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Altern Energy Limited

Annual Report 2022

Contents

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Taimur Dawood	Chairman
Mr. Faisal Dawood	Director
Mr. Farooq Nazir	Director
Ms. Nausheen Ahmad	Independent 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	
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

Power sector in Pakistan has witnessed a remarkable yet challenging shift during the past few years. The days of acute shortage of electricity were challenged by investment both from the Government and as well as private sector investments. However, the benefits of improved generation capacity are not being fully availed due to inadequate and ailing transmission and distribution system, and reliance on expensive imported fuel. The Government has shown appreciable commitment in rehabilitating the transmission and distribution network.

At the same time, ever present issue of circular debt has posed greater challenge to the Government as well as all the stakeholders of power sector including 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 reliant on our funded facilities to remain operational. It is evident that under such circumstances, the power sector is struggling to maintain its financial viability till the time concrete measures are not introduced to curb the menace of circular debt. An efficient value delivery chain and more affordable energy solutions are crucial for bringing the country out of this menace which is cutting the economic fabric of the country.

Altern plant has been facing declining dispatch demand from the off taker ever since shifting its operation on RLNG from indigenous gas in 2017. Considerable devaluation of Pak Rupee against US Dollar coupled with increasing RLNG prices resulting from global supply/demand disturbance exacerbated by ongoing Russia-Ukraine war has resulted in exorbitant RLNG prices for the IPPS. As a result, the Company has been witnessing 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.

The fiscal year began with continued threat of COVID-19 pandemic. As predicted by global economic experts, the pandemic has had devastating economic disruption on countries regardless of size, location, and ethnic diversities. 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 and the fallout of circular debt. However, we have been able to manage the operations with dedication and perseverance in these challenging times.

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.

The year has also witnessed changes in the Board of the Company. During the year under review, Mrs. Nausheen Ahmad joined the Board as an independent director. On behalf of the Board, I welcome Ms. Ahmad and hope that she will add more value to an already highly committed and competent Board. 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 continued perseverance and showing great determination to keep this organization floating and ready to meet any business challenge.

Lahore - September 19, 2022

Taimur Dawood
Chairman

چیئرمین کا جائزہ

پچھلے کچھ سالوں کے دوران، پاکستان میں توانائی کے شعبہ کے مناظر مکمل طور پر تبدیل ہوگئے ہیں۔ گورنمنٹ اور پرائیویٹ سیکٹر دونوں کی سرمایہ کاری نے ملک میں بجلی کی شدید قلت کو کم کیا ہے۔ تاہم، ناکافی اور ناقص ٹرانسمیشن اور ڈسٹری بیوشن نظام، اور مہنگے برآمدی ایندھن پر انحصار کی وجہ سے جنریشن کی بہتر صلاحیت کے مکمل فوائد حاصل نہیں کئے جارہے ہیں۔ گورنمنٹ نے ٹرانسمیشن اوت ڈسٹری بیوشن نیٹ ورک کی بحالی میں گہری دلچسپی ظاہر کی ہے۔

تاہم، ہمیشہ کی طرح گردشی قرضہ کا مسئلہ حکومت اور آزاد پاور پروڈیوسر (IPPs) سمیت تمام اسٹیک ہولڈرز 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۔

یہ بات عیاں ہے کہ ایسے حالات میں پاور سیکٹر اپنی مالی استحکام کو برقرار رکھنے کے لیے اس وقت تک جدوجہد کر رہا ہے جب تک گردشی قرضے کی لعنت کو روکنے کے لیے ٹھوس اقدامات نہیں کئے جاتے۔ ایک مؤثر ویلیو ڈیلیوری چین اور زیادہ سستی توانائی کے حل ملک کو اس خطرے سے نکالنے کے لیے اہم ہیں جو ملک کے معاشی چادر کو نقصان پہنچا رہے ہیں۔

2017 میں قدرتی گیس سے آر ایل این جی پر اپنا آپریشن منتقل کرنے کے بعد سے آلٹرن پلانٹ کو آف ٹیکر کی طرف سے ڈسپیچ طلب میں کمی کا سامنا ہے۔ آر ایل این جی کی قیمتوں میں اضافہ کے ساتھ امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی اور روس۔یوکرین کی جاری جنگ کے باعث عالمی رسد/طلب میں خلل کے نتیجے میں آئی پی پی ایس کے لیے RLNG کی قیمتیں بہت بڑھ گئی ہیں۔ نتیجے کے طور پر، کمپنی NPCC کی طرف سے آلٹرن پلانٹ سے بجلی کی طلب میں تیزی سے کمی دیکھ رہی ہے، جس کے نتیجے میں صلاحیت کی آمدنی میں کمی واقع ہوئی ہے۔ ٹیک اینڈ پے کی بنیاد پر آف ٹیکر، CPPA-G کے ساتھ معاہدہ کرنے والی کمپنی کو پاور پرچیز ا یگریمنٹ (PPA) کے تحت اپنی کنٹریکٹ کی ذمہ داریوں کو پورا کرنے کے لیے ایک چیلنج کا سامنا ہے جس کے نتیجے میں ریونیو میں نمایاں کمی واقع ہوئی ہے۔ NPCC سے طلب میں کمی گردشی قرضوں کی وجہ سے لیکویڈیٹی کے چیلنجز، آف ٹیکر کی طرف سے کم طلب، اور مواقع پر گیس کی معطلی کے باوجود، کمپنی نے کمپلیکس لی معمول کے مطابق اور اہم دیکھ بھال کی سرگرمیوں کو انجام دے کر قابل اعتماد پلانٹ کے آپریشنز پر اپنی توجہ برقرار رکھتے ہوئے اپنے پلانٹ کو فعال رکھنے میں کامیاب رہی ہے۔

مالی سال کا آغاز COVID-19 وبائی بیماری کے مسلسل خطرے کے ساتھ ہوا۔ جیسا کہ عالمی معاشی ماہرین نے پیش گوئی کی ہے، وبائی بیماری نے سائز، مقام اور نسلی تنوع سے قطع نظر ممالک پر تباہ کن معاشی رکاوٹیں ڈالی ہیں۔ وبائی بیماری نے ملک میں معیشت اور کاروبار کو بھی متاثر کیا ہے۔ پاور سیکٹر بھی اس سے مستثنیٰ نہیں تھا جو گردشی قرضہ، ٹرانسمیشن اور ڈسٹری بیوشن کے نقصانات، اور واجب الادا وصولیوں جیسے سلسلہ وار مسائل کی وجہ سے پہلے ہی جدوجہد کر رہا تھا۔ گرتی ہوئی طلب اور وبائی بیماری کے دوران فراہم کردہ مراعات کی وجہ سے وقت پر ادائیگی کرنے میں آف ٹیکر کی نا اہلی اور بھی بڑھ گئی ہے۔ تیل اور گیس کی بین الاقوامی قیمتوں میں اضافے کی وجہ سے کرنسی کی قدر میں کمی نے بھی گردشی قرضے میں اضافہ کیا۔

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 روش (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۔

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۔

سال میں کمپنی کے بورڈ میں بھی تبدیلیاں دیکھنے میں آئی ہیں۔ زیر جائزہ سال کے دوران، محترمہ نوشین احمد نے ایک آزاد ڈائریکٹر کے طور پر بورڈ میں شمولیت اختیار کی۔ بورڈ کی جانب سے، میں محترمہ احمد کو خوش آمدید کہتا ہوں اور امید کرتا ہوں کہ وہ پہلے سے ہی ایک انتہائی پُرعزم اور قابل بورڈ کو مزید اہمیت دیں گی۔ 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 سٹیک ہولڈرز بشمول CPPA-G، SNGPL اور دیگر حکومتی اداروں کی مسلسل حمایت کو سراہتے ہوئے اختتام کرتا ہوں۔ میں کمپنی کی انتظامیہ کو ان کی مسلسل استقامت اور اس تنظیم کو رواں دواں رکھنے اور کسی بھی کاروباری چیلنج سے نمٹنے کے لیے تیار رہنے کے لیے عزم کو بھی سراہوں گا۔

تیمور داؤد

چیئرمین

لاہور 19 ستمبر 2022ء

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors of Altern Energy Limited ('the Company') presents the annual report including the annual audited financial statements of the Company together with Auditor's Report thereon for the financial year ended June 30, 2022.

GENERAL

The principal activities of the Company continue to be the 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'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. The principle activity of RPPL is to generate and sale electricity from its gas-fired combined cycle thermal power plant, located near Sidhnai Barrage, Abdul Hakeem, District Khanewal, Punjab.

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 the Federal 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

Expiry of Generation License and Going Concern Assumption

The Company's generation license with National Electric Power Regulatory Authority ('NEPRA') expired on September 24, 2021. The Company has applied for renewal / extension of the Generation License with NEPRA, in line with term of its PPA and IA. As of the reporting date, the renewal of the License is in progress and the management is in the process of exchanging legal and technical information with NEPRA in connection with the renewal application. Recent correspondence with NEPRA authorities shows good development that the renewal of the generation license will be granted. Other factors which support the management's stance that the renewal of the generation license will be granted by NEPRA include:

- CPPA-G and PPIB, with whom the Company has valid PPA and IA respectively, have endorsed the renewal of the generation license till the term of the PPA.
- Altern is the only IPP in the country which has a 'take-and-pay' arrangement under the PPA, meaning that there is no obligation for the Government to pay fixed capacity revenue to the Company.
- Its PPA and IA are scheduled to expire in 2031, therefore, it is evidently prudent to align its generation license with the term of the PPA and IA to ensue mutual benefits of all the stakeholders.
- Furthermore, the Government plans to create a competitive power market. The Company is fully committed and will actively support and participate when the new arrangement is implemented by the Government.

In view of the foregoing and the fact that the Company's income from its subsidiary Rousch is strong, your Board believes that the Company will continue as a Going Concern in the foreseeable future. Therefore, these financial statements have been prepared on Going Concern basis.

FINANCE

During the year under review, the Company's turnover was Rs. 1.1 million (2021: Rs. 204 million) and operating costs were Rs. 103 million (2021: Rs. 248 million), resulting in gross loss of Rs. 102 million as against gross loss of Rs. 43 million in corresponding last year. The Company posted unconsolidated net profit of Rs. 6,616 million resulting in earnings per share (EPS) of Rs. 18.21 as compared to corresponding year's net loss of Rs. 84 million and loss per share of Rs. 0.23. The net profit for the year under review include dividend from PMCL amounting to Rs. 6,697 million. Without this dividend income from its subsidiary, the Company' would have incurred loss of Rs. 0.22 per share during the year.

The issue of circular debt continues to pose serious liquidity challenge to the power sector in the past few years, and your Company is no exception. Despite the delayed inflows from CPPA-G, the Company has been able to manage the cashflows to meet its operational obligations. The Company's management has been engaged with CPPA-G and concerned ministries to ensure follow-up and payment of overdue receivables.

Your Company's consolidated earnings attributable to the equity holders of Altern Energy Limited for the year under review were Rs. 1,352 million resulting in EPS of Rs. 3.72 per share, as compared to consolidated earnings of Rs. 803 million and EPS of Rs. 2.21 in the corresponding last year.

DIVIDEND DISTRIBUTION

On December 17, 2021, the Board of Directors declared and subsequently distributed interim cash dividend @185% (Rs. 18.5 per ordinary share) to the shareholders of the Company.

OPERATIONS

As a result of the addition 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, having better efficiency and mostly utilising cheaper fuel, rank above your plant in economic dispatch merit order of the off-taker. The 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 did not dispatch electric power as compared to 12 GWh of electric power dispatched to the off-taker during the previous year.

During the year, all other scheduled and preventive maintenance activities were successfully conducted by our technical team 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. 3,091 million (earnings per share of Rs. 3.59) as compared to net profit of Rs. 3,922 million (earning per share of Rs. 4.55) earned during the corresponding period of the last year. Net profit for the year under review is lower than the preceding year mainly on account of higher Other Force Majeure Events ('OFME') of 114 days (2021: 32 days) due to unavailability of RLNG.

Payment default from RPPL's sole customer, CPPA-G continues. At the end of the year, out of the total receivable of Rs. 13,002 million (2021: Rs. 15,785 million), Rs. 10,474 million were overdue (as compared to overdue receivables of Rs 12,926 million at the end of June 2021). RPPL's management continues to follow-up CPPA-G and the Ministry of Energy (Power Division) for payment of overdue receivables.

The MOPNR, empowered to allocate RLNG 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 but was extended on July 21, 2020 upto the date of signing of a long-term Gas Supply and Purchase Agreement ('GSPA'). Under the interim GSA, RLNG is supplied on 'as-available' basis, however, the non-supply of RLNG is treated as Other Force Majeure Event ('OFME') under the PPA.

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 adoption of a risk management framework that incorporates best practices into the Company's risk culture is hallmark of Company's risk management vision and is built upon the following milestones:

- Risk identification
- Risk assessment
- Risk mitigation
- Risk reporting and monitoring

The Board of Directors and the Audit Committee of the Board regularly evaluate risk matrix including all short term and long term risks in terms of impact and probability of occurrence. The management lead by Chief Executive is responsible for taking appropriate measures 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.

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 carries 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. Standard Operating Procedures (SOPs) and other contingency plans are implemented to ensure safe, smooth, and reliable operations.

Financial Risk

The financial risk management is disclosed in Note 31 of the annual audited unconsolidated financial statements of the Company.

MATERIAL INFORMATION

There have been no material changes since 1st July 2021 and the Company has not entered into any commitment which would affect its financial position at the reporting date, except for those mentioned in annual audited financial statements of the Company for the year ended June 30, 2022.

FUTURE OUTLOOK

The energy sector in Pakistan has witnessed incredible transformation in the past few years. There has been significant addition of generation capacity whereby new power plants demonstrate excellent thermal efficiency and reliability. However, this much needed development has highlighted some other challenges which are very important to be solved to avail true benefits of generation capacity. With addition of new power generation capacity in the national grid system, it transpired that the existing transmission and distribution system in the country is not sufficient to cater to the growing electricity production. Furthermore, due to depletion of indigenous gas resources, all the private power plants depend on imported and expensive RLNG, the prices of which have increased significantly during the last year due to devaluation of Pak Rupee against US Dollar as well as high oil prices in the international market.

Resultantly, most of the power plants like your Company, which were set up with technologies prevailing in late nineties, find themselves ranked very low in the economic dispatch merit order of NPCC. 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 it very difficult to meets its fixed operational costs. This is has led to a situation where even the commercial viability of the plant has become uncertain. However, the Company will continue to remain a viable entity due to income from its investment in its subsidiary, RPPL.

QUALITY, ENVIRONMENT, HEALTH & SAFETY (QEHS)

QEHS is the Company's first and foremost priority. The Company ensures the highest levels of health and safety of its employees, customer representatives and independent contractors on its premises as well as environment protection of surrounding community. The Company strives for eliminating all possible causes of accidents, energy conservation, safety awareness, training, emergency preparedness and managing environmental impact that can affect the surrounding communities and the environment at large. The Company has adopted Integrated Management Systems 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 an initiative-taking 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, 2022, the QEHS statistics are as follows:

Hours Since Last LTI	869,375
Days Since Last LTI	2,290
Restricted Work Incidents	0
Medical Treatment	0
First Aid Cases	1
Near Miss incidents	0
Incidents / Property Loss Cases	0
Good Catches	60
QEHS Trainings	13

Given the continued risk of coronavirus pandemic in Pakistan, your Company 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.

Throughout the course of pandemic, comprehensive SOPs and an aggressive awareness campaign was run to ensure maximum vaccination of employees and their families. Successful control of the situation was possible with implementation of our mandatory emergency response protocols. 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 whenever required.

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 together with notes thereon, 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 significant 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 has been annexed to the annual 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	Non-Executive Directors	Mr. Taimur Dawood (Chairman)
2		Mr. Farooq Nazir
3		Mr. Faisal Dawood
4		Mr. Shah Muhammad Chaudhary
5		Mr. Salih Merghani
6	Independent Directors	Mrs. Nausheen Ahmad
7		Syed Rizwan Ali Shah
8	Chief Executive	Mr. Umer Shehzad Sheikh

Changes to the Board

During the financial year under review, the following changes were made on the Board:

- On February 18, 2022, Mrs. Mehreen Dawood resigned from her position as a Director of the Company and Mrs. Nausheen Ahmad was appointed as an Independent Director of the Company for the balance un-expired term.

Meetings of the Board

Under the applicable regulatory framework, the Board is legally required to meet at least once in every quarter to ensure transparency, accountability, and monitoring of the Company's performance. During the year under review, six (06) meetings of the Board of Directors were held. The notices / agendas of the meetings were circulated in advance, in a timely manner and in compliance with applicable laws. All meetings of the Board held during the year surpassed the minimum quorum requirements of attendance, as prescribed by the applicable regulations. The Company Secretary acts as the Secretary to the Board. All decisions made by the Board during the meetings were clearly documented in the minutes of the meetings maintained by the Company Secretary and were duly circulated to all the Directors for endorsement and were approved in the subsequent Board meetings.

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 Independent or non-executive directors. These committees are as follows:

Audit Committee

The Audit Committee is responsible for providing oversight to the Board on financial reporting process, the audit process as well as system of internal controls and compliance with Laws and Regulations. 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 three (3) members as follows:

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

- On February 18, 2022, Mrs. Mehreen Dawood resigned from her position as a Director and Audit Committee member of the Company.

The Head of Internal Audit servesas 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 four (4) times during the year and the notices / agendas of the meetings were circulated in advance, in a timely manner and in compliance with applicable laws.

Human Resource & Remuneration Committee

The Human Resources & Remuneration Committee(HR&RC) 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 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 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)

Attendance by Directors in Meetings

Sr. No	Name	Board of Directors' Meetings	Audit Committee Meetings	HR&R Committee Meetings
1	Mr. Taimur Dawood	6 out of 6	N/A	N/A
2	Mr. Faisal Dawood	6 out of 6	N/A	N/A
3	Mr. Farooq Nazir	6 out of 6	4 out of 4	1 out of 1
4	Mr. Shah Muhammad Chaudhry	5 out of 6	3 out of 4	0 out of 1
5	Mrs. Mehreen Dawood	4 out of 4	1 out of 3	N/A
6	Mr. Salih Merghani	6 out of 6	N/A	N/A
7	Syed Rizwan Ali Shah	6 out of 6	4 out of 4	1 out of 1
8	Mrs. Nausheen Ahmad	2 out of 2	N/A	N/A
9	Mr. Umer Shehzad Sheikh	6 out of 6	4 out of 4	1 out of 1

- The leave of absence was granted to member who could not attend a Meeting.
- The above is an exhaustive list of all persons who have remained a director of the Company during the year.

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

The Board of Directors assumes overall responsibility of overseeing internal control processes.

The Board has implemented a sound system of internal control and risk management through various policies. These controls have been put in place to ensure efficient and smooth running of business, safeguarding of Company's assets, prevention and detection of fraud and errors, and adequacy and reliability of financial statements. Compliance with applicable laws and regulatory requirements also depend upon internal controls and the Company has effective internal Regulatory control put in place to ensure Regulatory requirements are complied with.

