PAKGEN POWER LIMITED

NISHAT

SECY/STOCKEXC/56

March 30, 2022

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

SUB: **SUBMISSION OF ANNUAL AUDITED ACCOUNTS FOR THE PERIOD ENDED DECEMBER 31, 2021**

Dear Sir,

In compliance with the provisions of Section 237 of the Companies Act 2017, read with PSX Notice No. PSX/N-4207 dated July 13, 2018 and PSX/N-4952 dated August 29, 2018, we are pleased to submit electronically through PUCARS Annual Audited Financial Statements of Pakgen Power Limited (" the Company") for the year ended December 31, 2021.

Further please find attached Statement of Free Float of Shares along with Independent Reasonable Assurance Report on Statement of Free Float of Shares dated February 24, 2022 issued by M/s. Riaz Ahmad & Co., Chartered Accountants, the external auditors of the Company.

Thanking you,

Yours truly,

KHALID MAHMOOD CHOHAN
COMPANY SECRETARY

HEAD OFFICE : 1-B, AZIZ AVENUE, CANAL BANK, GULBERG V, LAHORE. TEL: +92-42-35717090-96, 35717159-63, FAX: +92-42-35717239, WEBSITE: www.pakgenpower.com, E-MAIL: pakgen@lalpir.com
REGISTERED OFFICE : NISHAT HOUSE, 53/A, LAWRENCE ROAD, LAHORE. TEL: 111-113-333 FAX: +92-42-36367414
POWER STATIONS : LALPIR THERMAL POWER STATIONS, P.O. BOX NO. 89, MUZAFFARGARH. PC-34200, PAKISTAN. TEL: +92-66-2300030 FAX: +92-66-2300260, www.pakgenpower.com

Riaz Ahmad & Company
Chartered Accountants

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

INDEPENDENT REASONABLE ASSURANCE REPORT ON STATEMENT OF FREE FLOAT OF SHARES

To the Chief Executive of Pakgen Power Limited

1. Introduction

We have been engaged to perform a reasonable assurance engagement on the annexed Statement of Free Float of Shares ("the Statement") of Pakgen Power Limited, ("the Company") as of 31 March 2021, 30 June 2021, 30 September 2021 and 31 December 2021.

2. Applicable Criteria

The criteria against which the Statement is assessed is Regulation No. 5.7.2(b)(ii) of Pakistan Stock Exchange Limited Regulations ("PSX Regulations") which requires every listed company to submit directly to Pakistan Stock Exchange ("PSX") an annual Free-Float Certificate duly verified by the auditor along with the annual audited accounts as prescribed under regulation 5.6.9(a) of the PSX Regulations.

3. Management's Responsibility for the Statement

Management is responsible for the preparation of the Statement as of 31 March 2021, 30 June 2021, 30 September 2021 and 31 December 2021 in accordance with the applicable criteria. This responsibility includes maintaining adequate records and internal controls as determined necessary to enable the preparation of the Statement such that it is free from material misstatement, whether due to fraud or error.

4. Our Independence and Quality Control

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

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

5. Our Responsibility and Summary of the Work Performed

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

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

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

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

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

6. Opinion

In our opinion, the Statement as of 31 March 2021, 30 June 2021, 30 September 2021 and 31 December 2021 is prepared, in all material respects, in accordance with the PSX Regulations.

7. Emphasis of matter

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

8. Restriction on Use and Distribution

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

Riaz Ahmad

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Atif Anjum

Date: 2 5 FEB 2022

LAHORE

PAKGEN POWER LIMITED

STATEMENT OF FREE FLOAT OF SHARES

	As of 31 March 2021	As of 30 June 2021	As of 30 September 2021	As of 31 December 2021
Total Outstanding Shares	372,081,591	372,081,591	372,081,591	372,081,591
Less: Government Holdings	-	-	-	-
Less: Shares held by Directors / Sponsors / Senior Management Officers and their associates (Note 2)	(14,934,340)	(14,934,340)	(14,934,340)	(79,410,794)
Less: Shares in Physical Form	(380,003)	(378,503)	(377,503)	(371,503)
Less: Shares held by Associate companies / Group Companies (Cross holdings)	(200,618,105)	(200,618,105)	(200,618,105)	(136,141,651)
Less: Shares issued under Employees Stock Option Schemes that cannot be sold in the open market in normal course	-	-	-	-
Less: Treasury shares	-	-	-	-
Less: Any other category that are barred from selling at the review date	-	-	-	-
	(215,932,448)	(215,930,948)	(215,929,948)	(215,923,948)
Free Float	**156,149,143**	**156,150,643**	**156,151,643**	**156,157,643**

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

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

	As of 31 March 2021	As of 30 June 2021	As of 30 September 2021	As of 31 December 2021
National Bank of Pakistan	1,000,000	1,000,000	-	-
The Bank of Punjab - Treasury Division	-	-	1,256,500	-

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

RIAZ AHMAD AND COMPANY CHARTERED ACCOUNTANTS

Company Secretary

Chief Executive

NISHAT

PAKGEN POWER LIMITED

ANNUAL REPORT
2021

A NEW VISION FOR CONTINUED GROWTH

CONTENTS

COMPANY PROFILE

THE COMPANY

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

BOARD OF DIRECTORS

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

CHIEF EXECUTIVE OFFICER

Mian Hassan Mansha

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION(HR &R) COMMITTEE

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

CHIEF FINANCIAL OFFICER

Mr. Tanvir Khalid

COMPANY SECRETARY

Mr. Khalid Mahmood Chohan

BANKERS OF THE COMPANY

Habib Bank Limited
The Bank of Punjab
Silk Bank Limited
United Bank Limited
Allied Bank Limited
National Bank of Pakistan
Bank Alfalah Limited
Faysal Bank Limited
Askari Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Bank Islamic Pakistan Limited
Bank Al-Habib Limited
Al Baraka Bank (Pakistan) Limited

AUDITOR OF THE COMPANY

Riaz Ahmad & Co.
Chartered Accountants

LEGAL ADVISOR OF THE COMPANY

Mr. M. Aurangzeb Khan
Advocate High Court

REGISTERED OFFICE

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

HEAD OFFICE

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

SHARE REGISTRAR

CDC Share Registrar Services Limited
CDC House,99-B, Block-B, S.M.C.H.S
Shahra-e-Faisal, Karachi – 74400
Tel: (92-21) 111-111-500
Fax: (92-21) 34326053

PLANT

Mehmood Kot, Muzaffargarh,
Punjab – Pakistan.

VISION & MISSION STATEMENT

VISION

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

MISSION

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the members of Pakgen Power Limited (the "Company") will be held on April 26, 2022 (Tuesday) at 11:00 A.M. at The Nishat Hotel (Emporium Mall), Trade and Finance Centre, Near Expo Centre, Abdul Haq Road, Johar Town, Lahore to transact the following business:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2021 together with the Chairman Review, Directors' and Auditors' reports.

2. To approve 10% 1st Interim and 10% 2nd Interim Cash Dividends already paid.

3. To appoint statutory Auditors of the Company for the year ending 2022 and fix their remuneration. The Board and Audit Committee have recommended the name of M/s Riaz Ahmad & Co., Chartered Accountants, the retiring auditors, for appointment as Auditors of the Company.

4. Special Business:-

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

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

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

A Statement of Material facts covering the above-mentioned Special Business as required under Section 134(3) of the Companies Act, 2017 is annexed to the notice of meeting circulated to the members of the Company.

By order of the Board

LAHORE
February 25, 2022

(KHALID MAHMOOD CHOHAN)
COMPANY SECRETARY

NOTES:

1. BOOK CLOSURE NOTICE:

The Share Transfer Books of Ordinary Shares of the Company will remain closed from 19-04-2022 to 26-04-2022 (both days inclusive) for attending of Annual General Meeting. Physical transfers / CDS Transactions IDs received in order in all respect up to 1:00 p.m. on 18-04-2022 at CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, will be considered in time for attending of meeting

2. ATTENDANCE AT MEETING

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

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

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

A. For Attending the Meeting

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

B. For Appointing Proxies

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

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

3. DEDUCTION OF WITHHOLDING TAX ON DIVIDEND

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

- Filer	7.5%
- Non-Filer	15%

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

DEDUCTION OF WITHHOLDING TAX ON DIVIDEND IN CASE OF JOINT ACCOUNT HOLDERS:

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 Office, CDC Share Registrar Services Limited, CDC House, 99-B, Block ‘B’, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, latest by April 19, 2022, otherwise each joint holder shall be assumed to have an equal number of shares.

<table>
<tr><td colspan="2">Name of the Company</td><td>Pakgen Power Limited</td></tr>
<tr><td colspan="2">Folio No. / CDS A/C No.</td><td></td></tr>
<tr><td colspan="2">No. of Shares Held</td><td></td></tr>
<tr><td rowspan="2">Principal Shareholder</td><td>Name & CNIC</td><td></td></tr>
<tr><td>Shareholding Proportion (No. of Shares)</td><td></td></tr>
<tr><td rowspan="2">Joint Shareholder(s)</td><td>Name & CNIC</td><td></td></tr>
<tr><td>Shareholding Proportion (No. of Shares)</td><td></td></tr>
</table>

Signature of Primary Shareholder______________________________

4. EXEMPTION OF WITHOLDING TAX:

Withholding tax exemption from dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to our Share Registrar Office, CDC Share Registrar Services Limited, CDC House, 99-B, Block ‘B’, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, up to April 19, 2022.

5. SUBMISSION OF COPY OF CNIC (MANDATORY):

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

6. ZAKAT DECLRATION (CZ-50):

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

In case you want to claim exemption from compulsory deduction of Zakat, please submit your Zakat declarations (CZ-50 Form)/Solemn Affirmation, in case of Non Muslim, under Zakat and Usher Ordinance, 1980 & Zakat (Deduction & Refund) Rules, 1981, with Share Registrar, CDC Share Registrar Services Ltd, CDC House, 99-B, Block ‘B’, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi. The Shareholders while sending the Zakat Declarations, as the case may be, must quote company name and their respective Folio numbers/CDC Account numbers.

7. MANDATORY PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE:

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

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

____
Signature of Shareholder

8. TRANSMISSION OF ANNUAL FINANCIAL STATEMENTS THROUGH EMAIL:

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

9. CIRCULATION OF ANNUAL REPORTS THROUGH DIGITAL STORAGE

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

10. UNCLAIMED DIVIDEND / SHARES

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

11. CONVERSION OF PHYSICAL SHARES INTO BOOK ENTRY FORM:

As per Section 72 of the Companies Act, 2017 all existing companies are required to convert their physical shares into book-entry form within a period not exceeding four years from the date of commencement of the Companies Act, 2017.

The Securities & Exchange Commission of Pakistan through its circular # CSD/ED/Misc./2016-639-640 dated March 26, 2021 has advised the listed companies to pursue their such members who still hold shares in physical form, to convert their shares into book-entry form.

We hereby request all members who are holding shares in physical form to convert their shares into book-entry form at the earliest. They are also suggested to contact the Central Depository Company of Pakistan Limited or any active member / stock broker of the Pakistan Stock Exchange to open an account in the Central Depository System and to facilitate conversion of physical shares into book-entry form. Members are informed that holding shares in book-entry form has several benefits including but not limited to secure and convenient custody of shares, conveniently tradeable and transferable, No risk of the loss, damage or theft, No stamp duty on transfer of shares in book-entry form and hassle-free credit of bonus or right shares.

We once again strongly advise members of the Company, in their best interest, to convert their physical shares into book-entry form at earliest.

12. VIDEO CONFERENCE FACILITY:

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

13. E-VOTING AND POSTAL BALLOT FACILITY.

The shareholders will be allowed to exercise their right to vote through e-voting and postal ballot subject to provision of Section 142 and 143 of the Companies Act, 2017 and Regulation 11 of the Companies (Postal Ballot) Regulations, 2018.

14. VIDEO-LINK FACILITIES FOR THE MEETING:-

In light of COVID-19 situation, the Securities and Exchange Commission of Pakistan (“SECP”) has advised vide Circular No. 4 of 2021 dated 15 February, 2021 to provide participation of the members through electronic means. The members can attend the AGM via video link using smart phones/tablets/. To attend the meeting through video link, members and their proxies are requested to register themselves by providing the following information along with valid copy of Computerized National Identity Card (both sides)/passport, attested copy of board resolution / power of attorney (in case of corporate shareholders) through email at khalidchohan@pakgenpower.com or smahmood@dgcement.com by April 20, 2022.

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

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

This Statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on April 26, 2022.

LOAN / ADVANCE TO NISHAT HOTELS AND PROPERTIES LIMITED

Nishat Hotels and Properties Limited (NHPL) was incorporated on 04 October 2007 as a public company limited by shares. Its authorized share capital is Rs. 12,908,890,270/- (Rupees Twelve Billion Nine Hundred Eight Million Eight Hundred Ninety Thousand Two Hundred Seventy) divided into 1,290,889,027 (One Billion Two Hundred Ninety Million Eight Hundred Eighty-Nine Thousand Twenty-Seven) ordinary shares of PKR 10 each. Its main object is to carry on retail and hospitality business in Pakistan. For the intended purpose, NHPL has acquired site of 119 Kanals, 6 Marlas and 73 SFT of Commercial Land situated at Trade and Finance Block, Johar Town, Lahore, from Lahore Development Authority (LDA) – Urban Development Wing and constructed Emporium Mall which is fully operational from September 2016. Hotel has been opened from 20th May 2017 and 198 rooms are fully operational. The Building has a covered area of 2.742 Million Square Feet comprising the following building components (3 basements, ground floor and 11 floors):

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

In addition to the above, NHPL also operates in the business of development and sale of real estate, under the name of 'Nishat Residences', that comprise a total of 77 residential apartments. These apartments are located at 75-FCC, Gulberg, Lahore.

In line with the above-mentioned commercial operations, short term finance is needed by NHPL for meeting expense of staff salary, power generation, maintenance of HVAC and other working capital requirements.

Considering the average borrowing rate of the Company and the return offered by Banks on term deposits, the Directors of the Company in their meeting held on February 25, 2022 have recommended renewal of above said working capital loan upto PKR 500 million extended to NHPL at the interest rate of 1 Month KIBOR plus 1% (which shall not be less than the Karachi Inter Bank Offered Rate (KIBOR) or borrowing cost of the Company whichever is higher) for a further period of one year starting from the date of this AGM i.e. April 26, 2022 on the terms and conditions of loan agreement in writing and as disclosed to the members

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

Prospective Benefits of the Proposed Investment

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

a. Earnings of Rs. 56.95 million interest income on proposed investment for 365 days i.e. upto the date of next Annual General Meeting of the Company. It is linked with the interest rate of KIBOR plus 1% (1M KIBOR +1%).

b. Opportunity for short term investment to earn more than average borrowing cost of the Company.

Other Relevant Information to the Satisfaction of Minority Shareholders

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

- All business decisions being made by the board of directors of the Company are aimed at securing the best interests of the Company and its shareholders.

- The investment decisions implemented by the board of directors of the Company are a direct manifestation of the will of the majority shareholders through resolutions passed at the general meetings which the board of directors is duty bound to comply with as per the law.

- The Company is interested in maximizing returns for all its stakeholders and bases its business decisions on this principle of maximization of returns. Some business decisions are more fruitful than others, however, we assure you that none are motivated by ill-intent.

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

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

Name	% of Shareholding
Mian Hassan Mansha	3.93

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

(a) Disclosure for all types of investments:		
(A) Disclosure regarding associated company		
(i)	Name of Associated Company or Associated Undertaking	Nishat Hotels and Properties Limited (NHPL)
(ii)	Basis of Relationship	Common Directorship
(iii)	Earnings / (Loss) per Share for the last three years	Sr. / Year / Earnings per Share (Rs.) 1. / 2021 / 1.14 2. / 2020 / (0.71) 3. / 2019 / 1.42
(iv)	Break-up value per Share, based on last audited financial statements	PKR 18.82 per share as at 30th June 2021.
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest audited financial statements as on 30 Jun, 2021.	**Audited financial statements as at 30th June 2021:** **Rs. in millions** **Balance Sheet:** **Assets** Non-current assets 34,836 Current assets 5,430 Total assets 40,266 **Liabilities** Borrowings 15,767 Other liabilities 1,568 **Equity** 22,931 **Profit & loss:** Sales 6,095 Gross Profit 2,076 Gross Profit Ratio 34% Net Profit after tax 1,305 Net Profit after tax Ratio 21%
(vi)	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely	N/A

	I Description of the project and its history since conceptualization	N/A
	II Starting date and expected date of completion of work	N/A
	III Time by which such project shall become commercially operational	N/A
	IV Expected time by which the project shall start paying return on investment	N/A
	V Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts	N/A
(B) General Disclosures:		
(i)	Maximum amount if investment to be made	Upto PKR 500,000,000 (Pak Rupees Five Hundred Million only)
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	Purpose: Renewal of working capital loan. Benefits: The Company expects significant financial gains through higher interest rates charged to NHPL which will eventually enhance the return on investment of the shareholders of the Company. The investment in NHPL will be to the date of forthcoming Annual General Meeting from the date of approval by the members unless renewed by the members under Section 199 of the Companies Act, 2017.
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:	Company's own funds.
	(I) Justification for investment through borrowings (II) Detail of Collateral, guarantees provided and assets pledged for obtaining such funds (III) Cost of benefit analysis	N/A N/A N/A

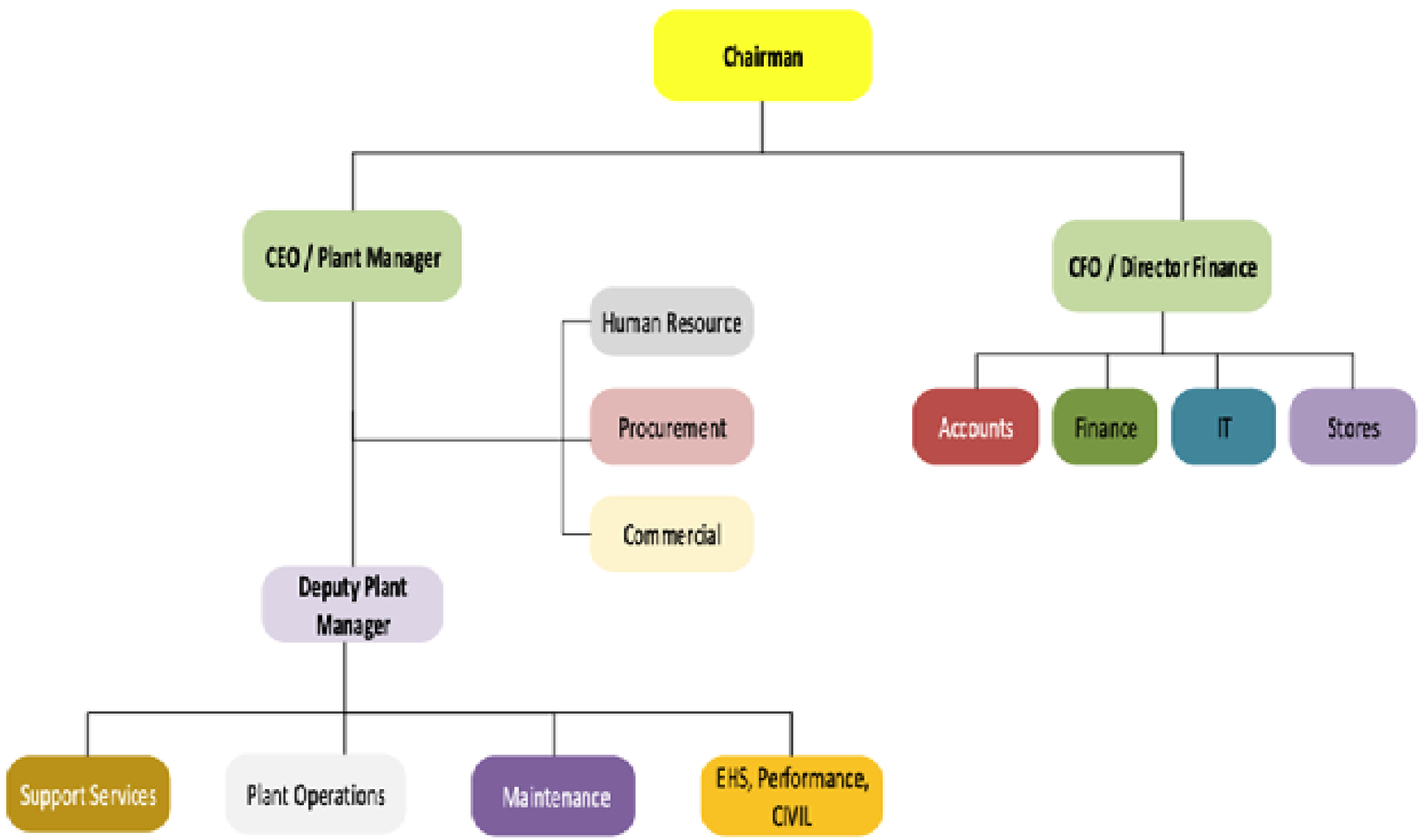
(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	Followings are the salient features of loan agreement already in existence: 1. Interest due on outstanding amount of loan shall be paid by the associated company on monthly basis on 20th of every month starting from the next month. 2. In case of delay in re-payment of principal and interest, an additional sum equivalent to 7.50% per annum on the unpaid amount for the period for which the payment is delayed, shall be paid by Nishat Hotels and Properties Limited to Pakgen Power Limited in addition to the agreed interest amount. 3. The associated company shall provide corporate guarantee to secure the loan.
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	The interest, direct or indirect in the associated company and the transaction under consideration is detailed as under: The directors of Pakgen Power Limited (Pakgen), their relatives and associated companies holding shares of Nishat Hotels and Properties Limited (NHPL) are interested to the extent of their shareholding as under:- **Directors:** **% of Shareholding** Mian Hassan Mansha 21.97 **Relatives:** Mrs. Naz Mansha 1.64 (Mother of Mian Hassan Mansha) Mian Umer Mansha 21.97 Mian Raza Mansha 21.86 Both brothers of Mian Hassan Mansha. Mrs. Iqraa Hassan Mansha 0.00 (Spouse of Mian Hassan Mansha) **Associated Companies** Nishat Mills Limited 6.08 Security General Insurance Co. Ltd. 17.94 D. G. Khan Cement Company Limited 8.55 The directors of NHPL are interested in Pakgen to the extent of their shareholding as under:- **Name** **% of Shareholding** Mian Hassan Mansha 3.93 The associated Companies holding shares of NHPL are interested in Pakgen to the extent of their shareholding as follows: **Name** **% of Shareholding** Nishat Mills Limited 27.55 Security General Insurance Co. Ltd. 1.72

(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/ justification for any impairment or write offs	**Sr. No.** **Description** **Amount (Rs.** 1 Maximum loan advanced to NHPL since last approval 350,000,000 2 Amount outstanding on the date of the notice of the AGM 350,000,000 3 Markup accrued and recovered since inception upto 31-12-2021 216,987,500 4 Mark up accrued since the last date of approval 27,187,328 5 Mark-up recovered since the last date of approval 24,468,835 6 Mark up outstanding at the date of notice of the AGM 2,718,493
(vii)	Any other important details necessary for the members to understand the transaction	None
Additional disclosure regarding investment in the form of Loan/Advance		
(i)	Category-wise amount of investment	Running Finance Loan upto PKR 500,000,000 (Pak Rupees Five Hundred Million Only).
(ii)	Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return unfunded facilities, as the case may be, for the relevant period	The average borrowing cost of the Company for the year ended 31-12-2021 was 7.70% 1 Month KIBOR as on February 25, 2022 is 10.39%
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company.	The Company shall charge mark up at the rate of 1 (one) Month KIBOR + 1% (which shall not be less than the average borrowing cost of the company, whichever is higher).
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment	Corporate Guarantee of the associated company.
(v)	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable.	N/A
(vi)	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	Repayment of principal will be made within one year with payment of mark-up due on monthly basis.

