



# Annual Report **2020**

# Financials at a Glance

	2020	2019
	Rs. Million	
Turnover	<b>8,925</b>	14,910
Gross profit	<b>3,330</b>	5,018
Financial cost	<b>799</b>	1,209
Net Profit	<b>2,372</b>	3,650
Shareholders Equity	<b>15,932</b>	14,808
	Rs.	
Dividend per share	<b>3.75</b>	3.00

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# Basic Corporate Profile

## Board of Directors

Mrs. Hoor Yousafzai	Chairperson
Mr. Javed Saifullah Khan	Director
Mr. Osman Saifullah Khan	Director
Mr. Assad Saifullah Khan	Director
Mr. Rana Muhammad Shafi	Director
Mr. Naved Abid Khan	Independent Director
Miss. Saima Akbar Khattak	Independent Director

## Audit Committee

Mr. Naved Abid Khan	Chairman
Mr. Osman Saifullah Khan	Member
Mr. Rana Muhammad Shafi	Member

## Human Resource and Remuneration Committee

Mr. Naved Abid Khan	Chairman
Mrs. Hoor Yousafzai	Member
Mr. Assad Saifullah Khan	Member

## Management

Mr. Sohail H. Hydari  
Chief Executive Officer

Mr. Hammad Mahmood  
Chief Financial Officer

Mr. Ghias Ul Hassan  
GM Power Plant

Mr. Waseemullah  
Company Secretary

## Auditors

M/s KPMG Taseer Hadi & Co.  
Chartered Accountants  
State Life Building No. 6,  
Jinnah Avenue, Islamabad.

## Legal Advisors

M/s Cornelius, Lane & Mufti  
Advocates & Solicitors

## Registered/ Head Office

1st Floor, Kashmir Commercial Complex,  
Fazal-ul-Haq Road Block E, Blue Area,  
Islamabad, Pakistan.  
Tel: +92-51-2271378-83  
Fax: +92-51-2277670  
Email: info.spl@saifgroup.com

## Website

<http://www.saifpower.com>

## Share Registrar

THK Associates (Private) Ltd.  
Plot No. 32-C, Jami Commercial  
Street 2, Karachi.  
Tel: +92-21- 35310191-6,  
Email: sfc@thk.com.pk

## Banks & Financial Institutions

Allied Bank Limited  
Al Baraka Bank (Pakistan) Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Bank Islami Pakistan Limited  
Dubai Islamic Bank Limited  
Faysal Bank Limited  
First Habib Modaraba  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
JS Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Soneri Bank Limited  
Summit Bank Limited  
The Bank of Punjab  
United Bank Limited

## Plant Location

Chak 56/5L, Qadarabad,  
Multan Road, District Sahiwal,  
Punjab, Pakistan.

# Vision

Let us light homes whatever it takes  
And let us be an efficient, flexible but also a humble resource  
within the power generation industry

# Mission

Be looked up as an honest and reliable supplier  
Strive to perform at our best under a professional, effective,  
transparent and cordial corporate culture  
Add value to stakeholders' interests

# Sharing & Team Work

## Core Values

It is our objective to ensure that we:

### Ethics

- ☞ Adhere to high ethical standards and transparency in the conduct of our business
- ☞ Take ownership of our actions
- ☞ Give top most priority to Company's image and integrity as a legal entity
- ☞ Do not allow our directors or employees to be placed in a situation of conflict of interest

### People

- ☞ Encourage and promote open communication and free enterprise
- ☞ Give attention to the health, safety and well being of our employees and provide a safe and secure environment
- ☞ Inculcate team work and sharing

### Quality, Compliance and Business Excellence

- ☞ Strive to bring excellence within our performances and scope of work while observing all applicable laws
- ☞ Never trespass or deviate from our approved operational and financial systems
- ☞ Concentrate fully on maximizing shareholders' returns through good governance and through proper application of all management functions

# Corporate Social Responsibility (CSR)

CSR is a relationship with all of our stakeholders.

Our Employment Practices ensure competitive salaries and wages along with benefits including healthcare. All of our employees are entitled to OPD and hospital beds at Kulsum International Hospital (run by Saif Group) at nominal rates.

Along with General Electric, USA who are our O&M Contractors, the company provides highest standards of occupational health and safety all around our plant premises.

We are committed to the community around us and, therefore, we comply with all applicable regulations in this area. Every year, young boys with relevant qualifications from our neighbourhood community get internships which serve as a platform for them considering the fact they are able to work along GE experienced personnel and, under the guidance of our own senior management.

Besides the above, the owner/directors provide substantial services in their own local areas as follows:

Saifullah Foundation for Sustainable Development (SFSD) was established as an independent non-political, non-profit NGO registered under Khyber Pakhtunkhwa Social Welfare Agencies (Registration and Control Ordinance, 1961). Begum Kulsum Saifullah Khan (Hilal-e-Imtiaz), the founding Chairperson, was the inspiration behind its establishment. SFSD manages;

Saifullah Khan Trust  
Akbar Kare Institute

## SAIFULLAH KHAN TRUST (SKT)

SKT focuses on promotion of skill based education and, financial help to bright students in the shape of stipends. Around 300 students receive stipends each year. FM – 88 radio station was set up in 2004 in Lakki District for awareness oriented program and for entertainment. Both of these objectives are being achieved and FM 88 has gained huge popularity. Clean water facility has been provided to the village of Lawang Khel with a population of 2000 people. Earlier these villagers did not have access to clean drinking water despite an existing water supply scheme which had not functioned for 10 years.

## AKBAR KARE INSTITUTE (AKI)

AKI is a therapy centre for all children of Khyber Pakhtunkhwa (K.P.K), Pakistan who have Motor Developmental Delay primarily due to Cerebral Palsy. Cerebral palsy is a disorder of movement, muscle tone or posture that is caused by injury or abnormal development in the immature brain, most often before birth.

As often happens with innovative new projects in the developing world, AKI was inspired by the personal experiences of one woman and her family. Costs and expenses have been met by the founding family through their organization, the Saifullah Foundation for Sustainable Development (SFSD). All services, aids, and referrals are free and no expense is passed onto the client families.

# Operations Analysis

## Comparison of Plant Operation For Year 2020 & 2019

Parameters	Units	2020	2019
Plant Operation Hours on Gas Fuel	Hrs.	3,218	4,392
Plant Operation Hours on HSD Fuel	Hrs.	49.44	-
Utilization Factor	%	27.45	43.7
Load Factor	%	27.51	40.19
Complex Reliability Factor	%	98.45	97.05
Complex Start up Reliability Factor	%	93.24	97.50
Generation on HSD	MWH	5,691	-
Generation on Gas	MWH	455,257	716,203
Net Generation	MWH	460,948	716,203
Period Hours	Hrs.	8,784	8,760
Service Hours	Hrs.	3,267	4,863
Standby Hours	Hrs.	5,014	3,193
Available Hours	Hrs.	8,281	8,057
Planned Outage Hours	Hrs.	432	458
Unplanned Outage Hours	Hrs.	130	245
Total Outage Hours	Hrs.	562	703
Availability Factor	%	93.60	92.88



# Chairperson's Review

## Dear Shareholders

I am pleased to present the Annual Report of your Company for the financial year ended December 31, 2020.

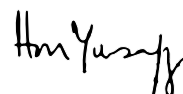
The year was a challenging one due to outbreak of Coronavirus pandemic. It resulted in an economic slowdown in the country which not only reduced electricity demand but also resulted in reduced recovery by Power Purchaser. Subsequent to the year end, the Company has altered few terms of existing agreement with Power Purchaser, which are explained in detail in the Financial Statements.

Keeping in view the Company's business needs, policies and procedures have been adopted to ensure compliance with applicable laws, regulations and best practices including those under the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Companies Act, 2017. Further, to enhance the corporate values, Board has constituted different Committees, which work under specified terms of reference and make recommendations to the Board of Directors. The Directors have requisite skills sets in different areas that a Company like SPL requires.

Details of financial and operational performance indicators have been described in more detail in Directors' Report to the shareholders along with the Audited Financial Statements.

On behalf of the Board, I would like to acknowledge with thanks the contributions made by the management, employees, lender banks, suppliers, contractors, regulatory authorities, various government functionaries, at the same time would also like to acknowledge the trust shown by our shareholders in the Company.

March 29, 2021  
Islamabad



**Hoor Yousafzai**  
Chairperson

## چیئر پرسن کا جائزہ

31 دسمبر 2020ء کو ختم ہونے والے سال کا مستحکم مالی بیان

محترم حصص داران ،

مجھے خوشی ہے کہ 31 دسمبر 2020ء کو ختم ہونے والے مالی سال کے لئے آپ کی کمپنی کی سالانہ رپورٹ پیش کر رہی ہوں۔  
کورونا وائرس کے پھیلنے کی وجہ سے یہ ایک مشکل سال تھا جس کے نتیجے میں ملک میں معاشی ست روی پیدا ہوئی جس نے نہ صرف بجلی کی طلب کو کم کیا بلکہ بجلی خریدار سے وصولیوں میں بھی کمی واقع ہوئی۔ سال کے اختتام کے بعد، کمپنی نے بجلی خریدار کے ساتھ موجودہ معاہدے کی کچھ شرائط میں رد و بدل کیا ہے، جن کی مالی بیانات میں تفصیل سے وضاحت کی گئی ہے۔

کمپنی کی کاروباری ضروریات کو مد نظر رکھتے ہوئے، قابل اطلاق قوانین و ضوابط بشمول (Code of Corporate Governance) Companies Act, 2017 اور Regulations, 2019 کی تعمیل کو یقینی بنانے کے لئے پالیسیاں اور طریقہ کار اپنایا گیا ہے کارپوریٹ اقدار میں اضافہ کرنے کے لیے بورڈ نے مختلف کمیٹیاں تشکیل دی ہیں، جو مخصوص شرائط کے تحت کام کرتی ہیں اور بورڈ آف ڈائریکٹرز کو سفارشات پیش کرتی ہیں۔  
ڈائریکٹرز کے پاس سیف پاور جیسی کمپنی کی ضرورت کے مطابق ہر طرح کی مہارت موجود ہیں۔

مالی اور آپریشنل کارکردگی کے اشارے مزید تفصیل کے ساتھ ڈائریکٹرز رپورٹ اور آڈٹ شدہ مالیاتی بیانات میں دیے گئے ہیں۔

انتظامی عملے، کارکنوں، قرض دہندگان، بینکوں، سپلائرز، ٹھیکیداروں، ریگولیٹری اتھارٹی، مختلف حکومتی کارکنوں کی جانب سے ملنے والی شراکت کا میں، بورڈ کی طرف سے، شکریہ ادا کرتے ہوئے اعتراف کرتی ہوں۔ اس کے ساتھ ہی میں اپنے شیئر ہولڈرز کے کمپنی پر اعتماد اور بھروسہ کا بھی اعتراف کرتا چاہوں گی۔

Ham Yousaf

حور یوسف زئی  
چیئر پرسن

اسلام آباد: 29 مارچ 2021

# REPORT OF THE BOARD OF DIRECTORS TO SHAREHOLDERS

The Board of Directors is pleased to present the Annual Report of Saif Power Limited (the “Company”) along with its audited Financial Statements for the year ended December 31, 2020.

## ABOUT THE COMPANY

Your Company is an Independent Power Producer (IPP) and its power plant is located at Qadirabad, Sahiwal. The Complex – Combined Cycle Thermal Power Plant is a dual fuel power generating station where the primary fuel is natural gas and the backup fuel is High Speed Diesel (HSD). Gross Capacity of the power plant is 225MWs on ISO condition with two Gas Turbines from GE France and a Steam Turbine from Siemens Sweden. The 6 FA.03 Gas Turbines are perhaps the most fuel efficient in the world in their rated capacity and, our combined cycle efficiency is the highest in Pakistan within such Gross capacity.

## PRINCIPAL ACTIVITY

The principal activity of the Company is to own, operate & maintain a combined cycle power plant and undertake the business of power generation & sell electricity to Central Power Purchasing Agency Guarantee Limited (CPPA-G). The Company has amended its Implementation Agreement on February 11, 2021 whereby National Transmission and Despatch Company (NTDC) has been replaced with CPPA-G as Power Purchaser. The Company is listed on Pakistan Stock Exchange Limited.

## OPERATIONS

Despite the outbreak of pandemic, your Company continues to follow best practices to ensure best Reliability, Availability and Operational Performance. During the year, reliability factor was 98.45% as compared to 97.05% in 2019 and availability factor was 93.60% as compared to 92.36% in 2019. Load factor was 27.51% as compared to 43.21% in 2019 as per dispatch requirement from Power Purchaser. The outbreak of pandemic affected the economic activities in the country, which resulted in overall low power demand.

## MATERIAL INFORMATION / OUTLOOK

Subsequent to signing of MoU on August 12, 2020, following agreements were signed with CPPA-G and Private Power Infrastructure Board (PPIB) subsequent to year end on February 11, 2021:

- Amendment Agreement to the Implementation Agreement
- Amendment Agreement to the Guarantee
- PPA Novation Agreement
- Master Agreement
- PPA Amendment

The details are adequately submitted in note 16 to the financial statements for review by the shareholders.

# REPORT OF THE BOARD OF DIRECTORS TO SHAREHOLDERS

## FINANCIAL PERFORMANCE

### UNCONSOLIDATED:

The Company earned a net profit of Rs. 2,372 million, resulting in earning per share (EPS) of Rs. 6.14 as compared to Rs. 3,650 million and EPS Rs. 9.44 in 2019.

### Key Financial and Operating Data of last six years is as follows:

FOR THE YEAR ENDING DECEMBER	2020	2019	2018	2017	2016	2015
	-----Rupees in million-----					
Turnover	8,925	14,910	16,690	12,257	11,946	14,981
Gross Profit	3,330	5,018	4,065	3,478	3,188	3,290
Net Profit	*2,372	3,650	3,033	2,592	2,312	2,063
Property, Plant and Equipment	12,232	12,800	13,294	13,688	14,213	14,802
Long term equity investment	785	738	631	-	-	-
Net worth	15,932	14,808	12,047	10,396	9,216	7,872
Long term financing	-	788	2,975	4,761	6,499	7,823
Short term borrowing	6,974	5,260	5,449	1,928	1,267	866
Earnings per share – (in rupees)	6.14	9.44	7.85	6.71	5.98	5.34
Dispatch level- (percentages)	25.80%	40.19%	61.92%	32.30%	58.79%	50.85%
Capacity Made Available-GWHs	1,786	1,782	1,784	1,786	1,675	1,652

\* The long term loan was paid off entirely in March 2020.

### CONSOLIDATED:

Consolidated net profit during the year under review is Rs. 2,368 million resulting in earning per share (EPS) of Rs.6.12 (2019: Rs. 3,646 million and EPS Rs. 9.44).

Appropriations and movement in reserve have been disclosed in the consolidated statement of changes in equity.

### PENDING ISSUES

In the case against M/s Sui Northern Gas Pipelines Limited (SNGPL), after the arbitration award in Company's favour for an amount of Rs. 270.66 million (dispute amount of Rs. 239.68 million & related costs of Rs. 30.98 million), the Company filed a petition in the Civil Court Lahore to obtain the enforcement Decree in lieu of the Arbitration award. SNGPL had challenged the award both in civil court and in Lahore High Court (LHC). The LHC dismissed the petition of SNGPL. Supreme Court of Pakistan has also disposed-off the appeal. The Company has already adjusted the awarded amount as above against payables to SNGPL.

During the year 2019, SNGPL filed a suit for recovery of the adjusted amount before District Judge (Invested with Powers of the Gas Utility Court), Lahore including claim for markup amount of Rs. 136.14 million from the date of such adjustment and also filed a request for Arbitration before the London Court of International Arbitration (LCIA). In its submission to LCIA, SNGPL has claimed markup amount of Rs. 236.47 million from the date of such adjustment. The Company's position is that no amount is payable to SNGPL and in any case, LCIA Arbitration is the only competent forum to decide on this case.

In the case against Power Purchaser, the Arbitrator has awarded Rs. 477.56 million in Company's favour along with related costs. The Company has filed a petition in Lahore High Court for its enforcement. Power Purchaser has also challenged the partial final award and final award in Civil Court, Lahore, which is pending adjudication. Further, subsequent to year end, as detailed in note 16.2 to the financial statements, both parties have decided to resolve the matter.

## **RECEIVABLES FROM POWER PURCHASER**

During the year, the company's receivables increased by Rs. 1,712 million but the company still has adequate working capital lines to sustain the operations.

Subsequent to year end, as detailed in note 16.4 to the financial statements, government is committed to pay to the company in this year, which will improve the liquidity position of the company significantly.

## **CREDIT RATING**

PACRA's rating for the Company is A+ in the long term and A1 in the short term while the 'Outlook' has been determined as 'Stable', which denote a low expectation of credit risk and indicate adequate capacity for timely payment of financial obligations.

## **CORPORATE SOCIAL RESPONSIBILITY, SAFETY, HEALTH AND QUALITY**

Your company works with all stakeholders to ensure that it complies with all applicable regulations; contributes to community development; provides highest standards of safety, health and environment; offers competitive wages and benefits to its employees. The parent company provides necessary support in this regard with a centralized process.

## **IMPACT OF COMPANY'S BUSINESS ON ENVIRONMENT**

Your Company maintains a tight control on all type of emissions from the Plant and ensures that under no circumstances any value of the emission exceeds beyond the limits provided in the Environmental Protection Agency (EPA) guidelines.

## **PRINCIPAL RISKS & UNCERTAINTIES**

The Company has ensured that appropriate controls exist to cater to any unforeseen risks & uncertainties. Most of the financial risks are covered through tariff. However, liquidity risk remains as one of the uncertainties for reliable operations of the company. This risk, as highlighted above, has been mitigated by arranging adequate credit lines from thirteen different banks. Financial risk management is also disclosed in notes to the financial statements. Operational risks have been mitigated to a great extent through outsourcing of plant operations to M/s General Electric Inc. (who are both the original supplier and the O&M contractor) and through a comprehensive and effective insurance policy.

# REPORT OF THE BOARD OF DIRECTORS TO SHAREHOLDERS

## INTERNAL AUDIT AND CONTROL

The independent internal audit function headed by a qualified person reporting to the Audit Committee is in operation. The scope of internal auditing within the Company is clearly defined which broadly involves review and evaluation of internal control system, safeguarding of assets, accuracy and completeness of accounting records.

## ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Your Company complies with the highest standards of Corporate Governance and, internal controls are sound in design and have been effectively implemented and monitored.

## DIVIDEND

The Board has recommended a final dividend of 25% (Rs.2.50 per share) for the year ended 2020 to the shareholders for their approval in Annual General Meeting, in addition to interim dividend of 12.5% (Rs.1.25-per share), making it total dividend of 37.5% (Rs. 3.75 per share) as compared to 30% (Rs. 3 per share) for previous year. Unless there is any contingency, the Board of Directors of your company would continue with the policy of paying out all surplus cash available within the Company.

## REMUNERATION TO DIRECTORS AND CHIEF EXECUTIVE

Remuneration paid to directors and Chief Executive has been disclosed in note 28 of the Financial Statements.

## INVESTMENT IN SUBSIDIARY

This represents equity investment in Saif Cement Limited ("SCL"). The Company during the year, acquired additional 4,987,004, fully paid ordinary shares of Rs. 10 each. The Company holds 96.37% of issued share capital of SCL as at December 31, 2020.

Subsequent to year end, an additional investment of Rs. 4,404,410 as share deposit money has been made.

## Information under the Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

The Company has so far has invested equivalent to US \$ 5.67 million out of the proposed US \$ 20 million during the last three years from the date of approval of members. As this is the Greenfield Project (the "Project"), and due to COVID-19 situation the project has faced issue of equity partnership for remaining amount. Now, as the Market is better, the Company will consider the best options available with reference to the project. Loss per share for the year ended December 31, 2020 is Rs. 0.047.

## CORPORATE AND FINANCIAL REPORTING FRAMEWORK

### Board of Directors

The activities of the Board are based on the requirements and duties laid down under relevant laws and Memorandum and Articles of Association of the Company. This compliance assists the Board in

safeguarding the interests of all the stakeholders. The Board of Directors provides oversight in the governance, management and control of the Company and help in setting the goals, objectives and strategies of the Company and to formulating the policies and guidelines towards achieving such goals and objectives.

The total number of directors are seven as per the following:

A	Male:	5
B	Female:	2

#### **The composition of board is as follows:**

A	Independent Director	2
B	Other Non-executive Director	5

The Chairperson of the Board is a non-executive director. The positions of Chairperson and CEO are held by separate individuals with clearly defined roles and responsibilities. As required by Companies Act, 2017 and listed companies code of corporate governance, all directors are provided with sufficient information of their duties and responsibilities under respective laws and the Company's Memorandum and Articles of Association.

As required by the Code of Corporate Governance, directors are pleased to report the following:

- The financial statements of the Company, prepared by the management of the Company, present its state of affairs fairly, including 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, and subject to waivers from the competent authority, have been followed in preparation of financial statements and, any departures therefrom (if any) have been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon Company's ability to continue as a 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.

# REPORT OF THE BOARD OF DIRECTORS TO SHAREHOLDERS

- There has been no trading of shares by CEO, Directors, CFO, Company Secretary and their spouses.
- Information about outstanding taxes and levies is given in the notes to the financial statements.

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

Name of Directors	Status	Meetings attended
Mrs. Hoor Yousafzai-Chairperson	Elected	03/04
Mr. Javed Saifullah Khan	Elected	04/04
Mr. Osman Saifullah Khan	Elected	04/04
Mr. Jehangir Saifullah Khan	Resigned	00/01
Mr. Assad Saifullah Khan	Elected	03/04
Ms. Jehannaz Saifullah Khan	Retired	04/04
Mr. Rana Muhammad Shafi	Elected	03/03
Mr. Naved Abid Khan	Elected	03/04
Miss. Saima Akbar Khattak	Elected	00/00

Leave of absence was granted to Director(s) who could not attend any meeting. The current term of the directors shall stand completed in October 2023 when fresh elections will be held for appointment of directors through general meeting of the shareholders.

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

Name of Directors	Status	Meetings attended
Mr. Naved Abid Khan	Chairman	03/04
Mr. Osman Saifullah Khan	Member	04/04
Mr. Jehangir Saifullah Khan	Member-Resigned	00/01
Mr. Rana Muhammad Shafi	Member	03/03

During the year, one HR and Remuneration Committee was held, attendance position was as under:-

Name of Directors	Status	Meetings attended
Mr. Naved Abid Khan	Chairman	01/01
Mrs. Hoor Yousafzai	Member	01/01
Mr. Assad Saifullah Khan	Member	01/01



## **DIRECTORS' TRAINING**

Directors are well versed with and have the requisite knowledge of Code of Corporate Governance and all applicable laws.

During the year after the election of directors in October 28, 2020, the Board was reconstituted. Out of elected directors, five directors had already attended training program, and two directors; Mr. Javed Saifullah Khan and Mr. Osman Saifullah Khan meet the exemption criteria of minimum of 14 years of education and 15 year of experience on the Board of listed companies, hence are exempt from Directors' training program, the Company has arranged training program during the year, where Chief Executive Officer has attended.

## **EVALUATION OF THE BOARD'S PERFORMANCE**

In order to bring objectivity to the process, third party assessment was carried out by Pakistan Institute of Corporate Governance (PICG) to evaluate the performance of the members, and its Committees. Annual evaluation questionnaire, developed by PICG in conformity with the Code of Corporate Governance and Global best practices, was circulated to the directors.

## **DIRECTORS' REMUNERATION**

Non-Executive directors and Independent director are entitled for fee only for attending the meetings, as determined by the Board from time to time.

## **RELATED PARTY TRANSACTIONS**

Transaction undertaken with related parties are carried out on arm's length basis during the year and have been ratified by audit committee and approved by the Board.

## **PATTERN OF SHAREHOLDING**

The statement of pattern of shareholding as on December 31, 2020 is attached with the report.

## **AUDITORS**

The present auditors M/s KPMG Taseer Hadi & Co, Chartered Accountants, Islamabad retire and being eligible, offer themselves for re-appointment for the year 2021.

## **INFORMATION OF SUBSIDIARY REQUIRED TO BE DISCLOSED U/S 226(3) OF THE COMPANIES ACT, 2017**

### **SAIF CEMENT LIMITED**

#### **PRINCIPAL ACTIVITY**

The principal activity of Saif Cement Limited (SCL) after Commercial Operation Date will be production and sale of Cement. Currently, SCL is engaged in developing a Greenfield Cement Production Plant with a clinker production capacity of 6,500 Tons per day at Paharpur, Dera Ismail Khan, KPK province.

#### **FINANCIAL PERFORMANCE AND FUTURE OUTLOOK**

As SCL is in developmental phase; therefore, no profit is reported for the year. Loss for the year amounting to Rs. 3,852,780 (2019: Rs. 3,516,621), represents administrative expenses only. Loss

# REPORT OF THE BOARD OF DIRECTORS TO SHAREHOLDERS

per share reported during the year was Rs. 0.047 (2019: Rs. 0.046). SCL has never defaulted on any payment.

SCL has achieved majority of its milestones and will be moving towards financial close with the lenders.

## BOARD OF DIRECTORS

During the year, upon election of directors in October 2020, eight directors were elected for the term of three years:

S. No	NAME	STATUS
1	Mrs. Hoor Yousafzai	Elected
2	Mr. Javed Saifullah Khan	Elected
3	Mr. Anwar Saifullah Khan	Elected
4	Mr. Osman Saifullah Khan	Elected
5	Mr. Assad Saifullah Khan	Elected
6	Mr. Faisal Saifullah Khan	Elected
7	Mr. Abbas Saifullah Khan	Elected
8	Mr. Muhammad Aly Saifullah Khan	Elected

## PRINCIPAL RISKS AND UNCERTAINTIES

As this is the Greenfield Project (the “Project”), and due to COVID-19 situation the project has faced issue of equity partnership for remaining amount. Now, as the Market is better, the Company will consider the best option available with reference to the project.

## ACKNOWLEDGEMENT

The Directors of your company would like to show their appreciation to its customers, suppliers, financial institutions, regulators and to all other stakeholders for their cooperation and support during the year.

The Directors of your company would also like to express their deep appreciation for the services, loyalty and efforts being continuously rendered by the employees of the company and hope that they will continue to do so in the future.

The Board would like to record its appreciation for the invaluable contributions rendered by the outgoing director and welcomes the new director.

For and on behalf of the Board



**Sohail H. Hydari**  
Chief Executive Officer



**Hoor Yousafzai**  
Director

Islamabad: March 29, 2021

## اعتراف:

آپ کی کمپنی کے ڈائریکٹرز اپنے کسٹمرز، سپلائرز، مالیاتی اداروں، ریگولیٹرز اور دیگر تمام اسٹیک ہولڈرز کے لیے تعریفی کلمات کہنا چاہتے ہیں جنہوں نے اس سال اپنا تعاون اور حمایت پیش کی۔

آپ کی کمپنی کے ڈائریکٹرز کمپنی کے ملازمین کی طرف سے مسلسل پیش کی گئی خدمات، وفاداری اور کوششوں کے لیے گہری تعریف کا اظہار کرنا چاہتے ہیں اور امید کرتے ہیں کہ وہ مستقبل میں بھی ایسا ہی کریں گے۔

بورڈ، موجودہ ڈائریکٹرز کی طرف سے فراہم کردہ قیمتی شراکت کے لئے اپنی تعریف ریکارڈ کرنا چاہتا ہے اور نئے ڈائریکٹرز کا خیر مقدم کرتا ہے۔

بورڈ آف ڈائریکٹرز کی جگہ اور بورڈ کی نیابت سے:

Hm Yusuf

حور یوسف زئی

ڈائریکٹر

سمیل ایچ. حیدری

سمیل ایچ. حیدری

چیف ایگزیکٹو آفیسر

اسلام آباد: 29 مارچ 2021ء

## بورڈ آف ڈائریکٹرز:

سال کے دوران، اکتوبر 2020ء میں ڈائریکٹرز کے انتخاب کے بعد، درج ذیل آٹھ ڈائریکٹرز تین سال کی مدت کے لئے منتخب ہوئے:

نمبر شمار	نام	مشیس
1	محترمہ / حور یوسف زئی	منتخب
2	محترم / جاوید سیف اللہ خان	منتخب
3	محترم / انور سیف اللہ خان	منتخب
4	محترم / عثمان سیف اللہ خان	منتخب
5	محترم / اسد سیف اللہ خان	منتخب
6	محترم / فیصل سیف اللہ خان	منتخب
7	محترم / عباس سیف اللہ خان	منتخب
8	محترم / محمد علی سیف اللہ خان	منتخب

## بنیادی خطرات اور غیر یقینی اقدامات:

چونکہ یہ گرین فیلڈ پروجیکٹ ("پروجیکٹ") ہے، اور کوویڈ-19 کی صورتحال کی وجہ سے پروجیکٹ کو باقی رقم کے لئے ایکویٹی شراکت داری کا مسئلہ درپیش ہے۔ اب، چونکہ مارکیٹ بہتر ہے، کمپنی اس منصوبے کے حوالے سے دستیاب بہترین آپشن پر غور کرے گی۔

## شیئر ہولڈنگ پیٹرن:

شیئر ہولڈنگ پیٹرن کا بیان جیسا کہ 31 دسمبر 2020ء کو تھا اس رپورٹ کے ساتھ منسلک ہے۔

## آڈیٹرز:

موجودہ آڈیٹرز "KPMG" تاثیر ہادی اینڈ کمپنی"، چارٹرڈ اکاؤنٹنٹس، اسلام آباد جو کہ اب ریٹائر ہیں اور دوبارہ تعیناتی کے اہل ہیں، وہ سال 2021ء میں اپنی دوبارہ تعیناتی کے لیے پیش کش کرتے ہیں۔

کمپنیز ایکٹ، 2017ء کے سیکشن (3) 226 کے تحت سبسڈی کی معلومات کو منسلک کرنے کی ضرورت ہے

## سیف سیمنٹ لمیٹڈ

### بنیادی سرگرمی:

کمرشل آپریشن کی تاریخ کے بعد سیف سیمنٹ لمیٹڈ (SCL) کی اصل سرگرمی سیمنٹ کی تیاری اور فروخت ہوگی۔ فی الحال، SCL پہاڑ پور، ڈیرہ اسماعیل خان اور صوبہ خیبر پختونخوا میں یومیہ 6,500 ٹن کلینکر کی پیداواری صلاحیت کے ساتھ گرین فیلڈ سیمنٹ پروڈکشن پلانٹ تیار کرنے میں مصروف ہے۔

## مالی کارکردگی اور مستقبل کے امکانات:

چونکہ SCL ترقیاتی مرحلے میں ہے۔ لہذا، اس سال کے لئے کسی منافع کی اطلاع نہیں ہے۔ اس سال 3,852,780 روپے کی رقم (جو کہ سال 2019ء میں 3,516,621 تھی) کا ہونے والا نقصان صرف انتظامی اخراجات کی نمائندگی کرتا ہے۔ اس سال کے دوران بتایا گیا فی شیئر نقصان 0.047 روپے تھا (جو کہ سال 2019ء میں 0.046 روپے فی شیئر تھا)۔ SCL نے کسی بھی ادائیگی پر کبھی کوتاہی نہیں کی۔

SCL نے اپنے سب مل کی اکثریت حاصل کر لی ہے اور اب قرض دہندگان کے طرف مالیاتی لحاظ سے قریب ہوگی۔

اس سال کے دوران، ایک HR اور ریمونڈیشن کمیٹی کا اجلاس منعقد کیا گیا، حاضری درج ذیل رہی:

