

THAR POWER COMPANY LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2023



INDEPENDENT AUDITOR'S REPORT

To the members of Thar Power Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Thar Power Company Limited (the Company), which comprise the statement of financial position as at December 31, 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2023 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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

Management is responsible for the other information. The other information comprises the information included in the Directors' Report but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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





Report on Other Legal and Regulatory Requirements

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

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

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

A handwritten signature in black ink, appearing to read 'Osama Kapadia', is written over a horizontal line.

**A. F. Ferguson & Co.
Chartered Accountants
Karachi**

Date: April 4, 2024

UDIN: AR2023100806Q53RoPJd

THAR POWER COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

(Amounts in thousand)

	Note	2023	2022
-----Rupees-----			
ASSETS			
Non-current asset			
Property, plant and equipment	3	34,471	21,217
Current assets			
Inventory	4	32,021	19,552
Contract asset	5	-	482,446
Trade debts	6	1,683,544	226,929
Other receivable	7	279,882	104,486
Advances and deposits	8	176,660	125,639
Short term investments	9	4,003,239	4,127,690
Balance with bank	10	1,702,198	39,382
		7,877,544	5,126,124
TOTAL ASSETS		7,912,015	5,147,341
EQUITY AND LIABILITIES			
Equity			
Share capital	11	206,000	206,000
Unappropriated profit		5,276,416	4,033,155
		5,482,416	4,239,155
Non-current liability			
Deferred taxation	12	2,332	902
Current liabilities			
Accrued and other liabilities	13	1,737,436	449,930
Taxes payable		689,831	457,354
		2,427,267	907,284
Contingencies and commitments	14		
TOTAL EQUITY AND LIABILITIES		7,912,015	5,147,341

The annexed notes 1 to 29 form an integral part of these financial statements.

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Chief Executive Officer


Director

THAR POWER COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts in thousand)

	Note	2023	2022
		-----Rupees-----	
Revenue	15	3,613,596	5,425,823
Cost of revenue	16	(1,887,162)	(338,745)
Gross profit		<u>1,726,434</u>	<u>5,087,078</u>
Administrative expenses	17	(43,227)	(28,139)
Other operating expenses	18	(77,673)	(18,771)
		(120,900)	(46,910)
Profit on bank deposit and short term investments		968,256	546,427
Profit before taxation		<u>2,573,790</u>	<u>5,586,595</u>
Taxation	19	(1,330,529)	(1,849,335)
Profit for the year		<u>1,243,261</u>	<u>3,737,260</u>
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u><u>1,243,261</u></u>	<u><u>3,737,260</u></u>

The annexed notes 1 to 29 form an integral part of these financial statements.

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Chief Executive Officer


Director

**THAR POWER COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023**


(Amounts in thousand)

	Issued, subscribed and paid-up capital	<u>Revenue reserve</u> Unappropriated profit	Total
	-----Rupees-----		
Balance as at January 1, 2022	206,000	295,895	501,895
Total comprehensive income for the year	-	3,737,260	3,737,260
Balance as at December 31, 2022	206,000	4,033,155	4,239,155
Total comprehensive income for the year	-	1,243,261	1,243,261
Balance as at December 31, 2023	<u>206,000</u>	<u>5,276,416</u>	<u>5,482,416</u>

The annexed notes 1 to 29 form an integral part of these financial statements.

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Chief Executive Officer


Director

THAR POWER COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts in thousand)

	2023	2022
Note	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,573,790	5,586,595
Adjustment for non-cash charges and other items:		
Depreciation charge	9,546	6,228
Profit on bank deposit and short-term investments	(968,256)	(545,295)
	(958,710)	(539,067)
Working capital changes:		
(Increase) / decrease in current assets		
Inventory	(12,469)	(11,270)
Contract asset	482,446	(482,446)
Trade debts	(1,456,615)	64,073
Other receivable	(175,396)	(104,486)
Advances and deposits	(51,021)	(23,923)
	(1,213,055)	(558,052)
Increase in accrued and other liabilities	1,287,506	(3,274,533)
	74,451	(3,832,585)
Cash generated from operations	1,689,531	1,214,943
Taxes paid	(1,096,622)	(1,389,706)
Net cash generated from / (used in) operating activities	592,909	(174,763)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(22,800)	(10,273)
Profit received on bank deposit and short-term investments	968,256	545,295
Net cash generated from investing activities	945,456	535,022
Net increase in cash and cash equivalents	1,538,365	360,259
Cash and cash equivalents at the beginning of the year	4,167,072	3,806,813
Cash and cash equivalents at the end of the year	5,705,437	4,167,072

The annexed notes 1 to 29 form an integral part of these financial statements.

As per


Chief Executive Officer


Director

THAR POWER COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

- 1.1 Thar Power Company Limited ('the Company') is a public unlisted company, incorporated in Pakistan on May 31, 2013 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The registered office, which is also the head office and business unit of the Company, is situated at the 16th Floor, The Harbor Front Building, Plot Number HC-3, Marine Drive, Block 4, Clifton, Karachi and its operations site is situated at Thar Block II, Islamkot, District Tharparkar, Sindh. The Company is supplying canal water through Nabisar and ground water through mine which along with its head office collectively form the business units of the Company.
- 1.2 The Company is a wholly owned subsidiary of Sindh Engro Coal Mining Company Limited (the Holding Company). The principal object of the Company is to carry out the business of power generation, distribution, transmission, sale of electricity, carry out related research and studies and to abstract and divert water from any appropriate source for use in connection with the generation of electricity.
- 1.3 Further, the Company has entered into water usage agreements with the Government of Sindh, Engro Powergen Thar (Private) Limited (EPTL), ThalNova Power Thar (Private) Limited (TNPTL), Thar Energy Limited (TEL) and Siddiqsons Energy Limited (SEL), whereby, the Company has agreed to supply required quantity of canal / ground water to EPTL, TNPTL, TEL and SEL for their power projects in Thar Block II.

Currently the Company is supplying ground water to EPTL as per the bridge agreement, amended bridge agreement, ground water agreement and water use agreement and canal water to EPTL, TEL and TNPTL as per supplementary water use agreements.

2. MATERIAL ACCOUNTING POLICY INFORMATION

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

2.1 Basis of preparation

- 2.1.1 These financial statements have been prepared under the historical cost convention unless specified otherwise.
- 2.1.2 The financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable on the Company in Pakistan comprise of:

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

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

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(Amounts in thousand)

2.1.3 The Securities and Exchange Commission of Pakistan (SECP) through its SRO No. 1177 (I)/2021 dated September 13, 2021 extended the exemption regarding the applicability of "Expected Credit Losses Method" under IFRS 9 - Financial Instruments till June 30, 2022 on financial assets directly due from Government of Pakistan (GoP) or that are ultimately due from GoP, in consequence of circular debt, provided that the Company shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement'. On January 20, 2023, through SRO. No. 67 (I)/2023, SECP further extended the exemption of application of Expected Credit Loss Method under IFRS 9 till December 31, 2024.

2.1.4 The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan require the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving high degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are set out below:

- Residual values, useful lives of Property, plant and equipment (note 2.2); and
- Taxation (note 2.16).

