



**(UN-AUDITED)
FOR THREE-MONTH
PERIOD ENDED
SEPTEMBER 30, 2023**



ALTERN ENERGY LIMITED



**CONDENSED INTERIM
UNCONSOLIDATED
FINANCIAL STATEMENTS**

**(UN-AUDITED)
FOR THREE-MONTH PERIOD ENDED
SEPTEMBER 30, 2023**

ALTERN ENERGY LIMITED

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COMPANY INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

CHIEF FINANCIAL OFFICER

Mr. Muhammad Farooq

COMPANY SECRETARY

Mr. Salman Ali

HEAD INTERNAL AUDIT

Mrs. Noor Shuja

EXTERNAL AUDITORS

M/s. Grant Thornton Anjum Rahman Chartered Accountants

BANKERS

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

REGISTERED OFFICE

DESCON HEADQUARTERS, 18-km Ferozpur Road, Lahore.

REGISTRAR SHARES

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

ALTERN ENERGY LIMITED

DIRECTORS' REVIEW

We, the undersigned, on behalf of the Board of Directors of Altern Energy Limited ('the Company') present the un-audited consolidated and unconsolidated condensed interim financial statements of the Company for the three-month period ended September 30, 2023.

GENERAL

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

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

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

The Company's Generation License with National Electric Power Regulatory Authority ('NEPRA') expired on September 24, 2021. The Company applied for renewal / extension of the Generation License with NEPRA, in line with term of its PPA and Implementation Agreement ('IA'). On September 12, 2023, the NEPRA in its Regulatory Meeting approved the extension in the term of the Generation License for approximately ten (10) years from the expiry of the previous term till June 05, 2031, making it consistent with the term of the PPA and IA. The Company will continue to make its power plant available as per the requirements of the PPA until the expiry of PPA as stated above. Therefore, the power generation operations shall continue to be operated in the normal course of business.

In view of the foregoing and based on the Company's income from its subsidiary Rousch, your Board believes that the Company will continue as a Going Concern in the foreseeable future.

FINANCE

During the current and corresponding period of the last year, the revenue of the Company was nil, due to no dispatch to the off-taker because of pending renewal of the Generation License. As a result, the Company incurred gross loss of Rs. 29 million as compared to gross loss of Rs. 28 million in corresponding period of 2022. The Company posted net profit of Rs. 1,699 million resulting in earnings per share ('EPS') of Rs. 4.67, as compared to loss of Rs. 34 million and loss per share of Rs. 0.09 in corresponding period of 2022. Net profit for the current period included dividend income amounting to Rs. 1,714 million (2022: Rs. Nil) from the subsidiary, PMCL.

Your Company's consolidated earnings attributable to the equity holders of Altern Energy Limited for the period under review were Rs. 533 million resulting in EPS of Rs. 1.47 per share, as compared to consolidated earnings of Rs. 940 million and EPS of Rs. 2.59 in the corresponding period of the last year.

DIVIDEND DISTRIBUTION

On August 15, 2023, the Board of Directors of the Company declared and subsequently distributed interim cash dividend @47% (Rs. 4.70 per ordinary share) amounting to Rs. 1,707.886 million to the shareholders of the Company.

OPERATIONS

During the period under review, the plant did not dispatch electric power to the off-taker similar to no dispatch during the corresponding period of the previous financial year. No dispatch during the period is on account of pending renewal of Generation License from NEPRA. Furthermore, the Company is facing declining dispatch demand from the off-taker in the past few years on account of plant being low on economic dispatch merit order of CPPA. The new power generation plants added into the national grid during the last few years being more efficient rank above your plant in CPPA's economic dispatch merit order.

During the period under review, all other scheduled and preventive maintenance activities were conducted in accordance with the Original Equipment Manufacturer ('OEM')'s recommendations. We are pleased to report that all the engines and their auxiliary equipment are in sound mechanical condition for smooth and reliable operations.

SUBSIDIARY'S REVIEW

During the period under review, your Company's subsidiary Rousch (Pakistan) Power Limited ('RPPL') has posted turnover of Rs. 1,733 million (corresponding period in 2022: Rs. 3,706 million) and the cost of sales of Rs. 803 million (2022: Rs. 1,195 million). Net profit for the period was Rs. 978 million (2022: Rs. 1,751 million) delivering EPS of Rs. 1.13 per share of Rs 10 each (2022: Rs. 2.03).

Delay in payments from RPPL's sole customer, CPPA continues. At the end of the reporting period, out of the total receivable of Rs. 10,856 million (June 30, 2023: Rs. 15,248 million), Rs. 9,102 million were overdue as compared to overdue receivables of Rs. 12,951 million at the end of June 30, 2023, including disputed amount of Rs 6,422 million (June 30, 2023: Rs. 6,052 million) on account of Other Force Majeure Event ('OFME') dispute with CPPA. RPPL's management continues to follow-up CPPA for payment of overdue receivables.

During the period under review, net generation delivered to the off-taker was zero GWh against 39 GWh delivered to the off-taker during the same period last year. The plant dispatch factor during the period remained nil as compared to 19% during the corresponding period of the last year. Zero generation is mainly due to curtailment of RLNG as well as reduced demand from the off taker.

RPPL's issue of OFME with CPPA continues. In a recent meeting held between the counter parties on this matter, it was agreed that RPPL Plant will only be dispatched if it is required under the Economic Merit Order (EMO) as per the terms of the PPA. However, the plant will be considered on OFME if required to be dispatched as per EMO and RLNG is not available. It is hoped that this will help in mitigating the negative impact of OFME days.

During the period under review, CPPA did not acknowledge the Capacity Purchase Price invoices from 18th July till 12th September on account of non-availability of RLNG and considered this period as OFME due to unavailability of RLNG. This stance is as per mechanism agreed in the meeting with the counter-parties on July 6, 2023. Total OFME days in the period under review were 56.

RISK MANAGEMENT

The Company's activities expose it to a variety of risks which are subject to different levels of uncertainty against which the Company has mitigating strategies in place. The Board of Directors and the Audit Committee of the Board regularly evaluate risk matrix including all short term and long term risks in terms of impact and probability of occurrence. The management led by Chief Executive is responsible for taking measures to mitigate the risks.

MATERIAL INFORMATION

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

FUTURE OUTLOOK

Your Company and the power sector are expected to face challenges in near future. Some of these continue to be macro-economic challenges such as shortage and extremely high prices of imported fuel due to supply chain issues and Pak Rupee devaluation. Other challenges are Company specific such as low despatch demand from the off-taker, and its loss of capacity revenue due to the Company being on take and-pay arrangement under the PPA with CPPA. However, it is managing its operational costs from receipt of overdue receivables from CPPA. We expect that the Company will generate power on demand as its power generation license has been renewed by NEPRA. Furthermore, the Company will continue to remain a viable entity due to income from its investment in its subsidiary.

QUALITY, ENVIRONMENT, HEALTH & SAFETY (QEHS)

The Company adheres to a set of QEHS Principles implemented to achieve optimal standards of health and safety for its employees. Overall, the health, safety and environment performance of the plant remained satisfactory during the period under review.

CORPORATE GOVERNANCE

Composition of the Board of Directors

The total numbers of directors are 8 including Chief Executive (Deemed Director) as per the following:

Male 6
Female 2

The composition of the Board is as follows:

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

Committees of the Board

The Board has established two committees which are chaired by Independent or non-executive directors. These committees are as follows:

Audit Committee

The Audit Committee comprises of three (3) members as follows:

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

Human Resource & Remuneration Committee

The Committee comprises of three (3) members as follows:

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

Internal Audit and Control

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

Directors' Remuneration

The remuneration of Board members is fixed by the Board itself. A formal directors' remuneration policy approved by the Board is in place. The policy states procedure for remuneration to Directors in accordance with requirements of the Act and the Regulations. As per the Policy, the nominee directors are not entitled to receive Board / Committee meetings fee or any other remuneration. Only meeting participation fee is being paid to the independent directors.

RELATED PARTY TRANSACTIONS

All transactions with related parties are conducted in ordinary course of business on an arm's length basis. Further, in accordance with the requirements of the Act and the Regulations, the Board of Directors have approved the policy for related party transactions. In accordance with the requirements of the Code, the details of transactions conducted with all related parties are periodically placed before the Boards' Audit Committee. After the review and recommendation of the Audit Committee, these are presented to the Board for review and approval. The Company has made appropriate disclosure of the related party transactions in the financial statements annexed with this report.

CORPORATE SOCIAL RESPONSIBILITY

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

ACKNOWLEDGEMENT

The Company remains grateful to its shareholders, employees, Government functionaries and all other stakeholders for placing their confidence and trust to steer the Company in these challenging times.

For and on behalf of the Board



Umer Shehzad Sheikh
Chief Executive
Date: October 24, 2023
Place: Lahore.



