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AUDIT REPORT & FINANCIAL STATETMENTS OF POWER HOLDING LIMITED FOR THE YEAR ENDED JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
POWER HOLDING LIMITED

Opinion

We have audited the annexed financial statements of **"POWER HOLDING LIMITED"**, which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of the profit, the comprehensive income, and 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 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 is responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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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.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

a) Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
b) The statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with books of account and returns;
c) Expenditure incurred during the year were for the purpose of the Company's business; and
d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit of **POWER HOLDING LIMITED** for the year ended June 30, 2020 resulting in this independent auditors' report is C.A Habib.

Place: Islamabad
Dated: 05 OCT 2020

CROWE HUSSAIN CHAUDHURY & CO.
(CHARTERED ACCOUNTANTS)

POWER HOLDING LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020	2019
		--------------Pak Rupees--------------	
NON - CURRENT ASSETS			
Property and equipment	4	595,930	549,976
Long term deposits		260,500	160,500
Deferred tax asset	5	34,188	45,935
Finance facilities - principal portion receivable	6	832,525,003,260	576,621,159,989
		832,525,893,878	576,621,916,400
CURRENT ASSETS			
Current portion of finance facilities receivable	7	330,411,549,122	341,920,899,135
Short term prepayments	8	-	48,055
Income tax withheld	9	20,472,750	7,802,090
Cash and bank balances	10	842,615,780	1,060,380,191
		331,274,637,652	342,989,129,471
		1,163,800,531,530	919,611,045,871
SHARE CAPITAL AND RESERVES			
Authorized Capital		15,000,000	15,000,000
1,500,000 (2019: 1,500,000) ordinary shares of Rs. 10 each.			
Issued, Subscribed and Paid up Capital			
1,500,000 (2019: 1,500,000) ordinary shares of Rs. 10 each fully paid in cash.	11	15,000,000	15,000,000
Accumulated profit		120,530,805	49,282,607
		135,530,805	64,282,607
NON - CURRENT LIABILITIES			
Long term financing	12	832,525,003,260	576,621,159,989
CURRENT LIABILITIES			
Current portion of long term financing	13	171,357,166,666	229,165,959,939
Markup accrued	14	68,234,101,833	54,230,114,113
Bridge borrowing from CPPA-G - for MOF markup settlement		25,471,771,159	16,259,540,280
Other payables	15	66,047,876,021	43,264,454,188
Short term borrowings	16	-	191,935
Provision for taxation		29,081,786	5,342,820
		331,139,997,465	342,925,603,275
		1,163,800,531,530	919,611,045,871
CONTINGENCIES AND COMMITMENTS	17		

The annexed notes, from 1 to 34, form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

POWER HOLDING LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		-------------Pak Rupees-------------	
Grant - from power sector, GOP through CPPA-G	18	131,010,942,143	72,464,245,456
Grant - from finance division, GOP	19	5,673,089,825	12,359,919,217
		136,684,031,968	84,824,164,673
Less: Utilized for			
- Finance cost	20	136,191,959,236	84,723,668,252
- Other expenses	21	492,072,732	100,496,421
		136,684,031,968	84,824,164,673
		-	-
Other income	22	120,323,024	31,363,275
Operating cost	23	14,262,682	12,910,385
Financial incidental charges	24	5,718,951	-
		19,981,633	12,910,385
Profit for the year - before taxation		100,341,391	18,452,890
Provision for taxation	25	(29,093,193)	(5,347,641)
Net profit for the year - after taxation		71,248,198	13,105,249
Earning Per Share	26	47.50	8.74

The annexed notes, from 1 to 34, form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

POWER HOLDING LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	---(Pak Rupees "000")---	
Profit for the year	**71,248,198**	13,105,249
Other comprehensive income	-	-
Total comprehensive income for the year	**71,248,198**	13,105,249

The annexed notes, from 1 to 34, form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

POWER HOLDING LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

	Share capital	Accumulated profit	Total
	-----------------Pak Rupees----------------		
Balance as at July 01, 2018	15,000,000	36,177,358	51,177,358
Profit for the year ended June 30, 2019	-	13,105,249	13,105,249
Balance as at June 30, 2019	15,000,000	49,282,607	64,282,607
Balance as at July 01, 2019	**15,000,000**	**49,282,607**	**64,282,607**
Profit for the year ended June 30,2020		**71,248,198**	**71,248,198**
Balance as at June 30, 2020	**15,000,000**	**120,530,805**	**135,530,805**

The annexed notes, from 1 to 34, form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

POWER HOLDING LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		----------------Pak Rupees----------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax for the year		**100,341,391**	18,452,890
Adjustments for non-cash and other items:			
- Grant from power sector, GOP through CPPA-G		**(107,740,583,582)**	(54,373,909,155)
- Grant from finance division, GOP		**(5,671,929,825)**	(12,890,018,666)
- Liquidated damages		**(22,779,445,828)**	(17,459,740,432)
- Income against trustee, arrangement and legal fee		**(492,072,732)**	(100,496,420)
- Other income		**(120,323,024)**	(31,363,275)
- Other charges		**492,072,732**	100,496,420
- Depreciation on property and equipment		**163,986**	160,857
- Finance cost		**113,412,513,407**	67,263,927,819
- Liquidated damages		**22,779,445,829**	17,459,740,432
		(120,159,038)	(31,202,420)
Loss for the year before working capital changes		**(19,817,647)**	(12,749,530)
Changes in working capital:			
- Short term prepayments		**48,055**	829
- Other payables		**3,795,270**	117,080
Net changes in working capital		**3,843,325**	117,909
Received from CPPA against markup		**91,764,185,973**	33,020,656,257
Bridge borrowing from CPPA-G - for MOF markup settlement		**9,212,230,879**	15,512,217,232
Received from CPPA-G against arrangement / trustee fee		**492,152,732**	95,797,420
		101,468,569,584	48,628,670,909
Finance cost paid		**(99,408,525,687)**	(45,781,070,860)
Trustee, arrangement and legal fee paid		**(492,072,732)**	(100,496,420)
Interest on bank deposit		**120,323,024**	31,363,275
Income tax deducted / paid		**(18,024,338)**	(3,141,376)
		(99,798,299,733)	(45,853,345,381)
Net cash generated from operating activities		**1,654,295,530**	2,762,693,907
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		**(209,940)**	-
Long term deposits adjusted / paid		**(100,000)**	(100,000)
Net cash used in investing activities		**(309,940)**	(100,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Financing obtained during the year from banks		**448,878,336,595**	260,806,000,000
Repayments to the banks during the year against principal portion		**(250,783,286,596)**	(38,507,286,645)
Payments to CPPA for onward payment to IPPs		**(199,966,800,000)**	(224,794,380,022)
Net cash used from financing activities		**(1,871,750,000)**	(2,495,666,667)
Net (decrease) / increase in cash and cash equivalents		**(217,764,410)**	266,927,240
Cash and cash equivalents at beginning of the year	10	**1,060,380,190**	793,452,950
Cash and cash equivalents at end of the year	10	**842,615,780**	1,060,380,190

The annexed notes, from 1 to 34, form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

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 company was 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 status of the company was converted from private limited to public limited with effect from April 01, 2019.

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 approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions or directives of the Companies Act, 2017, shall prevail.

2.2 Impact of Covid - 19 on financial statements

The management of Power Holiding Limited has evaluated the financial impact of the Covid - 19 on the financial statements and is of the view that there are no material financial implications of the Covid -19.

2.3 Basis of measurement

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

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, the results of which form the basis of making the 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 the estimates are revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects current period and future periods.

Judgments made by the management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

2.4.1 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost of property and equipment comprises historical cost.

Depreciation charge is based on written down method whereby the cost of an asset is written off to statement of profit or loss over its estimated useful life. Depreciation on addition is charged on monthly basis for which the asset is available for use. Gain or loss on disposal is taken to income currently.