2.1.5 **Initial application of standards, amendments or interpretations to approved accounting and reporting standards**

a) Standards, amendments and interpretations to approved accounting and reporting standards that became effective during the year

There is a standard and certain amendments to approved accounting and reporting standards that are applicable to the Company for the financial year beginning on January 1, 2023, however these do not have any material impact on the Company's financial reporting and, therefore, have not been presented in these financial statements, except for the following:

Amendment to IAS 1 "Presentation of financial statements" (IAS 1) and IFRS Practice Statement 2 :

This amendment aims to help entities in providing accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. This amendment has only had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any item in these financial statements.

b) Standards, amendments and interpretations to approved accounting and reporting standards that are not yet effective and have not been early adopted by the Company

There are certain amendments to approved accounting and reporting standards that are not yet effective and have not been early adopted by the Company for the financial year beginning on January 1, 2023. These are not expected to have a material impact on the Company's financial reporting and, therefore, have not been presented in these financial statements.

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(Amounts in thousand)**2.2 Property, plant and equipment**

These are stated at historical cost less accumulated depreciation and impairment losses, if any except capital work-in-progress which is stated at cost less impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Where major components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

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 repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial year in which they are incurred.

Disposal of asset is recognized when significant risk and rewards incidental to ownership have been transferred to buyers. Gains and losses on disposals or retirements of an asset represented by the difference between the sales proceeds and the carrying amount of the asset is recognized within 'other income / expense' in the statement of profit or loss and other comprehensive income, in the financial year of disposal or retirement.

Depreciation is charged to the statement of profit or loss and other comprehensive income using the straight line method at rates disclosed in note 3.1 to these financial statements whereby the cost of an operating asset less its estimated residual value is written off over its estimated useful life. Depreciation on addition is charged from the month following the month in which the asset is available for use and on disposals upto the preceding month of disposal.

The Company reviews appropriateness of the rate of depreciation, useful life and residual values used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis.

2.3 Trade debts, contract assets and other receivables

Trade debts and other receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognized at fair value. The Company holds receivables with the objective of collecting the contractual cash flows and, therefore, measures the trade debts subsequently at amortized cost using the effective interest rate method. Provision for impairment is recognized based on the policy stated in note 2.4.3. Trade debts and other receivables considered irrevocable are written off.

A contract asset is recognized for the Company's right to consideration in exchange for goods or services that it has transferred to a customer. If the Company performs its obligation by transferring goods or services to a customer before the customer pays the consideration or before the payment is due, the Company presents the amount as a contract asset, excluding any amounts presented as a receivable in trade debts.

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(Amounts in thousand)

2.4 Financial assets

2.4.1 Classification

The Company classifies its financial assets in the following measurement categories based on the Company's business model for managing the financial assets and the contractual terms of the cash flows:

(i) At amortized cost

Assets that are held for collection of contractual cash flows arising on specified dates, where those cash flows represent solely payments of principal and interest on principal amount outstanding are measured at amortized cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognized directly in profit or loss.

(ii) At fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) At fair value through profit or loss

Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income or assets that are designated at fair value through profit or loss using fair value option, are measured at fair value through profit or loss.

2.4.2 Recognition and measurement

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognized on the trade-date i.e. the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognized at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed out in profit or loss.

Financial assets at 'fair value through other comprehensive income' and financial assets at 'fair value through profit or loss' are subsequently carried at fair value. Gains or losses arising from changes in the fair value of 'financial assets at fair value through profit or loss' category, together with interest thereon (if any), are recognized in profit or loss. Financial assets at amortized cost are carried as such using the effective interest rate method.

Interest on financial assets at 'fair value through other comprehensive income' is calculated using the effective interest rate method and is recognized in profit or loss. Dividends on financial assets at 'fair value through other comprehensive income' and at 'fair value through profit or loss' are recognized in profit or loss when the Company's right to receive payments is established.

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(Amounts in thousand)

For financial assets at 'fair value through other comprehensive income' interest income, impairment gains or losses and foreign exchange gains and losses are recognized in profit or loss. The fair value changes are recognized in other comprehensive income. When debt instruments classified as 'financial assets at fair value through other comprehensive income' are sold, the accumulated gain or loss previously recognized in other comprehensive income is reclassified to 'other income / expense' in the profit or loss. When equity instruments classified as 'financial assets at fair value through other comprehensive income' are sold, the accumulated gain or loss previously recognized in other comprehensive income is not reclassified to profit or loss.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

2.4.3 Impairment of financial assets

As explained in note 2.1.3, trade debts and other receivable ultimately due from GOP are assessed in accordance with the provisions of IAS 39 at each reporting date to determine whether there is any objective evidence that these are impaired. These are 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 these receivables.

For financial assets other than due from GOP, lifetime ECL is recognized when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial asset at an amount equal to 12 months, ECL.

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

2.5 Inventory

Inventory is valued at weighted average cost, lower of cost or NRV, except for items in transit which are stated at invoice value plus other charges paid thereon till the reporting date.

Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

2.6 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows represents balance with bank including cheques in hand and investments having original maturity of upto three months.

2.7 Deferred revenue

This represents invoiced amounts against which either no cost has been incurred or which will be recognized / adjusted, upon approval of tariff true-up of EPTL.

2.8 Share capital

Ordinary shares are classified as equity and are recorded at face value. Incremental costs, if any, directly attributable to the issue of shares, are recognized in equity as a deduction, net of tax, from the proceeds.

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(Amounts in thousand)

2.9 Financial liabilities

All financial liabilities are recognized initially at fair value plus directly attributable transaction costs, if any, and subsequently measured at amortized cost using effective interest rate method. These are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities.

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

2.10 Impairment of non financial assets

The carrying amount of the Company's assets is reviewed at each reporting date to determine whether there is any indication of impairment loss. If such indications exist, the assets recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in profit or loss.

2.11 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle either on a net basis, or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event default, insolvency or bankruptcy of the Company or the counterparty.

2.12 Provisions and contingent liabilities

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are not recognized for future operating losses. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

Contingent liability is disclosed when the Company has possible obligation that arises from past event and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within control of entity, or a present obligation that arises from past event but is not recognized because it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligation or, when amount of obligation cannot be measured with sufficient reliability.

2.13 Foreign currency transactions and translation

These financial statements are presented in Pakistan Rupees which is the Company's functional currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the respective dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities, denominated in foreign currency, are recognized in the statement of profit or loss and other comprehensive income.

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(Amounts in thousand)**2.14 Revenue recognition****Revenue from contracts with customers**

Revenue from supply of water is measured at the fair value of the consideration received or receivable (conditional or unconditional receivable), and is recognized over time on the basis of actual volumes of water supplied. Receivable is recognized on monthly basis based on water supplied during the month after the same has been acknowledged. The credit limits in agreements with customers is 30 days from the receipt of invoice.

Delayed payment income on overdue trade debts is recognized on accrual basis at the rate of 3 months KIBOR + 2%.

Interest income on financial assets

Interest income on short-term investments and savings bank accounts is recognized on accrual basis.

2.15 Retirement benefit obligations**Defined contribution plan**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the statement of profit or loss and other comprehensive income when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

The Company's associated company - Engro Corporation Limited, operates and maintains a defined contribution provident fund for the Company's permanent employees. Monthly contributions are made both by the Company and employees to the fund at the rate of 10% of basic salary.

