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NEELUM JHELUM HYDROPOWER COMPANY (PRIVATE) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NEELUM JHELUM HYDROPOWER COMPANY (PVT.) LTD.
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

	Note	2024	2023
		(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Property plant and equipment	6	**359,913,083**	369,729,525
Long term advances	7	**531,567**	42,004
		360,444,650	369,771,529
CURRENT ASSETS			
Advances	8	**682,512**	480,930
Trade debts	9	**43,647,287**	48,942,119
Interest accrued on bank deposits		**370,099**	433,624
Other receivables	10	**4,639**	3,933
Refund from government - sales tax	11	**2,086**	-
Bank balances	12	**35,949,367**	22,560,396
		80,655,990	72,421,002
TOTAL ASSETS		**441,100,640**	442,192,531
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	13	**41,663,462**	41,663,462
Share deposit money	14	**79,305,971**	79,305,971
Revenue reserve			
Accumulated loss		**(55,956,731)**	(48,906,321)
		65,012,702	72,063,112
NON-CURRENT LIABILITIES			
Retention money payable	15	**8,866,059**	9,030,601
Long term Diminishing Musharka	17	-	21,000,000
		8,866,059	30,030,601
CURRENT LIABILITIES			
Current portion of long term financing	16	**167,614,986**	167,614,986
Current portion of long term Diminishing Musharka	17	**21,000,000**	10,500,000
Trade and other payables	18	**34,449,514**	31,401,231
Short term borrowings	19	**9,000,000**	9,000,000
Mark-up accrued on long term financing	20	**134,918,552**	121,160,841
Mark-up accrued on Diminishing Musharka	21	**24,408**	41,596
Taxation - net	22	**214,419**	380,164
		367,221,879	340,098,818
TOTAL EQUITY AND LIABILITIES		**441,100,640**	442,192,531
CONTINGENCIES AND COMMITMENTS	23		

The annexed notes from 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

NEELUM JHELUM HYDROPOWER COMPANY (PVT.) LTD.
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
		(Rupees in '000)	
REVENUE	24	**29,860,168**	7,253,429
Operating costs	25	**14,705,052**	15,826,586
GROSS PROFIT / (LOSS)		**15,155,116**	(8,573,157)
Administrative expenses	26	**97,825**	215,837
(Reversal) / provision for impairment loss		**(2,000,000)**	4,709,688
Other expenses	27	**6,913,147**	5,131,236
Finance cost	28	**20,516,992**	22,477,650
		(10,372,848)	(41,107,568)
Other Income	29	**5,815,656**	3,653,194
LOSS BEFORE TAXATION		**(4,557,192)**	(37,454,374)
Taxation	30	**2,493,218**	1,529,244
LOSS FOR THE YEAR		**(7,050,410)**	(38,983,618)

The annexed notes from 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

NEELUM JHELUM HYDROPOWER COMPANY (PVT.) LTD.
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023
	(Rupees in '000)	
Loss for the year	**(7,050,410)**	(38,983,618)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	**(7,050,410)**	(38,983,618)

The annexed notes from 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

NEELUM JHELUM HYDROPOWER COMPANY (PVT.) LTD.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2024

	SHARE CAPITAL	SHARE DEPOSIT MONEY	REVENUE RESERVE Accumulated loss	Total
	---------- (Rupees in '000) ----------			
Balance as at July 01, 2022	41,663,462	74,606,550	(9,922,703)	106,347,309
Loss for the year	-	-	(38,983,618)	(38,983,618)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year ended June 30, 2023	-	-	(38,983,618)	(38,983,618)
Transferred from Neelum Jhelum Surcharge Payable	-	4,699,421	-	4,699,421
Balance as at June 30, 2023	**41,663,462**	**79,305,971**	**(48,906,321)**	**72,063,112**
Loss for the year	-	-	(7,050,410)	(7,050,410)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year ended June 30, 2024	-	-	(7,050,410)	(7,050,410)
Balance as at June 30, 2024	**41,663,462**	**79,305,971**	**(55,956,731)**	**65,012,702**

The annexed notes from 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

NEELUM JHELUM HYDROPOWER COMPANY (PVT.) LTD.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(4,557,192)	(37,454,374)
Adjustment of non-cash and other items:			
Late payment surcharge for the year	27	6,913,147	5,131,236
Finance cost	28	20,516,992	22,477,650
(Reversal) / provision for impairment loss		(2,000,000)	4,709,688
Loss on disposal of assets	25	3,327	5,161
Gain on disposal of assets		(630)	-
Depreciation	6.1	9,503,449	9,432,981
Interest income	29	(5,813,919)	(3,652,893)
Exchange gain/(loss)	6.2	330,495	(3,576,464)
		29,452,861	34,527,359
Cash generated / (used in) from operations before working capital changes		24,895,669	(2,927,015)
Effect on cash flow due to working capital changes:			
(Increase) / decrease in current assets:			
Advances	8	(201,582)	(8,265)
Trade debts	9	7,294,832	29,261,570
Other receivables	10	(706)	(303)
Refund from government - sales tax	11	(2,086)	-
Increase / (decrease) in current liabilities:			
Retention money payable	15	(164,542)	1,968,459
Trade and other payables	18	3,048,283	3,885,561
		9,974,199	35,107,022
Net cash generated from operating activities		34,869,868	32,180,007
Decrease in long term advances against salary		-	646
Interest income received	29	5,877,444	3,526,843
Finance cost paid	28	(13,689,616)	(19,122,048)
Income tax paid	22	(2,658,963)	(2,145,252)
		(10,471,135)	(17,739,811)
Net cash generated from operating activities		24,398,733	14,440,196
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to fixed assets	6.1	(25,959)	(298,347)
Sale proceeds from disposal of assets		5,760	3,266
Payment for consultancy services		-	(418,050)
Increase in advances against capital expenditures		(489,563)	258,448
Net cash used in investing activities		(509,762)	(454,683)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment / transfer from lease liabilities		-	(5,181)
Increase in share deposit money	14	-	4,699,421
Payment against related party loans	19	-	(1,000,000)
Payment against long term loans	16	-	(1,165,427)
Repayment against long term diminishing musharka	17	(10,500,000)	(10,500,000)
Net cash used in financing activities		(10,500,000)	(7,971,187)
Net increase/ (decrease) in cash and cash equivalents		13,388,971	6,014,326
Cash and cash equivalents at beginning of the year		22,560,396	16,546,070
Cash and cash equivalents at the end of the year	12	35,949,367	22,560,396

The annexed notes from 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

NEELUM JHELUM HYDROPOWER COMPANY (PVT.) LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1 THE COMPANY AND ITS ACTIVITIES

1.1 Neelum Jhelum Hydropower Company (Private) Limited (the "Company") was incorporated on November 18, 2004 as a private limited company under the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017).

- The Company's main objective is the development and operation of Neelum Jhelum Hydropower Project for generation and sale of electricity.
- The Company is the wholly owned subsidiary of Pakistan Water and Power Development Authority (WAPDA).
- The total budget of the project is Rs. 506,809 million as per the fourth revised Project Cost (PC-1). The overall physical progress of the project as at 30 June, 2024 is 99.994%.

Registered Office:

- The registered office of the Company is located at Mega Project Complex, Rawal Rest House, Kashmir Chowk, Islamabad.

Head Office:

- The head office is located at C-3 Site of NJHPC Colony Chattar Kalas, Muzaffarabad, Azad Jammu and Kashmir (AJ&K).

Power Plant:

- The power station of the Company is located in Azad Kashmir, 22 km (14 miles) south of Muzaffarabad.

1.2 In 2008, vide office order No. 7705-07MFH/ADMN/FIN dated April 22, 2008, the Company took over certain properties, assets and rights from WAPDA on March 01, 2008 as agreed between the two parties under the Business Transfer Agreement (BTA), amounting the Rs 1.154 million as per note 14. Company will issue shares to WAPDA against this amount.

1.3 The Company's current liabilities exceed its current assets by Rs. 286,566 million (2023: Rs. 267,678 million) mainly due to classification of long term financing as current liabilities owing to default in payments of principal and interest amounts to Government of Pakistan (GoP) (refer to note 16.12). The main reason of non payment is non finalization of Reference Tariff, for which Company has submitted a petition to National Electricity Power Regulatory Authority (NEPRA), via Central Power Purchaser Agency (Guarantee) Limited, for notification of Final Reference Tariff, which was not heard due to pending, issue of third-party validation which is to be conducted by a consultant engaged through Planning Commission, Government of Pakistan. Resultantly, the Company was not able to sign long-term Power Purchase Agreement (PPA) with its customer, i.e. Central Power Purchaser Agency (Guarantee) Limited (CPPA(G)). Hence, company is unable to invoice its complete tariff and its recovery. The Company is also in the process of negotiating the revised schedules for the repayment of above-mentioned loans, with Government of Pakistan. The management of the Company is confident that new repayment schedules would be aligned with the Company's revenue streams under its Final Tariff and PPA.

The Company's insurance policy with the National Insurance Company Limited (NICL) expired on June 14, 2023. NICL provided hold coverage from June 15, 2023, to August 14, 2023. Further, coverage could not be obtained from NICL due to non-competitive rates. The Company obtained a six-month policy from the WAPDA Equipment Protection Scheme (WEPS), covering from August 2023 to February 2024, further, subsequent to the year end on October 10, 2024, the Board of Management WEPS WAPDA has accorded approval for coverage of Electro-Mechanical Equipment of the Company to the extent of Rs. 80 billion and Rs. 78 billion from February 2024 to June 2024 and July 2024 to December 2024 respectively. However, for remaining assets having carrying value of Rs. 275 billion, there was a lapse in coverage, leaving the company's assets uninsured. The Company is actively working to secure suitable insurance coverage to mitigate future risks and ensure protection for its assets.

1.4 Disruption of operations

The Company faced operational disruptions due to collapse in Tail Race Tunnel (TRT) and Head Race Tunnels (HRTs). On July 06, 2022, power generation was suspended due to collapse in TRT. The restoration works started from August 27, 2022 and completed on July 31, 2023. The plant resumed generation from August 06, 2023, for comprehensive inspection of TRT, the plant was temporary shutdown from January 10, 2024 to March 02, 2024. The inspection confirmed that the TRT's condition was upto the mark for resuming the generation. Following resumption, the plant achieved its full capacity of 969 MW on March 28, 2024.

On April 04, 2024, the plant experienced a gradual reduction in production due to a decrease in water pressure. While this situation was managed through continued efforts, a further decrease in pressure led to a complete shutdown of the plant on May 01, 2024, for system safety. Inspections following dewatering operations revealed collapses in both the Left Headrace Tunnel (LHRT) and the Right Headrace Tunnel (RHRT) at Lot C2. Approximately 300 meters of the LHRT and 510 meters of the RHRT were blocked by rocks and mud, with additional minor damage observed in both twin tunnels and the single tunnel. Further, a significant portion of the inverts in both the right and left head race tunnels were found to be in a deteriorated condition.

