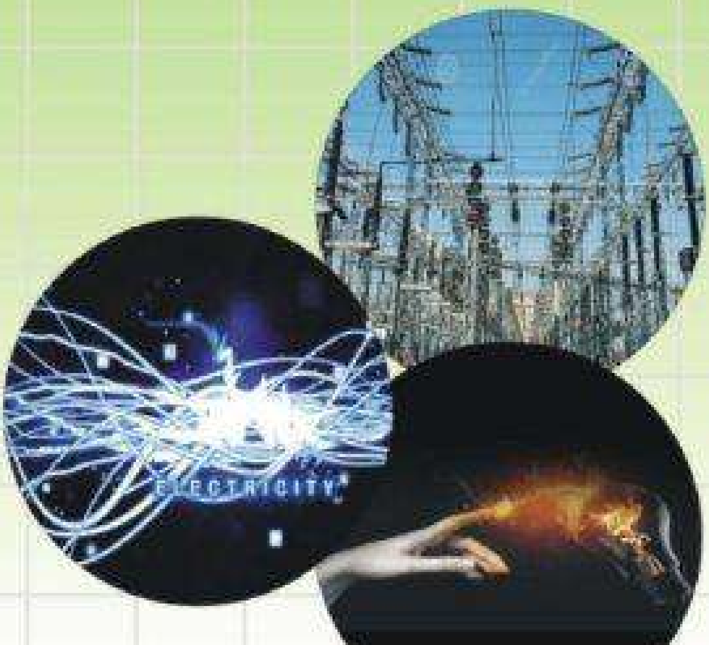
ARSHAD ENERGY LIMITED

ARSHAD GROUP

2019



ARSHAD
ENERGY LIMITED

COMPANY INFORMATION

CHAIRMAN	Mr.Nisar Ahmad Sheikh
CHIEF EXECUTIVE	Mr.Muhammad Arshad
DIRECTORS	Mr.Shahzad Ahmed Sheikh Mr.Shehryar Arshad Mrs.Naureen Shahzad Ms.Resham Shahzad Mr. Faisal Masood Sheikh
AUDIT COMMITTEE	
CHAIRMAN	Mr. Faisal Masood Sheikh
MEMBER	Mr.Shahzad Ahmed Sheikh
MEMBER	Mr.Shehryar Arshad
HR & REMUNERATION COMMITTEE	
CHAIRMAN	Mr. Faisal Masood Sheikh
MEMBER	Mr.Shahzad Ahmed Sheikh
MEMBER	Mrs.Naureen Shahzad
CHIEF FINANCIAL OFFICER	Mr.Nasir Mahmood
COMPANY SECRETARY	Mr.Javed Abbas Naqvi
HEAD OF INTERNAL AUDIT	Mr.Muhammad Saqib
AUDITORS	M/S Riaz Ahmad & Co. Chartered Accountants
BANKERS	Habib Metropolitan Bank Bank Al Habib Limited
LEGAL ADVISOR	Rana Iftikhar Ahmad
REGISTERED OFFICE	404-405, 4th Floor, Business Centre, Mumtaz Hassan Road, Karachi. Tel. 021-32412814 Web: www.arshadenergy.com
SHARES REGISTRAR	F.D.Registrar Services (SMC-Pvt.) Limited 17th Floor, Saima Trade Tower-A, I. I. Chundrigar Road, Karachi.
PLANT	35-K.M., Sheikhupura Road, Tehsil Jaranwala, District Faisalabad.

Vision statement:

To become the most cost effective power generation company, committed to empowering Pakistan growth by not only maximizing energy outputs from the existing plant through sustained excellence in performance and innovation.

Mission statement:

Support the power purchaser to cope with the energy shortfalls in the country. Become the most efficient and economical plant while protecting commercial interests of the stakeholders. Create a work environment for employees that meets international standards of environment, health and safety.

Arshad Energy Limited
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **25th Annual General Meeting** of the Shareholders of **Arshad Energy Limited** will be held **at 404-405, 4th Floor, Business Centre, Mumtaz Hassan Road, Karachi on Monday, October 28, 2019 at 03:00 p.m.** to transact the following business:

1. To confirm minutes of the 24th Annual General Meeting held on October 27, 2018.
2. To receive, consider and adopt the audited accounts of the Company for the year ended on 30th June, 2019 together with the Directors' Report and Auditors' Report thereon and statement of compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017.
3. To appoint Auditor for the year 2019-2020 and to fix their remuneration. The present auditors M/s. Riaz Ahmed & Co., Chartered Accountants, retire and being eligible have offered themselves for reappointment.

SPECIAL BUSINESS:

4. To consider and approve the transactions of special and normal trade with associated undertakings for the year ended June 30, 2019.
5. To transact any other business with the permission of the chair.

By order of the Board

JAVED ABBAS NAQVI
Company Secretary

Karachi
Dated: October 04, 2019

NOTES:

1. The Share Transfer Books of the Company will remain closed from 20th October 2019 to 28th October 2019 (both days inclusive). Transferred received at the Share Registrar office M/s. F.D Registrar Services (SMC-Pvt) Ltd, 17th Floor Saima Trade Tower –A I.I Chundrigar Road Karachi 74000 at the close business on 18th October 2019 be treated in time.
2. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend the meeting and vote instead of him/her. The proxies in order to be effective must be received by the Company not less than 48 hours before the meeting. CDC Account holders will further have to follow the under mentioned guidelines as laid down in Circular No.1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.

A. For Attending the Meeting :-

i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per Regulations,

shall authenticate his/her identity by showing his/her original Computerized National Identity card (CNIC) or original Passport at the time of attending the meeting.
ii) In case of Corporate entity, the Board of Directors resolution of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

B. For Appointing Proxies:

i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
ii) The proxy form shall be witnessed by two persons whose names, address and CNIC Numbers shall be mentioned on the form.
iii) Attested copies of CNIC or Passport of the beneficial owners and the proxy shall be furnished with the proxy form.
iv) The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.
v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

C: NOTICE TO SHAREHOLDERS WHO HAVE NOT PROVIDED CNIC:

In terms of the directive of the Securities and Exchange Commission of Pakistan ("SECP") the Computerized National Identity Card Numbers (CNIC) of the registered shareholders or the authorized person except in the case of minor(s) and corporate shareholders are required to be mentioned in the annual return filed by the Company with the SECP. Therefore, the shareholders who have not yet provided copies of their CNIC's are advised to provide at earliest the attested copies of their CNIC's (if not already provided) directly to our Independent Share Registrar, M/s F.D.Registrar Services (SMC-Pvt) Ltd., 1705, 17th Floor, Saima Trade Tower-A, I.I.Chundrigar Road, Karachi-74000.

D. Change of Address and quote folio No. in correspondence

3. Members are also requested to notify any change in address immediately. The shareholders are further requested to quote their folio number in all correspondence with the Company and at the time of attending the Annual General Meeting.

E. Unclaimed Dividends And Shares (Important & Mandatory)

4. Shareholders of the Company are hereby informed that as per the record, there are some unclaimed/ uncollected /unpaid dividends and shares. Shareholders who could not collect their dividends/shares are advised to contact our Share Registrar M/s. F.D Registrar Services (SMC–Pvt). Ltd 17th Floor, Saima Trade Tower-A I.I. Chundrigar Road, Karachi during working hours.Ph: 0092-21-32271905 Email: fdregistrar@yahoo.com to collect/enquire about their unclaimed dividend or shares, if any. In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, of three (3) years or more from the

date due and payable, shall be deposited to the credit of Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to the Securities & Exchange Commission of Pakistan (SECP).

F. Circulation of Annual Financial Statements through Email

5. SECP through its Notification SRO 787(I)/2014 dated September 8, 2014, has allowed the circulation of Audited Financial Statements along with the Notice of Annual General Meeting to the shareholders of the Company through email. Therefore, shareholders who wish to receive the soft copy of Annual Report are requested to send their email address. The consent form for electronic transmission can be downloaded from the Company's website. The Company shall, however, continue to provide hard copy of the Audited Financial Statements to its shareholders, on request, free of cost, within seven days of receipt of such request.

G. Placement of Financial Accounts on Website

6. Pursuant to the notification of the SECP (SRO 634(I)/2014) dated: 10th July 2014 the financial statements of the Company have been placed on Company's website at www.arshadenergy.com

H. E-VOTING

7. Pursuant to SECP S.R.O. No. 43(I)/2016 dated January 22, 2016, members can also exercise their right to vote through e-voting by giving their consent in writing at least 10 days before the date of meeting to the Company on the appointment by the Intermediary as a Proxy.

I: For Video Conference:

8. Further to SECP Circular No.1027/(I)2014 dated 21st May 2014 clause 1(b) "The company may provide video conference facility to its members for attending the general meeting at places other than the town in which general meeting is taking place after considering the geographical dispersal of its members: Provided that if members, collectively holding 10% or more shareholding residing at a geographical location, provide their consent to participate in the meeting through video conference at least 10 days prior to date of meeting the company shall arrange video conference facility in that city subject to availability of such facility in that city".

The company will intimate members regarding venue of video conference facility at least 5 days before the date of general meeting along with complete information necessary to enable them to access such facility.

I/We, ______________________ of ________________________, being a member of the Arshad Energy Limited, holder of ____________ Ordinary Share(s) as per Register CDC/ Folio no. _______________ hereby opt for video conference facility at ________________.

STATEMENT OF MATERIAL FACTS CONCERNING SPECIAL BUSINESS PURSUANT TO SECTION 134(3) OF THE COMPANIES ACT, 2017

This statement sets out the material facts concerning the Special Business, given in agenda item No.4 of the Notice that will be considered by the members.

