Multan Electric Power Company

Limited (MEPCO)

Audit for the year ended June 30, 2024

YOUSUF ADIL

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INDEPENDENT AUDITOR'S REPORT

To the members of Multan Electric Power Company Limited

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Emphasis of Matters

We draw attention to the following matters:

a) Note 12.1.1 to the financial statements, which states that the Company has not recognized the impact of debit notes issued by Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) for supplementary charges, being the mark-up charged on CPPA-G by Independent Power Producers (IPPs) on account of delayed payments, aggregating to Rupees 30,275.95 million.

b) Note 14.1 to the financial statements describes various tax contingencies, the ultimate outcome of which cannot be presently determined hence, no provision for the same has been made in accompanying financial statements.

c) Note 22.1 to the financial statements which states that current account balance with WAPDA of Rs. 3,634 million on account pension benefits being paid by the Company to employees transferred from WAPDA out of which Rs. 3,208 is long overdue and no amount have been received since last three years.

d) Note 22.4 to the financial statements which states that an amount of Rs. 31,697 million is receivable from Government of the Punjab on account of general sales tax (GST) subsidy which is long overdue and no amount have been received during past couple of years.

Our opinion is not modified in respect of these matters.

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

Management is responsible for the other information. The other information comprises the Directors' report as required under Companies Act, 2017, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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, the requirements of Companies Act, 2017 (XIX of 2017) and the State-Owned Enterprises (Governance and Operations) Act, 2023 (SOE Act, 2023) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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 the SOE Act, 2023 and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

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

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Sufyan.

Yousuf Adil

Chartered Accountants

Place: Multan
Date: October 24, 2024

UDIN: AR202410180PwKSW2Xpl

MULTAN ELECTRIC POWER COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	5	10,823,636,048.00	10,823,636,048
Deposit for shares	6	67,728,621,839.00	61,508,552,556
Accumulated loss		(173,710,979,275)	(190,836,566,413)
TOTAL EQUITY		(95,158,721,388)	(118,504,377,809)
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	7	5,181,109,625	5,751,926,806
Staff retirement benefits	8	163,919,560,657	137,742,128,574
Long term security deposits	9	14,604,383,158	13,593,750,786
Contract liabilities	10	33,002,564,555	38,552,737,052
Deferred credit	11	74,959,608,474	69,557,824,169
		291,667,226,469	265,198,367,387
CURRENT LIABILITIES			
Trade and other payables	12	172,766,037,908	168,917,291,956
Accrued mark-up	13	11,207,582,622	10,286,735,913
Current portion of long term financing	7	9,281,758,414	8,447,137,700
Provision for taxation		11,108,557,729	9,796,494,492
		204,363,936,673	197,447,660,061
TOTAL LIABILITIES		496,031,163,142	462,646,027,448
CONTINGENCIES AND COMMITMENTS	14		
TOTAL EQUITY AND LIABILITIES		400,872,441,754	344,141,649,639
NON-CURRENT ASSETS			
Property, plant and equipment	15	154,508,449,067	139,984,141,285
Intangible assets	16	-	-
Long term loans to employees	17	359,752,054	203,673,368
Long term deposits	18	49,185	49,185
		154,868,250,306	140,187,863,837
CURRENT ASSETS			
Stores and spare parts	19	14,014,535,977	8,463,443,060
Trade debts	20	90,595,322,059	65,069,311,455
Loans and advances	21	469,208,741	318,842,399
Other receivables	22	83,810,576,321	78,334,213,862
Advance income tax		13,680,508,804	7,757,132,820
Sales tax receivable	23	6,302,528,110	5,858,872,823
Accrued interest		1,926,004,515	295,721,200
Short term investments	24	14,060,000,000	13,100,000,000
Bank balances	25	21,145,506,921	24,756,248,184
		246,004,191,448	203,953,785,802
TOTAL ASSETS		400,872,441,754	344,141,649,639

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

CHIEF EXECUTIVE OFFICER **DIRECTOR**

MULTAN ELECTRIC POWER COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
Sale of electricity - net	26	**522,892,543,049**	372,963,168,220
Tariff differential subsidies	27	**74,716,948,775**	77,811,456,859
		597,609,491,824	450,774,625,079
Cost of electricity	28	**(526,488,194,471)**	(438,573,956,481)
Gross profit		**71,121,297,353**	12,200,668,598
Amortization of deferred credit	11	**3,915,150,917**	3,660,012,645
		75,036,448,270	15,860,681,243
Distribution cost excluding depreciation	29	**(47,038,407,123)**	(37,109,250,997)
Customer service cost	30	**(6,016,528,378)**	(5,020,542,839)
Depreciation on operating fixed assets	15	**(6,609,793,844)**	(6,182,414,130)
Allowance for expected credit losses	20.1	**(2,770,015,384)**	(5,903,781,369)
		(62,434,744,729)	(54,215,989,335)
Profit / (loss) from operations		**12,601,703,541**	(38,355,308,091)
Other income	31	**21,514,284,976**	16,983,603,455
Finance cost	32	**(924,856,018)**	(1,064,361,559)
Profit / (loss) before levies and income tax		**33,191,132,499**	(22,436,066,195)
Minimum tax differential	33	**(1,312,063,237)**	(937,059,499)
Profit / (loss) before income tax		**31,879,069,262**	(23,373,125,694)
Income tax	33	**-**	-
Profit / (loss) for the year		**31,879,069,262**	(23,373,125,694)

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

MULTAN ELECTRIC POWER COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees Restated
Profit / (loss) for the year		**31,879,069,262**	(23,373,125,694)
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
- Remeasurement of defined benefit obligations	8.3	**(14,753,482,123)**	(20,283,305,619)
Items that may be reclassified subsequently to profit or loss		-	-
		(14,753,482,123)	(20,283,305,619)
Total comprehensive income for the year		**17,125,587,139**	(43,656,431,313)

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

CHIEF EXECUTIVE OFFICER **DIRECTOR**

MULTAN ELECTRIC POWER COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2024

	Note	SHARE CAPITAL	DEPOSIT FOR SHARES	ACCUMULATED LOSS	TOTAL EQUITY
		---Rupees---			
Balance as at June 30, 2022		10,823,636,048	49,639,659,930	(147,180,135,100)	(86,716,839,122)
Non-cash settlement against deposit for shares		-	11,868,892,626	-	11,868,892,626
Loss for the year - restated		-	-	(23,373,125,694)	(23,373,125,694)
Other comprehensive income for the year		-	-	(20,283,305,619)	(20,283,305,619)
Total comprehensive income for the year - restated		-	-	(43,656,431,313)	(43,656,431,313)
Balance as at June 30, 2023 - restated		10,823,636,048	61,508,552,556	(190,836,566,413)	(118,504,377,809)
Non-cash settlement against deposit for shares	6	**-**	**6,220,069,283**	**-**	**6,220,069,283**
Profit for the year		**-**	**-**	**31,879,069,262**	**31,879,069,262**
Other comprehensive income for the year		**-**	**-**	**(14,753,482,123)**	**(14,753,482,123)**
Total comprehensive income for the year		**-**	**-**	**17,125,587,139**	**17,125,587,139**
Balance as at June 30, 2024		**10,823,636,048**	**67,728,621,839**	**(173,710,979,275)**	**(95,158,721,388)**

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

MULTAN ELECTRIC POWER COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before levies and income tax		**33,191,132,499**	(22,436,066,195)
Adjustments for:			
Depreciation	15.3	**6,609,793,844**	6,182,414,130
Provision for staff retirement benefits	8.1	**22,858,472,475**	18,328,345,451
Amortization of deferred credit	11	**(3,915,150,917)**	(3,660,012,645)
Allowance for expected credit losses	29	**2,770,015,384**	5,903,781,369
Provision/(Reversal) for stores and spare parts	29	**(245,652,245)**	310,590,776
Provision for workers' profit participation fund	29	**1,746,901,710**	-
Impairment of capital work-in-progress	29	**1,869,598**	20,526,572
Profit on bank deposits and term deposit receipts	31	**(7,727,225,856)**	(5,567,288,749)
Contract liabilities transferred to other income	31	**(4,294,490,404)**	(3,222,366,000)
Finance cost	32	**924,856,018**	1,064,361,559
		51,920,522,106	(3,075,713,731)
Effect on cash flows due to working capital changes:			
(Increase) / decrease in current assets:			
Stores and spare parts		**(5,305,440,672)**	4,269,456
Trade debts		**(28,296,025,989)**	23,444,445,904
Loans and advances		**(150,366,342)**	(28,281,231)
Other receivables		**(5,476,362,460)**	(1,566,904,217)
Sales tax receivable		**(443,655,287)**	1,468,208,801
Increase /(decrease) in trade and other payables		**8,321,913,526**	(11,526,468,430)
		(31,349,937,223)	11,795,270,285
Finance cost paid		**(4,009,309)**	(2,744,365)
Taxes paid		**(5,923,375,984)**	(4,614,076,982)
Staff retirement benefits paid		**(11,434,522,513)**	(9,566,266,792)
		(17,361,907,806)	(14,183,088,139)
Net cash (used in) / generated from operating activities		**3,208,677,076**	(5,463,531,586)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		**(21,135,971,224)**	(16,774,123,355)
Net increase in short term investments - amortized cost		**(960,000,000)**	(13,100,000,000)
Net increase in long term loans to employees		**(156,078,687)**	(83,242,835)
Profit on bank deposits and term deposit receipts		**6,096,942,541**	5,379,119,890
Net cash (used in) / generated from investing activities		**(16,155,107,370)**	(24,578,246,300)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		**298,021,843**	-
Repayment of long term financing		**(34,218,310)**	(18,333,325)
Consumers' security deposits received		**1,222,230,996**	1,230,735,325
Consumers' security deposits repaid		**(211,598,625)**	(90,346,782)
Receipt against deposit works and connections		**8,061,253,127**	15,456,287,725
Net cash generated from financing activities		**9,335,689,031**	16,578,342,943
Net increase in cash and cash equivalents	**(A+B+C)**	**(3,610,741,263)**	(13,463,434,942)
Cash and cash equivalents at beginning of the year		**24,756,248,184**	38,219,683,127
Cash and cash equivalents at end of the year		**21,145,506,921**	24,756,248,184

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

CHIEF EXECUTIVE OFFICER **DIRECTOR**

MULTAN ELECTRIC POWER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1 THE COMPANY AND ITS ACTIVITIES

1.1 Multan Electric Power Company Limited (the Company) is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company was established to takeover all the properties, rights, assets, obligations and liabilities of Multan Area Electricity Board (MAEB) owned by Pakistan Water and Power Development Authority (WAPDA) and such other assets and liabilities as agreed. The Company was incorporated on May 14, 1998 and commenced operations on June 09, 1998. Its registered office is situated at Shahrah-e-Quaid-e-Azam, WAPDA House, Lahore. The principal place of business of the Company is located at Khanewal Road, Multan. The principal activity of the Company is distribution and supply of electricity to public within defined geographical boundaries. The Company obtained distribution license No. DL/06/2023 dated May 09, 2023 and supply license No. SOLR/06/2023 dated December 27, 2023 from NEPRA. The addresses of circle offices of the Company are as follow:

Circles	Addresses
Multan	Finance Director MEPCO Complex KWL Road Multan
Sahiwal	Executive Engineer (OP) Sahiwal-2nd MEPCO Complex Multan Road Sahiwal.
Khanewal	Revenue Officer (P) Khanewal MEPCO Complex Railway Road Khanewal.
Bahawalnagar	Executive Engineer (OP) B/Nagar MEPCO Complex Bahwalnagaer
Bahwalpur	Executive Engineer (OP) Model TwonB/Pur Near Railway Station Bahwal Pur.
Rahim Yar Khan	Executive Engineer (OP) R.Y.Khan MEPCO Complex R Y Khan
Dera Gazi Khan	Executive Engineer (OP) Kot Chutta, DG Khan Road.
Muzafar Garh	Executive Engineer (OP) M/Garh, MEPCO Complex Muzaffargarh.
Vehari	Revenue Officer (P) Vehari MEPCO Complex Multan Road Vehari.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

- Islamic Financial Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017;

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

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

2.2 New amendments that are effective for the year ended June 30, 2024

The following amendments are effective for the year ended June 30, 2024. These amendments are either not relevant to the Company's / Bank's operations or are not expected to have significant impact on the Company's / Bank's financial statements other than certain additional disclosures.

Amendments to IAS 1 'Presentation of Financial Statements' and IFRS practice statement 2 - Disclosure of accounting policies.

Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates.

Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.

Amendments to IAS 12 ' Income taxes' - International Tax Reform — Pillar Two Model Rules.

2.3 Standard and amendments to IFRS that are not yet effective

The following standard and amendments are effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments are either not relevant to the Company's / Bank's operations or are not expected to have significant impact on the Company's / Bank's financial statements other than certain additional disclosures.

	Effective from Accounting period beginning on or after
Amendments to IFRS 16 ' Leases' -Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024

	Effective from Accounting period beginning on or after
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current along with Non-current liabilities with Convenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability	January 01, 2025
IFRS 17 – Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)	January 01, 2026
Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Classification and measurement of financial instruments	January 01, 2026

'Other than the aforesaid amendments, IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 - First Time Adoption of International Financial Reporting Standards
- IFRS 18 - Presentation and Disclosures in Financial Statements
- IFRS 19 - Subsidiaries without Public Accountability: Disclosures

2.4 ADOPTION OF NEW ACCOUNTING POLICY

2.4.1 Accounting for minimum taxes and final taxes

During the year, the Institute of Chartered Accountants of Pakistan (ICAP) has withdrawn Technical Release 27 'IAS 12, Income Taxes (Revised 2012)' and issued the 'IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes' (the Guidance). Accordingly, in accordance with the Guidance, the Company has changed its accounting policy to recognise minimum and final taxes as 'Levy' under IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" which were previously being recognised as 'Income tax'.

The Guide issued by ICAP provides two (2) approaches to account for minimum and final regime taxes, which is a choice of accounting policy of which the Company has chosen the following:

Designate the amount calculated on gross amount of revenue or other basis (such as receipts or other values etc. as provided in law) as a levy within the scope of IFRIC 21/IAS 37 and recognise it as an operating expense. Any excess over the amount designated as a levy is then recognised as current income tax expense falling under the scope of IAS 12.

Therefore, the deferred tax would be measured using the average effective rate of tax rather than the enacted/notified tax rate. The effective income tax rate varies, requiring the company to reassess its estimate for measuring deferred taxes in the future even when the enacted rate of income tax is unchanged.

The Company has accounted for the effects of these changes in accounting policy retrospectively under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and the corresponding figures have been restated in these financial statements. The effects of restatements are as follows:

	Balances already reported	Impact of restatment	Balances after restatment
Effect on statement of profit or loss:			
For the year ended June 30, 2023			
Taxation:			
- Current year	937,059,499	(937,059,499)	-
Revenue taxes:			
- Minimum taxes	-	937,059,499	937,059,499
	937,059,499	-	937,059,499

2.4.2 Significant Accounting Policy to Material Accounting Policies Information

During the year, the Company adopted the Disclosure of Accounting Policies (Amendments to IAS 1). The amendments require the disclosure of 'material', rather than 'significant', accounting polices. Although the amendments did not result in any changes to the accounting policies themselves.

3 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except as otherwise stated in the respective policies and notes given herein:

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

These financial statements have been presented in Pak Rupees, which is the Company's functional and presentation currency. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are initially recorded at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss.

3.2 Critical accounting estimates and judgments

The Company's critical accounting policies are stated in note 4. Not all of these critical policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies which the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

(a) Useful lives, patterns of economic benefits and impairments

The Company reviews the useful lives of property, plant and equipment on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

(b) Provision for obsolescence of stores and spare parts

The Company regularly reviews the provision for slow-moving stores and spare parts. Provision for obsolete and slow-moving stores and spare parts is based on management estimate.

(c) Taxation

The Company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its views on items of material nature is in accordance with law, the amounts are shown as contingent liabilities. In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

(d) Impairment of financial assets

The amount of expected credit losses (ECL) is updated at each reporting date to reflect changes in credit risk since initial recognition of respective financial assets.

(e) Contingencies

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

(f) Staff retirement benefits

The Company operates funded pension scheme, an unfunded free electricity scheme and an unfunded free medical facility scheme for all its employees along with entitlement for accumulated compensated absences which are encashed at the time of retirement up to maximum limit of 365 days.

The calculation of the benefits requires assumptions to be made of future outcomes, the principal ones being in respect of increase in salary and the discount rates used to convert future cash flows to current values. The assumptions used for the plans are determined by independent actuary on annual basis. The amount of the expected return on plan assets is calculated using the expected rate of return for the year. Calculations are sensitive to changes in the underlying assumptions. The figure of staff retirement benefit liabilities primarily represents the increase in actuarial present value of the obligations for benefits earned on employee service during the year and the interest on the obligations in respect of employee service in previous years, net of the respected return on plan assets.

4 MATERIAL ACCOUNTING POLICY INFORMATION

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

4.1 Staff retirement benefits

4.1.1 Defined benefit plans

The Company operates funded pension scheme, an unfunded free electricity scheme and an unfunded free medical facility scheme for all its employees. Further, the Company's employees are also entitled for accumulated compensated absences which are encashed at the time of retirement up to maximum limit of 365 days. The Company's obligations under these schemes are determined annually by a qualified actuary using Projected Unit Credit Actuarial Cost Method. The Company's net obligation in respect of defined benefits plans is calculated by estimating the amount of future benefits that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. Past service cost is recognized immediately in the statement of profit or loss.

Remeasurements of the net defined benefit liability (except for compensated absences), which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefits payments. Net interest expense and other expenses related to defined benefit plan is recognized in profit or loss. Remeasurement related to the compensated absences is recognized in the year of occurrence in the statement of profit or loss.

4.1.2 General / Employees' Provident Fund

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

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

4.2 Levy

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

- those outflows of resources that are within the scope of other standards.

- fines or other penalties that are imposed for breaches of the legislation.