Maintenance and normal repairs are charged to statement of profit or loss as and when incurred. Renewals and improvements are capitalized when it is probable that respective future economic benefits will flow to the Foundation and the cost of the item can be measured reliably, and the assets so replaced, if any, are retired.

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

2.4.2 Taxation

The Company takes into account the relevant provision of current income tax laws while providing for current and deferred taxes as explained in relevant note to these financial statements.

2.4.3 Impairment

2.4.3.1 Impairment of financial assets

The Company measures loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost after considering the pattern of receipts from and future financial outlook of the counterparty and is reviewed by the management on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of assets with a corresponding effect on the profit or loss.

2.4.3.2 Impairment of non-financial assets

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated using criteria given in respective accounting standards to determine the extent of impairment loss, if any.

2.5 Adoption of approved reporting standard

The Company has adopted all standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB and as notified by the Securities and Exchange Commission of Pakistan (SECP) that are relevant to its operations.

2.6 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.

2.7 Reclassification

Prior year balances are reclassified to give better presentation.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 New standards, interpretations and ammendments

There are certain amendments to existing and accounting reporting standards that have become applicable for accounting periods beginning on or after Jan 01, 2020.These are considered either to not be relevant or donot have any significant impact on these financial statements.

3.2 Standards, ammendments to approved accounting standards and interpretation that are not yet effective and have not been early adopted by company

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 01, 2019 and have not been early adopted by the company:

- Amendments to IAS 1 presentation of financial statements and IAS 8 accounting policies, changes in accounting estimates and errors is applicable on accounting periods beginning on or after January 01, 2020. The amendments are intended to make definition of material in IAS 1 easier to understand and are not intended alter the underlying concept of materiality in IFRS. In addition IAASB has also issued guidance on how to make materiality judgements when preparing general purpose financial statements in accordance with IFRS. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of financial statements, which provide financial information about a specific reporting entity.

- Amendments to IFRS 16 'Leases' is applicable on accounting periods beginning on or after June 01, 2020. Under IFRS 16, rent concessions often meet definition of lease modification, unless they were envisaged in the original lease agreement. The amendments exempt lessee from having to consider individual lease contract to determine whether rent concessions occurring as a direct consequence of covid 19 pandemic are lease modification and allows lessee to account for such rent concessions as if they were not lease modification. The amendments does not affect lessor. The amendments are not expected to have material impact on company financial statements.

- Amendments to IAS 37 provisions, contingent assets and contingent liabilities is applicable for accounting periods beginning on or after January 01, 2022. Under IAS 37, contract is onerous when unavoidable cost of meeting the contractual obligations i.e:lower of the cost of fulfilling a contract or terminating it, outweighs the economic benefits. The amendments clarify that cost of fulfilling a contract comprise both incremental cost and an allocation of other direct costs The amendments are not expected to have material impact on company financial statements.

- Annual improvements 2018 applicable for annual periods beginning on or after January 01, 2022. These amendments include changes from 2018-2020 cycle of annual improvement project that mainly affect following standards:

  Amendments to IFRS 1, 'First time adoption of IFRS, simplifies the application of IFRS 1 for a subsidiary that becomes a first time adopter of IFRS later then its parent.

  Amendment to IFRS 9, financial instrument clarifies that for purpose of performing 10 % test for derecognition of financial liabilities in determining those fees paid net of fees received, a borrower includes fees paid or received between the borrower and lender, including fees paid or received by either of borrower or lender on the others behalf.

  Amendments to IFRS 16 Leases and IAS 41 Agriculture.

3.1 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.

3.2 Property and equipment

Cost

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 4 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.

3.3 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.

3.4 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. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset if certain criteria is met.

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.

3.5 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 as 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 or cancelled, or expire. 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 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.

3.6 Receivables

Receivable from the Finance Division, GOP / power sector, GOP through CPPA-G is recognized on the basis of term 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.

3.7 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.

3.8 Grant from power sector, GOP through CPPA-G/ Finance Division, GOP

Grant/receipts from the power sector, GOP through CPPA-G and Finance Division, GOP is recognized when the related markup on term finance facilities is recognized. The grant is charged to statement of profit or loss as and when due, whether received or not.

3.9 Other income

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

3.10 Transactions with related parties

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

3.11 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.

3.12 Borrowing costs

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

4 PROPERTY AND EQUIPMENT

2020

	COST					ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE
	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	3,008,140	-	-	3,008,140	20%	2,608,322	79,964	-	2,688,286	319,854
Office equipments	111,644	110,140	-	221,784	30%	89,094	23,285	-	112,379	109,405
Computer and equipments	571,714	99,800	-	671,514	30%	444,106	60,737	-	504,843	166,671
	3,691,498	**209,940**	**-**	**3,901,438**		**3,141,522**	**163,986**	**-**	**3,305,508**	**595,930**

2019

	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	3,008,140	-	-	3,008,140	20%	2,508,367	99,955	-	2,608,322	399,818
Office equipments	111,644	-	-	111,644	30%	82,881	6,213	-	89,094	22,550
Computer and equipments	571,714	-	-	571,714	30%	389,417	54,689	-	444,106	127,608
	3,691,498	**-**	**-**	**3,691,498**		**2,980,665**	**160,857**	**-**	**3,141,522**	**549,976**

	Note	2020	2019
		------------Pak Rupees------------	
5 DEFERRED TAX ASSET			
Deferred tax asset	5.1	34,188	45,935

5.1 Deferred tax asset arises due to accelerated depreciation.

	Note	2020	2019
6 FINANCE FACILITIES PRINCIPAL PORTION RECEIVABLE - NON CURRENT			
From Power Sector, GOP through CPPA	6.1	807,525,003,260	530,997,243,323
From Finance Division, GOP through CPPA	6.2	25,000,000,000	45,623,916,666
		832,525,003,260	576,621,159,989

6.1 Non - Current Principal Portion Receivable - From Power Sector, GOP Through CPPA

	Note	Opening balance as at 01-07-2019	Transferred to current portion	Received during the year	Closing balance as at 30-06-2020
		------------Pak Rupees------------			
Rs. 200.00 bln pakistan energy sukuk - I - dd 01-03-19		200,000,000,000	-	-	200,000,000,000
Rs. 199.9668 bln pakistan energy sukuk - II - dd 21-05-20		-	-	199,966,800,000	199,966,800,000
Rs. 136.4542 bln STFF - dd 29-12-16		68,227,100,000	68,227,100,000	-	-
Rs. 136.4542 bln STFF - dd 30-09-19		-	-	136,454,200,000	136,454,200,000
Rs 82.00 bln OGDCL PPTFCs - dd 10-09-12		-	-	-	-
Rs. 80.00 bln STFF - dd 30-03-2018		73,333,333,333	26,666,666,667	-	46,666,666,666
Rs. 50.00 (A) bln STFF - dd 04-05-18		50,000,000,000	16,666,666,667	-	33,333,333,333
Rs. 50.00 (B) bln STFF - dd 30-05-18		50,000,000,000	16,666,666,667	-	33,333,333,333
Rs. 41.457 bln STFF - dd 30-09-19		-	-	41,457,336,595	41,457,336,595
Rs. 41.00 bln STFF - dd 22-06-17		27,333,333,333	27,333,333,333	-	-
Rs. 41.00 bln STFF - dd 21-05-20		-	-	41,000,000,000	41,000,000,000
Rs. 35.806 bln STFF - dd 20-11-18		35,806,000,000	5,967,666,667	-	29,838,333,333
Rs. 30.95 bln STFF - dd 09-11-17		25,791,666,667	10,316,666,667	-	15,475,000,000
Rs. 30.00 bln STFF - dd 20-12-19		-	-	30,000,000,000	30,000,000,000
Rs. 6.069 bln BFF (dd 13-03-12) TF (15-07-13)		505,809,990	505,809,990	-	-
	6.1.1	530,997,243,323	172,350,576,656	448,878,336,595	807,525,003,260

6.1.1 The receivables represent the outstanding amounts of bank loans from power sector, Government of Pakistan through Central Power Purchasing Agency (Guarantee) Limited (CPPA) against syndicated term finance facilities, syndicated Islamic term finance facility, privately placed term finance certificates, term finance facilities, Pakistan Energy Sukuk - I and Pakistan Energy Sukuk - II on behalf and under guarantee of Government of Pakistan for the purposes of funding the repayment liabilities of the DISCOs / power sector.