On August 05, 2024, the Prime Minister constituted an inter-ministerial committee, to oversee and evaluate the tariff impact and the necessary repair work. The committee is also responsible for appointment of an Independent Panel of Experts to recommend a comprehensive action plan.

The suspension of power generation from the plant since May 01, 2024 results in revenue loss to the Company. The estimated revenue loss is disclosed in note 24 of these financial statements. The repair of HRTs damaged section will be completed in tentative period of two years with an estimated cost of Rs 15 billion, which will be taken with NEPRA for its recovery through tariff when finalized. These conditions along with other matters as set forth in Note 1.3, indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

The management has carried out an impairment assessment which is based on the assumptions that: a) the Company is owned by the GoP and it runs one of the most cost-efficient power generation facilities having a strategic importance for the country; b) the tariff model of the Company is based on recovery of its costs with a certain percentage on return on equity and c) the continued financial support from the

GoP. The impairment model is based on value in use calculations taking into account the tariff rates, useful life and return on equity as per the tariff petition filed with NEPRA on February 12, 2021. Impairment assessment indicates that carrying value of the property, plant and equipment is not impaired as at the year end. Accordingly, the financial statements have been prepared on a going concern basis.

2 STATEMENT OF COMPLIANCE

2.1 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 the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 The Company had already availed relaxations granted by SECP, via various S.R.O's, from application of IFRIC - 12 "Service Concession Arrangements", IAS 21 "Effect of changes in foreign exchange rates" to the extent of requirements in respect of accounting principles of capitalization of exchange difference, IAS-39.

2.3 Upon adoption of above mentioned relaxations, the disclosure of financial effect of the waivers on each item in the financial statement is required. As the detailed terms and conditions of the Company's arrangement, to set-up hydropower plant and supply electricity, has not been agreed under a final Power Purchase Agreement (PPA), the related disclosure, have not been included in these financial statements. In the absence of a final PPA, the Company signed an interim agreement for supply of electricity, which was valid for a period of one year till October 2020. The Company subsequently signed an amendment to Interim Power Purchase Agreement on July 05, 2021 extending its validity till finalization of tariff by NEPRA.

2.4 For related disclosure of the effects of waiver from requirements of IAS 21 to the extent of requirements in respect of accounting principles of capitalization of exchange difference, refer to note 5.11.

3 BASIS OF MEASUREMENT

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

3.2 Functional and presentation currency

These financial statements are presented in Pak Rupee, which is also the functional currency of the Company.

3.3 Critical accounting estimates and judgments

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

		Note
a)	Provisions and contingencies	5.6 & 23
b)	Useful lives of operating fixed assets	5.8 & 6.1
c)	Classification of long term loans	5.15 & 16.12
d)	Taxation	5.3 & 30
e)	Assessment of accounting treatment for construction of hydropower project and supply of electricity	5.13

4 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

4.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2024

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

	Effective date (annual periods beginning on or after)
Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 Making Materiality Judgements- Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023

The Company adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after 1 January 2023. Although the amendments did not result in any changes to accounting policy themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Company to provide useful entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and updates to the information disclosed in note 5 Material accounting policies (2023: Significant accounting policies) in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

4.2 New accounting standards, amendments and interpretations that are not yet effective

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

Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
IFRS 17 Insurance Contracts	January 01, 2026

IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 18 'Presentation and Disclosures in Financial Statements' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.

IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2026.

5 SUMMARY OF MATERIAL ACCOUNTING POLICIES

5.1 Employees benefits

The Company provides free electricity & medical facility to employees including those transferred from WAPDA, pension contribution only to employees transferred from WAPDA and gratuity for the other employees of the Company. All post retirement benefits except for leave encashment are payable by WAPDA on retirement of the employee or the employee being transferred back to WAPDA. The Company only makes a fixed contribution to WAPDA on invoice received from them for liabilities for these benefits and the liability of the Company is limited up to this amount. Leave encashment are determined on the basis of an in house management estimation report. The actuarial method has not been applied, as the impact is considered to be immaterial.

5.2 Change in accounting policy

During the year, the Company changed its accounting policy of recognizing the portion of income tax paid or payable for the year under the Income Tax Ordinance, 2001, not based on the taxable profits of the Company, as a Levy under IFRIC-21/IAS-37 instead of the current income tax for the year under IAS-12.

The management believes that the new policy provides reliable and more relevant information to the users of the financial statements.

The change in accounting policy has been accounted for retrospectively in accordance with International Accounting Standard 8: "Accounting Policies, Changes in Accounting Estimates and Errors'. There is, however, no material impact on the financial statements of the prior years.

5.3 Taxation

Current tax

The Company's income from sale of electricity is exempt from normal tax under Clause 132 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, in Pakistan and Azad Jammu and Kashmir. Income subject to exemption under the aforementioned clause is also exempt from minimum tax on turnover under sub-clause 5 clause 11 A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, in Pakistan and Azad Jammu and Kashmir. The provision for taxation represents income tax charged on the Company's interest income on bank accounts. Current tax also included the adjustments, where considered necessary, to provision made in previous years.

Deferred tax

Deferred tax assets and liabilities have not been recognized in the financial statements of company. This non-recognition is based on the exemption from income tax on the revenue generated from the sale of electricity. Due to this income tax exemption, there are no expected future tax liabilities or benefits arising from temporary differences related to electricity sales.

Levy

The amount calculated on taxable income using the notified tax rate is recognized as current income tax expense for the year in statement of profit or loss under the scope of IAS 12. Any excess of expected income tax paid or payable for the year under the Income Tax Ordinance, 2001 over the amount designated as current income tax for the year, is then recognized as a levy falling under the scope of IFRIC 21 / IAS 37.

5.4 Trade and other payables

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and / or services received, whether or not billed to the Company.

5.5 Revenue from contracts with customers

As discussed in note 5.14 the Company has recognized it's arrangement with CPPA(G) for sale of electricity in accordance with IFRS 15 "Revenue from Contracts with Customers".

The Company and WAPDA signed Interim PPA with CPPA(G), the sole customer of the Company on January 08, 2020, which is valid till finalization of tariff by NEPRA. Under the interim PPA, the Company is obligated to sell and deliver all output of the plant in accordance with the provisions of interim PPA on a take and pay basis, at the tariff notified by NEPRA. NEPRA announced an interim tariff on October 17, 2019 effective till October 16, 2020 which has been extended till approval of the final tariff under NEPRA's letter No. 17243-44 dated March 30, 2021.

Revenue from sales of electricity to CPPA(G) is recognized when the Company satisfies performance obligation by delivering the output of hydro power stations to CPPA(G). The Company applies the right to invoice practical expedient under IFRS-15. There is no significant financing component. The consideration is billed on monthly basis in accordance with terms of PPA.

As discussed in note 5.14 the Company expects the final tariff notification to vary from the interim tariff notified by NEPRA. The change in final tariff is expected to be implemented with effect from July 4, 2018, which gives rise to a variable consideration against the units sold till date. The Company has constraint its estimate for these items of variable revenue to the extent it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur, when the uncertainty associated with the variable consideration is subsequently resolved. Accordingly no revenue has been recognized for the expected tariff under the final Power Purchase agreement.

5.6 Provisions

Provisions are recognized in the statement of financial position when the Company has legal or constructive obligation as a result of past events, and it is probable that outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each statement of financial position and reporting date and adjusted to reflect current best estimates.

5.7 Contract balances

Contract balances include contract assets and contract liabilities.

Contract asset

Contract asset represents the right to consideration in exchange for goods transferred to a customer, when that right is conditioned on something other than the passage of time. Contract assets are subject to impairment assessment. Please refer to accounting policies on impairment of financial assets in note 5.11.

Contract liabilities

When goods/ services are to be transferred to a customer for which the customer has already paid the consideration, the consideration received is recognized as a contract liability. Contract liabilities represent mainly payments from customers against unsatisfied or partially satisfied performance obligations in relation to supply of electricity.

5.8 Operating fixed assets

As discussed in note 5.14 the Company has recognized its hydel infrastructure as property plant and equipment in accordance with policy as disclosed below;

a) Cost

Operating fixed assets are stated at cost, less accumulated depreciation and accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit and loss in the year in which they are incurred.

b) Depreciation

Depreciation on operating fixed assets is charged on straight line method so as to write off the carrying amount of an asset over its estimated remaining useful life at the rates given in note 6. Depreciation charge commences from the month in which asset is available for use and no depreciation is charged in the month of disposal.

The assets' residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each balance sheet date.

c) Derecognition

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

d) Impairment of assets

The carrying amounts of the Company's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in statement of profit or loss. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in statement of profit or loss.

5.9 Capital work in progress

Capital work in progress is stated at cost less accumulated impairment losses, if any. Capital work in progress mainly includes direct cost, price adjustment, consultancy cost, non-refundable purchase taxes and borrowing cost incurred on the project under development.

5.10 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

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

Right-of-use assets

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

The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense in profit and loss.

5.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets at initial recognition, are measured at their fair values. Subsequent measurement of a financial asset is dependent on its classification and is either at amortised cost or fair value through other comprehensive income (OCI) or fair value through profit or loss.
The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15 Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:
- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses upon derecognition (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit and loss.

Financial assets at amortised cost (debt instruments)

The Company's financial assets at amortised cost includes trade debts and other receivables, advances and interest accrued on bank deposit.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.
The Company does not have any debt instruments at fair value through OCI.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to income and expenditure statement. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company does not have any equity instruments at fair value through OCI.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

The Company does not have any financial assets at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:
The rights to receive cash flows from the asset have expired; or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'passthrough' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The contract assets and trade receivables of the Company represents amounts receivable from CPPA(G) (a company controlled by the Government of Pakistan) against sale of electricity and late payment surcharge. SRO No. 1177(I) issued by SECP on September 20, 2021 in respect of the companies holding financial assets due from GOP, in respect of circular debt, the requirements contained in " IFRS 9 (Financial instrument) with respect to application of expected credit losses method" shall not be applicable till June 30, 2022. The said exemption is extended further till December 31, 2024 by SECP SRO 67(1) / 2023 dated January 20, 2023.

