

Altern Energy Limited

Annual Report
2019

Contents

COMPANY INFORMATION

VISION AND MISSION STATEMENT	
DIRECTORS' REPORT	05-10
DIRECTORS' REPORT URDU	11-16
STATEMENT OF COMPLIANCE	17-18
REVIEW REPORT TO MEMBERS	19
AUDITOR'S REPORT TO MEMBERS	20-21
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION	22-23
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS	24
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	25
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY	26
UNCONSOLIDATED STATEMENT OF CASH FLOWS	27
NOTES TO THE FINANCIAL STATEMENTS	28-58
CONSOLIDATED FINANCIAL STATEMENTS	60
CONSOLIDATED AUDITOR'S REPORT TO MEMBERS	61
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	62-63
CONSOLIDATED STATEMENT OF PROFIT OR LOSS	64
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	65
CONSOLIDATED STATEMENT OF CASH FLOWS	66
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	67
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	68-114
SIX YEARS FINANCIAL HIGHLIGHTS	115
PATTERN OF SHARE HOLDING	116
CATEGORIES OF SHAREHOLDERS	117-118
NOTICE OF ANNUAL GENERAL MEETING	
PROXY FORM	

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Taimur Dawood	Chairman
Mr. Faisal Dawood	Director
Mr. Farooq Nazir	Director
Mr. Ijaz Ali Khan	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

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Farooq Nazir	Chairman
Mr. Shah Muhammad Chaudhry	
Mr. Ijaz Ali Khan	

CHIEF FINANCIAL OFFICER

Ms. Annie Mazhar Malik

COMPANY SECRETARY

Mr. Salman Ali

HEAD INTERNAL AUDIT

Ms. Noor Shujah

EXTERNAL AUDITORS

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

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

It is my pleasure to present to you financial results of Altern Energy Limited for the year ended June 30, 2019.

Over the course of the last few years, power generation business has changed completely due to notable increase in power generation capacity in the country resulting in reduction of shortfall in supply of electricity. Moreover, on the global front, focus has shifted from thermal power to renewable energy. Now that the country has surplus energy, the Pakistan government is also shifting its focus on renewable energy and a new Alternate and Renewable Energy (ARE) policy is under preparation. As we move into the future, the Government will try to improve the energy mix for cost efficiency by adding ARE projects. At the same time, more investment will be required in the transmission and distribution systems to reap the benefits of additional power.

The Board is fully aware of its role and responsibility 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.

Our country has faced severe decline in gas reserves. As a result Altern faced frequent gas suspensions by SNGPL in the recent past. Resultantly in 2017, the Board of Directors of Altern authorized management to avail Re-gasified Liquid Natural Gas (RLNG) to produce electricity in place of indigenous gas. However, as a result of the rising RLNG prices since last year owing to increase in Brent prices and devaluation of Pak Rupee against US Dollar, Altern has been facing a sharp decline in dispatch demand from NPCC, resulting in loss of capacity revenue. The Company, having a contract with the off-taker Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) on take-and-pay basis, faces a challenge to honour its contractual obligations under the Power Purchase Agreement due to a significant reduction in revenue as a result of reduced demand from NPCC. Despite challenges of liquidity on account of circular debt being faced by the energy sector, low-demand from CPPA-G in the previous year, and suspension of gas at occasions, the Company has managed to keep its plant operational by maintaining its focus on reliable plant operations by executing routine and major maintenance activities of the Complex.

Although, both companies, Altern and Rousch have faced challenges in the recent past in terms of gas availability especially during the winter and its impact on circular debt, yet we have been able to manage the operations with dedication and perseverance in these challenging times.

I would conclude by conveying my appreciation to the AEL Board of Directors who have contributed immensely by supporting and advising management to maintain Company's focus to minimise the impact of the disruption taking place in the regulatory and operational environment. I also extend my appreciation to Company's management for their response to minimise the effects of the adverse operating environment. I acknowledge the support of our valued Shareholders for their trust in the abilities of the Board and management to deliver optimal results in the most challenging circumstances.



Taimur Dawood
Chairman

Lahore - September 30, 2019

چیئرمین کا جائزہ

میں 30 جون 2019 کو ختم ہونے والے سال کے لئے آلٹرن انرجی لمیٹڈ کے مالی نتائج پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔

پچھلے کچھ سالوں کے دوران، ملک میں بجلی کی پیداواری صلاحیت میں قابل ذکر اضافہ کے سبب پاور بزنس مکمل طور پر تبدیل ہو گیا ہے جس کے نتیجے میں بجلی کی فراہمی میں شارٹ فال کم ہوا ہے۔

مزید یہ کہ، عالمی محاذ پر، توجہ تھرمل پاور سے قابل تجدید توانائی کی طرف منتقل ہو گئی ہے۔ اب جب کہ ملک میں اضافی توانائی ہے، پاکستانی حکومت بھی قابل تجدید توانائی پر اپنی توجہ مرکوز کر رہی ہے اور ایک نئی متبادل اور قابل تجدید توانائی (ARE) پالیسی تشکیل دے رہی ہے۔ جیسے جیسے ہم مستقبل میں آگے بڑھ رہے ہیں، حکومت ARE منصوبوں کے ذریعے سستی بجلی پیدا کرنے کے لئے توانائی مکس کو بہتر بنانے کی کوشش کرے گی۔ اسی اثنا میں اضافی بجلی کے فوائد حاصل کرنے کے لئے، ٹرانسمیشن اور تقسیم کے نظام میں مزید سرمایہ کاری کی ضرورت ہوگی۔

آپ کا بورڈ توانائی کے شعبے کی بحالی میں حصہ لینے کے لئے اپنے کردار اور ذمہ داری سے مکمل طور پر واقف ہے جو بالآخر طویل عرصہ تک ملک کو فائدہ پہنچائے گا۔ بجلی کے شعبے میں ہمارا فعال کردار ایک اور پاور پروڈیوسر 450 میگاواٹ گیس فائرڈ کمبائنڈ سائیکل تھرمل پاور پلانٹ روسو (پاکستان) پاور لمیٹڈ؛ میں سرمایہ کاری سے ظاہر ہوتا ہے۔

ہمارے ملک نے ملکی گیس ذرائع میں بہت زیادہ کمی کا سامنا کیا ہے جس وجہ سے آلٹرن نے ماضی قریب میں SNGPL کی طرف سے گیس کی معطّلی کا سامنا کیا۔ جس وجہ سے، بورڈ نے سال 2017 میں انتظامیہ کو مقامی گیس کی جگہ بجلی پیدا کرنے کے لئے ری گیسیفائیڈ لیکوئیڈ نیچرل گیس (RLNG) سے مستفید ہونے کا اختیار دیا۔ تاہم، برنٹ قیمتوں میں اضافے اور امریکی ڈالر کے مقابلے پاکستانی روپیہ کی قدر میں کمی کے سبب گزشتہ سال سے (RLNG) کی زیادہ قیمتوں کے نتیجے میں، آلٹرن کو (NPCC) کی طرف سے ترسیل طلب کی کمی کا سامنا کرنا پڑ رہا ہے، جس کے نتیجے میں آمدنی کی صلاحیت میں کمی واقع ہوئی ہے۔ کمپنی نے آف ٹیکر سنٹرل پاور پرچیزنگ ایجنسی (گارنٹی) لمیٹڈ (CPPA-G) کے ساتھ ٹیک اینڈ پے کی بنیاد پر معاہدہ کیا ہوا ہے، (NPCC) سے کم ترسیل طلب کے نتیجے آمدنی میں کمی کی بدولت پاور پرچیز معاہدے کے تحت اپنی ذمہ داریوں کو پورا کرنے کا چیلنج درپیش ہے۔ توانائی کے شعبے کو درپیش گردشی قرضوں کے لحاظ سے گزشتہ سال سے آر ایل این جی کی قیمتوں میں اضافہ کے مدِنظر، آلٹرن کو ترسیل کے چیلنجز کا سامنا کرنا پڑا جس کے نتیجے میں کیپسٹی ریونیو کا شدید نقصان ہوا۔ توانائی کے شعبے کو درپیش گردشی قرضہ جاری کرنے کی مد میں لیکوئیڈیٹی، گزشتہ چند مہینوں میں NPCC سے کم طلب، اور کئی مواقعوں پر گیس کی معطّلی کے چیلنجوں کے باوجود، کمپنی نے کمپلیکس کی معمول کی اور اہم دیکھ بھال کی سرگرمیاں انجام دے کر قابل اعتماد پلانٹ آپریشنز پر اپنی توجہ برقرار رکھی ہے۔

اگرچہ، دونوں کمپنیوں، آلٹرن اور Rousch کو ماضی قریب میں خاص طور پر سردیوں کے مہینوں میں گیس کی دستیابی اور CPPA-G کے گردشی قرضہ کے مسئلے کے اثرات کے سلسلے میں چیلنجوں کا سامنا کرنا پڑا ہے، اس کے باوجود ہم ان چیلنجنگ اوقات میں پوری لگن اور استقامت کے ساتھ کارروائیوں میں کامیاب رہے ہیں۔

میں کمپنی کے بورڈ آف ڈائریکٹرز کا شکر گزار ہوں جنہوں نے انتظامیہ کو مکمل مدد اور رہنمائی فراہم کی تا کہ وہ موجودہ اپریشنل اور قانونی مشکلات کے اثرات کو کم سے کم کر سکیں۔ بجلی کے شعبے کو پیش آنے والے چیلنجوں سے نمٹنے کے لئے کمپنی کی انتظامیہ کی لگن اور ہمت کو بھی سراہوں گا۔ میں نتائج کے حصول کے لئے بورڈ اور انتظامیہ کی صلاحیتوں پر ان کے اعتماد کے لئے اپنے قابلِ قدر حصص یافتگان کے تعاون کا بھی شکر گزار ہوں۔

تیمور داؤد
چیئرمین
30 ستمبر 2019ء
لاہور

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of your Company are pleased to present the annual report together with the audited financial statements of the Company for the financial year ended June 30, 2019.

GENERAL

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

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

FINANCE

The Company has a Power Purchase Agreement ('PPA') with its sole customer, CPPA-G for thirty years which commenced from June 06, 2001.

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

During the year under review, the Company's turnover was Rs. 474 million (2017-18: Rs. 1,621 million) and operating costs were Rs. 502 million (2017-18: Rs. 1,558 million), resulting in gross loss of Rs. 28 million as against gross profit of Rs. 63 million of last year. The Company reported net profit of Rs. 955 million showing earnings per share (EPS) of Rs. 2.63 as compared to corresponding year's net profit of Rs. 1,452 million and earnings per share (EPS) of Rs. 4.00. The current year's net profit includes dividend from the subsidiary company amounting to Rs. 1,148 million.

The Company has always strived to smoothly manage its finances and ensure timely payments to all its stakeholders, however, the issue of circular debt has been a consistent problem for power sector as well as your Company for the last few years. Although, the Federal Government has been striving hard to alleviate the circular debt by adding cheaper power in energy mix and injecting subsidies, yet this issue persists. Fundamental factors behind increasing circular debt are transmission & distribution losses, expensive fuel mix, low recovery by distribution companies and delay in tariff determination by NEPRA. We foresee circular debt to remain a challenge. However, with the increasing importance being given to resolution of circular debt as a part of IMF program, it is expected that the circular debt will be brought under control, if not completely alleviated. Despite the delayed inflows from CPPA-G, the Company has been able to manage the cashflows to meet its operational obligations.

Your Company's consolidated earnings attributable to the equity holders of Altern Energy Limited for the year under review were Rs. 1,530 million resulting in EPS of Rs. 4.21 per share, as compared to consolidated earnings of Rs. 1,995 million and EPS of Rs. 5.49 in the year ended June 30, 2018.

DIVIDEND DISTRIBUTION

On March 15, 2019, the Board of Directors declared and subsequently distributed interim cash dividend @ 31.5% (Rs. 3.15 per ordinary share) to the shareholders of the Company.

OPERATIONS

Ever since shifting of operations on RLNG from indigenous gas in October 2017, your Company has been receiving constant supply of RLNG except for winter months when occasionally RLNG supply was curtailed on account of increased domestic demand. However, as a result of influx of significant generation capacity in the national grid system during last couple of years, your Company has witnessed significant decline in dispatch demand from NPCC. The fundamental reason for low dispatch demand from your Company is that most of the added capacity ranks above the Company in Economic Dispatch Merit Order of CPPA-G due to better efficiency and cheaper fuel. Due to these factors, the Company dispatched only 22 GWh (2017-18: 145 GWh) of electric power to the off-taker.

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

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 Cash-Generating Unit ('CGU') level. Accordingly, since there is a significant economic impact of the expected cashflows to be generated by Altern Plant (the GCU) in future, therefore an impairment has been recorded. The CGU has been written down from its carrying value of Rs 678.84 million to its recoverable amount of Rs 605.67 million. The impairment loss has been entirely allocated to property, plant and equipment and has been recognised as a separate line item in the statement of profit or loss.

SUBSIDIARY'S REVIEW

During the year, your Company's subsidiary Rousch (Pakistan) Power Limited ('RPPL') has operated smoothly and has posted profit of Rs. 3,102 million (giving earnings per share of Rs. 3.60) as compared to Rs. 3,596 million (earning per share of Rs. 4.17) earned during the corresponding period of the last year. Profit for the year was impacted due to Other Force Majeure Event (OFME) of 85 days due to gas curtailment (37 days in 2018).

CPPA-G had raised invoices for liquidated damages ('LDs') 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 the company, which was due to cash flow constraints of the company as a result of default by CPPA-G in making timely payments. Estimated amount of liquidated damages was Rs 1,588 million, based on the best estimate of the management of RPPL and invoices raised by CPPA-G.

RPPL disputed the claim on account of LDs on the premise that its failure to dispatch electricity was due to CPPA-G's non-payment of dues on timely basis to the company and consequential inability of the company to make timely payments to SNGPL. In this regard, RPPL initiated the expert adjudication under the dispute resolution procedures specified in the PPA. The case was decided by the expert in the company's favour in August 2014. Decision of the expert is however not legally binding on any party.

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

Similarly, in January 2017, SNGPL suspended the gas supply for a period of 26 days and as a result CPPA-G levied LDs amounting to Rs 858 million. RPPL disputed this amount on the premise that it had already issued an OFME notice to CPPA-G in January for a period of 26 days. The same period was also contemplated as OFME in the proposed Settlement Agreement. Due to declaration of OFME, the company did not raise Capacity Payment invoice for this period.

Subsequent to the year end, the Cabinet Committee on Energy ('CCOE') approved the terms of the Settlement Agreement between RPPL and CPPA-G. However, this will require approval of the Federal Cabinet. Once the Settlement Agreement is approved, the company will refund the Capacity Payments already received from CPPA-G. The event will be treated as OFME and PPA will be extended by a total of 112 days on account of 2013 and 2017 LDs period.

MoPNR issued an allocation of 85 MMSCFD of RLNG to RPPL on firm basis on September 23, 2015 and advised the company and SNGPL to negotiate a long term GSA on firm basis. While negotiations for the long term GSA were in process, the ECC approved interim GSA for supply of RLNG to the company upto June 2018 or signing of a Long-term GSA, whichever is earlier. The interim GSA was executed with CPPA-G and SNGPL which was effective from June 1, 2017 and expired on June 30, 2018.

Subsequent to the year end, on July 31, 2019, the ECC of the Federal Cabinet approved the extension of the interim GSA of RPPL with SNGPL and CPPA-G. The interim GSA is yet to be signed by the parties. The terms of this agreement will be effective upto the date of signings of a long-term Gas Supply and Purchase Agreement ('GSPA'). Under the interim GSA, RLNG was supplied on 'as-available' basis, however, the non-supply of RLNG was treated as 'Other Force Majeure' under the PPA.

During the period under review, the liquidity position of RPPL continues to be adversely impacted due circular debt issue of CPPA-G which is pending since long. At the end of the year, out of the total receivable of Rs 14,640 million, Rs. 12,782 million were overdue.

The Company during the year under review has repaid its quarterly debt obligations amounting to Rs. 3,519 million to the lenders.

RISK MANAGEMENT

The Risk Management principles are geared to identify all the risks to which the Company is exposed and your Board adopts all necessary strategies and implements a cautious rationale to mitigate all the risks being faced by the Company. The Company recognizes all short term and long term risks so that appropriate measures can be adopted to overcome those.

Operational Risk

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

Financial Risk

The financial risk management is disclosed in Note 32 of the annual audited financial statements of the Company.

FUTURE OUTLOOK

During the past three years, the power sector in Pakistan has witnessed a major transition phase whereby significant influx of electric power is being made in the national grid system. Addition of highly efficient RLNG-based and coal-based power plants has contributed to lessen the burden on the consumer, however, other crucial challenge for the GoP is to upgrade the existing transmission and distribution system which is currently not upto the required standard to handle the additional load.

As a result of addition of significant generation capacity into the national grid system during the last few years, your plant has witnessed serious shortfall in dispatch demand from NPCC since the new plants are economical due to better efficiency and rank above Altern's plant in NPCC/CPPA's economic despatch merit order. It is evident from the fact that the plant dispatched 22 GWh during period under review as compared to 145 GWh dispatched during the preceding financial year. The fact that the Company has a take-and-pay contract with CPPA-G, has exposed our Company to a serious challenge to keep the plant operational since less dispatch results in less capacity revenue and the Company is finding very difficult to meets its fixed operational costs. This situation is further exacerbated by the fact that the Company may not get sustainable dispatch from NPCC in the medium and long term as more power is expected to be added in the national system. The Board is evaluating the impact of all the developments and shall devise strategies soon to deal with all the challenges.

Your Board is exploring many options, including both contractual and commercial, as this complex situation has no precedent and has myriad of consequences. The Company during the year has made request to the off-taker to change the current take-and-pay arrangement into take-or-pay arrangement, so that even if there is lack / no dispatch, the Company is able to meet its fixed O & M costs. The management has been assigned by the Board to engage both the off-taker and PPIB to jointly prepare a solution to take the Company out of this challenging situation where it is striving hard to meet its contractual obligations.

QUALITY, ENVIRONMENT, HEALTH & SAFETY

QEHS is the Company's first and foremost priority. During the year under review, your company continued to maintain satisfactory level of performance in Quality, Environment, and Health & Safety at the power plant. Company has adopted OSHA, NFPA & ISO guidelines to ensure safety of people and equipment deployed at plant site. Company has a proactive approach to achieve zero LTI (Lost Time Incident) by monitoring Leading/Lagging indicators and plant site got certified by SGS for Integrated Management System, IMS (ISO 9001, ISO 14001 & OHSAS 18001) standards. Furthermore, as far as environment protection is concerned, the Company is monitoring and complying with Punjab Environmental Quality Standard (PEQs) pertaining to air emissions and water effluents.

As of June 30, 2019, the QEHS statistics are as follows:

Hours Since Last LTI	484,766
Days Since Last LTI	1,194
Restricted Work Incidents	0
Medical Treatment	1
First Aid Cases	0
Near Miss incidents	10
Incidents / Property Loss Cases	0
Good Catches	65
QEHS Trainings	34

CORPORATE GOVERNANCE

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

Composition of the Board of Directors

The Board consists of seven (7) Directors and a Chief Executive Officer (deemed director), effectively representing the interest of the Shareholders. There is (1) one independent Director, and six (6) non-executive Directors, serving on the Board. There is no female director serving on the Board.

Meetings of the Board

The Board is legally required to meet at least once every quarter to monitor the Company's performance aimed at effective and timely accountability of its management. The decisions made by the Board during the meetings were minuted and were duly circulated to all the Directors with in the timeline as determined by the Listed Companies (Code of Corporate Governance) Regulations, 2017 for endorsement and were approved in the following Board meetings. All meetings of the Board were held in compliance with required quorum attendance prescribed by the Listed Companies (Code of Corporate Governance) Regulations, 2017. The Chief Financial Officer & Company Secretary also attended all the Board meetings.

During the year, seven (07) meetings of the Board of Directors were held. Attendance of these meetings is as follows:

Name of Director	Meetings Attended	Remarks
Mr. Abdul Razak Dawood	1/1	Resigned on August 15, 2018
Mr. Taimur Dawood	7/7	
Mr. Fazal Hussain Asim	7/7	
Mr. Farooq Nazir	7/7	
Mr. Shah Muhammad Chaudhry	6/7	Leave for absence was granted in 1 meeting
Syed Rizwan Ali Shah	4/7	Leave for absence was granted in 3 meetings
Mr. Khalid Salman Khan	2/7	Leave for absence was granted in 5 meetings
Mr. Faisal Dawood	2/5	Leaves for absence was granted in 3 meetings

Changes to the Board

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

- On August 15, 2018, Mr. Abdul Razak Dawood resigned from his position as Chairman and Director of the Company.

- On September 18, 2018, Mr. Taimur Dawood resigned as Chief Executive of the Company. On September 26, 2018, the Board appointed Mr. Fazal Hussain Asim as Chief Executive of the Company for the balance un-expired term.

- On September 26, 2018, the Board appointed Mr. Taimur Dawood as Chairman of the Board in place of Mr. Abdul Razak Dawood for the balance un-expired term.
- On September 26, 2018, the Board appointed Mr. Faisal Dawood as a Director in place of Mr. Abdul Razak Dawood for the balance un-expired term.
- On June 30 2019, Mr. Khalid Salman Khan resigned as a Director of the Company.

Post reporting period, we report the following changes on the Board of Directors of the Company:

- On July 1, 2019, the Board has appointed Mr. Salih Merghani as a director in place of Mr. Khalid Salman Khan for the balance un-expired term.
- On July 29, 2019, the Board has appointed Mr. Ijaz Ali Khan as a director in place of Mr. Fazal Hussain Asim (who resigned from the board on July 19, 2019) for the balance un-expired term.
- On July 29, 2019, the Board has appointed Mr. Umer Shehzad Sheikh as Chief Executive Officer of the Company in place of Mr. Fazal Hussain Asim (who resigned as Chief Executive Officer on July 19, 2019) for the balance un-expired term.

Subsidiary Companies' Board of Directors

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

Mr. Taimur Dawood
Mr. Faisal Dawood
Mr. Farooq Nazir
Mr. Fazal Hussain Asim

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

- On August 15, 2018, Mr. Abdul Razak Dawood resigned from the company as Chief Executive and Director. In his place, the Board of Directors appointed Mr. Faisal Dawood as a Director and Mr. Taimur Dawood the Chief Executive for the balanced un-expired term.
- On November 01, 2018, Syed Ali Nazir Kazmi resigned as Director of the Company. In his place, the Board appointed Mr. Fazal Hussain Asim as a Director for the balance un-expired term.

Post reporting period, the following changes have been made on the Board of Directors of the company:

- On July 29, 2019, the Board of Directors has appointed Mr. Ijaz Ali Khan as a director in place of Mr. Fazal Hussain Asim (who resigned from the board on July 19, 2019) for the balance un-expired term.

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

Mr. Taimur Dawood
Mr. Claus Johann Horst Heckel
Mr. David Shepherd
Mr. Faisal Dawood
Mr. Farooq Nazir
Mr. Salih Merghani
Mr. Shah Muhammad Chaudhry
Mr. Stephan Eric Hans Schaller

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

- On August 15, 2018, Mr. Abdul Razak Dawood resigned from the company as Chairman and Director. In his place, the Board of Directors appointed Mr. Taimur Dawood as the Chairman of the Board of Directors, for the balanced un-expired term.

- On September 25, 2018, Mr. Faisal Dawood has been appointed as a Director in place of Mr. Abdul Razak Dawood, for the balanced un-expired term.
- On June 30, 2019, Mr. Khalid Salman Khan resigned from the company as a Director.

Post reporting period, we report the following changes on the Board of Directors of RPPL:

- On July 01, 2019, the Board has appointed Mr. Salih Merghani as a Director in place of Mr. Khalid Salman Khan for the balance un-expired term.

Directors Statement

The Directors are pleased to report the following:

a. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cashflows and changes in equity.
b. Proper books of account of the Company have been maintained.
c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
d. 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.
e. The Board acknowledges and exercises its responsibility for implementation of adequate internal financial controls.
f. There are no significant doubts on the Company's ability to continue as a going concern.
g. There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.
h. The key operating and financial data of last six years is attached to the report.

Adequacy of Internal Financial Controls

The Board of Directors confirm its commitment to good corporate governance and ensures appropriate steps are taken to comply with best practices. The Company has established and efficient and effective system of internal control by implementing appropriate policies and procedures to safeguard the assets of the Company, prevent and detect fraud, and ensure compliance with legal and statutory requirements.

Directors' Training

The Company has already met the criteria of training programs for its directors under the Listed Companies (Code of Corporate Governance) Regulations, 2017. Therefore, no such training program was conducted during the year.

Directors' Remuneration

The remuneration of Board members is empowered by the Board itself. The Board seeks to ensure that there is a transparent and fair mechanism in place for determining the remuneration of directors for participation in the meetings of the board and its committees. For this purpose, a policy for the determining remuneration of directors has been approved and implemented. A Remuneration Committee has been formed to make recommendations to the Board on appropriate remuneration levels for directors. This Policy shall be reviewed by the Committee every three (3) years (unless an earlier review is required) and the Committee shall make recommendations to the Board on suggested amendments.

Evaluation of Boards' Performance

As prescribed under the Listed Companies (Code of Corporate Governance) Regulations, 2017 ("Regulations"), the Board has placed an effective mechanism for its own performance evaluation, its members and of its committees. This Function was outsourced to Pakistan Institute of Corporate Governance (in collaboration with Corporate L.I.F.E Centre International Inc.)

Committees of the Board

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

Audit Committee

The committee supports the Board in fulfilling its oversight responsibilities while primarily reviewing financial or non-financial information to the shareholders in compliance with prevailing regulations and accounting standards. The audit committee also ensures that sound systems of internal controls are in place to safeguard Company's assets. The Terms of Reference of the Committee have been defined in light of the guidelines of Code of Corporate Governance.

The committee met 4 times during the year and the attendance was as follows:

Name of Member	Meetings Attended	Remarks
Mr. Farooq Nazir	4/4	
Mr. Shah Muhammad Chaudhry	3/4	Leave for absence was granted in 1 meeting
Syed Rizwan Ali Shah	3/4	Leave for absence was granted in 1 meeting

- Post reporting period, on July 29, 2019, Mr. Faisal Dawood has been appointed as a member of the Audit Committee, for the balance un-expired term.

Human Resource & Remuneration Committee

The Human Resources & Remuneration Committee has been established to review and recommend to the Board all elements of compensation and policies and procedures required to be adopted for effective human resource function. The Committee comprises of three members.

The Committee met twice during the year and the attendance of the meeting is as follows:

Name of Member	Meetings Attended	Remarks
Mr. Farooq Nazir	2/2	
Mr. Fazal Hussain Asim	1/2	Leave for absence was granted in 1 meeting
Mr. Shah Muhammad Chaudhry	2/2	

- Post reporting period, on July 29, 2019, Mr. Ijaz Ali Khan has been appointed as a member of the Human Resource & Remuneration Committee in place of Mr. Fazal Hussain Asim (who resigned from the Board on July 19, 2019), for the balance un-expired term.

SOCIAL INVESTMENT

The Company continues to focus on Corporate Social Responsibilities. The Company recognizes the importance of being a good corporate citizen in conducting its business as well as delivering its obligations in social wellbeing of its staff and community in general.

PATTERN OF SHAREHOLDING

The pattern of shareholding as at June 30, 2019 along with disclosures as required under the Code of Corporate Governance are included in the Annual Report. No trading in Company's share was carried out by the Directors, CEO, CFO, Company Secretary and their spouses including minor children, except of those that have been duly reported as per law.

