



Altern Energy Limited

**Annual Report
2024**

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Faisal Dawood	Chairman
Mrs. Mehreen Dawood	Director
Mr. Farooq Nazir	Director
Mrs. Aliya Saeeda Khan	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

Mrs. Noor Shujah

COMPANY SECRETARY

Mr. Salman Ali

HEAD INTERNAL AUDIT

Mrs. Rabia Shoaib

EXTERNAL AUDITORS

M/s. Grant Thornton Anjum Rahman 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

Dear Stakeholders,

We witnessed 2023-24, a year of economic fluctuations and rising geo-political tensions. Global economic growth remained slow while inflation soared higher than seen in several decades. In Pakistan's case, fluctuating current account deficit, dwindling foreign exchange reserves, inflationary pressure, and a weak Pak Rupee has posed serious challenges. In the power sector, the benefits of improved generation capacity have not been fully availed due to inadequate and ailing transmission and distribution system, and reliance on expensive, imported fuel. The overall system is needed to be much more efficient, and losses are to be minimised. Slowdown in economic growth amid fiscal and monetary constraints affected power demand during the year. Growth in power demand is essential to recover the cost of additions to capacity made over the past few years.

Ever since converting its operations from indigenous gas to RLNG as required by SNGPL, Altern's plant has been facing declining dispatch demand from the off taker due to more expensive RLNG as compared to indigenous gas. As a result of considerable devaluation of Pak Rupee against US Dollar coupled with increase in RLNG, your Company has witnessed a sharp decline in dispatch demand from NPCC to Altern plant, resulting in loss of capacity revenue in the past few years. The Company, having a contract with the off-taker, CPPA, 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 these challenges, Altern being a responsible corporate citizen has remained resilient and committed to its national, legal, and contractual obligations. The management has been maintaining the plant assets as per the OEM recommendations to ensure smooth and reliable operations whenever required.

The Board is responsible for overall management of the Company and to carry out its fiduciary duties in the best interest of the Company and its stakeholders. 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 companies with dedication and perseverance in these challenging times.

The Board has established a robust governance framework to manage the affairs of the Company's business. Throughout the year under review, the Board Committees functioned with notable proficiency. I would like to appreciate the overall performance of the Board who has provided strategic direction to management and always remained available for guidance in these challenging times. I also 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 available in these most demanding circumstances.

I would like to extend my heartfelt appreciation to AEL's management and employees for their continued perseverance and determination to keep this organization afloat and ready to face business challenges. Thank you for your trust, confidence, and commitment.

Lahore - September 19, 2024


Faisal Dawood
Chairman

چئیرمین کا پیغام

محترم اسٹیک ہولڈرز،

ہم شاد ہیں کہ سال 2023-24 معاشی اتار چڑھاؤ اور بڑھتے ہوئے جغرافیائی سیاسی تناؤ کا سال تھا۔ عالمی اقتصادی نموست رہی جبکہ افراط زرکئی دہائیوں کے مقابلے میں کہیں زیادہ بڑھ گیا۔ پاکستان کے معاملے میں، کرنٹ اکاؤنٹ خسارہ میں اتار چڑھاؤ، گرتے ہوئے زرمبادلہ کے ذخائر، مہنگائی کا دباؤ، اور پاکستانی روپیہ کی تیزی سے گرتی ہوئی قدر نے سنگین مشکلات سے دوچار کر دیا ہے۔

توانائی کے شعبے میں، مجھے لگتا ہے کہ ناکافی اور خراب ٹرانسمیشن اور ڈسٹری بیوشن سسٹم اور مہنگے، درآمد شدہ ایندھن پر انحصار کی وجہ سے بہتر پیداواری صلاحیت کے فوائد سے پوری طرح فائدہ نہیں اٹھایا جاسکا ہے۔ یہ ضروری ہے کہ مجموعی نظام کو زیادہ موثر بنایا جائے اور نقصانات کو کم سے کم کیا جائے۔ مالی اور مالیاتی رکاوٹوں کے درمیان اقتصادی نمو کی سرگرمیوں میں سست روی نے سال کے دوران بجلی کی طلب کو متاثر کیا۔ بجلی کی طلب میں اضافہ گزشتہ چند سالوں میں کی گئی صلاحیت میں اضافے اور پائپ لائن میں ہونے والی لاگت کی وصولی کے لئے ضروری ہے۔

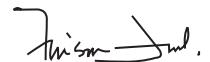
SNGPL کے تقاضہ کے مطابق اپنے آپریٹرز کو مقامی گیس سے RLNG جی میں تبدیل کرنے کے بعد سے آلٹرن پلانٹ کو مقامی گیس کے مقابلے میں RLNG کی زیادہ قیمت کی وجہ سے آف ٹیکر کی جانب سے ترسیل کی طلب میں کمی کا سامنا ہے۔ امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں نمایاں کمی اور RLNG میں اضافے کے نتیجے میں، آپ کی کمپنی نے NPCC سے آلٹرن پلانٹ کو ترسیل کی طلب میں تیزی سے کمی دیکھی ہے، جس کے نتیجے میں کپسٹی آمدنی میں کمی واقع ہوئی ہے۔ کمپنی، جس کا آف ٹیکر، CPPA کے ساتھ ٹیک اینڈ پے کی بنیاد پر معاہدہ ہے، کو NPCC کی جانب سے طلب میں کمی کے نتیجے میں آمدنی میں نمایاں کمی کی وجہ سے پاور پر چیز ایگریمنٹ (PPA) کے تحت اپنے معاہدے کی ذمہ داریوں کو پورا کرنے کے لئے ایک چیلنج کا سامنا ہے۔

ان مشکلات کے باوجود، آلٹرن ایک ذمہ دار کارپوریٹ شہری ہونے کے ناطے پکھدار اور اپنی قومی، قانونی اور معاہدوں کی ذمہ داریوں کے لئے پرعزم رہا ہے۔ انتظامیہ OEM کی سفارشات کے مطابق پلانٹ کے اثاثوں کو برقرار رکھے ہوئے ہے تاکہ ضرورت پڑنے پر ہموار اور قابل اعتماد آپریٹرز کو یقینی بنایا جاسکے۔

بورڈ پاور سیکرٹری بحالی میں اپنا کردار ادا کرنے کے لیے اپنے کردار اور ذمہ داریوں سے پوری طرح آگاہ ہے جس سے ملک کو طویل مدت میں فائدہ پہنچے گا۔ پاور سیکٹر میں ہمارا فعال کردار ایک اور آزاد پاور پروڈیوسر یعنی روش (پاکستان) پاور لمیٹڈ ایک 450 میگا واٹ گیس سے چلنے والا کمبائنڈ سائیکل تھرمل پاور پلانٹ میں سرمایہ کاری سے ظاہر ہوتا ہے۔ دونوں کمپنیوں، آلٹرن اور روش کو ماضی قریب میں آف ٹیکر سے کم ڈسپنچ ڈیمانڈ اور گیس کی دستیابی اور گردش قرضہ کے نتیجے میں چیلنجوں کا سامنا کرنا پڑا ہے۔ تاہم، ہم اس مشکل وقت میں لگن اور استقامت کے ساتھ آپریٹرز کو سنبھالنے میں کامیاب رہے ہیں۔

کمپنی نے ایک مضبوط گورننس فریم ورک قائم کیا ہے جو کاروباری معاملات کے دانشمندانہ انتظام کے لئے سازگار ہے۔ زیر جائزہ سال کے دوران، بورڈ کمیٹیوں نے بہت ہی مہارت کے ساتھ کام کیا۔ میں بورڈ کی مجموعی کارکردگی کو سراہتا ہوں جس نے انتظامیہ کو اسٹیبلج سمٹ فراہم کی ہے اور اس مشکل وقت میں رہنمائی کے لئے ہمیشہ دستیاب رہا ہے۔ میں اس قومی اثاثے کو ان انتہائی مشکل حالات میں برقرار رکھنے کے لئے بورڈ اور انتظامیہ کی صلاحیتوں پر اعتماد کرنے پر اپنے قابل قدر شیئر ہولڈرز کی حمایت کا بھی تہہ دل سے شکر گزار ہوں۔

میں اس تنظیم کو رواں دواں رکھنے اور کاروباری مشکلات کا سامنا کرنے کے لیے ہمہ وقت تیار رہنے پر AEL کی انتظامیہ اور ملازمین کی مسلسل استقامت اور عزم کے لیے دل سے تعریف اور آپ کے یقین، اعتماد اور عزم کے لیے شکر یہ ادا کرتا ہوں۔


فیصل داؤد

لاہور 19 ستمبر 2024ء

چئیرمین - آلٹرن انرجی لمیٹڈ

DIRECTORS' REPORT TO THE SHAREHOLDERS

We, the undersigned, for and on behalf of the Board of Directors, present the annual report of Altern Energy Limited ('the Company') including the annual audited consolidated financial statements and annual audited unconsolidated financial statements together with the Auditor's Reports thereon for the financial year ended June 30, 2024.

GENERAL

Principal Activities:

The Company's principal activities 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 the sale of electricity. The electricity produced is sold to its sole customer Central Power Purchasing Agency (Guarantee) Limited ('CPPA') through the transmission network of the National Transmission and Dispatch Company ('NTDC'). The Company has a Power Purchase Agreement ('PPA') with its sole customer, CPPA for thirty years which commenced from June 6, 2001, ending on June 6, 2031. The Company also holds direct and indirect investments in other companies engaged in power generation as detailed in note 7 to the unconsolidated financial statements annexed with this report.

Group Structure:

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 with a gross capacity of 450 Mega Watts. The principal activity of RPPL is generating and selling electricity from its gas-fired combined cycle thermal power plant, located near Sidhna Barrage, Abdul Hakeem, District Khanewal, Punjab.

Expiry of Generation License and Going Concern Assumption

The Company's generation license with the National Electric Power Regulatory Authority ('NEPRA') expired on September 24, 2021. The Company had applied for renewal/extension of the Generation License with NEPRA, in line with the terms of its PPA and the Implementation Agreement (IA). On April 01, 2024, NEPRA granted the renewal in the term of the generation license of the Company till June 05, 2031, making it consistent with the term of the PPA and Implementation Agreement ('IA'). As directed by NEPRA in its Determination, the Company has applied for the Licensee Proposed Modification ('LPM') to match the installed capacity in the generation license with the capacity mentioned in the PPA and the IA, which is still in process. The Company will continue to make its power plant available until the expiry of the PPA. Therefore, the power generation operations will continue to be operated in the normal course of business.

Furthermore, given the foregoing and the fact that the Company's income from its subsidiary Rousch is consistent, your Board believes that the Company will continue as a Going Concern in the foreseeable future. Therefore, these financial statements have been prepared on a going-concern basis.

FINANCE

During the year under review, the Company's turnover was nil (2023: Rs. 17.5 million) and operating costs were Rs. 93.37 million (2023: Rs. 83 million), resulting in a gross loss of Rs. 93.37 million as against gross loss of Rs. 65.55 million in corresponding last year. Turnover for the previous year represented the delayed payment markup for the prior year's invoices. The Company posted an unconsolidated net profit of Rs. 4,336.31 million resulting in earnings per share ('EPS') of Rs. 11.95 as compared to the corresponding year's net loss of Rs. 72.86 million and loss per share of Rs. 0.20. The net profit for the current year includes dividend income from PMCL amounting to Rs. 4,390.18 million.

Consolidated financial statements combine the performance of the Company and its wholly owned subsidiary, PMCL, and its subsidiary, RPPL. Your Company's consolidated earnings attributable to the equity holders of Altern Energy Limited for the year under review were Rs. 3,085.24 million resulting in EPS of Rs. 8.49, as compared to consolidated earnings of Rs. 4,279.79 million and EPS of Rs. 11.78 in the corresponding last year.

DIVIDEND DISTRIBUTION

During the year under review, upon recommendation of the Board, four interim cash dividends were paid to the shareholders of the Company @ 47% in August 2023, @47.5% in November 2023, and @15% each in March 2024 and May 2024.

OPERATIONS

Due to the addition of significant generation capacity in the national grid system during the last few years, your plant has experienced a serious decline in dispatch demand from the off-taker. Even during the period when the plant received dispatch demand from the National Power Control Centre ('NPCC'), the availability of RLNG from SNGPL has been a challenge, due to issues related to RLNG terminal capacity and allocation of RLNG to other plants which are better than Altern in merit order.

The net generation of your plant during the year under review was Nil since the plant did not receive dispatch demand from the off-taker due to the pending renewal of the generation license by NEPRA till April 2024. Subsequently, the plant received dispatch demands from NPCC on a few occasions but due to the unavailability of RLNG, the Company did not generate electricity.

During the periods when the plant was non-operative, it was put into preservation mode to protect the working conditions of engines and related equipments. During the year, all other scheduled and preventive maintenance activities were successfully conducted by our technical team following the Original Equipment Manufacturers' (OEM) 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 a net profit of Rs. 5,552.11 million (earnings per share of Rs. 6.44) as compared to a net profit of Rs. 7,402.38 million (earning per share of Rs. 8.59) earned during the corresponding period of the last year. The decline in profit is a result of the recognition of Other Force Majeure Events ('OFME') days during the current year as compared to last year when the RPPL did not consider the OFME days due to a dispute with the off-taker. Payment default from RPPL's sole customer, CPPA continues. RPPL's management continues to follow up with CPPA and the Ministry of Energy (Power Division) for payment of overdue receivables.

During the year, 9.71 GWh of electricity was dispatched to CPPA as compared to 179.04 GWh delivered during the corresponding last year. Reduced generation is mainly due to less allocation of RLNG as well as reduced demand from the off-taker.

RPPL's issue of OFME with CPPA is settled for the time being. A meeting was held on July 6, 2023, between RPPL's management and the stakeholders NPCC and CPPA on this matter in which it was agreed that RPPL will only be dispatched if it is required under the Economic Merit Order ('EMO'), and it will be considered on OFME if it is required to be dispatched as per EMO and RLNG is not available, as per the terms of its PPA with CPPA. Accordingly, at the end of this financial year, RPPL experienced 101.87 OFME days as compared to no OFME days in the corresponding period of the last year.

RISK MANAGEMENT

It is the policy of the Company to view risk management as integral to the creation, protection, and enhancement of shareholder value. For this purpose, an Enterprise Risk Management (ERM) framework is in place wherein the risk matrix including all short-term and long-term risks in terms of impact and probability of occurrence are identified, assessed, and planned for mitigation. The management led by the Chief Executive is responsible for taking appropriate measures to mitigate the risks. The key risks with the potential to adversely impact the Company's business are as follows:

- Ongoing litigations
- Low dispatch from the off-taker
- Liquidity risk as a result of Circular debt
- Availability of fuel

In addition to the above, the Company's activities expose it to a variety of risks such as operational risks and financial risks which are subject to different levels of uncertainty. The financial risk management is disclosed in Note 32 of the annual audited unconsolidated financial statements of the Company.

MATERIAL INFORMATION

There have been no material changes since 1st July 2023 except the update on the renewal of the Generation License of the Company as mentioned in the earlier paragraphs. Furthermore, the Company has not entered any commitment that would affect its financial position at the reporting date, except for those mentioned in the annual audited financial statements of the Company for the year ended June 30, 2024.

CORPORATE & FINANCIAL REPORTING FRAMEWORK

Altern Energy is committed to maintaining high standards of corporate governance without any exception. The Company's Directors and management are fully acquainted with their responsibilities as required by provisions of the Companies Act, 2017 ('the Act'). The Company has complied with all the material requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ('the Regulations') as well as Pakistan Stock Exchange Regulations ('PSX Regulations'). The Directors confirm the following in compliance with the referred Regulations:

- 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 changes in accounting policies have been disclosed in the financial statements. The 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 the 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 about the Company's ability to continue as a going concern.
- g. There has been no material departure from the best practices of corporate governance as detailed in the Regulations and the listing regulations.
- h. The key operational and financial data of the last six years in summarised form has been annexed separately to the annual report.
- i. 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.

Board of Directors

The Board of Directors review all significant matters of the Company. These include the Company's strategic direction, its policies and procedural framework, annual business plans and targets, and decisions on borrowings and investments. The total number of elected directors is seven (7) as per the following composition:

Male	5
Female	2

The Board is categorized as Follows:

Sr. No.	Category	Names
1	Non-Executive Directors	Mr. Faisal Dawood (Chairman)
2		Mrs. Mehreen Dawood
3		Mr. Farooq Nazir
4		Mr. Shah Muhammad Chaudhary
5		Mr. Salih Merghani
6	Independent Directors	Syed Rizwan Ali Shah
7		Mrs. Aliya Saeeda Khan
8	Executive Director (Chief Executive)	Mr. Umer Shehzad Sheikh

Meetings of the Board

Under the applicable regulatory framework, the Board is legally required to meet at least once every quarter to ensure transparency, accountability, and monitoring of the Company's performance. Special meetings are also held whenever required to consider important matters. During the year under review, nine (09) meetings of the Board of Directors were held. The notices/agendas of the board meetings were circulated in advance, promptly, 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 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

The Board has established two committees to assist it in carrying out fiduciary responsibilities. These Committees are chaired by Independent or non-executive directors. These committees are as follows:

Boards' Audit Committee ("BAC")

The Audit Committee facilitates the Board in fostering a strong control environment, supported by an effective system of internal controls by implementing robust policies and procedures. The BAC reviews the consolidated and unconsolidated financial statements before recommending them to the Board of Directors for approval. Further, the BAC reviews the effectiveness of the internal control environment along with the reporting structure and accounting system. The BAC 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)

The Terms of Reference of the BAC have been defined in light of the guidelines of the Regulations. The Head of Internal Audit serves as Secretary to the Committee and convenes all its meetings. The 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, on time, and in compliance with applicable laws.

Human Resource & Remuneration Committee ("HRRC")

The HRRC reviews and recommends key human resource and remuneration policies, including major terms of employment and compensation plans for employees. The Committee comprises of three (3) members, the composition of which is as follows:

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

The head of Human Resources acts as the Secretary of HRRC and convenes the HRRC meetings. The HRRC meets twice during the year under review.

Attendance by Directors in the Board and the Committee Meetings

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

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

Internal Audit and Control

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

Adequacy of Internal Financial Controls

The Board of Directors has established an efficient system of internal financial controls, to ensure effective efficient conduct of operations, safeguarding Company's assets, compliance with applicable laws and regulations, and reliable financial reporting. The Company's system of internal controls comprises of robust Governance structure, well-defined authority limits, a detailed budgeting process, and well-understood policies and procedures. 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

The majority of the directors on the Board have obtained certificates of Directors' training programs from SECP-approved institutes by the requirements of the Regulations. All directors are fully conversant with their duties and responsibilities as Directors.

Directors' Remuneration

As per the requirements of the Code and the PSX Regulations, the Company has approved a formal policy for remunerations of Directors. As per the Policy, independent directors are eligible for meeting participation fees approved by the Board every year, whereas the nominee directors are not entitled to receive board/committee meeting fees or any other remuneration. Relevant disclosure of remuneration paid to Directors and the Chief Executive has been provided in Note 30 of the annual audited unconsolidated financial statements.

Evaluation of Performance of the Board of Directors

To the requirements of the Regulations, the Board has put in place an in-house mechanism with the support of the Company Secretary to carry out an annual evaluation of the Board's performance, members of the Board, and its committees. Yearly, the Company circulates an 'evaluation questionnaire' to all the directors independently and each director is required to evaluate himself as well as the Board. Upon receiving feedback from all directors, the Company Secretary compiles a report summarising results and recommendations. The report is then shared with the Chairman enabling him to discuss the results and findings along with an appropriate action plan with each member of the Board, if required.

No significant departure from the Act, the Regulations, and the policies & procedures was found during the review conducted in 2024.

RELATED PARTY TRANSACTIONS

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

By the requirements of the Regulations, every quarter, a comprehensive list of the related parties' transactions is placed before the Board's 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.

QUALITY, ENVIRONMENT, HEALTH & SAFETY (QEHS)

Safety lies at the core of the Company's operations with zero tolerance for any compromises on safety. Protecting the surrounding community and environment, fostering the health and performance of our employees as well as safeguarding their working conditions are core to our business philosophy. The Company is committed to protecting the health, safety, and well-being of its employees as well as the community it operates in. To maintain and enhance a culture of zero-tolerance towards EHS, a comprehensive communication structure has been established such as daily, weekly, and monthly safety reviews and safety talks. Additionally, the Company has implemented an Integrated Management System based on ISO 9001 (Quality Management), ISO 14001 (Environmental Management), and ISO 45001 (Occupational Health and Safety Management), along with other international guidelines (such as OSHA and NFPA). Their proactive approach aims to achieve zero Lost Time Incidents (LTIs) by monitoring both leading and lagging indicators.

CORPORATE SOCIAL RESPONSIBILITY

AEL is committed to acting 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 for the social welfare of its staff and community in general. Particular attention is given to protecting the environment of the local community by tree plantation. Furthermore, the local community benefits from our strategy of employing more staff from surrounding communities at our plant site.

PATTERN OF SHAREHOLDING

The Company's shares are listed on the Pakistan Stock Exchange.

Following section 227(2)(f) of the Companies Act, 2017, a statement showing the pattern of shareholding as of June 30, 2024, along with disclosures as required under the Regulations is annexed to the Annual Report. The Directors, CEO, and executives do not hold any interest in the shares of the Company other than those disclosed in the attached Pattern of Shareholding.

AUDITORS

The Statutory auditors of the Company, M/s Grant Thornton Anjum Rahman, Chartered Accountants, have completed their audit of the consolidated financial statements, unconsolidated financial statements, and the Statement of Compliance with the Code of Corporate Governance for the financial year ended June 30, 2024, and shall retire at the end of the upcoming Annual General Meeting of the Company.

The audit firm has been given a satisfactory rating under the Quality Control Review Programme of the Institute of Chartered Accountants of Pakistan. The present auditors, being eligible, have offered themselves for reappointment. Upon recommendation of the Audit Committee, the Board of Directors has approved the proposal of the appointment of M/s Grant Thornton Anjum Rahman, Chartered Accountants, as external auditors of the Company for the year ending June 30, 2025 subject to the approval of shareholders in the Annual General Meeting.

FUTURE OUTLOOK

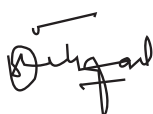
The financial year 2024 was a year of severe economic uncertainty – Continuous strain on foreign currency reserves, import prioritization, high interest rates, and political polarisation; all reflected in an economy in need of drastic improvements. The declining foreign exchange reserves coupled with high RLNG prices in the international market hampered the Government's ability to procure RLNG sufficiently enough to meet the country's needs. Resultantly the Government could not allocate RLNG quota to SNGPL adequately for utilising full power generation capacity. As a result, despite the Company receiving dispatch demand in peak summer months, it could not generate electricity due to the non-availability of RLNG from SNGPL.

Your Company's PPA with CPPA based on take-and-pay arrangement, has subjected it to a serious challenge of keeping the plant available for operations since less dispatch to the off-taker results in less capacity revenue and the plant is finding it very difficult to meet its fixed operational costs. This 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, PMCL.

