR 50 million was issued in favor of the said Health Department on April 30, 2025, at its request. Health & Population department vide letter dated July 25, 2025, has approached the Executive Engineer Building Division SKP on the matter under discussion.

13.5 Environment conservation/ Climate Change

QATPL itself and with the collaboration of O&M Contractor has planted 46,920 Plants inside and in the surrounding of the plant since COD till 30.06.2025. No. of survived plants is 39724, which comes to 84%. QATPL has planned to plant 12000 plants annually. QATPL planted 8000 plants during the year 2024-25(5000 in Mon-Son 2024& 3000 in Spring 2025) and persuaded O&M contractor for planting 4000 plants for healthy environment and to mitigate the effects of Climate Change.

13.6 Support in Safety (Risk Management & Disaster Management)

A fully equipped ambulance and 2 fire tenders are available at plant site that may also be used for the community service as and when required basis.

13.7 Achievement

QATPL is pioneer in Provincial Public Sector Companies for making collaboration in between Academia and Industry i.e. MOU in between QATPL & UET and starting fully sponsored QATPL-UET MSc Engineering classes for 20 students annually since 2022. Two batches of MSc classes have completed their MSc Engineering Degree Program. The 3rd batch of 13 students (inducted in Sep 2024) is studying. Two students of 1st batch (M/S Fazeel Asghar & Adil Rehman) got fully funded Scholarships in abroad whereas rest students of both batches have got job in different organizations /companies. No one is jobless.

14. Internal Control Environment and Internal Audit

The Directors acknowledge their overall responsibility for the Company's system of internal control and in reviewing its effectiveness, whilst the role of Management is to implement the policies approved by the Board. It implements an internal control system designed to facilitate effective and efficient operations of the Company. It aims to enable the Management to respond appropriately to significant risks in achieving the Company's business objectives. It should be noted that the system is designed to manage rather than to eliminate the risk of failure to achieve the Company's objectives and can only provide reasonable and not absolute assurance against material misappropriation or loss.

The Company's internal audit functions operate on a centralized basis. Detailed reports on a quarterly basis are submitted directly to the Head of Internal Audit, who, in turn, reports functionally to the Finance & Audit Committee of Directors and administratively to the Chief Executive of the Company. The Internal Audit department carries out regular reviews and reports on these to the executive management and Finance & Audit Committee. Internal audit charter, manual, and annual audit plans are duly approved by the Finance & Audit Committee of Directors on behalf of the Board of Directors, in line with the guidelines laid down by the Securities and Exchange Commission of Pakistan (SECP).

15. Share Capital

The Authorized Share Capital of the Company is Rs. 22,500,000,000 divided into 225,000,000 Ordinary Shares of Rs. 100 each, whereas the Paid-up Share Capital of the Company is Rs. 21,250,000,000 divided into 212,500,000 Ordinary Shares of Rs. 100 each.

It is stated that an advance equity amount of Rs. 4.425 billion received from the Government of Punjab for meeting the working capital requirement of the Company is in the process of being converted into a sponsor / subordinated loan for which the approval from the project lenders is awaited.

16. Corporate and Financial Reporting Framework

- (a) The Board has complied with the relevant principles of corporate governance.
- (b) The financial statements, together with notes thereon, have been drawn up and prepared by the management of the Company in conformity with the Companies Act 2017. These statements present fairly its state of affairs, the result of its operations, cash flows, and changes in equity.
- (c) Proper books of account of the Company have been maintained.
- (d) Appropriate accounting policies have been consistently applied in the preparation of financial statements, and accounting estimates are based on reasonable and prudent judgment.
- (e) The Board recognizes its responsibility to establish and maintain a sound system of internal control, which is regularly reviewed and monitored.
- (f) The appointment of the Chairman and other members of the Board and the terms of their appointment, along with the remuneration policy adopted, are in the best interests of the Company as well as in line with the best practices. According to the amended Remuneration Policy approved by the shareholders in the 9th Annual General Meeting held on October 27, 2023. The meeting fee is Rs. 112,570/- inclusive of taxes, for attending meetings of the Board and its Committees.
- (g) International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of financial statements.
- (h) All statutory and corporate information of the Company is conveyed to the Securities and Exchange Commission of Pakistan as required under the Companies Act 2017.
- (i) The fair value of plan assets of the Company's gratuity fund as of 30th June 2025 is Rs. 204,720 Million based on unaudited financial statements of the fund. Complete disclosure of retirement benefits has been disclosed in note 10 of the Company financial statements.
- (j) PPIB fee payable is Rs 463 million as on 30-June-2025.

The Board considers risk management to be an integral part of creating, safeguarding, and enhancing shareholders' value by effectively managing the significant uncertainties and risks that may affect the achievement of the Company's goals and objectives. The Company is exposed to various risks, including:

Financial Risk:

- a) Credit Risk
- b) Liquidity Risk
- c) Market Risk (including currency risk, interest rate risk and other price risk)

The Company's overall risk management policy is designed to address the unpredictability of financial markets and aims to minimize the potential adverse impact on its financial performance.

Operational/Technical Risk:

- a) To manage operational and technical risks, appropriate strategies have been developed and are continuously implemented to ensure the reliable operation of both plants.
- b) The Company has arranged appropriate insurance coverage to protect against major incidents, including unforeseen losses arising from machinery breakdown, stocks, and revenue.
- c) The Company records technical risks in a Risk Register and manages them under the direction and guidance of the Board's Risk Management Committee.
- d) The Board of Directors ensures that adequate internal controls are established and maintained. The Internal Audit function periodically reports to the Audit Committee on the status of compliance with these controls.

17. Future Outlook

The demand for electricity has been steadily rising for the past decade and is forecast to continue with the economic growth of the Country. QATPL has a strong vision and commitment to add economical energy to the national grid and promote capacity building in the Country's energy sector through the development of the World's most efficient and state-of-the-art technology at the most economical cost. QATPL is confident to play a critical role in eliminating the menace of power outages from the energy-starved Country in the present and coming times and add value to the project and its shareholders.

18. Earnings per Share

QATPL has incurred a loss in the current year with Loss per share is Rs. 6.

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

During the financial year ending on 30th June 2025, a total of 35 meetings were held. These included 14 meetings of the Board of Directors and 21 meetings of various committees under the purview of the Board of Directors. Details of directors' attendance and the corresponding meeting fees paid are as follows:

Sr. No .	Names of Directors	Meetings of the Board of Directors & Committee's Attended by the Members							Meeting Fee Paid Inclusive of Tax Rs.
		Board of Directors	Human Resource Committee	Finance & Audit Committee	Procurement Committee	Risk Management Committee	Technical Committee	Corporate Social Responsibility Committee	
1	Mr. Zaheer Ahmed Ghangro, Ex Chairman-BOD	07 of 07	-	-	01 of 01	-	-	-	900,560
2	Mr. Nabeel Ahmad Awan, Ex Chairman P&D Board, GoPb (ex-officio Director)	10 of 13	01 of 02	-	-	03 of 03	-	02 of 02	1,801,120
3	Dr. Naeem Rauf, Chairman P&D Board, GoPb (ex-officio Director)	01 of 01	-	-	-	01 of 01	-	-	225,140
4	Mr. Mujahid Sherdil, Secretary Finance, GoPb (ex-officio Director)	00 of 14	-	01 of 09	00 of 02	-	-	-	112,570
5	Dr. Naeem Rauf, Ex Secretary Energy, GoPb (ex-officio Director)	13 of 13	02 of 02	08 of 08	02 of 02	03 of 03	01 of 01	02 of 02	3,489,670
6	Dr. Farrukh Naveed, Secretary Energy, GoPb (ex-officio Director)	01 of 01	-	01 of 01	-	01 of 01	01 of 01	-	450,280
7	Mr. Abdul Basit	12 of 14	02 of 02	-	-	-	02 of 02	-	1,801,120
8	Ms. Aasia Saail Khan	13 of 14	-	-	01 of 02	-	-	02 of 02	1,801,120
9	Mr. Khuram Saleem	14 of 14	-	08 of 09	01 of 01	04 of 04	-	-	3,039,390
10	Mr. Naweed Sharif	14 of 14	-	09 of 09	-	04 of 04	-	-	3,039,390
11	Mr. Tariq Mehmood	12 of 14	01 of 01	-	-	04 of 04	-	-	1,913,690
12	Mr. Farrukh Ifzal	14 of 14	-	09 of 09	-	-	02 of 02	02 of 02	3,039,390

Sr. No .	Names of Directors	Meetings of the Board of Directors & Committee's Attended by the Members								Meeting Fee Paid Inclusive of Tax Rs.
		Board of Directors	Human Resource Committee	Finance & Audit Committee	Procurement Committee	Risk Management Committee	Technical Committee	Corporate Social Responsibility Committee		
13	Mr. Muhammad Ali	10 of 14	02 of 02	-	02 of 02	-	02 of 02	-	1,801,120	
14	Mr. Waseem Akhtar	04 of 14	-	-	-	-	-	00 of 02	450,280	
15	Syed Wasim Ur Rehman, CEO-QATPL	12 of 14	03 of 03	08 of 08	02 of 02	04 of 04	01 of 01	02 of 02	-	
									Total	23,864,840

As elaborated above, a total meeting fee of Rs. 23.86 million was paid to directors for attending meetings of the Board of Directors. In addition, during the year, the Chief Executive Officer received total remuneration of Rs. 35.32 million, including payments for utilities, leave fare assistance, and bonus amounting to Rs. 1.62 million, Rs. 2.94 million, and Rs. 15.01 million, respectively (Detail described in Note 31 of the financial statements).

Leave of absence was granted to the Directors who could not attend the Board meetings due to their pre-occupation. It may be noted that during the subject financial year, certain ex-officio directors were transferred, and consequently, the incumbent ex-officio directors assumed their positions on the QATPL Board.

20. Statutory Auditors

The present Statutory Auditors of the Company, M/s. KPMG Taseer Hadi & Co., Chartered Accountants, shall stand retired at the conclusion of the upcoming Annual General Meeting of the Company and are eligible to offer themselves for re-appointment as per section 246 of the Companies Act, 2017 for the financial year 2024-25. The Finance & Audit Committee recommended to the Board of Directors the appointment of M/s. KPMG Taseer Hadi & Co. as external auditors for the financial year 2025-26, and the Board has accordingly recommended the same to the shareholders for approval.

21. Auditor's Report

The Auditors of the Company, M/s. KPMG Taseer Hadi & Co., Chartered Accountants, have completed their assignment up to the Financial Year ended 30th June 2025.

The auditors have issued a Qualified opinion and basis of qualified opinion relating to deferred taxation and Initial Spare Parts as mentioned in auditors report, QATPL explanation has been mentioned above and also in note 4.15 and note 8.1 of the financial statements for the year ended June 30, 2025.

22. Pattern of Shareholding

As required under Section 227 of the Companies Act, 2017 and Rule-17(4)(i) of Public Sector Companies Rules, 2013, a statement of the Pattern of Shareholding of the Company reflecting the aggregate number of shares held as of 30th June 2025 is attached hereto as "Annex-A."

23. Acknowledgment

The Board of Directors would like to take this opportunity to express its appreciation and gratitude to all its shareholders and stakeholders for their continued valuable support in managing the business. The Board also acknowledges and thanks the management team and employees of the Company for their hard work and dedication shown throughout the Financial Year under review.

For and on behalf of

Board of Directors


Chairman/Director


Chief Executive Officer

City: Lahore

Dated: 05th January, 2026

ANNEX-A

Pattern of Shareholding

As of 30th June 2025

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
1	1	99996	99996
	100001	212500000	212400000
2	99997	100000	4
3	1	212500000	212,500,000

Categories of Shareholding

As of 30th June 2025

Category of Shareholders	No of Shares Held	Shareholding Percentage
Government of the Punjab	212,499,996	99.9999%
Mr. Farrukh Naveed (ex-officio Director)	2	0.00005%
Mr. Mujahid Sherdil (ex-officio Director)	2	0.00005%
Total	212,500,000	100%



KPMG Taseer Hadi & Co.
Chartered Accountants
351 Shadman-1, Jail Road,
Lahore 54000 Pakistan
+92 (42) 111-KPMGTH (576484), Fax +92 (42) 3742 9907

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Quaid-e-Azam Thermal Power (Private) Limited

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 Quaid-e-Azam Thermal Power (Private) Limited ("the Company") for the year ended 30 June 2025.

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 Jun 2025.

Lahore

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: 13 January 2026

UDIN: CR202510183ws4ORZqUJ

SCHEDULE-I
[See paragraph 2(1)]
Statement of Compliance with the
Public Sector Companies (Corporate Governance) Rules, 2013

Name of Company:	Quaid-e-Azam Thermal Power (Private) Limited
Name of Line Ministry:	Ministry of Energy, Government of the Punjab
For the year ended:	June 30, 2025

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:

S. No	Provisions of the Rules	Rule No.	Y N												
			Tick the relevant Box												
1.	The Independent Directors meet the criteria of independence, as defined under the Rules.	2(d)	<input checked="" type="checkbox"/>												
2.	The Board has at least one-third of its total members as independent directors. At present the Board includes:	3(2)	<input checked="" type="checkbox"/>												
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Category</th> <th>Names</th> <th>Date of Appointment</th> </tr> </thead> <tbody> <tr> <td>Independent Directors</td> <td> 1. Mr. Abdul Basit 2. Ms. Aasia Saail Khan 3. Mr. Khuram Saleem 4. Mr. Naweed Sharif 5. Mr. Tariq Mehmood 6. Syed Muhammad Ali 7. Mr. Farrukh IFzal 8. Mr. Waseem Akhtar </td> <td> 08.07.2019 08.07.2019 08.07.2019 08.07.2019 08.07.2019 22.12.2021 22.12.2021 22.12.2021 </td> </tr> <tr> <td>Executive Directors</td> <td>1. Syed Wasim Ur Rehman</td> <td>11.01.2023</td> </tr> <tr> <td>Non-Executive Directors</td> <td> 1. Chairman P&D Board, GoPb. 2. Secretary Finance, GoPb 3. Secretary Energy, GoPb </td> <td> 08.07.2019 08.07.2019 08.07.2019 </td> </tr> </tbody> </table>	Category	Names	Date of Appointment	Independent Directors	1. Mr. Abdul Basit 2. Ms. Aasia Saail Khan 3. Mr. Khuram Saleem 4. Mr. Naweed Sharif 5. Mr. Tariq Mehmood 6. Syed Muhammad Ali 7. Mr. Farrukh IFzal 8. Mr. Waseem Akhtar	08.07.2019 08.07.2019 08.07.2019 08.07.2019 08.07.2019 22.12.2021 22.12.2021 22.12.2021	Executive Directors	1. Syed Wasim Ur Rehman	11.01.2023	Non-Executive Directors	1. Chairman P&D Board, GoPb. 2. Secretary Finance, GoPb 3. Secretary Energy, GoPb	08.07.2019 08.07.2019 08.07.2019		
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Executive Directors	1. Syed Wasim Ur Rehman	11.01.2023													
Non-Executive Directors	1. Chairman P&D Board, GoPb. 2. Secretary Finance, GoPb 3. Secretary Energy, GoPb	08.07.2019 08.07.2019 08.07.2019													

Waseem Akhtar

3.	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.	3(5)		✓
4.	The appointing authorities have applied the fit and proper criteria given in the Annexure in making nominations of the persons for election as Board members under the Provisions of the Act.	3(7)	✓	
5.	The Chairman of the Board is working separately from the Chief Executive of the Company.	4(1)	✓	
6.	The chairman has been elected by the Board of directors except where Chairman of the Board has been appointed by the Government	4(4)	✓	
7.	The Board has evaluated the candidates for the position of the chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission. <i>(Not applicable where the chief executive has been nominated by the Government)</i>	5(2)		✓
8.	(a) The company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place. (b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures, including posting the same on the company's website. (www.qathermal.com) (c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)	✓ ✓ ✓	
9.	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	✓	
10.	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	5(5)(b) (ii)	✓	
11.	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the Company.	5(5)(b) (vi)	✓	
12.	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	5(5)(c) (ii)	✓	

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13.	The Board has ensured compliance with the law as well as the Company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	5(5)(c) (iii)	✓	
14.	The Board has developed a vision or mission statement and corporate strategy of the company.	5(6)	✓	
15	The Board has developed significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended, has been maintained.	5(7)	✓	
16.	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration.	5(8)	N/A	
17	The Board has ensured compliance with policy directions requirements received from the Government.	5(11)	✓	
18.	<p>(a) The Board has met at least four times during the year.</p> <p>(b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings.</p> <p>(c) The Minutes of the meetings were appropriately recorded and circulated.</p>	<p>6(1)</p> <p>6(2)</p> <p>6(3)</p>	<p>✓</p> <p>✓</p> <p>✓</p>	
19.	The Board has monitored and assessed the performance of senior management on annual basis and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.	8(2)	✓	
20.	The Board has reviewed and approved the related party transactions placed before it after recommendations of the Audit Committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9	✓	
21.	<p>(a) The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end.</p> <p>(b) In case of listed PSCs, the Board has prepared half yearly accounts and undertaken limited scope review by the auditors.</p> <p>(c) The Board has placed the annual financial statements on the company's website.</p>	10	<p>✓</p> <p>N/A</p> <p>✓</p>	