However, receivables from CPPA(G) are assessed at each reporting date to determine whether there is any objective evidence that it is impaired as per IAS 39. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

For debt instruments at fair value through OCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.
The Company does not have any debt instruments at fair value through OCI.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derivatives

S.R.O. no.24(I)/ 2012 exempts power companies from application of IAS-39 - "Financial Instruments: Recognition and Measurement" (now replaced by IFRS - 9 - "Financial Instruments") to the extent of embedded derivatives. As a result the Company does not recognize derivatives that are expected to be included in the final PPA (refer to note 4.16) for various indexations of the tariff to be notified by NEPRA. As discussed in note 2.3, disclosure of the effect of the Company not recognizing embedded derivatives has not been included, due to non-availability of requisite information as only an interim

PPA has been signed.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade payable and other liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of income and expenditure. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of income and expenditure.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

5.12 Foreign currencies

Transactions in foreign currency during the year are initially recorded in the functional currency at the rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at functional currency rate of exchange prevailing at the statement of financial position date.

As discussed in note 2, pursuant to SRO 24(I)/2012 dated January 16, 2012, Security and Exchange

Commission of Pakistan (SECP), have granted waiver from the requirements of International Accounting Standard 21 "Effect of changes in foreign exchange rates", to the extent of the requirement regarding accounting principle of capitalization of exchange differences, to power sectors companies only. Hence, the exchange gain / loss resulting from the difference of exchange rates on the date of recording of invoices for capitalization on hydro power plant and payments to contractor is capitalized as part of capital work in progress.

	Unappropriated Profit	Property, plant and equipment
	(Increase) / Decrease	Increase / (Decrease)
	---------------- (Rupees in '000)	----------------
As at July 01, 2022	(5,000,952)	(5,000,952)
For the year ended June 30, 2023		
- Exchange loss	(3,576,464)	(3,576,464)
- Depreciation charge	264,059	264,059
As at June 30, 2023		
Change due to non-capitalization of exchange loss	(8,313,357)	(8,313,357)
For the year ended June 30, 2024		
- Exchange gain	**330,495**	**330,495**
- Depreciation charge	**245,755**	**245,755**
As at June 30, 2024		
Change due to non-capitalization of exchange loss	**(7,737,107)**	**(7,737,107)**

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale, and the interest income accrued on such amount is deducted from borrowing cost. All other borrowing costs are charged to statement of profit or loss whenever incurred.

5.13 Retention money payable

Retention money payable is recognized at amount which is the fair value of the consideration to be paid in the future. Transactions in foreign currency during the year are initially recorded in the functional currency at the rate prevailing at the date of transaction. All outstanding balance are translated at functional currency at the rate of exchange prevailing at the balance sheet date.

5.14 Assessment of accounting treatment for construction of hydropower project and supply of electricity

The Company has filed a petition, with NEPRA, for determination of tariff (the Petition) for supply of electricity and related terms and conditions, under the Power Generation Policy, 2015 (notified under S.R.O 275(I)/2015 by the Ministry of Power, Government of Pakistan). Currently, only an interim tariff is available to the Company, under a take and pay arrangement. Such an arrangement will be executed by signing of a Power Purchase Agreement (PPA). The Company's Petition is for a 30 year "take or pay" arrangement, i.e. an arrangement under which the supplier is entitled to consideration in form of both Energy Purchase Price (EPP), for supply of electricity, and Capacity Purchase Price (CPP), for making the capacity available to the power purchaser. Such a tariff would also include variable considerations, in respect of cost of working capital and insurance; along with any other indexation as determined in the final PPA.

Above-mentioned arrangement, under the final PPA, would either be a service concession arrangement, a lease or for supply of electricity only. Service concession arrangement would require the Company to operate under an effective Built, Own and Operate (BOO) model and will confer an unconditional right to the Company to receive cash against the power generation infrastructure, for substantially the whole period of useful life of the hydro power plant. If the eventual arrangement does not meet the criteria of being a service arrangement, such a PPA will need to be assessed, under the guidance contained in IFRS 16 "Leases" and IFRS 15 "Revenue from contract with customers", whether it contain a lease arrangement.

Under IFRIC 12 the infrastructure is not recognized as property, plant and equipment rather a financial asset is recognized to the extent the Company has an unconditional contractual right to receive cash irrespective of the usage of the infrastructure. For service concession arrangements that give right to a financial asset, energy payments are apportioned between capital repayment (relating to provision of the power generation infrastructure), finance income and service income. The revenue and costs relating to construction of infrastructure or upgrade services and the revenue and cost relating to operations services are recognized under IFRS - 15 "Revenue from Contract with Customers." Any contractual obligation maintained or restore infrastructure, except for upgrade services, is recognized in accordance with IAS 37 "Provisions, contingent liabilities and contingent assets". As discussed in note 2, the Company has, however, availed waiver available from application of IFRIC 12.

Pending finalization of PPA and announcement of tariff, the Company is not required to perform the assessment under IFRS 15 and IFRS 16. Accordingly, the Company has adopted following accounting policies:

(i) The Company has recognized hydel power infrastructure as part of its property, plant and equipment. For detailed accounting policies refer to note 5.8; and

(ii) Consideration in lieu of supply of electricity and other components are recognized as revenue in accordance with accounting policies as disclosed in note 5.5.

5.15 Current versus non-current re-classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period.
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period.
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
- The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

6 PROPERTY, PLANT AND EQUIPEMNET

	Note	2024	2023
		(Rupees in '000)	
Operating fixed assets	6.1	359,913,083	369,729,525
Capital work in progress	6.2	-	-
		359,913,083	369,729,525

6.1 Operating Fixed assets

2024 (Rupees in '000)

	Land-Freehold	Operation buildings and civil works structure	Power generation plant assets	Transmission and transformation equipment	Dams and reservoir assets	Tunnels, weir, head/ tail race	General plant assets	Other physical asset	Vehicles	Office equipment	Furniture and fittings	Total Assets
OWNED:												
Balance as at July 01, 2023												
Cost	4,791,365	49,464,642	32,456,814	37,741,784	68,039,761	188,026,556	26,893,766	7,652,011	110,583	20,130	13,806	415,211,218
Accumulated depreciation	-	(4,832,785)	(6,082,443)	(4,962,425)	(6,646,656)	(18,371,805)	(3,745,569)	(747,558)	(63,799)	(16,234)	(12,419)	(45,481,693)
Net book value	4,791,365	44,631,857	26,374,371	32,779,359	61,393,105	169,654,751	23,148,197	6,904,453	46,784	3,896	1,387	369,729,525
Movement during the period:												
Additions	22,500	-	-	-	-	-	490	435	-	2,534	-	25,959
Disposals at cost	-	-	-	-	-	-	-	(9,343)	(300)	-	-	(9,643)
Accumulated depreciation-disposals	-	-	-	-	-	-	-	916	270	-	-	1,186
Transferred from CWIP (Note 6.2)	-	(39,166)	(27,585)	(32,077)	(53,873)	(148,878)	(22,857)	(6,059)	-	-	-	(330,495)
Depreciation for the period	-	(987,207)	(1,312,428)	(1,138,028)	(1,357,948)	(3,752,574)	(798,261)	(152,724)	(2,411)	(1,723)	(145)	(9,503,449)
	22,500	(1,026,373)	(1,340,013)	(1,170,105)	(1,411,821)	(3,901,452)	(820,628)	(166,775)	(2,441)	811	(145)	(9,816,442)
Closing net book value	4,813,865	43,605,484	25,034,358	31,609,254	59,981,284	165,753,299	22,327,569	6,737,678	44,343	4,707	1,242	359,913,083
Balance as at June 30, 2024												
Cost	4,813,865	49,425,476	32,429,229	37,709,707	67,985,888	187,877,678	26,871,399	7,637,044	110,283	22,664	13,806	414,897,039
Accumulated depreciation	-	(5,819,992)	(7,394,871)	(6,100,453)	(8,004,604)	(22,124,379)	(4,543,830)	(899,366)	(65,940)	(17,957)	(12,564)	(54,983,956)
Net book value	4,813,865	43,605,484	25,034,358	31,609,254	59,981,284	165,753,299	22,327,569	6,737,678	44,343	4,707	1,242	359,913,083
Annual rate of depreciation (*)		2%	3% to 4%	2% to 5%	2%	2%	3% to 5%	2%	3% to 20%	10% to 25%	10%	

2023 (Rupees in '000)

	Land-Freehold	Operation buildings and civil works structure	Power generation plant assets	Transmission and transformation equipment	Dams and reservoir assets	Tunnels, weir, head/ tail race	General plant assets	Other physical asset	Vehicles	Office equipment	Furniture and fittings	Total Assets
OWNED:												
Balance as at July 01, 2022												
Cost	4,532,917	49,078,646	31,938,490	37,139,060	67,508,816	186,559,300	26,464,282	7,601,569	72,583	18,363	13,674	410,927,700
Accumulated depreciation	-	(3,849,544)	(4,796,066)	(3,840,344)	(5,294,164)	(14,634,305)	(2,950,220)	(596,183)	(62,499)	(14,353)	(11,950)	(36,049,628)
Net book value	4,532,917	45,229,102	27,142,424	33,298,716	62,214,652	171,924,995	23,514,062	7,005,386	10,084	4,010	1,724	374,878,072
Movement during the period:												
Additions	258,448	-	-	-	-	-	-	-	38,000	1,767	132	298,347
Disposals at cost	-	-	-	-	-	-	-	(9,343)	-	-	-	(9,343)
Accumulated depreciation-disposals	-	-	-	-	-	-	-	916	-	-	-	916
Transferred from CWIP (Note 6.2)	-	56,123	20,962	24,376	77,197	213,331	17,369	8,692	-	-	-	418,050
Exchange loss (Note 6.2)	-	329,873	497,362	578,348	453,748	1,253,925	412,115	51,093	-	-	-	3,576,464
Depreciation for the period	-	(983,241)	(1,286,377)	(1,122,081)	(1,352,492)	(3,737,500)	(795,349)	(152,291)	(1,300)	(1,881)	(469)	(9,432,981)
	258,448	(597,245)	(768,053)	(519,357)	(821,547)	(2,270,244)	(365,865)	(100,933)	36,700	(114)	(337)	(5,148,547)
Closing net book value	4,791,365	44,631,857	26,374,371	32,779,359	61,393,105	169,654,751	23,148,197	6,904,453	46,784	3,896	1,387	369,729,525
Balance as at June 30, 2023												
Cost	4,791,365	49,464,642	32,456,814	37,741,784	68,039,761	188,026,556	26,893,766	7,652,011	110,583	20,130	13,806	415,211,218
Accumulated depreciation	-	(4,832,785)	(6,082,443)	(4,962,425)	(6,646,656)	(18,371,805)	(3,745,569)	(747,558)	(63,799)	(16,234)	(12,419)	(45,481,693)
Net book value	4,791,365	44,631,857	26,374,371	32,779,359	61,393,105	169,654,751	23,148,197	6,904,453	46,784	3,896	1,387	369,729,525
Annual rate of depreciation (*)		2%	3% to 4%	2% to 5%	2%	2%	3% to 5%	2%	3% to 20%	10% to 25%	10%	

* Depreciation rates have been rounded off to the nearest whole numbers to simplify financial calculations and particularly to deal with large number of assets with varying depreciation rates. It eliminates the need for handling fractional percentages making financial statements more comprehensible.

