ANNUA REPORT 2021

SAIF POWER LIMITED

A Saif Group Company

Financials at a Glance

	2021	2020
	Rs. Million	
Turnover	16,394	8,925
Financial cost	831	799
Net Profit	1,747	2,372
Shareholders Equity	15,936	15,932
	Rs.	
Dividend per share	8.00	3.75

Table of Contents

Basic Corporate Profile

Board of Directors

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

Audit Committee

Vacant Position	Chairman
Mr. Osman Saifullah Khan	Member
Mr. Rana Muhammad Shafi	Member

Human Resource and Remuneration Committee

Miss. Saima Akbar Khattak	Chairperson
Mrs. Hoor Yousafzai	Member
Mr. Assad Saifullah Khan	Member

Management

Mr. Sohail H. Hydari
Chief Executive Officer

Mr. Hammad Mahmood
Chief Financial Officer

Mr. Ghias Ul Hassan
GM Power Plant

Mr. Waseemullah
Company Secretary

Auditors

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

Legal Advisors

Mr. Muhammad Naeem Amer (MNA) Rehan
Advocate High Court

Registered/ Head Office

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

Website

http://www.saifpower.com

Share Registrar

THK Associates (Private) Ltd.
Plot No. 32-C, Jami Commercial
Street 2, DHA Phase VII, Karachi.
Tel: +92-21- 111 000 322,
Email: sfc@thk.com.pk

Banks & Financial Institutions

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

Plant Location

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

Vision

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

Mission

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

Sharing & Team Work

Core Values

It is our objective to ensure that we:

Ethics

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

People

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

Quality, Compliance and Business Excellence

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

Corporate Social Responsibility (CSR)

CSR is a relationship with all of our stakeholders.

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

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

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

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

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

Saifullah Khan Trust
Akbar Kare Institute

SAIFULLAH KHAN TRUST (SKT)

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

AKBAR KARE INSTITUTE (AKI)

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

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

Operations Analysis

Comparison of Plant Operation For Year 2021 & 2020

Parameters	Units	2021	2020
Plant Operation Hours on Gas Fuel	Hrs.	4,814	3,218
Plant Operation Hours on HSD Fuel	Hrs.	647.31	49.44
Utilization Factor	%	44.30	27.45
Load Factor	%	44.55	27.51
Complex Reliability Factor	%	99.20	98.45
Complex Start up Reliability Factor	%	97.84	93.24
Generation on HSD	MWH	87,090	5,691
Generation on Gas	MWH	660,833	455,257
Net Generation	MWH	747,923	460,948
Period Hours	Hrs.	8,760	8,784
Service Hours	Hrs.	5,292	3,267
Standby Hours	Hrs.	3,074	5,014
Available Hours	Hrs.	8,365	8,281
Planned Outage Hours	Hrs.	384	432
Unplanned Outage Hours	Hrs.	67	130
Total Outage Hours	Hrs.	451	562
Availability Factor	%	94.85	93.60

Chairperson's Review

Dear Shareholders

Dear Shareholders,

I am pleased to present the Annual Report of your Company for the financial year ended December 31, 2021.

Net Profit of your Company for the year ended December 31, 2021 stands at Rs.1,747 million. Details of financial, operational performance and other information have been described in more detail in Directors' Report to shareholders.

The first installment of 40% of receivables (as per the Agreements with CPPA & GoP) was received on January 06, 2022, later than the deadline date. As the entire amount received was actually the stuck-up profits of the Company, therefore, the Company has declared an additional interim dividend including the final dividend for the year.

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 remained satisfactory.

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, and other reports.

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

Hoor Yousafzai
Chairperson

March 29, 2022
Islamabad

چیئرپرسن کا جائزہ

31 دسمبر 2021ء کو ختم ہونے والے سال کا مستحکم مالی بیان

محترم شیئر ہولڈرز،

مجھے آپ کی کمپنی کی 31 دسمبر 2021 کو ختم ہونے والے مالی سال کی سالانہ رپورٹ پیش کرتے ہوئے خوشی ہو رہی ہے۔

31 دسمبر 2021 کو ختم ہونے والے سال کے لیے آپ کی کمپنی کا خالص منافع 1,747 ملین روپے ہے۔ مالی، آپریشنل کارکردگی اور دیگر معلومات کی تفصیلات شیئر ہولڈرز کو ڈائریکٹرز کی رپورٹ میں مزید تفصیل سے بیان کی گئی ہیں۔

40 فیصد وصولیوں کی پہلی قسط (CPPA اور GoP کے ساتھ معاہدوں کے مطابق) جو کہ مقررہ تاریخ سے تاخیر کے بعد 06 جنوری 2022 میں موصول ہوئی تھی۔ چونکہ موصول ہونے والی پوری رقم دراصل کمپنی کا کمایا ہوا منافع تھا، اس لیے کمپنی نے سال کے لیے حتمی ڈیویڈنڈ سمیت ایک اضافی عبوری ڈیویڈنڈ کا اعلان کیا ہے۔

بورڈ اور اس کی کمیٹیوں کی کارکردگی کی سالانہ جانچ کے لیے بورڈ نے بورڈ آف ڈائریکٹرز نے 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 مجموعی کارکردگی تسلی بخش رہی۔

بورڈ کمپنی کے مالی بیانات کے معیار اور مناسبیت، افشاء کی رپورٹنگ اور شفافیت، کمپنی کی اکاؤنٹنگ پالیسیوں، کارپوریٹ اصولی منصوبوں، اور دیگر رپورٹس کا جائزہ لیتا ہے۔

بورڈ کی جانب سے، میں انتظامیہ، ملازمین، قرض دینے والے بینکوں، سپلائرز، ٹھیکیداروں، ریگولیٹری اتھارٹیز، مختلف سرکاری اہلکاروں کے تعاون کا شکریہ ادا کرنا چاہوں گی۔ اس کے ساتھ ساتھ، میں کمپنی میں ہمارے شیئر ہولڈرز کی طرف سے دکھائے گئے اعتماد کو بھی تسلیم کرنا چاہوں گی۔

Hm Yusufzai

حور یوسفزئی

چیئرپرسن

اسلام آباد: 29 مارچ 2022

REPORT OF THE BOARD OF DIRECTORS TO SHAREHOLDERS

The Board of Directors is pleased to present the Annual Report of Saif Power Limited (the "Company") along with its audited Financial Statements for the year ended December 31, 2021.

PRINCIPAL ACTIVITY

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

OPERATIONS

The Company continues to follow best practices to ensure best Reliability, Availability and Operational Performance. During the year, reliability factor was 99.20% as compared to 98.45% in 2020 and availability factor was 94.85% as compared to 93.60% in 2020.

MATERIAL INFORMATION / OUTLOOK

During the year, following agreements have been signed with CPPA-G and Private Power Infrastructure Board (PPIB):

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

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

FINANCIAL PERFORMANCE

UNCONSOLIDATED:

The Company earned a net profit of Rs. 1,747 million, resulting in earning per share (EPS) of Rs. 4.52 as compared to Rs. 2,371 million and EPS Rs. 6.41 in 2020.

REPORT OF THE BOARD OF DIRECTORS TO SHAREHOLDERS

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

FOR THE YEAR ENDING DECEMBER	2021	2020	2019	2018	2017	2016
	------------------------------Rupees in million------------------------------					
Turnover	16,394	8,925	14,910	16,690	12,257	11,946
Net Profit	1,747	*2,372	3,650	3,033	2,592	2,312
Property, Plant and Equipment	11,711	12,232	12,800	13,294	13,688	14,213
Investment in subsidiary	789	785	738	631	-	-
Net worth	15,936	15,932	14,808	12,047	10,396	9,216
Long term financing	-	-	788	2,975	4,761	6,499
Short term borrowing	7,668	6,974	5,260	5,449	1,928	1,267
Earnings per share – (in rupees)	4.52	6.14	9.44	7.85	6.71	5.98
Dispatch level- (percentages)	41.90%	25.80%	40.19%	61.92%	32.30%	58.79%
Capacity Made Available-GWHs	1,785	1,786	1,782	1,784	1,786	1,675

* The long term loan was paid off entirely in March 2021.

CONSOLIDATED:

Consolidated net profit during the year under review is Rs. 1,744 million resulting in earning per share (EPS) of Rs. 4.51 (2020: Rs. 2,368 million and EPS Rs. 6.12).

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

PENDING ISSUES

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

During the year 2019, SNGPL filed a suit for recovery of the adjusted amount before District Judge (Invested with Powers of the Gas Utility Court), Lahore including claim for markup amount of Rs. 136.14 million from the date of such adjustment and also filed a request for Arbitration before the London Court of International Arbitration (LCIA). In its submission to LCIA, SNGPL has claimed markup amount of Rs. 236.47 million from the date of such adjustment. The Company's position is that no amount is payable to SNGPL and in any case, LCIA Arbitration is the only competent forum to decide on this case. The Arbitrator was appointed by LCIA in 2020. The hearing was held in October 2021 and award is awaited.

In the case against Power Purchaser, the Arbitrator has awarded Rs. 477.56 million in Company's favour along with related costs. The Company has filed a petition in Lahore High Court for its enforcement. Power Purchaser has also challenged the partial final award and final award in Civil Court, Lahore, which is pending adjudication. During the year, as detailed in note 16.4 to the financial statements, both parties have amicably resolved the matter.

RECEIVABLES FROM POWER PURCHASER

Subsequent to the year end, first installment of 40% has been paid by CPPA-G on January 06, 2022, which has improved liquidity position of the company and receivables have also decreased. As per Master Agreement 60% would be paid within six months of the date payment of first instalment.

CREDIT RATING

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

CORPORATE SOCIAL RESPONSIBILITY, SAFETY, HEALTH AND QUALITY

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

IMPACT OF COMPANY'S BUSINESS ON ENVIRONMENT

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

PRINCIPAL RISKS & UNCERTAINTIES

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

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

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

REPORT OF THE BOARD OF DIRECTORS TO SHAREHOLDERS

INTERNAL AUDIT AND CONTROL

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

DIVIDEND

The Board has recommended a final dividend of 10% (Rs. 1 per share) for the year ended December 31, 2021 to the shareholders for their approval in forthcoming Annual General Meeting in addition to interim dividends of 70% (Rs.7.00 per share), making it total dividend of 80% (Rs. 8.00 per share) as compared to 35% (RS.3.5 Per share) for previous year. As the entire amount of 1st payment by CPPA/GOP under the Master Agreement was actually the amount of stuck-up profits, therefore, the Company has declared an additional interim dividend including the final dividend for the year.

Unless there is any contingency, the Board of Directors of your company would continue with the policy of paying out all surplus cash available within the Company.

INVESTMENT IN SUBSIDIARY

This represents equity investment in Saif Cement Limited ("SCL"). The Company during the year, acquired additional Rs. 4,404,410 fully paid ordinary shares of Rs. 10 each. The Company holds 96.39% of issued share capital of SCL as at December 31, 2021.

During the year, the Board of Directors of the Company approved the proposal, for sale of land and other assets, of SCL. The same was approved by the shareholders of the Company in the Extra Ordinary General Meeting held on June 26, 2021. As of today, the SCL is in the process of being sold.

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

The Company has so far invested equivalent to US $ 5.7 million out of the proposed US $ 20 million during the last four years from the date of approval of members.

Loss per share for the year ended December 31, 2021 is Rs. 0.040. As explained above, SCL is under the process of sale.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

Board of Directors

The activities of the Board are based on the requirements and duties laid down under relevant laws and Memorandum and Articles of Association of the Company. This compliance assists the Board in safeguarding the interests of all the stakeholders. The Board of Directors provides oversight in the governance, management and control of the Company and help in setting the goals, objectives and strategies of the Company and to formulating the policies and guidelines towards achieving such goals and objectives.

A	Male:	5
B	Female:	2

The composition of board is as follows:

A	Independent Director	2
B	Other Non-executive Director	5

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

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

- The financial statements of the Company, prepared by the management of the Company, present its state of affairs fairly, including the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, and subject to waivers from the competent authority, have been followed in preparation of financial statements and, any departures therefrom (if any) have been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon Company's ability to continue as a going concern.
- All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. The directors were apprised of their duties and responsibilities through orientation courses.
- During the year, three directors have received shares of the Company on the distribution of dividend in kind by Saif Holding Limited in the Company shares to its shareholders. There has been no trading of shares by CEO, CFO, Company Secretary and their spouses. Shareholding of directors is annexed to this report.
- Information about outstanding taxes and levies is given in the notes to the financial statements.

REPORT OF THE BOARD OF DIRECTORS TO SHAREHOLDERS

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

Name of Directors	Status	Meetings attended
Mrs. Hoor Yousafzai-Chairperson	Elected	04/05
Mr. Javed Saifullah Khan	Elected	04/05
Mr. Osman Saifullah Khan	Elected	03/05
Mr. Assad Saifullah Khan	Elected	05/05
Mr. Rana Muhammad Shafi	Elected	05/05
Mr. Naved Abid Khan	Elected	03/05
Miss. Saima Akbar Khattak	Elected	04/05

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

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

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

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

Name of Directors	Status	Meetings attended
Mr. Naved Abid Khan	Chairman	00/01
Mrs. Hoor Yousafzai	Member	01/01
Mr. Assad Saifullah Khan	Member	01/01

DIRECTORS' TRAINING

The Company is compliant with the requirement of director training program provided in these Regulations. The Company has also arranged a Directors' Orientation Session during the year.

EVALUATION OF THE BOARD'S PERFORMANCE

The Company's Board of Directors undergoes a self-evaluation exercise against a set of parameters. This evaluation is performed primarily to assist the Board in evaluating its quality of governance as it enables the Board members to perform their roles and responsibilities more effectively towards progress of your Company.

The result of the Board's self-assessment of its overall performance was satisfactory against the set criteria.

DIRECTORS' REMUNERATION

Non-Executive directors and Independent director are entitled for fixed fee for attending the meeting of the Board and its committee, as determined by the Board from time to time. All directors of the Company are Non-Executive directors.

Remuneration paid to directors and Chief Executive has been disclosed in note no. 29 of the Financial Statements.

CHAIRPERSON'S REVIEW

The accompanied Chairperson's review deals with overall performance of the board and effectiveness of the role played by the board in achieving the Company's objectives. The directors endorse the contents of the Review.

RELATED PARTY TRANSACTIONS

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

PATTERN OF SHAREHOLDING

The statement of pattern of shareholding as on December 31, 2021 is enclosed with the report.

SUBSEQUENT EVENT

The Board of directors of the Company, in its Board meeting held on January 24, 2022 has approved an interim cash dividend of Rs.5 per share and in the board meeting held on March 29, 2022 has approved final cash dividend of Rs.1 (2020: Rs. 2.5) per share.

AUDITORS

The Board of Directors has recommended the appointment M/s Grant Thornton Anjum Rahman (GTAR) Chartered Accountants, Islamabad, as auditors of the Company for the next term. The present auditors shall stand retired on the conclusion of AGM.

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

SAIF CEMENT LIMITED

PRINCIPAL ACTIVITY

The principal activity of Saif Cement Limited (SCL) after Commercial Operation Date will be production and sale of Cement.

FINANCIAL PERFORMANCE AND FUTURE OUTLOOK

As explained above, SCL is in the process of being sold. Loss for the year amounting to Rs. 3,319,716 (2020: Rs. 3,852,780), represents administrative expenses only. Loss per share reported during the year was Rs. 0.040 (2020: Rs. 0.047). SCL has never defaulted on any payment.

REPORT OF THE BOARD OF DIRECTORS TO SHAREHOLDERS

BOARD OF DIRECTORS

The Board comprise of the following directors who were directors during the year:

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

PRINCIPAL RISKS AND UNCERTAINTIES

During the year, the Board of Directors of the Company approved the proposal, for sale of land and other assets, of SCL. The same was approved by the shareholders of the Company in the Extra Ordinary General Meeting held on June 26, 2021. As of today, the SCL is in the process of being sold.

ACKNOWLEDGEMENT

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

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

For and on behalf of the Board

Sohail H. Hydari
Chief Executive Officer

Hoor Yousafzai
Director

Islamabad: March 29, 2022

سال کے دوران، کمپنی کے بورڈ آف ڈائریکٹرز نے SCL کی زمین اور دیگر اثاثوں کی فروخت کی تجویز کو منظوری دی۔ 26 جون 2021 کو ہونے والی ایکسٹرا آرڈینری جنرل میٹنگ میں کمپنی کے شیئر ہولڈرز نے اس کی منظوری دی تھی۔ آج تک، SCL فروخت ہونے کے عمل میں ہے۔

اعتراف:

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

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

بورڈ سبکدوش ہونے والے ڈائریکٹر کی طرف سے دی گئی انمول شراکت کے لیے اپنی تعریف ریکارڈ کرنا چاہے گا۔

بورڈ آف ڈائریکٹرز کی جگہ اور بورڈ کی نیابت سے:

سہیل ایچ. حیدری
چیف ایگزیکٹو آفیسر

حوریوسف زئی
ڈائریکٹر

اسلام آباد: 29 مارچ 2022ء

سیف سیمنٹ لمیٹڈ

بنیادی سرگرمی:

کمرشل آپریشن کی تاریخ کے بعد سیف سیمنٹ لمیٹڈ (SCL) کی اصل سرگرمی سیمنٹ کی پیداوار اور فروخت ہوگی۔

مالی کارکردگی اور مستقبل کے امکانات:

جیسا کہ اوپر بیان کیا گیا ہے، SCL فروخت ہونے کے عمل میں ہے۔ اس سال کا نقصان 3,319,716 (2020: 3,852,780 روپے) رہا، اور یہ صرف انتظامی اخراجات کی نمائندگی کرتا ہے۔ سال کے دوران فی حصص خسارہ 0.040 (2020: 0.047 روپے) روپے تھا۔ SCL نے کبھی بھی کسی ادائیگی میں ڈیفالٹ نہیں کیا۔

بورڈ آف ڈائریکٹرز:

بورڈ مندرجہ ذیل ڈائریکٹرز پر مشتمل ہے جو سال کے دوران ڈائریکٹر تھے:

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

متعلقہ پارٹی کا لین دین

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

شیئر ہولڈنگ پیٹرن:

31 دسمبر 2021 تک شیئر ہولڈنگ کے پیٹرن کا بیان رپورٹ کے ساتھ منسلک ہے۔

اس کے بعد کا واقعہ

کمپنی کے بورڈ آف ڈائریکٹرز نے 24 جنوری 2022 کو ہونے والی اپنی بورڈ میٹنگ میں 5 روپے فی حصص کے عبوری کیش ڈیویڈنڈ کی منظوری دی ہے اور 29 مارچ 2022 کو ہونے والی بورڈ میٹنگ میں فی شیئر 1 روپے (2020: 2.5 روپے) کے فائنل کیش ڈیویڈنڈ کی منظوری دی ہے۔

آڈیٹرز:

بورڈ آف ڈائریکٹرز نے میسرز گرانٹ تھورنٹن انجم رحمان (GTAR) چارٹرڈ اکاؤنٹنٹس، اسلام آباد کو اگلی مدت کے لیے کمپنی کے آڈیٹر کے طور پر تقرری کی سفارش کی ہے۔ موجودہ آڈیٹرز AGM کے اختتام پر ریٹائر ہو جائیں گے۔

سال کے دوران، ایک HR اور معاوضہ کمیٹی کا انعقاد کیا گیا، حاضری کی پوزیشن حسب ذیل رہی ۔

ڈائریکٹر کا نام	سٹیٹس	شرکت کردہ اجلاس کی تعداد
محترم نوید عابد خان	چیئرمین	00/01
محترمہ حور یوسف زئی	ممبر	01/01
محترم اسد سیف اللہ خان	ممبر	01/01

ڈائریکٹرز کی ٹریننگ:

کمپنی ان ضوابط میں فراہم کردہ ڈائریکٹر ٹریننگ پروگرام کی ضرورت کی تعمیل کرتی ہے۔ کمپنی نے سال کے دوران ڈائریکٹرز کے اورینٹیشن سیشن کا بھی اہتمام کیا ہے۔

بورڈ کی کارکردگی کا اندازہ:

کمپنی کا بورڈ آف ڈائریکٹر بنیادی اصولوں کے مطابق خود تشخیصی مشق سے گزرتا ہے۔ یہ تشخیص بنیادی طور پر بورڈ کو اس کے حکمرانی کے معیار کا جائزہ لینے میں مدد کرنے کے لیے کیا جاتا ہے کیونکہ یہ بورڈ کے اراکین کو آپ کی کمپنی کی ترقی کے لیے اپنے کردار اور ذمہ داریوں کو زیادہ مؤثر طریقے سے انجام دینے کے قابل بناتا ہے۔

بورڈ کی اپنی مجموعی کارکردگی کے خود جائزہ کا نتیجہ مقررہ معیار کے مطابق تسلی بخش تھا۔

ڈائریکٹرز کے لیے معاوضہ:

نان ایگزیکٹیو ڈائریکٹرز اور انڈیپنڈنٹ ڈائریکٹر بورڈ اور اس کی کمیٹی کے اجلاس میں شرکت کے لیے مقررہ فیس کے حقدار ہیں، جیسا کہ بورڈ وقتاً فوقتاً طے کرتا ہے۔ کمپنی کے تمام ڈائریکٹرز نان ایگزیکٹیو ڈائریکٹرز ہیں۔

ڈائریکٹرز اور چیف ایگزیکٹو کو ادا کیے گئے معاوضے کا انکشاف مالیاتی بیانات کے نوٹ نمبر 29 میں کیا گیا ہے۔

چیئرپرسن کا جائزہ:

ہمراہ چیئرپرسن کا جائزہ بورڈ کی مجموعی کارکردگی اور کمپنی کے مقاصد کے حصول میں بورڈ کے فعال کردار کے متعلق ہے ڈائریکٹرز جائزہ کے مندرجات کی توثیق کرتے ہیں۔

- سال کے دوران، سیف ہولڈنگ لمیٹڈ کی طرف سے کمپنی کے حصص میں اس کے حصص یافتگان میں ڈیویڈنڈ کی تقسیم پر تین ڈائریکٹرز نے کمپنی کے حصص حاصل کیے ہیں۔ سی ای او، سی ایف او، کمپنی سکریٹری اور ان کی شریک حیات کی طرف سے حصص کی کوئی تجارت نہیں ہوئی ہے۔ ڈائریکٹرز کی شیئر ہولڈنگ اس رپورٹ کے ساتھ منسلک ہے۔
- مالی بیانات کو دی گئی ہدایات میں بقایا ٹیکسوں اور محصولات کے بارے میں معلومات دی گئی ہیں۔

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

ڈائریکٹر کا نام	سٹیٹس	شرکت کردہ اجلاس کی تعداد
محترمہ حور یوسف زئی چیئرپرسن	منتخب	04/05
محترم جاوید سیف اللہ خان	منتخب	04/05
محترم عثمان سیف اللہ خان	منتخب	03/05
محترم اسد سیف اللہ خان	منتخب	05/05
محترم رانا محمد شفیع	منتخب	05/05
محترم نوید عابد خان	منتخب	03/05
محترمہ صائمہ اکبر خٹک	منتخب	04/05

غیر حاضری کی چھٹی ان ڈائریکٹر (ز) کو دی گئی جو کسی میٹنگ میں شرکت نہیں کر سکے۔ ڈائریکٹرز کی موجودہ مدت اکتوبر 2023 میں مکمل ہو جائے گی جب شیئر ہولڈرز کی جنرل میٹنگ کے ذریعے ڈائریکٹرز کی تقرری کے لیے نئے انتخابات کرائے جائیں گے۔

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

ڈائریکٹر کا نام	سٹیٹس	شرکت کردہ اجلاس کی تعداد
محترم نوید عابد خان	چیئرمین	03/04
محترم عثمان سیف اللہ خان	ممبر	03/04
محترم رانا محمد شفیع	ممبر	04/04

بورڈ کی تشکیل مندرجہ ذیل ہے:

اے	آزاد ڈائریکٹر	2
بی	دیگر غیر ایگزیکٹو ڈائریکٹر	5

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

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

- کمپنی انتظامیہ کی طرف سے تیار کردہ کمپنی کے مالی بیانات کمپنی کے کاموں کی حالت کو منصفانہ طور پر پیش کرتے ہیں جس میں اس کے آپریشنز، نقد رقم کے بہاؤ اور ایکوئٹی میں تبدیلیوں کے نتائج شامل ہیں۔
- کمپنی کے اکاؤنٹ کی مناسب کتابوں کو برقرار رکھا جا چکا ہے۔
- ان مالی بیانات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو مسلسل لاگو کر دیا گیا ہے اور اکاؤنٹنگ اندازہ جات کی بنیاد معقول اور منصفانہ فیصلہ پر رکھی گئی ہے۔
- مالی بیانات کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRS)، جیسا کہ پاکستان میں قابل اطلاق ہیں اور مجاز اتھارٹی سے چھوٹ کے تابع ہیں، کی پیروی کی گئی ہے اور، ان سے الگ ہونے کی صورت (اگر ایسی صورت ہے تو) میں مناسب طور پر اس کا انکشاف اور وضاحت کی گئی ہے۔
- داخلی کنٹرول کا نظام ڈیزائن میں مستحکم ہے، اسے مؤثر طریقے سے لاگو کیا گیا ہے اور اس کی اچھے سے نگرانی کی گئی ہے۔
- جاریہ تشویش (going concern) کے طور پر جاری رکھنے کے لئے کمپنی کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- بورڈ کے تمام ڈائریکٹرز، کارپوریٹ باڈیز کے ڈائریکٹرز کے طور پر اپنے فرائض اور ذمہ داریوں سے مکمل طور پر واقف ہیں۔ ڈائریکٹرز کو واقفیتی کورسز کے ذریعے ان کے فرائض اور ذمہ داریوں کے بارے میں آگاہ کیا گیا تھا۔

سال کے دوران، کمپنی کے بورڈ آف ڈائریکٹرز نے SCL کی زمین اور دیگر اثاثوں کی فروخت کی تجویز کو منظوری دی۔ 26 جون 2021 کو ہونے والی ایکسٹرا آرڈینری جنرل میٹنگ میں کمپنی کے شیئر ہولڈرز نے اسی کی منظوری دی تھی۔ SCL ابھی فروخت ہونے کے عمل میں ہے۔