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 one 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. The Board of Directors of the Company has approved a formal policy for remunerations of Directors. The policy states procedure for remuneration to Directors in accordance with requirements of the Act and the Regulations. As per the Policy, independent directors are eligible for meeting participation fee approved by the Board whereas the nominee directors are not entitled to receive board / committee meetings fee or any other remuneration. Relevant disclosure of remuneration paid to Directors and Chief Executive have been provided in Note 29 of the annual audited unconsolidated financial statements.

Evaluation of Performance of the Board of Directors

The Code of Corporate Governance requires the Board to put in place a formal and effective mechanism of annual evaluation of the Board's own performance, members of the Board and its Committees. The Chairman, 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. Developments in corporate governance are constantly reviewed to align the Board with principles of good corporate governance. During the year under review, the performance of the Board and its Committees was evaluated through an internal team of Corporate Affairs Departmentto further improve the effectiveness of the Board. No significant departure from the Act, the Regulations and the policies & procedures was found during the review.

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. Faisal 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. Waqar Ahmad Khan	Chief Executive (Deemed Director)

During the financial year under review, the following changes were made on RPPL's Board:

- On September 22, 2021, Mr. Taimur Dawood resigned from his position as Chairman and Director of the company.
- On September 22, 2021, Mr. Faisal Dawood resigned as Chief Executive of the company and Mr. Waqar Ahmad Khan was appointed as a Chief Executive of the company for the balance un-expired term.
- On September 22, 2021, the Board appointed Mr. Faisal Dawood as a Director and Chairman of the company in place of Mr. Taimur Dawood for the balanced un-expired term.

RELATED PARTY TRANSACTIONS

All transactions with related parties are conducted in ordinary course of business on an arm's length basis. Further, in accordance with the requirements of the Act and the Regulations, the Board of Directors have approved the policy for related party transactions. The policy provides for the disclosure of minimum information in respect of related party transactions, responsibility of the Board, nature of transactions and pricing methods to be followed in conducting these transactions.

In accordance with the requirements of the Code, the details of transactions conducted with all related parties are periodically placed before the Boards' Audit Committee and presented to the Board for review and approval. 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 Responsibility. 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. Furthermore, the local community benefits from our strategy of employing more staff from surrounding communities at our plant site.

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, 2022 along with disclosures as required under the Regulations is annexed to the Annual Report.

AUDITORS

The present auditors Messrs A. F. Ferguson and Co., Chartered Accountants, a member firm of the PwC network, have retired and are eligible for reappointment for the year 2022-23. They have offered themselves for reappointment. The external auditors have been given a satisfactory rating under the Quality Control Review by the Institute of Chartered Accountants of Pakistan. The Audit Committee of the Board has recommended the reappointment of the retiring auditors for the year ending June 30, 2023 along with their remuneration to the Board. The Board has recommended the same for the approval of the shareholders in the forthcoming Annual General meeting.

ACKNOWLEDGEMENT

The Board would like to thank and appreciate shareholders, customers, and strategic partners for placing their confidence and trust to steer the Company in this time of distress. The Board expresses its gratitude towards dedication and commitment presented by employees. The Board also extends its appreciation and gratefulness to the Government functionaries, regulatory bodies, and all stakeholders for their resolute cooperation.

On Behalf of the Board

Umer Shehzad Sheikh	**Shah Muhammad Chaudhry**
Chief Executive	**Director**

Dated: September 19, 2022
Lahore.

ڈائریکٹرز رپورٹ

آلٹرن انرجی لمیٹڈ ('کمپنی') بورڈ آف ڈائریکٹرز 30 جون 2022 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 کے حصص پاکستان سٹاک ایکسچینج لمیٹڈ میں درج ہیں۔ کمپنی پاور مینجمنٹ کمپنی (پرائیویٹ) لمیٹڈ (PMCL) (خصوصی مقصد کی کمپنی) 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 صلاحیت رکھنے والی خودمختار پاور پروڈیوسر ہے جو کہ سدھنائی بیراج، عبدالحکیم، ضلع خانیوال، پنجاب کے قریب واقع 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، 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 ہو گیا 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 (MoPNR) نے کابینہ کی اقتصادی تعاون کمیٹی (ECC) کی طرف سے ری لیکویفائیڈ نیچرل گیس (RLNG) کی تخصیص کا اختیار دیا گیا، 28 اپریل 2017 کو کمپنی کو RLNG کی MMCFD 06 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 GSA کے اختتام تک 'دستیاب ہونے' کی بنیاد پر RLNGP فراہم کی جائے گی۔

جنریشن لائسنس کی ایکسپائری اور جاری تشویش مفروضہ

نیشنل الیکٹرک پاور ریگولیٹری اتھارٹی (NEPRA) کے ساتھ کمپنی کے جنریشن لائسنس کی میعاد 24 ستمبر 2021 کو ختم ہوگئی۔ کمپنی نے اپنے PPA اور IA کی شرائط کے مطابق NEPRA کے ہاں جنریشن لائسنس کی تجدید/توسیع کے لیے درخواست دی ہے۔ رپورٹنگ کی تاریخ تک، لائسنس کی تجدید کا عمل جاری ہے اور انتظامیہ تجدید کی درخواست کے سلسلے میں NEPRA کے ہاں قانونی اور تکنیکی معلومات کے تبادلے کے عمل میں ہے۔ جنریشن لائسنس کی تجدید کی منظوری مل جائے گی حالیہ خط و کتابت میں NEPRA حکام کے ساتھ اچھی پیش رفت ظاہر کرتی ہے۔ دیگر عوامل جو انتظامیہ کے اس موقف کی تائید کرتے ہیں کہ NEPRA کی طرف سے جنریشن لائسنس کی تجدید کر دی جائے گی جس میں شامل ہیں:

- CPPA -G اور PPIB، جن کے ساتھ کمپنی بالترتیب PPA اور IA رکھتی ہے، نے PPA کی مدت تک جنریشن لائسنس کی تجدید کی توثیق کی ہے۔
- آلٹرن ملک میں واحد IPP ہے جس کے پاس PPA کے تحت 'ٹیک اینڈ پے' کا انتظام ہے، مطلب یہ ہے کہ حکومت پر کمپنی کو مقررہ کپیسٹی ریونیو ادا کرنے کی کوئی ذمہ داری نہیں ہے۔
- اس کے PPA اور IA کی میعاد 2031 میں ختم ہوگی، اس لیے تمام اسٹیک ہولڈرز کے باہمی فائدے کو یقینی بنانے کے لیے اس کے جنریشن لائسنس کو PPA اور IA کی مدت کے ساتھ ہم آہنگ کرنا واضح طور پر سمجھداری کی بات ہے۔
- مزید برآں، حکومت ایک مسابقتی پاور مارکیٹ بنانے کا ارادہ رکھتی ہے۔ کمپنی مکمل طور پر پُرعزم ہے اور حکومت کی طرف سے نئے انتظامات کے نفاذ پر فعال طور پر تعاون اور شرکت کرے گی۔

مذکورہ بالا اور اس حقیقت کے پیش نظر کہ کمپنی کی ذیلی کمپنی RPPL سے آمدنی مستحکم ہے، آپ کے بورڈ کو یقین ہے کہ کمپنی مستقبل قریب میں ایک گوئنگ کنسرن کے طور پر جاری رہے گی۔ اس لیے یہ مالیاتی گوشوارے جاری تشویش بنیادوں پر تیار کیے گئے ہیں۔

فنانس

زیر جائزہ سال کے دوران کمپنی کا ٹرن اوور 1.1 ملین روپے (2021 میں 204 ملین روپے) اور آپریٹنگ کے اخراجات 103 ملین روپے (2021 میں 248 ملین روپے) رہے جس کے نتیجے میں گزشتہ سال کے مجموعی نقصان 102 ملین روپے کے برعکس 43 ملین روپے کا مجموعی نقصان ہوا۔ کمپنی نے غیر مقتنہ خالص منافع 6,616 ملین روپے اور فی شیئر آمدنی (EPS) 18.21 روپے کے مقابلے موجودہ سال کا خالص نقصان 84 ملین روپے اور فی شیئر نقصان (EPS) 0.23 روپے درج کرایا ہے زیر جائزہ سال کے خالص منافع میں ذیلی کمپنی PMCL کے 6,697 ملین روپے کے محاصل شامل تھے۔ اپنی ذیلی کمپنیوں سے اس ڈیویڈینڈ آمدنی کے بغیر، کمپنی کو اسی سال میں 0.22 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 مثنیٰ نہیں ہے۔ CPPA-G سے تاخیر سے آمد کے باوجود، کمپنی اپنی آپریشنل ذمہ داریوں کو پورا کرنے کے لیے کیش فلو کا انتظام کرنے میں کامیاب رہی ہے۔ کمپنی کی انتظامیہ CPPA-G اور متعلقہ وزارتوں کے ساتھ منسلک ہے تاکہ فالو اپ اور واجب الادا وصولیوں کی ادائیگی کو یقینی بنایا جا سکے۔

متذکرہ سال میں آپکی کمپنی کی آلٹرن انرجی لمیٹڈ کے ایکوئٹی ہولڈرز سے منسوب مجموعی کمائی 1,352 ملین روپے ہے جس کے نتیجے میں فی حصص آمدنی 3.72 روپے رہی جبکہ اس کے برعکس گزشتہ سال کی اسی مدت میں مجموعی کمائی 803 ملین روپے جس کے نتیجے میں فی حصص آمدنی 2.21 روپے تھی۔

حصہ داری کی تقسیم

17 دسمبر 2021 کو، بورڈ آف ڈائریکٹرز نے اعلان کیا اور اس کے بعد کمپنی کے شیئر ہولڈرز کو 185% (18.5 روپے فی عام شیئر) پر عبوری نقد منافع تقسیم کیا۔

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 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، 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 گزشتہ سال کے دوران صرف 12 GWh برقی توانائی آف ٹیکر کو ترسیل کے مقابلے میں الیکٹرک پاور کی ترسیل نہیں کی۔۔

سال کے دوران، اوریجنل ایکوپمنٹ 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 روش (پاکستان) پاور لمیٹڈ (RPPL) نے موجودہ سال کیلئے 3,091 ملین روپے منافع (فی حصص آمدنی 3.59 روپے) کا اعلان کیا جبکہ گزشتہ سال کی اسی مدت کے دوران 3,922 ملین روپے منافع (فی حصص آمدنی 4.55 روپے) تھا۔ اس سال کے منافع میں آف ٹیکر کے ساتھ متنازعہ سیٹلمنٹ کے مالی اثرات شامل ہیں جس کی اگلے پیراگراف 'مادی معلومات میں وضاحت کی گئی' ہے۔ اس سیٹلمنٹ کے بغیر زیرِ 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۔ سال کے اختتام تک، کل قابل وصولیاں 13,002 ملین روپے (2021: 15,785 ملین روپے)، جس میں سے 10,474 ملین روپے زائد المیعاد (جبکہ جون 2021 کے اختتام پر 12,926 ملین روپے زائد المیعاد) تھے۔ RPPL نے CPPA-G کے ساتھ ایک ماسٹر ایگریمنٹ اور پاور پرچیز ایگریمنٹ میں ترمیم ('PPA ترمیم') 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 RLNG 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 جی ایس اے طے کیا گیا تھا جو یکم جون 2017 سے مؤثر اور 30 جون 2018 کو ختم ہونا تھا۔ عبوری جی ایس اے کے تحت، آر ایل این جی 'جب دستیاب ہو' بنیاد پر فراہم کی جاتی تھی، تاہم، آر ایل این جی کی عدم فراہمی کو پی پی اے کے تحت دیگر فورس میجور ایونٹ ('OFME') تصور کیا جائے گا۔ 21 جولائی 2020 کو، آر پی پی ایل، سی پی پی اے-جی اور ایس این جی پی ایل نے عبوری جی ایس اے کی توسیع پر دستخط کیئے۔ 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۔ رسک مینجمنٹ فریم ورک پر عملدرآمد جو کمپنی کے رسک کلچر میں بہترین طریقوں کو شامل کرتا ہے کمپنی کی رسک مینجمنٹ کے ویژن کا خاصہ ہے اور اسے درج ذیل سنگ میل پر قائم کیا گیا ہے:

- خطرے کی شناخت
- خطرے کی تشخیص
- خطرے کی تخفیف
- خطرے کی رپورٹنگ اور نگرانی

بورڈ آف ڈائریکٹرز اور بورڈ کی آڈٹ کمیٹی باقاعدگی سے خطرات کا جائزہ لیتی ہے جس میں اثرات اور وقوع پذیر ہونے کے امکانات کے لحاظ سے تمام قلیل مدتی اور طویل مدتی خطرات شامل ہیں۔ چیف ایگزیکٹو کی قیادت میں انتظامیہ خطرات کو کم کرنے کے لیے مناسب اقدامات کرنے کی ذمہ دار ہے۔ کمپنی کو درپیش تمام خطرات کی نشان دہی کے لئے رسک مینجمنٹ کے اصول قائم کیے گئے ہیں، اور آپ کا بورڈ تمام ضروری حکمت عملیوں کو اپناتا ہے اور کمپنی کو درپیش تمام خطرات کو کم کرنے کے لیے ایک محتاط انداز لاگو کرتا ہے۔

آپریشنل خطرات

آپریشنل خطرات کو کم کرنے کے لئے، انتظامیہ نے آپریشنل خطرات کی نشاندہی اوران 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 دیتی ہے۔ پلانٹ میں کوالٹی انوائرمنٹ، ہیلتھ اینڈ سیفٹی (QEHS) فنکشن خرابی یا کسی بھی غیر متوقع واقعہ کے امکانات کی نشاندہی کرنے اوران کے خاتمے کے لئے ضروری اقدامات کرنے کا پوری طرح ذمہ دار ہے۔ محفوظ، ہموار، اور قابل بھروسہ آپریشنز کو یقینی بنانے کے لئے معیاری آپریٹنگ پروسیجرز (SOPs) اور دیگر ہنگامی منصوبے نافذ ہیں۔

مالی خطرہ

مالی رسک مینجمنٹ کا انکشاف کمپنی کے سالانہ آڈٹ شدہ مالی حسابات کے نوٹ 31 میں کیا گیا ہے۔

موادکی معلومات

یکم جولائی 2021 سے کوئی مادی تبدیلیاں نہیں ہوئی ہیں اور کمپنی نے کوئی ایسا عہد نہیں کیا ہے جس سے رپورٹنگ تاریخ پر اس کی مالی پوزیشن متاثر ہوتی ہو، ماسوائے جن کا 30 جون 2022 کو ختم ہونے والے سال کے لیے کمپنی کے سالانہ نظرثانی شدہ مالیاتی حسابات میں ذکر کیا گیا ہے۔

مستقبل کا نقطہ نظر

پاکستان میں توانائی کے شعبے میں گزشتہ چند سالوں میں ناقابل یقین تبدیلی دیکھی گئی ہے۔ پیداواری صلاحیت میں نمایاں اضافہ ہوا ہے جس کے تحت نئے پاور پلانٹس بہترین تھرمل کارکردگی کا مظاہرہ کرتے ہیں۔ تاہم، اس انتہائی ضروری ترقی نے چند مزید چیلنجوں کو بھی اجاگر کیا ہے جن کو جنریشن کی صلاحیت کے حقیقی فوائد حاصل کرنے کے لیے حل کرنا بہت ضروری ہے۔ نیشنل گرڈ سسٹم میں بجلی پیدا کرنے کی نئی صلاحیت کے اضافے سے یہ بات سامنے آئی کہ ملک میں موجودہ ٹرانسمیشن اور ڈسٹری بیوشن سسٹم بجلی کی بڑھتی ہوئی پیداوار کو پورا کرنے کے لیے کافی نہیں ہے۔ مزید برآں، قدرتی گیس کے وسائل کی کمی کی وجہ سے، تمام نجی پاور پلانٹس کا انحصار درآمدی اور مہنگی آر ایل این جی پر ہے، جن کی قیمتوں میں گزشتہ سال کے دوران امریکی ڈالر کے مقابلے پاکستانی روپیہ کی قدر میں کمی اور بین الاقوامی مارکیٹ میں تیل کی زیادہ قیمتوں کی وجہ سے نمایاں اضافہ ہوا ہے۔

نتیجتاً، آپ کی کمپنی جیسے زیادہ تر پاور پلانٹس، جو کہ نوے کی دہائی کے اواخر میں رائج ٹیکنالوجیز کے ساتھ قائم کیے گئے تھے، خود کو NPCC کے اقتصادی ترسیل میرٹ آرڈر میں بہت نیچے پاتے ہیں۔ یہ مسئلہ ان آئی پی پیز کے لیے لیکویڈیٹی چیلنجز کا باعث نہیں بنتا جو ٹیک یا پے انتظام کے تحت PPAs رکھتے ہیں۔ آپ کی کمپنی کا CPPA-G کے ساتھ PPA ٹیک اینڈ پے کے انتظامات پر مبنی ہے، جس نے اسے پلانٹ کو فعال رکھنے کے لئے ایک سنگین چیلنج سے دوچار کر دیا ہے کیونکہ آف ٹیکر کو کم ترسیل کے نتیجے میں کم صلاحیت کی آمدنی ہوتی ہے اور پلانٹ کو اپنے مقررہ آپریشنل اخراجات کو پورا کرنے کے لئے بہت مشکل کا سامنا کرنا پڑتا ہے۔ اس کی وجہ سے ایسی صورتحال پیدا ہوگئی ہے جہاں پلانٹ کی تجارتی عملداری بھی غیر یقینی ہوگئی ہے۔ تاہم، کمپنی اپنی ذیلی کمپنی، RPPL میں سرمایہ کاری سے حاصل ہونے والی آمدنی کی وجہ سے ایک قابل عمل ادارہ بنی رہے گی۔

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 OSHA، NFPA&ISO 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 2022 کے مطابق QEHS کے اعداد و شمار درج ذیل ہیں۔

آخری ایل ٹی آئی سے گھنٹے	869,375
آخری ایل ٹی آئی سے دن	2290
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	60
QEHS ٹریننگ	13

پاکستان میں کورونا وائرس کی وبا کا بڑھتا ہوا خطرہ، 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 تا کہ 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 تا کہ وبائی امراض کے انتظامات کی جامع ہدایات تیار کی جا سکے تا کہ انسانی حفاظت اور کاروباری تسلسل کو یقینی بنایا جا سکے۔

وبائی بیماری کے دوران، جامع ایس او پیز اور ایک جارحانہ آ گاہی مہم چلائی گئی تا کہ ملازمین اور ان کے اہل خانہ کی زیادہ سے زیادہ ویکسینیشن کو یقینی بنایا جا سکے۔ ہمارے لازمی ہنگامی رسپانس پروٹوکول کے نفاذ سے صورتحال پر کامیاب کنٹرول ممکن ہوا۔ 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۔

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 اعلی 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:

- a• 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۔
- b• کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- c• 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۔
- d• مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRS) کی پیروی کی گئی ہے۔
- e• داخلی کنٹرول سسٹم بشمول مالی اور آپریشنل کنٹرول، خرید و فروخت، 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۔
- f• کمپنی کے گوئنگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- g• بورڈ پر تمام ڈائریکٹرز کارپوریٹ باڈی کے ڈائریکٹر کی حیثیت سے اپنے فرائض اور ذمہ داریوں سے مکمل طور پر آگاہ ہیں۔
- h• فہرستی قواعد و ضوابط میں تفصیلی کارپوریٹ گورننس کے بہترین عمل سے کوئی مادی انحراف نہیں کیا گیا ہے۔
- i• گزشتہ 6 سال کے کلیدی اور اہم مالیاتی اعداد و شمار رپورٹ کے ہمراہ منسلک ہیں۔
- j• ٹیکسز، ڈیوٹیز، لیویز اور چارجز کی مد میں جہاں کوئی قانونی ادیگی 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 حسبِ ذیل کے مطابق ہے:

نمبر شمار	کیٹگری	نام ڈائریکٹر
1	نان ایگزیکٹو ڈائریکٹر	تیمور داؤد (چیئرمین)
2	نان ایگزیکٹو ڈائریکٹر	فاروق نذیر
3	نان ایگزیکٹو ڈائریکٹر	فیصل داؤد
4	نان ایگزیکٹو ڈائریکٹر	شاہ محمد چودھری

5	نان ایگزیکٹوڈائریکٹر	صالح مرغانی
6	آزادڈائریکٹر	نوشین احمد
7	آزادڈائریکٹر	سیدرضوان علی شاہ
8	ایگزیکٹوڈائریکٹر	عمرشہزادشیخ

بورڈ میں تبدیلیاں

زیرنظر مالی سال کے دوران بورڈ میں درج ذیل تبدیلیاں کی گئیں۔

•18 فروری 2022 کو، مسزمہرین داؤد نے کمپنی کی ڈائریکٹر کی حیثیت سے اپنے عہدے سے استعفیٰ دے دیا اور مسز نوشین احمد کو معیاد ختم ہونے والی بقایا مدت کے لیے کمپنی کی آزاد ڈائریکٹر کے طور پر مقرر کیا گیا۔

بورڈ کے اجلاس

ریگولیٹری فریم ورک کے تقاضہ کے مطابق بورڈ قانونی طور پر کمپنی کی کارکردگی کی شفافیت، جوابدہی اور نگرانی کو یقینی بنانے کے لیے سال کے دوران ہر سہ ماہی میں کم ازکم ایک اجلاس کرتا ہے۔ زیر جائزہ سال کے دوران بورڈ آف ڈائریکٹرز کے چھ (06) اجلاس منعقد ہوئے۔ میٹنگوں کے نوٹسز/ ایجنڈا پیشگی، بروقت اور قابل اطلاق قوانین کی تعمیل میں گردش کررہے تھے۔ سال کے دوران منعقد ہونے والے بورڈ کے تمام اجلاسوں نے حاضری کی کم ازکم کورم کی ضروریات کو عبور کیا، جیسا کہ قابل اطلاق ضوابط کے ذریعہ تجویز کیا گیا ہے۔ کمپنی سیکرٹری بورڈ کے سیکرٹری کے طور پر کام کرتا ہے۔ میٹنگوں کے دوران بورڈ کی طرف سے کئے گئے تمام فیصلوں کو کمپنی سکریٹری کی طرف سے رکھی گئی میٹنگوں کے منٹس میں واضح طور پر دستاویزی شکل دی گئی اور ان کی توثیق کے لیے تمام ڈائریکٹرز کو باضابطہ طور پر بھیجے گئے بعد میں ہونے والی بورڈ میٹنگوں میں ان کی منظوری دی گئی تھی۔

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 ایگزیکٹوڈائریکٹرز 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 تین (3) ارکان پر مشتمل ہے:

سیدرضوان علی شاہ (آزادڈائریکٹر)۔چیئرمین

فاروق نذیر (نان۔ایگزیکٹوڈائریکٹر)

شاہ محمد چودھری (نان۔ایگزیکٹوڈائریکٹر)

•18 فروری 2022 کو، مسزمہرین داؤد نے کمپنی کی ڈائریکٹر اور آڈٹ کمیٹی کی رکن کی حیثیت سے اپنے عہدے سے استعفیٰ دے دیا۔

اندرونی آڈٹ کا سربراہ کمیٹی کے سیکرٹری کے طور پر کام کرتا ہے اور اس کے تمام اجلاس منعقد کرتا ہے۔ چیف فنانشل آفیسر دعوت کے ذریعہ آڈٹ کمیٹی کے اجلاسوں میں شرکت کرتے ہیں اور بیرونی آڈیٹرز ضروریات کے مطابق اجلاسوں میں شرکت کرتے ہیں۔ کمیٹی نے سال کے دوران چار (4) اجلاس ہوئے اور اجلاسوں کے نوٹسز/ ایجنڈا پیشگی، بروقت اور قابل اطلاق قوانین کی تعمیل میں ترسیل کردیئے گئے۔

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 ایگزیکٹوڈائریکٹرز 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 ازکم ایک اجلاس منعقد کرتی ہے۔

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

فاروق نذیر (نان ایگزیکٹوڈائریکٹر) چیئر مین

شاہ محمد چوہدری (نان ایگزیکٹوڈائریکٹر)

سیدرضوان علی شاہ (آزادڈائریکٹر)

ڈائریکٹرز کی اجلاسوں میں حاضری

اعدادشمار	نام ڈائریکٹر	بورڈ آف ڈائریکٹر کے اجلاس	آڈٹ کمیٹی کے اجلاس	HR&R کمیٹی کے اجلاس
1	تیمور داؤد	6میں سے 6	N/A	N/A
2	فیصل داؤد	6میں سے 6	N/A	N/A
3	فاروق نذیر	6میں سے 6	4میں سے 4	1میں سے 1
4	شاہ محمد چوہدری	6میں سے 5	4میں سے 3	1میں سے 1
5	محترمہ مہرین داؤد	4میں سے 4	3میں سے 1	N/A
6	صالح مرغانی	6میں سے 6	N/A	N/A
7	سیدرضوان علی شاہ	6میں سے 6	4میں سے 4	1میں سے 1
8	نوشین احمد	2میں سے 2	N/A	N/A
9	عمرشہزادشیخ	6میں سے 6	4میں سے 4	1میں سے 2

جوارکان بورڈ کے اجلاس میں شرکت نہیں کرسکے کوعدم شرکت کی رعایت دی گئی۔

سال کے دوران جوکمپنی کے ڈائریکٹر رہے ہیں مذکورہ بالا ان تمام افراد کی ایک مکمل فہرست ہے۔

داخلی آڈٹ اور کنٹرول

بورڈ آف ڈائریکٹر نے آڈٹ کمیٹی کورپورٹنگ 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 ہےجس میں داخلی مالیاتی کنٹرولز کا باقاعدہ جائزہ لیا جاتا ہے۔

کافی داخلی مالیاتی کنٹرولوں

بورڈ آف ڈائریکٹرز داخلی کنٹرول عوامل کی نگرانی کا مجموعی ذمہ دار ہے۔

بورڈ داخلی کنٹرول اور رسک مینجمنٹ کا مضبوط نظام رکھتا ہے۔ یہ کنٹرول کاروبار کوموثر اور ہموار چلانے، کمپنی کے اثاثوں کی حفاظت، دھوکہ دہی اور غلطیوں کی روک تھام اور ان کا پتہ لگانے، اور مالی بیانات کی مناسبیت کویقینی بنانے کے لیے لگائے گئے ہیں۔قابل اطلاق قوانین اور ریگولیٹری تقاضوں کی تعمیل بھی اندرونی کنٹرولز پر منحصر ہےاور کمپنی کے پاس مؤثر اندرونی ریگولیٹری کنٹرول ہے تاکہ یہ یقینی بنایا جاسکے کہ ریگولیٹری تقاضوں کی تعمیل کی جائے۔

ڈائریکٹرز ٹریننگ

کمپنی کے آٹھ ڈائریکٹرز میں سے سات ڈائریکٹرز ریگولیشنز کے تقاضوں کے مطابق SECP کے منظورشدہ اداروں سے ڈائریکٹرز ٹریننگ پروگرام کے تحت کوالیفائیڈ ڈائریکٹرز سند یافتہ ہیں۔ باقی غیر ملکی ڈائریکٹرز مقررہ مدت میں اپنا سٹیفکیٹ حاصل کرلیں 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 ایگزیکٹوکو ادا کیے جانے والے مشاہرہ کا سالانہ نظر ثانی شدہ غیر مجموعی مالی حسابات کے نوٹ 29 میں موزوں بیان کیا گیا ہے۔

بورڈ کی کارکردگی کا تجزیہ

کوڈ آف کارپوریٹ گورننس کے مطابق بورڈ نے خود اپنے آپ، اپنے ارکان اور اپنی کمیٹیوں کی کارکردگی کا جائزہ لیا ہے۔چیئر مین نے بورڈ کے اراکین کے ساتھ مشاورت سے بورڈ اور اس کی کمیٹیوں کے لیے ایک تشخیصی منصوبہ تیار کیا ہے تاکہ اس بات کو یقینی بنایا جاسکے کہ بورڈ اور اس کی کمیٹیاں اپنے کردار اور ذمہ داریوں سے پوری طرح واقفہے۔کارپوریٹ گورننس میں پیش رفت کا مسلسل جائزہ لیا جاتا ہے تاکہ بورڈ کو اچھی کارپوریٹ گورننس کے اصولوں کے ساتھ ہم آہنگ کیا جاسکے۔زیر جائزہ سال کے دوران، بورڈ اور اس کی کمیٹیوں کی کارکردگی کا جائزہ کارپوریٹ افیئر ڈیپارٹمنٹ کی اندرونی ٹیم کے ذریعے کیا گیا

تا کہ بورڈ کی تاثیر کو مزید بہتر بنایا جاسکے۔ جائزے کے دوران ایکٹ، ضوابط اور پالیسیوں اور طریقہ کار سے کوئی اہم انحراف نہیں پایا گیا۔

ذیلی کمپنیز کے بورڈ آف ڈائریکٹرز

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

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

روسو (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 (چیئر مین)
محترمہ آئزلینگ کینیلی	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 ہنزسکیلر	نان ایگزیکٹو ڈائریکٹر
وقار احمد خان	چیف ایگزیکٹو ڈائریکٹر (بطور ڈائریکٹر)

زیرِ جائزہ مالی سال کے دوران، RPPL کے بورڈ پر مندرجہ ذیل تبدیلیاں کی گئیں:

22 ستمبر 2021 کو تیمور داؤد کمپنی کے چیئر مین اور ڈائریکٹر کے عہدہ سے مستعفی ہو گئے

• 22 ستمبر 2021 کو، فیصل داؤد نے کمپنی کے چیف ایگزیکٹو کے عہدے سے استعفیٰ دے دیا اور وقار احمد خان کو کمپنی کے چیف ایگزیکٹو کے طور پر مقرر کیا گیا جس کی میعاد ختم نہ ہو سکی۔

• 22 ستمبر 2021 کو، بورڈ نے فیصل داؤد کو تیمور داؤد کی جگہ بقیہ رہنے والی مدت کے لیے کمپنی کے ڈائریکٹر اور چیئر مین کے طور پر مقرر کیا۔

متعلقہ پارٹی ٹرانزیکشنز

متعلقہ فریقوں کے ساتھ تمام لین دین ایک بازو کی لمبائی کی بنیاد پر کاروبار کے عام کورس میں کیے جاتے ہیں۔ مزید، ایکٹ اور ضوابط کے تقاضوں کے مطابق، بورڈ آف ڈائریکٹرز نے متعلقہ فریق کے لین دین کے لیے پالیسی کی منظوری دی ہے۔ یہ پالیسی متعلقہ فریق کے لین دین، بورڈ کی ذمہ داری، لین دین کی نوعیت اور ان لین دین کو انجام دینے میں قیمتوں کے تعین کے طریقوں کے حوالے سے کم از کم معلومات کی وضاحت فراہم کرتی ہے۔

ضابطہ کے تقاضوں کے مطابق، تمام متعلقہ فریقوں کے ساتھ کیے گئے لین دین کی تفصیلات وقتاً فوقتاً بورڈ کی آڈٹ کمیٹی کے سامنے رکھی اور جائزہ اور منظوری کے لیے بورڈ کو پیش کی جاتی ہیں۔ کمپنی نے اس سالانہ رپورٹ کے ساتھ منسلک مالی حسابات میں متعلقہ فریق کے لین دین کا تفصیلی انکشاف کیا ہے۔ یہ 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۔ شجر کاری 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 2022 کو شیئر ہولڈنگ کا نمونہ ریگولیشنز کے تحت مطلوبہ معلومات کے ہمراہ سالانہ رپورٹ سے منسلک ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، پی ڈبلیوسی نیٹ ورک کی ایک رکن فرم، ریٹائر ہو چکے ہیں اور سال 23-2022 کے لیے دوبارہ تقرری کے اہل ہیں۔ انہوں نے خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔ انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کی جانب سے کوالٹی کنٹرول جائزہ کے تحت بیرونی آڈیٹرز کو تسلی بخش درجہ بندی دی گئی ہے۔ بورڈ کی آڈٹ کمیٹی نے بورڈ کو ان کے معاوضے کے ساتھ 30 جون 2023 کو ختم ہونے والے سال کے لیے ریٹائر ہونے والے آڈیٹرز کی دوبارہ تقرری کی سفارش کی ہے۔ بورڈ نے آئندہ سالانہ اجلاس عام میں شیئر ہولڈرز کی بھی منظوری کے لیے اس کی سفارش کی ہے۔

اظہار تشکر

بورڈ حصص یافتگان، صارفین اور کاروباری شراکت داروں کا شکریہ ادا کرتا ہے کہ انہوں نے اس مشکل گھڑی میں کمپنی پر اپنا اعتماد اور بھروسہ ظاہر کیا۔ بورڈ ملازمین کی طرف سے پیش کی جانے والی لگن اور عزم کو سراہتا ہے۔ بورڈ حکومتی عہدیداروں، ریگولیٹری اداروں، اور تمام اسٹیک ہولڈرز کے پر عزم تعاون کے لیے شکر گزار ہے۔

بحکم بورڈ

عمر شہزاد شیخ
چیف ایگزیکٹو

شاہ محمد چوہدری
ڈائریکٹر

لاہور 19 ستمبر 2022ء

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

Name of company: Altern Energy Limited
Year ended: June 30, 2022

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 Directors	Syed Rizwan Ali Shah
2		Mrs. Nausheen Ahmad
3	Non-Executive Directors	Mr. Taimur Dawood
4		Mr. Faisal Dawood
5		Mr. Farooq Nazir
6		Mr. Salih Merghani
7		Mr. Shah Muhammad Chaudhary
8	Chief Executive	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 non-resident 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. 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, 2022.

    b) Human Resource and Remuneration Committee:
    One meeting was held during the financial year ended June 30, 2022.

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, and;

    a) In respect of regulation 6(1), the Company believes that it has sufficient impartiality and is able to exercise independence in decision making within the Board and hence, does not require to roundup the fraction to 3 independent directors.

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
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 19, 2022

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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, 2022 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, 2022.

A.F. Ferguson & Co.

Chartered Accountants
Lahore,
Date: September 26, 2022
UDIN: CR202210070Ax81t5Nbh

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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, 2022, 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, 2022 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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.

Emphasis of Matter

We draw attention to note 1.4 to the annexed unconsolidated financial statements, which describes the pending matter relating to the renewal of power generation license and income from investment in the subsidiary. Our opinion is not modified in respect of this matter.

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)	**Impairment testing of Power Generation Cash-Generating Unit ('CGU')** *(Refer notes 5.1.4 and 5.1.5 to the annexed unconsolidated financial statements)* 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. Due to the significant level of judgement and estimations involved, we consider this to be a key audit matter.	Our audit procedures included the following: • 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) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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
Lahore,
Date: September 26, 2022
UDIN: AR202210070H4NmB9qwJ

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2022	2021
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
400,000,000 (2021: 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 (2021: 363,380,000)			
ordinary shares of Rs 10 each	14	3,633,800	3,633,800
Capital reserve: Share premium	15	41,660	41,660
Revenue reserve: Un-appropriated profits		334,455	441,020
Total equity		4,009,915	4,116,480
NON-CURRENT LIABILITIES			
Employee benefit obligations	16	7,434	6,364
CURRENT LIABILITIES			
Trade and other payables	17	184,060	45,723
Short term borrowing from banking company - secured	18	-	-
Unclaimed dividend		5,414	2,143
Provision for taxation		9,312	-
		198,786	47,866
CONTINGENCIES AND COMMITMENTS	19		
		4,216,135	4,170,710

The annexed notes 1 to 35 form an integral part of these unconsolidated financial statements.

Chief Executive | Chief Financial Officer | Director

AS AT JUNE 30, 2022

ASSETS	Note	2022	2021
		(Rupees in thousand)	
NON-CURRENT ASSETS			
Property, plant and equipment	5	390,039	445,539
Intangible assets	6	571	665
Long term investment	7	3,204,510	3,204,510
Long term security deposits		175	38
Long term loan to employee - unsecured	8	-	500
		3,595,295	3,651,252
CURRENT ASSETS			
Stores and spares	9	37,929	37,746
Trade debts - secured	10	180,189	324,131
Loans, advances, prepayments and other receivables	11	226,907	86,503
Short term investment	12	153,951	-
Income tax recoverable		-	829
Bank balances	13	21,864	70,249
		620,840	519,458
		4,216,135	4,170,710

Chief Executive | Chief Financial Officer | Director

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		(Rupees in thousand)	
Revenue	20	1,058	204,104
Direct costs	21	(103,285)	(247,449)
Gross loss		(102,227)	(43,345)
Administrative expenses	22	(33,360)	(35,749)
Other income	23	6,777,355	298
Finance cost	24	(3,823)	(6,757)
Profit/(loss) before taxation		6,637,945	(85,553)
Taxation	25	(21,980)	1,238
Profit/(loss) for the year		6,615,965	(84,315)
		(Rupees)	**(Rupees)**
Earnings/(loss) per share - basic and diluted	33	18.21	(0.23)

The annexed notes 1 to 35 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, 2022

	2022	2021
	(Rupees in thousand)	
Profit/(loss) for the year	6,615,965	(84,315)
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 income/(loss) for the year	6,615,965	(84,315)

The annexed notes 1 to 35 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, 2022

		Capital reserve	Revenue reserve	
	Share capital	Share premium	Un-appropriated profits	Total
		(Rupees in thousand)		
Balance as on July 1, 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
Profit for the year	-	-	6,615,965	6,615,965
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	6,615,965	6,615,965
Transactions with owners, in their capacity as owners, recognised directly in equity				
Interim dividend for the year ended June 30, 2022 @ Rs 18.5 per ordinary share	-	-	(6,722,530)	(6,722,530)
Balance as on June 30, 2022	3,633,800	41,660	334,455	4,009,915

The annexed notes 1 to 35 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, 2022

	Note	2022	2021
		(Rupees in thousand)	
Cash flows from operating activities			
Profit/(loss) before taxation		6,637,945	(85,553)
Adjustment for non-cash charges and other items:			
- Depreciation on operating fixed assets	5.1	55,685	60,027
- Amortisation of intangible assets	6	290	22
- Profit on bank deposits	23	(49,881)	(6)
- Dividend income from PMCL (wholly owned subsidiary)	23	(6,697,173)	-
- Liabilities no longer payable written back	23	-	(292)
- Finance cost	24	3,823	6,757
- Provision for staff gratuity	16.1	1,027	968
- Provision for accumulating compensated absences	16.2	43	43
- Working capital changes	26	142,055	144,681
Cash generated from operations		93,814	126,647
Finance cost paid		(3,823)	(8,778)
Income tax paid		(11,839)	(1)
		(15,662)	(8,779)
Net cash inflow from operating activities		78,152	117,868
Cash flows from investing activities			
Payments for property, plant and equipment and intangible asset		(381)	(1,130)
Dividend received from PMCL (wholly owned subsidiary)		6,697,173	-
Proceeds from disposals of operating fixed assets		-	78
Profit on bank deposits received		49,881	6
Net cash inflow/(outflow) from investing activities		6,746,673	(1,046)
Cash flows from financing activities			
Dividends paid		(6,719,259)	(1,845)
Net cash outflow from financing activities		(6,719,259)	(1,845)
Net (decrease)/increase in cash and cash equivalents		105,566	114,977
Cash and cash equivalents at the beginning of the year		70,249	(44,728)
Cash and cash equivalents at the end of the year	27	175,815	70,249

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

The annexed notes 1 to 35 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, 2022

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 (2021: 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 7 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 MMSCFD 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 prior year, on August 25, 2020, the Company had 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. On December 23, 2020, the Company 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, the Company has now requested the relevant authorities not to proceed with the above requests, and the management is no longer pursuing the retirement of the PPA and IA.