6.1.1 The Company holds the possession of the land, as "Kaasht-kar" in "Jama Bandi" records of Tehsildar of Azad Jammu and Kashmir Government. The legal title of the land, however, is in the name of Government of Azad Jammu and Kashmir, as per the provisions of Jammu and Kashmir Alienation of Land Act, 1995.

6.1.2 Operating fixed assets include Musharka assets amounting to Rs. 133,000 million (2023: Rs. 133,000 million) sold to investment agent, Pak Brunei Investment Company at an aggregate price of Rs. 100,000 million (2023: Rs. 100,000 million) under diminishing Musharka arrangements. Under the agreement, the Company will buy back its share of Musharka assets over a period of ten years. However, the Company continues to retain the legal tittle of these Musharka assets.

6.1.3 Depreciation charge for the period has been allocated as under:

	Note	2024	2023
		(Rupees in '000)	
Operating cost	25	9,502,165	9,431,125
Administrative expenses	26	1,284	1,856
		9,503,449	**9,432,981**

6.2 Capital work in progress

	Note	2024				2023			
		July 01, 2023	Additions / transfer from advance against Capital work in progress	Transferred to Operating fixed assets	Jun 30, 2024	July 01, 2022	Additions / transfer from advance against Capital work in progress	Transferred to Operating fixed assets	Jun 30, 2023
		(Rupees in '000)				(Rupees in '000)			
Consultancy charges		-	-	-	-	-	418,050	(418,050)	-
Civil works									
Direct cost		-	-	-	-	-	-	-	-
Price adjustment		-	-	-	-	-	-	-	-
Exchange (gain)/loss net	6.2.1	-	(82,519)	82,519	-	-	2,088,639	(2,088,639)	-
		-	(82,519)	82,519	-	-	2,088,639	(2,088,639)	-
EMH Works									
Electrical, mechanical & hydraulic works		-	-	-	-	-	-	-	-
Exchange (gain)/loss net	6.2.1	-	(247,976)	247,976	-	-	1,487,825	(1,487,825)	-
		-	(247,976)	247,976	-	-	1,487,825	(1,487,825)	-
		-	(330,495)	330,495	-	-	3,994,514	(3,994,514)	-

6.2.1 Total Exchange loss on FC bank balances (for the payment of FC payables) is netted off with the exchnage gains of FC payables; apportioned in ratio 75:25 to Civil and EMH works respectively.

	Note	2024	2023
		(Rupees in '000)	
7 LONG TERM ADVANCES - CONSIDERED GOOD			
Advances/ prepayments against capital expenditure - unsecured	7.1	531,567	42,004

7.1 Advances / prepayments against capital expenditure - unsecured

	Note	Balance as at July 01, 2023	Addition	Transferred to: Operating fixed assets	Transferred to: Transfer to expenses	Transferred to: Unspent balance received	Transferred to: Capital work in progress	Balance as at June 30, 2024
		(Rupees in '000)						
Land acquisition	7.1.1	37,098	-	(3,579)	-	-	-	33,519
Advance / prepayment:								
Advance to PD Central Material Testing Labortory WAPDA		3,187	-	-	-	-	-	3,187
Advance to Electricity Department AJK		1,719	-	-	-	-	-	1,719
Advance to CRRK	7.1.2	-	191,903	-	-	-	-	191,903
Advance to GM/PD Tarbela Dam	7.1.3	-	1,014	-	-	-	-	1,014
Advance to Executive Engineer PP&H Department	7.1.4	-	300,000	-	-	-	-	300,000
Chief Engineer Central Design Office Lahore		-	225	-	-	-	-	225
		4,906	493,142		-	-	-	498,048
		42,004	493,142	(3,579)	-	-	-	531,567

	Note	Balance as at July 01, 2022	Addition	Transferred to: Operating fixed assets	Transferred to: Transfer to expenses	Transferred to: Unspent balance received	Transferred to: Capital work in progress	Balance as at June 30, 2023
		(Rupees in '000)						
Land acquisition	7.1.1	295,546	-	(258,448)	-	-	-	37,098
Advance / prepayment:								
Advance to PD Central Material Testing Labortory WAPDA		3,187	-	-	-	-	-	3,187
Advance to Electricity Department AJK		1,719	-	-	-	-	-	1,719
		4,906	-	-	-	-	-	4,906
		300,452	-	(258,448)	-	-	-	42,004

7.1.1 This represents advances provided to Azad Jammu Kashmir (AJK) Government against land acquisitions for the project. The Company has taken the possession of the land, however, the Company does not hold the legal title of the land as per the Jammu and Kashmir Alienation of Land Act, 1995.

7.1.2 This advance was provided to the Chief Resident Representative Karachi (CRRK) WAPDA against the clearance of machinery imported by the contractor.

7.1.3 This represents advances provided to the General Manager and PD, Tarbela Dam, for the reaming of drain holes in the drainage gallery at the Neelum Jhelum Hydropower Powerhouse complex, similar to the work performed in 2022.

7.1.4 This represents advances provided to the Chief Engineer, PP&H Department, Government of Azad Jammu & Kashmir, Muzaffarabad, for the construction of an intake weir and installation of a flow metering system at Makri, Muzaffarabad.

	Note	2024	2023
		(Rupees in '000)	

8 ADVANCES

	Note	2024	2023
Unsecured - considered good			
Advance to employees			
- against expenses - unsecured		**5,102**	2,013
Advance against purchase	8.1	**677,410**	478,815
		682,512	480,828
Secured - considered good			
Advance to employees			
- against salary		-	102
		682,512	480,930

8.1 This represents an advance deducted by the bank for the spare runner and its insurance as part of the Letter of Credit (LC) issued to M/s Andritz Hydro AG, Obernauerstrasse 4, CH-6010 Kriens, Switzerland. Additionally, in October 2023, a further advance of Rs. 21 million was issued for the spare runner and its allied parts.

9 TRADE DEBTS

	Note	2024	2023
		(Rupees in '000)	
Unsecured - considered good			
Sale of electricity charges receivable		**29,690,006**	48,942,119
Unsecured - considered doubtful			
Delayed payment charges		**22,598,945**	10,641,664
		52,288,951	59,583,783
Less: Provision against delayed payments charges	9.3	**(8,641,664)**	(10,641,664)
		43,647,287	48,942,119

9.1 The maximum amount due from CPPA(G), a related party, at the end of any month during the period was Rs. 56,884 million (2023: Rs. 86,045 million).

9.2 Aging analysis

	2024	2023
	(Rupees in '000)	
Not past due	**-**	-
Past due 0-30 days	**9,263,986**	970,929
Past due 31-120 days	**1,992,040**	3,057,680
Past due over 120 days	**41,032,925**	55,555,174
	52,288,951	59,583,783

9.3 Provision against Delayed Payments Charges

	2024	2023
Opening balance	**10,641,664**	5,931,976
(Reversal) / charge for the period	**(2,000,000)**	4,709,688
Closing balance	**8,641,664**	10,641,664

9.4 Late payment surcharge is receivable from CPPA(G) a related party.To prudently address the credit risk associated with this receivable, a provision for expected credit loss at 100% is made against this receivable. This provision is recognised to reflect the company's cautious approach in recognizing the possibility that the full amount of the receivable may not be realized due to the uncertainities associated with these receivables considering the historical payment behaviour of CPPA(G) against late payment surcharge.

10 OTHER RECEIVABLES

	2024	2023
	(Rupees in '000)	
Unsecured - Considered good		
Due from related party:		
Security police for Chinese Muzaffarabad	-	40
Project Director Surface Water Hydrology Project - WAPDA	1,750	1,750
WAPDA Welfare Fund	527	390
	2,277	2,180
Sukuk CDC Security Deposit	300	300
Security Deposit- M/s P.S.O, Islamabad	910	301
Security Deposit - M/s Attock Petrolium Ltd.	500	500
Miscellaneous advances	652	652
	2,362	1,753
	4,639	3,933

10.1 Aging analysis of due from related party:

	2024	2023
Past due 0 - 365 days	137	270
365 - 730 days	270	337
730 - 1095 days	120	320
above 1095 days	1,750	1,253
	2,277	2,180

10.2 The maximum amount due from above receivables at the end of any month during the period was Rs. 2.491 million (2023: Rs. 2.180 million).

11 REFUND FROM GOVERNMENT - SALES TAX

	2024	2023
	(Rupees in '000)	
Refund from government - sales tax	2,086	-

11.1 This represents the amount of input tax refundable from the government for the months of May and June 2024.

	Note	2024	2023
		(Rupees in '000)	
12 BANK BALANCES			
Deposit accounts :			
- Local currency	12.1	**33,987,750**	19,583,256
- Foreign currency [USD 7,041,335 (2023: USD 10,387,840]	12.2	**1,961,617**	2,977,140
		35,949,367	22,560,396

12.1 These carry interest ranging from 20.50% to 21.15% (2023: 13.50% to 21.15%) per annum. Bank deposits of Rs.265,088,433/- (2023: Rs. 214,878,568) are under lien against Diminishing Musharka Sukuk certificates issued under Musharka agreement with Pak Brunei Investment Company Limited.

12.2 These carry interest ranging from 2% to 4% (2023: 0.75% to 2%) per annum.

13 SHARE CAPITAL

13.1 Authorized share capital:

Number of Shares			2024	2023
2024	2023		(Rupees in '000)	
12,500,000,000	12,500,000,000	Oridinary shares of Rs.10 each	**125,000,000**	125,000,000

Board of Directors of the Company proposed the increase in authorized share capital from Rs 41,663 million to Rs 125,000 million. This proposal was approved by the shareholders during the Annual General Meeting held on November 24, 2022. The company further announces its intention to issue shares to the Government of Pakistan through the Ministry of Water Resources (MoWR). This issuance will be in exchange for the Neelum Jhelum surcharge amount.

13.2 Issued, subscribed and paid up capital:

Number of Shares				
2024	2023			
4,166,345,230	4,166,345,230	Oridinary shares of Rs.10 each fully paid in cash	**41,663,462**	41,663,462

13.3 This represents shares held by WAPDA and its nominees. All shares rank equally with regard to the Company's residual assets.

	Note	2024	2023
		(Rupees in '000)	

14 SHARE DEPOSIT MONEY

	Note	2024	2023
Neelum Jhelum surcharge	14.1	**74,005,961**	74,005,961
Assets acquired	14.2	**1,154,462**	1,154,462
Equity from WAPDA	14.3	**4,145,548**	4,145,548
		79,305,971	79,305,971

14.1 This represents equity contributions of Government of Pakistan, which was collected in the form of Neelum Jhelum Surcharge, from electricity consumers of distribution companies (DISCOs) operating in Pakistan, levied through S.R.O(I)/2008 dated January 4, 2008.