کمپنیوں کے ضابطہ (2) 4 کے تحت معلومات (ایسوسی ایٹڈ کمپنیوں میں سرمایہ کاری یا ایسوسی ایٹڈ انڈرٹیکنگ) ریگولیشنز 2017:

کمپنی نے اب تک ممبران کی منظوری کی تاریخ سے گزشتہ چار سالوں کے دوران مجوزہ 20 ملین امریکی ڈالر میں سے 5.7 ملین امریکی ڈالر کے مساوی سرمایہ کاری کی ہے۔
31 دسمبر 2021 کو ختم ہونے والے سال کے لیے فی شیئر نقصان 0.040 روپے ہے۔ جیسا کہ اوپر بیان کیا گیا ہے، SCL فروخت ہونے کے عمل میں ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک:

بورڈ آف ڈائریکٹرز

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

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

اے	مرد حضرات	5
بی	خواتین	2

داخلی مالیاتی کنٹرول کا مناسب معیار:

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

داخلی آڈٹ اور کنٹرول:

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

ڈیویڈنڈ (تقسیم شدہ منافع):

بورڈ نے 31 دسمبر 2021 کو ختم ہونے والے سال کے لیے حصص یافتگان کو 70 فیصد (7.00 روپے فی شیئر) کے عبوری منافع کے علاوہ آئندہ سالانہ جنرل میٹنگ میں منظوری کے لیے 10 فیصد (1 روپے فی شیئر) کے حتمی منافع کی سفارش کی ہے۔ جو پچھلے سال کے 35 فیصد (روپے 3.5 فی حصص) کے مقابلے میں 80 فیصد (روپے 8.00 فی شیئر) کا کل ڈیویڈنڈ بنتا ہے۔ چونکہ ماسٹر ایگریمنٹ کے تحت CPPA/GOP کی طرف سے پہلی ادائیگی کی پوری رقم دراصل روکے ہوئے منافع کی رقم تھی، اس لیے کمپنی نے سال کے لیے حتمی ڈیویڈنڈ سمیت ایک اضافی عبوری ڈیویڈنڈ کا اعلان کیا ہے۔

جب تک کوئی ہنگامی صورت حال نہ ہو، آپ کی کمپنی کا بورڈ آف ڈائریکٹرز کمپنی کے اندر دستیاب تمام اضافی نقد رقم ادا کرنے کی پالیسی کو جاری رکھے گا۔

ذیلی کاروبار میں سرمایہ کاری:

یہ سیف سیمنٹ لمیٹڈ ("SCL") میں ایکویٹی سرمایہ کاری کی نمائندگی کرتا ہے۔ کمپنی نے سال کے دوران 10 روپے والے 4,404,410 روپے کی مکمل طور پر ادا شدہ عام حصص حاصل کیے۔ 31 دسمبر 2021 تک SCL کے جاری کردہ حصص کیپٹل کا 96.39 فیصد ہے۔

بجلی خریدار کی طرف سے وصولی:

سال کے اختتام کے بعد، CPPA-G کی طرف سے 06 جنوری 2022 کو 40 فیصد کی پہلی قسط ادا کر دی گئی ہے، جس سے کمپنی کی لیکویڈیٹی پوزیشن میں بہتری آئی ہے اور وصولیوں میں بھی کمی آئی ہے۔ ماسٹر ایگریمنٹ کے مطابق 60 فیصد پہلی قسط کی ادائیگی کی تاریخ کے چھ ماہ کے اندر ادا کی جائے گی۔

کریڈٹ ریٹنگ:

کمپنی کے لیے PACRA کی ریٹنگ طویل مدت میں 'A+' اور مختصر مدت میں 'A1' ہے جبکہ 'آؤٹ لک' کو 'مستحکم' کے طور پر متعین کیا گیا ہے، جو کریڈٹ رسک کی کم توقع کو ظاہر کرتا ہے اور مالی ذمہ داریوں کی بروقت ادائیگی کے لیے مناسب صلاحیت کی نشاندہی کرتا ہے۔ سال کے اختتام کے بعد، PACRA نے طویل مدتی کے لیے کمپنی کی کریڈٹ ریٹنگ کو 'AA-' بہتر کر دیا ہے۔

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

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

ماحول پر کمپنی کے کاروبار کا اثر:

آپ کی کمپنی پلانٹ کے ہر قسم کے اخراج پر سخت کنٹرول رکھتی ہے اور اس بات کو یقینی بناتی ہے کہ کسی بھی حالت میں اخراج کی مقدار "انوائرمینٹل پروٹیکشن ایجنسی (EPA)" کی ہدایات میں دی گئی حد سے تجاوز نہ کرے۔

بنیادی خطرات اور غیر یقینی صورتحال:

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

زیر التواء مسائل:

سوئی ناردرن گیس پائپ لائنز لمیٹڈ (SNGPL) کے خلاف مقدمہ میں، کمپنی کے حق میں 270.66 ملین روپے (جس میں 239.68 ملین روپے کی متنازع رقم اور 30.98 ملین روپے کے متعلقہ اخراجات شامل ہیں) کے ثالثی ایوارڈ کے بعد، کمپنی نے ثالثی ایوارڈ کے عوض قابل نفاذ حکم نامہ کے حصول کے لئے سول کورٹ لاہور میں ایک درخواست بھی درج کی ہے۔ SNGPL نے اس ایوارڈ کو سول کورٹ اور لاہور ہائی کورٹ دونوں میں چیلنج کیا۔ لاہور ہائی کورٹ نے SNGPL کی جانب سے دائر درخواست کو مسترد کر دیا۔ سپریم کورٹ آف پاکستان نے بھی اس اپیل کو خارج (اس نتیجے پر پہنچنا کہ دونوں پارٹیوں نے اس کیس میں جو پیسے خرچ کیے ہیں وہ دونوں کو خود برداشت کرنے پڑیں گے) کر دیا ہے۔ کمپنی نے سوئی ناردرن گیس پائپ لائن کو قابل ادا رقوم کے معاملے میں یہ رقم پہلے ہی ایڈجسٹ کر دی ہے۔

سال 2019ء کے دوران، SNGPL نے ایڈجسٹ کی گئی رقوم کی بازیابی کے لیے ڈسٹرکٹ جج لاہور (گیس یوٹیلیٹی کورٹ کے اختیارات کے ساتھ سرمایہ کاری) کے سامنے مقدمہ دائر کیا، جس میں اس طرح کی ایڈجسٹمنٹ کی تاریخ سے 136.14 ملین روپے کی مارک اپ کی رقم کا دعویٰ بھی شامل ہے، اور اس نے لندن عدالت برائے بین الاقوامی ثالثی (LCIA) کے سامنے ثالثی کی درخواست بھی دائر کی ہے۔ LCIA کو درخواست جمع کروانے میں SNGPL نے اس طرح کی ایڈجسٹمنٹ کی تاریخ سے 236.47 ملین روپے کی مارک اپ کی رقم کا دعویٰ کیا ہے۔ کمپنی کا مؤقف ہے کہ SNGPL کو کوئی رقم قابل ادائیگی نہیں ہے اور کسی بھی صورت میں، LCIA ثالثی اس مقدمے کا فیصلہ کرنے کا واحد قابل فورم ہے۔ ثالث کا تقرر LCIA نے 2020 میں کیا تھا۔ سماعت اکتوبر 2021 میں ہوئی اور ایوارڈ کا انتظار ہے۔

پاور خریدار کے خلاف مقدمہ میں، ثالثی نے کمپنی کے حق میں متعلقہ اخراجات کے ساتھ ساتھ 477.56 ملین روپے ایوارڈ کیے ہیں۔ کمپنی نے اس کے نفاذ کے لئے لاہور ہائی کورٹ میں درخواست دی ہے۔ پاور خریدار نے جزوی ایوارڈ اور فائنل ایوارڈ کو سول کورٹ لاہور میں بھی چیلنج کیا ہے، جس کا فیصلہ زیر سماعت ہے۔ سال کے دوران، جیسا کہ مالیاتی بیانات کے نوٹ 16.4 میں تفصیل سے بتایا گیا ہے، دونوں فریقوں نے اس معاملے کو خوش اسلوبی سے حل کر لیا ہے۔

مالیاتی کارکردگی

غیر متقابل

آپ کی کمپنی نے 1,747 ملین روپے کا خالص منافع کمایا ہے، جس کے نتیجے میں فی شیئر کمائی (EPS) 4.52 روپے رہی اس کے مقابلے میں سال 2020ء میں خالص منافع 2,371 ملین روپے تھا اور فی شیئر کمائی (EPS) 6.41 روپے تھی۔

پچھلے چھ سالوں کے اہم مالیاتی اور آپریٹنگ اعداد و شمار اس طرح ہیں:

دسمبر میں ختم ہونے والے سال کے لیے	2021ء	2020ء	2019ء	2018ء	2017ء	2016ء
کاروبار	16,394	8,925	14,910	16,690	12,257	11,946
خالص منافع	1,747	*2,373	3,650	3,033	2,592	2,312
پراپرٹی، پلانٹ اور آلات	11,711	12,232	12,800	13,294	13,688	14,213
طویل مدتی ایکویٹی سرمایہ کاری	789	785	738	631	-	-
نیٹ مالیت	15,936	15,932	14,808	12,047	10,396	9,216
طویل مدتی فنانسنگ	-	-	788	2,975	4,761	6,499
مختصر مدت کے قرضوں کے حصول	7,668	6,974	5,260	5,449	1,928	1,267
فی شیئر آمدنی۔(روپوں میں)	4.52	6.14	9.44	7.85	6.71	5.98
ترسیل کا لیول۔(فیصدی میں)	41.90٪	25.80٪	40.19٪	61.92٪	32.30٪	58.79٪
دستیاب صلاحیت۔GWHs	1,785	1,786	1,782	1,784	1,786	1,675

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

مستحکم:

زیر جائزہ سال کے دوران مجموعی مستحکم خالص منافع 1,744 ملین روپے رہا جس کے نتیجے میں فی شیئر آمدن 4.51 روپے رہی (جب کہ سال 2020ء میں یہی خالص منافع 2,368 ملین روپے تھا اور فی شیئر آمدن 6.12 روپے تھی)۔

ایکویٹی میں تبدیلیوں کے استحکام کے بیان میں، ریزرو میں نقل و حرکت اور تخصیصات کا انکشاف کیا گیا ہے۔

شیئر ہولڈرز کو بورڈ آف ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کو سیف پاور لمیٹڈ ("کمپنی") کی 31 دسمبر 2021 کو ختم ہونے والے سال کے لیے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ سالانہ رپورٹ پیش کرنے پر خوشی ہے۔

بنیادی سرگرمی

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

کمپنی "پاکستان اسٹاک ایکسچینج لمیٹڈ" میں درج ہے۔

کارکردگی:

کمپنی بہترین اعتبار، دستیابی اور آپریشنل کارکردگی کو یقینی بنانے کے لیے بہترین طریقوں پر عمل پیرا ہے۔ سال کے دوران، 2020 میں 98.45 فیصد کے مقابلے میں قابل اعتماد عنصر 99.20 فیصد تھا اور 2020 میں 93.60 فیصد کے مقابلے میں دستیابی کا عنصر 94.85 فیصد تھا۔

مواد کی معلومات / مجموعی صورتحال:

سال کے دوران، CPPA-G اور پرائیویٹ پاور انفراسٹرکچر بورڈ (PPIB) کے ساتھ درج ذیل معاہدوں پر دستخط کیے گئے ہیں:

- عمل درآمد کے معاہدے میں ترمیم کا معاہدہ
- گارنٹی میں ترمیم کا معاہدہ
- پی پی اے نوویشن معاہدہ (ایسا معاہدہ جس میں ایک فریق کی ذمہ داریوں کو کسی تیسرے فریق میں منتقل کیا جاتا ہے)
- ماسٹر معاہدہ
- پی پی اے ترمیم

حصص یافتگان کے جائزے کے لیے تفصیلات مالی بیانات میں نوٹ 16 میں مناسب طریقے سے جمع کرائی گئی۔

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

Saif 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 seven as per the following:

a	Male:	5
b	Female:	2

2. The composition of board is as follows:

Independent directors*	Mr. Naved Abid Khan Miss. Saima Akbar Khattak
Non-executive directors	Mrs. Hoor Yousafzai Mr. Javed Saifullah Khan Mr. Osman Saifullah Khan Mr. Assad Saifullah Khan Mr. Rana Muhammad Shafi

* *Fractional requirement for independent directors has not been rounded up to one as fraction below 0.5 has been considered as zero. Furthermore, both the independent directors have requisite competencies, skill, knowledge and experience to discharge their duties competently as per laws and regulations; therefore does not warrant the appointment of third independent director. Chief Executive Officer being deemed director is not included in above calculation.*

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;

4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;

7. The meetings of the Board were presided over by the Chairperson and, in her absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

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

   Since five directors had attended training program in preceding years, and two directors; Mr. Javed Saifullah Khan and Mr. Osman Saifullah Khan meet the exemption criteria of minimum of 14 years of education and 15 year of experience on the Board of listed companies, hence are exempt from Directors' training program, the Company did not arrange any training program during the year;

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

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

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

a) Audit Committee (Name of members and Chairman)

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

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

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

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

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

a) Audit Committee -Quarterly
b) HR and Remuneration Committee -On required basis

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

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

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

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

Sohail H. Hydari
Chief Executive Officer

Hoor Yousafzai
Chairperson

Islamabad
March 29, 2022

INDEPENDENT AUDITORS' REVIEW REPORT
To the members of Saif Power Limited

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

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

KPMG Taseer Hadi & Co

KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad
06 April 2022
UDIN: CR202110202VNA9TkSGr

INDEPENDENT AUDITORS' REPORT
To the Members of Saif Power Limited
Report on the audit of the Financial Statements

Opinion

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

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

Key Audit Matters

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

Following are the Key audit matters.

Sr No.	Key audit matters	How the matter was addressed in our audit
1.	**Settlement of trade debts and changes in contractual rights and obligations of the Company** *(Refer to note 2.4 (c), 2.5.1,16.1, 16.2, 16.3, 16.4, 16.5 and 16.6 to the financial statements)* Trade debts include an overdue amount of Rs 11.78 billion (2020: Rs. 9.59 billion) receivable from Central Power Purchasing Agency – Guarantee (CPPA-G). The Company considers this amount to be fully recoverable as it is secured by way of guarantee issued by the Government of Pakistan (GoP) under the Implementation Agreement (IA). Further, the Company has adjusted certain trade debts against payables.	Our audit procedures in relation to the matter, amongst others, included: • Obtained the Master Agreement and the PPA Amendment Agreement (the agreements) and inspected the terms of the agreements and approval of CPPA-G and the Company; • Assessed impact prepared by the Company with respect to the PPA Amendment and the Master Agreement; • Discussed with the Company, the impact of the amendments on the Company and inspected minutes of meetings of the Board of Directors and Audit Committee of the Board;

Following are the Key audit matters:

Sr No.	Key audit matters	How the matter was addressed in our audit
	Furthermore, during the year, the Company entered into a "Master Agreement" and "the PPA Amendment Agreement" ("Agreements") on February 11, 2021. Under these agreements, the Company and CPPA-G have agreed on settlement mechanism of outstanding receivables as on November 30, 2020 amounting to Rs. 9.507 billion in two installments, post receipt of the first installment the Company has agreed to discount in ROE and ROEDC tariff components subject to fulfilment of certain terms and conditions mentioned in the agreements. We considered this as key audit matter due to significance of the amounts involved and related management's judgements.	• Assessed financial impact, if any, of the agreements on the amounts included in the financial statements; • Traced receipts subsequent to the year end of the first tranche of the settlement of outstanding receivables; • Obtained direct confirmations from CPPA-G and tested reconciliations where differences were identified; • Inspected the agreements and assessed whether trade debts are secured against guarantee from the Government of Pakistan and whether any impairment is required to be recognized in accordance with accounting and reporting standards as applicable in Pakistan; • With respect to disputed trade debt in note 16.5, (a) Obtained confirmation from the Company's external legal advisor and reviewed the related arbitration orders; (b) Evaluated ability, competence and independence of the external legal advisors used by the Company; (c) Assessed the matter under applicable accounting framework; • With respect to trade debts in note 16.6, (a) Obtained and assessed the advice of legal counsel on the matter and (b) Assessed the matter under applicable accounting framework; and • Assessed the appropriateness of disclosures made in the financial statements.

2.	**Recognition of revenue** *(Refer to note 3.16 and 22 to the financial statements)* The Company is engaged in sale of electricity to Central Power Purchasing Agency - Guarantee (CPPA-G). The Company recognized gross revenue during the year amounting to Rs. 18.440 billion. We considered this as key audit matter due to the significance of the amounts requiring significant time and resource to audit due to magnitude, inherent risk of material misstatement and revenue being a key economic indicator of the Company.	Our audit procedures in relation to the matter, amongst others, included: • Tested the design and implementation of the relevant key internal controls over revenue recognition; • Assessed whether appropriate revenue recognition policies are applied in accordance with applicable accounting and reporting framework; • Inspected Power Purchase Agreement (PPA) to evaluate whether revenue was recognized in accordance with the terms of the PPA and the requirements of applicable accounting and reporting standards ; • Performed test of details including recalculation of sale transactions by inspecting invoices, tariff notifications, meter readings and acknowledgments; and • Assessed the appropriateness of the relevant disclosures made in the financial statements.

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

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

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 31 December 2021 but does not include the financial statements and consolidated financial statements and our auditors' report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad
06 April 2022
UDIN: AR202110202dYgVjhZIv

STATEMENT OF FINANCIAL POSITION

As at December 31, 2021

	Note	2021	2020
		Rupees	
Share capital and reserves			
Share capital	4	3,864,717,790	3,864,717,790
Unappropriated profit - revenue reserve		12,071,615,237	12,067,738,798
Total equity		15,936,333,027	15,932,456,588
Liabilities			
Subordinated loan	5	409,178,872	554,615,715
Lease liabilities	6	32,492,979	42,511,916
Non-current liabilities		441,671,851	597,127,631
Trade and other payables	7	1,774,898,581	851,121,908
Short term borrowings	8	7,667,592,574	6,973,705,255
Current portion of non-current liabilities	9	475,068,256	430,320,820
Markup accrued	10	700,002,820	621,543,627
Unclaimed dividend		15,916,869	12,942,851
Current liabilities		10,633,479,100	8,889,634,461
Total liabilities		11,075,150,951	9,486,762,092
Total equity and liabilities		27,011,483,978	25,419,218,680
Contingencies and commitments	11		
Assets			
Property, plant and equipment	12	11,710,519,365	12,232,028,625
Right of use assets	13	45,196,074	54,863,722
Investment in subsidiary	14	-	784,774,230
Long term deposits		3,103,150	2,904,800
Non-current assets		11,758,818,589	13,074,571,377
Stock in trade - HSD		246,092,789	169,300,404
Trade debts	16	12,656,194,470	11,363,291,153
Other receivables	17	464,512,853	614,823,548
Advances	18	4,964,356	105,740,465
Advance income tax		7,301,105	6,305,746
Trade deposits and short term prepayments	19	67,370,128	71,688,212
Short term investments	20	1,015,664,064	-
Bank balances	21	1,386,984	13,497,775
		14,463,486,749	12,344,647,303
Assets classified as held for sale	15	789,178,640	-
Current assets		15,252,665,389	12,344,647,303
Total assets		27,011,483,978	25,419,218,680

The annexed notes 1 to 38 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Director

STATEMENT OF PROFIT OR LOSS
For the year ended December 31, 2021

	Note	2021	2020
		Rupees	
Turnover - net	22	**16,394,334,530**	8,925,175,185
Cost of sales	23	**(13,654,893,375)**	(5,595,213,831)
Gross profit		**2,739,441,155**	3,329,961,354
Other income	24	**3,069,400**	1,518,154
Administrative expenses	25	**(164,728,563)**	(161,294,677)
Finance cost	26	**(830,839,645)**	(798,683,562)
Profit for the year		**1,746,942,347**	2,371,501,269
Earnings per share - basic and diluted	27	**4.52**	6.14

The annexed notes 1 to 38 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Director

STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2021

	Note	2021	2020
		Rupees	
Profit for the year		**1,746,942,347**	2,371,501,269
Other comprehensive income for the year			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit liability	7.2.1 & 7.2.2	**(3,942,902)**	8,985,460
Total comprehensive income for the year		**1,742,999,445**	2,380,486,729

The annexed notes 1 to 38 form an integral part of these financial statements.

Chief Financial Officer	Chief Executive Officer	Director

STATEMENT OF CASH FLOWS
For the year ended December 31, 2021

	Note	2021	2020
		Rupees	
Cash flows from operating activities			
Profit for the year		1,746,942,347	2,371,501,269
Adjustments for non-cash income and expenses:			
Provision for staff retirement benefits - gratuity	7.2.2	8,711,844	9,378,998
Depreciation - Property, plant and equipment	12.1	608,162,552	609,734,660
Depreciation - Right of use assets	13	15,376,746	12,866,569
Finance cost	26	830,839,645	798,683,562
Gain on disposal of property, plant and equipment	24	(141,147)	(1,083,579)
Insurance claim	24	(1,404,391)	(94,500)
Profit on deposit accounts	24	(803,089)	(76,175)
Return on investments	24	(426,013)	-
		3,207,258,494	3,800,910,804
Changes in working capital:			
Stock in trade		(76,792,385)	(36,264,550)
Trade debts		(1,292,903,317)	(1,712,638,373)
Other receivable		150,310,695	549,615,906
Advances		100,776,109	(7,516,226)
Trade deposits and prepayments		4,318,084	(8,682,856)
Trade and other payables		911,515,468	(1,166,697,764)
Cash generated from operations		3,004,483,148	1,418,726,941
Income taxes (paid)/ refunded		(995,359)	8,297,054
Finance cost paid		(752,380,452)	(872,800,520)
Staff retirement benefits paid	7.2.2	(393,541)	(9,275,095)
Net cash from operating activities		2,250,713,796	544,948,380
Cash flows from investing activities			
Acquisition of property, plant and equipment	12	(734,653)	(701,057)
Acquisition of right of use assets		(608,855)	(966,552)
Change in long term deposits		(3,199,810)	1,467,860
Proceeds from sale of property, plant and equipment		362,242	2,556,950
Investment in subsidiary		(4,404,410)	(46,370,040)
Insurance claim received		1,724,592	94,500
Profit on deposit accounts	24	803,089	76,175
Return on investments - receipt	24	426,013	-
Net cash used in investing activities		(5,631,792)	(43,842,164)
Cash flows from financing activities			
Repayment of long term financing		(184,507,187)	(932,035,126)
Dividend paid		(1,736,148,988)	(1,258,550,768)
Short term borrowings - net		693,887,319	1,713,321,938
Lease liabilities paid		(14,759,875)	(11,015,559)
Net cash used in financing activities		(1,241,528,731)	(488,279,515)
Net increase in cash and cash equivalents		1,003,553,273	12,826,701
Cash and cash equivalents at beginning of the year		13,497,775	671,074
Cash and cash equivalents at end of the year	33	1,017,051,048	13,497,775

The annexed notes 1 to 38 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Director

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2021

	Share capital	Unappropriated profit - revenue reserve	Total equity
	Rupees		
Balance as at January 1, 2020	3,864,717,790	10,943,280,351	14,807,998,141
Profit for the year	-	2,371,501,269	2,371,501,269
Other comprehensive loss for the year	-	8,985,460	8,985,460
Total comprehensive income for the year	-	2,380,486,729	2,380,486,729
Transaction with owners of the Company			
Distributions			
Final dividend - 2019@ Rs. 2 per share	-	(772,938,558)	(772,938,558)
First interim dividend - 2020 @ Rs. 1.25 per share	-	(483,089,724)	(483,089,724)
Total distributions	-	(1,256,028,282)	(1,256,028,282)
Balance as at December 31, 2020	3,864,717,790	12,067,738,798	15,932,456,588
Balance as at January 1, 2021	**3,864,717,790**	**12,067,738,798**	**15,932,456,588**
Profit for the year	**-**	**1,746,942,347**	**1,746,942,347**
Other comprehensive income for the year	**-**	**(3,942,902)**	**(3,942,902)**
Total comprehensive income for the year	**-**	**1,742,999,445**	**1,742,999,445**
Transaction with owners of the Company			
Distributions			
Final dividend 2020@ Rs. 2.50 per share	**-**	**(966,179,448)**	**(966,179,448)**
First interim dividend 2021@ Rs. 2 per share	**-**	**(772,943,558)**	**(772,943,558)**
Total distributions	**-**	**(1,739,123,006)**	**(1,739,123,006)**
Balance as at December 31, 2021	**3,864,717,790**	**12,071,615,237**	**15,936,333,027**

The annexed notes 1 to 38 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Director

1 Reporting entity

Saif Power Limited ("the Company") was incorporated in Pakistan on November 11, 2004 as a public limited company under the repealed Companies Ordinance, 1984 (which has now been replaced by the Companies Act, 2017) and commenced operations from April 30, 2010. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The principal activities of the Company are to own, operate and maintain a combined cycle power plant having nameplate capacity of 225 MW (ISO) and sell the electricity to Central Power Purchasing Agency Guarantee Limited (CPPA-G). The Company has amended its Implementation Agreement on February 11, 2021 whereby National Transmission and Despatch Company (NTDC) has been replaced with CPPA-G as Power Purchaser. During the year the Saif Holdings Limited has distributed 62,250,857 shares held in the Company, as dividend in kind to its shareholders, after which Saif Holdings Limited holds 34.94% (2020: 51.04%) shares of the Company.
Geographical locations of the Company's business units are as follows:

- The registered office of the Company is situated at 1st Floor, Kashmir Commercial Complex Fazal-e-Haq Road, Block E, Blue Area, Islamabad; and"

- Plant of the Company is situated at Chak 56/5L, Qadarabad Multan Road, District Sahiwal, Punjab, Pakistan.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

- Provisions of and directives issued under the Companies Act, 2017.
  Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement and preparation

These financial statements have been prepared under the historical cost convention except for certain items as disclosed in the relevant accounting policies in note 3.