Further, employees of the Company are also members of the defined contribution gratuity fund maintained and operated by the Company's associated company - Engro Corporation Limited. Monthly contributions are made by the Company to the fund at the rate of 8.33% of basic salary.

2.16 Taxation**Current**

The current income tax charge is based on the taxable profit for the year calculated on the basis of the tax laws enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred

Deferred tax is recognized using the balance sheet liability method, providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(Amounts in thousand)

	2023	2022
	-----Rupees-----	
3. PROPERTY, PLANT AND EQUIPMENT		
Operating assets (note 3.1)	34,471	18,284
Capital work-in-progress (note 3.2)	-	2,933
	<u>34,471</u>	<u>21,217</u>

3.1 Operating assets

	Building	Computers, office and other equipment	Plant & machinery	Vehicles	Total
	-----Rupees-----				
As at January 1, 2022					
Cost	-	-	20,382	-	20,382
Accumulated depreciation	-	-	(4,755)	-	(4,755)
Net book value	-	-	<u>15,627</u>	-	<u>15,627</u>
Year ended December 31, 2022					
Opening net book value	-	-	15,627	-	15,627
Additions (note 3.2)	-	-	8,885	-	8,885
Depreciation charge (note 16)	-	-	(6,228)	-	(6,228)
Net book value	-	-	<u>18,284</u>	-	<u>18,284</u>
As at December 31, 2022					
Cost	-	-	29,267	-	29,267
Accumulated depreciation	-	-	(10,983)	-	(10,983)
Net book value	-	-	<u>18,284</u>	-	<u>18,284</u>
Year ended December 31, 2023					
Opening net book value	-	-	18,284	-	18,284
Additions (note 3.2)	4,293	8,431	8,093	4,916	25,733
Depreciation charge (note 16)	(215)	(1,221)	(7,971)	(139)	(9,546)
Net book value	<u>4,078</u>	<u>7,210</u>	<u>18,406</u>	<u>4,777</u>	<u>34,471</u>
As at December 31, 2023					
Cost	4,293	8,431	37,360	4,916	55,000
Accumulated depreciation	(215)	(1,221)	(18,954)	(139)	(20,529)
Net book value	<u>4,078</u>	<u>7,210</u>	<u>18,406</u>	<u>4,777</u>	<u>34,471</u>
Annual rate of depreciation (%)	<u>10</u>	<u>25 to 33</u>	<u>20 to 33</u>	<u>20</u>	

hdp

(Amounts in thousand)

	2023	2022
	-----Rupees-----	

3.2 Capital work-in-progress

Balance at the beginning of the year	2,933	1,545
Add: Additions during the year	22,800	10,273
Less: Transferred to operating assets	(25,733)	(8,885)
Balance at the end of the year	-	2,933

3.3 Depreciation charge has been allocated to cost of revenue.

4. INVENTORY

Represents High Speed Diesel inventory for operating the gensets at the Nabisar facility.

5. CONTRACT ASSET

During the year, upon signing of side / letter agreements with EPTL, TEL and TNPTL for provisional taking over of Makhi Farash scheme, the Company has raised invoices in respect of unbilled revenue related to water supply from Makhi Farash as per the tariff notified through No. 11/19-SO(PL)/2021-22 (W.T), dated March 30, 2022. Consequently, the related contract asset has been derecognized.

6. TRADE DEBTS

6.1 Represents receivable from customers (associated companies / related party) against sale of water and delayed payment interest on outstanding receivables in accordance with the terms of the Ground Water Agreement, Bridge Agreements, Amended Bridge Agreement, Water Use Agreement and Supplementary Water Use Agreement:

	2023	2022
	-----Rupees-----	
- Engro Powergen Thar Limited	857,366	226,929
- Thar Energy Limited	424,932	-
- Thal Nova Power Thar Private Limited	401,246	-
	1,683,544	226,929

6.2 The ageing analysis of trade debts is as follows:

Neither past due nor impaired	358,747	114,970
Past due but not impaired		
- Up to 3 months	862,630	111,959
- More than 3 months	462,167	-
	1,324,797	111,959
	1,683,544	226,929

6.3 The maximum amount outstanding at the end of any month from associated companies / related party aggregated to Rs. 1,816,274 (2022: Rs. 568,990).



(Amounts in thousand)

7. OTHER RECEIVABLES

7.1 Represents unbilled receivable with respect to delayed payment income recognized from EPTL, TEL and TNPTL amounting to Rs. 116,976 (2022: Rs. 104,486) and water levy @ 15% on indexed tariff which is yet to be billed to EPTL, TEL and TNPTL amounting to Rs. 162,906 (2022: Nil).

7.2 The maximum amount outstanding at the end of any month from related party / associated companies aggregated to Rs. 279,882 (2022: Rs. 104,486).

	2023	2022
	-----Rupees-----	

8. ADVANCES AND DEPOSITS

Advances to suppliers	660	239
Deposits (note 8.1)	176,000	125,400
	176,660	125,639

8.1 Includes advance to a commercial bank in respect of guarantees including commission issued by the Holding Company, i.e. performance guarantees of US\$ 500 to The Director General Coal Mines Development, Government of Sindh and Rs. 2,200 to the Nazir of High Court of Sindh in favour of the tax authorities.

9. SHORT TERM INVESTMENTS

As at December 31, 2023, this represents investment in Pakistan Investment Bond at amortized cost for a period upto one month at the rate of 21.60% (2022: 15.50%) per annum.

10. BALANCE WITH BANK

Represents deposit with a scheduled bank at profit rates ranging from 14.50% to 20.50% (2022: 8.25% to 14.50%) per annum.

	2023	2022
	-----Rupees-----	

11. SHARE CAPITAL**Authorized capital**

21,000,000 (2022: 21,000,000) ordinary shares of Rs. 10 each fully paid in cash	210,000	210,000
---	---------	---------

Issued, subscribed and paid-up capital

20,600,000 (2022: 20,600,000) ordinary shares of Rs. 10 each fully paid in cash (note 11.1)	206,000	206,000
---	---------	---------

11.1 These fully paid ordinary shares carry one vote per share and right to dividend.

	2023	2022
	-----Rupees-----	

12. DEFERRED TAXATION

Deferred tax liability arising on accelerated tax depreciation	2,332	902
--	-------	-----

MB

(Amounts in thousand)

	2023	2022
	-----Rupees-----	
13. ACCRUED AND OTHER LIABILITIES		
Accrued liabilities and other payables (note 13.1)	1,445,920	271,794
Retention money	681	112
Workers' Welfare Fund	51,501	13,760
Sales tax payable	55,631	16,042
Deferred liabilities (note 13.2)	160,970	-
Due to related parties		
- Engro Corporation Limited	992	1,097
- Sindh Engro Coal Mining Company Limited	21,741	147,125
	<u>1,737,436</u>	<u>449,930</u>

13.1 Includes accruals against water allocator cost amounting to Rs. 1,359,677 (2022: Rs.118,842), payable to Government of Sindh (GoS) Irrigation Department (a related party).

13.2 This represents the portion of invoiced revenue against which either no related costs have been incurred or which will be adjusted after the approval / notification of tariff by the GoS Irrigation Department.