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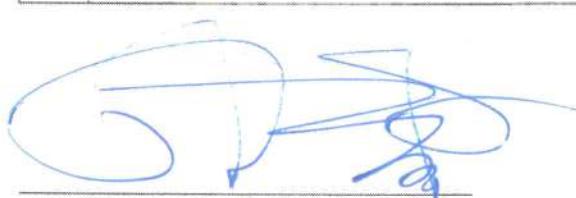
22.	All the Board members underwent an orientation course arranged by the Company to apprise them of the material developments and information as specified in the Rules.	11	✓																		
23.	<p>(a) The Board has formed the requisite Committees, as specified in the Rules.</p> <p>(b) The Committees were provided with written Terms of Reference defining their duties, authority and composition.</p> <p>(c) The Minutes of the meetings of the Committees were circulated to all the Board members.</p> <p>(d) The Committees were Chaired by the following non-executive directors:</p>	12	✓ ✓ ✓ ✓																		
	<table border="1"> <thead> <tr> <th>Committee</th><th>Number of Members</th><th>Name of Chair</th></tr> </thead> <tbody> <tr> <td>Audit Committee</td><td>5</td><td>Mr. Farrukh Ifzal</td></tr> <tr> <td>Risk Management Committee</td><td>5</td><td>Mr. Khuram Saleem</td></tr> <tr> <td>Human Resource Committee</td><td>5</td><td>Mr. Abdul Basit</td></tr> <tr> <td>Procurement Committee</td><td>5</td><td>Syed Muhammad Ali</td></tr> <tr> <td>Nomination Committee</td><td>5</td><td>Mr. Tariq Mehmood</td></tr> </tbody> </table>	Committee	Number of Members	Name of Chair	Audit Committee	5	Mr. Farrukh Ifzal	Risk Management Committee	5	Mr. Khuram Saleem	Human Resource Committee	5	Mr. Abdul Basit	Procurement Committee	5	Syed Muhammad Ali	Nomination Committee	5	Mr. Tariq Mehmood		✓ ✓ ✓ ✓ ✓
Committee	Number of Members	Name of Chair																			
Audit Committee	5	Mr. Farrukh Ifzal																			
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Human Resource Committee	5	Mr. Abdul Basit																			
Procurement Committee	5	Syed Muhammad Ali																			
Nomination Committee	5	Mr. Tariq Mehmood																			
24.	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment.	13	✓																		
25	<p>The Chief Financial Officer has requisite qualification prescribed in the Rules.</p> <p>The Company Secretary has requisite qualification prescribed in the Rules.</p>	14	✓ ✓																		
26.	The company has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act.	16	✓																		

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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 details of remuneration of each director.	19	✓ ✓																			
30.	The financial statements of the company were duly endorsed by the chief executive and chief financial officer before consideration and approval of the audit committee and the Board.	20	✓																			
31.	The Board has formed an Audit Committee, with defined and written Terms of Reference, and having the following members: <table border="1" data-bbox="365 1066 1087 1706"> <thead> <tr> <th>Name of Member</th> <th>Category</th> <th>Professional Background</th> </tr> </thead> <tbody> <tr> <td>Mr. Farrukh Ifzal</td> <td>Independent Director</td> <td>CEO-Nishat Chunian Power Limited</td> </tr> <tr> <td>Mr. Naveed Akhtar Sharif</td> <td>Independent Director</td> <td>Consultant, International Finance Corporation, World Bank Group, Islamabad</td> </tr> <tr> <td>Mr. Khuram Saleem</td> <td>Independent Director</td> <td>CEO, Imperial Footwear (Pvt.) Ltd.</td> </tr> <tr> <td>Secretary Energy, GoPb.</td> <td>Non-Executive Director</td> <td>Career Bureaucrat</td> </tr> <tr> <td>Secretary Finance, GoPb.</td> <td>Non-Executive Director</td> <td>Career Bureaucrat</td> </tr> </tbody> </table> The Chief Executive and Chairman of the Board are not members of the Audit Committee.	Name of Member	Category	Professional Background	Mr. Farrukh Ifzal	Independent Director	CEO-Nishat Chunian Power Limited	Mr. Naveed Akhtar Sharif	Independent Director	Consultant, International Finance Corporation, World Bank Group, Islamabad	Mr. Khuram Saleem	Independent Director	CEO, Imperial Footwear (Pvt.) Ltd.	Secretary Energy, GoPb.	Non-Executive Director	Career Bureaucrat	Secretary Finance, GoPb.	Non-Executive Director	Career Bureaucrat	21 (1) and 21 (2)	✓	
Name of Member	Category	Professional Background																				
Mr. Farrukh Ifzal	Independent Director	CEO-Nishat Chunian Power Limited																				
Mr. Naveed Akhtar Sharif	Independent Director	Consultant, International Finance Corporation, World Bank Group, Islamabad																				
Mr. Khuram Saleem	Independent Director	CEO, Imperial Footwear (Pvt.) Ltd.																				
Secretary Energy, GoPb.	Non-Executive Director	Career Bureaucrat																				
Secretary Finance, GoPb.	Non-Executive Director	Career Bureaucrat																				

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32.	<p>(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.</p> <p>(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.</p> <p>(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.</p>	21(3)	✓	
33	<p>(a) The Board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee.</p> <p>(b) The chief internal auditor has requisite qualification and experience prescribed in the Rules.</p> <p>(c) The internal audit reports have been provided to the external auditors for their review.</p>	22	✓	
34.	The external auditors of the company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.	23(4)	✓	
35.	The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.	23(5)	N/A	



CHAIRMAN, BOARD OF DIRECTORS



CHIEF EXECUTIVE OFFICER

SCHEDULE-II

See Paragraph 2(3)

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

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

Sr. No.	Rule/ sub-rule no.	Reason for non-compliance	Future course of action
3	3(5)	The majority of the Board members had confirmed that they are not serving as directors in more than five Public Sector Companies and Listed Companies simultaneously, except their Subsidiaries. However, two of the worthy Board members (<i>Secretary Energy & Chairman P&D Board, ex-officio directors</i>) are serving on more than five (05) companies as member of the Board.	Government of Punjab (GoPb) owns various Companies in different sectors. For the purpose of monitoring and safeguarding its interest in these companies, GoPb has nominated Secretary Energy and Chairman P&D as ex-officio directors in multiple companies considering their expertise. Similarly, the individuals have been nominated as the ex-officio directors of QATPL to protect the interest of the Government. Therefore, it is not practicable for the above referred ex-officio directors to comply with this particular provision of PSC (CG) Rules, 2013.
7	5(2)	The Position of Chief Executive Officer is lying vacant. However, Syed Wasim Ur Rehman, Chief Technical Officer is holding additional charge of the position of Chief Executive Officer and is rendering his services on <i>pro-bono</i> basis <i>i.e.</i> on his own salary as Chief Technical Officer.	The appointment of a permanent Chief Executive Officer was under process in June 2025, and interviews of shortlisted candidates had been completed as per PSC Rules. Subsequently, the appointment was finalized, and the Board of Directors, in its 119th meeting held on November 05, 2025, approved the appointment of the CEO. The newly appointed CEO joined the Company on November 10, 2025.


CHAIRMAN, BOARD OF DIRECTORS


CHIEF EXECUTIVE OFFICER

QUAID-E-AZAM THERMAL POWER (PRIVATE) LIMITED

FINANCIAL STATEMENTS FOR THE
YEAR ENDED JUNE 30, 2025



KPMG Taseer Hadi & Co.
Chartered Accountants
351 Shadman-1, Jail Road,
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INDEPENDENT AUDITOR'S REPORT

To the members of Quaid-e-Azam Thermal Power (Private) Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the annexed financial statements of Quaid-e-Azam Thermal Power (Private) Limited ("the Company"), which comprise the statement of financial position as at 30 June 2025, 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 material accounting policy information and other explanatory information, and we state that except for the matter described in (b) in the Basis for Qualified Opinion Section of our report, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects and the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes 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 2025 and of the loss, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

- a) As described in note 4.15 to the financial statements, the Company has not recognized deferred tax since all the applicable taxes related with power generation income is recorded as receivable from Central Power Purchasing Agency (Guarantee) Limited (power purchaser). This is not in accordance with the requirements of the accounting and reporting standards as applicable in Pakistan as the Company is not a tax exempt entity and is primary responsible to discharge its tax liabilities with tax authorities and accordingly deferred tax should have been recorded on all temporary differences. Had the deferred tax been recognized on temporary differences, net deferred tax liability as at 30 June 2025 and 30 June 2024 would have been Rs. 8,083.25 million and Rs. 13,394.91 million respectively with corresponding decrease and increase in tax charge for the year ended 30 June 2025 and 30 June 2024 by Rs. 5,311.66 million and Rs. 1,690.17 million respectively. Had these amounts been recognized, the loss after tax for the year ended 30 June 2025 and profit after tax for the year ended 30 June 2024 would have decreased by Rs. 5,311.66 million and Rs. 1,690.17 million respectively and the balance of unappropriated profit as at 30 June 2025, 30 June 2024 and 01 July 2023 would have decreased by Rs. 8,083.25 million, Rs. 13,394.91 million and Rs. 11,704.74 million respectively.

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Further, the Company has not recognized current tax expense in relation to generation of electricity being reimbursable from power purchaser. This treatment is not in accordance with the requirements of accounting and reporting standards as applicable in Pakistan which requires separate recognition of current tax expense and the amount of reimbursement from the power purchaser as a variable consideration component of revenue in the statement of profit or loss. Had these adjustments been recognized appropriately, revenue from contract with customer-net for the year ended 30 June 2025 and 30 June 2024 would have increased by Rs. 4,331.24 million Rs. 6,257.96 million respectively with corresponding increase in current tax charge for the year ended 30 June 2025 and 30 June 2024 by the same amount.

b) The Company has recorded Rs. 1,981.14 million and Rs. 957.42 million at 30 June 2025 and 30 June 2024 as long term advances paid to Long Term Service Contractor and Operation and Maintenance Contractors respectively which as mentioned in note 8.1 to the financial statements represents major spare parts and standby equipment held by these Contractors. Under the terms of the agreements with Long Term Service Contractor and Operation and Maintenance Contractor, these spare parts and equipment are the assets of the Company and are being used for service and maintenance under the relevant contracts. Accordingly, these should have been recognized, classified and measured in the statement of financial position according to their nature and use pursuant to the requirements of accounting and reporting standards as applicable in Pakistan. In the absence of any assessment of the nature of these assets, we were unable to determine the amount of adjustments required in the statements of financial position as at 30 June 2025 and 2024 and the elements making up the statements of profit or loss, changes in equity and cash flows for the years ended 30 June 2025 and 2024 and opening balance of unappropriated profit as of 01 July 2023.

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

Emphasis of Matter – comparative information

We draw attention to note 5 to the financial statements which indicates that the comparative information presented as at and for year ended 30 June 2024 has been restated. Our opinion is not modified in respect of this matter.

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

Management is responsible for the other information. The other information comprises the Directors' report, but does not include the financial statements and our auditors' 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.





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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the Basis for Qualified Opinion section above, the Company should have recorded deferred tax on all temporary differences, current tax expense in relation to generation of electricity being reimbursable from power purchaser, reimbursement from the power purchaser as a variable consideration, spare parts and standby equipment under the terms of the agreements with Long Term Service Contractor and Operation and Maintenance Contractor as assets of the Company based on their respective nature and use.

We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items in the Directors' report affected by the failure to record deferred tax on all temporary differences, current tax expense in relation to generation of electricity being reimbursable from power purchaser, reimbursement from the power purchaser as a variable consideration, spare parts and standby equipment under the terms of the agreements with Long Term Service Contractor and Operation and Maintenance Contractor as assets of the Company based on their respective nature and use.

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:

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- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

- a) except for the effects and the possible effects of the matters described in 'Basis for Qualified Opinion' section of our report, proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) except for the effects and the possible effects of the matters described in 'Basis for Qualified Opinion' section of our report, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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Other Matter relating to comparative information

The financial statements of the Company as at and for the years ended 30 June 2024 and 30 June 2023 (from which the statement of financial position as at 01 July 2023 has been derived), excluding the adjustments described in Note 5 to the financial statements were audited by another auditor who expressed an unmodified opinion on those financial statements on 09 October 2024 and 13 October 2023 respectively.

As part of our audit of the financial statements as at and for the year ended 30 June 2025, we audited the adjustments described in Note 5 that were applied to restate the comparative information presented as at and for the year ended 30 June 2024 and the statement of financial position as at 01 July 2023. We were not engaged to audit, review, or apply any procedures to the financial statements for the years ended 30 June 2024 or 30 June 2023 (not presented herein) or to the statement of financial position as at 01 July 2023, other than with respect to the adjustments described in Note 5 to the financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the adjustments described in Note 5 are appropriate and have been properly applied.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Rehan Chughtai.

Lahore

Date: 13 January 2026

UDIN: AR202510183JdTju0l4i



KPMG Taseer Hadi & Co.
Chartered Accountants

AR0326

QUAID-E-AZAM THERMAL POWER (PRIVATE) LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2025

ASSETS	Note	30 June	30 June	(Restated)	
		2025	2024	01 July 2023	
-----(Rupees in thousands)-----					
NON CURRENT ASSETS					
Property, plant and equipment	6	51,463,621	53,637,820	56,030,668	
Intangible assets	7	362	757	1,865	
Long term advances	8	2,945,096	2,938,561	2,938,561	
Long term deposits and prepayments	9	11,691,688	10,183,590	8,643,834	
Retirement benefits	10	-	30,768	15,908	
		66,100,767	66,791,496	67,630,836	
CURRENT ASSETS					
Stock in trade	11	6,215,594	6,215,594	5,254,393	
Trade receivables	12	50,763,473	66,866,111	79,785,958	
Advances, deposits, prepayments and other receivables	13	10,143,267	16,866,797	15,329,049	
Advance income tax - net		2,286,141	200,082	-	
Cash and bank balances	14	19,605,824	11,222,208	5,792,177	
		89,014,299	101,370,792	106,161,577	
		<u>155,115,066</u>	<u>168,162,288</u>	<u>173,792,413</u>	
EQUITY AND LIABILITIES					
SHARE CAPITAL AND RESERVES					
Authorized share capital					
225,000,000 (2024: 225,000,000) ordinary shares of Rs. 100/- each	15	<u>22,500,000</u>	<u>22,500,000</u>	<u>22,500,000</u>	
Issued, subscribed and paid-up capital					
212,500,000 (2024: 212,500,000) ordinary shares of Rs. 100/- each	15	<u>21,250,000</u>	<u>21,250,000</u>	<u>21,250,000</u>	
Equity contribution from Government of Punjab	16	4,425,000	4,425,000	4,425,000	
Maintenance reserve - Capital reserve	17.1	4,170,000	-	-	
Overhauling reserve - Capital reserve	17.2	3,540,853	-	-	
Un-appropriated profit - Revenue reserve		53,040,588	67,027,901	46,740,624	
		86,426,441	92,702,901	72,415,624	
NON CURRENT LIABILITIES					
Long term financing	18	10,712,486	18,948,897	29,616,689	
Lease liability	19	32,439	69,464	98,856	
Retirement benefits	10	9,785	-	-	
		10,754,710	19,018,361	29,715,545	
CURRENT LIABILITIES					
Trade and other payables	20	19,434,863	31,429,240	46,582,639	
Current portion of long term loan	18	8,324,321	8,390,372	7,946,529	
Current portion of lease liability	19	38,659	30,306	24,230	
Short term borrowings	21	16,207,732	16,591,108	16,592,495	
Provision against Take or Pay	22	13,928,340	-	-	
Provision for taxation - net		-	-	515,351	
		57,933,915	56,441,026	71,661,244	
Contingencies and commitments	23	<u>155,115,066</u>	<u>168,162,288</u>	<u>173,792,413</u>	

The annexed notes from 1 to 39 form an integral part of these financial statements.

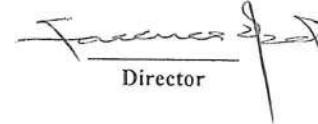
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Chief Executive



Chief Financial Officer



Director

QUAID-E-AZAM THERMAL POWER (PRIVATE) LIMITED
 STATEMENT OF PROFIT OR LOSS
 FOR THE YEAR ENDED JUNE 30, 2025

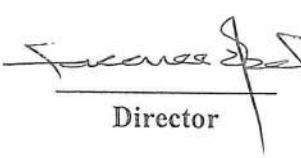
			(Restated)
		2025	2024
	<i>Note</i>	(Rupees in thousands)	
Revenue from contract with customer - net	24	176,711,090	121,255,855
Cost of sales	25	(154,749,229)	(93,901,435)
Gross profit		21,961,861	27,354,420
Administrative expenses	26	(654,474)	(942,605)
Other expenses	27	(33,164,952)	(3,425,020)
Other income	28	19,015,526	14,257,387
Finance cost	29	(7,633,625)	(12,894,990)
(Loss) / profit before taxation		(475,664)	24,349,192
Taxation	30	(782,025)	(854,538)
(Loss) / profit for the year		(1,257,689)	23,494,654

The annexed notes from 1 to 39 form an integral part of these financial statements.