Transactions with Associates

Company is doing transactions with associated companies of normal trade and the directors of the company are also directors in associated companies and therefore are common directors. On this ground they have indirect interest in associated undertakings due to common directorship. All the transactions with associates as disclosed in accounts for the year ended June 30, 2019 of the company seeks approval in Annual General Meeting and hence the notice of facts is given to shareholders.

Transactions with Associated Undertakings	**2019-2020**
Cost Share with Arshad Textile Mills Ltd	Rs. 1,530,907.00

Sale of Energy

Arshad Textile Mills Ltd	Rs. 3,248,692
Arshad Corporation Pvt Ltd	Rs. 3,003,365

CHAIRMAN'S REVIEW

For the year ended June 30, 2019.

On behalf of the Board of Directors, I am pleased to present the Annual Report of the Company together with the audited, financial statements and auditors' report thereon for the year ended 30th June, 2019.

The drastic increase in the prices of furnace oil has significantly affected the performance of the company. Further, the sale rates which are WAPDA rates as approved by NEPRA are not viable on high furnace oil prices. The situation has forced management to temporarily close down the operations of the company Net sales for the year were Rs.6.252 million (2018: Rs.227.473 million) and net loss is Rs.15.683 million (2018: net loss Rs.19.146 million).

Future Prospects

To restart the operations of the company management is continuously monitoring fuel prices and sales rates.

Code of Corporate Governance:

Our company takes corporate governance seriously. The company keeps fallow the Securities and Exchange Commission of Pakistan and the Pakistan stock Exchange and complies with the code of Good corporate Governance in letter and spirit.

The Board offers thanks to its bankers and financial institution for providing support as solicited. The board also appreciates the dedicated services rendered by the employees and the management which is evidenced by the company's performance and results achieved and they are contributing positively towards the goals and objectives of the company.

Lastly, I would also like to thanks our shareholder for their continued support and trust in the company. Above stated facts do not give a promising outlook but the management is making its efforts to earn profitability for the coming years.

For and behalf of the board of directors.

Nisar Ahmad Sheikh
Chairman
Date: October 04, 2019.

DIRECTORS' REPORT TO THE SHARE HOLDERS

The Directors of your Company feel pleasure in submitting audited financial statements of your Company for the year ended June 30, 2019.

FINANCIAL RESULTS	2019 Rupees	2018 Rupees
SALES	6,252,057	227,473,076
COST OF GENERATION	(17,436,713)	(242,277,425)
GROSS LOSS	(11,184,656)	(14,804,349)
ADMINISTRATIVE EXPENSES	(6,379,277)	(5,599,718)
OTHER INCOME	1,883,539	1,299,869
FINANCE COST	(3,135)	(41,914)
LOSS BEFORE TAXATION	(15,683,529)	(19,146,112)
TAXATION	-	-
LOSS AFTER TAXATION	(15,683,529)	(19,146,112)
LOSS PER SHARE- BASIC AND DILUTED - RUPEES	(1.96)	(2.39)

REVIEW OF OPERATING RESULTS

Net sales for the year were Rs.6.252 million (2018: Rs.227.473 million) and net loss is Rs.15.683 million (2018: net loss Rs.19.146 million).

The drastic increase in the prices of furnace oil has significantly affected the performance of the company. Further, the sale rates which are WAPDA rates as approved by NEPRA are not viable on high furnace oil prices. The situation has forced management to temporarily close down the operations of the company.

Future Prospects

To restart the operations of the company management is continuously monitoring fuel prices and sales rates.

AUDITORS

The present Auditors M/S Riaz Ahmad & Co., Chartered Accountants retire and being eligible, offer themselves for re-appointment.

CORPORATE GOVE RNANCE

The statement of compliance of best practices of Code of Corporate Governance is annexed.

CORPORATE AND FINANCIAL REPORTING FRAME WORK:

The Directors are pleased to state that the Company is compliant with the provisions of the Code of Corporate Governance as required by Securities & Exchange Commission of Pakistan (SECP).

1. The financial statements prepared by the Management of your Company present fairly its state of affairs, the results of its operations, cash flow and changes in equity.
2. Proper books of accounts of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates, which are based on reasonable and prudent judgment.
4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements. The system of internal control is sound in design and has been effectively implemented and monitored.
5. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
6. The system of internal control is sound in design and has been effectively implemented and monitored.
7. Key operating financial data of last six years in summarized form is annexed.
8. During the period under review five (05) meetings of Board of Directors were held. Attendance of each director is as follows:
9. The company has established Employees Gratuity Un-funded. Annual provision has been made on actuarial valuation basis to cover obligation under the scheme for all employees eligible to gratuity benefits irrespective of the qualifying period.
10. The Board has formed Audit Committee. It comprises of three non-executive director. And an independent director is the Chairman of the Committee.

Impact on Environment

We Work meticulously to reduce our environmental impacts from the procurement of raw materials to the generation of electricity.

Our environmental policy achieves the following objective:

- Improve the efficiency and sustainability of our business activates and products.
- Reduce wastes and prevent environmental pollution.
- Use energy and natural resources efficiently.

NAME OF DIRECTOR	**MEETINGS ATTENDED**
Mr. Nisar Ahmad Sheikh	05
Mr. Muhammad Arshad	05
Mr. Shahzad Ahmad Sheikh	05
Mr. Shehryar Arshad	04
Mrs. Naureen Shahzad	05
Ms. Resham Shahzad	04
Mr. Faisal Massood Sheikh	04

- The Audit Committee held four (4) meetings during the year. Attendance by each member was as follows:

AUDIT COMMITTEE	MEETINGS ATTENDED
Mr. Nisar Ahmed Sheikh	01
Mr. Faisal Masood Sheikh	04
Mr. Shahzad Ahmed Sheikh	04
Mr. Shehryar Arshad	04

- The HR Committee held one (1) meetings during the year. Attendance by each member was as follows:

HR & REMUNERATION COMMITTEE	MEETINGS ATTENDED
Mr. Faisal Masood Sheikh	01
Mr. Shahzad Ahmed Sheikh	01
Mrs. Naureen Shahzad	01

Directors who did not attend the above meetings were granted leave of absence by the Board of Directors.

TRADING OF SHARES

Director, company secretary, chief financial officer, Head of internal Audit and their spouses and minor children has not purchased or sold shares during the year.

STATEMENT OF DIRECTOR'S RESPONSIBILITY

Board of Directors is mindful of its responsibilities and duties under legal and corporate frame work. The Board defines and establishes Company's overall objectives and directions and monitors status thereof. Short term and long term plans and business performance targets are set by Chief Executive under over all policy frame work of the Board.

PATTERN OF SHAREHOLDING

Pattern of shareholding as on June 30, 2019 is annexed.

ACKNOWLEDGEMENT:

The Board places on record its appreciation for the cooperation, commitment and hard work extended to the Company by the customers, suppliers, bankers and all the employees of the Company.

On behalf of the Board

Muhammad Arshad	**Shahzad Ahmed Sheikh**
Chief Executive Officer	Director

FAISALABAD.

Dated: October 04, 2019

ڈائریکٹرز کی شیئر ہولڈروں کی رپورٹ

کمپنی کے ڈائریکٹرز سال 30 جون 2019کو مالیاتی کارکردگی پریزنٹ کرنے میں خوشی محسوس کررہے ہیں۔

مالیاتی نتائج	2019 روپے	2018 روپے
ریونیو	6,252,057	227,473,076
بجلی بنانے کی قیمت	(17,436,713)	(242,277,425)
مجموعی نقصان	(11,184,656)	(14,804,349)
انتظامی اخراجات	(6,379,277)	(5,599,718)
دوسری آمدن	1,883,539	1,299,869
مالیاتی لاگت	(3,135)	(41,914)
ٹیکس سے پہلے نقصان	(15,683,529)	(19,146,112)
ٹیکس	-	-
ٹیکس کے بعد نقصان	(15,683,529)	(19,146,112)
نقصان فی شیئر	(1.96)	(2.39)

مالیاتی کارکردگی کا جائزہ

مجموعی فروخت برائے سال 6.252 ملین (2018: مبلغ227.473 ملین)اور مجموعی نقصان مبلغ 15.683 ملین (2018: مجموعی نقصان مبلغ 19.146 ملین)

فرنس آئل کی قیمتوں میں اضافے کی وجہ سے بنیادی طور پر فرم کی کارکردگی متاثر ہوئی ہے.، مزید فروخت کے ریٹس اور واپڈا کے ریٹس جونیپرا نے منظور کیے ہیں وہ فرنس آئل کی اضافی قیمت کے ساتھ قابل عمل نہ ہیں۔ یہ حالات میں انتظامیہ مجبوراً عارضی طور پر کمپنی کے آپریشن کو بند کررہی ہے۔

مستقبل کا خاکہ:
کمپنی کے آپریشن کوشروع کرنے کے لئے کمپنی انتظامیہ مسلسل تیل کی قیمتوں اور فروخت کے ریٹس کو چیک کررہی ہے۔

آڈیٹرز:
آڈیٹرز میسرزز ریاض احمد اینڈ کمپنی چارٹرڈاکاؤنٹنٹسریٹائرڈہو رہے ہیں-اہلیت کی بنیاد پر انہوں نے دوبارہ تقرری کے لئے خود کو پیش کیا ہے۔

کارپوریٹ گورننس

کارپوریٹ گورننس کے کوڈ کی بہترین طریقے سے عمل درآمد کرنے کا بیانہ لف ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک پر بیان:

ڈائریکٹر ز بصد مسرت مطلع کرتے ہیں کہ کمپنی سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کے تقاضوں کے مطابق کوڈآف کارپوریٹ گورننس کے ضوابط کی تعمیل کرتی ہے۔

1- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی سٹیٹمنٹس منصفانہ طور پر اس کے معاملات کی حالت ، اس کے عوامل کے نتائج ، کیش کا بہاؤ اور مساوات میں تبدیلی پر مشتمل ہے۔