6.2 Non-Current Principal Portion Receivable - From Finance Division, GOP Through CPPA

	Note	Opening balance as at 01-07-2019	Transferred to current portion	Received during the year	Closing balance as at 30-06-2020
		------------Pak Rupees------------			
Rs. 30.00 bln STFF - dd 08-03-17		20,000,000,000	20,000,000,000	-	-
Rs. 25.00 bln SITFF - dd 15-03-19		25,000,000,000	-	-	25,000,000,000
Rs. 7.487 bln STFF - dd 02-07-15		623,916,666	623,916,666	-	-
	6.2.1	45,623,916,666	20,623,916,666	-	25,000,000,000

6.2.1 The receivables represent the outstanding amounts of bank loans from Finance Division, Government of Pakistan through Central Power Purchasing Agency (Guarantee) Limited against syndicated term finance facilities and syndicated Islamic term finance facilities on behalf and under guarantee of Government of Pakistan for the purposes of funding the repayment liabilities of the DISCOs/ power sector.

	Note	2020	2019
		-------------Pak Rupees-------------	
7 CURRENT PORTION OF RECEIVABLE			
Current portion of Principal receivable - From Power Sector, GOP through CPPA	7.1	170,109,333,335	216,670,293,272
Current portion of Principal receivable - From Finance Division, GOP through CPPA	7.2	5,615,250,000	14,991,333,333
Mark-up receivable	7.3	88,638,856,149	66,990,528,720
Liquidated Damages receivable	7.4	66,043,490,638	43,264,044,809
Receivable from Finance Division through CPPA against trustee fee		4,619,000	3,459,000
Receivable from CPPA against Sukuk - I Incidental Charges		-	1,240,000
		330,411,549,122	341,920,899,135

7.1 Current Portion Of Principal Receivable - From Power Sector, GOP Through CPPA-G

	Note	2020	2019
Current portion of long term receivable	7.1.1	170,109,333,335	216,670,293,272

7.1.1 The break-up of current portion of principal receivable from Power Sector through CPPA-G is as follows:

	Opening balance as at 01-07-2019	Transferred from long term portion during the year	Payments during the year	Closing balance as at 30-06-2020
	----------------------------Pak Rupees	--------------------------		
Rs. 136.4542 bln STFF - dd 29-12-16	68,227,100,000	68,227,100,000	136,454,200,000	-
Rs. 80.00 bln STFF - dd 30-03-2018	6,666,666,667	26,666,666,667	-	33,333,333,334
Rs. 50.00 (A) bln STFF - dd 04-05-18	-	16,666,666,667	-	16,666,666,667
Rs. 50.00 (B) bln STFF - dd 30-05-18	-	16,666,666,667	-	16,666,666,667
Rs. 41.00 bln STFF - dd 22-06-17	13,666,666,667	27,333,333,333	41,000,000,000	-
Rs. 40.00 bln STFF - dd 30-01-15	20,000,000,000	-	20,000,000,000	-
Rs. 35.806 bln STFF - dd 20-11-18	-	5,967,666,667	-	5,967,666,667
Rs. 30.95 bln STFF - dd 09-11-17	5,158,333,333	10,316,666,667	-	15,475,000,000
Rs. 25.00 bln STFF - dd 31-12-14	10,416,666,667	-	10,416,666,667	-
Rs. 15.00 bln STFF - dd 08-11-12	7,500,000,000	-	7,500,000,000	-
Rs. 6.069 bln BFF (dd 13-03-12) TF (15-07-13)	3,034,859,938	505,809,990	3,540,669,928	-
	134,670,293,272	172,350,576,656	218,911,536,595	88,109,333,335
From non-banking companies - secured				
Rs 82.00 bln OGDCL PPTFCs - dd 10-09-12	82,000,000,000	-	-	82,000,000,000
	216,670,293,272	172,350,576,656	218,911,536,595	170,109,333,335

7.2 Current Portion Of Principal Receivable - From Finance Division, GOP Through CPPA

	Note	2020	2019
		-------------Pak Rupees-------------	
Current portion of long term receivable	7.2.1	5,615,250,000	14,991,333,333

7.2.1 The break-up of current portion of principal receivable from Finance Division, Government of Pakistan through CPPA is as follows:

	Opening balance as at 01-07-2019	Transferred from long term portion during the year	Payments during the year	Closing balance as at 30-06-2020
	----------------------------Pak Rupees	--------------------------		
Rs. 30.00 bln STFF - dd 08-03-17	10,000,000,000	20,000,000,000	30,000,000,000	-
Rs. 7.487 bln STFF - dd 02-07-15	4,991,333,333	623,916,667	-	5,615,250,000
	14,991,333,333	20,623,916,667	30,000,000,000	5,615,250,000

POWER HOLDING LIMITED
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FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		-------------Pak Rupees-------------	

7.3 MARK-UP RECEIVABLE

	Note	2020	2019
Mark-up receivable from Power Sector, GOP through CPPA-G	7.3.1	67,131,220,816	51,154,823,207
Mark-up receivable from Finance Division, GOP	7.3.2	21,507,635,333	15,835,705,513
		88,638,856,149	66,990,528,720

7.3.1 Mark-Up Receivable - From Power Sector, GOP Through CPPA-G

	2020	2019
Rs. 200.00 bln pakistan energy sukuk - I - dd 01-03-19	9,526,027,397	7,781,260,274
Rs. 199.9668 bln pakistan energy sukuk - II - dd 21-05-20	1,801,454,333	-
Rs. 136.4542 bln STFF - dd 29-12-16	-	4,224,846,340
Rs. 136.4542 bln STFF - dd 30-09-19	4,541,943,470	-
Rs 82.00 bln OGDCL PPTFCs - dd 10-09-12	42,985,818,083	31,731,544,110
Rs. 80.00 bln STFF - dd 30-03-2018	2,429,106,846	2,387,178,081
Rs. 50.00 (A) bln STFF - dd 04-05-18	704,739,725	935,945,206
Rs. 50.00 (B) bln STFF - dd 30-05-18	387,945,205	594,849,312
Rs. 41.457 bln STFF - dd 30-09-19	1,384,470,595	-
Rs. 41.00 bln STFF - dd 22-06-17	-	1,473,793,971
Rs. 41.00 bln STFF - dd 21-05-20	395,610,685	-
Rs. 40.00 bln STFF - dd 30-01-15	-	411,408,219
Rs. 35.806 bln STFF - dd 20-11-18	378,229,079	533,558,449
Rs. 30.95 bln STFF - dd 09-11-17	391,886,356	539,293,151
Rs. 30.00 bln STFF - dd 20-12-19	2,203,989,041	-
Rs. 25.00 bln STFF - dd 31-12-14	-	314,805,935
Rs. 15.00 bln STFF - dd 08-11-12	-	136,035,616
Rs. 6.069 bln BFF (dd 13-03-12) TF (15-07-13)	-	90,304,544
	67,131,220,816	51,154,823,207

