ANNUAL REPORT 2023

ALTERN ENERGY LIMITED

Altern Energy Limited

Annual Report 2023

Contents

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
Mr. Muhammad Farooq

COMPANY SECRETARY
Mr. Salman Ali

HEAD INTERNAL AUDIT
Mrs. Noor Shuja

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

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

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

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

VISION STATEMENT

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

MISSION STATEMENT

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

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

CHAIRMAN'S REVIEW

Dear Stakeholders,

The year 2022-23 was one of economic fluctuations and rising geo-political tensions. Global economic growth tapered down while inflation soared higher than seen in several decades. The cost-of-living crises, Russia-Ukraine War, tightening logistic movements between trading countries, all contributed to bleak economic landscape. In Pakistan's case, high current account deficit, dwindling foreign exchange reserves, inflationary pressure, and a rapidly devaluing Pak Rupee has posed serious challenges.

While there has been a remarkable shift in the dynamics of energy and power sector in Pakistan during the past few years where both the Government and private sector have come forward and made significant investment to bring the country out of gloom. However, the benefits of improved generation capacity are not being fully availed due to inadequate and ailing transmission and distribution system, and reliance on expensive, imported fuel. It is imperative that overall system is made more efficient and losses should be minimised. Slowdown in economic growth activities amid fiscal and monetary constraints affected power demand during the year. Growth in power demand is essential to recover the cost of capacity additions made over the past few years and those in pipeline.

Ever since converting its operations from indigenous gas to RLNG as required by SNGPL, Altern plant has been facing declining dispatch demand from the off taker. Considerable devaluation of Pak Rupee against US Dollar coupled with increasing RLNG prices has resulted in exorbitant RLNG prices for the IPPS. As a result, the Company has been witnessing sharp decline in dispatch demand from NPCC to Altern plant, resulting in loss of capacity revenue. The Company, having a contract with the off-taker, CPPA, 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 fully aware of its role and responsibilities to contribute towards rehabilitation of the power sector which will ultimately benefit the country in the longer run. Our active role in the power sector is evident from investment in another Independent Power Producer namely Rousch (Pakistan) Power Limited; a 450 Mega Watts gas- fired combined cycle thermal power plant. Both companies, Altern and Rousch have faced challenges in the recent past in terms of low dispatch demand from the off-taker and gas availability and the fallout of circular debt. However, we have been able to manage the operations with dedication and perseverance in these challenging times.

The year has also witnessed changes in the Board of the Company. During the year under review, Mrs. Aliya Saeeda Khan and Mrs. Mehreen Dawood joined the Board as an independent director and non-executive director respectively. On behalf of the Board, I welcome both new members of the Board and hope that they will add more value to an already highly committed and competent Board.

I would like to appreciate overall performance of the Board during this term despite multiple challenges. They have provided strategic direction to management and always remained available for guidance. I place my sincere regard for the support of our valued Shareholders for their trust in the abilities of the Board and management to keep this national asset viable in these most challenging circumstances.

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

Lahore - October 02, 2023

Faisal Dawood
Chairman

چیئر مین کا جائزہ

محترم اسٹیک ہولڈرز،

سال 2022-23 معاشی اتار چڑھاؤ اور بڑھتے ہوئے جغرافیائی سیاسی تناؤ کا سال تھا۔ عالمی اقتصادی نمو میں کمی آئی جبکہ افراط زر کئی دہائیوں کے مقابلے میں کہیں زیادہ بڑھ گیا۔ قیمتی زندگی کے بحران، روس-یوکرین جنگ، تجارتی ممالک کے درمیان لاجسٹک نقل و حرکت میں سختی، سبھی نے معاشی منظر نامہ کو تاریک بنانے میں اہم کردار ادا کیا۔ پاکستان کے معاملے میں، کرنٹ اکاؤنٹ کا بلند خسارہ، 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۔

جبکہ گزشتہ چند سالوں کے دوران پاکستان میں توانائی اور بجلی کے شعبے کی حرکیات میں ایک قابل ذکر تبدیلی آئی ہے جہاں دونوں حکومت اور نجی شعبے نے آگے آ کر ملک کو اندھیروں سے نکالنے کے لیے نمایاں سرمایہ کاری کی ہے۔ تاہم، ناکافی اور خراب ٹرانسمیشن اور ڈسٹری بیوشن سسٹم، اور مہنگے، درآمدی ایندھن پر انحصار کی وجہ سے بہتر پیداواری صلاحیت کے فوائد پوری طرح سے حاصل نہیں کیے جا رہے ہیں۔ یہ ضروری ہے کہ مجموعی نظام کو مزید مؤثر بنایا جائے اور نقصانات کو کم کیا جائے۔ مالیاتی اور مالی رکاوٹوں کے درمیان اقتصادی نمو کی سرگرمیوں میں سست روی نے سال کے دوران بجلی کی طلب کو متاثر کیا۔ پچھلے کچھ سالوں اور پائپ لائن میں ہونے والی صلاحیتوں میں اضافے کی لاگت کی وصولی کے لیے بجلی کی طلب میں اضافہ ضروری ہے۔

SNGPL کی ضرورت کے مطابق اپنے آپریشن کو مقامی گیس سے RLNG میں تبدیل کرنے کے بعد سے، آلٹرن پلانٹ کو آف ٹیکر کی جانب سے ڈسپیچ ڈیمانڈ میں کمی کا سامنا ہے۔ امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں نمایاں کمی اور RLNG کی قیمتوں میں اضافے کے نتیجے میں IPP کے لیے RLNG کی بے تحاشہ قیمتیں نکلی ہیں۔ نتیجے کے طور پر، کمپنی NPCC سے آلٹرن پلانٹ کو ترسیل کی طلب میں تیزی سے کمی دیکھ رہی ہے، جس کے نتیجے میں صلاحیت کی آمدنی میں کمی واقع ہوئی ہے۔ ٹیک اینڈ پے کی بنیاد پر آف ٹیکر، CPPA کے ساتھ معاہدہ کرنے والی کمپنی کو پاور پرچیز ایگریمنٹ (PPA) کے تحت اپنی کنٹریکٹ کی ذمہ داریوں کو پورا کرنے کے لیے ایک چیلنج کا سامنا ہے کیونکہ اس کے نتیجے میں آمدنی میں نمایاں کمی آئی ہے۔

آلٹرن ایک ذمہ دار کارپوریٹ شہری ہونے کے ناطے اپنی قومی، قانونی اور معاہدہ کی ذمہ داریوں کے لیے لچکدار اور پُرعزم ہے۔ انتظامیہ OEM کی سفارشات کے مطابق پلانٹ کے اثاثوں کو برقرار رکھتی ہے تاکہ جب بھی ضرورت ہو ہموار اور قابل اعتماد آپریشن کو یقینی بنایا جا سکے۔

بورڈ پاور سیکٹر کی 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 میگاواٹ 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 ڈسپیچ ڈیمانڈ اور گیس کی دستیابی اور گردشی قرضہ کے نتیجے میں چیلنجوں کا سامنا کرنا پڑا ہے۔ تاہم، ہم اس مشکل وقت میں لگن اور استقامت کے ساتھ آپریشنز کو سنبھالنے میں کامیاب رہے ہیں۔

سال میں کمپنی کے بورڈ میں بھی تبدیلیاں دیکھنے میں آئی ہیں۔ زیر جائزہ سال کے دوران، محترمہ عالیہ سعیدہ خان اور محترمہ مہرین داؤد نے بالترتیب ایک آزاد ڈائریکٹر اور نان ایگزیکٹو ڈائریکٹر کے طور پر بورڈ میں شمولیت اختیار کی۔ بورڈ کی جانب سے، میں بورڈ کی دونوں نئی اراکین کا خیر مقدم کرتا ہوں اور امید کرتا ہوں کہ وہ پہلے سے ہی ایک انتہائی پُرعزم اور قابل بورڈ کو مزید اہم بنائیں گی۔

میں متعدد مشکلات کے باوجود اس مدت کے دوران بورڈ کی مجموعی کارکردگی کو سراہوں گا۔ انہوں نے انتظامیہ کو حکمت عملی فراہم کی اور رہنمائی کے لیے ہمیشہ دستیاب رہے۔ میں ان مشکل ترین حالات میں اس قومی اثاثے کو قابل عمل رکھنے کے لیے بورڈ اور انتظامیہ کی صلاحیتوں پر اعتماد کرنے کے لیے اپنے قابل قدر شیئر ہولڈرز کی حمایت کا 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 شکریہ ادا کرتا ہوں۔

فیصل داؤد

چیئر مین-آلٹرن انرجی لمیٹڈ

لاہور 02 اکتوبر 2023ء

DIRECTORS' REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors, we 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 Auditor's Reports thereon for the financial year ended June 30, 2023.

GENERAL

Principal Activities:

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

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 having a gross capacity of 450 Mega Watts. The principal activity of RPPL is to generate and sale electricity from its gas-fired combined cycle thermal power plant, located near Sidhnai Barrage, Abdul Hakeem, District Khanewal, Punjab.

Expiry of Generation License and Going Concern Assumption

The Company's generation license with National Electric Power Regulatory Authority ('NEPRA') expired on September 24, 2021. The Company applied for renewal / extension of the Generation License with NEPRA, in line with term of its PPA and the Implementation Agreement (IA). On September 12, 2023, the NEPRA in its regulatory meeting approved the extension 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'). The Company will continue to make its power plant available until the expiry of the PPA as stated above. Therefore, the power generation operations will continue to be operated in the normal course of business.

In view of 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 Going Concern basis.

FINANCE

During the year under review, the Company's turnover was Rs. 17.5 million (2022: Rs. 1.1 million) and operating costs were Rs. 83 million (2022: Rs. 103 million), resulting in gross loss of Rs. 66 million as againstgross loss of Rs. 102 million in corresponding last year. Turnover for the current year is delayed payment mark-up for previous years invoices. The Company in curredun consolidated net loss of Rs. 73 million resulting in loss per share of Rs. 0.20 as compared to corresponding year's net profit of Rs. 6,616 million and earnings per share (EPS) of Rs. 18.21. The net profit for the previous year included dividend income from PMCL amounting to Rs. 6,697million.

Consolidated financial statements combine 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. 4,280 million resulting in EPS of Rs. 11.78 per share, as compared to consolidated earnings of Rs. 1,352 million and EPS of Rs. 3.72 in the corresponding last year.

DIVIDEND DISTRIBUTION

Keeping in view the Company's recent operational performance and future cashflow requirements, the Board of Directors of the Company did not declare any dividend to the shareholders during the year under review.

OPERATIONS

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 ongoing renewal of the generation license by NEPRA. Furthermore, as a result of shifting of plant operations on RLNG in 2017, the plant has witnessed reduced dispatch from the off-taker as the new power plants, using newer technology and mostly on cheaper fuel, rank above your company's plant in the economic dispatch merit order of National Power Control Centre (NPCC). Due to addition of significant generation capacity in the national grid system, your plant has experienced a serious decline in dispatch demand from the off-takerduring last three years. Even during the period when the pant received dispatch demand from NPCC, 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.

During the year, all other scheduled and preventive maintenance activities were successfully conducted by our technical team in accordance with the Original Equipment Manufacturer's (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 net profit of Rs. 7,402 million (earnings per share of Rs. 8.59) as compared to net profit of Rs. 3,091 million (earning per share of Rs. 3.59) earned during the corresponding period of the last year. Net profit for the previous year was lower mainly on account of higher Other Force Majeure Events ('OFME') of 114 days due to unavailability of RLNG.

Payment default from RPPL's sole customer, CPPA continues. At the end of the year, out of the total receivable of Rs. 15,248 million (2022: Rs. 13,002 million), Rs. 12,951 million were overdue (2022: Rs 10,474 million). RPPL's management continues to follow-up CPPA and the Ministry of Energy (Power Division) for payment of overdue receivables.

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

During the year, 179.04 GWh of electricity was dispatched to CPPA as compared to 496.0 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.

During the year, RPPL raised capacity invoices to the off taker since the complex was available 100% for dispatch, however, CPPA is treating the period of gas unavailability as OFME on the premise that sufficient gas was not available for the power sector. At the end of this financial year, total OFME days per CPPA are 185, whereas as per RPPL there are zero OFME days. There is a dispute with CPPA on interpretation of OFME days as the RPPL's management believes that CPPA has unfairly treated this period as OFME and there are meritorious grounds available to defend RPPL's viewpoint. RPPL has also obtained legal opinions on the matter and continues to remain engaged with the counterparties in an endeavour to find a solution through settlement while being prepared to opt for a legal recourse should a need arise.

RISK MANAGEMENT

The Board through the Audit Committee of the Board regularly evaluates the Enterprise Risk Management (ERM) of the Company to ensure ERM practices are integrated in the decision-making process. For this purpose, ERM policy 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 lead by Chief Executive is responsible for taking appropriate measures to mitigate the risks. The key risks with potential to adversely impact 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 31 of the annual audited unconsolidated financial statements of the Company.

MATERIAL INFORMATION

There have been no material changes since 1st July 2022 and the Company has not entered into any commitment which would affect its financial position at the reporting date, except for those mentioned in annual audited financial statements of the Company for the year ended June 30, 2023.

FUTURE OUTLOOK

As a result of significant addition of generation capacity in the national grid system during the past few years, the landscape of power sector has changed significantly. While reliance on efficient plants has increased, due to the depletion of indigenous gas resources, all the gas fired private power plants depend on imported and expensive RLNG, the prices of which have increased significantly during the last year due to devaluation of Pak Rupee against US Dollar as well as high oil prices in the international market.

As a result, most of the power plants like your Company, which were set up with technologies prevailing in late nineties, are getting reduced dispatch demand from the off-taker since these are ranked low in the economic dispatch merit order of NPCC. 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.

QUALITY, ENVIRONMENT, HEALTH & SAFETY (QEHS)

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 provide a safe working environment for all its employees and stakeholders engaged in business operations. The Company ensures that adherence to the highest standards of health and safety are maintained for the Company's on-premises stakeholders as well as the community in which it operates. To maintain and enhance culture of zero-tolerance towards EHS, a comprehensive communication structure has been established such as daily, weekly, and monthly safety reviews and safety talks. The Company has adopted Integrated Management Systems based on ISO 9001: QMS, ISO 14001: EMS, ISO 45001: OHSMS& other international guidelines (OSHA & NFPA) to ensure safety of people and equipment deployed at plant site. The Company has an initiative-taking approach to achieve zero LTI (Lost Time Incident) by monitoring Leading/Lagging indicators.

CORPORATE GOVERNANCE

The Company's Directors and management are fully acquaintedwith 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 of 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 accounting estimates are based on reasonable and prudent judgment.

d. The financial statements have been prepared in conformity with the Act and International Financial Reporting Standards ('IFRS'), as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.

e. The system of internal control is sound in design and has been effectively implemented and monitored.

f. There are no significant doubts on the Company's ability to continue as a going concern.

g. All the directors on the Board are fully conversant with their duties and responsibilities as directors of a corporate body.

h. There has been no material departure from the best practices of corporate governance as detailed in the Regulations and the listing regulations.

i. The key operational and financial data of last six years in summarised form has been annexed separately to the annual report.

j. Where any statutory payment on account of taxes, duties, levies, and charges is outstanding, the amount together with a brief description and reasons for the same is disclosed in the financial statements.

Board of Directors

The Board of Directors reviews all significant matters of the Company. These include Company's strategic direction, its policies and procedural framework, annual business plans and targets, decisions on borrowings and investments. The existing Board was elected at the Extraordinary General Meeting of the Company held on 30th December 2022, and possess a diverse mix of knowledge, gender, and experience. Following the election, the total number of directors is eight (8) including a Chief Executive, who is a deemed director, as per the following composition:

Male	6
Female	2

The Board is categorised 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	Chief Executive	Mr. Umer Shehzad Sheikh

Changes to the Board

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

- Mrs. Mehreen Dawood and Mrs. Aliya Saeeda Khan were elected in place of Mr. Taimur Dawood and Mrs. Nausheen Ahmed.
- The newly elected Board appointed Mr. Faisal Dawood as its new Chairman.

Meetings of the Board

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

Committees of the Board

The Board has the following Committees for providing support in strategic direction and enhanced oversight. The Committees are chaired by Independent or non-executive directors. These committees are as follows:

Audit Committee

The Audit Committee assists the board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to the shareholders, system of internal controls and risk management and the audit process. It has the autonomy to call for information from management and to consult directly with external auditors as considered appropriate. The Terms of Reference of the Audit Committee 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. Chief Financial Officer attends the Audit Committee Meetings by invitation and the external auditors attend the meetings as per requirements. The Committee met four (4) times during the year and the notices / agendas of the meetings were circulated in advance, in a timely manner and in compliance with applicable laws.

Subsequent to the election of Directors, on December 30, 2022, the Board of Directors constituted the Audit Committee comprising 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)

Human Resource & Remuneration Committee

The Human Resources & Remuneration Committee ('HR&RC') has been established to review and recommend to the Board all elements of compensation and policies and procedures required to be adopted for effective human resource function. The Committee comprises of two non-executives Directors and one independent director. Head Human Resources acts as the Secretary of Committee and convenes the HRRC meetings. The Committee meets at least once a year.

Subsequent to the election of Directors, on December 30, 2022, the Board of Directors constituted the HRRC comprising of three (3) members as follows:

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

Attendance by Directors in the Board and the Committee Meetings

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

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

Internal Audit and Control

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

Risk Management and Internal Controls

The Board of Directors is ultimately responsible for implementing Company's system of internal control and ensuring its effectiveness. The Company's system of internal controls comprises of robust Governance structure, well-defined authority limits, detailed budgeting process and well-understood policies and procedures. These controls have been put in place to ensure efficient and smooth running of business, safeguarding of Company's assets, prevention and detection of fraud and errors, and adequacy and reliability of financial statements. Compliance with applicable laws and regulatory requirements also depend upon internal controls and the Company has effective internal Regulatory control put in place to ensure Regulatory requirements are complied with.

Directors' Training

Seven out of eight directors of the Company have obtained certification of director's training program from SECP approved institutes in accordance with the requirements of the Regulations. The Company will apply for exemption from certification of one remaining foreign director from the competent authority. All directors are fully conversant with their duties and responsibilities as Directors.

Directors' Remuneration

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

Evaluation of Performance of the Board of Directors

The Regulations requires the Board to put in place a formal and effective mechanism of annual evaluation of the Board's own performance, members of the Board and its Committees. The Company has designed an “Evaluation Tool” to assist the Board to; understand and recognise the areas of corporate framework, identify areas of improvement, and agree on an action plan. The Evaluation Tool comprises of an evaluation questionnaire which is circulated to all the directors independently and each director is required to evaluate himself as well as the Board. In order to ensure anonymity as well as open and frank evaluation, the questionnaire is circulated by the Company Secretary who receives feedback from the Directors and 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 2023.

RELATED PARTY TRANSACTIONS

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

In accordance with the requirements of the Regulations, the details of transactions conducted with all related parties are periodically placed before the Boards' Audit Committee and presented to the Board for review and approval. The Company has made detailed disclosure of the related party transactions in the financial statements annexed with this annual report. This disclosure is in line with the requirements of the 4th Schedule of the Act and applicable International Financial Reporting Standards.

CORPORATE SOCIAL RESPONSIBILITY

AEL is committed to act responsibly towards the community and environment for mutual benefit. The Company continues to focus on Corporate Social Responsibility. The Company recognizes the importance of being a good corporate citizen in conducting its business as well as delivering its obligations in social welfare of its staff and community in general. Particular attention is given to protect environment of the local community by 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 Pakistan Stock Exchange.

In accordance with section 227(2)(f) of the Companies Act, 2017, a statement showing the pattern of shareholding as at June 30, 2023,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

Statutory audit of the Company for the financial year ended June 30, 2023, has been concluded and the auditors have issued their audit report on the Company's unconsolidated financial statements, consolidated financial statements and the Statement of Compliance with the Regulations. The present auditors will retire at the end of the upcoming Annual General Meeting of the Company. Upon recommendation of the Audit Committee, the Board of Directors have recommended the appointment of M/s Grant Thornton Anjum Rehman, Chartered Accountants, as external auditors of the Company for the year ending June 30, 2024 subject to the approval of shareholders in the Annual General Meeting. The decision to change auditors was taken with the intention of enhancing transparency in the Company as per the globally established standards and best practices for the rotation of auditors and is subject to the approval of the Shareholders in the forthcoming Annual General Meeting.

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 commitment of employees. The Board also extends its appreciation for the Government functionaries, regulatory bodies, and all stakeholders for their resolute cooperation.

On Behalf of the Board

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

Date: October 2, 2023
Place: Lahore.