2- اکاؤنٹس کی کتابیں مناسب طریقہ سے مرتب کی گئی ہیں۔

3. مالیاتی سٹیٹمنٹس کی تیاری میں اکاؤنٹنگ کی مخصوص پالیسیوں کو مسلسل لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور ٹھوس فیصلوں پر مبنی ہیں۔

4. مالیاتی اسٹیٹمنٹس کی تیاری میں انٹرنیشنل اکاؤنٹنگ کے معیار کو مدنظر رکھا گیا ہے جو پاکستان میں لاگو ہو سکتے ہیں ۔ اندرونی کنٹرول کا سسٹم بہترین حالت میں بنایا گیا ہے اس کا نفاذ اور نگرانی موثر طریقے سے کی گئی ہے۔

5. مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی معیاروں کی ، جہاں تک وہ پاکستان میں قابل اطلاق ہیں ، پیروی کی گئی ہے۔

6. انٹرنل کنٹرول کا نظام مستحکم ہے اوراسے موثر انداز میں لاگو کیا گیا ہے۔اور اس کی نگرانی کی جاتی ہے۔

7. لسٹنگ ریگولیشنز میں تفصیلا درج کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی

8. پچھلے چھ سالوں کا مالیاتی ڈیٹا لف ہے۔

9. معائنہ کے دوران بورڈ آف ڈائریکٹرز کی پانچ میٹنگ کی گئیں ۔ ہر ڈائریکٹر کی حاضری مندرجہ ذیل ہے۔

10. کمپنی نے اپنے ملازمین کے لئے ان فنڈڈ گریجوٹی قائم کی ہے۔ ملازمین کی کوالٹی اور ذمہ داریوں کے لحاظ سے سالانہ گریجوٹی قائم کی گئی ہے تمام ملازمین کے فائدے کے لئے ان کی اہلیت کی بنیاد پر سکیم قائم کی گئی ہے۔

11. بورڈ نے آڈٹ کمیٹی کی بنیاد رکھی۔ جو تین غیر ایگزیکٹو ڈائریکٹر پر مشتمل ہے۔ اور ایک آزاد ڈائریکٹر اس کمیٹی کا چیئرمین ہے۔

ماحول پر اثر

ہم خام مال کی خریداری سے لے کر بجلی بنانے تک اپنے ماحولیاتی اثرات کو کم کرنے کے لئے احتیاط سے کام لیتے ہیں۔

ہماری ماحولیاتی پالیسی نے مندرجہ ذیل مقاصد حاصل کیے ہیں ۔

کاروباری سرگرمیاں ، مصنوعات کی کارکردگی اور استحکام کو بہتر بنایا۔

ویسٹ کو کم کیا اور ماحولیاتی آلودگی کو کم کیا ۔

انرجی کا استعمال اور قدرتی وسائل میں بہتری

ڈائریکٹرکے نام	میٹنگ حاضری
جناب نثار احمد شیخ	05
جناب محمد ارشد	05
جناب شہزاد احمد شیخ	05
جناب شہریار ارشد	04
مسز نورین شہزاد	05
مس ریشم شہزاد	04
جناب فیصل مسعود شیخ	04

آڈٹ کمیٹی نے دوران سال 4 میٹنگز کیں۔ ہر ممبر کی حاضری مندرجہ ذیل ہے۔

آڈٹ کمیٹی	میٹنگ حاضری
جناب نثار احمد شیخ	01
جناب فیصل مسعود شیخ	04
جناب شہزاد احمد شیخ	04
جناب شہریار ارشد	04

ایچ آر میٹنگ دوران سال ایک میٹنگ ہوئی۔ ہر ممبر کی حاضری مندرجہ ذیل ہے

ایچ آر اور معاوضہ کمیٹی	میٹنگ حاضری

جناب فیصل مسعود شیخ	01
جناب شہزاد احمد شیخ	01
مسزنورین شہزاد	01

بورڈ آف ڈائریکٹرز نے ان بورڈ ممبرز کی رخصت کی منظوری دی جو اجلاس (اجلاسوں) میں شریک نہیں ہو سکے۔

شیئرز کی ٹریڈنگ:

ڈائریکٹرز، کمپنی سیکرٹری، چیف فنانشل آفیسر ، ہیڈ آف انٹرنل آڈٹ، اور ان کی ازدواج، اور نابالغ بچوں نے اس سال شیئرز کی خرید و فروخت نہیں کی۔

ڈائریکٹرز کی ذمہ داریوں کی سٹیٹمنٹ

بورڈ آف ڈائریکٹرقانونی اور کارپوریٹ فریم ورک اپنی ذمہ داریاں اور فرائض سے آگاہ ہیں ۔ بورڈ کمپنی کے تمام تر مقاصد اور ان کا حصول اور ان کے سٹیٹس کو مانیٹر کرتے ہیں ۔ چھوٹے اور لمبے عرصے کے منصوبے اور کارو بار کی کارکردگی چیف ایگزیکٹو بورڈ کی زیر نگرانی بنتا ہے۔

پیٹرن آف شیئر ہولڈنگ

30 جون 2019 کے مطابق کمپنی کے شیئر ہولڈنگ پیٹرن اور اضافی معلومات کی نشاندہی کرنے والی ایک سٹیٹمنٹ رپورٹ میں شامل ہے۔

تشکر:

ہمارے برانڈز پر مکمل اعتماد رکھنے پر ہم اپنے کسٹمر کا شکریہ ادا کرتے ہیں۔ ہم لگا تار معاونت کے لئے اپنے شیئر ہولڈر ، بینکرز، اور سپلائرز اور اپنے ملازمین کی لگن اور اپنی کمپنی کے لئے ان کے قابل قدر کردار کا بھی اعتراف کرتے ہیں۔

منجانب: بورڈ آف ڈائریکٹرز

محمد احمد شیخ

محمد ارشد (چیف ایگزیکٹو)

(ڈائریکٹر)

فیصل آباد

مورخہ : اکتوبر 04 ، 2019

OPERATING AND FINANCIAL DATA OF LAST SIX YEARS

Particulars	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Financial Position						
Paid up Capital	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000
Capital Reserve Share Premium	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000
Revenue Reserve	(63,903,045)	(45,949,325)	(58,279,352)	(70,307,335)	(64,205,229)	(33,224,142)
Fixed Assets at cost	431,103,243	424,091,710	413,478,989	391,607,342	392,347,459	359,690,252
Accumulated Depriciation	274,585,417	268,060,238	261,465,861	251,741,501	246,183,845	242,547,877
Long term Loans						
long term Deposits						
Deffered Liabilities	3,837,695	3,394,052	2,888,853	2,413,020	1,564,502	2,429,292
Current Assets	37,166,371	51,096,382	47,762,076	56,275,218	35,628,232	46,306,807
Current Liabilities	50,544,583	48,539,895	52,651,332	72,139,677	35,184,420	34,254,582
INCOME						
Sale	227,473,076	241,919,510	235,990,952	119,381,130	54,445,177	152,998,088
Other Income	1,299,869	3,941,801	5,951,186	6,524	242,897	560,460
Statistics and Ratios						
current Ratio	0.74:1	1.05:1	0.90:1	0.78:1	1.01:1	1.35:1
Paid up value per Share	10	10	10	10	10	10
Earning par Share	(2.39)	1.40	1.41	(0.75)	(3.83)	(1.82)
Cash Dividend		-	-			
Generation (Mega Watt Hours)	20,677	22,585	24,873	13,519	2,891	8,210

INDEPENDENT AUDITOR'S REPORT

To the members of Arshad Energy Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Arshad Energy Limited (the Company), which comprise the statement of financial position as at 30 June 2019, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the 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 statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the 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 30 June 2019 and of the loss, 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 Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 1.1 to the financial statements, which states that the Company is no longer a going concern, therefore, these financial statements have been prepared on the basis of estimated realizable / settlement values of assets and liabilities respectively. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Following is the key audit matter:

Sr. No.	Key audit matter	How the matter was addressed in our audit
1.	**Non-going concern basis of accounting** The Company is no longer a going concern, therefore, these financial statements have been prepared on the basis of estimated realizable / settlement values of assets and liabilities respectively. Estimated realizable / settlement values are based on the management's best estimate. Estimation involves judgments based on the latest available, reliable information, historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In future, these estimates may need revision if changes occur in the circumstances on which the estimates are based or as a result of new information. Hence, the ultimate values at which assets will be realized and liabilities will be settled may be different from those carried in these financial statements. Therefore, we identified preparation of financial statements using the non-going concern basis of accounting as a key audit matter specially with reference to the estimates and judgments associated with the determination of estimated realizable / settlement values of assets and liabilities respectively.	Our procedures included, but were not limited to: • We checked compliance with "Guideline on the Basis of Preparation of Financial Statements for Companies that are Not Considered Going Concern" issued by The Institute of Chartered Accountants of Pakistan. • We tested how management made the estimate of realizable / settlement values of assets and liabilities respectively and the data on which it is based. • We tested the operating effectiveness of the controls over how the management made the estimate, together with appropriate substantive procedures. • We considered events occurring up to the date of our report to obtain audit evidence regarding the estimate. • We confirmed that any upsides in the carrying amounts of assets have been properly calculated and disclosed in the financial statements and not recognized in the statement of profit or loss.

Sr. No.	Key audit matter	How the matter was addressed in our audit
	For further information, refer to summary of significant accounting policies, Note 2.1(b) and 2.1(c) to the financial statements.	

Information Other than the Financial Statements and Auditor's Report Thereon

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

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the board of directors with a statement that we have complied with 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 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 statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

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

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

The engagement partner on the audit resulting in this independent auditor's report is Liaqat Ali Panwar.

RIAZ AHMAD &COMPANY
Chartered Accountants

Riaz Ahmad & Co.