Statement Under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017.

Name of Investee Company	**Nishat Hotels and Properties Limited**
Total Investment Approved:	Investment of Rs. 500,000,000 by way of working capital loan was approved by members in AGM held on April 26, 2021 up to the date of next AGM.
Amount of Investment Made to date:	Investment of Rs. 350,000,000 has been made against this approval to date.
Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time:	No deviation from the approved time line
Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:	At the time of approval, as per available latest audited financial statements for the year ended June 30, 2020, the basic loss per share was Rs.0.71 and breakup value per share was Rs. 18.05. As per latest available (unaudited) financial statements for the period ended December 31, 2021 the basic earnings per share is Rs.0.29 and breakup value per share is Rs. 19.12.

ORGANIZATION CHART



DIRECTORS' PROFILE

Mian Hassan Mansha

Chief Executive Officer

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

Mr. Ghazanfar Hussain Mirza

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

Mr. Aurangzeb Firoz

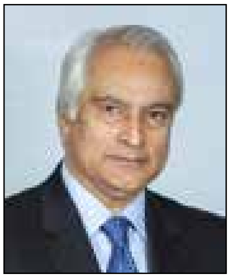
Mr. Aurangzeb Firoz is a graduate from the Lahore American School and of the University of London. He has completed MBA from Cornell University, USA. His prime experience is focused in the areas of finance, business strategy and operation management. He is a director of City Schools Group and has been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

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

Mrs. Sadia Younas Mansha

Sadia Younas Mansha has more than 20 years of diversified professional experience in Textile, Knitwear, Dairy and Agriculture Farming.

She is currently serving on the Board of Adamjee Insurance Company Limited, Nishat Sutas Dairy Limited and Chief Executive Officer & Director of Golf View Land (Pvt.) Limited.



Mr. Shahid Malik

Shahid Malik is a seasoned professional with over 40 years of experience in the Diplomatic Service of Pakistan. He held key assignments as High Commissioner of Pakistan to India (2007-2013) and Canada (2002-2006), with concurrent accreditation as Ambassador to Venezuela and High Commissioner to Trinidad and Guyana. His other diplomatic assignments include Washington (as Minister), Rome (as Charge d' Affaires), and Tokyo. Mr. Malik has also served as Director General and Additional Foreign Secretary in the Ministry of Foreign Affairs. He also brings with him diversified academic experience being part of the faculty at various universities worldwide, and has represented Pakistan at international forums including the UN (United Nations), Commonwealth, OIC (Organization of Islamic Countries), NAM (Non-Aligned Movement) and SAARC (South Asian Association for Regional Cooperation).

Mr. Samir Mustapha Chinoy

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

Dr. Arif Bashir

Dr. Arif Bashir holds PhD degree in Chemical Engineering and has over 36 years of experience in the fields of project planning and execution; operation and maintenance of Cement Plant, power plants, paper plant etc. Currently, he is working as Director (Technical and Operations) of D. G. Khan Cement Company Limited (DGKCC) and responsible for the smooth operation and maintenance of cement production lines having capacity over 4.8 million tons/year. Captive Power Plants of about 100 MW capacity. Paper Sack plant having production capacity of 500,000 bags/day. Also responsible for Captive Coal based Power Plant, Alternate Fuels, Waste Heat Recovery projects of DGKCC. He is also serving on the Board of Nishat Paper Products Co. Ltd.

Mr. Farrukh Ifzal

Mr. Farrukh Ifzal is a Fellow Member of The Institute of Chartered Accountants of Pakistan. He has over 34 years of diversified experience in the field of Accounts, Finance, Legal and General Management. He also served in Punjab Industrial Development Board. He is currently serving as Director in Nishat Chunian Limited ,Chief Executive Officer of Nishat Chunian Power Limited and Chief Executive Officer of Nishat Chunian Electric Company Limited

CHAIRMAN'S REVIEW

I am pleased to present the annual report of the Company for the year ended December 31, 2021 to our valued shareholders. Significant aspects of performance of your Company have been shared with you during the current year.

The Company has earned a net profit of Rs.1.049 billion as against a profit of Rs.4.411 billion earned during the previous year. The major reason of decrease in profit is non-issuance of Capacity Purchase Price invoices amounting to Rs.2.429 billion started from 05-05-21 to 07-10-21, pursuant to PPA Amendment Agreement with Central Power Purchasing Agency (Guarantee) Limited. Moreover, the Company has started giving Tariff Discounts (effective from 04 June 2021) to CPPA-G as mentioned in note 1.2 of the annexed financial statements.

I would like to appreciate overall performance of the Board during this term despite challenges of COVID-19 pandemic and its economic impact. They have provided strategic directions to the management and always remained available for guidance. The Board has formed various Committees, like Audit Committee and Human Resource Committee. Through Audit Committee the Board, reviewed the internal controls and financial statements and ensured that the accounts fairly represent the financial position of the Company. While the HR Committee overviews the HR policy framework and recommends selection and compensation of senior management team.

To evaluate the performance of the Board and its Committees, the Board has put in place mechanism for annual evaluation of the performance of the Board of Directors. Accordingly, the Board has completed its annual self-evaluation for the year 2021 and I am pleased to report that the overall performance benchmarked on the basis of set criteria remained satisfactory.

Further, I am pleased to inform that the composition of the Board depicts reasonable balance of executive and non-executive Directors including independent Directors, which possess the requisite skills, core competencies and industry knowledge to lead the Company, whereby all Board members are aware of the high level of ethical and professional standards laid down in our Vision & Mission Statements of the Company.

The Board reviews the quality and appropriateness of financial statements of the Company, reporting and transparency of disclosures, Company's accounting policies, corporate objective plans, budgets and other reports. The Board has also framed the Code of Conduct which defines requisite behavior and has been disseminated throughout the Company. Adequate controls and robust systems are in place to ensure effective control environment so compliance of best policies of Corporate Governance are achieved.

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

I would like to take this opportunity to express my appreciation for the untiring efforts of our employees and express gratitude to all the stakeholders for their continued cooperation, trust and support.

Chairman
Lahore: February 25, 2022

چیئرمین کا جائزہ

میں 31 دسمبر 2021ء کو ختم ہونے والے سال کے لئے، اپنے قابل قدر شیئر ہولڈرز کو کمپنی کی سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔ موجودہ سال کے دوران آپ کی کمپنی کی کارکردگی کے نمایاں پہلو آپ کے ساتھ شیئر کئے گئے ہیں۔

کمپنی کو گزشتہ سال 4.411 بلین روپے منافع کے مقابلے موجودہ سال میں 1.049 بلین روپے کا منافع ہوا۔ منافع میں کمی کی بڑی وجہ سینٹرل پاور پرچیزنگ ایجنسی (گارنٹی) لمیٹڈ کے ساتھ پی پی اے ترمیمی معاہدے کے مطابق 05-05-21 سے 07-10-21 تک 2.429 بلین روپے کی کم وصولی پر چیز پرائس انوائسز کا جاری نہ ہونا ہے۔ مزید برآں، کمپنی نے CPPA-G کو ٹیرف ڈسکاؤنٹ (04 جون 2021 سے موثر) دینا شروع کر دیا ہے جیسا کہ منسلک مالیاتی حسابات کے نوٹ 1.2 میں بیان کیا گیا ہے۔

میں COVID-19 وبائی بیماری کے چیلنجوں اور اس کے معاشی اثرات کے باوجود اس مدت کے دوران بورڈ کی مجموعی کارکردگی کو سراہتا ہوں۔ انہوں نے انتظامیہ کو اسٹریٹجک ہدایات فراہم کیں اور رہنمائی کے لیے ہمیشہ موجود رہے۔ بورڈ نے مختلف کمیٹیاں جیسے کہ آڈٹ کمیٹی اور ہیومن ریسورس کمیٹی تشکیل دی ہیں۔ آڈٹ کمیٹی کے ذریعے بورڈ نے اندرونی کنٹرولز اور مالیاتی گوشواروں کا جائزہ لیا اور اس بات کو یقینی بنایا کہ اکاؤنٹس کمپنی کی مالی حالت کی منصفانہ نمائندگی کرتے ہیں۔ جبکہ HR کمیٹی HR پالیسی فریم ورک کا جائزہ لیتی ہے اور سینئر مینجمنٹ ٹیم کے انتخاب اور معاوضہ کی سفارش کرتی ہے۔

بورڈ اور اس کی کمیٹیوں کی کارکردگی کا جائزہ لینے کے لیے، بورڈ نے بورڈ آف ڈائریکٹرز کی کارکردگی کی سالانہ تشخیص کے لیے ایک طریقہ کار وضع کیا ہے۔ اسی مناسبت سے، بورڈ نے سال 2021 کے لیے اپنی سالانہ خود تشخیص مکمل کر لی ہے اور مجھے یہ بتاتے ہوئے خوشی ہو رہی ہے کہ مقررہ معیار کی بنیاد پر مجموعی کارکردگی کا معیار تسلی بخش رہا۔

مزید، مجھے یہ بتاتے ہوئے خوشی ہو رہی ہے کہ بورڈ کی تشکیل میں آزاد ڈائریکٹرز سمیت ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کا معقول توازن دکھایا گیا ہے، جو کمپنی کی قیادت کرنے کے لیے مطلوبہ مہارتوں، بنیادی اہلیتوں اور صنعت کا علم رکھتے ہیں، جس سے بورڈ کے تمام اراکین کمپنی کے ہمارے وژن اور مشن کے بیانات میں دیئے گئے اعلیٰ درجے کے اخلاقی اور پیشہ ورانہ معیارات سے واقف ہیں۔

بورڈ کمپنی کے مالی گوشواروں کے معیار اور موزونیت، انکشافات کی رپورٹنگ اور شفافیت، کمپنی کی اکاؤنٹنگ پالیسیوں، کارپوریٹ مقاصد کے منصوبوں، بجٹ اور دیگر رپورٹس کا جائزہ لیتا ہے۔ بورڈ نے ضابطہ اخلاق بھی وضع کیا ہے جو مطلوبہ رویے کی وضاحت کرتا ہے اور اسے پوری کمپنی میں شائع کیا گیا ہے۔ موثر کنٹرول ماحول کو یقینی بنانے کے لیے مناسب کنٹرول اور مضبوط انتظام موجود ہیں تاکہ کارپوریٹ گورننس کی بہترین پالیسیوں کی تعمیل ہو سکے۔

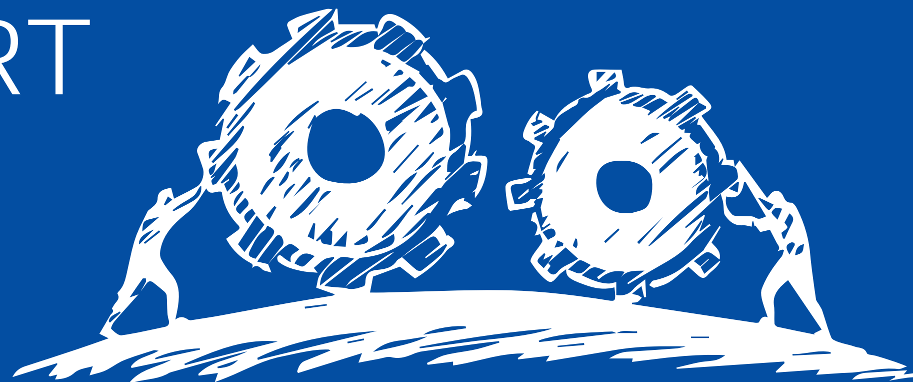
ہماری سماجی ذمہ داری کے طور پر ہم اپنے پلانٹ کے آس پاس ضرورت مندوں کی خدمت اور مدد کر رہے ہیں۔ ہم اپنے پلانٹس کے آس پاس کے اسکولوں کو صحت کی دیکھ بھال اور مدد فراہم کرتے رہتے ہیں۔ ہمارے سپانسر شدہ ہسپتال علاقے میں بہت زیادہ ضروری دیکھ بھال اور آسانیاں دیتے ہیں، اور ہمارے سپانسر شدہ سکول وظائف تمام طلباء کی مدد کرتے رہتے ہیں۔

میں اپنے ایمپلائز کی انتھک کوششوں کو سراہتا ہوں اور تمام اسٹیک ہولڈرز کے مسلسل تعاون، اعتماد اور مدد کا شکر گزار ہوں۔

چیئرمین

لاہور: 25 فروری 2022ء

DIRECTORS' REPORT



The Directors are pleased to present the Annual Report and the audited financial statements of the Company for the year ended December 31, 2021 together with the auditors' report thereon.

GENERAL

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

FINANCE AND SIGNIFICANT EVENTS

We report that during the year 2021 the total sales revenue of the Company was Rupees 19.901 billion (2020: Rupees 10.646 billion) and operating cost were Rupees 18.237 billion (2020: Rupees 5.078 billion), resulting in gross profit of Rupees 1.664 billion (2020: Rupees 5.567 billion). The Company earned a net profit of Rupees 1.049 billion resulting in earnings per share of Rupees 2.82 as compared to a net profit of Rupees 4.411 billion and earnings per share of Rupees 11.86 last year. The major reason of decrease in profit is non-issuance of Capacity Purchase Price invoices amounting to Rs.2.429 billion started from 05-05-21 to 07-10-21, pursuant to PPA Amendment Agreement signed as per note 1.2 of the annexed financial statements.

We would like to draw your attention to emphasis of matter paragraph of the independent Auditors' Report which describes signing of the PPA Amendment Agreement and Master Agreement. By signing of these agreements, the Company agreed to a tariff discount and resolved the outstanding disputes between the Parties. Please refer note 1.2 of the annexed financial statements for the further details.

Although the Company received a significant amount of Rs.34.815 billion on account of overdue receivables from CPPA-G during the current year including the two installments totaling Rs.16.337 billion, under the settlement agreement, however, our sole customer, CPPA-G remains unable to meet its obligations in accordance with the Power Purchase Agreement (PPA) which are secured under a sovereign guarantee of Government of Pakistan. As on 31 December 2021, an amount of Rupees 6.852 billion was outstanding against CPPA-G. We feel the overdue receivables may surmount once again, in future, if CPPA-G continues to default in making payments of overdue invoices on timely basis, due to the circular debt problem plaguing power sector of the country.

Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) had raised invoices for liquidated damages, amounting Rs.6.266 billion, to the Company from 11th to 22nd agreement year (after taking into account forced outage allowance stipulated under the terms of Power Purchase Agreement) on account of short supply of electricity by the Company. The Company paid Rs.4.006 billion, whereas remaining liquidated damages were disputed, for the shutdown period of the complex on account of non-availability of fuel due to cash constraints of the Company as a result of default by CPPA-G in making timely payments. The Company appointed mediation expert under the mechanism given in the PPA. On 22 June 2017, the mediation expert gave his decision in favour of the Company. However, this decision was not binding on either party.

During the year ended 31 December 2018, the Company filed case for arbitration in the International Chamber of Commerce (ICC) to resolve the disputed matters. An arbitrator was appointed and the various hearings on these matters were held. On 18 December 2020, the Arbitrator has issued Final Award in which she has declared CPPA-G's attempt to set of amounts of Rupees 2.425 billion from Capacity Payments due to the Company as unlawful and directed CPPA-G that it cannot deduct amounts from invoices of the Company on the basis that the Company has procured fuel from suppliers other than PSO. The Arbitrator also ordered CPPA-G to pay to the Company: i) Rupees 36.068 million withheld from invoices of the Company; ii) Rupees 877.899 million being interest on delayed payments interest invoices; iii) interest on amounts awarded at the rate of State Bank of Pakistan's treasury six month Base Rate plus 2% per annum compounded semi-annually from the date of award till the date of payment and iv) US$ 432,296.745 (50% of the total amount awarded, being the share of the Company) in respect of cost of arbitration and Company's legal costs together with interest at the rate of 4% per annum compounded quarterly from the date of award till the date of payment. Moreover, the Arbitrator also declare that CPPA-G is obliged to provide and maintain Letter of Credit under PPA.

During the previous year ended 31 December 2020, the Company in the larger national interest, voluntarily agreed to alter its existing contractual arrangements to the extent of, and strictly with respect to the matters listed under Memorandum of Understanding ("MoU").

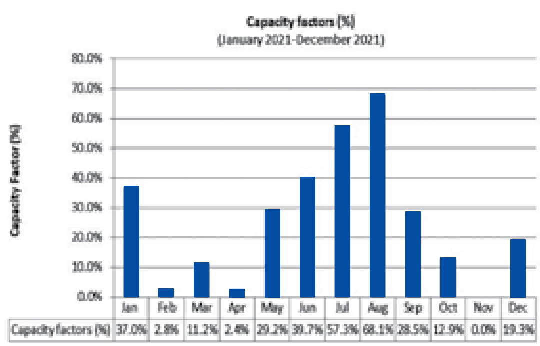
During the current year ended 31 December 2021, the Company has entered into "Master Agreement" and "PPA Amendment Agreement" with CPPA-G in order to get payment of its overdue receivables as on 30th November 2020 amounting to Rs.16.337 billion. According to the agreement, the Company has voluntarily reduced its Capacity Purchase Price (CPP) and Variable O & M by 11%. Furthermore, 50% of the reduced CPP shall not be indexed with USD Exchange rate and US CPI, collectively referred to as the "Tariff Discount". Whereas remaining 50% of reduced CPP shall continue to be indexed with USD Exchange rate and US CPI. The Parties have also agreed in good faith to attempt to resolve the outstanding ICC Award / Expert's determination.

The Company received first installment of 40% on 04 June 2021 and second installment of 60% on 29 November 2021, i.e. 100% of total outstanding balance of Rs.16.337 billion as on 30 November 2020 under the terms of PPA Amendment Agreement. Above installments have been made in the breakup of 1/3rd cash, 1/3rd in the form of tradeable Ijarah Sukuk, and 1/3rd in the form of tradeable Pakistan Investment Bonds (PIBs). Upon receipt of these installments, the Company has started giving Tariff Discounts (effective from 04 June 2021) to CPPA-G as mentioned above.