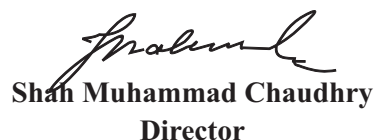
ACKNOWLEDGEMENT

The Board would like to thank and appreciate shareholders, and strategic partners for placing their confidence and trust to steer the Company in these challenging times. The Board expresses its gratitude for the dedication and perseverance of management. The Board also extends its appreciation to the Government functionaries, regulatory bodies, and all stakeholders for their resolute cooperation.

On Behalf of the Board



Umer Shehzad Sheikh
Chief Executive



Shah Muhammad Chaudhry
Director

Date: September 19, 2024
Place: Lahore.

حصص داران کو ڈائریکٹرز کی رپورٹ

ہم، زیر دستخطی، بورڈ آف ڈائریکٹرز کی جانب سے، 30 جون 2024 کو ختم ہونے والے مالی سال کے لئے آلٹرن انرجی لمیٹڈ ('دی کمپنی') کی سالانہ رپورٹ بشمول سالانہ نظر ثانی شدہ مجموعی مالی حسابات اور سالانہ نظر ثانی شدہ غیر مجموعی مالی حسابات معائنہ پر آڈیٹر کی رپورٹ بخوشی پیش کرتے ہیں۔

عمومی

اصل سرگرمیاں

کمپنی کی بنیادی سرگرمیوں میں 32 میگا واٹ کے گیس تھرمل پاور پلانٹ واقع نزد فتح جنگ ضلع انک پنجاب کی ملکیت، آپریشن، دیکھ بھال اور بجلی کی فروخت جاری ہے۔ پیدا ہونے والی بجلی اس کے واحد صارف سنٹرل پاور پراجیکٹ ایجنسی (گارنٹی لمیٹڈ ('CPPA')) کو پیش ٹرانسمیشن اینڈ ڈسٹریبیویشن کمپنی ('NTDC') کے ٹرانسمیشن نیٹ ورک کے ذریعے بجلی کی فروخت شامل ہے۔ کمپنی نے اپنے واحد صارف CPPA 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۔ کمپنی پاور جزییشن میں مشغول دیگر کمپنیوں میں بالواسطہ اور بلاواسطہ سرمایہ کاری بھی کرتی ہے جس کی تفصیل اس رپورٹ کے ساتھ لف غیر مجموعی مالی حسابات کے نوٹ 7 میں دی گئی ہے۔

گروپ کی ساخت

کمپنی پاور بیجمنٹ کمپنی (پرائیویٹ) لمیٹڈ (PMCL) (خصوصی مقصد کی گاڑی) کے 100 فیصد حصص کی مالک ہے، جو بدلے میں Rousch (پاکستان) پاور لمیٹڈ (RPPL) کے 59.98 فیصد حصص رکھتی ہے۔ RPPL ایک غیر مندرج پبلک کمپنی اور 450 میگا واٹ کی مجموعی صلاحیت رکھنے والی خود مختار پاور پروڈیوسر ہے۔ RPPL کی اصل سرگرمی گیس فائرڈ کمانڈ سائیکل تھرمل پاور پلانٹ جو کہ سدھنائی پیراج، عوبدالکھیم، ضلع خانیوال، پنجاب کے قریب واقع ہے کے ذریعے بجلی پیدا اور فروخت کرنا ہے۔

جزییشن لائسنس کی ایکسپیری اور جاری تشویش مفروضہ

نیشنل الیکٹرک پاور ریگولیٹری اتھارٹی (NEPRA) کے ساتھ کمپنی کے جزییشن لائسنس کی میعاد 24 ستمبر 2021 کو ختم ہوگی۔ کمپنی نے اپنے PPA اور IA کی شرائط کے مطابق NEPRA کے ہاں جزییشن لائسنس کی تجدید/توسیع کے لیے درخواست دی ہے۔ یکم اپریل 2024 کو، نیچر نے کمپنی کے جزییشن لائسنس کی مدت میں 05 جون 2031 تک تجدید کی منظوری دے دی جس سے یہ PPA اور عملدرآمد معاہدے ('IA') کی مدت کے مطابق ہو گیا۔ نیچر کی ہدایت کے مطابق کمپنی نے جزییشن لائسنس میں نصب شدہ گنجائش کو PPA اور IA میں بیان کردہ گنجائش کے مطابق لائیکے لیے لائسنس کی مجوزہ ترمیم ('LPM') کے لیے درخواست دی ہے جو ابھی زیر تیکمیل میں ہے۔ کمپنی PPA کی میعاد ختم ہونے تک اپنے پاور پلانٹ کو دستیاب رکھے گی۔ لہذا بجلی کی پیداوار کے آپریشن معمول کے مطابق جاری رہیں گے۔

مزید برآں، مذکورہ بالا اور اس حقیقت کے پیش نظر کہ کمپنی کی ذیلی کمپنی Rousch سے آمدنی مستحکم ہے، آپ کے بورڈ کو یقین ہے کہ کمپنی مستقبل قریب میں ایک گونگ کنسنرن 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 اور nil ملین روپے (2023 میں 17.5 ملین روپے) اور آپریٹنگ کے اخراجات 93.37 ملین روپے (2023 میں 83 ملین روپے) رہے جس کے نتیجے میں گزشتہ سال کے مجموعی نقصان 65.55 ملین روپے کے برعکس 93.37 ملین روپے کا مجموعی نقصان ہوا۔ گزشتہ سال کے ٹرن اور میں پچھلے سالوں کی رسیدوں کے لیے تاخیر سے ادائیگی ظاہر ہوتی ہے۔ کمپنی نے گزشتہ سال کے خالص نقصان 72.86 ملین روپے اور 0.20 روپے فی شیئر نقصان کے مقابلے موجودہ سال کا خالص منافع 4,336.31 ملین روپے اور فی شیئر آمدنی (EPS) 11.95 روپے درج کرایا ہے۔ رواں سال کے خالص منافع میں PMCL کے 4,390.18 ملین روپے کے حصص شامل ہیں۔

مجموعی مالی گوشوارے کمپنی اور اس کی مکمل ملکیتی ذیلی کمپنی PMCL اور اس کی ذیلی کمپنی RPPL کی کارکردگی کو یکجا کرتے ہیں۔ زیر جائزہ سال میں آپ کی کمپنی کی آلٹرن انرجی لمیٹڈ کے ایکویٹی ہولڈرز سے منسوب مجموعی کمائی 3,085.24 ملین روپے ہے جس کے نتیجے میں فی حصص آمدنی 8.49 روپے رہی جبکہ اس کے برعکس گزشتہ سال کی اسی مدت میں مجموعی کمائی 4,279.79 ملین روپے جس کے نتیجے میں فی حصص آمدنی 11.78 روپے تھی۔

حصہ داری کی تقسیم

زیر جائزہ سال کے دوران، بورڈ کی سفارشات پر، کمپنی کے شیئر ہولڈرز کو چار عبوری نقد منافع منقسمہ جات اگست 2023 میں 47%، نومبر 2023 میں 47.5% اور مارچ 2024 اور مئی 2024 میں 15% کی شرح سے ادا کئے گئے۔

آپریٹنرز

گزشتہ چند سالوں کے دوران نیشنل گریڈ سسٹم میں قابل قدر پیداواری صلاحیت کے اضافے کی وجہ سے، آپ کے پلانٹ نے آف ٹیکر کی طرف سے ڈسپنچ ڈیمانڈ میں شدید کمی دیکھی ہے۔ یہاں تک کہ اس مدت کے دوران جب NPCC سے ڈسپنچ ڈیمانڈ موصول ہوئی، RLNG ٹریڈنگ کی صلاحیت اور RLNG کو دوسرے پلانٹس جو میٹ کے لحاظ سے Altern سے اوپر ہیں کو مختص کرنے سے متعلق مسائل کی وجہ سے SNGPL سے RLNG کی دستیابی ایک چیلنج رہی۔

زیر جائزہ سال کے دوران آپ کے پلانٹ کی پیداوار صفر تھی کیونکہ اپریل 2024 تک پیرا کی جانب سے جنریشن لائسنس کی تجدید زیر التوا ہونے کی وجہ سے پلانٹ کو آف ٹیکر کی جانب سے ترسیل کی طلب موصول نہیں ہوئی تھی۔ اس کے بعد، پلانٹ کو کچھ مواقع پر NPCC کی طرف سے ترسیل کے مطالبات موصول ہوئے لیکن RLNG کی عدم دستیابی کی وجہ سے، کمپنی نے بجلی پیدا نہیں کی۔ ان ادوار کے دوران جب پلانٹ غیر فعال تھا، اسے انجنوں اور متعلقہ سامان کی صحت کی حفاظت کے لئے تحفظ کے موڈ میں رکھا گیا تھا۔ سال کے دوران، ہماری تکنیکی ٹیم کی طرف سے اور بجلی ایکویپمنٹ مینوفیکچرر (OEM) کی سفارشات کے مطابق دیگر تمام طے شدہ اور احتیاطی دیکھ بھال کی سرگرمیاں کامیابی کے ساتھ انجام دی گئیں۔ ہمیں یقین ہے کہ تمام انجن اور ان کے معاون آلات ہموار اور قابل اعتماد آپریٹنرز کے لیے میکانیکی حالت میں ہیں۔

ماتحت ادارے کا جائزہ

زیر جائزہ سال کے دوران کمپنی کے ذیلی ادارہ روٹ (پاکستان) پاور لمیٹڈ (RPPL) نے موجودہ سال کیلئے 5,552.11 ملین روپے خالص منافع (نیٹ حصص آمدنی 6.44 روپے) درج کیا جبکہ گزشتہ سال کی اسی مدت کے دوران 7,402.38 ملین روپے خالص منافع (نیٹ حصص آمدنی 8.59 روپے) تھا۔ منافع میں یہ کمی گزشتہ سال کے مقابلے میں رواں سال کے دوران دیگر فورس مچھورا پوائنٹس (OFME) کے دنوں کو تسلیم کرنے کا نتیجہ ہے جب RPPL نے آف ٹیکر کے ساتھ تنازعہ کی وجہ سے OFME کے دنوں کو قبول نہیں کیا تھا۔ RPPL کے واحد صارف، CPPA کی جانب سے عدم ادائیگی جاری ہے۔ RPPL کی انتظامیہ واجب الادا واجبات کی ادائیگی کے لئے CPPA اور وزارت توانائی (پاور ڈویژن) کے ہاں پیروی جاری رکھے ہوئے ہے۔ سال کے دوران CPPA کو 9.71 گریگا واٹ بجلی ترسیل کی گئی جبکہ گزشتہ سال اسی عرصے کے دوران 179.04 گریگا واٹ بجلی ترسیل کی گئی تھی۔ پیداوار میں کمی کی بنیادی وجہ RLNG کی کم الاٹمنٹ کے ساتھ ساتھ آف ٹیکر کی جانب سے کم طلب ہے۔

RPPL کا CPPA کے ساتھ OFME کا مسئلہ جاری ہے۔ اس معاملے پر RPPL کی انتظامیہ اور اسٹیک ہولڈرز NPCC اور CPPA کے درمیان 6 جولائی 2023 کو ایک اجلاس منعقد ہوا جس میں اس بات پر اتفاق کیا گیا کہ RPPL کو صرف اسی صورت میں ترسیل کی جائے گی جب اسے اکنامک میرٹ آرڈر ('EMP') کے تحت ضرورت ہو، اور اگر اسے EMP کے مطابق ترسیل کی ضرورت ہو اور RLNG دستیاب نہ ہو تو اس پر OFME قبول کیا جائے گا۔ CPPA کے ساتھ اس کے PPA کی شرائط کے مطابق، رواں مالی سال کے اختتام پر RPPL نے 101.87 OFME دن کا تجربہ کیا جبکہ گزشتہ سال اسی عرصے میں اوائف ایم ای دن صفر تھے۔

رسک مینجمنٹ

یہ کمپنی کی پالیسی ہے کہ وہ رسک مینجمنٹ کو میٹرز ہولڈر کی قدر کی تخلیق، تحفظ اور اضافے کے لازمی جزو کے طور پر دیکھے۔ اس مقصد کے لیے، انٹرنل ریسک مینجمنٹ (ERM) پالیسی موجود ہے جس میں تمام قابل مدتی اور طویل مدتی خطرات بشمول اثرات اور وقوع پذیر ہونے کے امکانات کی نشاندہی، تشخیص، اور تخفیف کے لیے منصوبہ بندی کی گئی ہے۔ چیف ایگزیکٹو کی قیادت میں انتظامیہ خطرات کو کم کرنے کے لیے مناسب اقدامات کرنے کی ذمہ دار ہے۔ کمپنی کے کاروبار پر منفی اثر ڈالنے کی صلاحیت کے ساتھ، ہم خطرات درج ذیل ہیں:

- جاری قانونی چارہ جوئی
- آف ٹیکر سے کم ترسیل
- سرکلر ڈیٹ کے نتیجے میں لیکویڈیٹی کا خطرہ
- ایندھن کی دستیابی

مندرجہ بالا کے علاوہ، کمپنی کی سرگرمیاں سے متعدد خطرات سے دوچار کرتی ہیں جیسے کہ آپریٹنل خطرات اور مالیاتی خطرات جو غیر یقینی کی مختلف سطحوں سے مشروط ہیں۔ مالیاتی رسک مینجمنٹ کا انکشاف کمپنی کے سالانہ آڈٹ شدہ غیر مجموعی مالیاتی گوشواروں کے نوٹ 32 میں کیا گیا ہے۔

اہم معلومات

یکم جولائی 2023 سے کوئی اہم تبدیلیاں نہیں ہوئی ہیں ماسوائے کمپنی کے جنریشن لائسنس کی تجدید جو کہ پچھلے بیروں میں مذکور ہے۔ مزید برآں، کمپنی نے کوئی ایسا معاہدہ نہیں کیا ہے جس سے رپورٹنگ تاریخ پر اس کی مالی پوزیشن متاثر ہوتی ہو، ماسوائے جن 30 جون 2024 کو ختم ہونے والے سال کے لیے کمپنی کے سالانہ نظر ثانی شدہ مالیاتی گوشواروں میں ذکر کیا گیا ہے۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک

آئرن انرجی بئیر کی استثناء کے کارپوریٹ گورننس کے اعلیٰ معیارات کو برقرار رکھنے کے لئے پُر عزم ہے۔ کمپنی کے ڈائریکٹرز اور انتظامیہ کمپنیز ایکٹ 2017 (دی ایکٹ) کی دفعات کے مطابق اپنی ذمہ داریوں سے پوری طرح آگاہ ہیں۔ کمپنی نے لسٹڈ کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 ('ریگولیشنز') کے ساتھ ساتھ پاکستان اسٹاک ایکسچینج ریگولیشنز (PSX) ریگولیشنز ('کی تمام اہم ضروریات کی تعمیل کی ہے۔ ڈائریکٹرز مندرجہ ذیل باتوں کی توثیق کرتے ہوئے حوالہ شدہ ضوابط کی تعمیل کرتے ہیں:

- a کمپنی کی انتظامیہ کی طرف سے تیار کردہ، اشتہال شدہ مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکویٹی 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 مالیاتی گوشواروں کو ایکٹ اور بین الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRS)، جیسا کہ پاکستان میں لاگو ہیں کے مطابق تیار کیا گیا ہے، مالیاتی گوشواروں کی تیاری میں بیرونی کی گئی ہے اور اس سے کسی بھی انحراف کا مناسب طور پر انکشاف اور وضاحت کی گئی ہے۔
- e اندرونی کنٹرول سسٹم ڈیزائن میں مستحکم ہے اور مؤثر طریقہ سے عملدرآمد اور نگرانی کی جاتی ہے۔
- f کمپنی کے گونگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- g فرسٹی تو اعداد و ضوابط میں تفصیلی کارپوریٹ گورننس کے بہترین عمل سے کوئی مادی انحراف نہیں کیا گیا ہے۔
- h گزشتہ 6 سال کے کلیدی اور اہم مالیاتی اعداد و شمار رپورٹ کے ہمراہ منسلک ہیں۔
- i ٹیکسز، ڈیوٹیز، لیویز اور چارجز کی مد میں جہاں کوئی قانونی ادائیگی بقایا ہے، ہنجر تفصیل اور وجوہات کے ساتھ رقم کا انکشاف مالی حسابات میں کیا گیا ہے۔

بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز کمپنی کے تمام اہم معاملات کا جائزہ لیتا ہے۔ ان میں کمپنی کی اسٹریٹجک سمت، اس کی پالیسیاں اور طریقہ کار کا فریم ورک، سالانہ کاروباری منصوبے اور اہداف، قرض لینے اور سرمایہ کاری کے فیصلے شامل ہیں۔ منتخب ڈائریکٹرز کی کل تعداد سات (7) ہے جس کی تفصیل مندرجہ ذیل کے مطابق ہے:

مرد 5

خاتون 2

بورڈ کی ترتیب حسب ذیل کے مطابق ہے:

نمبر شمار	کینگری	نام ڈائریکٹر
1	نان ایگزیکٹو ڈائریکٹر	فیصل داؤد (چیرمین)
2	نان ایگزیکٹو ڈائریکٹر	محترمہ مہرین داؤد
3	نان ایگزیکٹو ڈائریکٹر	جناب فاروق نذیر
4	نان ایگزیکٹو ڈائریکٹر	شاہ محمد چودھری
5	نان ایگزیکٹو ڈائریکٹر	صالح مرغانی
6	آزاد ڈائریکٹر	سید رضوان علی شاہ
7	آزاد ڈائریکٹر	محترمہ عالیہ سعید خان
8	ایگزیکٹو ڈائریکٹر (چیف ایگزیکٹو)	عمر شہزاد شیخ

بورڈ کے اجلاس

ریگولٹری فریم ورک کے تقاضے کے مطابق بورڈ قانونی طور پر کمپنی کی کارکردگی کی شفافیت، جوابدہی اور گمرانی کو یقینی بنانے کے لیے سال کے دوران ہر سہ ماہی میں کم از کم ایک اجلاس کرتا ہے۔ اہم معاملات کو زیر غور لانے کے لیے جب ضرورت ہو خصوصی اجلاس بھی منعقد کئے جاتے ہیں۔ زیر جائزہ سال کے دوران بورڈ آف ڈائریکٹرز کے نو (09) اجلاس منعقد ہوئے۔ میٹنگوں کے نوٹس/ ایجنڈا پیشگی، بروقت اور قابل اطلاق قوانین کی تعمیل میں ترسیل کئے گئے تھے۔ سال کے دوران منعقد ہونے والے بورڈ کے تمام اجلاسوں نے حاضری کی کم از کم کورم کی ضروریات کو پورا کیا، جیسا کہ قابل اطلاق ضوابط کے ذریعہ تجویز کیا گیا ہے۔ کمپنی سیکرٹری بورڈ کے سیکرٹری کے طور پر کام کرتا ہے۔ اجلاسوں کے دوران بورڈ کی طرف سے کئے گئے تمام فیصلوں کو کمپنی سیکرٹری کی طرف سے رکھی گئی اجلاس کے امور 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 نے ذمہ داریوں کو نبھانے میں اپنی مدد کے لئے دو کمیٹیاں تشکیل دی ہیں۔ ان کمیٹیوں کی صدارت آزاد یا غیر ایگزیکٹو ڈائریکٹرز کرتے ہیں۔ یہ کمیٹیاں درج ذیل ہیں:

آڈٹ کمیٹی

آڈٹ کمیٹی بورڈ کو مضبوط کنٹرول ماحول کو فروغ دینے میں سہولت فراہم کرتی ہے، جس میں مضبوط پالیسیوں اور طریقہ کار کو نافذ کر کے داخلی کنٹرول کے موثر نظام کی حمایت حاصل ہے۔ آڈٹ کمیٹی منظوری کے لئے بورڈ آف ڈائریکٹرز کو سفارش کرنے سے پہلے مریوط اور غیر مریوط مالی گوشواروں کا جائزہ لیتی ہے۔ مزید برآں، آڈٹ کمیٹی رپورٹنگ ڈھانچے اور اکاؤنٹنگ سسٹم کے ساتھ اندرونی کنٹرول ماحول کی تاثیر کا جائزہ لیتی ہے۔ آڈٹ کمیٹی مندرجہ ذیل تین (3) ارکان پر مشتمل ہے:

سید رضوان علی شاہ	(آزاد ڈائریکٹر)۔ چیئر مین
فاروق نذیر	(نان۔ ایگزیکٹو ڈائریکٹر)
شاہ محمد چودھری	(نان۔ ایگزیکٹو ڈائریکٹر)

آڈٹ کمیٹی کی ٹرم آف ریفرنس شرائط وضوابط کی روشنی میں بیان کی گئی ہیں۔ انٹرنل آڈٹ کا سربراہ کمیٹی کے سیکرٹری کے طور پر کام کرتا اور اس کے تمام اجلاس بلا تا ہے۔ چیف فنانشل آفیسر دعوت نامہ کے ذریعے آڈٹ کمیٹی کے اجلاسوں میں شرکت کرتا ہے اور بیرونی آڈیٹرز ضروریات کے مطابق اجلاسوں میں شرکت کرتے ہیں۔ کمیٹی کا سال کے دوران چار (4) اجلاس ہو اور اجلاسوں کے نوٹس/ ایجنڈا پیشگی، وقت پر اور قابل اطلاق قوانین کی تعمیل میں تقسیم کیے گئے۔

ہیومن ریسورس اینڈ ریمیزیشن کمیٹی

HRRC انسانی وسائل اور معاوضے کی اہم پالیسیوں کا جائزہ لیتا اور سفارش کرتا ہے، جس میں ملازمین کے لئے ملازمت کی اہم شرائط اور معاوضے کے منصوبے شامل ہیں۔ کمیٹی تین (3) ارکان پر مشتمل ہے، جس کی تشکیل درج ذیل ہے:

فاروق نذیر	(نان ایگزیکٹو ڈائریکٹر) چیئر مین
شاہ محمد چودھری	(نان ایگزیکٹو ڈائریکٹر)
سید رضوان علی شاہ	(آزاد ڈائریکٹر)

ہیومن ریسورس کا سربراہ HRRC کے سیکرٹری کے طور پر کام کرتا ہے اور HRRC کے اجلاس بلا تا ہے۔ زیر جائزہ سال کے دوران HRRC کا دو بار اجلاس ہوا ہے۔

ڈائریکٹرز کی بورڈ اور کمیٹی اجلاسوں میں حاضری

اعداد شمار	نام ڈائریکٹر	بورڈ آف ڈائریکٹرز کے اجلاس	آڈٹ کمیٹی کے اجلاس	HR&R کمیٹی کے اجلاس
1	فیصل داؤد	9 میں سے 9	N/A	N/A
2	عالیہ سعیدہ خان	9 میں سے 9	N/A	N/A
3	فاروق نذیر	9 میں سے 9	4 میں سے 4	2 میں سے 2
4	محترمہ مہرین داؤد	8 میں سے 9	N/A	N/A
5	صالح مرغانی	9 میں سے 6	-	-
6	شاہ محمد چوہدری	9 میں سے 6	4 میں سے 4	2 میں سے 2
7	سید رضوان علی شاہ	9 میں سے 8	4 میں سے 4	2 میں سے 2
8	عمر شہزاد شیخ	9 میں سے 9	4 میں سے 4	2 میں سے 2