Shah Muhammad Chaudhry
Director

ڈائریکٹر کی جائزہ رپورٹ

ہم، زیر دستخط، آلٹرن انرجی لمیٹڈ (دی کمپنی) کے بورڈ آف ڈائریکٹر کی جانب سے 30 ستمبر 2023 کو ختم ہونے والی سہ ماہی کے لئے کمپنی کے غیر نظر ثانی شدہ کنسولیڈیٹڈ اور غیر کنسولیڈیٹڈ کنڈینسڈ عبوری مالیاتی گھنٹوارے پیش کرتے ہیں۔

عمومی

کمپنی کی اہم ترین سرگرمیوں میں 32 میگا واٹ کے گیس ٹرل پاور پلانٹ واقع نزد قلع جنگل علی ایک بجائے کی ملکیت، آپریشن، دیکھ بھال اور اپنے واحد صارف سنٹرل پاور پراجیکٹ ایجنسی (محاربی) لمیٹڈ ('CPPA') کو منتقل فرمیشن اینڈ ڈیولپمنٹ کمپنی ('NTDC') کے فرمیشن نیٹ ورک کے ذریعے بجلی کی فروخت شامل ہے۔

کمپنی کے حصص پاکستان اسٹاک ایکسچینج میں درج ہیں۔ کمپنی پاور مینجمنٹ کمپنی (پرائیویٹ) لمیٹڈ (خصوصی مقصد کی گاڑی) کے 100 فیصد حصص کی مالک ہے، جو بدلے میں Rousch (پاکستان) پاور لمیٹڈ (RPPL) کے 59.98 فیصد حصص رکھتی ہے۔ RPPL ایک غیر مندرج پبلک کمپنی اور گیس فائرڈ کیمائٹڈ سائیکل ٹرل پاور پلانٹ کے ذریعے 450 میگا واٹ کی مجموعی صلاحیت رکھنے والی خود مختار پاور پروڈیوسر ہے جو کہ سدھنا ٹریج، عبدالکلیم، ضلع، خیبر پختونخوا، پاکستان کے قریب واقع ہے۔

کمپنی نے اپنے واحد صارف CPPA کے ساتھ تیس سالوں کے لئے بجلی کی خریداری کا معاہدہ ('PPA') کیا ہے جو 06 جون 2001 سے شروع ہوا، 6 جون 2031 کو ختم ہوگا۔
نیٹھل انکلیٹرک پاور ریگولیٹری اتھارٹی (NEPRA) کے ساتھ کمپنی کے جزیئن لائسنس کی تجدید کی درخواست دی ہے۔ 12 ستمبر 2023 کو، نیپرا نے اپنے ریگولیٹری اجلاس میں اے PPA اور IA کی شرائط کے مطابق بناتے ہوئے، گزشتہ ختم ہونے والی مدت سے 05 جون 2031 تک تقریباً (10) سالوں کے لئے جزیئن لائسنس کی مدت میں توسیع کی منظوری دے دی ہے۔ مذکورہ بالا کے مطابق کمپنی PPA کے اختتام تک PPA کی ضروریات کے مطابق اپنے پاور پلانٹ کی دستیابی جاری رکھے گی۔ اس لئے، پاور جزیئن کے آپریٹنگ کاروبار کے عام معمول میں جاری رہیں گے۔

مذکورہ بالا کے پیش نظر اور کمپنی کی ذیلی کمپنی Rousch سے آمدنی کی بنیاد پر، آپ کے بورڈ کو یقین ہے کہ کمپنی مستقبل قریب میں ایک گھنگل کنسرن کے طور پر جاری رہے گی۔

فنانس

زیر جائزہ دور گزشتہ سال کی اسی مدت کے دوران جزیئن لائسنس کی زیر التوا تجدید کی بدولت خریدار کو کوئی ترسیل نہ ہونے کی وجہ سے، کمپنی کی آمدنی Nil رہی۔ جس کے نتیجے میں کمپنی کو 2022 کی اسی مدت میں مجموعی نقصان 28 ملین روپے کے مقابلے میں 29 ملین روپے کا مجموعی نقصان ہوا۔ کمپنی کو 2022 کی اسی مدت میں خالص نقصان 34 ملین روپے اور فی شیئر نقصان 0.09 روپے کے مقابلے میں موجودہ مدت میں خالص منافع 1,699 ملین روپے اور فی شیئر آمدنی ('EPS') 4.67 روپے ہو گئے۔ موجودہ مدت کے خالص منافع میں ذیلی کمپنی PMCL سے 1,714 ملین روپے (Nil: 2022 روپے) کی ذیلی بند آمدنی شامل ہے۔

آپ کی کمپنی کی کنسولیڈیٹڈ آمدنی آلٹرن انرجی لمیٹڈ کے ایکٹیو ہولڈرز سے منسوب ہے جو کہ زیر جائزہ مدت کے لئے 533 ملین روپے جس کے نتیجے میں فی شیئر آمدنی (EPS) 1.47 روپے فی شیئر جبکہ گزشتہ سال کی اسی مدت میں 940 ملین روپے جس کے نتیجے میں فی شیئر آمدنی (EPS) 2.59 روپے فی شیئر تھی۔

منافع مقصد کی تقسیم

15 اگست 2023 کو، کمپنی کے بورڈ آف ڈائریکٹر نے کمپنی کے شیئر ہولڈرز کو عبوری منافع مقصد بشمار 47 فیصد (4.70 روپے فی عام شیئر) کی رقم 1,707.886 ملین روپے کا اعلان اور بعد ازاں تقسیم کی ہے۔

آپریٹن

زیر جائزہ مدت کے دوران، پلانٹ نے آف ٹیکر کو گزشتہ مالی سال کی طرح اس مدت کے دوران بھی بجلی کی کوئی ترسیل نہیں کی ہے۔ نیپرا سے جزیئن لائسنس کی زیر التوا تجدید کی وجہ سے اس مدت کے دوران کوئی ترسیل نہیں ہوئی ہے۔ مزید برآں، کمپنی پلانٹ کی CPPA کے اٹا کڈ ڈیولپمنٹ میٹ آرڈر سے کم حیثیت میں ہونے کی وجہ سے گزشتہ چند سالوں میں خریدار سے ترسیل طلب کی کیا سامنا کر رہی ہے۔ گزشتہ چند سالوں کے دوران قومی گروس سسٹم میں سنے پاور جزیئن پائپس کا اضافہ کیا گیا جو کہ زیادہ سے سے ہونے کی حیثیت سے CPPA's کے اقتصادی ڈیولپمنٹ میٹ آرڈر کے لحاظ سے آپ کے پلانٹ سے ادا ہونے کے ہیں۔

زیر جائزہ مدت کے دوران، تمام دیگر مقررہ اور حفاظتی مینیجمنٹ سرگرمیاں اصل ایکویٹمنٹ مینیجرز ('OEM') سفارشات کے مطابق سرانجام دی گئیں۔ ہم بتوئی بیان کرتے ہیں کہ تمام انجن اور ان کے معاون آلات ہمارا اور قابل بحال بحال کام کے لیے مستحکم ملکی کل حالت میں ہیں۔

ماحت ادارے کا جائزہ

زیر جائزہ مدت کے دوران، کمپنی کے ذیلی ادارہ روش (پاکستان) پاور لمیٹڈ ('RPPL') نے ٹران اورور 1,733 ملین روپے (2022 کی اسی مدت میں 3,706 ملین روپے) اور فروخت کی لاگت 803 ملین روپے (2022 کی اسی مدت میں 1,195 ملین روپے) درج کی۔ موجودہ مدت میں RPPL کا خالص منافع 978 ملین روپے (2022 کی اسی مدت میں 1,751 ملین روپے) برابر۔ 10 روپے کی فی شخص آمدنی (EPS) 1.13 روپے (2022 کی اسی مدت میں 2.03 روپے) تھی۔

RPPL کے واحد صارف، CPPA سے عدم ادائیگی جاری رہی ہے۔ رپورٹنگ مدت کے اختتام پر CPPA سے کل قابل وصولی رقم 10,856 ملین روپے (جون 2023: 15,248 ملین روپے) جس میں سے 9,102 ملین روپے زائد المیاد، جبکہ جون 2023 کے اختتام پر قابل وصولی 12,951 ملین روپے زائد المیاد تھے، جس میں دیگر فوس میچور اینڈ ('OFME') تنازعہ کی مد میں 6,422 ملین روپے (30 جون 2023، 6,052 ملین روپے) کی تنازعہ رقم شامل ہے۔ RPPL کی انتظامیہ زائد المیاد قابل وصولیوں کی ادائیگی کے لئے CPPA کے ساتھ مسلسل گفت و شنید کر رہی ہے۔

زیر جائزہ مدت کے دوران خریدار کو مضمر 9.0 GWh بجلی ترسیل کی گئی جبکہ گزشتہ سال کی اسی مدت کے دوران 39 GWh بجلی کی ترسیل کی گئی تھی۔ اس مدت کے دوران پلانٹ کی ترسیل کا عنصر nil رہا جبکہ گزشتہ سال کی اسی مدت میں 19.0 فیصد مقررہ ضرر جزیں بنیادی طور پر RLNG کی کمی اور خریدار سے طلب کی کمی کی وجہ سے ہوئی۔

CPPA کے ساتھ RPPL's کا OFME مسئلہ جاری ہے۔ اس معاملہ پر کاؤنٹر فٹین کے درمیان حالیہ میٹنگ میں، اس بات پر اتفاق کیا گیا کہ اگر PPA کی شرائط کے مطابق اقتصادی پیرٹ آرڈر (EMO) کے تحت ضرورت ہوئی تو RPPL پلانٹ صرف اس صورت میں متنازعہ ہوگا۔ تاہم، پلانٹ کو OFME پر زبردستی چلایا جائے گا اگر EMO کے مطابق ترسیل کی ضرورت ہو اور RLNG دستیاب نہ ہو۔ امید ہے کہ اس سے OFME دنوں کے ضمنی اثرات کو کم کرنے میں مدد ملے گی۔