ڈائریکٹر کا نام	سٹیٹس	شرکت کردہ اجلاس کی تعداد
محترم / نوید عابد خان	چیرمین	01/01
محترمہ / حور یوسف زئی	ممبر	01/01
محترم / اسد سیف اللہ خان	ممبر	01/01

### ڈائریکٹرز کی ٹریننگ:

ڈائریکٹرز، کوڈ آف کارپوریٹ گورننس اور تمام قابل اطلاق قوانین کا مطلوبہ علم رکھتے ہیں۔ 28 اکتوبر، 2020ء میں ڈائریکٹرز کے انتخاب کے بعد سال کے دوران، بورڈ کی تشکیل نو کی گئی۔ منتخب ڈائریکٹرز میں سے، پانچ ڈائریکٹرز پہلے ہی تربیتی پروگرام میں شریک ہو چکے ہیں، اور دو ڈائریکٹرز یعنی محترم جاوید سیف اللہ خان اور محترم عثمان سیف اللہ خان کم از کم 14 سالہ تعلیم اور ایک فہرست شدہ کمپنی کے بورڈ پر 15 سال سے زیادہ کام کرنے کا تجربہ رکھنے کی وجہ سے ٹریننگ سے مستثنیٰ ہونے کے معیار پر پورا اترتے ہیں، لہذا یہ دونوں بھی ڈائریکٹرز کے تربیتی پروگرام سے مستثنیٰ ہیں۔ تاہم، کمپنی نے سال کے دوران تربیتی پروگرام کا اہتمام کیا ہے، جس میں چیف ایگزیکٹو آفیسر نے شرکت کی۔

### بورڈ کی کارکردگی کا اندازہ:

اس عمل میں مقصدیت لانے کے لیے، "پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس (PICG)" کے ذریعہ تھرڈ پارٹی کا جائزہ لیا گیا تاکہ کمپنی کے ممبران اور اس کی کمیٹیوں کی کارکردگی کا اندازہ کیا جاسکے۔ کوڈ آف کارپوریٹ گورننس اور عالمی سطح پر بہترین طریق کار کے مطابق PICG کی طرف سے تیار کردہ سالانہ تشخیصی سوالنامہ، ڈائریکٹرز کو تقسیم کیا گیا۔

### ڈائریکٹرز کے لیے معاوضہ:

غیر ایگزیکٹو ڈائریکٹرز اور خود مختار ڈائریکٹر اجلاسوں میں شرکت کے لئے صرف فیس کے حقدار ہیں، جو کہ وقفاً وقفاً بورڈ کے ذریعہ طے ہوتی ہے۔

### متعلقہ پارٹی (related party) کا لین دین:

سال کے دوران متعلقہ فریقوں کے ساتھ ہونے والا لین دین بنا کسی تعلق داری کے کیا جاتا ہے اور آڈٹ کمیٹی کے ذریعہ اس کی توثیق کر دی جاتی ہے اور بورڈ کے ذریعہ اس کی منظوری دی جاتی ہے۔



- بورڈ کے تمام ڈائریکٹرز، کارپوریٹ باڈیز کے ڈائریکٹرز کے طور پر اپنے فرائض اور ذمہ داریوں سے مکمل طور پر واقف ہیں۔  
ڈائریکٹرز کو ذمہ داری کے ذریعے ان کے فرائض اور ذمہ داریوں کے بارے میں آگاہ کیا جاتا ہے۔
- چیف ایگزیکٹو آفیسر، ڈائریکٹرز، چیف فنانشل آفیسر، کمپنی سیکرٹری اور ان کے بیوی بچوں کی طرف سے کمپنی کے حصص میں کوئی ٹریڈنگ نہیں ہوئی۔
- مالی بیانات کی ہدایات میں بقایا ٹیکسوں اور محصولات کے بارے میں معلومات دی گئی ہیں۔

اس سال کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ حاضری کی صورت حال درج ذیل رہی:

ڈائریکٹر کا نام	سیٹس	شرکت کردہ اجلاس کی تعداد
محترمہ / حوریوسف زئی - چیئر پرسن	منتخب	03 / 04
محترم / جاوید سیف اللہ خان	منتخب	04 / 04
محترم / عثمان سیف اللہ خان	منتخب	04 / 04
محترم / جہانگیر سیف اللہ خان	مستعفی	00 / 01
محترم / اسد سیف اللہ خان	منتخب	03 / 04
محترمہ / جہاں ناز سیف اللہ خان	ریٹائرڈ	04 / 04
محترم / رانا محمد شفیع	منتخب	03 / 03
محترم / نوید عابد خان	منتخب	03 / 04
محترمہ / صائمہ اکبر تنک	منتخب	00 / 00

بورڈ نے ان منتظمین کو رخصت دی تھی جو کسی اجلاس میں شرکت نہیں کر سکتے تھے۔ ڈائریکٹرز کی موجودہ مدت اکتوبر 2023 میں مکمل ہوگی جب شیئر ہولڈرز کی عمومی میٹنگ کے ذریعے ڈائریکٹرز کی تقرری کے لئے نئے انتخابات کیے جائیں گے۔

اس سال کے دوران آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے، حاضری درج ذیل رہی:

ڈائریکٹر کا نام	سیٹس	شرکت کردہ اجلاس کی تعداد
محترم / نوید عابد خان	چیئر مین	03 / 04
محترم / عثمان سیف اللہ خان	ممبر	04 / 04
محترم / جہانگیر سیف اللہ خان	ممبر - مستعفی	00 / 01
محترم / رانا محمد شفیع	ممبر	03 / 03

ڈائریکٹرز کی کل تعداد سات ہے جو کہ اس طرح ہے:

اے	مرد حضرات	5
بی	خواتین	2

بورڈ کی تشکیل مندرجہ ذیل ہے:

اے	آزاد ڈائریکٹر	2
بی	دیگر غیر ایگزیکٹو ڈائریکٹر	5

بورڈ کا چیئرمین ایک غیر ایگزیکٹو ڈائریکٹر ہے۔ چیئرمین اور چیف ایگزیکٹو آفیسر کے عہدوں پر الگ الگ افراد فائز کیے جاتے ہیں، جن کے فرائض اور ذمہ داریاں واضح طور پر بیان کی گئی ہیں۔ جیسا کہ کارپوریٹ گورننس کی درج کردہ کمپنیوں کے کوڈ اور کمپنیز ایکٹ، 2017ء کے تحت مطلوب ہے کہ، تمام ڈائریکٹرز کو متعلقہ قوانین اور کمپنی کے آرٹیکل آف ایسوسی ایشن اور میمورینڈم کے مطابق ان کے فرائض اور ذمہ داریوں کے بارے میں کافی معلومات فراہم کی جائیں۔

جیسا کہ کارپوریٹ گورننس کوڈ کی طرف سے مطلوب ہے، ڈائریکٹرز یہ رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں:

- کمپنی انتظامیہ کی طرف سے تیار کردہ کمپنی کے مالی بیانات کمپنی کے کاموں کی حالت کو منصفانہ طور پر پیش کرتے ہیں جس میں اس کے آپریشنز، نقد رقم کے بہاؤ اور ایکوٹی میں تبدیلیوں کے نتائج شامل ہیں۔
- کمپنی کے اکاؤنٹ کی مناسب کتابوں کو برقرار رکھا جاتا ہے۔
- ان مالی بیانات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو مسلسل لاگو کر دیا گیا ہے اور اکاؤنٹنگ اندازہ جات کی بنیاد معقول اور منصفانہ فیصلہ پر رکھی گئی ہے۔
- مالی بیانات کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRS)، جیسا کہ پاکستان میں قابل اطلاق ہیں اور مجاز اتھارٹی سے چھوٹ کے تابع ہیں، کی پیروی کی گئی ہے اور، ان سے الگ ہونے کی صورت (اگر ایسی صورت ہے تو) میں مناسب طور پر اس کا انکشاف اور وضاحت کی گئی ہے۔
- داخلی کنٹرول کا نظام ڈیزائن میں مستحکم ہے، اسے مؤثر طریقے سے لاگو کیا گیا ہے اور اس کی اچھے سے نگرانی کی گئی ہے۔
- حالیہ تشویش (go in concern) کے طور پر جاری رکھنے کے لئے کمپنی کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔



## تقسیم شدہ منافع:

بورڈ نے سالانہ جنرل مینٹگ میں حصص کنندگان (شیئرز ہولڈرز) کو سال 2020ء کے اختتام پر 12.5 فیصد (1.25 روپے فی شیئر) عبوری منافع کا اضافہ کے علاوہ 25 فیصد (2.50 روپے فی شیئر) کے حتمی منافع کی منظوری کے لئے سفارش کی ہے، اور اس طرح مکمل منافع 37.5 فیصد (3.75 روپے فی شیئر) ہو جائے گا جو کہ اس کے مقابلے میں گزشتہ سال 30 فیصد (یعنی 3 روپے فی شیئر) تھا۔ جب تک کوئی ہنگامی صورت حال نہیں ہوگی، آپ کی کمپنی کے بورڈ آف ڈائریکٹرز، کمپنی کے اندر دستیاب تمام سرپلس نقد کی ادائیگی کی پالیسی کو جاری رکھیں گے۔

## ڈائریکٹرز اور چیف ایگزیکٹو کا معاوضہ:

مالی بیانات کے نوٹ 28 میں ڈائریکٹرز اور چیف ایگزیکٹو کو دیے گئے معاوضے کی تفصیلات موجود ہیں۔

## ذیلی کاروبار میں سرمایہ کاری:

اس سے سیف سیمنٹ لمیٹڈ ("SCL") میں ایکویٹی سرمایہ کاری کی نمائندگی ہوتی ہے۔ کمپنی نے سال کے دوران، 10 روپے والے 4,987,004 مکمل طور پر ادا شدہ عام حصص حاصل کیے۔ 31 دسمبر 2020ء کو اس کمپنی کے پاس SCL کے جاری کردہ شیئرز کمیٹیڈ مل کا 96.37 فیصد ہے۔ سال کے اختتام پر، کمپنی نے شیئرڈ پوزٹ منی کے طور پر 4,404,410 روپے کی اضافی سرمایہ کاری کی ہے۔

## کمپنیوں کے ضابطہ (2)4 کے تحت معلومات (ایسوسی ایٹڈ کمپنیوں میں سرمایہ کاری یا ایسوسی ایٹڈ انڈر ٹیکینگ) ریگولیشنز 2017ء:

کمپنی نے ممبروں کی منظوری کی تاریخ سے گزشتہ تین سالوں میں مجوزہ 20 ملین امریکی ڈالر میں سے 5.67 ملین امریکی ڈالر کے برابر سرمایہ کاری کی ہے۔ چونکہ یہ گرین فیلڈ پروجیکٹ ("پروجیکٹ") ہے، اور کوویڈ-19 صورتحال کی وجہ سے پروجیکٹ کو باقی رقم کے لئے ایکویٹی شراکت داری کا مسئلہ درپیش ہے۔ اب، چونکہ مارکیٹ بہتر ہے، کمپنی اس منصوبے کے حوالے سے دستیاب بہترین آپشنز پر غور کرے گی۔ 31 دسمبر، 2020ء کو ختم ہونے والے سال کے لئے فی شیئر خسارہ 0.047 روپے ہے۔

## کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک:

### بورڈ آف ڈائریکٹرز

بورڈ کی سرگرمیاں ان ضروریات اور فرائض پر مبنی ہیں جو کہ متعلقہ قوانین اور کمپنی کے آرٹیکل آف ایسوسی ایشن اور میمورینڈم کے مطابق طے ہیں۔ یہ تعمیل تمام حصص کنندگان کے مفادات کی حفاظت میں بورڈ کی مدد کرتی ہے۔ بورڈ آف ڈائریکٹرز کمپنی کی گورننس، انتظام اور کنٹرول میں نگرانی فراہم کرتا ہے نیز کمپنی کے اہداف و مقاصد اور حکمت عملی کو ترتیب دینے میں مدد کرتا ہے اس کے علاوہ ان اہداف و مقاصد کو حاصل کرنے کے لیے پالیسیاں اور ہدایات تشکیل دینے میں مدد دیتا ہے۔

### کارپوریٹ کی سماجی ذمہ داری، حفاظت، صحت اور معیار:

آپ کی کمپنی تمام اسٹیک ہولڈرز کے ساتھ اس بات کو یقینی بناتے ہوئے کام کرتی ہے کہ یہ کمپنی تمام قابل اطلاق قوانین پر عمل پیرا ہوتی ہے؛ کمیونٹی کی ترقی کے لئے حصہ ڈالتی ہے؛ حفاظت، صحت اور ماحول کے اعلیٰ ترین معیارات فراہم کرتی ہے؛ اپنے ملازمین کو مسابقتی تنخواہ اور فوائد مہیا کرتی ہے۔ پیرنٹ کمپنی ایک مرکزی عمل کے ساتھ اس سلسلے میں ضروری مدد فراہم کرتی ہے۔

### ماحول پر کمپنی کے کاروبار کا اثر:

آپ کی کمپنی پلانٹ کے ہر قسم کے اخراج پر سخت کنٹرول برقرار رکھتی ہے اور اس بات کو یقینی بناتی ہے کہ کسی بھی حالت میں اخراج کی مقدار ماحولیاتی تحفظ ایجنسی کی ہدایات میں دی گئی حد سے تجاوز نہ کرے۔

### بنیادی خطرات اور غیر یقینی صورتحال:

کمپنی نے اس بات کو یقینی بنایا ہے کہ کسی بھی غیر متوقع خطرات اور غیر یقینی صورتحال سے نمٹنے کے لیے مناسب کنٹرول موجود ہیں۔ بیشتر مالی خطرات، ٹیرف (tariff) کے ذریعے پورے کیے جاتے ہیں۔ تاہم، لیکویڈیٹی کا خطرہ، کمپنی کے قابل بھروسہ کاموں کے لیے، غیر یقینی صورتحال میں سے ایک ہے۔ اس خطرے کو، جیسا کہ اوپر بیان کیا گیا ہے، تیرہ مختلف بینکوں سے مناسب حد تک کریڈٹ لائیکز کا بندوبست کر کے کم کیا گیا ہے۔ مالی بیانات کے حوالے سے دی گئی ہدایات میں فنانشل رسک مینجمنٹ کا انکشاف بھی کیا جاتا ہے۔ جنرل الیکٹرک (جو کہ دونوں یعنی اصل سپلائر اور O&M ٹھیکیدار ہیں) کو پلانٹ آپریشن کے آؤٹ سورسنگ کے ذریعہ اور ایک جامع اور موثر انشورنس پالیسی اختیار کرتے ہوئے آپریشنل رسک کو کافی حد تک کم کیا گیا ہے۔

### داخلی آڈٹ اور کنٹرول:

آڈٹ کمیٹی کو رپورٹنگ کرنے والے ایک تعلیم یافتہ شخص کی سربراہی میں "خود مختار داخلی آڈٹ" کا کام جاری ہے۔ کمپنی میں داخلی آڈٹنگ کا دائرہ واضح طور پر بیان کیا گیا ہے جس میں وسیع پیمانے پر اس کے داخلی کنٹرول سسٹم کا جائزہ اور تشخیص، اثاثوں کی حفاظت، اکاؤنٹنگ ریکارڈ کی درستگی اور تکمیل سب شامل ہیں۔

### داخلی مالیاتی کنٹرول کا مناسب معیار:

آپ کی کمپنی کارپوریٹ گورننس کے اعلیٰ معیار کے مطابق ہے اور داخلی کنٹرول ڈیزائن میں مضبوط ہے نیز مؤثر طور پر اس کا نفاذ اور نگرانی کی گئی ہے۔

دیا۔ سپریم کورٹ آف پاکستان نے بھی اس اپیل کو ڈسپوزڈ۔ آف کر دیا ہے۔ کمپنی نے سوئی ناردرن گیس پائپ لائن کو قابل ادا رقوم کے معاملے میں یہ رقم پہلے ہی ایڈ جسٹ کر دی ہے۔

سال 2019ء کے دوران، SNGPL نے ایڈ جسٹ کی گئی رقوم کی بازیابی کے لیے ڈسٹرکٹ جج لاہور (گیس یونیٹی کورٹ کے اختیارات کے حامل) کے سامنے مقدمہ دائر کیا، جس میں اس طرح کی ایڈ جسٹمنٹ کی تاریخ سے 136.14 ملین روپے کی مارک اپ کی رقم کا دعویٰ بھی شامل ہے، اور اس نے لندن عدالت برائے بین الاقوامی ثالثی (LCIA) کے سامنے ثالثی کی درخواست بھی دائر کی ہے۔ LCIA کو درخواست جمع کروانے میں، SNGPL نے اس طرح کی ایڈ جسٹمنٹ کی تاریخ سے 236.47 ملین روپے کی مارک اپ کی رقم کا دعویٰ کیا ہے۔ کمپنی کا موقف ہے کہ SNGPL کو کوئی رقم قابل ادا نیگی نہیں ہے اور کسی بھی صورت میں، LCIA ثالثی اس مقدمے کا فیصلہ کرنے کا واحد قابل فورم ہے۔

پاور خریدار کے خلاف مقدمہ میں، ثالثی نے کمپنی کے حق میں متعلقہ اخراجات کے ساتھ 477.56 ملین روپے ایوارڈ کیے ہیں۔ کمپنی نے اس کے نفاذ کے لئے لاہور ہائی کورٹ میں درخواست دی ہے۔ پاور خریدار نے جزوی ایوارڈ اور فائنل ایوارڈ کو سول کورٹ لاہور میں بھی چیلنج کیا ہے، جس کا فیصلہ زیر سماعت ہے۔ مزید برآں، سال کے اختتام کے بعد، جیسا کہ مالی بیانات کے نوٹ 16.2 میں تفصیل سے بتایا گیا ہے، دونوں فریقوں نے معاملے کو حل کرنے کا فیصلہ کیا ہے۔

### بجلی خریدار کی طرف سے وصولی:

اس سال کے دوران، کمپنی کے قابل وصول رقم میں 1,712 ملین روپے کا اضافہ ہوا لیکن کمپنی کے پاس اپنے کام کو برقرار رکھنے کے لیے مناسب ورکنگ کپٹل قرضوں کا انتظام ہے۔ سال کے اختتام کے بعد، مالیاتی بیانات کے نوٹ 16.4 کی تفصیل کے مطابق، حکومت اس سال کمپنی کو ادائیگی کرنے کے لئے پرعزم ہے، جس سے کمپنی کی لیکویڈیٹی پوزیشن میں نمایاں بہتری آئے گی۔

### کریڈٹ ریسنگ:

کمپنی کے لئے "PACRA" کی درجہ بندی طویل مدتی میں A+ ہے اور قلیل مدتی میں A1 ہے جبکہ "آؤٹ لک کو" مستحکم" کے طور پر تصور کیا گیا ہے، جو قرضے کے خطرے کی کم توقع کی نشاندہی کرتا ہے اور مالی ذمہ داریوں کی بروقت ادائیگی کے لئے مناسب صلاحیت کی نشاندہی کرتا ہے۔



(روپے ملین میں)

دسمبر میں ختم ہونے والے سال کے لیے	2020ء	2019ء	2018ء	2017ء	2016ء	2015ء
کاروبار	8,925	14,910	16,690	12,257	11,946	14,981
مجموعی منافع	3,330	5,018	4,065	3,478	3,188	3,290
خالص منافع	2,372*	3,650	3,033	2,592	2,312	2,063
پراپرٹی، پلانٹ اور آلات	12,232	12,800	13,294	13,688	14,213	14,802
طویل مدتی ایکویٹی سرمایہ کاری	785	738	631	-	-	-
نیٹ مالیت	15,932	14,808	12,047	10,396	9,216	7,872
طویل مدتی فنانسنگ	-	788	2,975	4,761	6,499	7,823
مختصر مدت کے قرضوں کے حصول	6,974	5,260	5,449	1,928	1,267	866
فی شیئر آمدنی - (روپوں میں)	6.14	9.44	7.85	6.71	5.98	5.34
ترسیل کا یول - (فیصدی میں)	25.80%	40.19%	61.92%	32.30%	58.79%	50.85%
دستیاب صلاحیت - GWHs	1,786	1,782	1,784	1,786	1,675	1,652

\* طویل مدتی قرض مارچ 2020ء میں پوری طرح ادا کیا گیا تھا۔

## مسکلم:

زیر جائزہ سال کے دوران مجموعی مسکلم خالص منافع 2,368 ملین روپے رہا جس کے نتیجے میں فی شیئر آمدن 6.12 روپے رہی (جب کہ سال 2019ء میں یہی خالص منافع 3,646 ملین روپے تھا اور فی شیئر آمدن 9.44 روپے تھی)۔ ایکویٹی میں تبدیلیوں کے استحکام کے بیان میں، ریزرو میں نقل و حرکت اور تخصیصات کا انکشاف کیا گیا ہے۔

## زیر التواء مسائل:

سوئی ناردرن گیس پائپ لائنز لمیٹڈ (SNGPL) کے خلاف مقدمہ میں، کمپنی کے حق میں 270.66 ملین روپے (جس میں 239.68 ملین روپے کی متنازع رقم اور 30.98 ملین روپے کے متعلقہ اخراجات شامل ہیں) کے ثالثی ایوارڈ کے بعد، کمپنی نے ثالثی ایوارڈ کے عوض قابل نفاذ حکم نامہ کے حصول کے لئے سول کورٹ لاہور میں ایک درخواست بھی درج کی ہے۔ SNGPL نے اس ایوارڈ کو سول کورٹ اور لاہور ہائی کورٹ دونوں میں چیلنج کیا۔ لاہور ہائی کورٹ نے SNGPL کی جانب سے دائر درخواست کو مسترد کر

## اہم معلومات / مجموعی صورتحال:

12 اگست، 2020 کو مفاہمت نامہ پر دستخط کرنے کے نتیجے میں، CPPA-G اور "پرائیویٹ پاور انفراسٹرکچر بورڈ (PPIB)" کے ساتھ 11 فروری 2021 کو سال کے اختتام پر مندرجہ ذیل معاہدوں پر دستخط ہوئے:

■ عمل درآمد کے معاہدے میں ترمیم کا معاہدہ

■ گارنٹی میں ترمیم کا معاہدہ

■ پی پی اے نوویشن معاہدہ

■ ماسٹر معاہدہ

■ پی پی اے ترمیم

حصص یافتگان کے جائزے کے لیے تفصیلات، مالی بیانات میں نوٹ نمبر 16 میں مناسب طریقے سے بیان کئے گئے ہیں۔

## مالیاتی کارکردگی

### غیر متقابل:

آپ کی کمپنی نے 2,372 ملین روپے کا خالص منافع کمایا ہے، جس کے نتیجے میں فی شیئر کمائی (EPS) 6.14 روپے رہی اس کے مقابلے میں سال 2019ء میں خالص منافع 3,650 ملین روپے تھا اور فی شیئر کمائی (EPS) 9.44 روپے تھی۔  
چھپے چھ سالوں کے اہم مالیاتی اور آپریٹنگ اعداد و شمار اس طرح ہیں:

## حصص کنندگان کے لیے بورڈ آف ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز (BOD) کو "سیف پاور لمیٹڈ (کمپنی)" کی، 31 دسمبر 2020ء کو ختم ہونے والے سال کی سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس ہو رہی ہے، اس رپورٹ کے ساتھ محاسبہ شدہ مالی بیانات بھی ہیں۔

### کمپنی کے بارے میں:

آپ کی کمپنی بجلی پیدا کرنے والا ایک خود مختار (IPP) ادارہ ہے اور اس کا بجلی گھر قادر آباد، ساہیوال میں ہے۔ کمپلیکس - کمپائمنڈ سائیکل تھرمل پاور پلانٹ دو ایندھن کی مدد سے بجلی پیدا کرنے والا ایک ایسا اسٹیشن ہے جہاں پر انٹری ایندھن، "قدرتی گیس" ہے اور بیک اپ ایندھن، "ہائی سپیڈ ڈیزل (HSD)" ہے۔ جنرل الیکٹرک فرانس کے دو طرفہ گیس ٹربائن اور ہیمز سوڈن کے ایک سٹیم ٹربائن کے ساتھ پلانٹ کی مجموعی پیداواری صلاحیت 225 میگاواٹ ہے۔ "6FA.03" بیوی ڈیوٹی گیس ٹربائن اپنی درجہ بندی کی صلاحیت میں ایندھن کے لحاظ سے شاید دنیا میں سب سے موثر ہیں اور مجموعی صلاحیت کے لحاظ سے ہماری یہ مشترکہ آگے بڑھنے کی کارکردگی پاکستان میں سب سے بہتر ہے۔

### بنیادی سرگرمی:

کمپنی کی بنیادی سرگرمی ایک "کمپائمنڈ سائیکل پاور پلانٹ" کی ملکیت ہے جسے آپریٹ کرنا اور قابل عمل رکھنا ہے، نیز بجلی پیدا کرنے کا کاروبار کرنا اور "سینٹرل پاور پراجیکٹ ایجنسی گارنٹی لمیٹڈ (CPPA-G)" کو بجلی فروخت کرنا ہے۔ کمپنی نے 11 فروری 2021ء کو اپنے نفاذ کے معاہدے میں ترمیم کی ہے جس کے تحت "نیشنل ٹرانسمیشن اینڈ ڈسٹری بیوٹن کمپنی (NTDC)" کو CPPA-G کے ساتھ پاور خریدار کے طور پر تبدیل کر دیا گیا ہے۔ کمپنی "پاکستان اسٹاک ایکسچینج لمیٹڈ" میں درج ہے۔

### کارکردگی:

وبائی امراض پھیلنے کے باوجود، آپ کی کمپنی بہترین اعتبار، فراہمی اور آپریشنل کارکردگی کو یقینی بنانے کے لئے بہترین طریقوں پر عمل پیرا ہے۔ اس سال کے دوران، اعتماد کا عنصر 98.45 فیصد رہا جو کہ سال 2019ء میں اس کے مقابلے میں 97.05 فیصد تھا، فراہمی کا عنصر 93.60 فیصد رہا جو کہ سال 2019ء میں 92.36 فیصد تھا۔ بجلی خریدار سے ترسیل کی ضرورت کے مطابق لوڈ کا عنصر 27.51 فیصد رہا جو کہ سال 2019ء میں 43.21 فیصد تھا۔ وبائی مرض کے پھیلاؤ نے ملک میں معاشی سرگرمیوں کو متاثر کیا، جس کے نتیجے میں بجلی کی طلب مجموعی طور پر کم رہی۔

# Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

## Saif 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 as per the following:

a	Male:	5
b	Female:	2

2. The composition of board is as follows:

a	Independent Director*	1
b	Other Non-executive Director (including female directors)	7
c	Executive Directors	0
d	Female Directors	2

\* Fractional requirement for independent directors has not been round up to one as the virtue of fraction below 0.5 has been considered as zero. Furthermore, both the independent directors have requisite competencies, skills, knowledge and experience to discharge their duties competently as per laws and regulations; therefore not warrant the appointment of third independent director.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been 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;
7. The meetings of the Board were presided over by the Chairperson and, in her absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. Since five directors had attended training program in preceding years, and two directors; Mr. Javed Saifullah Khan and Mr. Osman Saifullah Khan meet the exemption criteria of minimum of 14 years of education and 15 year of experience on the Board of listed companies, hence are exempt from Directors' training program, the Company did not arrange any training program during the year;
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 (Name of members and Chairman)**

■ Mr. Naved Abid Khan	Chairman
■ Mr. Osman Saifullah Khan	Member
■ Mr. Rana Muhammad Shafi	Member

**b) HR and Remuneration Committee (Name of members and Chairman)**

■ Mr. Naved Abid Khan	Chairman
■ Mrs. Hoor Yousafzai	Member
■ Mr. Assad Saifullah Khan	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 -Quarterly  
b) HR and Remuneration Committee -On required basis

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 other requirements of the regulations 3,6,7,8,27,32,33 and 36 of the Regulations have been complied with.



**Sohail H. Hydari**  
Chief Executive Officer

Islamabad  
March 29, 2021



**Hoor Yousafzai**  
Chairperson



# INDEPENDENT AUDITORS' REVIEW REPORT

## To the members of Saif Power Limited

### Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

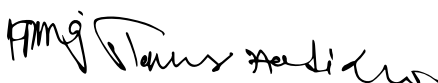
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Saif Power Limited for the year ended 31 December 2020 in accordance with the requirements of regulation 36 of the Regulations.

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.



**KPMG Taseer Hadi & Co.**

Chartered Accountants

Islamabad  
March 29, 2021

# INDEPENDENT AUDITORS' REPORT

## To the Members of Saif Power Limited

### Report on the audit of the Financial Statements

#### Opinion

We have audited the annexed financial statements of Saif Power Limited, which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of the profit or loss and other comprehensive income or loss, 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 Auditors' 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.

#### Key Audit Matters

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

Following are the Key audit matters.

Sr No.	Key audit matters	How the matter was addressed in our audit
1.	<p><b>Settlement of trade debts and changes in contractual rights and obligations of the Company.</b></p> <p><i>(Refer to note 16.1, 16.2, 16.3 and 16.4 to the financial statements)</i></p> <p>Trade debts include an overdue amount of Rs 9.59 billion, receivable from National Transmission and Despatch Company (NTDC). The Company considers this amount to be fully recoverable as this is secured by guarantee issued by the Government of Pakistan (GoP) under the Implementation Agreement (IA). Further, the Company has adjusted certain trade debts against payables.</p>	<p>Our audit procedures in relation to the matter, amongst others, included:</p> <ul style="list-style-type: none"> <li>Reviewed the PPA Amendment and Master Agreement;</li> <li>Reviewed assessment of impact prepared by the Company with respect to the PPA Amendment and the Master Agreement;</li> <li>Held discussions at appropriate level of management and Audit Committee to obtain their views on the impact of the PPA Amendment and the Master Agreement;</li> </ul>

Sr No.	Key audit matters	How the matter was addressed in our audit
	<p>Furthermore, pursuant to execution of Memorandum of Understanding (MOU) with Committee for Negotiations constituted by the Federal Government, the Company has signed a PPA Amendment and a Master Agreement on 11 February, 2021 for settlement of overdue trade debts and certain other changes in contractual rights and obligations of the Company under the existing agreements signed with the Government of Pakistan and National Transmission and Despatch Company (NTDC).</p> <p>We considered this as key audit matter due to significance of the amounts involved and related management's judgements.</p>	<ul style="list-style-type: none"> <li>Assessed financial impact, if any, of PPA amendment and the Master Agreement on the amounts reported in the financial statements;</li> <li>With respect to disputed trade debt in note 16.3, (a) Obtained confirmation from the Company's external legal advisor and reviewed the related arbitration orders; (b) Evaluated technical ability of the external legal advisors used by the Company; (c) Assessed the matter under applicable accounting framework; and</li> <li>Reviewed disclosures made in the financial statements related to the matter.</li> </ul>
2.	<p><b>Recognition of Revenue</b></p> <p><i>(Refer to note 3 and 21 to the financial statements)</i></p> <p>The Company is engaged in sale of electricity to National Transmission and Dispatch Company (NTDC).</p> <p>The Company recognized gross revenue during the year from Capacity Purchase Price (CPP) and Energy Purchase Price (EPP) amounting to Rs. 10.205 billion and Rs. 6.188 billion respectively.</p> <p>We considered this as key audit matter due to the significance of the amounts requiring significant time and resource due to magnitude and revenue being a key economic indicator of the Company.</p>	<p>Our audit procedures in relation to the matter, amongst others, included:</p> <ul style="list-style-type: none"> <li>Tested the design and , implementation of the relevant key internal controls which govern revenue recognition from the sale of electricity;</li> <li>Assessed whether appropriate revenue recognition policies are applied in accordance with applicable accounting and reporting framework;</li> <li>Analyzed Power Purchase Agreement (PPA) to evaluate whether revenue was recognized in accordance with the terms of PPA;</li> <li>Performed substantive test of details on sale transactions by inspecting the underlying documentation;</li> <li>Performed recalculation of EPP revenue based on electricity produced and CPP revenue based on capacity available; and</li> <li>Reviewed related disclosures made in the financial statements regarding the matter.</li> </ul>

#### Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 31 December 2020, but does not include the financial statements and our auditors' 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.

