AEL

Altern Energy Limited

Annual Report 2021

Contents

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Taimur Dawood	Chairman
Mr. Faisal Dawood	Director
Mr. Farooq Nazir	Director
Ms. Mehreen Dawood	Director
Mr. Shah Muhammad Chaudhry	Director
Mr. Salih Merghani	Director
Syed Rizwan Ali Shah	Independent Director
Mr . Umer Shehzad Sheikh	Chief Executive (Deemed Director)

AUDIT COMMITTEE

Syed Rizwan Ali Shah	Independent Director - Chairman
Mr. Farooq Nazir	
Ms. Mehreen Dawood	
Mr. Shah Muhammad Chaudhry	

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Farooq Nazir	Chairman
Mr. Shah Muhammad Chaudhry	
Syed Rizwan Ali Shah	

CHIEF FINANCIAL OFFICER
Mr. Muhammad Farooq

COMPANY SECRETARY
Mr. Salman Ali

HEAD INTERNAL AUDIT
Ms. Noor Shuja

EXTERNAL AUDITORS
M/s. A.F. Ferguson & Co. Chartered Accountants

BANKERS
MCB Bank Limited
The Bank of Punjab
Habib Bank Limited
Habib Metropolitan Bank Limited

REGISTERED OFFICE
DESCON HEADQUARTERS, 18-km Ferozpur Road, Lahore.

REGISTRAR SHARES
M/s. Corplink (Pvt.) Limited
Wings Arcade, 1-k Commercial Model Town, Lahore.
Tel: (92-42) 35839182 Fax: (92-42) 35869037

VISION STATEMENT

To become a partner in the growth of economy by providing affordable electricity.

MISSION STATEMENT

The Mission of Altern Energy Limited is to assume leading role in the power industry by;

- Ensuring long term growth of the company through competitive and creative strategy,
- Achieving the highest level of indigenization,
- Preserving environmentally friendly outlook,
- Creating an efficient and effective workforce,
- Conducting Business as a good corporate citizen,
- Developing strong long term relations with industry partners.

CHAIRMAN'S REVIEW

During the past few years, the dynamics of power sector in Pakistan have completely changed. Shortage of electricity has been replaced by surplus availability of power due to notable increase in power generation capacity. Both Government and private sector have played their part in rehabilitation of the sector in the country. The benefits of generation capacity are not being fully availed due to inadequate and ailing transmission and distribution system. More investment will be required in the transmission and distribution systems to reap the benefits of additional power. However, the issue of circular debt has posed greater challenge to the Government as well as the Independent Power Producers (IPPs). Significant depreciation of Rupee against dollar has had a significant impact on the circular debt. This has put IPPs including your Company in serious liquidity crunch whereby we are utilising our funded facilities to remain operational.

The past year has been challenging for the world due to COVID-19 pandemic. The pandemic has also impacted the economy and businesses in the country. The power sector was no exception which was already struggling due to serial issues such as circular debt, transmission & distribution losses and overdue receivables. The inability of the off-taker to make payments on time exacerbated due to declining demand and concessions provided during pandemic. Depreciation in currency due to rising international oil and gas prices also added to the circular debt.

The Board is fully aware of its role and responsibilities to contribute towards rehabilitation of the power sector which will ultimately benefit the country in the longer run. Our active role in the power sector is evident from investment in another Independent Power Producer namely Rousch (Pakistan) Power Limited; a 450 Mega Watts gas- fired combined cycle thermal power plant. Both companies, Altern and Rousch have faced challenges in the recent past in terms of low dispatch demand from the off-taker and gas availability especially during the winter and the fallout of circular debt. However, we have been able to manage the operations with dedication and perseverance in these challenging times.

Altern plant has been facing declining dispatch demand from the off-taker ever since shifting its operation on RLNG from indigenous gas in 2017. Rising LNG prices resulting from global demand and rising Brent prices coupled with considerable devaluation of Pak Rupee against US Dollar has resulted in a sharp decline in dispatch demand from NPCC to Altern plant, resulting in loss of capacity revenue. The Company, having a contract with the off-taker, CPPA-G, on take-and-pay basis, faces a challenge to honour its contractual obligations under the Power Purchase Agreement (PPA) due to a significant reduction in revenue as a result of reduced demand from NPCC. Despite challenges of liquidity on account of circular debt, low- demand from the off-taker, and suspension of gas at occasions, the Company has managed to keep its plant operational by maintaining its focus on reliable plant operations by executing routine and major maintenance activities of the Complex.

Our Board and management continue to explore various contractual and commercial options to revive the commercial viability of the Plant. During the last couple of years, the management had been exploring the possibility of availing cheaper indigenous gas as well as have requested the Government to shift the PPA from take-and-Pay to Take-or-Pay arrangement. However, these efforts have not yielded any positive output. Due to less dispatch and the plant being take and pay arrangement, it has become extremely difficult for the Company to keep the plant operational.

Considering these factors, the Company approached the Government for termination of AEL's PPA with the off-taker, on the terms mutually agreed between the parties. However, seeing the challenges associated with this termination being one of a kind request, the Board has decided not to pursue the request for termination for the time being and manage the Altern Plant within the frameworks of the existing PPA.

I take great satisfaction in reporting that the Board and management of the Company responded to this unprecedented challenge of COVID-19 in a highly pro-active manner and formulated carefully planned strategies to ensure safety of our people while ensuring business continuity. This is demonstrated by our efficient control environment in compliance with global health practices. All of our employees and their families are now vaccinated against COVID-19.

At this point, I would also like to acknowledge the contribution of the Board, which has been instrumental in providing effective guidance and far-sightedness to face these challenging circumstances. I place my sincere regard for the support of our valued Shareholders for their trust in the abilities of the Board and management to keep this national asset viable in these most challenging circumstances.

On behalf of the Board, I conclude by sharing my appreciation for the continued support of all the stakeholders including CPPA-G, SNGPL and other Government functionaries. I also extend my appreciation to Company's management for their response to minimise the effects of the adverse operating environment.

Lahore - September 28, 2021

Taimur Dawood
Chairman

چیئرمین کا جائزہ

پچھلے کچھ سالوں کے دوران، پاکستان میں توانائی کے شعبہ کے مناظر مکمل طور پر تبدیل ہو گئے ہیں۔ بجلی کی پیداواری صلاحیت میں قابل ذکر اضافہ کے باعث بجلی کی فراہمی میں شارٹ فال کم ہوا ہے۔ گورنمنٹ اور پرائیویٹ سیکٹر دونوں نے ملک میں سیکٹر کی بحالی میں اپنا کردار ادا کیا ہے۔ ناکافی اور ناقص ٹرانسمیشن اور ڈسٹری بیوشن نظام کی وجہ سے جنریشن صلاحیت کے مکمل فوائد حاصل نہیں کیے جا رہے ہیں۔ اضافی بجلی کے فوائد حاصل کرنے کے لئے، ٹرانسمیشن اور تقسیم کے نظام میں مزید سرمایہ کاری کی ضرورت ہوگی۔ تاہم، گردشی قرضہ کا مسئلہ حکومت اور آئی پی پی کے لئے بڑا چیلنج ہے۔ ڈالر کے مقابلے میں روپے کی نمایاں کمی نے گردشی قرضہ کے اثرات کو کئی گنا بڑھا دیا ہے۔ اس نے آپ کی کمپنی سمیت آئی پی پیز کو سنگین لیکویڈیٹی بحران میں ڈال دیا ہے جہاں ہم آپریشنل رہنے کے لئے اپنی فنڈ ڈ سہولیات کو استعمال کر رہے ہیں۔

گزشتہ سال COVID-19 وبائی بیماری کی وجہ سے دنیا کے لئے چیلنجنگ رہا ہے۔ پاور سیکٹر کو استثنیٰ نہیں تھا جو پہلے ہی گردشی قرضہ، ترسیل اور تقسیم کے نقصانات اور زائد المیعاد قابل وصولیوں جیسے مسلسل مسائل کی وجہ سے مشکلات کا شکار ہے۔ طلب میں کمی اور وبائی بیماری کے دوران فراہم کردہ رعایات کی وجہ سے بروقت ادائیگی کرنے کے لئے آف ٹیکر کی مشکلات مزید بڑھ گئی۔ تیل اور گیس کی بین الاقوامی قیمتیں بڑھنے کی وجہ سے کرنسی میں کمی نے بھی گردشی قرضہ میں اضافہ کیا ہے۔

آپ کا بورڈ توانائی کے شعبے کی بحالی میں حصہ لینے کے لئے اپنے کردار اور ذمہ داری سے مکمل طور پر واقف ہے جو بالآخر طویل عرصہ تک ملک کو فائدہ پہنچائے گا۔ بجلی کے شعبے میں ہمارا فعال کردار ایک اور آزاد پاور پروڈیوسر 450 میگاواٹ گیس فائرڈ کمبائنڈ سائیکل تھرمل پاور پلانٹ Rousch (پاکستان) پاور لمیٹڈ؛ میں سرمایہ کاری سے ظاہر ہوتا ہے۔ اگرچہ، دونوں کمپنیوں، آلٹرن اور Rousch کو ماضی قریب میں خاص طور پر سردیوں کے مہینوں میں گیس کی دستیابی اور CPPA-G کے گردشی قرضہ کے مسئلے کے اثرات کے سلسلے میں چیلنجوں کا سامنا کرنا پڑا ہے، اس کے باوجود ہم ان چیلنجنگ اوقات میں پوری لگن اور استقامت کے ساتھ کارروائیوں میں کامیاب رہے ہیں۔

2017 میں جب سے SNGPL کی مقامی گیس کی فراہمی میں ناکامی کے نتیجے میں RLNG پر اپنا آپریشن تبدیل کیا گیا تب سے، کمپنی کو خریدار کی جانب سے کم طلب کا سامنا کرنا پڑا۔ امریکی ڈالر کے مقابلے میں پاکستانی روپیہ کی قدر میں کمی کے ساتھ ساتھ عالمی طلب اور برینٹ تیل کی قیمتیں بڑھنے کے نتیجے RLNG کی قیمتوں میں اضافہ کے باعث، AEL کو NPCC کی جانب سے ڈسپیچ طلب میں شدید کمی کا سامنا کرنا پڑ رہا ہے، جس کے نتیجے میں صلاحیتی آمدنی میں کمی واقع ہوئی ہے۔ کمپنی، جس کا آف ٹیکر، CPPA-G کے ساتھ معاہدہ ٹیک اینڈ پے کی بنیاد پر ہوا ہے، کم طلب کے نتیجے میں محصولات میں نمایاں کمی کی وجہ سے اسے بجلی کی خریداری کے معاہدے کے تحت اپنی معاہدہ کی ذمہ داریوں کو پورا کرنے کا چیلنج درپیش ہے۔ NPCC سے گردشی قرض کی وجہ سے لیکویڈیٹی کے چیلنجوں، آف ٹیکر سے کم طلب اور موقع پر گیس کی معطلی کے باوجود، کمپنی کمپلیکس کی معمول کے مطابق اور اہم بحالی کی سرگرمیوں کو انجام دے کر پلانٹ کو قابل اعتماد بنانے پر اپنی توجہ مرکوز کرتے ہوئے اپنے پلانٹ کو چلانے میں کامیاب رہی ہے۔

ہمارا بورڈ اور انتظامیہ کمپنی کی تجارتی عملداری کو بحال کرنے کے لئے مختلف آپشنز کی تلاش جاری رکھے ہوئے ہے۔ پچھلے دو سالوں کے دوران، انتظامیہ سستی مقامی گیس کا فائدہ اٹھانے کے امکانات کی تلاش کر رہی ہے اور ساتھ ہی حکومت سے پی پی اے کو ٹیک اینڈ پے سے ٹیک یا پے میں تبدیل کرنے کی درخواست کر رہی ہے۔ تاہم، ان کوششوں سے کوئی مثبت نتیجہ برآمد نہیں ہوا ہے۔ کم ترسیل اور پلانٹ کے ٹیک اینڈ پے انتظامات کی وجہ سے، پلانٹ کو آپریشنل رکھنا کمپنی کے لئے بہت ہی مشکل ہو گیا ہے۔

ان عناصر پر غور کرتے ہوئے، کمپنی نے حکومت کو فریقین کے مابین باہمی متفقہ شرائط پر آف ٹیکر کے ساتھ AEL کے پی پی اے کو ختم کرنے کی درخواست کی ہے۔ تاہم، اس قسم کے خاتمے سے وابستہ بے شمار چیلنجوں پر غور کرتے ہوئے، بورڈ نے فیصلہ کیا ہے کہ فی الوقت معطلی کی درخواست کی پیروی نہ کی جائے اور موجودہ پی پی اے کے فریم ورک کے اندر کمپنی کے آپریشنز کا انتظام کیا جائے۔

مجھے یہ بتاتے ہوئے بہت اطمینان ہو رہا ہے کہ کمپنی کے بورڈ اور انتظامیہ نے COVID-19 کے اس ناگہانی چیلنج کا انتہائی فعال انداز میں جواب دیا اور کاروباری تسلسل کو یقینی بناتے ہوئے ہمارے لوگوں کی حفاظت کو یقینی بنانے کے لیے محتاط حکمت عملی مرتب کی۔ ہمارے مؤثر کنٹرول ماحول سے عالمی صحت کے اصولوں کی تعمیل ظاہر ہوتی ہے۔ ہمارے تمام ملازمین اور ان کے اہل خانہ اب کووڈ 19 کے خلاف ویکسین لگوا چکے ہیں۔

اس موقع پر، میں بورڈ کی شراکت کو بھی تسلیم کرتا ہوں، جنہوں نے ان مشکل حالات کا مقابلہ کرنے کے لیے مؤثر رہنمائی اور دور اندیشی فراہم کرنے میں اہم کردار ادا کیا ہے۔ میں بورڈ اور انتظامیہ کی صلاحیتوں پر اپنے قابل قدر حصص یافتگان کے اعتماد کے لئے ان کا شکریہ ادا کرتا ہوں جنہوں نے ان مشکل ترین حالات میں اس قومی اثاثے کو کارآمد بنایا۔

بورڈ کی جانب سے، میں تمام اسٹیک ہولڈرز بشمول CPPA-G، SNGPL اور دیگر حکومتی اداروں کی مسلسل حمایت کو سراہتے ہوئے اختتام کرتا ہوں۔ میں مشکل آپریٹنگ ماحول کے اثرات کو کم سے کم کرنے کے لئے میں کمپنی کی انتظامیہ سے کی کوششوں کو بھی سراہوں گا۔

تیمور داؤد

چیئرمین

لاہور 28 ستمبر 2021ء

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors of Altern Energy Limited ('the Company') is pleased to present their annual report including the annual audited financial statements of the Company together with Auditor's Report thereon for the financial year ended June 30, 2021.

GENERAL

The principal activities of the Company continue to be ownership, operation, and maintenance of a 32 Mega Watts gas-fired thermal power plant located near Fateh Jang, district Attock, Punjab, and sale of electricity. The electricity produced is sold to its sole customer Central Power Purchasing Agency (Guarantee) Limited ('CPPA-G') through the transmission network of National Transmission and Dispatch Company ('NTDC').

The Company has a Power Purchase Agreement ('PPA') with its sole customer, CPPA-G for thirty years which commenced from June 6, 2001, ending on June 6, 2031.

The Company had a Gas Supply Agreement ('GSA') with Sui Northern Gas Pipelines Limited ('SNGPL') which expired on June 30, 2013. Thereafter, the Company signed a supplemental deed dated March 17, 2014, with SNGPL, whereby SNGPL agreed to supply gas to the Company on as-and-when available basis till the expiry of PPA on June 06, 2031. The Ministry of Petroleum and Natural Resources ('MoPNR') empowered by the Economic Coordination Committee ('ECC') of the Federal Cabinet, issued an allocation of 6 MMSCFD of RLNG to the Company on April 28, 2017, and advised the Company and SNGPL to negotiate a new GSA. On July 31, 2019, the ECC of Cabinet approved the summary of an interim tri-partite GSA. Currently, the Company, SNGPL and CPPA-G are in the process of execution of an interim GSA for supply of RLNG. Under the interim GSA, RLNG will be supplied on as-and-when available basis till the execution of a long-term GSA between the parties.

The Company's shares are listed on Pakistan Stock Exchange. The Company owns 100% shares of Power Management Company (Private) Limited ('PMCL') (a special purpose vehicle) which in turn holds 59.98% shares of Rousch (Pakistan) Power Limited ('RPPL'). RPPL is an unlisted public company and an independent power producer having a gross capacity of 450 Mega Watts from its gas-fired combined cycle thermal power plant, located near Sidhnai Barrage, Abdul Hakeem, District Khanewal, Punjab.

FINANCE

During the year under review, the Company's turnover was Rs. 204 million (2020: Rs. 117 million) and operating costs were Rs. 248 million (2020: Rs. 168 million), resulting in gross loss of Rs. 44million as against gross loss of Rs. 51 million in corresponding last year. The Company incurred net loss of Rs. 84 million resulting in loss per share of Rs. 0.23 as compared to corresponding year's net profit of Rs. 1,690 million and earnings per share (EPS) of Rs. 4.65. The previous year's net profit included dividend from PMCL amounting to Rs. 1,780 million. Without this dividend income from its subsidiary, the Company would have incurred loss per share of 0.25 per share in the previous year.

The issue of circular debt has been a consistent threat to the liquidity of the whole power sector in the past few years, and your Company is no exception. Underlying factors behind increasing circular debt are huge transmission & distribution losses, expensive fuel mix, low recovery of distribution companies and decline in revenues of CPPA-G due to Covid-19. As a result of Government's negotiations with IPPs for reduction in capacity tariff, we experienced temporary improvement in circular debt, however, long term measures are required to be taken in order to face this challenge. Despite the delayed inflows from CPPA-G, the Company has been able to manage the cashflows to meet its operational obligations.

Your Company's consolidated earnings attributable to the equity holders of Altern Energy Limited for the year under review were Rs. 803 million resulting in EPS of Rs. 2.21 per share, as compared to consolidated earnings of Rs. 3,383 million and EPS of Rs. 9.31 in the corresponding last year.

DIVIDEND DISTRIBUTION

In view of uncertainty associated with the power sector, the Board of directors of the Company did not declare any dividend to the shareholders.

OPERATIONS

Due to induction of significant generation capacity in the national grid system, your plant has witnessed a serious decline in dispatch demand from the off-takerduring last three years. The new power plants rank above your plant in economic dispatch merit order of CPPA-G due to better efficiency and cheaper fuel. Our power plant only receives dispatch demand from the off-taker during peak summer months. Even in those months, availability of RLNG from SNGPL is a challenge, due to issues related to RLNG terminal capacity and allocation of RLNG to other industries and domestic consumers. Due to these factors, the Plant dispatched only12 GWh (2020: 04 GWh) of electric power to the off-taker.

During the year, all other scheduled and preventive maintenance activities were carried out in accordance with the Original Equipment Manufacturer (OEM)'s recommendations. We are confident that all the engines and their auxiliary equipment are in sound mechanical condition for smooth and reliable operations.

SUBSIDIARY'S REVIEW

During the year under review, your Company's subsidiary Rousch (Pakistan) Power Limited ('RPPL') has posted net profit of Rs. 3,922 million (earnings per share of Rs. 4.55) as compared to net profit of Rs. 4,244 million (earning per share of Rs. 4.92) earned during the corresponding period of the last year. Profit for the year includes financial impact amounting to Rs. 1,660 million of settlement of dispute with off-taker, as explained in ensuing paragraph under 'Material Information'. Without this settlement, the profit for the period under review would have been Rs. 5,582 million, with earnings per share of Rs. 6.47 per share.

Payment default from RPPL's sole customer, CPPA-G continues. At the end of the year, out of the total receivable of Rs. 15,785 million (2020: Rs. 13,559 million), Rs. 12,926 million were overdue (as compared to overdue receivables of Rs 11,631 million at the end of June 2020). RPPL has executed a Master Agreement and Amendment to Power Purchase Agreement ('PPA Amendment') with the CPPA-G as given in more detail in ensuing para under 'Material Information'.It is expected that the outstanding receivables will come down significantly after the payments as per terms of the PPA Amendment provided current receivables are paid on timely basis.

The MOPNR, empowered for RLNG allocation by the Economic Co-ordination Committee ('ECC'), issued an allocation of 85 MMSCFD of RLNG to RPPL on firm basis on September 23, 2015, and advised RPPL and SNGPL to negotiate a long term GSA on firm basis. Subsequently, an interim GSA was executed with CPPA-G and SNGPL which was effective from June 1, 2017 and expired on June 30, 2018. Under the interim GSA, RLNG was supplied on 'as-available' basis, however, the non-supply of RLNG was treated as Other Force Majeure Event ('OFME') under the PPA. On July 21, 2020, RPPL, CPPA-G and SNGPL signed an extension of the interim GSA. The term of this agreement will be effective upto the date of signing of a long-term Gas Supply and Purchase Agreement ('GSPA').

RISK MANAGEMENT

The Company's activities expose it to a variety of risks which are subject to different levels of uncertainty against which the Company has appropriate mitigating strategies in place. The Board of Directors and the Audit Committee of the Board regularly review risk matrix in terms of impact and probability of occurrence. The management lead by Chief Executiveis responsible for taking appropriate measure to mitigate the risks. The Risk Management principles are established and geared to identify all the risks to which the Company is exposed, and your Board adopts all necessary strategies and implements a cautious rationale to mitigate all the risks being faced by the Company. The Company recognizes all short term and long term risks so that appropriate measures can be adopted to overcome those.

Operational Risk

To mitigate the operational risks, the management has developed a very comprehensive system to identify operational risks and plans to alleviate those. The Company has carried out necessary maintenance activities of the plant to keep it at optimum operable levels. The Quality Environment, Health &Safety (QEHS) function at plant is fully responsible to identify, measure and take necessary steps to address and mitigate the probabilities of malfunctioning or any unforeseen event.

Financial Risk

The financial risk management is disclosed in Note 30 of the annual audited unconsolidated financial statements of the Company.

MATERIAL INFORMATION

On August 18, 2020, RPPL and the Committee for Negotiation with Independent Power Producers formed by the Government of Pakistan (the "Committee"), as set up by the Government of Pakistan, executed a Memorandum of Understanding ("MOU"). Subsequently on February 11, 2021, RPPL and CPPA-G signed a Master Agreement and a Power Purchase Agreement ("PPA") Amendment Agreement (collectively referred to as the "Agreements"). Pursuant to the terms of these Agreements; (1) without prejudice to the terms of its generation license, RPPL will have the option to participate in the GOP's scheme to create competitive power markets, via the Competitive Trading Arrangement ("CTA"), once the CTA is implemented and becomes fully operational; (2) CPPA-G shall assist and support RPPL in entering into a firm GSA with the Gas Supplier by December 31, 2021; (3) RPPL and CPPA-G have resolved the dispute of Liquidated Damages ("LDs") levied by CPPA-G on RPPL in 2013 and 2016 as a part of the PPA Amendment Agreement; (4) Outstanding receivables as on 30th November, 2020 are to be paid in two instalments. First instalment is to be paid within Thirty Business Days of signing. The second instalment is to be paid within six months of first instalment. Each instalment will have 1/3rd cash, 1/3rd Pakistan Investment Bonds and 1/3rd Ijara Sukuks, (5) Upon payment of first instalment and till the date RPPL receives its final instalment as per the Payment Mechanism, RPPL shall submit its invoices providing the following discounts in tariff, comprising (i) Existing capacity payments and variable O&M shall be reduced by 11% and (ii) USD exchange rate and US CPI indexations shall apply on reduced variable O & M and 50% of the reduced Escalable Component of the Capacity Purchase Price (collectively referred to as the "Tariff Discount"). On the remaining 50% of the reduced Escalable Component of the Capacity Purchase Price, the current indexation shall continue to be applied until the date the applicable exchange rate under the Tariff reaches PKR/US$ of 168.60, after which this will cease to escalate; (6) in lieu of the Tariff Discount as detailed above, any heat rate sharing by RPPL per its existing arrangement under the PPA shall cease to exist.

The finalization of these matters is subject to terms and conditions mentioned in the abovementioned Agreements. This included 40% of the payment of outstanding dues as of November 30, 2020, within 30 Business Days of signing these Agreements i.e. March 29, 2021. CPPA-G has made payment of the first tranche on June 04, 2021. The next tranche of receivables (60% of the payment of outstanding dues as of November 30, 2020) is due on 30th September 2021. If CPPA-G is unable to make payment by this date, there is a cure period of 70 days to make this payment. If CPPA-G is unable to make this payment within the cure period, these Agreements will be terminated, the chances which are minimum.

FUTURE OUTLOOK

The national grid system of our country has witnessed significant influx of generation capacity during the last few years. Most of these power plants demonstrate excellent thermal efficiency and reliability. During the same period, due to depletion of indigenous gas reserves, your Company had to shift its plant's operations from indigenous/cheaper gas to costly imported gas, RLNG. As a result, your plant has witnessed consistent shortfall in dispatch demand from NPCC since the new plants are economical due to better efficiency and rank above Altern's plant in NPCC/CPPA-G's economic despatch merit order. This issue does not pose liquidity challenges to those IPPs which have PPAs under take-or-pay arrangement. Your Company's PPA with CPPA-G based on take-and-pay arrangement, has subjected it to a serious challenge of keeping the plant operational since less dispatch to the off-taker results in less capacity revenue and the plant is finding very difficult to meets its fixed operational costs. This is has led to a situation where even the commercial viability of the planthas become uncertain. However, the Company will continue to remain a viable entity due to income from its investment in subsidiary, RPPL.

In view of this complex and unprecedented situation, your Board has been exploring many contractual and commercial options. The Company during the previous years made request to the off-taker to change the current take-and-pay arrangement into take-or-pay arrangement under the PPA, so that even if there is lack / no dispatch, the Company is able to meet its fixed O & M costs. However, this request of the Company was not entertained by the Government. During the year under review, the Company requested the Negotiating Committee formed by the Government to terminate the PPA on the terms, to be mutually agreed between the Company and the off-taker. Subsequently, considering the challenges associated with this termination of this kind which is unprecedented, the Board has decided not to pursue the request for termination for the time being and manage the Company's operations within the framework of the existing PPA.

QUALITY, ENVIRONMENT, HEALTH & SAFETY (QEHS)

QEHS is the Company's first and foremost priority. The Company not only values its people but is also cognizant of the environment in which it operates. During the year under review, your Company continued to maintain satisfactory level of performance in Quality, Environment, and Health & Safety at the power plant. The Company has adopted Integrated

Management System based on ISO 9001:QMS, ISO 14001:EMS, ISO 45001:OHSMS & other international guidelines (OSHA & NFPA) to ensure safety of people and equipment deployed at plant site. The Company has a proactive approach to achieve zero LTI (Lost Time Incident) by monitoring Leading/Lagging indicators. Furthermore, as far as environment protection is concerned, the Company is monitoring and complying with Punjab Environmental Quality Standard (PEQs) pertaining to air emissions and water effluents.

As of June 30, 2021, the QEHS statistics are as follows:

Hours Since Last LTI	735,533
Days Since Last LTI	1,925
Restricted Work Incidents	0
Medical Treatment	0
First Aid Cases	1
Near Miss incidents	0
Incidents / Property Loss Cases	0
Good Catches	27
QEHS Trainings	14

COVID-19 AND RELATED MEASURES

Given the developing situation of coronavirus pandemic in Pakistan since February 2020, your Company has established a 'COVID-19 Task Force ('CTF') to monitor the situation closely. The CTF and HSE teams continuously review the situation carefully and implement necessary controls to minimise the impact of COVID-19 on employees, their families, contractors, and other stakeholders in direct contact. The CTF works in close contact with other departments of the Company to develop comprehensive pandemic management guidelines to ensure human safety and business continuity.

The Company has implemented appropriate controls at all locations to manage the impact of this pandemic. Mandatory SOPs include, for all employees and service providers, wearing of facemasks and maintenance of social distance of 6 feet at all times when they are on Company premises. Other controls include passive and active health screening, mandatory temperature checks, use of respiratory and hand hygiene PPEs, deep cleaning and disinfection of premises and vehicles, limiting face to face meetings, and work from home policies. An aggressive campaign is being run to ensure maximum vaccination of employees and their families.

CORPORATE GOVERNANCE

The Company's Directors and management are fully acquainted with their responsibilities as required by provisions of the Companies Act, 2017 ('the Act').The Board has adopted best practices of Corporate Governance by ensuring a strong sense of business principles and high standards for compliance in conduct of business. The same have been summarised in the enclosed Statement of Compliance with the listed Companies (Code of Corporate Governance) Regulations, 2019 ('the Regulations')duly reviewed by the external auditors.

The Directors are pleased to state as follows:

a. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cashflows and changes in equity.
b. Proper books of account of the Company have been maintained.
c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
d. The financial statements have been prepared in conformity with the Act and International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.
e. The system of internal control is sound in design and has been effectively implemented and monitored.

f. There are no doubts on the Company's ability to continue as a going concern.
g. All the directors on the Board are fully conversant with their duties and responsibilities as directors of a corporate body.
h. There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.
i. The key operating and financial data of last six years is attached to the report.
j. Where any statutory payment on account of taxes, duties, levies, and charges is outstanding, the amount together with a brief description and reasons for the same is disclosed in the financial statements.

Composition of the Board of Directors

The Board comprises of eight (8) members, including a Chief Executive, who is a deemed director, as per the following composition:

Male	7
Female	1

The Board is categorised as follows:

Sr. No.	Category	Names
1	Independent Director	Syed Rizwan Ali Shah
2	Non-Executive Directors	Mr. Taimur Dawood
3		Mr. Farooq Nazir
4		Mr. Faisal Dawood
5		Mr. Shah Muhammad Chaudhary
6		Ms. Mehreen Dawood
7		Mr. Salih Merghani
8	Executive Director	Mr. Umer Shehzad Sheikh

During the financial year under review, there were no changes on the Board of Directors of the Company.

Meetings of the Board

The Board of Directors meets at least four times during the year as required by Regulatory framework. The decisions taken by the Board during the meetings were clearly documented in the Minutes of the Meeting by the Company Secretary and were duly circulated by the Company Secretary to all the Directors within the stipulated timeline were approved in the following Board meetings. All meetings of the Board were held in compliance with required quorum attendance prescribed by the Act and the Regulations. The Chief Financial Officer &Company Secretary also attended all the Board meetings.

During the year, six (06) meetings of the Board of Directors were held. The notices along with agenda were circulated in a timely manner. Attendance of these meetings is as follows:

Name of Director	Meetings Attended
Mr. Taimur Dawood	6
Mr. Faisal Dawood	6
Mr. Farooq Nazir	6
Ms. Mehreen Dawood	4
Mr. Shah Muhammad Chaudhry	6
Syed Rizwan Ali Shah	5
Mr. Salih Merghani	5
Mr. Umer Shehzad Sheikh	6

The leave of absence was granted to members who could not attend a Board meeting.

Internal Audit and Control

The Board of Directors has set up an independent audit function headed by a qualified person reporting to the Audit Committee. The scope of the internal audit function within the Company is clearly defined by the Audit Committee which involves regular review of internal financial controls.

Adequacy of Internal Financial Controls

Altern Energy Limited has a sound system of internal control and risk management. The Board of Directors assumes overall responsibility of overseeing internal control processes. For this purpose, the Board of Directors has established an efficient system of internal financial controls, for ensuring effective and efficient conduct of operations, safeguarding of the Company's assets, compliance with applicable laws and regulations and reliable financial reporting.

Directors' Training

Seven out of eight directors of the Company have been certified as qualified directors under director's training program from SECP approved institutes in accordance with the requirements of the Regulations. The remaining foreign director will get his certification in due course. All directors are fully conversant with their duties and responsibilities as Directors.

Directors' Remuneration

The remuneration of Board members is empowered by the Board itself. A formal directors' remuneration policy approved by the Board is in place. The policy states procedure for remuneration to Directors in accordance with requirements of the Act and the Regulations. As per the Policy, the nominee directors are not entitled to receive board / committee meetings fee or any other remuneration. Only meeting participation fee is being paid to independent directors. Appropriate disclosure of remuneration paid to Directors and Chief Executive have been provided in Note 28 of the annual audited unconsolidated financial statements.

Evaluation of Boards' Performance

As prescribed under the Regulations, Board has conducted evaluation of its own performance, its members and of its committees through Pakistan Institute of Corporate Governance. No significant departure from the Act, the Regulations and the policies & procedures was found in the said evaluation report. Chairman of Board, in consultation with the Board members has developed an evaluation plan for the Board and its Committees to ensure that the Board and its committees are fully conversant with their roles and responsibilities. The Board reviews its own performance, and performance of its members and committees on a regular basis.

Committees of the Board

To assist the smooth operations of the Board and support in sound decision making, the Board has established two committees which are chaired by non-executive directors. These committees are as follows:

Audit Committee

The Audit Committee supports the Board in fulfilling its oversight responsibilities while primarily reviewing financial or non-financial information to the shareholders in compliance with prevailing regulations and accounting standards. Chaired by an independent director, it serves as the eyes and ears of the Board, assisting it in discharge of fiduciary responsibilities. The Terms of Reference of the Audit Committee have been defined in light of the guidelines of the Regulations.

The Audit Committee comprises of four (4) members as follows:

Syed Rizwan Ali Shah	(Independent Director) – Chairman
Mr. Farooq Nazir	(Non-executive Director)
Ms. Mehreen Dawood	(Non-executive Director)
Mr. Shah Muhammad Chaudhary	(Non-executive Director)

The Head of Internal Audit served as Secretary to the Committee and convenes all its meetings. Chief Financial Officer attends the Audit Committee Meetings by invitation and the external auditors attend the meetings as per requirements. The committee met 4 times during the year and the attendance was as follows:

Name of Member	Meetings Attended
Mr. Farooq Nazir	4
Mr. Shah Muhammad Chaudhry	4
Syed Rizwan Ali Shah	4
Ms. Mehreen Dawood	1

The leave of absence was granted to member who could not attend an Audit Committee Meeting.

Human Resource & Remuneration Committee

The Human Resources & Remuneration Committee has been established to review and recommend to the Board all elements of compensation and policies and procedures required to be adopted for effective human resource function. The Human Resource and Remuneration Committee has adopted its terms of reference as provided in the Regulations.

The Committee comprises of three non-executives Directors as members, one of whom is an independent director. Head Human Resources acts as the Secretary of Committee. The Committee meets at least once a year.

The Human Resources & Remuneration Committee comprises of three (3) members as follows:

Mr. Farooq Nazir	(Non-executive Director) – Chairman
Mr. Shah Muhammad Chaudhary	(Non-executive Director)
Syed Rizwan Ali Shah	(Independent Director)

The Committee met once during the year and all members were present in the Meeting.