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

داخلی آڈٹ اور کنٹرول

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

داخلی مالیاتی کنٹرولر کا استحکام

بورڈ آف ڈائریکٹرز نے اندرونی مالیاتی کنٹرولر کا ایک موثر نظام قائم کیا ہے، تاکہ مؤثر آپریشنز کے مؤثر انعقاد، کمپنی کے اثاثوں کی حفاظت، قابل اطلاق قوانین اور ضوابط کی تعمیل، اور قابل اعتماد مالی رپورٹنگ کو یقینی بنایا جاسکے۔ کمپنی کے داخلی کنٹرول کے نظام میں مضبوط گورننس ڈھانچہ، اچھی طرح سے متعین اختیارات کی حدود، ایک تفصیلی بجٹ سازی، اور اچھی طرح سے فہم پالیسیاں اور طریقہ کار شامل ہیں۔ قابل اطلاق قوانین اور ریگولیٹری ضروریات کی تعمیل بھی داخلی کنٹرول پر منحصر ہے اور ریگولیٹری ضروریات کی تعمیل کو یقینی بنانے کے لئے کمپنی کے پاس مؤثر داخلی ریگولیٹری کنٹرول موجود ہے۔

ڈائریکٹرز ٹریننگ

اکثر ڈائریکٹرز ریگولیشنز کے تقاضوں کے مطابق SECP کے منظور شدہ اداروں سے ڈائریکٹرز ٹریننگ پروگرام کے تحت کوالیفائیڈ ڈائریکٹرز سند یافتہ ہیں۔ تمام ڈائریکٹرز بطور ڈائریکٹرز اپنے فرائض اور ذمہ داریوں سے بخوبی آگاہ ہیں۔

ڈائریکٹرز کا مشاہرہ

کوڈ اور PSX ریگولیشنز کی ضروریات کے مطابق، کمپنی نے ڈائریکٹرز کے مشاہرہ کی رسمی پالیسی بورڈ نے منظور کی ہے۔ پالیسی کے مطابق، آزاد ڈائریکٹرز اجلاس میں شرکت کے لئے ہر سال بورڈ کی طرف سے منظور شدہ فیس کے اہل ہیں، جبکہ نامزد ڈائریکٹرز بورڈ/کمیٹی مینٹنز کی فیس یا کوئی اور معاوضہ وصول کرنے کے حقدار نہیں ہیں۔ ڈائریکٹرز اور چیف ایگزیکٹو کو کواداکے جانے والے مشاہرہ کا سالانہ نظر ثانی شدہ غیر مجموعی مالی حسابات کے نوٹ 30 میں موزوں بیان کیا گیا ہے۔

بورڈ کی کارکردگی کا تجزیہ

ریگولیشنز کے تقاضوں کو مد نظر رکھتے ہوئے بورڈ نے کمپنی سیکریٹری کی مدد سے بورڈ کی کارکردگی، بورڈ کے ممبران اور اس کی کمیٹیوں کی سالانہ تشخیص کے لیے ایک ان باؤس میکانزم وضع کیا ہے۔ ہر سال، کمپنی تمام ڈائریکٹرز کو آزادانہ طور پر ایک 'تشخیصی سوالنامہ' تقسیم کرتی ہے اور ہر ڈائریکٹر کو اپنے آپ کو اور بورڈ کا جائزہ لینے کی ضرورت ہوتی ہے۔ تمام ڈائریکٹرز سے رائے حاصل کرنے کے بعد، کمپنی سیکریٹری نتائج اور سفارشات کا خلاصہ کی رپورٹ مرتب کرتا ہے۔ اس کے بعد رپورٹ چیئرمین کے ساتھ شیئر کی جاتی ہے تاکہ وہ ضرورت پڑنے پر بورڈ کے ہر رکن کے ساتھ مناسب ایکشن پلان کے ساتھ نتائج پر تبادلہ خیال کر سکیں۔

2024 میں کیے گئے جائزے کے دوران ایکٹ، ضوابط اور پالیسیوں اور طریقہ کار سے کوئی اہم انحراف نہیں پایا گیا۔

متعلقہ پارٹی ٹرانزیکشنز

متعلقہ فریقوں کے ساتھ تمام لین دین قابل رسائی قیمتوں 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، ہر سہ ماہی متعلقہ فریقوں کے ساتھ کیے گئے لین دین کی جامع فہرست بورڈ کی آڈٹ کمیٹی کے سامنے رکھی اور جائزہ اور منظوری کے لیے بورڈ کو پیش کی جاتی ہے۔ کمپنی نے اس سالانہ رپورٹ کے ساتھ منسلک مالی گوشواروں 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۔

کوالٹی، ماحولیات، صحت اور حفاظت (QEHS)

سیفٹی کمپنی کے آپریشنز کا بنیادی حصہ ہے جس میں حفاظت پر کسی بھی سمجھوتے کے لئے صفر واداری ہے۔ آس پاس کی کمیونٹی اور ماحول کی حفاظت، ہمارے ملازمین کی صحت اور کارکردگی کو فروغ دینے کے ساتھ ساتھ ان کے کام کے حالات کی حفاظت ہمارے کاروباری فلسفے کا بنیادی حصہ ہے۔ کمپنی اپنے ملازمین کی صحت، حفاظت اور فلاح و بہبود کے ساتھ ساتھ اس کمیونٹی جس میں وہ کام کرتا ہے کے تحفظ کے لئے پُر عزم ہے۔ EHS جیسا کہ روزانہ، ہفتہ وار، اور ماہانہ حفاظتی جائزے اور حفاظتی بات چیت کے خلاف صفر واداری کی ثقافت کو برقرار رکھنے اور بڑھانے کے لئے، ایک جامع مواصلاتی ڈھانچہ قائم کیا گیا ہے۔ مزید برآں، کمپنی نے ISO 9001 (کوالٹی مینجمنٹ)، ISO 14001 (ماحولیاتی انتظام) اور ISO 45001 (پیشہ ورانہ صحت اور حفاظت کے انتظام) کے ساتھ ساتھ دیگر بین الاقوامی رہنما خطوط مثلاً OSHA اور NFPA) پر مبنی ایک مربوط مینجمنٹ سسٹم نافذ کیا ہے۔ ان کے فعال نقطہ نظر کا مقصد دونوں لیڈنگ اور لیگنگ اشاروں کی نگرانی کے ذریعے صفر لوسٹ ٹائم واقعات (LTIs) حاصل کرنا ہے۔

کارپوریٹ سماجی ذمہ داری

AEL ہمیں مفاد کے لئے کمیونٹی اور ماحولیات کی طرف ذمہ داری کا مظاہرہ کرنے کے لئے پُر عزم 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۔ شہر کاری کے ذریعے مقامی کمیونٹی کے ماحول کو محفوظ بنانے کو خاص اہمیت دی گئی ہے۔ جبکہ اس کے علاوہ، مقامی کمیونٹی ہمارے پلانٹ پر ارد گرد کی کمیونٹیز سے زیادہ سے زیادہ عملہ کو روزگار دینے کی ہماری حکمت عملی سے مستفید ہوتی ہے۔

شیئر ہولڈنگ کا نمونہ

کمپنی کے حصص پاکستان اسٹاک ایکسچینج میں درج ہیں۔

کمپنیز ایکٹ 2017 کے سیکشن (f) 227(2) کے مطابق، 30 جون 2024 تک شیئر ہولڈنگ کے پٹرن کو ظاہر کرنے والا ایک بیان، ضابطوں کے تحت مطلوبہ انکشافات کے ساتھ سالانہ رپورٹ کے ہمراہ منسلک ہے۔ ڈائریکٹرز، سی ای او اور ایگزیکٹوز کمپنی کے شیئرز میں کوئی دلچسپی نہیں رکھتے ہیں سوائے ان کے جو شیئر ہولڈنگ کے منسلک پٹرن میں ظاہر ہے۔

آڈیٹرز

کمپنی کے قانونی آڈیٹرز میسرز گرانٹ تھورنٹن انجم رحمان، چارٹرڈ اکاؤنٹنٹس نے 30 جون 2024 کو ختم ہونے والے مالی سال کے لئے مربوط مالی گوشواروں، غیر مربوط مالی گوشواروں اور کوڈ آف کارپوریٹ گورننس کی تعمیل کے بیان کا آڈٹ مکمل کر لیا ہے اور وہ کمپنی کے آئندہ سالانہ اجلاس عام کے اختتام پر ریٹائر ہو جائیں گے۔ آڈٹ فرم کوانٹیٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کے کوالٹی کنٹرول ریویو پروگرام کے تحت تسلی بخش ریٹنگ دی گئی ہے۔ موجودہ آڈیٹرز اہل ہونے کی بناء پر خود کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔ آڈٹ کمیٹی کی سفارش پر بورڈ آف ڈائریکٹرز نے 30 جون 2025 کو ختم ہونے والے سال کے لئے میسرز گرانٹ تھورنٹن انجم رحمان، چارٹرڈ اکاؤنٹنٹس کی کمپنی کے بیرونی آڈیٹرز کے طور پر تقرری کی تجویز کی منظوری دے دی ہے جو سالانہ اجلاس عام میں شیئر ہولڈرز کی منظوری سے مشروط ہے۔

مستقبل کا نقطہ نظر

مالی سال 2024 شدید معاشی پریشانی کا سال تھا۔ غیر ملکی کرنسی کے ذخائر پر مسلسل دباؤ، درآمدات کی ترجیحات، بلند شرح سود، اور سیاسی پورائزیشن؛ یہ سب ایک ایسی معیشت میں ظاہر ہوتا ہے جس میں شدید بہتری کی ضرورت ہو۔ غیر ملکی زرمبادلہ کے ذخائر کی عدم موجودگی اور بین الاقوامی مارکیٹ میں آریبل این جی کی زیادہ قیمتوں کی وجہ سے حکومت کی ملکی ضروریات کو پورا کرنے کے لئے کافی حد تک RLNG خریدنے کی صلاحیت متاثر ہوئی۔ نتیجتاً حکومت SNGPL کو RLNG کو مختص نہیں کر سکی تاکہ بجلی کی پوری پیداواری صلاحیت کو بروئے کار لایا جاسکے۔ نتیجتاً، گرمیوں کے شدید مہینوں میں کمپنی کو ترسیل کی طلب حاصل ہونے کے باوجود، SNGPL سے RLNG کی عدم دستیابی کی وجہ سے بجلی پیدا نہیں کی جاسکی۔

ٹیک اینڈ پے انتظامات کی بنیاد پر CPPA کے ساتھ آپ کی کمپنی کے PPA نے پلانٹ کو آپریشن کے لئے دستیاب رکھنے کے سگنل چیلنج کا سامنا کیا ہے کیونکہ آف ٹیکر کو کم تر سیل کے نتیجے میں کم صلاحیتی آمدنی ہوتی ہے اور پلانٹ کو اپنے طے شدہ آپریشنل اخراجات کو پورا کرنا بہت مشکل ہو رہا ہے۔ اس کی وجہ سے ایسی صورتحال پیدا ہو گئی ہے جہاں پلانٹ کی تجارتی قابلیت بھی غیر یقینی ہو گئی ہے۔ تاہم کمپنی اپنے ماتحت ادارے PMCL میں سرمایہ کاری سے ہونے والی آمدنی کی وجہ سے ایک قابل عمل ادارہ رہے گی۔

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 انتظامیہ کی طرف سے پیش کی جانے والی لگن اور عزم کو سراہتا ہے۔ بورڈ حکومتی عہدیداروں، ریگولیٹری اداروں، اور تمام اسٹیک ہولڈرز کے پُر عزم تعاون کے لیے شکرگزار ہے۔

محمد
عمر شہزاد شیخ
چیف ایگزیکٹو

بحکم بورڈ

شاہ محمد چوہدری
ڈائریکٹر

19 ستمبر 2024ء

مقام: لاہور

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

Name of Company: Altern Energy Limited

Year ended: June 30, 2024

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

1. The total number of directors are 8 (including Chief Executive) as per the following:

a)	Male	6
b)	Female	2

2. The composition of the Board is as follows:

Sr. No.	Category	Names
1	Independent Directors	Syed Rizwan Ali Shah
2		Mrs. Aliya Saeeda Khan
3	Non-Executive Directors	Mr. Faisal Dawood
4		Mrs. Mehreen Dawood
5		Mr. Farooq Nazir
6		Mr. Shah Muhammad Chaudhary
7		Mr. Salih Merghani
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 the 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. All directors of the Company have completed the Directors' Training Program, except one foreign national director.
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 and Chief Financial Officer duly endorsed the financial statements before approval of the Board.

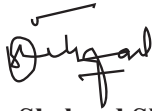
12. The Board has formed two committees comprising of members given below:
- (a) **Audit Committee:**
 1. Syed Rizwan Ali Shah (Independent Director) – Chairman
 2. Mr. Farooq Nazir (Non-executive Director)
 3. Mr. Shah Muhammad Chaudhary (Non-executive Director)
 - (b) **Human Resource and Remuneration 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 meetings were held during the financial year ended June 30, 2024, on October 2, 2023, October 24, 2023, February 24, 2024 and April 26, 2024.
 - b) **Human Resource and Remuneration Committee:**

Two meetings were held during the financial year ended June 30, 2024, on August 15, 2023 and April 17, 2024.
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, 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 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
<p>Representation of the Minority shareholders: The minority members as a class shall be facilitated by the Board to contest election of directors by proxy solicitation.</p>	5	No one intended to contest election as a director representing minority shareholder.
<p>Directors' Training: A newly appointed director on the Board may acquire, the directors training program certification within a period of one year from the date of appointment as a director.</p>	19	All directors of the Company have completed the Directors' Training Program, except one foreign national director who shall complete it in due course.
<p>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.</p>	29(1)	Currently, the Board has not constituted a separate Nomination Committee and the functions are being performed by the Human Resource & Remuneration Committee.
<p>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.</p>	30(1)	Currently, the Board has not constituted a Risk Management Committee and the Company's management performs the requisite function which is overseen by the Audit Committee of the Board. The risks are apprised to the Board after review by the Audit Committee.
<p>Sustainability risks: The Board is responsible for governance and oversight of sustainability risks and opportunities and takes appropriate measures to address it. Further, the Board ensures that the Company's sustainability and diversity, equity and inclusion (DE&I) related strategies are periodically reviewed and monitored.</p>	10A (1) (3) (4)	The Board is cognizant of its responsibilities and will take up measures to ensure that the Company addresses sustainability-related risks and opportunities. Also, it will ensure that the Company's sustainability and DE&I related strategies are periodically reviewed and monitored in future.

Requirement	Regulation	Explanation
<p>Sustainability committee: The Board may establish a dedicated sustainability committee or assign additional responsibilities to an existing Board committee</p>	<p>10A(5)</p>	<p>Currently, the Board has not constituted a separate Sustainability Committee and the functions will be performed by the Board Audit Committee.</p>



Umer Shehzad Sheikh
Chief Executive

Lahore
September 19, 2024



Faisal Dawood
Chairman / Director

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, 2024, 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 noncompliance 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, 2024.

Grant Thornton Ayazul Rehman
Chartered Accountants

Place: Lahore

Dated: September 23, 2024

UDIN: CR202410212hEWNek56A

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Rahman**
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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, 2024, 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, 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 forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017) in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2024 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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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:

Sr. No.	Key audit matter	How the matter was addressed in our audit
(i)	<p>Impairment testing of Power Generation Cash-Generating Unit ('CGU')</p> <p><i>(Refer notes 5.1.4 and 5.1.5 to the annexed unconsolidated financial statements)</i></p> <p>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.</p> <p>The above valuations require significant judgment and estimations on the part of management.</p> <p>Due to the significant level of judgment and estimations involved, we consider this to be a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • 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 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 the 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 the value in use with the understanding obtained about the business area 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 Report Thereon

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

The 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 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 the 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 accounts 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 other 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.

Other Matter

We draw attention to the fact that the unconsolidated financial statements of the Company for the year ended June 30, 2023, were audited by another firm of auditors, whose report dated October 03, 2023, expressed an unmodified opinion thereon.

The engagement partner on the audit resulting in this independent auditor's report is **Imran Afzal**.


Chartered Accountants

Lahore

Date: September 23, 2024


UDIN: AR202410212zrvDmbYS7

**UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024**

ASSETS	Note	2024 (Rupees in thousand)	2023
NON-CURRENT ASSETS			
Property, plant and equipment	5	352,356	368,058
Intangible assets	6	298	783
Long term investment	7	3,204,510	3,204,510
Long term security deposits	8	175	175
		3,557,339	3,573,526
CURRENT ASSETS			
Stores and spares	9	39,892	38,928
Trade debts - secured	10	8,533	77,003
Advances, prepayments and other receivables	11	83,041	72,228
Short term investments	12	187,823	207,886
Bank balances	13	10,381	10,722
		329,670	406,767
TOTAL ASSETS		3,887,009	3,980,293
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 400,000,000 (2023: 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 (2023: 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		73,828	261,597
Total equity		3,749,288	3,937,057
NON-CURRENT LIABILITIES			
Employee benefit obligations	16	9,554	7,813
CURRENT LIABILITIES			
Trade and other payables	17	22,304	19,510
Accrued markup on short term borrowings		-	10
Short term borrowings from banking company - secured	18	-	1,165
Dividend payable	19	88,306	-
Unclaimed dividend		6,264	5,414
Provision for taxation		11,293	9,324
		128,167	35,423
CONTINGENCIES AND COMMITMENTS	20		
		3,887,009	3,980,293

The annexed notes 1 to 36 form an integral part of these unconsolidated financial statements.


Chief Executive


Chief Financial Officer


Director

**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2024**

	Note	2024 (Rupees in thousand)	2023
Revenue	21	-	17,457
Direct costs	22	(93,364)	(83,003)
Gross loss		(93,364)	(65,546)
Administrative expenses	23	(43,982)	(35,781)
Other income	24	4,500,155	37,019
Finance cost	25	(7,577)	(3,811)
Profit/(loss) before income tax and final tax		4,355,232	(68,119)
Taxation - Final tax	26	(13,944)	(4,714)
Profit/(loss) before income tax for the year		4,341,288	(72,833)
Taxation - Income tax	26	(4,976)	(25)
Profit/(loss) for the year		4,336,312	(72,858)
		(Rupees)	(Rupees)
Earnings/(loss) per share - basic and diluted	34	11.95	(0.20)

The annexed notes 1 to 36 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, 2024

	2024 (Rupees in thousand)	2023
Profit/(loss) for the year	4,336,312	(72,858)
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss</i>	-	-
<i>Items that will not be reclassified subsequently to profit or loss</i>	-	-
	-	-
Total comprehensive income/(loss) for the year	4,336,312	(72,858)

The annexed notes 1 to 36 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, 2024

	Share capital	Capital reserve	Revenue reserve	Total
		Share premium	Un-appropriated profits	
(Rupees in thousand)				
Balance as on July 1, 2022	3,633,800	41,660	334,455	4,009,915
Loss for the year	-	-	(72,858)	(72,858)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(72,858)	(72,858)
Balance as on June 30, 2023	3,633,800	41,660	261,597	3,937,057
Profit for the year	-	-	4,336,312	4,336,312
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	4,336,312	4,336,312
Transactions with owners, in their capacity as owners, recognized directly in equity:				
1st interim cash dividend for the year ending June 30, 2024 @ Rs. 4.70 per ordinary share	-	-	(1,707,886)	(1,707,886)
2nd interim cash dividend for the year ending June 30, 2024 @ Rs. 4.75 per ordinary share	-	-	(1,726,055)	(1,726,055)
3rd interim cash dividend for the year ending June 30, 2024 @ Rs. 1.50 per ordinary share	-	-	(545,070)	(545,070)
4th interim cash dividend for the year ending June 30, 2024 @ Rs. 1.50 per ordinary share	-	-	(545,070)	(545,070)
Balance as on June 30, 2024	3,633,800	41,660	73,828	3,749,288

The annexed notes 1 to 36 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, 2024**

	Note	2024 (Rupees in thousand)	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	27	(55,108)	19,667
Finance costs paid		(7,587)	(3,801)
Income tax and final tax paid		(16,951)	(4,727)
Employee benefit obligations paid		-	(922)
		(24,538)	(9,450)
Net cash (outflow) / inflow from operating activities		(79,646)	10,217
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant & equipment and intangible assets		(4,449)	(646)
Profit on short term investments received		92,442	31,427
Proceeds from disposal of fixed assets		-	543
Dividends received from PMCL (wholly owned subsidiary)		4,390,179	-
Profit on bank deposits received		17,160	87
Net cash inflow from investing activities		4,495,332	31,411
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(4,434,925)	-
Net cash outflow from financing activities		(4,434,925)	-
Net (decrease) / increase in cash and cash equivalents		(19,239)	41,628
Cash and cash equivalents at beginning of the period		217,443	175,815
Cash and cash equivalents at the end of the period	28	198,204	217,443

The annexed notes 1 to 36 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, 2024

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 (2023: 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') 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 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** The Company's Generation License issued by the National Electric Power Regulatory Authority ('NEPRA') expired on September 21, 2021. On August 31, 2021, it applied for its renewal/extension from NEPRA, in line with the term of its PPA and Implementation Agreement ('IA'). On April 01, 2024, NEPRA has granted the renewal of the Generation License to the Company for another term of ten (10) years from the date of expiry. Now, the term of the Generation License is extended till June 05, 2031, making it consistent with the terms of the PPA and the IA. As directed by NEPRA in its Determination, the Company has applied for the Licensee Proposed Modification ('LPM') with NEPRA vide its letter no. AEL/CORP/1375 dated May 10, 2024, to match the installed capacity in the Generation License with the capacity mentioned in the PPA and the IA, which is still in process.
- Furthermore, although the power generation operations are in losses for the past few 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.
- 1.5** The Company received a recommendation from Islamabad Electric Supply Company ('IESCO') with respect to the upgradation of 66 KV switchyard of the Company in order to synchronize the existing network with the IESCO system. This will allow the Company to fully transmit the generated power. National Transmission and Despatch Company Limited ('NTDC') has upgraded one transmission line of Jand-Bassaal network from 66 KV to 132 KV. Resultantly, the Company can now only transmit electricity generated by its complex through transmission network of Fateh Jang 66 KV grid station of IESCO. Whenever NTDC upgrades the Fateh Jang grid station in future, the Company will be required to upgrade its own 66 KV switchyard to 132 KV.

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.

- iii)** During the year the Institute of Chartered Accountants of Pakistan (ICAP) has withdrawn the Technical Release 27 "IAS 12, Income Taxes (Revised 2012)" and issued guidance – "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes". The said guidance requires taxes paid under final tax regime to be shown separately as a levy instead of showing it in current tax.

However, as the impact is immaterial, the financial statements have not been restated in accordance with the requirement of International Accounting Standard (IAS 8) – 'Accounting Policies, Change in Accounting Estimates and Errors'.