### **Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

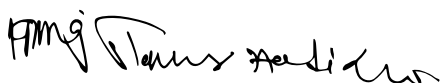
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes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

#### **Report on Other Legal and Regulatory Requirements**

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) 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 auditors' report is Inam Ullah Kakra.



**KPMG Taseer Hadi & Co.**

Chartered Accountants

Islamabad

March 29, 2021

# STATEMENT OF FINANCIAL POSITION

As at December 31, 2020

	Note	2020 Rupees	2019
<b>Share capital and reserves</b>			
Share capital	4	3,864,717,790	3,864,717,790
Unappropriated profit - revenue reserve		12,067,738,798	10,943,280,351
<b>Total equity</b>		<b>15,932,456,588</b>	<b>14,807,998,141</b>
<b>Liabilities</b>			
Long term financing	5	-	-
Subordinated loan	6	554,615,715	714,425,109
Lease liabilities	7	42,511,916	44,006,839
<b>Non-current liabilities</b>		<b>597,127,631</b>	<b>758,431,948</b>
Trade and other payables	8	851,121,908	2,026,701,229
Short term borrowings	9	6,973,705,255	5,260,383,317
Current portion of non-current liabilities	10	430,320,820	1,155,704,363
Markup accrued	11	621,543,627	695,660,585
Unclaimed dividend		12,942,851	15,465,337
Current liabilities		8,889,634,461	9,153,914,831
<b>Total liabilities</b>		<b>9,486,762,092</b>	<b>9,912,346,779</b>
<b>Total equity and liabilities</b>		<b>25,419,218,680</b>	<b>24,720,344,920</b>
<b>Contingencies and commitments</b>			
<b>Assets</b>			
Property, plant and equipment	13	12,232,028,625	12,799,939,113
Right of use assets	14	54,863,722	52,997,400
Investment in subsidiary	15	784,774,230	738,404,190
Long term deposits		2,904,800	4,372,660
<b>Non-current assets</b>		<b>13,074,571,377</b>	<b>13,595,713,363</b>
Advance income tax		6,305,746	14,602,800
Stock in trade - HSD		169,300,404	133,035,854
Trade debts	16	11,363,291,153	9,650,652,780
Other receivables	17	614,823,548	1,164,439,454
Advances	18	105,740,465	98,224,239
Trade deposits and short term prepayments	19	71,688,212	63,005,356
Bank balances	20	13,497,775	671,074
<b>Current assets</b>		<b>12,344,647,303</b>	<b>11,124,631,557</b>
<b>Total assets</b>		<b>25,419,218,680</b>	<b>24,720,344,920</b>

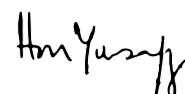
The annexed notes 1 to 35 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Director

# STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2020

	Note	2020 Rupees	2019
Turnover - net	21	8,925,175,185	14,910,380,876
Cost of sales	22	(5,595,213,831)	(9,892,199,117)
<b>Gross profit</b>		<b>3,329,961,354</b>	5,018,181,759
Other income	23	1,518,154	2,120,857
Administrative expenses	24	(161,294,677)	(161,469,016)
Finance cost	25	(798,683,562)	(1,208,886,692)
<b>Profit for the year</b>		<b>2,371,501,269</b>	3,649,946,908
Earnings per share - basic and diluted	26	6.14	9.44

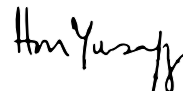
The annexed notes 1 to 35 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Director

# STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2020

	Note	2020 Rupees	2019
<b>Profit for the year</b>		<b>2,371,501,269</b>	3,649,946,908
<b>Other comprehensive income for the year</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement of defined benefit liability	8.2.1 & 8.2.2	<b>8,985,460</b>	(289,078)
<b>Total comprehensive income for the year</b>		<b><u>2,380,486,729</u></b>	<u>3,649,657,830</u>

The annexed notes 1 to 35 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Director



# STATEMENT OF CASH FLOWS

For the year ended December 31, 2020

	Note	2020 Rupees	2019
<b>Cash flows from operating activities</b>			
Profit for the year		2,371,501,269	3,649,946,908
<b>Adjustments for:</b>			
Provision for staff retirement benefits - gratuity	8.2.2	9,378,998	8,986,020
Depreciation and impairment loss - Property, plant and equipment	13.1	609,734,660	1,432,017,045
Depreciation - Right of use assets	14	12,866,569	10,267,521
Finance cost	25	798,683,562	1,208,886,692
Gain on disposal of property, plant and equipment	23	(1,083,579)	(426,062)
Insurance claim	23	(94,500)	(820,647,372)
Profit on deposit accounts	23	(76,175)	(1,076,273)
Return on investments	23	-	(337,739)
		<b>3,800,910,804</b>	<b>5,487,616,740</b>
<b>Changes in:</b>			
Stock in trade		(36,264,550)	1,074,282
Trade debts		(1,712,638,373)	(1,234,922,596)
Other receivable		549,615,906	119,316,676
Advances		(7,516,226)	(97,305,122)
Trade deposits and prepayments		(8,682,856)	(12,777,524)
Trade and other payables		(1,166,697,764)	157,720,958
Cash generated from operating activities		<b>1,418,726,941</b>	<b>4,420,723,414</b>
Income taxes refunded /(paid)		8,297,054	(622,563)
Finance cost paid		(872,800,520)	(1,063,652,862)
Staff retirement benefits paid	8.2.2	(9,275,095)	(16,314,930)
<b>Net cash generated from operating activities</b>		<b>544,948,380</b>	<b>3,340,133,059</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	13	(701,057)	(609,330)
Acquisition of right of use assets		(966,552)	(540,809)
Decrease/ (increase) in long term deposits		1,467,860	(1,040,850)
Proceeds from sale of property, plant and equipment		2,556,950	1,067,747
Investment in subsidiary	15	(46,370,040)	(107,404,190)
Insurance claim received		94,500	34,894,000
Profit on deposit accounts	23	76,175	1,076,273
Return on investments - receipt	23	-	337,739
<b>Net cash used in investing activities</b>		<b>(43,842,164)</b>	<b>(72,219,420)</b>
<b>Cash flows from financing activities</b>			
Repayment of long term financing		(932,035,126)	(2,186,800,525)
Dividend paid		(1,258,550,768)	(883,610,580)
Short term borrowings - net		1,713,321,938	(188,170,677)
Lease liabilities paid		(11,015,559)	(8,956,025)
<b>Net cash used in financing activities</b>		<b>(488,279,515)</b>	<b>(3,267,537,807)</b>
<b>Net increase in cash and cash equivalents</b>		<b>12,826,701</b>	<b>375,832</b>
<b>Cash and cash equivalents at January 01</b>		<b>671,074</b>	<b>295,242</b>
<b>Cash and cash equivalents at December 31</b>	20	<b>13,497,775</b>	<b>671,074</b>

The annexed notes 1 to 35 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Director

# STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2020

	Share capital	Unappropriated profit - revenue reserve	Total equity
	Rupees		
<b>Balance as at January 1, 2019</b>	3,864,717,790	8,182,507,613	12,047,225,403
Profit for the year	-	3,649,946,908	3,649,946,908
Other comprehensive loss for the year	-	(289,078)	(289,078)
<b>Total comprehensive income for the year</b>	-	3,649,657,830	3,649,657,830
<b>Transaction with owners of the Company</b>			
<b>Distributions</b>			
Final dividend - 2018@ Rs. 1.30 per share	-	(502,413,313)	(502,413,313)
First interim dividend - 2019 @ Rs. 1 per share	-	(386,471,779)	(386,471,779)
<b>Total distributions</b>	-	(888,885,092)	(888,885,092)
<b>Balance as at December 31, 2019</b>	3,864,717,790	10,943,280,351	14,807,998,141
<b>Balance as at January 1, 2020</b>	3,864,717,790	10,943,280,351	14,807,998,141
Profit for the year	-	2,371,501,269	2,371,501,269
Other comprehensive income for the year	-	8,985,460	8,985,460
<b>Total comprehensive income for the year</b>	-	2,380,486,729	2,380,486,729
<b>Transaction with owners of the Company</b>			
<b>Distributions</b>			
Final dividend 2019@ Rs. 2 per share	-	(772,938,558)	(772,938,558)
First interim dividend 2020@ Rs. 1.25 per share	-	(483,089,724)	(483,089,724)
<b>Total distributions</b>	-	(1,256,028,282)	(1,256,028,282)
<b>Balance as at December 31, 2020</b>	3,864,717,790	12,067,738,798	15,932,456,588

The annexed notes 1 to 35 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Director

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

## 1 Reporting entity

Saif Power Limited ("the Company") was incorporated in Pakistan on November 11, 2004 as a public limited company under the repealed Companies Ordinance, 1984 (which has now been replaced by the Companies Act, 2017) and commenced operations from April 30, 2010. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The principal activities of the Company are to own, operate and maintain a combined cycle power plant having nameplate capacity of 225 MW (ISO) and sell the electricity to Central Power Purchasing Agency Guarantee Limited (CPPA-G). The Company has amended its Implementation Agreement on February 11, 2021 whereby National Transmission and Despatch Company (NTDC) has been replaced with CPPA-G as Power Purchaser. As at the reporting date, the Company was a subsidiary of Saif Holdings Limited ("the Holding Company") with shareholding of 51.04% (2019: 51.04%) ordinary shares. Subsequent to reporting date, the Holding Company has distributed 62,250,860 shares held in the Company, as dividend in kind to its shareholders, after which Saif Holdings Limited holds 34.94% shares of the Company.

Geographical locations of the Company's business units are as follows:

- The registered office of the Company is situated at 1st Floor, Kashmir Commercial Complex Fazal-e-Haq Road, Block E, Blue Area, Islamabad; and
- Plant of the Company is situated at Chak 56/5L, Qadarabad Multan Road, District Sahiwal, Punjab, Pakistan.

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) 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 IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### 2.2 Basis of measurement and preparation

These financial statements have been prepared under the historical cost convention except for staff retirement benefits, which have been measured at values determined through actuarial valuation.

### 2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee (Rupees), which is the Company's functional currency. All financial information presented in Rupees has been rounded off to the nearest of Rupees, unless otherwise indicated.

### 2.4 Use of judgments and estimates

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods. Judgments and estimates made by management in the application of accounting and reporting standards as applicable in Pakistan that may have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next years are discussed in the ensuing paragraphs:

## **(a) Property, plant and equipment**

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

## **(b) Impairment of financial assets**

In making an estimate of the recoverable amount of the Company's financial assets, the management considers estimated cash flows and their terminal value for impairment testing.

## **(c) Impairment of non-financial assets**

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated using the criteria given in respective accounting standards to determine the extent of impairment loss, if any.

## **(d) Taxation**

The Company takes into account the current income tax law and decisions taken by the tax authorities. Instances where the Company's views differ from the views taken by the income tax department at the assessment stage and where the Company considers that its views on items of material nature are in accordance with law, the amounts are shown as contingent liabilities.

## **(e) Employee benefits**

Gratuity is provided for permanent employees of the Company for which liability is recognised in the Company's financial statements. The calculation of defined benefit liability requires assumptions to be made of future outcomes, the principal ones being in respect of expected salary growth, expected mortality of active members and the discount rate used to convert future cash flows to current values. Calculations are sensitive to the changes in assumptions used.

## **(f) Provision for inventory obsolescence and doubtful receivables**

The Company reviews the carrying amount of stores and spares and stock in trade on regular basis and provision is made for obsolescence, if there is any change in usage pattern and physical form of related stores and spares and stock in trade. Further the carrying amounts of trade and other receivables are assessed on regular basis and if there is any doubt about the realisability of these receivables, appropriate amount is provided for.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

## (g) Provisions and contingencies

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost, if any.

Where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability, it is disclosed as contingent liability.

## (h) Lease term

The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that includes renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

## (i) Other

Pursuant to decisions of the Supreme Court of Pakistan related to discretionary beneficial ownership in an overseas trusts on a prudent basis and in good faith transactions with "Orastar" have been disclosed in note 29 irrespective of the absence of significant influence and the fact that the companies are not associated under the Companies Act, 2017.

## 2.5 Exemptions from applicability of accounting and reporting requirements

### 2.5.1 IFRS 9 "Financial Instruments"

SECP through S.R.O 985 (I)/2019 dated 02 September 2019 has notified that in respect of companies holding financial assets due from the Government of Pakistan (GoP), the requirements contained in IFRS 9 with respect to application of expected credit loss (ECL) model shall not be applicable till 30 June 2021, provided that such companies shall follow relevant requirements of IAS 39 'Financial Instruments Recognition and measurement' in respect of above referred financial assets during the exemption period. SECP has also clarified to certain companies that financial assets due from GoP include those that are directly due from GoP and that are ultimately due from GoP in consequence of circular debt. IFRS 9 introduces the ECL model, which replaces the incurred loss model of IAS 39 whereby an allowance for doubtful debt was required only in circumstances where a loss event has occurred. By contrast, the ECL model requires the Company to recognize an allowance for doubtful debt on all financial assets measured at amortised cost, irrespective of whether a loss event has occurred. In accordance with the exemption granted by SECP, ECL has not been assessed in respect of financial assets due directly / ultimately from GoP i.e. trade debts and other receivables from NTDC. Impact of ECL on financial assets not covered under exemption was not material and accordingly has not been included in these financial statements.

### 2.5.2 IFRS 16 "Leases"

Control of the Company's plant due to purchase of total output by NTDC and other arrangement under the Power Purchase Agreement (PPA) was classified as a lease under IFRIC 4 "Determining whether an Arrangement Contains a Lease" which due to exemption available to the Company were not accounted for as a lease in prior years. After applicability of IFRS-16, the Company's arrangement with NTDC falls

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

under the definition of a lease as defined in IFRS-16, however, the SECP through S.R.O 986(1)/2019 dated September 2, 2019 has extended the earlier exemption from IFRIC-4 to all companies, which have entered into power purchase arrangements before January 01, 2019. The Company signed its PPA with NTDC on April 30, 2007, accordingly, requirement of lease accounting relating to the Company's arrangement with NTDC are not applicable to the Company. Had IFRS-16 been applied on transactions with Power Purchaser, impact of financial statements would have been as follows:

	2020	2019
	Rupees	
Decrease in unappropriated profit at January 01	<b>(3,078,190,458)</b>	(2,537,257,125)
Decrease in profit for the year	<b>(630,116,231)</b>	(540,933,333)
Decrease in unappropriated profit at December 31	<b>(3,708,306,689)</b>	(3,078,190,458)

As explained in note 16.1, subsequent to the reporting date, the Company has signed a master agreement with the power purchaser pursuant to which the Company shall convert its PPA to take and pay basis, without exclusivity, when competitive trading arrangement is implemented and becomes fully operational. Accordingly, the Company will reassess whether the revised arrangement contains a lease.

## 3 SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Property, plant and equipment

#### Owned

These are stated at cost less accumulated depreciation and impairment loss, if any, except for freehold land, stores held for capitalisation and capital work in progress which are stated at cost less impairment loss, if any. Cost comprises purchase price, including import duties, non-recourse purchase taxes and other related costs of bringing the asset to its present working condition and location for intended use. Exchange gains or losses on long term foreign currency loans utilised for acquisition of assets are added to / deducted from cost of respective asset in accordance with note 3.7.

Depreciation is charged to profit or loss on straight line method at the rates given in note 13, after taking into account their respective residual values if any, so as to write off the depreciable amount over their estimated useful lives whereby depreciable amount adjusted for above exchange rate movements of an asset is written off over its remaining estimated useful life. Depreciation is charged from the month asset is available for use whereas no depreciation is charged in the month in which the asset is disposed off.

Normal repairs and maintenance are charged to profit or loss as and when incurred whereas major improvements and modifications are capitalised. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment disposed off, and are recognised net within "other income" in profit or loss.

### 3.2 Staff retirement benefits - Defined benefit plan

The Company operates a funded gratuity scheme covering all permanent employees completing the minimum qualifying period of service, for which liability is recognised in the Company's financial statements. The assets of the fund plan are held independently in a separate fund. Provision for gratuity

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

is made to cover obligations under the scheme in accordance with actuarial recommendations. The latest actuarial valuation was carried out by the Company as at December 31, 2020. The details of actuarial valuation are given in note 8.2 to these financial statements. The actuarial gains and losses are recognised in other comprehensive income in the year in which they arise.

## 3.3 Taxation

### (a) Current

The profits and gains of the Company derived from electric power generation are exempt from tax subject to the conditions and limitations provided for in terms of clause (132) of Part I of the Second Schedule to the Income Tax Ordinance, 2001. Further, the Company is also exempt from minimum tax on turnover under clause (11 A) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

### (b) Deferred

Deferred tax has not been provided in these financial statements as the profits and gains of the Company derived from electric power generation are exempt from tax subject to the conditions and limitations provided for in terms of clause (132) of Part I of the Second Schedule to the Income Tax Ordinance, 2001.

## 3.4 Borrowing costs

Borrowing costs on loans which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Borrowing cost includes exchange differences arising from foreign currency borrowings to the extent that these are regarded as adjustment to borrowing cost. All other borrowing costs are charged to profit or loss.

## 3.5 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle such obligations and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimate.

## 3.6 Stock in trade

These are valued at lower of cost and net realisable value. Cost is determined using weighted average cost method. Cost of inventory comprises of the purchase price and other direct costs incurred in bringing the inventory items to their present location and condition. Net realisable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale.

## 3.7 Foreign currency transactions and translations

Foreign currency transactions are recorded in PKR at the rate of exchange prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevalent on the reporting date. Non monetary assets that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions. Exchange differences are accounted for as follows:



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

- (i) Exchange differences related to foreign currency loans obtained for financing of the plant and machinery are capitalised and depreciated over the remaining useful life of the related assets in accordance with SRO 24(1)/2012 of SECP.
- (ii) All other exchange differences are charged to profit or loss on net basis.

## 3.8 Financial Instruments - Initial recognition and subsequent measurement

### Initial Recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortised cost as the case may be.

### Classification of financial assets

The Company classifies its financial instruments in the following categories:

- at fair value through profit or loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortised cost.

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

### Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"), or
- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

## Subsequent measurement

### i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income / (loss).

### ii) Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

### iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss in the period in which they arise.

Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk are recognized in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.

## Derecognition

### i) Financial assets

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in the statement of profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is reclassified to the statement of profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity.

### ii) Financial liabilities

The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss.

## Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

## 3.9 Impairment of financial asset

"The Company recognises loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortised cost and FVTOCI at an amount equal to lifetime ECLs except for the financial assets in which there is no significant increase in credit risk since initial recognition or financial assets which are determined to have low credit risk at the reporting date, in which case 12 months' ECL is recorded.

For trade debts the Company applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected allowance. The Company uses General 3-stage approach for deposits, other receivables, advances and bank balances i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instruments has not increased significantly since initial recognition.

The following were either determined to have low or there was no increase in credit risk since initial recognition as at the reporting date:

- Long term deposits;
- Other receivables;
- Advances to employees;
- Security Deposits; and
- Bank balances.

Life time ECLs are the ECLs that results from all possible default events over the expected life of a financial instrument. 12 months ECLs are portion of ECL that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Company expects to receive).

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

The Company uses simplified approach for expected credit loss of trade debts.

## 3.10 Finance income and finance cost

Finance income comprises profit on deposit accounts and profit on short term investment. Profit on deposit accounts is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return. Income on term deposit receipts is recognised on time proportion basis taking into account the effective yield of such securities.

Finance cost comprises interest expense on borrowings, interest on finance lease liabilities, bank charges, exchange loss - net and other charges on borrowings. Mark-up and other charges on borrowings other than expense incurred on qualifying assets are charged to profit or loss in the period in which they are incurred.

## 3.11 Impairment of non-financial assets

The carrying amounts of non-financial assets other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## 3.12 Provision for Workers' Profit Participation Fund

The Company does not account for Provision for Workers Profit Participation Fund (WPPF) in its profit or loss as they are pass through items to NTDC under the PPA. In case the liability arises, it is recovered from NTDC.

## 3.13 Dividend

Dividend to the shareholders is recognised as liability in the period in which it is declared.

## 3.14 Forthcoming changes in approved accounting and reporting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after January 1, 2021:

- ◆ COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after June 1, 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:
  - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

- any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
- there is no substantive change to the other terms and conditions of the lease.
- ◆ Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after January 1 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an ‘economically equivalent’ basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.
- ◆ Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after January 1, 2022 amends IAS 1 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) effective for the annual period beginning on or after January 1, 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. 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.
- ◆ Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.
- ◆ Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) - In response to concerns regarding temporary accounting mismatches and volatility, and increased costs and complexity, the Board issued amendments to IFRS 4 Insurance Contracts in 2017. The two optional solutions raised some considerations which required detailed analysis and management judgement. On the issue of IFRS

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

17 (Revised) Insurance Contracts in June 2020, the end date for applying the two options under the IFRS 4 amendments was extended to January 1, 2023, aligned with the effective date of IFRS 17.

- ◆ Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after January 1, 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.
- ◆ Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

- ◆ **Annual Improvements to IFRS standards 2018-2020:**

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

- IFRS 9 – 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 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 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.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The above amendments are not likely to have an impact on the Company's financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

		2020	2019
		Rupees	

## 4 SHARE CAPITAL

### 4.1 Authorised share capital

405,000,000 (2019: 405,000,000) ordinary shares of Rs.10 each	4,050,000,000	4,050,000,000
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### 4.2 Issued, subscribed and paid-up capital

386,471,779 (2019: 386,471,779) ordinary shares of Rs.10 each fully paid in cash	3,864,717,790	3,864,717,790
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**4.3** Saif Holdings Limited ("the Holding Company") holds 197,272,619 i.e. 51.04% shares (2019: 197,272,619 i.e. 51.04%) ordinary shares of Rs.10 each at the reporting date. Further, 12,552 (2019: 16,002) and 100 (2019: 100) ordinary shares of Rs. 10 each are held by directors and a related party respectively. Orastar Limited held 66,022,504 (2019: 66,022,504) ordinary shares of the Company.

Subsequent to the reporting date, the Holding Company has distributed 62,250,860 shares held in the Company, as dividend in kind to its shareholders, after which Saif Holdings Limited holds 34.94% shares of the Company.

		2020	2019
		Rupees	
<b>5 LONG TERM FINANCING</b>	<b>Note</b>		
<b>Loan from banking companies and financial institutions</b>			
Syndicate term finance facilities	5.1	-	788,379,612
Current portion of long term financing	10	-	(788,379,612)
		-	-
<b>5.1 Breakup of syndicate term finance facilities is as follows:</b>			
Syndicate term finance facility under SFA	5.1.1	-	653,303,900
Syndicate term finance facility under TFFA	5.1.2	-	135,075,712
		-	788,379,612

#### 5.1.1 Syndicate term finance facility under Senior Facility Agreement ("SFA")

National Bank of Pakistan	-	126,059,185
Habib Bank Limited	-	126,059,185
United Bank Limited	-	238,440,900
Allied Bank Limited	-	60,508,408
Faysal Bank Limited	-	25,211,835
Askari Bank Limited	-	25,212,635
Bank of Punjab	-	25,211,835
Pak Oman Investment Company Limited	-	15,127,101
Saudi Pak Industrial & Agricultural Investment Company Limited	-	11,472,816
	-	653,303,900

This represented syndicate senior facility of Rs. 10,727.53 million obtained from a consortium of seven banks and two Development Finance Institutions (DFIs) led by Habib Bank Limited, the agent bank. The facility carried mark-up at the rate of 3 month's KIBOR plus 3% per annum with no floor or cap and was payable in quarterly installments in a period of ten years, starting from June 30, 2010. The Company has paid last installment of this facility on March 31, 2020.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

## 5.1.2 Syndicate term finance facility under Term Finance Facility Agreement ("TFFA")

	2020	2019
	Rupees	
National Bank of Pakistan	-	26,046,416
Habib Bank Limited	-	26,046,416
United Bank Limited	-	49,351,750
Allied Bank Limited	-	12,502,279
Faysal Bank Limited	-	5,209,282
Askari Bank Limited	-	5,209,282
Saudi Pak Industrial & Agricultural Investment Company Limited	-	2,375,433
Pak Brunei Investment Company Limited	-	8,334,854
	-	135,075,712

This represented syndicate term finance facility of Rs. 2,180 million obtained from a consortium of six banks and two DFIs led by Habib Bank Limited, the agent bank. The facility carried mark-up at the rate of 3 month's KIBOR plus 3% per annum with no floor or cap and payable in quarterly installments in a period of ten years, starting from June 30, 2010. The Company has paid last installment of this facility on March 31, 2020.

		2020	2019
	Note	Rupees	
<b>6 SUBORDINATED LOAN - UNSECURED</b>			
Balance at January 01		1,071,637,650	959,541,656
Exchange loss capitalised	6.1	42,596,486	112,095,994
Repayment during the year		(143,655,514)	-
	6.2	970,578,622	1,071,637,650
Current portion of subordinated loan		(415,962,907)	(357,212,541)
Balance at December 31		554,615,715	714,425,109

**6.1** Exchange loss on subordinated loan has been capitalised in accordance with note 3.7(i).

**6.2** This represents remaining balance of US \$ 6,035,937 (2019: US \$ 6,898,215) from the original foreign currency loan of US \$ 8,946,353 obtained from Orastar Limited, incorporated under the laws of British Virgin Island (BVI). The loan is duly registered with the State Bank of Pakistan (SBP). The loan carries markup at the rate of 3 month's USD LIBOR plus 3% per annum and is payable in quarterly installments in a period of six years starting from January 1, 2019 subject to availability of surplus funds for distribution. As per loan agreement, the Company can also issue shares to Orastar Limited in lieu of repayment on mutually agreed basis.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

	2020	2019
	Rupees	
<b>7 LEASE LIABILITIES</b>		
Lease liabilities	56,869,829	54,119,049
Less: Current portion	(14,357,913)	(10,112,210)
Long term portion	42,511,916	44,006,839

Movement of lease liabilities under IFRS 16 is as follows:

Balance at January 1	54,119,049	51,883,160
Addition during the year	13,766,339	11,191,914
Interest	5,281,361	5,857,956
Payments during the year	(16,296,920)	(14,813,981)
Balance at December 31	56,869,829	54,119,049
Current portion of lease liabilities	(14,357,913)	(10,112,210)
Non-current portion of lease liabilities	42,511,916	44,006,839

Maturity analysis of undiscounted lease payments that will be paid after the reporting date is as follow:

	Note	2020	2019
		Rupees	
Less than one year		21,349,702	15,486,470
One to two years		17,180,271	18,377,242
Two to three years		17,581,804	13,844,328
Three to four years		5,280,130	14,296,757
Four to five years		3,019,054	3,085,813
More than five years		2,483,034	3,099,162
		66,893,995	68,189,772

## 8 TRADE AND OTHER PAYABLES

Creditors		710,174,232	1,574,857,652
Accrued liabilities		15,629,813	31,871,623
Withholding tax payable		3,114,273	2,285,020
WPPF payable	8.1	118,575,063	182,497,345
Payable to staff gratuity fund	8.2	393,541	9,275,098
Support services fee payable to the Holding Company		-	221,525,725
Other payables		3,234,986	4,388,766
		851,121,908	2,026,701,229

### 8.1 Workers' Profit Participation Fund

Balance at January 01		182,497,345	151,654,044
Provision for the year		118,575,063	182,497,345
Payment during the year		(182,497,345)	(151,654,044)
Balance at December 31	8.1.1	118,575,063	182,497,345

**8.1.1** This represent Workers' Profit Participation Fund (WPPF) payable at the rate of 5% of the net profit for the year and is a pass through item under the provisions of Power Purchase Agreement (PPA).

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

		2020	2019
	Note	Rupees	
<b>8.2 Payable to staff gratuity fund</b>			
The amount recognised in the statement of financial position is as follows:			
Present value of defined benefit obligation	8.2.1	87,643,632	80,798,915
Less: Fair value of plan assets	8.2.2	(87,250,091)	(71,523,817)
Net defined benefit liability		393,541	9,275,098
<b>8.2.1</b> The movement in present value of defined benefit obligation is as follows:			
Balance at January 01		80,798,915	64,878,789
<i>Included in profit or loss</i>			
Current service cost		8,857,273	7,905,156
Interest cost		9,036,719	8,549,441
		17,893,992	16,454,597
<i>Included in other comprehensive income</i>			
<i>Remeasurement loss:</i>			
- Actuarial (gain)/ loss		(10,104,219)	174,937
<i>Others</i>			
Benefits paid		(945,056)	(709,408)
<b>Balance at December 31</b>		<b>87,643,632</b>	<b>80,798,915</b>
<b>8.2.2</b> The movement in fair value of plan assets is as follows:			
Balance at January 01		71,523,817	48,563,859
<i>Included in profit or loss</i>			
Interest income		8,514,994	7,468,577
<i>Included in other comprehensive income</i>			
Return on plan assets excluding interest income		(1,118,759)	(114,141)
<i>Others</i>			
Contribution to gratuity fund		9,275,095	16,314,930
Benefits paid		(945,056)	(709,408)
<b>Balance at December 31</b>		<b>87,250,091</b>	<b>71,523,817</b>
<b>Breakup of plan assets is as follows:</b>			
Cash at bank		14,428	22,574
Cash balance		1,957	1,046
Treasury bills		72,208,132	56,456,644
Term finance certificates		15,025,574	15,043,553
		87,250,091	71,523,817
<b>Allocation of gratuity expense is as follows:</b>			
Cost of sales	22.1	5,445,427	5,158,242
Administrative expenses	24.1	3,933,571	3,827,778
		9,378,998	8,986,020

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

Gratuity plan entitles a retired employee to receive gratuity equivalent to last drawn salary into eligible number of years of service. The gratuity plan is administered by a gratuity fund that is legally separated from the Company and is funded by the Company based on actuarial valuation. Employees are not required to contribute to this plan. The latest actuarial valuation was carried out on December 31, 2020 using projected unit credit method. Expected gratuity expense for the next financial year is Rs. 8,278,869. This defined benefit plan exposes the Company to the following actuarial risks:

**(a) Final salary risk**

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

**(b) Demographic risks**

**-Mortality risk**

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

**-Withdrawal risk**

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

**(c) Investment risk**

The risk of the investment underperforming and being not sufficient to meet the liabilities.

Key actuarial assumptions	2020	2019
Discount rate used for interest cost	11.25%	13.25%
Discount rate used for year end obligation	9.75%	11.25%
Future salary growth	8.75%	10.25%
Expected mortality for active members	As per SLIC 2001-2005 setback 1 Year	As per SLIC2001-2005 setback 1 Year
Average expected remaining working life time of employees	5 years	5 years

**Sensitivity analysis**

Reasonably possible changes at the reporting date in one of the relevant actuarial assumptions, holding other assumptions constant, the revised balances of the defined benefit obligations are shown below;

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

	December 31, 2020		December 31, 2019	
	Increase	Decrease	Increase	Decrease
	Rupees			
Discount rate (1% movement)	84,014,411	91,875,854	77,236,007	84,918,454
Future salary growth (1% movement)	91,984,012	83,854,157	85,028,779	77,074,834

		2020	2019
	Note	Rupees	
<b>9 SHORT TERM BORROWINGS</b>			
Short term borrowings from banking companies			
Working capital facilities - secured	9.1	3,893,487,815	2,510,937,336
Short term musharakah facilities - secured	9.2	3,080,217,440	2,749,445,981
		<u>6,973,705,255</u>	<u>5,260,383,317</u>

**9.1** The Company has obtained working capital facilities amounting to Rs. 8.63 billion (2019: Rs. 8.63 billion) from several commercial banks for meeting the working capital requirements, expiring on various dates during 2021. Effective markup rates during the year on these facilities range between 7.85% to 15.05% (2019: 11.05% to 15.36%) per annum with no floor or cap and are payable in arrears on quarterly basis. The facilities are secured by way of mortgage charge on fuel stocks inventory and energy payment receivables up to Rs. 12.24 billion (2019: Rs. 13.24 billion) and subordinated / ranking charge on all present and future fixed assets and properties of the Company for an amount of Rs. 0.92 billion (2019: Rs. 0.99 billion).