In these financial statements, levy includes revenue taxes, if any, final taxes and super taxes which are based on other than taxable profits. The corresponding advance tax paid has been netted off and the net position is shown in the statement of financial position.

a) Revenue taxes

Revenue taxes includes amount representing:

- minimum tax paid under section 113 over income tax determined on income streams taxable at general rate of taxation; and

- minimum tax withheld / collected / paid or computed over tax liability computed on (related income tax streams taxable at general rate of tax), is not adjustable against tax liability of subsequent tax years.

Amount over revenue taxes shall be treated as current income tax expense falling under the scope of IAS 12.

The company determines, based on expected future taxable profits, that excess paid under section 113 by the entity over and above its tax liability (on income stream(s) taxable at general rate of taxation) is expected to be realized in subsequent tax years, then, such excess shall be recorded as deferred tax asset adjustable against tax liability for subsequent tax years. This shall be recognized as 'deferred tax asset' for the reason that it represents unused tax credit as it can be adjusted only against tax liability (of subsequent tax years) arising on taxable income subject to general rate of taxation. Such an asset shall be subject to requirements contained in IAS 12 'Income Tax'.

b) Final Taxes

Final taxes includes tax charged / withheld / paid on certain income streams under various provisions of Income

Tax Ordinance, 2001 (Ordinance). Final tax is charged / computed under the Ordinance, without reference to income chargeable to tax at the general rate of tax and final tax computed / withheld or paid for a tax year is construed as final tax liability for the related stream of Income under the Ordinance.

Final tax paid is considered to be full and final discharge of the tax liability for the Company for a tax year related to that income stream.

4.3 Taxation

Current

Provision for current taxation is based on taxable income at the enacted / corporate tax rate after taking into account tax credits and rebates available, if any, as per the Income Tax Ordinance, 2001.

Deferred

Deferred tax is provided using the liability method for all temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes after considering, the average effective rate of tax.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences and carried forward unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilised.

Deferred tax assets and liabilities are measured at average tax rate that are expected to apply to the period when the asset is realised or the liability is settled.

4.4 Property, plant and equipment

a) Cost

Operating fixed assets are stated at cost less accumulated depreciation and any identified impairment loss, except freehold land which is stated at cost less any identified impairment loss and leasehold land which is stated at cost less accumulated depreciation and any identified impairment loss. Capital work-in-progress is stated at cost less any recognized impairment loss. This includes all costs connected with specific assets (including borrowing cost) incurred during installation and construction period. These are transferred to specific assets as and when these assets are available for intended use. Cost of operating fixed assets consists of historical cost, borrowing cost pertaining to the erection / construction period of qualifying assets and directly attributable costs of bringing the assets to working condition for their intended use.

Major renewals and improvements to an item of property, plant and equipment are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewals or improvements can be measured reliably. The cost of day-to-day servicing of property, plant and equipment is recognized in statement of profit or loss as incurred.

b) Depreciation

Depreciation on operating fixed assets is calculated applying the straight line method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 15.2. The Company charges the depreciation on additions from the month when the asset is available for use and on deletions up to the month when the asset is de-recognized. Depreciation on operating fixed assets is charged to the statement of profit or loss except for depreciation provided on construction equipment and vehicles during the period of construction of operating fixed assets that is capitalized as part of the cost of operating fixed assets. The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

c) Derecognition

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

4.5 Intangible assets

Intangible assets represent the cost of computer softwares and is stated at cost less accumulated amortization and any identified impairment loss. Intangible asset is amortized from the month, when the assets becomes available for use, using the straight line method, and up to the last month prior to the month of disposal, whereby the cost of the intangible asset is amortized over its estimated useful life over which economic benefits are expected to flow to the Company. The useful life and amortization method is reviewed and adjusted, if appropriate, at each reporting date.

4.6 Stores and spare parts

Stores and spare parts are valued at lower of cost and net realizable value. Usable stores and spare parts are valued principally at cost using moving average cost formula less provision for slow moving, while items considered obsolete are carried at nil value. Items-in-transit are valued at cost comprising invoice value plus other charges paid thereon. Provision for obsolete items is based on their condition as at the reporting date depending upon the management's judgement.

Net realizable value specifies the estimated selling price in the ordinary course of business less the estimated cost necessary to be incurred to make the sale.

4.7 Cash and cash equivalents

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

4.8 Revenue from contracts with customers

(a) Revenue recognition

Sale of electricity

Revenue from the sale of electricity is recognized on supply of electricity to consumers at the rates determined by NEPRA and notified by the Government of Pakistan in official gazette from time to time. Late payment surcharges are recognized on accrual basis.

Net Metering Billing

In accordnce with NEPRA Regulations, at the end of each billing cycle following the date of final interconnection of Distributed Generation facility (Net metering) to the distribution system of the Company, the Company shall net off the kWh supplied by the Distributed Generator against the kWh supplied by it.

In case the kWh supplied by the Company exceed the kWh supplied by Distributed Generator, the Distributed Generator shall be billed for the net kWh in accrodance with the Applicable Tariff. In case the kWh supplied by Distributed Generator exceed kWh supplied by the Company, the Net kWh shall be credited against distributors next billing cycle for future consumption, or can be paid by the Company to the Distributed Generator upon demand at the end of quarter.

Tariff differential subsidies

Subsidies from Government are announced by the Government of Pakistan for consumers and is recognized under revenue on accrual basis.

Rental and service income

Meter rentals are recognized on time proportion basis.

Rendering of services

Revenue from a contract to provide services is recognized over time as the services are rendered based on either a fixed price or an hourly rate.

Interest income

Interest income is recognized on a time proportion basis on the principal amount outstanding at the applicable rates.

Other revenue

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

(b) Contract assets

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

(c) Contract liabilities

Contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made by the customer. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

4.9 Financial instruments

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

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

4.9.1 Financial assets

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

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

Classification of financial assets:

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

The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

As at reporting date, the Company does not possess any assets classified as at fair value through other comprehensive income (FVTOCI).

c) Equity instruments designated as at FVTOCI

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

As at reporting date, the Company does not possess any equity instruments designated as at FVTOCI.

d) Financial assets at fair value through profit or loss

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

As at reporting date, the Company does not possess any financial assets classified as FVTPL.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognizes lifetime ECL for trade debts using simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the trade debts, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Write-off policy

The Company writes off a financial asset when there is information indicating that the amount is not recoverable due to the conflict in invoices with customer. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in statement of profit or loss.

Derecognition of financial assets

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

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

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

4.9.2 Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method.
Financial liabilities that are not:

- Contingent consideration of an acquirer in a business combination,
- Held-for-trading, or
- Designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

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

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in profit or loss.

Offsetting of financial assets and liabilities

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

Impairment of non-financial assets

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

An impairment loss is reversed if there has been change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment had been recognized.

4.10 Trade debts and other receivables

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

The Company has applied the simplified approach to measure expected credit losses, which uses a lifetime expected credit loss allowance. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

4.11 Deferred credit

Amounts received from consumers and Government as contributions towards the cost of extension of electricity distribution network and of providing service connections are deferred and amortized over the estimated useful lives of related assets except for separately identifiable services in which case revenue is recognized upfront upon establishing a connection network. Amortization of deferred credit for the year is recognized as income in the statement of profit or loss.

4.12 Borrowings

Financing and borrowings are initially recognized at fair value of the consideration received, net of transaction costs. These are subsequently measured at amortized cost using the effective interest method.

4.13 Borrowing cost

Interest, mark-up and other charges on long term finances directly attributable to the acquisition, construction and production of qualifying assets are capitalized up to the date of commissioning of respective qualifying assets. All other interest, mark-up and other charges are charged to the statement of profit or loss in the period in which these are incurred.

4.14 Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction net of tax.

4.15 Trade and other payables

Trade and other payables are initially recognized at fair value plus directly attributable costs. These are subsequently measured at amortized cost.

4.16 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. The carrying amount of the Company's other non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and fair value less cost to sell. Impairment losses recognized in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment losses had been recognized. An impairment loss is recognized if the carrying amount of the asset exceeds its recoverable amount.

4.17 Provisions

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

4.18 Contingent assets

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

4.19 Contingent liabilities

A contingent liability is disclosed when:

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

- There is present obligation that arises from past events but it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

			2024 Rupees	2023 Rupees
5 SHARE CAPITAL				
Authorized share capital				
5,000,000,000 (2023: 5,000,000,000) ordinary shares of Rs. 10 each			**50,000,000,000**	50,000,000,000
Issued, subscribed and paid up share capital				
NUMBER OF SHARES				
1,000	1,000	Ordinary shares of Rs. 10 each fully paid in cash to the Government of Pakistan (GoP) and its nominee directors	**10,000**	10,000
1,082,362,604	1,082,362,604	Ordinary shares of Rs. 10 each fully paid issued for consideration other than in cash to WAPDA	**10,823,626,048**	10,823,626,048
1,082,363,604	1,082,363,604		**10,823,636,048**	10,823,636,048

	Note	2024 Rupees	2023 Rupees
6 DEPOSIT FOR SHARES			
Balance as at beginning of the year	6.1	**61,508,552,556**	49,639,659,930
Debit notes received against deposit for shares	-	-	-
Credit notes received against deposit for shares	6.2	**6,220,069,283**	11,868,892,626
Balance as at end of the year		**67,728,621,839**	61,508,552,556

6.1 This represents credit notes received by the Company from Central Power Purchase Agency (Guarantee) Limited (CPPA) in pursuance of letter No. F.1(5)-CF-1/2012-13/1017 dated July 02, 2013 from Ministry of Finance as GoP investment against circular debt of Rs. 341 billion. Hence this was treated as GoP equity investment in the Company.

6.2 This represents credit notes of Rs. 6,220.07 million received by the Company in financial year 2024 from Central Power Purchase Agency (Guarantee) Limited (CPPA) in pursuance of letters: PF-No.05(02)/2021-24 dated July 12, 2024 against amount of Rs. 229.99 million, PF-No.05(02)/2021-24 dated July 12, 2024 against amount of Rs. 4,714 million, PF-No.05(02)/2021-24 dated June 13, 2024 against amount of Rs. 212.68 million, PF-No.05(02)/2021-24 dated June 13, 2024 against amount of Rs. 202.8 million, PF-No.05(02)/2021-24 dated April 18, 2024 against amount of Rs. 192 million, PF-No.05(02)/2021-24 dated April 09, 2024 against amount of Rs. 384.47 million, PF-No.05(02)/2021-24 dated January 24, 2024 against amount of Rs. 283 million from Ministry of Energy as GoP investment against circular debt and to stabilize equity. Hence this was treated as GoP equity investment in the Company.

	Note	2024 Rupees	2023 Rupees
7 LONG TERM FINANCING			
Loans from related party - Secured			
From GoP - (foreign re-lent):			
International Bank for Reconstruction and Development - Tranche I	7.1	**3,849,036,226**	3,849,036,226
International Bank for Reconstruction and Development - Tranche II	7.2	**298,021,843**	-
Asian Development Bank - Tranche I	7.3	**1,354,866,393**	1,354,866,393
Asian Development Bank - Tranche II	7.4	**2,168,842,944**	2,168,842,944
Asian Development Bank - Tranche III	7.5	**3,118,563,244**	3,118,563,244
Asian Development Bank - Tranche IV	7.6	**2,772,764,983**	2,772,764,983
		13,562,095,633	13,264,073,790
Cash Development Loan from GoP - Unsecured	7.7	**797,050,000**	797,050,000
		14,359,145,633	14,061,123,790

	Note	2024 Rupees	2023 Rupees
Other loans			
The Thal Industries Corporation Limited (Layyah Sugar Mill)	7.8	**-**	4,583,716
Atlas Solar Limited (Formerly: Zhenfa Pakistan New Energy Company Limited)	7.9	**103,722,406**	133,357,000
		103,722,406	137,940,716
		14,462,868,039	14,199,064,506
Less:			
Current portion shown under current liabilities		**834,620,714**	863,506,659
Overdue portion shown under current liabilities		**8,447,137,700**	7,583,631,041
		9,281,758,414	8,447,137,700
		5,181,109,625	5,751,926,806

7.1 This represents re-lent portion of loan obtained by the GoP from International Bank for Reconstruction and Development (IBRD) for electricity distribution and transmission improvement project which is secured against the guarantee by GoP, pursuant to the re-lent agreement between GoP and the Company. This facility carries interest at the rate of 17% per annum which comprises of re-lending interest of 11% per annum and exchange risk cover of 6% per annum payable on half yearly basis. Repayment of principal has to be made on half yearly basis within maximum period of 15 years including grace period of 2 years starting from September 2011. The overdue amounts of principal and mark-up aggregate to Rupees 3,849.036 million (2023: Rupees 3,528.441 million) and Rupees 2,123.327 million (2023: Rupees 2,098.143 million) respectively.

7.2 This represents re-lent portion of loan obtained by GOP from International Bank for Reconstruction and Development (IBRD) for electricity Distribution Efficiency Improvement Project. which is secured against the guarantee by GoP, pursuant to the re-lent agreement between GoP and the Company. The facility carries interest at the rate SOFR + variable spread. Repayment of principal has to be made on half yearly basis within maximum period of 30 years including grace period of 5 years starting from 15 May 2027. The overdue amount of mark-up aggregate to Ruppes 749,004 (2023: Rs. Nil).

7.3 This represents re-lent portion of loan obtained by GoP from Asian Development Bank (ADB) for Distribution Enhancement Investment Program which is secured against the guarantee by GoP, pursuant to the re-lent agreement between GoP and the Company. This facility carries interest at the rate of 17% inclusive of relending interest of 11% per annum plus exchange risk cover fee of 6% per annum which shall be charged both on principal amount and interest amount separately.

Repayment of principal has to be made on half yearly basis within maximum period of 15 years including grace period of 2 years starting from February 2011. The overdue amounts of principal and mark-up aggregate to Rupees 1,354.866 million (2023: Rupees 1,290.713 million) and Rupees 599.828 million (2023: Rupees 598.36 million) respectively.

7.4 This represents re-lent portion of loan obtained by GoP from ADB for Distribution Enhancement Investment Program which is secured against the guarantee by GoP, pursuant to the re-lent agreement between GoP and the Company. This facility carries interest at the rate of 15% inclusive of relending interest of 8.2% per annum plus exchange risk cover fee of 6.8% per annum which shall be charged both on principal amount and interest amount separately. Repayment of principal has to be made on half yearly basis within maximum period of 17 years excluding grace period of 3 years starting from June 2014. The overdue amounts of principal and mark-up aggregate to Rupees 1,314.876 million (2023: Rupees 1,183.497 million) and Rupees 1,798.971 million (2023: Rupees 1,654.654 million) respectively.

7.5 This represents re-lent portion of loan obtained by GoP from ADB for Distribution Enhancement Investment Program which is secured against the guarantee by GoP, pursuant to the re-lent agreement between GoP and the Company. This facility carries interest at the rate of 15% inclusive of relending interest of 8.2% per annum plus exchange risk cover fee of 6.8% per annum which shall be charged both on principal amount and interest amount separately. Repayment of principal has to be made on half yearly basis within maximum period of 25 years including grace period of 5 years starting from June 2018. The overdue amounts of principal and mark-up aggregate to Rupees 1,008.925 million (2023: Rupees 852.656 million) and Rupees 2,851.467 million (2023: Rupees 2,512.217 million) respectively.

7.6 This represents re-lent portion of loan obtained by GoP from ADB for Distribution Enhancement Investment Program which is secured against the guarantee by GoP, pursuant to the re-lent agreement between GoP and the Company. This facility carries interest at the rate of 15% inclusive of relending interest of 8.2% per annum plus exchange risk cover fee of 6.8% per annum which shall be charged both on principal amount and interest amount separately. Repayment of principal will be started from June 2019 and will be repaid on half yearly basis within maximum period of 25 years including grace period of 5 years. The overdue amounts of principal and mark-up aggregate to Rupees 762.510 million (2023: Rupees 623.875 million) and Rupees 2,530.553 million (2023: Rupees 2,208.338 million) respectively.

7.7 This represents a loan obtained from the GoP under "Prime Minister's Southern Punjab Development Package" for construction of new grid stations and laying transmission lines. The limit of the loan facility is Rupees 1,228 million. As per instructions of the Finance Division of GoP for loan disbursements, the interest shall be chargeable at a prevailing rate of interest for respective year, which has been assessed as 12.59% for the year 2009-10, 13.61% for 2010-11 and 12.64% per annum for the year 2011-12 by the Company. Repayment of principal has to be made on yearly basis within maximum period of 25 years including grace period of 5 years starting from June 2015. The overdue amounts of principal and mark-up aggregate to Rupees 122.704 million (2023: Rupees 99.867 million) and Rupees 1,305.550 million (2023: Rupees 1,215.207 million) respectively.

7.8 These include Rupees. Nil (2023: Rupees 4.583 million) interest free loan from The Thal Industries Corporation Limited under an agreement to meet expenses for grid interconnection. The loan is repayable in 36 equal monthly installments commencing after 18 months of commercial operation date of the project which is 01 December 2017. The overdue amount of principal aggregates to Rupees 1.528 million (2023: Rupees 4.58 million).

7.9 These include Rupees 103.722 million (2023: Rupees 133.357 million) interest free loan from Atlas Solar Limited (Formerly: Zhenfa Pakistan New Energy Company Limited) under an agreement to meet expenses for grid interconnection. The loan is repayable in 36 equal monthly installments commencing after 18 months of commercial operation date which has not yet been assessed.