- 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, 2023 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 1.2, 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 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:

	2024	2023
	(Rupees in thousand)	
De-recognition of property, plant and equipment	(308,963)	(328,638)
De-recognition of trade debts	-	-
Recognition of lease debtor	305,337	326,991
Decrease in un-appropriated profits at the beginning of the year	(1,647)	(35,815)
(Decrease)/increase in profit for the year	(1,973)	34,168
Decrease in un-appropriated profits at the end of the year	(3,620)	(1,647)

- b) In respect of companies holding financial assets due from the Government of Pakistan ('GoP') in respect of circular debt, SECP through SRO 67(I)/2023 dated January 20, 2023 partially modified its previous SRO 1177(I)/2021 dated September 13, 2021 and notified that the requirements contained in IFRS 9 with respect to application of Expected Credit Losses ('ECL') method shall not be applicable on such financials assets for the financial years ending on or before December 31, 2024 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 ECL in respect of trade debts and other receivables due from CPPA. The Company is yet to assess the impact of ECL in respect of such financial assets on its financial statements for the year beginning on July 1, 2024.

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 companies having accounting periods beginning on or after July 1, 2024 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 financial statements, except for the effects of the requirements contained in IFRS 9 with respect to the application of ECL method on financial assets due from the GoP in respect of circular debt that are not applicable till June 30, 2025 as explained in note 2.2.2 (b) above. The Company is yet to assess the impact of ECL in respect of such financial assets on its financial statements for the year beginning on July 1, 2024.

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 the item which is more likely to be materially adjusted due to the estimates and assumptions turning out to be wrong. Detailed information about this estimate and judgement is included in other notes together with information about the basis of calculation for each affected line item in the unconsolidated financial statements.

- i) Useful lives, residual values 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 MATERIAL 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

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 is 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, 2024 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 ECL 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 ECL where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses. The Company considers that a financial asset other than those due from the Government of Pakistan, is in default when a contractual payment is 90 days past due. The definition is based on the Company's internal credit risk management policy.

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 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 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 (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.

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	2024 (Rupees in thousand)	2023
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	349,664	365,366
Major spare parts and stand-by equipment	5.2	2,692	2,692
		<u>352,356</u>	<u>368,058</u>

5.1 Operating fixed assets

		2024								
		ACCUMULATED DEPRECIATION AND IMPAIRMENT								
		COST								
Annual rate of depreciation		Cost as at July 1, 2023	Additions during the year	Disposals	Cost as at June 30, 2024	Balance as at July 1, 2023	Depreciation charge for the year	Disposals	Balance as at June 30, 2024	Carrying value as at June 30, 2024
(Rupees in thousand)										
-	Freehold land	4,647	-	-	4,647	-	-	-	-	4,647
5%	Building on freehold land	121,447	-	-	121,447	98,828	2,867	-	101,695	19,752
4.38% to 20%	Plant and machinery	1,270,001	-	-	1,270,001	932,887	16,600	-	949,487	320,514
10%	Electric equipment	3,273	1,345	-	4,618	2,779	239	-	3,018	1,600
10% to 33%	Office equipment	4,234	1,110	-	5,344	3,964	146	-	4,110	1,234
20%	Vehicles	372	1,994	-	2,366	150	299	-	449	1,917
		<u>1,403,974</u>	<u>4,449</u>	<u>-</u>	<u>1,408,423</u>	<u>1,038,608</u>	<u>20,151</u>	<u>-</u>	<u>1,058,759</u>	<u>349,664</u>

Note

		2023								
		ACCUMULATED DEPRECIATION AND IMPAIRMENT								
		COST								
Annual rate of depreciation		Cost as at July 1, 2022	Additions during the year	Disposals	Cost as at June 30, 2023	Balance as at July 1, 2022	Depreciation charge for the year	Disposals	Balance as at June 30, 2023	Carrying value as at June 30, 2023
(Rupees in thousand)										
-	Freehold land	4,647	-	-	4,647	-	-	-	-	4,647
5%	Building on freehold land	121,447	-	-	121,447	95,961	2,867	-	98,828	22,619
4.38% to 20%	Plant and machinery	1,270,001	-	-	1,270,001	914,059	18,828	-	932,887	337,114
10%	Electric equipment	3,273	-	-	3,273	2,494	285	-	2,779	494
10% to 33%	Office equipment	4,315	-	(81)	4,234	4,044	-	(80)	3,964	270
20%	Vehicles	3,045	-	(2,673)	372	2,823	-	(2,673)	150	222
		<u>1,406,728</u>	<u>-</u>	<u>(2,754)</u>	<u>1,403,974</u>	<u>1,019,381</u>	<u>21,980</u>	<u>(2,753)</u>	<u>1,038,608</u>	<u>365,366</u>

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

	2024	2023
	(Rupees in thousand)	
Direct costs	19,467	21,695
Administrative expenses	684	285
	<u>20,151</u>	<u>21,980</u>

5.1.2 The cost of fully depreciated assets which are still in use as at June 30, 2024 is Rs 258.84 million (2023: Rs 258.163 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 in certain years 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/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 (2023: 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:

Note	2024 (Rupees in thousand)	2023
Statement of financial position		
Decrease in the carrying amount of property, plant and equipment and un-appropriated profits as at June 30	(28,697)	(32,796)
Statement of profit or loss		
Decrease in cost of sales	4,100	4,100
Increase in profit for the year	4,100	4,100
5.2	This amount is net of provision for impairment amounting to Rs 2.114 million (2023: Rs 2.114 million).	

6 INTANGIBLE ASSETS

These represent computer software and ERP system.

Cost

Opening balance	9,089	8,445
Additions during the year	-	644
Closing balance	9,089	9,089

Amortisation

Opening balance	8,306	7,874
Charge for the year	485	432
Closing balance	8,791	8,306

Net book value as at June 30

Annual amortization rate	33%	33%
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- 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 on the basis of common directorship 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, 2024 is Rs 8.395 million (2023: Rs 7.565 million).

7. LONG TERM INVESTMENT	Note	2024 (Rupees in thousand)	2023
Subsidiary - unquoted:			
Power Management Company (Private) Limited ('PMCL')			
320,451,000 (2023: 320,451,000) fully paid ordinary shares of Rs 10 each [Equity held 100% (2023: 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% (2023: 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 from its combined cycle thermal power plant having a gross (ISO) capacity of 450 Mega Watts, located near Sidhna Barrage, Abdul Hakim town, District Khanewal, Punjab.
- 8.** This majorly represents security deposits with IESCO against service charges. These have not been carried at amortised cost as the effect of discounting is not considered material.

9 STORES AND SPARES	Note	2024 (Rupees in thousand)	2023
Stores		-	127
Spares		69,893	68,802
		69,893	68,929
Provision for write-down	9.2	(30,001)	(30,001)
		39,892	38,928

- 9.1** Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.
- 9.2** There has been no movement in the provision for impairment in the current and prior year.

10 TRADE DEBTS - SECURED

Considered good	10.1	8,533	77,003
Considered doubtful		13,674	13,674
		22,207	90,677
Provision for impairment	10.2	(13,674)	(13,674)
		8,533	77,003

- 10.1** These represent trade receivables from CPPA 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 was nil (2023: nil).
- 10.2** There has been no movement in the provision for impairment in the current and prior year.

		2024 (Rupees in thousand)	2023
11	ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES		
	Advances:		
	- To suppliers	2,815	1,138
	- To employees against expenses	184	100
	Balances with statutory authorities:		
	- Sales tax receivable	35,099	25,344
	- Receivable against Workers' Welfare Fund ('WWF')	38,369	38,369
		73,468	63,713
	Recoverable from CPPA for pass through item:		
	- Receivable against Punjab Workers' Welfare Fund	-	-
	Prepayments	6,574	7,277
		<u>83,041</u>	<u>72,228</u>

- 11.1** This includes WWF contribution amounting to Rs 37.229 million (2023: Rs 37.229 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 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.

		2024 (Rupees in thousand)	2023
11.2	Punjab Workers' Welfare Fund		
	Opening balance	-	166,596
	Reversal during the year	-	(166,596)
	Closing balance	-	-

- 11.3** This includes prepayment in respect of ERP annual support services cost made to Descon Corporation (Private) Limited, a related party on the basis of common directorship, aggregating to Rs 0.829 million (2023: Rs 0.579 million).

- 12** This represents investment in units of mutual funds of NBP Fund Management Limited that is classified as fair value through profit or loss.

13 BANK BALANCES

	Cash at bank:		
	- On savings accounts	460	394
	- On current accounts	9,921	10,328
		<u>10,381</u>	<u>10,722</u>

- 13.1** These carry markup at the rates ranging from 20.5% to 23.41% per annum (2023: 12.25% to 19.50% per annum).

14 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2024 (Number of shares)	2023 (Number of shares)	Note	2024 (Rupees in thousand)	2023 (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
<u>363,380,000</u>	<u>363,380,000</u>		<u>3,633,800</u>	<u>3,633,800</u>

14.1 As at June 30, 2024, 211,397,063 (2023: 211,397,063) ordinary shares of the Company which represent 58.18% (2023: 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 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.

14.3 These were issued against machinery and equipment at the time of project development.

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

	Note	2024 (Rupees in thousand)	2023 (Rupees in thousand)
16 EMPLOYEE BENEFIT OBLIGATIONS			
Gratuity	16.1	9,136	7,449
Accumulating compensated absences	16.2	418	364
		<u>9,554</u>	<u>7,813</u>
16.1 Gratuity			
Opening balance		7,449	6,908
Provision for the year		1,687	1,386
Payments made during the year		-	(845)
Closing balance		<u>9,136</u>	<u>7,449</u>
16.2 Accumulating compensated absences			
Opening balance		364	526
Provision/(Reversal) for the year		54	(85)
Payments made during the year		-	(77)
Closing balance		<u>418</u>	<u>364</u>

	Note	2024 (Rupees in thousand)	2023
17	TRADE AND OTHER PAYABLES		
		349	313
	Payable to SNGPL		
	Trade creditors	14,168	14,971
	Withholding income tax payable	180	277
	Withholding sales tax payable	466	384
	Punjab Workers' Welfare Fund	-	-
	Accrued liabilities	7,141	3,565
		<u>22,304</u>	<u>19,510</u>
17.1	This includes the following amounts due to related parties:		
	Descon Power Solutions (Private) Limited	3,734	6,407
	Descon Corporation (Private) Limited	485	359
	Inspectest (Private) Limited	173	173
		<u>4,392</u>	<u>6,939</u>
17.2	Punjab Workers' Welfare Fund		
	Opening balance	-	166,596
	Reversal during the year	-	(166,596)
	Closing balance	-	-

17.2.1 This represents reversal of provision in the previous year in respect of Punjab Workers' Welfare Fund. The management, based on the opinion of its legal counsel, believes that the Punjab Workers Welfare Fund Act, 2019 is not applicable to the Company for the reasons stated in note 20.1(vii).

17.3 This includes accrued liability in respect of the following related parties:

	2024 (Rupees in thousand)	2023
Descon Engineering Limited	1,853	1,414
Descon Power Solutions (Private) Limited	1,525	486
Descon Corporation (Private) Limited	230	115
Rousch (Pakistan) Power Limited	201	176
Inspectest (Private) Limited	88	88
	<u>3,897</u>	<u>2,279</u>

18 SHORT TERM BORROWING FROM BANKING COMPANY - SECURED

The running finance facility under mark-up arrangement amounts to Rs 100 million (2023: Rs 100 million). The amount utilised at June 30, 2024, of the said facility was nil (2023: Rs 1.165 million). The facility carries mark-up at three months Karachi Inter Bank Offered Rate ('KIBOR') plus 50 basis points per annum (2023: three months Karachi Inter Bank Offered Rate ('KIBOR') plus 50 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 (2023: 18.09% to 23.03%). 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 DEL Power (Private) Limited, holding company.

18.1 Letters of bank guarantees

The facility for letters of guarantee amounts to Rs 700 million (2023: Rs 700 million). The amount utilised at June 30, 2024, of the said facility was Rs 532.68 million (2023: 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 DEL Power (Private) Limited, holding company.

19 DIVIDEND PAYABLE

This represents dividend payable to Saudi Arabian Construction & Repair Company Limited, a related party, pending approval of State Bank of Pakistan for payment.

20. CONTINGENCIES AND COMMITMENTS

2024 **2023**
(Rupees in thousand)

20.1 Contingencies

<p>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) [CIR(A)], 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.</p>	157,000	157,000
<p>ii) In respect of tax years 2010, 2011, 2012 and 2013, the Additional Commissioner Inland Revenue ('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.</p>	9,300	9,300

	2024	2023
	(Rupees in thousand)	
<p>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 an 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 preferred an appeal before ATIR on May 7, 2018, wherein relief sought was also not provided. Being aggrieved with Order of ATIR the Company is in process of filing a reference before High Court. 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 favor of the Company, inter alia based on the advice of the tax consultant and the relevant law and facts.</p>	16,840	16,840
<p>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 related 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.</p>	68,330	68,330
<p>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 related 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 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.</p>	147,520	147,520
<p>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 14, 2025 and is renewable.</p>	532,680	532,680

2024 2023
(Rupees in thousand)

vii)	Based on a legal opinion, the management believes that the Company is not an 'establishment' since it does not employ any worker in terms of the Punjab Workers Welfare Fund Act, 2019 (the 'Act'), therefore, the Punjab Workers' Welfare Fund Act, 2019 is not applicable to the Company. The Company had also filed a civil suit before the Civil Court, Lahore, which is pending adjudication, through which the Company has sought declarations to the effect that the provisions of this Act are not applicable on the Company. Management is confident that the outcome of the suit will be in the Company's favour. Accordingly, no provision has been made in these financial statements on this account.	166,596	166,596
viii)	In respect of tax year 2019, the Additional Commissioner Inland Revenue ('ACIR') passed an Order under section 122(5) of the Income Tax Ordinance, 2001, creating income tax demand amounting to Rs. 30.99 million which mainly relates to chargeability of Super Tax under section 4(b) of the Income Tax Ordinance, 2001. Aggrieved with the said Order, the Company has filed an appeal before the Commissioner Inland Revenue ('Appeals') [CIR (A)], and the case is pending adjudication. The Company has not made any provisions against the said tax demand as the management is confident that the ultimate outcome of the Appeal would be in favor of the Company, inter alia on the basis of the advice of the tax consultant and the relevant laws and facts.	30,900	-
ix)	In respect of tax year 2022, the DCIR passed an Order under section 4C of the Income Tax Ordinance, creating a demand of Rs. 293.17 million. Aggrieved with the said Order, the Company preferred an Appeal before the CIR(A), where the relief was not granted on January 8, 2024. The Company has filed an Appeal with ATIR within legal timelines. The Company has not made any provisions against the said tax 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 laws and facts.	293,174	-

20.2 Commitments - nil

21. Revenue for the previous year represented delayed payment mark-up.

	Note	2024 (Rupees in thousand)	2023
22	DIRECT COSTS		
RLNG cost		452	413
Depreciation on operating fixed assets	5.1.1	19,467	21,695
Stores and spares consumed		470	508
Repairs and maintenance		7,712	3,742
Purchase of energy		6,586	4,103
Lube oil consumed		788	778
Operation and maintenance costs		37,404	32,174
Security expense		11,631	8,305
Salaries, benefits and other allowances		1,612	1,065
Insurance		3,518	2,719
Travelling and conveyance		544	376
Licensing fee		3,021	6,999
Miscellaneous expenses		159	126
		93,364	83,003
23	ADMINISTRATIVE EXPENSES		
Salaries, benefits and other allowances	23.1	11,316	11,320
Directors' meeting fee	30.1	2,725	1,625
Information technology and ERP related costs	23.2	1,819	1,260
Travelling and conveyance		3,117	2,517
Utilities		1,593	1,279
Postage and telephone		393	629
Printing, stationery and advertisement		2,760	1,880
Auditors' remuneration	23.3	2,907	2,488
Legal and professional expenses		12,777	7,305
Fees and subscription		2,365	2,851
Entertainment		247	230
Amortisation on intangible assets	6	485	432
Depreciation on operating fixed assets	5.1.1	684	285
Repairs and maintenance		-	167
Rent, rates and taxes	23.4	778	862
Miscellaneous expenses		16	9
Bad debts written off		-	642
		43,982	35,781

23.1 Salaries, benefits and other allowances include Rs 1.687 million (2023: Rs 1.670 million) and Rs 0.054 million (2023: Rs 0.075 million) on account of gratuity and accumulating compensated absences respectively.

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

		2024	2023
		(Rupees in thousand)	
23.3	Auditors' remuneration		
	The charges for professional services (exclusive of sales tax) consist of the following in respect of auditors' services for:		
	Statutory audits	1,270	1,270
	Half yearly review	407	407
	Certifications required by various regulations	330	191
	Reimbursement of expenses	250	170
	Special audit of consolidated financial statements	450	450
	Group audit services	200	-
		<u>2,907</u>	<u>2,488</u>
23.4	This includes rentals in respect of property leased from Descon Corporation (Private) Limited, a related party (on the basis of common directorship).		
24	OTHER INCOME		
	Profit on bank deposits	17,160	87
	Income on short term investment	92,442	31,427
	Fair value gain on short term investment	374	1,174
	Gain on sale of operating fixed assets	-	543
	Miscellaneous income	-	3,788
	Dividend income from PMCL (wholly owned subsidiary)	4,390,179	-
		<u>4,500,155</u>	<u>37,019</u>
25	FINANCE COST		
	Mark-up on short term borrowing from banking company - secured	4	10
	Bank charges	3,771	55
	Guarantee commission	3,802	3,746
		<u>7,577</u>	<u>3,811</u>
26	TAXATION - INCOME TAX AND FINAL TAX		
			Note
	Final tax	13,944	4,714
	Income tax		
	Current - for the year	4,976	25
		<u>18,920</u>	<u>4,739</u>
26.1	This represents final tax paid under section 150 of Income Tax Ordinance, 2001, representing levy in terms of requirements of IFRIC 21/IAS 37 as described in note 2.1(iii).		

	Note	2024 (Rupees in thousand)	2023
26.2 Relationship between tax (expense)/income and accounting profit			
Profit/(loss) before income tax and final tax		4,355,232	(68,119)
Tax at the applicable rate of 29% as per Income Tax Ordinance, 2001		1,263,018	(19,755)
Tax effect of:			
- Electric power generation losses that cannot be carried forward for adjustment		41,996	33,957
- Exempt from tax as referred to in note 4.1		-	(5,063)
- Exemption of dividend income as referred to in note 4.1		(1,273,152)	-
- Income taxable under different rate		(12,942)	(4,400)
		(1,244,098)	24,494
		18,920	4,739
27 CASH (USED IN)/GENERATED FROM OPERATIONS			
Profit/(loss) before income tax and final tax		4,355,232	(68,119)
Adjustment for non cash charges and other items:			
-Depreciation on operating fixed assets		20,151	21,980
-Dividend income from PMCL (wholly owned subsidiary)		(4,390,179)	-
-Amortization of intangible assets		485	432
-Provision for employee retirement benefits		1,741	1,301
-Profit on bank deposits		(17,160)	(87)
-Profit on short term investments		(92,442)	(31,427)
-Gain on disposal of operating fixed assets		-	(543)
-Finance cost		7,577	3,811
		(4,469,827)	(4,533)
Loss before working capital changes		(114,595)	(72,652)
Effect on cashflow due to working capital changes:			
(Increase)/decrease in current assets			
Stores and spares		(964)	(999)
Trade debts - secured		68,470	103,186
Advances, prepayments, and other receivables		(10,813)	154,679
		56,693	256,866
Increase/(decrease) in current liabilities			
Trade and other payables		2,794	(164,547)
		(55,108)	19,667
28 CASH AND CASH EQUIVALENTS			
Bank balances	13	10,381	10,722
Short term investments	12	187,823	207,886
Short term borrowings from banking company - secured	18	-	(1,165)
		198,204	217,443

29. 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.

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	2024 (Rupees in thousand)	2023
i. Holding Company			
DEL Power (Private) Limited	Dividends paid	2,631,893	-
ii. Subsidiary			
Power Management Company Limited	Dividends received	4,390,179	-
Rousch (Pakistan) Power Limited	Common costs charged to the Company	1,129	656
iii. Other related parties			
<i>On the basis of common directorship</i>			
Descon Engineering Limited	Common costs charged to the Company	5,349	3,981
Descon Power Solutions (Private) Limited	Operation and maintenance contractor's fee Common costs charged to the Company	37,404 1,038	32,174 941
Descon Corporation (Private) Limited	Common costs charged to the Company Building rent	1,834 647	1,795 862
Inspectest (Private) Limited	Services Rendered	-	798
<i>Group company</i>			
Descon Holdings (Private) Limited	Dividends paid	374	-
iv. Other related party			
Crescent Steel and Allied Products Limited	Dividends paid	755,264	-
v. Key management personnel - note 29.2			
	Dividends paid	3,130	-

29.1 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.

29.2 This represents dividend paid to a non-executive Director. Remuneration of key management personnel is disclosed in note 30 to these unconsolidated financial statements.

29.3 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
Saudi Arabian Construction & Repair Company Limited	Other related party	17.05%
Crescent Steel and Allied Products Limited	Other related party	16.69%
Descon Holdings (Private) Limited	Group company	0.00826%
Mr. Faisal Dawood	Director	0.00619%
Mrs. Mehreen Dawood	Director	0.000138%
Mr. Farooq Nazir	Director	0.000138%
Mrs. Aliya Saaeda Khan	Director	0.000138%
Mr. Shah Muhammad Chaudhry	Director	0.000138%
Mr. Salih Merghani	Director	Nil
Mr. Syed Rizwan Ali Shah	Director	0.000138%
Mr. Umer Shehzad Sheikh	Chief Executive	Nil

30. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

30.1 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	
	2024	2023	2024	2023
	(Rupees in thousand)		(Rupees in thousand)	
Managerial remuneration	5,162	4,488	-	-
Bonus	416	378	-	-
Gratuity	1,475	360	-	-
Accumulating compensated absences	46	28	-	-
Reimbursement of personal medical expenses	254	1,568	-	-
Car allowance	854	854	-	-
House rent, utilities and allowances	573	499	-	-
Meeting fee - note 30.2	-	-	2,725	1,625
	8,780	8,175	2,725	1,625
Number of person(s)	1	1	2	2

30.2 During the year, the Company paid meeting fee amounting to Rs 2.725 million (2023: Rs 1.625 million) to its non-executive (independent) directors. The total number of non-executive directors is 7 (2023: 7).

31. NUMBER OF EMPLOYEES

	2024	2023
Total number of employees as at June 30	5	5
Average number of employees during the year	5	5

32. FINANCIAL RISK MANAGEMENT

32.1 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 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 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:

	Note	2024 (Rupees in thousand)	2023
Fixed rate instruments			
Financial assets			
Bank balances - savings accounts	13	460	394
Financial liabilities		-	-
Variable rate instruments			
Financial assets			
Trade debts - overdue		8,533	77,003
Financial liabilities			
Short term borrowings from banking company- secured		-	1,165
Net exposure		8,533	75,838

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, the impact on post tax loss would not be material.