Subsidiary Companies' Board of Directors

Power Management Company (Private) Limited ('PMCL'):

Mr. Taimur Dawood	Non-Executive Director (Chairman)
Mr. Faisal Dawood	Non-Executive Director
Mr. Farooq Nazir	Non-Executive Director
Mr. Abdul Sohail	Chief Executive

Rousch (Pakistan) Power Limited ('RPPL'):

RPPL's Board of Directors include eight (8) directors, including Chief Executive who is a deemed director.

As on the reporting date, the composition of the Board is as follows:

Mr. Taimur Dawood	Non-Executive Director (Chairman)
Ms. Aisling Kennelly	Non-Executive Director
Mr. Claus Johann Horst Heckel	Non-Executive Director
Mr. Farooq Nazir	Non-Executive Director
Mr. Salih Merghani	Non-Executive Director
Mr. Shah Muhammad Chaudhry	Non-Executive Director
Mr. Stephan Eric Hans Schaller	Non-Executive Director
Mr. Faisal Dawood	Chief Executive (Deemed Director)

On February 25, 2021, Mr. Mubashar Ahmed Majeed resigned from his position as Chief Executive of the Company and Mr. Faisal Dawood was appointed a Chief Executive in place of Mr. Mubashar Ahmed Majeed.

Subsequent to the reporting period on September 22, 2021, Mr. Waqar Ahmad Khan has been appointed as Chief Executive in place of Mr. Faisal Dawood.

RELATED PARTY TRANSACTIONS

As required by the Act and the Regulations, the Audit Committee reviewed and recommended the related party transactions to the Board every quarter, and the Board approved them. All related party transactions were carried out in normal course of business and on an unbiased, arm's length basis. The Company maintains a complete record of all the related party transactions. The Company has made detailed disclosure of the related party transactions in the financial statements annexed with this annual report. This disclosure is in line with the requirements of the 4th Schedule of the Act and applicable International Financial Reporting Standards.

CORPORATE SOCIAL RESPONSIBILITY

AEL is committed to act responsibly towards the community and environment for mutual benefit. The Company continues to focus on Corporate Social Responsibilities. The Company recognizes the importance of being a good corporate citizen in conducting its business as well as delivering its obligations in social welfare of its staff and community in general. Particular attention is given to protect environment of the local community by planting trees. While local community benefits from our strategy of employing more staff at our plant site from surrounding communities.

PATTERN OF SHAREHOLDING

In accordance with section 227(2)(f) of the Companies Act, 2017, a statement showing the pattern of shareholding as at June 30, 2021along with disclosures as required under the Regulations is annexed to the Annual Report.

AUDITORS

The financial statements of the Company for the current year 2020-21 have been audited by M/s A. F. Ferguson & Company, Chartered Accounts. The present auditors will retire at the end of the Annual General Meeting. Being eligible, they have offered themselves for re-appointment for the new financial year.

As recommended by the Audit Committee, the Board has approved the proposal to appoint M/S A. F. Ferguson & Co. Chartered Accountants as the statutory auditors of the Company for the year ending June 30, 2022, subject to the approval of the Shareholders in the forthcoming Annual General Meeting of the Company.

ACKNOWLEDGEMENT

The Board of Directors remains grateful to shareholders, business partners, Government functionaries, and all other stakeholders for their continued cooperation, trust, support, and patronage.

The Board of Directors also appreciate the contribution made by the executives, staff, and workers for their sustained dedication to the Company.

Umer Shehzad Sheikh
Chief Executive

Farooq Nazir
Director

Dated: September 28, 2021
Lahore.

ڈائریکٹرز رپورٹ

آلٹرن انرجی لمیٹڈ ('دی کمپنی') بورڈ آف ڈائریکٹرز 30 جون 2021 کو ختم ہونے والے مالی سال کے نظرثانی شدہ مالی حسابات کیساتھ ساتھ سالانہ رپورٹ معہ ان پر آڈیٹر کی رپورٹ بخوشی پیش کرتے ہیں۔

عمومی

کمپنی کی اہم ترین سرگرمیوں میں 32 میگاواٹ کے گیس تھرمل پاور پلانٹ واقع نزد فتح جنگ ضلع اٹک پنجاب کی ملکیت، آپریشن، دیکھ بھال اور اپنے واحد صارف سنٹرل پاور پرچیزنگ ایجنسی (گارنٹی) لمیٹڈ ('CPPA-G') کو نیشنل ٹرانسمیشن اینڈ ڈسپیچ کمپنی ('NTDC') کے ٹرانسمیشن نیٹ ورک کے ذریعے بجلی کی فروخت شامل ہے۔

کمپنی نے اپنے واحد صارف CPPAG کے ساتھ تیس سالوں کے لئے بجلی کی خریداری کا معاہدہ ('PPA') کیا ہے جو 06 جون 2001 سے شروع ہوا اور 6 جون 2031 کو ختم ہوگا۔

سوئی ناردرن گیس پائپ لائنز لمیٹڈ (SNGPL) کیساتھ کمپنی کا گیس کی فراہمی کا معاہدہ (GSA) 30 جون 2013 کو ختم ہوگیا تھا۔ اس کے بعد مورخہ 17 مارچ 2014 کو کمپنی نے SNGPL کیساتھ ایک اضافی دستاویز پر دستخط کئے، جس کے تحت SNGPL نے پاور پرچیز ایگریمنٹ کی منسوخی بتاریخ 6 جون 2031 تک دستیابی کی بنیاد پر کمپنی کو گیس کی فراہمی کیلئے رضامندی ظاہر کی ہے۔

وزارت پٹرولیم اور قدرتی وسائل نے کابینہ کی اقتصادی تعاون کمیٹی کی طرف سے ری لیکویفائیڈ نیچرل گیس (RLNG) کی تخصیص کا اختیار دیا گیا۔ 28 اپریل 2017 کو کمپنی کو آر ایل این جی کی 06 MMCFD کی تخصیص جاری کی اور اس نے کمپنی اور SNGPL کو ایک نئے GSA پر مذاکرات کی ہدایت کی۔ 31 جولائی 2019 کو، کیبنٹ کی ECC نے ایک عبوری ٹرائی پارٹی GSA کی سمری کی منظوری دی ہے۔ فی الحال، کمپنی، SNGPL اور CPPA-G، RLNG کی فراہمی کے لئے ایک عبوری GSA پر عملدرآمد کے عمل میں ہیں۔ عبوری GSA کے تحت، پارٹیوں کے درمیان طویل مدتی جی ایس اے کے اختتام تک 'دستیاب ہونے' کی بنیاد پر RLNG فراہم کی جائے گی۔

کمپنی کے حصص پاکستان سٹاک ایکسچینج لمیٹڈ میں درج ہیں۔ کمپنی پاور مینجمنٹ کمپنی (پرائیویٹ) لمیٹڈ (خصوصی مقصد کی گاڑی) کے 100 فیصد حصص کی مالک ہے، جو بدلے میں Rousch (پاکستان) پاور لمیٹڈ (RPPL) کے 59.98 فیصد حصص رکھتی ہے۔ RPPL ایک غیر مندرج پبلک کمپنی اور گیس فائرڈ کمبائنڈ سائیکل تھرمل پاور پلانٹ کے ذریعے 450 میگاواٹ کی مجموعی ISO صلاحیت رکھنے والی خودمختار پاور پروڈیوسر ہے جو کہ سدھنائی بیراج، عبدالحکیم، ضلع خانیوال، پنجاب کے قریب واقع ہے۔

فنانس

زیر جائزہ سال کے دوران کمپنی کا ٹرن اوور 204 ملین روپے (2020 میں 117 ملین روپے) اور آپریٹنگ کے اخراجات 248 ملین روپے (2020 میں 168 ملین روپے) رہے جس کے نتیجے میں گزشتہ سال کے مجموعی نقصان 51 ملین روپے کے برعکس 44 ملین روپے کا مجموعی نقصان ہوا۔

کمپنی نے گزشتہ سال کا خالص منافع 1,690 ملین روپے اور فی شیئر آمدنی (EPS) 4.65 روپے کے مقابلے موجودہ سال کا خالص نقصان 84 ملین روپے اور فی شیئر نقصان (EPS) 0.23 روپے درج کرایا ہے۔ گزشتہ سال کے خالص منافع میں ذیلی کمپنی PMCL کے 1,780 ملین روپے کے محاصل شامل تھے۔ اپنی ذیلی کمپنیوں سے اس ڈیویڈینڈ آمدنی کے بغیر، کمپنی کو گزشتہ سال میں 0.25 روپے فی شیئر کا خسارہ برداشت کرنا پڑا۔

گردشی قرضہ تمام پاور سیکٹر کی لیکویڈیٹی کے لئے گزشتہ چند سالوں سے ایک مسلسل مسئلہ رہا ہے اور آپ کی کمپنی اس سے مستثنیٰ نہیں ہے۔ گردشی قرضہ بڑھنے کی اہم وجوہات ٹرانسمیشن اور ڈسٹری بیوشن نقصانات، مہنگے فیول مکس، ڈسٹری بیوشن کمپنیوں سے کم ریکوری اور Covid-19 کے باعث CPPA-G کے محصولات میں کمییں ہیں۔ ہم گردشی قرضہ میں عارضی بہتری دیکھتے ہیں، تاہم، اس چیلنج کا سامنا کرنے کے لئے طویل مدتی اقدامات کی ضرورت ہے۔ CPPA-G کی جانب سے ادائیگیوں میں تاخیر کے باوجود کمپنی اپنی تمام آپریشنل ذمہ داریوں کو پورا کرنے کیلئے نقد رقم کو منظم کرنے کے قابل رہی ہے۔

متذکرہ سال میں آپکی کمپنی کی آلٹرن انرجی لمیٹڈ کے ایکوئٹی ہولڈرز سے منسوب مجموعی کمائی 803 ملین روپے ہے جس کے نتیجے میں فی حصص آمدنی 2.21 روپے رہی جبکہ اس کے برعکس گزشتہ سال کی اسی مدت میں مجموعی کمائی 3,383 ملین روپے جس کے نتیجے میں فی حصص آمدنی 9.31 روپے تھی۔

حصہ داری کی تقسیم

پاور سیکٹر کو درپیش مشکلات کے سبب، کمپنی کے بورڈ آف ڈائریکٹرز نے حصص داران کے لئے کسی ڈیویڈینڈ کا اعلان نہیں کیا ہے۔

آپریشنز

نیشنل گرڈ سسٹم میں نمایاں جنریشن صلاحیت شامل ہونے کی وجہ سے، آپ کے پلانٹ نے پچھلے تین سالوں کے دوران آف ٹیکر سے ڈسپیچ طلب میں شدید کمی دیکھی ہے۔ نئے پاور پلانٹس بہتر کارکردگی اور سستے ایندھن کی وجہ سے CPPA-G کے اقتصادی ترسیل میرٹ آرڈر میں آپ کے پلانٹ سے اوپر درجہ کے ہیں۔ ہمارا پاور پلانٹ موسم گرما کے مہینوں میں آف ٹیکر سے ڈسپیچ طلب وصول کرتا ہے۔ یہاں تک کہ ان مہینوں میں بھی SNGPL سے RLNG کی دستیابی، RLNG ٹرمینل کی گنجائش اور دیگر صنعتوں اور گھریلو صارفین کو RLNG کی تقسیم سے متعلق مسائل کی وجہ سے ایک چیلنج ہے۔ ان عوامل کی وجہ سے، پلانٹ نے صرف 12 GWh (2020: 04 GWh) برقی توانائی آف ٹیکر کو ترسیل کی۔

سال کے دوران، اوریجنل ایکویپمنٹ مینوفیکچررز (او ای ایم) کی سفارشات کے مطابق تمام دیگر طریقہ کار اور بچاؤ کی بحالی کی سرگرمیاں کی گئیں۔ ہمیں یقین ہے تمام انجن اور ان کے امدادی آلات موزوں اور قابل اعتماد آپریشن کیلئے بہترین حالت میں ہیں۔

ماتحت ادارے کا جائزہ

متذکرہ سال کے دوران کمپنی کے ذیلی ادارہ Rousch (پاکستان) پاور لمیٹڈ (RPPL) نے موجودہ سال کیلئے 3,922 ملین روپے منافع (فی حصص آمدنی 4.55 روپے) کا اعلان کیا جبکہ گزشتہ سال کی اسی مدت کے دوران 4,224 ملین روپے منافع (فی حصص آمدنی 4.92 روپے) تھا۔ اس سال کے منافع میں آف ٹیکر کے ساتھ متنازعہ سیٹلمنٹ کے مالی اثرات شامل ہیں جس کی اگلے پیراگراف اہم معلومات میں وضاحت کی گئی ہے۔ اس سیٹلمنٹ کے بغیر زیر جائزہ مدت کا منافع 5,582 ملین روپے منافع، معہ فی حصص آمدنی 6.47 روپے ہوگی۔

RPPL کا واحد صارف CPPA-G ادائیگی کی مسلسل نادہندگی پر کاربند رہا ہے۔ متذکرہ مدت کے اختتام تک کل قابل وصولیاں 15,785 ملین روپے (2020 13,559 ملین روپے)، جس میں سے 12,926 ملین روپے زائد المیعاد (جبکہ جون 2020 کے اختتام پر 11,631 ملین روپے زائد المیعاد) تھے۔ RPPL نے CPPA-G کے ساتھ ایک ماسٹر ایگریمنٹ اور پاور پرچیز ایگریمنٹ میں ترمیم (PPA) کی ہے جس مزید تفصیل اگلے پیراگراف 'مادی معلومات' میں دی گئی ہے۔ اُمید ہے کہ PPA ترمیم کے شرائط کے مطابق ادائیگی کے بعد بقایا قابل وصولیاں نمایاں کم ہو جائیں گی۔

اقتصادی رابطہ کمیٹی (ECC) کے ذریعہ RLN جی مختص کرنے کے لیے MOPNR نے 23 ستمبر 2015 کو مضبوط بنیاد پر RPPL کو RLNG کی MMSCFD 85 کی الاٹمنٹ جاری کی اور RPPL اور SNGPL کو ہدایت کی کہ وہ مضبوط بنیاد پر طویل مدتی GSA طے کریں۔ اس کے بعد CPPA-G اور SNGPL کے ساتھ ایک عبوری GSA طے کیا گیا تھا جو کیم جون 2017 سے مؤثر اور 30 جون 2018 کو ختم ہونا تھا۔ عبوری GSA کے تحت RLNG جب دستیاب ہو 'بنیاد پر فراہم کی جاتی تھی، تاہم RLNG کی عدم فراہمی کو PPA کے تحت دیگر فورس میجور ایونٹ ('OFME') تصور کیا جائے گا۔ 21 جولائی 2020 کو RPPL، CPPA-G اور SNGPL نے عبوری GSA کی توسیع پر دستخط کئے۔ اس معاہدہ کی مدت طویل مدتی گیس فراہمی اور پرچیز ایگریمنٹ ('GSPA') کے دستخط کی تاریخ تک مؤثر ہوگی۔

رسک مینجمنٹ

کمپنی کی سرگرمیاں اسے مختلف قسم کے خطرات سے دوچار کرتی ہیں جو مختلف سطحوں کی غیر یقینی صورتحال سے مشروط ہیں جن کے خلاف کمپنی کے پاس مناسب تخفیف کی حکمت عملی موجود ہے۔ بورڈ آف ڈائریکٹرز اور بورڈ کی آڈٹ کمیٹی باقاعدہ طور پر رسک میٹرکس کا جائزہ لیتی ہے تاکہ اس کے اثرات اور واقع ہونے کے امکانات کم ہوں۔ چیف ایگزیکٹو کی طرف سے انتظامی قیادت خطرات کو کم کرنے کے لیے مناسب اقدامات کرنے کی ذمہ دار ہے۔ رسک مینجمنٹ کے اصولوں کو ان تمام خطرات کی نشاندہی، جن کی وجہ سے کمپنی کو مشکلات درپیش ہوں کے لئے تیار کیا جاتا ہے اور بورڈ تمام ضروری حکمت عملی اپناتا ہے اور کمپنی کو درپیش تمام خطرات کو کم کرنے کے لئے ایک محتاط طریقہ، کار نافذ کرتا ہے۔ کمپنی تمام قلیل مدتی اور طویل مدتی خطرات کو پہچانتی ہے تا کہ ان پر قابو پانے کے لئے مناسب اقدامات اختیار کئے جاسکیں۔

آپریشنل رسک۔

آپریشنل خطرات کو کم کرنے کے لئے، انتظامیہ نے آپریشنل خطرات کی نشاندہی اور ان کے خاتمے کے لئے ایک جامع نظام تیار کیا ہے۔ کمپنی پلانٹ کو زیادہ سے زیادہ کاروباری سطحوں پر رکھنے کے لئے پلانٹ کی دیکھ بھال کی ضروری سرگرمیاں سرانجام دی ہیں۔ پلانٹ میں کوالٹی انوائرمنٹ، ہیلتھ اینڈ سیفٹی (QEHS) فنکشن خرابی یا کسی بھی غیر متوقع واقعہ کے امکانات کی نشاندہی کرنے اور ان کے خاتمے کے لئے ضروری اقدامات کرنے کا پوری طرح ذمہ دار ہے۔

مالی خطرہ

مالی رسک مینجمنٹ کا انکشاف کمپنی کے سالانہ آڈٹ شدہ مالی حسابات کے نوٹ 30 میں کیا گیا ہے۔

اہم معلومات

18 اگست 2020 کو RPPL اور حکومت پاکستان کی طرف سے تشکیل دی گئی آزاد پاور پروڈیوسر کے ساتھ مذاکراتی کمیٹی نے مفاہمت کی یادداشت ('MOU') پر دستخط کیے۔ اس کے بعد 11 فروری 2021 کو RPPL اور CPPA-G نے ماسٹر ایگریمنٹ اور پاور پرچیز ایگریمنٹ (PPA) ترمیمی معاہدہ (مجموعی طور پر ایک "معاہدہ") پر دستخط کئے۔ ان معاہدوں کی شرائط کے مطابق: (1)۔ اپنے جنریشن لائسنس کی شرائط سے قطع نظر RPPL کو CTA پر عملدرآمد اور مکمل طور پر آپریشنل ہو جانے کے بعد مسابقتی ٹریڈنگ انتظامات ("CTA") کی وساطت سے مسابقتی تجارتی مارکیٹ تخلیق کرنے کے لئے حکومت پاکستان کی اسکیم میں شرکت کا اختیار حاصل ہوگا؛ (2)۔ CPPA-G گیس سپلائر کے ساتھ 31 دسمبر 2021 تک یقینی گیس سپلائی معاہدہ میں داخل ہونے کے لئے RPPL کی مدد اور تعاون کرے گا؛ (3)۔ RPPL اور CPPA-G نے PPA ترمیم شدہ معاہدہ کے ایک حصہ کے طور پر 2013 اور 2016 میں RPPL پر CPPA-G کی طرف سے عائد لیکویڈیٹڈ نقصانات ("LDs") کے جھگڑے کو حل کیا؛ (4)۔ 30 نومبر 2020 کو بقایا قابل وصولیاں دو اقساط میں ادا کی جانی چاہئیں۔ پہلی قسط دستخط ہونے کے کاروباری تیس دنوں کے اندر ادا کی جانی ہے۔ دوسری قسط پہلی قسط کے چھ ماہ کے اندرون ادا کی جانی ہے۔ ہر ایک قسط 1/3 کیش، 1/3 پاکستان انویسٹمنٹ بانڈز اور 1/3 اجارہ سکوک کی ہوگی؛ (5) پہلی قسط کی ادائیگی پر اور ادائیگی کے میکانزم کے مطابق آخری قسط RPPL کو وصول ہونے کی تاریخ تک RPPL ٹیرف میں درج ذیل ڈسکاؤنٹس فراہم کرتے ہوئے اپنی انوائسز جمع کرائے گا: (i) موجودہ کیپسٹی ادائیگیوں اور متغیر O&M کو 11 فیصد تک کم کیا جائے گا اور (ii) امریکی ڈالر کی شرح تبادلہ اور یو ایس CPI اشاریہ جات کم متغیر O&M پر اور کیپسٹی پرچیز پرائس (جس کو مجموعی طور پر "ٹیرف ڈسکاؤنٹ" کہا جاتا ہے) کے کم قابل پیائش اجزاء کا 50 فیصد لاگو ہوگا۔ کیپسٹی پرچیز پرائس کے کم قابل پیائش اجزاء کے بقیہ 50% پر حالیہ انڈیکسیشن ٹیرف کے تحت شرح تبادلہ کی قابل اطلاق تاریخ تک لاگو ہونا جاری رہے گا جب تک 168.60 of PKR/US$ تک پہنچ نہیں جاتی ہے، جس کے بعد یہ بڑھنا رک جائے گا۔ (6) جیسا کہ اوپر بیان کیا گیا ہے، ٹیرف ڈسکاؤنٹ کے بدلے PPA کے تحت RPPL کی طرف سے اس کے موجودہ انتظامات کے مطابق کوئی بیت ریٹ شیئرنگ منجمد ہو جائے گی۔

ان امور کو حتمی شکل دینا مذکورہ بالا معاہدوں میں مذکور شرائط وضوابط سے مشروط ہے۔ اس میں ان معاہدوں پر دستخط کرنے کے 30 کاروباری دن کے اندر یعنی 29 مارچ، 2021 کو 30 نومبر 2020 تک بقایا جات کی 40% کی ادائیگی بھی شامل ہے۔ CPPA-G نے پہلی قسط کی ادائیگی 04 جون 2021 کو کر دی ہے۔ اگلی قسط کی وصول (30 نومبر 2020 تک بقایا واجبات کی ادائیگی کا 60 فیصد) 30 ستمبر 2021 کو

واجب ہے۔ اگر CPPA-G نے اس تاریخ تک ادائیگی نہیں کی، جس کی ادائیگی کی محتاط مدت 70 دن کی ہے۔ اگر CPPA-G محتاط مدت کے اندر یہ ادائیگی کرنے میں قاصر رہا تو، یہ معاہدے ختم کر دیئے جائیں گے

مستقبل کا نقطہ نظر

گذشتہ چند سالوں کے دوران، قومی گرڈ سسٹم میں برقی توانائی کا نمایاں اضافہ کیا جا رہا ہے۔ ان پاور پلانٹس میں سے اکثر نے تھرمل صلاحیت کا شاندار مظاہرہ کیا۔ اسی مدت کے دوران، مقامی گیس کے ذخائر کی کمی کے باعث آپ کی کمپنی کو اپنے پلانٹ کے آپریشنز کو مقامی رسستی گیس سے مہنگی درآمدہ گیس RLNG پر منتقل کرنا پڑا تھا۔ نتیجے میں، آپ کے پلانٹ کو NPCC سے ترسیل کی طلب میں شدید کمی کا سامنا کرنا پڑا ہے کیونکہ نئے پلانٹ بہتر کارکردگی کی بدولت اکانومیکل اور CPPA-G/ NPCC کی اکنامک ترسیل میرٹ آرڈر میں آلٹرن کے پلانٹ سے اوپر درجہ رکھتے ہیں۔ جن آئی پی پیز جنھوں نے پی پی ایز کے ساتھ ٹیک یا پے انتظامات کے تحت معاہدہ کیا ہے ان کو لیکویڈیٹی چیلنجز کا سامنا نہیں کرنا پڑتا ہے۔ چونکہ آپ کی کمپنی نے CPPA-G کے ساتھ ٹیک اینڈ پے کا معاہدہ کیا ہے، اس سے ہماری کمپنی کو پلانٹ چلانے کے لئے ایک سنجیدہ چیلنج کا انکشاف ہوا ہے کیونکہ آف ٹیکر کو کم ترسیل کے نتیجے میں کم آمدنی حاصل ہو جیسے اور پلانٹ کو اپنے مقررہ آپریشنل اخراجات کو پورا کرنے میں بہت مشکل پیش آ رہی ہے۔ اس صورتحال نے اس حقیقت کو مزید واضح کر دیا ہے کہ پلانٹ کی کاروباری عملداری بھی غیر یقینی ہو چکی ہے۔ تاہم، کمپنی RPPA کے ذیلی ادارے میں اپنی سرمایہ کاری سے آمدنی کی وجہ قابل عمل اینٹٹی کو برقرار رکھے گی۔

کمپنی کو موجودہ لاحق خطرات کے چیلنجوں کے پیش نظر، بورڈ کنٹر یکٹیکل اور تجارتی دونوں طرح کے کئی اختیارات پر غور کر رہا ہے۔ سال کے دوران کمپنی نے اپنے خریدار سے درخواست کی ہے کہ وہ موجودہ ٹیک اینڈ پے انتظامات کو ٹیک یا پے انتظامات میں تبدیل کر دے، تاکہ اگر کم/ کوئی ترسیل نہ بھی ہو تو بھی، کمپنی اپنے فکسڈ O&M کے اخراجات کو پورا کر سکے۔ تاہم کمپنی کی اس درخواست کا کوئی مثبت جواب نہیں ملا۔ زیر جائزہ سال کے دوران، کمپنی نے حکومت کی طرف سے تشکیل دی گئی مذاکراتی کمیٹی جس کو ملک میں بجلی کی قیمت کو کم کرنے کا کام تفویض کیا گیا ہے سے کمپنی اور خریدار کے مابین باہمی متفقہ شرائط پر PPA کو ختم کرنے کی درخواست کی ہے۔ اس کے بعد، اس قسم کے خاتمے سے وابستہ بے شمار چیلنجوں پر غور کرتے ہوئے، بورڈ نے فیصلہ کیا ہے کہ فی الوقت معطلی کی درخواست کی پیروی نہ کی جائے اور موجودہ PPA کے فریم ورک کے اندر کمپنی کے آپریشنز کا انتظام کیا جائے۔

صحت، حفاظت اور ماحول

QEHS کمپنی کی پہلی اور اہم ترجیح ہے۔ کمپنی نہ صرف اپنے لوگوں کی قدر کرتی ہے بلکہ ماحول جس میں یہ کام کرتی ہے سے بھی باخبر رہتی ہے۔ متذکرہ سال کے دوران، آپ کی کمپنی نے پاور پلانٹ میں کوالٹی، ماحولیات، صحت اور حفاظتی اقدامات میں کارکردگی کی تسلی بخش سطح کو برقرار رکھا ہے۔ کمپنی نے پلانٹ سائٹ پر تعینات لوگوں اور سامان کی حفاظت کو یقینی بنانے کیلئے ISO&NFPA، OSHA کی گائیڈ لائنز کو اپنایا ہے۔ کمپنی زیرو ایل ٹی آئی (Lost Time Incident) کے حصول اور بین الاقوامی سطح پر تسلیم شدہ (آئی ایس او 9001، آئی ایس او 14001 اینڈ او ایچ ایس اے ایس 18001) مینجمنٹ سسٹم کے مطابق خود کو چلانے کی کوششوں کیلئے ایک فعال نقطہ نظر رکھتی ہے۔ اس کے علاوہ، جہاں تک ماحولیاتی تحفظ کا تعلق ہے، کمپنی ہوا کے اخراج اور پانی کے بُرے اثرات سے متعلق پنجاب ماحولیاتی کوالٹی سٹینڈرڈ (PEQs) کی نگرانی اور تعمیل کر رہی ہے۔ 30 جون 2021 کے مطابق QEHS کے اعداد و شمار درج ذیل ہیں۔

آخری ایل ٹی آئی سے گھنٹے	735,533
آخری ایل ٹی آئی سے دن	1,925
ممنوعہ کام کے واقعات	0
میڈیکل علاج	0
ابتدائی طبی امداد کے کیس	1
نیئر مس انسیڈنٹ	0
واقعات / جائیداد کے نقصان کے کیس	0
گڈ کیچز	27
QEHS ٹریننگ	14

کووڈ 19 اور متعلقہ اقدامات

پاکستان میں فروری 2020 سے کورونا وائرس کی وبا کی بڑھتی ہوئی صورت حال کو دیکھتے ہوئے، آپ کی کمپنی نے صورتحال کی گہری نگرانی کے لیے ایک 'COVID-19 ٹاسک فورس ('CTF') قائم کی ہے۔ CTF اور HSE کی ٹیمیں مسلسل صورتحال کا بغور جائزہ لیتی ہیں اور ضروری کنٹرول نافذ کرتی ہیں تاکہ ملازمین، ان کے خاندانوں، ٹھیکیداروں اور دوسرے اسٹیک ہولڈرز پر براہ راست رابطے میں COVID-19 کے اثرات کو کم سے کم کیا جا سکے۔ سی ٹی ایف کمپنی کے دیگر محکموں کے ساتھ قریبی رابطے میں کام کرتا ہے تاکہ وبائی امراض کے انتظامات کی جامع ہدایات تیار کی جا سکے تاکہ انسانی حفاظت اور کاروباری تسلسل کو یقینی بنایا جا سکے۔

کمپنی نے اس وبا کے اثرات کو سنبھالنے کے لیے تمام مقامات پر مناسب کنٹرول نافذ کیا ہے۔ لازمی ایس او پیز جس میں، تمام ملازمین اور سروس فراہم کرنے والوں کے لیے، فیس ماسک پہننا اور کمپنی کے احاطے میں ہر وقت 6 فٹ کا سماجی فاصلہ برقرار رکھنا شامل ہیں۔ دیگر کنٹرولز میں غیر فعال اور فعال ہیلتھ اسکریننگ، درجہ حرارت کی لازمی جانچ، سانس اور ہاتھوں کی حفظان صحت PPEs کا استعمال، احاطے اور گاڑیوں کی گہری صفائی اور جراثیم کشی، میل جول کو محدود کرنا اور گھر سے کام کرنے کی پالیسیاں شامل ہیں۔ ملازمین اور ان کے خاندانوں کی زیادہ سے زیادہ ویکسینیشن کو یقینی بنانے کے لیے ایک جارحانہ مہم چلائی جا رہی ہے۔

کارپوریٹ گورننس

کمپنی کے ڈائریکٹرز اور انتظامیہ کمپنیز ایکٹ 2017 (دی ایکٹ) کی دفعات کے مطابق اپنی ذمہ داریوں سے پوری طرح آگاہ ہیں۔ بورڈ نے کاروبار کے اصولوں کے عمیق احساس اور کاروبار کے انعقاد کیلئے اعلیٰ اخلاقی معیار کو یقینی بناتے ہوئے کارپوریٹ گورننس کے بہترین طریقوں کو اپنایا ہے۔ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی تعمیل کے منسلکہ بیان میں خلاصہ بیان کیا گیا اور بیرونی آڈیٹرز سے باقاعدہ جائزہ لیا گیا ہے۔

ڈائریکٹرز بخوشی بیان کرتے ہیں:

ا۔ کمپنی کی انتظامیہ کی طرف سے تیار کردہ، اشتمال شدہ مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکوئٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔

ب۔ کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔

پ۔ مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔

ت۔ مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRS) کی پیروی کی گئی ہے۔

ٹ۔ داخلی کنٹرول سسٹم بشمول مالی اور آپریشنل کنٹرول، خرید وفروخت، وصولیوں اور ادائیگیوں، اثاثوں اور واجبات اور رپورٹنگ سٹرکچر کی بروقت اور مناسب رپورٹنگ کے لئے اکاؤنٹنگ سسٹم ڈیزائن میں مستحکم ہے اور مؤثر طریقہ سے عملدرآمد اور نگرانی کی جاتی ہے۔

ث۔ کمپنی کے گوئنگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک وشبہات نہیں ہیں۔

ج۔ بورڈ پر تمام ڈائریکٹرز کارپوریٹ باڈی کے ڈائریکٹر کی حیثیت سے اپنے فرائض اور ذمہ داریوں سے مکمل طور پر آگاہ ہیں۔

چ۔ فہرستی قواعد وضوابط میں تفصیلی کارپوریٹ گورننس کے بہترین عمل سے کوئی مادی انحراف نہیں کیا گیا ہے۔

ح۔ گزشتہ 6 سال کے کلیدی اور اہم مالیاتی اعداد وشمار رپورٹ کے ہمراہ منسلک ہیں۔

خ۔ ٹیکسز، ڈیوٹیز، لیویز اور چارجز کی مد میں جہاں کوئی قانونی ادائیگی بقایا ہے، مختصر تفصیل اور وجوہات کے ساتھ رقم کا انکشاف مالی حسابات میں کیا گیا ہے۔

بورڈ آف ڈائریکٹرز کی ترتیب

چیف ایگزیکٹو (ڈائریکٹر) سمیت ڈائریکٹرز کی کل تعداد 8 درج ذیل کے مطابق ہیں:

مرد 7

خاتون 1

بورڈ کی ترتیب حسب ذیل کے مطابق ہے:

نمبر شمار	کیٹگری	نام ڈائریکٹر
1	آزاد ڈائریکٹر	سید رضوان علی شاہ
2	نان ایگزیکٹو ڈائریکٹر	تیمور داؤد
3	نان ایگزیکٹو ڈائریکٹر	فاروق نذیر
4	نان ایگزیکٹو ڈائریکٹر	فیصل داؤد
5	نان ایگزیکٹو ڈائریکٹر	شاہ محمد چودھری
6	نان ایگزیکٹو ڈائریکٹر	مہرین داؤد
7	نان ایگزیکٹو ڈائریکٹر	صالح مرغانی
8	ایگزیکٹو ڈائریکٹر	عمر شہزاد شیخ

بورڈ میں تبدیلیاں

زیر جائزہ مالی سال کے دوران، کمپنی کے بورڈ میں کوئی تبدیلیاں نہیں کی گئیں:

بورڈ کے اجلاس

ریگولیٹری فریم ورک کے تقاضہ کے مطابق بورڈ آف ڈائریکٹرز سال کے دوران کم از کم چار اجلاس کرتے ہیں۔ اجلاس کے دوران بورڈ کی جانب سے کیے جانے والے فیصلوں کو تحریری صورت دی گئی اور معینہ مدت کے اندر توثیق کیلئے تمام ڈائریکٹرز میں کمپنی سیکرٹری کی طرف سے تقسیم کیا گیا جن کی بورڈ کے اجلاسوں میں منظوری دی گئی۔ بورڈ کے تمام اجلاس ایکٹ اور ریگولیشنز کے مجوزہ مطلوبہ حاضری کورم کے تحت منعقد کیے گئے، چیف فنانشل آفیسر اور کمپنی سیکریٹری نے بھی تمام اجلاسوں میں شرکت کی۔

سال کے دوران بورڈ آف ڈائریکٹرز کے چھ (06) اجلاس منعقد کیے گئے تھے۔ نوٹسز معہ ایجنڈا بروقت انداز میں ترسیل کیے گئے۔ جن میں حاضری کچھ اس طرح رہی۔

نام ڈائریکٹر	اجلاس میں شرکت
تیمور داؤد	6
فیصل داؤد	6
فاروق نذیر	6
مہرین داؤد	4
شاہ محمد چوہدری	6
سید رضوان علی شاہ	5
صالح مرغانی	5
عمر شہزاد شیخ	6