زیر جائزہ مدت کے دوران، CPPA نے RLNG کی عدم دستیابی کی وجہ سے 18 جولائی سے 12 ستمبر تک کھڑی پر اس انوکھ کو تسلیم نہیں کیا اور RLNG کی عدم دستیابی کی وجہ سے اس مدت کو OFME سمجھا گیا۔ یہ موقف 6 جولائی 2023 کو فٹین کے ساتھ ہونے والی میٹنگ میں طے شدہ طریقہ کار کے مطابق ہے۔ زیر جائزہ مدت میں کل OFME دن 56 تھے۔

رہنہ بندی

کمپنی کی سرگرمیاں اسے مختلف قسم کے خطرات سے دوچار کرتی ہیں جو مختلف سطحوں کی غیر یقینی صورتحال سے مشروط ہیں جن کے خلاف کمپنی کے پاس مناسب تخفیف کی رکھت عملیاں موجود ہیں۔ بورڈ آف ڈائریکٹرز اور بورڈ کی آڈٹ کمیٹی اثرات اور وقوع کے امکانات کے لحاظ سے مختصر مدتی اور طویل خطرات سمیت ریسک میٹریکس کی باقاعدگی سے تفتیش کرتی ہے۔ چیف ایگزیکٹو کی سربراہی میں انتظامیہ خطرات کو کم کرنے کے مناسب اقدامات اٹھانے کی ذمہ دار ہے۔

اہم کی معلومات

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

مستقبل کا نقطہ نظر

آپ کی کمپنی اور پاور سیکٹر مستقبل قریب میں مشکلات پیش آنے کا امکان ہے۔ ان میں سے کچھ میکرو اکنامک مشکلات ہیں جیسے کہ سپلائی چین کے مسائل اور پاکستانی روپیہ کی قدر میں کمی کی وجہ سے درآمدی اخراجات کی قلت اور انتہائی زیادہ قیمتیں۔ دیگر مشکلات کمپنی کی مخصوص ہیں جیسے کہ آف ٹیکر سے کم ترسیل طلب، اور کمپنی کے بی بی اے کے مطابق CPPA کے تحت ٹیک ایڈر کے لیے کے انتظامات پر ہونے کی وجہ سے اس کی صلاحیت سے ہونے والی آمدنی کا نقصان۔ تاہم، یہ CPPA سے واجب الادا وصولیوں کی وصولی سے اپنے آپریشنل اخراجات کا انتظام کر رہی ہے۔ ہم توقع کرتے ہیں کہ کمپنی طلب پر بجلی پیدا کرے گی کیونکہ پھر اسے اس کے پاور جنریشن لائسنس کی تجدید کردی ہے۔ مزید برآں، کمپنی اپنی ذیلی کمپنی میں سرمایہ کاری سے حاصل ہونے والی آمدنی کی وجہ سے ایک قابل عمل ادارہ بنی رہے گی۔

معیار، ماحول، صحت اور حفاظت (QHS)

کمپنی اپنے ملازمین کے لیے صحت اور حفاظت کے بہترین معیارات حاصل کرنے کے لیے لاگو کیے گئے QHS اصولوں پر عمل پیرا ہے۔ مجموعی طور پر، زیر جائزہ مدت کے دوران پلانٹ کی صحت، حفاظت اور ماحولیات کی کارکردگی اعلیٰ بنی رہی۔

کارپوریٹ گورننس

بورڈ آف ڈائریکٹرز کی ترتیب

چیف ایگزیکٹو جو ڈائریکٹر تصور کئے جاتے ہیں سمیت بورڈ آف (8) ارکان پر مشتمل جس کی ترتیب درج ذیل کے مطابق ہیں:

مرد 6

خاتون 2

بورڈ کی ترتیب حسب ذیل کے مطابق ہے:

نمبر شمار	کیٹگری	نام ڈائریکٹر
1	نان ایگزیکٹو ڈائریکٹر	فیصل داؤد (چیئرمین)
2	نان ایگزیکٹو ڈائریکٹر	جناب فاروق ندیر
3	نان ایگزیکٹو ڈائریکٹر	محترمہ مہرین داؤد
4	نان ایگزیکٹو ڈائریکٹر	جناب صالح مرغانی
5	نان ایگزیکٹو ڈائریکٹر	جناب شاہ محمد چودھری
6	غیر جانبدار ڈائریکٹر	محترمہ عالیہ سعیدہ خان
7	غیر جانبدار ڈائریکٹر	سید رضوان علی شاہ
8	چیف ایگزیکٹو	عمر شہزاد شیخ

بورڈ کی کمیٹیاں

بورڈ نے دو کمیٹیاں قائم کی ہیں جن کی صدارت غیر جانبدار یا نان ایگزیکٹو ڈائریکٹر کرتے ہیں۔ یہ کمیٹیاں درج ذیل ہیں۔

آڈٹ کمیٹی

آڈٹ کمیٹی مندرجہ ذیل تین (3) ارکان پر مشتمل ہے:

سید رضوان علی شاہ	(غیر جانبدار ڈائریکٹر) چیئرمین
جناب فاروق ندیر	(نان ایگزیکٹو ڈائریکٹر) رکن
جناب شاہ محمد چودھری	(نان ایگزیکٹو ڈائریکٹر) رکن

ہیومن ریسورس اینڈ ریمینٹس کمیٹی

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

فاروق ندیر	(نان ایگزیکٹو ڈائریکٹر) چیئرمین
شاہ محمد چودھری	(نان ایگزیکٹو ڈائریکٹر) رکن
سید رضوان علی شاہ	(غیر جانبدار ڈائریکٹر) رکن

اندرونی آڈٹ اور کنٹرول

بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کو رپورٹ کرنے والے ایک اہل شخص کی سربراہی میں ایک آزاد آڈٹ فنکشن قائم کیا ہے۔ کمیٹی کے اندر اندرونی آڈٹ فنکشن کے دائرہ کار کو آڈٹ کمیٹی واضح طور پر بیان کرتی ہے جس میں اندرونی مالیاتی کنٹرولرز کا قاعدہ جائزہ شامل ہوتا ہے۔

ڈائریکٹرز کا مشاہرہ

بورڈ ارکان کا مشاہرہ خود بورڈ کے دائرہ اختیار میں ہے۔ ڈائریکٹرز کے مشاہرہ کی رسمی پالیسی بورڈ نے منظور کی ہے۔ پالیسی ایکٹ اور ریگولیشنز کے تقاضوں کے مطابق ڈائریکٹرز کے مشاہرہ کا طریقہ کار کی وضاحت کرتی ہے۔ پالیسی کے مطابق، نامزد ڈائریکٹرز بورڈ/کمیٹی کے اجلاسوں کی فہرست یا کوئی دیگر مشاہرہ وصول کرنے کے اہل نہیں ہیں۔ صرف اجلاس میں شرکت کی فہرست غیر جانبدار ڈائریکٹرز کو ادا کی جاتی ہے۔

متعلقہ پارٹی لین دین

متعلقہ فریقوں کے ساتھ تمام لین دین قابل رسائی بنیاد پر کاروبار کے عام معمول میں کیے جاتے ہیں۔ مزید، ایکٹ اور ضوابط کے تقاضوں کے مطابق، بورڈ آف ڈائریکٹرز نے متعلقہ فریق کے لین دین کے لیے پالیسی منظور کی ہے۔ ضابطہ کے تقاضوں کے مطابق، تمام متعلقہ فریقوں کے ساتھ کیے گئے لین دین کی تفصیلات وقتاً فوقتاً بورڈ کی آڈٹ کمیٹی کے سامنے رکھی اور جائزہ اور منظوری کے لیے بورڈ کو پیش کی جاتی ہیں۔ کمیٹی نے سالانہ رپورٹ کے ساتھ مشکوک مالی حسابات میں متعلقہ فریق کے لین دین کا تفصیلی انکشاف کیا ہے۔

کارپوریٹ سماجی ذمہ داری

کمپنی باہمی مفاد کے لئے کیونٹی اور ماحولیات کی طرف ذمہ داری کا مظاہرہ کرنے کے لئے پُر عزم ہے۔ کمپنی اپنی کاروباری سرگرمیوں میں ایک اچھا شہری ہونے اور اپنے عملاً اور معاشرہ کی سماجی، بہبود میں اپنی ذمہ داریوں کو پورا کرنے کی اہمیت کو تسلیم کرتی ہے۔ شجرکاری کے ذریعے مقامی کیونٹی کے ماحول کو محفوظ بنانے کو خاص اہمیت دی گئی ہے۔ جبکہ مقامی کیونٹی ہمارے پلانٹ پر ارد گرد کی کیونٹیز سے زیادہ سے زیادہ عملاً کو روزگار دینے کی ہماری حکمت عملی سے مستفید ہوتی ہے۔

اتلہا ارتشکر

کمپنی اپنے شہر ہولڈرز، ملازمین، تعلقاتی کاروں اور دیگر تمام اسٹیک ہولڈرز کی شکرگزار ہے جنہوں نے ان مشکل اوقات میں کمپنی پر اپنا اعتماد اور بھروسہ سنبھال لیا۔

