PAKGEN POWER LIMITED



SECY/STOCKEXC/

April 28, 2020

The General Manager, Pakistan Stock Exchange Limited, Stock Exchange Building, Stock Exchange Road, KARACHI.

SUB:

SUBMISSION OF ANNUAL AUDITED ACCOUNTS FOR THE PERIOD ENDED DECEMBER 31, 2019

Dear Sir,

In compliance with the provisions of Section 237 of the Companies Act 2017, read with PSX Notice No. PSX/N-4207 dated July 13, 2018 and PSX/N-4952 dated August 29, 2018, we are pleased to submit electronically through PUCAR Annual Audited Accounts for the year ended December 31, 2019.

Further please find attached Statement of Free Float of Shares along with Independent Reasonable Assurance Report on Statement of Free Float of Shares dated April 23, 2020 issued by Riaz Ahmad & Co., Chartered Accountants, the external auditors of the Company.

Thanking you,

Yours truly,

KHALID MAHMOOD CHOHAN COMPANY SECRETARY

HEAD OFFICE REGISTERED OFFICE POWER STATIONS

: 1-B, AZIZ AVENUE, CANAL BANK, GULBERG V, LAHORE. TEL:+92-42-35717090-96, 35717159-63, FAX: 92-42-35717239, WEBSITE: www.pakgenpower.com, E-MAIL:pakgen@lalpir.com

REGISTERED OFFICE : NISHAT HOUSE, 53/A, LAWRANCE ROAD, LAHORE. TEL: 111-113-333 FAX: +92-42-36367414

: LALPIR THERMAL POWER STATIONS, P.O. BOX NO. 89, MUZAFFARGARH. PC-34200, PAKISTAN. TEL: 92-66-2300030, FAX: 92-66-2300260, www.pakgenpower.com

Riaz Ahmad & Company Chartered Accountants

PAKGEN POWER LIMITED

STATEMENT OF FREE FLOAT OF SHARES



Riaz Ahmad & Company

Chartered Accountants

10-B, Saint Mary Park Main Boulevard, Gulberg-III Lahore 54660, Pakistan T: +92 (42) 3571 81 37-9

racolhr@racopk.com www.racopk.com

INDEPENDENT REASONABLE ASSURANCE REPORT ON STATEMENT OF FREE FLOAT OF SHARES

To the Chief Executive of Pakgen Power Limited

1. Introduction

We have been engaged to perform a reasonable assurance engagement on the annexed Statement of Free Float of Shares ("the Statement") of Pakgen Power Limited, ("the Company") as of 31 March 2019, 30 June 2019, 30 September 2019 and 31 December 2019.

2. Applicable Criteria

The criteria against which the Statement is assessed is Regulation No. 5.7.2(c)(ii) of Pakistan Stock Exchange Limited Regulations ("PSX Regulations") which requires every listed company to submit directly to Pakistan Stock Exchange ("PSX") an annual Free-Float Certificate duly verified by the auditor along with the annual audited accounts as prescribed under regulation 5.6.4(a) of the PSX Regulations.

3. Management's Responsibility for the Statement

Management is responsible for the preparation of the Statement as of 31 March 2019, 30 June 2019, 30 September 2019 and 31 December 2019 in accordance with the applicable criteria. This responsibility includes maintaining adequate records and internal controls as determined necessary to enable the preparation of the Statement such that it is free from material misstatement, whether due to fraud or error.

4. Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



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Riaz Ahmad & Company

Chartered Accountants

5. Our Responsibility and Summary of the Work Performed

Our responsibility is to carry out an independent reasonable assurance engagement and to express an opinion as to whether the Statement is prepared in accordance with the applicable criteria, based on the procedures we have performed and the evidence we have obtained.

We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information' (ISAE 3000) (Revised) issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable level of assurance about whether the Statement is free from material misstatement.

A reasonable assurance engagement in accordance with ISAE 3000 (Revised) involves performing procedures to obtain evidence about the free float of shares and related information in the Statement. The nature, timing and extent of procedures selected depend on the practitioner's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error, in the Statement. In making those risk assessments, we considered internal control relevant to Pakgen Power Limited's preparation of the Statement. A reasonable assurance engagement also includes assessing the applicable criteria used and significant estimates made by management, as well as, evaluating the overall presentation of the Statement.

We have carried out the procedures considered necessary for the purpose of providing reasonable assurance on the Statement. Our assurance procedures performed included verification of information in the Statement with the underlying data and record comprising of Central Depository Company statements, forms submitted by the Company with Securities & Exchange Commission of Pakistan relating to its pattern of shareholding and other related information. Verification that the computation of free float of shares is in accordance with the PSX Regulations also forms part of our assurance procedures.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

6. Opinion

In our opinion, the Statement as of 31 March 2019, 30 June 2019, 30 September 2019 and 31 December 2019 is prepared, in all material respects, in accordance with the PSX Regulations.



Riaz Ahmad & Company

Chartered Accountants

7. Emphasis of Matter

We draw attention to Note 1 of the Statement which more fully explain the reasons for treating the specified shares as free float. Our opinion is not modified in respect of this matter.

8. Restriction on Use and Distribution

This report is issued in relation to the requirements as stipulated under Regulation No. 5.7.2(c)(ii) of the PSX Regulations and is not to be used or distributed for any other purpose. This report is restricted to the facts stated herein and the attachments.

RIAZ AHMAD & COMPANY

Chartered Accountants

Name of engagement partner: Mubashar Mehmood

Date:

2 3 APR 2020

LAHORE

PAKGEN POWER LIMITED

STATEMENT OF FREE FLOAT OF SHARES

	As of 31 March 2019	As of 30 June 2019	As of 30 September 2019	As of 31 December 2019
, Total Outstanding Shares	372,081,591	372,081,591	372,081,591	372,081,591
Less: Government Holdings (Note 1)	-	- 1	-	-
Less: Shares held by Directors / Sponsors / Senior Management Officers and their associates (Note 2)	(14,936,340)	(14,936,840)	(14,936,840)	(14,936,840)
Less: Shares in Physical Form	(387,503)	(387,503)	(387,503)	(384,003)
Less: Shares held by Associate companies / Group Companies (Cross holdings)	(199,565,474)	(199,565,474)	(199,565,474)	(199,565,474)
Less: Shares issued under Employees Stock Option Schemes that cannot be sold in the open market in normal course	-			т.
Less: Treasury shares	•	#		-
Less: Any other category that are barred from selling at the review date	(214,889,317)	(214,889,817)	(214,889,817)	(214,886,317)
Free Float	157,192,274	157,191,774	157,191,774	157,195,274

Basis of Preparation: This Statement is prepared in accordance with the requirements of Regulation No. 5.7.2(c)(ii) of Pakistan Stock Exchange Limited Regulations (PSX Regulations).

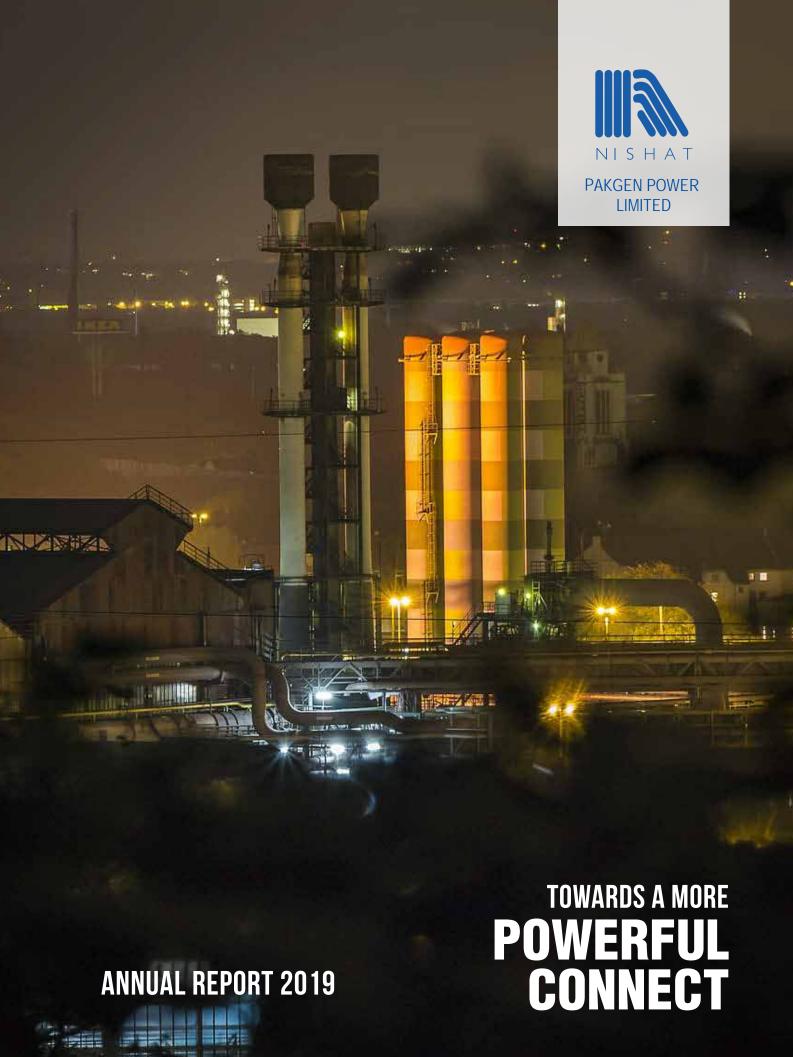
Note 1: Shares held by following Government entity have been considered free float as there are no restrictions on sale of such shares by respective Government entity and are not strategic investments by respective Government entity.

	As of	As of	As of 30	As of 31
	31 March	30 June	September	December
	2019	2019	2019	2019
National Bank of Pakistan	3,406,500	3,406,500	3,406,500	2,500,000

Note 2: "Sponsors" has the same meaning as defined in The Companies (Issue of Capital) Rules, 1996. "Senior Management Officers" and "Associates" have the same meaning as defined in the Securities Act, 2015.

Company Secretary

Director





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COMPANY PROFILE

THE COMPANY

Pakgen Power Limited ("the Company") was incorporated in Pakistan on 22 June 1995 under the Companies Ordinance, 1984 now the Companies Act, 2017. The registered office is situated at 53-A, Lawrence Road, Lahore. The principal activities of the Company are to own, operate and maintain an oil fired power station ("the Complex") having gross capacity of 365 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan.

Chairman

Chairman

Chairman

BOARD OF DIRECTORS

Mian Hassan Mansha

Mr. Ghazanfar Hussain Mirza

Mr. Aurangzeb Firoz

Mr. Shahid Malik

Mr. Hassan Nawaz Tarar

Dr. Arif Bashir Mr. Farrukh Ifzal

CHIEF EXECUTIVE OFFICER

Mian Hassan Mansha

AUDIT COMMITTEE

Mr. Farrukh Ifzal

Mr. Aurangzeb Firoz Mr. Shahid Malik

HUMAN RESOURCE & REMUNERATION(HR &R) COMMITTEE

Mr. Farrukh Ifzal

Mian Hassan Mansha

Mr. Ghazanfar Hussain Mirza

AUDITOR OF THE COMPANY

Riaz Ahmad & Co. Chartered Accountants

REGISTERED OFFICE

53-A, Lawrence Road, Lahore-Pakistan

UAN: +92 42-111-11-33-33 +92 42 36367414

SHARE REGISTRAR

Central Depository Company of Pakistan Limited CDC House,99-B, Block-B, S.M.C.H.S Shahra-e-Faisal, Karachi – 74400

Tel: (92-21) 111-111-500 Fax: (92-21) 34326053

CHIEF FINANCIAL OFFICER

Mr. Tanvir Khalid

COMPANY SECRETARY

Mr. Khalid Mahmood Chohan

BANKERS OF THE COMPANY

Habib Bank Limited

The Bank of Punjab

Silk Bank Limited

United Bank Limited

Allied Bank Limited

National Bank of Pakistan

Bank Alfalah Limited

Faysal Bank Limited

Askari Bank Limited

Habib Metropolitan Bank Limited

MCB Bank Limited

Bank Islamic Pakistan Limited

Bank Al-Habib Limited

Al Baraka Bank (Pakistan) Limited

LEGAL ADVISOR OF THE COMPANY

Mr. M. Aurangzeb Khan Advocate High Court

HEAD OFFICE

1-B, Aziz Avenue, Gulberg-V,

Lahore- Pakistan

Tel: + 92 42-35717090-96 Fax: +92 42-35717239

PLANT

Mehmood Kot, Muzaffargarh,

Punjab - Pakistan.



ENLIGHTEN THE FUTURE THROUGH EXCELLENCE, COMMITMENT, INTEGRITY AND HONESTY

MISSION STATEMENT

TO BECOME LEADING POWER PRODUCER WITH SYNERGY OF CORPORATE CULTURE AND VALUES THAT RESPECT COMMUNITY AND ALL OTHER STAKE HOLDERS.







NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the members of Pakgen Power Limited (the "Company") will be held on May 22, 2020 (Friday) at 10:30 A.M. at Nishat House 53-A, Lawrence Road Lahore and if the current situation of COVID-19 pandemic and lock down is continued the meeting will be held through video link to transact the following.

- 1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2019 together with the Chairman Review, Directors' and Auditors' reports.
- 2. To appoint statutory Auditors of the Company for the year ending 2020 and fix their remuneration..
- 3. Special Business:-

To consider and if deemed fit, to pass the following resolutions as Special Resolutions under Section 199 of the Companies Act, 2017, as recommended by the Board of Directors with or without modification, addition(s) or deletion(s).

A) RESOLVED that approval of the members of Pakgen Power Limited (the "Company") be and is hereby accorded in terms of Section 199 of the Companies Act, 2017 for renewal of investment upto PKR 1,000,000,000/- (Rupees One Billion Only) in the form of loan / advance to Lalpir Power Limited ("Lalpir"), an associated company, for a period of one year starting from the date of approval by the members, at the mark up rate of 1 Month KIBOR plus 1% (which shall not be less than the average borrowing cost of the Company) and as per other terms and conditions of loan agreement in writing and as disclosed to the members.

FURTHER RESOLVED the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby singly empowered and authorized to do all acts, matters, deeds and things and take any or all necessary steps and actions to complete all legal formalities including signing of agreement and other documents and file all necessary documents as may be necessary or incidental for the purpose of implementing the aforesaid resolutions.

B) RESOLVED that approval of the members of Pakgen Power Limited (the "Company") be and is hereby accorded in terms of Section 199 of the Companies Act, 2017 for renewal of investment up to PKR 500,000,000/- (Rupees Five Hundred Million Only) in the form of working capital loan extended to Nishat Hotels and Properties Limited ("NHPL"), an associated company, for the period of one year from the date of approval by the members, subject to availability of funds provided that the return on any outstanding amount of loan shall be 1 Month KIBOR 1% (which shall not be less than the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period or the average borrowing cost of the Company) and as per other terms and conditions of the agreement in writing and as disclosed to the members.

FURTHER RESOLVED the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby singly empowered and authorized to do all acts, matters, deeds and things and take any or all necessary steps and actions to complete all legal formalities including signing of agreement and other documents and file all necessary documents as may be necessary or incidental for the purpose of implementing the aforesaid resolutions.

Statement under Section 134(3) of the Companies Act, 2017 concerning special business is annexed to the notice of meeting circulated to the members of the Company.

By order of the Board

LAHORE April 23, 2020 (KHALID MAHMOOD CHOHAN)
COMPANY SECRETARY

NOTES:

BOOK CLOSURE NOTICE:-

The Ordinary Shares Transfer Books of the Company will remain closed from 11-05-2020 to 22-05-2020 (both days inclusive) for attending and voting at Annual General Meeting. Physical transfers/ CDS Transactions IDs received in order in all respect up to 1:00 p.m. on May 8, 2020 at Share Registrar, CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, will be considered in time for of meeting.

2. ATTENDANCE AT MEETING

A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote. The Instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarially attested copy of the power of attorney must be deposited at the registered office of the Company at least 48 hours before the time of the meeting. A proxy must be a member of the company. The proxy form is available on the Company's website: http://www.pakgenpower.com/.

Members, who have deposited their shares into Central Depositary Company of Pakistan Limited, are being advised to bring their original National Identity Cards along with CDC Participant ID and account number at the meeting venue.

Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan under Circular No.1 of 2000:

A. For Attending the Meeting

- a. In case of Individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or, original Passport at the time of attending the Meeting.
- In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies

- In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
- b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
- c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
- d. The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- e. In case of corporate entity, the Board's resolution / power of attorney with specimen

signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

Members are requested to timely notify any change in their addresses.

3. SUBMISSION OF COPY OF CNIC (MANDATORY):

Individuals including all joint holders holding physical share certificates are requested to submit a copy of their valid CNIC to the Company or the Company's Share Registrar. All shareholders are once again requested to send a copy of their valid CNIC to our Share Registrar, CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi. The Shareholders while sending CNIC must quote their respective folio numbers and name of the Company.

4. TRANSMISSION OF ANNUAL FINANCIAL STATEMENTS THROUGH EMAIL:

In terms of the provisions of the companies Act, 2017, the Company can send financial statements electronically to its members. In this regard, the members may send their email information on a standard form which is available at the Company's website i.e. www.pakgenpower.com and send the form, duly signed, along with copy of his/her CNIC to the Company's Share Registrar M/s Central Depository Company of Pakistan Limited.

5. CIRCULATION OF ANNUAL REPORTS THROUGH DIGITAL STORAGE

Pursuant to the SECP's notification SRO 470(I) / 2016 dated 31st May, 2016 the Members of Pakgen Power Limited in AGM held on April 26, 2017 had accorded their consent for transmission of annual reports including audited annual financial statements and other information contained therein of the Company through CD/DVD/USB instead of transmitting the same in hard copies. The shareholders who wish to receive hard copies of the aforesaid documents may send to the Company Secretary / Share registrar, the standard request form available on the Company's website and the Company will provide the aforesaid documents to the shareholders on demand, free of cost, within one week of such demand.

6. UNCLAIMED DIVIDEND / SHARES

Shareholders who could not collect their dividend/ physical shares are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or shares, if any.

7. VIDEO CONFERENCE FACILITY

In terms of the Companies Act, 2017, members residing in a city holding at least 10% of the total paid up share capital may demand the facility of video-link for participating in the annual general meeting. The request for video-link facility shall be received by the Share Registrar at their address at least 7 days prior to the date of the meeting on the Standard Form available on the website of the Company.

8. IN CASE THE MEETING WILL HELD UNDER WEBINAR ARRANGEMENTS THROUGH VIDEO LINK DUE TO COVID-19 PANDEMIC AND CONTINUED LOCKDOWN SITUATION

The shareholders will be able to login and participate in the proceedings of AGM through their smartphones or computer devices from their homes or any convenient location after completing meeting attendance formalities on the following video link. For this purpose, shareholders are requested to get their particulars registered with the Company Secretary (Mobile phone 03334411103/03412031111) at least one working day before holding the meeting and they will be provided with their login details.

Video Link facility: https://zoom.us/download

The shareholders can also provide their comments/suggestions for the agenda items of the AGM on the following Cell No., WhatsApp No. and Email ID.

Mobile No.: 0333 4411103 / 0341 2031111

WhatsApp No.: 0333 4411103 / 0341 2031111

Email: khalidchohan@pakgen.com or kchohan@dgcement.com or smahmood@dgcement.com

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017.

This Statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on May 22, 2020.

A) LOAN ADVANCE TO PAKGEN POWER LIMITED

Lalpir Power Limited ("Lalpir") is a Public Limited Company incorporated on 22 June 1995 under the Companies Ordinance, 1984. The registered office of Pakgen is situated at 53-A, Lawrence Road, Lahore. The principal activities of the Company are to own, operate and maintain an oil fired power station having gross capacity of 362 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan. It is currently listed on the Pakistan Stock Exchange Limited.

Lalpir has a persistent problem with its trade debt balances which fluctuate routinely due to delay in payments from WAPDA. This creates liquidity problems for Lalpir due to which it has to borrow funds from Banks and Financial Institutions to meet its working capital requirements.

Considering the average borrowing rate of the Company and the return offered by Banks on term deposits, the Directors of the Company has recommended loan / advance in the form working capital loan up to Rs. 1 billion to Lalpir at the interest rate of 1 Month KIBOR plus 1% which shall not be less than borrowing cost of the Company. Repayment of the principle amount of loan/advance shall be made within one year from the date of approval by the members while payment

of interest due shall be made on monthly basis. The Management expects the transaction to be beneficial for the Company and its shareholders as this will enhance the return on surplus funds available with the Company.

Prospective Benefits of the Proposed Investment

Following are the prospective benefits and projected financial gain of the proposed investment:

- a. Earnings of Rs.93.8 million interest income on proposed investment for 336 days i.e. upto the date of next Annual General Meeting of the Company. It is linked with the interest rate of KIBOR plus 1% (i.e. 1M KIBOR +1%).
- b. Opportunity for short term investment to earn more than average borrowing cost of the Company.
- c. Return on proposed investment is linked with KIBOR and there is increasing trend in rate of KIBOR. Hence, better than making any other investment.

Other Relevant Information to the Satisfaction of Minority Shareholders

The following other relevant information to the satisfaction of minority shareholders is being provided:

- All business decisions being made by the board of directors of the Company are aimed at securing the best interests of the Company and its shareholders.
- The investment decisions implemented by the board of directors of the Company are a direct manifestation of the will of the majority shareholders through resolutions passed at the general meetings which the board of directors is duty bound to comply with as per the law.
- The Company is interested in maximizing returns for all its stakeholders and bases its business decisions on this principle of maximization of returns. Some business decisions are more fruitful than others, however, we assure you that none are motivated by ill-intent.

The Directors have certified that they have carried out necessary due diligence for the proposed investment before making recommendation for approval of the members and duly signed recommendation of the due diligence report shall be made available for inspection of members in the general meeting along with latest financial statements of Lalpir.

Lalpir is not a member of the Company. Its sponsors/directors are directors/members of the Company. They have no interest except their directorship and to the extent of their shareholding in the Company which is as follows:

Name	% of Shareholding
Mian Hassan Mansha	3.93
Mr. Aurangzeb Firoz	0.03

Information under Regulation 3 of The Companies' (Investment in Associated Companies or Associated Undertakings) Regulations, 2017.

, ,		ure for all types of investments:			
(A) Di	sclos	ure regarding associated company	I		
i	1	e of Associated Company or Associated ertaking	Lalpir Pov	Lalpir Power Limited (Lalpir)	
ii	Basis	s of Relationship	Common	Directorship	
iii	Earn	ings / (Loss) per Share for the last three s	Year 2019 2018 2017	E:	arnings per Share (Rs.) 5.38 1.97 2.56
iv		k-up value per Share, based on last ted financial statements	PKR 39.0	4 per share as at 31 [December 2019.
V	state	ncial position, including main items of ement of financial position and profit and account on the basis of its latest financial ements			7,987,287 21,569,716
			Net equity Revenue 2	2019 – (CGS+Admin) – ome –	14,827,339 12,840,474 10,897,205 100,511 2,043,780
vi	asso that	use of investment in relation to a project of ociated company or associated undertaking has not commenced operations, following er information, namely	N/A		
	ı	Description of the project and its history since conceptualization	N/A		
	II	Starting date and expected date of completion of work	N/A		
	III	Time by which such project shall become commercially operational	N/A		
	IV	Expected time by which the project shall start paying return on investment	N/A		
	V	Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts	N/A		

(B) Ge	eneral Disclosures:	
(i)	Maximum amount if investment to be made	PKR 1,000,000,000/- (Rupees One Billion Only).
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	The company will earn income on its surplus funds which will add to profitability of the Company.
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:	Surplus funds of the Company
	(I) Justification for investment through borrowings	N/A
	(II) Detail of Collateral, guarantees provided and assets pledged for obtaining such funds	N/A
	(III) Cost of benefit analysis	N/A
(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	Agreement will be signed after approval by the members. Other significant terms and conditions are as under:
		Interest due on outstanding amount of loan shall be paid by the associated company on monthly basis on 20thtof every month starting from the next month of the disbursement of loan.
		2. In case of delay in re-payment principal and interest, an additional sum equivalent to 2% per annum on the unpaid amount for the period for which the payment is delayed, shall be paid by associated company to the Company in addition to the agreed interest amount.
		3. All payments under the loan agreement shall be made through crossed cheques.
		4. The associated company shall provide a corporate guarantee to secure the loan.