7.3.2 Mark-Up Receivable - From Finance Division, GOP

	2020	2019
Rs. 80.00 bln STFF - dd 30-03-2018	2,988,361,643	2,988,361,643
Rs. 50.00 (A) bln STFF - dd 04-05-18	1,982,410,959	1,982,410,959
Rs. 50.00 (B) bln STFF - dd 30-05-18	2,032,821,914	2,032,821,918
Rs. 35.806 bln STFF - dd 20-11-18	1,963,659,900	1,963,659,899
Rs. 30.00 bln STFF - dd 08-03-17	5,386,569,863	3,484,257,534
Rs. 25.00 bln SITFF - dd 29-04-16	1,903,417,809	1,903,417,809
Rs. 25.00 bln SITFF - dd 15-03-19	4,304,424,658	864,000,000
Rs. 7.487 bln STFF - dd 02-07-15	945,968,589	616,775,751
	21,507,635,333	15,835,705,513

7.4 LIQUIDATED DAMAGES RECEIVABLE

	2020	2019
Liquidated damages on interest	24,728,970,090	17,911,442,070
Liquidated damages on principal amount	41,314,520,548	25,352,602,739
	66,043,490,638	43,264,044,809

8 SHORT TERM PREPAYMENTS

	2020	2019
Insurance - vehicles	-	48,056
	-	48,055

9 INCOME TAX WITHHELD

	Note	2020	2019
Balance at the beginning of the year		7,802,090	5,829,897
Income tax deducted during the year		18,024,338	3,141,376
		25,826,428	8,971,274
Less: Adjusted against advance tax		5,353,678	1,169,184
Balance at the end of the year	9.1	20,472,750	7,802,090

POWER HOLDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

		Note	2020	2019
			------------Pak Rupees------------	
9.1	**The income tax refundable comprise of:**			
	Tax deducted u/s 151 on profit on bank deposits		20,458,500	7,752,641
	Tax deducted u/s 231 B on purchase of motor vehicle		-	41,250
	Tax deducted u/s 231 A on cash withdrawal		-	3,149
	Tax deducted u/s 234 along with token tax		14,250	5,050
			20,472,750	7,802,090

10 CASH AND BANK BALANCES

	Note	2020	2019
Cash in hand		-	-
Cash at bank:			
Current accounts		6,093	6,093
Saving accounts	10.1	842,609,687	1,060,374,098
		842,615,780	1,060,380,191
		842,615,780	1,060,380,191

10.1 This carries effective markup rate of 7.20% per annum (2019: 5.00%).

11 SHARE CAPITAL

	2020	2019
Authorized Capital		
1,500,000 (2019: 1,500,000) ordinary shares of Rs. 10 each.	15,000,000	15,000,000
Issued, Subscribed and Paid up Capital		
1,500,000 (2019: 1,500,000) ordinary shares of Rs. 10 each.	15,000,000	15,000,000

12 LONG TERM FINANCING

	Note	Opening balance as at 01-07-2019	Transferred to current portion	Fresh Facility obtained during the year	Closing balance as at 30-06-2020
		----------Pak Rupees----------			
Conventional facilities	12.1	317,379,293,322	165,116,093,323	211,911,536,595	364,174,736,593
Islamic facilities	12.2	259,241,866,667	27,858,399,999	236,966,800,000	468,350,266,667
		576,621,159,989	192,974,493,322	448,878,336,595	832,525,003,260

12.1 Conventional facilities

	Note	Opening balance as at 01-07-2019	Transferred to current portion	Fresh Facility obtained during the year	Closing balance as at 30-06-2020
From banking companies- secured:					
Rs. 136.4542 bln STFF - dd 29-12-16	12.1.1	68,227,100,000	68,227,100,000	-	-
Rs. 136.4542 bln STFF - dd 30-09-19	12.1.2	-	-	136,454,200,000	136,454,200,000
Rs. 80.00 bln STFF - dd 30-03-2018	12.1.3	73,333,333,333	26,666,666,667	-	46,666,666,666
Rs. 50.00 (A) bln (45.550 bln) STFF - dd 04-05-18	12.1.4	45,550,000,000	15,183,333,333	-	30,366,666,666
Rs. 50.00 (B) bln (44.8748 bln) STFF - dd 30-05-18	12.1.5	44,874,800,000	14,958,266,667	-	29,916,533,333
Rs. 41.457 bln STFF - dd 30-09-19	12.1.6	-	-	41,457,336,595	41,457,336,595
Rs. 41.00 bln (24.00 bln) STFF - dd 22-06-17	12.1.7	16,000,000,000	16,000,000,000	-	-
Rs. 41.00 bln (24.00 bln) STFF - dd 21-05-20	12.1.8	-	-	24,000,000,000	24,000,000,000
Rs. 35.806 bln STFF - dd 20-11-18	12.1.9	35,806,000,000	5,967,666,667	-	29,838,333,333
Rs. 30.95 bln STFF - dd 09-11-17	12.1.10	25,791,666,667	10,316,666,667	-	15,475,000,000
Rs. 30.00 bln (10.00 bln) STFF dd - 08-03-17	12.1.11	6,666,666,667	6,666,666,667	-	-
Rs. 30.00 bln (10 bln) STFF dd - 20-12-19	12.1.12	-	-	10,000,000,000	10,000,000,000
Rs. 7.487 bln STFF - dd 02-07-15	12.1.13	623,916,666	623,916,666	-	-
Rs. 6.069 bln BFF (dd 13-03-12) TF (15-07-13)	12.1.14	505,809,990	505,809,990	-	-
		317,379,293,322	165,116,093,323	211,911,536,595	364,174,736,593
From non-banking companies - secured					
Rs 82.00 bln OGDCL PPTFCs - dd 10-09-12	12.1.15	-	-	-	-
		317,379,293,322	165,116,093,323	211,911,536,595	364,174,736,593

12.1.1 This represents conventional syndicated term finance facility for the purposes of funding the repayment liabilities of the distribution companies of the power sector, 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 2.00% 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. However, in case installment payments are made on due dates or maximum within 15 days after due date, then PHL is entitled to a rebate of 1.00%. The financing is secured by unconditional, irrevocable first demand and continuing guarantee of the Government of Pakistan.

The facility has been adjusted/repaid by executing the fresh conventional facility of the same amount vide finance agreement dated 30-09-2019.

12.1.2 This represents conventional syndicated term finance facility 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 2.00% 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. However, in case installment payments are made on due dates or maximum within 30 days after due date, then PHL is entitled to a rebate of 1.00%. The financing is repayable by September, 2024 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 Central Power Purchasing Agency (CPPA) for onward payment to Power Generation Companies (GENCOs) and Independent Power Producers (IPPs).

12.1.3 This represents conventional syndicated term finance facility 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 2.00% 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. However, in case installment payments are made on due dates or maximum within 30 days after due date, then PHL would be given rebate of 1.30%. The financing is repayable by May, 2023 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 Central Power Purchasing Agency (CPPA) for onward payment to Power Generation Companies (GENCOs) and Independent Power Producers (IPPs).

12.1.4 This represents conventional syndicated term finance facility 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 2.00% 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. However, in case installment payments are made on due dates or maximum within 30 days after due date, then PHL is entitled to a rebate of 1.30%. The financing is repayable by May, 2023 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 Central Power Purchasing Agency (CPPA) for onward payment to Power Generation Companies (GENCOs) and Independent Power Producers (IPPs).

12.1.5 This represents conventional syndicated term finance facility 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 2.00% 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. However, in case installment payments are made on due dates or maximum within 30 days after due date, then PHL is entitled to a rebate of 1.30%. The financing is repayable by May, 2023 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 Central Power Purchasing Agency (CPPA) for onward payment to Power Generation Companies (GENCOs) and Independent Power Producers (IPPs).

12.1.6 This represents conventional syndicated term finance facility 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 2.00% 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. However, in case installment payments are made on due dates or maximum within 30 days after due date, then PHL is entitled to a rebate of 1.00%. The financing is repayable by October, 2024 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 Central Power Purchasing Agency (CPPA) for onward payment to Power Generation Companies (GENCOs) and Independent Power Producers (IPPs).