بحکم پورڈ

عمیر شہزاد شیخ
چیف ایگزیکٹو

شاہ محمد چوہدری
ڈائریکٹر

24 اکتوبر 2023ء

لاہور

ALTERN ENERGY LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

		Un-audited September 30, 2023 (Rupees in thousand)	Audited June 30, 2023
EQUITY AND LIABILITIES	Note		
SHARE CAPITAL AND RESERVES			
Authorized share capital 400,000,000 (June 30, 2023: 400,000,000) ordinary shares of Rs. 10 each		<u>4,000,000</u>	<u>4,000,000</u>
Issued, subscribed and paid up share capital 363,380,000 (June 30, 2023: 363,380,000) ordinary shares of Rs. 10 each		3,633,800	3,633,800
Capital reserve: Share premium		41,660	41,660
Revenue reserve: Un-appropriated profits		<u>252,306</u>	<u>261,597</u>
Total equity		<u>3,927,766</u>	<u>3,937,057</u>
NON-CURRENT LIABILITIES			
Employee benefit obligations		8,105	7,813
CURRENT LIABILITIES			
Trade and other payables		19,168	19,510
Short term borrowing from banking company - secured	6	-	1,165
Dividend payable	7	276,691	-
Unclaimed dividend		5,547	5,414
Accrued markup on short term borrowings		-	10
Provision for taxation		<u>9,101</u>	<u>9,324</u>
		310,507	35,423
CONTINGENCIES AND COMMITMENTS	8	<u>4,246,378</u>	<u>3,980,293</u>

The annexed notes 1 to 22 form an integral part of these condensed interim unconsolidated financial statements.


Chief Executive


Chief Financial Officer


Director

		Un-audited September 30, 2023	Audited June 30, 2023
ASSETS	Note	(Rupees in thousand)	
NON-CURRENT ASSETS			
Property, plant and equipment	9	356,963	368,058
Intangible assets	10	661	783
Long term investment	11	3,204,510	3,204,510
Long term security deposits		175	175
		3,562,309	3,573,526
CURRENT ASSETS			
Stores and spares		38,153	38,928
Trade debts - secured		62,003	77,003
Loans, advances, prepayments and other receivables		78,904	72,228
Short term investments	12	218,375	207,886
Bank balances		286,634	10,722
		684,069	406,767
		4,246,378	3,980,293


Chief Executive


Chief Financial Officer


Director

ALTERN ENERGY LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

		September 30, 2023	September 30, 2022
	Note	(Rupees in thousand)	
Revenue	13	-	-
Direct costs	14	(29,071)	(27,931)
Gross Loss		(29,071)	(27,931)
Administrative expenses	15	(8,595)	(10,560)
Other income	16	1,741,256	5,839
Finance cost		(967)	(937)
Profit / (loss) before taxation		1,702,623	(33,589)
Taxation		(4,027)	(883)
Profit / (loss) after taxation		1,698,595	(34,472)
Earnings / (loss) per share - basic and diluted - Rupees		4.67	(0.09)

The annexed notes 1 to 22 form an integral part of these condensed interim unconsolidated financial statements.


Chief Executive


Chief Financial Officer


Director

ALTERN ENERGY LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

	September 30, 2023 (Rupees in thousand)	September 30, 2022
Profit / (loss) for the period	1,698,595	(34,472)
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss	-	-
	-	-
Total comprehensive income / (loss) for the period	1,698,595	(34,472)

The annexed notes 1 to 22 form an integral part of these condensed interim unconsolidated financial statements.


Chief Executive


Chief Financial Officer


Director

ALTERN ENERGY LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

	Capital reserve		Revenue reserve	
	Share capital	Share premium	Un-appropriated profit	Total
	(Rupees in thousand)			
Balance as on July 01, 2022 (Audited)	3,633,800	41,660	334,455	4,009,915
Loss for the period	-	-	(34,472)	(34,472)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	-	-	(34,472)	(34,472)
Total contributions by and distributions to owners of the Company recognized directly in equity:	-	-	-	-
Balance as on September 30, 2022 (Un-audited)	3,633,800	41,660	299,983	3,975,443
Balance as on July 01, 2023 (Audited)	3,633,800	41,660	261,597	3,937,057
Profit for the period	-	-	1,698,595	1,698,595
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	1,698,595	1,698,595
Total contributions by and distributions to owners of the Company recognized directly in equity:				
Interim cash dividend for the year ending June 30, 2024				
@ Rs. 4.70 per ordinary share	-	-	(1,707,886)	(1,707,886)
Balance as on September 30, 2023 (Un-audited)	3,633,800	41,660	252,306	3,927,766

The annexed notes 1 to 22 form an integral part of these condensed interim unconsolidated financial statements.


Chief Executive


Chief Financial Officer


Director

ALTERN ENERGY LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

		September 30, 2023 (Rupees in thousand)	September 30, 2022 (Rupees in thousand)
	Notes		
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	17	(17,398)	17,179
Finance costs paid		(977)	(936)
Income tax paid		(4,251)	(875)
		(5,228)	(1,811)
Net cash (outflow) / inflow from operating activities		(22,626)	15,368
CASH FLOWS FROM INVESTING ACTIVITIES			
Profit on short term investments received		26,836	5,786
Payment for property, plant & equipment and intangible assets		-	(320)
Proceeds from disposal of fixed assets		-	8
Dividend received from PMCL (wholly owned subsidiary)		1,714,413	-
Profit on bank deposits received		7	45
Net cash (outflow)/ inflow from investing activities		1,741,256	5,519
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(1,431,062)	-
Net cash outflow from financing activities		(1,431,062)	-
Net increase in cash and cash equivalents		287,568	20,887
Cash and cash equivalents at beginning of the period		217,442	175,815
Cash and cash equivalents at the end of the period	18	505,010	196,702

The annexed notes 1 to 22 form an integral part of these condensed interim unconsolidated financial statements.


Chief Executive


Chief Financial Officer


Director

ALTERN ENERGY LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

1. LEGAL STATUS & NATURE OF BUSINESS

- 1.1** Altern Energy Limited (the 'Company') was incorporated in Pakistan as a public company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017 and hereinafter referred to as the 'Act') on January 17, 1995. It is a subsidiary of DEL Power (Private) Limited ('the Holding Company'). The Ultimate Parent of the Company is DEL Processing (Private) Limited. The Company's ordinary shares are listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at Descon Headquarters, 18 km, Ferozepur Road, Lahore and the Company's thermal power plant is located near Fateh Jang, District Attock, Punjab.
- 1.2** The principal activity of the Company is to build, own, operate and maintain a gas fired power plant having gross capacity of 32 Mega Watts (June 30, 2023: 32 Mega Watts). The Company achieved Commercial Operations Date ('COD') on June 6, 2001. The Company has a Power Purchase Agreement ('PPA') with its sole customer, Central Power Purchasing Agency (Guarantee) Limited ('CPPA') for thirty years which commenced from the COD. The Company also holds direct and indirect investments in other companies engaged in power generation as detailed in note 11 to these condensed interim unconsolidated financial statements.
- 1.3** The Company's Gas Supply Agreement ('GSA') with Sui Northern Gas Pipelines Limited ('SNGPL') expired on June 30, 2013. Thereafter, the Company signed a Supplemental Deed dated March 17, 2014 with SNGPL, whereby SNGPL agreed to supply gas to the Company on as-and-when available basis till the expiry of PPA on June 5, 2031. The Ministry of Petroleum and Natural Resources (now Ministry of Energy, Petroleum Division), empowered for Re-liquefied Natural Gas ('RLNG') allocation by the Economic Coordination Committee ('ECC') of the Federal Cabinet, issued an allocation of 6 MMSCFD of RLNG to the Company on April 28, 2017 and advised the Company and SNGPL to negotiate a new GSA. While the long term GSA is yet to be negotiated, in July 2019, the ECC of the Cabinet approved the summary of interim tri-partite GSA. Currently, the Company, SNGPL and CPPA are in the process of executing an interim GSA for supply of RLNG. Under the interim GSA, RLNG is being supplied on as-and-when available basis till the execution of a long term GSA between the parties.
- 1.4** The Company's Generation License expired on September 21, 2021 and it had applied for its renewal/extension from the National Electric Power Regulatory Authority ('NEPRA'), in line with the term of its PPA and Implementation Agreement ('IA') on August 31, 2021. On September 12, 2023, the NEPRA in its Regulatory Meeting approved the extension in the term of the Generation License for approximately ten (10) years from the expiry of the previous term till June 05, 2031, making it consistent with the term of the PPA and IA. The Company will continue to make its power plant available as per the requirements of the PPA until the expiry of PPA as stated above. Therefore, the power generation operations shall continue to be operated in the normal course of business.
- Furthermore, although the power generation operations are in losses for many years, the Company's viability is unaffected as the main source of income is the dividend income that it earns on its long term investment in subsidiary stated in note 11 of these condensed interim unconsolidated financial statements..
- 1.5** The Company received a recommendation from Islamabad Electric Supply Company ('IESCO') with respect to the upgradation of 66 KV switchyard of the Company in order to synchronize the existing network with the IESCO system. This will allow the Company to fully transmit the generated power. National Transmission and Despatch Company Limited ('NTDC') has upgraded one transmission line of Jand-Bassaal network from 66 KV to 132 KV. Resultantly, the Company can only transmit electricity generated by its complex through transmission network of Fateh Jang 66 KV grid station of IESCO. Whenever NTDC upgrades the Fateh Jang grid station in future, the Company will be required to upgrade its own 66 KV switchyard to 132 KV.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

- i)** International Accounting Standard ('IAS') 34, Interim Financial Reporting, issued by the International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017; and
- ii)** Provisions of and directives issued under the Companies Act, 2017.