(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	The interest, direct or indirect in the associated company and the transaction under consideration is detailed as under: Two Directors of Pakgen Power Limited, Mian Hassan Mansha currently holds 6.84% shares, Mr. Aurangzeb	
		Firoz currently holds 0.00% shares in Lalpir Power Limited.	
		The associated/related companies holding shares of Pakgen Power Limited are interested in Lalpir Power Limited to the extent of their shareholding as follows:	
		Nishat Mills Limited 28.80 Security General Insurance Co. Ltd. 1.80 Adamjee Insurance Co. Ltd. 7.20 Engen (Pvt) Limited 18.17	
		The Companies holding shares of Lalpir Power Limited are interested in Pakgen Power Limited to the extent of their shareholding as follows:	
		Nishat Mills Limited 27.55 Security General Insurance Co. Ltd. 1.72 Adamjee Insurance Co. Ltd. 6.89 Engen (Pvt) Limited 17.33	
(vi)	In case any investment in associated company or associated undertaking has already been	Sr. No. Description Amount (Rs.)	
	made, the performance review of such investment including complete information/	1. Maximum loan advanced to Lalpir since last approval 999,480,751	
	justification for any impairment or write offs	2. Amount outstanding on the date of the notice of the AGM	
		3. Markup accrued and recovered since inception upto 31-12-2019 77,742,997	
		4. Mark up accrued since the last date of approval 75,799,449	
		5. Mark-up recovered since the last date of approval 75,799,449	
		6. Mark up outstanding at the date of notice of the AGM	
(vii)	Any other important details necessary for the members to understand the transaction	None	
Additio	onal disclosure regarding investment in the form o	of Loan / Advance	
(i)	Category-wise amount of investment	PKR 1,000,000,000 (Rupees One Billion Only) in the form of working capital loan.	
	Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Sharish compliant products and rate of	for the year ended 31 December, 2019 was 12.62 %	
	for Shariah compliant products and rate of return unfunded facilities, as the case may be, for the relevant period	1 Month KIBOR as on April 22, 2020 is 9.19%.	

(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company.	The Company shall charge mark up at the rate of 1 Month KIBOR plus 1% (which shall not be less than the average borrowing cost of the Company).
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment	The associated company shall provide a corporate guarantee to secure the loan.
(V)	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable.	Not applicable
(vi)	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	Repayment of principal will be made within one year with payment of interest due on monthly basis.

B) LOAN ADVANCE TO NISHAT HOTELS AND PROPERTIES LIMITED

Nishat Hotels and Properties Limited (NHPL) was incorporated on 04 October 2007 as a public company limited by shares. Its authorized share capital is Rs. 12,000,000,000/- (Rupees Twelve Billion Only) divided into 1,200,000,000 (One Billion Two Hundred Million) ordinary shares of PKR 10 each. Its main object is to carry on retail and hospitality business in Pakistan. For the intended purpose, NHPL has acquired site of 119 Kanals, 6 Marlas and 73 SFT of Commercial Land situated at Trade and Finance Block, Johar Town, Lahore, from Lahore Development Authority (LDA) – Urban Development Wing and constructed Emporium Mall which is fully operational from September 2016. Hotel has been opened from 20th May 2017 and 198 rooms are fully operational. The Building has a covered area of 2.742 Million Square Feet comprising the following building components (3 basements, ground floor and 11 floors):

- 4 star Hotel with 198 rooms
- Banquet halls
- Carre Four
- Shopping Mall with following features:
- Retail
- Food courts
- Cineplex
- Fun Factory
- Health and Leisure Zones
- Two basements with 2,815 parking bays for cars and motorcycles.

Since NHPL has recently achieved commercial operation of hotel, short term finance is needed by NHPL for meeting expense of staff salary, power generation, maintenance of HVAC and other working capital requirements.

Considering the average borrowing rate of the Company and the return offered by Banks on term deposits, the Directors of the Company in their meeting held on April 23, 2020 has recommended renewal of working capital loan upto PKR 500 million extended to NHPL at the interest rate of 1 Months KIBOR plus 1% (which shall not be less than the Karachi Inter Bank Offered Rate (KIBOR) or borrowing cost of the Company whichever is higher) for a further period of one year starting from the date of this AGM i.e. May 22, 2020 on the terms and conditions of loan agreement in writing and as disclosed to the members

Repayment of the principle amount of loan will be made within one year with payment of interest due on monthly basis. The management expects significant financial gains for the Company through higher interest rates charged to NHPL which will eventually enhance the return on investment to the shareholders of the Company.

Prospective Benefits of the Proposed Investment

Following are the prospective benefits and projected financial gain of the proposed investment:

- a. Earnings of Rs. 46.9 million interest income on proposed investment for 336 days i.e. upto the date of next Annual General Meeting of the Company. It is linked with the interest rate of KIBOR plus 1% (1M KIBOR +1%).
- b. Opportunity for short term investment to earn more than average borrowing cost of the Company.
- c. Return on proposed investment is linked with KIBOR and there is increasing trend in rate of KIBOR. Hence, better than making any other investment.

Other Relevant Information to the Satisfaction of Minority Shareholders

The following other relevant information to the satisfaction of minority shareholders is being provided:

- All business decisions being made by the board of directors of the Company are aimed at securing the best interests of the Company and its shareholders.
- The investment decisions implemented by the board of directors of the Company are a direct manifestation of the will of the majority shareholders through resolutions passed at the general meetings which the board of directors is duty bound to comply with as per the law.
- The Company is interested in maximizing returns for all its stakeholders and bases its business decisions on this principle of maximization of returns. Some business decisions are more fruitful than others, however, we assure you that none are motivated by ill-intent.

The directors of the Company certify / undertake that the investment is being made after due diligence and financial health of the borrowing company is such that it has the ability to repay the loan as per agreement. The duly signed recommendation of the due diligence report and directors undertaking/certificate shall be made available to the members for inspection at the meeting.

NHPL is not a member of the Company. Its sponsors/directors are directors/members of the Company.

They have no interest except their directorship and to the extent of their shareholding in the Company which is as follows:

Name % of Shareholding

Mian Hassan Mansha 3.93

Information Under Regulation 3 of The Companies' (Investment in Associated Companies or Associated Undertakings) Regulations, 2017.

(a) Dis	sclosure for all types of investments:				
(A) Di	sclosure regarding associated company				
i	Name of Associated Company or Associated Undertaking	Nisha	at Hotels and Properties Lin	nited (NHPL)	
ii	Basis of Relationship	Com	Common Directorship		
iii	Earnings / (Loss) per share for the last three years	Sr.	Year	Earnings / (Loss) per Share Rs.	
		1.	31st December 2019	(0.46)	
		2.	30th June 2019	1.42	
		3.	30th June 2018	(0.30)	
iv	Break-up value per Share, based on last audited financial statements	PKR	18.84 per share as at 31st	December 2019.	
V	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest audited financial statements as on 30 Jun, 2019.	Bala Asse Non-Curre Total Liab Borro Othe Equi Profit Sales Gros Gros	nce Sheet: ets current assets ent assets assets illities bwings r liabilities ty t & loss:	17,578 2,906 37,271 17,578 2,062 19,640 17,630 2,397 901 37.58% (458) (19.09%) (0.46)	

vi	Iln case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely	N/A
	Description of the project and its history since conceptualization Starting date and expected date of completion of work Time by which such project shall become commercially operational Expected time by which the project shall start paying return on investment Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and noncash amounts	

(B) (General Disclosures:	
i	Maximum amount of investment to be made	Upto PKR 500,000,000 (Pak Rupees Five Hundred Million only)
ii	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	Purpose: Renewal of working capital loan. Benefits: The Company expects significant financial gains through higher interest rates charged to NHPL which will eventually enhance the return on investment of the shareholders of the Company. The investment in NHPL will be to the date of forthcoming Annual General Meeting from the date of approval by the members unless renewed by the members under Section 199 of the Companies Act, 2017.
iii	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:	Company's own funds.
	 (I) Justification for investment through borrowings (II) Detail of Collateral, guarantees provided and assets pledged for obtaining such funds (III) Cost of benefit analysis 	NA NA

(iv)	Salient features of the agreement(s), if any, with associated company or	Followings are the salient features of in existence:	of loan agreement already
	associated undertaking with regards to the proposed investment	Interest due on outstanding amour the associated company on month month starting from the next month	nly basis on 20th of every
		In case of delay in re-payment of principal and interest, an additional sum equivalent to 7.50% per annum on the unpaid amount for the period for which the payment is delayed, shall be paid by Nishat Hotels and Properties Limited to Lalpir Power Limited in addition to the agreed interest amount.	
		.All payments under the loan ag	greement shall be made
		The associated company shall pro to secure extension of loan.	vide corporate guarantee
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and	The interest, direct or indirect in the a transaction under consideration is detail	ssociated company and the liled as under:
	their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	The directors of Pakgen Power Limited (Pakgen), their relatives	
		Directors: Mian Hassan Mansha	% of Shareholding 21.82
		Relatives: Mian Umer Mansha Mian Raza Mansha Both brothers of Mian Hassan Mansha. Mrs. Iqraa Hassan Mansha (Spouse of Mian Hassan Mansha)	21.82 21.69 0.00
		Associated Companies Nishat Mills Limited 7.40 Security General Insurance Co. Ltd. 12.60 D. G. Khan Cement Company Limited 10.42	
		The directors of NHPL are interested in shareholding as under:-	Pakgen to the extent of their
		Name Mian Hassan Mansha	% of Shareholding 3.93
		The associated Companies holding shares of NHPL are interested in Pakgen to the extent of their shareholding as follows:	
		Name Nishat Mills Limited Security General Insurance Co. Ltd.	% of Shareholding 27.55 1.72

(vi)	(vi) In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs	Sr. No.	Description	Amount (Rs.)
		1.	Maximum loan advanced to NHPL since last approval	350,000,000
		2.	Amount outstanding on the date of the notice of the AGM	-
		3.	Markup accrued and recovered since inception upto 31-12-2019	148,996,480
		4.	Mark up accrued since the last date of approval	25,743,838
		5.	Mark-up recovered since the last date of approval	22,428,975
		6.	Mark up outstanding at the date of notice of the AGM	3,314,863
(vii)	Any other important details necessary for the members to understand the transaction	Non	е	

Additional disclosure regarding investment in the form of Loan/Advance

(i)	Category-wise amount of investment	Running Finance Loan upto PKR 500,000,000 (Pak Rupees Five Hundred Million Only).
(ii)	Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return unfunded facilities, as the case may be, for the relevant period	The current average borrowing cost of the Company for the year ended 31-12-2019 is 12.62%. 1 Months KIBOR as on April 22, 2020 is 9.19%.
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company.	1 Months KIBOR + 1% (which shall not be less than the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period or the borrowing cost of the company whichever is higher) 1 Months KIBOR as on April 22, 2020 is 9.19%.
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment	Corporate Guarantee of the associated company.

(v)	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable.	N/A
(vi)	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	Repayment of principal will be made to the date of forthcoming Annual General Meeting from the date of approval by the shareholders while payment of interest due will be made on monthly basis.

Statement Under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012.

Name of Investee Company	Lalpir Power Limited	Nishat Hotels and Properties Limited		
Total Investment Approved:	Investment by way of loan/advance of Rs 1,000,000,000 (Rupees One Billion Only) was approved by members in AGM held on April 30, 2019 for the period of 1 year from the date of approval by members.	Rupees 200 million was approved by members in AGM held on held on April 30 2019 for the period of	500,000,000 by way	
Amount of Investment Made to date:	Investment made on running basis. Maximum investment Rs.999 million was in the month of June 2019.	Nil	350 million	
Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time:	No deviation from the approved time line.	No deviation from the approved time line	No deviation from the approved time line.	

financial statements company or associated undertaking since date of the resolution passed approval investment in such company:

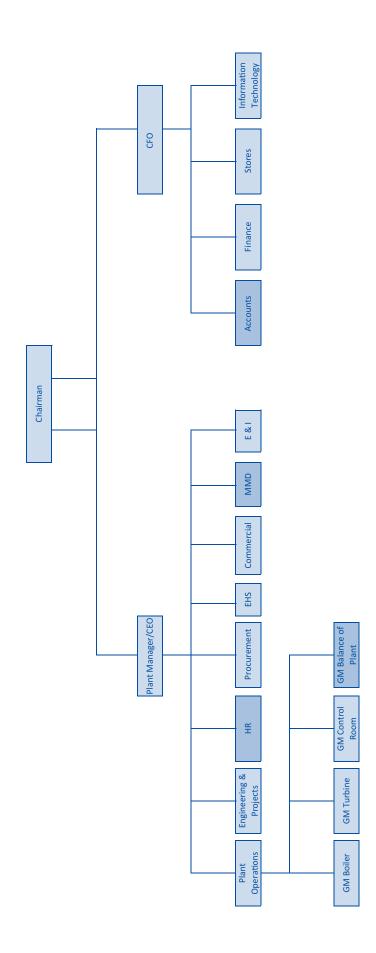
Material change in At the time of approval, as per available latest audited associated | financial statements for the year ended December 31, 2018, the earnings per share was Rs.1.97 and breakup value per share was Rs. 34.68 As per latest available financial statements for the year ended Dec 31, 2019 the earnings per share is Rs.5.38 and breakup value per share is Rs. 39.04.

At the time of approval as per available latest audited financial for the statements year ended June 30, 2018 the basic loss per share was Rs. 0.30 and breakup value per share was Rs. 12.65. As per latest available (unaudited) financial statements for the half year ended December 31, 2019 the basic loss per share is Rs.(0.46) and breakup value per share is Rs. 18.84.

Αt the time of approval, as per available latest audited financial statements for the year ended June 30, 2019, the basic earnig per share was Rs. 1.42 and breakup value per share was Rs. 18.09. As per latest available (unaudited) financial statements for the half year December ended 31, 2019 the basic loss per share Rs.(0.46) and breakup value per share is Rs. 18.84.



ORGANIZATION CHART



DIRECTOR'S PROFILE



Mian Hassan Mansha Chief Executive Officer

Mian Hassan Mansha has been serving on the Board of various listed companies for several years. He is also serving on the Board of Nishat Power Limited, Security General Insurance Company Limited, Nishat Mills Limited, Lalpir Power Limited, Nishat Hotels and Properties Limited, Nishat (Aziz Avenue) Hotels and Properties Limited, Nishat (Raiwind) Hotels and Properties Limited, Nishat Dairy (Private) Limited, Pakistan Aviators and Aviation (Private) Limited, Nishat Real Estate **Development Company** (Private) Limited Nishat Agriculture Farming (Private) Limited, and Hyundai Nishat Motor (Pvt) Limited.



Mr. Ghazanfar Hussain Mirza Chairman

Mr. Ghazanfar Hussain Mirza has a Bachelor degree in Mechanical Engineering from NED University of Engineering & Technology. Mr. Mirza has 39 years of experience in business development and business & corporate management in engineering, technical and multinational environment. He has served as Managing Director of Group Companies of Wartsila Corporation (Finland) in Pakistan and Saudi Arabia. He is also serving on the Boards of Nishat Power Limited and Nishat (Gulberg) Hotels and Properties Limited.



Mr. Aurangzeb Firoz

Mr. Aurangzeb Firoz is a graduate from the Lahore American School and of the University of London. He has recently completed his MBA from Cornell University, USA. His prime experience is focused in the areas of finance, business strategy and operation management. He is a director of City Schools Group and has been instrumental in providing strategic and operational support in driving business expansion into Arab States for City Schools' (Pvt) Limited.

Mr. Aurangzeb Firoz holds directorships of Lalpir Power Limited, City Schools (Private) Limited, Educational System (Private) Limited, Smart Education System (Private) Limited, The Smart School (Private) Limited, Engen Private Limited, Centre for Educational Professional Development (Pvt) Ltd formerly City Educational Services Private Limited, Premier Realities (Pvt) Limited, formerly AF & Co (Pvt) Ltd, Remington Realties (Pvt) Ltd Formerly JF & Co (Pvt) Ltd, City Agro Private Limited and At-Tahur Limited.



Mr. Shahid Malik

Shahid Malik is a seasoned professional with over 38 years of experience in the Diplomatic Service of Pakistan. He held key assignments as High Commissioner of Pakistan to India (2007-2013) and Canada (2002-2006), with concurrent accreditation as Ambassador to Venezuela and High Commissioner to Trinidad and Guyana. His other diplomatic assignments include Washington (as Minister), Rome (as Charge d' Affaires), and Tokyo. Mr. Malik has also served as Director General and Additional Foreign Secretary in the Ministry of Foreign Affairs. He also brings with him diversified academic experience being part of the faculty at various universities worldwide, and has represented Pakistan at international forums including the UN (United Nations), Commonwealth, OIC (Organization of Islamic Countries), NAM (Non-Aligned Movement) and SAARC (South Asian Association for Regional Cooperation).



Mr. Hassan Nawaz Tarar

Mr. Hassan Nawaz Tarar is a seasoned civil servant having 35 years of rich administrative experience in a broad range of public services. He has held key assignments in the areas of district administration, public security, finance, international development cooperation, taxation, urban management, planning and HR development among others. He retired as the Federal Secretary Planning, Development & Reform in 2015. He has served on the Boards of corporate bodies including CAA, PSO, PASSCO, MCBESSS, as well as national policy and planning platforms. He has attended several national and international conferences and training modules, including executive development programmes in the John F. Kennedy School of Government at Harvard University and Lee Kuan Yew School of Public Policy, Singapore. Mr. Tarar obtained his Master's in Development Administration from Birmingham University, UK and also holds Master's Degrees in Political Science and Journalism in addition to a LLB from the University of Punjab. He works at MCB Bank Ltd.



Dr. Arif Bashir

Dr. Arif Bashir holds PhD degree in Chemical Engineering and has over 34 years of experience in the fields of project planning and execution; operation and maintenance of Cement Plant, power plants, paper plant etc. Currently, he is working as Director (Technical and Operations) of D. G. Khan Cement Company Limited (DGKCC) and responsible for the smooth operation and maintenance of cement production lines having capacity over 4.8 million tons/year. Captive Power Plants of about 100 MW capacity. Paper Sack plant having production capacity of 500,000 bags/day. Also responsible for Captive Coal based Power Plant. Alternate Fuels, Waste Heat Recovery projects of DGKCC.

Dr. Arif Bashir is also serving as Director on the Board of Nishat Paper Products Company Limited.



Mr. Farrukh Ifzal

Mr. Farrukh Ifzal is a Fellow Member of The Institute of Chartered Accountants of Pakistan. He has over 32 years of diversified experience in the field of Accounts, Finance, Legal and General Management. He also served in Punjab Industrial Development Board. He is currently serving as Director in Nishat Chunian Limited and Chief Executive Officer of Nishat Chunian Power Limited and NC Electric Company Limited.

CHAIRMAN'S REVIEW

It is my pleasure to present to you the Annual Report of Pakgen Power Limited, for the year ended December 31, 2019. I would like to appreciate the trust and support forwarded by our stakeholders which helped the Company to post earnings per share of Rs 7.82 in current year as compared to Rs 3.99 last year.

Pakistan's power generation capacity has witnessed a notable increase as a result of an improved power policy climate over the past few years with notable investments by local and foreign players in Pakistan's energy sector. Despite this, the persistence of an inappropriate energy mix in the country and the lack of investment on renewable energy solutions has unfortunately given rise to a much higher cost of power generation than our regional peers. The power industry at large also needs to handle loopholes in distribution and transmission as well as recover revenue that is largely lost to power theft.

Throughout our growth strategy, sustainable generation remains at the core of our business philosophy.

Our Social Responsibility continues to serve and assist the needy in the vicinity of our plants. We continue to provide health care and assistance to the schools in the vicinity of our plants. Our sponsored hospitals bring much needed care and relief in the area, and our sponsored school scholarships continue to support all students.

The Company is committed to good Corporate Governance. I am pleased to report that the performance of the Board has been par excellence which has helped in effective steering of the Company during the year. The Board acknowledges its responsibility in respect of Corporate & Financial Reporting Framework. The Board is also cognizant of its strategic role in achieving the Company's key objectives and is focused on enriching the returns of its shareholders & other stakeholders.

I would like to express my gratitude to the shareholders, of their great contribution in progress of the Pakgen Power Limited.

On behalf of the shareholders thank to employees for their unrelenting mission in making the company premier.

Chairmán

Lahore: 23 April 2020

چيئر مين كاجائزه

میں 3 درجہر، 2019ء کو ختم ہونے والے سال کے لئے ، پاک جن پا ور لمیٹڈی سالا ندر پورٹ پیش کرتے ہوئے خوتی محسوں کرتا ہوں۔ میں اپنے شراکت داروں کے اعتماد اور تعاون کی تعریف کرنا چا ہوں گا جنہوں نے کپنی کی گزشتہ سال 9.9 درو پے حقا بلے موجودہ سال میں 7.82 روپ فی شیئر آمدنی درج کرنے میں مددی۔

پاکستان کے توانائی کی شعبے میں مقامی اور غیر ملکی سرمایہ کاروں کی قابل ذکر سرمایہ کاری کے ساتھ گزشتہ چندسالوں میں بہتر پاور پالیسی ماحول کے متیجے میں پاکستان کی تعلیم سے ماس کے اوجود، ملک میں غیر موزوں انرجی کس کے سلسل اور قابل تجدید توانائی کے حل پرسرمایہ کاری کی کی نے برقتمی سے ہمارے علاقائی حریفوں کے مقابلہ بکل پیدا کرنے کے اخراجات کو بہت زیادہ بڑھا دیا ہے۔ بڑے بیانے پر بکلی کی صنعت کو بھی تقسیم اورٹر آسمیشن اور آمدنی حاصل کرنے میں کوتا ہیوں کو بہنڈل کرنے کی ضرورت ہے جس کی بڑی وجہ بکلی چوری ہونے کی بدولت بہت زیادہ نقصان ہے۔

ہماری گروتھ حکمت عملی کے دوران ، پائیدار جزیشن ہمارے کا روباری فلسفہ کی بنیا درہتی ہے۔

ہماری ساجی ذمہ داری ، ہمارے پلانٹس کے آس پاس ضرورت مندوں کی خدمت اور معاونت جاری رکھتی ہے۔ ہم اپنے پلانٹس کے آس پاس صحت کی دیکھ بھال اور اسافی مہیا کرتے ہیں ، اور ہمارے سپانسر کردہ سکول اسکالرشپس اسکولوں کو مدد فرا ہم کرنا جاری رکھتے ہیں۔ ہمارے اسپانسر شدہ ہم بیتال علاقے میں ضروری دیکھ بھال اور آسانی مہیا کرتے ہیں ، اور ہمارے سپانسر کردہ سکول اسکالرشپس تمام طالب علموں کی مدد جاری رکھتے ہیں۔

کمپنی اچھے کارپوریٹ گورننس کے لئے پُرعزم ہے۔ میں بیان کرتے ہوئے خوثی محسوس کرتا ہوں کہ بورڈ کی کارکردگی شاندار ہے جس نے سال کے دوران کمپنی کے مؤثر کنٹرول میں مدد کی ہے۔ بورڈ کمارپوریٹ اور مالی رپورٹنگ فریم ورک کے حوالے سے اپنی ذمہ داری قبول کرتا ہے۔ بورڈ کمپنی کے اہم مقاصد کو حاصل کرنے میں اسٹے کہ کردار سے بھی واقف ہے اوراس کے صص یافتگان اور دیگراسٹیک ہولڈرز کے منافع کو بڑھانے پرتوجہ مرکوزرکھتا ہے۔

میں پاک جن پاورلمیٹڈ کی ترقی میں ان کی عظیم شراکت داری پر جصص داروں کاشکر گزار ہوں۔

تقصص داروں کی جانب ہے کمپنی کو پر پمئر بنانے میں ان کے غیر جانبدا مشن کے لئے ملاز مین کاشکر یہا دا کرتا ہوں۔

ويرين بالمسلم

العور: 23 ايرل 2020



The Directors are pleased to present the Annual Report and the audited financial statements of the Company for the year ended December 31, 2019 together with the auditors' report thereon.