In continuation of above and for resolution of Arbitration Award/Expert Determination the Company signed another PPA Amendment Agreement with CPPA-G on 20th April 2021 (2nd Amendment). Under this Amendment, amongst other disputes resolution, the shutdown period of the Complex on account of non-availability of fuel has been treated as Other Force Majeure Event (OFME) under the PPA and Term of the PPA has been extended by 156 days. During the extended period of 23rd Agreement Year (i.e. 05-05-21 to 07-10-21), the company issued Energy Purchase Price (EPP) invoices only and did not issue Capacity Purchase Price (CPP) invoices amounting Rs.2.429 billion approximately, for these 156 days, and accordingly Liquidated Damages under the PPA, imposed on the Company for this period, have been waived by the CPPA-G. The Company has started issuing CPP invoices from 8th October 2021, onwards, at the beginning of its 24th Agreement year. Moreover, the Company is entitled to send CPP invoices for these 156 days at the end of the PPA Term at the applicable indexations (i.e. USD and USCPI applicable for seventh agreement year).

OPERATIONS AND SIGNIFICANT EVENTS

In response to load demanded by CPPA-G, the Pakgen plant operated at capacity factor of 26.0% with a load factor of 71.6% and availability of 99.5% and dispatched 797.729 GWh of electricity during the year.



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

ANNUAL CAPACITY TEST

As per PPA amendment agreement dated April 20, 2021 the current Agreement Year has been extended for 156 days. Therefore, no Annual Capacity Test has been conducted during the year ended 31 December 2021. The Company will conduct its Annual Capacity Test in the year 2022 and its total dependable capacity till the next test is 350MW.

PERFORMANCE IMPROVEMENT

Continuous efforts are being made to improve the plant performance. Moreover, in-house focus for optimized operation and maintenance remained in place.

CREDIT RATINGS

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

INTERNAL AUDIT AND CONTROL

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

ENVIRONMENT HEALTH AND SAFETY

Pakgen Power Limited is proud of its commitment to protecting the environment and enhancing the health and safety of its employees. During the year, there was no time lost accident due to any injury.

CORPORATE SOCIAL RESPONSIBILITY (CSR) AND COMMUNITY WELFARE

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

Some CSR Initiatives by the Company include:

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

- The Company is awarding the scholarships to the deserving students of local community to pursue their professional education.
- Extensive plantation of trees in the surrounding areas.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE 2019

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

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

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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

- The financial statements, prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts upon Company's ability to continue as going concern.
- All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. The directors were apprised of their duties and responsibilities through orientation courses.
- The key operating and financial data of last six years is attached to the report.
- Value of investment in provident fund and gratuity scheme as at year ended 31st December 2021, were as follows;

  Provident fund: 31 December 2021 is Rupees: 204.608 Million

  Gratuity fund: 31 December 2021 is Rupees: 117.777 Million

COMPOSITION OF BOARD:

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

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

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

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

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

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

Sr. #	Name of Members		No. of Meetings Attended
1	Mian Hassan Mansha	(Member)	1
2	Mr. Ghazanfar Hussain Mirza	(Member)	1
3	Mr. Samir Mustapha Chinoy	(Member/Chairman)	1

DIRECTORS' REMUNERATION:

The Company does not pay remuneration to its non-executive directors including independent directors except for meeting fee. Aggregate amount of remuneration and meeting fee paid to executive and non-executive directors have been disclosed in note 37 of the annexed financial statements.

PATTERN OF SHAREHOLDING:

The statement of pattern of shareholding as on 31 December 2021 is attached.

TRADING IN THE SHARES OF THE COMPANY

All the trades in the shares of the listed Company, carried out by its directors, executives and their spouses and minor children during the year ended December 31, 2021 is annexed to this report.

RELATED PARTIES

Related party transactions were placed before the Audit Committee and approved by the Board. These transactions were in line with the requirements of IFRS and the Companies Act 2017.

FINANCIAL RISK MANAGEMENT

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

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

APPROPRIATIONS

The Board of Directors has not proposed any final dividend for the year ended 31 December 2021.

AUDITORS

The present auditors M/s Riaz Ahmad and Company, Chartered Accountants retired and being eligible, offer themselves for re-appointment for the year 2022. The Audit Committee of the Board has recommended the reappointment of the retiring auditors.

ACKNOWLEDGEMENT

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

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

For and on behalf of the Board of Directors

(Mr. Hassan Mansha)
Chief Executive Officer

(Mr. Ghazanfar Hussain Mirza)
Chairman

Lahore: 25th Feb, 2022

ڈائریکٹرز رپورٹ پاک جن پاور لمیٹڈ

ڈائریکٹرز 31 دسمبر 2021ء کو ختم ہونے والے سال کے لئے کمپنی کی سالانہ رپورٹ اور نظرثانی شدہ مالی حسابات معہ آڈیٹرز کی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

عام معلومات

پاک جن پاور لمیٹڈ ("کمپنی") منسوخ شدہ کمپنیز آرڈیننس 1984 (اب کمپنیز ایکٹ 2017ء) کے تحت 22 جون 1995ء کو پاکستان میں قائم ہوئی۔ کمپنی کے حصص پاکستان اسٹاک ایکسچینج میں درج ہیں۔ کمپنی کی اہم سرگرمیاں، محمود کوٹ، مظفر گڑھ، پنجاب، پاکستان میں 365 میگاواٹ کی مجموعی گنجائش کے مقابل 350 میگاواٹ کی ایک قابل اعتماد صلاحیت کے ساتھ تیل پر چلنے والا ایک بجلی گھر ("دی کمپلیکس") کا مالک، چلانا اور برقرار رکھنا ہیں۔ بجلی کا واحد خریدار سنٹرل پاور پرچیزنگ ایجنسی (گارنٹی) لمیٹڈ (CPPA-G) ہے۔

مالی نتائج اور اہم واقعات

ہم بیان کرتے ہیں کہ سال 2021 کے دوران کمپنی کی فروخت کی کل آمدنی 19.901 بلین روپے (2020: 10.646 بلین روپے) اور آپریٹنگ اخراجات 18.237 بلین روپے (2020: 5.078 بلین روپے) جس کے نتیجے میں 1.664 بلین روپے کا مجموعی منافع (2020: 5.567 بلین روپے) حاصل ہوا تھا۔ کمپنی نے گزشتہ سال 4.411 بلین روپے خالص منافع اور 11.86 روپے فی شیئر آمدنی کے مقابلے موجودہ سال 1.049 بلین روپے خالص منافع کمایا جس کے نتیجے میں 2.82 روپے فی شیئر آمدنی حاصل ہوئی۔ منافع میں کمی کی بڑی وجہ منسلک مالیاتی گوشواروں کے نوٹ 1.2 کے مطابق پی پی اے ترمیمی معاہدے کی پیروی میں، 21-05-05 سے 21-10-07 تک 2.429 بلین روپے کی کیپسٹی پرچیز پرائس انوائسز کا جاری نہ ہونا ہے۔

ہم آپ کی توجہ آزاد آڈیٹرز کی رپورٹ کے اس پیراگراف کی طرف مبذول کرانا چاہتے ہیں جو پی پی اے ترمیمی معاہدے اور ماسٹر ایگریمنٹ پر دستخط کرنے کی وضاحت کرتا ہے۔ ان معاہدوں پر دستخط کرکے، کمپنی نے رعایتی ٹیرف پر اتفاق کیا اور فریقین کے درمیان بقایا تنازعات کو حل کیا گیا۔ مزید تفصیلات کے لیے براہ کرم منسلک مالی گوشواروں کا نوٹ 1.2 ملاحظہ کریں۔

اگرچہ کمپنی کو متعلقہ معاہدہ کے تحت کل 16.337 بلین روپے کی دو اقساط سمیت موجودہ سال کے دوران CPPA-G سے زائد المیعاد قابل وصولیوں کی مد میں 34.815 بلین روپے کی نمایاں رقم موصول ہوئی تاہم، ہمارا واحد صارف CPPA-G بجلی کی خریداری کے معاہدے (PPA) جو حکومت پاکستان کی ایک خود مختار ضمانت کے تحت حاصل کیا گیا کے مطابق اپنی ذمہ داریوں کو پورا کرنے کے قابل نہیں رہا۔ 31 دسمبر 2021 کو CPPA-G کے ذمہ بقایا رقم 6.852 بلین روپے تھی۔ ہمیں لگتا ہے کہ مستقبل میں، اگر CPPA-G ملک کے پاور سیکٹر میں گردشی قرضوں کے مسئلے سے دوچار ہونے کی وجہ سے وقت پر واجب الادا انوائسز کی ادائیگی میں نادہندہ رہتا ہے، تو ایک بار پھر واجب الادا وصولیوں میں اضافہ ہو سکتا ہے۔

سینٹرل پاور پرچیزنگ ایجنسی (گارنٹی) لمیٹڈ (CPPA-G) نے معاہدے کے 11ویں سے 22ویں سال کمپنی کی طرف سے بجلی کی کم فراہمی کی وجہ سے (بجلی کے خریداری معاہدہ کی شرائط کے تحت مقررہ جبری بندش الاؤنس کو مدنظر رکھتے ہوئے) کمپنی کو 6.266 بلین روپے کے نقصانات کی انوائسز جمع کروائیں تھیں۔ کمپنی نے 4.006 بلین روپے ادا کیے، جب کہ باقی ماندہ نقصانات CPPA-G کی طرف سے بروقت ادائیگی کرنے میں نادہندگی کے نتیجے میں کمپنی کے کیش کی رکاوٹوں کی وجہ سے ایندھن کی عدم دستیابی کے باعث کمپلیکس کے بند ہونے کی مدت کے لیے متنازعہ تھے۔ کمپنی نے PPA میں دیے گئے طریقہ کار کے تحت ثالث کا تقرر کیا۔ 22 جون 2017 کو ثالث نے اپنا فیصلہ کمپنی کے حق میں دیا۔ تاہم یہ فیصلہ کسی بھی فریق پر لازم نہیں تھا۔

31 دسمبر 2018 کو ختم ہونے والے سال کے دوران، کمپنی نے متنازعہ معاملات کو حل کرنے کے لیے انٹرنیشنل چیمبر آف کامرس (ICC) میں ثالثی کے لیے کیس دائر کیا۔ مذکورہ بالا معاملات کو حل کرنے کے لئے ایک ثالث مقرر کیا گیا اور ان معاملات پر کئی سماعتیں ہوئیں۔ 18 دسمبر 2020 کو، ثالث نے حتمی فیصلہ دیا جس میں اس نے واضح کیا کہ کمپنی کو واجب الادا کیپسٹی ادائیگیوں میں سے 2.425 بلین روپے کی رقم ختم کرنے کی CPPA-G کی کوشش غیر قانونی ہے اور CPPA-G کو ہدایت کی ہے کہ کمپنی کی انوائسز سے رقوم اس بناء پر منہا نہیں کی جا سکتی ہیں کہ کمپنی نے تیل PSO کے علاوہ سپلائرز سے خریدا ہے۔ ثالث نے CPPA-G کو یہ بھی حکم دیا ہے کہ کمپنی کو ادا کرے: i)۔ 36.068 بلین روپے جو کمپنی کی انوائسز سے روکے گئے ii)۔ 877.899 بلین روپے تاخیر سے ادائیگیوں کے سود کی انوائسز پر سود iii) اسٹیٹ بینک آف پاکستان کے ٹریژری چھ ماہ کے بل ریٹ کے علاوہ 2% مرکب نیم سالانہ دی گئی رقوم پر سود جو سالانہ ایوارڈ کی تاریخ سے ادائیگی کی تاریخ تک اور

iv) 432,296.745 امریکی ڈالر (ایوارڈ کل رقم کا 50 فیصد، بطور کمپنی کا شیئر) ثالثی کی لاگت اور کمپنی کے قانونی اخراجات کے سلسلے میں ایوارڈ کی تاریخ سے لے کر ادائیگی کی تاریخ تک مرکب سہ ماہی کی 4% سالانہ کی شرح سے سود کے ساتھ۔ مزید یہ کہ ثالث نے یہ بھی اعلان کیا کہ CPPA-G پی پی اے کے تحت لیٹر آف کریڈٹ فراہم کرنے اور برقرار رکھنے کا پابند ہے۔

31 دسمبر 2020 کو ختم ہونے والے پچھلے سال کے دوران، کمپنی نے وسیع تر قومی مفاد میں، اپنے موجودہ معاہدے کے انتظامات کو اس حد تک اور سختی کے ساتھ مفاہمت کی یادداشت ("ایم او یو") کے تحت درج معاملات کے حوالے سے رضاکارانہ طور پر تبدیل کرنے پر اتفاق کیا۔

31 دسمبر 2021 کو ختم ہونے والے موجودہ سال کے دوران، کمپنی نے CPPA-G کے ساتھ "ماسٹر ایگریمنٹ" اور "PPA ترمیمی معاہدہ" کیا تا کہ 30 نومبر 2020 تک 16.337 بلین روپے کی واجب الادا وصولیوں کی ادائیگی حاصل کی جا سکے۔ معاہدے کے مطابق، کمپنی نے اپنی کپیسٹی پرچیز پرائس (CPP) اور متغیر O&M میں رضاکارانہ طور پر 11% کمی کی ہے۔ مزید برآں، کم کردہ CPP کا 50% امریکی ڈالر ایکسچینج ریٹ اور یو ایس CPI کے ساتھ انڈیکس نہیں کیا جائے گا، جسے مجموعی طور پر "ٹیرف ڈسکاؤنٹ" کہا گیا ہے۔ جبکہ باقی ماندہ 50% کم شدہ CPP کو امریکی ڈالر ایکسچینج ریٹ اور یو ایس CPI کے ساتھ انڈیکس کیا جاتا رہے گا۔ فریقین نے نیک نیتی سے بقایا آئی سی سی ایوارڈ کو حل کرنے کی کوشش/ ماہر کے عزم پر بھی اتفاق کیا ہے۔

کمپنی کو 04 جون 2021 کو 40% کی پہلی قسط اور 29 نومبر 2021 کو 60% کی دوسری قسط، یعنی PPA ترمیمی معاہدے کی شرائط کے تحت 30 نومبر 2020 تک 16.337 بلین روپے کے کل بقایا رقم کا 100% مل گیا۔ بالا اقساط 1/3 نقد، 1/3 قابل تجارت اجارہ سکوک کی شکل میں اور 1/3 قابل تجارت پاکستان انویسٹمنٹ بانڈز (PIBs) کی شکل میں دی گئی ہیں۔ ان اقساط کی وصولی کے بعد، کمپنی نے CPPA-G کو مذکورہ بالا ٹیرف ڈسکاؤنٹ (04 جون 2021 سے مؤثر) دینا شروع کر دیا ہے۔

مذکورہ بالا کے تسلسل میں اور ثالثی ایوارڈ/ ماہر کے تعین کے حل کے لیے کمپنی نے CPPA-G کے ساتھ 20 اپریل 2021 (دوسری ترمیم) کو ایک دوسرے PPA ترمیمی معاہدے پر دستخط کیے۔ اس ترمیم کے تحت، دیگر تنازعات کے حل کے ساتھ، ایندھن کی عدم دستیابی کی وجہ سے کمپلیکس کے بند ہونے کی مدت کو پی پی اے کے تحت دیگر فورس میجور ایونٹ (OFME) کے طور پر خیال کیا گیا ہے اور پی پی اے کی مدت میں 156 دن کی توسیع کی گئی ہے۔ معاہدے کے 23 ویں سال کی توسیع شدہ مدت (یعنی 21-05-05 سے 21-10-07) کے دوران، کمپنی نے صرف انرجی پرچیز پرائس (ای پی پی) انوائسز جاری کیں اور ان 156 دنوں کے لیے، تقریباً 2.429 بلین روپے کی کپیسٹی پرچیز پرائس (سی پی پی) انوائسز جاری نہیں کی گئیں اور اس کے مطابق PPA کے تحت کمپنی پر اس مدت کے لیے عائد کیے گئے نقصانات کو CPPA-G نے معاف کر دیا ہے۔ کمپنی نے 8 اکتوبر 2021 سے اپنے معاہدے کے 24 ویں سال کے آغاز میں CPP انوائسز جاری کرنا شروع کر دی ہیں۔ مزید برآں، کمپنی PPA کی مدت کے اختتام پر ان 156 دنوں کے لیے CPP انوائسز قابل اطلاق انڈیکسیشنز پر بھیجنے کی حقدار ہے (یعنی معاہدے کے ساتویں سال کے لیے امریکی ڈالر اور امریکی CPI لاگو)۔

آپریشنز اور اہم واقعات:

CPPA-G کی طرف سے مطلوبہ لوڈ کے جواب میں پاک جن پلانٹ 71.6 فیصد لوڈ فیکٹر اور 99.5 فیصد کی دستیابی کے ساتھ 26.0 فیصد کے صلاحیتی عنصر پر چلایا گیا اور 797.729 GWh بجلی ترسیل کی گئی۔

کم قیمت میں ہائیڈل انرجی، کوئلہ، قابل تجدید اور آر ایل این جی پر مبنی نئے پاور جنریشن پلانٹس کی انڈکشن کی بدولت یہ امید کی جاتی ہے کہ بہت زیادہ طلب کے موسم میں، آر ایل این جی کی عدم فراہمی کی صورت یا پانی کی کمی کے مہینوں میں پاک جن بجلی کی ترسیل کے قابل ہوگا۔ یہ کمپنی کے فیول کے نقصانات کو کم کرنے میں مدد کرے گا۔

سالانہ صلاحیتی ٹیسٹ

20 اپریل 2021 کو PPA ترمیمی معاہدہ کے مطابق حالیہ ایگریمنٹ سال میں 156 دن کی توسیع ہوگئی ہے۔ اس لئے 31 دسمبر 2021 کو ختم ہونے والے سال کے دوران کوئی سالانہ کپیسٹی ٹیسٹ منعقد نہیں کیا گیا ہے۔ کمپنی سال 2022 میں اپنے سالانہ کپیسٹی ٹیسٹ کا انعقاد کرے گی اور اگلے ٹیسٹ تک اس کی کل قابل بھروسہ کپیسٹی 350MW ہے۔

کارکردگی میں بہتری

پلانٹ کی کارکردگی کو بہتر بنانے کے لئے مسلسل کوششیں کی جارہی ہیں۔ مزید برآں، زیادہ سے زیادہ آپریشن اور مینٹی نینس پر مرکوز توجہ کو برقرار رکھا گیا ہے۔

کریڈٹ ریٹنگز

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

داخلی آڈٹ اور کنٹرول

بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کو رپورٹ کرنے والے کوالیفائیڈ فرد کی سربراہی میں ایک آزاد آڈٹ فنکشن قائم کیا ہے۔ کمپنی کے اندر داخلی آڈٹنگ کا اسکوپ واضح بیان کیا گیا ہے جو اسکے داخلی کنٹرول سسٹم کے جائزہ اور تشخیص میں مشغول ہے۔

ماحول صحت اور حفاظت

پاک جن پاور لمیٹڈ کو ماحول کے تحفظ اور اپنے ملازمین کی صحت اور حفاظت کو بہتر بنانے کے عزم پر فخر حاصل ہے۔

سال کے دوران کسی زخم کے باعث وقت کا کوئی ضیاع نہیں ہوا ہے۔

کارپوریٹ سماجی ذمہ داری(CSR) اور کمیونٹی ویلفیئر

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

کمپنی کی طرف سے چند CSR اقدامات میں شامل ہیں:

- کمپنی ایک بنیادی ہیلتھ یونٹ چلا رہی ہے جو مقامی کمیونٹی کے لئے ہنگامی سہولیات اور تشخیص کی لیبارٹری سے مکمل طور پر لیس کیا گیا ہے۔ اس کے علاوہ کمپنی سالانہ بنیاد پر مقامی کمیونٹی کے لئے ایل آر بی ٹی کے تعاون سے خصوصی آئی کیمپ کا بھی انتظام کرتی ہے۔
- کمپنی مقامی کمیونٹی کے مستحق طلباء کو ان کی پیشہ ورانہ تعلیم کے لئے سکالرشپس دے رہی ہے۔
- اردگرد کے علاقوں میں وسیع پیمانے پر درختوں کی شجرکاری کی گئی ہے۔

کوڈ آف کارپوریٹ گورننس 2019 کی تعمیل

ڈائریکٹرز فہرستی کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 اور پاکستان اسٹاک ایکسچینج کی رول بک کی ضروریات کی تعمیل اور اچھے کارپوریٹ گورننس کے لئے پُرعزم ہیں۔

CCG ریگولیشنز 2019ء کی تعمیل کا بیان منسلک ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

کمپنی کی انتظامیہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کی طرف سے جاری کردہ کارپوریٹ گورننس کے ضابطہء اخلاق اور کمپنیز آرڈیننس کی دفعات کی منظوری کے مطابق اپنی ذمہ داریوں سے پوری طرح آگاہ ہے۔ حسب ذیل تبصرے کارپوریٹ گورننس اور مسلسل بہتری کے اعلیٰ معیارات ادارے کی وابستگی کا اعتراف ہے۔