Faisalabad

Date: 04 October 2019

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Arshad 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 Arshad Energy Limited ("the Company") for the year ended 30 June 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 30 June 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
9	Exemption of directors from training program has not been taken from Securities and Exchange Commission of Pakistan (SECP).
10	The Board of Directors has not appointed Head of Internal Audit.

RIAZ AHMAD & COMPANY
Chartered Accountants

Riaz Ahmad & Co.

Faisalabad

Date: 04 October 2019

2

ARSHAD ENERGY LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	NOTE	2019 RUPEES	2018 RUPEES
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
10 000 000 (2018: 10 000 000) ordinary shares of Rupees 10 each		100,000,000	100,000,000
Issued, subscribed and paid up share capital	3	80,000,000	80,000,000
Reserves	4	44,256,564	59,312,469
Total equity		124,256,564	139,312,469
LIABILITIES			
NON CURRENT LIABILITIES			
Staff retirement gratuity	5	5,440,765	3,837,695
CURRENT LIABILITIES			
Trade and other payables	6	14,136,405	33,363,292
Unclaimed dividend		31,348	31,348
Short term borrowings	7	46,450,000	17,149,943
		60,617,753	50,544,583
TOTAL LIABILITIES		66,058,518	54,382,278
CONTINGENCIES AND COMMITMENTS	8		
TOTAL EQUITY AND LIABILITIES		190,315,082	193,694,747

	NOTE	2019 RUPEES	2018 RUPEES
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	154,532,416	156,517,826
Security deposits		10,550	10,550
		154,542,966	156,528,376
CURRENT ASSETS			
Stores, spare parts and loose tools	10	13,150,000	13,220,000
Stock of oil and lubricants	11	11,203,567	12,107,316
Trade debts	12	1,455,908	919,199
Loans and advances	13	2,424,135	2,580,574
Other receivables	14	7,210,595	7,158,023
Cash and bank balances	15	327,911	1,181,259
		35,772,116	37,166,371
TOTAL ASSETS		190,315,082	193,694,747

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

ARSHAD ENERGY LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	2019 RUPEES	2018 RUPEES
SALES	16	6,252,057	227,473,076
COST OF GENERATION	17	(17,436,713)	(242,277,425)
GROSS LOSS		(11,184,656)	(14,804,349)
ADMINISTRATIVE EXPENSES	18	(6,379,277)	(5,599,718)
OTHER INCOME	19	1,883,539	1,299,869
FINANCE COST	20	(3,135)	(41,914)
LOSS BEFORE TAXATION		(15,683,529)	(19,146,112)
TAXATION	21	-	-
LOSS AFTER TAXATION		(15,683,529)	(19,146,112)
LOSS PER SHARE- BASIC AND DILUTED - RUPEES	22	(1.96)	(2.39)

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER	DIRECTOR	CHIEF FINANCIAL OFFICER

ARSHAD ENERGY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	2019 RUPEES	2018 RUPEES
LOSS AFTER TAXATION	(15,683,529)	(19,146,112)
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Surplus on revaluation of property, plant and equipment	3,004,530	2,948,470
Remeasurements of staff retirement gratuity	(1,511,678)	316,205
	1,492,852	3,264,675
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year	1,492,852	3,264,675
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(14,190,677)	(15,881,437)

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

ARSHAD ENERGY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	SHARE CAPITAL	RESERVES						TOTAL EQUITY
		CAPITAL RESERVES			REVENUE RESERVE	Accumulated loss	TOTAL	
		Premium on issue of right shares	Surplus on revaluation of property, plant and equipment	Sub total	General			
	----------	----------	----------	---------- RUPEES	----------	----------	----------	----------
Balance as at 30 June 2017	80,000,000	80,000,000	40,688,231	120,688,231	14,408,600	(59,902,925)	75,193,906	155,193,906
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	(421,187)	(421,187)	-	421,187	-	-
Loss for the year	-	-	-	-	-	(19,146,112)	(19,146,112)	(19,146,112)
Other comprehensive income for the year	-	-	2,948,470	2,948,470	-	316,205	3,264,675	3,264,675
Total comprehensive loss for the year	-	-	2,948,470	2,948,470	-	(18,829,907)	(15,881,437)	(15,881,437)
Balance as at 30 June 2018	80,000,000	80,000,000	43,215,514	123,215,514	14,408,600	(78,311,645)	59,312,469	139,312,469
Adjustment on adoption of IFRS 9 (Note 2.8)	-	-	-	-	-	(865,228)	(865,228)	(865,228)
Adjusted total equity as at 01 July 2018	80,000,000	80,000,000	43,215,514	123,215,514	14,408,600	(79,176,873)	58,447,241	138,447,241
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	(509,552)	(509,552)	-	509,552	-	-
Loss for the year	-	-	-	-	-	(15,683,529)	(15,683,529)	(15,683,529)
Other comprehensive income for the year	-	-	3,004,530	3,004,530	-	(1,511,678)	1,492,852	1,492,852
Total comprehensive loss for the year	-	-	3,004,530	3,004,530	-	(17,195,207)	(14,190,677)	(14,190,677)
Balance as at 30 June 2019	80,000,000	80,000,000	45,710,492	125,710,492	14,408,600	(95,862,528)	44,256,564	124,256,564

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

ARSHAD ENERGY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	2019 RUPEES	2018 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	23	(29,295,670)	5,408,144
Finance cost paid		(3,135)	(7,849)
Income tax paid		(24,600)	(36,960)
Workers' profit participation fund paid		-	(626,141)
Staff retirement gratuity paid		(830,000)	(122,000)
Net cash (used in) / generated from operating activities		(30,153,405)	4,615,194
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		-	(2,829,780)
Proceeds from sale of property, plant and equipment		-	64,623
Net cash used in investing activities		-	(2,765,157)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		29,300,057	(1,444,956)
Net cash from / (used in) financing activities		29,300,057	(1,444,956)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(853,348)	405,081
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1,181,259	776,178
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 15)		327,911	1,181,259

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER	DIRECTOR	CHIEF FINANCIAL OFFICER

1. THE COMPANY AND ITS OPERATIONS

Arshad Energy Limited (the Company) is a public limited company incorporated in Pakistan on 20 February 1994 under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. Its registered office is situated at Room No. 404 and 405, 4th Floor, Business Centre, Mumtaz Hassan Road, Karachi, Sindh. The Company is engaged in the business of generation and distribution of electricity. The project is located at 35 - Kilometers, Sheikhupura Road, Tehsil Jaranwala, District Faisalabad, Punjab. Head office of the Company is located at 16th Floor, Tricon Corporate Center, Gulberg-II, Lahore, Punjab.

1.1 Non-going concern basis of accounting

Previously the Company was in operations due to decrease in the furnace oil prices in the world market as the cost of generation of electricity by the Company was decreased. However, in current period the price of furnace oil has increased which ultimately resulted in significant decrease of Company's operations. During the year ended 30 June 2019, the Company has loss after taxation of Rupees 15.684 million. Moreover the Company has suffered accumulated loss of Rupees 95.863 million as on 30 June 2019.

In view of the aforesaid reasons, the Company is not considered a going concern. These financial statements have been prepared using the non-going concern basis of accounting on the basis of estimated realizable / settlement values of the assets and liabilities respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) 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:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

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

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

b) Accounting convention

These financial statements have been prepared using the non-going concern basis of accounting on the basis of estimated realizable / settlement values of the assets and liabilities respectively. In realizable / settlement value basis, assets are carried at amount of cash and cash equivalents that could currently be obtained by selling the assets in an orderly disposal. Liabilities are carried at their settlement values, which are the undiscounted amounts of cash or cash equivalents expected to be paid to satisfy the liabilities in the normal course of business.

c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

i) Realizable / settlement values of assets and liabilities respectively
ii) Useful lives, patterns of economic benefits and impairments
iii) Provisions
iv) Inventories
v) Employees' retirement benefit

The Company started preparing its financial statements using the non-going concern basis of accounting on the basis of estimated realizable / settlement values of the assets and liabilities respectively from the year ended 30 June 2014 and recorded adjustments to account for differences between the Company's recognized assets and the measurement of its assets and liabilities (including measurement changes resulting from changes in assumptions). Subsequently, at each reporting date the Company re-measures its assets and liabilities to reflect changes in value since the previous date. Hence, during the financial year ended 30 June 2019, the Company has recognized reversal of impairment on plant and machinery of Rupees 1,356,720 (Note 19) and reversal of provision for slow moving and obsolete stores, spare parts and loose tools of Rupees 362,105 (Note 19) in these financial statements.

Analysis of upside not recognized in the profit or loss on assets during the period:

Expected profit on disposal of items of property, plant and equipment of the Company, which are not revalued (Note 9) shall be Rupees 0.173 million. Hence, there is an upside of Rupees 0.173 million not recognized in the profit or loss on property, plant and equipment.

The Company have no items that it plans to sell that the Company have not previously recognized in these financial statements.

d) Standards, interpretation and amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following standards, interpretation and amendments to published approved accounting standards are mandatory for the Company’s accounting periods beginning on or after 01 July 2018:

• IFRS 9 ‘Financial Instruments’
• IFRS 15 ‘Revenue from Contracts with Customers’
• IFRS 15 (Amendments), ‘Revenue from Contracts with Customers’
• IFRIC 22 ‘Foreign Currency Transactions and Advance Consideration’
• Annual Improvements to IFRSs: 2014 – 2016 Cycle

The Company has to change its accounting policies and make certain adjustments without restating prior year results following the adoption of IFRS 9. This is disclosed in Note 2.8. Most of the other amendments listed above, apart from IFRS 9 and IFRS 15 (as disclosed in Note 2.7) did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

e) Amendments to published approved accounting standards that are effective in current year but not relevant to the Company

There are other amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2018 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

f) Interpretation and amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following interpretation and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2019 or later periods:

Amendments to IFRS 9 (effective for annual periods beginning on or after 01 January 2019) clarify that for the purpose of assessing whether a prepayment feature meets the Solely Payments of Principal and Interest (‘SPPI’) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. The amendments are not likely to have significant impact on the Company’s financial statements.

