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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POWER HOLDING LIMITED

Opinion

We have audited the annexed financial statements of **POWER HOLDING LIMITED** (the Company) which comprises the statement of financial position as at June 30, 2024, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit.

In our opinion and to the best of our information and according to explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2024 and of the profit, the total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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 State Owned Enterprises Act 2023, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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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.

Information Other than Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. Other information comprises of directors' report for the year ended June 30, 2024 but doesn't include the financial statements and our auditor's report thereon.

Our opinion on the financial statements doesn't cover the other information and we don't express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appear to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, 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 State Owned Enterprises Act 2023 and are in agreement with books of account and returns;
c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Companies business; and
d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is C.A Habib.

M. Hussain Ch.

CROWE HUSSAIN CHAUDHURY & CO.
(CHARTERED ACCOUNTANTS)

Hussain Chaudhary & Co. Member Crowe Global Chartered Accountant

Place: Islamabad
Dated: 15 NOV 2024
UDIN: AR202410349fvwJODrpP

POWER HOLDING LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

	Note	2024	2023
		--------------Pak Rupees--------------	
NON - CURRENT ASSETS			
Property and equipment	5	3,852,280	4,831,556
Long term deposits		260,500	260,500
Deferred tax asset	6	235,345	201,472
Finance facilities - principal portion receivable	7	659,646,231,408	683,253,452,446
		659,650,579,533	683,258,745,974
CURRENT ASSETS			
Current portion of receivables	8	152,201,548,344	287,875,191,892
Prepayments - Insurance		87,632	87,877
Advance income tax	9	74,795,742	35,529,975
Cash and bank balances	10	556,030,616	380,864,214
		152,832,462,334	288,291,673,958
		812,483,041,867	971,550,419,932
SHARE CAPITAL AND RESERVES			
Authorized Capital	11	15,000,000	15,000,000
Issued, Subscribed and Paid up Capital	11	15,000,000	15,000,000
Accumulated profit		540,337,357	352,901,190
		555,337,357	367,901,190
NON - CURRENT LIABILITIES			
Long term financing	12	659,646,231,408	683,253,452,447
CURRENT LIABILITIES			
Current portion of long term financing	13	23,607,221,038	82,000,000,000
Markup accrued	14	128,594,327,306	108,215,082,877
Other payables	15	1,152,349	97,661,213,938
Provision for taxation		78,772,409	52,769,480
		152,281,473,102	287,929,066,295
		812,483,041,867	971,550,419,932

CONTINGENCIES AND COMMITMENTS 16

The annexed notes, from 1 to 31, form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

POWER HOLDING LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
		------------Pak Rupees------------	
Grant - from power sector, GOP	17	173,453,056,925	163,810,001,000
Less: Utilized for			
- Finance cost	18	173,451,926,925	163,137,325,966
- Other expenses	19	1,130,000	672,675,034
		173,453,056,925	163,810,001,000
		-	-
Other income	20	290,901,019	200,703,689
Operating cost	21	19,411,985	18,976,595
Profit for the year - before taxation		271,489,034	181,727,094
Provision for taxation	22	(84,052,867)	(52,694,142)
Net profit for the year - after taxation		187,436,167	129,032,952
Earning Per Share	23	124.96	86.02

The annexed notes, from 1 to 31, form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

POWER HOLDING LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023
	------------- Pak Rupees ---------	
Profit for the year	**187,436,167**	129,032,952
Other comprehensive income	-	-
Total comprehensive income for the year	**187,436,167**	129,032,952

The annexed notes, from 1 to 31, form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

POWER HOLDING LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2024

	Share capital	Accumulated profit	Total
	----------------Pak Rupees----------------		
Balance as at July 01, 2022	15,000,000	223,868,238	238,868,238
Profit for the year	-	129,032,952	129,032,952
Balance as at June 30, 2023	15,000,000	352,901,190	367,901,190
Balance as at July 01, 2023	**15,000,000**	**352,901,190**	**367,901,190**
Profit for the year		**187,436,167**	**187,436,167**
Balance as at June 30, 2024	**15,000,000**	**540,337,357**	**555,337,357**

The annexed notes, from 1 to 31, form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

POWER HOLDING LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2,024	2023
		------------Pak Rupees------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax for the year		271,489,034	181,727,094
Adjustments for non-cash and other items:			
- Grant from power sector, GOP through CPPA-G against M-Up		(173,451,926,925)	(134,956,138,216)
- Grant from power sector, GOP through CPPA-G against LDs		-	(28,181,187,750)
- Grant from power sector, GOP through CPPA-G against Fees		(1,130,000)	(672,675,034)
- Other income		(290,901,019)	(200,703,689)
- Other charges		1,130,000	672,675,034
- Depreciation on property and equipment		979,276	1,231,040
- Finance cost		173,451,926,925	134,956,138,216
- Liquidated damages		-	28,181,187,750
		(289,921,742)	(199,472,649)
Loss for the year before working capital changes		(18,432,708)	(17,745,556)
Changes in working capital:			
- Short term prepayments		244	(9)
- Other payables		47,424	756,272
Net changes in working capital		47,668	756,263
Received from CPPA against markup		153,072,682,497	107,761,976,925
Received from CPPA-G against arrangement / trustee fee		1,130,000	672,675,034
		153,073,812,497	108,434,651,959
Finance cost paid		(153,072,682,496)	(107,761,976,928)
Trustee, arrangement and legal fee paid		(1,130,000)	(672,675,034)
Interest on bank deposit		290,901,019	200,703,689
Income tax deducted / paid		(97,349,578)	(41,499,850)
		(152,880,261,055)	(108,275,448,123)
Net cash generated from operating activities		175,166,402	142,214,543
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash used in investing activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Financing obtained during the year from banks		-	283,286,652,447
Receipts from Finance Division for onward payment to Banks		82,000,000,000	35,000,000,000
Paid to Banks on receipts from Finance Division		(82,000,000,000)	(35,000,000,000)
Repayments to the banks during the year from proceeds of Fresh facilities		-	(283,286,652,447)
Net cash used from financing activities		-	-
Net increase in cash and cash equivalents		175,166,402	142,214,543
Cash and cash equivalents at beginning of the year	10	380,864,214	238,649,671
Cash and cash equivalents at end of the year	10	556,030,616	380,864,214

The annexed notes, from 1 to 31, form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

POWER HOLDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1 LEGAL STATUS AND OPERATIONS

Power Holding Limited ("the Company") was incorporated in Pakistan on June 24, 2009, as a private limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). The status of the company was converted from private limited to public limited with effect from April 01, 2019.The company is established under the administrative control of Ministry of Energy (Power Division) and is wholly owned by the Government of Pakistan. The registered office of the company is situated at Room # 602, Shaheed-e-Millat Secretariat, Jinnah Avenue, Blue Area, Islamabad.

The company was incorporated as a result of decision by Ministry of Finance in the meeting held on May 21, 2009 under the Chairmanship of the then Advisor to the Prime Minister on Finance to remove the bank borrowings of the power sector companies (National Transmission and Despatch Company Limited (NTDC), Water and Power Development Authority (WAPDA) and Power Distribution Companies (DISCOs)) alongwith mark-up as a consequence of unpaid subsidies by the Government of Pakistan. The, then Prime Minister of Pakistan also granted approval for the establishment of the company solely for the purpose of facilitation and not to earn profits or undertake any other business. Thus, the company, although public limited, functions as a not for profit entity.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the 'Act'); and State Owned Enterprises Act,2023 and
- Provisions of and directives issued under the Act.