The Company has received Rs 75,417 million till June 30, 2021, from amounts collected by these DISCOs. As per Office Memorandum F.No.5/29/2016-17 of Ministry of Energy (Power Division) dated July 2, 2018, the Economic Coordination Committee of the Cabinet in the their decision no. EC-71/13/2018 dated May 31, 2018 decided that the Neelum Jhelum Surcharge will be rescinded at the achievement of CoD (Commercial Operation Date) of the whole project.

As per office memorandum PF No.5/29-NJS/2020-21 Ministry of Energy (Power Division) dated March 24, 2021, the Economic Coordination Committee of the Cabinet in their decision no. ECC-53/6/2021 dated February 19, 2021 decided that Neelum Jhelum Surcharge collected by DISCOs after December 28, 2018, the taking over date of all units of the Company may be returned to the customers. This date of taking over of all units is considered as CoD and Company has recorded amount received in excess of surcharge billed up to December 28, 2018 as liability. (refer to note 18.3).

14.2 These represent asset acquired from WAPDA under business transfer agreement.

14.3 This represents equity investment of WAPDA in the Company.

15 RETENTION MONEY PAYABLE

This represents retention money payable to the contractor for civil works, amounting to 5% of the value of the interim payment certificate, with 2.5% applicable to the Tail Race Tunnel work.50% retention money is released on issuance of completion certificate by the Company, the remaining is released on expiry of defect liability period which is one year from the date of issuance of completion certificate.

	Note	2024	2023
		(Rupees in '000)	

16 LONG TERM FINANCING

From financial institutions through Government of Pakistan (Unsecured):

	Note	2024	2023
Foreign relent loans in Local Currency:			
Islamic Development Bank- I (IDB)	16.2	**12,867,871**	12,867,871
Islamic Development Bank- II (IDB)	16.3	**16,880,118**	16,880,118
Saudi Fund for Development- I (SFD)	16.4	**7,986,975**	7,986,975
Saudi Fund for Development- II (SFD)	16.5	**8,018,124**	8,018,124
OPEC Fund for International Development- I	16.6	**2,666,603**	2,666,603
OPEC Fund for International Development- II	16.7	**4,932,216**	4,932,216
Kuwait Fund for Arab Economic Development-I & II KFD)	16.8	**7,454,055**	7,454,055
EXIM Bank China I	16.9	**45,700,340**	45,700,340
EXIM Bank China II	16.10	**41,961,982**	41,961,982
		148,468,284	148,468,284
From related parties (Unsecured):			
Cash development loan-1 (CDL-1)	16.11	**4,495,363**	4,495,363
Cash development loan-2 (CDL-2)	16.11	**1,400,823**	1,400,823
Cash development loan-3 (CDL-3)	16.11	**13,250,516**	13,250,516
		19,146,702	19,146,702
		167,614,986	167,614,986
Less: Current portion shown under current liabilities			
Islamic Development Bank- I (IDB)		**12,867,871**	12,867,871
Islamic Development Bank- II (IDB)		**16,880,118**	16,880,118
Saudi Fund for Development- I (SFD)		**7,986,975**	7,986,975
Saudi Fund for Development- II (SFD)		**8,018,124**	8,018,124
OPEC Fund for International Development- I		**2,666,603**	2,666,603
OPEC Fund for International Development- II		**4,932,216**	4,932,216
Kuwait Fund for Arab Economic Development-I & II KFD)		**7,454,055**	7,454,055
EXIM Bank China I		**45,700,340**	45,700,340
EXIM Bank China II		**41,961,982**	41,961,982
Cash development loan-1 (CDL-1)		**4,495,363**	4,495,363
Cash development loan-2 (CDL-2)		**1,400,823**	1,400,823
Cash development loan-3 (CDL-3)		**13,250,516**	13,250,516
Current portion of long term loan		**167,614,986**	167,614,986
Non-current portion of long term loan		**-**	-

Movement

		2024	2023
Opening		**167,614,986**	168,780,413
Payments during the period		**-**	(1,165,427)
Closing		**167,614,986**	167,614,986

	2024	2023
	(Rupees in '000)	
Payments during the period		
Saudi Fund for Development- I (SFD)	-	342,744
OPEC Fund for International Development- I	-	279,608
Cash development loan-1 (CDL-1)	-	228,490
Cash development loan-2 (CDL-2)	-	36,455
Cash development loan-3 (CDL-3)	-	278,130
	-	1,165,427

16.1 Maturity Analysis	Less than 1 year	Between 1-5 years	Over 5 years
	-------- (Rupees in '000) --------		
Foreign relent loans in PKR:			
Islamic Development Bank- I (IDB)	12,867,871	-	-
Islamic Development Bank- II (IDB)	16,880,118	-	-
Saudi Fund for Development- I (SFD)	7,986,975	-	-
Saudi Fund for Development- II (SFD)	8,018,124	-	-
OPEC Fund for International Development- I	2,666,603	-	-
OPEC Fund for International Development-	4,932,216	-	-
Kuwait Fund for Arab Economic Development-I & II (KFD)	7,454,055	-	-
EXIM Bank China I	45,700,340	-	-
EXIM Bank China II	41,961,982	-	-
	148,468,284	-	-
From related parties (Unsecured):			
Cash development loan-1 (CDL-1)	4,495,363	-	-
Cash development loan-2 (CDL-2)	1,400,823	-	-
Cash development loan-3 (CDL-3)	13,250,516	-	-
	19,146,702	-	-
	167,614,986	-	-

16.2 This loan is relent to the Company by the Government of Pakistan (GoP) for Neelum Jhelum Hydropower Project under subsidiary loan agreements (SLA) signed on June 03, 2009. This carries mark up @ 15% (2023: 15%) per annum inclusive of interest rate of 8.2% (2023: 8.2%) plus 6.8% (2023: 6.8%) "Exchange Risk Cover" which is charged both on principal amount and interest amount separately. The loan facility has a redemption period of 20 years including 5 years grace period.

16.3 This loan is relent to the Company by the Government of Pakistan (GoP) for Neelum Jhelum Hydropower Project under subsidiary loan agreements (SLA) signed on June 30, 2011. This carries mark up @ 15% (2023: 15%) per annum inclusive of interest rate of 8.2% (2023: 8.2%) plus 6.8% (2023: 6.8%) "Exchange Risk Cover" which is charged both on principal amount and interest amount separately. The loan facility has a redemption period of 20 years including 5 years grace period.

16.4 This loan is relent to Neelum Jhelum Hydropower Company through WAPDA by the Government of Pakistan (GoP) for Project under subsidiary loan agreements (SLA) signed on February 02, 2011. This carries mark up @ 15% (2023: 15%) per annum inclusive of interest rate of 8.2% (2023: 8.2%) plus 6.8% (2023: 6.8%) "Exchange Risk Cover" which is charged both on principal amount and interest amount separately. The loan facility has a redemption period of 20 years including 6 years grace period.

16.5 This loan is relent to WAPDA by the Government of Pakistan (GoP) for Neelum Jhelum Hydropower Project under subsidiary loan agreements (SLA) signed on November 18, 2013. This carries mark up @ 15% (2023: 15%) per annum inclusive of interest rate of 8.2% (2023: 8.2%) plus 6.8% (2023: 6.8%) "Exchange Risk Cover" which is charged both on principal amount and interest amount separately. The loan facility has a redemption period of 20 years including 5 years grace period.

16.6 This loan is relent to the Company by the Government of Pakistan (GoP) for Neelum Jhelum Hydropower Project under subsidiary loan agreements (SLA) signed on March 23, 2010. This carries mark up @ 15% (2023: 15%) per annum inclusive of interest rate of 8.2% (2023: 8.2%) plus 6.8% (2023: 6.8%) "Exchange Risk Cover" which is charged both on principal amount and interest amount separately. The loan facility has a redemption period of 20 years including 5 years grace period.

16.7 This loan is relent to the Company by the Government of Pakistan (GoP) for Neelum Jhelum Hydropower Project under subsidiary loan agreements (SLA) signed on October 11, 2013. This carries mark up @ 15% (2023: 15%) per annum inclusive of interest rate of 8.2% (2023: 8.2%) plus 6.8% (2023: 6.8%) "Exchange Risk Cover" which is charged both on principal amount and interest amount separately. The loan facility has a redemption period of 20 years including 5 years grace period.

16.8 These loans are relent to the Company by the Government of Pakistan (GoP) for Neelum Jhelum Hydropower Project under subsidiary loan agreements (SLAs) signed on January 30, 2012 (KFD-I) and June 3, 2015 (KFD-II). These carries mark up @ 15% (2023: 15%) per annum inclusive of interest rate of 8.2% (2023: 8.2%) plus 6.8% (2023: 6.8%) for "Exchange Risk Cover" which is charged both on principal amount and interest amount separately. The loan facilities have a redemption period of 26 years including 4 years of grace period.

16.9 This loan is relent to the Company by the Government of Pakistan (GoP) for Neelum Jhelum Hydropower Project under sanction letter signed on October 29, 2018. This carries mark up @ 15% (2023: 15%) per annum inclusive of interest rate of 8.2% (2023: 8.2%) plus 6.8% (2023: 6.8%) "Exchange Risk Cover" which is charged both on principal amount and interest amount separately. The loan facility has a redemption period of 15 years including 5 years grace period.

16.10 This loan is relent to the Company by the Government of Pakistan (GoP) for Neelum Jhelum Hydropower Project under sanction letter signed on September 29, 2016. This carries mark up @ 12% (2023: 12%) per annum inclusive of interest rate of 6.9% (2023: 6.9%) plus 5.1% (2023: 5.1%) "Exchange Risk Cover" which is charged both on principal amount and interest amount separately. The loan facility has a redemption period of 12.5 years including 2.5 years grace period.

16.11 Cash development loan

Loan	Note	Rate of Interest	Limit	Loan Utilized	Redemption period
			(Rupees in '000)		
CDL-1 (2006-07)	16.11.1	11.78%	5,270,027	5,270,027	25 years
CDL-2 (2012-13)	16.11.1	10.65%	1,500,000	1,500,000	25 years
CDL-3 (2013-14)	16.11.1	11.79%	14,000,000	14,000,000	25 years

16.11.1 These represent loans from Government of Pakistan (GoP) issued to WAPDA, for Neelum Jhelum Hydropower Project and allocated to the Company.