12.1.7 This represents conventional syndicated term finance facility 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 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 markup due to the end of that semi- annual . However, in case installment payments are made on due dates or maximum within 30 days after due date, then PHL is entitled to a rebate of 1.30%. The financing is secured by unconditional, irrevocable first demand and continuing guarantee of the Government of Pakistan.

The facility has been adjusted/repaid by executing the fresh Islamic facility vide finance agreement dated 11-05-2020.

12.1.8 This represents conventional syndicated term finance facility 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 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 markup due to the end of that semi-annual. However, in case installment payments are made on due dates or maximum within 30 days after due date, then PHL is entitled to a rebate of 1.30%. The financing is repayable by May, 2025 and is secured by unconditional, irrevocable first demand and continuing guarantee of the Government of Pakistan.

12.1.9 This represents conventional syndicated term finance facility 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 2.00% 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. However, in case installment payments are made on due dates or maximum within 30 days after due date, then PHL is entitled to a rebate of 1.00%. The financing is repayable by November, 2023 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 Central Power Purchasing Agency (CPPA) for onward payment to Power Generation Companies (GENCOs) and Independent Power Producers (IPPs).

12.1.10 This represents conventional syndicated term finance facility for five (5) years, inclusive of grace period of twenty four (24) months from the date of first disbursement, on markup basis at daily average of 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 markup due to the end of that semi-annual. However, in case installment payments are made on due dates or maximum within 30 days after due date, then PHL would be given rebate of 1.30%. The financing is repayable by November, 2022 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 Central Power Purchasing Agency (CPPA) for onward payment to Power Generation Companies (GENCOs) and Independent Power Producers (IPPs).

12.1.11 This represents conventional syndicated term finance facility 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 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 markup due to the end of that semi-annual. However, in case installment payments are made on due dates or maximum within 30 days after due date, then PHL is entitled to a rebate of 1.30%. The financing is secured by unconditional, irrevocable first demand and continuing guarantee of the Government of Pakistan.

The facility has been adjusted/repaid by executing the fresh Islamic facility vide finance agreement dated 05-12-2019.

12.1.12 This represents conventional syndicated term finance facility 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 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 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 a rebate of 1.30%. The financing is repayable by December, 2024 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 Central Power Purchasing Agency (CPPA) for onward payment to Power Generation Companies (GENCOs) and Independent Power Producers (IPPs).

12.1.13 This represents conventional syndicated term finance facility for fifteen (15) months, inclusive of grace period of three (03) months from the date of first disbursement was executed on markup basis at daily average of three months KIBOR plus 2.00% 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 financing is secured by unconditional, irrevocable first demand and continuing guarantee of the Government of Pakistan.

The company entered into first supplemental syndicated term finance agreement dated 25-07-2016, pursuant to which tenor of the subject facility has been extended from fifteen (15) months to five years (05) years and consequently the grace period has also been extended from three (03) months to twenty four (24) months. The financing is repayable by July, 2020.

The facility is raised for purposes of funding repayment of liabilities of the DISCOs towards Central Power Purchasing Agency (CPPA) for onward payment to Power Generation Companies (GENCOs) and Independent Power Producers (IPPs).

12.1.14 The facility was raised for purposes of converting the bridge finance facility from Bank Alfalah Limited executed through bridge finance agreement dated March 09, 2012 for the purposes of payment to various electricity distribution companies owned and/or controlled directly or indirectly by the Government of Pakistan (the "DISCOs") for funding repayment of liabilities of the DISCOs towards National Transmission and Despatch Company (NTDC) and Central Power Purchasing Agency (CPPA) for onward payment to Power Generation Companies (GENCOs) and Independent Power Producers (IPPs).

This represents conventional term finance facility from Bank Alfalah Limited for five (5) 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 2.00% prevailing on issue date for first installment period and subsequently one day prior to each installment period for the mark-up due to the end of that quarter. However, in case of installment payments made on due dates or maximum within 15 days after due date, then PHL would be given rebate of 1.00%. The financing is secured by unconditional, irrevocable first demand and continuing guarantee of the Government of Pakistan.

The company entered into first supplemental syndicated term finance agreement dated 14-04-2016, pursuant to which tenor of the subject facility has been extended by two (02) years, from five (05) years to seven (07) years and consequently the grace period has also been extended by twenty four (24) months, from twenty four (24) months to forty eight (48) months. The financing is repayable by July, 2020 and is secured by unconditional, irrevocable first demand and continuing guarantee of the Government of Pakistan.

12.1.5 This represents privately placed term finance certificates issued to M/s Oil and gas Development Company Limited (OGDCL) 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 financing is repayable by September, 2020 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 Central Power Purchasing Agency (CPPA) for onward payment to Power Generation Companies (GENCOs) and Independent Power Producers (IPPs).

		Note	Opening balance as at 01-07-2019	Transferred to current portion	Fresh Facility obtained during the year	Closing balance as at 30-06-2020
			-----Pak Rupees-----			
12.2	**Islamic facilities from banking companies - secured**					
	Rs. 200.00 bln pakistan energy sukuk - I - dd 01-03-19	12.2.1	200,000,000,000	-	-	200,000,000,000
	Rs. 199.9668 bln Pakistan energy sukuk-II - dd 21-05-20	12.2.2	-	-	199,966,800,000	199,966,800,000
	Rs. 50.00 (A) bln (4.450 bln) STFF - dd 04-05-18	12.2.3	4,450,000,000	1,483,333,333	-	2,966,666,667
	Rs. 50.00 (B) bln (5.125 bln) STFF - dd 30-05-2018	12.2.4	5,125,200,000	1,708,400,000	-	3,416,800,000
	Rs. 41.00 bln (17.00 bln) STFF - dd 22-06-17	12.2.5	11,333,333,333	11,333,333,333	-	0
	Rs. 41.00 bln (17.00 bln) STFF - dd 21-05-20	12.2.6	-	-	17,000,000,000	17,000,000,000
	Rs. 30.00 bln (20.00 bln) SITFF - dd 08-03-17	12.2.7	13,333,333,333	13,333,333,333	-	0
	Rs. 30.00 bln (20.00 bln) SITFF - dd 20-12-19	12.2.8	-	-	20,000,000,000	20,000,000,000
	Rs. 25.00 bln SITFF- dd 29-04-16	12.2.9	-	-	-	-
	Rs. 25.00 bln SITFF - dd 15-03-19	12.2.10	25,000,000,000	-	-	25,000,000,000
			259,241,866,667	27,858,399,999	236,966,800,000	468,350,266,667

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 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 would be given 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, Meezan Bank Limited and Central Power Purchasing Agency (Guarantee) Limited ("CPPA").

The sukuk is issued for funding repayment of liabilities of the distribution companies (DISCOs) towards Central Power Purchasing Agency (CPPA) for onward payment to Power Generation Companies (GENCOs) and Independent Power Producers (IPPs).

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.he sukuk was issued 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, Meezan Bank Limited and Central Power Purchasing Agency (Guarantee) Limited ("CPPA").

The sukuk is issued for funding repayment of liabilities of the distribution companies (DISCOs) towards Central Power Purchasing Agency (CPPA) for onward payment to Power Generation Companies (GENCOs) and Independent Power Producers (IPPs).

12.2.3 This represents Islamic syndicated term finance facility 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 2.00% 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. However, in case installment payments are made on due dates or maximum within 30 days after due date, then PHL is entitled to a rebate of 1.30%. The financing is repayable by May, 2023 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 Central Power Purchasing Agency (CPPA) for onward payment to Power Generation Companies (GENCOs) and Independent Power Producers (IPPs).

12.2.4 This represents Islamic syndicated term finance facility 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 2.00% 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. However, in case installment payments are made on due dates or maximum within 30 days after due date, then PHL is entitled to a rebate of 1.30%. The financing is repayable by May, 2023 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 Central Power Purchasing Agency (CPPA) for onward payment to Power Generation Companies (GENCOs) and Independent Power Producers (IPPs).