جو ارکان بورڈ کے اجلاس میں شرکت نہیں کر سکے کو عدم شرکت کی رعایت دی گئی۔

داخلی آڈٹ اور کنٹرول

بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کو رپورٹنگ کرنے والے اہل فرد کی سربراہی میں ایک آزاد آڈٹ فنکشن قائم کیا ہے۔ کمپنی کے اندرونی آڈٹ فنکشن کی وسعت واضح طور پر آڈٹ کمیٹی کے ذریعہ بیان کی گئی ہے جس میں داخلی مالیاتی کنٹرولز کا باقاعدہ جائزہ لیا جاتا ہے۔

کافی داخلی مالیاتی کنٹرولوں

آلٹرن انرجی لمیٹڈ داخلی کنٹرول اور رسک مینجمنٹ کا مضبوط نظام رکھتا ہے۔ بورڈ آف ڈائریکٹرز داخلی کنٹرول عوامل کی نگرانی کا مجموعی ذمہ دار ہے۔ اس مقصد کے لئے بورڈ آف ڈائریکٹرز نے آپریشن کے موثر اور کارگر انعقاد، کمپنی کے اثاثوں کی حفاظت، قانونی تقاضوں کی تعمیل اور قابل بھروسہ مالیاتی رپورٹنگ کو یقینی بنانے کے لئے داخلی کنٹرول کا موثر نظام قائم کیا ہے۔

ڈائریکٹرز ٹریننگ

کمپنی کے آٹھ ڈائریکٹرز میں سے سات ڈائریکٹرز ریگولیشنز کے تقاضوں کے مطابق SECP کے منظور شدہ اداروں سے ڈائریکٹرز ٹریننگ پروگرام کے تحت کوالیفائیڈ ڈائریکٹرز سند یافتہ ہیں۔ باقی غیر ملکی ڈائریکٹرز مقررہ مدت میں اپنا سرٹیفکیٹ حاصل کر لیں گے۔ تمام ڈائریکٹرز بطور ڈائریکٹرز اپنے فرائض اور ذمہ داریوں سے بخوبی آگاہ ہیں۔

ڈائریکٹرز کا مشاہرہ

بورڈ ارکان کا مشاہرہ خود بورڈ کے دائرہ اختیار میں ہے۔ ڈائریکٹرز کے مشاہرہ کی رسمی پالیسی بورڈ نے منظور کی ہے۔ پالیسی ایکٹ اور ریگولیشنز کے تقاضوں کے مطابق ڈائریکٹرز کے مشاہرہ کا طریقہ کار کی وضاحت کرتی ہے۔ پالیسی کے مطابق، نامزد ڈائریکٹرز بورڈ / کمیٹی کے اجلاسوں کی فیس یا کوئی دیگر مشاہرہ وصول کرنے کے اہل نہیں ہیں۔ صرف اجلاس میں شرکت کی فیس آزاد ڈائریکٹرز کو ادا کی جاتی ہے۔ ڈائریکٹرز اور چیف ایگزیکٹو کو ادا کیے جانے والے مشاہرہ کا سالانہ نظر ثانی شدہ غیر مجموعی مالی حسابات کے نوٹ 28 میں موزوں بیان کیا گیا ہے۔

بورڈ کی کارکردگی کا تجزیہ

ریگولیشنز کے مطابق بورڈ نے پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس کے ذریعے خود اپنے آپ، اپنے ارکان اور اپنی کمیٹیوں کی کارکردگی کا جائزہ لیا ہے۔ مذکورہ جائزہ رپورٹ میں ایکٹ، ریگولیشنز اور پالیسیوں اور پروسیجرز سے کوئی اہم انحراف نہیں پایا گیا ہے۔ بورڈ کے چیئرمین نے بورڈ ارکان کی مشاورت سے بورڈ اور اسکی کمیٹیوں کے لئے ایک تشخیصی منصوبہ تیار کیا جو یہ یقینی بناتا ہے کہ بورڈ اسکی کمیٹیاں اپنے کردار اور ذمہ داریوں سے بخوبی آگاہ ہیں۔ بورڈ باقاعدہ بنیاد پر خود اپنے آپ، اپنے ارکان اور اپنی کمیٹیوں کی کارکردگی کا جائزہ لیتا ہے۔

بورڈ کی کمیٹیاں

بورڈ کے ہموار آپریشنز اور مستحکم فیصلہ سازی میں مدد کرنے کے لئے، بورڈ نے دو کمیٹیاں قائم کی ہیں جن کے سربراہ نان ایگزیکٹو ڈائریکٹرز ہیں۔ یہ کمیٹیاں مندرجہ ذیل ہیں:

آڈٹ کمیٹی

آڈٹ کمیٹی موجودہ ریگولیشنز اور اکاؤنٹنگ معیارات کے مطابق حصص داران کو بنیادی جائزہ کی مالیاتی یا غیر مالیاتی معلومات دیتے ہوئے نگرانی کی اپنی ذمہ داریوں کو پورا کرنے میں بورڈ کی مدد کرتی ہے۔ ایک آزاد ڈائریکٹر کی صدارت میں، یہ بورڈ کی آنکھوں اور کان کا کام سرانجام دیتی ہے اور اسکی ذمہ داریوں کو پورا کرنے میں مدد کرتی ہے۔ آڈٹ کمیٹی کی ٹرمز آف ریفرنس ریگولیشنز کی گائیڈ لائنز کی روشنی میں بیان کی گئی ہیں۔

آڈٹ کمیٹی مندرجہ ذیل چار (4) ارکان پر مشتمل ہے:

سید رضوان علی شاہ	(آزاد ڈائریکٹر) چیئرمین
فاروق نذیر	(نان ایگزیکٹو ڈائریکٹر)
مہرین داؤد	(نان ایگزیکٹو ڈائریکٹر)
شاہ محمد چوہدری	(نان ایگزیکٹو ڈائریکٹر)

داخلی آڈٹ کے سربراہ نے کمیٹی اور اس کے تمام اجلاسوں میں سیکرٹری کے فرائض سرانجام دیے۔ چیف فنانشل آفیسر کو آڈٹ کمیٹی کے اجلاسوں میں مدعو کیا گیا اور بیرونی آڈیٹرز نے تقاضوں کے مطابق اجلاسوں میں شرکت کی ہے۔ سال کے دوران کمیٹی کے چار اجلاس منعقد ہوئے اور حاضری مندرجہ ذیل تھی:

نام رکن	اجلاس میں شرکت
فاروق نذیر	4
شاہ محمد چوہدری	4
سید رضوان علی شاہ	4
مہرین داؤد	1

جو ارکان آڈٹ کمیٹی کے اجلاس میں شرکت نہیں کر سکے کو اجلاس میں عدم شرکت کی چھٹی دی گئی۔

ہیومن ریسورس اینڈ ریمنریشن کمیٹی

ہیومن ریسورس اینڈ ریمنریشن کمیٹی مؤثر ہیومن ریسورس فنکشن کے لئے اختیار کئے جانے والے ضروری کمپنسیشن، پالیسیوں اور پروسیجرز کے تمام عناصر کے جائزہ اور بورڈ کو سفارش کے لئے قائم کی گئی ہے۔ ہیومن ریسورس اینڈ ریمنریشن کمیٹی نے ریگولیشنز میں فراہم کردہ ٹرمز آف ریفرنس اختیار کی ہیں۔

کمیٹی میں تین نان ایگزیکٹو ڈائریکٹرز بطور ارکان شامل ہیں جن میں سے ایک آزاد ڈائریکٹر ہے۔

ہیومن ریسورس کے سربراہ کمیٹی کے سیکرٹری کی خدمات سرانجام دیتے ہیں۔ کمیٹی سال میں کم از کم ایک اجلاس منعقد کرتی ہے۔

ہیومن ریسورس اینڈ ریمنریشن کمیٹی درج ذیل تین (3) ارکان پر مشتمل ہے:

فاروق نذیر	(نان ایگزیکٹو ڈائریکٹر) چیئرمین
شاہ محمد چوہدری	(نان ایگزیکٹو ڈائریکٹر)
سید رضوان علی شاہ	(آزاد ڈائریکٹر)

سال کے دوران کمیٹی کا ایک اجلاس منعقد ہوا اور اجلاس میں تمام ارکان نے شرکت کی۔

ذیلی کمپنیز کے بورڈ آف ڈائریکٹرز

پاور مینجمنٹ کمپنی (پرائیویٹ) لمیٹڈ ('PMCL')

تیمور داؤد	نان ایگزیکٹو ڈائریکٹر (چیئرمین)
فیصل داؤد	نان ایگزیکٹو ڈائریکٹر
فاروق نذیر	نان ایگزیکٹو ڈائریکٹر
عبدالسہیل	چیف ایگزیکٹو

Rousch (پاکستان) پاور لمیٹڈ ('RPPL')

RPPL کے بورڈ آف ڈائریکٹرز میں ڈائریکٹرز کی تعداد آٹھ (8) جس میں چیف ایگزیکٹو کو بطور ڈائریکٹر شامل کیا گیا ہے۔

رپورٹنگ کی تاریخ تک ڈائریکٹرز کے نام درج ذیل ہیں:

تیمور داؤد	نان ایگزیکٹو ڈائریکٹر (چیئرمین)
محترمہ آئزلینگ کیٹیلی	نان ایگزیکٹو ڈائریکٹر
کلاؤز جان ہارسٹ ہیکل	نان ایگزیکٹو ڈائریکٹر
فاروق نذیر	نان ایگزیکٹو ڈائریکٹر
صالح مرغانی	نان ایگزیکٹو ڈائریکٹر
شاہ محمد چودھری	نان ایگزیکٹو ڈائریکٹر
سٹیفن ایرک ہنز سکیلر	نان ایگزیکٹو ڈائریکٹر
فیصل داؤد	چیف ایگزیکٹو

25 فروری 2021 کو مبشر احمد مجید کمپنی کے چیف ایگزیکٹو کے عہدہ سے مستعفی ہوگئے اور مبشر احمد مجید کی جگہ فیصل داؤد کو چیف ایگزیکٹو مقرر کیا گیا۔

22 ستمبر 2021 کو، وقار احمد خان نے فیصل داؤد کی جگہ چیف ایگزیکٹو کا عہدہ سنبھال لیا۔

متعلقہ پارٹی ٹرانزیکشنز

ایکٹ اور ریگولیشن کے تقاضہ کے مطابق، آڈٹ کمیٹی نے ہر سہ ماہی متعلقہ پارٹی سے لین دین کا جائزہ لیا اور بورڈ کو سفارش کی اور بورڈ نے ان کی منظوری دی۔ تمام متعلقہ پارٹی لین دین معمول کے کاروبار میں اور قابل رسائی بنیاد پر انجام پائے تھے۔ کمپنی متعلقہ پارٹی سے تمام لین دین کا مکمل ریکارڈ رکھتی ہے۔ کمپنی نے اس سالانہ رپورٹ سے منسلک مالی حسابات میں پارٹی سے متعلقہ لین دین کا تفصیلی انکشاف کیا ہے۔ اس طرح کا انکشاف ایکٹ کے چوتھے شیڈول اور قابل اطلاق بین الاقوامی مالیاتی رپورٹنگ معیارات کے تقاضوں کے مطابق ہے۔

سماجی سرمایہ کاری

AEL باہمی مفاد کے لئے کمیونٹی اور ماحولیات کی طرف ذمہ داری کا مظاہرہ کرنے کے لئے پُرعزم ہے۔ کمپنی کارپوریٹ سماجی ذمہ داریوں پر توجہ مرکوز کئے ہوئے ہے۔ کمپنی اپنی کاروباری سرگرمیوں میں ایک اچھا شہری ہونے اور اپنے عملہ اور معاشرہ کی سماجی بہبود میں اپنی ذمہ داریوں کو پورا کرنے کی اہمیت کو تسلیم کرتی ہے۔ شجرکاری کے ذریعے مقامی کمیونٹی کے ماحول کو محفوظ بنانے کو خاص اہمیت دی گئی ہے۔ جبکہ مقامی کمیونٹی ہمارے پلانٹ پر اردگرد کی کمیونٹیز سے زیادہ سے زیادہ عملہ کو روزگار دینے کی ہماری حکمت عملی سے مستفید ہوتی ہے۔

شیئر ہولڈنگ کا نمونہ

کمپنیز ایکٹ 2017 کی دفعہ (2)227 کے مطابق، 30 جون 2021 کو شیئر ہولڈنگ کا نمونہ ریگولیشنز کے تحت مطلوبہ معلومات کے ہمراہ سالانہ رپورٹ سے منسلک ہے۔

آڈیٹرز

موجودہ سال 21-2020 کے لئے کمپنی کے مالی حسابات کا میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنس نے جائزہ لیا ہے۔ موجودہ آڈیٹرز سالانہ اجلاس عام کے اختتام پر ریٹائر ہوجائیں گے اور اہلیت کی بناپر انہوں نے نئے مالی سال میں دوبارہ تعیناتی کیلئے اپنے آپ کو پیش کیا ہے۔

آڈٹ کمیٹی کی سفارشات کے مطابق بورڈ نے 30 جون 2022 کو ختم ہونے والے سال کے لیے آئندہ سالانہ اجلاس عام میں حصص داران کی منظوری کے حوالہ سے میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنس کی آڈیٹرز کی حیثیت سے تقرری کی منظوری دے دی ہے۔

اظہار تشکر

بورڈ آف ڈائریکٹرز اپنے قابل قدر حصص یافتگان، کاروباری شراکت داروں، حکومتی اداروں اور تمام دیگر اسٹیک ہولڈرز کے انکے مسلسل تعاون، اعتماد، حمایت اور سرپرستی کیلئے شکرگزار ہیں۔

بورڈ کمپنی کی اعلیٰ کارکردگی کا ایک اہم حصہ ہونے پر اپنے ایگزیکٹوز، سٹاف اور ورکرز کی بھی تعریف کرتا ہے۔

بحکم بورڈ

عمر شہزاد شیخ
چیف ایگزیکٹو

فاروق نذیر
ڈائریکٹر

لاہور 28 ستمبر 2021ء

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of company: Altern Energy Limited
Year ended: June 30, 2021

The Company has complied with the requirements of the Regulations in the following manner:

1. The total numbers of directors are 8 (including Chief Executive Officer) as per the following:
   a) Male 7
   b) Female 1

2. The composition of the board is as follows:

Sr. No.	Category	Names
1	Independent Director	Syed Rizwan Ali Shah
2	Non-Executive Directors	Mr. Taimur Dawood
3		Mr. Faisal Dawood
4		Mr. Farooq Nazir
5		Ms. Mehreen Dawood
6		Mr. Salih Merghani
7		Mr. Shah Muhammad Chaudhary
8	Executive Director	Mr. Umer Shehzad Sheikh

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy, and significant policies of the company. The board has ensured that complete record of particulars of the significant policies along with their date of approval is maintained by the Company.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by Board / shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The Board has complied with requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of the meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. Out of the eight, seven directors have obtained certificate of Directors' training program. The remaining one director will undertake training program or get the exemption certificate in due course.

10. The board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, and complied with relevant requirements of the Regulations.

11. Chief Executive Officer and Chief Financial Officer duly endorsed the financial statements before approval of the Board.

12. The board has formed two committees comprising of members given below:

    (a) Audit Committee:

    1. Syed Rizwan Ali Shah (Independent Director) – Chairman
    2. Mr. Farooq Nazir (Non-executive Director)
    3. Ms. Mehreen Dawood (Non-executive Director)
    4. Mr. Shah Muhammad Chaudhary (Non-executive Director)

    (b) Human Resource and Remuneration Committee:

    1. Mr. Farooq Nazir (Non-executive Director) – Chairman
    2. Mr. Shah Muhammad Chaudhary (Non-executive Director)
    3. Syed Rizwan Ali Shah (Independent Director)

13. The terms of reference of the aforesaid committees have been formed, documented, and advised to the committees for compliance.

14. The frequency of meetings (quarterly/half yearly/yearly) of the committees were as per following:

    a) Audit Committee:
    Four quarterly meetings were held during the financial year ended June 30, 2021.

    b) Human Resource and Remuneration Committee:
    One meeting was held during the financial year ended June 30, 2021.

15. The board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or director of the Company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the regulations 3, 6, 7, 8, 27, 32, 33, and 36 of the Regulations have been complied with, except for the number of independent directors not being met by the Company in accordance with regulation 6(1).

19. Explanation for non-compliance with requirements, other than regulation 3, 6, 7, 8, 27, 32, 33, and 36 is as follows:

19. Explanation for non-compliance with requirements, other than regulation 3, 6, 7, 8, 27, 32, 33, and 36 is as follows:

Requirement	Regulation	Explanation
Representation of Minority shareholders: The minority members as a class shall be facilitated by the Board to contest election of directors by proxy solicitation.	5	No one has intended to contest election as director representing minority shareholders.
Nomination Committee: The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	29(1)	Currently, the board has not constituted a separate Nomination Committee and the functions are being performed by the Human Resource & Remuneration Committee.
Risk Management Committee: The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	30(1)	Currently, the board has not constituted a RMC and the Company's Risk Manager performs the requisite functions and apprises the board accordingly.

Umer Shehzad Sheikh
Chief Executive

Taimur Dawood
Chairman

Lahore
September 28, 2021

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A·F·FERGUSON&Co.

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF ALTERN ENERGY LIMITED

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Altern Energy Limited for the year ended June 30, 2021 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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 Regulations 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. 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.

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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021.

Further, we highlight below an instance of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where this is stated in the Statement of Compliance:

Paragraph Reference	Description
I) 18	Number of independent directors not being met by the Company.

A.F. Ferguson & Co.

Chartered Accountants
Lahore,

Date: September 28, 2021

INDEPENDENT AUDITOR'S REPORT

To the members of Altern Energy Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Altern Energy Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2021, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit or loss, unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the loss 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 Unconsolidated 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.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key audit matter:

S. No.	Key audit matter	How the matter was addressed in our audit
(i)	**Request for termination of agreements and impairment testing of Power Generation Cash-Generating Unit ('CGU')** *(Refer notes 1.4, 11.1.4 and11.1.5 to the annexed unconsolidated financial statements)* During the current year, the Company has requested the relevant authorities for termination of its Power Purchase Agreement (PPA) and Implementation Agreement (IA). Also, the management has tested the assets relating to Company's Power Generation operations (considered a CGU) for impairment.The recoverable amount of the CGU has been determined based on higher of 'fair value less costs of disposal' and 'value in use'. Management involved an independent expert (professional valuer) to assess the 'fair value less costs of disposal' while the 'value in use' has been determined by management through discounted cash flow method. The above valuations require significant judgement and estimations on the part of management.Also, the Company's request for termination of its PPA and IA is a significant event during the year. Due to the significant level of judgement and estimations involved, we consider these to be a key audit matter.	Our audit procedures included the following: • Inspected the letters written by the Company to the relevant authorities for termination of PPA and IA; • Obtained understanding of management's assessment of the impact of the above letters on the Company's financial statements; • Obtained understanding of management's process for identification of impairment indicators; • Checked management's assessment of presence and magnitude of impairment indicators for Power Generation CGU; • Checked whether the method for determination of the recoverable amount is in compliance with the IAS 36, “Impairment of Assets”; • For 'fair value less costs of disposal', we assessed the valuation methodology applied, checked assumptions used by the management's expert and involved our auditor's expert to assess the methodology and assumptions used by management's expert; • Checked the professional qualification of management's expert and assessed the independence, competence and experience of the management's expert in the field; • For value in use, we evaluated cash flow forecasts and the process by which they were determined and approved, including checking the mathematical accuracy of the underlying calculations; • Compared the cash flows used in value in use with the understanding obtained about the business areas during our audit and available market information; and • Checked the adequacy of the disclosures made by the Company in this area with regard to applicable accounting and reporting standards.

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the unconsolidated and consolidated financial statements and our auditor's reports thereon.

Our opinion on the unconsolidated 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 unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated 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 Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated 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 unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated 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 Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated financial statements, including the disclosures, and whether the unconsolidated 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.

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

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

Report on Other Legal and Regulatory Requirements

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

(a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

(b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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 Khurram Akbar Khan.

A.F. Ferguson & Co.

Afferguson & Co.

Chartered Accountants
Place: Lahore
Date: September 28, 2021

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2021	2020
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
EQUITY			
Authorised share capital			
400,000,000 (2020: 400,000,000)			
ordinary shares of Rs 10 each		4,000,000	4,000,000
Issued, subscribed and paid up share capital			
363,380,000 (2020: 363,380,000)			
ordinary shares of Rs 10 each	5	3,633,800	3,633,800
Capital reserve: Share premium	6	41,660	41,660
Revenue reserve: Un-appropriated profits		441,020	525,335
		4,116,480	4,200,795
NON-CURRENT LIABILITIES			
Employee benefit obligations	7	6,364	5,353
CURRENT LIABILITIES			
Trade and other payables	8	45,723	50,214
Provision for taxation		-	409
Short term borrowing from banking company	9	-	55,053
Unclaimed dividend		2,143	3,988
Accrued markup on short term borrowing		-	2,021
		47,866	111,685
CONTINGENCIES AND COMMITMENTS	10		
		4,170,710	4,317,833

The annexed notes 1 to 33 form an integral part of these unconsolidated financial statements.

Chief Executive | Chief Financial Officer | Director

AS AT JUNE 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	445,539	505,198
Intangible assets	12	665	3
Long term investment	13	3,204,510	3,204,510
Long term security deposit		38	38
Long term loans to employees - unsecured	14	500	1,174
		3,651,252	3,710,923
CURRENT ASSETS			
Stores and spares	15	37,746	38,797
Trade debts - secured	16	324,131	467,637
Loans, advances, prepayments and other receivables	17	86,503	90,151
Income tax recoverable		829	-
Bank balances	18	70,249	10,325
		519,458	606,910
		4,170,710	4,317,833

Chief Executive

Chief Financial Officer

Director

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
Revenue	19	204,104	116,802
Direct costs	20	(247,449)	(167,863)
Gross loss		(43,345)	(51,061)
Administrative expenses	21	(35,749)	(30,772)
Other income	22	298	1,788,611
Finance cost	23	(6,757)	(14,941)
(Loss)/profit before taxation		(85,553)	1,691,837
Taxation	24	1,238	(2,216)
(Loss)/profit for the year		(84,315)	1,689,621
(Loss)/earnings per share - basic and diluted **(Rupees)**	32	(0.23)	4.65

The annexed notes 1 to 33 form an integral part of these unconsolidated financial statements.

Chief Executive | Chief Financial Officer | Director

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
	(Rupees in thousand)	
(Loss)/profit for the year	(84,315)	1,689,621
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss	-	-
Items that will not be reclassified subsequently to profit or loss	-	-
	-	-
Total comprehensive (loss)/income for the year	(84,315)	1,689,621

The annexed notes 1 to 33 form an integral part of these unconsolidated financial statements.

Chief Executive	Chief Financial Officer	Director

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

	Share capital	Capital reserve Share premium	Revenue reserve Un-appropriated profits	Total
	(Rupees in thousand)			
Balance as on July 1, 2019	3,633,800	41,660	888,811	4,564,271
Profit for the year	-	-	1,689,621	1,689,621
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	1,689,621	1,689,621
Final dividend for the year ended June 30, 2019 @ Rs 3 per ordinary share	-	-	(1,090,140)	(1,090,140)
Interim dividend for the year ended June 30, 2020 @ Rs 2.65 per ordinary share	-	-	(962,957)	(962,957)
Transactions with owners, in their capacity as owners, recognised directly in equity	-	-	(2,053,097)	(2,053,097)
Balance as on June 30, 2020	3,633,800	41,660	525,335	4,200,795
Loss for the year	-	-	(84,315)	(84,315)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(84,315)	(84,315)
Balance as on June 30, 2021	3,633,800	41,660	441,020	4,116,480

The annexed notes 1 to 33 form an integral part of these unconsolidated financial statements.

Chief Executive	**Chief Financial Officer**	**Director**

UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	25	126,647	258,200
Finance cost paid		(8,778)	(19,421)
Income tax paid		(1)	(979)
Retirement and other benefits paid		-	(196)
Net cash inflow from operating activities		117,868	237,604
Cash flows from investing activities			
Fixed capital expenditure		(1,130)	(147)
Dividends received		-	1,780,310
Proceeds from disposals of operating fixed assets		78	-
Profit on bank deposits received		6	7,660
Net cash (outflow)/inflow from investing activities		(1,046)	1,787,823
Cash flows from financing activities			
Dividends paid		(1,845)	(2,239,782)
Net cash outflow from financing activities		(1,845)	(2,239,782)
Net increase/(decrease) in cash and cash equivalents		114,977	(214,355)
Cash and cash equivalents at the beginning of the year		(44,728)	169,627
Cash and cash equivalents at the end of the year	26	70,249	(44,728)

Refer note 26.1 for reconciliation of liability arising from financing activities.

The annexed notes 1 to 33 form an integral part of these unconsolidated financial statements.

Chief Executive | **Chief Financial Officer** | **Director**

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

1. Legal status and nature of business

1.1 Altern Energy Limited (the 'Company') was incorporated in Pakistan as a public company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017 and hereinafter referred to as the 'Act') on January 17, 1995. It is a subsidiary of DEL Power (Private) Limited ('the Holding Company'). The Ultimate Parent of the Company is DEL Processing (Private) Limited. The Company's ordinary shares are listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at Descon Headquarters, 18 km, Ferozepur Road, Lahore and the Company's thermal power plant is located near Fateh Jang, District Attock, Punjab.

1.2 The principal activity of the Company is to build, own, operate and maintain a gas fired power plant having gross capacity of 32 Mega Watts (2020: 32 Mega Watts). The Company achieved Commercial Operations Date ('COD') on June 6, 2001. The Company has a Power Purchase Agreement ('PPA') with its sole customer, Central Power Purchasing Agency (Guarantee) Limited ('CPPA-G') for thirty years which commenced from the COD. The Company also holds direct and indirect investments in other companies engaged in power generation as detailed in note 13 to these unconsolidated financial statements.

1.3 The Company's Gas Supply Agreement ('GSA') with Sui Northern Gas Pipelines Limited ('SNGPL') expired on June 30, 2013. Thereafter, the Company signed a Supplemental Deed dated March 17, 2014 with SNGPL, whereby SNGPL agreed to supply gas to the Company on as-and-when available basis till the expiry of PPA on June 5, 2031. The Ministry of Petroleum and Natural Resources (now Ministry of Energy, Petroleum Division), empowered for Re-liquefied Natural Gas ('RLNG') allocation by the Economic Coordination Committee ('ECC') of the Federal Cabinet, issued an allocation of 6 MMCFD of RLNG to the Company on April 28, 2017 and advised the Company and SNGPL to negotiate a new GSA. While the long term GSA is yet to be negotiated, in July 2019, the ECC of the Cabinet approved the summary of interim tri-partite GSA. Currently, the Company, SNGPL and CPPA-G are in the process of executing an interim GSA for supply of RLNG. Under the interim GSA, RLNG is being supplied on as-and-when available basis till the execution of a long term GSA between the parties.

1.4 During the current year, on August 25, 2020, the Company has requested the Government of Pakistan's Committee for negotiation with Independent Private Power Producers (the ‘Committee’) to recommend the termination of its PPA and Implementation Agreement ('IA') on the terms to be mutually agreed between the Company and the Committee. Furthermore, on December 23, 2020, the Company has also requested the Private Power and Infrastructure Board ('PPIB') and CPPA-G to grant their consents for retirement of the PPA and IA by mutual agreement, however, no response has yet been received from the Committee or PPIB/CPPA-G. However, presently, the matter is not being pursued by the Company as decided by the Board of Directors of the Company. The Company will continue to make its power plant available as per the requirements of the PPA until the termination of PPA as stated above. Therefore, the power generation operations continue to be operated in normal course of business. Furthermore, although the power generation operations are in losses for many years, the Company's viability is unaffected as the main source of income is the dividend income that it earns on its long term investment stated in note 13.

2. Basis of preparation

2.1 Statement of compliance

These unconsolidated 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:

i) International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board ('IASB') as notified under the Act; and

ii) 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.

2.2.1 These unconsolidated financial statements are the separate financial statements of the Company. Consolidated financial statements are prepared separately.

2.2 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the Company's unconsolidated financial statements covering annual periods, beginning on or after the following dates:

2.2.1 Standards, amendments to published standards and interpretations that are effective in the current year

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 1, 2020 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these unconsolidated financial statements.

2.2.2 Exemption from applicability of certain standards

a) The Securities and Exchange Commission of Pakistan ('SECP') through SRO 986(I)/2019 dated September 2, 2019 has granted exemption from the requirements of IFRS 16 'Leases' to all companies that have executed their power purchase agreements before January 1, 2019. As referred to in note 1.1, the Company's PPA was executed on September 18, 1995. Therefore, the standard will not have any impact on the Company's unconsolidated financial statements to the extent of its PPA. For the remaining leases, the Company has assessed that the application of this standard does not have any material impact on these unconsolidated financial statements.

Under IFRS 16, the consideration required to be made by the lessee for the right to use the asset is to be accounted for as a lease. The Company's power plant's control due to purchase of total output by CPPA-G appears to fall under the scope of IFRS 16. Consequently, if the Company were to follow IFRS 16 with respect to its PPA, the effect on the unconsolidated financial statements would be as follows:

	2021	2020
	(Rupees in thousand)	
De-recognition of property, plant and equipment	(436,250)	(503,264)
De-recognition of trade debts	(16,511)	(29,418)
Recognition of lease debtor	377,573	411,066
Decrease in un-appropriated profits at the beginning of the year	(121,616)	(163,689)
Increase in profit for the year	46,428	42,073
Decrease in un-appropriated profits at the end of the year	(75,188)	(121,616)

b) In respect of companies holding financial assets due from the Government of Pakistan ('GoP'), SECP through SRO 1177(I)/2021 dated September 13, 2021, partially modified its previous SRO 985(I)/2019 dated September 02, 2019 and notified that the requirements contained in IFRS 9 with respect to application of Expected Credit Losses (ECL) method shall not be applicable till June 30, 2022 and that such companies shall follow relevant requirements of International Accounting Standard ('IAS') 39 in respect of above referred financial assets during the exemption period. Accordingly, the Company has not followed the requirements of IFRS 9 with respect to application of Expected Credit Losses in respect of trade debts and other receivables due from CPPA-G.

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

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 1, 2021, but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these unconsolidated financial statements, except for the following:

a) As referred to in note 2.2.2 (b), the requirements contained in IFRS 9 with respect to application of ECL method on financial assets due from the GoP were not applicable till June 30, 2021. The Company's management is confident that the SECP will extend the timeline beyond June 30, 2021 for non-applicability of the ECL method on such financial assets, however, the Company is yet to assess the impact of ECL in respect of such financial assets on its unconsolidated financial statements, in case the timeline is not extended.

b) Classification of liabilities - Amendment to International Accounting Standard ('IAS') 1: (effective for period beginning on January 1, 2021)

The IASB issued a narrow-scope amendment to IAS 1, 'Presentation of Financial Statements', to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

In particular, the amendments clarify:

- liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendment no longer refers to unconditional rights;

- the assessment determines whether a right exists, but it does not consider whether the entity will exercise the right. So, management's expectations do not affect the classification;

- the right to defer only exists if the entity complies with any relevant conditions at the reporting date. A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date; and

- 'Settlement' is defined as the extinguishment of a liability with cash, other economic resources or an entity's own equity instruments.

The Company has assessed that the impact of this amendment is not expected to be significant.

c) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 for interest rate benchmark ('IBOR') reform (effective for period beginning on January 1, 2021)

The IASB has issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 that address issues arising during the reform of benchmark interest rates including the replacement of one benchmark rate with an alternative one. The IASB tackled the changes in the following two phases:

- Phase 1 amended specific hedge accounting requirements where uncertainty could arise in the run-up to transition; and

- Phase 2 addressed potential financial reporting issues that may arise when IBORs are either reformed or replaced.

These amendments include the following:

- Accounting for changes in the basis for determining contractual cash flows of a financial asset or financial liability as a result of IBOR reform;

- Hedge accounting requirements; and

- Disclosures.

The Company is yet to assess the impact of these amendments on its unconsolidated financial statements.

3. Basis of measurement

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

3.2 Critical accounting estimates and judgements

The preparation of unconsolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the area that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to the estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the unconsolidated financial statements.

i) Provision for taxation - notes 4.1 and 24

ii) Impairment of non-financial assets - notes 4.4, 11.1.4 and 11.1.5

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

4. Summary of significant accounting policies

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

4.1 Taxation

Income tax expense comprises current and deferred tax. Income tax is recognised in the unconsolidated statement of profit or loss except to the extent that relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current

The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to profit for the year if enacted or substantively enacted at the end of the reporting period in accordance with the prevailing law for taxation of income, after taking into account tax credits, rebates and exemptions, if any. Management periodically evaluates position taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that the tax authorities will accept an uncertain tax treatment. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The profits and gains of the Company derived from electric power generation are exempt from tax in terms of Clause 132 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the conditions and limitations provided therein.

Under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, the Company is also exempt from levy of minimum tax on 'turnover' under section 113 of the Income Tax Ordinance, 2001. However, full provision is made in the unconsolidated statement of profit or loss on income from sources not covered under the above clauses at current rates of taxation after taking into account, tax credits and rebates available, if any.

Deferred

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

Deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax has not been provided in these unconsolidated financial statements as the Company's management believes that the temporary differences will not reverse in the foreseeable future due to the fact that the profits and gains of the Company derived from electric power generation are exempt from tax subject to the conditions and limitations provided for in terms of clause 132 of Part I of the Second Schedule to the Income Tax Ordinance, 2001.

Group taxation

SECP vide its certificate dated November 19, 2019, has registered the Company as a Taxation Group, which comprises of DEL Processing (Private) Limited and its directly and indirectly held subsidiary companies namely:

- DEL Power (Private) Limited;
- DEL Chemicals (Private) Limited;
- Altern Energy Limited;
- Power Management Company (Private) Limited; and
- Rousch (Pakistan) Power Limited

Furthermore, SECP has also designated the Taxation Group for the purpose of group taxation under Section 59B of the Income Tax Ordinance, 2001, vide its certificate dated January 8, 2020. Consequently, the Group is taxed as one fiscal unit from the tax year 2020 onwards.

Current and deferred taxes based on the consolidated results of the Taxation Group are allocated within the Taxation Group on the basis of separate return method, modified for determining realizability of tax credits and tax losses which are assessed at Group level. Any adjustments in the current and deferred taxes of the Company on account of group taxation are credited or charged to unconsolidated statement of profit or loss in the year in which they arise.

4.2 Property, plant and equipment

4.2.1 Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and any identified impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The cost of an item of plant and machinery is recognized as an asset if it is probable that future economic benefits associated with the item will flow to the Company and the cost of such item can be measured reliably.

Recognition of the cost in the carrying amount of an item of plant and machinery ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by the management.

The cost of assets constructed by the Company includes project development and implementation cost.