2.3 Functional and presentation currency

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

2.4 Use of judgments and estimates

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

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

(a) Property, plant and equipment

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

(b) Measurement of the expected credit loss allowance

The measurement of the expected credit loss ("ECL") allowance for financial assets requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of counter parties defaulting and the resulting losses). Elements of the ECL models that are considered accounting judgments and estimates include:

- Development of ECL models, including the various formulas and choice of inputs;

- Determining the criteria if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;

- The segmentation of financial assets when their ECL is assessed on a collective basis;

- Determination of associations between macroeconomic scenarios and, economic inputs, and their effect on Probability of Default (PDs), Exposure At Default (EADs) and Loss Given Default (LGDs); and

- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

(c) Provision against financial assets not subject to ECL model

As referred to note 2.5.1, the Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of ECL model in respect of financial assets due directly/ ultimately from Government of Pakistan (GoP) till 30 June 2022. Accordingly, the Company reviews the recoverability of its trade debts that are due directly/ ultimately from GoP to assess whether there is any objective evidence of impairment as per requirements of IAS 39 'Financial Instruments: Recognition and Measurement' at each reporting date.

The Company's assessment of objective evidence of impairment with respect to over due amounts on account of intercorporate circular debt takes into account commitment made by the GoP, contractual rights to receive compensation for delayed payments and plans of the GoP to address the issue of inter-corporate circular debt.

(d) Taxation

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

(e) Employee benefits

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

(f) Provision for inventory obsolescence

The Company reviews the carrying amount of stores and spares and stock in trade on regular basis and provision is made for obsolescence, if there is any change in usage pattern and physical form of related stores and spares and stock in trade.

(g) Provisions and contingencies

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

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

(h) Leases

The Company exercises judgements when determining the lease term of contract with renewal and termination options. The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

(i) Other

Pursuant to decisions of the Supreme Court of Pakistan related to discretionary beneficial ownership in an overseas trusts on a prudent basis and in good faith transactions with "Orastar" have been disclosed in note 28 irrespective of the absence of significant influence and the fact that the companies are not associated under the Companies Act, 2017.

2.5 Exemptions from applicability of accounting and reporting requirements

2.5.1 IFRS 9 "Financial Instruments"

SECP through S.R.O 1177 (I)/2021 dated September 13, 2021 has notified that in respect of companies holding financial assets due from the Government of Pakistan (GoP), the requirements contained in IFRS-9 with respect to application of expected credit loss (ECL) model shall not be applicable till June 30, 2022 provided that such companies shall follow relevant requirements of IAS-39 'Financial Instruments Recognition and measurement' in respect of above referred financial assets during the exemption period. SECP has also clarified to certain companies that financial assets due from GoP include those that are directly due from GoP and that are ultimately due from GoP in consequence of circular debt. IFRS-9 introduces the ECL model, which replaces the incurred loss model of IAS-39 whereby an allowance for doubtful debt was required only in circumstances where a loss event has occurred. By contrast, the ECL model requires the Company to recognize an allowance for doubtful debt on all financial assets measured at amortised cost, irrespective of whether a loss event has occurred. In accordance with the exemption granted by SECP, ECL has not been assessed in respect of financial assets due directly/ultimately from GoP i.e. trade debts and other receivables from CPPA-G. Impact of ECL on financial assets not covered under exemption was not material and accordingly has not been included in these financial statements.

2.5.2 IFRS 16 "Leases"

Control of the Company's plant due to purchase of total output by CPPA-G and other arrangement under the Power Purchase Agreement (PPA) was classified as a lease under IFRIC 4 "Determining whether an Arrangement Contains a Lease" which due to exemption available to the Company were not accounted for as a lease in prior years. After applicability of IFRS-16, the Company's arrangement with CPPA-G falls under the definition of a lease as defined in IFRS-16, however, the SECP through S.R.O 986(1)/2019 dated September 02, 2019 has extended the earlier exemption from IFRIC-4 to all companies, which have entered into power purchase arrangements before January 01, 2019. The Company signed its PPA with CPPA-G on April 30, 2007, accordingly, requirement of lease accounting relating to the Company's arrangement with CPPA-G are not applicable to the Company. Had IFRS-16 been applied on transactions with Power Purchaser, impact of financial statements would have been as follows:

	2021	2020
	Rupees	
Decrease in unappropriated profit at January 01	**(3,708,306,689)**	(3,078,190,458)
Increase/(decrease) in profit for the year	**1,393,335,228**	(630,116,231)
Decrease in unappropriated profit at December 31	**(2,314,971,461)**	(3,708,306,689)

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

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

Owned

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

Depreciation is charged to profit or loss on straight line method at the rates given in note 12, after taking into account their respective residual values if any, so as to write off the depreciable amount over their estimated useful lives whereby depreciable amount adjusted for above exchange rate movements of an asset is written off over its remaining estimated useful life. Depreciation is charged from the month asset is available for use whereas no depreciation is charged in the month in which the asset is disposed off.

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

3.2 Staff retirement benefits - Defined benefit plan

The Company operates a funded gratuity scheme covering all permanent employees completing the minimum qualifying period of service, for which liability is recognised in the Company’s financial statements. The assets of the fund plan are held independently in a separate fund. Provision for gratuity is made to cover obligations under the scheme in accordance with actuarial recommendations. The latest actuarial valuation was carried out by the Company as at December 31, 2021. The details of actuarial valuation are given in note 7.2 to these financial statements. The actuarial gains and losses are recognised in other comprehensive income in the year in which they arise.

3.3 Taxation

(a) Current

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

(b) Deferred

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

3.4 Borrowing costs

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

3.5 Provisions

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

3.6 Stock in trade

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

3.7 Foreign currency transactions and translations

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

(i) Exchange differences related to foreign currency loans obtained for financing of the plant and machinery are capitalised and depreciated over the remaining useful life of the related assets in accordance with SRO 24(1)/2012 of SECP.

(ii) All other exchange differences are charged to profit or loss on net basis.

3.8 Financial Instruments - Initial recognition and subsequent measurement

Initial Recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortised cost as the case may be with the exception of trade debts which donot contain a significant financing component and the Company has applied the practical expedient to measure them at the transaction price plus in case of a financial asset not at FVTPL.

Classification of financial assets

The Company classifies its financial instruments in the following categories:

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

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

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

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

- at amortised cost.

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

Subsequent measurement

i) Financial assets at FVTOCI

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

ii) Financial assets and liabilities at amortised cost

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

iii) Financial assets and liabilities at FVTPL

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

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

Derecognition

i) Financial assets

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

ii) Financial liabilities

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

Offsetting of financial assets and financial liabilities

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

3.9 Impairment of financial asset

The Company recognises loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortised cost except for financial assets due directly / ultimately from GoP which includes trade debts and other receivables in respect of which applicability of ECL model is deferred by SECP as explained in note 2.5.1. For financial assets that are subject to ECL, the Company uses General 3-stage approach for deposits, other receivables, advances and bank balances i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instruments has not increased significantly since initial recognition.

The following were either determined to have low or there was no increase in credit risk since initial recognition as at the reporting date:
- Long term deposits;
- Other receivables;
- Advances to employees;
- Security deposits;
- Bank balances;and
- Short term investments

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

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

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

3.10 Finance income and finance cost

Finance income comprises profit on deposit accounts and profit on short term investment. Profit on deposit accounts is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return. Income on term deposit receipts is recognised on time proportion basis taking into account the effective yield of such securities.
Finance cost comprises interest expense on borrowings, interest on finance lease liabilities, bank charges, exchange loss - net and other charges on borrowings. Mark-up and other charges on borrowings other than expense incurred on qualifying assets are charged to profit or loss in the period in which they are incurred.

3.11 Impairment of non-financial assets

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

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

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

3.12 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprises of cash in hand and at bank and includes short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.13 Provision for Workers' Profit Participation Fund

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

3.14 Dividend

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

3.15 Operating Segment

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of

Directors that makes strategic decisions. The management has determined that the Company has a single reportable segment as the Board of Directors views the Company's operations as one reportable segment.

3.16 Revenue recognition

The Company has entered into PPA with NTDC for a period of 30 years starting from its Commercial Operation Date i.e. April 30, 2010. Under the PPA, the Company is obligated to sell and deliver all output of the Complex in accordance with provisions of PPA. The Company's arrangement with NTDC falls under the definition of lease under IFRS-16 for which exemption is available to the Company. Accordingly, revenue in respect of Capacity Purchase Price (CPP) is recognized when due at rates specified under the PPA and revised reference tariff determined by National Electric Power Regulatory Authority (NEPRA) and after incorporation of relevant applicable quarterly indexation. PPA also contains other performance obligations i.e. sale of electricity, insurance and operation & maintenance.

Revenue from sale of electricity is recognized when or as the Company satisfies performance obligation by transferring the promised good or service to a customer. A good or service is transferred when the customer obtains control of that good or service. The Company principally satisfies its performance obligation in respect of supply of electricity upon transmission of electricity and related fuel cost component of the tariff determined by National Electric Power Regulatory Authority (NEPRA) is invoiced to the customer as part of Energy Purchase Price (EPP).

Revenue associated with the operating phase of the PPA i.e. insurance and operations & maintenance of the plant is measured based on the consideration specified in contract with customer. Revenue from contract with customer is recognized when or as the Company satisfies a performance obligation by transferring a promised good or service to a customer. A good or service is transferred when the customer obtains control of that good or service. The Company principally satisfies its performance obligations of insurance, operations and maintenance over time and the amount of revenue is recognized based on the consideration specified in the PPA. Consideration for operating phase of the PPA i.e. Insurance and fixed O&M component of tariff is billed to customer as part of CPP whereas variable O&M component is billed to customer as part of EPP. The amount of revenue recognised in respect of operating phase excludes the estimates of variable consideration as it is not highly probable that a significant reversal in the amount of cumulative revenue recognised will occur in future when the uncertainty associated with the variable consideration is subsequently resolved.

3.17 Leases

Leases At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date.

Right of use asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Right of use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property, plant and equipment. In addition, right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Rates of depreciation are mentioned in note 13.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, 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 included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option,
- and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments.

3.18 Assets classified as held for sale

The Company classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for sale in its present condition and its sale must be probable. For sale to be probable, the appropriate level of management must be committed to a plan to sell the asset and an active programme to locate a buyer and complete plan must have been initiated. Assets designated as held for sale are carried at lower of carrying amount at designation and fair value less cost to sell, if fair value can reasonably be determined.

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after January 1, 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises 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.

- Annual Improvements to IFRS standards 2018-2020:

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

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

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

  - IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

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

- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3 . An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

- Classification of liabilities as current or non-current (Amendments to IAS 1) amendments apply retrospectively for the annual periods beginning on or after 1 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.

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;

- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

◆ Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023 and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

◆ Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

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

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

4 SHARE CAPITAL

	2021	2020
	Rupees	

4.1 Authorised share capital

405,000,000 (2020: 405,000,000) ordinary shares of Rs.10 each	**4,050,000,000**	4,050,000,000

4.2 Issued, subscribed and paid-up capital

386,471,779 (2020: 386,471,779) ordinary shares of Rs.10 each fully paid in cash	**3,864,717,790**	3,864,717,790

4.3 Saif Holdings Limited holds 135,021,262 i.e. 34.94% (December 31, 2020: 197,272,619 i.e. 51.04%) ordinary shares of Rs.10 each at the reporting date. Further, 25,465,350 (December 31, 2020: 12,552) and 100 (December 31, 2020: 100) ordinary shares of Rs. 10 each are held by directors and a related party respectively. Orastar Limited held 66,022,504 (December 31, 2020: 66,022,504) ordinary shares of the Company.

During the year, Saif Holdings Limited has distributed 62,250,857 shares held in the Company, as dividend in kind to its shareholders.

5 SUBORDINATED LOAN - UNSECURED

	Note	2021	2020
		Rupees	
Balance at January 01		**970,578,622**	1,071,637,650
Exchange loss capitalised	5.1	**83,433,913**	42,596,486
Repayment during the year		**(184,507,187)**	(143,655,514)
	5.2	**869,505,348**	970,578,622
Current portion of subordinated loan		**(460,326,476)**	(415,962,907)
Balance at December 31		**409,178,872**	554,615,715

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

5.2 This represents remaining balance of US $ 4,886,234 (2020: US $ 6,035,937) from the original foreign currency loan of US $ 8,946,353 obtained from Orastar Limited, incorporated under the laws of British Virgin Island (BVI). The loan is duly registered with the State Bank of Pakistan (SBP). The loan carries markup at the rate of 3 month's USD LIBOR plus 3% per annum and is payable in quarterly installments in a period of six years starting from January 1, 2019 subject to availability of surplus funds for distribution. As per loan agreement, the Company can also issue shares to Orastar Limited in lieu of repayment on mutually agreed basis.

6 LEASE LIABILITIES

	Note	2021	2020
		Rupees	
Lease liabilities		47,234,759	56,869,829
Less: Current portion		(14,741,780)	(14,357,913)
Long term portion		32,492,979	42,511,916

Movement of lease liabilities under IFRS 16 is as follows:

Balance at January 1		56,869,829	54,119,049
Addition during the year		9,584,915	13,766,339
Disposal during the year		(4,460,110)	-
Interest		4,855,432	5,281,361
Payments during the year		(19,615,307)	(16,296,920)
Balance at December 31		47,234,759	56,869,829
Current portion of lease liabilities		(14,741,780)	(14,357,913)
Non-current portion of lease liabilities		32,492,979	42,511,916

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

	Note	2021	2020
		Rupees	
Less than one year		18,745,799	21,349,702
One to two years		19,180,504	17,180,271
Two to three years		7,045,618	17,581,804
Three to four years		5,433,746	5,280,130
Four to five years		2,305,461	3,019,054
More than five years		1,845,612	2,483,034
		54,556,740	66,893,995

6 LEASE LIABILITIES

	2021	2020
	Rupees	
Lease liabilities	**47,234,759**	56,869,829
Less: Current portion	**(14,741,780)**	(14,357,913)
Long term portion	**32,492,979**	42,511,916

Movement of lease liabilities under IFRS 16 is as follows:

	2021	2020
Balance at January 1	**56,869,829**	54,119,049
Addition during the year	**9,584,915**	13,766,339
Disposal during the year	**(4,460,110)**	-
Interest	**4,855,432**	5,281,361
Payments during the year	**(19,615,307)**	(16,296,920)
Balance at December 31	**47,234,759**	56,869,829
Current portion of lease liabilities	**(14,741,780)**	(14,357,913)
Non-current portion of lease liabilities	**32,492,979**	42,511,916

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

	Note	2021	2020
		Rupees	
Less than one year		**18,745,799**	21,349,702
One to two years		**19,180,504**	17,180,271
Two to three years		**7,045,618**	17,581,804
Three to four years		**5,433,746**	5,280,130
Four to five years		**2,305,461**	3,019,054
More than five years		**1,845,612**	2,483,034
		54,556,740	66,893,995

7 TRADE AND OTHER PAYABLES

	Note	2021	2020
Creditors		**1,535,869,549**	710,174,232
Accrued liabilities		**10,143,940**	15,629,813
Withholding tax payable		**4,496,828**	3,114,273
WPPF payable	7.1	**205,922,080**	118,575,063
Payable to staff gratuity fund	7.2	**12,654,746**	393,541
Other payables		**5,811,438**	3,234,986
		1,774,898,581	851,121,908

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

		Note	2021	2020
			Rupees	
7.2	**Payable to staff gratuity fund**			
	The amount recognised in the statement of financial position is as follows:			
	Present value of defined benefit obligation	7.2.1	106,898,493	87,643,632
	Less: Fair value of plan assets	7.2.2	(94,243,747)	(87,250,091)
	Net defined benefit liability		12,654,746	393,541
7.2.1	The movement in present value of defined benefit obligation is as follows:			
	Balance at January 01		87,643,632	80,798,915
	Included in profit or loss			
	Current service cost		8,692,659	8,857,273
	Interest cost		8,531,648	9,036,719
			17,224,307	17,893,992
	Included in other comprehensive income			
	Remeasurement loss:			
	- Actuarial loss/ (gain)		2,309,658	(10,104,219)
	Others			
	Benefits paid		(279,104)	(945,056)
	Balance at December 31		106,898,493	87,643,632
7.2.2	The movement in fair value of plan assets is as follows:			
	Balance at January 01		87,250,091	71,523,817
	Included in profit or loss			
	Interest income		8,512,463	8,514,994
	Included in other comprehensive income			
	Return on plan assets excluding interest income		(1,633,244)	(1,118,759)
	Others			
	Contribution to gratuity fund		393,541	9,275,095
	Benefits paid		(279,104)	(945,056)
	Balance at December 31		94,243,747	87,250,091
	Breakup of plan assets is as follows:			
	Cash at bank		380,240	14,428
	Cash balance		1,850	1,957
	Treasury bills		78,842,013	72,208,132
	Term finance certificates		15,019,644	15,025,574
			94,243,747	87,250,091

The movement in liability recognised in the statement of financial position is as follows:

	Note	2021	2020
		Rupees	
Opening liability		**393,541**	9,275,098
Expense for the year		**8,711,844**	9,378,998
Remeasurement loss/ (gain) recognized in other comprehensive income during the year		**3,942,902**	(8,985,460)
Payments to the fund during the year		**(393,541)**	(9,275,095)
Closing liability		**12,654,746**	393,541

Allocation of gratuity expense is as follows:

	Note	2021	2020
Cost of sales	23.1	**5,035,190**	5,445,427
Administrative expenses	25.1	**3,676,654**	3,933,571
		8,711,844	9,378,998

Gratuity plan entitles a retired employee to receive gratuity equivalent to last drawn salary into eligible number of years of service. The gratuity plan is administered by a gratuity fund that is legally separated from the Company and is funded by the Company based on actuarial valuation. Employees are not required to contribute to this plan. The latest actuarial valuation was carried out on December 31, 2021 using projected unit credit method. Expected gratuity expense for the next financial year is Rs. 11,405,382. This defined benefit plan exposes the Company to the following actuarial risks:

(a) Final salary risk

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

(b) Demographic risks

-Mortality risk

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

-Withdrawal risk

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

(c) Investment risk

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

Key actuarial assumptions	2021	2020
Discount rate used for interest cost	**9.75%**	11.25%
Discount rate used for year end obligation	**11.75%**	9.75%
Future salary growth	**10.75%**	8.75%
Expected mortality for active members	**As per SLIC 2001-2005 setback 1 Year**	As per SLIC 2001-2005 setback 1 Year
Average expected remaining working life time of employees	**4 years**	4 years

Sensitivity analysis

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

	December 31, 2021		December 31, 2020	
	Rupees			
Discount rate (1% movement)	**102,498,051**	**112,001,288**	84,014,411	91,875,854
Future salary growth (1% movement)	**112,124,406**	**102,312,141**	91,984,012	83,854,157

8 SHORT TERM BORROWINGS

	Note	2021	2020
		Rupees	
Short term borrowings from banking companies			
Working capital facilities - secured	8.1	**4,457,132,285**	3,893,487,815
Short term musharakah facilities - secured	8.2	**3,210,460,289**	3,080,217,440
		7,667,592,574	6,973,705,255

8.1 The Company has obtained working capital facilities amounting to Rs. 8.33 billion (2020: Rs. 8.63 billion) from several commercial banks for meeting the working capital requirements, expiring on various dates during 2022. Effective markup rates during the year on these facilities range between 7.89% to 10.26% (2020: 7.85% to 15.05%) per annum with no floor or cap and are payable in arrears on quarterly basis. The facilities are secured by way of mortgage charge on fuel stocks inventory and energy payment receivables up to Rs. 11.58 billion (2020: Rs. 12.24 billion) and subordinated / ranking charge on all present and future fixed assets and properties of the Company for an amount of Rs. 1.21 billion (2020: Rs. 0.92 billion).

8.2 The Company has obtained short term Islamic finance facilities from Islamic banks subject to a maximum limit of Rs. 5.3 billion (2020: Rs. 4.8 billion). Effective variable markup rate during the year on these facilities ranges between 7.89% to 10.22% (2020: 7.85% to 14.56%) per annum and are secured by pari passu / ranking charge on fuel stock and energy purchase price receivables of the Company up to Rs. 7.03 billion (2020: Rs. 6.36 billion) and subordinated / ranking charge on all present and future fixed assets and properties of the Company up to Rs. 0.42 billion (2020: Rs. 0.72 billion).

8.3 The Company has obtained Ijarah (Direct) facility amounting to Rs. 50 million (2020: Rs. 50 million) from an Islamic bank. The facility is secured by title of ljarah asset in the name of bank.

8.4 Letter of guarantee / credit

Letter of guarantee / stand by letter of credit amounting to Rs. 3.92 billion (2020: Rs. 4.22 billion) are available to the Company. These facilities are secured against the ranking charge over all present and future fixed assets amounting to Rs. 6.18 billion (2020: Rs. 6.58 billion).

9 CURRENT PORTION OF NON-CURRENT LIABILITIES

	Note	2021	2020
		Rupees	
Current portion of sub ordinated loan	5	**460,326,476**	415,962,907
Current portion of lease liabilities	6	**14,741,780**	14,357,913
		475,068,256	430,320,820

10 MARKUP ACCRUED

	2021	2020
Markup on short term financing	**167,049,963**	142,717,536
Markup on sub-ordinated loan	**532,952,857**	478,826,091
	700,002,820	621,543,627

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies:

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

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

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

11.1.4 For Tax Year 2015, the assessing officer raised demand of Rs. 55.6 million in March 2017 for alleged non-withholding of tax on salaries, payment for goods and service, rent and dividend. The Company filed appeal before Commissioner (Appeals) who remanded the case to the assessing officer who in turn created a demand of Rs. 13.4 million in September 2018. The Company again filed appeal before Commissioner (Appeals) against the appeal effect order on October 16, 2018. Commissioner (Appeals) remanded the case back to assessing officer. Hearing for remand back related to tax charged on salaries was conducted during the year and proceedings were decided in favour of the Company reducing the demand by Rs. 0.25 million.

11.1.5 For Tax Years 2018 to 2021, assessing officer raised sales tax demand for Rs. 515.02 million along with default surcharge of Rs. 25.75 million in the matter of inadmissibility of input tax related to operation & maintenance, insurance, banking, security & business support services procured by the Company. The Company has filed an appeal to Commissioner (Appeals) which is pending adjudication.

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

11.1.7 Sui Northern Gas Pipelines Limited (SNGPL) has claimed an amount of Rs. 104.76 million (2020: Rs. 100.24 million) on account of late payment by the Company against SNGPL's invoices of Regasified Liquefied Natural Gas (RLNG). SNGPL submitted these RLNG invoices to the Company without getting determination of RLNG tariff from Oil and Gas Regulatory Authority (OGRA). The Company has considered such SNGPL invoices to be invalid without OGRA determination. Therefore, no provision for the above mentioned amount has been made in these financial statements.

11.2 Commitments:

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

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

12 PROPERTY, PLANT AND EQUIPMENT

	Owned assets										
	Freehold land	Buildings on freehold land	Plant and machinery	Office equipment	Computer and accessories	Furniture and fixtures	Motorcycle and bicycle	Vehicles	Other assets	Stores held for capitalization	Total
Cost	Rupees										
Balance at January 1, 2020	43,890,600	2,352,888,758	14,949,016,613	11,194,303	5,801,140	6,883,198	395,645	12,640,020	626,230	511,038,581	17,894,375,088
Additions	-	-	-	552,057	149,000	-	-	-	-	-	701,057
Disposal	-	-	-	-	(140,330)	-	(68,092)	(9,519,822)	-	-	(9,728,244)
Effect of exchange loss (Refer note 5.1)	-	-	42,596,486	-	-	-	-	-	-	-	42,596,486
Balance at December 31, 2020	43,890,600	2,352,888,758	14,991,613,099	11,746,360	5,809,810	6,883,198	327,553	3,120,198	626,230	511,038,581	17,927,944,387
Balance at January 1, 2021	**43,890,600**	**2,352,888,758**	**14,991,613,099**	**11,746,360**	**5,809,810**	**6,883,198**	**327,553**	**3,120,198**	**626,230**	**511,038,581**	**17,927,944,387**
Additions	-	-	-	**219,771**	**514,882**	-	-	-	-	-	**734,653**
Transfers	-	-	-	-	-	-	-	**13,916,842**	-	-	**13,916,842**
Disposal	-	-	-	**(290,712)**	**(136,892)**	-	-	**(1,105,474)**	-	-	**(1,533,078)**
Effect of exchange loss (Refer note 5.1)	-	-	**83,433,913**	-	-	-	-	-	-	-	**83,433,913**
Balance at December 31, 2021	**43,890,600**	**2,352,888,758**	**15,075,047,012**	**11,675,419**	**6,187,800**	**6,883,198**	**327,553**	**15,931,566**	**626,230**	**511,038,581**	**18,024,496,717**
DEPRECIATION											
Balance at January 1, 2020	-	767,496,076	4,297,682,138	9,068,010	4,883,835	3,890,851	334,132	10,454,703	626,230	-	5,094,435,975
Charge for the year	-	78,574,720	529,142,612	723,031	749,437	398,913	58,040	87,907	-	-	609,734,660
On disposals	-	-	-	-	(140,330)	-	(68,092)	(8,046,451)	-	-	(8,254,873)
Balance at December 31, 2020	-	846,070,796	4,826,824,750	9,791,041	5,492,942	4,289,764	324,080	2,496,159	626,230	-	5,695,915,762
Balance at January 1, 2021	-	**846,070,796**	**4,826,824,750**	**9,791,041**	**5,492,942**	**4,289,764**	**324,080**	**2,496,159**	**626,230**	-	**5,695,915,762**
Charge for the year	-	**78,574,720**	**528,342,405**	**560,154**	**294,569**	**387,231**	**3,473**	-	-	-	**608,162,552**
On transfers	-	-	-	-	-	-	-	**11,133,474**	-	-	**11,133,474**
On disposals	-	-	-	**(213,165)**	**(136,892)**	-	-	**(884,379)**	-	-	**(1,234,436)**
Balance at December 31, 2021	-	**924,645,516**	**5,355,167,155**	**10,138,030**	**5,650,619**	**4,676,995**	**327,553**	**12,745,254**	**626,230**	-	**6,313,977,352**
Carrying amounts											
At January 1, 2020	43,890,600	1,585,392,682	10,651,334,475	2,126,293	917,305	2,992,347	61,513	2,185,317	-	511,038,581	12,799,939,113
At December 31, 2020	43,890,600	1,506,817,962	10,164,788,349	1,955,319	316,868	2,593,434	3,473	624,039	-	511,038,581	12,232,028,625
At December 31, 2021	43,890,600	1,428,243,242	9,719,879,857	1,537,389	537,181	2,206,203	-	3,186,312	-	511,038,581	11,710,519,365
Rate of depreciation per annum (%)	-	3.33%	3.33% to 5.19%	10 % to 33.33%	33.33%	10%	20%	20%	10%	-	

		Note	2021	2020
			Rupees	
12.1	**The depreciation charge for the year has been allocated as follows:**			
	Depreciation - Cost of sales	23	**606,917,125**	607,717,332
	Depreciation - Administrative expenses	25	**1,245,427**	2,017,328
			608,162,552	609,734,660

12.2 Particulars of the Company's immovable fixed assets

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

		Note	2021	2020
13	**RIGHT OF USE ASSETS**			
	COST		Rupees	
	Balance at January 1		**84,427,105**	69,694,214
	Additions		**10,193,770**	14,732,891
	Disposal / Transferred		**(16,690,708)**	-
	Balance at December 31		**77,930,167**	84,427,105
	DEPRECIATION			
	Balance at January 01		**29,563,383**	16,696,814
	Charge for the year	25	**15,376,746**	12,866,569
	Disposal / Transferred		**(12,206,036)**	-
	Balance at December 31		**32,734,093**	29,563,383
	Carrying amount		**45,196,074**	54,863,722
	Rate of depreciation per annum (%)		**10% to 20%**	10% to 20%

		Note	2021	2020
14	**INVESTMENT IN SUBSIDIARY**		Rupees	
	Shares of Saif Cement Limited	14.1	**-**	784,774,230
			-	784,774,230

14.1 This represents equity investment in Saif Cement Limited ("SCL"). The Company, during the year, acquired additional 440,441 fully paid ordinary shares of Rs. 10 each and holds 96.39% of the issued share capital of SCL as at December 31, 2021.