12.2.5 This represents Islamic syndicated term finance facility 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 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 markup due to the end of that semi-annual. However, in case installment payments are made on due dates or maximum within 30 days after due date, then PHL is entitled to a rebate of 1.30%. The financing is secured by unconditional, irrevocable first demand and continuing guarantee of the Government of Pakistan.

The facility has been adjusted/repaid by executing the fresh Islamic facility vide finance agreement dated 21-05-2020.

12.2.6 This represents Islamic syndicated term finance facility 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 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 markup due to the end of that semi-annual. However, in case installment payments are made on due dates or maximum within 30 days after due date, then PHL is entitled to a rebate of 1.30%. The financing is repayable by May, 2025 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 Central Power Purchasing Agency (CPPA) for onward payment to Power Generation Companies (GENCOs) and Independent Power Producers (IPPs).

12.2.7 This represents Islamic syndicated term finance facility 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 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 markup due to the end of that semi-annual. However, in case installment payments are made on due dates or maximum within 30 days after due date, then PHL is entitled to a rebate of 1.30%. The financing is secured by unconditional, irrevocable first demand and continuing guarantee of the Government of Pakistan.

The facility has been adjusted/repaid by executing the fresh Islamic facility vide finance agreement dated 20-12-2020.

12.2.8 This represents Islamic syndicated term finance facility 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 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 markup due to the end of that semi-annual. However, in case installment payments are made on due dates or maximum within 30 days after due date, then PHL is entitled to a rebate of 1.30%. The financing is repayable by December, 2024 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 Central Power Purchasing Agency (CPPA) for onward payment to Power Generation Companies (GENCOs) and Independent Power Producers (IPPs).

12.2.9 This represents Islamic syndicated term finance facility 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 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 markup due to the end of that semi-annual. However, in case installment payments are made on due dates or maximum within 30 days after due date, then PHL is entitled to a rebate of 1.15%. The financing is secured by unconditional, irrevocable first demand and continuing guarantee of the Government of Pakistan.

The facility has been adjusted/repaid by executing the fresh Islamic facility vide finance agreement dated 15-03-2020.

12.2.10 This represents Islamic syndicated term finance facility 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 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 markup due to the end of that semi-annual. However, in case installment payments are made on due dates or maximum within 30 days after due date, then PHL is entitled to a rebate of 1.15%. The financing is repayable by March, 2024 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 Central Power Purchasing Agency (CPPA) for onward payment to Power Generation Companies (GENCOs) and Independent Power Producers (IPPs).

13 CURRENT PORTION OF LONG TERM FINANCING

	Note	Opening balance as at 01-07-2019	Transferred from long term portion	Payments during the year	Closing Balance as at 30-06-2020
		---Pak Rupees---			
Conventional facilities	13.1	216,832,626,606	165,116,093,324	213,783,286,596	168,165,433,333
Islamic Facilities	13.2	12,333,333,333	27,858,399,999	37,000,000,000	3,191,733,333
		229,165,959,939	**192,974,493,323**	**250,783,286,596**	**171,357,166,666**

	Note	Opening balance as at 01-07-2019	Transferred from long term portion	Payments during the year	Closing Balance as at 30-06-2020
		---------------------------	Pak Rupees	---------------------------	
13.1 Conventional facilities					
Rs. 136.4542 bln STFF - dd 29-12-16		68,227,100,000	68,227,100,000	136,454,200,000	-
Rs. 80.00 bln STFF - dd 30-03-2018		6,666,666,667	26,666,666,667	-	33,333,333,334
Rs. 50.00 (A) bln (45.550 bln) STFF - dd 04-05-18		-	15,183,333,333	-	15,183,333,333
Rs. 50.00 (B) bln (44.8748 bln) STFF - dd 30-05-18		-	14,958,266,667	-	14,958,266,667
Rs. 41.00 bln (24.00 bln) STFF - dd 22-06-17		8,000,000,000	16,000,000,000	24,000,000,000	-
Rs. 40.00 bln STFF - dd 30-01-15		20,000,000,000	-	20,000,000,000	-
Rs. 35.806 bln STFF - dd 20-11-18		-	5,967,666,667	-	5,967,666,667
Rs. 30.95 bln STFF - dd 09-11-17		5,158,333,333	10,316,666,667	-	15,475,000,000
Rs. 30.00 bln (10.00 bln) STFF dd - 08-03-17		3,333,333,333	6,666,666,667	10,000,000,000	-
Rs. 25.00 bln STFF - dd 31-12-14		10,416,666,667	-	10,416,666,667	-
Rs. 15.00 bln STFF - dd 08-11-12		7,500,000,000	-	7,500,000,000	-
Rs. 7.487 bln STFF - dd 02-07-15		2,495,666,667	623,916,667	1,871,750,001	1,247,833,333
Rs. 6.069 bln BFF (dd 13-03-12) TF (15-07-13)		3,034,859,938	505,809,990	3,540,669,928	-
		134,832,626,606	**165,116,093,324**	**213,783,286,596**	**86,165,433,333**
From non-banking companies - secured					
Rs 82.00 bln OGDCL PPTFCs - dd 10-09-12		82,000,000,000	-	-	82,000,000,000
		216,832,626,606	**165,116,093,324**	**213,783,286,596**	**168,165,433,333**

13.2 Islamic Facilities

	Opening balance as at 01-07-2019	Transferred from long term portion	Payments during the year	Closing Balance as at 30-06-2020
Rs. 50.00 (A) bln (4.450 bln) STFF - dd 04-05-18	-	1,483,333,333	-	1,483,333,333
Rs. 50.00 (B) bln (5.125 bln) STFF - dd 30-05-2018	-	1,708,400,000	-	1,708,400,000
Rs. 41.00 bln (17.00 bln) STFF - dd 22-06-17	5,666,666,667	11,333,333,333	17,000,000,000	-
Rs. 30.00 bln (20.00 bln) SITFF - dd 08-03-17	6,666,666,667	13,333,333,333	20,000,000,000	-
	12,333,333,333	**27,858,399,999**	**37,000,000,000**	**3,191,733,333**

14 MARKUP ACCRUED

	Note	2020	2019
		-------------Pak Rupees	-------------
Markup / interest accrued on conventional facilities	14.1	**54,179,539,731**	43,687,682,747
Profit accrued on Islamic facilities	14.2	**14,054,562,102**	10,542,431,366
		68,234,101,833	54,230,114,113

14.1 Markup / interest accrued on conventional facilities

	2020	2019
Rs. 136.4542 bln STFF - dd 29-12-16	-	4,224,846,340
Rs. 136.4542 bln STFF - dd 30-09-19	**4,541,943,470**	-
Rs 82.00 bln OGDCL PPTFCs - dd 10-09-12	**42,985,818,083**	31,731,544,109
Rs. 80.00 bln STFF - dd 30-03-2018	**2,429,106,849**	2,387,178,082
Rs. 50.00 (A) bln (45.550 bln) STFF - dd 04-05-18	**642,017,891**	852,646,082
Rs. 50.00 (B) bln (44.8748 bln) STFF - dd 30-05-18	**348,179,270**	533,874,881
Rs. 41.457 bln STFF - dd 30-09-19	**1,384,470,595**	-
Rs. 41.00 bln (24.00 bln) STFF - dd 22-06-17	-	1,448,074,520
Rs. 41.00 bln (24.00 bln) STFF - dd 21-05-20	**231,576,986**	-
Rs. 40.00 bln STFF - dd 30-01-15	-	411,408,219
Rs. 35.806 bln STFF - dd 20-11-18	**378,229,078**	533,558,449
Rs. 30.95 bln STFF - dd 09-11-17	**391,886,356**	539,293,151
Rs. 30.00 bln (10.00 bln) STFF dd - 08-03-17	-	363,589,041
Rs. 30.00 bln (10 bln) STFF dd - 20-12-19	**734,663,014**	-
Rs. 25.00 bln STFF - dd 31-12-14	-	314,805,936
Rs. 15.00 bln STFF - dd 08-11-12	-	136,035,616
Rs. 7.487 bln STFF - dd 02-07-15	**111,648,139**	120,523,778
Rs. 6.069 bln BFF (dd 13-03-12) TF (15-07-13)	-	90,304,544
	54,179,539,731	43,687,682,747