14. CONTINGENCIES AND COMMITMENTS

14.1 In respect of the matter relating to the stay order provided by the Supreme Court of Pakistan (SCP) against super tax levied under section 4C through enactment of Finance Act, 2022, during the year, the SCP in its order dated February 16, 2023 directed the Federal Board of Revenue (FBR) to encash the guarantee provided by the Company to Nazir of High Court of Sindh. Consequently, the guarantee provided by the Company to Nazir of High Court of Sindh in the form of post dated cheque amounting to Rs.1,935 was encashed during the year.

14.2 There are no capital commitments outstanding as of December 31, 2023 and 2022.

	2023	2022
	-----Rupees-----	

15. REVENUE

Revenue from contracts with customers

- Supply of water	4,123,276	5,605,471
- Less: Sales tax	(626,656)	(284,134)
	3,496,620	5,321,337
Delayed payment interest	116,976	104,486
	<u>3,613,596</u>	<u>5,425,823</u>

16. COST OF REVENUE

Salaries, wages and other benefits (note 16.1)	25,319	16,951
Water allocator cost (note 16.2)	1,241,147	118,956
Fuel, power and other expenses	505,726	183,508
Repair and maintenance	105,424	13,102
Depreciation charge (note 3.1)	9,546	6,228
	<u>1,887,162</u>	<u>338,745</u>

16.1 This includes Rs. 2,200 (2022: Rs. 1,788) in respect of staff retirement benefits.

16.2 This represents water allocator surcharge, O&M cost, water levy and irrigation infrastructure development payable to GoS Irrigation Department, a related party.

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(Amounts in thousand)

	2023	2022
	-----Rupees-----	
17. ADMINISTRATIVE EXPENSES		
Housing and utilities	8,353	7,092
Travelling, accommodation and other expenses	21,514	20,082
Telecommunication	13,360	965
	<u>43,227</u>	<u>28,139</u>
18. OTHER OPERATING EXPENSES		
Auditor's remuneration (note 18.1)	1,291	672
Legal and professional expenses	8,987	4,339
Workers' Welfare Fund	67,395	13,760
	<u>77,673</u>	<u>18,771</u>
18.1 Auditor's remuneration		
Fee for the:		
- audit of annual financial statements	375	250
- review of half yearly financial information	150	100
- review of compliance with the Public Sector Companies (Corporate Governance) Rules, 2013	150	-
- taxation advisory services	528	172
Out of pocket expenses	88	150
	<u>1,291</u>	<u>672</u>
19. TAXATION		
Current		
- for the year (note 19.1)	1,004,270	1,840,144
- for prior year (note 19.1)	324,829	1,936
	<u>1,329,099</u>	<u>1,842,080</u>
Deferred (note 12)	1,430	7,255
	<u>1,330,529</u>	<u>1,849,335</u>
19.1	<p>Section 4C 'Super tax on high earning persons' of the Ordinance introduced through the Finance Act, 2022 has been further amended through the Finance Act, 2023, whereby super tax rate has been increased to 10% where the income exceeds Rs. 500,000. This is retrospectively applicable from tax year 2023 onwards. In previous year, the Company had already recognized super tax provision at 4% for tax year 2023 based on the rate applicable at December 31, 2022. Accordingly, during the current year, the Company has increased the super tax provision to 10% which has resulted in additional provision of Rs. 324,829, for prior tax year 2023. Further, this also includes super tax provision recognized at 10% for tax year 2024, amounting to Rs. 264,215. However, the Company has obtained stay order from Islamabad High Court in W.P No. 2905/2023 for the portion of levy of super tax representing 6%.</p>	
19.2	<p>Relationship between accounting profit and tax expense:</p> <p>The tax on the Company's profit before tax differs from the theoretical amount that would arise using the Company's applicable tax rate as follows:</p>	



(Amounts in thousand)

	2023	2022
	-----Rupees-----	
Profit before taxation	2,573,790	5,586,595
Tax at the applicable tax rate of 39% (2022: 33%)	1,003,778	1,843,576
Tax effect of:		
- Prior year charge	324,829	1,936
- Effect of change in tax rate	164	(718)
- Others	1,758	4,541
	326,751	5,759
	1,330,529	1,849,335

20. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2023			2022		
	Directors			Directors		
	Chief Executive Officer	Others	Executives	Chief Executive Officer	Others	Executives
	------(Rupees)-----					
Managerial remuneration	-	-	13,073	-	-	23,888
Contribution for staff retirement benefits	-	-	2,221	-	-	2,382
Bonus	-	-	4,569	-	-	2,156
Total	-	-	19,863	-	-	28,426
Number of persons, including those who worked part of the year	1	10	5	1	10	7

20.1 No remuneration has been paid or is payable by the Company to its Chief Executive Officer and other directors for both years presented.

	2023	2022
	-----Rupees-----	
Short term investments	4,003,239	4,127,690
Balance with bank	1,702,198	39,382
	5,705,437	4,167,072

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(Amounts in thousand)

22. NUMBER OF EMPLOYEES

	Number of employees as at		Average number of employees	
	2023	2022	2023	2022
- Permanent	4	3	4	6
- Contractual	10	4	7	8
	<u>14</u>	<u>7</u>	<u>11</u>	<u>14</u>

22.1 The employees of the Company are seconded employees from the Holding Company.

2023 2022
-----Rupees-----

23. FINANCIAL INSTRUMENTS BY CATEGORIES**Financial assets at amortized cost**

Trade debts	1,683,544	226,929
Deposits	176,000	125,400
Other receivable	279,882	104,486
Short-term investments	4,003,239	4,127,690
Balance with bank	1,702,198	39,382
	<u>7,844,863</u>	<u>4,623,887</u>

Financial liabilities at amortized cost

Accrued and other liabilities	<u>1,469,334</u>	<u>420,128</u>
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24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**24.1 Financial risk factors**

The Company's activities expose it to a variety of financial risks including market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to the shareholders.

Risk management is carried out by the Holding Company's Finance and Planning department under policies approved by the Board of Directors.

a) Market risk**i) Currency risk**

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at reporting date the Company does not have any financial assets and liabilities denominated in foreign currency.

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(Amounts in thousand)

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cashflows of a financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to cashflow interest risk is limited to the Company's deposits with bank and short term investments as at December 31, 2023. If interest rates have been 1% higher / lower with all other variables held constant, post tax profits for the year would have been higher / lower by Rs. 34,803 (2022: Rs. 27,919).

iii) Other price risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors effecting all similar other financial instruments traded in the market. As at reporting date, the Company is not exposed to price risk.

b) Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation.

Credit risk arises from deposit with bank, trade debts, short term investments and other receivables. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The maximum exposure to credit risk is equal to the carrying amount of financial assets. A default on a financial asset is when the counterparty fails to make contractual payments within timelines agreed as per the respective agreements / arrangements. The Company maintains an internal policy to place funds with commercial bank having a minimum short term credit rating of A1+. The Company accepts bank guarantees of banks of reasonably high credit ratings as approved by the management.