		Note	2021	2020
15	**ASSETS CLASSIFIED AS HELD FOR SALE**		Rupees	
		15.1	**789,178,640**	-
			789,178,640	-

15.1 During the year, the Board of Directors of the Company approved the proposal for sale of land and other assets of SCL. The same was approved by the shareholders in the Extra Ordinary General Meeting held on June 26, 2021. As of today, the SCL is in the process of being sold. The proceeds from sale of assets will be used by SCL to payback to Saif Power Limited and other sponsors according to their investment after liquidation of SCL.

Accordingly, the Company’s investment in Saif Cement Limited (the “Subsidiary Company”) has been classified as non-current "asset held for sale" in accordance with International Financial Reporting Standards 5 “Non-current Assets Held for Sales and Discontinued Operations” and measured at lower of carrying amount at designation and fair value less cost to sell.

		Note	2021	2020
			Rupees	
16	**TRADE DEBTS**			
	Central Power Purchasing Agency-Guarantee (CPPA-G)	16.1	12,656,194,470	11,363,291,153

16.1 Trade debts include an overdue amount of Rs 11.78 billion (2020: Rs. 9.59 billion). The Company considers this amount to be fully recoverable because this is secured by way of guarantee issued by the Government of Pakistan (GoP) under the Implementation Agreement (IA). Additionally, trade debts are subject to markup on delayed payments under Power Purchase Agreement (PPA) at the rate of KIBOR + 4.5% per annum except RLNG fuel invoices which are subject to markup of KIBOR + 2% per annum for first 30 days, and after which markup will be KIBOR+4.5% per annum. GoP is committed, hence continuously pursuing for satisfactory settlement of debt issue. Subsequent to the year end, first installment of 40% has been paid by CPPA-G on January 06, 2022 and as per Master Agreement 60% will be paid within six months of the date of first instalment. As referred in note 2.5.1, SECP has exempted the applicability of expected credit loss allowance on trade debts due directly / ultimately from GoP.

16.2 During the year, Company entered into a “Master Agreement” and “The PPA Amendment Agreement” (“Agreements”) on February 11, 2021. Under these agreement, the Company and CPPA-G have primarily agreed on the following matters that are subject to fulfilment of certain terms and conditions mentioned in the agreements: settlement mechanism of outstanding receivables as on November 30, 2020 amounting to Rs. 9.507 billion in two installments; discount in tariff components as explained in note 16.3 below; sharing of fuel & O&M savings; one time detailed heat rate test (for record only); reduction in delay payment rate; conversion of the PPA to ‘Take and Pay Basis’ subject to mutual agreement of the parties when competitive trading arrangement is implemented and become fully operational as per the wordings of NEPRA’s generation license to the Company; settlement of dispute related to Rs. 477.56 million as explained in note 16.4 below and settlement of alleged excessive returns, if any, as per report on the Power Sector through Arbitration (as per reconciled numbers with the negotiation committee, the Company has no excessive profits).

Company has also entered into PPA Novation agreement to change "Power Purchaser" from NTDC to CPPA-G and novation of all rights and obligations of NTDC to CPPA-G under the implementation agreement and the related guarantee by the GoP.

16.3 Return on Equity (RoE) including Return on Equity during Construction (RoEDC) shall be changed to 12% per annum for foreign equity investment registered with SBP, while USD indexation will be retained. For local investors, the rate will be changed to 17% per annum in PKR calculated at PKR/USD exchange rate of PKR 148/USD, with no future USD indexation. However, the existing RoE and RoEDC, together with applicable indexations, shall continue to be applied until the date when the applicable exchange rate under the present Tariff reaches PKR 168/USD (i.e. the date of signing of MoU), whereupon the revised RoE and RoEDC shall become applicable for reminder of the term of PPA.

Pursuant to revised agreements explained above in note 16.2, the Company and CPPA-G jointly submitted revised tariff application to NEPRA (related to ROE and ROEDC) which was approved by NEPRA on April 2, 2021. Further, subsequent to the year end, first installment of 40% has been paid by CPPA-G on January 06, 2022 and as per Master Agreement 60% will be paid within six months of the date of first instalment.

16.4 During the prior year the trade debts included an amount of Rs 477.56 million relating to capacity purchase price not acknowledged by NTDC as the plant was not fully available for power generation. However, the sole reason of this under-utilization of plant capacity was non-availability of fuel owing to non-payment by NTDC.

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

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

As per PPA Amendment agreement, CPPA-G and the Company have resolved the outstanding LClA Award amicably and in good faith, according to which, the current Agreement Year (i.e. the 11th agreement year originally ending on April 30, 2021) has been extended by the disputed period of 43 days through Other Force Majeure Event (OFME). Such OFME period commenced from the end of the 11th Agreement Year i.e. April 30, 2021 and ended on June 11, 2021. Accordingly, Company has invoiced for OFME period to CPPA-G and CPPA-G has acknowledge the same. In consideration of this settlement and and after receipt of first installment of 40% under the ‘Payment Mechanism’ of the Master Agreement, both parties have agreed to file a joint application before Lahore High Court for withdrawal of enforcement proceedings.

16.5 During the year ended December 31, 2016, an amount of Rs. 239.68 million relating to capacity purchase price not acknowledged by NTDC was adjusted by the Company against payable to SNGPL pursuant to award in favour of the Company for the whole amount by the LCIA. SNGPL disputed the adjustment/set off amount of Award in the Lahore High Court, however, the Court dismissed such petition of SNGPL. Thereafter, SNGPL filed appeal before the Supreme Court of Pakistan which, disposed off the appeal by stating that the judgement of the Lahore High Court, to the extent it decides on merits, the question of the Company’s right to set off is set aside (without prejudice to the rights of the parties). SNGPL also challenged the award in Civil Court, Lahore, on April 21, 2016, which is pending adjudication. On June 07, 2016, the Company filed a petition in the Civil Court Lahore to obtain a Decree in lieu of the arbitration award and also adjusted an amount of Rs. 270.66 million (inclusive of the aforementioned amount of Rs. 239.68 million) from payable to SNGPL as such amount was allowed by the LCIA in its award. SNGPL has filed a suit for recovery before District Judge, Lahore (invested with Powers of the Gas Utility Court) on March 01, 2019 against this adjustment including a claim for markup from the date of such adjustment and also has filed a request for arbitration before LCIA on March 22, 2019. In its submission to LCIA on March 06, 2020, SNGPL has claimed adjusted amount of Rs. 270.66 million and markup amount of Rs. 236.47 million from the date of such adjustment. The Company’s position is that no amount is payable to SNGPL and in any case, LCIA Arbitration is the only competent forum to decide on this case. The Arbitrator was appointed by LCIA in 2020. The hearing was held in October 2021 and award is awaited.

16.6 Trade debts include Rs. 164.98 million which were unilaterally withheld by CPPA-G relating to fuel cost component of energy purchase price invoices on account of incorrect application of heat rate correction factor. Based on the advice of legal counsel, the management is confident regarding the favorable resolution of the matter and has accordingly recognized revenue in respect of unilateral withheld amounts.

16.7 For aging of receivable from CPPA-G at the reporting date, refer to note 29.5.

		Note	2021	2020
			Rupees	
17	**OTHER RECEIVABLES**			
	Workers' Profit Participation Fund (WPPF) receivable		**205,922,080**	452,513,669
	Sales tax receivable - net		**228,100,078**	160,490,674
	Others		**30,490,695**	1,819,205
			464,512,853	614,823,548
18	**ADVANCES - considered good**			
	Advances to supplier	18.1	**1,511,255**	105,480,499
	Advances to employees		**3,453,101**	259,966
			4,964,356	105,740,465

18.1 These include advance payment to SNGPL amounting to Rs. Nil (2020: Rs. 101.61 million).

		Note	2021	2020
			Rupees	
19	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Prepayments		**65,095,778**	67,214,352
	Security deposit		**1,833,000**	1,833,000
	Current portion of long term deposits		**441,350**	2,640,860
			67,370,128	71,688,212
20	**SHORT TERM INVESTMENTS**			
	Term deposit receipt	20.1	**1,000,000,000**	-
	T Bill Investment	20.2	**15,664,064**	-
			1,015,664,064	-

20.1 These carry interest rate of 12% (2020 : Nil) per annum having maturity up to 7 days.

20.2 These carry interest rate of 10.30% (2020 : Nil) per annum having maturity up to 3 months.

		Note	2021	2020
			Rupees	
21	**BANK BALANCES**			
	Current accounts			
	Local currency		**412,640**	156,134
	Deposit accounts			
	Local currency		**625,114**	13,026,440
	Foreign currency	21.1	**349,230**	315,201
		21.2	**974,344**	13,341,641
			1,386,984	13,497,775

21.1 This represents an amount of USD 1,968 (2020: USD 1,966) in US Dollar deposit account.

21.2 These carry markup ranging from 4 % to 8.25% (2020: 2.84% to 5.51%) per annum for Rupee denominated balances while 0.06% (2020: 0.06%) per annum for US Dollar denominated balances.

		Note	2021	2020
			Rupees	
22	**TURNOVER - NET**			
	Gross Energy Purchase Price		14,537,298,704	4,738,246,637
	Less: sales tax		(2,045,689,133)	(688,463,188)
			12,491,609,571	4,049,783,449
	Capacity Purchase Price		3,902,724,959	4,875,391,736
			16,394,334,530	8,925,175,185
23	**COST OF SALES**			
	Raw material consumed		11,620,711,217	3,702,313,415
	Operation and maintenance		1,106,267,934	975,632,763
	Salaries and other benefits	23.1	73,256,552	62,444,525
	Electricity charges		51,754,604	54,113,300
	Insurance expense		191,332,421	190,121,014
	Depreciation and impairment loss	12.1	606,917,125	607,717,332
	Office expenses		1,814,781	1,378,743
	Travelling, conveyance and entertainment		1,843,298	1,397,818
	Repair and maintenance		885,100	32,368
	Communication		110,343	62,553
			13,654,893,375	5,595,213,831

23.1 These include Rs. 5,035,190 (2020: Rs. 5,445,427) charged in respect of staff retirement benefits - gratuity.

		Note	2021	2020
			Rupees	
24	**OTHER INCOME**			
	Income from financial assets			
	Profit on deposit accounts		803,089	76,175
	Return on investments		426,013	-
	Income from non financial assets			
	Insurance claim		1,404,391	94,500
	Gain on disposal of property, plant and equipment		141,147	1,083,579
	Scrap sales		294,760	263,900
			3,069,400	1,518,154
25	**ADMINISTRATIVE EXPENSES**			
	Salaries and other benefits	25.1	88,731,647	54,139,396
	Traveling and conveyance		131,965	959,614
	Rent, rates and taxes		696,874	2,364,441
	Security services		14,401,126	13,332,267
	Office expenses		4,683,386	4,741,888
	Fees and subscriptions		10,065,407	10,507,636
	Legal and professional		382,513	11,974,838
	Consultancy		808,000	26,567,820
	Repair and maintenance		7,708,091	5,466,743
	Utilities		3,426,321	1,905,514
	Insurance		4,025,539	3,465,286
	Depreciation - Property, plant and equipment	12.1	1,245,428	2,017,328
	Depreciation - Right of use assets	13	15,376,746	12,866,569
	Auditors' remuneration	25.2	3,229,120	3,609,137
	Donations	25.3	9,470,000	6,925,000
	Advertisements		346,400	451,200
			164,728,563	161,294,677

25.1 These include Rs. 3,676,654 (2020: Rs. 3,933,571) charged in respect of staff retirement benefits - gratuity.

	2021	2020
	Rupees	

25.2 Auditors' remuneration

	2021	2020
Annual audit fee	1,270,238	1,253,320
Half yearly review fee	702,380	692,440
Consolidation	411,904	406,880
Certifications	463,095	468,744
Out of pocket expenses	103,103	100,000
Tax services	278,400	687,753
	3,229,120	3,609,137

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

	Name of Institute	Address	Name of Director	Nature of interest in donee	2021	2020
					Rupees	
a)	Akbar Kare Institute	Kulsum Plaza, Jinnah Avenue,	Mrs. Hoor Yousafzai	Director	6,000,000	6,000,000
b)	Wadaan Foundation	Blue Area, Islamabad	Mr. Osman Saifullah Khan	Chief Executive Officer	2,220,000	925,000
			Mr. Rana Muhammad Shafi	Director		

26 FINANCE COST

	2021	2020
	Rupees	
Markup on short term borrowings	605,592,870	629,772,933
Markup on long term financing	-	26,696,717
Markup on sub-ordinated loan	27,670,448	42,114,996
Guarantee commission	12,999,996	12,999,997
Markup on lease liabilities	4,855,432	5,281,361
Bank charges	598,918	424,054
Exchange loss - net	179,121,981	81,393,504
	830,839,645	798,683,562

27 EARNINGS PER SHARE

	2021	2020
Profit for the year (Rupees)	1,746,942,347	2,371,501,269
Weighted average number of shares (Numbers)	386,471,779	386,471,779
Earnings per share - basic (Rupees)	4.52	6.14

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

28 OPERATING SEGMENT

For management purposes, the activities of the Company are organized into a single reportable segment. The operating interests of the Company are confined to Pakistan. Accordingly, the financial statements have been prepared on the basis of a single reportable segment. Revenue from external customers for products of the Company is disclosed in note 22.

Company's only customer is Central Power Purchasing Agency Guarantee Limited, a Government owned entity to which it sells electricity. The Company's overall gross revenue is Rs 16,394,334,530 (December 2020: Rs 8,925,175,185).

29 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

Fair value measurement

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

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

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

A. Accounting classifications and fair values

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

	Note	Carrying Amount			Fair value			
		Amortised cost	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
December 31, 2021				Rupees				
Financial assets measured at fair value		-	-	-	-	-	-	-
Financial assets not measured at fair value	29.2							
Long term deposits		3,544,500	-	3,544,500				
Trade debts		12,656,194,470	-	12,656,194,470	-	-	-	-
Other receivables	29.3	236,412,775	-	236,412,775	-	-	-	-
Advances to employees		3,453,101	-	3,453,101	-	-	-	-
Security deposits		1,833,000	-	1,833,000	-	-	-	-
Bank balances		1,386,984	-	1,386,984	-	-	-	-
Short term investments		1,015,664,064	-	1,015,664,064	-	-	-	-
Total		13,918,488,894	-	13,918,488,894	-	-	-	-
Financial liabilities not measured at fair value	29.2							
Subordinated loan		-	869,505,348	869,505,348	-	-	-	-
Lease liabilities		-	47,234,759	47,234,759	-	-	-	-
Trade and other payables	29.4	-	1,770,401,753	1,770,401,753	-	-	-	-
Short term borrowings		-	7,667,592,574	7,667,592,574	-	-	-	-
Markup accrued		-	700,002,820	700,002,820	-	-	-	-
Unclaimed dividend		-	15,916,869	15,916,869	-	-	-	-
Total		-	11,070,654,123	11,070,654,123	-	-	-	-

	Note	Carrying Amount			Fair value			
		Amortised cost	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
December 31, 2020				Rupees				
Financial assets measured at fair value		-	-	-	-	-	-	-
Financial assets not measured at fair value	29.2							
Long term deposits		5,545,660	-	5,545,660	-	-	-	-
Trade debts		11,363,291,153	-	11,363,291,153	-	-	-	-
Other receivables		454,332,874	-	454,332,874	-	-	-	-
Advances to employees		259,966	-	259,966	-	-	-	-
Security deposits		1,833,000	-	1,833,000	-	-	-	-
Bank balances		13,497,775	-	13,497,775	-	-	-	-
Total		11,838,760,428	-	11,838,760,428	-	-	-	-
Financial liabilities not measured at fair value	29.2							
Subordinated loan		-	970,578,622	970,578,622	-	-	-	-
Lease liabilities		-	56,869,829	56,869,829	-	-	-	-
Trade and other payables	29.4	-	848,007,635	848,007,635	-	-	-	-
Short term borrowings		-	6,973,705,255	6,973,705,255	-	-	-	-
Markup accrued		-	621,543,627	621,543,627	-	-	-	-
Unclaimed dividend		-	12,942,851	12,942,851	-	-	-	-
Total		-	9,483,647,819	9,483,647,819	-	-	-	-

29.2 The Company has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value as the financial asset. Further, the financial assets are due directly/ ultimately from GoP carry contractual right and entitlement to receive interest on late payment and is exempt from ECL accounting/disclosure as disclosed in note 2.5.1.

29.3 This excludes sales tax receivable.

29.4 This excludes withholding tax payable.

B. Financial risk management

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

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

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

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

29.5 Credit risk

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

Exposure to credit risk

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

	Note	2021	2020
		Rupees	
Long term deposits		3,544,500	5,545,660
Trade debts	16	12,656,194,470	11,363,291,153
Other receivables	17	236,412,775	454,332,874
Advances to employees	18	3,453,101	259,966
Security deposits	19	1,833,000	1,833,000
Short term investments	20	1,015,664,064	-
Bank balances	21	1,386,984	13,497,775
		13,918,488,894	11,838,760,428

Credit risk is minimum as the bank accounts are maintained with reputable banks having good credit ratings. Further, as disclosed in note 16.1 that the trade debts are receivable from CPPA-G and are secured by way of guarantee issued by the Government of Pakistan (GoP) under the Implementation Agreement (IA). As explained in note 3.9 and 2.5.1 of the financial statements the Company believes that no impairment allowance is necessary on trade debts and other receivables past due from CPPA-G. The Company is actively pursuing for recovery of trade debts and other receivables and the Company does not expect these debts to fail to meet their obligations.

Credit quality of financial assets

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

Trade debts	2021	2020
	Rupees	
Counterparties without external credit ratings	12,656,194,470	11,363,291,153

Impairment losses

The aging of trade debts at the reporting date was:

	2021		2020	
	Gross	Impairment	Gross	Impairment
	Rupees			
Not past due	872,525,459	-	1,775,774,911	-
Past due 0 - 60 days	2,948,266,669	-	972,857,556	-
Past due 61 - 120 days	4,886,791,296	-	735,341,952	-
Past due 121 - 180 days	3,871,577,687	-	370,607,554	-
181 days and above	77,033,359	-	7,508,709,180	-
	12,656,194,470	-	11,363,291,153	-

ECL on 'trade debts' and 'WPPF receivable' from CPPA-G has not been determined as these are covered under exemption from SECP as explained in note 2.5.1. Impact of ECL on financial assets not covered under exemption including long term deposits, other receivables, advances to employees, security deposits, bank balances and short term investments, was not material and accordingly has not been included in these financial statements.

	2021	2020
Security deposits	Rupees	
Counterparties without external credit ratings	1,833,000	1,833,000
Other receivables		
Counterparties without external credit ratings	236,412,775	454,332,874
Long term deposits		
Counterparties with external credit ratings - AA+ (2020: AA+)	3,103,150	2,463,450
Counterparties with external credit ratings - BBB- (2020: BBB-)	441,350	3,082,210
Advances to employees		
Counterparties without external credit ratings	3,453,101	259,966

Bank balances and short term investment

The Company held cash at bank and short term investments amounting to Rs. 1,017,051,048 as at December 31, 2021 (2020: Rs.13,497,775). Cash at bank and short term investment is held with banks and financial institution counter parties, which are rated A1+ (2020: A1+) based on JCR-VIS rating.

29.6 Liquidity risk

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

There were no defaults on loans payable during the year.

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

	Carrying amount	Contractual cash flows	Maturity in less than 1 year	Maturity after one year and up to five years	Maturity after five years
			Rupees		
2021					
Sub-ordinated loan	**869,505,348**	**903,564,289**	**479,612,696**	**423,951,593**	**-**
Lease liabilities	**47,234,759**	**54,556,740**	**18,745,799**	**33,965,329**	**1,845,612**
Trade and other payables	**1,770,401,753**	**1,770,401,753**	**1,770,401,753**	**-**	**-**
Short term borrowing	**7,667,592,574**	**7,667,592,574**	**7,667,592,574**	**-**	**-**
Markup accrued	**700,002,820**	**700,002,820**	**700,002,820**	**-**	**-**
Unclaimed dividend	**15,916,869**	**15,916,869**	**15,916,869**	**-**	**-**
	11,070,654,123	**11,112,035,045**	**10,652,272,511**	**457,916,922**	**1,845,612**

	Carrying amount	Contractual cash flows	Maturity in less than 1 year	Maturity after one year and up to five years	Maturity after five years
			Rupees		
2020					
Sub-ordinated loan	970,578,622	1,023,319,707	439,527,451	583,792,256	-
Lease liabilities	56,869,829	66,893,995	21,349,702	43,061,259	2,483,034
Trade and other payables	848,007,635	848,007,635	848,007,635	-	-
Short term borrowing	6,973,705,255	6,973,705,255	6,973,705,255	-	-
Markup accrued	621,543,627	621,543,627	621,543,627	-	-
Unclaimed dividend	12,942,851	12,942,851	12,942,851	-	-
	9,483,647,819	9,546,413,070	8,917,076,521	626,853,515	2,483,034

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

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

29.7 Market risk

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

Currency risk

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

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

Transactional exposure in respect of non functional currency monetary items

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

Transactional exposure in respect of non functional currency expenditure and revenues

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

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

	2021	2020	2021	2020
	Rupees		USD	
Subordinated loan	**869,505,348**	970,578,622	**4,886,234**	6,035,937
Accrued markup on subordinated loan	**532,952,857**	478,826,091	**2,994,958**	2,977,774
Trade and other payables	**1,391,267,197**	573,924,948	**7,818,304**	3,569,185
Bank balances	**(349,230)**	(315,201)	**(1,968)**	(1,966)
	2,793,376,172	2,023,014,460	**15,697,528**	12,580,930

The following significant exchange rates have been applied:

	Average Rate		Reporting Date Rate	
	2021	2020	2021	2020
US Dollars	**164.00**	162.71	**177.95**	160.80

Foreign Currency

A 5% strengthening of the functional currency against USD at December 31, 2021 would have increased profit by Rs. 96.19 million (2020: Rs. 52.62 million). A 5% weakening of the functional currency against USD at December 31, 2021 would have had the equal but opposite effect on these amounts. The analysis assumes that all other variables remain constant.

Interest rate risk

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

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

	2021	2020
	Rupees	
Fixed rate instruments		
Financial assets	1,016,638,408	13,341,641
Variable rate instruments		
Financial assets	11,783,669,011	9,587,516,242
Financial liabilities	(8,584,332,681)	(8,001,153,706)

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

Cash flow sensitivity analysis for variable rate instruments
A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit or loss by Rs. 31.99 million (2020: Rs. 15.86 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2020.

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

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

Non - derivative financial assets

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

Non - derivative financial liabilities

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

29.8 Capital Risk Management

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

30 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2021	2020
	Rupees	
	Chief executive officer	
Managerial remuneration - Gross	29,496,000	26,400,000
Staff retirement benefits	3,205,091	3,531,425
Bonus	4,916,000	2,200,000
	37,617,091	32,131,425
	Executives	
Managerial remuneration - Gross	53,713,824	47,958,768
Staff retirement benefits	3,988,012	4,248,710
Bonus	9,375,104	4,374,064
	67,076,940	56,581,542
Number of persons including those who worked part of the year	8	8

30.1 Executive means any employee whose basic salary exceeds Rs. 1,200,000 (2020: Rs. 1,200,000) per year.

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

30.3 No remuneration has been paid to the directors of the Company, except for meeting fee amounting to Rs. 1,000,000 which was paid to 7 directors (2020: Rs. 950,000 paid to 7 directors).