حصص داران کو ڈائریکٹرز کی رپورٹ

آلٹرن انرجی لمیٹڈ ('دی کمپنی') بورڈ آف ڈائریکٹرز 30 جون 2023 کو ختم ہونے والے مالی سال کے نظر ثانی شدہ مالی حسابات کیساتھ ساتھ سالانہ رپورٹ معہ ان پر آڈیٹر کی رپورٹ بخوشی پیش کرتے ہیں۔

عمومی

اصولی سرگرمیاں

کمپنی کی بنیادی سرگرمیوں میں 32 میگاواٹ کے گیس تھرمل پاور پلانٹ واقع نزد فتح جنگ ضلع اٹک پنجاب کی ملکیت، آپریشن، دیکھ بھال اور بجلی کی فروخت جاری ہے۔ پیدا ہونے والی بجلی اس کے واحد صارف سنٹرل پاور پرچیزنگ ایجنسی (گارنٹی) لمیٹڈ ('CPPA') کو نیشنل ٹرانسمیشن اینڈ ڈسپیچ 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۔

گروپ کی ساخت

کمپنی پاور مینجمنٹ 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 گیس فائرڈ کمبائنڈ سائیکل تھرمل پاور پلانٹ کے ذریعے 450 میگاواٹ کی مجموعی صلاحیت رکھنے والی خودمختار پاور پروڈیوسر ہے جو کہ سدھنائی بیراج، عبدالحکیم، ضلع خانیوال، پنجاب کے قریب واقع ہے۔

جنریشن لائسنس کی ایکسپائری اور جاری تشویش مفروضہ

نیشنل الیکٹرک پاور ریگولیٹری اتھارٹی (NEPRA) کے ساتھ کمپنی کے جنریشن لائسنس کی میعاد 24 ستمبر 2021 کو ختم ہوگئی۔ کمپنی نے اپنے PPA اور IA کی شرائط کے مطابق NEPRA کے ہاں جنریشن لائسنس کی تجدید/توسیع کے لیے درخواست دی ہے۔ 12 ستمبر 2023 کو، NEPRA نے اپنے ریگولیٹری اجلاس میں کمپنی کے جنریشن لائسنس کی مدت میں 05 جون 2031 تک توسیع کی منظوری دی، اسے PPA اور نفاذ کے معاہدے ('IA') کی مدت کے مطابق بنایا۔ کمپنی PPA کی میعاد ختم ہونے تک اپنا پاور پلانٹ فراہم کرتی رہے گی جیسا کہ اوپر بیان کیا گیا ہے۔ اس لیے بجلی کی پیداوار کا کام معمول کے مطابق چلتا رہے گا۔

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

فنانس

زیرِ جائزہ سال کے دوران کمپنی کا ٹرن اوور 17.5 ملین روپے (2022 میں 1.1 ملین روپے) اور آپریٹنگ کے اخراجات 83 ملین روپے (2022 میں 103 ملین روپے) رہے جس کے نتیجے میں گزشتہ سال کے مجموعی نقصان 102 ملین روپے کے برعکس 66 ملین روپے کا مجموعی نقصان ہوا۔ موجودہ سال کے ٹرن اوور میں پچھلے سالوں کی رسیدوں کے لیے تاخیر سے ادائیگی کا مارک اپ شامل ہے۔ کمپنی نے غیر مقنّنہ خالص منافع 6,616 ملین روپے اور فی شیئر آمدنی (EPS) 18.21 روپے کے مقابلے موجودہ سال کا خالص نقصان 73 ملین روپے اور فی شیئر نقصان (EPS) 0.20 روپے درج کرایا ہے گزشتہ سال کے خالص منافع میں PMCL کے 6,697 ملین روپے کے محاصل شامل تھے۔

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 ایکوئٹی ہولڈرز سے منسوب مجموعی کمائی 4,280 ملین روپے ہے جس کے نتیجے میں فی حصص آمدنی 11.78 روپے رہی جبکہ اس کے برعکس گزشتہ سال کی اسی مدت میں مجموعی کمائی 1,352 ملین روپے جس کے نتیجے میں فی حصص آمدنی 3.75 روپے تھی۔

حصہ داری کی تقسیم

کمپنی کی حالیہ آپریشنل کارکردگی اور مستقبل میں نقد بہاؤ کی ضروریات کو مدنظر رکھتے ہوئے، کمپنی کے بورڈ آف ڈائریکٹرز نے زیر جائزہ سال کے دوران حصص یافتگان کو کسی بھی منافع کا اعلان نہیں کیا۔

آپریشنز

زیر جائزہ سال کے دوران آپ کے پلانٹ کی خالص جنریشن صفر رہی کیونکہ نیپرا کی جانب سے جنریشن لائسنس کی جاری تجدید کی وجہ سے پلانٹ کو آف ٹیکر سے ڈسپیچ ڈیمانڈ موصول نہیں ہوئی۔ مزید برآں، 2017 میں RLNG پر پلانٹ کے آپریشنز کی منتقلی کے نتیجے میں، پلانٹ نے آف ٹیکر سے نئے پاور پلانٹس کے طور پر ترسیل میں کمی دیکھی ہے، نئی ٹیکنالوجی کا استعمال کرتے ہوئے اور زیادہ تر سستے ایندھن پر، اقتصادی ترسیل میں آپ کی کمپنی کے پلانٹ سے بالا درجہ کے ہیں۔ نیشنل پاور کنٹرول سینٹر (NPCC) کا میرٹ آرڈر۔ نیشنل گرڈ سسٹم میں قابل قدر پیداواری صلاحیت کے اضافے کی وجہ سے، آپ کے پلانٹ نے پچھلے تین سالوں کے دوران آف ٹیکر کی طرف سے ڈسپیچ ڈیمانڈ میں شدید کمی دیکھی ہے۔ یہاں تک کہ اس مدت کے دوران جب پلانٹ کو NPCC سے ڈسپیچ ڈیمانڈ موصول ہوئی، SNGPL سے RLNG کی دستیابی ایک چیلنج رہی، RLNG ٹرمینل کی صلاحیت اور RLNG کو دوسرے پلانٹس کو مختص کرنے سے متعلق مسائل کی وجہ سے جو میرٹ کے لحاظ سے Altern سے بہتر ہیں۔

سال کے دوران، ہماری تکنیکی ٹیم کی طرف سے اوریجنل 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 آپریشنز کے لیے میکانکی حالت میں ہیں۔

ماتحت ادارے کا جائزہ

زیرجائزہ سال کے دوران کمپنی کے ذیلی ادارہ روسو (پاکستان) پاور لمیٹڈ (RPPL) نے موجودہ سال کیلئے 7,402 ملین روپے منافع (فی حصص آمدنی 8.59 روپے) کا اعلان کیا جبکہ گزشتہ سال کی اسی مدت کے دوران 3,091 ملین روپے منافع (فی حصص آمدنی 3.59 روپے) تھا۔ پچھلے سال کا خالص منافع بنیادی طور پر RLNG کی عدم دستیابی کی وجہ سے 114 دنوں کے اعلی دیگر فورس میجر ایونٹس ('OFME') کی وجہ سے کم تھا۔

RPPL کے واحد صارف CPPA کی عدم ادائیگی مسلسل جاری ہے۔ سال کے اختتام تک، کل قابل وصولیاں 15,248 ملین روپے (2022:13,002 ملین روپے)، جس میں سے 12,951 ملین روپے زائد المیعاد (2022:10.474 ملین روپے) تھے۔ RPPL کی انتظامیہ CPPA اور منسٹری آف انرجی (پاور ڈویژن) سے واجب الادا وصولیوں کی ادائیگی کے لیے مسلسل تقاضا کر رہی ہے۔

اقتصادی رابطہ کمیٹی ('ACC') کے ذریعہ RLNG مختص کرنے کے لیے MOPNR نے 23 ستمبر 2015 کو مضبوط بنیاد پر RPPL کو RLNG کی 85 MMSCFD کی الاٹمنٹ جاری کی اور RPPL اور SNGPL کو ہدایت کی کہ وہ مضبوط بنیاد پر طویل مدتی GSA طے کریں۔ اس کے بعد CPPA اور SNGPL کے ساتھ ایک عبوری GSA طے کیا گیا تھا جو یکم جون 2017 سے مؤثر اور 30 جون 2018 کو ختم ہونا تھا، لیکن اسے 21 جولائی 2020 کو ایک طویل مدتی گیس کی فراہمی اور خریداری کے معاہدے ('GSPA') پر دستخط کرنے کی تاریخ تک بڑھا دیا گیا تھا۔ عبوری GSA کے تحت، RLNG 'جیسا کہ دستیاب' کی بنیاد پر فراہم کی جاتی ہے، تاہم، RLNG کی عدم فراہمی کو PPA کے تحت OFME سمجھا جاتا ہے۔

سال کے دوران، CPPA کو 179.04 گیگا واٹ بجلی ترسیل کی گئی جبکہ پچھلے سال کے اسی عرصے کے دوران 496.0 گیگا واٹ بجلی فراہم کی گئی تھی۔ پیداوار میں کمی بنیادی طور پر RLNG کی کم مختص کرنے کے ساتھ ساتھ آف ٹیکر کی طرف سے طلب میں کمی کی وجہ سے ہے۔

سال کے دوران، RPPL نے آف ٹیکر کے لیے صلاحیت کی رسیدیں بڑھائیں کیونکہ کمپلیکس ڈسپیچ کے لیے 100% دستیاب تھا، تاہم، CPPA گیس کی عدم دستیابی کی مدت کو OFME کے طور پر اس بنیاد پر دیکھ رہا ہے کہ پاور سیکٹر کے لیے کافی گیس دستیاب نہیں تھی۔ اس مالی سال کے اختتام پر، فی CPPA کل OFME دن 185 ہیں، جبکہ RPPL کے مطابق صفر OFME دن ہیں۔ CPPA کے ساتھ OFME دنوں کی تشریح پر تنازعہ ہے کیونکہ RPPL کی انتظامیہ کا خیال ہے کہ CPPA نے اس مدت کو OFME کے طور پر غیر منصفانہ سلوک کیا ہے اور RPPL کے نقطہ نظر کے دفاع کے لیے قابل قدر بنیادیں موجود ہیں۔ RPPL نے اس معاملے پر قانونی آراء بھی حاصل کی ہیں اور ہم منصبوں کے ساتھ تصفیہ کے ذریعے حل تلاش کرنے کی کوششوں میں مصروف رہیں گے جبکہ ضرورت پڑنے پر قانونی راستہ اختیار کرنے کے لیے تیار ہیں۔

رسک مینجمنٹ

بورڈ کی آڈٹ کمیٹی کے ذریعے بورڈ کمپنی کے انٹرپرائز رسک مینجمنٹ (ERM) کا باقاعدگی سے جائزہ لیتا ہے تاکہ یہ یقینی بنایا جا سکے کہ فیصلہ سازی کے عمل میں ERM کے طریقوں کو مربوط کیا گیا ہے۔ اس مقصد کے لیے، ERM پالیسی موجود ہے جس میں تمام قلیل 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 اہم 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 اسے متعدد خطرات سے دوچار کرتی ہیں جیسے کہ آپریشنل 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 31 میں کیا گیا ہے۔

اہم معلومات

یکم جولائی 2022 سے کوئی مادی تبدیلیاں نہیں ہوئی ہیں اور کمپنی نے کوئی ایسا عہد نہیں کیا ہے جس سے رپورٹنگ تاریخ پر اس کی مالی پوزیشن متاثر ہوتی ہو، ماسوائے جن کا 30 جون 2023 کو ختم ہونے والے سال کے لیے کمپنی کے سالانہ نظر ثانی شدہ مالیاتی گوشواروں میں ذکر کیا گیا ہے۔

مستقبل کا نقطہ نظر

گزشتہ چند سالوں کے دوران قومی گرڈ سسٹم میں پیداواری صلاحیت میں نمایاں اضافے کے نتیجے میں، پاور سیکٹر کا منظر نامہ نمایاں طور پر تبدیل ہوگیا ہے۔ جب کہ مؤثر پلانٹس پر انحصار بڑھ گیا ہے، مقامی گیس کے وسائل کی کمی کی وجہ سے گیس سے چلنے والے تمام نجی پاور پلانٹس کا انحصار درآمدی اور مہنگی RLNG پر ہے، جن کی قیمتوں میں گزشتہ سال کے دوران امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی کے باعث نمایاں اضافہ ہوا ہے۔ عالمی منڈی میں ڈالر کے ساتھ ساتھ تیل کی قیمتیں بھی زیادہ ہیں۔

نتیجتاً، آپ کی کمپنی جیسے زیادہ تر پاور پلانٹس، جو کہ نوے کی دہائی کے اواخر میں رائج ٹیکنالوجیز کے ساتھ قائم کیے گئے تھے، خود کو NPCC کے اقتصادی ترسیل میرٹ آرڈر میں بہت نیچے پاتے ہیں۔ آپ کی کمپنی کا CPPA کے ساتھ PPA ٹیک اینڈ پے کے انتظامات پر مبنی ہے، جس نے اسے پلانٹ کو فعال رکھنے کے لئے ایک سنگین چیلنج سے دوچار کر دیا ہے کیونکہ آف ٹیکر کو کم ترسیل کے نتیجے میں کم صلاحیت کی آمدنی ہوتی ہے اور پلانٹ کو اپنے مقررہ آپریشنل اخراجات کو پورا کرنے کے لئے بہت مشکل کا سامنا کرنا پڑتا ہے۔ اس کی وجہ سے ایسی صورتحال پیدا ہوگئی ہے جہاں پلانٹ کی تجارتی عملداری بھی غیر یقینی ہوگئی ہے۔

تاہم، کمپنی اپنی ذیلی کمپنی، PMCL میں سرمایہ کاری سے حاصل ہونے والی آمدنی کی وجہ سے ایک قابل عمل ادارہ بنی رہے گی۔

کوالٹی، صحت، حفاظت اور ماحول

اردگرد کی کمیونٹی اور ماحول کا تحفظ، اپنے ملازمین کی صحت اور کارکردگی کو فروغ دینا اور ساتھ ہی ساتھ ان کے کام کے حالات کی حفاظت ہمارے کاروباری فلسفے کا بنیادی حصہ ہے۔ کمپنی کاروباری کارروائیوں میں مصروف اپنے تمام ملازمین اور اسٹیک ہولڈرز کے لیے کام کرنے کا ایک محفوظ ماحول فراہم کرنے کے لیے پرعزم ہے۔ کمپنی اس بات کو یقینی بناتی ہے کہ کمپنی کے آن پریمیسس اسٹیک ہولڈرز کے ساتھ ساتھ اس کمیونٹی کے لیے، جس میں یہ کام کرتی ہے صحت اور حفاظت کے اعلیٰ ترین معیارات کی پابندی برقرار رکھی جائے۔ EHS کی طرف صفر رواداری کے کلچر کو برقرار رکھنے اور بڑھانے کے لیے، ایک جامع مواصلاتی ڈھانچہ قائم کیا گیا ہے جیسا کہ روزانہ، ہفتہ وار، اور ماہانہ حفاظتی جائزے اور حفاظتی مذاکرات۔ کمپنی نے ISO 9001: QMS, ISO 14001: EMS, ISO 45001: OHSMS & other international guidelines (OSHA & NFPA) پر مبنی مربوط مینجمنٹ سسٹمز کو اپنایا ہے تاکہ پلانٹ کی جگہ پر تعینات لوگوں اور آلات کی حفاظت کو یقینی بنایا جا سکے۔ کمپنی کے پاس صفر ایل ٹی آئی (وقت کے ضیاع کا واقعہ) حاصل کرنے کے لیے پیش قدمی کرنے کا طریقہ ہے، جس میں لیڈنگ/لیگنگ انڈیکیٹرز کی نگرانی کی جاتی ہے۔

کارپوریٹ گورننس

کمپنی کے ڈائریکٹرز اور انتظامیہ کمپنیز ایکٹ 2017 (دی ایکٹ) کی دفعات کے مطابق اپنی ذمہ داریوں سے پوری طرح آگاہ ہیں۔ بورڈ نے کاروبار کے اصولوں کے عمیق احساس اور کاروبار کے انعقاد کیلئے اعلیٰ اخلاقی معیار کو یقینی بناتے ہوئے کارپوریٹ گورننس کے بہترین طریقوں کو اپنایا ہے۔ کمپنی نے لسٹڈ کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 ('ریگولیشنز') کے ساتھ ساتھ پاکستان اسٹاک ایکسچینج ریگولیشنز (PSX' ریگولیشنز') کی تمام مادی ضروریات کی تعمیل کی ہے۔ ڈائریکٹرز مندرجہ ذیل باتوں کی توثیق کرتے ہوئے حوالہ شدہ ضوابط کی تعمیل کرتے ہیں:

- ۱ کمپنی کی انتظامیہ کی طرف سے تیار کردہ، اشتمال شدہ مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکوئٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- ۲ کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- ۳ 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۔
- ۴ 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 پیروی کی گئی ہے اور اس سے کسی بھی انحراف کا مناسب طور پر انکشاف اور وضاحت کی گئی ہے۔
- ۵ داخلی کنٹرول سسٹم ڈیزائن میں مستحکم ہے اور مؤثر طریقہ سے عملدرآمد اور نگرانی کی جاتی ہے۔
- ۶ کمپنی کے گوئنگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک وشبہات نہیں ہیں۔
- ۷ بورڈ پر تمام ڈائریکٹرز کارپوریٹ باڈی کے ڈائریکٹر کی حیثیت سے اپنے فرائض اور ذمہ داریوں سے مکمل طور پر آگاہ ہیں۔
- ۸ فہرستی قواعد وضوابط میں تفصیلی کارپوریٹ گورننس کے بہترین عمل سے کوئی مادی انحراف نہیں کیا گیا ہے۔
- ۹ گزشتہ 6 سال کے کلیدی اور اہم مالیاتی اعداد وشمار رپورٹ کے ہمراہ منسلک ہیں۔
- ۱۰ ٹیکسز، ڈیوٹیز، لیویز اور چارجز کی مد میں جہاں کوئی قانونی ادئیگی بقایا ہے، مختصر 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 اوراہداف،قرض لینے اور سرمایہ کاری کے فیصلے شامل ہیں۔موجودہ بورڈ کو30 دسمبر2022 کو منعقدہ کمپنی کے غیر معمولی اجلاس عام میں منتخب کیا گیا تھا،اور علم،جنس اور تجربے کا متنوع امتزاج رکھتا ہے۔انتخاب کے بعد،ڈائریکٹرز کی کل تعداد آٹھ (8) ہے جس میں ایک چیف ایگزیکٹیو بھی شامل ہے،جو کہ ایک deemed ڈائریکٹر ہے، تشکیل مندرجہ ذیل کے مطابق ہے:

مرد	6
خاتون	2

بورڈ کی ترتیب حسبِ ذیل کے مطابق ہے:

نمبر شمار	کیٹگری	نام ڈائریکٹر
1	نان ایگزیکٹو ڈائریکٹر	فیصل داؤد (چیئرمین)
2	نان ایگزیکٹو ڈائریکٹر	محترمہ مہرین داؤد
3	نان ایگزیکٹو ڈائریکٹر	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 سعدیہ خان
8	چیف ایگزیکٹو	عمر شہزاد شیخ

بورڈ میں تبدیلیاں

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

- محترمہ مہرین داؤد اور محترمہ عالیہ سعیدہ خان کو جناب تیمور داؤد اور محترمہ نوشین احمد کی جگہ منتخب کیا گیا۔
- نو منتخب بورڈ نے جناب فیصل داؤد کو اپنا نیا چیئرمین مقرر کیا۔

بورڈ کے اجلاس

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

بورڈ کی کمیٹیاں

بورڈ کے پاس اسٹریٹجک سمت اور بہتر نگرانی میں مدد فراہم کرنے کے لیے درج ذیل کمیٹیاں ہیں۔جن کے سربراہ نان ایگزیکٹو ڈائریکٹرز ہیں۔

آڈٹ کمیٹی

آڈٹ کمیٹی موجودہ ریگولیشنز اور اکاؤنٹنگ معیارات کے مطابق حصص داران کو بنیادی جائزہ کی مالیاتی یا غیر مالیاتی معلومات دیتے ہوئے نگرانی کی اپنی ذمہ داریوں کو پورا کرنے میں بورڈ کی مدد کرتی ہے۔ایک آزاد ڈائریکٹر کی صدارت میں،یہ بورڈ کی آنکھوں اور کان کا کام سرانجام دیتی ہے اور اسکی ذمہ داریوں کو پورا کرنے میں مدد کرتی ہے۔آڈٹ کمیٹی کی ٹرمز آف ریفرنس ریگولیشنز کی گائیڈ لائنز کی روشنی میں بیان کی گئی ہیں۔اندرونی آڈٹ کا سربراہ کمیٹی کے سیکرٹری کے طور پر کام کرتا ہے اور اس کے تمام اجلاس بلاتا ہے۔چیف فنانشل آفیسر دعوت پر آڈٹ کمیٹی کے اجلاسوں میں شرکت کرتے ہیں اور بیرونی آڈیٹرز ضروریات کے مطابق اجلاسوں میں شرکت کرتے ہیں۔کمیٹی نے سال کے دوران چار (4) بار اجلاس کئے اور اجلاسوں کے نوٹسز/ ایجنڈا پیشگی،بروقت اور قابل اطلاق قوانین کی تعمیل میں ترسیل کر دیئے گئے ہیں۔

ڈائریکٹرز کے انتخاب کے بعد،30 دسمبر 2022 کو، بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی تشکیل دی جو 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)

ہیومن ریسورس اینڈ ریمنریشن کمیٹی

ہیومن ریسورس اینڈ ریمنریشن کمیٹی مؤثر ہیومن ریسورس فنکشن کے لئے اختیار کئے جانے والے ضروری کمپنسیشن ، پالیسیوں اور پروسیجرز کے تمام عناصر کے جائزہ اور بورڈ کو سفارش کے لئے قائم کی گئی ہے۔

کمپنی دو نان ایگزیکٹو اور ایک آزاد ڈائریکٹر پر مشتمل ہے۔

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

ڈائریکٹرز کے انتخاب کے بعد،30 دسمبر 2022 کو، بورڈ آف ڈائریکٹرز نے مندرجہ ذیل تین (3) ارا کین پر مشتمل HRRC تشکیل دیا:

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

ڈائریکٹرز کی اجلاسوں میں حاضری

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

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

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

داخلی آڈٹ اور کنٹرول

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

رسک مینجمنٹ اور داخلی کنٹرولز

بورڈ آف ڈائریکٹرز کمپنی کے اندرونی کنٹرول کے نظام کو نافذ کرنے اور اس کی مؤثر گی کو یقینی بنانے کے ذمہ دار ہیں۔ کمپنی کا اندرونی کنٹرول کا نظام مضبوط گورننس ڈھانچہ، اعلیٰ اختیاراتی حدود، بجٹ سازی کا تفصیلی عمل اور اچھی طرح سے سمجھی جانے والی پالیسیوں اور طریقہ کار پر مشتمل ہے۔ یہ کنٹرول کاروبار کو موثر اور ہموار چلانے، کمپنی کے اثاثوں کی حفاظت، دھوکہ دہی اور غلطیوں کی روک تھام اور ان کا پتہ لگانے، اور مالی بیانات کی مناسبیت کو یقینی بنانے کے لیے لگائے گئے ہیں۔ قابل اطلاق قوانین اور ریگولیٹری تقاضوں کی تعمیل بھی اندرونی کنٹرولز پر منحصر ہے اور کمپنی کے پاس مؤثر اندرونی ریگولیٹری کنٹرول ہے تا کہ یہ یقینی بنایا جاسکے کہ ریگولیٹری تقاضوں کی تعمیل کی جائے۔

ڈائریکٹرز ٹریننگ

کمپنی کے آٹھ ڈائریکٹرز میں سے سات ڈائریکٹرز ریگولیشنز کے تقاضوں کے مطابق SECP کے منظور شدہ اداروں سے ڈائریکٹرز ٹریننگ پروگرام کے تحت کوالیفائیڈ ڈائریکٹرز سند یافتہ ہیں۔

کمپنی ایک غیر ملکی ڈائریکٹر کی ٹریننگ کے استثنیٰ کیلیئے مجاز ادارہ کو درخواست ضائع کرے گی۔ تمام ڈائریکٹرز بطور ڈائریکٹرز اپنے فرائض اور ذمہ داریوں سے بخوبی آگاہ ہیں۔

ڈائریکٹرز کا مشاہرہ

ریگولیشنز اور PSX ریگولیشنز کی ضروریات کے مطابق، کمپنی نے ڈائریکٹرز کے مشاہرہ کی رسمی پالیسی بورڈ نے منظور کی ہے۔ پالیسی ایکٹ اور ریگولیشنز کے تقاضوں کے مطابق ڈائریکٹرز کے مشاہرہ کا طریقہ کار کی وضاحت کرتی ہے۔ پالیسی کے مطابق، آزاد ڈائریکٹرز ہر سال بورڈ کی طرف سے منظور شدہ میٹنگ شرکت کی فیس کے اہل ہیں، جبکہ نامزد ڈائریکٹر بورڈ/کمیٹی میٹنگز کی فیس یا کوئی اور معاوضہ وصول کرنے کے حقدار نہیں ہیں۔ ڈائریکٹرز اور چیف ایگزیکٹو کو ادا کیے جانے والے مشاہرہ کا سالانہ نظر ثانی شدہ غیر مجموعی مالی حسابات کے نوٹ 29 میں موزوں بیان کیا گیا ہے۔

بورڈ کی کارکردگی کا تجزیہ

قواعد وضوابط بورڈ سے تقاضہ کرتے ہیں کہ وہ بورڈ کی اپنی کارکردگی، بورڈ کے اراکین اور اس کی کمیٹیوں کے سالانہ جائزے کا ایک باضابطہ اور موثر طریقہ کار وضع کرے۔ کمپنی نے بورڈ کی مدد کرنے کے لیے " تشخیصی ٹول" ڈیزائن کیا ہے؛ کارپوریٹ فریم ورک کے شعبوں کو سمجھنا اور پہچاننا، بہتری کے شعبوں کی نشاندہی کرنا، اور ایکشن پلان پر اتفاق کرنا۔ ایویلیوایشن ٹول ایک تشخیصی سوالنامے پر مشتمل ہوتا ہے جو تمام ڈائریکٹرز کو آزادانہ طور پر تقسیم کیا جاتا ہے اور ہر ڈائریکٹر کو اپنے ساتھ ساتھ بورڈ کا بھی جائزہ لینا ہوتا ہے۔ اپنا نام ظاہر نہ کرنے کے ساتھ ساتھ کھلے اور عام انداز میں تشخیص کو یقینی بنانے کے لیے، سوالنامہ کمپنی سیکریٹری کے ذریعے تقسیم کیا جاتا ہے جو ڈائریکٹرز سے رائے لیتا ہے اور نتائج اور سفارشات کا خلاصہ پیش کرتے ہوئے ایک رپورٹ مرتب کرتا ہے۔ اس کے بعد یہ رپورٹ چیئرمین کے ساتھ شیئر کی جاتی ہے جس سے وہ بورڈ کے ہر ممبر کے ساتھ، اگر ضرورت ہو تو ایک مناسب ایکشن پلان کے ساتھ نتائج پر تبادلہ خیال کر سکے۔

2023 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، تمام متعلقہ فریقوں کے ساتھ کیے گئے لین دین کی تفصیلات وقتاً فوقتاً بورڈ کی آڈٹ کمیٹی کے سامنے رکھی اور جائزہ اور منظوری کے لیے بورڈ کو پیش کی جاتی ہیں۔ کمپنی نے اس سالانہ رپورٹ کے ساتھ منسلک مالی 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۔

کارپوریٹ سماجی ذمہ داری

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

شیئر ہولڈنگ کا نمونہ

کمپنی کے حصص پاکستان اسٹاک ایکسچینج میں درج ہیں۔

کمپنیز ایکٹ 2017 کے سیکشن 227(2)(f) کے مطابق، 30 جون 2023 تک شیئر ہولڈنگ کے پیٹرن کو ظاہر کرنے والا ایک بیان، ضابطوں کے تحت مطلوبہ انکشافات کے ساتھ سالانہ رپورٹ کے ساتھ منسلک ہے۔ ڈائریکٹرز، CEO واور ایگزیکٹوز کمپنی کے شیئرز میں کوئی دلچسپی نہیں رکھتے ہیں سوائے ان کے جو شیئر ہولڈنگ کے منسلک پیٹرن میں ظاہر ہے۔

آڈیٹرز

جون 2023 کوختم ہونے والے مالی سال کے لیے کمپنی کا قانونی آڈٹ مکمل ہو چکا ہےاورآڈیٹرز نے کمپنی کے غیر مجموعی مجموعی مالیاتی گوشواروں، مجموعی مالیاتی گوشواروں اورضوابط کی تعمیل کے بیان پر اپنی آڈٹ رپورٹ جاری کردی ہے۔موجودہ آڈیٹرزمیسرزاےایف فرگوسن اینڈ کمپنی، چارٹرڈاکاؤنٹنٹس ، پی ڈبلیوسی نیٹ ورک کی ایک رکن فرم،آنے والے سالانہ اجلاس عام میں ریٹائرہوجائیں گے۔آڈیٹ کمیٹی کی سفارشات کے مطابق بورڈ میں 30 جون 2024 کوختم ہونے والے سال کے لئے آئندہ سالانہ اجلاس کے عام میں حصص داران کی منظوری کے حوالہ سے میسرزگرانڈتھارنٹن انجم رحمٰن چارٹراکونٹنٹ کی اڈیٹر کی حاصیت سے تقری کی منظوری دیے دی ہے ۔آڈیٹرزکی تبدیلی کا مقصد کمپنی کے معاملات میں مزید شفافیت کاحصول ہے۔جوکہ حصہ داران کے سالانہ اجلاس میں منظوری پرمنحصر ہے۔

اظہارتشکر

بورڈحصص یافتگان،صارفین اورکاروباری شراکت داروں کاشکریہ ادا کرتا ہے کہ انہوں نے اس مشکل گھڑی میں کمپنی پراپنا اعتماداوربھروسہ ظاہرکیا۔بورڈ ملازمین کی طرف سے پیش کی جانے والی لگن اورعزم کو سراہتا ہے۔بورڈحکومتی عہدیداروں،ریگولیٹری اداروں،اورتمام اسٹیک ہولڈرز کے پرعزم تعاون کے لیے شکرگزار ہے۔

بحکم بورڈ

شاہ محمد چوہدری
ڈائریکٹر

عمرشہزادشیخ
چیف ایگزیکٹو

2اکتوبر2023ء

لاہور،

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

Name of company: Altern Energy Limited
Year ended: June 30, 2023

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 Officer) 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 has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations.

9. Out of the eight, seven directors have obtained certificate of Directors' training program. The Company will apply for exemption of one non-resident director from certification with competent authority.

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

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

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

    (a) Audit Committee:

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

    (b) Human Resource and Remuneration Committee:

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

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

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

    a) Audit Committee:
    Four quarterly meetings were held during the financial year ended June 30, 2023.

    b) Human Resource and Remuneration Committee:
    One meeting was held during the financial year ended June 30, 2023.

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

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

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

18. We confirm that all other requirements of the regulations 3, 6, 7, 8, 27, 32, 33, and 36 of the Regulations have been complied with; and

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

19. Explanation for non-compliance with the requirements, other than regulation 3, 6, 7, 8, 27, 32, 33, and 36 is as follows. The non-compliance with Regulation 19 has already been explained in paragraph 9 above.

Requirement	Regulation	Explanation
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.	5	No one intended to contest election as a director representing minority shareholder.
Financial statement endorsed by chief financial officer and chief executive officer: CEO and CFO shall duly endorse the quarterly, half-yearly and annual financial statements under their respective signatures prior to placing and circulating the same for consideration and approval of the Board.	25	CEO and CFO circulate the financial statements to the Board after due endorsements and the signatures were being placed after approval from the Board.
Nomination Committee: The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	29(1)	Currently, the Board has not constituted a separate Nomination Committee and the functions are being performed by the Human Resource & Remuneration Committee.
Risk Management Committee: The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	30(1)	Currently, the Board has not constituted a RMC and the Company's Management performs the requisite function which is overseen by the audit committee. The risks are apprised to the board after review by the audit committee accordingly.

Umer Shehzad Sheikh
Chief Executive

Faisal Dawood
Chairman / Director

Lahore
October 02, 2023

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A·F·FERGUSON&Co.

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

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Altern Energy Limited for the year ended June 30, 2023 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2023.

A.F. Ferguson & Co.

AFerguson & C.

Chartered Accountants
Lahore,
Date: October 3, 2023
UDIN: CR202310070maGzgDFH6

pwc A·F·FERGUSON&Co.

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, 2023, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive loss, 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 purpose of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit or loss, unconsolidated statement of comprehensive loss, 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, 2023 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standard Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountant 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 note1.4 to the annexed unconsolidated financial statements, which describes the matter relating to the income from investment in the subsidiary. Our opinion is not modified in the respect of this matter.

Key Audit Matter

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

Following is the Key audit matter:

S. No.	Key audit matter	How the matter was addressed in our audit
(i)	**Impairment testing of Power Generation Cash-Generating Unit ('CGU')** *(Refer notes 5.1.4 and 5.1.5 to the annexed unconsolidated financial statements)* The management has tested the assets relating to Company's Power Generation operations (considered a CGU) for impairment. The recoverable amount of the CGU has been determined based on higher of 'fair value less costs of disposal' and 'value in use'. Management involved an independent expert (professional valuer) to assess the 'fair value less costs of disposal' while the 'value in use' has been determined by management through discounted cash flow method. The above valuations require significant judgment and estimations on the part of management. Due to the significant level of judgement and estimations involved, we consider this to be a key audit matter.	Our audit procedures included the following: • Obtained understanding of management's process for identification of impairment indicators; • Checked management's assessment of presence and magnitude of impairment indicators for Power Generation CGU; • Checked whether the method for determination of the recoverable amount is in compliance with the IAS 36, "impairment of Assets"; • For 'fair value less costs of disposal', we assessed the valuation methodology applied, checked assumptions used by the management's expert and involved our auditor's expert to assess the methodology and assumptions used by management's expert; • Checked the professional qualification of management's expert and assessed the independence, competence and experience of the management's expert in the field; • For value in use, we evaluated cash flow forecasts and the process by which they were determined and approved, including checking the mathematical accuracy of the underlying calculations; • Compared the cash flows used in value in use with the understanding obtained about the business areas during our audit and available market information; and • Checked the adequacy of the disclosures made by the Company in this area with regard to applicable accounting and reporting standards.

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

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

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

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

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

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

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

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

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

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

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

- ldentify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

(b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

(d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

A.F. Ferguson & Co.

AFerguson &C.

Chartered Accountants
Lahore,
Date: October 03, 2023
UDIN: CR202310070maGzgDFH6

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023	2022
ASSETS		(Rupees in thousand)	
NON-CURRENT ASSETS			
Property, plant and equipment	5	368,058	390,039
Intangible assets	6	783	571
Long term investment	7	3,204,510	3,204,510
Long term security deposits	8	175	175
		3,573,526	3,595,295
CURRENT ASSETS			
Stores and spares	9	38,928	37,929
Trade debts - secured	10	77,003	180,189
Loans, advances, prepayments and other receivables	11	72,228	226,907
Short term investments	12	207,886	153,951
Bank balances	13	10,722	21,864
		406,767	620,840
TOTAL ASSETS		3,980,293	4,216,135
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 400,000,000 (2022: 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 (2022: 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		261,597	334,455
Total equity		3,937,057	4,009,915
NON-CURRENT LIABILITIES			
Employee benefit obligations	16	7,813	7,434
CURRENT LIABILITIES			
Trade and other payables	17	19,510	184,060
Accrued markup on short term borrowings		10	-
Short term borrowings from banking company - secured	18	1,165	-
Unclaimed dividend		5,414	5,414
Provision for taxation		9,324	9,312
		35,423	198,786
CONTINGENCIES AND COMMITMENTS	19		
		3,980,293	4,216,135

The annexed notes 1 to 35 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, 2023

	Note	2023	2022
		(Rupees in thousand)	
Revenue	20	17,457	1,058
Direct costs	21	(83,003)	(103,285)
Gross loss		(65,546)	(102,227)
Administrative expenses	22	(35,781)	(33,360)
Other income	23	37,019	6,777,355
Finance cost	24	(3,811)	(3,823)
(Loss)/profit before taxation		(68,119)	6,637,945
Taxation	25	(4,739)	(21,980)
(Loss)/profit for the year		(72,858)	6,615,965
		(Rupees)	**(Rupees)**
(Loss)/earnings per share - basic and diluted	33	(0.20)	18.21

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

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

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
	(Rupees in thousand)	
(Loss)/profit for the year	(72,858)	6,615,965
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss	-	-
Items that will not be reclassified subsequently to profit or loss	-	-
	-	-
Total comprehensive (loss)/income for the year	(72,858)	6,615,965

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

Chief Executive | Chief Financial Officer | Director

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

	Share capital	Capital reserve Share premium	Revenue reserve Un-appropriated profits	Total
	(Rupees in thousand)			
Balance as on July 1, 2021	3,633,800	41,660	441,020	4,116,480
Profit for the year	-	-	6,615,965	6,615,965
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	6,615,965	6,615,965
Transactions with owners, in their capacity as owners, recognised directly in equity				
Interim dividend for the year ended June 30, 2022 @ Rs 18.5 per ordinary share	-	-	(6,722,530)	(6,722,530)
Balance as on June 30, 2022	3,633,800	41,660	334,455	4,009,915
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

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

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

UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		(Rupees in thousand)	
Cash flows from operating activities			
(Loss)/profit before taxation		(68,119)	6,637,945
Adjustment for non-cash charges and other items:			
- Depreciation on operating fixed assets	5.1	21,980	55,685
- Amortisation of intangible assets	6	432	290
- Profit on bank deposits	23	(87)	(49,881)
- Profit on short term investments	23	(31,427)	(29,050)
- Dividend income from PMCL (wholly owned subsidiary)	23	-	(6,697,173)
- Finance cost	24	3,811	3,823
- Provision for staff gratuity	16.1	1,386	1,027
- (Reversal)/provision for accumulating compensated absences	16.2	(85)	43
- Gain on disposals of operating fixed assets	23	(543)	-
- Working capital changes	26	92,319	142,055
Cash generated from operations		19,667	64,764
Finance cost paid		(3,801)	(3,823)
Income tax paid		(4,727)	(11,839)
Employee benefit obligations paid		(922)	-
		(9,450)	(15,662)
Net cash inflow from operating activities		10,217	49,102
Cash flows from investing activities			
Payments for intangible asset		(646)	(381)
Dividend received from PMCL (wholly owned subsidiary)		-	6,697,173
Proceeds from disposals of operating fixed assets		543	-
Profit on short term investments		31,427	29,050
Profit on bank deposits received		87	49,881
Net cash inflow from investing activities		31,411	6,775,723
Cash flows from financing activities			
Dividends paid		-	(6,719,259)
Net cash outflow from financing activities		-	(6,719,259)
Net increase in cash and cash equivalents		41,628	105,566
Cash and cash equivalents at the beginning of the year		175,815	70,249
Cash and cash equivalents at the end of the year	27	217,443	175,815

During the year, there has been no movement in liability arising from financing activities.

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

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

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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 (2022: 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 expired on September 21, 2021 and it had applied for its renewal/extension from the National Electric Power Regulatory Authority ('NEPRA'), in line with the term of its PPA and Implementation Agreement ('IA') on August 31, 2021. Subsequent to the reporting period, on September 12, 2023, the NEPRA in its Regulatory Meeting approved the extension in the term of the Generation License for approximately ten (10) years from the expiry of the previous term till June 05, 2031, making it consistent with the term of the PPA and IA. The Company will continue to make its power plant available as per the requirements of the PPA until the expiry of PPA as stated above. Therefore, the power generation operations shall continue to be operated in the normal course of business.

Furthermore, although the power generation operations are in losses for many years, the Company's viability is unaffected as the main source of income is the dividend income that it earns on its long term investment 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 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.

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, 2022 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these unconsolidated financial statements.

2.2.2 Exemption from applicability of certain standards

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

Under IFRS 16, the consideration required to be made by the lessee for the right to use the asset is to be accounted for as a lease. The Company's power plant's control due to purchase of total output by CPPA 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:

	2023	2022
	(Rupees in thousand)	
De-recognition of property, plant and equipment	(328,638)	(381,219)
De-recognition of trade debts	-	(3)
Recognition of lease debtor	326,991	345,407
Decrease in un-appropriated profits at the beginning of the year	(35,815)	(75,188)
Increase in profit for the year	34,168	39,373
Decrease in un-appropriated profits at the end of the year	(1,647)	(35,815)

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, 2023 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, 2024 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.

3.3 Change in accounting estimate

During the year, as a result of annual assessment of the review of residual values of the operating fixed assets, management identified that certain items of plant and machinery require an upward revision in their residual values. Hence, the residual values of plant and machinery have been increased. Such change has been accounted for as a change in an accounting estimate in accordance with IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’ with effect from July 1, 2022 onwards. Had there been no change in the accounting estimate, the loss before tax for the year ended June 30, 2023 would have been higher by Rs 16.562 million and the carrying value of operating fixed assets as at that date would have been lower by the same amount. Consequently, due to the above change in accounting estimate, future profits before tax would increase by Rs 135.509 million.

4. Summary of significant accounting policies

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

4.1 Taxation

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

Current

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

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

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

Deferred

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

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

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

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

Group taxation

SECP vide its certificate dated November 19, 2019, had registered the Company as a Taxation Group, which comprise of DEL Processing (Private) Limited and its directly and indirectly held subsidiary companies namely DEL Power (Private) Limited, DEL Chemicals (Private) Limited, Altern Energy Limited, Power Management Company (Private) Limited and Rousch (Pakistan) Power Limited. Furthermore, SECP had also designated the Taxation Group for the purpose of group taxation under Section 59B of the Income Tax Ordinance, 2001, vide its certificate dated January 8, 2020. Consequently, the Group was taxed as one fiscal unit from the tax year 2020 to tax year 2021.

However, during the previous year, SECP upon the request of the Company, cancelled the Taxation Group registered in November 2019. Thereafter, in September 2021, SECP registered a Group comprising of the Company and its wholly owned subsidiary, Power Management Company (Private) Limited, and designated the Group for Group Taxation under section 59AA of the Income Tax Ordinance, 2001. Consequently, the Group 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 during the year has been 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 4.4 to these unconsolidated financial statements.

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

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

4.2.2 Capital work-in-progress

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

4.2.3 Major spare parts and stand-by equipment

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

4.3 Intangible assets

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

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

4.4 Impairment of non-financial assets

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

4.5 Investments

Investments intended to be held for less than twelve months from the reporting date or to be sold to raise operating capital, are included in current assets. These include investments made in mutual funds that are carried at fair value through profit or loss ('FVPL'). All other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

4.5.1 Investment in equity instruments of subsidiary

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

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

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

4.6 Stores, spares and loose tools

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

4.7 Financial assets

4.7.1 Classification

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

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

- those to be measured at amortised cost.

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

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

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

4.7.2 Recognition and derecognition

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

4.7.3 Measurement

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

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

Debt instruments

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

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

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

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

Equity instruments

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

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

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

The Company assesses on a forward-looking basis the expected credit losses ('ECL') associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debts, the company applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected loss allowance to be recognised from initial recognition of the receivables, while general 3-stage approach for deposits, loans, bank balances and other receivables i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

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

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

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Loss allowances are forward looking, based on 12 month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses. The 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	2023	2022
5. Property, plant and equipment		(Rupees in thousand)	
Operating fixed assets	5.1	365,366	387,347
Major spare parts and stand-by equipment	5.2	2,692	2,692
		368,058	390,039

5.1 Operating fixed assets

2023

	Note	Annual rate of depreciation	COST: Cost as at July 1, 2022	Additions during the year	Disposals	Cost as at June 30, 2023	ACCUMULATED DEPRECIATION AND IMPAIRMENT: 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
Building on freehold land		5%	121,447	-	-	121,447	95,961	2,867	-	98,828	22,619
Plant and machinery	5.1.4	4.38% to 20%	1,270,001	-	-	1,270,001	914,059	18,828	-	932,887	337,114
Electric equipment		10%	3,273	-	-	3,273	2,494	285	-	2,779	494
Office equipment		10% to 33%	4,315	-	(81)	4,234	4,044	-	(81)	3,964	270
Vehicles		20%	3,045	-	(2,673)	372	2,823	-	(2,673)	150	222
			1,406,728	-	(2,754)	1,403,974	1,019,381	21,980	(2,754)	1,038,608	365,366

2022

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

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

	Note	2023	2022
		(Rupees in thousand)	
Direct costs	20	21,695	55,031
Administrative expenses	21	285	654
		21,980	55,685

5.1.2 The cost of fully depreciated assets which are still in use as at June 30, 2023 is Rs 258.163 million (2022: Rs 238.034 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 (2022: 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:

	2023	2022
	(Rupees in thousand)	
Statement of financial position		
Decrease in the carrying amount of property, plant and equipment and un-appropriated profits as at June 30	(32,796)	(36,896)
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 (2022: Rs 2.114 million).