**9.2** The Company has obtained short term Islamic finance facilities from Islamic banks subject to a maximum limit of Rs. 4.8 billion (2019: Rs. 4.05 billion). Effective variable markup rate during the year on these facilities ranges between 7.85% to 14.56% (2019: 11.15% to 14.86%) per annum and are secured by pari passu / ranking charge on fuel stock and energy purchase price receivables of the Company up to Rs. 6.36 billion (2019: Rs. 5.36 billion) and subordinated / ranking charge on all present and future fixed assets and properties of the Company up to Rs. 0.72 billion (2019: Rs. 0.65 billion).

## 9.3 Letters of credit / guarantee

Letters of guarantee amounting to Rs. 4.22 billion (2019: Rs. 4.22 billion) are available to the Company. These facilities are secured against the ranking charge over all present and future fixed assets amounting to Rs. 6.58 billion (2019: Rs. 6.58 billion).

		2020	2019
	Note	Rupees	
<b>10 CURRENT PORTION OF NON-CURRENT LIABILITIES</b>			
Current portion of long term financing	5	-	788,379,612
Current portion of subordinated loan	6	415,962,907	357,212,541
Current portion of lease liabilities	7	14,357,913	10,112,210
		<u>430,320,820</u>	<u>1,155,704,363</u>

## 11 MARKUP ACCRUED

Markup on long term financing	-	51,332,385
Markup on short term financing	142,717,536	199,897,090
Markup on sub-ordinated loan	478,826,091	444,431,110
	<u>621,543,627</u>	<u>695,660,585</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

## 12 CONTINGENCIES AND COMMITMENTS

### 12.1 Contingencies:

**12.1.1** In 2014, the tax authorities raised sales tax demand of Rs. 1,498.51 million by partially disallowing input sales tax for the tax periods 2010 to 2013 by apportioning the total claim to energy purchase price and capacity purchase price, the latter being not subject to sales tax. On appeal filed by the Company, the Appellate Tribunal Inland Revenue (ATIR) directed the taxation officer to decide the matter in line with expected judgment of the Honorable High Court in parallel cases. Consequently, at present, the aforesaid tax demand is no more payable. Tax Authorities, against the decision of ATIR, filed reference application under section 47 of the Sales Tax Act, 1990 before the Honorable Islamabad High Court on October 16, 2015. However, in case the matter is eventually resolved against the Company, the tax payment will be claimable under the Power Purchase Agreement. Based on the advice of the Company's tax consultants and decision of the Honorable Lahore High Court in a parallel case, the Company's management believes that the contention of tax department even after filing of reference application does not commensurate with the related statutory provisions and the issue is likely to be decided in favor of the Company.

**12.1.2** For the tax period July 2015 to June 2016, the assessing officer raised sales tax demand of Rs. 10.43 million in the matter of inadmissibility of input tax in relation to financial banking services, security services and business support services procured by the Company. The Company filed an appeal with Commissioner (Appeals), who decided the matter in favor of the Company on account of business support services and remanded the matter to assessing officer on account of security services and financial banking services. The Company filed appeal to the Appellant Tribunal Inland Revenue (ATIR) against the order of Commissioner (Appeals) which is pending adjudication. Maximum amount of contingency as per the Company's records is Rs. 4.92 million.

**12.1.3** In respect of Tax Years 2014 and 2015, the assessing officer amended the Company's assessments and raised tax demand amounting to Rs. 25.15 million and Rs. 9.45 million respectively by subjecting bank profit, return on investments and foreign exchange gain to tax. The Company filed an appeal before Commissioner (Appeals), who confirmed the tax imposed in the earlier order and further ordered to charge tax on interest on delayed payment revenue. Against the order of Commissioner (Appeals) the Company filed an appeal before ATIR which decided the case in favour of the Company on January 24, 2020. However, the tax department has filed a reference application in the Honorable Islamabad High Court against order of ATIR on July 7, 2020.

**12.1.4** For Tax Year 2015, the assessing officer raised demand of Rs. 55.6 million in March 2017 for alleged non-withholding of tax on salaries, payment for goods and service, rent and dividend. The Company filed appeal before Commissioner (Appeals) who remanded the case to the assessing officer who in turn created a demand of Rs. 13.4 million in September 2018. The Company again filed appeal before Commissioner (Appeals) against the appeal effect order on October 16, 2018. Commissioner (Appeals) remanded the case to assessing officer where it is pending for final assessment.

**12.1.5** For Tax Year 2013, the assessing officer raised a demand of Rs. 29.09 million on account of non-payment to Workers' Welfare Fund. The Company filed appeal before Commissioner (Appeals) on July 26, 2019 who decided the matter in favour of the Company on January 15, 2020. The tax authorities have filed an appeal before ATIR against orders of Commissioner (Appeals).

**12.1.6** Sui Northern Gas Pipelines Limited (SNGPL) has claimed an amount of Rs. 100.24 million (2019: Rs. 95.99 million) on account of late payment by the Company against SNGPL's invoices of Regasified Liquefied Natural Gas (RLNG). SNGPL submitted these RLNG invoices to the Company without getting determination of RLNG tariff from Oil and Gas Regulatory Authority (OGRA). The Company has considered such SNGPL invoices to be invalid without OGRA determination. Therefore, no provision for the above mentioned amount has been made in these financial statements.

### 12.2 Commitments:

The Company is committed to pay monthly fee and milestone payments to its O&M contractors as per terms agreed in the Operations & Maintenance (O&M) agreement.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

## 13 PROPERTY, PLANT AND EQUIPMENT

	Rupees									
	Freehold land	Buildings on freehold land	Plant and machinery	Office equipment	Owned assets	Furniture and fixtures	Motorcycle and bicycle	Vehicles	Other assets	Leased assets
					Computer and accessories				Stores held for capitalization	Vehicles
<b>Cost</b>										
Balance at January 1, 2019	43,890,600	2,352,888,758	15,341,157,716	10,983,883	5,552,530	6,870,198	395,645	15,792,932	626,230	17,124,322
Recognition of right-of-use asset on initial application of IFRS 16	-	-	-	-	-	-	-	-	-	-
Adjusted balance at January 1, 2019	43,890,600	2,352,888,758	15,341,157,716	10,983,883	5,552,530	6,870,198	395,645	15,792,932	626,230	17,124,322
Additions	-	-	1,069,563,372	257,630	338,700	13,000	-	-	-	-
Disposal	-	-	-	(47,210)	(90,090)	-	-	(3,152,912)	-	-
Derecognition	-	-	(1,573,800,469)	-	-	-	-	-	-	-
Effect of exchange loss (Refer note 6.1)	-	-	112,095,994	-	-	-	-	-	-	-
Balance at December 31, 2019	43,890,600	2,352,888,758	14,949,016,613	11,194,303	5,801,140	6,883,198	395,645	12,640,020	626,230	17,894,375,088
<b>Balance at January 1, 2020</b>	43,890,600	2,352,888,758	14,949,016,613	11,194,303	5,801,140	6,883,198	395,645	12,640,020	626,230	17,894,375,088
Additions	-	-	-	552,057	149,000	-	-	-	-	-
Disposal	-	-	-	-	(140,330)	-	(68,092)	(9,519,822)	-	-
Effect of exchange loss (Refer note 6.1)	-	-	42,596,486	-	-	-	-	-	-	-
<b>Balance at December 31, 2020</b>	43,890,600	2,352,888,758	14,991,613,099	11,746,360	5,809,810	6,883,198	327,553	3,120,198	626,230	17,927,944,387
<b>DEPRECIATION</b>										
Balance at January 1, 2019	-	-	-	-	-	-	-	-	-	-
Recognition of right-of-use asset on initial application of IFRS 16	-	689,144,884	4,287,689,737	8,481,467	4,666,439	3,442,375	320,236	11,096,558	626,230	6,429,293
Adjusted balance at January 1, 2019	-	-	-	-	-	-	-	-	-	(6,429,293)
Charge for the year	-	689,144,884	4,287,689,737	8,481,467	4,666,439	3,442,375	320,236	11,096,558	626,230	-
On disposals	-	78,351,192	516,598,772	622,651	307,486	448,476	13,896	1,880,474	-	-
On derecognition	-	-	(506,606,371)	(36,108)	(90,090)	-	-	(2,522,329)	-	-
Balance at December 31, 2019	-	767,496,076	4,297,682,138	9,068,010	4,883,835	3,890,851	334,132	10,454,703	626,230	5,094,435,975
<b>Balance at January 1, 2020</b>	-	767,496,076	4,297,682,138	9,068,010	4,883,835	3,890,851	334,132	10,454,703	626,230	5,094,435,975
Charge for the year	-	78,574,720	529,142,612	723,031	749,437	398,913	58,040	87,907	-	-
On disposals	-	-	-	-	(140,330)	-	(68,092)	(8,046,451)	-	-
<b>Balance at December 31, 2020</b>	-	846,070,796	4,826,824,750	9,791,041	5,492,942	4,289,764	324,080	2,496,159	626,230	5,695,915,762
<b>IMPAIRMENT</b>										
Balance at January 1, 2019	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	-	833,794,098	-	-	-	-	-	-	-
On derecognition	-	-	(833,794,098)	-	-	-	-	-	-	-
Balance at December 31, 2019	-	-	-	-	-	-	-	-	-	-
<b>Carrying amounts</b>										
At January 1, 2019	43,890,600	1,663,743,874	11,053,467,979	2,502,416	886,091	3,427,823	75,409	4,696,374	-	10,695,029
At December 31, 2019	43,890,600	1,585,392,682	10,651,334,475	2,126,293	917,305	2,992,347	61,513	2,185,317	-	12,799,939,113
<b>At December 31, 2020</b>	43,890,600	1,506,817,962	10,164,788,349	1,955,319	316,868	2,593,434	3,473	624,039	-	12,233,028,625
<b>Rate of depreciation per annum (%)</b>	-	3.33%	3.33% to 5.19%	10% to 33.33%	33.33%	10%	20%	20%	10%	20%

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

		2020	2019
		Rupees	
<b>13.1 The depreciation charge for the year has been allocated as follows:</b>	<b>Note</b>		
Depreciation - Cost of sales		<b>607,717,332</b>	594,949,964
Impairment loss	13.1.1	-	833,794,098
	22	<b>607,717,332</b>	1,428,744,062
Depreciation - Administrative expenses	24	<b>2,017,328</b>	3,272,983
		<b>609,734,660</b>	1,432,017,045

**13.1.1** This represented impairment loss related to damaged component of the plant.

## 13.2 Particulars of the Company's immovable fixed assets

The Company's immovable fixed assets consist of buildings and civil structure on land measuring 275.35 Kanals, located at Chak 56/5L, Qadarabad Multan Road, District Sahiwal, Punjab.

		2020	2019
		Rupees	
<b>14 RIGHT OF USE ASSETS</b>	<b>Note</b>		
<b>COST</b>			
Balance at January 1		<b>69,694,214</b>	57,961,491
Additions		<b>14,732,891</b>	11,732,723
Balance at December 31		<b>84,427,105</b>	69,694,214
<b>DEPRECIATION</b>			
Balance at January 01		<b>16,696,814</b>	6,429,293
Charge for the year	24	<b>12,866,569</b>	10,267,521
Balance at December 31		<b>29,563,383</b>	16,696,814
<b>Carrying amount</b>		<b>54,863,722</b>	52,997,400
Rate of depreciation per annum (%)		<b>10% to 20%</b>	10% to 20%

## 15 INVESTMENT IN SUBSIDIARY

Shares of Saif Cement Limited	<b>784,774,230</b>	734,904,190
Share deposit money	-	3,500,000
	<b>784,774,230</b>	738,404,190

**15.1** This represents equity investment in Saif Cement Limited ("SCL"). SCL is setting up a cement manufacturing plant in Saidulwali Village, Paharpur, Dera Ismail Khan, Khyber Pakhtunkhwa (KP). The Company, during the year, acquired additional 4,987,004 fully paid ordinary shares of Rs. 10 each and holds 96.37% of the issued share capital of SCL as at December 31, 2020.

The Company intends to participate up to Rupees equivalent of US \$ 20 million in SCL to acquire approximately 221 million ordinary shares (USD/ Rupee parity equal to Rupees 2,210 million which would be adjustable to the foreign exchange rates during the tenure of the project) at par value of Rs. 10 per share, in line with the approval from NEPRA and the Company's shareholders at the extraordinary general meeting held on February 28, 2018. Accordingly, the Company's intended investment will eventually result in approximately 33.33% of equity of SCL instead of currently held 96.37%.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

			2020	2019
16	TRADE DEBTS	Note	Rupees	
	National Transmission and Dispatch Company (NTDC)	16.1	<u>11,363,291,153</u>	<u>9,650,652,780</u>

- 16.1** Trade debts include an overdue amount of Rs 9.59 billion (2019: Rs. 7.67 billion). The Company considers this amount to be fully recoverable because this is secured by way of guarantee issued by the Government of Pakistan (GoP) under the Implementation Agreement (IA). Additionally, trade debts are subject to markup on delayed payments under Power Purchase Agreement (PPA) at the rate of KIBOR + 4.5% per annum except RLNG fuel invoices which are subject to markup of KIBOR + 2% per annum for first 30 days, and after which markup will be KIBOR+4.5% per annum. GoP is committed, hence continuously pursuing for satisfactory settlement of debt issue. As referred in note 2.5.1, SECP has exempted the applicability of expected credit loss allowance on trade debts due directly / ultimately from GoP.

As explained in note 16.4 below, the Company and CPPA have jointly developed revised Tariff (related to ROE and ROEDC) and submitted to NEPRA. After determination of revised Tariff from NEPRA, overdue amount of Rs. 9.507 billion as on November 30, 2020 will be paid in two installments to the Company. The first installment of 40% will be paid immediately after notification of tariff determination by NEPRA and 60% will be paid within six months of the date of first instalment. Each instalment will be paid in three equal parts of cash, PIBs and Sukuks. After payment of the second installment, 'Delayed Payment Rate' will come down to KIBOR+2% per annum for first 60 days and KIBOR+4.5% per annum afterwards except for RLNG fuel invoices, for which the existing mechanism will be followed.

- 16.2** Trade debts include an amount of Rs. 477.56 million (2019: Rs. 477.56 million) relating to capacity purchase price not acknowledged by NTDC as the plant was not fully available for power generation. However, the sole reason of this under-utilization of plant capacity was non-availability of fuel owing to non-payment by NTDC.

The Company along with other IPPs agreed with NTDC to resolve the dispute through dispute resolution mechanism (appointment of expert) under the PPA. In his decision the expert in August 2015 determined that the amount mentioned above is payable to the Company and accordingly the Company has claimed the said amount from NTDC. Since NTDC did not conform to the requirements of PPA relating to expert decision within 30 days, the IPPs went to London Court of International Arbitration (LCIA).

Sole arbitrator appointed by LCIA issued a partial final award on June 08, 2017 wherein it was inter alia held that the expert determination is final and binding. Thereafter, a final award was issued by the sole arbitrator on October 29, 2017 pursuant to which NTDC was ordered to pay Rs. 477.56 million along with cost of proceedings and interest from the date of expert determination till payment by NTDC after Arbitrator decision to the Company. The Company filed petition before Lahore High Court for enforcement of partial final award and final award on June 17, 2017 and November 30, 2017 respectively, which proceedings are pending till date. NTDC has also challenged the partial final award and final award in Civil Court, Lahore.

Subsequent to the reporting date, on February 11, 2021, PPA Amendment has been signed between CPPA-G and the Company whereby CPPA-G and the Company have resolved the outstanding LCIA Award amicably and in good faith, according to which, instead of extension in the relevant Agreement Year by the corresponding days of Disputed Period, the current Agreement Year (i.e. the 11th agreement year originally ending on April 30, 2021) shall be extended by the disputed period of 43 days through Other

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

Force Majeure Event (OFME). Such OFME period shall commence from the end of the 11th Agreement Year i.e. April 30, 2021 and will end on June 11, 2021, as such date may be extended by reason of a Force Majeure Event. In consideration of this settlement and subject to full payment of the disputed period payments including adjustment of LCIA Award of Rs. 477.56 million and payment of first installment of 40% under the 'Payment Mechanism' of the Master Agreement, both parties have agreed to file a joint application before Lahore High Court for withdrawal of enforcement proceedings.

**16.3** During the year ended December 31, 2016, an amount of Rs. 239.68 million relating to capacity purchase price not acknowledged by NTDC was adjusted by the Company against payable to SNGPL pursuant to award in favour of the Company for the whole amount by the LCIA. SNGPL disputed the adjustment/set off amount of Award in the Lahore High Court, however, the Court dismissed such petition of SNGPL. Thereafter, SNGPL filed appeal before the Supreme Court of Pakistan which, disposed off the appeal by stating that the judgement of the Lahore High Court, to the extent it decides on merits, the question of the Company's right to set off is set aside (without prejudice to the rights of the parties). SNGPL also challenged the award in Civil Court, Lahore, on April 21, 2016, which is pending adjudication. On June 07, 2016, the Company filed a petition in the Civil Court Lahore to obtain a Decree in lieu of the arbitration award and also adjusted an amount of Rs. 270.66 million (inclusive of the aforementioned amount of Rs. 239.68 million) from payable to SNGPL as such amount was allowed by the LCIA in its award. SNGPL has filed a suit for recovery before District Judge, Lahore (invested with Powers of the Gas Utility Court) on March 01, 2019 against this adjustment including a claim for markup from the date of such adjustment and also has filed a request for arbitration before LCIA on March 22, 2019. In its submission to LCIA on March 06, 2020, SNGPL has claimed adjusted amount of Rs. 270.66 million and markup amount of Rs. 236.47 million from the date of such adjustment. The Company's position is that no amount is payable to SNGPL and in any case, LCIA Arbitration is the only competent forum to decide on this case.

**16.4** On June 03, 2020, "Committee for Negotiations" was constituted by the Government to discuss and agree to alter the existing contractual arrangement with IPPs. On August 12, 2020, the Company executed a Memorandum of Understanding (MOU) with the Committee for Negotiations and on February 11, 2021, following agreements were signed between the Company, NTDC and CPPA-G in the light of aforesaid MOU:

- i) Amendment Agreement to the Implementation Agreement
- ii) Amendment Agreement to the Guarantee
- iii) PPA Novation Agreement

The above three agreements were entered into to change "Power Purchaser" from NTDC to CPPA-G and novation of all rights and obligations of NTDC to CPPA-G under the implementation agreement and the related guarantee by the GoP.

Furthermore, two agreements were signed on the same date i.e. on February 11, 2021 which are as follows:

**1) Master Agreement, which provides for the following:**

- Fuel and O&M savings shall be taken as a single consolidated line item and analyzed from the perspective of revenues minus costs. Any saving, if determined, shall be shared in the ratio of 60:40

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

between Power Purchaser and the Company. Sharing of such savings will apply prospectively from July 01, 2021.

- A one-time detailed heat rate test shall be conducted in order to ensure that the actual efficiency matches the efficiency reported in the most recent annual financial statements of the Company.
- Return on Equity (RoE) including Return on Equity during Construction (RoEDC) shall be changed to 12% per annum for foreign equity investment registered with SBP, while USD indexation will be retained. For local investors, the rate will be changed to 17% per annum in PKR calculated at PKR/USD exchange rate of PKR 148/USD, with no future USD indexation. However, the existing RoE and RoEDC, together with applicable indexations, shall continue to be applied until the date when the applicable exchange rate under the present Tariff reaches PKR 168/USD (i.e. the date of signing of MoU), whereupon the revised RoE and RoEDC shall become applicable for remainder of the term of PPA
- The Company shall convert its PPA to take and pay basis, without exclusivity, when competitive trading arrangement is implemented and becomes fully operational as per the wordings of NEPRA's generation license to the Company.
- The Company and CPPA have jointly developed revised Tariff (related to ROE and ROEDC) and submitted to NEPRA. After determination of revised Tariff from NEPRA, an overdue amount of Rs. 9.507 billion as on November 30, 2020 will be paid in two installments to the Company. The first installment of 40% will be paid immediately after notification of tariff determination by NEPRA and 60% will be paid within six months of the date of first instalment. Each instalment will be paid in three equal parts of cash, PIBs and Sukuks.

## 2) The PPA Amendment:

According to the PPA Amendment, 'Delayed Payment Rate' will come down to KIBOR+2% per annum for first 60 days and KIBOR+4.5% per annum afterwards except for RLNG fuel invoices, for which the existing mechanism will be followed. This reduction in such rate will be effective after receipt of last instalment of receivable as explained above. Also, the payment of all invoices will be made on FIFO basis.

In addition, the PPA Amendment provides for settlement of dispute related to Rs. 477.56 million as explained in note 16.2 above.

**16.5** In relation to alleged excess profits determined by the Power Sector Committee's report submitted in March 2020, the Company and GoP have agreed to constitute an Arbitrational Tribunal which will comprise of three members. One member each will be selected by GOP and the Company (both would be retired Supreme Court Judge) and the two members together will appoint the third member and decide upon the matter. The Committee has determined an overall amount of Rs.1.2 billion as excess profit generated by the Company. As per Company's internal calculations, overall results for that particular period does not results in excess profit, which was communicated to the Committee.

**16.6** For aging of receivable from NTDC at the reporting date, refer to note 27.4.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

17	OTHER RECEIVABLES	Note	2020 Rupees	2019
	Workers' Profit Participation Fund (WPPF) receivable		452,513,669	334,044,648
	Insurance claim receivable		-	785,753,372
	Sales tax receivable - net		160,490,674	27,741,941
	Others		1,819,205	16,899,493
			<u>614,823,548</u>	<u>1,164,439,454</u>

## 18 ADVANCES - considered good

Advances to supplier	18.1	105,480,499	97,456,918
Advances to employees		259,966	767,321
		<u>105,740,465</u>	<u>98,224,239</u>

**18.1** These include advance payment to SNGPL amounting to Rs. 101.61 million (2019: Rs. 96.33 million).

19	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS	Note	2020 Rupees	2019
	Prepayments		67,214,352	61,172,356
	Security deposit		1,833,000	1,833,000
	Current portion of long term deposits		2,640,860	-
			<u>71,688,212</u>	<u>63,005,356</u>

## 20 BANK BALANCES

Current accounts			
Local currency		156,134	366,950
Deposit accounts			
Local currency		13,026,440	-
Foreign currency	20.1	315,201	304,124
	20.2	13,341,641	304,124
		13,497,775	671,074

**20.1** This represents an amount of USD 1,966 (2019: USD 1,964) in US Dollar deposit account.

**20.2** These carry markup ranging from 2.84% to 5.51% (2019: 7.75% to 11.96%) per annum for Rupee denominated balances while 0.06% (2019: 0.15%) per annum for US Dollar denominated balances.

21	TURNOVER - NET	2020 Rupees	2019
	Gross Energy Purchase Price	4,738,246,637	10,205,164,015
	Less: Sales tax	(688,463,188)	(1,482,801,609)
		<u>4,049,783,449</u>	<u>8,722,362,406</u>
	Capacity Purchase Price	4,875,391,736	6,188,018,470
		<u>8,925,175,185</u>	<u>14,910,380,876</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

		2020	2019
22	COST OF SALES	Note	Rupees
	Raw material consumed		3,702,313,415
	Operation and maintenance		8,118,148,860
	Salaries and other benefits	22.1	975,632,763
	Electricity charges		888,634,449
	Insurance expense/ (recovery)	22.2	62,444,525
	Depreciation and impairment loss		66,550,886
	Office expenses		54,113,300
	Travelling, conveyance and entertainment		37,946,391
	Repair and maintenance		190,121,014
	Communication		(652,965,263)
			607,717,332
			1,428,744,062
			1,378,743
			2,440,992
			1,397,818
			1,708,330
			32,368
			905,299
			62,553
			85,111
			5,595,213,831
			9,892,199,117

**22.1** These include Rs. 5,445,427 (2019: Rs. 5,158,242) charged in respect of staff retirement benefits - gratuity.

**22.2** The comparative figure includes Rs. 820,638,372 in respect of recovery on account of damaged component of plant.

		2020	2019
23	OTHER INCOME	Note	Rupees
	<b>Income from financial assets</b>		
	Profit on deposit accounts		76,175
	Return on investments		1,076,273
			-
			337,739
	<b>Income from non financial assets</b>		
	Insurance claim		94,500
	Gain on disposal of property, plant and equipment		19,000
	Scrap sales		1,083,579
			426,062
			263,900
			261,783
			1,518,154
			2,120,857

24	ADMINISTRATIVE EXPENSES		
	Salaries and other benefits	24.1	54,139,396
	Traveling and conveyance		56,697,254
	Rent, rates and taxes		959,614
	Security services		2,085,418
	Office expenses		2,364,441
	Fees and subscriptions		444,703
	Legal and professional		13,332,267
	Consultancy		12,732,924
	Repair and maintenance		4,741,888
	Utilities		6,193,658
	Insurance		10,507,636
	Depreciation - Property, plant and equipment		14,999,962
	Depreciation - Right of use assets	14	11,974,838
	Auditors' remuneration	24.2	10,333,269
	Donations	24.3	26,567,820
	Advertisements		23,357,590
			5,466,743
			6,054,129
			1,905,514
			1,972,699
			3,465,286
			2,659,388
			2,017,328
			3,272,983
			12,866,569
			10,267,521
			3,609,137
			2,961,803
			6,925,000
			7,300,000
			451,200
			135,715
			161,294,677
			161,469,016

**24.1** These include Rs. 3,933,571 (2019: Rs. 3,827,778) charged in respect of staff retirement benefits - gratuity.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

	2020	2019
	Rupees	
<b>24.2 Auditors' remuneration</b>		
Annual audit fee	1,253,320	866,000
Half yearly review fee	692,440	478,000
Consolidation	406,880	281,000
Certifications	468,744	399,403
Out of pocket expenses	100,000	71,000
Tax Services	687,753	866,400
	<b>3,609,137</b>	<b>2,961,803</b>

**24.3** This represents donation made to following two institutions in which directors of the Company are common directors:

	Name of Institute	Address	Name of Director	Nature of interest in donee	2020	2019
					Rupees	
a)	Akbar Kare Institute	Kulsum Plaza, Jinnah Avenue,	Mrs. Hoor Yousafzai	Director	6,000,000	6,000,000
b)	Wadaan Foundation	Blue Area, Islamabad	Mr. Osman Saifullah Khan Mr. Rana Muhammad Shafi	Chief Executive Officer Director	925,000	-

	2020	2019
	Rupees	
<b>25 FINANCE COST</b>		
Markup on short term borrowings	629,772,933	741,042,628
Markup on long term financing	26,696,717	302,026,632
Markup on sub-ordinated loan	42,114,996	56,797,500
Guarantee commission and arrangement fee	12,999,997	16,499,996
Markup on lease liabilities	5,281,361	5,857,956
Bank charges	424,054	474,718
Exchange loss - net	81,393,504	86,187,262
	<b>798,683,562</b>	<b>1,208,886,692</b>

## 26 EARNINGS PER SHARE

Profit for the year (Rupees)	2,371,501,269	3,649,946,908
Weighted average number of shares (Numbers)	386,471,779	386,471,779
Earnings per share - basic (Rupees)	6.14	9.44

There is no dilution effect on the basic earnings per share of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

## 27 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

### Fair value measurement

Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

## A. Accounting classifications and fair values

27.1 The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		Carrying Amount			Fair value			
	Note	Amortised cost	Amortised cost	Total	Level 1	Level 2	Level 3	Total
<u>December 31, 2020</u>					Rupees			
Financial assets measured at fair value		-	-	-	-	-	-	-
Financial assets not measured at fair value		27.2						
Long term deposits		5,545,660	-	5,545,660	-	-	-	-
Trade debts		11,363,291,153	-	11,363,291,153	-	-	-	-
Other receivables		454,332,874	-	454,332,874	-	-	-	-
Advances to employees		259,966	-	259,966	-	-	-	-
Security deposits		1,833,000	-	1,833,000	-	-	-	-
Bank balances		13,497,775	-	13,497,775	-	-	-	-
Total		11,838,760,428	-	11,838,760,428	-	-	-	-
Financial liabilities not measured at fair value		27.2						
Subordinated loan		-	970,578,622	970,578,622	-	-	-	-
Lease liabilities		-	56,869,829	56,869,829	-	-	-	-
Trade and other payables	27.3	-	848,007,635	848,007,635	-	-	-	-
Short term borrowings		-	6,973,705,255	6,973,705,255	-	-	-	-
Markup accrued		-	621,543,627	621,543,627	-	-	-	-
Unclaimed dividend		-	12,942,851	12,942,851	-	-	-	-
Total		-	9,483,647,819	9,483,647,819	-	-	-	-

	Note	Carrying Amount			Fair value			
		Loan and receivable	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
December 31, 2019					Rupees			
Financial assets measured at fair value		-	-	-	-	-	-	-
Financial assets not measured at fair value	27.2							
Long term deposits		4,372,660	-	4,372,660	-	-	-	-
Trade debts		9,650,652,780	-	9,650,652,780	-	-	-	-
Other receivables		1,136,697,513	-	1,136,697,513	-	-	-	-
Advances to employees		767,321	-	767,321	-	-	-	-
Security deposits		1,833,000	-	1,833,000	-	-	-	-
Bank balances		671,074	-	671,074	-	-	-	-
Total		10,794,994,348	-	10,794,994,348	-	-	-	-
Financial liabilities not measured at fair value	27.2							
Long term financing		-	788,379,612	788,379,612	-	-	-	-
Subordinated loan		-	1,071,637,650	1,071,637,650	-	-	-	-
Lease liabilities		-	54,119,049	54,119,049	-	-	-	-
Trade and other payables	27.3	-	2,024,416,209	2,024,416,209	-	-	-	-
Short term borrowings		-	5,260,383,317	5,260,383,317	-	-	-	-
Markup accrued		-	695,660,585	695,660,585	-	-	-	-
Unclaimed dividend		-	15,465,337	15,465,337	-	-	-	-
Total		-	9,910,061,759	9,910,061,759	-	-	-	-

27.2 The Company has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

27.3 This excludes withholding tax payable.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

## B. Financial risk management

The Company has exposure to the credit risk, market risk and liquidity risk from its use of financial instruments.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the result of which are reported to the Audit Committee.

### 27.4 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The primary activity of the Company is power generation and sale of total output to NTDC. The Company is exposed to credit risk from its operations.

#### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	2020 Rupees	2019
Long term deposits		5,545,660	4,372,660
Trade debts	16	11,363,291,153	9,650,652,780
Other receivables	17	454,332,874	1,136,697,513
Advances to employees	18	259,966	767,321
Security deposits	19	1,833,000	1,833,000
Bank balances	20	13,497,775	671,074
		<u>11,838,760,428</u>	<u>10,794,994,348</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

Credit risk is minimum as the bank accounts are maintained with reputable banks having good credit ratings. Further, as disclosed in note 16.1 that the trade debts are secured by way of guarantee issued by the Government of Pakistan (GoP) under the Implementation Agreement (IA).