16.12 The Company did not repay the installment of Foreign relent loans (FRL) and cash development loans (CDL) as per agreed repayment schedules. Due to the fact that company is not receiving the whole amount invoiced to CPPA(G), as a result Rs.46,084 Million is still receivable from CPPA(G) and NJHPC is unable to pay aforementioned loans on its due dates, because of shortage of funds. The Company does not have an unconditional right to defer the settlement of these loans for at least twelve months after the reporting date. As a result installment not paid by company on its due dates of these loans, the management has classified the Principle of FRLs and CDLs amounting to Rs. 148,468 million (2023: 148,468 million) and Rs. 19,147 million (2023: 19,147 million), respectively, as current liabilities. Late payment charges on overdue amount of Foreign Relent Loans have been disclosed in note 27. Additional interest has, however not been charged, on the amounts from the date when they are due.

16.13 Loans un-utilized limits - US Dollars ($)

The utilized foreign relent loans balance converted to US dollars are provided as follows:

	Total Limit	Utilized as at 01 July	Utilized during the year	Utilized as at 30 June	Un-utilized limit as at 30 June
			USD in ('000)		
2024:					
IDB-I	137,640	137,640	-	137,640	-
IDB-II	220,000	173,510	-	173,510	46,490
SFD-I	81,000	79,905	-	79,905	1,095
SFD-II	100,000	76,338	-	76,338	23,662
OFID-I	31,100	31,100	-	31,100	-
OFID-II	50,000	44,898	-	44,898	5,102
KFD-I	42,000	42,000	-	42,000	-
KFD-II	32,000	32,000	-	32,000	-
EXIM Bank China-I	448,000	448,000	-	448,000	-
EXIM Bank China-II	576,000	366,800	-	366,800	209,200
	1,717,740	**1,432,191**	-	**1,432,191**	**285,549**
2023:					
IDB-I	137,640	137,640	-	137,640	-
IDB-II	220,000	173,510	-	173,510	46,490
SFD-I	81,000	79,905	-	79,905	1,095
SFD-II	100,000	76,338	-	76,338	23,662
OFID-I	31,100	31,100	-	31,100	-
OFID-II	50,000	44,898	-	44,898	5,102
KFD-I	42,000	42,000	-	42,000	-
KFD-II	32,000	32,000	-	32,000	-
EXIM Bank China-I	448,000	448,000	-	448,000	-
EXIM Bank China-II	576,000	366,800	-	366,800	209,200
	1,717,740	1,432,191	-	1,432,191	285,549

	2024	2023
	(Rupees in '000)	

17 LONG TERM DIMINISHING MUSHARKA

Diminishing Musharka Sukuk Certificates - Secured	**31,500,000**	42,000,000
Less: payments	**(10,500,000)**	(10,500,000)
	21,000,000	31,500,000
Less: Current portion of Diminishing Musharka Sukuk	**(21,000,000)**	(10,500,000)
	-	21,000,000

17.1 During the year ended June 30, 2016 the Company entered into a Diminishing Musharka arrangement with investment agent, Pak Brunei Investment Company as co-owner of Musharka assets. Under the agreement the Company sold the Musharka assets of Rs. 133,000 million as referred in note 6.1.2 to the investment agent at a price of Rs. 100,000 million. As per the agreement the Company is required to buy back its share of Musharka assets over the term of the agreement. The Company issued 1,000,000 Sukuk certificates of Rs. 100,000 per certificate to the investment agent against these Musharka assets.

The Sukuk certificates carry profit at the rate of 6 months Kibor plus a spread of 1.75% with semi annual rental payments. The Company will be entitled to a rebate of 0.62% in case the installments (rental + principal) are made within 30 days of due date. The tenure of Sukuk certificates are 10 years including 2 years grace period and repayment is to be made in 8 years which will commence from fifth instalment of each tranche.

These certificates have been issued to generate funds for the construction of the project under the Islamic mode of financing. Under this Musharka arrangement, the Company has sold the beneficial ownership of certain assets mainly relating to the reservoir, power station and power generating plant, to the investment agent (for the benefit of Sukuk holders) although legal title remains with the Company. The Sukuk certificates have been issued under Section 66 "Issue of securities and redeemable capital not based on interest" of the Companies Act, 2017. The Sukuk certificates are unlisted and have been inducted into the Central Depository System of the Central Depository Company of Pakistan. As per the financing document, the Company is required to comply with financial covenants which includes current ratio, minimum interest coverage ratio and debt to equity ratio. The Company did not comply with these financial covenants as of reporting date, mainly owing to classification of long term financing as current liabilities (refer below) and non-finalization of final tariff.

As disclosed in note 16.12, the Company did not repay the installment of FRL and CDL as per agreed repayment schedules, which constitutes a default event under the financing documents for Sukuk certificates. Accordingly, the Company does not have an unconditional right to defer the settlement of these Sukuk certificates for at least twelve months after the reporting date. As a result, the management has classified the whole amount of loan as current.

	Note	2024	2023
		(Rupees in '000)	

18 TRADE AND OTHER PAYABLES

	Note	2024	2023
Payable to the Contractor	18.1	**7,417,571**	10,392,640
Payable to the Consultant		**220,639**	249,119
Withholding income tax payable		**22,185**	60,897
Withholding sales tax payable		-	25,735
Employee benefits payable		**295,552**	230,105
Education cess payable		**1**	3,603
Other liabilities		**18,875**	23,451
Other payable		**8,134**	268,921
Payable against land		-	348,540
Insurance premium payable		-	244,809
Late payment surcharge on foreign relent loans	18.2	**24,973,060**	18,059,914
Neelum Jhelum Surcharge payable	18.3	**1,492,450**	1,492,450
Payable Import Energy - LPS		**1,047**	1,047
		34,449,514	31,401,231

18.1 This mainly includes claims against the work performed under civil works and EMH works by the contractors and yet to be billed.

18.2 This represents the late fee charges on due installments (principal and interest) of foreign relent loans. As per the subsidiary loan agreements and sanction letters of foreign relent loans, the Company has to pay 1% of the amount due in the first year of default, 2% in the second year of default, 3% in the third year of default and so on.

18.3 As discussed in note 14.1, this amount represents excess amount of Neelum Jhelum Surcharge received by the Company. The Company has not recognized the amount as share deposit money, as it is probable that this amount will be repaid to Ministry of Energy for utilization elsewhere. An amount of Rs. 7,137 million is payable to Disco's on account of surcharge billed and collected for the period after December 28, 2018, whereas an amount of Rs. 5,645 million receivable from Disco's on account of amount billed till December 28, 2018. The Company expects to make a net settlement to the Ministry of Energy or its departments when instructed.

19 SHORT TERM BORROWINGS

	2024	2023
	(Rupees in '000)	
Payable to WAPDA		
Opening balance	**9,000,000**	10,000,000
Payment	-	(1,000,000)
Closing balance	**9,000,000**	9,000,000

19.1 This represents unsecured loan payable to WAPDA on account of principal and interest payments made by WAPDA of various foreign relent and local loans on behalf of the Company wide letter GMF(P)/MFHQ/Loans/NJHPC/38-39 and GMF(P)/MFHQ/Loans/NJHPC/40-41. The Company is in the process of finalizing the terms and conditions for repayment of the said loan to WAPDA. Amount is considered payable on demand and no interest is charged on this balance until terms and conditions are finalized.

	Note	2024	2023
		(Rupees in '000)	

20 MARK-UP ACCRUED ON LONG TERM FINANCING

	Note	2024	2023
Foreign relent loans	20.1	**126,514,193**	114,879,409
Cash development loans	20.2	**8,404,359**	6,281,432
		134,918,552	121,160,841

20.1 Foreign relent loans

	Note	2024	2023
Payable to Government of Pakistan			
- Balance as at July 01,		**77,880,973**	72,350,171
- Interest accrued during the period		**7,528,997**	8,696,119
- Less: Payments made		**-**	(3,165,317)
		85,409,970	77,880,973
Loan through WAPDA			
- Balance as at July 01,		**36,998,436**	34,046,162
- Interest accrued during the period		**4,105,787**	4,797,970
- Less: Payments made		**-**	(1,845,696)
	20.3	**41,104,223**	36,998,436
		126,514,193	114,879,409

20.2 Cash development loans

	Note	2024	2023
Loan through WAPDA			
- Balance as at July 01,		**6,281,432**	6,281,432
- Interest accrued during the period		**2,122,927**	2,186,517
- Less: Payments made		**-**	(2,186,517)
	20.3	**8,404,359**	6,281,432
		134,918,552	121,160,841

20.3 These Loans were processed through WAPDA for the NJHPC and now re-payments are made directly to MoF.

	2024	2023
	(Rupees in '000)	

21 MARK-UP ACCRUED ON DIMINISHING MUSHARKA

	2024	2023
Opening balance	**41,596**	37,834
Addition	**6,708,713**	6,746,349
Payment	**(6,725,901)**	(6,742,587)
Closing balance	**24,408**	41,596

22 TAXATION - NET

	2024	2023
Opening balance	**380,164**	996,172
Add:		
Prior period tax adjustment	**225,112**	104,616
Provision for the period	**2,268,106**	1,424,628
	2,873,382	2,525,416
Less: tax paid during the year / advance tax	**(2,658,963)**	(2,145,252)
Closing balance	**214,419**	380,164

23 CONTINGENCIES AND COMMITMENTS

23.1 The Company had filed appeals before CIR (Appeals) against the orders of ACIR u/s 161(Failure to pay tax collected or deducted) /205 (Default surcharge) of ITO'2001 creating a tax demand amounting to Rs 23 million for TY 2009 to TY 2015. The CIR-A remanded the cases back to the Assessing Officer (AO). Feeling aggrieved, the company has filed appeals before ATIR and till date the appeals have not been fixed for hearing. The company is optimistic of a favourable outcome as these cases are of the same nature as of Tax Year 2017, which was annulled by CIR-A after reviewing the evidence of taxes paid.

23.2 The Company had filed an appeal before CIR-A against the orders of ACIR u/s 161(Failure to pay tax collected or deducted) /205 (Default surcharge) of ITO'2001, which created the tax demand amounting to Rs 5,759 million. Ultimately the case was remanded back to the AO. However, till date no appeal affect proceedings have been initiated by the tax department.

23.3 The Company had filed an appeal before CIR-A against the orders of ACIR u/s 161(Failure to pay tax collected or deducted) /205 (Default surcharge) of ITO'2001 which created the tax demand amounting to Rs 5,409 million. Ultimately the CIR-A annulled the order passed by AO. The tax department, being aggrieved has filed an appeal before ATIR and till date the appeal has not been fixed for hearing.

23.4 The Company had filed an appeal before CIR-A against the orders of ACIR u/s 161(Failure to pay tax collected or deducted) /205 (Default surcharge) of ITO'2001 which created the tax demand amounting to Rs 4,382 million. Ultimately the case has been remanded back to the Assessing Officer.