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention.

2.3 Functional and presentational currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pak Rupees, which is the Company's functional and presentational currency.

2.4 Significant accounting estimates

The preparation of financial statements in conformity with approved Accounting and Financial Reporting Standard requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, results of which form the basis of making judgment about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which estimates are revised, if the revision affects only that period, or in the period of revision and future periods, if revision affects current period and future periods.

Significant areas requiring the use of management estimates in the financial statements relate to property & equipment and provision for taxation.

a) Property and equipment

The company reviews useful lives and residual value of property and equipment on regular basis. Any change in estimates in future years might effect the carrying amounts of the respetive items of property and equipment with a corresponding effect on the depreciation charge and impairment.

b) Impairment of assets

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. Any change in estimates in future years might effect the carrying amounts of the respetive assets with a corresponding effect on depreciation/ amortization charge and impairment

c) Provisions

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

3 NEW AND REVISED STANDARDS AND INTERPRETATIONS

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

		Effective date (reporting periods beginning after
IAS 1	Presentation of Financial Statements-Disclosure of accounting policies	January 1, 2024
IAS 1	Presentation of Financial Statements-Non-Current Liabilities with covenants	January 1, 2024
IFRS 7	Financial Instruments Disclosure (Classification and Measurement of Financial Instruments)	January 1, 2026
IFRS 9	Financial Instruments (Classification and Measurement of Financial Instruments)	January 1, 2026
IAS 16	Leases (amendments)	January 1, 2024
IFRS 7	Financial Instruments Disclosure (Supplier Finance Arrangements)	January 1, 2024
IAS 07	Statement of Cash Flows (amendments)	January 1, 2024

POWER HOLDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

4 MATERIAL ACCOUNTING POLICIY INFORMATION

The accounting policies set out below have been applied consistently in the preparation of these financial statements:

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, balances with bank that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

4.2 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Cost signifies historical cost, directly attributable cost of bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Depreciation

Depreciation is charged to statement of profit or loss applying the reducing balance method at the rates specified in note 5 to these financial statements, so as to write off the cost less residual value of assets over their estimated useful lives. Full month's depreciation is charged in the month of purchase and no depreciation is charged in the month of disposal.

Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the Company and the cost of item can be measured reliably. Carrying amount of the replaced asset is derecognized. All other repair and maintenance, if any, is charged to statement of profit or loss during the period. The gain or loss on disposal or retirement of assets represented by the difference between the sale proceeds and the carrying amount of the asset is recognized in statement of profit or loss.

Assets are derecognized when disposed off or when no future economic benefits are expected to flow from its use. Gains or losses on disposal of an item of Property and equipment are determined by comparing the proceeds from disposal with the carrying amount of Property and equipment, and are recognized net within "other income" in statement of profit or loss.

4.3 Impairment

The Company assesses at each statement of financial position date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years. Reversal of impairment loss is charged to income.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

4.4 Taxation

Current

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantially enacted at the reporting date.

Deferred

Deferred income tax is provided using the liability method for all temporary differences arising at the statement of financial position date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred income tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such deductible temporary differences and tax losses can be utilized. Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the statement of financial position date.

4.5 Staff retirement benefits

The Company does not operates any staff retirement scheme for its employees. All the employees of the company are contractual and/or hired on contingrnt basis. No provision for gratuity has been made by the company as at year end and therefore IAS 19 is not applicable.

4.6 Financial instruments

(i) Recognition and initial measurement

All financial assets and liabilities are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of an instrument.

A financial asset (unless it is a trade debt without significant financing component) or financial liability is initially measured at fair value, plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

(ii) Classification and subsequent measurement

(a) Financial assets

On initial recognition, a financial asset is classified and measured at amortized cost, FVTOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest of the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method. The amortized cost is reduced by impairment losses. Foreign exchange gains and losses and impairment are recognized in profit or loss.

(b) Financial assets

The Company classified its financial assets into one or more of the following categories:

- FVTPL
- Loans and receivables

Loans and receivables and held to maturity financial assets were subsequently measured at amortized cost using effective interest method.

Financial liabilities-Classification and subsequent measurement

Financial liabilities are measured at amortized cost or FVTPL. A Financial liability is classified as FVTPL if it is classified as held-for-trading, it is derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss.

(iii) Derecognition

(a) Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(b) Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of modified liability are substantially different, in which case a new financial liability is recognized at the fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognized in profit or loss.

(iv) 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 offset the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

4.7 Receivables

Receivable from the Finance Division, GOP / power sector, GOP through CPPA-G is recognized on the basis of finance facilities availed by the Company for the purposes of funding of the repayment liabilities of the DISCOs. Other receivables are carried at original invoice amount less impairment, if any.

4.8 Other payables

Liabilities for amounts payable are measured at cost which is the fair value of the consideration to be paid in the future for goods and services received whether billed to the company or not.

4.9 Grant from power sector, GOP through CPPA/ Finance Division, GOP

Government grants is recognized at fair value when there is reasonable assurance that: (a) the entity will comply with the conditions attaching to them; and (b) the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related mark-up cost for which the grants are intended to compensate. The grant is presented/ charged to statement of profit or loss separately as and when due, whether received or not.

4.10 Other income

Profit on bank deposits is recognized on time proportion basis taking into account principal outstanding and rates of profit applicable thereon.

4.11 Transactions with related parties

Transactions with related parties are carried out on commercial terms and conditions.

4.12 Provisions

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

4.13 Borrowing costs

All borrowing costs are charged to profit or loss in the period in which they are incurred.

POWER HOLDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

5 PROPERTY AND EQUIPMENT

2024

	COST				Rate	ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE
	As at 1st July	Additions	(Disposals)	As at 30 June		As at 1st July	Charge for the year	(Disposals)	As at 30 June	As at 30 June
	Pak Rupees				%	Pak Rupees				Pak Rupees
Vehicles	6,881,820	-	-	6,881,820	20%	2,179,895	940,385	-	3,120,280	3,761,540
Office equipments	221,784	-	-	221,784	30%	185,033	11,026	-	196,059	25,725
Computer and equipments	771,414	-	-	771,414	30%	678,534	27,865	-	706,399	65,015
	7,875,018	-	-	7,875,018		3,043,462	979,276	-	4,022,738	3,852,280

2023

	As at 1st July	Additions	(Disposals)	As at 30 June	Rate	As at 1st July	Charge for the year	(Disposals)	As at 30 June	As at 30 June
	Pak Rupees				%	Pak Rupees				Pak Rupees
Vehicles	6,881,820	-	-	6,881,820	20%	1,004,413	1,175,482	-	2,179,895	4,701,925
Office equipments	221,784	-	-	221,784	30%	169,282	15,751	-	185,033	36,751
Computer and equipments	771,414	-	-	771,414	30%	638,727	39,807	-	678,534	92,880
	7,875,018	-	-	7,875,018		1,812,422	1,231,040	-	3,043,462	4,831,556