## Credit quality of financial assets

The credit quality of Company's financial assets have been assessed as follows by reference to external credit rating of counterparties determined by the Pakistan Credit Rating Agency Limited (PACRA) and JCR-VIS Credit Rating Company Limited (JCR-VIS). The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any default in meeting obligations.

	2020	2019
<b>Trade debts</b>	<b>Rupees</b>	
Counterparties without external credit ratings	<b>11,363,291,153</b>	9,650,652,780

## Impairment losses

The aging of trade debts at the reporting date was:

	2020		2019	
	Gross	Impairment	Gross	Impairment
	<b>Rupees</b>			
Not past due	<b>1,775,774,911</b>	-	1,984,620,058	-
Past due 0 - 60 days	<b>972,857,556</b>	-	415,111,850	-
Past due 61 - 120 days	<b>735,341,952</b>	-	2,324,160,738	-
Past due 121 - 180 days	<b>370,607,554</b>	-	504,803,329	-
181 days and above	<b>7,508,709,180</b>	-	4,421,956,805	-
	<b>11,363,291,153</b>	-	9,650,652,780	-

ECL on 'trade debts' and 'WPPF receivable' from NTDC has not been determined as these are covered under exemption from SECP as explained in note 2.5.1. Impact of ECL on financial assets not covered under exemption was not material and accordingly has not been included in these financial statements.

	2020	2019
<b>Security deposits</b>	<b>Rupees</b>	
Counterparties without external credit ratings	<b>1,833,000</b>	1,833,000

## Other receivables

Counterparties without external credit ratings	<b>454,332,874</b>	1,136,697,513
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## Long term deposits

Counterparties with external credit ratings - AA+ (2019: A1+)	<b>2,463,450</b>	1,290,450
Counterparties with external credit ratings - BBB- (2019: BBB-)	<b>3,082,210</b>	3,082,210

## Advances to employees

Counterparties without external credit ratings	<b>259,966</b>	767,321
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## Bank balances

The Company held cash at bank amounting to Rs. 13,499,475 as at December 31, 2020 (2019: Rs.671,074). Cash at bank is held with banks and financial institution counter parties, which are rated A1+ (2019: A1+) based on JCR-VIS rating.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

## 27.5 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

There were no defaults on loans payable during the year.

The maturity profile of the Company's financial liabilities based on the contractual amounts is as follows:

	Carrying amount	Contractual cash flows	Maturity in less than 1 year	Maturity after one year and up to five years	Maturity after five years
	Rupees				
<b>2020</b>					
Long term financing	-	-	-	-	-
Sub-ordinated loan	970,578,622	1,023,319,707	439,527,451	583,792,256	-
Lease liabilities	56,869,829	66,893,995	21,349,702	43,061,259	2,483,034
Trade and other payables	848,007,635	848,007,635	848,007,635	-	-
Short term borrowing	6,973,705,255	6,973,705,255	6,973,705,255	-	-
Markup accrued	621,543,627	621,543,627	621,543,627	-	-
Unclaimed dividend	12,942,851	12,942,851	12,942,851	-	-
	<b>9,483,647,819</b>	<b>9,546,413,070</b>	<b>8,917,076,521</b>	<b>626,853,515</b>	<b>2,483,034</b>
	Carrying amount	Contractual cash flows	Maturity in less than 1 year	Maturity after one year and up to five years	Maturity after five years
	Rupees				
<b>2019</b>					
Long term financing	788,379,612	814,536,069	814,536,069	-	-
Sub-ordinated loan	1,071,637,650	1,186,509,727	397,691,282	788,818,445	-
Lease liabilities	54,119,049	68,189,772	15,486,470	49,604,140	3,099,162
Trade and other payables	2,024,416,209	2,024,416,209	2,024,416,209	-	-
Short term borrowing	5,260,383,317	5,260,383,317	5,260,383,317	-	-
Markup accrued	695,660,585	695,660,585	695,660,585	-	-
Unclaimed dividend	15,465,337	15,465,337	15,465,337	-	-
	<b>9,910,061,759</b>	<b>10,065,161,016</b>	<b>9,223,639,269</b>	<b>838,422,585</b>	<b>3,099,162</b>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amount.

The contractual cash flows relating to long term borrowings and lease liabilities have been determined on the basis of expected markup rates. The markup rates have been disclosed in relevant notes to these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

## 27.6 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is exposed to currency risk and interest rates only.

### Currency risk

Rupee is the functional currency of the Company and as a result currency exposures arise from transactions and balances in currencies other than Rupee. The Company's potential foreign currency exposure comprise:

- Transactional exposure in respect of non functional currency monetary items
- Transactional exposure in respect of non functional currency expenditure and revenues

### Transactional exposure in respect of non functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Company are periodically restated to Rupee equivalent, and the associated gain or loss is taken to the profit or loss. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

### Transactional exposure in respect of non functional currency expenditure and revenues

Certain operating and capital expenditure is incurred by the Company in currencies other than the functional currency. These currency risks are managed as part of overall risk management strategy. The Company does not enter into forward exchange contracts.

The Company's exposure to foreign currency risk was as follows based on notional amounts:

	2020	2019	2020	2019
	Rupees		USD	
Subordinated loan	970,578,622	1,071,637,650	6,035,937	6,898,215
Accrued markup on subordinated loan	478,826,091	444,431,110	2,977,774	2,860,838
Trade and other payables	573,924,948	1,538,438,818	3,569,185	9,903,050
Other receivables	-	(768,004,106)	-	(4,943,702)
Bank balances	(315,201)	(304,124)	(1,966)	(1,964)
	<u>2,023,014,460</u>	<u>2,286,199,348</u>	<u>12,580,930</u>	<u>14,716,437</u>

The following significant exchange rates have been applied:

	Average Rate		Reporting Date Rate	
	2020	2019	2020	2019
US Dollars	162.71	151.30	160.80	155.35

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

## Foreign Currency Sensitivity Analysis

A 5% strengthening of the functional currency against USD at December 31, 2020 would have increased profit by Rs. 52.62 million (2019: Rs. 60.73 million). A 5% weakening of the functional currency against USD at December 31, 2020 would have had the equal but opposite effect on these amounts. The analysis assumes that all other variables remain constant.

## Interest rate risk

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rate. The Company has long term Rupee and USD based loans and short term running finance arrangement at variable rates. The local currency loans have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) and London Inter Bank Offer Rate (LIBOR). Any increase / decrease in KIBOR is adjustable and approved by NEPRA.

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

	2020	2019
	<u>Rupees</u>	
<b>Fixed rate instruments</b>		
Financial assets	<u>13,341,641</u>	304,124
<b>Variable rate instruments</b>		
Financial assets	<u>9,587,516,242</u>	7,666,032,722
Financial liabilities	<u>(8,001,153,706)</u>	(7,174,519,628)

## 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 rates at the reporting date would not affect profit or loss.

## Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit or loss by Rs. 15.86 million (2019: Rs. 4.92 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2019.

## Other market price risk

The primary goal of the Company's investment strategy is to maximize investment returns on surplus funds. The Company adopts a policy of ensuring to minimise its price risk by investing in securities having sound market performance. Certain investments are designated as held for trading because their performance is actively monitored and these are managed on a fair value basis. Equity price risk arises from investments at fair value through profit or loss.

## Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods:

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

## Non - derivative financial assets

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

## Non - derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

## 27.7 Capital Risk Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business. The Company manages its capital structure which comprises of capital and reserves by monitoring the return on net assets and makes adjustments, if required, in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend to shareholders, appropriation of amounts to capital reserves or / and issue new shares. There was no change in the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirement.

## 28 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements for remuneration including benefits applicable to the chief executive officer, directors and executives of the Company are given below:

	2020	2019
	<b>Rupees</b>	
	<b>Chief executive officer</b>	
Managerial remuneration - Gross	<b>26,400,000</b>	26,400,000
Staff retirement benefits	<b>3,531,425</b>	3,403,046
Fixed bonus	<b>2,200,000</b>	4,400,000
	<b>32,131,425</b>	34,203,046
	<b>Executives</b>	
Managerial remuneration - Gross	<b>47,958,768</b>	47,528,668
Staff retirement benefits	<b>4,248,710</b>	4,008,302
Fixed bonus	<b>4,374,064</b>	8,019,268
	<b>56,581,542</b>	59,556,238
Number of persons including those who worked part of the year	<b>8</b>	8

**28.1** Executive means any employee whose basic salary exceeds Rs. 1,200,000 (2019: Rs. 1,200,000) per year.

**28.2** In addition to the above, chief executive officer and executives (including KMPs other than directors) are provided with the Company maintained vehicles and health insurance coverage as per the Company's policy.

**28.3** No remuneration has been paid to the directors of the Company, except for meeting fee amounting to Rs. 950,000 which was paid to 7 directors (2019: Rs. 290,000 paid to 7 directors).



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

## 29 RELATED PARTY TRANSACTIONS

The Company is subsidiary of Saif Holdings Limited ("the Holding Company"), therefore the Holding Company and all associated undertakings of the Holding Company are related parties of the Company. Other related parties comprise of directors, key management personnel, entities over which directors are able to exercise significant influence and major shareholders. Balances and other arrangements with Orastar Limited have been disclosed in note 4.3, 6, 10 and 11 to the financial statements. Transactions with related parties other than those disclosed in note 24.3 to these financial statements are as follows:

	Note	2020 Rupees	2019
<b>Saif Holdings Limited - the Holding Company (51.04% shareholding-common directorship)</b>			
Dividend		641,136,012	453,727,024
Support service fee paid		221,525,725	-
<b>Saif Textile Limited - Associated Company (Common directorship)</b>			
Dividend		325	230
<b>Key Management Personnel</b>			
Dividend to directors		43,882	36,804
Remuneration including benefits to key management personnel	29.1	61,140,532	65,133,013
<b>Other</b>			
Contribution to Saif Power Limited - Staff Gratuity Fund	8.2.2	9,275,095	16,314,930

- 29.1** Key management personnel comprise of Directors, Chief Executive Officer, Chief Financial Officer and General Manager Plant. The key management personnel are also provided with the Company maintained vehicles and health insurance coverage as per the Company's policy.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

## 30 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities				Equity		
	Long Term Financing	Sub-ordinated loan	Short term borrowings	Lease liabilities	Share Capital	Un appropriated profit - revenue reserve	Total
	Rupees						
<b>Balance at January 01, 2020</b>	788,379,612	1,071,637,650	5,260,383,317	54,119,049	3,864,717,790	10,943,280,351	21,982,517,769
<b>Changes from financing cash flows</b>							
Proceeds from short-term borrowings - net	-	-	1,713,321,938	-	-	-	1,713,321,938
Repayments of short-term borrowings	(788,379,612)	(143,655,514)	-	-	-	-	(932,035,126)
Lease liabilities paid	-	-	-	(11,015,559)	-	-	(11,015,559)
Dividend paid	-	-	-	-	-	(1,258,550,768)	(1,258,550,768)
<b>Total changes from financing cash flows</b>	<b>(788,379,612)</b>	<b>(143,655,514)</b>	<b>1,713,321,938</b>	<b>(11,015,559)</b>	<b>-</b>	<b>(1,258,550,768)</b>	<b>(488,279,515)</b>
<b>Effect of changes in foreign exchange rates</b>	-	42,596,486	-	-	-	-	42,596,486
<b>Other changes</b>							
<b>Liability related</b>							
Lease of new vehicles	-	-	-	13,766,339	-	-	13,766,339
Movement in unclaimed dividend	-	-	-	-	-	2,522,486	2,522,486
<b>Total liability related other changes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,766,339</b>	<b>-</b>	<b>2,522,486</b>	<b>16,288,825</b>
<b>Equity related</b>							
Total comprehensive income for the year	-	-	-	-	-	2,380,486,729	2,380,486,729
<b>Total equity related other changes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,380,486,729</b>	<b>2,380,486,729</b>
<b>Balance at December 31, 2020</b>	<b>-</b>	<b>970,578,622</b>	<b>6,973,705,255</b>	<b>56,869,829</b>	<b>3,864,717,790</b>	<b>12,067,738,798</b>	<b>23,933,610,294</b>
<b>Balance at January 01, 2019</b>	<b>2,975,180,137</b>	<b>959,541,656</b>	<b>5,448,553,994</b>	<b>12,504,766</b>	<b>3,864,717,790</b>	<b>8,182,507,613</b>	<b>21,443,005,956</b>
Application of IFRS 16	-	-	-	39,378,394	-	-	39,378,394
Adjusted balance at January 01, 2019	2,975,180,137	959,541,656	5,448,553,994	51,883,160	3,864,717,790	8,182,507,613	21,482,384,350
<b>Changes from financing cash flows</b>							
Proceeds from short-term borrowings - net	-	-	(188,170,677)	-	-	-	(188,170,677)
Repayments of long-term financing	(2,186,800,525)	-	-	-	-	-	(2,186,800,525)
Lease liabilities assumed paid	-	-	-	(8,956,025)	-	-	(8,956,025)
Dividend paid	-	-	-	-	-	(883,610,580)	(883,610,580)
<b>Total changes from financing cash flows</b>	<b>(2,186,800,525)</b>	<b>-</b>	<b>(188,170,677)</b>	<b>(8,956,025)</b>	<b>-</b>	<b>(883,610,580)</b>	<b>(3,267,537,807)</b>
<b>Effect of changes in foreign exchange rates</b>	-	112,095,994	-	-	-	-	112,095,994
<b>Other changes</b>							
<b>Liability related</b>							
Lease of new vehicles	-	-	-	11,191,914	-	-	11,191,914
Movement in unclaimed dividend	-	-	-	-	-	(5,274,512)	(5,274,512)
<b>Total liability related other changes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,191,914</b>	<b>-</b>	<b>(5,274,512)</b>	<b>5,917,402</b>
<b>Equity related</b>							
Total comprehensive income for the year	-	-	-	-	-	3,649,657,830	3,649,657,830
<b>Total equity related other changes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,649,657,830</b>	<b>3,649,657,830</b>
<b>Balance at December 31, 2019</b>	<b>788,379,612</b>	<b>1,071,637,650</b>	<b>5,260,383,317</b>	<b>54,119,049</b>	<b>3,864,717,790</b>	<b>10,943,280,351</b>	<b>21,982,517,769</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

## 31 NUMBER OF EMPLOYEES

	2020	2019
At year end	41	42
Average during the year	42	43

## 32 CAPACITY AND PRODUCTION

	2020	2019
Installed capacity based on hours 8,784 (2019: 8,760) – Megawatt hours	1,786,340	1,781,975
Actual energy delivered – Megawatt hours	460,944	716,203

- Output produced by the plant is dependent on the load demanded by NTDC.

## 33 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

On January 30, 2020, the World Health Organization (WHO) declared the COVID-19 outbreak a “Public Health Emergency of International Concern” and on March 11, 2020, the WHO declared the COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Many countries, including Pakistan, have taken stringent steps to help contain further spread of the virus. While events and conditions related to COVID-19 have resulted in general economic uncertainty, management has evaluated the impact of COVID-19. In respect of energy purchase price, the Company produced electricity as per demand from NTDC. Similarly, in respect of capacity purchase price, the Company successfully maintained its capacity to produce electricity. Accordingly, management has concluded that any adverse implications due to COVID-19 were neither observed during the year ended December 31, 2020 nor are these expected in the long term. Further, COVID-19 has no material impact on the presented amounts and disclosures in these financial statements.

## 34 NON ADJUSTING EVENTS AFTER REPORTING DATE

The Board of Directors proposed final dividend for the year ended December 31, 2020 at the rate of Rs. 2.50 (2019: Rs. 2) per share in their meeting held on March 29, 2021.

## 35 DATE OF APPROVAL OF FINANCIAL STATEMENTS

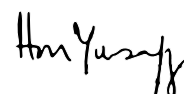
These financial statements were approved by the Board of Directors in their meeting held on March 29, 2021.



Chief Financial Officer



Chief Executive Officer



Director

# **CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended December 31, 2020

# INDEPENDENT AUDITORS' REPORT

## To the Members of Saif Power Limited

### Opinion

We have audited the annexed consolidated financial statements of Saif Power Limited ("the Company") and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

### Basis for Opinion

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

### Key Audit Matters

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

Following are the Key audit matters:

Sr.no.	Key audit matters	How the matter was addressed in our audit
1.	<p><b>Settlement of trade debts and changes in contractual rights and obligations of the Company</b>  <i>(Refer note 18.1, 18.2, 18.3 and 18.4 to the consolidated financial statements)</i></p> <p>Trade debts include an overdue amount of Rs 9.59 billion, receivable from National Transmission and Despatch Company (NTDC). The Company considers this amount to be fully recoverable as this is secured by guarantee issued by the Government of Pakistan (GoP) under the Implementation Agreement (IA). Further, the Company has adjusted certain trade debts against payables.</p>	<p>Our audit procedures in relation to the matter, amongst others, included:</p> <ul style="list-style-type: none"> <li>Reviewed the PPA Amendment and Master Agreement;</li> <li>Reviewed assessment of impact prepared by the Company with respect to the PPA Amendment and the Master Agreement;</li> <li>Held discussions at appropriate level of management and Audit Committee to obtain their views on the impact of the PPA Amendment and the Master Agreement;</li> <li>Assessed financial impact, if any, of PPA amendment and the Master Agreement on the amounts reported in the financial statements;</li> </ul>

Sr.no.	Key audit matters	How the matter was addressed in our audit
	<p>Furthermore, pursuant to execution of Memorandum of Understanding (MOU) with Committee for Negotiations constituted by the Federal Government, the Company has signed a PPA Amendment and a Master Agreement on 11 February, 2021 for settlement of overdue trade debts and certain other changes in contractual rights and obligations of the Company under the existing agreements signed with the Government of Pakistan and National Transmission and Despatch Company (NTDC).</p> <p>We considered this as key audit matter due to significance of the amounts involved and related management's judgements.</p>	<ul style="list-style-type: none"> <li>• With respect to disputed trade debt in note 18.3, (a) Obtained confirmation from the Company's external legal advisor and reviewed the related arbitration orders; (b) Evaluated technical ability of the external legal advisors used by the Company; (c) Assessed the matter under applicable accounting framework; and</li> <li>• Reviewed disclosures made in the financial statements related to the matter.</li> </ul>
2.	<p><b>Recognition of Revenue</b></p> <p><i>(Refer to note 3 and 23 to the consolidated financial statements)</i></p> <p>The Company is engaged in sale of electricity to National Transmission and Dispatch Company (NTDC).</p> <p>The Company recognized gross revenue during the year from Capacity Purchase Price (CPP) and Energy Purchase Price (EPP) amounting to Rs. 10.205 billion and Rs. 6.188 billion respectively.</p> <p>We considered this as key audit matter due to the significance of the amounts requiring significant time and resource due to magnitude and revenue being a key economic indicator of the Company.</p>	<p>Our audit procedures in relation to the matter, amongst others, included:</p> <ul style="list-style-type: none"> <li>• Tested the design and implementation of the relevant key internal controls which govern revenue recognition from the sale of electricity;</li> <li>• Assessed whether appropriate revenue recognition policies are applied in accordance with applicable accounting and reporting framework;</li> <li>• Analyzed Power Purchase Agreement (PPA) to evaluate whether revenue was recognized in accordance with the terms of PPA;</li> <li>• Performed substantive test of details on sale transactions by inspecting the underlying documentation;</li> <li>• Performed recalculation of EPP revenue based on electricity produced and CPP revenue based on capacity available; and</li> <li>• Reviewed related disclosures made in the financial statements regarding the matter.</li> </ul>

#### Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 31 December 2020, but does not include the consolidated financial statements and our auditors' report thereon.

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

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

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

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

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

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

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

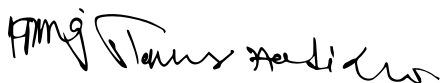


We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

The engagement partner on the audit resulting in this independent auditors' report is Inam Ullah Kakra.



**KPMG Taseer Hadi & Co.**

Chartered Accountants

Islamabad

March 29, 2021

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2020

	Note	2020 Rupees	2019
<b>Share capital and reserves</b>			
Share capital	4	3,864,717,790	3,864,717,790
Unappropriated profit - revenue reserve		12,060,290,827	10,939,558,934
<b>Equity attributable to the owners of the Company</b>		<b>15,925,008,617</b>	<b>14,804,276,724</b>
Non controlling interests		28,869,270	27,802,426
<b>Total equity</b>		<b>15,953,877,887</b>	<b>14,832,079,150</b>
<b>Liabilities</b>			
Long term financing	5	-	-
Subordinated loan	6	554,615,715	714,425,109
Lease liabilities	7	45,574,922	50,547,079
Deferred liability - gratuity	8	1,643,000	2,962,420
<b>Non-current liabilities</b>		<b>601,833,637</b>	<b>767,934,608</b>
Trade and other payables	9	923,921,649	2,098,782,870
Short term borrowings	10	6,973,705,255	5,260,383,317
Current portion of non-current liabilities	11	431,555,916	1,157,226,851
Markup accrued	12	621,543,627	695,660,585
Unclaimed dividend		12,942,851	15,465,337
<b>Current liabilities</b>		<b>8,963,669,298</b>	<b>9,227,518,960</b>
<b>Total liabilities</b>		<b>9,565,502,935</b>	<b>9,995,453,568</b>
<b>Total equity and liabilities</b>		<b>25,519,380,822</b>	<b>24,827,532,718</b>
<b>Contingencies and commitments</b>			
<b>Assets</b>			
Property, plant and equipment	14	13,018,595,920	13,544,119,637
Right of use assets	15	59,283,390	61,518,397
Project transaction costs	16	59,560,432	58,237,690
Goodwill	17	11,530,918	11,530,918
Long term deposits		2,904,800	4,372,660
<b>Non-current assets</b>		<b>13,151,875,460</b>	<b>13,679,779,302</b>
Advance income tax		15,933,692	24,118,484
Stock in trade - HSD		169,300,404	133,035,854
Trade debts	18	11,363,291,153	9,650,652,780
Other receivables	19	614,823,548	1,164,439,454
Advances	20	105,740,465	98,349,239
Trade deposits and short term prepayments	21	71,688,212	63,005,356
Bank balances	22	26,727,888	14,152,249
<b>Current assets</b>		<b>12,367,505,362</b>	<b>11,147,753,416</b>
<b>Total assets</b>		<b>25,519,380,822</b>	<b>24,827,532,718</b>

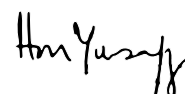
The annexed notes 1 to 36 form an integral part of these consolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Director

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2020

	Note	2020 Rupees	2019
Turnover - net	23	8,925,175,185	14,910,380,876
Cost of sales	24	(5,595,213,831)	(9,892,199,117)
<b>Gross profit</b>		<b>3,329,961,354</b>	5,018,181,759
Other income	25	2,286,663	3,276,881
Administrative expenses	26	(165,100,082)	(165,140,898)
Finance cost	27	(799,499,446)	(1,209,887,456)
<b>Profit for the year</b>		<b>2,367,648,489</b>	3,646,430,286
Profit/ (loss) attributable to:			
- Owners of the Company		2,367,791,042	3,646,529,852
- Non-controlling interests		(142,553)	(99,566)
		<b>2,367,648,489</b>	3,646,430,286

The annexed notes 1 to 36 form an integral part of these consolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Director

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2020

	Note	2020 Rupees	2019
<b>Profit for the year</b>		<b>2,367,648,489</b>	3,646,430,286
Other comprehensive income for the year			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit liability	9.2.1 & 9.2.2	<b>8,985,460</b>	(289,078)
<b>Total comprehensive income for the year</b>		<b>2,376,633,949</b>	3,646,141,208
Total comprehensive income attributable to:			
- Owners of the Company		<b>2,376,776,502</b>	3,646,240,774
- Non-controlling interests		<b>(142,553)</b>	(99,566)
		<b>2,376,633,949</b>	3,646,141,208

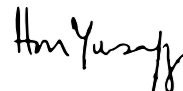
The annexed notes 1 to 36 form an integral part of these consolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Director

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2020

	Note	2020 Rupees	2019
<b>Cash flows from operating activities</b>			
Profit for the year		2,367,648,489	3,646,430,286
<b>Adjustments for:</b>			
Provision for staff retirement benefits - gratuity	9.2.2	9,378,998	8,986,020
Depreciation and impairment loss - Property, plant and equipment	14.2	610,099,445	1,432,333,228
Depreciation - Right of use assets	15	14,695,632	11,971,720
Finance cost	27	799,499,446	1,209,887,456
Gain on disposal of property, plant and equipment	25	(1,009,540)	(426,062)
Insurance claim	25	(94,500)	(820,647,372)
Profit on deposit accounts	25	(76,175)	(1,076,273)
Return on investments	25	(842,548)	(1,493,763)
		<b>3,799,299,247</b>	<b>5,485,965,240</b>
Changes in:			
Stock in trade		(36,264,550)	1,074,282
Trade debts		(1,712,638,373)	(1,234,922,596)
Other receivable		549,615,906	119,316,676
Advances		(7,391,226)	(97,428,022)
Trade deposits and prepayments		(8,682,856)	(12,777,524)
Trade and other payables		(1,165,979,664)	155,463,698
<b>Cash generated from operating activities</b>		<b>1,417,958,484</b>	<b>4,416,691,754</b>
Income taxes refunded		8,184,792	(1,271,989)
Finance cost paid		(873,616,404)	(1,064,653,626)
Deferred liability - gratuity		(1,319,420)	2,962,420
Staff retirement benefits paid		(9,275,095)	(16,314,930)
<b>Net cash generated from operating activities</b>		<b>541,932,357</b>	<b>3,337,413,629</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	14	(43,452,613)	(94,136,421)
Acquisition of right of use assets		(966,552)	(540,809)
Decrease/ (increase) in long term deposits		1,467,860	(1,040,850)
Proceeds from sale of property, plant and equipment		2,556,950	1,067,747
Movement in Project Transaction cost		(1,322,742)	(14,722,099)
Insurance claim received		94,500	34,894,000
Profit on deposit accounts	25	76,175	1,076,273
Return on investments - receipt	25	842,548	1,493,763
<b>Net cash used in investing activities</b>		<b>(40,703,874)</b>	<b>(71,908,396)</b>
<b>Cash flows from financing activities</b>			
Repayment of long term financing		(932,035,126)	(2,186,800,525)
Dividends paid		(1,258,550,768)	(883,610,580)
Receipt against issuance of shares of the Subsidiary Company		1,193,070	28,371,670
Short term borrowings - net		1,713,321,938	(212,667,653)
Lease liabilities paid		(12,581,958)	(11,118,493)
<b>Net cash used in financing activities</b>		<b>(488,652,844)</b>	<b>(3,265,825,581)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>12,575,639</b>	<b>(320,348)</b>
<b>Cash and cash equivalents at January 01</b>		<b>14,152,249</b>	<b>14,472,597</b>
<b>Cash and cash equivalents at December 31</b>	22	<b>26,727,888</b>	<b>14,152,249</b>

The annexed notes 1 to 36 form an integral part of these consolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2020

	Share capital	Unappropriated profit - revenue reserve	Non-Controlling interest	Total equity
			Rupees	
<b>Balance as at January 1, 2019</b>	3,864,717,790	8,181,713,965	19,609	12,046,451,364
Profit for the year	-	3,646,529,852	(99,566)	3,646,430,286
Other comprehensive loss for the year	-	(289,078)	-	(289,078)
<b>Total comprehensive income for the year</b>	-	3,646,240,774	(99,566)	3,646,141,208
<b>Transaction with owners of the Company</b>				
<b>Distributions</b>				
Final dividend - 2018@ Rs. 1.30 per share	-	(502,413,313)	-	(502,413,313)
First interim dividend - 2019 @ Rs. 1 per share	-	(386,471,779)	-	(386,471,779)
<b>Total distributions</b>	-	(888,885,092)	-	(888,885,092)
<b>Changes in ownership interests</b>				
Consideration paid by NCI for acquisition of shares	-	-	28,371,670	28,371,670
Disposal of share to NCI without change in control	-	489,287	(489,287)	-
<b>Total changes in ownership interests</b>	-	489,287	27,882,383	28,371,670
<b>Total transactions with owners of the Company</b>	-	(888,395,805)	27,882,383	(860,513,422)
<b>Balance as at December 31, 2019</b>	3,864,717,790	10,939,558,934	27,802,426	14,832,079,150
<b>Balance as at January 1, 2020</b>	3,864,717,790	10,939,558,934	27,802,426	14,832,079,150
Profit for the year	-	2,367,791,042	(142,553)	2,367,648,489
Other comprehensive income for the year	-	8,985,460	-	8,985,460
<b>Total comprehensive income for the year</b>	-	2,376,776,502	(142,553)	2,376,633,949
<b>Transaction with owners of the Company</b>				
<b>Distributions</b>				
Final dividend 2019@ Rs. 2 per share	-	(772,938,558)	-	(772,938,558)
Interim dividend 2020@ Rs. 1.25 per share	-	(483,089,724)	-	(483,089,724)
<b>Total distributions</b>	-	(1,256,028,282)	-	(1,256,028,282)
<b>Changes in ownership interests</b>				
Consideration paid by NCI for acquisition of shares	-	-	1,193,070	1,193,070
Disposal of share to NCI without change in control	-	(16,327)	16,327	-
<b>Total changes in ownership interests</b>	-	(16,327)	1,209,397	1,193,070
<b>Total transactions with owners of the Company</b>	-	(1,256,044,609)	1,209,397	(1,254,835,212)
<b>Balance as at December 31, 2020</b>	3,864,717,790	12,060,290,827	28,869,270	15,953,877,887

The annexed notes 1 to 36 form an integral part of these consolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Director

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

## 1 Reporting entity

Saif Power Limited ("the Company") was incorporated in Pakistan on November 11, 2004 as a public limited company under the repealed Companies Ordinance, 1984 (which has now been replaced by the Companies Act, 2017) and commenced operations from April 30, 2010. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The Company has amended its Implementation Agreement on February 11, 2021 whereby National Transmission and Despatch Company (NTDC) has been replaced with CPPA-G as Power Purchaser. As at the reporting date, The Company was a subsidiary of Saif Holdings Limited ("the Holding Company") with shareholding of 51.04% (2019: 51.04%) ordinary shares. Subsequent to reporting date, the Holding Company has distributed 62,250,860 shares held in the Company, as dividend in kind to its shareholders, after which Saif Holdings Limited holds 34.94% shares of the Company.

The Group consists of Saif Power Limited (the Company) and Saif Cement Limited.

The principal activities of the Company are to own, operate and maintain a combined cycle power plant having nameplate capacity of 225 MW (ISO) and sell the electricity to National Transmission and Dispatch Company (NTDC).

### Subsidiary:

Saif Cement Limited (the Subsidiary Company) is a public limited company incorporated in Pakistan on January 13, 2017 under the repealed Companies Ordinance, 1984 (which has now been replaced by the Companies Act, 2017).

The Subsidiary Company is engaged in the construction of Greenfield Cement Production Plant of 6,500 tons per day clinker production line on an EPC Turnkey Contracting Basis near D.I. Khan, Khyber Pakhtunkhwa province. Thereafter, the principal business of the Subsidiary Company will be production and sale of cement.

Geographical locations of the Group's business units are as follows:

- The registered office of the Company is situated at 1st Floor, Kashmir Commercial Complex, Fazal-ul-Haq Road, Block E, Blue Area, Islamabad;
- Plant of the Company is situated at Chak 56/5L, Qadarabad Multan Road, District Sahiwal, Punjab, Pakistan;
- The registered office of the Subsidiary Company, is located at APTMA House, Tehkal Payan, Jamrud Road, Peshawar; and
- Construction site of cement plant of the Subsidiary Company, is located at Saiduwali Village Tehsil Paharpur, District Dera Ismail Khan, Khyber Pakhtoonkhawa, Pakistan.