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019). The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'. It specifically considers: whether tax treatments should be considered collectively; assumptions for taxation authorities' examinations; the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and the effect of changes in facts and circumstances. The interpretation is not expected to have a material impact on the Company's financial statements.

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS.

Amendments to IAS 19 , 'Employee Benefits' - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 01 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's financial statements.

On 12 December 2017, IASB issued Annual Improvements to IFRSs: 2015 – 2017 Cycle, incorporating amendments to four IFRSs more specifically in IAS 12 'Income Taxes', relevant to the Company. The amendments are effective for annual periods beginning on or after 01 January 2019. The amendments have no significant impact on the Company's financial statements and have therefore not been analyzed in detail.

On 29 March 2018, the IASB has issued a revised Conceptual Framework. The new Framework: reintroduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefits–this lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, de-recognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS and does not override any standard, so nothing will change in the short term. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRSs. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 01 January 2020 for preparers that develop an accounting policy based on the Framework.

g) Standards and amendments to published approved accounting standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2019 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Staff retirement benefit

The Company operates defined benefit plan - unfunded gratuity scheme for its permanent employees, who have completed the minimum qualifying period of service as defined under the scheme. The net defined benefit liability recognised in the statement of financial position is the present value of the defined benefit obligation computed at the reporting date. The liability relating to defined benefit plan is determined through actuarial valuation using the Projected Unit Credit Method. Latest actuarial valuation has been carried on 30 June 2019.

Remeasurement changes which comprise actuarial gains and losses are recognized in the statement of financial position immediately, with a charge or credit to other comprehensive income in the period of occurrence.

2.3 Inventories

These are valued at the lower of moving average cost and net realizable value. Items considered obsolete are carried at nil value and items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale.

2.4 Taxation

Current

The provision for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available under the law. However, as stated in Note 21 to the financial statements as the Company's income is exempt from tax, therefore, no provision for current tax has been recognized in these financial statements.

Deferred

Deferred tax is accounted for using the 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. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets 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 utilized.

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 reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax has not been provided in these financial statements as the management believes that the temporary differences will not reverse in the foreseeable future due to the fact that the Company remains exempt from taxation under Clause 132 of Part I of Part IV of Second Schedule to the Income Tax Ordinance, 2001.

2.5 Functional and presentation currency along with foreign currency transactions and translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company’s functional and presentation currency. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at 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 charged or credited to statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

2.6 Property, plant, equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss, except those subject to revaluation which are stated at revalued amount less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount less any identified impairment loss. Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the assets to working condition.

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

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognized in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the assets charged to the statement of profit or loss and depreciation based on the asset's original cost, is reclassified from surplus on revaluation of property, plant and equipment to accumulated loss. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not does not differ materially from its carrying amount.

Depreciation

Depreciation on property, plant and equipment is charged to statement of profit or loss applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 9. The Company charges the depreciation on additions from the month of acquisition and on deletions upto the month preceding the disposal when the asset is de-recognized. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

Capital work-in-progress

Capital work-in-progress is stated at cost less any recognized impairment loss and is transferred to the property, plant and equipment as and when asset is available for use.

De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the statement of profit or loss in the year the asset is de-recognized.

2.7 Revenue from contracts with customers

The Company has adopted IFRS 15 from 01 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognize revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in Company's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the Company's performance and the customer's payment. These are further elaborated hereunder:

i) Revenue recognition

Revenue is recognized at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved.

Sale of electricity

Revenue from sale of electricity is recognized at the time of transmission.

ii) Contract assets

Contract assets arise when the Company performs its performance obligations by supplying electricity to a customer before the customer pays its consideration or before payment is due. Contract assets are treated as financial assets for impairment purposes.

iii) Contract liabilities

Contract liability is the obligation of the Company to provide electricity to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company provides electricity, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

iv) Impacts of adoption of IFRS 15 on these financial statements as on 01 July 2018

The Company has adopted IFRS 15 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results. However, 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 accumulated loss in the year of initial application is Rupees Nil.

2.8 IFRS 9 'Financial Instruments'

The Company has adopted IFRS 9 "Financial Instruments" from 01 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt instrument shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the Company makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income.

Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the Company's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the Company. New impairment requirements use an 'Expected Credit Loss' ('ECL') model to recognize an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measure expected credit losses using a lifetime expected loss allowance is available.

The Company has adopted IFRS 9 without restating the prior year results. Key changes in accounting policies resulting from application of IFRS 9 are as follows:

i) Recognition of financial instruments

The Company initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

ii) Classification and measurement of financial instruments

IFRS 9 largely retains the existing requirements in IAS 39 "Financial Instruments: Recognition and Measurement" for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, Fair Value Through Profit or Loss (FVTPL), available for sale and held to maturity with the categories such as amortized cost, FVTPL and Fair Value Through Other Comprehensive Income (FVTOCI).

a) Classification

From 01 July 2018, the Company classifies its financial assets at amortized cost.

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

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments at amortized cost. Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Any gain or loss arising on de-recognition is recognized directly in profit or loss and presented in other income / (other expenses).

Financial liabilities

Classification and measurement

The adoption of IFRS 9 did not have a significant effect on the Company's accounting policies related to financial liabilities, and therefore there is no change in the classification and measurement of financial liabilities.

iii) Impairment of financial assets

From 01 July 2018, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

iv) De-recognition

Financial assets

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such de-recognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial liabilities

The Company de-recognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expired.

v) Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

vi) Impacts of adoption of IFRS 9 on these financial statements as on 01 July 2018

On 01 July 2018, the Company's management has assessed which business models apply to the financial assets held by the Company at the date of initial application of IFRS 9 (01 July 2018) and has classified its financial instruments into appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

Financial assets (01 July 2018)

	Loans and receivables	**Amortized cost**
	RUPEES	**RUPEES**
Opening balance (before reclassification)	2,315,508	-
Adjustments due to adoption of IFRS 9:		
Adjustment on adoption of IFRS 9 by reclassifying financial instruments designated as 'Loans and Receivables' to 'Amortised Cost'	(2,315,508)	2,315,508
Recognition of expected life time credit losses on trade debts	-	(865,228)
Opening balance (after reclassification)	-	1,450,280

The impact of these changes on the Company’s accumulated loss and equity is as follows:

	Effect on accumulated loss	**Effect on total equity**
	RUPEES	**RUPEES**
Opening balance (before classification)	(78,311,645)	139,312,469
Adjustment on adoption of IFRS 9 due to recognition of expected life time credit losses on trade debts	(865,228)	(865,228)
Opening balance (after reclassification)	(79,176,873)	138,447,241

2.9 Trade and other receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts overdue by 365 days.

The Company has applied the simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

Other receivables are recognized at amortized cost, less any allowance for expected credit losses.

2.10 Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method.

2.11 Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

2.12 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

2.13 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations 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.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the best reliable evidence available at the reporting date including the risks and uncertainties associated with the present obligation.

2.14 Earnings / (loss) per share

The Company presents Earnings Per Share (EPS) or Loss Per Share (LPS) data for its ordinary shares. EPS / LPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

2.15 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the statement of profit or loss.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.17 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

This represents 8 000 000 (2018: 8 000 000) ordinary shares of Rupees 10 each fully paid up in cash. 373 750 ordinary shares (2018: 373 750) of the Company are held by Arshad Textile Mills Limited - an associated company.

4. RESERVES

	2019 RUPEES	2018 RUPEES
Composition of reserves is as follows:		
Capital reserves		
Premium on issue of right shares (Note 4.1)	80,000,000	80,000,000
Surplus on revaluation of property, plant and equipment (Note 4.2)	45,710,492	43,215,514
	125,710,492	123,215,514
Revenue Reserve		
General reserve	14,408,600	14,408,600

Accumulated loss	(95,862,528)	(78,311,645)
	44,256,564	59,312,469

4.1 This reserve can be utilized by the Company only for the purposes specified in section 81 of the Companies Act, 2017.

4.2 Surplus on revaluation of property, plant and equipment

	2019 RUPEES	2018 RUPEES
Surplus on revaluation of property, plant and equipment as at 01 July	43,215,514	40,688,231
Add: Net increase in surplus on revaluation	3,004,530	2,948,470
	46,220,044	43,636,701
Less:		
Transferred to accumulated loss in respect of incremental depreciation charged during the year	509,552	421,187
	45,710,492	43,215,514

4.2.1 This represents surplus resulting from revaluation of freehold land, buildings thereon alongwith plant and machinery carried out on 30 June 2019 by Messrs W W Engineering Services (Private) Limited using prevailing market prices. Previously revaluations were carried out by independent valuers on 30 June 2014, 30 June 2016, 30 June 2017 and 30 June 2018.