GENERAL

Pakgen Power Limited ("the Company") was incorporated in Pakistan on 22 June 1995 under the Companies Ordinance, 1984 (now Companies Act 2017). The shares of the Company are listed on the Pakistan Stock Exchange. The principal activities of the Company are to own, operate and maintain an oil fired power station ("the Complex") with a dependable capacity of 350 MW against a gross capacity of 365 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan. The Sole purchaser of the power is WAPDA Power Privatisation Organisation (WPPO), subsequently named as Central Power Purchasing Agency (Guarantee) Limited (CPPA-G).

FINANCE

We report that during the year 2019 the total sales revenue of the Company was Rupees 12.185 billion (2018: Rupees 16.218 billion) and operating cost were Rupees 7.618 billion (2018: Rupees 13.793 billion), resulting in gross profit of Rupees 4.567 billion (2018: Rupees 2.426 billion). The Company earned a net profit of Rupees 2.911 billion resulting in earnings per share of Rupees 1.485 billion and earnings per share of Rupees 3.99 last year.

Main reason for increase in net profit for year ended 31 December 2019 in comparison with year ended 31 December 2018 is decrease in delta loss by Rupees 420.99 Million due to low capacity factor of 10.5% as compared to last year. The other major reason is higher revenue of Capacity Payment price by Rs.1.058 Billion due to devaluation of PKR against USD.

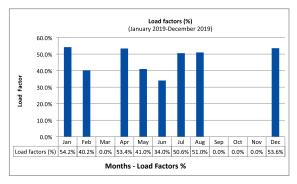
Our sole customer CPPA-G remains unable to meet its obligations in accordance with the Power Purchase Agreement (PPA) which are secured under a sovereign guarantee of Government of Pakistan. As on 31 December 2019 an amount of Rupees 20.586 billion was outstanding against CPPA-G. Despite frequent follow-up with CPPA-G and Ministry of Energy, Power Division, Government of Pakistan, it is regretted there has been no improvement

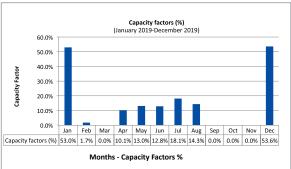
in the situation so far. However, Ministry of Energy, Power Division and Ministry of Finance are working on plans to clear the circular debt by raising Sukuk bonds, which is a positive development.

We would like to draw your attention to emphasis of matter paragraph of the independent auditors' report to the members. Power Purchaser had imposed liquidated damages on the company 11th to 22nd (up to December 2019) agreement year which have been disputed by the company. Liquidated damages invoiced to the Company amounts to Rupees 6,266.11 million (2018: Rupees 6,266.08 million). Out of these, the Company has accepted and paid Rupees 4.006.43 million (2018: Rupees 4,006.41 million). The Company and CPPA-G appointed former Chief Justice of Pakistan, Justice Tassaduq Husain Jillani as The Expert, under the mechanism given in the PPA. After a comprehensive process including written statements and arguments, The Honourable Expert, on 22 June 2017. issued his conclusions and recommendations. The conclusion upheld Company's position that CPPA-G cannot claim liquidated damages. Company has requested CPPA-G to withdraw its invoices for liquidated damages and waiting for a formal response.

During the year, the Company has filed case for arbitration in the International Chamber of Commerce (ICC) to resolve the following matters, as per the mechanism allowed by PPA for resolution of disputes:

On various occasions, CPPA-G has sought to set off amounts allegedly owed to it as liquidated damages against amounts it must pay to the Company as part of its obligations to make capacity payments. On 8 January 2018, CPPA-G wrote to the Company, threatening to set off a total of Rupees 2.4 billion which it considers as allegedly due to it, against capacity payment invoices to be issued by the Company. The far-reaching implications of CPPA-G's threat to take unilateral action left the Company with no option but to approach the courts of Pakistan for interim relief, until the matter gets resolved finally through arbitration,





in accordance with the provisions of the PPA. In its orders dated 16 January 2018, the Lahore High Court suspended the legal effect of CPPA-G's 8 January 2018 letter on an interim basis.

- In September and November 2015, CPPA-G sent a number of letters to the Company, purporting to deduct amounts from the energy payments due to the Company on the basis that it had procured fuel from suppliers other than the Pakistan State Oil Company Limited ("PSO"). Amounts withheld on this account from the invoices of the Company totaled Rupees 4.9 million. PPA does not allow CPPA-G to dispute invoices on the basis that fuel was procured from a supplier other than PSO. Neither is CPPA-G permitted to retroactively dispute invoices, many months or years after they have become overdue.
- CPPA-G is required to provide and renew a Letter of Credit. Letter of Credit must allow access to "immediately available funds", which "shall be in an amount equal to an aggregate of two (2) Months of capacity payments plus energy payments". CPPA-G has failed to renew the Letter of Credit, following its expiry on 23 December 2010.
- In addition to its persistent failure to make timely energy and capacity payments, CPPA-G has also failed to comply with its obligation to pay interest to the Company. PPA provides that "Late payments shall bear interest". As a result, a total of Rupees 449.95 million in unpaid interest is due at the date of the latest invoice submitted by the Company (till the date of request for arbitration).

During the year, an arbitrator has been appointed by the ICC and hearing of the case is scheduled in this year 2020.

CPPA-G issued a notice on 20 March 2017, disputing all the invoices of the Company on the grounds that the Company was in default of its obligations under the PPA and accordingly not eligible for the cost of working capital claimed and adjustment on account of heat rate savings. The Company challenged the dispute notice in the Honourable Lahore High Court ("the Court"). The Court issued a stay order restraining CPPA-G from disputing any invoice of the Company.

OPERATIONS AND SIGNIFICANT EVENTS:

In response to load demanded by CPPA-G, the Pakgen plant operated at capacity factor of 10.5% with load factor of 48.6% and availability of 99.0% and dispatched 323.991 GWh of electricity. The Company continues to allocate funds on various improvement projects towards the ongoing modernization of the plant in order to ensure its long term integrity and maximum availability for our customer CPPA-G.

Due to induction of new power generation plants based on hydel energy, coal, renewable and RLNG at a lower price, it is expected that Pakgen will be dispatched in peak demand seasons, in case of interruption in supply of RLNG, and in low water months only.

ANNUAL CAPACITY TEST

As per the requirement of PPA, the Company conducted its Annual Capacity Test on 08 May, 2019 whereby it successfully maintained the capacity of 350 MW.

PERFORMANCE IMPROVEMENT

Continuous efforts are being made to improve the plant performance. Organizational changes were made to bring more energy and focus in the efficiency enhancement. Low dispatch levels have nullified such efforts. Company is discussing with CPPA-G and National Power Control Centre (NPCC) of possibilities of dispatching the plant at high load levels to improve its fuel efficiency.

LALPIR SOLAR POWER (PVT) LIMITED:

The planned 20 MW IPP is still on hold for change of financial outlook. However, the approval of Generation License from National Electric Power Regulatory Authority (NEPRA) and the Interconnection Study by National Transmission & Dispatch Company (NTDC) and Multan Electric Power Company (MEPCO), has been obtained.

CREDIT RATINGS

The Company has continuously been receiving "AA" (Double A) as long term rating and "A1" (A One) as short term rating by PACRA. These ratings reflect the Company's financial management strength and denote very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

HUMAN RESOURCES

During the year, the company approved and implemented revisions in its HR Policy and Service Rules. These were aimed to provide a

competence and career management framework to attract and retain high quality human capital. Behavioral conduct was included in annual performance evaluation to encourage positive attitudes and behavior.

INTERNAL AUDIT AND CONTROL:

The Board of Directors has set up an independent audit function headed by a qualified person reporting to the Audit Committee. The scope of internal auditing within the Company is clearly defined which broadly involves review and evaluation of its' internal control system.

ENVIRONMENT, HEALTH AND SAFETY

Pakgen Power Limited is proud of its commitment to protecting the environment and enhancing the health and safety of its employees.

During the year, there was no time lost due to any injury.

CORPORATE SOCIAL RESPONSIBILITY (CSR) AND COMMUNITY WELFARE

The Corporate Social Responsibility (CSR) is not only an integral part of the Company's business since inception. It is part of company culture and all employees show a strong commitment to same. The company strives to accelerate the process of empowering people to work towards eradicating poverty and unemployment.

Some CSR Initiatives by the company include:

 Managing a basic health unit that is fully equipped with emergency facilities and diagnostics laboratory for the local community. Additionally company also arranges special eye camp for the local community on annual basis in collaboration with LRBT.

- Supporting operational expenses to 'CARE Foundation' for the five adopted government schools of local community.
- Continued its support to 'The Citizens Foundation (TCF)' to manage a primary school and upgrade it to metric level.
- Support a program for the free education to the house maids working in employee's community.
- The company has upgraded many local government institutions like Vocational Training Institute and higher secondary school.
- The Company is awarding the scholarships to the deserving students of local community to pursue their professional education.
- Extensive plantation of trees in the surrounding areas.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE 2019

Directors are committed to good corporate governance and comply with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Rule Book of Pakistan Stock Exchange.

The statement of compliance with the CCG Regulations, 2019 is enclosed.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Company Management is fully cognizant of its responsibility as recognized by the formulated Companies Act provisions and Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan (SECP). The following comments are acknowledgement of Company's commitment to high standards of Corporate Governance and continuous improvement.

- The financial statements, prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts upon Company's ability to continue as going concern.
- All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. The directors were apprised of their duties and responsibilities through orientation courses.
- The key operating and financial data of last six years is attached to the report.
- Value of investment in provident fund and gratuity scheme as at year ended 31st December 2019, were as follows;

Provident fund: 31 December 2019 is Rupees: 166.974 Million Gratuity fund: 31 December 2019 is Rupees: 84.022 Million

COMPOSITION OF BOARD:

Tot	al number of Directors:		
(a)	Male	7	
(b)	Female:	0	
Co	mposition:		
(i)	Independent Directors	1	
(ii)	Other Non-executive Directors	5	
(iii)	Executive Directors	1	

During the year under review, Five Board of Directors Meetings were held, attendance position was as under:-

Sr. #	Name of Directors	No. of Meetings Attended
1	Mian Hassan Mansha * (Director/Chairman)	4
2	Mr. Aurangzeb Firoz	4
3	Mr. Shahid Malik	5
4	Mr. Hassan Nawaz Tarar	5
5	Dr. Arif Bashir	4
6	Mr. Badar-ul Hassan **	1
7	Mr. Farrukh Afzal	5
8	Mr Ghazanfar Hussain Mirza ***	5

^{*} Mian Hassan Mansha resigned as Chairman on April 27, 2019 and appointed as CEO on April 27, 2019 in place of Mr. Ghazanfar Hussain Mirza.

During the year under review, Four Audit Committee Meetings were held, attendance position was as under:-

Sr. #	Name of Members		No. of Meetings Attended
1	Mr. Faruukh Ifzal	(Member/ Chairman)	4
2	Mr. Aurangzeb Firoz	(Member)	4
3	Mr. Shahid Malik	(Member)	4

^{**}Mr. Badar UI Hassan resigned on April 09, 2019 and Mr. Ghazanfar Hussain Mirza appointed as director on April 09, 2019 in place of Mr. Badar-ul Hassan.

^{***}Mr. Ghazanfar Hussain Mirza resigned as CEO on April 27, 2019 and appointed as Chairman in place of Mian Hassan Mansha.

During the year under review, One Human Resource & Remuneration (HR&R) Committee meeting were held, attendance position was as under:-

Sr. #	Name of Members		No. of Meetings Attended
1	Mr. Farrukh Ifzal	Member/Chairman	1
2	Mian Hassan Mansha	Member	1 1
3	Mr. Badar-ul-Hassan *	Member	1 1
4	Mr. Ghazanfar Hussain Mirza		0

^{*} Mr. Badar Ul Hassan resigned on April 09, 2019 and Mr. Ghazanfar Hussain Mirza appointed as Member on April 09, 2019 in place of Mr. Badar-ul Hassan

DIRECTORS' REMUNERATION:

The company does not pay remuneration to its non-executive directors including independent directors except for meeting fee. Aggregate amount of remuneration and meeting fee paid to executive and non-executive directors have been disclosed in note 34 of the annexed financial statements.

PATTERN OF SHAREHOLDING:

The statement of pattern of shareholding as on 31 December 2019 is attached.

TRADING IN THE SHARES OF THE COMPANY

All the trades in the shares of the listed Company, carried out by its directors, executives and their spouses and minor children during the year ended December 31, 2019 is annexed to this report.

RELATED PARTIES

Related party transactions were placed before the Audit Committee and approved by the Board. These transactions were in line with the requirements of IFRS and the Companies Act, 2017. The Company maintains a record of all such transactions.

FINANCIAL RISK MANAGEMENT

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 program 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). The Company's finance department evaluates and hedges financial risks. 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 and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

APPROPRIATIONS

The Board of Directors have not proposed any final dividend for the year ended 31 December 2019.

AUDITORS

The present auditors M/s Riaz Ahmad and Company, Chartered Accountants retired and being eligible, offer themselves for re-appointment for the year 2020. The Audit Committee of the Board has recommended the reappointment of the retiring auditors.

ACKNOWLEDGEMENT

We wish to thank our valuable shareholders, CPPA-G, financial institutions, lenders, Pakistan State Oil and other suppliers for their trust and faith in the Company and their valuable support that enabled the Company to achieve better results.

We also appreciate the management for establishing a modern and motivating working climate and promoting high levels of performance in all areas of the power plant. We also take this opportunity to thank our executives and staff members for their consistent support, hardworking and commitment for delivering remarkable results and we wish for their long life relationship with the Company.

For and on behalf of the Board of Directors

(Mr. Mian Hassan Mansha)

Chief Executive Officer

Lahore: 23 April 2020

(Mr. Ghazanfar Hussain Mirza)
Director

ڈائر یکٹرز رپورٹ پاک جن پاورلمیٹڈ

ڈائر کیٹرز 31 دمبر 2019ء کوختم ہونے والے سال کے لئے ممپنی کی سالانہ رپورٹ اورنظر ثانی شدہ مالی حسابات معدآ ڈیٹرز کی رپورٹ ہونے جوئے خوشی محسوس کررہے

ماممعلومات

پاک جن پاورلمیٹٹر(" سمپنی") کپنیز آرڈیننس، 1984 (اسکپنیزا کیٹ 2017ء) کے تحت 22 جون 1995ء کو پاکستان میں قائم ہوئی کے معص پاکستان اسٹاک ایکیٹینئی میں درج ہیں کے مین کی اہم سرگرمیاں، مجمود کوٹ منظفر گڑھ، پنجاب، پاکستان میں 365 میگاواٹ کی مجموعی گنجائش کے مقابل 350 میگاواٹ کی ایک قابل اعتاد صلاحیت کے ساتھ تیل پر چلئی والا ایک بکل گھر (" دی کمپلیکس") کا مالک، چلانا اور برقر اررکھنا ہیں۔ بکلی کا واحد خریدار واپڈ اپاور پرائیویٹائزیشن آرگنائزیشن (سکلاک)، اس کے بعد نامی بطور سنٹرل پاور پریئیگ ایک بیٹنی (گارٹی کا کمپلیکس") کی میں میں میں میں میں میں کہ بھور سنٹرل پاور پرائیویٹنی (گارٹی کا کمپلیکس)، اس کے بعد نامی بطور سنٹرل پاور پریئیگ ایکٹنین (گارٹی کا کمپلیکس)، اس کے بعد نامی بطور سنٹرل پاور پریئی کے بعد نامی بطور سنٹرل پاور پریئیگ ایکٹنین (گارٹی کا کمپلیکس)، اس کے بعد نامی بطور سنٹرل پاور پریئی کے بعد نامی بطور سنٹرل پاور پریئی کے بعد نامی بطور سنٹرل پاور پریئی کے بعد نامی بطور سنٹرل کا کرٹی کا کوٹین کی کمپلیکس کی کا دور کوٹین کی کوٹین کی کوٹین کوٹین کی کوٹین کی کوٹین کرنے کوٹین کی کوٹین کیٹریٹر کی کوٹین کی کوٹین کرٹین کی کوٹین کوٹین کے بعد نامی بطور سنٹرل کی کوٹین کی کا دور کی کمپلیکس کی کوٹین کوٹین کوٹین کوٹین کوٹین کی کوٹین کی کوٹین کوٹین کی کوٹین کوٹین کی کوٹین کوٹین کی کوٹین کی کوٹین کوٹین کوٹین کی کوٹین کی کوٹین کی کوٹین کی کوٹین کوٹین کی کوٹین کی کوٹین کوٹین کوٹین کوٹین کوٹین کوٹین کی کوٹین کوٹین کوٹین کوٹین کوٹین کی کوٹین کوٹین

مالى نتائج

ہم بیان کرتے ہیں کہ سال 2019 کے دوران کمپنی کی فروخت کی کل آمد نی 12.185 بلین روپے (2018: 16.218 بلین روپے) اور آپریٹنگ اخراجات 7.618 بلین روپے (2018: 13.793 بلین روپے) جس کے نتیجے میں 4.567 بلین روپے کا مجموعی منافع (2018: 2.426 بلین روپے) حاصل ہوا تھا۔ کمپنی نے گزشتہ سال 1.485 بلین روپے خالص منافع اور 20.9 دروپے فی شیئر آمد نی حاصل ہوئی۔ منافع اور 20.9 دروپے فی شیئر آمد نی حاصل ہوئی۔

گذشتہ سال کے مقابلے میں 10.5 فیصد کم صلاحیتی عضر کے باعث 31 دسمبر 2018 کوفتم ہونے والے سال کے مقابلے 31 دسمبر 2019 کوفتم ہونے والے سال کے خالص منافع میں اضافے کی بڑی وجہ ڈیلٹا نقصان میں 420.99 ملین روپے کی کی ہے۔ دوسری بڑی وجہ امر کی ڈالر کے مقابلے میں پاکستانی روپید کی قدر میں کی کی وجہ سے کیپسٹی اوائیگی کی قیمت میں 1.058 ملین روپے کی زیادہ وصولی ہے۔

ہماری واحد صارف G۔ CPPA بیلی کی خریداری کے معاہدے (PPA) جو حکومت پاکتان کی ایک خود مختار صانت کے تحت حاصل کیا گیا کے مطابق اپنی ذمہ داریوں کو پورا کرنے کے قابل نہیں رہا۔ 31 دسمبر 2019 کو CPPA کے ذمہ بقایار قم 20.586 بلین روپے تھی۔ CPPA اور وزارت توانائی، پاورڈویژن اور وزارت نوانس سلک بانڈز کے ذریعے گرد ثی قرضہ اوا درخواست کے باوجودافسوں سے کہنا پڑر ہاہے کہ صورت حال میں کوئی بہتری نہیں آئی ہے۔ تاہم ، وزارت توانائی ، پاورڈویژن اور وزارت فنانس سلک بانڈز کے ذریعے گرد ثی قرضہ اوا کرنے کے منصوبوں پر کام کررہی ہے۔ جوایک قابل وکر شبت ڈویلیمنٹ ہے۔

ہم ارکان کوآزاد آڈیٹر کی رپورٹ کے اہم پیرا گراف پرتوجد دلانا چاہیں گے کہ، پاور پر چیزر نے کمپنی پر 11ویں تا 22ویں ایگر یمنٹ سال ہے (دعبر 2019 تک) لیکویڈیٹر نقصانات عائد کئے تھے جو کمپنی کی طرف سے متنازعہ قرار دیئے گئے ہیں۔ کمپنی کوانوائسڈلیکویڈیٹر نقصانات کی رقوم 6,266.01 ملین روپے (6,266.08 ملین روپے) جن میں سے کمپنی نے 4,006.43 ملین روپے (2018: 4,006.41 ملین روپے) قبول اور اداکر دیئے گئے ہیں۔ کمپنی اور PPA-G نے سابق چیفی جسٹس پاکتان جسٹس تصدق حسین جیلانی کو PPA میں دیئے گئے میکا نزم کے تحت ثالث مقرر کیا تی ترین کے ایک میں سے معرف نثالث نے 22 جون 2017 کو اپنے نتائ کو اور سفارشات جاری کیں۔ نتیج کمپنی کے موقف کی جمایت کرتا ہے کہ PPA-G کو تینچنے والے اپنے لیکویڈ پی نقصانات کے لئے اپنی انوائس وائس وائس لینے کی درخواست کی اور رسی جواب کا انظار کر ہی ہے۔

سال کے دوران، کمپنی نے جھکڑوں کے حل کے لئے PPA کی طرف سے اجازت یافتہ میکانزم کے مطابق، درج ذیل معاملات کے حل کے انٹرنیشنل چیمبر آف کامرس(ICC) میں ثالثی کے لئے مقدمہ داخل کیا ہے۔

گی موقعوں پر، CPPA-G نے کہیں اوائیگیاں کرنے کی اپنی ذمہ داریوں کے حصہ کے طور پر کمپنی کو لازمی اداکی جانے والی رقوم کے خلاف کیکویڈ پی نقصانات کو مبینہ طور سے ان رقوم کوختم کرنے کی دھمکی دی ہے۔ 8 جنوری 2018 کو، G-CPPA نے اس کمپنی کو مجموعی طور پر 2.4 بلین روپنچتم کرنے کی دھمکی دی ہے جھمپنی کی طرف سے جاری ہونے والی کہیں گئی گئی گئی سے نیمنٹ انوائسز کے خلاف مبینہ طور پر اس کی وجسم جھا جاتا ہے۔ G-CPPA کی دھمکی کے میکھ رفید کا روائ کے دوررس مضمرات نے معاملہ کو PPA کی دفعات کے مطابق ثالثی کے ذریعے حتی حل حاصل کرنے تک عبور کی دلیف کے لئے پاکستانی عدالتوں تک رسائی حاصل کرنے کا کمپنی کے پاس کوئی اختیار نہیں چھوڑا۔ 16 جنوری 2018 کو اپنے احکامات میں ، لاہور بائی کورٹ نے CPPA کے جنوری 2018 کو میں اسلاکے قانونی اثر کوعوری بنیا در معطل کردیا۔

ستبراورنومبر 2015 میں، CPPA-G نے ممپنی کو بجلی کی واجب ادائیگیوں سے رقم منہا کرنے کے حوالے سے ٹی خطوطاس بنیاد پر جھیجے کہاس نے ایندھن یا کتان اسٹیٹ آئل

کمپنی کمیٹٹر ("PSO") کے علاوہ سپلائز نے خریدا تھا۔ کمپنی کی انوائسوں ہے اس مدمین کل 4.9 ملین روپے کی رقم کی ادائیگی روک کی گئی ہے۔ پی پی اے CPPA -G کو PSO کے علاوہ کسی سپلائر سے ایندھن خریدنے کی بنیاد پر انوائسوں کومتنازع بنانے کی اجازت نہیں دیتا ہے۔ نہ ہی CPPA -G کو واجب ادائیگیاں زائد المیعاد ہونے کے بعد کئی مہینے یا کئی سال، انوائسو کو فعال طور پر متنازع بنانے کی اجازت دی گئی ہے۔