The company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external ratings. The carrying value of financial assets which are neither past due nor impaired are as under:

	2023	2022
	-----Rupees-----	
Trade debts	358,747	114,970
Other receivable	279,882	104,486
Deposits	176,000	125,400
Short term investments	4,003,239	4,127,690
Balance with bank	1,702,198	39,382
	<u>6,520,066</u>	<u>4,511,928</u>

The carrying value of financial assets which are past due but not impaired as follows:

	2023	2022
	-----Rupees-----	
Trade debts	<u>1,324,797</u>	<u>111,959</u>

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(Amounts in thousand)

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

Name of bank	Rating Agency	Rating	
		Short term	Long term
Allied Bank Limited	PACRA	A1+	AAA

c) Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and making arrangement for availability of funding through an adequate amount of committed credit facilities. The Company maintains flexibility in funding by maintaining committed credit lines available. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. All financial liabilities of the Company are due within one year.

	2023 Maturity upto one year	2022 Maturity upto one year
-----Rupees-----		
Accrued and other liabilities	<u>1,469,334</u>	<u>420,128</u>

24.2 Fair value of financial assets and financial liabilities

The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values.

24.3 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for share holders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. To manage its capital structure, the Company may issue shares or use dividend policy to influence the retention rate.

25. CAPACITY AND PRODUCTION

	2023	2022
-----US gallons in '000-----		
Maximum supply capacity	<u>8,256,644</u>	<u>8,256,644</u>
Actual quantity of water supplied	<u>5,636,224</u>	<u>3,801,499</u>

ADB

(Amounts in thousand)

25.1 The water supplied is dependent on the requirements of power plants.

26. TRANSACTIONS WITH RELATED PARTIES

26.1 Related parties comprise of the Holding Company, associated companies and controlling authority (Government of Sindh). Following are names of associated companies and related parties with whom the Company had entered into transactions or had agreements and / or arrangements in place during the year:

Name	Direct shareholding	Relationship
Sindh Engro Coal Mining Company	100%	Holding Company
Engro Corporation Limited	N/A	Associated Company
Engro Powergen Thar (Private) Limited	N/A	Associated Company
Government of Sindh	N/A	Controlling Authority
Thar Energy Limited	N/A	Associated Company
ThalNova Power Thar (Private) Limited	N/A	Associated Company

26.2 Details of transactions, with related parties during the period, other than those which have been disclosed elsewhere in these financial statements, are as follows:

26.3 Government related entities

The Company has availed the exemption available to it under its reporting framework, and therefore has not provided detailed disclosures of its transactions with government related entities except for the transactions included below, which Company considers to be significant:

	2023	2022
	-----Rupees-----	
Holding Company		
Reimbursement of expenses incurred by:		
- Sindh Engro Coal Mining Company Limited	<u>292,217</u>	<u>93,609</u>
Associated Company		
Reimbursement of expenses incurred by:		
- Engro Corporation Limited	<u>1,812</u>	<u>-</u>
Invoicing against supply of water		
- Engro Powergen Thar (Private) Limited	<u>2,250,121</u>	<u>1,473,061</u>
Contribution to retirement benefit funds	<u>2,092</u>	<u>2,513</u>

27. GENERAL

Figures have been rounded off to the nearest thousand Pakistan Rupees in these financial statements, unless otherwise stated.

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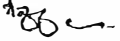
(Amounts in thousand)

28. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purpose of comparison and better presentation, the effects of which are not material.

29. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on March 7, 2024 by the Board of Directors of the Company.




Chief Executive Officer


Director

THAR POWER

Thar Power Company

16 th Floor, The Harbor Front Building, HC-3, Marine Drive, Block 4, Clifton, Karachi-75600 Pakistan.

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Directors' Report Year Ended December 31, 2023

The Directors of Thar Power Company Limited (the Company), a wholly owned subsidiary of Sindh Engro Coal Mining Company Limited, are pleased to present the Financial Statements and a review of the Company's performance for the year ended December 31, 2023.

Progress update

The Company is supplying ground water to Engro Powergen Thar (Private) Limited's (EPTL) 2x330 MW power plants along with supply of Makhi Farash Water to EPTL's power plants, Thar Energy Limited 330 MW power plant, and Thal Nova Power Thar (Private) Limited 330 MW power plant. During the year ended December 31, 2023, the Company supplied ~ 5,636 M gallons of ground water.

Furthermore, during the year ended December 31, 2023, TPCL achieved a TRIR of 0 against plan of 0.65.

Results for the year

The Company declared a net profit amounting to PKR 1,243 million for the year ended December 31, 2023. This profit represents revenue against supply of water and profit on bank deposits / government securities netted off with amortization of intangible assets and operating expenses. The Company has not declared any dividend or bonus share issue for the year. Accordingly, the Company has transferred unappropriated profit for the year amounting to PKR 1,243 million to unappropriated profit reserve.

The Company's Earnings Per Share (EPS) for the year is PKR 60.35 / share.

All statutory / non-statutory liabilities (if any) have been disclosed adequately in the financial statements.

Key operating and financial data for the preceding 6 years

	2023	2022	2021	2020	2019	2018
	PKR / No. of Shares in 000					
Profit / (Loss) Before Tax	2,573,790	5,586,595	191,457	148,123	75,416	(8,886)
Profit / (Loss) After Tax	1,243,261	3,737,260	167,874	125,942	69,101	(9,430)
Property, Plant & Equipment	34,471	21,217	17,172	19,703	-	-
Intangible Assets	-	-	-	-	-	46,883
Net Current Assets	5,450,277	4,218,840	478,370	307,384	201,831	124,299
Deferred Liabilities	160,970	-	3,649,970	2,254,522	929,032	-
Shareholders' Fund	5,482,416	4,239,155	501,895	334,021	208,079	138,978

Allocation of reserves

The Company has allocated reserves as follows for the year:

Unappropriated profit

	PKR ('000)
Balance as at January 1, 2023	4,033,155
Profit for the year	1,243,261
Balance as at December 31, 2023	5,276,416

Key shareholding position

Following is the key shareholding position as at December 31, 2023:

Shareholders	No. of shares held
Holding company	
Sindh Engro Coal Mining Company Ltd.	20,599,989
Directors	
Mr. Shakeel Ahmed Mangnejo	1
Mr. Asif Haider Mirza	1
Mr. Amir Iqbal	1
Mr. Rehan Iqbal Baloch	1
Dr. Kazim Hussain Jatoi	1
Mr. Muhammad Kamran Kamal	1
Mr. Muhammad Salman Burney	1
Mr. Muhammad Tayyab Ahmad Tareen	1
Mr. Ghias Khan	1
Mr. Sami Aziz	1
Dr. Mahesh Kumar Malani	1
	20,600,000

Retirement funds

The Company contributes to plans that provide post-employment and retirement benefits for its employees. These include defined contribution (DC) gratuity plan, and DC provident fund. The plan / funds are managed by Engro Corporation Limited for its employees and those of its associates including the Company.

Statement of directors' responsibilities

The directors confirm compliance with Public Sector Companies (Corporate Governance) Rules for the following:

1. The Board has complied with the relevant principles of corporate governance except as disclosed in the statement of compliance with the Public Sector Companies (Corporate Governance) Rules, 2013.
2. The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
3. Proper books of accounts of the Company have been maintained.
4. Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable prudent judgment.
5. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and any departures there from have been adequately disclosed.
6. The system of internal control is sound in design and has been effectively implemented and monitored.
7. The appointment of chairman and other members of Board and the terms of their appointment along-with the remuneration policy adopted are in the best interest of the Company as well as in line with best practices.
8. There are no significant doubts about the Company's ability to continue as a going concern.