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکوئٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRS) کی پیروی کی گئی ہے، اور کسی بھی انحراف کا موزوں انکشاف اور وضاحت کی گئی ہے۔

- اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- کمپنی کے گوئنگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک وشبہات نہیں ہیں۔
- بورڈ کے تمام ڈائریکٹرز کارپوریٹ باڈیز کے ڈائریکٹرز کے طور پر اپنے فرائض اور ذمہ داریوں سے بخوبی واقف ہیں۔ڈائریکٹرز کو اورینٹیشن کورسز کے ذریعے ان کے فرائض اور ذمہ داریوں کے بارے میں آگاہ کیا گیا تھا۔
- گذشتہ چھ سالوں کا کلیدی اور مالی اعداد وشمار رپورٹ کے ہمراہ منسلک ہے۔
- 31دسمبر 2021 کو ختم ہونے والے سال کے مطابق پراویڈنٹ فنڈ اور گریجوئٹی اسکیم میں سرمایہ کاری کی قدر حسب ذیل تھی:

  پراویڈنٹ فنڈ:31دسمبر 2021 کو204.608 ملین روپے

  گریجوئٹی فنڈ:31دسمبر 2021 کو117.777 ملین روپے

بورڈ کی تشکیل:

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

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

نمبر شمار	نام ڈائریکٹر	تعداد اجلاس
1	جناب غضنفر حسین مرزا (چیئرمین/ڈائریکٹر)	6
2	میاں حسن منشاء (سی ای او)	5
3	جناب اورنگ زیب فیروز	4
4	جناب شاہد ملک	6
5	محترمہ سعدیہ یونس منشا	3
6	ڈاکٹر عارف بشیر	6
7	جناب فرخ افضال	6
8	جناب سمیر مصطفی چنائے	4

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

نمبر شمار	نام رکن	تعداد اجلاس
1	جناب فرخ افضال (ممبر / چیئرمین)	4
2	جناب اورنگ زیب فیروز (ممبر)	3
3	جناب شاہد ملک (ممبر)	4

زیر جائزہ سال کے دوران، ہیومن ریسورس & ریمنریشن (HR & R) کمیٹی کا ایک (1) اجلاس منعقد ہوا، حاضری کی پوزیشن حسب ذیل تھی:-

نمبر شمار	نام رکن	تعداد اجلاس
2	میاں حسن منشا (ممبر)	1
3	جناب غضنفر حسین مرزا (ممبر)	1
4	جناب سمیر مصطفےٰ چنائے (ممبر / چیئرمین)	1

ڈائریکٹرز کا مشاہرہ:

کمپنی اپنے آزاد ڈائریکٹرز سمیت نان ایگزیکٹو ڈائریکٹرز کو اجلاس فیس کے علاوہ کوئی مشاہرہ ادا نہیں کرتی ہے۔ ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کو ادا کیے جانے والے مشاہرہ اور اجلاس فیس کی مجموعی رقم منسلکہ مالی حسابات کے نوٹ 37 میں منکشف ہے۔

حصص داری کا نمونہ:

بمطابق 31 دسمبر 2021 نمونہ حصص داری منسلک ہے۔

کمپنی کے حصص میں ٹریڈنگ:

31 دسمبر 2021 کو ختم ہونے والے سال کے دوران ڈائریکٹرز، ایگزیکٹوز اور ان کے زوج اور نابالغ بچوں کی طرف سے لسٹڈ کمپنی کے حصص میں کی گئی تمام تجارت اس سالانہ رپورٹ کے ہمراہ منسلک ہے۔

متعلقہ پارٹیاں:

متعلقہ پارٹیوں کے درمیان لین دین آڈٹ کمیٹی کے سامنے پیش کیا گیا اور بورڈ نے منظور کیا۔ یہ لین دین IFRS اور کمپنیز ایکٹ 2017ء کی ضروریات کی لائن میں تھے۔

فنانشل رسک مینجمنٹ:

کمپنی کی سرگرمیاں مختلف خطرات کو بے نقاب کرتی ہیں:

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

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

تصرفات:

بورڈ آف ڈائریکٹرز نے 31 دسمبر 2021 کو ختم ہونے والے سال کے لئے کوئی حتمی منافع منقسمہ تجویز نہیں کیا ہے۔

محاسب:

موجودہ محاسب میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں اور انہوں نے اہل ہونے کی بناء پر سال 2022 کے لئے دوبارہ تعیناتی کے لئے خود کو پیش کیا ہے بورڈ کی آڈٹ کمیٹی نے ریٹائر ہونے والے محاسب کی دوبارہ تقرری کی سفارش کی ہے۔

اظہار تشکر:

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

ہم ایک جدید اور حوصلہ افزا کام کا ماحول قائم کرنے اور پاور پلانٹ کے تمام شعبوں میں کارکردگی کی اعلیٰ سطح کو فروغ دینے کے لئے انتظامیہ کی محنت کو سراہتے ہیں۔

ہم قابل ذکر نتائج کی فراہمی کے لئے ایگزیکٹوز اور عملے کے ارکان کی مسلسل حمایت، کوششوں اور عزم کے لئے بھی شکریہ ادا کرتے ہیں اور کمپنی کے ساتھ ان کے طویل تعلقات کے خواہش مند ہیں۔

منجانب مجلس نظماء

(جناب مظفر حسین مرزا)
چیئرمین

(میاں حسن منشا)
چیف ایگزیکٹو آفیسر

لاہور: 25 فروری 2022ء

FINANCIAL DATA

	2021	2020	2019	2018	2017	2016
Dispatch Level %	71.60%	54.50%	48.60%	54.80%	50.00%	53.00%
Dispatch (GWH)	798	191	324	811	1,523	1,603
Revenue (Rupees.000)						
Revenue	19,900,766	10,645,671	12,185,385	16,218,296	19,754,785	16,044,135
Cost of Sales	(18,236,639)	(5,078,317)	(7,618,200)	(13,792,637)	(17,771,748)	(14,728,099)
Gross Profit	1,664,127	5,567,354	4,567,185	2,425,659	1,983,037	1,316,036
Profitability (Rupees.000)						
Profit/(Loss) before Tax	1,049,344	4,411,282	2,911,041	1,485,141	1,313,977	516,890
Provision for Income Tax	-	-	-	-	-	-
Profit/(Loss) after Tax	1,049,344	4,411,282	2,911,041	1,485,141	1,313,977	516,890
Financial Position (Rupees.000)						
Non Current Assets	5,292,081	5,957,842	6,832,035	7,710,768	8,525,637	9,370,960
Current Assets	20,338,833	23,527,432	24,623,019	21,101,212	18,336,319	15,747,801
Less; Current Liabilities	3,064,260	6,800,928	12,380,051	12,088,951	10,923,397	9,304,190
Net Working Capital	17,274,573	16,726,504	12,242,968	9,012,261	7,412,922	6,443,611
Capital Employed	22,566,654	22,684,346	19,075,003	16,723,029	15,938,559	15,814,571
Less: Long Term Loans		-	-	-	334,369	780,194
Less: Deferred Liabilities	2,267	48,986	20,941	29,349	-	-
Less: Deferred Income - Government Grant		957	-	-	-	-
Share Holders Equity	22,564,387	22,634,403	19,054,062	16,693,680	15,604,190	15,034,377
Represented by (Rupees.000)						
Share Capital	3,720,816	3,720,816	3,720,816	3,720,816	3,720,816	3,720,816
Capital Reserves	116,959	116,959	116,959	116,959	116,959	116,959
Un-appropriated profit	18,726,612	18,796,628	15,216,287	12,855,905	11,766,415	11,196,602
	22,564,387	22,634,403	19,054,062	16,693,680	15,604,190	15,034,377
Dividends (Rupees.000)	1,116,246	837,184	558,122	372,082	744,164	744,164
Earning Per Share (Rupees)	2.82	11.86	7.82	3.99	3.53	1.39
Delta Loss (Rupees.000)	811,154	264,613	513,275	934,265	907,800	753,770
Ratios:						
Return on assets	0.04	0.15	0.09	0.05	0.05	0.02
Break up value per share of Rs. 10 each- Rupees	60.64	60.83	51.21	44.87	41.94	40.41
Current Ratio	6.64	3.46	1.99	1.75	1.68	1.69
Net Profit / (Loss) to sales (%age)	5.27%	41.44%	23.89%	9.16%	6.65%	3.22%

Vertical Analysis – Profit and Loss Account

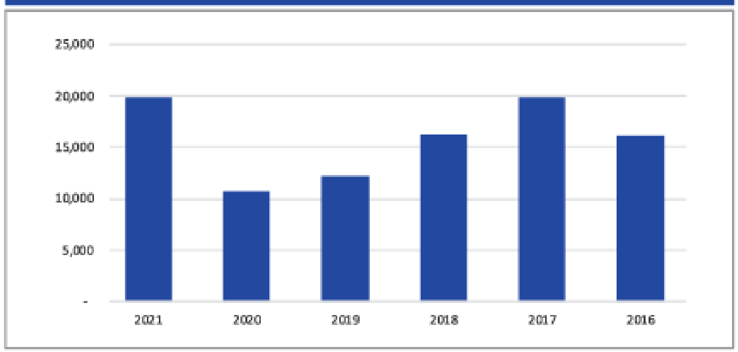
Description	2021	% of Turnover	2020	% of Turnover	2019	% of Turnover
	(………………………………. Rupees '000' ……………………………….)					
Revenue	19,900,766	100	10,645,671	100	12,185,385	100
Cost of Sales	(18,236,639)	(91.64)	(5,078,317)	(47.70)	(7,618,200)	(62.52)
Gross Profit	1,664,127	8.36	5,567,354	52.30	4,567,185	37.48
Administration Expenses	(228,689)	(1.15)	(213,148)	(2.00)	(228,783)	(1.88)
Other operating Expenses	(136,274)	(0.68)	(2,961)	(0.03)	(56,408)	(0.46)
Other income	75,267	0.38	66,946	0.63	161,771	1.33
Finance Cost	(325,087)	(1.63)	(1,006,909)	(9.46)	(1,532,724)	(12.58)
Profit for the year	1,049,344	5.27	4,411,282	41.44	2,911,041	23.89

Horizontal Analysis – Profit and Loss Account

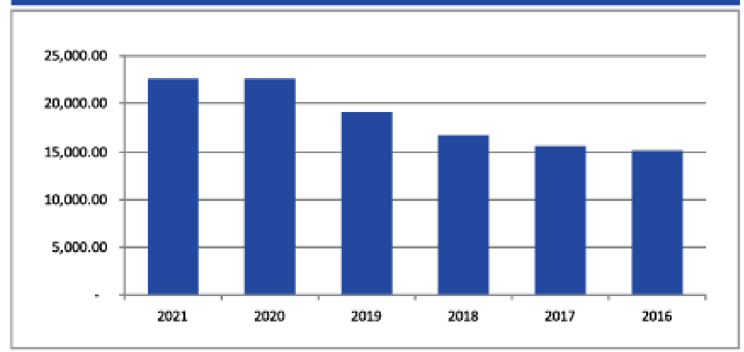
Description	2021	21 v 20 % age	2020	20 v 19 % age	2019	19 v 18 % age
	(………………………………. Rupees '000' ……………………………….)					
Revenue	19,900,766	86.94	10,645,671	(12.64)	12,185,385	(24.87)
Cost of Sales	(18,236,639)	259.11	(5,078,317)	(33.34)	(7,618,200)	(44.77)
Gross Profit	1,664,127	(70.11)	5,567,354	21.90	4,567,185	88.29
Administration Expenses	(228,689)	7.29	(213,148)	(6.83)	(228,783)	31.09
Other operating Expenses	(136,274)	4,502.30	(2,961)	(94.75)	(56,408)	1,088.04
Other income	75,267	12.43	66,946	(58.62)	161,771	65.30
Finance Cost.	(325,087)	(67.71)	(1,006,909)	(34.31)	(1,532,724)	78.41
Profit for the year	1,049,344	(76.21)	4,411,282	51.54	2,911,041	96.01

PERFORMANCE REVIEW

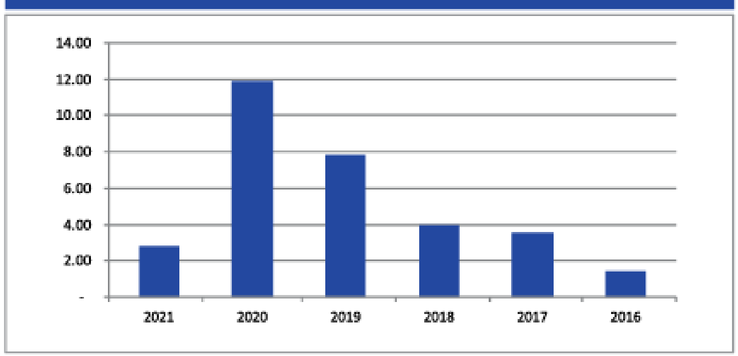
Turnover (Rs. In Million)



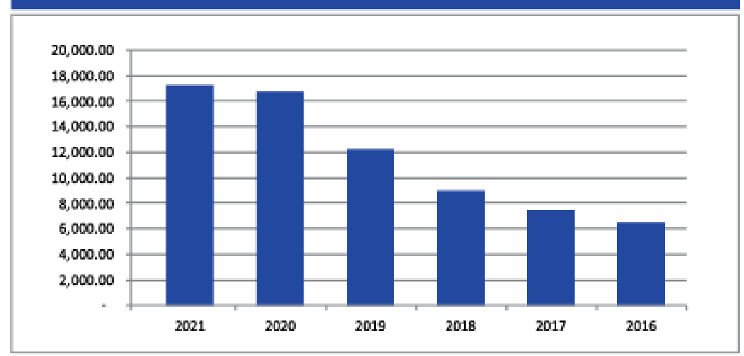
Shareholder Equity (Rs. In Million)



Earning per share (Rs. Per Share)



Working Capital (Rs. In Million)



PATTERN OF SHAREHOLDINGS

As of December 31, 2021

# of Shareholders	Shareholdings' Slab			Total Shares Held
260	1	To	100	4,054
404	101	To	500	193,804
266	501	To	1000	261,007
381	1001	To	5000	1,154,850
136	5001	To	10000	1,166,079
52	10001	To	15000	698,050
41	15001	To	20000	771,300
24	20001	To	25000	577,000
22	25001	To	30000	628,221
8	30001	To	35000	265,000
11	35001	To	40000	415,000
3	40001	To	45000	124,500
27	45001	To	50000	1,337,000
2	50001	To	55000	106,000
6	55001	To	60000	351,500
5	60001	To	65000	315,001
2	65001	To	70000	140,000
4	70001	To	75000	297,000
1	75001	To	80000	80,000
4	85001	To	90000	355,000
2	90001	To	95000	189,500
19	95001	To	100000	1,898,500
1	100001	To	105000	100,500
2	105001	To	110000	219,500
3	115001	To	120000	355,500
2	130001	To	135000	265,000
1	135001	To	140000	140,000
1	140001	To	145000	143,000
1	145001	To	150000	150,000
2	150001	To	155000	309,000
1	155001	To	160000	160,000
2	170001	To	175000	346,000
1	175001	To	180000	180,000
2	190001	To	195000	384,500
4	195001	To	200000	799,000
1	200001	To	205000	205,000
1	235001	To	240000	238,500
2	240001	To	245000	486,000
1	255001	To	260000	260,000
2	295001	To	300000	600,000
1	320001	To	325000	325,000
2	345001	To	350000	697,500
1	395001	To	400000	400,000
1	400001	To	405000	403,237
1	450001	To	455000	450,198

# of Shareholders	Shareholdings' Slab			Total Shares Held
2	470001	To	475000	944,500
2	495001	To	500000	1,000,000
1	525001	To	530000	526,315
1	545001	To	550000	550,000
1	570001	To	575000	574,500
1	580001	To	585000	583,500
1	585001	To	590000	587,500
1	620001	To	625000	620,500
1	625001	To	630000	630,000
1	700001	To	705000	702,000
1	715001	To	720000	717,000
1	800001	To	805000	804,000
1	925001	To	930000	929,000
2	995001	To	1000000	2,000,000
1	1050001	To	1055000	1,052,631
1	1115001	To	1120000	1,115,500
1	1150001	To	1155000	1,153,000
1	1195001	To	1200000	1,200,000
1	1205001	To	1210000	1,209,500
1	1340001	To	1345000	1,344,000
1	1355001	To	1360000	1,356,500
1	1430001	To	1435000	1,432,500
1	1570001	To	1575000	1,575,000
1	2105001	To	2110000	2,108,500
2	2230001	To	2235000	4,464,000
1	3245001	To	3250000	3,248,000
1	3270001	To	3275000	3,270,845
1	3820001	To	3825000	3,824,500
1	4405001	To	4410000	4,407,500
1	6400001	To	6405000	6,403,500
1	6405001	To	6410000	6,407,296
1	14630001	To	14635000	14,631,340
1	15875001	To	15880000	15,876,000
1	25630001	To	25635000	25,631,181
1	35995001	To	36000000	35,998,000
1	37255001	To	37260000	37,257,000
1	64475001	To	64480000	64,476,454
1	102520001	To	102525000	102,524,228
1758				372,081,591

PATTERN OF SHAREHOLDING

As of December 31, 2021

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors, Chief Executive Oficer, and their spouse(s) and minor children			
MIAN HASSAN MANSHA	1	14,631,340	3.93
MR. SAMIR MUSTAPHA CHINOY	1	500	0.00
AURANGZEB FIROZ	2	100,000	0.03
FARRUKH IFZAL	1	500	0.00
SHAHID MALIK	1	500	0.00
SADIA YOUNAS MANSHA	1	500	0.00
GHAZANFAR HUSAIN MIRZA	1	1,000	0.00
ARIF BASHIR	1	1,000	0.00
Associated companies, undertakings and related parties			
ENGEN (PRIVATE) LIMITED - Associated Company	1	500	0.00
SECURITY GENERAL INSURANCE CO LTD - Associated Company	2	6,407,796	1.72
NISHAT MILLS LIMITED - Associated Company	2	102,524,728	27.55
ADAMJEE INSURANCE COMPANY LIMITED - Associated Company	1	25,631,181	6.89
MRS. BEGUM NAZ MANSHA - Related Party	1	205,000	0.06
JAHANGIR FIROZ - Related Party	2	64,575,954	17.36
FARZANA FIROZ - Related Party	1	99,500	0.03
Executives	-	-	-
NIT and ICP	-	-	-
Banks, Development Financial Institutions, Non-Banking Financial Institutions	4	7,995,500	2.15
Insurance Companies	2	540,000	0.15
Modarabas & Mutual Funds	8	4,955,500	1.33
General Public			
a. Local	1,660	80,053,243	21.51
b. Foreign	10	115,000	0.03
Foreign Companies	1	260,000	0.07
OTHERS	54	63,982,349	17.20
Totals	1,758	372,081,591	100.00

Share holders holding 5% or more		Shares Held	Percentage
NISHAT MILLS LIMITED	2	102,524,728	27.55
JAHANGIR FIROZ	2	64,575,954	17.36
PROVIDUS CAPITAL (PVT.) LIMITED	1	37,257,000	10.01
SHUNAID QURESHI	1	35,998,000	9.67
ADAMJEE INSURANCE COMPANY LIMITED	1	25,631,181	6.89

Trading in the shares of the Company, carried out by its Directors, Chief Executive Officer, Chief Operating Officer Chief Financial Officer, Head of Internal Audit, Company Secretary, their Spouses and minor children and substantial shareholder during the period January 01, 2021 to December 31, 2021, are as under:

Name	No.of Shares	
	Purchase	Sold
1. Engen (Private) Limited - Substantial Shareholder	-	64,476,454
2. Mr. Jahangir Firoz - Substantial Shareholder	64,476,454	-

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

Name of Company: Pakgen Power Limited

Year ended : December 31, 2021

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

1. The total number of Directors are eight (08) as per the following:

   a. Male: 07
   b. Female: 01

2. The composition of board is as follows:

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

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 Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;

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

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

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below:

a) Audit Committee

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

b) HR and Remuneration Committee

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

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The frequency of meetings (quarterly / half yearly / yearly) of the committee were as per following:

a) Audit Committee

Four meetings were held during the financial year ended December 31, 2021.

b) HR and Remuneration Committee

One meeting of HR and Remuneration Committee was held during the financial year ended December 31, 2021.

15. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with;

19. Explanations for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Sr. No.	Requirement	Explanation of Non-Compliance	Regulation Number
1	**Responsibilities of the Board and its members** The Board is responsible for adoption of corporate governance practices by the company.	Non-mandatory provisions of the Regulations are partially complied. The company is deliberating on full compliance with all the provisions of the Regulations.	10(1)
2	**Directors' Training** Companies are encouraged to arrange training for at least one female executive every year under the Directors' Training Program from year July 2020.	The Company has planned to arrange Directors' Training Program certification for female executives over the next few years.	19(3)
3	**Nomination Committee** The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	Currently, the Board has not constituted a separate nomination committee and the functions are being performed by the human resource and remuneration committee.	29
4	**Risk Management Committee** The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	Currently, the Board has not constituted a risk management committee and a senior officer of the Company performs the requisite functions and apprise the Board accordingly.	30
5	**Disclosure of significant policies on website** The Company may post key elements of its significant policies, brief synopsis of terms of reference of the Board's committees on its website and key elements of the directors' remuneration policy.	Although these are well circulated among the relevant employees and directors, the Board shall consider posting such policies and synopsis on its website in near future.	35

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

(Mr. Hassan Mansha)
Chief Executive Officer

(Mr. Ghazanfar Hussain Mirza)
Chairman

Lahore: 25th Feb, 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pakgen Power Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Pakgen Power Limited (the Company) for the year ended 31 December 2021 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 2021.

RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: 25 February 2022

UDIN: CR202110132VB0tEXagm

FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

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

Opinion

We have audited the annexed financial statements of Pakgen Power Limited (the Company), which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of the profit and other comprehensive 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 1.2 to the financial statements which highlights the signing of Master Agreement and PPA Amendment Agreements during the year to alter certain contractual arrangements for sale and purchase of electricity and to amicable resolve the dispute between the Parties. Our opinion is not modified in respect of this matter.

Key Audit Matter

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

Following is the Key audit matter:

Sr. No.	Key audit matter	How the matter was addressed in our audit
1.	**Contingencies** As disclosed in note 12.1 to the accompanying financial statements, the Company has contingent liabilities in respect of various matters, which are pending adjudication before respective authorities and courts of law. Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules and regulations, and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provisions that may be required against such contingencies in accordance with applicable financial reporting standards. Due to significance of amounts involved, uncertainties with respect to the outcome of matters and use of significant management judgments and estimates to assess the same including related financial impacts, we considered this as a key audit matter. For further information on contingencies, refer to the following: - Summary of significant accounting policies, Contingent liabilities (note 2.1(c) and note 2.19 to the financial statements). - Contingencies (note 12.1) to the financial statements.	 Our audit procedures among others included obtaining an understanding of the process and controls on this area relevant to our audit. Further, we have: • Obtained and reviewed detail of the pending matters and discussed the same with the Company's management; • Reviewed the correspondence of the Company with the relevant authorities, tax and legal advisors, including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved; • Obtained and reviewed confirmations from the Company's external tax and legal advisors for their views on the probable outcome of the pending tax cases and other contingencies. • Involved internal tax professionals to assess reasonability of management's conclusions on such pending matters; • Reviewed and evaluated the adequacy of disclosures made in respect of such contingencies in accordance with the requirements of the financial reporting standards as applicable in Pakistan.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

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

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

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

RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: 25 February 2022

UDIN: AR202110132GzTVYd9MI

STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Note	2021	2020
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 400,000,000 (2020: 400,000,000) ordinary shares of Rupees 10 each		4,000,000	4,000,000
Issued, subscribed and paid-up share capital	3	3,720,816	3,720,816
Capital reserve	4	116,959	116,959
Revenue reserve - un-appropriated profit		18,726,612	18,796,628
Total equity		22,564,387	22,634,403
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	-	48,986
Employee benefit - gratuity	6	2,267	-
Deferred income - Government grant	7	-	957
		2,267	49,943
CURRENT LIABILITIES			
Trade and other payables	8	2,978,920	740,426
Accrued mark-up / profit	9	20,042	128,271
Short term borrowings	10	7,336	5,870,818
Current portion of non-current liabilities	11	49,943	49,326
Unclaimed dividend		8,019	12,087
		3,064,260	6,800,928
Total liabilities		3,066,527	6,850,871
CONTINGENCIES AND COMMITMENTS	12		
TOTAL EQUITY AND LIABILITIES		25,630,914	29,485,274

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

CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER

	Note	2021	2020
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	13	5,268,482	5,943,119
Long term investment	14	-	-
Long term loans to employees	15	23,299	9,023
Long term security deposit		300	300
Employee benefit - gratuity	6	-	5,400
		5,292,081	5,957,842
CURRENT ASSETS			
Stores, spare parts and other consumables	16	737,817	807,648
Fuel stock	17	3,056,712	1,262,026
Trade debts	18	6,852,294	18,913,240
Short term investment	19	-	11,416
Loans, advances and short term prepayments	20	47,301	234,899
Loan to associated company	21	350,000	350,000
Other receivables	22	440,921	652,673
Advance income tax		249,321	237,931
Accrued interest	23	7,175	2,496
Sales tax recoverable		1,626,330	1,031,743
Cash and bank balances	24	6,970,962	23,360
		20,338,833	23,527,432
TOTAL ASSETS		25,630,914	29,485,274

CHIEF EXECUTIVE **DIRECTOR** **CHIEF FINANCIAL OFFICER**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	2021	2020
		(Rupees in thousand)	
REVENUE FROM CONTRACT WITH CUSTOMER	25	19,900,766	10,645,671
COST OF SALES	26	(18,236,639)	(5,078,317)
GROSS PROFIT		1,664,127	5,567,354
ADMINISTRATIVE EXPENSES	27	(228,689)	(213,148)
OTHER EXPENSES	28	(136,274)	(2,961)
OTHER INCOME	29	75,267	66,946
PROFIT FROM OPERATIONS		1,374,431	5,418,191
FINANCE COST	30	(325,087)	(1,006,909)
PROFIT BEFORE TAXATION		1,049,344	4,411,282
TAXATION	31	-	-
PROFIT AFTER TAXATION		1,049,344	4,411,282
OTHER COMPREHENSIVE (LOSS) / INCOME:			
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS:			
REMEASUREMENTS OF DEFINED BENEFIT PLAN		(3,114)	6,243
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		-	-
		(3,114)	6,243
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,046,230	4,417,525
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	32	2.82	11.86

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

CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2021

	SHARE CAPITAL	RESERVES - Capital - Retained payments reserve	RESERVES - Revenue - Un-appropriated profit	TOTAL EQUITY
	(- - - - - - - -	Rupees in thousand	- - - - - - -)	
Balance as at 31 December 2019	3,720,816	116,959	15,216,287	19,054,062
Transactions with owners:				
First interim dividend for the year ended 31 December 2020 @ Rupees 1.25 per share	-	-	(465,102)	(465,102)
Second interim dividend for the year ended 31 December 2020 @ Rupee 1.00 per share	-	-	(372,082)	(372,082)
	-	-	(837,184)	(837,184)
Profit for the year ended 31 December 2020	-	-	4,411,282	4,411,282
Other comprehensive income for the year ended 31 December 2020	-	-	6,243	6,243
Total comprehensive income for the year ended 31 December 2020	-	-	4,417,525	4,417,525
Balance as at 31 December 2020	3,720,816	116,959	18,796,628	22,634,403
Transactions with owners:				
Final dividend for the year ended 31 December 2020 @ Rupee 1.00 per share	-	-	(372,082)	(372,082)
First interim dividend for the year ended 31 December 2021 @ Rupee 1.00 per share			(372,082)	(372,082)
Second interim dividend for the year ended 31 December 2021 @ Rupee 1.00 per share	-	-	(372,082)	(372,082)
	-	-	(1,116,246)	(1,116,246)
Profit for the year ended 31 December 2021	-	-	1,049,344	1,049,344
Other comprehensive loss for the year ended 31 December 2021	-	-	(3,114)	(3,114)
Total comprehensive income for the year ended 31 December 2021	-	-	1,046,230	1,046,230
Balance as at 31 December 2021	3,720,816	116,959	18,726,612	22,564,387

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

STATEMENT OF CASH FLOWS
for the year ended 31 December 2021

	Note	2021	2020
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	33	14,425,823	6,758,936
Finance cost paid		(429,921)	(1,190,380)
Net (increase) / decrease in long term loans to employees		(12,324)	20,143
Income tax paid		(11,390)	(11,526)
Gratuity paid		(5,555)	(21,207)
Net cash generated from operating activities		13,966,633	5,555,966
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(49,427)	(1,756)
Interest received		57,992	65,708
Investment made in Pakistan Investment Bonds and Government Ijara Sukuks		(10,891,343)	-
Proceeds from sale of Pakistan Investment Bonds and Government Ijara Sukuks		10,885,453	-
Loans to associated companies - net		-	659,086
Net cash from investing activities		2,675	723,038
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing obtained		-	99,269
Long term financing repaid		(49,326)	-
Dividends paid		(1,120,314)	(830,773)
Net cash used in financing activities		(1,169,640)	(731,504)
Net increase in cash and cash equivalents		12,799,668	5,547,500
Cash and cash equivalents at beginning of the year		(5,836,042)	(11,383,542)
Cash and cash equivalents at end of the year		6,963,626	(5,836,042)
CASH AND CASH EQUIVALENTS			
Cash in hand		352	208
Cash at banks		6,970,610	23,152
Short term investment		-	11,416
Short term borrowings		(7,336)	(5,870,818)
		6,963,626	(5,836,042)

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

1. THE COMPANY AND ITS OPERATIONS

1.1 Pakgen Power Limited ("the Company") was incorporated in Pakistan on 22 June 1995 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the Company is situated at 53-A, Lawrence Road, Lahore. Head office of the Company is situated at 1-B, Aziz Avenue, Canal Road, Gulberg V, Lahore. The ordinary shares of the Company are listed on Pakistan Stock Exchange Limited. The principal activities of the Company are to own, operate and maintain a fuel fired power station ("the Complex") having gross capacity of 365 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan. The Company has a Power Purchase Agreement (PPA) with its sole customer, Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) for 30 years which commenced from 01 February 1998. As per the terms of PPA Amendment Agreement dated 20 April 2021 referred in note 1.2(a) to these financial statements, the current agreement year that was ending on 04 May 2021 was extended by 156 days to 07 October 2021. Therefore, the existing term of PPA has been extended by 156 days to thirty years and one hundred fifty-six days ending on 07 October 2028.

1.2 Significant events occurred during the year

a) Master Agreement and PPA Amendment Agreements

The Committee for negotiations with Independent Power Producers ("IPPs") as notified by the Government of Pakistan (GoP) through notification number F.No.IPPs-1(12)/2019-20 dated 03 June 2020 and the IPPs representing the 1994 Power Policy projects, including the Company had several rounds of discussions. Therefore, on 18 August 2020, the Company in the larger national interest, voluntarily agreed to alter its existing contractual arrangements to the extent of, and strictly with respect to the matters listed under Memorandum of Understanding ("MoU"). In order to convert the MoU into binding agreement between the Company and CPPA-G (the "Parties"), the Government of Pakistan through notification number F.No.IPPs-1(12)/2020 (Vol-II) dated 07 October 2020 constituted Implementation Committee who had several rounds of discussions with the Parties. As a result, on 12 February 2021, the Parties have signed "Master Agreement" and "PPA Amendment Agreement" to alter certain contractual arrangements for sale and purchase of electricity, as desired by MoU.

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

Competitive trading arrangement

The Government of Pakistan intends to create a competitive power market and the Company, without prejudice to the terms of its generation license, shall actively support and participate in the competitive trading arrangements.

Assistance and support in tax issues

CPPA-G shall assist and support the Company in tax issues with Federal Board of Revenue including apportionment of input sales tax on Capacity Purchase Invoices [note 12.1(ii) to these financial statements], minimum tax on Capacity Purchase Price invoices and taxability of late payment charges [note 12.1(iii) to these financial statements].

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

Mechanism of settlement of long outstanding receivables

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

Discounts in tariff components

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

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

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

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

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

Resolution of disputes

The Parties shall in good faith attempt to amicably resolve the disputes as mentioned in note 1.2(b) to these financial statements.

Abolition of Requirement of SBLC

The Parties agree that the requirement for "Company Letter of Credit" and "WAPDA Letter of Credit" is hereby deleted in its entirety.

During the year ended 31 December 2021, the Company has received total outstanding balance of Rupees 16,336.557 million under the terms of PPA Amendment Agreement. Upon receipt of first installment on 04 June 2021, the Company has started giving tariff discounts to CPPA-G as mentioned above.

On 20 April 2021, the Parties have signed another PPA Amendment Agreement to change certain contractual arrangements for sale and purchase of electricity and to amicably resolve the disputes between the Parties. The Parties, among other matters, have agreed on the following;

Different arbitration disputes as detailed in note 1.2(b) to these financial statements have been resolved in the following manner:

- The Company has waived off interest on interest and in return would get payments based on First In First Out (FIFO) basis;

- The shutdown period of the Complex on account of non-availability of fuel has been treated as Other Force Majeure Event under the PPA and term of the PPA has been extended by 156 days. During this extended period, the Company will issue Energy Purchase Price invoices only and will not issue Capacity Purchase Price invoices for these 156 days, and accordingly liquidated damages imposed on the Company for this period shall be withdrawn by the CPPA-G;

- The Company is entitled to procure fuel from any licensed Oil Marketing Company other than Pakistan State Oil Company Limited.

Upon execution of this Agreement, the Parties shall jointly approach the relevant courts to withdraw all pending litigations. The Company has started the necessary formalities in this regard.

During the year ended 31 December 2021, the Parties have started complying with the conditions stipulated in the abovementioned PPA Amendment Agreement. Had the Company issued Capacity Purchase Price invoices for these 156 days, the revenue of the Company as detailed in note 25 to these financial statements would have been increased by Rupees 2,428.794 million.

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

b) Outstanding matters relating to International Chamber of Commerce (ICC) award / Expert's determination

Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) has raised invoices for liquidated damages to the Company from 11th to 22nd (up to September 2019) agreement year (after taking into account forced outage allowance stipulated under the terms of Power Purchase Agreement) on account of short supply of electricity by the Company, which was due to cash constraints of the Company as a result of default by CPPA-G in making timely payments. Liquidated damages invoiced to the Company amounts to Rupees 6,266.265 million (2020: Rupees 6,266.265 million). Out of these, the Company has accepted and paid Rupees 4,006.590 million (2019: Rupees 4,006.590 million). The Company disputes and rejects balance claims on account of liquidated damages that are raised by CPPA-G on the premise that its failure to dispatch electricity was due to CPPA-G's non-payment of dues on timely basis to the Company and consequential inability of the Company to make timely payments to its fuel supplier that resulted in inadequate level of electricity production owing to shortage of fuel. Against these the Company has raised invoice dispute notices to CPPA-G. The Company appointed mediation expert under the mechanism given in the PPA. On 22 June 2017, the mediation expert gave his decision in favour of the Company. However, this decision is not binding on either party.

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

- On various occasions, CPPA-G has sought to set off amounts allegedly owed to it as liquidated damages against amounts it must pay to the Company as part of its obligations to make capacity payments. On 8 January 2018, CPPA-G wrote to the Company, threatening to set off a total of Rupees 2.425 billion which it considers as allegedly due to it, against capacity payment invoices to be issued by the Company. The far-reaching implications of CPPA-G's threat to take unilateral action left the Company with no option but to approach the courts of Pakistan for interim relief, until the matter gets resolved finally through arbitration, in accordance with the provisions of the PPA. In its order dated 16 January 2018, the Lahore High Court suspended the legal effect of CPPA-G's 8 January 2018 letter on an interim basis.

- CPPA-G sent a number of letters to the Company, purporting to deduct amounts from the energy payments due to the Company on the basis that it had procured fuel from suppliers other than the Pakistan State Oil Company Limited (PSO). Amounts withheld on this account from the invoices of the Company totaled Rupees 36.023 million. PPA does not allow CPPA-G to dispute invoices on the basis that fuel was procured from a provider other than PSO. Neither is CPPA-G permitted to retroactively dispute invoices, many months or years after they have become due.

- CPPA-G is required to provide and renew a Letter of Credit. Letter of Credit must allow access to “immediately available funds”, which “shall be in an amount equal to an aggregate of two (2) months of capacity payments plus energy payments”. CPPA-G has failed to renew the Letters of Credit, following their expiry on 23 December 2010.

- In addition to its persistent failure to make timely energy and capacity payments, CPPA-G has also failed to comply with its obligation to pay interest to the Company. PPA provides that “Late payments shall bear interest”. As a result, a total of Rupees 877.899 million in unpaid interest on interest invoices is due at the date of the latest invoice submitted by the Company (till the date of request for arbitration).

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

During the year ended 31 December 2020, the Company in the larger national interest, voluntarily agreed to alter its existing contractual arrangements to the extent of, and strictly with respect to the matters listed under Memorandum of Understanding (“MoU”). On 12 February 2021, the Company has entered with CPPA-G into “Master Agreement” and “PPA Amendment Agreement” on the basis of MoU. Under the PPA Amendment Agreement, the parties have agreed in good faith to attempt to amicably resolve the outstanding ICC Award / Expert’s determination.

On 20 April 2021, the Parties have signed another PPA Amendment Agreement to resolve the disputes relating to aforementioned ICC Award / Expert’s determination which are more fully explained in note 1.2(a) to these financial statements. Upon execution of this Agreement, the Parties shall jointly approach the relevant courts to withdraw all pending litigations. The Company has started the necessary formalities in this regard.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

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

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

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

b) Accounting convention

These financial statements have been prepared under the historical cost convention except as otherwise stated in the respective accounting policies.

c) Critical accounting estimates and judgments

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

Taxation

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

Useful lives, pattern of economic benefits and impairment

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

Provision for obsolescence of stores, spare parts and other consumables

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

Contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on the judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the statement of financial position date.

Revenue from contract with customer involving sale of electricity (Note 2.29)

Provisions

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss and other comprehensive income unless the provision was originally recognised as part of cost of an asset.

Employees' retirement benefit

The cost of defined benefit retirement plan is determined using actuarial valuation. The actuarial valuation is based on the assumptions as mentioned in note 6.11 to these financial statements.

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

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 January 2021:

- IFRS 16 (Amendments) 'Leases"
- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 4 'Insurance Contracts' and IFRS 7 'Financial Instruments: Discloures'

The above-mentioned amendments to approved accounting standards did not have any impact on the amounts recognised in prior period and are not expected to significantly affect the current or future periods.

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

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 January 2021 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

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

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 January 2022 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 01 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

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

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022:

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

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

Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgement') effective for annual periods beginning on or after 01 January 2023. These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Earlier, IAS 1 states that an entity shall disclose its 'significant accounting policies' in their financial statements. These amendments shall assist the entities to disclose their 'material accounting policies' in their financial statements.

Covid-19-Related Rent Concessions (Amendment to IFRS 16 'Leases') effective for annual reporting periods beginning on or after 01 April 2021. These amendments permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions. 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.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 'Income taxes') effective for annual periods beginning on or after 01 January 2023. These amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

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

The above amendments and improvements are likely to have no significant impact on the financial statements.

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

There are other standards and amendments to published approved standards that are mandatory for accounting periods beginning on or after 01 January 2022 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Fixed assets

2.2.1 Operating fixed assets

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

Depreciation is charged to income applying the straight line method whereby cost of an asset less its residual value is written off over its estimated useful life at the rates given in note 13.1. Depreciation on additions is charged for the full month in which the asset is available for use and on deletion up to the month immediately preceding the deletion.

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

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

Change in accounting estimate

During the year ended 31 December 2021, the term of PPA was extended by a period of 156 days as an 'Other Force Majeure Event', thereby resulting in an increase in useful lives of buildings on freehold land, plant and machinery for the same number of days. Such a change in useful lives has been accounted for as a change in an accounting estimate in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. The effect of this change in the accounting estimate on the profit before taxation for the year ended 31 December 2021, carrying amount of operating fixed assets as at that date and future profits before taxation is not material, hence, has not been detailed in these financial statements.

2.2.2 Capital work-in-progress

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

2.3 Leases

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

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

	2021	2020
	(Rupees in thousand)	
De-recognition of fixed assets	(5,257,544)	(5,936,583)
Recognition of lease debtor	3,044,176	16,809,901
De-recognition of trade debts	(1,434,633)	(15,264,092)
Decrease in un-appropriated profit at the beginning of the year	(4,390,774)	(5,100,518)
Increase in profit for the year	600,243	709,744
Decrease in un-appropriated profit at the end of the year	(3,790,531)	(4,390,774)

2.4 Right-of-use assets

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

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

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

2.5 Lease liabilities

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

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use asset, or to statement of profit or loss and other comprehensive income if the carrying amount of the right-of-use asset is fully written down.

2.6 Investments and other financial assets

a) Classification

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

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

- those to be measured at amortized cost.

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

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

b) Measurement

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

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

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

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income.

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income / (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income.

Fair value through profit or loss (FVTPL)

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

Equity instruments

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

Fair value through other comprehensive income (FVTOCI)

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

Fair value through profit or loss (FVTPL)

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

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

2.7 Financial liabilities – Classification and measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss and other comprehensive income. Any gain or loss on de-recognition is also included in profit or loss.