G-CPPA کوکریڈٹ خطفراہم اورتجدید کرنے کی ضرورت ہے۔ کریڈٹ خطلازی طور پر "فوری طور پر فنڈ زکی دستیابی" تک رسائی حاصل کرنے کی اجازت دیتا ہے، جو" دو (2) ماہ کی کیپسٹی ادائیگی کے ساتھ ساتھ بجلی کی ادائیگیوں کے مجموعے کے برابر قم" ہوگی۔ G-CPPA -G دسمبر 2010 کواس کے ختم ہونے کے بعد، کریڈٹ خطوط کو تجدید کرنے میں ناکام رہی ہے۔

بجلی اورکیسٹی ادائیگیوں کی بروقت ادائیگی کرنے میں مسلسل ناکا می کےعلاوہ، CPPA کمپنی کوسودادا کرنے کی اپنی ذمدداری کےمطابق عمل کرنے میں بھی ناکام رہی ہے۔ پی کی اےکہا گیا ہے کہ "دیر سےادائیگی پرسودادا کرناہوگا"۔ نتیج میں، کمپنی کی طرف سے تا تاریخ (ٹالٹی کے لئے درخواست کی تاریخ تک) جمع کرائی گئی حالیہ انوائس میں غیرادا شدہ سود میں کل 449.95 ملین رویے کی رقم درج کی گئی ہے۔

سال کے دوران، ICC کی طرف سے ایک ثالث مقرر کیا گیا اور کیس کی ساعت اس سال 2020 میں مقرر کی گئی ہے۔

G- CPPA نے 20 مارچ 2017 کوان وجو ہات کی بناء پر سمپنی کے تمام متنازعہ انوائسوں کے بارے میں ایک نوٹس جاری کیا کہ میپنی پی پی اے کے تحت اپنی ذمہ داریاں پوری کرنے میں ناکام رہی تھتی اور اس کے مطابق ورکنگ کیپٹل کی لاگت کا دعویٰ اور ہیٹ ریٹ سیونگز کی مدمین ایڈ جسٹمنٹ کرنے کی اہل نہیں ہے۔ کمپنی نے معزز عدالت عالیہ لاہور (" کورٹ") میں متنازعہ نوٹس کو چیلنج کیا۔عدالت نے کمپنی کی کسی بھی متنازعہ انوائس کورو کئے ہے۔ CPPA کو سے آرڈ رحاری کیا۔

آيريشنزاورا جم واقعات:

G- CPPA کی طرف سے مطلوبہ لوڈ کے جواب میں پاک جن پلانٹ 48.6 فیصد لوڈ فیکٹر اور 99.0 فیصد کی دستیابی کے ساتھ 10.5 فیصد کے صلاحیتی عضر پر چلایا گیا اور 323.99 فیصد کی دستیابی کوفیٹی بنانے کے لئے پلانٹ کی جدت طرازی کی خاطر AW کے علی میٹنی ہمارے صارف CPPA کے لئے اپنی طویل مدتی سالمیت اور زیادہ سے زیادہ دستیابی کوفیٹی بنانے کے لئے پلانٹ کی جدت طرازی کی خاطر مختلف بہتری کے جاری منصوبوں پر فنڈ زمخش کررہی ہے۔

کم قیمت میں ہائیڈ ل انر بی ،کوئلہ اور آرایل این بی پربٹن نے پاور جنزیشن پلانٹس کی ابڈکشن کی بدولت بیامید کی جاتی ہے کہ بہت زیادہ طلب کے موسم میں اور آرایل این بی کی عدم فراہمی کی صورت ، پانی کی کمی کے مہینوں میں پاک جن بجلی کی ترسل کے قابل ہوگا۔

سالانەصلاحىتى ئىبىپ

بجلی کی خریداری کےمعامدے(پی پی اے) کی ضروریات کےمطابق بمپنی نے 08 مئی، 9 201 کواپنے سالانہ صلاحیتی ٹمیٹ کا انعقاد کیا جس میں کامیابی سے 350 میگاواٹ کی صلاحیت برقر ارر ہی۔

کارکردگی میں بہتری

پلانٹ کی کارکردگی کوبہتر بنانے کے لئے مسلسل کوششیں کی جارہی ہیں۔زیادہ بجلی بنانے کے لئے آر گنا ئزیشنل تبدیلیاں کی گئیںاور کارکردگی بڑھانے میں توجہ مرکوزگی گئی۔کم ترمیل کی سطحوں نے ان کوششوں کوضا کع کردیا۔ کمپنی اپنے ایندھن کی صلاحیت کو بہتر بنانے کے لئے بہت زیادہ لوڈ کی سطحوں پر بلانٹ کی ترمیل کے امکانات کے لئے CPPA-G و میشنل یاورکنٹرول سنٹر (NPCC) کے ساتھ بات چیت کررہی ہے۔

لال پیرسولریاور (پرائیویٹ) لمیٹڈ:

مالی نقط نظر کی تبدیلی کے لئے 20 MW IPP کا منصوبہ ابھی زیرِغور ہے۔ تا ہم بیشنل الیکٹرک پاورریگولیٹری اتھارٹی (NEPRA) سے جزیشن لائسنس اور بیشنل ٹرانسمیشن اینڈ ڈسپیچ کمپنی (NTDC)اور ملتان الیکٹرک یا ورکمپنی (MEPCO) کی طرف سے انٹرکنکشن مطالعہ کی منظوری حاصل کر لی گئی ہے۔

كرييْرٹ ريٹنگ

کمپنی PACRA سے مسلسل "AA" (ڈبل اے) طویل مدتی ریٹنگ اور "+A1" (اے ون پلس) مختصر مدتی ریٹنگ وصول کررہی ہے۔ بیریٹنگر کمپنی کے مالی انتظامات کی مضبوطی کی عکاسی اور مالیاتی وعدوں کی بروقت ادائیگی کے لئے ایک بہت مضبوط صلاحیت سے کریڈٹ خطرات کے بہت کم امکان کوظاہر کرتی ہے۔

انسانی وسائل

سال کے دوران بمپنی نے اپنی آج آرپالیسی اورسروس رولز میں نظر ثانی کومنظور اور نافذ کیا ہے۔ان کا مقصداعلی معیار کے انسانی سر ماییکوا پی طرف متوجہ اور برقر ارر کھنے کے لئے صلاحیت اور کیر بیئر منجنٹ فریم ورک فراہم کرنا تھا۔ ثبت رویوں اورسلوک کوفر وغ دینے کے لئے سالانہ کارکر دگی کی تشخیص میں طرزعمل کوشامل کیا گیا تھا۔

اندرونی آ ڈٹاور کنٹرول:

بورڈ نے آ ڈٹ کمیٹی کورپورٹنگ کے لئے ایک تعلیم یافتہ تخص کی سربراہی میں ایک آزاد آ ڈٹ قائم کیا ہے۔ کمپنی کے اندراندرونی آ ڈیٹنگ کا دائرہ کا رواضح طور پر بیان کیا جا تا ہے جواندرونی کنٹرول کے نظام کا جائزہ لیتااور شخیص کرتا ہے۔

صحت اورسيفتى كاماحول

پاک جن پاورلمیٹر کو ماحول کے تحفظ اوراپنے ملاز مین کی صحت اور حفاظت کو بہتر بنانے کے عزم پر فخر حاصل ہے۔

سال کے دوران کسی زخم کے باعث کوئی وقت ضا کعنہیں ہواہے۔

کارپوریٹ ساجی ذ مہداری (CSR)اورکمیونٹی ویلفیئر

قیام کے آغاز سے کارپوریٹ ساجی ذمہ داری (CSR) پروگرام کمپنی کے کاروبار کا ایک لازمی حصہ ہے۔ بیکپنی کی ثقافت کا حصہ ہے اور تمام ملازمین اس کا پختہ عزم ظاہر کرتے میں ۔ کمپنی غربت اور بیروزگاری کوختم کرنے کرنے کے لئے کوشال لوگوں کو ہاافتیار بنانے کے ممل کوتیز کرنے کی کوشش کرتی ہے۔

ممینی کی طرف سے چند CSR اقدامات میں شامل ہیں:

• کمپنی ایک بنیادی صحت مرکز چلارہی ہے جومقا می کمیوٹی کے لئے ہنگا می سہولیات اور تشخیص کی لیبارٹری سے ممل طور پرلیس کیا گیا ہے۔ اس کے علاوہ کمپنی سالانہ بنیاد پر مقامی کمیوٹی کے لئے اہل آر بی ٹی کے تعاون سے خصوصی آئی کیمی کا بھی انتظام کرتی ہے۔

• مقا می کمیوٹی کے پانچ سرکاری اسکولوں کی سریر تی کے لئے کیئر فاؤنڈیشن کی آپیشنل اخراجات میں تعاون کرتی ہے۔

•"دی سٹیزن فاؤنڈیشن (TCF)" کی پرائمری سطح اور میٹرک سطح تک اسکولوں کواپ گریڈ کرنے میں تعاون کررہی ہے۔

• کمپنی ملاز مین کی کمیونٹی میں گھریلو کا م کرنے والوں کومفت تعلیم دینے کے لئے ایک پروگرام میں تعاون کررہی ہے۔

• سمینی نے ووکیشنل ٹریننگ انسٹی ٹیوٹ اور ہائر سینڈری اسکول کی طرح کے بہت سے مقامی حکومتی اداروں کواپ گریڈ کیا ہے۔

• سمینی مقامی کمیونی کے مستحق طلباء کوان کی پیشہ وران تعلیم کے لئے سکالرشیس دےرہی ہے۔

وسیع پیانے پر درختوں کی شجر کاری کی گئی ہے۔

كودْ آف كاربوريث كورننس 2019 كانتيل

ڈائر کیٹرز فہرتی کیپنیز (کوڈ آف کارپوریٹ گورننس)ریگولیشنز ،2019 اور پاکستان اسٹاک ایجینی کی رول بک کی ضروریات کی تغییل اورا چھے کارپوریٹ گورننس کے لئے پُرُعزم

ہیں۔

CCGر پگولیشنز ، 2019ء کی تعمیل کابیان منسلک ہے۔

کار پوریٹ اور مالیاتی رپورٹنگ فریم ورک

کمپنی کی انتظامیسیکورٹیزائیڈ ایجیجی کمیشن آف پاکستان (ایس ایسی پی) کی طرف ہے جاری کردہ کارپوریٹ گورننس کے ضابطے اخلاق اور کینیٹر آرڈیننس کی دفعات کی منظوری کے مطابق اپنی ذمہ داریوں سے پوری طرح آگاہ ہے۔حسب ذیل تبصرے کارپوریٹ گورننس اور مسلسل بہتری کے اعلی معیارات ادارے کی وابستگی کا اعتراف ہے۔

• کمپنی کی انتظامید کی طرف سے تیار کردہ ، مالیاتی حسابات ،اس کے امور ، آپریشنز کے نتائج ، نقدی بہاؤاورا یکوئی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔

· کمپنی کے کھا تہ جات بالکل صحیح طور سے بنائے گئے ہیں۔

، مالى حسابات كى تيارى مين مناسب اكا وُمثنگ ياليسيول كوتسلسل كے ساتھ لا گوكيا گيا ہے اور اكا وَمثنگ ئے تخيينہ جات مناسب اور دانشمندانہ فيصلوں بيبني ميں۔

• مالی حسابات کی تیاری میں پاکستان میں لا گومین الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRS) کی جیروی کی گئی ہے، اور کسی بھی انحراف کا موز وں انکشناف اور وضاحت کی گئی ہے۔

- اندرونی کنٹرول کے نظام کاڈیزائن مشحکم ہے اورائیکی مؤثر طریقے سے عملدرآ مداورنگرانی کی جاتی ہے۔
 - کمپنی کے گوئنگ کنسرن ہونے کی صلاحیت برکوئی قابل ذکر شکوک وشبہات نہیں ہیں۔
- بورڈ کے تمام ڈائر کیٹرز کارپوریٹ باڈیز کے ڈائر کیٹرز کے طور پراپنے فرائض اور ذمہ داریوں سے بخو بی واقف ہیں۔ ڈائر کیٹرز کواور بینٹیشن کورسز کے ذریعے ان کے فرائض اور ذمہ داریوں کے بارے میں آگاہ کیا گیا تھا۔
 - گذشته جیرسالون کاکلیدی اور مالی اعداد و شارر بورٹ کے ہمراہ منسلک ہے۔
 - 31 دیمبر 2019 کوشم ہونے والے سال کے مطابق پراویڈنٹ فنڈ اور گریجوئی اسکیم میں سرما ہیکاری کی قدر حب ذیل تھی:
 پراویڈنٹ فنڈ:31 دیمبر 2019 کو 44.024 ملین روپے
 گریجوئی فنڈ:31 دیمبر 2019 کو 84.022 کے 84.022 کو 84.022

بورد کی تشکیل:

ڈائر کیکٹرز کی کل تعداد	
2/(a)	7
(b) خاتون	0
تفكيل	
(i) آزادڈائز یکٹرز	1
(ii) دیگرنان ایگزیکشوڈ ائریکشرز	5
(iii) اَ یَکْزِیکُوڈِ اَرَ یکٹِرْز	1

زىرجائزەسال كے دوران، بورڈ آف ڈائر مكٹرز كے ياخ اجلاس منعقد ہوئے حاضرى كى يوزيشن حسب ذيل تھى:-

تعداداجلاس	نام ڈائر یکٹر	نمبرشار
4	میاں حسن منشا* (چیئر مین/ ڈائر بکٹر)	1
4	جناب اورنگ زیب فیروز	2
5	جناب ثابرملك	3
5	جناب ^{حس} ن نواز تارژ	4
4	ڈاکٹر عار ف بثی ر	5
1	جناب ب <i>درالح</i> ن**	6
5	جناب فرخ افضال	7
5	جنابغضنفرحسين مرزا ***	8

*میاں حسن منشانے 27 اپریل 2019 کو لیطور چیئر مین مستعفی ہوگئے اور 27 اپریل 2019 کو جناب فضنفر حسین مرزا کی جگہ CEO مقرر کئے گئے۔ ** جناب بدرالحن 109 پریل 2019 کو مستعفی ہوگئے اور جناب فضنفر حسین مرزا کو 109 پریل 2019 کو جناب بدرالحن کی جگہ مقرر کیا گیا۔ *** جناب فضنفر حسین مرزا 27 اپریل 2019 کو لیطور CEO مستعفی ہوگئے اور میاں حسن منشا کی جگہ چیئر مین مقرر کیا گیا۔

زېر جائزه سال کے دوران ، آ ڈٹ کمیٹی کے 14 جلاس منعقد ہوئے ، حاضری کی یوزیش حسب ذیل تھی: -

تعدا داجلاس	ئامركن	نمبرشار
4	جناب فرخ افضال (ممبر <i>اچيئر</i> مين)	1
4	جناب اورنگ زیب فیروز (ممبر)	2
4	جناب شاہد ملک (ممبر)	3

زىرجائزەسال كے دوران، بيومن ريسورس& ريمزيشن (HR & R) كميٹى كاايك(1) اجلاس منعقد ہوا، حاضري كي يوزيشن حسب ذيل تقي:-

تعدا دا جلاس	نام رکن	نمبرشار
1	جناب فرخ افضال (ممبر اچيئر مين)	1
1	میاں حسن منشا (ممبر)	2
1	جناب بدرالحن (ممبر)*	3
0	جناب ففنفرحسين مرزا	4

* جناب بدرالحن 109 پریل 2019 کومنتعنی ہو گئے اور جناب نفنفر حسین مرزا کو 109 پریل 2019 کو جناب بدرالحن کی جگہ مقرر کیا گیا۔

ڈائریکٹرز کامشاہرہ:

کمپنی اپنے آزاد ڈائر کیٹر زسمیت نان ایگزیکٹوڈ ائر کیٹرز کواجلاس فیس کےعلاوہ کوئی مشاہرہ ادانہیں کرتی ہے۔ایگزیکٹواور نان ایگزیکٹوڈ ائر کیٹرز کوادا کئے جانے والےمشاہرہ اوراجلاس فیس کی مجموعی رقم منسلکہ مالی حسابات کے نوٹ 34 میں منکشف ہے۔

حصص داري كانمونه:

بمطابق 31 وسمبر 2019 نمونه جصص داری منسلک ہے۔

مینی کے صص میں ٹریڈنگ:

31دسمبر 2019 کوختم ہونے والے سال کے دوران ڈائز کیٹرز ،ا گیز کیٹوز اوران کے زوج اور نابالغ بچوں کی طرف سے لسطۂ کمپنی کے صص میں کی گئی تمام تجارت اس سالانہ رپورٹ کے ہمراہ منسلک ہے۔

متعلقه بإرثيان:

متعلقہ پارٹیول کے درمیان لین دین آڈٹ کمیٹی کے سامنے پیش کیا گیااور بورڈ نے منظور کیا۔ بیلین دین IFR اوکیپنیز ایکٹ 2017 ء کی ضروریات کی لائن میں تھے۔ کمپنی ایسے تمام لین دین کاریکارڈ برقر اررکھتی ہے۔

خطرات اورمواقع:

تمینی کی سرگرمیان مختلف خطرات کو بے نقاب کرتی ہیں:

مارکیٹ رسک (بشمول کرنبی رسک، دیگر پرائس رسک اورشرح سود کا خطرہ) ،کریڈٹ رسک اورلیکویڈیٹی رسک۔ کمپنی کی مجموعی رسک پنجنٹ نے مالیاتی مارکیٹوں کی غیر متوقع صلاحیت پرتوجہ مرکوز کی ہے اور کمپنی کی مالی کارکردگی پرمکنٹ نفی اثرات کو کم سے کم کرنے کے لئے کوشاں ہے۔

رسک مینجمنٹ کو بورڈ آف ڈائر کیٹرز (بورڈ) کی منظور شدہ پالیسیوں کے تحت کمپنی کا فنانس ڈیپارٹمنٹ سرانجام دیتا ہے۔ کمپنی کا فنانس ڈیپارٹمنٹ مالیاتی خطرات کی شخیص اور احاطہ کرتا ہے۔ مجموعی رسک مینجمنٹ اصولوں کے ساتھ ساتھ مخصوص شعبوں جیسے کہ کرنسی رسک، دیگر پرائس رسک، شرح سود کا خطرہ، کریڈٹ رسک، کیگویڈیٹی رسک اضافی کیکویڈیٹی سرمابیہ کاری کے احاطہ کی پالیسیاں بھی بورڈ فراہم کرتا ہے۔ خزانہ سے متعلقہ تمام ٹرانز یکشنز پالیسیوں کی صدود کے مطابق کی جاتی ہیں۔

تصرفات:

بورڈ آف ڈائر کیٹرز نے 31 دسمبر 2019 کوٹتم ہونے والے سال کے لئے کوئی حتی منافع منصمہ تجویز نہیں کیا ہے۔

موجودہ محاسب میسرزریاض احمدایند کمپنی، چارٹرڈا کا وَنٹنٹس ریٹائر ہوگئے ہیں اورانہوں نے اہل ہونے کی بناء پرسال 2020 کے لئے دوبارہ تعیناتی کے لئے خود کو پیش کیا ہے۔ بورڈ کی آ ڈٹ میٹی نے ریٹائر ہونے والے محاسب کی دوبارہ تقرری کی سفارش کی ہے۔

اظهارتشكر:

ہم این قابل قدر حصص داران، CPPA -G، مالیاتی اداروں،قرض دہندگان، یا کتان اسٹیٹ آئل اور دیگر سپلائرز کے نمپنی پراعتاد، یقین اور سلسل جمایت کاشکریدادا کرتے ہیں جن کی بدولت کمپنی بہتر نتائج حاصل کرنے کے قابل ہوئی ہے۔

ہم ایک جدیداور عوصلہ افزاء کام کاماحول قائم کرنے اور پاور پلانٹ کے تمام شعبوں میں کارکردگی کی اعلی سطح کوفروغ دینے کے لئے انتظامیہ کی محنت کوسرا ہے ہیں۔ ہم قابل ذکر نتائج کی فراہمی کے لئے ایکزیکٹوزاور عملے کے ارکان کی مسلسل جمایت، کوششوں اورعزم کے لئے بھی شکریداداکرتے ہیں اور ممپنی کے ساتھان کے طویل تعلقات کے خواہش مند ہیں۔

منحانب مجلس نظماء

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ميال حسن منشا چيف ايگزيکڻوآ فيسر

لا مور: 23 ايريل 2020ء

FINANCIAL DATA

	2019	2018	2017	2016	2015	2014
Dispatch Level %	48.60%	54.80%	50.00%	53.00%	8.00%	63.00%
Dispatch (GWH)	324	811	1,523	1,603	245	1,906
Revenue (Rupees.000)						
Revenue	12,185,385	16,218,296	19,754,785	16,044,135	6,523,043	34,922,901
Cost of Sales	(7,618,200)	(13,792,637)		(14,728,099)		(33,607,721)
Gross Profit	4,567,185		1,983,037	1,316,036	1,979,117	
GIOSS FIOIIL	4,507,165	2,425,659	1,903,037	1,310,030	1,979,117	1,315,180
Profitability (Rupees.000)						
Profit/(Loss) before Tax	2,911,041	1,485,141	1,313,977	516,890	1,597,726	612,110
Provision for Income Tax	-	-	-	-	-	_
Profit/(Loss) after Tax	2,911,041	1,485,141	1,313,977	516,890	1,597,726	612,110
Financial Desition (Dunes 2000)						
Financial Position (Rupees.000)	6 000 005	7 710 760	8,525,637	0.270.060	10 000 051	0.465.600
Non Current Assets Current Assets	6,832,035 24,623,019	7,710,768		9,370,960	10,020,251	8,465,608
Less; Current Liabilities	12,380,051	21,101,212	18,336,319	15,747,801	15,529,189 9,061,770	12,491,663
		12,088,951	10,923,397	9,304,190		6,549,182
Net Working Capital	12,242,968	9,012,261	7,412,922	6,443,611	6,467,419	5,942,481
Capital Employed	19,075,003	16,723,029	15,938,559	15,814,571	16,487,670	14,408,089
Less; Long Term Loans	-	-	334,369	780,194	1,226,019	-
Less; Differed Liabilities	20,941	29,349	-	-	-	-
Share Holders Equity	19,054,062	16,693,680	15,604,190	15,034,377	15,261,651	14,408,089
Represented by (Rupees.000)						
Share Capital	3,720,816	3,720,816	3,720,816	3,720,816	3,720,816	3,720,816
Capital Reserves	116,959	116,959	116,959	116,959	116,959	116,959
Un-appropriated profit	15,216,287	12,855,905	11,766,415	11,196,602	11,423,876	10,570,314
	19,054,062	16,693,680	15,604,190	15,034,377	15,261,651	14,408,089
Dividends (D	550 100	070.000	744 104	070.000	070.000	070 000
Dividends (Rupees.000)	558,122	372,082	744,164	372,082	372,082	372,082
Earning Per Share (Rupees)	7.82	3.99	3.53	1.39	4.29	1.65
Delta Loss (Rupees.000) Ratios:	513,275	934,265	907,800	753,770	93,205	2,100,494
Return on assets	0.09	0.05	0.05	0.02	0.06	0.03
Break up value per share of Rs. 10 each- Rupees	51.21	44.87	41.94	40.41	41.02	38.72
Current Ratio	1.99	1.75	1.68	1.69	1.71	1.91
Net Profit to sales (%age)	23.89%	9.16%	6.65%	3.22%	24.49%	1.75%

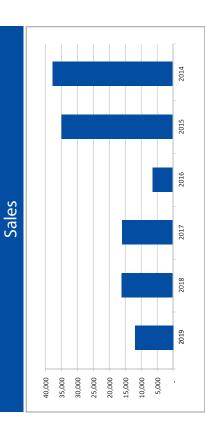
Vertical Analysis – Profit and Loss Account