5. STAFF RETIREMENT GRATUITY

Opening balance	3,837,695	3,394,052
Charge for the year	921,392	881,848
Retirement benefit paid	(830,000)	(122,000)
Remeasurements chargeable in other comprehensive income (Note 5.3)	1,511,678	(316,205)
Closing balance	5,440,765	3,837,695

5.1 Movement in the net liability recognized

Opening balance	3,837,695	3,394,052
Add:		
Charge for the year (Note 5.2)	921,392	881,848
Remeasurements chargeable in other comprehensive income (Note 5.3)	1,511,678	(316,205)
	6,270,765	3,959,695
Less: Paid during the year	(830,000)	(122,000)
	5,440,765	3,837,695

5.2 Charge for the year

Current service cost	613,349	623,536
Interest cost	308,043	258,312
	921,392	881,848

5.3 Remeasurements chargeable in other comprehensive income

Actuarial losses from changes in financial assumptions	2,981	828
Experience adjustments	1,508,697	(317,033)
	1,511,678	(316,205)

	2019	2018

5.4 Principal actuarial assumptions used

Discount rate for interest cost in profit or loss charge (per annum)	9.00%	7.75%
Discount rate for year end obligation (per annum)	14.25%	9.00%
Expected rate of increase in salary (per annum)	13.25%	8.00%
Average duration of the benefit (years)	1	2
Mortality rates	SLIC 2001-05 set back 1 year	SLIC 2001-05 set back 1 year
Withdrawal rates	Age based	Age based
Retirement assumption	Age 60	Age 60

5.5 The estimated expenses to be charged to the statement of profit or loss for the year ending on 30 June 2020 are Rupees 951,702.

5.6 Sensitivity analysis for actuarial assumptions:

The sensitivity of the defined benefit obligation as at reporting date to changes in the weighted principal assumption is:

Discount rate	1.00%	1.00%
Increase in assumption (Rupees)	(57,861)	(66,572)
Decrease in assumption (Rupees)	65,565	75,394
Future salary increase	1.00%	1.00%
Increase in assumption (Rupees)	65,565	75,394
Decrease in assumption (Rupees)	(58,830)	(67,741)

5.7 Amounts for the current and previous four years:

	2019	2018	2017	2016	2015
	RUPEES				
Present value of defined benefit obligation	5,440,765	3,837,695	3,394,052	2,888,853	2,413,020
Experience adjustment on obligation	1,511,678	316,205	572,063	-	838,107

The sensitivity analysis is 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 plan to significant actuarial assumptions, the same method (present value of the defined benefit plan calculated with the projected unit credit method at the end of the reporting period) has been applied.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year, except for certain changes as given in Note 5.4.

5.8 Risk associated with the scheme

a) Final salary risk (linked to inflation risk)

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit in calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

b) Demographic risks

Mortality risk

The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Withdrawal risk

The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

	2019 RUPEES	2018 RUPEES
6. TRADE AND OTHER PAYABLES		
Creditors (Note 6.1)	11,321,760	25,915,288
Accrued liabilities	559,353	5,140,210
Advances from customer (Note 6.2)	2,172,397	2,188,566
Income tax deducted at source	82,895	119,228
	14,136,405	33,363,292

6.1 This includes Rupees 9.680 million (2018: Rupees 9.680 million) due to an associated undertaking, Blue Moon Filling Station.

6.2 This represents the advances received from Arshad Corporation (Private) Limited, a related party, against electricity supply.

	2019 RUPEES	2018 RUPEES
7. SHORT TERM BORROWINGS		
Unsecured		
From directors (Note 7.1)	46,450,000	13,300,000
From banking companies		
Temporary book overdrawn	-	3,849,943
	46,450,000	17,149,943

7.1 These represent interest free loans obtained from directors of the Company which are repayable on demand.

8. CONTINGENCIES AND COMMITMENTS

There was no contingent liability and commitment as at 30 June 2019 (2018: Rupees Nil).

9. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings on freehold land	Plant and machinery	Factory equipment	Electric Installations	Office equipment	Computers	Electric appliances	Furniture and fittings	Vehicles	Total
						RUPEES					
At 30 June 2017											
Cost / revalued amount	28,455,000	57,680,124	335,467,956	248,147	6,540,882	227,030	254,280	635,821	350,923	939,055	430,799,218
Accumulated depreciation	-	(35,055,000)	(224,750,447)	(223,750)	(5,860,380)	(198,849)	(248,849)	(524,285)	(307,385)	(891,293)	(268,060,238)
Impairment loss	-	-	(6,707,509)	-	-	-	-	-	-	-	(6,707,509)
Net book value	28,455,000	22,625,124	104,010,000	24,397	680,502	28,181	5,431	111,536	43,538	47,762	156,031,471
Year ended 30 June 2018											
Opening net book value	28,455,000	22,625,124	104,010,000	24,397	680,502	28,181	5,431	111,536	43,538	47,762	156,031,471
Additions	-	-	2,808,830	-	-	-	19,000	-	1,950		2,829,780
Disposals:											
Cost	-	-	-	-	-	-	-	-	-	(39,241)	(39,241)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	1,962	1,962
										(37,279)	(37,279)
Effect of surplus on revaluation	2,032,500	490,632	425,338	-	-	-	-	-	-	-	2,948,470
Depreciation charge	-	(1,131,256)	(5,292,693)	(2,440)	(68,050)	(2,818)	(4,629)	(11,154)	(4,549)	(9,552)	(6,527,141)
Reversal of impairment loss	-	-	1,272,525	-	-	-	-	-	-	-	1,272,525
Closing net book value	30,487,500	21,984,500	103,224,000	21,957	612,452	25,363	19,802	100,382	40,939	931	156,517,826
At 30 June 2018											
Cost / revalued amount	30,487,500	58,170,756	338,702,124	248,147	6,540,882	227,030	273,280	635,821	352,873	899,814	436,538,227
Accumulated depreciation	-	(36,186,256)	(230,043,140)	(226,190)	(5,928,430)	(201,667)	(253,478)	(535,439)	(311,934)	(898,883)	(274,585,417)
Impairment loss	-	-	(5,434,984)	-	-	-	-	-	-	-	(5,434,984)
Net book value	30,487,500	21,984,500	103,224,000	21,957	612,452	25,363	19,802	100,382	40,939	931	156,517,826
Year ended 30 June 2019											
Opening net book value	30,487,500	21,984,500	103,224,000	21,957	612,452	25,363	19,802	100,382	40,939	931	156,517,826
Effect of surplus on revaluation	2,032,500	518,550	453,480	-	-	-	-	-	-	-	3,004,530
Depreciation charge	-	(1,099,225)	(5,161,200)	(2,196)	(61,245)	(2,536)	(5,940)	(10,038)	(4,094)	(186)	(6,346,660)
Reversal of impairment loss	-	-	1,356,720	-	-	-	-	-	-	-	1,356,720
Closing net book value	32,520,000	21,403,825	99,873,000	19,761	551,207	22,827	13,862	90,344	36,845	745	154,532,416
At 30 June 2019											
Cost / revalued amount	32,520,000	58,689,306	339,155,604	248,147	6,540,882	227,030	273,280	635,821	352,873	899,814	439,542,757
Accumulated depreciation	-	(37,285,481)	(235,204,340)	(228,386)	(5,989,675)	(204,203)	(259,418)	(545,477)	(316,028)	(899,069)	(280,932,077)
Impairment loss	-	-	(4,078,264)	-	-	-	-	-	-	-	(4,078,264)
Net book value	32,520,000	21,403,825	99,873,000	19,761	551,207	22,827	13,862	90,344	36,845	745	154,532,416
Annual rate of depreciation (%)	-	5	5	10	10	10	30	10	10	20	

9.1 If the freehold land, buildings thereon and plant and machinery were measured using the cost model, the carrying amounts would be as follows:

	Cost	Accumulated depreciation	Impairment loss	Book value
	------------------------------	RUPEES	------------------------------	
Freehold land	2,898,010	-	-	2,898,010
Buildings on freehold land	40,912,131	33,588,928	-	7,323,203
Plant and machinery	333,904,335	231,960,951	4,078,264	97,865,120
2019	377,714,476	265,549,879	4,078,264	108,086,333
2018	377,714,476	259,799,006	5,434,984	112,480,486

9.2 Depreciation charge for the year has been allocated as follows:

	2019 RUPEES	2018 RUPEES
Cost of generation (Note 17)	6,333,904	6,505,593
Administrative expenses (Note 18)	12,756	21,548
	6,346,660	6,527,141

9.3 Particulars of immovable properties (i.e. land and buildings) are as follows:

Particulars	Location	Area	Covered area
		Acres	Sq. Ft.
Generation facility	35-Kilometers, Sheikhupura Road, Tehsil Jaranwala, District Faisalabad, Punjab.	5.08	26 362

9.4 Forced sales value of property, plant and equipment is Rupees 130.727 million as at 30 June 2019.

10. STORES, SPARE PARTS AND LOOSE TOOLS

	2019 RUPEES	2018 RUPEES
Stores	640,394	552,800
Spare parts	19,716,007	20,235,696
Loose tools	14,286	14,296
	20,370,687	20,802,792
Less: Provision for slow moving and obsolete stores, spare parts and loose tools (Note 10.1)	7,220,687	7,582,792
	13,150,000	13,220,000

10.1 Provision for slow moving and obsolete stores, spares and loose tools

Balance as on 01 July	7,582,792	7,582,792
Provision reversed during the year (Note 19)	(362,105)	-
Balance as on 30 June	7,220,687	7,582,792

11. STOCK OF OIL AND LUBRICANTS

Furnace oil	10,296,213	10,768,392
Diesel oil	187,363	511,047
Lube oils	719,991	827,877
	11,203,567	12,107,316

	2019 RUPEES	2018 RUPEES

12. TRADE DEBTS

	2019 RUPEES	2018 RUPEES
Considered good:		
Unsecured:		
Related party (Note 12.1 and Note 12.2)	1,455,908	53,971
Others	865,228	865,228
	2,321,136	919,199
Less: Allowance for expected credit losses (Note 12.3)	(865,228)	-
	1,455,908	-

12.1 This represents amount due from Arshad Textile Mills Limited, a related party. Whole of the amount is not past due (2018: Rupees Nil)

12.2 The maximum aggregate amount receivable from the related party at the end of any month during the year was Rupees 1.456 million (2018: Rupees 75.647 million).