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

These condensed interim unconsolidated financial statements are un-audited and are being submitted to the members as required by section 237 of the Act.

- 2.2** These condensed interim unconsolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2023. Selected explanatory notes are included to explain events and transactions that are significant to and understanding of the changes in the Company's financial position and performance since the last annual financial statements.

The Company is required to issue condensed interim consolidated financial statements along with its condensed interim separate financial statements in accordance with the requirements of accounting and reporting standards as applicable in Pakistan. Condensed interim consolidated financial statements are prepared separately.

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1** The accounting policies and the methods of computation adopted in the preparation of these condensed interim unconsolidated financial statements are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended June 30, 2023, except for the adoption of new and amended standards as set out below.

3.2 Standards, amendments to published standards and interpretations that are effective in the current period

Certain standards, amendments and interpretations to International Financial Reporting Standards ('IFRS') are effective for accounting period beginning on July 1, 2023, but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim unconsolidated financial statements.

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

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 01, 2023 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim unconsolidated financial statements.

3.3.1 Exemption from applicability of certain standards

In respect of companies holding financial assets due from the Government of Pakistan ('GoP') in respect of circular debt, SECP through SRO 67(I)/2023 dated January 20, 2023 partially modified its previous SRO 1177(I)/2021 dated September 13, 2021 and notified that the requirements contained in IFRS 9 with respect to application of Expected Credit Losses ('ECL') method shall not be applicable on such financial assets for the financial years ending on or before December 31, 2024 and that such companies shall follow relevant requirements of IAS 39 in respect of above referred financial assets during the exemption period. Accordingly, the Company has not followed the requirements of IFRS 9 with respect to application of ECL in respect of trade debts and other receivables due from CPPA. The Company is yet to assess the impact of ECL in respect of such financial assets on its financial statements for the year beginning on July 1, 2024.

4. ACCOUNTING ESTIMATES

The preparation of these condensed interim unconsolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. 'In preparing these condensed interim unconsolidated financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements of the Company for the year ended June 30, 2023.

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

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

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

These condensed interim unconsolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at June 30, 2023.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2023.

5.2 Fair value estimation

a) Fair value hierarchy

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

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

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

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

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

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	(Rupees in thousand)			
As at September 30, 2023				
<i>Recurring fair value measurements</i>				
Assets				
Short term investments	<u>218,375</u>	<u>-</u>	<u>-</u>	<u>218,375</u>
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
As at June 30, 2023				
<i>Recurring fair value measurements</i>				
Assets				
Short term investments	<u>207,886</u>	<u>-</u>	<u>-</u>	<u>207,886</u>
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

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

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

6. SHORT TERM BORROWING FROM BANKING COMPANY- SECURED

The running finance facility under mark-up arrangement amounts to Rs 100 million (June 30, 2023: Rs 100 million). The amount utilised at September 30, 2023 of the said facility was Nil (June 30, 2023: 1.165 million). The facility carries mark-up at three months Karachi Inter Bank Offered Rate ('KIBOR') plus 50 basis points per annum (June 30, 2023: three months Karachi Inter Bank Offered Rate ('KIBOR') plus 50 basis points), payable quarterly, on the balance outstanding. The mark-up rate charged during the current period on the outstanding balance was 0% (June 30, 2023: 18.09% to 23.03% per annum). The facility is secured against first hypothecation charge of Rs 1,340 million over present and future current assets of the Company and cross corporate guarantee issued by DEL Power (Private) Limited, holding company.

7. DIVIDEND PAYABLE

This represents interim cash dividend payable to Saudi Arabian Construction & Repair Company Limited, a related party on the basis of common directorship, pending approval of the State Bank of Pakistan.

8 CONTINGENCIES AND COMMITMENTS

There is no significant change in the status of contingencies and commitments from the preceding annual financial statements of the Company for the year ended June 30, 2023.

	Un-Audited September 30, 2023 (Rupees in thousand)	Audited June 30, 2023
9 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	354,271	365,366
Major spare parts and stand-by equipment	2,692	2,692
	<u>356,963</u>	<u>368,058</u>

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

11 LONG TERM INVESTMENT

Subsidiary - Unquoted:

Note

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

320,451,000 (June 30, 2023: 320,451,000) fully paid ordinary shares of Rs 10 each [Equity held 100% (June 30, 2023: 100%)] - Cost

11.1

3,204,510

3,204,510

11.1 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 condensed interim unconsolidated financial statements of the Company. PMCL, in turn, directly holds 59.98% (June 30, 2023: 59.98%) shares in Rousch (Pakistan) Power Limited ('RPPL'). RPPL is an unlisted public company limited by shares incorporated in Pakistan to generate and supply electricity to CPPA from its combined cycle thermal power plant having a gross (ISO) capacity of 450 Mega Watts, located near Sidhnai Barrage, Abdul Hakim, District Khanewal, Punjab.

12 SHORT TERM INVESTMENTS

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

13 REVENUE

The revenue for the period was Nil (2022: Nil) due to pending renewal of the Generation License of the Company.

Un-Audited	
September 30, 2023	September 30, 2022
(Rupees in thousand)	

14 DIRECT COSTS

RLNG cost	106	106
Depreciation on operating fixed assets	11,023	13,700
Stores and spares consumed	84	261
Repairs and maintenance	1,822	679
Purchase of energy from CPPA	1,961	1,400
Lube oil consumed	423	194
Operation and maintenance cost	9,351	8,131
Security expenses	2,416	2,155
Salaries, benefits and other allowances	354	307
Insurance	680	680
Travelling & conveyance	176	93
Licensing fee	642	202
Miscellaneous expenses	33	23
	<u>29,071</u>	<u>27,931</u>

15 ADMINISTRATIVE EXPENSES

Salaries, benefits and other allowances	3,008	3,934
Directors' meeting fee	250	250
Information technology and ERP related costs	425	252
Traveling and conveyance	774	609
Utilities	455	305
Postage and telephone	165	231
Printing, stationery and advertisement	256	946
Auditors' remuneration	273	55
Legal and professional expenses	1,967	2,087
Fee and subscription	588	1,245
Entertainment	80	32
Amortization on intangible assets	121	73
Depreciation on operating fixed assets	72	192
Repairs and maintenance	-	124
Rent, rates and taxes	162	215
Miscellaneous expenses	-	10
	<u>8,596</u>	<u>10,560</u>

16 OTHER INCOME

Profit on bank deposits	7	45
Profit on short term investment	26,836	5,786
Gain on sale of operating fixed assets	-	8
Dividend income from PMCL (wholly owned subsidiary)	1,714,413	-
	<u>1,741,256</u>	<u>5,839</u>

		Un-Audited	
		September 30, 2023	September 30, 2022
		(Rupees in thousand)	
17	CASH (USED IN) / GENERATED FROM OPERATIONS		
	Profit / (loss) before taxation	1,702,623	(33,589)
	Adjustment for non cash charges and other items:		
	-Depreciation on operating fixed assets	11,095	13,893
	-Dividend income from PMCL (wholly owned subsidiary)	(1,714,413)	-
	-Amortization of intangible assets	121	73
	-Provision for employee benefit obligations	293	759
	-Profit on short term investments	(26,836)	(5,786)
	-Profit on bank deposits	(7)	(45)
	-Gain on disposal of fixed assets	-	(8)
	-Finance cost	967	937
		(1,728,780)	9,823
	Loss before working capital changes	(26,157)	(23,766)
	Effect on cashflow due to working capital changes:		
	Decrease / (Increase) in current assets		
	Stores and spares	775	(525)
	Loans, advances, prepayments, and other receivables	(6,674)	(393)
	Trade debts - secured	15,000	35,000
		9,101	34,082
	Increase/(Decrease) in current liabilities		
	Trade & other payables	(342)	6,863
	Cash (used in) / generated from operations	(17,398)	17,179
18	CASH AND CASH EQUIVALENTS		
	Bank balances	286,634	25,832
	Short term investments	218,375	170,870
		<u>505,009</u>	<u>196,702</u>

19 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties include the Holding Company and subsidiaries of the Holding Company, group companies, related parties on the basis of common directorship and key management personnel of the Company and its Holding Company. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company. The Company in the normal course of business carries out transactions with various related parties. Significant transactions and balances with related parties are as follows:

		Un-Audited	
		September 30, 2023	September 30, 2022
Relationship with the Company	Nature of transaction	(Rupees in thousand)	
i) Holding company			
DEL Power (Private) Limited	Dividend paid	993,566	-
ii) Subsidiary companies			
Rousch (Pakistan) Power Limited	Common cost charged to the Company	226	202
iii) Entities on the basis of common directorship			
Descon Engineering Limited	Common cost charged to the Company	1,394	981
Descon Power Solutions (Private) Limited	Operation & maintenance contractor's fee	9,351	8,131
	Common cost charged to the Company	297	153
Descon Corporation (Private) Limited	ERP implementation fee and running cost	425	252
	Common cost charged to the Company	161	215
Group company			
Descon Holdings (Private) Limited	Dividend paid	141	-
iv) Other related party			
Crescent Steel and Allied Products Limited	Dividend paid	285,120	-
v) Key management personnel			
	Short term employee benefits	1,729	1,543
	Post employment benefits	292	604
	Director's meeting fee	250	250
	Dividend paid	118	-

All transactions with related parties have been carried out on mutually agreed terms and conditions and in compliance with applicable laws and regulations.