		Note	2024 Rupees	2023 Rupees
8	**STAFF RETIREMENT BENEFITS**			
	Free medical benefits	8.1	**18,875,488,549**	17,168,570,942
	Pension	8.1	**127,054,530,047**	105,027,800,069
	Free electricity benefits	8.1	**11,992,391,209**	9,592,270,230
	Compensated absences	8.1	**5,997,150,854**	5,953,487,332
			163,919,560,659	137,742,128,573

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

	Note	Free medical benefits	Pension	Free electricity benefits	Compensated absences	Total
		June 30, 2024				
		Rupees				
Balance as at July 01, 2023		**17,168,570,942**	**105,027,800,069**	**9,592,270,230**	**5,953,487,333**	**137,742,128,574**
Charge for the year	8.2	**3,128,222,429**	**17,648,608,958**	**1,727,007,650**	**354,633,438**	**22,858,472,475**
Remeasurement recognized in other comprehensive	8.3	**(1,391,563,910)**	**14,972,494,749**	**1,172,551,284**	**-**	**14,753,482,123**
Benefits paid		**(29,740,912)**	**(2,877,077,959)**	**(499,437,955)**	**(310,969,917)**	**(3,717,226,743)**
Contribution made		**-**	**(7,717,295,770)**	**-**	**-**	**(7,717,295,770)**
Balance as at June 30, 2024		**18,875,488,549**	**127,054,530,047**	**11,992,391,209**	**5,997,150,854**	**163,919,560,656**

	Note	Free medical benefits	Pension	Free electricity benefits	Compensated absences	Total
		June 30, 2023				
		Rupees				
Balance as at July 01, 2022		13,666,367,778	85,542,052,092	5,549,566,389	3,938,758,040	108,696,744,299
Charge for the year	8.2	2,205,753,533	12,818,555,719	936,155,118	2,367,881,081	18,328,345,451
Remeasurement recognized in other comprehensive	8.3	1,322,300,366	15,554,329,945	3,406,675,308	-	20,283,305,619
Benefits paid		(25,850,735)	(6,764,314,927)	(300,126,585)	(353,151,785)	(7,443,444,032)
Contribution made		-	(2,122,822,760)	-	-	(2,122,822,760)
Balance as at June 30, 2023		17,168,570,942	105,027,800,069	9,592,270,230	5,953,487,333	137,742,128,574

8.1.1 The amount of pension obligation recognized in the statement of financial position is as follows:

	Note	Free medical benefits	Pension	Free electricity benefits	Compensated absences	Total
		June 30, 2024				
		Rupees				
Present value of defined benefit obligations		**18,875,488,549**	**140,591,188,915**	**11,992,391,209**	**5,997,150,858**	**177,456,219,531**
Fair value of plan assets	8.1.1.1	**-**	**(13,536,658,869)**	**-**	**-**	**(13,536,658,869)**
		18,875,488,549	**127,054,530,047**	**11,992,391,209**	**5,997,150,858**	**163,919,560,662**

	June 30, 2024				
	Free medical benefits	**Pension**	**Free electricity benefits**	**Compensated absences**	**Total**
	Rupees				
8.1.1.1 Change in fair value of plan assets					
Balance as at beginning of the year	-	**8,342,352,499**	-	-	**8,342,352,499**
Interest income	-	**1,540,490,408**	-	-	**1,540,490,408**
Cash flows:					
- Total employer's contributions					
(i) Employer's contributions	-	**2,877,077,959**	-	-	**2,877,077,959**
(ii) Employer's direct benefit payments	-	**7,717,295,770**	-	-	**7,717,295,770**
- Benefit payments from Plan	-	**(7,717,295,770)**	-	-	**(7,717,295,770)**
Return / (loss) on plan assets	-	**776,738,003**	-	-	**776,738,003**
Balance as at end of the year	-	**13,536,658,869**	-	-	**13,536,658,869**

	June 30, 2023				
	Free medical benefits	Pension	Free electricity benefits	Compensated absences	Total
	Rupees				
Present value of defined benefit obligations	-	113,370,152,568	-	-	113,370,152,568
Fair value of plan assets 8.1.1.2	-	(8,342,352,499)	-	-	(8,342,352,499)
	-	105,027,800,069	-	-	105,027,800,069
8.1.1.2 Change in fair value of plan assets					
Balance as at beginning of the year	-	5,226,692,230			5,226,692,230
Interest income	-	848,893,987			848,893,987
Cash flows:					
- Total employer's contributions					
(i) Employer's contributions	-	2,122,822,760	-	-	2,122,822,760
(ii) Employer's direct benefit payments	-	6,764,314,927	-	-	6,764,314,927
- Benefit payments from Plan	-	(6,764,314,927)	-	-	(6,764,314,927)
Return / (loss) on plan assets	-	143,943,522	-	-	143,943,522
Balance as at end of the year	-	8,342,352,499	-	-	8,342,352,499

8.2 Amounts recognized in the statement of profit or loss against defined benefit schemes are:

	June 30, 2024				
	Free medical benefits	Pension	Free electricity benefits	Compensated absences	Total
	Rupees				
Current service cost	426,514,602	1,941,037,378	239,859,697	91,749,648	2,699,161,325
Interest cost	2,701,707,827	17,248,061,988	1,487,147,953	913,185,374	22,350,103,142
Actuarial gains	-	-	-	(650,301,583)	(650,301,583)
Net charge for the year	3,128,222,429	19,189,099,366	1,727,007,650	354,633,438	24,398,962,883

	June 30, 2023				
	Free medical benefits	Pension	Free electricity benefits	Compensated absences	Total
	Rupees				
Current service cost	362,538,807	1,870,260,481	207,222,200	79,265,355	2,519,286,843
Interest cost	1,843,214,726	10,948,295,238	728,932,918	507,894,590	14,028,337,472
Actuarial gains	-	-	-	1,780,721,137	1,780,721,137
Net charge for the year	2,205,753,533	12,818,555,719	936,155,118	2,367,881,081	18,328,345,451

8.3 Remeasurement recognized in other comprehensive income:

	June 30, 2024				
	Free medical benefits	Pension	Free electricity benefits	Compensated absences	Total
	Rupees				
Experience adjustments	(1,391,563,910)	15,749,232,752	1,172,551,284	(650,301,583)	14,879,918,543
Return on plan assets	-	(776,738,003)	-	-	(776,738,003)
Total	(1,391,563,910)	14,972,494,749	1,172,551,284	(650,301,583)	14,103,180,540

	June 30, 2023				
	Free medical benefits	Pension	Free electricity benefits	Compensated absences	Total
	Rupees				
Experience adjustments	1,322,300,366	15,698,273,467	3,406,675,308	-	20,427,249,141
Return on plan assets	-	(143,943,522)	-	-	(143,943,522)
Total	1,322,300,366	15,554,329,945	3,406,675,308	-	20,283,305,619

8.4 Movement in present value of defined benefit obligations:

	June 30, 2024				
	Free medical benefits	Pension	Free electricity benefits	Compensated absences	Total
	Rupees				
Balance as at July 01, 2023	17,168,570,942	113,370,152,568	9,592,270,230	5,953,487,336	146,084,481,076
Current service cost	426,514,602	1,941,037,378	239,859,697	91,749,648	2,699,161,325
Interest cost	2,701,707,827	17,248,061,988	1,487,147,953	913,185,374	22,350,103,142
Benefits paid	(29,740,912)	(7,717,295,770)	(499,437,955)	(310,969,917)	(8,557,444,554)
Remeasurements	(1,391,563,910)	15,749,232,752	1,172,551,284	(650,301,583)	14,879,918,543
Actuarial gains	-	-	-	-	-
Balance as at June 30, 2024	18,875,488,549	140,591,188,915	11,992,391,209	5,997,150,858	177,456,219,532

	June 30, 2023				
	Free medical benefits	Pension	Free electricity benefits	Compensated absences	Total
	Rupees				
Balance as at July 01, 2022	13,666,367,778	90,768,744,322	5,549,566,389	3,938,758,040	113,923,436,529
Current service cost	362,538,807	1,870,260,481	207,222,200	79,265,355	2,519,286,843
Interest cost	1,843,214,726	11,797,189,226	728,932,918	507,894,590	14,877,231,460
Benefits paid	(25,850,735)	(6,764,314,927)	(300,126,585)	(353,151,785)	(7,443,444,032)
Remeasurements	1,322,300,366	15,698,273,467	3,406,675,308	-	20,427,249,141
Actuarial gains	-	-	-	1,780,721,137	1,780,721,137
Balance as at June 30, 2023	17,168,570,942	113,370,152,568	9,592,270,230	5,953,487,336	146,084,481,078

8.5 All of the investment of plan assets is in deposit account of a commercial bank along with certain term deposit receipts of commercial banks.

8.6 Principal actuarial assumptions:

	June 30, 2024			
	Free medical benefits	Pension	Free electricity benefits	Compensated absences
	Rupees			
Discount rate (per annum)	14.00%	14.00%	14.00%	14.00%
Inflation rate (per annum)	-	-	14.00%	-
Annual medical claim - Rupees	33,029	-	-	-
Salary increase rate used for year end obligation (per year)	-	13.50%	-	13.50%
Medical / pension / electricity indexation rate	14.00%	8.00%	14.00%	-
Medical exposure rate (per annum)	15.75%	-	-	-
Mortality rates	SLIC 2001-2005 setback 1 year	SLIC 2001-2005 setback 1 year	SLIC 2001-2005 setback 1 year	SLIC 2001-2005 setback 1 year
Withdrawal rates	Low	Low	Low	Low
Expected charge to the statement of profit or loss for the next	3,150,554,905	20,572,259,212	2,323,543,323	944,195,719

	June 30, 2023			
	Free medical benefits	Pension	Free electricity benefits	Compensated absences
	Rupees			
Discount rate (per annum)	15.75%	15.75%	15.75%	15.75%
Inflation rate (per annum)	-	-	15.75%	-
Annual medical claim - Rupees	29,977	-	-	-
Salary increase rate used for year end obligation (per year)	-	15.25%	-	15.25%
Medical / pension / electricity indexation rate	15.75%	9.25%	15.75%	-
Medical exposure rate (per annum)	13.25%	-	-	-
Mortality rates	SLIC 2001-2005 setback 1 year	SLIC 2001-2005 setback 1 year	SLIC 2001-2005 setback 1 year	SLIC 2001-2005 setback 1 year
Withdrawal rates	Low	Low	Low	Low
Expected charge to the statement of profit or loss for the next financial year (Rupees)	3,130,564,525	18,315,743,597	1,750,642,258	1,029,423,903

8.7 Sensitivity analysis for actuarial assumptions:

The sensitivity of the staff retirement benefits to changes in the weighted principal assumption is:

	June 30, 2024			
	Free medical benefits	**Pension**	**Free electricity benefits**	**Compensated absences**
	Rupees			
Discount rate	**1.00%**	**1.00%**	**1.00%**	**1.00%**
Increase in assumption (Rupees)	**(126,514,436,814)**	**(10,762,614,103)**	**(5,370,378,691)**	**(142,647,429,608)**
Decrease in assumption (Rupees)	**165,053,785,192**	**13,459,798,615**	**(6,731,957,854)**	**171,781,625,953**
Medical exposure rate	**1.00%**	-	-	-
Increase in assumption (Rupees)	**(20,234,523,724)**	-	-	-
Decrease in assumption (Rupees)	**17,705,208,259**	-	-	-
Medical inflation rate	**1.00%**	-	-	-
Increase in assumption (Rupees)	**21,391,304,217**	-	-	-
Decrease in assumption (Rupees)	**(16,747,604,843)**	-	-	-
Withdrawal rates	**10.00%**	**10.00%**	**10.00%**	**10.00%**
Increase in assumption (Rupees)	**(18,849,062,865)**	**(11,985,195,774)**	**(6,003,148,006)**	**(36,837,406,645)**
Decrease in assumption (Rupees)	**(18,907,576,879)**	**(11,999,586,643)**	**(5,991,153,704)**	**(36,898,317,226)**
Future salary increase	-	**1.00%**	-	**1.00%**
Increase in assumption (Rupees)	-	**(147,829,714,414)**	-	**(147,829,714,414)**
Decrease in assumption (Rupees)	-	**(134,213,464,985)**	-	**(134,213,464,985)**
Indexation rate	-	**1.00%**	**1.00%**	-
Increase in assumption (Rupees)	-	**(13,255,139,665)**	**(1,875,259,174)**	**(13,316,850,731)**
Decrease in assumption (Rupees)	-	**(35,948,345,187)**	**(4,554,892,886)**	**(37,352,268,073)**
Mortality setback	**1 year**	**1 year**	-	**1 year**
Increase in assumption (Rupees)	**(2,460,889,425)**	**(22,685,876,558)**	-	**(23,940,595,276)**
Decrease in assumption (Rupees)	**(1,867,545,662)**	**(27,359,834,633)**	-	**(27,447,581,308)**

	June 30, 2023			
	Free medical benefits	Pension	Free electricity benefits	Compensated absences
	Rupees			
Discount rate	1.00%	1.00%	1.00%	1.00%
Increase in assumption (Rupees)	(1,817,612,177)	(11,068,199,800)	(982,536,416)	(618,191,712)
Decrease in assumption (Rupees)	2,179,950,297	21,017,997,377	1,172,172,445	725,694,585
Medical exposure rate	1.00%	-	-	
Increase in assumption (Rupees)	1,236,137,108	-	-	
Decrease in assumption (Rupees)	(1,064,451,398)	-	-	
Medical inflation rate	1.00%	-	-	
Increase in assumption (Rupees)	2,282,622,205	-	-	
Decrease in assumption (Rupees)	(1,931,387,412)	-	-	

	June 30, 2023			
	Free medical benefits	Pension	Free electricity benefits	Compensated absences
	Rupees			
Withdrawal rates	10.00%	10.00%	10.00%	
Increase in assumption (Rupees)	(24,035,999)	(56,685,076)	(5,755,362)	
Decrease in assumption (Rupees)	29,186,571	56,685,077	5,755,362	
Future salary increase	-	1.00%	-	
Increase in assumption (Rupees)	-	5,480,880,647	-	
Decrease in assumption (Rupees)	-	(4,787,736,017)	-	
Indexation rate	-	1.00%	1.00%	
Increase in assumption (Rupees)	-	15,076,907,694	1,227,398,901	
Decrease in assumption (Rupees)	-	(6,687,238,840)	(1,043,871,907)	
Mortality setback	1 year	1 year	-	1
Increase in assumption (Rupees)	(643,821,410)	5,631,180,088	-	
Decrease in assumption (Rupees)	648,971,982	831,400,664	-	

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

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

8.8 As at June 30, 2024 the average duration of these benefits was 12 years.

8.9 **Risks associated with staff retirement benefits**

Salary increase risk

The risk that the actual salary increase are higher than the expected salary increase, where benefits are linked with final salary at the time of cessation of service, is likely to have an impact

Withdrawal risk

Actual withdrawals experience may different from that assumed in the calculation.

Mortality risk

Actual mortality experience maybe different than that assumed in the calculation.

Pension increase risk

The risk that the actual pension increase is higher than the expected, where benefits are being paid in form of monthly pension, is likely to have an impact on the plan liability.

Discount rate risk

The risk of changes in discount rate may have an impact on the plans liabilities.

9 LONG TERM SECURITY DEPOSITS

'These represent security deposits received from consumers on account of electricity connections. These are refundable / adjustable on disconnection of electricity supply. Out of the total amount, an amount of Rupees 54.383 million (2023: Rupees 134.282 million) is kept in separate bank accounts while Rupees 14,550 million (2023: Rupees 13,459.3 million) is kept in Term Deposit Receipts (TDRs).

	Note	2024 Rupees	2023 Rupees
10 CONTRACT LIABILITIES			
Consumers demand notices awaiting connections	10.1	**3,059,504,047**	6,012,438,551
Funds received against deposit works	10.2	**29,943,060,508**	32,540,298,501
		33,002,564,555	38,552,737,052

10.1 These represent amounts received from consumers through demand notices against which the related works / jobs have not been completed. These contributions are received in accordance with GoP notified approved rates on

	2024 Rupees	2023 Rupees
10.1.1 Consumers demand notices awaiting connections		
Balance as at beginning of the year	**6,012,438,551**	6,931,195,779
Add: addition during the year	**4,652,788,276**	5,101,819,956
	10,665,226,827	12,033,015,735
Less: transferred to deferred credit against completed jobs	**(5,832,942,376)**	(5,322,254,831)
Less: transferred to other income	**(1,772,780,404)**	(698,322,353)
Balance as at end of the year	**3,059,504,047**	6,012,438,551

10.2 These represent amounts received directly by the Company for electrification of villages, colonies and other deposit works, mainly provided through Government funding against which the related works / jobs have not been completed.

	2024 Rupees	2023 Rupees
10.2.1 Funds received against deposit works		
Balance as at beginning of the year	**32,540,298,501**	27,023,880,712
Add: addition during the year	**3,408,464,851**	10,354,467,769
	35,948,763,352	37,378,348,481
Less: transferred to deferred credit against completed jobs	**(3,483,992,844)**	(2,314,229,980)
Less: transferred to other income	**(2,521,710,000)**	(2,523,820,000)
Balance as at end of the year	**29,943,060,508**	32,540,298,501

11 DEFERRED CREDIT

	2024 Rupees	2023 Rupees
Balance as at beginning of the year	**107,432,781,151**	99,796,519,987
Add: transferred from contract liabilities	**9,316,935,222**	7,636,261,164
	116,749,716,373	107,432,781,151
Less: Accumulated amortization		
Balance as at beginning of the year	**37,874,956,982**	34,214,944,337
Amortization for the year	**3,915,150,917**	3,660,012,645
	41,790,107,899	37,874,956,982
Balance as at end of the year	**74,959,608,474**	69,557,824,169

11.1 This represents the capital contributions received from consumers and grants from Government against which assets are constructed by the Company. These are being amortized over the useful life of the respective assets.

	Note	2024 Rupees	2023 Rupees
12 TRADE AND OTHER PAYABLES			
Creditors		**4,385,177,877**	1,752,236,130
Due to associated companies	12.1	**140,401,867,817**	150,769,893,074
Surcharges payable	12.2	**7,860,473,595**	5,929,632,751
Duties, charges and taxes	22.5	**-**	-
Accrued liabilities		**7,879,004,349**	1,878,388,086

12	TRADE AND OTHER PAYABLES - CONTINUED	Note	2024 Rupees	2023 Rupees
	Contract liabilities		**1,480,902,264**	1,480,902,264
	Retention money payable		**567,995,481**	490,238,967
	Net metering payable		**505,314,523**	663,360,044
	Workers' profit participation fund	12.3	**4,903,334,435**	3,156,432,725
	Liquidity damages		**1,235,966,052**	1,008,522,840
	Other liabilities		**3,546,001,515**	1,787,685,074
			172,766,037,908	168,917,291,956

12.1 Due to associated companies

	Note	2024 Rupees	2023 Rupees
Central Power Purchasing Agency (Guarantee) Limited (CPPA)	12.1.1	**140,057,926,768**	139,119,524,926
National Transmission and Despatch Company Limited (NTDC)		-	11,452,090,654
Hyderabad Electric Supply Company Limited (HESCO)		-	7,657,040
Gujranwala Electric Power Company Limited (GEPCO)		**39,775,347**	4,226,787
Faisalabad Electric Supply Company Limited (FESCO)		**250,555,028**	111,554,632
Power Information Technology Company (Private) Limited (PITC)		**53,610,674**	74,839,035
		140,401,867,817	150,769,893,074

12.1.1 The Company has received various invoices from CPPA representing late payment charges (supplementary charges) being the share of the Company in the mark-up charged to CPPA by Independent Power Producers (IPPs) on account of delayed payments aggregating to Rupees 59,514 million (2023: Rupees 46,408.33 million).