The cost of the plant and machinery includes:

a) Its purchase price including import duties, non refundable purchase taxes after deducting trade discounts and rebates; and

b) Any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Exchange differences arising on foreign currency loans contracted under IA with the GoP are capitalized in the cost of plant and machinery as referred to in note 4.17(b) to these unconsolidated financial statements.

Depreciation on operating fixed assets is charged to statement of profit or loss on the straight line method so as to write off the cost of an asset over its estimated useful life at the annual rates mentioned in note 11.1 after taking into account their residual values, if any.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of the residual value of its operating fixed assets as at June 30, 2021 has not required any adjustment, as its impact is considered insignificant.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as explained in note 4.4 to these unconsolidated financial statements.

Subsequent costs incurred to replace a component of an item of plant and machinery is capitalized and the asset so replaced is retired. Other 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 statement of profit or loss during the period in which they are incurred.

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

4.2.2 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

4.2.3 Major spare parts and stand-by equipment

Major spare parts and stand-by equipment qualify as property, plant and equipment when an entity expects to use them during more than one year. Transfers are made to relevant operating fixed assets category as and when such items are available for use.

4.3 Intangible assets

Expenditure incurred to acquire Enterprise Resource Planning ('ERP') system and other softwares has been capitalised as an intangible asset and stated at cost less accumulated amortisation and any identified impairment loss. Costs associated with maintaining ERP are recognised as an expense as incurred. Intangible assets are amortised using the straight line method over a period of three years.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (as explained in note 4.4 to these financial statements).

4.4 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

4.5 Investments

Investments intended to be held for less than twelve months from the statement of financial position date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

4.5.1 Investment in equity instruments of subsidiary

Investment in equity instruments of subsidiary is measured at cost as per the requirements of IAS 27 "Separate Financial Statements". However, at subsequent reporting dates, the Company reviews the carrying amount of the investment and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. If any such indication exists, the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognised as an expense in the unconsolidated statement of profit or loss.

The Company assesses at the end of each reporting period whether there is any indication that a previously recognised impairment loss may no longer exist or may have decreased. It assesses whether there have been favorable events or changes in circumstances, since impairment loss was recognised. If any such indication exists, the Company estimates the recoverable amount of that investment and reverses the impairment loss. The amount of any reversal recognised is restricted to increasing the carrying value of investment to the carrying value that would have been recognised if the original impairment had not occurred.

The Company is required to issue consolidated financial statements along with its separate financial statements in accordance with the requirements of IFRS 10, 'Consolidated Financial Statements' and IAS 27, 'Separate Financial Statements'.

4.6 Stores and spares

Stores, spare parts and loose tools are valued at moving weighted average cost except for items in transit which are stated at invoice value plus other charges paid thereon till the reporting date. For items which are slow moving and/or identified as obsolete, adequate provision is made for any excess book value over estimated realizable value. The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence.

4.7 Financial assets

4.7.1 Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value [either through other comprehensive income ('OCI') or through profit or loss], and

- those to be measured at amortised cost.

The classification depends on the Company’s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ('FVOCI').

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

4.7.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

4.7.3 Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company’s business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

i) **Amortised cost:** Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method except for delayed payment markup on amounts due under the PPA which is included in revenue. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as separate line item in the statement of profit or loss.

ii) **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method. Impairment expenses are presented as separate line item in the statement of profit or loss.

iii) **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments, other than investment in subsidiary, at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in the statement of profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

4.7.4 Impairment of financial assets other than those due from the GoP and investment in equity instruments

The Company assesses on a forward-looking basis, the expected credit losses ('ECL') associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company applies general 3-stage approach for loans, deposits and other receivables and bank balances i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

Following are the financial assets that are subject to the ECL model:

- Long term security deposits;
- Long term loans to employees; and
- Bank balances.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Loss allowances are forward looking, based on 12 month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

Expected credit losses are a probability weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. 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. In the absence of a change in credit rating, allowances are recognised when there is reduction in the net present value of expected cash flows. On a significant increase in credit risk, allowances are recognised without a change in the expected cash flows, although typically expected cash flows do also change; and expected credit losses are rebased from 12 month to lifetime expectations.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the instrument as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are considered while assessing credit risk:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;

- actual or expected significant changes in the operating results of the counterparty;

- significant increase in credit risk on other financial instruments of the same counterparty; and

- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees, if applicable.

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;

- a breach of contract, such as a default or past due event;

- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

- the disappearance of an active market for that financial asset because of financial difficulties.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;

- Past-due status;

- Nature, size and industry of borrowers; and

- external credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Company recognises an impairment gain or loss in the unconsolidated statement of profit or loss for financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognised in OCI and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the unconsolidated statement of financial position.

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of counterparty's sources of income or assets to generate sufficient future cash flows to repay the amount. The Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

4.7.5 Impairment of financial assets due from the Government of Pakistan

Financial assets due from the Government of Pakistan include trade debts, contract assets and other receivables due from CPPA-G under the PPA that also includes accrued amounts. SECP through SRO 1177(I)/2021 dated September 13, 2021, partially modified its previous SRO 985(I)/2019 dated September 02, 2019 has notified that, in respect of companies holding financial assets due from the Government of Pakistan, the requirements contained in IFRS 9 with respect to application of expected credit losses method shall not be applicable till June 30, 2022 and that such companies shall follow relevant requirements of IAS 39 in respect of above referred financial assets during the exemption period. Accordingly, the same continue to be reported as per the following accounting policy:

A provision for impairment is established when there is objective evidence that the Company will not be able to collect all the amount due according to the original terms of the receivable.

The Company assesses at the end of each reporting period whether there is objective evidence that the financial asset is impaired. The financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of profit or loss. When the financial asset is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the statement of profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the unconsolidated statement of profit or loss.

4.8 Financial liabilities

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method. Gain and losses are recognized in the profit or loss, when the liabilities are derecognized as well as through effective interest rate amortization process.

A financial liability is derecognised 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 and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in unconsolidated statement of profit or loss.

4.9 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated financial statements only when there is a legally enforceable right to set off the recognised amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.10 Trade debts

Trade debts are amounts due from CPPA-G in the ordinary course of business. They are generally due for settlement as referred to in note 4.18 and therefore are all classified as current. Trade debts are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade debts with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less provision for impairment.

4.11 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and short term borrowings. Short term borrowings are shown within borrowings in current liabilities in the unconsolidated statement of financial position.

4.12 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in unconsolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date.

4.13 Borrowing costs

General and specific 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. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in unconsolidated statement of profit or loss in the period in which they are incurred.

4.14 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in ordinary course of business from suppliers. Trade and other payables are presented as current liabilities unless payment is not due within twelve months after the reporting period. Trade and other payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

4.15 Provisions

Provisions for legal claims and make good obligations are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

4.16 Employee benefits

4.16.1 Short term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the unconsolidated statement of financial position.

4.16.2 Post employment benefits

The main features of the schemes operated by the Company for its employees are as follows:

a) Defined benefit plan - gratuity

The Company operates an un-funded gratuity scheme for all permanent employees according to the terms of employment, subject to a minimum qualifying period of service and provision is made annually to cover the obligations under the scheme. These benefits are calculated with reference to last drawn salaries and prescribed qualifying periods of service of the employees. The management considers that the valuation by an independent actuary is not expected to result in a significant deviation from the management's estimation.

b) Other long term benefits - accumulating compensated absences

The Company provides for accumulating compensated absences of its employees in accordance with respective entitlement on cessation of service. The annual leaves can be encashed at the time the employee leaves the Company on the basis of the latest gross salary. Annual leaves will be accumulated for a maximum of twenty two days. Annual leaves in excess of maximum balance shall automatically lapse. The management considers that the valuation by an independent actuary is not expected to result in a significant deviation from the management's estimation.

4.17 Foreign currency transactions and translation

a) Functional and presentation currency

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

b) Transactions and balances

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the unconsolidated statement of profit or loss except for exchange differences related to foreign currency loans obtained for the acquisition, development and construction of qualifying assets which are capitalised over the period of the IA in accordance with SRO 986(I)/2019 dated September 2, 2019 (previously SRO 24(I)/2012) of the SECP.

4.18 Revenue recognition

Revenue is recognised when (or as) the Company satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset and thus has the ability to direct the use and obtain the benefits from the good or service.

Revenue on account of energy purchase price is recognised based on Net Electric Output ('NEO') delivered to CPPA-G (at a point in time) whereas capacity purchase price is recognised based on the capacity made available to CPPA-G (over time). Capacity and Energy revenue is recognised based on the rates determined under the mechanism laid down in the PPA.

Revenue on account of delayed payment markup on amounts due under the PPA, is accrued on a time proportion basis by reference to the amount outstanding and the applicable rate of return under the PPA.

Invoices are generally raised on a monthly basis and are due after 30 days from acknowledgement by CPPA-G.

4.19 Dividend and appropriation to / from reserves

Dividend distribution to the Company's members and appropriation to/from reserves is recognized in the Company's unconsolidated financial statements in the period in which these are approved.

4.20 Share capital

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

4.21 Contingent liabilities

Contingent liability is disclosed when:

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

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

4.22 Contract asset and contract liability

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

A contract liability is recognised for the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration, or the Company has a right to an amount of consideration that is unconditional (i.e. a receivable), before the Company transfers a good or service to the customer, the Company shall present the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

4.23 Leases

The Company is the lessee.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include fixed payments, variable lease payments that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease, it is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

4.25 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand Rupees unless otherwise stated.

5. Issued, subscribed and paid up share capital

2021	2020		2021	2020
(Number of shares)			(Rupees in thousand)	
359,480,000	359,480,000	Ordinary shares of Rs 10 each fully paid in cash	3,594,800	3,594,800
3,900,000	3,900,000	Ordinary shares of Rs 10 each issued for consideration other than cash	39,000	39,000
363,380,000	363,380,000		3,633,800	3,633,800

5.1 As at June 30, 2021, 211,397,063 (2020: 211,397,063) ordinary shares of the Company which represent 58.18% (2020: 58.18%) of the share capital of the Company are held by the Holding Company.

5.2 A Share Purchase Agreement ('SPA') was signed by and among Crescent Steel and Allied Products Limited(CSPL) and Shakarganj Mills Limited (collectively referred to as "Sellers"), and Descon Engineering Limited ("Buyer") on August 28, 2006. The SPA defines the rights and privileges of the parties to this Agreement. Major rights and responsibilities under the SPA include; numbers of directors on the Board, minimum amount of shareholding in paid-up capital of the Parent Company and the Right of First Offer over the shares that are or shall be held by other shareholders, should any of them wish to sell or dispose of their shares subject to any conditions laid down in the SPA.

6. This reserve can be utilised by the Group only for the purposes specified in Section 81 of the Act.

		2021	2020
		(Rupees in thousand)	
7. Employee benefit obligations			
Gratuity	- note 7.1	5,881	4,913
Accumulating compensated absences	- note 7.2	483	440
		6,364	5,353

	2021	2020
7.1 Gratuity		
Opening liability	4,913	4,640
Provision for the year	968	469
	5,881	5,109
Payments during the year	-	(196)
Closing liability	5,881	4,913

7.2 Accumulating compensated absences

	2021	2020
	(Rupees in thousand)	
Opening liability	440	467
Provision for the year	43	9
	483	476
Payments during the year	-	(36)
Closing liability	483	440

8. Trade and other payables

		2021	2020
Payable to SNGPL		72	1,949
Trade creditors	- note 8.1	7,432	7,981
Withholding income tax payable		34	354
Withholding sales tax payable		359	360
Punjab Workers' Welfare Fund	- note 8.2	33,837	33,837
Accrued liabilities		3,989	5,733
		45,723	50,214

8.1 This includes the following amounts due to related parties and their basis of relationship is disclosed in note 27.3:

	2021	2020
	(Rupees in thousand)	
Descon Engineering Limited	-	2,587
Descon Power Solutions (Private) Limited	4,896	4,842
Descon Corporation (Private) Limited	24	55
Inspectest (Private) Limited	1,123	88
	6,043	7,572

8.2 Punjab Workers' Welfare Fund

		2021	2020
Opening balance		33,837	-
Provision for the year		-	33,837
Closing balance	- note 8.2.1	33,837	33,837

8.2.1 Punjab Workers' Welfare Fund has not been paid by the Company as it has challenged it before the Civil Court, Lahore and the case is pending adjudication.

8.3 Workers' Profit Participation Fund ('WPPF') for the previous year was not provided for in these unconsolidated financial statements based on the advice of the Company's legal consultant. However, in case the Company pays WPPF, the same is recoverable from CPPA-G as a pass through item under section 14.2(a) of the PPA.

9. Short term borrowing from banking company

9.1 Running finance

The running finance facility under mark-up arrangement amounts to Rs 300 million (2020: Rs 300 million). The amount utilised at June 30, 2021, of the said facility was Nil (2020: Rs 55.05 million). The facility carried mark-up at three months Karachi Inter Bank Offered Rate ('KIBOR') plus 100 basis points per annum, payable quarterly, on the balance outstanding. The mark-up rate charged during the current year on the outstanding balance ranged from 8.25% to 8.29% (2020: 12.22% to 14.55%) per annum. The facility is secured against first hypothecation charge of Rs 1,340 million over present and future current assets of the Company and cross corporate guarantee issued by Descon Engineering Limited, a related party.

9.2 Letters of bank guarantees

The facility for letters of guarantee amounts to Rs 700 million (2020: Rs 700 million). The amount utilised at June 30, 2021, of the said facility was Rs 532.68 million (2020: Rs 532.68 million). The facility is secured against first hypothecation charge of Rs 1,340 million over present and future current assets of the Company and cross corporate guarantee issued by Descon Engineering Limited, a related party.

10. Contingencies and commitments

10.1 Contingencies

i) In financial year 2014, the taxation authorities issued a show cause notice for Rs 157 million on account of input sales tax alleged to be wrongly claimed for the tax periods July 2009 to June 2013. The tax department is of the view that input tax paid by the Company should be split among taxable and non-taxable supplies. The Company based on a legal advice, is of the view that component of capacity revenue is not considered value of supply and rule of apportionment is not applicable in case of Independent Power Producers ('IPPs') for the reason that the ultimate product is electrical energy, which is taxable. The Company submitted reply in respect of the show cause notice, which was rejected by the taxation authorities and a demand for the above mentioned amount was raised. Aggrieved by this order, the Company preferred an appeal before the Commissioner Inland Revenue (Appeals), wherein relief sought was not provided. Consequently, Company filed an appeal with Appellate Tribunal Inland revenue ('ATIR') against the demand which was also rejected. The Company preferred an appeal before the Lahore High Court ('LHC') which granted stay to the Company after payment of Rs 10.12 million against the total demand of Rs 157 million. The LHC vide its judgement dated October 31, 2016 decided the case in favour of the Company and the deposit amounting to Rs 10.2 million was refunded to the Company. The tax department has challenged the decision of the LHC before Supreme Court of Pakistan on February 4, 2017 and has also preferred an intra court appeal in LHC against such order which are pending adjudication. Since, the case has already been decided in Company's favour on merits by LHC, no provision for this amount has been made in these unconsolidated financial statements, inter alia on the basis of the advice of the Company's legal counsel.

ii) In respect of tax year 2009, the Additional Commissioner Inland Revenue ('ACIR') raised a demand of Rs 0.74 million under section 122(5A) of the Income Tax Ordinance, 2001 which mainly related to taxation of interest on delayed payments, scrap sales and gain on disposal of operating fixed assets. The Company preferred an appeal before Commissioner Inland Revenue (Appeals) ['CIR(A)'] against the impugned tax demand. The CIR(A) decided the appeal in favour of the Company thereby deleting the alleged tax demand. The tax department has filed an appeal before the ATIR against the order of CIR(A) on August 1, 2016 and the case is pending for adjudication. The Company has not made any provision against the above demand as the case has already been decided in Company's favour on merits by CIR(A) and the management is confident that the ultimate outcome of the appeal would be in favour of the Company, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

iii) In respect of tax years 2010, 2011, 2012 and 2013, the ACIR raised demands aggregating Rs 9.30 million under section 122(5A) of the Income Tax Ordinance, 2001 which mainly related to subjecting capacity price to minimum taxation under section 113 of the Income Tax Ordinance, 2001. The Company preferred an appeal before CIR(A) against the impugned tax demand. The CIR(A) decided the appeal in favour of the Company thereby deleting the alleged tax demand. The tax department has filed an appeal before the ATIR against the order of CIR(A) on November 3, 2016 and the case is pending for adjudication. The Company has not made any provision against the above demand as the case has already been decided in Company's favour on merits by CIR(A) and the management is confident that the ultimate outcome of the appeal would be in favour of the Company, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

iv) The taxation authorities in pursuance of show cause notice under sections 114/182 of the Income Tax Ordinance, 2001 for imposition of penalty for late filing of return for tax year 2014, issued order thereby creating demand amounting to Rs 16.84 million. Aggrieved with the said order, the Company preferred an appeal before CIR(A), wherein relief sought was not provided. Being aggrieved with the order of CIR(A), the Company has preferred an appeal before ATIR on May 7, 2018 and the case is pending adjudication. The Company has not made any provision against the above demand as the management is confident that the ultimate outcome of the appeal would be in favour of the Company, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

v) In respect of tax year 2015, the Additional Commissioner (Audit), Inland Revenue ['AC(A)IR'] passed an amended assessment order under section 122(5A) of the Income Tax Ordinance, 2001, creating income tax demand amounting to Rs 81.60 million which mainly relates to denying the claim of exemption of dividend income from wholly owned subsidiary on account of non-filing of group tax return for the said tax year. The Company being aggrieved of the said order filed appeal before CIR(A) who through order dated April 16, 2018, accepted all the contentions of the Company except for the taxation of dividend income thereby reducing the demand to Rs 68.33 million. On April 16, 2018, the Company filed an appeal before ATIR against the CIR(A)'s order. ATIR through order dated May 11, 2020 decided the appeal in favour of the Company and thereby deleting the alleged tax demand. Against the ATIR's order, the tax department has filed an appeal before the LHC on October 26, 2020 and the case is pending adjudication. The Company has not made any provision against the above demand as the management is confident that the ultimate outcome of the appeal would be in favour of the Company, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

vi) In respect of tax year 2016, the AC(A)IR passed an amended assessment order under section 122(5A) of the Income Tax Ordinance, 2001, creating income tax demand amounting to Rs 150.97 million which mainly relates to taxability of dividend income from wholly owned subsidiary on accrual basis. The Company, being aggrieved of the said order, filed an appeal before CIR(A) who through order dated April 16, 2018, accepted all the contentions of the Company except the taxation of dividend income thereby reducing the demand to Rs 147.52 million. On April 18, 2018, the Company filed an appeal before the ATIR against the CIR(A)'s order. ATIR through order dated May 11, 2020 decided the appeal in favour of the Company and thereby deleting the alleged tax demand. Against the ATIR's order, the tax department has filed an appeal before the LHC on October 26, 2020 and the case is pending adjudication. The Company has not made any provision against the above demand as the management is confident that the ultimate outcome of the appeal would be in favour of the Company, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

vii) A banking company has issued a guarantee on behalf of the Company of Rs 532.68 million (2020: Rs 532.68 million) in favour of SNGPL as a security to cover natural gas/RLNG supply for which payments are made in arrears. The guarantee is due to expire on December 31, 2021 and is renewable.

10.2 Commitments - nil

11. Property, plant and equipment

		2021	2020
		(Rupees in thousand)	
Operating fixed assets	- note 11.1	442,847	502,506
Major spare parts and stand-by equipment		2,692	2,692
		445,539	505,198

11.1 Operating fixed assets

	2021									
		COST				ACCUMULATED DEPRECIATION AND IMPAIRMENT				
	Annual rate of depreciation	Cost as at July 1, 2020	Additions during the year	Disposals	Cost as at June 30, 2021	Balance as at July 1, 2020	Depreciation charge for the year	Disposals	Balance as at June 30, 2021	Book value as at June 30, 2021
		(Rupees in thousand)								
Freehold land	-	4,647	-	-	4,647	-	-	-	-	4,647
Building on freehold land	5%	121,447	-	-	121,447	87,022	6,072	-	93,094	28,353
Plant and machinery (notes 11.1.4 and 11.1.6)	3% to 25%	1,270,001	-	-	1,270,001	809,052	53,051	-	862,103	407,898
Electric equipment	10%	3,273	-	-	3,273	2,184	101	-	2,285	988
Office equipment	10% to 33%	3,965	446	(281)	4,130	3,860	268	(203)	3,925	205
Vehicles	20%	3,045	-	-	3,045	1,754	535	-	2,289	756
		1,406,378	446	(281)	1,406,543	903,872	60,027	(203)	963,696	442,847

	2020									
		COST				ACCUMULATED DEPRECIATION AND IMPAIRMENT				
	Annual rate of depreciation	Cost as at July 1, 2019	Additions during the year	Disposals	Cost as at June 30, 2020	Balance as at July 1, 2019	Depreciation charge for the year	Disposals	Balance as at June 30, 2020	Book value as at June 30, 2020
		(Rupees in thousand)								
Freehold land	-	4,647	-	-	4,647	-	-	-	-	4,647
Building on freehold land	5%	121,447	-	-	121,447	80,950	6,072	-	87,022	34,425
Plant and machinery (notes 11.1.4 and 11.1.6)	3% to 25%	1,270,001	-	-	1,270,001	755,545	53,507	-	809,052	460,949
Electric equipment	10%	3,273	-	-	3,273	2,184	-	-	2,184	1,089
Office equipment	10% to 33%	3,819	146	-	3,965	3,290	570	-	3,860	105
Vehicles	20%	3,045	-	-	3,045	1,219	535	-	1,754	1,291
		1,406,232	146	-	1,406,378	843,188	60,684	-	903,872	502,506

11.1.1 The depreciation charge for the year has been allocated as follows:

		2021	2020
		(Rupees in thousand)	
Direct costs	- note 20	59,224	59,579
Administrative expenses	- note 21	803	1,105
		60,027	60,684

11.1.2 The cost of fully depreciated assets which are still in use as at June 30, 2021 is Rs 170.98 million (2020: Rs 133.67 million).

11.1.3 Freehold land represents an area measuring 224 Kanals and 19 Marlas, situated at Tehsil Fateh Jang, District Attock.

11.1.4 Management has reviewed the business performance of the Company's Power Generation operations during the year and an assessment has been made in respect of triggering events as specified by IAS 36, 'Impairment of Assets' applicable to the assets relating to Power Generation operations at a CGU level. Based on the following indicators applicable to Power Generation CGU, an impairment test has been carried out by the management:

- Significant change in the technological and economic conditions;
- Decrease in the economic performance of Company's Power Generation operations; and
- Forecasted operating losses and net cash outflows for Company's Power Generation operations.

Power Generation CGU comprises property, plant and equipment, intangible assets and stores and spares. The recoverable amount of the CGU has been determined based on the higher of 'fair value less costs of disposal' and 'value in use'. Management involved an independent expert (professional valuer) M/s Hamid Mukhtar & Co. (Pvt.) Limited to materially assess the 'fair value less costs of disposal' while the 'value in use' has been determined by management through discounted cash flow method. Based on the above, the 'fair value less costs of disposal' has been determined as higher of the two and consequently, has been used as the recoverable amount of the CGU. The CGU's disposal is subject to approval by CPPA-G/PPIB under the IA and PPA as referred to in note 1.4. Since the recoverable amount of the CGU is higher than its carrying amount, therefore, no further impairment loss is required to be recognised during the year in these unconsolidated financial statements.

11.1.5 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Underlying the definition of fair value is the presumption that the company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. Fair value is determined on the basis of objective evidence at each reporting date.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between Levels 1 and 2 and Levels 2 and 3 during the year and there were no changes in valuation techniques during the years.

Valuation techniques and key assumptions used to determine level 2 and level 3 fair values

The fair value measurement of Power Generation CGU is categorised within the levels 2 and 3 of fair value hierarchy as stated below. The Company obtained independent valuation for its freehold land, building on freehold land and plant and machinery.

Level 2 fair value of freehold land has been derived using a comparable transactions approach. Sale prices of comparable land in close proximity are adjusted for differences in key attributes such as location and size of the property. The most significant input into this valuation approach is price per kanal or acre.

Level 3 fair value of building on freehold land has been determined using a depreciated replacement cost approach, whereby, current cost of construction of a similar building in a similar location has been adjusted using a suitable depreciation rate and forced sale factor to arrive at present market value. Higher, the estimated cost of construction of a new building, higher the fair value. Further, higher the depreciation rate, the lower the fair value of the building.

Level 3 fair value of plant and machinery has been determined using a depreciated replacement cost approach, whereby, the assets' purchase costs have been adjusted using suitable inflation, exchange rate fluctuation, level of technology, obsolescence, depreciation on account of normal wear and tear and forced sale factors to arrive at present market value. The higher the cost of acquisition of similar plant and machinery, higher the fair value of plant and machinery. Further, higher the depreciation rate, the lower the fair value of plant and machinery.

Costs of disposal of plant and machinery have been determined on the basis of estimate of installation cost of similar plant and machinery.

11.1.6 The aggregate book value of operating fixed assets sold during the current and previous years was below Rs 5 million.

11.1.7 According to the SRO 986(I)/2019 dated September 2, 2019 (previously SRO 24(I)/ 2012) issued by SECP [as fully explained in note 4.17(b) to these unconsolidated financial statements], the Company is allowed to capitalize exchange differences. There were no exchange differences capitalised during the year (2020: Nil). Had the Company followed IAS 21, 'The Effects of Changes in Foreign Exchange Rates', the effect on the unconsolidated financial statements would be as follows:

	2021	2020
	(Rupees in thousand)	
Statement of financial position		
Decrease in the carrying amount of property, plant and equipment and un-appropriated profits as at June 30	(40,996)	(45,096)
Statement of profit or loss		
Decrease in cost of sales	4,100	4,100
Increase in profit for the year	4,100	4,100

12. Intangible assets

These represent computer software and ERP system.

		2021	2020
Cost			
Opening balance		7,565	7,565
Additions during the year		684	-
Closing balance		8,249	7,565
Amortisation			
Opening balance		7,562	7,431
Charge for the year	- note 21	22	131
Closing balance		7,584	7,562
Net book value as at June 30		665	3
Annual amortization rate		33%	33%

12.1 The amortisation charge for the year has been allocated to administrative expenses.

12.2 ERP system has been implemented by Descon Corporation (Private) Limited, a related party, under a Service Level Agreement with the Company.

12.3 The cost of fully amortised intangible assets which are still in use as at June 30, 2021 is Rs 7.565 million (2020: Rs 7.195 million).

13. Long term investment

		2021	2020
		(Rupees in thousand)	
Subsidiary - unquoted:			
Power Management Company (Private) Limited ('PMCL')			
320,451,000 (2020: 320,451,000) fully paid ordinary shares of Rs 10 each [Equity held 100% (2020: 100%)] - Cost	- notes 13.1 and 13.2	3,204,510	3,204,510

13.1 The Company directly holds 100% shares in its wholly owned subsidiary, PMCL. PMCL is a private company limited by shares incorporated in Pakistan to invest, manage, operate, run, own and build power projects. The investment in PMCL is accounted for using cost method in the unconsolidated financial statements of the Company. PMCL, in turn, directly holds 58.18% (2020: 58.18%) shares in Rousch (Pakistan) Power Limited ('RPPL'). RPPL is an unlisted public company limited by shares incorporated in Pakistan to generate and supply electricity to CPPA-G from its combined cycle thermal power plant having a gross (ISO) capacity of 450 Mega Watts, located near Sidhnai Barrage, Abdul Hakim town, District Khanewal, Punjab.

13.2 On February 11, 2021, RPPL and CPPA-G signed a Master Agreement and a PPA Amendment Agreement (collectively referred to as the "Agreements"). Under these Agreements, amongst other matters, RPPL has agreed to invoice Capacity Purchase Price ('CPP') according to Tariff reduced by 11% as per the terms of the Agreements. The tariff reduction of 11% will also apply to Variable Operations and Maintenance portion of the Energy Purchase Price ('EPP') invoicing. Resultantly, the future profits of RPPL will decrease. Consequently, under these circumstances, management has carried out an impairment test of the Company's investment in PMCL under IAS 36 "Impairment of Assets" and determined that it is unimpaired.

14. Long term loans to employees - unsecured

		2021	2020
		(Rupees in thousand)	
- Key management personnel	- note 14.1	1,167	1,833
- Others		8	58
	- note 14.2	1,175	1,891
Current portion shown under current assets			
- Key management personnel		(667)	(667)
- Others		(8)	(50)
	- note 17	(675)	(717)
		500	1,174

14.1 This represents interest free loan to the Company's Chief Executive of the Company (Mr Umer Shehzad Sheikh) for house building as per terms of his employment. As per the terms of the loan agreement, the loan is repayable in three years in thirty six (36) equal monthly instalments. The loan has been issued in compliance with the requirements of the Act. The maximum amount due from the Chief Executive at the end of any month during the year was Rs 1.833 million (2020: Rs 2.0 million). The reconciliation of the carrying amount of this loan is as follows:

		2021	2020
		(Rupees in thousand)	
Balance at the beginning of the year		1,833	-
Disbursed during the year		-	2,000
Repayments made during the year		(667)	(167)
Balance at the end of the year		1,167	1,833

14.2 The above loans have not been carried at amortized cost as the effect of discounting is not considered material.

15. Stores and spares

Stores		205	6,272
Spares		37,541	32,525
		37,746	38,797

15.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

16. Trade debts - secured

Considered good	- note 16.1	324,131	467,637
Considered doubtful		13,674	13,674
		337,805	481,311
Provision for impairment	- note 16.2	(13,674)	(13,674)
		324,131	467,637

16.1 These represent trade receivables from CPPA-G and are secured by a guarantee from the Government of Pakistan under the IA. These are interest free, however, a delayed payment mark-up of reverse repo rate of State Bank of Pakistan plus 2% per annum is charged in case the amounts are not paid within due dates. The rate of delayed payment mark-up charged during the year on outstanding amounts ranges from 8.25% to 15.75% (2020: 10.00% to 15.75%) per annum. These include unbilled receivables aggregating Rs 8.329 million (2020: Rs 57.048 million).

16.2 Provision for impairment

Opening balance		13,674	12,851
Provision for the year	- note 21	-	823
Closing balance		13,674	13,674

17. Loans, advances, prepayments and other receivables

Current portion of loans to employees - unsecured	- note 14	675	717
Advances:			
- To suppliers		140	619
- To employees against expenses		125	125
Balances with statutory authorities:			
- Sales tax receivable		11,794	18,134
- Receivable against Workers' Welfare Fund ('WWF')	- note 17.1	34,581	34,581
		46,375	52,715
Recoverable from CPPA-G for pass through item:			
- Receivable against Punjab Workers' Welfare Fund	- note 17.2	33,837	33,837
Prepayments	- note 17.3	5,351	2,138
		86,503	90,151

17.1 This includes WWF contribution amounting to Rs 33.837 million (2020: Rs 33.837 million) based on accounting profit for tax year 2014 paid under protest after demand by taxation authorities. Since the provisions of WWF were not applicable to the Company in the light of Supreme Court's decision, CPPA-G has not acknowledged this amount as a valid pass through item under the PPA. Therefore, the Company has filed for a refund from the taxation authorities. The Company has not made any provision against the recoverable amount as the management is confident that the ultimate outcome of the matter would be in favour of the Company, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

17.2 Punjab Workers' Welfare Fund		**2021**	**2020**
		(Rupees in thousand)	
Opening balance		33,837	-
Accrued for the year	- note 8.3	-	33,837
Closing balance		33,837	33,837

17.2.1 Under section 14.2(a) of the PPA, payments to Punjab Workers' Welfare Fund are recoverable from CPPA-G as a pass through item. The amount has not been invoiced to CPPA-G as no payment has been made in this regard and the Company is contesting a case as referred to in note 8.2.1.

17.3 This includes prepayment in respect of ERP annual support services cost made to Descon Corporation (Private) Limited, a related party (on the basis of common directorship), aggregating to Rs 0.363 million (2020: Rs 0.381 million).

18. Bank balances		**2021**	**2020**
		(Rupees in thousand)	
Cash at bank:			
- Savings accounts	- note 18.1	3,667	274
- Current accounts		66,582	10,051
		70,249	10,325

18.1 These carry markup at the rates ranging from 5.38% to 5.92% per annum (2020: 5.50% to 14.00% per annum).

19. Revenue		
Energy purchase price	181,628	74,093
Sales tax	(26,390)	(10,766)
Energy purchase price	155,238	63,327
Capacity purchase price	35,220	9,606
Delayed payment mark-up	13,646	43,869
	204,104	116,802

			2021	2020
			(Rupees in thousands)	
20.	**Direct costs**			
	RLNG consumed		140,780	59,395
	Salaries, benefits and other allowances		814	778
	Operation and maintenance costs		26,400	26,400
	Stores and spares consumed		4,521	1,282
	Electricity consumed in-house		2,408	5,119
	Insurance		2,571	2,333
	Lube oil consumed		837	737
	Repairs and maintenance		3,244	5,458
	Travelling and conveyance		292	193
	Depreciation on operating fixed assets	- note 11.1.1	59,224	59,579
	Security expense		6,021	6,337
	Generation license fee		196	170
	Miscellaneous expenses		141	82
			247,449	167,863
21.	**Administrative expenses**			
	Salaries, benefits and other allowances	- note 21.1	8,605	7,058
	Directors' meeting fee	- note 28.1	625	625
	ERP related cost	- note 21.2	801	2,791
	Travelling and conveyance		1,832	1,615
	Utilities		536	854
	Postage and telephone		518	561
	Printing, stationery and advertisement		1,260	2,024
	Auditors' remuneration	- note 21.3	1,777	1,523
	Legal and professional expenses		14,827	8,321
	Fees and subscription		2,696	2,283
	Entertainment		148	179
	Amortisation on intangible assets	- note 12	22	131
	Depreciation on operating fixed assets	- note 11.1.1	803	1,105
	Repairs and maintenance		33	63
	Provision for impairment of trade debts	- note 16.2	-	823
	Rent, rates and taxes	- note 21.4	791	658
	Training expenses		381	-
	Miscellaneous expenses		94	158
			35,749	30,772

21.1 Salaries, benefits and other allowances include Rs 0.968 million (2020: Rs 0.468 million) and Rs 0.043 million (2020: Rs 0.01 million) on account of gratuity and accumulating compensated absences respectively.

21.2 This represents charges in respect of ERP annual support services rendered by Descon Corporation (Private) Limited, a related party (on the basis of common directorship).

21.3 Auditors' remuneration

	2021	2020
	(Rupees in thousand)	
The charges for professional services (exclusive of sales tax) consist of the following in respect of auditors' services for:		
Statutory audits	1,003	869
Half yearly review	338	293
Certifications required by various regulations	295	245
Reimbursement of expenses	141	116
	1,777	1,523

21.4 This represents rentals in respect of property leased from Descon Corporation (Private) Limited, a related party (on the basis of common directorship).