There are no transactions with key management personnel other than under the terms of employment.

Period end balances are as follows:

Payable to related parties

Subsidiaries:

Rousch (Pakistan) Power Limited

Other related parties:

Descon Engineering Limited

Descon Corporation (Private) Limited

Inspectest (Private) Limited

Descon Power Solutions (Private) Limited

	Un-Audited September 30, 2023	Audited June 30, 2023
	(Rupees in thousand)	
Rousch (Pakistan) Power Limited	402	176
Descon Engineering Limited	2,808	1,414
Descon Corporation (Private) Limited	383	359
Inspectest (Private) Limited	88	173
Descon Power Solutions (Private) Limited	4,517	6,407
	<u>8,198</u>	<u>8,529</u>

20 CORRESPONDING FIGURES

In order to comply with the requirements of IAS 34 - 'Interim Financial Reporting', the condensed interim statement of financial position has been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

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

21 Date of authorisation for issue

These condensed interim unconsolidated financial statements were authorized for issue on October 24, 2023 by the Board of Directors of the Company.

22 Rounding of amounts

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


Chief Executive


Chief Financial Officer


Director

**CONDENSED INTERIM
CONSOLIDATED
FINANCIAL STATEMENTS**

ALTERN ENERGY LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

		Un-audited September 30, 2023 (Rupees in thousand)	Audited June 30, 2023
EQUITY AND LIABILITIES	Note		
SHARE CAPITAL AND RESERVES			
Authorized share capital			
400,000,000 (June 30, 2023: 400,000,000) ordinary shares of Rs 10 each		4,000,000	4,000,000
Issued, subscribed and paid up share capital			
363,380,000 (June 30, 2023: 363,380,000) ordinary shares of Rs 10 each		3,633,800	3,633,800
Capital reserve: Share premium		41,660	41,660
Revenue reserve: Un-appropriated profits		12,973,565	14,355,636
Attributable to owners of the Parent Company		16,649,025	18,031,096
Non-controlling interests		11,438,116	12,426,921
Total equity		28,087,141	30,458,017
NON-CURRENT LIABILITIES			
Employees' benefit obligations		16,518	16,171
Deferred taxation		1,051,199	1,162,357
		1,067,717	1,178,528
CURRENT LIABILITIES			
Trade and other payables		921,494	1,838,069
Short term borrowings from banking companies- secured	6	-	1,165
Accrued markup on short term borrowings - secured		2	34,998
Unclaimed dividends		5,547	5,414
Dividend Payable	7	1,340,028	-
Provision for taxation		464,595	108,822
		2,731,666	1,988,468
CONTINGENCIES AND COMMITMENTS	8		
		31,886,524	33,625,013

The annexed notes 1 to 20 form an integral part of these condensed interim consolidated financial statements.


Chief Executive


Chief Financial Officer


Director

AS AT SEPTEMBER 30, 2023

		Un-audited September 30, 2023 (Rupees in thousand)	Audited June 30, 2023
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	11,585,866	11,967,896
Intangible assets		12,470	13,248
Long term deposits		707	707
Long term loan to employees		966	1,134
		11,600,009	11,982,985
CURRENT ASSETS			
Store, spares & loose tools		696,194	690,335
Inventory of fuel oil		443,937	444,916
Trade debts - secured	10	10,918,126	15,324,789
Loans, advances, prepayments and other receivables		2,209,993	1,983,825
Short term investments	11	507,531	291,811
Bank balances		5,510,734	2,906,352
		20,286,515	21,642,028
		31,886,524	33,625,013


Chief Executive


Chief Financial Officer


Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

		September 30, 2023	September 30, 2022
	Note	(Rupees in thousand)	
Revenue	12	1,733,338	3,705,693
Direct costs	13	(832,029)	(1,822,916)
Gross profit		901,309	1,882,777
Administrative expenses	14	(70,882)	(51,606)
Other expenses		(21,823)	(2,816)
Other income		231,127	18,982
Finance cost		(12,476)	(125,070)
Profit before taxation		1,027,255	1,722,267
Taxation		(310,241)	(81,775)
Profit for the period		717,014	1,640,492
Attributable to:			
Equity holders of the Parent Company		325,815	939,970
Non-controlling interest		391,199	700,522
		717,014	1,640,492
Earnings per share attributable to equity holders of the Parent Company during the period - basic and	Rupees	0.90	2.59

The annexed notes 1 to 20 form an integral part of these condensed interim consolidated financial statements.


Chief Executive


Chief Financial Officer


Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UN-AUDITED)
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

	September 30, 2023 (Rupees in thousand)	September 30, 2022
Profit for the period	717,014	1,640,492
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss</i>	-	-
<i>Items that will not be reclassified subsequently to profit or loss</i>	-	-
	-	-
Total comprehensive income for the period	717,014	1,640,492
Attributable to:		
Equity holders of the Parent Company	325,815	939,970
Non-controlling interest	391,199	700,522
	717,014	1,640,492

The annexed notes 1 to 20 form an integral part of these condensed interim consolidated financial statements.


Chief Executive


Chief Financial Officer


Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

	Attributable to equity holders of Parent Company				Total
	Share capital	Share premium	Un-appropriated profit	Non-controlling Interests	
	(Rupees in thousand)				
Balance as on July 1, 2022 (Audited)	3,633,800	41,660	10,074,768	9,463,773	23,214,001
Profit for the period	-	-	939,970	700,522	1,640,492
Other comprehensive income for the period	-	-			-
Total comprehensive income for the period	-	-	939,970	700,522	1,640,492
Transactions with owners in their capacity as owners:	-	-	-	-	-
Balance as on September 30, 2022 (Un-audited)	3,633,800	41,660	11,014,738	10,164,295	24,854,493
Balance as on July 01, 2023 (Audited)	3,633,800	41,660	14,355,636	12,426,921	30,458,017
Profit for the period	-	-	325,815	391,199	717,014
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	325,815	391,199	717,014
Transactions with owners in their capacity as owners:					
Interim cash dividend @ Rs 4.70 per ordinary share by Parent Company	-	-	(1,707,886)	-	(1,707,886)
Interim cash dividend paid to non-controlling interest by Rousch	-	-	-	(1,380,004)	(1,380,004)
Balance as on September 30, 2023 (Un-audited)	3,633,800	41,660	12,973,565	11,438,116	28,087,141

The annexed notes 1 to 20 form an integral part of these condensed interim consolidated financial statements.


Chief Executive


Chief Financial Officer


Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

	Note	September 30, 2023 (Rupees in thousand)	September 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	15	4,599,160	698,039
Long term deposits - net		168	169
Finance cost paid		(48,472)	(126,906)
Income tax paid		(204,997)	(2,960)
Profit on bank deposits received		183,338	13,683
Employee benefit obligations paid		(1,629)	(1,347)
		(71,592)	(117,361)
Net cash inflow from operating activities		4,527,568	580,678
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment and intangible assets		(2,406)	(4,950)
Purchase of short term investments		-	(20,537)
Profit on short term investment received		36,385	-
Proceeds from disposal of operating fixed assets		7,449	8
Net cash inflow / (outflow) from investing activities		41,428	(25,479)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(1,747,729)	-
Net cash outflow from financing activities		(1,747,729)	-
Net increase in cash and cash equivalents		2,821,267	555,199
Cash and cash equivalents at the beginning of the period		3,196,998	(2,190,091)
Cash and cash equivalents at the end of the period	16	6,018,265	(1,634,892)

The annexed notes 1 to 20 form an integral part of these condensed interim consolidated financial statements.


Chief Executive


Chief Financial Officer


Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARIES
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS (UN-AUDITED)
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

1. THE GROUP AND ITS OPERATIONS

The Group is structured as follows:

	<i>Note</i>	(Effective holding percentage)	
		Un-audited September 30, 2023	Audited June 30, 2023
Parent company:			
- Altern Energy Limited, the Parent Company (hereinafter referred to as AEL)			
Subsidiary companies:			
- PMCL		100.00%	100.00%
- RPPL		59.98%	59.98%

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

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

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

1.2 AEL - the Parent Company

AEL was incorporated in Pakistan as a public company limited by shares under the Companies Ordinance, 1984 (now, the Companies Act, 2017) on January 17, 1995. It is a subsidiary of DEL Power (Private) Limited ('the Holding Company'). The Ultimate Parent of AEL is DEL Processing (Private) Limited. AEL's ordinary shares are listed on the Pakistan Stock Exchange Limited.

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

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

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

1.3 PMCL

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

1.4 RPPL

1.4.1 RPPL is a public company limited by shares, incorporated in Pakistan on August 4, 1994 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017 and hereinafter referred to as the 'Act'). The principal activities of RPPL are to generate and supply electricity to CPPA from its combined cycle thermal power plant (the 'Complex') having a gross (ISO) capacity of 450 Mega Watts. RPPL achieved Commercial Operations Date ('COD') on December 11, 1999.