M. A.


 Chief Executive


 Chief Financial Officer


 Director

QUAID-E-AZAM THERMAL POWER (PRIVATE) LIMITED
 STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED JUNE 30, 2025

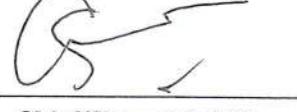
			(Restated)
	2025	2024	
	<i>Note</i>	(Rupees in thousands)	
(Loss) / profit for the year		(1,257,689)	23,494,654
Items not to be reclassified to profit or loss in subsequent periods:			
- Actuarial loss on remeasurement of staff retirement benefits	10.3	(18,771)	(19,877)
Other comprehensive loss		(18,771)	(19,877)
Total comprehensive (loss) / income for the year		<u>(1,276,460)</u>	<u>23,474,777</u>

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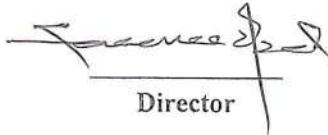
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Chief Executive



Chief Financial Officer

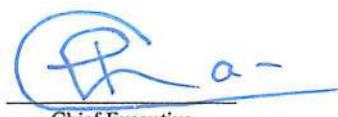


Director

QUAID-E-AZAM THERMAL POWER (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 (Rupees in thousands)	2024
Cash flows from operating activities			
(Loss) / profit before taxation (2024: Restated)		(475,664)	24,349,192
Adjustments for:			
Depreciation of property, plant and equipment	6.1	2,239,078	2,256,647
Depreciation of right-of-use-assets	6.3	25,599	25,301
Impairment loss on property, plant and equipment	6.1	-	344,390
Amortization of intangible assets	7	395	1,254
Worker's Profit Participation Fund	27	-	122,429
Punjab Workers Welfare Fund	27	36,247	48,971
Profit on deposit accounts	28	(1,778,580)	(2,364,904)
Provision for gratuity	10.3	21,782	10,937
Markup on delayed payments	27	1,971,997	3,112,717
Unrealized exchange (gain) / loss		-	4,618
Gain on disposal of property, plant and equipment		(727)	-
Provision against Take or Pay invoices	22	13,928,340	-
Receivable written off	27.5	17,110,908	-
Reversal of liabilities no longer Payable	28.2	(12,497,695)	-
Finance cost	29	7,633,625	12,894,990
		28,690,969	16,457,350
Operating cash flow before working capital changes		28,215,305	40,806,542
Effect on cash flow due to working capital changes			
(Increase) / decrease in current assets:			
Stock in trade		-	(961,201)
Trade receivable - considered good		3,322,972	19,098,235
Advances, deposits, prepayments and other receivables		4,723,488	(293,346)
		8,046,460	17,843,688
Increase / (decrease) in current liability:			
Trade and other payables		(1,504,926)	(18,442,134)
Cash generated from operating activities		34,756,839	40,208,096
Finance cost paid		(7,919,702)	(12,935,476)
Long term deposits and prepayments		(1,508,098)	(1,539,756)
Long term advances		(6,535)	-
Interest received		3,778,622	1,120,502
Staff retirement benefits paid		-	(45,674)
Taxes paid		(7,199,325)	(7,748,359)
		(12,855,038)	(21,148,763)
Net cash generated from operating activities		21,901,801	19,059,333
Cash flows from investing activities			
Capital expenditure incurred		(88,617)	(232,777)
Receipts from disposal of assets		727	-
Net cash used in investing activities		(87,890)	(232,777)
Cash flows from financing activities			
Long term financing paid	18	(8,390,372)	(10,170,763)
Payment of lease liability	19	(39,923)	(38,262)
Dividend Paid		(5,000,000)	(3,187,500)
		(13,430,295)	(13,396,525)
Net cash used in financing activities		8,383,616	5,430,031
Net increase in cash and cash equivalents		(4,452,778)	(9,882,809)
Cash and cash equivalents at beginning of the year			
Cash and cash equivalents at end of the year	14.2	3,930,838	(4,452,778)

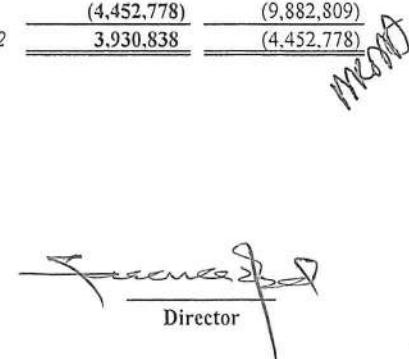
The annexed notes from 1 to 39 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director

QUAID-E-AZAM THERMAL POWER (PRIVATE) LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

1 The Company and its activities

Quaid-e-Azam Thermal Power (Private) Limited ('the Company') was incorporated as a private limited company under the Companies Ordinance, 1984 (now the Companies Act, 2017) on March 25, 2015. The Company was established to set up and operate a 1,180 megawatt thermal power plant at Bhikki, Sheikhupura, and entered into Power Purchase Agreement (PPA) with Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) on behalf of ex-WAPDA Distribution Companies ("the Power Purchaser") for the sale of its entire power generation. The registered office of the Company is situated at 7- C1, Gulberg III, Lahore, Pakistan. The principal objective of the Company is to build, own, operate and maintain the electric power generation plant and in connection therewith, to engage in the business of generation, sale and supply of electricity. The Company commenced its combined cycle commercial operations from May 20, 2018. Production facility of the Company is located at district Sheikhupura, Pakistan.

- 1.1 For the purpose of setting up RLNG based combined cycle power plant of 1,180 MW at Bhikki Sheikhupura, the Company entered into Engineering, Procurement and Construction ('EPC') contracts for the plant. The EPC contractor for Bhikki plant is a joint venture of Harbin Electric International and Habib Rafiq (Private) Limited ('HEI-HRL').
- 1.2 National Electric Power Regulatory Authority ('NEPRA') had determined reference generation tariff for Bhikki Plant on April 14, 2016. In September 2018, the Company filed petition for modification of its generation tariff, which was admitted by NEPRA and a modified reference tariff was determined on January 27, 2020. On January 3, 2023, the Commercial Operations Date (CoD) tariff was determined by NEPRA and the Company is invoicing based on updated tariff.
- 1.3 PPA for the plant was signed between the Company and CPPA-G on July 22, 2016 for the period of 30 years and Gas Supply Agreements ('GSAs') had been entered, for Bhikki plant with Sui Northern Gas Pipelines Limited ('SNGPL') on July 22, 2016 for the period of 15 years.
- 1.4 The Company entered into agreement for operation and maintenance activities of the plant with a joint venture of Harbin Electric International and Habib Rafiq (Private) Limited ('HEI-HRL') for the period of 12 years. The Company also entered into Long Term Service Agreements ('LTSA') with GE Vernova International LLC (formerly known as General Electric International Inc.) ('GE') for the plant on October 18, 2016 for the period of 12 years.
- 1.5 During the year ended 30 June 2025, Federal Government constituted a National Task Force for implementing structural reforms in power sector for negotiation of Power Purchase Agreements including indexation mechanism in tariffs and, Gas Supply Agreements of the Company. For this purpose several rounds of discussions were held with National Task Force.

Accordingly, the Cabinet Division, Government of Pakistan approved the amendments in the Power Purchase Agreements (PPAs) and Gas Supply Agreements as proposed by the National Task Force through settlement agreements. The amendments in the PPA includes conversion of existing tariffs to 'Hybrid Take and Pay' model . On 21 March 2025, Board of Directors of the Company referred to the Government of Punjab for approval of the execution of settlement agreements with the Government of Pakistan ('GoP'), the Power Purchaser and, the Gas Supplier to implement the proposed amendments with effect from 01 January 2025. On 03 June 2025, the Government of Punjab approved the execution of the settlement agreements.



Negotiated settlement agreement and settlement agreement with CPPA-G and SNGPL respectively were executed on 11 June 2025 and the following matters were agreed to be settled and/or to be incorporated in the Power Purchase Agreements and Gas Supply Agreements effective from January 01, 2025:

- The quarterly indexation for local Fixed O&M and local Variable O&M shall be the lower of (a) five percent (5%) per annum or (b) the actual average National Consumer Price Index (the “NCPI”) for the preceding twelve (12) months;
- For each year, the current indexation mechanism shall continue for Foreign Fixed O&M and Foreign Variable O&M, provided that the PKR / USD depreciation shall be allowed only to the extent of 70% of the actual depreciation per annum. In case, the PKR appreciates against the USD in a year, then 100% of such appreciation shall be passed on to the consumers;
- The RoE component has been redetermined to 13% rate of return, at the fixed exchange rate of PKR 168 / USD based on NEPRA’s determined Quarterly indexation for the period Oct-Dec 2024 as revised reference. Thereafter, there shall be no exchange rate indexation;
- The Company shall be entitled to 35% of RoE components of tariff as part of CPP. In case the Despatched and Delivered Net Electrical Output (NEO) of the Company exceeds 35% of the total Contract Capacity in terms of kWh, then the Company shall be entitled to receive RoE components of tariff, which shall be calculated on the actual NEO exceeding 35% of the total Contract Capacity in terms of kWh and the Company shall claim the differential CPP accordingly;
- For calculation of Part Load Correction factor by System Operator, the denominator shall be Annual Tested Capacity instead of Contract Capacity whereas the numerator shall be Net Electrical Output (NEO);
- In case of FTADL (energy shortfalls) and Partial Forced Outages, the Company shall be entitled to Part Load Correction factor (KL) calculated as NEO / annual tested capacity;
- Insurance Component of CPP shall be Pass-Through Item subject to a maximum limit to be capped at 0.8% of sum insured;
- As agreed, the Company has waived off to power purchaser delayed payment mark-up invoices outstanding as on 31 December 2024; and, SNGPL has waived off late payment interest, back to back, only to the extent of amount waived off by QATPL to the power purchaser;
- Rate of markup on delayed payments from the Power Purchaser and to SNGPL has been changed to 3 months KIBOR + 1% from 1 month KIBOR + 2% ;
- As agreed with CPPA-G, past earnings till 30 June 2024 relating to fuel and O&M cost savings have been adjusted against receivable balance from CPPA-G after adjustments as agreed in Negotiated Settlement Agreement dated 11 June 2025;
- Maintenance reserve to cover additional required maintenance and extra works advised by OEM etc under LTSA and O&M agreements amounting Rs. 4.17 billion has been created by retaining the earnings relating to past fuel and O&M savings payable to CPPA-G;



- Effective 1 July 2024, net savings in fuel and O&M will be shared in the ratio of 60:40 between power purchaser and the Company;
- From the effective date, a Overhauling Reserve has been recognized in the financial statements based on annual estimated costs to fund upgrades and other maintenance expenditure not covered under the LTSA and O&M agreements by retaining the fuel and O&M savings for the year ended 30 June 2025 payable to CPPA-G. This maintenance reserve shall be subject to a maximum cap of Rs. 4.17 billion. If this reserve remains unutilized after completing the respective overhauling(s) or 5th year of such reserve in the financial statements, whichever is earlier, the same shall be shared in the relevant year (in the ratio of 60:40) between the Power Purchaser and the Company.
- Net Proceed Differential (NPD) invoices raised by SNGPL due to forced outages, shall be chargeable to Power Purchaser up to 4,287,825 MMBTUs in an Agreement Year;
- Differences between QATPL and SNGPL on account of late payment surcharge are resolved, i.e. Saturday is not considered as business day, Delayed Payment Rate is defined as 3 months KIBOR plus 1% prevailing on the invoice due date without any fluctuation, compounding is not applicable;
- Effective from 1 January 2025, the percentage of "Minimum Gas Order" in aggregate has been changed to fifty percent (50%) of the Maximum Gas Allocation from previous percentage of Sixty six (66%), applicable for the relevant period.
- LCIA Arbitration clause in the PPAs and GSAs has been substituted by local Arbitration with the venue in Islamabad and Lahore respectively;
- Gas supply deposits have been reduced to a fixed amount of Rs. 15 billion;
- SNGPL and the Company shall submit consent agreements before the relevant courts of law for the withdrawal of all pending litigations against each other;
- Principal amount outstanding against ToP matter under the LCIA awards amounting Rs. 5,901 million along with arbitration cost to be paid by the Company within 35 days of the signing of settlement agreement. However, delayed payment interest on the principal amount of ToP is waived-off by the SNGPL;
- Take or Pay amount from post LCIA award till 31 December 2024 will be paid to SNGPL subject to verification by independent external auditor of SNGPL on the basis of agreed TORs.

During the year ended 30 June 2025, the Parties have started complying with the conditions stipulated in the above-mentioned amendments.

2 Basis of preparation

2.1 Statement of Compliance

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

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

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

Where provisions of, directives and notifications issued under the Companies Act, 2017 differ from the IFRS Accounting Standards, the provisions of, directives and notifications issued under the Companies Act, 2017 have been followed.

As disclosed in Note 2.4, the Securities and Exchange Commission of Pakistan (SECP) has granted general exemption from the application of IFRS 9 and IFRS 16 on certain matters, which have been applied in the preparation of these financial statements.

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

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 1, 2024 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements.

2.3 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after July 1st, 2025:

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) amend accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review. Early adoption continues to be permitted.
- Lack of Exchangeability (amendments to IAS 21) clarify:
 - when a currency is exchangeable into another currency; and
 - how a company estimates a spot rate when a currency lacks exchangeability.

Further, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

- the nature and financial impacts of the currency not being exchangeable
- the spot exchange rate used;
- the estimation process; and
- risks to the company because the currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted. Earlier application is permitted.

- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures:

- In addition, for PPAs designated in a cash flow hedging relationship, companies need to disaggregate the information disclosed about terms and conditions by risk category.

The amendments apply for reporting periods beginning on or after 1 January 2026. Early application is permitted.

The management is in the process of evaluating the impact of some of the amendments mentioned above, however, in most of the cases, the amendments, interpretations or improvements are likely to have no impact on the Company's financial statements.

2.4 Standards, amendments and interpretations to existing standards that are effective but not applicable / exempt to the Company's operations

a) IFRS 9 - Financial instruments

The Securities and Exchange Commission of Pakistan (SECP), through S.R.O. 229(I)/2019 dated 14 February 2019, notified that IFRS 9 Financial Instruments would be effective for reporting periods ending on or after 30 June 2019.

Subsequently, vide S.R.O. 1784(I)/2024 dated 4 November 2024, SECP granted an exemption from the requirements of IFRS 9 relating to the application of Expected Credit Loss (ECL) model for companies holding financial assets due, or ultimately due, from Government of Pakistan in respect of circular debt, until financial years ending on or before 31 December 2025, making it applicable for the Company for financial year starting from 1 July 2025. During the exemption period, such companies are required to apply the relevant provisions of IAS 39 Financial Instruments: Recognition and Measurement in respect of the aforementioned financial assets.

During the year, the Institute of Chartered Accountants of Pakistan (ICAP) issued its "Guidelines on Application of IFRS 9 Expected Credit Loss Model on Circular Debt" dated 21 March 2025. The Guideline requires all energy sector entities to recognize provisions for ECL on financial assets due, or ultimately due, from the Government of Pakistan relating to circular debt once requirements of IFRS 9 relating to Expected Credit Loss becomes applicable.

The Company has carried out an assessment of ECL in accordance with the Guideline and has determined that the impact of ECL on its financial assets due, or ultimately due, from the Government of Pakistan as at the reporting date is approximately Rs. 1,741 million based on the assumption that the receivables against delayed payment interest will be fully recovered by the end of next financial year.

b) IFRS 16 - Leases

International Accounting Standards Board (IASB) has issued IFRS-16 "Leases", which is effective for financial periods beginning on or after 01 January 2019. According to the said standard an arrangement conveys the right to use the asset, if the arrangement conveys to the purchaser (lessee) the right to control the use of the underlying asset. The right to control the use of the underlying asset is conveyed when the purchaser has the ability or right to operate the asset or direct others to operate the asset in a manner it determines while obtaining or controlling more than an insignificant amount of the output or other utility of the asset. Such arrangements are to be accounted for as a lease in accordance with the requirements of IFRS-16 "Leases".

The Company's plant's control due to purchase of total output by CPPA appears to fall under the scope of IFRS 16. However, Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O986/(1)/2019 dated 02 September 2019 notified that the requirements contained in IFRS 16 shall not be applicable to all companies that have executed their power purchase agreements before January 1, 2019 to the extent of the power purchase agreements. Accordingly the requirements of IFRS 16 are not applicable to the Company as at 30 June 2025 to the extent of its lessor accounting owing to its arrangement under PPAs. However, impact of IFRS-16 is mandatory to be disclosed in the financial statements as per requirements of IAS-8.

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Consequently, the Company is not required to account for a portion of its PPAs as a lease under IFRS 16. If the Company were to follow IFRS 16, the estimated effect on the financial statements is as follows:

	2025	2024
	(Rupees in thousands)	
De-recognition of property, plant and equipment	<u>(51,105,424)</u>	<u>(53,265,130)</u>
Recognition of lease receivable	<u>36,961,772</u>	<u>53,335,059</u>
Increase In unappropriated profit at the beginning of the year	69,928	1,475,085
Increase in (loss)/decrease in profit for the year	(5,192,469)	(1,405,157)
Increase in (loss) due to modification of lease	(9,021,111)	-
(Decrease) / Increase in unappropriated profit at the end of the year	<u>(14,143,652)</u>	<u>69,928</u>

The estimated significant decrease in unappropriated profit is due to the effect of modification of lease consequent to reduction in guaranteed capacity for RoE component

3 Basis of Measurement

These financial statements have been prepared under the historical cost convention except that certain employee benefits are recognized on the basis mentioned in note 4.4 to the financial statements.

3.1 Presentation and functional currency

These financial statements are presented in Pakistani Rupee which is the functional currency of the Company. The figures have been rounded off to the nearest of Thousands of Rupees unless otherwise stated.

3.2 Use of estimates and judgments

In preparing these financial statements, management has made judgements and estimates about the future that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Company's risk management. Revisions to estimates are recognized prospectively. Information about judgements, made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements, assumptions and estimation uncertainties at the reporting date, that have a significant risk of resulting in material adjustment to the carrying amounts of assets and liabilities within the next financial year, is as follow:

3.2.1 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 and 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 reporting date.

4 Material accounting policy information

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

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- Financial Assets with ESG-Linked features:

Under IFRS 9, it was unclear whether the contractual cash flows of some financial assets with ESG-linked features represented SPPI. This could have resulted in financial assets with ESG-linked features being measured at fair value through profit or loss.

Although the new amendments are more permissive, they apply to all contingent features, not just ESG-linked features. While the amendments may allow certain financial assets with contingent features to meet the SPPI criterion, companies may need to perform additional work to prove this. Judgement will be required in determining whether the new test is met.

The amendments introduce an additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g., where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract.

The amendments apply for reporting periods beginning on or after 1 January 2026. Companies can choose to early-adopt these amendments (including the associated disclosure requirements), separately from the amendments for the recognition and derecognition of financial assets and financial liabilities.

- Recognition / Derecognition requirements of Financial Assets / liabilities by Electronic Payments:

The amendments to IFRS 9 clarify when a financial asset or a financial liability is recognized and derecognized and provide an exception for certain financial liabilities settled using an electronic payment system. Companies generally derecognize their trade payables on the settlement date (i.e., when the payment is completed). However, the amendments provide an exception for the derecognition of financial liabilities. The exception allows the company to derecognize its trade payable before the settlement date, potentially on the date when payment cannot be cancelled, when it uses an electronic payment system that meets all of the following criteria:

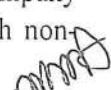
- no practical ability to withdraw, stop or cancel the payment instruction;
- no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- the settlement risk associated with the electronic payment system is insignificant.

The amendments apply for reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

- Other related amendments:

Contractually linked instruments (CLIs) and non-recourse features:

The amendments clarify the key characteristics of CLIs and how they differ from financial assets with non-recourse features. The amendments also include factors that a company needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the ‘look through’ test).



The amendments require additional disclosures for investments in equity instruments that are measured at fair value with gains or losses presented in other comprehensive income (FVOCI).

The amendments apply for reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

- Annual Improvements to IFRS Accounting Standards – Amendments to:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash flows

The amendments to IFRS 9 address:

- a conflict between IFRS 9 and IFRS 15 Revenue from Contracts with Customers over the initial measurement of trade receivables:

Under IFRS 15, a trade receivable may be recognized at an amount that differs from the transaction price – e.g. when the transaction price is variable. Conversely, IFRS 9 requires that companies initially measure trade receivables without a significant financing component at the transaction price. The IASB has amended IFRS 9 to require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15; and

- how a lessee accounts for the derecognition of a lease liability under paragraph 23 of IFRS 9:

When lease liabilities are derecognized under IFRS 9, the difference between the carrying amount and the consideration paid is recognized in profit or loss.