		Note	2024	2023
			-----------Pak Rupees-----------	
6	**DEFERRED TAX ASSET**			
	Deferred tax asset	6.1	235,345	201,472

6.1 Deferred tax asset on deductible temporary differences

Accelerated depreciation	235,345	201,472

6.2 Breakup and movement of deferred tax balances is as follows

	Opening balance	P/L	OCI	Closing balance
	------------Pak Rupees------------			
2024				
Accerałted depreciation	201,472	33,873	-	235,345
2023				
Accerałted depreciation	126,134	75,338	-	201,472

6.3 Deferred tax asset on temprorary difference are merasured at the rate of 29% (2023 : 29%)

7 FINANCE FACILITIES PRINCIPAL PORTION RECEIVABLE - NON CURRENT

	Note	2024	2023
From power sector, GOP	7.1	199,966,800,000	199,966,800,000
From finance division, GOP	7.2	459,679,431,408	483,286,652,446
		659,646,231,408	683,253,452,446

7.1 Non - current principal portion receivable - from power sector, GOP

	Note	Opening balance as at 01-07-2023	Transferred to current portion	Receivable against fresh facility during the year	Closing balance as at 30-06-2024
		-------------------------Pak Rupees-------------------------			
Rs. 199.9668 bln PES-II (dd: 21-05-20)		199,966,800,000	-	-	199,966,800,000
	7.1.1	199,966,800,000	-	-	199,966,800,000

7.1.1 This represents receivable from Power sector, Government of Pakistan through Central Power Purchasing Agency (Guarantee) Limited (CPPA) against Pakistan Energy Sukuk - II (herein after referred to as Rs. 199.9668 bln PES-II) as disclosed in note 12. The Rs. 199.9668 bln PES-II was issued by company for funding repayment liabilities of distribution companies (DISCOs) / power sector. As detailed in note 12.2.2 responsibility for repayment of principal portion of Rs. 199.9668 bln PES-II rests with power sector, GOP. The amount is receivable by company from power sector GOP through CPPA and payable to Rs. 199.9668 bln PES-II Investors during FY 2029-30.

7.2 Non-current principal portion receivable - from finance division, GOP

	Note	Opening balance as at 01-07-2023	Transferred to current portion	Receivable against fresh facility during the year	Closing balance as at 30-06-2024
		-------------------------Pak Rupees-------------------------			
Rs. 200.00 bln PES-I (dd: 01-03-19)		200,000,000,000	-	-	200,000,000,000
Rs. 115.969 bln (31-03-23)		115,969,466,667	9,664,122,222	-	106,305,344,445
Rs. 110.283 bln (dd 31-03-23)		110,283,333,333	9,190,277,778	-	101,093,055,555
Rs. 44.534 bln (dd 31-03-23)		44,533,852,446	3,711,154,371	-	40,822,698,075
Rs. 12.50 bln (I) (dd 31-03-23)		12,500,000,000	1,041,666,667	-	11,458,333,333
	7.2.1	483,286,652,446	23,607,221,038	-	459,679,431,408

7.2.1 This represents receivable from finance division, Government of Pakistan against syndicated term finance facilities, syndicated Islamic term finance facilities and and Pakistan Energy Sukuk - I (hereinafter referred to as Rs. 200.00 bln PES-I) as disclosed in note 12. The facilities were executed by the company for the purposes of funding the repayment liabilities of the DISCOs / power sector.

Power division in consultation with finance division has devised a comprehensive plan for retirement of PHL debt liabilities which is duly approved by the ECC of the Cabinet whereby PHL Debt excluding Rs. 199.9668 bln PES-II, has been being taken-over by the finance division from power sector (see note - 12). Pursuant to the decision of the ECC of the Cabinet, the amount is receivable from finance division till FY 2028-29 as per the executed finance agreements for onward payment to the lenders.

		Note	2024	2023
			-----------Pak Rupees-----------	
8	**CURRENT PORTION OF RECEIVABLE**			
	Current portion of Principal receivable - from finance division	8.1	23,607,221,037	82,000,000,000
	Mark-up receivable	8.2	128,594,327,307	108,215,082,879
	Liquidated Damages receivable	8.3	-	97,660,109,013
			152,201,548,344	287,875,191,892

8.1 The break-up of current portion of principal receivable from finance division is as follows:

	Opening balance as at 01-07-2023	Transferred from long term portion during the year	Receipts during the year from finance division	Closing balance as at 30-06-2024
	-----Pak Rupees-----			
Rs. 115.969 bln (31-03-23)	-	9,664,122,222	-	9,664,122,222
Rs. 110.283 bln (dd 31-03-23)	-	9,190,277,778	-	9,190,277,778
Rs. 44.534 bln (dd 31-03-23)	-	3,711,154,371	-	3,711,154,371
Rs. 12.50 bln (I) (dd 31-03-23)	-	1,041,666,667	-	1,041,666,667
	-	23,607,221,038	-	23,607,221,037
From non-banking companies - secured				
Rs 82.00 bln (dd: 10-09-12)	82,000,000,000	-	82,000,000,000	-
	82,000,000,000	23,607,221,038	82,000,000,000	23,607,221,037

This represents current portion receivable from finance division, Government of Pakistan against syndicated term finance facilities, syndicated Islamic term finance facilities and Rs. 200.00 bln PES-I as disclosed in note 13. The facilities were executed by the company for the purposes of funding the repayment liabilities of the DISCOs / power sector.

During FY 2023-24, Rs. 82.00 billion (FY 2022-23: Rs. 35.00 billion) were allocated in federal budget for principal repayment of PHL finance facilities. The funds were released by the finance division during the year under review for settlement/ repayment of principal amount payable against Rs. 82.00 billion Oil and Gas Development Company (OGDCL) facilty as stated in note 13.1.

	Note	2024	2023
		-----Pak Rupees-----	
8.2 MARK-UP RECEIVABLE			
Mark-up receivable - from power sector, GOP through CPPA			
Rs. 200.00 bln PES-I (dd: 01-03-19)		15,061,150,689	13,944,767,125
Rs. 199.9668 bln PES-II (dd: 21-05-20)		4,755,210,504	4,932,660,495
Rs. 115.969 bln (31-03-23)		6,579,619,580	6,603,237,887
Rs. 110.283 bln (dd 31-03-23)		6,257,012,300	6,279,472,571
Rs 82.00 bln (dd: 10-09-12)		92,705,473,425	73,207,468,493
Rs. 44.534 bln (dd 31-03-23)		2,526,663,404	2,535,733,156
Rs. 12.50 bln (I) (dd 31-03-23)		709,197,405	711,743,151
		128,594,327,307	108,215,082,879

8.2.1 This represents coresponding receivable from power sector, GOP through CPPA against mark-up payable in repect of syndicated term finance facilities, syndicated Islamic term finance facilities, Rs. 200.00 bln PES-I & Rs. 199.9668 bln PES-II as disclosed in note 14.