31 RELATED PARTY TRANSACTIONS

Related parties comprise of Saif Holding Limited, Saif Cement Limited, directors, key management personnel, entities over which directors are able to exercise significant influence and major shareholders. Balances and other arrangements with Orastar Limited have been disclosed in note 4.3, 5, and 10 to the financial statements. Transactions with related parties other than those disclosed in note 25.3, 14 and 15 to these financial statements are as follows:

	Note	2021	2020
		Rupees	
Saif Holdings Limited (34.94% shareholding-common directorship)			
Dividend		**607,596,929**	641,136,012
Support service fee paid		**-**	221,525,725
Saif Textile Limited - Associated Company (common directorship)			
Dividend		**450**	325
Saif Cement Limited - Subsidiary Company			
Investment during the year		**4,404,410**	46,370,040
Key Management Personnel			
Dividend to directors		**114,594,077**	43,882
Remuneration including benefits to key management personnel	31.1	**71,787,227**	61,140,532
Other			
Contribution to Saif Power Limited - Staff Gratuity Fund	7.2.2	**393,541**	9,275,095

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

32 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities				Equity		
	Long Term Financing	Sub-ordinated loan	Short term borrowings	Lease liabilities	Share Capital	Un appropriated profit - revenue reserve	Total
				Rupees			
Balance at January 01, 2021	-	970,578,622	6,973,705,255	56,869,829	3,864,717,790	12,067,738,798	23,933,610,294
Changes from financing cash flows							
Proceeds from short-term borrowings - net	-	-	693,887,319	-	-	-	693,887,319
Repayments of long term financing	-	(184,507,187)	-	-	-	-	(184,507,187)
Lease liabilities paid	-	-	-	(14,759,875)	-	-	(14,759,875)
Dividend paid	-	-	-	-	-	(1,736,148,988)	(1,736,148,988)
Total changes from financing cash flows	-	(184,507,187)	693,887,319	(14,759,875)	-	(1,736,148,988)	(1,241,528,731)
Effect of changes in foreign exchange rates	-	83,433,913	-	-	-	-	83,433,913
Other changes							
Liability related							
Lease of new vehicles	-	-	-	9,584,915	-	-	9,584,915
Disposal of leased vehicles	-	-	-	(4,460,110)	-	-	(4,460,110)
Movement in unclaimed dividend	-	-	-	-	-	(2,974,018)	(2,974,018)
Total liability related other changes	-	-	-	5,124,805	-	(2,974,018)	2,150,787
Equity related							
Total comprehensive income for the year	-	-	-	-	-	1,742,999,445	1,742,999,445
Total equity related other changes	-	-	-	-	-	1,742,999,445	1,742,999,445
Balance at December 31, 2021	-	869,505,348	7,667,592,574	47,234,759	3,864,717,790	12,071,615,237	24,520,665,708
Balance at January 01, 2020	788,379,612	1,071,637,650	5,260,383,317	54,119,049	3,864,717,790	10,943,280,351	21,982,517,769
Adjusted balance at January 01, 2020	788,379,612	1,071,637,650	5,260,383,317	54,119,049	3,864,717,790	10,943,280,351	21,982,517,769
Changes from financing cash flows							
Proceeds from short-term borrowings - net	-	-	1,713,321,938	-	-	-	1,713,321,938
Repayments of long term financing	(788,379,612)	(143,655,514)	-	-	-	-	(932,035,126)
Lease liabilities paid	-	-	-	(11,015,559)	-	-	(11,015,559)
Dividend paid	-	-	-	-	-	(1,258,550,768)	(1,258,550,768)
Total changes from financing cash flows	(788,379,612)	(143,655,514)	1,713,321,938	(11,015,559)	-	(1,258,550,768)	(488,279,515)
Effect of changes in foreign exchange rates	-	42,596,486	-	-	-	-	42,596,486
Other changes							
Liability related							
Lease of new vehicles	-	-	-	13,766,339	-	-	13,766,339
Movement in unclaimed dividend	-	-	-	-	-	2,522,486	2,522,486
Total liability related other changes	-	-	-	13,766,339	-	2,522,486	16,288,825
Equity related							
Total comprehensive income for the year	-	-	-	-	-	2,380,486,729	2,380,486,729
Total equity related other changes	-	-	-	-	-	2,380,486,729	2,380,486,729
Balance at December 31, 2020	-	970,578,622	6,973,705,255	56,869,829	3,864,717,790	12,067,738,798	23,933,610,294

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

		Note	2021	2020
33	**Cash and cash equivalents**		Rupees	
	Bank balances	21	**1,386,984**	13,497,775
	Short term investments	20	**1,015,664,064**	-
			1,017,051,048	13,497,775

34 NUMBER OF EMPLOYEES

	2021	2020
At year end - number	**43**	41
Average during the year - number	**43**	42

35 CAPACITY AND PRODUCTION

	2021	2020
Installed capacity based on hours 8,760 (2020: 8,784) – Megawatt hours	**1,785,030**	1,786,340
Actual energy delivered – Megawatt hours	**747,924**	460,944

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

36 OTHER

In July 2012, the Company along with other Independent Power Producers (IPPs) received a notice for inspection of its books of accounts under section 231 of the Companies Ordinance, 1984. The Company along with other IPPs filed Constitutional Petitions in High Courts and stay order was granted to the IPPs for same. Subsequently, hearings were also conducted in High Courts. The Honourable Lahore High Court accepted the Writ Petitions and decided the case in favour of IPPs in Writ Petition No. 20088/2012 along with other connected petitions vide judgment dated January 18, 2016. Latest hearing related to this matter was conducted subsequent to year end in the Honourable Islamabad High Court in March 28, 2022.

37 NON ADJUSTING EVENTS AFTER REPORTING DATE

The Board of directors of the Company, in its Board meeting held on January 24, 2022 and March 29, 2022 has approved an interim cash dividend of Rs.5 (2020: Rs. 2) per share and final cash dividend of Rs.1 (2020: Rs. 2.5) per share respectively.

38 DATE OF APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors in their meeting held on March 29, 2022.

Chief Financial Officer | Chief Executive Officer | Director

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

INDEPENDENT AUDITORS' REPORT
To the Members of Saif Power Limited

Opinion

We have audited the annexed consolidated financial statements of Saif Power Limited (the Company) and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

Sr.no.	Key audit matters	How the matter was addressed in our audit
1.	**Settlement of trade debts and changes in contractual rights and obligations of the Company.** *(Refer to note 2.5 (c), 2.6.1,18.1, 18.2, 18.3, 18.4, 18.5 and 18.6 to the consolidated financial statements)* Trade debts include an overdue amount of Rs 11.78 billion (2020: Rs. 9.59 billion) receivable from Central Power Purchasing Agency – Guarantee (CPPA-G). The Company considers this amount to be fully recoverable as it is secured by way of guarantee issued by the Government of Pakistan (GoP) under the Implementation Agreement (IA). Further, the Company has adjusted certain trade debts against payables.	Our audit procedures in relation to the matter, amongst others, included: • Obtained the Master Agreement and the PPA Amendment Agreement (the agreements) and inspected the terms of the agreements and approval of CPPA-G and the Company; • Assessed impact prepared by the Company with respect to the PPA Amendment and the Master Agreement; • Discussed with the Company, the impact of the amendments on the Company and inspected minutes of meetings of the Board of Directors and Audit Committee of the Board;

Following are the Key audit matters.

Sr.no.	Key audit matters	How the matter was addressed in our audit
	Furthermore, during the year, the Company entered into a "Master Agreement" and "the PPA Amendment Agreement" ("Agreements") on February 11, 2021. Under these agreements, the Company and CPPA-G have agreed on settlement mechanism of outstanding receivables as on November 30, 2020 amounting to Rs. 9.507 billion in two installments, post receipt of the first installment the Company has agreed to discount in ROE and ROEDC tariff components subject to fulfilment of certain terms and conditions mentioned in the agreements. Subsequent to the year end, first installment of 40% has been paid by CPPA-G on January 06, 2022 and as per Master Agreement 60% will be paid within six months of the date of first instalment. We considered this as key audit matter due to significance of the amounts involved and related management's judgements.	• Obtained the Master Agreement and the PPA Amendment Agreement (the agreements) and inspected the terms of the agreements and approval of CPPA-G and the Company; • Assessed impact prepared by the Company with respect to the PPA Amendment and the Master Agreement; • Discussed with the Company, the impact of the amendments on the Company and inspected minutes of meetings of the Board of Directors and Audit Committee of the Board; • Assessed financial impact, if any, of the agreements on the amounts included in the consolidated financial statements; • Traced receipts subsequent to the year end of the first tranche of the settlement of outstanding receivables; • Obtained direct confirmations from CPPA-G and tested reconciliations where differences were identified; • Checked the agreements and assessed whether trade debts are secured against guarantee from the Government of Pakistan and whether any impairment is required to be recognized in accordance with accounting and reporting standards as applicable in Pakistan; • With respect to disputed trade debt in note 18.5, (a) Obtained confirmation from the Company's external legal advisor and reviewed the related arbitration orders; (b) Evaluated ability, competence and independence of the external legal advisors used by the Company; (c) Assessed the matter under applicable accounting framework; • With respect to trade debts in note 18.6, (a) Obtained and assessed the advice of legal counsel on the matter and (b) Assessed the matter under applicable accounting framework; and • Assessed the appropriateness of disclosures made in the consolidated financial statements.

2.	**Recognition of revenue** *(Refer to note 3.16 and 24 to the consolidated financial statements)* The Company is engaged in sale of electricity to Central Power Purchasing Agency - Guarantee (CPPA-G). The Company recognized gross revenue during the year amounting to Rs. 18.440 billion. We considered this as key audit matter due to the significance of the amounts requiring significant time and resource to audit due to magnitude, inherent risk of material misstatement and revenue being a key economic indicator of the Company.	Our audit procedures in relation to the matter, amongst others, included: • Tested the design and implementation of the relevant key internal controls over revenue recognition; • Assessed whether appropriate revenue recognition policies are applied in accordance with applicable accounting and reporting framework; • Inspected Power Purchase Agreement (PPA) to evaluate whether revenue was recognized in accordance with the terms of the PPA and the requirements of applicable accounting and reporting standards; • Performed test of details including recalculation of sale transactions by inspecting invoices, tariff notifications, meter readings and acknowledgments; and • Assessed the appropriateness of the relevant disclosures made in the consolidated financial statements.

Information Other than the Consolidated and Unconsolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 31 December 2021 but does not include the consolidated and unconsolidated financial statements and our auditors' report thereon.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad
06 April 2022
UDIN: AR202110202w3fLlBje0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2021

	Note	2021	2020
		Rupees	
Share capital and reserves			
Share capital	4	3,864,717,790	3,864,717,790
Unappropriated profit - revenue reserve		12,060,963,611	12,060,290,827
Equity attributable to the owners of the Company		15,925,681,401	15,925,008,617
Non controlling interests		28,762,669	28,869,270
Total equity		15,954,444,070	15,953,877,887
Liabilities			
Subordinated loan	5	409,178,872	554,615,715
Lease liabilities	6	32,492,979	45,574,922
Deferred liability - gratuity	7	-	1,643,000
Non-current liabilities		441,671,851	601,833,637
Trade and other payables	8	1,774,898,581	923,921,649
Short term borrowings	9	7,667,592,574	6,973,705,255
Current portion of non-current liabilities	10	475,068,256	431,555,916
Markup accrued	11	700,002,820	621,543,627
Unclaimed dividend		15,916,869	12,942,851
		10,633,479,100	8,963,669,298
Liabilities directly associated with the assets held for sale	12	46,417,024	-
Current liabilities		10,679,896,124	8,963,669,298
Total liabilities		11,121,567,975	9,565,502,935
Total equity and liabilities		27,076,012,045	25,519,380,822
Contingencies and commitments	13		
Assets			
Property, plant and equipment	14	11,710,519,365	13,018,595,920
Right of use assets	15	45,196,074	59,283,390
Project transaction costs	16	-	59,560,432
Goodwill	17	-	11,530,918
Long term deposits		3,103,150	2,904,800
Non-current assets		11,758,818,589	13,151,875,460
Stock in trade - HSD		246,092,789	169,300,404
Trade debts	18	12,656,194,470	11,363,291,153
Other receivables	19	464,512,853	614,823,548
Advances	20	4,964,356	105,740,465
Advance income tax		7,301,105	15,933,692
Trade deposits and short term prepayments	21	67,370,128	71,688,212
Short term investments	22	1,015,664,064	-
Cash and bank balances	23	1,386,984	26,727,888
		14,463,486,749	12,367,505,362
Assets held for sale	12	853,706,707	-
Current assets		15,317,193,456	12,367,505,362
Total assets		27,076,012,045	25,519,380,822

The annexed notes 1 to 39 form an integral part of these consolidated financial statements.

Chief Financial Officer

Chief Executive Officer

Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2021

	Note	2021	2020
		Rupees	
Continuing operations			
Turnover - net	24	16,394,334,530	8,925,175,185
Cost of sales	25	(13,654,893,375)	(5,595,213,831)
Gross profit		2,739,441,155	3,329,961,354
Other income	26	3,069,400	1,518,154
Administrative expenses	27	(164,728,563)	(161,294,677)
Finance cost	28	(830,839,645)	(798,683,562)
Profit for the year from continuing operations		1,746,942,347	2,371,501,269
Discontinued operations			
Loss for the year from discontinued operations	12	(3,319,716)	(3,852,780)
Profit for the year		1,743,622,631	2,367,648,489
Profit/ (loss) attributable to:			
Profit from continuing operations			
- Owners of the Company		1,746,942,347	2,371,501,269
Loss from discontinued operation			
- Owners of the Company		(3,199,875)	(3,710,227)
- Non-controlling interests		(119,841)	(142,553)
		(3,319,716)	(3,852,780)
		1,743,622,631	2,367,648,489

The annexed notes 1 to 39 form an integral part of these consolidated financial statements.

Chief Financial Officer

Chief Executive Officer

Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2021

	Note	2021	2020
		Rupees	
Profit for the year		**1,743,622,631**	2,367,648,489
Other comprehensive income for the year			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit liability	8.2.1 & 8.2.2	**(3,942,902)**	8,985,460
Total comprehensive income for the year		**1,739,679,729**	2,376,633,949
Total comprehensive income attributable to:			
- Owners of the Company		**1,739,799,570**	2,376,776,502
- Non-controlling interests		**(119,841)**	(142,553)
		1,739,679,729	2,376,633,949
Total comprehensive income arises from:			
- Continuing operations		**1,742,999,445**	2,380,486,729
- Discontinued operations		**(3,319,716)**	(3,852,780)
		1,739,679,729	2,376,633,949

The annexed notes 1 to 39 form an integral part of these consolidated financial statements.

Chief Financial Officer	Chief Executive Officer	Director

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2021

	Note	2021	2020
		Rupees	
Cash flows from operating activities			
Profit for the year		**1,746,942,347**	2,371,501,269
Adjustments for non-cash income and expenses:			
Provision for staff retirement benefits - gratuity	8.2.2	**8,711,844**	9,378,998
Depreciation - Property, plant and equipment	14.2	**608,162,552**	609,734,660
Depreciation - Right of use assets	15	**15,376,746**	12,866,569
Finance cost	28	**830,839,645**	798,683,562
Gain on disposal of property, plant and equipment	26	**(141,147)**	(1,083,579)
Insurance claim	26	**(1,404,391)**	(94,500)
Profit on deposit accounts	26	**(803,089)**	(76,175)
Return on investments	26	**(426,013)**	-
		3,207,258,494	3,800,910,804
Changes in working capital:			
Stock in trade		**(76,792,385)**	(36,264,550)
Trade debts		**(1,292,903,317)**	(1,712,638,373)
Other receivable		**150,310,695**	549,615,906
Advances		**100,776,109**	(7,516,226)
Trade deposits and prepayments		**4,318,084**	(8,682,856)
Trade and other payables		**911,515,468**	(1,166,697,764)
Discontinued operations		**(1,298,498)**	(2,164,731)
Cash generated from operations		**3,003,184,650**	1,416,562,210
Income taxes (paid)/ refunded		**(995,359)**	8,297,054
Finance cost paid		**(752,380,452)**	(872,800,520)
Staff retirement benefits paid		**(393,541)**	(9,275,095)
Net cash from operating activities		**2,249,415,298**	542,783,649
Cash flows from investing activities			
Acquisition of property, plant and equipment	14	**(734,653)**	(701,057)
Acquisition of right of use assets		**(608,854)**	(966,552)
Change in long term deposits		**(3,199,810)**	1,467,860
Proceeds from sale of property, plant and equipment		**362,242**	2,556,950
Insurance claim received		**1,724,592**	94,500
Profit on deposit accounts	26	**803,089**	76,175
Return on investments - receipt	26	**426,013**	-
Discontinued operations		**(18,263,683)**	(44,083,042)
Net cash used in investing activities		**(19,491,064)**	(41,555,166)
Cash flows from financing activities			
Repayment of long term financing		**(184,507,187)**	(932,035,126)
Dividends paid		**(1,736,148,988)**	(1,258,550,768)
Short term borrowings - net		**693,887,319**	1,713,321,938
Lease liabilities paid		**(14,759,875)**	(11,015,559)
Discontinued operations		**14,297,611**	(373,329)
Net cash used in financing activities		**(1,227,231,120)**	(488,652,844)
Net increase in cash and cash equivalents		**1,002,693,114**	12,575,639
Cash and cash equivalents at beginning of the year		**26,727,888**	14,152,249
Cash and cash equivalents at end of the year	34	**1,029,421,002**	26,727,888

The annexed notes 1 to 39 form an integral part of these consolidated financial statements.

Chief Financial Officer	Chief Executive Officer	Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2021

	Share capital	Unappropriated profit - revenue reserve	Non-Controlling interest	Total equity
		Rupees		
Balance as at January 1, 2020	3,864,717,790	10,939,558,934	27,802,426	14,832,079,150
Profit for the year	-	2,367,791,042	(142,553)	2,367,648,489
Other comprehensive income for the year	-	8,985,460	-	8,985,460
Total comprehensive income for the year	-	2,376,776,502	(142,553)	2,376,633,949
Transaction with owners of the Company				
Distributions				
Final dividend - 2019@ Rs. 2 per share	-	(772,938,558)	-	(772,938,558)
Interim dividend - 2020 @ Rs. 1.25 per share	-	(483,089,724)	-	(483,089,724)
Total distributions	-	(1,256,028,282)	-	(1,256,028,282)
Changes in ownership interests				
Consideration paid by NCI for acquisition of shares	-	-	1,193,070	1,193,070
Disposal of share to NCI without change in control	-	(16,327)	16,327	-
Total changes in ownership interests	-	(16,327)	1,209,397	1,193,070
Total transactions with owners of the Company	-	(1,256,044,609)	1,209,397	(1,254,835,212)
Balance as at December 31, 2020	3,864,717,790	12,060,290,827	28,869,270	15,953,877,887
Balance as at January 1, 2021	**3,864,717,790**	**12,060,290,827**	**28,869,270**	**15,953,877,887**
Profit for the year	**-**	**1,743,742,472**	**(119,841)**	**1,743,622,631**
Other comprehensive loss for the year	**-**	**(3,942,902)**	**-**	**(3,942,902)**
Total comprehensive income for the year	**-**	**1,739,799,570**	**(119,841)**	**1,739,679,729**
Transaction with owners of the Company				
Distributions				
Final dividend 2020@ Rs. 2.50 per share	**-**	**(966,179,448)**	**-**	**(966,179,448)**
First interim dividend 2021@ Rs. 2 per share	**-**	**(772,943,558)**	**-**	**(772,943,558)**
Total distributions	**-**	**(1,739,123,006)**	**-**	**(1,739,123,006)**
Changes in ownership interests				
Consideration paid by NCI for acquisition of shares	**-**	**-**	**9,460**	**9,460**
Disposal of share to NCI without change in control	**-**	**(3,780)**	**3,780**	**-**
Total changes in ownership interests	**-**	**(3,780)**	**13,240**	**9,460**
Total transactions with owners of the Company	**-**	**(1,739,126,786)**	**13,240**	**(1,739,113,546)**
Balance as at December 31, 2021	**3,864,717,790**	**12,060,963,611**	**28,762,669**	**15,954,444,070**

The annexed notes 1 to 39 form an integral part of these consolidated financial statements.

Chief Financial Officer | Chief Executive Officer | Director

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

1 REPORTING ENTITY

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

Parent:

The Company was incorporated in Pakistan on November 11, 2004 as a public limited company under the repealed Companies Ordinance, 1984 (which has now been replaced by the Companies Act, 2017) and commenced operations from April 30, 2010. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The Company has amended its Implementation Agreement on February 11, 2021 whereby National Transmission and Despatch Company (NTDC) has been replaced with Central Power Purchasing Agency Guarantee Limited (CPPA-G) as Power Purchaser. During the year the Saif Holdings Limited has distributed 62,250,857 shares held in the Company, as dividend in kind to its shareholders, after which Saif Holdings Limited holds 34.94% (2020: 51.04%) shares of the Company.

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

Subsidiary:

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

The Company holds 96.39% shares (2020: 96.37%) in Subsidiary Company.

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

- The registered office of the Company is situated at 1st Floor, Kashmir Commercial Complex, Fazal-ul-Haq Road, Block E, Blue Area, Islamabad;

- Plant of the Company is situated at Chak 56/5L, Qadarabad Multan Road, District Sahiwal, Punjab, Pakistan;

- The registered office of the Subsidiary Company, is located at APTMA House, Tehkal Payan, Jamrud Road, Peshawar; and

- Construction site of cement plant of the Subsidiary Company, is located at Saiduwali Village Tehsil Paharpur, District Dera Ismail Khan, Khyber Pakhtoonkhawa, Pakistan.

2 BASIS OF PREPARATION

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

2.1 Statement of compliance

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

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

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

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

2.2 Basis of measurement and preparation

These financial statements have been prepared under the historical cost convention except for certain items as disclosed in the relevant accounting policies in note 3.

2.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its Subsidiary Company.

During the year, the Board of Directors of the Company approved the proposal for sale of land and other assets of the Subsidiary Company. The same was approved by the shareholders in the Extra Ordinary General Meeting held on June 26, 2021. The Subsidiray Company is expected to be sold before December 31, 2022. The proceeds from the sale of assets of subsidiary amounts to Rs.1.3 billion as per Assets Purchase Agreement and will be used by the Subsidiary Company to payback to the Company and other sponsors according to their investment after liquidation of the Subsidiary Company.

2.3.1 Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in consolidated statement of profit or loss immediately. Transaction costs are expensed as incurred. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in consolidated statement of profit or loss. Any contingent gain is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in consolidated statement of profit or loss.

2.3.2 Subsidiaries

Subsidiary is that enterprise in which the holding company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has the power to elect and appoint more than 50% of its directors. The financial statements of the subsidiary are included in the consolidated financial statements from the date control commences until the date that control ceases. The assets and liabilities of Subsidiary Company have been accounted for as per the requirements of International Financial Reporting Standard 5 “Non-Current Assets Held For Sale and Discontinued Operations” and hence not been consolidated on a line by line basis. The carrying value of investment held by the Company is eliminated against Company’s share in paid up capital of the subsidiary Company. Analysis of Subsidiary Company’s assets and liabilities, income and expenses and cash flows have been presented as a separate note as disclosed in note 12 to the consolidated financial statements.

2.3.3 Non-controlling interests

Non-controlling interests are that part of net results of the operations and of net assets of the subsidiary attributable to interests which are not owned by the Company. NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

2.3.4 Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related Non-controlling interests and other components of equity. Any resulting gain or loss is recognised in consolidated statement of profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

2.3.5 Transactions elimination in consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated.

2.4 Functional and presentation currency

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

2.5 Use of judgments and estimates

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

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

(a) Property, plant and equipment

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

(b) Measurement of the expected credit loss allowance

The measurement of the expected credit loss ("ECL") allowance for financial assets requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of counter parties defaulting and the resulting losses). Elements of the ECL models that are considered accounting judgments and estimates include:

- Development of ECL models, including the various formulas and choice of inputs;

- Determining the criteria if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;

- The segmentation of financial assets when their ECL is assessed on a collective basis;

- Determination of associations between macroeconomic scenarios and, economic inputs, and their effect on Probability of Default (PDs), Exposure At Default (EADs) and Loss Given Default (LGDs); and

- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

(c) Provision against financial assets not subject to ECL model

As referred to note 2.6.1, the Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of ECL model in respect of financial assets due directly/ ultimately from Government of Pakistan (GoP) till 30 June 2022. Accordingly, the Company reviews the recoverability of its trade debts that are due directly/ ultimately from GoP to assess whether there is any objective evidence of impairment as per requirements of IAS 39 'Financial Instruments: Recognition and Measurement' at each reporting date.

The Company's assessment of objective evidence of impairment with respect to over due amounts on account of intercorporate circular debt takes into account commitment made by the GoP, contractual rights to receive compensation for delayed payments and plans of the GoP to address the issue of inter-corporate circular debt.

(d) Taxation

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

(e) Employee benefits

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

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

(f) Provision for inventory obsolescence

The Company reviews the carrying amount of stores and spares and stock in trade on regular basis and provision is made for obsolescence, if there is any change in usage pattern and physical form of related stores and spares and stock in trade.

(g) Provisions and contingencies

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost, if any. Where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability, it is disclosed as contingent liability.

(h) Leases

The Company exercises judgements when determining the lease term of contract with renewal and termination options. The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

(i) Other

Pursuant to decisions of Supreme Court of Pakistan related to discretionary beneficial ownership in an overseas trusts on a prudent basis and in good faith transactions with "Orastar" have been disclosed in note 31 irrespective of the absence of significant influence and the fact that the companies are not associated under Companies Act, 2017.