12.3 Allowance for expected credit losses

	2019 RUPEES	2018 RUPEES
Opening balance	-	-
Add: Recognized as on 01 July 2018	865,228	-
Closing balance	865,228	-

13. LOANS AND ADVANCES

	2019 RUPEES	2018 RUPEES
Considered good:		
Employees - interest free (Note 13.1)	21,500	204,500
Advances to suppliers	110,484	108,523
Income tax	2,292,151	2,267,551
	2,424,135	2,580,574

13.1 These represent interest free loans given to employees for meeting their personal expenditure and are secured against balance to the credit of employees in the staff retirement gratuity. These are recoverable in equal monthly installments.

14. OTHER RECEIVABLES

	2019 RUPEES	2018 RUPEES
Considered good:		
Sales tax refundable	6,908,550	7,157,755
Others	302,045	268
	7,210,595	7,158,023

15. CASH AND BANK BALANCES

With banks:		
On current accounts	235,287	1,029,152
Cash in hand	92,624	152,107
	327,911	1,181,259

16. SALES

Electricity	7,314,907	266,143,498
Less: Sales tax	(1,062,850)	(38,670,422)
	6,252,057	227,473,076

		2019 RUPEES	2018 RUPEES
17.	**COST OF GENERATION**		
	Oil and lubricants consumed	6,027,307	225,505,526
	Electricity duty	36,579	1,515,966
	Salaries, wages and other benefits	3,844,824	5,378,061
	Staff retirement benefit	569,638	573,202
	Stores, spare parts and loose tools consumed	595,739	2,743,860
	Repair and maintenance	28,722	55,217
	Depreciation (Note 9.2)	6,333,904	6,505,593
		17,436,713	242,277,425
18.	**ADMINISTRATIVE EXPENSES**		
	Salaries and other benefits	2,361,986	3,055,709
	Staff retirement benefit	351,754	308,646
	Postage and telephone	15,445	138,858
	Vehicles' running	504,298	447,021
	Traveling and conveyance	235,755	122,110
	Printing and stationery	35,294	84,114
	Repair and maintenance	3,210	15,567
	Entertainment	83,999	127,797
	Legal and professional	92,000	207,260
	Fee and subscription	747,839	732,611
	Advertisement	118,800	110,700
	Auditor's remuneration (Note 18.1)	150,000	150,000
	Insurance	22,910	22,910
	Depreciation (Note 9.2)	12,756	21,548
	Utilities	1,576,747	-
	Others	66,484	54,867
		6,379,277	5,599,718
18.1	**Auditor's remuneration**		
	Audit fee	100,000	100,000
	Half yearly review	25,000	25,000
	Other certifications	25,000	25,000
		150,000	150,000
19.	**OTHER INCOME**		
	Income from non-financial assets		
	Reversal of impairment loss on plant and machinery (Note 9)	1,356,720	1,272,525
	Gain on sale of property, plant and equipment	-	27,344
	Reversal of provision for slow moving and obsolete stores, spare parts and loose tools (Note 10.1)	362,105	-
	Credit balances added back	164,714	-
		1,883,539	1,299,869
20.	**FINANCE COST**		
	Interest on workers' profit participation fund	-	34,065
	Bank charges and commission	3,135	7,849

	3,135	41,914

21. TAXATION

The profit and gains derived by the Company from the electric power generation projects are exempt from levy of income tax under Clause 132 of Part-I of the Second Schedule of the Income Tax Ordinance, 2001.

22. LOSS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic loss per share which is based on:

		2019	2018
Loss for the year	(Rupees)	(15,683,529)	(19,146,112)
Weighted average number of ordinary shares	(Numbers)	8 000 000	8 000 000
Loss per share	(Rupees)	(1.96)	(2.39)

23. CASH (USED IN) / GENERATED FROM OPERATIONS

	2019 RUPEES	2018 RUPEES
Loss before taxation	(15,683,529)	(19,146,112)
Adjustments for non-cash charges and other items:		
Depreciation	6,346,660	6,527,141
Reversal of impairment loss on plant and machinery	(1,356,720)	(1,272,525)
Provision for staff retirement gratuity	921,392	881,848
Gain on sale of property, plant and equipment	-	(27,344)
Reversal of provision for slow moving and obsolete stores, spare parts and loose tools	(362,105)	-
Credit balances added back	(164,714)	-
Finance cost	3,135	41,914
Working capital changes (Note 23.1)	(18,999,789)	18,403,222
	(29,295,670)	5,408,144

23.1 Working capital changes

Decrease / (increase) in current assets:		
Stores, spare parts and loose tools	432,105	3,380,000
Stock of oil and lubricants	903,749	(4,083,271)
Trade debts	(1,401,937)	20,263,894
Loans and advances	181,039	78,579
Other receivables	(52,572)	(5,277,700)
	62,384	14,361,502
(Decrease) / increase in trade and other payables	(19,062,173)	4,041,720
	(18,999,789)	18,403,222

23.2 Reconciliation of movement of liability to cash flows from financing activity:

	Short term borrowings RUPEES

Balance as at 01 July 2018	17,149,943
Short term borrowings - net	29,300,057
Balance as at 30 June 2019	46,450,000

24. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTOR AND EXECUTIVE

24.1 No remuneration, fee or any other expenses were paid to Chief Executive Officer or any director of the Company and no employee of the Company falls within the definition of executive as defined in the 4th schedule of the Companies Act, 2017.

25. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies / undertaking and directors. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties are as follows:

Name of company	Basis of relationship	Nature of transactions	2019 RUPEES	2018 RUPEES
Associated companies				
Arshad Textile Mills Limited	Common directorship	Sale of energy	3,248,692	167,779,303
		Sharing of costs	1,576,747	-
Arshad Corporation (Private) Limited	Common directorship	Sale of energy	3,003,365	59,693,773
Other related parties				
Directors and sponsors	Members of board of directors of the Company	Loans obtained from directors	33,150,000	-

	2019	2018
26. NUMBER OF EMPLOYEES		
Number of employees as on 30 June	8	20
Average number of employees during the year	13	21
27. PLANT CAPACITY AND ACTUAL PRODUCTION		
Number of generators installed	3	3
Number of generators worked	1	1
Installed energy generation capacity (MWH)	96 480	96 480
Actual energy generation (MWH)	351	20 677

27.1 REASON FOR LOW GENERATION

Energy generation (MWH generation :351 MW Generation Hours :189) is lower than installed capacity due to less demand of electricity by the purchasers and increase in price of furnace oil which ultimately resulted in significant decrease of Company's operations.

28. FINANCIAL RISK MANAGEMENT

28.1 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 Company's financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, investment of excess liquidity and use of non-derivative financial instruments.

(a) Market risk

Market risk is the risk that the fair value or the future cash flows of financial instrument may fluctuate as a result of changes in market prices. Market risk mainly comprises of currency risk, other price risk and interest rate 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. The Company, at present is not exposed to currency risk as its all transactions are carried out in Pak Rupees.

(ii) 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 instrument traded in the market. The Company is not exposed to commodity price risk.

(iii) Interest rate risk

This 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 interest-bearing assets and liabilities.

(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. 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 RUPEES	2018 RUPEES
Trade debts	1,455,908	919,199
Loans and advances	21,500	204,500
Deposits	10,550	10,550
Bank balances	235,287	1,029,152
	1,723,245	2,163,401

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

	Rating			2019	2018
	Short Term	Long term	Agency	RUPEES	RUPEES
Banks					
Habib Bank Limited	A-1+	AAA	VIS	113,404	113,403
National Bank of Pakistan	A-1+	AAA	VIS	13,544	63,587
Bank Al-Habib Limited	A1+	AA+	PACRA	51,555	830,281
Habib Metropolitian Bank Limited	A1+	AA+	PACRA	34,951	-
United Bank Limited	A-1+	AAA	VIS	5,284	5,333
AlBaraka Bank (Pakistan) Limited	A1	A	PACRA	16,549	16,548
				235,287	1,029,152

The Company's exposure to credit risk and allowance for expected credit losses related to trade debts is disclosed in Note 12.

Due to the Company's long standing business relationships with these counterparties, the management does not expect non-performance by these counterparties 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 manages liquidity risk by maintaining sufficient cash. At 30 June 2019, the Company had Rupees 327,911 (2018: Rupees 1,181,259) cash and bank balances. The management believes liquidity risk to be high.

Contractual maturities of financial liabilities as at 30 June 2019

	Carrying Amount	Contractual Cash Flows	6 months or less
	----------	RUPEES	----------
Non-derivative financial liabilities:			
Short term borrowings	46,450,000	46,450,000	46,450,000
Unclaimed dividend	31,348	31,348	31,348
Trade and other payables	11,881,113	11,881,113	11,881,113
	58,362,461	58,362,461	58,362,461

Contractual maturities of financial liabilities as at 30 June 2018

Non-derivative financial liabilities:

Short term borrowings	17,149,943	17,149,943	17,149,943
Unclaimed dividend	31,348	31,348	31,348
Trade and other payables	31,055,498	31,055,498	31,055,498
	48,236,789	48,236,789	48,236,789

PATTERN OF SHAREHOLDING
Pattern of Holding of Shares held by the Shareholders
As at June 30,2019

Type of Share		Numner of Share Holders	Total Share Held
1	100	90	1071
101	500	41	19710
501	1000	45	43200
1001	5000	84	238456
5001	10000	26	214500
10001	15000	8	103500
15001	20000	4	70500
20001	25000	3	66000
35001	40000	1	36500
40001	45000	1	41000
45001	50000	1	47625
50001	55000	1	50500
55001	60000	1	56800
80001	85000	1	85000
130001	135000	1	135000
135001	140000	1	137375
140001	145000	1	142875
195001	200000	2	400000
215001	220000	1	216000
265001	270000	3	807820
295001	300000	1	300000
330001	335000	1	331180
370001	375000	1	373750
485001	490000	2	978438
755001	760000	1	760000
1135001	1140000	1	1139500
1200001	1205000	1	1203700
TOTAL		324	8000000

