

# PAKGEN POWER LIMITED



N I S H A T

SECY/STOCKEXC/62

April 01, 2021

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, 2020**

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 PUCARS Annual Audited Financial Statements of Pakgen Power Limited ("the Company") for the year ended December 31, 2020.

Further please find attached Statement of Free Float of Shares along with Independent Reasonable Assurance Report on Statement of Free Float of Shares dated February 24, 2021 issued by M/s. Riaz Ahmad & Co., Chartered Accountants, the external auditors of the Company.

Thanking you,

Yours truly,

  
**KHALID MAHMOOD CHOCHAN**  
**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](http://www.pakgenpower.com), E-MAIL: [pakgen@lalpir.com](mailto:pakgen@lalpir.com)

: NISHAT HOUSE, 53/A, LAWRENCE 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](http://www.pakgenpower.com)

**Riaz Ahmad & Company**

Chartered Accountants

# **PAKGEN POWER LIMITED**

## **STATEMENT OF FREE FLOAT OF SHARES**

## **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 2020, 30 June 2020, 30 September 2020 and 31 December 2020.

### **2. Applicable Criteria**

The criteria against which the Statement is assessed is Regulation No. 5.7.2(b)(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 2020, 30 June 2020, 30 September 2020 and 31 December 2020 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.

## 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 2020, 30 June 2020, 30 September 2020 and 31 December 2020 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(b)(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:**  
**Atif Anjum**

**Date: 24 FEB 2021**

**LAHORE**

# PAKGEN POWER LIMITED



## PAKGEN POWER LIMITED

### STATEMENT OF FREE FLOAT OF SHARES

	As of 31 March 2020	As of 30 June 2020	As of 30 September 2020	As of 31 December 2020
Total Outstanding Shares	372,081,591	372,081,591	372,081,591	372,081,591
<b>Less:</b> Government Holdings (Note 1)	-	-	-	-
<b>Less:</b> Shares held by Directors / Sponsors / Senior Management Officers and their associates (Note 2)	(14,936,840)	(14,934,340)	(14,934,340)	(14,934,340)
<b>Less:</b> Shares in Physical Form	(384,003)	(384,003)	(383,003)	(381,003)
<b>Less:</b> Shares held by Associate companies / Group Companies (Cross holdings)	(199,565,474)	(199,565,474)	(199,565,474)	(199,565,474)
<b>Less:</b> Shares issued under Employees Stock Option Schemes that cannot be sold in the open market in normal course	-	-	-	-
<b>Less:</b> Treasury shares	-	-	-	-
<b>Less:</b> Any other category that are barred from selling at the review date	-	-	-	-
	(214,886,317)	(214,883,817)	(214,882,817)	(214,880,817)
<b>Free Float</b>	<b>157,195,274</b>	<b>157,197,774</b>	<b>157,198,774</b>	<b>157,200,774</b>

**Basis of Preparation:** This Statement is prepared in accordance with the requirements of Regulation No. 5.7.2(b)(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 investment by respective Government entity.

	As of 31 March 2020	As of 30 June 2020	As of 30 September 2020	As of 31 December 2020
National Bank of Pakistan	2,500,000	2,500,000	2,500,000	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



Chief Executive



#### 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](http://www.pakgenpower.com), E-MAIL: [pakgen@lalpir.com](mailto:pakgen@lalpir.com)

: NISHAT HOUSE, 53/A, LAWRENCE 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](http://www.pakgenpower.com)





PAKGEN POWER LIMITED

**POWERING TODAY**  
**PROTECTING**  
**TOMORROW.....!**



ANNUAL REPORT 2020



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# COMPANY PROFILE

## THE COMPANY

**Pakgen Power Limited** ("the Company") was incorporated in Pakistan on 22 June 1995 under the repealed 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.

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### BOARD OF DIRECTORS

Mr. Ghazanfar Hussain Mirza	Chairman
Mr. Aurangzeb Firoz	
Mrs. Sadia Younas Mansha	
Mr. Samir Mustapha Chinoy	
Mr. Shahid Malik	
Dr. Arif Bashir	
Mr. Farrukh Ifzal	

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### CHIEF EXECUTIVE OFFICER

Mian Hassan Mansha

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### AUDIT COMMITTEE

Mr. Farrukh Ifzal	Chairman
Mr. Aurangzeb Firoz	
Mr. Shahid Malik	

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### HUMAN RESOURCE & REMUNERATION(HR &R) COMMITTEE

Mr. Samir Mustapha Chinoy	Chairman
Mian Hassan Mansha	
Mr. Ghazanfar Hussain Mirza	

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### AUDITOR OF THE COMPANY

Riaz Ahmad & Co.  
Chartered Accountants

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### REGISTERED OFFICE

53-A, Lawrence Road,  
Lahore-Pakistan  
UAN: +92 42-111-11-33-33  
+92 42 36367414

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### 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

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### CHIEF FINANCIAL OFFICER

Mr. Tanvir Khalid

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### COMPANY SECRETARY

Mr. Khalid Mahmood Chohan

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### 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

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### LEGAL ADVISOR OF THE COMPANY

Mr. M. Aurangzeb Khan  
Advocate High Court

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### HEAD OFFICE

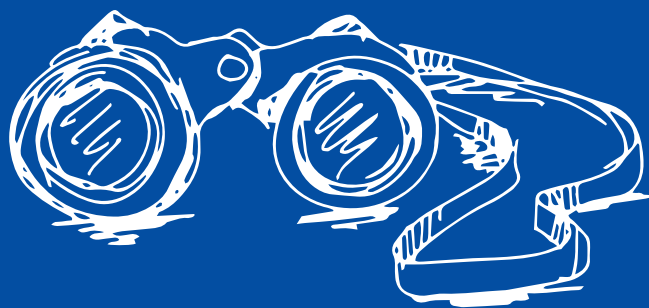
1-B, Aziz Avenue, Gulberg-V,  
Lahore- Pakistan  
Tel: + 92 42-35717090-96  
Fax: +92 42-35717239

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### PLANT

Mehmood Kot, Muzaffargarh,  
Punjab – Pakistan.

# VISION & MISSION STATEMENT



## VISION

ENLIGHTEN THE FUTURE  
THROUGH EXCELLENCE,  
COMMITMENT, INTEGRITY  
AND HONESTY.

## MISSION

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 Monday, April 26, 2021 at 12:00 P.M. at the Nishat Hotel (Emporium Mall), Trade and Finance Centre, Near Expo Centre, Abdul Haq Road, Johar Town, Lahore to transact the following business.

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2020 together with the Chairman Review, Directors and Auditors' reports.
2. To approve Final Cash Dividend @ 10% [i.e. Re.1/- (Rupee One Only) per Ordinary Share] as recommended by the Board of Directors of the Company in addition to the 12.50%, 1st Interim and 10%, 2nd Interim Dividends already declared and paid.
3. To appoint statutory Auditors of the Company for the year ending 2021 and fix their remuneration. The Board and Audit Committee have recommended the name of M/s Riaz Ahmad & Co., Chartered Accountants, the retiring auditors, for appointment as Auditors of the Company.
4. **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 of 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 (One) Month KIBOR plus 1% (which shall not be less than the average borrowing cost of the Company) and as per other terms and conditions 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 of 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 a period of one year starting from the date of approval by the members, at the mark up rate of 1 (One) Month KIBOR plus 1% (which shall not be less than the average borrowing cost of the Company) and as per other terms and conditions 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.

- C) To consider and if deemed fit, to pass the following resolutions as Special Resolutions with or without modification, addition(s) or deletion(s) for alteration in the Memorandum and Articles of Association of the Company:**

**RESOLVED THAT** subject to the requisite approvals, the existing object clause III of the Memorandum of Association of Pakgen Power Limited be and is hereby substituted with the following new object Clause III:

- III (i) The principle line of business of the Company shall be to carry out, set up, own, manage, operate, maintain power generation plants anywhere in Pakistan and to carry on the business of electric Power Generation.
- ii) Except for the businesses mentioned in sub-clause (iii) hereunder, the company shall engage in all the lawful businesses and shall be authorized to take all necessary steps and actions in connection therewith and ancillary thereto.

- iii) Notwithstanding anything contained in the foregoing sub-clauses of this clause nothing contained herein shall be construed as empowering the Company to undertake or indulge, directly or indirectly in the business of a Banking Company, Non-banking Finance Company (Mutual Fund, Leasing, Investment Company, Investment Advisor, Real Estate Investment Trust management company, Housing Finance Company, Venture Capital Company, Discounting Services, Microfinance or Microcredit business), Insurance Business, Modaraba management company, Stock Brokerage business, forex, real estate business, managing agency, business of providing the services of security guards or any other business restricted under any law for the time being in force or as may be specified by the Commission.
- (iv) It is hereby undertaken that the company shall not:
- (a) engage in any of the business mentioned in sub-clause (iii) above or any unlawful operation;
  - (b) launch multi-level marketing (MLM), Pyramid and Ponzi Schemes, or other related activities/ businesses or any lottery business;
  - (c) engage in any of the permissible business unless the requisite approval, permission, consent or license is obtained from competent authority as may be required under any law for the time being in force.

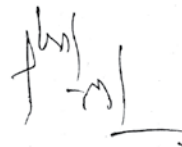
**FURTHER RESOLVED THAT** the Chief Executive Officer or Company Secretary be and are hereby singly authorized to fulfil all legal, corporate and procedural formalities for accomplishing alteration of the Company's Memorandum of Association and file applications with the relevant authorities as may be required and signed and execute all such applications and documents, affidavits, statements, etc.

**FURTHER RESOLVED** that the aforesaid alteration in the Memorandum of Association of the Company shall be subject to any amendment, modification, addition or deletion as may be directed / advised by the Securities and Exchange Commission of Pakistan which direction / advise shall be deemed to be have been approved as part of the passed Special Resolution without the need of the members to pass a fresh Special Resolution.

**FURTHER RESOLVED THAT** the new Memorandum of Association of the Company be printed and replaced for the existing ones after getting the confirmation of the Securities and Exchange Commission of Pakistan.

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



(KHALID MAHMOOD CHOCHAN)  
COMPANY SECRETARY

LAHORE  
February 24, 2021

## NOTES:

### 1. BOOK CLOSURE NOTICE:

The Share Transfer Books of Ordinary Shares of the Company will remain closed from 17-04-2021 to 26-04-2021 (both days inclusive) for entitlement of 10% Final Cash Dividend (i.e. Re. 1/- Per Ordinary Share) and attending of Annual General Meeting. Physical transfers / CDS Transactions IDs received in order in all respect up to 1:00 p.m. on 16-04-2021 at 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 entitlement of 10 % Final Cash Dividend and attending 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 the proxy and the power of attorney or other authority under which it is originally 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, in English and Urdu languages, are attached with this notice sent to the members. The same is also available on the Company's website: <http://www.pakgenpower.com/>.

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.
- b. 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

- a. 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. DEDUCTION OF WITHHOLDING TAX ON DIVIDEND

Pursuant to the provisions of under Rule 1 of Tenth Schedule of the Income Tax Ordinance, 2001 (Ordinance) the rates of deduction of income tax from dividend payments have been revised as follows:

- |             |      |
|-------------|------|
| - Filer     | 7.5% |
| - Non-Filer | 15%  |

All shareholders are advised to check their status on Active Taxpayers List (ATL) available on FBR Website and may, if required, take necessary actions for inclusion of their name in ATL to avail the lower rate of tax deduction.

### 4. EXEMPTION OF WITHHOLDING TAX:

Withholding tax exemption from dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to our Share Registrar Office, CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, up to April 16, 2021.

### 5. 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.

### 6. ZAKAT DECLARATION (CZ-50):

Zakat will be deducted from the dividends at source under the Zakat & Usher Laws and will be deposited within the prescribed period with the relevant authority.

In case you want to claim exemption from compulsory deduction of Zakat, please submit your Zakat declarations under Zakat and Usher Ordinance, 1980 & Rule 4 of Zakat (Deduction & Refund) Rules, 1981 CZ-50 Form with 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 the Zakat Declarations, as the case may be, must quote company name and their respective Folio numbers/CDC Account numbers.

## 7. MANDATORY PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE:

The provisions of Section 242 of the Companies Act, 2017 require the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Accordingly, the shareholders holding physical shares are requested to provide the following information to the Company's Share Registrar at the address given herein above. In the case of shares held in CDC, the same information should be provided directly to the CDS participants for updating and forwarding to the Company.

Folio No. / Investor Account Number / CDC Sub Account No.	
Title of Account	
IBAN Number	
Bank Name	
Branch	
Branch Address	
Mobile Number	
Name of Network (if ported)	
Email Address	

Signature of Shareholder

## 8. 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](http://www.pakgenpower.com) and send the form, duly signed, along with copy of his/her CNIC to the Company's Share Registrar M/s CDC Share Registrar Services Limited.

## 9. 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.

#### 10. UNCLAIMED DIVIDEND / SHARES

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

#### 11. VIDEO-LINK FACILITIES FOR THE MEETING:-

In light of COVID-19 situation, the Securities and Exchange Commission of Pakistan ("SECP") has advised vide Circular No. 4 of 2021 dated 15 February, 2021 to provide participation of the members through electronic means. The members can attend the AGM via video link using smart phones/tablets. To attend the meeting through video link, members and their proxies are requested to register themselves by providing the following information along with valid copy of Computerized National Identity Card (both sides)/passport, attested copy of board resolution / power of attorney (in case of corporate shareholders) through email at khalidchohan@pakgenpower.com or smahmood@dgcement.com by April 20, 2021.

Name of Member/ Proxyholder	CNIC No.	Folio No. / CDC Account No.	Cell No. Whatsapp No.	Email ID

#### 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 April 26, 2021.

##### A) LOAN / ADVANCE TO LALPIR POWER LIMITED

Lalpir Power Limited ("Lalpir") is a Public Limited Company incorporated on 8 May 1994 under the Companies Ordinance, 1984. The registered office of Lalpir 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 Central Power Purchasing Agency (Guarantee) Limited (CPPA-G). 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 have 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.84.7 Million interest income on proposed investment for 365 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.

#### 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 either direct or indirect 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.

(a) Disclosure for all types of investments:																		
(A) Disclosure regarding associated company																		
(i)	Name of Associated Company or Associated Undertaking	Lalpir Power Limited (Lalpir)																
(ii)	Basis of Relationship	Common Directorship																
(iii)	Earnings / (Loss) per Share for the last three years	<table><tr><td>Year</td><td>Earnings per Share (Rs.)</td></tr><tr><td>2020</td><td>9.35/-</td></tr><tr><td>2019</td><td>5.38/-</td></tr><tr><td>2018</td><td>1.97/-</td></tr></table>	Year	Earnings per Share (Rs.)	2020	9.35/-	2019	5.38/-	2018	1.97/-								
Year	Earnings per Share (Rs.)																	
2020	9.35/-																	
2019	5.38/-																	
2018	1.97/-																	
(iv)	Break-up value per Share, based on last audited financial statements	PKR 46.14 per share as at 31 December 2020.																
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	<p><b><u>Statement of financial position (Rupees '000)</u></b></p> <table><tr><td>Non-current assets –</td><td>6,876,654</td></tr><tr><td>Current assets –</td><td>22,982,335</td></tr><tr><td>Total assets –</td><td>29,858,989</td></tr><tr><td>Net equity –</td><td>17,524,346</td></tr></table> <p><b><u>Statement of profit and loss account (Rupees '000)</u></b></p> <table><tr><td>Revenue 2020 –</td><td>12,402,237</td></tr><tr><td>Expenses (CGS+Admin) –</td><td>7,575,991</td></tr><tr><td>Other income –</td><td>43,630</td></tr><tr><td>Profit/(Loss) after tax-</td><td>3,551,394</td></tr></table>	Non-current assets –	6,876,654	Current assets –	22,982,335	Total assets –	29,858,989	Net equity –	17,524,346	Revenue 2020 –	12,402,237	Expenses (CGS+Admin) –	7,575,991	Other income –	43,630	Profit/(Loss) after tax-	3,551,394
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Expenses (CGS+Admin) –	7,575,991																	
Other income –	43,630																	
Profit/(Loss) after tax-	3,551,394																	
(vi)	In 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																
	<table><tr><td>I</td><td>Description of the project and its history since conceptualization</td><td>N/A</td></tr><tr><td>II</td><td>Starting date and expected date of completion of work</td><td>N/A</td></tr><tr><td>III</td><td>Time by which such project shall become commercially operational</td><td>N/A</td></tr><tr><td>IV</td><td>Expected time by which the project shall start paying return on investment</td><td>N/A</td></tr><tr><td>V</td><td>Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts</td><td>N/A</td></tr></table>	I	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		
I	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) General Disclosures:																						
(i)	Maximum amount of 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	Purpose of this investment is to earn income on the Company's surplus funds and the likely benefit is to earn more than average borrowing cost of the Company which will add to its profitability. Loan will be given for a period of one year starting from the date of approval by the members.																				
(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:  1. Mark up due on outstanding amount of loan shall be paid by the associated company on monthly basis on 20th of 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. 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:  <table><tr><td></td><td>%</td></tr><tr><td>Nishat Mills Limited</td><td>28.80</td></tr><tr><td>Security General Insurance Co. Ltd.</td><td>1.80</td></tr><tr><td>Adamjee Insurance Co. Ltd.</td><td>7.20</td></tr><tr><td>Engen (Pvt) Limited</td><td>18.17</td></tr></table> The associated/related Companies holding shares of Lalpir Power Limited are interested in Pakgen Power Limited to the extent of their shareholding as follows:  <table><tr><td></td><td>%</td></tr><tr><td>Nishat Mills Limited</td><td>27.55</td></tr><tr><td>Security General Insurance Co. Ltd.</td><td>1.72</td></tr><tr><td>Adamjee Insurance Co. Ltd.</td><td>6.89</td></tr><tr><td>Engen (Pvt) Limited</td><td>17.33</td></tr></table>		%	Nishat Mills Limited	28.80	Security General Insurance Co. Ltd.	1.80	Adamjee Insurance Co. Ltd.	7.20	Engen (Pvt) Limited	18.17		%	Nishat Mills Limited	27.55	Security General Insurance Co. Ltd.	1.72	Adamjee Insurance Co. Ltd.	6.89	Engen (Pvt) Limited	17.33
	%																					
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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 made, the performance review of such investment including complete information/justification for any impairment or write offs	<b>Sr. No.</b>	<b>Description</b>	<b>Amount (Rs.)</b>
		1	Maximum loan advanced to Lalpir since last approval	659,085,889/-
		2	Amount outstanding on the date of the notice of the AGM	NIL
		3	Markup accrued and recovered since inception upto 31-12-2020	92,276,276 /-
		4	Mark up accrued since the last date of approval	1,743,757/-
		5	Mark-up recovered since the last date of approval	1,743,757/-
		6	Mark up outstanding at the date of notice of the AGM	0
(vii)	Any other important details necessary for the members to understand the transaction	None		
Additional disclosure regarding investment in the form of Loan / Advance				
(i)	Category-wise amount of investment	Running Finance Loan upto PKR 1,000,000,000 (Rupees One Billion 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 average borrowing cost of the Company for the previous year ended 31 December, 2020 was 10.75%.  Current 1 (one) Month KIBOR as on February 24, 2021 is 7.47%.		
(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 markup 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. 12,908,890,270/- (Rupees Twelve Billion Nine Hundred Eight Million Eight Hundred Ninety Thousand Two Hundred Seventy Only) divided into 1,290,889,027 (One Billion Two Hundred Ninety Million Eight Hundred Eighty Nine Thousand Twenty Seven Only) 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:
  - o Retail
  - o Food courts
  - o Cineplex
  - o Fun Factory
  - o Health and Leisure Zones
  - o Two basements with 2,815 parking bays for cars and motorcycles

Since NHPL has 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 February 24, 2021 has recommended renewal of above said 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. April 26, 2021 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 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.42.35 Million interest income on proposed investment for 365 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.