The Company will continue to make its power plant available as per the requirements of the PPA until the expiry of PPA as stated above, however, the Company's generation license has expired on September 21, 2021 and it has applied for its renewal/extension from the National Electric Power Regulatory Authority ('NEPRA'), in line with the term of its PPA and IA. As of the reporting date, the renewal of the license is in progress and the management is in the process of exchanging legal and technical information with NEPRA in connection with the renewal application. Recent correspondence with NEPRA shows a strong likelihood that the renewal of the generation license will be granted. Other factors which support the management's stance that the renewal of the generation license will be granted by NEPRA include:

- CPPA-G and PPIB, with whom the Company has valid PPA and IA respectively, have endorsed the renewal of the generation license till the term of the PPA.

- Altern Energy Limited is the only Independent Power Producer in Pakistan which has a 'take-and-pay' arrangement under the PPA, meaning that there is no obligation for the Government to pay fixed capacity revenue to the Company.

- Its PPA and IA are scheduled to expire in June 2031, therefore, it is prudent to align its generation license with the terms of PPA and IA to ensure mutual benefits to all the stakeholders.

- Furthermore, the Government of Pakistan plans to create a competitive power market. The Company is fully committed and will actively support and participate when the new arrangement is implemented by the Government.

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 in subsidiary stated in note 7.

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.

2.1.1 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 and interpretations to accounting standards that are effective in the current year

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 1, 2021 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:

	2022	2021
	(Rupees in thousand)	
De-recognition of property, plant and equipment	(381,219)	(436,250)
De-recognition of trade debts	(3)	(16,511)
Recognition of lease debtor	345,407	377,573
Decrease in un-appropriated profits at the beginning of the year	(75,188)	(121,616)
Increase in profit for the year	39,373	46,428
Decrease in un-appropriated profits at the end of the year	(35,815)	(75,188)

b) In respect of companies holding financial assets due from the Government of Pakistan ('GoP') in respect of circular debt, 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. The Company's management is confident that the SECP will extend the timeline beyond June 30, 2022 for non-applicability of the ECL method on such financial assets. 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.

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 IFRS and interpretations that are mandatory for the Company's accounting periods beginning on or after July 1, 2022, 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) Classification of Liabilities - Amendments to IAS 1: (effective for annual period beginning on July 01, 2024)

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 that:

- 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.

b) Amendment to IAS 16 'Property, plant and equipment' (effective for annual reporting period beginning on July 01, 2022)

The amendments clarify the prohibition on an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

c) Amendment to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts: Cost of Fulfilling a Contract (effective for annual reporting period beginning on July 01, 2022)

The amendments specify the costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

d) Narrow scope amendments to IAS 1 Practice Statement 2 and IAS 8 (effective for annual period beginning on July 1, 2023)

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 amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

The Company is yet to assess the impact of these amendments on its 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 25
ii) Useful lives and recoverable amount of property, plant and equipment - notes 4.2, 4.4 and 5.1

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, had registered the Company as a Taxation Group, which comprise 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 had 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 was taxed as one fiscal unit from the tax year 2020 to tax year 2021.

However, during the current year, SECP upon the request of the Company, cancelled the Taxation Group registered in November 2019. Thereafter, in September 2021, SECP registered a Group comprising of the Company and its wholly owned subsidiary, Power Management Company (Private) Limited, and designated the Group for Group Taxation under section 59AA of the Income Tax Ordinance, 2001. Consequently, the Group will be taxed as one fiscal unit from the tax year 2022 and onwards. Further, as per clause 103A of the Second Schedule to the Income Tax Ordinance, 2001, any income derived from inter-corporate dividend within the group companies entitled to group taxation under section 59AA of the Income Tax Ordinance, 2001 is exempt from tax subject to the condition that return of the Group has been filed for the tax year.

Current and deferred taxes based on the consolidated results of the aforementioned Group are allocated within the 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 the plant and equipment 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 all items of 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 5.1 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 Company's estimate of the residual value of its operating fixed assets as at June 30, 2022 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 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 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 software is 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 'CGU'). 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 reporting date or to be sold to raise operating capital, are included in current assets. These include investments made in mutual funds that are carried at fair value through profit or loss ('FVPL'). 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 favourable 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, spares and loose tools

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 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. For trade debts, the company applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected loss allowance to be recognised from initial recognition of the receivables, while general 3-stage approach for deposits, loans, bank balances and other receivables 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;
- Loans and other receivables; 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.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

- the time value of money; and

- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company recognizes an impairment gain or loss in the statement of profit or loss for financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

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 debtor'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 in respect of circular debt include trade debts, contract assets and other receivables due from CPPA-G under the PPA that also includes accrued amounts. As disclosed in note 2.2.2(b), the Company applies requirements of IAS 39 in respect of above referred financial assets to recognise provision for impairment. 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 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.

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 company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

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 and capacity purchase price is recognised based on Net Electric Output ('NEO') delivered to CPPA-G (at a point in 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 raised on a monthly basis and are due after 15 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.

4.24 Rounding of amounts

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

		Note	2022	2021
5.	**Property, plant and equipment**		(Rupees in thousand)	
	Operating fixed assets	5.1	387,347	442,847
	Major spare parts and stand-by equipment	5.2	2,692	2,692
			390,039	445,539

5.1 Operating fixed assets

2022

	Note	Annual rate of depreciation	COST: Cost as at July 1, 2021	Additions during the year	Disposals	Cost as at June 30, 2022	ACCUMULATED DEPRECIATION AND IMPAIRMENT: Balance as at July 1, 2021	Depreciation charge for the year	Disposals	Balance as at June 30, 2022	Carrying value as at June 30, 2022
			(Rupees in thousand)								
Freehold land		-	4,647	-	-	4,647	-	-	-	-	4,647
Building on freehold land		5%	121,447	-	-	121,447	93,094	2,867	-	95,961	25,486
Plant and machinery	5.1.4	4.38% to 20%	1,270,001	-	-	1,270,001	862,103	51,956	-	914,059	355,942
Electric equipment		10%	3,273	-	-	3,273	2,285	209	-	2,494	779
Office equipment		10% to 33%	4,130	185	-	4,315	3,925	119	-	4,044	271
Vehicles		20%	3,045	-	-	3,045	2,289	534	-	2,823	222
			1,406,543	185	-	1,406,728	963,696	55,685	-	1,019,381	387,347

2021

	Note	Annual rate of depreciation	COST: Cost as at July 1, 2020	Additions during the year	Disposals	Cost as at June 30, 2021	ACCUMULATED DEPRECIATION AND IMPAIRMENT: Balance as at July 1, 2020	Depreciation charge for the year	Disposals	Balance as at June 30, 2021	Carrying 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	5.1.4	4.38% to 20%	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

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

	Note	2022	2021
		(Rupees in thousand)	
Direct costs	20	55,031	59,224
Administrative expenses	21	654	803
		55,685	60,027

5.1.2 The cost of fully depreciated assets which are still in use as at June 30, 2022 is Rs 238.034 million (2021: Rs 170.983 million).

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

5.1.4 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. 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.

5.1.5 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.

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

5.1.7 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 (2021: 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:

5.2 This amount is net of provision for impairment amounting to Rs 2.114 million (2021: Rs 2.114 million).

	Note	2022	2021
		(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		(36,896)	(40,996)
Statement of profit or loss			
Decrease in cost of sales		4,100	4,100
Increase in profit for the year		4,100	4,100

6. Intangible assets

These represent computer software and ERP system.

	Note	2022	2021
Cost			
Opening balance		8,249	7,565
Additions during the year		196	684
Closing balance		8,445	8,249
Amortisation			
Opening balance		7,584	7,562
Charge for the year	22	290	22
Closing balance		7,874	7,584
Net book value as at June 30		571	665
Annual amortization rate		33%	33%

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

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

6.3 The cost of fully amortised intangible assets which are still in use as at June 30, 2022 is Rs 7.565 million (2021: Rs 7.565 million).

	Note	2022	2021
7. Long term investment		**(Rupees in thousand)**	
Subsidiary - unquoted:			
Power Management Company (Private) Limited ('PMCL')			
320,451,000 (2021: 320,451,000) fully paid ordinary shares of Rs 10 each [Equity held 100% (2021: 100%)] - Cost	7.1	3,204,510	3,204,510

7.1 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 59.98% (2021: 59.98%) 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.

	Note	2022	2021
		(Rupees in thousand)	
8. Long term loan to employee - unsecured			
- Key management personnel	8.1	500	1,167
- Others		-	8
	8.2	500	1,175
Current portion shown under current assets			
- Key management personnel		(500)	(667)
- Others		-	(8)
	11	(500)	(675)
		-	500

8.1 This represents interest free loan to the 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 1.167 million (2021: Rs 1.833 million). The reconciliation of the carrying amount of this loan is as follows:

	2022	2021
	(Rupees in thousand)	
Balance at the beginning of the year	1,167	1,833
Disbursed during the year	-	-
Repayments made during the year	(667)	(667)
Balance at the end of the year	500	1,167

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

		Note	2022	2021
			(Rupees in thousand)	
9.	**Stores and spares**			
	Stores		281	205
	Spares		67,649	67,542
			67,930	67,747
	Provision for write-down	9.2	(30,001)	(30,001)
			37,929	37,746

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

		Note	2022	2021
			(Rupees in thousand)	
9.2	**Provision for write-down**			
	The reconciliation of carrying amount is as follows:			
	Opening balance		30,001	31,249
	Charge for the year/(reversal)		-	(1,248)
	Closing balance		30,001	30,001
10.	**Trade debts - secured**			
	Considered good	10.1	180,189	324,131
	Considered doubtful		13,674	13,674
			193,863	337,805
	Provision for impairment	10.2	(13,674)	(13,674)
			180,189	324,131

10.1 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 10.00% to 16.75% (2021: 10.00% to 15.75%) per annum. These include unbilled receivables aggregating to Nil (2021: Rs 8.329 million).

10.2 There has been no movement in the provision for impairment in the current and prior year.

	Note	2022	2021
		(Rupees in thousand)	
11. Loans, advances, prepayments and other receivables			
Current portion of loans to employees - unsecured	8	500	675
Advances:			
- To suppliers		472	140
- To employees against expenses		100	125
Balances with statutory authorities:			
- Sales tax receivable		17,582	11,794
- Receivable against Workers' Welfare Fund ('WWF')	11.1	34,581	34,581
		52,163	46,375
Recoverable from CPPA-G for pass through item:			
- Receivable against Punjab Workers' Welfare Fund	11.2	166,596	33,837
Prepayments	11.3	7,076	5,351
		226,907	86,503

11.1 This includes WWF contribution amounting to Rs 33.322 million (2021: Rs 33.322 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.

11.2 Punjab Workers' Welfare Fund		2022	2021
		(Rupees in thousand)	
Opening balance		33,837	33,837
Accrued for the year	17.2	132,759	-
Closing balance		166,596	33,837

11.2.1 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 17.2.1.

11.3 This includes prepayment in respect of ERP annual support services cost made to Descon Corporation (Private) Limited, a related party, aggregating to Rs 0.579 million (2021: Rs 0.363 million).

12. This represents investment in units of NBP Money Market Fund (2021: Nil) that is classified as fair value through profit or loss.

13. Bank balances

	Note	2022	2021
Cash at bank:			
- On savings accounts	13.1	326	280
- On current accounts		21,538	69,969
		21,864	70,249

13.1 These carry markup at the rates ranging from 5.5% to 14.75% per annum (2021: 5.50% to 5.92% per annum).

14. Issued, subscribed and paid up share capital

2022	2021		2022	2021
(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

14.1 As at June 30, 2022, 211,397,063 (2021: 211,397,063) ordinary shares of the Company which represent 58.18% (2021: 58.18%) of the share capital of the Company are held by the Holding Company.

14.2 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.

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

	Note	2022	2021
		(Rupees in thousand)	
16. Employee benefit obligations			
Gratuity	16.1	6,908	5,881
Accumulating compensated absences	16.2	526	483
		7,434	6,364
16.1 Gratuity			
Opening balance		5,881	4,913
Provision for the year		1,027	968
Closing balance		6,908	5,881
16.2 Accumulating compensated absences			
Opening balance		483	440
Provision for the year		43	43
Closing balance		526	483
17. Trade and other payables			
Payable to SNGPL		370	72
Trade creditors	17.1	12,845	7,432
Withholding income tax payable		4	34
Withholding sales tax payable		365	359
Punjab Workers' Welfare Fund	17.2	166,596	33,837
Accrued liabilities	17.3	3,880	3,989
		184,060	45,723

		Note	2022	2021
			(Rupees in thousand)	
17.1	This includes the following amounts due to related parties:			
	Descon Power Solutions (Private) Limited		2,926	4,874
	Descon Corporation (Private) Limited		80	24
	Rousch (Pakistan) Power Limited		-	25
	Inspectest (Private) Limited		798	-
			3,804	4,923
17.2	**Punjab Workers' Welfare Fund**			
	Opening balance		33,837	33,837
	Provision for the year	11.2	132,759	-
	Closing balance	17.2.1	166,596	33,837

17.2.1 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.

		2022	2021
17.3	This includes accrued liability in respect of the following related parties:		
	Descon Engineering Limited	897	-
	Descon Power Solutions (Private) Limited	397	-
	Descon Corporation (Private) Limited	28	-
	Rousch (Pakistan) Power Limited	567	-
	Inspectest (Private) Limited	88	1,123
		1,977	1,123

17.4. Workers' Profit Participation Fund ('WPPF') for the year has not been 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.

18. Short term borrowing from banking company - secured

The running finance facility under mark-up arrangement amounts to Rs 100 million (2021: Rs 300 million). The amount utilised at June 30, 2022, of the said facility was Nil (2021: Nil). 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 was Nil (2021: 8.25% to 8.29% 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.

18.1 Letters of bank guarantees

The facility for letters of guarantee amounts to Rs 700 million (2021: Rs 700 million). The amount utilised at June 30, 2021, of the said facility was Rs 532.68 million (2021: 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.

		2022	2021
		(Rupees in thousand)	
19.	**Contingencies and commitments**		
19.1	**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.	157,000	157,000
ii)	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 who 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.	9,300	9,300
iii)	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.	16,840	16,840

		2022	2021
		(Rupees in thousand)	
iv)	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.	68,330	68,330
v)	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.	147,520	147,520
vi)	A banking company has issued a guarantee on behalf of the Company 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 June 30, 2023 and is renewable.	532,680	532,680

19.2 Commitments - nil

	Note	2022	2021
20. Revenue		(Rupees in thousand)	
Energy purchase price		-	181,628
Sales tax		-	(26,390)
		-	155,238
Capacity purchase price		-	35,220
Delayed payment mark-up		1,058	13,646
		1,058	204,104

21. Direct costs

	Note	2022	2021
RLNG cost		299	140,780
Salaries, benefits and other allowances		970	814
Operation and maintenance costs		29,040	26,400
Stores and spares consumed		1,627	4,521
Purchase of energy from CPPA-G		3,507	2,408
Insurance		2,805	2,571
Lube oil consumed		-	837
Repairs and maintenance		2,785	3,244
Travelling and conveyance		265	292
Depreciation on operating fixed assets	5.1.1	55,031	59,224
Security expense		6,554	6,021
Generation license fee		260	196
Miscellaneous expenses		142	141
		103,285	247,449

		Note	2022	2021
			(Rupees in thousand)	
22.	**Administrative expenses**			
	Salaries, benefits and other allowances	22.1	9,699	8,605
	Directors' meeting fee	29.1	1,000	625
	ERP related cost	22.2	796	801
	Travelling and conveyance		1,418	1,832
	Utilities		958	536
	Postage and telephone		624	518
	Printing, stationery and advertisement		1,146	1,260
	Auditors' remuneration	22.3	1,906	1,777
	Legal and professional expenses		10,752	14,827
	Fees and subscription		2,835	2,696
	Entertainment		154	148
	Amortisation on intangible assets	6	290	22
	Depreciation on operating fixed assets	5.1.1	654	803
	Repairs and maintenance		42	33
	Rent, rates and taxes	22.4	961	791
	Training expenses		76	381
	Miscellaneous expenses		49	94
			33,360	35,749

22.1 Salaries, benefits and other allowances include Rs 1.027 million (2021: Rs 0.968 million) and Rs 0.043 million (2021: Rs 0.043 million) on account of gratuity and accumulating compensated absences respectively.

22.2 This represents charges in respect of ERP annual support services rendered by Descon Corporation (Private) Limited, a related party.

22.3 Auditors' remuneration

The charges for professional services (exclusive of sales tax) consist of the following in respect of auditors' services for:

	2022	2021
Statutory audits	1,104	1,004
Half yearly review	354	322
Certifications required by various regulations	252	295
Reimbursement of expenses	196	156
	1,906	1,777

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

		2022	2021
23.	**Other income**		
	Profit on bank deposits	49,881	6
	Income on short term investment	29,050	-
	Fair value gain on short term investment	459	-
	Scrap sales	792	-
	Dividend income from PMCL (wholly owned subsidiary)	6,697,173	-
	Liabilities no longer payable written back	-	292
		6,777,355	298

		2022	2021
24.	**Finance cost**	(Rupees in thousand)	
	Mark-up on short term borrowing from banking company	-	2,821
	Bank charges	114	189
	Guarantee commission	3,709	3,707
	Surcharge on late payments to SNGPL	-	40
		3,823	6,757

		2022	2021
25.	**Taxation**		
	Current		
	- For the year	21,980	2
	- Prior years	-	(1,240)
		21,980	(1,238)

25.1 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 (2021: 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.