## 2 BASIS OF PREPARATION

These consolidated financial statements include the financial statements of the Company and its Subsidiary (collectively "the Group"). The financial statements of the Subsidiary are prepared for the same reporting period as the Holding Company, using consistent accounting policies.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

## 2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) 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 IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

## 2.2 Basis of measurement and preparation

These consolidated financial statements have been prepared under the historical cost convention except for staff retirement benefits, which have been measured at values determined through actuarial valuation.

## 2.3 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupee (Rupees), which is the Group's functional currency. All financial information presented in Rupees has been rounded off to the nearest of Rupees, unless otherwise indicated.

## 2.4 Use of judgments and estimates

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods. Judgments and estimates made by management in the application of accounting and reporting standards as applicable in Pakistan that may have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next years are discussed in the ensuing paragraphs:

### (a) Property, plant and equipment

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

### (b) Impairment of financial assets

In making an estimate of the recoverable amount of the Group's financial assets, the management considers estimated cash flows and their terminal value for impairment testing.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

## (c) Impairment of non-financial assets

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated using the criteria given in respective accounting standards to determine the extent of impairment loss, if any.

## (d) Taxation

The Group takes into account the current income tax law and decisions taken by the tax authorities. Instances where the Group's views differ from the views taken by the income tax department at the assessment stage and where the Group considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

## (e) Employee benefits

Gratuity is provided for permanent employees of the Company for which liability is recognised in the Group's financial statements. The calculation of defined benefit liability requires assumptions to be made of future outcomes, the principal ones being in respect of expected salary growth, expected mortality of active members and the discount rate used to convert future cash flows to current values. Calculations are sensitive to the changes in assumptions used.

Unfunded defined benefits plan is provided for permanent employees of the Subsidiary Company for which deferred liability is recognized in the consolidated financial statements. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

## (f) Provision for inventory obsolescence and doubtful receivables

The Group reviews the carrying amount of stores and spares and stock in trade on regular basis and provision is made for obsolescence, if there is any change in usage pattern and physical form of related stores and spares and stock in trade. Further the carrying amounts of trade and other receivables are assessed on regular basis and if there is any doubt about the realisability of these receivables, appropriate amount is provided for.

## (g) Provisions and contingencies

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost, if any.

Where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability, it is disclosed as contingent liability.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

## (h) Lease term

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that includes renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

## (i) Other

Pursuant to decisions of Supreme Court of Pakistan related to discretionary beneficial ownership in an overseas trusts on a prudent basis and in good faith transactions with "Orastar" have been disclosed in note 30 irrespective of the absence of significant influence and the fact that the companies are not associated under Companies Act, 2017.

## 2.5 Exemptions from applicability of accounting and reporting requirements

### 2.5.1 IFRS 9 "Financial Instruments"

SECP through S.R.O 985 (I)/2019 dated 02 September 2019 has notified that in respect of companies holding financial assets due from the Government of Pakistan (GoP), the requirements contained in IFRS 9 with respect to application of expected credit loss (ECL) model shall not be applicable till 30 June 2021, provided that such companies shall follow relevant requirements of IAS 39 'Financial Instruments Recognition and measurement' in respect of above referred financial assets during the exemption period. SECP has also clarified to certain companies that financial assets due from GoP include those that are directly due from GoP and that are ultimately due from GoP in consequence of circular debt. IFRS 9 introduces the ECL model, which replaces the incurred loss model of IAS 39 whereby an allowance for doubtful debt was required only in circumstances where a loss event has occurred. By contrast, the ECL model requires the Company to recognize an allowance for doubtful debt on all financial assets measured at amortised cost, irrespective of whether a loss event has occurred. In accordance with the exemption granted by SECP, ECL has not been assessed in respect of financial assets due directly / ultimately from GoP i.e. trade debts and other receivables from NTDC. Impact of ECL on financial assets not covered under exemption was not material and accordingly has not been included in these financial statements.

### 2.5.2 IFRS 16 "Leases"

Control of the Company's plant due to purchase of total output by NTDC and other arrangement under the Power Purchase Agreement (PPA) was classified as a lease under IFRIC 4 "Determining whether an Arrangement Contains a Lease" which due to exemption available to the Company were not accounted for as a lease in prior years. After applicability of IFRS-16, the Company's arrangement with NTDC falls under the definition of a lease as defined in IFRS-16, however, the SECP through S.R.O 986(1)/2019 dated September 2, 2019 has extended the earlier exemption from IFRIC-4 to all companies, which have entered into power purchase arrangements before January 01, 2019. The Company signed its PPA with NTDC on April 30, 2007, accordingly, requirement of lease accounting relating to the Company's arrangement with NTDC are not applicable to the Company. Had IFRS-16 been applied on transactions with Power Purchaser, impact of financial statements would have been as follows:

	2020	2019
	Rupees	
Decrease in unappropriated profit at January 01	(3,078,190,458)	(2,537,257,125)
Decrease in profit for the year	(630,116,231)	(540,933,333)
Decrease in unappropriated profit at December 31	(3,708,306,689)	(3,078,190,458)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

As explained in note 18.1, subsequent to the reporting date, the Company has signed a master agreement with the power purchaser pursuant to which the Company shall convert its PPA to take and pay basis, without exclusivity, when competitive trading arrangement is implemented and becomes fully operational. Accordingly, the Company will reassess whether the revised arrangement contains a lease.

## 3 SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Property, plant and equipment

#### Owned

These are stated at cost less accumulated depreciation and impairment loss, if any, except for freehold land, stores held for capitalisation and capital work in progress which are stated at cost less impairment loss, if any. Cost comprises purchase price, including import duties, non-recourse purchase taxes and other related costs of bringing the asset to its present working condition and location for intended use. Exchange gains or losses on long term foreign currency loans utilised for acquisition of assets are added to / deducted from cost of respective asset in accordance with note 3.7.

Depreciation is charged to profit or loss on straight line method at the rates given in note 14, after taking into account their respective residual values if any, so as to write off the depreciable amount over their estimated useful lives whereby depreciable amount adjusted for above exchange rate movements of an asset is written off over its remaining estimated useful life. Depreciation is charged from the month asset is available for use whereas no depreciation is charged in the month in which the asset is disposed off.

Normal repairs and maintenance are charged to profit or loss as and when incurred whereas major improvements and modifications are capitalised. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment disposed off, and are recognised net within "other income" in profit or loss.

### 3.2 Staff retirement benefits - Defined benefit plan

The Company operates a funded gratuity scheme covering all permanent employees completing the minimum qualifying period of service, for which liability is recognised in the financial statements. The assets of the fund plan are held independently in a separate fund. Provision for gratuity is made to cover obligations under the scheme in accordance with actuarial recommendations. The latest actuarial valuation was carried out by the Company as at December 31, 2020. The details of actuarial valuation are given in note 9.2 to these consolidated financial statements. The actuarial gains and losses are recognised in other comprehensive income in the year in which they arise.

Unfunded defined benefit plan is provided for permanent employees of the Subsidiary Company for which deferred liability is recognized in the financial statements. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

## 3.3 Taxation

### (a) Current

The profits and gains of the Company derived from electric power generation are exempt from tax subject to the conditions and limitations provided for in terms of clause (132) of Part I of the Second Schedule to the Income Tax Ordinance, 2001. Further, the Company is also exempt from minimum tax on turnover under clause (11 A) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Subsidiary Company accounts for current taxation on the basis of taxable income at the current rates of taxation after taking into account tax credits and rebates, if any, and any adjustment to tax payable in respect of previous year in accordance with the provisions of the Income Tax Ordinance, 2001.

### (b) Deferred

Deferred tax has not been provided in these financial statements as the profits and gains of the Company derived from electric power generation are exempt from tax subject to the conditions and limitations provided for in terms of clause (132) of Part I of the Second Schedule to the Income Tax Ordinance, 2001.

The Subsidiary Company recognises deferred tax to the extent that it is probable that future taxable profits will be available against which the temporary differences, unused tax losses and tax credits can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## 3.4 Borrowing costs

Borrowing costs on loans which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Borrowing cost includes exchange differences arising from foreign currency borrowings to the extent that these are regarded as adjustment to borrowing cost. All other borrowing costs are charged to profit or loss.

## 3.5 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle such obligations and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimate.

## 3.6 Stock in trade

These are valued at lower of cost and net realisable value. Cost is determined using weighted average cost method. Cost of inventory comprises of the purchase price and other direct costs incurred in bringing the inventory items to their present location and condition. Net realisable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

## 3.7 Foreign currency transactions and translations

Foreign currency transactions are recorded in PKR at the rate of exchange prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevalent on the reporting date. Non monetary assets that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions. Exchange differences are accounted for as follows:

- (i) Exchange differences related to foreign currency loans obtained for financing of the plant and machinery are capitalised and depreciated over the remaining useful life of the related assets in accordance with SRO 24(1)/2012 of SECP.
- (ii) All other exchange differences are charged to profit or loss on net basis.

## 3.8 Financial Instruments - Initial recognition and subsequent measurement

### Initial Recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortised cost or cost as the case may be.

### Classification of financial assets

The Group classifies its financial instruments in the following categories:

- at fair value through profit or loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortised cost.

The Group determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Group's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

## Classification of financial liabilities

The Group classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"), or
- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Group has opted to measure them at FVTPL.

## Subsequent measurement

### i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income / (loss).

### ii) Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

### iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Group's own credit risk will be recognized in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.

## Derecognition

### i) Financial assets

The Group derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

## ii) Financial liabilities

The Group derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income.

## Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

## 3.9 Impairment of financial asset

The Group recognises loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortised cost and FVTOCI at an amount equal to lifetime ECLs except for the financial assets in which there is no significant increase in credit risk since initial recognition or financial assets which are determined to have low credit risk at the reporting date, in which case 12 months' ECL is recorded.

For trade debts the Group applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected allowance. The Group uses General 3-stage approach for deposits, other receivables, advances and bank balances i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instruments has not increased significantly since initial recognition.

The following were either determined to have low or there was no increase in credit risk since initial recognition as at the reporting date:

- Long term deposits;
- Other receivables;
- Advances to employees;
- Security Deposits; and
- Bank balances.

Life time ECLs are the ECLs that results from all possible default events over the expected life of a financial instrument. 12 months ECLs are portion of ECL that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Group expects to receive).

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

The Group uses simplified approach for expected credit loss of trade debts.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

## 3.10 Finance income and finance cost

Finance income comprises profit on deposit accounts and profit on short term investment. Profit on deposit accounts is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return. Income on term deposit receipts is recognised on time proportion basis taking into account the effective yield of such securities.

Finance cost comprises interest expense on borrowings, interest on finance lease liabilities, bank charges, exchange loss - net and other charges on borrowings. Mark-up and other charges on borrowings other than expense incurred on qualifying assets are charged to profit or loss in the period in which they are incurred.

## 3.11 Impairment of non-financial assets

The carrying amounts of non-financial assets other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## 3.12 Provision for Workers' Profit Participation Fund

The Company does not account for Provision for Workers Profit Participation Fund (WPPF) in its profit or loss as they are pass through items to NTDC under the PPA. In case the liability arises, it is recovered from NTDC.

## 3.13 Dividend

Dividend distribution to the shareholders is recognised as liability in the period in which it is declared.

## 3.14 Forthcoming changes in approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after January 1, 2021:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

- ◆ COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after June 1, 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:
  - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
  - any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
  - there is no substantive change to the other terms and conditions of the lease.
- ◆ Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after January 1 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met. The amendments are not likely to affect the financial statements of the Group.
- ◆ Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after January 1, 2022 amends IAS 1 by mainly adding paragraphs which clarify 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) effective for the annual period beginning on or after January 1, 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. 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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

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.

- ◆ Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.
- ◆ Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) - In response to concerns regarding temporary accounting mismatches and volatility, and increased costs and complexity, the Board issued amendments to IFRS 4 Insurance Contracts in 2017. The two optional solutions raised some considerations which required detailed analysis and management judgement. On the issue of IFRS 17 (Revised) Insurance Contracts in June 2020, the end date for applying the two options under the IFRS 4 amendments was extended to January 1, 2023, aligned with the effective date of IFRS 17.
- ◆ Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after January 1, 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.
- ◆ Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.
- ◆ **Annual Improvements to IFRS standards 2018-2020:**

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

- IFRS 9 – 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 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 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.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The above amendments are not likely to have an impact on the Group's financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

		2020	2019
		Rupees	
<b>4</b>	<b>SHARE CAPITAL</b>		
<b>4.1</b>	<b>Authorised share capital</b>		
	405,000,000 (2019: 405,000,000) ordinary shares of Rs.10 each	<b>4,050,000,000</b>	4,050,000,000
<b>4.2</b>	<b>Issued, subscribed and paid-up capital</b>		
	386,471,779 (2019: 386,471,779) ordinary shares of Rs.10 each fully paid in cash.	<b>3,864,717,790</b>	3,864,717,790
<b>4.3</b>	Saif Holdings Limited ("the Controlling Party") holds 197,272,619 i.e. 51.04% shares (2019: 197,272,619 i.e. 51.04%) ordinary shares of Rs.10 each at the reporting date. Further, 12,552 (2019: 16,002) and 100 (2019: 100) ordinary shares of Rs. 10 each are held by directors and a related party respectively. Orastar Limited held 66,022,504 (2019: 66,022,504) ordinary shares of the Company.		

Subsequent to reporting date, the Holding Company has distributed 62,250,860 shares held in the Company, as dividend in kind to its shareholders, after which Saif Holdings Limited holds 34.94% shares of the Company.

		2020	2019
		Rupees	
<b>5</b>	<b>LONG TERM FINANCING</b>		
	<b>Note</b>		
	<b>Loan from banking companies and financial institutions</b>		
	Syndicate term finance facilities	5.1	-
	Current portion of long term financing	11	788,379,612
		-	(788,379,612)
		-	-
<b>5.1</b>	<b>Breakup of syndicate term finance facilities is as follows:</b>		
	Syndicate term finance facility under SFA	5.1.1	-
	Syndicate term finance facility under TFFA	5.1.2	653,303,900
		-	135,075,712
		-	788,379,612

## 5.1.1 Syndicate term finance facility under Senior Facility Agreement ("SFA")

National Bank of Pakistan	-	126,059,185
Habib Bank Limited	-	126,059,185
United Bank Limited	-	238,440,900
Allied Bank Limited	-	60,508,408
Faysal Bank Limited	-	25,211,835
Askari Bank Limited	-	25,212,635
Bank of Punjab	-	25,211,835
Pak Oman Investment Company Limited	-	15,127,101
Saudi Pak Industrial & Agricultural Investment Company Limited	-	11,472,816
	-	653,303,900

This represented syndicate senior facility of Rs. 10,727.53 million obtained from a consortium of seven banks and two Development Finance Institutions (DFIs) led by Habib Bank Limited, the agent bank. The facility carried mark-up at the rate of 3 month's KIBOR plus 3% per annum with no floor or cap and was payable in quarterly installments in a period of ten years, starting from June 30, 2010. The Company has paid last installment of this facility on March 31, 2020.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

	2020	2019
	Rupees	
<b>5.1.2 Syndicate term finance facility under Term Finance Facility Agreement ("TFFA")</b>		
National Bank of Pakistan	-	26,046,416
Habib Bank Limited	-	26,046,416
United Bank Limited	-	49,351,750
Allied Bank Limited	-	12,502,279
Faysal Bank Limited	-	5,209,282
Askari Bank Limited	-	5,209,282
Saudi Pak Industrial & Agricultural Investment Company Limited	-	2,375,433
Pak Brunei Investment Company Limited	-	8,334,854
	-	135,075,712

This represented syndicate term finance facility of Rs. 2,180 million obtained from a consortium of six banks and two DFIs led by Habib Bank Limited, the agent bank. The facility carried mark-up at the rate of 3 month's KIBOR plus 3% per annum with no floor or cap and payable in quarterly installments in a period of ten years, starting from June 30, 2010. The Company has paid last installment of this facility on March 31, 2020.

		2020	2019
		Rupees	
<b>6 SUB-ORDINATED LOAN - UNSECURED</b>	<b>Note</b>		
Balance at January 01		1,071,637,650	959,541,656
Exchange loss capitalised	6.1	42,596,486	112,095,994
Repayment during the year		(143,655,514)	-
	6.2	970,578,622	1,071,637,650
Current portion of subordinated loan		(415,962,907)	(357,212,541)
Balance at December 31		554,615,715	714,425,109

**6.1** Exchange loss on subordinated loan has been capitalised in accordance with note 3.7(i).

**6.2** This represents remaining balance of US \$ 6,035,937 (2019: US \$ 6,898,215) from the original foreign currency loan of US \$ 8,946,353 obtained from Orastar Limited, incorporated under the laws of British Virgin Island (BVI). The loan is duly registered with the State Bank of Pakistan (SBP). The loan carries markup at the rate of 3 month's USD LIBOR plus 3% per annum and is payable in quarterly installments in a period of six years starting from January 1, 2019 subject to availability of surplus funds for distribution. As per loan agreement, the Company can also issue shares to Orastar Limited in lieu of repayment on mutually agreed basis.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

	2020	2019
	Rupees	
<b>7 LEASE LIABILITIES</b>		
Lease liabilities	61,167,931	62,181,777
Less: Current portion	(15,593,009)	(11,634,698)
Long term portion	45,574,922	50,547,079

Movement of lease liabilities under IFRS 16 is as follows:

Balance at January 01	62,181,777	51,883,160
Addition during the year	13,766,339	21,417,110
Disposal during the year	(2,198,227)	-
Interest	6,088,227	6,844,743
Payments during the year	(18,670,185)	(17,963,236)
Balance at December 31	61,167,931	62,181,777
Current portion of lease liabilities	(15,593,009)	(11,634,698)
Non-Current Portion of Lease Liabilities	45,574,922	50,547,079

Maturity analysis of undiscounted lease payments that will be paid after the reporting date is as follow:

	2020	2019
Note	Rupees	
Less than one year	22,902,382	18,088,190
One to two years	18,732,951	20,978,962
Two to three years	19,134,484	16,456,048
Three to four years	5,538,930	16,898,477
Four to five years	3,019,054	3,496,254
More than five years	2,483,034	3,099,162
	71,810,835	79,017,093

## 8 DEFERRED LIABILITY - GRATUITY

Balance at January 01		2,962,420	-
Provision for gratuity expense for the year	8.2	2,096,210	2,962,420
Benefit paid during the year		(3,415,630)	-
Balance at December 31		1,643,000	2,962,420

**8.1** The Subsidiary Company operates an unfunded defined benefit plan for its permanent employees in service for more than one year, for which deferred liability has been recognised in these financial statements. The actuarial valuation in respect of provision for gratuity has not been carried out since the management believes that impact is not material.

**8.2** Gratuity expense amounting to Rs. 2,084,144 was capitalized as capital work in progress as disclosed in note 14.1.2 in accordance with the Subsidiary Company's approved policy for capitalization of expenses, while expense amounting to Rs. 12,066 was charged as administrative expense as disclosed in note 26.1.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

9	TRADE AND OTHER PAYABLES	Note	2020 Rupees	2019
	Creditors		722,766,342	1,587,031,977
	Accrued liabilities		75,222,756	90,110,760
	Withholding tax payable		3,266,600	2,565,581
	WPPF payable	9.1	118,575,063	182,497,345
	Payable to staff gratuity fund	9.2	393,541	9,275,098
	Support services fee payable to the Holding Company		-	221,525,725
	Other payables		3,697,347	5,776,384
			<u>923,921,649</u>	<u>2,098,782,870</u>

## 9.1 Workers' Profit Participation Fund

Balance at January 01		182,497,345	151,654,044
Provision for the year		118,575,063	182,497,345
Payment during the year		(182,497,345)	(151,654,044)
Balance at December 31	9.1.1	<u>118,575,063</u>	<u>182,497,345</u>

**9.1.1** This represent Workers' Profit Participation Fund (WPPF) payable by the Company at the rate of 5% of the net profit for the year and is a pass through item under the provisions of Power Purchase Agreement (PPA).

9.2	Payable to staff gratuity fund	Note	2020 Rupees	2019
	The amount recognised in the statement of financial position is as follows:			
	Present value of defined benefit obligation	9.2.1	87,643,632	80,798,915
	Less: Fair value of plan assets	9.2.2	(87,250,091)	(71,523,817)
	Net defined benefit liability		<u>393,541</u>	<u>9,275,098</u>

**9.2.1** The movement in present value of defined benefit obligation is as follows:

Balance at January 01	80,798,915	64,878,789
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### Included in profit or loss

Current service cost	8,857,273	7,905,156
Interest cost	9,036,719	8,549,441
	<u>17,893,992</u>	<u>16,454,597</u>

### Included in other comprehensive income

#### Remeasurement loss:

- Actuarial (gain)/ loss	(10,104,219)	174,937
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#### Others

Benefits paid	(945,056)	(709,408)
<b>Balance at December 31</b>	<u>87,643,632</u>	<u>80,798,915</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

	Note	2020	2019
		Rupees	
<b>9.2.2 The movement in fair value of plan assets is as follows:</b>			
Balance at January 01		71,523,817	48,563,859
<i>Included in profit or loss</i>			
Interest income		8,514,994	7,468,577
<i>Included in other comprehensive income</i>			
Return on plan assets excluding interest income		(1,118,759)	(114,141)
<i>Others</i>			
Contribution to gratuity fund		9,275,095	16,314,930
Benefits paid		(945,056)	(709,408)
<b>Balance at December 31</b>		<b>87,250,091</b>	<b>71,523,817</b>
<b>Breakup of plan assets is as follows:</b>			
Cash at bank		14,428	22,574
Cash balance		1,957	1,046
Treasury bills		72,208,132	56,456,644
Term finance certificates		15,025,574	15,043,553
		<b>87,250,091</b>	<b>71,523,817</b>
<b>Allocation of gratuity expense is as follows:</b>			
Cost of sales	24.1	5,445,427	5,158,242
Administrative expenses	26.1	3,933,571	3,827,778
		<b>9,378,998</b>	<b>8,986,020</b>

Gratuity plan entitles a retired employee to receive gratuity equivalent to last drawn salary into eligible number of years of service. The gratuity plan is administered by a gratuity fund that is legally separated from the Company and is funded by the Company based on actuarial valuation. Employees are not required to contribute to this plan. The latest actuarial valuation was carried out on December 31, 2020 using projected unit credit method. Expected gratuity expense for the next financial year is Rs. 8,278,869. This defined benefit plan exposes the Company to the following actuarial risks:

## (a) Final salary risk

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

## (b) Demographic risks

### -Mortality risk

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

### -Withdrawal risk

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

## (c) Investment risk

The risk of the investment underperforming and being not sufficient to meet the liabilities.

Key actuarial assumptions	2020	2019
Discount rate used for interest cost	11.25%	13.25%
Discount rate used for year end obligation	9.75%	11.25%
Future salary growth	8.75%	10.25%
Expected mortality for active members	As per SLIC 2001-2005 setback 1 Year	As per SLIC 2001-2005 setback 1 Year
Average expected remaining working life time of employees	5 years	5 years

### Sensitivity analysis

Reasonably possible changes at the reporting date in one of the relevant actuarial assumptions, holding other assumptions constant, the revised balances of the defined benefit obligations are shown below;

	December 31, 2020		December 31, 2019	
	Increase	Decrease	Increase	Decrease
	Rupees			
Discount rate (1% movement)	84,014,411	91,875,854	77,236,007	84,918,454
Future salary growth (1% movement)	91,984,012	83,854,157	85,028,779	77,074,834

10	SHORT TERM BORROWINGS	Note	2020	2019
			Rupees	
	Working capital facilities - secured	10.1	3,893,487,815	2,510,937,336
	Short term musharakah facilities - secured	10.2	3,080,217,440	2,749,445,981
			6,973,705,255	5,260,383,317

**10.1** The Company has obtained working capital facilities amounting to Rs. 8.63 billion (2019: Rs. 8.63 billion) from several commercial banks for meeting the working capital requirements, expiring on various dates during 2021. Effective markup rates during the year on these facilities range between 7.85% to 15.05% (2019: 11.05% to 15.36%) per annum with no floor or cap and are payable in arrears on quarterly basis. The facilities are secured by way of mortgage charge on fuel stocks inventory and energy payment receivables up to Rs. 12.24 billion (2019: Rs. 13.24 billion) and subordinated / ranking charge on all present and future fixed assets and properties of the Company for an amount of Rs. 0.92 billion (2019: Rs. 0.99 billion).

**10.2** The Company has obtained short term Islamic finance facilities from Islamic banks subject to a maximum limit of Rs. 4.8 billion (2019: Rs. 4.05 billion). Effective variable markup rate during the year on these facilities ranges between 7.85% to 14.56% (2019: 11.15% to 14.86%) per annum and are secured by pari passu / ranking charge on fuel stock and energy purchase price receivables of the Company up to Rs. 6.36 billion (2019: Rs. 5.36 billion) and subordinated / ranking charge on all present and future fixed assets and properties of the Company up to Rs. 0.72 billion (2019: Rs. 0.65 billion).

For the year ended December 31, 2020

Letters of guarantee amounting to Rs. 4.22 billion (2019: Rs. 4.22 billion) are available to the Company. These facilities are secured against the ranking charge over all present and future fixed assets amounting to Rs. 6.58 billion (2019: Rs. 6.58 billion).

**13.1.2** For the tax period July 2015 to June 2016, the assessing officer raised sales tax demand of Rs. 10.43 million in the matter of inadmissibility of input tax in relation to financial banking services, security services and business support services procured by the Company. The Company filed an appeal with Commissioner (Appeals), who decided the matter in favor of the Company on account of business support services and remanded the matter to assessing officer on account of security services and financial banking services. The Company filed appeal to the Appellant Tribunal Inland Revenue (ATIR) against the order of Commissioner (Appeals) which is pending adjudication. Maximum amount of contingency as per the Company's records is Rs. 4.92 million.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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**13.1.3** In respect of Tax Years 2014 and 2015, the assessing officer amended the Company's assessments and raised tax demand amounting to Rs. 25.15 million and Rs. 9.45 million respectively by subjecting bank profit, return on investments and foreign exchange gain to tax. The Company filed an appeal before Commissioner (Appeals), who confirmed the tax imposed in the earlier order and further ordered to charge tax on interest on delayed payment revenue. Against the order of Commissioner (Appeals) the Company filed an appeal before ATIR which decided the case in favour of the Company on January 24, 2020. However, the tax department has filed a reference application in the Honorable Islamabad High Court against order of ATIR on July 7, 2020.

**13.1.4** For Tax Year 2015, the assessing officer raised demand of Rs. 55.6 million in March 2017 for alleged non-withholding of tax on salaries, payment for goods and service, rent and dividend. The Company filed appeal before Commissioner (Appeals) who remanded the case to the assessing officer who in turn created a demand of Rs. 13.4 million in September 2018. The Company again filed appeal before Commissioner (Appeals) against the appeal effect order on October 16, 2018. Commissioner (Appeals) remanded the case to assessing officer where it is pending for final assessment.

**13.1.5** For Tax Year 2013, the assessing officer raised a demand of Rs. 29.09 million on account of non-payment to Workers' Welfare Fund. The Company filed appeal before Commissioner (Appeals) on July 26, 2019 who decided the matter in favour of the Company on January 15, 2020. The tax authorities have filed an appeal before ATIR against orders of Commissioner (Appeals).

**13.1.6** Sui Northern Gas Pipelines Limited (SNGPL) has claimed an amount of Rs. 100.24 million (2019: Rs. 95.99 million) on account of late payment by the Company against SNGPL's invoices of Regasified Liquefied Natural Gas (RLNG). SNGPL submitted these RLNG invoices to the Company without getting determination of RLNG tariff from Oil and Gas Regulatory Authority (OGRA). The Company has considered such SNGPL invoices to be invalid without OGRA determination. Therefore, no provision for the above mentioned amount has been made in these financial statements.

## **13.2 Commitments:**

**13.2.1** The Company is committed to pay monthly fee and milestone payments to its O&M contractors as per terms agreed in the Operations & Maintenance (O&M) agreement.

**13.2.2** Performance guarantees amounting to Rs. 10.3 million in favor of Directorate General Mines and Minerals have been issued by banks on behalf of the Subsidiary Company. Also refer note 22.1 and 22.4.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

## 14 PROPERTY, PLANT AND EQUIPMENT

	Owned assets												Leased assets	
	Freehold land	Buildings on freehold land	Plant and machinery	Office equipment	Computer and accessories	Furniture and fixtures	Motorcycle and bicycle	Vehicles	Other assets	Stores held for capital expenditure	Capital work in progress (note 14.1)	Total		
												Vehicles	Total	
Rupees														
<b>Cost</b>														
Balance at January 1, 2019	459,758,200	2,352,888,758	15,341,157,716	11,284,685	5,813,073	6,870,198	395,645	15,936,656	626,230	511,038,581	234,486,158	17,124,322	18,957,380,222	
Recognition of right-of-use asset on initial application of IFRS 16	-	-	-	-	-	-	-	-	-	-	-	(17,124,322)	(17,124,322)	
Adjusted balance at January 1, 2019	459,758,200	2,352,888,758	15,341,157,716	11,284,685	5,813,073	6,870,198	395,645	15,936,656	626,230	511,038,581	234,486,158	-	18,940,255,900	
Additions	1,698,085	-	1,069,563,372	236,074	809,106	13,000	-	-	-	-	91,380,156	-	1,163,699,793	
Disposal	-	-	-	(47,210)	(90,090)	-	-	(3,152,912)	-	-	-	-	(3,290,212)	
Derecognition	-	-	(1,573,800,469)	-	-	-	-	-	-	-	-	-	(1,573,800,469)	
Effect of exchange loss (Refer note 6.1)	-	-	112,095,994	-	-	-	-	-	-	-	-	-	112,095,994	
Balance at December 31, 2019	461,456,285	2,352,888,758	14,949,016,613	11,473,549	6,532,089	6,883,198	395,645	12,783,744	626,230	511,038,581	325,866,314	-	18,638,961,006	
Balance at January 1, 2020	461,456,285	2,352,888,758	14,949,016,613	11,473,549	6,532,089	6,883,198	395,645	12,783,744	626,230	511,038,581	325,866,314	-	18,638,961,006	
Additions	-	-	-	570,707	149,000	-	-	-	-	-	42,732,906	-	43,452,613	
Disposal	-	-	-	-	(140,330)	-	(68,092)	(9,519,822)	-	-	-	-	(9,728,244)	
Effect of exchange loss (Refer note 6.1)	-	-	42,596,486	-	-	-	-	-	-	-	-	-	42,596,486	
Balance at December 31, 2020	461,456,285	2,352,888,758	14,991,613,099	12,044,256	6,540,759	6,883,198	327,553	3,263,922	626,230	511,038,581	368,599,220	-	18,715,281,861	
<b>DEPRECIATION</b>														
Balance at January 1, 2019	-	689,144,884	4,287,689,737	8,530,199	4,692,334	3,442,375	320,236	11,111,142	626,230	-	-	6,429,293	5,011,986,430	
Recognition of right-of-use asset on initial application of IFRS 16	-	-	-	-	-	-	-	-	-	-	-	(6,429,293)	(6,429,293)	
Adjusted balance at January 1, 2019	-	689,144,884	4,287,689,737	8,530,199	4,692,334	3,442,375	320,236	11,111,142	626,230	-	-	-	5,005,557,137	
Charge for the year	-	78,351,192	516,598,772	682,374	528,944	448,476	13,896	1,915,476	-	-	-	-	598,539,130	
On disposals	-	-	-	(36,108)	(90,090)	-	-	(2,522,329)	-	-	-	-	(2,648,527)	
On derecognition	-	-	(506,606,371)	-	-	-	-	-	-	-	-	-	(506,606,371)	
Balance at December 31, 2019	-	767,496,076	4,297,682,138	9,176,465	5,131,188	3,890,851	334,132	10,504,289	626,230	-	-	-	5,094,841,369	
Balance at January 1, 2020	-	767,496,076	4,297,682,138	9,176,465	5,131,188	3,890,851	334,132	10,504,289	626,230	-	-	-	5,094,841,369	
Charge for the year	-	78,574,720	529,142,612	792,694	1,009,557	398,913	58,040	122,909	-	-	-	-	610,099,445	
On disposals	-	-	-	-	(140,330)	-	(68,092)	(8,046,451)	-	-	-	-	(8,254,873)	
Balance at December 31, 2020	-	846,070,796	4,826,824,750	9,969,159	6,000,415	4,289,764	324,080	2,580,747	626,230	-	-	-	5,696,685,941	
<b>IMPAIRMENT</b>														
Balance at January 1, 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	
Charge for the year	-	-	833,794,098	-	-	-	-	-	-	-	-	-	833,794,098	
On derecognition	-	-	(833,794,098)	-	-	-	-	-	-	-	-	-	(833,794,098)	
Carrying amounts	-	-	-	-	-	-	-	-	-	-	-	-	-	
At January 1, 2019	459,758,200	1,663,743,874	11,053,467,979	2,754,486	1,120,739	3,427,823	75,409	4,825,514	-	511,038,581	234,486,158	10,695,029	13,945,393,792	
At December 31, 2019	461,456,285	1,585,392,682	10,651,334,475	2,297,084	1,400,901	2,992,347	61,513	2,279,455	-	511,038,581	325,866,314	-	13,544,119,637	
At December 31, 2020	461,456,285	1,506,817,962	10,164,788,349	2,075,097	540,344	2,593,434	3,473	683,175	-	511,038,581	368,599,220	-	13,018,595,920	
Rate of depreciation per annum (%)	-	3.33%	3.33% to 4.92%	10 % to 33.33%	33.33%	10%	20%	20%	10%	-	-	20%	20%	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

14.1 Capital work in progress	Note	2020	2019
		Rupees	
Advisory and consultancy charges	14.1.1	230,692,574	215,172,303
Salaries, wages and other benefits	14.1.2	75,581,020	54,612,666
Security charges		15,577,813	13,149,013
Borrowing	14.1.3	9,463,167	9,463,167
Travelling expenses		2,964,572	2,545,297
License fee		937,560	820,840
Equipment rentals		903,468	903,468
Fuel expenses		5,833,064	4,279,369
Vehicle rentals		2,081,198	2,891,001
Miscellaneous expenses		24,564,784	22,029,190
		<u>368,599,220</u>	<u>325,866,314</u>

**14.1.1** This includes cost of technical advisory services amounting to Rs. 74.5 million (2019: Rs. 74.5 million) from PEG S.A. and cost of geological exploration consultancy amounting to Rs. 83.1 million (2019: Rs. 83.1 million) from Sinoma Handan Engineering Company (Private) Limited and cost of consultancy services amounting to 31.22 million (2019: Rs. 22.16 million) from Hybrid Technics (Private) Limited in respect of seeking approval for establishing Special Economic Zone in Paharpur, Dera Ismail Khan.