### 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 along with annual accounts of NHPL 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 either direct or indirect 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) Disclosure for all types of investments:			
(A) Disclosure regarding associated company			
(i)	Name of Associated Company or Associated Undertaking	Nishat Hotels and Properties Limited (NHPL)	
(ii)	Basis of Relationship	Common Directorship	
(iii)	Earnings / (Loss) per Share for the last three years	<b>Sr.</b>	<b>Earnings / (Loss) per Share Rs.</b>
		1.	2020
		2.	2019
		3.	2018
(iv)	Break-up value per Share, based on last audited financial statements	PKR 18.05 per share as at 30th June 2020	
(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, 2020.	<p>Audited financial statements as at 30th June 2020:</p> <p style="text-align: right;"><b>Rs. in millions</b></p> <p><b>Balance Sheet:</b></p> <p><b>Assets</b></p> <p>Non-current assets 34,481.146</p> <p>Current assets 5,362.900</p> <p>Total assets <u>39,844.046</u></p> <p><b>Liabilities</b></p> <p>Borrowings 16,061.535</p> <p>Other liabilities 3,597.420</p> <p><u>19,658.955</u></p> <p><b>Equity</b> 20,185.091</p> <p><b>Profit &amp; loss:</b></p> <p>Sales 3,873.946</p> <p>Gross Profit 1,285.895</p> <p>Gross Profit Ratio 33.193%</p> <p>Net Loss after tax (790.891)</p> <p>Net (Loss)after tax Ratio (20.415%)</p>	
(vi)	In 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	

I	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) General Disclosures:**

(i)	Maximum amount if 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	<p><b>Purpose:</b> Renewal of working capital loan.</p> <p><b>Benefits:</b> 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.</p>
(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.
	<p>(I) Justification for investment through borrowings</p> <p>(II) Detail of Collateral, guarantees provided and assets pledged for obtaining such funds</p> <p>(III) Cost of benefit analysis</p>	<p>N/A</p> <p>N/A</p> <p>N/A</p>
(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	<p>Followings are the salient features of loan agreement already in existence:</p> <p>Interest due on outstanding amount of loan shall be paid by the associated company on monthly basis on 20th of every month starting from the next month.</p> <p>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 Pakgen Power Limited in addition to the agreed interest amount.</p> <p>The associated company shall provide corporate guarantee to secure extension of loan.</p>

(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	<p>The interest, direct or indirect in the associated company and the transaction under consideration is detailed as under:</p> <p>The directors/CEO of Pakgen Power Limited (Pakgen), their relatives and associated companies holding shares of Nishat Hotels and Properties Limited (NHPL) are interested to the extent of their shareholding as under:-</p> <table><tr><td><b>Chief Executive Officer</b></td><td><b>% of Shareholding</b></td></tr><tr><td>Mian Hassan Mansha</td><td>23.04</td></tr></table> <p><b>Relatives:</b></p> <table><tr><td>Mian Umer Mansha</td><td>23.04</td></tr><tr><td>Mian Raza Mansha</td><td>22.92</td></tr><tr><td>Both brothers of Mian Hassan Mansha.</td><td></td></tr><tr><td>Mrs. Iqraa Hassan Mansha (Spouse of Mian Hassan Mansha)</td><td>0.00</td></tr></table> <p><b>Associated Companies</b></p> <table><tr><td>Nishat Mills Limited</td><td>6.62</td></tr><tr><td>Security General Insurance Co. Ltd.</td><td>15.07</td></tr><tr><td>D. G. Khan Cement Company Limited</td><td>9.31</td></tr></table> <p>The directors of NHPL are interested in Pakgen to the extent of their shareholding as under:-</p> <table><tr><td><b>Name</b></td><td><b>% of Shareholding</b></td></tr><tr><td>Mian Hassan Mansha</td><td>3.93</td></tr></table> <p>The associated Companies holding shares of NHPL are interested in Pakgen to the extent of their shareholding as follows:</p> <table><tr><td><b>Name</b></td><td><b>% of Shareholding</b></td></tr><tr><td>Nishat Mills Limited</td><td>27.55</td></tr><tr><td>Security General Insurance Co. Ltd.</td><td>1.72</td></tr></table>	<b>Chief Executive Officer</b>	<b>% of Shareholding</b>	Mian Hassan Mansha	23.04	Mian Umer Mansha	23.04	Mian Raza Mansha	22.92	Both brothers of Mian Hassan Mansha.		Mrs. Iqraa Hassan Mansha (Spouse of Mian Hassan Mansha)	0.00	Nishat Mills Limited	6.62	Security General Insurance Co. Ltd.	15.07	D. G. Khan Cement Company Limited	9.31	<b>Name</b>	<b>% of Shareholding</b>	Mian Hassan Mansha	3.93	<b>Name</b>	<b>% of Shareholding</b>	Nishat Mills Limited	27.55	Security General Insurance Co. Ltd.	1.72
<b>Chief Executive Officer</b>	<b>% of Shareholding</b>																													
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Security General Insurance Co. Ltd.	1.72																													

(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	<table> <tr> <th>S. No.</th><th>Description</th><th>Amount (Rs.)</th></tr> <tr> <td>1</td><td>Maximum loan advanced to NHPL since last approval</td><td>350,000,000/-</td></tr> <tr> <td>2</td><td>Amount outstanding on the date of the notice of the AGM</td><td>350,000,000/-</td></tr> <tr> <td>3</td><td>Markup accrued and recovered since inception upto 31-12-2020</td><td>186,476,699/-</td></tr> <tr> <td>4</td><td>Mark up accrued since the last date of approval</td><td>23,267,597/-</td></tr> <tr> <td>5</td><td>Mark-up recovered since the last date of approval</td><td>21,313,734/-</td></tr> <tr> <td>6</td><td>Mark up outstanding at the date of notice of the AGM</td><td>1,953,863/-</td></tr> </table>	S. 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	350,000,000/-	3	Markup accrued and recovered since inception upto 31-12-2020	186,476,699/-	4	Mark up accrued since the last date of approval	23,267,597/-	5	Mark-up recovered since the last date of approval	21,313,734/-	6	Mark up outstanding at the date of notice of the AGM	1,953,863/-
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6	Mark up outstanding at the date of notice of the AGM	1,953,863/-																					
(vii)	Any other important details necessary for the members to understand the transaction	None																					



#### 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 average borrowing cost of the Company for the previous year ended 31-12-2020 was 10.75%  Current 1(one) Month KIBOR as on February 24, 2021 is 7.47%.
(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 (one) 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	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.	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 markup due on monthly basis.

#### C) Amendment to clause III (object Clause) of Memorandum of Association.

Following the enactment of the new Companies Act, 2017 (hereinafter the 'Act'), certain changes have been necessitated in the object clause of the Memorandum of Association of Pakgen Power Limited (the 'Company') to bring it in line with the requirements of the Act.

The proposed changes will not affect any rights and obligations of the Company and the interest of any shareholder or investor in any manner.

### Comparative analysis of existing clause with the proposed alteration along with the reasons and justification of the proposed change in Memorandum of Association

In order to enable the shareholders to compare the existing clause III of the Memorandum of Association with the proposed new Clause III, a blackline draft of the amended Memorandum of Association identifying the changes proposed therein, bearing the initials of the Company Secretary for the purpose of identification, is being circulated along with the notice of this meeting. This will serve as a comparative analysis of the existing clause of the Memorandum of Association with the proposed new Clause III.

The changes in object clause is being proposed to bring the Memorandum of Association in line with the requirements of Section 26 of the Companies Act, 2017.

#### Existing Clause III of Memorandum of Association:

1. To set up, own, manage, operate and maintain power generation plants any where in Pakistan and to carry on the business of electric power generation.
2. To achieve the above object, the Company shall be entitled:
  - (a) To design, construct or acquire by way of outright purchase or financial or other lease(s) plant, machinery, equipment and services for setting up the said power plant on turn key basis or otherwise, under such arrangements, guarantees or warranties as may be considered appropriate.
  - (b) To transmit, store, sell or distribute the electricity generated by the Company.
  - (c) To engage in the reforestation and other work as may be necessary under the laws and or considered appropriate for the purposes of pollution abatement.
  - (d) To purchase, acquire or lease land and or buildings for the purpose of the Company and or for reforestation or other work considered necessary.
  - (e) To borrow or raise money by means of loans or other financing arrangements from banks, or other financial institutions, or from Directors, in such manner as the Company may think fit and in particular by issue of debentures, debenture-stock, perpetual or otherwise, convertible into shares and to mortgage, assign or charge the whole or any part of the property, rights, assets or revenue of the Company, present or future, by special assignment or to transfer or convey the same absolutely or in trust as may seem expedient and to purchase, redeem or pay off any such financing or securities.
  - (f) To arrange local and foreign currency loans or financing from scheduled, banks, industrial banks and other financial institution for the purpose of purchase and import of machinery, construction of plant, building, raw material and for working capital or for any other purpose of the Company.
  - (g) To draw, accept, make, endorse, discount and negotiate promissory notes, bills of exchange, bills of lading and other negotiable instruments connected with the business of the Company.

- (h) To open, maintain and operate banking accounts of the Company with one or more banks and to deposit or withdraw money there from.
  - (l) To distribute any of the properties of the Company amongst the members in specie or kind at the time of winding up.
  - (j) To carry out joint venture agreements with other companies or countries.
  - (k) To enter into contracts and arrangements of all kinds permitted by law including, without prejudice to the foregoing, contracts with suppliers and manufacturers of machinery, construction, procurement and engineering contractors, turn key contractors, contractors for operation and maintenance of plant and machinery.
  - (1) To approve and enter into schemes for amalgamation, merger and reorganization with such companies or other entities as may be considered appropriate or beneficial.
3. It is declared that notwithstanding anything contained in the foregoing object clause of this Memorandum of Association nothing contained therein shall be construed as empowering the Company to undertake or to indulge in the business of banking leasing managing agency or insurance business directly or indirectly as restricted under law or to indulge in any other unlawful operations.

#### Proposed Clause III of Memorandum of Association:

- III. (i) The Principle line of business of the Company shall be to carry out to set up, own, manage, operate, maintain power generation plants any where in Pakistan and to carry on the business of electric Power Generation.
- (ii) Except for the businesses mentioned in sub-clause (iii) hereunder, the company shall engage in all the lawful businesses and shall be authorized to take all necessary steps and actions in connection therewith and ancillary thereto.
- (iii) Notwithstanding anything contained in the foregoing sub-clauses of this clause nothing contained herein shall be construed as empowering the Company to undertake or indulge, directly or indirectly in the business of a Banking Company, Non-banking Finance Company (Mutual Fund, Leasing, Investment Company, Investment Advisor, Real Estate Investment Trust management company, Housing Finance Company, Venture Capital Company, Discounting Services, Microfinance or Microcredit business), Insurance Business, Modaraba management company, Stock Brokerage business, forex, real estate business, managing agency, business of providing the services of security guards or any other business restricted under any law for the time being in force or as may be specified by the Commission.

(iv) It is hereby undertaken that the company shall not:

- (a) engage in any of the business mentioned in sub-clause (iii) above or any unlawful operation;
- (b) launch multi-level marketing (MLM), Pyramid and Ponzi Schemes, or other related activities/businesses or any lottery business;
- (c) engage in any of the permissible business unless the requisite approval, permission, consent or licence is obtained from competent authority as may be required under any law for the time being in force.”

#### Interest of directors

No directors or Chief Executive of the Company or their relatives have any interest, directly or indirectly, in the proposed alterations of the Memorandum of Association of the Company except in their capacities as directors/Chief Executive/shareholders of the Company and indirect interest as shareholders/directors of the companies which are shareholders of the Company.

#### Availability of Relevant Documents

A copy of the existing and amended Memorandum of Association identifying the changes proposed therein bearing the initial of the company secretary for identification purposes is attached herewith. A copy thereof and the documents pertaining to proposed special resolutions are available for inspection at the registered office of the Company from 9.00 a.m. to 5.00 p.m. on any working day, up to the last working day before the date of the meeting. The same shall also be available for inspection by the members in the annual general meeting.

#### Statement of the Board of Directors

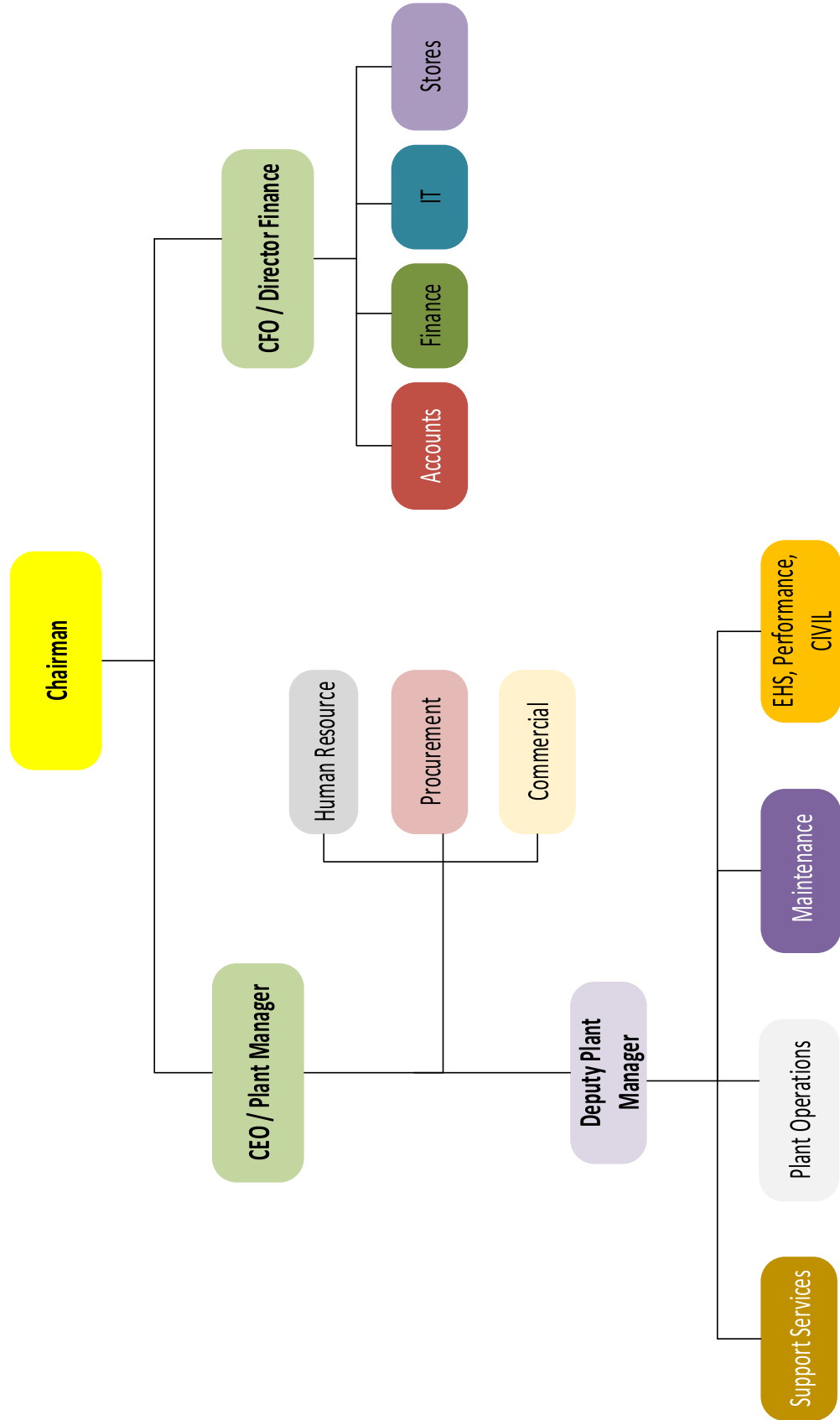
“We, the members of the Board of Directors hereby confirm that the proposed amendments/alterations in the Memorandum of Association of the Company are in line with the applicable laws and regulatory framework.”

For the aforesaid purpose, it is proposed to consider and, if thought fit, to pass the resolution proposed in the notice of meeting as a special resolution, with or without modifications, to amend the Memorandum of Association of the Company.

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 May 22, 2020 for the period of 1 year from the date of approval by members.	Equity investment upto Rupees 200 Million was approved by members in AGM held on April 30, 2019 within a period of 3 year from the date of approval by members	Investment of Rs. 500,000,000 by way of working capital loan was approved by members in AGM held on May 22, 2020 for a period of one year starting from the date of approval by members.
Amount of Investment Made to date:	Investment made on running basis. Maximum investment Rs.659 Million was in the month of May 2020.	Nil	Investment of Rs. 350,000,000 has been made against this approval to date.
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
Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:	At the time of approval, as per available latest audited financial statements for the year ended December 31, 2019, the earnings per share was Rs.5.38 and breakup value per share was Rs. 39.04 As per latest available financial statements for the year ended Dec 31, 2020 the earnings per share was Rs.9.35 and breakup value per share was Rs. 46.14.	At the time of approval, as per available latest audited financial statements for the 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 year ended December 31, 2020 the basic loss per share is Rs. 0.03 and breakup value per share is Rs. 18.02	At the time of approval, as per available latest audited financial statements for the year ended June 30, 2019, the basic earning per share was Rs. 1.42 and breakup value per share was Rs. 18.09 As per latest available (unaudited) financial statements for the year ended December 31, 2020 the basic loss per share is Rs. 0.03 and breakup value per share is Rs. 18.02.

# ORGANIZATION CHART





# DIRECTORS' PROFILE



**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 more than 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 also serves on the Board of Nishat Mills Limited, Nishat Power Limited, 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 completed 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, Remington Realities (Pvt) Ltd, City Agro Private Limited, At-Tahur Limited.



**Mrs. Sadia Younas Mansha**

Sadia Younas Mansha has more than 19 years of diversified professional experience in Textile, Knitwear, Dairy and Agriculture Farming.

She is currently serving in capacity of Managing Director of Nishat Dairy (Pvt.) Limited and Nishat Agriculture Farming (Pvt.) Limited. She is also a Director of Adamjee Insurance Company Limited, Nishat Sutas Dairy Limited and Chief Executive Officer & Director of Golf View Land (Pvt.) Limited.



**Mr. Shahid Malik**

Shahid Malik is a seasoned professional with over 39 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. Samir Mustapha Chinoy**

Mr. Samir M. Chinoy is the Chief Operating Officer of International Steels Ltd. He is a graduate of Babson College, USA with a Bachelor's of Science in Finance and Entrepreneurship and a minor in Human Communication. Prior to International Steels Limited Mr. Chinoy worked at Pakistan Cables, Deloitte & Touché, New York and Foothill Capital (A Wells Fargo Company), Boston. Mr. Chinoy has served on the management committee of Landhi Association of Trade and Industry and has held the position of Vice Chairman in addition to being the Chairman of the Amir Sultan Chinoy Foundation. He is a director of Mirpurkhas Sugar Mills Ltd. and IIL Australia Pty Ltd. Mr. Chinoy is a certified Director from the Pakistan Institute of Corporate Governance.



**Dr. Arif Bashir**

Dr. Arif Bashir holds PhD degree in Chemical Engineering and has over 35 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. He is also serving on the Board of Nishat Paper Products Co. Ltd.



**Mr. Farrukh Ifzal**

Mr. Farrukh Ifzal is a Fellow Member of The Institute of Chartered Accountants of Pakistan. He has over 33 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, Chief Executive Officer of Nishat Chunian Power Limited and Chief Executive Officer of Nishat Chunian 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, 2020. I would like to appreciate the trust and support forwarded by our stakeholders which helped the Company to post earnings per share of Rs 11.86 in current year as compared to Rs 7.82 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.