The amendment on trade receivables may require some companies to change their accounting policy. The amendments apply for annual reporting periods beginning on or after January 01, 2026. Earlier application is permitted.

The amendment on derecognition of lease liabilities applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied.

- Contracts Referencing Nature-dependent Electricity – (Amendments to IFRS 9 and IFRS 7) address the challenges faced by Companies in applying IFRS 9 Financial Instruments to contracts referencing nature-dependent electricity – sometimes referred to as renewable power purchase agreements (PPAs). The IASB has also added new disclosure requirements for certain PPAs to IFRS 7 Financial Instruments: Disclosures .

The amendments include guidance on:

- The ‘own-use’ exemption for purchasers of electricity under such PPAs; and
- Hedge accounting requirements for companies that hedge their purchases or sales of electricity using PPAs.

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The amendments for the own-use exemption:

- Existing IFRS 9 guidance left ambiguity on whether PPAs could qualify for the own-use exemption (i.e., not accounted for as derivatives).
- The amendments allow a company to apply the own-use exemption to PPAs if the company has been, and expects to be, a net-purchaser of electricity for the contract period.
- The amendments apply retrospectively using facts and circumstances at the beginning of the reporting period of initial application, without requiring prior periods to be restated.

The amendments for hedge accounting

- Virtual PPAs and other PPAs that do not meet the own-use exemption are accounted for as derivatives and measured at FVTPL. Hedge accounting under IFRS 9 can help reduce volatility by reflecting how PPAs hedge future electricity purchases or sales, but applying it presents challenges. A key issue arises from a mismatch between the P50 estimate used to measure the PPA and the P90 estimate required for the highly probable hedged transaction, which may prevent hedge accounting qualification. Subject to certain conditions, the amendments permit designation of a variable nominal volume of forecasted renewable electricity sales or purchases as the hedged transaction, rather than a fixed volume based on P90 estimates.

This variable volume reflects what is expected to be delivered by the referenced generation facility, supporting an economic offset and enabling hedge accounting. A P50 estimate indicates the volume of energy production expected to be exceeded with 50 percent probability. A P90 estimate indicates the volume of energy production expected to be exceeded with 90 percent probability.

- The amendments apply prospectively to new hedging relationships designated on or after the date of initial application. They also allow companies to discontinue an existing hedging relationship if the same hedging instrument is designated under the new requirements.

The new disclosure requirements:

- A company may apply the own-use exemption to certain PPAs under the amendments and therefore would not recognize these PPAs in its statement of financial position. Where this is the case, a company is required to disclose further information such as:
 - contractual features exposing the company to variability in electricity volume and risk of oversupply;
 - estimated future cash flows from unrecognized contractual commitments to buy electricity in appropriate time bands;
 - qualitative information about how the company assessed whether a contract might become onerous; and
 - qualitative and quantitative information about the costs and proceeds associated with purchases and sales of electricity, based on the information used for the 'net-purchaser' assessment

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4.1 Property, plant and equipment

Property, plant and equipment owned by the Company are stated at cost less accumulated depreciation and impairment loss, if any, except for land, which is stated at cost less accumulated impairment losses, if any. Cost in relation to operating fixed assets comprises of acquisition and other directly attributable costs.

Depreciation charge is based on the straight-line method at rates given in note 5, whereby the historic cost of an asset is written off to statement of profit or loss over its estimated useful life after taking into account the residual value, if any. Depreciation method and the useful lives of each part of property, plant and equipment are reviewed at each reporting date and adjusted, if required.

Assets residual values, useful lives and depreciation rates are reviewed, and adjusted, if appropriate at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Subsequent costs are included in the assets' 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. In case of replacement, the carrying amount of the replaced part is derecognized. Maintenance and normal repairs are charged to statement of profit or loss.

An item of operating fixed assets is derecognized upon disposal or when no future economic benefits are expected to arise from continuing use of assets. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognized.

4.2 Capital work in progress

Capital work in progress is stated at cost less identified impairment loss, if any. It comprises of all directly attributable costs incurred in respect of operating fixed assets in course of their acquisition, erection, construction and installation. Financial charges on borrowings for financing the plants which takes substantial time for completion, until such plants are available for their intended use, are also part of capital work-in-progress. These costs are transferred to operating fixed assets as and when assets are ready for intended use.

4.3 Intangible assets

Intangible assets with a finite useful life are capitalized initially at cost and subsequently stated at cost less accumulated amortization and impairment losses, if any. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred. Amortization is recognized in profit and loss on a straight-line basis over the estimated useful lives of intangible assets, in line with the rates mentioned in note 7. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted, if required.

The Company assesses at each statement of financial position date whether there is any indication that intangible assets may be impaired as per note 4.21.8 to the financial statements.

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4.4 Employee benefits

Defined benefit plan – Gratuity

The Company operates a funded defined benefit gratuity scheme for all employees with a qualifying service period of one year. Contribution is made to the fund on the basis of actuarial recommendation. Gratuity is based on employee's last drawn salary.

The liability relating to defined benefit plan is determined through actuarial valuation using the projected unit credit method and is charged to statement of profit or loss. The latest actuarial valuation was carried out as at June 30, 2025. The amount recognized in the statement of financial position represents the present value of defined benefit obligation as adjusted for unrecognized actuarial gains / (losses). Re-measurement actuarial gains / (losses) are recognized in other comprehensive income when they occur in accordance with IAS 19 "Employee Benefits".

The principal assumptions used in the actuarial valuations are as follows:

	<u>2025</u>	<u>2024</u>
Discount rate per annum	12.50%	14.75%
Expected rate of increase in salary level per	11.50%	13.75%
Duration of plan (years)	11	9

The Board of Trustees are managing the gratuity fund as per applicable Trust Deed, rules and regulations applicable to the fund.

4.5 Stock-in-trade

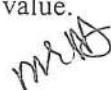
Stock-in-trade are valued at lower of cost based on First-In-First-Out (FIFO) basis and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale. However, items in transit are stated at invoice value plus other charges paid thereon till the statement of financial position date.

4.6 Trade receivables

Trade debts initially recognized when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Furthermore, the Company holds the trade debts with the objective of collecting the contractual cashflows and therefore measures the trade debts subsequently at amortized cost.

4.7 Advances, prepayments and other receivables

These are initially recognized at cost, which is the fair value of the consideration given and subsequently at amortized cost. Subsequent to initial recognition assessment is made at each statement of financial position date to determine whether there is any indication that a financial asset or group of financial assets may be impaired. If such indication exists, the estimated recoverable amount of that asset or group of assets is determined and any impairment loss is recognized for the difference between the recoverable amount and the carrying value.



4.8 Cash and cash equivalents

For the purpose of presentation in the statement of cashflow, cash and cash equivalents comprise cash in hand, cash at banks in current, saving and deposit accounts, short term borrowings and other short term highly liquid instruments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4.9 Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. All other borrowing costs are charged to statement of profit or loss, in the period in which they are incurred.

4.10 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

4.11 Leave fare assistance

Employees' entitlement to leave fare assistance is recognized in profit or loss account when they accrue to the employees. The Company provides for leave fare assistance on annual basis subject to availing of at-least ten continuous annual leaves. A provision, is made for the estimated liability for leave fare assistance as a result of services rendered by employees up to the reporting date.

4.12 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payables are classified as current liabilities if payments is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Liabilities for creditors and other amounts payable are carried at amortized cost which is the fair value of the consideration to be paid in the future for the goods and / or services received, whether or not billed to the Company. Exchange gains and losses arising in respect of liabilities in foreign currency are added to the carrying amount of the respective liability.

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4.13 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic resources will be required to settle such obligations and a reliable estimate can be made of the amount of obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost, if any.

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

4.14 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4.15 Taxation

Income tax comprises of current and deferred tax. Income tax is recognized in the statement of profit or loss except to the extent that relates to items recognized directly in equity or other comprehensive income, in which case it is recognized directly in equity or other comprehensive income.

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income and decisions taken by the appellate authorities. Instances where the Company's view differs from that taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

The charge for current tax 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. Whereas, current tax related with power generation income is recorded as receivable from CPPA-G under clause 11.3 (b) of Part IV of Schedule of the PPA.

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Deferred

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

Deferred tax has not been provided in these financial statements due to the fact that all the applicable taxes related with power generation income is recorded as receivable from CPPA-G under clause 11.3 (b) of Part IV of Schedule of PPA.

The Company operates under a 'Cost plus tariff regime' and clause v of part VI (Terms & Conditions) of NEPRA tariff determination allows taxes as pass through item where the same has been allowed under Clause 11.3 (b) of Part IV of schedule 1 of Power Purchase Agreement (PPA) attracting no tax liability (other than bank profit income). In essence, income taxes are paid by the Company and are then billed to the Power Purchaser which are then reimbursed in due course thereby enabling no taxation expense. Objective para of International Accounting Standard (IAS) - 12 (Income Taxes) require an entity to recognize deferred tax liability (deferred tax asset) if it is probable that recovery or settlement of that carrying amount will make future tax payments larger (smaller) than they would be if such recovery or settlement were to have no tax consequences. As difference in carrying amounts of assets/ liabilities for taxation purpose and accounting purpose would do not make future tax payments larger (smaller) hence no deferred tax liability/ asset to be recognized.

Furthermore, recognition of current tax expense and the amount of reimbursement from the power purchaser as a variable consideration component of revenue in the statement of profit or loss is against the faithful representation of the transactions as said treatment does not satisfy the criteria of income (includes sales, fees, interest, dividends, royalties and rent) but satisfies the criteria of asset recognition hence paid taxes are recorded as receivable from CPPA-G and not routed through revenues/ expenses.

Levies

Minimum taxes and the final taxes that are not calculated on the 'taxable profit' as defined in IAS 12 but calculated on turnover or other basis are classified as levy in the profit or loss as they fall under the scope of IFRIC 21 "Levies" and IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

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4.16 Leases

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets, if any. The Company recognizes lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets.

a) Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right of use assets are also subject to impairment.

b) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which these are incurred.

c) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases, if any (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are of low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

d) Determining the lease term of contracts

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

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The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

4.17 Finance Cost

Finance cost comprises interest expense on borrowings and bank charges. Mark-up, interest and other charges on borrowings are charged to income in the period in which they are incurred except for the borrowing cost on qualifying asset which is eligible for capitalization.

4.18 Revenue recognition

4.18.1 Sale of electricity under IFRS 15

Revenue shall be recognized when (or as) the Company satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset and thus has the ability to direct the use and obtain the benefits from the good or service. Revenue from the sale of electricity to CPPA-G, the sole customer of the Company, is recorded on the following basis: - Capacity Purchase Price revenue is recognized over time, based on the capacity made available to CPPA-G, at rates as specified under the PPA with CPPA-G, as amended from time to time; and - Energy Purchase Price revenue is recognized at a 'point in time', as and when the Net Electrical Output (NEO) are delivered to CPPA-G. Capacity and Energy revenue is recognized based on the rates determined under the mechanism laid down in the PPA.

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

Other income is recognized as follows:

- Markup on delayed payments due under the PPA is accrued on a time proportionate basis by reference to the amount outstanding and the applicable rate of return under the PPA.
- Profit on bank deposits is recognized on a time proportionate basis by reference to the amount outstanding and the applicable rates of return.

4.19 Foreign currency transactions and balances

Transactions in foreign currencies are translated into functional currency (Pakistani Rupee) using exchange rates approximating those ruling on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into Pakistani Rupee at the rates of exchange ruling at the statement of financial position date. Exchange gains and losses resulting from settlement of foreign currency transactions and translation of monetary assets and liabilities at the rates prevailing at the reporting date are included in the statement of profit or loss. Non-monetary items that are measured in terms of a historical cost in a foreign currency are not re-translated.

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4.20 Financial instruments

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

4.21.1 Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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

4.21.2 Classification of financial assets:

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

The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognized directly in statement of profit or loss.

b) Debt instruments that meet the following conditions are measured subsequently at Fair Value through Other Comprehensive Income (FVTOCI)

The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are measured initially and subsequently at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit or loss. However, the Company has no such instrument at the reporting date.

c) **Equity instruments designated as at FVTOCI**

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

These assets are measured initially and subsequently at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to statement of profit or loss. However, the Company has no such instrument at the reporting date.

d) **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are measured initially and subsequently at Fair Value. Gain or loss on investment on subsequent measurement at fair value is recognized in statement of profit or loss in the period in which it arises.

e) **Impairment of financial assets**

Financial assets - other than financial assets due from the Government

The Company recognizes loss allowances for ECLs on:

- contract assets.
- debt investments measured at FVOCI; and

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

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The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortized cost are deducted from the Gross carrying amount of the assets.

The Gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

f) Financial assets due from the Government

Financial assets due from the Government are assessed at each reporting date to determine whether there is any objective evidence that they are impaired. A financial asset due from the Government is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cashflow of that asset.

All impairment losses are recognized in the statement of profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

4.21.3 Write-off policy

The Company writes off a financial asset when there is information indicating that the amount is not recoverable due to the conflict in invoices with customer. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in statement of profit or loss. During the reporting period, the Company has written off certain amount of asset/receivable with respect to Negotiated Settlement Agreement (NSA) subsequent to Power Sector Reforms by National Task Force.

4.21.4 Derecognition of financial assets

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

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in the statement of profit or loss.

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4.21.5 Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, and financial liabilities at amortized cost, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

The Company's financial liabilities include trade and other payables and loans and borrowings including working capital facilities.

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

4.21.6 Derecognition of financial liabilities

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit or loss account.

4.21.7 Off-setting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.21.8 Impairment of non - financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit or loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects the current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Where an impairment loss is recognized, the depreciation / amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

An impairment loss is reversed if there has been change in estimates used to determine the recoverable amount. An impairment loss is reversed only 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 no impairment had been recognized.

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5 Restatements in financial statements

During the year ended 30 June 2025, the Company identified certain errors in the prior-period financial statements. In accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, the comparative figures have been restated to reflect the correction of these errors. The details are as follows:

5.1 Fee under Long Term Service Agreement (LTSA)

Upon interpretation of the terms of Long Term Service Agreement (LTSA) by Company's management it was identified that during prior year, the total fixed fee charged by GE under the Long Term Service Agreement exceeded the fixed fee cap specified in the said agreement. Although the parties held different views on the interpretation of the relevant clauses of LTSA, however, upon discussions during the year, the Company and GE agreed that the excess amount of fee charged in last year would be adjusted against future invoices in accordance with the agreed-upon terms.

Accordingly, the management has restated the comparative financial statements which has resulted in decrease in the amount of 'Cost of sales – Operation and Maintenance Fixed Cost' for the year ended 30 June 2024 by Rs. 1,024.19 million with corresponding decrease in the balance of 'Trade and other payables - Accrued liabilities' as at 30 June 2024 by Rs. 883.26 million and increase in the balance of 'Long term deposits and prepayments' by Rs. 140.93 million. As the related income tax is pass through to CPPA-G under the terms of PPA, therefore, there is no tax impact on the statement of profit or loss for the year ended 30 June 2024, however, balance of 'Advance income tax - net' decrease by Rs. 399.43 million with corresponding increase in the balance of "Trade Receivable from CPPA-G" by Rs 399.43 million as at 30 June 2024.

5.2 Receivable from Government of Punjab against Debt Service Reserve Account (DSRA)

Pursuant to letter issued by the Finance Department, Government of Punjab dated June 30, 2025 the management has reassessed the realizability of receivable recorded from the Government of Punjab against the costs paid by the Company in relation to Stand By Letter of Credit backed Debit Service Reserve Account (DSRA) to meet the requirements of long term loan. Based on the assessment that such costs are not recoverable since its inception, the management has adjusted the financial statements of prior years by restating the comparative figures. The restatement has resulted in increase in 'Finance cost' for the year ended 30 June 2024 by Rs. 228.52 million and decrease in 'Unappropriated profit' as of 01 July 2023 by Rs. 476.54 million and increase in the balance of 'Prepayments' included in 'Advances, deposits and prepayments' as at 30 June 2024 and 01 July 2023 by Rs. 95.92 million. This has also resulted in decrease in the balance of 'Receivable from Government of Punjab' included in 'Advances, deposits and prepayments' as at 30 June 2024 and 01 July 2023 by Rs. 800.98 million and Rs. 572.46 million respectively.

As the related income tax is pass through to CPPA-G under the terms of PPA, therefore, there is no tax impact on the statement of profit or loss for the year ended 30 June 2024, however, the balance of 'Advance income tax - net' as of 30 June 2024 has increased by Rs. 220.4 million and the balance of 'Provision for taxation-net' as of 01 July 2023 has decreased by Rs. 131.28 million with corresponding decrease in the balance of 'Trade Receivable from CPPA-G' as at 30 June 2024 by Rs 220.4 million as of 01 July 2023 by Rs. 131.28 million.

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The effect of above restatements has resulted in increase in unappropriated profits as at June 30, 2024 by Rs 319.12 million.

Restatements as at 01 July 2023

The following table summarizes the impacts on the Company's financial statements.

	Impact of restatement		
	As previously reported	Adjustments	As restated
	(Rupees in thousands)		
Statement of Financial Position As at 01 July 2023			
NON CURRENT ASSETS			
Property, plant and equipment	56,030,668	-	56,030,668
Intangible assets	1,865	-	1,865
Long term advances	2,938,561	-	2,938,561
Long term deposits and prepayments	8,643,834	-	8,643,834
Retirement benefits	15,908	-	15,908
	67,630,836	-	67,630,836
CURRENT ASSETS			
Stock in trade	5,254,393	-	5,254,393
Trade receivables	79,917,245	(131,287)	79,785,958
Advances, deposits, prepayments and other receivables	15,805,592	(476,543)	15,329,049
Advance income tax - net	-	-	-
Cash and bank balances	5,792,177	-	5,792,177
	106,769,407	(607,830)	106,161,577
Total Assets	<u>174,400,243</u>	<u>(607,830)</u>	<u>173,792,413</u>
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital	21,250,000	-	21,250,000
Equity contribution from Government of Punjab	4,425,000	-	4,425,000
Un-appropriated profit - Revenue reserve	47,217,167	(476,543)	46,740,624
	72,892,167	(476,543)	72,415,624
NON CURRENT LIABILITIES			
Long term financing	29,616,689	-	29,616,689
Lease liability	98,856	-	98,856
	29,715,545	-	29,715,545
CURRENT LIABILITIES			
Trade and other payables	46,582,639	-	46,582,639
Current portion of long term loan	7,946,529	-	7,946,529
Current portion of lease liability	24,230	-	24,230
Short term borrowings	16,592,495	-	16,592,495
Provision for taxation - net	646,638	(131,287)	515,351
	71,792,531	(131,287)	71,661,244
Total equity and liabilities	<u>174,400,243</u>	<u>(607,830)</u>	<u>173,792,413</u>

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Restatements as at and for the year ended 30 June 2024

The following table summarizes the impacts on the Company's financial statements.