8.3 LIQUIDATED DAMAGES RECEIVABLE

Liquidated damages on interest	-	56,379,287,095
Liquidated damages on principal amount	-	41,280,821,918
	-	97,660,109,013

This represents corresponding receivable from power sector against liquidated damages payable to OGDCL (disclosed in Note 15) as contemplated in the investor agreement dated 05-09-2012, due to non-payment of principal instalments and mark-up in repect of Rs. 82.00 billion OGDCL facility. The responsibility for repayment of liquidated damages rests with power sector.

The Economic Coordination Committee (ECC) of the Cabinet approved the roll-over of Rs. 82.00 billion OGDCL facility till 30-06-2024. To implement the decision of ECC of the Cabinet, first addendum to the Investor agreement dated 05-10-2012 was executed on 27-06-2024 between PHL and OGDCL whereby liquidated damages in respect of Rs. 82.00 billion facility has been waived off. Consequently liquidated damages receivable from power sector has been off-set against liquidated damages payable to OGDCL.

9 ADVANCE INCOME TAX

	Note	2024	2023
Balance at the beginning of the year		35,529,975	11,346,666
Income tax withheld/ advance income tax u/s147 paid during the year		74,795,742	35,529,975
		110,325,717	46,876,641
Less: adjusted against tax liability		35,529,975	11,346,666
Balance at the end of the year	9.1	74,795,742	35,529,975

9.1 The Income tax withheld/Advance income tax u/s147 paid during the year comprise

	Note	2024	2023
		---Pak Rupees---	
Tax deposited u/s 147		31,160,589.00	5,440,960
Tax deducted u/s 151 on profit on bank deposits		43,635,152.89	30,075,815
Tax deducted u/s 231 on purchase of vehicle		-	5,000
Tax deducted u/s 234 along with token tax		-	8,200
		74,795,742	35,529,975

10 CASH AND BANK BALANCES

	Note	2024	2023
Cash in hand		-	
Cash at bank:			
Current accounts		5,993	5,993
Saving accounts	10.1	556,024,623	380,858,221
		556,030,616	380,864,214
		556,030,616	380,864,214

10.1 This carries effective markup rate of 18.4% per annum (2023: 17.00%).

11 SHARE CAPITAL

Authorized capital

	2024	2023
1,500,000 (2023: 1,500,000) ordinary shares of Rs. 10 each.	15,000,000	15,000,000

Issued, subscribed and paid up capital

	2024	2023
1,500,000 (2023: 1,500,000) ordinary shares of Rs. 10 each.	15,000,000	15,000,000

All ordinary shares rank equally with regard to voting power and company's residual assets.

12 LONG TERM FINANCING

	Note	Opening balance as at 01-07-2023	Transferred to current portion during the year	Financing obtained during the year	Closing balance as at 30-06-2024
		---Pak Rupees---			
Conventional facilities	12.1	224,196,561,206	18,683,046,767	-	205,513,514,438
Islamic facilities	12.2	459,056,891,241	4,924,174,270	-	454,132,716,970
		683,253,452,447	23,607,221,036	-	659,646,231,408

12.1 Conventional facilities

From banking companies- secured:

	Note	Opening balance as at 01-07-2023	Transferred to current portion during the year	Financing obtained during the year	Closing balance as at 30-06-2024
Rs. 115.969 bln (Rs. 103.046 bln) - HBL led	12.1.1	103,046,042,092	8,587,170,174	-	94,458,871,917
Rs. 110.283 bln (Rs. 76.617 bln) - ABL led	12.1.2	76,616,666,668	6,384,722,222	-	70,231,944,445
Rs. 44.534 bln - NBP led	12.1.3	44,533,852,446	3,711,154,371	-	40,822,698,075
		224,196,561,206	18,683,046,767	-	205,513,514,438

12.1.1 This represents conventional portion of Rs. 115.969 bln, HBL- led, syndicated term finance facility executed on 31-03-2023 for five (05) years, inclusive of grace period of twenty four (24) months from the date of first disbursement, on markup basis at daily average of three months KIBOR plus 1.20% prevailing on issue date for first installment period and subsequently one day prior to each installment period for markup due to the end of that quarter. However, in case installment payments are made on due dates or maximum within 30 days after due date, then PHL is entitled to rebate of 0.60%. The financing is repayable by March, 2028 and is secured by unconditional, irrevocable first demand and continuing guarantee of the Government of Pakistan.

The facility is raised for funding repayment of liabilities of the DISCOs towards CPPA and disbursement proceeds from the subject facility is utilized for settlement of outstanding principal portion of (i) Rs. 136.454 bln term finance facility, (ii) Rs. 50.00 bln (1st tranche) term finance facility and (iii) Rs. 50.00 bln (2nd tranche) term finance facility. Pursuant to the decision of the ECC of the Cabinet responsibility for repayment aganinst principal portion of the subject facility rests with finance division while power sector is responsible for repayment of mark-up// profit, arrangement fee, trustee fee, legal fee and any other amounts becoming due and payable in respect of the facility.

12.1.2 This represents conventional portion of Rs. 110.283 bln, ABL - led, syndicated term finance facility executed on 31-03-2023 for five (05) years, inclusive of grace period of twenty four (24) months from the date of first disbursement, on markup basis at daily average of three months KIBOR plus 1.20% prevailing on issue date for first installment period and subsequently one day prior to each installment period for markup due to the end of that quarter. However, in case installment payments are made on due dates or maximum within 30 days after due date, then PHL is entitled to rebate of 0.60%. The financing is repayable by March, 2028 and is secured by unconditional, irrevocable first demand and continuing guarantee of the Government of Pakistan.

The facility is raised for purposes of funding repayment of liabilities of DISCOs towards CPPA and disbursement proceeds from the facility is utilized for settlement of outstanding principal portion of (i) Rs. 80.00 bln term finance facility, (ii) Rs. 41.00 bln term finance facility, (iii) Rs. 30.95 bln term finance facility and (iv) Rs. 30.00 bln term finance facility. Pursuant to decision of the ECC of the Cabinet responsibility for repayment aganinst principal portion of the subject facility rests with finance division while power sector is responsible for repayment of mark-up// profit, arrangement fee, trustee fee, legal fee and any other amounts becoming due and payable in respect of the facility.

12.1.3 This represents Rs, 44.534 bln, NBP - led, syndicated term finance facility execxuted on 31-03-2023 for five (05) years, inclusive of grace period of twenty four (24) months from the date of first disbursement, on markup basis at daily average of three months KIBOR plus 1.20% prevailing on issue date for first installment period and subsequently one day prior to each installment period for markup due to the end of that quarter. However, in case installment payments are made on due dates or maximum within 30 days after due date, then PHL is entitled to rebate of 0.60%. The financing is repayable by March, 2028 and is secured by unconditional, irrevocable first demand and continuing guarantee of the Government of Pakistan.

The facility is raised for purposes of funding repayment of liabilities of the DISCOs towards CPPA and disbursement proceeds from the subject facility is utilized for settlement of outstanding principal portion of (i) Rs. 41.457.00 bln term finance facility and (ii) Rs. 35.806 bln term finance facility. Pursuant to the decision of the ECC of the Cabinet responsibility for repayment aganinst principal portion of the subject facility rests with finance division while power sector is responsible for repayment of mark-up// profit, arrangement fee, trustee fee, legal fee and any other amounts becoming due and payable in respect of the facility.