As mentioned in Para 18 of tariff determination by NEPRA communicated through letter no. NEPRA/TRF-283/MEPCO-2014/4264-4266 dated 27 March 2015 and Para 8.10 and 20 of tariff determination by NEPRA communicated through letter no. NEPRA/TRF-332/MEPCO-2015/2697-2699 dated 29 February 2016, it was mutually agreed by the representatives of CPPA and distribution companies that, as per clause 9.3(d) of electricity supply agreement dated 29 June 1998 between DISCOs and NTDC, the DISCOs are obliged to pay late payment charges (supplementary charges) to CPPA on account of delay payments of invoices.

NEPRA has decided that the late payment charges (supplementary charges) recovered from consumers on utility bills shall be offset against the late payment charges (supplementary charges) invoices raised by CPPA and CPPA cannot account for late payment charges (supplementary charges) over and above what is calculated as per agreement. Therefore, no provision for late payment charges (supplementary charges) of Rupees 33,294.84 million (2023: Rupees 28,041.303 million) have been recognized in these financial statements as the management is of the view that supplementary charges have not been allowed as expense by NEPRA in tariff determination.

Further, the Company received credit note no. PPA-392/MEPCO-48 dated September 14, 2023 from CPPA-G regarding reversal of differential supplemental charges of Rs. 3,018.93 million which were previously invoiced by CPPA-G but not recorded by the Company. As a result, after incorporating the effect of of this credit note the unrecorded supplemental charges would amount to Rs. 30,275.95 million in the previous year.

	2024 Rupees	2023 Rupees
12.2 Surcharges payable		
Equalization surcharge payable	**2,240,585,099**	2,240,154,254
Electricity duty payable	-	-
Neelum Jhelum surcharge payable	**387,818,373**	347,274,011
T.V license fees payable	**180,059,337**	169,906,943
Finance cost surcharge	**3,203,771,094**	1,347,462,417
Tariff rationalization surcharge	**1,848,239,692**	1,824,835,127
	7,860,473,595	5,929,632,751
12.3 Workers' profit participation fund		
At the beginning of the year	**3,156,432,725**	3,156,432,725
Provision for the year	**1,746,901,710**	-
At the end of the year	**4,903,334,435**	3,156,432,725

12.3.1 The Company has not made payment of its contribution towards Workers' Profit Participation Fund (WPPF), being the Company's liability on account of provision of Companies Profit (Workers' Participation) Act, 1968 up till 30 June 2024. This matter is pending for decision with Economic Coordination Committee (ECC) upon recommendation submitted by PEPCO/PPMC to exempt the Ex-WDISCOs from compliance with the requirements of Companies Profit (Workers' Participation) Act, 1968. Due to pending decision with the ECC, no provision for mark-up on WPPF Contribution aggregating to Rupees 4,928 million (2023: Rupees 3,156 million) on unpaid amount has been recognized by the Company in these financial statements as required under Companies Profit (Workers' Participation) Act, 1968.

13 ACCRUED MARK-UP	**2024 Rupees**	2023 Rupees
Foreign re-lent loans	**831,253,001**	968,825,226
Cash development loan	**90,342,715**	92,960,555
Overdue mark-up on foreign re-lent and cash development loans	**10,285,986,906**	9,224,950,132
	11,207,582,622	10,286,735,913

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

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

14.1.2 Income Tax

(i) 1. Minimum Tax – Tax year 2007 and 2008

Additional Commissioner Inland Revenue (ACIR), RTO, Multan initiated proceedings u/s 122 on January 29, 2009 for tax year 2007 and 2008. Subsequently the learned ACIR issued an order against MEPCO vide order no 92/10/ dated February 26, 2009 and has charged income tax u/s 113 of the Income Tax Ordinance, 2001 (the "Ordinance") on turnover for tax year 2007 amounting to Rs. 153 million and for tax year 2008 amounting to Rs. 72 million along with default surcharge amounting to Rs. 9.9 million and Rs. 2 million for tax year 2007 and 2008 respectively.

Being aggrieved by the order of ACIR, an appeal was filed before CIR (A) on March 21, 2009. The learned CIR (A) issued an order against MEPCO vide order dated April 30, 2009 and upheld the order of learned ACIR.

Second appeal was filed before Appellate Tribunal Inland Revenue on May 14, 2009. ATIR upheld the order of learned CIR (A) order dated July 27, 2009.

Being aggrieved by the above mentioned orders, a writ petition was filed before Hon'ble High court vide petition no PTR 44/2011 and PTR 43/2011. The Hon'ble High Court remanded back the case to the full bench of ATIR to decide the case which is still pending for adjudication.

(ii) Minimum Tax – Tax year 2010 and 2013

Additional Commissioner Inland Revenue (ACIR), RTO, Multan amended deemed assessment u/s 120 of the Income Tax Ordinance, 2001 (the "Ordinance") for tax year 2010 and 2013 by passing an order no. 10/07 u/s 122 (5) (A) of the Ordinance dated February 02, 2015 and no. 19/18 dated April 14, 2015 respectively on the grounds that MEPCO had not discharged its liability of minimum tax u/s 113 and 113 C of the Ordinance and created a demand of Rs. 5.63 million for Tax year 2010 and Rs. 109.82 million for Tax year 2013

Being aggrieved from the impugned orders, MEPCO filed appeals before Commissioner Inland Revenue (Appeals) (CIR (A)) on May 05, 2015. The learned CIR (A) issued an order dated September 23, 2015 and upheld the order of learned ACIR.

MEPCO, being aggrieved, filed second appeal against the order of CIR (A) before honorable Appellate Tribunal Inland Revenue (ATIR) on October 19, 2015, which is still pending for adjudication.

(iii) Minimum Tax-Tax Year 2014

Additional Commissioner Inland Revenue (ACIR), RTO, Multan amended the deemed assessment for the tax year 2014 vide order bearing bar code no. 100000008089093 dated November 12, 2015 u/s 122 (5A) of the Ordinance on the ground that the minimum tax liability under section 113 of the Ordinance has not been discharged and thereby created a demand of Rs. 1.736 million.

Being aggrieved by the order of ACIR, an appeal was filed with learned CIR (A) dated December 03, 2015 decided the case vide appellate order dated March 29, 2016 and upheld the order of ACIR.A second appeal filed before

ATIR on April 05, 2016 on the basis of the same grounds as used in the case mentioned in sr. 1 for tax year 2010 and tax year 2013 which is pending for adjudication.

(iv) Proceedings u/s 122 (5A) read with section 113C- Tax Year 2015

The learned Assistant Commissioner Inland Revenue (ACIR), RTO Multan, initiated proceedings for the amendment of assessment under Section 122(5A) of the Ordinance for the Tax Year 2015, vide show cause notice bearing barcode number 100000163741619, dated October 12, 2013. Despite the submissions made by MEPCO, the ACIR issued an order under Section 122(5A) of the Ordinance, bearing barcode number 1000001827332297, dated December 28, 2023, resulting in a demand of Rs.599,760,397 against MEPCO.

Being aggrieved by the order of learned ACIR, MEPCO has filed appeal before CIR (A) on January 24, 2024, which is still pending for adjudication.

(v) Minimum Tax-Tax Year 2017

Additional Commissioner Inland Revenue (ACIR), RTO Multan passed the order for tax year 2017 that the Company was liable to pay Rs. 1,303 million being higher of minimum tax under section 113 and 113 (C) of the Ordinance. The assessment already finalized under section 120(1) of the Ordinance, therefore, being erroneous in so far as prejudicial to the interest of revenue, is amended under section 122 of the Ordinance.

Being aggrieved by the impugned order, MEPCO filed appeal before the CIR (A) and the same was upheld by the learned CIR (A).

Second appeal against the order of CIR (A) have been filed before ATIR on May 25, 2021 which is pending for adjudication.

(vi) Minimum Tax-Tax Year 2018

Additional Commissioner Inland Revenue (ACIR), RTO Multan passed the order for tax year 2018 that the Company was liable to pay Rs. 2,269 million being higher of minimum tax under section 113 and 113 (C) of the Ordinance. The assessment already finalized under section 120(1) of the Ordinance, therefore, being erroneous in so far as prejudicial to the interest of revenue, is amended under section 122 of the Ordinance.

Dissatisfied with the impugned order, MEPCO filed an appeal with the Commissioner Inland Revenue (Appeals) (CIR(A)), who upheld the original decision. MEPCO then filed a second appeal with the Appellate Tribunal Inland Revenue (ATIR) on March 10, 2022. The ATIR remanded the case to the Large Taxpayer Office (LTO) for a second round of proceedings. The learned Assistant Commissioner Inland Revenue (ACIR) again ruled against MEPCO, not taking into account the presented facts. MEPCO appealed this decision to the CIR(A), who upheld the ACIR's order. Due to the implications of the Income Tax Amendment Act, 2024, MEPCO subsequently filed an appeal with the Alternate Dispute Resolution Committee (ADRC), where the matter remains pending adjudication.

(vii) Minimum Tax-Tax Year 2019

Additional Commissioner Inland Revenue (ACIR), RTO Multan passed the order for tax year 2019 that the Company was liable to pay Rs. 2,915 million being higher of minimum tax under section 113 and 113 (C) of the Ordinance. The assessment already finalized under section 120(1) of the Ordinance, therefore, being erroneous in so far as prejudicial to the interest of revenue, is amended under section 122 of the Ordinance.

MEPCO, dissatisfied with the impugned order, filed an appeal with the Commissioner Inland Revenue (Appeals) on April 25, 2022. The learned CIR (A) upheld the original order in a decision dated April 30, 2024.

Subsequently, MEPCO has filed an appeal with the Alternate Dispute Resolution Committee (ADRC) to resolve the dispute, which remains pending adjudication.

(viii) Minimum Tax-Tax Year 2020

Additional Commissioner Inland Revenue (ACIR), RTO Multan passed the order for tax year 2020 that the Company was liable to pay Rs.3,002 million being higher of minimum tax under section 113 and 113 (C) of the Ordinance. The assessment already finalized under section 120(1) of the Ordinance, therefore, being erroneous in so far as prejudicial to the interest of revenue, is amended under section 122 of the Ordinance.

MEPCO, dissatisfied with the impugned order, filed an appeal with the Commissioner Inland Revenue (Appeals). The learned CIR (A) upheld the original order in a decision dated April 30, 2024.

Subsequently, MEPCO has filed an appeal with the Alternate Dispute Resolution Committee (ADRC) to resolve the dispute, which remains pending adjudication.

(ix) Minimum Tax on Tariff Differential Subsidy -Tax Year 2020

The learned ACIR, RTO Multan started proceedings for amendment of assessment u/s 122 of the Ordinance for Tax Year 2020 vide Show cause notice bearing bar code no. 100000185361411 dated January 18, 2024. By ignoring all the submissions, the learned ACIR issued an order u/s 122 (5A) of the Ordinance vide bar code no. 100000191139411 dated March 27, 2024 against MEPCO by raising the demand amounting to Rs. 4,195,353,143.

MEPCO, dissatisfied with the impugned order, filed an appeal with the Commissioner Inland Revenue (Appeals). The learned CIR (A) upheld the original order in a decision dated April 30, 2024.

Subsequently, MEPCO has filed an appeal with the Alternate Dispute Resolution Committee (ADRC) to resolve the dispute, which remains pending adjudication.

(x) Minimum Tax-Tax Year 2021

The learned ACIR, RTO Multan started proceedings for amendment of assessment u/s 122 (5A) of the Ordinance for Tax Year 2021 vide Show cause notice bearing bar code no. 100000155235582 dated July 12, 2024. By ignoring all the submissions, the learned ACIR issued an order u/s 122 (5A) of the Ordinance vide bar code no. 100000186258923 dated January 25, 2024 against MEPCO by raising the demand amounting to Rs. 4,504,207,768.

MEPCO, dissatisfied with the impugned order, filed an appeal with the Commissioner Inland Revenue (Appeals). The learned CIR (A) upheld the original order in a decision dated April 30, 2024.

Subsequently, MEPCO has filed an appeal with the Alternate Dispute Resolution Committee (ADRC) to resolve the dispute, which remains pending adjudication.

(xi) Minimum Tax-Tax Year 2022

The learned ACIR, RTO Multan started proceedings for amendment of assessment u/s 122 of the Ordinance for Tax Year 2022 vide Show cause notice bearing bar code no. 100000147387262 dated March 02, 2023. By ignoring all the submissions, the learned ACIR issued an order u/s 122 (5A) of the Ordinance vide bar code no. 100000160144284 dated September 15, 2023 against MEPCO by raising the demand amounting to Rs. 2,331,826,988.

MEPCO, dissatisfied with the impugned order, filed an appeal with the Commissioner Inland Revenue (Appeals). The learned CIR (A) upheld the original order in a decision dated April 30, 2024.

Subsequently, MEPCO has filed an appeal with the Alternate Dispute Resolution Committee (ADRC) to resolve the dispute, which remains pending adjudication.

(xii) Minimum Tax on Tariff Differential Subsidy-Tax Year 2022

The learned ACIR, RTO Multan started proceedings for amendment of assessment u/s 122 of the Ordinance for Tax Year 2022 vide Show cause notice bearing bar code no. 100000171666717 dated November 21, 2023. By ignoring all the submissions, the learned ACIR issued an order u/s 122 (5A) of the Ordinance vide bar code no. 100000182969849 dated December 29, 2023 against MEPCO by raising the demand amounting to Rs. 3,080,625,708.

MEPCO, dissatisfied with the impugned order, filed an appeal with the Commissioner Inland Revenue (Appeals). The learned CIR (A) upheld the original order in a decision dated April 30, 2024.

Subsequently, MEPCO has filed an appeal with the Alternate Dispute Resolution Committee (ADRC) to resolve the dispute, which remains pending adjudication.

(xiii) Income Tax Audit - Tax Year 2011

Assistant Commissioner Inland Revenue (ACIR), RTO, Multan started proceedings by issuing show cause notice u/s 122 of the Ordinance for tax year 2011 vide 1688 dated April 19, 2017. By ignoring all submissions made by MEPCO, the learned ACIR issued an order vide 14/39 dated June 22, 2017 that the taxpayer company was liable to pay Rs. 226 million due to violation of certain provisions of Ordinance.

MEPCO, aggrieved by the impugned order, filed an appeal with the Commissioner Inland Revenue (Appeals) on July 7, 2017. The CIR (A) annulled the original order in a decision dated February 10, 2021. In response, the department filed a second appeal with the Appellate Tribunal Inland Revenue (ATIR) on May 6, 2021. The case is currently pending before the ATIR.

(xiv) Income Tax Audit - Tax Year 2016

Assistant Commissioner Inland Revenue (ACIR), RTO, Multan started proceedings by issuing show cause notice u/s 122 of the Ordinance for tax year 2016 vide 100000116798605 dated January 21, 2022. By ignoring all submissions made by MEPCO, the learned ACIR issued an order vide 100000126337617 dated June 25, 2022 that the taxpayer company was liable to pay Rs. 1,294 million due to violation of certain provisions of Ordinance.

MEPCO, aggrieved by the impugned order, initially filed an appeal with the Commissioner Inland Revenue (Appeals) on August 12, 2022. This appeal was pending adjudication when changes introduced by the Income Tax Amendment Act, 2024 necessitated the filing of the appeal with the Alternate Dispute Resolution Committee (ADRC). Consequently, the appeal was withdrawn from the relevant appellate forums and is now pending adjudication before the ADRC.

(xv) Withholding income tax u/s 161/205-Tax Year

After initiating proceedings u/s 161/205 vide show cause notice no. 625 dated June 02, 2017, the learned ACIR, RTO, Multan issued an order bearing bar code no. 100000026203200 dated November 09, 2017 u/s 161 of the Ordinance and raised the demand of tax amounting to Rs. 191 million along with default surcharge amounting to Rs.13 million on the ground that income tax was not deducted by MEPCO while making payments to certain parties.

Being aggrieved by the order of ACIR, MEPCO filed an appeal before CIR (A) on December 13, 2017 and CIR(A) annulled the order on February 10, 2021. Against the order of CIR (A), the department filed a second appeal before ATIR on May 06, 2021. Now the case is pending before ATIR.

(xvi) Withholding income tax u/s 161/205-Tax Year 2012

The IRAO, RTO, Multan initiated proceedings u/s 161/205 of the Ordinance vide notice no. 291 dated May 09, 2013 regarding discharging of liability to deduct income tax on different heads of account. By ignoring submissions made by MEPCO, the learned IRAO issued an order vide 10/47 dated October 21, 2013 and raised the demand of income tax amounting to Rs. 718 million along with default surcharge amounting to Rs. 161 million.

Being aggrieved by the above said order, MEPCO filed an appeal before CIR (A) on November 19, 2013. The Learned CIR (A) issued an order dated February 24, 2014 and confirmed/upheld the demand of Rs. 379 million.

Being aggrieved by the order issued by CIR (A), a second appeal was filed before ATIR which is decided against MEPCO vide order no. ITA no. 565/LB.2014 dated June 11, 2014 and the order of CIR (A) was maintained by ATIR.

Against the orders of the above mentioned all learned officers, a writ petition vide tax reference no. 27 of 2014 was filed before honorable High court to address the main issue in the above orders of chargeability of income tax u/s 235 on the differential amount of sales tax. The honorable court decided the case on July 02, 2016 in favor of MEPCO, as a result of which the demand of Rs. 301 million is deleted. To give the effect of High Court judgement, the learned ACIR, RTO, Multan issued appeal effect order vide DCR no. 03/51 dated September 20, 2017. To give the effect of High Court judgement, the department through appeal effect order, has raised a demand of income tax amounting to Rs. 77 million along with default surcharge amounting to Rs. 66 million.