**14.1.2** These include Rs. 2,084,144 (2019: 2,890,288) charged in respect of provision for gratuity expense.

**14.1.3** In preceding year an amount of Rs. 729,946 was capitalized in respect of borrowing cost charged at the rate of 7.05% to 12.47% per annum.

14.2 The depreciation charge for the year has been allocated as follows:	Note	2020	2019
		Rupees	
Depreciation - Cost of sales	24	607,717,332	594,949,964
Impairment loss	14.2.1	-	833,794,098
		<u>607,717,332</u>	<u>1,428,744,062</u>
Depreciation - Administrative expenses	26	2,382,113	3,589,166
		<u>610,099,445</u>	<u>1,432,333,228</u>

**14.2.1** This represented impairment loss related to damaged component of the plant.

## 14.3 Particulars of the immovable fixed assets

The Company's immovable fixed assets consist of buildings and civil structure on land measuring 275.35 Kanals, located at Chak 56/5L, Qadarabad Multan Road, District Sahiwal, Punjab.

The Subsidiary Company's immovable fixed assets consist of land measuring 4,410 kanals and 4 marlas, located at Saiduwali Village Tehsil Paharpur, District Dera Ismail Khan, Khyber Pakhtunkhwa, Pakistan.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

15	RIGHT OF USE ASSETS	Note	2020	2019
			Rupees	
	<b><u>COST</u></b>			
	Balance at January 1		79,919,410	57,961,491
	Additions		14,732,891	21,957,919
	Disposals		(3,408,399)	-
	Balance at December 31		91,243,902	79,919,410
	<b><u>DEPRECIATION</u></b>			
	Balance at January 01		18,401,013	6,429,293
	Charge for the year	26	14,695,632	11,971,720
	On disposals		(1,136,133)	-
	Balance at December 31		31,960,512	18,401,013
	<b>Carrying amount</b>		59,283,390	61,518,397
	Rate of depreciation per annum (%)		10% to 20%	10% to 20%

## 16 PROJECT TRANSACTION COSTS

These represent expenses incurred against advisory services in relation to the project financing of the Subsidiary Company.

17	GOODWILL	2020	2019
		Rupees	
	Acquisition through business combination	11,530,918	11,530,918

### Acquisition of subsidiary

The Company acquired 1,062,500 ordinary shares of Rs. 10 each of the Subsidiary Company, on August 01, 2018 ("the acquisition date") through issuance of shares by the Subsidiary Company. Further right issue of 77,414,923 ordinary shares of Rs. 10 each was made by the Subsidiary Company to the Company till December 31, 2020, As a result the Company holds 96.37% of the issued share capital of the Subsidiary Company. Control of the Subsidiary Company was transferred to the Company on the acquisition date.

18	TRADE DEBTS	Note	2020	2019
			Rupees	
	National Transmission and Dispatch Company (NTDC)	18.1	11,363,291,153	9,650,652,780

- 18.1** Trade debts include an overdue amount of Rs 9.59 billion (2019: Rs. 7.67 billion). The Company considers this amount to be fully recoverable because this is secured by way of guarantee issued by the Government of Pakistan (GoP) under the Implementation Agreement (IA). Additionally, trade debts are subject to markup on delayed payments under Power Purchase Agreement (PPA) at the rate of KIBOR + 4.5% per annum except RLNG fuel invoices which are subject to markup of KIBOR + 2% per annum for first 30 days,

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

and after which markup will be KIBOR+4.5% per annum. GoP is committed, hence continuously pursuing for satisfactory settlement of debt issue. As referred in note 2.5.1, SECP has exempted the applicability of expected credit loss allowance on trade debts due directly / ultimately from GoP.

As explained in note 18.4 below, the Company and CPPA have jointly developed revised Tariff and submitted to NEPRA. After determination of revised Tariff from NEPRA, overdue amount of Rs. 9.507 billion as on November 30, 2020 will be paid in two installments to the Company. The first installment of 40% will be paid immediately after notification of tariff determination by NEPRA and 60% will be paid within six months of the date of first instalment. Each instalment will be paid in three equal parts of cash, PIBs and Sukuks. After payment of the second installment, 'Delayed Payment Rate' will come down to KIBOR+2% per annum for first 60 days and KIBOR+4.5% per annum afterwards except for RLNG fuel invoices, for which the existing mechanism will be followed."

**18.2** Trade debts include an amount of Rs. 477.56 million (2019: Rs. 477.56 million) relating to capacity purchase price not acknowledged by NTDC as the plant was not fully available for power generation. However, the sole reason of this under-utilization of plant capacity was non-availability of fuel owing to non-payment by NTDC.

The Company along with other IPPs agreed with NTDC to resolve the dispute through dispute resolution mechanism (appointment of expert) under the PPA. In his decision the expert in August 2015 determined that the amount mentioned above is payable to the Company and accordingly the Company has claimed the said amount from NTDC. Since NTDC did not conform to the requirements of PPA relating to expert decision within 30 days, the IPPs went to London Court of International Arbitration (LCIA).

Sole arbitrator appointed by LCIA issued a partial final award on June 08, 2017 wherein it was inter alia held that the expert determination is final and binding. Thereafter, a final award was issued by the sole arbitrator on October 29, 2017 pursuant to which NTDC was ordered to pay Rs. 477.56 million along with cost of proceedings and interest from the date of expert determination till payment by NTDC after Arbitrator decision to the Company. The Company filed petition before Lahore High Court for enforcement of partial final award and final award on June 17, 2017 and November 30, 2017 respectively, which proceedings are pending till date. NTDC has also challenged the partial final award and final award in Civil Court, Lahore.

Subsequent to the reporting date, on February 11, 2021, PPA Amendment has been signed between CPPA-G and the Company whereby CPPA-G and the Company have resolved the outstanding LCIA Award amicably and in good faith, according to which, instead of extension in the relevant Agreement Year by the corresponding days of Disputed Period, the current Agreement Year (i.e. the 11th agreement year originally ending on April 30, 2021) shall be extended by the disputed period of 43 days through Other Force Majeure Event (OFME). Such OFME period shall commence from the end of the 11th Agreement Year i.e. April 30, 2021 and will end on June 11, 2021, as such date may be extended by reason of a Force Majeure Event. In consideration of this settlement and subject to full payment of the disputed period payments including adjustment of LCIA Award of Rs. 477.56 million and payment of first installment of 40% under the 'Payment Mechanism' of the Master Agreement, both parties have agreed to file a joint application before Lahore High Court for withdrawal of enforcement proceedings.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

**18.3** During the year ended December 31, 2016, an amount of Rs. 239.68 million relating to capacity purchase price not acknowledged by NTDC was adjusted by the Company against payable to SNGPL pursuant to award in favour of the Company for the whole amount by the LCIA. SNGPL disputed the adjustment/set off amount of Award in the Lahore High Court, however, the Court dismissed such petition of SNGPL. Thereafter, SNGPL filed appeal before the Supreme Court of Pakistan which, disposed off the appeal by stating that the judgement of the Lahore High Court, to the extent it decides on merits, the question of the Company's right to set off is set aside (without prejudice to the rights of the parties). SNGPL also challenged the award in Civil Court, Lahore, on April 21, 2016, which is pending adjudication. On June 07, 2016, the Company filed a petition in the Civil Court Lahore to obtain a Decree in lieu of the arbitration award and also adjusted an amount of Rs. 270.66 million (inclusive of the aforementioned amount of Rs. 239.68 million) from payable to SNGPL as such amount was allowed by the LCIA in its award. SNGPL has filed a suit for recovery before District Judge, Lahore (invested with Powers of the Gas Utility Court) on March 01, 2019 against this adjustment including a claim for markup from the date of such adjustment and also has filed a request for arbitration before LCIA on March 22, 2019. In its submission to LCIA on March 06, 2020, SNGPL has claimed adjusted amount of Rs. 270.66 million and markup amount of Rs. 236.47 million from the date of such adjustment. The Company's position is that no amount is payable to SNGPL and in any case, LCIA Arbitration is the only competent forum to decide on this case.

**18.4** On June 03, 2020, "Committee for Negotiations" was constituted by the Government to discuss and agree to alter the existing contractual arrangement with IPPs. On August 12, 2020, the Company executed a Memorandum of Understanding (MOU) with the Committee for Negotiations and on February 11, 2021, following agreements were signed between the Company, NTDC and CPPA-G in the light of aforesaid MOU:

- i) Amendment Agreement to the Implementation Agreement
- ii) Amendment Agreement to the Guarantee
- iii) PPA Novation Agreement

The above three agreements were entered into to change "Power Purchaser" from NTDC to CPPA-G and novation of all rights and obligations of NTDC to CPPA-G under the implementation agreement and the related guarantee by the GoP.

Furthermore, two agreements were signed on the same date i.e. on February 11, 2021 which are as follows:

**1) Master Agreement, which provides for the following:**

- Fuel and O&M savings shall be taken as a single consolidated line item and analyzed from the perspective of revenues minus costs. Any saving, if determined, shall be shared in the ratio of 60:40 between Power Purchaser and the Company. Sharing of such savings will apply prospectively from July 01, 2021.
- A one-time detailed heat rate test shall be conducted in order to ensure that the actual efficiency matches the efficiency reported in the most recent annual financial statements of the Company.
- Return on Equity (RoE) including Return on Equity during Construction (RoEDC) shall be changed to 12% per annum for foreign equity investment registered with SBP, while USD indexation will be retained. For local investors, the rate will be changed to 17% per annum in PKR calculated at PKR/USD exchange rate

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

of PKR 148/USD, with no future USD indexation. However, the existing RoE and RoEDC, together with applicable indexations, shall continue to be applied until the date when the applicable exchange rate under the present Tariff reaches PKR 168/USD (i.e. the date of signing of MoU), whereupon the revised RoE and RoEDC shall become applicable for remainder of the term of PPA.

- The Company shall convert its PPA to take and pay basis, without exclusivity, when competitive trading arrangement is implemented and becomes fully operational as per the wordings of NEPRA's generation license to the Company.
- The Company and CPPA have jointly developed revised Tariff and submitted to NEPRA. After determination of revised Tariff from NEPRA, an overdue amount of Rs. 9.507 billion as on November 30, 2020 will be paid in two installments to the Company. The first installment of 40% will be paid immediately after notification of tariff determination by NEPRA and 60% will be paid within six months of the date of first instalment. Each instalment will be paid in three equal parts of cash, PIBs and Sukuks.

## 2) The PPA Amendment:

According to the PPA Amendment, 'Delayed Payment Rate' will come down to KIBOR+2% per annum for first 60 days and KIBOR+4.5% per annum afterwards except for RLNG fuel invoices, for which the existing mechanism will be followed. This reduction in such rate will be effective after receipt of last instalment of receivable as explained above. Also, the payment of all invoices will be made on FIFO basis.

In addition, the PPA Amendment provides for settlement of dispute related to Rs. 477.56 million as explained in note 18.2 above.

**18.5** In relation to alleged excess profits determined by the Power Sector Committee's report submitted in March 2020, the Company and GoP have agreed to constitute an Arbitrational Tribunal which will comprise of three members. One member each will be selected by GOP and the Company (both would be retired Supreme Court Judge) and the two members together will appoint the third member and decide upon the matter. The Committee has determined an overall amount of Rs.1.2 billion as excess profit generated by the Company. As per Company's internal calculations, overall results for that particular period does not results in excess profit, which was communicated to the Committee.

**18.6** For aging of receivable from NTDC at the reporting date, refer to note 28.4.

	2020	2019
	Rupees	
<b>19 OTHER RECEIVABLES</b>		
Workers' Profit Participation Fund (WPPF) receivable	452,513,669	334,044,648
Insurance claim receivable	-	785,753,372
Sales tax receivable - net	160,490,674	27,741,941
Others	1,819,205	16,899,493
	<u>614,823,548</u>	<u>1,164,439,454</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

20	ADVANCES - considered good	Note	2020	2019
			Rupees	
	Advances to supplier	20.1	105,480,499	97,456,918
	Advances to employees		259,966	892,321
			<u>105,740,465</u>	<u>98,349,239</u>
20.1	These include advance payment to SNGPL amounting to Rs. 101.61 million (2019: Rs. 96.33 million).			
21	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
	Prepayments		67,214,352	61,172,356
	Security deposit		1,833,000	1,833,000
	Current portion of long term deposits		2,640,860	-
			<u>71,688,212</u>	<u>63,005,356</u>
22	CASH AND BANK BALANCES			
	Cash in hand		45,292	140,230
	Cash at bank:			
	Current accounts			
	Local currency	22.1	2,814,639	2,876,939
	Deposit accounts			
	Local currency	22.2	13,026,440	-
	Foreign currency	22.3	315,201	304,124
			<u>13,341,641</u>	<u>304,124</u>
	Short term investment	22.4	10,526,316	10,830,956
			<u>26,727,888</u>	<u>14,152,249</u>

**22.1** This includes an amount of Rs. 0.3 million under lien to secure bank guarantee issued on behalf of the Subsidiary Company. Also refer note 13.2.2.

**22.2** This represents an amount of USD 1,966 (2019: USD 1,964) in US Dollar deposit account.

**22.3** These carry markup ranging from 2.84% to 5.51% (2019: 7.75% to 11.96%) per annum for Rupee denominated balances while 0.06% (2019: 0.15%) per annum for US Dollar denominated balances.

**22.4** This represents investment in local currency Term Deposit Receipt carrying interest rate of 6% to 12.10% (2019: 8.05% to 12.01%) per annum having maturity of one month. The deposit is under lien to secure bank guarantee issued on behalf of the Subsidiary Company. Also refer note 13.2.2.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

23	TURNOVER - NET	Note	2020 Rupees	2019
	Gross Energy Purchase Price		4,738,246,637	10,205,164,015
	Less: Sales tax		(688,463,188)	(1,482,801,609)
			4,049,783,449	8,722,362,406
	Capacity Purchase Price		4,875,391,736	6,188,018,470
			8,925,175,185	14,910,380,876

## 24 COST OF SALES

Raw material consumed		3,702,313,415	8,118,148,860
Operation and maintenance		975,632,763	888,634,449
Salaries and other benefits	24.1	62,444,525	66,550,886
Electricity charges		54,113,300	37,946,391
Insurance expense/ (recovery)	24.2	190,121,014	(652,965,263)
Depreciation and impairment loss	14.2	607,717,332	1,428,744,062
Office expenses		1,378,743	2,440,992
Travelling, conveyance and entertainment		1,397,818	1,708,330
Repair and maintenance		32,368	905,299
Communication		62,553	85,111
		5,595,213,831	9,892,199,117

**24.1** These include Rs. 5,445,427 (2019: Rs. 5,158,242) charged in respect of staff retirement benefits - gratuity.

**24.2** The comparative figure includes Rs. 820,638,372 in respect of recovery on account of damaged component of plant.

25	OTHER INCOME	2020 Rupees	2019
	<b>Income from financial assets</b>		
	Profit on deposit accounts	76,175	1,076,273
	Return on investments	842,548	1,493,763
	<b>Income from non financial assets</b>		
	Insurance claim	94,500	19,000
	Gain on disposal of property, plant and equipment	1,009,540	426,062
	Scrap sales	263,900	261,783
		2,286,663	3,276,881

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

26 ADMINISTRATIVE EXPENSES	Note	2020	2019
		Rupees	
Salaries and other benefits	26.1	54,600,414	57,431,593
Traveling and conveyance		960,814	2,097,040
Rent, rates and taxes		2,364,441	444,703
Security services		13,332,267	12,732,924
Office expenses		4,766,968	6,193,658
Fees and subscriptions		10,507,636	14,999,962
Legal and professional		12,086,779	10,571,554
Consultancy		26,567,820	23,357,590
Repair and maintenance		5,466,743	6,064,034
Utilities		1,909,574	1,977,924
Insurance		3,465,286	2,659,388
Depreciation - Property, plant and equipment	14.2	2,382,113	3,589,166
Depreciation - Right of use assets	15	14,695,632	11,971,720
Auditors' remuneration	26.2	4,564,137	3,511,803
Donations	26.3	6,925,000	7,300,000
Advertisements		451,200	135,715
Others		53,258	102,124
		<b>165,100,082</b>	<b>165,140,898</b>

**26.1** These include Rs. 3,933,571 and Rs. 12,066 (2019: Rs. 3,827,778 and 72,132) charged in respect of staff retirement benefits - gratuity for permanent employees of the Company and the Subsidiary Company respectively.

26.2 Auditors' remuneration	2020	2019
	Rupees	
Annual audit fee	1,958,320	1,141,000
Half yearly review fee	692,440	478,000
Consolidation	406,880	281,000
Certifications	718,744	674,403
Out of pocket expenses	100,000	71,000
Tax Services	687,753	866,400
	<b>4,564,137</b>	<b>3,511,803</b>

**26.3** This represents donation made to following two institutions in which directors of the Company are common directors:

	Name of Institute	Address	Name of Director	Nature of interest in donee	2020	2019
					Rupees	
a)	Akbar Kare Institute	Kulsum Plaza, Jinnah Avenue,	Mrs. Hoor Yousafzai	Director	6,000,000	6,000,000
b)	Wadaan Foundation	Blue Area, Islamabad	Mr. Osman Saifullah Khan Mr. Rana Muhammad Shafi	Chief Executive Officer Director	925,000	-



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

	2020	2019
	Rupees	
<b>27 FINANCE COST</b>		
Markup on short term borrowings	629,772,933	741,042,628
Markup on long term financing	26,696,717	302,026,632
Markup on sub-ordinated loan	42,114,996	56,797,500
Guarantee commission and arrangement fee	12,999,997	16,499,996
Markup on lease liabilities	6,088,227	6,844,743
Bank charges	433,072	488,695
Exchange loss - net	81,393,504	86,187,262
	<b>799,499,446</b>	<b>1,209,887,456</b>

## 28 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

### Fair value measurement

Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Group is current bid price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

## A. Accounting classifications and fair values

28.1 The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		Carrying Amount			Fair value			
	Note	Amortised cost	Amortised cost	Total	Level 1	Level 2	Level 3	Total
December 31, 2020		Rupees						
Financial assets measured at fair value		-	-	-	-	-	-	-
Financial assets not measured at fair value		28.2						
Long term deposits		5,545,660	-	5,545,660	-	-	-	-
Trade debts		11,363,291,153	-	11,363,291,153	-	-	-	-
Other receivables		454,332,874	-	454,332,874	-	-	-	-
Advances to employees		259,966	-	259,966	-	-	-	-
Security deposits		1,833,000	-	1,833,000	-	-	-	-
Bank balances		26,727,888	-	26,727,888	-	-	-	-
Total		11,851,990,541	-	11,851,990,541	-	-	-	-
Financial liabilities not measured at fair value		28.2						
Subordinated loan		-	970,578,622	970,578,622	-	-	-	-
Lease liabilities		-	61,167,931	61,167,931	-	-	-	-
Deferred liability - gratuity		-	1,643,000	1,643,000	-	-	-	-
Trade and other payables	28.3	-	920,655,049	920,655,049	-	-	-	-
Short term borrowings		-	6,973,705,255	6,973,705,255	-	-	-	-
Markup accrued		-	621,543,627	621,543,627	-	-	-	-
Unclaimed dividend		-	12,942,851	12,942,851	-	-	-	-
Total		-	9,562,236,335	9,562,236,335	-	-	-	-
	Note	Carrying Amount			Fair value			
		Loan and receivable	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
December 31, 2019		Rupees						
Financial assets measured at fair value		-	-	-	-	-	-	-
Financial assets not measured at fair value		28.2						
Long term deposits		4,372,660	-	4,372,660	-	-	-	-
Trade debts		9,650,652,780	-	9,650,652,780	-	-	-	-
Other receivables		1,136,697,513	-	1,136,697,513	-	-	-	-
Advances to employees		892,321	-	892,321	-	-	-	-
Security deposits		1,833,000	-	1,833,000	-	-	-	-
Bank balances		14,152,249	-	14,152,249	-	-	-	-
Total		10,808,600,523	-	10,808,600,523	-	-	-	-
Financial liabilities not measured at fair value		28.2						
Long term financing		-	788,379,612	788,379,612	-	-	-	-
Subordinated loan		-	1,071,637,650	1,071,637,650	-	-	-	-
Lease liabilities		-	62,181,777	62,181,777	-	-	-	-
Deferred liability - gratuity		-	2,962,420	2,962,420	-	-	-	-
Trade and other payables	28.3	-	2,096,217,289	2,096,217,289	-	-	-	-
Short term borrowings		-	5,260,383,317	5,260,383,317	-	-	-	-
Markup accrued		-	695,660,585	695,660,585	-	-	-	-
Unclaimed dividend		-	15,465,337	15,465,337	-	-	-	-
Total		-	9,992,887,987	9,992,887,987	-	-	-	-

28.2 The Group has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

28.3 This excludes withholding tax payable.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

## B. Financial risk management

The Group has exposure to the credit risk, market risk and liquidity risk from its use of financial instruments.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the result of which are reported to the Audit Committee.

### 28.4 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry. The primary activity of the Group is power generation and sale of total output to NTDC. The Group is exposed to credit risk from its operations.

#### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	2020	2019
		Rupees	
Long term deposits		5,545,660	4,372,660
Trade debts	18	11,363,291,153	9,650,652,780
Other receivables	19	454,332,874	1,136,697,513
Advances to employees	20	259,966	892,321
Security deposits	21	1,833,000	1,833,000
Bank balances	22	26,727,888	14,152,249
		<u>11,851,990,541</u>	<u>10,808,600,523</u>

Credit risk is minimum as the bank accounts are maintained with reputable banks having good credit ratings. Further, as disclosed in note 18.1 that the trade debts are secured by way of guarantee issued by the Government of Pakistan (GoP) under the Implementation Agreement (IA).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

## Credit quality of financial assets

The credit quality of Group's financial assets have been assessed as follows by reference to external credit rating of counterparties determined by the Pakistan Credit Rating Agency Limited (PACRA) and JCR - VIS Credit Rating Group Limited (JCR - VIS). The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any default in meeting obligations.

	2020	2019
	<u>Rupees</u>	
<b>Trade debts</b>		
Counterparties without external credit ratings	<u>11,363,291,153</u>	<u>9,650,652,780</u>

## Impairment losses

The aging of trade debts at the reporting date was:

	2020		2019	
	Gross	Impairment	Gross	Impairment
	<u>Rupees</u>			
Not past due	1,775,774,911	-	1,984,620,058	-
Past due 0 - 60 days	972,857,556	-	415,111,850	-
Past due 61 - 120 days	735,341,952	-	2,324,160,738	-
Past due 121 - 180 days	370,607,554	-	504,803,329	-
181 days and above	7,508,709,180	-	4,421,956,805	-
	<u>11,363,291,153</u>	<u>-</u>	<u>9,650,652,780</u>	<u>-</u>

ECL on 'trade debts' and 'WPPF receivable' from NTDC has not been determined as these are covered under exemption from SECP as explained in note 2.5.1. Impact of ECL on financial assets not covered under exemption was not material and accordingly has not been included in these financial statements.

	2020	2019
	<u>Rupees</u>	
<b>Security deposits</b>		
Counterparties without external credit ratings	<u>1,833,000</u>	<u>1,833,000</u>

## Other receivables

Counterparties without external credit ratings	<u>454,332,874</u>	<u>1,136,697,513</u>
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## Long term deposits

Counterparties with external credit ratings - AA+ (2019: A1+)	<u>2,463,450</u>	<u>1,290,450</u>
Counterparties with external credit ratings - BBB- (2019: BBB-)	<u>3,082,210</u>	<u>3,082,210</u>

## Advances to employees

Counterparties without external credit ratings	<u>259,966</u>	<u>892,321</u>
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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

## Cash and cash equivalents

The Group held cash at bank amounting to Rs. 26,683,597 as at December 31, 2020 (2019: Rs. 14,012,019). Cash at bank is held with banks and financial institution counter parties, which are rated A1+ based on JCR-VIS rating.

## 28.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

There were no defaults on loans payable during the year.

The maturity profile of the Group's financial liabilities based on the contractual amounts is as follows:

	Carrying amount	Contractual cash flows	Maturity in less than 1 year	Maturity after one year and up to five years	Maturity after five years
	Rupees				
<b>2020</b>					
Sub-ordinated loan	970,578,622	1,023,319,707	439,527,451	583,792,256	-
Lease liabilities	61,167,931	71,810,835	22,902,382	46,425,419	2,483,034
Deferred liability - gratuity	1,643,000	1,643,000	1,643,000	-	-
Trade and other payables	920,655,049	920,655,049	920,655,049	-	-
Short term borrowing	6,973,705,255	6,973,705,255	6,973,705,255	-	-
Markup accrued	621,543,627	621,543,627	621,543,627	-	-
Unclaimed dividend	12,942,851	12,942,851	12,942,851	-	-
	<b>9,562,236,335</b>	<b>9,625,620,324</b>	<b>8,992,919,615</b>	<b>630,217,675</b>	<b>2,483,034</b>
	Rupees				
<b>2019</b>					
Long term financing	788,379,612	814,536,069	814,536,069	-	-
Sub-ordinated loan	1,071,637,650	1,186,509,727	397,691,282	788,818,445	-
Lease liabilities	62,181,777	79,017,093	18,088,190	57,829,741	3,099,162
Deferred liability - gratuity	2,962,420	2,962,420	2,962,420	-	-
Trade and other payables	2,096,217,289	2,096,217,289	2,096,217,289	-	-
Short term borrowing	5,260,383,317	5,260,383,317	5,260,383,317	-	-
Markup accrued	695,660,585	695,660,585	695,660,585	-	-
Unclaimed dividend	15,465,337	15,465,337	15,465,337	-	-
	<b>9,992,887,987</b>	<b>10,150,751,837</b>	<b>9,301,004,489</b>	<b>846,648,186</b>	<b>3,099,162</b>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amount.

The contractual cash flows relating to long term borrowings and lease liabilities have been determined on the basis of expected markup rates. The markup rates have been disclosed in relevant notes to these financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

## 28.6 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Group is exposed to currency risk and interest rates only.

### Currency risk

Rupee is the functional currency of the Group and as a result currency exposures arise from transactions and balances in currencies other than Rupee. The Group's potential foreign currency exposure comprise:

- Transactional exposure in respect of non functional currency monetary items
- Transactional exposure in respect of non functional currency expenditure and revenues

### Transactional exposure in respect of non functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Group are periodically restated to Rupee equivalent, and the associated gain or loss is taken to the profit or loss. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

### Transactional exposure in respect of non functional currency expenditure and revenues

Certain operating and capital expenditure is incurred by the Group in currencies other than the functional currency. These currency risks are managed as part of overall risk management strategy. The Group does not enter into forward exchange contracts.

The Group's exposure to foreign currency risk was as follows based on notional amounts:

	2020	2019	2020	2019
	Rupees		USD	
Subordinated loan	970,578,622	1,071,637,650	6,035,937	6,898,215
Accrued markup on subordinated loan	478,826,091	444,431,110	2,977,774	2,860,838
Trade and other payables	621,554,390	1,584,453,954	3,865,388	10,199,253
Other receivables	-	(768,004,106)	-	(4,943,702)
Bank balances	(315,201)	(304,124)	(1,966)	(1,964)
	<u>2,070,643,902</u>	<u>2,332,214,484</u>	<u>12,877,133</u>	<u>15,012,640</u>

The following significant exchange rates have been applied:

	Average Rate		Reporting Date Rate	
	2020	2019	2020	2019
US Dollars	<u>162.71</u>	<u>151.30</u>	<u>160.80</u>	<u>155.35</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

## Foreign Currency Sensitivity Analysis

A 5% strengthening of the functional currency against USD at December 31, 2020 would have increased profit by Rs. 55.01 million (2019: Rs. 63.03 million). A 5% weakening of the functional currency against USD at December 31, 2019 would have had the equal but opposite effect on these amounts. The analysis assumes that all other variables remain constant.

## Interest rate risk

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rate. The Group has long term Rupee and USD based loans and short term running finance arrangement at variable rates. The local currency loans have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) and London Inter Bank Offer Rate (LIBOR). Any increase / decrease in KIBOR is adjustable and approved by NEPRA.

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

	2020	2019
	Rupees	
<b>Fixed rate instruments</b>		
Financial assets	<u>23,867,957</u>	<u>11,135,080</u>
<b>Variable rate instruments</b>		
Financial assets	<u>9,587,516,242</u>	<u>7,666,032,722</u>
Financial liabilities	<u>(8,007,094,808)</u>	<u>(7,188,507,196)</u>

## Fair value sensitivity analysis for fixed rate instruments

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

## Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit or loss by Rs. 15.80 million (2019: Rs. 4.78 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2019.