Chairman

Lahore: February 24, 2021



## چیمبر مین کا جائزہ

میں 31 دسمبر، 2020 کو ختم ہونے والے سال کے لئے، پاک جن پاور لیٹنڈ کی سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔ میں اپنے شراکت داروں کے اعتماد اور تعاون کی تعریف کرتا چاہوں گا جنہوں نے کمپنی کی گزشتہ سال 7.82 روپے کے مقابلے موجودہ سال میں 11.86 روپے فی شیئر آمدنی درج کرنے میں مدد کی۔

پاکستان کے توانائی کی شعبے میں مقامی اور غیر ملکی سرمایہ کاروں کی قابل ذکر سرمایہ کاری کے ساتھ گزشتہ چند سالوں میں بہتر پاور پالیسی ماحول کے نتیجے میں پاکستان کی بجلی پیدا کرنے کی صلاحیت میں قابل ذکر اضافہ ہوا ہے۔ اس کے باوجود، ملک میں غیر موثر توانائی کے انریکس کے تسلسل اور قابل تجدید توانائی کے حل پر سرمایہ کاری کی کمی نے بد قسمتی سے علاقائی حریفوں کے مقابلے میں ہمارے بجلی پیدا کرنے کے اخراجات کو بہت زیادہ بڑھا دیا ہے۔ بڑے پیمانے پر بجلی کی صنعت کو بھی تقسیم اور فرسٹین اور آمدنی حاصل کرنے میں کوتاہیوں کو پیش نظر رکھنے کی ضرورت ہے جس کی سب سے بڑی وجہ بجلی چوری ہے۔

ہماری گزشتہ حکمت عملی کے دوران، پائیدار جزییشن ہمارے کاروباری فلسفے کی بنیاد رہی ہے۔

ہماری سماجی ذمہ داری، ہمارے پلانٹس کے آس پاس ضرورت مندوں کی خدمت اور معاونت جاری رکھنا ہے۔ ہم اپنے پلانٹس کے آس پاس صحت کی دیکھ بھال اور اسکولوں کو فروغ فراہم کرتا جاری رکھے ہوئے ہیں۔ ہمارے اسپانسر شدہ ہسپتال علاقے میں ضروری دیکھ بھال اور آسانی مہیا کر رہے ہیں، اور ہمارے اسپانسر کردہ سکول اسکالرشپس تمام طالب علموں کی مدد جاری رکھے ہوئے ہیں۔

کمپنی اچھے کارپوریٹ گورننس کے لئے پُر عزم ہے۔ میں بیان کرتے ہوئے خوشی محسوس کرتا ہوں کہ بورڈ کی کارکردگی شائع ہے جس نے سال کے دوران کمپنی کے مؤثر مکتروں میں مدد کی ہے۔ بورڈ کارپوریٹ اور مالی رپورٹنگ فریم ورک کے حوالے سے اپنی ذمہ داری قبول کرتا ہے۔ بورڈ کمپنی کے اہم مقاصد کو حاصل کرنے میں اپنے اسٹریٹجک کردار سے بھی واقف ہے اور اس کے حصص یافتگان اور دیگر اسٹیک ہولڈرز کے منافع کو بڑھانے پر توجہ مرکوز رکھتا ہے۔

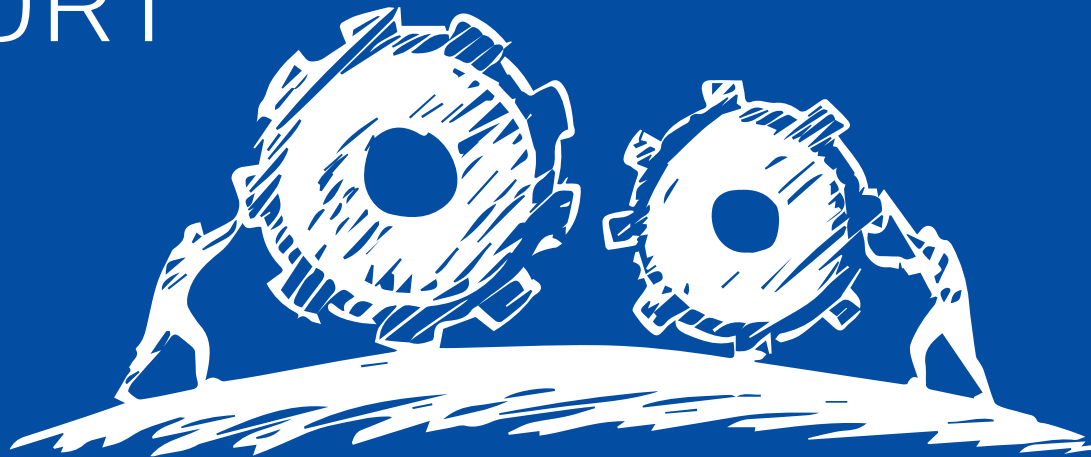
میں پاک جن پاور لیٹنڈ کی ترقی میں ان کی عقیم شراکت داری پر، حصص داروں کا شکریہ ادا کرتا ہوں۔

حصص داروں کی جانب سے کمپنی کو پریئر بنانے میں ان کے غیر جانبدار مشن کے لئے ملازمین کا شکریہ ادا کرتا ہوں۔

*Chirag Mehta*  
چیمبر مین

لاہور: 24 فروری 2021ء

# DIRECTORS' REPORT



The Directors are pleased to present the Annual Report and the audited financial statements of the Company for the year ended December 31, 2020 together with the auditors' report thereon.

## GENERAL

Pakgen Power Limited ("the Company") was incorporated in Pakistan on 22 June 1995 under the repealed 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 Central Power Purchasing Agency (Guarantee) Limited (CPPA-G).

## FINANCE AND SIGNIFICANT EVENTS

We report that during the year 2020 the total sales revenue of the Company was Rupees 10.646 billion (2019: Rupees 12.185 billion) and operating cost were Rupees 5.078 billion (2019: Rupees 7.618 billion), resulting in gross profit of Rupees 5.567 billion (2019: Rupees 4.567 billion). The Company earned a net profit of Rupees 4.411 billion resulting in earnings per share of Rupees 11.86 as compared to a net

profit of Rupees 2.911 billion and earnings per share of Rupees 7.82 last year.

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 2020 an amount of Rupees 18.913 billion was outstanding against CPPA-G.

Subsequent to year end, the Company entered into "Master Agreement" and "PPA Amendment Agreement" with CPPA-G in order to get payment of its overdue receivables as on 30th November 2020 amounting to Rs. 16.337 billion. This amount will be paid as 40% in first installment and remaining 60% in second installment. Above installments shall be made in the breakup of 1/3rd cash, 1/3rd in the form of tradeable Ijarah Sukuk, and 1/3rd in the form of tradeable Pakistan Investment Bonds (PIBs).

According to the agreement, the Company has voluntarily reduced its Capacity Purchase Price (CPP) and Variable O & M by 11%. Furthermore, 50% of the reduced CPP shall not be indexed with USD Exchange rate and US CPI. Whereas remaining 50% of reduced CPP shall continue

to be indexed with USD Exchange rate and US CPI.

We would like to draw your attention to emphasis of matter paragraph of the independent auditors' report to the members which describes the outstanding matters relating to International Chamber of Commerce (ICC) Award / Expert's determination wherein the Company and CPPA-G shall in good faith attempt to amicably resolve as agreed in the PPA Amendment Agreement.

CPPA-G had raised invoices for liquidated damages to the Company from 11th to 22nd agreement year amounting to Rs.6,266.265 million. Out of these, the company has accepted and paid Rs 4,006.59 million on account of short supply of electricity by the Company. The remaining amount of liquidated damages was disputed by the Company as these were due to cash constraints of the Company as a result of default by CPPA-G in making timely payments. However, there were no LD invoices raised by CPPA-G during the current 23rd Agreement year.

The Company disputed and rejected aforementioned invoices for liquidated damages on the premise that its failure to dispatch electricity was due to CPPA-G's non-payment of dues on timely basis. In accordance with dispute resolution mechanism of the PPA, the Company and CPPA mutually agreed to appoint Justice (retired) Tassaduq Husain Jillani as an Expert to review respective point of views and to award a decision. On 22 June 2017, the mediation expert gave his decision in favor of the Company. However, this decision is not binding on either party.

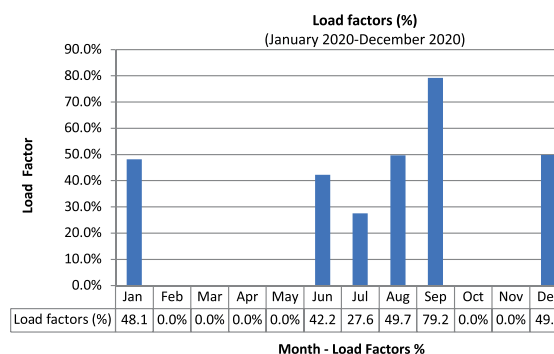
During the year ended 31 December 2018, the Company filed case for arbitration in the International Chamber of Commerce (ICC) to resolve the disputed matters, as per the mechanism allowed by PPA for resolutions of disputes as more fully explained in note 44 to the financial statements.

An arbitrator was appointed to resolve the aforementioned matters and the various hearings on these matters were held. On 18 December 2020, the Arbitrator has issued Final Award in which she has declared CPPA-G's

attempt to set off amounts of Rupees 2.425 billion from Capacity Payments due to the Company as unlawful and directed CPPA-G that it cannot deduct amounts from invoices of the Company on the basis that the Company has procured fuel from suppliers other than PSO. The Arbitrator also ordered CPPA-G to pay to the Company: i) Rupees 36.068 million withheld from Energy Purchase Price (EPP) invoices of the Company; ii) Rupees 877.899 million being interest on delayed payments interest invoices; iii) interest on amounts awarded at the rate of State Bank of Pakistan's treasury six month Base Rate plus 2% per annum compounded semi-annually from the date of award till the date of payment and iv) US\$ 432,296.745 (50% of the total amount awarded, being the share of the Company) in respect of cost of arbitration and Company's legal costs together with interest at the rate of 4% per annum compounded quarterly from the date of award till the date of payment. Moreover, the Arbitrator also declared that CPPA-G is obliged to provide and maintain Letter of Credit under PPA.

## OPERATIONS AND SIGNIFICANT EVENTS

In response to load demanded by CPPA-G, the Pakgen plant operated at capacity factor of 6.2% with a load factor of 54.5% and availability of 99.7% and dispatched 190.980 GWh of electricity during the year. 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, or in low water months only. This will help Company minimize its fuel losses.

## ANNUAL CAPACITY TEST

As per the requirement of PPA, the Company conducted its Annual Capacity Test on June 18, 2020 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 however, 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.

## 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.

## 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.
- 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 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
- 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 2020, were as follows;

statements and any departure therefrom 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.

Provident fund: 31 December 2020 is Rupees: 189.792 Million

Gratuity fund: 31 December 2020 is Rupees: 109.146 Million

## COMPOSITION OF BOARD:

Total number of Directors:		
(a)	Male	7
(b)	Female:	1
Composition:		
(i)	Independent Directors	2
(ii)	Non-executive Directors	5
(iii)	Executive Directors (Chief Executive Officer)	1

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

Sr. #	Name of Directors	No. of Meetings Attended
1	Mr Ghazanfar Hussain Mirza (Director/Chairman)	6
2	Mian Hassan Mansha * (CEO)	7
3	Mr. Aurangzeb Firoz	5
4	Mr. Shahid Malik	6
5	Mrs. Sadia Younus Mansha**	1
6	Dr. Arif Bashir	5
7	Mr. Farrukh Afzal	7
8	Mr. Samir Mustapha Chinoy**	2
9	Mr. Hassan Nawaz Tarar***	1

\* Mian Hassan Mansha retired as director on June 30, 2020 and continued as CEO.

\*\* Mrs. Sadia Younus Mansha elected as Director on the Board in election of directors held on June 30, 2020.

\*\*\* Mr. Samir Mustapha Chinoy elected as director on the Board in election of directors held on June 30, 2020.

\*\*\*\* Mr. Hassan Nawaz Tarar retired as director on June 30, 2020

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

Sr. #	Name of Members	No. of Meetings Attended
1	Mr. Faruukh Ifzal (Member/ Chairman)	5
2	Mr. Aurangzeb Firoz (Member )	3
3	Mr. Shahid Malik (Member)	5

Audit Committee re-constituted on July 02, 2020 after election of directors held on June 30, 2020.

**During the year under review, One Human Resource & Remuneration (HR&R) Committee meeting was 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
3	Mr. Ghazanfar Hussain Mirza (Member)	1
4	Mr. Samir Mustapha Chinoy ** (Member)	0

HR & R Committee reconstituted on July 02, 2020 after election of Directors held on June 30, 2020.

\* Mr. Farrukh Ifzal retired as Member /Chairman of HR & R Committee on June 30, 2020.

\*\* Mr. Samir Mustapha Chinoy appointed as Member/Chairman HR Committee on July 02, 2020 in place of Mr. Farrukh Ifzal.

## 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 37 of the annexed financial statements.

## PATTERN OF SHAREHOLDING:

The statement of pattern of shareholding as on 31 December 2020 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, 2020 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.

## 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 proposed final dividend for the year ended 31 December 2020 of Rupee 1 per share.

## AUDITORS

The present auditors M/s Riaz Ahmad and Company, Chartered Accountants retired and being eligible, offer themselves for re-appointment for the year 2021. The Audit Committee of the Board has recommended the reappointment of the retiring auditors.

## ACKNOWLEDGEMENT

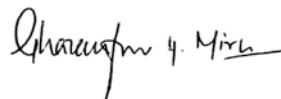
We wish to thank our valuable shareholders, CPPA-G, financial institutions, lenders, Pakistan State Oil and other suppliers for their trust and faith in the Company and their valuable support that enabled the Company to achieve better results.

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. Hassan Mansha)  
Chief Executive Officer



(Mr. Ghazanfar Hussain Mirza)  
Chairman

Lahore: 24th Feb, 2021

## ڈائریکٹرز رپورٹ پاک جن پاور لمیٹڈ

ڈائریکٹرز 31 دسمبر 2020 کو ختم ہونے والے سال کے لئے کمپنی کی سالانہ رپورٹ اور نظر ثانی شدہ مالی حسابات معاً ڈیڑھ کی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

### عام معلومات

پاک جن پاور لمیٹڈ ("کمپنی") Repealed کمپنیز آرڈیننس، 1984 (ایکٹ 18، 2017) کے تحت 22 جون 1995 کو پاکستان میں قائم ہوئی۔ کمپنی کے حصص پاکستان اسٹاک ایکسچینج میں درج ہیں۔ کمپنی کی اہم سرگرمیاں، محمود کوٹ، مظفر گڑھ، پنجاب، پاکستان میں 365 میگا واٹ کی مجموعی گنجائش کے مقابل 350 میگا واٹ کی ایک قابل اعتماد صلاحیت کے ساتھ تیل پر چلنے والا ایک بجلی گھر ("دی کمپلیکس") کا مالک، چلائنا اور برقرار رکھنا ہیں۔ بجلی کا واحد خریدار سنٹرل پاور پراجیکٹس ایجنسی (کارپوریٹ) لمیٹڈ (CPPAG) ہے۔ مالی نتائج اور اہم نتائج

ہم بیان کرتے ہیں کہ سال 2020 کے دوران کمپنی کی فروخت کی کل آمدنی 10,646 ملین روپے (2019: 12,185 ملین روپے) اور آپریٹنگ اخراجات 5,078 ملین روپے (2019: 7,618 ملین روپے) جس کے نتیجے میں 5,567 ملین روپے کا مجموعی منافع (2019: 4,567 ملین روپے) حاصل ہوا تھا۔ کمپنی نے گزشتہ سال 2,918 ملین روپے خالص منافع اور 7.82 روپے فی شیئر آمدنی کے مقابلے میں موجودہ سال 4,411 ملین روپے خالص منافع کمایا جس کے نتیجے میں 11.86 روپے فی شیئر آمدنی حاصل ہوئی۔ ہماری واحد صارف CPPAG بجلی کی خریداری کے معاہدے (PPA) جو حکومت پاکستان کی ایک خود مختار ضمانت کے تحت حاصل کیا گیا ہے مطابق اپنی ذمہ داریوں کو پورا کرنے کے قابل نہیں رہا۔ 31 دسمبر 2020 کو CPPAG کے ذمہ چھایا رقم 18,913 ملین روپے تھی۔

سال کے اختتام کے بعد، کمپنی نے 30 نومبر 2020 کو اپنی واجب الادا وصول ہونے والی 16,337 ملین روپے کی ادائیگی حاصل کرنے کے لئے CPPAG کے ساتھ "بائٹرا ٹریڈنٹ" اور "PPA ترمیم شدہ معاہدہ" کیا۔ یہ رقم پہلی قسط میں 40% اور باقی 60% فیصد دوسری قسط میں ادا کی جائے گی۔ بلا اقتلا 1/3rd، کیش، 1/3rd بصورت قابل تجارت اجارہ سکوک اور 1/3rd قابل تجارت پاکستان انویسٹمنٹ بانڈز (PIBs) کی شکل میں ادا کی جائیں گی۔ معاہدے کے مطابق، کمپنی نے رضا کارانہ طور پر اپنی کسٹی پراجیکٹس (سی پی پی) اور حفرہ اوپننگ ایم میں 11 فیصد کی کردی ہے۔ مزید یہ کہ، کم کردی پی پی کا 50 فیصد امریکی ڈالر کی شرح تبادلہ اور ایس سی پی کے ساتھ ترجیح نہیں دیا جائے گا۔ جبکہ باقی کم کردی پی پی کے 50 فیصد امریکی ڈالر کی شرح تبادلہ اور ایس سی پی کے ساتھ ترجیح دیا جاتا جاری رہے گا۔

ہم ارکان کو آزاد ڈیڑھ کی رپورٹ کے اہم جزا گراف پر توجہ دلاتے ہیں گے جو انٹرنیشنل جی بی آر آف کامرس (ICC) ایوارڈ ماہرین کے عزم سے متعلق ہذا معاملات کی وضاحت کرتا ہے جس میں کمپنی اور CPPAG پی پی اے ترمیمی معاہدہ میں متفقہ طور پر خوش اسلوبی سے مل کرنے کی کوشش کریں گے۔

CPPAG نے 11 دسمبر 22 ویں انگریز سال سے کمپنی پر لیکویڈیٹیشن کے قیام کی رقم 62,266,265 ملین روپے عائد کئے جن میں سے، کمپنی کی طرف سے بجلی کی کم سپلائی کی مدت کمپنی نے 4,006,59 ملین روپے قبول اور ادا کر دیے ہیں۔ لیکویڈیٹیشن کے قیام کے متنازعہ ہے کیونکہ یہ نقصانات CPPAG کی طرف سے بروقت ادائیگی کرنے میں ناکامی کے نتیجے میں کمپنی کی کیش رکاوٹوں کے باعث ہوئے تھے۔ تاہم، رواں 23 ویں انگریز سال کے دوران CPPAG کی طرف سے کوئی اہل ذی انوائسز نہیں اٹھائی گئیں۔

کمپنی لیکویڈیٹیشن کے لئے مذکورہ بالا انوائسز کو متنازعہ اور مسترد کرتی ہے کیونکہ بجلی کی ترسیل میں یہ ناکامی CPPAG کی بروقت بنیاد پر عدم ادائیگی کی وجہ سے ہوئی ہے۔ کمپنی اور CPPAG نے سابق چیف جسٹس پاکستان جسٹس تصدق حسین جیلانی کو PPA میں دیے گئے میکانزم کے تحت ثالث مقرر کیا۔ تحریری بیانات اور دلائل سمیت ایک جامع عمل کے بعد معزز ثالث نے 22 جون 2017 کو اپنے نتائج اور سفارشات جاری کیں۔ نتیجہ کمپنی کے موقف کی حمایت کرتا ہے۔ تاہم کوئی بھی فریق اس فیصلہ کا پابند نہیں ہے۔

31 دسمبر 2018 کو ختم ہونے والے سال کے دوران، کمپنی نے قازعات جو کہ مالی گوشواروں کے نوٹ 44 میں مکمل طور پر وضاحت کی گئی کے مل کے لئے PPA کی طرف سے اجازت یافتہ میکانزم کے مطابق متنازعہ معاملات حل کرنے کے لئے انٹرنیشنل جی بی آر آف کامرس (ICC) میں ثالثی کا مقدمہ دائر کیا۔

مذکورہ بالا معاملات کو حل کرنے کے لئے ایک ثالث مقرر کیا گیا اور ان معاملات پر کئی سہمتیں ہوئیں۔ 18 دسمبر 2020 کو، ثالث نے حتمی فیصلہ دیا جس میں اس نے واضح کیا کہ کمپنی کو واجب الادا کسٹی ادائیگیوں میں سے 2,425 ملین روپے کی رقم ختم کرنے کی CPPAG کی کوشش غیر قانونی ہے اور CPPAG کو ہدایت کی ہے کہ کمپنی کی انوائسز سے