	Impact of restatement		
	As previously reported	Adjustments	As restated
Statement of Financial Position	(Rupees in thousands)		
As at 30 June 2024			
NON CURRENT ASSETS			
Property, plant and equipment	53,637,820	-	53,637,820
Intangible assets	757	-	757
Long term advances	2,938,561	-	2,938,561
Long term deposits and prepayments	10,042,664	140,926	10,183,590
Retirement Benefits	30,768	-	30,768
	66,650,570	140,926	66,791,496
CURRENT ASSETS			
Stock in trade	6,215,594	-	6,215,594
Trade receivables	66,687,088	179,023	66,866,111
Advances, deposits, prepayments and other receivables	17,571,860	(705,063)	16,866,797
Advance income tax - net	379,105	(179,023)	200,082
Cash and bank balances	11,222,208	-	11,222,208
	102,075,855	(705,063)	101,370,792
Total Assets	168,726,425	(564,137)	168,162,288
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital	21,250,000	-	21,250,000
Equity contribution from Government of Punjab	4,425,000	-	4,425,000
Un-appropriated profit - Revenue reserve	66,708,777	319,124	67,027,901
	92,383,777	319,124	92,702,901
NON CURRENT LIABILITIES			
Long term financing	18,948,897	-	18,948,897
Lease liability	69,464	-	69,464
	19,018,361	-	19,018,361
CURRENT LIABILITIES			
Trade and other payables	32,312,501	(883,261)	31,429,240
Current portion of long term loan	8,390,372	-	8,390,372
Current portion of lease liability	30,306	-	30,306
Short term borrowings	16,591,108	-	16,591,108
	57,324,287	(883,261)	56,441,026
Total equity and liabilities	168,726,425	(564,137)	168,162,288
Statement of Profit or Loss			
For the year ended 30 June 2024			
Revenue from contracts with customers - net	121,255,855	-	121,255,855
Cost of sales	(94,925,622)	1,024,187	(93,901,435)
Gross profit	26,330,233	1,024,187	27,354,420
Administrative expenses	(942,605)	-	(942,605)
Other expenses	(3,425,020)	-	(3,425,020)
Other income	14,257,387	-	14,257,387
Finance cost	(12,666,470)	(228,520)	(12,894,990)
Profit before taxation	23,553,525	795,667	24,349,192
Taxation	(854,538)	-	(854,538)
Profit for the year	22,698,987	795,667	23,494,654

There is no impact of these restatements on the items recorded in statement of comprehensive income other than profit for the year and the aggregate amount of cash flows from operating activities, investing activities and financing activities in statement of cash flows for the year ended 30 June 2024.

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6 Property, plant and equipment

2025 2024
Note (Rupees in thousands)

Operating fixed assets
Capital work in progress
Right-of-use asset

6.1 Operating fixed assets

	As at July 1, 2024	Additions/ Transfers	Adjustments	Disposals	As at June 30, 2025	Depreciation Rate	As at July 1, 2024	Depreciation	Loss for the year	Charge for the year	Adjustments	Disposals	As at June 30, 2025	As at June 30, 2025
(Rupees in thousands)														
Land - freehold	6.1.1	227,944	-	-	-	-	227,944	-	-	-	-	-	-	227,944
Buildings and civil works		13,138,643	3,344	-	-	-	13,141,987	3,33% - 4.35%	2,639,505	440,849	-	-	-	10,061,633
Plant and machinery		53,837,019	-	82,728	-	-	53,919,747	3,33% - 4.04%	11,298,971	1,788,845	-	-	-	40,815,847
Office equipment		8,831	4,863	-	-	-	13,694	20%	5,089	1,869	-	-	-	6,736
IT equipment		101,609	8,177	(82,728)	(3,634)	-	23,424	33%	28,443	4,176	(16,084)	(3,634)	12,901	10,523
Furniture and fittings		19,915	3,522	-	-	-	23,437	20%	7,571	3,295	-	-	-	12,571
Vehicles		20,410	-	-	-	-	20,410	20%	20,335	44	-	-	-	20,379
	67,354,371	19,906	-	(3,634)	67,370,643	-	13,999,914	2,239,078	-	-	(3,634)	16,235,358	51,135,285	

2025

	As at July 1, 2024	Additions/ Transfers	Adjustments	Disposals	As at June 30, 2025	Depreciation Rate	As at July 1, 2024	Depreciation	Loss for the year	Charge for the year	Adjustments	Disposals	As at June 30, 2025	As at June 30, 2025
(Rupees in thousands)														
Land - freehold	6.1.1	227,944	-	-	-	-	227,944	-	-	-	-	-	-	227,944
Buildings and civil works		13,138,643	3,344	-	-	-	13,141,987	3,33% - 4.35%	2,639,505	440,849	-	-	-	10,061,633
Plant and machinery		53,837,019	-	82,728	-	-	53,919,747	3,33% - 4.04%	11,298,971	1,788,845	-	-	-	40,815,847
Office equipment		8,831	4,863	-	-	-	13,694	20%	5,089	1,869	-	-	-	6,736
IT equipment		101,609	8,177	(82,728)	(3,634)	-	23,424	33%	28,443	4,176	(16,084)	(3,634)	12,901	10,523
Furniture and fittings		19,915	3,522	-	-	-	23,437	20%	7,571	3,295	-	-	-	12,571
Vehicles		20,410	-	-	-	-	20,410	20%	20,335	44	-	-	-	20,379
	67,354,371	19,906	-	(3,634)	67,370,643	-	13,999,914	2,239,078	-	-	(3,634)	16,235,358	51,135,285	

2024

	As at July 1, 2023	Additions/ Transfers	Adjustments	Disposals	As at June 30, 2024	Depreciation Rate	As at July 1, 2023	Depreciation	Loss for the year	Charge for the year	Adjustments	Disposals	As at June 30, 2024	As at June 30, 2024
(Rupees in thousands)														
Land - freehold	6.1.1	227,944	-	-	-	-	227,944	-	-	-	-	-	-	227,944
Buildings and civil works		13,138,643	3,344	-	-	-	13,138,643	3,33% - 4.35%	2,204,385	435,120	-	-	-	10,499,138
Plant and machinery		53,837,019	-	82,728	-	-	53,837,019	3,33% - 4.04%	9,154,830	1,799,751	344,390	-	-	42,538,048
Office equipment		8,831	4,863	-	-	-	8,831	20%	3,686	1,403	-	-	-	3,742
IT equipment		101,609	8,177	(82,728)	(3,634)	-	101,609	33%	9,860	18,583	-	-	-	28,443
Furniture and fittings		19,915	3,522	-	-	-	19,915	20%	5,824	1,747	-	-	-	7,571
Vehicles		20,410	-	-	-	-	20,410	20%	20,292	43	-	-	-	20,335
	66,915,212	439,159	-	(3,634)	67,354,371	-	11,398,877	2,256,647	344,390	-	-	-	-	13,999,914

2024

	As at July 1, 2023	Additions/ Transfers	Adjustments	Disposals	As at June 30, 2024	Depreciation Rate	As at July 1, 2023	Depreciation	Loss for the year	Charge for the year	Adjustments	Disposals	As at June 30, 2024	As at June 30, 2024
(Rupees in thousands)														
Land - freehold	6.1.1	227,944	-	-	-	-	227,944	-	-	-	-	-	-	227,944
Buildings and civil works		13,138,643	3,344	-	-	-	13,138,643	3,33% - 4.35%	2,204,385	435,120	-	-	-	10,499,138
Plant and machinery		53,837,019	-	82,728	-	-	53,837,019	3,33% - 4.04%	9,154,830	1,799,751	344,390	-	-	42,538,048
Office equipment		8,831	4,863	-	-	-	8,831	20%	3,686	1,403	-	-	-	3,742
IT equipment		101,609	8,177	(82,728)	(3,634)	-	101,609	33%	9,860	18,583	-	-	-	28,443
Furniture and fittings		19,915	3,522	-	-	-	19,915	20%	5,824	1,747	-	-	-	7,571
Vehicles		20,410	-	-	-	-	20,410	20%	20,292	43	-	-	-	20,335
	66,915,212	439,159	-	(3,634)	67,354,371	-	11,398,877	2,256,647	344,390	-	-	-	-	13,999,914

2024

	As at July 1, 2023	Additions/ Transfers	Adjustments	Disposals	As at June 30, 2024	Depreciation Rate	As at July 1, 2023	Depreciation	Loss for the year	Charge for the year	Adjustments	Disposals	As at June 30, 2024	As at June 30, 2024
(Rupees in thousands)														
Land - freehold	6.1.1	227,944	-	-	-	-	227,944	-	-	-	-	-	-	227,944
Buildings and civil works		13,138,643	3,344	-	-	-	13,138,643	3,33% - 4.35%	2,204,385	435,120	-	-	-	10,499,138
Plant and machinery		53,837,019	-	82,728	-	-	53,837,019	3,33% - 4.04%	9,154,830	1,799,751	344,390	-	-	42,538,048
Office equipment		8,831	4,863	-	-	-	8,831	20%	3,686	1,403	-	-	-	3,742
IT equipment		101,609	8,177	(82,728)	(3,634)	-	101,609	33%	9,860	18,583	-	-	-	28,443
Furniture and fittings		19,915	3,522	-	-	-	19,915	20%	5,824	1,747	-	-	-	7,571
Vehicles		20,410	-	-	-	-	20,410	20%	20,292	43	-	-	-	20,335
	66,915,212	439,159	-	(3,634)	67,354,371	-	11,398,877	2,256,647	344,390	-	-	-	-	13,999,914

2024

	As at July 1, 2023	Additions/ Transfers	Adjustments	Disposals	As at June 30, 2024	Depreciation Rate	As at July 1, 2023	Depreciation	Loss for the year	Charge for the year	Adjustments	Disposals	As at June 30, 2024	As at June 30, 2024
(Rupees in thousands)														
Land - freehold	6.1.1	227,944	-	-	-	-	227,944	-	-	-	-	-	-	227,944
Buildings and civil works		13,138,643	3,344	-	-	-	13,138,643	3,33% - 4.35%	2,204,385	435,120	-	-	-	10,499,138
Plant and machinery		53,837,019	-	82,728	-	-	53,837,019	3,33% - 4.04%	9,154,830	1,799,751	344,390	-	-	42,538,048
Office equipment		8,831	4,863	-	-	-	8,831	20%	3,686	1,403	-	-	-	3,742
IT equipment		101,609	8,177	(82,728)	(3,634)	-	101,609	33%	9,860	18,583	-	-	-	28,443
Furniture and fittings		19,915	3,522	-	-	-	19,915	20%	5,824	1,747	-	-	-	7,571
Vehicles		20,410	-	-	-	-	20,410	20%	20,292	43	-	-	-	20,335
	66,915,212	439,159	-	(3,634)	67,354,371	-	11,398,877	2,256,647	344,390	-	-	-	-	13,999,914

2024

	As at July 1, 2023	Additions/ Transfers	Adjustments	Disposals	As at June 30, 2024	Depreciation Rate	As at July 1, 2023	Depreciation	Loss for the year	Charge for the year	Adjustments	Disposals	As at June 30, 2024	As at June 30, 2024

		<i>Note</i>	2025 (Rupees in thousands)	2024
6.1.2	Depreciation charged has been allocated as follows:			
	Cost of sales	25	2,229,694	2,234,869
	Administrative expenses	26	9,384	21,778
			<u>2,239,078</u>	<u>2,256,647</u>

6.2 Capital work in progress

Opening balance		206,390	412,918
Additions during the year		68,711	219,045
		<u>275,101</u>	<u>631,963</u>
Transferred to operating fixed assets during the year		-	(425,573)
Closing balance		<u>275,101</u>	<u>206,390</u>

6.3 Right-of-use assets

		2025		
		Building	Vehicles	Total

Note ----- (Rupees in thousands) -----

As at July 1, 2024		44,977	31,996	76,973
Adjustments made during the year	19	-	1,861	1,861
Depreciation charged during the year	6.3.1	(14,991)	(10,608)	(25,599)

As at June 30, 2025		<u>29,986</u>	<u>23,249</u>	<u>53,235</u>
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		2024		
		Building	Vehicles	Total

As at July 1, 2023		59,968	41,447	101,415
Adjustments made during the year		-	859	859
Depreciation charged during the year		(14,991)	(10,310)	(25,301)

As at June 30, 2024		<u>44,977</u>	<u>31,996</u>	<u>76,973</u>
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6.3.1 The depreciation charged during the year has been allocated to administrative expenses.

		<i>Note</i>	2025 (Rupees in thousands)	2024
7 Intangible assets				
Cost				
Opening balance			14,080	13,934
Additions for the year			-	146
Closing balance			<u>14,080</u>	<u>14,080</u>
Accumulated amortization				
Opening balance		26	13,323	12,069
Charge for the year			395	1,254
Closing balance			<u>13,718</u>	<u>13,323</u>
Net book value			<u>362</u>	<u>757</u>
Rate of amortization per annum (%)			20%	20%

7.1 Entire amortization charge on intangible assets is allocated to administrative expenses.

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		<i>Note</i>	2025 (Rupees in thousands)	2024 (Rupees in thousands)
8	Long term advances			
	Advance against:			
	Long Term Service Agreement	8.1	1,981,145	1,981,145
	Operations & Maintenance Agreement	8.1	957,416	957,416
	Capital expenditure		6,535	-
			<u>2,945,096</u>	<u>2,938,561</u>

8.1 This represents advance given for major spare parts and standby equipment held by the Company's Long Term Service contractor and Operation & Maintenance contractor as per arrangements under the Long Term Service Agreement (LTSA) and Operation & Maintenance Agreement (O&MA). The service contractors M/s GE Vernova International LLC (formerly known as General Electric International Inc) (head office located at 4200 Wildwood Parkway, Atlanta, Georgia, United States of America and office in Pakistan at ARFA Software Technology Park, Lahore) & HEI-HRL Joint Venture (a joint venture between Harbin Electric International Company and Habib Rafiq (Private) Limited, registered / incorporated under the laws of Islamic Republic of Pakistan with registered address at 39, Sandadongli Road, Xiangfang District, Harbin, China) are responsible to hand over these back to the Company as per the arrangements under the LTSA & O&M at the end of the contract term. Under the terms of LTSA & O&M, M/s GE Vernova International LLC (formerly known as General Electric International Inc) & HEI-HRL JV. will replenish parts of initial spares if utilized throughout the contract period except the last scheduled maintenance / outage.

It is stated advances given for major spare parts and equipment held by the Company's Long Term Service contractor and Operation & Maintenance contractor are as per arrangements under the Long Term Service Agreement (LTSA) and Operation & Maintenance Agreement (O&MA). Under the terms of LTSA & O&M, M/s General Electric International Inc & HEI-HRL JV. will replenish parts of initial spares if utilized throughout the contract period except the last scheduled maintenance/ outage and will hand over the parts at term end. Physical handling, safekeeping, replenishment are responsibility of LTSA and O&M contractors and therefore the Company has no control over the spare parts and equipment.

			2025 (Restated) (Rupees in thousands)	2024 (Rupees in thousands)
9	Long term deposits and prepayments	<i>Note</i>		
	Escrow security deposit	9.1	11,678,679	10,029,655
	Other deposits	9.2	13,009	13,009
	Prepayments against LTSA fee	5.1	-	140,926
			<u>11,691,688</u>	<u>10,183,590</u>

9.1 This represents Rs. 11,678.68 million (2024: Rs. 10,029.66 million) maintained in an escrow account with National Bank of Pakistan as gas supply deposit under Gas Supply Agreement (GSA) with Sui Northern Gas Pipelines Limited. Interest received on Escrow Account is payable to CPPA-G as per Power Purchase Agreement.

As per section 8.3(a) of GSA, as amended through 'Amendment no. 1 to the GSA' dated 11 June 2025, the Company is required to maintain, at its own cost, a security deposit amounting Rs. 15 billion in the form of cash deposited under an escrow arrangement or a Stand-By Letter of Credit (SBLC). Subsequent to the year end, the Company has deposited the remaining amount in the escrow account to comply with the Gas Supply Deposit of Rs. 15 billion.