## Other market price risk

The primary goal of the Group's investment strategy is to maximize investment returns on surplus funds. The Group adopts a policy of ensuring to minimize its price risk by investing in securities having sound market performance. Certain investments are designated as held for trading because their performance is actively monitored and these are managed on a fair value basis. Equity price risk arises from investments at fair value through profit or loss.

## Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods:



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

## Non - derivative financial assets

The fair value of non - derivative financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

## Non - derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

## 28.7 Capital Risk Management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business. The Group manages its capital structure which comprises of capital and reserves by monitoring the return on net assets and makes adjustments, if required, in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend to shareholders, appropriation of amounts to capital reserves or / and issue new shares. There was no change in the Group's approach to capital management during the year and the Group is not subject to externally imposed capital requirement.

## 29 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements for remuneration including benefits applicable to the chief executive officer, directors and executives of the Company are given below:

	2020	2019
	<b>Rupees</b>	
	<b>Chief executive officer</b>	
Managerial remuneration - Gross	26,400,000	26,400,000
Staff retirement benefits	3,531,425	3,403,046
Fixed - Bonus	2,200,000	4,400,000
	<b>32,131,425</b>	<b>34,203,046</b>
	<b>Executives</b>	
Managerial remuneration - Gross	62,553,312	75,633,713
Staff retirement benefits	6,249,710	6,660,302
Fixed - Bonus	4,374,064	8,019,268
	<b>73,177,086</b>	<b>90,313,283</b>
Number of persons including those who worked part of the year	<b>12</b>	<b>12</b>

**29.1** Executive means any employee whose basic salary exceeds Rs. 1,200,000 (2019: Rs. 1,200,000) per year.

**29.2** In addition to the above, chief executive officer and executives (including KMPs other than directors) are provided with the Company maintained vehicles and health insurance coverage as per the Company's policy.

**29.3** No remuneration has been paid to the directors of the Company, except for meeting fee amounting to Rs. 950,000 which was paid to 7 directors (2019: Rs. 290,000 paid to 7 directors).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

## 30 RELATED PARTY TRANSACTIONS AND BALANCES

The Company is subsidiary of Saif Holdings Limited ("the Controlling Party"), therefore the Controlling Party the Subsidiary Company and all associated undertakings of the Controlling Party are related parties of the Group. Other related parties comprise of directors, key management personnel, entities over which directors are able to exercise significant influence and major shareholders. Balances and other arrangements with Orastar Limited have been disclosed in note 4.3, 6, 11 and 12 to the financial statements.

### Transactions with related parties

Transactions with related parties other than those disclosed in note 26.3 to these financial statements are as follows:

	Note	2020 Rupees	2019
<b>Saif Holdings Limited - the Holding Company (51.04% shareholding-common directorship)</b>			
Issuance of share capital against cash by Saif Cement Limited		1,084,060	26,762,910
Dividend		641,136,012	453,727,024
Support service fee		221,525,725	-
<b>Saif Textile Limited - Associated Company (Common directorship)</b>			
Dividend		325	230
<b>JSK Feeds Limited - Associated Company (Common directorship)</b>			
Expenses incurred on behalf of Saif Cement Limited		-	854,919
<b>Key Management Personnel</b>			
Dividend to Directors		43,882	36,804
Remuneration including benefits and perquisites to key management personnel	30.1	61,140,532	65,133,013
<b>Others</b>			
Contribution to Saif Power Limited - Staff Gratuity Fund	9.2.2	9,275,095	16,314,930
<b>Balances with related parties</b>			
<b>JSK Feeds Limited - Associated Company (Common directorship)</b>			
Payable against expenses incurred on behalf of Saif Cement Limited		-	350,000

- 30.1** Key management personnel comprise of Directors, Chief Executive Officer, Chief Financial Officer and General Manager Plant. The key management personnel are also provided with the Company maintained vehicles and health insurance coverage as per the Company's policy.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

## 31 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Rupees				Equity			Total
	Long Term Financing	Sub-ordinated loan	Short term borrowings	Lease liabilities	Share Capital	Un appropriated profit - revenue reserve	NCI	
<b>Balance at January 01, 2020</b>	788,379,612	1,071,637,650	5,260,383,317	62,181,777	3,864,717,790	10,939,558,934	27,802,426	22,014,661,506
<b>Changes from financing cash flows</b>								
Proceeds from short-term borrowings - net	-	-	1,713,321,938	-	-	-	-	1,713,321,938
Repayments of long term financing	(788,379,612)	(143,655,514)	-	-	-	-	-	(932,035,126)
Lease liabilities paid	-	-	-	(12,581,958)	-	-	-	(12,581,958)
Consideration paid by NCI for acquisition of shares	-	-	-	-	-	-	1,193,070	1,193,070
Dividend paid	-	-	-	-	-	(1,258,550,768)	-	(1,258,550,768)
<b>Total changes from financing cash flows</b>	<b>(788,379,612)</b>	<b>(143,655,514)</b>	<b>1,713,321,938</b>	<b>(12,581,958)</b>	<b>-</b>	<b>(1,258,550,768)</b>	<b>1,193,070</b>	<b>(488,652,844)</b>
<b>Disposal of share to NCI without change in control</b>	-	-	-	-	-	(16,327)	16,327	-
<b>Effect of changes in foreign exchange rates</b>	-	42,596,486	-	-	-	-	-	42,596,486
<b>Other changes</b>	-	42,596,486	-	-	-	(16,327)	16,327	42,596,486
<b>Liability related</b>								
Net lease liabilities assumed	-	-	-	11,568,112	-	-	-	11,568,112
Movement in unclaimed dividend	-	-	-	-	-	2,522,486	-	2,522,486
<b>Total liability related other changes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,568,112</b>	<b>-</b>	<b>2,522,486</b>	<b>-</b>	<b>14,090,598</b>
<b>Equity related</b>								
Total comprehensive income for the year	-	-	-	-	-	2,376,776,502	(142,553)	2,376,633,949
<b>Total equity related other changes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,376,776,502</b>	<b>(142,553)</b>	<b>2,376,633,949</b>
<b>Balance at December 31, 2020</b>	<b>-</b>	<b>970,578,622</b>	<b>6,973,705,255</b>	<b>61,167,931</b>	<b>3,864,717,790</b>	<b>12,060,290,827</b>	<b>28,869,270</b>	<b>23,959,329,695</b>
<b>Balance at 01 January 2019</b>	2,975,180,137	959,541,656	5,473,050,970	12,504,766	3,864,717,790	8,181,713,965	19,609	21,466,728,893
<b>Application of IFRS 16</b>	-	-	-	39,378,394	-	-	-	39,378,394
<b>Adjusted balance at January 01, 2019</b>	2,975,180,137	959,541,656	5,473,050,970	51,883,160	3,864,717,790	8,181,713,965	19,609	21,506,107,287
<b>Changes from financing cash flows</b>								
Proceeds from short-term borrowings - net	-	-	(212,667,653)	-	-	-	-	(212,667,653)
Repayments of long term financing	(2,186,800,525)	-	-	-	-	-	-	(2,186,800,525)
Lease liabilities assumed / (paid)	-	-	-	(11,118,493)	-	-	-	(11,118,493)
Consideration paid by NCI for acquisition of shares	-	-	-	-	-	-	28,371,670	28,371,670
Dividend paid	-	-	-	-	-	(883,610,580)	-	(883,610,580)
<b>Total changes from financing cash flows</b>	<b>(2,186,800,525)</b>	<b>-</b>	<b>(212,667,653)</b>	<b>(11,118,493)</b>	<b>-</b>	<b>(883,610,580)</b>	<b>28,371,670</b>	<b>(3,265,825,581)</b>
<b>Disposal of share to NCI without change in control</b>	-	-	-	-	-	489,287	(489,287)	-
<b>Effect of changes in foreign exchange rates</b>	-	112,095,994	-	-	-	-	-	112,095,994
<b>Other changes</b>	-	112,095,994	-	-	-	489,287	(489,287)	112,095,994
<b>Liability related</b>								
Lease of new vehicles	-	-	-	21,417,110	-	-	-	21,417,110
Movement in unclaimed dividend	-	-	-	-	-	(5,274,512)	-	(5,274,512)
<b>Total liability related other changes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,417,110</b>	<b>-</b>	<b>(5,274,512)</b>	<b>-</b>	<b>16,142,598</b>
<b>Equity related</b>								
Total comprehensive income for the year	-	-	-	-	-	3,646,240,774	(99,566)	3,646,141,208
<b>Total equity related other changes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,646,240,774</b>	<b>(99,566)</b>	<b>3,646,141,208</b>
<b>Balance at December 31, 2019</b>	788,379,612	1,071,637,650	5,260,383,317	62,181,777	3,864,717,790	10,939,558,934	27,802,426	22,014,661,506

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

32	NUMBER OF EMPLOYEES	2020	2019
	At year end	60	72
	Average during the year	65	72

33	CAPACITY AND PRODUCTION	2020	2019
	Installed capacity based on hours 8,760 (2019: 8,760) – Megawatt hours	1,786,340	1,781,975
	Actual energy delivered – Megawatt hours	460,944	716,203

- Output produced by the plant is dependent on the load demanded by NTDC.

## 34 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

On January 30, 2020, the World Health Organization (WHO) declared the COVID-19 outbreak a “Public Health Emergency of International Concern” and on March 11, 2020, the WHO declared the COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Many countries, including Pakistan, have taken stringent steps to help contain further spread of the virus. While events and conditions related to COVID-19 have resulted in general economic uncertainty, management has evaluated the impact of COVID-19. In respect of energy purchase price, the Company produced electricity as per demand from NTDC. Similarly, in respect of capacity purchase price, the Company successfully maintained its capacity to produce electricity. Accordingly, management has concluded that any adverse implications due to COVID-19 were neither observed during the year ended December 31, 2020 nor are these expected in the long term. Further, COVID-19 has no material impact on the presented amounts and disclosures in these financial statements.

## 35 NON ADJUSTING EVENTS AFTER REPORTING DATE

The Board of Directors proposed final dividend for the year ended December 31, 2020 at the rate of Rs. 2.5 (2019: Rs. 2) per share in their meeting held on March 29, 2021.

## 36 DATE OF APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors in their meeting held on March 29, 2021.



Chief Financial Officer



Chief Executive Officer



Director

# Pattern of Shareholding

Saif Power Limited

As at December 31, 2020

NO. OF SHAREHOLDERS	From	To	SHARES HELD	PERCENTAGE
95	1	100	2848	0.0007
2469	101	500	1225489	0.3171
872	501	1000	862871	0.2233
757	1001	5000	2073912	0.5366
236	5001	10000	1901126	0.4919
84	10001	15000	1060025	0.2743
55	15001	20000	1003043	0.2595
42	20001	25000	985950	0.2551
35	25001	30000	1015601	0.2628
17	30001	35000	563000	0.1457
18	35001	40000	692863	0.1793
6	40001	45000	258000	0.0668
21	45001	50000	1034300	0.2676
8	50001	55000	427500	0.1106
10	55001	60000	585000	0.1514
1	60001	65000	62000	0.0160
2	65001	70000	140000	0.0362
6	70001	75000	437000	0.1131
4	75001	80000	311500	0.0806
5	80001	85000	416500	0.1078
2	85001	90000	172500	0.0446
3	90001	95000	282000	0.0730
13	95001	100000	1296500	0.3355
4	100001	105000	411576	0.1065
6	105001	110000	643500	0.1665
1	115001	120000	117000	0.0303
2	120001	125000	248500	0.0643
2	125001	130000	260000	0.0673
4	145001	150000	595500	0.1541
1	150001	155000	154000	0.0398
3	170001	175000	519498	0.1344
1	175001	180000	179500	0.0464
1	185001	190000	188500	0.0488
2	195001	200000	400000	0.1035
1	200001	205000	203000	0.0525
1	210001	215000	211000	0.0546
1	220001	225000	223000	0.0577
2	230001	235000	466000	0.1206
2	250001	255000	503000	0.1302
1	255001	260000	257500	0.0666
1	265001	270000	268000	0.0693
1	270001	275000	275000	0.0712
1	275001	280000	277000	0.0717
2	295001	300000	600000	0.1553
1	305001	310000	309500	0.0801
2	345001	350000	700000	0.1811
1	360001	365000	364000	0.0942
2	395001	400000	800000	0.2070
1	400001	405000	401000	0.1038
2	410001	415000	823500	0.2131
1	430001	435000	435000	0.1126
1	440001	445000	441500	0.1142
1	465001	470000	470000	0.1216
1	480001	485000	483500	0.1251

# Pattern of Shareholding

Saif Power Limited

As at December 31, 2020

NO. OF SHAREHOLDERS	From	To	SHARES HELD	PERCENTAGE
3	495001	500000	1500000	0.3881
1	500001	505000	503500	0.1303
1	515001	520000	516000	0.1335
1	565001	570000	570000	0.1475
1	580001	585000	585000	0.1514
1	585001	590000	587000	0.1519
1	655001	660000	657695	0.1702
1	915001	920000	916500	0.2371
1	995001	1000000	1000000	0.2588
1	1295001	1300000	1300000	0.3364
1	1335001	1340000	1339000	0.3465
1	1420001	1425000	1421719	0.3679
1	1495001	1500000	1500000	0.3881
1	1505001	1510000	1506000	0.3897
1	1710001	1715000	1713000	0.4432
1	3035001	3040000	3037404	0.7859
1	3495001	3500000	3498000	0.9051
1	4445001	4450000	4449500	1.1513
1	4935001	4940000	4935882	1.2772
1	8555001	8560000	8555684	2.2138
1	10235001	10240000	10237000	2.6488
1	10470001	10475000	10475000	2.7104
1	12650001	12655000	12650854	3.2734
1	13885001	13890000	13889000	3.5938
1	15345001	15350000	15350000	3.9718
1	66020001	66025000	66022504	17.0834
1	188715001	188720000	188716935	48.8307
<b>4,843</b>			<b>386,471,779</b>	<b>100</b>

CATEGORY OF SHAREHOLDER	NO OF FOLIO	SHARES	PERCENTAGE
DIRECTORS, CHIEF EXECUTIVE OFFICER, AND THEIR SPOUSE AND MINOR CHILDREN	7	12,552	0.0032
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES	9	197,288,219	51.0486
BANKS, DFI AND NBFIs	7	57,434,354	14.8612
INSURANCE COMPANIES	3	5,464,382	1.4139
MODARABAS AND MUTUAL FUNDS	13	7,125,163	1.8436
GENERAL PUBLIC (LOCAL)	4,586	28,936,085	7.4872
GENERAL PUBLIC (FOREIGN)	177	5,143,018	1.3308
OTHERS	41	85,068,006	22.0116
<b>Total</b>	<b>4,843</b>	<b>386,471,779</b>	<b>100</b>

# Pattern of Shareholding

Saif Power Limited

As at December 31, 2020

DIRECTORS, CHIEF EXECUTIVE OFFICER, AND THEIR SPOUSE AND MINOR CHILDREN	SHARES	PERCENTAGE
Mrs. HOOR YOUSAFZAI	1	-
Mr. JAVED SAIFULLAH KHAN	5,000	0.0013
Mr. OSMAN SAIFULLAH KHAN	5,000	0.0013
Mr. ASSAD SAIFULLAH KHAN	1,000	0.0003
Mr. RANA MUHAMMAD SHAFI	1,500	0.0004
Mr. NAVED ABID KHAN	1	-
Miss. SAIMA AKBAR KHATTAK	50	-
<b>ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES</b>		
SAIF HOLDINGS LIMITED	197,272,619	51.0445
SAIF TEXTILE MILLS LIMITED	100	-
Mr. ANWAR SAIFULLAH KHAN	3,000	0.0008
Mr. JEHANGIR SAIFULLAH KHAN	4,000	0.0010
Mr. OMAR SAIFULLAH KHAN	1,000	0.0003
Mrs. JEHANNAZ SAIFULLAH KHAN	1,000	0.0003
Mrs. SALMA SOHAIB	1,000	0.0014
Mrs. NASREEN BEGUM	5,500	0.0014
<b>BANKS, FI AND NBF</b>		
SAMBA BANK LIMITED	1,500,000	0.3881
ALLIED BANK LIMITED	13,889,000	3.5938
HABIB BANK LIMITED-TREASURY DIVISION	12,650,854	3.2734
BANK AL HABIB LIMITED	3,498,000	0.9051
UNITED BANK LIMITED - TRADING PORTFOLIO	10,237,000	2.6488
MCB BANK LIMITED – TREASURY	15,350,000	3.9718
PAIR INVESTMENT COMPANY LIMITED	309,500	0.0801
<b>INSURANCE COMPANIES</b>		
UBL INSURERS LIMITED	503,500	0.1303
ADAMJEE LIFE ASSURANCE COMPANY LIMITED	25,000	0.0065
ADAMJEE INSURANCE COMPANY LIMITED	4,935,882	1.2772
<b>MODARABAS AND MUTUAL FUNDS</b>		
CDC-TRUSTEE AKD INDEX TRACKER FUND	45,800	0.0119
CDC-TRUSTEE UBL STOCK ADVANTAGE FUND	1,421,719	0.3679
CDC-TRUSTEE UBL ASSET ALLOCATION FUND	172,998	0.0448
CDC-TRUSTEE UBL RETIREMENT SAVING FUND-EQUITY SUB FUND	411,000	0.1063
CDC-TRUSTEE UBL DEDICATED EQUITY FUND	184	0.0000
CDC - TRUSTEE NBP STOCK FUND	570,000	0.1475
CDC - TRUSTEE NBP BALANCED FUND	130,000	0.0336
CDC-TRUSTEE NBP SARMAYA IZAFAT FUND	93,000	0.0241
CDC-TRUSTEE NBP ISLAMIC REGULAR INCOME FUND	29,500	0.0076
CDC-TRUSTEE AL-AMEEN ISLAMIC ASSETS ALLOCATION FUND	657,695	0.1702
CDC-TRUSTEE AL-AMEEN ISLAMIC RET. FUND-EQUITY SUB FUND	516,000	0.1335
CDC-TRUSTEE AL-AMEEN ISLAMIC ENERGY FUND	39,863	0.0103
CDC-TRUSTEE AL-AMEEN SHARIAH STOCK FUND	3,037,404	0.7859
<b>GENERAL PUBLIC (LOCAL)</b>		
GENERAL PUBLIC (LOCAL)	28,936,085	7.4872
GENERAL PUBLIC (FOREIGN)	5,143,018	1.3308
<b>OTHERS</b> (Joint Stock Companies, Charitable Trust, Non-resident Companies, various funds etc.)	85,068,006	22.0116
<b>HOLDING MORE THAN TEN PERCENTAGE</b>		
SAIF HOLDINGS LIMITED	197,272,619	51.0445
ORASTAR LIMITED	66,022,504	17.0834



# Pattern of Shareholding

Saif Cement Limited

As at December 31, 2020

## PATTERN OF SHAREHOLDING OF SUBSIDIARY COMPANY

NO. OF SHARE-HOLDERS	From	To	SHARES HELD	PERCENTAGE
11	101	500	1,353	0.0017
1	1,000	1500	1,104	0.0014
1	170,000	175,000	171,320	0.2104
1	2,700,000	2,800,00	2,784,697	3.4195
1	78,000,000	78,500,000	78,477,423	96.3671
15			81,435,897	100.0000

## CATEGORY OF SHAREHOLDERS OF SUBSIDIARY COMPANY

Categories of shareholders	Shareholders	Share Held	PERCENTAGE
DIRECTORS, CHIEF EXECUTIVE AND THEIR SPOUSE AND MINOR CHILDREN	8	984	0.0012
ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES(Companies):			
Saif Power Limited	1	78,477,423	96.3671
Saif Holdings Limited	1	2,784,697	3.4195
Other Shareholders	5	172,793	0.2122
	15		100.0000

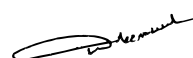
# Notice of 17<sup>th</sup> Annual General Meeting

Notice is hereby given that the 17th Annual General Meeting (AGM) of Shareholders of Saif Power Limited ("the Company") will be held on Monday, April 26, 2021, at 11:30 am via video-link from the Company's registered office, Islamabad.

## ORDINARY BUSINESS

1. To confirm the minutes of Extraordinary General Meeting held on October 28, 2020.
2. To receive, consider and adopt the Audited Financial Statements of the Company (standalone and consolidated) for the year ended December 31, 2020 together with Directors' and Auditors' reports thereon.
3. To consider and approve the final dividend of Rs. 2.5 per share i.e. 25% for the year ended December 31, 2020 as recommended by the Board of Directors. This is in addition to interim dividend of Rs. 1.25 per share i.e. 12.5 % already paid during the year.
4. To appoint statutory auditors of the Company for the next term and fix their remuneration. The Board of Directors have recommended the appointment of retiring auditors, M/s KPMG Taseer Hadi & Co. Chartered Accountants, Islamabad. The retiring auditors, being eligible, have offered themselves for reappointment.
5. To transact any other business with permission of the Chair.

By Order Of The Board



Islamabad

April 05, 2021

**Waseemullah**

Company Secretary

## Notes:

### Corona virus related contingency planning for AGM:

Pursuant to SECP Circular No. 6 of 2021 dated March 03, 2021, to ensure safety and well-being of the shareholders and due to practical difficulties in maintaining social distancing in public gatherings, the 17th AGM of the Company will be held through video-link.

- i. For this purpose, shareholders are requested to register themselves by providing the following information through email at [info.spl@saifgroup.com](mailto:info.spl@saifgroup.com) at least 48 hours before the time of AGM: Name of member/proxy holders, CNIC, Folio Number/CDC account no, Cell no/whatsApp no, and Email address.
  - a) Members who are registered, after necessary verification as per the above requirement, will be provided a video-link by the Company via email.
  - b) The login facility will remain open from 11:30 a.m till the end of AGM.
  - c) Members can also share their comments and suggestions on the agenda by email or at whatsapp number +92 301 8441725.
- ii. Share Transfer Book of the Company will remain closed from April 19, 2021 to April 26, 2021 (Both days inclusive). Transfer received in order at the share Registrar's office by the close of business on April 16, 2021 will be treated in time.
- iii. A shareholder entitled to attend and vote at the Meeting may appoint another shareholder as his /her proxy to participate and vote on his /her behalf. The instrument appointing the proxy duly completed must be received at the Company's Registered Office not later than 48 hours before the time of holding of the meeting.
- iv. CDC individual Account holders or Sub-account holders are required to bring with them their original CNIC / Original Passport along with participant's ID number and their Account number in order to facilitate identification.

# Notice of 17<sup>th</sup> Annual General Meeting

- v. In case of Corporate entity, resolution of the Board of Directors/Power of attorney with specimen signature of nominees shall be required to be produced (unless provided earlier) at the time of meeting.
- vi. Shareholders are requested to immediately notify their change in address, if any to share registrar.

## **SPECIAL NOTES TO SHAREHOLDERS:**

### **1. Transmission of Annual Financial Statements through e-mail (optional):**

Shareholders who wish to receive the Annual Report through e-mail are requested to provide a duly completed consent form to Company's registered office address: 1st Floor, Kashmir Commercial Complex, Fazal-ul-Haq Road, Block E, Blue Area, Islamabad or through email at [info.spl@saifgroup.com](mailto:info.spl@saifgroup.com). Form is available at Company's website [www.saifpower.com](http://www.saifpower.com).

### **2. Consent for video conference facility:**

Shareholders can also avail video conference facility under the provision of Section 134 of the Companies Act, 2017 to participate in AGM. Shareholders must hold in aggregate 10% or more shareholding residing in that city and consent of shareholders must reach at the registered address of the Company at least 10 days prior to the Annual General Meeting in order to participate in the meeting through video conference facility.

### **3. Payment of Cash dividend electronically into the bank account:**

Under proviso to Section 242 of the Companies Act, 2017, listed companies are required to pay cash dividends only through electronic mode directly into the bank accounts of shareholders. Shareholders are requested to submit their information, to their investor account services or their brokers where shares are placed electronically. Physical holding, shareholders are requested to submit their information to the Company's Shares Registrar: M/s THK ASSOCIATES (PVT) LIMITED, Plot No. 32-C, Jami Commercial Street 2, Karachi, Email: [sfc@thk.com.pk](mailto:sfc@thk.com.pk)

#### **Information for cash dividend electronically into bank account**

I Mr./Ms./Mrs. \_\_\_\_\_ S/o, D/o, w/o, \_\_\_\_\_ hereby authorizes Saif Power Limited to directly credit cash dividends into following bank account:

Title of Bank Account, International Bank Account Number (IBAN), Bank's name, Branch name and address.

It is stated that the above particulars given by me are correct to the best of my knowledge and I shall keep the Company/ Share Registrar informed in case of any changes in the said particulars in future.

\_\_\_\_\_  
Signature of the shareholder

### **4. Unclaimed Dividend**

Shareholders who could not collect their dividend are advised to contact our Share Registrar to collect their unclaimed dividend, if any.

### **5. Withholding tax on dividend and Zakat Declaration**

Tax on dividend income will be deducted as per applicable tax rates for filers and non-filers.

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate are requested to submit a valid tax exemption certificate or necessary documentary evidence as the case may be before the start of book closure. Members desiring non-deduction of zakat are also requested to submit a valid declaration for non-deduction of zakat.

All shareholders who hold shares jointly are requested to provide following information regarding shareholding proportions of Principal Shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar, Share Registrar: THK ASSOCIATES (PVT) LIMITED, Plot No. 32-C, Jami Commercial Street 2, Karachi, Email: sfc@thk.com.pk, latest by April 16, 2021, otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

			Principal Shareholders		Joint Shareholders	
Company Name	Folio/CDS Account #	Total Shares	Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. Of Shares)

## 6. E-Voting

Shareholders can exercise their right to demand a poll subject to meeting requirements of Sections 143 -145 of Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations 2018.

### Contact information

For any query/problem/information, the investors may contact the company/or share registrar at the following:

#### Company Secretary

051-2271381-83

waseem.ullah@saifgroup.com

#### Share Registrar, THK Associates (Pvt) Ltd

Plot No. 32-C, Jami Commercial Street 2, Karachi

Tel: +92-21- 35310191-6, Email: sfc@thk.com.pk

# Form of Proxy

I/We \_\_\_\_\_  
 of \_\_\_\_\_ being a member of SAIF POWER LIMITED  
 and holder of \_\_\_\_\_  
 (Number of Shares)

Ordinary shares as per share Register Folio No. \_\_\_\_\_ and/or CDC  
 Participant ID No. \_\_\_\_\_ and Sub Account No. \_\_\_\_\_ hereby appoint  
 \_\_\_\_\_ of \_\_\_\_\_ or failing him  
 \_\_\_\_\_ of \_\_\_\_\_

as my proxy to vote for me and on my behalf at the Annual General Meeting of the Company to be held on April 26, 2021 Monday at 11:30 am or any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

## Witnesses:

1) Signature : \_\_\_\_\_  
 Name : \_\_\_\_\_  
 Address : \_\_\_\_\_  
 CNIC/Passport No. : \_\_\_\_\_

2) Signature : \_\_\_\_\_  
 Name : \_\_\_\_\_  
 Address : \_\_\_\_\_  
 CNIC/Passport No. : \_\_\_\_\_



(Signature must agree with the specimen signature registered with the company)

## NOTES:

- No Proxy shall be valid unless duly signed along with revenue stamp and in case of a company should be executed under its common seal under signed by its authorized person.
- This instrument appointing a proxy, duly completed, must be received at the registered Office of the Company at first Floor, Kashmir Commercial Complex, Block E, Fazal-ul-Haq Road, Blue Area, not later than 48 hours before the time of holding the Annual General Meeting.
- Attested copies of the CNIC or the passport of beneficial owners shall be furnished with the proxy form.
- The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be furnished along with proxy form to the Company.

نیابتی (پراسی) فارم

کلا کی \_\_\_\_\_ میں اہم \_\_\_\_\_

سیف باور لکھنؤ کا نمبر اور حامل \_\_\_\_\_

(حصص کی تعداد)

عمومی حصص کے مطابق رجسٹرڈ فیوچر نمبر..... اور ایس ایس ای سی حصص لینے والا D. I. نمبر اور.....

ذیلی اکاؤنٹ نمبر: تقرری

..... کا نام لکھو۔

516

میری طرف سے میرا مختار نائب کی حیثیت سے 26 اپریل 2021 کو یہ وزٹ سوموار بوقت 11:30 بجے تکبھی کے سالانہ معمولی اجلاس میں میری طرف سے میری صوابدہ پروٹ ڈائل گایا اجلاس ملوئی ہو جانے کی صورت میں بھی۔

2021 تاريخ

گولیان

$$\dots \mathcal{B}_2(1)$$

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شناختی کارڈ ایما سپورٹ نمبر-----

اس پر 50 روپے  
مالیت کا ٹکٹ لگائیں

دعوتِ گمبھنی کے رجسٹروالے مجھے ہونے کا یہاں

-----

.....

.....

شناختی کارڈ / پاسپورٹ نمبر -----

لوٹیں:

کوئی برائے نام درست تسلیم نہیں کیا جائے گا حتیٰ کہ 5 روپے کی ٹکٹ (دھٹلا کے ساتھ چسپاں نہ ہو اور اس پر مجاز فرد (مقاتلہ) کی ممبر اور دھٹلا نہ ہوں۔

۶۔ ہر کسی کے عقین کا معاون ہے اسے اسے درست طریقے سے مکمل کروں۔ کہنی کے درجنہ آفس کو جو کہ کہنی کے آفس چلی منزل کشیر کے شل کیپٹنس، ملاک۔ ای فضل الحق روڈ، جلیو مارا اسلام آباد میں

واقعہ ہے۔ اور یہاں اس سے الزام لیں (48) گھنٹے قبل موصول ہونے چاہیں۔

(۳) شناختی کارڈ یا سپورٹ کی کاپیاں / فائدہ حاصل کرنے والے مالک کے پرائیویسیٹی کے ساتھ شیئر کی جائیں۔

۴) اہلاس کے وقت اسے اصل شناختی کارڈ یا اسپورٹ کے ساتھ پیش کریں۔

(۵) کارپوریٹ ادارے کی صورت میں پوری کی قرارداد کی اطلاع نامہ اور نامزد کردہ آدمی کے دخلخط کے ساتھ اور یہ ہر کسی قاعوم کے ساتھ منسلک کر کے کمپنی کو پیش کریں۔

# Electronic Transmission Consent Form

Date: \_\_\_\_\_

General Manager

THK Associates (Private) Ltd.  
1st Floor, 40-C, Block-6,  
P.E.C.H.S, Karachi 75400,  
P.O Box. No: 8533

Pursuant to the directions given by Securities and Exchange Commission of Pakistan through its SRO 787 (I)/2014 dated September 8, 2014, I/we Mr./Ms/M/s \_\_\_\_\_

\_\_\_\_\_ S/o, D/o, W/o \_\_\_\_\_

hereby give consent to receive the Audited Financial Statements along with notice of Annual General Meeting of M/s Saif Power Limited through email on my/our email address provided as under:

Name of Member / shareholder: \_\_\_\_\_

Folio/CDC Account Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

It is stated that above mentioned particulars are true and correct. I/we shall notify you and the the Company in writing in case of any change in my/our email address or withdrawal of my/our above mentioned consent.

\_\_\_\_\_  
Signature of the Member/Shareholder  
CNIC Number:





Saif Group

## **SAIF POWER LIMITED**

1st Floor, Kashmir Commercial Complex (KCC),  
Fazal-ul-Haq Road, Block E, Blue Area, Islamabad.  
Tel: +92-51-2271378-83, Fax: +92-51-2277670  
[www.saifpower.com](http://www.saifpower.com)