22. Other income

	2021	2020
	(Rupees in thousand)	
Profit on bank deposits	6	7,660
Dividend income from PMCL (wholly owned subsidiary)	-	1,780,310
Liabilities no longer payable written back	292	641
	298	1,788,611

23. Finance cost

	2021	2020
Mark-up on:		
- Due to PMCL (wholly owned subsidiary)	-	7,580
- Short term borrowing from banking company	2,821	2,170
Bank charges	189	1,103
Guarantee commission	3,707	3,861
Surcharge on late payments to SNGPL	40	227
	6,757	14,941

24. Taxation

	2021	2020
Current		
- For the year	2	2,216
- Prior years	(1,240)	-
	(1,238)	2,216

24.1 The Company along with certain related companies had obtained certificate of registration and designation letter of a group from SECP on June 5, 2015 and September 9, 2016, respectively, and the same were registered as a Group with SECP under the Group Companies Registration Regulations, 2008 to avail group relief under section 59B of the Income Tax Ordinance, 2001. At the time of registration of the Group, inter-corporate dividend [PMCL (wholly owned subsidiary) to the Company] was exempt from tax for companies entitled for group relief under Clause 103A of Part I of the Second Schedule to the Income Tax Ordinance, 2001. However, subsequent to the registration of the Group, this clause was amended through Finance Act, 2016 and the exemption in respect of inter-corporate dividend was withdrawn. The Company is of the view, that since the Company had been registered as a Group before the amendment in law, the Company remains entitled for such exemption. Based on the advice of the Company's legal advisor, management believes that there are meritorious grounds to defend its case in the courts of law with the taxation authorities. Consequently, no provision of Rs 436.58 million (2020: Rs 436.58 million) for tax on dividend income received from PMCL (wholly owned subsidiary) for the tax years 2017 and 2018 has been recognized in these unconsolidated financial statements.

	2021	2020
	(Rupees in thousand)	
24.2 Relationship between tax income and accounting profit		
(Loss)/profit before taxation	(85,553)	1,691,837
Tax at the applicable rate of 29% as per Income Tax Ordinance, 2001	(24,810)	490,633
Tax effect of:		
- Amounts that are exempt as referred to in note 4.1	24,812	(488,418)
- Prior years	(1,240)	-
	23,572	(488,418)
	(1,238)	2,216

25. Cash generated from operations

	2021	2020
(Loss)/profit before taxation	(85,553)	1,691,837
Adjustment for non-cash charges and other items:		
- Depreciation on operating fixed assets	60,027	60,684
- Amortisation of intangible assets	22	131
- Profit on bank deposits	(6)	(7,660)
- Dividend income from PMCL (wholly owned subsidiary)	-	(1,780,310)
- Finance cost	6,757	14,941
- Liabilities no longer payable written back	(292)	(641)
- Provision for impairment of trade debts	-	823
- Provision for staff gratuity	968	469
- Provision for accumulating compensated absences	43	9
- Loss before working capital changes	(18,034)	(19,717)

	2021	2020
Effect on cash flow due to working capital changes:	(Rupees in thousand)	
Decrease in current assets		
- Stores and spares	1,051	1,003
- Trade debts - secured	143,506	213,359
- Loan, advances, prepayments and other receivables	4,322	40,247
	148,879	254,609
(Decrease)/increase in current liabilities		
- Trade and other payables	(4,198)	23,308
	144,681	277,917
	126,647	258,200

26. Cash and cash equivalents

		2021	2020
Bank balances	- note 18	70,249	10,325
Short term borrowing from banking company	- note 9	-	(55,053)
		70,249	(44,728)

26.1 Reconciliation of liability arising from financing activities

	Opening balance	Cashflows	Non-cash changes	Closing balance
		(Rupees in thousand)		
Unclaimed dividend	3,988	(1,845)	-	2,143

27. Transactions with related parties

The related parties include the Holding Company and subsidiaries of the Holding Company, group companies, related parties on the basis of common directorship and key management personnel of the Company and its Holding Company. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Significant related party transactions have been disclosed in respective notes in these unconsolidated financial statements other than the following:

Relationship with the Company	Nature of transactions	2021	2020
i. Holding Company			
DEL Power (Private) Limited	Dividends paid	-	1,194,393
ii. Subsidiaries			
PMCL (wholly owned)	Dividends received	-	1,780,310
RPPL	Common costs charged to the Company	367	300
iii. Other related parties			
On the basis of common directorship			
Descon Engineering Limited	Common costs charged to the Company	2,342	3,131
Descon Power Solutions (Private) Limited	Operation and maintenance contractor's fee	26,400	26,400
	Purchase of goods and services	2,204	-
	Common costs charged to the Company	253	386

Relationship with the Company	Nature of transactions	2021	2020
		(Rupees in thousand)	
Descon Corporation (Private) Limited	Common costs charged to the Company	791	658
Inspectest (Private) Limited	Common costs charged to the Company	88	40
Group company			
Descon Holdings (Private) Limited	Dividends paid	-	157
iv. Other related party			
Crescent Steel and Allied Products Limited	Dividends paid	-	342,750
v. Key management personnel - note 27.2			
	Short term employee benefits	5,052	5,013
	Post employment benefits	763	230
	Director's meeting fee	625	625
	Dividends paid	-	123

27.1 All transactions with related parties have been carried out on mutually agreed terms and conditions. There are no transactions with key management personnel other than under the terms of employment.

27.2 This represents remuneration of Chief Executive and a non-executive Director that is included in the remuneration disclosed in note 28.1 to these unconsolidated financial statements.

27.3 The related parties with whom the Company had entered into transactions or had arrangements/agreements in place along with their basis of relationship with the Company and percentage of shareholding in the Company are as follows:

Name	Relationship	Percentage of shareholding of the Company
DEL Power (Private) Limited	Holding Company	58.18%
DEL Processing (Private) Limited	Ultimate Parent	Nil
Power Management Company (Private) Limited	Subsidiary	Nil
Rousch (Pakistan) Power Limited	Subsidiary	Nil
Descon Engineering Limited	Common directorship	Nil
Descon Power Solutions (Private) Limited	Common directorship	Nil
Descon Corporation (Private) Limited	Common directorship	Nil
Inspectest (Private) Limited	Common directorship	Nil
Crescent Steel and Allied Products Limited	Other related party	16.69%
DEL Chemicals (Private) Limited	Common directorship	Nil
Descon Holdings (Private) Limited	Group company	0.01%
Mr. Taimur Dawood	Director	0.00%
Mr. Faisal Dawood	Director	0.01%
Ms. Mehreen Dawood	Director	0.00%

Name	Relationship	Percentage of shareholding of the Company
Mr. Farooq Nazir	Director	0.00%
Mr. Shah Muhammad Chaudhry	Director	0.00%
Syed Rizwan Ali Shah	Director	0.00%
Mr. Salih Merghani	Director	Nil
Mr. Umer Shehzad Sheikh	Chief Executive	Nil

28. Remuneration of Chief Executive, Directors and Executives

28.1 The aggregate amounts charged in these unconsolidated financial statements for remuneration and certain benefits to Directors, Chief Executive and Executive of the Company are as follows:

	Chief Executive		Non-executive director	
	2021	2020	2021	2020
	(Rupees in thousand)		(Rupees in thousand)	
Managerial remuneration	4,198	3,789	-	-
Car allowance	854	747	-	-
Gratuity	763	230	-	-
Other services rendered - note 28.2	-	-	625	625
	5,815	4,766	625	625
Number of person(s)	1	1	1	1

	Executives	
	2021	2020
	(Rupees in thousand)	
Managerial remuneration	-	477
Car allowance	-	64
	-	541
Number of person(s)	-	1

28.2 During the year, the Company paid meeting fee amounting to Rs 0.625 million (2020: Rs 0.625 million) to its non-executive (independent) director. The number of non-executive directors is 7 (2020: 7).

29. Number of employees

	2021	2020
Total number of employees as at June 30	6	6
Average number of employees during the year	6	6

30. Financial risk management

30.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programmed focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors ('BOD'). The Company's finance department evaluates and hedges financial risks based on principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity, provided by the BOD. All treasury related transactions are carried out within the parameters of these policies.

The Company's overall risk management procedures to minimise the potential adverse effects of financial market on the Company's performance are as follows:

a) Market risk

Market risk is the risk that the fair value or future cash flows of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, liquidity in the market etc. The Company is exposed to interest rate risk and currency risk only as there are no investments in equity instruments traded in the market at the reporting date.

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Company is not exposed to any currency risk.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises on balances in savings accounts, overdue trade debts and short term borrowing. The Company has no significant long term interest-bearing assets. The interest rate profile of the Company's interest-bearing financial instruments at the reporting date was as under:

		2021	2020
Fixed rate instruments		(Rupees in thousand)	
Financial assets			
Bank balances - savings accounts	- note 18	3,667	274
Financial liabilities		-	-
Net exposure		3,667	274
Floating rate instruments			
Financial assets			
Trade debts - overdue		315,801	452,360
Financial liabilities			
Short term borrowing from banking company	- note 9	-	(55,053)
Net exposure		315,801	397,307

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates on variable rate financial instruments, at the year end date, fluctuates by 1% higher/lower with all other variables held constant, post tax loss for the year would have been Rs 3.26 million (2020: Rs 4.10 million) lower/higher, mainly as a result of higher/lower net interest income on floating rate instruments.

iii) Other price risk

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

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk mainly arises from deposits with banks, trade and other receivables. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by Board. The utilization of these credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2021	2020
	(Rupees in thousand)	
Long term security deposit	38	38
Long term loans to employees - unsecured	1,175	1,891
Trade debts - secured	324,131	467,637
Bank balances	70,249	10,325
	395,593	479,891

As of June 30, age analysis of trade debts was as follows:

Neither past due nor impaired	8,330	15,277

	2021	2020
	(Rupees in thousand)	
Past due but not impaired		
1 to 30 days	19,348	894
31 to 120 days	-	1,442
121 to 360 days	43,747	120,292
Above 360 days	252,706	329,732
	315,801	452,360
Past due and impaired		
1 to 30 days	-	-
31 to 120 days	-	-
121 to 360 days	-	21
Above 360 days	13,674	13,653
	13,674	13,674
Provision for impairment	(13,674)	(13,674)
	324,131	467,637

(ii) Credit quality of financial assets

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about external counterparty default rate:

	Rating		Rating	2021	2020
	Short term	Long term	Agency	(Rupees in thousands)	
CPPA-G	Not available			315,801	452,360
MCB Bank Limited	A1+	AAA	PACRA	1,699	1,939
The Bank of Punjab	A1+	AA+	PACRA	4,295	4,294
Habib Bank Limited	A1+	AAA	JCR-VIS	174	175
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	63,835	3,917
				385,804	462,685

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

(iii) Impairment of financial assets other than those due from the Government of Pakistan

The Company's long term security deposits, other receivables and bank balances are subject to the impairment requirements of IFRS 9, however, the identified impairment loss was immaterial.

c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the Company's businesses, the Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

Management monitors the forecasts of the Company's cash and cash equivalents on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Company. These limits vary by location to take into account the liquidity of the market in which the Company operates. In addition, the Company's liquidity management policy involves projecting cash flows on regular basis and considering the level of liquid assets necessary to meet its liabilities, monitoring reporting date liquidity ratios against internal and external regulatory requirements, and maintaining debt financing plans.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

As at June 30, 2021	Carrying amount	Total contractual cashflows	Less than one year	One to five year	More than five years
			(Rupees in thousand)		
Financial liabilities					
Trade and other payables	45,330	45,330	45,330	-	-
Unclaimed dividend	2,143	2,143	2,143	-	-
	47,473	47,473	47,473	-	-

As at June 30, 2020	Carrying amount	Total contractual cashflows	Less than one year	One to five year	More than five years
			(Rupees in thousand)		
Financial liabilities					
Trade and other payables	49,500	49,500	49,500	-	-
Short term borrowing	55,053	55,053	55,053	-	-
Accrued markup on short term borrowing	2,021	2,021	2,021	-	-
Unclaimed dividend	3,988	3,988	3,988	-	-
	110,562	110,562	110,562	-	-

The Company closely monitors its liquidity and cash flow position. The liquidity risk is managed by using a financial model and a continuous follow-up for collecting receivables from CPPA-G and managing debt repayments on due dates, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. However, under current circular debt issue faced by the power sector, the Company is significantly exposed to liquidity risk.

34.2 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and lenders and to maintain an optimal capital structure to reduce the cost of capital. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as net borrowings divided by total capital employed. Net borrowings are calculated as total borrowings including short term borrowings less bank balances. Total capital employed includes equity as shown in the statement of financial position, plus net borrowings.

The Company is ungeared as at June 30, 2021 and the gearing ratio as at June 30, 2020 was as follows:

		2020
		(Rupees in thousand)
Borrowings	- note 9	55,053
Less: Bank balances	- note 18	10,325
Net debt		44,728
Total equity		4,200,795
Total capital		4,245,523
Gearing ratio	**Percentage**	1.06

30.3 Fair value estimation

The carrying values of all financial assets and liabilities reflected in these unconsolidated financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

30.4 Offsetting financial assets and financial liabilities

There are no significant financial assets and financial liabilities that are subject to offsetting, enforceable master netting arrangements and similar agreements.

30.5 Financial instruments by categories

	Financial assets at amortised cost	
	2021	2020
Assets as per statement of financial position	(Rupees in thousand)	
Long term security deposit	38	38
Long term loans to employees - unsecured	1,175	1,891
Trade debts - secured	324,131	467,637
Bank balances	70,249	10,325
	395,593	479,891

	Financial liabilities at amortised cost	
	2021	2020
Liabilities as per statement of financial position	(Rupees in thousand)	
Trade and other payables	45,330	49,500
Short term borrowing	-	55,053
Accrued markup on short term borrowing	-	2,021
Unclaimed dividend	2,143	3,988
	47,473	110,562

31. Plant capacity and actual generation

		2021	2020
Installed capacity	(MWh)	250,356	250,356
Practical maximum output	(MWh)	219,318	219,318
Actual energy delivered	(MWh)	12,403	3,728

The actual generation for power plant takes into account all scheduled outages approved by CPPA-G. Actual output is dependent on the load demanded by CPPA-G, RLNG supply by SNGPL under as-and-when available basis, the plant availability and mean-site conditions.

32. (Loss) / earnings per share - basic and diluted

32.1 Basic (loss) / earnings per share

(Loss)/profit for the year	**(Rupees in thousand)**	(84,315)	1,689,621
Weighted average number of ordinary shares	**(Number)**	363,380,000	363,380,000
(Loss)/earnings per share	**(Rupees)**	(0.23)	4.65

32.2 Diluted earnings per share

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2021 and June 30, 2020 which would have any effect on the earnings per share if the option to convert is exercised.

33. Date of authorisation for issue

These unconsolidated financial statements were authorised for issue on September 28, 2021 by the Board of Directors of the Company.

Chief Executive | Chief Financial Officer | Director

Consolidated Financial Statements

June 30, 2021

pwc

A·F·FERGUSON&Co.

INDEPENDENT AUDITOR'S REPORT

To the members of Altern Energy Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Altern Energy Limited and its subsidiaries (the Group),which comprise the consolidated statement of financial position as at June 30, 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

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 Consolidated Financial Statements section of our report. We are independent of the Group 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S. No.	Key audit matter	How the matter was addressed in our audit
(i)	**Request for termination of AEL's agreements and impairment testing of AEL's Power Generation Cash-Generating Unit ('CGU')** (Refer notes 1.2, 12.1.4 and 12.1.5 to the annexed consolidated financial statements) During the current year, the Group has requested the relevant authorities for termination of the Power Purchase Agreement (PPA) and Implementation Agreement (IA) of Altern Energy Limited (AEL). Also, the management has tested the assets relating to AEL's Power Generation operations (considered a CGU) for impairment. The recoverable amount of the AEL's CGU has been determined based on higher of 'fair value less costs of disposal' and 'value in use'. Management involved an independent expert (professional valuer) to assess the 'fair value less costs of disposal' while the 'value in use' has been determined by management through discounted cash flow method. The above valuations require significant judgement and estimations on the part of management. Also, the Group's request for termination of AEL's PPA and IA is a significant event during the year. Due to the significant level of judgement and estimations involved, we consider these to be a key audit matter.	Our audit procedures included the following: • Inspected the letters written by the Group to the relevant authorities for termination of AEL's PPA and IA; • Obtained understanding of management's assessment of the impact of the above letters on the Group's consolidated financial statements; • Obtained understanding of management's process for identification of impairment indicators; • Checked management's assessment of presence and magnitude of impairment indicators for AEL's Power Generation CGU; • Checked whether the method for determination of the recoverable amount is in compliance with the IAS 36, "Impairment of Assets"; • For 'fair value less costs of disposal', we assessed the valuation methodology applied, checked assumptions used by the management's expert and involved our auditor's expert to assess the methodology and assumptions used by management's expert; • Checked the professional qualification of management's expert and assessed the independence, competence and experience of the management's expert in the field; • For value in use, we evaluated cash flow forecasts and the process by which they were determined and approved, including checking the mathematical accuracy of the underlying calculations; • Compared the cash flows used in 'value in use' with the understanding obtained about the business areas during our audit and available market information; and • Checked the adequacy of the disclosures made by the Group in this area with regard to applicable accounting and reporting standards.

S. No.	Key audit matter	How the matter was addressed in our audit
(ii)	**Master Agreement and PPA Amendment Agreement** *(Refer notes 1.2 and 16.4 to the consolidated financial statements)* On February 11, 2021, the Group signed the Master Agreement and the PPA Amendment Agreement (the Agreements) of RPPL with the Central Power Purchasing Agency (Guarantee) Limited ('CPPA-G') whereby, amongst others, the following matters were agreed: - Mechanism of settlement of the Group's outstanding receivables; - Settlement of capacity revenue dispute and withdrawal of liquidated damages' claims by CPPA-G; and - Discount in tariff components. Signing of the above-mentioned Agreements is a significant event during the year and required significant auditor attention, therefore, we consider this to be a key audit matter.	Our audit procedures, amongst others, included the following: • Obtained and assessed details of the Agreements and discussed the same with the management; • Assessed whether the revenue and related trade debts/receivables have been recognised in accordance with the applicable accounting policies; • Checked that the invoices raised by the Group during the year are in accordance with the Agreements; • Obtained trade debts confirmation from CPPA-G and checked its reconciliation with the Group's books; and • Assessed adequacy of the related disclosures made in the consolidated financial statements, with regards to applicable accounting and reporting standards.

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and unconsolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 the Board of Directors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Khurram Akbar Khan.

A.F. Ferguson & Co.

Afferguson & C.

Chartered Accountants
Place: Lahore
Date: September 28, 2021

ALTERN ENERGY LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2021	2020
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
EQUITY			
Authorised share capital			
400,000,000 (2020: 400,000,000)			
ordinary shares of Rs 10 each		4,000,000	4,000,000
Issued, subscribed and paid up share capital			
363,380,000 (2020: 363,380,000)			
ordinary shares of Rs 10 each	5	3,633,800	3,633,800
Capital reserve: Share premium	6	41,660	41,660
Revenue reserve: Un-appropriated profits		15,446,166	14,637,976
Attributable to owners of the Parent Company		19,121,626	18,313,436
Non-controlling interests		13,057,299	11,484,480
Total equity		32,178,925	29,797,916
NON-CURRENT LIABILITIES			
Employee benefit obligations	7	15,075	21,912
Deferred taxation	8	1,467,802	-
		1,482,877	21,912
CURRENT LIABILITIES			
Trade and other payables	9	950,634	936,356
Unclaimed dividend		2,143	3,988
Short term borrowings from banking companies - secured	10	4,354	2,344,701
Accrued markup on short term borrowings		58,457	81,874
		1,015,588	3,366,919
CONTINGENCIES AND COMMITMENTS	11		
		34,677,390	33,186,747

The annexed notes 1 to 37 form an integral part of these consolidated financial statements.

Chief Executive | **Chief Financial Officer** | **Director**

AS AT JUNE 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	14,496,889	16,074,703
Intangible assets	13	1,626	292
Long term deposits		754	739
Long term loans to employees	14	2,998	1,174
		14,502,267	16,076,908
CURRENT ASSETS			
Stores, spares and loose tools	15	674,195	696,207
Inventory of fuel oil		457,115	460,772
Trade debts - secured	16	16,109,046	14,027,093
Loans, advances, prepayments and other receivables	17	1,301,557	1,360,430
Income tax recoverable		156,642	148,751
Short term investment	18	103,056	-
Bank balances	19	1,373,512	416,586
		20,175,123	17,109,839
		34,677,390	33,186,747

Chief Executive | Chief Financial Officer | Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2021

		Note	2021	2020
			(Rupees in thousand)	
Revenue		20	12,410,156	10,430,641
Direct costs		21	(6,458,983)	(5,759,805)
Gross profit			5,951,173	4,670,836
Administrative expenses		22	(231,772)	(199,207)
Other expenses		23	(24,427)	(628)
Other income		24	70,786	135,162
Finance cost		25	(252,697)	(357,590)
Impact of settlement with CPPA-G		1.2 and 16.4	(1,659,822)	-
Profit before taxation			3,853,241	4,248,573
Taxation		26	(1,479,957)	832,897
Profit for the year			2,373,284	5,081,470
Profit for the year is attributable to:				
Owners of the Parent Company			803,557	3,382,891
Non-controlling interests			1,569,727	1,698,579
			2,373,284	5,081,470
Earnings per share basic and diluted	**(Rupees)**	35	2.21	9.31

The annexed notes 1 to 37 form an integral part of these consolidated financial statements.

Chief Executive | **Chief Financial Officer** | **Director**

ALTERN ENERGY LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
Profit for the year		2,373,284	5,081,470
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss		-	-
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of post retirement benefits obligation	7.3.7	7,725	2,329
		7,725	2,329
Total comprehensive income for the year		2,381,009	5,083,799
Total comprehensive income for the year attributable to:			
Owners of the Parent Company		808,190	3,384,288
Non-controlling interests		1,572,819	1,699,511
		2,381,009	5,083,799

The annexed notes 1 to 37 form an integral part of these consolidated financial statements.

Chief Executive	Chief Financial Officer	Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

	Share capital	Capital reserve: Share premium	Revenue reserve: Un-appropriated profits	Total equity attributable to owners of the Parent Company	Non-controlling interests	Total equity
	(Rupees in thousand)					
Balance as on July 1, 2019	3,633,800	41,660	13,306,785	16,982,245	11,026,973	28,009,218
Profit for the year	-	-	3,382,891	3,382,891	1,698,579	5,081,470
Other comprehensive income for the year	-	-	1,397	1,397	932	2,329
Total comprehensive income for the year	-	-	3,384,288	3,384,288	1,699,511	5,083,799
Final cash dividend @ Rs 3 per ordinary share for the year ended June 30, 2019	-	-	(1,090,140)	(1,090,140)	-	(1,090,140)
Interim dividend for the year ended June 30, 2020 @ Rs 2.65 per ordinary share	-	-	(962,957)	(962,957)	-	(962,957)
Dividend relating to 2020 paid to non-controlling interests	-	-	-	-	(1,242,004)	(1,242,004)
Total transactions with owners in their capacity as owners	-	-	(2,053,097)	(2,053,097)	(1,242,004)	(3,295,101)
Balance as on June 30, 2020	3,633,800	41,660	14,637,976	18,313,436	11,484,480	29,797,916
Profit for the year	-	-	803,557	803,557	1,569,727	2,373,284
Other comprehensive income for the year	-	-	4,633	4,633	3,092	7,725
Total comprehensive income for the year	-	-	808,190	808,190	1,572,819	2,381,009
Balance as on June 30, 2021	3,633,800	41,660	15,446,166	19,121,626	13,057,299	32,178,925

The annexed notes 1 to 37 form an integral part of these consolidated financial statements.

Chief Executive | **Chief Financial Officer** | **Director**

ALTERN ENERGY LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	27	3,678,434	4,707,730
Finance cost paid		(276,114)	(373,934)
Income tax paid		(20,168)	(96,102)
Retirement benefits paid		(7,079)	(7,920)
Long term deposits - net		(15)	-
Long term loans to employees - net		(2,180)	4,028
Net cash inflow from operating activities		3,372,878	4,233,802
Cash flows from investing activities			
Fixed capital expenditure		(23,025)	(7,686)
Investments acquired during the year		(3,892,959)	-
Investments disposed of during the year		3,828,098	-
Proceeds from disposal of operating fixed assets		1,705	695
Profit on bank deposits received		12,421	69,853
Net cash (outflow)/inflow from investing activities		(73,760)	62,862
Cash flows from financing activities			
Repayment of long term loans		-	(2,011,220)
Dividends paid to:			
- Non-controlling interests		-	(1,242,004)
- Owners of the Parent Company		(1,845)	(2,239,782)
Settlement of derivative financial instrument		-	(7,309)
Net cash outflow from financing activities		(1,845)	(5,500,315)
Net increase/(decrease) in cash and cash equivalents		3,297,273	(1,203,651)
Cash and cash equivalents at the beginning of the year		(1,928,115)	(724,464)
Cash and cash equivalents at the end of the year	27.2	1,369,158	(1,928,115)

Refer note 27.3 for reconciliation of liabilities arising from financing activities.

The annexed notes 1 to 37 form an integral part of these consolidated financial statements.

Chief Executive | **Chief Financial Officer** | **Director**

ALTERN ENERGY LIMITED AND ITS SUBSIDIARIES
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

1. The Group and its operations

The Group comprises of:

- Altern Energy Limited, the Parent Company (hereinafter referred to as AEL)

	(Effective holding percentage)	
Subsidiary companies:	**2021**	**2020**
- Power Management Company (Private) Limited (hereinafter referred to as PMCL)	100%	100%
- Rousch (Pakistan) Power Limited (hereinafter referred to as RPPL)	59.98%	59.98%

The Group is mainly engaged in power generation activities. The registered office of AEL and PMCL is situated at Descon Headquarters, 18 km Ferozepur Road, Lahore. The registered office of RPPL is situated at 2nd Floor Emirates Tower, F-7 Markaz, Islamabad.

The geographical locations of the production facilities of the Group are mentioned below:

Production facility of	Location
- AEL	Fateh Jang, District Attock, Punjab
- RPPL	Sidhnai Barrage, Abdul Hakim town, District Khanewal, Punjab

1.1 During the current year, on August 25, 2020, AEL has requested the Government of Pakistan's Committee for negotiation with Independent Private Power Producers (the ‘Committee’) to recommend the termination of its PPA and Implementation Agreement ('IA') on the terms to be mutually agreed between AEL and the Committee. Furthermore, on December 23, 2020, AEL has also requested the Private Power and Infrastructure Board ('PPIB') and CPPA-G to grant their consents for retirement of AEL's PPA and IA by mutual agreement, however, no response has yet been received from the Committee or PPIB/CPPA-G. However, presently, the matter is not being pursued by the AEL as decided by the Board of Directors of the AEL. AEL will continue to make its power plant available as per the requirements of AEL's PPA until the termination of its PPA as stated above. Therefore, the power generation operations of AEL continue to be operated in normal course of business.

1.2 Master Agreement and PPA Amendment Agreement during the current year

On January 23, 2021, RPPL and CPPA-G initialed a Master Agreement and a PPA Amendment Agreement (collectively referred to as the “Agreements”). Subsequently, after the approval of the Federal Cabinet, the members of RPPL approved the signing and execution of the Agreements. Accordingly, on February 11, 2021, the RPPL and CPPA-G have signed and executed the Agreements.

Pursuant to the terms of these Agreements, RPPL and CPPA-G have agreed to the following matters:

(1) Mechanism of settlement of outstanding receivables;
(2) Discount in Tariff components;
(3) Resolution of dispute of Liquidated Damages; and
(4) Option to RPPL to participate in GoP’s scheme to create competitive power market.

The finalization of these matters is subject to terms and conditions mentioned in the above mentioned Agreements. This included payment of outstanding dues from the Power Purchaser as of November 30, 2020 amounting to Rs 14,222.86 million in two tranches within 30 Business Days of signing these Agreements i.e. March 29, 2021. However, utilizing the default cure period of 70 days under this Agreement, CPPA-G made the first tranche of payment (40%) amounting to Rs 5,689.14 million on June 4, 2021. The remaining amount is expected to be paid within six months from the date of the first tranche as per the terms of the Agreements. Accordingly, the RPPL has started raising Capacity Purchase Price ('CPP') invoices according to the revised Tariff as per the terms of the Agreement. The tariff reduction of 11% will also apply to Variable Operations and Maintenance portion of Energy Purchase Price ('EPP') invoicing starting from the date of receipt of first tranche i.e. June 4, 2021. Consequently, the Group has also assessed the accounting implications of these developments on these consolidated financial statements, including the impairment testing of the RPPL's Cash Generating Unit ('CGU') under International Accounting Standard (IAS) 36, 'Impairment of Assets'. However, according to Group's assessment, there is no impairment of the RPPL's CGU.

As mentioned above, as a result of the above Agreements, the outages due to fuel shortage during the periods December 11, 2012 to December 10, 2013 and January 2017 respectively have been treated as Other Force Majeure Event (OFME) under RPPL's PPA and consequently, existing term of RPPL's PPA has been extended by 112 days (approximately 3.5 months). The CPPA-G raised invoices for Liquidated Damages ('LDs') to the RPPL for the operating year starting from December 11, 2012 to December 10, 2013 (after taking into account forced outage allowance stipulated under the terms of PPA) on account of short supply of electricity by RPPL, which was due to cash flow constraints of RPPL as a result of default by CPPA-G in making timely payments. CPPA-G raised invoice of LDs amounting to Rs 1,588.73 million.

RPPL disputed the claim on account of LDs on the premise that its failure to dispatch electricity was due to CPPA-G's non-payment of dues on timely basis to RPPL and consequential inability of RPPL to make timely payments to its gas supplier that resulted in inadequate level of electricity production owing to curtailment/suspension of gas supply. In this regard, RPPL initiated the Expert recommendation under the dispute resolution procedures specified in the RPPL's PPA. The case was recommended by the Expert in the RPPL's favour in August 2014. Recommendation of the Expert is, however, not legally binding on any party.

In 2017, a draft Settlement Agreement for resolution of this LDs dispute was agreed by the respective Boards of directors of CPPA-G and RPPL. Under draft the Settlement Agreement, the period of non-performance due to unavailability of gas shall be treated as Other Force Majeure Event ('OFME') by CPPA-G under the RPPL's PPA. As a result, RPPL will not be entitled to any Capacity Payment for this period from CPPA-G and CPPA-G will not levy any LDs on RPPL. By declaration of OFME, the PPA of RPPL will be extended by the OFME period.

Similarly, in January 2017, SNGPL suspended the gas supply for a period of 26 days and as a result, CPPA-G levied LDs amounting to Rs 857.78 million. RPPL disputed this amount on the premise that it has already issued an OFME notice to CPPA-G in January 2017 for a period of 26 days. The same period is also contemplated as OFME in the Settlement Agreement. Due to declaration of OFME, RPPL did not raise CPP invoice for this period.

During the year, RPPL and CPPA-G signed the Settlement Agreement as part of the PPA Amendment Agreement, whereby both parties decided to resolve the issue of LDs amicably as per the agreed terms. According to the terms, RPPL will refund the Capacity Payments already received from CPPA-G, which pertain to 2013 LDs period along with 50% of late payment interest accrued on these Capacity Payments. The event will be treated as an OFME and PPA will be extended by a total of 112 days on account of 2013 and 2017 LDs period. As a result of the RPPL's PPA Amendment Agreement, LDs amount raised by CPPA-G stands withdrawn irrevocably. After this settlement, no party will have any claim against the other party with regards to LDs levied by CPPA-G in 2013 and 2017.

2. Basis of preparation

2.1 Statement of compliance

These consolidated 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:

i) International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board ('IASB') as notified under the Act; and

ii) 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.

2.2 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the Group's consolidated financial statements covering annual periods, beginning on or after the following dates:

2.2.1 Standards, amendments to published standards and interpretations that are effective in the current year

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 1, 2020 but are considered not to be relevant or to have any significant effect on the Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these consolidated financial statements, except for the following:

2.2.2 Exemption from applicability of certain standards

a) The Securities and Exchange Commission of Pakistan ('SECP') through SRO 986(I)/2019 dated September 2, 2019 has granted exemption from the requirements of IFRS 16 'Leases' to all companies that have executed their power purchase agreements before January 1, 2019. AEL's and RPPL's PPAs were executed before January 1, 2019. Therefore, the standard will not have any impact on the consolidated financial statements to the extent of its PPAs. For the remaining leases, the Group has assessed that the application of this standard does not have any material impact on these consolidated financial statements.

Under IFRS 16, the consideration required to be made by the lessee for the right to use the asset is to be accounted for as a lease. The Group's power plants control due to purchase of total output by CPPA-G appears to fall under the scope of IFRS 16. Consequently, if the Group were to follow IFRS 16 with respect to its PPAs, the effect on the consolidated financial statements would be as follows:

	2021	2020
	(Rupees in thousand)	
De-recognition of property, plant and equipment	(14,465,844)	(16,076,887)
De-recognition of trade debts	(10,358,792)	(8,496,340)
Recognition of lease debtor	18,639,083	17,087,628
Decrease in un-appropriated profits at the beginning of the year	(7,485,599)	(9,023,739)
Increase in profits for the year	1,300,046	1,538,140
Decrease in un-appropriated profits at the end of the year	(6,185,553)	(7,485,599)

b) In respect of companies holding financial assets due from the Government of Pakistan ('GoP'), SECP through SRO 1177(I)/2021 dated September 13, 2021, partially modified its previous SRO 985(I)/2019 dated September 02, 2019 and notified that the requirements contained in IFRS 9 with respect to application of Expected Credit Losses (ECL) method shall not be applicable till June 30, 2022 and that such companies shall follow relevant requirements of International Accounting Standard ('IAS') 39 in respect of above referred financial assets during the exemption period. Accordingly, the Group has not followed the requirements of IFRS 9 with respect to application of Expected Credit Losses in respect of trade debts and other receivables due from CPPA-G.

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

There are certain standards, amendments to the IFRS and interpretations that are mandatory for Group's accounting periods beginning on or after July 1, 2020 but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in these consolidated financial statements, except for the following:

a) As referred to in note 2.2.2 (b), the requirements contained in IFRS 9 with respect to application of ECL method on financial assets due from the GoP were not applicable till June 30, 2021. The Group's management is confident that the SECP will extend the timeline beyond June 30, 2021 for non-applicability of the ECL method on such financial assets, however, the impact of ECL in respect of such financial assets on its consolidated financial statements, in case the timeline is not extended is not significant.

b) Classification of liabilities - Amendment to IAS 1: (effective for periods beginning on or after January 1, 2021)

The narrow-scope amendments to IAS 1 'Presentation of Financial Statements' clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the ‘settlement’ of a liability.