9.2 These deposits are in the normal course of business and are interest free.

9.3 Reason for restatement of the balance of June 30, 2024 is explained in note 5.1 to the financial statements.

10 Retirement benefits - funded gratuity

The latest actuarial valuation of the Company's defined benefit plan, was conducted on June 30, 2025 using projected unit credit method. Detail of obligation for defined benefit plan is as follows:

	<i>Note</i>	2025 (Rupees in thousands)	2024 (Rupees in thousands)
Present value of defined benefit obligation	10.1	214,505	176,175
Fair value of plan assets	10.2	(204,720)	(206,943)
Net liability / (asset) as at June 30		<u>9,785</u>	<u>(30,768)</u>

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		<i>Note</i>	2025 (Rupees in thousands)	2024
10.1	Movement in present value of defined benefit obligation			
	Present value of defined benefit obligation at beginning of the year		176,175	113,843
	Current service cost for the year	10.3	26,321	17,254
	Interest cost for the year	10.3	25,333	17,465
	Benefits paid during the year		(8,847)	(1,696)
	Effect of experience adjustments	10.3	(4,477)	29,309
	Present value of defined benefit obligation at end of the year		214,505	176,175
10.2	Movement in fair value of plan assets			
	Present value of defined benefit obligation at beginning of the year		206,943	129,751
	Interest income for the year	10.3	29,872	23,782
	Contributions made during the year		-	45,674
	Actuarial (loss) / gain on plan asset	10.3	(23,248)	9,432
	Benefits paid during the year		(8,847)	(1,696)
	Fair value of plan assets at end of the year		204,720	206,943
10.3	Charge for the year:			
	Statement of profit or loss:			
	Current service cost		26,321	17,254
	Interest cost for the year		25,333	17,465
	Interest income for the year		(29,872)	(23,782)
			21,782	10,937
	Statement of other comprehensive income:			
	Actuarial (gain) / loss on defined benefit obligation		(4,477)	29,309
	Actuarial loss / (gain) on defined benefit assets		23,248	(9,432)
			18,771	19,877
10.4	The charge for the year has been allocated as follows:			
	Cost of sales	25.1	9,497	5,021
	Administrative expenses	26.1	12,285	5,916
			21,782	10,937
10.5	Components of plan assets			
	Cash at bank		189,323	184,142
	Gratuity advance		15,397	22,801
			204,720	206,943
10.6	Sensitivity analysis			
	If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the impact on present value of the defined benefit obligation as at June 30, 2025 would have been as follows:			
10.6.1	Effect on present value of defined benefit obligation due to:		Increase (Rupees in thousands)	Decrease
	Discount rate 100 bps movement		193,541	240,159
	Future salary 100 bps movement		240,418	192,904

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The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of net defined benefit obligation represented in the statement of financial position.

10.7 The Company expects to charge Rs. 28.75 million to statement of profit or loss on account of defined benefit plan in the year ending June 30, 2026.

10.8	Actuarial assumptions	<u>2025</u>	<u>2024</u>
	Discount rate per annum	12.50%	14.75%
	Expected rate of increase in salary level per annum	11.50%	13.75%
	Normal retirement age	65 years	65 years
	Duration of plan	11 years	9 years
	Mortality rate	SLIC 2001-2005	SLIC 2001-2005

10.9 The Company faces the following risks on account of defined benefit plan:

10.9.1 Salary risk

The present value of the defined benefit liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the liability and vice versa.

10.9.2 Withdrawal rate risk

The present value of the defined benefit liability is calculated by reference to the best estimate of the withdrawal rate of plan participants. As such, an increase in the withdrawal rate may increase/decrease the liability and vice versa depending on the age-service distribution of the exiting employees.

10.9.3 Interest rate risk

The present value of the defined benefit liability is calculated using a discount rate determined by reference to the market yields at the end of the reporting period on high quality corporate bonds, or where there is no deep market in such bonds, by reference to market yields on government bonds. Currencies and terms of bond yields used must be consistent with the currency and estimated term of the post-employment benefit obligations being discounted. A decrease in bond interest rates will increase the liability, and vice versa.

10.9.4 Mortality rate risk

The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of plan participants during employment. An improvement in the mortality rates of the participants may increase/decrease the liability and vice versa depending on the age-service distribution of the exiting employees.

11	Stock in trade	<i>Note</i>	<u>2025</u>	<u>2024</u>
			(Rupees in thousands)	
	High Speed Diesel (HSD)	11.1	6,215,594	6,215,594

11.1 This represents High Speed Diesel stock acquired as backup fuel for the Bhikki Project and is being valued on First In First Out (FIFO) basis.

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(Restated) (Restated)
30 June **30 June** **01 July**
2025 **2024** **2023**

Note ----- (Rupees in thousands) -----

12 Trade Receivable

Central Power Purchasing Agency
(Guaranteed) Limited 12.1 50,763,473 66,866,111 79,785,958

12.1 This represents the receivable balance from CPPA against energy, capacity, delayed payment charges and corporate taxes. Trade debts are secured against sovereign guarantee from the Government of Pakistan under the Implementation Agreement (IA) and are considered good. For the purpose of securing its obligation to the financiers as per the agreement of working capital facility, the Company has assigned all energy payments receivable from CPPA, by way of charge to the Security Trustee (Habib Bank Limited). In accordance with the Cabinet's approval and the negotiated settlement agreements (as detailed in Note 1.5 to these financial statements), the Company has waived off receivable amounting to Rs 17,110.91 million from Central Power Purchasing Agency (Guaranteed) Limited (CPPA-G) as detailed in note 27.5 of these financial statement. A delay payment mark-up at the rate of 3 months KIBOR plus 2% and 1% per annum is charged in case the amounts are not paid within due dates. Included herein is delayed payment interest amounting to Rs. 14,766.44 million (June 30, 2024: Rs. 27,147.18 million) at 3 months KIBOR plus 1% (June 30, 2024: 3 months KIBOR + 2%) per annum.

12.2 Balance of trade receivable includes un-billed receivables aggregating to Rs 10,111.73 million (June 30, 2024: 4,341.54 million) pertaining to capacity components, un-billed delay payment charges, other fuel price adjustments and corporate taxes.

12.3	The aging of trade receivables at the reporting date is:	2025	2024
		(Rupees in thousands)	
Not past due		24,209,305	5,795,543
Past due 1 - 30 days		12,183,944	17,180,088
Past due 31 - 60 days		100,933	15,944,294
Past due above 60 days		14,269,291	27,946,186
		<u>50,763,473</u>	<u>66,866,111</u>

12.4 Reasons for restatement of the balances of June 30, 2024 and July 01, 2023 are explained in notes 5.1 and 5.2 to the financial statements

13 Advances, deposits, prepayments and other receivables

		30 June 2025	30 June 2024	(Restated) 01 July 2023
	<i>Note</i>	(Rupees in thousands)		
Cash margin against SBLC	13.1	682,872	682,872	682,872
Prepayments		1,668,813	1,674,512	1,704,181
Interest accrued on saving accounts		521,844	2,521,886	1,277,484
Sales tax refundable		4,690,988	4,351,732	1,145,584
Sales tax receivable from Federal Board of Revenue (FBR)	3.2 & 13.3	1,339,756	1,079,298	1,079,298
Receivable from SNGPL		-	-	3,265,223
Receivable from CPPA-G against WWF and WPPF	13.4	227,388	1,477,345	1,172,969
Receivable from CPPA-G against PPIB fee	13.5	462,893	391,478	313,764
Receivable from CPPA-G against Take or Pay case	27.5	-	4,687,674	4,687,674
Prepayments against LTSA fee		548,713	-	-
		10,143,267	16,866,797	15,329,049

13.1 This represents cash margin held by The Bank of Punjab (related party) against a Standby Letter of Credit (SBLC) amounting to Rs. 11,500 million, issued to SNGPL under the Gas Supply Agreement for RLNG supply. Although the SBLC expired on July 29, 2018, however, before the expiry of said SBLC, SNGPL lodged a claim on SBLC against "Take or Pay" charges following which the Bank issued a demand notice to the Company and held this amount as cash margin. During the year pursuant to settlement agreement dated June 11, 2025 between the company and SNGPL, the Company has settled the "Take or Pay" claim with SNGPL by paying the principal amount outstanding. In accordance with the agreement, subsequent to the year end, SNGPL has withdrawn the SBLC claim and the bank has released the cash margin previously held.

13.2 Pursuant to the decision of Commissioner Inland Revenue (Appeals) (CIR-A) dated 27 March 2019, as mentioned in note 23.1.3, the tax department on 28 March 2019 recovered an amount of Rs. 1,079.30 million including original demand of Rs. 986.09 million, default surcharge of Rs. 63.62 million and penalty amount of Rs. 29.59 million from bank account of the Company. Against this action of the department, the Company filed a writ petition 19981 of 2019 before Honorable Lahore High Court ("LHC") which on 10 April 2019 declared impugned notice and subsequent recovery to be illegal and without lawful authority. Against this Court's decision, the department filed an Intra Court Appeal (ICA) no. 33575/2019 before the Honorable Lahore High Court which was disposed off.

On the basis of decision of Honorable Lahore High Court, the Company filed refund application, however, the Assistant Commissioner Inland Revenue (ACIR) rejected the application for the refund vide order dated 27 July 2020. Against the decision of the ACIR, the Company on 25 August 2020 filed an appeal before CIR-A who vide order dated 26 October 2020 decided against the Company citing that the appeal proceedings before ATIR are pending, therefore, the refund cannot be sanctioned of the recovery.

The Company also filed Contempt Petition before the Honorable Lahore High Court whereby, on 15 September 2020, the Commissioner Inland Revenue undertook to refund the amount in compliance with order passed by the Honorable Lahore High Court. On 21 September 2020, the Court granted one more opportunity to the department to file the compliance report. However, the instructions of the Honorable Court were not complied with by tax authorities as the order dated 21 September 2020 in Contempt Proceedings pending before Honorable Lahore High Court was assailed by the tax authority before the Honorable Supreme Court of Pakistan (the Supreme Court). The Supreme Court vide order dated 02 December 2020 suspended the Contempt Proceedings of the Honorable Lahore High Court after which the matter has been pending adjudication before the Supreme Court. The management, based on the order passed by the Honorable Lahore High Court dated 10 April 2019, is confident of the recoverability of the amount from the tax department

13.3 Despite the interim relief granted by the Honorable Lahore High Court through orders dated 25 August 2021 and 24 May 2022, as mentioned in note 23.1.2, the tax department on 10 December 2024 issued recovery notice to the Company to which the Company responded on 12 December 2024 reminding the tax department that proceedings before Honorable Lahore High Court against the decision of Appellate Tribunal Inland Revenue (ATIR) are pending adjudication. However, the tax department on 21 January 2025 issued recovery notices to the banks of the Company. Against the demand of Rs. 672.06 million including original demand of Rs. 345.13 million, default surcharge of Rs. 316.56 million and penalty amount of Rs. 10.37 million, the tax department recovered Rs. 260.46 million from the bank accounts, whereas, for the remaining amount, the banks marked lien on the bank accounts of the Company as per instruction of tax department. Being aggrieved, the Company approached the Honorable Lahore High Court which, vide order dated 29 January 2025, suspended the unlawful recoveries. The Company then requested the tax department to comply with the aforesaid order. Consequently, the Company's banks removed liens from the Company's bank accounts, however, the recovered amounts stand unlawfully recovered.

The Company also filed Contempt Petition before the Honorable Lahore High Court against the tax department for disobeying the orders of the Honorable Lahore High Court dated 25 August 2021 and 24 May 2022. Against the unlawful recovery by the tax department, the Company also filed a writ petition 13607 of 2025 before Honorable Lahore High Court which is pending adjudication. The management, based on an advice from its legal advisor, believes that it has arguable case in this proceeding on the basis of legal and factual grounds and accordingly has recorded the same as receivable.

13.4 Under clause 11.3 (a) of Part IV of Schedule 1 of the PPA, payments to the Workers' Welfare Fund and the Workers' Profit Participation Fund are recoverable from CPPA-G as a pass-through item.

13.5 This represent recoverable from CPPA-G as a pass through item, on account of annual anniversary fee payable to PPIB, under section 11 of Part IV of Schedule 1 of the PPA.

13.6 Reason for restatement of the balances of June 30, 2024 and July 01, 2023 is explained in note 5.2 to the financial statements.

14	Cash and bank balances	Note	2025	2024
			(Rupees in thousands)	
	Cash in hand		240	582
	Cash at bank - deposit accounts	14.1	19,605,584	11,221,626
			<u>19,605,824</u>	<u>11,222,208</u>

14.1 This carries mark-up rate ranging from 9% to 9.5% per annum (2024: 20.5% per annum). This includes balance of saving accounts maintained with Bank of Punjab (BOP), a related party, aggregating to Rs 0.155 million (June 30, 2024: Rs 3.168 million) at year end.

14.2	Cash and cash equivalents as at year end comprise the following:	2025	2024
		(Rupees in thousands)	
	Cash and bank balances	19,605,824	11,222,208
	Short term borrowings	(15,674,986)	(15,674,986)
		<u>3,930,838</u>	<u>(4,452,778)</u>

15 Share Capital

15.1 Authorized share capital

225,000,000 (2024: 225,000,000) ordinary shares of Rs. 100/- each

22,500,000 22,500,000

15.2 Issued, subscribed and paid-up capital

212,500,000 (2024: 212,500,000) ordinary shares of Rs. 100/- each

21,250,000 21,250,000

15.3 212,499,996 (2024: 212,499,996) ordinary shares of Rs. 100 each are held by The Government of Punjab, Energy Department and 2 ordinary shares of Rs. 100 are held by each of two nominee personnel of the Government of Punjab as of reporting date.

15.4 During the year, an interim cash dividend amounting to Rs. 5,000 million was paid to the Government of Punjab. No advance tax was deducted on the said payment in accordance with Section 49 (2) of Income Tax Ordinance, 2001.

16	Equity contribution from Government of Punjab	2025	2024
		(Rupees in thousands)	
		<u>4,425,000</u>	<u>4,425,000</u>

16.1 This represents amount received from the Government of Punjab as equity injection to fund operations of the Company. This amount does not carry interest and is repayable at discretion of the Company. Accordingly, in line with the guidance set out in Technical Release 32 (TR-32) issued by Institute of Chartered Accountants of Pakistan (ICAP), the amount has been classified and recognized as equity.

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17 Maintenance Reserve and Overhauling Reserve

17.1 Maintenance Reserve

Pursuant to the Negotiated Settlement Agreement as explained in note 1.5 of these financial statement the Company has created a maintenance reserve, from 'Fuel and O&M Savings' till 30 June 2024, to cover additional required maintenance and extra works advised by OEM etc. under LTSA and O&M agreement amounting to Rs. 4,170 million.

17.2 Overhauling Reserve

Pursuant to the Negotiated Settlement Agreement with Central Power Purchasing Agency (Guarantee) Limited (CPPA-G), starting from 1 July 2024, the Company is entitled to retain a portion of its earnings from Fuel and O&M savings for the creation of overhauling reserve, which the Company has established to fund upgrades and other maintenance expenditures not covered under LTSA and O&M agreement. These activities are required to ensure the sustainable and efficient operation of the Company's power plants. As at 30 June 2025, an amount of Rs. 3,540.85 million has been appropriated to this reserve, which shall be utilized exclusively for plant maintenance and upgradation, with any unutilized balance after five years to be shared between CPPA-G and the Company in the agreed ratio of 60:40.

		Note	2025 (Rupees in thousands)	2024 (Rupees in thousands)
18	Long term financing - secured			
	Loans from banking companies		27,544,907	37,715,670
	Principal repayment		(8,390,372)	(10,170,763)
		18.1	19,154,535	27,544,907
	Accrued mark-up		-	-
			19,154,535	27,544,907
	Less: Current portion shown under current liabilities		(8,324,321)	(8,390,372)
	Less: Accrued mark-up shown as current liability		-	-
			10,830,214	19,154,535
	Transaction cost		(1,075,306)	(1,075,306)
	Amortization of transaction cost	29	957,578	869,668
			(117,728)	(205,638)
			10,712,486	18,948,897

18.1 Loans from banking companies

Loans from banking companies under Syndicated Term Finance Facility		19,154,535	27,544,907
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18.1.1 The Company obtained Syndicated Term Finance Facility (STFF) under Common Terms and Accounts Agreement ("CTAA") from the consortium of following banks and financial institutions:

	Sanctioned Limit	Outstanding Balance 2025	Outstanding Balance 2024
----- (Rupees in thousands) -----			
National Bank of Pakistan	20,000,000	6,009,278	8,641,551
Habib Bank Limited	20,000,000	6,009,278	8,641,551
United Bank Limited	6,916,670	2,078,185	2,988,512
The Bank of Punjab - a related party	4,916,670	1,030,197	1,677,298
Bank Alfalah Limited	6,916,660	2,078,201	2,988,530
Soneri Bank Limited	3,000,000	901,385	1,296,227
Dubai Islamic Bank	2,000,000	1,048,011	1,311,238
	63,750,000	19,154,535	27,544,907

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18.1.2 Principal and rate of interest

The principal is repayable in semi-annual installments starting from December 31, 2018 and carries mark-up at the rate of 3 months KIBOR plus 3% (2024: 3 months KIBOR plus 3%) per annum. Mark-up shall be paid semi-annually in arrears. The effective mark-up rate charged during the year on the outstanding balance ranges from 12.14% to 20.24% (2024: 21.99% to 22.91%) per annum.

18.1.3 The facility is secured by assignment over present and future receivable from CPPA-G, hypothecation charge over all moveable assets (current & future) of the Company with a 25% margin, mortgages over the Company's unencumbered rights in immovable property on which the project is being established, with a 25% margin and charge over certain bank accounts. Further, Energy Department, Government of Punjab (i.e. sponsors) has arranged StandBy Letter of Credit (SBLC) amounting Rs. 6,500 million in favor of lenders in relation to Debt Service Reserve Account requirement under the Company's borrowing agreement.

		Note	2025	2024
			(Rupees in thousands)	
19	Lease liability			
	Opening balance		99,770	123,086
	Interest expense on lease liability during the year	29	9,390	14,087
	Payments made during the year		(39,923)	(38,262)
	Impact of re-assessment		1,861	859
			(28,672)	(23,316)
	Closing balance		71,098	99,770
	Less: current portion shown under current liabilities		(38,659)	(30,306)
			32,439	69,464

19.1 The Company has lease contract of its head office Building having remaining term of two years. Lease rental are generally made for a fixed period subject to renewal upon mutual consent of the Company and lessor. Lease rentals are paid on monthly basis. Lease terms are negotiated on an individual basis and contains a wide range of different terms and conditions. Management exercise significant judgment in determining whether these extension and termination options are reasonably certain to be exercised.

19.2 The Company has obtained vehicles on lease from Allied Bank Limited. The lease contract has the term of four years. This gives rise to lease liabilities in respect of the right of use assets as referred in note 6.3. Incremental borrowing rate of (3 months KIBOR + 0.75%) per annum has been used as the implicit rate of return for vehicles. As per contract, future payments are updated quarterly on the basis of prevailing 3 months KIBOR rate on that quarter. Lease rentals (Inclusive of mark up and principal) is paid on quarterly basis in advance.