25.2 **Relationship between tax expense/(income) and accounting profit**

	2022	2021
Profit/(loss) before taxation	6,637,945	(85,553)
Tax at the applicable rate of 29% as per Income Tax Ordinance, 2001	1,925,004	(24,810)
Tax effect of:		
- Electric power generation Losses that cannot be carried forward for adjustment	40,066	24,812
- Exemption of dividend income as referred to in note 4.1	(1,942,180)	-
- Super tax as a result of Group taxation	3,157	-
- Income taxable under different rate	(4,067)	-
- Prior years	-	(1,240)
	(1,903,024)	23,572
	21,980	(1,238)

		Note	2022	2021
			(Rupees in thousand)	
26.	**Working capital changes**			
	Current Assets			
	- (Increase)/decrease in stores and spares		(183)	1,051
	- Decrease in trade debts - secured		143,942	143,506
	- (Increase)/decrease in loan, advances, prepayments and other receivables		(140,042)	4,322
			3,717	148,879
	Current Liabilities			
	- Increase/(decrease) in trade and other payables		138,338	(4,198)
			142,055	144,681
27.	**Cash and cash equivalents**			
	Bank balances	13	21,864	70,249
	Short term investment	12	153,951	-
			175,815	70,249

27.1 Reconciliation of liability arising from financing activities

	Opening balance	Dividend declared	Cashflows	Closing balance
	(Rupees in thousand)			
Unclaimed dividend	2,143	6,722,530	(6,719,259)	5,414

28. 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	2022	2021
i. Holding Company			
DEL Power (Private) Limited	Dividend paid	3,617,532	-
ii. Subsidiaries			
RPPL	Common costs charged to the Company	542	367

iii. Other related parties	Nature of transactions	2022	2021
		(Rupees in thousand)	
On the basis of common directorship			
Descon Engineering Limited	Common costs charged to the Company	3,347	2,342
Descon Power Solutions (Private) Limited	Operation and maintenance contractor's fee	29,040	26,400
	Purchase of goods and services	-	2,204
	Common costs charged to the Company	397	253
Descon Corporation (Private) Limited	Common costs charged to the Company	796	791
Inspectest (Private) Limited	Common costs charged to the Company	-	88
	Services Rendered	810	1,044
Group company			
Descon Holdings (Private) Limited	Dividend paid	513	-
iv. Other related party			
Crescent Steel and Allied Products Limited	Dividend paid	1,038,109	-
v. Key management personnel - note 28.2	Dividend paid	385	-

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 dividend paid to a non-executive Director. Remuneration of key management personnel is disclosed in note 29 to these unconsolidated financial statements.

28.3 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

Name	Relationship	Percentage of shareholding of the Company
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. Nausheen Ahmad	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

29. Remuneration of Chief Executive, Directors and Executives

29.1 The aggregate amounts charged in these unconsolidated financial statements for remuneration and certain benefits to the Directors and Chief Executive are as follows. There is no executive of the Company. The following are also the key management personnel of the Company.

	Chief Executive		Non-executive director	
	2022	2021	2022	2021
	(Rupees in thousand)		(Rupees in thousand)	
Managerial remuneration	4,533	4,198	-	-
Bonus	350	-	-	-
Gratuity	770	763	-	-
Accumulating compensated absences	28	32		
Reimbursement of expenses	337	43	-	-
Car allowance	854	854	-	-
House rent, utilities and allowances	270	240	-	-
Meeting fee - note 29.2	-	-	1,000	625
	7,142	6,130	1,000	625
Number of person(s)	1	1	2	1

29.2 During the year, the Company paid meeting fee amounting to Rs 1 million (2021: Rs 0.625 million) to its non-executive (independent) directors. The number of non-executive directors is 7 (2021: 7).

30. Number of employees

	2022	2021
Total number of employees as at June 30	6	6
Average number of employees during the year	6	6

31. Financial risk management

31.1 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.

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. It arises mainly from future commercial transactions or receivables and payables that exist due to transactions entered into 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:

		2022	2021
Fixed rate instruments	**Note**	**(Rupees in thousand)**	
Financial assets			
Bank balances - savings accounts	13	326	280
Financial liabilities		-	-
Net exposure		326	280
Variable rate instruments			
Financial assets			
Trade debts - overdue		180,189	315,801
Financial liabilities		-	-
Net exposure		180,189	315,801

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 rates at the reporting date would not affect the unconsolidated statement of 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 profit for the year would have been Rs 1.80 million higher/lower (2021: post tax loss for the year would have been Rs 3.15 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 has investment in mutual funds that are carried at fair value through profit or loss ('FVPL'). Therefore, the Company is exposed to other price risk due to macroeconomic factors.

As at June 30, 2022, if the market value of Company's investment in units held in mutual funds had been 10% higher/lower, with all other variables held constant, the impact would have been as follows:

	Impact on profit/loss for the year	
	2022 Rupees	2021 Rupees
NBP Money Market Fund	15,395	-

The Company is not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices. The Company is also not exposed to equity price risk since there are no investments in equity instruments traded in the market at the reporting date.

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:

	2022	2021
	(Rupees in thousand)	
Long term security deposits	175	38
Long term loan to employee - unsecured	500	1,175
Short term investment	153,951	-
Trade debts - secured	180,189	324,131
Bank balances	21,864	70,249
	356,679	395,593

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

	2022	2021
Neither past due nor impaired	-	8,330
Past due but not impaired		
1 to 30 days	-	19,348
121 to 360 days	9,369	43,747
Above 360 days	170,820	252,706
	180,189	315,801
Past due and impaired - above 360 days	13,674	13,674
Provision for impairment	(13,674)	(13,674)
	180,189	324,131

ii) Credit quality of financial assets

The credit quality of 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 counterparty default rate:

	Rating		Rating		
	Short term	Long term	Agency		
CPPA-G	Not available			180,189	315,801
NBP Money Market Fund	-	AA(f)	PACRA	153,951	-
MCB Bank Limited	A1+	AAA	PACRA	1,951	1,945
The Bank of Punjab	A1+	AA+	PACRA	4,295	4,295
Habib Bank Limited	A1+	AAA	JCR-VIS	1,079	174
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	14,540	63,835
				356,005	386,050

The Company's sole customer is CPPA-B. The credit risk on trade debts from CPPA-B is managed by a guarantee from the Government of Pakistan under (IA) and by continuous follow-ups for release of payments from CPPA-B. Cash is held only with reputable banks with high quality external credit enhancements. The Company establishes a provision for impairment that represents its estimate of incurred losses in respect of trade debts, if required. Due to the Company'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 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 financial assets, other than those due from the Government of Pakistan in respect of circular debt, are subject to the ECL method. While bank balances, short term investments, long term security deposits and other receivables are subject to the ECL method of IFRS 9, the identified impairment loss as at June 30, 2022 was immaterial and hence, has not been accounted for.

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 business, 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 (note 13) 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, 2022	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	183,691	183,691	183,691	-	-
Unclaimed dividend	5,414	5,414	5,414	-	-
	189,105	189,105	189,105	-	-
As at June 30, 2021					
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	-	-

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.

31.2 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 (as shown in the statement of financial position). Net borrowings is calculated as total borrowings (including current and non-current borrowings) less cash and bank balances and liquid investments.

The Company is ungeared as at June 30, 2022 and 2021.

31.3 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.

The different levels for fair value estimation used by the Company have been explained as follows:

- The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. These instruments are included in level 1.

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

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

The following table presents the financial assets and liabilities that are measured at fair value at June 30, 2022:

	Level 1	Level 2	Level 3	Total
Assets		(Rupees in thousand)		
Recurring fair value measurements				
At fair value through profit or loss				
Short term investment	153,951	-	-	153,951
Liabilities	-	-	-	-

None of the financial assets and liabilities were measured at fair value at June 30, 2021.

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 year. 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. Changes in level 2 and 3 fair values are analysed at the end of each reporting period during the annual valuation discussion between the Chief Financial Officer and the investment advisor.

The fair values of investments in units of mutual funds are determined based on their net asset values as published at the close of each business day.

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

31.4 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.

31.5 Financial instruments by categories

	Financial assets at fair value through profit or loss		Financial assets at amortised cost	
	2022	2021	2022	2021
	(Rupees in thousand)		(Rupees in thousand)	
Assets as per statement of financial position				
Long term security deposits	-	-	175	38
Long term loans to employees - unsecured	-	-	500	1,175
Short term investment	153,951	-	-	-
Trade debts - secured	-	-	180,189	324,131
Bank balances	-	-	21,864	70,249
	153,951	-	202,728	395,593

	Financial liabilities at amortised cost	
	2022	2021
Liabilities as per statement of financial position	(Rupees in thousand)	
Trade and other payables	183,691	45,330
Unclaimed dividend	5,414	2,143
	189,105	47,473

32. Plant capacity and actual generation

		2022	2021
Installed capacity	(MWh)	250,356	250,356
Practical maximum output	(MWh)	219,318	219,318
Actual energy delivered	(MWh)	-	12,403

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. Further, due to the expiry of generation license as stated in note 1.4, the Company was unable to generate and deliver energy.

33. Earnings/(loss) per share - basic and diluted

33.1 Basic earnings/(loss) per share

		2022	2021
Profit/(loss) for the year	(Rupees in thousand)	6,615,965	(84,315)
Weighted average number of ordinary shares	(Number)	363,380,000	363,380,000
Earnings/(loss) per share	(Rupees)	18.21	(0.23)

33.2 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, 2022 and June 30, 2021 which would have any effect on the earnings per share if the option to convert is exercised.

34. Date of Authorisation for issue

These unconsolidated financial statements were authorised for issue on September 19, 2022 by the Board of Directors of the Company.

35. Corresponding figures

Corresponding figures have been re-arranged wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison. However, no significant re-arrangements have been made.

Chief Executive | Chief Financial Officer | Director

Consolidated Financial Statements

June 30, 2022

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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, 2022, 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, 2022, 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.

Emphasis of Matters

We draw attention to:

(i) note 1.1 to the annexed consolidated financial statements, which describes the pending matter relating to the renewal of power generation license of Altern Energy Limited ('AEL'); and

(ii) note 9.2 to the annexed consolidated financial statements, which describes the matter regarding recoverability of certain trade debts.

Our opinion is not modified in respect of these matters.

Key Audit Matter

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 is the Key audit matter:

S. No.	Key audit matter	How the matter was addressed in our audit
(i)	**Impairment testing of AEL's Power Generation Cash-Generating Unit ('CGU')** (Refer notes 5.1.4 and 5.1.5 to the annexed consolidated financial statements) The management has tested the assets relating to AEL'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. Due to the significant level of judgement and estimations involved, we consider this to be a key audit matter.	Our audit procedures included the following: • 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.

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.

A.F.Ferguson & Co.

Chartered Accountants
Lahore,
Date: September 26, 2022
UDIN: AR20221007053vINDwgQ

ALTERN ENERGY LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2022	2021
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
400,000,000 (2021: 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 (2021: 363,380,000)			
ordinary shares of Rs 10 each	13	3,633,800	3,633,800
Capital reserve: Share premium	14	41,660	41,660
Revenue reserve: Un-appropriated profits		10,074,768	15,446,166
Attributable to owners of the Parent Company		13,750,228	19,121,626
Non-controlling interests		9,463,773	13,057,299
Total equity		23,214,001	32,178,925
NON-CURRENT LIABILITIES			
Employee benefit obligations	15	17,411	15,075
Deferred taxation	16	1,063,813	1,467,802
		1,081,224	1,482,877
CURRENT LIABILITIES			
Trade and other payables	17	2,399,203	950,634
Unclaimed dividend		5,414	2,143
Short term borrowings from banking companies - secured	18	2,819,700	4,354
Accrued markup on short term borrowings - secured		111,618	58,457
Provision for taxation		151,527	-
		5,487,462	1,015,588
CONTINGENCIES AND COMMITMENTS	19		
		29,782,687	34,677,390

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, 2022

	Note	2022	2021
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	12,979,201	14,496,889
Intangible assets	6	9,504	1,626
Long term deposits		506	754
Long term loans to employees	7	1,816	2,998
		12,991,027	14,502,267
CURRENT ASSETS			
Stores, spares and loose tools	8	676,680	674,195
Inventory of fuel oil		454,284	457,115
Trade debts - secured	9	13,182,525	16,109,046
Loans, advances, prepayments and other receivables	10	1,582,976	1,301,557
Income tax recoverable		-	156,642
Short term investments	11	265,586	103,056
Bank balances	12	629,609	1,373,512
		16,791,660	20,175,123
		29,782,687	34,677,390

Chief Executive   Chief Financial Officer   Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		(Rupees in thousand)	
Revenue	20	18,815,673	12,410,156
Direct costs	21	(15,497,113)	(6,458,983)
Gross profit		3,318,560	5,951,173
Administrative expenses	22	(180,189)	(231,772)
Other income	23	189,841	70,786
Other expenses	24	(89,962)	(24,427)
Finance cost	25	(170,840)	(252,697)
Impact of settlement with CPPA-G	1.2	-	(1,659,822)
Profit before taxation		3,067,410	3,853,241
Taxation	26	(478,278)	(1,479,957)
Profit for the year		2,589,132	2,373,284
Profit for the year is attributable to:			
Owners of the Parent Company		1,352,038	803,557
Non-controlling interests		1,237,094	1,569,727
		2,589,132	2,373,284
		(Rupees)	(Rupees)
Earnings per share basic and diluted	34	3.72	2.21

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, 2022

	Note	2022	2021
		(Rupees in thousand)	
Profit for the year		2,589,132	2,373,284
Other comprehensive (loss)/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	15.3.7	(1,511)	7,725
		(1,511)	7,725
Total comprehensive income for the year		2,587,621	2,381,009
Total comprehensive income for the year attributable to:			
Owners of the Parent Company		1,351,132	808,190
Non-controlling interests		1,236,489	1,572,819
		2,587,621	2,381,009

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, 2022

		Capital reserve	Revenue reserve			
	Share capital	Share premium	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, 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
Profit for the year	-	-	1,352,038	1,352,038	1,237,094	2,589,132
Other comprehensive loss for the year	-	-	(906)	(906)	(605)	(1,511)
Total comprehensive income for the year	-	-	1,351,132	1,351,132	1,236,489	2,587,621
Transactions with owners in their capacity as owners, recognised directly in equity						
Interim dividend @ Rs 18.50 per ordinary share for the year ended June 30, 2022	-	-	(6,722,530)	(6,722,530)	-	(6,722,530)
Interim dividend @ Rs 18.50 per ordinary share for the year ended June 30, 2022 paid to non-controlling interest	-	-	-	-	(4,830,015)	(4,830,015)
	-	-	(6,722,530)	(6,722,530)	(4,830,015)	(11,552,545)
Balance as on June 30, 2022	3,633,800	41,660	10,074,768	13,750,228	9,463,773	23,214,001

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, 2022

	Note	2022	2021
		(Rupees in thousand)	
Cash flows from operating activities			
Profit before taxation		3,067,410	3,853,241
Adjustments for non cash charges and other items:			
- Depreciation on operating fixed assets		1,526,383	1,597,686
- Amortisation on intangible assets		903	150
- Liabilities no longer payable written back		(1,352)	(21,539)
- Profit on bank deposits		(140,698)	(13,065)
- Gain on disposal of operating fixed assets		(3,492)	(37)
- Finance cost		170,833	252,697
- Other receivables written off		279	6,842
- Provision for staff gratuity		1,027	968
- Provision for accumulating compensated absences		43	43
- Provision for retirement benefits		4,020	6,956
- 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		43,613	(32,215)
- Effect of settlement with CPPA-G		-	1,659,822
- Exchange gain - net		34,607	(2)
- Working capital changes	27	4,060,844	(3,656,565)
Cash generated from operations		8,764,420	3,678,434
Finance cost paid		(117,672)	(276,114)
Income tax paid		(574,097)	(20,168)
Retirement benefits paid		(4,265)	(7,079)
Long term deposits - net		385	(15)
Long term loans to employees - net		683	(2,180)
Net cash inflow from operating activities		8,069,454	3,372,878
Cash flows from investing activities			
Payments for property, plant and equipment and intangible assets		(17,584)	(23,025)
Investments acquired during the year		(5,689,131)	(3,892,959)
Investments disposed of during the year		5,645,519	3,828,098
Proceeds from disposal of operating fixed assets		3,599	1,705
Profit on bank deposits received		140,698	12,421
Net cash inflow/(outflow) from investing activities		83,101	(73,760)
Cash flows from financing activities			
Dividends paid to:			
- Non-controlling interests		(4,830,015)	-
- Owners of the Parent Company		(6,719,259)	(1,845)
Net cash outflow from financing activities		(11,549,274)	(1,845)
Net (decrease)/increase in cash and cash equivalents		(3,396,719)	3,297,273
Cash and cash equivalents at the beginning of the year		1,472,214	(1,825,059)
Cash and cash equivalents at the end of the year	27.1	(1,924,505)	1,472,214

Refer note 27.2 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, 2022

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:	**2022**	**2021**
- 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 403-C, 4th Floor, Evacuee Trust Complex, Sector F-5/1, Islamabad.

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

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

1.1 On August 25, 2020, AEL had 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. On December 23, 2020, AEL requested the Private Power and Infrastructure Board ('PPIB') and Central Power Purchasing Agency (Guarantee) Limited ('CPPA-G') to grant their consents for retirement of the Power Purchase Agreement ('PPA') and Implementation Agreement ('IA') by mutual agreement. However, AEL has now requested the relevant authorities not to proceed with the above requests, and the management of AEL is no longer pursuing the retirement of the PPA and IA.

AEL will continue to make its power plant available as per the requirements of the PPA until the expiry of PPA as stated above. However, AEL's generation license expired on September 21, 2021 and it has applied for its renewal/extension from National Electric Power Regulatory Authority (‘NEPRA’), in line with the term of its PPA and IA. As of the reporting date, the renewal of the license is in progress and the management of AEL is in the process of exchanging legal and technical information with NEPRA in connection with the renewal application. Recent correspondence with NEPRA shows a strong likelihood that the renewal of the generation license will be granted. Other factors which support the management’s stance that the renewal of the generation license will be granted by NEPRA include:

- CPPA-G and PPIB, with whom the AEL has valid PPA and IA respectively, have endorsed the renewal of the generation license till the term of the PPA.

- Altern Energy Limited is the only Independent Power Producer in Pakistan which has a ‘take-and-pay’ arrangement under the PPA, meaning that there is no obligation for the Government to pay fixed capacity revenue to the Group.

- Its PPA and IA are scheduled to expire in June 2031, therefore, it is prudent to align its generation license with the terms of PPA and IA to ensure mutual benefits to all the stakeholders.

- Furthermore, the Government of Pakistan plans to create a competitive power market. AEL is fully committed and will actively support and participate when the new arrangement is implemented by the Government.

1.2 Master Agreement and PPA Amendment Agreement

1.2.1 On January 23, 2021, RPPL and CPPA-G initialled 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, RPPL and CPPA-G signed and executed the Agreements.

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

(1) Mechanism of settlement of outstanding receivables;
(2) Discount in Tariff components;
(3) Resolution of dispute of Liquidated Damages as stated in note 1.2.2; 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 14,222.860 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 5,689.140 million on June 4, 2021. The remaining amount was received by RPPL during the year. Accordingly, RPPL had started raising Capacity Purchase Price ('CPP') invoices according to the revised Tariff as per the terms of the Agreement. The tariff reduction of 11% has also applied 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.

1.2.2 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 were 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 1,588.730 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, Sui Northern Gas Pipelines Limited ('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.

In 2021, 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 impact of which is a charge of Rs 1,659.822 million in the statement of profit or loss. The event will be treated as an OFME and PPA was 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 stood withdrawn irrevocably. After this settlement, no party has any claim against the other party with regards to LDs levied by CPPA-G in 2013 and 2017.

2. Basis of preparation

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 Companies Act, 2017.