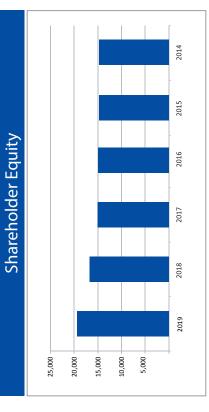
Description	2019	% of Turnover	2018	% of Turnover	2017	% of Turnover
	(Rupees '0	00')
Revenue	12,185,385	100	16,218,296	100	19,754,785	100
Cost of Sales	(7,618,200)	(62.52)	(13,792,637)	(85.04)	(17,771,748)	(89.96)
Gross Profit	4,567,185	37.48	2,425,659	14.96	1,983,037	10.04
Administration Expenses	(228,783)	(1.88)	(174,525)	(1.08)	(181,724)	(0.92)
Other operating Expenses	(56,408)	(0.46)	(4,748)	(0.03)	(14,249)	(0.07)
Other income	161,771	1.33	97,863	0.60	205,446	1.04
Finance Cost	(1,532,724)	(12.58)	(859,108)	(5.30)	(678,533)	(3.43)
Profit for the year	2,911,041	23.89	1,485,141	9.16	1,313,977	6.65

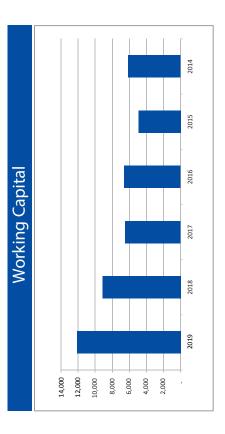
Horizantal Analysis - Profit and Loss Account

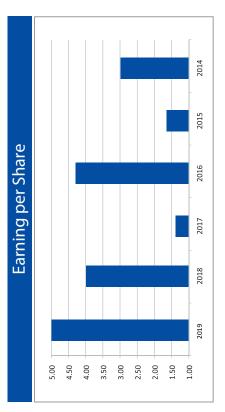
Description	2019	19 v 18 % age	2018	18 v 17 % age	2017	17 v 16 % age
	(Rupees '0	00')
Revenue	12,185,385	(24.87)	16,218,296	(17.90)	19,754,785	23.13
Cost of Sales	(7,618,200)	(44.77)	(13,792,637)	(22.39)	(17,771,748)	20.67
Gross Profit	4,567,185	88.29	2,425,659	22.32	1,983,037	50.68
Administration Expenses	(228,783)	31.09	(174,525)	(3.96)	(181,724)	7.78
Other operating Expenses	(56,408)	1,088.04	(4,748)	(66.68)	(14,249)	(53.95)
Other income	161,771	65.30	97,863	(52.37)	205,446	4,791.57
Finance Cost.	(1,532,724)	78.41	(859,108)	26.61	(678,533)	12.40
Profit for the year	2,911,041	96.01	1,485,141	13.03	1,313,977	154.21

PERFORMANCE REVIEW









PATTERN OF SHAREHOLDINGS

As of December 31, 2019

# of Shareholders		Shareholdings' S	Total Shares Held	
262 499 341 580 195 84 51 37 28 10 18 5 28 6 7 7 5 10 3 4 7 1 22 4 2 2 1 1 1 1 2 2 2 2 1 1 1 1 1 1	1 101 501 1001 5001 10001 25001 30001 35001 40001 15001 10001 15001 10001 115001 10001 115001	to t	100 500 1000 5000 10000 15000 20000 25000 30000 35000 40000 55000 60000 65000 70000 75000 80000 85000 90000 95000 100000 115000 115000 125000 125000 135000 140000 155000 155000 165000 175000 165000 175000 165000 175000 165000 175000 165000 175000 185000 195000 200000 200000 205000 210000 220000 245000 245000	4,653 239,495 333,231 1,729,116 1,640,599 1,108,451 949,760 900,000 786,721 332,002 686,500 216,000 1,388,500 320,000 404,504 447,000 344,000 738,501 232,500 331,000 620,500 92,000 2,193,000 408,000 216,500 225,500 236,000 123,000 123,000 123,000 123,000 123,000 123,000 123,000 123,000 123,000 123,000 123,000 123,000 123,000 123,000 133,500 140,000 285,000 299,500 155,000 474,000 161,000 350,000 367,000 378,500 378,500 388,000 600,000 406,500 2240,000 243,000
1 1 1	215001 230001 235001	to to to	220000 235000 240000	218,165 232,000 240,000

# of Shareholde	areholders Shareholdings' Slab		Total Shares Held	
1 2 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	450001 465001 485001 495001 510001 515001 525001 580001 625001 655001 720001 750001 915001 925001 935001 935001 1040001 1150001 1145001 1145001 1195001 1245001 1340001 1340001 1430001 1570001 1610001 1745001 1995001 2230001 2495001 3270001 3995001 4205001	to t	455000 470000 490000 500000 515000 520000 530000 630000 635000 660000 725000 755000 920000 930000 940000 1055000 1120000 1150000 1155000 1250000 1345000 1345000 1345000 1345000 1345000 1345000 1345000 135000 1425000 1435000 1435000 1575000 1615000 1750000	450,198 933,000 488,500 500,000 510,500 520,000 1,055,260 583,500 600,000 654,000 657,500 1,447,000 753,237 915,833 926,500 937,500 2,000,000 1,043,500 1,052,631 1,115,500 1,146,000 1,154,723 1,200,000 1,250,000 1,344,000 1,360,500 1,421,055 1,432,500 1,575,000 1,614,500 1,575,000 1,614,500 1,748,000 1,961,000 2,000,000 2,108,500 2,230,500 2,230,500 2,500,000 3,270,845 3,995,474 4,208,500
1 1 1 1 1 1 1 1	3995001 4205001 4405001 4420001 6405001 7080001 7995001 10595001 13085001 14630001	to	400000 421000 441000 4425000 641000 7085000 8000000 10600000 13090000 14635000	3,995,474 4,208,500 4,407,500 4,424,138 6,407,296 7,083,500 8,000,000 10,599,500 13,086,000 14,631,340
1 1 1 1 2320	25630001 28445001 64475001 102520001	to to to to	25635000 28450000 64480000 102525000	25,631,181 28,449,500 64,476,454 102,524,228 372,081,591

PATTERN OF SHAREHOLDING

As of December 31, 2019

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
MIAN HASSAN MANSHA	1	14,631,340	3.93
AURANGZEB FIROZ	2	100,000	0.03
GHAZANFAR HUSSAIN MIRZA	1	1,000	0.00
SHAHID MALIK	1	500	0.00
HASSAN NAWAZ TARAR	1	3,500	0.00
ARIF BASHIR	1	1,000	0.00
FARRUKH IFZAL	1	500	0.00
Associated Companies, undertakings and related	parties		
ENGEN (PRIVATE) LIMITED	2	64,476,954	17.33
SECURITY GENERAL INSURANCE CO LTD	1	6,407,296	1.72
NISHAT MILLS LIMITED	1	102,524,228	27.55
ADAMJEE INSURANCE COMPANY LIMITED	1	25,631,181	6.89
Executives	-	-	-
Public Sector Companies and Corporations	3	3,449,000	0.93
Banks, development finance institutions, non-bank	kina		
finance companies, insurance companies, takafu			
modarabas and pension funds	9	18,649,000	5.01
Mutual Funds			
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	4,208,500	1.13
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	1,043,500	0.28
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	3,995,474	1.07
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1	4,424,138	1.19
CDC - TRUSTEE NBP STOCK FUND	1	1,614,500	0.43
CDC - TRUSTEE NBP BALANCED FUND	1	373,000	0.10
CDC - TRUSTEE APF-EQUITY SUB FUND	1	315,000	0.08
MC FSL - TRUSTEE JS GROWTH FUND	1	1,961,000	0.53
CDC - TRUSTEE ABL STOCK FUND	1	1,748,000	0.47
CDC - TRUSTEE NBP SARMAYA IZAFA FUND	1	274,500	0.07
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	1	446,000	0.12
CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET			
ALLOCATION FUND	1	1,154,723	0.31
CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV.			
FUND-EQUITY SUB FUND	1	937,500	0.25
CDC - TRUSTEE UBL RETIREMENT SAVINGS			
FUND - EQUITY SUB FUND	1	724,500	0.19
CDC - TRUSTEE AL AMEEN ISLAMIC			
DEDICATED EQUITY FUND	1	1,421,055	0.38

Categories of Shareholders	Shareholders	Shares Held	Percentage
CDC - TRUSTEE UBL CAPITAL PROTECTED FUND-III	1	102,000	0.03
CDC - TRUSTEE AL-AMEEN ISLAMIC ENERGY FUND	1	528,945	0.14
CDC - TRUSTEE UBL DEDICATED EQUITY FUND	1	218,165	0.06
CDC - TRUSTEE ALLIED FINERGY FUND	1	393,000	0.11
General Public			
a. Local	2,205	52,688,120	14.16
b. Foreign	2	13,500	0.00
Foreign Companies	3	1,275,833	0.34
OTHERS	66	56,345,139	15.14
Totals	2320	372,081,591	100.00

Share holders holding 5% or more	Shares Held	Percentage
NISHAT MILLS LIMITED	102,524,228	27.55
ENGEN (PRIVATE) LIMITED	64,476,954	17.33
PROVIDUS CAPITAL (PVT.) LIMITED	28,449,500	7.65
ADAMJEE INSURANCE COMPANY LIMITED	25,631,181	6.89

Trading in the shares of the Company, carried out by its Directors, Chief Excutive Officer, Chief Operating Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary, their Spouses and minor children during the period January 01, 2019 to December 31, 2019, are as under:

Mr. Ghazanfar Hussain Mirza, Director/Chairman has purchased 1,000 shares on April 08, 2019.

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

Name of Company: Pakgen Power Limited

Year ended: December 31, 2019

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

1. The total number of directors are Seven (7) as per the following:

a. Male: 7b. Female: 0

2. The composition of board is as follows:

Category	Names
Independent Directors	Mr. Farrukh Ifzal
Other Non-executive Directors	Mr. Ghazanfar Hussain Mirza Mr. Aurangzeb Firoz Mr. Hassan Nawaz Tarar Dr. Arif Bashir Mr. Shahid Malik
Executive Director	Mian Hassan Mansha

- The directors have confirmed that none of them is serving as a director on more than Seven listed companies, including this company;
- 4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
- 5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of the particulars of the significant policies along with their date of approval or updating is maintained by the Company;
- All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
- 7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
- 8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. The Board has arranged Directors' Training program for the following:

Directors:

- 1. Mr. Aurangzeb Firoz
- 2. Mr. Farrukh Ifzal
- 3. Mr. Hassan Nawaz Tarar
- 4. Mr. Shahid Malik
- 5. Mr. Ghazanfar Hussain Mirza
- 6. Dr. Arif Bashir
- The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
- 11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
- 12. The board has formed committees comprising of members given below:

a) Audit Committee

- Mr. Farrukh Ifzal (Independent Director) – Chairman
- 2. Mr. Shahid Malik (Non-Executive Director)
- 3. Mr. Aurengzeb Firoz (Non-Executive Director)

b) HR and Remuneration Committee

- Mr. Farrukh Ifzal (Independent Director) - Chairman
- Mian Hassan Mansha (Non- Executive Director)
- 3. Mr. Ghazanfar Hussain Mirza (Non-Executive Director)
- The terms of reference of the aforesaid Committees have been formed, documented and advised to the Committee for compliance;
- 14. The frequency of meetings (quarterly / half yearly / yearly) of the committee were as per following:
 - a) Audit Committee quarterly

- b) HR and Remuneration Committee yearly
- 15. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;
- 16. The Statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) Guidelines on Code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, head of Internal audit, Company Secretary or director of the Company;
- 17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard; and
- 18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

Mian Hassan Mansha Chief Executive Officer

Character Hussein M

Ghazanfar Hussain Mirza

Director

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pakgen Power Limited Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Pakgen Power Limited (the Company) for the year ended 31 December 2019 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 31 December 2019.

RIAZ AHMAD & COMPANY Chartered Accountants

Date: 23 April 2020

LAHORE





INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAKGEN POWER LIMITED REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of Pakgen Power Limited (the Company), which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss and other 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 and other 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 31 December 2019 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 10.1.2 to the financial statements which explains the uncertainty regarding outcome of claims lodged by Central Power Purchasing Agency (Guarantee) Limited (CPPA-G), which have been disputed by the Company. 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.

We have determined that there are no key audit matters to communicate in our report.

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

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

RIAZ AHMAD & COMPANY Chartered Accountants

Lahore

Date: 23 April 2020

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	2019 2018 (Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 400,000,000 (2018: 400,000,000) ordinary shares of Rupees 10 each		4,000,000	4,000,000
Issued, subscribed and paid-up share capital Capital reserve Revenue reserve - un-appropriated profit	3 4	3,720,816 116,959 15,216,287	3,720,816 116,959 12,855,905
Total equity		19,054,062	16,693,680
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finance Employee benefit - gratuity	5 6	20,941	29,349
CURRENT LIABILITIES		20,941	29,349
Trade and other payables Accrued mark-up / profit Short term borrowings Current portion of long term finance Unclaimed dividend	7 8 9 5	525,088 313,770 11,535,517 - 5,676	527,540 126,510 11,093,800 334,369 6,732
		12,380,051	12,088,951
Total liabilities CONTINGENCIES AND COMMITMENTS	10	12,400,992	12,118,300
TOTAL EQUITY AND LIABILITIES		31,455,054	28,811,980

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

HUST NUMBER

DIRECTOR

	Note	2019 2018 (Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets Long term investment	11 12	6,809,174	7,680,263
Long term loans to employees Long term security deposit	13	22,561 300	30,205 300
		6,832,035	7,710,768
CURRENT ASSETS			
Stores, spare parts and other consumables Fuel stock Trade debts Loans, advances and short term prepayments Loans to associated companies Other receivables Accrued interest Sales tax recoverable Cash and bank balances	14 15 16 17 18 19 20	834,763 416,965 20,586,064 458,752 1,009,086 357,642 12,506 795,266 151,975	832,661 516,398 16,939,272 378,385 1,000,000 276,445 9,258 1,145,615 3,178
		24,623,019	21,101,212
TOTAL ASSETS		31,455,054	28,811,980

HIST NUMBIN CHIEF EXECUTIVE DIRECTOR

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	2019 (Rupees ir	2018 n thousand)
SALES COST OF SALES	22 23	12,185,385 (7,618,200)	16,218,296 (13,792,637)
GROSS PROFIT		4,567,185	2,425,659
ADMINISTRATIVE EXPENSES OTHER EXPENSES OTHER INCOME	24 25 26	(228,783) (56,408) 161,771	(174,525) (4,748) 97,863
PROFIT FROM OPERATIONS FINANCE COST	27	4,443,765 (1,532,724)	2,344,249 (859,108)
PROFIT BEFORE TAXATION		2,911,041	1,485,141
TAXATION	28	-	-
PROFIT AFTER TAXATION		2,911,041	1,485,141
OTHER COMPREHENSIVE INCOME:			
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS:			
REMEASUREMENTS OF DEFINED BENEFIT PLAN		7,463	(23,569)
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		-	-
OTHER COMPREHENSIVE INCOME / (LOSS)		7,463	(23,569)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,918,504	1,461,572
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	29	7.82	3.99

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

CHIEF EXECUTIVE

STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2019

		RESERVES		
		Capital	Revenue	
	SHARE	Retained	Un-	TOTAL
	CAPITAL	reserve	appropriated profit	EQUITY
	1		es in thousand	\
	(nupe	es iii tiiousaiiu	,
Balance as at 31 December 2017	3,720,816	116,959	11,766,415	15,604,190
Transaction with owners - Final dividend for the year				
ended 31 December 2017 @ Rupee 1 per share	-	-	(372,082)	(372,082)
Profit for the year ended 31 December 2018	-	-	1,485,141	1,485,141
Other comprehensive loss for the year ended 31 December 2018	_	_	(23,569)	(23,569)
			, , ,	_ ' ' /
Total comprehensive income for the year ended 31 December 2018	_	_	1,461,572	1,461,572
Balance as at 31 December 2018	3,720,816	116,959	12,855,905	16,693,680
Transaction with owners - Final dividend for the year				
ended 31 December 2018 @ Rupees 1.50 per share	-	-	(558,122)	(558,122)
Profit for the year ended 31 December 2019	-	-	2,911,041	2,911,041
Other comprehensive income for the year ended 31 December 2019	_	_	7,463	7,463
Grada de Becomber 2010			7,400	7,400
Total comprehensive income for the year ended 31 December 2019			2 019 504	2 019 504
ended 3 i December 2019			2,918,504	2,918,504
Balance as at 31 December 2019	3,720,816	116,959	15,216,287	19,054,062

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

CHIEF EXECUTIVE

STATEMENT OF CASH FLOWS

for the year ended 31 December 2019

Note	е	2019 (Rupees i	2018 n thousand)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations 30		1,803,428	759,036
Finance cost paid Interest income received Net decrease / (increase) in long term loans to employees Income tax refunded / (paid) Gratuity paid		(1,345,464) 156,995 7,625 91,819 (16,246)	(840,722) 68,341 (30,205) (11,390) (7,990)
Net cash generated from / (used in) operating activities		698,157	(62,930)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment Loans to associated companies - net		(88,444) (9,086)	(78,358) (1,000,000)
Net cash used in investing activities		(97,530)	(1,078,358)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term finance Dividend paid		(334,369) (559,178)	(445,825) (370,687)
Net cash used in financing activities		(893,547)	(816,512)
Net decrease in cash and cash equivalents		(292,920)	(1,957,800)
Cash and cash equivalents at beginning of the year		(11,090,622)	(9,132,822)
Cash and cash equivalents at end of the year		(11,383,542)	(11,090,622)
CASH AND CASH EQUIVALENTS			
Cash in hand Cash at banks Short term borrowings		307 151,668 (11,535,517)	343 2,835 (11,093,800)
		(11,383,542)	(11,090,622)

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

CHIEF EXECUTIVE

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. THE COMPANY AND ITS OPERATIONS

1.1 Pakgen Power Limited ("the Company") was incorporated in Pakistan on 22 June 1995 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the Company is situated at 53-A, Lawrence Road, Lahore. The ordinary shares of the Company are listed on Pakistan Stock Exchange Limited. The principal activities of the Company are to own, operate and maintain a fuel fired power station ("the Complex") having gross capacity of 365 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan. The Company has a Power Purchase Agreement (PPA) with its sole customer, Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) for 30 years which commenced from 01 February 1998.

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 on historical cost basis, except for recognition of employee benefit liabilities at present value and certain financial instruments at fair value.

c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with 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:

Taxation

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws and the decisions by appellate authorities on certain issues in the past.

Useful lives, pattern of economic benefits and impairment

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of the assets for possible impairments on an annual basis. If such indication exists assets recoverable amount is estimated in order to determine the extent of impairment loss, if any. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

Provision for obsolescence of stores, spare parts and other consumables

Provision for obsolescence of items of stores, spare parts and other consumables is made on the basis of management's estimate of net realizable value and ageing analysis prepared on an item-by-item basis.

Employees' retirement benefit

The cost of defined benefit retirement plan is determined using actuarial valuation. The actuarial valuation is based on the assumptions as mentioned in Note 6.11.

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 January 2019:

- · IFRS 9 'Financial Instruments' and amendments to IFRS 9
- · IFRS 15 'Revenue from Contracts with Customers' and amendments to IFRS 15
- · IFRS 16 'Leases'
- · IFRIC 23 'Uncertainty over Income Tax Treatments'
- · IAS 28 (Amendments) 'Investments in Associates and Joint Ventures'
- · IASB's Annual Improvements to IFRSs: 2015 2017 Cycle

The Company had to change its accounting policies and make certain adjustments without restating prior year results following the adoption of IFRS 16, IFRS 9 and IFRS 15. These are disclosed in note 2.3, note 2.4 and note 2.22. Most of the other amendments listed above did not have any impact on the amounts recognised 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 standards that are mandatory for accounting periods beginning on or after 01 January 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.

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

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 January 2020 or later periods:

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. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing general purpose financial statements in accordance with IFRS.

On 29 March 2018, the International Accounting Standards Board (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, derecognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS standard 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 IFRS. 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 1 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 standards that are mandatory for accounting periods beginning on or after 01 January 2020 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 Fixed assets

2.2.1 Operating fixed assets

Operating fixed assets, except freehold land are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is stated at cost less impairment loss, if any. Residual values and estimated useful lives are reviewed at each reporting date, with the effect of changes in estimate accounted for on prospective basis.

Depreciation is charged to income applying the straight line method whereby cost of an asset less its residual value is written off over its estimated useful life at the rates given in Note 11.1. Depreciation on additions is charged for the full month in which the asset is available for use and on deletion up to the month immediately preceding the deletion.

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 included in the statement of profit or loss and other comprehensive income during the period in which they are incurred.

An item of operating fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

2.2.2 Capital work-in-progress

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

2.3 IFRS 16 "Leases"

The Company has adopted IFRS 16 from 01 January 2019. The standard replaces IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognized in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognized lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17, as the operating expense is now replaced by interest expense and depreciation in the statement of profit or loss and other comprehensive income. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

IFRS 16 has been adopted using the modified retrospective approach and as such the comparatives have not been restated. The Company has leases of low-value assets. Hence, the adoption of IFRS 16 does not have any impact on the amounts recognized in prior periods and is not expected to significantly affect the current or future periods.

Exemption from requirements of IFRS 16 to the extent of Power Purchase Agreement (PPA)

The Securities and Exchange Commission of Pakistan (SECP) vide SRO 986(I)/2019 dated 02 September 2019 has granted exemption from the requirements of IFRS 16 'Leases' to all companies, which have entered into power purchase agreements before 01 January 2019. Therefore, the Company is not required to account for the portion of its Power Purchase Agreement (PPA) with Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) as a lease under IFRS 16 'Leases'. Further, SECP also granted waiver for the requirements of IAS 21 'The Effects of Changes in Foreign Exchange Rates' in respect of accounting principle of capitalization of exchange differences to power sector companies. However, if the Company followed IFRS 16, the effect on the financial statements would be as follows:

However, if the Company followed IFRIC 4 and IAS 17, the effect on the financial statements would be as follows:

	2019 2018 (Rupees in thousand)	
De-recognition of fixed assets	(6,802,968)	(7,674,143)
Recognition of lease debtor	4,166,661	4,226,445
De-recognition of trade debts	10,811,461	7,019,548
Decrease in un-appropriated profit at the beginning of the year Increase in profit for the year	(3,447,698) 811,391	(4,239,305) 791,607
Decrease in un-appropriated profit at the end of the year	(2,636,307)	(3,447,698)

Right-of-use assets

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to income as incurred.

Lease liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase

option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use asset, or to statement of profit or loss and other comprehensive income if the carrying amount of the right-of-use asset is fully written down.

2.4 IFRS 9 "Financial instruments"

The Company has adopted IFRS 9 "Financial Instruments" from 01 January 2019. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised 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 investment 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 measuring expected credit losses using a lifetime expected loss allowance is available.

The Company has adopted IFRS 9 without restating the prior year results. However, in respect of companies holding financial assets due from the Government of Pakistan, SECP through SRO 985(I)/2019 dated 02 September 2019 has notified that the requirements contained in IFRS 9 with respect to application of Expected Credit Losses method shall not be applicable till 30 June 2021 and that such companies shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' in respect of above referred financial assets during the exemption period.

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, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

Investments and other financial assets

a) Classification

From 01 January 2019, the Company classifies its financial assets in the following measurement categories:

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement

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

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

Debt instruments

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

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 amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income.

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through

other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income / (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income.

Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss (FVTPL)

Changes in the fair value of equity investments at fair value through profit or loss are recognised in other income / (other expenses) in the statement of profit or loss and other comprehensive income as applicable.

Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Financial liabilities

a) Classification and measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at

fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss and other comprehensive income. Any gain or loss on de-recognition is also included in profit or loss.

iii) Impairment of financial assets

From 01 January 2019, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For receivables other than those due from the Government of Pakistan, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

iv) De-recognition

a) Financial assets

The Company derecognizes 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 derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

b) Financial liabilities

The Company derecognizes 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 expires.

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) Hedge accounting

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these financial statements as there is no hedge activity carried on by the Company during the year ended 31 December 2019.

vii) Impacts of adoption of IFRS 9 on these financial statements as on 01 January 2019

On 01 January 2019, 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 January 2019) and has classified its financial instruments into appropriate IFRS 9 categories. However, this change in classification and measurement of financial instruments has no financial impact on the financial statements of the Company.

Reclassifications of financial instruments on adoption of IFRS 9

As on 01 January 2019, the classification and measurement of financial instruments of the Company were as follows:

Carrying amounts

Measurement category

	Measurement category		U.	Carrying amounts	
	Original	New	Original	New	Difference
	(IAS 39)	(IFRS 9)	Ru	pees in thous	sand
Non-current financial assets					
Long term loans to employees	Loans and				
Long term security deposits	receivables Loans and receivables	Amortised cost Amortised cost	30,205 300	30,205 300	
Current financial assets					
Trade debts	Loans and receivables	Amortised cost	16,939,272	16,939,272	: -
Loans and advances	Loans and receivables	Amortised cost	16,625	16,625	_
Loans to associated companies	Loans and		,	,	
Other receivables	receivables Loans and	Amortised cost	1,000,000	1,000,000	=
Accrued interest	receivables Loans and	Amortised cost	153	153	-
	receivables	Amortised cost	9,258	9,258	-
Cash and bank balances	Loans and receivables	Amortised cost	3,178	3,178	-
Non-current financial liabilities					
Long term finance	Amortised cost	Amortised cost	-	-	-
Current financial liabilities					
Trade and other payables		Amortised cost	447,119		
Accrued mark-up / profit Short term borrowings		Amortised cost Amortised cost	126,510	126,510	
Current portion of long	ATTORISCA COST	7 THOI LIGOU COST	11,000,000	11,000,000	_
term finance Unclaimed dividend		Amortised cost Amortised cost	334,369	334,369	
Officialitied dividend	ATTORISEU COST	AITIOI LISEU COSL	6,732	6,732	-

2.5 Investment in associate - (with significant influence)

Associates are all entities over which the Company has significant influence but not control. Investment in equity instruments of associates are accounted for using the equity method of accounting and are initially recognised at cost. The Company's investment in associates includes goodwill (net of any accumulated impairment loss) identified on the acquisition. The Company's share of its associates' post-acquisition profits or losses is recognised in the statement of profit or loss and other comprehensive income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. At each reporting date, the Company reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognised as expense in the statement of profit or loss and other comprehensive income. Impairment losses recognised in the statement of profit or loss and other comprehensive income on equity instruments are not reversed through the statement of profit or loss and other comprehensive income.

2.6 Foreign currency translation

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Transactions in foreign currency are converted in Pak Rupees at the rates of exchange prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies at the reporting date are translated into Pak Rupees at the rate of exchange prevailing on that date. Net exchange differences are recognized as income or expense in the period in which they arise.

2.7 Employee benefits

2.7.1 Defined contribution plan

The Company operates a contributory provident fund scheme covering all regular employees. Equal monthly contributions are made by the Company and employees to the fund at the rate of 10% of basic salary of employees.

2.7.2 Defined benefit plan

The Company operates a funded gratuity scheme for all of its employees who have completed the qualifying period as defined under the scheme. As per gratuity scheme, employees of the Company are entitled to gratuity equivalent to last drawn salary multiplied by the numbers of year of service up to the date of leaving the Company. The liability recognised in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method. The charge for the year is based on actuarial valuation. The latest actuarial valuation was carried out as at 31 December 2019 using projected unit credit method. The amount arising as a result of remeasurements are recognised immediately, with a charge or credit to other comprehensive income in the periods in which they occur. Past-service costs are recognised immediately in income.

2.8 Inventories

Inventories, except in transit are stated at lower of cost and net realizable value. Cost is determined as follows:

2.8.1 Fuel stock

Cost is determined on the basis of first-in-first-out method.

2.8.2 Stores, spare parts and other consumables

Cost is determined on the basis of average cost method, less allowance for obsolete and slow moving items. Cost in relation to items in transit comprises of invoice value and other charges incurred thereon up to the reporting date.

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

2.9 Provisions

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

2.10 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. EPS 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.

2.11 Contingent assets

Contingent assets are disclosed when the Company has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization becomes certain.

2.12 Contingent liabilities

Contingent liability is disclosed when the Company has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the financial statements.

2.13 Taxation

2.13.1 Current

Income (profit and gains) of the Company derived from power generation are exempt from income tax under Clause 132 of Part I and Clause 11A of Part IV of Second Schedule to the Income Tax Ordinance, 2001. This exemption is available till the term of Power Purchase Agreement (PPA). However, full provision is made in the statement of profit or loss and other comprehensive income on income from sources not covered under the above clauses at current rates of taxation after taking into account, tax credits and rebates available, if any.

2.13.2 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 base 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 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 and Clause 11A of Part IV of Second Schedule to the Income Tax Ordinance, 2001.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, balance with banks in current, saving and deposit accounts and short-term borrowings under mark-up arrangements.

2.15 Borrowings

Financing and borrowings are initially recognized at fair value of the consideration received, net of transaction costs. They are subsequently measured at amortized cost using the effective interest method.

2.16 Borrowing costs

Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed in the statement of profit or loss and other comprehensive income in the period in which they arise.

2.17 Financial assets due from the Government of Pakistan

Financial assets due from the Government of Pakistan include trade debts and other receivables due from CPPA-G under the PPA that also includes accrued amounts. As referred to in note 2.4 to these financial statements, SECP through SRO 985(I)/2019 dated 02 September 2019 has notified that, in respect of companies holding financial assets due from the Government of Pakistan, the requirements contained in IFRS 9 with respect to application of Expected Credit Losses method shall not be applicable till 30 June 2021 and that such companies shall follow relevant requirements of IAS 39 in respect of above referred financial assets during the exemption period. Accordingly, the same continue to be reported as per the following accounting policy:

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

The Company assesses at the end of each reporting period whether there is objective evidence that the financial asset is impaired. The financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that

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

2.18 Trade debts

Trade debts are amounts due from CPPA-G in the ordinary course of business. Trade debts are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade debts with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less provision for impairment.

2.19 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

2.20 Trade and other payables

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

2.21 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 statement of financial position 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 assets 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 profit or loss.

2.22 Revenue from contracts with customers

The Company has adopted IFRS 15 from 01 January 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise 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. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

Key changes in accounting policies resulting from application of IFRS 15 are as follows:

i) Revenue recognition

Revenue is recognised 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 recognises 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.

Sale of electricity

Revenue from sale of electricity to CPPA-G, the sole customer of the Company, is recorded on the basis of Net Electrical Output delievered to CPPA-G and capacity made available to CPPA-G at rates specified under the Power Purchase Agreement (PPA). PPA is a contract over a period of 30 years.

Interest

Interest income is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

Rent

Rent revenue is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Dividend

Dividend on equity investments is recognized when right to receive the dividend is established.

ii) Impacts of adoption of IFRS 15 on these financial statements as on 01 January 2019

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

2.23 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

2019 (Number	2018 of Shares)		2019 (Rupees i	2018 in thousand)
370,586,125	370,586,125	Ordinary shares of Rupees 10 each fully paid-up in cash	3,705,861	3,705,861
1,495,466	1,495,466	Ordinary shares of Rupees 10 each issued as fully paid-up for consideration other than cash (Note 3.2)	14,955	14,955
372,081,591	372,081,591		3,720,816	3,720,816

3.1 Ordinary shares of the Company held by associated companies:

	2019 (Number	2018 r of shares)
Nishat Mills Limited Adamjee Insurance Company Limited Security General Insurance Company Limited Engen (Private) Limited City Schools (Private) Limited	102,524,228 25,631,181 6,407,296 64,476,954 526,315	102,524,228 25,631,181 6,407,296 64,476,954 526,315
	199,565,974	199,565,974

3.2 These were issued against project development expenses.

3.3 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders keeping in view its cash flow requirements to maintain its operating capacity in terms of PPA. No changes were made in the objectives, policies or processes from previous year. The Company monitors capital using a gearing ratio, which is net debt divided by the total capital plus net debt. The Company includes within net debt long term finance, short term borrowings, less cash and bank balances. Capital includes equity attributable to the equity holders.

	2019 2018 (Rupees in thousand)	
Long term finance Short term borrowings Cash and bank balances	- 11,535,517 (151,975)	334,369 11,093,800 (3,178)
Net debt	11,383,542	11,424,991
Equity	19,054,062	16,693,680
Equity and net debt	30,437,604	28,118,671
Gearing ratio	37.40%	40.63%

4. CAPITAL RESERVE

This represents the Retained Payments Fund ("the reserve") maintained under clause 9.11 of the PPA. Initially the reserve was established at one twenty fourth of the annual operating and maintenance budget of the Company's first year of operations less fuel expenses. The reserve can only be utilized to pay expenses on major maintenance for proper operation of the Complex in case of non availability of sufficient funds. The reserve fund needs to be replenished for the monies utilized by the Company.

5. LONG TERM FINANCE	2019 (Rupees i	2018 n thousand)
From banking company - secured		
Long term loan (Note 5.1) Less: Current portion shown under current liabilities	-	334,369 334,369 ————

5.1 This represented syndicated term finance facility obtained from MCB Bank Limited (NIB Bank Limited merged into MCB Bank Limited) (Lead Arranger / Agent) to finance the replacement of turbine rotors of the Complex against sanctioned limit of Rupees 3,000 million (2018: Rupees 3,000 million). This facility carried mark-up at the rate of three months KIBOR plus 0.5% per annum (2018: three months KIBOR plus 0.5% per annum) payable quarterly. The effective mark-up rate charged during the year ranged from 11.03% to 13.46% (2018: 6.67% to 11.03%) per annum. This facility was repaid in sixteen equal quarterly instalments with a grace period of six months and was secured by the way of first pari passu charge over present and future plant and machinery of the Company amounting to Rupees 4,000 million and first pari passu hypothecation charge over present and future current assets amounting to Rupees 4,000 million.

6. EMPLOYEE BENEFIT - GRATUITY

The latest actuarial valuation of the defined benefit plan as at 31 December 2019 was carried out using the Projected Unit Credit Method. Details of the plan as per the actuarial valuation are as follows:

		2019 (Rupees ii	2018 n thousand)
6.1	Statement of financial position reconciliation:		
	Present value of defined benefit obligation (Note 6.2) Fair value of plan assets (Note 6.3)	106,277 (85,336)	104,446 (75,097)
	Liability recognized at reporting date	20,941	29,349

6.2 Movement in present value of defined benefit obligation: 104,446 - - - 79,500 - 79,500 - 79,500 12,489 12,834 11,160 6,229 12,489 12,834 11,160 6,229 13,160 6,229 13,873 13,160 6,229 13,873 13,873 13,873 13,873 104,446 - 79,500 104,446 - 79,500 104,446 6.229 13,873 13,873 13,873 13,873 104,446 6.229 104,446 6.229 13,873	6.0	Mayoment in present value of defined bonefit obligation.	2019 (Rupees in	2018 thousand)
Transferred from Lalpir Power Limited - associated company	0.2	Movement in present value of defined benefit obligation:		
Fair value of plan assets at the beginning of the year Transferred from Lalpir Power Limited - associated company Interest income Benefits paid on behalf of fund by the Company Benefits paid by the fund Contributions to the fund by the Company Remeasurement Fair value of plan assets at the end of the year Fair value of plan assets at the end of the year 6,000 Fair value of plan assets at the end of the year 6,109 Fair value of plan assets at the followings: Term deposit receipts Cash at banks 75,097 6.4 Actual return on plan assets 84,852 Cash at banks 85,336 75,097 6.6 Net movement in liability: Opening liability Charge for the year (Note 6.7) Remeasurements recognized in other comprehensive income (Note 6.8) Benefits paid on behalf of fund by the Company Benefits paid on behalf of the fund Closing liability Charge for the year recognized in profit or loss: Current service cost Interest cost - net 75,097 75,097 75,097 75,090 75,090 75,097 84,852 51,733 84,852 51,733 85,336 75,097 6.6 Net movement in liability: 29,349 - (7,463) 23,569 6,000) - (7,990) - (7,463) 23,569 8 (7,463) 23,569 8 (7,463) 8 (7,463) 8 (7,990) 8 (7,990) 8 (7,990) 9		Transferred from Lalpir Power Limited - associated company Current service cost Interest cost Benefits paid	12,489 13,160 (10,246)	12,834 6,229 (7,990)
Fair value of plan assets at the beginning of the year Transferred from Lalpir Power Limited - associated company Interest income Benefits paid on behalf of fund by the Company Benefits paid by the fund Contributions to the fund by the Company Remeasurement Fair value of plan assets at the end of the year 6.4 Actual return on plan assets Fair deposit receipts Cash at banks 84,852 Cash at banks 85,336 75,097 6.6 Net movement in liability: Opening liability Charge for the year (Note 6.7) Remeasurements recognized in other comprehensive income (Note 6.8) Benefits paid on behalf of fund by the Company Benefits paid on behalf of the fund Closing liability Closing liabil		Present value of obligation at the end of the year	106,277	104,446
Transferred from Lalpir Power Limited - associated company Interest income 10,348 5,293 Benefits paid on behalf of fund by the Company 10,246 7,990 Benefits paid by the fund (10,246) (7,990) Contributions to the fund by the Company 6,000 - Remeasurement (6,109) (9,696) Fair value of plan assets at the end of the year 85,336 75,097 6.4 Actual return on plan assets 4,239 4,403 6.5 Plan assets consist of the followings: Term deposit receipts 84,852 51,733 Cash at banks 484 23,364 6.6 Net movement in liability: 29,349 - Opening liability 29,349 - Charge for the year (Note 6.7) 15,301 13,770 Remeasurements recognized in other (7,463) 23,569 Benefits paid on behalf of fund by the Company (6,000) - Benefits paid on behalf of the fund (10,246) (7,990) Closing liability 20,941 29,349 6.7 Charge for the year recognized in profit or loss: 2,812 936 <td>6.3</td> <td>Movement in fair value of plan assets:</td> <td></td> <td></td>	6.3	Movement in fair value of plan assets:		
6.4 Actual return on plan assets 4,239 4,403 6.5 Plan assets consist of the followings: Term deposit receipts Cash at banks 484 23,364 6.6 Net movement in liability: 29,349 - Charge for the year (Note 6.7) 15,301 13,770 Remeasurements recognized in other comprehensive income (Note 6.8) (7,463) 23,569 Benefits paid on behalf of fund by the Company Benefits paid on behalf of the fund (10,246) (7,990) Closing liability 20,941 29,349 6.7 Charge for the year recognized in profit or loss: 12,489 12,834 Current service cost Interest cost - net 2,812 936		Transferred from Lalpir Power Limited - associated company Interest income Benefits paid on behalf of fund by the Company Benefits paid by the fund Contributions to the fund by the Company	10,348 10,246 (10,246) 6,000	5,293 7,990 (7,990)
6.5 Plan assets consist of the followings: Term deposit receipts Cash at banks 84,852 51,733 484 23,364 85,336 75,097 6.6 Net movement in liability: Opening liability Opening liability Charge for the year (Note 6.7) Remeasurements recognized in other comprehensive income (Note 6.8) Benefits paid on behalf of fund by the Company Benefits paid on behalf of the fund (10,246) Closing liability 20,941 29,349 6.7 Charge for the year recognized in profit or loss: Current service cost I12,489 12,834 Interest cost - net 2,812 936		Fair value of plan assets at the end of the year	85,336	75,097
Term deposit receipts Cash at banks 84,852 484 23,364 85,336 75,097 6.6 Net movement in liability: Opening liability Charge for the year (Note 6.7) Remeasurements recognized in other comprehensive income (Note 6.8) Benefits paid on behalf of fund by the Company Benefits paid on behalf of the fund Closing liability 29,349 - (7,463) 23,569 (7,463) 23,569 (6,000) - (10,246) (7,990) Closing liability 20,941 29,349 6.7 Charge for the year recognized in profit or loss: Current service cost I12,489 12,834 Interest cost - net 2,812 936	6.4	Actual return on plan assets	4,239	4,403
Cash at banks 484 23,364 85,336 75,097 6.6 Net movement in liability: Opening liability 29,349 - Charge for the year (Note 6.7) 15,301 13,770 Remeasurements recognized in other comprehensive income (Note 6.8) (7,463) 23,569 Benefits paid on behalf of fund by the Company (6,000) - Benefits paid on behalf of the fund (10,246) (7,990) Closing liability 20,941 29,349 6.7 Charge for the year recognized in profit or loss: Current service cost 12,489 12,834 Interest cost - net 2,812 936	6.5	Plan assets consist of the followings:		
6.6 Net movement in liability: Opening liability Charge for the year (Note 6.7) Remeasurements recognized in other comprehensive income (Note 6.8) Benefits paid on behalf of fund by the Company Benefits paid on behalf of the fund Closing liability Charge for the year recognized in profit or loss: Current service cost Interest cost - net 29,349 - 15,301 Interest cost (7,463) (7,463) (7,463) (7,463) (7,463) (7,990) - 10,000 (10,246) (7,990) - 10,000 (10,246) (10			484	23,364
Opening liability Charge for the year (Note 6.7) Remeasurements recognized in other comprehensive income (Note 6.8) Benefits paid on behalf of fund by the Company Benefits paid on behalf of the fund Closing liability 6.7 Charge for the year recognized in profit or loss: Current service cost Interest cost - net 29,349 - 15,301 13,770 23,569 (7,463) 23,569 (6,000) - (7,99			85,336	75,097
Charge for the year (Note 6.7) Remeasurements recognized in other comprehensive income (Note 6.8) Benefits paid on behalf of fund by the Company Benefits paid on behalf of the fund Closing liability Closing liability 20,941 29,349 6.7 Charge for the year recognized in profit or loss: Current service cost Interest cost - net 2,812	6.6	Net movement in liability:		
Benefits paid on behalf of fund by the Company Benefits paid on behalf of the fund Closing liability Closing for the year recognized in profit or loss: Current service cost Interest cost - net Current service cost Service Company (6,000) (10,246) (7,990) 29,349 12,834 12,834 12,834		Charge for the year (Note 6.7) Remeasurements recognized in other	15,301	
6.7 Charge for the year recognized in profit or loss: Current service cost		Benefits paid on behalf of fund by the Company	(6,000)	-
Current service cost 12,489 12,834 Interest cost - net 2,812 936		Closing liability	20,941	29,349
Interest cost - net 2,812 936	6.7	Charge for the year recognized in profit or loss:		
Charge for the year 15,301 13,770				
		Charge for the year	15,301	13,770

6.8	Remeasurements recognised in other comprehensive income:	2019 (Rupees ir	2018 n thousand)
	Experience gain / (losses) Remeasurement of fair value of plan assets	13,572 (6,109)	(13,873) (9,696)
	Remeasurements	7,463	(23,569)

6.9 Plan assets held in the trust are governed by local regulations which mainly includes the Trust Act, 1882, the Companies Act, 2017, the Income Tax Rules, 2002 and Rules under the Trust Deed of the plan. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the plan obligations. The Company has not changed the processes used to manage its risks from previous periods. The Company does not use derivatives to manage its risk. Investments are diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. Responsibility for governance of the plan, including investment decisions and contribution schedules, lies with the Board of Trustees.

6.10 Amounts for the current and previous four years:

	2019	2018 Rupee	2017 s in thous	2016 sand	2015)
Present value of defined benefit obligation Fair value of plan assets	106,277 (85,336)	104,446 (75,097)	- -	- -	-
Deficit	20,941	29,349			
Remeasurement (gain) / loss on obligation	(13,572)	13,873	_		_
Remeasurement loss on plan assets	6,109	9,696	_		-

0010

	2019 (% per	2018 annum)
6.11 Principal actuarial assumptions used:		
Discount rate Expected rate of increase in salary Expected rate of return on plan assets	11.25 11.25 11.25	13.25 13.25 13.25

- **6.12** Mortality was assumed to be based on SLIC 2001-05 ultimate mortality rates, rated down by one year.
- **6.13** The expected charge to statement of profit or loss and other comprehensive income of the Company for defined benefit plan obligation for the next year is Rupees 14.401 million.

- 6.14 The Company's contribution to defined benefit plan in 2020 is expected to be Rupees 10.882 million. There are no minimum funding requirements to the defined benefit plan. The actuary conducts separate valuations for calculating contribution rates and the Company contributes to the gratuity fund according to the actuary's advice. Expense of the defined benefit plan is calculated by the actuary.
- **6.15** The weighted average duration of the defined benefit plan is 8.16 years.

6.16 Sensitivity analysis for actuarial assumptions:

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

	Impact on defined benefit plan			
	Changes in assumption (%)	Increase in assumption (Rupees in	Decrease in assumption thousand)	
Discount rate Future salary increases	1 1	97,930 116,435	116,009 97,419	

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 obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied.

- **6.17** The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the plan, at the beginning of the period, for returns over the entire life of related obligation. The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on term deposits are based on gross redemption yields as at the reporting date.
- **6.18** Expected maturity profile of undiscounted defined benefit obligation:

Less than a year		Between 3 - 5 years	Between 6 - 10 years	Over 10 Years	Total
(Rupees in th	ousand		-)
27,557	4,317	19,630	35,427	330,420	417,351

7 TRADE AND OTHER R	NVA PL FO	2019 (Rupees ir	2018 n thousand)
7. TRADE AND OTHER PA	AYABLES		
Workers' welfare fund pa		226,685 84,310 145,553 58,221	350,481 92,762 74,257
Income tax deducted at Payable to provident fun- Others		2,673 4,024 3,622	2,152 4,012 3,876
		525,088	527,540
7.1 Workers' profit particip	ation fund payable		
Opening balance Allocation for the year (N Payments made during t		74,257 145,553 (74,257)	65,699 74,257 (65,699)
Closing balance		145,553	74,257
7.2 Workers' welfare fund	payable		
Allocation for the year (N	ote 25.3)	58,221	
8. ACCRUED MARK-UP /	PROFIT		
Long term finance Short term borrowings		313,770	505 126,005
		313,770	126,510
9. SHORT TERM BORRO	WINGS		
From banking compani	ies - secured		
Working capital finances Running musharakah (No		10,585,573 949,944	10,650,402 443,398
		11,535,517	11,093,800

9.1 The Company has total working capital finance facilities of Rupees 13,174 million (2018: Rupees 12,967 million) available from banking companies out of which Rupees 2,589 million (2018: Rupees 2,316 million) remained unutilized at year end. These facilities carry mark-up at average offer rate for 1 month to 6 months KIBOR plus 0.20% to 2.50% (2018: 1 month to 6 months KIBOR plus 0.18% to 2.00%) per annum payable quarterly / semi annually (2018: monthly / quarterly / semi annually). The effective interest rate charged during the year ranged from 8.44% to 15.81% (2018: 6.34% to 11.32%) per annum. These facilities are secured by way of charge to the extent of Rupees 18,604 million (2018: Rupees 17,258 million) on the present and future current assets of the Company.