	Note	Opening balance as at 01-07-2023	Transferred to current portion during the year	Financing obtained during the year	Closing balance as at 30-06-2024
		Pak Rupees			
12.2 Islamic facilities from banking companies - secured					
Rs. 199.9668 bln PES-I - MBL led	12.2.1	200,000,000,000	-	-	200,000,000,000
Rs. 199.9668 bln PES-II - MBL led	12.2.2	199,966,800,000	-	-	199,966,800,000
Rs. 115.969 bln (Rs. 12.923 bln) - HBL led	12.2.3	12,923,424,575	1,076,952,048	-	11,846,472,527
Rs. 110.283 bln (Rs. 33.667 bln) - ABL led	12.2.4	33,666,666,666	2,805,555,556	-	30,861,111,110
Rs. 12.50 bln - MBL led	12.2.5	12,500,000,000	1,041,666,667	-	11,458,333,333
		459,056,891,241	4,924,174,270	-	454,132,716,970

12.2.1 This represents privately placed sukuk issued as a redeemable capital instrument under section 66 of the Companies Act, 2017 based on Ijarah (sale and lease back arrangement) against unencumbered assets comprising of land in usable form owned by IESCO, LESCO, GEPCO, MEPCO, PESCO, FESCO, NPGCL, and CPGCL. The sukuk was issued on 01-03-2019 for ten (10) years, redeemable in bullet at the expiry of the tenor on profit/rental basis at six months KIBOR plus 2.00% prevailing on issue date for first installment period and subsequently one day prior to each installment period for the profit due to the end of that semi-annual. However, in case profit payments are made on due dates or maximum within 30 days after due date, then PHL is entitled to rebate of 1.20%. The financing is repayable by March 2029 and is secured by unconditional, irrevocable first demand and continuing guarantee of the Government of Pakistan, creation of security interest/charge over the underlying transaction assets in favor of the Investors and tri-partite escrow arrangement between the PHL, MBL and CPPA.

The sukuk is issued for funding repayment of liabilities of the DISCOs towards CPPA for onward payment to GENCOs and IPPs. Pursuant to the decision of the ECC of the Cabinet responsibility for repayment aganinst principal portion of the subject facility rests with finance division while power sector is responsible for repayment of mark-up// profit, arrangement fee, trustee fee, legal fee and any other amounts becoming due and payable in respect of the facility.

12.2.2 This represents privately placed sukuk issued as a redeemable capital instrument under section 66 of the Companies Act, 2017 based on Ijarah (sale and lease back arrangement) against unencumbered assets comprising of land in usable form owned by IESCO, LESCO, QESCO, GEPCO, HESCO, MEPCO, PESCO, FESCO, SEPCO, and TESCO. The sukuk was issued on 21-05-2020 for ten (10) years, redeemable in bullet at the expiry of the tenor on profit/rental basis at six months KIBOR minus 0.10% prevailing on issue date for first installment period and subsequently one day prior to each installment period for the profit due to the end of that semi-annual. The financing is repayable by May 2030 and is secured by unconditional, irrevocable first demand and continuing guarantee of the Government of Pakistan, creation of security interest/charge over the underlying transaction assets in favor of the Investors and tri-partite escrow arrangement between the PHL, MBLand CPPA.

The sukuk is issued for funding repayment of liabilities of the DISCOs towards CPPA for onward payment to GENCOs and IPPs. Pursuant to the decision of the ECC of the Cabinet power sector is responsible for repayment of principal, mark-up// profit, arrangement fee, trustee fee, legal fee and any other amounts becoming due and payable in respect of the facility.

12.2.3 This represents islamic portion of Rs. 115.969 bln, HBL- led, syndicated term finance facility executed on 31-03-2023 for five (05) years, inclusive of grace period of twenty four (24) months from the date of first disbursement, on markup basis at daily average of three months KIBOR plus 1.20% prevailing on issue date for first installment period and subsequently one day prior to each installment period for markup due to the end of that quarter. However, in case installment payments are made on due dates or maximum within 30 days after due date, then PHL is entitled to rebate of 0.60%. The financing is repayable by March, 2028 and is secured by unconditional, irrevocable first demand and continuing guarantee of the Government of Pakistan.

The facility is raised for funding repayment of liabilities of the DISCOs towards CPPA and disbursement proceeds from the subject facility is utilized for settlement of outstanding principal portion of (i) Rs. 136.454 bln term finance facility, (ii) Rs. 50.00 bln (1st tranche) term finance facility and (iii) Rs. 50.00 bln (2nd tranche) term finance facility. Pursuant to the decision of the ECC of the Cabinet responsibility for repayment aganinst principal portion of the subject facility rests with finance division while power sector is responsible for repayment of mark-up// profit, arrangement fee, trustee fee, legal fee and any other amounts becoming due and payable in respect of the facility.

12.2.4 This represents islamic portion of Rs. 110.283 bln, ABL - led, syndicated term finance facility executed on 31-03-2023 for five (05) years, inclusive of grace period of twenty four (24) months from the date of first disbursement, on markup basis at daily average of three months KIBOR plus 1.20% prevailing on issue date for first installment period and subsequently one day prior to each installment period for markup due to the end of that quarter. However, in case installment payments are made on due dates or maximum within 30 days after due date, then PHL is entitled to rebate of 0.60%. The financing is repayable by March, 2028 and is secured by unconditional, irrevocable first demand and continuing guarantee of the Government of Pakistan.

The facility is raised for purposes of funding repayment of liabilities of DISCOs towards CPPA and disbursement proceeds from the facility is utilized for settlement of outstanding principal portion of (i) Rs. 80.00 bln term finance facility, (ii) Rs. 41.00 bln term finance facility, (iii) Rs. 30.95 bln term finance facility and (iv) Rs. 30.00 bln term finance facility. Pursuant to decision of the ECC of the Cabinet responsibility for repayment aganinst principal portion of the subject facility rests with finance division while power sector is responsible for repayment of mark-up// profit, arrangement fee, trustee fee, legal fee and any other amounts becoming due and payable in respect of the facility.

12.2.5 This represents Rs. 12.50 bln, MBL - led, syndicated term finance facility executed on 31-03-2023 for five (05) years, inclusive of grace period of twenty four (24) months from the date of first disbursement, on markup basis at daily average of three months KIBOR plus 1.20% prevailing on issue date for first installment period and subsequently one day prior to each installment period for markup due to the end of that quarter. However, in case installment payments are made on due dates or maximum within 30 days after due date, then PHL is entitled to rebate of 0.60%. The financing is repayable by March, 2028 and is secured by unconditional, irrevocable first demand and continuing guarantee of the Government of Pakistan.

The facility is raised for purposes of funding repayment of liabilities of the DISCOs towards CPPA and disbursement proceeds from the subject facility is utilized for settlement of outstanding principal portion of Rs. 25.00 bln islamic term finance facility. Pursuant to the decision of the ECC of the Cabinet responsibility for repayment aganinst principal portion of the subject facility rests with finance division while power sector is responsible for repayment of mark-up// profit, arrangement fee, trustee fee, legal fee and any other amounts becoming due and payable in respect of the facility.