6. Intangible assets

	Note	2023	2022
		(Rupees in thousand)	
These represent computer software and ERP system.			
Cost			
Opening balance		8,445	8,249
Additions during the year		644	196
Closing balance		9,089	8,445
Amortisation			
Opening balance		7,874	7,584
Charge for the year	22	432	290
Closing balance		8,306	7,874
Net book value as at June 30, 2023		783	571
Annual amortization rate		33%	33%

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

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

6.3 The cost of fully amortised intangible assets which are still in use as at June 30, 2023 is Rs 7.565 million (2022: Rs 7.565 million).

	Note	2023	2022
7. Long term investment		(Rupees in thousand)	
Subsidiary - unquoted:			
Power Management Company (Private) Limited ('PMCL')			
320,451,000 (2022: 320,451,000) fully paid ordinary shares of Rs 10 each [Equity held 100% (2022: 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% (2022: 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 Sidhnai Barrage, Abdul Hakim town, District Khanewal, Punjab.

8. This majorly represents security deposits with Islamabad Electric Supply Company against service charges. These have not been carried at amortised cost as the effect of discounting is not considered material.

	Note	2023	2022
9. Stores and spares		(Rupees in thousand)	
Stores		127	281
Spares		68,802	67,649
		68,929	67,930
Provision for write-down	9.2	(30,001)	(30,001)
		38,928	37,929

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.

	Note	2023	2022
10. Trade debts - secured			
Considered good	10.1	77,003	180,189
Considered doubtful		13,674	13,674
		90,677	193,863
Provision for impairment	10.2	(13,674)	(13,674)
		77,003	180,189

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 (2022: 10.00% to 16.75%) per annum.

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

	Note	2023	2022
		(Rupees in thousand)	
11. Loans, advances, prepayments and other receivables			
Loans to employees - unsecured	11.1	-	500
Advances:			
- To suppliers		1,138	472
- To employees against expenses		100	100
Balances with statutory authorities:			
- Sales tax receivable		25,344	17,582
- Receivable against Workers' Welfare Fund ('WWF')	11.2	38,369	34,581
		63,713	52,163
Recoverable from CPPA for pass through item:			
- Receivable against Punjab Workers' Welfare Fund	11.3	-	166,596
Prepayments	11.4	7,277	7,076
		72,228	226,907

11.1 This represented interest free loan to the Chief Executive of the Company (Mr. Umer Shehzad Sheikh) for house building as per terms of his employment. As per the terms of the loan agreement, the loan was repayable in three years in thirty six (36) equal monthly instalments. The loan was issued in compliance with the requirements of the Act. The maximum amount due from the Chief Executive at the end of any month during the year was Rs 0.5 million (2022: Rs 1.167 million). The loan has been fully repaid during the year. The reconciliation of the carrying amount of this loan is as follows:

	2023	2022
	(Rupees in thousand)	
Balance at the beginning of the year	500	1,167
Repayments made during the year	(500)	(667)
Balance at the end of the year	-	500

11.1.1 The above loan was not carried at amortized cost as the effect of discounting was not considered material.

11.2 This includes WWF contribution amounting to Rs 37.229 million (2022: Rs 33.322 million) based on accounting profit for tax year 2014 paid under protest after demand by taxation authorities. Since the provisions of WWF were not applicable to the Company in the light of Supreme Court's decision, CPPA has not acknowledged this amount as a valid pass through item under the PPA. Therefore, the Company has filed for a refund from the taxation authorities. The Company has not made any provision against the recoverable amount as the management is confident that the ultimate outcome of the matter would be in favour of the Company, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

11.3	Punjab Workers' Welfare Fund	Note	2023	2022
			(Rupees in thousand)	
	Opening balance		166,596	33,837
	(Reversal)/accrued during the year	17.2	(166,596)	132,759
	Closing balance		-	166,596

11.4 This includes prepayment in respect of ERP annual support services cost made to Descon Corporation (Private) Limited, a related party, aggregating to Rs. 0.579 million (2022: 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.

		Note	2023	2022
			(Rupees in thousand)	
13.	**Bank balances**			
	Cash at bank:			
	- On savings accounts	13.1	394	326
	- On current accounts		10,328	21,538
			10,722	21,864

13.1 These carry markup at the rates ranging from 12.25% to 19.50% per annum (2022: 5.5% to 14.75% per annum).

14. Issued, subscribed and paid up share capital

2023	2022		2023	2022
(Number of shares)			(Rupees in thousand)	
359,480,000	359,480,000	Ordinary shares of Rs 10 each fully paid in cash	3,594,800	3,594,800
3,900,000	3,900,000	Ordinary shares of Rs 10 each issued for consideration other than cash	39,000	39,000
363,380,000	363,380,000		3,633,800	3,633,800

14.1 As at June 30, 2023, 211,397,063 (2022: 211,397,063) ordinary shares of the Company which represent 58.18% (2022: 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.

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

16. Employee benefit obligations

	Note	2023	2022
		(Rupees in thousand)	
Gratuity	16.1	7,449	6,908
Accumulating compensated absences	16.2	364	526
		7,813	7,434

16.1 Gratuity

Opening balance		6,908	5,881
Provision for the year		1,386	1,027
Payments made during the year		(845)	-
Closing balance		7,449	6,908

16.2 Accumulating compensated absences

Opening balance		526	483
(Reversal)/provision for the year		(85)	43
Payments made during the year		(77)	-
Closing balance		364	526

17. Trade and other payables

Payable to SNGPL		313	370
Trade creditors	17.1	14,971	12,845
Withholding income tax payable		-	4
Withholding sales tax payable		661	365
Punjab Workers' Welfare Fund	17.2	-	166,596
Accrued liabilities	17.3	3,565	3,880
		19,510	184,060

17.1 This includes the following amounts due to related parties:

Descon Power Solutions (Private) Limited		6,407	2,926
Descon Corporation (Private) Limited		359	80
Inspectest (Private) Limited		173	798
		6,939	3,804

17.2 Punjab Workers' Welfare Fund

Opening balance		166,596	33,837
(Reversal)/accrued during the year	11.3 & 17.2.1	(166,596)	132,759
Closing balance		-	166,596

17.2.1 This represents reversal of provision in respect of Punjab Workers' Welfare Fund since 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 19.1(vii).

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

	2023	2022
	(Rupees in thousand)	
Descon Engineering Limited	1414	897
Descon Power Solutions (Private) Limited	486	397
Descon Corporation (Private) Limited	115	28
Rousch (Pakistan) Power Limited	176	567
Inspectest (Private) Limited	88	88
	2,279	1,977

18. Short term borrowing from banking company - secured

The running finance facility under mark-up arrangement amounts to Rs 100 million (2022: Rs 100 million). The amount utilised at June 30, 2023, of the said facility was Rs 1.165 million (2022: Nil). The facility carries mark-up at three months Karachi Inter Bank Offered Rate ('KIBOR') plus 50 basis points per annum (2022: three months Karachi Inter Bank Offered Rate ('KIBOR') plus 100 basis points), payable quarterly, on the balance outstanding. The mark-up rate charged during the current year on the outstanding balance was 18.09% to 23.03% per annum (2022: Nil). 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 (2022: Rs 700 million). The amount utilised at June 30, 2023, of the said facility was Rs 532.68 million (2022: 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. Contingencies and commitments

	2022	2021
	(Rupees in thousand)	

19.1 Contingencies

i) In financial year 2014, the taxation authorities issued a show cause notice for Rs 157 million on account of input sales tax alleged to be wrongly claimed for the tax periods July 2009 to June 2013. The tax department is of the view that input tax paid by the 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.

		2022	2021
		(Rupees in thousand)	
	The LHC vide its judgement dated October 31, 2016 decided the case in favour of the Company and the deposit amounting to Rs 10.2 million was refunded to the Company. The tax department has challenged the decision of the LHC before Supreme Court of Pakistan on February 4, 2017 and has also preferred an intra court appeal in LHC against such order which are pending adjudication. Since, the case has already been decided in Company's favour on merits by LHC, no provision for this amount has been made in these unconsolidated financial statements, inter alia on the basis of the advice of the Company's legal counsel.	157,000	157,000
ii)	In respect of tax years 2010, 2011, 2012 and 2013, the 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.	9,300	9,300
iii)	The taxation authorities in pursuance of show cause notice under sections 114/182 of the Income Tax Ordinance, 2001 for imposition of penalty for late filing of return for tax year 2014, issued order thereby creating demand amounting to Rs 16.84 million. Aggrieved with the said order, the Company preferred an appeal before CIR(A), wherein relief sought was not provided. Being aggrieved with the order of CIR(A), the Company has preferred an appeal before ATIR on May 7, 2018 and the case is pending adjudication. The Company has not made any provision against the above demand as the management is confident that the ultimate outcome of the appeal would be in favour of the Company, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.	16,840	16,840
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.	68,330	68,330

		2022	2021
		(Rupees in thousand)	
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.	147,520	147,520
vi)	A banking company has issued a guarantee on behalf of the Company in favour of SNGPL as a security to cover natural gas/RLNG supply for which payments are made in arrears. The guarantee is due to expire on June 30, 2024 and is renewable.	532,680	532,680
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	-

19.2 Commitments - nil

20. This represents revenue in respect of delayed payment mark-up.

		Note	2023	2022
			(Rupees in thousand)	
21.	**Direct costs**			
	RLNG cost		413	299
	Salaries, benefits and other allowances		1,065	970
	Operation and maintenance costs		32,174	29,040
	Stores and spares consumed		508	1,627
	Purchase of energy from CPPA		4,103	3,507
	Insurance		2,719	2,805
	Lube oil consumed		778	-
	Repairs and maintenance		3,742	2,785
	Travelling and conveyance		376	265
	Depreciation on operating fixed assets	5.1.1	21,695	55,031
	Security expense		8,305	6,554
	Licensing fee		6,999	260
	Miscellaneous expenses		126	142
			83,003	103,285
22.	**Administrative expenses**			
	Salaries, benefits and other allowances	22.1	11,320	9,699
	Directors' meeting fee	29.1	1,625	1,000
	Information technology and ERP related costs	22.2	1,260	796
	Travelling and conveyance		2,517	1,418
	Utilities		1,279	958
	Postage and telephone		629	624
	Printing, stationery and advertisement		1,880	1,146
	Auditors' remuneration	22.3	2,488	1,906
	Legal and professional expenses		7,305	10,752
	Fees and subscription		2,851	2,835
	Entertainment		230	154
	Amortisation on intangible assets	6	432	290
	Depreciation on operating fixed assets	5.1.1	285	654
	Repairs and maintenance		167	42
	Rent, rates and taxes	22.4	862	961
	Training expenses		-	76
	Miscellaneous expenses		9	49
	Bad debts written off		642	-
			35,781	33,360

22.1 Salaries, benefits and other allowances include Rs 1.670 million (2022: Rs 1.027 million) and Rs 0.075 million (2022: Rs 0.043 million) on account of gratuity and accumulating compensated absences respectively.

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

22.3 Auditors' remuneration

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

	2023	2022
	(Rupees in thousand)	
Statutory audits	1,270	1,104
Half yearly review	407	354
Certifications required by various regulations	191	252
Reimbursement of expenses	170	196
Special audit of consolidated financial statements	450	-
	2,488	1,906

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

23. Other income

	2023	2022
Profit on bank deposits	87	49,881
Income on short term investment	31,427	29,050
Fair value gain on short term investment	1,174	459
Scrap sales	-	792
Dividend income from PMCL (wholly owned subsidiary)	-	6,697,173
Gain on sale of opearting fixed assets	543	-
Miscelleneous income	3,788	-
	37,019	6,777,355

24. Finance cost

	2023	2022
Mark-up on short term borrowing from banking company - secured	10	-
Bank charges	55	114
Guarantee commission	3,746	3,709
	3,811	3,823

25. Taxation

	2023	2022
Current - for the year	4,739	21,980

25.1 The Company along with certain related companies had obtained certificate of registration and designation letter of a group from SECP on June 5, 2015 and September 9, 2016, respectively, and the same were registered as a Group with SECP under the Group Companies Registration Regulations, 2008 to avail group relief under section 59B of the Income Tax Ordinance, 2001. At the time of registration of the Group, inter-corporate dividend [PMCL (wholly owned subsidiary) to the Company] was exempt from tax for companies entitled for group relief under Clause 103A of Part I of the Second Schedule to the Income Tax Ordinance, 2001. However, subsequent to the registration of the Group, this clause was amended through Finance Act, 2016 and the exemption in respect of inter-corporate dividend was withdrawn. The Company is of the view, that since the Company had been registered as a Group before the amendment in law, the Company remains entitled for such exemption. Based on the advice of the Company's legal advisor, management believes that there are meritorious grounds to defend its case in the courts of law with the taxation authorities. Consequently, no provision of Rs 436.58 million (2022: Rs 436.58 million) for tax on dividend income received from PMCL (wholly owned subsidiary) for the tax years 2017 and 2018 has been recognized in these unconsolidated financial statements.

	2023	2022
	(Rupees in thousand)	
25.2 Relationship between tax (expense)/income and accounting profit		
(Loss)/profit before taxation	(68,119)	6,637,945
Tax at the applicable rate of 29% as per Income Tax Ordinance, 2001	(19,755)	1,925,004
Tax effect of:		
- Electric power generation losses that cannot be carried forward for adjustment	33,957	40,066
- Exempt from tax as referred to in note 4.1	(5,063)	-
- Exemption of dividend income as referred to in note 4.1	-	(1,942,180)
- Super tax as a result of Group taxation	-	3,157
- Income taxable under different rate	(4,400)	(4,067)
	24,494	(1,903,024)
	4,739	21,980

26. Working capital changes

	2023	2022
Current Assets		
- Increase in stores and spares	(999)	(183)
- Decrease in trade debts - secured	103,186	143,942
- Decrease/(increase) in loan, advances, prepayments and other receivables	154,679	(140,042)
	256,866	3,717
Current Liabilities		
- (Decrease)/increase in trade and other payables	(164,547)	138,338
	92,319	142,055

27. Cash and cash equivalents

	Note	2023	2022
		(Rupees in thousand)	
Bank balances	13	10,722	21,864
Short term investments	12	207,886	153,951
Short term borrowings from banking company - secured	18	(1,165)	-
		217,443	175,815

28. Transactions with related parties

The related parties include the Holding Company and subsidiaries of the Holding Company, group companies, related parties on the basis of common directorship and key management personnel of the Company and its Holding Company. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. 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	2023	2022
		(Rupees in thousand)	
i. Holding Company			
DEL Power (Private) Limited	Dividend paid	-	3,617,532
ii. Subsidiary			
Rousch (Pakistan) Power Limited	Common costs charged to the Company	656	542
iii. Other related parties			
On the basis of common directorship			
Descon Engineering Limited	Common costs charged to the Company	3,981	3,347
Descon Power Solutions (Private) Limited	Operation and maintenance contractor's fee	32,174	29,040
	Common costs charged to the Company	941	397
Descon Corporation (Private) Limited	Common costs charged to the Company	1,795	796
	Building rent	862	961

Relationship with the Company	Nature of transactions	2023	2022
		(Rupees in thousand)	
Inspectest (Private) Limited	Services Rendered	798	810
Group company			
Descon Holdings (Private) Limited	Dividend paid	-	513
iv. Other related party			
Crescent Steel and Allied Products Limited	Dividend paid	-	1,038,109
v. Key management personnel - note 28.2	Dividend paid	-	385

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

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

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

Name	Relationship	Percentage of shareholding of the Company
DEL Power (Private) Limited	Holding Company	58.18%
DEL Processing (Private) Limited	Ultimate Parent	Nil
Power Management Company (Private) Limited	Subsidiary	Nil
Rousch (Pakistan) Power Limited	Subsidiary	Nil
Descon Engineering Limited	Common directorship	Nil
Descon Power Solutions (Private) Limited	Common directorship	Nil
Descon Corporation (Private) Limited	Common directorship	Nil
Inspectest (Private) Limited	Common directorship	Nil
Crescent Steel and Allied Products Limited	Other related party	16.69%
Descon Holdings (Private) Limited	Group company	0.01%
Ms. Nausheen Ahmed	Director	0.00%
Ms. Aliya Saaeda Khan	Director	0.00%
Mr. Syed Rizwan Ali Shah	Director	0.00%
Mr. Umer Shehzad Sheikh	Chief Executive	Nil

29. Remuneration of Chief Executive, Directors and Executives

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

	Chief Executive		Non-executive director	
	2023	2022	2023	2022
	(Rupees in thousand)		(Rupees in thousand)	
Managerial remuneration	4,488	4,533	-	-
Bonus	378	350	-	-
Gratuity	360	770	-	-
Accumulating compensated absences	28	28	-	-
Reimbursement of personal medical expenses	1,568	337	-	-
Car allowance	854	854	-	-
House rent, utilities and allowances	499	270	-	-
Meeting fee - note 29.2	-	-	1,625	1,000
	8,175	7,142	1,625	1,000
Number of person(s)	1	1	2	2

29.2 During the year, the Company paid meeting fee amounting to Rs 1.625 million (2022: Rs 1 million) to its non-executive (independent) directors. The number of non-executive directors is 7 (2022: 7).

30. Number of employees	2023	2022
Total number of employees as at June 30	5	6
Average number of employees during the year	5	6

31. Financial risk management

31.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management 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:

		2023	2022
Fixed rate instruments	**Note**	**(Rupees in thousand)**	
Financial assets			
Bank balances - savings accounts	13	394	326
Financial liabilities		-	-
Variable rate instruments			
Financial assets			
Trade debts - overdue		77,003	180,189
Financial liabilities			
Short term bororwings from banking company- secured		1,165	-
Net exposure		75,838	180,189

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, 2023, 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	
	2023	2022
	(Rupees in thousand)	
NBP Daily Dividend Fund	158	-
NBP Money Market Fund	20,630	15,395
	20,788	15,395

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

b) Credit risk

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

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

i) Exposure to credit risk

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

	2023	2022
	(Rupees in thousand)	
Long term security deposits	175	175
Short term investments	207,886	153,951
Trade debts - secured	77,003	180,189
Bank balances	10,722	21,864
	295,786	356,179
As of June 30, age analysis of trade debts was as follows:		
Neither past due nor impaired	-	-

	2023	2022
	(Rupees in thousand)	
Past due but not impaired		
1 to 30 days	-	-
121 to 360 days	-	9,369
Above 360 days	77,003	170,820
	77,003	180,189
Past due and impaired - above 360 days	13,674	13,674
Provision for impairment	(13,674)	(13,674)
	77,003	180,189

ii) Credit quality of financial assets

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

	Rating		Rating	2023	2022
	Short term	Long term	Agency	(Rupees in thousands)	
Trade debtors					
CPPA	Not available			77,003	180,189
Short term investments					
NBP Money Market Fund	-	AA(f)	PACRA	206,305	153,951
NBP Islamic Daily Dividend Fund	-	AA(f)	PACRA	1,581	-
				207,886	153,951
Bank balances					
MCB Bank Limited	A1+	AAA	PACRA	1,982	1,951
The Bank of Punjab	A1+	AA+	PACRA	4,295	4,295
Habib Bank Limited	A1+	AAA	VIS	1,079	1,078
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	3,366	14,540
				10,722	21,864

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 (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, 2023 was immaterial and hence, has not been accounted for.

c) Liquidity risk

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

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

Management monitors the forecasts of the Company’s cash and cash equivalents (note 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.

31.2 Capital management

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

The Company is ungeared as at June 30, 2023 and 2022.

31.3 Fair value estimation

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

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

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

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

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

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

	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	207,886	-	-	207,886
Liabilities	-	-	-	-

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

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

31.4 Offsetting financial assets and financial liabilities

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

31.5 Financial instruments by categories

	Financial assets at fair value through profit or loss		Financial assets at amortised cost	
	2023	2022	2023	2022
	(Rupees in thousand)		(Rupees in thousand)	
Assets as per statement of financial position				
Long term security deposits	-	-	175	175
Short term investments	207,886	153,951	-	-
Trade debts - secured	-	-	77,003	180,189
Bank balances	-	-	10,722	21,864
	207,886	153,951	87,900	202,228

	Financial liabilities at amortised cost	
	2023	2022
Liabilities as per statement of financial position	(Rupees in thousand)	
Trade and other payables	18,849	17,095
Unclaimed dividend	5,414	5,414
Short term borrowings from banking company - secured	1,165	-
	25,428	22,509

32. Plant capacity and actual generation

		2023	2022
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.

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

33.1 (Loss)/basic earnings per share

		2023	2022
(Loss)/profit for the year	**(Rupees in thousand)**	(72,858)	6,615,965
Weighted average number of ordinary shares	**(Number)**	363,380,000	363,380,000
(Loss)/earnings per share	**(Rupees)**	(0.20)	18.21

33.2 Diluted earnings per share

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2023 and June 30, 2022 which would have any effect on the earnings per share if the option to convert is exercised.

34. Date of authorisation for issue

These unconsolidated financial statements were authorised for issue on October 02, 2023 by the Board of Directors of the Company.