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, 2021 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:

	2022	2021
	(Rupees in thousand)	
De-recognition of property, plant and equipment	(12,947,953)	(14,465,844)
De-recognition of trade debts	(2,424,103)	(10,358,792)
Recognition of lease debtor	10,336,565	18,639,083
Decrease in un-appropriated profits at the beginning of the year	(6,185,553)	(7,485,599)
Increase in profits for the year	1,150,061	1,300,046
Decrease in un-appropriated profits at the end of the year	(5,035,492)	(6,185,553)

b) In respect of companies holding financial assets due from the Government of Pakistan ('GoP') in respect of circular debt, 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. The Group's management is confident that the SECP will extend the timeline beyond June 30, 2022 for non-applicability of the ECL method on such financial assets. The Group is yet to assess the impact of ECL in respect of such financial assets on its financial statements, in case the timeline is not extended.

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, 2022 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) Classification of Liabilities - Amendments to IAS 1: (effective for annual period beginning on July 01, 2024)

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.

b) Amendment to IAS 16 'Property, plant and equipment' (effective for annual reporting period beginning on July 01, 2022)

The amendments clarify the prohibition on an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

c) Amendment to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts: Cost of Fulfilling a Contract (effective for annual reporting period beginning on July 01, 2022)

The amendments specify the costs a Group should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

d) Annual Improvements to IFRS Standards 2018–2020'- Amendments to IAS 41, IFRS 1, IFRS 9, and IFRS 16 (effective for annual period beginning on July 01, 2022

IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities whereas IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives. Amendments to IAS 41 and IFRS 1 do not have any impact on the Group's financial statements.

e) Narrow scope amendments to IAS 1 Practice Statement 2 and IAS 8 (effective for annual period beginning on July 1, 2023)

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 amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

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

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, residual values and recoverable amount of property, plant and equipment - notes 4.3.1 and 5.1
b) Provision for taxation - notes 4.2, 16 and 26
c) Impairment of non-financial assets - notes 4.5, 5.1.4 and 5.1.5

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, RPPL's PPA was extended by a period of 114 days owing to non-supply of Regasified Liquefied Natural Gas ('RLNG') under interim Gas Supply Agreement ('GSA') treated as an 'Other Force Majeure Event' under PPA, 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 four months. 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	25,189
Decrease in depreciation expense on operating fixed assets	(25,189)
Year ending June 30	
2023 to 2025 - per year	(39,976)
2026 to 2030 - per year	(39,976)
2031	345,845

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, had registered the Group as a Taxation Group, which comprise 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 had 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 was taxed as one fiscal unit for the tax year 2020 and tax year 2021.

However, during the current year, SECP upon the request of the Group, cancelled the Taxation Group registered in November 2019. Thereafter, in September 2021, SECP registered a Group comprising of the AEL and its wholly owned subsidiary, Power Management Company (Private) Limited, and designated the Group for Group Taxation under section 59AA of the Income Tax Ordinance, 2001. Consequently, the Group will be taxed as one fiscal unit from the tax year 2022 and onwards. Further, as per clause 103A of the Second Schedule to the Income Tax Ordinance, 2001, any income derived from inter-corporate dividend within the group companies entitled to group taxation under section 59AA of the Income Tax Ordinance, 2001 is exempt from tax subject to the condition that return of the Group has been filed for the tax year.

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 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 Government of Pakistan ('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 5.1 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, 2022 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 software is 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 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 8 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 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.

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 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.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

- the time value of money; and

- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

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.

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 in the consolidated statement of 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 in respect of circular debt include trade debts, contract assets and other receivables due from CPPA-G under the PPA that also includes accrued amounts. The Group applies requirements of IAS 39 in respect of above referred financial assets to recognise provision for impairment. 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 amortised cost using effective interest method, less provision for impairment.

4.13 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, 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 bank overdrafts. Short term borrowings are also included in cash and cash equivalent if it is repayable on demand and forms an integral part of the Group's cash management. Bank overdrafts 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 986(I)/2019 dated September 2, 2019 (previously SRO 24(I)/2012) of the SECP.

4.19 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. The Group is not entitled to Capacity Purchase Price revenue during the OFME period, instead, the term of PPA is extended.

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 AEL, the invoices are generally raised on a monthly basis and are due after 15 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, 2022 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:

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 consolidated 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.

	Note	2022	2021
		(Rupees in thousand)	
5. Property, plant and equipment			
Operating fixed assets	5.1	12,976,509	14,488,260
Capital work- in- progress	5.2	-	5,937
Major spare parts and stand-by equipment		2,692	2,692
		12,979,201	14,496,889

5.1 **Operating fixed assets**

		2022								
		COST				ACCUMULATED DEPRECIATION AND IMPAIRMENT			Carrying
	Annual rate of depreciation	Cost as at July 1, 2021	Additions / (disposals) during the year	Exchange differences capitalised - note 12.1.6	Cost as at June 30, 2022	Balance as at July 1, 2021	Depreciation charge / (deletions) for the year	Balance as at June 30, 2022	value as at June 30, 2022
		(Rupees in thousand)				(Rupees in thousand)			
Freehold land	0% to 10.81%	59,413	-	-	59,413	39,268	1,620	40,888	18,525
Buildings on freehold land	3.33% to 10.81%	1,937,328	-	-	1,937,328	1,391,560	56,885	1,448,445	488,883
Plant and machinery (note 5.1.4)	3% to 25%	41,690,804	897	-	41,691,701	28,030,054	1,435,589	29,465,643	12,226,058
Improvements on leasehold land	10%	2,141	-	-	2,141	1,548	197	1,745	396
Electric equipment	10%	3,273	-	-	3,273	2,285	209	2,494	779
Furniture and fixtures	20%	6,619	2,589 (2,439)	-	6,769	4,733	688 (2,434)	2,987	3,782
Office equipment	10% to 50%	49,672	3,897 (13,986)	-	39,583	41,636	3,841 (13,880)	31,597	7,986
Vehicles	20%	40,014	7,360 (37)	-	47,337	34,828	1,787 (37)	36,578	10,759
Capital spares	3.33% to 10.81%	547,299	-	-	547,299	302,391	25,567	327,958	219,341
		44,336,563	14,743 (16,462)	-	44,334,844	29,848,303	1,526,383 (16,351)	31,358,335	12,976,509

	2021								
		COST				ACCUMULATED DEPRECIATION AND IMPAIRMENT			
	Annual rate of depreciation	Cost as at July 1, 2020	Additions/ (disposals)/ adjustments 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	Carrying value as at June 30, 2021
					(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	1,329,326	62,234	1,391,560	545,768
Plant and machinery (note 5.1.4)	3% to 25%	41,681,155	9,649	-	41,690,804	26,529,164	1,500,890	28,030,054	13,660,750
Improvements on leasehold land	10%	2,141	-	-	2,141	1,334	214	1,548	593
Electric equipment	10%	3,273	-	-	3,273	2,184	101	2,285	988
Furniture and fixtures	20%	6,273	346	-	6,619	4,228	505	4,733	1,886
Office equipment	10% to 50%	47,386	3,255 (969)	-	49,672	38,584	3,789 (737)	41,636	8,036
Vehicles	20%	43,556	- (3,542)	-	40,014	35,433	1,500 (2,105)	34,828	5,186
Capital spares	3.33% to 10.43%	547,299	- -	-	547,299	275,630	26,761	302,391	244,908
		44,324,387	16,687 (4,511)	-	44,336,563	28,253,459	1,597,686 (2,842)	29,848,303	14,488,260

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

		2022	2021
		(Rupees in thousand)	
Direct costs	21	1,519,872	1,591,678
Administrative expenses	22	6,511	6,008
		1,526,383	1,597,686

5.1.2 The cost of fully depreciated assets which are still in use as at June 30, 2022 is Rs 299.844 million (2021: Rs 232.480 million).

5.1.3 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.

5.1.4 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. 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.

5.1.5 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.

5.1.6 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:

	2022	2021
	(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	(4,873,604)	(6,035,613)
Statement of profit or loss		
Decrease in cost of sales	567,806	609,630
Increase in other income	-	54,772
Decrease in profit for the year	567,806	664,402

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

5.1.8 All property, plant and equipment of RPPL except land and buildings are pledged as security for short term borrowings as disclosed in note 18 to these consolidated financial statements.

	2022	2021
	(Rupees in thousand)	
5.2 Capital work-in-progress		
Plant and equipment	-	5,937

5.2.1 The reconciliation of the carrying amount is as follows:

	2022	2021
Opening balance	5,937	1,083
Additions during the year	2,648	5,937
Charged to the consolidated statement of profit or loss	-	(1,083)
Transfer to intangible assets	(8,585)	-
Closing balance	-	5,937

6. Intangible assets	Note	2022	2021
		(Rupees in thousand)	
These represent computer software and ERP systems.			
Cost			
Opening balance		14,734	13,250
Additions during the year		196	1,484
Transfer from capital work-in-progress		8,585	-
Closing balance		23,515	14,734
Amortisation			
Opening balance		13,108	12,958
Charge for the year	6.1	903	150
Closing balance		14,011	13,108
Net book value as at June 30		9,504	1,626
Annual amortisation rate		33%	33%

6.1 The amortisation charge for the year has been allocated to administrative expenses as referred to in note 22.

6.2 ERP systems have been implemented by Descon Corporation (Private) Limited, a related party, under Service Level Agreement with the Group.

6.3 The cost of fully amortised intangible assets still in use as at June 30, 2022 is Rs 12.93 million (2021: Rs 12.93 million).

7. Long term loans to employees	Note	2022	2021
		(Rupees in thousand)	
Loans to employees			
Key management personnel	7.1	500	1,167
Others	7.2	2,498	3,188
		2,998	4,355
Current portion shown under current assets			
Key management personnel		(500)	(667)
Others		(682)	(690)
	10	(1,182)	(1,357)
		1,816	2,998

7.1 This represents 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 1.167 million (2021: Rs 1.833 million).

7.1.1 The reconciliation of carrying amount of loans to key management personnel is as follows:

	2022	2021
	(Rupees in thousand)	
Balance at the beginning of the year	1,167	1,834
Repayments made during the year	(667)	(667)
Balance at the end of the year	500	1,167

7.2 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 instalments 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.

8. Stores, spares and loose tools

	Note	2022	2021
		(Rupees in thousand)	
Spares		637,498	657,681
Stores		79,297	81,109
		716,795	738,790
Provision for obsolete items	8.2	(40,115)	(64,596)
		676,680	674,195

8.1 Stores, spares and loose tools include items which may result in fixed capital expenditure but are not distinguishable.

8.2 Provision for obsolete items

	2022	2021
Opening balance	64,596	36,533
Obsolete stores, spares and loose tools written off against provision	(24,481)	-
Provision for the year	-	28,063
Closing balance	40,115	64,596

8.3 All the stores, spares and loose tools of RPPL are held and managed by Descon Power Solutions (Private) Limited,), the Operation and Maintenance contractor of RPPL.

9. Trade debts - secured

	Note	2022	2021
Considered good	9.1 and 9.2	13,182,525	16,109,046
Considered doubtful		193,255	193,255
		13,375,780	16,302,301
Provision for impairment	9.3	(193,255)	(193,255)
		13,182,525	16,109,046

9.1 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 10.00% to 16.75% (2021: 10.00% to 15.75%) per annum. These include unbilled receivables aggregating to Rs 129.039 million (2021: Rs 718.887 million).

9.2 Included in trade debts is an aggregate amount of Rs 1,019.471 million (2021: Rs 247.695 million) relating to capacity revenue not acknowledged by CPPA.

Of this, the amount of Rs 247.695 million (2021: Rs 247.695 million) has not been acknowledged by CPPA on the pretext that no gas was available during the period from December 19, 2019 to January 01, 2020 and hence, this period should be treated as an Other Force Majeure Event ('OFME') by the Group. The management is of the view that CPPA's contention is not justified as RPPL's plant could not be operated during this period due to technical start-up limits under the PPA being exceeded and as such this has no relevance with gas availability.

While the remaining amount of Rs 771.776 million that is included in the revenue recognized during the current year is disputed by CPPA for certain days in the months from April 2022 to June 2022 on a similar pretext that gas was not available and hence, this period should also be treated as an Other Force Majeure Event ('OFME') by the Group. However, the management is of the view that CPPA's claim is not justified since there are meritorious grounds to contest this dispute as the RPPL's plant was technically available during these times but gas was not provided by SNGPL due to intervention by the National Power Control Centre (NPCC) which is not even a party to the interim GSA that is contrary to the terms of Agreement.

Based on the above grounds and on the advice of the Group's legal counsel on these matters, no provision for the disputed amounts has been recognised in these consolidated financial statements as the management expects that these matters will eventually be resolved in the Group's favour and these amounts will be recovered by the Group.

9.3 There was no movement in the provision for impairment in the current and prior year.

10. Loans, advances, prepayments and other receivables

	Note	2022	2021
		(Rupees in thousand)	
Advances			
- To suppliers	10.1	9,755	15,911
- To employees against expenses		860	255
Balances with statutory authorities:			
- Sales tax receivable	10.2	925,040	727,433
- Receivable against Workers' Welfare Fund (WWF)	10.3 and 10.4	118,929	118,929
Claims recoverable from CPPA-G for pass through items:			
- Workers' profit participation fund	10.5	155,924	196,739
- Punjab Workers' Welfare Fund	10.6	228,934	112,533
Prepayments	10.7	85,865	70,784
Other receivables	10.8	56,487	57,616
Current portion of long term loan to employees - secured	7	1,182	1,357
		1,582,976	1,301,557

10.1 This includes advance amounting to Rs 3.720 million (2021: Nil) to Siemens Pakistan Engineering Company Limited, a related party by virtue of being a group company. Advances to employees are in normal course of business.

10.2 In September 2021, the taxation officer rejected the Group's sales tax refund application of Rs 202.87 million on pretext of apportionment of the input tax claim to capacity purchase price which is not subject to sales tax. The Group has filed an appeal before the Commissioner Inland Revenue (Appeals) in February 2022 that is pending adjudication. The proceedings are now underway and a favourable outcome is expected.

10.3 This includes WWF contribution amounting to Rs 33.322 million (2021: Rs 33.322 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.

10.4 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.

Based on the advice of the Group's tax advisor and the decision of the Honourable Supreme Court, 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.

10.5 Workers' profit participation fund	**Note**	**2022**	**2021**
		(Rupees in thousand)	
Opening balance		196,739	373,027
Provision for the year	17.2	155,845	196,739
		352,584	569,766
Transfer to trade debts	10.5.1	(196,660)	(373,027)
Closing balance		155,924	196,739

10.5.1 Under Part III of Schedule 6 of the PPA with CPPA-G, payments to Workers' profit participation fund is recoverable from CPPA-G as a pass through item. The amounts are transferred to trade debts upon issuance of invoice.

10.6 Punjab Workers' Welfare fund

Opening balance		112,533	120,445
Accrued for the year	10.6.1 and 17.4	195,096	78,696
		307,629	199,141
Transferred to trade debts	10.6.2	(78,695)	(86,608)
Closing balance		228,934	112,533

10.6.1 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.

10.6.2 Under Part III of Schedule 6 of the PPA with CPPA, payments to Punjab Workers' Welfare Fund is recoverable from CPPA as a pass through item. The amounts are transferred to trade debts upon issuance of invoice.

10.7 This includes prepayment in respect of ERP annual support services cost made to Descon Corporation (Private) Limited, a related party, aggregating to Rs 0.579 million (2021: Rs 0.363 million).

10.8 This includes an amount of Rs 42.530 million (2021: Rs 41.180 million) and Rs 0.690 million (2021: Rs 0.690 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.

11. Short term investments

This represents discretionary portfolio maintained with NBP Money Market Fund and NBP Islamic Daily Dividend Fund carried at fair value through profit or loss ('FVPL').

	Note	2022	2021
		(Rupees in thousand)	
NBP Islamic Daily Dividend Fund			
212,321 units (2021: 10,305,647)		2,123	103,056
NBP Money Market Fund			
26,529,119 units (2021: Nil)		263,463	-
		265,586	103,056

12. Bank balances

	Note	2022	2021
Cash at bank:			
- On current accounts		22,367	68,243
- On saving accounts	12.1	607,242	115,269
		629,609	183,512
Term deposit receipts (TDRs)	12.2	-	1,190,000
		629,609	1,373,512

12.1 These carry mark-up at the rates ranging from 5.50% to 14.75% per annum (2021: 5.50% to 8.58% per annum).

12.2 These represent investment in TDRs with banks having maturity of one to three months, carrying mark-up at the rates ranging from 6.65% to 14.75% (2021: 6.95% to 8.30%) per annum.

13. Issued, subscribed and paid up share capital

2022	2021		2022	2021
(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

13.1 As at June 30, 2022, 211,397,063 (2021: 211,397,063) ordinary shares which represent 58.18% (2021: 58.18%) of the share capital of AEL are held by DEL Power (Private) Limited.

13.2 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.

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

15. Employee benefit obligations	**Note**	**2022**	**2021**
		(Rupees in thousand)	
Unfunded			
Gratuity	15.1	6,908	5,881
Accumulating compensated absences	15.2	526	483
		7,434	6,364
Funded			
Gratuity	15.3	9,977	8,711
		17,411	15,075

15.1 Gratuity - unfunded		
Opening liability	5,881	4,913
Provision for the year	1,027	968
Closing liability	6,908	5,881

15.2 Accumulating compensated absences		
Opening liability	483	440
Provision for the year	43	43
Closing liability	526	483

15.3 Gratuity - Funded

The latest actuarial valuation of gratuity scheme of RPPL was carried out as at June 30, 2022 under the projected unit credit method as per the requirements of IAS 19, the details of which are as follows:

15.3.1 Net defined benefit obligation	**2022**	**2021**
	(Rupees in thousand)	
The amounts recognized in consolidated statement of financial position are as follows:		
Present value of defined benefit obligation	31,621	27,305
Fair value of plan assets	(21,644)	(18,594)
Net liability as at year end	9,977	8,711

15.3.2 Actuarial assumptions

	(Percentage)	
Valuation discount rate - per annum	13.25%	10.00%
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)	781.00%	9.26%

The Group is expected to contribute Rs 1.158 million to the gratuity scheme in the next year.

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

	2022	2021
	(Rupees in thousand)	
Net liability at beginning of the year	8,711	16,559
Current service cost	3,149	5,549
Net interest on defined benefit obligation	2,832	4,390
Return on plan asset during the year	(1,961)	(2,983)
Charged to consolidated statement of profit or loss	4,020	6,956
Total remeasurements for the year recognised to consolidated other comprehensive income	1,511	(7,725)
Contributions made by the Group during the year	(4,265)	(7,079)
Net liability at the end of the year	9,977	8,711

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

	2022	2021
Present value of defined benefit obligation as at beginning of the year	27,305	49,658
Current service cost	3,149	5,549
Interest cost	2,832	4,390
Remeasurement gains on obligation	522	(8,213)
Benefits paid to out-going members during the year	(2,187)	(24,079)
Closing present value of defined benefit obligation	31,621	27,305

15.3.5 Movement in the fair value of plan assets

	2022	2021
Opening fair value of plan assets	18,594	33,099
Interest income on plan assets	1,961	2,983
Remeasurement losses on fair value of plan assets	(989)	(488)
Benefits paid during the year	(2,186)	(24,079)
Contributions made during the year	4,264	7,079
Closing fair value of plan assets	21,644	18,594

	2022	2021
	(Rupees in thousand)	

15.3.6 Amounts recognised in the consolidated statement of profit or loss

	2022	2021
Current service cost	3,149	5,549
Interest cost	2,832	4,390
Interest income on plan assets	(1,961)	(2,983)
Net interest cost	871	1,407
	4,020	6,956

15.3.7 Total remeasurements credited to consolidated other comprehensive income

	2022	2021
Actuarial loss/(gain) from changes in financial assumptions	(464)	884
Experience adjustments	986	(9,097)
	522	(8,213)
Remeasurements on fair value of plan assets	989	488
	1,511	(7,725)

15.3.8 Composition/fair value of plan assets

	2022		2021	
	(Rupees in thousand)	Percentage	(Rupees in thousand)	Percentage
Term deposit receipts	5,422	25%	16,425	88%
Cash and cash equivalents (after adjusting current liabilities)	1,034	5%	2,169	12%
Mutual funds	15,188	70%	-	0%
	21,644	100%	18,594	100%

15.3.9 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.