13 CURRENT PORTION OF LONG TERM FINANCING

	Note	Opening balance as at 01-07-2023	Transferred from long term portion (Note - 12)	Payments during the year	Closing Balance as at 30-06-2024
		Pak Rupees			
Conventional facilities	13.1	82,000,000,000	18,683,046,767	82,000,000,000	18,683,046,767
Islamic Facilities	13.2	-	4,924,174,271	-	4,924,174,271
		82,000,000,000	23,607,221,038	82,000,000,000	23,607,221,038

13.1 Conventional facilities

	Note	Opening balance as at 01-07-2023	Transferred from long term portion (Note - 12)	Payments during the year	Closing Balance as at 30-06-2024
Rs. 115.969 bln (Rs. 103.046 bln) - HBL led		-	8,587,170,174	-	8,587,170,174
Rs. 110.283 bln (Rs. 76.617 bln) - ABL led		-	6,384,722,222	-	6,384,722,222
Rs. 44.534 bln - NBP led		-	3,711,154,371	-	3,711,154,371
		-	18,683,046,767	-	18,683,046,767
From non-banking companies - secured					
Rs. 82.00 bln - OGDCL PPTFCs	13.1.1	82,000,000,000	-	82,000,000,000	-
		82,000,000,000	18,683,046,767	82,000,000,000	18,683,046,767

13.1.1 This represents privately placed term finance certificates (PPTFCs) issued to OGDCL. The PPTFCs were issued on 10-09-2012 for five (7) years, inclusive of grace period of thirty six (36) months from the date of first disbursement, on markup basis at daily average of six months KIBOR plus 1.00% prevailing on issue date for first installment period and subsequently one day prior to each installment period for the markup due to the end of that quarter. The finacing was repayable by september, 2019 and was secured by unconditional, irrevocable first demand and continuing guarantee of the Government of Pakistan.

The roll-over of the subject facility till 30-06-2024 was approved by the ECC of the Cabinet during CFY 2024. To implement the decision of the ECC of the Cabinet, first addendum to the investor agreement dated 05-09-2012 was executed for roll-over of the subject facility to regularize the matter of (i) over-due principal payable (ii) over-due mark-up and (iii) liquidated damages in respect of the facility.

During FY 2023-24, an amount of Rs. 82.00 billion was allocated in the budget by the federal government for repayment/ settlement of entire principal portion of Rs. 82.00 bln OGDCL PPTFCs. The funds were released by the finance division during FY 2023-24 and the same were utilized for repayment of principal portion of the facility.

13.2 Islamic Facilities

	Note	Opening balance as at 01-07-2023	Transferred from long term portion (Note - 12)	Payments during the year	Closing Balance as at 30-06-2024
		Pak Rupees			
Rs. 115.969 bln (Rs. 12.923 bln) - HBL led		-	1,076,952,048	-	1,076,952,048
Rs. 110.283 bln (Rs. 33.667 bln) - ABL led		-	2,805,555,556	-	2,805,555,556
Rs. 12.50 bln - MBL led		-	1,041,666,667	-	1,041,666,667
		-	4,924,174,271	-	4,924,174,271

	Note	2024	2023
		Pak Rupees	
14 MARKUP ACCRUED			
Markup / interest accrued on conventional facilities	14.1	105,425,442,967	85,973,097,841
Profit accrued on Islamic facilities	14.2	23,168,884,339	22,241,985,036
		128,594,327,306	108,215,082,877

Pursuant to the decision of the ECC of the Cabinet, power sector is responsible for repayment of mark-up payable in respect of the PHL facilities as detailed in note -12 & 13 above. During the year PHL has been able to make timely mark-up payments within 30 days of the due dates on all the facilities and consequently rebate has been availed on every mark-up instalment. No overdue mark-up is outstanding as at the reporting date except as stated in note 14.1.1.

14.1 Markup / interest accrued on conventional facilities

	Note	2024	2023
Rs. 115.969 bln (Rs. 103.046 bln) - HBL led		5,846,398,847	5,867,385,173
Rs. 110.283 bln (Rs. 76.617 bln) - ABL led		4,346,907,291	4,362,511,018
Rs. 82.00 bln - OGDCL PPTFCs	14.1.1	92,705,473,425	73,207,468,493
Rs. 44.534 bln - NBP led		2,526,663,404	2,535,733,156
		105,425,442,967	85,973,097,841

14.1.1 As detailed in Note 13.1.1, first addendum to the investor agreement dated 05-10-2012 was executed for roll-over of the subject facility till 30-06-2024. The outstanding mark-up of Rs. 92.705 billion over-due and accumulated till settlement of principal portion of the facility has been rescheduled to implement the decision of the ECC of the Cabinet. This amount is repayable in 12 equal monthly instalments starting from 25th July, 2025.

14.2 Profit accrued on Islamic facilities

	2024	2023
Rs. 199.9668 bln PES-I - MBL led	15,061,150,689	13,944,767,124
Rs. 199.9668 bln PES-II - MBL led	4,755,210,503	4,932,660,495
Rs. 115.969 bln (Rs. 12.923 bln) - HBL led	733,220,733	735,852,714
Rs. 110.283 bln (Rs. 33.667 bln) - ABL led	1,910,105,009	1,916,961,552
Rs. 12.50 bln - MBL led	709,197,405	711,743,151
	23,168,884,339	22,241,985,036

	Note	2024	2023
		------------Pak Rupees------------	
15 OTHER PAYABLES			
Liquidated damages on Interest - 82.00 bn	15.1	-	56,379,287,095
Liquidated damages on Principal Amount - 82.00 bn	15.1	-	41,280,821,918
Accrued liabilities		1,052,349	1,004,925
Payable to CPPA-G against Pakistan Energy Sukuk - I CDC Security		100,000	100,000
		1,152,349	97,661,213,938

15.1 This represents additional amount payable at the rate of 20% per annum on the amounts not paid after 15 days from the due date in respect of the financing facility availed by the company from OGDCL amounting to Rs. 82.00 bn. As a result of non-payment of principal instalments and mark-up on the due dates, liquidated damages payable to OGDCL were recognized for Rs. 82.00 bln facility pursuant to the Investor agreement dated 05-09-2012. As detailed in note - 13.1.1, responsibility for payment of liquidated damages rests with power sector.

During the Financial Year 2023-24, first addendum to the Investor agreement dated 05-09-2012 was executed between PHL and OGDCL pursuant to which liquidated damages payable in respect of Rs. 82.00 billion has been waived off by OGDCL. The arrangement of waiver of liquidated damages is duly approved by the ECC of the Cabinet therefore liquidated damages payable to OGDCL has been off-set against liquidated damages receivable from Power Sector.

16 CONTINGENCIES AND COMMITMENTS

There are no other contingencies and commitments at the date of statement of financial position except guarantees from Government of Pakistan furnished to financial institutions from whom financing facilities have been raised as explained in note 12.

17 GRANT - FROM POWER SECTOR, GOP THROUGH CPPA

This represents grant from Power sector, Government of Pakistan through CPPA recognized against (i) markup/profit payable, (ii) trustee fee, (iii) arrangement fee, (iv) legal charges and (v) liquidated damages charged during the year as detailed in note-18 & 19 in respect of financing facilities availed by the company from banking companies, OGDCL and Sukuk Investors.