رقوم اس بنام پر منہا نہیں کی جاسکتی ہیں کہ کبھی نے نسل PSO کے علاوہ سپلائر سے خریدا ہے۔ حالٹ نے CPPAG کو یہ بھی حکم دیا ہے کہ کبھی کو ادا کرے: (i) - 36.068 ملین روپے جو کبھی کی انرٹی پر پائس (EPP) انوائس سے روکے گئے (ii) - 877.899 ملین روپے تاخیر سے ادائیگیوں کے سود کی انوائس پر سود (iii) اسٹیٹ بینک آف پاکستان کے ٹریڈری چھ ماہ کے عرصے میں ریٹ کے علاوہ 2% سالانہ سودی گئی رقوم پر سود جو سالانہ ایوارڈ کی تاریخ سے ادا کی گئی کی تاریخ تک اور (iv) 432,296,745 امریکی ڈالر (ایوارڈ کل رقم کا 50 فیصد، بطور کبھی کا شیئر) حاشی کی لاگت اور کبھی کے قانونی اخراجات کے سلسلے میں ایوارڈ کی تاریخ سے لے کر ادا کی گئی کی تاریخ تک سرمایہ کی 4% سالانہ کی شرح سے سود کے ساتھ۔ مزید یہ کہ حالٹ نے یہ بھی اعلان کیا کہ CPPA-G پنا اسے کے تحت لیٹراف کریڈٹ فراہم کرنے اور برقرار رکھنے کا پابند ہے۔

آپریٹنگ اور اہم واقعات:

CPPAG کی طرف سے مطلوبہ لوڈ کے جواب میں پاک جن پلانٹ 54.5 فیصد لوڈ فیکٹر اور 99.7 فیصد کی دستیابی کے ساتھ 6.2 فیصد کے ملاصق فصر پر چلایا گیا اور 190,981 GWh بجلی ترسیل کی گئی۔ کبھی ہمارے صارف CPPA کے لئے اپنی طویل مدتی سالمیت اور زیادہ سے زیادہ دستیابی کو یقینی بنانے کے لئے پلانٹ کی جدت طرازی کی خاطر مختلف بہتری کے چارٹی منصوبوں پر فنڈز مختص کر رہی ہے۔

کم قیمت میں ہائیڈرو انرٹی، کوئلہ، قائل تجدید اور آرائل ایندھن پر مبنی سٹورجز جزیٹین پائس کی انٹرکشن کی بدولت یہ امید کی جاتی ہے کہ بہت زیادہ طلب کے موسم میں، آرائل ایندھن کی عدم فراہمی کی صورت پائپ کی کمی کے مہینوں میں پاک جن بجلی کی ترسیل کے قائل ہوگا۔ یہ کبھی کے فیول کے نقصانات کو کم کرنے میں مدد کرے گا۔

سالانہ ملاصق ٹیٹ

بجلی کی خریداری کے معاہدے (پی پی اے) کی ضروریات کے مطابق، کبھی نے 18 جون، 2020 کو اپنے سالانہ ملاصق ٹیٹ کا انعقاد کیا جس میں کامیابی سے 350 میگا واٹ کی صلاحیت برقرار رہی۔

کارکردگی میں بہتری

پلانٹ کی کارکردگی کو بہتر بنانے کے لئے مسلسل کوششیں کی جارہی ہیں۔ زیادہ بجلی بنانے کے لئے آڈٹائزیشنل تبدیلیاں کی گئیں اور کارکردگی بڑھانے پر توجہ مرکوز کی گئی۔ کم ترسیل کی سطحوں نے ان کوششوں کو ضائع کر دیا۔ کبھی اپنے ایجنٹ کی صلاحیت کو بہتر بنانے کے لئے بہت زیادہ لوڈ کی سطحوں پر پلانٹ کی ترسیل کے امکانات کے لئے CPPAG اور نیشنل پاور کنٹرول سنٹر (NPCC) کے ساتھ بات چیت کر رہی ہے۔

کریڈٹ ریٹنگ

کبھی PACRA سے مسلسل "AA" (ڈبل اے) طویل مدتی ریٹنگ اور "A1" (اے ون) مختصر مدتی ریٹنگ وصول کر رہی ہے۔ یہ ریٹنگ کبھی 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 کو ظاہر کرتی ہے۔

داخلی آڈٹ اور کنٹرول

بورڈ آف ڈائریکٹرز نے آڈٹ کبھی کو رپورٹ کرنے والے کو الیٹائیڈ فرم کی سربراہی میں ایک آزاد آڈٹ فنکشن قائم کیا ہے۔ کبھی کے امداد داخلی آڈٹنگ کا اسکوپ واضح بیان کیا گیا ہے جو اسکے داخلی کنٹرول سسٹم کے جائزہ اور تحقیق میں مشغول ہے۔

ماحول صحت اور حفاظت

پاک جن پاور لمیٹڈ کو ماحول کے تحفظ اور اپنے ملازمین کی صحت اور حفاظت کو بہتر بنانے کے عزم پر فخر حاصل ہے۔ سال کے دوران کسی حادثہ کے باعث کوئی وقت ضائع نہیں ہوا ہے۔

کارپوریٹ سماجی ذمہ داری (CSR) اور کمیونٹی ویلفیئر

قیام کے آغاز سے کارپوریٹ سماجی ذمہ داری (CSR) پروگرام کبھی کے کاروبار کا ایک لازمی حصہ ہے۔ یہ کبھی کی ثقافت کا حصہ ہے اور تمام ملازمین اس کا پختہ عزم ظاہر کرتے ہیں۔ کبھی غربت اور صحت روزگاری کو ختم کرنے کے لئے کوشاں لوگوں کو بااختیار بنانے کے عمل کو تیز کرنے کی کوشش کرتی ہے۔

کبھی کی طرف سے چند CSR اقدامات میں شامل ہیں:

- کبھی ایک بنیادی صحت مرکز چلا رہی ہے جو مقامی کمیونٹی کے لئے ہنگامی سہولیات اور تحقیق کی لیبارٹری سے مکمل طور پر لیس کیا گیا ہے۔ اس کے علاوہ کبھی سالانہ بنیاد پر مقامی کمیونٹی کے لئے ایل آر ڈی ٹی کے تعاون سے خصوصی آئی کیپ کا بھی انتظام کرتی ہے۔

- کچنی مقامی کمیونٹی کے مستحق طلباء کو ان کی پیشہ ورانہ تعلیم کے لئے سکا لرشپس دے رہی ہے۔
- ارد گرد کے علاقوں میں دستیغ بنانے پر درختوں کی شجرکاری کی گئی ہے۔

#### کوڈ آف کارپوریٹ گورننس 2019 کی تعمیل

ڈائریکٹرز فہرست کی کمیٹی (کوڈ آف کارپوریٹ گورننس) ریگولیٹور، 2019 اور پاکستان اسٹاک ایکسچینج کی رول بک کی ضروریات کی تعمیل اور اچھے کارپوریٹ گورننس کے لئے پُر عزم ہیں۔

CCG ریگولیٹور، 2019ء کی تعمیل کا بیان منسلک ہے۔

#### کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

- کچنی کی انتظامیہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کی طرف سے جاری کردہ کارپوریٹ گورننس کے ضابطہ و اخلاق اور کمپنیز آرڈیننس کی دفعات کی منظوری کے مطابق اپنی ذمہ داریوں سے پوری طرح آگاہ ہے۔ حسب ذیل تہمے کارپوریٹ گورننس اور مسلسل بہتری کے اعلیٰ معیارات ادارے کی داہنگی کا اعتراف ہے۔
- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی حسابات، اس کے امور پر پریشر کے نتائج، نقدی بہاؤ اور ایکٹیوٹی میں تبدیلیوں کو متعطف طور پر ظاہر کرتے ہیں۔
- کچنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRS) کی پیروی کی گئی ہے، اور کسی بھی انحراف کا موزوں انکشاف اور وضاحت کی گئی ہے۔

- اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- کچنی کے کوٹنگ کنٹرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- بورڈ کے تمام ڈائریکٹرز کارپوریٹ ہاؤس کے ڈائریکٹرز کے طور پر اپنے فرائض اور ذمہ داریوں سے بخوبی واقف ہیں۔ ڈائریکٹرز کو اور پیشین گوئی کے ذریعے ان کے فرائض اور ذمہ داریوں کے بارے میں آگاہ کیا گیا تھا۔
- گنڈیشہ چھ سالوں کا کلیدی اور مالی اعداد و شمار رپورٹ کے ہمراہ منسلک ہے۔
- 31 دسمبر 2020 کو ختم ہونے والے سال کے مطابق پراویڈنٹ فنڈ اور گریجویٹ اسکیم میں سرمایہ کاری کی قدر حسب ذیل تھی:

پراویڈنٹ فنڈ: 31 دسمبر 2020 کو 189,792 ملین روپے

گریجویٹ فنڈ: 31 دسمبر 2020 کو 109,146 ملین روپے

#### بورڈ کی تشکیل:

ڈائریکٹرز کی کل تعداد	
(a) مرد	7
(b) خاتون	1
تشکیل	
(i) آزاد ڈائریکٹرز	2
(ii) دیگر تان ایگزیکٹو ڈائریکٹرز	5
(iii) ایگزیکٹو ڈائریکٹرز	1

زیر جائزہ سال کے دوران، بورڈ آف ڈائریکٹرز کے ساتھ اجلاس منعقد ہوئے، حاضری کی پوزیشن حسب ذیل تھی:-

نمبر شمار	نام ڈائریکٹر	تعداد اجلاس
1	جناب حفیظ حسین مرزا (مختصر مین / ڈائریکٹر)	6
2	میاں حسن منٹا* (سی ای او)	7
3	جناب اورنگ زیب فیروز	5
4	جناب شاد ملک	6
5	محترمہ سعدیہ یونس منٹا**	1
6	ڈاکٹر عارف بشیر	5
7	جناب فرخ افضال	7
8	جناب میر معطلے چٹائے***	2
9	جناب حسن نواز تارڑ****	1

\* میاں حسن منٹا 30 جون 2020 کو بطور ڈائریکٹر مستعفی ہو گئے اور بطور CEO مقرر ہیں۔

\*\* محترمہ سعدیہ یونس منٹا 30 جون 2020 کو منعقد ہونے والے ڈائریکٹرز کے انتخابات میں بطور ڈائریکٹر منتخب ہوئی۔

\*\*\* جناب میر معطلے چٹائے 30 جون 2020 کو منعقد ہونے والے ڈائریکٹرز کے انتخابات میں بطور ڈائریکٹر منتخب ہوئے۔

\*\*\*\* جناب حسن نواز تارڑ 30 جون 2020 کو بطور ڈائریکٹر مستعفی ہو گئے۔

زیر جائزہ سال کے دوران، آڈٹ کمیٹی کے 5 اجلاس منعقد ہوئے، حاضری کی پوزیشن حسب ذیل تھی:-

نمبر شمار	نام رکن	تعداد اجلاس
1	جناب فرخ افضال (مختصر مین)	5
2	جناب اورنگ زیب فیروز (ممبر)	3
3	جناب شاد ملک (ممبر)	5

30 جون 2020 کو منعقدہ ڈائریکٹرز کے انتخابات کے بعد 02 جولائی 2020 کو آڈٹ کمیٹی دوبارہ تشکیل دی گئی۔



ذیل چار سال کے دوران، جو مین ریٹرنس پراجیکٹ (HR & R) کمپنی کا ایک (1) اجلاس منعقد ہوا، حاضری کی پوزیشن حسب ذیل تھی:-

نمبر سیر	نام رکن	تعداد اجلاس
1	جناب فرخ افغان* (مختار مین)	1
2	میاں حسن منٹا (ممبر)	1
3	جناب شمس حسین مرزا (ممبر)	1
4	جناب میر مصطفیٰ چٹائی (ممبر)**	0

30 جون 2020 کو منعقدہ ڈائریکٹرز کے اجلاس کے بعد 2020 کی HR&R کمپنی دوبارہ تشکیل دی گئی۔

\* جناب فرخ افغان 30 جون 2020 کو HR&R کمپنی کے بطور ممبر اجلاس میں مستعفی ہو گئے۔  
\*\* جناب میر مصطفیٰ چٹائی 2020 کو جناب فرخ افغان کی جگہ HR کمپنی کے ممبر اجلاس میں مقرر ہوئے۔

ڈائریکٹرز کا مشاہدہ:

کمپنی اپنے آؤڈیٹڈ ایکٹرز سمیت تین ایگزیکٹو ڈائریکٹرز کو اجلاس فیس کے علاوہ کوئی مشاہدہ اور فیس کرتی ہے۔ ایگزیکٹو اور تین ایگزیکٹو ڈائریکٹرز کو ادا کئے جانے والے مشاہدہ اور اجلاس فیس کی مجموعی رقم منسلک مالی حسابات کے نوٹ 37 میں منکشف ہے۔

حصص داری کا نمونہ:

برطانیہ 31 دسمبر 2020 نمونہ حصص داری منسلک ہے۔

کمپنی کے حصص میں رائے نگاہ:

31 دسمبر 2020 کو قائم ہونے والے سال کے دوران ڈائریکٹرز، ایگزیکٹو اور ان کے ذریعہ اور ثالث بچوں کی طرف سے سلف کمپنی کے حصص میں کی گئی تمام تجارت اس سالانہ

رپورٹ کے حصہ منسلک ہے۔

مختلف پارٹیاں:

مختلف پارٹیوں کے درمیان لین دین آؤٹ کمپنی کے سامنے پیش کیا گیا اور بورڈ نے منظور کیا۔ یہ لین دین IFRS اوپننگ ایکٹ 2017 کی ضروریات کی لاکن میں تھے۔ کمپنی ایسے تمام لین دین کا ریکارڈ برقرار رکھتی ہے۔

ذاتی عمل ریسک منجمنٹ:

کمپنی کی ہر گروپ مختلف خطرات کو بے نقاب کرتی ہیں:

مارکیٹ ریسک (شمول کرنسی ریسک، دیگر پرائس ریسک اور شرح سود کا خطرہ)، کریڈٹ ریسک اور لیکویڈیٹی ریسک۔ کمپنی کی مجموعی ریسک منجمنٹ نے مالیاتی مارکیٹوں کی غیر متوقع صلاحیت پر توجہ مرکوز کی ہے اور کمپنی کی مالی کارکردگی پر تکنیکی اثرات کو کم سے کم کرنے کے لئے کوشاں ہے۔

ریسک منجمنٹ کو پورڈ آف ڈائریکٹرز (بورڈ) کی منظور شدہ پالیسیوں کے تحت کمپنی کا ٹائرس ڈیپارٹمنٹ سرانجام دیتا ہے۔ کمپنی کا ٹائرس ڈیپارٹمنٹ مالیاتی خطرات کی تشخیص اور اعادہ کرتا ہے۔ مجموعی ریسک منجمنٹ اصولوں کے ساتھ ساتھ مخصوص شعبوں جیسے کہ کرنسی ریسک، دیگر پرائس ریسک، شرح سود کا خطرہ، کریڈٹ ریسک، لیکویڈیٹی ریسک اضافی لیکویڈیٹی سرمایہ کاری کے اعادہ کی پالیسیاں بھی بورڈ فراہم کرتا ہے۔ خزانہ سے مختلف تمام ٹرانزیکشنز پالیسیوں کی حدود کے مطابق کی جاتی ہیں۔



تقرقات:

بورڈ آف ڈائریکٹرز نے 31 دسمبر 2020 کو ختم ہونے والے سال کے لئے 1 روپے فی شیئر حتمی منافع محترمہ تجویز کیا ہے۔

محاسب:

موجودہ محاسب میسرز ریاض احمد ایڈ کھٹی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں اور انہوں نے اہل ہونے کی بناء پر سال 2021 کے لئے دوبارہ تعیناتی کے لئے خود کو پیش کیا ہے۔  
بورڈ کی آڈٹ کمیٹی نے ریٹائر ہونے والے محاسب کی دوبارہ تقرری کی سفارش کی ہے۔

اعضاء تحکیم:

ہم اپنے قابل قدر حصص داران، CPPAG، مالیاتی اداروں، قرض دہندگان، پاکستان اسٹیٹ آئل اور دیگر سپلائرز کے کھٹی پر اعتماد، یقین اور مسلسل حمایت کا شکریہ ادا کرتے ہیں جن کی بدولت کھٹی بہتر نتائج حاصل کرنے کے قابل ہوئی ہے۔

ہم ایک جدید اور حوصلہ افزاء کام کا ماحول قائم کرنے اور پاور پلانٹ کے تمام شعبوں میں کارکردگی کی اعلیٰ سطح کو فروغ دینے کے لئے انتظامیہ کی محنت کو سراہتے ہیں۔ ہم قابل ذکر نتائج کی فراہمی کے لئے ایگزیکٹوز اور عملے کے ارکان کی مسلسل حمایت، کوششوں اور عزم کے لئے بھی شکریہ ادا کرتے ہیں اور کھٹی کے ساتھ ان کے طویل تعلقات کے خواہش مند ہیں۔

منہاج مجلس نعتیاء

Shauqat & Mirza

(جناب حفیظ حسین مرزا)

چیئرمین

Hassam Mirza

(میاں حسن مفتاح)

چیف ایگزیکٹو آفیسر

لاہور: 24 فروری 2021ء

# FINANCIAL DATA

	2020	2019	2018	2017	2016	2015
Dispatch Level %	54.50%	48.60%	54.80%	50.00%	53.00%	8.00%
Dispatch (GWH)	191	324	811	1,523	1,603	
245						
Revenue (Rupees.000)						
Revenue	10,645,671	12,185,385	16,218,296	19,754,785	16,044,135	6,523,043
Cost of Sales	(5,078,317)	(7,618,200)	(13,792,637)	(17,771,748)	(14,728,099)	(4,543,926)
Gross Profit	5,567,354	4,567,185	2,425,659	1,983,037	1,316,036	1,979,117
Profitability (Rupees.000)						
Profit/(Loss) before Tax	4,411,282	2,911,041	1,485,141	1,313,977	516,890	1,597,726
Provision for Income Tax	-	-	-	-	-	-
Profit/(Loss) after Tax	4,411,282	2,911,041	1,485,141	1,313,977	516,890	1,597,726
Financial Position (Rupees.000)						
Non Current Assets	5,957,842	6,832,035	7,710,768	8,525,637	9,370,960	10,020,251
Current Assets	23,527,432	24,623,019	21,101,212	18,336,319	15,747,801	15,529,189
Less; Current Liabilities	6,800,928	12,380,051	12,088,951	10,923,397	9,304,190	9,061,770
Net Working Capital	16,726,504	12,242,968	9,012,261	7,412,922	6,443,611	6,467,419
Capital Employed	22,684,346	19,075,003	16,723,029	15,938,559	15,814,571	16,487,670
Less: Long Term Loans	-	-	-	334,369	780,194	1,226,019
Less: Deferred Liabilities	48,986	20,941	29,349	-	-	-
Less: Deferred Income - Government Grant	957	-	-	-	-	-
Share Holders Equity	22,634,403	19,054,062	16,693,680	15,604,190	15,034,377	15,261,651
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	18,796,628	15,216,287	12,855,905	11,766,415	11,196,602	11,423,876
	22,634,403	19,054,062	16,693,680	15,604,190	15,034,377	15,261,651
Dividends (Rupees.000)	837,184	558,122	372,082	744,164	372,082	372,082
Earning Per Share (Rupees)	11.86	7.82	3.99	3.53	1.39	4.29
Delta Loss (Rupees.000)	264,613	513,275	934,265	907,800	753,770	93,205
Ratios:						
Return on assets	0.15	0.09	0.05	0.05	0.02	0.06
Break up value per share of						
Rs. 10 each- Rupees	60.83	51.21	44.87	41.94	40.41	41.02
Current Ratio	3.46	1.99	1.75	1.68	1.69	1.71
Net Profit / (Loss) to sales (%age)	41.44%	23.89%	9.16%	6.65%	3.22%	24.49%