In particular, the amendments clarify:

- liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendment no longer refers to unconditional rights.

- the assessment determines whether a right exists, but it does not consider whether the entity will exercise the right. So, management’s expectations do not affect the classification.

- the right to defer only exists if the entity complies with any relevant conditions at the reporting date. A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date.

- Settlement’ is defined as the extinguishment of a liability with cash, other economic resources or an entity’s own equity instruments.

The Group has assessed that the impact of this amendment is not expected to be significant.

c) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 for interest rate benchmark ('IBOR') reform (effective for period beginning on January 1, 2021)

The IASB has issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 that address issues arising during the reform of benchmark interest rates including the replacement of one benchmark rate with an alternative one. The IASB tackled the changes in the following two phases:

- Phase 1 amended specific hedge accounting requirements where uncertainty could arise in the run-up to transition; and

- Phase 2 addressed potential financial reporting issues that may arise when IBORs are either reformed or replaced.

These amendments include the following:

- Accounting for changes in the basis for determining contractual cash flows of a financial asset or financial liability as a result of IBOR reform;

- Hedge accounting requirements; and
- Disclosures.

The Group is yet to assess the impact of these amendments on its financial statements.

d) Classification of Liabilities as Current or Non-current – Amendments to IAS 1: (effective for period beginning on July 01, 2022)

The IASB has issued narrow-scope amendments to IFRS Standards.

The amendments will help companies:

- improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements; and

- distinguish changes in accounting estimates from changes in accounting policies.

The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies.

The Group is yet to assess the impact of these amendments on its financial statements.

e) Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after January 01, 2020).

The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

The amendment is not likely to have an impact on the consolidated financial statements of the Group.

3. Basis of measurement

3.1 These consolidated financial statements have been prepared under historical cost convention except certain retirement benefits obligations have been measured at present value and certain financial instruments measured at fair value.

3.2 Critical accounting estimates and judgements

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. Following are the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to the estimates and assumptions turning out to be wrong.

a) Useful lives and residual values of property, plant and equipment - notes 4.3.1 and 12.1
b) Provision for taxation - notes 4.2, 8 and 27
c) Impairment of non-financial assets - notes 4.5, 12.1.4 and 12.1.5

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

3.3 Change in accounting estimate

During the year, the RPPL's PPA was extended by a period of 31 days owing to non-supply of RLNG under interim GSA treated as an 'Other Force Majeure Event' under PPA and by a period of 112 days on account of Settlement Agreement approved as referred in note 1.2, thereby resulting in an increase in useful lives of RPPL's freehold land, buildings on freehold land, capital spares and plant and equipment by approximately five months. Furthermore, during the year, as a result of the annual assessment of remaining useful lives of the operating fixed assets, management identified that certain items of plant and machinery require an upward revision in their useful lives. Hence, the remaining useful lives of such items of plant and machinery have increased. Such a change in the useful lives has been accounted for as a change in an accounting estimate in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

The net effects of these changes in the current financial year are as follows:	**Rupees in thousand**
Increase in the carrying value of operating fixed assets	109,451
Decrease in depreciation expense on operating fixed assets	(109,451)

Year ending June 30	**Rupees in thousand**
2022 to 2024 - per year	(139,849)
2025 to 2030 - per year	3,854
2031	505,874

4. Summary of significant accounting policies

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

4.1 Principles of consolidation

a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests ('NCI') in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

b) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in consolidated statement of profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in consolidated statement of comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in consolidated statement of comprehensive income are reclassified to consolidated statement of profit or loss.

4.2 Taxation

Income tax expense comprises current and deferred tax. Income tax is recognised in the consolidated statement of profit or loss except to the extent that relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current

The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to profit for the year if enacted or substantively enacted at the end of the reporting period in accordance with the prevailing law for taxation of income, after taking into account tax credits, rebates and exemptions, if any. Management periodically evaluates position taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that the tax authorities will accept an uncertain tax treatment. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The profits and gains of the Group derived from electric power generation are exempt from tax in terms of Clause 132 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the conditions and limitations provided therein.

Under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, the Group is also exempt from levy of minimum tax on 'turnover' under section 113 of the Income Tax Ordinance, 2001. However, full provision is made in the consolidated statement of profit or loss on income from sources not covered under the above clauses at current rates of taxation after taking into account, tax credits and rebates available, if any.

Deferred

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

Deferred tax on temporary differences relating to the power generation operations of the Group has not been provided in these consolidated financial statements as the Group's management believes that the temporary differences will not reverse in the foreseeable future due to the fact that the profits and gains of the Group derived from electric power generation are exempt from tax subject to the conditions and limitations provided for in terms of clause 132 of Part I of the Second Schedule to the Income Tax Ordinance, 2001.

Deferred tax liability for all taxable temporary differences associated with investments in subsidiaries are recognised, except to the extent that both of the following conditions are satisfied:

(a) the Parent Company is able to control the timing of the reversal of the temporary difference; and
(b) it is probable that the temporary difference will not reverse in the foreseeable future.

Group taxation

SECP vide its certificate dated November 19, 2019, has registered the Group as a Taxation Group, which comprises of DEL Processing (Private) Limited and its directly and indirectly held subsidiary companies namely:

- DEL Power (Private) Limited;
- DEL Chemicals (Private) Limited;
- Altern Energy Limited;
- Power Management Company (Private) Limited; and
- Rousch (Pakistan) Power Limited

Furthermore, SECP has also designated the Taxation Group for the purpose of group taxation under Section 59B of the Income Tax Ordinance, 2001, vide its certificate dated January 8, 2020. Consequently, the Group is taxed as one fiscal unit from the tax year 2020 onwards.

Current and deferred taxes based on the consolidated results of the Taxation Group are allocated within the Taxation Group on the basis of separate return method, modified for determining realizability of tax credits and tax losses which are assessed at Group level. Any adjustments in the current and deferred taxes of the Group on account of group taxation are credited or charged to consolidated statement of profit or loss in the year in which they arise.

4.3 Property, plant and equipment

4.3.1 Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and any identified impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The cost of an item of plant and machinery is recognized as an asset if it is probable that future economic benefits associated with the item will flow to the Group and the cost of such item can be measured reliably.

Recognition of the cost in the carrying amount of an item of plant and machinery ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by the Group's management.

The cost of assets constructed by the Group includes project development and implementation cost.

The cost of plant and machinery includes;

a) Its purchase price including import duties, non-refundable purchase taxes after deducting trade discounts and rebates: and

b) Any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Exchange differences arising on foreign currency loans contracted under IA with GoP are capitalized in the cost of plant and machinery as referred to in note 4.18(b) to these consolidated financial statements.

Depreciation on all operating fixed assets of the Group are charged to consolidated statement of profit or loss by using the straight line method so as to write off the depreciable amounts of an asset over its estimated useful life at the annual rates mentioned in note 12.1 after taking into account their residual values.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Group's estimate of the residual value of its operating fixed assets as at June 30, 2021 has not required any adjustment, as its impact is considered insignificant.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount as explained in note 4.5 to these consolidated financial statements.

Subsequent costs incurred to replace a component of an item of plant and equipment is capitalized and the asset so replaced is retired. Other 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 Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to consolidated statement of profit or loss during the period in which they are incurred.

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

4.3.2 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

4.3.3 Major spare parts and stand-by equipment

Major spare parts and stand-by equipment qualify as property, plant and equipment when an entity expects to use them for more than one year. Transfers are made to relevant operating fixed assets category as and when such items are available for use.

4.4 Intangible assets

Expenditure incurred to acquire Enterprise Resource Planning ('ERP') system and other softwares has been capitalised as an intangible asset and stated at cost less accumulated amortisation and any identified impairment loss. Costs associated with maintaining ERP are recognised as an expense as incurred. Intangible assets are amortised using the straight line method over a period of three years.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (as explained in note 4.5 to these consolidated financial statements).

4.5 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets [cash-generating units ('CGUs')]. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

4.6 Stores, spares and loose tools

Stores, spares and loose tools except for those in transit are valued principally at cost less provision for obsolescence, if any. Cost of stores, spares and loose tools other than chemicals and lubricants is determined under weighted average basis, whereas the cost of chemicals and lubricants is determined on first-in-first-out ('FIFO') basis. Stores, spares and loose tools in transit are stated at cost. Cost comprises of invoice value and other charges paid there-on up to the reporting date. For items which are slow moving and/or identified as obsolete, adequate provision is made for any excess book value over estimated realisable value. The Group reviews the carrying amount of stores, spares and loose tools on a regular basis and provision is made for obsolescence.

The operation and maintenance contractor of RPPL as referred to in note 15 is responsible to replenish mandatory stores and spares as used by RPPL.

4.7 Inventory of fuel oil

Inventories except for those in transit are valued principally at the lower of cost and net realizable value. Cost is determined on first-in-first-out (FIFO) basis. Materials in transit are stated at cost comprising of invoice value plus other charges paid thereon. Net realizable value is determined on the basis of estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

If the expected net realisable value is lower than the carrying amount, a write-down is recognised for the amount by which the carrying amount exceeds its net realisable value.

4.8 Financial assets

4.8.1 Classification

The Group classifies its financial assets other than investments in equity instruments of subsidiary in the following measurement categories:

- those to be measured subsequently at fair value [either through comprehensive income ('OCI') or through profit or loss], and

- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ('FVOCI').

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

4.8.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

4.8.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ('FVPL'), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

i) **Amortised cost:** Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method, except for delayed payment markup accrued on amounts due under the PPAs which is included in revenue. Any gain or loss arising on derecognition is recognised directly in consolidated statement profit or loss. Impairment losses are presented as separate line item in the statement of profit or loss.

ii) **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method. Impairment expenses are presented as separate line item in the consolidated statement of profit or loss.

FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in the consolidated statement of profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

4.8.4 Impairment of financial assets other than those due from the Government of Pakistan

The Group assesses on a forward-looking basis, the expected credit losses ('ECL') associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group applies general 3-stage approach for loans, deposits and other receivables and bank balances i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

Following are the financial assets that are subject to the ECL model:

- Long term security deposits
- Long term loans to employees
- Other receivables
- Bank balances.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Loss allowances are forward looking, based on 12 month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

Expected credit losses are a probability weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. 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. In the absence of a change in credit rating, allowances are recognised when there is reduction in the net present value of expected cash flows. On a significant increase in credit risk, allowances are recognised without a change in the expected cash flows, although typically expected cash flows do also change; and expected credit losses are rebased from 12 month to lifetime expectations.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the instrument as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are considered while assessing credit risk:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;
- actual or expected significant changes in the operating results of the counterparty;
- significant increase in credit risk on other financial instruments of the same counterparty; and
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees, if applicable.

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of borrowers; and
- external credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Group recognises an impairment gain or loss in the consolidated statement of profit or loss for financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognised in OCI and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of counterparty's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

4.9 Financial liabilities

All financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed on profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method. Gain and losses are recognized in the consolidated statement of profit or loss, when the liabilities are derecognized as well as through effective interest rate amortization process.

A financial liability is derecognised when the obligation under the liability is discharged or 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 respective carrying amounts is recognised in the consolidated statement of profit or loss.

4.10 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated financial statements only when there is a legally enforceable right to set off the recognized amount and the Group intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.11 Financial assets due from the Government of Pakistan

Financial assets due from the Government of Pakistan include trade debts and other receivables due from CPPA-G under the PPAs that also includes accrued amounts. As referred to in these consolidated financial statements, SECP through SRO 985(I)/2019 dated September 2, 2019 has notified that, in respect of companies holding financial assets due from the Government of Pakistan, the requirements contained in IFRS 9 with respect to application of Expected Credit Losses method shall not be applicable till June 30, 2021 and that such companies shall follow relevant requirements of IAS 39 in respect of above referred financial assets during the exemption period. Accordingly, the same continue to be reported as per the following accounting policy:

A provision for impairment is established when there is objective evidence that the Group will not be able to collect all the amount due according to the original terms of the receivable.

The Group assesses at the end of each reporting period whether there is objective evidence that the financial asset is impaired. The financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of profit or loss. When the financial asset is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the consolidated statement of profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of profit or loss.

4..12 Trade debts

Trade debts are amounts due from CPPA-G in the ordinary course of business. They are generally due for settlement as referred to in note 4.19 and therefore are all classified as current. Trade debts are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components when they are recognised at fair value. The Group holds the trade debts with the objective to collect the contractual cashflows and therefore measures them subsequently at ammortised cost using effective interest method, less provision for impairment.

4.13 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and short term borrowings from banks. Short term borrowings from banks are shown within borrowings in current liabilities in the consolidated statement of financial position.

4.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in consolidated statement profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

4.15 Borrowing costs

General and specific 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. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in consolidated statement of profit or loss in the period in which they are incurred.

4.16 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in ordinary course of business from suppliers. Trade and other payables are presented as current liabilities unless payment is not due within twelve months after the reporting period. Trade and other payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

4.17 Provisions

Provisions for legal claims and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

4.18 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the functional currency). The consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of profit or loss except for exchange differences related to foreign currency loans obtained for the acquisition, development and construction of qualifying assets which are capitalised over the period of the IAs in accordance with SRO 1177(I)/2021 dated September 13, 2021 (previously SRO 986(I)/2019) of the SECP.

b) Revenue recognition

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer and control either transfers over time or at a point of time. An asset is transferred when (or as) the customer obtains control of that asset and thus has the ability to direct the use and obtain the benefits from the good or service.

Revenue on account of energy purchase price is recognised based on Net Electric Output ('NEO') delivered to CPPA-G (at a point in time) whereas capacity purchase price is recognised based on the capacity made available to CPPA-G (over time). Capacity and Energy revenue is recognised based on the rates determined under the mechanism laid down in the PPAs.

Revenue on account of delayed payment markup on amounts due under the PPAs, is accrued on a time proportion basis by reference to the amount outstanding and the applicable rate of return under the PPAs.

For the Parent Company, the invoices are generally raised on a monthly basis and are due after 30 days from acknowledgement by CPPA-G. For RPPL, invoices for fuel cost component of the energy purchase price are raised on a weekly basis and are due after three days from acknowledgement by CPPA-G. The remaining invoice for energy purchase price is raised on a monthly basis. Monthly invoices for energy purchase price and capacity purchase price are raised on the first of the following month which are due after twenty five days from acknowledgement by CPPA-G.

4.20 Dividend and appropriation to / from reserves

Dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are declared and other appropriations are recognised in the period in which these are approved by the Board of Directors.

4.21 Share capital

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

4.22 Employee benefits

4.22.1 Short term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

4.22.2 Post employment benefits

a) Defined benefit plans

I) Un-funded gratuity plan

The Group operates an un-funded gratuity scheme for all permanent employees of AEL according to the terms of employment, subject to a minimum qualifying period of service and provision is made annually to cover the obligations under the scheme. These benefits are calculated with reference to last drawn salaries and prescribed qualifying periods of service of the employees. The management considers that the valuation by an independent actuary is not expected to result in a significant deviation from the management's estimation.

ii) Funded gratuity plan

The Group maintains an approved gratuity fund for all permanent employees of RPPL. Provisions are made in the consolidated financial statements to cover obligations on the basis of actuarial valuations carried out annually. The most recent actuarial valuation was carried out as at June 30, 2021 using the "Projected Unit Credit Method".

The actual return on plan assets represents the difference between the fair value of plan assets at the beginning of the year and as at the end of the year after adjustments for contributions made by the Group as reduced by benefits paid during the year.

The amount recognised in the consolidated statement of financial position represents the present value of the defined benefit obligation as reduced by the fair value of the plan assets.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the year in which they arise. Past service costs are recognised immediately in the consolidated statement of profit or loss. The significant assumptions used for actuarial valuation are stated in note 7.3.1.

b) Defined contribution plan - provident fund

The Group operates a recognized contributory provident fund for all eligible employees of RPPL. Equal monthly contributions are made, both by the Group and the employees, to the fund at the rate of 9% of the basic salary subject to completion of minimum qualifying period of service as determined under the rules of the fund. The Group has no further payment obligations once the contributions have been paid. Obligations for contributions to the defined contribution plan are recognised as an expense in the consolidated statement of profit or loss as and when incurred.

4.22.3 Other long term employee benefit obligations - accumulating compensated absences

AEL provides for accumulating compensated absences of its employees in accordance with respective entitlement on cessation of service. The annual leaves can be encashed at the time the employee leaves AEL on the basis of the latest gross salary. Annual leaves will be accumulated for a maximum of twenty two days. Annual leaves in excess of maximum balance shall automatically lapse. The management considers that the valuation by an independent actuary is not expected to result in a significant deviation from the management's estimation.

4.23 Contingent liabilities

Contingent liability is disclosed when:

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

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

4.24 Contract asset and contract liability

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

A contract liability is recognised for the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional (i.e. a receivable), before the Group transfers a good or service to the customer, the entity shall present the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

4.25 Leases

The Group is the lessee:

4.25.1 Operating leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments include fixed payments, variable lease payments that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Group is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the consolidated statement of profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease, it is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

4.26 Earnings per share

The Group presents basic and diluted earnings per share ('EPS') data for its ordinary shares. Basic EPS is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.27 Rounding of amounts

All amounts disclosed in these consolidated financial statements and notes have been rounded off to the nearest thousand Rupees unless otherwise stated.

5. Issued, subscribed and paid up share capital

2021	2020		2021	2020
(Number of shares)			(Rupees in thousand)	
		Ordinary shares of Rs 10 each		
359,480,000	359,480,000	fully paid in cash	3,594,800	3,594,800
		Ordinary shares of Rs 10 each issued		
3,900,000	3,900,000	for consideration other than cash	39,000	39,000
363,380,000	363,380,000		3,633,800	3,633,800

5.1 As at June 30, 2021, 211,397,063 (2020: 211,397,063) ordinary shares which represent 58.18% (2020: 58.18%) of the share capital are held by the Holding Company.

5.2 A Share Purchase Agreement ('SPA') was signed by and among Crescent Steel and Allied Products Limited(CSPL) and Shakarganj Mills Limited (collectively referred to as "Sellers"), and Descon Engineering Limited ("Buyer") on August 28, 2006. The SPA defines the rights and privileges of the parties to this Agreement. Major rights and responsibilities under the SPA include; numbers of directors on the Board, minimum amount of shareholding in paid-up capital of the Parent Company and the Right of First Offer over the shares that are or shall be held by other shareholders, should any of them wish to sell or dispose of their shares subject to any conditions laid down in the SPA.

6. This reserve can be utilised by the Group only for the purposes specified in Section 81 of the Act.

7. Employee benefit obligations

		2021	2020
		(Rupees in thousand)	
Unfunded			
Gratuity	- note 7.1	5,881	4,913
Accumulating compensated absences	- note 7.2	483	440
		6,364	5,353
Funded			
Gratuity	- note 7.3	8,711	16,559
		15,075	21,912

7.1 Gratuity - unfunded

	2021	2020
Opening liability	4,913	4,640
Provision for the year	968	469
	5,881	5,109
Payments during the year	-	(196)
Closing liability	5,881	4,913

7.2 Accumulating compensated absences

	2021	2020
Opening liability	440	467
Provision for the year	43	9
	483	476
Payments during the year	-	(36)
Closing liability	483	440

7.3 Gratuity - Funded

The latest actuarial valuation of gratuity scheme of RPPL was carried out as at June 30, 2021 under the projected unit credit method as per the requirements of IAS 19, the details of which are as follows:

7.3.1 Actuarial assumptions

	(Percentage)	
Valuation discount rate - per annum	10.00%	8.50%
Expected rate of increase in salaries - per annum	8.00%	8.00%
Mortality rates	SLIC (2001-05)-1	SLIC (2001-05)-1
Duration of plan (years)	9.26%	6.63%

The Group is expected to contribute Rs 1.065 million to the gratuity scheme in the next year.

7.3.2 Net defined benefit obligation

The amounts recognized in consolidated statement of financial position are as follows:

	2021	2020
	(Rupees in thousand)	
Present value of defined benefit obligation	27,305	49,658
Fair value of plan assets	(18,594)	(33,099)
Net liability as at year end	8,711	16,559

7.3.3 The movement in net defined benefit obligation is as follows:

	2021	2020
Net liability at beginning of the year	23,819	18,185
Current service cost	5,549	5,835
Net interest on defined benefit obligation	4,390	6,222
Return on plan asset during the year	(2,983)	3,630
Charged to consolidated statement of profit or loss	6,956	15,687
Total remeasurements for the year recognised to consolidated other comprehensive income	(7,725)	(2,329)
Contributions made by the Group during the year	(7,079)	(7,724)
Net liability at the end of the year	15,971	23,819

7.3.4 The movement in present value of defined benefit obligation is as follows:

	2021	2020
Present value of defined benefit obligation as at beginning of the year	49,658	41,505
Current service cost	5,549	5,835
Interest cost	4,390	6,222
Remeasurement gains on obligation	(8,213)	(2,886)
Benefits paid to out-going members during the year	(24,079)	(1,018)
Closing present value of defined benefit obligation	27,305	49,658

7.3.5 Movement in the fair value of plan assets

	2021	2020
	(Rupees in thousand)	
Opening fair value of plan assets	33,099	23,320
Interest income on plan assets	2,983	3,630
Remeasurement losses on fair value of plan assets	(488)	(557)
Benefits paid during the year	(24,079)	(1,018)
Contributions made during the year	7,079	7,724
Closing fair value of plan assets	18,594	33,099

7.3.6 Amounts recognised in the consolidated statement of profit or loss

	2021	2020
	(Rupees in thousand)	
Current service cost	5,549	5,835
Interest cost	4,390	6,222
Interest income on plan assets	(2,983)	(3,630)
Net interest cost	1,407	2,592
	6,956	8,427

7.3.7 Total remeasurements credited to consolidated other comprehensive income

	2021	2020
Actuarial loss/(gain) from changes in financial assumptions	884	(1,535)
Experience adjustments	(9,097)	(1,351)
	(8,213)	(2,886)
Remeasurements on fair value of plan assets	488	557
	(7,725)	(2,329)

7.3.8 Composition / fair value of plan assets

	2021		2020	
	(Rupees in thousand)	Percentage	(Rupees in thousand)	Percentage
Term deposit receipts	16,425	88%	30,110	91%
Cash and cash equivalents (after adjusting current liabilities)	2,169	12%	2,989	9%
	18,594	100%	33,099	100%

7.3.9 The Group faces the following risks on account of gratuity:

- Final salary risk (linked to inflation risk) – the risk that the final salary at the time of cessation of service is greater than the assumed salary. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

- Mortality risk – the risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Withdrawal risk – the risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

Investment risk – the risk of the investment underperforming and being not sufficient to meet the liabilities.

7.3.10 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		Impact on defined benefit obligation	
	Changes in assumption	Increase in assumption	Decrease in assumption
		(Rupees in thousand)	
Discount rate	1%	(2,371)	2,705
Salary growth rate	1%	2,544	(2,277)

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

7.3.11 Maturity analysis

The weighted average duration of the defined benefit obligation is 9.26 years (2020: 6.63 years). The expected maturity analysis of undiscounted gratuity plan is as follows:

	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
			(Rupees in thousand)		
June 30,2021	1065	1,234	13,216	9,312	24,827
June 30,2021	1485	3,678	30,959	18,144	54,266

8. Deferred taxation

		2021	2020
		(Rupees in thousand)	
The liability for deferred tax represents temporary difference relating to:			
Taxable undistributed earnings of subsidiary	- note 8.1	1,467,802	-

8.1 This represents deferred tax liability recognised on RPPL's undistributed earnings of Rs 19,571 million which if paid out as dividend, would be subject to tax in the hand of recipient. The exemption of inter corporate dividend within the group companies entitled to group relief under section 59B of the Income Tax Ordinance, 2001 has been revoked through Finance Act, 2021.

		2021	2020
		(Rupees in thousand)	

8.2 The gross movement in deferred tax liability during the year is as follows:

		2021	2020
Opening balance		-	1,005,062
Charged/(credited) to consolidated statement of profit or loss	- note 26	1,467,802	(1,005,062)
Closing balance		1,467,802	-

9. Trade and other payables

		2021	2020
Payable to Sui Northern Gas Pipelines Limited		72	1,949
Payable to CPPA for import of energy		11,245	15,866
Payable to CPPA against gas efficiency		2,614	
Other creditors	- note 9.1	438,794	472,694
Withholding income tax payable		823	584
Withholding sales tax payable		359	445
Payable to RPPL's Employees' Provident Fund		524	-
Workers' profit participation fund	- note 9.2	196,739	216,521
Provision for guarantee issued	- note 9.3	6,842	6,842
Lenders' related costs		1,352	1,352
Others		178,736	99,658
Punjab Workers' Welfare Fund	- note 9.4	112,534	120,445
		950,634	936,356

9.1 Includes the following amounts due to the following related parties:

	2021	2020
Descon Engineering Limited	-	19,710
Descon Power Solutions (Private) Limited	48,771	51,184
Descon Corporation (Private) Limited	2,088	215
Siemens Pakistan Engineering Company Limited	-	1,718
Inspectest (Private) Limited	1,123	88
	51,982	72,915

9.2 Workers' profit participation fund

		2021	2020
Opening balance		216,521	156,506
Provision for the year	- note 17.4	196,739	216,521
		413,260	373,027
Payments made during the year		(216,521)	(156,506)
Closing balance		196,739	216,521

9.3 The Group has filed an appeal against the judgment of a single judge of the Sindh High Court to challenge the levy and collection of infrastructure fee/cess imposed through the Sindh Finance (Amendment) Ordinance, 2001 on the movement of goods entering or leaving the province from or for outside the country. The court by its orders dated February 20, 1997, March 26, 2001 and November 11, 2003 granted the stay on levy of this fee/cess on the condition that the Group will furnish bank guarantee of equivalent amount till the final decision is made by the Court. Accordingly, the Group had arranged bank guarantees of Rs 64.95 million in favour of Director Excise and Taxation, Karachi and made full provision in the consolidated financial statements up to June 30, 2010. During the year 2008, the Honorable High Court of Sindh in its decision dated September 17, 2008 declared the imposition of levy of infrastructure fee/cess on import of material before December 28, 2006 as void and invalid, and ordered the guarantees to be returned and enchased. However, the levy imposed with effect from December 28, 2006 was declared to be legal and valid. The Government of Sindh has filed the appeal before Supreme Court of Pakistan against the order of High Court of Sindh. The Group has also filed an appeal before the Supreme Court of Pakistan against the Sindh High Court's decision of imposition of levy after December 28, 2006. During the year ended June 30, 2011, the Supreme Court of Pakistan ordered to agitate this matter before High Court of Sindh. The High Court by consent of the Excise and Taxation department has passed an order whereby it has mainly ordered to discharge any bank guarantee furnished for consignments cleared up to December 27, 2006 and any guarantee for consignment cleared after December 27, 2006 shall be enchased to the extent of 50% and a bank guarantee for remaining amount will be kept alive till the future disposal of litigations. For future consignments, goods will be cleared after 50% of the disputed amount has been paid by the respondents and bank guarantee of balance of 50% has been furnished. Accordingly, the Group has made provision of Rs 6.84 million (2020: Rs 6.84 million) being 50% of disputed amount i.e. Rs 13.68 million.

9.4 Punjab Workers' Welfare Fund

	2021	2020
	(Rupees in thousand)	
Opening balance	120,445	-
Provision for the year	78,696	120,445
Payment made during the year	(86,607)	-
Closing balance	112,534	120,445

10. Short term borrowings from banking companies - secured

10.1 Running finances

Short term running finances available from a consortium of commercial banks under mark-up arrangements aggregate Rs 5,800 million (2020: Rs 5,800 million). Such facilities have been obtained at mark-up rates based on Karachi inter bank offered rate ('KIBOR') plus spread and ranges from 7.03% to 8.29% (2020: 11.93% to 14.86%) per annum, payable quarterly, on the balance outstanding. In the event the Group fails to pay the balances on the due date for payment, or within any period stipulated herein or within any period stipulated in the demand, any outstanding amounts shall be payable immediately and the finance facility shall be terminated forthwith. The aggregate facilities are secured against hypothecated charge on all operating fixed assets of RPPL excluding land and building, and first hypothecated charge over present and future current assets of the Group and assignment of present and future Energy Purchase Price ('EPP') receivables to the lenders. The amount of unavailed facilities at the consolidated statement of financial position date is Rs 5,795.65 million (2020: Rs 3,455.35 million).

10.2 Letters of credit and bank guarantee

The main facilities for opening letters of credit aggregate to Rs 100 million (2020: Rs 100 million) and letter of guarantee aggregate to Rs 850 million (2020: Rs 850 million). The amount utilised as at June 30, 2021, for letters of credit was Nil (2020: Nil) and for letters of guarantee was Rs 578 million (2020: Rs 575.21 million). The aggregate facilities for opening letters of credit and guarantee are secured against first hypothecation charge over present and future current assets of the Group, cross corporate guarantee issued by Descon Engineering Limited (related party, on the basis of common directorship) and assignment of present and future Energy Purchase Price receivables to the lenders.

10.3 Standby letter of credit

The facility for standby letter of credit from a commercial bank amounts to Rs 6,000 million (2020: Rs 6,000 million). The amount utilised as at June 30, 2021 was Rs 4,981 million (2020: Rs 4,981 million). The facility is secured against first ranking pari passu charge over current assets by way of hypothecation and assignment of RPPL's EPP receivables in favour of the lender.

11. Contingencies and commitments

11.1 Contingencies:

I) In financial year 2014, the taxation authorities issued a show cause notice for Rs 157 million on account of input sales tax alleged to be wrongly claimed for the tax periods July 2009 to June 2013. The tax department is of the view that input tax paid by the Group should be split among taxable and non-taxable supplies. The Group based on a legal advice, is of the view that component of capacity revenue is not considered value of supply and rule of apportionment is not applicable in case of Independent Power Producers ('IPPs') for the reason that the ultimate product is electrical energy, which is taxable. The Group submitted reply in respect of the show cause notice, which was rejected by the taxation authorities and a demand for the above mentioned amount was raised. Aggrieved by this order, the Group preferred an appeal before the Commissioner Inland Revenue (Appeals), wherein relief sought was not provided. Consequently, Group filed an appeal with Appellate Tribunal Inland revenue ('ATIR') against the demand which was also rejected. The Group preferred an appeal before the Lahore High Court ('LHC') which granted stay to the Group after payment of Rs 10.12 million against the total demand of Rs 157 million. The LHC vide its judgement dated October 31, 2016 decided the case in favour of the Group and the deposit amounting to Rs 10.2 million was refunded to the Group. The tax department has challenged the decision of the LHC before Supreme Court of Pakistan on February 4, 2017 and has also preferred an intra court appeal in LHC against such order which are pending adjudication. Since, the case has already been decided in Group's favour on merits by LHC, no provision for this amount has been made in these consolidated financial statements, inter alia on the basis of the advice of the Group's legal counsel.

ii) In respect of tax year 2009, the Additional Commissioner Inland Revenue ('ACIR') raised a demand of Rs 0.74 million under section 122(5A) of the Income Tax Ordinance, 2001 which mainly related to taxation of interest on delayed payments, scrap sales and gain on disposal of operating fixed assets. The Group preferred an appeal before Commissioner Inland Revenue (Appeals) ['CIR(A)'] against the impugned tax demand. The CIR(A) decided the appeal in favour of the Group thereby deleting the alleged tax demand. The tax department has filed an appeal before the ATIR against the order of CIR(A) on August 1, 2016 and the case is pending for adjudication. The Group has not made any provision against the above demand as the case has already been decided in Group's favour on merits by CIR(A) and the management is confident that the ultimate outcome of the appeal would be in favour of the Group, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

iii) In respect of tax years 2010, 2011, 2012 and 2013, the ACIR raised demands aggregating Rs 9.30 million under section 122(5A) of the Income Tax Ordinance, 2001 which mainly related to subjecting capacity price to minimum taxation under section 113 of the Income Tax Ordinance, 2001. The Group preferred an appeal before CIR(A) against the impugned tax demand. The CIR(A) decided the appeal in favour of the Group thereby deleting the alleged tax demand. The tax department has filed an appeal before the ATIR against the order of CIR(A) on November 3, 2016 and the case is pending for adjudication. The Group has not made any provision against the above demand as the case has already been decided in Group's favour on merits by CIR(A) and the management is confident that the ultimate outcome of the appeal would be in favour of the Group, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

iv) The taxation authorities in pursuance of show cause notice under sections 114/182 of the Income Tax Ordinance, 2001 for imposition of penalty for late filing of return for tax year 2014, issued order thereby creating demand amounting to Rs 16.84 million. Aggrieved with the said order, the Group preferred an appeal before CIR(A), wherein relief sought was not provided. Being aggrieved with the order of CIR(A), the Group has preferred an appeal before ATIR on May 7, 2018 and the case is pending adjudication. The Group has not made any provision against the above demand as the management is confident that the ultimate outcome of the appeal would be in favour of the Group, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

v) In respect of tax year 2015, the Additional Commissioner (Audit), Inland Revenue ['AC(A)IR'] passed an amended assessment order under section 122(5A) of the Income Tax Ordinance, 2001, creating income tax demand amounting to Rs 81.60 million which mainly relates to denying the claim of exemption of dividend income from wholly owned subsidiary on account of non-filing of group tax return for the said tax year. The Group being aggrieved of the said order filed appeal before CIR(A) who through order dated April 16, 2018, accepted all the contentions of the Group except for the taxation of dividend income thereby reducing the demand to Rs 68.33 million. On April 16, 2018, the Group filed an appeal before ATIR against the CIR(A)'s order. ATIR through order dated May 11, 2020 decided the appeal in favour of the Group and thereby deleting the alleged tax demand. Against the ATIR's order, the tax department has filed an appeal before the LHC on October 26, 2020 and the case is pending adjudication. The Group has not made any provision against the above demand as the management is confident that the ultimate outcome of the appeal would be in favour of the Group, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

vi) In respect of tax year 2016, the AC(A)IR passed an amended assessment order under section 122(5A) of the Income Tax Ordinance, 2001, creating income tax demand amounting to Rs 150.97 million which mainly relates to taxability of dividend income from wholly owned subsidiary on accrual basis. The Group, being aggrieved of the said order, filed an appeal before CIR(A) who through order dated April 16, 2018, accepted all the contentions of the Group except the taxation of dividend income thereby reducing the demand to Rs 147.52 million. On April 18, 2018, the Group filed an appeal before the ATIR against the CIR(A)'s order. ATIR through order dated May 11, 2020 decided the appeal in favour of the Group and thereby deleting the alleged tax demand. Against the ATIR's order, the tax department has filed an appeal before the LHC on October 26, 2020 and the case is pending adjudication. The Group has not made any provision against the above demand as the management is confident that the ultimate outcome of the appeal would be in favour of the Group, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

vii) In November 2012, the tax authorities raised a demand of Rs 2,026 million on account of input sales tax along with default surcharge and penalty alleging non-apportionment of input tax to revenue representing Capacity Purchase Price for the period July 2007 to June 2011. The demand was upheld through order of ATIR dated December 13, 2013 and the matter is now pending before the Islamabad High Court on reference application filed by the Group. The Islamabad High Court also suspended order of the ATIR while deciding the petition for stay against tax recovery filed by the Group. The Islamabad High Court has reserved its judgement in this case on the last hearing dated February 2, 2021.