35. Events after the reporting period

35.1 Subsequent to the reporting period, on August 11, 2023, the Company's wholly owned subsidiary PMCL declared interim cash dividend @ 53.50% (Rupees 5.35 per ordinary share) amounting to Rs 1,698.390 million to the Company. Thereafter, on August 15, 2023, the Board of Directors of the Company declared and subsequently distributed interim cash dividend @ 47% (Rupees 4.7 per ordinary share) amounting to Rs 1,707.886 million to the shareholders of the Company.

35.2 Subsequent to the reporting period, on September 12, 2023, the NEPRA in its Regulatory Meeting approved the extension in the term of the Generation License for approximately ten (10) years from the expiry of the previous term till June 05, 2031, making it consistent with the term of the PPA and IA.

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

Consolidated Financial Statements

June 30, 2023

INDEPENDENT AUDITOR'S REPORT

To the members of Altern Energy Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Altern Energy Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We arc 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 consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key audit matter:

S. No.	Key audit matter	How the matter was addressed in our audit
(i)	**Impairment testing of AEL's Power Generation Cash-Generating Unit ('CGU')** (Refer notes 5.1.4 and 5.1.5 to the annexed consolidated financial statements) The management has tested the assets relating to AEL's Power Generation operations (considered a CGU) for impairment. The recoverable amount of the CGU has been determined based on higher of fair value less costs of disposal' and 'value in use'. Management involved an independent expert (professional valuer) to assess the 'fair value less costs of disposal' while the value in use' has been determined by management through discounted cash flow method. The above valuations require significant judgement and estimations on the part of management. Due to the significant level of judgement and estimations involved, we consider this to be a key audit matter.	Our audit procedures included the following: • Obtained understanding of management's process for identification of impairment indicators; • Checked management's assessment of presence and magnitude of impairment indicators for AEL's Power Generation CGU; • Checked whether the method for determination of the recoverable amount is in compliance with the IAS 36, "Impairment of Assets"; • For 'fair value less costs of disposal', we assessed the valuation methodology applied, checked assumptions used by the management's expert and involved our auditor's expert to assess the methodology and assumptions used by management's expert; • Checked the professional qualification of management's expert and assessed the independence, competence and experience of the management's expert in the field; • For value in use, we evaluated cash flow forecasts and the process by which they were determined and approved, including checking the mathematical accuracy of the underlying calculations; • Compared the cash flows used in value in use with the understanding obtained about the business areas during our audit and available market information; and • checked the adequacy of the disclosures made by the Group in this area with regard to applicable accounting and reporting standards.

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

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

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

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

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

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

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

A.F. Ferguson & Co.

Afferguson & C.

Chartered Accountants
Lahore,
Date: October 03, 2023
UDIN: AR202310070zVkHpJFXM

ALTERN ENERGY LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023	2022
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	11,967,896	12,979,201
Intangible assets	6	13,248	9,504
Long term deposits		707	506
Long term loans to employees	7	1,134	1,816
		11,982,985	12,991,027
CURRENT ASSETS			
Stores, spares and loose tools	8	690,335	676,680
Inventory of fuel oil		444,916	454,284
Trade debts - secured	9	15,324,789	13,182,525
Loans, advances, prepayments and other receivables	10	1,983,825	1,582,976
Short term investments	11	291,811	265,586
Bank balances	12	2,906,352	629,609
		21,642,028	16,791,660
		33,625,013	29,782,687
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
400,000,000 (2022: 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 (2022: 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		14,355,636	10,074,768
Attributable to owners of the Parent Company		18,031,096	13,750,228
Non-controlling interests		12,426,921	9,463,773
Total equity		30,458,017	23,214,001
NON-CURRENT LIABILITIES			
Employee benefit obligations	15	16,171	17,411
Deferred taxation	16	1,162,357	1,063,813
		1,178,528	1,081,224
CURRENT LIABILITIES			
Trade and other payables	17	1,838,069	2,399,203
Unclaimed dividend		5,414	5,414
Short term borrowings from banking companies - secured	18	1,165	2,819,700
Accrued markup on short term borrowings - secured		34,998	111,618
Provision for taxation		108,822	151,527
		1,988,468	5,487,462
CONTINGENCIES AND COMMITMENTS	19		
		33,625,013	29,782,687

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

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

ALTERN ENERGY LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		(Rupees in thousand)	
Revenue	20	16,862,006	18,815,673
Direct costs	21	(8,626,358)	(15,497,113)
Gross profit		8,235,648	3,318,560
Administrative expenses	22	(258,178)	(180,189)
Other income	23	71,133	189,841
Other expenses	24	(349,135)	(89,962)
Finance cost	25	(348,338)	(170,840)
Profit before taxation		7,351,130	3,067,410
Taxation	26	(108,904)	(478,278)
Profit for the year		7,242,226	2,589,132
Profit for the year is attributable to:			
Owners of the Parent Company		4,279,794	1,352,038
Non-controlling interests		2,962,432	1,237,094
		7,242,226	2,589,132
		(Rupees)	(Rupees)
Earnings per share - basic and diluted	34	11.78	3.72

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

Chief Executive | Chief Financial Officer | Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		(Rupees in thousand)	
Profit for the year		7,242,226	2,589,132
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss		-	-
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of post retirement benefits obligation	15.3.7	1,790	(1,511)
		1,790	(1,511)
Total comprehensive income for the year		7,244,016	2,587,621
Total comprehensive income for the year attributable to:			
Owners of the Parent Company		4,280,868	1,351,132
Non-controlling interests		2,963,148	1,236,489
		7,244,016	2,587,621

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

Chief Executive | Chief Financial Officer | Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

		Capital reserve	Revenue reserve			
	Share capital	Share premium	Un-appropriated profits	Total equity attributable to owners of the Parent Company	Non-controlling interests	Total equity
	(Rupees in thousand)					
Balance as on July 1, 2021	3,633,800	41,660	15,446,166	19,121,626	13,057,299	32,178,925
Profit for the year	-	-	1,352,038	1,352,038	1,237,094	2,589,132
Other comprehensive loss for the year	-	-	(906)	(906)	(605)	(1,511)
Total comprehensive income for the year	-	-	1,351,132	1,351,132	1,236,489	2,587,621
Transactions with owners in their capacity as owners, recognised directly in equity						
Interim dividend @ Rs 18.50 per ordinary share for the year ended June 30, 2022	-	-	(6,722,530)	(6,722,530)	(4,830,015)	(11,552,545)
Balance as on June 30, 2022	3,633,800	41,660	10,074,768	13,750,228	9,463,773	23,214,001
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

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

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

ALTERN ENERGY LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		(Rupees in thousand)	
Cash flows from operating activities			
Profit before taxation		7,351,130	3,067,410
Adjustments for non cash charges and other items:			
- Depreciation on operating fixed assets		1,540,690	1,526,383
- Amortisation on intangible assets		3,342	903
- Liabilities no longer payable written back		-	(1,352)
- Profit on bank deposits		(11,313)	(140,698)
- Profit on short term investments		(31,427)	(29,050)
- Gain on disposal of operating fixed assets		(543)	(3,492)
- Finance cost		348,338	170,833
- Other receivables written off		-	279
- Provision for staff gratuity		1,386	1,027
- Provision for doubtful debts		8,431	-
- (Reversal)/provision for accumulating compensated absences		(85)	43
- Provision for retirement benefits		6,073	4,020
- Gain on sale of investment		-	43,613
- Exchange loss - net		337,492	34,607
- Working capital changes	27	(3,454,454)	4,060,844
Cash generated from operations		6,099,060	8,735,370
Finance cost paid		(424,958)	(117,672)
Income tax paid		(53,066)	(574,097)
Retirement benefits paid		(6,824)	(4,265)
Long term deposits - net		(201)	385
Profit on bank deposit		11,313	140,698
Long term loans to employees - net		682	683
Net cash inflow from operating activities		5,626,006	8,181,102
Cash flows from investing activities			
Payments for property, plant and equipment and intangible assets		(536,482)	(17,584)
Investments acquired during the year		-	(5,689,131)
Investments disposed of during the year		-	5,645,519
Proceeds from disposal of operating fixed assets		543	3,599
Profit on short term investments		31,427	29,050
Proceeds from disposal of short term investments - net		9	-
Net cash outflow from investing activities		(504,503)	(28,547)
Cash flows from financing activities			
Dividends paid to:			
- Non-controlling interests		-	(4,830,015)
- Owners of the Parent Company		-	(6,719,259)
Net cash outflow from financing activities		-	(11,549,274)
Net increase/(decrease) in cash and cash equivalents		5,121,503	(3,396,719)
Cash and cash equivalents at the beginning of the year		(1,924,505)	1,472,214
Cash and cash equivalents at the end of the year	27.1	3,196,998	(1,924,505)

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

Chief Executive	Chief Financial Officer	Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARIES NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

1. The Group and its operations

The Group comprises of:

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

	(Effective holding percentage)	
Subsidiary companies:	**2023**	**2022**
- Power Management Company (Private) Limited (hereinafter referred to as PMCL)	100%	100%
- Rousch (Pakistan) Power Limited (hereinafter referred to as RPPL)	59.98%	59.98%

The Group is mainly engaged in power generation activities. The registered office of AEL and PMCL is situated at Descon Headquarters, 18 km Ferozepur Road, Lahore. The registered office of RPPL is situated at 403-C, 4th Floor, Evacuee Trust Complex, Sector F-5/1, Islamabad.

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

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

1.1 AEL's generation license expired on September 21, 2021 and it had applied for its renewal/extension from National Electric Power Regulatory Authority (‘NEPRA’), in line with the term of its Power Purchase Agreement ('PPA') and Implementation Agreement ('IA') on August 31, 2021. Subsequent to the reporting period, on September 12, 2023, the NEPRA in its Regulatory Meeting approved the extension in the term of the Generation License for approximately ten (10) years from the expiry of the previous term till June 05, 2031, making it consistent with the term of the PPA and IA. AEL will continue to make its power plant available as per the requirements of the PPA until the expiry of PPA as stated above. Therefore, the power generation operations shall continue to be operated in the normal course of business.

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.

1.2 RPPL's agreements

1.2.1 RPPL has a Power Purchase Agreement (‘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 Gas Supply Agreement ('GSA') with Sui Northern Gas Pipelines Limited ('SNGPL') till August 18, 2015. At that time, under the amended and restated Implementation Agreement ('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 Regasified Liquefied Natural Gas ('RLNG') allocation by the Economic Co-ordination Committee ('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' 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').

1.2.2 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 323 days as of June 30, 2023, 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 February 2031 and the remaining life of the Complex is approximately 7 years and 8 months.

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

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

(1) Mechanism of settlement of outstanding receivables;

(2) Discount in Tariff components;

(3) Resolution of dispute of Liquidated Damages as stated in note 1.2.2; and

(4) Option to RPPL to participate in GoP’s scheme to create competitive power market.

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.

The CPPA raised invoices for Liquidated Damages ('LDs') amounting to Rs 1,588.730 million to RPPL for the operating year starting from December 11, 2012 to December 10, 2013 (after taking into account forced outage allowance stipulated under the terms of PPA) on account of short supply of electricity by RPPL. 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 the 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 the Company. 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

Statement of compliance

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

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

ii) Provisions of and directives issued under the Companies Act, 2017.

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

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

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

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

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 1, 2022 but are considered not to be relevant or to have any significant effect on the Group’s operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these consolidated financial statements, except for the following:

2.2.2 Exemption from applicability of certain standards

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

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

	2023	2022
	(Rupees in thousand)	
De-recognition of property, plant and equipment	(11,901,061)	(12,947,953)
De-recognition of trade debts	(8,005,453)	(2,424,103)
Recognition of lease debtor	14,586,774	9,491,341
Decrease in un-appropriated profits at the beginning of the year	(5,880,715)	(6,185,552)
Increase in profit for the year	560,975	304,837
Decrease in un-appropriated profits at the end of the year	(5,319,740)	(5,880,715)

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 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 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 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, 2023 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 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 financial statements for the year beginning on July 1, 2024.

3. Basis of measurement

3.1 These consolidated financial statements have been prepared under the 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.

a) Useful lives, residual values and recoverable amount of property, plant and equipment - notes 4.3.1, 4.5 and 5.1

b) Provision for taxation - notes 4.2 and 26

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

3.3 Change in accounting estimate

During the year, as a result of annual assessment of the review of residual values of the operating fixed assets of AEL, management identified that certain items of plant and machinery require an upward revision in their residual values. Hence, the residual values of plant and machinery have been increased. Such change has been accounted for as a change in an accounting estimate in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' with effect from July 1, 2022 onwards. Had there been no change in the accounting estimate, the profit before tax for the year ended June 30, 2023 would have been lower by Rs 16.562 million and the carrying value of operating fixed assets as at that date would have been lower by the same amount. Consequently, due to the above change in accounting estimate, future profits before tax would increase by Rs 135.509 million.

4. Summary of significant accounting policies

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

4.1 Principles of consolidation

a) Subsidiaries

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

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

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

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

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

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

b) Changes in ownership interests

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

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

4.2 Taxation

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

Current

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

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

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

Deferred

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

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

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

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

(a) the Parent Company is able to control the timing of the reversal of the temporary difference; and

(b) it is probable that the temporary difference will not reverse in the foreseeable future.

Group taxation

SECP vide its certificate dated November 19, 2019, had registered the Group as a Taxation Group, which comprise of DEL Processing (Private) Limited and its directly and indirectly held subsidiary companies namely DEL Power (Private) Limited, DEL Chemicals (Private) Limited, Altern Energy Limited, Power Management Company (Private) Limited and Rousch (Pakistan) Power Limited. Furthermore, SECP had also designated the Taxation Group for the purpose of group taxation under Section 59B of the Income Tax Ordinance, 2001, vide its certificate dated January 8, 2020. Consequently, the Group was taxed as one fiscal unit for the tax year 2020 and onwards.

However, during the previous year, SECP upon the request of the Group, cancelled the Taxation Group registered in November 2019. Thereafter, in September 2021, SECP registered a Group comprising of 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 IA with Government of Pakistan ('GoP') are capitalized in the cost of plant and machinery as referred to in note 4.18(b) to these consolidated financial statements.

Depreciation on all operating fixed assets of the Group are charged to consolidated statement of profit or loss by using the straight line method so as to write off the depreciable amounts of an asset over its estimated useful life at the annual rates mentioned in note 5.1 after taking into account their residual values.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. AEL's estimate of the residual value of its operating fixed assets during the year has been 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 software is capitalised as an intangible asset and stated at cost less accumulated amortisation and any identified impairment loss. Costs associated with maintaining ERP are recognised as an expense as incurred. Intangible assets are amortised using the straight line method over a period of three years.

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

4.5 Impairment of non-financial assets

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

4.6 Stores, spares and loose tools

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

The operation and maintenance contractor of RPPL as referred to in note 8 is responsible to replenish mandatory stores and spares as used by RPPL.

4.7 Inventory of fuel oil

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

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

4.8 Financial assets

4.8.1 Classification

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

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

- those to be measured at amortised cost.

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

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

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

4.8.2 Recognition and derecognition

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

4.8.3 Measurement

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

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

Debt instruments

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

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

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

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

Equity instruments

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

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

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

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

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

- Long term security deposits
- Long term loans to employees
- Other receivables 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 recognises an impairment gain or loss in the consolidated statement of profit or loss for financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

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

4.9 Financial liabilities

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

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

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

4.10 Offsetting of financial assets and financial liabilities

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

4.11 Financial assets due from the Government of Pakistan

Financial assets due from the Government of Pakistan in respect of circular debt include trade debts, contract assets and other receivables due from CPPA-G under the PPA that also includes accrued amounts. The Group applies requirements of IAS 39 in respect of above referred financial assets to recognise provision for impairment. Accordingly, the same continue to be reported as per the following accounting policy:

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

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

4.12 Trade debts

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

4.13 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Short term borrowings are also included in cash and cash equivalent if it is repayable on demand and forms an integral part of the Group's cash management. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

4.14 Borrowings

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

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

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

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

4.15 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in consolidated statement of profit or loss in the period in which they are incurred.

4.16 Trade and other payables

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

4.17 Provisions

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

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

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

4.18 Foreign currency transactions and translation

a) Functional and presentation currency

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

b) Transactions and balances

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

4.19 Revenue recognition

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

Revenue on account of energy purchase price 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 Net Electric Output ('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 1.2.2.

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, 2023 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

Contingent liability is disclosed when:

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

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

4.24 Contract asset and contract liability

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

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

4.25 Leases

The Group is the lessee:

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

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

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

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

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

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

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

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

4.26 Earnings per share

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

4.27 Rounding of amounts

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

	Note	2023	2022
		(Rupees in thousand)	
5. Property, plant and equipment			
Operating fixed assets	5.1	11,965,204	12,976,509
Major spare parts and stand-by equipment	5.2	2,692	2,692
		11,967,896	12,979,201

5.1 **Operating fixed assets**

		2023						
		COST			ACCUMULATED DEPRECIATION AND IMPAIRMENT			Carrying
	Annual rate of depreciation	Cost as at July 1, 2022	Additions / (disposals) during the year	Cost as at June 30, 2023	Balance as at July 1, 2022	Depreciation charge / (deletions) for the year	Balance as at June 30, 2023	value as at June 30, 2023
			(Rupees in thousand)			(Rupees in thousand)		
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	42,131,339	29,465,643	1,446,132	30,835,222	11,296,117
			(76,553)			(76,553)		
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	44,523	31,597	3,617	35,055	9,468
			(168)			(159)		
Vehicles	20%	47,337	8,095	52,759	36,578	3,483	37,388	15,371
			(2,673)			(2,673)		
Capital spares	3.33% to 10.81%	547,299	-	547,299	327,958	25,417	353,375	193,924
		44,334,844	529,394	44,784,844	31,358,335	1,540,690	32,819,640	11,965,204
			(79,394)			(79,385)		

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

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

	Note	2023	2022
		(Rupees in thousand)	
Direct costs	21	1,532,196	1,519,872
Administrative expenses	22	8,494	6,511
		1,540,690	1,526,383

5.1.2 The cost of fully depreciated assets which are still in use as at June 30, 2023 is Rs 307.205 million (2022: Rs 299.844 million).

5.1.3 Freehold land includes an area measuring 1,045 Kanals and 12 Marlas in Tehsil Mian Channu, situated at Mouza Battian, District Khanewal, another area measuring 6 Kanals and 18 Marlas, situated at Pind Bagewal, Tehsil and District Islamabad and another area measuring 224 Kanals and 19 Marlas, situated at Tehsil Fateh Jang, District Attock. Since the land situated in Islamabad and Fateh Jang will not be transferred to the power purchaser at the end of the PPAs, therefore, it is not depreciated and is carried at its cost.

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

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

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

5.1.5 Fair value estimation

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

The different levels have been defined as follows:

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

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

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

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

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

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

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

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

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

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

5.1.6 According to the SRO 986(I)/2019 dated September 2, 2019 (Previously SRO 24(I)/ 2012) issued by 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:

	2023	2022
	(Rupees in thousand)	
Statement of financial position		
Decrease in the carrying amount of property, plant and equipment and un-appropriated profit as at June 30	(4,315,522)	(4,873,604)
Statement of profit or loss		
Decrease in cost of sales	558,082	567,806
Decrease in profit for the year	558,082	567,806

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

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

5.2 This amount is net of provision for impairment amounting to Rs 2.114 million (2022: Rs 2.114 million).

6. Intangible assets	Note	2023	2022
		(Rupees in thousand)	
These represent computer software and ERP systems.			
Cost			
Opening balance		23,515	14,734
Additions during the year		7,088	8,781
Closing balance		30,603	23,515
Amortisation			
Opening balance		14,011	13,108
Charge for the year	6.1	3,344	903
Closing balance		17,355	14,011
Net book value as at June 30		13,248	9,504
Annual amortisation rate		33%	33%

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

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

6.3 The cost of fully amortised intangible assets still in use as at June 30, 2023 is Rs 12.93 million (2022: Rs 12.93 million).

7. Long term loans to employees	Note	2023	2022
		(Rupees in thousand)	
Loans to employees			
Key management personnel	7.1	-	500
Others	7.2	1,816	2,498
		1,816	2,998
Current portion shown under current assets			
Key management personnel		-	(500)
Others		(682)	(682)
	10	(682)	(1,182)
		1,134	1,816

7.1 This represented interest free loan to the Chief Executive (Mr. Umer Shehzad Sheikh) for house building as per terms of his employment. As per the terms of the loan agreement, the loan was repayable in three years in thirty six (36) equal monthly instalments. The loan was issued in compliance with the requirements of the Act. The maximum amount due from the Chief Executive at the end of any month during the year was Rs 0.5 million (2022: Rs 1.167 million). The loan has been fully repaid during the year. The reconciliation of the carrying amount of this loan is as follows:

	2023	2022
	(Rupees in thousand)	
Balance at the beginning of the year	500	1,167
Repayments made during the year	(500)	(667)
Balance at the end of the year	-	500

7.2 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 the RPPL and against the accumulated provident fund balance of the relevant employee.

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

	Note	2023	2022
8. Stores, spares and loose tools		(Rupees in thousand)	
Spares		645,210	637,498
Stores		85,240	79,297
		730,450	716,795
Provision for obsolete items	8.2	(40,115)	(40,115)
		690,335	676,680

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

8.2 Provision for obsolete items

	2023	2022
Opening balance	40,115	64,596
Obsolete stores, spares and loose tools written off against provision	-	(24,481)
Closing balance	40,115	40,115

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

9. Trade debts - secured

	Note	2023	2022
Considered good	9.1 and 9.2	15,324,789	13,182,525
Considered doubtful		201,686	193,255
		15,526,475	13,375,780
Provision for impairment	9.3	(201,686)	(193,255)
		15,324,789	13,182,525

9.1 These represent trade receivables from CPPA and are considered good. These are secured by a guarantee from the Government of Pakistan under the implementation agreements and are in the normal course of business and interest free, however, a delayed payment mark-up of one month KIBOR / 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 12.00% to 25.00% (2022: 10.00% to 16.75%) per annum. These include unbilled amounts aggregating to Rs 1,143.647 million (2022: Rs 129.039 million).