## Vertical Analysis – Profit and Loss Account

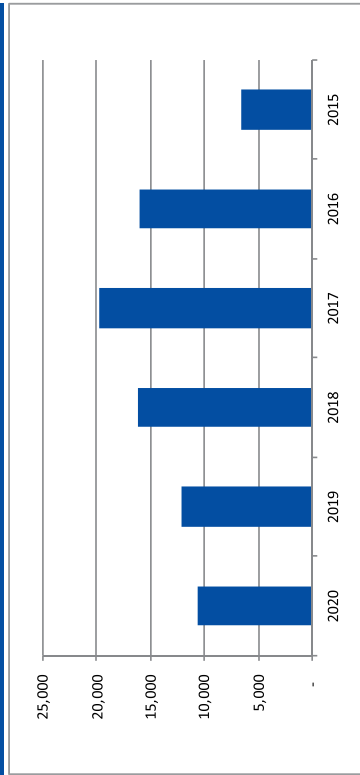
Description	2020	% of Turnover	2019	% of Turnover	2018	% of Turnover
	(..... Rupees '000' .....)					
Revenue	10,645,671	100	12,185,385	100	16,218,296	100
Cost of Sales	(5,078,317)	(47.70)	(7,618,200)	(62.52)	(13,792,637)	(85.04)
<b>Gross Profit</b>	<b>5,567,354</b>	<b>52.30</b>	<b>4,567,185</b>	<b>37.48</b>	<b>2,425,659</b>	<b>14.96</b>
Administration Expenses	(213,148)	(2.00)	(228,783)	(1.88)	(174,525)	(1.08)
Other operating Expenses	(2,961)	(0.03)	(56,408)	(0.46)	(4,748)	(0.03)
Other income	66,946	0.63	161,771	1.33	97,863	0.60
Finance Cost	(1,006,909)	(9.46)	(1,532,724)	(12.58)	(859,108)	(5.30)
<b>Profit for the year</b>	<b>4,411,282</b>	<b>41.44</b>	<b>2,911,041</b>	<b>23.89</b>	<b>1,485,141</b>	<b>9.16</b>

## Horizontal Analysis – Profit and Loss Account

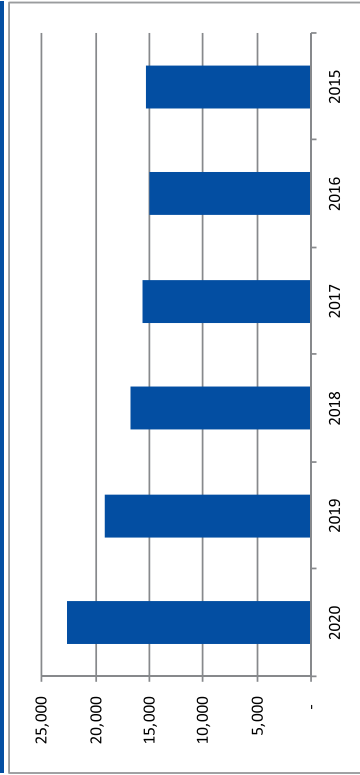
Description	2020	20 v 19 % age	2019	19 v 18 % age	2018	18 v 17 % age
	(..... Rupees '000' .....)					
Revenue	10,645,671	(12.64)	12,185,385	(24.87)	16,218,296	(17.90)
Cost of Sales	(5,078,317)	(33.34)	(7,618,200)	(44.77)	(13,792,637)	(22.39)
<b>Gross Profit</b>	<b>5,567,354</b>	<b>21.90</b>	<b>4,567,185</b>	<b>88.29</b>	<b>2,425,659</b>	<b>22.32</b>
Administration Expenses	(213,148)	(6.83)	(228,783)	31.09	(174,525)	(3.96)
Other operating Expenses	(2,961)	(94.75)	(56,408)	1,088.04	(4,748)	(66.68)
Other income	66,946	(58.62)	161,771	65.30	97,863	(52.37)
Finance Cost.	(1,006,909)	(34.31)	(1,532,724)	78.41	(859,108)	26.61
<b>Profit for the year</b>	<b>4,411,282</b>	<b>51.54</b>	<b>2,911,041</b>	<b>96.01</b>	<b>1,485,141</b>	<b>13.03</b>

# PERFORMANCE REVIEW

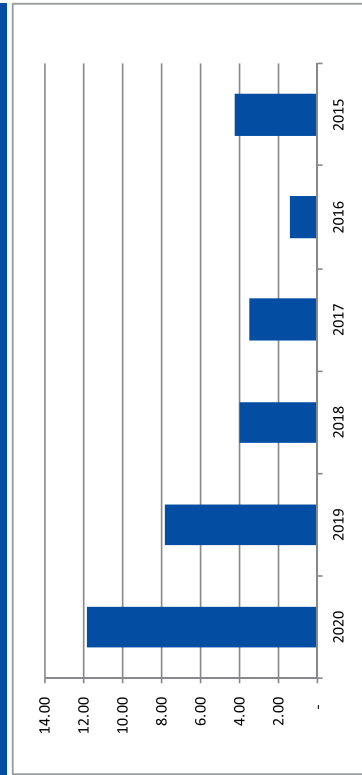
Turnover (Rs. In Million)



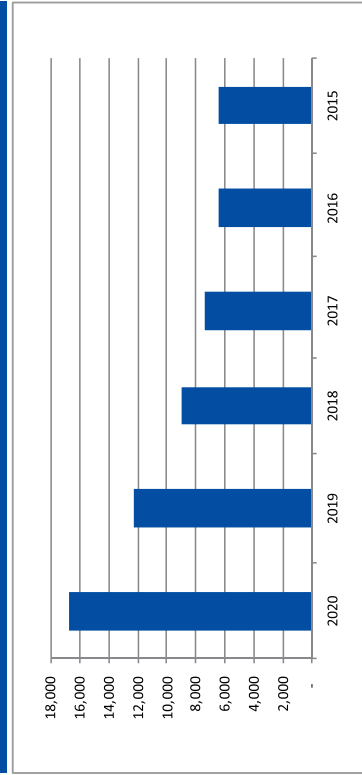
Shareholder Equity (Rs. In Million)



Earning per share (Rs. Per Share)



Working Capital (Rs. In Million)



# PATTERN OF SHAREHOLDINGS

As of December 31, 2020

# of Shareholders	Shareholdings' Slab		Total Shares Held
265	1	to 100	4,288
459	101	to 500	220,003
285	501	to 1000	280,477
464	1001	to 5000	1,370,176
157	5001	to 10000	1,323,832
62	10001	to 15000	813,654
46	15001	to 20000	859,800
31	20001	to 25000	759,000
27	25001	to 30000	774,721
7	30001	to 35000	236,000
7	35001	to 40000	265,000
6	40001	to 45000	260,000
28	45001	to 50000	1,389,000
3	50001	to 55000	157,500
5	55001	to 60000	285,004
6	60001	to 65000	379,501
2	65001	to 70000	136,000
8	70001	to 75000	590,500
2	75001	to 80000	159,500
2	80001	to 85000	165,000
6	85001	to 90000	530,500
2	90001	to 95000	189,000
22	95001	to 100000	2,190,500
1	100001	to 105000	100,500
1	105001	to 110000	110,000
3	115001	to 120000	351,000
3	120001	to 125000	369,000
1	130001	to 135000	133,000
1	135001	to 140000	140,000
3	140001	to 145000	428,500
1	145001	to 150000	150,000
1	150001	to 155000	155,000
2	155001	to 160000	316,000
1	165001	to 170000	168,000
1	170001	to 175000	175,000
1	180001	to 185000	185,000
1	185001	to 190000	189,000
1	190001	to 195000	193,000
2	195001	to 200000	400,000
2	200001	to 205000	405,500
1	230001	to 235000	233,000
1	235001	to 240000	240,000
1	240001	to 245000	243,000
1	265001	to 270000	265,500
1	295001	to 300000	300,000
1	310001	to 315000	315,000
1	325001	to 330000	325,500
1	345001	to 350000	350,000
1	355001	to 360000	360,000
1	395001	to 400000	400,000
1	420001	to 425000	420,500

# of Shareholders	Shareholdings' Slab		Total Shares Held
1	440001	to 445000	440,500
1	450001	to 455000	450,198
2	495001	to 500000	1,000,000
1	500001	to 505000	503,237
1	505001	to 510000	508,000
1	525001	to 530000	526,315
1	545001	to 550000	549,445
1	565001	to 570000	567,500
1	580001	to 585000	583,500
1	595001	to 600000	600,000
1	610001	to 615000	613,500
1	620001	to 625000	620,500
1	625001	to 630000	630,000
1	655001	to 660000	657,500
2	715001	to 720000	1,434,000
1	820001	to 825000	820,723
1	855001	to 860000	858,500
2	995001	to 1000000	2,000,000
1	1050001	to 1055000	1,052,631
1	1115001	to 1120000	1,115,500
1	1145001	to 1150000	1,146,000
1	1195001	to 1200000	1,200,000
1	1205001	to 1210000	1,209,500
1	1340001	to 1345000	1,344,000
1	1430001	to 1435000	1,432,500
1	1570001	to 1575000	1,575,000
1	1755001	to 1760000	1,760,000
1	2105001	to 2110000	2,108,500
1	2205001	to 2210000	2,209,000
1	2230001	to 2235000	2,230,500
1	2495001	to 2500000	2,500,000
1	3270001	to 3275000	3,270,845
1	3965001	to 3970000	3,969,604
1	4130001	to 4135000	4,133,638
1	4205001	to 4210000	4,208,500
1	4405001	to 4410000	4,407,500
1	4605001	to 4610000	4,609,000
1	6405001	to 6410000	6,407,296
1	8675001	to 8680000	8,677,000
1	13235001	to 13240000	13,239,500
1	14630001	to 14635000	14,631,340
1	20295001	to 20300000	20,298,000
1	25630001	to 25635000	25,631,181
1	36590001	to 36595000	36,591,000
1	64475001	to 64480000	64,476,454
1	102520001	to 102525000	102,524,228
1988			372,081,591

# PATTERN OF SHAREHOLDING

As of December 31, 2020

Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Directors and their spouse(s) and minor children</b>			
AURANGZEB FIROZ	2	100,000	0.03
ARIF BASHIR	1	1,000	0.00
GHAZANFAR HUSAIN MIRZA	1	1,000	0.00
SAMIR MUSTAPHA CHINOY	1	500	0.00
HASAN MANSHA	1	14,631,340	3.93
SHAHID MALIK	1	500	0.00
SADIA YOUNAS MANSHA	1	500	0.00
FARRUKH IFZAL	1	500	0.00
<b>Associated Companies, undertakings and related parties</b>			
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
CITY SCHOOLS(PVT) LTD	1	526,315	0.14
FARZANA FIROZ	1	99,500	0.03
JAHANGIR FIROZ	1	99,500	0.03
ADAMJEE INSURANCE COMPANY LIMITED	1	25,631,181	6.89
<b>Executives</b>	-	-	-
<b>Public Sector Companies and Corporations</b>	1	2,500,000	0.67
<b>Banks, development finance institutions, non-banking finance companies,</b>			
insurance companies, takaful, modarabas and pension funds	9	12,828,000	3.45
<b>Mutual Funds</b>			
MCBFSL - TRUSTEE JS VALUE FUND	1	133,000	0.04
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	4,208,500	1.13
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	3,969,604	1.07
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1	4,133,638	1.11
CDC - TRUSTEE NBP STOCK FUND	1	567,500	0.15
CDC - TRUSTEE NBP BALANCED FUND	1	156,000	0.04
CDC - TRUSTEE ABL STOCK FUND	1	48,000	0.01
CDC - TRUSTEE NBP SARMAYA IZAFAT FUND	1	200,500	0.05
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	1	325,500	0.09
CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	1	820,723	0.22
CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	1	858,500	0.23
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	1	613,500	0.16
CDC - TRUSTEE AL-AMEEN ISLAMIC ENERGY FUND	1	549,445	0.15

Categories of Shareholders	Shareholders	Shares Held	Percentage
CDC - TRUSTEE UBL DEDICATED EQUITY FUND	1	13,918	0.00
CDC - TRUSTEE ALLIED FINERGY FUND	1	79,500	0.02
General Public			
a. Local	1,899	64,652,415	17.38
b. Foreign	-	-	-
Foreign Companies	2	2,120,000	0.57
OTHERS	45	58,803,034	15.80
Totals	1,988	372,081,591	100.00

Share holders holding 10% or more	Shares Held	Percentage
SHUNAIQ QURESHI	20,298,000	5.46
ADAMJEE INSURANCE COMPANY LIMITED	25,631,181	6.89
PROVIDUS CAPITAL (PVT.) LIMITED	36,591,000	9.83
NISHAT MILLS LIMITED	102,524,228	27.55
ENGEN (PRIVATE) LIMITED	64,476,954	17.33

“Trading in the shares of the Company, carried out by its Directors, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary, their Spouses and minor children during the period January 01, 2020 to December 31, 2020, are as under:”



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

**Name of Company: Pakgen Power Limited**

**Year ended : December 31, 2020**

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: 07
- b. Female: 01

2. The composition of board is as follows:

Category	Names
Independent Directors	Mr. Farrukh Ifzal Mr. Samir Mustapha Chinoy
Non-executive Directors	Mr. Ghazanfar Hussain Mirza Mrs. Sadia Younas Mansha Mr. Aurengzeb Firoz Mr. Shahid Malik Dr. Arif Bashir
Executive Director	Mian Hassan Mansha (Chief Executive Officer)

- |  |  |
|--|--|
| <p>3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this company;</p> <p>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;</p> <p>5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;</p> <p>6. All the powers of the Board have been</p> | <p>duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations;</p> <p>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;</p> <p>8. The Board have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;</p> <p>9. The Board has arranged Directors' Training program for the following:</p> |
|--|--|

**Name of Directors:**

Mr. Farrukh Ifzal  
 Mr. Samir Mustapha Chinoy  
 Mr. Ghazanfar Hussain Mirza  
 Mr. Aurangzeb Firoz  
 Mr. Shahid Malik  
 Dr. Arif Bashir

10. 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**

Names	Designation held
Mr. Farrukh Ifzal	Chairman
Mr. Aurangzeb Firoz	Member
Mr. Shahid Malik	Member

**b) HR and Remuneration Committee**

Names	Designation held
Mr. Samir Mustapha Chinoy	Chairman
Mian Hassan Mansha	Member
Mr. Ghazanfar Hussain Mirza	Member

13. 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**

Five meetings were held during the financial

year ended December 31, 2020.

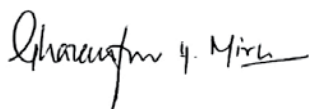
**b) HR and Remuneration Committee**

One meeting of HR and Remuneration Committee was held during the financial year ended December 31, 2020.

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;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with;
19. Explanations for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Sr. No.	Requirement	Explanation of Non-Compliance	Regulation Number
1	<b>Representation of Minority shareholders</b> The minority members as a class shall be facilitated by the Board to contest election of directors by proxy solicitation.	No one intended to contest election as director representing minority shareholders.	5
2	<b>Responsibilities of the Board and its members</b> The Board is responsible for adoption of corporate governance practices by the company.	Non-mandatory provisions of the Regulations are partially complied. The company is deliberating on full compliance with all the provisions of the Regulations.	10(1)
3	<b>Nomination Committee</b> The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	Currently, the Board has not constituted a separate nomination committee and the functions are being performed by the human resource and remuneration committee.	29
4	<b>Risk Management Committee</b> The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	Currently, the Board has not constituted a risk management committee and a senior officer of the Company performs the requisite functions and apprise the Board accordingly.	30
5	<b>Disclosure of significant policies on website</b> The Company may post key elements of its significant policies, brief synopsis of terms of reference of the Board's committees on its website and key elements of the directors' remuneration policy.	Although these are well circulated among the relevant employees and directors, the Board shall consider posting such policies and synopsis on its website in near future.	35

20. The two elected independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently, as per applicable laws and regulations. As they fulfill the necessary requirements as per applicable laws and regulations, hence, appointment of a third independent director is not warranted.



**Mr. Ghazanfar Hussain Mirza**  
Chairman

Lahore  
24 February 2021

# 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 2020 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 2020.

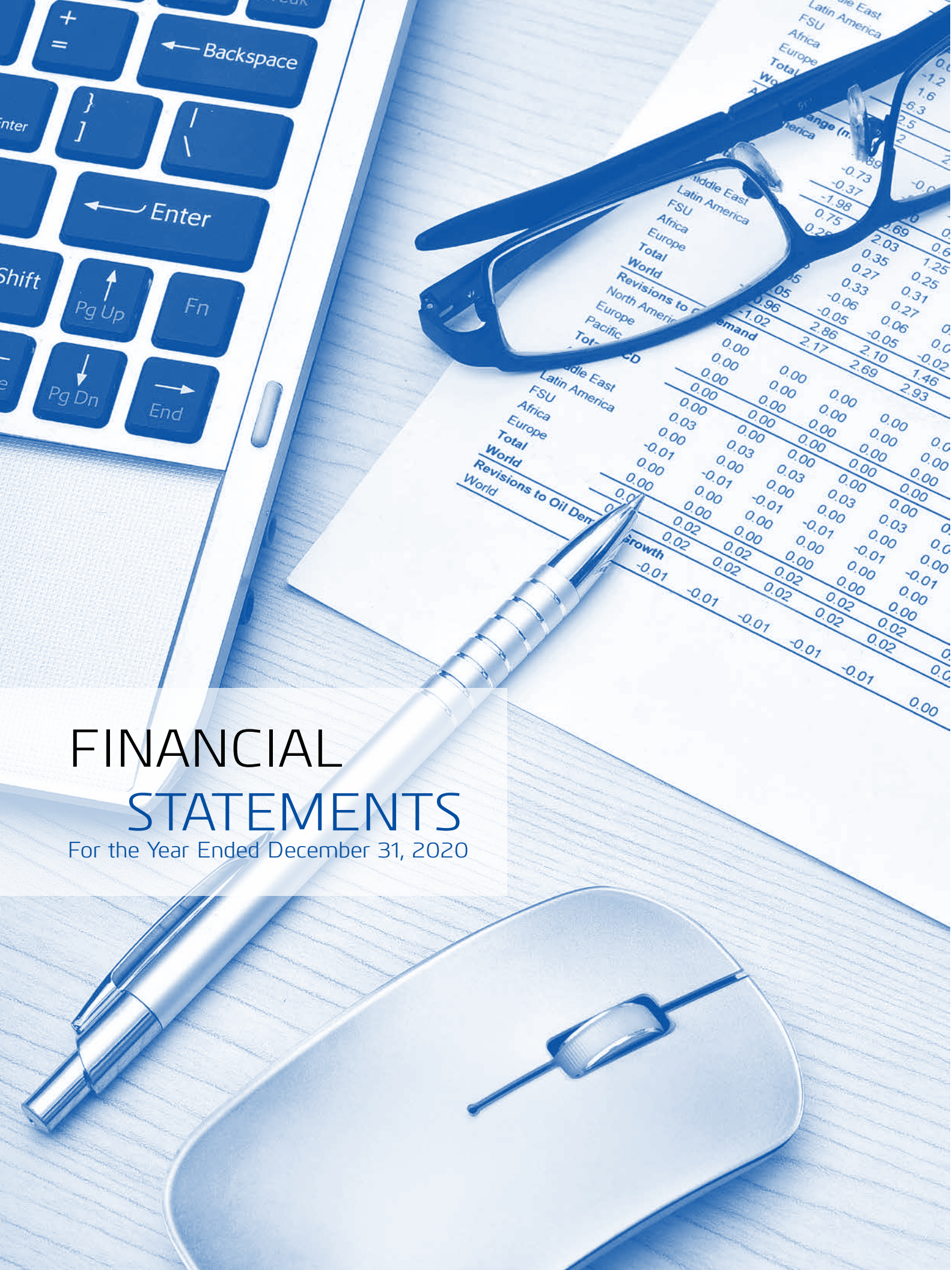


RIAZ AHMAD & COMPANY  
Chartered Accountants

Lahore

24 February 2021





# FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

# 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 2020, 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 2020 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 44 to the financial statements which describes the outstanding matters relating to International Chamber of Commerce (ICC) Award / Expert's determination which the Company and Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) shall in good faith attempt to amicably resolve as agreed in the PPA Amendment Agreement. Our opinion is not modified in respect of this matter.

## Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- 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;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- 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 Atif Anjum.