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, 2024, 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 follow:

	Impact on loss/profit for the year	
	2024	2023
	(Rupees in thousand)	
NBP Daily Dividend Fund	8,904	158
NBP Money Market Fund	147	20,630
NBP Cash Plan - II	9,731	-
	18,782	20,788

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:

	2024 (Rupees in thousand)	2023
Long term security deposits	175	175
Short term investments	187,823	207,886
Trade debts - secured	8,533	77,003
Bank balances	10,381	10,722
	<u>206,912</u>	<u>295,786</u>
As of June 30, age analysis of trade debts was as follows:		
Neither past due nor impaired	-	-
Past due but not impaired		
1 to 30 days	-	-
121 to 360 days	-	-
Above 360 days	8,533	77,003
	8,533	77,003
Past due and impaired - above 360 days	13,674	13,674
Provision for impairment	(13,674)	(13,674)
	<u>8,533</u>	<u>77,003</u>

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:

	<u>Rating</u>		<u>Rating Agency</u>	2024	2023
	<u>Short term</u>	<u>Long term</u>		(Rupees in thousands)	
Trade debtors					
CPPA	Not available			8,533	77,003
Short term investments					
NBP Money Market Fund	-	AA(f)	PACRA	1,471	206,305
NBP Islamic Daily Dividend Fund	-	AA(f)	PACRA	89,099	1,581
NBP Cash Plan - II	-	Am1	PACRA	97,308	-
				<u>187,823</u>	<u>207,886</u>
Bank balances					
MCB Bank Limited	A1+	AAA	PACRA	2,035	1,982
The Bank of Punjab	A1+	AA+	PACRA	4,295	4,295
Habib Bank Limited	A1+	AAA	VIS	124	1,079
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	3,927	3,366
				<u>10,381</u>	<u>10,722</u>

The Company's sole customer is CPPA. The credit risk on trade debts from CPPA is managed by a guarantee from the Government of Pakistan under the IA and by continuous follow-ups for release of payments from CPPA. 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 counterparties 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, long term security deposits and other receivables are subject to the ECL method of IFRS 9, the identified impairment loss as at June 30, 2024 was immaterial and hence, has not been accounted for.

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 27) 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 Company's financial liabilities are due to mature within one year and the carrying amounts are equal to the total contractual cashflows.

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 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.

32.2 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, 2024 and 2023.

32.3 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

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 assess fair value of 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, 2024:

	Level 1	Level 2	Level 3	Total
Assets	(Rupees in thousand)			
Recurring fair value measurements				
At fair value through profit or loss				
Short term investments	187,823	-	-	187,823
Liabilities	-	-	-	-

The following table represented the financial assets and liabilities that were measured at fair value at June 30, 2023:

	Level 1	Level 2	Level 3	Total
Assets	(Rupees in thousand)			
Recurring fair value measurements				
At fair value through profit and loss				
Short term investments	207,886	-	-	207,886
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.

32.4 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.

32.5 Financial instruments by categories

	Financial assets at fair value through profit or loss		Financial assets at amortised cost	
	2024	2023	2024	2023
	(Rupees in thousand)		(Rupees in thousand)	
Assets as per statement of financial position				
Long term security deposits	-	-	175	175
Short term investments	187,823	207,886	-	-
Trade debts - secured	-	-	8,533	77,003
Bank balances	-	-	10,381	10,722
	187,823	207,886	19,089	87,900

Liabilities as per statement of financial position	Financial liabilities at amortised cost	
	2024	2023
Trade and other payables	21,658	18,849
Dividend payable	88,306	-
Unclaimed dividend	6,264	5,414
Short term borrowings from banking company - secured	-	1,165
	<u>116,228</u>	<u>25,428</u>

33 PLANT CAPACITY AND ACTUAL GENERATION

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

The actual generation for power plant takes into account all scheduled outages approved by CPPA. Actual output is dependent on the load demanded by CPPA, 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.

34 EARNINGS/(LOSS) PER SHARE - BASIC AND DILUTED

34.1 Basic Earnings/(loss) per share

Profit/(loss) before income taxes and final taxes	(Rupees in thousand)	4,341,288	(72,858)
Weighted average number of ordinary shares	(Number)	363,380,000	363,380,000
Earnings/(loss) per share	(Rupees)	11.95	(0.20)

34.2 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, 2024 and June 30, 2023 which would have any effect on the earnings per share if the option to convert is exercised.

35 CORRESPONDING FIGURES

Certain corresponding figures have been rearranged and/or reclassified, wherever necessary, for the purpose comparison and better presentation.

36 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on September 19, 2024 by the Board of Directors of the Company.


Chief Executive


Chief Financial Officer


Director

Consolidated Financial Statements

June 30, 2024

INDEPENDENT AUDITOR'S REPORT

To the members of Altern Energy Limited

T +92 42 37423621-23
F +92 42 37421241

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, 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, 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, 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 consolidated statement of financial position, 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 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 Group's affairs as at June 30, 2024 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

We draw attention to note 9.2 to the annexed consolidated financial statements, which describes the matters regarding recoverability of certain trade debts. 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the

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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:

Sr. No.	Key audit matter	How the matter was addressed in our audit
(i)	<p>Impairment testing of AEL's Power Generation Cash-Generating Unit ('CGU')</p> <p><i>(Refer notes 5.1.4 and 5.1.5 to the annexed consolidated financial statements)</i></p> <p>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.</p> <p>The above valuations require significant judgment and estimations on the part of management.</p> <p>Due to the significant level of judgment and estimations involved, we consider this to be a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • 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 the 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 the value in use with the understanding obtained about the business area 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 Report 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 report thereon.

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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 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 requirements of Companies Act, 2017 (XIX of 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 are 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 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 the 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.

Other Matter

We draw attention to the fact that the consolidated financial statements of the Group for the year ended June 30, 2023, were audited by another firm of auditors, whose report dated October 03, 2023, expressed an unmodified opinion thereon.

The engagement partner on the audit resulting in this independent auditor's report is **Imran Afzal**.

Grant Thornton Ayman Raza
Chartered Accountants

Lahore

Date: September 23, 2024

UDIN: AR202410212NpIZ3CUgT

**ALTERN ENERGY LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024**

	Note	2024 (Rupees in thousand)	2023
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	10,478,373	11,967,896
Intangible assets	6	9,784	13,248
Long term security deposits		608	707
Long term loans to employees - secured	7	1,988	1,134
		10,490,753	11,982,985
CURRENT ASSETS			
Stores, spares and loose tools	8	736,184	690,335
Inventory of fuel oil		441,988	444,916
Trade debts - secured	9	14,229,704	15,324,789
Loans, advances, prepayments and other receivables	10	2,285,925	1,983,825
Short term investments	11	3,434,002	1,421,811
Bank balances	12	552,078	1,776,352
		21,679,881	21,642,028
		32,170,634	33,625,013
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 400,000,000 (2023: 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 (2023: 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 Attributable to owners of the Parent Company		12,918,847	14,355,636
		16,594,307	18,031,096
Non-controlling interests		11,200,008	12,426,921
Total equity		27,794,315	30,458,017
NON-CURRENT LIABILITIES			
Employee benefit obligations	15	15,836	16,171
Deferred taxation	16	1,024,431	1,162,357
		1,040,267	1,178,528
CURRENT LIABILITIES			
Trade and other payables	17	554,289	1,838,069
Unclaimed dividends		6,264	5,414
Short term borrowings from banking companies - secured	18	-	1,165
Accrued markup on short term borrowings - secured		822	34,998
Dividends Payable	19	2,756,986	-
Provision for taxation		17,691	108,822
		3,336,052	1,988,468
CONTINGENCIES AND COMMITMENTS			
	20		
		32,170,634	33,625,013

The annexed notes 1 to 39 form an integral part of these consolidated financial statements.


Chief Executive


Chief Financial Officer


Director

**ALTERN ENERGY LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2024**

	Note	2024 (Rupees in thousand)	2023
Revenue	21	9,602,464	16,862,006
Direct costs	22	(3,614,355)	(8,626,358)
Gross profit		5,988,109	8,235,648
Administrative expenses	23	(1,068,698)	(258,178)
Other income	24	963,721	71,133
Other expenses	25	(15,373)	(349,135)
Finance cost	26	(57,007)	(348,338)
Profit before income tax and final tax		5,810,752	7,351,130
Taxation - Final tax	27	(152,022)	(7,079)
Profit before income tax for the year		5,658,730	7,344,051
Taxation - Income tax	27	(351,755)	(101,825)
Profit for the year		5,306,975	7,242,226
Profit for the year attributable to:			
Owners of the Parent Company		3,085,244	4,279,794
Non-controlling interests		2,221,731	2,962,432
		5,306,975	7,242,226
		(Rupees)	
Earnings per share - basic and diluted	36	8.49	11.78

The annexed notes 1 to 39 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, 2024**

	Note	2024 (Rupees in thousand)	2023
Profit for the year		5,306,975	7,242,226
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>		-	-
<i>Items that will not be reclassified subsequently to profit or loss</i>			
<i>-Remeasurement of post retirement benefit plan</i>	15.3.7	3,414	1,790
		3,414	1,790
Total comprehensive income for the year		5,310,389	7,244,016
Attributable to:			
Owners of the Parent Company		3,087,292	4,280,868
Non-controlling interests		2,223,097	2,963,148
		5,310,389	7,244,016

The annexed notes 1 to 39 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, 2024**

	Capital reserve		Revenue reserve		Non-controlling Interests	Total
	Share capital	Share premium	Un-appropriated profit	Total equity attributable to owners of the Parent Company		
(Rupees in thousand)						
Balance as on July 1, 2022	3,633,800	41,660	10,074,768	13,750,228	9,463,773	23,214,001
Profit for the year	-	-	4,279,794	4,279,794	2,962,432	7,242,226
Other comprehensive income for the year	-	-	1,074	1,074	716	1,790
Total comprehensive income for the year	-	-	4,280,868	4,280,868	2,963,148	7,244,016
Balance as on June 30, 2023	3,633,800	41,660	14,355,636	18,031,096	12,426,921	30,458,017
Profit for the year	-	-	3,085,244	3,085,244	2,221,731	5,306,975
Other comprehensive income for the year	-	-	2,048	2,048	1,366	3,414
Total comprehensive income for the year	-	-	3,087,292	3,087,292	2,223,097	5,310,389
Transactions with owners, in their capacity as owners, recognized directly in equity:						
1st Interim cash dividend @ Rs 4.70 per ordinary share by Parent Company	-	-	(1,707,886)	(1,707,886)	-	(1,707,886)
2nd Interim cash dividend @ Rs 4.75 per ordinary share by Parent Company	-	-	(1,726,055)	(1,726,055)	-	(1,726,055)
3rd Interim cash dividend @ Rs 1.50 per ordinary share by Parent Company	-	-	(545,070)	(545,070)	-	(545,070)
4th Interim cash dividend @ Rs 1.50 per ordinary share by Parent Company	-	-	(545,070)	(545,070)	-	(545,070)
Final cash dividend paid to non-controlling interest by Rousch	-	-	-	-	(1,380,004)	(1,380,004)
1st Interim cash dividend paid to non-controlling interest by Rousch	-	-	-	-	(1,380,004)	(1,380,004)
2nd Interim cash dividend paid to non-controlling interest by Rousch	-	-	-	-	(345,001)	(345,001)
3rd Interim cash dividend paid to non-controlling interest by Rousch	-	-	-	-	(345,001)	(345,001)
Balance as on June 30, 2024	3,633,800	41,660	12,918,847	16,594,307	11,200,008	27,794,315

The annexed notes 1 to 39 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, 2024**

	Note	2024 (Rupees in thousand)	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	28	5,966,565	6,099,060
Long term deposits - net		99	(201)
Finance cost paid		(91,183)	(424,958)
Income tax and final tax paid		(732,833)	(53,066)
Profit on bank deposits		778,241	11,313
Long term loans to employees - net		(854)	682
Employee benefit obligations paid		(5,557)	(6,824)
		(52,087)	(473,054)
Net cash inflow from operating activities		5,914,478	5,626,006
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment and intangible assets		(9,059)	(536,482)
Proceeds from disposal of short term investments - net		-	9
Profit on short term investment received		92,442	31,427
Proceeds from disposal of operating fixed assets		7,476	543
Net cash inflow / (outflow) from investing activities		90,859	(504,503)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to:			
Owners of the Parent Company		(4,434,925)	-
Non-controlling interests		(781,330)	-
		(5,216,255)	-
Net cash outflow from financing activities		(5,216,255)	-
Net increase in cash and cash equivalents		789,082	5,121,503
Cash and cash equivalents at the beginning of the period		3,196,998	(1,924,505)
Cash and cash equivalents at the end of the period	29	3,986,080	3,196,998

The annexed notes 1 to 39 form an integral part of these consolidated financial statements.


Chief Executive


Chief Financial Officer


Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

1. LEGAL STATUS AND NATURE OF BUSINESS

Altern Energy Limited ('the Parent company') and its subsidiaries, Power Management company (Private) Limited and Rousch (Pakistan) Power Limited (together, 'the Group') are 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.

1.1 The group comprises of:

Parent Company

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

Subsidiary companies

	2024	2023
	(Holding percentage)	
- Power Management Company (Private) Limited (hereinafter referred to as PMCL)	100.00%	100.00%
- Rousch (Pakistan) Power Limited (hereinafter referred to as RPPL)	59.98%	59.98%

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

Production facility of:

- AEL
- RPPL

Location

Fateh Jang, District Attock, Punjab, Pakistan
Sidhnai Barrage, Abdul Hakim town,
District Khanewal, Punjab, Pakistan

1.2 AEL ('The Parent Company')

AEL's Generation License issued by the National Electric Power Regulatory Authority ('NEPRA') expired on September 21, 2021. On August 31, 2021, it applied for its renewal/extension from NEPRA, in line with the term of its PPA and Implementation Agreement ('IA'). On April 01, 2024, NEPRA has granted the renewal of the generation license to AEL for another term of ten (10) years from the date of expiry. Now, the term of the generation license is extended till June 05, 2031, making it consistent with the terms of the PPA and the IA. As directed by NEPRA in its Determination, AEL has applied for the Licensee Proposed Modification ('LPM') with NEPRA vide its letter no. AEL/CORP/1375 dated May 10, 2024, to match the installed capacity in the Generation License with the capacity mentioned in the PPA and the IA, which is still in process.

AEL received a recommendation from Islamabad Electric Supply Company ('IESCO') with respect to the upgradation of 66 KV switchyard of AEL in order to synchronize the existing network with the IESCO system. This will allow AEL to fully transmit the generated power. National Transmission and Despatch Company Limited ('NTDC') has upgraded one transmission line of Jand-Bassaal network from 66 KV to 132 KV. Resultantly, AEL can only transmit electricity generated by its complex through transmission network of Fateh Jang 66 KV grid station of IESCO. Whenever NTDC upgrades the Fateh Jang grid station in future, AEL will be required to upgrade its own 66 KV switchyard to 132 KV.

The AEL's Gas Supply Agreement ('GSA') with Sui Northern Gas Pipelines Limited ('SNGPL') expired on June 30, 2013. Thereafter, AEL signed a Supplemental Deed dated March 17, 2014 with SNGPL, whereby SNGPL agreed to supply gas to AEL 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 AEL on April 28, 2017 and advised AEL 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, AEL, SNGPL and CPPA 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.

1.3 PMCL

PMCL was incorporated in Pakistan as a private company limited by shares under the Companies Ordinance, 1984 (now the Act) on February 24, 2006. PMCL is a wholly owned subsidiary of the Parent Company. The principal objective of PMCL is to invest, manage, operate, run, own and build power projects. PMCL directly holds 59.98% shares in RPPL, a company engaged in power generation as detailed in note 1.4 to these consolidated financial statements.

1.4 RPPL

RPPL is an unlisted public company, incorporated in Pakistan on August 4, 1994 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017 and hereinafter referred to as the 'Act'). The principal activities of the RPPL are to generate and supply electricity to CPPA from its combined cycle thermal power plant (the 'Complex') having a gross (ISO) capacity of 450 Mega Watts.

RPPL has a PPA with its sole customer, CPPA for thirty years which commenced from the COD. The plant was initially designed to operate with residual furnace oil and was converted to gas fired facility in 2003 after allocation of gas of 85 MMSCFD by the Government of Pakistan ('GoP') for the period of twelve years under a GSA with SNGPL till August 18, 2015. At that time, under the amended and restated IA, the GoP provided an assurance that RPPL will be provided gas post August 2015, in preference to the new power projects commissioned after RPPL.

The Ministry of Petroleum and Natural Resources (now Ministry of Energy, Petroleum Division), empowered for RLNG allocation by the ECC of the Federal Cabinet, 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. While negotiations for the long-term GSA are in process, the ECC of Federal Cabinet approved interim GSA for supply of RLNG to RPPL up to June 30, 2018 or signing of a long-term GSA, whichever is earlier. The interim GSA was executed with CPPA and SNGPL which was effective from June 1, 2017. Under the interim GSA, RLNG was supplied on 'as and when available' basis, however, the non-supply of RLNG was treated as 'Other Force Majeure Event' ('OFME') under the PPA. The interim GSA expired in June 2018. On July 21, 2020, RPPL, CPPA and SNGPL signed first Addendum to the Interim RLNG Supply Agreement and Payment Procedure. The terms of this agreement will be effective up to the date of signing of a long-term Gas Supply and Purchase Agreement ('GSPA').

1.4.2 In accordance with the terms of Amendment No. 3 to the PPA executed between RPPL and CPPA on August 21, 2003, RPPL agreed to transfer ownership of the Complex (including land) to CPPA at a token value of US\$ 1 at the expiry of the PPA, if CPPA does not opt for a renewal of the PPA for the additional term pursuant to section 4.1(c) of the PPA. The PPA has been extended by a period of 425 days as of June 30, 2024, owing to non-supply of RLNG under interim GSA. Moreover, the PPA term has also been extended by 112 days as per the terms of the Settlement Agreement referred to in ensuing paragraphs. As a result, the term of PPA will now end in May 2031 and the remaining life of the Complex is approximately 6 years and 11 months.

1.4.3 Master Agreement and PPA Amendment Agreement

On February 11, 2021, RPPL and CPPA signed and executed a Master Agreement and PPA Amendment Agreement ("the Agreements"). Pursuant to the terms of these Agreements, RPPL and CPPA agreed to the following matters:

- (1) Mechanism of settlement of outstanding receivables;
- (2) Discount in Tariff components;
- (3) Resolution of dispute of Liquidated Damages ('LDs') as stated in note 1.4.4; and
- (4) Option to the RPPL to participate in GoP's scheme to create competitive power market.

Under the terms of the Agreements, CPPA made a total payment of Rs. 14,222.860 million in two tranches during 2021 and 2022. Accordingly, RPPL started raising Capacity Purchase Price ('CPP') invoices according to the revised Tariff as per the terms of the Agreements.

- 1.4.4** CPPA raised invoices for LDs amounting to Rs 1,588.730 million 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. RPPL disputed the claim on account of LDs on the premise that its failure to dispatch electricity was due to CPPA'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 PPA. The case was recommended by the Expert in RPPL's favour in August 2014. Recommendation of the Expert is, however, not legally binding on any party.

In January 2017, SNGPL suspended the gas supply for a period of 26 days and as a result, CPPA 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 in January 2017 for a period of 26 days and hence this period should also be treated as OFME.

A Settlement Agreement for settlement of 2013 and 2017 disputes mentioned above was also signed as a part of the PPA Amendment Agreement signed in 2021. Under the Settlement Agreement, the period of non-performance due to unavailability of gas was treated as OFME by CPPA under the PPA. As a result, RPPL was not entitled to any Capacity Payment for this period from CPPA and CPPA did not levy any LDs on RPPL. By declaration of OFME, the PPA of RPPL was extended by an OFME period of 112 days (approximately 3.5 months).

As per terms of the Settlement Agreement, RPPL refunded the Capacity Payments already received from CPPA, which pertained to 2013 LDs period along with 50% of late payment interest accrued on these Capacity Payments, the impact of which was a charge of Rs 1,659.822 million in the statement of profit or loss in the year 2021. The event was 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 PPA Amendment Agreement, LDs amount raised by CPPA stood withdrawn irrevocably. After this settlement, no party has any claim against the other party with regards to LDs levied by CPPA in 2013 and 2017.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

- iii)** During the year the Institute of Chartered Accountants of Pakistan (ICAP) has withdrawn the Technical Release 27 "IAS 12, Income Taxes (Revised 2012)" and issued guidance – "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes". The said guidance requires taxes paid under final tax regime to be shown separately as a levy instead of showing it in current tax.

However, as the impact is immaterial, the financial statements have not been restated in accordance with the requirement of International Accounting Standard (IAS 8) – 'Accounting Policies, Change in Accounting Estimates and Errors'.

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, 2023 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.

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 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:

	2024 (Rupees in thousand)	2023 (Rupees in thousand)
De-recognition of property, plant and equipment	(10,412,144)	(11,901,061)
De-recognition of trade debts	(12,409,357)	(8,005,453)
Recognition of lease debtor	18,578,990	14,586,774
Decrease in un-appropriated profits at the beginning of the year	(5,319,740)	(5,880,715)
Increase in profits for the year	1,077,447	560,975
Decrease in un-appropriated profits at the end of the year	(4,242,293)	(5,319,740)

- b) In respect of companies holding financial assets due from the Government of Pakistan ('GoP') in respect of circular debt, SECP through SRO 67(I)/2023 dated January 20, 2023 partially modified its previous SRO 1177(I)/2021 dated September 13, 2021 and notified that the requirements contained in IFRS 9 with respect to application of Expected Credit Losses ('ECL') method shall not be applicable on such financial assets for the financial years ending on or before December 31, 2024 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 ECL in respect of trade debts and other receivables due from CPPA. The Group is yet to assess the impact of ECL in respect of such financial assets on its consolidated financial statements for the year beginning on July 01, 2024.

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 companies having accounting periods beginning on or after July 1, 2024 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 effects of the requirements contained in IFRS 9 with respect to the application of ECL method on financial assets due from the GoP in respect of circular debt that are not applicable till June 30, 2024 as explained in note 2.2.2 (b) above. The Group is yet to assess the impact of ECL in respect of such financial assets on its consolidated financial statements for the year beginning on July 01, 2024.

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.

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

Useful lives, residual values and recoverable amount of property, plant and equipment - notes 4.3.1 and 5.1

Provision for taxation - notes 4.2 and 27

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.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material 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 recognizes 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 unrealized gains on transactions between group companies are eliminated. Unrealized 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

In September 2021, SECP registered a Group comprising of 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 is 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 the IA with GoP are capitalized in the cost of plant and machinery as referred to in note 4.18(b) to these consolidated financial statements.

Depreciation on all operating fixed assets of the Group are charged to consolidated statement of profit or loss by using the straight line method so as to write off the depreciable amounts of an asset over its estimated useful life at the annual rates mentioned in note 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. AEL's estimate of the residual value of its operating fixed assets during the previous year was adjusted as explained in note 3.3.

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

Subsequent costs incurred to replace a component of an item of plant and equipment is capitalized and the asset so replaced is retired. Other subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to consolidated statement of profit or loss during the period in which they are incurred.