MATERIAL INFORMATION

- During the year, the holding company M/s Descon Engineering Limited transferred 211,397,063 ordinary shares of the Company to M/s DEL Power Limited. This transfer has been made as a result of sanctioning of the Scheme of Arrangement under section 284 to 288 of the repealed Companies Ordinance, 1984, by the Lahore High Court through its order dated November 21, 2017.
- During the year under review, the Board of Directors have engaged a consultant for exploring the possibilities of optimising the corporate structure of the Company.

AUDITORS

The financial statements of the Company for the current year 2018-19 were audited by M/s A. F. Ferguson & Company, Chartered Accounts. The auditors will retire at the end of the Annual General Meeting and being eligible have offered themselves for re-appointment. As recommended by the Audit Committee, the Board has approved the proposal to appoint M/S A. F. Ferguson & Co. Chartered Accountants as auditors of the Company for the year ending June 30, 2020, subject to the approval of the Shareholders in the upcoming Annual General Meeting.

ACKNOWLEDGEMENT

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

The Board also appreciates the contribution made by the executives, staff and workers for efficient operations of the Company.

For and on behalf the Board

Umer Shehzad Sheikh
Chief Executive

Shah Muhammad Chaudhry
Director

Dated: September 30, 2019
Lahore.

ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2019 کو ختم ہونے والے مالی سال کے نظر ثانی شدہ حسابات کیساتھ ساتھ سالانہ رپورٹ بخوشی پیش کرتے ہیں۔

عمومی

کمپنی کی اہم ترین سرگرمیوں میں 132 میگاواٹ کے گیس تھرمل پاور پلانٹ واقع نزد فتح جنگ ضلع اٹک پنجاب کی ملکیت، آپریشن، دیکھ بھال اور اپنے واحد صارف سنٹرل پاور پرچیزنگ ایجنسی (گارنٹی) لمیٹڈ ('CPPA-G') کو نیشنل ٹرانسمیشن اینڈ ڈسپیچ کمپنی ('NTDC') کے ٹرانسمیشن نیٹ ورک کے ذریعے بجلی کی فروخت شامل ہے۔

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

فنانس

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

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

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

زیرِ جائزہ سال کے دوران کمپنی کا ٹرن اوور 474 ملین روپے (2017-18 میں 1,621 ملین روپے) اور آپریٹنگ کے اخراجات 502 ملین روپے (2017-18 میں 1,558 ملین روپے) رہے جس کے نتیجے میں گزشتہ سال کے مجموعی منافع 63 ملین روپے کے برعکس 28 ملین روپے کا مجموعی نقصان ہوا۔ کمپنی نے گزشتہ سال کا خالص منافع 1,452 ملین روپے اور فی شیئر آمدنی (EPS) 4.00 روپے کے مقابلے موجودہ سال سال کا خالص منافع 956 ملین روپے اور فی شیئر آمدنی (EPS) 2.63 روپے درج کرایا ہے۔ موجودہ سال کے خالص منافع میں ذیلی کمپنی کے 1,148 ملین کے محاصل شامل ہیں۔

کمپنی اپنے تمام اسٹیک ہولڈرز کو اپنے قرضوں اور بروقت ادائیگیوں کو یقینی بنانے کے لئے کوشاں رہی ہے، تاہم، گردشی قرضہ پاور سیکٹر اور کمپنی کے لئے گزشتہ چند سالوں سے ایک مسلسل مسئلہ رہا ہے۔ اگرچہ، وفاقی حکومت انرجی مکس میں سستی بجلی کا اضافہ اور سبسڈیز کی انجیکٹنگ کر کے گردشی قرضہ کو کم کرنے کے لئے سخت کوششیں کر رہی ہے، یہ مسئلہ ابھی تک برقرار ہے۔ گردشی قرضہ بڑھنے کی اہم وجوہات ٹرانسمیشن اور ڈسٹری بیوشن نقصانات، مہنگے فیول مکس، ڈسٹری بیوشن کمپنیوں سے کم ریکوری اور نیپرا کی طرف سے ٹیرف کے تعین میں تاخیر ہیں۔ ہم دیکھتے ہیں کہ گردشی قرضہ ایک بڑا چیلنج رہے گا۔ تاہم IMF پروگرام کے ایک حصہ کے طور پر گردشی قرضہ کو بہت زیادہ اہمیت دی گئی ہے، امید ہے کہ گردشی قرضہ اگر کم نہ کیا جا سکا، تو قابو پا لیا جائے گا۔ CPPA-G کی جانب سے ادائیگیوں میں تاخیر کے باوجود کمپنی اپنی تمام آپریشنل ذمہ داریوں کو پورا کرنے کیلئے نقد رقم کو منظم کرنے کے قابل رہی ہے۔

متذکرہ سال میں آپکی کمپنی کی آلٹرن انرجی لمیٹڈ کے ایکوئٹی ہولڈرز سے منسوب مجموعی کمائی 1,530 ملین روپے ہے جس کے نتیجے میں فی حصص آمدنی 4.21 روپے رہی جبکہ اس کے برعکس 30 جون 2018 مختتمہ سال میں مجموعی کمائی 1,995 ملین روپے رہی جس کے نتیجے میں فی حصص آمدنی 5.49 روپے تھی۔

حصہ داری کی تقسیم

15 مارچ 2019 کو بورڈ آف ڈائریکٹرز نے حصہ داری کا اعلان کر دیا اور اس کے بعد کمپنی کے حصص یافتگان میں 31.5 فیصد (3.15 روپے فی عام حصص) کے حساب سے عبوری حصہ تقسیم کر دیا۔

آپریشنز

کمپنی، اکتوبر 2017 میں مقامی گیس سے (RLNP) پر آپریشنز کی منتقلی سے، موسم سرما کے مہینوں جب گھریلو طلب بڑھ جانے کی بدولت اکثر RLNG کی فراہمی کم ہوئی کے سوائے RLNG کی فراہمی مسلسل حاصل کرتی رہی ہے۔ اس کے علاوہ، گزشتہ دو برسوں کے دوران قومی گرڈ سسٹم میں سستی بجلی کا اضافہ کیا گیا ہے اور نئے پلانٹس کی بہتر کارکردگی کی وجہ سے، کمپنی نے NPCC سے ترسیل طلب میں نمایاں کمی درج کی ہے۔ آپ کی کمپنی سے کم ترسیل طلب کی بنیادی اہم وجہ بہتر کارکردگی اور سستے فیول کے باعث اکنامک ڈسپیچ میرٹ آرڈر آف CPPA-G میں کمپنی سے اوپر کے درجہ کی صلاحیت کا اضافہ ہے۔ ان عوامل کی وجہ سے نے اپنے خریدار کو الیکٹرک پاور کی صرف GWh 22 (2017-18: 145 GWh) ترسیل کی ہے۔

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

مینجمنٹ نے سال کے دوران کمپنی کے پاور جنریشن آپریشنوں کی کارکردگی کا جائزہ لیا ہے اور کیش جنریٹنگ یونٹ (CGU) لیول پر پاور جنریشن آپریشن سے متعلق اثاثوں پر لاگو 'اثاثوں کی امپیئر منٹ' IAS 36 کی طرف سے مقررہ ٹریگرنگ ایونٹس کے سلسلہ میں تشخیص کی ہے۔ اس کے مطابق، چونکہ مستقبل میں آلٹرن پلانٹ (جی سی یو) کے متوقع کیش فلو کا ایک اہم معاشی اثر ہے، لہذا اس میں امپیئر منٹ ریکارڈ کی گئی ہے۔ CGU نے اپنی موجودہ مالیت 678.84 ملین روپے سے قابل وصولی رقوم 605.67 ملین روپے درج کرائی ہے۔ امپیئر منٹ نقصان مکمل طور پر پراپرٹی، پلانٹ اور آلات پر مختص کیا گیا ہے اور منافع یا نقصان کی سٹیٹمنٹ میں ایک علیحدہ لائن آئٹم کے طور پر درج کیا گیا ہے۔

ماتحت ادارے کا جائزہ

متذکرہ سال کے دوران کمپنی کے ذیلی ادارہ Rousch (پاکستان) پاور لمیٹڈ (RPPL) نے بہترین طریقے سے کام کیا اور موجودہ سال کیلئے 3,102 ملین روپے منافع (فی حصص آمدنی 3.60 روپے) کا اعلان کیا جبکہ گزشتہ سال کی اسی مدت کے دوران 3,596 ملین روپے منافع (فی حصص آمدنی 4.17 روپے) تھا۔ اس سال کا منافع گیس کی معطلی کے باعث سال کے دوران 85 دنوں (2018 میں 37 دنوں) کے دیگر فورس Majeure واقعات (OFME) کی وجہ سے متاثر ہوا۔

(CPPA-G) نے 11 دسمبر 2012 تا 10 دسمبر 2013 (PPA) کی شرائط کے تحت مقرر کردہ جبری الاؤنسز شامل کرنے کے بعد) آپریٹنگ سال کے لئے کمپنی کی طرف سے بجلی کی شارٹ سپلائی کی مد میں لیکویڈیٹی نقصان کا دعویٰ کیا ہے، جو بروقت ادائیگی کرنے میں (CPP-G) کی طرف سے ناکامی کے نتیجے میں نقد رقم کی رکاوٹوں کی وجہ سے تھا۔ کمپنی کی انتظامیہ کے بہترین تخمینہ اور (CPPA-G) کی طرف سے اٹھائی گئی انوائس کی بنیاد پر لیکویڈیٹی نقصانات کی متوقع رقم کا تخمینہ 1,588 ملین روپے سے زیادہ نہیں ہے۔

RPPL لیکویڈیٹی نقصانات کے دعوی پر متنازعہ اور انکاری ہے کہ بجلی کی ترسیل میں ناکام ہونے کی وجہ کمپنی کو بروقت بنیاد پر (CPPA-G) کے ذمہ عدم ادائیگی اور اس کے نتیجے میں کمپنی اپنے گیس سپلائر کو پر بروقت ادائیگی کرنے میں غیر فعال رہی، نتیجتاً گیس کی فراہمی میں رکاوٹ/معطلی کی وجہ سے بجلی پیدا نہیں کر سکی تھی۔ اس سلسلے میں، کمپنی نے بجلی کی خریداری کے معاہدے میں متعین تنازعہ کے حل کے طریقہ کار کے تحت ماہرین سے مشورہ کیا۔ 2014 اگست میں ماہرین کی طرف سے کمپنی کے حق میں فیصلہ کیا گیا تھا۔ ماہرین کا فیصلہ تاہم قانونی طور پر کسی بھی پارٹی پر لازمی نہیں ہے۔

سال 2017 میں، اس LDs تنازعہ کے حل کے لئے ایک تصفیہ معاہدہ پر (CPPA-G) اور آر (RPPL) کے بورڈ آف ڈائریکٹرز نے اتفاق کیا۔ مجوزہ تصفیہ معاہدے کے تحت، گیس کی غیر دستیابی کی وجہ سے غیر کارکردگی کی مدت (CPPA-G) کی طرف سے OFME تصور کی جائے گی۔ اس کے نتیجے میں، کمپنی CPPA-G سے اس مدت کے لئے کسی بھی CPP کی حقدار نہیں ہوگی اور CPPA-G کمپنی پر کوئی ایل ڈی عائد نہیں کرے گی۔ OFME کے اعلان سے، کمپنی کا پی پی اے OFME مدت تک توسیع ہو جائے گا۔

اسی طرح، جنوری 2017 میں (SNGPL) نے 26 دن تک گیس کی فراہمی کو معطل کر دیا، اس کے نتیجے میں (CPPA-G) نے 858 ملین روپے کی رقم ایل ڈیز عائد کی۔ (RPPL) نے اس رقم کو اس بنیاد پر متنازعہ کیا ہے کہ اس نے جنوری میں CPPA-G کو 26 دن کی مدت کے لئے پہلے سے ہی ایک OFME نوٹس جاری کیا تھا۔ مجوزہ تصفیہ معاہدہ میں یہ عرصہ بھی OFME کے طور پر خیال کیا جاتا ہے۔ OFME کے اعلان باعث، کمپنی (CPPA-G) سے گیس کی رکاوٹ کے عرصہ کے لئے کپیسٹی پر چیز پرائس کی مد میں دعویٰ نہیں کرے گی۔

سال کے اختتام کے بعد، توانائی کی کیبنٹ کمیٹی (CCOE) نے RPPL اور CPPA-G کے درمیان تصفیہ معاہدے کی شرائط کی منظوری دی۔ تاہم، وفاقی کابینہ کی منظوری ضروری ہے۔ منظوری کے بعد، کمپنی پہلے موصول ہونے والی صلاحیتی ادائیگیاں واپس کرے گی۔ ایونٹ OFME تصور کیا جائے گا اور (PPA) میں 2013 اور 2017 کی ایل ڈیز مدت کی مد میں 112 دن کی توسیع ہو جائے گی۔

اقتصادی رابطہ کمیٹی کی طرف سے آر ایل این جی کی تفویض کیلئے بااختیار وزارت پٹرولیم وقدرتی وسائل نے 23 ستمبر 2015 کو مضبوط بنیادوں پر کمپنی کو 85MMSCFD (RLNG) تفویض کی اور (RPPL) سوئی گیس کو تجویز دی کہ مضبوط بنیادوں پر طویل مدتی گیس سپلائی معاہدے کیلئے مذاکرات کریں۔ جبکہ طویل مدتی گیس سپلائی معاہدے کیلئے مذاکرات جاری تھے کہ جون 2016 میں کابینہ کی اقتصادی رابطہ کمیٹی نے 30 جون 2018 تک (RPPL) کو (RLNG) سپلائی کیلئے عبوری گیس سپلائی معاہدے کی منظوری دیدی یا طویل مدتی گیس سپلائی معاہدے پر دستخط کئے، ان دونوں میں سے جو بھی پہلے ہو جائے۔ جون 2017 میں عبوری GSA (CPPA-G) اور (SNGPL) کے ساتھ طے کیا گیا جو یکم جون 2017 سے موثر ہے۔ عبوری معاہدہ 30 جون 2019 کو ختم ہو جائے گا۔

سال کے اختتام کے بعد، 31 جولائی 2019 کو وفاقی کابینہ کی ECC نے SNGPL اور CPPA-G کے ساتھ RPPL کے عبوری GSA کی توسیع کی منظوری دے دی۔ عبوری GSA پر ابھی پارٹیوں کے دستخط ہونا باقی ہیں۔ اس معاہدہ کی مدت طویل مدتی گیس کی فراہمی اور خریداری معاہدہ (GSPA) کے دستخطوں کی تاریخ تک ہوگی۔ عبوری GSA کے تحت، (RLNJ) جب دستیاب ہو" کی بنیاد پر فراہم کی جائے گی، تاہم، (RLNJ) کی غیر فراہمی (PPA) کے تحت 'Other Force Majeure' تصور ہوگی۔

واپڈا سے زائد المعیاد وصولیوں کا مسئلہ جو طویل عرصہ سے زیرِ التوا ہے، نے سال کے دوران کمپنی کی لیکویڈیٹی پوزیشن کو نقصان پہنچانا جاری رکھا ہے۔ سال کے اختتام پر کل واجب الادا 14,640 روپے وصولیوں میں سے 12,817 روپے زائد المیعاد تھے۔
زیرِ جائزہ سال کے دوران کمپنی نے قرض دہندگان کو 3,519 ملین روپے کی رقم اپنے قرض کی مد میں واپس ادا کی ہے۔

رسک مینجمنٹ

رسک مینجمنٹ کے اصولوں کو ان تمام خطرات کی نشاندہی، جن کی وجہ سے کمپنی کو مشکلات درپیش ہوں کے لئے تیار کیا جاتا ہے اور بورڈ تمام ضروری حکمت عملی اپناتا ہے اور کمپنی کو درپیش تمام خطرات کو کم کرنے کے لئے ایک محتاط طریقہ کار نافذ کرتا ہے۔ کمپنی تمام قلیل مدتی اور طویل مدتی خطرات کو پہچانتی ہے تاکہ ان پر قابو پانے کے لئے مناسب اقدامات اختیار کئے جاسکیں۔

آپریشنل رسک۔

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

مالی خطرہ

مالی رسک مینجمنٹ کا انکشاف کمپنی کے سالانہ آڈٹ شدہ مالی حسابات کے نوٹ 32 میں کیا گیا ہے۔

مستقبل کا نقطہ نظر

گذشتہ تین سالوں کے دوران، پاکستان میں بجلی کا شعبہ اہم منتقلی کے مرحلہ میں سے گذر رہا ہے جس کے تحت قومی گرڈ سسٹم میں برقی توانائی کا نمایاں اضافہ کیا جارہا ہے۔ انتہائی سستی (RLN) جی پر مبنی اور کوئلہ پر مبنی بجلی گھروں کے اضافے نے صارفین پر بوجھ کم کرنے میں مدد فراہم کی ہے، تاہم، حکومت پاکستان کے لئے ایک اور اہم چیلنج موجودہ ٹرانسمیشن اور تقسیم کے نظام کو اپ گریڈ کرنا ہے جو فی الحال اضافی پاور کو سنبھالنے کے لئے مطلوبہ معیار تک نہیں ہے۔ پچھلے کچھ سالوں سے قومی گرڈ سسٹم میں نمایاں پیداواری صلاحیت میں اضافے کے نتیجے میں، آپ کے پلانٹ کو (NPCC) سے ترسیل کی طلب میں

شدید کمی کا سامنا کرنا پڑا ہے کیونکہ نئے پلانٹ بہتر کارکردگی کی بدولت اکانومیکل اور (NPCC/CPPA) کی اکنامک ترسیل میرٹ آرڈر میں آلٹرن کے پلانٹ سے اوپر درجہ رکھتے ہیں۔ اس حقیقت سے واضح ہوتا ہے کہ اس پلانٹ نے زیرِ جائزہ مدت کے دوران 22 میگاواٹ بجلی ترسیل کی جبکہ اس سے پچھلے مالی سال کے دوران 145 میگاواٹ ترسیل کی گئی تھی۔ حقیقت یہ ہے کہ کمپنی نے (CPPA-G) کے ساتھ ٹیک اینڈ پے کا معاہدہ کیا ہے، اس سے ہماری کمپنی کو پلانٹ چلانے کے لئے ایک سنجیدہ چیلنج کا انکشاف ہوا ہے کیونکہ کم استعداد کا نتیجے میں کم آمدنی حاصل ہوتیہے اور کمپنی کو اس طے شدہ معاہدہ کی تکمیل میں بہت مشکل پیش آرہی ہے۔ اس صورتحال نے اس حقیقت کو مزید واضح کر دیا ہے کہ ممکن ہے کہ کمپنی کو درمیانی اور طویل مدت میں (NPCC) سے موزوں ترسیل کا آرڈر نہ مل سکے کیونکہ قومی نظام میں مزید بجلیکے اضافے کی توقع ہے۔ ہم تمام معاملات کی جانچ پڑتال کر رہے ہیں اور تمام چیلنجوں سے نمٹنے کے لئے جلد ہی حکمت عملی تیار کر رہے ہیں۔

کمپنی کو موجودہ لاحق خطرات کے چیلنجوں کے پیش نظر، بورڈ کنٹریکچوئل اور تجارتی دونوں طرح کے کئی اختیارات پر غور کر رہا ہے، کیونکہ اس پیچیدہ صورتحال کی کوئی مثال نہیں ہے اور اس کے نتائج متعدد ہیں۔ سال کے دوران کمپنی نے اپنے خریدار سے درخواست کی ہے کہ وہ موجودہ ٹیک اینڈ پے کے انتظامات کو ٹیک یا پے کے انتظامات میں تبدیل کرے، تاکہ اگر کمی/کوئی ترسیل نہ بھی ہو تو بھی، کمپنی اپنے فکسڈ M&O کے اخراجات کو پورا کر سکے۔ نے بورڈ نے انتظامیہ کو تفویض کیا کہ وہ آف ٹیکر اور (PPIB) دونوں کو شامل کرے تاکہ مشترکہ طور پر کمپنی کو اس خطرناک صورتحال سے نکالنے کے طریقہء کار تیار کیا جائے جبکہ وہ اپنے معاہدے کی ذمہ داریوں کو پورا کرنے کے لئے پوری کوشش کر رہی ہے۔

صحت، حفاظت اور ماحول

QEHS کمپنی کی پہلی اور اہم ترجیح ہے۔ متذکرہ سال کے دوران آپ کی کمپنی نے پاور پلانٹ میں کوالٹی، ماحولیات، صحت اور حفاظتی اقدامات میں کارکردگی کی تسلی بخش سطح کو برقرار رکھا ہے۔ کمپنی نے پلانٹ سائٹ پر تعینات لوگوں اور سامان کی حفاظت کو یقینی بنانے کیلئے ISO&NFPA، OSHA کی گائیڈ لائنز کو اپنایا ہے۔ کمپنی زیرو ایل ٹی آئی (Lost Time Incident) کے حصول اور بین الاقوامی سطح پر تسلیم شدہ (آئی ایس او 9001، آئی ایس او 14001 اینڈ او ایچ ایس اے ایس 18001) مینجمنٹ سسٹم کے مطابق خود کو چلانے کی کوششوں کیلئے ایک فعال نقطہ نظر رکھتی ہے۔ اس کے علاوہ، جہاں تک ماحولیاتی تحفظ کا تعلق ہے، کمپنی ہوا کے اخراج اور پانی کے اثرات سے متعلق نیشنل ماحولیاتی کوالٹی سٹینڈرڈ (NEQs) کی نگرانی اور تعمیل کر رہی ہے۔ 30 جون 2019 کے مطابق QEHS کے اعداد و شمار درج ذیل ہیں۔

آخری ایل ٹی آئی سے گھنٹے	484,766
آخری ایل ٹی آئی سے دن	1,194
ممنوعہ کام کے واقعات	0
میڈیکل علاج	1
ابتدائی طبی امداد کے کیس	0
نیئر مس انسیڈنٹ	10
واقعات/جائیداد کے نقصان کے کیس	0
گڈ کیچز	65
QEHS ٹریننگ	34

کارپوریٹ گورننس

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

آڈیٹر نے آڈٹ رپورٹ کے پیرا میں اپنی رائے دی کہ کمپنی نے وقت مقررہ پر اصل رقم اور طویل المیعادی قرضہ جات پر انٹرسٹ/مارک اپ نہیں دے سکی اور مخصوص مالیاتی اور دیگر وعدہ جات جو کہ قرض خواہ کی طرف سے عائد کئے گئے، پر عملدرآمد نہیں کیا جا سکا۔ اس تناظر میں انٹرنیشنل اکاؤنٹنگ سٹینڈرڈ 1- پریزنٹیشن برائے مالیاتی سٹیٹمنٹ یہ کہتا ہے کہ اگر کوئی کمپنی طویل المدت کی شقوں کو توڑتی ہے تو مطالبہ پر liability قابل ادائیگی ہے اور اس کو current درجہ بندی دی جائے گی۔ موجودہ سال کے لئے مالیاتی اسٹیٹمنٹسک میں کمپنی نے طویل المیعادی قرضہ جات کی current درجہ بندی کر دی ہے اور IAS-1 کی ضروریات کی تعمیل کر دی ہے۔ البتہ تقابلی مدت کے لئے، طویل المدتی قرضہ جات کی درجہ بندی non-current، قرضہ کی واپسی کے شیڈول کے مطابق کی گئیں ہیں۔ انتظامیہ کا ماننا ہے کہ سال کے دوران جیسا کہ آڈیٹر نے بیان کیا ہے کہ کمپنی نے طویل المیعادی قرضہ جات کی current درجہ بندی کر دی ہے اور IAS-1 کی ضروریات کی تعمیل کر دی ہے اور آڈیٹر کی رائے تقابلی مدت کے لئے ہے۔

لئے بطور کمپنی کا چیف ایگزیکٹو آفیسر مقرر کیا ہے۔

ذیلی کمپنیز کے بورڈ آف ڈائریکٹرز

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

عبدالرزاق داؤد

فیصل داؤد

فاروق نذیر

فضل حسین عاصم

زیرِ جائزہ مالی سال کے دوران، بورڈ میں مندرجہ ذیل تبدیلیاں ہوئیں:

15 اگست 2018 کو عبدالرزاق داؤد نے کمپنی کے چیف ایگزیکٹو اور ڈائریکٹر کے عہدہ سے استعفیٰ دے دیا۔ ان کی جگہ، بورڈ آف ڈائریکٹرز نے باقی ماندہ مدت کے لئے فیصل داؤد کو بطور ڈائریکٹر اور تیمور داؤد کو چیف ایگزیکٹو مقرر کیا۔

یکم نومبر 2018 کو سید علی نذیر کاظمی نے کمپنی کے ڈائریکٹر کے عہدہ سے استعفیٰ دے دیا۔ ان کی جگہ، بورڈ آف ڈائریکٹرز نے باقی ماندہ مدت کے لئے فضل حسین عاصم کو بطور ڈائریکٹر مقرر کیا۔

روسو (پاکستان) پاور لمیٹڈ ('RPPL')

تیمور داؤد

کلاؤز جان ہارسٹ ہیکل

ڈیوڈ شیفرڈ

فیصل داؤد

فاروق نذیر

صالح مرغانی

شاہ محمد چودھری

سٹیفن ایرک ہنز سکیلر

زیرِ جائزہ سال کے دوران، بورڈ آف ڈائریکٹرز میں مندرجہ ذیل تبدیلیاں ہوئیں۔

- 15 اگست 2018 کو عبدالرزاق داؤد نے کمپنی کے چیئرمین اور ڈائریکٹر کے عہدہ سے استعفیٰ دے دیا۔ ان کی جگہ، بورڈ آف ڈائریکٹرز نے باقی ماندہ مدت کے لئے کمپنی کے چیئرمین کی حیثیت سے تیمور داؤد کی تقرری کی۔
- 25 ستمبر 2018 کو باقی ماندہ مدت کے لئے عبدالرزاق داؤد کی جگہ فیصل داؤد کو ڈائریکٹر مقرر کیا گیا۔
- بعد از ریورٹنگ مدت، RPPL کے بورڈ آف ڈائریکٹر میں مندرجہ ذیل تبدیلیاں ہوئیں:
- یکم جولائی 2019 کو باقہ ماندہ مدت کے لئے خالد سلمان کی جگہ صالح مرغانی کو ڈائریکٹر مقرر کیا۔

ڈائریکٹروں کی عرض داشت

ڈائریکٹرز بخوشی بیان کرتے ہیں:

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

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

- c. مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- d. مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRS) کی پیروی کی گئی ہے۔
- e. بورڈ کا فی اندرونی مالیاتی کنٹرول کے اطلاق کے لئے اپنی ذمہ داریوں کو تسلیم اور پورا کرتا ہے۔
- f. کمپنی کے گوئنگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک وشبہات نہیں ہیں۔
- g. فہرستی قواعد وضوابط میں تفصیلی کارپوریٹ گورننس کے بہترین عمل سے کوئی مادی انحراف نہیں کیا گیا ہے۔
- h. گزشتہ 6 سال کے کلیدی اور اہم مالیاتی اعداد وشمار رپورٹ کے ہمراہ منسلک ہیں۔