2.8 Impairment of financial assets

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

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

2.9 De-recognition of financial assets and financial liabilities

a) Financial assets

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

b) Financial liabilities

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

2.10 Offsetting of financial instruments

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

2.11 Investment in associate - (with significant influence)

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

2.12 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Figures are rounded off to the nearest thousands of Pak Rupees.

2.13 Foreign currency translation

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

2.14 Employee benefits

2.14.1 Defined contribution plan

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

2.14.2 Defined benefit plan

The Company operates a funded gratuity scheme for all of its employees who have completed the qualifying period as defined under the scheme. As per gratuity scheme, employees of the Company are entitled to gratuity equivalent to last drawn salary multiplied by the numbers of year of service up to the date of leaving the Company. The liability recognised in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method. The charge for the year is based on actuarial valuation. The latest actuarial valuation was carried out as at 31 December 2021 using projected unit credit method. The amount arising as a result of remeasurements are recognised immediately, with a charge or credit to other comprehensive income in the periods in which they occur. Past-service costs are recognised immediately in profit or loss.

2.15 Inventories

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

2.15.1 Fuel stock

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

2.15.2 Stores, spare parts and other consumables

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

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Provision for obsolete and slow moving items is made based on management's estimate.

2.16 Provisions

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

2.17 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

2.18 Contingent assets

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

2.19 Contingent liabilities

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

2.20 Taxation

2.20.1 Current

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

2.20.2 Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax has not been provided in these financial statements as the management believes that the temporary differences will not reverse in the foreseeable future due to the fact that the Company remains exempt from taxation under Clause 132 of Part I and Clause 11A of Part IV of Second Schedule to the Income Tax Ordinance, 2001.

2.21 Cash and cash equivalents

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

2.22 Borrowings

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

2.23 Borrowing costs

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

2.24 Financial assets due from the Government of Pakistan

Financial assets due from the Government of Pakistan include trade debts and other receivables due from CPPA-G under the PPA that also includes accrued amounts. SECP through SRO 985(I)/2019 dated 02 September 2019 and SRO 1177 (I)/2021 dated 13 September 2021 has notified that, in respect of companies holding financial assets due from the Government of Pakistan, the requirements contained in IFRS 9 with respect to application of Expected Credit Losses method shall not be applicable till 30 June 2022 and that such companies shall follow relevant requirements of IAS 39 in respect of above referred financial assets during the exemption period. Accordingly, the same continue to be reported as per the following accounting policy:

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

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

2.25 Trade debts

Trade debts are amounts due from CPPA-G in the ordinary course of business. They are generally due for settlement as referred to in note 2.29 and therefore are all classified as current. Trade debts are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade debts with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less provision for impairment.

2.26 Share capital

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

2.27 Trade and other payables

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

2.28 Impairment of non-financial assets

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

2.29 Revenue recognition

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

Sale of electricity

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

- Capacity Purchase Price revenue is recognized over time, based on the capacity made available to CPPA-G; and

- Energy Purchases Price revenue is recognized at a 'point in time' based on the Net Electrical Output (NEO) delivered to CPPA-G.

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

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

Interest

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

Rent

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

Dividend

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

2.30 Government grants

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

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

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

2.31 Dividend and other appropriations

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

3. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2021	2020		2021	2020
(Number of Shares)			(Rupees in thousand)	
370,586,125	370,586,125	Ordinary shares of Rupees 10 each fully paid-up in cash	3,705,861	3,705,861
1,495,466	1,495,466	Ordinary shares of Rupees 10 each issued as fully paid-up for consideration other than cash (Note 3.2)	14,955	14,955
372,081,591	372,081,591		3,720,816	3,720,816

3.1 Ordinary shares of the Company held by associated companies:

	2021	2020
	(Number of shares)	
Nishat Mills Limited	102,524,728	102,524,228
Adamjee Insurance Company Limited	25,631,181	25,631,181
Security General Insurance Company Limited	6,407,796	6,407,296
Engen (Private) Limited	500	64,476,954
Educational System (Private) Limited	526,315	-
City Schools (Private) Limited	-	526,315
City Schools Provident Fund Trust	1,052,631	1,052,631
	136,143,151	200,618,605

3.2 These were issued against project development expenses.

3.3 Capital risk management

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

	2021	2020
	(Rupees in thousand)	
Long term financing	48,986	94,918
Short term borrowings	7,336	5,870,818
Cash and bank balances	(6,970,962)	(23,360)
Net debt	(6,914,640)	5,942,376
Equity	22,564,387	22,634,403
Equity and net debt	22,564,387	28,576,779
Gearing ratio	0.00%	20.79%

This decrease in gearing ratio was due to decrease in borrowings of the Company.

4. CAPITAL RESERVE

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

	2021	2020
	(Rupees in thousand)	
5. LONG TERM FINANCE		
From banking company - secured		
Loan under State Bank of Pakistan (SBP) Refinance Scheme (Note 5.1)	48,986	94,918
Less: Current portion shown under current liabilities (Note 11)	(48,986)	(45,932)
	-	48,986

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

6. EMPLOYEE BENEFIT - GRATUITY

The latest actuarial valuation of the defined benefit plan as at 31 December 2021 was carried out using the Projected Unit Credit Method. Details of the plan as per the actuarial valuation are as follows:

	2021	2020
	(Rupees in thousand)	
6.1 Statement of financial position reconciliation:		
Present value of defined benefit obligation (Note 6.2)	120,044	103,746
Fair value of plan assets (Note 6.3)	(117,777)	(109,146)
Liability / (asset) recognized at reporting date	2,267	(5,400)

	2021	2020
	(Rupees in thousand)	

6.2 Movement in present value of defined benefit obligation:

	2021	2020
Present value of obligation at the beginning of the year	103,746	106,277
Current service cost	11,004	12,657
Interest cost	9,746	10,690
Benefits paid	(5,555)	(22,508)
Remeasurement	1,103	(3,370)
Present value of obligation at the end of the year	120,044	103,746

6.3 Movement in fair value of plan assets:

	2021	2020
Fair value of plan assets at the beginning of the year	109,146	85,336
Interest income	10,642	10,204
Benefits paid on behalf of fund by the Company	5,555	22,508
Benefits paid by the fund	(5,555)	(22,508)
Contributions to the fund by the Company	-	10,733
Remeasurement	(2,011)	2,873
Fair value of plan assets at the end of the year	117,777	109,146

	2021	2020
6.4 Actual return on plan assets	8,631	13,077

6.5 Plan assets consist of the followings:

	2021	2020
Term deposit receipts	30,246	102,399
Government treasury bills	85,509	6,555
Cash at banks	2,022	192
	117,777	109,146

6.6 Net movement in (asset) / liability:

	2021	2020
Opening (asset) / liability	(5,400)	20,941
Charge for the year (Note 6.7)	10,108	13,143
Remeasurements recognized in other comprehensive income (Note 6.8)	3,114	(6,243)
Contributions to the fund by the Company	-	(10,733)
Benefits paid on behalf of the fund	(5,555)	(22,508)
Closing liability / (asset)	2,267	(5,400)

6.7 Charge for the year recognized in profit or loss:

	2021	2020
Current service cost	11,004	12,657
Interest cost - net	(896)	486
Charge for the year	10,108	13,143

	2021	2020
	(Rupees in thousand)	

6.8 Remeasurements recognised in other comprehensive income:

	2021	2020
Remeasurement (loss) / gain on defined benefit obligation	(1,103)	3,370
Remeasurement (loss) / gain on fair value of plan assets	(2,011)	2,873
	(3,114)	6,243

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

6.10 Amounts for the current and previous four years:

	2021	2020	2019	2018	2017
	(- - - - - Rupees in thousand - - - - -)				
Present value of defined benefit obligation	120,044	103,746	106,277	104,446	-
Fair value of plan assets	(117,777)	(109,146)	(85,336)	(75,097)	-
Deficit / (surplus)	2,267	(5,400)	20,941	29,349	
Remeasurement loss / (gain) on defined benefit obligation	1,103	(3,370)	(13,572)	13,873	-
Remeasurement (loss) / gain on fair value of plan assets	(2,011)	2,873	(6,109)	(9,696)	-

6.11 Principal actuarial assumptions used:

	2021	2020
	(% per annum)	
Discount rate	11.75	9.75
Expected rate of increase in salary	11.75	9.75
Expected rate of return on plan assets	11.75	9.75

6.12 Mortality was assumed to be based on SLIC 2001-05 ultimate mortality rates, rated down by one year.

6.13 The expected charge to statement of profit or loss and other comprehensive income of the Company for defined benefit plan obligation for the next year is Rupees 11.019 million.

6.14 The Company's contribution to defined benefit plan in 2022 is expected to be Rupees 10.981 million. There are no minimum funding requirements to the defined benefit plan. The actuary conducts separate valuations for calculating contribution rates and the Company contributes to the gratuity fund according to the actuary's advice. Expense of the defined benefit plan is calculated by the actuary.

6.15 The weighted average duration of the defined benefit plan is 9.95 years.

6.16 Sensitivity analysis for actuarial assumptions:

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

	Impact on defined benefit plan		
	Changes in assumption (%)	Increase in assumption	Decrease in assumption
		(Rupees in thousand)	
Discount rate	1	109,174	132,669
Future salary increases	1	133,131	108,603

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied.

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

6.18 Expected maturity profile of undiscounted defined benefit obligation:

Less than a year	Between 1 - 2 years	Between 3 - 5 years	Between 6 - 10 years	Over 10 Years	Total
(- - - - - - - - - - - -	Rupees in thousand	- - - - - - - - - - - - -)			
13,133	9,453	15,532	56,793	456,357	551,268

7. DEFERRED INCOME - GOVERNMENT GRANT

	2021	2020
	(Rupees in thousand)	
Opening balance	4,351	-
Recognized during the year	-	6,379
Less: Amortized during the year (Note 29)	(3,394)	(2,028)
	957	4,351
Less: Current portion shown under current liabilities (Note 11)	(957)	(3,394)
	-	957

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

	2021	2020
	(Rupees in thousand)	

8. TRADE AND OTHER PAYABLES

	2021	2020
Creditors	2,648,858	141,839
Accrued liabilities	78,782	76,269
Workers' profit participation fund payable (Note 8.1)	52,467	366,117
Workers' welfare fund payable (Note 8.2)	167,434	146,447
Income tax deducted at source	28,620	2,443
Payable to provident fund trust	-	3,525
Payable to related party - Hyundai Nishat Motor (Private) Limited	455	-
Others	2,304	3,786
	2,978,920	740,426

8.1 Workers' profit participation fund payable

	2021	2020
Opening balance	366,117	145,553
Allocation for the year (Note 28.2)	52,467	220,564
Payments made during the year	(366,117)	-
Closing balance	52,467	366,117

8.2 Workers' welfare fund payable

	2021	2020
Opening balance	146,447	58,221
Allocation for the year (Note 28.3)	20,987	88,226
Payments made during the year	-	-
Closing balance	167,434	146,447

	2021	2020
	(Rupees in thousand)	

9. ACCRUED MARK-UP / PROFIT

Long term financing		
- MCB Bank Limited - related party	-	613
Short term borrowings		
- MCB Bank Limited - related party	4	24,155
- Others	20,038	103,503
	20,042	127,658
	20,042	128,271

10. SHORT TERM BORROWINGS

From banking companies - secured

	2021	2020
Working capital finances (Note 10.1)		
- MCB Bank Limited - related party	-	77,941
- Others	6,668	2,056,866
	6,668	2,134,807
Running musharakah and murabaha (Note 10.2)	668	3,736,011
	7,336	5,870,818

10.1 The Company has total working capital finance facilities of Rupees 4,837 million (2020: Rupees 7,598 million) available from banking companies out of which Rupees 4,830 million (2020: Rupees 5,463 million) remained unutilized at year end. These facilities carry mark-up at average offer rate for 1 week to 3 months KIBOR plus 0.10% to 2.50% (2020: 1 month to 6 months KIBOR plus 0.20% to 2.50%) per annum payable weekly / monthly / quarterly (2020: quarterly / semi annually). The effective interest rate charged during the year ranged from 7.47% to 12.01% (2020: 6.83% to 16.18%) per annum. These facilities are secured by way of charge to the extent of Rupees 7,125 million (2020: Rupees 10,563 million) on the present and future current assets of the Company.

10.2 These murabaha and musharakah facilities are obtained from Islamic banks aggregating to Rupees 4,450 million (2020: Rupees 5,050 million) to meet short term working capital requirements out of which Rupees 4,449 million (2020: Rupees 1,314 million) remained unutilized at year end. These facilities carry profit at average offer rate for 1 month to 6 months KIBOR plus 0.20% to 1.00% (2020: 3 months to 6 months KIBOR plus 0.20% to 2.50%) per annum payable monthly / quarterly / semi annually (2020: quarterly / semi annually). The effective profit rate charged during the year ranged from 7.65% to 8.78% (2020: 7.65% to 16.11%) per annum. These facilities are secured by way of charge to the extent of Rupees 5,875 million (2020: Rupees 6,313 million) on the present and future current assets of the Company.

	2021	2020
	(Rupees in thousand)	

11. CURRENT PORTION OF NON-CURRENT LIABILITIES

Long term financing (Note 5)	48,986	45,932
Deferred income - Government grant (Note 7)	957	3,394
	49,943	49,326

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

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

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

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

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

ii) Deputy Commissioner Inland Revenue (DCIR) issued orders to the Company in which sales tax refund claims amounting to Rupees 1,486.302 million for the tax periods November 2008 to July 2009, January 2010 to October 2010 and January 2011 to July 2012 were rejected by apportioning input sales tax between capacity invoices and energy invoices and allowed input sales tax allocated to energy invoices only. Against aforesaid orders, the Company filed appeals before Commissioner Inland Revenue (Appeals) [CIR(A)], which were decided in favour of the Company. Against the orders of CIR(A), tax department filed appeals before Appellate Tribunal Inland Revenue (ATIR). ATIR decided the case in favour of tax department and vacated the order passed by CIR(A). Against the decision of ATIR, the Company filed reference application in the Honourable Lahore High Court (the Court) which has been decided in favour of the Company by the Court. However, department has filed petition for leave to appeal before Supreme Court of Pakistan. Further, DCIR issued show cause notice to the Company for the tax periods from July 2009 to December 2012 declaring refund claims being inadmissible amounting to Rupees 2,374.766 million on aforesaid grounds. The Company challenged the notice before the Court along with reply of the show cause notice to DCIR. The Court has decided the case in favour of the

Company. However, tax department has filed petition for leave to appeal before Supreme Court of Pakistan, as well as review application before the Court.

Further, on 18 May 2021, DCIR issued a show cause notice under section 11(2) of the Sales Tax Act, 1990 for the tax periods from July 2016 to January 2021 regarding the disallowance of input sales tax amounting to Rupees 478.291 million on similar grounds as explained above. The Company challenged the jurisdiction of DCIR by filling the writ petition before the Honorable Lahore High Court (the Court). The Court vide order dated 02 August 2021 directed the Company to comply with the notice. On 03 August 2021, DCIR passed an assessment order against the Company by disallowing the input tax amounting to Rupees 478.291 million alongwith the default surcharge and penalty without providing any opportunity of being heard. Being aggrieved with the order of DCIR, the Company preferred an appeal before CIR(A). On 09 November 2021, CIR(A) annulled the order passed by DCIR and directed to allow reasonable time to the Company of being heard. Against the order of CIR(A), the Company has filed an appeal before ATIR which is pending for hearing.

On 08 April 2021, Assistant Commissioner Inland Revenue (ACIR) issued a show cause notice under section 11(2) of the Sales Tax Act, 1990 for the tax periods from January 2016 to December 2016 regarding the disallowance of input sales tax amounting to Rupees 1,080.919 million alongwith default surcharge and penalty on similar grounds as explained above. On 19 June 2021, ACIR passed a detailed order whereby the recoverability of sales tax claimed against capacity purchase price amounting to Rupees 1,080.919 million alongwith default surcharge and penalty was connected with the outcome of decision of Honorable Supreme Court in the same matter as disclosed above. Moreover, ACIR also raised a demand of Rupees 10.145 million on account of inadmissible claim of input sales tax and sales tax on sale of residue of extracts from furnace oil. The Company has filed an appeal before CIR(A) against the order of ACIR which is pending adjudication.

Based on the advice of tax advisor, the management is of the view that there are meritorious grounds available to defend the cases. Consequently, no provision for these cases has been made in these financial statements.

iii) The tax authorities have carried out assessment proceedings under section 122(5A) of the Income Tax Ordinance, 2001 for the tax years 2012 to 2014 by creating (among others) a demand of Rupees 708.184 million on account of interest on delayed payments by CPPA-G not been offered for tax. As per tax authorities, interest on delayed payments falls under the head income from other sources and is not exempt from tax as the same is not covered under Clause 132, Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Company filed appeals against foregoing assessment proceedings before Commissioner Inland Revenue (Appeals) [CIR(A)], which were decided in favour of the Company. Against the decisions of CIR(A), tax authorities have filed appeals before ATIR which are in the process of hearings except in case of tax year 2012, where the ATIR through its order dated 01 October 2019 has dismissed tax authorities' appeal and has upheld the order passed by CIR(A). Tax authorities have preferred appeal before Honorable Lahore High Court, Lahore against the order of ATIR. Based on tax advisor's opinion and CIR(A)'s decision in favour of the Company, the management is confident that the matter will be decided in favour of the Company and accordingly no provision has been made in these financial statements.

iv) The Deputy Commissioner Inland Revenue (DCIR), through an assessment order, rejected the deferred sales tax refund claims of different tax periods amounting to Rupees 44.816 million on the grounds that the Company has failed to prove admissibility of refund claims in the light of objection raised by Sales Tax Automated Refund Repository (STARR). The Company filed an appeal before CIR(A) whereby CIR(A) has granted relief to the Company and directed the department to allow Company's refund claim after proper verification of underlying documents and refund should be curtailed if the Company failed to provide the proof. The management is of the view that there are meritorious grounds available to prove the genuineness of the refund claims. Consequently, no provision has been made in these financial statements.

v) During the year ended 31 December 2019, DCIR has passed an order under section 11 of the Sales Tax Act, 1990 raising a demand on account of sales tax aggregating to Rupees 159.815 million against the Company. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] against the order of DCIR. On 12 September 2019, CIR(A) disposed-off the appeal whereby all the matters were decided in favor of the Company except the disallowance of input sales tax on certain purchases aggregating to Rupees 51.707 million. Further, CIR(A) connected the decision regarding the adjustment of input sales tax in respect of building materials amounting to Rupees 2.801 million with the outcome of appeal filed with Honourable Lahore High Court, Lahore as disclosed in note 12.1(vi) to these financial statements. Being aggrieved by the order, the Company has filed an appeal before the ATIR challenging the disallowance of input sales tax. On 22 April 2021, ATIR remanded back the case to assessing officer for fresh consideration and to decide the case related to adjustment of input sales tax in respect of building materials in light of judgment passed by Honourable Lahore High Court after providing reasonable opportunity of being heard to the Company. Based on the tax advisor's opinion, the management is of the view that there are meritorious grounds available to defend the disallowance of input sales tax. Consequently, no provision for such disallowance has been made in these financial statements.

vi) On 28 September 2018, the Company has challenged, before Honourable Lahore High Court, Lahore, the vires of clauses (h) and (i) to sub-section (1) of section 8 of the Sales Tax Act, 1990 whereby claim of input sales tax in respect of building materials has been disallowed. The Honourable Lahore High Court, Lahore on 24 October 2019 has passed order against the Company and the Company being aggrieved with the order preferred Intra Court Appeal before the Honourable Lahore High Court, Lahore. The Company has claimed input sales tax amounting to Rupees 2.801 million (2020: Rupees 2.801 million) paid on such goods in its respective monthly sales tax returns. On 29 January 2020, the Honourable Lahore High Court, Lahore has modified its earlier order dated 24 October 2019 and remanded back the case to assessing / adjudicating officer to interpret clauses (h) and (i) to sub-section (1) of section 8 of the Sales Tax Act, 1990 on case to case basis. The management has strong grounds to believe that the case will be decided in favor of the Company. Therefore, no provision has been made in these financial statements.

vii) On 23 February 2021, DCIR passed an order under section 11 of Sales Tax Act, 1990 whereby a demand on account of inadmissible input sales tax amounting to Rupees 281.609 million along with default surcharge and penalty has been raised. The Company filed an appeal before the CIR(A). On 04 October 2021, CIR(A) disposed off the appeal whereby all the matters were decided in favor of the Company except the disallowance of input sales tax on certain services aggregating to Rupees 8.178 million. Being aggrieved with the order of CIR(A), the Company preferred an appeal before the Appellate Tribunal

Inland Revenue (ATIR) challenging the disallowance of input sales tax. Department has also challenged the order of CIR(A) by filling an appeal before ATIR. Based on the advice of the tax advisor, the management is of the view that there are meritorious grounds available to defend the disallowance of input sales tax. Consequently, no provision for such disallowance has been made in these financial statements.

viii) Amended assessment orders dated 30 April 2018 were issued by the Additional Commissioner Inland Revenue (ACIR) under section 122(5A) of the Income Tax Ordinance, 2001 for tax years 2015, 2016 and 2017 whereby taxable income for the tax years under reference was recomputed to increase by Rupees 444.491 million on account of interest income, income from property, minimum tax on capacity sales, scrap sales, gain on sale of fixed assets, confrontation of tax credit under repealed section 65B of the Income Tax Ordinance, 2001 and workers' welfare fund. Against the aforesaid orders, the Company preferred appeals before CIR(A). On 01 June 2021, CIR(A) passed the orders whereby the orders of ACIR were upheld in respect of all the matters except for the taxation of gain on sale of fixed assets and workers welfare fund which were remanded back to ACIR for consideration in view of the judgments of ATIR / Honorable Superior Courts. Being aggrieved with the order of CIR(A), the Company preferred appeal before the ATIR which is pending adjudication. Based on the advice of tax advisor, the management has strong grounds to believe that the case will be decided in favor of the Company. Therefore, no provision has been made in these financial statements.

ix) During the year ended 31 December 2017, the Company has challenged before the Honorable Lahore High Court ("the Court"), the legality of enhancement of canal water rates from Rupees 86.52 per 10,000 cubic feet to Rupees 100 per 1,000 cubic feet as notified by the Punjab Irrigation Department ("the Department"). On 27 March 2018, the said notification of the Department was set aside by the Court. Against the order the Court, the Department has filed an appeal before a division bench of Honorable Lahore High Court, Lahore which is pending adjudication. The management, based on the advice of its legal counsel, has strong grounds to believe that the case will be decided in favor of the Company. Therefore, no provision has been made in these financial statements.