9.2 These represent running musharakah facilities of Rupees 993.399 million (2018: Rupees 450.815 million) obtained to meet short term working capital requirements out of which Rupees 43.456 million (2018: Rupees 7.418 million) remained unutilized at year end. These facilities carry profit at average offer rate for 3 months KIBOR plus 0.75% to 1.00% (2018: 3 months KIBOR plus 0.40%) per annum payable quarterly. The effective profit rate charged during the year ranged from 9.36% to 14.86% (2018: 9.36%) per annum. These facilities are secured by way of charge to the extent of Rupees 2,979 million (2018: Rupees 1,250 million) on the present and future current assets of the Company.

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

10.1.1 Up to the year ended 31 December 2002, the Company had recorded the provision for workers' profits participation fund and paid to the Federal Treasury contributions on its annual profit as per the provisions of the Companies Profits (Workers' Participation) Act, 1968 (the Act).

Based on legal advice, the Company filed a petition on 15 April 2004 in the Honorable Lahore High Court challenging the application of the Act to the Company on the grounds that since inception the Company has not employed any person who falls within the definition of the term "Worker" as per the provisions of the Act. The Company asserts that it had erroneously deposited in the past certain sums with Federal Treasury as contributions of Workers' Profit Participation Fund (WPPF) and Workers' Welfare Fund (WWF), although it was not obligated to make such payments. The petition was filed subsequent to the Company's receipt of the Federal Board of Revenue's Income Tax / Wealth Tax Circle's letter dated 30 March 2004 directing the Company to allocate five percent of its net profit towards the WPPF and deposit the un-utilized amount of the WPPF in the Federal Treasury. The petition was filed against the Labour, Manpower and Overseas Pakistani Division of Ministry of Labour, Manpower and Overseas Pakistanis which was later dismissed for non-prosecution.

Consequent to the amendments that were made in the Act through the Finance Act, 2006, the Company was required to pay 5% of its profits to WPPF from the financial year 2006. The Company established a workers' profit participation fund to comply with the requirements of the Companies Profit (Workers' Participation) Act, 1968.

Management, based on legal advice, asserts that if it is held that the scheme is applicable to the Company during the aformentioned period, any payments that the Company is ultimately required to make under the provision of the Act are considered as pass through items recoverable from Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) under the provisions of the Power Purchase Agreement (PPA). Consequently, there will be no impact on its financial position and its results of operations.

10.1.2 "Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) has raised invoices for liquidated damages to the Company from 11th to 22nd (up to December 2019) agreement year (after taking into account forced outage allowance stipulated under the terms of Power Purchase Agreement) on account of short supply of electricity by the Company, which was due to cash constraints of the Company as a result of default by CPPA-G in making timely payments. Liquidated damages invoiced to the Company amounts to Rupees 6,266.108 million (2018: Rupees 6,266.061 million). Out of these, the Company has accepted and paid Rupees 4,006.432 million (2018: Rupees 4,006.386 million). The Company disputes and rejects balance claims on account of liquidated damages that are raised by CPPA-G

on the premise that its failure to dispatch electricity was due to CPPA-G's non-payment of dues on timely basis to the Company and consequential inability of the Company to make timely payments to its fuel supplier that resulted in inadequate level of electricity production owing to shortage of fuel. Against these the Company has raised invoice dispute notices to CPPA-G. The Company appointed mediation expert under the mechanism given in the PPA. On 22 June 2017, the mediation expert gave his decision in favour of the Company. However, this decision is not binding on either party.

During the year ended 31 December 2018, the Company has filed case for arbitration in the International Chamber of Commerce (ICC) to resolve the following matters, as per the mechanism allowed by PPA for resolutions of disputes:

- On various occasions, CPPA-G has sought to set off amounts allegedly owed to it as liquidated damages against amounts it must pay to the Company as part of its obligations to make capacity payments. On 8 January 2018, CPPA-G wrote to the Company, threatening to set off a total of Rupees 2.425 billion which it considers as allegedly due to it, against capacity payment invoices to be issued by the Company. The far-reaching implications of CPPA-G's threat to take unilateral action left the Company with no option but to approach the courts of Pakistan for interim relief, until the matter gets resolved finally through arbitration, in accordance with the provisions of the PPA. In its order dated 16 January 2018, the Lahore High Court suspended the legal effect of CPPA-G's 8 January 2018 letter on an interim basis.
- CPPA-G sent a number of letters to the Company, purporting to deduct amounts from the energy payments due to the Company on the basis that it had procured fuel from suppliers other than the Pakistan State Oil Company Limited ("PSO"). Amounts withheld on this account from the invoices of the Company totaled Rupees 36.023 million. PPA does not allow CPPA-G to dispute invoices on the basis that fuel was procured from a provider other than PSO. Neither is CPPA-G permitted to retroactively dispute invoices, many months or years after they have become due.
- CPPA-G is required to provide and renew a Letter of Credit. Letter of Credit must allow access to "immediately available funds", which "shall be in an amount equal to an aggregate of two (2) Months of capacity payments plus energy payments". CPPA-G has failed to renew the Letters of Credit, following their expiry on 23 December 2010.
- In addition to its persistent failure to make timely energy and capacity payments, CPPA-G has also failed to comply with its obligation to pay interest to the Company. PPA provides that "Late payments shall bear interest". As a result, a total of Rupees 877.899 million in unpaid interest is due at the date of the latest invoice submitted by the Company (till the date of request for arbitration).

An arbitrator has been appointed and the case is still pending for hearing. The ultimate outcome of the matter cannot presently be determined, and consequently, no provision for such liquidated damages has been made in these financial statements.

10.1.3 CPPA-G issued a notice on 20 March 2017, disputing all the invoices of the Company on the grounds that the Company was in default of its obligations under the PPA and accordingly not eligible for the cost of working capital claimed and adjustment on account of heat rate savings. The Company challenged the dispute notice in the Honourable Lahore High Court ("the Court"). The Court issued a stay order restraining CPPA-G from disputing any invoice of the Company. The management is of the view that there are meritorious grounds available to defend the dispute notice and consequently, no provision has been made in these financial statements.

- 10.1.4 Deputy Commissioner Inland Revenue (DCIR) issued orders to the Company in which sales tax refund claims amounting to Rupees 1,486.302 million for the tax periods November 2008 to July 2009, January 2010 to October 2010 and January 2011 to July 2012 were rejected by apportioning input sales tax between capacity invoices and energy invoices and allowed input sales tax allocated to energy invoices only. Against aforesaid orders, the Company filed appeals before Commissioner Inland Revenue (Appeals) [CIR(A)], which were decided in favour of the Company. Against the orders of CIR(A), tax department has filed appeals before Appellate Tribunal Inland Revenue (ATIR). ATIR decided the case in favour of tax department and vacated the order passed by CIR(A). Against the decision of ATIR, the Company has filed reference application in the Honourable Lahore High Court ("the Court") which has been decided in favour of the Company by the Court. However, department has filed petition for leave to appeal before Supreme Court of Pakistan. Further, DCIR issued show cause notice to the Company for the tax periods from July 2009 to December 2012 declaring refund claims being inadmissible amounting to Rupees 2,374.766 million on aforesaid grounds. The Company challenged the notice before the Court along with reply of the show cause notice to DCIR. The Court has decided the case in favour of the Company. However, tax department has filed petition for leave to appeal before Supreme Court of Pakistan, as well as review application before the Court. The management is of the view that there are meritorious grounds available to defend the foregoing rejection. Consequently, no provision for such rejections has been made in these financial statements.
- 10.1.5 The tax authorities have carried out assessment proceedings under section 122(5A) of the Income Tax Ordinance, 2001 for the tax years 2012 to 2014 by creating (among others) a demand of Rupees 708.184 million on account of interest on delayed payments by CPPA-G not been offered for tax. As per tax authorities, interest on delayed payments falls under the head income from other sources and is not exempt from tax as the same is not covered under Clause 132, Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Company filed appeals against foregoing assessment proceedings before Commissioner Inland Revenue (Appeals) [CIR(A)], which were decided in favour of the Company. Against the decisions of CIR(A), tax authorities have filed appeals before ATIR which are in the process of hearings except in case of tax year 2012, where the ATIR through its order dated 01 October 2019 has dismissed tax authorities' appeal and has upheld the order passed by CIR(A). Tax authorities have preferred appeal before Honorable Lahore High Court, Lahore against the order of ATIR. Based on tax advisor's opinion and CIR(A)'s decision in favour of the Company, the management is confident that the matter will be decided in favour of the Company and accordingly no provision has been made in these financial statements.
- 10.1.6 The Deputy Commissioner Inland Revenue (DCIR), through an assessment order, rejected the deferred sales tax refund claims of different tax periods amounting to Rupees 44.816 million on the grounds that the Company has failed to prove admissibility of refund claims in the light of objection raised by Sales Tax Automated Refund Repository (STARR). The Company filed an appeal before CIR(A) whereby CIR(A) has granted relief to the Company and directed the department to allow Company's refund claim after proper verification of underlying documents and refund should be curtailed if the Company failed to provide the proof. The management is of the view that there are meritorious grounds available to prove the genuineness of the refund claims. Consequently, no provision has been made in these financial statements.
- 10.1.7 During the year ended 31 December 2019, DCIR has passed an order under section 11 of the Sales Tax Act, 1990 raising a demand on account of sales tax aggregating to Rupees 159.815 million against the Company. The Company filed an appeal before the CIR(A)

against the order of DCIR. On 12 September 2019, CIR(A) disposed-off the appeal whereby all the matters were decided in favor of the Company except the disallowance of input sales tax on certain purchases aggregating to Rupees 51.707 million. Being aggrieved by the order, the Company has filed an appeal before the ATIR challenging the disallowance of input sales tax which is pending for hearing. Based on the tax advisor's opinion, the management is of the view that there are meritorious grounds available to defend the disallowance of input sales tax. Consequently, no provision for such disallowance has been made in these financial statements.

- **10.1.8** The banks of the Company have issued letters of credit in favour of Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) for amount of Rupees 651 million (2018: Rupees 651 million) to meet its obligations under the Power Purchase Agreement (PPA).
- **10.1.9** The banks of the Company have issued letters of guarantee in favour of Pakistan State Oil Company Limited (PSO) fuel supplier for an amount of Rupees 500 million (2018: Rupees 1,500 million) against purchase of fuel.
- 10.1.10 On 28 September 2018, the Company has challenged, before Honourable Lahore High Court, Lahore, the vires of clauses (h) and (i) to sub-section (1) of section 8 of the Sales Tax Act, 1990 whereby claim of input sales tax in respect of building materials has been disallowed. The Honourable Lahore High Court, Lahore on 24 October 2019 has passed order against the Company and the Company being aggrieved with the order has preferred Intra Court Appeal before the Honourable Lahore High Court, Lahore. The Company has claimed input sales tax amounting to Rupees 2.801 million (2018: Rupees 2.801 million) paid on such goods in its respective monthly sales tax returns. The management, based on advice of the legal counsel, is confident of favorable outcome of its appeal.

10.2 Commitments

10.2.1 The Company has entered into a contract for a period of thirty years for purchase of fuel from PSO. Under the terms of Fuel Supply Agreement (FSA), the Company is not required to buy any minimum quantity of fuel from PSO.

2010

	(Rupees in	thousand)
10.2.2 Commitments in respect of letters of credit for capital expenditure		4,992
10.2.3 Commitments in respect of other than capital expenditure	10,163	7,455
11. FIXED ASSETS		
Operating fixed assets (Note 11.1) Capital work-in-progress (Note 11.2)	6,760,597 48,577	7,634,699 45,564
	6,809,174	7,680,263

2018

11.1 Operating fixed assets

Reconciliation of carrying amounts of operating fixed assets at the beginning and at the end of the year is as follows:

Description	Freehold land	Buildings on freehold land	Air strip	Plant and machinery	Furniture and fittings	Vehicles	Office equipment	Electric equipment and appliances	Total
				R	upees in t	thousand			
At 31 December 2017 Cost Accumulated depreciation	251,772	961,544 (435,092)	,	14,366,733 (6,670,200)	5,060 (3,633)	7,598 (7,500)	28,104 (23,514)	•	15,652,724 (7,170,121)
Net book value	251,772	526,452	77	7,696,533	1,427	98	4,590	1,654	8,482,603
Year ended 31 December 2018 Opening net book value Additions Derecognitions:	251,772	526,452	77	7,696,533 73,319	1,427 557	98 65	4,590 572	1,654 1,015	8,482,603 75,528
Cost Accumulated depreciation	-	-	-	(5,254) 3,339	-	-		-	(5,254) 3,339
Depreciation charge	-	(52,184)	(77)	(1,915) (865,398)	(462)	(95)	(3,077)	(224)	(1,915) (921,517)
Closing net book value	251,772	474,268		6,902,539	1,522	68	2,085	2,445	7,634,699
At 31 December 2018 Cost Accumulated depreciation	251,772 -	961,544 (487,276)	,	14,434,798 (7,532,259)	5,617 (4,095)	7,663 (7,595)	28,676 (26,591)		15,722,998 (8,088,299)
Net book value	251,772	474,268	-	6,902,539	1,522	68	2,085	2,445	7,634,699
Year ended 31 December 2019 Opening net book value Additions Derecognitions:	251,772	474,268	-	6,902,539 49,635	1,522 618	68 155	2,085 1,289	2,445 501	7,634,699 52,198
Cost Accumulated depreciation		-	-	(25,255) 5,213	-	-	-		(25,255) 5,213
Depreciation charge	-	(52,184)	-	(20,042) (851,597)	(596)	(27)	(1,522)	(332)	(20,042) (906,258)
Closing net book value	251,772	422,084	-	6,080,535	1,544	196	1,852	2,614	6,760,597
At 31 December 2019 Cost Accumulated depreciation	251,772	961,544 (539,460)		14,459,178 (8,378,643)	6,235 (4,691)	7,818 (7,622)	29,965 (28,113)		15,749,941 (8,989,344)
Net book value	251,772	422,084		6,080,535	1,544	196	1,852	2,614	6,760,597
Annual rate of depreciation (%)		2.95-11.11	5	3.19-33.3	10-20	20-25	10-33.3	8.19-33.33	
									-

11.1.1 Detail of operating fixed assets, exceeding the book value of Rupees 500,000 derecognised during the year is as follows:

		2019				
Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Loss	Mode of disposal
		Rupe	es in thous	and		
Plant and machinery						
Generator excitation system including AVR and converter cubicles, etc.	2,304	819	1,485	-	(1,485)	(Note 11.1.4)
Gas air heater with motor including SOVs, inlet dampers, outlet damper	9,883	1,929	7,954	-	(7,954)	(Note 11.1.4)
Gas air heater with motor including SOVs, Inlet dampers, outlet damper, thermocouples, guages and duct, baskets etc.	9,883	1,757	8,126	-	(8,126)	(Note 11.1.4)
11KV switchesgear bus A&B including all breakers with accessories, breakers trolley and HVAC system	3,185	708	2,477	-	(2,477)	(Note 11.1.4)
	25,255	5,213	20,042	-	(20,042)	

11.1.2	The depreciation charge for the year has been allocated as follows:	2019 (Rupees i	2018 n thousand)
	Cost of sales (Note 23) Administrative expenses (Note 24)	903,781 2,477	917,659 3,858
		906,258	921,517

- **11.1.3** Operating fixed assets include fixed assets costing Rupees 435.863 million (2018: Rupees 372.262 million) which are fully depreciated but still in the use of the Company.
- **11.1.4** These represent operating fixed assets derecognized during the year due to replacement of assets as per requirement of IAS 16 "Property, Plant and Equipment".
- **11.1.5** Particulars of immovable properties are as follows:

	Address	Area of land
		Acres
Complex	Mehmood Kot, District Muzzaffargarh	285.74

		2019 (Rupees i	2018 n thousand)
11.2	Capital work-in-progress		•
	Plant and machinery	48,577	45,564
12.	LONG-TERM INVESTMENT		
	Associated company - under equity method		
	Nishat Energy Limited - unquoted 250,000 (2018: 250,000) fully paid ordinary shares of Rupees 10 each		
	Equity held 25% (2018: 25%) at cost	2,500	2,500
	Share of reserve		
	As at 01 January Less: Share of profit / (loss)	(1,658)	(1,658)
	As at 31 December	(1,658)	(1,658)
	Less: Impairment loss	(842)	(842)
	Carrying amount under equity method	-	-

12.1 Summary of financial information of associated company as per un-audited financial statements for the year:

	2019 (Rupees i	2018 n thousand)
Non-current assets Current assets	47	292
Total assets	47	292
Liabilities	75	12
Net assets	(28)	280
(Loss) / profit for the year	(308)	1,831

12.2 Nishat Energy Limited (NEL) is a public limited company incorporated in Pakistan. The principal activity of NEL was to build, own, operate and maintain coal power station. NEL had submitted an upfront tariff petition which was pending for receipt of Purchase Acquisition Request from Central Power Purchasing Agency (Guarantee) Limited (CPPA-G). On 14 October 2016, existing upfront tariff for power generation on imported / local coal expired and National Electric Power Regulatory Authority (NEPRA) has decided not to extend the existing upfront tariff beyond 14 October 2016. In view of the aforesaid reasons, NEL is not considered a going concern. Therefore, investment of the Company in NEL has been fully impaired in these financial statements.

- 12.3 NEL is an unlisted company therefore, no quoted market price is available for its shares.
- **12.4** There are no contingent liabilities relating to the Company's interest in NEL.
- 12.5 Provision for taxation is Rupees Nil in the financial statements of NEL.

		2019 (Rupees in	2018 n thousand)
13.	LONG TERM LOANS TO EMPLOYEES		
	Considered good:		
	Executives (Note 13.1) Other employees	36,496 1,604	42,531 3,194
	Current portion shown under current assets (Note 17)	38,100	45,725
	Executives Other employees	(14,955) (584)	(14,426) (1,094)
		(15,539)	(15,520)
		22,561	30,205
13.1	Reconciliation of carrying amount of loans to executives:		
	Balance as at 01 January Add: Transferred from other employees Add: Transferred from Lalpir Power Limited	42,531 1,207	-
	- associated company Add: Disbursements	14,836	44,821 22,392
		58,574	67,213
	Less: Repayments	(22,078)	(24,682)
	Balance as at 31 December	36,496	42,531

- **13.1.1** Maximum aggregate balance due from executives at the end of any month during the year was Rupees 45.895 million (2018: Rupees 43.825 million).
- **13.2** Loans given to employees are in accordance with the Company's policy. These loans are interest free and are repayable in equal monthly instalments within a maximum period of five years. These loans are provided for purchase of vehicles and are secured against those vehicles.
- **13.3** Fair value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' arising in respect of employees' loans is not considered material and hence not recognized.

2019 2018 (Rupees in thousand)

14. STORES, SPARE PARTS AND OTHER CONSUMABLES

Stores, spare parts and other consumables (Note 14.1)

834,763 832,661

2018

2018

2019

14.1 These include stores in transit of Rupees 16.131 million (2018: Rupees 6.573 million). Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

		(Rupees in	n thousand)
15.	FUEL STOCK		
	Furnace oil	407,155	509,090
	Diesel	9,810	7,308
		416,965	516,398
16.	TRADE DEBTS - secured		
	Other than related parties - considered good	20,586,064	16,939,272

16.1 These represent receivables from Central Power Purchasing Agency (Guarantee) Limited (CPPA-G), the Company's sole customer, and are backed by sovereign guarantee of Government of Pakistan. These include overdue amounts of Rupees 14,182 million (2018: Rupees 12,028 million) which attract penal mark-up at the rate of State Bank of Pakistan (SBP) discount rate plus 2% per annum. The penal mark-up rate charged during the year ranged from 12.50% to 15.75% (2018: 8.25% to 12.50%) per annum.

16.2	As at 31	December,	age	analysis	of trade
	debts w	as as follow	S.		

Neither past due nor impaired

Past due but not impaired:

- 26 to 90 days
- 91 to 180 days
- 181 to 365 days
- above 365 days

(Rupees in thousand)		
3,028,802	2,423,416	
1,223,505 3,690,097 7,107,662 5,535,998	1,849,459 5,392,513 4,463,004 2,810,880	
17,557,262	14,515,856	
20,586,064	16,939,272	

2019

17. LOANS, ADVANCES AND SHORT TERM PREPAYMENTS	2019 (Rupees i	2018 n thousand)
Current maturity of long term loans to employees (Note 13) Advances - considered good:	15,539	15,520
- to employees for expenses	185	41
- to employees against salary	1,247	1,105
- to suppliers - unsecured	208,778	39,933
Advance income tax - net	226,405	318,224
Short term prepayments	6,598	3,562
	458,752	378,385
18. LOAN TO ASSOCIATED COMPANY		
Nishat Hotels and Properties Limited (Note 18.1)	350,000	1,000,000
Lalpir Power Limited (Note 18.2)	659,086	-
	1,009,086	1,000,000

- 18.1 This represents working capital loan given to Nishat Hotels and Properties Limited. This carries markup at the rate of one month KIBOR plus 1% per annum or average borrowing cost of the Company, whichever is higher. This loan is repayable uptill 30 April 2020. This is secured against corporate guarantee of the associated company. The effective rate charged during the year ranged from 11.01% to 14.81% (2018: 6.86% to 10.90%) per annum.
- **18.2** This represents working capital loan given to Lalpir Power Limited. This carries markup at the rate of one month KIBOR plus 0.50% per annum or average borrowing cost of the Company, whichever is higher. This loan is repayable uptill 30 April 2020. The effective rate charged during the year ranged from 11.01% to 14.34% (2018: 9.31% to 10.90%) per annum.
- **18.3** The maximum aggregate amount receivable from related parties at the end of any month during the year was as follows:

		2019 (Rupees i	2018 n thousand)
	Nishat Hotels and Properties Limited	1,000,000	1,000,000
	Lalpir Power Limited	833,343	600,000
19.	OTHER RECEIVABLES		
	Recoverable from CPPA-G as pass through item: Workers' profit participation fund (Note 19.1) Workers' welfare fund (Note 19.2) Others	299,268 58,221 153	276,292 - 153
		357,642	276,445

19.1 Workers' profit participation fund	2019 (Rupees in	2018 n thousand)
Opening balance Allocation for the year (Note 25.2) Amount received during the year	276,292 145,553 (122,577)	358,865 74,257 (156,830)
Closing balance	299,268	276,292
19.2 Workers' welfare fund		
Considered good (Note 19.2.1) Considered doubtful	58,221 5,135 63,356	5,135 5,135
Provision for doubtful receivable	(5,135)	(5,135)
	58,221	-
19.2.1 Considered good:		
Allocation for the year (Note 25.3)	58,221	<u> </u>
20. ACCURED INTEREST		
On loans to: Nishat Hotels and Properties Limited Lalpir Power Limited	4,375 8,131 12,506	9,258
20.1 The maximum aggregate amount receivable from related part the year was as follows:	ies at the end of	any month during
	2019 (Rupees in	2018 n thousand)
Nishat Hotels and Properties Limited	11,347	9,258
Lalpir Power Limited	10,121	7,448
21. CASH AND BANK BALANCES		
Cash in hand	307	343

151,373

151,668

151,975

295

902

1,933

2,835

3,178

Cash with banks on:

Current accounts

Saving accounts (Note 21.1)

21.1 Saving accounts carry profit at the rates ranging from 8.00% to 11.25% (2018: 3.75% to 8.00%) per annum.

	2019	2018
	(Rupees ir	n thousand)
22. SALES		
Energy Sales tax	6,677,502 (831,829)	13,473,156 (1,858,538)
Capacity	5,845,673 6,339,712	11,614,618 4,603,678
	12,185,385	16,218,296
23. COST OF SALES		
Fuel cost (Note 23.1) Operation and maintenance costs (Note 23.2) Insurance Depreciation (Note 11.1.2) Liquidated damages to CPPA-G	5,396,062 667,915 650,396 903,781 46	11,783,398 578,071 513,159 917,659 350
	7,618,200	13,792,637
23.1 Fuel cost		
Opening stock Purchased during the year	516,398 5,296,629	420,331 11,879,465
Closing stock	5,813,027 (416,965)	12,299,796 (516,398)
	5,396,062	11,783,398
23.2 Operation and maintenance costs		
Salaries, wages and other benefits (Note 23.2.1) Repair and maintenance Stores and spare parts consumed Fee and subscription Electricity consumed in-house	249,664 113,575 177,526 5,720 121,430	250,770 95,097 140,979 5,341 85,884
	667,915	578,071

23.2.1 Salaries, wages and other benefits include provident fund contribution and provision for gratuity of Rupees 14.203 million (2018: Rupees 15.129 million) and Rupees 14.277 million (2018: Rupees 11.140 million) respectively.