Categories of Shareholding

As at June 30,2019

Categories of Shareholding	Numbers	Shares held	Percentage (%)
Associated companies,			
ARSHAD TEXTILE MILLS LTD	1	373750	4.67
Directors,Chief Executive & their Spouse and Children			
Mr.Muhammad Arshad	3	1347200	16.84
Spouse	2	547180	6.84
Mr.Nisar Ahmed	3	1187750	14.85
	1	135000	1.69
Mr.Shahzad Ahmed Sheikh	1	760000	9.50
Mr.Faisal Masood Sheikh	1	2000	0.03
Mr.Shehryar Arshad	2	757945	9.47
Mrs.Naureen Shahzad	1	56800	0.71
Resham Shahzad	2	626313	7.83
Financial Institution	2	300499	3.76
Joint Stock Companies	2	1001	0.01
Individuals	303	1904562	23.81
TOTAL	**324**	**8000000**	**100.00**

SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE COMPANY

Name of Shareholder	No of Sharrs held	Percentage
Mr.Muhammad Arshad	1347200	16.84
Mr.Nisar Ahmed	1187750	14.85
Mr.Shahzad Ahmed Sheikh	760000	9.50
Mr.Shehryar Arshad	757945	9.47
Miss.Resham Shahzad	626313	7.83
Mrs.Shahida Arshad	547180	7.03

M/S F.D.Registrar Services (SMC-Pvt) Ltd.,
1705,17th Floor Saima Trade Tower-A
I.I.Chundrigar Road Karachi-74000

Dear Sir

The Share Registrar: Arshad Energy Limited
Request for E-Transmission of Annual Report

Pursuant to S.R.O.787(1)/2014 dated September 08,2014 issued by the Securities and Exchange Commission of Pakistan (SECP),kindly note requisite information for electronic transmission of annual balance sheet and profit and loss account, auditor's report and directors report etc. (Audited Financial Statements) along with notice of annual general meeting (Notice) {collectively referred to as 'Annual Report'} of Arshad Energy Limited (AEL).The email address provided hereunder may please be recorded in the members' register of the Company being maintained under Section 473 of the Companies Act 2017.

Particulars	
Name of shareholder	
Folio No./ CDC ID No.	
CNIC No.	
Passport No.(for Foreign shareholder	
E-mail address	
Land line Telephone No.	
Cell No.	

It is stated that the above-mentioned information is correct and I hereby agree and give my consent for future transmission of the Company's Annual Report via email address provided above.

It is further stated that being the shareholder of Company, it my responsibility to communicate any change in the registered email address in a timely manner.

Yours Truly,

____

Shareholder's Signature
Complete Address --

Copy to --
The Company Secretary
Arshad Energy Limited (AEL).
404/05, Business Centre, Mumtaz Hasan Road
Karachi

THE MANAGER **DATE: ____________**
F.D.REGISTRAR SERVICES(SMC-PVT) LTD
OFFICE#.1705, 17TH FLOOR, TRADE TOWER
A-II,CHUNDRIGAR ROAD KARACHI
KARACHI-74000
TEL:92-21-32271905-6

MANDATORY PAYMENT OF DIVIDEND THROUGH ELECTRONIC MODE

Dear Sir,

I hereby communicate to receive my future dividend directly in my bank account as detailed below

A. Shareholder's Detail	
Name of Company	
Name of shareholder	
Folio No. /**CDC Participant ID A/c No**.	
CNIC No.	
Passport No. (in case of foreign shareholder)	
Land Line Phone Number	
Cell Number	
E-mail address of shareholder	

B. Shareholder's Bank Detail	
Title of bank account	
Bank Account (IBAN 24-DIGITS starting with PK)	
Bank Name	
Bank's Branch Name	
Branch's complete address	

It is stated that the above-mentioned information is correct, that I will intimate the changes in the above-mentioned information to the above addresses as soon as these occur.

____
Signature of shareholder

FORM OF PROXY
24TH ANNUAL GENERAL MEETING

I/We____S/o/D/o/W/o______________________________
of ____beirg a member
of **ARSHAD ENERGY LIMITED** and holder of _______________ Ordinary Shares as per Share Register
Folio No.__________ and/or CDC Participant ID No.__________ and Account / Sub-account _________
No________________ do hereby appoint Mr./Mrs./Miss____
________________ Folio No./CDC No. of _______________________________________failing him/her .
Mr./Mrs./Miss ___________________________________Folio No./CDC No.__________________ of
_______________ as my. our proxy to attend, act and vote for me/us on my/our behalf at Annual Genera Meeting of the Company to be held on Saturday, October 27, 2018 at 12.30 pm at Room no.404/5,4th Floor Business Centre Mumtaz Hasan Road Karachi. and at any adjournment thereof in the same manner as I/we myself/ourselves would vote if personally present at such meeting.

____________________ ______________
Signature of Shareholder Signature of Proxy
Folio / CDC A/C NO.

Five Rupees
Revenue Stamp

Signed this __________ day of ___________2018

WITNESS:

1 Signature -----------------------------	2. Signature -------------------------------------
Name --------------------------------	Name --
Address ------------------------------	Address ---------------------------------------
CNIC No. ---------------------------	CNIC No.--------------------------------------
or Passport No.----------------------	or Passport No.-----------------------------

Notes:

1. A member entitled to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on member`s behalf.

2. If a member is unable to attend the meeting. He/She may complete and sign this form and send it to the Company`s Share Registrar M/s. F.D. Registrar Service (SNC-PVT) Limited 1705 17th Floor Saima Trade Tower A, I.I. Chundrigar Road Karachi so as to reach not less than 48 hours before the time appointed for holding the Meeting.

3. For CDC Account Holders / Corporate Entities; in addition to the above the following Requirements have to be met:

   (a) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers be stated on the form.

   (b) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.

   © The proxy shall produce his original CNIC or original passport at the time of the meeting. In case of a corporate entity, the Board of Directors resolution/ power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

ارشد انرجی لمیٹڈ

کمرہ نمبر 404-405 چوتھی منزل بزنس سینٹر ممتاز حسن روڈ، کراچی

پراکسی فارم

24 واں سالانہ اجلاسِ عام

میں / ہم ____________________

ارشد انرجی لمیٹڈ کے ممبر / ممبران رجسٹرڈ فولیو نمبر / شرکاء کی آئی ڈی / سی ڈی سی سب اکاؤنٹ نمبر کے مطابق عمومی شیئرز ____________

____________ رکھتے ہیں بذریعہ ہذا ____________________ کو تقرر کرتے ہیں۔ رجسٹرڈ فولیو نمبر / شرکاء کی

آئی ڈی / سی ڈی سی سب اکاؤنٹ نمبر ____________ یا اس کے شرکت نہ کرنے کی صورت میں ____________

____________ رجسٹرڈ فولیو نمبر / شرکاء کی آئی ڈی / سی ڈی سی سب اکاؤنٹ نمبر کو بطور پراکسی 27 اکتوبر 2018ء بوقت 12:30 بجے سہ پہر بمقام کمرہ نمبر 404-405 چوتھی منزل بزنس سینٹر ممتاز حسن روڈ، کراچی 74000 کمپنی کے منعقد ہونے والے اجلاس عام اور اس کے کسی التواء تک میری / ہماری جانب سے ووٹ دینا اور اجلاس میں شرکت کا حق دیتا ہوں۔

ریونیو اسٹامپ
-/5 روپے

____________ دستخط پراکسی

____________ دستخط شیئر ہولڈر

تاریخ ____________ ۲۰۱۸ء

گواہان	گواہان
دستخط ____________	دستخط ____________
نام ____________	نام ____________
ایڈریس ____________	ایڈریس ____________
شناختی کارڈ ____________	شناختی کارڈ ____________
پاسپورٹ ____________	پاسپورٹ ____________

نوٹس:

(1) ایک رکن جو اجلاس عام میں شرکت کرنے اور ووٹ دینے کا اہل ہے اس کو حق حاصل ہے کہ وہ کسی دوسرے فرد کو بطور پراکسی اپنی جانب سے شرکت کرنے اور ووٹ دینے کیلئے مقرر کرے۔

(2) اگر کوئی رکن اجلاس میں شرکت کرنے کے قابل نہیں ہے تو وہ یہ فارم مکمل اور تصدیق شدہ کمپنی کے شیئر رجسٹرار میسرز ایف۔ ڈی رجسٹرار سروس (SNC-PVT) لمیٹڈ 1705، 17 فلور صائمہ ٹریڈ ٹاور A، آئی آئی چندریگر روڈ کراچی کو اجلاس کے منعقد ہونے سے 48 گھنٹے قبل بھجوائیں۔

(3) CDC اکاؤنٹ ہولڈرز / کارپوریٹ اینٹیٹیز مندرجہ بالا کے علاوہ مذکورہ شقوں پر عمل کریں۔

(a) پراکسی فارم میں دو گواہان کے دستخط معہ ان کے پتے اور شناختی کارڈ نمبر کا اندراج بھی لازمی ہے۔

(b) رکن اور پراکسی کی تصدیق شدہ قومی شناختی کارڈ یا پاسپورٹ کی نقول کی فراہمی۔

(c) پراکسی کیلئے لازم ہے کہ وہ اجلاس کے وقت اصل قومی شناختی کارڈ یا پاسپورٹ تصدیق کیلئے فراہم کرے۔ Corporate Entity کی صورت میں بورڈ آف ڈائریکٹرز کی تصدیق شدہ قرارداد کی نقل بشمول Power of Attorney دستخط کیساتھ (بجز اگر پہلے ہی جمع کروادی گئی ہے) پراکسی فارم کے ہمراہ کمپنی کے شیئر رجسٹرار کو جمع کروائے۔