9.2 Included in trade debts is an aggregate amount of Rs 5,549.279 million (2022: Rs 1,086.328 million) and Rs 750.871 million (2022: Rs 14.486 million) relating to capacity revenue and delayed payment markup accrued thereon respectively not acknowledged by CPPA.

Of this disputed capacity revenue, the amount of Rs 247.695 million (2022: 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 Other Force Majeure Event ('OFME') by the Group. 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 (2022: Rs 838.633 million) and Rs 750.871 million (2022: Rs 14.486 million) relating to capacity invoices and delayed interest computed thereon respectively 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 the Group. 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 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 the Group 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 1.2, under the amended IA, the Group has been provided an assurance by the GoP that the Group will be provided gas post August 2015, in preference to the new power projects commissioned after the Group. This obligation has also not been fulfilled by the GoP.

Currently, the Group is in discussions with the Governmental Entities on this matter. Based on the legal opinions obtained by the Group including an opinion from English Law Counsels, the management believes that the Group 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 the Group's favour and these amounts will be recovered by the Group.

9.3 The reconciliation of the provision for impairment is as follows:

	Note	2023	2022
		(Rupees in thousand)	
Opening balance		(193,255)	(193,255)
Provision recognised during the year - net	22	(8,431)	-
Closing balance		(201,686)	(193,255)

10. Loans, advances, prepayments and other receivables	**Note**	**2023**	**2022**
		(Rupees in thousand)	
Advances			
- To suppliers	10.1	7,397	9,755
- To employees against expenses		480	860
Balances with statutory authorities:			
- Sales tax receivable	10.2	1,159,863	925,040
- Receivable against Workers' Welfare Fund (WWF)	10.3 and 10.4	122,717	118,929
Claims recoverable from CPPA-G for pass through items:			
- Workers' profit participation fund	10.5	370,421	155,924
- Punjab Workers' Welfare Fund	10.6	148,113	228,934
Prepayments	10.7	125,744	85,865
Other receivables	10.8	48,408	56,487
Current portion of long term loan to employees - secured	7	682	1,182
		1,983,825	1,582,976

10.1 This includes advance amounting to nil (2022: Rs 3.720 million) to Siemens Pakistan Engineering Company Limited, a related party by virtue of being a group company. Advances to employees are in normal course of business.

10.2 In September 2021, the taxation officer rejected the Group's sales tax refund application of Rs 202.87 million on pretext of apportionment of the input tax claim to capacity purchase price which is not subject to sales tax. The Group filed an appeal against the decision of the taxation officer before the Commissioner Inland Revenue - Appeals ['CIR(A)'] which was rejected through order issued in February 2022. The Group had filed an appeal before 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 (2022: Rs 33.322 million) based on accounting profit for tax year 2014 paid under protest after demand by taxation authorities. Since the provisions of WWF were not applicable to the AEL in the light of Supreme Court's decision, CPPA-G has not acknowledged this amount as a valid pass through item. Therefore, the Group has filed for a refund from the taxation authorities. The Group has not made any provision against the recoverable amount as the management is confident that the ultimate outcome of the matter would be in favour of the Group, inter alia on the basis of the advice of the tax consultant and the relevant law and the facts.

10.4 For the tax years 2009, 2010, 2011, 2012 and 2013, an aggregate demand of Rs 325.59 million on account of WWF was raised by the tax authorities, of which Rs 84.348 million has been paid by the Group. However, case was decided in favour of the Group by the Supreme Court of Pakistan through order dated September 27, 2016, holding charge of WWF post 2008 amendments in the WWF Ordinance as void ab initio. Further, appeal effect orders were issued by the tax authorities dated November 03, 2017 for tax years 2011 and 2012 and January 25, 2018 for tax year 2013, respectively, assessing WWF refund of Rs 84.348 million. Refund cheques against demand paid have not been issued yet. Furthermore, the tax authorities levied WWF on interest income consequent to the appeal effect orders of the Appellate Tribunal Inland Revenue (ATIR) for tax years 2012 and 2015 (Rs 1.53 million and Rs 5.3 million for tax years 2012 and 2015 respectively). The Group has filed reference application against ATIR orders and obtained stay against recovery of the demand amount of Rs 6.83 million.

Based on the advice of the Group's tax advisor and the decision of the Honourable Supreme Court, the management believes that there are meritorious grounds to defend the Group's stance in respect of this matter. Consequently, no provision has been made in these consolidated financial statements.

		Note	2023	2022
			(Rupees in thousand)	
10.5	**Workers' profit participation fund**			
	Opening balance		155,924	196,739
	Provision for the year	17.4	370,282	155,845
			526,206	352,584
	Transferred to trade debts	10.5.1	(155,785)	(196,660)
	Closing balance		370,421	155,924

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.

		Note	2023	2022
10.6	**Punjab Workers' Welfare fund**			
	Opening balance		228,933	112,533
	Accrued for the year	17.4	148,113	195,096
	Reversal for the year	17.4	(166,595)	-
			210,451	307,629
	Transferred to trade debts	10.6.1	(62,338)	(78,696)
	Closing balance		148,113	228,933

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 0.579 million (2022: Rs 0.579 million).

This includes an amount of Rs 42.530 million (2022: Rs 42.530 million) and Rs 0.690 million (2022: Rs 0.690 million) deposited with Bank Alfalah Limited as 100% margin against the letter of guarantee in favour of the Director, Excise and Taxation, Karachi and Pakistan State Oil Company Limited respectively.

11. Short term investments

This represents investment in units of mutual funds of NBP Fund Management Limited that is classified as fair value through profit or loss ('FVPL').

	Note	2023	2022
		(Rupees in thousand)	
NBP Islamic Daily Dividend Fund			
188,485 units (2022: 212,321)		1,885	2,123
NBP Money Market Fund			
29,045,076 units (2022: 26,529,119)		289,926	263,463
		291,811	265,586

12. Bank balances

	Note	2023	2022
Cash at bank:			
- On current accounts		1,620	22,367
- On saving accounts	12.1	1,774,732	607,242
		1,776,352	629,609
Term deposit receipts (TDRs)	12.2	1,130,000	-
		2,906,352	629,609

12.1 These carry mark-up at the rates ranging from 12.25% to 20.00% per annum (2022: 5.50% to 14.75% per annum).

12.3 This represents investment in term deposit receipt with Faysal Bank Limited having maturity of one month, carrying mark-up at the rate of 20.65% per annum.

13. Issued, subscribed and paid up share capital

2023	2022		2023	2022
(Number of shares)			(Rupees in thousand)	
		Ordinary shares of Rs 10 each		
359,480,000	359,480,000	fully paid in cash	3,594,800	3,594,800
		Ordinary shares of Rs 10 each issued		
3,900,000	3,900,000	for consideration other than cash	39,000	39,000
363,380,000	363,380,000		3,633,800	3,633,800

13.1 As at June 30, 2023, 211,397,063 (2022: 211,397,063) ordinary shares which represent 58.18% (2022: 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.

		Note	2023	2022
15.	**Employee benefit obligations**		**(Rupees in thousand)**	
	Unfunded			
	Gratuity	15.1	7,449	6,908
	Accumulating compensated absences	15.2	364	526
			7,813	7,434
	Funded			
	Gratuity	15.3	8,358	9,977
			16,171	17,411

15.1 Gratuity - unfunded

	2023	2022
Opening liability	6,908	5,881
Provision for the year	1,386	1,027
Payments made during the year	(845)	-
Closing liability	7,449	6,908

15.2 Accumulating compensated absences

	2023	2022
Opening liability	526	483
(Reversal)/provision for the year	(85)	43
Payments made during the year	(77)	-
Closing liability	364	526

15.3 Gratuity - Funded

The latest actuarial valuation of gratuity scheme of RPPL was carried out as at June 30, 2023 under the projected unit credit method as per the requirements of IAS 19, the details of which are as follows:

		2023	2022
15.3.1	**Net defined benefit obligation**	**(Rupees in thousand)**	
	The amounts recognized in consolidated statement of financial position are as follows:		
	Present value of defined benefit obligation	39,011	31,621
	Fair value of plan assets	(30,653)	(21,644)
	Net liability as at year end	8,358	9,977
		(Percentage)	
15.3.2	**Actuarial assumptions**		
	Valuation discount rate - per annum	16.25%	13.25%
	Expected rate of increase in salaries - per annum	16.25%	8.00%
	Mortality rates	SLIC (2001-05)-1	SLIC (2001-05)-1
	Duration of plan (years)	7.48	7.81

	2023	2022
15.3.3 Movement in net defined benefit obligation:	(Rupees in thousand)	
Net liability at beginning of the year	9,977	8,711
Current service cost	4,751	3,149
Net interest on defined benefit obligation	4,420	2,832
Return on plan asset during the year	(3,098)	(1,961)
Charged to consolidated statement of profit or loss	6,073	4,020
Total remeasurements for the year recognised to consolidated other comprehensive income	(1,790)	1,511
Contributions made by the Group during the year	(5,902)	(4,265)
Net liability at the end of the year	8,358	9,977

15.3.4 Movement in present value of defined benefit obligation:

	2023	2022
Present value of defined benefit obligation as at beginning of the year	31,621	27,305
Current service cost	4,751	3,149
Interest cost	4,420	2,832
Remeasurement gains on obligation	(1,781)	522
Benefits paid to out-going members during the year	-	(2,187)
Closing present value of defined benefit obligation	39,011	31,621

15.3.5 Movement in the fair value of plan assets

	2023	2022
Opening fair value of plan assets	21,644	18,594
Interest income on plan assets	3,098	1,961
Remeasurement gains/(losses) on fair value of plan assets	9	(989)
Benefits paid during the year	-	(2,186)
Contributions made during the year	5,902	4,264
Closing fair value of plan assets	30,653	21,644

15.3.6 Amounts recognised in the consolidated statement of profit or loss

	2023	2022
Current service cost	4,751	3,149
Interest cost	4,420	2,832
Interest income on plan assets	(3,098)	(1,961)
Net interest cost	1,322	871
	6,073	4,020

15.3.7 Total remeasurements (credited)/charged to consolidated other comprehensive income

	2023	2022
	(Rupees in thousand)	
Actuarial loss from changes in financial assumptions	(822)	(464)
Experience adjustments	(959)	986
	(1,781)	522
Remeasurements on fair value of plan assets	(9)	989
	(1,790)	1,511

15.3.8 Composition/fair value of plan assets

	2023		2022	
	(Rupees in thousand)	Percentage	(Rupees in thousand)	Percentage
Term deposit receipts	12,602	41%	5,422	25%
Cash and cash equivalents (after adjusting current liabilities)	1,783	6%	1,034	5%
Mutual funds	16,268	53%	15,188	70%
	30,653	100%	21,644	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 assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
		(Rupees in thousand)	
Discount rate	1%	(2,764)	3,093
Salary growth rate	1%	2,540	(2,325)

'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 7.48 years (2022: 7.81 years). The expected maturity analysis of undiscounted gratuity plan is as follows:

	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
	(Rupees in thousand)				
June 30, 2023	1,547	1,755	16,456	74,756	94,514
June 30, 2022	1,158	3,704	27,751	31,913	64,526

16. Deferred taxation

	Note	2023	2022
		(Rupees in thousand)	
The liability for deferred tax represents temporary difference relating to:			
Taxable undistributed earnings of subsidiary	16.1 and 16.2	1,162,357	1,063,813

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.

	Note	2023	2022
		(Rupees in thousand)	
16.2 The gross movement in deferred tax liability during the year is as follows:			
Opening balance		1,063,813	1,467,802
Charged/(credited) to consolidated statement of profit or loss	26	98,544	(403,989)
Closing balance		1,162,357	1,063,813

		Note	2023	2022
			(Rupees in thousand)	
17.	**Trade and other payables**			
	Payable to Sui Northern Gas Pipelines Limited		313	370
	Payable to CPPA for import of energy		30,504	5,634
	Payable to CPPA against gas efficiency		-	2,614
	Other creditors and accrued liabilities	17.1	1,168,869	1,787,023
	Withholding income tax payable		893	19
	Withholding sales tax payable		661	365
	Workers' profit participation fund	17.2	370,282	155,845
	Provision for guarantee issued	17.3	6,842	6,842
	Lenders' related costs		1,000	-
	Punjab Workers' Welfare Fund	17.4	148,113	228,934
	Others	17.5	110,592	211,557
			1,838,069	2,399,203

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

	2023	2022
Descon Engineering Limited	1,126	6,074
Descon Power Solutions (Private) Limited	59,109	51,696
Descon Corporation (Private) Limited	3,783	3,556
Siemens Pakistan Engineering Company Limited	20,686	27,399
Inspectest (Private) Limited	173	798
	84,877	89,523

17.2 Workers' profit participation fund

	Note	2023	2022
Opening balance		155,845	196,739
Provision for the year	10.5	370,282	155,845
		526,127	352,584
Payments made during the year		(155,845)	(196,739)
Closing balance		370,282	155,845

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 consolidated financial statements up to June 30, 2010. During the year 2008, the Honourable High Court of Sindh in its decision dated September 17, 2008 declared the imposition of levy of infrastructure fee/cess on import of material before December 28, 2006 as void and invalid, and ordered the guarantees to be returned and 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 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 (2022: Rs 6.842 million) being 50% of disputed amount i.e. Rs 13.684 million.

			2023	2022
			(Rupees in thousand)	
17.4	**Punjab Workers' Welfare Fund**			
	Opening balance		228,934	112,534
	Provision for the year		148,113	195,096
	Reversal of provision	17.4.1	(166,596)	-
	Payment made during the year		(62,338)	(78,696)
	Closing balance	17.4.2	148,113	228,934

17.4.1 This represents reversal of provision in respect of Punjab Workers' Welfare Fund since 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 19.1(vi).

17.5 This includes an amount of Nil (2022: Rs 5 million) due to Siemens Pakistan Engineering Company Limited, a related party (group company).

18. Short term borrowings from banking companies - secured

18.1 Running finances

Short term running finances available from a consortium of commercial banks under mark-up arrangements aggregate Rs 5,600 million (2022: Rs 5,600 million). Such facilities have been obtained at mark-up rates based on Karachi inter bank offered rate ('KIBOR') plus spread and ranges from 15.05% to 24.07% (2022: 7.45% to 14.31%) per annum, payable quarterly, on the balance outstanding. In the event the Group fails to pay the balances on the due date for payment, or within any period stipulated herein or within any period stipulated in the demand, any outstanding amounts shall be payable immediately and the finance facility shall be terminated forthwith. The aggregate facilities are secured against hypothecated charge on all operating fixed assets of RPPL excluding land and building, first hypothecated charge over present and future current assets of the Group, assignment of present and future Energy Purchase Price ('EPP') receivables to the lenders, and cross corporate guarantee issued by Descon Engineering Limited, a related party. The amount of unavailed facilities at the consolidated statement of financial position date is Rs 5,500 million (2022: Rs 2,780.350 million).

18.2 Letters of credit and bank guarantee

The main facilities for opening letters of credit aggregate to Rs 100 million (2022: Rs 100 million) and letter of guarantee aggregate to Rs 1,050 million (2022: Rs 1,000.05 million). The amount utilised as at June 30, 2023, for letters of credit was Nil (2022: Nil) and for letters of guarantee was Rs 532.68 million (2022: 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 (2022: Rs 6,000 million). The amount utilised as at June 30, 2023 was Rs 4,981 million (2022: 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.

		2023	2022
		(Rupees in thousand)	
19.	**Contingencies and commitments**		
19.1	**Contingencies:**		
i)	In financial year 2014, the taxation authorities issued a show cause notice for Rs 157 million on account of input sales tax alleged to be wrongly claimed for the tax periods July 2009 to June 2013. The tax department is of the view that input tax paid by the 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.	157,000	157,000
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 Group preferred an appeal before CIR(A) against the impugned tax demand. The CIR(A) decided the appeal in favour of the Group thereby deleting the alleged tax demand. The tax department has filed an appeal before the ATIR against the order of CIR(A) on November 3, 2016 and the case is pending for adjudication. The Group has not made any provision against the above demand as the case has already been decided in Group's favour on merits by CIR(A) and the management is confident that the ultimate outcome of the appeal would be in favour of the Group, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.	9,300	9,300
iii)	The taxation authorities in pursuance of show cause notice under sections 114/182 of the Income Tax Ordinance, 2001 for imposition of penalty for late filing of return for tax year 2014, issued order thereby creating demand amounting to Rs 16.84 million. Aggrieved with the said order, the Group preferred an appeal before CIR(A), wherein relief sought was not provided. Being aggrieved with the order of CIR(A), the Group has preferred an appeal before ATIR on May 7, 2018 and the case is pending adjudication. The Group has not made any provision against the above demand as the management is confident that the ultimate outcome of the appeal would be in favour of the Group, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.	16,840	16,840

		2023	2022
		(Rupees in thousand)	
iv)	In respect of tax year 2015, the Additional Commissioner (Audit), Inland Revenue ['AC(A)IR'] passed an amended assessment order under section 122(5A) of the Income Tax Ordinance, 2001, creating income tax demand amounting to Rs 81.60 million which mainly relates to denying the claim of exemption of dividend income from wholly owned subsidiary on account of non-filing of group tax return for the said tax year. The Group being aggrieved of the said order filed appeal before CIR(A) who through order dated April 16, 2018, accepted all the contentions of the Group except for the taxation of dividend income thereby reducing the demand to Rs 68.33 million. On April 16, 2018, the Group filed an appeal before ATIR against the CIR(A)'s order. ATIR through order dated May 11, 2020 decided the appeal in favour of the Group and thereby deleting the alleged tax demand. Against the ATIR's order, the tax department has filed an appeal before the LHC on October 26, 2020 and the case is pending adjudication. The Group has not made any provision against the above demand as the management is confident that the ultimate outcome of the appeal would be in favour of the Group, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.	68,330	68,330
v)	In respect of tax year 2016, the AC(A)IR passed an amended assessment order under section 122(5A) of the Income Tax Ordinance, 2001, creating income tax demand amounting to Rs 150.97 million which mainly relates to taxability of dividend income from wholly owned subsidiary on accrual basis. The Group, being aggrieved of the said order, filed an appeal before CIR(A) who through order dated April 16, 2018, accepted all the contentions of the Group except the taxation of dividend income thereby reducing the demand to Rs 147.52 million. On April 18, 2018, the Group filed an appeal before the ATIR against the CIR(A)'s order. ATIR through order dated May 11, 2020 decided the appeal in favour of the Group and thereby deleting the alleged tax demand. Against the ATIR's order, the tax department has filed an appeal before the LHC on October 26, 2020 and the case is pending adjudication. The Group has not made any provision against the above demand as the management is confident that the ultimate outcome of the appeal would be in favour of the Group, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.	147,520	147,520
vi)	Based on a legal opinion, the management believes that AEL 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 AEL. AEL had also filed a civil suit before the Civil Court, Lahore, which is pending adjudication, through which AEL has sought declarations to the effect that the provisions of this Act are not applicable on AEL. Management is confident that the outcome of the suit will be in AEL's favour. Accordingly, no provision has been made in these consolidated financial statements on this account.	166,596	-
vii)	In November 2012, the tax authorities raised a demand of Rs 2,026 million on account of input sales tax along with default surcharge and penalty alleging non-apportionment of input tax to revenue representing Capacity Purchase Price for the period July 2007 to June 2011. The demand was upheld through order of ATIR dated December 13, 2013 and the matter is now pending before the Islamabad High Court on reference application filed by the Group. The Islamabad High Court also suspended order of the ATIR while deciding the petition for stay against tax recovery filed by the Group. The Islamabad High Court has reserved its judgement in this case on the last hearing dated February 2, 2021. During the current year, the last hearing date of this case was on May 29, 2023, however, no judgement was announced. The expected date of the next hearing is September 27, 2023.		