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

The Ministry of Petroleum and Natural Resources (now Ministry of Energy, Petroleum Division), empowered for Regasified Liquefied Natural Gas ('RLNG') allocation by the Economic Co-ordination Committee ('ECC') of the Federal Cabinet, issued an allocation of 85 MMSCFD of RLNG to RPPL on firm basis on September 23, 2015 and advised RPPL and SNGPL to negotiate a long term GSA on firm basis. While negotiations for the long-term GSA are in process, the ECC of Federal Cabinet approved interim GSA for supply of RLNG to RPPL up to June 30, 2018 or signing of a long-term GSA, whichever is earlier. The interim GSA was executed with CPPA and SNGPL which was effective from June 1, 2017. Under the interim GSA, RLNG was supplied on 'as and when available' basis, however, the non-supply of RLNG was treated as 'Other Force Majeure Event' (OFME) under the PPA. The interim GSA expired in June 2018. On July 21, 2020, RPPL, CPPA and SNGPL signed first Addendum to the Interim RLNG Supply Agreement and Payment Procedure. The terms of this agreement will be effective up to the date of signing of a long-term Gas Supply and Purchase Agreement ('GSPA').

1.4.2 In accordance with the terms of Amendment No. 3 to the PPA executed between RPPL and CPPA on August 21, 2003, RPPL agreed to transfer ownership of the Complex (including land) to CPPA at a token value of US\$ 1 at the expiry of the PPA, if CPPA does not opt for a renewal of the PPA for the additional term pursuant to section 4.1 (c) of the PPA. The PPA has been extended by a period of 379 days as of September 30, 2023, owing to non-supply of RLNG under interim GSA. Moreover, the PPA term has also been extended by 112 days as per the terms of the Settlement Agreement referred to in ensuing paragraphs. As a result, the term of PPA will now end in May 2031 and the remaining life of the Complex is approximately 7.54 years.

1.4.3 CPPA raised invoices for Liquidated Damages ('LDs') amounting to Rs 1,588.730 million to RPPL for the operating year starting from December 11, 2012 to December 10, 2013 (after taking into account forced outage allowance stipulated under the terms of PPA) on account of short Despatch by RPPL. RPPL disputed the claim on account of LDs on the premise that its failure to dispatch electricity was due to CPPA's non-payment of dues on timely basis consequential inability of RPPL to make timely payments to its gas supplier that resulted in curtailment/suspension of gas supply. In this regard, RPPL initiated the Expert recommendation under the dispute resolution procedures specified in the PPA. The case was recommended by the Expert in RPPL's favour in August 2014. Recommendation of the Expert is, however, not legally binding on any party.

In January 2017, SNGPL suspended the gas supply for a period of 26 days and as a result, CPPA levied LDs amounting to Rs 857.78 million. RPPL disputed this amount on the premise that it has already issued an OFME notice to CPPA in January 2017 for a period of 26 days and hence this period should also be treated as OFME.

On February 11, 2021, RPPL and CPPA signed the Settlement Agreement as part of the PPA Amendment Agreement. Pursuant to the terms of these Agreements, RPPL and CPPA agreed to the following matters:

- (1) Mechanism of settlement of outstanding receivables;
- (2) Discount in Tariff components;
- (3) Resolution of dispute of Liquidated Damages pertaining to 2013 and 2017; and
- (4) Option to RPPL to participate in GoP's scheme to create competitive power market.

Under the Settlement Agreement, the period of non-performance due to unavailability of gas was treated as OFME by CPPA under the PPA. As a result, RPPL was not entitled to any Capacity Payment for this period from CPPA and CPPA did not levy any LDs on RPPL. By declaration of OFME, the PPA of RPPL was extended by an OFME period of 112 days (approximately 3.5 months).

As per terms of the Settlement Agreement, RPPL refunded the Capacity Payments already received from CPPA, which pertained to 2013 LDs period along with 50% of late payment interest accrued on these Capacity Payments, the impact of which was a charge of Rs 1,659.822 million in the consolidated statement of profit or loss in the year 2021. The event was treated as an OFME and PPA was extended by a total of 112 days on account of 2013 and 2017 LDs period. As a result of the PPA Amendment Agreement, LDs amount raised by CPPA stood withdrawn irrevocably. After this settlement, no party has any claim against the other party with regards to LDs levied by CPPA in 2013 and 2017.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

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

- i) International Accounting Standard ('IAS') 34, Interim Financial Reporting, 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 with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed.

- 2.2** These consolidated condensed interim financial statements are un-audited and are being submitted to the members as required by section 237 of the Act.

These consolidated condensed interim financial statements do not include all of the information required for the annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements as at and for the year ended June 30, 2023. Selected explanatory notes are included to explain events and transactions that are significant to and understanding of the changes in the Group's financial position and performance since the last audited financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

- 3.1** The accounting policies and the methods of computation adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of preceding annual published financial statements of the Group for the year ended June 30, 2023, except for the adoption of new and amended standards as set out below.

3.2 Standards, amendments to published standards and interpretations that are effective in the current period

Certain standards, amendments and interpretations to International Financial Reporting Standards ('IFRS') are effective for accounting period beginning on July 1, 2023, but are considered not to be relevant or to have any significant effect on the Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim consolidated financial statements.

3.2.1 Exemption from applicability of certain standards

- a) The Securities and Exchange Commission of Pakistan ('SECP') through SRO 986(I)/2019 dated September 2, 2019 has granted exemption from the requirements of IFRS 16 'Leases' to all companies that have executed their power purchase agreements before January 1, 2019. AEL's and RPPL's PPAs were executed before January 1, 2019. Therefore, the standard will not have any impact on the condensed interim consolidated financial statements to the extent of its PPAs. For the remaining leases, the Group has assessed that the application of this standard does not have any material impact on these condensed interim consolidated financial statements.
- b) In respect of companies holding financial assets due from the Government of Pakistan ('GoP') in respect of circular debt, SECP through SRO 67(I)/2023 dated January 20, 2023 partially modified its previous SRO 1177(I)/2021 dated September 13, 2021 and notified that the requirements contained in IFRS 9 with respect to application of Expected Credit Losses ('ECL') method shall not be applicable on such financial assets for the financial years ending on or before December 31, 2024 and that such companies shall follow relevant requirements of IAS 39 in respect of above referred financial assets during the exemption period. Accordingly, the Group has not followed the requirements of IFRS 9 with respect to application of ECL in respect of trade debts and other receivables due from CPPA. The Group is yet to assess the impact of ECL in respect of such financial assets on its financial statements for the year beginning on July 1, 2024.

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

There are certain standards, amendments to the IFRS and interpretations that are mandatory for companies having accounting periods beginning on or after July 1, 2023 but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in these condensed interim consolidated financial statements, except for the effects of the requirements contained in IFRS 9 with respect to the application of ECL method on financial assets due from the GoP in respect of circular debt that are not applicable till June 30, 2024 as explained in note 3.2.1 (b) above.

4. ACCOUNTING ESTIMATES

The preparation of these condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim consolidated financial statements, the significant judgements made by management in applying group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements of Group for the year ended June 30, 2023.

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

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

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

These condensed interim consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at June 30, 2023.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2023.

5.2 Fair value estimation

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

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

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

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

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

	Level 1	Level 2	Level 3	Total
	----- (Rupee in thousands) -----			

As at September 30, 2023

Recurring fair value measurements

Assets

Short term investments	507,531	-	-	507,531
------------------------	---------	---	---	---------

Liabilities

-	-	-	-
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As at June 30, 2023

Recurring fair value measurements

Assets

Short term investments	291,811			291,811
------------------------	---------	--	--	---------

Liabilities

-	-	-	-
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There were no transfers between Levels 1 and 2 & Levels 2 and 3 during the year and there were no changes in valuation techniques during the period. The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. Changes in level 2 and 3 fair values are analyzed at the end of each reporting period during the annual valuation discussion between the Chief Financial Officer and the investment advisor.

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

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

6. SHORT TERM BORROWINGS FROM BANKING COMPANIES - SECURED

6.1 Running finance

Short term running finances available from a consortium of commercial banks under mark-up arrangements aggregate Rs 5,600 million (June 30, 2023: Rs 5,600 million). Such facilities have been obtained at mark-up rates based on Karachi inter bank offered rate ('KIBOR') plus spread and ranges from 0% (June 30, 2022: 15.05% to 24.07%) per annum, payable quarterly, on the balance outstanding. In the event the Group fails to pay the balances on the due date for payment, or within any period stipulated herein or within any period stipulated in the demand, any outstanding amounts shall be payable immediately and the finance facility shall be terminated forthwith. The aggregate facilities are secured against hypothecated charge on all operating fixed assets of the Group excluding land and building, first hypothecated charge over present and future current assets of the Group, assignment of present and future Energy Purchase Price ('EPP') receivables to the lenders, and cross corporate guarantee issued by DEL Power (Private) Limited, a related party. The amount of unavailed facilities at the consolidated statement of financial position date is Rs 5,500 million (June 30, 2022: Rs 5,500 million).

6.2 Letters of credit and bank guarantee

The main facilities for opening letters of credit aggregate to Rs 100 million (June 30, 2023: Rs 100 million) and letter of guarantee aggregate to Rs 1,050 million (June 30, 2023: Rs 1,000.05 million). The amount utilised as at June 30, 2023, for letters of credit was Nil (June 30, 2023: Nil) and for letters of guarantee was Rs 532.68 million (June 30, 2023: Rs 532.68 million). The aggregate facilities for opening letters of credit and guarantee are secured against first hypothecation charge over present and future current assets of the Group, cross corporate guarantee issued by Descon Engineering Limited, a related party and assignment of present and future Energy Purchase Price receivables to the lenders.