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

4.3.2 Capital work-in-progress

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

4.3.3 Major spare parts and stand-by equipment

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

4.4 Intangible assets

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

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

4.5 Impairment of non-financial assets

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

4.6 Stores, spares and loose tools

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

The operation and maintenance contractor of RPPL as referred to in note 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 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 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 Group considers that a financial asset other than those due from the Government of Pakistan, is in default when a contractual payment is 90 days past due. The definition is based on the Group's internal credit risk management policy.

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 recognizes 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 on consolidated 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 under the PPA that also includes accrued amounts. The Group applies requirements of IAS 39 in respect of these financial assets to recognize 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 reorganization, 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 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 in 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 from banking Companies 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 capitalized 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 consolidated 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 capitalization. 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 capitalized 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 and capacity purchase price is recognised by AEL based on Net Electric Output ('NEO') delivered to CPPA (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 energy purchase price by RPPL is recognised based on NEO delivered to CPPA (at a point in time) whereas capacity purchase price is recognised based on the capacity made available to CPPA (over time). Capacity and Energy revenue is recognised based on the rates determined under the mechanism laid down in the PPAs. RPPL is not entitled to Capacity Purchase Price revenue during the OFME period, instead, the term of PPA is extended as referred to in note 1.4.

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.

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. The remaining invoice for energy purchase price is raised on a monthly basis. Monthly invoices for energy purchase price are raised on the first of the following month while the monthly invoices for capacity purchase price are raised at any time following the tenth day of such month. These invoices are due after twenty five days from acknowledgement by CPPA.

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, 2024 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 15.3.2.

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 percent 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

A 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 assets and contract liabilities

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.

5	PROPERTY, PLANT & EQUIPMENT	Note	2024	2023
			(Rupees in thousand)	
	Operating fixed assets	5.1	10,475,681	11,965,204
	Major spare parts and stand-by equipment	5.2	2,692	2,692
			<u>10,478,373</u>	<u>11,967,896</u>

5.1 Operating fixed assets

	COST		ACCUMULATED DEPRECIATION AND IMPAIRMENT				Carrying value as at June 30, 2024	
	Annual rate of depreciation	Cost as at July 1, 2023	Additions / (disposals) during the year	Cost as at June 30, 2024	Balance as at July 1, 2023	Depreciation charge / (disposal) for the year		Balance as at June 30, 2024
Freehold land	0% to 10.81%	59,413	-	59,413	42,554	1,552	44,106	15,307
Buildings on freehold land	3.33% to 10.81%	1,937,328	-	1,937,328	1,507,426	54,609	1,562,035	375,293
Plant and machinery (note 5.1.4)	3.33% to 20%	42,131,339	974	42,132,313	30,835,222	1,408,870	32,244,092	9,888,221
Improvements on leasehold land	10%	2,141	-	2,141	1,827	45	1,872	269
Electric equipment	10%	3,273	1,345	4,618	2,779	240	3,019	1,599
Furniture and fixtures	20%	6,769	424	7,193	4,014	1,018	5,032	2,161
Computers and office equipment	10% to 50%	44,523	3,954 (358)	48,119	35,055	3,912 (336)	38,631	9,488
Vehicles	20%	52,759	2,186 (8,494)	46,451	37,388	3,486 (8,494)	32,380	14,071
Capital spares	3.33% to 10.81%	547,299	-	547,299	353,375	24,652	378,027	169,272
		44,784,844	8,883 (8,852)	44,784,875	32,819,640	1,498,384 (8,830)	34,309,194	10,475,681

	2023				2024			
	Annual rate of depreciation	COST Cost as at July 1, 2022	Additions / (disposals) during the year (Rupees in thousand)	Cost as at June 30, 2023	Balance as at July 1, 2022	Depreciation charge / (disposal) for the year (Rupees in thousand)	Balance as at June 30, 2023	Carrying value as at June 30, 2023
Freehold land	0% to 10.81%	59,413	-	59,413	40,888	1,666	42,554	16,859
Buildings on freehold land	3.33% to 10.81%	1,937,328	-	1,937,328	1,448,445	58,981	1,507,426	429,902
Plant and machinery (note 5.1.4)	3.33% to 20%	41,691,701	516,191 (76,553)	42,131,339	29,465,643	1,446,132 (76,553)	30,835,222	11,296,117
Improvements on leasehold land	10%	2,141	-	2,141	1,745	82	1,827	314
Electric equipment	10%	3,273	-	3,273	2,494	285	2,779	494
Furniture and fixtures	20%	6,769	-	6,769	2,987	1,027	4,014	2,755
Computers and office equipment	10% to 50%	39,583	5,108 (168)	44,523	31,597	3,617 (159)	35,055	9,468
Vehicles	20%	47,337	8,095 (2,673)	52,759	36,578	3,483 (2,673)	37,388	15,371
Capital spares	3.33% to 10.81%	547,299	-	547,299	327,958	25,417	353,375	193,924
		44,334,844	529,394 (79,394)	44,784,844	31,358,335	1,540,690 (79,385)	32,819,640	11,965,204

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

	2023 (Rupees in thousand)	2024 (Rupees in thousand)
Direct costs	22	1,489,684
Administrative expenses	23	8,494
		1,498,384
		1,540,690

5.1.2 The cost of fully depreciated assets which are still in use as at June 30, 2024 is Rs 313.370 million (2023: Rs 307.205 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 Bageawal, 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 the 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:

	2024	2023
	(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	(3,688,727)	(4,315,522)
Statement of profit or loss		
Decrease in cost of sales	622,697	558,082
Increase in profit for the year	622,697	558,082

- 5.1.7** The aggregate book value of operating fixed assets disposed off during the current and previous year 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.
- 5.2** This amount is net of provision for impairment amounting to Rs 2.114 million (2023: Rs 2.114 million).

6	INTANGIBLE ASSETS	Note	2024 (Rupees in thousand)	2023
	These represent computer software and ERP systems.			
	Cost			
	Opening balance		30,603	23,515
	Additions during the year		176	7,088
	Closing balance		<u>30,779</u>	<u>30,603</u>
	Amortization			
	Opening balance		17,355	14,011
	Charge for the year	6.1	3,640	3,344
	Closing balance		20,995	17,355
	Net book value as at June 30		<u>9,784</u>	<u>13,248</u>
	Annual amortisation rate		<u>33%</u>	<u>33%</u>

6.1 The amortisation charge for the year has been allocated to administrative expenses as referred to in note 23.

6.2 ERP system has been implemented by Descon Corporation (Private) Limited, a related party (on the basis of common directorship), under Service Level Agreement with the Group.

6.3 The cost of fully amortised intangible assets still in use as at June 30, 2024 is Rs. 14.77 million (2023: Rs. 12.93 million).

7	LONG TERM LOANS TO EMPLOYEES - SECURED	Note	2024 (Rupees in thousand)	2023
	Loans to employees - secured	7.1	2,903	1,816
	Current portion shown under current assets		(915)	(682)
			<u>1,988</u>	<u>1,134</u>

7.1 This includes 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 RPPL and against the accumulated provident fund balance of the relevant employee.

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

8	STORES, SPARES & LOOSE TOOLS	Note	2024 (Rupees in thousand)	2023
	Spares		755,987	713,885
	Stores		20,312	16,565
	Less: Provision for obsolete items		(40,115)	(40,115)
			<u>736,184</u>	<u>690,335</u>

- 8.1** Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.
- 8.2** All the stores, spares and loose tools of RPPL are held and managed by Descon Power Solutions (Private) Limited, a related party (due to common directorship), the Operation and Maintenance (O&M) contractor of RPPL for smooth and uninterrupted operation and maintenance of RPPL's plant as per the terms of O&M Agreement dated July 27, 2017.

9	TRADE DEBTS - SECURED	Note	2024 (Rupees in thousand)	2023
	Considered good	9.1	14,229,704	15,324,789
	Considered doubtful	9.2	952,557	201,686
	Provision for impairment	9.3	(952,557)	(201,686)
			14,229,704	15,324,789

- 9.1** These represent trade receivables from CPPA and are considered good. These are secured by a guarantee from the GoP under the IA and are in the normal course of business and interest free, however, a delayed payment mark-up at the rate of one month Karachi Inter Bank Offered Rate ('KIBOR')/Reverse Repo discount 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 19.52% to 25.00% (2023: 12.00% to 25.00%) per annum. Trade debts include unbilled amounts of Rs 1,436.451 million (2023: Rs 1,143.647 million).
- 9.2** Included in trade debts is an aggregate amount of Rs 5,549.279 million (2023: Rs 5,549.279 million) and Rs nil (2023: Rs 750.871 million) relating to capacity revenue of RPPL and delayed payment markup accrued thereon respectively not acknowledged by CPPA.

Of this disputed capacity revenue, the amount of Rs 247.695 million (2023: 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 31, 2020 and hence, this period should be treated as an OFME by the RPPL. The management is of the view that CPPA's contention is not justified as the 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 5,301.584 million (2023: Rs 5,301.584 million) relating to capacity invoices is disputed by CPPA for certain days in the months from April 2022 to June 2023 on a similar pretext that gas was not available and hence, this period should also be treated as an OFME by RPPL. However, the management is of the view that CPPA's claim is not justified as the plant was technically available and RLNG was not allocated to it by SNGPL due to intervention of National Power Control Centre ('NPCC') which is not a party to the Interim RLNG Supply Agreement ('IGSA') and Payment Procedure. The GoP is under an obligation to ensure that its entities act in good faith and prevent a situation where a party to the Agreement is treated unfairly. Whereas, in this case, the Governmental Entities issued despatch instructions but then did not allocate RLNG to RPPL and deprived it of its rightful entitlement to Capacity Payments under the PPA which is against the spirit of the Agreements as well as a non-compliance with the GoP's obligation to act in good faith. Furthermore, as stated in note 1.4, under the amended IA, RPPL has been provided an assurance by the GoP that RPPL will be provided gas post August 2015, in preference to the new power projects commissioned after RPPL. This obligation has also not been fulfilled by the GoP.

Currently, RPPL is in discussions with the Governmental Entities on this matter. Based on the legal opinions obtained by RPPL including an opinion from English Law Counsels, the management believes that RPPL has meritorious grounds to succeed if it were to invoke the Arbitration proceedings under the IGSA and/or under the PPA as well as the IA. Consequently, no provision for the disputed amounts has been recognised in these financial statements as the management believes that these matters will eventually be resolved in RPPL's favour and these amounts will be recovered by RPPL.

9.3 The reconciliation of provision for impairment is as follows:

	Note	2024 (Rupees in thousand)	2023 (Rupees in thousand)
Opening balance		(201,686)	(193,255)
Provision recognized during the year - net	9.4 & 23	(750,871)	(8,431)
		<u>(952,557)</u>	<u>(201,686)</u>

9.4 This relates to delayed payment markup accrued on trade debts as disclosed in note 9.2. This amount has been provided for on the basis that it might not be recoverable as can be established from the past trend that the delayed payment mark-up on disputed invoices is not acknowledged by the off-taker.

10 LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

		2024 (Rupees in thousand)	2023 (Rupees in thousand)
Advances			
- To suppliers	10.1	110,222	7,397
- To employees		2,151	480
Balances with statutory authorities:			
- Sales Tax receivable	10.2	1,412,327	1,159,863
- Receivable against Workers' Welfare Fund (WWF)	10.3 & 10.4	122,717	122,717
Claims receivable from CPPA as pass through items:			
- Workers' Profit Participation Fund	10.5	288,959	370,421
- Punjab Workers' Welfare Fund	10.6	115,528	148,113
Prepayments	10.7	150,795	125,744
Other receivables	10.8	82,311	48,408
Current portion of long term loan to employees - secured	7	915	682
		<u>2,285,925</u>	<u>1,983,825</u>

10.1 This includes advances amounting to Rs. 48.03 million (2023: Rs nil) and Rs. 1.316 million (2023: Rs nil) to Siemens Pakistan Engineering Company Limited, a related party by virtue of being a group company and Descon Engineering Limited, a related party by virtue of common directorship, respectively. Advances to employees are in the normal course of business.

10.2 In September 2021, the taxation officer rejected the Group's sales tax refund application of Rs 202.870 million on the pretext of apportionment of the input tax claim to capacity purchase price which is not subject to sales tax, similar to the matters disclosed in note 20.1.10 to these financial statements. The Group filed an appeal against the decision of the taxation officer before the Commissioner Inland Revenue - Appeals ['CIR(A)'] which was rejected through an order issued in February 2022. The Group had filed an appeal before the Appellate Tribunal Inland Revenue ('ATIR') against the order of the CIR(A) in November 2022, which is not scheduled for hearing yet.

10.3 This includes WWF contribution amounting to Rs 37.229 million (2023: Rs 37.229 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 in the light of Supreme Court's decision, CPPA 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 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	2024 (Rupees in thousand)	2023
Opening balance		370,421	155,924
Accrued for the year	17.2	288,820	370,282
Transfer to trade debts	10.5.1	(370,282)	(155,785)
Closing balance		288,959	370,421

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

10.6 Punjab Workers' Welfare Fund

Opening balance		148,113	228,933
Accrued for the year	17.4	115,528	148,113
Reversal for the year	17.4	-	(166,595)
Transfer to trade debts	10.6.1	(148,113)	(62,338)
Closing balance		115,528	148,113

10.6.1 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 0.829 million (2023: Rs 0.579 million).

10.8 This includes an amount of Rs 41.842 million (2023: Rs 42.53 million) and Rs 1.2 million (2023: Rs 0.69 million) deposited with Bank Alfalah Limited as 100% margin against the letter of guarantee in favour of the Director, Excise and Taxation, Karachi and Pakistan State Oil Company Limited respectively as disclosed in note 20.1.19.

11	SHORT TERM INVESTMENTS	Note	2024 (Rupees in thousand)	2023
	Term Deposit Receipt ('TDR')	11.1	5,519	1,130,000
	Mutual Funds - FVTPL:	11.2		
	- NBP Islamic Daily Dividend Fund 8,904,650 units (2023: 188,485 units)		89,046	1,885
	- NBP Money Market Fund 32,851,239 units (2023: 29,045,076 units)		328,782	289,926
	- NBP Income Fund Cash Plan - II 3,143,564,376 units (2023: nil units)		3,010,655	-
			<u>3,434,002</u>	<u>1,421,811</u>

11.1 This pertains to 100% margin deposited against bank guarantee issued as disclosed in point (ii) of note 20.1.19. This represents investment in term deposit receipt with Habib Metro Bank Limited having maturity of one year, carrying mark-up at the rate of 19%-21% per annum.

11.2 These investments carry mark-up at rate of 18.9%-21.3% per annum.

12	BANK BALANCES	Note	2024 (Rupees in thousand)	2023
	Cash at bank:			
	- On current accounts		111,120	1,620
	- On saving accounts	12.1	440,958	1,774,732
			<u>552,078</u>	<u>1,776,352</u>

12.1 These carry mark-up at the rates ranging from 16.5% to 23.41% per annum (2023: 12.25% to 20% per annum).

13 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2024 (Number of Shares)	2023		2024 (Rupees in thousand)	2023
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
<u>363,380,000</u>	<u>363,380,000</u>		<u>3,633,800</u>	<u>3,633,800</u>

13.1 As at June 30, 2024, 211,397,063 (2023: 211,397,063) ordinary shares which represent 58.18% (2023: 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 AEL 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.

		2024	2023
		(Rupees in thousand)	
15	EMPLOYEE BENEFIT OBLIGATIONS		
	Unfunded		
	Gratuity	9,136	7,449
	Accumulated compensated absences	418	364
		9,554	7,813
	Funded		
	Gratuity	6,282	8,358
		15,836	16,171
15.1	Gratuity - unfunded		
	Opening liability	7,449	6,908
	Provision for the year	1,687	1,386
	Payments made during the year	-	(845)
	Closing liability	9,136	7,449
15.2	Accumulated Compensated Absences		
	Opening liability	364	526
	(Reversal)/Provision for the year	54	(85)
	Payments made during the year	-	(77)
	Closing liability	418	364

15.3 Gratuity - Funded:

The latest actuarial valuation of gratuity scheme of RPPL was carried out as at June 30, 2024 under the projected unit credit method as per the requirements of IAS 19, the details of which are as follows:

		2024	2023
		(Rupees in thousand)	
15.3.1	Net defined benefit obligation		
	The amounts recognized in consolidated statement of financial position are as follows:		
	Present value of defined benefit obligation	49,694	39,011
	Fair value of plan assets	(43,412)	(30,653)
	Net liability as at year end	6,282	8,358
15.3.2	Acturial Assumption		
		(Percentage)	
	Valuation discount rate - per annum	14.75%	16.25%
	Expected rate of increase in salaries - per annum	14.75%	16.25%
	Mortality rates	SLIC (2001-05)-1	SLIC (2001-05)-1
	Duration of plan (years)	6.96	7.48

	2024 (Rupees in thousand)	2023
15.3.3 Movement in net defined benefit obligation:		
Net liability at beginning of the year	8,358	9,977
Current service cost	5,555	4,751
Net interest on defined benefit obligation	6,653	4,420
Return on plan asset during the year	(5,313)	(3,098)
Charged to consolidated statement of profit or loss	6,895	6,073
Total remeasurements for the year recognised to consolidated other comprehensive income	(3,414)	(1,790)
Contributions made by the Group during the year	(5,557)	(5,902)
Net liability at the end of the year	<u>6,282</u>	<u>8,358</u>
15.3.4 Movement in present value of defined benefit obligations:		
Present value of defined benefit obligation as at beginning of the year	39,011	31,621
Current service cost	5,555	4,751
Interest cost	6,653	4,420
Remeasurement gains on obligations	(1,525)	(1,781)
Present value of defined benefit obligation as at the end of the year	<u>49,694</u>	<u>39,011</u>
15.3.5 Movement in the fair value of plan assets		
Opening fair value of plan assets	30,653	21,644
Interest income on plan assets	5,313	3,098
Remeasurement gain on fair value of plan assets	1,889	9
Contributions made during the year	5,557	5,902
Closing fair value of plan assets	<u>43,412</u>	<u>30,653</u>
15.3.6 Amounts recognised in the consolidated statement of profit or loss		
Current service cost	5,555	4,751
Interest cost	6,653	4,420
Interest income on plan assets	(5,313)	(3,098)
Net interest cost	<u>1,340</u>	<u>1,322</u>
	<u>6,895</u>	<u>6,073</u>
15.3.7 Total remeasurements (credited)/charged to consolidated other comprehensive income		
Actuarial loss/(gain) from changes in financial assumptions	3,342	(822)
Experience adjustments	(4,867)	(959)
	<u>(1,525)</u>	<u>(1,781)</u>
Remeasurements on fair value of plan assets excluding interest income	(1,889)	(9)
	<u>(3,414)</u>	<u>(1,790)</u>

15.3.8 Composition of fair value of plan assets

	2024		2023	
	(Rupee in thousand)	Percentage	(Rupee in thousand)	Percentage
Term deposit receipts	17,691	41%	12,602	41%
Cash and cash equivalents (after adjusting current liabilities)	1,172	3%	1,783	6%
Mutual funds	24,549	56%	16,268	53%
	43,412	100%	30,653	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.

Demographic risks:

- **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 assumptions	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
(Rupees in thousand)			
Discount rate	1%	(2,975)	3,660
Salary growth rate	1%	3,396	(3,099)

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.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

15.3.11 Maturity analysis

The weighted average duration of the defined benefit obligation is 6.96 years (2023: 7.48 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
	(Rupee in thousand)				
June 30, 2024	1,739	11,526	34,869	50,386	98,520
June 30, 2023	1,547	1,755	16,456	74,756	94,514

			2024	2023
		Note	(Rupees in thousand)	
16 DEFERRED TAXATION				
	The liability for deferred tax represents temporary difference relating to:			
	Taxable undistributed earnings of subsidiary	16.1 & 16.2	1,024,431	1,162,357
16.1	This represents deferred tax liability recognised on RPPL's undistributed earnings which if paid out as dividend, would be subject to tax in the hand of recipient.			
16.2	The gross movement in deferred tax liability during the year is as follows:			
	Opening balance		1,162,357	1,063,813
	(Credited)/charged to consolidated statement of profit or loss	27	(137,926)	98,544
	Closing balance		1,024,431	1,162,357
17 TRADE AND OTHER PAYABLES				
	Payable to Sui Northern Gas Pipelines Limited		349	313
	Payable to CPPA for import of energy		42,917	30,504
	Other creditors and accrued liabilities	17.1	165,452	1,168,869
	Withholding income tax payable		1,769	893
	Withholding sales tax payable		575	661
	Workers' profit participation fund	17.2	-	370,282
	Provision of guarantee issued	17.3	6,842	6,842
	Lender's related costs		-	1,000
	Punjab Workers' welfare fund	17.4	115,528	148,113
	Others	17.5	220,857	110,592
			554,289	1,838,069
17.1	This includes following amounts due to related parties:			
	Descon Engineering Limited		1,654	1,126
	Descon Power Solutions (Private) Limited		62,791	59,109
	Descon Corporation (Private) Limited		5,691	3,783
	Siemens Pakistan Engineering Company Limited		-	20,686
	Inspectest (Private) Limited		173	173
			70,309	84,877
17.2	Workers' Profit participation fund			
	Opening balance		370,282	155,845
	Provision for the year	10.5	288,820	370,282
			659,102	526,127
	Payment made during the year		(685,282)	(155,845)
	Closing balance		(26,180)	370,282

- 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 64.95 million in favour of Director Excise and Taxation, Karachi and made full provision in the financial statements up to June 30, 2010. During the year 2008, the Honourable Sindh High Court 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 encashed. 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 the 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 encashed 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 (2023: Rs 6.842 million) being 50% of disputed amount i.e. Rs 13.684 million.

17.4	Note	2024	2023
		(Rupees in thousand)	
Opening balance		148,113	228,934
Provision for the year		115,528	148,113
		<u>263,641</u>	<u>377,047</u>
Payment made during the year		(148,113)	(62,338)
Reversal of Provision	17.4.1	-	(166,596)
Closing balance		<u>115,528</u>	<u>148,113</u>

- 17.4.1** This represents reversal of provision in the previous year in respect of Punjab Workers' Welfare Fund. The management, based on the opinion of its legal counsel, believes that the Punjab Workers Welfare Fund Act, 2019 is not applicable to AEL for the reasons stated in note 20.1.6.

- 17.5** This includes an amount of Rs 2.05 million (2023: Rs 20.685 million) due to Siemens Pakistan Engineering Company Limited, a related party (group company of Siemens Project Ventures GmbH).

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 (2023: Rs 5,600 million). Such facilities have been obtained at mark-up rates ranging from one to three months KIBOR plus 0.5% to 1% per annum (2023: one to three months KIBOR plus 0.5% to 1% per annum). The mark-up rate charged during the year on the outstanding balance ranged from 22.5% to 23.5% (2023: 15.05% to 24.07%) per annum and payable quarterly. 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 the Group excluding land and building, 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 reporting date is Rs 5,600 million (2023: Rs 5,600 million).