کافی داخلی مالیاتی کنٹرولز

بورڈ آف ڈائریکٹرز اچھے کارپوریٹ گورننس سے اپنی وابستگی کی توثیق کرتے ہیں اور بہترین طریقوں کی تعمیل کے لئے مناسب اقدامات کئے جانے کو یقینی بناتے ہیں۔ کمپنی کے اثاثوں کی حفاظت، دھوکہ دہی اور دیگر غیر قانونی کاموں کی روک تھام اور قانونی تقاضوں کی تعمیل کو یقینی بنانے کے لئے مناسب پالیسیوں کا انتخاب اور اطلاق کر کے داخلی کنٹرول کا موثر نظام قائم کیا گیا ہے۔

ڈائریکٹرز ٹریننگ

کمپنی لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 کے تحت پہلے ہی اپنے ڈائریکٹرز کے لئے ٹریننگ پروگرام کے معیار پر پورا اترتی ہے۔ لہذا سال کے دوران ایسا کوئی پروگرام منعقد نہیں کیا گیا۔

ڈائریکٹرز کا مشاہرہ

کمپنی کا بورڈ یہ یقینی بناتا ہے کہ بورڈ اور اسکی کمیٹیوں کے اجلاسوں میں شرکت کے لئے ڈائریکٹرز کے مشاہرہ کے تعین کے لئے ایک شفاف اور منصفانہ میکانزم اختیار کیا گیا ہے۔ زیر جائزہ سال کے دوران، بورڈ آف ڈائریکٹرز نے ڈائریکٹرز کے مشاہرہ کے تعین کے لئے پالیسی منظور کی ہے۔ ڈائریکٹرز کے لئے مناسب ریمنریشن سطحوں پر بورڈ کو سفارشات کے لئے ایک ریمنریشن کمیٹی تشکیل دی گئی ہے۔ منظوری کے بعد، ڈائریکٹرز کے مشاہرہ کی پالیسی تین سالوں کی مدت کیلئے قابل اطلاق ہوگی۔ کمیٹی ہر تین سالوں بعد اس پالیسی کا دوبارہ جائزہ لے گی (اگر جلد دوبارہ جائزہ کی ضرورت نہ ہو) اور کمیٹی مجوزہ اصلاحات پر بورڈ کو سفارشات پیش کرے گی۔

بورڈ کی کارکردگی کا تجزیہ

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 (ریگولیشنز) کے مطابق، بورڈ نے خود اپنے آپ، اپنے ارکان اور اپنی کمیٹیوں کی کارکردگی کا جائزہ لینے کے لئے ایک طریقہ کار وضع کیا ہے۔ یہ عمل کارپاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس (کارپوریٹ (LIFE) سنٹر انٹرنیشنل انکارپوریٹڈ کے تعاون سے) سے آؤٹ سورس ہے۔

بورڈ کی کمیٹیاں

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

آڈٹ کمیٹی

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۔ آڈٹ کمیٹی یہ بھی یقینی بناتی ہے کہ اندرونی کنٹرول کا مضبوط نظام کمپنی کے اثاثوں کی حفاظت کے لئے قائم کیا گیا ہے۔

سال کے دوران کمیٹی کے چار اجلاس منعقد ہوئے اور حاضری مندرجہ ذیل تھی:

نام رکن	اجلاس میں شرکت	ریمارکس
فاروق نذیر	4/4	-
شاہ محمد چودھری	3/4	ایک اجلاس میں عدم شرکت کی چھٹی دی گئی
سید رضوان علی شاہ	3/4	ایک اجلاس میں عدم شرکت کی چھٹی دی گئی

بعد از رپورٹنگ مدت، 29 جولائی 2019 کو فیصل داؤد کو آڈٹ کمیٹی کے ارکان میں شامل کیا ہے۔

ہیومن ریسورس اینڈ ریمنریشن کمیٹی

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۔ کمیٹی میں تین ارکان شامل ہیں سال کے دوران کمیٹی کا ایک اجلاس منعقد ہوا اور اجلاس میں حاضری حسبِ ذیل رہی ہے:

نام رکن	اجلاس میں شرکت	ریمارکس
فاروق نذیر	2/2	-
فضل حسین عاصم	1/2	ایک اجلاس میں عدم شرکت کی چھٹی دی گئی
شاہ محمد چودھری	2/2	-

بعد از رپورٹنگ مدت، 29 جولائی 2019 کو اعجاز علی خان کو باقی ماندہ مدت کے لئے فضل حسین عاصم (جو 19 جولائی 2019 کے بورڈ سے مستعفی ہو گئے) کی جگہ ہیومن ریسورس اینڈ ریمنریشن کمیٹی کا رکن مقرر کیا گیا۔

سماجی سرمایہ کاری

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۔

شیئر ہولڈنگ کا نمونہ

30 جون 2019 کو شیئر ہولڈنگ کا نمونہ اور اس سے متعلقہ اضافی معلومات ہمراہ منسلک ہیں۔ ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکریٹری انکی بیویوں اور چھوٹے بچوں کی جانب سے کمپنی کے شیئرز میں کوئی ٹریڈنگ نہیں کی گئی ماسوائے ان کے جن کی قانونی طور پر باضابطہ اجازت دی گئی۔

میٹریل معلومات

سال کے دوران، ہولڈنگ کمپنی میسرز ڈسکون انجینئرنگ لمیٹڈ نے کمپنی کے 211,397,063 عمومی شیئرز میسرز DEL پاور لمیٹڈ کو منتقل کیے۔ یہ منتقلی ارینجمنٹ اسکیم منسوخ شدہ کمپنیز آرڈیننس، 1984 کی دفعہ 284 تا 288 کے تحت 21 نومبر 2017 کے آرڈر کے ذریعہ لاہور ہائی کورٹ کی طرف سے منظوری کے نتیجے عمل میں آئی ہے۔

زیرِ جائزہ سال کے دوران، بورڈ آف ڈائریکٹرز کمپنی کے کارپوریٹ سٹرکچر کی آپٹی مائزنگ کی ممکنات کی تلاش کے لئے مشاورت میں مصروف رہا ہے۔

آڈیٹرز

موجودہ سال کے لئے کمپنی کے مالی حسابات کا میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے جائزہ لیا ہے۔ آڈیٹرز سالانہ اجلاس عام کے اختتام پر ریٹائر ہو جائیں گے اور اہلیت کی بنا پر انہوں نے دوبارہ تعیناتی کیلئے اپنے آپ کو پیش کیا ہے۔ آڈٹ کمیٹی نے 30 جون 2020 کو ختم ہونے والے سال کے لیے آئندہ سالانہ اجلاس عام میں حصص داران کی منظوری کے حوالہ سے میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی آڈیٹرز کی حیثیت سے ان کی تقرری کی منظوری دے دی ہے۔

اظہار تشکر

بورڈ آف ڈائریکٹرز اپنے قابل قدر حصص یافتگان، حکومتی اداروں، سوئی ناردرن گیس پائپ لائن کمپنی لمیٹڈ، سنٹرل پاور پرچیز اتھارٹی (گروپ) اور بینکوں کا انکے تعاون مسلسل حمایت اور سرپرستی کیلئے شکرگزار ہیں۔
بورڈ کمپنی کی اعلیٰ کارکردگی کا ایک اہم حصہ ہونے پر اپنے ایگزیکٹوز، سٹاف اور ورکرز کی تعریف کرتا ہے۔

بحکم بورڈ

عمر شہزاد شیخ
چیف ایگزیکٹو

شاہ محمد چوہدری
ڈائریکٹر

لاہور
30 ستمبر 2019ء

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

Name of company: Altern Energy Limited
Year ended: June 30, 2019

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

1. The total numbers of directors are 6 as per the following:
   a) Male 6
   b) Female 0

2. The composition of board is as follows:

Sr. No.	Category	Names
1	Independent Director	Syed Rizwan Ali Shah
2	Non-Executive Directors	Mr. Taimur Dawood
3		Mr. Farooq Nazir
4		Mr. Faisal Dawood
5		Mr. Shah Muhammad Chaudhary
6	Executive Director	Mr. Fazal Hussain Asim

Post reporting period, we report the following changes on the board:

- On July 1, 2019, the board has appointed Mr. Salih Merghani as a director in place of Mr. Khalid Salman Khan (who resigned from the board on June 30, 2019) for the balance un-expired term.
- On July 29, 2019, the board has appointed Mr. Ijaz Ali Khan as a director in place of Mr. Fazal Hussain Asim (who resigned from the board on July 19, 2019) for the balance un-expired term.
- On July 29, 2019, the board has appointed Mr. Umer Shehzad Sheikh as Chief Executive Officer of the company in place of Mr. Fazal Hussain Asim (who resigned as Chief Executive Officer on July 19, 2019) for the balance un-expired term.

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies, where applicable).

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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

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

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

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

9. The company has already met the criteria of training programs for its directors under the Regulations. Therefore, no such training program was conducted during the year.

10. The board has approved appointment of CFO, 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. CFO and CEO duly endorsed the financial statements before approval of the Board.

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

a) Audit Committee	1. Mr. Farooq Nazir - Chairman
	2. Mr. Shah Muhammad Chaudhary
	3. Syed Rizwan Ali Shah

The Chairman of the Audit Committee was not an independent director during the year.

b) HR & Remuneration Committee	1. Mr. Farooq Nazir - Chairman
	2. Mr. Shah Muhammad Chaudhary
	3. Mr. Fazal Hussain Asim

The HR & Remuneration Committee did not include an independent director as a member during the year and the Chairman of the HR & Remuneration Committee was not an independent director during the year.

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 committee were as per following:

a) Audit Committee:
Four quarterly meetings were held during the financial year ended June 30, 2019.

b) HR & Remuneration Committee:
Two meetings were held during the financial year ended June 30, 2019.

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

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.

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 have been complied with.

For and behalf of the Board of Directors

Taimur Dawood
Chairman

Lahore
September 30, 2019

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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, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Altern Energy Limited for the year ended June 30, 2019 in accordance with the requirements of regulation 40 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:

Paragraph Reference	Description
i) 12	The Chairman of the Audit Committee was not an independent director during the year.
ii) 12	The Human Resource (HR)& Remuneration Committee did not include an independent director as a member during the year and the Chairman of the HR & Remuneration Committee was not an independent director during the year.

A.F. Ferguson & Co.

Chartered Accountants
Lahore,

Date: September 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the members of Altern Energy Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Altern Energy Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2019, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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 of Power Generation** **Cash-Generating Unit ('CGU')** *(Refer notes 13.1.4 & 21.1 to the annexed unconsolidated financial statements)* During the current year, 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 expert (professional valuer) 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 the higher of the two and consequently, has been used as the recoverable amount of the CGU. This recoverable amount was determined to be lower than its carrying amount and the difference amounting to Rs 73.17 million has been charged as an impairment loss in the statement of profit or loss. The determination of recoverable amount, being the higher of 'fair value less costs of disposal' and 'value in use', requires significant judgement on the part of management in both identifying and then valuing the relevant CGU. Recoverable amount is based on management's view of variables such as forecast cash flows, appropriate discount rate, market valuation of CGU assets and estimated costs of disposal. Given the level of judgement involved in this impairment calculation and the impairment loss being a significant event for the Company during the year, we consider this to be a key audit matter.	Our audit procedures included the following: • Obtained understanding of management's process for identification and measurement of the CGU; • Checked the management's assessment of presence and magnitude of impairment indicators for Power Generation CGU; • For 'fair value less costs of disposal', we reviewed the assumptions used by the Company in determining the fair market value of the assets, including those completed by external valuer, primarily using our auditor's expert and assessed the valuation methodology applied; • 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 against the understanding we obtained about the business areas through our audit and available market information; • Performed independently, a sensitivity analysis in consideration of the potential impact of reasonably possible upside or downside changes in key assumptions; and • Checked the adequacy of the disclosures made by the Company in this area with regard to applicable accounting and reporting standards.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

(d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

A.F. Ferguson & Co.

Chartered Accountants
Place: Lahore
Date: October 01, 2019

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2019	2018
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
400,000,000 (2018: 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 (2018: 363,380,000)			
ordinary shares of Rs 10 each	5	3,633,800	3,633,800
Capital reserve : Share premium	6	41,660	41,660
Revenue reserve: Un-appropriated profit		888,811	1,078,636
		4,564,271	4,754,096
NON-CURRENT LIABILITIES			
Long term financing - unsecured	7	-	-
Deferred liabilities	8	5,107	4,378
		5,107	4,378
CURRENT LIABILITIES			
Current portion of long term financing - unsecured	7	-	79,120
Trade and other payables	9	107,511	75,140
Short term borrowing - secured	10	-	159,569
Unclaimed dividend		190,673	1,345
Mark-up accrued	11	6,501	15,248
		304,685	330,422
CONTINGENCIES AND COMMITMENTS	12		
		4,874,063	5,088,896

The annexed notes 1 to 38 form an integral part of these unconsolidated financial statements.

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

AS AT JUNE 30, 2019

	Note	2019	2018
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	565,736	701,204
Intangible assets	14	134	418
Long term investment	15	3,204,510	3,204,510
Long term deposit		38	38
		3,770,418	3,906,170
CURRENT ASSETS			
Stores and spares	16	39,800	76,735
Trade debts - secured, considered good	17	681,819	934,919
Advances, prepayments and other receivables	18	131,572	162,155
Income tax recoverable		827	1,527
Bank balances	19	249,627	7,390
		1,103,645	1,182,726
		4,874,063	5,088,896

Chief Executive | Chief Financial Officer | Director

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		(Rupees in thousand)	
Revenue - net	20	474,160	1,621,194
Direct costs	21	(501,829)	(1,558,269)
Gross (loss)/profit		(27,669)	62,925
Administrative expenses	22	(48,952)	(41,079)
Other expenses	23	(24,636)	-
Other income	24	1,150,148	1,455,685
Finance cost	25	(20,167)	(25,214)
Impairment loss on property, plant and equipment	13.1.4	(73,172)	-
Profit before taxation		955,552	1,452,317
Taxation	26	(730)	325
Profit for the year		954,822	1,452,642
Earnings per share - basic and diluted **(Rupees)**	34	2.63	4.00

The annexed notes 1 to 38 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, 2019

	2019	2018
	(Rupees in thousand)	
Profit for the year	954,822	1,452,642
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss	-	-
Items that will not be reclassified subsequently to profit or loss	-	-
	-	-
Total comprehensive income for the year	954,822	1,452,642

The annexed notes 1 to 38 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, 2019

	Share capital	Capital reserve: Share premium	Revenue reserve: Un-appropriated profit	Total
	(Rupees in thousand)			
Balance as on July 1, 2017	3,633,800	41,660	1,079,514	4,754,974
Profit for the year	-	-	1,452,642	1,452,642
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	1,452,642	1,452,642
Interim dividend for the year ended June 30, 2018 @ Rs 4.00 per ordinary share	-	-	(1,453,520)	(1,453,520)
Total contributions by and distributions to owners of the Company recognised directly in equity	-	-	(1,453,520)	(1,453,520)
Balance as on June 30, 2018	3,633,800	41,660	1,078,636	4,754,096
Profit for the year	-	-	954,822	954,822
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	954,822	954,822
Interim dividend for the year ended June 30, 2019 @ Rs 3.15 per ordinary share	-	-	(1,144,647)	(1,144,647)
Total contributions by and distributions to owners of the Company recognised directly in equity	-	-	(1,144,647)	(1,144,647)
Balance as on June 30, 2019	3,633,800	41,660	888,811	4,564,271

The annexed notes 1 to 38 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, 2019

	Note	2019 (Rupees in thousand)	2018
Cash flows from operating activities			
Cash generated from/(used in) operations	27	242,525	(123,814)
Finance cost paid		(27,061)	(17,930)
Income tax paid		(30)	(294)
Net cash inflow/(outflow) from operating activities		215,434	(142,038)
Cash flows from investing activities			
Fixed capital expenditure		-	(24,573)
Dividends received		1,148,087	2,888,628
Profit on bank deposits received		280	2,165
Net cash inflow from investing activities		1,148,367	2,866,220
Cash flows from financing activities			
Repayment of long term financing - unsecured		(80,981)	(18,500)
Dividends paid		(955,310)	(2,906,421)
Net cash outflow from financing activities		(1,036,291)	(2,924,921)
Net increase / (decrease) in cash and cash equivalents		327,510	(200,739)
Cash and cash equivalents at the beginning of the year		(157,883)	42,856
Cash and cash equivalents at the end of the year	28	169,627	(157,883)

Refer note 7 for reconciliation of liabilities arising from financing activities.

The annexed notes 1 to 38 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, 2019

1 Legal Status and Nature of Business

1.1 Altern Energy Limited (the 'Company') was incorporated in Pakistan as a listed 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. 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 has been set up near Fateh Jang, District Attock, Punjab.

1.2 During the previous year, the Scheme of Arrangement of Descon Engineering Limited (the holding company of the Company till the effective date of the Scheme of Arrangement) under section 284 to 288 of the repealed Companies Ordinance, 1984, (hereinafter referred to as the 'Scheme'), was sanctioned by the Lahore High Court ('LHC') through its order dated November 21, 2017. The Scheme became effective from December 15, 2017 and resulted in the transfer and vesting of shareholding of Descon Engineering Limited in the Company into DEL Power (Private) Limited. Moreover, consequent to the Scheme becoming effective, the ultimate parent of the Company is Descon Processing (Private) Limited.

1.3 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 (2018: 32 Mega Watts). The Company achieved Commercial Operations Date ('COD') on June 6, 2001. The Company has a Power Purchase Agreement ('PPA') with its sole customer, Central Power Purchasing Agency (Guarantee) Limited ('CPPA-G') for thirty years which commenced from the COD. The Company also holds direct and indirect investments in other companies engaged in power sector as detailed in note 15 to these financial statements.

1.4 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 6, 2031. The Ministry of Petroleum and Natural Resources, empowered for Re-liquefied Natural Gas ('RLNG') allocation by the Economic Coordination Committee ('ECC') of the Federal Cabinet, issued an allocation of 6 MMCFD of RLNG to the Company on April 28, 2017 and advised the Company and SNGPL to negotiate a new GSA. Subsequent to the year end, the ECC of Cabinet has approved the summary of interim tri-partite GSA. Currently, the Company, SNGPL and CPPA-G are in the process of execution of an interim GSA for supply of RLNG. Under the interim GSA, RLNG will be supplied on as-and-when available basis till the execution of a long term GSA between the parties.

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

2 Basis of Preparation

2.1 Statement of compliance

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

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

(ii) Provisions of and directives issued under the Act.

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

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

The following amendments to existing standards have been published that are applicable to the Company's 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, 2018 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 financial statements, except for the following:

(a) IFRS 9, 'Financial Instruments'

This standard was notified by the Securities and Exchange Commission of Pakistan ('SECP') to be effective for annual periods ending on or after June 30, 2019. This standard replaces guidance in International Accounting Standard ('IAS') 39, 'Financial Instruments: Recognition and Measurement'. It includes requirements on the classification and measurement of financial assets and liabilities. It also includes an expected credit losses model that replaces the current incurred loss impairment model. However, in respect of companies holding financial assets due from the Government of Pakistan, SECP through SRO 985(I)/2019 dated September 2, 2019 has notified that the requirements contained in IFRS 9 with respect to application of Expected Credit Losses method shall not be applicable till June 30, 2021 and that such companies shall follow relevant requirements of IAS 39 in respect of above referred financial assets during the exemption period. Accordingly, the Company has changed its accounting policies and followed the requirements of IFRS 9 for:

- classification and measurement of all financial assets; and
- recognition of loss allowance for financial assets other than the financial assets due from the Government of Pakistan.

In respect of application of IFRS 9, the Company has adopted modified retrospective approach as permitted by this standard, according to which the Company is not required to restate the prior period results. The adoption of IFRS 9 has not resulted in any impact on the opening balance of un-appropriated profit. In respect of classification of financial assets, the Company's management has assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories (i.e. mainly financial assets previously classified as 'loans and receivables' have now been classified as 'financial assets at amortised cost').

(b) IFRS 15, 'Revenue from Contracts with Customers'

This standard was notified by the SECP to be effective for annual periods beginning on or after July 1, 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the unconsolidated financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, 'Revenue', and IAS 11, 'Construction contracts', and related interpretations.

The Company has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognise the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of un-appropriated profit in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any impact on the revenue recognition policy of the Company and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of un-appropriated profit in the period of initial application is nil. Therefore, the comparative information has not been restated and continues to be reported under the previous accounting policy.

2.2.2 Exemption from applicability of certain interpretations to standards

SECP through SRO 24(I)/2012 dated January 16, 2012 has granted exemption from the application of International Financial Reporting Interpretation Committee ('IFRIC') 4, 'Determining whether an Arrangement contains a Lease', and IFRIC 12, 'Service Concession Arrangements', to all companies. However, the SECP made it mandatory to disclose the impact of the application of IFRIC 4 or IFRIC 12 on the results of the companies.

Under IFRIC 4, the consideration required to be made by the lessee for the right to use the asset is to be accounted for as a finance lease under IAS 17, 'Leases'. The Company's power plant's control due to purchase of total output by CPPA-G appears to fall under the scope of IFRIC 4. Consequently, if the Company were to follow IFRIC 4 and IAS 17, the effect on the financial statements would be as follows:

	2019	2018
	(Rupees in thousand)	
De-recognition of property, plant and equipment	(633,900)	(694,868)
De-recognition of trade debts	(58,707)	(83,813)
Recognition of lease debtor	457,860	497,852
Decrease in un-appropriated profit at the beginning of the year	(280,829)	(306,685)
Increase in profit for the year	46,082	25,856
Decrease in un-appropriated profit at the end of the year	(234,747)	(280,829)

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 January 1, 2019 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 following:

- IFRS 16, 'Leases': this standard has been notified by the SECP to be effective for annual periods beginning on or after January 1, 2019. This standard replaces the current guidance in IAS 17, 'Leases' and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on statement of financial position) and an operating lease (off statement of financial position). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees.

SECP through SRO 986(I)/2019 dated September 2, 2019 has granted exemption from the requirements of IFRS 16 to all companies that have executed their power purchase agreements before January 1, 2019. Therefore, the standard will not have any impact on the Company's unconsolidated financial statements.

-Amendments to IAS 1 and IAS 8 on the definition of material: (effective for periods beginning on or after July 1, 2019). These amendments to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information. It is unlikely that these amendments will have any significant impact on the Company's unconsolidated financial statements.

3 Basis of measurement

3.1 These unconsolidated financial statements have been prepared under the historical cost convention except for certain classes of property, plant and equipment which have been measured at 'fair value less costs of disposal'.

3.2 Critical accounting estimates and judgements

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

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

a) Provision for taxation

The Company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its views on items of material nature is in accordance with the law, the amounts are shown as contingent liabilities. The recognition of deferred taxes is made taking into account these judgements and the best estimates of future results of operations of the Company.

b) Useful lives, residual values and depreciation method of property, plant and equipment

The Company reviews the useful lives, residual values and depreciation method of property, plant and equipment on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

c) Impairment testing of non-financial assets

Estimates with respect to impairment of non-financial assets as disclosed in note 4.4 to these unconsolidated financial statements.

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

4 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 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 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 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 tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. However, the deferred 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 transaction neither affects accounting nor taxable profit or loss. 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 is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is charged or credited in the statement of profit or loss, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

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.

4.2 Property, plant and equipment

4.2.1 Operating fixed assets

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

Depreciation on all operating fixed assets is charged to income 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 13.1 after taking into account their residual values. Depreciation on addition is charged from the month the asset is available for use, while in case of disposal it is charged up to the month of disposal.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of the residual value of its operating fixed assets as at June 30, 2019, has not required any adjustment as its impact is considered insignificant.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 4.4).

Subsequent costs are included in the asset's carrying amount or recognised 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 included in the statement of profit or loss during the period in which they are incurred. Exchange differences related to foreign currency loans obtained for the acquisition, development and construction of qualifying assets are capitalised as referred to in note 4.17(b) to these unconsolidated financial statements.

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 for 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 computer software and Enterprise Resource Planning ('ERP') system has been capitalised as an intangible asset and stated at cost less accumulated amortisation and any identified impairment loss. Intangible assets are amortised using the straight line method at the annual rate mentioned in note 15.

Amortisation on additions to intangible assets is charged from the month in which an asset is acquired or capitalised while no amortisation is charged for the month in which the asset is disposed off.

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 (note 4.4).

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('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.

4.5 Investments

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

4.5.1 Investments in equity instruments of subsidiaries

Investments in subsidiaries are measured at cost less any identified impairment loss in the Company's separate financial statements. Cost represents the fair value of the consideration given, including any transaction costs paid, by the Company at the time of purchase of such equity instruments. In case of an increase in the investment in a subsidiary, the accumulated cost represents the carrying value of the investment.

The carrying amount of an investment carried at cost is derecognised when it is sold or otherwise disposed of. The difference between the fair value of any consideration received on disposal and the carrying amount of the investment is recorded in the statement of profit or loss as a gain or loss on disposal.

An investment's carrying amount is written down immediately to its recoverable amount if the investment's carrying amount is greater than its estimated recoverable amount (note 4.4).

The Company is required to issue consolidated financial statements along with its separate financial statements in accordance with the requirements of the approved accounting standards.

4.6 Stores and spares

Stores and spares are valued principally at weighted average cost except for items in transit which are stated at invoice value plus other charges paid thereon till the statement of financial position date while items considered obsolete are carried at nil value.

4.7 Financial assets

4.7.1 Classification

From July 1, 2018, the Company classifies its financial assets, other than those due from the Government of Pakistan, in the following measurement categories:

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

- those to be measured at amortised cost.

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

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

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

4.7.2 Recognition and derecognition

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

4.7.3 Measurement

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

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

Debt instruments

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

i) Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised 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 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 Government of Pakistan

From July 1, 2018, the Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

4.7.5 Accounting policies applied until June 30, 2018

The Company has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Company's previous accounting policy.

Classification

Until June 30, 2018, the Company classified its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and held to maturity. The classification depended on the purpose for which the financial assets were acquired. Management determined the classification of its financial assets at the time of initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss were the financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Derivatives were also categorized as held for trading unless they were designated as hedges. A financial asset was classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category were classified as current assets if expected to be settled within twelve months, otherwise, they were classified as non-current.

b) Loans and receivables

Loans and receivables were non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They were included in current assets, except for maturities greater than twelve months after the statement of financial position date, which were classified as non-current assets. Loans and receivables comprised of trade debts, advances, deposits, other receivables and cash and cash equivalents in the statement of financial position.

c) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity were classified as held to maturity and were stated at amortized cost.

d) Available-for-sale financial assets

Available-for-sale financial assets were non-derivatives that were either designated in this category or not classified in any of the other categories. They were included in non-current assets unless management intends to dispose of the investments within twelve months from the statement of financial position date.

Recognition and measurement

All financial assets were recognized at the time when the Company became a party to the contractual provisions of the instrument. Regular purchases and sales of investments were recognized on trade-date – the date on which the Company committed to purchase or sell the asset. Financial assets were initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss were initially recognized at fair value and transaction costs were expensed in the statement of profit or loss. Financial assets were derecognized when the rights to receive cash flows from the assets expired or had been transferred and the Company had transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss were subsequently carried at fair value. For investments having quoted price in active market, the quoted price represented the fair value. In other cases, fair value was measured using appropriate valuation methodology and where fair value could not be measured reliably, these were carried at cost. Loans and receivables and held to maturity investments were carried at amortized cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category were presented in the statement of profit or loss in the period in which they arose. Dividend income from financial assets at fair value through profit and loss was recognized in the statement of profit or loss as part of other income when the Company's right to receive payments was established.