	Note	2020	2019
		-------------Pak Rupees-------------	
14.2 Profit accrued on Islamic facilities			
Rs. 200.00 bln pakistan energy sukuk - I - dd 01-03-19		9,526,027,397	7,781,260,274
Rs. 199.9668 bln pakistan energy sukuk - II - dd 21-05-20		1,801,454,333	-
Rs. 50.00 (A) bln (4.450 bln) STFF - dd 04-05-18		62,721,834	83,299,123
Rs. 50.00 (B) bln (5.125 bln) STFF - dd 30-05-2018		39,765,935	60,974,434
Rs. 41.00 bln (17.00 bln) STFF - dd 22-06-17		-	1,025,719,452
Rs. 41.00 bln (17.00 bln) STFF - dd 21-05-20		164,033,699	-
Rs. 30.00 bln (20.00 bln) SITFF - dd 08-03-17		-	727,178,082
Rs. 30.00 bln (20.00 bln) SITFF - dd 20-12-19		1,469,326,027	-
Rs. 25.00 bln SITFF - dd 15-03-19		991,232,877	864,000,000
		14,054,562,102	10,542,431,366

15 OTHER PAYABLES

	Note	2020	2019
Liquidated damages on Interest - 82.00 bn	15.1	24,728,970,090	17,911,442,070
Liquidated damages on Principal Amount - 82.00 bn	15.1	41,314,520,548	25,352,602,740
Accrued liabilities		298,517	298,181
Withholding tax payable		-	11,198
Payable to CPPA-G against Pakistan Energy Sukuk - I CDC Security		100,000	100,000
Payable to CPPA-G against excess mark-up receipts		3,986,866	-
		66,047,876,021	43,264,454,188

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.

16 SHORT TERM BORROWINGS

	Note	2020	2019
		-------------Pak Rupees-------------	
From non-banking companies- unsecured	16.1	-	191,935
		-	191,935

16.1 This represents un-secured interest free loan from Pakistan Electric Power Supply Company (PEPCO) for the purposes of meeting operational expenses of the company.

17 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 the financial institutions from whom financing facilities have been raised as explained in note 17.

18 FROM POWER SECTOR, GOP THROUGH CPPA-G

This represents grant from Power sector, Government of Pakistan through Central Power Purchasing Agency Guarantee Limited (CPPA-G) for repayment of markup/profit, trustee fee, arrangement fee, legal charges, liquidated damages and other incidental charges in respect of power sector's obligation component of financing facilities availed by the company from banking companies/Oil and Gas Development Company (OGDCL)/Sukuk Investors.

	2020	2019
	-------------Pak Rupees-------------	
Grant against markup / profit on financing facilities	107,740,583,582	54,907,467,604
Grant against trustee fee, arrangement fee and legal	490,912,732	97,037,420
Grant against liquidated damages on Interest - Rs. 82.00 bn facility	6,817,528,020	5,092,343,172
Grant against liquidated damages on Principal Amount - Rs. 82.00 bn facility	15,961,917,808	12,367,397,261
	131,010,942,143	72,464,245,456

19 FROM FINANCE DIVISION, GOP

This represents grant from Finance Division, Government of Pakistan for the repayment of markup/profit, trustee fee, arrangement fee and legal fee in respect of Finance Division's obligation component of financing facilities availed by the company from the banking companies.

	Note	2020	2019
		-------------Pak Rupees-------------	
Grant against markup / profit on financing facilities		5,671,929,825	12,356,460,217
Grant against trustee fee, arrangement fee and legal		1,160,000	3,459,000
		5,673,089,825	12,359,919,217

20 FINANCE COST

	Note	2020	2019
Markup on conventional financing facilities	20.1	73,543,386,835	52,558,562,567
Profit on Islamic financing facilities	20.2	39,869,126,572	14,705,365,252
		113,412,513,407	67,263,927,819
Liquidated damages on Rs. 82.00 bln delayed interest payments		6,817,528,020	5,092,343,172
Liquidated damages on Rs. 82.00 bln delayed principal repayment		15,961,917,809	12,367,397,261
		136,191,959,236	84,723,668,252

20.1 Markup on conventional facilities:

	2020	2019
Rs. 136.4542 bln STFF - dd 29-12-16	4,755,858,794	13,946,441,702
Rs. 136.4542 bln STFF - dd 30-09-19	14,599,365,704	-
Rs 82.00 bln OGDCL PPTFCs - dd 10-09-12	11,464,273,973	7,900,127,123
Rs. 80.00 bln STFF - dd 30-03-2018	10,897,841,095	7,925,238,352
Rs. 50.00 (A) bln (45.550 bln) STFF - dd 04-05-18	6,024,904,741	4,520,107,452
Rs. 50.00 (B) bln (44.8748 bln) STFF - dd 30-05-18	6,191,419,187	4,471,804,556
Rs. 41.457 bln STFF - dd 30-09-19	4,440,103,466	-
Rs. 41.00 bln (24.00 bln) STFF - dd 22-06-17	2,979,215,345	2,331,327,123
Rs. 41.00 bln (24.00 bln) STFF - dd 21-05-20	231,576,987	-
Rs. 40.00 bln STFF - dd 30-01-15	698,284,932	2,164,908,676
Rs. 35.806 bln STFF - dd 20-11-18	4,946,996,200	2,497,218,348
Rs. 30.95 bln STFF - dd 09-11-17	3,902,396,466	2,962,025,233
Rs. 30.00 bln (10.00 bln) STFF dd - 08-03-17	634,104,110	935,515,068
Rs. 30.00 bln (10 bln) STFF dd - 20-12-19	734,663,014	-
Rs. 25.00 bln STFF - dd 31-12-14	362,805,365	1,198,143,058
Rs. 15.00 bln STFF - dd 08-11-12	229,245,206	815,203,424
Rs. 7.487 bln STFF - dd 02-07-15	329,192,838	494,677,033
Rs. 6.069 bln BFF (dd 13-03-12) TF (15-07-13)	121,139,414	395,825,419
	73,543,386,835	52,558,562,567

20.2 Markup / interest on Islamic facilities:

	2020	2019
Rs. 200.00 bln pakistan energy sukuk - I - dd 01-03-19	28,319,671,234	7,781,260,274
Rs. 199.9668 bln pakistan energy sukuk - II - dd 21-05-20	1,801,454,333	-
Rs. 50.00 (A) bln (4.450 bln) STFF - dd 04-05-18	588,602,110	441,591,178
Rs. 50.00 (B) bln (5.125 bln) STFF - dd 30-05-2018	707,128,758	510,729,690
Rs. 41.00 bln (17.00 bln) STFF - dd 22-06-17	2,110,277,534	1,651,356,712
Rs. 41.00 bln (17.00 bln) STFF - dd 21-05-20	164,033,698	-
Rs. 30.00 bln (20.00 bln) SITFF - dd 08-03-17	1,268,208,219	1,871,030,137
Rs. 30.00 bln (20.00 bln) SITFF - dd 20-12-19	1,469,326,027	-
Rs. 25.00 bln SITFF- dd 29-04-16	-	1,585,397,261
Rs. 25.00 bln SITFF - dd 15-03-19	3,440,424,658	864,000,000
	39,869,126,572	14,705,365,252