Appointment of external auditors

The Board of Directors has re-appointed A. F. Ferguson & Co., Chartered Accountants, as external auditors of the Company for the year ended December 31, 2024, based on the recommendation of the Board Audit Committee.

Board meetings and attendance

In 2023, the Board of Directors held 5 meetings and the Board Audit Committee (BAC) held 5 meetings. The attendance record of the Directors is as follows:

S.No	Directors	Member of BAC	Executive / non-Executive	BoD meetings attended	BAC meetings attended
1	Mr. Imtiaz Ahmed Shaikh ⁵		non-Executive	1	
2	Mr. Amir Iqbal		Executive	5	
3	Mr. Abu Bakar Ahmed Madni ¹	Yes	non-Executive	3	4
4	Mr. Sajid Jamal Abro ¹	Yes	non-Executive	3	4
5	Mr. Muhammad Kamran Kamal		non-Executive	4	
6	Mr. Muhammad Salman Burney		non-Executive	5	
7	Mr. Muhammad Tayyab Ahmad Tareen	Yes	non-Executive	5	5

8	Mr. Ghias Khan		non-Executive	2	
9	Mr. Sami Aziz	Yes	non-Executive	3	4
10	Dr. Mahesh Kumar Malani		non-Executive	5	
11	Mr. Syed Hasan Naqvi ¹	Yes	non-Executive	0	0
12	Mr. Asif Haider Mirza ⁶	Yes	Independent	0	0
13	Mr. Fayyaz Hussain Abbasi ²	Yes	non-Executive	1	1
14	Mr. Rehan Iqbal Baloch ⁴	Yes	non-Executive	1	0
15	Dr. Kazim Hussain Jatoi ³	Yes	non-Executive	2	1
16	Mr. Shakeel Ahmed Mangnejo ³	Yes	non-Executive	1	1

1. Resigned on September 25, 2023
2. Appointed on September 25, 2023, and resigned on November 6, 2023
3. Appointed on September 25, 2023
4. Appointed on November 6, 2023
5. Resigned on December 18, 2023
6. Appointed on December 18, 2023

Note:

Company has applied for the certain exemptions from the requirement of Rule 3(1) and 3(2) of Public Sector Companies (Corporate Governance) Rules, 2013 in connection with the requirement of Independent Directors

Principal risks to the Company

All principal risks to the Company have been disclosed adequately in the financial statements.

Directors' remuneration

There is no remuneration for attending Board and Committee meetings.


 Chief Executive Officer


 Director



REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) prepared by the Board of Directors of Thar Power Company Limited (the Company) for the year ended December 31, 2023.

The responsibility for compliance with the Rules is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Rules and report if it does not and to highlight any non-compliance with the requirements of the Rules. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Rules.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Rules require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Rules as applicable to the Company for the year ended December 31, 2023.

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Date: April 4, 2024

UDIN: CR202310080f7RWuAZPL

**Statement of Compliance with the
Public Sector Companies (Corporate Governance) Rules, 2013**

Name of the Company: Thar Power Company Limited.

Name of the line ministry: Irrigation Department, Government of Sindh.

For the year ended: December 31, 2023

I This statement presents the overview of the compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called "the Rules") issued for the purpose of establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices of public sector governance.

II The Company has complied with the provisions of the Rules in the following manner:

S. No.	Provisions of the Rules	Rule No.	Yes/No/NA																														
1	The independent directors meet the criteria of independence, as defined under the Rules.	2(d)	No. Please refer Note 1.																														
2	<p>The Board has at least one-third of its total members as independent directors. At present the Board includes:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Category</th> <th>Names</th> <th>Date of Appointment</th> </tr> </thead> <tbody> <tr> <td>Independent Directors</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>Executive Director</td> <td>Mr. Amir Iqbal (Chief Executive Officer/ Director)</td> <td>24-Nov-22</td> </tr> <tr> <td rowspan="9">Non-Executive Directors</td> <td>Mr. Asif Haider Mirza **</td> <td>18-Dec-23</td> </tr> <tr> <td>Mr. Shakeel Ahmed (Chairman) *</td> <td>25-Sep-23</td> </tr> <tr> <td>Mr. Muhammad Tayyab Ahmad Tareen</td> <td>24-Nov-22</td> </tr> <tr> <td>Mr. Sami Aziz</td> <td>24-Nov-22</td> </tr> <tr> <td>Mr. Ghias Uddin Khan</td> <td>24-Nov-22</td> </tr> <tr> <td>Mr. Muhammad Kamran Kamal</td> <td>24-Nov-22</td> </tr> <tr> <td>Dr. Mahesh Kumar Malani</td> <td>24-Nov-22</td> </tr> <tr> <td>Mr. Muhammad Salman Burney</td> <td>24-Nov-22</td> </tr> <tr> <td>Mr. Rehan Iqbal Baloch ***</td> <td>6-Nov-23</td> </tr> <tr> <td>Dr. Kazim Hussain Jatoi *</td> <td>25-Sep-23</td> </tr> </tbody> </table> <p>*Mr. Kazim Hussain Jatoi and Mr. Shakeel Ahmed were nominated by Government of Sindh (GoS) on September 25, 2023, in place of Mr. Sajid Jamal Abro and Mr. Syed Hassan Naqvi. **Mr. Asif Haider Mirza was nominated by GoS on December 18, 2023, in place of Mr. Imtiaz Ahmed Shaikh. ***Mr. Rehan Iqbal Baloch was nominated by GoS on November 6, 2023, in place of Mr. Fayaz Hussain Abbasi, who was nominated by GoS in place of Mr. Abu Bakar Ahmed Madani on September 25, 2023.</p>	Category	Names	Date of Appointment	Independent Directors	N/A	N/A	Executive Director	Mr. Amir Iqbal (Chief Executive Officer/ Director)	24-Nov-22	Non-Executive Directors	Mr. Asif Haider Mirza **	18-Dec-23	Mr. Shakeel Ahmed (Chairman) *	25-Sep-23	Mr. Muhammad Tayyab Ahmad Tareen	24-Nov-22	Mr. Sami Aziz	24-Nov-22	Mr. Ghias Uddin Khan	24-Nov-22	Mr. Muhammad Kamran Kamal	24-Nov-22	Dr. Mahesh Kumar Malani	24-Nov-22	Mr. Muhammad Salman Burney	24-Nov-22	Mr. Rehan Iqbal Baloch ***	6-Nov-23	Dr. Kazim Hussain Jatoi *	25-Sep-23	3(2)	No. Please refer Note 1.
Category	Names	Date of Appointment																															
Independent Directors	N/A	N/A																															
Executive Director	Mr. Amir Iqbal (Chief Executive Officer/ Director)	24-Nov-22																															
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Dr. Kazim Hussain Jatoi *	25-Sep-23																																
3	The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.	3(5)	Yes, except for 1 director who was serving in more than five public sector companies. However, he ceased to act as a director on the Board with effect from September 25, 2023.																														

Handwritten signatures and initials in blue ink.