Changes in the fair value of securities classified as available-for-sale were recognized in other comprehensive income. When securities classified as available-for-sale were sold or impaired, the accumulated fair value adjustments recognized in equity were included in the statement of profit or loss as gains and losses from investment securities. Interest on available-for-sale securities calculated using the effective interest method was recognized in the statement of profit or loss. Dividends on available-for-sale equity instruments were recognized in the statement of profit or loss when the Company's right to receive payments was established.

The Company assessed at each reporting date whether there was objective evidence that a financial asset or a group of financial assets was impaired. If any such evidence existed for available-for-sale financial assets, the cumulative loss was removed from equity and recognized in the statement of profit or loss. Impairment losses recognized in the statement of profit or loss on equity instruments were not reversed through 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 on profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

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 or 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 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 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 Financial assets due from the Government of Pakistan

Financial assets due from the Government of Pakistan include trade debts and other receivables due from CPPA-G under the PPA that also includes accrued amounts. As referred to in note 2.2.1(a) to these unconsolidated financial statements, SECP through SRO 985(I)/2019 dated September 2, 2019 has notified that, in respect of companies holding financial assets due from the Government of Pakistan, the requirements contained in IFRS 9 with respect to application of Expected Credit Losses method shall not be applicable till June 30, 2021 and that such companies shall follow relevant requirements of IAS 39 in respect of above referred financial assets during the exemption period. Accordingly, the same continue to be reported as per the following accounting policy:

A provision for impairment is established when there is objective evidence that the 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.

4.11 Cash and cash equivalents

Cash and cash equivalents represent deposits held at call with banks.

4.12 Borrowings

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

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 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 the ordinary course of business from suppliers. 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 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 embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

4.16 Employee benefits

I) Short term obligations

Liabilities for wages and salaries, including non-monetary benefits 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 statement of financial position.

ii) Other long term employee benefit obligations - accumulating compensated absences

The Company provides for accumulating compensated absences of its employees in accordance with respective entitlement on cessation of service.

iii) Post employment benefit - Defined benefit plan (gratuity)

The Company operates an un-funded gratuity scheme for all 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.

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 unconsolidated financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. All figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.

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 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 Implementation Agreement in accordance with SRO 24(I)/2012 dated January 16, 2012 of the SECP.

4.18 Revenue recognition

Revenue shall be recognised when (or as) the entity 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 from sale of electricity to CPPA-G, the sole customer of the Company, is recorded based upon the output delivered and capacity available based on the rates determined under the mechanism laid down in the PPA.

- Other supplemental charges representing delayed payment markup on amounts due under the PPA are accrued on a time proportion basis by reference to the amount outstanding and the applicable rate of return under the PPA.

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

4.19 Dividend

Dividend distribution to the Company's shareholders is recognized as a liability in the period in which the dividends are declared.

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.

5. Issued, subscribed and paid up share capital

2019	2018		2019	2018
(Number of shares)			(Rupees in thousand)	
359,480,000	359,480,000	Ordinary shares of Rs 10 each fully paid in cash	3,594,800	3,594,800
3,900,000	3,900,000	Ordinary shares of Rs 10 each issued for consideration other than cash	39,000	39,000
363,380,000	363,380,000		3,633,800	3,633,800

5.1 As at June 30, 2019, 211,397,063 (2018: 211,397,063) ordinary shares of the Company which represent 58.18% (2018: 58.18%) of the issued, subscribed and paid up share capital of the Company are held by DEL Power (Private) Limited, the Holding Company. Previously, 211,397,063 ordinary shares of the Company which represented 58.18% of the issued, subscribed and paid up share capital of the Company were held by Descon Engineering Limited till December 15, 2017 as explained in note 1.2.

5.2 Ordinary shares of the Company held by related parties (other than the Holding Company) as at year end are as follows:

Directors			
Mr Abdul Razak Dawood	- note 5.2.1	-	500
Mr Taimur Dawood		1,000	1,000
Mr Faisal Dawood		22,500	-
Mr Farooq Nazir		500	500
Mr Shah Muhammad Chaudhry		500	500
Syed Rizwan Ali Shah		500	500
Mr Fazal Hussain Asim		500	500
Other related party			
Descon Holdings (Private) Limited		30,000	30,000
		55,500	33,500

5.2.1 Mr Abdul Razak Dawood ceased to be a director of the Company with effect from August 15, 2018.

5.3 No other related party holds any shares in the Company.

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

		2019	2018
7. Long term financing - unsecured		(Rupees in thousand)	
The reconciliation of the carrying amount of loan is as follows:			
Opening balance		79,120	94,851
Mark-up accrued during the year	- note 25.1	1,861	2,769
Repayment during the year		(80,981)	(18,500)
Closing balance		-	79,120
Current portion shown under current liabilities		-	(79,120)
		-	-
Long term loan from subsidiary			
Power Management Company (Private) Limited ('PMCL')		-	31,500
		-	31,500
Interest on loan from PMCL		-	47,620
		-	79,120
Less: Current portion of long term loan		-	(79,120)
		-	-
8. Deferred liabilities			
Provision for:			
Staff gratuity	- note 8.1	4,640	3,937
Accumulating compensated absences	- note 8.2	467	441
		5,107	4,378
8.1 Staff gratuity			
Opening liability		3,937	3,015
Provision for the year		703	922
		4,640	3,937
Payments during the year		-	-
Closing liability		4,640	3,937

	2019	2018
	(Rupees in thousands)	
8.2 Accumulating compensated absences		
Opening liability	441	387
Provision for the year	26	54
	467	441
Payments during the year	-	-
Closing liability	467	441

9. Trade and other payables

Natural gas and RLNG charges due to SNGPL		1,131	30,825
Other creditors	- note 9.1	11,211	31,954
Due to PMCL (wholly owned subsidiary) - unsecured	- note 9.2	80,000	5,704
Withholding income tax payable		6,029	416
Withholding sales tax payable		275	620
Workers' profit participation fund	- note 9.3	-	-
Accrued liabilities		8,865	5,621
		107,511	75,140

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

Descon Engineering Limited (holding company till December 15, 2017 and common directorship thereafter)	3,653	8,756
Descon Power Solutions (Private) Limited (common directorship)	4,788	13,868
Descon Corporation (Private) Limited (common directorship)	382	1,607
Rousch (Pakistan) Power Limited (subsidiary)	250	175
	9,073	24,406

9.2. Short term loan from subsidiary company - unsecured

The reconciliation of the carrying amount of loan is as follows:

Opening balance	5,704	5,715
Repayment during the year	(5,704)	(11)
Receipt during the year	80,000	-
Closing balance	80,000	5,704

9.2.1 This represents amount payable to PMCL (wholly owned subsidiary). This is unsecured and carries mark up at six months KIBOR plus 100 basis points per annum. The mark-up rate charged during the year on the outstanding balance ranged from 8.04% to 11.84% (2018: 7.15% to 7.21%) per annum. The amount has been borrowed to finance working capital needs of the Company.

9.2.2 The maximum aggregate amount payable to PMCL, the subsidiary company, at the end of any month during the year was Rs 80.00 million (2018: Rs 5.72 million).

		2019	2018
9.3 Workers' profit participation fund		(Rupees in thousands)	
Opening balance		-	9,861
Provision for the year	- note 18.2	-	-
		-	9,861
Payments made during the year		-	(9,861)
Closing balance		-	-

9.4 Workers' welfare fund ('WWF') has not been provided for in these unconsolidated financial statements based on the advice of the Company's legal consultant. However, in case the Company pays WWF, the same is recoverable from CPPA-G as a pass through item under section 14.2(a) of the PPA.

10 The running finance facility obtained from financial institution under mark-up arrangements amounted to Rs 300 million (2018: Rs 300 million). The facility carried mark-up at three months KIBOR plus 100 basis points per annum, payable quarterly, on the balance outstanding.

10.1 The facility for letter of guarantee amounts Rs 700 million (2018: Rs 700 million). The amount utilised at June 30, 2019, for the said facility was Rs 532.68 million (2018: Rs 532.68 million).

10.2 The facilities are secured against first hypothecation charge of Rs 1,340 million over present and future current assets of the Company and cross corporate guarantee issued by Descon Engineering Limited, (holding company till December 15, 2017 and related party, on the basis of common directorship, thereafter). The mark-up rate charged during the current year on the outstanding balance ranged from 7.50% to 11.99% (2018: 7.15% to 7.50%) per annum.

	2019	2018
11. Mark-up accrued	(Rupees in thousands)	
Mark-up accrued on:		
Amount due to PMCL (wholly owned subsidiary) - unsecured	6,447	11,126
Short term borrowing - secured	54	4,122
	6,501	15,248

12 Contingencies and commitments

12.1 Contingencies

(i) In financial year 2014, the taxation authorities issued a show cause notice amounting to Rs 157 million on account of input sales tax alleged to be wrongly claimed for the period July 2009 to June 2013. The 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 for the show cause notice, which was rejected by the taxation authorities and a demand for the above mentioned amount was created. Consequently, Company filed an appeal with Appellate Tribunal Inland revenue ('ATIR') against the demand which was also rejected. The Company preferred an appeal before LHC which granted stay to the Company after payments of Rs 10.12 million against the total demand of Rs 157 million. The LHC vide its

judgement in case No. STR 120/2015 dated October 31, 2016 decided the case in favour of the Company and the deposit was refunded to the Company. The department has challenged the decision of LHC before Supreme Court of Pakistan on February 4, 2017 and has also preferred an intra court appeal 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.

(ii) In respect of tax year 2009, the Additional Commissioner Inland Revenue ('ACIR') raised demand of Rs 0.74 million under section 122(5A) of the Income Tax Ordinance, 2001 which mainly related to taxation of interest on delayed payments, scrap sales and gain on disposal of operating fixed assets. The Company preferred an appeal before Commissioner Inland Revenue (Appeals) ['CIR(A)'] against the impugned tax demand. The CIR(A) decided the appeal in favour of Company thereby deleting the alleged tax demand. The tax department has filed an appeal before the ATIR against the order of CIR(A) on August 1, 2016 and the case is now 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 the facts.

(iii) In respect of tax years 2010, 2011, 2012 and 2013, the ACIR raised demands aggregating to Rs 9.3 million under section 122 (5A) of the Income Tax Ordinance, 2001 which mainly related to subjecting capacity price payments to minimum taxation under section 113 of the Income Tax Ordinance, 2001. The Company preferred an appeal before Commissioner Inland Revenue (Appeals) ['CIR(A)'] against the impugned tax demand. The CIR(A) decided the appeal in favour of 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 now 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 the facts.

(iv) The taxation authorities in pursuance of show cause notice under section 182/114 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 has preferred an appeal before CIR(A), wherein relief sought was not provided. Aggrieved with the order of CIR(A), 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 the facts.

(v) In respect of tax year 2015, the Additional Commissioner (Audit), Inland Revenue ['AC(A)IR'] passed an amended assessment order under section 122(5A), creating income tax demand amounting to Rs 81.60 million which mainly relates to denying the claim of exemption of dividend income from PMCL (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). CIR(A), through order dated April 16, 2018, has accepted all the contentions of the Company except the taxation of dividend income thereby reducing the demand to Rs 68.33 million. On April 18, 2018, the Company has filed an appeal before ATIR against the CIR(A)'s order and 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 the facts.

(vi) In respect of tax year 2016, the AC(A)IR passed an amended assessment order under section 122(5A), creating income tax demand amounting to Rs 150.97 million which mainly relates to taxability of dividend income from PMCL (wholly owned subsidiary) on accrual basis. The Company being aggrieved of the said order filed the appeal before CIR(A). CIR(A), through order dated April 16, 2018, has 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 has filed an appeal before ATIR against the CIR(A)'s order and 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 the facts.

(vii) Habib Metropolitan Bank Limited has issued bank guarantee amounting to Rs 532.68 million (2018: Rs 532.68 million) in favour of SNGPL as a security to cover natural gas / RLNG supply for which payments are made in arrears. The guarantee is due to expire on December 14, 2019 and is renewable.

12.2 Commitments - nil

		2019	2018
		(Rupees in thousand)	
13. Property, plant and equipment			
Operating fixed assets	- note 13.1	563,044	696,398
Major spare parts and stand-by equipment	- note 13.2	2,692	4,806
		565,736	701,204

13.1 Operating fixed assets

	Annual rate of depreciation	COST: Cost as at July 1, 2018	Additions during the year	Transfers in	Disposals during the year	COST: Cost as at June 30, 2019	ACCUMULATED DEPRECIATION AND IMPAIRMENT: Balance as at July 1, 2018	Depreciation charge for the year	Charge on disposals	Impairment loss for the year	Balance as at June 30, 2019	Net book value as at June 30, 2019
	%	(Rupees in thousand)										
Freehold land	-	4,647	-	-	-	4,647	-	-	-	-	-	4,647
Building on freehold land	5	121,447	-	-	-	121,447	74,878	6,072	-	-	80,950	40,497
Plant and machinery (note 13.1.4 & 13.1.6)	3-25	1,269,692	309	-	-	1,270,001	629,307	55,180	-	71,058	755,545	514,456
Electric equipment	10	3,273	-	-	-	3,273	2,184	-	-	-	2,184	1,089
Office equipment	10-33	3,819	-	-	-	3,819	2,472	818	-	-	3,290	529
Vehicles	20	3,045	-	-	-	3,045	684	535	-	-	1,219	1,826
		1,405,923	**309**	**-**	**-**	**1,406,232**	**709,525**	**62,605**	**-**	**71,058**	**843,188**	**563,044**

	Annual rate of depreciation	COST: Cost as at July 1, 2017	Additions during the year	Transfers in	Disposals during the year	COST: Cost as at June 30, 2018	ACCUMULATED DEPRECIATION AND IMPAIRMENT: Balance as at July 1, 2017	Depreciation charge for the year	Charge on disposals	Impairment charge for the year	Balance as at June 30, 2018	Net book value as at June 30, 2018
	%	(Rupees in thousand)										
Freehold land	-	4,647	-	-	-	4,647	-	-	-	-	-	4,647
Building on freehold land	5	121,447	-	-	-	121,447	75,277	6,072	-	-	74,878	46,569
Plant and machinery (note 13.1.6)	3-25	1,249,482	-	20,210	-	1,269,692	566,183	57,246	-	-	629,307	640,385
Electric equipment	10	3,273	-	-	-	3,273	1,897	326	-	-	2,184	1,089
Office equipment	10-33	3,435	384	-	-	3,819	1,261	579	-	-	2,472	1,347
Vehicles	20	372	2,673	-	-	3,045	372	312	-	-	684	2,361
		1,382,656	**3,057**	**20,210**	**-**	**1,405,923**	**644,990**	**64,535**	**-**	**-**	**709,525**	**696,398**

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

		2019 (Rupees in thousand)	2018 (Rupees in thousand)
Direct costs	- note 21	61,252	63,319
Administrative expenses	- note 22	1,353	1,216
		62,605	64,535

13.1.2 The cost of fully depreciated assets which are still in use as at June 30, 2019 is Rs 160.30 million (2018: Rs 155.56 million).

13.1.3 Freehold land represents an area measuring measuring 24 Kanals and 18 Marlas, situated at Tehsil Fateh Jang, District Attock.

13.1.4 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;

- Forecast operating losses and net cash outflows for Company's Power Generation operations.

Power Generation CGU is comprised of property, plant and equipment and intangible assets and stores and spares. 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 expert (professional valuer) 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. Since there are observable indications that the fair value of the CGU has declined significantly, therefore, it has been impaired.

The CGU has been written down from its carrying value of Rs 678.84 million to its recoverable amount of Rs 605.67 million. The impairment loss has been entirely allocated to property, plant and equipment and has been recognised as a separate line item in the statement of profit or loss.

13.1.5 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).

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 level 3 of fair value hierarchy in its entirety. 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.

'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, obsolescence, depreciation and forced sale factors to arrive at present market value,

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

13.1.6 According to the SRO 24(I)/2012 dated January 16, 2012 issued by SECP [as fully explained in note 4.17(b) to these financial statements], the Company is allowed to capitalize exchange gains/losses arising on outstanding amounts of foreign currency loans contracted under the Implementation Agreement with Government of Pakistan until the date of expiry of such Implementation Agreement. There were no exchange losses capitalised during the year (2018: Nil). The exchange losses capitalised are amortised over the remaining useful life of plant. Had the Company followed IAS 21, 'The Effects of Changes in Foreign Exchange Rates', the effect on the financial statements would be as follows:

	2019	2018
	(Rupees in thousand)	
Decrease in the carrying amount of property, plant and equipment and un-appropriated profit as at June 30	(49,195)	(53,294)
Decrease in cost of sales	4,100	4,100
Increase in profit for the year	4,100	4,100

13.2 Major spare parts and stand-by equipment

The reconciliation of the carrying amount is as follows:

Opening balance		4,806	3,870
Additions during the year		-	21,146
		4,806	25,016
Transfers during the year	- note 13.1	-	(20,210)
Impairment charge for the year	- note 13.1.4	(2,114)	-
Closing balance		2,692	4,806

14. Intangible assets

These represent computer software and ERP system.

Cost			
Opening balance		7,565	7,195
Additions during the year	- note 14.3	-	370
Closing balance		7,565	7,565
Amortisation			
Opening balance		7,147	5,240
Charge for the year	- note 22	284	1,907
Closing balance		7,431	7,147
Net book value as at June 30		134	418
Annual amortization rate		33%	33%

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

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

14.3 This represents ERP implementation/updating fees charged by Descon Corporation (Private) Limited, a related party (on the basis of common directorship).

The cost of fully amortised assets which are still in use as at June 30, 2019 is Rs 7.20 million (2018: Rs 6.41 million).

		2019	2018
		(Rupees in thousand)	
15. Long term investment			
Subsidiary - unquoted:			
Power Management Company (Private) Limited - (PMCL)			
320,451,000 (2018: 320,451,000) fully paid ordinary shares of Rs 10 each [Equity held 100% (2018: 100%)] - Cost	- note 15.1	3,204,510	3,204,510

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

	2019	2018
	(Rupees in thousand)	
16. Stores and spares		
Stores	6,270	66,406
Spares	33,530	10,329
	39,800	76,735

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

		2019	2018
		(Rupees in thousand)	
17. Trade debts - secured, considered good			
Considered good	- note 17.1	681,819	934,919
Considered doubtful		12,851	9,356
		694,670	944,275
Provision for doubtful debts	- note 17.2	(12,851)	(9,356)
		681,819	934,919

17.1 These represent trade receivables from CPPA-G and are considered good. These are secured by a guarantee from the Government of Pakistan under the Implementation Agreement and are in the normal course of business and 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 10.00% to 14.75% (2018: 8.25% to 9.00%) per annum. These include unbilled receivables aggregating to Rs 82.56 million (2018: Rs 154.73 million).

		2019	2018
17.2 Provision for doubtful debts		(Rupees in thousand)	
Opening balance		9,356	8,032
Provision for the year	- note 17.3 & 22	3,495	1,324
Closing balance		12,851	9,356

17.3 During the year, a further provision of Rs 3.49 million has been made on account of disputed amounts relating to energy and capacity charges.

		2019	2018
18. Advances, prepayments and other receivables		(Rupees in thousand)	
Advances - considered good:			
- To suppliers		377	2,899
- To employees against expenses		151	241
Balances with statutory authorities:			
- Sales tax		94,531	122,969
- Receivable against WWF - considered good	- note 18.1	34,581	34,464
Claims recoverable from CPPA-G for pass through items:			
- Workers' profit participation fund	- note 18.2	-	-
Prepayments	- note 18.3	1,932	1,582
		131,572	162,155

18.1 This includes WWF contribution amounting to Rs 33.32 million (2018: Rs 33.32 million) based on accounting profit for tax year 2014 paid under protest after demand by taxation authorities. Since the provisions of WWF were not applicable to the Company in the light of Supreme Court's decision, CPPA-G has not acknowledged this amount as a valid pass through item. 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 the facts.

		2019	2018
18.2 Workers' profit participation fund		(Rupees in thousands)	
Opening balance		-	9,861
Provision for the year	- note 9.3	-	-
		-	9,861
Transfer to trade debts during the year		-	(9,861)
Closing balance		-	-

Under section 14.2(a) of the PPA with CPPA-G, payments to Workers' Profit Participation Fund are recoverable from CPPA-G as a pass through item.

18.3 This includes prepayment in respect of ERP annual support services cost made to Descon Corporation (Private) Limited, a related party (on the basis of common directorship) aggregating to Rs 0.10 million (2018: Rs 0.08 million).

		2019	2018
		(Rupees in thousand)	
19. Bank balances			
Cash at bank:			
On saving accounts	- note 19.1	52,456	245
On current accounts		197,171	7,145
		249,627	7,390

19.1 Profit on balances in saving accounts is 4.14% (2018: 5.25%) per annum.

20. Revenue - net			
Energy purchase price - gross		421,201	1,523,297
Sales tax		(61,200)	(221,334)
Energy purchase price - net		360,001	1,301,963
Capacity purchase price		43,894	264,741
Other supplemental charges		70,265	54,490
		474,160	1,621,194
21. Direct costs			
RLNG consumed		345,140	1,295,004
Salaries, benefits and other allowances		746	816
Operation and maintenance		35,801	58,090
Stores and spares consumed		8,209	104,447
Write-down stores and spares	- note 21.1	31,249	-
Purchase of energy from CPPA-G		4,170	4,105
Insurance		2,134	2,073
Lube oil consumed		1,347	12,994
Repairs and maintenance		4,119	10,960
Travelling and conveyance		257	387
Depreciation on operating fixed assets	- note 13.1.1	61,252	63,319
Security expense		7,144	5,507
Generation license fee		157	149
Miscellaneous expenses		104	418
		501,829	1,558,269

21.1 This represents write-down of stores and spares to net realizable value. The write-down has been recognized as part of the overall impairment testing of the Power Generation CGU as referred to in note 13.1.4.

		2019	2018
		(Rupees in thousands)	
22. Administrative expenses			
Salaries, benefits and other allowances	- note 22.1	11,268	11,637
Directors' meeting fee	- note 30.2	500	500
ERP running cost	- note 22.2	3,832	3,141
Travelling and conveyance		1,461	2,339
Utilities		648	655
Postage and telephone		676	748
Printing and stationery		1,316	1,071
Auditors' remuneration	- note 22.3	1,253	1,435
Legal and professional expenses		20,306	12,571
Fees and subscription		1,619	1,437
Entertainment		194	221
Amortisation on intangible assets	- note 14	284	1,907
Depreciation on operating fixed assets	- note 13.1.1	1,353	1,216
Repairs and maintenance		148	7
Provision for doubtful debts	- note 17.2	3,495	1,324
Rent, rates and taxes		362	529
Training expenses		-	194
Miscellaneous		237	147
		48,952	41,079

22.1 Salaries, benefits and other allowances include Rs 0.70 million (2018: Rs 0.92 million) and Rs 0.03 million (2018: Rs 0.05 million) on account of staff 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 (on the basis of common directorship).

22.3 Auditors' remuneration

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

Statutory audit	830	790
Half yearly review	280	266
Certifications required by various regulations	58	281
Reimbursement of expenses	85	98
	1,253	1,435

23. This represents trade debts written off during the year being uncollectible.

24. Other income

Profit on bank deposits	280	2,165
Dividend income from PMCL (wholly owned subsidiary)	1,148,087	1,453,520
Scrap sales	1,020	-
Liabilities no longer payable written back	761	-
	1,150,148	1,455,685

		2019	2018
		(Rupees in thousand)	
25. Finance cost			
Mark-up on:			
Long term financing - unsecured	- note 25.1	1,861	2,769
Due to PMCL (wholly owned subsidiary) - unsecured		3,378	413
Short term borrowing - secured		10,913	10,537
Bank charges		43	7,060
Guarantee commission		3,708	3,323
Late payments surcharge on:			
Late payments to Descon Power Solutions (Private) Limited - related party (common directorship)		-	321
Late payments to SNGPL		264	791
		20,167	25,214

25.1 This includes mark-up on loans from Descon Engineering Limited, (holding company till December 15, 2017 and related party, on the basis of common directorship, thereafter), and PMCL (wholly owned subsidiary), amounting to Nil (2018: Nil) and Rs 1.86 million (2018: Rs 2.77 million) respectively.

26. Taxation		
Current		
For the year	81	-
Prior years	649	(325)
	730	(325)

26.1 Relationship between tax income and accounting profit

Profit before taxation	955,552	1,452,317
Tax at the applicable rate of 29% (2018: 30%)	277,110	435,695
Tax effect of:		
Amounts that are exempt as referred to in note 4.1	(277,029)	(435,046)
Amounts that are allowable as tax credit	-	(649)
Prior year's tax	649	(325)
	730	(325)

26.2 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 Group Companies Registration Regulations, 2008 to avail group relief under section 59B of the Income Tax Ordinance, 2001. At the time of registration of 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 the 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 769.97 million (2018:Rs 566.70 million) for tax on dividend income from PMCL (wholly owned subsidiary) for the tax years from 2016 to 2018 has been recognized in these financial statements.

27. Cash generated/(used in) from operations

		2019	2018
		(Rupees in thousand)	
Profit before taxation		955,552	1,452,317
Adjustment for non cash charges and other items:			
- Depreciation on operating fixed assets	-note 13.1.1	62,605	64,535
- Impairment loss on property, plant and equipment	-note 13.1.4	73,172	-
- Amortisation on intangible assets	- note 14	284	1,907
- Profit on bank deposits	- note 24	(280)	(2,165)
- Dividend income from PMCL (wholly owned subsidiary)	- note 24	(1,148,087)	(1,453,520)
- Finance cost	- note 25	20,167	25,214
- Liabilities no longer payable written back	- note 24	(761)	-
- Provision for doubtful debts	- note 17.2	3,495	1,324
- Write-down of stores and spares	- note 21.1	31,249	-
- Trade debts written off	- note 23	24,636	-
- Provision for staff gratuity	- note 8.1	703	922
- Provision for accumulating compensated absences	- note 8.2	26	54
Profit before working capital changes		22,761	90,588
Effect on cash flow due to working capital changes:			
Decrease/(increase) in current assets			
- Stores and spares		5,377	35,733
- Trade debts - secured, considered good		224,969	(136,088)
- Advances, prepayments and other receivables		30,582	(15,982)
		260,928	(116,337)
Decrease/(increase) in current liabilities			
- Trade and other payables		(41,164)	(98,065)
		219,764	(214,402)
		242,525	(123,814)

28. Cash and cash equivalents

Bank balances	- note 19	249,627	7,390
Short term borrowing - secured	- note 10	-	(159,569)
Due to PMCL (wholly owned subsidiary) - unsecured	- note 9	(80,000)	(5,704)
		169,627	(157,883)

29. Transactions with related parties

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

Relationship with the Company	Nature of transactions		2019	2018
			(Rupees in thousand)	
i. Holding company				
Descon Engineering Limited - till December 15, 2017	Dividends paid		-	1,691,177
	Common costs charged to the Company		2,455	1,104
DEL Power (Private) Limited	Dividends paid		615,958	-
ii. Subsidiaries				
PMCL (wholly owned)	Dividends received		1,228,087	2,888,962
RPPL	Common costs charged to the Company		340	300
iii. Other related parties				
On the basis of common directorship				
Descon Engineering Limited - from December 15, 2017	Common costs charged to the Company		-	2,037
Descon Power Solutions (Private) Limited	Operation and maintenance contractor's fee		35,801	52,809
	Service agreement of generators		-	5,281
	Purchases of spare parts		2,905	70,399
	Major maintenance fee		-	1,746
	Common costs charged to the Company		451	78
Descon Corporation (Private) Limited	Common costs charged to the Company		362	529
Group company				
Descon Holdings (Private) Limited	Dividends paid		95	240
iv. Key management personnel	Short term employee benefits	- note 29.2	7,816	7,777
	Post employment benefits	- note 29.2	578	773
	Long term benefits	- note 29.2	18	37
	Other benefits	- note 29.2	665	724
	Dividends paid		70	208

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

29.2 This represents remuneration of Chief Executive, a non-executive Director and an executive that is included in the remuneration disclosed in note 30.1 to these financial statements.