15.3.10 The sensitivity analysis (+/- 100 bps) on the defined benefit obligation to changes in the weighted principal assumptions is:

	Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Decrease in assumption
		(Rupees in thousand)	
Discount rate	1%	(2,329)	2,625
Salary growth rate	1%	2,451	(2,219)

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.

15.3.11 Maturity analysis

The weighted average duration of the defined benefit obligation is 7.81 years (2021: 9.26 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, 2022	1,158	3,704	27,751	31,913	64,526
June 30, 2021	1,065	1,234	13,216	9,312	24,827

16. Deferred taxation

	Note	2022	2021
		(Rupees in thousand)	
The liability for deferred tax represents temporary difference relating to:			
Taxable undistributed earnings of subsidiary	16.1 and 16.2	1,063,813	1,467,802

16.1 This represents deferred tax liability recognised on RPPL's undistributed earnings of Rs 14,184 million (2021: Rs 19,571 million) which if paid out as dividend, would be subject to tax in the hand of recipient.

	Note	2022	2021
		(Rupees in thousand)	
16.2 The gross movement in deferred tax liability during the year is as follows:			
Opening balance		1,467,802	-
(Credited)/charged to consolidated statement of profit or loss	26	(403,989)	1,467,802
Closing balance		1,063,813	1,467,802

		Note	2022	2021
			(Rupees in thousand)	
17.	**Trade and other payables**			
	Payable to Sui Northern Gas Pipelines Limited		370	72
	Payable to CPPA-G for import of energy		5,634	11,245
	Payable to CPPA-G against gas efficiency		2,614	2,614
	Other creditors and accrued liabilities	17.1	1,787,023	438,794
	Withholding income tax payable		19	823
	Withholding sales tax payable		365	359
	Payable to RPPL's Employees' Provident Fund		-	524
	Workers' profit participation fund	17.2	155,845	196,739
	Provision for guarantee issued	17.3	6,842	6,842
	Lenders' related costs		-	1,352
	Punjab Workers' Welfare Fund	17.4	228,934	112,534
	Others	17.5	211,557	178,736
			2,399,203	950,634

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

	2022	2021
Descon Engineering Limited	6,074	-
Descon Power Solutions (Private) Limited	51,696	48,771
Descon Corporation (Private) Limited	3,556	2,088
Siemens Pakistan Engineering Company Limited	27,399	-
Inspectest (Private) Limited	798	1,123
	89,523	51,982

17.2 Workers' profit participation fund

	Note	2022	2021
Opening balance		196,739	216,521
Provision for the year	10.5	155,845	196,739
		352,584	413,260
Payments made during the year		(196,739)	(216,521)
Closing balance		155,845	196,739

17.3 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 Sindh high 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 64.950 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 Honourable 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 6.842 million (2021: Rs 6.842 million) being 50% of disputed amount i.e. Rs 13.684 million.

		Note	2022	2021
			(Rupees in thousand)	
17.4	**Punjab Workers' Welfare Fund**			
	Opening balance		112,534	120,445
	Provision for the year		195,096	78,696
	Payment made during the year		(78,696)	(86,607)
	Closing balance	17.4.1	228,934	112,534

17.4.1 This includes an amount of Rs 166.596 million (2021: Rs 33.837 million) that has not been paid by the Group as it has challenged it before the Civil Court, Lahore and the case is pending adjudication.

17.5 This includes an amount of Rs 5 million (2021: Nil) due to Siemens Pakistan Engineering Company Limited, a related party (group company).

18. Short term borrowings from banking companies - secured

18.1 Running finances

Short term running finances available from a consortium of commercial banks under mark-up arrangements aggregate Rs 5,600 million (2021: 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 7.45% to 14.31% (2021: 7.03% to 8.29%) 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 AEL and 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 2,780.350 million (2021: Rs 5,795.650 million).

18.2 Letters of credit and bank guarantee

The main facilities for opening letters of credit aggregate to Rs 100 million (2021: Rs 100 million) and letter of guarantee aggregate to Rs 1000.05 million (2021: Rs 850 million). The amount utilised as at June 30, 2022, for letters of credit was Nil (2021: Nil) and for letters of guarantee was Rs 532.68 million (2021: Rs 577.97 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, a related party and assignment of present and future Energy Purchase Price receivables to the lenders.

18.3 Standby letter of credit

The facility for standby letter of credit from a commercial bank amounts to Rs 6,000 million (2021: Rs 6,000 million). The amount utilised as at June 30, 2022 was Rs 4,981 million (2021: Rs 4,981 million). The facility is secured against first ranking pari passu charge over fixed assets except land and building by way of hypothecation and assignment of RPPL's EPP receivables in favour of the lender.

		2022	2021
19.	**Contingencies and commitments**	**(Rupees in thousand)**	
19.1	**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.	157,000	157,000
ii)	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.	9,300	9,300
iii)	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.	16,840	16,840

		2022	2021
		(Rupees in thousand)	
iv)	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.	68,330	68,330
v)	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.	147,520	147,520

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.

		2022	2021
		(Rupees in thousand)	
	Similarly, in June 2022, the taxation officer issued an ex-parte order adjudging sales tax demand of Rs 129.59 million along with default surcharge and penalty in the matter of alleged inadmissible claim of input tax in sales tax return filed to the Federal Board of Revenue for the tax period July 2016 to June 2017. The Group has challenged the said order by filing an appeal to the Commissioner Inland Revenue (Appeal) [CIR(A)] in July 2022, which is not scheduled for hearing yet. 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.	4,214,590	4,214,590
vii)	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.	60,460	60,460
viii)	For tax year 2014, in addition to minimum tax mentioned in note (x), 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 relating to interest income. 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.	Stay has been obtained	

		2022	2021
		(Rupees in thousand)	
ix)	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.	76,400	76,400
x)	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. Both the Group and the tax authorities filed appeals to the ATIR on July 18, 2018 and July 19, 2018 respectively on this matter. The ATIR upheld CIR(A)'s position on this matter through order dated March 2, 2021. The taxation officer giving appeal effect to the ATIR orders dated April 27, 2021, worked out tax liability of Rs 292.07 million on interest income and raised tax demand (net of tax paid) amounting to 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 said amount of Rs 292.07 million has been made in these financial statements.	292,070	292,070
xi)	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, alleging the Group 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 appeal before the CIR(A) against the above demands and CIR(A) through his orders dated March 6, 2020 and December 22, 2020, deleted the above tax demands by remanding the orders back for re-assessments in light of the factual position. Re-assessment proceedings have yet not initiated by the taxation authorities, however the Group expects a favourable resolution.	Remanded back	

		2022	2021
		(Rupees in thousand)	
xii)	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.	344,400	344,400

xiii) 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 Group’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. On January 12, 2022, the Group received another letter from XEN, Khanewal to deposit revised water charges amounting to Rs 131.94 million including affluent charges, however, the Group has not made payment against the said demand based on the matter explained above.

		2022	2021
		(Rupees in thousand)	
	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 119.14 million.	119,140	119,140
xiv)	On the dispute pertaining to a portion of land situated inside the plant owned by Government of Punjab which has been claimed by a local person, the Group after knowing the factual position started paying rent of the land to District Revenue Authority as tenant and applied to the Board of Revenue, Punjab (BOR) for sale of the said piece of land to the Group. The BOR directed the local authorities for the sale of land, but local authorities demanded exorbitant price. The Group filed an application dated January 01, 2010 to the Assistant Commissioner (AC), Kabirwala, for cancellation of the said transfers but no action was taken on it. On April 28, 2011, the Group filed an application to the Government for deciding its application dated April 30, 2004 for review of price determined by it. However, the Deputy Secretary (Colonies), Board of Revenue, issued a letter on May 30, 2011 wherein the Group was asked to pay the price within two (2) months.		
	Aggrieved, the Group filed a writ petition before the Honourable Lahore High Court, Multan Bench (the LHC). The LHC through its order dated December 06, 2021, disposed of the writ petition and directed the Member, Board of Revenue, Lahore (MBR), with the direction to treat it as a grievance petition and to decide it on merit in accordance with law after providing proper right of hearing to the Group. On May 11, 2022, the MBR through its Order declined the Group's request for review of the price of land and directed the Commissioner - Multan Division to decide the case as per merit and the prevailing Government policy. The Group is in the process of filing a review petition with MBR to revisit the matter.	15,000	-

		2022	2021
		(Rupees in thousand)	
a)	Bank guarantees have been issued in favour of the Director, Excise and Taxation, Karachi.	42,520	42,520
b)	Bank guarantee has been issued to Collector of Customs.	2,760	2,760
c)	Standby letter of credit issued in favour of SNGPL against gas supply.	4,981,000	4,981,000
d)	Habib Metropolitan Bank Limited has issued bank guarantee on behalf of the Group 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 June 30, 2023 and is renewable.	532,680	532,680
e)	A bank guarantee favouring Pakistan State Oil Company Limited ('PSO') against fuel supply.	690	690

19.2 Commitments

i) RPPL has an agreement with Descon Power Solutions (Private) Limited, a related party, 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 up till June 30, 2025 as per terms of the O & M Agreement dated July 27, 2017. Under the terms of above mentioned O & M Agreement, 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.

ii) RPPL has a Long Term Maintenance Service Agreement ('LTMSA') with Siemens Open Consortium consisting of Siemens Gas and Power Gmbh & Co. KG (previously Siemens 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.

	2022	2021
	(Rupees in thousand)	
20. Revenue		
Energy purchase price -gross	14,555,179	4,350,207
Sales tax	(2,114,855)	(632,081)
Energy purchase price -net	12,440,324	3,718,126
Capacity purchase price	5,104,713	7,442,498
Delayed payment markup	1,270,636	1,252,146
Gas efficiency passed to CPPA-G	-	(2,614)
	18,815,673	12,410,156

			2022	2021
21.	**Direct costs**	**Note**	**(Rupees in thousand)**	
	RLNG consumed		12,525,797	3,615,196
	Salaries, benefits and other allowances	21.1	26,847	31,394
	Operation and maintenance costs		821,765	728,788
	Stores, spares and loose tools consumed		204,079	131,252
	Electricity consumed in-house		135,019	124,553
	Insurance		123,669	128,928
	Lube oil consumed		-	837
	Repairs and maintenance		61,156	37,764
	Travelling and conveyance		265	292
	Depreciation on operating fixed assets	5.1.1	1,519,872	1,591,678
	Generation license fee		37,368	30,768
	Electricity duty		1,083	519
	Colony maintenance		20,660	19,768
	Communication		5,884	6,162
	Security expense		6,554	6,021
	Vehicle maintenance		1,083	726
	Miscellaneous		6,012	4,337
			15,497,113	6,458,983

21.1 This includes Rs 0.96 million (2021: Rs 1.58 million) in respect of provident fund contribution by the Group.

22.	**Administrative expenses**			
	Salaries, benefits and other allowances	22.1	71,547	91,645
	Directors' meeting fee	29.1	1,000	625
	ERP running cost	22.2	10,923	11,931
	Traveling and conveyance		3,253	5,615
	Utilities		958	536
	Postage and telephone		1,434	1,491
	Printing, stationery and advertisement		2,014	1,641
	Auditors' remuneration	22.3	5,538	5,058
	Rent, rates and taxes	22.4	17,804	11,060
	Repairs and maintenance		389	328
	Legal and professional expenses		45,646	87,046
	Fees and subscription		2,835	2,696
	Entertainment		911	592
	Amortisation on intangible assets	6.1	903	150
	Depreciation on operating fixed assets	5.1.1	6,511	6,008
	Vehicle maintenance		104	686

	Note	2022	2021
		(Rupees in thousand)	
Insurance		4,891	2,933
Training expense		76	381
Professional tax		100	100
Miscellaneous		3,352	1,250
		180,189	231,772

22.1 Salaries and other benefits includes Rs 3.460 million (2021: Rs 3.320 million) in respect of provident fund contribution by the Group, gratuity expense of Rs 5.047 million (2021: Rs 7.928 million) and accumulating compensated absences of Rs 0.043 million (2021: Rs 0.043 million).

22.2 This represents charges in respect of ERP annual support services rendered by Descon Corporation (Private) Limited, a related party.

22.3 Auditors' remuneration

The charges for professional services (exclusive of sales tax) consist of the following in respect of auditors' services for:

	2022	2021
Statutory audit	4,378	3,980
Half yearly review	354	322
Certifications required by various regulations	377	409
Reimbursement of expenses	429	347
	5,538	5,058

22.4 This includes lease rental of Rs 3.761 million (2021: Rs 3.091 million) and Rs 1.3 million (2021: Nil) in respect of property leased from Descon Corporation (Private) Limited and Descon Engineering Limited respectively, related parties.

23. Other income

	2022	2021
Profit on bank deposits	140,698	13,065
Gain on sale of investment	-	29,808
Fair value gain on short term investment	817	-
Gain on disposal of operating fixed assets	3,492	37
Scrap sales	3,627	-
Provisions and unclaimed balances written back	1,558	21,539
Dividend income from short term investment	39,275	6,058
Others	374	279
	189,841	70,786

24. Other expenses

	Note	2022	2021
Donations	24.1	11,472	10,000
Other receivables written off		279	6,963
Exchange loss		34,598	7,464
Loss on sale of investment		43,613	-
		89,962	24,427

24.1 The donations to the following parties/communities exceeded Rs 1 million during the year ended June 30, 2022: Government Rural Health Centre - Abdul Hakim, Community of Abdul Hakim, Government Girls High School - Abdul Hakim and Government Special Education Center - Khanewal. Whereas, in the prior year, the donation was made to fund raiser program named "Patron of Expo 2020", managed by the Government of Pakistan. None of the directors or their spouses have any interest in the donee.

25. Finance cost

	Note	2022	2021
		(Rupees in thousand)	
Markup on short term borrowings - secured		125,577	210,484
Guarantee commission		28,616	28,993
Lenders' fees and charges		15,112	11,774
Lenders' related other costs		1,218	311
Late payment surcharge on gas invoices		194	946
Bank charges		123	189
		170,840	252,697

26. Taxation

	Note	2022	2021
Current			
- For the year		882,253	13,346
- Prior years'		14	(1,191)
		882,267	12,155
Deferred	16.2	(403,989)	1,467,802
		478,278	1,479,957

26.1 Relationship between tax income /(expense) and accounting profit

	2022	2021
Profit before taxation	3,067,410	3,853,241
Tax at the applicable rate of 29% (2021: 29%) under the Income Tax Ordinance, 2001	889,549	1,117,440
Tax effect of amounts that are:		
- Exempt as referred to in note 4.2	(877,563)	(1,103,810)
- Inadmissible electric power generation expenses and other non-deductible amounts	40,207	553
- Super tax	293,173	-
- Income taxable under different rate	(4,067)	
- Recognition of deferred tax on undistributed reserves of subsidiary	(403,989)	1,467,802
- Subject to final tax regime	541,582	(837)
- Prior years' tax	(614)	(1,191)
	(411,271)	362,517
	478,278	1,479,957

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. Working capital changes

	Note	2022	2021
		(Rupees in thousand)	
Decrease/(increase) in current assets			
- Stores, spares and loose tools		(2,485)	(7,299)
- Inventory of fuel oil		2,831	3,657
- Trade debts		2,926,521	(3,741,772)
- Advances, prepayments and other receivables		(316,501)	53,031
		2,610,366	(3,692,383)
Increase in current liabilities			
- Trade and other payables		1,450,478	35,818
		4,060,844	(3,656,565)

27.1 Cash and cash equivalents

	Note	2022	2021
Bank balances	12	629,609	1,373,512
Short term borrowings - secured	18	(2,819,700)	(4,354)
Short term investments	11	265,586	103,056
		(1,924,505)	1,472,214

27.2 Reconciliation of liability arising from financing activities

	Opening balance	Dividend declared	Cashflows	Closing balance
Unclaimed dividend	2,143	6,722,530	(6,719,259)	5,414

28. Transactions with related parties

The related parties comprise the holding company of AEL, 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	2022	2021
		(Rupees in thousand)	
i. Holding company			
DEL Power (Private) Limited	Dividends paid	3,617,532	-
ii. Other related parties			
On the basis of common directorship			
Descon Engineering Limited	Supply of spares and services	14,736	12,115
	Common costs charged to the Group	3,347	2,342
Descon Power Solutions (Private) Limited	Operation and maintenance contractor's fee	513,625	520,682
	Purchases of spare parts	3,984	4,315
	Common costs charged to the Group	397	253
Descon Corporation (Private) Limited	Supply of spares and services	34,231	30,495
	Common costs charged to the Group	796	791
Inspectest (Private) Limited	Common costs charged to the Group	-	88
	Services rendered	810	1,044
Group companies			
Descon Holdings (Private) Limited	Dividends paid	513	-
Siemens Gas and Power GmbH & Co. KG	Purchase of long term maintenance services	50,266	30,596
Other related parties			
Crescent Steel and Allied Products Limited	Dividends paid	1,038,109	-
Siemens Pakistan Engineering Company Limited	Purchase of long term maintenance services	838	7,985
Siemens Project Ventures GmbH	Dividends paid	3,138,744	-

Relationship with the Group	Nature of transactions	2022	2021
		(Rupees in thousand)	
iii. Key management personnel - note 28.2	Short term employee benefits	63,844	63,989
	Post employment benefits	7,325	9,818
	Director's meeting fee	1,000	625
	Dividends paid	385	-
iv. Retirement benefit plan	Expense charged in respect of defined benefit plan - gratuity fund	4,790	7,719
	Expense charged in respect of contributory provident fund	4,414	4,899

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. Nausheen Ahmad	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. Waqar Ahmad Khan	Key Management Personnel	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:

	Note	Chief Executive		Non-executive directors	
		2022	2021	2022	2021
		(Rupees in thousand)		(Rupees in thousand)	
Managerial remuneration		4,533	4,198	-	-
Bonus		350	-	-	-
Gratuity		770	763	-	-
Accumulating compensated absences		28	32	-	-
Reimbursement of expenses		337	43	-	-
Car allowance		854	854	-	-
House rent, utilities and allowances		270	240	-	-
Meeting fee	29.2	-	-	1,000	625
		7,142	6,130	1,000	625
Number of person(s)		1	1	2	1