S. No.	Provisions of the Rules	Rule No.	Yes/No/NA
4	The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as Board members under the provisions of the Act.	3(7)	Yes, fit and proper criteria was applied in making majority of the nominations. In two cases, the requirements of fit and proper criteria were not full filled. However, the Company has applied for exemption for the overall clause. Please refer Note 1.
5	The Chairman of the Board is working separately from the chief executive of the Company.	4(1)	Yes
6	The Chairman has been elected by the Board of Directors except where Chairman of the Board has been appointed by the Government.	4(4)	Yes
7	The Board has evaluated the candidates for the position of the chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission. (Not applicable where chief executive has been nominated by the Government).	5(2)	No. Please refer Note 1.
8	(a) The company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place. (b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures, including posting the same on the company's website. The Code of Conduct of the Company can be obtained from the Group's i.e. Engro Energy Limited's website i.e. https://www.engroenergy.com/code-of-conduct/ (c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)	Yes. However such policies are available on Engro Energy Limited's website, in absense of Company's own website.
9	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	Yes
10	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	5(5)(b)(ii)	Yes
11	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the Company.	5(5)(b)(vi)	Yes
12	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	5(5)(c)(ii)	Yes
13	The Board has ensured compliance with the law as well as the Company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	5(5)(c)(iii)	Yes. As per the legal opinion obtained, Sindh Public Procurement Act, 2009, is not applicable as the Company is not a procuring agency under the law.. However the Company has policies for procurement.

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S. No.	Provisions of the Rules	Rule No.	Yes/No/NA
14	The Board has developed a vision or mission statement and corporate strategy of the Company.	5(6)	No
15	The Board has developed significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended, has been maintained.	5(7)	Yes
16	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation and has submitted its request for appropriate compensation to the Government for consideration.	5(8)	N/A. The Company did not deliver any services or sell any goods as a public service obligation, and no submission of request for compensation were made to the Government.
17	The Board has ensured compliance with policy directions requirements received from the Government.	5(11)	N/A as no such directions were received during the year.
18	(a) The Board has met at least four times during the year.	6(1)	Yes
	(b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings.	6(2)	Yes, however the notices of the Board meetings were not separately circulated in the name of the Company (Thar Power Company Limited). Further, there were delays in circulation of agenda along with working papers of two board meetings, however waiver of notice was granted in the meetings as meetings were held on short notice.
	(c) The minutes of the meetings were appropriately recorded and circulated.	6(3)	No. There were delays in circulation of the minutes of three Board meetings.
19	The Board has monitored and assessed the performance of senior management on annual basis and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.	8(2)	Yes, however the Company has filed an exemption for Rule 8(1) 'Evaluation by the Government.'
20	The Board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9	Yes
21	(a) The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end.	10	Yes
	(b) In case of listed PSCs, the Board has prepared half yearly accounts and undertaken limited scope review by the auditors.		NA
	(c) The Board has placed the annual financial statements on the Company's website.		No

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S. No.	Provisions of the Rules	Rule No.	Yes/No/NA																		
22	All the Board members underwent an orientation course arranged by the company to apprise them of the material developments and information as specified in the Rules.	11	Yes																		
23	<p>(a) The Board has formed the requisite committees, as specified in the Rules.</p> <p>(b) The committees were provided with written terms of reference defining their duties, authority and composition.</p> <p>(c) The minutes of the meetings of the committees were circulated to all the Board members.</p> <p>(d) The committees were chaired by the following non-executive directors:</p> <table border="1"> <thead> <tr> <th>Committee</th> <th>Number of Members</th> <th>Name of Chair</th> </tr> </thead> <tbody> <tr> <td>Audit Committee</td> <td>Mr. Asif Haider Mirza Mr. Sami Aziz Mr. Muhammad Tayyab Ahmad Tareen Mr. Rehan Iqbal Baloch Dr. Kazim Hussain Jatoi</td> <td>Mr. Asif Haider Mirza</td> </tr> <tr> <td>Risk Management Committee</td> <td>Mr. Asif Haider Mirza Mr. Sami Aziz Mr. Muhammad Tayyab Ahmad Tareen Mr. Rehan Iqbal Baloch Dr. Kazim Hussain Jatoi</td> <td>Mr. Asif Haider Mirza</td> </tr> <tr> <td>Human Resource Committee (Board People's Committee)</td> <td>Mr. Ghias Uddin Khan Mr. Shakeel Ahmed Mr. Kamran Kamal Mr. Muhammad Salman Burney Mr. Rehan Iqbal Baloch</td> <td>Mr. Ghias Uddin Khan</td> </tr> <tr> <td>Procurement Committee</td> <td>Dr. Kazim Hussain Jatoi Mr. Shakeel Ahmed Mr. Amir Iqbal Mr. Ghias Uddin Khan Mr. Salman Burney</td> <td>Dr. Kazim Hussain Jatoi</td> </tr> <tr> <td>Nomination Committee</td> <td>N/A</td> <td>N/A</td> </tr> </tbody> </table>	Committee	Number of Members	Name of Chair	Audit Committee	Mr. Asif Haider Mirza Mr. Sami Aziz Mr. Muhammad Tayyab Ahmad Tareen Mr. Rehan Iqbal Baloch Dr. Kazim Hussain Jatoi	Mr. Asif Haider Mirza	Risk Management Committee	Mr. Asif Haider Mirza Mr. Sami Aziz Mr. Muhammad Tayyab Ahmad Tareen Mr. Rehan Iqbal Baloch Dr. Kazim Hussain Jatoi	Mr. Asif Haider Mirza	Human Resource Committee (Board People's Committee)	Mr. Ghias Uddin Khan Mr. Shakeel Ahmed Mr. Kamran Kamal Mr. Muhammad Salman Burney Mr. Rehan Iqbal Baloch	Mr. Ghias Uddin Khan	Procurement Committee	Dr. Kazim Hussain Jatoi Mr. Shakeel Ahmed Mr. Amir Iqbal Mr. Ghias Uddin Khan Mr. Salman Burney	Dr. Kazim Hussain Jatoi	Nomination Committee	N/A	N/A	12	Yes, with the exception of Nomination Committee. Please refer Note 1.
Committee	Number of Members	Name of Chair																			
Audit Committee	Mr. Asif Haider Mirza Mr. Sami Aziz Mr. Muhammad Tayyab Ahmad Tareen Mr. Rehan Iqbal Baloch Dr. Kazim Hussain Jatoi	Mr. Asif Haider Mirza																			
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Procurement Committee	Dr. Kazim Hussain Jatoi Mr. Shakeel Ahmed Mr. Amir Iqbal Mr. Ghias Uddin Khan Mr. Salman Burney	Dr. Kazim Hussain Jatoi																			
Nomination Committee	N/A	N/A																			
24	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment.	13	There has been no change in the position of Chief Financial Officer during the year. However, Chief Internal Auditor i.e. Mr. Zaib Zaman resigned during the year and Ms. Ekta Sitani was appointed as Acting Chief Internal Auditor. The Company Secretary i.e. Mr. Azeem Akbar Ali, was appointed during the year on October 27, 2023. He was previously serving as the Acting Company Secretary. However, there was no change in his remuneration or terms and conditions of his employment.																		
25	The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.	14	Yes																		