29.3 All the related parties with whom the company had entered into transactions or had arrangements/agreements in place during the year have been disclosed in relevant notes to these unconsolidated financial statements.

30. Remuneration of Chief Executive, Directors and Executives

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

	Chief Executive		Executive Director	
	2019	2018	2019	2018
	(Rupees in thousand)		(Rupees in thousand)	
Managerial remuneration	3,489	3,156	-	-
Number of person(s)	1	1	-	-

	Non Executive Directors		Executives	
	2019	2018	2019	2018
	(Rupees in thousand)		(Rupees in thousand)	
Managerial remuneration	-	-	3,469	3,273
Accumulating compensated absences	-	-	18	37
Gratuity	-	-	578	773
House rent, utilities and other allowances	-	-	347	327
Bonus	-	-	510	510
Reimbursable expenses against vehicle	-	-	511	511
Other services rendered	665	724	-	-
	665	724	5,433	5,431
Number of person(s)	6	6	1	1

30.2 During the year the Company paid meeting fee amounting to Rs 0.50 million (2018: Rs 0.50 million) to its non-executive (independent) director.

31. Number of employees

	2019	2018
Total number of employees as at June 30	7	7
Average number of employees during the year	7	7

32. Financial risk management

32.1 Financial risk factors

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

Risk management is carried out by the Board of Directors (the 'Board'). The Board provides 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. All treasury related transactions are carried out within the parameters of these policies.

(a) Market risk

(i) Currency risk

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

The Company is not exposed to any significant currency risk.

(ii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long term interest-bearing assets. The Company's interest rate risk arises from borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

At the statement of financial position date, the interest rate profile of the Company's interest bearing financial instruments was:

		2019	2018
		(Rupees in thousand)	
Fixed rate instruments			
Financial assets			
Bank balances - saving accounts	- note 19	52,456	245
Financial liabilities		-	-
Net exposure		52,456	245
Floating rate instruments			
Financial assets			
Trade debts - secured, considered good, overdue		634,088	806,496
Financial liabilities			
Long term financing - unsecured		-	(31,500)
Short term borrowing - secured	- note 10	-	(159,569)
Due to PMCL (wholly owned subsidiary) - unsecured	- note 9	(80,000)	(5,704)
		(80,000)	(196,773)
Net exposure		554,088	609,723

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the statement of financial position date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates on variable rate financial instruments, at the year end date, fluctuates by 1% higher/lower with all other variables held constant, post tax profit for the year would have been Rs 5.56 million (2018: Rs 6.12 million) higher/lower, mainly as a result of higher/lower net interest income on floating rate instruments.

(iii) Other price risk

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

(d) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from deposits with banks, trade and other receivables.

(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:

		2019	2018
		(Rupees in thousand)	
Long term deposit		38	38
Trade debts - secured, considered good	- note 17	681,819	934,919
Bank balances	- note 19	249,627	7,390
		931,484	942,347

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

Neither past due nor impaired	47,731	128,423
Past due 0-30 days	7,057	298,277
Past due 31-120 days	-	117,408
Past due more than 120 days	639,882	400,167
Provision for doubtful debts	(12,851)	(9,356)
	681,819	934,919

The Company'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 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 Company establishes a provision for doubtful debts that represents its estimate of incurred losses in respect of trade debts, if required.

(ii) Credit quality of major financial assets

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

	Rating		Rating	2019	2018
	Short term	Long term	Agency	(Rupees in thousands)	
CPPA-G	Not available			681,819	934,919
MCB Bank Limited	A1+	AAA	PACRA	1,912	1,900
The Bank of Punjab	A1+	AA	PACRA	4,293	4,302
Habib Bank Limited	A1+	AAA	JCR-VIS	186,210	64
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	57,212	1,124
				931,446	942,309

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

c) Liquidity risk

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

The Company's approach to managing liquidity is to ensure that, as far as possible, it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable loss or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities as at June 30, 2019 and 2018:

	2019			
		Maturities		
	Carrying amount	Less than one year	One to five year	More than five years
	(Rupees in thousand)			
Financial liabilities				
Trade and other payables	101,207	101,207	-	-
Mark-up accrued	6,501	6,501	-	-
Unclaimed dividend	190,673	190,673	-	-
	298,381	298,381	-	-

	2018			
		Maturities		
	Carrying amount	Less than one year	One to five year	More than five years
	(Rupees in thousand)			
Financial liabilities				
Long term financing - unsecured	79,120	79,120	-	-
Trade and other payables	74,104	74,104	-	-
Short term borrowing - secured	159,569	159,569	-	-
Mark-up accrued	15,248	15,248	-	-
Unclaimed dividend	1,345	1,345	-	-
	329,386	329,386	-	-

32. Capital risk management

The Company's objectives when managing capital are to safeguard 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. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders through repurchase of shares, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as net borrowings divided by total capital employed. Net borrowings are calculated as total borrowings including current and non-current borrowings less cash and cash equivalents. Total capital employed includes equity as shown in the unconsolidated statement of financial position, plus net borrowings.

The Company is not exposed to any externally imposed capital requirements.

	2019	2018
	(Rupees in thousand)	
Borrowings	-	31,500
Cash and cash equivalents	-	157,883
Net borrowings	-	189,383
Total equity	4,564,271	4,754,096
Total capital employed	4,564,271	4,785,596
Gearing ratio	0.00%	3.96%

32.3 Fair value estimation

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

32.4 Offsetting financial assets and financial liabilities

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

32.5 Financial instruments by categories

	Financial assets at amortised cost	Loans and receivables
	2019	2018
	(Rupees in thousand)	
Assets as per statement of financial position		
Long term deposit	38	38
Trade debts - secured, considered good	681,819	934,919
Bank balances	249,627	7,390
	931,484	942,347

	Financial liabilities at amortised cost	
	2019	2018
Liabilities as per statement of financial position	(Rupees in thousand)	
Long term financing - unsecured	-	79,120
Trade and other payables	101,207	74,104
Short term borrowing - secured	-	159,569
Mark-up accrued	6,501	15,248
Unclaimed dividend	190,673	1,345
	298,381	329,386

33. Plant capacity and actual generation

Installed capacity	(MWh)	250,356	250,356
Practical maximum output	(MWh)	219,318	219,318
Actual energy delivered	(MWh)	22,029	145,115

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

34. Earnings per share - basic and diluted

		2019	2018
34.1 Basic earnings per share			
Profit for the year	(Rupees in thousand)	954,822	1,452,642
Weighted average number of ordinary shares	(Number)	363,380,000	363,380,000
Earnings per share	(Rupees)	2.63	4.00

34.2 Diluted earnings per share

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2019 and June 30, 2018 which would have any effect on the earnings per share if the option to convert is exercised.

35. Significant contracts

35.1 The Company has entered into an Implementation Agreement dated July 19, 1995 with the President of the Islamic Republic of Pakistan, for and on behalf of the Islamic Republic of Pakistan under which the Government of Pakistan has allowed certain concessions to the Company for installation of a 14 Mega Watts Power Plant. As a result of amendment to the Implementation Agreement dated September 09, 2005, the capacity of the plant was enhanced to 32 Mega Watts.

35.2 The Company has entered into PPA dated September 18, 1995 with WAPDA which was later amended on April 22, 2006 to incorporate various revised provisions, mutually agreed between the parties. The PPA has now been novated by WAPDA in favour of CPPA-G, whereby CPPA-G will purchase the electricity produced by the Company for a term of 30 years till June 2031.

35.2.1 The PPA provides the tariff structure which comprises invoicing as follows:

- Energy Purchase Price which is the price of energy sold to CPPA-G, Energy Purchase Price consists of fuel and variable operational & maintenance costs.

- Capacity Purchase Price which is the price for making available the required level of capacity to generate energy available during the period. Capacity Purchase Price consists of two components namely Escalable Component ('EC') and non-Escalable component ('NEC'). EC includes fixed operations and maintenance cost, insurance cost, administrative costs and return on equity etc. NEC comprises of payment of loans (i.e. principal, interest and foreign exchange differences). The foreign exchange differences are recovered in the form of indexations in-built in the EC & NEC components.

35.3 The Company entered into a GSA dated August 03, 2007 with SNGPL whereby SNGPL committed to supply natural gas to the Company on 9 months take-or-pay basis till June 30, 2013. The Company's GSA with 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 6, 2031. The Ministry of Petroleum and Natural Resources, empowered for RLNG allocation by the ECC of the Federal Cabinet, issued an allocation of 6 MMCFD of RLNG to the Company on April 28, 2017 and advised the Company and SNGPL to negotiate a new GSA. Subsequent to the year end, the ECC of cabinet has approved the summary for interim tri-partite GSA between the Company, SNGPL and CPPA-G. Currently, the Company, SNGPL and CPPA-G are in the process of execution of an interim GSA for supply of RLNG. Under the interim GSA, RLNG will be supplied on as-and-when-available basis till the execution of a long term GSA between the parties.

The Company entered into an Operation & Maintenance and Service Agreement dated July 1, 2008 with Descon Power Solutions (Private) Limited, a related party (on the basis of common directorship), which has been amended from time to time till June 30, 2019. The agreement engages the contractor to perform all the activities related to operations, maintenance, and other services of the plant till the expiry of the term.

36. Date of authorisation for issue

These unconsolidated financial statements were authorised for issue on September 30, 2019 by the Board of Directors of the Company.

37. Corresponding figures

Corresponding figures have been reclassified wherever necessary to reflect better presentation of events and transactions for the purpose of comparison, however, no significant reclassifications have been made.

38. Event after the reporting date

The Board of Directors have proposed a final cash dividend for the year ended June 30, 2019 of Rs 3/- per share (2018: Nil), amounting to Rs 1,090,140,000/- (2018: Nil) at their meeting held on September 30, 2019 for approval of the members at the Annual General Meeting to be held on October 25, 2019.

Chief Executive	Chief Financial Officer	Director

Consolidated Financial Statements

June 30, 2019

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, 2019, 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, 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Emphasis of Matter

We draw attention to note 14.1(viii) to the annexed consolidated financial statements, which describes the uncertainty regarding the outcome of certain claims by Central Power Purchasing Agency (Guarantee) Limited ['CPPA(G)'], which have been disputed by the Group. 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 of Altern Energy Limited's ('AEL's') Power Generation Cash-Generating Unit ('CGU')** *(Refer notes 15.1.4 & 23.2 to the annexed consolidated financial statements)* During the current year, 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 expert (professional valuer) 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 the higher of the two and consequently, has been used as the recoverable amount of the CGU. This recoverable amount was determined to be lower than its carrying amount and the difference amounting to Rs 73.17 million has been charged as an impairment loss in the consolidated statement of profit or loss. The determination of recoverable amount, being the higher of 'fair value less costs of disposal' and 'value in use', requires significant judgement on the part of management in both identifying and then valuing the relevant CGU. Recoverable amount is based on management's view of variables such as forecast cash flows, appropriate discount rate, market valuation of CGU assets and estimated costs of disposal. Given the level of judgement involved in this impairment calculation and the impairment loss being a significant event for the Group during the year, we consider this to be a key audit matter.	Our audit procedures included the following: • Obtained understanding of management's process for identification and measurement of the CGU; • Checked the management's assessment of presence and magnitude of impairment indicators for AEL's Power Generation CGU; • For 'fair value less costs of disposal', we reviewed the assumptions used by the Group in determining the fair market value of the assets, including those completed by external valuer, primarily using our auditor's expert and assessed the valuation methodology applied; • 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 against the understanding we obtained about the business areas through our audit and available market information; • Performed independently, a sensitivity analysis in consideration of the potential impact of reasonably possible upside or downside changes in key assumptions; and • Checked the adequacy of the disclosures made by the Group in this area with regard to applicable accounting and reporting standards.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A.F. Ferguson & Co.

Chartered Accountants
Place: Lahore
Date: October 01, 2019

ALTERN ENERGY LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2019	2018
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
400,000,000 (2018: 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 (2018: 363,380,000)			
ordinary shares of Rs 10 each	5	3,633,800	3,633,800
Capital reserve: Share premium	6	41,660	41,660
Revenue reserve: Un-appropriated profit		13,306,785	12,920,994
Attributable to equity holders of the Parent Company		16,982,245	16,596,454
Non-controlling interest		11,026,973	10,613,034
		28,009,218	27,209,488
NON-CURRENT LIABILITIES			
Long term financing - secured	7	-	1,561,704
Deferred liabilities	8	23,292	24,606
Deferred taxation	9	1,005,062	958,542
		1,028,354	2,544,852
CURRENT LIABILITIES			
Current portion of long term financing - secured	7	2,112,666	3,123,407
Trade and other payables	10	3,035,852	1,680,570
Unclaimed dividend		190,673	1,345
Short term borrowings - secured	11	2,927,075	1,816,641
Mark-up accrued	12	97,591	47,491
Derivative financial instrument	13	7,842	45,232
		8,371,699	6,714,686
CONTINGENCIES AND COMMITMENTS	14		
		37,409,271	36,469,026

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.

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

AS AT JUNE 30, 2019

	Note	2019	2018
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	15	17,843,296	19,131,670
Intangible assets	16	134	418
Long term deposits		739	369
Long term loans to employees - secured	17	1,417	5,161
		17,845,586	19,137,618
CURRENT ASSETS			
Stores, spares and loose tools	18	661,678	621,053
Inventory of fuel oil		464,510	468,560
Income tax recoverable		224,813	221,361
Trade debts - secured, considered good	19	15,321,768	13,751,910
Advances, prepayments and other receivables	20	688,305	710,438
Bank balances	21	2,202,611	1,558,086
		19,563,685	17,331,408
		37,409,271	36,469,026

Chief Executive | Chief Financial Officer | Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		(Rupees in thousand)	
Revenue - net	22	19,946,781	31,443,772
Direct costs	23	(15,721,983)	(26,785,009)
Gross profit		4,224,798	4,658,763
Administrative expenses	24	(225,354)	(242,678)
Other expenses	25	(24,636)	-
Other income	26	151,609	221,855
Finance cost	27	(1,111,430)	(1,039,514)
Impairment loss on property, plant and equipment	15.1.4	(73,172)	-
Profit before taxation		2,941,815	3,598,426
Taxation	28	(170,878)	(164,425)
Profit for the year		2,770,937	3,434,001
Attributable to:			
Equity holders of the Parent Company		1,529,573	1,994,984
Non-controlling interest		1,241,364	1,439,017
		2,770,937	3,434,001
Earnings per share attributable to equity holders of the Parent Company during the year - basic and diluted **(Rupees)**	35	4.21	5.49

The annexed notes 1 to 40 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, 2019

	Note	2019	2018
		(Rupees in thousand)	
Profit for the year		2,770,937	3,434,001
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	8.3.7	1,442	(104)
		1,442	(104)
Total comprehensive income for the year		2,772,379	3,433,897
Attributable to:			
Equity holders of the Parent Company		1,530,438	1,994,922
Non-controlling interest		1,241,941	1,438,975
		2,772,379	3,433,897

The annexed notes 1 to 40 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, 2019

	Note	2019	2018
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	29.1	5,502,723	3,722,837
Finance cost paid		(545,149)	(518,602)
Income tax paid		(127,810)	(300,092)
Retirement benefits paid		(8,161)	(7,189)
Long term deposits - net		(370)	170
Long term loans to employees - net		5,025	3,255
Net cash inflow from operating activities		4,826,258	2,900,379
Cash flows from investing activities			
Fixed capital expenditure		(47,865)	(51,863)
Proceeds from disposal of operating fixed assets		527	10,985
Profit on bank deposits received		104,480	96,941
Net cash inflow from investing activities		57,142	56,063
Cash flows from financing activities			
Repayment of long term financing - secured		(3,519,296)	(2,876,223)
Dividends paid to:			
- Non-controlling interest		(828,002)	(2,070,007)
- Equity holders of the Parent Company		(955,310)	(2,906,421)
Settlement of derivative financial instrument		(46,701)	(106,233)
Net cash outflow from financing activities		(5,349,309)	(7,958,884)
Net decrease in cash and cash equivalents		(465,909)	(5,002,442)
Cash and cash equivalents at the beginning of the year		(258,555)	4,743,887
Cash and cash equivalents at the end of the year	29.2	(724,464)	(258,555)

Refer note 29.3 for reconciliation of liabilities arising from financing activities.

The annexed notes 1 to 40 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, 2019

		Capital reserve:	Revenue reserve:			
	Share capital	Share Premium	Un-appropriated profit	Total equity attributable to equity holders of the Parent Company	Non-controlling interest	Total equity
	(Rupees in thousand)					
Balance as on July 1, 2017	3,633,800	41,660	12,379,592	16,055,052	10,209,062	26,264,114
Profit for the year	-	-	1,994,984	1,994,984	1,439,017	3,434,001
Other comprehensive loss for the year	-	-	(62)	(62)	(42)	(104)
Total comprehensive income for the year	-	-	1,994,922	1,994,922	1,438,975	3,433,897
Interim dividend for the year ended June 30, 2018 @ Rs 4.00 per ordinary share	-	-	(1,453,520)	(1,453,520)	-	(1,453,520)
Dividend relating to 2018 for non-controlling interest	-	-	-	-	(1,035,003)	(1,035,003)
Total transactions with owners in their capacity as owners	-	-	(1,453,520)	(1,453,520)	(1,035,003)	(2,488,523)
Balance as on June 30, 2017	3,633,800	41,660	12,920,994	16,596,454	10,613,034	27,209,488
Profit for the year	-	-	1,529,573	1,529,573	1,241,364	2,770,937
Other comprehensive income for the year	-	-	865	865	577	1,442
Total comprehensive income for the year	-	-	1,530,438	1,530,438	1,241,941	2,772,379
Interim dividend for the year ended June 30, 2019 @ Rs 3.15 per ordinary share	-	-	(1,144,647)	(1,144,647)	-	(1,144,647)
Dividend relating to 2019 for non-controlling interest	-	-	-	-	(828,002)	(828,002)
Total transactions with owners in their capacity as owners	-	-	(1,144,647)	(1,144,647)	(828,002)	(1,972,649)
Balance as on June 30, 2019	3,633,800	41,660	13,306,785	16,982,245	11,026,973	28,009,218

The annexed notes 1 to 40 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, 2019

1. Legal status and nature of business

Altern Energy Limited (the 'Parent Company') and its subsidiaries, Power Management Company (Private) Limited ('PMCL') and Rousch (Pakistan) Power Limited ('RPPL'), (together, the 'Group') are engaged in power generation activities.

The Group is structured as follows:

		(Effective Holding Percentage)	
- Altern Energy Limited, the Parent Company	- note 1.1		
Subsidiary companies:		**2019**	**2018**
- PMCL	- note 1.2	100%	100%
- RPPL	- note 1.3	59.98%	59.98%

The registered office of the Group is situated at Descon Headquarters, 18 km, Ferozepur Road, Lahore.

1.1 Altern Energy Limited, the Parent Company

1.1.1 The Parent Company was incorporated in Pakistan as a listed 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. The Parent Company's ordinary shares are listed on the Pakistan Stock Exchange Limited. The registered office of the Parent Company is situated at Descon Headquarters, 18 km, Ferozepur Road, Lahore and the Parent Company's thermal power plant has been set up near Fateh Jang, District Attock, Punjab.

1.1.2 During the previous year, the Scheme of Arrangement of Descon Engineering Limited (the holding company of the Parent Company till the effective date of the Scheme of Arrangement) under section 284 to 288 of the repealed Companies Ordinance, 1984, (hereinafter referred to as the 'Scheme'), was sanctioned by the Lahore High Court ('LHC') through its order dated November 21, 2017. The Scheme became effective from December 15, 2017 and resulted in the transfer and vesting of shareholding of Descon Engineering Limited in the Parent Company into DEL Power (Private) Limited. Moreover, consequent to the Scheme becoming effective, the ultimate parent of the Parent Company is Descon Processing (Private) Limited.

1.1.3 The principal activity of the Parent Company is to build, own, operate and maintain a gas fired power plant having gross capacity of 32 Mega Watts. The Parent Company achieved Commercial Operations Date ('COD') on June 6, 2001. The Parent Company has a Power Purchase Agreement ('PPA') with its sole customer, Central Power Purchasing Agency (Guarantee) Limited ('CPPA-G') for thirty years which commenced from the COD.

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

1.2 PMCL

PMCL was incorporated in Pakistan as a private company limited by shares under the Companies Ordinance, 1984 (now the Act) on February 24, 2006. PMCL is a wholly owned subsidiary of the Parent Company. The principal objective of PMCL is to invest, manage, operate, run, own and build power projects. PMCL directly holds 59.98% shares in RPPL, a company engaged in power generation as detailed in note 1.3 to these consolidated financial statements. The registered office of PMCL is situated at Descon Headquarters, 18 km Ferozepur Road, Lahore.

1.3 RPPL

1.3.1 RPPL was incorporated in Pakistan as an unlisted public company limited by shares under the repealed Companies Ordinance, 1984 (now the Act) on August 4, 1994. RPPL's registered office is situated at 2nd Floor Emirates Tower, F-7 Markaz, Islamabad and the its thermal power plant has been set up near Sidhnai Barrage, Abdul Hakim Town, District Khanewal, Punjab.

1.3.2 The principal activities of RPPL are to generate and supply electricity to CPPA-G from its combined cycle thermal power plant having a gross (ISO) capacity of 450 Mega Watts. RPPL achieved COD on December 11, 1999. RPPL has a PPA with its sole customer, CPPA for thirty years which commenced from the COD.

1.3.3 RPPL's plant was initially designed to operate with residual furnace oil and was converted to gas fired facility in 2003 after allocation of 85 MMSCFD by the Government of Pakistan for a period of twelve years under GSA with SNGPL till August 18, 2015. At that time, under the amended and restated Implementation Agreement, the Government of Pakistan provided an assurance that RPPL will be provided gas post August 2015, in preference to the new projects commissioned after RPPL.

The Ministry of Petroleum and Natural Resources ('MOPNR'), empowered for RLNG allocation by the Economic Co-ordination Committee ('ECC'), issued an allocation of 85 MMSCFD of RLNG to RPPL on firm basis on September 23, 2015 and advised RPPL and SNGPL to negotiate a long term GSA on firm basis. While negotiations for the long term GSA are in process, the ECC approved interim GSA for supply of RLNG to RPPL upto June 2018 or signing of a Long-term GSA, whichever is earlier. The interim GSA was executed with CPPA-G and SNGPL which was effective from June 1, 2017. Under the interim GSA, RLNG was supplied on 'as-available' basis, however, the non-supply of RLNG was treated as 'Other Force Majeure' under the PPA. The interim GSA expired in June 2018.

Subsequent to the year end, on July 31, 2019, the ECC of the Federal Cabinet approved the extension of the interim GSA of RPPL with SNGPL and CPPA-G. The interim GSA is yet to be signed by the parties. The terms of this agreement will be effective upto the date of signing of a long term Gas Supply and Purchase Agreement ('GSPA').

1.3.4 In terms of Amendment No. 3 to the PPA executed between RPPL and CPPA-G on August 21, 2003, RPPL agreed to transfer ownership of the Complex to CPPA-G at a token value of US$ 1 at the expiry of 30 years term of PPA (starting from December 11, 1999), if CPPA-G 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 122 days as of June 30, 2019, owing to non-supply of RLNG under interim GSA. The term of PPA will end in May 2030 and the remaining life of the project is 10.83 years.

2. Basis of preparation

2.1 Statement of compliance

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

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

(ii) Provisions of and directives issued under the Act.

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

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

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

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

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 1, 2018 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 financial statements, except for the following:

(a) IFRS 9, 'Financial Instruments'

This standard was notified by the Securities and Exchange Commission of Pakistan ('SECP') to be effective for annual periods ending on or after June 30, 2019. This standard replaces guidance in International Accounting Standard ('IAS') 39, 'Financial Instruments: Recognition and Measurement'. It includes requirements on the classification and measurement of financial assets and liabilities. It also includes an expected credit losses model that replaces the current incurred loss impairment model. However, in respect of companies holding financial assets due from the Government of Pakistan, SECP through SRO 985(I)/2019 dated September 2, 2019 has notified that the requirements contained in IFRS 9 with respect to application of Expected Credit Losses method shall not be applicable till June 30, 2021 and that such companies shall follow relevant requirements of IAS 39 in respect of above referred financial assets during the exemption period. Accordingly, the Group has changed its accounting policies and followed the requirements of IFRS 9 for:

- classification and measurement of all financial assets; and
- recognition of loss allowance for financial assets other than the financial assets due from the Government of Pakistan.

In respect of application of IFRS 9, the Group has adopted modified retrospective approach as permitted by this standard, according to which the Group is not required to restate the prior period results. The adoption of IFRS 9 has not resulted in any impact on the opening balance of un-appropriated profit. In respect of classification of financial assets, the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate IFRS 9 categories (i.e. mainly financial assets previously classified as 'loans and receivables' have now been classified as 'financial assets at amortised cost').

(b) IFRS 15, 'Revenue from Contracts with Customers'

This standard was notified by the SECP to be effective for annual periods beginning on or after July 1, 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the consolidated financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, 'Revenue', and IAS 11, 'Construction contracts', and related interpretations.

The Group has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognise the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of un-appropriated profit in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any impact on the revenue recognition policy of the Group and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of un-appropriated profit in the period of initial application is nil. Therefore, the comparative information has not been restated and continues to be reported under the previous accounting policy.

2.2.2 Exemption from applicability of certain interpretations to standards

SECP through SRO 24(I)/2012 dated January 16, 2012 has granted exemption from the application of International Financial Reporting Interpretations Committee ('IFRIC') 4, 'Determining whether an Arrangement contains a Lease', and IFRIC 12, 'Service Concession Arrangements', to all companies.

Under IFRIC 4, the consideration required to be made by the lessee for the right to use the asset is to be accounted for as a finance lease under IAS 17, 'Leases'. The Group's power plants' control due to purchase of total output by CPPA-G appears to fall under the scope of IFRIC 4. Consequently, if the Group were to follow IFRIC 4 and IAS 17, the effect on the consolidated financial statements would be as follows:

	2019	2018
	(Rupees in thousand)	
De-recognition of property, plant and equipment	(17,915,116)	(19,123,827)
De-recognition of trade debts	(4,943,883)	(3,776,408)
Recognition of lease debtor	13,764,202	13,252,238
Decrease in un-appropriated profit at the beginning of the year	(9,647,998)	(9,967,500)
Increase in profit for the year	553,201	319,503
Decrease in un-appropriated profit at the end of the year	(9,094,797)	(9,647,997)

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 approved accounting standards and interpretations that are mandatory for the Group's accounting periods beginning on or after January 1, 2019, but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in these consolidated financial statements, except for the following:

- IFRS 16, 'Leases': this standard has been notified by the SECP to be effective for annual periods beginning on or after January 1, 2019. This standard replaces the current guidance in IAS 17, 'Leases' and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on statement of financial position) and an operating lease (off statement of financial position). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees.

SECP through SRO 986(I)/2019 dated September 2, 2019 has granted exemption from the requirements of IFRS 16 to all companies that have executed their power purchase agreements before January 1, 2019. Therefore, the standard will not have any impact on the Group's consolidated financial statements.