2.6 Exemptions from applicability of accounting and reporting requirements

2.6.1 IFRS 9 “Financial Instruments”

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

2.6.2 IFRS 16 "Leases"

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

	2021	2020
	Rupees	
Decrease in unappropriated profit at January 01	**(3,708,306,689)**	(3,078,190,458)
Increase/Decrease in profit for the year	**1,393,335,228**	(630,116,231)
Decrease in unappropriated profit at December 31	**(2,314,971,461)**	(3,708,306,689)

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

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

Owned

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

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

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

3.2 Staff retirement benefits - Defined benefit plan

The Company operates a funded gratuity scheme covering all permanent employees completing the minimum qualifying period of service, for which liability is recognised in the financial statements. The assets of the fund plan are held independently in a separate fund. Provision for gratuity is made to cover obligations under the scheme in accordance with actuarial recommendations. The latest actuarial valuation was carried out by the Company as at December 31, 2021. The details of actuarial valuation are given in note 8.2 to these consolidated financial statements. The actuarial gains and losses are recognised in other comprehensive income in the year in which they arise.

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

3.3 Taxation

(a) Current

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

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

(b) Deferred

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

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

3.4 Borrowing costs

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

3.5 Provisions

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

3.6 Stock in trade

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

3.7 Foreign currency transactions and translations

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

(i) Exchange differences related to foreign currency loans obtained for financing of the plant and machinery are capitalised and depreciated over the remaining useful life of the related assets in accordance with SRO 24(1)/2012 of SECP.

(ii) All other exchange differences are charged to profit or loss on net basis.

3.8 Financial Instruments - Initial recognition and subsequent measurement

Initial Recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortised cost as the case may be with the exception of trade debts which do not contain a significant financing component and the Group has applied the practical expedient to measure them at the transaction price plus in case of a financial asset not at FVTPL.

Classification of financial assets

The Group classifies its financial instruments in the following categories:

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

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

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

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

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

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

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

Classification of financial liabilities

The Group classifies its financial liabilities in the following categories:

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

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

Subsequent measurement

i) Financial assets at FVTOCI

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

ii) Financial assets and liabilities at amortised cost

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

iii) Financial assets and liabilities at FVTPL

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

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

Derecognition

i) Financial assets

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

ii) Financial liabilities

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

Offsetting of financial assets and financial liabilities

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

3.9 Impairment of financial asset

The Company recognises loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortised cost except for financial assets due directly / ultimately from GoP which includes trade debts in respect of which applicability of ECL model is deferred by SECP as explained in note 2.6.1. For financial assets that are subject to ECL, the Group uses General 3-stage approach for deposits, other receivables, advances and bank balances i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instruments has not increased significantly since initial recognition.

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

- Long term deposits;
- Other receivables;
- Advances to employees;
- Security deposits;
- Cash and bank balances;and
- Short term investments

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

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

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

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

3.10 Finance income and finance cost

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

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

3.11 Impairment of non-financial assets

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

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

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

3.12 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprises of cash in hand and at bank and includes short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.13 Provision for Workers' Profit Participation Fund

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

3.14 Dividend

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

3.15 Operating Segment

Segment reporting is based on the operating segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The operating segments are engaged in providing products or services which are subject to risks and rewards which differ from the risk and rewards of other segments. Operating segments are production and sale of cement and generation of electricity.

3.16 Revenue recognition

The Company has entered into PPA with NTDC for a period of 30 years starting from its Commercial Operation Date i.e. April 30, 2010. Under the PPA, the Company is obligated to sell and deliver all output of the Complex in accordance with provisions of PPA. The Company's arrangement with NTDC falls under the definition of lease under IFRS-16 for which exemption is available to the Company. Accordingly, revenue in respect of Capacity Purchase Price (CPP) is recognized when due at rates specified under the PPA and revised reference tariff determined by National Electric Power Regulatory Authority (NEPRA) and after incorporation of relevant applicable quarterly indexation. PPA also contains other performance obligations i.e. sale of electricity, insurance and operation & maintenance.

Revenue from sale of electricity is recognized when or as the Company satisfies performance obligation by transferring the promised good or service to a customer. A good or service is transferred when the customer obtains control of that good or service. The Company principally satisfies its performance obligation in respect of supply of electricity upon transmission of electricity and related fuel cost component of the tariff determined by National Electric Power Regulatory Authority (NEPRA) is invoiced to the customer as part of Energy Purchase Price (EPP).

Revenue associated with the operating phase of the PPA i.e. insurance and operations & maintenance of the plant is measured based on the consideration specified in contract with customer. Revenue from contract with customer is recognized when or as the Company satisfies a performance obligation by transferring a promised good or service to a customer. A good or service is transferred when the customer obtains control of that good or service. The Company principally satisfies its performance obligations of insurance, operations and maintenance over time and the amount of revenue is recognized based on the consideration specified in the PPA. Consideration for operating phase of the PPA i.e. Insurance and fixed O&M component of tariff is billed to customer as part of CPP whereas variable O&M component is billed to customer as part of EPP. The amount of revenue recognised in respect of operating phase excludes the estimates of variable consideration as it is not highly probable that a significant reversal in the amount of cumulative revenue recognised will occur in future when the uncertainty associated with the variable consideration is subsequently resolved.

3.17 Leases

Leases At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date.

Right of use asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Right of use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property, plant and equipment. In addition, right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Rates of depreciation are mentioned in note 15.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option,
- and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments.

3.18 Assets classified as held for sale

The Group classifies assets as held for sale if its highly probable that the carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for sale in its present condition and its sale must be probable. For sale to be probable, the appropriate level of management must be committed to a plan to sell the asset and an active programme to locate a buyer and complete plan must have been initiated. Assets designated as held for sale are generally measures at lower of carrying amount at designation and fair value less cost to sell, if fair value can reasonably be determined. Once classified as held-for-sale, property, plant and equipment is no longer depreciated.

3.19 Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations;or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of consolidated profit or loss, consolidated statement of comprehensive income and consolidated statement of cashflows is re-presented as if the operation had been discontinued from the start of the comparative year.

3.20 Forthcoming changes in approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after January 1, 2022:

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises 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.

Annual Improvements to IFRS standards 2018-2020:

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

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

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

- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

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

Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3 . An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

Classification of liabilities as current or non-current (Amendments to IAS 1) amendments apply retrospectively for the annual periods beginning on or after 1 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.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023 and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

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

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

		2021	2020
4	**SHARE CAPITAL**	Rupees	
4.1	**Authorised share capital**		
	405,000,000 (2020: 405,000,000) ordinary shares of Rs.10 each	**4,050,000,000**	4,050,000,000
4.2	**Issued, subscribed and paid-up capital** 386,471,779 (2020: 386,471,779) ordinary shares of Rs.10 each fully paid in cash.	**3,864,717,790**	3,864,717,790

4.3 Saif Holdings Limited holds 135,021,262 i.e. 34.94% (December 31, 2020: 197,272,619 i.e. 51.04%) ordinary shares of Rs.10 each at the reporting date. Further, 25,465,350 (December 31, 2020: 12,552) and 100 (December 31, 2020: 100) ordinary shares of Rs. 10 each are held by directors and a related party respectively. Orastar Limited held 66,022,504 (December 31, 2020: 66,022,504) ordinary shares of the Company.

During the year, Saif Holdings Limited has distributed 62,250,857 shares held in the Company, as dividend in kind to its shareholders.

		Note	2021	2020
5	**SUBORDINATED LOAN - UNSECURED**		Rupees	
	Balance at January 01		**970,578,622**	1,071,637,650
	Exchange loss capitalised	5.1	**83,433,913**	42,596,486
	Repayment during the year		**(184,507,187)**	(143,655,514)
		5.2	**869,505,348**	970,578,622
	Current portion of subordinated loan		**(460,326,476)**	(415,962,907)
	Balance at December 31		**409,178,872**	554,615,715

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

5.2 This represents remaining balance of US $ 4,886,234 (2020: US $ 6,035,937) from the original foreign currency loan of US $ 8,946,353 obtained from Orastar Limited, incorporated under the laws of British Virgin Island (BVI). The loan is duly registered with the State Bank of Pakistan (SBP). The loan carries markup at the rate of 3 month's USD LIBOR plus 3% per annum and is payable in quarterly installments in a period of six years starting from January 1, 2019 subject to availability of surplus funds for distribution. As per loan agreement, the Company can also issue shares to Orastar Limited in lieu of repayment on mutually agreed basis.

6 LEASE LIABILITIES

	2021	2020
	Rupees	
Lease liabilities	**47,234,759**	61,167,931
Less: Current portion	**(14,741,780)**	(15,593,009)
Long term portion	**32,492,979**	45,574,922

Movement of lease liabilities under IFRS 16 is as follows:

	2021	2020
Balance at January 01	**56,869,829**	62,181,777
Addition during the year	**9,584,915**	13,766,339
Disposal during the year	**(4,460,110)**	(2,198,227)
Interest	**4,855,432**	6,088,227
Payments during the year	**(19,615,307)**	(18,670,185)
Balance at December 31	**47,234,759**	61,167,931
Current portion of lease liabilities	**(14,741,780)**	(15,593,009)
Non-Current Portion of Lease Liabilities	**32,492,979**	45,574,922

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

	Note	2021	2020
		Rupees	
Less than one year		**18,745,799**	22,902,382
One to two years		**19,180,504**	18,732,951
Two to three years		**7,045,618**	19,134,484
Three to four years		**5,433,746**	5,538,930
Four to five years		**2,305,461**	3,019,054
More than five years		**1,845,612**	2,483,034
		54,556,740	71,810,835

7 DEFERRED LIABILITY - GRATUITY

	Note	2021	2020
Balance at January 01		**-**	2,962,420
Provision for gratuity expense for the year	7.2	**-**	2,096,210
Benefit paid during the year		**-**	(3,415,630)
Balance at December 31		**-**	1,643,000

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

7.2 Gratuity expense amounting to Rs. 894,120 was capitalized as capital work in progress as disclosed in note 14.1.2 in accordance with the Subsidiary Company's approved policy for capitalization of expenses, while expense amounting to Rs. 15,360 was charged as administrative expense. The balance at year end has been classified as liabilities directly associated with assets held for sale as mentioned in note 12.

8	TRADE AND OTHER PAYABLES	Note	2021	2020
			Rupees	
	Creditors		**1,535,869,549**	722,766,342
	Accrued liabilities		**10,143,940**	75,222,756
	Withholding tax payable		**4,496,828**	3,266,600
	WPPF payable	8.1	**205,922,080**	118,575,063
	Payable to staff gratuity fund	8.2	**12,654,746**	393,541
	Other payables		**5,811,438**	3,697,347
			1,774,898,581	923,921,649

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

8.2	Payable to staff gratuity fund	Note	2021	2020
			Rupees	

The amount recognised in the statement of financial position is as follows:

	Note	2021	2020
Present value of defined benefit obligation	8.2.1	**106,898,493**	87,643,632
Less: Fair value of plan assets	8.2.2	**(94,243,747)**	(87,250,091)
Net defined benefit liability		**12,654,746**	393,541

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

	2021	2020
Balance at January 01	**87,643,632**	80,798,915
Included in profit or loss		
Current service cost	**8,692,659**	8,857,273
Interest cost	**8,531,648**	9,036,719
	17,224,307	17,893,992
Included in other comprehensive income		
Remeasurement loss:		
Actuarial loss/ (gain)	**2,309,658**	(10,104,219)
Others		
Benefits paid	**(279,104)**	(945,056)
Balance at December 31	**106,898,493**	87,643,632

	Note	2021	2020
		Rupees	
8.2.2 The movement in fair value of plan assets is as follows:			
Balance at January 01		**87,250,091**	71,523,817
Included in profit or loss			
Interest income		**8,512,463**	8,514,994
Included in other comprehensive income			
Return on plan assets excluding interest income		**(1,633,244)**	(1,118,759)
Others			
Contribution to gratuity fund		**393,541**	9,275,095
Benefits paid		**(279,104)**	(945,056)
Balance at December 31		**94,243,747**	87,250,091

Breakup of plan assets is as follows:

	2021	2020
Cash at bank	**380,240**	14,428
Cash balance	**1,850**	1,957
Treasury bills	**78,842,013**	72,208,132
Term finance certificates	**15,019,644**	15,025,574
	94,243,747	87,250,091

The movement in liability recognised in the statement of financial position is as follows:

	2021	2020
Opening liability	**393,541**	9,275,098
Expense for the year	**8,711,844**	9,378,998
Remeasurement loss/ (gain) recognized in other comprehensive income during the year	**3,942,902**	(8,985,460)
Payments to the fund during the year	**(393,541)**	(9,275,095)
Closing liability	**12,654,746**	393,541

Allocation of gratuity expense is as follows:

	Note	2021	2020
Cost of sales	25.1	**5,035,190**	5,445,427
Administrative expenses	27.1	**3,676,654**	3,933,571
		8,711,844	9,378,998

Gratuity plan entitles a retired employee to receive gratuity equivalent to last drawn salary into eligible number of years of service. The gratuity plan is administered by a gratuity fund that is legally separated from the Company and is funded by the Company based on actuarial valuation. Employees are not required to contribute to this plan. The latest actuarial valuation was carried out on December 31, 2021 using projected unit credit method. Expected gratuity expense for the next financial year is Rs. 11,405,382. This defined benefit plan exposes the Company to the following actuarial risks:

(a) Final salary risk

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

(b) Demographic risks

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

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

(c) Investment risk

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

Key actuarial assumptions	2021	2020
Discount rate used for interest cost	**9.75%**	11.25%
Discount rate used for year end obligation	**11.75%**	9.75%
Future salary growth	**10.75%**	8.75%
Expected mortality for active members	**As per SLIC 2001-2005 setback 1 Year**	As per SLIC 2001-2005 setback 1 Year
Average expected remaining working life time of employees	**4 years**	4 years

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

	December 31, 2021		December 31, 2020	
	Rupees			
Discount rate (1% movement)	**102,498,051**	**112,001,288**	84,014,411	91,875,854
Future salary growth (1% movement)	**112,124,406**	**102,312,141**	91,984,012	83,854,157

9 SHORT TERM BORROWINGS

	Note	2021	2020
		Rupees	
Working capital facilities - secured	9.1	**5,157,123,034**	3,893,487,815
Short term musharakah facilities - secured	9.2	**2,510,469,540**	3,080,217,440
		7,667,592,574	6,973,705,255

9.1 The Company has obtained working capital facilities amounting to Rs. 8.33 billion (2020: Rs. 8.63 billion) from several commercial banks for meeting the working capital requirements, expiring on various dates during 2022. Effective markup rates during the year on these facilities range between 7.89% to 10.26% (2020: 7.85% to 15.05%) per annum with no floor or cap and are payable in arrears on quarterly basis. The facilities are secured by way of mortgage charge on fuel stocks inventory and energy payment receivables up to Rs. 11.58 billion (2020: Rs. 12.24 billion) and subordinated / ranking charge on all present and future fixed assets and properties of the Company for an amount of Rs. 1.21 billion (2020: Rs. 0.92 billion)

9.2 The Company has obtained short term Islamic finance facilities from Islamic banks subject to a maximum limit of Rs. 5.3 billion (2020: Rs. 4.8 billion). Effective variable markup rate during the year on these facilities ranges between 7.89% to 10.22% (2020: 7.85% to 14.56%) per annum and are secured by pari passu / ranking charge on fuel stock and energy purchase price receivables of the Company up to Rs. 7.03 billion (2020: Rs. 6.36 billion) and subordinated / ranking charge on all present and future fixed assets and properties of the Company up to Rs. 0.42 billion (2020: Rs. 0.72 billion).

9.3 The Company has obtained Ijarah (Direct) facility amounting to Rs. 50 million (2020: Rs. 50 million) from an Islamic bank. The facility is secured by title of Ijarah asset in the name of bank.

9.4 Letter of guarantee / credit

Letter of guarantee / stand by letter of credit amounting to Rs. 3.92 billion (2020: Rs. 4.22 billion) are available to the Company. These facilities are secured against the ranking charge over all present and future fixed assets amounting to Rs. 6.18 billion (2020: Rs. 6.58 billion).

		Note	2021	2020
10	**CURRENT PORTION OF NON-CURRENT LIABILITIES**		Rupees	
	Current portion of sub-ordinated loan	5	**460,326,476**	415,962,907
	Current portion of lease liabilities	6	**14,741,780**	15,593,009
			475,068,256	431,555,916
11	**MARKUP ACCRUED**			
	Markup on short term financing		**167,049,963**	142,717,536
	Markup on sub-ordinated loan		**532,952,857**	478,826,091
			700,002,820	621,543,627

12 DISCONTINUED OPERATIONS

As explained in note 2.3, the Company has classified its investment in the Subsidiary Company as held for sale. Consequently, assets and liabilities of the Subsidiary Company have been classified as assets and liabilities attributable to discontinued operations.

Amounts appearing in consolidated statement for profit or loss , consolidated statement of comprehensive income, consolidated cashflow statement and related notes have been re-presented for the year ended December 31, 2020

12.1 An analysis of the assets and liabilities attributable to discontinued operations as at the date of statement of financial position is as follows:

		2021
12.1.1	Liabilities directly associated with the assets held for sale	Rupees
	Gratuity payable	**2,552,481**
	Lease liabilities	**3,066,253**
	Loan from related parties	**15,830,572**
	Trade and other payables	**24,967,718**
		46,417,024

Assets held for sale	2021 Rupees
Property, plant and equipment	808,461,072
Project transaction costs	11,253,607
Advances to employees	41,700
Advance tax	9,723,033
Other receivable	326,423
Short term investment	10,526,316
Cash and bank balances	1,843,638
Goodwill	11,530,918
	853,706,707

12.1.2 Loss for the year - discontinued operations:

	Note	2021 Rupees	2020 Rupees
Other income		606,974	768,509
Administrative expenses		(3,208,997)	(3,805,405)
Finance cost		(717,693)	(815,884)
Loss for the year		(3,319,716)	(3,852,780)

12.1.3 Other comprehensive income

	2021	2020
Loss for the year	(3,319,716)	(3,852,780)
Remeasurement of defined benefit liability	-	-
Total comprehensive loss	(3,319,716)	(3,852,780)

12.1.4 Cash flows from / (used in) discontinued operations

	2021	2020
Net cash used in operating activities	(1,298,498)	(2,164,731)
Net cash used in investing activities	(18,263,683)	(44,083,042)
Net cash from / (used in) financing activities	14,297,611	(373,329)
Net cashflows for the year	(5,264,570)	(46,621,102)

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies:

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

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

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

13.1.4 For Tax Year 2015, the assessing officer raised demand of Rs. 55.6 million in March 2017 for alleged non-withholding of tax on salaries, payment for goods and service, rent and dividend. The Company filed appeal before Commissioner (Appeals) who remanded the case to the assessing officer who in turn created a demand of Rs. 13.4 million in September 2018. The Company again filed appeal before Commissioner (Appeals) against the appeal effect order on October 16, 2018. Commissioner (Appeals) remanded the case back to assessing officer. Hearing for remand back related to tax charged on salaries was conducted during the year and proceedings were decided in favour of the Company reducing the demand by Rs. 0.25 million.

13.1.5 For Tax Years 2018 to 2021, assessing officer raised sales tax demand for Rs. 515.02 million along with default surcharge of Rs. 25.75 million in the matter of inadmissibility of input tax related to operation & maintenance, insurance, banking, security & business support services procured by the Company. The Company has filed an appeal to Commissioner (Appeals) which is pending adjudication.

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

13.1.7 Sui Northern Gas Pipelines Limited (SNGPL) has claimed an amount of Rs. 104.76 million (2020: Rs. 100.24 million) on account of late payment by the Company against SNGPL's invoices of Regasified Liquefied Natural Gas (RLNG). SNGPL submitted these RLNG invoices to the Company without getting determination of RLNG tariff from Oil and Gas Regulatory Authority (OGRA). The Company has considered such SNGPL invoices to be invalid without OGRA determination. Therefore, no provision for the above mentioned amount has been made in these financial statements.

13.2 Commitments:

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

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

13.2.3 The Subsidiary Company has entered into an Asset Purchase Agreement. For completion of transaction based on the Asset Purchase Agreement various Govermental approvals are required. All the amounts will be kept in Escrow account till the completion of the transaction. When all the approvals, NOCs are completed then the amount will be transferred to SCL account. In case the approvals are not given the transaction will be reversed as per agreement. The amount against sale of Land has been deposited into Escrow account (Rs. 650 million).

14 PROPERTY, PLANT AND EQUIPMENT

	Owned assets											Leased assets	
	Freehold land	Buildings on freehold land	Plant and machinery	Office equipment	Computer and accessories	Furniture and fixtures	Motorcycle and bicycle	Vehicles	Other assets	Stores held for capital expenditure	Capital work in progress (note 14.1)	Vehicles	Total
Cost							Rupees						
Balance at January 1, 2020	461,456,285	2,352,888,758	14,949,016,613	11,473,549	6,532,089	6,883,198	395,645	12,783,744	626,230	511,038,581	325,866,314	-	18,638,961,006
Additions	-	-	-	570,707	149,000	-	-	-	-	-	42,732,906	-	43,452,613
Disposal	-	-	-	-	(140,330)	-	(68,092)	(9,519,822)	-	-	-	-	(9,728,244)
Effect of exchange loss (Refer note 5.1)	-	-	42,596,486	-	-	-	-	-	-	-	-	-	42,596,486
Balance at December 31, 2020	461,456,285	2,352,888,758	14,991,613,099	12,044,256	6,540,759	6,883,198	327,553	3,263,922	626,230	511,038,581	368,599,220	-	18,715,281,861
Balance at January 1, 2021	**43,890,600**	**2,352,888,758**	**14,991,613,099**	**11,746,360**	**5,809,810**	**6,883,198**	**327,553**	**3,120,198**	**626,230**	**511,038,581**	**-**	**-**	**17,927,944,387**
Additions	**-**	**-**	**-**	**219,771**	**514,882**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**734,653**
Transfers	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**13,916,842**	**-**	**-**	**-**	**-**	**13,916,842**
Disposal	**-**	**-**	**-**	**(290,712)**	**(136,892)**	**-**	**-**	**(1,105,474)**	**-**	**-**	**-**	**-**	**(1,533,078)**
Effect of exchange loss (Refer note 5.1)	**-**	**-**	**83,433,913**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**83,433,913**
Balance at December 31, 2021	**43,890,600**	**2,352,888,758**	**15,075,047,012**	**11,675,419**	**6,187,800**	**6,883,198**	**327,553**	**15,931,566**	**626,230**	**511,038,581**	**-**	**-**	**18,024,496,717**
DEPRECIATION													
Balance at January 1, 2020	-	767,496,076	4,297,682,138	9,176,465	5,131,188	3,890,851	334,132	10,504,289	626,230	-	-	-	5,094,841,369
Charge for the year	-	78,574,720	529,142,612	792,694	1,009,557	398,913	58,040	122,909	-	-	-	-	610,099,445
On disposals	-	-	-	-	(140,330)	-	(68,092)	(8,046,451)	-	-	-	-	(8,254,873)
Balance at December 31, 2020	-	846,070,796	4,826,824,750	9,969,159	6,000,415	4,289,764	324,080	2,580,747	626,230	-	-	-	5,696,685,941
Balance at January 1, 2021	**-**	**846,070,796**	**4,826,824,750**	**9,791,041**	**5,492,942**	**4,289,764**	**324,080**	**2,496,159**	**626,230**	**-**	**-**	**-**	**5,695,915,762**
Charge for the year	**-**	**78,574,720**	**528,342,405**	**560,154**	**294,569**	**387,231**	**3,473**	**-**	**-**	**-**	**-**	**-**	**608,162,552**
On transfers	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**11,133,474**	**-**	**-**	**-**	**-**	**11,133,474**
On disposals	**-**	**-**	**-**	**(213,165)**	**(136,892)**	**-**	**-**	**(884,379)**	**-**	**-**	**-**	**-**	**(1,234,436)**
Balance at December 31, 2021	**-**	**924,645,516**	**5,355,167,155**	**10,138,030**	**5,650,619**	**4,676,995**	**327,553**	**12,745,254**	**626,230**	**-**	**-**	**-**	**6,313,977,352**
At January 1, 2020	461,456,285	1,585,392,682	10,651,334,475	2,297,084	1,400,901	2,992,347	61,513	2,279,455	-	511,038,581	325,866,314	-	13,544,119,637
At December 31, 2020	461,456,285	1,506,817,962	10,164,788,349	2,075,097	540,344	2,593,434	3,473	683,175	-	511,038,581	368,599,220	-	13,018,595,920
At December 31, 2021	**43,890,600**	**1,428,243,242**	**9,719,879,857**	**1,537,389**	**537,181**	**2,206,203**	**-**	**3,186,312**	**-**	**511,038,581**	**-**	**-**	**11,710,519,365**
Rate of depreciation per annum (%)	-	3.33%	3.33% to 4.92%	10 % to 33.33%	33.33%	10%	20%	20%	10%	-	-	20%	

14.1 Capital work in progress

	Note	2021	2020
		Rupees	
Advisory and consultancy charges	14.1.1	**230,511,765**	230,692,574
Salaries, wages and other benefits	14.1.2	**87,430,713**	75,581,020
Security charges		**19,884,843**	15,577,813
Borrowing		**9,463,167**	9,463,167
Travelling expenses		**3,085,203**	2,964,572
License fee		**939,060**	937,560
Equipment rentals		**903,468**	903,468
Fuel expenses		**6,655,309**	5,833,064
Vehicle rentals		**2,160,288**	2,081,198
Miscellaneous expenses		**26,723,207**	24,564,784
		387,757,023	368,599,220

14.1.1 This includes cost of technical advisory services amounting to Rs. 74.5 million (2020: Rs. 74.5 million) from PEG S.A. and cost of geological exploration consultancy amounting to Rs. 83.1 million (2020: Rs. 83.1 million) from Sinoma Handan Engineering Company (Private) Limited.