Furthermore, in October 2013, the tax authorities issued show cause notice for sales tax demand of Rs 675 million along with default surcharge and penalty on the same matter for the period July 2011 to June 2012. On petition filed by the Group, the Islamabad High Court directed the assessing officer to decide the case of the Group in line with the expected judgment of the Islamabad High Court on the same matter. Similar demands aggregating Rs 1,384 million along with default surcharge and penalty for the period July 2012 to June 2014 were remanded back to the taxation officer by the Commissioner Inland Revenue (Appeals) ['CIR(A)'] with the same directions through orders in appeal dated August 17, 2015 and May 09, 2016 respectively.

As the matter of apportionment of input sales tax is common to the power generation industry, it is likely to be decided by the Islamabad High Court by taking up all related appeals jointly. Based on the opinions of the Group's legal counsels and in the view of the latest favourable decision on a similar issue in a parallel case by the LHC, a favourable outcome is expected and no provision in this regard has been made in these consolidated financial statements.

viii) For tax years 2011, 2012 and 2014, the tax authorities raised an aggregate demand of Rs 191.39 million subjecting Capacity Purchase Price [CPP] to minimum tax under section 113 of the Income Tax Ordinance, 2001. The CIR(A) deleted the demand for tax year 2012 while the matter was remanded back by CIR(A) to the taxation officer for tax years 2011 and 2014 through orders dated April 05, 2016 and July 14, 2016 respectively. For the tax years 2011 and 2014, the tax department has filed an appeal before the ATIR dated September 28, 2016 against the order of CIR(A) on this matter and the case is pending adjudication.

Based on the advice of the Group's tax advisor and the favourable decision of ATIR in a parallel case on the said issue, the management believes that there are meritorious grounds to defend the Group's stance in respect of this matter. Consequently, no provision has been made in these consolidated financial statements.

ix) For tax year 2014, in addition to minimum tax mentioned in note (xi), income tax of Rs 226.313 million was also levied on interest income and supplemental charges by disallowing set-off of such income against depreciation losses by the taxation officer. While the CIR(A) through order dated May 18, 2018 upheld the taxation of supplemental charges, the issue of set-off of unabsorbed tax depreciation was remanded back to the assessing authority. Both the Group and the tax authorities filed appeals to the ATIR dated September 28, 2016 on this matter. The ATIR upheld disallowance of set-off of losses against interest income, however, accepted the Group's position of exemption on supplemental charges through order dated March 02, 2021. The Group has filed reference application to the Islamabad High Court with respect to the matter of set-off of losses not decided in its favour and has obtained stay from the Court against the recovery of tax demand.

Based on advice of the Group's tax advisor and favourable decision on a similar issue in a parallel power sector case, the management believes that there are meritorious grounds to support the Group's stance in respect of this matter. Consequently, no provision for this amount has been made in these consolidated financial statements.

x) The tax authorities amended the assessments for tax years 2005 to 2010 by disallowing the tax depreciation on operating fixed assets and its set-off against interest income. An aggregate tax demand of Rs 76.40 million was raised for these years. The appeals filed by the Group were accepted by the CIR(A) through order dated March 21, 2012, who set-aside the demand and remanded the matter to the taxation officer while accepting the Group's position. Both the Group and the tax authorities have filed appeals to the ATIR on May 22, 2012 and May 23, 2012 respectively on this matter and the case is pending adjudication. A favourable outcome is expected in view of decision of the ATIR in a parallel case, therefore, no provision for the demand amount has been made in these consolidated financial statements.

xi) The tax authorities amended the assessments for the tax years 2012, 2013, 2014, 2015 and 2016 in the same manner as for tax year 2014, thereby subjecting bank interest income and supplemental charges to tax and disallowing set-off against depreciation losses. An aggregate tax demand of Rs 1,382 million was raised for these years. The Group filed an appeal against the above demand with CIR(A). In appeal, the CIR(A) through order dated May 18, 2018 for tax years 2013 and 2015, accepted the Group's claim of exemption on supplemental charges but upheld disallowance of set-off against unabsorbed tax deprecation and reduced the tax demand to Rs 175.93 million. The tax demand is adjustable against the tax paid during the above mentioned tax years as well as payment of Rs 50 million made by the Group against demand of tax year 2016. Both the Group and the tax authorities have filed appeals to the ATIR on July 18, 2018 and July 19, 2018 respectively on this matter. The ATIR upheld tax authorities' position on this matter through order dated March 2, 2021. The taxation officer giving appeal effect to the ATIR orders dated April 27, 2021, raised tax demand on interest income amounting to Rs 292.07 million.

After allowing for credit for tax payments, the net income tax demand for these years is Rs 82.5 million. The Group has however challenged the ATIR decision in the matter of set-off of business losses against interest income, before the Islamabad High Court dated May 4, 2021 and has obtained stay against recovery of tax demand raised through appeal effect orders.

Based on advice of the Group's tax advisor, the management believes that there are meritorious grounds to support the Group's stance in respect of this matter. Consequently, no provision for the amount of Rs 292.07 million has been made in these consolidated financial statements.

xii) The tax authorities under section 161/205 of the Income Tax Ordinance, 2001 raised aggregate tax demand of Rs 85.78 million including default surcharge of Rs 33.28 million for tax years 2015, 2016 and 2017 respectively, alleging the Group, a taxpayer in default for non-withholding of income tax on payments made specifically to Siemens AG in 2016 under the long term maintenance contract. The Group filed an appeal with CIR(A) dated October 2, 2019 against the above demands and CIR(A) through its order dated March 6, 2020 deleted the demand for the tax year 2016 amounting to Rs 71.78 million and directed the taxation officer for reassessment, whereas the appeals for the tax years 2015 and 2017 are pending adjudication. A favourable outcome is expected as matter of non-withholding on payments to Siemens AG has already been accepted for tax year 2016 by CIR(A), therefore, no provision for the demand amount of Rs 14.0 million for tax years 2015 and 2017 has been made in these consolidated financial statements. Furthermore, the Group has paid an amount of Rs 1.40 million out of the total amount so as to avoid coercive measures.

xiii) For the tax periods from July 2013 to June 2014, the tax authorities raised sales tax demand of Rs 344.4 million along with default surcharge and penalty alleging shortfall in sales tax pertaining to Gas Infrastructure Development Cess. On appeal filed by the Group with CIR(A), the matter was remanded back to the taxation officer for re-adjudication. This is pending finalization, while the Group as well as the tax department have filed appeals to the ATIR against the decision of the CIR(A). This matter will be decided by the ATIR after decision on the matter of apportionment by the Islamabad High Court as mentioned in note (vii) above as both proceedings were taken up together in the tax audit. Based on the advice of the Group's tax advisor, the management believes that there are meritorious grounds to support the Group's stance in respect of this matter. Consequently, no provision for this amount has been made in these consolidated financial statements.

xiv) The Group uses canal water for its plant for which it has an agreement with the Irrigation Department, Sahiwal, Government of the Punjab. Irrigation Department has levied canal water charges on maximum intake basis (7 Cusec) whereas the Group is of the view that canal water should be charged on actual consumption basis (3.62 Cusec). In order to resolve the issue, Arbitrator [Superintendent Engineer ('SE') Irrigation Department] was appointed who decided the case against the Group. The Group, aggrieved by this decision, filed an appeal in Civil Court who referred the matter to SE Irrigation Department, Sahiwal on September 9, 2015 for re-arbitration. The Arbitrator decided the case against the Group on July 6, 2019. The Group has filed an appeal before Civil Court Khanewal and the matter is pending adjudication.

Furthermore, the Irrigation Department made an exorbitant increase in water charges for usage of non-agriculture canal water from Rs 8.65 per 1,000 cft to Rs 100 per 1,000 cft. The Group along with other companies in the industry filed a petition in the Lahore High Court on June 22, 2006 against this exorbitant increase in canal water charges. The Court has issued a stay order and asked the department to issue a notification after an agreement with the concerned parties.

Demands raised by the Executive Engineer, Khanewal Division (Irrigation Department), relating to the above mentioned matters amounts to Rs 116.7 million up to December 2020 as per the latest notice dated January 7, 2021. The Group has paid Rs 12.80 million against the above demands and does not agree with the amount levied by the Irrigation Department on the basis of the matter explained above. No further demand has been raised till date.

On January 15, 2021, Additional District Judge, Khanewal returned Company’s Appeal for injunction order on account of matter being beyond jurisdiction of the Additional District Judge. On February 02, 2021, the Group filed an appeal at the Lahore High Court, Multan Bench for stay order to restrain the Irrigation Department against suspension of water supply. On February 03, 2021, the Lahore High Court granted stay in favour of the Group and directed the Irrigation Department not to disconnect the water supply.

Based on the advice of the Group's legal counsel, the management is of the view that there are meritorious grounds available to defend the Group’s position in the above matters, hence, no provision has been made in these consolidated financial statements in this connection amounting to Rs 109.70 million.

xv) The Group has issued the following guarantees:

a) Bank guarantees have been issued in favour of the Director, Excise and Taxation, Karachi aggregating Rs 41.84 million (2020: Rs 41.84 million).

b) Bank guarantee has been issued to Collector of Customs amounting to Rs 2.76 million (2020: Rs 2.76 million).

c) Standby letter of credit of Rs 4,981 million (2020: Rs 4,981 million) issued in favour of SNGPL against gas supply.

d) Habib Metropolitan Bank Limited has issued bank guarantee amounting to Rs 532.68 million (2020: Rs 532.68 million) in favour of SNGPL as a security to cover natural gas / RLNG supply for which payments are made in arrears. The guarantee is due to expire on December 31, 2021 and is renewable.

e) A bank guarantee amounting to Rs 0.69 million (2020: Rs 0.69 million) favouring Pakistan State Oil Company Limited ('PSO') against fuel supply.

11.2 Commitments

i) Letters of credit other than capital expenditure amounting to Nil (2020: Rs 3.835 million).

ii) RPPL has an agreement with Descon Power Solutions (Private) Limited, a related party based on common directorship, for the Operations and Maintenance ('O & M') of the power plant for a period of eight years from the agreement date i.e. July 1, 2017 uptill June 30, 2025 as per terms of the O & M Agreement dated July 27, 2017. Under the terms of above mentioned O & M Agreement, the RPPL is required to pay a monthly fixed O & M fee which shall be adjusted annually to account for the effect of inflation on the basis of indexation mechanism mentioned in the O & M Agreement.

RPPL has a Long Term Maintenance Service Agreement ('LTMSA') with Siemens Open Consortium consisting of Siemens Gas and Power Gmbh & Co. KG (previously Simens AG) and Siemens Pakistan Engineering Company Limited starting from the agreement date i.e. June 29, 2017. All the rights, obligations and liabilities were transferred from Siemens AG to Siemens Gas and Power GmbH & Co. KG through Novation Agreement dated April 20, 2020. This agreement shall end for each gas turbine upon completion of the earlier of 66,400 equivalent operating hours ('EOHS') on each gas turbine or eight scheduled outages of each gas turbine, whichever is later, and June 30, 2025.

Under the terms of above mentioned LTMSA, RPPL is required to pay a monthly fixed fee which shall be adjusted annually to account for the effect of inflation on the basis of indexation mechanism mentioned in the LTMSA. Furthermore, RPPL is also required to make a fixed annual payment under the above referred agreement.

		2021	2020
		(Rupees in thousand)	
12. Property, plant and equipment			
Operating fixed assets	- note 12.1	14,488,260	16,070,928
Capital work- in- progress	- note 12.2	5,937	1,083
Major spare parts and stand-by equipment		2,692	2,692
		14,496,889	16,074,703

12.1 Operating fixed assets

	2021								
		COST				ACCUMULATED DEPRECIATION AND IMPAIRMENT			Carrying
	Annual rate of depreciation	Cost as at July 1, 2020	Additions / (disposals) during the year	Exchange differences capitalised - note 12.1.6	Cost as at June 30, 2021	Balance as at July 1, 2020	Depreciation charge / (deletions) for the year	Balance as at June 30, 2021	value as at June 30, 2021
			(Rupees in thousand)				(Rupees in thousand)		
Freehold land	0% to 10.43%	59,413	-	-	59,413	37,576	1,692	39,268	20,145
Buildings on freehold land	3.33% to 10.43%	1,933,891	3,437	-	1,937,328	1,329,327	62,234	1,391,561	545,767
Plant and machinery (note 12.1.4)	3% to 25%	41,681,155	9,649	-	41,690,804	26,529,156	1,500,890	28,030,046	13,660,758
Improvements on leasehold land	10%	2,141	-	-	2,141	1,334	214	1,548	593
Electric equipment	10% to 33%	3,273	-	-	3,273	2,184	101	2,285	988
Furniture and fixtures	20%	6,273	346	-	6,619	4,229	505	4,734	1,885
Office equipment	10% to 50%	47,386	3,255	-	49,672	38,584	3,789	41,636	8,036
			(969)				(737)		
Vehicles	20%	43,556	-	-	40,014	35,433	1,500	34,828	5,186
			(3,542)				(2,105)		
Capital spares	3.33% to 10.43%	547,295	-	-	547,295	275,632	26,761	302,393	244,902
		44,324,383	16,687	-	44,336,559	28,253,455	1,597,686	29,848,299	14,488,260
			(4,511)				(2,842)		

	2020								
		COST				ACCUMULATED DEPRECIATION AND IMPAIRMENT			
	Annual rate of depreciation	Cost as at July 1, 2019	Additions/ (disposals)/ adjustments during the year	Exchange differences capitalised - note 12.1.6	Cost as at June 30, 2020	Balance as at July 1, 2019	Depreciation charge / (deletions) for the year	Balance as at June 30, 2020	Carrying value as at June 30, 2020
					(Rupees in thousand)				
Freehold land	0% to 8.63%	59,413	-	-	59,413	35,750	1,826	37,576	21,837
Buildings on freehold land	3.33% to 8.63%	1,933,891	-	-	1,933,891	1,263,076	66,251	1,329,327	604,564
Plant and machinery (note 12.1.4)	3% to 25%	41,735,655	272	(54,772)	41,681,155	24,917,837	1,611,319	26,529,156	15,151,999
Improvements on leasehold land	10%	2,141	-	-	2,141	1,120	214	1,334	807
Electric equipment	10%	3,273	-	-	3,273	2,184	-	2,184	1,089
Furniture and fixtures	20%	4,308	1,965	-	6,273	3,818	411	4,229	2,044
Office equipment	10% to 50%	43,864	3,900 (378)	-	47,386	34,416	4,509 (341)	38,584	8,802
Vehicles	20%	46,706	141 (3,291)	-	43,556	35,387	2,679 (2,633)	35,433	8,123
Capital spares	3.33% to 8.63%	547,295	- -	-	547,295	242,354	33,278	275,632	271,663
		44,376,546	6,278 (3,669)	(54,772)	44,324,383	26,535,942	1,720,487 (2,974)	28,253,455	16,070,928

12.1.1 The depreciation charge for the year has been allocated as follows:

		2021	2020
		(Rupees in thousand)	
Direct costs	- note 21	1,591,678	1,712,673
Administrative expenses	- note 22	6,008	7,814
		1,597,686	1,720,487

12.1.2 The cost of fully depreciated assets which are still in use as at June 30, 2021 is Rs 232.48 million (2020: Rs 192.67 million).

12.1.3 Freehold land includes an area measuring 1,045 Kanals and 12 Marlas in Tehsil Mian Channu, situated at Mouza Battian, District Khanewal, another area measuring 6 Kanals and 18 Marlas, situated at Pind Bagewal, Tehsil and District Islamabad and another area measuring 224 Kanals and 19 Marlas, situated at Tehsil Fateh Jang, District Attock. Since the land situated in Islamabad and Fateh Jang will not be transferred to the power purchaser at the end of the PPAs, therefore, it is not depreciated and is carried at its cost.

12.1.4 Management has reviewed the business performance of the AEL's Power Generation operations during the year and an assessment has been made in respect of triggering events as specified by IAS 36, 'Impairment of Assets' applicable to the assets relating to the AEL's Power Generation operations at a CGU level. Based on the following indicators applicable to the AEL's Power Generation CGU, an impairment test has been carried out by the management:

- Significant change in the technological and economic conditions;
- Decrease in the economic performance of the AEL’s Power Generation operations; and
- Forecast operating losses and net cash outflows for the AEL’s Power Generation operations.

AEL's Power Generation CGU comprises property, plant and equipment, intangible assets and stores and spares. The recoverable amount of AEL's CGU has been determined based on the higher of ‘fair value less costs of disposal’ and ‘value in use’. Management involved an independent expert (professional valuer) M/s Hamid Mukhtar & Co. (Pvt.) Limited to materially assess the 'fair value less costs of disposal' while the 'value in use' has been determined by management through discounted cash flow method. Based on the above, the ‘fair value less costs of disposal’ has been determined as higher of the two and consequently, has been used as the recoverable amount of AEL's CGU. AEL's CGU's disposal is subject to approval by CPPA-G/PPIB under the IA and PPA as referred to in note 1.1. Since the recoverable amount of AEL's CGU is higher than its carrying amount, therefore, no further impairment loss is required to be recognised during the year in these consolidated financial statements.

12.1.5 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. Fair value is determined on the basis of objective evidence at each reporting date.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Group’s policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between Levels 1 and 2 and Levels 2 and 3 during the year and there were no changes in valuation techniques during the years.

Valuation techniques and key assumptions used to determine level 2 and level 3 fair values

The fair value measurement of AEL's Power Generation CGU is categorised within the levels 2 and 3 of fair value hierarchy as stated below. The Group obtained independent valuation for AEL's freehold land, building on freehold land and plant and machinery.

Level 2 fair value of AEL's freehold land has been derived using a comparable transactions approach. Sale prices of comparable land in close proximity are adjusted for differences in key attributes such as location and size of the property. The most significant input into this valuation approach is price per kanal or acre.

Level 3 fair value of AEL's building on freehold land has been determined using a depreciated replacement cost approach, whereby, current cost of construction of a similar building in a similar location has been adjusted using a suitable depreciation rate and forced sale factor to arrive at present market value. Higher, the estimated cost of construction of a new building, higher the fair value. Further, higher the depreciation rate, the lower the fair value of the building.

Level 3 fair value of AEL's plant and machinery has been determined using a depreciated replacement cost approach, whereby, the assets' purchase costs have been adjusted using suitable inflation, exchange rate fluctuation, level of technology, obsolescence, depreciation on account of normal wear and tear and forced sale factors to arrive at present market value. The higher the cost of acquisition of similar plant and machinery, higher the fair value of plant and machinery. Further, higher the depreciation rate, the lower the fair value of plant and machinery.

Costs of disposal of AEL's plant and machinery have been determined on the basis of estimate of installation cost of similar plant and machinery.

12.1.6 According to the SRO 986(I)/2019 dated September 2, 2019 (Previously SRO 24(I)/ 2012) issued by SECP [as fully explained in note 4.18(b) to these consolidated financial statements], the Group is allowed to capitalize exchange difference arising on outstanding amounts of foreign currency loans contracted under the Implementation Agreement with Government of Pakistan until the date of expiry of such IA's. The exchange differences capitalised are amortised over the remaining useful life of plants. Had the Group followed IAS 21,

The Effects of Changes in Foreign Exchange Rates', the effect on the consolidated financial statements would be as follows:

	2021	2020
	(Rupees in thousand)	
Statement of financial position		
Decrease in the carrying amount of property, plant and equipment and un-appropriated profit as at June 30	(5,441,410)	(6,035,613)
Statement of profit or loss		
Decrease in cost of sales	594,203	609,630
Increase in other income	-	54,772
Decrease in profit for the year	594,203	664,402

12.1.7 The aggregate book value of sale of operating fixed assets during the current and previous years was below Rs 5 million.

12.1.8 All property, plant and equipment of RPPL except land and buildings are pledged as security for short term borrowings as disclosed in note 10 to these consolidated financial statements.

12.2 Capital work- in- progress

	2021	2020
Plant and machinery	5,937	1,083

		2021	2020
		(Rupees in thousand)	
12.2.1 The reconciliation of the carrying amount is as follows:			
Opening balance		1,083	-
Additions during the year		5,937	1,083
Charged to the consolidated statement of profit or loss		(1,083)	-
Closing balance		5,937	1,083

13. Intangible assets

These represent computer software and ERP systems.

		2021	2020
Cost			
Opening balance		13,250	12,926
Additions during the year		1,484	324
Closing balance		14,734	13,250
Amortisation			
Opening balance		12,958	12,792
Charge for the year	- note 13.1	150	166
Closing balance		13,108	12,958
Net book value as at June 30		1,626	292
Annual amortisation rate		33%	33%

13.1 The amortisation charge for the year has been allocated to administrative expenses as referred to in note 22.

13.2 ERP systems have been implemented by Descon Corporation (Private) Limited, a related party (on the basis of common directorship), under Service Level Agreement with the Group.

13.3 The cost of fully amortised intangible assets still in use as at June 30, 2021 is Rs 12.57 million (2020: Rs 12.56 million).

		2021	2020
		(Rupees in thousand)	
14. Long term loans to employees - secured			
Loans to employees			
Key management personnel	- note 14.1	1,167	2,833
Others	- note 14.2	3,188	58
		4,355	2,891
Current portion shown under current assets			
Key management personnel		(667)	(1,667)
Others		(690)	(50)
	- note 17	(1,357)	(1,717)
		2,998	1,174

14.1 This includes interest free loan to the Parent Company's Chief Executive (Mr. Umer Shehzad Sheikh) for house building as per terms of his employment. As per the terms of the loan agreement, the loan is repayable in three years in thirty six (36) equal monthly instalments. The loan has been issued in compliance with the requirements of the Act. The maximum amount due from the Chief Executive at the end of any month during the year was Rs 1.833 million (2020: Rs 2.0 million). This also includes interest free loan in accordance with the Group's policy to Chief Financial Officer (Muhammad Junaid Asghar) of RPPL. The maximum aggregate due from key management personnel at the end of any month during the year was Rs 2.833 million (2020: Rs 5.74 million).

14.1.1 The reconciliation of carrying amount of loans to key management personnel is as follows:

	2021	2020
	(Rupees in thousand)	
Balance at the beginning of the year	1,833	-
Disbursed during the year	-	2,000
Repayments made during the year	(667)	(167)
Balance at the end of the year	1,167	1,833

14.2 This included interest free motor vehicle loans given to employees. The Group contributes 80% of the cost of the vehicle which is recoverable in 60 equal monthly installments from the employee in accordance with the Group's policy. These loans were secured against registration of cars in the name of the RPPL and against the accumulated provident fund balance of the relevant employee.

The above loans have not been carried at amortised cost as the effect of discounting is not considered material.

15. Stores, spares and loose tools

		2021	2020
		(Rupees in thousand)	
Spares		657,681	678,250
Stores		51,109	23,240
		708,790	701,490
Provision for obsolete items	- note 15.2	(34,595)	(5,284)
		674,195	696,207

15.1 Stores, spares and loose tools include items which may result in fixed capital expenditure but are not distinguishable.

15.2 Provision for obsolete items

	2021	2020
Opening balance	(5,284)	(5,284)
Provision for the year	(29,311)	-
Closing balance	(34,595)	(5,284)

15.3 All the stores, spares and loose tools of RPPL are held and managed by Descon Power Solutions (Private) Limited, a related party (based on common directorship), the Operation and Maintenance contractor of RPPL.

16. Trade debts - secured

		2021	2020
		(Rupees in thousand)	
Considered good	- notes 16.1 and 16.3	16,109,046	14,027,093
Considered doubtful		193,255	193,255
		16,302,301	14,220,348
Provision for impairment	- note 16.2	(193,255)	(193,255)
		16,109,046	14,027,093

16.1 These represent trade receivables from CPPA-G and are considered good. These are secured by a guarantee from the Government of Pakistan under the implementation agreements and are in the normal course of business and interest free, however, a delayed payment mark-up of three months KIBOR / reverse repo rate of State Bank of Pakistan plus 200 basis points per annum is charged in case the amounts are not paid within due dates. The rate of delayed payment mark-up charged during the year on outstanding amounts was 8.25% to 15.75% (2020: 10.00% to 15.75%) per annum. These include unbilled receivables aggregating to Rs 718.797 million (2020: Rs 1,085.67 million).

16.2 Provision for impairment

	2021	2020
	(Rupees in thousand)	
Opening balance	193,255	202,771
Reversal of provision for the year	-	(9,516)
Closing balance	193,255	193,255

16.3 Included in trade debts is an amount of Rs 247.70 million relating to capacity revenue not acknowledged by CPPA-G on the pretext that no gas was available during the period from December 19, 2019 to January 1, 2020 and hence, this period should be treated as Other Force Majeure Event ('OFME') by the Group. The management is of the view that CPPA-G's claim is not justified and there are meritorious grounds to contest this dispute as the RPPL's plant could not be operated during this period due to technical limits under RPPL's PPA being exceeded and as such this has no relevance with gas availability. Based on the above grounds, no provision for the disputed amount has been recognised in these consolidated financial statements as the management expects that this matter will be resolved and the stance of the Group will be accepted by CPPA-G.

16.4 As described in note 1.2, as a result of the Settlement Agreement as part of the PPA Amendment Agreement, it has been agreed that the amount of Rs 1,659.82 million representing Capacity Purchase Price (CPP) of the 2013 OFME period from December 11, 2012 to December 10, 2013 (86 days) already received, late payment interest accrued on the 2013 OFME Capacity payment already received and adjustment on account of shortfall of Non-Escalable Component of the CPP has been adjusted against the trade debts during the year.

			2021	2020
17.	**Loans, advances, prepayments and other receivables**		**(Rupees in thousand)**	
	Advances			
	- To suppliers	- note 17.1	15,911	28,164
	- To employees against expenses		255	255
	Balances with statutory authorities:			
	- Sales tax receivable		727,433	585,205
	- Receivable against Workers' Welfare Fund (WWF)	- notes 17.2 and 17.3	118,929	118,929
	Claims recoverable from CPPA-G for pass through items:			
	- Workers' profit participation fund	- note 17.4	196,739	373,027
	- Punjab Workers' Welfare Fund	- note 17.5	112,533	120,445
	Interest receivable		-	-
	Prepayments	- note 17.6	70,784	69,291
	Other receivables	- notes 17.7 and 17.8	57,616	63,397
	Current portion of long term loan to employees - secured	- note 14	1,357	1,717
			1,301,557	1,360,430

17.1 This includes advance amounting to Nil (2020: Rs 8.70 million) to Siemens Pakistan Engineering Company Limited, a related parry by virtue of being a group company.

17.2 This includes WWF contribution amounting to Rs 33.32 million (2020: Rs 33.32 million) based on accounting profit for tax year 2014 paid under protest after demand by taxation authorities. Since the provisions of WWF were not applicable to the AEL's in the light of Supreme Court's decision, CPPA-G has not acknowledged this amount as a valid pass through item. Therefore, the Group has filed for a refund from the taxation authorities. The Group has not made any provision against the recoverable amount as the management is confident that the ultimate outcome of the matter would be in favour of the Group, inter alia on the basis of the advice of the tax consultant and the relevant law and the facts.

17.3 For the tax years 2009, 2010, 2011, 2012 and 2013, an aggregate demand of Rs 325.59 million on account of WWF was raised by the tax authorities, of which Rs 84.348 million has been paid by the Group. However, case was decided in favour of the Group by the Supreme Court of Pakistan through order dated September 27, 2016, holding charge of WWF post 2008 amendments in the WWF Ordinance as void ab initio. Further, appeal effect orders were issued by the tax authorities dated November 03, 2017 for tax years 2011 and 2012 and January 25, 2018 for tax year 2013, respectively, assessing WWF refund of Rs 84.348 million. Refund cheques against demand paid have not been issued yet. Furthermore, the tax authorities levied WWF on interest income consequent to the appeal effect orders of the Appellate Tribunal Inland Revenue (ATIR) for tax years 2012 and 2015 (Rs 1.53 million and Rs 5.3 million for tax years 2012 and 2015 respectively). The Group has filed reference application against ATIR orders and obtained stay against recovery of the demand amount of Rs 6.83 million.

			2021	2020
17.4	**Workers' profit participation fund**		**(Rupees in thousand)**	
	Opening balance		373,027	156,506
	Provision for the year	- note 9.3	196,739	216,521
			569,766	373,027
	Transfer to trade debts		(373,027)	-
	Closing balance		196,739	373,027

Under the relevant provisions of the PPAs with CPPA-G, payments to Workers' Profit Participation Funds are recoverable from CPPA-G as a pass through item.

	2021	2020
	(Rupees in thousand)	
17.5 Punjab Workers' Welfare fund		
Opening balance	120,445	-
Accrued for the year	78,696	120,445
	199,141	120,445
Transferred to trade debts	(86,608)	-
Closing balance	112,533	120,445

17.6 This includes prepayment in respect of ERP annual support services cost made to Descon Corporation (Private) Limited, a related party (on the basis of common directorship), aggregating to Rs 0.363 million (2020: Rs 0.381 million).

17.7 Includes the following amounts due from following related party:

	2021	2020
Descon Power Solutions (Private) Limited (common directorship)	-	566

17.7.1 The maximum aggregate amount due from the related party at the end of any month during the year was Rs 0.13 million (2020 : Rs 0.97 million). This is neither past due nor impaired.

17.8 This includes an amount of Rs 41.18 million (2020: Rs 41.18 million) and Rs 0.69 million (2020: Rs 0.69 million) deposited with Bank Alfalah Limited as 100% margin against the letter of guarantee in favour of the Director, Excise and Taxation, Karachi and Pakistan State Oil Company Limited respectively.

18. Short term investments

This represents discretionary portfolio maintained with NBP Islamic Daily Dividend Fund carried at FVPL.

		2021	2020
		(Rupees in thousand)	
NBP Islamic Daily Dividend Fund			
10,305,647 units (2020: Nil)	-note 18.1	103,056	

18.1 The reconciliation of the carrying amount is as follows:

	2021	2020
Opening balance	-	-
Investment made during the year	100,000	-
Dividend income reinvested during the year	5,980	-
Fair value gain recognised during the year	78	-
Investment disposed of during the year	(3,002)	-
Closing balance	103,056	-

19. Bank balances

		2021	2020
Cash at bank:			
- On current accounts		68,243	112,345
- On saving accounts	- note 19.1	115,269	304,241
		183,512	416,586
Term deposit receipts (TDRs)	- note 19.2	1,190,000	-
		1,373,512	416,586

19.1 These carry mark-up at the rates ranging from 5.38% to 8.58% per annum (2020: 5.50% to 14.00% per annum).

19.2 These represent investment in TDRs with banks having maturity of one to three months, carrying mark-up at the rates ranging from 6.95% to 8.30% (2020: 10.60% to 11.70%) per annum.

		2021	2020
20. Revenue		(Rupees in thousand)	
Energy purchase price -gross		4,350,207	3,402,317
Sales tax		(632,081)	(494,354)
Energy purchase price -net		3,718,126	2,907,963
Capacity purchase price		7,442,498	6,291,613
Delayed payment markup		1,252,146	1,231,065
Gas efficiency passed to CPPA-G		(2,614)	-
		12,410,156	10,430,641
21. Direct costs			
RLNG consumed		3,615,196	2,933,288
Salaries, benefits and other allowances	- note 21.1	31,394	39,342
Operation and maintenance costs		728,788	680,574
Stores, spares and loose tools consumed		131,252	57,677
Electricity consumed in-house		124,553	134,842
Insurance		128,928	123,300
Lube oil consumed		837	737
Repairs and maintenance		37,764	14,855
Travelling and conveyance		292	193
Depreciation on operating fixed assets	- note 12.1.1	1,591,678	1,712,673
Generation license fee		30,768	30,054
Electricity duty		519	550
Colony maintenance		19,768	14,376
Communication		6,162	5,729
Security expense		6,021	6,337
Vehicle maintenance		726	1,235
Miscellaneous		4,337	4,043
		6,458,983	5,759,805

21.1 This includes Rs 1.58 million (2020: Rs 2.16 million) in respect of provident fund contribution by the Group.

22. Administrative expenses

		2021	2020
		(Rupees in thousand)	
Salaries, benefits and other allowances	- note 22.1	91,645	85,912
Directors' meeting fee	- note 29.1	625	625
ERP running cost	- note 22.2	11,931	9,275
Traveling and conveyance		5,615	8,416
Utilities		536	854
Postage and telephone		1,491	1,267
Printing, stationery and advertisement		1,641	2,696
Auditors' remuneration	- note 22.3	5,058	4,494
Rent, rates and taxes	- note 22.4	11,060	9,513
Repairs and maintenance		328	250
Legal and professional expenses		87,046	55,853
Fees and subscription		2,696	2,283
Entertainment		592	605
Amortisation on intangible assets	- note 13.1	150	166
Depreciation on operating fixed assets	- note 12.1.1	6,008	7,814
Vehicle maintenance		686	1,362
Insurance		2,933	2,955
Training expense		381	-
Professional tax		100	100
Provision for impairment		-	823
Miscellaneous		1,250	3,316
		231,772	198,579

22.1 Salaries and other benefits includes Rs 3.32 million (2020: Rs 4.01 million) in respect of provident fund contribution by the Group and gratuity expense of Rs 6.96 million (2020: Rs 8.43 million).

22.2 This represents charges in respect of ERP annual support services rendered by Descon Corporation (Private) Limited, a related party (on the basis of common directorship).

22.3 Auditors' remuneration

	2021	2020
	(Rupees in thousand)	
The charges for professional services (exclusive of sales tax) consist of the following in respect of auditors' services for:		
Statutory audit	3,985	3,566
Half yearly review	338	307
Certifications required by various regulations	409	349
Reimbursement of expenses	326	272
	5,058	4,494

22.4 This includes lease rental of Rs 3.091 million (2020: Rs 8.51 million) in respect of property leased from Descon Corporation (Private) Limited, a related party (on the basis of common directorship).

			2021	2020
23.	**Other income**		**(Rupees in thousand)**	
	Profit on bank deposits		13,065	70,052
	Gain on sale of investment		29,808	-
	Realised fair value gain on derivative financial instrument		-	533
	Gain on disposal of operating fixed assets		37	-
	Exchange gain - net		-	45,102
	Scrap sales		-	1,120
	Provisions and unclaimed balances written back		21,539	18,150
	Dividend income from short term investment		6,058	-
	Others		279	205
			70,786	135,162
24.	**Other expenses**			
	Donations	-note 24.1	10,000	628
	Other receivables written off		6,963	-
	Exchange loss		7,462	-
			24,425	628

24.1 This represents donation made to fund raiser program named "Patron of Expo 2020", managed by the Government of Pakistan. None of the directors or their spouses had any interest in the donee.