19.3 The undiscounted minimum lease payments of the lease liabilities are:

	2025		
	Minimum lease payments	Finance cost for future periods	Present value of minimum lease payments
	----- (Rupees in thousands) -----		
Not later than one year	42,308	1,788	40,520
Later than one year but not later than five years	33,894	3,316	30,578
	76,202	5,104	71,098
	----- (Rupees in thousands) -----		

	2024		
	Minimum lease payments	Finance cost for future periods	Present value of minimum lease payments
	----- (Rupees in thousands) -----		
Not later than one year	39,320	9,014	30,306
Later than one year but not later than five years	104,167	34,703	69,464
	143,487	43,717	99,770

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	20	Trade and other payables	Note	(Restated)	
				2025	2024
				(Rupees in thousands)	
Payable to suppliers		20.1	5,919,400	5,911,816	
Trade creditors		20.2	11,975,582	5,849,350	
Accrued liabilities		20.3	801,670	6,735,541	
Retention money payable			3,997	7,994	
PPIB fee payable		20.4	462,893	391,478	
Workers' Welfare Fund (WWF)		20.5	263,635	471,071	
Workers Profit Participation Fund payable (WPPF)		20.6	-	1,177,676	
Provision against Corporate Social Responsibility			650	200	
Payable to SNGPL under Take or Pay			-	10,879,190	
Other liabilities			7,036	4,924	
			<u>19,434,863</u>	<u>31,429,240</u>	

20.1 This includes Rs. 4,681.18 million (2024: Rs. 4,681.18 million) and Rs. 1,210.64 million (2024: Rs. 1,210.64 million) payable to EPC contractor against offshore and onshore contracts, respectively. The Company charged liquidated damages to its EPC contractor amounting to USD 53.93 million due to delays in completion of construction of the plant. The EPC contractor, vide letter HEI-HRL/FPKBK1/QATPL_0382 dated June 27, 2018 has offered an arrangement whereby security has been offered equal to the amount of liquidated damages till the matter is amicably resolved or settled through arbitration. Consequently, the amount of LC opened by the Company in favor of EPC contractor has been reduced by USD 53.93 million, however, since the recoverability of liquidated damages is not virtually certain, therefore, pending resolution of the matter, the management has not recorded a receivable from EPC contractor.

20.2 This includes Rs. 11,142.41 million (2024: Rs. 4,928.74 million) payable to SNGPL on account of purchase of RLNG amounting Rs. 3,328.96 and adjustments related to OGRA tariff actualization of RLNG sales price amounting to Rs. 7,813.45 million. The Company is liable to pay mark up at 3 month KIBOR plus 1% on delayed payment.

20.3 This includes Rs. 781.07 million (2024: Rs. 6,718.76 million) payable to SNGPL on account of delayed payment markup on invoices relating to purchase of RLNG. The markup is charged at 3 month KIBOR plus 1% (2024: 1 month KIBOR plus 2%) per annum.

20.4 Private Power Infrastructure Board (PPIB) is empowered through S.R.O. 406 (1) dated March 8, 2019 applicable to all IPPs, sponsors, power companies including generation, transmission and distribution companies facilitated by PPIB, to charge annual fee on each anniversary of COD at the rate specified by PPIB. The amount recorded as payable represents fee from COD May 20, 2019 to May 20, 2025.

	20.5	Workers' Welfare fund	(Restated)	
			2025	2024
				(Rupees in thousands)
Opening balance			471,071	359,392
Provision for the year			263,635	471,071
Payment for the year			(471,071)	(359,392)
Closing balance			<u>263,635</u>	<u>471,071</u>

Provision is made as per the requirements of the Punjab Workers Welfare Fund Act promulgated on December 13, 2019.

	20.6	Workers' Profit Participation fund	(Restated)	
			2025	2024
				(Rupees in thousands)
Opening balance			1,177,676	898,481
Provision for the year			-	1,177,676
Payment for the year			(1,177,676)	(898,481)
Closing balance			<u>-</u>	<u>1,177,676</u>

20.7 Reason for restatement of the balance at June 30,2024 is explained in note 5.1 to the financial statements.

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		<i>Note</i>	2025	2024
			(Rupees in thousands)	
21	Short term borrowings - secured			
	Short term borrowings - secured	21.1	15,674,986	15,674,986
	Accrued mark-up		532,746	916,122
			<u>16,207,732</u>	<u>16,591,108</u>

21.1 Working capital finance has been availed from consortium of banks. These facilities carry mark-up for all banks at the rate of 3 months KIBOR plus 1.5% (2024: 3 months KIBOR plus 1.5%) and for the Meezan Bank Limited 3 months KIBOR + 1.0% (2024: 3 months KIBOR + 1.0%) per annum, payable quarterly in arrears.

These facilities are secured by way of the following:

- a) First hypothecation charge/assignment with 25% margin, over (1) Present and future EPP receivables from CPPA-G and any of its successors, assignees and transferees, (2) Present and future gas sales receivables following diversion as envisaged in the section 3.6 of the GSA, (3) Fuel insurance proceeds and (4) Fuel stock of high speed diesel (HSD).
- b) Charge with 25% margin and right of set-off over all accounts (fuel cost account and working capital accounts) established in connection with the facility.
- c) Second ranking equitable mortgage amounting to Rs. 4,000 million over the land, building and plant and machinery of the Company.
- d) Second ranking hypothecation charge amounting to Rs. 4,000 million over all present and future fixed assets and properties of the Company excluding immovable property.

		<i>Note</i>	2025	2024
			(Rupees in thousands)	
22	Provision against Take or Pay			
	Provision against Take or Pay	22.1	<u>13,928,340</u>	<u>-</u>

22.1 Pursuant to settlement agreement dated June 11, 2025 between SNGPL and the Company as explained in detail in note 1.5 to these financial statements, the Company has recorded provision of Rs 13.93 billion representing ToP claims of SNGPL post LCIA award till December 31, 2024. The payment of this amount to SNGPL is subject to verification by independent external auditors of SNGPL.

23 Contingencies and commitments

23.1 Contingencies

23.1.1 The Additional Commissioner, Punjab Revenue Authority issued assessment order dated 15 March 2019 under section 52 of the Punjab Sales Tax on Service Act, 2012 (the PSTS Act) on the premise that the Company has been receiving taxable services from various contractors but has neither withheld the Punjab sales tax on services nor made due payments to the Punjab Government as required under Punjab Sales Tax on Service (Withholding) Rules, 2015 on services received during the period from May 2015 to June 2017 and created demand of Rs. 4,924.89 million along with penalty of Rs. 246.24 million. Being aggrieved, the Company preferred an appeal before the Commissioner (Appeals) PRA, who decided the case against the Company and upheld the order of Additional Commissioner vide its order dated 17 June 2019. Against the order of the Commissioner (Appeals) PRA, the Company filed an appeal before the Appellate Tribunal PRA dated 22 November 2019. The Appellate Tribunal PRA, vide order dated 23 December 2022, partially decided the appeal in favor of the Company by deleting penalty of Rs. 246.24 million while upholding the decision of Commissioner (Appeals) PRA regarding tax demand of Rs. 4,924.89 million. Afterwards, the Company filed appeal before Honorable Lahore High Court against the order of the Appellate Tribunal PRA which is pending adjudication.

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However, the Honorable Lahore High Court, vide its order dated, 16 January 2023 granted interim relief to the Company, as such no coercive action shall be taken against the Company. The management, based on an advice from its legal counsel, believes that it has arguable case in this proceeding. Based on legal and factual grounds, the Company foresee a favorable decision at the Honorable Lahore High Court. The management further believes that in case of any adverse findings, the tax is to be paid by the Contractor under the EPC Agreement. Pursuant to Agreement for release of performance security signed between the Company and the EPC Contractor on 16 June 2025, the EPC Contractor has agreed to provide a specific USD 22 Million bank guarantee to secure the Company against any adverse findings in the instant litigation.

23.1.2 The Deputy Commission Inland Revenue (DCIR) rejected the claim of input tax on construction and installation services under section 8 of the Sales Tax Act, 1990 while treating it as purchase of construction materials and fixed assets, not eligible for input tax claim and issued order dated 30 March 2019 for the tax periods February 2017, April 2017, May 2017 and June 2017 and created sales tax demand of Rs. 345.13 million along with default surcharge and penalty. Being aggrieved with the adverse treatment, the Company filed an appeal before the Commissioner Inland Revenue (Appeals) (CIR-A) who vide order dated 19 August 2019 decided against the Company. Against the order of CIR-A, the Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) which was also decided against the Company vide its order dated 14 June 2021. Being aggrieved, the Company has filed a Sales Tax Reference 49639/2021 before the Honorable Lahore High Court which is pending adjudication. Meanwhile the Honorable Lahore High Court provided interim relief to the Company vide orders dated 25 August 2021, later extended through order dated 24 May 2022, that no coercive action shall be taken against the Company for recovery of the tax demand pursuant to the ATIR order. Subsequent to the reporting date, the Honorable Lahore High Court vide order dated 04 November 2025 has decided the Sales Tax Reference in favor of the Company.

23.1.3 The Assistant Commissioner Inland Revenue (ACIR) issued order dated 3 January 2018 for the tax periods April 2016, May 2016, December 2016 and April 2017 creating a sales tax demand of Rs. 986.09 million along with default surcharge and penalty to be calculated at the time of payment. The ACIR rejected the claim of input tax on construction and installation services under section 8 of the Sales Tax Act, 1990 (the Act) treating it as purchase of construction materials and fixed assets, not eligible for input tax claim. Being aggrieved with the adverse treatment, the Company filed an appeal before the Commissioner Inland Revenue (Appeals) (CIR-A). The Company claimed that section 8 of Sales Tax Act, 1990 allows input tax credit on fixed assets which were used in taxable supplies i.e. generation and supply of electricity.

Input tax is also allowed on construction material e.g. cement to the extent it is used in taxable supplies i.e. construction of Energy Power Plant in this case. Hence, the Company claimed that input tax claim was admissible even if Sales Tax Act, 1990 was applied. Moreover, the sales tax liability had been duly discharged by the registered person and had been deposited in government treasury. The appeal was decided against the Company by the CIR-A vide order dated 27 March 2019. Against the order of CIR-A, the Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) which was also decided against the Company vide order dated 27 November 2020. Being aggrieved, the Company has filed a Sales Tax Reference 9011/2021 before the Honorable Lahore High Court which has been decided in favor of the Company subsequent to reporting date on 04 November 2025.

23.1.4 The Additional Commissioner Inland Revenue (ACIR) issued show cause notice dated 12 May 2023 under section 122(9)/122(5A) of the Income Tax Ordinance, 2001 requiring the Company to submit its response to the observations mentioned therein. The Company made, due compliance of the said notice, however, the ACIR issued order dated 27 March 2024 under section 122(5A) of the Ordinance and created income tax demand amounting to Rs. 1,550.38 million on various issues including mark up on delayed payment interest being treated as income from other source. The Company also filed rectification application before the ACIR under section 221 of the Ordinance for rectification of mistake apparent from the order issued under section 122(5A) of the Ordinance. The ACIR, after proper verification, issued rectification order dated 24 December 2024 under section 221(1) of the Ordinance and resultantly, the income tax demand is reduced to Rs. 33.88 million. Further being aggrieved with the adverse treatment, the Company has preferred an appeal before the Commissioner Inland Revenue (Appeals), which has been transferred to Appellate Tribunal Inland Revenue after the promulgation of Tax Laws (Amendment) Act, 2024 and is pending adjudication. The management, based on an advice from its tax advisor, believes that it has arguable case in this proceeding on the basis of legal and factual grounds and accordingly a favorable outcome is expected.



23.2 Commitments

23.2.1 The Company is committed to pay monthly fee / quarterly fee to its contractors as per terms agreed in the O&M agreements and LTSA agreements as disclosed in note 1.4 to these financial statements.

23.2.2 The Company is committed to arrange approximately USD 0.241 million in respect of Energy Center of Excellence training costs. Construction for the Energy Center of Excellence was completed in last year. The center is now fully operated and maintained by O&M contractor of the Company.

23.2.3 The Company is committed to pay USD 6.50 million for new rotor for H84 generator at Bhikki site. In this respect, a Letter of Credit (LC) has been opened with National Bank of Pakistan on March 18, 2024 in favor of General Electric International Inc. valid up to December 30, 2025.

23.2.4 The Company has entered in an agreement with Telenor Pakistan Pvt. Ltd. for provision of cellular services to employees of the Company for the period of three years starting from March 2024. In this regard, the Company has provided security worth Rs. 10 million in form of bank guarantee issued on March 11, 2024 valid up to February 28, 2027.

23.2.5 The Company is committed to pay USD 0.225 million for software upgradation services of the plant at Bhikki site. In this respect, a Letter of Credit (LC) has been opened with the National Bank of Pakistan on March 5, 2024 in favor of General Electric International Inc. valid up to April 15, 2025.

		<i>Note</i>	2025 (Rupees in thousands)	2024
24	Revenue from contract with customer			
	Gross Energy Purchase Price (EPP)	24.1	175,410,198	104,906,162
	Less: Sales tax		(25,480,732)	(16,010,587)
			149,929,466	88,895,575
	Capacity Purchase Price (CPP)		27,147,368	32,360,280
	Sharing of fuel and O&M savings	24.2	(365,744)	-
	Revenue from contract with customer-net		<u>176,711,090</u>	<u>121,255,855</u>
	Geographical Region			
	Pakistan		<u>176,711,090</u>	<u>121,255,855</u>
	Timing of goods transferred			
	Good transferred to customer over time		<u>176,711,090</u>	<u>121,255,855</u>
24.1	This represents energy produced and supplied to the national grid from combined cycle operations of Bhikki Power Plant. Commercial Operations started from May 20, 2018.			
24.2	This represents CPPA-G share of net savings in fuel and O&M costs adjusted by overhauling reserve. As per Negotiated Settlement Agreement, net savings in fuel and O&M will be shared in the ratio of 60:40 between CPPA-G and the Company effective from July 01, 2024.			
				(Restated)
25	Cost of sales			
	Re-Liquefied Natural Gas consumed (RLNG)		144,277,960	80,679,232
	Operation and Maintenance Variable Cost		1,795,183	1,362,247
	Operation and Maintenance Fixed Cost	5.1	4,114,382	3,007,379
	High Speed Diesel consumed		-	4,121,882
	Depreciation	6.1.2	2,229,694	2,234,869
	Plant insurance premium		1,763,470	1,813,593
	Salaries, wages and other benefits	25.1	161,365	134,361
	Utilities		343,097	503,242
	Vehicle running expense		12,923	12,414
	Travelling and conveyance		8,481	6,691
	Communication charges		228	625
	Others		42,446	24,900
			<u>154,749,229</u>	<u>93,901,435</u>

25.1 This includes Rs. 9.50 million (2024: Rs. 5.02 million) charged in respect of retirement benefits - gratuity scheme.

25.2 Reason for restatement is explained in note 5.1 to the financial statements.

		Note	2025	2024
			(Rupees in thousands)	
26	Administrative expenses			
	Salaries, wages and benefits	26.1	428,654	323,188
	Consultancy charges		4,725	6,361
	Fees and subscriptions		55,014	39,546
	Impairment loss on property, plant and equipment		-	344,390
	Legal and professional		11,823	50,440
	Depreciation	6.1.2 & 6.3	34,983	47,079
	Vehicle running expense		32,864	36,359
	Entertainment		9,003	5,753
	Advertisement and promotion		581	902
	Auditors' remuneration	26.2	5,000	4,962
	Printing and stationery		3,900	6,418
	Communication		8,272	7,123
	Utilities		7,336	7,978
	Traveling and conveyance		18,811	27,501
	Repair and maintenance		4,153	3,452
	Amortization	7	395	1,254
	Training and seminars		14,909	14,937
	Others		14,051	14,962
			<u>654,474</u>	<u>942,605</u>

26.1 This includes Rs. 12.28 million (2024: Rs.5.92 million) charged in respect of retirement benefits - gratuity scheme.

		Note	2025	2024
			(Rupees in thousands)	
26.2	Auditors' remuneration			
	Annual audit fee		4,400	3,749
	Half year review		100	625.00
	Other certifications		250	278
	Out of pocket expenses		250	310
			<u>5,000</u>	<u>4,962</u>

27 Other expenses

Mark up on delayed payments	27.1	1,297,398	1,787,951
Worker's Profit participation Fund	27.2	-	122,429
Punjab Worker Welfare Fund	27.3	36,247	48,971
Corporate Social Responsibility	27.4	86,873	56,448
Exchange loss - net		10,328	84,455
Mark up on delayed payments against take or pay invoices		674,599	1,324,766
Sales tax disallowed		16,760	-
Receivable written off from CPPA-G	27.5	17,110,908	-
Take or Pay Expenses - SNGPL	27.6	13,928,340	-
Miscellaneous		3,499	-
		<u>33,164,952</u>	<u>3,425,020</u>

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27.1 This expense represents markup on delayed payments to SNGPL against RLNG invoices at the rate of three month KIBOR + 1% and 2% per annum (June 30, 2024: three month KIBOR + 2%).

27.2 This represents provision of Workers' Profit Participation Fund (WPPF) amounting to Rs. Nil (2024: Rs. 122.43 million) on other income not recoverable from CPPA-G under section 11.3 (a) of Part IV of Schedule 1 of the PPA.

27.3 This represents provision of Workers' Welfare Fund (WWF) amounting to Rs. 36.25 million (2024: Rs. 48.97 million) on other income not recoverable from CPPA-G under section 11.3 (a) of Part IV of Schedule 1 of the PPA.

27.4 This represents expenses incurred under Corporate Social Responsibility initiative of the Company amounting to Rs 86.87 million (2024: Rs. 56.45 million) which majorly pertains to construction of OPD Block at DHQ Hospital, Sheikhupura and scholarships for the students of University of Engineering and Technology.

27.5 Pursuant to Negotiated Settlement Agreement (NSA) dated 11 June 2025 between the CPPA-G and the Company as explained in detail in note 1.5 to these financial statements, the Company has waived off delayed payment interest invoiced to CPPA-G till 31 December 2024 of aggregate amount of Rs. 7,355 million, written off receivable from CPPA-G of Rs. 2,746.74 million which represents prior years' earnings relating to fuel and O&M savings up to 30 June 2024, Rs. 2,308.37 million against Part Load, Heat and Output degradation factor and Rs. 4,700.79 million against receivable from CPPA-G recognized in prior years against Take or Pay charges.