7. DIVIDEND PAYABLE

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

	Un-audited September 30, 2023 (Rupees in thousand)	Audited June 30, 2023
Siemens Project Ventures GmbH	829,526	-
Saudi Arabian Construction and Repairs Company Limited	276,691	-
	<u>1,106,217</u>	<u>-</u>

8. CONTINGENCIES & COMMITMENTS

There is no significant change in the status of contingencies and commitments from the preceding annual financial statements of the Group for the year ended June 30, 2023, except for the following:

8.1 Contingencies

National Bank of Pakistan has issued standby letter of credit ('SBLC') for Rs. 4,981 million (June 30, 2023 : Rs 4,981 million) in favor of SNGPL as a security to cover gas supply for which payments are made in arrears. The SBLC will expire on July 13, 2024, which is renewable.

8.2 Commitments - Nil

9 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets

Major spare parts and stand-by equipment

10 TRADE DEBTS - SECURED

Note

Considered good

Considered doubtful

Provision of doubtful debts

Un-audited September 30, 2023 (Rupees in thousand)	Audited June 30, 2023
11,583,174	11,965,204
2,692	2,692
11,585,866	11,967,896
10,918,126	15,324,789
193,255	201,686
11,111,381	15,526,475
(193,255)	(201,686)
10,918,126	15,324,789

10.1 Included in trade debts is an aggregate amount of Rs 5,549.279 million (June 30, 2023: Rs 5,549.279 million) and Rs 1,120.505 million (June 30, 2023: Rs 750.871 million) relating to capacity revenue and delayed payment markup accrued thereon respectively not acknowledged by CPPA.

Of this disputed capacity revenue, the amount of Rs 247.695 million (June 30, 2023: Rs 247.695 million) has not been acknowledged by CPPA on the pretext that no gas was available during the period from December 19, 2019 to January 31, 2020 and hence, this period should be treated as OFME by the Group. The management is of the view that CPPA's contention is not justified as the plant could not be operated during this period due to technical start-up limits under the PPA being exceeded and as such this has no relevance with gas availability.

While the remaining amount of Rs 5,301.584 million (June 30, 2023: Rs 5,301.584 million) and Rs 1,120.505 million (June 30, 2023: Rs 750.871 million) relating to capacity invoices and delayed interest computed thereon respectively is disputed by CPPA for certain days in the months from April 2022 to June 2023 on a similar pretext that gas was not available and hence, this period should also be treated as an OFME by the Group. However, the management is of the view that CPPA's claim is not justified as the plant was technically available and RLNG was not allocated to it by SNGPL due to intervention of National Power Control Centre ('NPCC') which is not a party to the Interim RLNG Supply Agreement and Payment Procedure. The GoP is under an obligation to ensure that its entities act in good faith and prevent a situation where a party to the Agreement is treated unfairly. Whereas, in this case, the Governmental Entities issued Despatch instructions but then did not allocate RLNG to the Group and deprived it of its rightful entitlement to Capacity Payments under the PPA which is against the spirit of the Agreements as well as a non-compliance with the GoP's obligation to act in good faith. Furthermore, as stated in note 1.4, under the amended IA, the Group has been provided an assurance by the GoP that the Group will be provided gas post August 2015, in preference to the new power projects commissioned after the Group. This obligation has also not been fulfilled by the GoP.

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

There has been no movement in the provision for impairment in the current period.

11 SHORT TERM INVESTMENT

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

	Un-audited	
	September 30, 2023	September 30, 2022
	(Rupees in thousand)	
12 REVENUE		
Energy purchase price - gross	-	1,325,127
Sales tax	-	(192,540)
Energy purchase price - net	-	1,132,587
Capacity purchase price	1,094,186	2,123,330
Delayed payment markup	639,152	449,776
	<u>1,733,338</u>	<u>3,705,693</u>
13 DIRECT COSTS		
RLNG cost	1,170	1,091,329
Operation and maintenance costs	211,601	194,745
Depreciation on operating fixed assets	381,910	376,221
Stores, spares and loose tools consumed	16,818	17,713
Lube oil consumed	423	194
Repairs & maintenance	14,337	833
Insurance cost	51,213	33,015
Purchase of energy from CPPA	124,547	82,738
Salaries, benefits and other allowances	8,223	5,949
Traveling & conveyance	397	252
Licensing fee	11,473	11,639
Colony maintenance	3,990	2,992
Communication	2,087	1,721
Vehicle maintenance	473	431
Security expenses	2,416	2,155
Liquidated damages	-	102
Miscellaneous expenses	951	887
	<u>832,029</u>	<u>1,822,916</u>

14 ADMINISTRATIVE EXPENSES

Un-audited
September 30, 2023 September 30, 2022
(Rupees in thousand)

Salaries, benefits and other allowances	25,084	23,725
Directors' meeting fee	250	250
Information technology and ERP related costs	6,592	3,594
Traveling & conveyance	9,087	1,108
Utilities	455	305
Postage and telephone	314	446
Printing, stationery and advertisement	335	966
Auditors' remuneration	468	61
Rent, rates and taxes	3,899	2,866
Repairs and maintenance	54	155
Legal and professional expenses	17,254	12,351
Fees and subscription	587	713
Entertainment	495	226
Amortization on intangible assets	954	739
Depreciation on operating fixed assets	2,348	1,994
Vehicle maintenance	349	327
Insurance	1,674	1,326
Professional tax	-	100
Miscellaneous expenses	683	354
	<u>70,882</u>	<u>51,606</u>

15 CASH GENERATED FROM OPERATIONS

Profit before taxation	1,027,255	1,722,267
Adjustment for non cash charges and other items:		
-Depreciation on operating fixed assets	384,258	378,880
-Profit on short term investments	(36,386)	(10,020)
-Gain on disposal of operating fixed assets	(7,449)	(8)
-Provision for employee benefit obligations	1,977	2,277
-Amortization on intangible assets	954	73
-Exchange loss	21,823	-
-Finance cost	12,476	127,886
-Profit on bank deposits	(183,338)	(3,662)
Profit before working capital changes	<u>1,221,570</u>	<u>2,217,693</u>

	Un-audited	
	September 30, 2023	September 30, 2022
	(Rupees in thousand)	
Effect on cash flow due to working capital changes:		
Decrease / (Increase) in current assets		
-Stores, spares and loose tools	(4,880)	(8,943)
-Trade debts	4,406,663	336,768
-Advances, prepayments and other receivables	(86,797)	(348,814)
	4,314,986	(20,989)
Decrease in current liabilities		
-Trade and other payables	(937,396)	(1,498,665)
	3,377,590	(1,519,654)
Cash generated from operations	4,599,160	698,039
16 CASH AND CASH EQUIVALENTS		
Bank balances	5,510,734	62,338
Short term investments	507,531	(1,697,230)
	6,018,265	(1,634,892)

17 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise the holding company, ultimate parent, subsidiaries and associates of holding company and ultimate parent, group companies, related parties on the basis of common directorship, key management personnel of the Group and its holding company and post-employment benefit plans (Gratuity Fund and Provident Fund). Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of AEL, directly or indirectly, including any director (whether executive or otherwise) of AEL. The Group in the normal course of business carries out transactions with various related parties. Significant related party transactions not disclosed elsewhere in these condensed interim consolidated financial statements are as follows:

		Un-audited	
		September 30, 2023	September 30, 2022
		(Rupees in thousand)	
Relationship with the Group	Nature of transactions		
i) Holding company			
DEL Power (Private) Limited	Dividends paid	993,566	-
ii) Group companies			
Descon Holdings (Private) Limited:	Dividends paid	141	-
Siemens Pakistan Engineering Company Limited	Purchase of long term maintenance services	1,970	4,429

iii) Other related parties

On the basis of common directorship

		Un-audited September 30, 2023 (Rupees in thousand)	September 30, 2022
Descon Engineering Limited:	Common costs charged to the Group	6,437	4,444
Descon Power Solutions (Private) Limited:	Operations & maintenance contractor's fee	161,317	165,524
	Common costs charged to the Group	631	806
Descon Corporation (Private) Limited:	ERP implementation fee & running costs	21,215	13,174
	Services Rendered	161	215

iv) Other related parties

Crescent Steel and Allied Products Limited	Dividend Paid	285,120	-
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v) Key Management Personnel

Short-term employment benefits	24,821	17,042
Post employment benefits	3,456	3,475
Director's meeting fee	250	250

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.

Period end balances are as follows:

Payable to related parties

	Un-audited September 30, 2023 (Rupees in thousand)	Audited June 30, 2023
Descon Engineering Limited (Associated company)	4,420	2,540
Descon Corporation (Private) Limited (Associated company)	6,340	3,783
Descon Power Solutions (Private) Limited (Associated company)	63,298	59,109
Siemens Pakistan Engineering Company Limited (Group company)	1,970	20,685
Inspectest (Private) Limited (Associated company)	88	173
	<u>76,116</u>	<u>86,290</u>

18 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on October 24, 2023 by the Board of Directors of the Parent company.

19 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim consolidated statement of financial position has been compared with the balances of annual audited consolidated financial statements of preceding financial year, whereas, the condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison. However, no significant reclassifications have been.

20 GENERAL

20.1 Figures have been rounded off to the nearest thousand of Rupees.



Chief Executive

Chief Financial Officer

Director

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