RIAZ AHMAD & COMPANY  
Chartered Accountants

Lahore

Date: 24 February 2021



# STATEMENT OF FINANCIAL POSITION

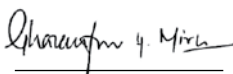
As at 31 December 2020

	Note	2020 (Rupees in thousand)	2019
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital 400,000,000 (2019: 400,000,000) ordinary shares of Rupees 10 each		4,000,000	4,000,000
Issued, subscribed and paid-up share capital	3	3,720,816	3,720,816
Capital reserve	4	116,959	116,959
Revenue reserve - un-appropriated profit		18,796,628	15,216,287
<b>Total equity</b>		<b>22,634,403</b>	<b>19,054,062</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	5	48,986	-
Employee benefit - gratuity	6	-	20,941
Deferred income - Government grant	7	957	-
		49,943	20,941
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	740,426	525,088
Accrued mark-up / profit	9	128,271	313,770
Short term borrowings	10	5,870,818	11,535,517
Current portion of non-current liabilities	11	49,326	-
Unclaimed dividend		12,087	5,676
		6,800,928	12,380,051
<b>Total liabilities</b>		<b>6,850,871</b>	<b>12,400,992</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	12		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>29,485,274</b>	<b>31,455,054</b>

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



CHIEF EXECUTIVE



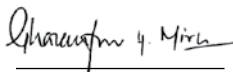
DIRECTOR



CHIEF FINANCIAL OFFICER

	Note	2020 (Rupees in thousand)	2019
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	13	5,943,119	6,809,174
Long term investment	14	-	-
Long term loans to employees	15	9,023	22,561
Long term security deposit		300	300
Employee benefit - gratuity	6	5,400	-
		5,957,842	6,832,035
<b>CURRENT ASSETS</b>			
Stores, spare parts and other consumables	16	807,648	834,763
Fuel stock	17	1,262,026	416,965
Trade debts	18	18,913,240	20,586,064
Short term investment	19	11,416	-
Loans, advances and short term prepayments	20	472,830	458,752
Loans to associated companies	21	350,000	1,009,086
Other receivables	22	652,673	357,642
Accrued interest	23	2,496	12,506
Sales tax recoverable		1,031,743	795,266
Cash and bank balances	24	23,360	151,975
		23,527,432	24,623,019
<b>TOTAL ASSETS</b>		<b>29,485,274</b>	<b>31,455,054</b>

  
CHIEF EXECUTIVE

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

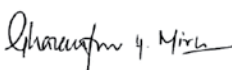
For the year ended 31 December 2020

	Note	2020 (Rupees in thousand)	2019
SALES	25	10,645,671	12,185,385
COST OF SALES	26	(5,078,317)	(7,618,200)
GROSS PROFIT		5,567,354	4,567,185
ADMINISTRATIVE EXPENSES	27	(213,148)	(228,783)
OTHER EXPENSES	28	(2,961)	(56,408)
OTHER INCOME	29	66,946	161,771
PROFIT FROM OPERATIONS		5,418,191	4,443,765
FINANCE COST	30	(1,006,909)	(1,532,724)
PROFIT BEFORE TAXATION		4,411,282	2,911,041
TAXATION	31	-	-
PROFIT AFTER TAXATION		4,411,282	2,911,041
OTHER COMPREHENSIVE INCOME			
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS:			
REMEASUREMENTS OF DEFINED BENEFIT PLAN		6,243	7,463
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		-	-
		6,243	7,463
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		4,417,525	2,918,504
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	32	11.86	7.82

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

# STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	SHARE CAPITAL	RESERVES		TOTAL EQUITY
		Capital	Revenue	
		Retained payments reserve	Un- appropriated profit	
( - - - - - Rupees in thousand - - - - - )				
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
Total comprehensive income for the year ended 31 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
Transactions with owners:				
First interim dividend for the year ended 31 December 2020 @ Rupees 1.25 per share	-	-	(465,102)	(465,102)
Second interim dividend for the year ended 31 December 2020 @ Rupee 1.00 per share	-	-	(372,082)	(372,082)
	-	-	(837,184)	(837,184)
Profit for the year ended 31 December 2020	-	-	4,411,282	4,411,282
Other comprehensive income for the year ended 31 December 2020	-	-	6,243	6,243
Total comprehensive income for the year ended 31 December 2020	-	-	4,417,525	4,417,525
Balance as at 31 December 2020	3,720,816	116,959	18,796,628	22,634,403

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

# STATEMENT OF CASH FLOWS

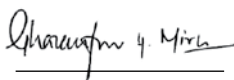
for the year ended 31 December 2020

	Note	2020 (Rupees in thousand)	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	33	6,758,936	1,803,428
Finance cost paid		(1,190,380)	(1,345,464)
Net decrease in long term loans to employees		20,143	7,625
Income tax (paid) / refunded		(11,526)	91,819
Gratuity paid		(21,207)	(16,246)
<b>Net cash generated from operating activities</b>		<b>5,555,966</b>	<b>541,162</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(1,756)	(88,444)
Interest received		65,708	156,995
Loans to associated companies - net		659,086	(9,086)
<b>Net cash from investing activities</b>		<b>723,038</b>	<b>59,465</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term financing obtained		99,269	-
Long term financing repaid		-	(334,369)
Dividends paid		(830,773)	(559,178)
<b>Net cash used in financing activities</b>		<b>(731,504)</b>	<b>(893,547)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>5,547,500</b>	<b>(292,920)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>(11,383,542)</b>	<b>(11,090,622)</b>
<b>Cash and cash equivalents at end of the year</b>		<b>(5,836,042)</b>	<b>(11,383,542)</b>
<b>CASH AND CASH EQUIVALENTS</b>			
Cash in hand		208	307
Cash at banks		23,152	151,668
Short term investment		11,416	-
Short term borrowings		(5,870,818)	(11,535,517)
		<b>(5,836,042)</b>	<b>(11,383,542)</b>

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 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. Head office of the Company is situated at 1-B, Aziz Avenue, Canal Road, Gulberg V, 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.
- 1.2** During the year ended 31 December 2020, the Committee for negotiations with Independent Power Producers (“IPPs”) notified by the Government of Pakistan (GoP) through notification number F.No.IPPs-1(12)/2019-20 dated 03 June 2020 and the IPPs representing the 1994 Power Policy projects, including the Company had several round of discussions. Therefore, on 18 August 2020, the Company in the larger national interest, voluntarily agreed to alter its existing contractual arrangements to the extent of, and strictly with respect to the matters listed under Memorandum of Understanding (“MoU”). In order to convert the MoU into binding agreement between the Company and CPPA-G (the “Parties”), the Government of Pakistan through notification number F.No.IPPs-1(12)/2020 (Vol-II) dated 07 October 2020 constituted Implementation Committee who had several round of discussions with the Parties. As a result, subsequent to the reporting date, the Parties have signed “Master Agreement” and “PPA Amendment Agreement” to alter certain contractual agreements for sale and purchase of electricity, as desired by MoU.

Under the Master Agreement, the Parties, among other matters, have agreed on the following:

### *Competitive trading arrangement*

The Government of Pakistan intends to create a competitive power market and the Company shall actively support and participate in the competitive trading arrangements.

### *Assistance and support in tax issues*

CPPA-G shall assist and support the Company in tax issues with Federal Board of Revenue including apportionment of input sales tax on Capacity Purchase Invoices [note 12.1.1(ii) to these financial statements], minimum tax on Capacity Purchase Price invoices and taxability of late payment charges [note 12.1.1(iii) to these financial statements].

Under the PPA Amendment Agreement, the Parties have agreed on the following:

### *Mechanism of settlement of long outstanding receivables*

The total outstanding amount of Rupees 16,336.557 million as on 30 November 2020 will be paid in two installments without affecting the right of the Company to receive late payment interest under the PPA. First installment of 40% of the aforementioned total outstanding amount shall be paid within 30 days from the date of signing of PPA Amendment Agreement. This installment shall comprise of 1/3rd in cash, 1/3rd in the form tradeable 10 year floating rate Pakistan Investment Bonds (PIBs) and 1/3rd in the form of tradeable 5 year floating rate GoP Ijara Sukuks. Second installment of 60% of the aforementioned total outstanding

amount shall be paid within six months after the date of first installment. This installment to be paid shall comprise of 1/3rd in cash, 1/3rd in the form of 10 year floating rate PIBs and 1/3rd in the form of 10 year floating rate GoP Ijara Sukuks.

#### *Discounts in tariff components*

The Company shall submit its invoices with tariff discount i.e.

(a) on the basis of the applicable Capacity Purchase Price and Variable O&M reduced by 11%;

(b) USD exchange rate and US CPI indexations shall apply on (i) reduced variable O&M and (ii) 50% of the reduced Escalable Component of the Capacity Purchase Price, and;

(c) USD exchange rate applicable on remaining 50% of reduced Escalable Component of the Capacity Purchase Price shall not be less than the National Bank of Pakistan's TT/OD selling PKR/USD rate prevailing at the date of signing of the agreement and shall not exceed exchange rate of Rupees 168.60/USD. US CPI indexation shall be the rate applicable for the month of August 2020.

In the event of default by CPPA-G, the Company shall suspend giving tariff discounts from the date of default and the amendment shall terminate automatically, if not cured within a period of seventy days.

#### *Resolution of disputes*

The Parties shall in good faith attempt to amicably resolve the disputes as mentioned in note 12.1.2(i) to the financial statements.

The Board of Directors of the Company has approved these agreements in their meeting held on 12 February 2021.

## **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 under the historical cost convention except as otherwise stated in the respective accounting policies.



### **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) Amendments to published approved accounting standards that are effective in current year and are relevant to the Company**

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 January 2020:

- Interest Rate Benchmark Reform – Phase 1, Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures'
- IAS 1 (Amendments) 'Presentation of Financial Statements'
- IAS 8 (Amendments) 'Accounting Policies, Changes in Accounting Estimates and Errors'
- International Accounting Standard Board's revised Conceptual Framework – March 2018

The above mentioned accounting standards and framework 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) Standard and amendments to published approved accounting standards that are effective in current year but not relevant to the Company**

There are other standard and amendments to published 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.

**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 2021 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual periods beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual periods beginning on or after 1 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual periods beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022:

- IFRS 9 'Financial Instruments' – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 'Leases' – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 'Leases' by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements') effective for annual periods beginning on or after 1 January 2023. These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Earlier, IAS 1 states that an entity shall disclose its 'significant accounting policies' in their financial statements. These amendments shall assist the entities to disclose their 'material accounting policies' in their financial statements.

Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors') effective for annual periods beginning on or after 1 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 4 'Insurance Contracts' and IFRS 7 'Financial Instruments: Disclosures' is applicable for annual financial periods beginning on or after 1 January 2021. The changes made relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.

The above amendments and improvements do not have a material impact on the financial statements.

**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 2021 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 13.1. 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 Leases

Exemption from requirements of IFRS 16 'Leases' 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:

	2020 (Rupees in thousand)	2019
De-recognition of fixed assets	(5,936,583)	(6,754,391)
Recognition of lease debtor	16,809,901	12,465,334
De-recognition of trade debts	(15,264,092)	(10,811,461)
Decrease in un-appropriated profit at the beginning of the year	(5,100,518)	(5,896,236)
Increase in profit for the year	709,744	795,718
Decrease in un-appropriated profit at the end of the year	(4,390,774)	(5,100,518)

### 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 Investments and other financial assets**

### **a) Classification**

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

- those to be measured subsequently at fair value (either through other comprehensive income, 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.

## **2.5 Financial liabilities – 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.

## **2.6 Impairment of financial assets**

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.

## **2.7 De-recognition of financial assets and financial liabilities**

### **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.

## **2.8 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.

## **2.9 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.

## **2.10 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.

## **2.11 Employee benefits**

### **2.11.1 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.

### **2.11.2 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 2020 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.

## **2.12 Inventories**

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

### **2.12.1 Fuel stock**

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

### **2.12.2 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. Provision for obsolete and slow moving items is made based on management's estimate.

## **2.13 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.

## **2.14 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.

## **2.15 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.

## **2.16 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.

## **2.17 Taxation**

### **2.17.1 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.

### **2.17.2 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.

## **2.18 Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, balance with banks in current, saving and deposit accounts, other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values and short-term borrowings under mark-up arrangements.

## **2.19 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.

## **2.20 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.

## **2.21 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. 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 delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the 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.

## **2.22 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.

## **2.23 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.

## **2.24 Trade and other payables**

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

## **2.25 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.

## **2.26 Revenue recognition**

Revenue shall be recognized when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset and thus has the ability to direct the use and obtain the benefits from the good or service.

### **Sale of electricity**

Revenue from sale of electricity to CPPA-G, the sole customer of the Company, is recorded on the following basis:

- Capacity revenue is recognized based on the capacity made available to CPPA-G; and
- Energy revenue is recognized based on the Net Electrical Output (NEO) delivered to CPPA-G.

Capacity and Energy revenue is recognized based on the rates specified under the mechanism laid down in Power Purchase Agreement (PPA).

Invoices are generally raised on a monthly basis and are due after 25 days from acknowledgement by CPPA-G.

### **Interest**

Delayed payment markup due under the PPA is accrued on a time proportion basis by reference to the amount outstanding and the applicable rate of return under the PPA.

### **Rent**

Rent revenue from investment properties 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.

## **2.27 Government grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of fixed assets are included in non-current liabilities as deferred income and are credited to profit or loss over the expected lives of the related assets.

## **2.28 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

2020 (Number of Shares)	2019		2020 (Rupees in thousand)	2019
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
<u>372,081,591</u>	<u>372,081,591</u>		<u>3,720,816</u>	<u>3,720,816</u>

#### 3.1 Ordinary shares of the Company held by associated companies:

	2020 (Number of shares)	2019
Nishat Mills Limited	102,524,228	102,524,228
Adamjee Insurance Company Limited	25,631,181	25,631,181
Security General Insurance Company Limited	6,407,296	6,407,296
Engen (Private) Limited	64,476,954	64,476,954
City Schools (Private) Limited	526,315	526,315
City Schools Provident Fund Trust	1,052,631	1,052,631
	<u>200,618,605</u>	<u>200,618,605</u>

#### 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 financing, short term borrowings less cash and bank balances. Capital includes equity attributable to the equity holders.

	2020 (Rupees in thousand)	2019
Long term financing	94,918	-
Short term borrowings	5,870,818	11,535,517
Cash and bank balances	(23,360)	(151,975)
Net debt	<u>5,942,376</u>	<u>11,383,542</u>
Equity	<u>22,634,403</u>	<u>19,054,062</u>
Equity and net debt	<u>28,576,779</u>	<u>30,437,604</u>
Gearing ratio	<u>20.79%</u>	<u>37.40%</u>

#### 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

##### From banking company - secured

Loan under SBP Refinance Scheme (Note 5.1)  
Less:  
Difference between the initial carrying value of the loan determined in accordance with IFRS 9 and proceeds received  
Reversal of adjustment made during the year

Less: Current portion shown under current liabilities (Note 11)

**2020**  
**(Rupees in thousand)**

2019

99,269	-
6,379	-
(2,028)	-
4,351	-
94,918	-
(45,932)	-
48,986	-

- 5.1** These term finance facilities, aggregating to Rupees 99.269 million are obtained by the Company from MCB Bank limited - related party under SBP Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns (the Refinance Scheme). These finance facilities and short term borrowings are secured against first pari passu charge over all present and future current assets of the Company for Rupees 3,125 million. These finance facilities are payable in 8 equal quarterly installments commencing from 01 January 2021 and ending on 01 October 2022. Mark-up is payable quarterly at the rate of SBP refinance rate plus 2.00% to 3.00% per annum. These finance facilities are recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustments are recognized at discount rates of 7.69% to 8.68% per annum.

#### 6. EMPLOYEE BENEFIT - GRATUITY

The latest actuarial valuation of the defined benefit plan as at 31 December 2020 was carried out using the Projected Unit Credit Method. Details of the plan as per the actuarial valuation are as follows:

##### 6.1 Statement of financial position reconciliation:

Present value of defined benefit obligation (Note 6.2)  
Fair value of plan assets (Note 6.3)  
  
Liability recognized at reporting date

**2020**  
**(Rupees in thousand)**

2019

103,746	106,277
(109,146)	(85,336)
(5,400)	20,941

	2020 (Rupees in thousand)	2019
<b>6.2 Movement in present value of defined benefit obligation:</b>		
Present value of obligation at the beginning of the year	106,277	104,446
Current service cost	12,657	12,489
Interest cost	10,690	13,160
Benefits paid	(22,508)	(10,246)
Remeasurement	(3,370)	(13,572)
Present value of obligation at the end of the year	103,746	106,277
<b>6.3 Movement in fair value of plan assets:</b>		
Fair value of plan assets at the beginning of the year	85,336	75,097
Interest income	10,204	10,348
Benefits paid on behalf of fund by the Company	22,508	10,246
Benefits paid by the fund	(22,508)	(10,246)
Contributions to the fund by the Company	10,733	6,000
Remeasurement	2,873	(6,109)
Fair value of plan assets at the end of the year	109,146	85,336
<b>6.4 Actual return on plan assets</b>	13,077	4,239
<b>6.5 Plan assets consist of the followings:</b>		
Term deposit receipts	102,399	84,852
Government treasury bills	6,555	-
Cash at banks	192	484
	109,146	85,336
<b>6.6 Net movement in liability:</b>		
Opening liability	20,941	29,349
Charge for the year (Note 6.7)	13,143	15,301
Remeasurements recognized in other comprehensive income (Note 6.8)	(6,243)	(7,463)
Contributions to the fund by the Company	(10,733)	(6,000)
Benefits paid on behalf of the fund	(22,508)	(10,246)
Closing liability	(5,400)	20,941
<b>6.7 Charge for the year recognized in profit or loss:</b>		
Current service cost	12,657	12,489
Interest cost - net	486	2,812
Charge for the year	13,143	15,301

#### 6.8 Remeasurements recognised in other comprehensive income:

	2020 (Rupees in thousand)	2019
Remeasurement gain on defined benefit obligation	3,370	13,572
Remeasurement gain / (loss) on fair value of plan assets	2,873	(6,109)
	<u>6,243</u>	<u>7,463</u>

**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:

	2020 (----- Rupees in thousand -----)	2019	2018	2017	2016
Present value of defined benefit obligation	103,746	106,277	104,446	-	-
Fair value of plan assets	(109,146)	(85,336)	(75,097)	-	-
(Surplus) / deficit	<u>(5,400)</u>	<u>20,941</u>	<u>29,349</u>	<u>-</u>	<u>-</u>
Remeasurement (gain) / loss on defined benefit obligation	<u>(3,370)</u>	<u>(13,572)</u>	<u>13,873</u>	<u>-</u>	<u>-</u>
Remeasurement gain / (loss) on plan assets	<u>2,873</u>	<u>(6,109)</u>	<u>(9,696)</u>	<u>-</u>	<u>-</u>

#### 6.11 Principal actuarial assumptions used:

	2020 (% per annum)	2019
Discount rate	9.75	11.25
Expected rate of increase in salary	9.75	11.25
Expected rate of return on plan assets	9.75	11.25

**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 10.013 million.

**6.14** The Company's contribution to defined benefit plan in 2021 is expected to be Rupees 9.531 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 8.80 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 thousand)	Decrease in assumption
Discount rate	1	94,390	114,680
Future salary increases	1	115,094	93,880

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 1 - 2 years	Between 3 - 5 years	Between 6 - 10 years	Over 10 Years	Total
( - - - - - Rupees in thousand - - - - - )					
12,265	9,502	15,926	44,654	277,598	359,945

**7. DEFERRED INCOME - GOVERNMENT GRANT**

Recognized during the year (Note 7.1)  
Less: Amortized during the year (Note 29)

Less: Current portion shown under current liabilities (Note 11)

2020 (Rupees in thousand)	2019
6,379	-
(2,028)	-
4,351	-
(3,394)	-
957	-

**7.1** The State Bank of Pakistan (SBP), through its Circular No. 06 of 2020 dated 10 April 2020 has introduced a temporary refinance scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns (the Refinance Scheme). The Refinance Scheme is funded by SBP. Borrowers can obtain loans from the banks and ease their cash flow constraints to avoid layoffs. One of the key feature of the Refinance Scheme is that borrowers can obtain loan at mark-up rates that are below normal lending rates. As per International Accounting Standard (IAS) 20 'Accounting for Government Grants and Disclosure of Government Assistance', the benefit of a Government loan at a below-market rate of interest is treated as a Government Grant. The Company has obtained this loan as disclosed in note 5 to the financial statements. In accordance with IFRS 9 'Financial Instruments' loan obtained under the Refinance Scheme was initially recognized at its fair value which is the present value of loan proceeds received, discounted using prevailing market rates of interest for a similar instrument. Hence, the benefit of the below-market rate of interest has been measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. This benefit is accounted for and presented as deferred grant in accordance with IAS 20. The grant is being amortized in the statement of profit or loss and other comprehensive income, in line with the recognition of interest expense the grant is compensating. There are no unfulfilled conditions or contingencies attached to these grants.