		2023	2022
		(Rupees in thousand)	
	Furthermore, in October 2013, the tax authorities issued show cause notice for sales tax demand of Rs 675 million along with default surcharge and penalty on the same matter for the period July 2011 to June 2012. On petition filed by the Group, the Islamabad High Court directed the assessing officer to decide the case of the Group in line with the expected judgment of the Islamabad High Court on the same matter. Similar demands aggregating Rs 1,384 million along with default surcharge and penalty for the period July 2012 to June 2014 were remanded back to the taxation officer by the Commissioner Inland Revenue (Appeals) ['CIR(A)'] with the same directions through orders in appeal dated August 17, 2015 and May 09, 2016 respectively. 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 to the Federal Board of Revenue for the tax period July 2016 to June 2017. The Group has challenged the said order by filing an appeal to the Commissioner Inland Revenue (Appeal) [CIR(A)] in July 2022, of which proceedings are underway.		
	As the matter of apportionment of input sales tax is common to the power generation industry, it is likely to be decided by the Islamabad High Court by taking up all related appeals jointly. Based on the opinions of the Group's legal counsels and in the view of the latest favourable decision on a similar issue in a parallel case by the LHC, a favourable outcome is expected and no provision in this regard has been made in these consolidated financial statements.	4,214,590	4,214,590
viii)	For tax years 2011, 2012 and 2014, the tax authorities raised an aggregate demand of Rs 191.39 million subjecting Capacity Purchase Price [CPP] to minimum tax under section 113 of the Income Tax Ordinance, 2001. The CIR(A) deleted the demand for tax year 2012 while the matter was remanded back by CIR(A) to the taxation officer for tax years 2011 and 2014 through orders dated April 05, 2016 and July 14, 2016 respectively. On Group's appeal, the ATIR decided the matter in favour of the Group 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
ix)	For tax year 2014, in addition to minimum tax mentioned in note (viii), income tax of Rs 226.313 million was also levied on interest income and supplemental charges by disallowing set-off of such income against depreciation losses by the taxation officer. While the CIR(A) through order dated May 18, 2018 upheld the taxation of supplemental charges, the issue of set-off of unabsorbed tax depreciation was remanded back to the assessing authority. Both the Group and the tax authorities filed appeals to the ATIR dated September 28, 2016 on this matter. The ATIR upheld disallowance of set-off of losses against interest income, however, accepted the Group's position of exemption on supplemental charges		

	2023	2022
	(Rupees in thousand)	
through order dated March 02, 2021. The Group has filed reference application to the Islamabad High Court with respect to the matter of set-off of losses not decided in its favour and has obtained stay from the Court against the recovery of tax demand relating to interest income.		
Based on advice of the Group's tax advisor and favourable decision on a similar issue in a parallel power sector case, the management believes that there are meritorious grounds to support the Group's stance in respect of this matter. Consequently, no provision for this amount has been made in these consolidated financial statements.	Stay has been obtained	
x) The tax authorities amended the assessments for tax years 2005 to 2010 by disallowing the tax depreciation on operating fixed assets and its set-off against interest income. An aggregate tax demand of Rs 76.40 million was raised for these years. The appeals filed by the Group were accepted by the CIR(A) through order dated March 21, 2012, who set-aside the demand and remanded the matter to the taxation officer while accepting the Group's position. Both the Group and the tax authorities have filed appeals to the ATIR on May 22, 2012 and May 23, 2012 respectively on this matter and the case is pending adjudication. A favourable outcome is expected in view of decision of the ATIR in a parallel case, therefore, no provision for the demand amount has been made in these consolidated financial statements.	76,400	76,400
xi) 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 deprecation. Both the Group and the tax authorities filed appeals to the ATIR on July 18, 2018 and July 19, 2018 respectively on this matter. The ATIR upheld CIR(A)'s position on this matter through order dated March 2, 2021. The taxation officer giving appeal effect to the ATIR orders dated April 27, 2021, worked out tax liability of Rs 292.07 million on interest income and raised tax demand (net of tax paid) amounting to Rs 82.5 million.		
The Group has however challenged the ATIR decision in the matter of set-off of business losses against interest income, before the Islamabad High Court dated May 4, 2021 and has obtained stay against recovery of tax demand raised through appeal effect orders.		
Based on advice of the Group's tax advisor, the management believes that there are meritorious grounds to support the Group's stance in respect of this matter. Consequently, no provision for the said amount of Rs 292.07 million has been made in these financial statements.	292,070	292,070
xii) The tax authorities under section 161/205 of the Income Tax Ordinance, 2001 raised aggregate tax demand of Rs 85.78 million including default surcharge of Rs 33.28 million for tax years 2015, 2016 and 2017, alleging the Group in default for non-withholding of income tax on payments made specifically to Siemens AG in 2016 under the long term maintenance contract.		

	2023	2022
	(Rupees in thousand)	
The Group filed appeal before the CIR(A) against the above demands and CIR(A) through his orders dated March 6, 2020 and December 22, 2020, deleted the above tax demands by remanding the orders back for re-assessments in light of the factual position. Re-assessment proceedings have yet not initiated by the taxation authorities, however the Group expects a favourable resolution.	Remanded back	
xiii) For the tax periods from July 2013 to June 2014, the tax authorities raised sales tax demand of Rs 344.4 million along with default surcharge and penalty alleging shortfall in sales tax pertaining to Gas Infrastructure Development Cess. On appeal filed by the Group with CIR(A), the matter was remanded back to the taxation officer for re-adjudication. This is pending finalization, while the Group as well as the tax department have filed appeals to the ATIR against the decision of the CIR(A). This matter will be decided by the ATIR after decision on the matter of apportionment by the Islamabad High Court as mentioned in note (vii) above as both proceedings were taken up together in the tax audit. Based on the advice of the Group's tax advisor, the management believes that there are meritorious grounds to support the Group's stance in respect of this matter. Consequently, no provision for this amount has been made in these consolidated financial statements.	344,400	344,400

xiv) The Group uses canal water for its plant for which it has an agreement with the Irrigation Department, Sahiwal, Government of the Punjab. Irrigation Department has levied canal water charges on maximum intake basis (7 Cusec) whereas the Group is of the view that canal water should be charged on actual consumption basis (3.62 Cusec). In order to resolve the issue, Arbitrator [Superintendent Engineer ('SE') Irrigation Department] was appointed who decided the case against the Group. The Group, aggrieved by this decision, filed an appeal in Civil Court who referred the matter to SE Irrigation Department, Sahiwal on September 9, 2015 for re-arbitration. The Arbitrator decided the case against the Group on July 6, 2019. The Group has filed an appeal before Civil Court Khanewal and the matter is pending adjudication.

Furthermore, the Irrigation Department made an exorbitant increase in water charges for usage of non-agriculture canal water from Rs 8.65 per 1,000 cft to Rs 100 per 1,000 cft. The Group along with other companies in the industry filed a petition in the Lahore High Court on June 22, 2006 against this exorbitant increase in canal water charges. The Court has issued a stay order and asked the department to issue a notification after an agreement with the concerned parties.

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.

		2023	2022
		(Rupees in thousand)	
	On January 15, 2021, Additional District Judge, Khanewal returned Group's Appeal for injunction order on account of matter being beyond jurisdiction of the Additional District Judge. On February 02, 2021, the Group filed an appeal at the Lahore High Court, Multan Bench for stay order to restrain the Irrigation Department against suspension of water supply. On February 03, 2021, the Lahore High Court 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 another letter from Executive Engineer ('XEN'), Khanewal to deposit revised water charges including effluent charges amounting to Rs 131.943 million and then on January 7, 2023, the Group received another letter from XEN to deposit revised water charges including effluent charges amounting to Rs 147.972 million. 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 135.172 million.	135,172	119,140
xv)	On the dispute pertaining to a portion of land situated inside the plant owned by Government of Punjab which has been claimed by a local person, the Group after knowing the factual position started paying rent of the land to District Revenue Authority as tenant and applied to the Board of Revenue, Punjab (BOR) for sale of the said piece of land to the Group. The BOR directed the local authorities for the sale of land, but local authorities demanded exorbitant price. The Group filed an application dated January 01, 2010 to the Assistant Commissioner (AC), Kabirwala, for cancellation of the said transfers but no action was taken on it. On April 28, 2011, the Group filed an application to the Government for deciding its application dated April 30, 2004 for review of price determined by it. However, the Deputy Secretary (Colonies), Board of Revenue, issued a letter on May 30, 2011 wherein the Group was asked to pay the price within two (2) months.		
	Aggrieved, the Group filed a writ petition before the Honourable Lahore High Court, Multan Bench (the LHC). The LHC through its order dated December 06, 2021, disposed of the writ petition and directed the Member, Board of Revenue, Lahore (MBR), with the direction to treat it as a grievance petition and to decide it on merit in accordance with law after providing proper right of hearing to the Group. On May 11, 2022, the MBR through its Order declined the Group's request for review of the price of land and directed the Commissioner - Multan Division to decide the case as per merit and the prevailing Government policy. A review application before the MBR has been filed and the expected date of hearing is October 5, 2023.	15,000	15,000

	2023	2022
	(Rupees in thousand)	

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.

xvi) The Group has issued the following guarantees:

		2023	2022
		(Rupees in thousand)	
a)	Bank guarantees have been issued in favour of the Director, Excise and Taxation, Karachi.	41,835	41,835
b)	Bank guarantee has been issued to Collector of Customs.	2,760	2,760
c)	Standby letter of credit issued in favour of SNGPL against gas supply.	4,981,492	4,981,000
d)	Habib Metropolitan Bank Limited has issued bank guarantee on behalf of the Group in favour of SNGPL as a security to cover natural gas/RLNG supply for which payments are made in arrears. The guarantee is due to expire on June 30, 2023 and is renewable.	532,680	532,680
e)	A bank guarantee favouring Pakistan State Oil Company Limited ('PSO') against fuel supply.	690	690

19.2 Commitments

i) RPPL has an agreement with Descon Power Solutions (Private) Limited, a related party, for the Operations and Maintenance ('O & M') of the power plant for a period of eight years from the agreement date i.e. July 1, 2017 up till June 30, 2025 as per terms of the O & M Agreement dated July 27, 2017. Under the terms of above mentioned O & M Agreement, RPPL is required to pay a monthly fixed O & M fee which shall be adjusted annually to account for the effect of inflation on the basis of indexation mechanism mentioned in the O & M Agreement.

ii) RPPL has a Long Term Maintenance Service Agreement ('LTMSA') with Siemens Open Consortium consisting of Siemens Gas and Power Gmbh & Co. KG (previously Siemens AG) and Siemens Pakistan Engineering Company Limited starting from the agreement date i.e. June 29, 2017. All the rights, obligations and liabilities were transferred from Siemens AG to Siemens Gas and Power GmbH & Co. KG through Novation Agreement dated April 20, 2020. This agreement shall end for each gas turbine upon completion of the earlier of 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.

			2023	2022
20.	**Revenue**	**Note**	**(Rupees in thousand)**	
	Energy purchase price -gross		6,306,534	14,555,179
	Sales tax		(951,296)	(2,114,855)
	Energy purchase price -net		5,355,238	12,440,324
	Capacity purchase price	20.1	9,094,263	5,104,713
	Delayed payment markup	20.1	2,412,505	1,270,636
			16,862,006	18,815,673

20.1 Included in this is disputed revenue amounting to Rs 4,462.950 million (2022: Rs 838.634 million) and Rs 736.384 million (2022: Rs 14.486 million) relating to capacity purchase price and delayed mark-up calculated thereon respectively as referred to in note 9.2.

			2023	2022
21.	**Direct costs**	**Note**	**(Rupees in thousand)**	
	RLNG consumed		5,543,668	12,525,797
	Salaries, benefits and other allowances	21.1	30,987	26,847
	Operation and maintenance costs		893,478	821,765
	Stores, spares and loose tools consumed		102,673	204,079
	Electricity consumed in-house		245,634	135,019
	Insurance		166,339	123,669
	Lube oil consumed		778	-
	Repairs and maintenance		14,415	61,156
	Travelling and conveyance		376	265
	Depreciation on operating fixed assets	5.1.1	1,532,196	1,519,872
	Licensing fee		48,218	37,368
	Electricity duty		545	1,083
	Colony maintenance		21,682	20,660
	Communication		7,578	5,884
	Security expense		8,305	6,554
	Vehicle maintenance		1,650	1,083
	Miscellaneous		7,836	6,012
			8,626,358	15,497,113

21.1 This includes Rs 1.19 million (2022: Rs 0.96 million) in respect of provident fund contribution by the Group.

22. Administrative expenses

	Note	2023	2022
		(Rupees in thousand)	
Salaries, benefits and other allowances	22.1	95,718	71,547
Directors' meeting fee	29.1	1,625	1,000
ERP running cost	22.2	16,010	10,923
Traveling and conveyance		9,607	3,253
Utilities		1,279	958
Postage and telephone		1,681	1,434
Printing, stationery and advertisement		2,973	2,014
Auditors' remuneration	22.3	6,521	5,538
Rent, rates and taxes	22.4	11,559	17,804
Repairs and maintenance		393	389
Provision for doubtful debts		8,431	-
Legal and professional expenses		74,291	45,646
Fees and subscription		2,851	2,835
Entertainment		744	911
Amortisation on intangible assets	6.1	3,344	903
Depreciation on operating fixed assets	5.1.1	8,494	6,511
Vehicle maintenance		1,821	104
Insurance		6,165	4,891
Training expenses		-	76
Professional tax		700	100
Miscellaneous		3,329	3,352
Bad debts written off		642	-
		258,178	180,189

22.1 Salaries and other benefits includes Rs 4.090 million (2022: Rs 3.460 million) in respect of provident fund contribution by the Group, Rs 7.740 million (2022: Rs 5.047 million) on account of gratuity and Rs 0.075 million (2022: Rs 0.043 million) on account accumulating compensated absences, respectively.

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

	2023	2022
22.3 Auditors' remuneration	(Rupees in thousand)	
The charges for professional services (exclusive of sales tax) consist of the following in respect of auditors' services for:		
Statutory audits	5,036	4,378
Half yearly review	407	354
Certifications required by various regulations	191	377
Reimbursement of expenses	437	429
Special audit of consolidated financial statements	450	-
	6,521	5,538

22.4 This includes lease rental of Rs 3.362 million (2022: Rs 3.761 million) and Rs 2.85 million (2022: Rs 1.3 million) in respect of property leased from Descon Corporation (Private) Limited and Descon Engineering Limited respectively, related parties.

	Note	2023	2022
23. Other income		(Rupees in thousand)	
Profit on bank deposits and other investments		11,313	140,698
Fair value gain on short term investment		2,060	817
Gain on sale of operating fixed assets		-	3,492
Scrap sales		5,902	3,627
Provisions and unclaimed balances written back		-	1,558
Dividend income from short term investment		47,196	39,275
Gain on sale of operating fixed assets		543	-
Others		4,119	374
		71,133	189,841
24. Other expenses			
Donations	24.1	11,643	11,472
Other receivables written off		-	279
Exchange loss		337,492	34,598
Loss on sale of investment		-	43,613
		349,135	89,962

24.1 The donations to the following parties/communities exceeded Rs 1 million during the year ended June 30, 2023:
- Basic Health Unit - Abdul Hakim;
- Government Girls and Boys High School - Abdul Hakim Government Special Education Center - Khanewal; and
- Lahore University of Management Sciences.

Whereas, in the prior year, the donation was made to Government Rural Health Centre - Abdul Hakim, Community of Abdul Hakim, Government Girls High School - Abdul Hakim and Government Special Education Center - Khanewal. None of the directors or their spouses have any interest in the donees.

		Note	2023	2022
			(Rupees in thousand)	
25.	**Finance cost**			
	Markup on short term borrowings - secured		293,790	125,577
	Guarantee commission		31,642	28,616
	Lenders' fees and charges		22,733	15,112
	Lenders' related other costs		118	1,218
	Late payment surcharge on gas invoices		-	194
	Bank charges		55	123
			348,338	170,840
26.	**Taxation**			
	Current			
	- For the year		10,360	882,253
	- Prior years		-	14
			10,360	882,267
	Deferred	16.2	98,544	(403,989)
			108,904	478,278
26.1	**Relationship between tax income and accounting profit**			
	Profit before taxation		7,351,130	3,067,410
	Tax at the applicable rate of 29% (2022: 29%) under the Income Tax Ordinance, 2001		2,131,828	889,549
	Tax effect of:			
	- Amounts that are exempt as referred to in note 4.2		(2,149,441)	(877,563)
	- Inadmissible electric power generation expenses and other non-deductible amounts		34,581	40,207
	- Super tax		-	293,173
	- Income taxable under different rate		(4,400)	(4,067)
	- Recognition of deferred tax on undistributed reserves of subsidiary		98,544	(403,989)
	- Items subject to final tax regime		(2,208)	541,582
	- Prior years' tax		-	(614)
			(2,022,924)	(411,271)
			108,904	478,278

26.2 AEL along with certain related companies had obtained certificate of registration and designation letter of a group from SECP on June 5, 2015 and September 9, 2016, respectively, and the same were registered as a Taxation Group with SECP under the Group Companies Registration Regulations, 2008 to avail group relief under section 59B of the Income Tax Ordinance, 2001. At the time of registration of the Taxation Group, inter-corporate dividend [PMCL (wholly owned subsidiary) to the AEL] was exempt from tax for companies entitled for group relief under Clause 103A of Part I of the Second Schedule to the Income Tax Ordinance, 2001. However, subsequent to the registration of the Taxation Group, this clause was amended through Finance Act, 2016 and the exemption in respect of inter-corporate dividend was withdrawn. The Group is of the view, that since the AEL had been registered as a Taxation Group before the amendment in law, AEL remains entitled for such exemption. Based on the advice of the Group's legal advisor, management believes that there are meritorious grounds to defend its case in the courts of law with the taxation authorities. Consequently, no provision of Rs 436.58 million (2022: Rs 436.58 million) for tax on dividend income received from PMCL (wholly owned subsidiary) for the tax years 2017 and 2018 has been recognized in these consolidated financial statements.

27. Working capital changes

	Note	2023	2022
		(Rupees in thousand)	
Current assets			
Increase in stores, spares and loose tools		(13,655)	(2,485)
Decrease in inventory of fuel oil		9,368	2,831
(Decrease)/increase in trade debts		(2,150,695)	2,926,521
Decrease in advances, prepayments and other receivables		(400,282)	(316,501)
		(2,555,264)	2,610,366
Current liabilities			
Decrease/(increase) in trade and other payables		(899,190)	1,450,478
		(3,454,454)	4,060,844

27.1 Cash and cash equivalents

	Note	2023	2022
Bank balances	12	2,906,352	629,609
Short term investments	11	291,811	265,586
Short term borrowings from banking companies - secured	18	(1,165)	(2,819,700)
		3,196,998	(1,924,505)

28. Transactions with related parties

The related parties comprise the holding company of AEL, ultimate parent, subsidiaries and associates of holding company and ultimate parent, group companies, related parties on the basis of common directorship, key management personnel of the Group and its holding company and post-employment benefit plans (Gratuity Fund and Provident Fund). Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company. The Group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Related party transactions have been disclosed in respective notes in these consolidated financial statements other than the following:

Relationship with the Group	Nature of transactions	2023	2022
		(Rupees in thousand)	
i. Holding company			
DEL Power (Private) Limited	Dividends paid	-	3,617,532
ii. Other related parties			
On the basis of common directorship			
Descon Engineering Limited	Supply of spares and services	15,008	14,736
	Common costs charged to the Group	3,981	3,347
Descon Power Solutions (Private) Limited	Operation and maintenance contractor's fee	574,910	513,625
	Purchases of spare parts	3,416	3,984
	Common costs charged to the Group	941	397
Descon Corporation (Private) Limited	Supply of spares and services	47,974	34,231
	Common costs charged to the Group	1,795	796
	Building rent	862	961
Inspectest (Private) Limited	Services rendered	798	810
Group companies			
Descon Holdings (Private) Limited	Dividends paid	-	513
Other related parties			
Crescent Steel and Allied Products Limited	Dividends paid	-	1,038,109
Siemens Pakistan Engineering Company Limited	Purchase of Goods and Services	-	838
iii. Key management personnel - note 28.2	Short term employee benefits	7,787	6,344
	Post employment benefits	388	798
	Director's meeting fee	1,625	1,000
	Dividends paid	-	385
iv. Retirement benefit plan	Expense charged in respect of defined benefit plan - gratuity fund	6,203	4,719
	Expense charged in respect of contributory provident fund	4,547	4,414

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

28.2 This represents remuneration of Chief Executive and certain benefits paid to non-executive Directors disclosed in note 29.1 to these consolidated financial statements.

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

Name	Relationship	Percentage of shareholding of the Parent Company
DEL Power (Private) Limited	Holding Company	58.18%
DEL Processing (Private) Limited	Ultimate Parent	Nil
Descon Engineering Limited	Common directorship	Nil
Descon Power Solutions (Private) Limited	Common directorship	Nil
Descon Corporation (Private) Limited	Common directorship	Nil
Inspectest (Private) Limited	Common directorship	Nil
Crescent Steel and Allied Products Limited	Other related party	16.69%
Descon Holdings (Private) Limited	Group company	0.01%
Ms. Nausheen Ahmed	Director	0.00%
Ms. Aliya Saaeda Khan	Director	0.00%
Mr. Syed Rizwan Ali Shah	Director	0.00%
Mr. Umer Shehzad Sheikh	Chief Executive	Nil

29. Remuneration of Chief Executive, Directors and Executives

29.1 The aggregate amounts charged in these consolidated financial statements for remuneration and certain benefits to Chief Executive, Directors and Executives are as follows:

		Chief Executive		Non-executive directors	
		2023	2022	2023	2022
	Note	(Rupees in thousand)		(Rupees in thousand)	
Managerial remuneration		4,488	4,533	-	-
Bonus		378	350	-	-
Gratuity		360	770	-	-
Accumulating compensated absences		28	28	-	-
Reimbursement of expenses		1,568	337	-	-
Car allowance		854	854	-	-
House rent, utilities and allowances		499	270	-	-
Meeting fee	29.2	-	-	1,625	1,000
		8,175	7,142	1,625	1,000
Number of person(s)		1	1	2	2

	Executives	
	2023	2022
	(Rupees in thousand)	
Managerial remuneration (including performance bonus)	69,364	65,949
Contribution to provident fund	4,548	4,676
Gratuity fund	4,816	4,339
House rent, utilities and other allowances	10,422	7,613
	89,150	82,577
Number of person(s)	7	8

29.2 During the year the Group paid meeting fee amounting to Rs 1.625 million (2022: Rs 1 million) to its non-executive (independent) director.

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

30. Number of employees	**2023**	**2022**
Total number of employees as at June 30	23	26
Average number of employees during the year	24	26

31. Disclosure relating to Provident Fund of RPPL

The investments by the provident fund in collective investment schemes, listed equity and debt securities have been made in accordance with the provisions of section 218 of the Act and the conditions specified thereunder.