Being aggrieved, further appeal was filed before CIR (A) on December 15, 2017, CIR (A) remanded the case back to the department for rehearing on February 22, 2021. Being aggrieved the department has filed a second appeal before ATIR on May 06, 2021. Now the case is pending before ATIR.

(xvii) Proceedings u/s 161 for advance tax u/s 235-Tax Year 2011

The ACIR, RTO, Multan initiated proceedings through show cause notice no. 826798-1 dated May 17, 2018 u/s 161 regarding advance tax collection of the differential amount of sales tax for tax year 2011. Subsequently, the ACIR issued an order no 02/30 dated August 28, 2018 and raised the demand of income tax amounting to Rs. 307 million and default surcharge amounting to Rs. 364 million.

An appeal was filed against the aforementioned order with the Commissioner Inland Revenue (Appeals) on August 26, 2018. The CIR (A) set aside the original order in a decision dated January 29, 2021. In response, the department filed a second appeal with the Appellate Tribunal Inland Revenue (ATIR) on April 7, 2021. The case is currently pending before the ATIR.

(xviii) Withholding tax u/s 161/205 - Tax Year 2018

Deputy Commissioner Inland Revenue (DCIR), initiated proceedings u/s 161/205 through show cause notice no. 100000053757151 dated July 07, 2019. The learned DCIR issued an order on March 21, 2021 raising demand of income tax amounting to Rs. 21,334 million on the grounds that MEPCO has not made tax deduction u/s 161/205 of the Ordinance on various payments

Being aggrieved by the above order, an appeal was filed before CIR (A) against which the learned CIR (A) issued an order favoring MEPCO on June 10, 2021 on withholding of tax u/s 235 and partially confirmed stance of DCIR for non-withholding of tax on various payments on u/s 161 of the ordinance.

Being aggrieved by the order of learned CIR (A), an appeal was filed before ATIR which is still pending for adjudication.

(xix) Withholding tax u/s 161/205 - Tax Year 2014

Deputy Commissioner Inland Revenue DCIR, initiated proceedings u/s 161/205 through show cause notice no. 22 dated November 11, 2020. The learned DCIR issued an order on November 17, 2020 raising demand of income tax amounting to Rs. 2,801.9 million on the grounds that MEPCO has made not made tax deduction u/s 161 of the Ordinance on various payments.

Being aggrieved by the above order, an appeal was filed before CIR (A) on the grounds that MEPCO is not liable to withheld income tax u/s 161/235 of the Ordinance from the parties having valid exemptions and the case is also time barred. The learned CIR (A) rejected the contentions of MEPCO and issued an order dated March 24, 2021.

Being aggrieved by the order of learned CIR (A), an appeal was filed before ATIR who vide order dated May 03, 2023 decided the matter in the favor of the company and remanded back to DCIR.

(xx) Withholding tax u/s 161/205 - Tax Year 2014

Deputy Commissioner Inland Revenue (DCIR), initiated proceedings u/s 161/205 through show cause notice no. 10000105146811 dated September 24, 2021. The learned DCIR issued an order on December 31, 2021 raising demand of income tax amounting to Rs. 16,985 million on the grounds that MEPCO has not made tax deduction u/s 161/205 of the Ordinance on various payments.

An appeal was filed against the aforementioned order with the Commissioner Inland Revenue (Appeals) on February 11, 2022. The CIR (A) issued a decision on May 5, 2023, which upheld certain points and deleted all other issues except those related to Section 235A, Use of System Charges, and Market Operator Fee. Aggrieved by the CIR (A)'s decision, a second appeal was filed with the Appellate Tribunal Inland Revenue (ATIR) on February 2, 2023. The appeal is currently pending adjudication.

14.1.3 Sales Tax:

(i) Sales tax audit proceedings- Tax period July 2010 to June 2011

The Deputy Commissioner Inland Revenue (DCIR), RTO, Multan initiated proceeding through notice no. 532 dated April 28, 2016 and then passed an order vide Audit unit-01/Corporate Zone/TAMS 0763/2010-11/529 dated December 14, 2016 through which demand of sales tax was raised for amounting Rs. 10,054 million.

Being aggrieved by the decision, MEPCO filed appeal before the CIR (A) on January 16, 2017. The learned CIR (A) issued an order u/s 45B of the Sales Tax Act, 1990 (the "Act") against MEPCO and upheld the order of DCIR on August 04, 2017.

Being aggrieved by the order of the learned CIR (A), a second appeal was filed before ATIR on September 18, 2017 who decided the case in favor of MEPCO and remanded the case to the ACIR.

ACIR has once again made demand of sales tax amounting to Rs. 6,095 million and penalty of amounting to Rs. 304.780 million vide order no. 38/2019-ST dated June 23, 2020. Being aggrieved with the decision, an appeal was filed in CIR(A) dated July 29, 2020 which CIR(A) set aside the order on January 06, 2021. Against the order of CIR (A), the department filed a second appeal before ATIR on April 07, 2021. Now the case is pending before ATIR.

(ii) Sales tax Audit-Tax period July 2012 to June 2013

The Deputy Commissioner Inland Revenue (DCIR), RTO, Multan started proceedings against MEPCO by issuing show cause notice vide Audit unit-01/Corp. Zone/TAMS-0389/2012-2013/139 dated December 14, 2016. By ignoring submissions of MEPCO, the learned officer issued an order against MEPCO vide 95/2017 dated April 27, 2017 on the grounds that MEPCO is required to pay Sales Tax on various heads and raised a demand of sales tax amounting to Rs. 17,185.81 million.

Being aggrieved by the decision, MEPCO filed an appeal before the CIR (A) on May 25, 2017. CIR (A) has decided the case by issuing order on July 23, 2018 in favor of MEPCO by annulling the DCIR order. Against the order of CIR (A), the department filed a second appeal before ATIR on April 07, 2021. Now the case is pending before ATIR.

(iii) Sales tax Audit-Tax period July 2016 to June 2017

The Deputy Commissioner Inland Revenue (DCIR), RTO, Multan started proceedings against MEPCO by issuing show cause notice vide 45 dated December 07, 2020. By ignoring submissions of MEPCO, the learned officer issued an order against MEPCO vide 11/2021-22 dated March 03, 2022 on the grounds that MEPCO is required to pay Sales Tax on various heads and raised a demand of sales tax amounting to Rs.2,439.5.

In connection with the aforementioned order, an appeal was filed with the Commissioner (Appeals) on April 29, 2022. The Commissioner (Appeals), through order dated June 16, 2023, partially remanded the case. Subsequently, a further appeal was lodged with the Appellate Tribunal, which, via order dated November 8, 2023, remanded the case back to the department. The case is currently pending adjudication.

(iv) Sales tax on supplies to unregistered persons -Tax period July 2014 to June 2015

The Deputy Commissioner Inland Revenue (DCIR), RTO, Multan initiated proceedings through notice no. 742 dated January 05, 2016 and afterward issued an order vide 19/2016 dated February 05, 2016 alleging that MEPCO has failed to charge sales tax on supplies of electricity made to unregistered persons and raised a demand of sales tax amounting to Rs. 476 million.

Against the above order, the appeal was filed before CIR (A) on November 11, 2016 which is decided against MEPCO and the learned CIR (A) confirmed the order of DCIR. Subsequently, in appeal before ATIR, Hon'ble ATIR decided the case in favor of MEPCO vide order dated April 18, 2018 and remanded back the proceeding to the learned DCIR/ACIR.

In 2nd round of proceedings, ACIR once again issued an order on April 30, 2019 by ignoring the contentions and submissions of MEPCO. Being aggrieved by the order, appeal has been filed before CIR (A), who decided the case in favor of MEPCO and set aside the order of ACIR dated February 22, 2021. Against the order of CIR (A) the department has filed an appeal before ATIR which is still pending.

(v) Extra Tax & Further tax on supplies to unregistered persons-Tax period July 2013 to October 2013

The Deputy Commissioner Inland Revenue (DCIR), RTO, Multan passed an order against MEPCO on March 31, 2014 on the grounds that MEPCO has short paid further tax amounting Rs. 36.8 million and Extra Tax amounting Rs. 23.5 million aggregating to Rs. 60.3 million for the tax period from July 2013 to October 2013.

Being aggrieved by the decision, MEPCO filed appeal before the CIR (A) who upheld the order of DCIR vide order dated May 02, 2015.

Subsequently, a second appeal was filed with the Appellate Tribunal on June 6, 2015, which was upheld by an order dated May 9, 2022. MEPCO has filed a reference with the High Court, identified as Case No.19/2023, dated November 10, 2022, and is in the process of pursuing further judicial review.

(vi) Sales tax on steel melters/re-rollers-Tax period July 2011 to June 2015

The DCIR, RTO, Multan issued notice no. 741 dated January 05, 2016. Subsequently, the DCIR passed an order vide 18/2016 dated February 19, 2016 and raised a demand of sales tax amounting to Rs. 199 million on the grounds that MEPCO has made taxable supplies to three steel melters / re-rollers but declared lesser quantity of electricity sold to its buyers during the period under consideration.

Being aggrieved by the decision, MEPCO filed appeal before the CIR (A) who upheld the order of DCIR on March 27, 2017. Being aggrieved by the order of CIR (A), second appeal was filed before ATIR. ATIR decided the case in favor of MEPCO vide order dated April 18, 2018 and remanded back the case to DCIR, RTO, Multan.

In 2nd round of proceedings, ACIR once again issued an order on April 02, 2019 by ignoring the contentions and submissions of MEPCO. Being aggrieved by the order, appeal has been filed before CIR (A), who decided the case in favor of MEPCO and set aside the order of ACIR dated February 22, 2021.

(vii) Short payment of sales tax - Tax period July to August 2014, January 2015 &

The DCIR, RTO, Multan issued notice no. 745 dated January 06, 2016. Subsequently, the DICR passed an order vide 21/2016 dated May 02, 2016 and raised a demand of sales tax amounting to Rs. 691.82 million on the grounds that MEPCO has short paid the amount of tax for tax periods (July-14, Aug-14, Jan-15, Apr-15) in violation of sections 3(1) (A) of the Sales Tax Act, 1990 (the Act).

Against the order of learned DCIR, MEPCO filed appeal before the CIR (A) who upheld the order of DCIR vide order dated March 27, 2017. Afterwards, second appeal was filed before ATIR. ATIR decided the case in favor of MEPCO vide order dated April 18, 2018 and remanded back the case to DCIR, RTO, Multan.

In 2nd round of proceedings, ACIR once again issued an order on May 05, 2019 by ignoring the contentions and submissions of MEPCO. Being aggrieved by the order, appeal has been filed before CIR (A), who decided the case in favor of MEPCO and set aside the order of ACIR dated February 22, 2021.

(viii) Sales tax on retailers-Tax period July to August 2014

The DCIR, RTO, Multan issued notice no. 740 dated January 05, 2016 and subsequently passed the order vide 20/2016 dated May 02, 2016 and raised a demand of sales tax amounting to Rs. 22.27 million on the grounds that MEPCO has not charged and paid sales tax on supplies to retailers during the tax periods of July & August 2014 along with default surcharge and penalty of Rs. 1.11 million.

Being aggrieved by the order of DCIR, MEPCO filed appeal before the CIR (A) who upheld the order of DCIR vide order dated March 27, 2016.

Afterwards, a second appeal was filed before ATIR. ATIR decided the case in favor of MEPCO vide order 85 dated April 18, 2018 and remanded back the case to learned DCIR/ACIR.

In 2nd round of proceedings, ACIR once again issued an order and made demand of sales tax amounting to Rs. 22.27 million along with default surcharge and penalty of Rs. 1.11 million on April 30, 2019 by ignoring the contentions and submissions of MEPCO. Being aggrieved by the order, appeal has been filed before CIR (A) and who decided the case vide appellate order dated June 25, 2021 and upheld the order of ACIR.

Being aggrieved by the impugned order, MEPCO file an appeal before ATIR on August 27, 2021 which is still pending for adjudication.

(ix) Extra tax and Further tax-Tax Period July 2016 to September 2016

The ACIR, RTO Multan issued notice no. 421 dated November 17, 2016. Subsequently, the ACIR passed order vide 84 dated April 07, 2017 and raised a demand of sales tax amounting to Rs. 51.9 million on the ground that MEPCO has failed to charge/pay extra tax and further tax on supply of electricity to unregistered persons during the period from July 2016 to September 2016.

Being aggrieved by the order, MEPCO filed an appeal before CIR (A) on May 05, 2017. The learned CIR (A) issued an order on April 11, 2018 in favor of MEPCO by annulling the case. The case is now pending before learned ACIR.

(x) GST Withheld-Tax Period July 2014 to June 2016

The ACIR, RTO Multan passed an order against MEPCO on August 28, 2017 in which he raised a demand of sales tax amounting to Rs. 565 million on the ground that MEPCO has failed to deduct the sales tax during the tax period from July 2014 to June 2016.

Being aggrieved by the said order, MEPCO filed appeal before CIR (A) on October 06, 2017. CIR (A) annulled the case on April 11, 2018. Being aggrieved the department has filed a second appeal before ATIR. Now the case is pending before ATIR.

(xi) Sales tax refund-Tax period July 2009 to October 2009

MEPCO filed claim before DCIR, RTO Multan for sales tax refund amounting Rs. 274 million for the period from July to October 2009. The DCIR issued order vide 122/2016 dated May 18, 2016 rejecting the sales tax refund.

Being aggrieved by the order of DCIR, MEPCO filed an appeal before the CIR (A) on June 22, 2016. The learned CIR (A) issued his judgement in favor of MEPCO and annulled the order of DCIR on February 08, 2018. Being aggrieved the department has filed a second appeal before ATIR. Now the case is pending before ATIR.

(xii) Sales tax refund-Tax period November 2009 to

MEPCO submitted claim before DCIR, RTO Multan for sales tax refund amounting Rs. 419 million for the period November 2009 to December 2009. The DCIR issued order vide 123/2016 dated May 18, 2016 rejecting the application of sales tax refund.

Being aggrieved, MEPCO filed appeal before the CIR (A) on June 22, 2016. The CIR (A) issued judgement in favor of MEPCO and annulled the order of DCIR on February 08, 2018. Being aggrieved the department has filed a second appeal before ATIR. Now the case is pending before ATIR.

(xiii) Short payment of sales tax on supply to retailers -Tax period October 2015

The DCIR, RTO, Multan initiated proceeding through notice no. 651 dated December 18, 2015 and subsequently issued an order vide 09/2016 dated April 15, 2016 on the assumption that MEPCO has failed to charge sales tax on supply of electricity to retailers during the month of October 2015 raising demand of sales tax amounting to Rs. 23 million along with default surcharge amounting to Rs. 1.16 million.

Being aggrieved by the order of DCIR, MEPCO filed appeal before the CIR (A) on the ground that sales tax was not subject to charge on certain retailers under the provision of STGO 66/2014 dated July 21, 2015.

The CIR (A) issued judgement on February 08, 2018 in favor of MEPCO and annulled the order of DCIR. Against the order of CIR (A), the department filed a second appeal before ATIR on June 02, 2018. Now the case is pending before ATIR.

(xiv) GST Withheld-Tax period July 2016 to June 2017

The ACIR, RTO Multan initiated proceedings vide show cause notice no. 684 dated December 04, 2017 and raised question of withholding of GST withheld (1/5) amounting to Rs. 84 million. After submission made by MEPCO, the learned ACIR accepted the contentions of MEPCO to the extent of GST withheld amounting to Rs. 65 million. However, the learned officer rejected the submission on account of GST withheld amounting to Rs. 19 million and issued an order vide 174/2018 dated February 28, 2018 and raised a demand for sales tax amounting to Rs. 19 million along with default surcharge amounting to Rs. 1.9 million.

Being aggrieved by the order of ACIR, MEPCO filed appeal before the CIR (A) on March 30, 2018. The learned CIR (A) issued an order on July 10, 2018 in favor of MEPCO and annulled the order of ACIR. Being aggrieved, the department has filed an appeal before ATIR which is still pending for adjudication.

(xv) Sales tax withholding PRA-Tax period July 2014 to June 2015

The Additional Commissioner PRA (ACPRA), Multan issued an order no. ENF-I, Unit-01, WH/112/2016-17 dated November 28, 2016 by alleging that MEPCO has failed to withhold Punjab sales tax amounting Rs. 1,645 million on payments made on account of services acquired by MEPCO.

Being aggrieved by the order, MEPCO filed an appeal before Commissioner Appeal PRA. The learned Commissioner Appeal PRA issued an order no. 27/2017 dated November 14, 2017 and reduced the tax liability to Rs. 71 million along with penalty of Rs. 3.5 million.

Being aggrieved by the decision of Commissioner Appeal PRA, MEPCO has filed second appeal before Appellate Tribunal PRA on December 22, 2017, who decided the case against MEPCO but deleted the penalty of Rs. 3.5 million. Against the order of Appellate Tribunal PRA, MEPCO has filed a writ petition in High Court which is still pending for adjudication.

(xvi) Sales tax withholding PRA-Tax period July 2015 to June 2020

The Additional Commissioner PRA (ACPRA), Multan issued an order no. PRA/MTN/SC/Adc/1798 dated November 03, 2021 by alleging that MEPCO has failed to withhold Punjab sales tax amounting Rs. 10,453 million on payments made on account of services acquired by MEPCO. By ignoring the fact of the case, ACPRA issued an order on April 05, 2022 against MEPCO.

Being aggrieved by the order, MEPCO filed an appeal before Commissioner Appeal PRA on May 12, 2022 which is still pending for adjudication.

(xvii) Proceedings for wrong claim of input tax on cement - February 2017 to December 2017

The ACIR, RTO Multan initiated proceedings through notice no. 151 dated June 04, 2018 alleging that MEPCO claimed inadmissible input tax amounting to Rs. 33 million on purchase of cement. By ignoring the fact of the case, ACIR issued an order on August 17, 2018 against MEPCO.