	2019 (Rupees i	2018 n thousand)
24. ADMINISTRATIVE EXPENSES		
Salaries and other benefits (Note 24.1) Travelling, conveyance and entertainment Communication and utilities Insurance Legal and professional Printing and stationery Office rent Depreciation (Note 11.1.2) Community welfare General expenses	58,839 71,660 1,169 4,270 74,438 1,277 6,352 2,477 4,086 4,215	57,488 61,076 764 3,754 31,345 1,603 6,348 3,858 3,318 4,971

24.1 Salaries and other benefits include provident fund contribution and provision for gratuity of Rupees 2.037 million (2018: Rupees 1.848 million) and Rupees 1.024 million (2018: Rupees 2.360 million) respectively.

25.	OTHER EXPENSES	2019 (Rupees ii	2018 n thousand)
	A 19 1 05 1)	0.000	0.000
	Auditor's remuneration (Note 25.1) Workers' profit participation fund (Note 25.2) Workers' welfare fund (Note 25.3) Loss on derecognition of operating fixed	2,833 - -	2,833 - -
	assets (Note 11.1.1)	20,042	1,915
	Capital work-in-progress written off	33,233	-
	Donation (Note 25.4)	300	-
		56,408	4,748
25.1	Auditor's remuneration		
	Statutory audit	2,094	2,094
	Half yearly review	601	601
	Other certifications and reporting Out of pocket expenses	50 88	50 88
	Out of pocket expenses		
		2,833	2,833
25.2	Workers' profit participation fund		
	Allocation for workers' profit participation fund (Note 7.1) Allocation to workers' profit participation fund	145,553	74,257
	recoverable from CPPA-G (Note 19.1)	(145,553)	(74,257)
		_	

25.3 Workers' welfare fund	2019 (Rupees i	2018 n thousand)
Allocation for workers' welfare fund (Note 7.2) Allocation to workers' welfare fund recoverable from	58,221	-
CPPA-G (Note 19.2)	(58,221)	-
	-	-

25.4 There is no interest of any director or his spouse in donee's fund. This represents donation paid to Care Foundation.

	2019 (Rupees i	2018 n thousand)
26. OTHER INCOME		
Income from financial assets		
Interest income: Profit on saving bank accounts Interest on loan to associated companies	4,169 156,074	6,448 71,151
Income from non-financial assets:		
Rental income Scrap sales	1,528 -	1,641 18,623
27. FINANCE COST	161,771	97,863
21. FINANCE COST		
Mark-up on long term finance Mark-up on short term borrowings Bank charges and commission Others	18,781 1,486,845 11,455 15,643	44,508 800,312 14,288
28. TAXATION	1,532,724	859,108

28.1 Provision for taxation has not been made in these financial statements as the Company is exempt from levy of income tax under Clause 132 of Part I and Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. No provision for taxation is required against other income due to availability of tax credits. The numerical reconciliation between the average tax rate and the applicable tax rate has not been presented in these financial statements being impracticable.

29.	EARNINGS PER SHARE - BASIC AND DILUTED There is no dilutive effect on the basic earnings per share which is based on:	2019	2018
	Profit attributable to ordinary shareholders (Rupees in thousand)	2,911,041	1,485,141
	Weighted average number of shares (Number)	372,081,591	372,081,591
	Earnings per share (Rupees)	7.82	3.99
30.	CASH UTILIZED IN OPERATIONS	2019 (Rupees in	2018 n thousand)
	Profit before taxation	2,911,041	1,485,141
	Adjustments for non-cash charges and other items:		
	Depreciation Provision for gratuity Loss on derecognition of operating fixed assets Capital work-in-progress written off Interest income Finance cost	906,258 15,301 20,042 33,233 (160,243) 1,532,724	921,517 13,770 1,915 - (77,599) 859,108
	Cash flows from operating activities before working capital changes	5,258,356	3,203,852
	Working capital changes		
	(Increase) / decrease in current assets:		
	Stores, spare parts and other consumables Fuel stock Trade debts Advances and short term prepayments Other receivables Sales tax recoverable	(2,102) 99,433 (3,646,792) (172,167) (81,197) 350,349	(19,236) (96,067) (2,772,750) (15,751) 82,753 1,018,295
	Decrease in trade and other payables	(3,452,476) (2,452)	(1,802,756) (642,060)
		1,803,428	759,036

30.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

2019			
Liabilities from fin	-		
Long term Unclaimed finance dividend		Total	
(Rupees in thousand)			
334,369 (334,369) -	6,732 - 558,122	341,101 (334,369) 558,122	

Balance as at 01 January 2019 Repayment of long term finance Dividend declared Dividend paid

Dividend paid - (559,178) (559,178)

Balance as at 31 December 2019 - 5,676 5,676

31. PROVIDENT FUND

The investments by the provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

32.	NUMBER OF EMPLOYEES	2019	2018
	Number of employees as on 31 December	83	83
	Average number of employees during the year	82	84

33. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associated companies, key management personnel and staff retirement benefit plans. The Company in the normal course of business carries out transactions with various related parties. Detail of significant transactions with related parties other than those which have been specifically disclosed elsewhere in these financial statements, except for remuneration to key management personnel as disclosed in note 34, are as follows:

Related party	Nature of transaction	2019 (Rupees	2018 in thousand)
Nishat Mills Limited	Dividend	153,786	102,524
Adamjee Insurance Company Limited	Dividend Insurance premium Insurance claim received	38,446 3,743 855	25,631 4,950 1,206
Security General Insurance Company Limited	Dividend Insurance premium	9,611 815,092	6,407 594,458
Engen (Private) Limited	Dividend	96,715	64,477
Lalpir Power Limited	Loan received Repayment of loan received Loan given Repayment of loan given Interest charged Interest expense	314,308 314,308 2,694,961 2,035,875 67,018 1,346	1,610,000 1,610,000 1,100,000 1,100,000 11,187 24,205
Pakistan Aviators and Aviation (Private) Limited	Flying services	78,083	62,527
Nishat (Aziz Avenue) Hotels and Properties Limited	Rent expense	6,278	6,802
Nishat Hospitality (Private) Limited	Boarding and lodging services	33	17
Nishat Hotels and Properties Limited	Boarding and lodging services Loan given Loan repaid Interest charged	550,000 1,200,000 89,056	330 1,000,000 - 59,332
D.G. Khan Cement Company Limited	Purchase of goods	168	221
City Schools (Private) Limited	Dividend	789	526
City Schools Provident Fund Trust	Dividend	+	1,053
Adamjee Life Assurance Company Limited	Insurance premium	1,648	1,560
Staff retirement benefit plans			
Provident fund Gratuity fund	Contributions Contributions	16,240 6,000	16,977 -

33.1 Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place:

		Transaction	
Name of the related party	Basis of relationship	entered or agreement and / or arrangement in place during the financial year	Percentage of share-holding
Nishat Mills Limited	Common Directorship	Yes	None
Security General Insurance Company Limited	Common Directorship	Yes	None
City Schools (Private) Limited	Common Directorship	Yes	None
Engen (Private) Limited	Common Directorship	Yes	None
Lalpir Power Limited	Common Directorship	Yes	None
Nishat Hospitality (Private) Limited	Common Directorship	Yes	None
Pakistan Aviators and Aviation (Private) Limited	Common Directorship	Yes	None
Nishat Hotels and Properties Limited	Common Directorship	Yes	None
Nishat (Aziz Avenue) Hotels and Properties Limited	Common Directorship	Yes	None
Nishat Power Limited	Common Directorship	No.	None
Nishat Paper Products Company Limited	·	No.	None
	Common Directorship	No	None
Nishat Developers (Private) Limited Nishat Dairy (Private) Limited	Common Directorship	No	None
,	Common Directorship	No	
Nishat Agriculture Farming (Private) Limited	Common Directorship	No No	None
Nishat Real Estate Development Company (Private) Limited	Common Directorship		None 25%
Nishat Energy Limited	Shareholding	No Yes	
Adamjee Life Assurance Company Limited	Group Company	Yes	None
Hyundai Nishat Motor (Private) Limited	Common Directorship	No No	None
Educational System (Private) Limited	Common Directorship	No	None
Smart Education System (Private) Limited	Common Directorship	No	None
The Smart School (Private) Limited	Common Directorship	No No	None
City APIT (Private) Limited	Common Directorship	No No	None
City Educational Services (Private) Limited	Common Directorship	No No	None
Premier Realties (Private) Limited	Common Directorship	No No	None
Remington Realties (Private) Limited	Common Directorship	No No	None
City Agro (Private) Limited	Common Directorship	No	None
Nishat (Chunian) Limited	Common Directorship	No	None
Nishat Chunian Power Limited	Common Directorship	No	None
NC Electric Company Limited	Common Directorship	No	None
At-Tahur Limited	Common Directorship	No	None
Adamjee Insurance Company Limited	Group Company	Yes	None
D.G. Khan Cement Company Limited	Group Company	No	None
Nishat Agrotech (Private) Limited	Group Company	No	None
Nishat Sutas Dairy Limited	Group Company	No	None
Golf View Land (Private) Limited	Group Company	No	None
Nishat Linen (Private) Limited	Group Company	No	None
MCB Bank Limited	Group Company	No	None
Emporium Properties (Private) Limited	Group Company	No	None
Dissociate and Executed Toward	Post-employment	Yes	None
Provident Fund Trust	benefit plan		N.I.
Gratuity Fund Trust	Post-employment benefit plan	Yes	None

34. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Aggregate amounts charged in these financial statements in respect of remuneration, including all benefits to the chief executive, directors and executives of the Company are as follows:

Number of persons

Chief Executive / Director		Executives		
2019	2018	2019	2018	
17,641 1,764 2,206 607	18,213 1,821 6,010 1,821	141,481 14,148 33,273 13,914	134,439 13,444 36,302 13,444	
22,218	27,865	202,816	197,629	
1	1	48	50	

- **34.1** The Company provides to chief executive and certain executives with free use of the Company maintained cars.
- **34.2** Meeting fee of Rupees 925,000 (2018: Rupees 800,000) was paid to non-executive directors of the Company during the year.

35. FINANCIAL RISK MANAGEMENT

35.1 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). The Company's finance department evaluates and hedges financial risks. 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 and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

(a) Market risk

(i) Currency risk

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

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Great Britain Pound (GBP), Euro and Japanese Yen (JPY). As on reporting date, the Company's foreign exchange risk exposure is restricted to payables only. The Company's exposure to currency risk was as follows:

	2019	2018
Trade and other payables - USD - GBP - EURO - JPY Net exposure - USD Net exposure - GBP Net exposure - EURO Net exposure - JPY	(323,806) (26,089) (14,022) (4,227,099) (323,806) (26,089) (14,022) (4,227,099)	(64,925) - (7,984) (4,834,787) (64,925) - (7,984) (4,834,787)
The following significant exchange rates were applied during the year:		
Rupees per US Dollar Average rate Reporting date rate	151.31 155.35	122.09 138.60
Rupees per GBP Average rate Reporting date rate	193.00 203.98	162.08 175.88
Rupees per Euro Average rate Reporting date rate	169.27 174.05	143.83 158.52
Rupees per JPY Average rate Reporting date rate	1.39 1.43	1.10 1.25

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, GBP, EURO and JPY with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 3.206 million (2018: Rupees 0.815 million) respectively lower / higher, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. The sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(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 instruments traded in the market. The Company is not exposed to equity price risk since there are no investments in

equity securities traded in the market at the reporting date. The Company is also not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

(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's interest rate risk arises from bank balances in saving accounts, past due trade debts, loans to associated companies, long term finance and short term borrowings. Financial instruments obtained at variable rates expose the Company to cash flow interest rate risk. Financial instruments obtained, if any, at fixed rate expose the Company to fair value interest rate risk

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was as follows:

CRupees in thousand Fixed rate instruments Floating rate instruments Financial assets		2019	2018
Financial assets Bank balances - saving accounts Loans to associated companies Trade debts - past due Financial liabilities Long term finance Short term borrowings Financial liabilities (11,535,517) Financial liabilities (11,535,517) (11,428,169)		(Rupees i	n thousand)
Financial assets Bank balances - saving accounts Loans to associated companies Trade debts - past due 151,373 1,009,086 1,009,080 14,181,892 12,028,156 15,342,351 13,029,058 Financial liabilities Long term finance Short term borrowings (11,535,517) (11,428,169)	Fixed rate instruments	-	-
Bank balances - saving accounts Loans to associated companies Trade debts - past due 151,373 1,009,086 1,000,000 14,181,892 15,342,351 13,029,058 Financial liabilities Long term finance Short term borrowings (11,535,517) (11,428,169)	Floating rate instruments		
Loans to associated companies Trade debts - past due 1,009,086 14,181,892 12,028,156 15,342,351 13,029,058 Financial liabilities Long term finance Short term borrowings (11,535,517) (11,428,169)	Financial assets		
Financial liabilities Long term finance Short term borrowings (334,369) (11,535,517) (11,093,800) (11,535,517)	Loans to associated companies	1,009,086	1,000,000
Short term borrowings (11,535,517) (11,093,800) (11,535,517)	Financial liabilities	15,342,351	13,029,058
	S .	(11,535,517)	
N-t		(11,535,517)	(11,428,169)
Net exposure 3,800,834 1,600,889	Net exposure	3,806,834	1,600,889

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the reporting date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 38.068 million (2018: Rupees 16.008 million) higher / lower, mainly as a result of higher / lower interest income on floating rate instruments. This analysis is prepared assuming the amounts of assets and liabilities outstanding at reporting dates were outstanding for the whole year.

(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 i	2018 n thousand)
Loans to employees Long term security deposit Trade debts Loans to associated companies Accrued interest Other receivables Bank balances	39,347 300 20,586,064 1,009,086 12,506 153 151,668	46,830 300 16,939,272 1,000,000 9,258 153 2,835
	21,799,124	17,998,648

Age analysis of trade debts as at the reporting date is given in note 16.2.

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 in	thousand)
CPPA-G Nishat Hotels and Properties Limited Lalpir Power Limited	Not available A2 A1	A- AA	PACRA PACRA	3,028,802 350,000 659,086	2,423,416 1,000,000
Banks					
National Bank of Pakistan Habib Bank Limited MCB Bank Limited United Bank Limited The Bank of Punjab Allied Bank Limited Al Baraka Bank (Pakistan) Limited Askari Bank Limited Faysal Bank Limited	A1+ A-1+ A1+ A-1+ A1+ A1 A1 A1+ A1+	AAA AAA AAA AA AA AAA AA+ AA	PACRA JCR-VIS PACRA JCR-VIS PACRA JCR-VIS PACRA PACRA	184 200 150,068 16 1,161 3 36	85 538 66 576 2 3 39 230 1,296
				151,668	2,835
				4,189,556	3,426,251

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

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As 31 December 2019, the Company had Rupees 2,632 million (2018: Rupees 2,324 million) available borrowing limits from financial institutions and Rupees 151.975 million (2018: Rupees 3.178 million) cash and bank balances to meet the short term funding requirements due to delay in payments by CPPA-G. Management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 31 December 2019:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 Years	More than 2 Years
	(- Rupees in t	housand)
Non-derivative financial liabilities:						
Trade and other payables Unclaimed dividend	314,617 5,676	314,617 5,676	314,617 5,676	-		-
Accrued mark-up / profit	313,770	313,770	313,770	-		-
Short term borrowings	11,535,517	11,746,195	11,746,195			-
	12,169,580	12,380,258	12,380,258			- ======

Contractual maturities of financial liabilities as at 31 December 2018:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 Years	More than 2 Years
	(Rupees in th	ousand)
Non-derivative financial liabilities:						
Long term finance	334,369	352,758	238,237	114,521	-	-
Trade and other payables	447,119	447,119	447,119	-	-	-
Unclaimed dividend	6,732	6,732	6,732			
Accrued mark-up / interest	126,510	126,510	126,510	-	-	-
Short term borrowings	11,093,800	11,290,428	11,290,428	-	-	-
	12,008,530	12,223,547	12,109,026	114,521	-	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 31 December. The rates of interest / mark up have been disclosed in note 9 to these financial statements.

35.2 Offsetting financial assets and financial liabilities

As at reporting date, recognized financial instruments are not subject to off setting as there are no enforceable master netting arrangements and similar agreements.

	Amortized cost	Loans and receivables
	2019	2018
	(Rupees in	thousand)
35.3 Financial instruments by categories		
Assets as per statement of financial position		
Loans to employees	39,347	46,830
Long term security deposit	300	300
Trade debts	20,586,064	16,939,272
Other receivables	153	153
Loans to associated companies	1,009,086	1,000,000
Accrued interest	12,506	9,258
Cash and bank balances	151,975	3,178
	21,799,431	17,998,991

Liabilities as per statement of financial position

Financial liabilities at amortized cost		
2019 2018		
(Rupees ii	n thousand)	
-	334,369	
314,617	447,119	
313,770	126,510	
5,676	6,732	
11,535,517	11,093,800	
12,169,580	12,008,530	
	2019 (Rupees ii 314,617 313,770 5,676 11,535,517	

36. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Certain financial assets and financial liabilities are not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts. Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company classify its financial instruments into the following three levels. However, as at the reporting date, the Company has no such type of financial instruments which are required to be grouped into these levels. These levels are explained as under:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

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

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

		2019 MWH	2018 MWH
37.	CAPACITY AND ACTUAL PRODUCTION		
	Installed capacity based on 8,760 (2018: 8,760) hours	3,197,400	3,197,400
	Actual energy delivered	323,992	810,832

Output produced by the Complex is dependent on the load demanded by CPPA-G and Complex availability. Further, the plant remained closed for two months during the year for major over-hauling.

38. UNUTILIZED CREDIT FACILITIES

	Non-funded		Fund	ded	
	2019	2019 2018		2018	
	(Rupees in	thousand)	(Rupees in thousand)		
Total facilities Utilized at the end of the year	3,601,441 1,687,170	3,522,141 2,168,883	14,167,720 11,535,517	13,417,700 11,093,800	
Unutilized at the end of the year	1,914,271	1,353,258	2,632,203	2,323,900	

39. SEGMENT INFORMATION

These financial statements have been prepared on the basis of single reportable segment. Revenue from sale of electricity relates to CPPA-G, the Company's sole customer in Pakistan. All non-current assets of the Company as at reporting date were located in Pakistan.

40. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors have proposed final cash dividend for the year ended 31 December 2019 of Rupees Nil per share (2018: Rupees 1.50 per share). However, this event has been considered as non-adjusting event under IAS 10 'Events after Reporting Period' and has not been recognized in these financial statements.

40.2 On 11 March 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus. Currently, there is a significant increase in economic uncertainty. The Company has a PPA with its sole customer, CPPA-G for 30 years which commenced from 01 February 1998. Further, under the provisions of PPA, all receivables from CPPA-G are backed by sovereign guarantee of Government of Pakistan. For the Company's 31 December 2019 financial statements, the Coronavirus outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities. Due to the uncertainty of the outcome of the current events, the Company cannot reasonably estimate the impact these events will have on the Company's financial position, results of operations or cash flow in the future.

41. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 23 April 2020 by the Board of Directors of the Company.

42. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made.

43. GENERAL

Figures have been rounded off to the nearest thousand of Rupees, unless otherwise stated.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

FORM OF PROXY

I/We,			of	
	CDCA/CNO	./FOLIONO		
being a shareholder of the F	Pakgen Power Limited (Th	ne Company) do here	eby appoint.	
Mr./Miss/Ms.				
of	CDCA/CNO./FOLIONOand			
or failing him/her	of			
for me/us at the Annual Ge	eneral Meeting of the Cor 53-A, Lawrence Road, L	npany to be held on Lahore and at any a	in my/our absence and to vote May 22, 2020 (Friday) at 10:30 djournment thereof in the same uch meeting.	
As witness my/our hands in	this day of	2020.		
			Revenue Stamp of Rs. 50/-	
Signature				
Address				
No. of shares held				
Witnesses:-				
Name		Name		
Address		Address		

IMPORTANT:

- **a.** This instrument appointing a proxy, duly completed, must be received at the registered Office of the Company at Nishat House, 53- A, Lawrence Road, Lahore not later than 48 hours before the time of holding the Annual General Meeting. For Appointing Proxies.
- **b.** Attested copies of the CNIC or the passport of beneficial owners shall be furnished with the proxy form.
- **c.** The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- **d.** In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished along with proxy form to the Company

AFFIX CORRECT POSTAGE

The Company Secretary

PAKGEN POWER LIMITED

53 - A, Lawrence Road, Lahore.

Tel: 042 - 36367812 - 16 Fax: 042 - 36367414

نمائندگی کا فارم (پراکسی فارم)

	دى دى يى اكاؤنث نمبر افوليونمبر		ميں اہم ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔
			بحثیت رکن پاک جن پاور لمیٹڈ (سمپنی) اور حامل عام حصص بذ
	ڈی سی اکاؤنٹ		ساكن
			نمبر۔۔۔۔۔اور یا اسکی غیر موجودگی کی صورت میں. ساکن۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔
ارنس روڈ ،	لوضخ 10:30 بج نشاط ہاؤس، 53 اے، لا	ى 2020ء (جمعه) ك	۔ جو مٰدکورہ کمپنی کا تصص دار بھی ہے کواپنے / ہمارے ایماء پر 22 ^
ت کرنے یا	حق رائے دہی استعال کرنے ،تقریرِ اورشر کر	ا ہماری غیر موجودگی میں	لا ہور پرمنعقد ہونے والے کمپنی کے سالا ندا جلاس عام میں میری
		ر کرتا / کرتے ہیں۔	کسی بھی التواء کی صورت میں اپنا/ ہمارا لطورنمائندہ (پراکسی)مقر
	وں کی تصدیق سے جاری ہوا۔	ہمارے دستخط سے کوا ہو	آج بروزتارخ 0 202ء کومیرے/
			وستخط:
			چپه. تعداد ملکتی خصص:
	-/50 روپے کارسیدی نکٹ یہاں چہپاں کریں		گواهان :
		نام:	ئام:
		· : نت:	·**
		~•	*
	C.*		اهم نوٹ:
	نظے بل ممپنی کے رجسڑ ڈ وفتر نشاط ہاؤس،	انعقاد سے کم از کم 48 <u>گھن</u>	a - پراکسی تقرری کے میآ لات، با قاعدہ کممل سالا نہ اجلاس عام کے ن
			A-53، لا رنس روڈ ، لا ہور میں لا ز مآوصول ہوجانے چا ہئیں۔ کیسے سے تتہ سے ابر
	,i	ک جمد ایان آجمع که ادامه گگا	پراکسی کے تقرر کے لئے b بینیفشل اونرکی CNIC یا پاسپورٹ کی مصدقہ نقول پراکسی فارم
	- U		ے سے سن اور کا CNIC یا پیورٹ کی مصدور کیوں کی اس کا مرم c پراکسی اجلاس کے وقت اپنااصل CNIC یا اصل یا سپورٹ مہیا
	ىراە كىپنى كوجى ى كرا نا ہوگا۔		عدی پوس بین کے رہے ہیں۔ معلی اور داد اور اور اور اور اور اور معلی میں اور داد اور اور اور اور اور اور اور اور ا

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PAKGEN POWER LIMITED

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