18.2 Letter of Credit & Bank Guarantee

The main facilities for opening letters of credit aggregate to Rs. 100 million (2023: Rs. 100 million) and letter of guarantee aggregate to Rs. 1,050 million (2023: Rs 1,050 million). The amount utilised as at June 30, 2024, for letters of credit was Nil (2023: Nil) and for letters of guarantee was Rs. 532.68 million (2023: Rs 532.68 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 5,000 million (2023: Rs 5,000 million). The amount utilised as at June 30, 2024 was Rs 4,981 million (2023: 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.

19 DIVIDEND PAYABLE

This includes dividend payable to the following related parties, pending approval from the State Bank of Pakistan.

	2024	2023
	(Rupee in thousand)	
Siemens Project Ventures GmbH	2,241,959	-
Saudi Arabian Construction & Repair Company Limited	88,306	-
	<u>2,330,265</u>	<u>-</u>

20. CONTINGENCIES AND COMMITMENTS
20.1 Contingencies

20.1.1 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) ['CIR(A)'], 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.

	2024	2023
	(Rupees in thousand)	

157,000

157,000

	2024	2023
	(Rupees in thousand)	
<p>20.1.2 In respect of tax years 2010, 2011, 2012 and 2013, the Additional Commissioner Inland Revenue ('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.</p>	9,300	9,300
<p>20.1.3 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.</p>	16,840	16,840
<p>20.1.4 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.</p>	68,330	68,330
<p>20.1.5 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</p>		

	2024 (Rupees in thousand)	2023
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
20.1.6 Based on a legal opinion, the management believes that the Group is not an 'establishment' since it does not employ any worker in terms of the Punjab Workers Welfare Fund Act, 2019 (the 'Act'), therefore, the Punjab Workers' Welfare Fund Act, 2019 is not applicable to the Group. The Group had also filed a civil suit before the Civil Court, Lahore, which is pending adjudication, through which the Group has sought declarations to the effect that the provisions of this Act are not applicable on the Group. Management is confident that the outcome of the suit will be in the Group's favour. Accordingly, no provision has been made in these consolidated financial statements on this account.	166,596	166,596
20.1.7 In respect of tax year 2019, the ACIR passed an Order under section 122(5) of the Income Tax Ordinance, 2001, creating income tax demand amounting to Rs. 30.99 million which mainly relates to chargeability of Super Tax under section 4(b) of the Income Tax Ordinance, 2001. Aggrieved with the said Order, the Group has filed an appeal before the CIR (A), and the case is pending adjudication. The Group has not made any provisions against the said tax demand as the management is confident that the ultimate outcome of the Appeal would be in favor of the Group, inter alia on the basis of the advice of the tax consultant and the relevant laws and facts.	30,990	-
20.1.8 In respect of tax year 2022, the DCIR passed an Order under section 4C of the Income Tax Ordinance, creating a demand of Rs. 293.17 million. Aggrieved with the said Order, the Group preferred an Appeal before the CIR(A), where the relief was not granted on January 8, 2024. the Group has filed an Appeal with ATIR within legal timelines. The Group has not made any provisions against the said tax 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 laws and facts.	293,173	-
20.1.9 On September 27, 2022, the DCIR issued a show cause notice under section 4B of the Income Tax Ordinance, 2001 for alleged non-payment of Super Tax by the Group in respect of tax year 2018 mainly on account of dividend income. The Group explained its position in various hearings before the taxation authorities, however, the tax authorities issued a Demand Notice on December 2, 2022 requiring the Group to pay Super Tax amounting to Rs 93.184 million. Aggrieved with the Order of taxation officer, the Group filed an appeal on December 31, 2022 before the CIR(A) where the case is pending for 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 laws and facts.	93,184	93,184
20.1.10 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 IHC on reference application filed by the Group. The IHC also suspended order of the ATIR while deciding the petition for stay against tax recovery filed by the Group. The IHC had reserved its judgement in this case on the hearing dated February 2, 2021. However, the judgement was not announced due to		

dissolution of the bench of IHC. During the current year, the last hearing of this case was held on September 27, 2023 wherein no proceedings took place. The next date of hearing is awaited.

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 IHC directed the assessing officer to decide the case of the Group in line with the expected judgment of the IHC 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 CIR(A) with the same directions through orders in appeal dated August 17, 2015 and May 09, 2016 respectively in these consolidated financial statements.

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 with the Federal Board of Revenue for the tax period July 2016 to June 2017. The Group challenged the said order by filing an appeal to the CIR(A) in July 2022. In view of recent changes brought in through Tax Laws Amendment Act, 2024, this matter will now be referred to ATIR for further proceedings.

As the matter of apportionment of input sales tax is common to the power generation industry, it is likely to be decided by the IHC 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

20.1.11 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. On Company's appeal, the ATIR decided the matter in favour of the Company for the tax year 2014 whereas the appeal for the tax year 2011 is pending decision.

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

20.1.12 The tax authorities levied WWF amounting to Rs. 178.02 million for the tax years 2009 and 2010. The appeals filed by the Group were accepted by the CIR(A) who set-aside the demands and remanded the matter to Taxation Officer. The Group and the tax authorities have filed appeals to the ATIR and these are pending decisions. Based on the advice of the 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.

178,020 178,020

20.1.13 For tax year 2014, in addition to minimum tax mentioned in note 22.1.11, 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 accepted and the assessing authority was directed to reconsider this matter. Both the Group and the tax authorities filed appeals before the ATIR dated September 28, 2016 with respect to matters not decided in their favor. The ATIR accepted the Group's appeal through Order dated March 02, 2021 by holding supplemental charges as exempt, however it also ruled out against the Group in the matter of off-set of depreciation losses, though this was not a subject matter of the Group's appeal. The Group has filed reference application to the IHC with respect to the matter of set-off of losses 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 favorable 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

20.1.14 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

20.1.15 The tax authorities amended the assessments for the tax years 2012, 2013, 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 depreciation. 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. Aggrieved with the decision of the ATIR, the Group filed an Appeal before the IHC on May 4, 2021 and obtained stay against recovery of tax demand raised through appeal effect orders.

2024
2023
(Rupees in thousand)

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 consolidated financial statements.

292,070 292,070

20.1.16 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 IHC as mentioned in note 22.1.1 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

20.1.17 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) which is as per the terms of the Agreement. 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 the 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 filed an appeal before the Civil Court Khanewal and the matter is pending adjudication. On April 20,2024, the Civil Judge disposed off Group's Petition on technical grounds. Aggrieved with the Order of the Civil Judge, the Group has filed a writ Petition at the LHC, Multan Bench 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 LHC on January 17, 2018, 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.

On January 07, 2021, the Executive Engineer, Khanewal Division (Irrigation Department) raised a Demand Notice amounting to Rs 116.7 million for canal water charges up to December 2020. The Group paid Rs 12.80 million against the above demands and does not agree with the remaining amount levied by the Irrigation Department on the basis of the matter explained above. On January 15, 2021, Additional District Judge, Khanewal returned company's Appeal for injunction order on account of matter being beyond jurisdiction of the Additional District Judge. On February 02, 2021, the Group filed an appeal at the LHC, Multan Bench for stay order to restrain the Irrigation Department against suspension of water supply. On February 03, 2021, the LHC Multan bench 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 a letter from Executive Engineer ('XEN'), Khanewal to deposit water charges including effluent charges amounting to Rs 131.943 million and then on January 07, 2023, the Group received another letter from XEN to deposit revised water charges including effluent charges amounting to Rs 147.972 million. The Group paid Rs. 0.215 million against the canal water charges on March 11, 2024, which it deemed appropriate as per the provisions of the Agreement. On March 28, 2024, the Group received another letter from the XEN to deposit Rs. 176.3 million against the canal water charges at revised rates. The Group has not made payment against the said demand based on the matter explained above.

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 165 million.

165,000 135,172

20.1.18 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), BOR, 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 Honorable 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. A review application before the MBR has been filed and the matter is pending adjudication.

15,000 15,000

20.1.19 On September 27, 2022, the Deputy Commissioner Inland Revenue ('DCIR') issued a show cause notice under section 4B of the Income Tax Ordinance, 2001 for alleged non-payment of Super Tax by the Company in respect of tax year 2018 mainly on account of dividend income. The Company explained its position in various hearings before the taxation authorities, however, the tax authorities issued a Demand Notice on December 2, 2022 requiring the Company to pay Super Tax amounting to Rs 93.184 million. Aggrieved with the Order of taxation officer, the Company filed an appeal on December 31, 2022 before the Commissioner Inland Revenue Appeals ['CIR(A)'] where the case is pending for 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 laws and facts.

	2024 (Rupee in thousand)	2023
20.1.20 The Group has issued following guarantees in favour of:		
i) Bank guarantees have been issued in favour of the Director, Excise and Taxation, Karachi.	41,842	41,835
ii) Bank guarantee has been issued to Collector of Customs.	5,519	2,760
iii) Standby letter of credit issued in favour of SNGPL against gas supply.	4,981,492	4,981,492
iv) A banking company has issued a 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, 2024 and is renewable.	532,680	532,680
v) A bank guarantee favouring Pakistan State Oil Company Limited ('PSO') against fuel supply.	1,200	690

20.2 Commitments

- i)** RPPL has an agreement with Descon Power Solutions (Private) Limited, a related party on the basis of common directorship, for the Operations and Maintenance ('O & M') of the power plant for a period of eight years from the agreement date i.e. July 1, 2017 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 110,000 equivalent operating hours ('EOHS') on each gas turbine or eight scheduled outages of each gas turbine, whichever is later, and May 31, 2027.

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.

21	REVENUE	Note	2024 (Rupees in thousand)	2023
	Energy purchase price - gross		350,061	6,306,534
	Sales tax		(53,399)	(951,296)
	Energy purchase price - net		296,662	5,355,238
	Capacity purchase price	21.1	8,213,456	9,094,263
	Delayed payment markup	21.2	1,092,346	2,412,505
			<u>9,602,464</u>	<u>16,862,006</u>

21.1 This includes disputed revenue amounting to Rs. nil (2023: Rs. 4,462.950 million) relating to capacity purchase price as referred to in note 9.2.

21.2 This includes disputed revenue amounting to Rs. nil (2023: Rs. 736.384 million). During the year, no delayed payment mark-up has been accrued on trade debts not acknowledged by the off-taker, as disclosed in note 9.2, on the premise that its recoverability is highly susceptible due to factors outside the Group's influence. It will be recognized if and when acknowledged by the off-taker.

22 DIRECT COSTS	Note	2024	2023
		(Rupees in thousand)	
RLNG cost		286,247	5,543,668
Operation and maintenance costs		856,247	893,478
Depreciation on operating fixed assets	5.1.1	1,489,684	1,532,196
Stores, spares and loose tools consumed		126,761	102,673
Lube oil consumed		788	778
Repairs and maintenance		100,132	14,415
Insurance		226,151	166,339
Purchase of energy		387,370	245,634
Salaries, benefits and other allowances	22.1	40,769	30,987
Traveling & conveyance		544	376
Licensing fee		44,846	48,218
Electricity duty		156	545
Coloney maintenance		24,644	21,682
Communication		8,469	7,578
Vehicle maintenance		2,201	1,650
Security expenses		11,631	8,305
Miscellaneous expenses		7,715	7,836
		3,614,355	8,626,358

22.1 This includes Rs 1.37 million (2023: Rs 1.19 million) in respect of provident fund contribution by the Group.

23 ADMINISTRATIVE EXPENSES	Note	2024	2023
		(Rupees in thousand)	
Salaries, benefits and other allowances	23.1	116,965	95,718
Director's meeting fee	30.1	2,725	1,625
Information technology and ERP related cost	23.2	30,286	16,010
Legal and professional expenses		83,894	74,291
Depreciation on operating fixed assets	5.1.1	8,700	8,494
Traveling and conveyance		23,690	9,607
Rent, rates and taxes	23.4	16,056	11,559
Utilities		1,593	1,279
Repair and maintenance		182	393
Communication		990	1,681
Printing, stationery and advertisement		4,083	2,973
Auditors remuneration	23.3	7,341	6,521
Fee and subscription		2,365	2,851
Entertainment		2,689	744
Amortization of intangible assets	6.1	3,639	3,344
Vehicle maintenance		2,032	1,821
Professional tax		200	700
Insurance		6,284	6,165
Provision for doubtful debts		750,871	8,431
Bad debts written off		-	642
Miscellaneous		4,113	3,329
		1,068,698	258,178

23.1 This includes Rs 4.55 million (2023: Rs 4.09 million) in respect of provident fund contribution by the Group, Rs 8.577 million (2023: Rs 7.74 million) on account of gratuity and Rs. 0.054 million (2023: Rs. 0.075 million) on account of accumulating compensated absences, respectively.

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

23.3 Auditor's remuneration

The Charges for professional services (exclusive of sales tax) consists in of the following respect of the auditor's services for:

	2024 (Rupees in thousand)	2023
Statutory audits	5,036	5,036
Half yearly review	407	407
Certifications required by various regulations	630	191
Reimbursement of expenses	618	437
Special audit of consolidated financial statements	450	450
Group audit services	200	-
	7,341	6,521

23.4 This includes lease rentals of Rs. 3.434 million (2023: Rs. 3.362 million) and Rs. 3.01 million (2023: Rs 2.85 million) in respect of property leased from Descon Corporation (Private) Limited and Descon Engineering Limited, related parties on the basis of common directorship, respectively.

24 OTHER INCOME

Note

	2024 (Rupees in thousand)	2023
Profit on bank deposit	778,241	11,313
Fair value gain on short term investment	1,354	2,060
Gain on disposal of operating fixed assets	7,454	543
Scrap sales	741	5,902
Provisions and unclaimed balances written back	7,029	-
Income from short term investment	163,300	47,196
Miscellaneous	5,602	4,119
	963,721	71,133

25 OTHER EXPENSES

Donations	25.1	12,319	11,643
Exchange loss		3,054	337,492
		15,373	349,135

25.1 The donations to the following parties/communities exceeded Rs. 1 million during the year ended June 30, 2024: Rural Health Centre - Abdul Hakim, Special Education Centre Mian Chanu - Khanewal, Post office Abdul Hakim, Government Girls High School - Abdul Hakim, Government Special Education Center - Khanewal, Vocational Training Institute - Abdul Hakeem and Lahore University of Management Sciences. Whereas, in the prior year, the donation was made to Basic Health Unit - Abdul Hakim, Government Girls and Boys High School - Abdul Hakim Government Special Education Center - Khanewal and Lahore University of Management Sciences. None of the directors or their spouses have any interest in the donees.

26	FINANCE COST	Note	2024	2023
			(Rupees in thousand)	
	Bank charges		3,771	55
	Markup on short term borrowings - secured		855	293,790
	Bank guarantee commission		28,807	31,642
	Lender fees and charges		22,599	22,733
	Lender related other costs		975	118
			<u>57,007</u>	<u>348,338</u>

27 TAXATION - INCOME TAX AND FINAL TAX

	Final tax	27.1	152,022	7,079
	Income tax			
	Current - For the year		489,681	3,281
	Deferred	16.2	(137,926)	98,544
			<u>503,777</u>	<u>108,904</u>

27.1 This represents final tax paid under section 150 of Income Tax Ordinance, 2001, representing levy in terms of requirements of IFRIC 21/IAS 37 as described in note 2.1(iii).

27.2 Relationship between tax income and accounting profit

	Profit before income tax and final tax	5,810,752	7,351,130
	Tax at the applicable rate of 29% (2023: 29%) under the Income Tax Ordinance, 2001	1,685,117	2,131,828
	Tax effect of:		
	- Amounts that are exempt as referred to in note 4.2	(1,455,306)	(2,149,441)
	- Inadmissible electric power generation expenses and other non-deductible amounts	42,448	34,581
	- Super tax	75,810	-
	- Income taxable under different rate	(94,233)	(4,400)
	- Recognition of deferred tax on undistributed reserves of subsidiary	(137,926)	98,544
	- Items subject to final tax regime	387,867	(2,208)
		(1,181,340)	(2,022,924)
		<u>503,777</u>	<u>108,904</u>

27.3 The Group 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 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 Group is of the view, that since the Group had been registered as a Group before the amendment in law, the Group 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 (2023: Rs 436.58 million) for tax on dividend income received from PMCL for the tax years 2017 and 2018 has been recognized in these consolidated financial statements.

28	CASH GENERATED FROM OPERATIONS	Note	2024 (Rupees in thousand)	2023 (Rupees in thousand)
	Profit before income tax and final tax		5,810,752	7,351,130
	Adjustment for non-cash charges and other items:			
	-Depreciation on operating fixed assets		1,498,384	1,540,690
	-Profit on short term investments		(92,442)	(31,427)
	-Gain on disposal of operating fixed assets		(7,454)	(543)
	-Provision for employee retirement benefits		8,636	7,374
	-Liabilities no longer payable written back		(7,029)	-
	-Amortization on intangible assets		3,639	3,342
	-Exchange loss		3,054	337,492
	-Finance cost		57,007	348,338
	-Provision fo bad debts		750,871	8,431
	-Profit on bank deposits		(778,241)	(11,313)
			<u>1,436,425</u>	<u>2,202,384</u>
	Profit before working capital changes		7,247,177	9,553,514
	Effect on cashflow due to working capital changes:			
	Increase in stores, spares and loose tools		(42,921)	(4,287)
	Decrease / (increase) in trade debts		344,214	(2,150,695)
	Increase in advances, prepayments, and other receivables		(302,100)	(400,282)
			(807)	(2,555,264)
	Decrease in current liabilities			
	Decrease in trade and other payables		(1,279,805)	(899,190)
	Cash generated from operations		<u>5,966,565</u>	<u>6,099,060</u>
			2024	2023
			(Rupees in thousand)	(Rupees in thousand)
29	CASH AND CASH EQUIVALENTS			
	Bank balances	12	552,078	1,776,352
	Short term investments	11	3,434,002	1,421,811
	Short term borrowings from banking companies - secured	18	-	(1,165)
			<u>3,986,080</u>	<u>3,196,998</u>
30	REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES			
31	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	
		2024	2023	2024	2023
		(Rupee in thousand)		(Rupee in thousand)	
Managerial remuneration		5,162	4,488	-	-
Bonus		416	378	-	-
Gratuity		1,475	360	-	-
Accumulated compensated absences		46	28	-	-
Reimbursement of expenses		254	1,568	-	-
Car allowance		854	854	-	-
House rent, utilities and allowances		573	499	-	-
Meeting fee	30.2	-	-	2,725	1,625
		8,780	8,175	2,725	1,625
Number of person(s)		1	1	2	2
				Executives	
				2024	2023
				(Rupee in thousand)	
Managerial remuneration (including performance bonus)				74,611	69,634
Contribution to provident fund				5,571	4,548
Gratuity fund				5,159	4,816
House rent, utilities and other allowances				21,354	10,422
				106,695	89,420
Number of person(s)				10	7

30.2 During the year the Group paid meeting fee amounting to Rs. 2.725 million (2023: Rs. 1.625 million) to its two non-executive (independent) directors.

30.3 In addition to the above, certain executives of the Group are provided with free use of Group maintained cars.

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. NUMBER OF EMPLOYEES

	2024	2023
Total number of employees as at June 30	27	23
Average number of employees during the year	27	24

33. FINANCIAL RISK MANAGEMENT

33.1 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:

	2024	2023
	(Rupee in thousand)	
Long term security deposits	608	707
Trade debts - secured	14,229,704	15,324,789
Other receivables	487,713	567,624
Short term investments	3,434,002	1,421,811
Bank balances	552,078	1,776,352
	18,704,105	19,091,283
As of June 30, age analysis of trade debts was as follows:		
Neither past due nor impaired	2,432,523	2,485,237
Past due but not impaired		
- 1 to 30 days	1,094,216	1,559,448
- 31 to 120 days	3,491,636	6,481,439
- 121 to 365 days	2,739,855	3,815,102
- above 365 days	4,471,474	983,563
	11,797,181	12,839,552
Past due and impaired		
- 1 to 30 days	-	-
- 31 to 120 days	-	-
- 121 to 365 days	-	18,605
- above 365 days	952,557	183,081
	952,557	201,686
Provision for impairment	(952,557)	(201,686)
	14,229,704	15,324,789

(ii) Credit quality of major 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 Agency	2024 (Rupee in thousand)	2023
	Short term	Long term			
Short term investments					
NBP Money Market Fund	-	AA(f)	PACRA	328,782	289,926
NBP Islamic Daily Dividend Fund	-	AA+(f)	PACRA	89,046	1,885
NBP Cash Plan - II	-	A+(f)	PACRA	3,010,655	-
Term deposit receipt (TDR)				5,519	1,130,000
				3,434,002	1,421,811
Bank balances					
MCB Bank Limited	A1+	AAA	PACRA	2,035	1,982
The Bank of Punjab	A1+	AA+	PACRA	4,295	4,295
Habib Bank Limited	A1+	AAA	VIS	126	1,082
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	4,514	4,220
Faysal Bank Limited	A1+	AA	PACRA	140	17
Askari Bank Limited	A1+	AA+	PACRA	7	10
National Bank of Pakistan	A1+	AAA	PACRA	435,812	1,755,173
Bank Alfalah	A1+	AAA	PACRA	100,027	2
Bank Islami Limited	A1	AA-	PACRA	105	5
Allied Bank Limited	A1+	AAA	PACRA	-	3
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	5,017	9,563
				552,078	1,776,352

The Group's sole customer is CPPA. The credit risk on trade debts from CPPA is managed by a guarantee from the Government of Pakistan under the IA and by continuous follow-ups for release of payments from CPPA. 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 financial assets, other than those due from the Government of Pakistan, are subject to the ECL method. While bank balances, long term security deposits and other receivables are subject to the ECL method of IFRS 9, the identified impairment loss as at June 30, 2024 was immaterial and hence, has not been accounted for.

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 29) on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Group. 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 Group's financial liabilities are due to mature within one year and the carrying amounts are equal to the total contractual cashflows.

The Group 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 and managing debt repayments on due dates, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. However, under current circular debt issue faced by the power sector, the Group is significantly exposed to liquidity risk.

(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, term deposit receipts, overdue trade debts and short term borrowings. 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	
	2024	2023
	(Rupee in thousand)	
Fixed rate instruments:		
Financial assets		
Bank balances - saving accounts	440,958	1,774,732
Term deposit receipt	5,519	1,130,000
	<u>446,477</u>	<u>2,904,732</u>
Financial liabilities		
Net exposure	-	-
	<u>446,477</u>	<u>2,904,732</u>
Variable rate instruments:		
Financial assets		
Trade debts - overdue	11,797,181	12,839,552
Financial liabilities		
Short term borrowings from banking companies - secured	-	(1,165)
Net exposure	<u>11,797,181</u>	<u>12,838,387</u>

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 155.984 million (2023: Rs 140.223 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:

	2024		
	Translated in Rupees	US Dollars	Euro
	(Amounts in thousand)		
Other receivables	-	-	-
Trade and other payables and accrued liabilities	(139,380)	(305)	(183)
Net liability exposure	(139,380)	(305)	(183)
	2023		
	Translated in Rupees	US Dollars	Euro
	(Amounts in thousand)		
Other receivables	-	-	-
Trade and other payables and accrued liabilities	(1,051,507)	(73)	(3,326)
Net liability exposure	(1,051,507)	(73)	(3,326)

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	
	2024	2023	2024	2023
USD	278.37	286.90	282.64	246.45
Euro	297.69	314.27	305.98	265.01

Sensitivity analysis

At June 30, 2024, if the Rupee had weakened/strengthened by 10% against the USD with all other variables held constant, the impact on post tax profit for the year would have been Rs. 8.490 million (2023: Rs. 2.094 million) lower/higher mainly as a result of exchange loss/gain on translation of USD denominated financial instruments.