	Executives	
	2022	2021
	(Rupees in thousand)	
Managerial remuneration (including performance bonus)	65,949	63,271
Contribution to provident fund	4,676	5,164
Gratuity fund	4,339	5,439
House rent, utilities and other allowances	7,613	8,679
	82,577	82,553
Number of person(s)	8	9

29.2 During the year the Group paid meeting fee amounting to Rs 1 million (2021: 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

	2022	2021
Total number of employees as at June 30	26	26
Average number of employees during the year	26	30

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:

	2022	2021
	(Rupees in thousand)	
Long term security deposits	506	754
Trade debts	13,182,525	16,109,046
Other receivables	278,314	337,406
Short term investments	265,586	103,056
Bank balances	629,609	1,373,512
	14,356,540	17,923,774

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

	2022	2021
Neither past due nor impaired	5,742,219	3,836,339

	2022	2021
	(Rupees in thousand)	
Past due but not impaired		
- 1 to 30 days	5,436,122	2,389,636
- 31 to 120 days	689,386	3,352,624
- 121 to 360 days	928,396	4,755,673
- above 360 days	386,402	1,774,774
	7,440,306	12,272,707
Past due and impaired		
- 1 to 30 days	-	-
- 31 to 120 days	-	-
- 121 to 360 days	-	-
- above 360 days	193,255	193,255
	193,255	193,255
Provision for impairment	(193,255)	(193,255)
	13,182,525	16,109,046

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	2022	2021
	Short term	Long term	Agency	(Rupees in thousand)	
CPPA-G	Not Available			5,922,408	4,143,810
NBP Money Market Fund	-	AA(f)		263,463	-
NBP Daily Dividend Fund		AA(f)	PACRA	2,123	103,056
MCB Bank Limited	A1+	AAA	PACRA	1,951	1,943
The Bank of Punjab	A1+	AA+	PACRA	4,295	4,295
Habib Bank Limited	A1+	AAA	JCR-VIS	1,082	178
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	15,035	64,634
Faysal Bank Limited	A1+	AA	JCR-VIS	-	1,191,481
Askari Bank Limited	A1+	AA+	PACRA	-	3
National Bank of Pakistan	A1+	AAA	JCR-VIS	602,861	104,986
Allied Bank Limited	A1+	AAA	PACRA	-	512
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	4,361	5,480
				6,817,579	5,620,378

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 27.1) 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, 2022	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	1,833,583	1,833,583	1,833,583	-	-
Unclaimed dividend	345,878	345,878	345,878	-	-
Other provisions	6,842	6,842	6,842	-	-
Short term borrowings from banking companies	2,819,700	2,819,700	2,819,700	-	-
Accrued markup on short		-			
term borrowings	111,618	111,618	111,618	-	-
	5,117,621	5,117,621	5,117,621	-	-
As at June 30, 2021					
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 - secured	79,853	79,853	79,853	-	-
	3,301,864	3,301,864	3,301,864	-	-

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	
	2022	2021
	(Rupees in thousand)	
Fixed rate instruments		
Financial assets		
Bank balances - saving accounts	607,242	115,269
TDRs	-	1,190,000
Financial liabilities	-	-
Net exposure	607,242	1,305,269
Variable rate instruments		
Financial assets		
Trade debts - overdue	7,440,306	12,272,707
Financial liabilities		
Short term borrowings - secured	(2,819,700)	(4,354)
Net exposure	4,620,606	12,268,353

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:

	2022		
	Translated in Rupees	USD	Euro
	(Amounts in thousand)		
Other receivables	11,818	-	55
Trade and other payables and accrued liabilities	(253,905)	(405)	(789)
Net exposure	(242,087)	(405)	(734)

	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)
	(152,005)	(270)	(684)

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	
	2022	2021	2022	2021
USD	206.00	158.40	182.20	158.40
Euro	215.75	188.57	202.16	188.57

Sensitivity analysis

At June 30, 2022, 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 4.17 million (2021: Rs 2.22 million) lower/higher mainly as a result of exchange loss/gain on translation of USD denominated financial instruments.

At June 30, 2022, 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 7.92 million (2021: Rs 7.50 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.

32.2 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:

- The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. These instruments are included in level 1.

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

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

The following table presents the Group's assets and liabilities that are measured at fair value:

As at June 30, 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
		(Rupees in thousand)		
Recurring fair value measurements				
Assets				
Investments - FVPL	265,586	-	-	265,586
Liabilities	-	-	-	-
As at June 30, 2021				
Recurring fair value measurements				
Assets	103,056	-	-	103,056
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 year. 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. Changes in level 2 and 3 fair values are analysed at the end of each reporting period during the annual valuation discussion between the Chief Financial Officer and the investment advisor.

The fair values of investments in units of mutual funds are determined based on their net asset values as published at the close of each business day.

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

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, 2022			
Assets as per statement of financial position			
Long term security deposits	-	506	506
Long term loans to employees	-	1,816	1,816
Trade debts - secured	-	13,182,525	13,182,525
Loans and other receivables	-	442,527	442,527
Short term investment	265,586	-	265,586
Bank balances	-	629,609	629,609
	265,586	14,256,983	14,522,569

	At fair value through profit or loss	Financial assets at amortised cost	Total
As at June 30, 2021	(Rupees in thousand)		
Assets as per statement of financial position			
Long term security deposits	-	754	754
Long term loans to employees	-	2,998	2,998
Trade debts - secured	-	16,109,046	16,109,046
Loans and other receivables	-	368,245	368,245
Short term investment	103,056	-	103,056
Bank balances	-	1,372,345	1,372,345
	103,056.0	17,853,388	17,956,444

	Financial liabilities at amortised cost	
	2022	2021
Liabilities as per statement of financial position	(Rupees in thousand)	
Trade and other payables	2,014,040	640,179
Short term borrowings - secured	2,819,700	4,354
Accrued markup on short term borrowings - secured	111,618	58,457
Unclaimed dividend	5,414	2,143
	4,950,772	705,133

32.4 Capital management

The Group's objectives when managing capital are to safeguard the Group'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 Group monitors the capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total equity (as shown in the statement of financial position). Net debt is calculated as total borrowings (including current and non-current borrowings) less cash and bank balances and liquid investments.

The gearing ratios as at June 30, 2022 and 2021 were as follows:

	2022	2021
	(Rupees in thousand)	
Borrowings (including accrued markup thereon)	2,931,318	62,811
Less: Bank balances	629,609	1,373,512
Less: Short term liquid investments	265,586	103,056
Net debt/(ungeared)	2,036,123	(1,413,757)
Total equity	23,214,001	32,178,925
Gearing ratio	8.8%	-

In accordance with the terms of agreements with the lenders, the Group is required to comply with certain covenants. The Company has complied with these covenants throughout the reporting period.

32.5 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

		2022	2021
Installed capacity	(MWh)	3,710,556	3,710,356
Practical maximum output	(MWh)	1,964,858	3,352,318
Actual energy delivered	(MWh)	496,000	296,403

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. Further, due to the expiry of AEL's generation license as stated in note 1.1, AEL was unable to generate and deliver energy.

34. Earnings per share - basic and diluted

34.1 Basic earnings per share

		2022	2021
Profit for the year attributable to owners of the Parent Company	(Rupees in thousand)	1,352,038	803,557
Weighted average number of ordinary shares	(Number)	363,380,000	363,380,000
Basic earnings per share	(Rupees)	3.72	2.21

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, 2022 and June 30, 2021 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, 2022 and June 30, 2021 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
		2022	2021	2022	2021	
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

35.2 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	
	2022	2021
	(Rupees in thousand)	
Summarised consolidated statement of financial position		
Current assets	16,203,472	19,548,118
Current liabilities	(5,145,560)	(966,230)
Current net assets	**11,057,912**	**18,581,888**
Non-current assets	12,600,243	14,055,525
Non-current liabilities	(9,977)	(8,711)
Non-current net assets	**12,590,266**	**14,046,814**
Net assets	**23,648,178**	**32,628,702**
Accumulated non-controlling interest	**9,463,773**	**13,057,299**
Summarised consolidated statement of comprehensive income		
Revenue - net	18,814,615	12,206,052
Profit for the year	3,091,189	3,922,357
Other comprehensive income for the year	(1,511)	7,725
Total comprehensive income for the year	3,089,678	3,930,082
Profit attributable to non-controlling interests	1,237,094	1,569,727
Other comprehensive income attributable to non-controlling interests	(605)	3,092
Dividends provided for non-controlling interests	4,830,015	-
Summarised cash flows		
Net cash inflow from operating activities	8,616,921	3,271,552
Net cash (outflow)/inflow from investing activities	(57,216)	11,870
Net cash outflow from financing activities	(12,070,202)	-
Net increase/(decrease) in cash and cash equivalents during the year	(3,510,497)	3,283,422

35.3 Transactions with non-controlling interests

There were no transactions with non-controlling interests during the years ended June 30, 2022 and June 30, 2021.

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 19, 2022 by the Board of Directors of the Parent Company.

Chief Executive	Chief Financial Officer	Director

SIX YEAR PERFORMANCE

Financial Year ending June 30	2022	2021	2020	2019	2018	2017
	(Rupees in thousand)					
Despatch (MWH)	-	12,403	3,728	22,029	145,115	187,844
Revenue	1,058	204,104	116,802	474,160	1,621,194	1,624,556
Direct Costs	103,285	247,449	167,863	501,829	1,558,269	1,386,609
Gross Profit/ (Loss)	6,637,945	(43,345)	(51,061)	(27,669)	62,925	237,947
Net Profit/ (Loss)	6,615,965	(84,315)	1,689,621	954,822	1,452,563	1,632,720
Total Assets	4,216,135	4,170,710	4,317,833	4,874,063	5,088,896	6,491,422

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: 30-06-2022

2.2 No. of Shareholders	------Shareholdings------ From	To	Total Shares Held
126	1	100	2,645
168	101	500	77,387
167	501	1,000	159,773
239	1,001	5,000	667,329
67	5,001	10,000	549,800
19	10,001	15,000	235,000
11	15,001	20,000	205,001
10	20,001	25,000	239,500
6	25,001	30,000	169,500
1	30,001	35,000	33,000
4	35,001	40,000	157,563
1	40,001	45,000	42,000
5	45,001	50,000	248,000
3	50,001	55,000	154,000
1	65,001	70,000	67,500
1	70,001	75,000	75,000
1	80,001	85,000	85,000
5	95,001	100,000	498,500
1	115,001	120,000	120,000
2	125,001	130,000	258,500
2	170,001	175,000	345,000
1	195,001	200,000	200,000
1	225,001	230,000	230,000
1	240,001	245,000	241,500
3	245,001	250,000	750,000
1	485,001	490,000	487,000
1	755,001	760,000	760,000
1	1,140,001	1,145,000	1,145,000
1	1,195,001	1,200,000	1,200,000
1	1,200,001	1,205,000	1,202,500
1	1,290,001	1,295,000	1,293,500
1	1,315,001	1,320,000	1,317,000
1	3,300,001	3,305,000	3,303,725
1	5,780,001	5,785,000	5,784,500
1	7,045,001	7,050,000	7,045,500
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
859			**363,380,000**

Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2022

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	MS. NAUSHEEN AHMAD (CDC)	500	0.0001
7	MR. SALIH MERGHANI	0	0.0000
		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)	5,784,500	1.5919
		5,784,500	1.5919
	MODARABAS & MUTUAL FUNDS		
		0	0.0000
	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)	172,000	0.0473
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)	250,000	0.0688
7	ELAHI CAPITAL (PRIVATE) LIMITED (CDC)	1,202,500	0.3309
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)	50,500	0.0139
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
14	ARCS TRADING & CONSTRUCTION COMPANY (PRIVATE) LIMITED (CDC)	5,000	0.0014
		66,947,001	18.4234

FOREIGN COMPANY

1	SAUDI ARABIAN CONSTRUCTION & REPAIR CO. LTD.	61,968,939	17.0535
		61,968,939	17.0535

OTHERS

1	SONERI BANK LIMITED EMPLOYEES GRATUITY FUND (CDC)	760,000	0.2091
2	SONERI BANK LIMITED EMPLOYEES PROVIDENT FUND (CDC)	1,317,000	0.3624
		2,077,000	0.5716

SHARES HELD BY THE GENERAL PUBLIC (LOCAL):	15,021,497	4.1338
SHARES HELD BY THE GENERAL PUBLIC (FOREIGN):	128,500	0.0354
	15,149,997	4.1692
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
1	MS. NAUSHEEN AHMAD (CDC)		500

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 28th Annual General Meeting ("AGM") of Altern Energy Limited (the 'Company') will be held on Friday, October 21, 2022 at 10:00 a.m. at the registered office of the Company at Descon Headquarters 18-Km Ferozepur Road, Lahore to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the last Annual General Meeting of the Company held on October 27, 2021.

2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended 30th June 2022 together with the reports of Directors' and Auditors' thereon, together with the Annual Audited Consolidated Financial Statements of the Company for the year ended 30th June 2022 together with the reports of the Auditors' thereon.

3. To appoint the External Auditors of the Company for the ensuing year and fix their remuneration. (The present Auditors M/s. A.F. Ferguson & Co., Chartered Accountants, have retired and being eligible have offered themselves for re-appointment).

4. To transact any other business with the permission of the Chair.

By Order of the Board of Directors

Place : Lahore
September 29, 2022

Salman Ali
Company Secretary

NOTES:

1.The Share Transfer Books of the Company will be closed from 14-10-2022 to 21-10-2022 (both days inclusive).

2. In compliance with the section 223(6) of Companies Act 2017, the Company has electronically transmitted the Annual Accounts 2022 through email to shareholders whose e-mail addresses are available with the Company's Share Registrar, M/s Corplink (Pvt) Limited. Shareholders who have not received the email for any reason should download the Annual Accounts 2022from the official website of the Company i.e.www.alternenergypk.com (the "Company's Website").However, the Company would also provide hard copies of the Annual Accounts to the Shareholders on their demand at their registered address, free of cost within one week of such request. Further, the shareholders who have not yetprovided their email address are advised to submit their valid email address through a duly signed letter to the Company's Share Registrar Corplink (Pvt.) Limited, at Wings Arcade,1-K, Commercial Model Town Lahore.

3. Members are requested to attend the AGM in person along with their Computerized National Identity Card ("CNIC") or appoint some other member as proxy and send their proxy forms, 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 and is also available on the Company's Website.

4. In case of a corporate entity, the Board of Directors' resolution / power of attorney along with proxy form shall be shared with the Registered Office of the Company at least 48 hours before the AGM.

5. Any individual Beneficial Owner of CDC, entitled to attend and vote at this AGM, 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.

6. 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 AGM online. Accordingly, the members of our Company may attend the AGMvirtually. To attend the AGM virtually, a Member is required to send an email atshareholders@descon.com with email address, name, folio number, CNIC number and number of shares held in his/her name with subject "Registration for 28th AGM of Altern Energy Limited". A video link to join the AGM 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 and protocols/guidelines for their own safety and safety of others.

7. In accordance with the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. In order to receive dividends directly into their bank account, shareholders are requested to fill in Electronic Credit Mandate Form available on the Company's Website duly sign and send it along with a copy of CNIC to the Shares Registrar of the Company, Corplink (Pvt.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore in case of physical shares. In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's Broker/Participant/CDC Account Services.

8. As per the provision of section 244 of the Act, any shares issued, or dividend declared by the Company which have remained unclaimed / unpaid for a period of three years form the date on which it was due and payable are required to be deposited with Securities and Exchange Commission of Pakistan for the credit of Federal Government after issuance of notices to the shareholders to file their claim. In case any dividend is not claimed by any shareholder, he/she may contact Company's Share Registrar Corplink (Pvt.) Limited, at Wings Arcade,1-K, Commercial Model Town Lahore, to claim such dividends after providing necessary details.

9. Members having physical shares are requested to immediately notify the change in their addresses, if any to the Company's Share Registrar, whereas CDC account holders are requested to contact their CDC Participant / CDC Account Services.

10. 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.

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 Friday, October 21, 2022 at 10:00 am and at any Adjournment thereof.

As witness my / our hand this ______________ day of ____________________ 2022.

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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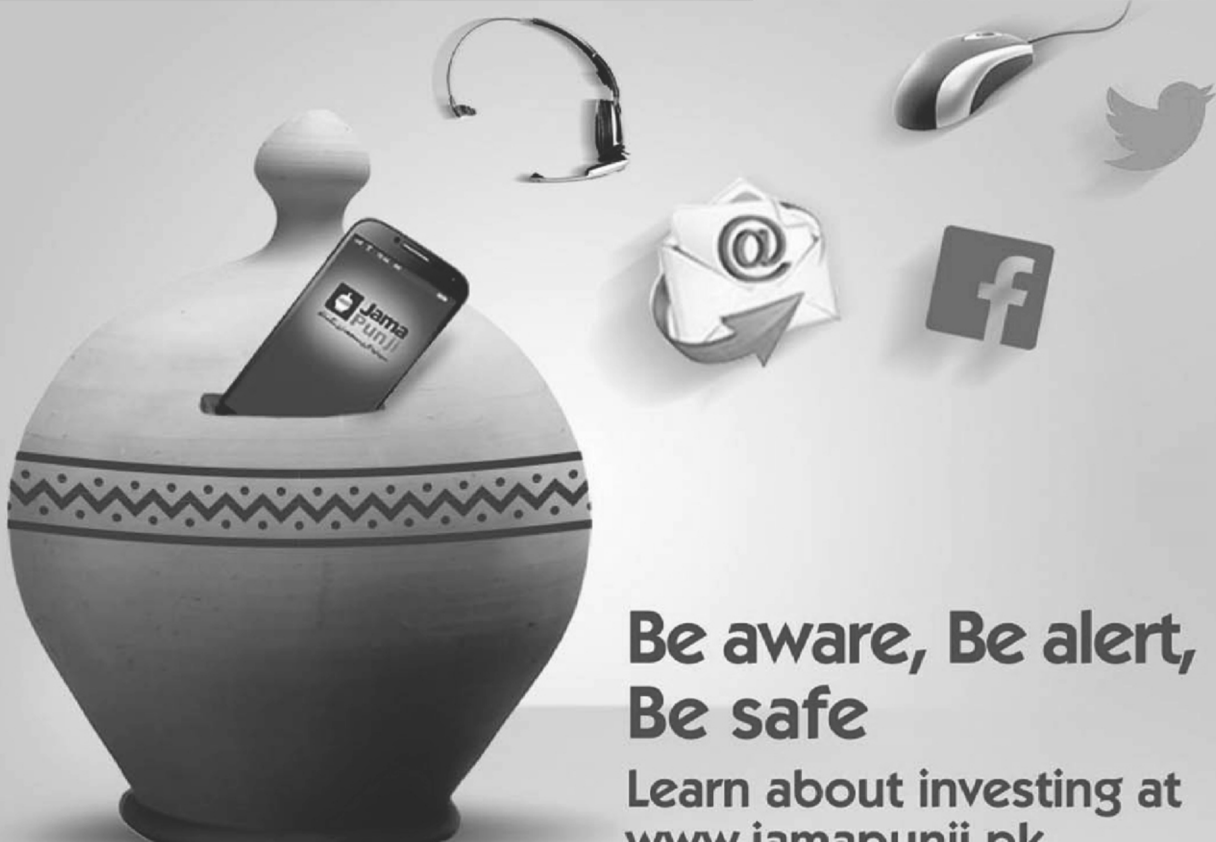

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