Appeal against the ACIR order was filed before CIR (A), which CIR(A) set aside the order on January 29, 2021. Against the order of CIR (A), the department filed a second appeal before ATIR on April 07, 2021. Now the case is pending before ATIR.

(xviii) Default surcharge for late filing of sales tax returns for the period from July 2015 to June 2017

The ACIR, RTO Multan initiated proceedings through notice on April 02, 2019 alleging that MEPCO filed sales tax returns after the due date as prescribed in the Act. ACIR subsequently issued an order against MEPCO vide OIO no 47/2019 dated July 23, 2019 and raised a demand of penalty and default surcharge amounting to Rs. 19,800/- and 5,103,383/- respectively.

Appeal against the ACIR order was filed before CIR (A) on August 23, 2019 which is decided in favor of MEPCO on August 06, 2020 by annulling the order of learned ACIR and remanded the case back for review of the facts.

In the second round of proceedings, the Assistant Commissioner Inland Revenue (ACIR) issued a decision against MEPCO vide O.No.5/2021 amounting to Rs.2.7m. MEPCO, aggrieved by this order, filed an appeal with the Commissioner Inland Revenue (Appeals) (CIR(A)), who also ruled against MEPCO in a decision dated June 26, 2021. Subsequently, MEPCO filed a second appeal with the Appellate Tribunal Inland Revenue (ATIR) on August 27, 2021. The ATIR upheld the original order in its decision dated September 5, 2024 (STA No. 77/MB/2021).

Dissatisfied with this outcome, MEPCO has filed an appeal with the Alternate Dispute Resolution Committee (ADRC), which is currently pending adjudication.

(xix) Sales tax on free electricity supplies to employees- Tax Year 2016 and 2017

The ACIR, RTO Multan issued notice on November 22, 2018 and alleged that MEPCO has not charged sales tax on electricity supplied to employees free of cost. Subsequently, ACIR issued an order on March 22, 2019 and raised demand of sales tax amounting to Rs. 1056.59 million.

Being aggrieved, an appeal was filed before CIR (A), who decided the case in favor of MEPCO and set aside the order on February 10, 2021. Against the order of CIR (A), the department has filed an appeal before ATIR dated May 06, 2021. Now the case is pending before ATIR.

(xx) Sales tax on reconnection fee - Tax Year 2016 and 2017

The ACIR, RTO Multan issued notice on November 22, 2018 and alleged that MEPCO has not charged sales tax on reconnection fees recovered from consumers. By ignoring the facts of the case, ACIR subsequently issued an order on March 20, 2019 and raise demand of sales tax amounting to Rs. 9.35 million.

Being aggrieved, an appeal was filed before CIR (A), who decided the case against MEPCO on June 25, 2021. Against the order of CIR (A), MEPCO has filed an appeal before ATIR on August 27, 2021. ATIR vide order February 6, 2023 decided the matter in favour of the company.

(xxi) Sales tax on Government Subsidy-Tax period July 2010 to June 2011

The Deputy Commissioner Inland Revenue (DCIR), RTO, Multan passed an order against MEPCO on November 19, 2012 by incorrectly treating the "Subsidy" aggregating to Rs. 24,739.75 million as taxable supplies under the Act and also taxed another item namely unexplained difference amounting to Rs.925.29 million and has created a demand of Rs. 4,363 million on these accounts.

Being aggrieved by the order, MEPCO filed appeal before the CIR (A) on December 26, 2012 who upheld the order of DCIR on February 12, 2013.

Afterwards, second appeal was filed before ATIR and vide its order no. STA 247/LB/2013 dated December 19, 2014 the point of unexplained income was remanded back to DCIR and point of the subsidy was upheld against which MEPCO.

Being aggrieved by the decision of ATIR, an appeal was filed before Honorable Lahore High Court who remanded back the case to the full bench of ATIR to decide the case. The full bench of ATIR vide its order dated March 04, 2021 has now decided in favor of MEPCO that sales tax is not applicable on amount of subsidy received from the Government. Against the order of ATIR, the department has filed an appeal before Honorable High court which is still pending.

(xxii) Sales tax on Tariff Differential Subsidy - Tax Year 2017

The ACIR, RTO Multan issued notice on November 22, 2018 and alleged that MEPCO has not charged sales tax on Tariff Differential Subsidy (TDS). By ignoring the facts of the case, ACIR subsequently issued an order on March 18, 2019 and raised demand of sales tax amounting to Rs. 4,516.7 million.

Being aggrieved, an appeal was filed before CIR (A), who decided the case in favor of MEPCO and set aside the order on February 22, 2021. Against the order of CIR (A), the department has filed an appeal before ATIR dated May 06, 2021. Now the case is pending before ATIR.

(xxiii) Sales tax on Tariff Differential Subsidy - Tax Year 2019

The ACIR, RTO Multan issued notice no. 188 on April 05, 2021 and alleged that MEPCO has not charged sales tax on Tariff Differential Subsidy (TDS) and MEPCO has no specific exemption regarding withholding of tax on advertisement expense as per Sales Tax Special Procedure (Withholding) Rules, 2007. By ignoring the facts of the case, ACIR subsequently issued an order on June 15, 2021 and raised demand of sales tax amounting to Rs. 10,683 million.

Being aggrieved by the above order, an appeal was filed before CIR (A) against which the learned CIR (A) issued an order in favor of MEPCO on TDS on and confirmed action of DCIR on advertisement expense.

Being aggrieved by the order of learned CIR (A), an appeal was filed before ATIR which is still pending for adjudication.

(xxiv) Sales tax on Tariff Differential Subsidy - Tax Year 2018 & 2020

The ACIR, RTO Multan issued notice no. 289 on June 14, 2021 and alleged that MEPCO has not charged sales tax on Tariff Differential Subsidy (TDS) and MEPCO has no specific exemption regarding withholding of tax on advertisement expense as per Sales Tax Special Procedure (Withholding) Rules, 2007. By ignoring the facts of the case, ACIR subsequently issued an order on August 23, 2021 and raised demand of sales tax amounting to Rs. 18,300 million.

Being aggrieved by the above order, an appeal was filed before CIR (A) against which the learned CIR (A) issued an order in favor of MEPCO on TDS on and confirmed action of DCIR on advertisement expense.

Being aggrieved by the order of learned CIR (A), an appeal was filed before ATIR which is still pending for adjudication.

(xxv) Inadmissible input tax-January 2016 to June 2020

The ACIR, RTO Multan initiated proceedings alleging that MEPCO claimed inadmissible input tax amounting to R.s 7.7 million. By ignoring the reply and supporting documents, ACIR issued an order against MEPCO and raised a demand of sales tax amounting to Rs. 7.7 million.

Following the above order, MEPCO filed an appeal with the Commissioner Inland Revenue (Appeals) (CIR(A)), who issued a decision unfavorable to MEPCO on August 5, 2021. MEPCO then filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) on October 8, 2021. The ATIR ruled in favor of MEPCO in its order dated June 15, 2022 (Order No. 191) and remanded the case to the Deputy Commissioner Inland Revenue (DCIR)/Assistant Commissioner Inland Revenue (ACIR).

Subsequently, the DCIR/ACIR issued a new order on December 12, 2022. Aggrieved by this order, MEPCO appealed to the CIR(A) on January 20, 2023. The CIR(A) upheld the DCIR/ACIR's order in a decision dated December 7, 2023.

Dissatisfied with the CIR(A)'s decision, MEPCO filed an appeal with the ATIR. However, due to changes introduced by the Income Tax Amendment Act, 2024, MEPCO withdrew this appeal and subsequently filed a new appeal with the Alternate Dispute Resolution Committee (ADRC). This appeal remains pending adjudication.

(xxvi) Inadmissible input tax-February 2018 to May 2021

The ACIR, RTO Multan initiated proceedings alleging that MEPCO claimed inadmissible input tax amounting to R.s 0.747 million. By ignoring the reply and supporting documents, ACIR issued an order against MEPCO and raised a demand of sales tax amounting to Rs.0.7 million.

Being aggrieved by the above order, an appeal was filed before CIR (A) on April 29, 2022 who decided the case in favor of the company vide order dated November 11, 2022.

(xxvii) Inadmissible input tax on steel melters -July 2017 to June 2019

The ACIR, RTO Multan initiated proceedings alleging that MEPCO claimed inadmissible input tax on supply to steel melters of amounting to R.s 464 million. By ignoring the reply and supporting documents, ACIR issued an order against MEPCO and raised a demand of sales tax amounting to Rs. 126 million.

Being aggrieved by the above order, an appeal was filed before CIR (A) on October 08, 2021 who decided the matter in favor of the company.

(xxviii) Inadmissible input tax on steel melters -July 2015 to June 2019

The ACIR, RTO Multan initiated proceedings alleging that MEPCO claimed inadmissible input tax on supply to steel melters of amounting to R.s 420 million. By ignoring the reply and supporting documents, ACIR issued an order against MEPCO and raised a demand of sales tax amounting to Rs. 331 million.

Dissatisfied with the above order, MEPCO filed an appeal with the Commissioner Inland Revenue (Appeals) (CIR(A)). The CIR(A) upheld the original order.

A second appeal was filed against the Commissioner Inland Revenue (Appeals) (CIR(A))'s order before the Appellate Tribunal Inland Revenue (ATIR). The ATIR ruled against MEPCO, and the case is now under review by the High Court. Additionally, due to changes introduced by the Income Tax Amendment Act, 2024, MEPCO has also filed the case with the Alternate Dispute Resolution Committee (ADRC), where it is currently pending adjudication.

(xxix) Short payment on sale of scrap – Tax year 2021

The ACIR/DCIR, LTO Multan initiated proceedings through Show Cause Notice No. 135, dated September 15, 2022, alleging a short payment of sales tax on scrap sales and creating a demand of PKR 14 million. Following review of the submissions, the demand was revised to PKR 3 million, as per Order No. 10, dated December 2023. Dissatisfied with this decision, MEPCO filed an appeal with the Commissioner (Appeals) on January 23, 2023, which was upheld by the Commissioner (Appeals) on December 7, 2023.

A second appeal was subsequently filed with the Appellate Tribunal Inland Revenue (ATIR). However, pending adjudication, changes introduced by the Income Tax Amendment Act, 2024, led to the withdrawal of the appeal from the ATIR. The matter has now been filed with the Alternate Dispute Resolution Committee (ADRC) and is currently awaiting resolution.

(xxx) Sales Tax Audit under section 72B – Tax year 2021

The ACIR/DCIR, LTO Multan initiated proceedings via show cause notice no. 68 dated April 4, 2023 alleged short payment of sales tax amounting to R.s 5191m. The ACIR passed the order via No. 09/2023-2024 dated September 27, 2023. Being aggrieved by the decision of ACIR/DCIR, MEPCO filed an appeal before CIR(A) and the matter is still pending for adjudication.

(xxxi) Default surcharge for late filing of sales tax returns for the period from July 2021 to April 2022

The ACIR/DCIR, LTO Multan initiated proceedings via show cause notice no. 246 dated December 20, 2022 alleging that MEPCO filed sales tax returns after the due date as prescribed in the Act. ACIR subsequently issued an order against MEPCO vide OIO no 13/2022-2023 dated May 26, 2023. Being aggrieved by the decision of ACIR/DCIR, MEPCO filed an appeal before CIR(A) and the same was upheld by the learned CIR (A) on December 07, 2023.

A second appeal against the Commissioner Inland Revenue (Appeals) (CIR(A))'s order was filed with the Appellate Tribunal Inland Revenue (ATIR). This appeal was pending adjudication when changes introduced by the Income Tax Amendment Act, 2024, prompted its withdrawal from the ATIR. The case has since been filed with the Alternate Dispute Resolution Committee (ADRC) and is currently pending adjudication.

(xxxii) Short payment of supplies mentioned in Annexure-G - Tax Period February & March 2023

The ACIR/DCIR, LTO Multan initiated proceedings through Show Cause Notice No. 138, dated December 8, 2023, alleging a short payment of sales tax amounting to PKR 1,925 million. The ACIR ruled against MEPCO in Order No. 08/2023-24, dated September 22, 2023, creating a demand of PKR 324 million. MEPCO has filed an appeal with the Commissioner (Appeals), and the appeal is currently under consideration, with an order pending.

We are not aware of other significant matter (if any) that requires to be disclosed except as highlighted above.

14.2 Commitments

Letters of credit for capital expenditure and other than capital expenditure are of Rupees 497.475 million (2023: Rupees 812.37 million). Keeping in view the nature of Company's business, segregation of capital expenditure and other than capital expenditure is not possible at this stage.

	Note	2024 Rupees	2023 Rupees
15 PROPERTY, PLANT AND EQUIPMENT			
Capital work-in-progress	15.1	**26,267,884,192**	22,405,348,739
Operating fixed assets	15.2	**128,240,564,875**	117,578,792,546
		154,508,449,067	139,984,141,285

	Note	2024 Rupees	2023 Rupees
15.1 Capital work-in-progress			
Civil works		**162,399,881**	145,191,940
Distribution equipment		**26,105,484,311**	22,260,156,799
		26,267,884,192	22,405,348,739
15.1.1 Movement in capital work-in-progress			
Balance as at beginning of the year - gross		**22,688,467,832**	20,016,693,510
Add: Additions during the year		**20,728,996,501**	11,172,790,598
		43,417,464,333	31,189,484,108
Less: Transferred to operating fixed assets	15.1.3	**(16,864,591,450)**	(8,501,016,276)
Balance as at end of the year - gross		**26,552,872,883**	22,688,467,832
Provision for capital work-in-progress			
Balance as at beginning of the year		**283,119,093**	262,592,521
Add: Impairment for the year	29	**1,869,598**	20,526,572
		284,988,691	283,119,093
Balance as at end of the year		**26,267,884,192**	22,405,348,739

15.1.2 Depreciation capitalized related to capital work-in-progress was Rupees 13.10 million (2023: Rupees 12.54 million). Moreover operating expenses of Rupees 1086 million (2023: Rupees 933 million) have also been included in capital

	2024 Rupees	2023 Rupees
15.1.3 Opening CWIP projects transferred to operating fixed assets	**5,276,915,393**	4,989,030,485
CWIP projects started during the year and transferred to operating fixed assets	**11,587,676,057**	3,511,985,791
Total CWIP projects transferred to operating fixed assets	**16,864,591,450**	8,501,016,276

15.1.4 The borrowing cost incurred specifically to finance the construction of distribution equipment in 2021 is 40.851 million, 2022 is Nill, 2023 is Nill and 2024 is also Nill.

15.2 OPERATING FIXED ASSETS

	Land Freehold	Land Leasehold	Buildings on freehold land	Office equipment	Distribution equipment	Other plant and equipment	Vehicles	Total
	.... Rupees							....
As at June 30, 2023								
Opening net book value	401,196,784	1,487,174	3,753,597,254	189,658,725	104,443,719,873	480,420,672	388,777,161	109,658,857,643
Additions	-	-	453,087,618	14,994,260	13,616,275,724	31,253,933	699,786	14,116,311,321
Disposals / Adjustments	-	-	-	-	(1,418,898)	-	-	(1,418,898)
Depreciation charge	-	-	(101,133,823)	(55,189,030)	(5,892,771,541)	(75,391,001)	(70,472,127)	(6,194,957,522)
Closing net book value	401,196,784	1,487,174	4,105,551,049	149,463,955	112,165,805,158	436,283,604	319,004,820	117,578,792,544
As at June 30, 2023								
Cost	401,196,784	2,277,338	5,549,159,709	684,155,316	177,288,307,911	1,081,672,160	1,401,951,242	186,408,720,460
Accumulated depreciation	-	(790,164)	(1,443,608,660)	(534,691,361)	(65,122,502,753)	(645,388,556)	(1,082,946,420)	(68,829,927,914)
Net book value	401,196,784	1,487,174	4,105,551,049	149,463,955	112,165,805,158	436,283,604	319,004,822	117,578,792,546
Year ended June 30, 2024								
Opening net book value	**401,196,784**	**1,487,174**	**4,105,551,049**	**149,463,955**	**112,165,805,158**	**436,283,604**	**319,004,822**	**117,578,792,546**
Additions	**80,084,789**	**-**	**197,963,062**	**40,491,900**	**16,779,109,948**	**27,683,631**	**201,304,308**	**17,326,637,638**
Disposals/Adjustments	**-**	**-**	**-**	**-**	**(42,563,968)**	**-**	**-**	**(42,563,968)**
Depreciation charge	**-**	**-**	**(108,334,474)**	**(52,215,302)**	**(6,327,059,369)**	**(76,418,651)**	**(58,273,545)**	**(6,622,301,341)**
Closing net book value	**481,281,573**	**1,487,174**	**4,195,179,637**	**137,740,553**	**122,575,291,769**	**387,548,584**	**462,035,585**	**128,240,564,875**
As at June 30, 2024								
Cost	**481,281,573**	**2,277,338**	**5,747,122,769**	**724,647,216**	**193,989,416,804**	**1,109,355,790**	**1,603,255,551**	**203,657,357,041**
Accumulated depreciation	**-**	**(790,164)**	**(1,551,943,132)**	**(586,906,663)**	**(71,414,125,035)**	**(721,807,206)**	**(1,141,219,965)**	**(75,416,792,165)**
Net book value	**481,281,573**	**1,487,174**	**4,195,179,637**	**137,740,553**	**122,575,291,769**	**387,548,584**	**462,035,585**	**128,240,564,875**
Annual rate of depreciation (%)	**-**	**-**	**2**	**10**	**3.5**	**10**	**10**	

15.2.1 The property and rights in the above assets were transferred to the Company on July 01, 1998 by WAPDA in accordance with the terms and conditions of the Business Transfer Agreement (BTA) executed between WAPDA and the Company.

15.2.2 Furniture and fixture have been included in other plant and equipment and computers have been included in office equipment.

15.2.3 Title of some of freehold land has not been transferred with the name of the Company. Book value of such freehold land is not available separately.