	2024	2023
	------------Pak Rupees------------	
Grant against markup / profit on financing facilities	173,451,926,925	134,956,138,216
Grant against trustee fee, arrangement fee and legal	1,130,000	672,675,034
Grant against liquidated damages on Interest - Rs. 82.00 bn facility	-	12,264,201,450
Grant against liquidated damages on Principal Amount - Rs. 82.00 bn facility	-	15,916,986,300
	173,453,056,925	163,810,001,000

The Government of Pakistan has imposed FCS @ Rs. 3.23 per unit at DISCO level for servicing of mark-up and other costs payable in respect of finance facilities executed by the company. Pursuant to the decision of the ECC of the Cabinet, repayment responsibility of servicing of PHL debt rests with Power Sector. As explained in the Summary of significant accounting policies, grant is recognized in the income statement when related mark-up expense, trustee fee, arrangement fee, legal fee or liquidated damages is recognized.

18 FINANCE COST

	Note	2024	2023
Markup on conventional financing facilities	18.1	70,800,454,598	58,590,470,141
Profit on Islamic financing facilities	18.2	102,651,472,327	76,365,668,075
		173,451,926,925	134,956,138,216
Liquidated damages on Rs. 82.00 bln delayed interest payments		-	12,264,201,450
Liquidated damages on Rs. 82.00 bln delayed principal repayment		-	15,916,986,300
		173,451,926,925	163,137,325,966

18.1 Markup on conventional facilities:

	2024	2023
Rs. 136.4542 bln	-	12,263,880,417
Rs. 115.969 bln (Rs 103.046 bln - C)	23,579,819,242	5,867,385,173
Rs. 110.283 bln (76.617 bn C)	17,532,038,244	4,362,511,018
Rs 82.00 bln	19,498,004,932	14,512,831,781
Rs. 80.00 bln	-	2,111,890,414
Rs. 50.00 bln (1st tranche) / (45.55-C)	-	1,602,690,267
Rs. 50.00 bln (2nd tranche) / (44.8748-C)	-	1,691,056,636
Rs. 44.534 bln	10,190,592,181	2,535,733,156
Rs. 41.457 bln	-	3,837,385,142
Rs. 41.00 bln / (24.00-C)	-	2,879,546,302
Rs. 35.806 bln	-	2,041,157,820
Rs. 30.95 bln	-	3,842,997,904
Rs. 30.00 bln / (10.00-C)	-	1,041,404,111
	70,800,454,598	58,590,470,141

			2024	2023
			---Pak Rupees---	
18.2	**Markup / interest on Islamic facilities:**			
	Rs. 199.9668 bln PES-I		46,092,054,798	34,625,643,837
	Rs. 199.9668 bln PES-II		43,037,950,404	32,131,815,918
	Rs. 115.969 bln (Rs 12.923 bln - I)		2,957,241,339	735,852,714
	Rs. 110.283 bln (33.667 bn I)		7,703,875,844	1,916,961,552
	Rs. 50.00 bln (1st tranche) / (4.45-I)		-	156,574,572
	Rs. 50.00 bln (2nd tranche) / (5.1252-I)		-	193,137,428
	Rs. 41.00 bln / (17.00-I)		-	2,039,678,631
	Rs. 30.00 bln / (20.00-I)		-	2,082,808,218
	Rs. 25.00 bln (I)		-	1,771,452,054
	Rs. 12.50 bln (I)		2,860,349,942	711,743,151
			102,651,472,327	76,365,668,075
19	**OTHER EXPENSES**			
	Participation and advisory fee		-	656,905,034
	Trustee fee		1,130,000	13,770,000
	Legal Council fee		-	2,000,000
			1,130,000	672,675,034
20	**OTHER INCOME**			
	Financial Assets			
	Profit on N.I.D.A No. 000063 (NBP B-Block Branch, Islamabad)		5,353,241	40,030,799
	Profit on N.I.D.A No. 3148981107 (NBP Super Market Branch, Islamabad)		285,059,830	158,692,261
	Profit on PES-I & PES-II escrow accounts		487,948	1,782,374
	Non-Financial Assets			
	Miscellaneous income		-	198,256
			290,901,019	200,703,689
21	**OPERATING COST**			
	Salaries and other benefits	21.1	10,532,914	10,474,335
	Legal and professional		1,016,000	1,196,000
	Insurance		277,734	277,488
	Travelling & conveyance		27,350	-
	Vehicles' running and maintenance		1,526,284	1,121,724
	Entertainment		65,481	55,890
	Auditors' remuneration	21.2	678,600	677,324
	Electricity		205,942	144,804
	Communication		83,278	83,125
	Printing and stationery		94,629	151,301
	Repair and maintenance		52,740	29,470
	Fee and subscription		3,007,199	2,806,530
	Director's fee		850,000	700,000
	Advertisement		-	10,819
	Depreciation	5	979,276	1,231,040
	Bank charges and commission		6,858	7,212
	Miscellaneous		7,700	9,533
			19,411,985	18,976,595

21.1 Salaries and other benefits includes remuneration and allowances including all benefits to the chief executive, directors and other executives of the company. Further details are provided in Note-28 of the financial statments.

21.2 Auditors' remuneration

	2024	2023
Professional fee	630,000	628,724
Out of pocket expenses	48,600	48,600
	678,600	677,324

	Note	2024	2023
		------------Pak Rupees------------	

22 PROVISION FOR TAXATION

Current Year			
Current		**78,772,409**	52,769,480
Deferred		**(33,873)**	(75,338)
		78,738,536	52,694,142
Prior Years		**5,314,331**	-
		84,052,867	52,694,142

23 EARNING PER SHARE (BASIC AND DILUTED)

Profit for the year (Rupees)		**187,436,167**	129,032,952
Shares outstanding during the year (Number)		**1,500,000**	1,500,000
Earnings per share (Rupees)		**124.96**	86.02

No figures for diluted earnings per share has been presented as the company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

	2024	2023
	--------Number--------	

24 NUMBER OF EMPLOYEES

Number of employees at the year end	**6**	6
Average number of employees at the year end	**6**	6

25 FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring

and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

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

The Company's risk management policies are established to identify and analyse 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 reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

25.1 Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk from its operating and financing activities including deposits with bank. The Company's credit risk exposure are categorized under the following headings:

25.1.1 Counterparties

The Company conducts transactions with the following major types of counterparties:

Government of Pakistan

The Company has major receivables from GOP related entities and Company does not expect any threat to its recoverability.

Banks

The Company limits its exposure to credit risk by maintaining bank accounts only with counterparties that have a credit rating of at least A1 and A. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

25.1.2 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 was:

	2024	2023
	-Pak Rupees-	
Long term deposits	260,500	260,500
Bank balances	556,030,616	380,864,214
	556,291,116	381,124,714

After giving due consideration to their strong financial standing the Company believes that no impairment allowance is necessary in respect of deposits, receivable from the Government of Pakistan related entities and other receivables as the Company is satisfied that recovery of the amount owing is possible. Accordingly the credit risk is minimal.