			2021	2020
25.	**Finance cost**			
	Interest on long term loans - secured		-	33,888
	Markup on short term borrowings - secured		210,484	264,706
	Guarantee commission		28,993	29,469
	Lenders' fees and charges		11,774	11,624
	Lenders' related other costs		311	360
	Late payment surcharge on gas invoices		946	17,065
	Bank charges		189	1,106
			252,697	358,218
26.	**Taxation**			
	Current			
	- For the year		13,346	103,910
	- Prior years'		(1,191)	68,255
			12,155	172,165
	Deferred	- note 8.2	1,467,802	(1,005,062)
			1,479,957	(832,897)

26.1 Relationship between tax income /(expense) and accounting profit

	2021	2020
	(Rupees in thousand)	
Profit before taxation	3,853,241	4,248,573
Tax at the applicable rate of 29% (2020: 29%) under the Income Tax Ordinance, 2001	1,117,440	1,232,086
Tax effect of amounts that are:		
- Exempt as referred to in note 4.2	(1,103,810)	(1,210,107)
- Not deductible for tax purposes	553	529
- Derecognition of deferred tax on undistributed reserves of subsidiary	-	(1,005,062)
- Recognition of deferred tax on undistributed reserves of subsidiary	1,467,802	-
- Subject to final tax regime	(837)	81,402
- Prior years' tax	(1,191)	68,255
	362,517	(2,064,983)
	1,479,957	(832,897)

26.2 AEL along with certain related companies had obtained certificate of registration and designation letter of a group from SECP on June 5, 2015 and September 9, 2016, respectively, and the same were registered as a Taxation Group with SECP under the Group Companies Registration Regulations, 2008 to avail group relief under section 59B of the Income Tax Ordinance, 2001. At the time of registration of the Taxation Group, inter-corporate dividend [PMCL (wholly owned subsidiary) to the AEL] was exempt from tax for companies entitled for group relief under Clause 103A of Part I of the Second Schedule to the Income Tax Ordinance, 2001. However, subsequent to the registration of the Taxation Group, this clause was amended through Finance Act, 2016 and the exemption in respect of inter-corporate dividend was withdrawn. The Group is of the view, that since the AEL had been registered as a Taxation Group before the amendment in law, AEL remains entitled for such exemption. Based on the advice of the Group's legal advisor, management believes that there are meritorious grounds to defend its case in the courts of law with the taxation authorities. Consequently, no provision of Rs 436.58 million (2020: Rs 436.58 million) for tax on dividend income received from PMCL (wholly owned subsidiary) for the tax years 2017 and 2018 has been recognized in these consolidated financial statements.

27. Cash flow information

27.1 Cash generated from operations

	2021	2020
	(Rupees in thousand)	
Profit before taxation	3,853,241	4,248,573
Adjustments for non cash charges and other items:		
- Depreciation on operating fixed assets	1,597,686	1,720,487
- Amortisation on intangible assets	150	166
- Liabilities no longer payable written back	(21,539)	(18,150)
- Profit on bank deposits	(13,065)	(69,176)
- Gain on disposal of operating fixed assets	(37)	-
- Finance cost	252,697	358,218
- Other receivables written off	6,842	-

		2021	2020
		(Rupees in thousand)	
- Provision for impairment		-	823
- Provision for staff gratuity		968	469
- Provision for accumulating compensated absences		43	9
- Provision for retirement benefits		6,956	8,427
- Provision for obsolete / slow-moving stores, spares and loose tools		29,311	-
- Investment income		(5,980)	-
-Advances written off		121	-
-Gain on sale of investment		(32,215)	-
-Effect of settlement with CPPA-G		1,659,822	-
- Exchange gain - net		(2)	(45,103)
Profit before working capital changes		7,334,999	6,204,743
Effect on cash flow due to working capital changes:			
Decrease/(increase) in current assets			
- Stores, spares and loose tools		(7,299)	(34,529)
- Inventory of fuel oil		3,657	3,738
- Trade debts		(3,741,772)	1,304,191
- Advances, prepayments and other receivables		53,031	(677,296)
		(3,692,383)	596,104
(Decrease)/increase in current liabilities			
- Trade and other payables		35,818	(2,093,117)
		(3,656,565)	(1,497,013)
		3,678,434	4,707,730

27.2 Cash and cash equivalents

		2021	2020
Bank balances	- note 19	1,373,512	416,586
Short term borrowings - secured	- note 10	(4,354)	(2,344,701)
		1,369,158	(1,928,115)

27.3 Reconciliation of liability arising from financing activities

	Opening balance	Cashflows	Non-Cash changes	Closing balance
Unclaimed dividend	3,988	(1,845)	-	2,143

28. Transactions with related parties

The related parties comprise the holding company, ultimate parent, subsidiaries and associates of holding company and ultimate parent, group companies, related parties on the basis of common directorship, key management personnel of the Group and its holding company and post-employment benefit plans (Gratuity Fund and Provident Fund). Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company. The Group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Significant related party transactions have been disclosed in respective notes in these consolidated financial statements other than the following:

Relationship with the Group	Nature of transactions	2021	2020
		(Rupees in thousand)	
i. Holding company			
DEL Power (Private) Limited	Dividends paid	-	1,194,393
ii. Other related parties			
On the basis of common directorship			
Descon Engineering Limited	Supply of spares and services	12,115	16,794
	Common costs charged to the Group	2,342	3,131
Descon Power Solutions (Private) Limited	Operation and maintenance contractor's fee		
	Purchases of spare parts	520,682	481,208
	Supply of spares and services	4,315	2,995
	Common costs charged to the Group	253	386
Descon Corporation (Private) Limited	Supply of spares and services	30,495	17,870
	Common costs charged to the Group	2,902	658
Inspectest (Private) Limited	Common costs charged to the Group	88	40
Group companies			
Descon Holdings (Private) Limited	Dividends paid	-	157
Siemens Gas and Power GmbH & Co. KG	Purchase of long term maintenance services	-	19,978
Other related parties			
Crescent Steel and Allied Products Limited	Dividends paid	-	342,750
Siemens AG	Purchase of long term maintenance services	-	97,738
Siemens Pakistan Engineering Company Limited	Purchase of long term maintenance services	-	22,928
	Supply of spares and services	-	8,457
Siemens Project Ventures GmbH	Dividends paid	-	807,106

Relationship with the Group	Nature of transactions	2021	2020
		(Rupees in thousand)	
iii. Key management personnel - note 28.2	Short term employee benefits	63,989	80,859
	Post employment benefits	9,818	9,938
	Long term benefits	-	
	Director's meeting fee	625	625
	Dividends paid	-	123
iv. Retirement benefit plan	Expense charged in respect of defined benefit plan - gratuity fund	7,719	8,430
	Expense charged in respect of contributory provident fund	4,899	4,010

28.1 All transactions with related parties have been carried out on mutually agreed terms and conditions. There are no transactions with key management personnel other than under the terms of employment.

28.2 This represents remuneration of Chief Executive, a non-executive Director and an executive that is included in the remuneration disclosed in note 29.1 to these consolidated financial statements.

28.3 The related parties with whom the Group had entered into transactions or had arrangements/agreements in place along with their basis of relationship with the Group and percentage of shareholding in the Parent Company are as follows:

Name	Relationship	Percentage of shareholding of the Parent Company
DEL Power (Private) Limited	Holding Company	58.18%
DEL Processing (Private) Limited	Ultimate Parent	Nil
Descon Engineering Limited	Common directorship	Nil
Descon Power Solutions (Private) Limited	Common directorship	Nil
Descon Corporation (Private) Limited	Common directorship	Nil
Inspectest (Private) Limited	Common directorship	Nil
Crescent Steel and Allied Products Limited	Other related party	16.69%
DEL Chemicals (Private) Limited	Common directorship	Nil
Descon Holdings (Private) Limited	Group company	0.01%
Mr. Taimur Dawood	Director	0.00%
Mr. Faisal Dawood	Director	0.01%
Ms. Mehreen Dawood	Director	0.00%
Mr. Farooq Nazir	Director	0.00%
Mr. Shah Muhammad Chaudhry	Director	0.00%
Syed Rizwan Ali Shah	Director	0.00%
Mr. Salih Merghani	Director	Nil
Mr. Umer Shehzad Sheikh	Chief Executive	Nil
Mr. Mubashar Ahmad Majeed	Key Management Personnel	Nil
Mr. Muhammad Junaid Asghar	Key Management Personnel	Nil
Mr. Nadeem Iqbal Rabbani	Key Management Personnel	Nil
Mr. Muhammad Ali Nawaz	Key Management Personnel	Nil
Mr. Kashif Ali	Key Management Personnel	Nil

29. Remuneration of Chief Executive, Directors and Executives

29.1 The aggregate amounts charged in these consolidated financial statements for remuneration and certain benefits to Chief Executive, Directors and Executives are as follows:

	Chief Executive		Directors	
	2021	2020	2021	2020
	(Rupees in thousand)		(Rupees in thousand)	
Managerial remuneration	4,198	3,789	-	-
Gratuity fund	854	230	-	-
House rent, utilities and others	763	747	625	625
	5,815	4,766	625	625
Number of person(s)	1	2	2	2

	Executives	
	2021	2020
	(Rupees in thousand)	
Managerial remuneration (including performance bonus)	63,271	75,293
Contribution to provident fund	5,164	5,804
Gratuity fund	5,439	5,374
House rent, utilities and other allowances	8,679	11,547
Car allowance	-	64
	82,553	98,082
Number of person(s)	10	9

29.2 During the year the Group paid meeting fee amounting to Rs 0.625 million (2020: Rs 0.625 million) to its non-executive (independent) director.

29.3 In addition to the above, certain executives of the Group are provided with free use of Group maintained cars.

30. Number of employees

	2021	2020
Total number of employees as at June 30	26	24
Average number of employees during the year	30	34

31. Disclosure relating to Provident Fund of RPPL

The investments by the provident fund in collective investment schemes, listed equity and debt securities have been made in accordance with the provisions of section 218 of the Act and the conditions specified thereunder.

32. Financial risk management

32.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management Programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Group's finance department under policies approved by the Board of Directors ('BOD'). The Group's finance department evaluates and hedges financial risks based on principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity, provided by the BOD. All treasury related transactions are carried out within the parameters of these policies.

The Group's overall risk management procedures to minimise the potential adverse effects of financial market on the Group's performance are as follows:

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk mainly arises from deposits with banks, trade and other receivables. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by Board. The utilization of these credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

I) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2021	2020
	(Rupees in thousand)	
Long term security deposits	754	739
Trade debts	16,109,046	14,027,093
Other receivables	254,355	436,424
Bank balances	1,373,512	416,586
	17,737,667	14,880,842

As of June 30, age analysis of trade debts was as follows:

	2021	2020
Neither past due nor impaired	3,836,339	2,160,109
Past due but not impaired		
- 1 to 30 days	2,389,636	655,645
- 31 to 120 days	3,352,624	1,564,502
- 121 to 360 days	4,755,673	5,008,395
- above 360 days	1,774,774	4,638,442
	12,272,707	11,866,984

	2021	2020
	(Rupees in thousand)	
Past due and impaired		
- 1 to 30 days	-	42
- 31 to 120 days	-	75
- 121 to 360 days	-	1,438
- above 360 days	193,255	191,700
	193,255	193,255
Provision for impairment	(193,255)	(193,255)
	16,109,046	14,027,093

ii) Credit quality of major financial assets

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about external counterparty default rate:

	Rating		Rating	2021	2020
	Short term	Long term	Agency	(Rupees in thousand)	
CPPA-G	Not available			4,143,810	2,597,192
NBP Daily Dividend Fund	-	AA(f)	PACRA	103,056	-
MCB Bank Limited	A1+	AAA	PACRA	1,943	1,939
The Bank of Punjab	A1+	AA	PACRA	4,295	4,294
Habib Bank Limited	A1+	AAA	JCR-VIS	178	175
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	64,634	106,096
Faysal Bank Limited	A1+	AA	JCR-VIS	1,191,481	-
Askari Bank Limited	A1+	AA+	PACRA	3	3
National Bank of Pakistan	A1+	AAA	JCR-VIS	104,986	301,107
Allied Bank Limited	A1+	AAA	PACRA	512	-
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	5,480	2,972
				5,620,378	3,013,778

The Group's sole customer is CPPA-G. The credit risk on trade debts from CPPA-G is managed by a guarantee from the Government of Pakistan under the Implementation Agreement (IA) and by continuous follow-ups for release of payments from CPPA-G. Cash is held only with reputable banks with high quality external credit enhancements. The Group establishes a provision for doubtful debts that represents its estimate of incurred losses in respect of trade debts, if required. Due to the Group's long standing business relationships with these counter-parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Group. Accordingly, the credit risk is minimal.

iii) Impairment of financial assets other than those due from the Government of Pakistan

The Group's long term security deposits, other receivables and bank balances are subject to the impairment requirements of IFRS 9, however, the identified impairment loss was immaterial.

b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the Group's business, the Group manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

Management monitors the forecasts of the Group's cash and cash equivalents (note 27.2) on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Company. These limits vary by location to take into account the liquidity of the market in which the Group operates. In addition, the Group's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring reporting date liquidity ratios against internal and external regulatory requirements, and maintaining debt financing plans.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to the contractual maturity date.

As at June 30, 2021	Carrying amount	Total contractual cashflows	Less than one year	One to five years	More than five years
	(Rupees in thousand)				
Financial liabilities					
Trade and other payables	523,935	523,935	523,935	-	-
Unclaimed dividend	408,428	408,428	408,428	-	-
Short term borrowings from banking companies	2,289,648	2,289,648	2,289,648	-	-
Accrued markup on short		-			
term borrowings	79,853	79,853	79,853	-	-
	3,301,864	3,301,864	3,301,864	-	-
As at June 30, 2020					
Financial liabilities					
Trade and other payables	928,485	928,485	928,485		
Unclaimed dividend	3,988	3,988	3,988	-	-
Short term borrowings from banking companies	2,344,701	2,344,701	2,344,701	-	-
Accrued markup on short term borrowings	81,874	81,874	81,874	-	-
	3,359,048	3,359,048	3,359,048	-	-

c) Market risk

Market risk is the risk that the fair value or future cash flows of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, liquidity in the market etc. The Group is exposed to interest rate risk and currency risk only as there are no investments in equity instruments traded in the market at the reporting date.

I) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises on balances in savings accounts, overdue trade debts, long term loans, short term borrowings and derivative financial instruments. The Group has no significant long term interest-bearing assets. The interest rate profile of the Group's interest-bearing financial instruments at the reporting date was as under:

	Carrying amounts	
	2021	2020
	(Rupees in thousand)	
Fixed rate instruments		
Financial assets		
Bank balances - saving accounts	115,269	304,241
TDRs	1,190,000	-
Financial liabilities	-	-
Net exposure	1,305,269	304,241

	Carrying amounts	
	2021	2020
	(Rupees in thousand)	
Variable rate instruments		
Financial assets		
Trade debts - overdue	12,272,707	11,880,646
Financial liabilities		
Short term borrowings - secured	(4,354)	(2,344,701)
Net exposure	12,268,353	9,535,945

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates on variable rate financial instruments, at the year end date, fluctuates by 1% higher/lower with all other variables held constant, profit for the year would have been Rs 122.97 million (2020: Rs 95.40 million) higher/lower mainly as a result of higher/lower net interest income on floating rate instruments.

ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

Exposure to currency risk

The Group is exposed to currency risk arising mainly from United States Dollar ('USD') and Euro.

The Group's exposure to foreign currency risk at the reporting date was as follows:

	2021		
	Translated in Rupees	USD	Euro
	(Amounts in thousand)		
Other receivables	10,314	-	91
Trade and other payables and accrued liabilities	(162,319)	(270)	(775)
Net exposure	(152,005)	(270)	(684)

	2020		
	Translated in Rupees	USD	Euro
	(Amounts in thousand)		
Other receivables	3,502	-	19
Trade and other payables and accrued liabilities	(198,304)	(51)	(932)
	(194,802)	(51)	(913)

Foreign exchange risk in USD is mitigated by the indexation mechanism for tariff available under PPA.

The following significant exchange rates were applied during the year:

	Reporting date rate		Average rate	
	2021	2020	2021	2020
USD	158.40	168.05	163.23	166.28
Euro	188.57	188.61	188.59	187.80

Sensitivity analysis

At June 30, 2021, if the Rupee had weakened/strengthened by 5% against the USD with all other variables held constant, the impact on post tax profit for the year would have been Rs 2.22 million (2020: Rs 0.43 million) lower/higher mainly as a result of exchange loss/gain on translation of USD denominated financial instruments.

At June 30, 2021, if the Rupee had weakened/strengthened by 5% against the Euro with all other variables held constant, the impact on post tax profit for the year would have been Rs 7.50 million (2020: Rs 8.61 million) lower/higher mainly as a result of exchange loss/gain on translation of Euro denominated financial instruments.

iii) Other price risk

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

32.3 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Fair value is determined on the basis of objective evidence at each reporting date.

The table below analyses the financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's assets and liabilities that are measured at fair value:

As at June 30, 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
		(Rupees in thousand)		
Recurring fair value measurements				
Assets				
Investments - FVPL	103,056	-	-	103,056
Total assets	103,056	-	-	103,056
Liabilities	-	-	-	-
As at June 30, 2020				
Recurring fair value measurements				
Assets	-	-	-	-
Liabilities	-	-	-	-

There were no transfers between Levels 1 and 2 & Levels 2 and 3 during the year and there were no changes in valuation techniques during the years.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.

- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

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

32.3 Financial instruments by categories

	At fair value through profit or loss	Financial assets at amortised cost	Total
	(Rupees in thousand)		
As at June 30, 2021			
Assets as per statement of financial position			
Long term security deposits	-	754	754
Loans to employees	-	4,355	4,355
Trade debts - secured	-	16,109,046	16,109,046
Other receivables	-	333,051	333,051
Short term investment	103,056	-	103,056
Bank balances	-	1,372,345	1,372,345
	103,056	17,819,551	17,922,607

	At fair value through profit or loss	Financial assets at amortised cost	Total
As at June 30, 2020	(Rupees in thousand)		
Assets as per statement of financial position			
Long term security deposits	-	739	739
Loans to employees	-	2,891	2,891
Trade debts - secured	-	14,027,093	14,027,093
Other receivables	-	523,032	523,032
Bank balances	-	314,293	314,293
	-	14,868,048	14,868,048

Liabilities as per statement of financial position	Financial liabilities at amortised cost	
	2021	2020
	(Rupees in thousand)	
Trade and other payables	491,547	485,936
Accrued liabilities	450,359	406,285
Short term borrowings - secured	4,354	2,344,701
Accrued markup on short term borrowings - secured	58,457	81,874
Other provisions	6,842	6,842
Unclaimed dividend	2,143	3,988
	1,011,559	3,325,638

32.4 Capital management

The Group's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and lenders and to maintain an optimal capital structure to reduce the cost of capital. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as net borrowings divided by total capital employed. Net borrowings are calculated as total borrowings including current less cash and cash equivalents as disclosed in note 27.2 to these consolidated financial statements. Total capital employed includes equity as shown in the consolidated statement of financial position, plus net borrowings.

The Group is ungeared as at June 30, 2021 and the gearing ratio as at June 30, 2020 was as follows:

		2020
		(Rupees in thousand)
Borrowings		-
Less: Cash and cash equivalents	- note 27.2	(1,928,115)
Net debt		1,928,115
Total equity		29,797,916
Total capital		29,797,916
Gearing ratio	**Percentage**	6.47

The Group is not exposed to any externally imposed capital requirements.

35.5 Offsetting financial assets and financial liabilities

There are no significant financial assets and financial liabilities that are subject to offsetting, enforceable master netting arrangements and similar agreements.

33. Plant capacity and actual generation

		2021	2020
Installed capacity [based on 8,760 hours (2020: 8,760 hours)]	**(MWh)**	3,710,356	3,720,036
Practical maximum output	**(MWh)**	3,352,318	3,153,018
Actual energy delivered	**(MWh)**	296,403	221,258

The actual generation for power plants takes into account all scheduled outages approved by CPPA-G. Actual output is dependent on the load demanded by CPPA-G, natural gas / RLNG supply by SNGPL under as-and-when available basis, the plant availability and mean-site conditions.

34. Earnings per share - basic and diluted

34.1 Basic earnings per share

		2021	2020
Profit for the year attributable to owners of the Parent Company	**(Rupees in thousand)**	803,557	3,382,891
Weighted average number of ordinary shares	**(Number)**	363,380,000	363,380,000
Basic earnings per share	**(Rupees)**	2.21	9.31

34.2 Diluted earnings per share

A diluted earnings per share has not been presented as the Group does not have any convertible instruments in issue as at June 30, 2021 and June 30, 2020 which would have any effect on the earnings per share if the option to convert is exercised.

35. Interests in other entities

35.1 Subsidiaries

The Group's principal subsidiaries as at June 30, 2021 and June 30, 2020 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/ country of incorporation	Ownership interest held by the Group		Ownership interest held by non-controlling interests		Principal activities
		2021	2020	2021	2020	
Power Management Company (Private) Limited	Lahore, Pakistan	100%	100%	0%	0%	Invest, manage, operate, run, own and build power projects, intermediate holding company of RPPL
Rousch (Pakistan) Power Limited	Islamabad, Pakistan	59.98%	59.98%	40.02%	40.02%	Generate and supply electricity to CPPA-G

34.2 Non-controlling interest

Set out below is summarised financial information for a subsidiary that has non-controlling interest that is material to the Group. The amounts disclosed for the subsidiary is before inter-company eliminations:

	Rousch (Pakistan) Power Limited	
	2021	2020
	(Rupees in thousand)	
Summarised consolidated statement of financial position		
Current assets	19,548,118	16,397,585
Current liabilities	(966,230)	(3,252,901)
Current net assets	**18,581,888**	**13,144,684**
Non-current assets	14,055,525	15,570,495
Non-current liabilities	(8,711)	(16,559)
Non-current net assets	**14,046,814**	**15,553,936**
Net assets	**32,628,702**	**28,698,620**
Accumulated non-controlling interest	**13,057,299**	**11,484,480**
Summarised consolidated statement of comprehensive income		
Revenue-net	12,206,052	10,313,839
Profit for the year	3,922,357	4,244,324
Other comprehensive income for the year	7,725	2,329
Total comprehensive income for the year	3,930,082	4,246,653
Profit attributable to non-controlling interests	1,569,727	1,698,579
Other comprehensive income attributable to non-controlling interests	3,092	932
Dividends provided for non-controlling interests	-	1,242,004
Summarised cash flows		
Net cash inflow from operating activities	3,271,552	4,063,528
Net cash inflow from investing activities	11,870	55,349
Net cash outflow from financing activities	-	(5,122,295)
Net increase/(decrease) in cash and cash equivalents during the year	3,283,422	(1,003,418)

35.3 Transactions with non-controlling interests

There were no transactions with non-controlling interests during the years ended June 30, 2021 and June 30, 2020.

36 Corresponding figures

Corresponding figures have been reclassified wherever necessary to reflect better presentation of events and transactions for the purpose of comparison, however, no significant reclassifications have been made.

37 Date of authorization for issue

These consolidated financial statements were authorised for issue on September 28, 2021 by the Board of Directors of the Parent Company.

Chief Executive	Chief Financial Officer	Director

SIX YEAR PERFORMANCE

Financial Year ending June 30	2021	2020	2019	2018	2017	2016
	(Rupees in thousand)					
Despatch (MWH)	12,403	3,728	22,029	145,115	187,844	175,069
Revenue	204,104	116,802	474,160	1,621,194	1,624,556	1,605,936
Direct Costs	247,449	167,863	501,829	1,558,269	1,386,609	1,398,141
Gross Profit/ (Loss)	(43,345)	(51,061)	(27,669)	62,925	237,947	207,795
Net Profit/ (Loss)	(84,315)	1,689,621	954,822	1,452,563	1,632,720	1,097,312
Total Assets	4,170,710	4,317,833	4,874,063	5,088,896	6,491,422	5,850,900

PATTERN OF SHAREHOLDING

FORM 34

THE COMPANIES ACT, 2017
(Section 227(2)(f))
PATTERN OF SHAREHOLDING

1.1 Name of the Company: ALTERN ENERGY LIMITED

2.1. Pattern of holding of the shares held by the shareholders as at: 30-06-2021

2.2 No. of Shareholders	------Shareholdings------ From	To	Total Shares Held
80	1	100	877
69	101	500	32,537
64	501	1,000	59,992
77	1,001	5,000	235,025
32	5,001	10,000	258,330
13	10,001	15,000	168,000
3	15,001	20,000	57,500
7	20,001	25,000	165,500
5	25,001	30,000	149,000
4	35,001	40,000	152,563
1	40,001	45,000	45,000
4	45,001	50,000	193,000
1	50,001	55,000	52,000
1	55,001	60,000	55,500
4	65,001	70,000	270,174
1	85,001	90,000	87,500
1	90,001	95,000	90,500
6	95,001	100,000	598,500
1	125,001	130,000	130,000
1	180,001	185,000	183,000
1	195,001	200,000	200,000
1	200,001	205,000	202,500
1	225,001	230,000	230,000
3	245,001	250,000	746,500
1	325,001	330,000	327,000
1	395,001	400,000	400,000
1	485,001	490,000	487,000
1	505,001	510,000	509,000
1	590,001	595,000	593,500
1	745,001	750,000	748,500
1	1,015,001	1,020,000	1,016,500
1	1,025,001	1,030,000	1,028,500
1	1,140,001	1,145,000	1,145,000
1	1,195,001	1,200,000	1,200,000
1	1,290,001	1,295,000	1,293,500
1	3,300,001	3,305,000	3,303,725
1	5,930,001	5,935,000	5,934,500
1	6,995,001	7,000,000	7,000,000
1	60,660,001	60,665,000	60,663,775
1	61,965,001	61,970,000	61,968,939
1	211,395,001	211,400,000	211,397,063
398			**363,380,000**

Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2021

S. No.	NAME	HOLDING	% AGE
	DIRECTORS, CEO THEIR SPOUSE AND MINOR CHILDREN		
1	MR. FAISAL DAWOOD (CDC)	22,500	0.0062
2	MR. TAIMUR DAWOOD (CDC)	1,000	0.0003
3	MR. FAROOQ NAZIR (CDC)	500	0.0001
4	MR. SHAH MUHAMMAD CHAUDHARY (CDC)	500	0.0001
5	SYED RIZWAN ALI SHAH (CDC)	500	0.0001
6	MR. SALIH MERGHANI	0	0.0000
7	MRS. MEHREEN DAWOOD	500	0.0001
		25,500	0.0070
	ASSOCIATED COMPANIES, UNDERTAKING & RELATED PARTIES		
1	DEL POWER (PRIVATE) LIMITED (CDC)	211,397,063	58.1752
2	DESCON HOLDINGS (PVT) LIMITED.(CDC)	30,000	0.0083
		211,427,063	58.1835
	NIT & ICP	0	0.0000
	FINANCIAL INSTITUTION		
1	SONERI BANK LIMITED - ORDINARY SHARES (CDC)	5,934,500	1.6331
		5,934,500	1.6331
	MODARABAS & MUTUAL FUNDS		
1	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND (CDC)	327,000	0.0900
		327,000	0.0900
	PENSION FUNDS	0	0.0000
	INSURANCE COMPANIES	0	0.0000
	JOINT STOCK COMPANIES		
1	OCTAGON INTERNATIONAL (PVT) LIMITED	1,000	0.0003
2	BROADAXIS TECHNOLOGIES (PRIVATE) LIMITED (CDC)	15,000	0.0041
3	ALI ASGHAR TEXTILE MILLS LTD (CDC)	1,028,500	0.2830
4	CRESCENT STEEL AND ALLIED PRODUCTS LTD. (CDC)	60,663,775	16.6943
5	CS CAPITAL (PVT) LTD. (CDC)	3,303,725	0.9092
6	DOSSA COTTON & GENERAL TRADING (PVT) LIMITED (CDC)	246,500	0.0678
7	ELAHI CAPIATL (PRIVATE) LIMITED (CDC)	202,500	0.0557
8	FAZAL HOLDINGS (PVT.) LIMITED (CDC)	1,145,000	0.3151
9	MAPLE LEAF CAPITAL LIMITED (CDC)	1	0.0000
10	SAPPHIRE HOLDING LIMITED (CDC)	90,500	0.0249
11	SARFRAZ MAHMOOD (PVT) LTD. (CDC)	500	0.0001
12	SOFCOM (PRIVATE) LIMITED (CDC)	8,000	0.0022
13	ALLIANCE INVESTMENT MANAGEMENT LIMITED (CDC)	130,000	0.0358
		66,835,001	18.3926

FOREIGN COMPANY		Holding	% AGE
1	SAUDI ARABIAN CONSTRUCTION & REPAIR CO. LTD.	61,968,939	17.0535
2	MIDDLE EAST NORTH AFRICA FINANCIAL INVESTMETNS W.L.L. (CDC)	748,500	0.2060
		62,717,439	17.2595
OTHERS			
1	SONERI BANK LIMITED EMPLOYEES GRATUITY FUND (CDC)	400,000	0.1101
2	SONERI BANK LIMITED EMPLOYEES PROVIDENT FUND (CDC)	593,500	0.1633
		993,500	0.2734
SHARES HELD BY THE GENERAL PUBLIC (LOCAL):		15,119,997	4.1609
SHARES HELD BY THE GENERAL PUBLIC (FOREIGN):		0	0.0000
		15,119,997	4.1609
	TOTAL:	**363,380,000**	**100.0000**

SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL

S. No.	Name	Holding	% AGE
1	DEL POWER (PRIVATE) LIMITED (CDC)	211,427,063	58.1835
2	SAUDI ARABIAN CONSTRUCTION & REPAIR CO. LTD.	61,968,939	17.0535
3	CRESCENT STEEL AND ALLIED PRODUCTS LTD. (CDC)	60,663,775	16.6943
		334,059,777	**91.9313**

SHAREHOLDERS HOLDING 5% OR MORE OF TOTAL CAPITAL

S. No.	Name	Holding	% AGE
1	DEL POWER (PRIVATE) LIMITED (CDC)	211,427,063	58.1835
2	SAUDI ARABIAN CONSTRUCTION & REPAIR CO. LTD.	61,968,939	17.0535
3	CRESCENT STEEL AND ALLIED PRODUCTS LTD. (CDC)	60,663,775	16.6943
		334,059,777	**91.9313**

During the financial year the trading in shares of the company by the Directors, CEO, CFO, Company Secretary and their spouses and minor children is as follows

S. No.	Name	Sale	Purchase
	NIL		

ALTERN ENERGY LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 27th Annual General Meeting of Altern Energy Limited (the "Company") will be held on Wednesday, October 27th 2021 at 10:00 am at Descon Headquarters, 18-K.M, Ferozepur Road Lahore – 54760 to transact the following business:

ORDINARY BUSINESS

1. To confirm minutes of the last Annual General Meeting of the Company held on Friday, October 23, 2020.

2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended 30th June 2021 together with the reports of Directors' and Auditor's thereon, together with Annual Audited Consolidated Financial Statements of the Company for the year ended 30th June 2021 together with the reports of Auditor's thereon.

3. To appoint External Auditors for the ensuing year and fix their remuneration. The Board of Directors, on recommendation of the Audit Committee, has recommended reappointment of M/s. A.F. Ferguson & Co., Chartered Accountants, as External Auditors, for the year ending 30th June 2022.

4. To transact any other business with the permission of the Chair.

By Order of the Board of Directors

Place : Lahore
Date: October 05, 2021

Salman Ali
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will be closed from 21-10-2021 to 27-10-2021 (both days inclusive). Transfers received at the Corplink (Pvt.) Limited, 1-K, Commercial Model Town Lahore the close of business on 20 Oct, 2021 will be treated in time for the purpose of above entitlement to the transferees.

2.Members are requested to attend in person along with Computerized National Identity Card ("CNIC") or appoint some other member as proxy and send their proxy duly witnessed so as to reach the registered office of the Company not later than 48 hours before the time of holding the said Meeting.A member cannot appoint more than one proxy. Proxy form is attached at the end of the Annual Report as well as on the official website of the Company i-e; www.alternenergypk.com.

3. In case of corporate entity, the Board of Directors' resolution / power of attorney along with proxy form shall be shared to the Registered Office of the Company at least 48 hours before the AGM.

4. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her original CNIC or passport, Account and participant's I.D. Numbers to prove his/her identity, and in case of proxy it must enclose an attested copy of his / her CNIC or passport. Representatives of corporate members should bring the usual documents required for such purpose.

5. Due to ongoing circumstances caused by COVID-19 pandemic, Securities & Exchange Commission of Pakistan has instructed listed companies to make arrangement for video link facility in case a member wishes to attend the Meeting online. Accordingly, the members of our Company may attend the Meeting virtually. To attend the Meeting virtually, a Member is required to send an email to shareholdrs@descon.comwith email address, name, folio number, CNIC Number and number of shares held in his/her name with subject "Registration for 27thAGM of Altern Energy Limited". A video link to join the Meeting will be shared with Members whose emails, containing all the required particulars, are received not later than 48 (forty-eight) hours before the time of the Meeting. Members attending the Meeting in person will be required to comply with SoPs protocols/guidelines for their own and others safety.

6. Shareholders are requested to immediately notify change in address, if any, to the Company's Share Registrar, M/s. Corplink (Private) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore and also furnish attested photocopy of their CNIC as per Listing Regulations, if not provided earlier.

AEL

Form of Proxy
Altern Energy Limited

IMPORTANT
This form of proxy, in order to be effective, must be deposited duly completed, at the Company's registered office at Descon Headquarters, 18-KM, Ferozepur Road, Lahore not less than 48 hours before the time of holding the meeting. A Proxy must be member of the Company. Signature should agree with the specimen register with the Company. Please quote registered Folio / CDC Account numbers.

Shareholder Folio No.

____

OR

CDC Participant I.D.No.

____

& Sub Account No.

____

I/We ____

of ____

being a member of Altern Energy Limited entitled to vote and holder ____________________

of ____

ordinary shares, hereby appoint Mr./Mrs./Mst. ____________________________

of ____

Who is also a member of the Company, as my/our proxy in my / our absence to attend and vote for me / us on my / our behalf at the Annual General Meeting of the Company to be held at Descon Headquarters,1 8 - km, Ferozepur Road, Lahore on Wednesday, October 27, 2021 at 10:00 am and at any Adjournment thereof.

As witness my / our hand this ______________ day of ____________________2021.

Signed by the said ______________________________ in the presence of ____________________

____
(Member's Signature)

Place ______________________

Date ______________________

Affix Rs. 5/
Revenue Stamp which must be cancelled either by signature over it or by some other means

____
(Witness's Signature)

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