15.2.4 On March 01, 2019, the Company entered into an Authorization and Interest agreement with Power Holding (Private) Limited (PHPL) and Meezan Bank Limited (MBL), in which the Company authorized PHPL to carry out "Certain Actions" in relation to Relevant Transaction Assets representing freehold land at Bahawalpur, Khanpur, Dera Ghazi Khan, Jampur, Bahawalnagar, Multan, Tounsa Shareef, Arifwala and Sahiwal having combined area of 1181 kanal and 14 marla of Rupees 256.94 million disclosed in note 15.2. Certain actions include selling the Relevant Transaction Assets to MBL and creating a security interest over the same for the purpose of enabling PHPL to raise financing through the Sukuk issue. In addition to this agreement, PHPL entered into an Asset Purchase Agreement with MBL for selling the Relevant Transaction Assets to MBL which include the land of the Company and of other distribution and generation companies for a total purchase price of Rupees 200,000 million against which Sukuk certificates have been issued by PHPL for a period of ten years.

		Note	2024 Rupees	2023 Rupees
15.3	**DEPRECIATION ALLOCATION**			
	Depreciation charge for the year has been allocated as follows:			
	Operating cost		**6,609,200,596**	6,182,414,130
	Transfer to capital work-in-progress	15.1.2	**13,100,745**	12,543,392
			6,622,301,341	6,194,957,522
16	**INTANGIBLE ASSETS**			
	Computer Softwares			
	Opening book value		**-**	-
	Amortization charged during the year		**-**	-
	Closing book value		**-**	-
	Cost		**86,476,981**	86,476,981
	Accumulated amortization		**(86,476,981)**	(86,476,981)
	Net book value		**-**	-
	Amortization rate (per annum)		**20%**	20%

16.1 These include SAP software, Dongle Software and Global Positioning System (GPS).

		Note	2024 Rupees	2023 Rupees
17	**LONG TERM LOANS TO EMPLOYEES**			
	House building / purchase of plots		**421,933,599**	242,816,482
	Vehicles		**17,624,061**	14,254,216
			439,557,660	257,070,698
	Less: Current portion	21	**79,805,606**	53,397,330
			359,752,054	203,673,368

17.1 Loans for house building and purchase of plot are repayable in ten years, car and motor cycle loans in five years and bicycle loans in four years. As per the Company's policy, interest is charged equal to the profit rate applied on 'General Provident Fund' which is 14.22% per annum for the current year (2023: 12.40%). The principal and interest amount is recoverable in equal monthly installments.

		Note	2024 Rupees	2023 Rupees
18	**LONG TERM DEPOSITS**			
	Long Term deposits		**49,185**	49,185
			49,185	49,185
19	**STORES AND SPARE PARTS**			
	Stores		**14,124,406,099**	8,884,803,441
	Spare parts		**310,099,872**	244,261,858
			14,434,505,971	9,129,065,300
	Less: Provision for stores and spare parts	19.1	**419,969,994**	665,622,239
			14,014,535,977	8,463,443,060
19.1	**Provision for slow moving and obsolete items of stores and spare parts**			
	Balance as at beginning of the year		**665,622,239**	355,031,463
	Add: Provision for the year	29	**-**	310,590,776
	Less: Provision reversed during the year		**(245,652,245)**	-
	Balance as at end of the year		**419,969,994**	665,622,239
20	**TRADE DEBTS**			
	Considered good - unsecured	20.4	**111,857,832,820**	83,561,806,832
			111,857,832,820	83,561,806,832
	Less: Allowance for expected credit losses	20.1	**(21,262,510,761)**	(18,492,495,377)
			90,595,322,059	65,069,311,455

		Note	2024 Rupees	2023 Rupees
20.1	**Allowance for expected credit losses**			
	Balance as at beginning of the year		**18,492,495,377**	12,613,695,778
	Add: Expected credit loss allowance for the year		**2,770,015,384**	5,903,781,369
			21,262,510,761	18,517,477,147
	Less: Trade debts written off during the year		**-**	(24,981,770)
	Balance as at end of the year		**21,262,510,761**	18,492,495,377

20.2 Trade debts are partially secured to the extent of corresponding consumers' security deposits. Trade debts as at the reporting date are classified into domestic, commercial, industrial, agriculture, public lights, residential colonies and others.

		2024 Rupees	2023 Rupees
20.3	Aging analysis of these trade debts is as follows:		
	Not past due yet	**31,215,774,877**	12,140,133,168
	Due up to 1 months	**9,761,780,336**	4,882,747,318
	Due up to 2 months	**1,244,263,551**	1,025,480,023
	2 to 3 months	**1,331,955,525**	989,708,960
	3 to 6 months	**3,092,817,729**	2,188,677,067
	6 months to 1 year	**3,897,476,543**	2,102,636,602
	1 year to 3 years	**6,600,688,453**	3,378,946,027
	3 years and above	**9,112,114,301**	7,016,177,152
	Deferred arrears (1 year to 3 years)	**5,497,479,503**	9,735,492,343
	Balances due from Government	**40,103,482,002**	40,101,808,172
		111,857,832,820	83,561,806,832

20.4 This amount includes adjustment of Rs 1.009 billion on account of excess units received from net metering consumers.

		Note	2024 Rupees	2023 Rupees
21	**LOANS AND ADVANCES**			
	Employees against expenses		**29,356,568**	34,082,358
	Advances to suppliers		**360,046,567**	231,362,711
	Current portion of long term loans and advance:	17	**79,805,606**	53,397,330
			469,208,741	318,842,399
22	**OTHER RECEIVABLES**			
	Due from associated companies / undertakings	22.1	**7,206,071,327**	6,855,905,437
	Sales tax receivable from consumers		**7,737,196,497**	6,933,237,659
	Subsidies receivable from Government	22.4	**68,767,214,261**	64,390,732,642
	Duties, charges and taxes	22.5	**-**	-
	Receivable against damaged items during warranty period		**20,088,940**	21,129,279
	Others		**80,005,296**	133,208,845
			83,810,576,321	78,334,213,862
22.1	**Due from associated companies / undertakings**			
	Jamshoro Power Company Limited (GENCO-I)		**6,868,211**	4,881,917
	Guddu Power Generation Company Limited (GENCO-II)		**418,954,765**	449,322,275
	Northern Power Generation Company Limited (GENCO-III)		**1,396,584,859**	1,461,364,510
	Lakhra Power Generation Company Limited (GENCO-IV)		**882,762**	933,633
	Lahore Electric Supply Company Limited (LESCO)		**323,629,131**	427,112,533
	Quetta Electric Supply Company Limited (QESCO)		**94,547,755**	61,998,637
	Islamabad Electric Supply Company Limited (IESCO)		**82,921,860**	85,713,808
	Peshawar Electric Supply Company Limited (PESCO)		**432,761,593**	440,527,999
	Sukkur Electric Power Company Limited (SEPCO)		**41,298,608**	6,809,984
	Hyderabad Electric Supply Company (HESCO)		**2,950,611**	-
	National Transmission and Despatch Company Limited (NTDC)		**368,693,700**	-
	Tribal Area Electric Supply Company (TESCO)		**119,026**	-
	WAPDA Current Account	22.1.1	**3,634,504,364**	3,546,278,062
	WAPDA Welfare Fund		**401,354,082**	370,962,079
			7,206,071,327	6,855,905,437

22.1.1 This include balances amounting to Rs. 2,390 million and Rs. 817 million. With respect to the amount of Rs. 2390 million which is sharing of obligation of postretirement benefit of employees who retire from ex-WAPDA formation/schemes before unbundling of WAPDA's power wing it was decided by the Ministry of Water and Power in its meeting dated March 13, 2017 that Director pension WAPDA will transfer the files of such employees to respective DISCOs and WAPDA will adjusted the liability amount so worked out by the Actuarial consultant against Deposit for shares of the Company. In pursuance of the said decision the Company has recognized an amount of Rs. 2,390 million as determined by the actuary. With respect to amount of Rs. 817 million various claims lodged by MEPCO against payment of pension to ex-WAPDA retired employees, in pursuance of decision of Ministry and Power vide its letter MFI.76/462-92 dated May 13, 2016 in which the Company was directed that all cost of pension paid to ex WAPDA employees till June 30, 2014 will be borne by WAPDA. In compliance with the above decision the Company has filed its claims via letters no. Manager/Pension/Imprest/MEPCO/359 dated June 27, 2023 and letter no. FDM/Pension/17044 dated Jan 06, 2021. However WAPDA has shown both amounts in their reconciliation

		Note	**2024 Rupees**	2023 Rupees
22.2	The aging analysis of amount due from associated companies / undertakings is as follows:			
	Upto 6 months		**478,929,005**	623,590,770
	6 months to 1 year		**54,887,806**	509,240,312
	1 year to 3 years		**2,771,444,768**	2,562,422,022
	3 years and above		**3,559,725,071**	3,160,652,333
			6,864,986,650	6,855,905,437
22.3	The maximum aggregate amount due from associates / undertakings at the end of any month during the year are as follows:			
	Jamshoro Power Company Limited (GENCO-I)		**588,194**	1,937,592
	Guddu Power Generation Company Limited (GENCO-II)		**31,061,324**	48,361,857
	Northern Power Generation Company Limited (GENCO-III)		**63,268,958**	108,854,518
	Lakhra Power Generation Company Limited (GENCO-IV)		**56,092**	252,130
	Lahore Electric Supply Company Limited (LESCO)		**8,539,198**	74,235,031
	Quetta Electric Supply Company Limited (QESCO)		**4,484,000**	1,293,710
	Islamabad Electric Supply Company Limited (IESCO)		**117,056,000**	5,844,065
	Peshawar Electric Supply Company Limited (PESCO)		**11,469,186**	15,777,692
	Sukkur Electric Power Company Limited (SEPCO)		**23,917,183**	13,029,074
	Hyderabad Electric Supply Company (HESCO)		**13,570,000**	-
	National Transmission and Despatch Company Limited (NTDC)		**6,267,905,117**	-
	Tribal Area Electric Supply Company (TESCO)		**95,190**	-
	WAPDA Current Account		**20,131,662**	17,817,367
	WAPDA Welfare Fund		**833,767**	10,672,640
22.4	**Subsidies receivable from Government**			
	GST subsidy	22.4.2	**33,470,004,432**	33,470,004,432
	Agriculture subsidy receivable from Government of Punjab		**150,006,763**	150,006,763
	Tariff differential subsidy receivable	22.4.3	**34,183,044,832**	29,806,563,213
	Industrial Support		**964,158,234**	964,158,234
			68,767,214,261	64,390,732,642
22.4.1	The aging analysis of amount due from Government is as follows:			
	Upto 6 months		**9,960,558,896**	5,707,626,322
	6 months to 1 year		**718,000,000**	5,103,000,000
	1 year to 3 years		**17,317,209,287**	9,507,818,350
	3 years and above		**40,771,446,078**	44,072,287,970
			68,767,214,261	64,390,732,642

22.4.2 These include balances of Rupees 31,696.8 million (2023: Rupees 31,696.8 million) receivable from Government of Punjab and Rupees 1,773.32 million (2023: Rupees. 1,773.32 million) receivable from Government of Pakistan.The Company has billed agriculture consumers on subsidized rates in compliance to the ECC decisions conveyed vide

Ministry of Energy letter Agri.T No. 05/06/2012-PF dated 30th October, 2013 dated 20th November, 2014, dated 27th October, 2015 dated: July 1st 2016, dated 14th June 2016, dated 24th August, 2017, dated 02nd July 2018, dated 22nd December, 2018 and latest letter No. Tariff/XW/ DISCOs-2019 dated 15th January, 2019 which contain that the GST subsidy is to be borne by provincial government. in this case. the Government of Punjab.

22.4.3 National Electric Power Regulatory Authority (NEPRA) determines the tariff for the Company to be charged to consumers. However, the Government of Pakistan (GoP) sometime notifies lesser rate to be charged to the consumers. The difference of determined rate by NEPRA and notified rate by GoP is given to the Company in the shape of subsidies. This includes tariff differential subsidy and subsidy on Applicable Quarterly Tariff Adjustment (AQTA).

	2024 Rupees	2023 Rupees
22.5 Duties, charges and taxes		
Receivables not yet realized:		
Electricity duty	**829,868,369**	635,117,443
Income tax	**1,304,181,398**	930,387,186
Other taxes	**579,061,691**	522,462,000
Neelum Jhelum surcharge	**152,040,292**	160,931,895

	2024 Rupees	2023 Rupees
Receivables not yet realized - Continued		
Debt service surcharge	**5,611,877,278**	4,246,609,925
Universal obligation surcharge	**84,378,595**	99,449,660
T.V license fee	**180,315,044**	181,712,020
Equalization surcharge	**3,833,392**	3,958,530
	8,745,556,059	6,780,628,659
Payables not yet realized:		
Electricity duty	**(829,868,369)**	(635,117,443)
Income tax	**(1,304,181,398)**	(930,387,186)
Other taxes	**(579,061,691)**	(522,462,000)
Neelum Jhelum surcharge	**(152,040,292)**	(160,931,895)
Debt service surcharge	**(5,611,877,278)**	(4,246,609,925)
Universal obligation surcharge	**(84,378,595)**	(99,449,660)
T.V license fee	**(180,315,044)**	(181,712,020)
Equalization surcharge	**(3,833,392)**	(3,958,530)
	(8,745,556,059)	(6,780,628,659)
	-	-

22.5.1 These represent the amounts billed to the customers on behalf of the respective authorities and are receivable at year end which have been netted off against their respective payables.

23 SALES TAX RECEIVABLE

This include Rupees 4,139.03 million against sales tax refunds due from the Government relating to financial years from 2009-10 to 2011-12. An Application for request to allow input tax carry forward by cancelling the applications for refund claims was filed by the Company dated April 26, 2018. The Company also filed a Writ Petition No. 589/2019 dated July 11, 2019 before High Court Multan Bench which is pending adjucation.

24 SHORT TERM INVESTMENTS

These represent term deposit receipts placed with different banks having maturity period of more than three months to one year at profit rates of 23.82% (2023: 21%) per annum. Out of these term deposit receipts of Rs. 200 million is marked as lien with bank for issuance of bank gaurantee. Further, this also include Rupees 14,550 million of long term security deposits received from consumers as disclosed in Note.9

	Note	**2024 Rupees**	2023 Rupees
25 BANK BALANCES			
Current accounts		**4,551,334,600**	2,378,662,126
Deposit accounts	25.1	**16,594,172,321**	22,377,586,058
		21,145,506,921	24,756,248,184

25.1 This includes deposit with various banks and the rate of profit on these deposit accounts ranges between 18% to 24% (2023: 7.5% to 19.5%) per annum.

2024	2023

			Rupees	Rupees
26	**SALE OF ELECTRICITY - NET**			
	Gross sales	26.1	**618,938,364,582**	443,144,646,783
	Less: Sales tax		**96,045,821,533**	70,181,478,563
			522,892,543,049	372,963,168,220

26.1 This amount includes adjustment of Rs 1.009 billion on account of excess units received from net metering consumers as on 30th June, 2024.

27 TARIFF DIFFERENTIAL SUBSIDIES

These represent the tariff subsidies claimed from the Government of Pakistan as the difference between rates determined by NEPRA and rates charged to the consumers as notified by the Government of Pakistan from time to time.

28 COST OF ELECTRICITY

The Company purchased electricity from CPPA and other private power producers. The electricity purchased during the year has been accounted for according to invoices issued by CPPA.

		Note	2024 Rupees	2023 Rupees
29	**DISTRIBUTION COST EXCLUDING DEPRECIATION**			
	Salaries, wages and other benefits		**14,235,569,880**	12,627,610,271
	Staff retirement benefits	8.2	**19,573,624,857**	15,694,562,210
	Repair and maintenance		**1,584,999,993**	1,207,706,626
	Travelling and conveyance		**1,138,127,885**	787,897,191
	Transportation		**824,675,205**	750,993,952
	Advertising and publicity		**29,007,375**	33,955,261
	Office supplies and other expenses		**111,399,534**	92,017,495
	Legal and professional		**38,441,895**	33,307,375
	Auditors' remuneration	29.1	**4,975,000**	4,975,000
	Power, light and water		**215,330,307**	183,379,848
	Fees and subscriptions		**373,265,079**	303,145,246
	Telephone and postage		**76,563,799**	90,731,112
	Management fees		**176,628,412**	152,813,911
	Rent, rates and taxes		**32,311,828**	31,042,771
	Insurance		**61,185,000**	61,716,784
	Impairment of capital work in progress	15.1.1	**1,869,598**	20,526,572
	Provision stores and spare parts	19.1	-	310,590,776
	Workers' profit participation fund		**1,746,901,710**	-
	Late payment charges (supplementary charges)	29.2	**7,852,127,645**	5,628,321,643
	Other charges		**28,220,480**	27,375,643
			48,105,225,482	38,042,669,686
	Less: Charged to capital work-in-progress	15.1.2	**1,066,818,359**	933,418,690
			47,038,407,123	37,109,250,997
29.1	**Auditor's remuneration**			
	Audit fee		**2,000,000**	2,000,000
	Tax consultancy fee		**2,700,000**	2,700,000
	Reimbursable expenses		**275,000**	275,000
			4,975,000	4,975,000

29.2 These include supplemental charges of Rupees 7,852.12 million (2023: Rupees 5,628.32 million) passed on the Company, which comprise re-allocation of mark-up on late payments imposed by Independent Power Producers (IPPs) to CPPA on the basis of average outstanding balance.