-Amendments to IAS 1 and IAS 8 on the definition of material: (effective for periods beginning on or after July 1, 2019). These amendments to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information. It is unlikely that these amendments will have any significant impact on the Group's consolidated financial statements.

- Amendment to IFRS 9, Financial instruments', on prepayment features with negative compensation and modification of financial liabilities: (effective for periods beginning on or after July 1, 2019). This amendment confirmed two points: (1) that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and (2) that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. It is unlikely that this amendment will have any significant impact on the Group's consolidated financial statements.

3. Basis of measurement

3.1 These consolidated financial statements have been prepared on the basis of historical cost except that certain retirement benefits have been measured at present value and certain classes of property, plant and equipment have been measured at 'fair value less costs of disposal'.

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

a) Provision for taxation

The Group takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Group's view differs from the view taken by the income tax department at the assessment stage and where the Group considers that its views on items of material nature is in accordance with the law, the amounts are shown as contingent liabilities. The recognition of deferred taxes is made taking into account these judgements and the best estimates of future results of operations of the Group.

b) Useful lives and residual values of property, plant and equipment

The Group reviews the useful lives, residual values and depreciation method of property, plant and equipment on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

c) Impairment testing of non-financial assets

Estimates with respect to impairment of non-financial assets as disclosed in note 4.5 to these consolidated financial statements.

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.

d) Employees' retirement benefits

The Group uses the valuation performed by an independent actuary as the present value of its retirement benefit obligations. The valuation is based on assumptions as mentioned in note 8.3.

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

3.3 Change in accounting estimate

During the year, RPPL's PPA was extended by a period of eighty five days owing to non-supply of RLNG under interim GSA treated as an 'Other Force Majeure Event' under PPA, thereby resulting in an increase in useful lives of freehold land, plant and office building on freehold land and plant and equipment by approximately three months. Such a change in useful lives has been accounted for as a change in an accounting estimate in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. The effect of this change in the accounting estimate on the consolidated profit before taxation for the year ended June 30, 2019, carrying amount of operating fixed assets as at that date and future profits before taxation is not material, hence, has not been detailed in these consolidated financial statements.

4. 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 when 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.

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 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.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in consolidated statement of profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in consolidated other 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 other comprehensive income are reclassified to consolidated statement of profit or loss.

b) Changes in ownership interests

The Group treats transactions with non-controlling interest 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 interest to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interest and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

4.2 Taxation

Income tax 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 consolidated other comprehensive income, in which case it is recognised directly in equity or consolidated other comprehensive income.

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted and after taking into account available tax credits and rebates, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year for such years.

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, Power Generation Sector 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 available tax credits and rebates, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of the taxable profit. However, the deferred 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 transaction neither affects accounting nor taxable profit or loss. 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 is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is charged or credited in the consolidated statement of profit or loss, except in the case of items credited or charged to consolidated other comprehensive income or equity in which case it is included in consolidated other comprehensive income or equity.

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.

4.3 Property, plant and equipment

4.3.1 Operating fixed assets

Operating fixed assets are stated at historical cost less accumulated depreciation and any identified impairment loss. However, freehold land owned by the Parent Company is stated at cost less any identified impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation on all operating fixed assets is charged to income 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 15.1 after taking into account their residual values. Depreciation on addition is charged from the month the asset is available for use, while in case of disposal it is charged up to the month of disposal.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Group's estimate of the residual value of its operating fixed assets as at June 30, 2019, has not required any adjustment as its impact is considered insignificant.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 4.5).

Subsequent costs are included in the asset's carrying amount or recognised 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 included in the consolidated statement of profit or loss during the period in which they are incurred. Exchange differences related to foreign currency loans obtained for the acquisition, development and construction of qualifying assets are capitalised as referred to in note 4.18(b) to these consolidated financial statements.

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 computer software and Enterprise Resource Planning ('ERP') system has been capitalised as an intangible asset and stated at cost less accumulated amortisation and any identified impairment loss. Intangible assets are amortised using the straight line method at the annual rate mentioned in note 16.

Amortisation on additions to intangible assets is charged from the month in which an asset is acquired or capitalised while no amortisation is charged for the month in which the asset is disposed of.

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 (note 4.5).

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 Derivative financial instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair values. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group has not designated any derivatives as hedging instruments and accordingly, the changes in fair value re-measurement are recognized in the consolidated statement of profit or loss. Trading derivatives are classified as a current asset or liability.

4.7 Stores, spares and loose tools

These are stated 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 upto 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 maintenance sub-contractor is responsible to replenish mandatory stores and spares as used by them.

4.8 Inventory of fuel oil

This is stated at lower of cost or net realizable value. Cost is determined on FIFO basis. Net realizable value is the 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.

4.9 Financial assets

4.9.1 Classification

From July 1, 2018, the Group classifies its financial assets, other than those due from the Government of Pakistan, 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 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.

4.9.2 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.

4.9.3 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 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 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 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.

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

From July 1, 2018, the Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

4.9.5 Accounting policies applied until June 30, 2018

The Group has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

Classification

Until June 30, 2018, the Group classified its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and held to maturity. The classification depended on the purpose for which the financial assets were acquired. Management determined the classification of its financial assets at the time of initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss were the financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Derivatives were also categorized as held for trading unless they were designated as hedges. A financial asset was classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category were classified as current assets if expected to be settled within twelve months, otherwise, they were classified as non-current.

b) Loans and receivables

Loans and receivables were non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They were included in current assets, except for maturities greater than twelve months after the statement of financial position date, which were classified as non-current assets. Loans and receivables comprised of trade debts, advances, deposits, other receivables and cash and cash equivalents in the consolidated statement of financial position.

c) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity were classified as held to maturity and were stated at amortized cost.

d) Available-for-sale financial assets

Available-for-sale financial assets were non-derivatives that were either designated in this category or not classified in any of the other categories. They were included in non-current assets unless management intends to dispose of the investments within twelve months from the reporting date.

Recognition and measurement

All financial assets were recognized at the time when the Group became a party to the contractual provisions of the instrument. Regular purchases and sales of investments were recognized on trade-date – the date on which the Group committed to purchase or sell the asset. Financial assets were initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss were initially recognized at fair value and transaction costs were expensed in the statement of profit or loss. Financial assets were derecognized when the rights to receive cash flows from the assets expired or had been transferred and the Group had transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss were subsequently carried at fair value. For investments having quoted price in active market, the quoted price represented the fair value. In other cases, fair value was measured using appropriate valuation methodology and where fair value could not be measured reliably, these were carried at cost. Loans and receivables and held to maturity investments were carried at amortized cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category were presented in the statement of profit or loss in the period in which they arose. Dividend income from financial assets at fair value through profit and loss was recognized in the consolidated statement of profit or loss as part of other income when the Group's right to receive payments was established.

Changes in the fair value of securities classified as available-for-sale were recognized in consolidated other comprehensive income. When securities classified as available-for-sale were sold or impaired, the accumulated fair value adjustments recognized in equity were included in the consolidated statement of profit or loss as gains and losses from investment securities. Interest on available-for-sale securities calculated using the effective interest method was recognized in the consolidated statement of profit or loss. Dividends on available-for-sale equity instruments were recognized in the consolidated statement of profit or loss when the Group's right to receive payments was established.

The Group assessed at each reporting date whether there was objective evidence that a financial asset or a group of financial assets was impaired. If any such evidence existed for available-for-sale financial assets, the cumulative loss was removed from equity and recognized in the consolidated statement of profit or loss. Impairment losses recognized in the consolidated statement of profit or loss on equity instruments were not reversed through the consolidated statement of profit or loss.

4.10 Financial liabilities

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

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

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.

4.11 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.

4.12 Financial assets due from the Government of Pakistan

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

Trade debts are amounts due from CPPA in the ordinary course of business. They are generally due for settlement as referred to in note 22 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 cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less provision for impairment.

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.

4.13 Cash and cash equivalents

Cash and cash equivalents represent deposits held at call with banks and running finance under mark-up arrangements which form an integral part of the Group's cash management.

4.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated 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.

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

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 the ordinary course of business from suppliers. 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 are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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. All figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.

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 implementation agreements in accordance with SRO 24(I)/2012 dated January 16, 2012 of the SECP.

4.19 Revenue recognition

Revenue shall be recognised when (or as) the entity 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 from sale of electricity to CPPA-G, the sole customer of the Group, is recorded based upon the output delivered and capacity available based on the rates determined under the mechanism laid down in the PPAs.

- Other supplemental charges representing delayed payment markup on amounts due under the PPAs are accrued on a time proportion basis by reference to the amount outstanding and the applicable rate of return under the PPAs

For the Parent Company, the invoices are generally raised on a monthly basis and are due after 30 days from acknowledgement by CPPA-G. For RPPL, the invoices for fuel cost component are raised on a weekly basis and are due after 3 days from acknowledgement by CPPA-G. Monthly invoice for energy purchase price and capacity purchase price are raised on the first of the following month which are due after 25 days from acknowledgement by CPPA-G.

4.20 Dividend

Dividend distribution to the Group's 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 relevant 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 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 Other long term employee benefit obligations - accumulating compensated absences

The Group provides for accumulating compensated absences of the Parent Company's employees in accordance with respective entitlement on cessation of service.

4.22.3 Post employment benefits

a) Defined benefit plans

I) Un-funded gratuity plan

The Group operates an un-funded gratuity scheme for all employees of the Parent Company 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.

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, 2019 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 consolidated 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 8.3.

b) Defined contribution plan - provident fund

The Group operates a recognized 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 10% of the basic salary subject to completion of minimum qualifying period of service as determined under the rules of the fund. During the year, the Group has revised the rate from 10% to 9%. 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.

4.23 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 Leases

The Group is the lessee:

4.24.1 Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to consolidated statement of profit or loss on a straight line basis over the lease term.

4.25 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.

5. Issued, subscribed and paid up share capital

2019 (Number of shares)	2018 (Number of shares)		2019 (Rupees in thousand)	2018 (Rupees in thousand)
359,480,000	359,480,000	Ordinary shares of Rs 10 each fully paid in cash	3,594,800	3,594,800
3,900,000	3,900,000	Ordinary shares of Rs 10 each issued for consideration other than cash	39,000	39,000
363,380,000	363,380,000		3,633,800	3,633,800

5.1 As at June 30, 2019, 211,397,063 (2018: 211,397,063) ordinary shares of the Parent Company which represent 58.18% (2018: 58.18%) of the issued, subscribed and paid up share capital of the Parent Company are held by DEL Power (Private) Limited, the Holding Company. Previously, 211,397,063 ordinary shares of the Parent Company which represented 58.18% of the issued, subscribed and paid up share capital of the Parent Company were held by Descon Engineering Limited till December 15, 2017 as explained in note 1.1.2.

5.2 Ordinary shares of the Parent Company held by related parties (other than the Holding Company) as at year end are as follows:

		2019 (Number of shares)	2018 (Number of shares)
Directors			
Mr Abdul Razak Dawood	- note 5.2.1	-	500
Mr Taimur Dawood		1,000	1,000
Mr Faisal Dawood		22,500	-
Mr Farooq Nazir		500	500
Mr Shah Muhammad Chaudhry		500	500
Syed Rizwan Ali Shah		500	500
Mr Fazal Hussain Asim		500	500
Other related party			
Descon Holdings (Private) Limited		30,000	30,000
		55,500	33,500

5.2.1 Mr Abdul Razak Dawood ceased to be a director of the Company with effect from August 15, 2018.

5.3 No other related party holds any shares in the Company.

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

		2019	2018
		(Rupees in thousand)	
7. Long term financing - secured			
These are composed of the following long term loans taken from			
Standard Chartered Bank (Pakistan) Limited ('SCB'):			
- Facility A	- note 7.1 & 7.3	1,201,336	2,664,119
- Facility B	- note 7.2 & 7.3	911,330	2,020,992
		2,112,666	4,685,111
Current portion shown under current liabilities:			
- Facility A		(1,201,336)	(1,776,079)
- Facility B		(911,330)	(1,347,328)
		(2,112,666)	(3,123,407)
		-	1,561,704

7.1 This facility carries mark-up at the rate of three months London Inter Bank Offered Rate ('LIBOR') plus 4 percent per annum, payable on quarterly basis on the outstanding amount. The said loan is secured by first charge on fixed assets of RPPL amounting to USD 49 million, assignment of RPPL's receivables relating to capacity payments and lien on debt service account maintained by RPPL with SCB. The mark-up rate charged during the year on the outstanding balance ranged from 6.34% to 6.81% (2018: 5.30% to 6.34%) per annum. The loan is repayable in one semi-annual instalment ending on September 30, 2019.

7.2 This facility carries mark-up at the rate of three months LIBOR plus 1.4 percent per annum, payable on quarterly basis on the outstanding amount. The said loan is secured by assignment of RPPL's receivables relating to capacity payments and lien on collection account maintained by RPPL with the Trustee. The mark-up rate charged during the year on the outstanding balance ranged from 3.74% to 4.20% (2018: 2.70% to 3.74%) per annum. The loan is repayable in two equal quarterly instalments ending on December 31, 2019.

7.3 Major terms of the above loans are as under:

	Facility A	**Facility B**
Arranger / underwriter	SCB	SCB
Facility amount	US$ 36.515 million	US$ 27.700 million
Facility utilized	US$ 36.515 million	US$ 27.700 million
Term in years	2.5	2.5
Repayment terms	5 equal semi-annual instalments	10 equal quarterly instalments
Interest per annum and payment terms	3 months LIBOR plus 4% Quarterly	3 months LIBOR plus 1.4% Quarterly
Amounts outstanding under the facilities as at June 30, 2019	US$ 7.303 million	US$ 5.540 million

		2019	2018
		(Rupees in thousands)	
8. Deferred liabilities			
Classified under non-current liabilities			
Unfunded			
Staff gratuity	- note 8.1	4,640	3,937
Accumulating compensated absences	- note 8.2	467	441
		5,107	4,378
Funded			
Gratuity fund	- note 8.3	18,185	20,228
		23,292	24,606

8.1 Staff gratuity

Opening liability	3,937	3,015
Provision for the year	703	922
	4,640	3,937
Payments during the year	-	-
Closing liability	4,640	3,937

8.2 Accumulating compensated absences

Opening liability	441	387
Provision for the year	26	54
	467	441
Payments during the year	-	-
Closing liability	467	441

8.3 The latest actuarial valuation of gratuity scheme was carried out as at June 30, 2019 under the projected unit credit method as per the requirements of IAS 19, the details of which are as follows:

	2019	2018
	(Percentage)	
8.3.1 Actuarial assumptions		
Valuation discount rate	14.25%	9.00%
Expected rate of increase in salaries	8.00%	8.00%
Mortality rates	SLIC (2001-05)-1	SLIC (2001-05)-1

8.3.2 Net defined benefit obligation

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

Present value of defined benefit obligation	42,115	36,633
Fair value of plan assets	(23,930)	(16,405)
Closing net liability	18,185	20,228

		2019	2018
		(Rupees in thousands)	
8.3.3	**Movement in net defined benefit obligation**		
	Opening net liability	20,228	19,997
	Current service cost	5,798	5,766
	Net interest on defined benefit obligation	3,444	2,513
	Return on plan asset during the year	(1,682)	(963)
	Charged to consolidated statement of profit or loss	7,560	7,316
	Total remeasurements for the year (credited)/ charged to consolidated other comprehensive income	(1,442)	104
	Contributions made by the Group during the year	(8,161)	(7,189)
	Closing net liability	18,185	20,228
8.3.4	**Movement in present value of defined benefit obligation**		
	Opening present value of defined benefit obligation	36,633	30,204
	Current service cost	5,798	5,766
	Interest cost	3,444	2,513
	Remeasurement gains on obligation	(2,753)	(666)
	Benefits paid during the year	(1,007)	(1,184)
	Closing present value of defined benefit obligation	42,115	36,633
8.3.5	**Movement in fair value of plan assets**		
	Opening fair value of plan assets	16,405	10,207
	Interest income on plan assets	1,682	963
	Remeasurement losses on fair value of plan assets	(1,311)	(770)
	Benefits paid during the year	(1,007)	(1,794)
	Contributions made during the year	8,161	7,799
	Closing fair value of plan assets	23,930	16,405
8.3.6	**Amounts recognized in the consolidated statement of profit or loss**		
	Current service cost	5,798	5,766
	Interest cost	3,444	2,513
	Interest income on plan assets	(1,682)	(963)
	Net interest cost	1,762	1,550
		7,560	7,316
8.3.7	**Remeasurements (credited)/ charged to consolidated other comprehensive income**		
	Actuarial gains from changes in financial assumptions	(1,381)	(124)
	Experience adjustments	(1,372)	(542)
		(2,753)	(666)
	Remeasurements on fair value of plan assets	1,311	770
		(1,442)	104

8.3.8 Composition / fair value of plan assets

	2019		2018	
	(Rupees in thousand)	Percentage	(Rupees in thousand)	Percentage
Term deposit receipts	375	2%	357	2%
Cash and cash equivalents (after adjusting current liabilities)	23,555	98%	16,048	98%
	23,930	100%	16,405	100%

8.3.9 Available historical information

Amounts for current year and previous four annual periods of the present value of defined benefit obligation and fair value of plan assets are as follows :

	2019	2018	2017	2016	2015
	(Rupees in thousands)				
Present value of defined benefit obligation	42,115	36,633	30,204	23,291	18,155
Fair value of plan assets	(23,930)	(16,405)	(10,207)	(6,230)	(960)
Deficit in plan	18,185	20,228	19,997	17,061	17,195
Experience adjustment arising on plan liabilities (gain)/loss	(2,753)	(666)	2,062	(492)	1,227
Experience adjustment arising on plan assets loss	(1,311)	(770)	(391)	(277)	(88)

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

		Impact on defined benefit obligation			
		2019		2018	
	Changes in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		(Rupees in thousands)			
Discount rate	1%	(3,431)	2,565	(3,361)	2,519
Salary growth rate	1%	2,342	(3,284)	2,519	(3,231)

'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.

9. Deferred taxation

		2019	2018
		(Rupees in thousands)	
The liability for deferred tax represents temporary difference relating to:			
Taxable undistributed earnings of subsidiaries	- note 9.1	1,005,062	958,542

9.1 The Parent Company expects to receive dividend from its subsidiaries in the foreseeable future. Accordingly a deferred tax liability on taxable undistributed profits of the subsidiary companies has been recognized in these consolidated financial statements.

		2019	2018
		(Rupees in thousands)	
9.2 The gross movement in deferred tax liability during the year is as follows:			
Opening balance		958,542	913,145
Charged to consolidated statement of profit or loss	- note 28	46,520	45,397
Closing balance		1,005,062	958,542

10. Trade and other payables

RLNG charges due to SNGPL		2,103,351	654,968
Payable to CPPA-G for gas efficiency and import of energy		28,967	4,735
Operation and maintenance charges payable	- note 10.1	459,157	500,592
Other creditors	- note 10.2	101,212	123,462
Withholding income tax payable		10,003	8,756
Withholding sales tax payable		329	620
Payable to RPPL's Employees' Provident Fund		978	1,081
Workers' profit participation fund	- note 10.3	156,506	179,878
Provision for guarantee issued	- note 10.4	6,842	6,842
Lenders' related costs		3,356	2,716
Others	- note 10.5	165,151	196,920
		3,035,852	1,680,570

		2019	2018
		(Rupees in thousands)	
10.1	Includes the following amounts due to the following related parties:		
	Siemens Pakistan Engineering Company Limited (group company)	36,993	32,952
	Siemens Aktiengesellschaft ('Siemens AG') (group company)	142,659	230,887
	Descon Power Solutions (Private) Limited (common directorship)	71,832	50,095
		251,484	313,934
10.2	Includes the following amounts due to the following related parties:		
	Descon Engineering Limited (holding company till December 15, 2017 and common directorship thereafter)	17,593	30,324
	Descon Power Solutions (Private) Limited (common directorship)	5,008	873
	Descon Corporation (Private) Limited (common directorship)	2,749	2,225
	Siemens Pakistan Engineering Company Limited (group company)	31,227	-
	Siemens AG (group company)	24,453	53,267
		81,030	86,689
10.3	**Workers' profit participation fund**		
	Opening balance	179,878	155,466
	Provision for the year - note 20.3	156,506	179,878
		336,384	335,344
	Payments made during the year	(179,878)	(155,466)
	Closing balance	156,506	179,878

10.4 The Group has filed an appeal against the judgment of a single judge to challenge the levy and collection of infrastructure fee / cess imposed through the Sindh Finance (Amendment) Ordinance, 2001 on the movement of goods entering or leaving the province from or for outside the country.

The Court by its orders dated February 20, 1997, March 26, 2001 and November 11, 2003 granted the stay on levy of this fee / cess on the condition that the Group will furnish bank guarantee of equivalent amount till the final decision is made by the Court. Accordingly, the Group had arranged bank guarantees of Rs 64.95 million in favour of Director Excise and Taxation, Karachi and made full provision in the consolidated financial statements up to June 30, 2010. During the year 2008, the Sindh High Court ('SHC') 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 an appeal before Supreme Court of Pakistan against the order of SHC. the Group has also filed an appeal before Supreme Court of Pakistan against the SHC's decision of imposition of levy after December 28, 2006. During the year June 30, 2011, the Supreme Court of Pakistan ordered to agitate this matter before SHC. SHC, 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 (2018 : Rs 6.842 million) being 50% of disputed amount i.e. Rs 13.684 million.

	2019	2018
	(Rupees in thousands)	

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

Siemens Pakistan Engineering Company Limited (group company)	270	-
Siemens AG (group company)	43,469	133,542
Descon Engineering Limited (holding company till December 15, 2017 and common directorship thereafter)	-	18
Descon Power Solutions (Private) Limited (common directorship)	140	280
	43,879	133,840

10.6 Workers' welfare fund ('WWF') has not been provided for in these consolidated financial statements based on the advice of the Group's legal consultant. However, in case the Parent Company or RPPL pay WWF, the same is recoverable from CPPA-G as a pass through item under section 14.2(a) of the Parent Company's PPA and Part III of Schedule 6 of RPPL's PPA.

11. Short term borrowings - secured

11.1 Running finances

The running finance facilities obtained from various financial institutions under mark-up arrangements aggregate to Rs 3,300 million (2018: Rs 3,300 million). These facilities carry mark-up rates based on Karachi Inter-Bank Offered Rate ('KIBOR') plus spread basis points per annum, payable quarterly, on the balance outstanding. The facilities are secured against first hypothecation charge over present and future current assets of the Group, cross corporate guarantee issued by Descon Engineering Limited (holding company till December 15, 2017 and related party, on the basis of common directorship, thereafter) and assignment of present and future Energy Purchase Price receivables to the lenders. The mark-up rate charged during the year on the outstanding balance ranged from 7.50% to 14.80% (2018: 6.14% to 7.50%) per annum.

11.2 Letters of credit, guarantee and stand-by letters of credit

The facilities for opening letters of guarantee, letters of credit and stand-by letters of credit aggregate to Rs 1,000 million (2018: Rs 1,000 million), Rs 100 million (2018: Rs 100 million) and Rs 6,000 million (2018: Rs 6,000 million), respectively. The amount utilised at June 30, 2019, for letters of guarantee, letters of credit and stand-by letters of credit was Rs 575.21 million (2018: Rs 580.55 million), Nil (2018: Rs 9.46 million) and Rs 4,981 million (2018: Rs 4,120 million), respectively. 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 (holding company till December 15, 2017 and related party, on the basis of common directorship, thereafter) and assignment of present and future Energy Purchase Price receivables to the lenders.

	2019	2018
	(Rupees in thousands)	

12. Mark-up accrued

Mark-up accrued on:		
Long term financing - secured	1,292	1,899
Short term borrowings - secured	96,299	45,592
	97,591	47,491

13. This represents derivative interest rate swap arrangement with a commercial bank. Under the terms of the arrangement, the Group pays a fixed interest rate of 4.80 percent per annum to the arranging bank on the notional USD amount for the purposes of the interest rate swap, and receives three-Month USD London Inter-Bank Offered Rate ('LIBOR') on the notional USD amount from the arranging bank. There have been no transfer of liabilities under the arrangement, only the nature of interest payment has changed. The derivative interest rate swap outstanding as at June 30, 2019 has been marked to market and the resulting gain has been included in the consolidated statement of profit or loss.

14. Contingencies and commitments

14.1 Contingencies:

(i) In financial year 2014, the taxation authorities issued a show cause notice amounting to Rs 157 million on account of input sales tax alleged to be wrongly claimed for the period July 2009 to June 2013. The 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 for the show cause notice, which was rejected by the taxation authorities and a demand for the above mentioned amount was created. Consequently, Group filed an appeal with Appellate Tribunal Inland revenue ('ATIR') against the demand which was also rejected. The Group preferred an appeal before LHC which granted stay to the Group after payments of Rs 10.12 million against the total demand of Rs 157 million. The LHC vide its judgement in case No. STR 120/2015 dated October 31, 2016 decided the case in favour of the Group and the deposit was refunded to the Group. The department has challenged the decision of LHC before Supreme Court of Pakistan on February 4, 2017 and has also preferred an intra court appeal 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.

(ii) In respect of tax year 2009, the Additional Commissioner Inland Revenue ('ACIR') raised demand of Rs 0.74 million under section 122(5A) of the Income Tax Ordinance, 2001 which mainly related to taxation of interest on delayed payments, scrap sales and gain on disposal of operating fixed assets. The Group preferred an appeal before Commissioner Inland Revenue (Appeals) ['CIR(A)'] against the impugned tax demand. The CIR(A) decided the appeal in favour of Group thereby deleting the alleged tax demand. The tax department has filed an appeal before the ATIR against the order of CIR(A) on August 1, 2016 and the case is now 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 the facts.

(iii) In respect of tax years 2010, 2011, 2012 and 2013, the ACIR raised demands aggregating to Rs 9.3 million under section 122 (5A) of the Income Tax Ordinance, 2001 which mainly related to subjecting capacity price payments to minimum taxation under section 113 of the Income Tax Ordinance, 2001. The Group preferred an appeal before Commissioner Inland Revenue (Appeals) ['CIR(A)'] against the impugned tax demand. The CIR(A) decided the appeal in favour of 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 now 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 the facts.

(iv) The taxation authorities in pursuance of show cause notice under section 182/114 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 has preferred an appeal before CIR(A), wherein relief sought was not provided. Aggrieved with the order of CIR(A), 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 the facts.

(v) In respect of tax year 2015, the Additional Commissioner (Audit), Inland Revenue ['AC(A)IR'] passed an amended assessment order under section 122(5A), creating income tax demand amounting to Rs 81.60 million which mainly relates to denying the claim of exemption of dividend income from PMCL (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). CIR(A), through order dated April 16, 2018, has accepted all the contentions of the Group except the taxation of dividend income thereby reducing the demand to Rs 68.33 million. On April 18, 2018, the Group has filed an appeal before ATIR against the CIR(A)'s order and 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 the facts.

(vi) In respect of tax year 2016, the AC(A)IR passed an amended assessment order under section 122(5A), creating income tax demand amounting to Rs 150.97 million which mainly relates to taxability of dividend income from PMCL (wholly owned subsidiary) on accrual basis. The Group being aggrieved of the said order filed the appeal before CIR(A). CIR(A), through order dated April 16, 2018, has 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 has filed an appeal before ATIR against the CIR(A)'s order and 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 the facts.