## **8. TRADE AND OTHER PAYABLES**

	<b>2020</b> <b>(Rupees in thousand)</b>	<b>2019</b>
Creditors	141,839	226,685
Accrued liabilities	76,269	84,310
Workers' profit participation fund payable (Note 8.1)	366,117	145,553
Workers' welfare fund payable (Note 8.2)	146,447	58,221
Income tax deducted at source	2,443	2,673
Payable to provident fund trust	3,525	4,024
Others	3,786	3,622

	<b>740,426</b>	<b>525,088</b>
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### **8.1 Workers' profit participation fund payable**

Opening balance	145,553	74,257
Allocation for the year (Note 28.2)	220,564	145,553
Payments made during the year	-	(74,257)

Closing balance	<b>366,117</b>	<b>145,553</b>
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### **8.2 Workers' welfare fund payable**

Opening balance	58,221	-
Allocation for the year (Note 28.3)	88,226	58,221
Payments made during the year	-	-

Closing balance	<b>146,447</b>	<b>58,221</b>
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	2020 (Rupees in thousand)	2019
<b>9. ACCRUED MARK-UP / PROFIT</b>		
Long term financing		
- MCB Bank Limited - related party	613	-
Short term borrowings		
- MCB Bank Limited - related party	24,155	56,288
- Others	103,503	257,482
	127,658	313,770
	128,271	313,770
<b>10 SHORT TERM BORROWINGS</b>		
<b>From banking companies - secured</b>		
Working capital finances (Note 10.1)		
- MCB Bank Limited - related party	77,941	821,383
- Others	2,056,866	8,204,653
	2,134,807	9,026,036
Running musharakah and murabaha (Note 10.2)	3,736,011	2,509,481
	5,870,818	11,535,517

**10.1** The Company has total working capital finance facilities of Rupees 7,598 million (2019: Rupees 10,824 million) available from banking companies out of which Rupees 5,463 million (2019: Rupees 1,798 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% (2019: 1 month to 6 months KIBOR plus 0.20% to 2.50%) per annum payable quarterly / semi annually (2019: quarterly / semi annually). The effective interest rate charged during the year ranged from 6.83% to 16.18% (2019: 8.44% to 15.81%) per annum. These facilities are secured by way of charge to the extent of Rupees 10,563 million (2019: Rupees 15,667 million) on the present and future current assets of the Company.

**10.2** These murabaha and musharakah facilities are obtained from Islamic banks aggregating to Rupees 5,050 million (2019: Rupees 3,343 million) to meet short term working capital requirements out of which Rupees 1,314 million (2019: Rupees 834 million) remained unutilized at year end. These facilities carry profit at average offer rate for 3 months to 6 months KIBOR plus 0.20% to 2.50% (2019: 3 months to 6 months KIBOR plus 0.75% to 2.50%) per annum payable quarterly / semi annually (2019: quarterly / semi annually). The effective profit rate charged during the year ranged from 7.65% to 16.11% (2019: 9.36% to 14.86%) per annum. These facilities are secured by way of charge to the extent of Rupees 6,313 million (2019: Rupees 5,916 million) on the present and future current assets of the Company.

	2020 (Rupees in thousand)	2019
<b>11. CURRENT PORTION OF NON-CURRENT LIABILITIES</b>		
Long term financing (Note 5)	45,932	-
Deferred income - Government grant (Note 7)	3,394	-
	49,326	-

## 12. CONTINGENCIES AND COMMITMENTS

### 12.1 Contingencies

- i) 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 aforementioned 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.

- ii) 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 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 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.

- iii) 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.
- iv) 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.
- v) 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.
- vi) 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 preferred Intra Court Appeal before the Honourable Lahore High Court, Lahore. The Company has

claimed input sales tax amounting to Rupees 2.801 million paid on such goods in its respective monthly sales tax returns. On 29 January 2020, the Honourable Lahore High Court, Lahore has modified its earlier order dated 24 October 2019 and remanded back the case to assessing / adjudicating officer to interpret clauses (h) and (i) to sub-section (1) of section 8 of the Sales Tax Act, 1990 on case to case basis.

- vii) 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.
- viii) 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 (2019: Rupees 651 million) to meet its obligations under the Power Purchase Agreement (PPA).
- ix) 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 (2019: Rupees 500 million) against purchase of fuel.

## 12.2 Commitments

- 12.2.1** 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.

- 12.2.2** Commitments in respect of other than capital expenditure

## 13. FIXED ASSETS

- Operating fixed assets (Note 13.1)  
Capital work-in-progress (Note 13.2)

	2020 (Rupees in thousand)	2019
	24,490	10,163
Operating fixed assets (Note 13.1)	5,942,491	6,760,597
Capital work-in-progress (Note 13.2)	628	48,577
	5,943,119	6,809,174

### 13.1 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
----- Rupees in thousand -----									
<b>At 31 December 2018</b>									
Cost	251,772	961,544	23,807	14,434,798	5,617	7,663	28,676	9,121	15,722,998
Accumulated depreciation	-	(487,276)	(23,807)	(7,532,259)	(4,095)	(7,595)	(26,591)	(6,676)	(8,088,299)
Net book value	251,772	474,268	-	6,902,539	1,522	68	2,085	2,445	7,634,699
<b>Year ended 31 December 2019</b>									
Opening net book value	251,772	474,268	-	6,902,539	1,522	68	2,085	2,445	7,634,699
Additions	-	-	-	49,635	618	155	1,289	501	52,198
Derecognitions:									
Cost	-	-	-	(25,255)	-	-	-	-	(25,255)
Accumulated depreciation	-	-	-	5,213	-	-	-	-	5,213
Depreciation charge	-	(52,184)	-	(851,597)	(596)	(27)	(1,522)	(332)	(906,258)
Closing net book value	251,772	422,084	-	6,080,535	1,544	196	1,852	2,614	6,760,597
<b>At 31 December 2019</b>									
Cost	251,772	961,544	23,807	14,459,178	6,235	7,818	29,965	9,622	15,749,941
Accumulated depreciation	-	(539,460)	(23,807)	(8,378,643)	(4,691)	(7,622)	(28,113)	(7,008)	(8,989,344)
Net book value	251,772	422,084	-	6,080,535	1,544	196	1,852	2,614	6,760,597
<b>Year ended 31 December 2020</b>									
Opening net book value	251,772	422,084	-	6,080,535	1,544	196	1,852	2,614	6,760,597
Additions	-	-	-	48,175	139	-	894	497	49,705
Depreciation charge	-	(52,184)	-	(813,799)	(367)	(48)	(951)	(462)	(867,811)
Closing net book value	251,772	369,900	-	5,314,911	1,316	148	1,795	2,649	5,942,491
<b>At 31 December 2020</b>									
Cost	251,772	961,544	23,807	14,507,353	6,374	7,818	30,859	10,119	15,799,646
Accumulated depreciation	-	(591,644)	(23,807)	(9,192,442)	(5,058)	(7,670)	(29,064)	(7,470)	(9,857,155)
Net book value	251,772	369,900	-	5,314,911	1,316	148	1,795	2,649	5,942,491
Annual rate of depreciation (%)	2.95-11.11	5	3.19-33.3	10-20	20-25	10-33.3	8.19-33.33		

	2020 (Rupees in thousand)	2019
<b>13.1.1</b> The depreciation charge for the year has been allocated as follows:		
Cost of sales (Note 26)	865,983	903,781
Administrative expenses (Note 27)	1,828	2,477
	<u>867,811</u>	<u>906,258</u>

**13.1.2** Operating fixed assets include fixed assets costing Rupees 738.683 million (2019: Rupees 435.863 million) which are fully depreciated but still in the use of the Company.

**13.1.3** Particulars of immovable properties are as follows:

Description	Address	Area of land Acres
Complex	Mehmood Kot, District Muzaffargarh	285.74

### 13.2 Capital work-in-progress

	2020 (Rupees in thousand)	2019
Plant and machinery	381	48,577
Furniture and fittings	247	-
	628	48,577

#### 13.2.1 Reconciliation of capital work-in-progress

Balance at 01 January	48,577	45,564
Add: Addition during the year	1,233	88,874
Less: Transferred to operating fixed assets during the year	(49,182)	(52,628)
Less: Capital work-in-progress written off (Note 28)	-	(33,233)
Balance at 31 December	628	48,577

### 14. LONG TERM INVESTMENT

#### Associated company - under equity method

Nishat Energy Limited - unquoted  
250,000 (2019: 250,000) fully paid ordinary  
shares of Rupees 10 each  
Equity held 25% (2019: 25%) at cost

2,500	2,500
-------	-------

#### Share of reserve

As at 01 January	(1,658)	(1,658)
Less: Share of loss	-	-
As at 31 December	(1,658)	(1,658)
Less: Impairment loss	(842)	(842)
Carrying amount under equity method	-	-

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

	2020 (Rupees in thousand)	2019
Non-current assets	-	-
Current assets	47	47
Total assets	47	47
Liabilities	150	75
Net assets	(103)	(28)
Loss for the year	(75)	(308)



**14.2** Nishat Energy Limited (NEL) is a public limited company incorporated in Pakistan. The registered office of NEL is situated at 1-B, Aziz Avenue, Canal Bank, Gulberg V, Lahore. 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.

**14.3** NEL is an unlisted company therefore, no quoted market price is available for its shares.

**14.4** There are no contingent liabilities relating to the Company's interest in NEL.

**14.5** Provision for taxation is Rupees Nil in the financial statements of NEL.

	<b>2020</b> <b>(Rupees in thousand)</b>	2019
<b>15. LONG TERM LOANS TO EMPLOYEES</b>		
<b>Considered good:</b>		
Executives (Note 15.1)	17,341	36,496
Other employees	616	1,604
	<u>17,957</u>	<u>38,100</u>
Current portion shown under current assets (Note 20)		
Executives	(8,537)	(14,955)
Other employees	(397)	(584)
	<u>(8,934)</u>	<u>(15,539)</u>
	<u>9,023</u>	<u>22,561</u>
<b>15.1 Reconciliation of carrying amount of loans to executives:</b>		
Balance as at 01 January	36,496	42,531
Add: Transferred from other employees	-	1,207
Add: Disbursements	-	14,836
	<u>36,496</u>	<u>58,574</u>
Less: Repayments	(19,155)	(22,078)
Balance as at 31 December	<u>17,341</u>	<u>36,496</u>

**15.1.1** Maximum aggregate balance due from executives at the end of any month during the year was Rupees 34.936 million (2019: Rupees 45.895 million).

**15.2** 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.

- 15.3** 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.

	<b>2020</b> <b>(Rupees in thousand)</b>	2019
<b>16. STORES, SPARE PARTS AND OTHER CONSUMABLES</b>		
Stores, spare parts and other consumables (Note 16.1)	807,648	834,763

- 16.1** These include stores in transit of Rupees 0.260 million (2019: Rupees 16.131 million). Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

	<b>2020</b> <b>(Rupees in thousand)</b>	2019
<b>17. FUEL STOCK</b>		
Furnace oil	1,245,022	407,155
Diesel	17,004	9,810
	<u>1,262,026</u>	<u>416,965</u>
<b>18. TRADE DEBTS - secured</b>		
Other than related parties - considered good	18,913,240	20,586,064

- 18.1** 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 10,522 million (2019: Rupees 14,182 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 8.50% to 15.75% (2019: 12.50% to 15.75%) per annum.

	<b>2020</b> <b>(Rupees in thousand)</b>	2019
<b>18.2 As at 31 December, age analysis of trade debts was as follows:</b>		
Neither past due nor impaired	2,753,465	3,028,802
Past due but not impaired:		
- 26 to 90 days	2,061,540	1,223,505
- 91 to 180 days	2,062,294	3,690,097
- 181 to 365 days	3,633,323	7,107,662
- above 365 days	8,402,618	5,535,998
	<u>16,159,775</u>	<u>17,557,262</u>
	<u>18,913,240</u>	<u>20,586,064</u>

	2020 (Rupees in thousand)	2019
<b>19. SHORT TERM INVESTMENT</b>		
Government Treasury Bills (Note 19.1)	11,200	-
Add: Interest accrued thereon	216	-
	<u>11,416</u>	<u>-</u>
<b>19.1</b> These carry interest at the rate of 7.17% per annum.		
<b>20. LOANS, ADVANCES AND SHORT TERM PREPAYMENTS</b>		
Current maturity of long term loans to employees (Note 15)	8,934	15,539
Advances - considered good:		
- to employees for expenses	287	185
- to employees against salary	1,793	1,247
- to suppliers - unsecured	215,809	208,778
Advance income tax - net	237,931	226,405
Short term prepayments	8,076	6,598
	<u>472,830</u>	<u>458,752</u>
<b>21. LOANS TO ASSOCIATED COMPANIES</b>		
Nishat Hotels and Properties Limited (Note 21.1)	350,000	350,000
Lalpir Power Limited (Note 21.2)	-	659,086
	<u>350,000</u>	<u>1,009,086</u>

**21.1** 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 21 May 2021. This is secured against corporate guarantee of the associated company. The effective rate charged during the year ranged from 8.32% to 14.68% (2019: 11.01% to 14.81%) per annum.

**21.2** This represented working capital loan given to Lalpir Power Limited. This carried markup at the rate of one month KIBOR plus 0.50% to 1.00% per annum or average borrowing cost of the Company, whichever is higher. The effective rate charged during the year ranged from 7.84% to 14.42% (2019: 11.01% to 14.34%) per annum.

**21.3** The maximum aggregate amount receivable from related parties at the end of any month during the year was as follows:

	2020 (Rupees in thousand)	2019
Nishat Hotels and Properties Limited	350,000	1,000,000
Lalpir Power Limited	<u>659,000</u>	<u>659,086</u>

## 22. OTHER RECEIVABLES

Recoverable from CPPA-G as pass through item:

Workers' profit participation fund (Note 22.1)	506,073	299,268
Workers' welfare fund (Note 22.2)	146,447	58,221
Others	153	153
	<u>652,673</u>	<u>357,642</u>

### 22.1 Workers' profit participation fund

Opening balance	299,268	276,292
Allocation for the year (Note 28.2)	220,564	145,553
Amount received during the year	(13,759)	(122,577)
	<u>506,073</u>	<u>299,268</u>

### 22.2 Workers' welfare fund

Considered good (Note 22.2.1)	146,447	58,221
Considered doubtful	5,135	5,135
Provision for doubtful receivable	(5,135)	(5,135)
	<u>-</u>	<u>-</u>
	<u>146,447</u>	<u>58,221</u>

#### 22.2.1 Considered good:

Balance as at 01 January	58,221	-
Allocation for the year (Note 28.3)	88,226	58,221
	<u>146,447</u>	<u>58,221</u>

## 23. ACCURED INTEREST

On loans to:

Nishat Hotels and Properties Limited	2,496	4,375
Lalpir Power Limited	-	8,131
	<u>2,496</u>	<u>12,506</u>

**23.1** The maximum aggregate amount receivable from related parties at the end of any month during the year was as follows:

	2020 (Rupees in thousand)	2019
Nishat Hotels and Properties Limited	<u>8,750</u>	<u>11,347</u>
Lalpir Power Limited	<u>8,131</u>	<u>10,121</u>

## 24. CASH AND BANK BALANCES

	2020 (Rupees in thousand)	2019
Cash in hand	208	307
Cash with banks on:		
Saving accounts (Note 24.1)	22,445	151,373
Current accounts	707	295
	23,152	151,668
	23,360	151,975

**24.1** Saving accounts carry profit at the rates ranging from 5.50% to 11.25% (2019: 8.00% to 11.25%) per annum.

**24.2** Included in cash with banks are Rupees 0.554 million (2019: Rupees 150.068 million) with MCB Bank Limited - related party.

## 25. SALES

	2020 (Rupees in thousand)	2019
Energy purchase price	3,129,720	5,724,897
Less: Sales tax	(454,746)	(831,828)
	2,674,974	4,893,069
Capacity purchase price	6,134,436	5,203,095
Delayed payment mark-up	1,836,261	2,089,221
	10,645,671	12,185,385

## 26. COST OF SALES

Fuel cost (Note 26.1)	2,924,214	5,396,062
Operation and maintenance costs (Note 26.2)	530,646	667,915
Insurance	757,316	650,396
Depreciation (Note 13.1.1)	865,983	903,781
Liquidated damages to CPPA-G	158	46
	5,078,317	7,618,200

### 26.1 Fuel cost

Opening stock	416,965	516,398
Purchased during the year	3,769,275	5,296,629
	4,186,240	5,813,027
Closing stock	(1,262,026)	(416,965)
	2,924,214	5,396,062

## 26.2 Operation and maintenance costs

	2020 (Rupees in thousand)	2019
Salaries, wages and other benefits (Note 26.2.1)	240,283	249,664
Repair and maintenance	87,620	113,575
Stores and spare parts consumed	101,140	177,526
Fee and subscription	6,468	5,720
Electricity consumed in-house	95,135	121,430
	<u>530,646</u>	<u>667,915</u>

**26.2.1** Salaries, wages and other benefits include provident fund contribution and provision for gratuity of Rupees 12.907 million (2019: Rupees 14.203 million) and Rupees 12.034 million (2019: Rupees 14.277 million) respectively.

## 27. ADMINISTRATIVE EXPENSES

	2020 (Rupees in thousand)	2019
Salaries and other benefits (Note 27.1)	54,340	58,839
Travelling, conveyance and entertainment	86,930	71,660
Communication and utilities	1,029	1,169
Insurance	3,738	4,270
Legal and professional	50,793	74,438
Printing and stationery	1,880	1,277
Office rent	6,321	6,352
Depreciation (Note 13.1.1)	1,828	2,477
Community welfare	3,811	4,086
General expenses	2,478	4,215
	<u>213,148</u>	<u>228,783</u>

**27.1** Salaries and other benefits include provident fund contribution and provision for gratuity of Rupees 2.139 million (2019: Rupees 2.037 million) and Rupees 1.109 million (2019: Rupees 1.024 million) respectively.

## 28. OTHER EXPENSES

	2020 (Rupees in thousand)	2019
Auditor's remuneration (Note 28.1)	2,961	2,833
Workers' profit participation fund (Note 28.2)	-	-
Workers' welfare fund (Note 28.3)	-	-
Loss on derecognition of operating fixed assets	-	20,042
Capital work-in-progress written off (Note 13.2.1)	-	33,233
Donation (Note 28.4)	-	300
	<u>2,961</u>	<u>56,408</u>



	2020 (Rupees in thousand)	2019
<b>28.1 Auditor's remuneration</b>		
Statutory audit	2,222	2,094
Half yearly review	601	601
Other certifications and reporting	50	50
Out-of-pocket expenses	88	88
	<u>2,961</u>	<u>2,833</u>
<b>28.2 Workers' profit participation fund</b>		
Allocation for workers' profit participation fund (Note 8.1)	220,564	145,553
Allocation to workers' profit participation fund recoverable from CPPA-G (Note 22.1)	(220,564)	(145,553)
	<u>-</u>	<u>-</u>
<b>28.3 Workers' welfare fund</b>		
Allocation for workers' welfare fund (Note 8.2)	88,226	58,221
Allocation to workers' welfare fund recoverable from CPPA-G (Note 22.2.1)	(88,226)	(58,221)
	<u>-</u>	<u>-</u>

**28.4** During the preceding year, the Company had given donation to Care Foundation. There was no interest of any director or his spouse in the donee's fund.

	2020 (Rupees in thousand)	2019
<b>29. OTHER INCOME</b>		
<b>Income from financial assets</b>		
Interest income:		
Profit on saving bank accounts and Government Treasury Bills	3,690	4,169
Interest on loans to associated companies	52,008	156,074
<b>Income from non-financial assets:</b>		
Rental income	1,515	1,528
Scrap sales	7,705	-
Amortization of deferred income - Government grant (Note 7)	2,028	-
	<u>66,946</u>	<u>161,771</u>
<b>30. FINANCE COST</b>		
Mark-up on long term financing	3,154	18,781
Mark-up / profit on short term borrowings	989,837	1,486,845
Bank charges and commission	13,918	11,455
Others	-	15,643
	<u>1,006,909</u>	<u>1,532,724</u>

### 31. TAXATION

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.