23.5 The Company received show cause notices from ACIR u/s 161 (Failure to pay tax collected or deducted) read with section 205 (Default surcharge) of ITO'2001 for Tax year 2019, 2020 and 2021 and is currently in the process of arranging the requisite data for filing an appropriate response. No tax demand has been created for these tax years yet.

23.6 Neelum Jhelum Consultants had issued a letter to Neelum Jhelum Hydropower Company wherein they have appraised the notice sent to NJC by AJK-IRD for application of Sales Tax @ 15% on services rendered by NJC. Further, NJC has claimed that if they are to be registered with AJK-IRD, the burden of the estimated Sales Tax of Rs 1,476 Million from TY 2016 to 2022, will ultimately be borne by NJHPC. NJC has sent a formal claim of Sales Tax on Services on 21 July, 2023 on the mere assumption that NJHPC will borne the burden of this Sales Tax. The company has approached their Tax Consultants EY Ford Rhodes Chartered Accountants, for a legal opinion on this matter. However, the Tax consultants in their initial opinion, have concluded that this would not be passed on to NJHPC due to the non-registration of NJC in AJK-IRD. Management of NJHPC and NJC are in dicussion to resolve this matter amicably.

23.7 During the 2023, Company lodged an insurance claim with National Insurance Company Limited (NICL) for costs related to the repair of tunnel damage and business interruption losses occurred during the year. Management assesses that expected insurance claim will be in the range of Rs.44 million. However, the final amount depends on NICL's resolution of the claim.

	2024	2023
	(Rupees in '000)	

24 REVENUE

	2024	2023
Sale of electricity	15,902,887	993,741
Late payment surcharge	13,957,281	6,259,688
	29,860,168	7,253,429

24.1 Revenue of the Company was exempted from sales tax for a period of five years from the date of commencement of commercial production under notification No.FD/Tax 1145-1245/95 dated February 08, 1995 issued by Azad Jammu and Kashmir Central Board of Revenue. This five-year exemption period ended in July 2023.

24.2 The Company's revenue from the sale of electricity has been discontinued since May 1, 2024, due to the collapse of the Head Race Tunnel (HRT). As a result, operations were interrupted for 61 days, up to June 30, 2024. The estimated revenue loss from this incident for the year 2024 is Rs. 12,598 million.

	2024	2023
On monthly basis under right to invoice practical expedient	29,860,168	7,253,429

24.3 Break up revenue based on geographical location:

	2024	2023
Sale in Azad Jammu and Kashmir	29,860,168	7,253,429

24.4 Contract balances

	2024	2023
Trade debts	43,647,287	48,942,119

	Note	2024	2023
		(Rupees in '000)	
24.3 Timing of revenue recognition:			
Employee benefits	25.2	144,037	92,703
Security expenses	25.3	241,136	167,585
Purchase of electricity		10,449	7,408
Rent, rates and taxes		7,847	18,846
Vehicle running expenses		50,046	44,450
Travelling expenses		5,655	3,873
Legal and professional fees		352	1,610
Depreciation	6.1.3	9,502,165	9,431,125
Insurance		614,899	1,495,931
Utilities		191,887	97,470
Repair and maintenance Power House		33,354	16,058
Repair and maintenance HRT		985	-

	2024	2023
	(Rupees in '000)	
Dams inspection & monitoring costs	**13,117**	-
Repair and maintenance	**7,300**	933
Communication charges	**6,902**	3,680
Printing and stationary	**1,366**	725
Advertisement & periodicals	**2,704**	853
Loss on disposal of fixed asset	**3,327**	5,161
Bank & other charges	**2,671**	4,295
Miscellaneous expenses	**12,756**	6,480
	14,705,052	15,826,586

25.1 Salaries, wages and other benefits charge for the period has been allocated as under:

	2024	2023
	(Rupees in '000)	
Operating cost	**829,592**	559,882
Administrative expenses	**57,883**	45,264
	887,475	605,146

25.2 This includes Rs. 118.67 million (2023: Rs. 77.52 million) related to the pension from WAPDA for staff deputed by WAPDA to the Company. The pension for these deputed employees is payable to them by WAPDA.

25.3 This represents expenses incurred by the company for security personnel services provided by the Azad Jammu and Kashmir (AJK) Police Department. The company engages the services of the AJK Police Department to provide security personnel at its premises and facilities located in Azad Jammu and Kashmir.

25.4 This represents repair expense incurred during the year on a tale race tunnel in the power generation infrastructure which was collapsed in July 2022. Company entered into contract with China Gezhouba Water and Power Group Co Limited for the repair of the tunnel. Repair work has been completed on August 05, 2023.

26 ADMINISTRATIVE EXPENSES

	Note	2024	2023
		(Rupees in '000)	
Salaries, wages and other benefits	25.1	**57,883**	45,264
Employee benefits	25.2	**1,123**	3,018
Legal and professional fees		**4,764**	142,310
Fee & Subscription		**13,310**	8,386
Travelling expenses		**5,632**	4,117
Vehicle running expenses		**3,952**	3,033
Rent, rates and taxes		-	2,376
Depreciation	6.1.3	**1,284**	1,856

	Note	2024	2023
		(Rupees in '000)	
Utilities		**437**	611
Repair and maintenance		**322**	266
Communication charges		**267**	310
Printing and stationary		**886**	862
Advertisement & periodicals		**431**	-
Auditors remuneration	26.1	**1,400**	1,247
Bank & Other charges		**1,101**	1,841
Miscellaneous expenses		**5,033**	340
		97,825	215,837

26.1 Auditors remuneration

Statutory audit	**1,235**	1,102
Code of corporate governance compliance report	**100**	87
Out of pocket expenses	**65**	58
	1,400	1,247

27 OTHER EXPENSES

Delayed payment charges (FRL)	**6,913,147**	5,131,236

This represents the late fee charges on due installments (principal and interest) of foreign relent loans. As per the subsidiary loan agreements and sanction letters of foreign relent loans, the Company has to pay 1% of the amount due in the first year of default, 2% in the second year of default and 3% in the third year of default and so on.

	Note	2024	2023
		(Rupees in '000)	

28 FINANCE COST

Finance cost	**13,757,711**	15,680,606
Mark-up on shariah compliant musharka instruments	**6,759,281**	6,797,044
	20,516,992	22,477,650

29 OTHER INCOME

	Note	2024	2023
Sale of scrap		**-**	301
Other income		**1,737**	-
Interest income on investment in T-Bills	29.1	**742,081**	-
Interest income on bank accounts		**5,071,838**	3,652,893
		5,815,656	3,653,194

29.1 Neelum Jhelum Hydropower Company (Pvt.) Ltd. made several investments in Treasury Bills (T-Bills) issued by the State Bank of Pakistan during the period. The total amount invested was Rs. 15,230 million through both competitive and non-competitive bidding, with yields ranging from 21.50% to 22.5002% over periods of three months. These investments earned a total yield of Rs. 742.081 million upon maturity.

	Note	2024	2023
		(Rupees in '000)	
30 TAXATION			
- Prior Year Tax		**225,112**	104,616
- Current year	30.1	**2,268,106**	1,424,628
		2,493,218	1,529,244

30.1 The Company's income from sale of electricity is exempt from normal tax under Clause 132 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, in Pakistan and Azad Jammu and Kashmir. Income subject to exemption under the aforementioned clause is also exempt from minimum tax on turnover under sub-clause 5 clause 11 A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, in Pakistan and Azad Jammu and Kashmir. The provision for taxation represents income tax charged on the Company's interest income on bank accounts.

31 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of WAPDA, CPPA(G), Government of Pakistan (GOP) and all entities over whom the Government of Pakistan has control, significant influence or joint control, Directors of the Company, and key management personnel. Balances due from and due to related parties are shown in their respective notes. Details of transactions during the year are as follows:

Name of the related party	Nature of relationship	Nature of transaction	2024 (Rupees in '000)	2023 (Rupees in '000)
WAPDA	Share holding in Company 100% (2023:100%) share capital	WAPDA Other Employee benefits paid	**(25,586)**	(10,553)
		Payment to WAPDA Welfare Fund	**(126)**	(276)
		Payment to Directorate WAPDA Pension fund	**(53,219)**	(11,625)
		Short term borrowing repaid to WAPDA	-	(1,000,000)
		Mark up accrued against loans from WAPDA	**(6,228,714)**	(6,984,487)
Central Power Purchasing Agency (G)	Common control of Parent	Sole Purchaser of Electricity	**29,860,168**	7,253,429
GoP	Ultimate Parent	National Insurance Compnay Limited - Insurance fee paid	**(614,899)**	(1,495,931)
		Payment of accrued mark-up on Foreign Relent Loans	-	(5,011,013)
		Payment of accrued mark-up on Cash Development Loans	-	(2,186,517)

Revenue, trade debts against sale of electricity to CPPA(G) are disclosed in note 24 & 9 respectively. Loans from the Government of Pakistan and movement in accrued mark-up are disclosed in note 16 and note 20, respectively. During the period, the Company received Rs.35,155 million (2023: Rs 29,262 million) from CPPA(G) against sale of electricity.

32 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER AND DIRECTORS

The aggregate amounts charged in the financial statements for the year for remuneration including certain benefits to the Chief Executive Officer and Directors of the Company are as follows :

	2024			2023		
	Chief Executive	Non-Executive Directors	Executives	Chief Executive	Non-Executive Directors	Executives
	(Rupees in '000)			(Rupees in '000)		
Managerial remuneration	**12,552**	-	**239,238**	11,435	-	207,493
Meeting fee	**1,660**	**7,650**	-	1,400	6,986	-
Number of persons	**1**	**7**	**70**	1	7	67

32.1 In addition to above, Chief Executive Officer and four others Executives also provided with Company's maintained vehicles.

32.2 No other amount has been paid to the Non Executive Directors of the Company except for fee for attending the meetings of Board of Directors.

33 FINANCIAL RISK MANAGEMENT

33.1 Financial risk factors

The Company's financial liabilities comprise of long term financing, short term borrowings, long term Diminishing Musharka, retention money payable, markup accrued and trade and other payables. The main purpose of these financial liabilities is to raise finances for the Company's operations. The Company's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

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

a) Market risk

i) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises mainly when receivables and payables exist due to transaction with foreign undertakings. The Company's financial liabilities which expose it to foreign currency risk are payments to contractor where significant part of the liability is to be settled in foreign currency. Therefore, the Company is exposed to foreign currency risk to a large extent.