(vii) In November 2012, the tax authorities raised a demand of Rs 2,026 million on account of input sales tax along with default surcharge and penalty alleging non-apportionment of input tax to revenue representing Capacity Purchase Price for the period July 2007 to June 2011. The demand was upheld up to the level of the Appellate Tribunal Inland Revenue ('ATIR') 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. The Lahore High Court in a parallel case has decided the case in taxpayer's favour and a similar outcome is expected in the Group's case.

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 High Court directed the assessing officer to decide the case of the Group in line with the expected judgment of the High Court on the same matter. Similar demands of Rs 1,384 million along with default surcharge and penalty for the period July 2012 to June 2014 were remanded back to the Taxation Officer by the CIR (A) with the same directions through orders in appeal dated August 17, 2015 and May 09, 2016, respectively.

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 opinion of the Group's legal counsel and in the view of the latest favourable decision on a similar issue in a parallel case by the LHC, a favourable outcome is expected and no provision in this regard has been made in these consolidated financial statements.

(viii) CPPA-G had raised invoices for liquidated damages ('Lds') to the Group 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 RPPL's PPA) on account of short supply of electricity by the Group, which was due to cash flow constraints of the Group as a result of default by CPPA-G in making timely payments. Estimated amount of liquidated damages is not expected to exceed Rs 1,588 million, based on the best estimate of the management of the Group and invoices raised by CPPA-G.

The Group disputed the claim on account of LDs on the premise that its failure to dispatch electricity was due to CPPA-G's non-payment of dues on timely basis to the Group and consequential inability of the Group 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, the Group initiated the expert adjudication under the dispute resolution procedures specified in the PPA. The case was decided by the expert in the Group's favour in August 2014. Decision of the expert is however not legally binding on any party.

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

Similarly, in January 2017, SNGPL suspended the gas supply for a period of 26 days and as a result CPPA-G levied LDs amounting to Rs 858 million. The Group disputes this amount on the premise that it has already issued an OFME notice to CPPA-G in January for a period of 26 days. The same period is also contemplated as OFME in the proposed Settlement Agreement. Due to declaration of OFME, the Group did not raise Capacity Payment invoice for this period.

Once the Settlement Agreement is approved by the Government of Pakistan and signed by both the parties, the Group will refund the Capacity Payments already received from CPPA-G, which pertain to 2013 LDs period along with 50% of late payment interest accrued on these Capacity Payments. The event will be treated as OFME and PPA will be extended by a total of 112 days on account of 2013 and 2017 LDs period.

Subsequent to the year end, the Cabinet Committee on Energy ('CCOE') approved the terms of the Settlement Agreement between the Group and CPPA-G. However, the minutes of CCOE are yet to be ratified by the Federal Cabinet. Once these are ratified, the Group and CPPA-G shall sign the Settlement Agreement.

Upon finalisation of the Settlement Agreement, the estimated net charge on the consolidated statement of profit or loss is not expected to exceed Rs 1,480.773 million upto June 30, 2019.

Based on the above grounds, no provision for LDs has been recognised in these consolidated financial statements as the management expects that this matter will be resolved through settlement with CPPA-G after the approval of the Federal Cabinet.

(ix) For tax years 2011 and 2014, the tax authorities raised an aggregate demand of Rs 125.071 million subjecting capacity price payments to minimum taxation under section 113 of the Income Tax Ordinance, 2001. The matter was remanded back to the taxation officer for tax years 2011 and 2014 through orders dated April 05, 2016 and July 14, 2016 respectively. For the Tax years 2011 and 2014, the tax department has filed appeal before the ATIR dated September 28, 2016 respectively against the order of CIR(A) on this matter.

Based on advice of the Group's tax advisor and the favourable decision of ATIR on a parallel 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.

(x) For tax year 2014, in addition to minimum tax mentioned in note 14.1(ix), 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. While the CIR(A) upheld the taxation of supplemental charges, the issue of set-off of unabsorbed tax depreciation was remanded back to the assessing authority. Tax department has filed appeal to the ATIR dated September 28, 2016 on this matter.

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.

(xi) The tax authorities amended the assessments for the tax years 2005 to 2010, subjecting bank interest income to tax and disallowing set-off against unabsorbed tax depreciation losses. An aggregate tax demand of Rs 76.4 million was raised for these years. The appeals filed by the Group were accepted by the CIR(A) through order dated March 21, 2012, set-aside the demand and remanded the matter back. 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.

(xii) During the previous year, the tax authorities amended the assessments for the tax years 2013 and 2015 in the same manner as for the 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 99.13 million was raised for these years. In appeal, the CIR(A) through order dated May 18, 2018 for tax years 2013 and 2015, accepted RPPL's claim of exemption on supplemental charges but upheld disallowance of set-off against unabsorbed tax depreciation. Both RPPL and the tax authorities have filed appeals to the ATIR on July 18, 2018 and July 19, 2018 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.

(xiii) For the period July 2013 and 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 RPPL, the matter was remanded back to the Taxation Officer for re-adjudication. This is pending finalization, while RPPL as well as the tax department have filed appeal to the ATIR against the decision of the CIR(A). 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.

(xiv) RPPL uses canal water for its plant for which it has an agreement with Irrigation Department, Sahiwal. 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 [Superintending 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 on September 09, 2015 for re-arbitration. Subsequent to the year end, the Arbitrator decided the case against the Group on July 6, 2019. the Group has filed an appeal before Civil Court Khanewal. The matter is pending adjudication in the Civil Court Khanewal.

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. RPPL 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.

While the matter is yet to be decided by the Arbitrator, the Irrigation Department has raised a demand of Rs 75.3 million upto December 2017 based on exorbitant charges as well as actual water consumption. The Group has paid Rs 12.8 million and does not agree with the amount levied by the Irrigation Department on the basis of matter explained above.

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 the consolidated financial statements in this connection.

(xv) The Group has issued the following guarantees:

(a) Bank guarantees have been issued in favour of the Director, Excise and Taxation, Karachi aggregating Rs 41.842 million (2018: Rs 56.842 million).

(b) Bank guarantee has been issued to Collector of Customs amounting to Rs 2.760 million (2018: Rs 8.085 million).

c) Standby letter of credit facility of Rs 4,981 million (2018: Rs 4,120 million) issued in favour of SNGPL.

d) Habib Metropolitan Bank Limited has issued bank guarantee amounting to Rs 532.68 million (2018: Rs 532.68 million) in favour of SNGPL as a security to cover natural gas / RLNG supply for which payments are made in arrears. The guarantee is due to expire on December 14, 2019 and is renewable.

e) A guarantee amounting to Rs 0.69 million (2018: Rs 0.69 million) is available from Bank Alfalah Limited favouring Pakistan State Oil Company Limited ('PSO') against fuel supply.

14.2 Commitments

(i) Letters of credit other than capital expenditure aggregating to Nil (2018: Rs 9.46 million)

		2019	2018
		(Rupees in thousand)	
15. Property, plant and equipment			
Operating fixed assets	- note 15.1	17,840,604	19,117,597
Capital work- in- progress	- note 15.2	-	9,267
Major spare parts and stand-by equipment	- note 15.3	2,692	4,806
		17,843,296	19,131,670

15.1 Operating fixed assets

		COST				ACCUMULATED DEPRECIATION AND IMPAIRMENT				
	Annual rate of depreciation	Cost as at July 1, 2018	Additions / (disposals) during the year	Transfers in	Cost as at June 30, 2019	Balance as at July 1, 2018	Depreciation charge / (deletions) for the year	Impairment loss for the year	Balance as at June 30, 2019	Net book value as at June 30, 2019
	%	(Rupees in thousand)								
Freehold land	0-8.96	59,413	-	-	59,413	33,924	1,826	-	35,750	23,663
Buildings on freehold land	3.33-8.96	1,933,891	-	-	1,933,891	1,196,512	66,564	-	1,263,076	670,815
Plant and machinery (note 15.1.4 & 15.1.6)	3-25	41,256,675	478,980	-	41,735,655	23,209,833	1,636,946	71,058	24,917,837	16,817,818
Improvements on leasehold land	10	2,141	-	-	2,141	906	214	-	1,120	1,021
Electric equipment	10	3,273	-	-	3,273	2,184	-	-	2,184	1,089
Furniture and fixtures	20	4,147	161	-	4,308	3,561	257	-	3,818	490
Office equipment	10-50	39,886	4,383	-	43,864	30,554	4,235	-	34,416	9,448
			(405)				(373)			
Vehicles	20	41,886	7,259	-	46,706	33,512	3,826	-	35,387	11,319
			(2,439)				(1,951)			
Capital spares	3.33-8.96	504,243	44,121	-	547,295	216,972	26,041	-	242,354	304,941
			(1,069)				(659)			
		43,845,555	534,904	-	44,376,546	24,727,958	1,739,909	71,058	26,535,942	17,840,604
			(3,913)				(2,983)			

	Annual rate of depreciation	COST: Cost as at July 1, 2017	COST: Additions/ (disposals)/ adjustments during the year	COST: Transfers in	COST: Cost as at June 30, 2018	ACCUMULATED DEPRECIATION AND IMPAIRMENT: Balance as at July 1, 2017	ACCUMULATED DEPRECIATION AND IMPAIRMENT: Depreciation charge / (deletions) for the year	ACCUMULATED DEPRECIATION AND IMPAIRMENT: Impairment loss for the year	ACCUMULATED DEPRECIATION AND IMPAIRMENT: Balance as at June 30, 2018	Net book value as at June 30, 2018
	%					(Rupees in thousand)				
Freehold land	0-8.63	59,413	-	-	59,413	32,098	1,826	-	33,924	25,489
Buildings on freehold land	3.33-8.63	1,931,391	2,500	-	1,933,891	1,130,027	66,485	-	1,196,512	737,379
Plant and machinery	3-25	40,788,282	448,183	20,210	41,256,675	21,587,713	1,622,120	-	23,209,833	18,046,842
Improvements on leasehold land	10	2,141	-	-	2,141	692	214	-	906	1,235
Electric equipment	10	3,273	-	-	3,273	1,858	326	-	2,184	1,089
Furniture and fixtures	20	3,863	284	-	4,147	3,327	234	-	3,561	586
Office equipment	10-50	35,386	4,868	-	39,886	27,195	3,703	-	30,554	9,332
			(368)				(344)			
Vehicles	20	49,244	5,176	-	41,886	34,302	4,837	-	33,512	8,374
			(12,534)				(5,627)			
Capital spares	3-8.63	526,866	8,895	-	504,243	210,374	24,980	-	216,972	287,271
			(31,518)				(18,382)			
		43,399,859	469,906	20,210	43,845,555	23,027,586	1,724,725	-	24,727,958	19,117,597
			(44,420)				(24,353)			

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

		2019	2018
		(Rupees in thousand)	
Direct costs	- note 23	1,731,377	1,715,413
Administrative expenses	- note 24	8,532	9,312
		1,739,909	1,724,725

15.1.2 The cost of fully depreciated assets which are still in use as at June 30, 2019 is Rs 214.10 million (2018: Rs 202.66 million).

15.1.3 Freehold land represents 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 24 Kanals and 18 Marlas, situated at Tehsil Fateh Jang, District Attock.

15.1.4 Management has reviewed the business performance of the Parent 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 the Parent Company's Power Generation operations at a CGU level. Based on the following indicators applicable to the Parent Company'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 Parent Company's Power Generation operations; and

- Forecast operating losses and net cash outflows for the Parent Company's Power Generation operations.

Power Generation CGU of the Parent Company is comprised of property, plant and equipment and intangible assets and stores and spares. 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 expert (professional valuer) 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. Since there are observable indications that the fair value of the CGU has declined significantly, therefore, it has been impaired.

The CGU has been written down from its carrying value of Rs 678.84 million to its recoverable amount of Rs 605.67 million. The impairment loss has been entirely allocated to property, plant and equipment and has been recognised as a separate line item in the consolidated statement of profit or loss.

15.1.5 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).

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

The fair value measurement of the Parent Company's Power Generation CGU is categorised within the level 3 of fair value hierarchy in its entirety. Management has obtained independent valuation for the 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.

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, obsolescence, depreciation and forced sale factors to arrive at present market value,

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

15.1.6 According to the SRO 24(I)/2012 dated January 16, 2012 issued by SECP [as fully explained in note 4.18(b) to these consolidated financial statements], the Group is allowed to capitalize exchange gains/losses arising on outstanding amounts of foreign currency loans contracted under the implementation agreements with Government of Pakistan until the date of expiry of such implementation agreements. This represents the exchange difference on the foreign currency loan (Facility A), as referred to in note 7 to these consolidated financial statements, capitalised in accordance with the above mentioned SRO. 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:

	2019	2018
	(Rupees in thousand)	
Decrease in the carrying amount of property, plant and equipment and un-appropriated profit as at June 30	(6,700,014)	(6,508,238)
Decrease in cost of sales	24,517	17,718
Increase in other expenses	(477,613)	(448,183)
Decrease in profit for the year	(453,096)	(430,465)

15.2 Capital work- in- progress

Civil works	-	1,735
Advances against purchase of vehicles	-	7,532
	-	9,267

15.2.1 The reconciliation of the carrying amount is as follows:

Opening balance	9,267	645
Additions during the year	-	10,805
Charged to the consolidated statement of profit or loss	(150)	(3)
Transfers to operating fixed assets	(9,117)	(2,180)
Closing balance	-	9,267

15.3 Major spare parts and stand-by equipment

Opening balance		4,806	3,870
Additions during the year		-	21,146
		4,806	25,016
Transfers during the year	- note 15.1	-	(20,210)
Impairment charge for the year	- note 15.1.4	(2,114)	-
Closing balance		2,692	4,806

16. Intangible assets

		2019	2018
		(Rupees in thousand)	
These represent computer software and ERP systems.			
Cost			
Opening balance		12,926	12,556
Additions during the year	- note 16.3	-	370
Closing balance		12,926	12,926
Amortisation			
Opening balance		12,508	8,814
Charge for the year	- note 16.1	284	3,694
Closing balance		12,792	12,508
Net book value as at June 30		134	418
Annual amortisation rate		33%	33%

16.1 The amortisation charge for the year has been allocated to administrative expenses as referred to in note 24.

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

16.3 This represents ERP implementation/updating fees charged by Descon Corporation (Private) Limited, a related party (on the basis of common directorship).

16.4 The cost of fully amortised assets still in use as at June 30, 2019 is Rs 12.56 million (2018: Rs 11.77 million).

17. Long term loans to employees - secured

Loans to employees - considered good			
Key management personnel	- note 17.1	4,000	8,000
Others	- note 17.2	1,028	2,053
		5,028	10,053
Current portion shown under current assets			
Key management personnel		(3,000)	(4,000)
Others		(611)	(892)
	- note 20	(3,611)	(4,892)
		1,417	5,161

17.1 This represents interest free loans to Mr. Mubashar Ahmed Majeed, Chief Executive of RPPL and Mr. Muhammad Junaid Asghar, Chief Financial Officer of RPPL for house building as per terms of their employment. As per the terms of the loan agreements, the loan is repayable in five years in sixty equal instalments. The loans are secured against mortgage of property. The loan to Chief Executive of RPPL has been made in compliance with the requirements of the Act. The maximum aggregate amount due from key management personnel at the end of any month during the year was Rs 4 million (2018: Rs 8 million).

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

	Chief Executive of RPPL		Chief Financial Officer of RPPL	
	2019	2018	2019	2018
	(Rupees in thousand)		(Rupees in thousand)	
Balance at the beginning of the year	3,000	5,000	5,000	7,000
Repayments made during the year	(2,000)	(2,000)	(2,000)	(2,000)
Balance at the end of the year	1,000	3,000	3,000	5,000

17.2 This includes interest free motor vehicle loans given to employees. The Group contributes 80% of the cost of the vehicle which is recoverable in sixty equal monthly instalments from the employee in accordance with the Group's policy. These loans are secured against registration of cars in the joint name of the Group and the employee 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.

		2019	2018
		(Rupees in thousand)	
18. Stores, spares and loose tools			
Spares		647,924	559,464
Stores		19,038	67,285
		666,962	626,749
Provision for obsolete / slow-moving stores, spares and loose tools	- note 18.2	(5,284)	(5,696)
		661,678	621,053

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

18.2 Provision for obsolete / slow-moving stores, spares and loose tools

	2019	2018
	(Rupees in thousand)	
Opening balance	5,696	5,696
Written off against provision	(412)	-
Closing balance	5,284	5,696

		2019	2018
		(Rupees in thousand)	
19. Trade debts - secured, considered good			
Considered good	- note 19.1	15,321,768	13,751,910
Considered doubtful		202,771	192,353
		15,524,539	13,944,263
Provision for doubtful debts	- note 19.2	(202,771)	(192,353)
		15,321,768	13,751,910

19.1 These represent trade receivables from CPPA-G and are considered good. These are secured by a guarantee from the Government of Pakistan under the implementation agreements and are in the normal course of business and interest free, however, a delayed payment mark-up of three months KIBOR / reverse repo rate of State Bank of Pakistan plus 200 basis points per annum is charged in case the amounts are not paid within due dates. The rate of delayed payment mark-up charged during the year on outstanding amounts was 10.00% to 14.75% (2018: 8.25% to 9.00%) per annum. These include unbilled receivables aggregating to Rs 712.71 million (2018: Rs 414.26 million).

		2019	2018
		(Rupees in thousand)	
19.2 Provision for doubtful debts			
Opening balance		192,353	149,086
Provision for the year	- note 19.2.1	10,418	43,267
Closing balance		202,771	192,353

19.2.1 During the year, provision of Rs 10.42 million (2018: Rs 43.27 million) has been made on account of disputed amounts relating to energy and capacity charges and pass-through-items. The provision has been charged to administrative expenses as referred to in note 24.

		2019	2018
20. Advances, prepayments and other receivables		(Rupees in thousand)	
Advances - considered good:			
- To suppliers	- note 20.1	28,285	35,305
- To employees against expenses		331	822
Balances with statutory authorities:			
- Sales tax receivable		296,208	257,771
- Receivable against WWF	- note 20.2	118,929	118,812
Claims recoverable from CPPA-G for pass through items:			
- Workers' profit participation fund	- note 20.3	156,506	179,878
Interest receivable		677	7,444
Prepayments	- note 20.4	49,305	54,581
Other receivables	- note 20.5 & 20.6	34,453	50,933
Current portion of long term loan to employees - secured	- note 17	3,611	4,892
		688,305	710,438

20.1 This includes an advance amounting to Rs 0.32 million (2018 : Rs 0.71 million) to Siemens Pakistan Engineering Company Limited, a related party (group company).

20.2 This includes WWF contribution amounting to Rs 33.32 million (2018: Rs 33.32 million) based on accounting profit for tax year 2014 paid under protest after demand by taxation authorities. Since the provisions of WWF were not applicable to the Group 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. This also includes refundable WWF amounting to Rs 84.35 million (2018: Rs 84.35 million) as referred to in note 14.1(xi) to these consolidated financial statements.

		2019	2018
		(Rupees in thousand)	
20.3 Workers' profit participation fund			
Opening balance		179,878	155,466
Provision for the year	- note 10.3	156,506	179,878
		336,384	335,344
Transfer to trade debts during the year		(179,878)	(155,466)
Closing balance		156,506	179,878

Under the relevant provision of the PPAs with CPPA-G, payments to Workers' Profit Participation Funds are recoverable from CPPA-G as a pass through item.

20.4 This includes prepayment in respect of ERP annual support services cost made to Descon Corporation (Private) Limited, a related party (on the basis of common directorship) aggregating to Rs 0.10 million (2018: Rs 0.08 million).

20.5 Includes the following amounts due from following related party:

Descon Power Solutions (Private) Limited (common directorship) - note 20.5.1	52	947

20.5.1 The maximum aggregate amount due from the related party at the end of any month during the year was the same as the closing balances as at year end.

20.6 This includes an amount of Nil (2018: Rs 15 million) deposited with Faysal Bank Limited as 100% margin against the letter of guarantee in favour of the Director, Excise and Taxation Department, Karachi, as disclosed in note 14.1(xv)(a).

21. Bank balances

		2019	2018
		(Rupees in thousand)	
Cash at bank:			
On current accounts		208,106	7,972
Term deposits	- note 21.1 & 21.2	1,165,000	1,165,001
On savings accounts	- note 21.1	829,505	385,113
		2,202,611	1,558,086

21.1 These carry mark-up at the rates ranging from 4.14% to 10.60% per annum (2018: 3.75% to 5.80% per annum).

21.2 These term deposits are encashable within three months from the year end. However, these carry lien on debt service reserve account maintained in favour of SCB, as disclosed in note 7 to these consolidated financial statements.

22. Revenue-net

	2019	2018
	(Rupees in thousand)	
Energy purchase price -gross	15,310,966	29,262,542
Sales tax	(2,224,670)	(4,251,823)
Energy purchase price -net	13,086,296	25,010,719
Capacity purchase price	5,740,647	6,063,143
Other supplemental charges	1,151,315	732,945
Gas efficiency passed to CPPA-G	(31,477)	(363,035)
	19,946,781	31,443,772

		2019	2018
23. Direct costs		(Rupees in thousand)	
RLNG consumed		12,754,945	23,543,179
Salaries, benefits and other allowances	- note 23.1	40,253	38,849
Operation and maintenance		800,334	990,300
Stores, spares and loose tools consumed		121,821	273,618
Write-down stores and spares	- note 23.2	31,249	-
Purchase of energy from CPPA-G		76,199	33,028
Insurance		108,119	102,743
Lube oil consumed		1,347	12,994
Repairs and maintenance		11,028	21,886
Travelling and conveyance		257	387
Depreciation on operating fixed assets	- note 15.1.1	1,731,377	1,715,413
Generation license fee		6,884	6,543
Electricity duty		2,115	4,833
Colony maintenance		17,566	22,401
Communication		4,666	4,514
Security expense		7,144	5,507
Vehicle maintenance		852	2,076
Miscellaneous		5,827	6,738
		15,721,983	26,785,009

23.1 Includes Rs 2.27 million (2018: Rs 2.51 million) in respect of provident fund contribution by the Group.

23.2 This represents write-down of stores and spares to net realizable value. The write-down has been recognized as part of the overall impairment testing of the Parent Company's Power Generation CGU as referred to in note 15.1.4.

		2019	2018
		(Rupees in thousand)	
24. Administrative expenses			
Salaries, benefits and other allowances	- note 24.1	88,768	93,269
Directors' meeting fee	- note 31.2	500	500
ERP running cost	- note 24.2	3,832	3,141
Traveling & conveyance		11,925	6,928
Utilities		648	655
Postage and telephone		1,458	1,480
Printing and stationery		1,985	1,791
Auditors' remuneration	- note 24.3	4,063	4,044
Rent, rates and taxes		6,181	6,249
Repairs and maintenance		263	236
Legal and professional expenses		71,226	50,216
Fees and subscription		1,619	1,437
Entertainment		2,212	2,324
Amortisation on intangible assets	- note 16.1	284	3,694
Depreciation on operating fixed assets	- note 15.1.1	8,532	9,312
Vehicle maintenance		1,070	2,508
Donations	- note 24.4	628	2,108
Insurance		3,335	3,096
Professional tax		100	100
Provision for doubtful debts	- note 19.2	10,418	43,267
Training expenses		-	194
Miscellaneous		6,307	6,129
		225,354	242,678

24.1 Includes Rs 0.03 million (2018: Rs 0.05 million), Rs 4.04 million (2018: Rs 4.43 million), Rs 0.70 million (2018: Rs 0.92 million) and Rs 7.56 million (2018: Rs 7.32 million) on account of accumulating compensated absences, contribution to provident fund, staff gratuity and contribution to gratuity fund, respectively.

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

24.3 Auditors' remuneration

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

	2019	2018
Statutory audit	3,342	3,119
Half yearly review	280	266
Certifications required by various regulations	222	439
Reimbursement of expenses	219	220
	4,063	4,044

24.4 The donation in the last year was made to Bloomfield Hall School at Khanewal plant site. None of the directors or their spouses had any interest in the donee.

25. This represents trade debts written off during the year being uncollectible.

	2019	2018
26. Other income	(Rupees in thousand)	
Profit on bank deposits	97,713	82,857
Un-realised fair value gain on derivative financial instrument	37,390	112,157
Gain on disposal of operating fixed assets	7	4,054
Exchange gain - net	1	6
Scrap sales	1,958	2,093
Liabilities no longer payable written back	14,507	20,678
Others	33	10
	151,609	221,855
27. Finance cost		
Interest/mark-up on:		
Long term financing - secured	222,389	297,281
Short term borrowings - secured	212,478	78,172
Exchange loss on foreign currency long term loan (Facility B)	558,640	478,615
Guarantee commission	29,699	48,523
Lenders' fees and charges	18,205	14,182
Lenders' related other costs	3,540	1,892
Late payments surcharge on:		
Late payments to SNGPL	19,735	7,235
Late payments to Descon Power Solutions (Private) Limited - related party (common directorship)	-	321
Realised loss on derivative financial instrument	46,701	106,233
Bank charges	43	7,060
	1,111,430	1,039,514
28. Taxation		
Current		
For the year	122,944	256,085
Prior years'	1,414	(137,057)
	124,358	119,028
Deferred taxation - note 9.2	46,520	45,397
	170,878	164,425

28.1 Relationship between tax income and accounting profit

	2019	2018
	(Rupees in thousand)	
Profit before taxation	2,941,815	3,598,426
Tax at the applicable rate of 29% (2018: 30%)	853,126	1,079,528
Tax effect of amounts that are:		
Exempt as referred to in note 4.2	(777,041)	(1,008,651)
Allowable as tax credit	-	(2,448)
Not deductible for tax purposes	291	333
Subject to final tax regime	93,088	232,720
Prior years' tax	1,414	(137,057)
	(682,248)	(915,103)
	170,878	164,425

28.2 The Group, along with certain related companies, had obtained certificate of registration and designation letter of a group (hereinafter referred to as 'Taxation Group') from SECP on June 5, 2015 and September 9, 2016, respectively, and the same were registered as Taxation Group with SECP under Group Companies Registration Regulations, 2008 to avail group relief under section 59B of the Income Tax Ordinance, 2001. At the time of registration of Taxation Group, inter-corporate dividend [PMCL (wholly owned subsidiary of the Parent Company) to the Parent 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 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 Taxation Group had been registered as a group before the amendment in law, the Taxation Group remains entitled for the 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 769.97 million (2018: Rs 566.70 million) for tax on dividend income from PMCL (wholly owned subsidiary of the Parent Company) for the tax years from 2016 to 2018 has been recognized in these consolidated financial statements.