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

xi) During the year ended 31 December 2021, CPPA-G has deducted Rupees 77.736 million from the Energy Purchase Price invoices and General Sales Tax invoices for the months of January 2021, February 2021, March 2021 and June 2021 on account of fuel procured from a non-PSO source. Based on the detailed examination of relevant facts, the management believes that such deductions from invoices are not justified as the electricity has been produced from such fuel. In accordance with the terms of the PPA, to recover the deducted amounts, the Company is in the process of issuing a formal dispute notice to CPPA-G. The Company, based on the advice of the legal counsel, believes that there are meritorious grounds available to recover the above mentioned amounts.

xii) The Company has identified certain sales tax invoices relating to tax periods from September 2010 to September 2017 where the Company has duly discharged the liabilities by making payments to suppliers whereas input sales tax aggregating to Rupees 187.056 million has not been adjusted against the output sales tax for the respective tax periods. The Company has filed application to Federal Board of Revenue ("the Board") to condone the time limits regarding the above explained matter. In response to the Company's application, the Board has called for a report on factual merits of the Company's application. The Deputy Commissioner Inland Revenue (DCIR), in accordance with the directions of the Board, issued letters to the Company to submit relevant documentary evidence in order to prepare the report for the Board. On 22 April 2019, the Company duly complied with those letters by submitting all the necessary / relevant data. Due to the transfer of jurisdictions in September 2020, the files relating to these matters have not yet been further pursued by the new relevant field formation. The Company is in the process of filing further reminder to the relevant authorities for expeditious disposal of the case. Based on the advice of the tax advisor, the management expects favorable outcome of the matter. Hence, no provision has been made in these financial statements.

xiii) The banks of the Company have issued letters of credit in favour of Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) for amount of Rupees 651 million (2020: Rupees 651 million) to meet its obligations under the Power Purchase Agreement (PPA).

xiv) The banks of the Company have issued letters of guarantee in favour of Pakistan State Oil Company Limited (PSO) - fuel supplier for an amount of Rupees 2,550 million (2020: Rupees 500 million) against purchase of fuel.

12.2 Commitments

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

	2021	2020
	(Rupees in thousand)	
12.2.2 Commitments in respect of other than capital expenditure	29,257	24,490

13. FIXED ASSETS

	2021	2020
Operating fixed assets (Note 13.1)	5,266,482	5,942,491
Capital work-in-progress (Note 13.2)	2,000	628
	5,268,482	5,943,119

13.1 Operating fixed assets

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

Description	Freehold land	Buildings on freehold land	Air strip	Plant and machinery	Furniture and fittings	Vehicles	Office equipment	Electric equipment and appliances	Total
	- Rupees in thousand -								
At 31 December 2019									
Cost	251,772	961,544	23,807	14,459,178	6,235	7,818	29,965	9,622	15,749,941
Accumulated depreciation	-	(539,460)	(23,807)	(8,378,643)	(4,691)	(7,622)	(28,113)	(7,008)	(8,989,344)
Net book value	251,772	422,084	-	6,080,535	1,544	196	1,852	2,614	6,760,597
Year ended 31 December 2020									
Opening net book value	251,772	422,084	-	6,080,535	1,544	196	1,852	2,614	6,760,597
Additions	-	-	-	48,175	139	-	894	497	49,705
Depreciation charge	-	(52,184)	-	(813,799)	(367)	(48)	(951)	(462)	(867,811)
Closing net book value	251,772	369,900	-	5,314,911	1,316	148	1,795	2,649	5,942,491
At 31 December 2020									
Cost	251,772	961,544	23,807	14,507,353	6,374	7,818	30,859	10,119	15,799,646
Accumulated depreciation	-	(591,644)	(23,807)	(9,192,442)	(5,058)	(7,670)	(29,064)	(7,470)	(9,857,155)
Net book value	251,772	369,900	-	5,314,911	1,316	148	1,795	2,649	5,942,491
Year ended 31 December 2021									
Opening net book value	251,772	369,900	-	5,314,911	1,316	148	1,795	2,649	5,942,491
Additions	-	-	-	243,390	1,583	-	2,133	1,567	248,673
Derecognised during the year:									
Cost	-	-	-	(22,659)	-	-	-	-	(22,659)
Accumulated depreciation	-	-	-	22,659	-	-	-	-	22,659
	-	-	-	-	-	-	-	-	-
Depreciation charge	-	(52,116)	-	(870,313)	(346)	(47)	(1,251)	(609)	(924,682)
Closing net book value	251,772	317,784	-	4,687,988	2,553	101	2,677	3,607	5,266,482
At 31 December 2021									
Cost	251,772	961,544	23,807	14,728,084	7,957	7,818	32,992	11,686	16,025,660
Accumulated depreciation	-	(643,760)	(23,807)	(10,040,096)	(5,404)	(7,717)	(30,315)	(8,079)	(10,759,178)
Net book value	251,772	317,784	-	4,687,988	2,553	101	2,677	3,607	5,266,482
Annual rate of depreciation (%)		2.95-11.11	5	3.19-33.33	10-20	20-25	10-33.3	8.19-33.33	

	2021	2020
	(Rupees in thousand)	
13.1.1 The depreciation charge for the year has been allocated as follows:		
Cost of sales (Note 26)	922,429	865,983
Administrative expenses (Note 27)	2,253	1,828
	924,682	867,811

13.1.2 Operating fixed assets include fixed assets costing Rupees 791.661 million (2020: Rupees 738.683 million) which are fully depreciated but still in the use of the Company.

13.1.3 Particulars of immovable properties are as follows:

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

	2021	2020
	(Rupees in thousand)	

13.2 Capital work-in-progress

	2021	2020
Plant and machinery	-	381
Furniture and fittings	-	247
Advance for purchase of vehicle	2,000	-
	2,000	628

13.2.1 Reconciliation of capital work-in-progress

	Categories					Total
	Plant and machinery	Furniture and fittings	Office and other equipment	Electric equipment	Advance for purchase of vehicle	
	---Rupees in thousand---					
As at 31 December 2019	48,577	-	-	-	-	48,577
Add: Additions during the year	-	247	-	-	-	247
Less: Adjustments made during the year	(21)	-	-	-	-	(21)
Less: Transferred to operating fixed assets during the year	(48,175)	-	-	-	-	(48,175)
As at 31 December 2020	381	247	-	-	-	628
Add: Additions during the year	42,391	1,336	168	586	2,000	46,481
Less: Transferred to operating fixed assets during the year	(42,772)	(1,583)	(168)	(586)	-	(45,109)
As at 31 December 2021	-	-	-	-	2,000	2,000

	2021	2020
	(Rupees in thousand)	

14. LONG TERM INVESTMENT

Associated company - under equity method

	2021	2020
Nishat Energy Limited - unquoted 250,000 (2020: 250,000) fully paid ordinary shares of Rupees 10 each Equity held 25% (2020: 25%) at cost	2,500	2,500
Share of reserve		
Opening balance	(1,658)	(1,658)
Less: Share of loss	-	-
Closing balance	(1,658)	(1,658)
Less: Impairment loss	(842)	(842)
Carrying amount under equity method	-	-

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

	2021	2020
	(Rupees in thousand)	
Non-current assets	-	-
Current assets	47	47
Total assets	47	47
Liabilities	225	150
Net assets	(178)	(103)
Loss for the year	(75)	(75)

14.2 Nishat Energy Limited (NEL) is a public limited company incorporated in Pakistan. The registered office of NEL is situated at 1-B, Aziz Avenue, Canal Bank, Gulberg V, Lahore. The principal activity of NEL was to build, own, operate and maintain coal power station. NEL had submitted an upfront tariff petition which was pending for receipt of Purchase Acquisition Request from Central Power Purchasing Agency (Guarantee) Limited (CPPA-G). On 14 October 2016, existing upfront tariff for power generation on imported / local coal expired and National Electric Power Regulatory Authority (NEPRA) has decided not to extend the existing upfront tariff beyond 14 October 2016. In view of the aforesaid reasons, NEL is not considered a going concern. Therefore, investment of the Company in NEL has been fully impaired in these financial statements.

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

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

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

15. LONG TERM LOANS TO EMPLOYEES

	2021	2020
	(Rupees in thousand)	
Considered good:		
Executives (Note 15.1)	28,646	17,341
Other employees	1,635	616
	30,281	17,957
Current portion shown under current assets (Note 20)		
Executives	(6,506)	(8,537)
Other employees	(476)	(397)
	(6,982)	(8,934)
	23,299	9,023

	2021	2020
	(Rupees in thousand)	

15.1 Reconciliation of carrying amount of loans to executives:

Opening balance	17,341	36,496
Add: Disbursements	30,158	-
	47,499	36,496
Less: Repayments	(18,853)	(19,155)
Closing balance	28,646	17,341

15.1.1 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 24.818 million (2020: Rupees 34.936 million).

15.2 Loans given to employees are in accordance with the Company's policy. These loans are interest free and are repayable in equal monthly instalments within a maximum period of five years. These loans are provided for purchase of vehicles and are secured against those vehicles.

15.3 Fair value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' arising in respect of employees' loans is not considered material and hence not recognized.

	2021	2020
	(Rupees in thousand)	

16. STORES, SPARE PARTS AND OTHER CONSUMABLES

Stores, spare parts and other consumables (Note 16.1)	807,338	807,648
Less: Provision for slow moving / obsolete items (Note 16.2)	(69,521)	-
	737,817	807,648

16.1 These include stores in transit of Rupees 1.604 million (2020: Rupees 0.260 million). Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

	2021	2020
	(Rupees in thousand)	

16.2 Provision for slow moving / obsolete items:

Opening balance	-	-
Add: Provision made during the year (Note 28)	69,521	-
Closing balance	69,521	-

17. FUEL STOCK

Furnace oil	3,041,576	1,245,022
Diesel	15,136	17,004
	3,056,112	1,262,026

18. TRADE DEBTS - secured

Other than related parties - considered good	6,852,294	18,913,240

18.1 These represent receivables from Central Power Purchasing Agency (Guarantee) Limited (CPPA-G), the Company's sole customer, and are backed by sovereign guarantee of Government of Pakistan. These include overdue amounts of Rupees 3,734.174 million (2020: Rupees 10,522.383 million) which attract penal mark-up at the rate of State Bank of Pakistan (SBP) discount rate plus 2% per annum. The penal mark-up rate charged during the year ranged from 10.00% to 15.75% (2020: 8.50% to 15.75%) per annum. Trade debts include unbilled receivables of Rupees 315.286 million (2020: Rupees 1,455.971 million).

	2021	2020
	(Rupees in thousand)	
18.2 As at 31 December, age analysis of trade debts was as follows:		
Neither past due nor impaired	2,927,711	2,753,465
Past due but not impaired:		
- 26 to 90 days	3,846,531	2,061,540
- 91 to 180 days	264	2,062,294
- 181 to 365 days	77,465	3,633,323
- above 365 days	323	8,402,618
	3,924,583	16,159,775
	6,852,294	18,913,240

19. SHORT TERM INVESTMENT

	2021	2020
Government Treasury Bills (Note 19.1)	-	11,200
Add: Interest accrued thereon	-	216
	-	11,416

19.1 These carried interest at the rate of 7.17% to 7.43% (2020: 7.17%) per annum.

20. LOANS, ADVANCES AND SHORT TERM PREPAYMENTS

	2021	2020
Current maturity of long term loans to employees (Note 15)	6,982	8,934
Advances - considered good:		
- to employees for expenses	43	287
- to employees against salary	2,015	1,793
- to suppliers - unsecured	29,564	215,809
Short term prepayments	8,697	8,076
	47,301	234,899

21. LOANS TO ASSOCIATED COMPANIES

	2021	2020
Nishat Hotels and Properties Limited (Note 21.1)	350,000	350,000

21.1 This represents working capital loan given to Nishat Hotels and Properties Limited. This carries markup at the rate of one month KIBOR plus 1% per annum or average borrowing cost of the Company, whichever is higher. This loan is repayable uptill 25 April 2022. This is secured against corporate guarantee of the associated company. The effective rate charged during the year ranged from 8.45% to 10.51% (2020: 8.32% to 14.68%) per annum.

21.2 The maximum aggregate amount receivable from related party at the end of any month during the year Rupees 350 million (2020: Rupees 350 million).

	2021	2020
	(Rupees in thousand)	

22. OTHER RECEIVABLES

	2021	2020
Recoverable from CPPA-G as pass through item:		
Workers' profit participation fund (Note 22.1)	273,032	506,073
Workers' welfare fund (Note 22.2)	167,434	146,447
Due from related party - Nishat (Aziz Avenue) Hotels and Properties Limited (Note 22.3)	455	-
Others	-	153
	440,921	652,673

22.1 Workers' profit participation fund

	2021	2020
Opening balance	506,073	299,268
Allocation for the year (Note 28.2)	52,467	220,564
Amount received during the year	(285,508)	(13,759)
Closing balance	273,032	506,073

22.2 Workers' welfare fund

	2021	2020
Considered good (Note 22.2.1)	167,434	146,447
Considered doubtful	5,135	5,135
Provision for doubtful receivable	(5,135)	(5,135)
	-	-
	167,434	146,447

22.2.1 Considered good:

	2021	2020
Opening balance	146,447	58,221
Allocation for the year (Note 28.3)	20,987	88,226
Amount received during the year	-	-
Closing balance	167,434	146,447

22.3 It is in ordinary course of business, un-secured and interest free. It is neither past due nor impaired. The maximum aggregate amount receivable from related party at the end of any month during the year was Rupees 0.455 million.

	2021	2020
	(Rupees in thousand)	

23. ACCURED INTEREST

	2021	2020
On loan to Nishat Hotels and Properties Limited (Note 23.1)	3,123	2,496
Profit receivable on saving account - MCB Bank Limited - related party (Note 23.2)	4,052	-
	7,175	2,496

23.1 It is neither past due nor impaired. The maximum aggregate amount receivable from related party at the end of any month during the year was Rupees 3.124 million (2020: 8.750 million).

23.2 It is neither past due nor impaired. The maximum aggregate amount receivable from related party at the end of any month during the year was Rupees 4.052 million.

	2021	2020
	(Rupees in thousand)	

24. CASH AND BANK BALANCES

Cash in hand	352	208
Cash with banks on:		
Saving accounts (Note 24.1)	6,963,756	22,445
Current accounts	6,854	707
	6,970,610	23,152
	6,970,962	23,360

24.1 Saving accounts carry profit at the rates ranging from 2.57 % to 8.5% (2020: 5.50% to 11.25%) per annum.

24.2 Included in cash with banks are Rupees 6,965.989 million (2020: Rupees 0.554 million) with MCB Bank Limited - related party.

	2021	2020
	(Rupees in thousand)	

25. REVENUE FROM CONTRACT WITH CUSTOMER

Energy purchase price	17,883,285	3,129,720
Less: Sales tax	(2,598,426)	(454,746)
	15,284,859	2,674,974
Capacity purchase price	3,463,277	6,134,436
Delayed payment mark-up	1,152,630	1,836,261
	19,900,766	10,645,671

26. COST OF SALES

Fuel cost (Note 26.1)	15,950,361	2,924,214
Operation and maintenance costs (Note 26.2)	583,022	530,646
Insurance	780,717	757,316
Depreciation (Note 13.1.1)	922,429	865,983
Liquidated damages to CPPA-G	110	158
	18,236,639	5,078,317

26.1 Fuel cost

Opening stock	1,262,026	416,965
Purchased during the year	17,745,047	3,769,275
	19,007,073	4,186,240
Closing stock	(3,056,712)	(1,262,026)
	15,950,361	2,924,214

	2021	2020
	(Rupees in thousand)	
26.2 Operation and maintenance costs		
Salaries, wages and other benefits (Note 26.2.1)	232,950	240,283
Repair and maintenance	95,858	87,620
Stores and spare parts consumed	142,207	101,140
Fee and subscription	7,151	6,468
Electricity consumed in-house	104,856	95,135
	583,022	530,646

26.2.1 Salaries, wages and other benefits include provident fund contribution and provision for gratuity of Rupees 12.858 million (2020: Rupees 12.907 million) and Rupees 9.247 million (2020: Rupees 12.034 million) respectively.

	2021	2020
	(Rupees in thousand)	
27. ADMINISTRATIVE EXPENSES		
Salaries and other benefits (Note 27.1)	61,670	54,340
Travelling, conveyance and entertainment	126,298	86,930
Communication and utilities	1,011	1,029
Insurance	3,578	3,738
Legal and professional	13,930	50,793
Printing and stationery	1,771	1,880
Office rent (Note 27.2)	6,210	6,321
Depreciation (Note 13.1.1)	2,253	1,828
Community welfare	4,974	3,811
General expenses	6,994	2,478
	228,689	213,148

27.1 Salaries and other benefits include provident fund contribution and provision for gratuity of Rupees 2.332 million (2020: Rupees 2.139 million) and Rupees 0.861 million (2020: Rupees 1.109 million) respectively.