	2024 Rupees	2023 Rupees
Reporting date rate		
Rupees per US Dollar	**278.59**	286.60
Rupees per Euro	**299.79**	313.30

The following analysis demonstrates the sensitivity to a reasonably possible change in US$ and Euro(€) exchange rates, with all other variables held constant. Such a change will, however, not immediately impact profit of the Company, as the Company currently capitalizes all exchange gain/ loss, rather such gain/ loss will decrease/ increase depreciation charge of related assets over their remaining useful lives:

	Change in %	2024		2023	
		Change in $ rate	Change in € rate	Change in $ rate	Change in € rate
		(Rupees in '000)			
Retention money payable	+10%	**(638,393,080)**	**(6,915,766)**	(655,360,740)	(716,414,933)
	-10%	**638,393,080**	**6,915,766**	655,360,740	716,414,933
Trade and other payables	+10%	**(698,140,912)**	-	(965,829,418)	-
	-10%	**698,140,912**	-	965,829,418	-
Bank balances	+10%	**196,164,022**	-	78,403,012,500	-
	-10%	**(196,164,022)**	-	(78,403,012,500)	-

ii) Equity price risk

Equity price risk represents the risk that the fair value of equity investments will fluctuate because of changes in levels of indices, 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 as Company does not hold any equity investments.

iii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company's borrowings are at fixed rates which expose it to fair value interest rate risk. At statement of financial position date the interest rate profile of the Company's interest bearing financial instruments was:

	2024	2023
	(Rupees in '000)	
Fixed rate instruments		
Financial liabilities		
Long term financing	**167,614,986**	167,614,986
Floating rate instruments		
Financial liabilities		
Diminishing Musharka	**21,000,000**	31,500,000
Financial assets		
Bank balances - deposit accounts	**35,949,367**	22,560,396

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 statement of financial position date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If floating interest rates on financial instruments at the year end date, fluctuate by 1% higher / lower with all other variables held constant, profit for the year would have decreased / increased by Rs. 254.493 million (2023: Rs. 120.6 million), mainly as a result of higher / lower interest expense in the year ended 30 June 2024. This analysis is prepared assuming the amount of floating rate instruments outstanding at the statement of financial position dates were outstanding for the whole year.

b) Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if the counterparty fails completely to perform as contracted. Financial instruments that potentially subject the Company to concentration of credit risk are trade debts, contract asset, accrued interest, other receivables and bank balances. The maximum exposure to the credit risk at the reporting date was as follows:

	2024	2023
	(Rupees in '000)	
Trade debts	**52,288,951**	59,583,783
Accrued interest	**370,099**	433,624
Advances to employees against salaries	-	102
Other receivables	**4,639**	3,933
Bank balances	**35,949,367**	22,560,396
	88,613,056	82,581,838

The Company deals with banks having credit ratings in the top categories therefore, considers these as low risk and does not expect significant credit loss to arise on the balances. Following are the credit ratings of banks with balances are held at reporting date:

	Rating			2024	2023
	Short term	Long term	Agency	Rupees	Rupees
United Bank Ltd	A-1+	AAA	VIS	4,009,501	320,237
National Bank of	A-1+	AAA	PARCA-VIS	27,368,679	15,605,177
Habib Bank Ltd	A-1+	AAA	VIS	65,297	830,249
Allied Bank Ltd	A-1+	AAA	PACRA	1,980,056	3,197,525
MCB Bank Limited	A-1+	AAA	PACRA	2,525,833	2,607,208
				35,949,367	22,560,396

Pursuant to SRO No. 1177(I) issued by SECP on 20 September 2021, in respect of circular debt, the requirements contained in " IFRS 9 (Financial instrument) with respect to application of expected credit losses method" shall not be applicable till 30 June 2023. Accordingly, no ECL is recorded on the trade debts. Receivables from CPPA(G) was assessed to determine whether there is any objective evidence that it is impaired. No event(s) has occurred that might had a negative effect on the estimated future cash flows of trade debts and contract asset, except as provided for in note 9. The said exemption is extended further till December 31, 2024 by SECP SRO 67(1) / 2023 dated January 20, 2023.

c) **Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Management believes the liquidity risk to be

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
	(Rupees in '000)				
As at 30 June 2024					
Long term financing	167,614,986	167,614,986	167,614,986	-	-
Mark-up accrued on long term financing	134,918,552	134,918,552	134,918,552	-	-
Long term Diminishing Musharka	21,000,000	21,000,000	21,000,000	-	-
Diminishing Musharka rentals	24,408	24,408	24,408	-	-
Retention money payable	8,866,059	8,866,059		8,866,059	-
Short term borrowings	9,000,000	9,000,000	9,000,000	-	-
Trade and other payables	34,449,514	34,449,514	34,449,514	-	-
	375,873,519	375,873,519	367,007,460	8,866,059	-

	Carrying Amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
	(Rupees in '000)				
As at 30 June 2023					
Long term financing	167,614,986	167,614,986	167,614,986	-	-
Mark-up accrued on long term financing	121,160,841	121,160,841	121,160,841	-	-
Long term Diminishing Musharka	31,500,000	31,500,000	10,500,000	21,000,000	-
Musharka rentals	41,596	41,596	41,596	-	-
Retention money payable	9,030,601	9,030,601		9,030,601	-
Short term borrowings	9,000,000	9,000,000	9,000,000	-	-
Trade and other payables	31,401,231	31,401,231	31,401,231	-	-
	369,749,255	**369,749,255**	**339,718,654**	**30,030,601**	-

Despite, presentation of various loans as current as mentioned in notes 16.12, the Company expects to pay these loans in accordance with revised loan schedules currently being negotiated (note 1.3) and original repayment schedule, respectively.

33.2 Fair values of financial assets and liabilities

The above financial assets and liabilities (except non-current portion of long term diminishing Musharka and retention money payables) approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of non-current portion of long term diminishing Musharka is not significantly different to its carrying value as these financial instruments bear interest at floating rates which gets re-priced at regular intervals. Management has concluded that carrying value of retention money payable approximates its fair value. Fair value is determined on the basis of objective evidence at each reporting date.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair values are observable either, directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 30 June 2024, the Company has nil (2023: Rs. Nil) financial instrument for which fair value modelling is required.

33.3 Financial instruments by categories

	Bank balances	Amortized cost	Total
	(Rupees in '000)		
As at 30 June 2024			
Financial assets at amortized cost			
Interest accrued on bank deposits	-	370,099	370,099
Trade debts against supply of electricity	-	43,647,287	43,647,287
Other receivables	-	4,639	4,639
Bank balances	35,949,367	-	35,949,367
	35,949,367	44,022,025	79,971,392
As at 30 June 2023			
Financial assets at amortized cost			
Interest accrued on bank deposits	-	433,624	433,624
Trade debts against supply of electricity	-	48,942,119	48,942,119
Advances to employees against salaries	-	102	102
Other receivables	-	3,933	3,933
Bank balances	22,560,396	-	22,560,396
	22,560,396	49,379,778	71,940,174

	2024	2023
	(Rupees in '000)	
Financial liabilities as per statement of financial position at amortized cost:		
Long term financing	**167,614,986**	167,614,986
Long Term Diminishing Musharka	**21,000,000**	31,500,000
Trade and other payables	**34,449,514**	31,401,231
Retention money payable	**8,866,059**	9,030,601
Mark-up accrued on long term financing	**134,918,552**	121,160,841
Short term borrowings	**9,000,000**	9,000,000
Diminishing Musharka rentals	**24,408**	41,596
	375,873,519	369,749,255

33.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern. The Company manages its capital structure and make adjustments to it, in the light of the changes in economic conditions.

The Company capital using gearing ratio, which is net debt divided by equity plus net debt. Debt represent long term loans (including current portion) obtained by the Company. Total equity includes accumulated loss and equity investment by the Company plus net debt.

	2024	2023
	(Rupees in '000)	
Long term financing	**167,614,986**	167,614,986
Long term Diminishing Musharka	**21,000,000**	31,500,000
Short term borrowings	**9,000,000**	9,000,000
	197,614,986	208,114,986
Equity	65,012,702	72,063,112
Net debt	197,614,986	208,114,986
Equity and net debt	**262,627,688**	280,178,098
Gearing ratio (%)	**75.25%**	74.28%

34 PLANT CAPACITY AND PRODUCTION

	2024 MW	2023 MW
Installed capacity	**969**	969

The Company has four (2023: four) units having production capacity of 242.25 (2023: 242.25 Megawatts' (MWs')) each, with a consolidated production capacity of 969 MWs'. During the year, 1,744,043,600 kWh were generated.

	Note	2024 MWH	2023 MWH
Installed capacity		**4,630,875**	4,630,875
Actual Energy delivered	34.1	**1,744,044**	107,717

34.1 During the year, the Company faced an unforeseen and significant operational challenge that impacted electricity production. The Head Race Tunnel, which plays a vital role in operations, collapsed on March 1, 2024. This collapse had a direct and adverse effect on the Company's ability to generate electricity. As a result of this incident, all units were shut down, leading to a complete disruption of electricity generation activities.

35 NUMBER OF EMPLOYEES

	2024	2023
	---- No of Persons ----	
Employees in field offices including power station	**388**	359
Employees in head office	**126**	64
Daily wage staff	**2**	98
Total number of employees - as of reporting date	**516**	521
Total number of employees - average during the year	**519**	521

36 DISCLOSURE REQUIREMENT FOR ALL SHARE ISLAMIC INDEX

Following information has been disclosed with reference to disclosure requirements of the Companies Act, 2017 relating to "All Shares Islamic Index".

Description	Explanation	2024	2023
		(Rupees in '000)	
Advances	Non-interest bearing	-	-
Deposits	Non-interest bearing	-	-
Segment revenue	The Company has only one segment	-	-
Bank balances as at June 30	Placed under interest arrangement Placed under Shariah permissible arrangements	**265,156**	230,630
Income on bank deposits	Placed under interest arrangement Placed under Shariah permissible arrangements	**377,963**	265,928
Dividend income		-	-
Exchange gain	Earned from actual currency	-	-
Current portion of long term Diminishing Musharka	Diminishing musharika with Pak Brunei Investment Company Limited	**21,000,000**	31,500,000
Mark-up accrued on Diminishing Musharka	Diminishing musharika with Pak Brunei Investment Company Limited	**24,408**	41,596

There is no other bank balance / investments which carry any interest or markup arrangements.

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

Description	Liabilities			
	Long term loans	**Related party loans**	**Long term Diminishing Musharka**	**Total**
Balance as at July 01, 2023	167,614,986	9,000,000	31,500,000	208,114,986
Payments	-	-	(10,500,000)	(10,500,000)
Balance as at June 30, 2024	**167,614,986**	**9,000,000**	**21,000,000**	**197,614,986**

38 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. However, no significant changes or reclassifications have been made.

39 DATE OF AUTHORIZATION

These financial statements were authorized for issue by Board of Directors of the Company on 05 NOV 2024.

40 GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE OFFICER

DIRECTOR