25.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

Management believes the liquidity risk to be low because of the government guarantee issued by the Ministry of Finance to honor the commitments. Following are the contractual maturities of financial liabilities, including interest payments.

The maturity profile of the Company's financial liabilities based on the contractual amounts are as follows:

	Carrying Amount	Less than one year	Later than one year but not later than five years
		-Pak Rupees-	
30th June, 2024			
Long term financing	683,253,452,446	23,607,221,038	659,646,231,408
Other payables	1,152,349	1,152,349	-
Markup accrued	128,594,327,306	128,594,327,306	-
	811,848,932,102	152,202,700,693	659,646,231,408
30th June, 2023			
Long term financing	765,253,452,447	82,000,000,000	683,253,452,447
Other payables	97,661,213,938	97,661,213,938	-
Markup accrued	108,215,082,877	108,215,082,877	-
	971,129,749,261	287,876,296,815	683,253,452,447

25.3 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 on risk. The Company's exposure to market risk is explained as follows:

25.3.1 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.

The Company is not exposed to currency risk as all of its transactions are in local currency and no foreign currency receivables and payables exists at the balance sheet date.

25.3.2 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 instrument traded in the market. The Company is not exposed to other price risk.

25.3.3 Interest rate risk

This represents risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market markup rates.

The Company's exposure to markup rate risk relates primarily to redeemable capital in the form of Term Finance Certificate (TFCs). The TFCs obtained at variable rates expose the Company to cash flow markup rate risk. The Company is maintaining a National Income Daily Account on which profit rate is 18.4% which is the only interest-bearing asset.

Profile

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

	2024	2023
	Pak Rupees	
Financial assets		
Bank balance	556,024,623	380,858,221
Financial liabilities		
Floating rate instruments:		
Long term loans - secured	659,646,231,408	683,253,452,447
Current portion long term loans	23,607,221,038	82,000,000,000
	683,253,452,446	765,253,452,447
Markup rate sensitivity analysis	6,832,534,524	7,652,534,524

Sensitivity to markup rate risk arises from mismatches of financial assets and liabilities that mature in a given period. If interest rates at the year end date, fluctuates by 1% higher/ lower with all other variables held constant, mark up expense for the year would have been Rs. 6.832 billion (2023: 7.653 billion) higher/ lower, mainly as a result of higher/ lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liability outstanding at balance sheet date was outstanding for the whole period.

25.3.4 Financial instruments by categories

	2024	2023
	Pak Rupees	
Financial assets as per statement of financial position		
At amortized cost		
Finance facilities - principal portion receivable	659,646,231,408	683,253,452,446
Current portion of receivables	152,201,548,344	287,875,191,892
Cash and bank balances	556,030,616	380,864,214
	812,403,810,368	971,509,508,552
Financial liabilities as per statement of financial position		
At amortized cost		
Long term financing	659,646,231,408	683,253,452,447
Current portion of long term financing	23,607,221,038	82,000,000,000
Markup accrued	128,594,327,306	108,215,082,877
Other payables	1,152,349	97,661,213,938
	811,848,932,101	971,129,749,262

25.3.5 Fair values of financial instruments

Fair value is the amount for which as asset could be exchanged or a liability settled between knowledgeable willing parties is an arms length transactions. The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values.

The fair value hierarchy has not been presented in these financial statements, as the Company does not hold any such financial instruments in its portfolio, that could be presented.

25.4 Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern. Further, the Company is not subject to any externally imposed capital requirements.

POWER HOLDING LIMITED
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FOR THE YEAR ENDED JUNE 30, 2024

26 RELATED PARTIES TRANSACTIONS

Related parties comprise of associated undertakings and key management personnel. Following are the associated companies and related parties with whom the Company had entered into transactions during the year:

	Basis of Relationship	Number of shares held in the Company	Aggregate %age shareholding in the Company
Central Power Purchasing Agency (CPPA)	Federal Government Owned	N/A	N/A
Ministry of Finance	Federal Government Owned	N/A	N/A

26.1 Transactions with related parties

The transactions with related parties are made under commercial terms and conditions. The remuneration of the chief executive, directors and executives is disclosed in note 36 to these financial statements. Transactions during the year and balances as at year end with the related parties are as follows:

	Note	2024	2023
		Pak Rupees	
- Transactions during the year are as follows:			
Central Power Purchasing Agency (CPPA)			
Grant against markup / profit on financing facilities	17	173,451,926,924	134,956,138,216
Grant against trustee fee, arrangement fee and legal	17	1,130,000	672,675,034
Grant against liquidated damages on Interest - Rs. 82.00 bn facility	17	15,330,615,219	12,264,201,450
Grant against liquidated damages on Principal Amount - Rs. 82.00 bn facility	17	16,265,205,479	15,916,986,300
- Balances as at year end are as follows:			
Central Power Purchasing Agency (CPPA)			
Receivable in respect of principal amount of loan - Non current		199,966,800,000	199,966,800,000
Amount receivable against markup		128,594,327,307	108,215,082,879
Liquidated Damages receivable		-	97,660,109,013
Payable to CPPA-G against Pakistan Energy Sukuk - I, CDC Security		100,000	100,000
Ministry of Finance (MOF)			
Receivable in respect of principal amount of loan		459,679,431,408	483,286,652,446
Receivable in respect of principal amount of loan - Current		23,607,221,037	82,000,000,000

	2024	2023
Amount receivable against mark-up		
From power sector, GOP through CPPA-G	128,594,327,307	108,215,082,879
	128,594,327,307	108,215,082,880
Amount receivable against liquidated damages from power sector, GOP through CPPA-G	-	97,660,109,013
Receivable in respect of principal amount of loan		
From power sector, GOP through CPPA-G	199,966,800,000	199,966,800,000
From Ministry of Finance, GOP	483,286,652,445	565,286,652,446
	683,253,452,445	765,253,452,446

The maximum outstanding amount outstanding at any time during the year from related parties was Rs.811,847,879,751/- (2023: Rs. 971,429,603,860/-).

The above stated parties are related to the company merely by way of Government holding.

27 RECONCILITAION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

Balance as at 01 July	**765,253,452,446**	800,253,452,446
New Financing obtained	**-**	-
Repayment of financing	**(82,000,000,000)**	(35,000,000,000)
Balance as at 30 June	**683,253,452,446**	765,253,452,446

28 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these financial statements in respect of remuneration and allowances including all benefits to the chief executive, directors and other executives of the company are given below:

	2024		
	Numbers	**Salaries**	Fee/Allowances
Chief Executive	1	-	-
Directors' Meeting Fee	5	-	850,000
Executive	1	6,320,032	240,000
		6,320,032	1,090,000

	2023		
	No.	Salaries	Fee/Allowances
Chief Executive	1	-	-
Directors' Meeting Fee	5	-	700,000
Executive	1	6,661,655	144,000
		6,661,655	844,000

The chief executive officer and executive is also provided with company maintained cars.

29 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparision. However, no significant rearrangements of reclassifications have been made.

30 DATE OF AUTHORIZATION

The financial statements were authorized for issue by the Board of Directors of the company on 15 NOV 2024.

31 FIGURES

Figures have been rounded off to the nearest rupee unless otherwise stated.

CHIEF EXECUTIVE OFFICER

DIRECTOR