		Note	2024 Rupees	2023 Rupees
30	**CUSTOMER SERVICES COST**			
	Salaries, wages and other benefits		**955,918,238**	918,899,860
	Staff retirement benefits	8.2	**3,284,847,618**	2,633,783,241
	Repair and maintenance		**33,399,866**	9,440,415

Travelling and conveyance		**166,423,445**	122,665,980
Electricity bills collection charges		**677,482,072**	493,095,117
Transportation		**33,232,137**	22,827,704
Office supplies and other expenses		**307,153,511**	257,112,737
Power, light and water		**44,222,355**	34,637,161
Fees and subscriptions		**435,733,615**	461,847,928
Telephone and postage		**75,215,794**	63,335,821
Rent, rates and taxes		**149,718**	449,154
Other charges		**2,750,009**	2,447,720
		6,016,528,378	5,020,542,839

31 OTHER INCOME

	Note	2024 Rupees	2023 Rupees
Income from financial assets:			
Profit on bank deposits and term deposit receipts		**7,727,225,856**	5,567,288,749
Late payment surcharge		**7,852,127,645**	5,628,321,643
		15,579,353,501	11,195,610,391
Income from non-financial assets:			
Commission on T.V license fee services		**60,398,488**	58,144,729
Meter / service rent		**71,536,313**	74,057,014
Service charges		**182,717,472**	139,707,586
Reconnection fees		**136,937,730**	57,597,061
Contract liabilities trasnferred to other income		**4,294,490,404**	3,222,366,000
Sale of scrap		**12,640,256**	447,567
Reversal of provision stores and spare parts		**245,652,245**	-
Miscellaneous		**930,558,567**	2,235,673,106
		5,934,931,475	5,787,993,064
		21,514,284,976	16,983,603,455

32 FINANCE COST

Mark-up on long term financing		**920,846,709**	1,061,617,194
Mark-up transferred from GoP		**-**	-
Bank charges and commission		**4,009,309**	2,744,365
		924,856,018	1,064,361,559

33 MINIMUM TAX DIFFERENTIAL

33.1 Levies and taxes

Revenue taxes	33.2	**1,312,063,237**	937,059,499
		1,312,063,237	937,059,499

33.2 Revenue taxes

This represents minimum tax provision under section 113 of the Income Tax Ordinance, 2001 @ 0.25% of total turnover considering electricity as Fast Moving Consumer Goods (FMCG). The provision for minimum tax has been recognised as levies in these financial statements as per the requirements of IFRIC 21 / IAS 37 and guide on IAS 12 issued by ICAP.

33.3 Income tax

The Company is subject to minimum tax paid under section 113 of the Income Tax Ordinance, 2001, and expects that minimum tax paid may not be realizable/adjustable in future tax years and the Company will always be paying minimum tax under section 113 either due to insufficient expected taxable profits or expected tax losses in future years. The Company has chosen appraoch as discussed in note 2.4.1 and minimum tax is recognized as 'levy' with no current income tax (in terms of IAS 12) in such case.

	2024 Rupees	2023 Rupees
33.4 Relationship between tax expense and accounting profit		
Profit / (loss) before taxation	**33,191,132,499**	(22,436,066,195)
Current tax liability for the year as per applicable tax rate of 29% (2023: 29%)	**9,625,428,425**	(6,506,459,196)
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21/IAS 37	**(9,625,428,425)**	6,506,459,196
	-	-

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

	2024 Rupees	2023 Rupees
Deferred tax asset		
Deferred income tax effect due to:		
Accelerated tax depreciation	**(22,868,120,192)**	(21,366,639,901)
Allowance for expected credit losses	**6,166,128,121**	5,362,823,659
Provision for slow moving and obsolete items of stores and spare parts	**121,791,298**	193,030,449
Staff retirement benefits	**47,536,672,590**	39,945,217,286
Unused tax losses and credit	**153,295,634,297**	168,650,458,268
Deferred tax asset	**184,252,106,114**	192,784,889,762

33.6 The unused tax losses would expire as follows:

Accounting year to which the unused tax losses relates	Amount of unused tax losses	Accounting year in which unused tax losses will expire
	Rupees	
2019	86,563,621,515	2025
2020	66,877,530,644	2026
2021	50,658,533,373	2027
2022	74,127,398,146	2028
2023	90,053,860,749	2029
2024	15,278,889,832	2030
	383,559,834,259	

33.7 The minimum tax would expire as follows:

Accounting year to which the minimum tax relates	Amount of minimum tax	Accounting year in which minimum tax will expire
	Rupees	
2022	4,323,048,893	2027
2023	4,662,039,603	2028
2024	1,307,231,358	2029
	10,292,319,854	

33.8 As Stated in note 33.1 to the financial statement, the Company has recorded minimum tax 0.25% of total turnover considering electricity as FMCG as per section 113 of Income Tax Ordinance, 2001

34 CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other shareholders and to maintain an optimal capital structure to reduce the cost of capital. As public interest entity, financial support is available to the Company from Federal Government and WAPDA in the form of delayed settlement of CPPA against electricity purchase, tariff revision and subsidy on purchases.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, less cash and cash equivalents.

The gearing ratios is as follows:

	2024 Rupees	2023 Rupees
Long term financing	**14,462,868,039**	14,199,064,506
Accrued mark-up	**11,207,582,622**	10,286,735,913
Total debt	**25,670,450,661**	24,485,800,419
Total equity	**(95,158,721,388)**	(118,504,377,809)
Total capital	**(69,488,270,727)**	(94,018,577,390)
Gearing ratio	**-37%**	-26%

35 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	2024			
	Long term financing	**Long term security deposits**	**Contract Liabilities and deferred credit**	**Total**
	Rupees			
Balance as at July 01, 2023	**14,199,064,506**	**13,593,750,786**	**108,110,561,221**	**135,903,376,513**
Financing obtained	-	-	-	-
Repayment of financing	**(34,218,310)**	-	-	**(34,218,310)**
Security deposits received	-	**1,010,632,372**	-	**1,010,632,372**
Receipts against deposit works	-	-	**3,766,762,725**	**3,766,762,725**
Amortization of deferred credit	-	-	**(3,915,150,917)**	**(3,915,150,917)**
Balance as at June 30, 2024	**14,164,846,196**	**14,604,383,158**	**107,962,173,029**	**136,731,402,383**

	2023			
	Long term financing	Long term security deposits	Contract Liabilities and deferred credit	Total
	Rupees			
Balance as at July 01, 2022	14,217,397,831	12,453,362,239	99,536,652,141	126,207,412,211
Financing obtained	-	-	-	-
Repayment of financing	(18,333,325)	-	-	(18,333,325)
Security deposits received	-	1,140,388,547	-	1,140,388,547
Receipts against deposit works	-	-	12,233,921,725	12,233,921,725
Amortization of deferred credit	-	-	(3,660,012,645)	(3,660,012,645)
Balance as at June 30, 2023	14,199,064,506	13,593,750,786	108,110,561,221	135,903,376,513

36 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

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

	2024	2023	**2024**	2023
	Chief Executive Officer		**Executives**	
	Rupees	Rupees	**Rupees**	Rupees
Basic pay	**3,083,557**	3,509,860	**138,207,737**	112,620,781
Allowances	**3,644,175**	3,934,700	**122,987,494**	110,756,899
Meeting fee	**2,280,000**	3,060,000	**-**	-
	9,007,732	10,504,560	**261,195,231**	223,377,680
Number of persons	**1**	1	**67**	67

36.1 The Chief Executive Officer is provided unfurnished accommodation, free electricity, free use of the Company's maintained vehicle and telephone facility as per the Company's rules. Moreover, all executives are provided free electricity and some of the executives are also provided unfurnished accommodation, free use of the Company's maintained vehicle and telephone facility as per the Company's rules.

36.2 Aggregate amount charged in the financial statements for meeting fee to 16 directors (2023: 16) was Rupees 29.791 million (2023: Rupees 28.947 million).

36.3 No remuneration was paid to any Director of the Company and Rupees 60,000 (2023: Rupees 60,000) was paid to each Director for meeting.

37 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise associated companies / undertakings and key management personnel. Detail of transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as

	Note	2024 Rupees	2023 Rupees
Associated companies / undertakings:			
Purchase of electricity		**526,488,194,471**	438,573,956,481
Free supply of electricity provided to employees of associated companies		**597,234,111**	377,441,707
Free supply of electricity received by employees of the Company		**95,781,742**	56,065,509
Electricity bills of the Company received by associated companies		**4,968,028**	2,913,412
Electricity bills of associated companies received by the Company		**23,990,412**	12,332,091
Pension paid to employees of associated companies		**1,521,818,640**	1,299,994,563
Pension received by employees of the Company from associated con		**470,525,605**	380,815,234
Finance cost		**920,846,709**	1,061,617,194

37.1 Detail of compensation to key management personnel comprising of Chief Executive Officer, directors and executives is disclosed in Note 37

37.2 Associated companies / undertakings with whom the Company have transactions during the year:

Name of the related party	Basis of relationship	% of shareholding
Jamshoro Power Company Limited (GENCO-I)	GoP holding	Not applicable
Central Power Generation Company Limited (GENCO-II)	GoP holding	Not applicable
Northern Power Generation Company Limited (GENCO-III)	GoP holding	Not applicable
Lakhra Power Generation Company Limited (GENCO-IV)	GoP holding	Not applicable
National Transmission and Despatch Company Limited (NTDC)	GoP holding	Not applicable
Central Power Purchasing Agency (Guarantee) Limited (CPPA)	GoP holding	Not applicable
Lahore Electric Supply Company Limited (LESCO)	GoP holding	Not applicable
Quetta Electric Supply Company Limited (QESCO)	GoP holding	Not applicable
Islamabad Electric Supply Company Limited (IESCO)	GoP holding	Not applicable
Peshawar Electric Supply Company Limited (PESCO)	GoP holding	Not applicable
Hyderabad Electric Supply Company Limited (HESCO)	GoP holding	Not applicable
Sukkur Electric Power Company Limited (SEPCO)	GoP holding	Not applicable
Faisalabad Electric Supply Company Limited (FESCO)	GoP holding	Not applicable
Gujranwala Electric Power Company Limited (GEPCO)	GoP holding	Not applicable
Water and Power Development Authority (WAPDA)	GoP holding	Not applicable
Tribal Area Electric Supply Company (TESCO)	GoP holding	Not applicable
Power Information Technology Company (Private) Limited (PITC)	GoP holding	Not applicable

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

38 NUMBER OF EMPLOYEES

	2024	2023
Number of employees at the year end	**14,221**	14,702
Average number of employees during the year	**14,461**	14,821

39 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company has exposure to the following risks from financial instruments:
a) Credit risk
b) Market Risk
c) Liquidity risk

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

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to 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

The Board of Directors of the Company oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

33.1 Credit Risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. Keeping in view short term and long-term outlook of each sector, management has taken into consideration the factors while calculating expected credit losses against trade debts and other receivables. The maximum exposure to credit risk at the reporting date was as follows:

The Company monitors the credit quality of its financial assets with reference to the historical performance of such assets and available external credit ratings. The carrying values of the financial assets exposed to credit risk are as follows:

	2024 Rupees	2023 Rupees
Trade debts	**90,595,322,059**	65,069,311,455
Loans and advances	**439,557,660**	257,070,698
Accrued interest	**1,926,004,515**	295,721,200
Deposits	**49,185**	49,185
Other receivables	**15,043,362,060**	13,943,481,219
Short term investment	**14,060,000,000**	13,100,000,000
Bank balances	**21,145,506,921**	24,756,248,184
	143,209,802,401	117,421,881,940

To manage exposure to credit risk in respect of trade debts, management takes into account the long standing business relationships with these counterparties, and after giving due consideration to their strong financial standing, including obtaining security deposits from them, the management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, credit risk is minimal.

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade debts. Management uses actual historical credit loss experience, credit risk characteristics and past days due, adjusted for forward-looking factors specific to the debtors and the economic environment to determine expected credit loss allowance.

Based on the past experience and deliberations management has recognized expected credit losses in respect of trade debts as given in Note 20 to the financial statements.

'The credit quality of the Company's bank balances can be assessed with reference to external credit ratings as follows:

	Rating			2024	2023
	Short Term	Long Term	Agency	(Rupees)	
Allied Bank Limited	A1+	AAA	PACRA	**1,026,759,782**	762,426,747
United Bank Limited	A1+	AAA	VIS	**254,687,889**	143,691,766
MCB Bank Limited	A1+	AAA	PACRA	**145,615,305**	30,783,118
Habib Bank Limited	A1+	AAA	VIS	**19,172,475,143**	13,105,376,255
National Bank of Pakistan	A1+	AAA	PACRA	**258,943,168**	785,671,189
The Bank of Punjab	A1+	AA+	PACRA	**727,843,787**	4,205,583,017
Bank Alfalah Limited	A1+	AA+	PACRA	**9,876,241,282**	5,000,863,585
Bank Al-Habib Limited	A1+	AAA	PACRA	**208,906,684**	6,104,024,727
Meezan Bank Limited	A1+	AAA	VIS	**3,862,601**	5,066,207
Soneri Bank Limited	A1+	AA-	PACRA	**3,882,976**	1,002,452,878
Askari Bank Limited	A1+	AA+	PACRA	**20,199,443**	948,755
Faysal Bank Limited	A1+	AA	PACRA	**666,787,270**	5,128,697,009
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	**79,773,240**	12,992
Standard Chartered Bank Limited	A1+	AAA	PACRA	**454,600**	1,064
Zarai Taraqiati Bank Limited	A1+	AAA	VIS	**135,765,149**	52,704,306
Summit Bank	A-3	BBB-	VIS	**-**	270,100
JS Bank Limited	A1+	AA-	PACRA	**13,542,855**	9,352,916
First Women Bank	A2	A-	PACRA	**6**	
Silk Bank Limited	A2	A-	VIS	**430,921**	-
Al-Baraka Bank (Pakistan) Limited	A1+	A+	PACRA	**-**	109,416
Dubai Islamic Bank Pakistan Limited	A1+	AA	VIS	**3,194,517**	367,646
Bank Islami Pakistan Limited	A1	AA-	PACRA	**84,976**	234,600
Bank of Khyber	A1	A+	PACRA	**78,654**	-
Trust Investment Bank Limited	N/A	N/A	N/A	**214,383,418**	214,383,418
Punjab Provincial Bank Limited	N/A	N/A	N/A	**182,138,206**	9,165,640
Pakistan Post Office	N/A	N/A	N/A	**2,209,455,051**	1,294,060,833
				35,205,506,921	37,856,248,184

39.2 Market Risk

Market risk is the risk that the value of the financial instruments may fluctuate as a result of change in foreign exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

a) Foreign currency risk

Foreign currency risk is the risk that the future cash flows of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company is not exposed to any foreign currency risk as there was no foreign party transaction during the year and no receivable and payable balance in foreign currency at the year end.

b) Interest rate risk

The interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company mitigates its risk against exposure by maintaining adequate bank balances. Majority of the interest rate exposure arises from long term financing, long term advances, bank balances in saving accounts and term deposit receipts. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments at fixed rate expose the Company to fair value interest rate risk. Interest rates are mostly dependent upon Karachi Inter Bank Offered Rate ("KIBOR") as indicated in respective notes.

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

	2024 Rupees	2023 Rupees
Fixed rate instruments		
Financial assets		
Long term advances	**439,557,660**	257,070,698
Term deposit receipts	**14,060,000,000**	13,100,000,000
Financial liabilities		
Long term financing	**14,359,145,633**	14,061,123,790
Floating rate instruments		
Financial assets		
Bank balances - deposit accounts	**16,594,172,321**	22,377,586,058
Short term investments - fixed	**14,060,000,000**	13,100,000,000

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates, at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 308.66 million (2023: Rupees 354.75 million) higher / lower, mainly as a result of higher / lower interest income on bank balances in deposit accounts. This analysis is prepared assuming amounts of financial instruments outstanding at reporting date were outstanding for the whole year.

c) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk since there are no investments in equity securities. The Company is also not exposed to commodity price risk since it does not hold any financial instrument based on commodity price.

39.3 Financial instruments by categories

	2024 Rupees	2023 Rupees
	At amortized cost	
Financial assets as per statement of financial position:		
Trade debts	**90,595,322,059**	65,069,311,455
Loans and advances	**439,557,660**	257,070,698
Accrued interest	**1,926,004,515**	295,721,200
Deposits	**49,185**	49,185
Other receivables	**15,043,362,060**	13,943,481,219
Short term investments	**14,060,000,000**	13,100,000,000
Bank balances	**21,145,506,921**	24,756,248,184
	143,209,802,401	117,421,881,940

	2024 Rupees	2023 Rupees
	At amortized cost	
Financial liabilities as per statement of financial position:		
Long term financing	**14,462,868,039**	14,199,064,506
Long term security deposits	**14,604,383,158**	13,593,750,786
Trade and other payables	**172,766,037,908**	168,917,291,956
Accrued mark-up	**11,207,582,622**	10,286,735,913
	213,040,871,727	206,996,843,160

39.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in raising funds to meet commitments associated with the financial instruments. The management is closely monitoring the Company's liquidity and cash flow position through its treasury function and ensures availability of funds by maintaining credit facilities available from financial institutions. The liquidity management also involves monitoring of liquidity ratios and maintaining debt financing plans.
Table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted cash flows:

	June 30, 2024				
	Carrying amount	**Contractual cash flows**	**6 months or less**	**6-12 months**	**More than 3 years**
	(Rupees)				
Non-derivative financial liabilities:					
Long term financing	**14,462,868,039**	**14,462,868,039**	**1,071,518,264**	**8,674,832,168**	**4,716,517,607**
Long term security deposits	**14,604,383,158**	**14,604,383,158**	**-**	**-**	**14,604,383,158**
Trade and other payables	**166,381,801,209**	**166,381,801,209**	**166,381,801,209**	**-**	**-**
Accrued mark-up	**11,207,582,622**	**11,207,582,622**	**11,207,582,622**	**-**	**-**
	206,656,635,028	**206,656,635,028**	**178,660,902,095**	**8,674,832,168**	**19,320,900,765**

	June 30, 2023				
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	More than 3 years
	(Rupees)				
Non-derivative financial liabilities:					
Long term financing	14,199,064,506	14,199,064,506	7,135,975,187	396,278,107	6,666,811,212
Long term security deposits	13,593,750,786	13,593,750,786	-	-	13,593,750,786
Trade and other payables	164,279,956,967	164,279,956,967	164,279,956,967	-	-
Accrued mark-up	11,207,582,622	11,207,582,622	11,207,582,622	-	-
	203,280,354,880	203,280,354,881	182,623,514,776	396,278,107	20,260,561,998

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at 30 June. The rates of mark-up have been disclosed in Note 7 to these financial statements.

4 **RECOGNIZED FAIR VALUE MEASUREMENTS**

Fair value hierarchy

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

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

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

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

4 **CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary, for the purpose of better comparison. However, no significant re-arranagements have been made in these financial statements

42 **DATE OF AUTHORIZATION**

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 07 OCT 2024

43 **GENERAL**

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

CHIEF EXECUTIVE OFFICER | **DIRECTOR**