At June 30, 2024, if the Rupee had weakened/strengthened by 10% against the Euro with all other variables held constant, the impact on post tax profit for the year would have been Rs. 5.447 million (2023: Rs. 104.536 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.

The Group has investment in mutual funds that are carried at fair value through profit or loss ('FVPL'). Therefore, the Group is exposed to other price risk due to macroeconomic factors.

As at June 30, 2024, if the market value of Group'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 for the year	
	2024	2023
	(Rupee in thousand)	
NBP Money Market Fund	32,878	28,992
NBP Islamic Daily Dividend Fund	8,905	188
NBP Cash Plan - II	301,066	-
	342,849	29,180

33.2 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, 2024	Level 1	Level 2	Level 3	Total
	(Rupee in thousand)			
<i>Recurring fair value measurements</i>				
Assets - Short term investments	3,434,002	-	-	3,434,002
Liabilities	-	-	-	-
As at June 30, 2023				
	Level 1	Level 2	Level 3	Total
	(Rupee in thousand)			
<i>Recurring fair value measurements</i>				
Assets - Short term investments	1,421,811	-	-	1,421,811
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 Group'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.

33.3 Financial instruments by categories

As at June 30, 2024	At fair value through profit or loss	Financial assets at amortised cost	Total
	(Rupee in thousand)		
Assets as per statement of financial position			
Long term security deposits	-	608	608
Long term loans to employees	-	1,988	1,988
Trade debts - secured	-	14,229,704	14,229,704
Loans and other receivables	-	487,713	487,713
Short term investments	3,434,002	-	3,434,002
Bank balances	-	552,078	552,078
	3,434,002	15,272,091	18,706,093
As at June 30, 2023			
Assets as per statement of financial position			
Long term security deposits	-	707	707
Long term loans to employees	-	1,134	1,134
Trade debts - secured	-	15,324,789	15,324,789
Loans and other receivables	-	567,624	567,624
Short term investments	1,421,811	-	1,421,811
Bank balances	-	1,776,352	1,776,352
	1,421,811	17,670,606	19,092,417

Liabilities as per statement of financial position

	Financial liabilities at amortised cost	
	2024	2023
	(Rupee in thousand)	
Trade and other payables	436,417	1,318,120
Short term borrowings from banking companies - secured	-	1,165
Accrued markup on short term borrowings - secured	822	34,998
Unclaimed dividend	6,264	5,414
Dividends Payable	2,756,986	-
	3,200,489	1,359,697

33.4 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.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares.

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, 2024 and 2023 were as follows:

	2024	2023
	(Rupee in thousand)	
Borrowings (including accrued markup thereon)	822	36,163
Less: Bank balances	552,078	1,776,352
Short term investments	3,434,002	1,421,811
	3,986,080	3,198,163
Negative net debt	(3,985,258)	(3,162,000)
Total equity	27,794,315	30,458,017
Gearing ratio	-14.3%	-10.4%

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

33.5 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.

34. 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 Group, directly or indirectly, including any director (whether executive or otherwise) of the Group. 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. Related party transactions have been disclosed in respective notes in these consolidated financial statements other than the following:

Relationship with the Group Companies	Nature of transactions	2024 (Rupees in thousand)	2023
(i) Holding Company			
DEL Power (Private) Limited	Dividends paid	2,434,501	-
(ii) Other related parties			
<i>On the basis of common directorship</i>			
Descon Engineering Limited	Supply of spares and services	32,076	15,008
	Common costs charged to the Group	5,349	3,981
Descon Power Solutions (Private) Limited	Operations & maintenance contractor's fee	645,268	574,910
	Purchase of spare parts	2,348	3,416
	Common costs charged to the Group	1,038	941
Descon Corporation (Private) Limited	Supply of spares and services	68,653	47,974
	Common costs charged to the Group	1,834	1,795
	Building rent	647	862
Inspectest (Private) Limited	Services rendered	-	798
Descon Holdings (Private) Limited	Dividends paid	342	-
Other related parties			
Crescent Steel & Allied Products Limited	Dividends paid	698,619	-
Siemens (Pakistan) Engineering Company Limited	Purchase of goods and services	64,979	-
	Long term maintenance services	8,339	45,332
(iii) Key management personnel - note 34.2			
	Short term employee benefits	7,259	7,787
	Post employment benefits	1,521	388
	Director's meeting fee	2,725	1,625
	Dividends paid	2,889	-

34.1 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.

34.2 This represents remuneration of Chief Executive and certain benefits paid to non-executive Directors disclosed in note 30.1 to these consolidated financial statements and dividend paid to a non-executive Director.

34.3 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
Saudi Arabian Construction & Repair Company Limited	Other related party	17.05%
Crescent Steel and Allied Products Limited	Other related party	16.69%
Descon Holdings (Private) Limited	Group company	0.008260%
Mr. Faisal Dawood	Director	0.006190%
Mrs. Mehreen Dawood	Director	0.000138%
Mr. Farooq Nazir	Director	0.000138%
Mrs. Aliya Saaeda Khan	Director	0.000138%
Mr. Shah Muhammad Chaudhry	Director	0.000138%
Mr. Salih Merghani	Director	Nil
Mr. Syed Rizwan Ali Shah	Director	0.000138%
Mr. Umer Shehzad Sheikh	Chief Executive	Nil

35 PLANT CAPACITY AND ACTUAL GENERATION

		2024	2023
Installed capacity	(MWh)	3,710,356	3,710,356
Practical maximum output	(MWh)	3,256,318	3,256,318
Actual energy delivered	(MWh)	9,710	179,000

Practical maximum output for the power plant is computed taking into account all the scheduled outages and OFME days. Actual output is dependent on the load demanded by CPPA, the plant availability and mean-site conditions.

36 EARNINGS PER SHARE - BASIC AND DILUTED
36.1 Earnings per share - Basic

		2024	2023
Profit for the year attributable to Owners of the Parent Company	(Rupees in thousand)	3,085,244	4,279,794
Weighted average ordinary shares	(Number)	363,380,000	363,380,000
Earnings per share	(Rupees)	8.49	11.78

36.2 Earnings per share - Diluted

A diluted earnings per share has not been presented as the Group does not have any convertible instruments in issue as at June 30, 2024 and June 30, 2023 which would have any effect on the earnings per share if the option to convert is exercised.

37 INTEREST IN OTHER ENTITIES
37.1 Subsidiaries

The Group's principal subsidiaries as at June 30, 2024 and June 30, 2023 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
		2024	2023	2024	2023	
Power Management Company (Private) Limited	Lahore, Pakistan	100%	100%	0%	0%	Invest, manage, operate, run, own and build power projects, intermediate holding company of
Rousch (Pakistan) Power Limited	Islamabad, Pakistan	59.98%	59.98%	40.02%	40.02%	Generate and supply electricity to CPPA-G

37.2 Non-controlling interest

Set out below is summarised financial information for a subsidiary "Rousch (Pakistan) Power Limited" that has non-controlling interest that is material to the Group. The amounts disclosed for the subsidiary is before inter-company eliminations:

	2024	2023
Summarised consolidated statement of financial position	(Rupees in thousand)	
Current assets	21,053,807	21,298,409
Current liabilities	(3,199,157)	(1,851,674)
Current net assets	17,854,650	19,446,735
Non-current assets	10,137,926	11,613,969
Non-current liabilities	(6,282)	(8,358)
Non-current net assets	10,131,644	11,605,611
Net assets	27,986,294	31,052,346
Accumulated non-controlling interest	11,200,008	12,426,921

Summarised consolidated statement of comprehensive income	2024	2023
	(Rupees in thousand)	
Revenue - net	9,602,464	16,844,549
Profit for the year	5,552,106	7,402,378
Other comprehensive income for the year	3,414	1,790
Total comprehensive income for the year	5,555,520	7,404,168
Profit attributable to non-controlling interests	2,221,731	2,962,432
Other comprehensive income attributable to non-controlling interests	1,366	716
Dividends provided for non-controlling interests	3,450,010	-
Summarised cash flows		
Net cash inflow from operating activities	6,472,820	5,643,030
Net cash inflow/(outflow) from investing activities	2,865	(535,829)
Net cash outflow from financing activities	(5,952,892)	-
Net increase in cash and cash equivalents during the year	522,793	5,107,201

37.3 Transactions with non-controlling interests

There was no transaction with non-controlling interests during the year ended June 30, 2024.

38 CORRESPONDING FIGURES

Certain corresponding figures have been rearranged and/or reclassified, wherever necessary, for the purpose comparison and better presentation.

39 DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue by the Board of Directors of the Group Company in their meeting held on September 19, 2024.


Chief Executive


Chief Financial Officer


Director

SIX YEAR PERFORMANCE

Financial Year ending June 30	2024	2023	2022	2021	2020	2019
Despatch (MWH)	-	-	-	12,403	3,728	22,029
Revenue	-	17,457	1,058	204,104	116,802	474,160
Direct Costs	93,364	83,003	103,285	247,449	167,863	501,829
Gross Profit/ (Loss)	(93,364)	(65,546)	6,637,945	(43,345)	(51,061)	(27,669)
Net Profit/ (Loss)	4,336,312	(72,858)	6,615,965	(84,315)	1,689,621	954,822
Total Assets	3,887,009	3,980,293	4,216,135	4,170,710	4,317,833	4,874,063

(Rupees in thousand)

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 JUNE 30, 2024 30-06-2024

-----Shareholdings-----			
2.2 No. of Shareholders	From	To	Total Shares Held
184	1	100	4,348
179	101	500	76,901
176	501	1,000	164,416
325	1,001	5,000	968,298
110	5,001	10,000	897,500
38	10,001	15,000	494,608
26	15,001	20,000	452,123
18	20,001	25,000	420,500
8	25,001	30,000	230,000
8	30,001	35,000	261,035
8	35,001	40,000	307,350
6	40,001	45,000	260,500
8	45,001	50,000	394,994
5	50,001	55,000	262,416
4	60,001	65,000	227,500
2	65,001	70,000	128,600
2	65,001	70,000	134,500
3	70,001	75,000	220,446
1	75,001	80,000	75,500
1	80,001	85,000	85,000
2	85,001	90,000	172,850
10	95,001	100,000	992,500
1	100,001	105,000	104,000
1	105,001	110,000	107,500
2	115,001	120,000	238,173
2	125,001	130,000	258,000
1	145,001	150,000	150,000
1	155,001	160,000	156,500
1	170,001	175,000	173,000
1	185,001	190,000	188,500
1	195,001	200,000	200,000
1	225,001	230,000	230,000
3	245,001	250,000	750,000
1	260,001	265,000	263,000
1	265,001	270,000	270,000
1	280,001	285,000	284,500
2	295,001	300,000	595,500
1	345,001	350,000	350,000
1	430,001	435,000	430,440
1	485,001	490,000	487,000
1	840,001	845,000	844,000
1	855,001	860,000	860,000
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	3,300,001	3,305,000	3,303,725
1	7,030,001	7,035,000	7,033,500
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
1158			363,380,000

2.3 Categories of Shareholders	Shares Held	Percentage
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	309,000	0.0850%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	211,427,063	58.1835%
2.3.3 NIT and ICP	0	0.0000%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	0	0.0000%
2.3.5 Insurance Companies	0	0.0000%
2.3.6 Modarabas and Mutual Funds	0	0.0000%
2.3.7 Shareholders holding 10% or more	334,029,777	91.9230%
2.3.8 General Public		
a. Local	22,654,947	6.2345%
b. Foreign	128,550	0.0354%
2.3.9 Others (to be specified)		
- Joint Stock Companies	66,891,501	18.4081%
- Foreign Companies	61,968,939	17.0535%

**Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2024**

S. No.	NAME	HOLDING	% AGE
<u>DIRECTORS, CEO THEIR SPOUSE AND MINOR CHILDREN</u>			
1	MR. FAISAL DAWOOD (CDC)	22,500	0.0062
2	MR. FAROOQ NAZIR (CDC)	500	0.0001
3	MR. SHAH MUHAMMAD CHAUDHARY (CDC)	284,500	0.0783
4	SYED RIZWAN ALI SHAH (CDC)	500	0.0001
5	MST. ALIYA SAEEDA KHAN (CDC)	500	0.0001
6	MRS. MEHREEN DAWOOD	500	0.0001
7	MR. SALAIH MARGHANI	0	0.0000
		309,000	0.0850
<u>ASSOCIATED COMPANIES, UNDERTAKING & RELATED PARTIES</u>			
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
<u>NIT & ICP</u>			
		0	0.0000
<u>FINANCIAL INSTITUTION</u>			
		0	0.0000
<u>MODARABAS & MUTUAL FUNDS</u>			
		0	0.0000
<u>PENSION FUNDS</u>			
		0	0.0000
<u>INSURANCE COMPANIES</u>			
		0	0.0000
<u>JOINT STOCK COMPANIES</u>			
1	OCTAGON INTERNATIONAL (PVT) LIMITED	1,000	0.0003
2	DARUT TASNIF (PRIVATE) LIMITED (CDC)	26,000	0.0072
3	AHSAM SECURITIES (PRIVATE) LIMITED (CDC)	18,000	0.0050
4	BROADAXIS TECHNOLOGIES (PRIVATE) LIMITED (CDC)	15,000	0.0041
5	ALI ASGHAR TEXTILE MILLS LTD (CDC)	99,000	0.0272
6	CRESCENT STEEL AND ALLIED PRODUCTS LTD. (CDC)	60,663,775	16.6943
7	CS CAPITAL (PVT) LTD. (CDC)	3,303,725	0.9092
8	DOSSA COTTON & GENERAL TRADING (PVT) LIMITED (CDC)	250,000	0.0688
9	ELAHI CAPITAL (PRIVATE) LIMITED (CDC)	1,202,500	0.3309
10	FAZAL HOLDINGS (PVT.) LIMITED (CDC)	1,145,000	0.3151
11	MAPLE LEAF CAPITAL LIMITED (CDC)	1	0.0000
12	MRA SECURITIES LIMITED - MF (CDC)	16,500	0.0045
13	SAPPHIRE HOLDING LIMITED (CDC)	50,500	0.0139
14	SARFRAZ MAHMOOD (PVT) LTD. (CDC)	500	0.0001
15	ALLIANCE INVESTMENT MANAGEMENT LIMITED (CDC)	100,000	0.0275
		66,891,501	18.4081
<u>FOREIGN COMPANY</u>			
1	SAUDI ARABIAN CONSTRUCTION & REPAIR CO. LTD.	61,968,939	17.0535
		61,968,939	17.0535
<u>OTHERS</u>			
		0	0.0000
<u>SHARES HELD BY THE GENERAL PUBLIC (FOREIGN):</u>			
		128,550	0.0354
<u>SHARES HELD BY THE GENERAL PUBLIC (LOCAL):</u>			
		22,654,947	6.2345
		22,783,497	6.2699
	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)	211,397,063	58.1752
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
		334,029,777	91.9230

SHAREHOLDERS HOLDING 5% OR MORE OF TOTAL CAPITAL

S. No.	Name	Holding	% AGE
1	DEL POWER (PRIVATE) LIMITED (CDC)	211,397,063	58.1752
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
		334,029,777	91.9230

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	MR. SHAH MUHAMMAD CHAUDHARY (CDC)		455,500
2	MR. SHAH MUHAMMAD CHAUDHARY (CDC)	171,500	

**Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2024**

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):			
1	DEL POWER (PRIVATE) LIMITED (CDC)	211,397,063	58.1752
2	DESCON HOLDINGS (PVT) LIMITED.(CDC)	30,000	0.0083
Mutual Funds (Name Wise Detail)			
		-	-
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MR. FAISAL DAWOOD (CDC)	22,500	0.0062
2	MR. FAROOQ NAZIR (CDC)	500	0.0001
3	MR. SHAH MUHAMMAD CHAUDHARY (CDC)	284,500	0.0783
4	SYED RIZWAN ALI SHAH (CDC)	500	0.0001
5	MST. ALIYA SAEEDA KHAN (CDC)	500	0.0001
6	MRS. MEHREEN DAWOOD	500	0.0001
7	MR. SALAIH MARGHANI	-	0.0000
Executives:			
		-	-
Public Sector Companies & Corporations:			
		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:			
		-	0.0000
Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)			
1	DEL POWER (PRIVATE) LIMITED (CDC)	211,397,063	58.1752
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

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S.No	NAME	SALE	PURCHASE
1	MR. SHAH MUHAMMAD CHAUDHARY (CDC)		455,500
2	MR. SHAH MUHAMMAD CHAUDHARY (CDC)	171,500	

ALTERN ENERGY LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 30th Annual General Meeting (“AGM”) of Altern Energy Limited (the 'Company') will be held on Monday, October 28, 2024, at 10:00 a.m. at the registered office of the Company at Descon Headquarters 18-Km Ferozpur Road, Lahore to transact the following business:

ORDINARY BUSINESS:

1. To confirm minutes of the last Annual General Meeting of the Company held on October 26, 2023.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended 30th June 2024 together with the reports of Directors' and Auditor's thereon, together with the Annual Audited Consolidated Financial Statements of the Company for the year ended 30th June 2024 together with the report 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 Grant Thornton Anjum Rahman, Chartered Accountant, have retired and being eligible have offered themselves for re-appointment as Auditors of the Company for year ending on 30 June 2025.
- 4.. To transact any other business with the permission of the Chair.

By Order of the Board of Directors

Place : Lahore
October 07, 2024

Salman Ali
Company Secretary

NOTES:

Circulation of Annual Report through QR Code and Through Web link

In accordance with the Section 223 of the Companies Act, 2017 and pursuant to SRO389(I)/ 2023 dated 21 March 2023 of the Securities & Exchange Commission, the Company has obtained Shareholders' approval in the Annual General Meeting of the Company held on October 26, 2023 to circulate the Annual Report of the Company to Members through QR enabled Code and Web link. The Annual Report is available through following QR Code and Web link.



https://www.descon.com/en/ALTN_Annual_Accounts_2024.pdf

Participation in the AGM Proceeding Via the Video Conference Facility

Shareholders interested in attending the meeting through video conferencing are requested to email the following information with the subject “Registration for 30th Annual General Meeting,” along with valid copy of their CNIC to shareholders@descon.com Video link and login credentials will be shared with ONLY those Members, whose email, containing particulars (i.e. Name, Folio No, CNIC No./NTN) is received from official Email ID, at least 48 hours before the AGM.

Closure of Share Transfer Books

The Share Transfer Books of the Company will be closed from 22-10-2024 to 28-10-2024 (both days inclusive). Transfers received at the Corplink (Pvt.) Limited, 1-K, Commercial Model Town Lahore the close of business on 21-11-2024 will be treated in time for the purpose of above entitlement of final cash dividend.

Payment of Cash Dividend Electronically (E-mandate)

In accordance with the provisions of section 242 of the Companies Act, 2017 and Companies (Distribution of Dividend) Regulations, 2017, it is mandatory that dividend payable in cash, shall only be paid through electronic mode directly in to the bank account designated by the entitled shareholder.

In compliance with the above provisions, the Company here by again requests the shareholders to provide detail soft heir bank mandate specifying: (I) title of account, (ii) account number, (iii) IBAN number (iv) bank name and (v) branch name, code & address; to Company's Share Registrar, CDC Share Registrar Services Limited. Shareholders who hold shares with Participants/ Central Depository Company of Pakistan (CDC) are advised to provide the man date to the concerned Broker/CDC. In absence of the complete bank details, including IBAN mentioned above, the company shall with hold the Dividend under the provision of Section 243 of the Companies Act, 2017.

For Attending the Meeting

In case of individuals, the Account Holders or sub account holders and/or the persons whose securities are in group account and their registration details are uploaded asper the Regulations, shall authenticate their identity by showing original CNIC or original passport at the time of attending the meeting.

In the case of a corporate entity, the Board of Directors' Resolution/ Power of Attorney with the specimen signature of the nominee shall be produced (if it has not been provided earlier) at the time of attending the meeting.

Proxy

A member entitled to attend and vote at this Annual General Meeting is entitled to appointa Proxy to attend, speak and vote in his place at the Meeting. A 'Proxy Form' appointing a proxy must be deposited at the Registered Office of the Company, at least 48 hours be fore the time of the meeting, along with copy of CNIC of Proxy. In case of corporate entity, the Board of Directors' resolution/ power of attorney with specimen signature of the nomine ealong with his/her copy of CNIC shall be provided at least 48 hours be fore the time of the meeting. The Form of Proxy in English and Urdu is attached in the Annual Report and should be witnessed by two persons whose names, addresses and CNIC Numbers should be mentioned on the Forms. The Form of Proxy is also available on the Company's website(www.descon.com).

Updating of Particulars

The Shareholders are requested to promptly notify change in their address, if any, to the Company's Share Registrar. Incase of Corporate entity, the shareholders are requested to promptly notify change in their particulars of their authorized representative, if applicable.

Submission of Copies of Valid CNIC Not Provided Ear lier

In dividuual Shareholders are once again reminded to submit a copy of their valid CNIC, if not provided earlier to the Company's Share Registrar. In case of non availability of a valid copy of the Shareholders' CNIC in there cords of the Company, the company shall with hold the Dividend under the provisions of Section 243 of the Companies Act, 2017.

Conversion of Physical Shares into Book-Entry Form (i.e. CDC Account)

Section 72 of the Companies Act, 2017, requires all listed companies to replace the share sheld in physical form with the shares to be issued in Book Entry Form with in four (04) years from the date of the promulgation of the Companies Act 2017. Pursuant to the SECP letter No. CSD/ED/ Misc. /2016-639 640 dated March 26, 2021, the Company is following up with all shareholder sholding shares in physical form with the request to convert their shares in Book-Entry Form in order to comply with the provisions of the Companies Act, 2017. Shareholders are again requested to contact the Company's Share Registrar to under stand and complete the process of conversion of shares held in physical form, into the Book-EntryForm.

Distribution of Annual Report and Notice of Meetings through Email (Optional)

Pursuant to the provisions of section 223 (6) of the Companies Act, 2017, the companies are permitted to circulate their Annual Audited Financial Statements, along with Auditor's Report, Directors' Report etc. ("Annual Report") and the Notice of AGM ("Notice"), to its shareholders by email. The Annual Report of the Company for the year ended June 30, 2024 is also available on the Company's website.



Form of Proxy
Altern Energy Limited

Shareholder Folio No.

CDC Participant I.D.No.

OR

& Sub Account No.

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.

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, 18km, Ferozepur Road, Lahore on Monday, October 28, 2024 at 10:00 am and at any Adjournment there of.

As witness my / our hand this _____ day of _____ 2024.

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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*Mobile apps are also available for download for android and ios devices