### 32. EARNINGS PER SHARE - BASIC AND DILUTED

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

Profit attributable to ordinary shareholders  
(Rupees in thousand)

Weighted average number of shares (Number)

Earnings per share (Rupees)

2020

2019

4,411,282

2,911,041

372,081,591

372,081,591

11.86

7.82

### 33. CASH GENERATED FROM OPERATIONS

Profit before taxation

#### 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

Amortization of deferred income - Government grant

Finance cost

Cash flows from operating activities before  
working capital changes

#### 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

Increase / (decrease) in trade and other payables

2020

2019

(Rupees in thousand)

4,411,282

2,911,041

867,811

906,258

1,109

15,301

-

20,042

-

33,233

(55,698)

(160,243)

(2,028)

-

1,006,909

1,532,724

6,229,385

5,258,356

27,115

(2,102)

(845,061)

99,433

1,672,824

(3,646,792)

(9,157)

(172,167)

(295,031)

(81,197)

(236,477)

350,349

314,213

(3,452,476)

215,338

(2,452)

6,758,936

1,803,428

### 31.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2020		
	Liabilities from financing activities		Total
	Long term finance	Unclaimed dividend	
	..... (Rupees in thousand) .....		
Balance as at 01 January 2019	334,369	6,732	341,101
Financing / borrowings obtained	(334,369)	-	(334,369)
Dividend declared	-	558,122	558,122
Dividend paid	-	(559,178)	(559,178)
Balance as at 31 December 2019	-	5,676	5,676
Financing / borrowings obtained	99,269	-	99,269
Dividend declared	-	837,184	837,184
Dividend paid	-	(830,773)	(830,773)
Balance as at 31 December 2020	99,269	12,087	111,356

### 34. PROVIDENT FUND

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

### 35. NUMBER OF EMPLOYEES

	2020	2019
Number of employees as on 31 December	76	83
Average number of employees during the year	79	82

### 36. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associated companies, other related parties, 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 37, are as follows:

Associated companies	Nature of transaction	2020 (Rupees in thousand)	2019
Nishat Mills Limited	Dividend	230,680	153,786
Adamjee Insurance Company Limited	Dividend	57,670	38,446
	Insurance premium paid	4,007	3,743
	Insurance claim received	1,142	855
Security General Insurance Company Limited	Dividend	14,416	9,611
	Insurance premium paid	881,484	815,092
Engen (Private) Limited	Dividend	145,073	96,715
Lalpir Power Limited	Loan received	-	314,308
	Repayment of loan received	-	314,308
	Loan given	3,936,000	2,694,961
	Repayment of loan given	4,595,086	2,035,875
	Interest charged	14,533	67,018
	Interest expense	-	1,346
Pakistan Aviators and Aviation (Private) Limited	Flying services	83,967	78,083
Nishat (Aziz Avenue) Hotels and Properties Limited	Rent expense	6,278	6,278
Nishat Hospitality (Private) Limited	Boarding and lodging services	-	33
Nishat Hotels and Properties Limited	Boarding and lodging services	193	-
	Loan given	350,000	550,000
	Loan repaid	350,000	1,200,000
	Interest charged	37,475	89,056
City Schools (Private) Limited	Dividend	1,184	789
MCB Bank Limited	Mark up on borrowings	135,943	248,247
	Long term loans obtained	99,269	-
	Short term loans obtained	15,810,235	9,008,146
	Short term loans repaid	16,553,667	9,140,812
<b>Other related parties</b>	<b>Nature of transaction</b>		
D.G. Khan Cement Company Limited	Purchase of goods	283	168
City Schools Provident Fund Trust	Dividend	2,368	-
Adamjee Life Assurance Company Limited	Insurance premium paid	1,369	1,648
<b>Staff retirement benefit plans</b>			
Provident fund trust	Contributions	15,046	16,240
Gratuity fund trust	Contributions	10,733	6,000

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

Name of the related party	Basis of relationship	Transaction 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	Common Directorship	No	None
Nishat Developers (Private) Limited	Common Directorship	No	None
Nishat Dairy (Private) Limited	Common Directorship	No	None
Nishat Agriculture Farming (Private) Limited	Common Directorship	No	None
Nishat Real Estate Development Company (Private) Limited	Common Directorship	No	None
Nishat Energy Limited	Shareholding	No	25%
Adamjee Life Assurance Company Limited	Group Company	Yes	None
Hyundai Nishat Motor ( Private) Limited	Common Directorship	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	None
City APIT (Private) Limited	Common Directorship	No	None
City Educational Services (Private) Limited	Common Directorship	No	None
Premier Realities (Private) Limited	Common Directorship	No	None
Remington Realities (Private) Limited	Common Directorship	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
At-Tahur Limited	Common Directorship	No	None
Adamjee Insurance Company Limited	Common Directorship	Yes	None
D.G. Khan Cement Company Limited	Group Company	Yes	None
Nishat Agrotech (Private) Limited	Group Company	No	None
Nishat Sutas Dairy Limited	Common Directorship	No	None
Golf View Land (Private) Limited	Common Directorship	No	None
Nishat Linen (Private) Limited	Group Company	No	None
MCB Bank Limited	Group Company	Yes	None
Emporium Properties (Private) Limited	Group Company	No	None
City Schools Provident Fund Trust	Common trusteeship of director	Yes	None
Provident fund trust	Post-employment benefit plan	Yes	None
Gratuity fund trust	Post-employment benefit plan	Yes	None

### 37. 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:

	Chief Executive		Executives	
	2020	2019	2020	2019
Managerial remuneration	18,229	17,641	143,535	141,481
Medical expenses	1,823	1,764	14,353	14,148
Bonus	-	2,206	29,882	33,273
Retirement benefits	-	607	13,632	13,914
	20,052	22,218	201,402	202,816
Number of persons	1	1	48	50

**37.1** The Company provides to chief executive and certain executives with free use of the Company maintained cars.

**37.2** Meeting fee of Rupees 1,100,000 (2019: Rupees 925,000) was paid to non-executive directors of the Company during the year.

### 38. FINANCIAL RISK MANAGEMENT

#### 38.1 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) and Euro. 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:

	2020	2019
Trade and other payables		
- USD	(6,683)	(323,806)
- GBP	(2,688)	(26,089)
- EURO	(2,616)	(14,022)
- JPY	-	(4,227,099)
Net exposure - USD	(6,683)	(323,806)
Net exposure - GBP	(2,688)	(26,089)
Net exposure - EURO	(2,616)	(14,022)
Net exposure - JPY	-	(4,227,099)

The following significant exchange rates were applied during the year:

**Rupees per US Dollar**

Average rate	162.17	151.31
Reporting date rate	160.11	155.35

**Rupees per GBP**

Average rate	209.65	193.00
Reporting date rate	219.33	203.98

**Rupees per Euro**

Average rate	184.82	169.27
Reporting date rate	197.67	174.05

**Rupees per JPY**

Average rate	1.53	1.39
Reporting date rate	1.55	1.43

**Sensitivity analysis**

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, GBP and EURO (2019: USD, GBP, EURO and JPY) with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 0.109 million (2019: Rupees 3.206 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 short term investment, bank balances in saving accounts, past due trade debts, loans to associated companies, long term financing 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:

	2020 (Rupees in thousand)	2019
<b>Fixed rate instruments</b>		
<b>Financial asset</b>		
Short term investment	11,200	-
<b>Financial liabilities</b>		
Long term financing	94,918	-
<b>Floating rate instruments</b>		
<b>Financial assets</b>		
Bank balances - saving accounts	22,445	151,373
Loans to associated companies	350,000	1,009,086
Trade debts - past due	10,522,383	14,181,892
	10,894,828	15,342,351
<b>Financial liabilities</b>		
Short term borrowings	(5,870,818)	(11,535,517)
	(5,870,818)	(11,535,517)
<b>Net exposure</b>	<u>5,024,010</u>	<u>3,806,834</u>

#### 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 50.240 million (2019: Rupees 38.068 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:

	2020 (Rupees in thousand)	2019
Loans to employees	19,750	39,347
Long term security deposit	300	300
Trade debts	18,913,240	20,586,064
Short term investment	11,416	-
Loans to associated companies	350,000	1,009,086
Accrued interest	2,496	12,506
Other receivables	153	153
Bank balances	23,152	151,668
	<u>19,320,507</u>	<u>21,799,124</u>

Age analysis of trade debts as at the reporting date is given in note 18.2.

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			2020	2019
	Short Term	Long Term	Agency	(Rupees in thousand)	
CPPA-G		Not available		2,753,465	3,028,802
Nishat Hotels and Properties Limited	A2	A-	PACRA	350,000	350,000
Lalpir Power Limited	A1	AA	PACRA	-	659,086
<b>Banks</b>					
National Bank of Pakistan	A1+	AAA	PACRA	940	184
Habib Bank Limited	A-1+	AAA	JCR-VIS	553	200
MCB Bank Limited	A1+	AAA	PACRA	554	150,068
United Bank Limited	A-1+	AAA	JCR-VIS	20,998	16
The Bank of Punjab	A1+	AA	PACRA	6	1,161
Allied Bank Limited	A1+	AAA	PACRA	3	3
Al Baraka Bank (Pakistan) Limited	A-1	A+	JCR-VIS	25	36
Faysal Bank Limited	A1+	AA	PACRA	73	-
BankIslami Pakistan Limited	A1	A+	PACRA	1	-
				<u>23,153</u>	<u>151,668</u>
				<u>3,126,618</u>	<u>4,189,556</u>

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 2020, the Company had Rupees 6,777 million (2019: Rupees 2,632 million) available borrowing limits from financial institutions, Rupees 11.416 million (2019: Rupees Nil) short term investment and Rupees 23.360 million (2019: Rupees 151.975 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 2020:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 Years	More than 2 Years
( ----- Rupees in thousand ----- )						
<b>Non-derivative financial liabilities:</b>						
Long term financing	94,918	101,433	25,357	25,669	50,407	-
Trade and other payables	221,894	221,894	221,894	-	-	-
Unclaimed dividend	12,087	12,087	12,087	-	-	-
Accrued mark-up / profit	128,271	128,270	128,270	-	-	-
Short term borrowings	5,870,818	5,956,116	5,956,116	-	-	-
	<u>6,327,988</u>	<u>6,419,800</u>	<u>6,343,724</u>	<u>25,669</u>	<u>50,407</u>	<u>-</u>

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 thousand ----- )						
<b>Non-derivative financial liabilities:</b>						
Trade and other payables	314,617	314,617	314,617	-	-	-
Unclaimed dividend	5,676	5,676	5,676	-	-	-
Accrued mark-up / profit	313,770	313,770	313,770	-	-	-
Short term borrowings	11,535,517	11,746,195	11,746,195	-	-	-
	<u>12,169,580</u>	<u>12,380,258</u>	<u>12,380,258</u>	<u>-</u>	<u>-</u>	<u>-</u>

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 5 and 10 to these financial statements.

## 38.2 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.

## 38.3 Financial instruments by categories

### Assets as per statement of financial position

	Financial assets at amortized cost	
	2020 (Rupees in thousand)	2019
Loans to employees	19,750	39,347
Long term security deposit	300	300
Trade debts	18,913,240	20,586,064
Short term investment	11,416	-
Other receivables	153	153
Loans to associated companies	350,000	1,009,086
Accrued interest	2,496	12,506
Cash and bank balances	23,360	151,975
	<u>19,320,715</u>	<u>21,799,431</u>

### Liabilities as per statement of financial position

	Financial liabilities at amortized cost	
	2020 (Rupees in thousand)	2019
Long term financing	94,918	-
Trade and other payables	221,894	314,617
Accrued mark-up / profit	128,271	313,770
Unclaimed dividend	12,087	5,676
Short term borrowings	5,870,818	11,535,517
	<u>6,327,988</u>	<u>12,169,580</u>

## 39. 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.

#### 40. CAPACITY AND ACTUAL PRODUCTION

	2020 MWH	2019 MWH
Installed capacity based on 8,784 (2019: 8,760) hours	3,206,160	3,197,400
Actual energy delivered	190,980	323,992

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.

#### 41. UNUTILIZED CREDIT FACILITIES

	Non-funded		Funded	
	2020 (Rupees in thousand)	2019	2020 (Rupees in thousand)	2019
Total facilities	3,203,280	3,601,441	12,746,700	14,167,720
Utilized at the end of the year	277,480	1,687,170	5,970,087	11,535,517
Unutilized at the end of the year	2,925,800	1,914,271	6,776,613	2,632,203

#### 42. 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.

	Note	2020 (Rupees in thousand)	2019
<b>43 DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX</b>			
<b>Description</b>			
<b>Loan / advances obtained as per Islamic mode:</b>			
Loans	10	3,736,011	2,509,481
Advances		-	-
<b>Shariah compliant bank deposits / bank balances</b>			
Bank balances		98	36
<b>Profit earned from shariah compliant bank deposits / bank balances</b>			
Profit on deposits with banks		-	-
<b>Revenue earned from shariah compliant business</b>	25	8,809,410	10,096,164
<b>Gain / (loss) or dividend earned from shariah complaint investments</b>		-	-
<b>Mark-up paid on Islamic mode of financing</b>	30	289,628	282,911
<b>Profits earned or interest paid on any conventional loan / advance</b>			
Profit earned on loans to associated companies	29	52,008	156,074
Profit earned on deposits with banks	29	3,690	4,169
Interest paid on loans		900,752	1,062,553

#### **Relationship with shariah compliant banks**

<b>Name</b>	<b>Relationship</b>
National Bank of Pakistan	Short term borrowings
Al Baraka Bank (Pakistan) Limited	Bank balance and short term borrowings
Faysal Bank Limited	Bank balance and short term borrowings
BankIslami Pakistan Limited	Bank balance and short term borrowings

#### **44. OUTSTANDING MATTERS RELATING TO INTERNATIONAL CHAMBER OF COMMERCE (ICC) AWARD / EXPERT'S DETERMINATION**

Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) has raised invoices for liquidated damages to the Company from 11th to 22nd (up to September 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 6,266.265 million (2019: Rupees 6,266.108 million). Out of these, the Company has accepted and paid Rupees 4,006.590 million (2019: Rupees 4,006.432 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 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.
- 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 on interest invoices is due at the date of the latest invoice submitted by the Company (till the date of request for arbitration).

An arbitrator was appointed to resolve the aforementioned matters and the various hearings on these matters were held. On 18 December 2020, the Arbitrator has issued Final Award in which he has declared CPPA-G's attempt to set off amounts of Rupees 2.425 billion from Capacity Payments due to the Company as unlawful and directed CPPA-G that it cannot deduct amounts from invoices of the Company on the basis that the Company has procured fuel from suppliers other than PSO. The Arbitrator also ordered CPPA-G to pay to the Company: i) Rupees 36.068 million withheld from invoices of the Company; ii) Rupees 877.899 million being interest on delayed payments interest invoices; iii) interest on amounts awarded at the rate of State Bank of Pakistan's treasury six month Base Rate plus 2% per annum compounded semi-annually from the date of award till the date of payment and iv) US\$ 432,296.745 (50% of the total amount awarded, being the share of the Company) in respect of cost of arbitration and Company's legal costs together with interest at the rate of 4% per annum compounded quarterly from the date of award till the date of payment. Moreover, the Arbitrator also declare that CPPA-G is obliged to provide and maintain Letter of Credit under PPA.



During the year ended 31 December 2020, the Company in the larger national interest, voluntarily agreed to alter its existing contractual arrangements to the extent of, and strictly with respect to the matters listed under Memorandum of Understanding (“MoU”). Subsequent to the reporting date, the Company has agreed to enter with CPPA-G into “Master Agreement” and “PPA Amendment Agreement” on the basis of MoU. Under the PPA Amendment Agreement, the parties have agreed in good faith to attempt to amicably resolve the outstanding ICC Award / Expert’s determination.

#### 45. EVENTS AFTER THE REPORTING PERIOD

**45.1** The Board of Directors have proposed final cash dividend for the year ended 31 December 2020 of Rupees 1/- per share (2019: 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.

**45.2** For sustainability of the power sector in Pakistan, the Company and the CPPA-G have signed a “Master Agreement” and a “PPA Amendment Agreement” to alter certain contractual agreements for sale and purchase of electricity as detailed in note 1.2 to these financial statements.

The management has assessed the accounting implications of these developments on these financial statements, including the impairment of tangible assets under IAS 36, ‘Impairment of Assets’. However, according to management’s assessment, there is no significant impact of the abovementioned agreements on these financial statements.

#### 46. IMPACT OF COVID-19 (CORONA VIRUS)

The World Health Organization has declared COVID-19 (the virus) a global pandemic. With the growing number of cases in Pakistan, the Government of Pakistan has provided directions to take measures to respond to the virus. While the virus has impacted the global economy, the Company’s operations and financial results have not been materially impacted, since all the revenue is receivable from CPPA (see note 19.1). The Company does not foresee any adverse impact on its operations and financial results in future.

#### 47. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 24 February 2021 by the Board of Directors of the Company.

#### 48. CORRESPONDING FIGURES

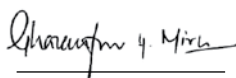
Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made.

#### 49. 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 Pakgen Power Limited (The Company) do hereby appoint.

Mr./Miss/Ms. \_\_\_\_\_  
of \_\_\_\_\_ CDCA/CNO./FOLIONO. \_\_\_\_\_ and  
or failing him/her \_\_\_\_\_ of \_\_\_\_\_

who is/are also a shareholder of the said Company, as my/our proxy in my/our absence and to vote for me/us at the Annual General Meeting of the Company to be held on on April 26, 2021 (Monday) at 12:00 P.M. at the Nishat Hotel (Emporium Mall), Trade and Finance Centre , Near Expo Centre, Abdul Haq Road, Johar Town, Lahore and at any adjournment thereof in the same manner as I/we myself/ ourselves would vote if personally present at such meeting.

As witness my/our hands in this day of \_\_\_\_\_ 2021.

Revenue  
Stamp  
of Rs. 50/-

Signature \_\_\_\_\_

Address \_\_\_\_\_  
\_\_\_\_\_

No. of shares held \_\_\_\_\_

Witnesses:-

Name \_\_\_\_\_

Address \_\_\_\_\_  
\_\_\_\_\_

Name \_\_\_\_\_

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)

میں / ہم \_\_\_\_\_  
ساکن \_\_\_\_\_ سی ڈی سی اکاؤنٹ نمبر / فلیو نمبر \_\_\_\_\_  
بحیثیت رکن پاک جن پاور لمیٹڈ (کمپنی) اور حامل عام حصص بذریعہ محترم / محترمہ \_\_\_\_\_  
ساکن \_\_\_\_\_ سی ڈی سی اکاؤنٹ نمبر / فلیو نمبر \_\_\_\_\_  
نمبر \_\_\_\_\_ اور یا اسکی غیر موجودگی کی صورت میں \_\_\_\_\_  
ساکن \_\_\_\_\_

جو مذکورہ کمپنی کا حصص دار بھی ہے کو اپنے / ہمارے ایما پر 26 اپریل 2021ء (پیر) کو دوپہر 12:00 بجے نشاط نشاط ہوٹل (ایمپوریل مال)، ٹریڈ اینڈ فنانس سنٹر، نزد ایکسپو سنٹر، عبدالحق روڈ، جوہر ٹاؤن لاہور پر منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں میری / ہماری غیر موجودگی میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا / ہمارا بطور نمائندہ (پراکسی) مقرر کرتا / کرتے ہیں۔

آج بروز ..... بتاریخ ..... 2021ء کو میرے / ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

دستخط: \_\_\_\_\_  
پتہ: \_\_\_\_\_  
تعداد ملکیتی حصص: \_\_\_\_\_  
گواہان: \_\_\_\_\_  
نام: \_\_\_\_\_ نام: \_\_\_\_\_  
پتہ: \_\_\_\_\_ پتہ: \_\_\_\_\_

50/- روپے کارسیدی ٹکٹ یہاں چسپاں کریں

## اہم نوٹ:

- پراکسی تقرری کے یہ آلات، باقاعدہ مکمل سالانہ اجلاس عام کے انعقاد سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ دفتر نشاط ہاؤس، 53-A، لارنس روڈ، لاہور میں لازماً وصول ہو جانے چاہئیں۔
- پراکسی کے تقرر کے لئے
- بمبیشنل اوزر کی CNIC یا پاسپورٹ کی مصدقہ نقول پراکسی فارم کے ہمراہ لازماً جمع کرانا ہوگی۔
- پراکسی اجلاس کے وقت اپنا اصل CNIC یا اصل پاسپورٹ مہیا کرے گا۔
- کارپوریٹ اینٹٹی کی صورت میں بورڈ کی قرارداد / مختار نامہ مع نمونہ دستخط پراکسی فارم کے ہمراہ کمپنی کو جمع کرانا ہوگا۔

AFFIX  
CORRECT  
POSTAGE

The Company Secretary

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