21 OTHER EXPENSES

	2020	2019
Participation and advisory fee	473,997,732	81,449,920
Trustee fee	16,075,000	14,804,000
Legal Council fee	2,000,000	1,520,000
Pakistan Energy Sukuk - I - Incidental fee	-	2,722,500
	492,072,732	100,496,420

POWER HOLDING LIMITED
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FOR THE YEAR ENDED JUNE 30, 2020

22 OTHER INCOME

	Note	2020	2019
		Pak Rupees	
Profit on N.I.D.A No. 000063 (NBP B-Block Branch, Islamabad)		4,062,418	9,409,977
Profit on N.I.D.A No. 3148981107 (NBP Super Market Branch, Islamabad)		115,877,125	21,953,298
Profit on Meezan Bank, A No. 103609515		191,546	-
Miscellaneous		191,935	-
		120,323,024	31,363,275

23 OPERATING COST

	Note	2020	2019
Salaries		8,596,022	8,810,654
Legal and professional		3,053,576	1,140,000
Insurance		48,056	90,579
Vehicles' running and maintenance		900,590	1,143,579
Entertainment		47,784	39,252
Auditors' remuneration	23.1	163,016	135,000
Communication		115,382	57,812
Printing and stationery		95,402	108,326
Repair and maintenance		30,068	22,750
Fee and subscription		20,460	20,950
Director's fee		735,000	875,000
Advertisement		156,402	143,458
Depreciation	4	163,986	160,857
Bank charges and commission		113,662	153,571
Miscellaneous		23,276	8,597
		14,262,682	12,910,385

23.1 Auditors' remuneration

	2020	2019
Professional fee	148,016	120,000
Out of pocket expenses	15,000	15,000
	163,016	135,000

24 FINANCIAL INCIDENTAL CHARGES

	2020	2019
Pakistan Energy Sukuk - I - Incidental Fee	1,545,000	-
Pakistan Energy Sukuk - II - Incidental Fee	4,173,951	-
	5,718,951	-

25 PROVISION FOR TAXATION

	2020	2019
Current Year		
Current	29,081,786	5,342,820
Deferred	11,747	4,821
	29,093,533	5,347,641
Prior Years	(340)	-
	29,093,193	5,347,641

26 EARNING PER SHARE (BASIC AND DILUTED)

	2020	2019
Profit for the year (Rupees)	71,248,198	13,105,249
Shares outstanding during the year (Number)	1,500,000	1,500,000
Earnings per share (Rupees)	47.50	8.74

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.

27 NON-CASH TRANSACTIONS

During the year ended 30-06-2020, no non-cash transaction has been incurred except those as stated in the above respective notes and cash flow.

28 RECLASSIFICATION

No reclassification has been made during the year.

	2020	2019
	----------Number----------	
29 NUMBER OF EMPLOYEES		
Number of employees at the year end	7	6

30 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 the 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.

30.1 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:

30.1.1 Counterparties

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

Government of Pakistan

The Company has major receivables from the Government of Pakistan related entities and the 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.

30.1.2 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:

	2020	2019
	------------Pak Rupees------------	
Long term deposits	260,500	160,500
Bank balances	842,615,780	1,060,380,191
	842,876,280	1,060,540,691

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.

30.2 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 manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. 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, 2020			
Long term financing	1,003,882,169,926	171,357,166,666	832,525,003,260
Short term borrowings	-	-	-
Other payables	91,519,647,180	91,519,647,180	-
Markup accrued	68,234,101,833	68,234,101,833	-
	1,163,635,918,939	**331,110,915,679**	**832,525,003,260**
30th June, 2019			
Long term financing	805,787,119,928	229,165,959,939	576,621,159,989
Short term borrowings	191,935	191,935	-
Other payables	59,523,994,468	59,523,994,468	-
Markup accrued	54,230,114,113	54,230,114,113	-
	919,541,420,444	**342,920,260,455**	**576,621,159,989**

30.3 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:

30.3.1 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.

30.3.2 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.

30.3.3 Markup rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market 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 6.50% 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:

	2020	2019
	------------Pak Rupees------------	
Financial assets		
Bank balance	842,609,687	1,060,374,098
Financial liabilities		
Floating rate instruments:		
Long term loans - secured	832,525,003,260	576,621,159,989
Current portion long term loans	171,357,166,666	229,165,959,939
	1,003,882,169,926	805,787,119,928
Markup rate sensitivity analysis	10,038,821,699	8,057,871,199

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. 10,038 billion (2019: 8,057 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.

30.3.4 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. Fair value is determined on the basis of objective evidence at each balance sheet date.

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

30.4 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.

31 RELATED PARTIES TRANSACTIONS

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

31.1 Transactions with related parties

Related parties comprise of associated undertakings and key management personnel. 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	2020	2019
		------------Pak Rupees------------	
- **Transactions during the year are as follows:**			
Central Power Purchasing Agency (CPPA)			
Grant against markup / profit on financing facilities	18	**107,740,583,582**	54,907,467,604
Grant against trustee fee, arrangement fee and legal	18	**490,912,732**	97,037,420
Grant against liquidated damages on Interest - Rs. 82.00 bn facility	18	**6,817,528,020**	5,092,343,172
Grant against liquidated damages on Principal Amount - Rs. 82.00 bn facility	18	**15,961,917,808**	12,367,397,261

	Note	2020	2019
		------------Pak Rupees------------	
Ministry of Finance (MOF)			
Grant against markup / profit on financing facilities	19	**5,671,929,825**	12,356,460,217
Grant against trustee fee, arrangement fee and legal	19	**1,160,000**	3,459,000
- **Balances as at year end are as follows:**			
Central Power Purchasing Agency (CPPA)			
Receivable in respect of principal amount of loan - Non current		**807,525,003,260**	530,997,243,323
Receivable in respect of principal amount of loan - Current		**170,109,333,335**	216,670,293,272
Amount receivable against markup		**67,131,220,816**	51,154,823,207
Liquidated Damages receivable		**66,043,490,638**	43,264,044,809
Receivable from Finance Division through CPPA against trustee fee		**4,619,000**	3,459,000
Receivable from CPPA against Sukuk - I Incidental Charges		**-**	1,240,000
Bridge borrowing from CPPA-G - for MOF markup settlement		**25,471,771,159**	16,259,540,280
Ministry of Finance (MOF)			
Receivable in respect of principal amount of loan		**25,000,000,000**	45,623,916,666
Receivable in respect of principal amount of loan - Current		**5,615,250,000**	
Amount receivable against mark-up		**21,507,635,333**	15,835,705,513

	2020	2019
Amount receivable against mark-up		
From power sector, GOP through CPPA-G	67,131,220,816	51,154,823,207
From Ministry of Finance, GOP	21,507,635,333	15,835,705,513
	88,638,856,149	66,990,528,719
Amount receivable against liquidated damages from power sector, GOP through CPPA-G	66,043,490,638	43,264,044,809
Receivable in respect of principal amount of loan		
From power sector, GOP through CPPA-G	977,634,336,595	747,667,536,595
From Ministry of Finance, GOP	30,615,250,000	60,615,249,999
	1,008,249,586,595	808,282,786,594
Bridge borrowing from CPPA-G - for MOF markup settlement	25,471,771,159	16,259,540,280
Short term borrowings	-	191,935

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

32 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:

	2020		
	Numbers	Salaries	Fee/Allowances
Chief Executive	1	-	-
Executive	1	5,505,500	144,000
Directors' Meeting Fee	5	-	735,000
		5,505,500	879,000

	2019		
	No.	Salaries	Fee/Allowances
Chief Executive	1	-	96,000
Executive	1	5,390,000	144,000
Directors' Meeting Fee	5	-	875,000
		5,390,000	1,115,000

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

33 DATE OF AUTHORIZATION

The financial statements were authorized for issue by the Board of Directors of the company on 05-10-2020.

34 FIGURES

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

CHIEF EXECUTIVE

DIRECTOR