14.1.2 These include Rs. 894,120 (2020: 2,084,144) charged in respect of provision for gratuity expense.

14.2 The depreciation charge for the year has been allocated as follows:

	Note	2021	2020
		Rupees	
Depreciation - Cost of sales	25	**606,917,125**	607,717,332
Depreciation - Administrative expenses	27	**1,245,427**	2,382,113
		608,162,552	610,099,445

14.3 Particulars of the immovable fixed assets

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

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

		Note	2021	2020
			Rupees	
15	**RIGHT OF USE ASSETS**			
	COST			
	Balance at January 1		**84,427,105**	79,919,410
	Additions		**10,193,770**	14,732,891
	Disposal / Transferred		**(16,690,708)**	(3,408,399)
	Balance at December 31		**77,930,167**	91,243,902
	DEPRECIATION			
	Balance at January 01		**29,563,383**	18,401,013
	Charge for the year	27	**15,376,746**	14,695,632
	Disposal / Transferred		**(12,206,036)**	(1,136,133)
	Balance at December 31		**32,734,093**	31,960,512
	Carrying amount		**45,196,074**	59,283,390
	Rate of depreciation per annum (%)		**10% to 20%**	10% to 20%

16 PROJECT TRANSACTION COSTS

These represent expenses incurred against advisory services in relation to the project financing of the Subsidiary Company. The amount has been transferred to Assets held for sale. Refer note 12.

		2021	2020
17	**GOODWILL**	Rupees	
	Acquisition through business combination	**-**	11,530,918

Acquisition of subsidiary

The Company acquired 1,062,500 ordinary shares of Rs. 10 each of the Subsidiary Company, on August 01, 2018 ("the acquisition date") through issuance of shares by the Subsidiary Company. Further right issue of 78,917,864 ordinary shares of Rs. 10 each was made by the Subsidiary Company to the Company till December 31, 2021, As a result the Company holds 96.39% of the issued share capital of the Subsidiary Company. Control of the Subsidiary Company was transferred to the Company on the acquisition date. The balance at year end has been classified as assets held for sale as mentioned in note 12.

		Note	2021	2020
18	**TRADE DEBTS**		Rupees	
	Central Power Purchasing Agency-Guarantee (CPPA-G)	18.1	**12,656,194,470**	11,363,291,153

18.1 Trade debts include an overdue amount of Rs 11.78 billion (2020: Rs. 9.59 billion). The Company considers this amount to be fully recoverable because this is secured by way of guarantee issued by the Government of Pakistan (GoP) under the Implementation Agreement (IA). Additionally, trade debts are subject to markup on delayed payments under Power Purchase Agreement (PPA) at the rate of KIBOR + 4.5% per annum except RLNG fuel invoices which are subject to markup of KIBOR + 2% per annum for first 30 days, and after which markup will be KIBOR+4.5% per annum. GoP is committed, hence continuously pursuing for satisfactory settlement of debt issue. Subsequent to the year end, first installment of 40% has been paid by CPPA-G on January 06, 2022 and as per Master Agreement 60% will be paid within six months of the date of first instalment. As referred in note 2.5.1, SECP has exempted the applicability of expected credit loss allowance on trade debts due directly / ultimately from GoP.

18.2 During the year, Company entered into a "Master Agreement" and "The PPA Amendment Agreement" ("Agreements") on February 11, 2021. Under these agreement, the Company and CPPA-G have primarily agreed on the following matters that are subject to fulfilment of certain terms and conditions mentioned in the agreements: settlement mechanism of outstanding receivables as on November 30, 2020 amounting to Rs. 9.507 billion in two installments; discount in tariff components as explained in note 18.3 below; sharing of fuel & O&M savings; one time detailed heat rate test (for record only); reduction in delay payment rate; conversion of the PPA to 'Take and Pay Basis' subject to mutual agreement of the parties when competitive trading arrangement is implemented and become fully operational as per the wordings of NEPRA's generation license to the Company; settlement of dispute related to Rs. 477.56 million as explained in note 18.4 below and settlement of alleged excessive returns, if any, as per report on the Power Sector through Arbitration (as per reconciled numbers with the negotiation committee, the Company has no excessive profits).

Company has also entered into PPA Novation agreement to change "Power Purchaser" from NTDC to CPPA-G and novation of all rights and obligations of NTDC to CPPA-G under the implementation agreement and the related guarantee by the GoP.

18.3 Return on Equity (RoE) including Return on Equity during Construction (RoEDC) shall be changed to 12% per annum for foreign equity investment registered with SBP, while USD indexation will be retained. For local investors, the rate will be changed to 17% per annum in PKR calculated at PKR/USD exchange rate of PKR 148/USD, with no future USD indexation. However, the existing RoE and RoEDC, together with applicable indexations, shall continue to be applied until the date when the applicable exchange rate under the present Tariff reaches PKR 168/USD (i.e. the date of signing of MoU), whereupon the revised RoE and RoEDC shall become applicable for reminder of the term of PPA.

Pursuant to revised agreements explained above in note 18.2, the Company and CPPA-G jointly submitted revised tariff application to NEPRA (related to ROE and ROEDC) which was approved by NEPRA on April 2, 2021. Further, subsequent to the year end, first installment of 40% has been paid by CPPA-G on January 06, 2022 and as per Master Agreement 60% will be paid within six months of the date of first instalment.

18.4 During the prior year the trade debts included an amount of Rs 477.56 million relating to capacity purchase price not acknowledged by NTDC as the plant was not fully available for power generation. However, the sole reason of this under-utilization of plant capacity was non-availability of fuel owing to non-payment by NTDC.

The Company along with other IPPs agreed with NTDC to resolve the dispute through dispute resolution mechanism (appointment of expert) under the PPA. In his decision the expert in August 2015 determined that the amount mentioned above is payable to the Company and accordingly the Company has claimed the said amount from NTDC. Since NTDC did not conform to the requirements of PPA relating to expert decision within 30 days, the IPPs went to London Court of International Arbitration (LCIA).
Sole arbitrator appointed by LCIA issued a partial final award on June 08, 2017 wherein it was inter

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

As per PPA Amendment agreement, CPPA-G and the Company have resolved the outstanding LClA Award amicably and in good faith, according to which, the current Agreement Year (i.e. the 11th agreement year originally ending on April 30, 2021) has been extended by the disputed period of 43 days through Other Force Majeure Event (OFME). Such OFME period commenced from the end of the 11th Agreement Year i.e. April 30, 2021 and ended on June 11, 2021. Accordingly, Company has invoiced for OFME period to CPPA-G and CPPA-G has acknowledge the same. In consideration of this settlement and and after receipt of first installment of 40% under the 'Payment Mechanism' of the Master Agreement, both parties have agreed to file a joint application before Lahore High Court for withdrawal of enforcement proceedings.

18.5 During the year ended December 31, 2016, an amount of Rs. 239.68 million relating to capacity purchase price not acknowledged by NTDC was adjusted by the Company against payable to SNGPL pursuant to award in favour of the Company for the whole amount by the LCIA. SNGPL disputed the adjustment/set off amount of Award in the Lahore High Court, however, the Court dismissed such petition of SNGPL. Thereafter, SNGPL filed appeal before the Supreme Court of Pakistan which, disposed off the appeal by stating that the judgement of the Lahore High Court, to the extent it decides on merits, the question of the Company's right to set off is set aside (without prejudice to the rights of the parties). SNGPL also challenged the award in Civil Court, Lahore, on April 21, 2016, which is pending adjudication. On June 07, 2016, the Company filed a petition in the Civil Court Lahore to obtain a Decree in lieu of the arbitration award and also adjusted an amount of Rs. 270.66 million (inclusive of the aforementioned amount of Rs. 239.68 million) from payable to SNGPL as such amount was allowed by the LCIA in its award. SNGPL has filed a suit for recovery before District Judge, Lahore (invested with Powers of the Gas Utility Court) on March 01, 2019 against this adjustment including a claim for markup from the date of such adjustment and also has filed a request for arbitration before LCIA on March 22, 2019. In its submission to LCIA on March 06, 2020, SNGPL has claimed adjusted amount of Rs. 270.66 million and markup amount of Rs. 236.47 million from the date of such adjustment. The Company's position is that no amount is payable to SNGPL and in any case, LCIA Arbitration is the only competent forum to decide on this case. The Arbitrator was appointed by LCIA in 2020. The hearing was held in October 2021 and award is awaited.

18.6 Trade debts include Rs. 164.98 million which were unilaterally withheld by CPPA-G relating to fuel cost component of energy purchase price invoices on account of incorrect application of heat rate correction factor. Based on the advice of legal counsel, the management is confident regarding the favorable resolution of the matter and has accordingly recognized revenue in respect of unilateral withheld amounts.

18.7 For aging of receivable from CPPA-G at the reporting date, refer to note 29.6

		Note	2021	2020
19	**OTHER RECEIVABLES**		Rupees	
	Workers' Profit Participation Fund (WPPF) receivable		205,922,080	452,513,669
	Sales tax receivable - net		228,100,078	160,490,674
	Others		30,490,695	1,819,205
			464,512,853	614,823,548
20	**ADVANCES - considered good**			
	Advances to supplier	20.1	1,511,255	105,480,499
	Advances to employees		3,453,101	259,966
			4,964,356	105,740,465

20.1 These include advance payment to SNGPL amounting to Rs. Nil (2020: Rs. 101.61 million).

		2021	2020
21	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**	Rupees	
	Prepayments	65,095,778	67,214,352
	Security deposit	1,833,000	1,833,000
	Current portion of long term deposits	441,350	2,640,860
		67,370,128	71,688,212

		Note	2021	2020
22	**SHORT TERM INVESTMENTS**			
	Short Term Investments:			
	Term deposit receipts	22.1	1,000,000,000	-
	T Bill Investment	22.2	15,664,064	10,526,316
			1,015,664,064	10,526,316

22.1 These carry interest rate of 12% (2020 : Nil) per annum having maturity up to 7 days.

22.2 These carry markup of 10.30% (2020 : Nil) per annum with maturity upto 3 months.

		Note	2021	2020
23	**CASH AND BANK BALANCES**		Rupees	
	Cash in hand		-	45,292
	Cash at bank:			
	Current accounts			
	Local currency		412,640	2,814,639
	Deposit accounts			
	Local currency		625,114	13,026,440
	Foreign currency	23.1	349,230	315,201
		23.2	974,344	13,341,641
			1,386,984	16,201,572

23.1 This represents an amount of USD 1,968 (2020: USD 1,966) in US Dollar deposit account.

23.2 These carry markup ranging from 4% to 8.25% (2020: 2.84% to 5.51%) per annum for Rupee denominated balances while 0.06% (2020: 0.06%) per annum for US Dollar denominated balances.

24 TURNOVER - NET

	Note	2021	2020
		Rupees	
Gross Energy Purchase Price		**14,537,298,704**	4,738,246,637
Less: Sales tax		**(2,045,689,133)**	(688,463,188)
		12,491,609,571	4,049,783,449
Capacity Purchase Price		**3,902,724,959**	4,875,391,736
		16,394,334,530	8,925,175,185

25 COST OF SALES

	Note	2021	2020
Raw material consumed		**11,620,711,217**	3,702,313,415
Operation and maintenance		**1,106,267,934**	975,632,763
Salaries and other benefits	25.1	**73,256,552**	62,444,525
Electricity charges		**51,754,604**	54,113,300
Insurance expense		**191,332,421**	190,121,014
Depreciation and impairment loss	14.2	**606,917,125**	607,717,332
Office expenses		**1,814,781**	1,378,743
Travelling, conveyance and entertainment		**1,843,298**	1,397,818
Repair and maintenance		**885,100**	32,368
Communication		**110,343**	62,553
		13,654,893,375	5,595,213,831

25.1 These include Rs. 5,035,190 (2020: Rs. 5,445,427) charged in respect of staff retirement benefits - gratuity.

26 OTHER INCOME

	2021	2020
	Rupees	
Income from financial assets		
Profit on deposit accounts	**803,089**	76,175
Return on investments	**426,013**	-
Income from non financial assets		
Insurance claim	**1,404,391**	94,500
Gain on disposal of property, plant and equipment	**141,147**	1,083,579
Scrap sales	**294,760**	263,900
	3,069,400	1,518,154

			2021	2020
27	**ADMINISTRATIVE EXPENSES**	**Note**	**Rupees**	
	Salaries and other benefits	27.1	**88,731,647**	54,139,396
	Traveling and conveyance		**131,965**	959,614
	Rent, rates and taxes		**696,874**	2,364,441
	Security services		**14,401,126**	13,332,267
	Office expenses		**4,683,386**	4,741,888
	Fees and subscriptions		**10,065,407**	10,507,636
	Legal and professional		**382,513**	11,974,838
	Consultancy		**808,000**	26,567,820
	Repair and maintenance		**7,708,091**	5,466,743
	Utilities		**3,426,321**	1,905,514
	Insurance		**4,025,539**	3,465,286
	Depreciation - Property, plant and equipment	14.2	**1,245,428**	2,017,328
	Depreciation - Right of use assets	15	**15,376,746**	12,866,569
	Auditors' remuneration	27.2	**3,229,120**	3,609,137
	Donations	27.3	**9,470,000**	6,925,000
	Advertisements		**346,400**	451,200
			164,728,563	161,294,677

27.1 These include Rs. 3,676,654 (2020: Rs. 3,933,571) charged in respect of staff retirement benefits - gratuity for permanent employees of the Company.

		2021	2020
27.2	**Auditors' remuneration**	**Rupees**	
	Annual audit fee	**1,270,238**	1,958,320
	Half yearly review fee	**702,380**	692,440
	Consolidation	**411,904**	406,880
	Certifications	**463,095**	718,744
	Out of pocket expenses	**103,103**	100,000
	Tax Services	**278,400**	687,753
		3,229,120	4,564,137

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

	Name of Institute	Address	Name of Director	Nature of interest in donee	2021	2020
					Rupees	
a)	Akbar Kare Institute	Kulsum Plaza, Jinnah Avenue,	Mrs. Hoor Yousafzai	Director	**6,000,000**	6,000,000
b)	Wadaan Foundation	Blue Area, Islamabad	Mr. Osman Saifullah Khan	Chief Executive Officer	**2,220,000**	925,000
			Mr. Rana Muhammad Shafi	Director		

28 FINANCE COST

	2021	2020
	Rupees	
Markup on short term borrowings	**605,592,870**	629,772,933
Markup on long term financing	**-**	26,696,717
Markup on sub-ordinated loan	**27,670,448**	42,114,996
Guarantee commission	**12,999,996**	12,999,997
Markup on lease liabilities	**4,855,432**	5,281,361
Bank charges	**598,918**	424,054
Exchange loss - net	**179,121,981**	81,393,504
	830,839,645	798,683,562

29 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

Fair value measurement

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

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

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

A. Accounting classifications and fair values

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

	Note	Carrying Amount			Fair value			
		Amortised cost	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
December 31, 2021		Rupees						
Financial assets measured at fair value		-	-	-	-	-	-	-
Financial assets not measured at fair value	29.2							
Long term deposits		3,544,500	-	3,544,500	-	-	-	-
Trade debts		12,656,194,470	-	12,656,194,470	-	-	-	-
Other receivables	29.3	236,412,775	-	236,412,775	-	-	-	-
Advances to employees		3,453,101	-	3,453,101	-	-	-	-
Security deposits		1,833,000	-	1,833,000	-	-	-	-
Short term investments		1,015,664,064	-	1,015,664,064	-	-	-	-
Bank balances		1,386,984	-	1,386,984	-	-	-	-
Total		13,918,488,894	-	13,918,488,894	-	-	-	-
Financial liabilities not measured at fair value	29.2							
Subordinated loan		-	869,505,348	869,505,348	-	-	-	-
Lease liabilities		-	47,234,759	47,234,759	-	-	-	-
Trade and other payables	29.4	-	1,770,401,753	1,770,401,753	-	-	-	-
Short term borrowings		-	7,667,592,574	7,667,592,574	-	-	-	-
Markup accrued		-	700,002,820	700,002,820	-	-	-	-
Unclaimed dividend		-	15,916,869	15,916,869	-	-	-	-
Total		-	11,070,654,123	11,070,654,123	-	-	-	-

	Note	Carrying Amount			Fair value			
		Amortised cost	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
December 31, 2020		Rupees						
Financial assets measured at fair value		-	-	-	-	-	-	-
Financial assets not measured at fair value	29.2							
Long term deposits		5,545,660	-	5,545,660	-	-	-	-
Trade debts		11,363,291,153	-	11,363,291,153	-	-	-	-
Other receivables		454,332,874	-	454,332,874	-	-	-	-
Advances to employees		259,966	-	259,966	-	-	-	-
Security deposits		1,833,000	-	1,833,000	-	-	-	-
Cash and bank balances		26,727,888	-	26,727,888	-	-	-	-
Total		11,851,990,541	-	11,851,990,541	-	-	-	-
Financial liabilities not measured at fair value	29.2							
Subordinated loan		-	970,578,622	970,578,622	-	-	-	-
Lease liabilities		-	61,167,931	61,167,931	-	-	-	-
Deferred liability - gratuity		-	1,643,000	1,643,000	-	-	-	-
Trade and other payables	29.4	-	920,655,049	920,655,049	-	-	-	-
Short term borrowings		-	6,973,705,255	6,973,705,255	-	-	-	-
Markup accrued		-	621,543,627	621,543,627	-	-	-	-
Unclaimed dividend		-	12,942,851	12,942,851	-	-	-	-
Total		-	9,562,236,335	9,562,236,335	-	-	-	-

29.2 The Group has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value as the financial asset. Further, the financial assets are due directly/ ultimately from GoP carry contractual right and entitlement to receive interest on late payment and is exempt from ECL accounting/disclosure as disclosed in note 2.6.1.

29.3 This excludes sales tax receivable.

29.4 This excludes withholding tax payable.

29.5 This does not include financial assets and financial liabilities transferred to assets held for sale and liabilities directly associated with the assets held for sale respectively.

B. Financial risk management

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

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

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

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

29.6 Credit risk

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

Exposure to credit risk

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

	Note	2021	2020
		Rupees	
Long term deposits		**3,544,500**	5,545,660
Trade debts	18	**12,656,194,470**	11,363,291,153
Other receivables	19	**236,412,775**	454,332,874
Advances to employees	20	**3,453,101**	259,966
Security deposits	21	**1,833,000**	1,833,000
Short term investments	22	**1,015,664,064**	-
Bank balances	23	**1,386,984**	16,201,572
		13,918,488,894	11,841,464,225

Credit risk is minimum as the bank accounts are maintained with reputable banks having good credit ratings. Further, as disclosed in note 18.1 that the trade debts are receivable from CPPA-G and are secured by way of guarantee issued by the Government of Pakistan (GoP) under the Implementation Agreement (IA). As explained in note 3.9 and 2.6.1 of the financial statements the Company believes that no impairment allowance is necessary on trade debts and other receivables past due from CPPA-G. The Company is actively pursuing for recovery of trade debts and other receivables and the Company does not expect these debts to fail to meet their obligations.

Credit quality of financial assets

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

.

Trade debts	2021	2020
	Rupees	
Counterparties without external credit ratings	**12,656,194,470**	11,363,291,153

Impairment losses

The aging of trade debts at the reporting date was:

	2021		2020	
	Gross	Impairment	Gross	Impairment
	Rupees			
Not past due	**872,525,459**	**-**	1,775,774,911	-
Past due 0 - 60 days	**2,948,266,669**	**-**	972,857,556	-
Past due 61 - 120 days	**4,886,791,296**	**-**	735,341,952	-
Past due 121 - 180 days	**3,871,577,687**	**-**	370,607,554	-
181 days and above	**77,033,359**	**-**	7,508,709,180	-
	12,656,194,470	**-**	11,363,291,153	-

ECL on 'trade debts' and 'WPPF receivable' from CPPA-G has not been determined as these are covered under exemption from SECP as explained in note 2.6.1. Impact of ECL on financial assets not covered under exemption was not material and accordingly has not been included in these financial statements.

	2021	2020
Security deposits	Rupees	
Counterparties without external credit ratings	**1,833,000**	1,833,000
Other receivables		
Counterparties without external credit ratings	**236,412,775**	454,332,874
Long term deposits		
Counterparties with external credit ratings - AA+ (2020: AA+)	**3,103,150**	2,463,450
Counterparties with external credit ratings - BBB- (2020: BBB-)	**441,350**	3,082,210
Advances to employees		
Counterparties without external credit ratings	**3,453,101**	259,966

Cash and cash equivalents

The Group held cash and cash equivalents amounting to Rs. 1,029,421,002 as at December 31, 2021 (2020: Rs. 26,727,888). Cash and cash equivalents are held with banks and financial institution counter parties, which are rated A1+ based on JCR-VIS rating.

29.7 Liquidity risk

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

There were no defaults on loans payable during the year.

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

	Carrying amount	**Contractual cash flows**	**Maturity in less than 1 year**	**Maturity after one year and up to five years**	**Maturity after five years**
			Rupees		
2021					
Sub-ordinated loan	**869,505,348**	**903,564,289**	**479,612,696**	**423,951,593**	**-**
Lease liabilities	**47,234,759**	**54,556,740**	**18,745,799**	**33,965,329**	**1,845,612**
Trade and other payables	**1,770,401,753**	**1,770,401,753**	**1,770,401,753**	**-**	**-**
Short term borrowing	**7,667,592,574**	**7,667,592,574**	**7,667,592,574**	**-**	**-**
Markup accrued	**700,002,820**	**700,002,820**	**700,002,820**	**-**	**-**
Unclaimed dividend	**15,916,869**	**15,916,869**	**15,916,869**	**-**	**-**
	11,070,654,123	**11,112,035,045**	**10,652,272,511**	**457,916,922**	**1,845,612**

	Carrying amount	Contractual cash flows	Maturity in less than 1 year	Maturity after one year and up to five years	Maturity after five years
			Rupees		
2020					
Sub-ordinated loan	970,578,622	1,023,319,707	439,527,451	583,792,256	-
Lease liabilities	61,167,931	71,810,835	22,902,382	46,425,419	2,483,034
Deferred liability - gratuity	1,643,000	1,643,000	1,643,000	-	-
Trade and other payables	920,655,049	920,655,049	920,655,049	-	-
Short term borrowing	6,973,705,255	6,973,705,255	6,973,705,255	-	-
Markup accrued	621,543,627	621,543,627	621,543,627	-	-
Unclaimed dividend	12,942,851	12,942,851	12,942,851	-	-
	9,562,236,335	9,625,620,324	8,992,919,615	630,217,675	2,483,034

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

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

29.8 Market risk

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

Currency risk

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

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

Transactional exposure in respect of non functional currency monetary items

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

Transactional exposure in respect of non functional currency expenditure and revenues

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

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

	2021	2020	2021	2020
	Rupees		USD	
Subordinated loan	869,505,348	970,578,622	4,886,234	6,035,937
Accrued markup on subordinated loan	532,952,857	478,826,091	2,994,958	2,977,774
Trade and other payables	1,400,787,166	621,554,390	7,871,802	3,865,388
Bank balances	(349,230)	(315,201)	(1,968)	(1,966)
	2,802,896,141	2,070,643,902	15,751,026	12,877,133

The following significant exchange rates have been applied:

	Average Rate		Reporting Date Rate	
	2021	2020	2021	2020
US Dollars	164.00	162.71	177.95	160.80

Foreign Currency

A 5% strengthening of the functional currency against USD at December 31, 2021 would have increased profit by Rs. 96.67 million (2020: Rs. 55.01 million). A 5% weakening of the functional currency against USD at December 31, 2021 would have had the equal but opposite effect on these amounts. The analysis assumes that all other variables remain constant.

Interest rate risk

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

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

	2021	2020
	Rupees	
Fixed rate instruments		
Financial assets	1,016,638,408	23,867,957
Variable rate instruments		
Financial assets	11,783,669,011	9,587,516,242
Financial liabilities	(8,584,332,681)	(8,007,094,808)

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit or loss by Rs. 31.99 million (2020: Rs. 15.80 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2020.

Other market price risk

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

Determination of fair values

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

Non - derivative financial assets

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

Non - derivative financial liabilities

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

29.9 Capital Risk Management

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

30 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Note	2021	2020
		Rupees	
		Chief executive officer	
Managerial remuneration - Gross		29,496,000	26,400,000
Staff retirement benefits		3,205,091	3,531,425
Bonus		4,916,000	2,200,000
		37,617,091	32,131,425
	Note	Executives	
Managerial remuneration - Gross	30.4	59,636,904	62,553,312
Staff retirement benefits		4,313,932	6,249,710
Bonus		9,375,104	4,374,064
		73,325,940	73,177,086
Number of persons including those who worked part of the year		10	12

30.1 Executive means any employee whose basic salary exceeds Rs. 1,200,000 (2020: Rs. 1,200,000) per year.

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

30.3 No remuneration has been paid to the directors of the Company, except for meeting fee amounting to Rs. 1,000,000 which was paid to 7 directors (2020: Rs. 950,000 paid to 7 directors).

30.4 This includes Rs. 5,923,080 (2020: 14,594,544) relating to management and staff retirement benefits of 2 (2020: 2) executives of subsidiary company

31 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of Saif Holding Limited, Saif Cement Limited, directors, key management personnel, entities over which directors are able to exercise significant influence and major shareholders. Balances and other arrangements with Orastar Limited have been disclosed in note 4.3, 5, and 10 to the financial statements.