27.6 Pursuant to settlement agreement dated June 11, 2025 between SNGPL and the Company as explained in detail in note 1.5 to these financial statements, the Company has recorded a provision of Rs 13.93 billion representing ToP claims of SNGPL post LCIA award till December 31, 2024. The payment of this amount to SNGPL is subject to verification by independent external auditors of SNGPL.

		<i>Note</i>	2025	2024
			(Rupees in thousands)	
28	Other income			
<i>Income from financial assets:</i>				
	Profit on deposit accounts		1,778,580	2,364,904
	Interest income on receivable from CPPA-G	28.1	4,270,385	11,808,797
<i>Income from non financial assets:</i>				
	Sale of scrap material		27,673	81,490
	Tender income		6,108	2,196
	Gain on disposal of fixed assets		727	-
	Reversal of liabilities no longer payable	28.2	12,497,695	-
	Insurance claim income		434,358	-
			<u>19,015,526</u>	<u>14,257,387</u>

28.1 This represents interest income on delayed payments receivable from CPPA-G at the rate of 3 months KIBOR +2% and 1% per annum (2024: 3 months KIBOR + 2%).

28.2 Pursuant to the settlement agreements dated 11 June 2025 between SNGPL and the Company as explained in detail in note 1.5 to these financial statements, SNGPL has waived off delayed payment mark up to the Company till 31 December 2024 of aggregate amount of Rs. 12,497.70 million.



29	Finance cost	Note	(Restated)	
			2025	2024
(Rupees in thousands)				
	Mark-up on short term borrowings		2,609,802	3,726,718
	Mark-up on long term financing		4,673,748	8,793,964
	SBLC commission and arrangement fee		228,520	228,520
	Lenders' fees		10,478	10,962
	Amortization of transaction cost		87,909	103,809
	Security fee		4,500	8,755
	Bank and stamp duty charges		6,487	8,175
	PPIB renewal fee		2,791	-
	Markup on lease liability against right of use asset	19	9,390	14,087
			<u>7,633,625</u>	<u>12,894,990</u>

29.1 Reason for restatement is explained in note 5.2 to the financial statements.

30 Taxation

Current tax:

Current year	30.1	706,822	854,538
Prior year		75,203	-
Deferred tax	30.3	-	-
	30.4	<u>782,025</u>	<u>854,538</u>

30.1 This represents provision of current tax on 'Income from other sources' for the year. Based on Corporate Tax and Super Tax levied for tax year 2025 on taxable income, the total provision for taxation is Rs 706.82 million.

30.2 As per Division II-B of Part I of the First Schedule to the Income Tax Ordinance, 2001 (the Ordinance), the rate of Super Tax applicable under Section 4C of the Ordinance for Tax Year 2025 is 10%, where taxable income exceeds Rs. 500 million.

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

30.4	Tax Reconciliation	(Restated)	
		2025	2024
(Rupees in thousands)			
	(Loss)/profit before tax	(475,664)	24,349,192
	Applicable tax rate	29%	29%
	Tax at the applicable rate	(137,943)	7,061,266
Tax effect of amounts that are:			
	Inadmissible expenses	4,639,187	1,276,168
	Admissible expenses	(754,992)	(2,940,966)
	Tax credit brought forward	-	(424,860)
	Super tax	1,291,812	2,061,318
	Prior year tax	75,203	-
	Classified as pass-through item	(4,331,242)	(6,178,388)
	Tax charged to statement of profit or loss	<u>782,025</u>	<u>854,538</u>

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31 Remuneration of Directors, Chief Executive and Executives

The aggregate amount charged in the financial statements for the year in respect of remuneration, including all benefits to the Directors, Chief Executive and Executives of the Company is as follows:

	Directors		Chief Executive		Executives	
	2025	2024	2025	2024	2025	2024
(Rupees in thousands)						
Short term employee benefits						
Managerial remuneration	-	-	35,318	31,282	269,931	246,375
Utilities	-	-	1,615	1,532	-	-
Meeting fee	23,865	19,050	-	-	-	-
Reimbursement against driver salaries	-	-	-	-	4,082	-
Leave Fare Assistance (LFA)	-	-	2,943	2,607	22,498	20,531
Bonus	-	-	15,010	11,001	109,557	84,712
	23,865	19,050	54,886	46,422	406,068	351,618
Post employment benefits						
Gratuity	-	-	5,961	7,435	42,573	49,056
	23,865	19,050	60,847	53,857	448,641	400,674
Number of persons	13	12	1	1	33	32

31.1 The Chief Executive and certain Executives have been provided with the Company's maintained motor vehicles for the official use in accordance with their terms of employment.

31.2 "Executive" is an employee, other than the Chief Executive and directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year.

31.3 The above number of directors includes Mr. Zaheer Ahmed Gangro who left the Company on February 07, 2025.

	2025	MWh	2024
Annual installed capacity	10,336,800	10,336,800	
Annual tested capacity	9,868,974	9,788,310	
Actual energy delivered during year	6,097,969	3,660,144	
Output produced by the plant is dependent on the load demanded by the Power Purchaser and plant availability.			
Number of employees	58	58	

The Company has employed following number of persons including permanent and contractual staff:
 Number of employees at head office as at year end
 Number of employees at plant as at year end
 Average number of employees at head office during the year
 Average number of employees at plant during the year

58	58
9	10
58	58
9	10

Particulars	2025				
	Long term financing - secured (excluding accrued mark up)	Short term borrowings - secured (excluding accrued mark up)	Lease liability	Dividend Payable	Total
----- (Rupees in thousands) -----					
Balance as at July 1, 2024	27,339,269	15,674,986	99,770	-	43,114,025
Changes from financing activities:					
Long term financing paid - net	(8,390,372)	-	-	(5,000,000)	(8,390,372)
Dividend Paid	-	-	-	-	(5,000,000)
Lease rentals paid during the year	-	-	(39,923)	-	(39,923)
Total changes from financing cash flows	(8,390,372)	-	(39,923)	(5,000,000)	(13,430,295)
Other changes:					
Markup on lease liability	-	9,390	-	-	9,390
Impact of re-assessment/modification	-	1,861	-	-	1,861
Dividend declared during the year	-	-	5,000,000	5,000,000	5,000,000
Transaction cost	87,910	-	-	-	87,910
Total other changes	87,910	-	11,251	5,000,000	5,099,161
Closing as at June 30, 2025	<u>19,036,307</u>	<u>15,674,986</u>	<u>71,098</u>	<u>-</u>	<u>34,782,891</u>

	2024				
Particulars	Long term financing - secured (excluding accrued mark up)	Short term borrowings - secured (excluding accrued mark up)	Lease liability	Dividend Payable	Total
--- (Rupees in thousands) ---					
Balance as at July 1, 2023	37,406,223	15,674,986	123,086	-	53,204,295
Changes from financing activities:					
Long term financing paid - net	(10,170,763)	-	-	(3,187,500)	(10,170,763)
Dividend Paid	-	-	-	-	(3,187,500)
Payment of lease liability	-	-	(38,262)	-	(38,262)
Total changes from financing cash flows	(10,170,763)	-	(38,262)	(3,187,500)	(13,396,525)
Other changes:					
Markup on lease liability	-	14,087	-	-	14,087
Impact of re-assessment/modification	-	859	-	-	859
Dividend declared during the year	-	-	3,187,500	-	3,187,500
Transaction cost	103,809	-	-	-	103,809
Total other changes	103,809	-	14,946	3,187,500	3,306,255
Closing as at June 30, 2024	<u>27,339,269</u>	<u>15,674,986</u>	<u>99,770</u>	<u>-</u>	<u>43,114,025</u>

35 Related party transactions and balances

The related parties comprise of the Government of Punjab (principal shareholder), its associated undertakings, other related undertakings, and key management personnel. Amount due from and due to related parties are shown under respective notes. Other transactions and balances with related parties except those disclosed elsewhere are as follows:

Name of parties	Relationship	Transactions	
		2025 (Rupees in thousands)	2024 (Rupees in thousands)
a)	Directorate General Public Relations	Common control	Advertisement expenses 427 334
b)	The Bank of Punjab	Common control	Mark-up expense charged 279,102 544,997 Mark-up on loan paid 279,102 544,997 Long term loan repayments 647,101 677,801 DSRA SBLC Commission, Security Agent, Security Agency & Arrangement fee 228,520 228,520
c)	Directors	Directors	Meeting fee 23,865 19,050
d)	Key Management Personnel	other than directors	Remuneration, bonus & LFA Proceeds from sale of laptops 244,878 727 212,019 -
e)	QATPL Gratuity Fund		Contribution made to the fund during the year - 45,674
f)	QATPL-WPPF		Contribution made to the fund during the year 1,177,676 898,481

Refer note 18.1.3 to the financial statements for StandBy Letter of Credit arranged by the Energy Department, Government of Punjab in relation to Debt Service Reserve Account requirement under the Company's borrowing agreement.

35.1 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers all members of their senior management team, including Chief Executive Officer and directors to be its key management personnel and these are disclosed below.

Name	Relationship	Number of Shares held
Dr. Farukh Naveed	Director	Nil
Mr. Mujahid Sherdil	Director	2
Dr. Naeem Rauf	Director	2
Mr. Abdul Basit	Director	Nil
Ms. Aasia Saail Khan	Director	Nil
Mr. Khurram Saleem	Director	Nil
Mr. Naweed Sharif	Director	Nil
Mr. Tariq Mehmood	Director	Nil
Mr. Farrukh Ifzal	Director	Nil
Syed Muhammad Ali	Director	Nil
Mr. Waseem Akhtar	Director	Nil
Syed Waseem Ur Rehman	Chief Executive Officer	Nil
Syed Salman Hassan	Key management personnel	Nil
Usman Saeed	Key management personnel	Nil
Mr. Imitiaz Ahmed	Key management personnel	Nil
Shamsul Aziz	Key management personnel	Nil
Fahad Anjad Khan	Key management personnel	Nil
Mr. Daud Aziz Khoker	Key management personnel	Nil
M. Ishaq Shakir	Key management personnel	Nil

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36 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk (including currency risk, interest rate risk and other price risk)

The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

36.1 Risk management framework

The Board of Directors have overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react to changes in market conditions and the Company's activities. The Company through its training and management standards and procedures aims to maintain a disciplined and constructive control environment in which all employees understand their roles and responsibilities.

36.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The Company's only customer is CPPA-G. The credit risk on trade receivables from CPPA-G is managed by a guarantee from the Government of Pakistan under the Implementation Agreement (IA) and by continuous follow-ups for release of payments from CPPA-G. Cash is held only with reputable banks with high quality external credit enhancements.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	Note	2025 (Rupees in thousands)	2024 (Rupees in thousands)
Long term deposits	9	11,691,688	10,042,664
Trade receivables - considered good	12	50,763,473	66,866,111
Other receivables	13	1,212,125	9,078,383
Security deposit as cash lien in Bank of Punjab - a related party	13	682,872	682,872
Bank balances	14	19,605,584	11,221,626
		<u>83,955,742</u>	<u>97,891,656</u>

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The Company believes that it is not exposed to major concentration of credit risk and the risk attributable to trade debts and recoverable from CPPA as pass-through items is mitigated by guarantee from the Government of Pakistan under the Implementation Agreement. Age analysis of trade receivable balances is given in note 12.3 to these financial statements.



Bank balances and security deposit as cash lien in bank

The credit quality of bank balances and security deposit in bank that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate:

	Rating			(Rupees in thousands)
	Short term	Long term	Agency	
As on June 30, 2025				
National Bank of Pakistan	A-1+	AAA	PACRA	19,600,689
Habib Bank Limited	A-1+	AAA	JCR-VIS	4,741
The Bank of Punjab	A-1+	AA+	PACRA	683,026
				<u><u>20,288,456</u></u>
As on June 30, 2024				
National Bank of Pakistan	A-1+	AAA	PACRA	11,202,975
Habib Bank Limited	A-1+	AAA	JCR-VIS	15,484
The Bank of Punjab	A-1+	AA+	PACRA	686,039
				<u><u>11,904,498</u></u>

36.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. For this purpose the Company has sufficient running finance facilities available from various commercial banks to meet its liquidity requirements.

Following is the maturity analysis of financial liabilities at reporting date:

	2025				
	Carrying amount	Contractual cash flows	Up to one year	Later than one year but not later than five years	More than five years
Non derivative financial liabilities	(Rupees in thousands)				
Long term financing - secured	19,154,535	23,195,340	10,925,832	12,269,508	-
Trade and other payables	18,708,335	18,708,335	18,708,335	-	-
Short term borrowings - secured	16,207,732	16,207,732	16,207,732	-	-
Lease liability	71,098	76,202	42,308	33,894	-
	<u>54,141,700</u>	<u>58,187,609</u>	<u>45,884,207</u>	<u>12,303,402</u>	<u>-</u>
2024					
	Carrying amount	Contractual cash flows	Up to one year	Later than one year but not later than five years	More than five years
(Restated)					
Non derivative financial liabilities	(Rupees in thousands)				
Long term financing - secured	27,544,907	27,544,907	8,390,372	19,154,535	-
Trade and other payables	29,389,015	29,389,015	29,389,015	-	-
Short term borrowings - secured	16,591,108	16,591,108	16,591,108	-	-
Lease liability	99,770	143,487	39,320	104,167	-
	<u>73,624,800</u>	<u>73,668,517</u>	<u>54,409,815</u>	<u>19,258,702</u>	<u>-</u>

36.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is protected against market risk through indexation mechanism in tariff.

36.4.1 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.

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Monetary items, including financial assets and financial liabilities, denominated in currency other than functional currency of the Company, are periodically translated to Pakistani Rupee equivalent and the associated gain or loss is taken to statement of profit or loss and other comprehensive income. At year end the Company has no payable / receivable balance denominated in foreign currency.

36.4.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest / mark-up bearing financial instruments as at the reporting date are as follows:

Variable rate financial instruments

	Note	2025		2024	
		Financial assets	Financial liabilities	Financial assets	Financial liabilities
----- (Rupees in thousands) -----					
Long term financing - secured	18	-	19,154,535	-	27,544,907
Short term borrowings	21	-	15,674,986	-	15,674,986
Deposits with banks	14.1	19,605,584	-	11,221,626	-
		<u>19,605,584</u>	<u>34,829,521</u>	<u>11,221,626</u>	<u>43,219,893</u>

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / (decreased) the profit before tax for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	2025	2024
	(Rupees in thousands)	
Increase of 100 basis points		
Variable rate instruments	<u>(152,239)</u>	<u>(319,983)</u>
Decrease of 100 basis points		
Variable rate instruments	<u>152,239</u>	<u>319,983</u>

36.4.3 Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to price risk since there are no investments in equity securities and the Company's long term deposit placed under the terms of GSA is carried at zero percent interest rate for the Company which is the market rate for such deposits. The Company is also not exposed to commodity price risk since it does not hold any financial instrument based on commodity price.

37 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

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37.1 The following table shows the carrying amounts and fair values of financial instruments and non-financial instruments including their levels in the fair value hierarchy:

	Financial Asset	Financial Liabilities	Total
(Rupees in thousands)			
As on June 30, 2025			
Financial assets at fair value			
Long term deposit (Level 1)	11,691,688	-	11,691,688
Financial assets at amortized cost:			
Trade receivables - considered good	50,763,473	-	50,763,473
Other receivables	1,212,125	-	1,212,125
Cash and bank balances and security deposit in bank	20,288,696	-	20,288,696
	<u>72,264,294</u>	<u>-</u>	<u>72,264,294</u>
Financial liabilities at amortized cost:			
Long term financing - secured	-	19,154,535	19,154,535
Trade and other payables	-	18,708,335	18,708,335
Short term borrowings - secured	-	16,207,732	16,207,732
	<u>-</u>	<u>54,070,602</u>	<u>54,070,602</u>
As on June 30, 2024			
Financial assets at fair value			
Long term deposit (Level 1)	10,042,664	-	10,042,664
Financial assets at amortized cost:			
Trade receivables - considered good	66,866,111	-	66,866,111
Other receivables	9,078,383	-	9,078,383
Cash and bank balances and security deposit in bank	11,905,080	-	11,905,080
	<u>87,849,574</u>	<u>-</u>	<u>87,849,574</u>
Financial liabilities at amortized cost:			
Long term financing - secured	-	27,544,907	27,544,907
Trade and other payables	-	29,389,015	29,389,015
Short term borrowings - secured	-	16,591,108	16,591,108
	<u>-</u>	<u>73,525,030</u>	<u>73,525,030</u>

37.1.1 Trade and other payable that are not financial liabilities (PPIB fee payable, Workers' profit participation fund and workers' welfare fund) are not included.

37.1.2 Advances, deposits and prepayments that are not financial assets (Prepayment, sales tax refundable, sales tax receivable from Federal Board of Revenue (FBR)) are not included.

37.1.3 The fair value of financial assets and liabilities (except non-current portion of long term financing) approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of non-current portion of long term loans is not significantly different from its carrying value as these financial instruments bear interest at floating rates which gets re-priced at regular intervals.

MEMO

38 Capital risk management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

- (i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- (ii) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

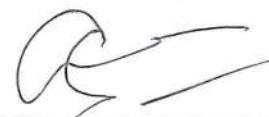
39 Date of authorization for issue

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 15 JAN 2026.

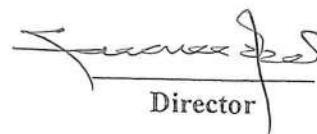
MMP



Chief Executive



Chief Financial Officer



Director

PROXY FORM**QUAID-E-AZAM THERMAL POWER (PRIVATE) LIMITED**

I/We _____ S/o _____

R/o _____ being the member(s) of **QUAID-E-AZAM****THERMAL POWER (PRIVATE) LIMITED** hereby appoint Mr./Mrs./Miss _____ of (who is also member of the Company vide

Registered Folio No. _____ (being member of Company) as my/ our Proxy to attend at and vote for my/ us and on my/ our behalf at the _____

Annual/ Extra Ordinary General Meeting of the Company to be held at _____ on _____ at _____

and at any adjournment thereof.

Signed this _____ day of _____ 2026.

WITNESSES:

Signature: _____

Name: _____

Address: _____

CNIC No. _____

Please affix
Rupees five
revenue stamp

Signature: _____

Name: _____

Address: _____

CNIC No. _____

Signature

Signature should
agree with the
specimen signature
registered with the
Company**Note:**

The Form of Proxy should be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the meeting. A proxy must himself be a member of the Company.