27.2 This represents rent expense relating to short term lease.

	2021	2020
	(Rupees in thousand)	
28. OTHER EXPENSES		
Auditor's remuneration (Note 28.1)	3,208	2,961
Workers' profit participation fund (Note 28.2)	-	-
Workers' welfare fund (Note 28.3)	-	-
Sales tax written off	31,076	-
Loss on disposal of short term investments	5,890	-
Provision for slow moving and obsolete stores, spare parts and other consumables (Note 16.2)	69,521	-
Trade debts written off	26,294	-
Advances to suppliers written off	132	-
Other receivables written off	153	-
	136,274	2,961

	2021	2020
	(Rupees in thousand)	

28.1 Auditor's remuneration

Statutory audit	2,222	2,222
Half yearly review	612	601
Other certifications and reporting	255	50
Out-of-pocket expenses	119	88
	3,208	2,961

28.2 Workers' profit participation fund

Allocation for workers' profit participation fund (Note 8.1)	52,467	220,564
Allocation to workers' profit participation fund recoverable from CPPA-G (Note 22.1)	(52,467)	(220,564)
	-	-

28.3 Workers' welfare fund

Allocation for workers' welfare fund (Note 8.2)	20,987	88,226
Allocation to workers' welfare fund recoverable from CPPA-G (Note 22.2.1)	(20,987)	(88,226)
	-	-

29. OTHER INCOME

Income from financial assets

Interest income:		
Profit on saving bank accounts and Government Treasury Bills	32,159	3,690
Interest on loans to associated companies	30,512	52,008
Income from non-financial assets:		
Rental income	1,428	1,515
Scrap sales	7,774	7,705
Amortization of deferred income - Government grant (Note 7)	3,394	2,028
	75,267	66,946

30. FINANCE COST

Mark-up on long term financing	5,094	3,154
Mark-up / profit on short term borrowings	304,883	989,837
Bank charges and commission	15,110	13,918
	325,087	1,006,909

31. TAXATION

	2021	2020
	(Rupees in thousand)	
Current:		
- For the year	-	-
- Prior year	-	-
	-	-
Relationship between tax expense and accounting profit is as follows:		
Profit before taxation	1,049,344	4,411,282
Tax at the applicable rate of 29% (2020: 29%)	304,310	1,279,272
Tax effect of amounts that are:		
Exempt as referred to in note 2.20.1	(304,310)	(1,279,272)
Allowable as tax credit	-	-
	-	-

32. EARNINGS PER SHARE - BASIC AND DILUTED

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

	2021	2020
Profit attributable to ordinary shareholders (Rupees in thousand)	1,049,344	4,411,282
Weighted average number of shares (Number)	372,081,591	372,081,591
Earnings per share - basic and diluted (Rupees)	2.82	11.86

33. CASH GENERATED FROM OPERATIONS

	2021	2020
	(Rupees in thousand)	
Profit before taxation	1,049,344	4,411,282
Adjustments for non-cash charges and other items:		
Depreciation	924,682	867,811
Provision for gratuity	10,108	1,109
Interest income	(62,671)	(55,698)
Amortization of deferred income - Government grant	(3,394)	(2,028)
Finance cost	325,087	1,006,909
Sales tax written off	31,076	-
Provision for slow moving and obsolete stores, spare parts and other consumables	69,521	-
Loss on disposal of short term investments	5,890	-
Trade debts written off	26,294	-
Advances to suppliers written off	132	-
Other receivables written off	153	-
Cash flows from operating activities before working capital changes	2,376,222	6,229,385

	2021	2020
	(Rupees in thousand)	
Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and other consumables	310	27,115
Fuel stock	(1,794,686)	(845,061)
Trade debts	12,034,652	1,672,824
Advances and short term prepayments	(15,104)	(9,157)
Other receivables	211,598	(295,031)
Sales tax recoverable	(625,663)	(236,477)
	9,811,107	314,213
Increase in trade and other payables	2,238,494	215,338
	14,425,823	6,758,936

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

	2021		
	Liabilities from financing activities		Total
	Long term finance	Unclaimed dividend	
	.... (Rupees in thousand)		
Balance as at 01 January 2020	-	5,676	5,676
Financing / borrowings obtained	99,269	-	99,269
Dividend declared	-	837,184	837,184
Dividend paid	-	(830,773)	(830,773)
Balance as at 31 December 2020	99,269	12,087	111,356
Financing / borrowings repaid	(49,326)	-	(49,326)
Dividend declared	-	1,116,246	1,116,246
Dividend paid	-	(1,120,314)	(1,120,314)
Balance as at 31 December 2021	49,943	8,019	57,962

34. PROVIDENT FUND

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

35. NUMBER OF EMPLOYEES

	2021	2020
Number of employees as on 31 December	74	76
Average number of employees during the year	77	79

36. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associated companies, other related parties, key management personnel and staff retirement benefit plans. The Company in the normal course of business carries out transactions with various related parties. Detail of significant transactions with related parties other than those which have been specifically disclosed elsewhere in these financial statements, except for remuneration to key management personnel as disclosed in note 37, are as follows:

Associated companies	Nature of transaction	2021	2020
		(Rupees in thousand)	
Nishat Mills Limited	Dividend	284,506	230,680
Adamjee Insurance Company Limited	Dividend	71,127	57,670
	Insurance premium paid	3,244	4,007
	Insurance claim received	947	1,142
Security General Insurance Company Limited	Dividend	17,781	14,416
	Insurance premium paid	904,379	881,484
Engen (Private) Limited	Dividend	119,283	145,073
Lalpir Power Limited	Loan given	-	3,936,000
	Repayment of loan given	-	4,595,086
	Interest charged	-	14,533
Pakistan Aviators and Aviation (Private) Limited	Flying services	82,364	83,967
Nishat (Aziz Avenue) Hotels and Properties Limited	Rent expense	5,755	6,278
Hyundai Nishat Motor (Private) Limited	Reimbursement of expenses	455	-
Nishat Hotels and Properties Limited	Boarding and lodging services	-	193
	Loan given	-	350,000
	Loan repaid	-	350,000
	Interest charged	30,512	37,475
City Schools (Private) Limited	Dividend	487	1,184
MCB Bank Limited	Mark up on borrowings	48,114	135,943
	Long term loans obtained	-	99,269
	Long term loans repaid	49,634	-
	Short term loans obtained	5,224,630	15,810,235
	Short term loans repaid	5,297,516	16,553,667
	Profit on bank deposits received	26,204	609
Other related parties			
D.G. Khan Cement Company Limited	Purchase of goods	44	283
City Schools Provident Fund Trust	Dividend	3,158	2,368
Adamjee Life Assurance Company Limited	Insurance premium paid	1,266	1,369
Staff retirement benefit plans			
Provident fund trust	Contributions	15,190	15,046
Gratuity fund trust	Contributions	-	10,733

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

Name of the related party	Basis of relationship	Transaction entered or agreement and / or arrangement in place during the financial year	Percen-tage of share-holding
Nishat Mills Limited	Common Directorship	Yes	None
Security General Insurance Company Limited	Common Directorship	Yes	None
City Schools (Private) Limited	Common Directorship	Yes	None
Engen (Private) Limited	Common Directorship	Yes	None
Lalpir Power Limited	Common Directorship	Yes	None
Nishat Hospitality (Private) Limited	Group Company	No	None
Pakistan Aviators and Aviation (Private) Limited	Common Directorship	Yes	None
Nishat Hotels and Properties Limited	Common Directorship	Yes	None
Nishat (Aziz Avenue) Hotels and Properties Limited	Common Directorship	Yes	None
Nishat Power Limited	Common Directorship	No	None
Nishat Paper Products Company Limited	Common Directorship	No	None
Nishat Developers (Private) Limited	Common Directorship	No	None
Nishat Dairy (Private) Limited	Common Directorship	No	None
Nishat Agriculture Farming (Private) Limited	Common Directorship	No	None
Nishat Real Estate Development Company (Private) Limited	Common Directorship	No	None
Nishat Energy Limited	Shareholding	No	25%
Adamjee Life Assurance Company Limited	Group Company	Yes	None
Hyundai Nishat Motor (Private) Limited	Common Directorship	Yes	None
Educational System (Private) Limited	Common Directorship	No	None
Smart Education System (Private) Limited	Common Directorship	No	None
The Smart School (Private) Limited	Common Directorship	No	None
Premier Realties (Private) Limited	Common Directorship	No	None
Remington Realties (Private) Limited	Common Directorship	No	None
City Agro (Private) Limited	Common Directorship	No	None
Nishat (Chunian) Limited	Common Directorship	No	None
Nishat Chunian Power Limited	Common Directorship	No	None
At-Tahur Limited	Common Directorship	No	None
Adamjee Insurance Company Limited	Common Directorship	Yes	None
D.G. Khan Cement Company Limited	Group Company	Yes	None
Nishat Agrotech Farms (Private) Limited	Group Company	No	None
Nishat Sutas Dairy Limited	Common Directorship	No	None
Golf View Land (Private) Limited	Group Company	No	None

Name of the related party	Basis of relationship	Transaction entered or agreement and / or arrangement in place during the financial year	Percentage of shareholding
Nishat Linen (Private) Limited	Group Company	No	None
MCB Bank Limited	Group Company	Yes	None
Emporium Properties (Private) Limited	Group Company	No	None
Nishat (Raiwind) Hotels and Properties Limited	Common Directorship	No	None
Nishat Commodities (Private) Limited	Group Company	No	None
Centre for Educational Professional Development (Private) Limited	Common Directorship	No	None
Lalpir Solar Power (Private) Limited	Group Company	No	None
MCB Islamic Bank Limited	Group Company	No	None
Mirpur Khas Sugar Mills Limited	Common Directorship	No	None
International Steel Limited	Common Directorship	No	None
City Schools Provident Fund Trust	Common trusteeship of director	Yes	None
Provident fund trust	Post-employment benefit plan	Yes	None
Gratuity fund trust	Post-employment benefit plan	Yes	None

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Executives	
	2021	2020	2021	2020
Managerial remuneration	19,900	18,229	140,781	143,535
Medical expenses	1,990	1,823	14,078	14,353
Bonus	4,010	-	30,634	29,882
Retirement benefits	-	-	23,666	13,632
	25,900	20,052	209,159	201,402
Number of persons	1	1	48	48

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

37.2 Meeting fee of Rupees 1,125,000 (2020: Rupees 1,100,000) was paid to non-executive directors of the Company during the year.

38. FINANCIAL RISK MANAGEMENT

38.1 Financial risk factors

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

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

(a) Market risk

(i) Currency risk

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

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

	2021	2020
Trade and other payables		
- USD	(20)	(6,683)
- GBP	(4,933)	(2,688)
- EURO	(2,185)	(2,616)
- JPY	(3,978,961)	-
Net exposure - USD	(20)	(6,683)
Net exposure - GBP	(4,933)	(2,688)
Net exposure - EURO	(2,185)	(2,616)
Net exposure - JPY	(3,978,961)	-
The following significant exchange rates were applied during the year:		
Rupees per US Dollar		
Average rate	164.29	162.17
Reporting date rate	178.50	160.11
Rupees per GBP		
Average rate	225.81	209.65
Reporting date rate	238.00	219.33
Rupees per Euro		
Average rate	193.70	184.82
Reporting date rate	199.00	197.67
Rupees per JPY		
Average rate	1.48	1.53
Reporting date rate	1.52	1.55

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, GBP, EURO and JPY (2020: USD, GBP and EURO) with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 0.383 million (2020: Rupees 0.109 million) respectively lower / higher, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. The sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk since there are no investments in equity securities traded in the market at the reporting date. The Company is also not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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

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

	2021	2020
	(Rupees in thousand)	
Fixed rate instruments		
Financial asset		
Short term investment	-	11,200
Financial liabilities		
Long term financing	48,986	94,918
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	6,963,756	22,445
Loan to associated company	350,000	350,000
Trade debts - past due	3,734	10,522,383
	7,317,490	10,894,828
Financial liabilities		
Short term borrowings	(7,336)	(5,870,818)
Net exposure	7,310,154	5,024,010

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the reporting date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 73.102 million (2020: Rupees 50.240 million) higher / lower, mainly as a result of higher / lower interest income on floating rate instruments. This analysis is prepared assuming the amounts of assets and liabilities outstanding at reporting dates were outstanding for the whole year.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2021	2020
	(Rupees in thousand)	
Loans to employees	32,296	19,750
Long term security deposit	300	300
Trade debts	6,852,294	18,913,240
Short term investment	-	11,416
Loan to associated company	350,000	350,000
Accrued interest	7,175	2,496
Other receivables	455	153
Bank balances	6,970,610	23,152
	14,213,130	19,320,507

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

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

	Rating			2021	2020
	Short Term	Long Term	Agency	(Rupees in thousand)	
CPPA-G		Not available		2,927,711	2,753,465
Nishat Hotels and Properties Limited	A2	A-	PACRA	350,000	350,000
Banks					
National Bank of Pakistan	A1+	AAA	PACRA	20	940
Habib Bank Limited	A-1+	AAA	VIS	284	553
MCB Bank Limited	A1+	AAA	PACRA	6,965,989	554
United Bank Limited	A-1+	AAA	VIS	193	20,998
Askari Bank Limited	A1+	AA+	PACRA	4,019	-
The Bank of Punjab	A1+	AA+	PACRA	3	6
Allied Bank Limited	A1+	AAA	PACRA	3	3
Al Baraka Bank (Pakistan) Limited	A-1	A+	VIS	25	25
Faysal Bank Limited	A1+	AA	PACRA	73	73
BankIslami Pakistan Limited	A1	A+	PACRA	1	1
				6,970,610	23,153
				10,248,321	3,126,618

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

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As 31 December 2021, the Company had Rupees 9,279 million (2020: Rupees 6,777 million) available borrowing limits from financial institutions, Rupees Nil (2020: Rupees 11.416 million) short term investment and Rupees 6,970.962 million (2020: Rupees 23.360 million) cash and bank balances to meet the short term funding requirements due to delay in payments by CPPA-G. Management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 31 December 2021:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 Years	More than 2 Years
	(- - - - - - - - - - - - - - - Rupees in thousand					- - - - - - - - - - - - - - -)
Non-derivative financial liabilities:						
Long term financing	48,986	50,407	25,358	25,049	-	-
Trade and other payables	2,730,399	2,730,399	2,730,399	-	-	-
Unclaimed dividend	8,019	8,019	8,019	-	-	-
Accrued mark-up / profit	20,042	20,042	20,042	-	-	-
Short term borrowings	7,336	7,508	7,418	90	-	-
	2,814,782	2,816,375	2,791,236	25,139	-	-

Contractual maturities of financial liabilities as at 31 December 2020:

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

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 31 December. The rates of interest / mark up have been disclosed in note 5 and 10 to these financial statements.

38.2 Offsetting financial assets and financial liabilities

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

38.3 Financial instruments by categories

	Financial assets at amortized cost	
	2021	2020
	(Rupees in thousand)	
Assets as per statement of financial position		
Loans to employees	32,296	19,750
Long term security deposit	300	300
Trade debts	6,852,294	18,913,240
Short term investment	-	11,416
Loan to associated company	350,000	350,000
Accrued interest	7,175	2,496
Other receivables	455	153
Cash and bank balances	6,970,962	23,360
	14,213,482	19,320,715

Liabilities as per statement of financial position

	Financial liabilities at amortized cost	
	2021	2020
	(Rupees in thousand)	
Long term financing	48,986	94,918
Trade and other payables	2,730,399	221,894
Unclaimed dividend	8,019	12,087
Accrued mark-up / profit	20,042	128,271
Short term borrowings	7,336	5,870,818
	2,814,782	6,327,988

38.4 Reconciliation to the line items presented in the statement of financial position is as follows:

	2021		
	Financial assets	Non-financial assets	Assets as per statement of financial position
	------------(Rupees in thousand)------------		
Assets			
Long term loans to employees	23,299	-	23,299
Long term security deposit	300	-	300
Loans, advances and short term prepayments	8,997	38,304	47,301
Trade debts	6,852,294	-	6,852,294
Loan to associated company	350,000	-	350,000
Accrued interest	7,175	-	7,175
Other receivables	455	440,466	440,921
Cash and bank balances	6,970,962	-	6,970,962
	14,213,482	478,770	14,692,252

	2021		
	Financial liabilities	Non-financial liabilities	Liabilities as per statement of financial position
	------------(Rupees in thousand)------------		
Liabilities			
Long term financing	48,986	-	48,986
Trade and other payables	2,730,399	248,521	2,978,920
Unclaimed dividend	8,019	-	8,019
Accrued mark-up / profit	20,042	-	20,042
Short term borrowings	7,336	-	7,336
	2,814,782	248,521	3,063,303

	2020		
	Financial assets	Non-financial assets	Assets as per statement of financial position
	------------(Rupees in thousand)------------		
Assets			
Long term loans to employees	9,023	-	9,023
Long term security deposit	300	-	300
Loans, advances and short term prepayments	10,727	224,172	234,899
Trade debts	18,913,240	-	18,913,240
Short term investment	11,416	-	11,416
Loan to associated company	350,000	-	350,000
Accrued interest	2,496	-	2,496
Other receivables	153	652,520	652,673
Cash and bank balances	23,360	-	23,360
	19,320,715	876,692	20,197,407

	2020		
	Financial liabilities	Non-financial liabilities	Liabilities as per statement of financial position
	------------(Rupees in thousand)------------		
Liabilities			
Long term financing	94,918	-	94,918
Trade and other payables	221,894	518,532	740,426
Unclaimed dividend	12,087	-	12,087
Accrued mark-up / profit	128,271	-	128,271
Short term borrowings	5,870,818	-	5,870,818
	6,327,988	518,532	6,846,520

39. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

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

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

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

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

40. CAPACITY AND ACTUAL PRODUCTION

	2021 MWH	2020 MWH
Installed capacity based on 8,760 (2020: 8,784) hours	3,197,400	3,206,160
Actual energy delivered	797,729	190,980

Output produced by the Complex is dependent on the load demanded by CPPA-G and Complex availability.

41. UNUTILIZED CREDIT FACILITIES

	Non-funded		Funded	
	2021	2020	2021	2020
	(Rupees in thousand)		(Rupees in thousand)	
Total facilities	3,294,863	3,203,280	9,336,334	12,746,700
Utilized at the end of the year	3,175,723	277,480	56,970	5,970,087
Unutilized at the end of the year	119,140	2,925,800	9,279,364	6,776,613

42. SEGMENT INFORMATION

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

43. EVENTS AFTER THE REPORTING PERIOD

43.1 The Board of Directors have proposed final cash dividend for the year ended 31 December 2021 of Rupees Nil per share (2020: Rupees 1.00 per share). However, this event has been considered as non-adjusting event under IAS 10 'Events after Reporting Period' and has not been recognized in these financial statements.

44. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 25 February 2022 by the Board of Directors of the Company.

45. CORRESPONDING FIGURES

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

46. GENERAL

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

CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER

FORM OF PROXY

I/We, ____ of

_______________________________CDCA/CNO./FOLIONO.____________________________

being a shareholder of the Pakgen Power Limited (The Company) do hereby appoint.

Mr./Miss/Ms. ____

of______________________________CDC A/C NO. /FOLIO NO. ________________________and

or failing him/her ________________________________of _________________________________

who is/are also a shareholder of the said Company, as my/our proxy in my/our absence and to vote for me/us at the Annual General Meeting of the Company to be held on on April 26, 2022 (Tuesday) at 11:00 A.M. at The Nishat Hotel (Emporium Mall), Trade and Finance Centre, Near Expo Centre, Abdul Haq Road, Johar Town, Lahore and at any adjournment thereof in the same manner as I/we myself/ourselves would vote if personally present at such meeting.

As witness my/our hands in this day of_____________2022.

Revenue Stamp of Rs. 50/-

Signature ____________________________

Address ____________________________

____

No. of shares held ______________________

Witnesses:-

Name ____________________________	Name ____________________________
Address ____________________________	Address ____________________________
____________________________________	____________________________________

IMPORTANT:

a. This instrument appointing a proxy, duly completed, must be received at the registered Office of the Company at Nishat House, 53- A, Lawrence Road, Lahore not later than 48 hours before the time of holding the Annual General Meeting. For Appointing Proxies.

b. Attested copies of the CNIC or the passport of beneficial owners shall be furnished with the proxy form.

c. The proxy shall produce his original CNIC or original passport at the time of the Meeting.

d. In case of corporate entity, the Board’s resolution / power of attorney with specimen signature shall be furnished along with proxy form to the Company.

AFFIX
CORRECT
POSTAGE

The Company Secretary

PAKGEN POWER LIMITED

53 - A, Lawrence Road, Lahore.

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

نمائندگی کا فارم (پراکسی فارم)

میں/ہم---

ساکن ---سی ڈی سی اکاؤنٹ نمبر/فولیو نمبر----------

بحیثیت رکن پاک جن پاور لمیٹڈ (کمپنی) اور حامل عام حصص بذریعہ ہذا محترم/محترمہ--------------------------

ساکن---سی ڈی سی اکاؤنٹ نمبر / فولیو

نمبر------اور یا اسکی غیر موجودگی کی صورت میں---

ساکن---

جو مذکورہ کمپنی کا حصص دار بھی ہے کو اپنے/ ہمارے ایماء پر 26 اپریل 2022ء (منگل) کو صبح 11:00 بجے نشاط ہوٹل (ایمپوریم مال)، ٹریڈ اینڈ فنانس سنٹر، نزد ایکسپو سنٹر، عبدالحق روڈ، جوہر ٹاؤن لاہور پر منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں میری/ ہماری غیر موجودگی میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا/ ہمارا بطور نمائندہ (پراکسی) مقرر کرتا/کرتے ہیں۔

آج بروز..................بتاریخ.......... 2022ء کو میرے/ ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

دستخط: ____________________

پتہ: ____________________

تعداد ملکیتی حصص:____________

-/50 روپے کا رسیدی ٹکٹ یہاں چسپاں کریں

گواہان:

نام: ____________________ نام: ____________________

پتہ: ____________________ پتہ: ____________________

اھم نوٹ:

a۔ پراکسی تقرری کے یہ آلات، باقاعدہ مکمل سالانہ اجلاس عام کے انعقاد سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ دفتر نشاط ہاؤس، 53-A، لارنس روڈ، لاہور میں لازماً وصول ہو جانے چاہئیں۔

پراکسی کے تقرر کے لئے

b۔ بینیفشل اونر کی CNIC یا پاسپورٹ کی مصدقہ نقول پراکسی فارم کے ہمراہ لازماً جمع کرانا ہونگی۔

c۔ پراکسی اجلاس کے وقت اپنا اصل CNIC یا اصل پاسپورٹ مہیا کرے گا۔

d۔ کارپوریٹ اینٹٹی کی صورت میں بورڈ کی قرارداد / مختارنامہ معہ نمونہ دستخط پراکسی فارم کے ہمراہ کمپنی کو جمع کرانا ہوگا۔

AFFIX
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PAKGEN POWER LIMITED

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

NISHAT

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53 - A, Lawrence Road, Lahore. Tel: 042 - 36367812 - 16
Fax: 042 - 36367414 I UAN: 042 - 111-11-33-33