Transactions with related parties other than those disclosed in note 27.3 to these financial statements are as follows:

	Note	2021	2020
		Rupees	
Saif Holdings Limited (34.94% shareholding-common directorship)			
Issuance of share capital against cash by Saif Cement Limited		-	1,084,060
Draw down of loan during the year by Subsidiary Company		15,520,000	-
Interest paid on loan by Subsidiary Company		170,685	-
Dividend		607,596,929	641,136,012
Support service fee		-	221,525,725
Saif Textile Limited - Associated Company (Common directorship)			
Dividend		450	325
Key Management Personnel			
Dividend to directors		114,594,077	43,882
Remuneration including benefits and perquisites to key management personnel	31.1	71,787,227	61,140,532
Others			
Contribution to Saif Power Limited - Staff Gratuity Fund	8.2.2	393,541	9,275,095

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

32 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities				Equity			
	Long Term Financing	Sub-ordinated loan	Short term borrowings	Lease liabilities	Share Capital	Un appropriated profit - revenue reserve	NCI	Total
				Rupees				
Balance at January 01, 2021	-	970,578,622	6,973,705,255	56,869,829	3,864,717,790	12,060,290,827	28,869,270	23,955,031,593
Changes from financing cash flows								
Proceeds from short-term borrowings - net	-	-	693,887,319	-	-	-	-	693,887,319
Repayments of long term financing	-	(184,507,187)	-	-	-	-	-	(184,507,187)
Lease liabilities paid	-	-	-	(14,759,875)	-	-	-	(14,759,875)
Consideration paid by NCI for acquisition of shares	-	-	-	-	-	-	9,460	9,460
Dividend paid	-	-	-	-	-	(1,736,148,988)	-	(1,736,148,988)
Total changes from financing cash flows	-	(184,507,187)	693,887,319	(14,759,875)	-	(1,736,148,988)	9,460	(1,241,519,271)
Disposal of share to NCI without change in control	-	-	-	-	-	(3,780)	3,780	-
Effect of changes in foreign exchange rates	-	83,433,913	-	-	-	-	-	83,433,913
	-	83,433,913	-	-	-	(3,780)	3,780	83,433,913
Other changes								
Liability related								
Lease of new vehicles	-	-	-	9,584,915	-	-	-	9,584,915
Disposal of leased vehicles	-	-	-	(4,460,110)	-	-	-	(4,460,110)
Movement in unclaimed dividend	-	-	-	-	-	(2,974,018)	-	(2,974,018)
Total liability related other changes	-	-	-	5,124,805	-	(2,974,018)	-	2,150,787
Equity related								
Total comprehensive income for the year	-	-	-	-	-	1,739,799,570	(119,841)	1,739,679,729
Total equity related other changes	-	-	-	-	-	1,739,799,570	(119,841)	1,739,679,729
Balance at December 31, 2021	-	869,505,348	7,667,592,574	47,234,759	3,864,717,790	12,060,963,611	28,762,669	24,538,776,751
Balance at 01 January 2020	788,379,612	1,071,637,650	5,260,383,317	54,119,049	3,864,717,790	10,939,558,934	27,802,426	22,006,598,778
Changes from financing cash flows								
Proceeds from short-term borrowings - net	-	-	1,713,321,938	-	-	-	-	1,713,321,938
Repayments of long term financing	(788,379,612)	(143,655,514)	-	-	-	-	-	(932,035,126)
Lease liabilities paid	-	-	-	(11,015,559)	-	-	-	(11,015,559)
Consideration paid by NCI for acquisition of shares	-	-	-	-	-	-	1,193,070	1,193,070
Dividend paid	-	-	-	-	-	(1,258,550,768)	-	(1,258,550,768)
Total changes from financing cash flows	(788,379,612)	(143,655,514)	1,713,321,938	(11,015,559)	-	(1,258,550,768)	1,193,070	(487,086,445)
Disposal of share to NCI without change in control	-	-	-	-	-	(16,327)	16,327	-
Effect of changes in foreign exchange rates	-	42,596,486	-	-	-	-	-	42,596,486
	-	42,596,486	-	-	-	(16,327)	16,327	42,596,486
Other changes								
Liability related								
Lease of new vehicles	-	-	-	13,766,339	-	-	-	13,766,339
Movement in unclaimed dividend	-	-	-	-	-	2,522,486	-	2,522,486
Total liability related other changes	-	-	-	13,766,339	-	2,522,486	-	16,288,825
Equity related								
Total comprehensive income for the year	-	-	-	-	-	2,376,776,502	(142,553)	2,376,633,949
Total equity related other changes	-	-	-	-	-	2,376,776,502	(142,553)	2,376,633,949
Balance at December 31, 2020	-	970,578,622	6,973,705,255	56,869,829	3,864,717,790	12,060,290,827	28,869,270	23,955,031,593

33 OPERATING SEGMENT

As mentioned in note 3.15 and 12, there are two operating segments of the Group. However, for management purposes, the activities of the Group are organized into a single reportable segment due to following factors

- Cement segment did not report any revenue during the year
- The absolute amount of its reported profit or loss is not 10 per cent or more of the greater, in absolute amount, of the combined reported profit of all operating segments
- Its assets are not 10 per cent or more of the combined assets of all operating segments.

Group's only customer is Central Power Purchasing Agency Guarantee Limited, a Government owned entity to which it sells electricity. The Group's overall gross revenue is Rs 16,394,334,530 (December 2020: Rs 8,925,175,185).

34 CASH AND CASH EQUIVALENTS

	Note	2021	2020
		Rupees	
Cash and bank balances	23 & 12	**3,230,622**	16,201,572
Short term investments	22 & 12	**1,026,190,380**	10,526,316
		1,029,421,002	26,727,888

35 NUMBER OF EMPLOYEES

	2021	2020
Saif Power Limited		
At year end - numbers	**43**	41
Average during the year - numbers	**43**	42
Saif Cement Limited		
At year end - numbers	**22**	23
Average during the year - numbers	**23**	19

36 CAPACITY AND PRODUCTION

	2021	2020
Installed capacity based on hours 8,760 (2020: 8,784) –		
Megawatt hours	**1,785,030**	1,786,340
Actual energy delivered – Megawatt hours	**747,924**	460,944

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

37 OTHER

In July 2012, the Company along with other Independent Power Producers (IPPs) received a notice for inspection of its books of accounts under section 231 of the Companies Ordinance, 1984. The Company along with other IPPs filed Constitutional Petitions in High Courts and stay order was granted to the IPPs for same. Subsequently, hearings were also conducted in High Courts. The Honourable Lahore High Court accepted the Writ Petitions and decided the case in favour of IPPs in Writ Petition No. 20088/2012 along with other connected petitions vide judgment dated January 18, 2016. Latest hearing related to this matter was conducted subsequent to year end in the Honourable Islamabad High Court in March 28, 2022.

38 NON ADJUSTING EVENTS AFTER REPORTING DATE

The Board of directors of the Company, in its Board meeting held on January 24, 2022 and March 29, 2022 has approved an interim cash dividend of Rs.5 (2020: Rs. 2) per share and final cash dividend of Rs. 1 (2020: Rs. 2.5) per share respectively.

39 DATE OF APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors in their meeting held on March 29, 2022.

Chief Financial Officer	Chief Executive Officer	Director

Pattern of Shareholding

Saif Power Limited
As at December 31, 2021

NO. OF SHAREHOLDERS	From	To	SHARES HELD	PERCENTAGE
139	1	100	4,253	0.0011
2,408	101	500	1,191,612	0.3083
878	501	1,000	867,394	0.2244
827	1,001	5,000	2,300,487	0.5953
255	5,001	10,000	2,030,185	0.5253
112	10,001	15,000	1,430,841	0.3702
56	15,001	20,000	1,035,600	0.2680
56	20,001	25,000	1,312,500	0.3396
46	25,001	30,000	1,321,800	0.3420
19	30,001	35,000	632,000	0.1635
30	35,001	40,000	1,162,000	0.3007
7	40,001	45,000	306,500	0.0793
28	45,001	50,000	1,383,500	0.3580
2	50,001	55,000	105,500	0.0273
12	55,001	60,000	706,520	0.1828
8	60,001	65,000	501,500	0.1298
3	65,001	70,000	207,000	0.0536
6	70,001	75,000	441,500	0.1142
9	75,001	80,000	717,000	0.1855
3	80,001	85,000	247,000	0.0639
9	85,001	90,000	798,000	0.2065
2	90,001	95,000	188,000	0.0486
20	95,001	100,000	1,997,500	0.5169
3	100,001	105,000	312,000	0.0807
6	105,001	110,000	640,500	0.1657
1	110,001	115,000	112,500	0.0291
3	115,001	120,000	355,601	0.0920
4	120,001	125,000	494,500	0.1280
1	125,001	130,000	128,000	0.0331
1	135,001	140,000	140,000	0.0362
1	140,001	145,000	144,000	0.0373
6	145,001	150,000	895,500	0.2317
1	155,001	160,000	157,000	0.0406
5	170,001	175,000	863,000	0.2233
2	175,001	180,000	359,000	0.0929
1	180,001	185,000	181,000	0.0468
1	190,001	195,000	192,000	0.0497
3	195,001	200,000	599,000	0.1550
1	205,001	210,000	205,500	0.0532
1	245,001	250,000	250,000	0.0647
1	250,001	255,000	250,500	0.0648
1	255,001	260,000	257,500	0.0666
1	270,001	275,000	275,000	0.0712
2	295,001	300,000	600,000	0.1553
1	310,001	315,000	311,500	0.0806
1	335,001	340,000	340,000	0.0880
1	340,001	345,000	341,000	0.0882
2	345,001	350,000	700,000	0.1811
5	395,001	400,000	2,000,000	0.5175
1	420,001	425,000	424,500	0.1098
1	440,001	445,000	441,500	0.1142
1	445,001	450,000	446,500	0.1155
1	465,001	470,000	466,078	0.1206
1	495,001	500,000	500,000	0.1294

Pattern of Shareholding

Saif Power Limited

As at December 31, 2021

NO. OF SHAREHOLDERS	From	To	SHARES HELD	PERCENTAGE
1	500,001	505,000	503,500	0.1303
1	505,001	510,000	506,500	0.1311
2	555,001	560,000	1,118,500	0.2894
1	565,001	570,000	570,000	0.1475
1	585,001	590,000	587,500	0.1520
2	595,001	600,000	1,197,000	0.3097
1	615,001	620,000	619,500	0.1603
1	630,001	635,000	634,000	0.1640
1	640,001	645,000	640,500	0.1657
1	665,001	670,000	668,000	0.1728
1	685,001	690,000	687,500	0.1779
1	795,001	800,000	798,000	0.2065
1	995,001	1,000,000	1,000,000	0.2588
1	1,155,001	1,160,000	1,156,500	0.2992
1	1,295,001	1,300,000	1,300,000	0.3364
1	1,335,001	1,340,000	1,339,000	0.3465
1	1,495,001	1,500,000	1,500,000	0.3881
2	1,710,001	1,715,000	3,425,500	0.8864
2	1,995,001	2,000,000	4,000,000	1.0350
1	3,245,001	3,250,000	3,248,000	0.8404
1	4,445,001	4,450,000	4,449,500	1.1513
1	4,935,001	4,940,000	4,935,882	1.2772
1	5,935,001	5,940,000	5,940,000	1.5370
1	5,955,001	5,960,000	5,957,000	1.5414
1	6,485,001	6,490,000	6,490,000	1.6793
1	6,505,001	6,510,000	6,510,000	1.6845
1	7,355,001	7,360,000	7,357,000	1.9036
1	7,765,001	7,770,000	7,767,354	2.0098
1	10,235,001	10,240,000	10,237,000	2.6488
1	12,435,001	12,440,000	12,440,000	3.2189
2	12,445,001	12,450,000	24,899,984	6.4429
1	13,885,001	13,890,000	13,889,000	3.5938
1	15,345,001	15,350,000	15,350,000	3.9718
1	66,020,001	66,025,000	66,022,504	17.0834
1	134,455,001	134,460,000	134,455,684	34.7906
5,036			**386,471,779**	**100**

CATEGORY OF SHAREHOLDER	NO OF FOLIO	SHARES	PERCENTAGE
DIRECTORS, CHIEF EXECUTIVE OFFICER, AND THEIR SPOUSE AND MINOR CHILDREN	14	25,470,850	6.5905
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES	17	171,829,421	44.4611
BANKS, DFI AND NBFI	9	52,426,854	13.5654
INSURANCE COMPANIES	3	5,464,382	1.4140
MODARABAS AND MUTUAL FUNDS	4	1,289,500	0.3337
GENERAL PUBLIC (LOCAL)	4,701	40,968,498	10.6006
GENERAL PUBLIC (FOREIGN)	244	5,464,768	1.4140
OTHERS	44	83,557,506	21.6206
Total	**5,036**	**386,471,779**	**100**

Pattern of Shareholding

Saif Power Limited

As at December 31, 2021

DIRECTORS, CHIEF EXECUTIVE OFFICER, AND THEIR SPOUSE AND MINOR CHILDREN	SHARES	PERCENTAGE
Mrs. HOOR YOUSAFZAI	181	-
Mr. JAVED SAIFULLAH KHAN	12,454,991	3.2227
Mr. OSMAN SAIFULLAH KHAN	6,497,456	1.6812
Mr. ASSAD SAIFULLAH KHAN	6,511,171	1.6848
Mr. RANA MUHAMMAD SHAFI	1,500	0.0004
Mr. NAVED ABID KHAN	1	-
Miss. SAIMA AKBAR KHATTAK	50	-
Mrs. NASREEN BEGUM	5,500	0.0014
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES		
SAIF HOLDINGS LIMITED	134,921,762	34.9112
SAIF TEXTILE MILLS LIMITED	100	-
Mr. HUMAYUN SAIFULLAH KAHN	12,449,993	3.2214
Mr. ANWAR SAIFULLAH KHAN	5,960,715	1.5424
Mr. SALIM SAIFULLAH KHAN	5,940,000	1.5370
Mr. IQBAL SAIFULLAH KHAN	12,449,991	3.2215
Mr. JEHANGIR SAIFULLAH KHAN	4,180	0.0010
Mr. OMAR SAIFULLAH KHAN	1,000	0.0003
Mr. ASIF SAIFULLAH KHAN	180	0.0000
Mrs. SALMA SHOAIB	1,000	0.0003
Mrs. JEHANNAZ SAIFULLAH KHAN	1,000	0.0003
BANKS, FI AND NBFI		
SAMBA BANK LIMITED	1,500,000	0.3881
ALLIED BANK LIMITED	13,889,000	3.5938
HABIB BANK LIMITED-TREASURY DIVISION	7,767,354	2.0098
BANK AL HABIB LIMITED	3,498,000	0.8404
UNITED BANK LIMITED - TRADING PORTFOLIO	10,237,000	2.6488
MCB BANK LIMITED – TREASURY	15,350,000	3.9718
PAIR INVESTMENT COMPANY LIMITED	424,500	0.1098
AHSAM SECURITIES (PRIVATE) LIMITED	5,000	0.0013
Z.A GHAFFAR SECURITIES (PRIVATE) LIMITED	6,000	0.0016
INSURANCE COMPANIES		
UBL INSURERS LIMITED	503,500	0.1303
ADAMJEE LIFE ASSURANCE COMPANY LIMITED	25,000	0.0065
ADAMJEE INSURANCE COMPANY LIMITED	4,935,882	1.2772
MODARABAS AND MUTUAL FUNDS		
CDC-TRUSTEE UBL RETIREMENT SAVING FUND-EQUITY SUB FUND	597,000	0.1545
CDC-TRUSTEE NBP SARMAYA IZAFA FUND	93,000	0.0241
CDC-TRUSTEE NBP ISLAMIC REGULAR INCOME FUND	29,500	0.0076
CDC-TRUSTEE NBP STOCK FUND	570,000	0.1475
GENERAL PUBLIC (LOCAL)		
GENERAL PUBLIC (LOCAL)	40,968,498	10.6006
GENERAL PUBLIC (FOREIGN)	5,464,768	1.4140
OTHERS (Joint Stock Companies, Charitable Trust, Non-resident Companies, various funds etc.)	17,535,002	4.5374
HOLDING MORE THAN TEN PERCENTAGE		
SAIF HOLDINGS LIMITED	134,921,762	34.9112
ORASTAR LIMITED	66,022,504	17.0834

Pattern of Shareholding

Saif Cement Limited

As at December 31, 2021

PATTERN OF SHAREHOLDING OF SUBSIDIARY COMPANY

NO. OF SHARE-HOLDERS	From	To	SHARES HELD	PERCENTAGE
11	101	500	1,353	0.0017
1	1,000	1500	1,104	0.0014
1	170,000	175,000	171,320	0.2104
1	2,700,000	2,800,00	2,784,697	3.4010
1	78,000,000	81,877,500	78,917,864	96.3855
15			81,877,284	100.0000

CATEGORY OF SHAREHOLDERS OF SUBSIDIARY COMPANY

Categories of shareholders	Shareholders	Share Held	PERCENTAGE
DIRECTORS, CHIEF EXECUTIVE AND THEIR SPOUSE AND MINOR CHILDREN	8	992	0.0012
ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES(Companies):			
Saif Power Limited	1	78,917,864	96.3855
Saif Holdings Limited	1	2,784,697	3.4011
Other Shareholders	5	173,731	0.2122
	15		100.0000

Notice of 18th Annual General Meeting

Notice is hereby given that the 18th Annual General Meeting (AGM) of Shareholders of Saif Power Limited ("the Company") will be held on Thursday , April 28, 2022, at 11:00 am via video-link from the Company's registered office, 1st Floor, Kashmir Commercial Complex, Fazal-Ul-Haq Road, Block E, Blue Area, Islamabad.

ORDINARY BUSINESS

1. To confirm the minutes of Extraordinary General Meeting held on June 26, 2021.
2. To receive, consider and adopt the Audited Financial Statements of the Company (standalone and consolidated) for the year ended December 31, 2021 together with Directors' and Auditors' reports thereon.
3. To consider and approve the final dividend of Rs.1.00 per share i.e. 10% for the year ended December 31, 2021 as recommended by the Board of Directors. This is in addition to interim dividend of Rs. 8.00 per share i.e. 80 % already paid.
4. To appoint statutory auditors of the Company for the next term and fix their remuneration. The Board of Directors has recommended the appointment M/s Grant Thornton Anjum Rahman (GTAR) Chartered Accountants, Islamabad, as auditors of the Company for the next term. The present auditors shall stand retired on the conclusion of AGM.
5. To transact any other business with permission of the Chair.

By Order Of The Board

Waseemullah

Company Secretary

Islamabad

April 07, 2022

Notes:

Corona virus related contingency planning for AGM. Pursuant to SECP Circular No. 4 of 2021 dated February 15, 2021 and Circular No. 6 of 2021 dated March 03, 2021, to ensure safety and well-being of the shareholders and due to practical difficulties in maintaining social distancing in public gatherings, the 18th AGM of the Company will be held through video-link. Considering the SECPs directives, the Company intends to convene this AGM with minimal physical interaction of shareholders while ensuring compliance with the quorum requirements and requests the Members to consolidate their attendance at AGM through proxies.

i. For this purpose, shareholders are requested to register themselves by providing the following information through email at info.spl@saifgroup.com at least 48 hours before the time of AGM: Name of member/proxy holders, CNIC, Folio Number/CDC account no, Cell no/WhatsApp no , and Email address. a) Members who are registered, after necessary verification as per the above requirement, will be provided a video-link by the Company via email. b) The login facility will remain open from 11:00 a.m till the end of AGM. c) Members can also share their comments and suggestions on the agenda by email or on WhatsApp number +92 301 8441725.

ii. Share Transfer Book of the Company will remain closed from April 22, 2022 to April 28, 2022 (Both days inclusive). Transfer received in order at the share Registrar's office by the close of business on April 21, 2022 will be treated in time.

iii. A shareholder entitled to attend and vote at the Meeting may appoint another shareholder as his /her proxy to participate and vote on his /her behalf. The instrument appointing the proxy duly completed must be received at the Company's Registered Office not later than 48 hours before the time of holding of the meeting.

iv. CDC individual Account holders or Sub-account holders are required to bring with them their original CNIC / Original Passport along with participant's ID number and their Account number in order to facilitate identification.

v. In case of Corporate entity, resolution of the Board of Directors/Power of attorney with specimen signature of nominees shall be required to be produced (unless provided earlier) at the time of meeting.

vi. Shareholders are requested to immediately notify their change in address, if any to share registrar.

SPECIAL NOTES TO SHAREHOLDERS:

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

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

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

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

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

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

4. **Unclaimed / unpaid Dividend**

As per the provisions of section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company which have remained unclaimed/unpaid for a period of three years from the date on which it was due and payable, are required to be deposited with SECP to the credit of Federal Government. Shareholders who could not collect/received their dividend are advised to contact our Share Registrar. In case, no claim is lodged, the Company shall proceed to deposit the unclaimed/ unpaid amount and shares with the Federal Government pursuant to the provision of Section 244(2) of Companies Act, 2017.

5. **Withholding tax on dividend**

Tax on dividend income will be deducted as per applicable tax rates for filers and non-filers. To enable the Company to make tax deduction on the amount of cash dividend @7.5% instead 15%, Shareholders are advised to make sure their names are entered into ATL before the date for payment of any future cash dividend otherwise tax on their cash dividend will be deducted @ 15% instead of 7.5%.

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

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: THK ASSOCIATES (PVT) LIMITED, Plot No. 32-C, Jami Commercial Street 2, D.H.A

Phase VII, Karachi, Email: sfc@thk.com.pk, latest by April 19, 2022, otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

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

6. Zakat Declaration

Members desiring non-deduction of zakat are requested to submit a valid declaration for non-deduction of zakat.

7. E-Voting

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

8. Deposit of Physical Shares into CDC Account:

The Shareholder having physical shareholding may open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into book-entry form, this will facilitate them in many ways including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Stock Exchange. Further, Section 72 of the Companies Act, 2017 ("The Act") states that after the commencement of the Act from a date notified by SECP, a company having shares capital, shall have shares in book-entry form only.

Contact information

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

Waseemullah
Company Secretary
051-2271378-83

Share Registrar, THK Associates (Pvt) Ltd
Plot No. 32-C, Jami Commercial Street 2,, Plot No. 32-C
Jami Commercial Street 2, D.H.A Phase VII, Karachi
Tel: 021 111 000 322 Email: sfc@thk.com.pk

Form of Proxy

I/We, ____

of ______________________________ being a member of SAIF POWER LIMITED

and holder of ____
(Number of Shares)

Ordinary shares as per share Register Folio No. ______________________ and/or CDC

Participant I.D.No. ______________ and Sub Account No. ______________ , hereby appoint

______________________ of ______________________ or failing him

____ of

____

as my proxy to vote for me and on my behalf at the Annual General Meeting of the Company to be held on Thursday, April 28, 2022 at 11.00am or any adjournment thereof.

Signed this ______________ day of ______________ 2022

Witnesses

1) Signature : ______________________

Name : ______________________

Address : ______________________

____

CNIC/Passport No. : ______________________

2) Signature : ______________________

Name : ______________________

Address : ______________________

____

CNIC/Passport No. : ______________________

Signature on
Rs. 50/ Revenue
Stamp

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

NOTES:

1. No Proxy shall be valid unless duly signed along with revenue stamp and in case of a company should be executed under its common seal under signed by its authorized person.

2. This instrument appointing a proxy, duly completed, must be received at the registered Office of the Company at first Floor, Kulsum Commercial Complex, Block E, Fazal-ul-Haq Road, Blue Area, not later than 48 hours before the time of holding the Annual General Meeting.

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

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

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

نیابتی (پراکسی) فارم

میں / ہم --

کا / کی -- سیف پاور لمیٹڈ کا ممبر اور حامل ------------------------------

----

(حصص کی تعداد)

عمومی حصص کے مطابق رجسٹرڈ فولیو نمبر ------------------------- اور / یا سی ڈی سی حصہ لینے والا I.D نمبر اور

ذیلی اکاؤنٹ نمبر ------------------------------------ تقرری ------------------------------

کا / کی ------------------------------------ یا اس کی ناکامی ------------------------------

کا / کی --

میری طرف سے میرا اختیار / نائب کی حیثیت سے 28 اپریل 2022 کو بروز جمعرات بوقت 11:00 بجے کمپنی کے سالانہ معمولی اجلاس میں میری طرف سے میری صوابدید پر ووٹ ڈالے گا یا اجلاس ملتوی ہو جانے کی صورت میں بھی۔

دستخط ------------------------ تاریخ ------------------------ 2022

گواہان

۱) دستخط ------------------------------

نام ------------------------------

پتہ ------------------------------

شناختی کارڈ / پاسپورٹ نمبر ------------------------------

اس پر 50 روپے مالیت کا ٹکٹ لگائیں

دستخط کمپنی کے رجسٹر والے جیسے ہونے چاہئیں

۲) دستخط ------------------------------

نام ------------------------------

پتہ ------------------------------

شناختی کارڈ / پاسپورٹ نمبر ------------------------------

نوٹس:

۱) کوئی پراکسی فارم درست تسلیم نہیں کیا جائے گا جب تک کہ 50 روپے کی ٹکٹ دستخط کے ساتھ چسپاں نہ ہو اور اس پر مجاز فرد / اتھارٹی کی مہر اور دستخط نہ ہوں۔

۲) یہ پراکسی کے تعین کا معاون ہے اسے درست طریقے سے مکمل کریں۔ کمپنی کے رجسٹرڈ آفس کو جو کہ کمپنی کے آفس پہلی منزل کشمیر کمرشل کمپلیکس، بلاک۔ ای فضل الحق روڈ، بلیو ایریا اسلام آباد میں واقع ہے۔ اور یہ اجلاس سے اڑتالیس (48) گھنٹے قبل موصول ہونے چاہئیں۔

۳) شناختی کارڈ / پاسپورٹ کی کاپیاں / فائدہ حاصل کرنے والے مالک کے پراکسی فارم کے ساتھ پیش کی جائیں۔

۴) اجلاس کے وقت اپنے اصل شناختی کارڈ یا پاسپورٹ کے ساتھ پیش کریں۔

۵) کارپوریٹ ادارے کی صورت میں بورڈ کی قرارداد / اختیار نامہ اور نامزد کردہ آدمی کے دستخط کے ساتھ اور یہ پراکسی فارم کے ساتھ منسلک کر کے کمپنی کو پیش کریں۔

Electronic Transmission Consent Form

Date:____________________

General Manager

THK Associates (Pvt) Ltd
Plot No. 32-C, Jami Commercial Street 2., Plot No. 32-C
Jami Commercial Street 2, D.H.A Phase VII, Karachi
Tel: 021 111 000 322 Email: sfc@thk.com.pk

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

____________________________ S/o, D/o, W/o____________________________

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

Name of Member / shareholder:____________________________

Folio/CDC Account Number: ____________________________

Email Address: ____________________________

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

____
Signature of the Member/Shareholder
CNIC Number:

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

Design & Produced by: **DESIGN MEDIA INC.** 0335-5557717