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S. No.	Provisions of the Rules	Rule No.	Yes/No/NA																		
26	The Company has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act.	16	Yes																		
27	The directors' report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.	17	Yes																		
28	The directors, Chief Executive Officer and executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the company except those disclosed to the Company.	18	Yes																		
29	(a) A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration. (b) The annual report of the company contains criteria and details of remuneration of each director.	19	Yes, however no remuneration is being paid to directors for attending the meetings of the Company.																		
30	The financial statements of the Company were duly endorsed by the chief executive and chief financial officer before consideration and approval of the audit committee and the Board.	20	Yes																		
31	<p>The Board has formed an audit committee, with defined and written terms of reference, and having the following members:</p> <table border="1"> <thead> <tr> <th>Name of member</th> <th>Category</th> <th>Professional background</th> </tr> </thead> <tbody> <tr> <td>Mr. Asif Haider Mirza</td> <td>Non-Executive Director</td> <td>Chartered Accountant</td> </tr> <tr> <td>Mr. Sami Aziz</td> <td>Non-Executive Director</td> <td>Finance</td> </tr> <tr> <td>Mr. Muhammad Tayyab Ahmad Tareen</td> <td>Non-Executive Director</td> <td>Finance</td> </tr> <tr> <td>Mr. Rehan Iqbal Baloch</td> <td>Non-Executive Director</td> <td>MBA</td> </tr> <tr> <td>Dr. Kazim Hussain Jatoi</td> <td>Non-Executive Director</td> <td>MBBS, LLB, MA Economics</td> </tr> </tbody> </table> <p>The Chief Executive Officer and Chairman of the board are not members of the audit committee.</p>	Name of member	Category	Professional background	Mr. Asif Haider Mirza	Non-Executive Director	Chartered Accountant	Mr. Sami Aziz	Non-Executive Director	Finance	Mr. Muhammad Tayyab Ahmad Tareen	Non-Executive Director	Finance	Mr. Rehan Iqbal Baloch	Non-Executive Director	MBA	Dr. Kazim Hussain Jatoi	Non-Executive Director	MBBS, LLB, MA Economics	21(1) and 21(2)	Yes; However, the Company has audit committee having Non-Executive Directors who are not independent directors. Please refer Note 1.
Name of member	Category	Professional background																			
Mr. Asif Haider Mirza	Non-Executive Director	Chartered Accountant																			
Mr. Sami Aziz	Non-Executive Director	Finance																			
Mr. Muhammad Tayyab Ahmad Tareen	Non-Executive Director	Finance																			
Mr. Rehan Iqbal Baloch	Non-Executive Director	MBA																			
Dr. Kazim Hussain Jatoi	Non-Executive Director	MBBS, LLB, MA Economics																			
32	(a) The chief financial officer, the chief internal auditor, and a representative of the external auditors attended all meetings of the audit committee at which issues relating to accounts and audit were discussed. (b) The audit committee met the external auditors, at least once a year, without the presence of the chief financial officer, the chief internal auditor and other executives. (c) The audit committee met the chief internal auditor and other members of the internal audit function, at least once a year, without the presence of chief financial officer and the external auditors.	21(3)	Yes																		

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S. No.	Provisions of the Rules	Rule No.	Yes/No/NA
33	(a) The Board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee. (b) The chief internal auditor has requisite qualification and experience prescribed in the Rules. (c) The internal audit reports have been provided to the external auditors for their review.	22	Yes
34	The external auditors of the company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.	23(4)	Yes
35	The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.	23(5)	Yes

Notes 1:

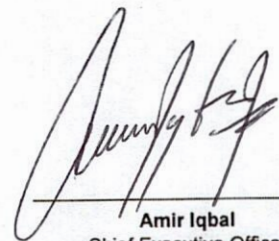
Sindh Engro Coal Mining Company Limited (SECMC), the parent entity of Thar Power Company Limited (TPCL), submitted an application to the Securities and Exchange Commission of Pakistan (SECP) seeking exemption from specific provisions outlined in Rules 3(1), 3(2), 3(7), 5(1), 5(2), 8(1), and 12(1)(e) of the PSCG Rules, 2013. During the hearing in the Ministry of Finance (MoF), it was emphasized that TPCL closely mirrors SECMC's organizational structure and instead of pursuing a separate application, TPCL should request the MoF to extend the same exemptions to TPCL. Therefore, TPCL formally requested these exemptions through a letter dated November 30, 2022, to the MoF.

S.No	Rule No.	Particulars
1	3(1) and 3(2)	Requirement to have independent director.
2	3(7)	Requirement to apply fit and proper criteria.
3	5(1)	Responsibilities, powers and functions of Board
4	5(2)	Appointment to the position of Chief Executive
5	8(1)	Performance evaluation.
6	12(1) (e)	Requirement to have Nomination Committee.

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Shakeel Ahmed
Chairman



Amir Iqbal
Chief Executive Officer

**Explanation for Non-Compliance with the
Public Sector Companies (Corporate Governance) Rules, 2013
Thar Power Company Limited.**

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

S. No.	Rule Reference	Reason for Non - Compliance	Future Course of Action
1	2(d), 3(1), 3(2), 3(7), 5(1), 5(2), 8(1), 12(1)(e) and 21(1)	The Company being a wholly owned subsidiary of Sindh Engro Coal Mining Company Limited (SECMC), follows the same structure and therefore ensuring the compliance with the specific rules, namely 3(1), 3(2), 3(7), 5(1), 5(2), 8(1), and 12(1)(e) of the Rules, to the fullest extent is not practicable.	SECMC, the parent entity of the Company, submitted an application to the Securities and Exchange Commission of Pakistan (SECP) seeking exemption from specific provisions outlined in Rules 3(1), 3(2), 3(7), 5(1), 5(2), 8(1), and 12(1)(e) of the Rules. During the hearing in the Ministry of Finance (MoF), it was emphasized that the Company closely mirrors SECMC's organizational structure and instead of pursuing a separate application, the Company should request the MoF to extend the same exemptions to the Company. Therefore, the Company has requested these exemptions through a letter, dated November 30, 2022, to the MoF which is pending.
2	3(5)	During the year, a director had directorships in over five listed and public sector companies, except their subsidiaries.	The said director has already stepped down from the Board on September 25, 2023.
3	5(6)	The Company followed the organizational structure of the Parent Company, so there was never a need for a separate vision or mission statement and corporate strategy to be established.	The Company will develop its vision or mission statement and corporate strategy, subject to obtaining all necessary approvals, and once finalized, it will be published on the Company's website.
4	5(7)(a) and 17(1)	The Company did not prepare its annual report and submit the same to shareholders since the Company was pursuing exemption from compliance of the Rules.	The Company will ensure compliance with the Rules from the ensuing year.
5	6(3)	There was delay in circulation of minutes of three meetings of Board of Directors. This was attributed to delays in the review process due to multiple level of reviews.	Over the last quarter (for the 49th and the 50th meetings), we have circulated all meeting minutes promptly to the Board. Moving forward, our commitment is to maintain this practice, ensuring that all future minutes are circulated timely.

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S. No.	Rule Reference	Reason for Non - Compliance	Future Course of Action
6	10	The Company has not placed the annual financial statements on its website.	The Company will prepare its website and place all the required informations on website once it is functional.
7	24	In previous years, the Company did not prepare, its statement of compliance with the Rules. This decision was based on the Company's understanding that the Company is not a Public Sector Company (PSC) and there was no clarity on the issue of whether subsidiaries of PSC are required to comply with the the Rules.	The Company is in process of complying with the Rule 24.

Affected



Shakeel Ahmed
Chairman



Amir Iqbal
Chief Executive Officer