29. Cash flow information

29.1 Cash generated from operations

Profit before taxation		2,941,815	3,598,426
Adjustments for non cash charges and other items:			
- Depreciation on operating fixed assets	- note 15.1.1	1,739,909	1,724,725
- Impairment loss on property, plant and equipment	- note 15.1.4	73,172	-
- Amortisation on intangible assets	- note 16	284	3,694
- Liabilities no longer payable written back	- note 26	(761)	(20,678)
- Profit on bank deposits	- note 26	(97,713)	(82,857)
- Gain on disposal of operating fixed assets	- note 26	(7)	(4,054)
- Finance cost	- note 27	1,111,426	1,039,514
- Write-down of stores and spares	- note 23.2	31,249	-
- Trade debts written off	- note 25	24,636	-
- Provision for doubtful debts	- note 19.2	10,418	43,268
- Provision for staff gratuity	- note 24.1	703	922
- Provision for accumulating compensated absences	- note 24.1	26	54
- Provision for retirement benefits	- note 24.1	7,560	7,316

		2019	2018
		(Rupees in thousand)	
- Capital work-in-progress written off	- note 15.2.1	150	3
- Capital spares consumed		410	13,136
- Un-realized gain on derivative financial instrument	- note 26	(37,390)	(112,157)
- Exchange gain - net	- note 26	(1)	(6)
Profit before working capital changes		5,805,886	6,211,306
Effect on cash flow due to working capital changes:			
Decrease/(increase) in current assets			
- Stores, spares and loose tools		(72,183)	32,515
- Inventory of fuel oil		4,050	3,233
- Trade debts - secured, considered good		(1,604,912)	(930,228)
- Advances, prepayments and other receivables		14,009	(64,538)
		(1,659,036)	(959,018)
Increase/(decrease) in current liabilities			
- Trade and other payables		1,355,873	(1,529,451)
		(303,163)	(2,488,469)
		5,502,723	3,722,837

29.2 Cash and cash equivalents

Bank balances	- note 21	2,202,611	1,558,086
Short term borrowings - secured	- note 11	(2,927,075)	(1,816,641)
		(724,464)	(258,555)

29.3 Reconciliation of liabilities arising from financing activities

	Opening balance as at July 1, 2018	Cash flows	Other changes*	Closing balance as at June 30, 2019
Long term loans	4,685,111	(3,519,296)	946,851	2,112,666
Derivative financial instrument	45,232	(46,701)	9,311	7,842

* Other changes include non-cash movements and interest payments which are presented as operating cash flows in the consolidated statement of cash flows.

30. Transactions with related parties

The related parties comprise the holding company, ultimate parent, subsidiaries and associates of holding company and ultimate parent, group companies, related parties on the basis of common directorship, Investor under IAS 28, 'Investments in Associates and Joint Ventures' (non-controlling interest), key management personnel of the Group and its holding company and post-employment benefit plans (Gratuity Fund and Provident Fund). Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company. The Group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Significant related party transactions have been disclosed in respective notes in these consolidated financial statements other than the following:

Relationship with the Group	Nature of transactions	2019	2018
		(Rupees in thousand)	
i. Holding company			
Descon Engineering Limited - till December 15, 2017	Dividends paid	-	1,691,177
	Common costs charged to the Group	2,455	1,104
ii. Other related parties			
On the basis of common directorship			
Descon Engineering Limited - from December 15, 2017	Supply of spares and services	8,863	6,995
	Common costs charged to the Group	-	2,037
Descon Power Solutions (Private) Limited	Operation and maintenance contractor's fee	453,595	439,656
	Service agreement of generators	-	5,281
	Purchases of spare parts	2,905	70,399
	Supply of spares and services	2,799	2,311
	Purchase of major maintenance fee	-	1,746
	Common costs charged to the Group	451	78
Descon Corporation (Private) Limited	Supply of spares and services	14,377	8,254
	Common costs charged to the Group	362	529

Relationship with the Group	Nature of transactions		2019	2018
			(Rupees in thousand)	
Group companies				
Descon Holdings (Private) Limited	Dividends paid		95	240
Siemens AG	Purchase of operation and maintenance services		56,506	53,883
	Purchase of long term maintenance services		182,435	313,537
	Supply of spares and services		173,061	6,956
Siemens Pakistan Engineering Company Limited	Purchase of operation and maintenance services		1,796	1,796
	Purchase of long term maintenance services		64,347	102,235
	Supply of spares and services		31,872	936
Investor under IAS 28				
Siemens Project Ventures GmbH	Dividends paid		538,070	1,345,176
iii. Key management personnel	Short term employee benefits	- note 30.2	62,284	61,698
	Post employment benefits	- note 30.2	7,835	8,111
	Long term benefits	- note 30.2	18	37
	Other benefits	- note 30.2	665	724
	Dividends paid		70	208
iv. Retirement benefit obligations	Expense charged in respect of defined benefit plan - gratuity fund		7,560	7,316
	Expense charged in respect of contributory provident fund		6,305	6,938

30.1 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.

30.2 This represents remuneration of Chief Executive, a non-executive Director and an executive that is included in the remuneration disclosed in note 31.1 to these consolidated financial statements.

30.3 Information about the related party incorporated outside the Pakistan, with whom the Group had entered into transactions, is as follows:

Name of company:	**Siemens AG**
Registered address of the company:	Siemens Aktiengesellschaft, Werner-von-Siemens-Straße 1 80333, Muenchen, Germany
Country of incorporation:	Germany
Aggregate percentage of shareholding, including shareholding through other companies or entities:	26% of issued, subscribed and paid up share capital of RPPL
Name of Chief Executive Officer or Principal Officer or Authorized Agent:	Joe Kaeser
Operational status:	The company is engaged in activities in the field of electrification, automation and digitalisation. It is also a supplier of systems for power generation and transmission.
Auditor's opinion on latest available financial statements:	Unmodified

30.4 All the related parties with whom the Group had entered into transactions or had arrangements/agreements in place during the year have been disclosed in relevant notes to these consolidated financial statements.

31 Remuneration of Chief Executive, Directors and Executives

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

	Chief Executive		Executive Directors	
	2019	2018	2019	2018
	(Rupees in thousand)		(Rupees in thousand)	
Managerial remuneration	3,489	3,156	-	-
Number of person(s)	1	1	-	-

	Non Executive Directors		Executives	
	2019	2018	2019	2018
	(Rupees in thousand)		(Rupees in thousand)	
Managerial remuneration	-	-	77,850	80,656
Accumulating compensated absences	-	-	18	37
Staff gratuity	-	-	578	773
Contributions to provident fund	-	-	5,507	6,118
Contributions to gratuity fund	-	-	5,088	4,938
House rent, utilities and other allowances	582	-	8,538	6,707
Bonus	-	-	510	510
Reimbursable expenses against vehicles	-	-	511	511
Other services rendered	665	724	-	-
	1,247	724	98,600	100,250
Number of person(s)	6	6	10	12

31.2 During the year the Group paid meeting fee amounting to Rs 0.50 million (2018: Rs 0.50 million) to its non-executive (independent) director.

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

32. Number of employees

	2019	2018
Total number of employees as at June 30	38	40
Average number of employees during the year	39	40

33. Disclosure relating to Provident Fund

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.

34. Financial risk management

34.1 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 Board of Directors (the 'Board') of the Parent Company. The Board provides 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. All treasury related transactions are carried out within the parameters of these policies.

a) Market risk

i) Currency risk

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

Exposure to currency risk

The Group is exposed to currency risk arising mainly from USD and Euro. The Group's exposure to foreign currency risk at the reporting date was as follows:

	2019		
	Rupees	USD	Euro
	(Amounts in thousand)		
Other receivables	31,520	-	169
Long term financing - secured	(2,112,666)	(12,843)	-
Accrued mark-up on long term financing - secured	(1,292)	(8)	-
Trade and other payables	(460,601)	(110)	(2,366)
Net exposure	(2,543,039)	(12,961)	(2,197)

	2018		
	Rupees	USD	Euro
	(Amounts in thousand)		
Other receivables	22,423	-	158
Short term borrowings - secured	(4,685,111)	(38,529)	-
Accrued mark-up on long term financing - secured	(1,899)	(16)	-
Trade and other payables	(605,778)	-	(4,279)
Net exposure	(5,270,365)	(38,545)	(4,121)

Foreign exchange risk in US Dollars is mitigated by the indexation mechanism for tariff available under PPAs.

The following significant exchange rates were applied during the year:

	Statement of financial position date rate		Average rate	
	2019	2018	2019	2018
USD	164.50	121.60	143.05	113.30
Euro	186.99	141.57	164.28	130.86

Sensitivity analysis

At June 30, 2019, if the Rupee had weakened/strengthened by 5% against the USD with all other variables held constant, the impact on profit for the year would have been Rs 46.54 million (2018: Rs 101.08 million) lower/higher mainly as a result of exchange loss/gain on translation of USD denominated financial instruments. Since the exchange differences related to foreign currency loan are capitalized, the impact on property, plant and equipment would have been Rs 60.07 million (2018: Rs 133.32 million) higher/lower mainly as a result of exchange loss/gain on translation of USD denominated financial instruments.

At June 30, 2019, if the Rupee had weakened/strengthened by 5% against the Euro with all other variables held constant, the impact on profit for the year would have been Rs 20.55 million (2018: Rs 29.17 million) lower/higher mainly as a result of exchange loss/gain on translation of Euro denominated financial instruments.

(ii) Interest rate risk

Interest rate risk represents 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 bank balances in savings accounts, long term loans, short term borrowings and derivative financial instrument. The interest rate profile of the Group's interest-bearing financial instruments at the statement of financial position date was as under:

	2019	2018
	(Rupees in thousand)	
Fixed rate instruments		
Financial assets		
Term deposits	1,165,000	1,165,001
Bank balances - saving accounts	829,505	385,113
	1,994,505	1,550,114
Financial liabilities	-	-
Net exposure	1,994,505	1,550,114
Floating rate instruments		
Financial assets		
Trade debts - secured, considered good, overdue	11,610,003	12,116,924
Financial liabilities		
Long term financing - secured	(2,112,666)	(4,685,111)
Short term borrowings - secured	(2,927,075)	(1,816,641)
Derivative financial instrument	(7,842)	(45,232)
	(5,047,583)	(6,546,984)
Net exposure	6,562,420	5,569,940

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 rate at the statement of financial position date would not affect profit or loss of the Group.

Cash flow sensitivity analysis for variable rate instruments

If interest rates on variable rate financial instruments, at the year end date, fluctuates by 1% higher/lower with all other variables held constant, post tax profit for the year would have been Rs 67.95 million (2018: Rs 55.02 million) higher/lower (2018: higher/lower) mainly as a result of higher/lower net interest income (2018: income) on floating rate instruments.

iii) Other price risk

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

b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from deposits with banks and trade and other receivables.

i) Exposure to credit risk and concentration of 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:

	2019	2018
	(Rupees in thousand)	
Long term deposits	739	369
Trade debts - secured, considered good	15,321,768	13,751,910
Other receivables	191,636	238,255
Bank balances	2,202,611	1,558,086
	17,716,754	15,548,620

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

Neither past due nor impaired	3,711,765	1,634,986
Past due 0-30 days	3,073,506	3,718,330
Past due 31-120 days	2,923,163	4,895,040
Past due more than 120 days	5,816,105	3,700,018
Provision for doubtful debts	(202,771)	(196,464)
	15,321,768	13,751,910

The Group's only 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 agreements 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.

ii) Credit quality of major financial assets

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

	Rating		Rating	2019	2018
	Short term	Long term	Agency	(Rupees in thousands)	
CPPA-G	Not available			15,321,768	13,751,910
Faysal Bank Limited	A1+	AA	PACRA	2	2
Habib Metropolitan Bank	A1+	AA+	PACRA	65,092	1,462
National Bank of Pakistan	A-1+	AAA	PACRA	762,925	386,545
SCB	A1+	AAA	PACRA	1,182,176	1,163,811
MCB Bank Limited	A1+	AAA	PACRA	1,912	1,900
The Bank of Punjab	A1+	AA	PACRA	4,293	4,302
Allied Bank Limited	A1+	AAA	PACRA	1	-
Habib Bank Limited	A1+	AAA	JCR-VIS	186,210	64
				17,524,379	15,309,996

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

c) Liquidity risk

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

The Group’s approach to managing liquidity is to ensure that, as far as possible, it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable loss or risking damage to the Group’s reputation.

The following are the contractual maturities of financial liabilities as at June 30, 2019 and 2018:

	2019			
		Maturities		
	Carrying amount	Less than one year	One to five years	After five years
	(Rupees in thousand)			
Financial liabilities				
Long term financing - secured	2,112,666	2,112,666	-	-
Trade and other payables	3,018,678	3,018,678	-	-
Mark-up accrued	97,591	97,591	-	-
Derivative financial instrument	7,842	7,842	-	-
Short term borrowings - secured	2,927,075	2,927,075	-	-
Unclaimed dividend	190,673	190,673	-	-
	8,354,525	8,354,525	-	-

	2018			
		Maturities		
	Carrying amount	Less than one year	One to five years	After five years
	(Rupees in thousand)			
Financial liabilities				
Long term financing - secured	4,685,111	4,011,447	673,664	-
Trade and other payables	1,664,352	1,664,352	-	-
Mark-up accrued	47,491	47,491	-	-
Derivative financial instrument	45,232	-	45,232	-
Short term borrowings - secured	1,816,641	1,816,641	-	-
Unclaimed dividend	1,345	1,345	-	-
	8,260,172	7,541,276	718,896	-

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

34.2 Capital risk management

The Group's objectives when managing capital are to safeguard 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. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders through repurchase of shares, issue new shares or sell assets to reduce debt. 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 borrowings divided by total capital employed. Net borrowings are calculated as total borrowings including current and non-current borrowings less cash and cash equivalents. Total capital employed includes equity as shown in the statement of financial position, plus net borrowings.

The gearing ratio as at June 30, 2019 and June 30, 2018 is as follows:

		2019	2018
		(Rupees in thousand)	
Borrowings		5,039,741	6,501,752
Cash and cash equivalents	- note 29.2	724,464	258,555
Net borrowings		5,764,205	6,760,307
Total equity		28,009,218	27,209,488
Total capital employed		33,048,959	33,711,240
Gearing ratio		17.44%	20.05%

In accordance with the terms of agreement with the lender of long term financing (as disclosed in note 7 to these consolidated financial statements), RPPL is required to comply with the following financial covenants:

- the gearing ratio shall be not more than 1:1;
- the debt service coverage ratio shall not fall below 1.5:1; and
- the debt to EBITDA ratio shall remain below 2.5:1.

RPPL has complied with these covenants throughout the reporting period. As at June 30, 2019, the relevant debt service coverage ratio was 1.84:1 (2018: 1.92:1), the gearing ratio was 0.11:1 (2018: 0.18:1) and the debt to EBITDA ratio was 0.54:1 (2018: 0.78:1).

34.3 Fair value estimation

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

34.4 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.

34.5 Financial instruments by categories

	Financial assets at amortised cost	Loans and receivables
	2019	2018
	(Rupees in thousand)	
Assets as per statement of financial position		
Long term deposits	739	369
Long term loans to employees - secured	5,028	10,053
Trade debts - secured, considered good	15,321,768	13,751,910
Other receivables	191,636	238,255
Bank balances	2,202,611	1,558,086
	17,721,782	15,558,673

	Financial liabilities at amortized cost	
	2019	2018
	(Rupees in thousand)	
Liabilities as per statement of financial position		
Long term financing - secured	2,112,666	4,685,111
Trade and other payables	3,018,678	1,664,352
Unclaimed dividend	190,673	1,345
Short term borrowings - secured	2,927,075	1,816,641
Mark-up accrued	97,591	47,491
Derivative financial instrument	7,842	45,232
	8,354,525	8,260,172

35. Plant capacity and actual generation

Installed capacity [based on 8,760 hours (2018: 8,760 hours)]	(MWh)	3,710,556	3,710,556
Practical maximum output	(MWh)	2,713,928	3,299,886
Actual energy delivered	(MWh)	1,057,879	2,810,958

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

36. Earnings per share - basic and diluted

		2019	2018
36.1 Basic earnings per share			
Profit for the year attributable to equity holders of the Parent Company	(Rupees in thousand)	1,529,573	1,994,984
Weighted average number of ordinary shares	(Number)	363,380,000	363,380,000
Basic earnings per share	(Rupees)	4.21	5.49

36.2 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, 2019 and June 30, 2018 which would have any effect on the earnings per share if the option to convert is exercised.

37. Interests in other entities

37.1 Subsidiaries

The Group's principal subsidiaries as at June 30, 2019 and June 30, 2018 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
		2019	2018	2019	2018	
Power Management Company (Private) Limited	Lahore, Pakistan	100%	100%	0%	0%	Invest, manage, operate, run, own and build power projects, intermediate holding company of RPPL
Rousch (Pakistan) Power Limited	Islamabad, Pakistan	59.98%	59.98%	40.02%	40.02%	Generate and supply electricity to CPPA-G

37.2 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	
	2019	2018
	(Rupees in thousand)	
Summarised statement of financial position		
Current assets	18,446,379	16,146,528
Current liabilities	8,152,138	6,478,943
Current net assets	10,294,241	9,667,585
Non-current assets	17,279,678	18,435,958
Non-current liabilities	18,185	1,581,932
Non-current net assets	17,261,493	16,854,026
Net assets	27,555,734	26,521,611
Accumulated non-controlling interest	11,026,973	10,613,034

Summarised statement of comprehensive income	Rousch (Pakistan) Power Limited 2019	2018
	(Rupees in thousand)	
Revenue-net	19,472,621	29,822,578
Profit for the year	3,130,106	3,597,548
Other comprehensive income/(loss) for the year	1,442	(104)
Total comprehensive income for the year	3,131,548	3,597,444
Profit attributable to non-controlling interest	1,241,364	1,439,017
Other comprehensive income/(loss) attributable to non-controlling interest	577	(42)
Dividends provided for non-controlling interest	828,002	1,035,003
Summarised cash flows		
Net cash inflow from operating activities	4,703,250	3,276,090
Net cash inflow from investing activities	56,862	78,471
Net cash outflow from financing activities	(5,635,174)	(8,155,400)
Net decrease in cash and cash equivalents during the year	(875,062)	(4,800,839)

37.3 Transactions with non-controlling interests

There were no transactions with non-controlling interest during the years ended June 30, 2018 and June 30, 2019.

38. Corresponding figures

Corresponding figures have been reclassified wherever necessary to reflect better presentation of events and transactions for the purpose of comparison, however, no significant reclassifications have been made.

39. Date of authorization for issue

These consolidated financial statements were authorised for issue on September 30, 2019 by the Board of Directors of the Parent Company.

40. Event after the reporting date

The Board of Directors of the Parent Company have proposed a final cash dividend for the year ended June 30, 2019 of Rs 3/- per share (2018: Nil), amounting to Rs 1,090,140,000/- (2018: Nil) at their meeting held on September 30, 2019 for approval of the members at the Annual General Meeting to be held on October 25, 2019

Chief Executive | Chief Financial Officer | Director

SIX YEAR PERFORMANCE

Financial Year ending June 30	2019	2018	2017	2016	2015	2014
	----------(Rupees in thousand)----------					
Despatch (MWH)	22,029	145,115	187,844	175,069	173,306	205,398
Revenue	474,160	1,621,194	1,624,556	1,605,936	1,435,404	1,756,949
Direct Costs	501,829	1,558,269	1,386,609	1,398,141	1,263,377	1,459,092
GrossProfit	(27,669)	62,925	237,947	207,795	172,027	297,857
Net Profit/ (Loss)	954,822	1,452,642	1,632,720	1,097,312	115,077	1,868,193
Total Assets	4,874,063	5,088,896	6,491,422	5,850,900	5,278,699	5,890,142

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: 30-06-2019

2.2 No. of Shareholders	------Shareholdings------ From	To	Total Shares Held
62	1	100	715
62	101	500	29,275
46	501	1,000	45,078
70	1,001	5,000	208,230
23	5,001	10,000	179,700
7	10,001	15,000	88,500
5	15,001	20,000	94,000
7	20,001	25,000	163,500
4	25,001	30,000	118,500
3	30,001	35,000	103,000
5	35,001	40,000	191,500
2	40,001	45,000	90,000
2	45,001	50,000	95,500
1	50,001	55,000	52,000
2	55,001	60,000	118,500
3	65,001	70,000	205,000
3	70,001	75,000	220,500
1	80,001	85,000	82,500
1	85,001	90,000	87,500
5	95,001	100,000	500,000
1	100,001	105,000	100,500
1	120,001	125,000	125,000
1	125,001	130,000	130,000
1	180,001	185,000	183,000
1	185,001	190,000	188,359
1	195,001	200,000	200,000
1	200,001	205,000	203,000
1	225,001	230,000	230,000
3	245,001	250,000	746,500
1	300,001	305,000	300,500
1	310,001	315,000	311,000
1	325,001	330,000	327,000
1	495,001	500,000	500,000
1	565,001	570,000	568,000
1	590,001	595,000	593,500
1	1,015,001	1,020,000	1,016,500
1	1,195,001	1,200,000	1,200,000
2	1,290,001	1,295,000	2,588,500
1	1,990,001	1,995,000	1,993,500
1	3,300,001	3,305,000	3,303,725
1	5,055,001	5,060,000	5,056,500
1	6,995,001	7,000,000	7,000,000
1	60,475,001	60,480,000	60,475,416
1	61,965,001	61,970,000	61,968,939
1	211,395,001	211,400,000	211,397,063
342			**363,380,000**

CATAGORIES OF SHAREHOLDING REQUIRED UNDER CODE OF COPRORATE GOVERNANCE (CCG)
AS ON 30th June, 2019

S. No.	NAME	HOLDING	% AGE
DIRECTORS, CEO THEIR SPOUSE AND MINOR CHILDREN			
1	MR. FAISAL DAWOOD (CDC)	22,500	0.0062
2	MR. TAIMUR DAWOOD (CDC)	1,000	0.0003
3	MR. FAROOQ NAZIR (CDC)	500	0.0001
4	MR. KHALID SALMAN KHAN	0	0.0000
5	MR. SHAH MUHAMMAD CH. (CDC)	500	0.0001
6	SYED RIZWAN ALI SHAH (CDC)	500	0.0001
7	MR. FAZAL HUSSAIN ASIM (CDC)	500	0.0001
		25,500	0.0070
ASSOCIATED COMPANIES, UNDERTAKING & RELATED PARTIES			
1	DEL POWER (PRIVATE) LIMITED (CDC)	211,397,063	58.1752
NIT & ICP		0	0.0000
FINANCIAL INSTITUTION			
1	BANK ALFALAH LIMITED (CDC)	1,993,500	0.5486
2	SONERI BANK LIMITED - ORDINARY SHARES (CDC)	5,056,500	1.3915
		7,050,000	1.9401
MODARABAS & MUTUAL FUNDS			
1	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND (CDC)	327,000	0.0900
		327,000	0.0900
PENSION FUNDS			
1	CDC - TRUSTEE PAKISTAN PENSION FUND - EQUITY SUB FUND (CDC)	10,500	0.0029
		10,500	0.0029
INSURANCE COMPANIES		0	0.0000
JOINT STOCK COMPANIES			
1	OCTAGON INTERNATIONAL (PVT) LTD	1,000	0.0003
2	CS ENERGY (PRIVATE) LIMITED (CDC)	188,359	0.0518
3	CRESCENT STEEL AND ALLIED PRODUCTS LTD. (CDC)	60,475,416	16.6425
4	CS CAPITAL (PVT) LTD. (CDC)	3,303,725	0.9092
5	DESCON HOLDINGS (PVT) LIMITED.(CDC)	30,000	0.0083
6	DOSSA COTTON & GENERAL TRADING (PVT) LIMITED (CDC)	246,500	0.0678
7	ELAHI CAPIATL (PRIVATE) LIMITED (CDC)	125,000	0.0344
8	ELAHI CAPIATL (PRIVATE) LIMITED (CDC)	1,500	0.0004
9	FAZAL HOLDINGS (PVT.) LIMITED (CDC)	1,295,000	0.3564
10	MAPLE LEAF CAPITAL LIMITED (CDC)	1	0.0000
11	SAPPHIRE HOLDING LIMITED (CDC)	100,500	0.0277
12	SARFRAZ MAHMOOD (PVT) LTD. (CDC)	500	0.0001
13	SOFCOM (PRIVATE) LIMITED (CDC)	8,000	0.0022
14	TOPLINE SECURITIES LIMITED -MF (CDC)	311,000	0.0856
15	UHF CONSULTING (PRIVATE) LIMITED (CDC)	1,000	0.0003
16	ALLIANCE INVESTMENT MANAGEMENT LIMITED (CDC)	130,000	0.0358
		66,217,501	18.2227

FOREIGN COMPANY			
1	SAUDI ARABIAN CONSTRUCTION & REPAIR CO. LTD.	61,968,939	17.0535
2	HABIB BANK AG ZURICH, DEIRA DUBAI (CDC)	34,500	0.0095
		62,003,439	17.0630
OTHERS			
1	TRUSTEE CITY SCHOOLS PROVIDENT FUND TRUST (CDC)	21,000	0.0058
2	SONERI BANK LIMITED EMPLOYEES GRATUITY FUND (CDC)	500,000	0.1376
4	SONERI BANK LIMITED EMPLOYEES PROVIDENT FUND (CDC)	593,500	0.1633
		1,114,500	0.3067
SHARES HELD BY THE GENERAL PUBLIC (LOCAL):		15,234,497	4.1924
SHARES HELD BY THE GENERAL PUBLIC (FOREIGN):		0	0.0000
		15,234,497	4.1924
	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)	60,475,416	16.6425
		333,841,418	**91.8712**

SHAREHOLDERS HOLDING 5% OR MORE OF TOTAL CAPITAL

S. No.	Name	Holding	% AGE
1	DESCON ENGINEERING 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)	60,475,416	16.6425
		333,841,418	**91.8712**

During the financial year the trading in shares of the company by the Directors, CEO, CFO, Company Secretary and their spouses and minor children is as follows

S. No.	Name	Sale	Purchase
	NIL		

ALTERN ENERGY LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 25th Annual General Meeting of Altern Energy Limited (the "Company") will be held on Friday, October 25th 2019 at 10:30 am at Descon Headquarters, 18-K.M, Ferozepur Road Lahore – 54760 to transact the following business:

ORDINARY BUSINESS

1. To confirm minutes of the last Annual General Meeting of the Company held on Wednesday, October 24, 2018.

2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended 30th June 2019 together with the reports of Directors' and Auditors' thereon.

3. To approve, as recommended by the Board of Directors, payment of Final Cash Dividend @ 30% i.e. PKR 3.00 per share for the year ended June 30, 2019. This is in addition to Interim Cash Dividend @ 31.5% i.e. Rs. 3.15 per ordinary share already paid during the year.

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

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

By Order of the Board

Place : Lahore
Date: October 03, 2019

Salman Ali
Company Secretary

NOTES:

A. The Share Transfer Books of the Company will be closed from 17-10-2019 to 25-10-2019 (both days inclusive). Transfers received at the Corplink (Pvt.) Limited, 1-K, Commercial Model Town Lahore the close of business on 16 October 2019 will be treated in time for the purpose of above entitlement to the transferees.

B. Members are requested to attend in person along with Computerized National Identity Card ("CNIC") or appoint some other member as proxy and send their proxy duly witnessed so as to reach the registered office of the Company not later than 48 hours before the time of holding the said Meeting.

C. In pursuance of Section 242 of the Companies Act, 2017 and Circular No. 18/2017 dated August 1, 2017, it is mandatory for all listed companies to pay dividend only by way of electronic mode, directly into the bank accounts of entitled shareholders. Keeping in view the same, all cash dividend, if declared by the Company in future will be directly transferred in bank accounts of the shareholders. Therefore, you are requested to provide/update your IBAN to our Share Registrar. Accordingly, all CDC shareholders are requested to send their IBAN details directly to their concerned Stock Broker / Central Depository Company of Pakistan.

D. 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.

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

Form of Proxy

Altern Energy Limited

IMPORTANT

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

Shareholder Folio No.

OR

CDC Participant I.D.No.

& Sub Account No.

I/We _____

of _____

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

of _____

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

of _____

Who is also a member of the Company, as my/our proxy in my / our absence to attend and vote for me / us on my / our behalf at the Annual General Meeting of the Company to be held at Descon Headquarters,1 8 - km, Ferozepur Road, Lahore on Friday, October 25, 2019 at 10:30 am and at any Adjournment thereof.

As witness my / our hand this _____ day of _____ 2019

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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