32. Financial risk management

32.1 Financial risk factors

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

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

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

a) Credit Risk

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

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

i) Exposure to credit risk

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

	2023	2022
	(Rupees in thousand)	
Long term security deposits	707	506
Trade debts	15,324,789	13,182,525
Other receivables	567,624	442,527
Short term investments	291,811	265,586
Bank balances	2,906,352	629,609
	19,091,283	14,520,753

	2023	2022
As of June 30, age analysis of trade debts was as follows:		
Neither past due nor impaired	2,485,237	2,707,884
Past due but not impaired		
- 1 to 30 days	1,559,448	5,344,597
- 31 to 120 days	6,481,439	3,851,619
- 121 to 360 days	3,815,102	928,396
- above 360 days	983,563	350,029
	12,839,552	10,474,641
Past due and impaired		
- 1 to 30 days	-	-
- 31 to 120 days	-	-
- 121 to 360 days	18,605	-
- above 360 days	183,081	193,255
	201,686	193,255
Provision for impairment	(201,686)	(193,255)
	15,324,789	13,182,525

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	2023	2022
	Short term	Long term	Agency	(Rupees in thousand)	
Short term investments					
NBP Money Market Fund	-	AA(f)	PACRA	289,926	263,463
NBP Daily Dividend Fund	-	AA+(f)	PACRA	1,885	2,123
				291,811	265,586
Bank balances					
MCB Bank Limited	A1+	AAA	PACRA	1,982	1,951
The Bank of Punjab	A1+	AA+	PACRA	4,295	4,295
Habib Bank Limited	A1+	AAA	VIS	1,082	1,082
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	4,220	15,035
Faysal Bank Limited	A1+	AA	PACRA	1,130,017	-
Askari Bank Limited	A1+	AA+	PACRA	10	-
National Bank of Pakistan	A1+	AAA	PACRA	1,755,173	602,861
Bank Alfalah	A1+	AA+	PACRA	2	-
Bank Islami Limited	A1	AA-	PACRA	5	-
Allied Bank Limited	A1+	AAA	PACRA	3	-
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	9,563	4,385
				2,906,352	629,609

The Group's sole customer is CPPA-G. The credit risk on trade debts from CPPA-G is managed by a guarantee from the Government of Pakistan under the Implementation Agreement (IA) and by continuous follow-ups for release of payments from CPPA-G. Cash is held only with reputable banks with high quality external credit enhancements. The Group establishes a provision for doubtful debts that represents its estimate of incurred losses in respect of trade debts, if required. Due to the Group's long standing business relationships with these counter-parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Group. Accordingly, the credit risk is minimal.

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

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

b) Liquidity risk

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

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

Management monitors the forecasts of the Group's cash and cash equivalents (note 27.1) on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the 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	
	2023	2022
	(Rupees in thousand)	
Fixed rate instruments		
Financial assets		
Bank balances - saving accounts	1,764,798	607,242
Term deposit receipt	1,130,000	-
	2,894,798	607,242
Financial liabilities	-	-
Net exposure	2,894,798	607,242

	Carrying amounts	
	2023	2022
	(Rupees in thousand)	
Variable rate instruments		
Financial assets		
Trade debts - overdue	12,839,552	10,474,641
Financial liabilities		
Short term borrowings from banking companies - secured	(1,165)	(2,819,700)
Net exposure	12,838,387	7,654,941

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 140.223 million (2022: Rs 46.206 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:

	2023		
	Translated in Rupees	USD	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)

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

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	
	2023	2022	2023	2022
USD	286.90	206.00	246.45	182.20
Euro	314.27	215.75	265.01	202.16

Sensitivity analysis

At June 30, 2022, 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 2.09 million (2022: Rs 4.17 million) lower/higher mainly as a result of exchange loss/gain on translation of USD denominated financial instruments.

At June 30, 2022, if the Rupee had weakened/strengthened by 10% against the Euro with all other variables held constant, the impact on post tax profit for the year would have been Rs 104.53 million (2022: Rs 7.92 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 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, 2023, 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	
	2023	2022
	(Rupees in thousand)	
NBP Money Market Fund	28,992	26,346
NBP Islamic Daily Dividend Fund	188	212
	29,180	26,558

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

32.2 Fair value estimation

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

The table below analyses the financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

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

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

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

As at June 30, 2023	Level 1	Level 2	Level 3	Total
		(Rupees in thousand)		
Recurring fair value measurements				
Assets - Short term investments	291,811	-	-	291,811
Liabilities	-	-	-	-
As at June 30, 2022				
Recurring fair value measurements				
Assets - Short term investments	265,586	-	-	265,586
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.

32.3 Financial instruments by categories

	At fair value through profit or loss	Financial assets at amortised cost	Total
	(Rupees in thousand)		
As at June 30, 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	291,811	-	291,811
Bank balances	-	2,906,352	2,906,352
	291,811	18,800,606	19,092,417

	At fair value through profit or loss	Financial assets at amortised cost	Total
As at June 30, 2022	(Rupees in thousand)		
Assets as per statement of financial position			
Long term security deposits	-	506	506
Long term loans to employees	-	1,816	1,816
Trade debts - secured	-	13,182,525	13,182,525
Loans and other receivables	-	442,527	442,527
Short term investments	265,586	-	265,586
Bank balances	-	629,609	629,609
	265,586	14,256,983	14,522,569

	Financial liabilities at amortised cost	
	2023	2022
Liabilities as per statement of financial position	(Rupees in thousand)	
Trade and other payables	1,318,120	2,014,040
Short term borrowings from banking companies - secured	1,165	2,819,700
Accrued markup on short term borrowings - secured	34,998	111,618
Unclaimed dividend	5,414	5,414
	1,359,697	4,950,772

32.4 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and lenders and to maintain an optimal capital structure to reduce the cost of capital.

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, 2023 and 2022 were as follows:

	2023	2022
	(Rupees in thousand)	
Borrowings (including accrued markup thereon)	36,163	2,931,318
Less: Bank balances	2,906,352	629,609
Short term investments	291,811	265,586
	3,198,163	895,195
(Negative net debt)/net debt	(3,162,000)	2,036,123
Total equity	30,458,017	23,214,001
Gearing ratio	-10.4%	8.8%

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.

32.5 Offsetting financial assets and financial liabilities

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

33. Plant capacity and actual generation

		2023	2022
Installed capacity	(MWh)	3,710,356	3,710,556
Practical maximum output	(MWh)	3,256,318	1,964,858
Actual energy delivered	(MWh)	179,000	496,000

The actual generation for power plants 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 AEL's generation license as stated in note 1.1, AEL was unable to generate and deliver energy.

34. Earnings per share - basic and diluted

34.1 Basic earnings per share

		2023	2022
Profit for the year attributable to owners of the Parent Company	(Rupees in thousand)	4,279,794	1,352,038
Weighted average number of ordinary shares	(Number)	363,380,000	363,380,000
Basic earnings per share	(Rupees)	11.78	3.72

34.2 Diluted earnings per share

A diluted earnings per share has not been presented as the Group does not have any convertible instruments in issue as at June 30, 2023 and June 30, 2022 which would have any effect on the earnings per share if the option to convert is exercised.

35. Interests in other entities

35.1 Subsidiaries

The Group's principal subsidiaries as at June 30, 2023 and June 30, 2022 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
		2023	2022	2023	2022	
Power Management Company (Private) Limited	Lahore, Pakistan	100%	100%	0%	0%	Invest, manage, operate, run, own and build power projects, intermediate holding company of RPPL
Rousch (Pakistan) Power Limited	Islamabad, Pakistan	59.98%	59.98%	40.02%	40.02%	Generate and supply electricity to CPPA

35.2 Non-controlling interest

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

	Rousch (Pakistan) Power Limited	
	2023	2022
Summarised consolidated statement of financial position	(Rupees in thousand)	
Current assets	21,298,409	16,203,472
Current liabilities	(1,851,674)	(5,145,560)
Current net assets	**19,446,735**	**11,057,912**
Non-current assets	11,613,969	12,600,243
Non-current liabilities	(8,358)	(9,977)
Non-current net assets	**11,605,611**	**12,590,266**
Net assets	**31,052,346**	**23,648,178**
Accumulated non-controlling interest	**12,426,921**	**9,463,773**
Summarised consolidated statement of comprehensive income		
Revenue - net	16,844,549	18,814,615
Profit for the year	7,402,378	3,091,189
Other comprehensive income/(loss) for the year	1,790	(1,511)
Total comprehensive income for the year	7,404,168	3,089,678
Profit attributable to non-controlling interests	2,962,432	1,237,094
Other comprehensive income/(loss) attributable to non-controlling interests	716	(605)
Dividends provided for non-controlling interests	-	4,830,015
Summarised cash flows		
Net cash inflow from operating activities	5,643,030	8,616,921
Net cash outflow from investing activities	(535,829)	(57,216)
Net cash outflow from financing activities	-	(12,070,202)
Net increase/(decrease) in cash and cash equivalents during the year	5,107,201	(3,510,497)

35.3 Transactions with non-controlling interests

There was no transaction with non-controlling interests during the year ended June 30, 2023.

36 Date of authorization for issue

These consolidated financial statements were authorised for issue on __________________ by the Board of Directors of AEL.

37 Events after the reporting period

37.1 On August 15, 2023, the Board of Directors of AEL declared and subsequently distributed interim cash dividend @ 47% (Rupees 4.7 per ordinary share) amounting to Rs 1,707.886 million to the shareholders of AEL.

37.2 On September 12, 2023, the NEPRA in its Regulatory Meeting approved the extension in the term of the Generation License of AEL for approximately ten (10) years from the expiry of the previous term till June 05, 2031, making it consistent with the term of the PPA and IA.

Chief Executive	Chief Financial Officer	Director

SIX YEAR PERFORMANCE

Financial Year ending June 30	2023	2022	2021	2020	2019	2018
	(Rupees in thousand)					
Despatch (MWH)	-	-	12,403	3,728	22,029	145,115
Revenue	17,457	1,058	204,104	116,802	474,160	1,621,194
Direct Costs	83,003	103,285	247,449	167,863	501,829	1,558,269
Gross Profit/ (Loss)	(65,546)	6,637,945	(43,345)	(51,061)	(27,669)	62,925
Net Profit/ (Loss)	(72,858)	6,615,965	(84,315)	1,689,621	954,822	1,452,563
Total Assets	3,980,293	4,216,135	4,170,710	4,317,833	4,874,063	5,088,896

PATTERN OF SHAREHOLDING

FORM 34

THE COMPANIES ACT, 2017
(Section 227(2)(f))
PATTERN OF SHAREHOLDING

1.1 Name of the Company: ALTERN ENERGY LIMITED

2.1. Pattern of holding of the shares held by the shareholders as at: 30-06-2023

2.2 No. of Shareholders	------Shareholdings------ From	To	Total Shares Held
146	1	100	3,116
151	101	500	70,393
149	501	1,000	142,657
198	1,001	5,000	573,463
66	5,001	10,000	544,305
22	10,001	15,000	277,000
15	15,001	20,000	266,001
7	20,001	25,000	166,500
5	25,001	30,000	143,000
2	30,001	35,000	63,000
5	35,001	40,000	195,563
2	40,001	45,000	88,500
4	45,001	50,000	198,000
4	50,001	55,000	209,000
1	65,001	70,000	67,500
2	70,001	75,000	148,000
1	80,001	85,000	85,000
6	95,001	100,000	597,500
1	115,001	120,000	120,000
2	125,001	130,000	258,500
1	170,001	175,000	173,000
1	195,001	200,000	200,000
1	225,001	230,000	230,000
1	240,001	245,000	241,500
3	245,001	250,000	750,000
1	485,001	490,000	487,000
1	755,001	760,000	760,000
1	1,140,001	1,145,000	1,145,000
1	1,195,001	1,200,000	1,200,000
1	1,200,001	1,205,000	1,202,500
1	1,290,001	1,295,000	1,293,500
1	1,315,001	1,320,000	1,317,000
1	3,300,001	3,305,000	3,303,725
1	5,780,001	5,785,000	5,784,500
1	7,045,001	7,050,000	7,045,500
1	60,660,001	60,665,000	60,663,775
1	61,965,001	61,970,000	61,968,939
1	211,395,001	211,400,000	211,397,063
809			**363,380,000**

Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2023

S. No.	NAME	HOLDING	% AGE
	DIRECTORS, CEO THEIR SPOUSE AND MINOR CHILDREN		
1	MR. FAISAL DAWOOD (CDC)	22,500	0.0062
2	MR. FAROOQ NAZIR (CDC)	500	0.0001
3	MR. SHAH MUHAMMAD CHAUDHARY (CDC)	500	0.0001
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
		25,000	0.0069
	ASSOCIATED COMPANIES, UNDERTAKING & RELATED PARTIES		
1	DEL POWER (PRIVATE) LIMITED (CDC)	211,397,063	58.1752
2	DESCON HOLDINGS (PVT) LIMITED.(CDC)	30,000	0.0083
		211,427,063	58.1835
	NIT & ICP	0	0.0000
	FINANCIAL INSTITUTION		
1	SONERI BANK LIMITED - ORDINARY SHARES (CDC)	5,784,500	1.5919
		5,784,500	1.5919
	MODARABAS & MUTUAL FUNDS		
		0	0.0000
	PENSION FUNDS	0	0.0000
	INSURANCE COMPANIES	0	0.0000
	JOINT STOCK COMPANIES		
1	OCTAGON INTERNATIONAL (PVT) LIMITED	1,000	0.0003
2	AHSAM SECURITIES (PRIVATE) LIMITED (CDC)	18,000	0.0050
3	BROADAXIS TECHNOLOGIES (PRIVATE) LIMITED (CDC)	15,000	0.0041
4	ALI ASGHAR TEXTILE MILLS LTD (CDC)	99,000	0.0272
5	CRESCENT STEEL AND ALLIED PRODUCTS LTD. (CDC)	60,663,775	16.6943
6	CS CAPITAL (PVT) LTD. (CDC)	3,303,725	0.9092
7	DOSSA COTTON & GENERAL TRADING (PVT) LIMITED (CDC)	250,000	0.0688
8	ELAHI CAPITAL (PRIVATE) LIMITED (CDC)	1,202,500	0.3309
9	FAZAL HOLDINGS (PVT.) LIMITED (CDC)	1,145,000	0.3151
10	MAPLE LEAF CAPITAL LIMITED (CDC)	1	0.0000
11	SAPPHIRE HOLDING LIMITED (CDC)	50,500	0.0139
12	SARFRAZ MAHMOOD (PVT) LTD. (CDC)	500	0.0001
13	SOFCOM (PRIVATE) LIMITED (CDC)	8,000	0.0022
14	ALLIANCE INVESTMENT MANAGEMENT LIMITED (CDC)	130,000	0.0358
		66,887,001	18.4069
	FOREIGN COMPANY		
1	SAUDI ARABIAN CONSTRUCTION & REPAIR CO. LTD.	61,968,939	17.0535
		61,968,939	17.0535

OTHERS

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

SHARES HELD BY THE GENERAL PUBLIC (LOCAL):	15,081,997	4.1505
SHARES HELD BY THE GENERAL PUBLIC (FOREIGN):	128,500	0.0354
	15,210,497	4.1858
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
	Mr. Mubashaer, Plerase check at your end		

ALTERN ENERGY LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 29th Annual General Meeting ("AGM") of Altern Energy Limited (the 'Company') will be held on Tuesday, October 24, 2023, at 10:00 a.m. at the registered office of the Company at Descon Headquarters 18-Km Ferozepur Road, Lahore to transact the following business:

ORDINARY BUSINESS

1. To confirm minutes of the last Extraordinary General Meeting of the Company held on December 30, 2022.

2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended 30th June 2023 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 2023 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. A.F. Ferguson & Co., Chartered Accountants, have retired and the board has recommended M/S. Grant Thornton Anjum Rahman, Chartered Accountant, as auditors of the Company for the year ending June 30, 2024.

SPECIAL BUSINESS:

4. To consider and if deemed fit, to pass the following resolutions as special resolutions in pursuance of S.R.O. 389(I) /2023 dated March 21, 2023, of the Securities and Exchange Commission of Pakistan to authorize the Company to circulate the annual audited (consolidated and standalone) financial statements to its Members through QR enabled code and web link, with or without modification, additions(s) or deletions(s):

   "RESOLVED THAT the consent and approval of the Members of Altern Energy Limited (the "Company") be and is hereby accorded and the Company be and is hereby authorized to disseminate the annual audited financial statements (consolidated and standalone) to its members through QR enabled code and web link as part of the notice of Annual General Meeting.

   RESOLVED FURTHER THAT Chief Executive Officer and/or the Secretary of the Company be and are hereby singly authorized to do all acts, deeds and things, take or cause to be taken all necessary actions to comply with all legal formalities and requirements and file necessary documents as may be necessary or incidental for the purpose of implementing these resolutions."

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

By Order of the Board of Directors

Place : Lahore
October 02, 2023

Salman Ali
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will be closed from 18-10-2023 to 24-10-2023 (both days inclusive).

2. In compliance with the section 223(6) of the Companies Act 2017 (hereinafter, referred as the “Act”), the Company has electronically transmitted the Annual Accounts 2023 through email to shareholders whose e-mail addresses are available with the Company's Share Registrar, M/s Corplink (Pvt) Limited in those cases, where email addresses are not available with the Company. The shareholders should download Annual Accounts from the official website of the Company i.e. www.alterenergyhpk.com (the “Company's Website”).However, the Company would provide hard copies of the Annual Accounts to the Shareholders on their demand at their registered address, free of cost within one week of such request. Further, shareholders are requested to kindly provide the valid email address (along with a copy of valid CNIC) to the Company's address. Further, the shareholders who have not yet provided their email address are advised to submit their valid email address through a duly signed letter to the Company's Share Registrar Corplink (Pvt.) Limited, at Wings Arcade,1-K, Commercial Model Town Lahore.

3. Members are requested to attend in person along with their Computerized National Identity Card (“CNIC”) or appoint some other member as proxy and send their proxy, duly witnessed, so as to reach the registered office of the Company not later than 48 hours before the time of holding the said Meeting. A member cannot appoint more than one proxy. Proxy Form is attached at the end of the Annual Report and is also available on the Company's Website.

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

5. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her original CNIC or passport, Account and participant's I.D. numbers to prove his/her identity, and in case of proxy it must enclose an attested copy of his / her CNIC or passport. Representatives of corporate members should bring the usual documents required for such purpose.

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

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

8. Shareholders are requested to immediately notify a change in address, if any, to the Company's Share Registrar, M/s. Corplink (Private) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore and also furnish attested photocopy of their CNIC as per Listing Regulations, if not provided earlier.

Form of Proxy
Altern Energy Limited

IMPORTANT
This form of proxy, in order to be effective, must be deposited duly completed, at the Company's registered office at Descon Headquarters, 18-KM, Ferozepur Road, Lahore not less than 48 hours before the time of holding the meeting. A Proxy must be member of the Company. Signature should agree with the specimen register with the Company. Please quote registered Folio / CDC Account numbers.

Shareholder Folio No. ______________

OR

CDC Participant I.D.No. ______________

& Sub Account No. ______________

I/We ____

of ____

being a member of Altern Energy Limited entitled to vote and holder ______________________

of ____

ordinary shares, hereby appoint Mr./Mrs./Mst. ______________________________

of ____

Who is also a member of the Company, as my/our proxy in my / our absence to attend and vote for me / us on my / our behalf at the Annual General Meeting of the Company to be held at Descon Headquarters, 18km, Ferozepur Road, Lahore on Tuesday, October 24, 2023 at 10:00 am and at any Adjournment there of.

As witness my / our hand this ______________ day of ____________________2023.

Signed by the said ______________________________ in the presence of ______________________

____
(Member's Signature)

Place ______________________

Date ______________________

Affix Rs. 5/
Revenue Stamp which
must be cancelled
either by signature over
it or by some other
means

____
(Witness's Signature)

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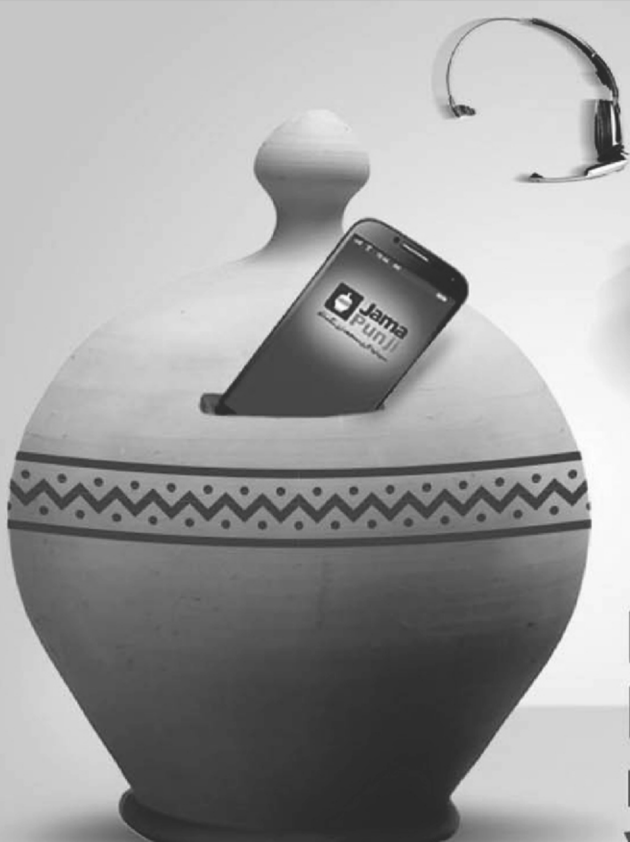

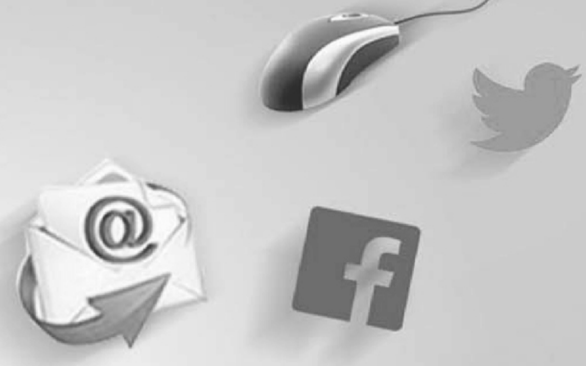

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